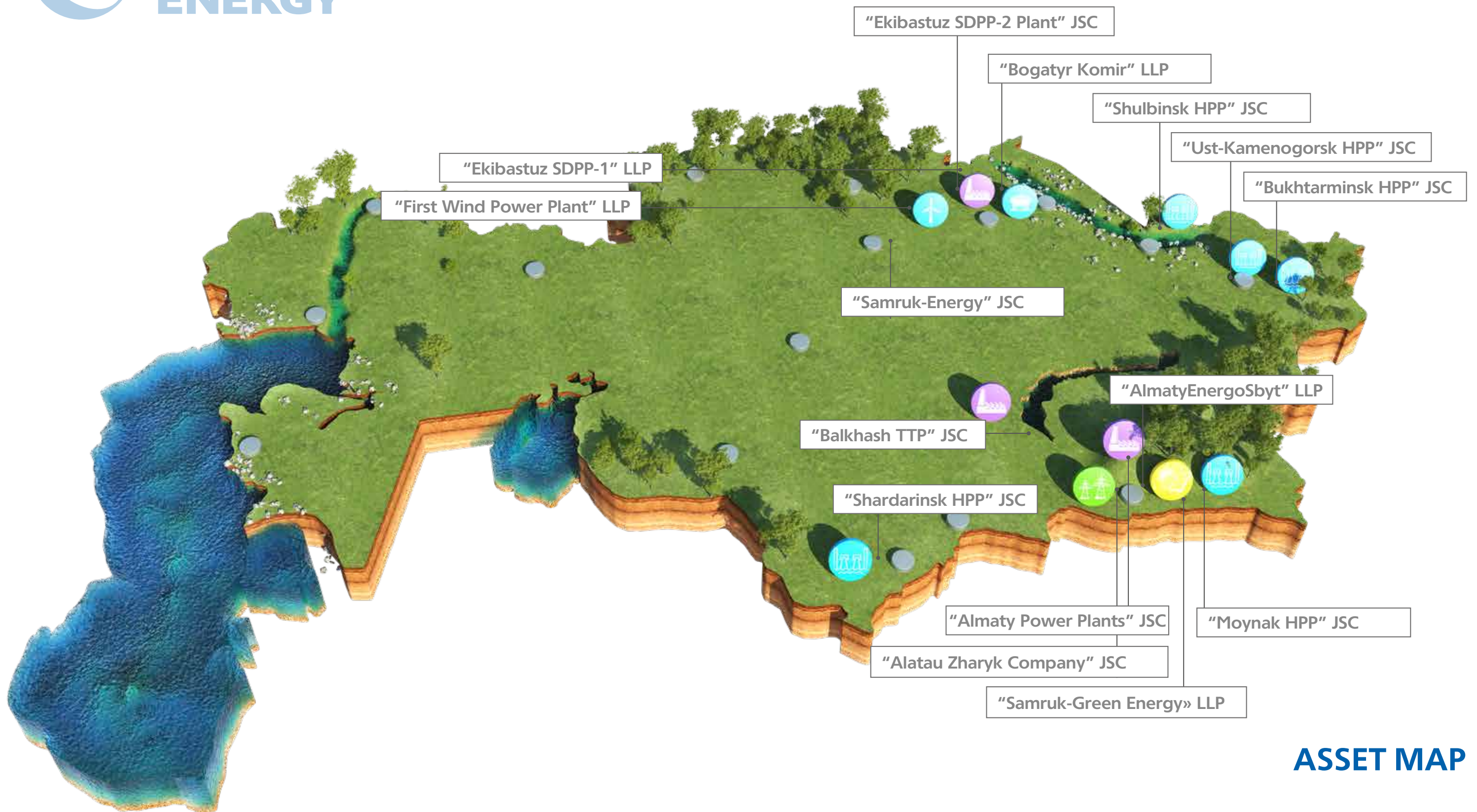




**INTEGRATED
ANNUAL REPORT**
VOLUME 1





Content

The Company in figures	2
Key events 2007 – 2017	6
The Message of the Chairman of “Samruk–Energy” JSC Board of Directors.....	12
Message of the Chairman of the Management Board	14
01. Strategy	17
02. About the Company	27
03. Financial and economic overview of the Company’s operations.....	61
04. Corporate governance	87
05. Sustainable development.....	105
06. Audit	141
07. About the Report	145
08. The table of the Report’s compliance with GRI guidelines.....	149
09. Used abbreviations	157
Contact details	160

THE COMPANY IN FIGURES

2007-2017: Ten bright years!

for 10 years

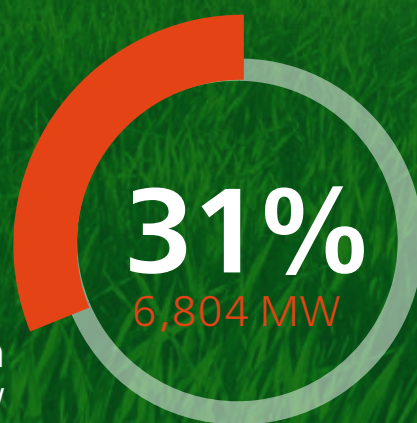
Electricity
generation
205.9
bln. kWh

Coal mining
347.14
mln. tons

Installed capacity

Capacity
utilization rate
48.1
(▲128%)

Kazakhstan
21,682 MW

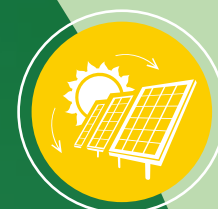


Revenue
219,892
bln. tenge (▲121%*)

*as for 2016

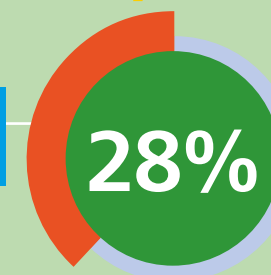
Operation profit
32,427
bln.tenge (▲108%*)

2017 year



Electricity
production volume:
28,661.5
million kWh (▲127%)

out of the total production
in the Republic of Kazakhstan

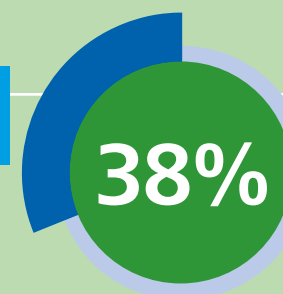


TPP: **26,906** million kWh
HPP: **1,586** million kWh
RES: **169.6** million kWh



Coal
volume production:
40,408
thousand tons

out of the total production
in the Republic of Kazakhstan



Electricity
transmission volume:
12,026
mln. kWh



Heat supply
7,031
thousand Gcal



Export:

Electricity:
4,705.5
mln. kWh (▲236%*)

Coal:
9,100
thousand tons (▲110%*)

GENERATION

TPP capacity
5,947
MW

RES capacity
47
MW

HPP capacity
810
MW

TRANSMISSION AND DISTRIBUTION

Substations capacity

11,528.03 MVA

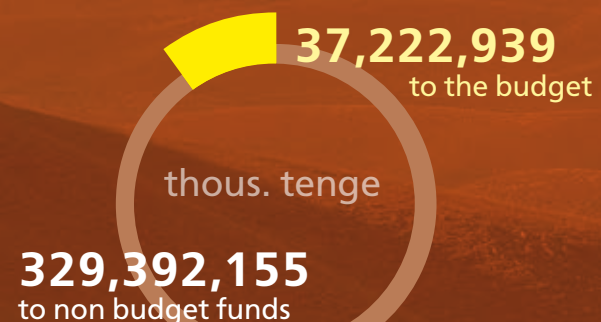
Number of substations

14,292 pcs.

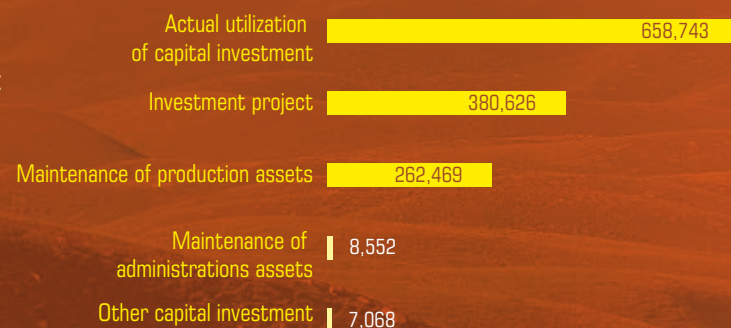
The length of overhead and cable transmission lines 220-0,4 kV



Tax proceeds to the budget during 2007-2017



Actual utilization of capital investment over 10 years



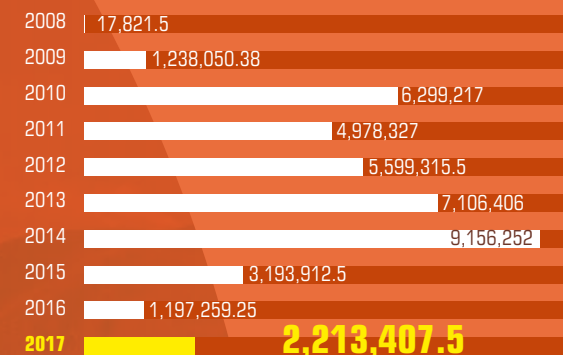
Trees and young plants

231,715 pcs.

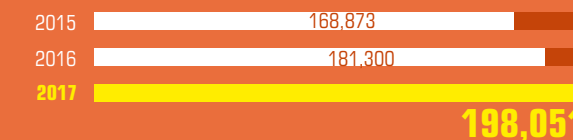
Number of hectares of landscaping

181,18 ga

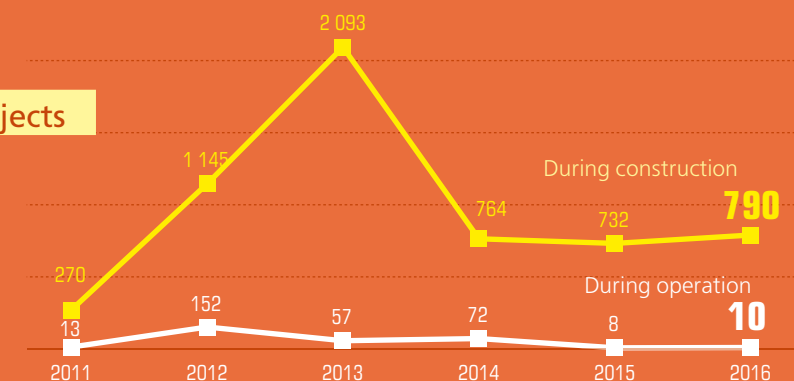
Investments in environment protection, thous. tenge



Dynamics of average wage



Workplaces created as a result of implementation of the Company's investment projects



Key financial and economic figures

Description	Measurement unit	2015 fact	2016 fact	2017 fact	2018 forecast
Net income/loss	Bln. tenge	-77.83	17.76	-27.88	27.08
Net income, net of exchange rate difference, impairment and loss from sale of assets	Bln. tenge	29.01	11.95	14.44	
EBITDA	Bln. tenge	76,496	71,581	77,328	86,568
EBITDA Margin	%	42%	39%	35%	39%

Social indicators

Description	Measurement unit	2015	2016	2017
Annual staff turnover	%	11.9	13	11.2
The number (rate) of accidents at work per thousand people	q-ty / 1 000 persons	0.5	0.59	0.34
The share of local content in the procurement of goods, works, services	%	74	79	78

KEY EVENTS 2007–2017



MAY

“Samruk-Energy” joint-stock company was established

NOVEMBER

The first issue of shares was registered

The commissioning of 9 substations in Almaty, the capacity increase was 488 MVA

JULY

Acquisition of a 100% stake in the authorized capital of “Alatau Zharyk Company” JSC

APRIL - JUNE

Acquisition of 100% stake in the authorized capital of “Samruk-Energy Sroy Service” LLP
Acquisition of 50% stake in “Ekibastuz SDPP-1 named after Bolat Nurzhanov” LLP
Acquisition of a 100% stake in the authorized capital of “AlmatyEnergoSbyt” LLP

OCTOBER

Joining the UN Global Compact

DECEMBER

All common shares of “Samruk-Energy” JSC held by “KazTransGas” JSC were transferred to the trust management of “Samruk-Kazyna” Sovereign Wealth Fund” JSC
Acquisition of a 100% stake in equity capital of “Tegis Munay” LLP, which owns 100% of “Mangyshlak-Munay” LLP

MARCH

3rd place in the nomination “The best employer company in “two capitals “of the Republican contest “Senim-2012”

AUGUST

The commissioning of “Mamyr” substation in Almaty region

DECEMBER

Commissioning of a 2 MW solar power plant in Kapshagai city
Acquisition of a 100% interest in the authorized capital of “Kazhydrotechnenergo” LLP
Putting into operation of Almaty CHP-2 III stage in Almaty city

MAY

Commissioning of closed type “Esentai” substation

7th OF DECEMBER

III Republican Olympiad in physics and mathematics among future power engineers
Participants who took 2nd, 3rd, 4th places among high school students and various universities students received “Samruk-Energy” JSC scholarships for one academic year

1st OF FEBRUARY

“Ekibastuz SDPP-1” LLP electricity is supplied to the Russian Federation

17th OF MAY

Honoring Labor Dynasties
In order to support the institute of labor dynasties, “Samruk-Energy” JSC group of companies held a ceremony of awarding rewards for representatives of labor dynasties. Employees of subsidiaries from different parts of Kazakhstan were invited for this holiday to the capital



2007

2008

2009

2010

2011

2012

MAY

A decision to **create** and **construct** a **Balkhash TPP** with a design capacity of up to 4000 MW was made

NOVEMBER

95.8% of shares were transferred to «Sovereign Wealth Fund «Samruk-Kazyna» JSC, 4.2% of shares to «KazTransGas» JSC

DECEMBER

Acquisition of a 50% stake in Forum Muider, which owns 100% stake in the equity capital of “Bogatyr Komir” LLP

MAY

The commissioning of substations No.137A “Central” (2nd stage) and “Sayran” in Almaty city

NOVEMBER

The commissioning of “Novaya No.16” substation in Almaty region
Putting facilities for reconstruction of substations “Beineu”, “Umirzak” in Mangistau region into operation

DECEMBER

The commissioning of substations Medeu, Shymbulak, KazGU, Yermensay in Almaty

JANUARY

A decision to create “Samruk-Green Energy” LLP was taken

AUGUST

Acquisition of 43.65% stake in «Almaty Power Plants» JSC

OCTOBER

Acquisition of a 50% stake in “Ekibastuz SDPP-1 named after Bolat Nurzhanov” LLP
Acquisition of 100% of shares in the authorized capital of “First Wind Power Plant” LLP by “Samruk Green Energy” LLP

DECEMBER

Placement of the first Eurobonds on the Irish and Kazakhstan stock exchanges
Kensai substation with a 220 kV power line Kensai of CHP-3 in Almaty region was put into operation

2013

2014

2015

2016

2017

AUGUST

Launch of the wind power plant “First Wind Power Plant” LLP
Putting into operation “Besagash”, “Mamyr”, “Altay” substations in Almaty

DECEMBER

Receiving the Grand Prix of the President’s Prize “Paryz” 2015
World rating agency Standard & Poor’s confirmed the credit rating at the level of “BB”, short-term credit rating at the level of “B”. The outlook for the rating change is “Stable”

APRIL

Opening of the Regional Dispatch Center in “Mangistau Distribution Power Grid Company” JSC
Resumption of electricity exports to Russia and Kyrgyz Republic

MAY

Commissioning of turbine unit No.3 of “Aktobe CHP” JSC

SEPTEMBER

Commissioning of boiler unit No. 8 of CHP-2 of “Almaty Power Plants” JSC

NOVEMBER

Upgrading of 500 kV outdoor switchgear at “Ekibastuz SDPP-1” LLP was completed



EXPO-2017

The exposition of "Samruk-Energy" JSC was held under the motto "Natural sources – clean energy". "Samruk-Energy" JSC as a global partner of "Astana Expo-2017" international exhibition offered visitors the information on the potential of alternative energy, implemented RE projects. To represent the scale of the existing wind farms, a fragment of the gondola layout was built, where a video and information on the future stages of the expansion of the Ereymentau wind farm to 300 MW was shown.

19TH OF JUNE

The workshop "Future Energy – Prospects for Development of Global Energy" in the thematic block "Balance of the Energy Trilemma: Security, Accessibility and Sustainability" was held by "Samruk-Energy" JSC in Astana as part of the World Scientific and Engineering Congress.

More than 1000 delegates from 50 countries of the world took part in the work of the Congress, including Nobel and International Energy Award winners, famous experts, leading scientists and representatives of world energy companies.

4TH OF SEPTEMBER

A Memorandum on cooperation between Pavlodar region Mayor Administration and "Samruk-Energy" JSC was signed.

The document provides for strategic partnership of two parties and assistance from the regional mayor administration in the implementation of "Samruk-Energy" JSC group of companies projects for retrofit and expansion of generating facilities.

The agreement is aimed at implementation of actions intended to meet Kazakhstan's demand for electricity and capacity, increase the export potential, develop coal production, and sell and process ash and slag materials.

10TH OF NOVEMBER

Event dedicated to International Energy Conservation Day

To promote energy conservation and improve energy efficiency, Astana Energy Efficiency 2017 event on the occasion of International Energy Conservation Day was hosted on November 10, 2017 in Astana. Relevant issues on energy conservation and energy efficiency improvement, which included introduction of the energy management system at industrial enterprises of the Republic of Kazakhstan, implementation of activities, integrated energy conservation plans and programs, were discussed at awareness-raising workshop.

7TH OF DECEMBER

Implementation of "Bogatyr Komir" LLP project

A supplementary agreement between "Bogatyr Komir" LLP (50% subsidiary of "Samruk-Energy" JSC) and the German company ThyssenKrupp Industrial Solutions AG was signed in Amsterdam (the Netherlands) to resume the implementation of the project on the transition to the cyclic-continuous technology of mining (CCT), transportation, averaging and loading of coal at the "Bogatyr" mine of the Ekibastuz coal field.

Ensuring reliable and uninterrupted operation of "Ekibastuz SDPP-1" LLP equipment

During the overhaul of the power unit at station No. 7, work was carried out to replace the heating surfaces of the boiler. During the modernization of 500 kV outdoor switchgear, the air switches were replaced with SF6 gas insulated ones, type GL-317, in a quantity of 24 pieces, which resulted in the saving of electricity of 802,560 kWh (for 10 months of 2017) due to the reduction in the number of hours of operation of compressors.

Rationalization ideas of "Ekibastuz SDPP-2 Plant" JSC

The technical staff developed and implemented a hot condensate collection point (HCCP) to discharge the condensate into the source water before RWH (raw water heaters). The annual savings of heat energy in the amount of 12 thousand Gcal and 250 thousand m³ feed water, which is 14.3 million tenge a year. The energy-saving potential is 0.4 gram of equivalent fuel/ kWh of reduction in the specific consumption of equivalent fuel per electricity sale.

Economic benefit of "Almaty Power Plants" JSC

3 tiers of air heater cubes were replaced, as a result of heat loss with exhaust gases decreased by 1.03%. The effect is expressed in increasing the efficiency of the boiler to 86.3%, saving of equivalent fuel was 1,143 tons of equivalent fuel and reducing the specific consumption of equivalent fuel per electricity sale by 1.9 gef / kWh. The economic outcome in money terms is 8.1 million tenge.



8TH JUNE

1. A memorandum of cooperation was signed between "Samruk-Energy" JSC and Datang Corporation (China Datang Corporation) during the Kazakhstan-China Business Council for the purpose of joint expansion of the wind park near Ereymentau city with an increase in the capacity of the power plant from 45 to 300 MW.

2. Chairman of the Board of "Samruk-Energy" JSC Almassadam Satkaliyev and Li Ningjun, Vice President of Hydrochina Corporation signed a Memorandum of Cooperation with the Chinese corporation Hydrochina Corporation during the Kazakhstan-China Business Council. The document provides for the participation of the Chinese company in the implementation of projects for construction of 60 MW wind power plant in Shelek corridor with the prospect of expanding up to 300 MW and 4 small hydropower plants on the Shelek River.

11TH OF JULY

Samruk-Energy and German company Wind Power GmbH intend to develop the potential of solar power in Kapshagai city.

20TH OF JULY

The sixth meeting of Kazakh-Korean Business Council was held in Astana, aimed at strengthening business ties between countries and establishing direct contacts between businesses.

28TH OF SEPTEMBER

Memorandum on cooperation between "Samruk-Energy" JSC and "United Energy Aktobe" LLP is aimed at the development of renewable energy sources.

The parties are considering options for cooperation in the framework of prospective projects for construction and expansion of wind farm facilities.

"United Energy Aktobe" LLP - is a company established on the basis of the Spanish manufacturer of wind generators United Energies AG, with experience in wind power.

17TH OF NOVEMBER

Completion of the program for retrofitting of SRs (K) – 2000 bucket-wheel excavators at "Bogatyr Coal" LLP

The program for retrofitting of SRc (K) – 2000 bucket-wheel excavators implemented at "Bogatyr Komir" LLP enabled to eliminate the need to purchase new excavators of this brand. According to experts, today, the cost of only one such mining machine on the world market is 55 million Euros.

22TH OF NOVEMBER

"Samruk-Energy" JSC and "Cockerill Maintenance et Ingénierie S.A." signed a Memorandum of Cooperation

The parties express their intention to join efforts in order to jointly cooperate in the power industry to attract up-to-date technologies, investments and know-how on projects in the area of combined-cycle plants and renewable energy sources (solar energy).

13TH OF DECEMBER

"Ereymentau Wind Power" LLP entered into an agreement for the purchase of electricity at a fixed tariff with the settlement and financial center.

15TH OF DECEMBER

Construction and installation works with respect to the project for construction of a 1 solar power plant on the territory of the FEZ "PIT Alatau" in Almaty city have commenced.

20TH OF DECEMBER

"Samruk-Energy" JSC fully repaid international coupon bonds issued on December 20, 2012 for the amount of USD 500,000,000 with fixed coupon yield of 3.75% per annum and a maturity of 5 years.

30TH OF DECEMBER

Construction and installation works with respect to the project for construction of a 110/10 kV substation Turksib in Almaty city were completed.

State awards in 2017



UMBETOV
Mukhit
Abikeyevich

Chairman of the Board
"Alatau Zharyk
Company" JSC



ZHANABAYEV
Bakytbek
Kaipzhanovich

Chairman of the Board
"Shardarinsk HPP" JSC



MAKAROV
Serik
Zhumatayevich

Deputy Director General –
Director for Production
"Bogatyr Komir" LLP

"Parasat"
Order



"Kurmet"
Order



"Kurmet"
Order



ABDRAKHMANOV
Altay
Aimukhametovich

Executive director for modes
and balances
"Alatau Zharyk Company" JSC

"Kurmet"
Order



BASTEMIROV
Erkebai
Khamitovich

5th category fitter of
chemical workshop on
repair of steam-gas
turbine equipment
"Ekibastus SDPP-2
Plant" JSC

"Enbek danky"
order of 3rd degree



MUHAMEDYAROV
Baurzhan
Dzhumabaevich

Deputy Chief Engineer (fuel sup-
ply and plant wide equipment)
"Ekibastuz SDPP-1 named after
B. Nurzhanov" LLP

**Certificate of
Honor** of the
Republic of
Kazakhstan



Message of the Chairman of "Samruk-Energy" JSC Board of Directors

Alik Serikovich Aidarbayev

Dear readers!

The past decade is a good opportunity to look back and to recap the outcomes since "Samruk-Energy" JSC establishment. This time has become a stage of dynamic development, retrofit and construction of new unique facilities of electric power infrastructure that provides new opportunities for growth of Kazakhstani economy. For 10 years, the Company's positions have improved considerably – today "Samruk-Energy" JSC is a large energy holding company of country value. The share of electricity production is 28% and 36% in coal mining across Kazakhstan. The projects implemented with the support of the Government and the shareholder provided the necessary capacity reserve for the country's social and economic development, created a reliable basis for achieving goal set - ensuring reliable supplies of energy resources, and become a competitive electricity holding company of Eurasian importance.

Operating results and projects in the area of construction and retrofit of key electric power infrastructure facilities that "Samruk-Energy" JSC has successfully implemented, reaffirms the correctness of the decision made 10 years ago.

Construction of 300 MW Moynak HPP completed in 2012 was a landmark event for the Kazakhstan's power sector. A unique and complex project became a kind of gift to the 20th anniversary of the independence of the Republic of Kazakhstan. Along with the rehabilitation of traditional heat sources, "Samruk-Energy" JSC implemented industrial projects for development of renewable power generation – Kapchagai SPP and the Ereymentau wind farm. Today they provide 1/3 of Kazakhstan's clean energy production.

The priority task at the initial stage of the Company's establishment was upgrading of generating and grid assets of Almaty energy complex, which were in an obsolete condition after the period of foreign investors' management. Taking into consideration that Almaty qualified for hosting 2011 Asian Games, the holding of a major international sport event placed additional responsibility on power sector. Owing to implementation of major projects for construction of new lines and substations, reconstruction of Almaty CHP, the reliability of power supply has improved, and business development opportunities have been created – the reserves of transformer capacity are now sufficient for a decade ahead.

The Company strengthened its position in the energy market due to implementation of investment projects, gaining experience and development of corporate governance. During this time, activities of the Board of Directors and the adoption of key decisions were aimed at increasing the company's share in the generation sector. State equity stakes in "Bogatyir Komir" LLP, "Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP, "Ekibastuz SDPP-2 Plant" JSC, "Aktobe CHP" JSC, "Zhambyl SDPP named after T.I. Baturov" JSC, "Alatau Zharyk Company" JSC, "Almaty Power Plants" JSC, "Shardarinsk HPP" JSC were transferred to "Samruk-Energy" JSC. The deal on acquisition of remaining 50% equity stake in "Ekibastuz SDPP-1" LLP completed in 2014, allowed the state to regain control over the largest power plant of national importance. By this time, two 500 MW power units were commissioned, which increased the available capacity of ESDPP-1 to 3,500 MW.

Development of green energy and reducing the impact on the environment remains to be the Company's priority. Strengthening of requirements on the part of investors, the state and the public promotes this in addition to global trends. The implemented projects on retrofit of facilities have reduced ash emissions several times, which significantly improved the environment. For instance, sharing the concern of citizens, Almaty CHP-1 located in downtown switched to gas from coal. On the instruction of the head of state, at present, the issue of reducing the atmospheric pollution of a megacity by energy enterprises is considered in liaison with the shareholder.

In view of a dominating role of coal and thermal power plants in the country's economy, "Samruk-Energy" JSC continues searching for the best possible option for the energy trilemma – economic accessibility, environmental sustainability and reliable electricity supply to consumers. With this object in mind, we decided to adjust the Company's long-term development strategy in 2017 relying on the best international practice in the field of sustainable development and the analysis of the external environment. It involves an increase in the share of renewable energy sources in capacities structure, an emphasis on building a customer-oriented, competitive operating holding company in generation sector.

"Samruk-Energy" JSC team faces a challenging task: to meet the growing needs of Kazakhstan's economy in electricity under conditions of constantly changing paradigms, emergence of new challenges. Assessing the capacity and scope of the work performed, I am convinced that the company will confidently achieve its goals.

Message of the Chairman of the Management Board of "Samruk-Energy" JSC

Bakitzhan Tolevzhanovich Zhulamanov

Dear readers!

In 2017, in the face of growing competition in the domestic market, "Samruk-Energy" JSC significantly improved its production and financial results. Leading energy producing enterprises – "Ekibastuz SDPP-1" LLP and "Ekibastuz SDPP-2 Plant" JSC sold electricity at prices below the ceiling tariff set. An important point was the preservation and growth of electricity exports to the Russian Federation. In 2017, the supplies reached a record volume of 4.7 billion kWh.

The increase in production and sales, the achievement of KPI set ensured the growth of revenue by 21% to 220 billion tenge. The share of the energy holding company in the generation sector of Kazakhstan reached 28% with a total output of 28.6 billion kWh, which is 27% higher than in 2016. The growing volumes of electricity production has had a positive impact on coal production – it grew by 15%, exceeding 40 million tons.

As part of implementation of the Republic of Kazakhstan Government's Decree No. 1141 dated December 30, 2015 "On Certain matters of Privatization for 2016-2020" (hereinafter – Privatization Program), deals relating to the sale of equity stake in "East Kazakhstan Regional Energy Company" JSC, "Mangistau Electricity Distribution Network Company" JSC and "Aktobe CHP" JSC were completed. At the same time, in 2018, in order to optimize the structure of the Company's assets, it is planned to continue the sale of assets within the Privatization Program, as well as the sale of subsidiaries in accordance with the decisions of the Shareholder.

Transformation Program projects which involves the introduction of up-to-date automated systems, including an integrated planning system are actively implemented. Savings of 6.4 billion tenge were received as the result of three years' work on the project "Release of residual inventory". During the quarter, the pilot project of the new model of sales unit based on the Trade House provided a marginal benefit of KZT 110 million. Coordination of sales process and a unified trading policy increased the load of power plants, which had a positive effect on the growth of capacity factor from 37.6 to 48.1%.

Taking into account the trends on digitalization and modernization of the economy, as part of the tasks announced by the Head of State in the annual message to the people of Kazakhstan, the projects "Digital Power Plant", "Digital Coal mine" and "Systems of Fuel Oil Free Heating of Boiler Units" are planned to be implemented. Furthermore, "Samruk-Energy" JSC will continue the work on assets retrofit that includes the introduction of automated production systems, using forecast analytics and elements of artificial intelligence. A well-deserved recognition of last year results was the awarding of "Samruk-Energy" JSC a 3rd place in TOP-10 "Rating of innovative companies of Kazakhstan".

In conditions of transformation, much attention is paid to the level of preparedness and competence of staff. Expertise and performance results of a single employee contribute to the overall success of the Company. The principles of meritocracy were introduced in 2017 according to the recommendations of the shareholder. Following the results of the Job matching procedure, the assessment of knowledge and qualifications showed that 80% of employees correspond to the position held.

Programs for regulation of social and labor relations are improved. Joint work in this direction conducted in partnership with the local trade union. As a result of annual research, the social stability rating across the group of companies was improved and amounted to 73%.

The Company is proactively involved in the processes of industry-specific cooperation being a part of NCE "Atameken", Kazakhstan Electric Energy Association, and KAZENERGY. The stand of "Samruk-Energy" JSC was presented along with the leading world and domestic companies during the international exhibition "ASTANA EXPO-2017" under the motto Future Energy. Tens of thousands of visitors to the corporate pavilion saw the exposition about the implemented projects and the development of alternative energy sources.

The work of the section "Future Energy – Prospects for the Development of Global Energy" was organized at a high level during the World Scientific and Engineering Congress. WSEC-2017 has united scientists, heads of research laboratories of leading universities, start-up companies, and global experts. Valuable opinions and assessments on the subject of the block "Energy Trilemma Balance: Security, Accessibility and Sustainability" were received in the end of the event.

The Company's long-term development strategy approved in 2015 is adjusted to meet the shareholder's requirements, as a response to global challenges. The focus is on ensuring of energy transition in the presence of cheap coal generation, high environmental standards and increasing the share of renewable energy in the country's energy mix through new projects.

In terms of the Company's contribution, every third Kazakhstani kilowatt-hour of green energy was produced by "Samruk-Energy" JSC subsidiaries in 2017.

Mitigating the impact on the environment is one of our priorities. The implementation of a comprehensive environmental protection program for 2017 across "Samruk-Energy" JSC group of companies reduced by 5% the specific emissions of pollutants per unit of output. The work on improvement of energy efficiency is underway.

Today, we face new tasks and challenges: the completion of privatization processes, expansion into new markets, increasing profitability and efficiency of operations, and the implementation of investment program.

"Samruk-Energy" JSC will make every effort to ensure stable development of power industry and meet the needs of Kazakhstani economy in order to successfully achieve the strategic goals of the state identified by the country's leadership.

01

STRATEGY

Mission

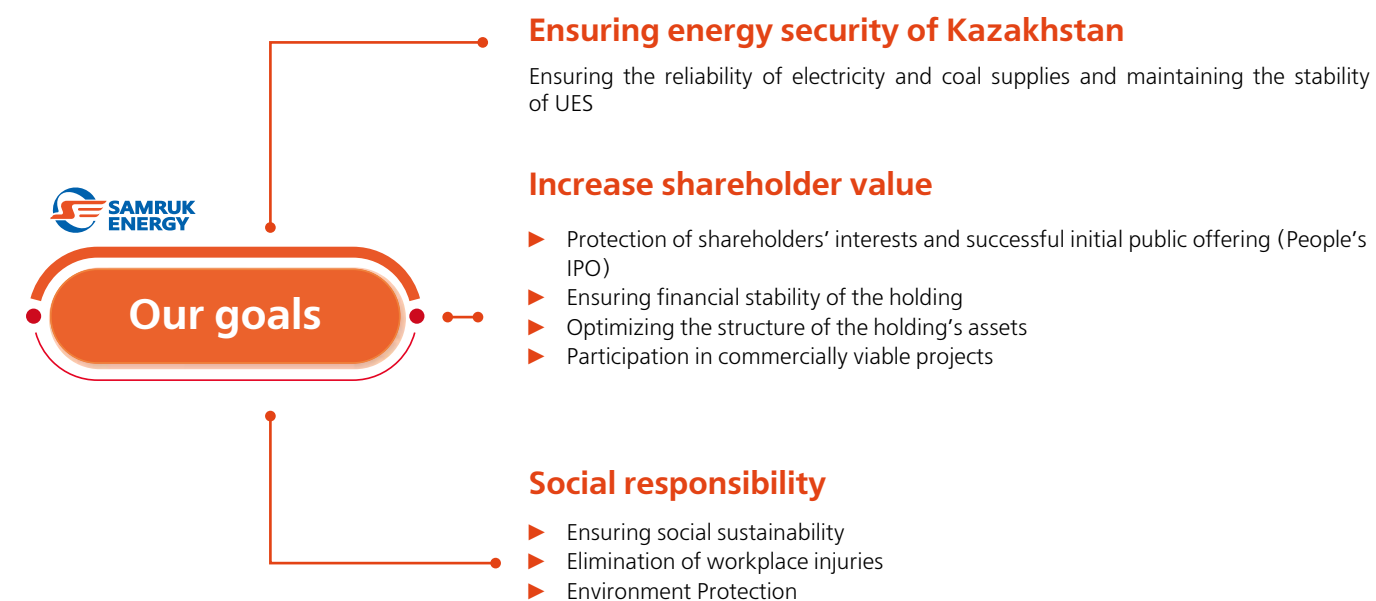
To create value for shareholders, employees and society as Kazakhstan's high-tech guarantor of energy supply and Eurasian's supplier, guided by principles of care for environment and lean production

Vision

Effective operating power holding company of Eurasian importance – Kazakhstani market leader



*The group of companies of "Samruk-Energy" JSC
has a strategic importance for ensuring the reliability
of the energy system of Kazakhstan*



Target milestones

"Conventional generation" – high-tech development, leadership in the Republic of Kazakhstan and effective monetization of excess capacity for export

- ▶ Strengthening of sales function, commercial optimization and trading on the basis of the Trade House
- ▶ Effective implementation of the investment program (optimal balance of generating facilities)
- ▶ Ensuring the required level of performance of existing facilities
- ▶ Enhancement of the function of interaction with the regulator
- ▶ Development of new businesses and services, diversification into related businesses for increased sales and environmental progress
- ▶ Development of additional sales channels in the domestic market
- ▶ Development of additional sales channels in the external market
- ▶ Development of innovation and clean coal technologies, carbon capture and storage

"RES" – active introduction and development of renewable energy technologies in the Republic of Kazakhstan

- ▶ Ensuring leadership in the development of renewable energy in the Republic of Kazakhstan through effective implementation of planned projects and identification of new ones that provide an ambitious development of renewable energy sources
- ▶ Development of energy storage technologies

"Coal business" – development of high-tech coal business, the implementation of new growth points

- ▶ Development of raw coal business in the RK
- ▶ Development of raw coal business in the RF
- ▶ Improving the efficiency of coal business
- ▶ Development of high-tech business lines for enrichment, development of coal seams
- ▶ Innovation and R & D development

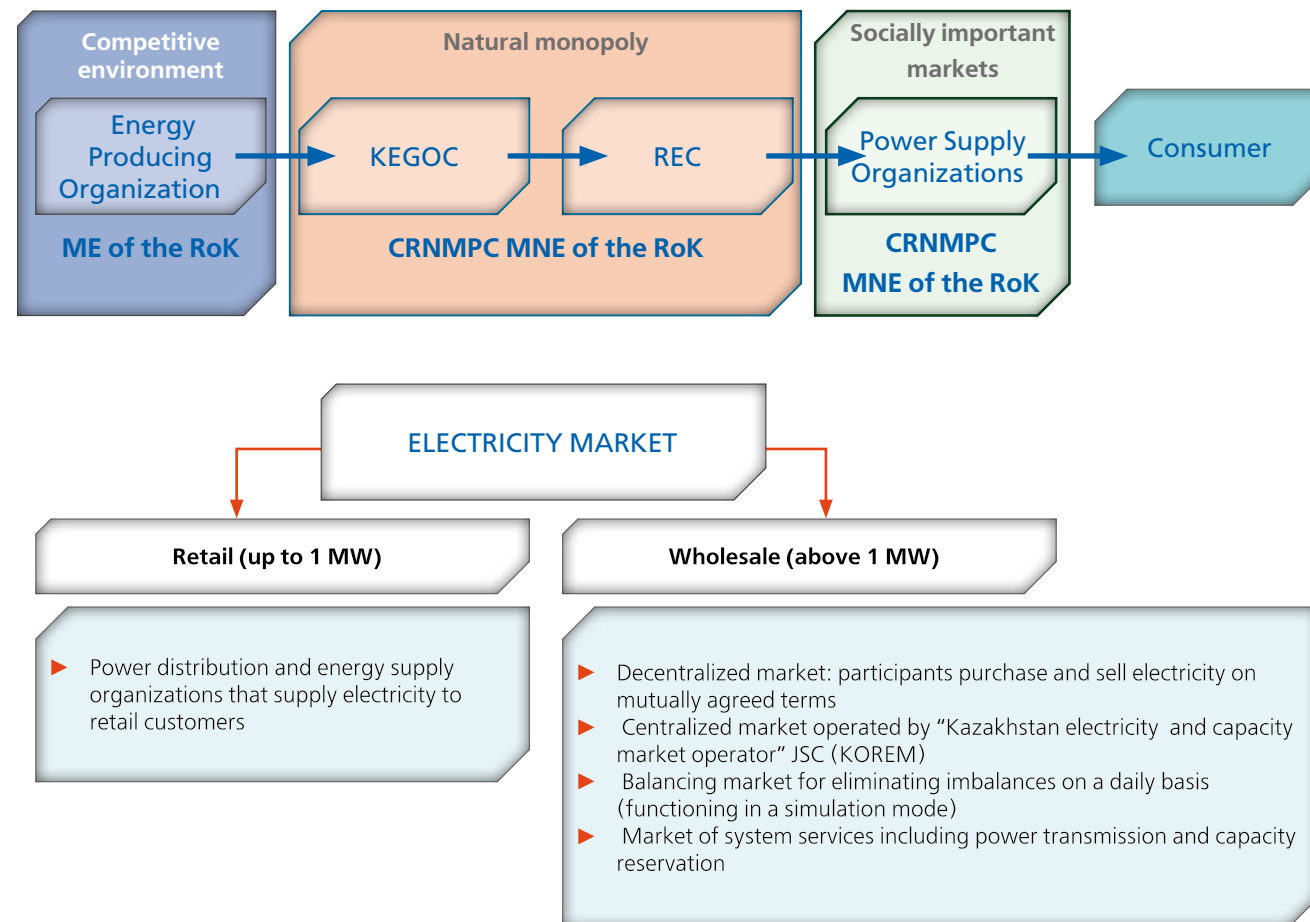
"Company-wide development"

- ▶ Transition to the principles of operational holding company management with partial centralization of functions in the head office
- ▶ Implementation of the Company's transformation program
- ▶ Protection of shareholders' interests and successful initial public offering
- ▶ Fulfillment of obligations relating to social responsibility of business with application of the best practices
- ▶ Innovative development
- ▶ Improving the process of investment planning and project management

"Distribution and sale" – sale of assets as part of a comprehensive privatization plan for 2016–2020 across the Company group

Market overview

Kazakhstan electricity market model



Geographical division of the market

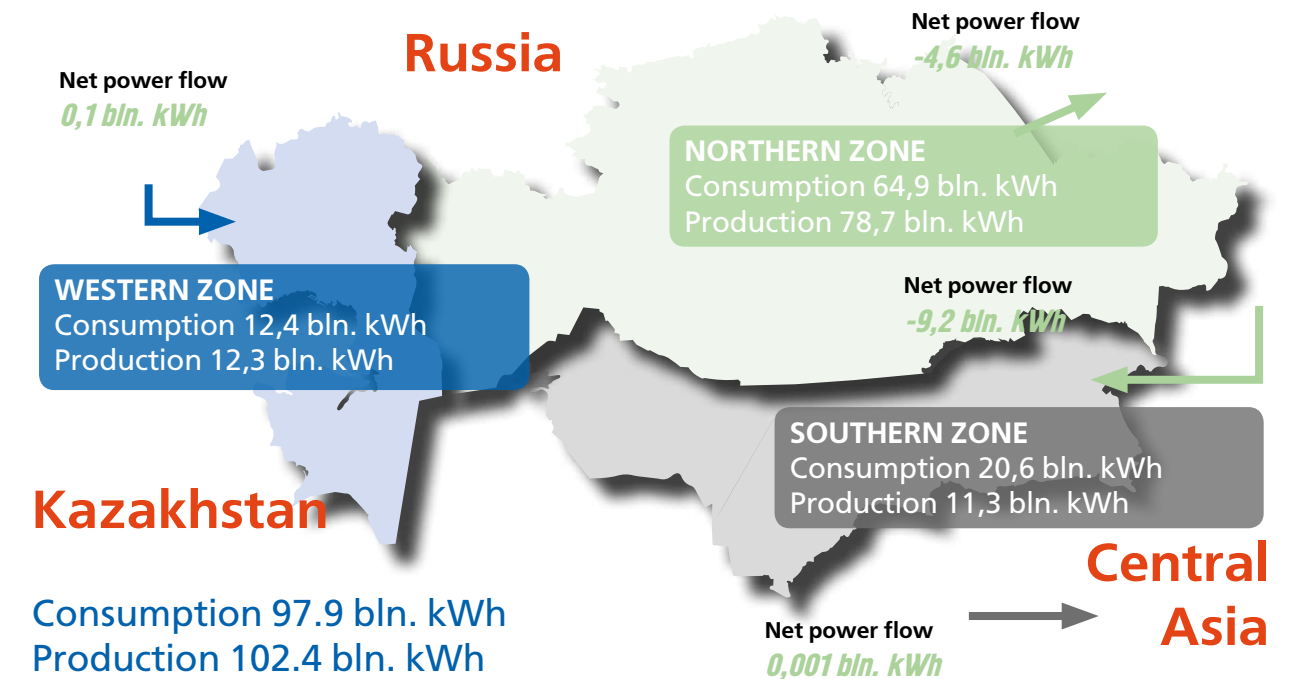
The power system of the Republic of Kazakhstan is conditionally divided into three zones: **Northern**, **Southern** and **Western**.

The northern zone is Akmola, Aktobe, East Kazakhstan, Karaganda, Kostanay, Pavlodar, North-Kazakhstan regions. 77% of electricity of the country's total production is generated in the northern zone. Main coal deposits and water and energy resources are located in the northern zone. Excess electricity is transferred to the southern zone experiencing power shortages and is exported to the Russian Federation.

The southern zone – Almaty, Zhambyl, Kyzylorda, South-Kazakhstan regions and Almaty city. It is characterized by a shortage of electricity and a high level of electricity prices. The shortage is covered by supplies from the northern zone.

The western zone – Mangistau, Atyrau, Western Kazakhstan regions. A significant share of electricity consumption is made by oil and gas companies with their own generating sources. There are no electrical connections of the West with the North and South of Kazakhstan through the territory of the country.

Geographical division of the market



Electricity balance of the Republic of Kazakhstan, bln. kWh

Description		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
RK electricity consumption		76.4	80.6	78.0	83.8	88.1	91.4	89.6	91.7	90.8	92.3	97.9
Generation in the RK		76.4	80.1	78.4	82.3	86.2	90.2	92.0	93.9	90.8	94.1	102.4
Inter-republican flows	Total	0.075	0.545	-0.474	1.472	1.933	1.197	-2.332	-2.274	0.051	-1.765	-4.527
	Russia	-1.141	-0.009	-1.573	-0.162	-0.206	0.270	-2.301	-1.504	0.471	-1.640	-4.528
	Central Asia	1.215	0.554	1.099	1.634	2.139	926.4	-0.031	-0.771	-0.421	-124.7	0.001

Zone	Generation type	January–December		Δ, %
		2016	2017	
Kazakhstan	Total	94,076.5	10,2383.6	8,83
	TPP	74,702.8	82,424.8	10,34
	GTPP	7,407.6	8,372.6	13,03
	HPP	11,605.9	11,157.9	-3,86
	WPP	274.1	338.5	23,50
	SPP	86.1	89.8	4,30
Northern	Total	70,968.4	78,714.0	10,91
	TPP	59,861.2	67,992.2	13,58
	GTPP	3,072.2	2,979.9	-3,00
	HPP	7,879.0	7,571.5	-3,90
	WPP	156.0	170.4	9,23
	Total	11,731.4	11,347.2	-3,27
Southern	TPP	7,692.8	7,350.6	-4,45
	GTPP	3,726.9	3,586.4	-3,77
	HPP	107.5	152.3	41,67
	WPP	118.1	168.1	42,34
	SPP	86.1	89.8	4,30
	Total	11,376.7	12,322.4	8,31
Western	TPP	7,148.8	7,082.0	-0,93
	GTPP	4,227.9	5,240.4	23,95

Competitive environment in power market

The following energy producing organizations were the most powerful competitors in the wholesale electricity market in 2017

Competitive companies	Electricity generation volume in 2017	
	mln. kWh	% of generation in the RK
“Eurasian Group” LLP	19,054.5	18.6
“Kazakhmys Energy” LLP	6,756.3	6.6
“Kazakhstan Utility Systems” LLP	6,464.4	6.3
“Central Asian Energy Corporation” JSC	7,299.9	7.1

Installed capacities by largest owners and operators of power plants			%
“Samruk-Energy” JSC	6,805 MW		31.4
“Eurasian Group” LLP	3,262 MW		15.0
“Kazakhmys Energy” LLP	960 MW		4.4
“Kazakhstan Utilities Systems” LLP	1,150 MW		5.3
“Central Asian Energy Corporation” LLP	1,204 MW		5.5
Others	8,305 MW		38.3
Total	21,682 MW		

The volume of electricity production by energy producing organizations of “Samruk-Energy” JSC competitive organizations in 2017 amounted to 53.3 billion kWh, which is 2.1 billion kWh more compared to 2016 (51.2 billion kWh).

The volume of electricity production by energy-producing organizations of “Samruk-Energy” JSC in 2017 amounted to 28,661.6 million kWh or an increase of 27.5% as compared to the figures for 2016 (electricity production in 2016 was 22,485.1 million kWh).

The model of the market of electric energy and capacity, introduced from 01/01/2019

Kazakhstan plans to introduce the Single Purchaser model with the operation of capacity market from January 1, 2019, which aims to create favorable conditions for attracting investments in power industry, building new generating facilities in an amount sufficient to meet the demand for electricity, maintain the required level of energy supply reliability and develop export potential of the industry.

Tariffs of energy producing organizations will be divided into 2 components: the tariff for electricity and the tariff for maintaining the availability of capacity. Tariffs for electricity will include variable operating costs. Tariffs for maintaining the availability of capacity will include investment costs. Tariffs

are planned to be adjusted annually, taking into account the need to ensure the investment attractiveness of the industry.

Establishment of the common electricity market of the Eurasian Economic Union

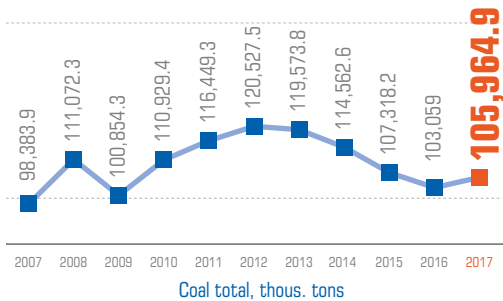
The common electricity market of the Eurasian Economic Union (EEU) will be established on July 1, 2019, which provides for mutually beneficial cooperation of power systems of five member countries with preservation of national electricity markets. The Agreement on the EEU provides for further structured convergence and harmonization of regulatory and legal provisions of member states. The Concept for establishment of the Common Electricity Market of the Eurasian Economic Union (CEM EEU) was approved on May 8, 2015 in Moscow city by the decision of Supreme Eurasian Economic Council (No. 12).

Currently the work on approval of the Agreement on CEM of the EEU by EEU member countries is underway.

The CEM EEU will open new opportunities for power industry of the Republic of Kazakhstan: there will be an additional market for electricity sales to the Russian Federation and the Republic of Belarus, and there will be an opportunity to supply electricity from Central Asian countries to the countries of the Eurasian Economic Area.

Coal market

Coal industry of Kazakhstan



Source: Statistics Committee of the RK MNE

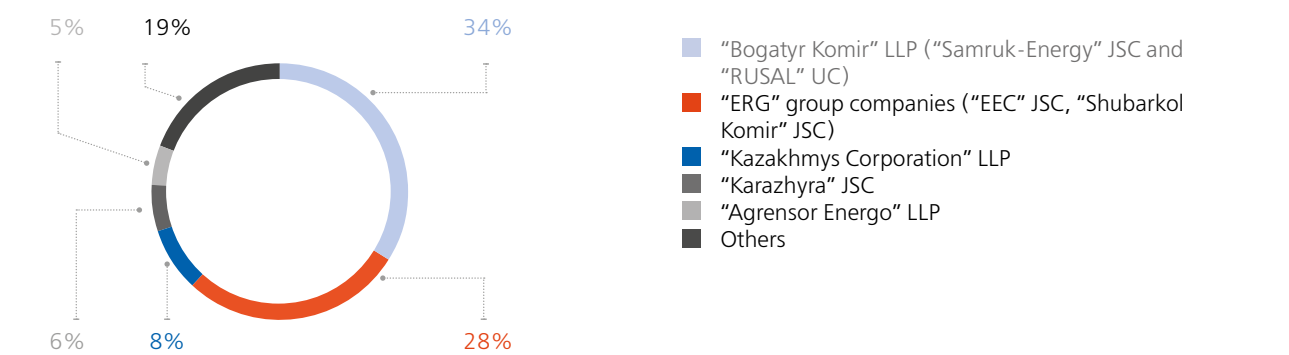
The coal industry is one of the most important resource industries in the Republic of Kazakhstan. Coal accounts for **66%** of total consumption in the current structure of fuel generation. All major segments of the coal industry are represented in Kazakhstan, but the extraction and use of steam coal is particularly developed.

According to the BP Statistical Review of World Energy, as of 2017, Kazakhstan ranks eighth in the world in terms of proven coal reserves. (25.6 billion tons or 2.2% of the world total).

According to IHS CERA experts in KAZENERGY-2017 National Energy Report, the forecast of coal production and consumption in Kazakhstan for the period up to 2040 shows a number of important trends. The volume of coal production will gradually decrease to below 80 million tons in 2040. Apparent consumption will follow a similar trajectory, which will also gradually decrease from a level of more than 70 million tons in 2016 to a level of about 60 million tons in 2040. These trends conform to the prospects for a phased increase in efficiency of using energy resources in the economy, where the use of gas will gradually increase and, possibly, nuclear power plants will be put into operation after 2030.

The major share of produced steam coal goes to the needs of the Republic of Kazakhstan’s power industry and for export (**51%** and **31%** respectively), the rest is for public utilities and industrial enterprises (**13%** and **5%** respectively).

Steam coal market of total production



Export of steam coal

Export of steam coal to Russia account for main share of total exports from Kazakhstan (84% of the total 26.2 million tons). The Russian Federation power plants specifically designed for Kazakhstani coal ensure the basic demand. The volume of imports of Kazakh coal varies depending on the total consumption of coal in Russia, but the share of its use in Russian coal generation has been declining lately and is about 20%.

The list of coal mining companies in the Republic of Kazakhstan that supply coal to 12 power plants of the Russian Federation:

1. "Bogatyr Komir" LLP (coal brand CCSM);
2. "EEK" JSC (coal brand CCSM);
3. "Angrensor-Energo" LLP (coal brand CCSM);
4. "Maikuben-West" LLP (coal brand B3. D);
5. "On-Olzha" LLP (coal brand B3).

Development of the Russian Federation power industry assumes a gradual transfer of Ural power plants' consumption

from Ekibastuz coal to Kuznetsk coal. The increase in export volumes of Ekibastuz coals in Russian direction is not expected.

Currently, the coal production capacity in the Republic of Kazakhstan is largely ahead of the domestic market for steam coal. The issues of transition of a number of coal-fired power plants of Kazakhstan from coal to gas are discussed. According to KAZENERGY forecasts, over time, the share of coal for power generation in Kazakhstan will gradually decrease due to its replacement with natural gas, as well as the reduction in energy intensity of economic growth.

In light of this, the priority direction of the coal industry development as a whole should be the strengthening of innovative activities aimed primarily at reducing extraction and processing. Costs, the introduction of mining technologies tailored to specific mining and geological conditions. In addition, the key areas to improve the competitiveness of coal fuel are a fundamental improvement in its quality and the introduction of deep processing technologies.

Regulatory environment of the industry

The Ministry of Energy of the Republic of Kazakhstan develops the draft lists of sites of subsurface resources that contain hydrocarbon raw materials, coal and uranium to be tendered, in accordance with the Regulation on the Ministry of Energy of the Republic of Kazakhstan dated September 19, 2014 No. 994, approved by the Government of the Republic of Kazakhstan.

In accordance with the order of the Acting Minister for Investment and Development of the Republic of Kazakhstan dated October 15. 2014 No. 67, the Committee for Geology and Subsoil Use of the Ministry of Investment and

Development of the Republic of Kazakhstan performs the following functions in the coal industry:

- 1) exercises state control over the study and use of subsoil;
- 2) within the limits of its competence, monitors and controls over the performance of contract terms by subsoil users;
- 3) carries out state monitoring of subsoil and exercises other powers set out in the legislation of the Republic of Kazakhstan.

SWOT-analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The availability of large reserves of steam coal with a low production cost 2. Effective energy facilities relative to the overall level of depreciation of facilities in the Republic of Kazakhstan 3. Support from the state and the Fund 	<ol style="list-style-type: none"> 1. Low capacity factor 2. High debt burden 3. Low cost management opportunities
Opportunities	Threats
<ol style="list-style-type: none"> 1. Increase in the market share through increased demand, ensuring competitiveness and changing the market model in the future 2. Development of export potential of the Republic of Kazakhstan, incl. through the status of National Operator 3. Optimization of capacity balance in accordance with market demand (TPP, CHP, HPP, RES) 4. Expansion of coal use directions incl, through coal preparation 	<ol style="list-style-type: none"> 1. Preservation and expansion of combined generation 2. Increase in the gap between the supply and demand of generating facilities 3. Excessive tightening of environmental legislation 4. Increased access to the Republic of Kazakhstan market due to development of the common electricity market of the EEU

ACHIEVEMENT OF “SAMRUK-ENERGY” JSC STRATEGIC KPI

Nº	Description	Actual 2016	Actual 2017	2018 (forecast)	2019 (forecast)
1	Economic value added. mln. tenge	-44,355	-47,131	-25,292	-10,147
	EVA of controlled assets	-44,355	-47,131	-33,679	-17,386
	EVA of JV and JSC			8,388	7,238
2	Debt/EBITDA (ratio)	5.41	4.64	3.28	2.02
3	Free cash for development and dividends, mln. tenge	24,201	36,742	66,191	78,119
4	Net asset value, mln. tenge	412,874	382,946	448,923	492,925
5	Transformation Program implementation, %		65	100	100
6	Corporate Governance Rating		B	BB	BBB
7	Electricity generation volume, mln. kWh	22,485	28,662	31,688	35,030
8	Share of electricity market in the Republic of Kazakhstan	23.9%	28.0%	30.2%	33.1%
9	Ensuring the sale of “Samruk-Energy” JSC assets as part of implementation of the Integrated Privatization Plan			100	100

* According to updated methodology EVA. JV and JSC are taken into account in the estimate from 2018

The Company's strategic indicators have an upward tendency from 2016 to 2019. The main drivers of growth are an increase in the volume of electricity sales for export to Russia; growth in the domestic market; obtaining a temporary reduction factor to transportation costs connected with electricity exports; introducing the capacity market; decrease in the debt burden.

02

ABOUT THE COMPANY

In order to implement the long-term state policy on modernization of existing and commissioning of new generating facilities, "Samruk-Energy" JSC joint-stock company was established on April 18, 2007 by resolution of the General Meeting of Founders. The founders of the Company at the time of its establishment were "Kazakhstan Holding for Management of State Assets "Samruk" JSC (94.01%) and "KazTransGas" JSC (5.99%).

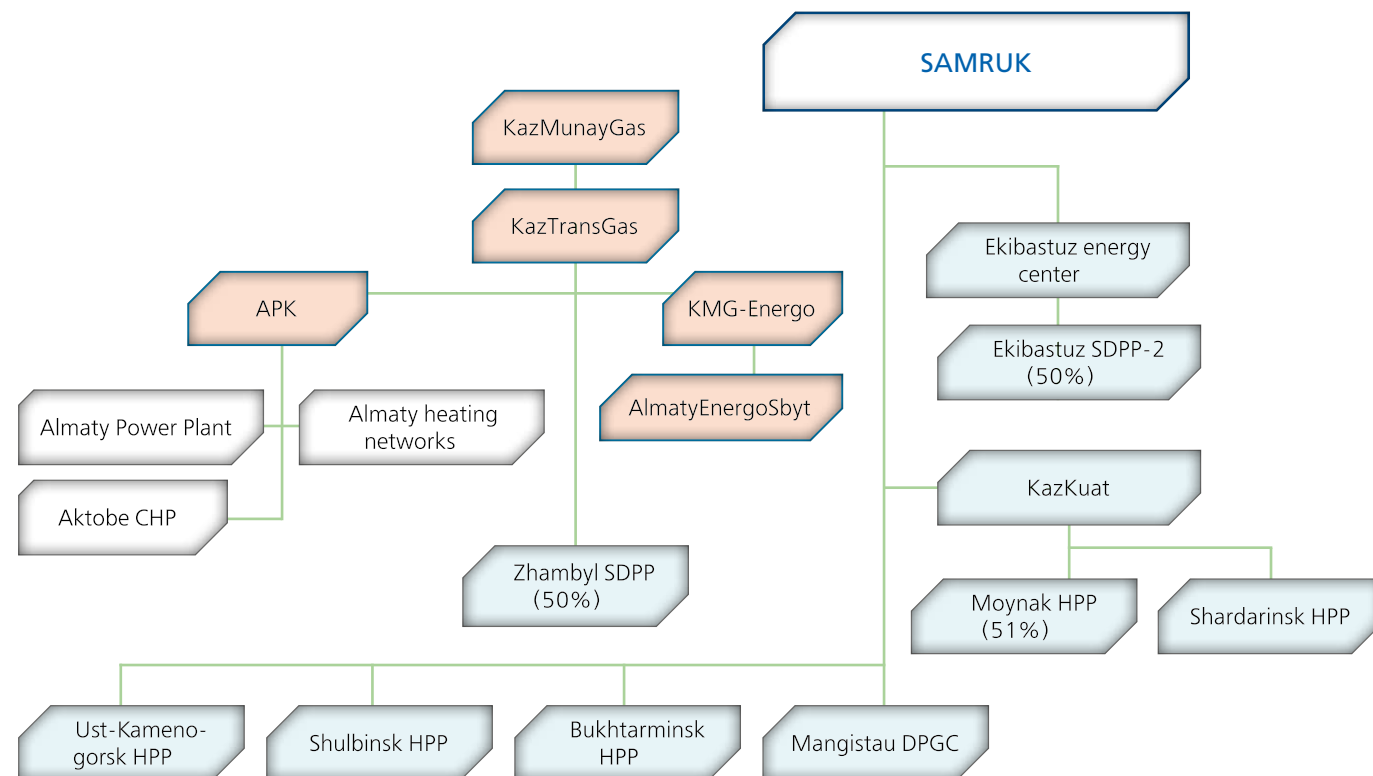
"Samruk-Energy" JSC was registered on May 10, 2007.

9 companies of "Samruk" KHMSA and 7 companies of "KazTransGas" JSC were transferred for governance by the Company for daily management of electric power assets and for implementation of coordinated state policy in the industry.



*The share of electricity production reaches 28%
and 36% in coal mining in Kazakhstan*

Organizational structure of energy assets management as for 2007



On November 3, 2008 as a result of reorganization effected by the merger of Kazakhstan Holding for Management of State Assets "Samruk" JSC and "Kazyna" Sustainable Development Fund JSC "Samruk-Kazyna" Sovereign Wealth Fund, which is the legal successor of "Kazakhstan Holding on Management of State Assets "Samruk" JSC became the Company's shareholder; "KazTransGas" JSC also remained as one of shareholders.

In 2008–2011, "Samruk-Energy" JSC included a number of companies, among them: "Bogatyr Komir" LLP, which owns the world's largest coal mine, as well as "Ekibastuz SDPP-2 Plant" JSC, "Ekibastuz SDPP-1 named after Bulat Nurzhanov" LLP, "Aktope Thermal Power Plant" JSC, "Zhambyl SDPP named after T.I. Baturov" JSC, "Alatau Zharyk Company" JSC, "Almaty Power Plants" JSC, "Shardarinsk HPP" JSC.

"Samruk-Energy" JSC shares held by "KazTransGas" JSC were transferred to "Samruk-Kazyna" SWF JSC on August 29, 2010 by the Decree of the Republic of Kazakhstan Government No. 1103 thus, "Samruk-Kazyna" JSC is the sole shareholder of the Company since 2010.

Over 10 years, the Company has done significant work on reorganizing of "Samruk-Energy" JSC group of companies. New assets were acquired and established, the companies were liquidated to reduce the level of management, constant improvement took place, and asset management has been improved.

The Company constantly prepares portfolio companies in accordance with the best international practices. During the management period, the Company has been built Balkhash TPP, the capacity of Ekibastuz SDPP-2 has increased, the companies "Samruk-Green Energy" LLP, "First Wind Power Plant" LLP were created to generate renewable energy sources,

actions aimed at resuming wholesale sales of electricity to neighboring republics were taken. The company invested in the development of new generating facilities in Almaty region, put into operation RE facilities.

At the beginning of 2017, the group of companies numbered 36 companies in the electricity sector in various areas of activity. In 2017, the Company carried out significant work on the reorganization of the Company's group. 7 of 10 companies registered in Cyprus were liquidated by way of merger, they were: Mersal Coal Holdings Ltd, Manetas Coal Holdings Ltd, Grasedol Coal Holdings Ltd, Bleson Coal Holdings Ltd, Wexler Ltd.

As part of the implementation of the Decree of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141 "On some matters of privatization for 2016–2020", deals on sale of equity stake of "East



Kazakhstan Regional Energy Company" JSC, "Mangistau Electricity Distribution Network Company" JSC and "Aktope CHP" JSC were completed. Actions on privatization of assets were conducted in accordance with the Uniform Rules for Sale and Restructuring of "Samruk-Kazyna" JSC assets and were implemented through an open two-stage tender, information on which was posted on the Company's website and in the media.

Thus, as of December 31, 2012, the portfolio of companies of "Samruk-Energy" JSC comprises the following enterprises.

Business model



Coal mining and sale

"Samruk-Energy" JSC owns the Republic of Kazakhstan's largest coal mining company "Bogatyr-Komir" LLP (50%) and trading company "Resursenergougol" LLP, which exports to the Russian Federation. Most coal mined by the company is supplied to power plants of the "Samruk-Energy" JSC group companies, other power plants of the Republic of Kazakhstan and Russian Federation, and local utility companies



Generation

The Group of Companies owns 31% of available RK facilities. The group also includes generating assets such as "Ekibastuz SDPP-1" LLP, "Ekibastuz SDPP-2 Plant" JSC, "Almaty Power Plant" JSC, "Moynak HPP" JSC, "Aktobe CHP" JSC, "First Wind Power Plant" LLP, "Shardarinsk HPP" JSC, and other generating companies, accounting in total for over 28% of total electricity generated in the Republic of Kazakhstan.



Wholesale market

The electricity wholesale market is represented by generating companies of national importance, as well as large consumers, including: "KEGOC" JSC, "AstanaEnergoSbyt" LLP, "Kazfosfat" LLP, "AlmatyEnergoSbyt" LLP, "Temirzholenergo" LLP, "Kostanay Energy Center" LLP, "Ontustik Zharyk" LLP, "Kokshetau Energy Center" LLP, "Bogatyr Komir" LLP, "Zhetysu Energy Trade" LLP and other large consumers



Transmission, distribution

Electricity is transmitted and distributed primarily via main networks of "KEGOC" JSC and networks of regional energy companies. "Samruk-Energy" JSC group includes regional distribution company such as "Alatau Zharyk Company" JSC with the volume of electricity transmission – 6,527 million kWh



Retail market

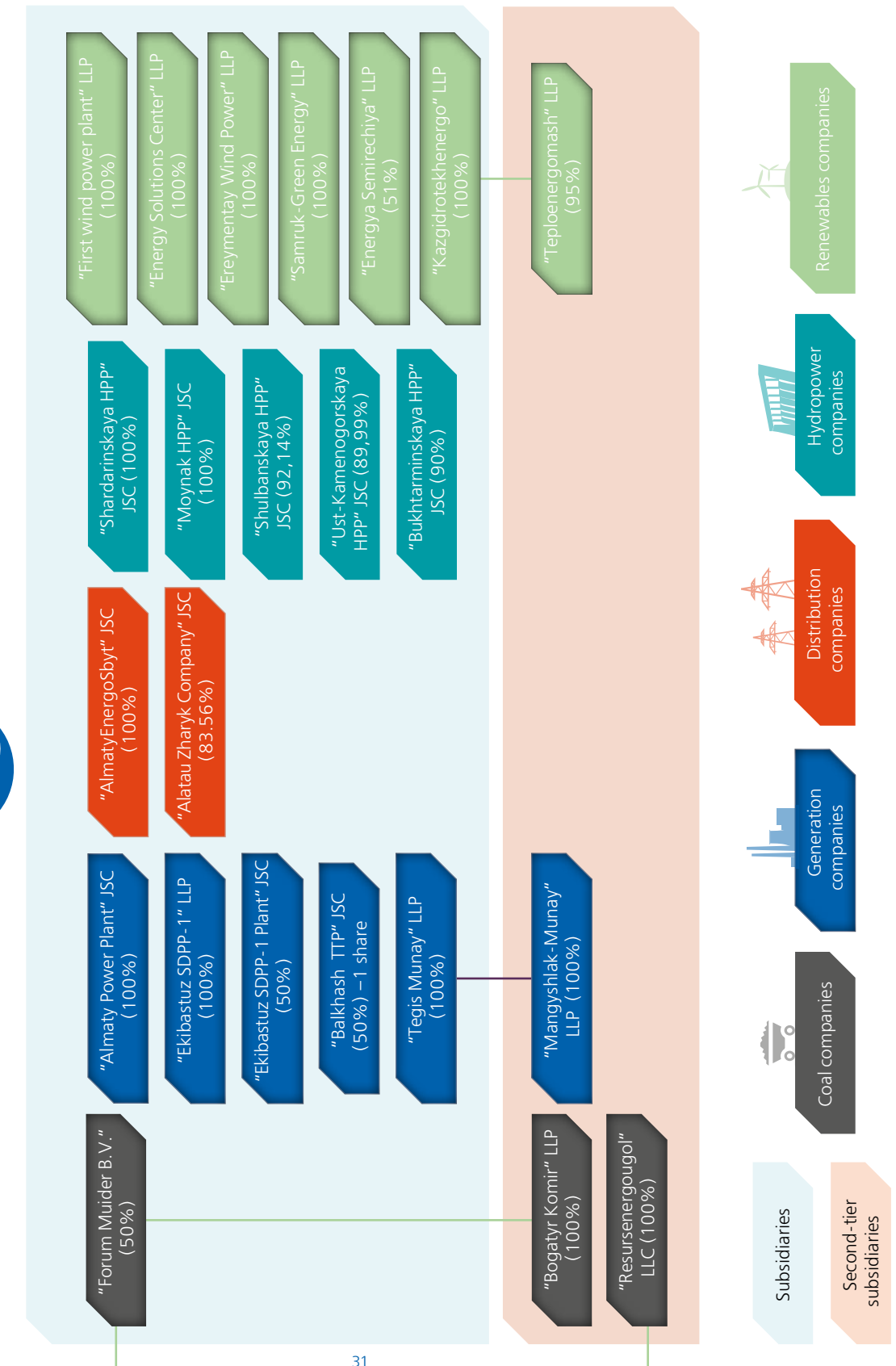
The electricity retail market is represented by energy-selling companies (ESC). ESCs sell electricity to the population, SMBs, and other public, industrial and institutional consumers. Under bilateral agreements, ESCs buy electricity from generating companies and sell it to retail consumers, having also signed bilateral agreements with them. The "Samruk-Energy" JSC group includes one ESC: "AlmatyEnergoSbyt" LLP with the volume of electricity sales – 5,767 million kWh



Export

Electricity exports to the totaled 4.7 billion kWh
Coal exports to the totaled 9.1 million tons

Structure of assets



SUBSIDIARIES

CONVENTIONAL POWER INDUSTRY



**CONVENTIONAL
POWER INDUSTRY**

**DISTRIBUTION
OF ENERGY**

**GREEN
ENERGY**

COAL

“Ekibastuz SDPP–1 named after Bulat Nurzhanov” LLP

(Samruk-Energy” JSC – 100 %)

**Director
General**

M. Abishev



Ekibastuz SDPP–1 is the largest thermal power plant not only in the Republic of Kazakhstan, but also in the CIS. The company provides electricity to the northern, eastern and southern regions of Kazakhstan, part of the electricity is exported to Russia.

The complex consists of 8 power units with a capacity of 500 MW, the total installed capacity of the plant is 4,000 MW.

In 2010, the actual capacity of the plant was 2,220 MW; there were 5 power units in operation out of 8 existing ones, No. 1, 2 and 8 power units were decommissioned.

The main equipment has been retrofitted since 2010. Currently there are 7 units, the plant’s available capacity



is 3,500 MW. All power units have an electrostatic precipitator with an efficiency of – 99.6 %.

There are several main tasks ahead: the restoration of the power unit No. 1 (the implementation period is 2024), the reconstruction and modernization of the fuel conveying system (deadline – 2021), the overhaul of the plant’s equipment.

The plant will reach its designed capacity with the commissioning of the power unit No. 1.

Financial performance

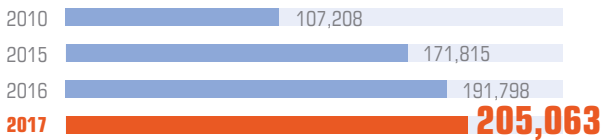
Indicator	Measurement unit	2014	2015	2016	2017
Net profit	mln. tenge	25,859	19,673	5,217	3,859
EBITDA	mln. tenge	47,747	47,443	33,978	36,611
EBITDA Margin	%	64.7	60.6	54.2	40.6

Results of operating activities

Indicator	Measurement unit	2010	2015	2016	2017
Installed electric capacity.	MW	4,000	4,000	4,000	4,000
Electricity production volume	mln. kWh	11,703	10,728	9,037	14,797
Electricity sales volume	mln. kWh	11,065	10,146	8,523	14,022
Heat production volume	Supply and sale of heat by was commenced in 2017 after being included in the list of monopolists and approval of the tariff by CRNMandPC				27,275
Heat sales volume				4,153	
The number of consumers (commercial and others)				64	72
Main consumers:	“Bogatyr Komir” LLP, “Energopotok” LLP, “Ontustik Zharyk” LLP, “AlmatyEnergoSbyt” LLP, “Temirzholenergo” LLP, “Kazfosfat” LLP, “Zhetysu Energotrade” LLP, “Tau-Ken Temir” LLP, “Kazminerals Bozshchakol” LLP, “KEGOC” JSC				

Social indicators

The growthe of average wage



For more information about the Company please visit: www.gres1.kz

“Ekibastuz SDPP–2 Plant” JSC

(“Samruk-Energy” JSC – 50%. “Inter RAO” PJSC – 50%)

Financial performance

Indicator	Measurement unit	2008	2015	2016	2017
Net income	mln. tenge	4,641	–25,530	1,575	–19,092
EBITDA	mln. tenge	5,195	10,761	13,138	12,594
EBITDA margin	%	34	41.61	41.74	37

Environmental indicators

Dynamics of pollutants emissions into the atmosphere, g/kWh



Chairman of the Board

N. Tushinsky



Ekibastuz SDPP–2 plant is not only one of the most important strategic facilities of the country, but above all. it is a powerful power generator that has modern technologies and a wide production base. As a confirmation, our plant has become the only facility to install Alstom high-performance electrostatic precipitators which allowed reducing plant emissions into the atmosphere and. Thereby, significantly influence on the improvement of environmental situation in Pavlodar region. Electricity sales at ceiling tariffs for electricity created all necessary conditions for further modernization and restoration of equipment. and this resulted in the increase in investments in the plant’s development. A total of 101.5 billion tenge without VAT has been invested in the equity since 2008. Including for the implementation of the project “Expansion and reconstruction of ESDPP–2 with the installation of unit # 3” – 39.4 billion tenge excluding VAT. So, this year, Ekibastuz SDPP–2 launched another important investment project for the selection and sale of dry ash from electrostatic precipitators No. 1, 2.



Power engineers have always been and remain an asset of the team. Over the last five years alone. more than 100 employees of Ekibastuz SDPP–2 have been awarded the title of “Honored Power Engineer”, “Distinguished Power Engineer”, “Power Engineer of the CIS” and “Energy Veteran” for their labor achievements and professionalism.

Today, despite all the challenges, SDPP continues to operate in a two-unit mode and carries the maximum load, thereby ensuring reliable power supply to consumers. In turn, this allows the Company to meet both production & financial as well as social commitments. The staff of the plant is optimistic about the future, our goal is a trouble-free operation and successful implementation of all envisaged plans.

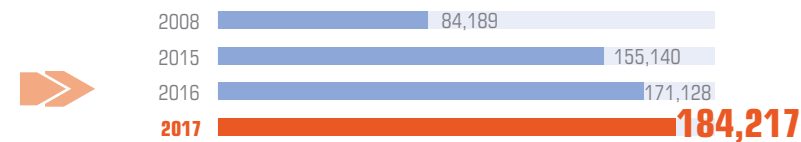
Results of operating activities

Indicator	Measurement unit	2008	2015	2016	2017
Installed electric capacity	MW	1,000	1,000	1,000	1,000
electricity production volume	mln. kWh	6,198. 860	3,210.985	4,976.149	5,495. 463
electricity sales volume	mln. kWh	5,850.831	2,980.326	4,706.901	5,207. 959
volume of heat sales	thous. gCal	105.963	81.347	70.837	66.515
Main consumers	“Transenergo” JSC, “APCC” JSC, “TNC Kazchrome” JSC, “LOTOS-Aktobe” LLP, “Goar” LLP, “ZHBI–25 Plant” LLP, “AS Gas-Logistic” LLP, “Sroydetal” LLP, “Aktobe Sroy Kombinat” LLP, “Production Association “KSM” LLP, “Aktobeenergossnab” LLP, “Energosistema” LLP, “Akbulak” JSC, “Transenergo” JSC				



Social indicators

Dynamics of average wage, tenge



Environmental indicators

No.	Name of pollutants	Measurement unit	2008	2015	2016	2017
1.	Electricity generation	thous. kWh	6,198,860	3,210,985	4,976,149	5,495,463
2.	Gross emissions of pollutants total:	tons	111,708.956	40,775.142	71,061.94	67,472

For more information about the Company please visit: www.gres2.kz

"Almaty Power Plants" JSC

("Samruk-Energy" JSC – 100%)

Chairman of the Board

N.Mukhamed-Rakhimov



Our company creates comfortable conditions in residential buildings. public, cultural and social and other institutions of the city, providing consumers of Almaty city and Almaty region with electricity by 70%, thermal energy – by 76%. The structure of the company includes thermal power plants – CHP–1, CHP–2, CHP–3; Western thermal complex; hydropower plants – Kapshagay and Cascade of hydropower plants; Industrial repair enterprise "Energoremont", Center for receiving and discharge of fuel.

Meeting 2/3 of all the demand of the country's largest megalopolis in heat and electricity, our company emits only 11% of all harmful substances into the atmosphere.

Over the past 10 years, the company's assets have grown 3.5 times from 27 billion tenge to 95 billion tenge. "Almaty Power Plants" JSC pays a lot of attention to energy conservation and energy efficiency issues: we have increased power generation; reduced water loss with



filtration, reduced specific consumption of conventional fuel per electricity supply. A great deal of practical work has been done to increase energy efficiency: redistribution of heat loads between power sources, three-stage control over energy conservation was introduced, rationalization activities have been resumed, as well as an automatic system for commercial accounting of power consumption was introduced.

In the short term, the Company is considering the implementation of the project for construction of gas turbine power plants at CHP–1 in order to reduce the environmental burden in Almaty and Almaty region, and seeking options for transferring CHP–2 to gas in accordance with the instruction of the Republic's President.

Financial performance

Indicator	Measurement unit	2011	2015	2016	2017
Net income	mln. tenge	7,035	–11,015	5,927	1,522
EBITDA	mln. tenge	13,676	11,815	14,354	12,290
EBITDA Margin	%	29	22	24	20

Results of operating activities

Indicator	Measurement unit	2011	2015	2016	2017
Installed electric capacity	MW	1,239	1,239	1,239	1,239
Electricity production volume	mln. kWh	5,439	5,086	5,911	5,712
Electricity sales volume	mln. kWh	4,723	4,388	5,214	5,072
Heat production volume	thous. Gcal	5,749	5,031	4,971	5,507
Heat sales volume	thous. Gcal	5,748.7	5,031	4,970.5	5,223
Main consumers	"AlmatyEnergoSbyt" LLP, "Alatau Zharyk Company" JSC, "KazFerroStal" LLP, "Almaty International Airport" JSC, "KTZh – Almaty Electricity Supply Distance" NC JSC, "Kaz Electro" LLP, "Almaty Heating Networks" LLP, "INTA 2006", "Kuat" LLP, "Asyl Tas" SC LLP, "Greenhouse Complex of "GRES" LLP, "Sholpanbekova K.I.", "Heating networks" LLP, "Volna" LLP				

Social indicators

Dynamics of average wage, tenge



Environmental indicators

Emissions type	Emissions volume			
	2011	2015	2016	2017
Emissions. thous. tons	58.4	42.7	42.9	44.4
Discharges. thous. tons	15.2	4.2	1.4	0.9

For more information about the Company please visit: www.ales.kz



"Aktobe CHP" JSC

Chairman of the Board S. Makashev



"Aktobe CHP" JSC operates in the area of natural monopolies on production of heat and occupies a dominant (monopolistic) position in the wholesale electricity supply market.

The main strategic goal and top priority task of the company is the uninterrupted heat supply to Aktobe city and the industrial zone of the region, by timely carrying out repair campaigns, reconstruction and modernization of the main and auxiliary equipment of the plant.

Qualified specialists work at the plant, state-of-the-art technologies are introduced, and important tasks of the country's energy security are tackled. We try to do all this taking into account the careful attitude to nature and ensuring maximum efficiency in energy production.



It is important to note and acknowledge that one of the traditions with which the plant's staff is so rich is a deep engagement with their work and a responsible attitude towards preserving the accumulated knowledge and experience, and carefully transferring them from generation to generation.

It is obvious that this continuity is the key to the success of the implementation of our common plans aimed at the prosperity of the state.

Financial performance

Indicator	Measurement unit	2007	2015	2016	2017
Net income	mln. tenge	356	348	397	75
EBITDA	mln. tenge	549	786	1,064	558
EBITDA Margin	%	17	13	13	6

Results of operating activities

Indicator	Measurement unit	2007	2015	2016	2017
Installed electric capacity	MW	102	88	118	118
Electricity production volume	mln. kWh	597,946	666,403	905,708	901,209
Electricity sales volume	mln. kWh	484,840	551,352	781,707	778,008
Heat production volume	thous. Gcal	1,924.77	1,795.41	1,763.48	1,731
Heat sales volume	thous. Gcal	1,917.63	1,788.46	1,757.14	1,725

Electricity consumers

"Aktobe Plant of Chrome Compounds" JSC (APCC)
"Akbulak" JSC
"Transenergo" JSC
"Energosistema" LLP
"Aktobenergosnab" LLP

Heat consumers

AZF JSC "TNC Kazchrome" (with hot water and steam)
"APCC" JSC (with hot water and steam)
"Transenergo" JSC (with hot water)
"Lotos Aktobe" LLP (with hot water and steam)
With steam
ZhBI-25 LLP, Stroydetal LLP, KSM LLP, GOAR LLP, As Gas Logistics LLP, Stroykombinat LLP

Social indicators

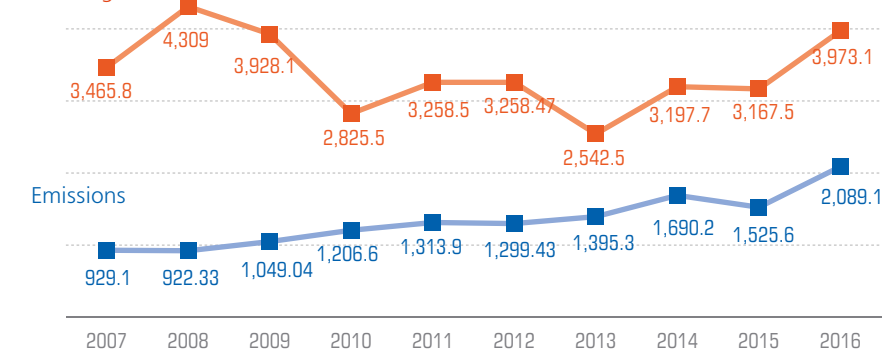
Dynamics of average wage, tenge



Environmental indicators

Dynamics of emissions and discharges, tons

Discharges



According to the results of an open two-stage tender for the sale of assets to the competitive environment. on August 23, 2017, "Samruk-Energy" JSC signed a contract for the transfer of ownership rights for "Aktobe CHP" JSC shares from January 2018 to "Inform-System" LLP and "Energoholding-A" LLP Consortium

For more information about the Company please visit: www.actobetec.kz

"Balkhash TPP" JSC (under construction)

("Samruk-Energy" JSC – 50% – 1 share, Samsung C & T Corporation 50% +1 share)

In accordance with Power Industry Development Program of the Republic of Kazakhstan until 2030, in 2007 it was decided to build a Balkhash TPP with a capacity of up to 3,000 MW with the possibility of increasing to 4,000 MW. The site for building Balkhash TPP by "Samruk-Energy" JSC is located 200 km to the south of Balkhash city, on the territory of Almaty region in the Ulken settlement. The rationale for building the Balkhash TPP is determined by the shortage of electricity and capacity in the Southern Zone, where more than 40% of Kazakhstan's population lives. The project provides for the construction of a two-unit module with a capacity of 1,320 MW to cover the electricity shortage in the RK by generating 10.5 billion kWh per year.



DISTRIBUTION OF ENERGY



"Alatau Zharyk Company" JSC

("Samruk-Energy" JSC – 83.56%)

Chairman of the Board M.Umbetov



"Alatau Zharyk Company" JSC provides reliable and high-quality operation of Almaty city and Almaty region power grids.

The Company supplies electricity to more than 2.5 million consumers, electricity transmission volume exceeds 6.25 million kWh, operates over 29,000 km of 0.4–220 kV transmission lines and more than 200 substations of 35 kV and above. It should be noted that "Alatau Zharyk Company" ranks first in Kazakhstan in the sub-national Doing Business rating conducted by the World Bank, according to the indicator "Connection to electricity supply grids".

Over the past 10 years, 31 electric substations have been built and reconstructed, the formation of power ring of 220 kV electricity transmission lines around the city has been completed, an automated system of quality



management has been introduced as well as ASCAPC has been created and is expanding.

All this became the basis for the long-term planning of the company's activities. So, until 2020, it is planned to build 3 new substations and more than 61 km of new 110 kV transmission lines, reconstruct 3 existing substations, converse more than 940 km of 6 kV grids to 10 kV, and replace more than 970 km of 0.4 kV overhead lines with self-supporting insulated wires.

Financial performance

Indicator	Measurement unit	2009	2015	2016	2017
Net income	mln. tenge	9,863	655	3,725	5,436
EBITDA	mln. tenge	11,428	11,320	11,652	15,023
EBITDA Margin	%	79	35	34	39

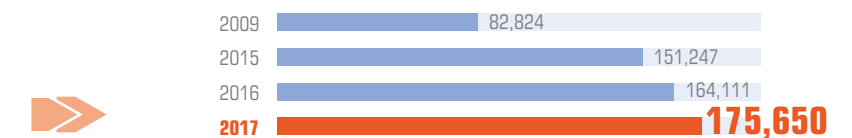


Results of operating activities

Description	Measurement unit	2009	2015	2016	2017
PTL–220 kV	km	306.4	472.57	472.57	469.64
PTL–110 kV	km	2,682.76	2,862.57	2,876.21	2,878.32
PTL–35 kV	km	2,659.38	2,592.72	2,592.72	2,593.75
PTL–10 kV	km	11,565.32	10,818.48	10,900.82	10,910.57
PTL – 6 kV	km	1,455.44	1,681.1	1,730.80	1,744.31
PTL – 0.4 kV	km	10,661.31	10,953.86	11,080.50	10,934.98
SS–220 kV	pcs.	7	9	9	9
SS–110 kV	pcs.	89	95	94	94
SS – 35 kV	pcs.	109	105	105	104
Electricity transmission	mln. kWh	5229	6165	6252	6528
Number of consumers (commercial and others)	pcs.	5	11	11	11

Social indicators

The growth of average wage, tenge



Environmental indicators

Description	Measurement unit	2009	2015	2016	2017
Total air emissions	tons	12.49	9.46	9.46	9.46

For more information about the Company please visit: www.azhk.kz

"Mangistau Distribution Power Grid Company" JSC

("Samruk-Energy" JSC – 75% + 1 share)

Production figures

Description	Measurement unit	2008	2015	2016	2017 (10 months)
Electricity transmission	thous. kWh	2,090	2,712	2,490	2,098
The number of consumers	Pieces	17,476	19,329	19,445	19,541
Main consumers	"Ozenmunaigas" JSC, "Mangistaumunaigas" JSC, "KazTransOil" JSC, "Karazhanbasmunaigas" JSC, "KazGPZ" LLP, "Karakudukmunai" LLP, "Buzachi Operating Company" FC, and "Aktau International Sea Trade Port" JSC				

Chairman of the Board M. Zhakupov



At present, “Mangistau Distribution Power Grid Company” JSC occupies a unique niche in the market of electricity transmission and distribution services in Mangistau Region. The largest oil producers in the region consume ninety per cent of electricity transported through “Mangistau Distribution Power Grid Company” JSC grids.

The main task of “Mangistau Distribution Power Grid Company” JSC is distribution and transportation of electricity produced by “MAEK-Kazatomprom” LLP from the source to consumers.

The area of the serviced territory is 165,642 km. Maintenance of grids is carried out by six power grids in Mangistau region. The balance sheet of the enterprise include 57 substations with voltage 220, 110, 35/6–10 kV, 428 PTS, 535 power transformers with a



total combined capacity of 1,974.5 MVA, as well as over 5 thousand km of power lines.

The company transports over 2.5 billion kW/h of electricity per year through its grids and provides electricity to 19.541 consumers in Mangistau region.

“Mangistau Distribution Power Grid Company” JSC will continue operating efficiently; we have a lot to do according to the approved Long-term development strategy of MDPGC JSC until 2022.

Financial performance

Indicator	Measurement unit	2008	2015	2016	2017 (10 months)
Net income	mln. tenge	70	1,050	1,533	1,848
EBITDA	mln. tenge	854	3,295	3,983	4,399
EBITDA Margin	%	24	37	38	47

Social indicators

Dynamics of average salary, tenge



For more information about the Company please visit: www.mrek.kz



“East Kazakhstan Regional Energy Company” JSC

Chairman of the Board E. Kirkinbayev



“East Kazakhstan Regional Energy Company” JSC is one of the largest enterprises engaged in the transmission and distribution of electricity from source to consumers. The company transfers electricity to 16 districts, 10 cities, 900 villages and rural areas of the East Kazakhstan region, such Large cities as Ust-Kamenogorsk and Semey are among them.

The length of REC grids is about 35,000 km. The area of the serviced territory is 283,300 square km. Great Britain, two of Greece, three of Portugal, four of Ireland or Belgium could easily fit in this area! “East Kazakhstan Regional Energy Company” JSC is the leader among other regional power transmission enterprises in Kazakhstan in terms of the number of equipment serviced.



One of the most important tasks of “East Kazakhstan Regional Energy Company” JSC is the creation of a surplus of transformer capacity and development of the transport component. Therefore, the Company has an investment program aimed at modernizing of grids and equipment, introducing modern technologies and solutions. The engineering and technical staff of the enterprise meets the highest requirements of the industry, and provides reliable power supply to large industrial enterprises in East Kazakhstan, which make a significant contribution to the development of the country's economy.

Financial performance

Indicator	Measurement unit	2012	2015	2016	2017 (11 months)
Net income	mln. tenge	–199	2,069	1,502	1,379
EBITDA	mln. tenge	789	4,045	3,944	3,944
EBITDA Margin	%	12	36	31	30

Results of operating activities

Length of lines broken down by capacity	2012	2015	2016	2017 (11 months)
Number of 220 kV SS	143.80	161.60	161.60	161.60
Number of 110 kV SS	4,716.86	4,777.25	4,779.23	4,779.23
Number of 35 kV SS	4,320.78	4,231.22	4,231.22	4,231.22
Number of 10 kV SS	12015.80	12,093.20	12,069.26	12,069.26
Number of 6 kV SS	868.39	870.73	872.11	872.11
Number of 0,4 kV SS	10,693.27	10,678.13	10,666.53	10,666.53

Length of lines broken down by capacity	2012	2015	2016	2017 (11 months)
Number of 10/6 kV SS	1,028.59	1,038.23	1,038.53	1,038.53
Number of 0,4 kV SS	689.98	697.20	697.08	697.08
Total:	34,477.47	34,547.56	34,515.56	34,515.56

Length of lines broken down by capacity	2012	2015	2016	2017 (11 months)
Number of 220 kV SS	4	4	4	4
Number of 110 kV SS	111	116	116	116
Number of 35 kV SS	192	193	193	193
Number of 6–10 kV SS	6,495	6,521	6,524	6,524
Total:	6,802	6,834	6,837	6,837

Electricity transmission	2012	2015	2016	2017 (11 months)
Total through grids of "EK REC" JSC, thous. kWh	3,263,388	3,431,033	3,375,216	3,065,650
Number of consumers (commercial and others)	3,263,388,151	3,431,033,383	375,215,707	

Social indicators

Dynamics of average wage, tenge



Environmental indicators

	Volume by years, t			
	2012	2015	2016	2017 (11 months)
Emissions	23.878	23.839	23.837	23.053

For more information about the Company please visit: www.ekrec.kz

Through an open two-stage tender for the sale of assets to a competitive environment. the right of ownership of "East Kazakhstan Regional Energy Company" JSC shares was transferred to the Consortium of Legal Entities "East Kazakhstan Energy Company" LLP and "Karaoba–2005"LLP on December 14, 2017

"Shygysenergotrade" LLP

Director General Y. Tekeshov



"Shygysenergotrade" LLP located in Ust-Kamenogorsk city, is an electricity supplier in the East Kazakhstan region. The company supplies electricity to more than 505 thousand consumers in East Kazakhstan on 283,226 km territory, including 15 districts, 10 cities, 30 villages, 870 rural settlements. The share of "Shygysenergotrade" LLP for retail electricity sales to the population of the East Kazakhstan region is over 99%.

The Partnership constantly introduces new methods of work and modern technologies aimed at improving the quality of customer service: information self-service stand, alternative methods of payment delivery. delivery of bills-notices to e-mail, SMS, Personal office, mobile application, automated check-in counters are installed in all areas payments without fees. In order to achieve financial sustainability of the Partnership, a system of



controlling, accounting and analysis of the occurred risks was implemented, and a risk management system was automated. The level of customer satisfaction with the quality of service by our company is steadily growing and by the end of 2016 reached 98.4% which is the maximum indicator for the entire time of the Partnership's existence.

"Shygysenergotrade" LLP maintains a stable development dynamics. The company successfully adapts to the new conditions, improves the quality of customer service in the performance of its mission – reliable and uninterrupted power supply in the East Kazakhstan region.

Financial performance

Indicator	Measurement unit	2012	2015	2016	2017 (10 months)
Net income	mln. tenge	883	169	–941	– 380
EBITDA	mln. tenge	1,142	459	–834	– 210
EBITDA Margin	%	5	2	–3	– 1

Results of operating activities

Consumers groups	2012	2015	2016	2017 (10 months)
Population	458,362	475,633	477,677	484,268
non-domestic consumers, including	18,331	20,514	20,524	21,110
industrial and equated to them consumers	1,281	828	889	816
Budget organizations	2,029	2,143	1,968	1,788
other consumers	15,021	17,543	17,737	18,506
Total:	476,693	496,147	498,271	505,378



Social indicators

Dynamics of average wage, tenge



For more information about the Company please visit: www.shygys.kz

"AlmatyEnergoSbyt" LLP (“Samruk-Energy” JSC – 100%)

Director
General
M.Karimov



“AlmatyEnergoSbyt” LLP is the largest supplier providing electricity for about 3 million people in the Almaty region.

Since the very beginning of its operation, the company has been focusing on improving the quality of service, improving the performance of all its business units. Over the years, the organization has opened 10 regional offices in Almaty region and 7 new regional branches in Almaty city to service consumers, where qualified services are provided. The work of district offices of “AlmatyEnergoSbyt” LLP is aimed at improving the quality of work and customer

In connection with the transfer of ownership right for “EK REC” JSC shares to the Consortium of Legal Entities “East Kazakhstan Energy Company” LLP and “Karaoba–2005” LLP, “Shygysenergotrade” LLP withdrew from the structure of “Samruk-Energy” JSC on December 14, 2017



service, as the quality of our services is the key to the development and prosperity of our company.

“AlmatyEnergoSbyt” LLP conducts an open information policy and always aims at a constructive dialogue with all consumers. We help our clients realize their right to live and work in comfortable conditions, providing quality services for the purchase and sale of electricity.

Financial performance

Indicator	Measurement unit	2012	2015	2016	2017
Net income	mln. tenge	640	–573	857	1,374
EBITDA	mln. tenge	1,244	–383	1,035	2,002
EBITDA Margin	%	1.85	–0.43	1.15	2.12



Results of operating activities

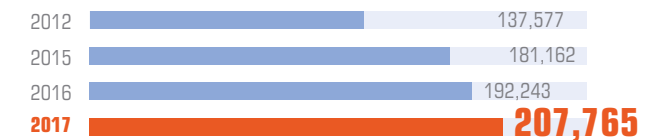
Consumers groups	2012	2015	2016	2017
Population	689,956	737,813	752,711	770,245
Non-domestic consumers, including:	24,973	27,560	29,023	30,203
industrial and equated to them consumers	1,948	1,828	1,865	1,866
Budget organizations	1,280	1,147	1,230	1,238
Other consumers	21,745	24,585	25,928	27,099
Total:	714,929	765,373	781,734	800,448

Social indicators



Dynamics of average wage, tenge

For more information about the Company please visit: www.esalmaty.kz



GREEN ENERGY



“Moynak HPP” JSC (“Samruk-Energy” JSC – 100%)

Chairman
of the Board
A. Berlibayev



The Moynak HPP is the first high-pressure diversion hydroelectric power plant in Kazakhstan and the highest-pressure hydroelectric power plant in the CIS. Modern technological equipment used at the plant ensures maximum automation and stability of electricity generation process. The water consumption at Moynak HPP for production of 1 MW is 0.246 cubic meters per second and is one of the highest indicators among operating hydroelectric power plants.

Since the beginning of operation, the plant has produced more than 5 billion kilowatt-hours of electricity; the company today is the most highly efficient hydroelectric power plants in Kazakhstan.

The commissioning of Moynak HPP gave a strong impetus to the development of Almaty region, especially to the development of Raimbek region. The construction of HPP



transformed the region, gave it new features. The district received an additional source of income, an industrial enterprise and permanent jobs. We do not stop at what we have already achieved. The matter of using part of the Kensu river flow for additional filling of the Bestyubinsk reservoir is studied at present. A feasibility study on “Transfer of a part of Kensu River flow into Bestyubinsk reservoir” was developed. The staff of “Moynak HPP” JSC looks with confidence towards the future. There are great prospects for improving the efficiency of our hydropower plant.

Financial performance

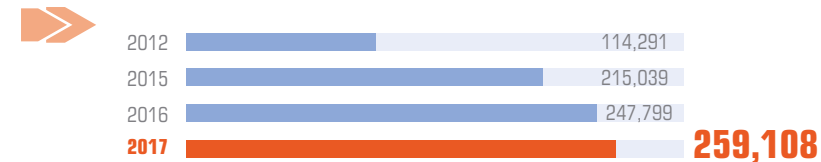
Indicator	Measurement unit	2012	2015	2016	2017
Net income	mln. tenge	-607	-27,619	4,740	3,076
EBITDA	mln. tenge	50	6,905	8,434	9,118
EBITDA Margin	%	12	86	85	84

Results of operating activities

Indicator	Measurement unit	2012	2015	2016	2017
Installed electric capacity	MW	300	300	300	300
Electricity production volume	mln. kWh	503,890	902,766	1,165,535	1,226
Electricity sales volume	mln. kWh	501,365	893,917	1,156,197	1,221

Social indicators

Dynamics of average wage, tenge



For more information about the Company please visit: www.moynak.kz

"Shardarinsk HPP" JSC

("Samruk-Energy" JSC – 100%)

Financial performance

Indicator	Measurement unit	2012	2015	2016	2017
Net income	mln. tenge	961	1,065	1,376	1,706
EBITDA	mln. tenge	1,342	1,190	2,194	2,330
EBITDA Margin	%	68	57	69	68

Chairman of the Board B.Zhanabaev



"Shardarinsk HPP" JSC was established with the aim of strengthening the coordination of activities on the operation of the water and energy complex of the Naryn-Syr Darya cascade and optimization of energy supply in Southern Kazakhstan. At present, the hydroelectric power plant is a large energy producing organization in the South-Kazakhstan region, which is mainly engaged in production of electricity and its sale.

In order to create favorable conditions for the further growth of electricity production volume and profitability of the Company, at present, "Shardarinsk HPP" JSC is carrying out work on the modernization and reconstruction of existing hydroelectric plant equipment using modern technologies.



The company builds its activities, realizing that the implementation of social policy in the modern world is an economic necessity, and thereby assumes obligations on socially responsible interaction with all stakeholders: the public, the state, business partners and personnel.

"Shardarinsk HPP" JSC intends to continue and is committed to increase the achieved successes and thereby make its significant contribution to the sustainable development of Kazakhstan's power industry.

Results of operating activities

Indicator	Measurement unit	2012	2015	2016	2017
Installed electric capacity	MW	100	100	100	100
Electricity production volumes	mln. kWh	569.319	465.259	334.042	359.360
Electricity sales volumes	mln. kWh	563.661	460.424	329.352	354.752
The number of commercial consumers	"Energopotok" LLP, "Ontustik –Zharyk" LLP, "Ontustik Zharyk Transit" LLP, "Kazsbytgroup" LLP, "Energosnab XXI" LLP, "Yugenergoimpuls" LLP, "Garant Energo" LLP				

Social indicators

Dynamics of average wage, tenge



For more information about the Company please visit: www.sharges.kz



“Bukhtarminsk HPP” JSC (“Samruk-Energy” JSC – 90%)

Bukhtarminsk HPP is located 15 km below the mouth of Bukhtarma river, 350 km from the source of Irtysh River from Zaysan lake. Backwater formed by Bukhtarminsk HPP dam closes natural levels of Zaysan lake by 5–6 meters, forming a reservoir with capacity of 49.6 bcm and surface area – 5,490 sq. km.

The establishment of Bukhtarminsk hydropower plant solves many issues of energy sector, transport and fisheries. The working conditions of water transport after the construction of the hydroelectric power plant have improved dramatically due to the formation of a deep-sea track at a



distance of 500 km and the passage of regulated flow through waterworks facility.

Bukhtarminsk HPP is a very cost-efficient hydropower plant both in terms of the specific volume of work and in terms of cost parameters of electricity production.

The installed capacity of the HPP is 675 MW, indefensible output of 2.77 billion kWh. HPP is implementing coverage of peak loads in the power system of Kazakhstan.

The so-called “hard concrete” was used for the first time in the USSR during the construction of hydraulic structures of Bukhtarminsk HPP, specially designed technology was used for laying of the concrete. In 2002, samples of concrete were taken from 60 different points and sent for analysis to two independent laboratories. The analysis results showed that the strength of concrete increased in comparison with the period of construction. Also in 2002 Bukhtarminsk dam was recognized as the best in the world, as the quality of concrete exceeds all expected parameters.

Core business: Rental and management of own property, rent of other machinery, equipment and supplies.

Location: the Republic of Kazakhstan, 070825, East-Kazakhstan region, Zyrianovsky district, Serebryansk city, 5, Graftio street

“Ust-Kamenogorsk HPP” JSC (“Samruk-Energy” JSC – 89.99%)

More than 40% of hydropower plants are concentrated in the east of the Republic of Kazakhstan on the Irtysh River. The first of Irtysh cascades is Ust-Kamenogorsk Hydropower Plant. Currently the plant located in the northeast suburb of Ust-Kamenogorsk has four turbines (82.8 MW) with installed capacity of 315 MW. At an average the plant’s long-term output is 1,580 million kWh, and in the low water year – 1,200 million kWh. Ust-Kamenogorsk HPP fulfills all its investment obligations and systematically implements a long-term program for modernization and reconstruction



of fixed assets. Implementation of investment programs of Ust-Kamenogorsk HPP is aimed at improving the reliability and safety of operation of the main and auxiliary equipment, complex of hydraulic structures, and also to increase the efficiency of managing the operating modes of hydraulic units with ensuring the optimal choice of operating parameters.

Main product: electricity

Core business: Organizational, managerial and commercial activities.

Location: registered addresses: Ust-Kamenogorsk, Ablaketka village, Location of the executive body Ust-Kamenogorsk city, 27, Kazakhstan str.

“Shulbinsk HPP” JSC (“Samruk-Energy” JSC – 92.14%)

“Shulbinsk HPP” JSC is located in the middle reaches of Irtysh River, 70 km upwards of Semey city. Construction of hydropower plant began in 1976, it launched the first hydraulic unit into operation on December 23, 1987, and the last of six hydraulic units was put into operation on December 19, 1994. The capacity of hydropower plant’s facilities is designed to pass under normal headwater level of 240 m maximum flood with a probability of exceeding 1% – 7.770 m³/s with a maximum headwater level 243 m 0.01% probability – 8,770 m³/s.

Main product: electricity

Core business: Organizational and management and commercial activity.

Location: Semey c., Shulbinsk vill. (ShHPP), Location of the executive bodies (UKHPP, ShHPP) – Ust-Kamenogorsk, 27, Kazakhstan street



“Energiya Semirechya” LLP

(“Samruk-Energy” JSC – 51%, Zenith Global FLE – 49%)

In order to implement the tasks approved in “Samruk-Energy” JSC strategy “Energiya Semirechya” LLP is implementing the project “Construction of a 60 MW wind power plant with the possible increase in the capacity up to 300 MW in Shelek corridor of Enbekshikazakh district of Almaty region”.

The Partnership was established to provide services for the production and sale of electricity, design and construction of facilities using renewable energy sources.

In the near future, it is planned to complete wind monitoring in the Dzhangar gate as part of the project “Dzhangar Gates 72 MW”, as well as the development of the Shelek generation center (implementation of the Agreement between the Company and HYDROCHINA CORPORATION).



At present, “Energiya Semirechya” LLP has reached the investment stage of the Project implementation, and sets the tasks to organize the execution of the shareholder program as soon as possible.

The tasks set will enable to reduce energy shortages in the Almaty region, to open new jobs, and to take another step to reduce harmful gas emissions and preserve the environment.

“Tegis Munay” LLP

(“Samruk-Energy” JSC – 100%)

The purpose of “Tegis Munay” LLP operations is construction of ground infrastructure and provision of necessary facilities at “Pridorozhnoe” field in South Kazakhstan region of the Republic of Kazakhstan, construction of a gas pipeline from “Pridorozhnoe” field to the main gas pipeline Beineu – Bozoy – Shymkent (MGP BBS), production, processing and sales of gas.

By creating safe working conditions, ensuring environmental protection and environmental safety, we actively cooperate with research and design institutes for introduction of energy-efficient technologies at the projected facilities of the field and energy producing parts of the project.

We have to solve many tasks that we hope to fulfill by way of applying advanced technologies and accumulated experience of our employees.

“ Mangyshlak-Munay ” LLP

(LLP “Tegis Munay” – 100%)

In 2016 the subsidiary organization of “Samruk-Energy” JSC – “Mangyshlak-Munay” LLP successfully completed the exploration stage involving new productive horizons and approved updated geological reserves of natural gas in “Pridorozhnoe” field in the amount of 16,475 mln. cub. meters at the State Reserves Committee of the Republic of Kazakhstan; the increase in hydrocarbon reserves was 125%, which allowed “Pridorozhnoe” to become one of the largest natural gas fields in Kazakhstan.

2017 marked the signing of the Protocol of direct negotiations with the Ministry of Energy of the Republic of Kazakhstan and obtaining the priority right to sign the contract for gas production.

“Mangyshlak-Munay” LLP primary objective is industrial operation of the field in order to make up for gas shortfall in

the region, create new jobs, develop infrastructure increase social assistance and tax deductions to the budget.

By implementing this project, we are responsible to society and the environment, strive to achieve effective results and assessments, without fear of obstacles and challenges of the time.

The mission of “ Mangyshlak-Munay ” is to create constructive work for the sake of progress and prosperity in society. We want our energy to bring light and warmth to people.

“Samruk-Green Energy” LLP

(“Samruk-Energy” JSC – 100%)

**Director
General**
T. Bukenov



“Samruk-Green Energy” LLP was established to implement renewable energy projects. In 2016, the output amounted to 3,215 thousand kWh, which prevented more than 1,665 tons of CO₂ emissions into the atmosphere and provided electricity to more than a thousand families in Kazakhstan.

The partnership pays special attention to the research activities of the company. So, in 2015, experimental research laboratory for RES was established on the basis of 2MW SPP in Kapshagai city, and the main activity of which is testing of renewable energy technologies. Another activity of the laboratory include the testing of photovoltaic modules of the domestic manufacturer “Astana Solar” LLP. Also the unique energy-storage system “Energy Pod” manufactured by the American company “Primus Power” was tested at the premises of 2 MW Kapshagay SPP.

At the moment, the Partnership applies all the necessary conditions for implementation of projects such as 1 MW SPP and 5 MW WPP within the framework of the intergovernmental agreement between the RK and the



PRC. The commissioning of these facilities is planned to implement as part of the project “Construction of a 50 MW Solar Power Plant in the vicinity of Kapshagai city”. A positive aspect of implementing this project is the possibility of using the experience of construction and operation of 2 MW SPP in Kapshagai city and the results of RES laboratory activities.

The success of development of RES in the Republic of Kazakhstan directly depends on the level of training of Kazakhstan specialists. In this regard, the Partnership actively cooperates with leading technical universities (AUEC, KazNU, KazNITU, KBTU), within the framework of which students acquire the initial practical experience in the field of “green” energy.

Financial performance

Indicator	Measurement unit	2015	2016	2017
Net income	mln. tenge	–113	–65	–22
EBITDA	mln. tenge	–67	–28	13
EBITDA Margin	%	–62	–25	10

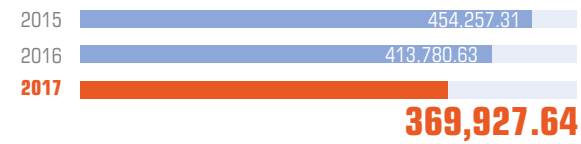
Results of operating activities

Indicator	Measurement unit	2015	2016	2017
Installed electric capacity	MW	2	2	2
Electricity production volume	mln. kWh	3.267	3.228	3.215
Electricity sales volume	mln. kWh	3.154	3.109	3.101



Social indicators

Dynamics of average wage, tenge



For more information about the Company please visit: www.samruk-green.kz

"First Wind Power Plant" LLP

("Samruk-Energy" JSC – 100%)

Director
General

M. Izbashanov



"First Wind Power Plant" LLP is the first large-scale wind farm operating on an industrial scale in the Republic of Kazakhstan.

The company's wind farm consists of 22 wind turbines working safely for the environment. Since commissioning, the power plant has generated over 400 million kWh of electricity. 100% of all generated electricity goes to the National Power Grid of Kazakhstan.

According to the company's calculations, more than 700 million tenge taxes have been paid to the local budget to date. More than 10.1 billion tenge revenue has been generated.

The company plans to expand the generation capacity up to 300 MW by building new generating capacities using



renewable energy sources (wind potential) in order to ensure the optimal structure of generating capacities taking into account the reduction in the total consumption of fuel and energy resources, the minimum level of environmental impact on the environment. The implementation of WPP project represents the first step in the introduction of alternative energy that will lead to a reduction in greenhouse gas emissions, as well as an annual electricity output of more than 172 million kWh per year without consumption of hydrocarbon fuel will enable to save at least 100 thousand tons of coal and thereby improve the reliability of electricity supplies in the region.

Financial performance

Indicator	Measurement unit	2011	2015	2016	2017
Net income	mln. tenge	(0.01)	(329.6)	(444.4)	21.2
EBITDA	mln. tenge	(0.01)	1,083.0	2,131.2	3,420.8
EBITDA Margin	%	-	62	62	78

Results of operating activities

Indicator	Measurement unit	2011	2015	2016	2017
Installed electric capacity	MW	-	45	45	45
Electricity production volume	mln. kWh	-	79.229	151.764	166.384
Electricity sales volume	mln. kWh	-	79.131	151.467	165.973

Social indicators



Dynamics of average wage, tenge



For more information about the Company please visit: www.pves.kz

"Ereymantau Wind Power" LLP

("Samruk-Energy" JSC – 100%)

"Ereymantau Wind Power" LLP was established on November 24, 2011. The main activity of "Ereymantau Wind Power" LLP is electricity generation using renewable energy sources. Currently, "EWP" LLP is implementing the project "Construction of 50 MW wind power plant in Ereymantau area with possible increase in the capacity up to 300 MW".

Main product: electricity

Main type of activity: production and sale of electricity using renewable energy sources

Location: the Republic of Kazakhstan, 010000, Astana, Esil district, Kerey street, Zhanibek Khandar No. 12 "A", 3rd floor



"Kazhydrotechenergo" LLP

("Samruk-Energy" JSC – 100%)

In the framework of direction "Social Responsibility" the environmental protection is a priority (implementation of "green economy" strategy), in this connection the acquisition of "Kazhydrotechenergo" LLP is one of "Samruk - Energy" JSC priorities. The Partnership's activity includes engineering, building facilities using renewable energy sources, independent technical devices and related to them facilities for production of electricity and (or) heat using renewable energy sources (projects – construction of 7 small hydropower plants by Kazhydrotechenergo). "Kazhydrotechenergo" LLP is a company engaged in development of seven small hydropower plants in southern Kazakhstan with total capacity of 108 MW.

Main product: electricity

Core business: production and sale of electricity using renewable energy sources

Location: Almaty c., the Republic of Kazakhstan, 188, Dostyk street, "Kulan" BC, suite 904



"Teploenergomash" LLP

("Kazhydrotechenergo" LLP – 95%)

"Teploenergomash" LLP plans to build two power plants on Big Almaty Channel with a total capacity of 12 MW. It is also planned to create a 19–22 HPP cascade on Shelek river of Enbekshikazakh area with total capacity of 60.8 MW (Almaty region).

Participants of "Teploenergomash" LLP are – 95% "Kazhydrotechenergo" LLP, 5% – an individual.

Main product: electricity

Core business: generation and sale of electricity using renewable energy sources

Location: the RK, Almaty c., 13, Al-Farabi ave., BC "Nurly Tau", k, 1V, suite 505



COAL



"Bogatyr Komir" LLP

(Forum Muider B.V. – 100%)

**Director
General**

R. Sansyzbayev



After becoming a part of the country's main energy holding company in 2008 which is "Samruk-Energy" JSC the coal mining company Bogatyr Komir significantly strengthened its leading position in the field of fuel power industry and entered a game-changing level of production. Having tremendous reserves of coal, which is about 2.75 billion tons. Bogatyr and Severny open-pit coal mines are impressive with the scale of their industrial development. Today "Bogatyr Komir" LLP is on the threshold of another technological breakthrough. Responding to modern challenges, the company is actively preparing for the transition to cyclical-and-continuous technology of mining, blending and loading of coal. Auto-railway and conveyor-and-railway technologies, which are an intermediate stage of the transition to cyclic-and-continuous technology, have already been introduced at the "Bogatyr" open-pit coal mine that belongs to the partnership.

Along with this, in the past years, an investment project worth 2,880 million tenge was implemented to reconstruct the transport scheme of "Bogatyr" open-pit coalmine to prepare sites for the construction of cyclical-and-continuous technology facilities. The implementation of this project allowed:

- preparing sites for construction of cyclical-and-flow technology facilities;
- reducing the average range of coal transportation from 16.2 km in 2006 to 12.9 km in 2010;
- reducing the length of railway tracks of the coal complex by 19.4 km and 128 turnouts.



Thanks to this systematic work. "Bogatyr Komir" LLP continues to be one of the largest enterprises in the world for extraction of coal by open-pit coal mining method. The company accounts for 60 percent of all coal produced in the Ekibastuz coal basin and 40 percent of the total coal production in the Republic of Kazakhstan. At the same time, the production capacity of the enterprise allows it to produce up to 42 million tons of coal per year, including 32 million tons at the "Bogatyr" open-pit coal mine and 10 million tons at the "Severny" open-pit coal mine.

For almost half a century history of the mine, "Bogatyr" miners extracted and shipped to consumers over 1.5 billion tons of coal. The company firmly holds the position of the most reliable and time-tested supplier of solid fuel for the energy systems of Kazakhstan and the Russian Federation.

The prospective plans of "Bogatyr Komir" LLP are associated with major projects of Kazakhstan's power sector for reconstruction and commissioning of new power capacities at Ekibastuz SDPP–1, SDPP–2, Karaganda CHP–3, the power system of Astana, as well as with the construction of Balkhash TPP and TPP in Taldyqorgan city.



Financial performance

Indicator	Measurement unit	2008	2015	2016	2017
Net income	mln. tenge	11,637	9,268	11,191	21,960
EBITDA	mln. tenge	19,893	23,307	22,785	34,506
EBITDA Margin	%	44.6	41.8	36.4	43.4

Results of operating activities

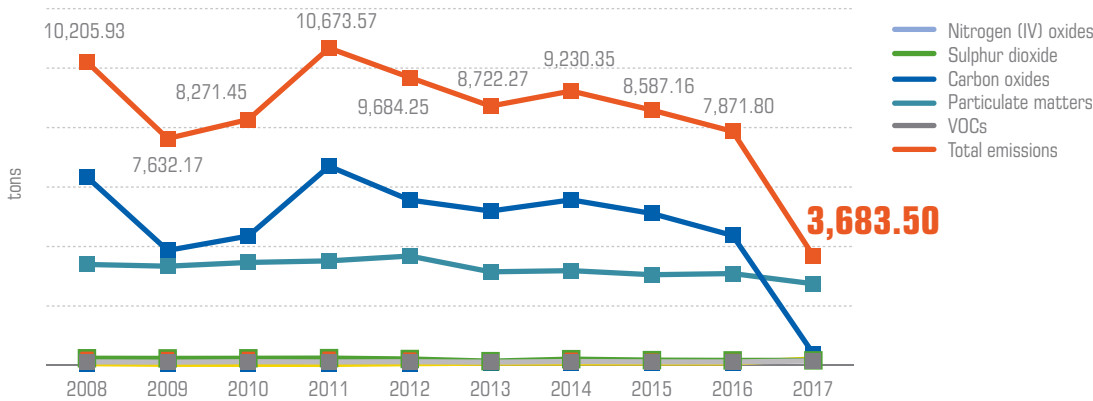
Description	Measurement unit	2008	2015	2016	2017
Coal production volume	mln. tons	46.1	34.5	35.1	40.4
The volume of coal sales in the RK	mln. tons	24.0	23.3	25.9	30.7
To own PP	mln. tons	13.7	11.6	11.5	15.6
Third party PP	mln. tons	10.3	11.7	14.4	15.1
Coal export volume	mln. tons	22.2	10.6	9.2	10.2

Commercial consumers Ekibastuz SDPP– 1, SDPP–2, Almaty and Karaganda CHP, Akmola CHP–2, Petropavlovsk CHP–2 and Russian – Reftinsk, Troitsk SDPPs and Kurgan CHP

* The share of coal supplies to thermal power plants is 95% of the total volume of supplies, to budget organizations (municipal coal) – 5%.

Deliveries to the domestic market of the Republic of Kazakhstan account for 75% of the total volume of deliveries, for exports – 25%

Environmental indicators



Social indicators

Dynamics of average wage, tenge



For more information about the Company please visit: www.bogatyr.kz



03

FINANCIAL AND ECONOMIC OVERVIEW OF THE COMPANY'S ACTIVITIES

To date, the Company is the largest diversified power holding company successfully integrated into the international energy mix, which forms a highly efficient energy supply system, and also ensures sustainable development of all sectors of Kazakhstan.

The Group is mainly engaged in production of electricity, heat and hot water based on coal, hydrocarbons and water resources and sales to the population and industrial enterprises, transportation of electricity and technical distribution of electricity in grids, construction of hydropower plants and thermal power plants, construction and operation of renewable energy sources, coal mining, as well as rental of property complexes of hydro power plants.

The Company's assets include the largest power producing companies, including power plants of national importance, such as "Ekibastuz SDPP-1" JSC and "Ekibastuz SDPP-2" JSC, as well as the plant that produces electricity and heat that is of regional importance in the Almaty region; Irtysh Cascade of HPPs. There are main hydropower plants of the Republic that are included in the Irtysh cascade of HPPs. as well as hydropower plants in the southern regions of the country (Shardarinsk HPP and Moynak HPP). Also, the Company's assets include regional distribution grids and a sales company in the Almaty region and the largest coal mining enterprise in Kazakhstan "Bogatyr Komir" LLP. The enterprise supplies coal to the generating facilities of the Group and third parties located both in Kazakhstan and in the Russian Federation.

On November 23, 2016, the Board of Directors of the Company approved the plan for privatization of a number of subsidiaries in accordance with the Government Decree on assets privatization. As of December 31, 2017, the assets "Aktobe CHP", "East Kazakhstan Regional Energy Company" JSC, "Shygysenergotrade" LLP and "Mangistau Electricity Distribution Network Company" JSC were sold.



*The growth in production and sales ensured
an increase in revenue by 21%
to KZT 220 billion*

Macroeconomic factors

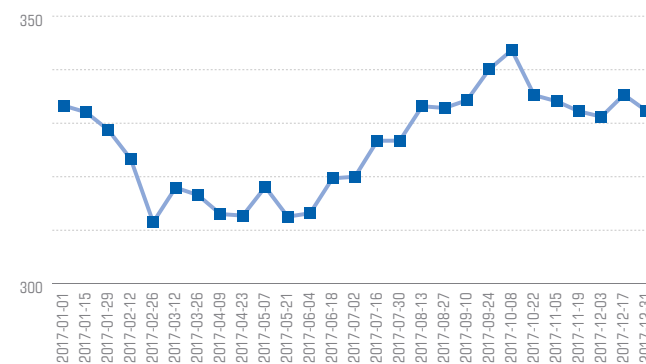
According to results of 2017, inflation was at the level of 7.1%, which is below the inflation rate of 2016 (8.5%) by 1.4%. The reduction in external inflationary pressures, the stabilization of the situation in the foreign exchange market and the trend towards strengthening the tenge in the fourth quarter against the backdrop of a positive trend in the world commodity markets, the stability of prices for

major commodity positions in external agricultural markets contributed to a slowdown in inflationary processes. A further decline in inflation was hindered by the continuation of the price shock in the energy market, the impact of which was weakened only at the end of the quarter. Core inflation rates continued to show a steadier decline. *(source NB RK)*

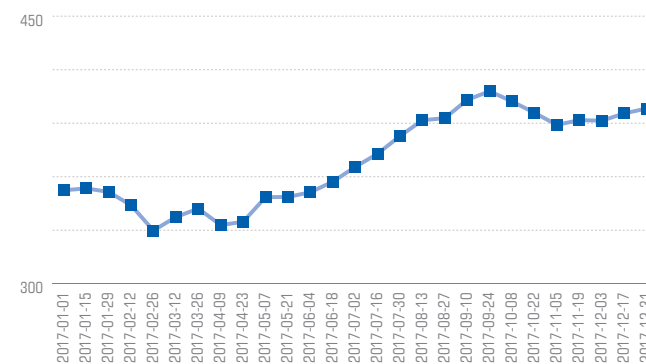
Dynamics of currency exchange rates:

	31.12.2016	31.12.2017	%
KZT/USD	333,29	332,33	100%
KZT/EUR	352,42	398,23	113%
KZT/RUB	5,43	5,77	106%

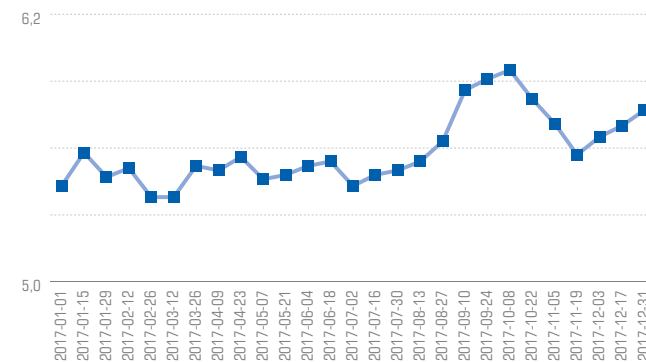
KZT/USD



KZT/EUR



KZT/RUB



According to the System Operator, the power plants of the Republic of Kazakhstan generated 102,383.6 mln. kWh of electricity in 2017, which is 8.83% more than the same period in 2016. The Northern and Western Zone of the RK UES had an increase in generation, while in the Southern Zone there was a decrease in production volumes.

Electricity production in the RK, mln. kWh



Consumption of electricity in the RK, mln. kWh



According to the System Operator, there is an increase in the dynamics of electricity consumption throughout the Republic of Kazakhstan in 2017 in comparison with figures of 2016. Thus, in the northern zone of the republic consumption increased by 5.0%, in the western zone by 7.8% and in the southern zone by 8.1%.

The production of nitrogen and phosphorus fertilizers, phosphorus and ferro silicomanganese increased in

Zhambyl region. This influenced on the growth of electricity consumption in the region (19.2%).

Electricity consumption in Atyrau region increased by 17.5% due to an increase in crude oil production volumes.

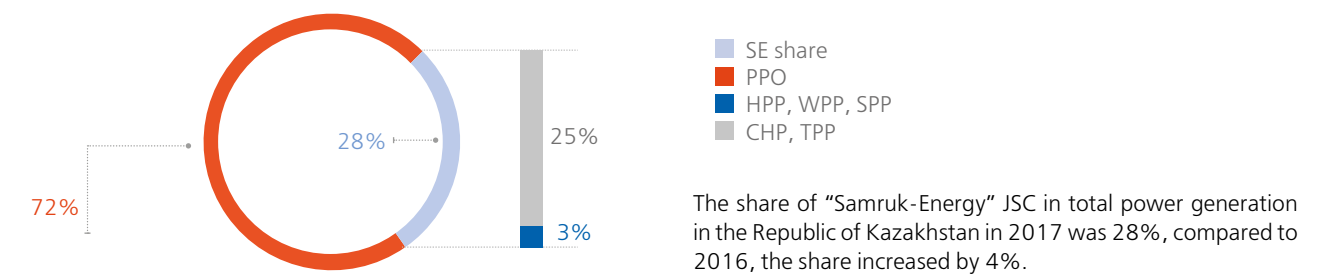
The electricity consumption in Aktope region increased by 11.9% in connection with an increase in the extraction of chrome ores and concentrates.

Electricity consumption in West-Kazakhstan region increased by 6.8% owing to production of gas condensate.

Electricity consumption in South-Kazakhstan region increased by 8.8%. The production of medicines, kerosene, gasoline, electric transformers and cotton has grown in the region.

Production figures

The Share of “Samruk-Energy” JSC in the overall electricity production across the RK for 2017



Operational KPI (broken down by producers)

Name of a subsidiary and affiliate	2016	2017	2017 deviation against 2016	2018 (forecast)	2019 (forecast)
Electricity production volumes. mln. kWh					
“APP” JSC	5,911.4	5,712.4	97%	5,205.1	5,204.3
“Aktobe CHP” JSC	905.7	901.2	100%	–	–
“Ekibastuz SDPP-1” LLP	9,037.3	14,797.0	164%	19,912.1	22,547.7
Including export	133.2	4,705.5		6,100.0	6,100.0
“Ekibastuz SDPP-2” Plant JSC	4,976.1	5,495.5	110%	5,109.7	5,800.6
“Shardarinsk HPP” JSC	334.0	359.4	108%	320.0	378.0
“Moynak HPP” JSC	1,165.5	1,226.5	105%	960.0	906.0
“Samruk-Green Energy” LLP	3.2	3.2	100%	8.7	21.7
“FWPP” LLP	151.8	166.4	110%	172.2	172.2
Total	22,485.1	28,661.5	127%	31,687.7	35 030.4

Electricity transmission volumes. mln. kWh					
“AZhC” JSC	6,252.0	6,527.9	104%	6,696	–
“EK REC” JSC	3,375.2	3,399.6	101%	–	–
“MDPGC” JSC	2,490.4	2,098.5	84%	–	–
Total	12,117.6	12,026.1	99%	6,696	0.0

Electricity sales volumes. mln. kWh					
“AES” LLP	5,766.8	5,767.5	100%	5,892.0	–
“ShET” LLP	2,670.7	2,618.7	98%	–	–

Name of a subsidiary and affiliate	2016	2017	2017 deviation against 2016	2018 (forecast)	2019 (forecast)
Total	8,437.6	8,386.1	99%	5,892.0	0,0
Heat production volumes. thous. Gcal					
“APP” JSC	4,970.5	5,223.3	105%	5,140.0	5,140.0
“Aktobe CHP” JSC	1,763.5	1,731.4	98%	–	–
“Ekibastuz SDPP-2 Plant” JSC	70.8	66.5	94%	76.0	76.0
“Ekibastuz SDPP-1” LLP		8.2		375.0	375.0
Total	6,804.8	7,029.3	103%	5,591.0	5,591.0
Coal sales volumes. mln. tons					
	35.1	40.9	116%	41.3	40.3

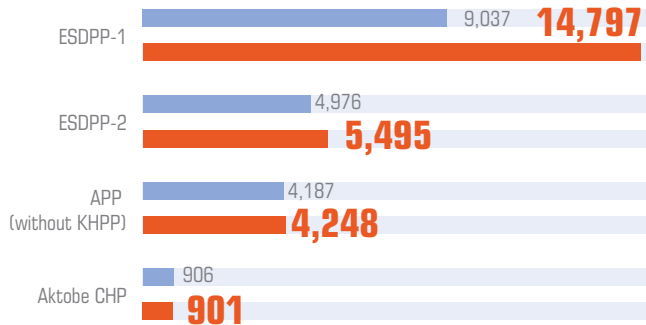
« – » the asset was sold/is planned to be sold

The **volume of electricity production** in 2017 amounted to 28,662 million kWh (an increase of 6,176.4 million kWh or 27% compared with 2016). The main increase in volumes was driven by “Ekibastuz SDPP-1” LLP export of electricity to Russia in the amount of 4,706 million kWh and an increase in the domestic market. an increase at “Ekibastuz SDPP-2 Plant” JSC was 519 million kWh owing to the sale of electricity at centralized bids. as well as an increase in the amount of output

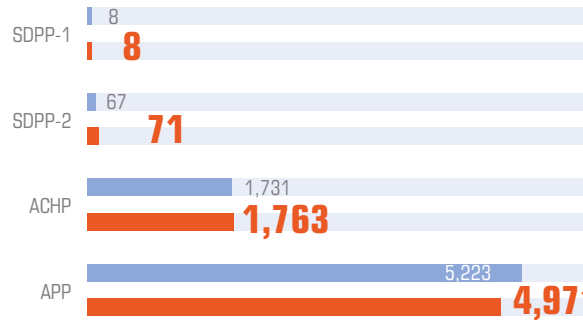
by 86 million kWh occurred at “Moynak HPP” JSC and “Shard-arinsk HPP” JSC due to the growth of water inflow.

The increase in **heat production volumes** in 2017 by 5% (by 224.5 thousand Gcal) is due to an increase in the heating load due to a lower ambient air temperature compared to climatological temperatures in 2016.

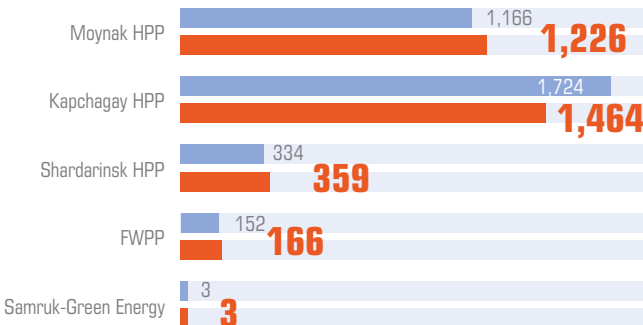
Electricity production volumes (mln. kWh) at TPP, CHP



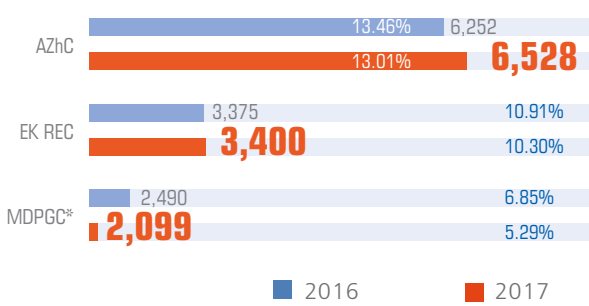
Dynamics of change in heat production volumes, thous. Gcal



Electricity production volumes (mln. kWh) at HPP, WPP, SPP



Electricity transmission volumes (mln. kWh) and grid losses (in %)



Electricity transmission volumes amounted to 12,026.1 mln. kWh, with a slight decrease in comparison with the level of 2016 volumes – 12,117.6 mln. tenge (a decrease of 91.5 mln. kWh).

Grid losses decreases owing to implementation of activities on retrofit of grids and Automatic system for commercial measurement of power consumption at “AZhC” JSC and “MDPGC” JSC by 0.46% and 1.99% respectively. In general,

the level of losses across all Distribution power grid companies is below the standard established by the CRNP CP.

Total volume of electricity sales in power supply organizations during the reporting period amounted to 8,386 million kWh, which is lower than in 2016 by 0.6%.

Despite the increase in the number of consumers, the volume of consumption remains without significant changes:

Name	Actual 2016	Actual 2017	Deviation	%
AlmatyEnergoSbyt				
Consumers number incl.	781,734	800,448	18,714	2%
<i>Population</i>	<i>752,711</i>	<i>770,245</i>	<i>17,534</i>	<i>2%</i>
<i>Corporate entities</i>	<i>29,023</i>	<i>30,203</i>	<i>1,180</i>	<i>4%</i>
Sales volume, mln. kWh	5,767	5,767	0.6	0%
Shygysenergotrade				
Consumers number	498,271	506,258	7,987	2%
<i>Population</i>	<i>477,677</i>	<i>485,013</i>	<i>7,336</i>	<i>2%</i>
<i>Corporate entities</i>	<i>20,594</i>	<i>21,245</i>	<i>651</i>	<i>3%</i>
Sales volume, mln. kWh	2,671	2,619	-52	-2%

According to results of 2017, the volume of coal sales amounted to 40,858 thousand tons, which is 16% higher than the same period or 5,776 thousand tons.

The increase in coal sales volume in the domestic market by 4,845 thous. tons or 19% is mainly owing to “Ekibastuz SDPP-1” LLP by 3,293 thous. tons (increase in electricity generation). “Astana-Energy” JSC by 603 thous. tons, as well as an increase in coal sales volume by 467 thous. tons for public utility use.

The increase in sales of coal for export by 932 thousand tons or by 10% was mainly due to an increase in Reftinsk GRES by 1,599 thous. tons, with a decrease of 671 thous. tons at Serovsk GRES and Troitsk GRES.

Sale of Bogatyr Komir coal (thous. tons)

Forecast for the future period:

The volume of electricity production in the forecast for 2018 is projected with a gradual increase in relation to the actual

In the forecast for 2019, electricity production volumes increase by 11%, which is due to the growth in volumes of “Ekibastuz SDPP-1” LLP and “Ekibastuz SDPP-2 Plant” JSC.

Heat production volumes in the plan for 2018 is expected to decrease by 20% against the actual figure of 2017 mainly due to the sale of an asset “Aktobe CHP” JSC in 2017.

The volume of transmission and distribution of electricity in 2018 is expected to decline due to the sale of assets “EK REC” JSC and “MDPGC” JSC.

The volume of electricity sales in the forecast for 2018 reduces by 30% from the level of 2017 actual figure due to the sale of “SHET” LLP in 2017. In the forecast for 2019, electricity sales volumes are not planned in connection with the sale of “AES” LLP at the end of 2018.

The volume of coal sales in the forecast for 2018 increases by 0.4 mln. tons or 1% against the actual of 2017.

In the forecast for 2019, the volume of coal sales reduces by 2% or 1.0 mln. tons by 2018. Volumes of coal production and sales for 2018–2019 are foreseen taking into account the forecasted volumes of electricity production in the RK and RF.



figure of 2017. The increase in the volume of electricity production in 2018 by 3,026 million kWh is mainly driven by the growth in the volumes of sales of “Ekibastuz SDPP-1” LLP in the domestic and external (RF) markets.

Key events during the reporting period

Date	Event
1 January	Upon the recommendations of the Ministry of Energy ceiling tariffs were reduced to 8.42 KZT / kWh for energy producing organizations of the 1 st group ("Ekibastuz ESDPP-2 Plant" JSC)
1 January	For natural monopoly entities (NME) changes in the legislation with regard to the abolition of restrictions on the performance of other activities (previously income from other activities should not exceed 5% of income from core business) were made in January 2017 thus the entities have the opportunity to receive additional revenues for undertaking expenditures not provided for in the tariffs approved by the regulator – CRNM and PC
1 January	For energy supplying organizations two main issues have been positively and legislatively resolved: <ul style="list-style-type: none"> — tariffs for the zones of the day- «night» tariffs are set at the level of the purchase tariff, which will eliminate ESO running at a loss because of differentiation of tariffs by the zones of a day; — the inclusion of banks' interest because of obtaining credit funds into ESO tariffs in order to eliminate the cash gap, previously the interest was not included in the tariffs and was related to the losses of ESO
15 February	The rating agency Fitch Ratings has affirmed the long-term default rating of the Company in foreign and local currency at the level of "BB +"
12 April	Reduction of the Company's credit rating by one notch from the rating agency S&P
20 June	The payment of coupon interest on Eurobonds of "Samruk-Energy" JSC for the amount of 9,375,000 USD
3 July	Registration of the first bond program of "Samruk-Energy" JSC for the amount of KZT 100 bln.
3 July	The first and the second bond issue within the bond program in the amount of KZT 20 billion and KZT 28 billion
13 July	Signing of a loan agreement worth 40 bln. KZT with "Halyk Bank of Kazakhstan" JSC
20 September	"Samruk-Energy" JSC partially repaid international coupon bonds in the amount of USD 80 million
28 November	For energy producing organizations the Ministry of Energy decree approved the Methodology for determining the fixed profit that is taken into account when approving the ceiling tariffs for electricity (fixed profit of 12%), as well as the fixed profit for balancing which is taken into account when approving the ceiling tariffs for balancing electricity (fixed profit in the amount of 24%)
28 November	For energy-producing organizations, the order of the Ministry of Energy approved the ceiling tariffs for the service for maintaining the availability of capacity from 2019 to 2025 in the amount of 700 thousand KZT/(MW * months)
20 December	"Samruk-Energy" JSC redeemed international coupon Eurobonds for the amount of 420 million dollars
21 December	The rating agency Standard and Poor's revised the outlook on the ratings of Samruk-Energy from stable to positive and affirmed the ratings at B +/B
22 December	A temporary reducing rate has been approved for the tariff for the regulated service on electricity transmission through "KEGOC" JSC grids for "SDPP-1" LLP in the amount of 0.71 with the entry into force from January 1, 2018

The main directions of the company's development

The Business Plan for 2018–2022 includes the following key development initiatives, in order to ensure the implementation of targets of strategic KPI:

1) Export of electricity towards CASA-1000 direction from 2022

The CASA-1000 project is the first step towards the creation of a regional electricity market in Central and South Asia, using the significant energy resources of Central Asia to help reduce the energy shortage in South Asia on a mutually beneficial basis. From 2022, the export of electricity in the direction of CASA-1000 is expected in the volume of not less than 1 billion kWh.

2) Coal preparation

Ekibastuz coal has a technical and economic capability for increasing the heating value and reducing ash content. It is planned that in 2018 work on the project will commence in order to ensure the commissioning of all entire coal preparation facilities in 2021.

3) Reducing the specific consumption of fuel, water for process needs

Reduction of fuel costs will be achieved owing to a reduction in the specific consumption of fuel equivalent (SCFE) for electricity supply at "Ekibastuz SDPP-1" LLP from 372.4 g/kWh in 2017 to 366 g/kWh in 2020. The main reasons for reduction of SCFE by way of the cost-effective maintenance of operating modes i.e. work with switched on HPS, the operation of FPT from the IV turbine extraction and the increase in capacity factor from 54% in 2018 to 65% in 2020. Reduction of water costs for process needs in the amount of 504 mln. tenge was achieved due to optimization of make-up volume of a water reservoir, as well as reduction of water consumption for process needs.

Company	Target	Threshold
	K1 Debt/EBITDA	K1 Debt/EBITDA
	Not less than	Not more than
"Samruk-Energy" JSC	3.50	4.50

This ratio of financial stability is also one of the Company's strategic goals.

The company seeks to achieve the target in respect of Debt / EBITDA through the following main activities:

1. Repayment of the external debt by using funds that are expected to be received from assets privatization and repayment of inter-group loan 2018–2019;

4) Minimization of costs for fuel and energy resources conservation

Reducing the expenditure for fuel and energy resources saving will be achieved through re-equipment, modernization, reconstruction, improvement of energy resources metering, repair and maintenance services.

5) Optimization of expenses for routine repairs

Reducing the cost of ongoing repairs is expected by optimizing expenditures for repairs based on real condition of main equipment of plants, i.e. carrying out repairs according to equipment operation time.

6) Optimization of capital expenditures for maintaining business assets in working condition

The initiative on reducing of capitalized costs for maintaining business assets in working order is planned for 2018–2022. The reduction in capitalized costs is represented at the expense of reduction in expenses for repair of plant equipment.

7) Sale of assets

The Development Plan includes a list of assets to be sold, "Tegis Munay" LLP, "AlmatyEnergoSbyt" LLP, "AZhC" JSC for 2018, "APP" JSC for 2019.

8) Improving financial stability

Impact of the initiative on meeting the requirements of DMP on strategic KPI. According to the requirements of DMP, the target and threshold value of financial stability ratio Debt / EBITDA is as follows:

2. Decrease in the consolidated debt level owing to deconsolidation and elimination of debts of privatized companies;
3. Increase in volumes of electricity sales and, accordingly, EBITDA;
4. Scheduled debt repayment according to repayment schedules;
5. Using of temporarily available cash to reduce debt.

Principles of accounting policy

The Company's operations power and coal sectors were carried out in accordance with the approved plans.

For the purposes of a single approach to preparing a report on business and financial performance, "Samruk-Energy" JSC group of companies uses the equity method in consolidation. In addition, in accordance with existing accounting policies, fixed assets and intangible assets are reported at initial cost, that is, without taking into account revaluation. Subsidiaries are included in the consolidated financial statements using the acquisition method. Acquired identifiable assets, as well as liabilities and contingent liabilities received at a business combination are stated at fair value at the date of acquisition, irrespective of the amount of the non-controlling interest.

Based on the foregoing, when using the equity method in the consolidated balance sheet, turnovers of such large companies as "Ekibastuz SDPP-2 Plant" JSC, coal assets

company Forum Muider B.V. 50% of interest of which belong to "Samruk-Energy" JSC were excluded. In addition, the financial performance of associated company "BTPP" JSC in the share of ownership of 50% -1 share is recognized in the share of profit and investment impairment.

When forming the consolidated financial result of "Samruk-Energy" JSC, the share of profit on these companies is presented in the item "share of profit / loss of organizations accounted for using the equity method and impairment of investments".

On November 23, 2016, the Board of Directors of the Company approved a plan for the privatization of a number of subsidiaries in accordance with the Government Decree on privatization of assets. As of December 31, 2017, the assets "Aktobe CHP" JSC, "EK REC" JSC, "Shygysenergotrade" LLP and "MDPGC" JSC were sold.

Financial and economic indicators

No.	Indicator, mln.tenge	2016 actual	2017 actual	2018 forecast	2019 forecast
1	Income from sales of goods and services delivered	181,310	219,892	220,125	193 070
1.1.	Electricity production	124,085	151,861	194,407	189,381
1.2.	Sale of electricity by energy supplying organizations	90,284	94,458	0	0
1.3.	Heat production	13,991	17,370	20,440	191
1.4.	Transmission and distribution of electricity	33,448	38,058	0	0
1.5.	Sale of chemically purified water	1,662	1,672	1,699	0
1.6.	Lease	3,504	3,289	3,417	3,417
1.7.	other	778	1,701	1,203	1,073
2	Cost of goods sold	136,127	159,611	146,676	100,693
2.1.	Cost of electricity production	91,658	107,795	125,383	100,102
2.2.	Cost of electricity sales by energy supplying organizations	88,644	91,817	0	0
2.3.	Cost of heat production	13,699	17,122	19,036	0
2.4.	Cost of electricity transmission	26,506	28,337	0	0
2.5.	Cost of sale of chemically purified water	1,614	1,644	1,686	0
2.6.	Cost of other types of core business	215	443	719	724
	<i>Amortization of fixed and intangible assets</i>	<i>41,053</i>	<i>43,824</i>	<i>41,067</i>	<i>37,497</i>
3	Gross profit	45,184	60,281	73,449	92,378
4	Financing income ¹	3,396	2,805	1,033	434
5	Other income	6,061	3,224	426	558
6	Expenses for sale of products and services	3,017	15,145	16,277	21,052
7	General administrative expenses	12,826	12,709	12,658	9,997
8	Finance costs ²	19,218	29,182	31,752	23,937

No.	Indicator, mln.tenge	2016 actual	2017 actual	2018 forecast	2019 forecast
10	Other expenses from non-core operations ³	2,056	5,959	492	586
11	Share of profit / loss of organizations accounted for using the equity method and impairment of investments	4,895	(26,636)	9,825	8,436
12	Profit (loss) from discontinued operations	2,494	1,670	13,934	10,576
13	Corporate income tax expenses	6,521	5 553	10 135	12 532
14	Minority interest	632	681	276	276
15	Total profit attributable to the Group's Shareholders	17,759	(27,884)	27,076	44,002

¹ in the audited FS balance from the exchange difference of 2016 is reported in the section "financial income"

² in the audited FS balance from the exchange rate difference of 2017 is reported in the section "financial expenses"

³ in the audited FS of 2017 the gain from the "restoration of an impairment loss" and the impairment loss (NET) are reported in the item "finance costs"

Note: Incomes and cost by types of activity are indicated without taking into account elimination

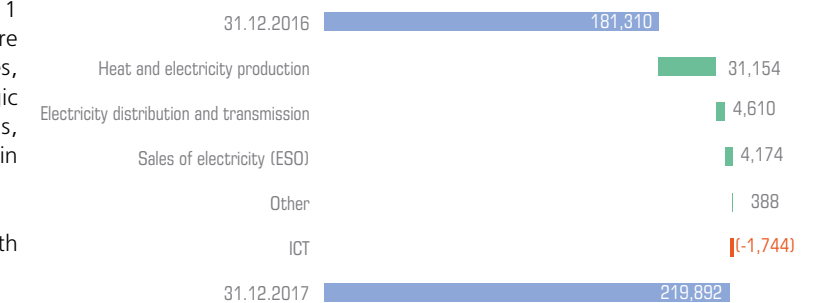
Revenues from sales of products and services provided
across "Samruk-Energy" JSC Group of Companies in 2017 amounted to 219,892 mln. tenge:

The growth of consolidated revenue mainly occurred in the segment of electricity generation due to the growth in electricity sales volumes. However, in 2017, there is a decrease in the average weighted tariff for Group 1 EPO, which is associated with an increase in the share of electricity sales at centralized bids at market prices, as well as with providing of discounts for strategic market participants to support in times of crisis. Thus, "Ekibastuz SDPP-1" LLP provided preferential tariffs in 2017 for 4 entities for a total of KZT 6.85 billion.

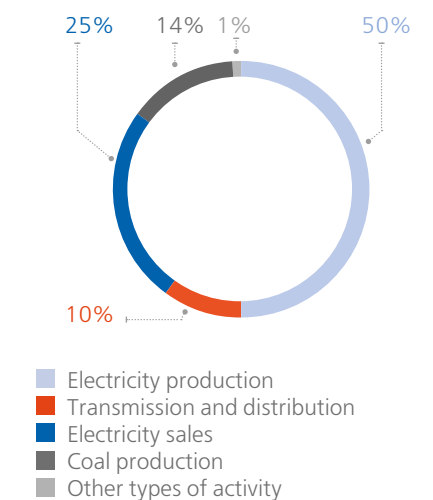
As for distribution and sales segments, revenue growth is driven by an increase in volumes and tariffs.

Forecast for the future period: in the forecast for 2018, revenue from sales is planned at 220,125 mln. tenge at the level of actual figure of 2017, which is due to the increase in revenues of "Ekibastuz SDPP-1" LLP with the growth in electricity sales volumes and at the same time because of excluding "AZhC" JSC and "AES" LLP from turnovers in connection with the planned sale. In the forecast for 2019 there is a decrease in revenue against the forecast of 2018 which is due to the planned sale of "APP" JSC, at an increase in revenues on "Ekibastuz SDPP-1" LLP with an increase in electricity production.

Consolidated revenues, mln. KZT



Structure of 2017 income by main types of activity



Revenues from sales of products and services rendered detailed per producer

Indicator, mln. tenge	2016	2017	2018 (forecast)	2019 (forecast)
Revenues from sales of products and services rendered	181,310	219,892	220,125	193,070
"Samruk-Energy" JSC	8,417	20,765	63,475	66,649
"Green Energy" LLP	113	131	180	285
"Bukhtarminsk HPP" JSC	3,503	3,288	3,417	3,417
"Shardarinsk HPP" JSC	3,157	3,405	2,989	7,305
"Moynak HPP" JSC	9,919	10,889	8,868	10,095
"AlmatyEnergoSbyt" LLP	90,284	94,458	0	0
"AZhC" JSC	33,848	38,658	0	0
"APP" JSC	60,761	62,349	65,489	0
"ESDPP-1" LLP	62,729	90,177	134,414	166,904
"FWPP" LLP	3,435	4,388	4,757	4,995
Energy Solution center	334	666	1,052	1,061
Intercompany turnover (elimination)	-95,190	-109,282	-64,515	-67,641

The major share in the Company's operating income comes from "Ekibastuz SDPP -1" LLP, "APP" JSC, "AZhC" JSC, "AES" LLP. At the same time, at consolidation of revenues,

intercompany turnover mainly in respect of energy producing and distribution companies is excluded from total amount.

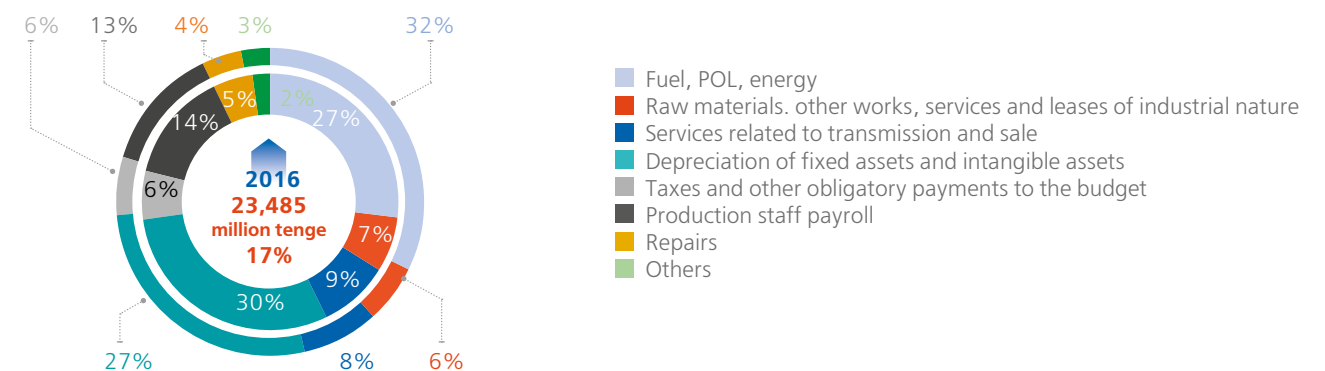
Cost of goods sold and services delivered

Indicator, mln. tenge	2016	2017	2018 (forecast)	2019 (forecast)
Fuel	31,626	43,364	53,050	35,592
Remuneration of labor and related expenses	22,316	24,035	15,160	5,174
Cost of purchased electricity	4,679	7,256	5,143	4,043
Depreciation of fixed assets and amortization of intangible assets	41,053	43,824	41,067	37,497
Maintenance	6,416	6 517	6,212	4,533
Services for electricity transmission and other services	7,444	8,506	2,994	44
Materials	1,880	1,762	1,986	1,224
Water supply	3,835	4,455	5,030	2,589
Grid losses	198	205	0	0
Taxes other than income tax	5,955	7,627	8,803	7,427
Third party organizations services	7,528	7,394	5,264	1,829
Others	3,198	4,665	1,968	739
TOTAL	136,127	159,611	146,676	100,693

According to results of 2017 cost of goods sold amounted to 159,611 mln. tenge, which is 17% higher than the actual figure of 2016. In general, the increase occurred in variable

costs due to the growth in production and sales volumes, as well as due to the increase in prices for goods and services.

The structure of cost of goods sold by main types of activity



Forecast for the future period: in the forecast for 2018, the cost of goods sold and services rendered reduces, this is because of reclassification of "AZhC" JSC and "AES" LLP assets from main to discontinued operations at increasing the cost of goods sold in respect of "Ekibastuz SDPP-1" LLP by way of an increase in production volumes. In the forecast for 2019, expenses for cost of goods sold also reduce due to the reclassification of "APP" JSC from main to discontinued operations, at increasing the cost of goods sold in respect of "Ekibastuz SDPP-1" LLP by way of an increase in production volumes.

According to results of 2017, sales costs have significantly increased, this deviation is driven by expenses for transportation of electricity through "KEGOC" JSC grids associated with supply of "Ekibastuz SDPP-1" LLP electricity to Russia from February 1, as well as the growth of "KEGOC" JSC tariffs.

In the forecast for 2018, the increase in sales costs compared to the actual of 2017 is 7%. The increase occurred because of the growth in the volume of electricity exports to the Russian Federation, in the meantime there we get temporary reducing ratio to expenses for transportation through "KEGOC" JSC grids for "ESDPP-1" JSC in the amount of 0.71 with the entry into force from January 1, 2018.

In the forecast for 2019, the increase in expenses is due to the increase in "KEGOC" JSC tariffs.

In connection with the cost optimization activities conducted by the Company, the administrative expenses for 2017 totaled 12,709 mln. tenge, which is below the level of the actual figure of 2016.

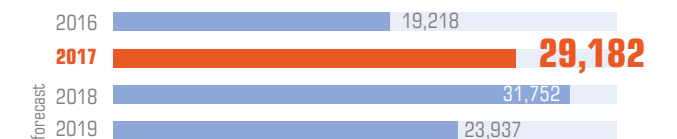
Sales costs, mln. tenge



Administrative expenses, mln. tenge



Finance costs, mln. tenge



Forecast for the future period: in the forecast for 2018, administrative expenses are lower than the level of 2017 and amount to 12,658 million tenge. In the forecast for 2019, administrative expenses reduce compared to the forecast for 2018 and amount to 9,997 mln. tenge due to the reclassification of assets from main to discontinued operations.

Finance costs for the end of 2017 amounted to 29,182 million tenge, which is higher than the actual value for 2016. The increase in finance costs mainly in "Ekibastuz SDPP-1"

LLP is due to the transfer of previously capitalized interest and in the Head Office in connection with the refinancing of Eurobonds at a higher rate (at the same time, the currency risk reduces owing to refinancing in tenge), and reporting the discount on payments in installments for assets sale.

Share of profits of joint ventures and associates and impairment of investments

Indicator. mln. tenge	2016	2017	2018	2019
	actual	actual	plan	plan
Share of profits of joint ventures and associates	4,895	(26,636)	9,825	8,436

Share income and impairment of investments for 2017 amounted to (26,635) mln. tenge, having decreased by 31,530 mln. tenge compared to the same period.

The main changes occurred for the following assets:

“Ekibastuz SDPP-2 Plant” JSC – a decrease by 10,334 mln. tenge in comparison with the previous year is due to the following factors:

- reporting of losses from depreciation of FA in the amount of 5,844 mln. tenge and an increase in finance costs by 5,233 mln. tenge, in the meantime there was a decrease in foreign exchange losses of 780 mln. tenge;

Forum Muider – an increase by 4,461 mln. tenge was mainly due to an increase in coal sales volumes in “Bogatyr Komir” LLP in the domestic and foreign markets by 5,777 thous. tons (16.5%) and an increase in the export price by 16.1%.

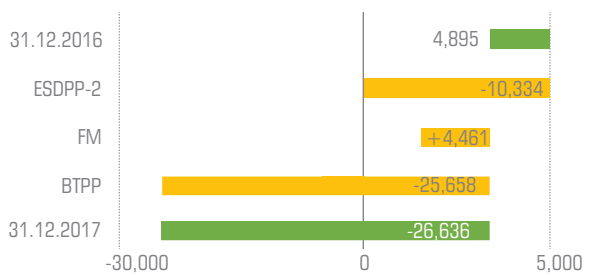
Profit (loss) from discontinued operations

Indicator, mln. tenge	2016	2017	2018 (forecast)	2019 (forecast)
Profit from discontinued operations	2,494	1,670	13,934	10,576

According to results of 2017, the **profit from discontinued operations** amounted to 1,670 mln. tenge, which includes financial results of the following subsidiaries and affiliates: EK REC, SHET, MDPGC, “Tegis Munay” LLP and “Mangyshlak-Munay” LLP.

Forecast for the future period: in the forecast for 2018, finance costs amount to 31,752 mln. tenge, an increase against the actual figure of 2017 is due to refinancing of Eurobonds in 2017 at a higher interest rate. In the forecast for 2019, the decrease in expenses is due to the repayment of loans of the Head Office.

Dynamics of change in share income and investment impairment, mln. tenge



“BTPP” JSC – a decrease of 25,658 mln. tenge compared to 2016 mainly due to the recognition of impairment of investments in the amount of 27,571 mln. tenge.

In the plan for 2018, the share of profit is 9,825 mln. tenge, in 2019 8,436 mln. tenge.

The assets “AZhC” JSC, “AES” LLP were referred to discontinued operations in the forecast of 2018, “APP” JSC is classified as discontinued operations in 2019.

Tariff policy

The laws of the Republic of Kazakhstan “On Electricity”. “On Natural Monopolies and Regulated Markets” and “On Competition” govern the operations of the Group’s subsidiaries and joint ventures, which are natural monopoly and regulated markets entities and entities with a dominant position in a competitive market. Tariff regulation, depending on the type of energy companies, falls within the competence of the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of Kazakhstan (hereinafter – the Committee) or industry-specific ministry – the Ministry of Energy (hereinafter – ME).

Electricity tariffs for energy producing organizations approved by the Decree of the Minister of Energy No.160 “On approval of ceiling tariffs for electricity for the group of energy-producing organizations” dated February 27, 2015 for 2016–2018. Tariffs for the supply of electricity produced by facilities that

use renewable energy sources are fixed and approved by the Resolution of the Government of the Republic of Kazakhstan, depending on RES technology (separately for wind, solar and other sources) and are subject to annual indexation. At this, the financial and settlement center acts as a buyer, and power generation company act as a seller. The Committee regulates tariffs for transmission and distribution of electricity for power transmission companies, for production of heat and power supply (ESO). The Committee regulates and controls the mentioned activities in strict accordance with the legislative and regulatory acts.

Social and political issues significantly influence tariff decisions. Economic, social and other policies of the Government of the Republic of Kazakhstan may have a significant impact on the Group’s operations.

Tariff state regulation of the company’s activities

The following tariffs were in effect during the reporting period: For energy producing organizations (EPOs), after expiration of the term of ceiling tariffs established for 2009–2015, tariffs for power plants for 2016 to 2018 are maintained at the level of 2015 tariffs. Moreover, with the ceiling tariff of 8.80 tenge/kWh set for the first group of EPOs (“Ekibastuz SDPP-1” LLP and “Ekibastuz SDPP-2 Plant” JSC), from February 2015 to December 2016 the Company sold electricity at a reduced tariff of 8.65 tenge / kWh. Taking into account the instruction of the Government of the Republic of Kazakhstan on supporting the national economy, the plants sell electricity at tariffs not exceeding 8.42 KZT / kWh during 2017 and up to the present time.

The average weighted tariff of “Ekibastuz SDPP-1” LLP for 2017 was 6.39 KZT / kWh, which is lower than the level of 2016 (7.33 KZT / kWh) by 0.94 KZT / kWh. The weighted average tariff was reduced because of electricity sales at centralized bidding at market prices, as well as discounts provided for export-oriented industrial enterprises.

The average weighted tariff of “Ekibastuz SDPP-2” JSC for 2017 was 6.60 tenge/kWh, which is lower than the level of 2016 (6.68 tenge/kWh) by 0.08 tenge/kWh. The weighted average tariff was reduced as a result of electricity sales at centralized bidding.

The individual and estimated tariffs in the amount of 9.50 KZT/kWh were approved for “Moynak HPP” JSC and “Shardarinsk HPP” JSC taking into account the implementation of large-scale investment programs, however the actual tariffs of “Moynak HPP” JSC for 2016 and 2017 were below approved, due to the sale of part of the electricity through centralized bidding.

For renewable energy sources (RES), approved fixed tariffs are subject to annual indexation taking into account inflation.

The capacity market for EPO will be introduced in 2019. Order of the Minister of Energy of the Republic of Kazakhstan No. 465 dated 03.07.2015 (with changes introduced by the order No. 414 of the RK ME dated 28.11.2017). The ceiling tariff for the service for maintaining the availability of capacity was approved for all groups of EPO for the period from 2019 to 2025 in the amount of 700 thousand KZT/(MW*months). The “Methodology for determining the fixed profit taken into account when approving ceiling tariffs for electricity (fixed profit of 12%) and fixed profit for balancing taken into account when approving the ceiling tariffs for balancing electricity (fixed profit of 24%) was adopted for EPO. However, to introduce the capacity market, it is necessary to re-approve tariffs for electricity by EPO groups, as previously approved in 2015 tariffs do not correspond to the above Methodology.

Weighted average tariffs for electricity generation

Name	Measurement unit	2016 actual	2017 actual	2018 Plan	2019 Plan
“Ekibastuz SDPP-1” LLP					
Tariff for electricity, tenge/kWh	tenge/kWh	7.33	6.39	7.11	5.87
Tariff for capacity, thous. tenge/MW*month					700
“Ekibastuz SDPP-2” JSC					
Tariff for electricity, tenge/kWh	tenge/kWh	6.68	6.60	7.48	5.77
Tariff for capacity, thous. tenge/MW*month					3,000
“APP” JSC					
Tariff for electricity, tenge/kWh	tenge/kWh	8.60	8.60	9.56	8.89
Tariff for capacity, thous. tenge/MW*month					1,543
“Aktobe CHP” JSC	tenge/kWh	7.30	7.30	–	–
“Shardarinsk HPP” JSC					
Tariff for electricity, tenge/kWh	tenge/kWh	9.50	9.50	9.50	2.28
Tariff for capacity, thous. tenge/MW*month					8,529
“Moynak HPP” JSC					
Tariff for electricity, tenge/kWh	tenge/kWh	8.25	8.65	9.50	3.97
Tariff for capacity, thous. tenge/MW*month					5,344
“Samruk-Green Energy” LLP	tenge/kWh	36.13	42.12	45.11	46.88
“First Wind Power Plant” LLP	tenge/kWh	22.68	26.11	28.31	29.43

« – » the asset was sold/is planned to be sold

For production of heat by “APP” JSC, in order to meet the requirements of legislation, the long-term tariffs for 2017–2021 were approved with the inclusion of investment component in tariffs. The sale of heat in the form of steam

and hot water to consumers has commenced from October 2017 at Ekibastus SDPP-1 (tariffs for services were approved by DCRNM and PC of the Pavlodar region in accordance with the established procedure).

Tariffs for heat production

Name	Measurement unit	2016 actual	2017 actual	2018 Plan	2019 Plan
“APP” JSC	tenge/Gcal	2,872	3,363	3,951	4,070
“Aktobe CHP” JSC	tenge/Gcal	1,532	1,839	-	-
“Ekibastuz SDPP-2 Plant” JSC	tenge/Gcal	683	740	809	831
“Ekibastuz SDPP-1” LLP	tenge/Gcal		352	511	511

« – » the asset was sold/is planned to be sold

In a similar way, long-term ceiling tariffs for 2016–2020 were approved for regional power transmission companies

(RPTC) based on submitted tariff estimates. Tariffs include investment programs for grid companies.

Tariffs for electricity transmission services

Name	Measurement unit	2016 actual	2017 actual	2018 Plan	2019 Plan
“AZhC” JSC	tenge/kWh	5.35	5.83	6.04	–
“EK REC” JSC	tenge/kWh	3.76	3.83	–	–
“MDPGC” JSC	tenge/kWh	4.16	4.44	–	–

« – » the asset was sold/is planned to be sold

CRNM and PC approved tariffs for energy supplying organizations (ESO) in the reporting period.

Tariffs for selling electricity by ESO

Name	Measurement unit	2016 actual	2017 actual	2018 Plan	2019 Plan
“AlmatyEnergoSbyt” LLP	tenge/kWh	15.66	16.38	17.64	–
“Shygysenergotrade” LLP	tenge/kWh	10.48	10.99	–	–

« – » the asset was sold/is planned to be sold

Taking into account the changes in legislation, differentiated tariffs for the zones of the day were abolished in ESO. The differentiation according to consumption norms has been

preserved for individuals; electricity is supplied at average selling tariffs for corporate bodies.

Analysis of capital expenditures

№	SA	2016	2017	2018	2019
		actual	actual	plan	plan
	TOTAL	79,061	72,418	71,461	74,105
1	Investment projects, incl.	41,810	25,177	32,159	48,614
1.1	Rehabilitation of Power unit#1 with installation of new ESP	5,296	3,962	2,471	
1.2	Rehabilitation of Power unit#2 with installation of new ESP				
1.3	Retrofit of 500 kV OS	9,805			
1.4	Expansion and reconstruction of Ekibastuz SDPP-2 with installation of power unit No. 2 (50%)	4,008	-36		
1.5	Transition to cyclical-and-continuous method of mining, transportation, blending and loading of coal at the "Bogatyr" open-pit coal mine (50%)	30	30	10,121	9,806
1.6	Development of power grids in Karasai district with construction of "Shamalgan" (Ushkonyr) and substation "Station Shamalgan" with transfer of loads from nearby 35 / 10kV substations	58			
1.7	Transfer of load of SS-220/110/10kV # 131A "Gorny Gigant" to 220-kV 110 / 10kV Substation # 160A "Yermensay" via 110kV grids followed by dismantling of SS-131A	340	5,079		
1.8	Reconstruction and expansion of Almaty CHP-2. III stage. Boiler unit of plant No.8	183			
1.9	Reconstruction of combined ash and slag removal system of CHP-2			100	
1.10	Reconstruction and expansion of Almaty CHP-2. III stage. Boiler unit of plant No.8	2			
1.11	Construction of Moynak HPP	75	79	2	

№	SA	2016	2017	2018	2019
		actual	actual	plan	plan
1.12	Upgrading of Shardarinsk HPP	8,988	11,263	2,183	10,371
1.13	Construction of 45 MW Ereymentau WPP (1 st stage)				
1.14	Construction of 50 MW Ereymentau WPP (2 nd stage)	145	100		
1.15	Construction of a gas turbine power plant based on Pridorozhnoe gas field	426	140	1,488	
1.16	Other projects	12,450	4,637	15,796	28,437
2	Keeping production facilities in running order	35,731	46,042	36,686	23,495
2.1	“Bogatyr Komir” LLP (50%)	1,439	3,508	4,881	3,190
2.2	“ESDPP-2 Plant” JSC (50%)	17	224	644	
2.3	“ESDPP-1” LLP	16,787	17,919	11,402	16,459
2.4	“Alatau Zharyk Company” JSC	9,312	13,580	13,206	
2.5	“Almaty Power Plants” JSC	1,681	4,848	6,021	3,825
2.6	“Aktobe CHP” JSC	392	374		
2.7	“Moynak HPP” JSC	1,084	304	367	
2.8	“Shardarinsk HPP” JSC	124	120	6	11
2.9	“Mangistau REC” JSC	2,027	2,251		
2.10	“AlmatyEnergoSbyt” LLP	68	35	91	
2.11	“Samruk-Green Energy» LLP	3		15	8
2.12	“First Wind Power Plant” LLP	24	3	54	1
2.13	“EK REC” JSC	2,740	2,861		
2.14	“Shygysenergotrade” LLP	33	16		
3	Maintenance of administrative assets in running order	1,411	1,145	785	173
4	others	109	54	1,831	1,823

Projects implemented in 2016

The implementation of the project “Reconstruction and Retrofit of Aktobe CHP” was completed in May 2016. The project is aimed at increasing the installed capacity to cover the electricity shortage in Aktobe region by installing a 30 MW turbine No. 3.

The reconstruction of the boiler unit of plant № 8 of Almaty CHP-2 was completed in September 2016. The project is aimed to cover the expected increase in heat demand, providing the facilities of “Universiade-2017” with heat, and increasing the installed thermal capacity up to 1414 Gcal/h and Almaty CHP-2 power generation by 450 mln. KWh.

The modernization of 500 kV outdoor switchgear of Ekibastuz SDPP-1 was completed in November 2016 in order to replace obsolete equipment (switches, transformers, disconnectors) and extend equipment service life.

Projects implemented in 2017

The project of construction of 110/10 kV Substation “Turksib” was completed in December 2017, in order to ensure reliable and uninterrupted power supply for increasing load in the northern part of Almaty city with a transformer capacity of 80 MVA.

Projects planned to be completed in 2018

The works on the project “Transfer of load of 220 kV substation “Gorny Gigant” to 220 kV “Ermensay” substation through grids of 110 kV substation followed by the dismantling of “Gorny Gigant” SS are scheduled to be completed until the end of the first half of 2018. The project is implemented to improve the reliability of electricity supply to consumers.

Projects planned to be completed in 2020

The project on modernization of Shardarinsk HPP will be completed. The project will enable to increase the installed capacity of the plant from 100 MW to 126 MW.

Also, in 2020, it is planned to complete the project of gasification of Almaty energy complex. Expansion of CHP-1 of “APP” JSC with installation of the new energy source based on gas turbine technologies. The main goal of the project is to reduce the adverse impact on Almaty city and Almaty region’s environment from the energy sources of “APP” JSC.

Liquidity and financial sustainability indicators

Fulfillment of external lenders covenants:

Covenant	Established standard	2017 actual	deviation	Note
Debt/EBITDA (EBRD. HBK)	Not more than 4.5	4.64	0.14	The covenant is met the letter of consent (waiver) from the EBRD dated 22.11.2017 was received and the letter of consent (waiver) from HBK d/d 27.12.2017 was received
EBITDA/interest (EBRD)	Not less than 3	2.83	-0.17	The covenant is met the letter of consent (waiver) d/d 22.11.2017 was received
EBITDA/interest (HBK)	Not less than 3.5	2.83	-0.67	The covenant is met the letter of consent d/d 21.12.2017 was received
Debt/Equity (EADB and KDB)	Not less than 2	0.75	-0.29	The covenant is met

Name	2016	2017	2018 (forecast)	2019 (forecast)
Debt/EBITDA	5.41	4.64	3.28	2.02
Debt/equity	0.75	0.75	0.71	0.49
Current liquidity	0.66	1.36	0.68	1.22

The financial stability of the company from 2016 is improved due to increased production volumes and tariffs, reduction in debt load and sale of assets.

Measures taken by “Samruk-Energy” JSC group of companies to improve financial sustainability

- ▶ Reduction of currency risk by way of full repayment of the Company’s Eurobonds by using own and borrowed funds in December 2017;
- ▶ Return of intercompany loans of the Company from “AZhC” JSC and “APP” JSC – 3-4 quarter of 2017;
- ▶ Reducing pressure on current liquidity by extending loan terms;
- ▶ Early repayment of loans in the amount of 15 bln. tenge in the 4th quarter of 2017;
- ▶ Withdrawal of the debt of assets sold as part of assets privatization (“EK REC” JSC, “SHET” LLP, “MDPGC” JSC) – 3-4 quarter of 2017;
- ▶ Obtaining a letter of consent (waiver) from the European Bank for Reconstruction and Development (EBRD) for the covenant Debt / EBITDA. EBITDA / Interest of the Company on November 22, 2017;

- ▶ Obtaining a waiver from Halyk Bank of Kazakhstan (HBK) for the covenant Debt / EBITDA on December 27. 2017. for the covenant of EBITDA / Interest of the Company on December 21, 2017.

In addition, according to the requirements of the Debt and Financial Sustainability Management Policy of “Samruk-Kazyna” JSC, the Company developed an Action Plan for the Company’s entry into the green risk zone (hereinafter – the Action Plan). This Action Plan provides for the implementation of specific activities during 2017–2022 aimed at improving EBITDA, optimizing costs and reducing debt burden.

These activities will ensure the implementation of financial covenants and financial stability of the company as a whole.

Contingent and contractual liabilities and operating risks

Political and economic situation in the RK

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas prices and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

Low prices on oil and other commodities, volatility of exchange rate have caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

On August 20, 2015, the National Bank and the Government of the Republic of Kazakhstan made a decision on stopping supporting the exchange rate of tenge and implementing a new monetary policy based on the inflation targeting regime, abolishing the currency corridor and moving to a freely floating exchange rate. As a result, during August–December 2015, the exchange rate of tenge ranged from 187 to 350 tenge per US dollar. Thus, there is uncertainty about the exchange rate of tenge, as well as the impact of this factor on the economy of the Republic of Kazakhstan.

On September 8, 2017 S & P Global Ratings revised the outlook on the ratings of the Republic of Kazakhstan from "Negative" to "Stable". The agency also confirmed the long-term and short-term sovereign credit ratings at the level of "BBB- / A-3" and the rating of the country on the national scale at the level of "kzAA". According to S & P Global Ratings, the pressure on the balance of payments of the RK Government remains moderate, and the influence of factors limiting the flexibility of monetary policy has decreased against a backdrop of a reduction in deposit dollarization. As a result, S & P Global Ratings has reviewed the outlook for ratings of the Republic of Kazakhstan from Negative to Stable and confirms long-term and short-term credit ratings at

'BBB- / A-3'. The stable outlook demonstrates the expectations that S & P Global Ratings in its analysis fully took into account the budget expenditures related to the government's plans for recapitalizing the banking sector, and the country's economic performance will remain strong until 2020 (*source: http://kase.kz/files/mix/sp_kazakhstan_rating_080917.pdf*)

Financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Additionally, the electricity sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Company's control.

The Company has the strategic importance for the Republic of Kazakhstan, since it combines the entities of electricity and energy complex providing the population and industrial entities with the electricity. The Government of the Republic of Kazakhstan has adopted the long-term energy sector development program envisaging the construction of new and reconstruction of the current power stations. The management expects that the Government of the Republic of Kazakhstan will support the Company, since the electricity energy sector is the strategically important part of the country's economy.

Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business in current circumstances.

Tax legislation

The tax conditions in the Republic of Kazakhstan are subject to change and inconsistent application, and interpretation. Discrepancies in the interpretation of Kazakh laws and regulations by the Group and Kazakhstan's authorized bodies may result in the imposition of additional taxes, fines and penalties. This applies to the contracts of the Transportation Group concluded with non-residents.

Kazakhstani tax legislation and practice are in a state of continuous development and therefore are subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, the tax law refers to IFRS provisions, however, the interpretation of relevant provisions of IFRS by Kazakh tax

authorities may differ from accounting policies, judgments and estimates applied by management at preparation of these financial statements, which may lead to additional tax liabilities of the Group. The tax authorities can conduct a retroactive inspection within five years after the end of the tax year.

The Company's management is sure of accuracy of its interpretation of the norms of legislation and justification of the Company's positions in the issues of the tax, currency and customs legislation. In management's estimate, the Company will not incur significant losses on current and potential tax claims in excess of provisions made in these financial statements.

Legal proceedings

Legal proceedings with "Maikuben-West" LLP

"ESDPP-1" LLP was involved in litigation with "Maikuben-West Holding" JSC during the reporting period. The subject of legal proceedings on the part of "Maikuben-West Holding" was a legal claim on recognition of a number of related deals invalid submitted to the Specialized Inter-District Economic Court (hereinafter – "SIDEK") of Almaty city. On December 26, 2016, SIDEK of Almaty city made a decision, according to which the claims of "Maikuben West Holding" JSC were denied. On November 20, 2017 decision of the Chamber of Civil Cases of the Supreme Court RK refused "Maikuben West Holding" LLP revision of the decision of Almaty city SIDEK.

"ESDPP-1" LLP filed a claim on recovery of debt in the amount of 333 million tenge, as well as a state duty of 10 mln. tenge from "Maikuben West" LLP to the Specialized Inter-District Economic Court of Pavlodar region The statement of claim was satisfied in full by the decision of Pavlodar region SIDEK dated June 10, 2016.

"ESDPP-1" LLP filed a claim on recovery of debt in the amount of 1,100,000 thous. Tenge, as well as a state duty in the amount of 33,000,000 tenge from "Maikuben West" LLP to the Specialized Inter-District Economic Court of Pavlodar region. SIDEK of Pavlodar region made a decision on November 25, 2016, which states that ESDPP-1 claims were satisfied in full. On August 21, 2017, Appellate Judicial Division of Pavlodar regional court made a decision on reversal of Pavlodar region SIDEK decision dated November 25, 2016, termination of the proceeding and return a state duty of 33 million tenge to Ekibastuz SDPP-1.

"Samruk-Energy" JSC group of companies is involved in certain other legal proceedings arising in the ordinary course of business. Management is of the opinion, at present there are no current other legal proceedings or other outstanding claims the results of which could have a significant adverse effect on future financial standing of "Samruk-Energy" JSC group of companies.

Insurance

The insurance market in Kazakhstan is at an early stage of development, and many types of insurance, which are widespread in other countries, are not available in Kazakhstan. The Group does not have full insurance coverage for its production facilities, winding-up losses, losses resulted

in liabilities to third parties for damage to property, or the environment resulted in accidents or operations of the Group. Until the Group has full insurance, there is a risk that the loss or damage of certain assets could have a material adverse effect on the operations and financial position of the Group.

Environmental issues

Legislation on environmental protection in the Republic of Kazakhstan is at the stage of formation, and the position of the Republic of Kazakhstan state agencies on ensuring its observance is constantly changing. The Group regularly assesses its obligations related to environmental impacts. As obligations are revealed, they are immediately reported in the accounting. Potential liabilities that may arise because of amendments to existing regulations, based on the results of

a civil claim or within the framework of legislation, cannot be assessed, but may be significant. However, according to the current interpretation of current legislation, management believes that the Group has no material liabilities in addition to amounts that have already been accrued and are reported in these consolidated financial statements that would have a material adverse effect on the operating results or the financial position of the Group.

Provision for disposal of ash dumps

In accordance with environmental legislation, the Group has a legal obligation to liquidate the site of ash dumps, which represent the area for disposal of wastes resulted in the Group’s operations. As of December 31, 2017, the book value of the provision for the disposal of ash dumps was 2,404,270 thous. tenge (December 31, 2016: 1,637,097 thous. tenge).

Assessment of existing provision for disposal of ash dumps is based on the Group’s interpretation of the RK existing environmental legislation supported by a feasibility study and engineering studies in accordance with current standards and methods of restoration and remediation works. This assessment may change with the completion of subsequent environmental research and review of existing remediation and rehabilitation programs.

Capital commitments

As of December 31, 2017, the Group had long-term contractual obligations on purchase of property, plant and

equipment totaling 125,739,732 thousand tenge (December 31, 2016: 125,661,235 thous. tenge).

Covenants on loans

The Group has certain covenants on loans and bonds. Failure to comply with these covenants may result in negative consequences for the Group, including the growth of

borrowing costs and the announcement of a default. As of December 31, 2017 and December 31, 2016, the Group complied with its covenants.

Comparative analysis (benchmarking)

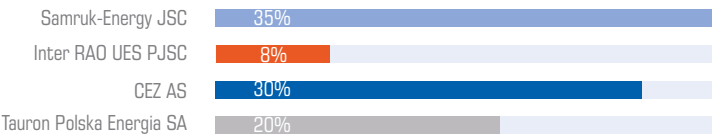
Benchmarking aims to compare operating and financial peformance with foreign companies – peers to determine the strengths and weaknesses of “Samruk-Energy” JSC. The following indicators were used for benchmarking:

- EBITDA margin;
- Return on invested capital (ROIC);
- Ratio of the share of borrowed funds (Debt / Equity)
- Debt /EBITDA

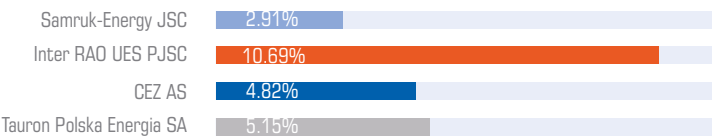
Benchmarking results:

Financial stability indicators	Samruk–Energy JSC	Inter RAO UES PJSC	ČEZ České Energetické Závody AS	Tauron Polska Energia SA
Debt/EBITDA	4,64	0,21	2,58	2,92
Debt/Капитал	0,71	0,03	0,37	0,36

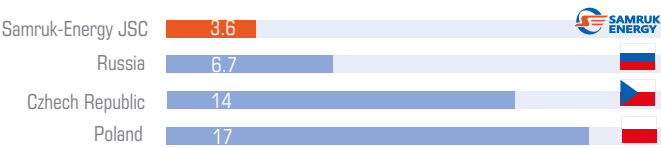
EBITDA margin for 2017



Return on Invested Capital (ROIC) for 2017



Tariffs for electricity in 2016, US cents



Source: Bloomberg

At present, in comparison with foreign peer companies. “Samruk-Energy” is inferior in some respects.

At the same time, according to **EBITDA margin**, Samruk-Energy outcompetes its peers. This indicator demonstrates a high profitability of sales. In terms of **ROIC** (long-term invested capital return), Samruk-Energy is inferior to its peers, which indicates the need to increase the efficiency (return on investment) of investments.

Financial stability indicators shows that “Samruk-Energy” JSC fully uses available financial leverage.

At the same time, it should be noted that, unlike the public peer companies. “Samruk-Energy” JSC belongs to the Government of the Republic of Kazakhstan, therefore, the Company is an agent of the state policy in power sector. In this connection, as well as with a high degree of depreciation of energy sector, socially significant investment projects (aimed at reliability and continuity of the energy system of the Republic of Kazakhstan) have been implemented since 2009, which led to a significant increase in invested capital while maintaining the company’s profitability level.

An additional factor that influences on the return on investment indicators is the low level of the electricity tariff in the Republic of Kazakhstan in comparison with the countries of peer companies.

Procurments and inventory management

Procurement procedures in the Company are conducted in line with the Rules for Procurement of goods, works and services by “SWF “Samruk-Kazyna” JSC and organizations, fifty or more percent of voting stock (equity stake) of which are directly or indirectly belong to “Samruk-Kazyna” JSC on the right of ownership or trust management, approved by the Decision of the Board of Directors of “Samruk-Kazyna” JSC No. 126 dated January 28, 2016.

According to the Fund’s Procurement Rules, procurement procedures are conducted in the Electronic Procurement Information System hosted on the website <http://tender.sk.kz>. A supplier is selected on the basis of results of a tender conducted, the request for quotations and from a single source.

As part of ongoing work aimed at improvement of procurement portal and approach to the selection of a supplier, an information system for electronic procurement of ISEZ-2.0 was introduced on the website <http://www.zakup.sk.kz> in December 2017. This portal provides placement of procurement plans of the Company’s group and is integrated with the Electronic Procurement Information System <http://tender.sk.kz>, in the future it will be integrated with the Electronic Procurement Plan and the Automated Reporting System.

“Samruk-Energy” JSC conducted the study of suppliers’ market and commodity prices for 2017 (hereinafter – the Price

Information on the share of local content in 2015–2017 procurements in mln. tenge*

	actual 2015		actual 2016		actual 2017	
	The total amount of actually supplied GWS	% LC	The total amount of actually supplied GWS	% LC	The total amount of actually supplied GWS	% LC
goods	134,371.84	84%	118,986.63	92%	122,783.06	75%
Works/ Services	191,754.09	67%	183,028.05	70%	149,580.49	80%

* Note: “Samruk-Kazyna Contract” LLP data

Decrease in good’s indicators has been driven by the fact that electricity from “ZHGRES” JSC was delivered to “Almaty-EnergoSbyt” LLP without the ST-KZ certificate, due to the

catalog) for its group of companies which enabled achieving the following results:

1. Determination of fair market value of goods purchased by the Samruk-Energy group of companies;
2. Optimization of planned expenditures;
3. Identification and standardization of USIC GWS codes, according to the format of “Samruk-Kazyna» JSC;
4. The database of suppliers was formed;
5. A list of goods imported for the entire group of “Samruk-Energy” JSC was formed (to reduce the timing of price adjustments at fluctuation of exchange rates).

This project gave an independent assessment of cost ranges for goods purchased by the Company’s group. The structured grouping of goods purchased enabled to analyze the cost of similar goods and their interchangeability. The territorial association allowed getting reduction in cost of batch of goods. As a result, the project made it possible to achieve an economic effect in the form of cost reduction or provision of market conditions for the entire Company group’s goods purchased.

The share of local content in the procurement of goods, works and services is monitored on the portal of the Fund’s authorized body in charge of procurement matters – “Map of Kazakhstani content monitoring in procurement” on the website <http://www.kmks.kz>.

change in the tariff for transportation of commercial gas from Uzbekistan to “APP” JSC in 2017, the service for transportation of gas was included in the cost of goods “Commercial gas”.

Information on the number of concluded long-term contracts with domestic companies over 2015–2017

years	2015	2016	2017
The number of long-term contracts	112	184	63
The share of local content in long-term contracts			
By goods	92%	70%	64%
By works	96%	80%	79%
services	86%	70%	64%
Total amount	343.4 bln. tenge	70.6 bln. tenge	28.6 bln. tenge

Thus, 346 concluded long-term contracts worth 439.2 billion tenge are in force as of December 31, 2016.

Information on the number of contracts concluded with domestic commodity producers over 2015–2017

years	2015	2016	2017
Number of contracts by goods	3,083	3,137	2,900
For the amount of	115 bln. tenge	92.6 bln. tenge	92.8 bln. tenge
Among them LCP	541	379	473
For the amount of	96.45 bln. tenge	67.8 bln. tenge	67.2 bln. tenge

Main suppliers:

“ASIA AVTO” JSC, “ArcelorMittal Temirtau” JSC, “KazAzot” JSC, “Kazenergokabel” JSC, “Kantau Transformer Plant” JSC, “Orica-Kazakhstan” JSC, “High Industrial Lubricants & Liquids Corporation” (HILL), “Kaz-metiz” LLP, “Kazcentrelectroprovod” LLP, “ZHERSU POWER” LLP, “Asia Prom Invest” LLP, “ALTYNZHULDYZ TEXTILE” LLP, “KazProfSecurity” LLP, “Kainar-AKB” LLP, “Kapital-Casting” LLP, “Mamai-Astana” LLP, “Prommashkomplekt” LLP, “Semey May” LLP, “TPG Kazkomplekt LTD” LLP, “AVICS GROUP” LLP

Moreover, Samruk-Energy enterprises pay attention to social responsibility.

In 2015, the Company concluded agreements for the amount of 119.6 million tenge with disabled people organizations.

In 2016, the Company concluded agreements for the amount of 114.8 million tenge with disabled people organizations.

In 2017, the Company concluded agreements for the amount of KZT 383.3 million with disabled people organizations,

including the Public Association “Association of disabled people Vostok”, “Mamai-Astana” LLP, “Hermes 21 Century” LLP, “Megapolis-ASTANA” IE, “Koktem-2016” LLP, “Delta inc” LLP, “Ahmanova D.H.” IE, “BAYAZIT Life” LLP, “ar-Rohim association of disabled people” Public Association, “Taraz Educational and Production Enterprise” of Kazakh Society of the Deaf”, “GrandCorp” LLP. ABENOV IE, “Kolganat-Karaganda” LLP for purchase of special clothing, logbooks, letterheads, printing services.

Investment activity

The investment program of “Samruk-Energy” JSC is aimed at modernization, reconstruction and construction of generating facilities, as well as ensuring reliable energy supply and meeting the needs for electricity and heat.

According to results of 2017, the actual utilization of capital investments amounted to 72,418 million tenge. 25,177 million tenge was allocated for investment projects, 47,187 million tenge for maintaining generating and administrative assets in working order, 54 million tenge was provided for other investments.

The company uses various tools, such as external loans and bonds. to finance the Investment Program, and also obtains frund from State budget for financing socially important projects.

Description	Measurement unit	Reporting period with cumulative total			
		Plan for the period	actual	% ratio to development plan	in % as compared with 2016
General expenses for development (investments)	thous. tenge	83,934,159	71,777,276	86%	91%
Of which:					
Borrowed funds	thous. tenge	31,697,628	8,195,691	26%	
State budget funds	thous. tenge	2,498,300	6,600,625	264%	
Own	thous. tenge	49,738,232	56,980,961	115%	

In accordance with “Samruk-Energy” JSC mission, in order to ensure reliable and competitive energy supplies in the territory of the Republic of Kazakhstan, increase the shareholder value and ensure social responsibility of “Samruk-Energy” JSC business, the following investment projects were implemented during 2017–2018:

No.	Project title	Project cost, mln. tenge
1	Construction of Moynak HPP on Charyn river	54,128.7
2	Reconstruction and capacity increase of ESDPP-1 (restoration of power unit # 8)	26,294
3	Reconstruction and capacity increase of ESDPP-2 (restoration of power unit # 2)	68,716
4	Construction of 4 substations to supply “Asian games” facilities with power (SS Ermensay, Medeu, KazGU, Shymbulak)	18,357
5	Construciton and reconstruction of 5 substations to supply Subway and FEZ PIT with power (SS Otrar, Novaya # 16, Alatau, Kensai (Besagash), Toplivnaya)	38,253
6	Construction of 3 substations to supply Almaty city housing and public utilities with power (SS Novaya 3 A. Mamyr, Altai)	7,488
7	Reconstruction and expansion of Almaty CHP-2, III stage. Boiler house	13,212
8	Reconstruction of combined ash and slag removal system of Almaty CHP-2	7,593
9	Construction of 2 MW SPP in Kapshagay city	1,684
10	Construction of 45 MW WPP in Ereymentau city including the possible increase in capacity up to 300 MW	19 495
11	Reconstruction and expansion of Almaty CHP-2, III stage. Boiler unit No. 8	25,699
12	Modernization of 500 kV OS of Ekibastuz SDPP-1	18,132

The project “Transition to cyclical-and-continous method (CCM) for extraction, transportation, blending and loading of coal at “Bogatyr” open-pit coal mine of Ekibastuz coal field”

CCM project assumes a step-by-step transition of the “Bogatyr” mine to the cyclical-continous technology of coal mining and delivery by conveyor transport to the blending warehouses with subsequent loading on the surface loading units. The need to implement the project is related to the achievement of the depth of mine works, at which the use of rail transport becomes less effective.

The implementation of the project will allow increasing the production capacity of “Bogatyr” open-pit coal mine from 32 to 40 mln. tons of coal per year, improving labor productivity, reducing cost of coal mining and upgrading premises and equipment relating to transportation and unloading of coal.

The project “Development of the gas field “Pridorozhnoe”

The project provides for the construction of infrastructure for the production of natural gas for sale to domestic and foreign markets. The project also plans to build a high-pressure gas pipeline from Pridorozhnoye field to the Beineu – Bozoy – Shymkent gas pipeline.

The aim of the project is to cover the deficit of gas demand in the South Kazakhstan region of the Republic of Kazakhstan, with the maximum annual gas production amounting to about 290 million m³.

Project “Modernization of Shardarinsk HPP”

The project involves the replacement of obsolete and worn-out equipment to improve performance and operational safety of the plant, which will increase the installed capacity to 126 MW and produce an additional 57 million kWh of electricity per year.

Project “Construction of Balkhash TPP”

The construction of the first unit of a coal-fired thermal power plant with a capacity of 1,320 MW will produce more than 10 billion kWh of electricity per year, which contributes to meeting the growing electricity demand for the South Zone of Kazakhstan.

The project “Increase of installed capacity of a 2 MW solar power plant in Kapshagai city to 416 kW”

The project envisages an increase in the installed capacity of the existing 2 MW solar power plant in Kapshagai city to 416 kW. The implementation of the project will produce an additional 0.5 million kWh of electricity per year.

The goal of the project is to generate electricity using renewable energy sources to provide power-hungry southern region with electricity.

The project for rendering gratuitous assistance to the Government of the Republic of Kazakhstan by the Government of the People’s Republic of China as part of signed Agreement between the Government of the Republic of Kazakhstan and the Government of the People’s Republic of China

The project provides for construction of a 1 MW solar power plant on the territory of FEZ “PIT Alatau” in Almaty and construction of a 5 MW wind farm in Shelek rural area, Almaty region. At this, the Chinese side supplies, builds, installs and commissiones these facilities free of charge.

The goal of the project is to generate electricity using renewable energy sources to provide energy-deficient southern region with electricity.

The project “Expansion and reconstruction of Ekibastuz GRES–2 with the installation of power unit No. 3”

The project provides for construction of power unit No. 3 with an increase in the installed capacity of the plant by 636 MW and the production of an additional 4.8 billion kWh of electricity per year.

Reconstruction and expansion of the capacity of Ekibastuz GRES–1 (Restoration of power unit No. 1).

The project envisages the restoration of 500 MW power unit No. 1 at Ekibastuz SDPP-1 to meet the growing demand for electricity in Kazakhstan and Russia.

Construction of 110/10 kV Substation “Turksib”

The project provides for construction of the new “Turksib” substation with a transformer capacity of 80 MVA (2x40) in Turksib district of Almaty city instead of the existing 110/6 kV substation “Zavod 20 let Oktyabrya” in order to improve the reliability of electricity supply to consumers.

The development of power grids in Karasai district with construction of “Shamalgan” substation (Ushkonyr) with the transfer of loads from nearby 35 / 10kV substations

The project involves the construction of a 110/10 kV “Shamalgan” substation with a transformer capacity of 50 MVA (2x25) in Ushkonyr village, Karasai district, Almaty region; the project’s goal is to improve the reliability of electricity supply to consumers.

Transfer of the load of 220 kV Substation “Gorny Gigant” to 220 kV Ermensai SS through 110 kV grids with subsequent dismantling of “Gorny Gigant”substation

The project provides for the transfer of 220 kV Gorny Gigant substation to the 220 kV Yermensay substation through 110 kV grids, followed by dismantling of Gorny Gigant substation with the aim of eliminating the emergency situation at the Gorny Gigant substation, which resulted from landslides and the destruction of substation grounds.

The project “Construction of 50 MW wind power plant near Ereymentau city”

The project provides for construction of 50 MW wind power plant near Ereymentau city with the prospect of expanding up to 300 MW. The implementation of the Project will additionally produce 180 million kWh of electricity per year.

The project aims to use renewable energy sources to reduce the level of use of hydrocarbon energy carriers in production of electricity.

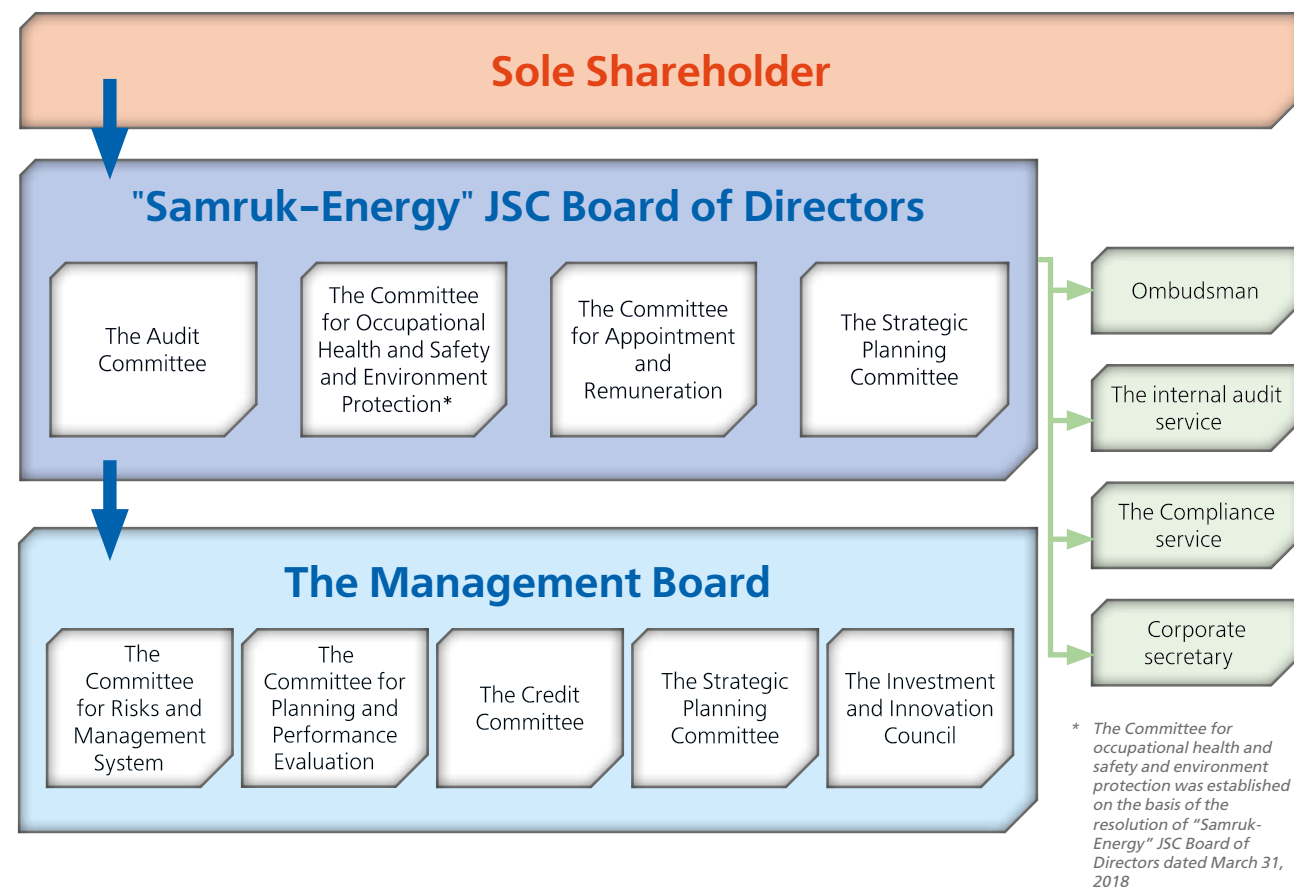
04

CORPORATE GOVERNANCE

The effectiveness of the Company's operations is provided through properly built corporate governance processes at each of the levels that ensure transparency, control and delineation of powers, and that avoid various risks through timely response.



*100% shares of the Company owned by
"NWF "Samruk-Kazyna" JSC*



Shareholder

"Sovereign Wealth Fund "Samruk-Kazyna" JSC holds 100% of "Samruk-Energy" JSC shares (www.sk.kz).

The relationship with the Sole Shareholder is to ensure protection and respect for its rights and legitimate interests and is based on honesty. Accountability, responsibility and transparency.

The sole shareholder ensures the management of the Company by setting priorities and strategic areas of activities.

Therefore, the Company strives to comply with the interests of the Sole Shareholder by ensuring the growth of long-term value and sustainable development of operations.

So, based on the results of the Company's operations, in 2017 the number of announced securities reached 8,602,187, placed – 5,601,687. The nominal value of one common share was 842 tenge.

According to the Dividend Policy of "Samruk-Kazyna" JSC, dividends on common shares of 4,704,895,450 tenge were paid following 2016 results on the basis of the decision (minutes) of the Sole Shareholder No. 14/17 of July 25, 2017.

The Board of Directors

The Board of Directors bears in mind the creation of shareholder value, as well as the responsibility to all stakeholders when making decisions. The Board always takes into account its obligations to the Company in accordance with the Legislation and the Corporate Governance Code, in particular the commitment to contribute to the success of the business, when making decisions that, in its opinion, are in line with the best interests of shareholders and long-term sustainable development of the Company. The Board of Directors ensures strategic management of the Company and oversees the activities of the executive body.

Successful implementation of our strategy depends on engaging and retaining the right talent. This starts with the availability of a high-quality Board of Directors. Balance is an important requirement for the composition of the Board, not only in terms of the number of executive and non-executive directors, but also in terms of experience, diversity of skills, knowledge and thinking styles.

Criteria for a good quality composition of the Board of Directors are set up by the Rules for formation of the composition of "Samruk-Kazyna" JSC Board of Directors.

In 2017, PricewaterhouseCoopers' experts analyzed the effectiveness of the Board of Directors of "Samruk-Energy" JSC, held a series of seminars on introduction of best practices and made recommendations for improving the corporate governance of the Company as part of the evaluation of the corporate governance rating.

As of December 31, 2017, the composition of the Company's Board of Directors was as follows:

- ▶ Chairman of the Board of Directors – Bektemirov Kuanysh Abdugaliyevich
- ▶ Chairman of the Management Board – member of the Board of Directors – Satkaliyev Almassadam Maidanovich

- ▶ Representative of the Sole Shareholder – Rakhmetov Nurlan Kusainovich
- ▶ Independent director – Spitsyn Anatoly Tikhonovich
- ▶ Independent director – Andreas Stoerzel
- ▶ Independent director – Luca Sutera
- ▶ Independent director – Joaquin Galindo Velez

Independent directors are a guarantee of making non-biased decisions that corresponds most closely to the Company interests. The main criterion for the election of Independent Directors is the presence of sufficient competence and independence to make objective decisions that are free from the influence of any parties. Independent directors actively share their experience and knowledge to apply the best international practices in the Company.

Following the results of 2017, Independent Directors of the Company fully met the criteria of independence.

The Board delegates authority to the BoD committees to perform certain tasks on its behalf so that it can operate effectively and pay due attention for in-depth study and quality consideration of issues and decisions taken; the Company has Committees under the Board of Directors: Audit Committee, Appointment and Remuneration Committee and Strategic Planning Committee.

In 2018, by the decision of the Sole Shareholder was terminated by members of the Board of Directors Bektemirov K.A. and Satkaliyev A.M. Representative of the Sole Shareholder Aidarbaev A.S. appointed Chairman of the Board of Directors.

The basic data of the Board of Directors members are given below. A full resume of each Board member is available on the website: www.samruk-energy.kz.



Aidarbayev Alik Serikovich

Member of “Samruk–Energy” JSC Board of Directors, representative of the Shareholder interests

Citizenship: the Republic of Kazakhstan

Year of birth: 19 May 1963

Date of first election: 23 April 2018

Does not hold the Company’s as well as suppliers and competitors’ shares

Deputy Chairman of the Board of “Samruk–Kazyna” JSC, Candidate of Technical Sciences, and Honorary Professor of Kazakh National Technical University named after K. Satpayev.

Expert in the oil and gas industry, as well as in strategic and corporate governance.



Rakhmetov Nurlan Kusainovich

Member of the Board of Directors, representative of the Shareholder interests

Citizenship: the Republic of Kazakhstan

Year of birth: 24 September 1965

Date of first election: 28 January 2017

Does not hold the company’s as well as suppliers and competitors’ shares.

Expert in strategic management, economics, finance and audit

Combining jobs and membership in the BOD:

- ▶ From October 2012 to March 2016 – was a member of “KazMunaiGas” JSC Board of Directors
- ▶ Managing Director for the Republic of Kazakhstan Government relations at “Samruk–Kazyna” JSC.



Luca Sutera

Senior Independent Director of “Samruk–Energy” JSC Board of Directors

Citizenship: the Italian Republic

Year of birth: 07 July 1971

Date of first election: 08 May 2012

Date of election as Senior Independent Director from 14 October 2016.

Reelected: 05 July 2016

Does not hold the company’s as well as suppliers and competitors’ shares.

Chairman of the Audit Committee, member of the Appointment and Remuneration Committee, member of the Strategic Planning Committee

Expert in the following areas:

- ▶ Accounting, finance, audit, (holds the CPA certificate)
- ▶ Risk management and internal control
- ▶ Corporate strategy
- ▶ Mergers and acquisitions
- ▶ Investment valuation
- ▶ HR and organization
- ▶ Performance management
- ▶ Corporate Governance (Chartered Director of IoD UK)
- ▶ Commissioning, integration and turnover of companies
- ▶ Large-scale transformation programs of the company

Combining jobs and membership in the BOD:

- ▶ Vice President for Finance of the Group, Member of the Executive Board at Nebras Power (Qatar Sovereign International Power Company)
- ▶ From April 2011, Luca Sutera is a member of the Russian Association of Independent Directors
- ▶ From April 2014, Luca Sutera is a member of the British Institute of Directors (IoD)
- ▶ From August 2015, Group Chief Financial Officer at Nebras Power, Qatar Sovereign International Power Company

Spitsyn Anatoly Tikhonovich

Independent Director of “Samruk–Energy” JSC Board of Directors

Citizenship: Citizen of the Russian Federation

Year of birth: 24 May 1939

Date of first election: 08 May 2012

Reelected: 05 July 2016

Does not hold the company’s as well as suppliers and competitors’ shares

Chairman of the Appointment and Remuneration Committee, member of the Audit Committee, member of the Strategic Planning Committee

Expert in economics, finance, management and strategic development.

Doctor of Economics, Professor, Member of the Presidium of the Russian Academy of Natural Sciences (RANS), a member of the Union of Architects of the USSR and the Russian Federation.

Combining jobs and membership in the BOD:

- ▶ Currently, he is a professor of economics and finance of the public sector of the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, Director of the Institute for Strategic Studies of Integration Problems of the Eurasian Economic Community
- ▶ Vice President of the Russian Academy of Natural Sciences, First Vice President of the International Academy of Investments, Director of the Institute for Strategic Studies of EurAsEC Integration Problems, Independent Director “KEGOC” JSC



Andreas Stoerzel

Independent Director of “Samruk–Energy” JSC Board of Directors

Citizenship: citizen of Germany

Year of birth: 12 October 1963

Date of first election: 05 July 2016

Does not hold the company’s as well as suppliers and competitors’ shares

Chairman of the Strategic Planning Committee, member of the Appointment and Remuneration Committee, member of the Audit Committee

Expert in corporate management, strategy, finance, mergers & acquisitions and investments.

Combining jobs and membership in the BOD:

- ▶ From 2014 to present, Chief Executive Officer of Innogy Middle East & North Africa, Dubai, UAE
- ▶ From 2012 to 2014 CEO, RWE Middle East Ltd. Dubai, United Arab Emirates





Joaquin Galindo Velez

Independent Director of "Samruk-Energy" JSC Board of Directors

Citizenship: citizen of Spain

Year of birth: 27 August 1957

Date of first election: 28 January 2017

Does not hold the company's as well as suppliers and competitors' shares

Member of the Strategic Planning Committee, member of the Appointment and Remuneration Committee, member of the Audit Committee

Expert in business management and economics, generation and engineering

Combining jobs and membership in the BOD:

- Chief Executive Officer of the leader generation company (16.000 MW) in LATAM, with operations in Argentina, Brazil, Colombia, Chile and Peru

Number of the Board of Directors' meetings				
	2017	2016	2015	2014
Number of meetings	11	11	8	11
In person	6	7	8	9
In absentia	3	4	0	2
Attendance of the Board of Directors' members				
	2017	2016	2015	2014
Bektemirov Kuanysh Abdugaliyevich	100%	100%	100%	100%
Satkaliyev Almassadam Maidanovich	100%	100%	100%	100%
Luca Sutera	100%	100%	100%	100%
Spitsyn Anatoly Tikhonovich	100%	100%	100%	100%
Andreas Stoerzel	100%	100%		
Joaquin Galindo Velez	100%			
Rakhmetov Nurlan Kusainovich	100%			

The Board of Directors of the Company held 11 meetings in 2017, of which 9 meetings were held in person, 3 meetings were held in absentia. 151 items were considered during meetings. Each quarter the Board of Directors considered the reports on risk management and on the work performed to minimize them, reports on work in the area of occupational health and safety and workplace injuries, reports on the execution of the Action Plan for improvement of corporate governance and the introduction of the Corporate Governance Code, investments in the Company's investment projects, Reports on execution of the Roadmap for implementation of "Samruk-Energy" JSC Long-term Development Strategy, Consolidated interim financial statements of the Company.

Furthermore, items related to privatization of assets were discussed, preliminary amendments to the Company's Charter were approved, an Ombudsman of the Company was appointed, the Company's budget was approved and matters related to the implementation of the Development Plan were discussed. The documents on implementation of Transformation Program and other areas of the Company's activities have been approved.

Remuneration of the Board of Directors members

The representatives of the Sole shareholder and the Chairman of the Board as members of the Board of Directors receive no remuneration.

Independent directors receive annual fixed remuneration for performing their duties as members of the Company's Board of Directors and additional remuneration for participating in

each meeting in presentia of the Committee of the Company's Board of Directors as members of the committee.

An independent director is reimbursed for expenses (transport, accommodation and daily allowance) related to departure for meetings of the Board of Directors and committees of the Board of Directors held outside the place of his/ her permanent residency.

Remuneration to independent directors for 2017

Independent directors	Total paid
Spitsyn Anatoly Tikhonovich	
USD	74,287
Tenge	24,293,849
Sutera Luca	
USD	74,287
Tenge	24,074,576
Storzel Andreas	
USD	74,287
Tenge	24,127,866
Joaquin Galindo Velez	
USD	64,864
Tenge	21,172,096
TOTAL:	
USD	287,725
Tenge	93,668,387

Report on performance results of the Board of Directors Committees

Number of items considered at meetings broken down by committees				
	2017	2016	2015	2014
The Audit Committee	48	43	33	47
The Remuneration and Appointment Committee	40	37	28	32
The Strategic Planning Committee	30	19	15	15

The Audit Committee

The Audit Committee work is aimed at assisting the Board of Directors for in-depth study of issues within its competence:

- 1) development of recommendations for creating an effective system for monitoring the financial and business operations of the Company, including the completeness and reliability of financial reporting;
- 2) development of recommendations for monitoring the reliability and effectiveness of internal control and risk management systems, as well as for the execution of documents in the field of corporate governance;

The composition of the Committee:

Luca Sutera – Senior Independent Director, Chairman of the Committee;

Spitsyn Anatoly Tikhonovich – Independent director, member of the Committee;

Andreas Stoerzel – Independent director, member of the Committee;

Joaquin Galindo – Independent director, member of the Committee.

- 3) development of recommendations for monitoring the independence of external and internal audit, as well as for ensuring compliance with the legislation of the Republic of Kazakhstan;
- 4) conduct benchmarking of the level and policy of remuneration of the head of the Internal Audit Service in Kazakhstan and foreign companies similar in scale and type of operation, and inform the Board of Directors.

Number of the audit committee meetings				
	2017	2016	2015	2014
Number of meetings	9	8	10	10
In presentia	9	8	10	10
In absentia	0	0	0	0
Attendance of the Committee members with voting rights	100%	100%	100%	100%

with a description and analysis of critical risks as well as information on the implementation of plans and programs for their mitigation.

Risks associated with cyber security as well as the independence and objectivity of an external auditor were assessed.

The Appointment and Remuneration Committee

The Appointment and Remuneration Committee is an advisory and consultative body of the Board of Directors. All propositions developed by the Committee are recommendations that are offered for consideration by the Board of Directors. Main areas of activity are:

- 1) development of recommendations on the election and appointment of candidates for Independent Directors, the composition of the Management Board, the Corporate Secretary, taking into account the provisions of the

Company’s internal documents and submission to the Board of Directors

- 2) recommendations on the remuneration of Directors. members of the Management Board, the Corporate Secretary in accordance with the goals, objectives and current status of the Company, and the level of remuneration in companies similar by type and scale of operations.
- 3) recommendations for introduction of an organized and open remuneration system for Directors, members of the Management Board and the Corporate Secretary

The composition of the Committee::

Spitsyn Anatoly Tikhonovich – Independent Director, Chairman of the Committee

Andreas Stoerzel – Independent Director, member of the Committee

Luca Sutera – Senior independent director, member of the Committee

Joaquin Galindo – Independent Director, member of the Committee

Number of meetings of the Appointment and Remuneration Committee				
	2017	2016	2015	2014
Number of meetings	9	11	9	9
In presentia	9	11	9	9
In absentia	0	0	0	0
Attendance of the Committee members with voting rights	100%	100%	100%	100%

The main items considered at the meetings of the Appointment and Remuneration Committee:

During the reporting period **the Board of Directors was provided with recommendations** on election of Supervisory Boards / Boards of Directors members of “AlmatyEnergoSbyt” LLP, “Mangistau Distribution Power Grid Company” JSC, “EK REC” JSC, “AZhC” JSC, “Ekibastuz SDPP–1” LLP, “Shardarinsk HPP” JSC, “Ekibastuz SDPP–2 Plant” JSC, “First Wind Power Plant” LLP.

Recommendations for the following jobs were provided: Director General of “Kazhydrotechnergo” LLP, “AlmatyEnergoSbyt” LLP, “Ereymantau Wind Power” LLP, “Energy Solutions Center” LLP, and on “Samruk-Energy” JSC Management Board composition.

The Strategic Planning Committee

The Strategic Planning Committee was established to provide recommendations on development of priority businesses, setting of strategic goals of the Company, introduction of a sustainable development management system, the

The actual values of key performance indicators of the Management Board members, the Head of the Internal Audit Service and the Corporate Secretary of “Samruk-Energy” JSC, the motivational KPI of the Management Board members, the Head of the Internal Audit Service and the Corporate Secretary of “Samruk-Energy” JSC were considered.

Certain matters related to Job matching, results of assessment of efficiency of “Samruk-Energy” JSC Board of Directors’ members remuneration policy, assessment of efficiency of the process of succession planning for key positions of “Samruk-Energy” JSC, as well as other issues were discussed.

implementation of investment projects, the Master Plan of the Company, including on matters related to the development of activities that will enhance the Company’s long-term performance.

The composition of the Committee:

- ▶ **Andreas Stoerzel** – Independent Director, Chairman of the Committee;
- ▶ **Spitsyn Anatoly Tikhonovich** – Independent director, member of the Committee;
- ▶ **Luca Sutera** – Independent director, a member of the Committee;
- ▶ **Joaquin Galindo** – Independent Director, member of the Committee.

Number of the Strategic Planning Committee meetings				
	2014	2015	2016	2017
Number of meetings	8	9	6	7
In present	8	9	6	7
In absentia	0	0	0	0
Attendance of the Committee members with voting rights	100%	100%	100%	100%

The main issues discussed at the meetings of the Strategic Planning Committee:

Quarterly review of the Reports: on the work in the area of occupational safety and health and workplace injuries, on execution of the Action Plan for improvement of corporate governance and the introduction of the Corporate Governance Code of “Samruk-Energy” JSC for 2016–2017, on fulfillment of the road map for implementation of “Samruk-Energy” JSC long-term development strategy, on execution of the Action Plan for meeting expectations of shareholder, on the use of investments as regards the Company’s investment projects, approval and subsequent control over the achievement of strategic KPI.

Consideration and updating of some matters of the Company’s Strategy for 2015–2025.

Approval of the Work Plan of the Strategic Planning Committee under the Board of Directors of “Samruk-Energy” JSC for 2017. Assessment of the efficiency of implementing the activities in the area of corporate social responsibility.

The pre-investment stage of the project “Gasification of Almaty energy complex, retrofit of Almaty CHP–2 with minimization of environmental impact, implementation of the project” Gasification of Almaty energy complex. Expansion of CHP–1 of “APP” JSC with installation of the new energy source based on gas turbine technologies, pre-investment stage of the project “Reconstruction of the heating main of CHP–2-WHC of “APP” JSC, pre-investment stage of the project” Reconstruction of Almaty CHP–3 of “APP” JSC was **approved**.

The executive body

The Management Board is the collegial executive body of the Company. The executive body manages the daily activities of the Company and ensures its compliance with the strategy, development plan and decisions adopted by the Sole Shareholder and the Board of Directors.

The Management Board as of 31.12.2017:

1. Satkaliyev Almassadam Maidanovich
2. Maksutov Kairat Berikovich
3. Moldabayev Kanysh Tanirbergenovich
4. Ogay Alexey Vladimirovich
5. Tutebayev Serik Suinbekovich
6. Ospanov Yersain Yerikovich
7. Baltabayev Askar Kuatbayevich

In 2018, Zhulamanov B.T. was appointed Chairman of the Management Board of the Company by decision of the Sole Shareholder.

The qualifying criteria for the positions of the Management Board members of the Company were approved by the decision of the Company’s Board of Directors dated 14.10.2016 (Minutes No. 07/16) and meet the requirements for improving management efficiency, the distribution of strategic goals, business processes, duties and responsibilities in accordance with the organizational structure of the Company.

The performance of “Samruk-Energy” JSC Management Board members is evaluated in accordance with the Rules for evaluating the performance and remuneration of senior management of the Company approved by the decision of the Board of Directors on October 14, 2016 (Minutes No. 07/16) (hereinafter – the Rules).

The rules are based on the principles of the relationship of remuneration with the performance of tasks that meet the interests of the Company and its shareholders, the dependence of remuneration amount on the performance of executives.



**Zhulamanov Bakitzhan
Tolevzhanovich**

Chairman of the Management Board
Born on December 23, 1966
Citizenship: the Republic of Kazakhstan

*Full resume is available at
www.samruk-energy.kz*



**Moldabayev Kanysh
Tanirbergenovich**

**Managing Director for Strategy
and Sales, Member of the
Management Board**
Born on October 23, 1963
Citizenship: the Republic of Kazakhstan

*Full resume is available at
www.samruk-energy.kz*



**Ogay Alexey
Vladimirovich**

**Managing Director for Business
Transformation, Member of the
Management Board**
Born on December 1, 1970
Citizenship: the Republic of Kazakhstan

*Full resume is available at
www.samruk-energy.kz*



**Tutebayev Serik
Suinbekovich**

**Managing Director for Production
and Asset Management, Member
of the Management Board**
Born on May 27, 1958
Citizenship: Republic of Kazakhstan

*Full resume is available at
www.samruk-energy.kz*

The Report of the Management Board

19 in-person meetings of the Company’s Management Board were held in 2017, 344 items were considered.

The Management Board of the Company adopted the following most important decisions:

- ▶ On the conclusion of the Agreement on long-term purchases of services for granting the rights to use SAP software on lease. as a deal which is in line with the interests of “Samruk-Energy” JSC
- ▶ On evaluation of “Samruk-Energy” JSC employees’ compliance with the qualification requirements for the new organizational structure jobs (Job matching)
- ▶ On operation of management system
- ▶ On approval of the staff list of “Samruk-Energy” JSC in the new edition
- ▶ On approval of “Samruk-Energy” JSC Development Plan for 2018–2022
- ▶ On some matters related to the sale of “MDPGC” JSC shares
- ▶ On approval of implementation of the project “Gasification of Almaty Energy Complex. Expansion of CHP–1 of “APP”

JSC with installation of the new energy source based on gas turbine technologies”

- ▶ On approval of the pre-investment stage of the project “Gasification of Almaty Energy Complex, Modernization of Almaty CHP–2 with minimization of environmental impact”
- ▶ On approval of the pre-investment stage of the project “Reconstruction of the heating main of CHP–2-WHC of “APP” JSC “
- ▶ On approval of the pre-investment stage of the project “Reconstruction of Almaty CHP–3 of “APP” JSC.
- ▶ On approval of strategic and medium-term planning standard of “Samruk-Energy” JSC

Number of the Company’s Management Board meetings			
	2017	2016	2015
Number of meetings	19	27	18
Share of in-person meetings	100%	100%	100%
Number of items considered	344	430	356

Committees of the Management Board

Currently, the Company’s Management Board has the following advisory bodies set up to provide the members of the Management Board with expert assistance in dealing with the most difficult tasks.

All committees report to the Company’s Board and operate within the competence granted to them by the Board in accordance with provisions of these bodies.

The Committee for risks and management system

The Committee assists the Management Board in making decisions in the area of risk management, the Company’s management and internal control system, prepares recommendations and proposals for organization and maintenance of an effective risk management system, internal

control and management system, ensuring their operation and development of processes aimed at identification, evaluating, monitoring and controlling risks. The Committee also prepares proposals for controlling over activities in these areas.

The Report for 2017	
Number of meetings	4
The number of considered items	13
Attendance, %	100
	Preliminary approval of the Risk and Control Matrix for “Samruk-Energy” JSC assets sale processes in the new edition
	On preliminary approval of the Risk Management Report with description and analysis of key risks, as well as information on the implementation of plans and programs for mitigating “Samruk-Energy” JSC risks for the 4 th quarter of 2016, 1 st , 2 nd and 3 rd quarter of 2017
	Preliminary approval of the Risk and Control Matrix for key business processes of “Samruk-Energy” JSC financial statements preparation in the new edition
	On approval of the Plan for development and updating of internal regulatory documents of “Samruk-Energy” JSC for 2017
	On preliminary approval of the consolidated Risk Register, the consolidated Risk Map, Key Risks Management Action Plan with determination of tolerance levels for each key risk, Passports of “Samruk-Energy” JSC Key Risk Indicators for 2018
	On preliminary approval of risk appetite of “Samruk-Energy” JSC for 2018

Committee for Planning and Performance evaluation

The main purpose of the Committee for Planning and Performance evaluation of “Samruk-Energy” JSC under the Company’s Board is to improve the performance of the Company and its subsidiaries and affiliates, including optimizing the structure of their assets and expenditures.

To achieve the main goal, the Committee performs the following functions:

- 1) consideration and development of recommendations on the drafts Development Plans;

- 2) consideration and development of recommendations on reports on achievement of key performance indicators for the reporting period;
- 3) consideration of the item on approval of financial statements for the reporting year;
- 4) development of recommendations on the distribution of net income for the past fiscal year and the amount of dividends;
- 5) consideration and development of recommendations on improving performance.

The Report for 2017	
Number of meetings	39
The number of considered items	79
Attendance, %	100
Key items	Consideration of adjusted development plans of the Company’s subsidiaries and affiliates for 2018–2021
	Approval of adjustments to the development plan of the Company’s head office for 2017
	Reports on execution of Development plans of the Company’s subsidiaries and affiliates

Investment and Innovation Council

The Committee helps to increase the efficiency of investment and innovation activities across Samruk-Energy group of companies

To this end, the Council develops recommendations in the following areas:

- 1) approval of internal documents on investment and innovation activities, implementation of certain stages of pre-investment and investment stages of a project, development of recommendations for transition to the next stage;

- 2) acquisition and alienation of shares (equity stake) of other legal entities by the Company, including as part of exercising the priority right to acquire the subsoil use right of a facility tied to the subsoil use right, the merger of Samruk-Energy group of companies with third-party legal entities, the establishment of legal entities as part of Investment Projects;
- 3) adjustment of key parameters of projects, use of scientific and technical achievements and best practices of international companies-leaders and addressing issues innovative in nature.

The Report for 2017	
Number of meetings	6
The number of considered items	31
Attendance, %	90
Key items	On approval of pre-investment stage of the project “Gasification of Almaty Energy Complex. Modernization of Almaty CHP–2 with minimization of environmental impact
	On approval of the project of “Ekibastuz SDPP–1” LLP “Retrofit of turbines at power units №3, 4, 5, 6, 7, 8 of the plant”
	On approval of further implementation of the project “Development of power grids in Karasay district with construction of a 110 / 10kV Substation “Shamalgan” (Ushkonyr) with transfer of loads from nearby substations 35 / 10kV”

Asset and Liability Management Committee

The purpose of the Committee is to ensure timely and quality decision-making on matters related to the preliminary approval of the investment decision to place the Company’s temporarily available cash (TAC). The Committee makes recommendations on financial assets, including the investment of money in financial instruments, controls over the compliance with the planned and the state of the actual

standards when placing funds. In addition, the Committee analyzes the investment portfolio to determine whether it is in line with the current and projected market situation, develops recommendations for risk hedging with a view to minimizing them, and develops recommendations for reinvesting, diversifying and classifying the treasury portfolio.

The Report for 2017	
Number of meetings	6
The number of considered items	6
Attendance, %	100
Key items	On approval of investment decisions about placement of temporarily available cash (TAC) of “Samruk-Energy” JSC
	On extension of current deposit Agreements
	On early termination of Bank Deposit Agreements and other Matters

Credit Committee of “Samruk-Energy” JSC

The main tasks of the Credit Committee are the implementation of the credit policy of “Samruk-Energy” JSC and the debt management and financial stability policy of the Fund.

and preliminary determination of basic conditions for their provision;

- 2) Determines the acceptable structure and quality of the loan portfolio, develops recommendations on problem loans.

To this end, the Committee:

- 1) Consider and develop recommendations on applications for loans, financial assistance and issuance of guarantees

The Report for 2017	
Number of meetings	7
The number of items considered	7
Attendance, %	74
Key items	On concluding interested-party transactions
	On signing of loan agreements with second-tier banks

Information on the compliance of corporate governance practices with the principles of the Corporate Governance Code, and in the event of its non-compliance, the explanation of the reasons for non-compliance with each of the principles

The introduction of corporate governance practices is based on the Corporate Governance Code, the approved Code has been developed taking into account the principles of the OECD, the UK Corporate Governance Code, and the best global corporate governance practices.

In order to improve the corporate governance system, the Company conducts target-driven and systematic work to implement the principles and provisions of the Code.

The company, implementing the principles of the Code, pays special attention to the balance and effectiveness of the Board of Directors, the executive body, risk management, internal control and audit, as well as the Company’s sustainable development and transparency.

In order to control over the implementation of activities aimed at fighting corruption, including the assessment of corruption risks, the Compliance Service was established at Samruk-Energy group of companies.

From 2017, the Fund’s group has introduced a mechanism for confidential consideration of complaints through the involvement of an independent organization, Deloitte, which collects, processes and sends information to the Fund and the Company. You can call the hotline, send a letter to an e-mail, the stands with the necessary information are available in each of the Fund’s subsidiaries in three languages (Kazakh, Russian and English). The information is recorded, consolidated and sent to the Company and distributed to IAS, the Ombudsman and the Compliance Service according to the nature of appeals.

The Company’s website discloses all information affecting the interests of stakeholders in accordance with the legislation of the Republic of Kazakhstan and the Listing Rules of the Exchange. Information is placed in a timely manner. The company discloses information about corporate events on the Internet resources of DFS and KASE in order to comply with the laws “On joint-stock companies”, “On securities market” and internal regulations of the Company.

The Company in the course of business meets the requirements and recommendations of the Corporate Governance Code, exceptions:

No. of the Code's provision	Principles of "Samruk-Energy" JSC corporate governance code	is complied partially	Information on observance / not observance of provisions of the Code
Chapter 1. Government as the Shareholder of the Fund			
2	<p>The Government of the Republic of Kazakhstan is the Sole Shareholder of the Fund.</p> <p>The main strategic objective of the Fund and Organizations is the growth of long-term value and Sustainable development of the Fund and Organizations that is reflected in the Development Strategy of the Fund and the Companies. All decisions and actions must conform to the Development Strategy.</p> <p>The optimal assets structure must be developed in the Fund and Companies. The Fund and the Companies should seek to simplify as much as possible the structure of their assets and their organizational and legal forms.</p> <p>Organizations perform their activities within its core (main) activities. Conduct of new businesses is permitted if there is no competition in this market or participation of the Fund and Organizations will contribute to the development of small and medium-sized businesses.</p> <p>It is recommended to have and keep the controlling share (interest) in the Organizations of the Fund.</p>	is complied partially	<p>On October 15, 2015, the Board of Directors approved the Long-term Development Strategy of "Samruk-Energy" JSC until 2025, the strategic goals of which are: to provide reliable and competitive energy supplies in the markets where it operates; ensuring the social responsibility of business, sustainable development; increase in the shareholder value. All decisions and actions are in accordance with the Strategy. In order to monitor the implementation of the Strategy, the Board of Directors and the Management Board of the Company hold strategic sessions, during which the main activities, tasks, issues, risks, corrective actions are discussed. The Company's investment activities are carried out as part of the Strategy implementation.</p> <p>The Company's group of companies includes SA of various organizational and legal forms: joint-stock companies and limited partnerships. The Code recommends "the Fund and the companies should have an optimal structure of assets. The Fund and companies should strive to simplify the structure of their assets and their organizational and legal forms to the greatest possible extent "</p> <p>In order to achieve the target structure of assets in accordance with the Strategy, as well as in accordance with the Decree of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141 "On Some matters of Privatization for 2016–2020", the Company is selling certain assets. The total number of assets sold is 6.</p>

No. of the Code's provision	Principles of "Samruk-Energy" JSC corporate governance code	is complied partially	Information on observance / not observance of provisions of the Code
Chapter 5. The efficiency of the Board of Directors and the executive body			
5	The Board of Directors needs to ensure diversity in terms of experience, personal characteristics and gender composition. The Board of Directors should include independent directors, in an amount sufficient to ensure the independence of decisions and fair treatment of all shareholders. The recommended number of independent directors on the Board of Directors of the company is up to fifty percent of the total number of BOD members.	is complied partially	The Board of Directors lacks diversity in terms of gender composition.
7	The Board of Directors approves the induction program for newly elected members of the Board of Directors and the professional development program for each BoD member. The Corporate Secretary ensures the implementation of these programs.	is complied partially	The Company has an induction program for newly elected members of the Board of Directors. In addition, in order to implement a mechanism for monitoring the implementation of this program, it was updated in 2016 in order to formalize this procedure. The Corporate Secretary ensured the completion of the Induction Program by elected new members of the Board of Directors. The program of professional development is approved not for everyone, but only for certain members of the Board of Directors.

To learn about the full report on compliance with the principles and provisions of the Corporate Governance Code, please click on the link: <https://www.samruk-energy.kz/ru/shareholder/other-statements>.

05

SUSTAINABLE DEVELOPMENT

The Company as the largest energy holding in the country is aware of the importance of influencing the country's economy, environment and society. The Company has introduced a system of continuous adherence to the principles of sustainable development, a balance of stakeholders' interests is maintained risk-oriented management approach is applied and this allows achieving sustainable increase in value and enhancing competitiveness in the long term.

In order to organize risk-oriented management, timely response to changes in the external and internal environment and reduce possible losses in occurrence of risks, the Company has been working since 2010 to introduce and improve the corporate risk management system.

The introduction and improvement of the corporate risk management system is a necessary condition for achieving the strategic and operating goals of the Company and one of the most important tasks in the short term.

One of the first steps was the development of internal regulatory documents on risk management to increase the risk culture in the Company; training seminars in the area of risk management for key employees of the Company were held.

The Risks Register and Risk Maps have been updated since 2011 depending on external and internal factors of operations, which contain a full list of risks inherent in the Company's operations and visually shows their materiality according to the criteria of probability and impact. Action Plans aimed at minimizing the impact of risky events. For these purposes, being aware of the importance of the risks' influence on the Company's operations, a separate business unit responsible for risk management was established in 2012 at the Company's HO, the Risk Committee was established under the Executive Board, the works on introduction of the internal control system have been initiated, the effectiveness of the risk management system was assessed, recommendations for further improvement based on such assessment were received.

Separate business units responsible for risk management and internal control were established at subsidiaries and affiliates, internal regulatory documents on risk management were developed. Risk Registers, Risk Maps and Key Risk Management Action Plans were developed.

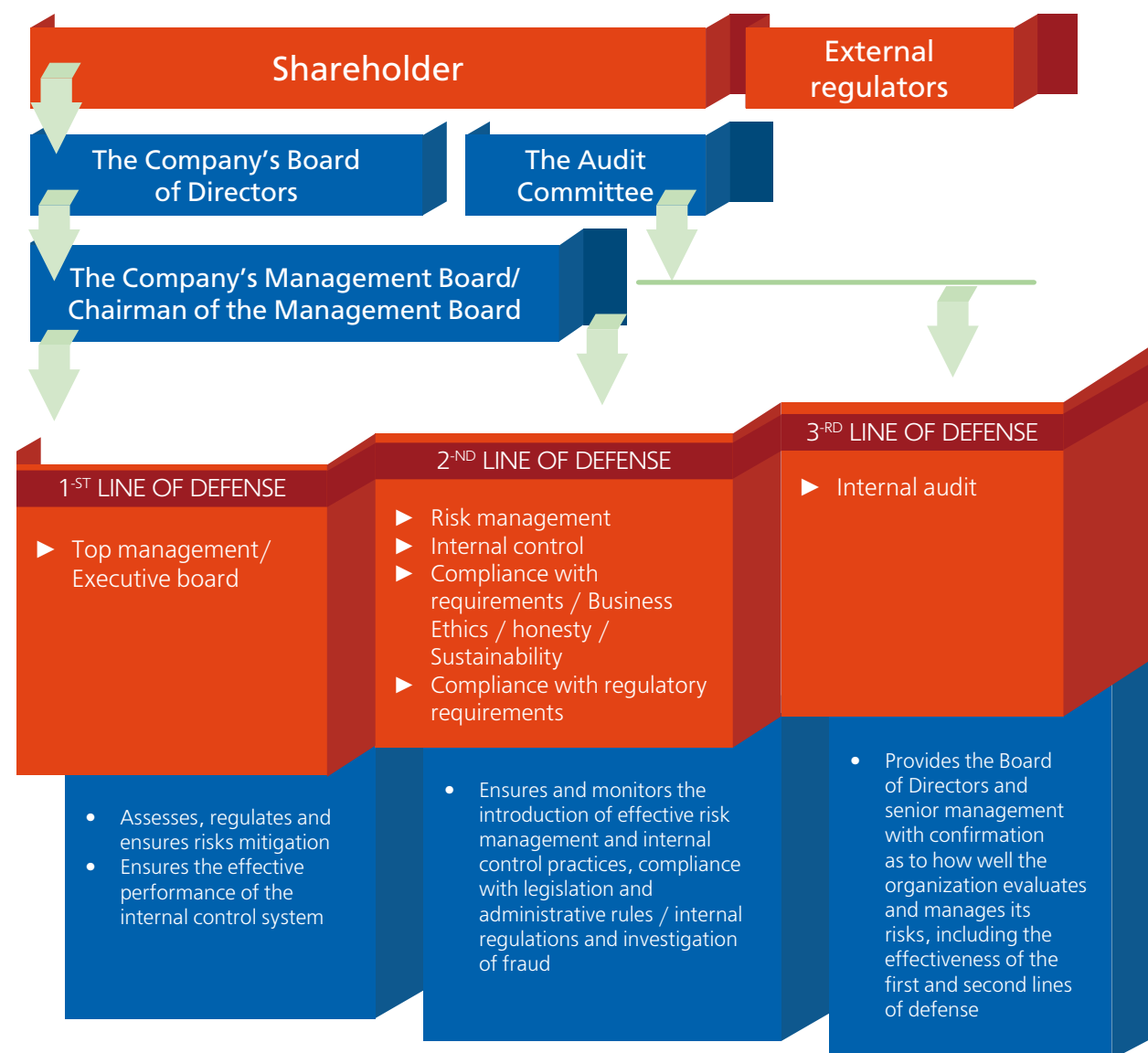


*The Company respect the interests
and needs of all stakeholders*

The company identified 14 key risks in 2017 (the risk of non-fulfillment of the Company's long-term development strategy, the risks of the Company's human resources, the risk of workplace accidents that caused damage to the health and life of employees in the performance of their duties, risks of ongoing/ future investment projects and investment programs of SA, the risk of failure to fulfill the electricity sales plan, the risks associated with implementation of Transformation Program, risks associated with acquisition, reorganization and sale of assets, the risk of liquidity shortage for operating, investment financial activities, currency and credit risks, the risk of tariff setting, the risk of violation of covenants of external creditors and listing requirements, the

risk of impairment of assets the risk of occupational accidents and disasters), as well as the Company assessed the likelihood of their occurrence, the scale of consequence and internal and external factors that affect them, and developed an Action Plan for its management. In December 2017, the Board of Directors of the Company approved the Risk Register, the Risk Map and the Action Plan for managing key risks, key risk indicators and risk appetite for the next year.

The company adheres to the COSO standard using "Three lines of defense" model



CRMS is constantly improved, best practice of risk management new regulatory requirements, experience and standard of risk management are taken into account, and a constant awareness of executive bodies about existing risks and the ways of their management is also ensured.

The Company regularly analyzes key trends and risks in the context of three components of sustainable development: economic, environmental and social. The country's experience in transition to a low-carbon economy is being studied, meetings with experts on energy, ecology and climate change are held regularly.

Key trends and risks in the field of sustainable development for the Company

Trends	Risks	Opportunities
Economic aspect		
Slowdown in electricity consumption growth rate	The deterioration of macroeconomic situation. the slowdown in demand for electricity; High planned rates of commissioning new capacities exceeding the actual growth in demand	Effective use of the existing assets portfolio
Increasing instability of economic system due to resource-extracting industries' exposure to crises resulted from global price volatility	Increase in the likelihood of crises occurrence that hinder access to financing of new projects	Improvement of production Efficiency, modernization of existing assets
Increasing energy conservation and increasing the energy efficiency of the economy	Reduced demand for electricity from conventional generation	The use of coal in combination with advanced clean coal technologies
Environmental aspect		
Trend for economy decarbonisation	Deterioration of competitive positions of coal generation with regard to gas, HPP, NPP, RES	Obtaining loans on favorable terms for development of new projects ("clean coal". underground gasification of coal, methane extraction, development of renewable energy sources); Improvement of quality of used fuel
Introduction of more stringent environmental regulations	Toughening of the maximum permissible concentration of harmful substances; Increase in the rates of payment for emissions; Stricter requirements for water consumption – transition to recycling water supply, tightening of temperature regimes; Waste disposal expenditures	Expansion of "green" technologies use
Increase in environmental requirements of local communities	Environmental activity of mass media, incl. at the absence of sufficiently professional analysis. the creation of a negative image of the company	PR as a "green" leader and the company that manages natural resources in a responsible manner. enhance the loyalty of community
Social aspect		
Slowdown in population growth rate	Slowdown in demand for electricity	If feasible. development of export potential
Increase in demand for highly qualified specialists	Lack of qualified specialists. "outstripping" the increase in the cost of labor and the increase in the share of payroll in costs	Performance improvement; Improving the quality of production; Improving the quality of education and training of specialists
Reduction of attractiveness of job in the industrial sector	Increasing difficulty of filling the company's vacancy	Development of personnel reserve, continuity of positions within the company

INTERACTION WITH STAKEHOLDERS



An effective stakeholder management system contributes to provision of necessary conditions for creation of long-term value, achievement of strategic goals and formation of a positive reputation. Interaction with stakeholders allows increasing social capital, preventing and mitigating risks, as well as identifying new opportunities for development. In this regard, being aware of the importance of building efficient relations with both external and internal stakeholders, the Company has adapted the basic principles for building effective interaction with stakeholders based on the AA1000 series standard.

The principle of “inclusiveness”, which implies taking into account interests and needs of all stakeholders (including those who cannot express their opinion, such as the environment and future generations) in the full process of managing the organization is at the forefront. Three principles

of interaction with stakeholders are highlighted within the “inclusiveness” principles: materiality, completeness and response. Only adherence to each of them can ensure comprehensive, mutually beneficial and effective interaction with stakeholders.

To date, the Company has developed a Stakeholder Map. It is based on the principles of respect and consideration of interests, opinions and preferences of stakeholders, regular provision of information to stakeholders and timely fulfillment of commitments.

In developing the Stakeholder Map, the Company adhered to the Methodology, which includes four stages:

IDENTIFICATION

ASSESSMENT OF SIGNIFICANCE

IMPACT ASSESSMENT

GRAPHIC ILLUSTRATION

To date, the Company’s stakeholders are the population, employees, shareholders, suppliers, SAs, trade unions, partners, consumers, government agencies, competitors,

financial institutions, public associations, media, affiliates, rating and auditing companies.

The Company, as part of its activities, is a member in the following national and international organizations, associations / organizations:



The CIS Electric Power Council

(hereinafter – CIS EPC). Participation as an observer since 2012.

The Executive Committee is a permanent interstate coordinating body of the CIS Electric Power Council. Membership in the CIS EPC allows participating in the processes of integration of the CIS member states’ energy systems, including ensuring collective energy security; Provision of parallel operation of power systems; Creation of a common electric power market, involvement in preparation of international agreements in power sector; Technical regulations, unification and harmonization of laws and regulations in power industry, etc. The company can participate in public meetings, meetings of working groups, seminars conducted by the CIS EPC.



Kazakhstan Electricity Association

(hereinafter – KEA).

Membership since 2011. Membership in KEA allows exchanging information and participation in development of a regulatory legal framework in power sector, as well as conferences, seminars, forums and other events held under the auspices of the KEA.



KAZENERGY

Association (since 2008). Membership in KAZENERGY Association allows participating in government initiatives and activities aimed at improving the investment climate in the

Republic of Kazakhstan, in developing and implementing measures to increase production and scientific and technical potential; as well as the Company may receive assistance in legal, economic, organizational and management matters. The Company provides substantial financing for a variety of events hosted by KAZENERGY Association, including forums, the publication of national reports on the prospects for the development of the fuel and energy sector of the Republic of Kazakhstan.



The National Chamber of Entrepreneurs of the Republic of Kazakhstan

(hereinafter referred to as the RK NCE).

Membership from 2013. Membership in the RK NCE helps to strengthen ties with business environment, effective development of electricity business, including as part of improvement of RK regulatory framework.

Coordination Electric Power Council of Central Asia

(hereinafter – CEPC CA). Participation as an observer since 2014. Membership in CEPC CA contributes to strengthening business ties between the countries of Central Asia, provides an opportunity to participate in activities in power industry held by CEPC CA.



World Energy Council

(hereinafter – WEC).

Membership since 2008. Membership in WEC represents a program for a limited number of the world’s leading energy companies interested in working with WEC on projects and issues of a global and regional nature. The WEC program allows Samruk-Energy to participate in exclusive events and round tables that promote the development of cooperation with international organizations.



UN Global Compact.

Membership since 2011. In the context of joining the UN Global Compact, the Company declares its commitment to following the ten principles of the Global Compact in its strategy and day-to-day operations. The company interacts with all stakeholder on an ongoing basis in order to obtain feedback and take into account their opinions when formulating topics that are especially important for them. Stakeholder communication plan was developed in December 2017, which includes activities on the timing and methods of informing stakeholders.

No.	Stakeholders	Contribution of stakeholders	Stakeholders' interests	Awareness raising activities, deadline
1	Shareholders	Allocation of funds, replenishment of the authorized capital	Profit growth, timely payment of dividends. increase in the value of the Fund	<ol style="list-style-type: none"> 1) Reporting (financial, non-financial) – on an ongoing basis; 2) Conducting a Survey on disclosure of significant topics – annually; 3) Holding meetings, business correspondence – on an ongoing basis; 4) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 5) Discussion of matters related to progress in meeting shareholder expectations, Business Transformation Program and the implementation of investment projects at BOD meetings – annually; 6) Publications in the media – on an ongoing basis; 7) Informing through the participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis.
2	Subsidiaries and affiliates	Compliance with shareholders interests	Assistance in dealing with government agencies, commercial interests	<ol style="list-style-type: none"> 1) Communicating shareholder expectations of SA's BOD /SB to SA – annually; 2) Communicating requirements for the development of various target indicators, internal regulations and other information to SA via e-mail, telephone, office – on an ongoing basis; 3) Discussion of relevant issues at the meetings of BOD /SB of SA – monthly; 4) Review and feedback on the provided reporting – on an ongoing basis; 5) Placement of up-to-date information on the company's in-house portal; 6) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 7) Publications in the media – on an ongoing basis; 8) Conducting a Survey on disclosure of significant topics – annually; 9) Informing through the participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis.
3	Employees	<ul style="list-style-type: none"> • Human resources • loyalty 	High wages, decent working conditions, professional development, career growth	<ol style="list-style-type: none"> 1) Holding a meeting with staff. SA, trade union (“Year results”) – annually, not later than March 31; 2) Organization of cultural corporate events for employees – annually; 3) Informing employees about job openings, in-house competitions by email – on an ongoing basis; 4) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 5) Placement of up-to-date information on the company's in-house portal; 6) Publications in the media – on an ongoing basis; 7) Conducting a Survey on disclosure of significant topics – annually; 8) Informing through the participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis.

110

No.	Stakeholders	Contribution of stakeholders	Stakeholders' interests	Awareness raising activities, deadline
4	Trade union	<ul style="list-style-type: none"> • Promoting social stability, regulating labor relations and settlement of a dispute 	Observance and protection of employees' rights	<ol style="list-style-type: none"> 1) Holding a meeting with staff, SA, trade union (“Year results”) – annually, no later than March 31; 2) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 3) Conducting a Survey on disclosure of significant topics – annually; 4) Publications in the media – on an ongoing basis.
5	Partners	<ul style="list-style-type: none"> • Joint implementation of projects • Transfer of technologies, competences and innovations 	Commercial interests	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis; 3) Conducting a Survey on disclosure of significant topics – annually; 4) Holding meetings, business correspondence – on a permanent basis; 5) Informing through the participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis.
6	Consumers	<ul style="list-style-type: none"> • Company loyalty • Financial resources generated by way of purchasing goods and services 	Commercial interests	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis; 3) Conducting a Survey on disclosure of significant topics – annually; 4) Informing through the participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis; 5) Business correspondence, holding meetings with existing and potential customers – on an ongoing basis
7	Government agencies	State regulation	Tax revenues, economic growth, solving social problems	<ol style="list-style-type: none"> 1) Reporting (financial, non-financial) – on an ongoing basis; 2) Holding meetings, business correspondence – on an ongoing basis; 3) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 4) Publications in the media – on an ongoing basis; 5) Conducting a Survey on disclosure of significant topics – annually; 6) Informing through participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis.
8	Competitors	Opportunities for future development	Increasing the share of market presence	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis; 3) Informing through participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis.

111

No.	Stakeholders	Contribution of stakeholders	Stakeholders' interests	Awareness raising activities, deadline
9	Financial institutions	<ul style="list-style-type: none"> • International Grants • Concessional financing of projects • Credit lines • Placement of funds 	<p>Timely payment of principal and interest, return on investment.</p> <p>Placement of free cash in deposit accounts, special accounts maintenance, participation in the implementation of the Company's programs</p>	<p>To the National Bank:</p> <ol style="list-style-type: none"> 1) Reporting on a quarterly / semi-annual / annual basis. <p>Portal of Kazakhstan Stock Exchange JSC:</p> <ol style="list-style-type: none"> 1) Placement of reports / information, protocols, etc. in accordance with the Resolution of the National Bank No. 26 d/d January 28, 2016 "On approval of the Rules for placement of financial statements on internet resources of depository, as well as information on corporate events, financial statements and audit reports, lists of affiliated persons of joint-stock companies, information on the total amount of remuneration of an executive body members according to results of a year on internet resources of stock exchange" and requirements of the Listing Rules of "Kazakhstan Stock Exchange" JSC. <p>Lenders:</p> <ol style="list-style-type: none"> 1) Provision of reports / information about the Company, in accordance with the requirements of existing loan agreements. <p>All Financial Institutions:</p> <ol style="list-style-type: none"> 1) Placement of current public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis; 3) Conducting a Survey on disclosure of significant topics – annually; 4) Informing through the participation of the Company's management as a speaker at conferences, forums and so on – on an ongoing basis.
10	Suppliers	Efficiency of supply chain and value chain	Commercial interests	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis; 3) Holding meetings, business correspondence – on a permanent basis; 4) Informing through the participation of the Company's management as a speaker at conferences, forums and so on – on an ongoing basis.
11	Population	Support in the place of business	Employment opportunities, solving social problems, transparency of the Company's operations, environmental protection	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis; 3) Conducting a Survey on disclosure of significant topics – annually; 4) Participation in public hearings as part of implementation of investment projects in accordance with current environmental legislation of the Republic of Kazakhstan – as required.

112

No.	Stakeholders	Contribution of stakeholders	Stakeholders' interests	Awareness raising activities, deadline
12	Public associations	<ul style="list-style-type: none"> • Encouraging the application of high standards in operations • Loyalty and cooperation 	Achievement of goals and tasks of public associations	<ol style="list-style-type: none"> 1) Holding a meeting with staff. SA, trade union ("Year results") – annually, not later than March 31; 2) Holding meetings, business correspondence – on an ongoing basis; 3) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 4) Publications in the media – on an ongoing basis; 5) Conducting a Survey on disclosure of significant topics – annually; 6) Participation in public hearings as part of implementation of investment projects in accordance with current environmental legislation of the Republic of Kazakhstan – on an ongoing basis.
13	Mass media	<ul style="list-style-type: none"> • Effective cooperation • Favorable public opinion 	Publications and information on the Company's activities, commercial interests	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Conducting press conferences, providing press releases; 3) Conducting a Survey on disclosure of significant topics – annually; 4) Informing through the participation of the Company's management as a speaker at conferences, forums, etc. – on an ongoing basis; 5) Placement of reports / information, protocols, etc. in accordance with the Resolution of the National Bank No. 26 d/d January 28, 2016 "On approval of the Rules for placement of financial statements on internet resources of depository, as well as information on corporate events, financial statements and audit reports, lists of affiliated persons of joint-stock companies, information on the total amount of remuneration of an executive body members according to results of a year on internet resources of stock exchange".
14	Affiliates	Mutual cooperation	Commercial interests	<ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis.
15	Rating agencies, independent audit organizations	Mutual cooperation	Commercial interests	<p>To Rating agencies:</p> <ol style="list-style-type: none"> 1) Provision of information according to requests of agencies – annually. <p>To Audit companies:</p> <ol style="list-style-type: none"> 1) Provision of requested information – on a semi-annual basis. <p>To all stakeholders:</p> <ol style="list-style-type: none"> 1) Placing of relevant public information about the Company, as it becomes available, on the corporate website of the company / social networks – on an ongoing basis; 2) Publications in the media – on an ongoing basis.

113

Identified Significant Aspects and Boundaries

Significant issues and topics for both the Company and stakeholders are ranked as part of stakeholders' analysis; this enable to create efficient interaction with stakeholders based on a clear understanding of their priorities.

The stages of determining the essential topics and questions are described below.

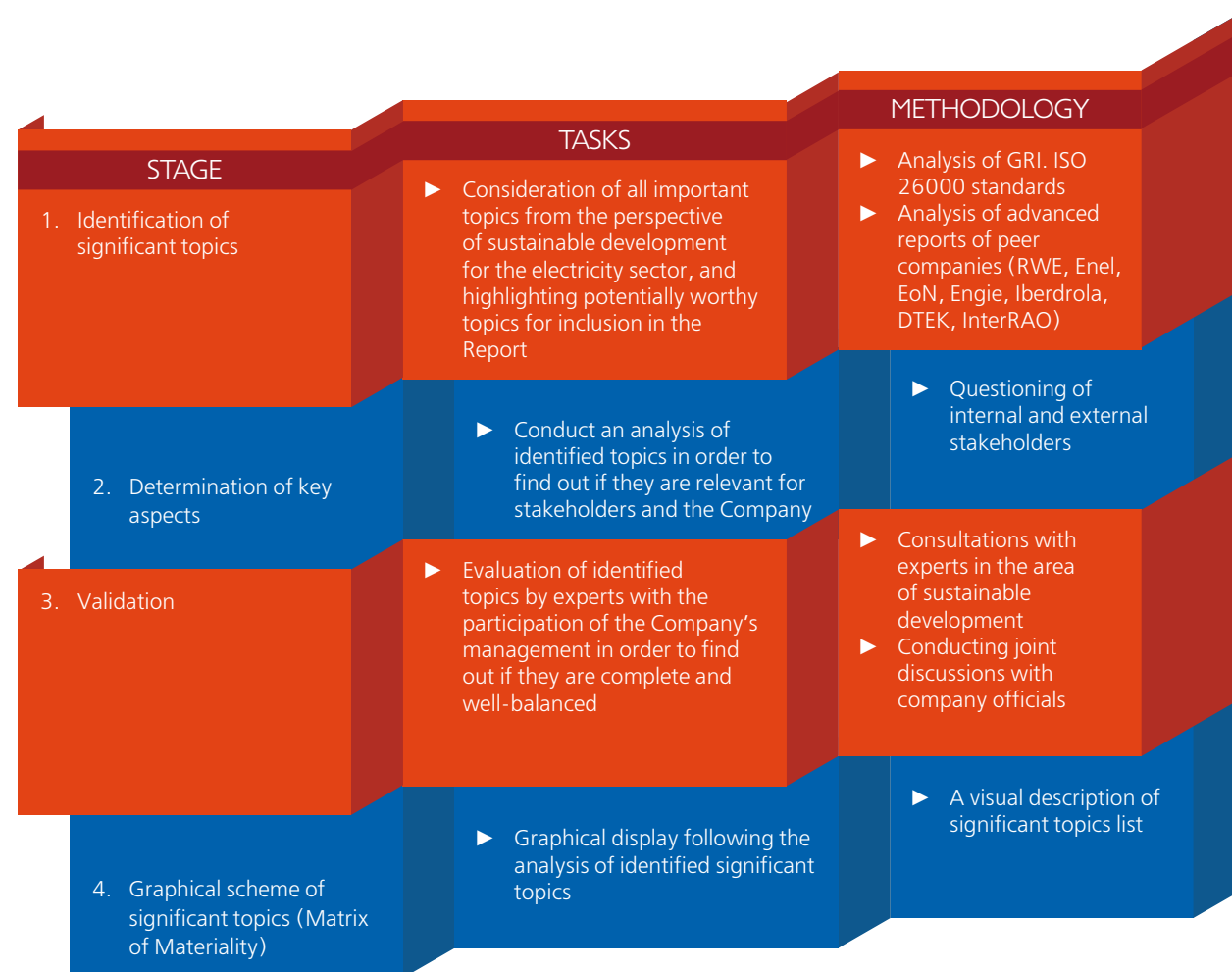
Consolidated list of significant topics both for the Company and stakeholders, forms a Matrix of Materiality.

The results obtained by the Company from interaction with stakeholders are the foundation of an effective and adjusted policy in the area of sustainable development, as part of which the Company seeks to widely apply the aspects of sustainable development through the introduction of best practices in

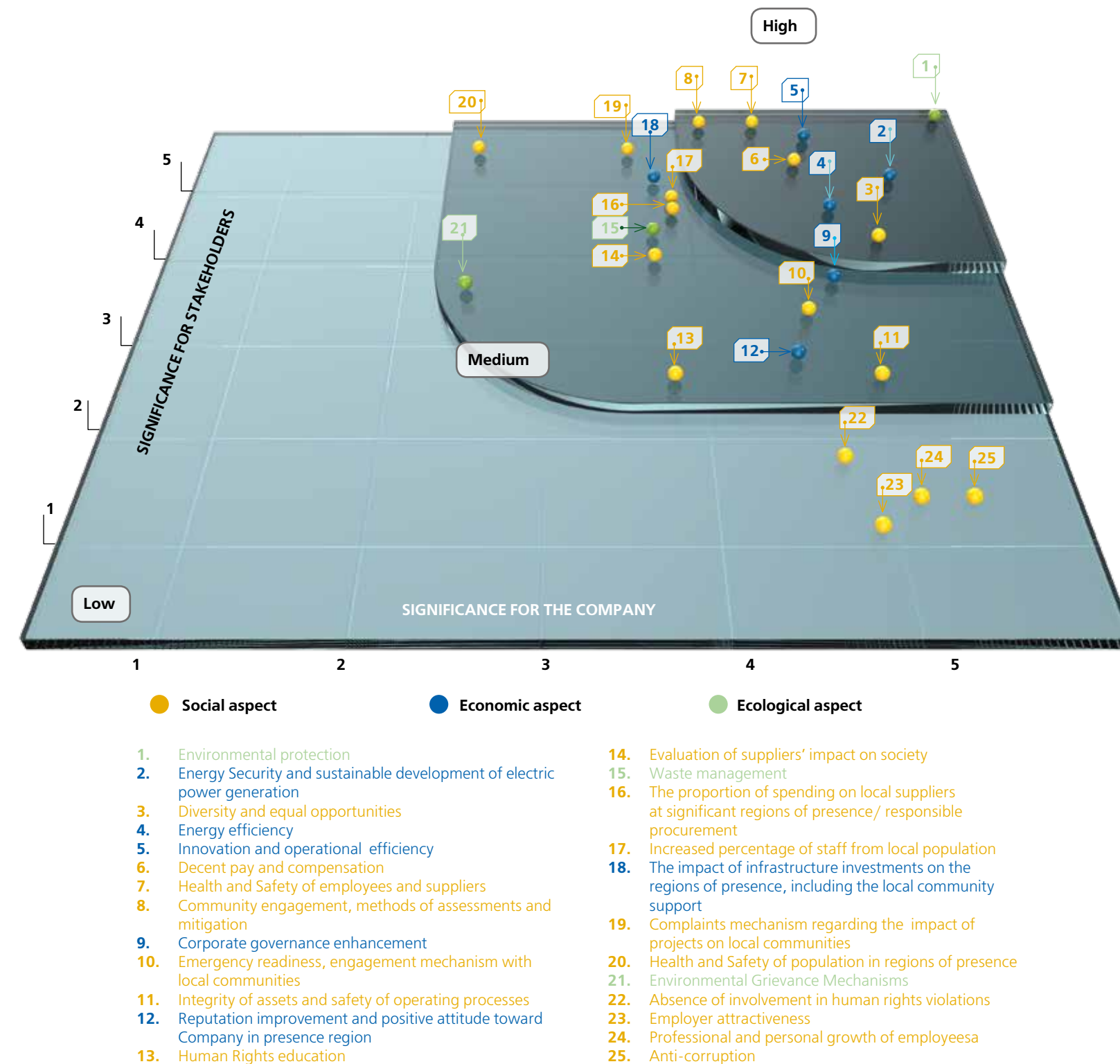
production, environmental initiatives, safety and social area for economic growth in the regions where the Company operates, while maintaining an optimal balance between the interests of stakeholders and strategic tasks of the Company.

A Materiality Matrix resulted in the work of the Company's management and stakeholders' representatives, has been formed taking into account the recommendations of the Global Reporting Initiative (GRI), as well as using the developed questionnaire (Appendix 2 of the Guidelines).

All material aspects for stakeholders and the Company (a zone of high importance) were disclosed in this Report.



Materiality matrix for 2016–2017



“ECONOMIC” CATEGORY

Aspect “Reliability and sustainable development of electricity generation”



Electricity is the basic infrastructure sector, supplying electricity and heat to all other sectors of the economy. The level of social and economic development of the country and the life of each person are directly connected with energy consumption. The company occupies a niche place in meeting the demand for electricity and, accordingly, one of its priority tasks is high-tech development of electricity generation in a long-term development strategy. This is the implementation of investment program for construction of new facilities, the reconstruction of current equipment with the use of technologies to reduce the impact on the environment and improve energy efficiency, this is the task of ambitious development of RE generation, and this is a large-scale transformation and increase of operating efficiency.

In order to fulfill the country’s task on energy security, the work on ensuring technical readiness (including scheduled shutdown and maintenance) of EPO equipment is conducted on an ongoing basis to carry a given load. Current, new and potential customers of the Company are analyzed as well as

the planning and prompt synchronization is conducted with the data of the department in charge of plant’s readiness.

On a permanent basis, the Company together with other representatives of the Working Group at the Ministry of Energy of the Republic of Kazakhstan is working on issues of capacity market, environment and nature management.

The following activities are carried out as part of formation of the Company’s position relating to export supplies:

1. Creation of Common Electricity Market of EEU (hereinafter – EEU CEM).
2. Formation of the Common Electricity Market of CIS EPS.

In the course of development of proposals for creation of EEU CIM, the Company participated in the meetings of the Subcommittee for the establishment of EEU CIM and the Advisory Committee for Power Industry under the Board of the Eurasian Economic Commission (hereinafter – EEC).

Aspect “Development of innovation and operating efficiency”

The Company’s long-term development strategy implies the addressing of an issue of decarbonizing the Republic of Kazakhstan’s economy and optimization of the operation of generating facilities through technological efficiency secured by the development of competencies in R&D.

The fuel for the Company’s main generating sources is the high-ash coal of Ekibastuz coalfield.

To ensure rational and environmentally responsible use of fuel and energy resources, a scientific research work is conducted in cooperation with Nazarbayev University: “Development of furnace equipment technology of boiler units for burning high-ash coals of Ekibastuz deposit’s seam No.3 and depleted coal / coal by-products”.

In order to conduct this research work, a research laboratory was established on the territory of private institution “Nazarbayev University Research and Innovation System”.

The work involves the creation of an experimental plant for burning high-ash coal. According to the results of work, a technological model of the gas-dynamic processes of an FB (fluidized bed) or the CFB (circulating fluidized bed) industrial installation and feasibility study of building a TPP with FB and CFB boilers will be developed.

As part of the task of economic sectors digitization, the Company took the initiative to implement the projects “Digital Power Plant” and “Digital Coal mine”.

The first project is to create a digital power plant on the basis of Ekibastuz SDPP–1, which will collect and process an industrial data, mathematical models of equipment, analytical algorithms, and which will monitor remotely and diagnose the technical condition of main and auxiliary equipment in real time. This will allow optimizing the operation modes of the power plant’s power units, helping to reduce the human factor in hazardous and labor-intensive areas, increasing the efficiency and flexibility of production and management processes, increasing the productivity, reliability and safety of equipment.

The second project envisages the creation of a unified automated system for managing production processes of coal mining and shipment, processing and analysis of digital data of the coalmine in real time mode at “Bogatyr Komir” LLP. This will increase the productivity of quarry equipment, reduce energy consumption and the cost of coal mining.

In order to eliminate the consumption of fuel oil, stabilize the combustion of the pulverized-coal flare under reduced loads when burning high-ash coals at the Company’s thermal power plants, it is planned to develop and implement a project on introduction of technology for the system of oil-free starting up of boiler units (plasma-fuel system). The implementation of the project will improve the technical, economic and environmental performance of power plants.

Aspect “Energy Efficiency”

The Company’s Management Board approved the Energy Conservation and Energy Efficiency Program.

The program is a fundamental document for planning and implementing activities in the field of energy conservation and energy efficiency.

The purpose of this program is to develop measures for rational and economically feasible use of fuel and energy resources based on the use of innovative technologies.

As part of ongoing work on energy conservation and energy efficiency, activities are implemented in accordance with approved plans. At the end of the year, 69 activities aimed at reducing consumption of fuel and energy resources were implemented.

Energy consumption within the organization

There is a decrease in overall fuel consumption in 2014–2016. According to results of 2017, the increase in fuel consumption (coal, gas) is associated with an increase in electricity generation at ESDPP–1 (exports to Russia), as well

as an increase in the installed capacity of Aktobe CHP with the commissioning of a new turbine unit No. 3 in 2016.

Consumption within the organization	2014	2015	2016	2017
Total fuel consumption, 10 ⁶ GJ, incl:	272.6	225.4	225.5	285.2
coal	244.4	199.1	196.1	254.8
gas	24.7	23.6	27.3	28.4
Fuel oil	2.0	1.3	0.8	0.7
Petroleum	0.3	0.3	0.3	0.2
diesel	1.3	1.1	1.0	1.1
Total electricity consumption, 10 ³ mln. kWh	3.9	3.5	3.5	3.6
Total heat consumption, 10 ⁶ GJ	3.7	3.0	2.7	2.6
Total electricity consumption, 10 ⁶ GJ	17.7	15.8	15.3	15.6

In comparison with the base year of 2014, in general, energy consumption tends to decrease.

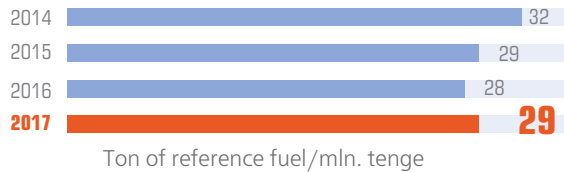
A decrease in motor fuel consumption (gasoline) by 15 % was achieved in comparison with 2016, which is due to the transfer

Energy intensity

The energy intensity of the gross commodity product of the Company following the results of 2017 was 29 tons of r.f./mln. tenge which is due to an increase in electricity generation by 28% compared with 2016 and the retirement of assets (privatization of MDPGC and EK REC).

The volumes of consumption of fuel and energy resources within the organization, as well as the volumes of electricity and heat production, electricity transferred, coal extracted were used in this figure.

of part of vehicles to gas. Reducing fuel oil consumption by 12% was achieved due to a reduction in frequency of starts of power units from the reserve at ESDPP–1, as well as stabilization of gas supplies to APP JSC CHP–1.



Category “Environmental”

According to the Environmental Performance Index (EPI) rating, Kazakhstan ranked 69th among 180 countries in 2016¹. This is a good demonstration of the scale of challenges for Kazakhstan on the way to approaching the best world environmental standards, which must be implemented in the state environmental policy.

The company remains faithful to the principles of sustainable development, realizes the importance of the environmental situation in the regions where it operates and responsibility to the present and future generations for the negative impact on the environment from the operations of its subsidiaries.

To manage the environmental aspect, the Company has created an environmental management system (EMS), which is an integral part of the corporate governance system and an essential part of the non-financial risk management system.

EMS in the Company is constantly assessed for compliance with the best world practices with the involvement of independent international consultants and is gradually improved.

The ISO 14001 “Environmental Management” standard is introduced at all SA of the Company that carry out production activities.

Taking into account the existing experience and specifics of technologies used, available fuels, peculiarities of our climate, as well as a number of other stimulating and often restraining factors, we have developed an environmental policy as an integrated long-term program that is part of the Company’s sustainable development policy.

Priority directions of development and goals of the Company’s operations in the environmental area are shown in the long-



term Development Strategy and the Environmental Policy of the Company.

Financial aspects and other risks and opportunities for the company's activities related to climate change

Climate change resulted in an increase in the concentration of greenhouse gases in the atmosphere, is recognized as one of the main climatic threats. The development of an effective energy transition strategy, i.e. the use of more efficient, environmentally friendly technologies, is a systemic task for the Republic of Kazakhstan.

In addition, the Kyoto Protocol was replaced by the Paris Climate Agreement, adopted in the framework of the Conference of Parties to UN FCCC – COP–21 in Paris in December 2015 and entered into force on November 4, 2016. The Paris agreement was ratified by 170 countries, including Kazakhstan. The purpose of the agreement is to keep the growth of the global average temperature “much lower” 2°C and “make an effort” to limit the temperature rise of 1.5°C.

Kazakhstan announced its intended contribution to limiting or reducing greenhouse gas emissions in the form of an unconditional target of 15% and a conditional target of 25% by 2030 (i.e. from 2020 to 2030) from the 1990 baseline.

Any international environmental agreements and conventions are always new and sometimes very ambitious goals for business, and the Paris climate agreement in particular is quite a serious challenge for the high-carbon economy of Kazakhstan. But on the other hand, Kazakhstan has the opportunity to attract investments in the renewable energy sector: an indicative assessment of experts shows that due to “Paris” financing, investments in RES in emerging countries may increase by 30–50%.

A system for quoting greenhouse gas (GHG) emissions was introduced in Kazakhstan in 2013 in order to regulate greenhouse gas (GHG) emissions. In 2016, this system was suspended until 2018 to correct and eliminate the discrepancies and collisions identified by the first two periods of quoting.

The article 94–2 of the Environmental Code of the Republic of Kazakhstan – “Quotas on Greenhouse Gas Emissions” has come into effect again from January 1, 2018. Three-year period – 2018–2020 have been determined as the next period of setting quotas. The National Plan for Distribution of Quotas includes 225 installations from such sectors as power industry, metallurgy, oil and gas, mining, chemical and manufacturing industries.

¹—<http://epi.yale.edu/country-rankings>

Plant operators are offered a choice of method for allocating quotas: based on baseline application or based on specific GHG emission factors (SEF method). Both methods carry risks for operators of installations in respect of which quotas were established, since they take into account the historical volume of production (2013–2015) and, accordingly, do not take into account the plans of companies to increase the volume of products for the period of validity of the National Plan for allocation of GHG emission quotas.

Among the Company's subsidiaries, facilities that were set quotas include ESDPP–1, ESDPP–2 plant, APP, Aktobe CHP and Bogatyr Komir.

Used materials

Generation of the Company is a “triptych” of fuel generation, hydropower and renewable energy.

A Conventional, which is also a fuel generation of the Company's energy, is conducted by burning such fuels as coal, fuel oil and gas.

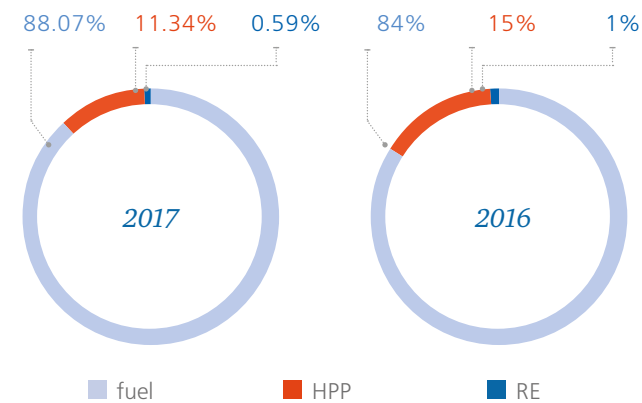
By the end of 2017, conventional generation accounted for 88% of the total power generation of the group of companies, which is 4% more than in 2016.

When it comes to “clean” sources of energy, in 2017 the share of output from HPPs decreased by 4%, and the share of RES remained at about the same level.

To date, the Company's facilities in respect of which quotas were established, are implementing a number of measures to improve the energy efficiency of plants, and modern technologies aimed at reducing GHG emissions are also studied, which will allow us to reduce the risks of exceeding the quota limits at the end of the third quota establishing period, i.e. at the end of 2020.

At the same time, we plan to take advantage of the possibility of implementing so-called internal projects to reduce GHG emissions as part of RE projects (according to Article 94–10 of the RK EC).

Generation by types 2017



Consumed materials (in tons)

	2008	2009	2010	2011	2012
Coal	13,014	2,779,658	6,009,109	6,677,558	6,999,479.5
Fuel oil	0	29,114	56,783	58,601	81,776
Gas	0	559,160	609,361	609,832	599,720
DO	184	13,634	19,987	21,499	23,036
Petroleum	313	3,888	4,585	4,712	6,146

	2013	2014	2015	2016	2017
Coal	12,909,236	14,834,866	11,852,922	11,834,484	15,350,595
Fuel oil	12,721	51,000	21,606	19,894	21,092
Gas	500,531	657,509	623,548	794,806	831,593
DO	24,003	23,172	21,105	18,557	20,731
Petroleum	6,227	6,118	5,774	5,319	4,732

Water consumption

Water is consumed strictly in accordance with the current legislation, i.e. the Company's subsidiaries and affiliates collect water in accordance with available permits for water use and water consumption. Water is used for such purposes

as recharge of reservoirs, cooling of steam, irrigation of ash beaches, maintaining water levels in ash dumps, and HPPs use the water as a source of energy.

Total amount of water withdrawn broken down by sources, in thous. m³

	2008	2009	2010	2011	2012
Total amount of water withdrawn	696	74,588	131,732	12,921,796	15,877,253
From surface water bodies	12	7,071	72,541	12,862,314	15,817,555
From underground sources	19	4,790	4,214	4,431	5,508
Waste water from other organizations	1.55	126	389	415	547
From municipal and other systems	665	62,727	54,976	55,048	54,191
Volume of reused and recycled water	132	63,071	833,433	766,534	781,088

	2013	2014	2015	2016	2017
Total amount of water withdrawn	13,007,836	15,930,525	13,578,720	9,671,594	10,313,409
From surface water bodies	12,953,121	15,879,552	13,527,569	9,798,145	10,261,611
From underground sources	5,530	5,690	7,237	6,817	6,858
Waste water from other organizations	497	445	444	406	399
From municipal and other systems	49,184	45,283	43,914	44,765	44,940
Volume of reused and recycled water	2,461,874	2,591,087	2,126,698	2,921,806	2,663,002

Emissions into the atmosphere

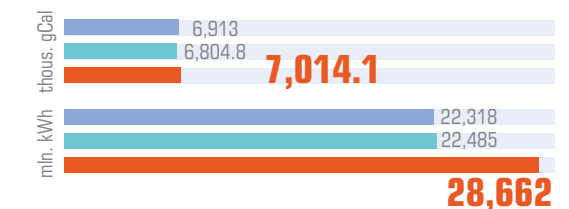
The main pollutants common to fuel power plants are nitrogen oxides, sulfur oxides, carbon monoxide, fly ash.

In 2017 the amount of electricity generation increased by 27% compared to 2016, accordingly, the volume of gross emissions increased. Gross emissions amounted to 264.3 thousand tons across the company's group, which is 21% more than in 2016.

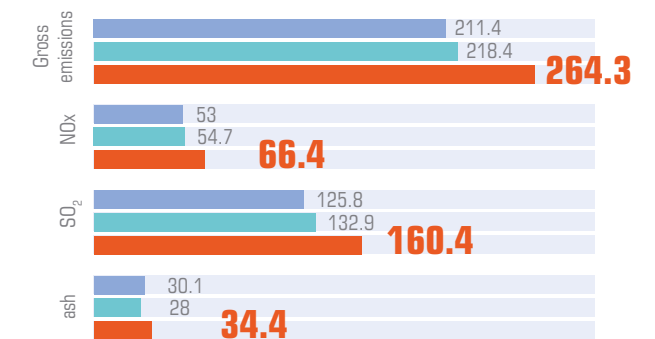
The implementation of a comprehensive environmental protection program and an increase in output at RE facilities and hydroelectric power plants have resulted in a reduction in the specific emission of pollutants per unit of the Company's products.

There is a positive trend towards reducing ash emissions after the commissioning of advanced electrostatic precipitators at all power units of ESDPP–1 and ESDPP–2, as well as wet ash trap emulsifiers at APP plants. The gross ash emissions from 2009 to 2017 decreased by 3 times.

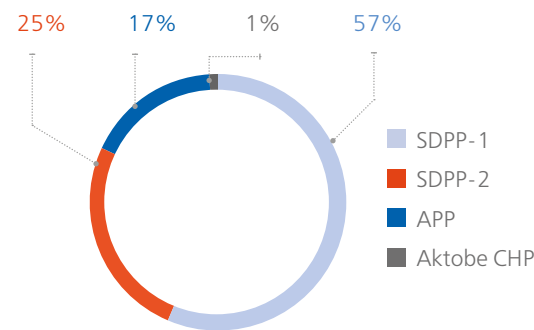
Gross output



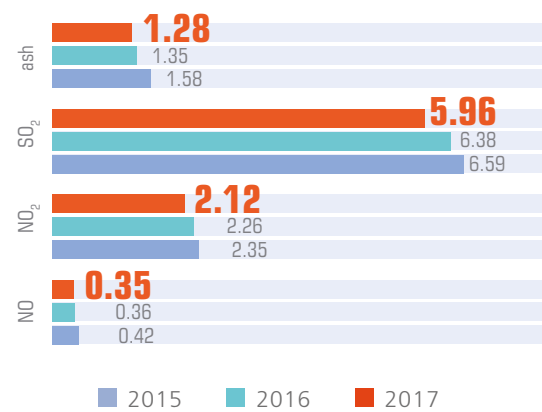
Gross emissions



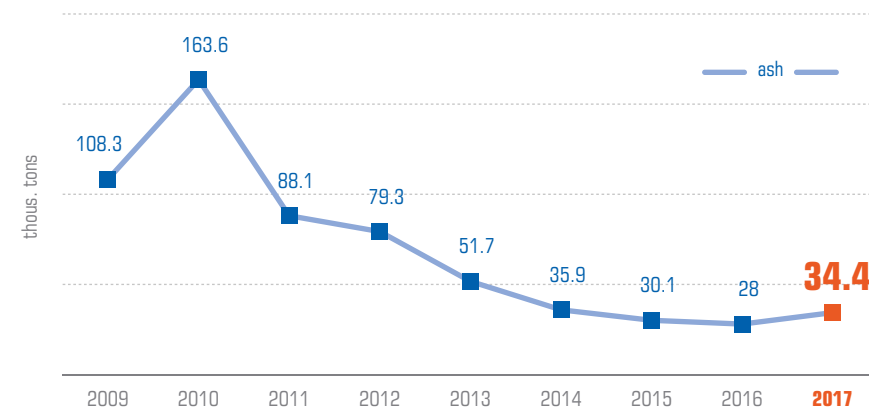
SA contribution to gross emissions of the Company
“Generation” sector 2017



Specific emissions of pollutants, g/kWh



Gross ash emissions trend “Samruk-Energy” JSC, 2009–2017



Emissions into the atmosphere of NO_x, SO₂ and other significant pollutants

		2008	2009	2010	2011	2012
NO _x	thous. tons	insignificant	14.0	25.4	28.8	29.5
SO ₂	thous. tons		45.1	67.5	77.8	72.1
CO	thous. tons		0.8	5.3	2.0	1.4
Particulate matters	thous. tons		18.1	95.8	23.1	21.0
POP	tons	–	–	–	–	–
VOC	tons	62.4	53.96	52.8	53.64	78.1
CO ₂	thous. tons	3,821.16	3,586.75	16,076.4	20,520.6	18,638.5

		2013	2014	2015	2016	2017
NO _x		69.5	65.2	52.9	54.7	66.4
SO ₂		162.6	143.4	125.8	132.9	160.4
CO		2.2	2.2	2.6	2.8	3.14
Particulate matters		51.7	35.9	30.1	28.0	34.4
POP		–	–	–	–	–
VOC		99.13	139.17	133.1	115.4	245.6
CO ₂		32,156.6	30,298.6	25,039.7	24,150.66	30,126.3

Wastewater discharges

Wastewater of first category industrial facilities of the Company are not discharged into natural objects. Artificial facilities are used as wastewater storage facility that meet all the requirements of construction standards to prevent negative impacts on groundwater.

Considering the fact that circulating water systems are used in the Company’s SA, the volume of wastewater is insignificant

(less than 1 % of the volume of water withdrawn). Wastewater before the discharge into the storage tanks undergoes the necessary cleaning up to the required parameters. Part of the wastewater is supplied directly to municipal sewerage network, after which they are cleaned at municipal sewage treatment plants.

	2008	2009	2010	2011	2012
Wastewater volume	1,521.786	4,274.101	29,295.297	16,600.016	15,718.573

	2013	2014	2015	2016	2017
Wastewater volume	59,440.511	48,675.118	46,345.592	64,842.095	60,144.078

The monetary value of significant fines and the total number of non-financial sanctions

Ecological code of the Republic of Kazakhstan on the part of the state provides for inspections of environmental inspections, according to the results of which fines for violation of the

requirements of legislation may be imposed. In 2017, the amount of significant fines amounted to about 12.5 million tenge.

	Measurement unit	2008	2009	2010	2011	2012
Significant fines	thous. tenge	797.492	2,610.343	748.9	29,818.07	8,031.715
Non-financial sanctions	number of incidents	–	–	–	–	–
Cases using dispute resolution mechanisms	thous. tenge	–	–	–	–	–

	Measurement unit	2013	2014	2015	2016	2017
Significant fines	thous. tenge	11,651.23	6,920.808	115,393.4	10,587.4	12,596.25
Non-financial sanctions	number of incidents	–	–	–	–	–
Cases using dispute resolution mechanisms	thous. tenge	–	–	–	–	–

Total costs and investments in the environmental protection by type

In line with current legislation of the Republic of Kazakhstan, each 1st category subsidiary of the Company (ESDPP–1, ESDPP–2, APP, Aktobe CHP and Bogatyr Komir) has an action

plan approved by an authorized body on environmental protection, the execution of which is an obligatory condition for special-purpose nature use.

		2008	2009	2010	2011	2012
Total	thous. tenge	17,821.5	1,238,050.4	6,299,217.2	4,978,326.9	5,599,315.6
Costs associated with waste management and emission treatment as well as elimination of environmental damage	thous. tenge	16,184.5	1,218,044.6	6,279,705.4	4,925,625.7	5,549,652.7
Expenses for preventing the impact on the environment and environmental management system	thous. tenge	1,637	20,005.7	19,511.9	52,701.2	49,662.8

		2013	2014	2015	2016	2017
Total	thous. tenge	7,106,406	9,156,251.6	3,193,912.4	1,197,259.2	2,213,407.5
Costs associated with waste management and emission treatment as well as elimination of environmental damage	thous. tenge	3,769,515	9,028,699.6	2,877,691.9	825,732.8	1,825,147
Expenses for preventing the impact on the environment and environmental management system	thous. tenge	3,336,891	127,552	316,220.5	371,526.4	388,260

The Company's expenses and investments in environmental protection amounted to 2.2 billion tenge in 2017.

In order to minimize the harmful impact on the environment from 2008–2017, the following activities were carried out:

“ESDPP–1” LLP:

- Installation of advanced electrostatic precipitators produced by “Lodge Cottrell” (Korea) with an ash removal factor of 99.6 and of “Alstom” (France). The efficiency of flue gas cleaning has increased to 99.6%, the dust content after the installation of new electrostatic precipitators is 300–400 mg / Nm³ instead of 1 620 mg / Nm³. Specific ash emissions from 2013 to 2016 decreased from 2.47 g/ kWh to 1.29 g/kWh.
- installation of low-emission turbulent burners;
- reconstruction of the water treatment plant;
- repair of HAR system;
- landscaping and planting greenery

“ESDPP–2 Plant” JSC:

- installation of “Alstom” (France) electrostatic precipitators at two existing power units with an ash removal factor of 99.4–99.6% (before installation – 88%);
- construction of a dry ash plant;
- Repair of aspiration units of plant's fuel supply channel;
- Repair of burners;
- repair of HAR system;
- reconstruction of sewage treatment facilities;
- landscaping and planting greenery.

“APP” LLP:

- ubiquitous implementation of measures to repair and replace sluice-discharge pipelines;
- Installation of new generation emulsifiers with boilers not less than 99.4% on boiler units;
- Installation of low-emission burners in order to comply with the level of nitrogen oxide emissions in accordance with the requirements of the Technical Regulations. which allowed reducing emissions (per boiler) of ash by 0.11 g/s, NOx – by 0.6 g/s, SO₂ – by 0.8 g / sec.

At the ash dumps of “ESDPP–1” LLP, “ESDPP–2 Plant” JSC, “APP” LLP:

- Reclamation of waste parts of ash dumps, dust suppression of ash beaches.

“Bogatyr Komir” LLP:

- reduction of the volumes of storage of overburden rocks on external rock dumps, which allows to slow down oxidation-reduction processes and reduce the release of pollutants into the atmosphere;
- blasting operations in watered wells, which reduces the release of pollutants into the atmosphere;
- dust suppression during excavation of coal in the faces, use of mine water for dust suppression on roads on the coal mine;
- landscaping and planting of greenery on the territory of the enterprise's business units.

CATEGORY “SOCIAL”



Recognizing the principle of the priority of human life and health, the Company is fully aware of its responsibility for ensuring accident-free operating activities, safe working conditions for employees and contractors, and for maintaining the health of the population residing in the regions where the Company operates. On October 6, 2011, “Samruk-Energy” JSC joined the UN Global Compact, following within its sphere of influence the 10 principles of the Global Compact in its

strategy and day-to-day operations. Annually, the Company prepares a Progress Report, which is a statement of the continued support of the UN Global Compact, describes actions taken in accordance with ten principles and places this information on the UN Global Compact website: <https://www.unglobalcompact.org/what-is-gc/participants/14917#cop>

Aspect “HUMAN RIGHTS”

“Samruk-Energy” JSC is an employer that provides equal rights in obtaining access to training and development programs, career advancement and employment opportunities for the Company's group.

We do not tolerate discrimination based on social and economic status, gender identity, age, health, religion, national origin, race, etc.

In accordance with the legislation of the Republic of Kazakhstan on employment, enterprises of the Company's group makes a commitment to employ persons with disabilities, persons who are registered with the probation service and released from places of deprivation of liberty.

So, as of December 31, 2017, 135 employees with disabilities were employed.

Permanent conciliation committees, the Committee for settlement of social and labor conflicts were established for the purposes of prevention, the resolution of complaints and appeals, prevention of social and labor conflicts among employees.

To register employee complaints, “hot lines” operates in the Company, special boxes of complaints and appeals, personal blogs of Company's CEOs, the institution of the ombudsman and mediators has been operating at the company since 2011.

Therefore, the Company registered 67 complaints in 2017, 63 of which were settled during the reporting period. four appeals are under consideration.

In addition, the Company regularly conducts activities aimed at a common understanding and solution of labor issues, advocacy work for the resolution of social and labor disputes,

a study of the involvement of personnel, which results in the development of corrective and preventive measures.

In order to regulate and protect the professional, economic and social labor rights and professional interests of employees, 23 trade union organizations operate in the Company, of which more than 90% of employees are members.

Number of complaints about the practice of labor relations filed, processed and settled through formal grievance mechanisms

Nº	Indicator	value
1.	The total number of complaints about the practice of labor relations filed through formal grievance mechanisms during 2017, among them	67
1.1.	Processed during the reporting period	67
1.2.	Settled during the reporting period	63
2.	Indicate the total number of complaints about the practice of labor relations filed before the beginning of the reporting period and settled during the reporting period	3

Presentation of health and safety issues in formal agreements with trade unions

Nº	Indicator	value
1.	Do official agreements (global or local) with trade unions address health and safety issues	yes
2.	If yes. information on the extent to which health and safety issues are covered by local agreements signed by an organization. Local level agreements usually address issues such as:	
2.1.	Individual protection means	yes
2.2.	Joint health and safety committees with participation of representatives of management and employees	yes
2.3.	Participation of employees' representatives in health and safety inspections, audits and accident investigations	yes
2.4.	Education and training	yes
2.5.	Grievance mechanism	yes
2.6.	The right to refuse dangerous work	yes
2.7.	Periodical inspections	yes
3.	If yes. information on the extent to which health and safety issues are covered by local agreements signed by an organization. Local level agreements usually address issues such as:	
3.1.	Compliance with recommendations of the International Labor Organization (ILO)	yes
3.2.	Actions or mechanisms for solving issues	yes
3.3.	Commitments to target performance standards or the level of applied practical approaches	yes

Aspect “Safety and healthcare”

The company pays special attention to occupational health and safety of our employees. The work on ensuring on-the-job health and safety at Company's production facilities is carried out in accordance with current legislative, regulatory instruments of the Republic of Kazakhstan. The company strictly adheres to safe working conditions at every stage of the production process.

In accordance with the Action Plan for Prevention of Occupational Injuries for 2017 and the Company's Policy in the area of Occupational Safety and Health, all SA have developed and, according to the established procedure, approved work plans for labor protection, environmental safety, as well as conducted a number of organizational and preventive measures.

In accordance with Article 203 of the Labor Code of the Republic of Kazakhstan, production councils (formerly committees) for occupational health and safety were established at all SA of the Company, which are directly subordinate to CEO of a company or to a person authorized by such CEO. It comprises representatives of an employer, representatives of employees, including technical inspectors for labor protection on a parity basis.

Official production councils for occupational health and safety are represented by an average of 2.8% of the Company's group employees with the participation of representatives of management and employees.

The international standard “Occupational health and safety management system OHSAS–18001” was introduced.

The Company together with international companies “Bureau Veritas” LLP, “Intertek International” LLP and “Russian Register Eurasia” LLP conducted audits at Bogatyr Komir, APP, AZhC and ESDPP–1 for compliance with management systems ISO 14001 and OHSAS 9001. Corrective/Preventive action plans were developed and adopted after considering the results of on-site audits reports.

Three extended meetings on occupational health and safety were held at the Company. The reports of CEOs of SA on the work carried out in the field of occupational health and safety were presented; further tasks for improving the work and the action plan for preventing accidents at work were set based on such reports.

An on-site seminar was held with managers supervising occupational health and safety matters in the Company's

subsidiaries and affiliates during the reporting period in order to maintain occupational safety.

Following the meeting, the minutes were drawn up and measures to prevent accidents at work were developed and implemented.

Occupational health and safety is a continuous, daily process that requires monitoring compliance with all applicable rules.

Thus, in accordance with Article 185 of the Labor Code of the Republic of Kazakhstan, workers engaged in work related to increased danger machines and mechanisms, undergo a medical examination before and after the shift.

At the same time, According to Order No.175 dated February, 28, 2015 of the Minister of National Economy of the Republic of Kazakhstan “On approval of the list of harmful industrial factors and professions due to which obligatory medical examinations are conducted” Rules of obligatory medical examinations”, approved by the order of acting Minister of National Economy of the Republic of Kazakhstan No.128 dated February, 24, 2015, personnel of the Samruk-Energy Group of Companies undergo preliminary and regular medical examinations.

Medical examinations are conducted by healthcare institutions holding licenses for medical evaluation of professional aptitude according to the health status. According to the results of preliminary and periodic medical examinations, the commission recommends a set of actions focused on promoting an employee's health, particularly hospital examinations and treatment, rehabilitation treatment, health resort therapy. In accordance with the Article 185 of the Labor Code of the Republic of Kazakhstan a certain circle of workers undergoes daily pre-shift medical examination. The Group of Companies carries out the vaccination for their employees on a regular basis, and also it uses other forms of maintenance of immunity in order to prevent diseases.

During the reporting period, all subsidiaries and affiliates of the Company assessed workplaces for working conditions. In accordance with the assessment of workplaces, workplaces with harmful and dangerous working conditions have been identified. At the same time, all employees are provided with the appropriate privileges, including personal protective equipment and protective clothing in compliance with the Order of the Minister of health and social development of the Republic of Kazakhstan dated December 28, 2015 No.1054 “On approval of Rules for distribution of milk, healthy and dietary meals, special clothes, special footwear and other

personal protection equipment to workers, provision of collective protection equipment, sanitary facilities and amenities at the expense of the employer”.

Number of employees receiving benefits, disaggregated by years

Subsidiaries and affiliates	2015	2016	2017
APP	2,109	2,098	2,340
ESDPP–2 Plant	1,101	1,109	1,129
ESDPP–1	926	902	904
AZhC	164	141	210
Shardarinsk HPP	119	125	121
Moynak HPP	55	81	54
Bogatyr Komir	5,929	4,414	5,200

In order to improve the safety culture at all SA of the Company, Action Plans have been developed to improve the working conditions of employees working under harmful and dangerous working conditions.

97% of the Company’s employees have entered into collective agreements. The procedure for concluding collective agreements is regulated by Chapter 14 of the Labor Code of the Republic of Kazakhstan (LC of the RK). The content and structure of the collective agreement, as defined in Article 157 of the RK LC, includes the creation of healthy and safe working and living conditions, the amount of financing of activities on occupational health and safety and health care improvement. Collective agreements 100% covers health and safety issues of employees.

We have developed internal regulatory documents that provides for requirements for the selection of contractors, based on their compliance with the requirements of the regulatory legal acts of the Republic of Kazakhstan in the area of occupational health and safety, industrial and fire safety, and the availability of certificates of international standards in the field of quality, environmental safety, OHS. For example, a system for admitting contractors and subcontractors to the enterprise territory has been developed and operates at ESDPP–1, namely: the organization’s standard STP 03.004.1.05.016–11 “Rules for arranging contractors’ work on the territory of the enterprise”. In accordance with the above-mentioned standard, all contractors and subcontractors are checked for compliance with safety requirements prior to commencement of work and submit documents to the Occupational Safety and Health Service (OSHS) in accordance with the List of documents required for admission to the territory of ESDPP–1, including the

list of workers who undergone medical checkup. After verifying the compliance of the documents, the contracting organization sends lists of employees entitled to be managers. manufacturers and members of the team in compliance with the work order (including general and intermediate) to OSHS for the further processing of instructions in respect of the enterprise and are given permits for performing works in the territory of ESDPP–1.

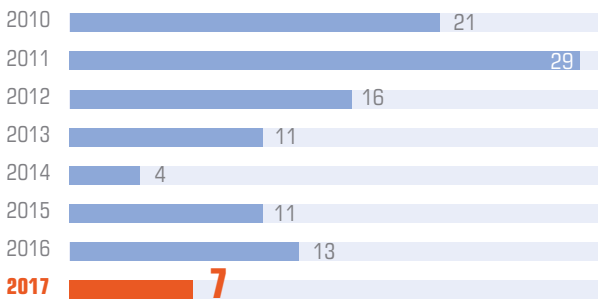
The percentage of employees of contract organizations that have received relevant training in occupational safety and health is 100%.

Every case of industrial injuries at any of the Company’s subsidiaries and affiliates acquires a high status of importance and is promptly submitted for consideration to the Boards of Directors / Supervisory Boards of the Company’s subsidiaries and affiliates.

Registration, reporting and recording of accidents at work were carried out in accordance with Chapter 20 of the LC “Investigation and recording of work-related accidents” and other regulatory legal acts of the Republic of Kazakhstan. The report on monitoring in the area of occupational health and safety and workplace injuries was developed every month for submission to the authorized state body for labor of the Republic of Kazakhstan. At the end of the year, the Agency for Statistics of Kazakhstan provided reports on work-related injuries and occupational diseases in the form of “7-TPZ”.

Despite a large number of preventive and corrective measures implemented, in 2017 there were seven cases of workplace injuries: three of them with light outcome, four with severe outcome. However, the dynamics of the indicator’s improvement was noted in 2017 by 47%, it is lower than the average indicator of the previous seven years (15 cases). For comparison – in 2016 13 cases were registered (15 injured).

Number of accidents



Number of injured by types of injuries

Name of an injury	2013	2014	2015	2016	2017
Chemical burn	1	–	–	–	–
Bruise	1	–	2	1	–
Traumatic amputation	1	–	1	–	–
Electric injury (thermal burn)	4	1	4	4	2
Fracture	5	3	4	5	4
Combined injuries (fracture, bruises, tears of internal organs)	–	–	1	4	1
Eye injury	–	–	–	1	–
Total	12	4	12	15	7

Figures

Indicators	2013	2014	2015	2016	2017
Accident frequency rate (AFR)	0.06	0.02	0.07	0.08	0.06
Occupational illness rate (OIR)	0	0	0	0	0
Lost day rate (LDR)	6.24	1.0	4.7	0.3	0.5
Work absence rate (WAR)	9.8	20.5	9.2	10.1	5.2
Number of fatal accidents	0	1	1	3	0

Notes:
Accident frequency rate (AFR): AFR = total number of injuries 200.000 / Total number of hours worked.*
Lost day rate (LDR): LDR = total number of lost days 200.000 / Total number hours worked.*
Work absence rate (WAR): WAR = total number of missed days (absence) for the period 200.000/ Total number of days worked in the same period.*

No fatal injuries of the population with the participation of the Company’s assets were registered in 2017, and there were no appeals to the law enforcement agencies on this matter.

Actions taken to eliminate workplace accidents

The following measures are taken in order to reduce the industrial injury rate in all SA of the Company:

1. All employees are informed about circumstances and causes of accidents.
2. All production personnel receive unplanned instructions.
3. Unscheduled test of employees for OR, occupational safety rules knowledge is held at business units at which an accident took place.
4. Occupational safety days attended by CEOs of entities are organized on a monthly basis. Actions aimed at elimination of identified violations are taken according to the results of the occupational safety days.
5. Occupational health and safety services organize comprehensive inspections of equipment, buildings,

facilities and workplaces. Action plans with deadlines and persons in charge based on results of comprehensive inspections are developed.

6. All production personnel are trained according to the Rules for training, instruction, and testing of employees’ knowledge of occupational safety.
7. Before the repair campaign, all the SA hold seminars and meetings with engineers and technicians of structural subdivisions authorized to give assignments, manage and perform works, with practical trainings on the correct access for teams to perform works and formalize assignments.
8. At least once every five years, enterprises are certified for workplaces according to working conditions.
9. Scheduled replacement of equipment that exhausted its service life and posing a serious threat to production personnel is carried out.
10. The Action Plan for the prevention of workplace injuries for 2017 was developed and implemented.

Aspect “Diversity and Equal Opportunities”

An analysis of the social stability rating was carried out in 2017 in order to diagnose the psychological climate in the team, as well as assess the level of social sentiment among employees, including the social tension of production personnel, the level of social development in the Company.

To monitor the involvement rate, the Company’s administrative personnel were surveyed to determine sensitivity to factors such as organization and conditions of work, career opportunities, recognition of personal labor contributions, support for initiatives, etc.

The results of the research showed that the Company’s social stability rating varies within the medium and high levels and is at the level of **73%**.

The engagement rate was **63%** and is still in the positive zone, which describes the Company’s increased attention to social aspects, working conditions, relationships within the team, communications, etc.

An important task in the Company’s social policy is to ensure the security of employees and their families.

Social stability rating



Thus, social payments of KZT **2,902,523** thousand were made in 2017. For the same period in 2016, expenditures on social payments totaled KZT **3,082,651** thousand.

In the structure of payments, the main share is made up of expenses: a one-time allowance for healthcare when granting a leave – **33%**, treatment of employees in health resorts – **7%**, medical insurance – **5%**, one-time benefit in connection

Share of employees under labor contracts

Nº	Indicator	Value (2017)	Measurement unit
1.	Total employees (headcount) as of the end of 2016	17,513	persons
2.	Including employees under labor contracts for 2016	16,980	persons
3.	Share of total employees under labor contracts	97	%

with employees anniversary (50.60 and 70 years) – **4%**, financial assistance in connection with the birth of a child – **3%**, expenditures for festive, cultural and sports events – **4%**, etc. of the total amount of social payments Enterprises of the Company maintain compulsory insurance of the employer’s civil liability for causing harm to the life and health of an employee in the performance of his/her job responsibilities, annual medical examination of employees, payment of sick leave sheets, lump-sum assistance for health improvement.

In order to create healthy and safe working and living conditions at the enterprises of the Company, the procedure for providing employees with special protective equipment, milk, soap and detergent were established as well as there are canteens, dining rooms and rest rooms are available at production workshops that operate according to a shift schedule.

The Company’s employees get partial and full reimbursement of expenses for treatment in health resorts and inpatient treatment when they take annual leave, as well as when paying for trips to children’s recreation camps for employees’ children.

Every year, the Company’s enterprises pay great attention to reduce sickness rate and promoting healthy lifestyles, funds for the maintenance and rental of sports facilities, the acquisition of sports equipment, and carrying out sports events are allocated. Employees of the Company regularly participate in sports and mass sports and health-improving events and competitions, including in city events and the ones organized by the Company and the Fund.

As part of the development of corporate culture, the Company held cultural and leisure activities in the reporting year, timed for the celebration of the Women’s Day – 8 March, Nauryz Holiday, Constitution Day, Power Engineer’s Day with honoring the distinguished workers and awarding state, departmental and industry awards – of the CIS Electric Power Council, Kazakhstan Association of Organizations of Oil and Gas and Energy Sectors “KAZENERGY”, ALE “Kazakhstan Electricity Association”, “Samruk-Kazyna” JSC etc.

Payments and benefits provided to full-time employees which are not provided to employees who work under conditions of temporary or part-time employment, broken down by core activities

Nº	Indicator	For full-time employees	For employees with part-time or temporary employment
1.	Payments and benefits to employees		
1.1.	Life insurance	Provided	Provided
1.2.	Healthcare (medical insurance)	Provided	Provided
1.3.	Compensation for disability	Provided	Provided
1.4.	Maternity/paternity leave	Provided	Provided
1.5.	Granting pension (one-time payment upon retirement)	Provided	Not provided
1.6.	Transfer of company shares into ownership	Not provided	Not provided
1.7.	Other (health resorts treatment, financial assistance in connection with the birth of a child, financial assistance for the treatment of family members, financial assistance for rehabilitation)	Provided	Provided

Our employees

The Company’s human resource management policy is focused on the constant recruitment and retention of highly qualified employees, their motivation, training and professional development in accordance with the Company’s business

objectives. The company pays attention to increasing the involvement of employees, the development of a corporate culture, creating conditions for effective work and personal fulfillment of employees.

Staff composition

The headcount of the Company in the reporting year was **17,513** people, which is **21.3%** less than the same period of 2016. The decrease in the headcount in 2017 is driven by the implementation of actions aimed at optimizing the Company’s assets portfolio.

As before, production personnel the number of which at the end of the reporting period was **15,847** people prevails in the Company’s staff composition. The share of employees classified as senior executives and mid-level executives in 2017 was **15.2%** of the total number of employees.

Calculation of personnel’s figures showed that the average age of employees in the Company as of December 31, 2017, was **36** years. In the staff composition, the main share is represented by employees aged 30 to 50 years – **50%** of the total headcount, employees under the age of 30 years – **19.5%**, over 50 years – **30.5%**.

At the end of the analyzed period, the average length of service in power industry in the Company is **12** years. Employees with

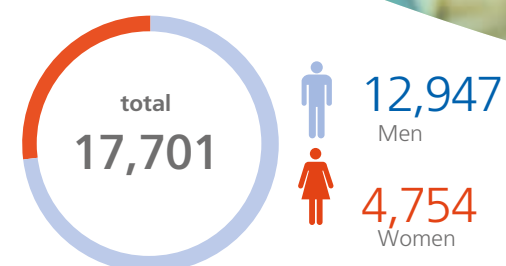
more than 10 years of experience in the sector prevail in the total headcount; their share corresponds to **46%**.

Analysis of the educational level of employees in the Company showed that in the composition, **36.6%** of employees have higher professional education, of which **39.3%** of employees have background in power engineering.

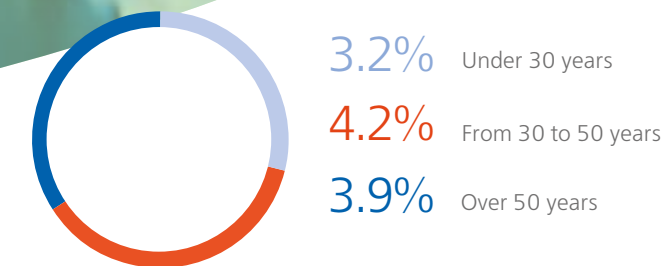
The company adheres to the principle of gender equality and ensures equal guarantees for women to realize their rights and opportunities. Thus, as of December 31, 2017, the number of women employed in the Company was **4,680** people.

The rate of turnover of labor resources (for all types of reasons) in 2017 was **11.2%**. The number of employees employed by the Company for the analyzed period was **1,999** people. At the same time, out of **602** open vacancies for administrative positions, **99.8%** were filled through competitive procedures.

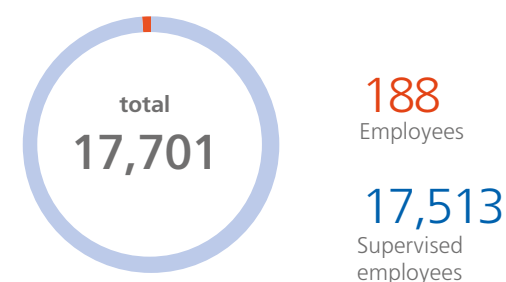
Total workforce by gender for 2017



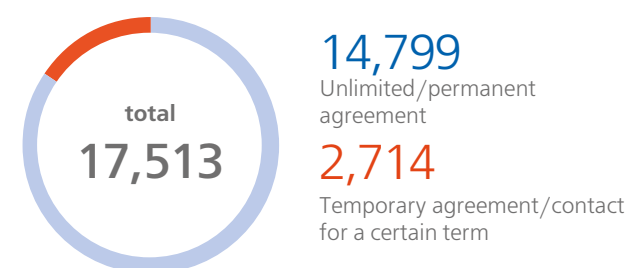
Staff turnover by age for 2017



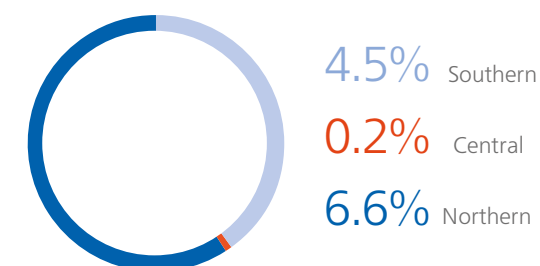
Total workforce by employment type for 2017



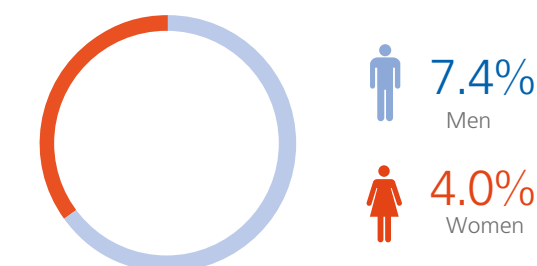
Total number of employees by type of employment contract for 2017



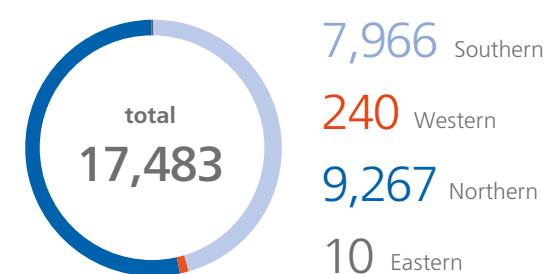
Staff turnover by regions for 2017



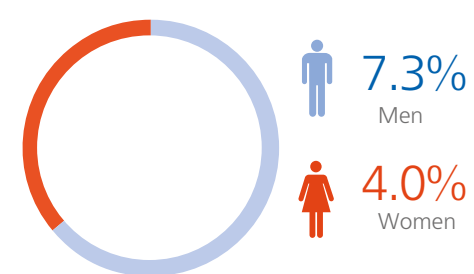
Newly hired employees by gender for 2017



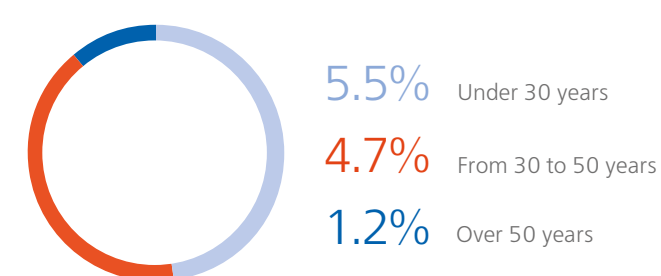
Total workforce by region for 2017



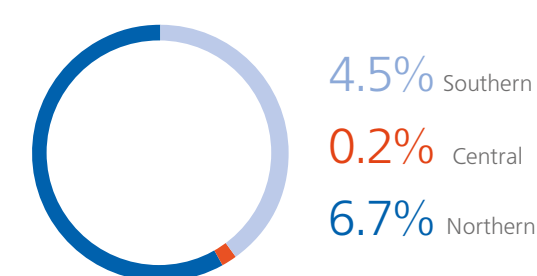
Staff turnover by gender for 2017



Newly hired employees by age for 2017



Newly hired employees by regions for 2017



The composition of the organization's employees, broken down by gender, age group and indicating minority representation

Nº	Indicator	Employees	Share, %
1.	Gender	17,513	–
1.1.	Men	12,833	73.3
1.2.	Women	4,680	26.7
2.	Minority groups (racial / ethnic, religious, with disabilities)	17,513	–
2.1.	Kazakhs	10,096	57.6
2.2.	Russians	5,174	29.5
2.3.	Ukrainians	714	4.1
2.4.	Uyghurs	350	2.0
2.5.	Tatars	331	1.9
2.6.	Germans	262	1.5
2.7.	Byelorussians	131	0.7
2.8.	Koreans	65	0.4
2.9.	Others	390	2.2
3.	Age groups	17,513	–
3.1.	Under 30 years	3,421	19.5
3.2.	From 30 to 50 years	8,749	50.0
3.3.	Over 50 years	5,343	30.5

Development and career growth

Continuous training and development of personnel in the Company is one of the key directions in the policy of human resources management. We are focused on increasing the effectiveness of each employee through the development of his professional skills and competencies.

To this end, the Company implements various training programs based on business development priorities, recommendations developed based on the evaluation procedures of employees, current trends in training, etc.

Compulsory types of training regulated by legislative requirements in the area of OHS, electrical safety, industrial and fire safety, etc. occupies a special place in the personnel development and training system.

Programs of vocational training, retraining, upgrading of employees' qualification in the basic energy professions, and refresher courses for engineers and technicians are being implemented on the basis of organizations' own training centers and technical study rooms.

The use of our own training facilities allows solving the issues of training employees, improving their professional level in a timely, quality manner and at minimum cost.

Taking into account the active transformation of the Company, most of the training programs for executives and specialists are focused on obtaining up-to-date professional knowledge and skills to effectively address challenges and achieving tangible results, developing leadership competencies, innovation and change management skills.

In addition to short-term training, enterprises of the Company support the initiative of employees to improve their professional level, providing opportunities for long-term training, such as master's, bachelor's degree programs and basic education.

In 2017 the Company's investments in personnel's development and training were at the level of **0.8%** of the total payroll, the number of employees trained was more than **13,800**.

The Company also pays special attention to the issues of succession planning for key positions for the business in the medium and long term.

Now, the number of employees included in the pool of talents is **598** people.

In order to motivate them and support successors in building a career, the Company implements special modular training programs and MBA / EMBA / DBA supplementary education

programs, provides opportunities for participation in projects, internships and are given priority rights in taking up of vacant posts.

Average hours of training per employee per annum, by category of employees

Nº	Personnel category	Total headcount as of the end of 2017	Number of training hours for 2017	Average training hours per employee/year
1.	Top management	63	2,139	33.95
2.	Office and management personnel	1,356	32,791	24.18
3.	Production personnel	15,829	669,105	42.27
4.	Maintenance personnel	265	4,646	17.53

Nº	Personnel category	Total headcount as of the end of 2016	Number of training hours for 2016	Average training hours per employee/year
1.	Top management	84	2,297	27.3
2.	Office and management personnel	1,632	109,282	66.9
3.	Production personnel	20,053	718,826	35.8
4.	Maintenance personnel	461	5,972	12.9

Personel assessment

In 2017, the Company, as part of the Company's Transformation Program, continued the implementation of activities on assessment the compliance of employees (Job matching) with qualification requirements for the positions of the Company's target organizational structure.

In compliance with recommendations of the Fund, the Job matching was conducted according to management levels based on "top-down" principle.

A dedicated committee established by the Fund conducted compliance assessment of CEO–1 level positions and CEO–2 key positions. Job matching was carried out with observance of all established stages – from development, approval, approval of new requirements to jobs prior to carrying out multistaged appraisal of candidates and employees.

The internal committees of the Company's head office, which comprised independent experts from among the representatives of the Fund, the Kazakhstan Electricity Association and BoD members of the Company's Head office assessed compliance with CEO–2 level positions not included in the list of key and below.

Perimeter of conformity assessment amounted to 100% of the actual headcount of the Company. of which 82.5% of employees were found to be compliant with the new job requirements and 12.7% of employees will comply with the new job requirements within one year.

In addition, recommendations for inclusion in the personnel reserve, the need to develop professional/personal competencies of the Company's employees were developed in the course of Job matching project.

Individual development plans based on the recommendations were developed for the Company's executives and employees, which include the development of project management skills, leadership, language knowledge, the study of best international practices in supervised areas of activity etc.

Appraisal activities are conducted at the Company's SA on a periodic basis in order to check the compliance of employees' qualification with positions held. Thus, in 2017 the certification of employees was carried out in "Ekibastuz SDPP-2 Plant" JSC and "AZHC" JSC.

Our youth

The Company pays particular attention to working with young people, which ensures staff security and the training of highly qualified young professionals.

In 2017, as part of the Company’s youth policy development, various programs were actively implemented together with the Fund, including internships for students such as “Zhas Orken”. “Satty kadam” of the youth branch of “Zhas Otan”, EXPO Camp, a children’s excursion tour around Kazakhstan “Tugan elge sayakhat”.

This year, the Company traditionally took part in the Republican Olympiad in Physics and Mathematics among future power engineers, conducted under the auspices of the Almaty University of Energy and Communications, in which eight students received scholarships for education. Following the results of the 2016 Olympiad, the Company paid scholarships to four students in 2017.

In addition, the Company’s enterprises have been closely cooperating with specialized educational organizations for many years, providing sites for the development of research and innovation activities, as well as for undertaking of pre-graduation internships for students and for implementing dual education programs.

At present, the Company is implementing a project to ensure inclusion of education, financed by the European Bank for Reconstruction and Development, in order to develop the system of dual education and improve the quality of training of young specialists in accordance with power sector majors in the educational organizations of the Republic of Kazakhstan. A short assessment of main issues in professional training for electricity supply sector in Kazakhstan will be carried out as part of this project; specific recommendations will be made to eliminate obstacles in the implementation of dual education programs, and development programs for young leaders and qualification standards.

In 2017, the Company’s youth asset was **3,421** people.

Motivation and reward

The company takes care of employees. including offering them competitive base salaries and providing an expanded benefits package. To this end. the Company annually reviews the labor market. which allows analyzing the competitiveness of the Company’s wages in comparison with the external market.

So, in 2017, wages grew at least 7%, and in some regions – up to 12%. In general, staff costs in the Company increased

Young employees attended meetings within the framework of the Youth Expert Advisory Council established under the Fund in Shymkent and Astana cities, as well as in the intellectual game “PRIME GAMES”, taking the honorable third place.

With the active participation of youth non-governmental organizations and movements operating at the Company, a number of corporate events for the festive dates, professional skill contests and creative competitions, environmental and other cultural events were held this year.

For example, the youth organization ESDPP–2 took part in holding of the citywide and regional Club of Cheerful and Sharp-witted (CCSW), the charitable campaign “Wish tree”, the celebration of the 60th anniversary of Ekibastuz city, the regional forum of working youth, city festive concerts dedicated to the Victory Day, Children’s Day, etc.

To maintain a healthy lifestyle among young generation, in 2017, AZhC held competitions on arm-wrestling and chess, volleyball and mini-football as well as arranged the participation in the 6th running marathon in Almaty city, mini-football competitions among the institutions of the Nauryzbaysky district of Almaty city (1st place).

The second forum of the youth organization “Zhar qyn Bolashaq” was held at Almaty Power Plants on May 26, 2017, which was attended by more than 120 young specialists. In addition, the Company’s young people took part in campaigns such as “Alma Qala” on planting trees and “Almaty city without HIV” at the AIDS Prevention and Control Center, hiked in the Kok-Zhailau mountain area, and also held another bike ride dedicated to supporting healthy lifestyle, under the motto “Youth – for a healthy lifestyle!”.

Competitions of professional skills “Best in profession”, a creative contest “Light your star”, environmental task force “Let’s make the planet cleaner” were held Thanks to the efforts of Bogatyr-Komir youth movement.

by 11% compared to the previous year. The average salary of employees across the Company’s group for 2017 has increased as against the same figure by **9.2%** – from **181,300** tenge to **198,051** tenge. The growth of average salary of production personnel was **9.9%** – from **167,055** tenge to **183,641** tenge, administrative personnel amounted to **7.4%** from **346,449** tenge to **372,137** tenge.

Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

Nº	Indicator	Value (2017)	Measurement unit
1.	Minimum wage	24.5	thous. tenge
2.	Wage of entry level employee in an organization in significant regions of operation	124.6	thous. tenge
2.1.	Men	126.3	
2.2.	Women	132.8	
3.	Ratio	508	%
3.1.	Men	515	%
3.2.	Women	542	%
Nº	Indicator	Value (2016)	Measurement unit
1.	Minimum wage	24.5	thous. tenge
2.	Wage of entry level employee in an organization in significant regions of operation	122.7	thous. tenge
2.1.	Men	120.9	
2.2.	Women	124.4	
3.	Ratio	501	%
3.1.	Men	493	%
3.2.	Women	508	%

The Company’s system of labor remuneration is based on fairness and transparency and is based on the following basic principles:

- motivation of employees to achieve business goals by increasing the effectiveness of individual work;
- Competitiveness of the benefits package on the labor market. taking into account regional special aspects and business specifics;
- transparency – ensuring that all employees understand the principles of structure and level of remuneration. while respecting confidentiality;

— compliance of labor remuneration system with the social policy of the Sole Shareholder and current legislation.

A comprehensive performance management system (CPMS) is in effect at the Company; it takes into account both employee performance and the level of development of their potential. Variable part of wages directly depends on the results of this assessment.

At present, across the Company’s group. **10%** of employees of the group’s total headcount have been covered by the performance evaluation system.

Percentage of employees who are subject to periodic performance and career development evaluations

Nº	Indicator	Value
1.	Total number of employees (headcount) at the end of 2017	17,513
2.	Number of employees who passed formal performance assessment, incl.:	1,748
2.1.	Men	1,021
2.2.	Women	727
3.	The share of employees who passed official performance assessment	10%
3.1.	Men	6%
3.2.	Women	4%

Aspect “Local communities”

As part of social responsibility of business, for many years, the Company has been contributing to the development of the regions where it operates and maintains continuous interaction with local communities on the Company’s participation in the development of local infrastructure, improving the ecological situation in the region, social support and others.

Employees of the Company systematically participate in charity – provide financial assistance to people affected by natural disasters, low-income families.

Thus, this year, voluntary assistance from employees of **ESDPP–1** was provided to those in need – school uniforms, sportswear, footwear for 120 children from two schools No. 9 and No. 11, and also as food packages for 140 children from low-income families. 260 children received assistance during campaign “Road to School” and to the celebration of Eid al-Adha for KZT 2,042 thousand. Eight families affected by the fire in the village of Shiderty received charitable assistance for KZT 1,629 thousand. Charitable assistance in the form of grocery in the amount of KZT 1,369 thousand was rendered to the flood victims and sent to Petropavlovsk by train. In the framework of the celebration of the Children’s Day for children from poor families and children with disabilities, financial assistance was provided – clothes, shoes and sweet gifts for the amount of KZT 2,072 thousand.

Being a town-forming enterprise in the village of Solnechny **ESDPP–2**, carries out activities aimed at preserving social facilities on the balance sheet and in the enterprise structure: medical and preventive treatment office, a swimming pool, a hotel-type dormitory, a site for landscaping and planting greenery. Funds for their maintenance and operation are allocated each year from the budget of the plant.

Bogatyr Komir conducts full-scale work on social security. The main directions of charitable assistance in 2017:

1. Development of the region – 70,000 thousand tenge.
2. Support of socially vulnerable groups of population – KZT 3,836.2 thous. (Veterans of the Great Patriotic War, people with disabilities, pensioners, large families). Means are allocated for treatment, building materials for home renovation.
3. In order to arrange summer holidays for orphans and children from socially vulnerable groups of population, 11,505 thous. tenge were allocated as sponsorship, as well as free vouchers to “Karligash” Children’s health camp:
 - SO “Department of Education of Ekibastuz’s city mayor administration” – 115 vouchers;
 - Bayanaul district mayor administration – 10 vouchers;

- PUI “Shelter for minor children and adolescents” – 40 vouchers;
 - Station electoral district No. 28–30 vouchers.
4. Assistance to religious denominations – 10,800 thousand tenge: Ekibastuz city mosque, Seraphimo-Iversky cathedral of Ekibastuz city, Ekibastuz city church.
 5. Charitable assistance to non-profit organizations – 34,344 thousand tenge, including:
 - charitable assistance to individuals – 20,304.0 thousand tenge;
 - holding of sports competitions, holidays – 14,041 thousand tenge.

Bogatyr Komir fully supports various social initiatives aimed at improving the quality of life of people, actively participates in urban social programs. A huge work has been done to improve the playgrounds and sports grounds of the Mountainous Municipal District of the city. Repair and restoration of children’s playgrounds was carried out, sand was brought to sandboxes, landscaping of Shakhtar Park was carried out, a monument to the great folk poet and thinker Mashkhur Zhusup Kopeyev was installed, traffic light on Kunayev street was installed as well.

In 2017, business units teams performed works on landscaping and gardening of territories assigned to the teams – planning of the adjacent territory, lawn and green plantations care. The cost of territories landscaping for the reporting period amounted to 2,604.5 thousand tenge. 60 trees were planted in the city park to the amount of 481 thousand tenge for the 60th anniversary of Ekibastuz city.

Every month, from the 2nd to the 3rd quarter. Bogatyr Komir staff took an active part in city-wide CleanUp day and “clean Fridays”. In total, over 1,600 employees of Bogatyr Komir LLP and 95 units of equipment took part in these events.

To improve the social and living conditions and improve the quality of recreation on the territory of “Zhasybay” Vacation retreat, repair and construction work was carried out to maintain the infrastructure of the vacation center.

3,193 people had rest at the vacation retreat during eleven summer seasons, which is 183 more than in 2016. In the children’s health center, 1,297 children rested, compared to 2016, more than 260 children. 200 places were allocation for children from orphanage and poor families.

Employees of **Shardarinsk HPP** plant trees and perennial flowers using their own resources – the total number is 730 young seedlings for 92,500 tenge.

Moynak HPP provides constant support to the kindergarten located in the territory of Moynak village.

In order to promote employment of population, enterprises of the Company provide local employment authorities with information on the availability of vacant workplaces, indicating the conditions of work and payment for inclusion in the database of current vacancies and expected jobs.

Enterprises of the Company regularly participate in citywide Cleanup days, landscaping of adjacent territories, interact with religious denominations and public funds, provide financial assistance to pensioners, veterans of the Great Patriotic War, low-income families, people with disabilities, single mothers in the form of monthly giveaways, grocery baskets, vouchers at discount prices, etc.

It should also be noted that the Company adheres to the main provisions of the precautionary principle. Before launching new projects and facilities, the Company compulsorily carries out a number of activities aimed at informing the public about the planned activity and its possible impact as part of environmental impact assessment, in order to know public opinion and considering it in the impact assessment process.

Aspect “Fight against corruption”

“Samruk-Energy” JSC updated Anti-fraud and Corruption Policy in December 2016. The Policy was developed in order to form a uniform concept of the Company employees and other persons about non-acceptance of fraud and corruption of any forms and expressions and to minimize the risks of fraud and involvement of the Company into corruption.

The text of the Policy in Kazakh, Russian and English languages was placed on the web site of “Samruk-Energy” JSC.

Every year, Samruk-Energy employees are tested for knowledge of the Anti-fraud and Corruption Policy. Officials and employees of Samruk-Energy and subsidiaries are tested for knowledge of fraudulent and corrupt practices on an ongoing basis.

The Action Plan for counteracting corruption in “Samruk-Energy” JSC is developed annually. All activities are conducted in a timely manner.

At the end of 2017, there were no facts of frauds and corruptions in Samruk-Energy Group of Companies.

The Company has developed stakeholders’ communication plan, which describes the activities on informing each individual stakeholder group; for more details, please see “Stakeholder Engagement” section.

The Company has an official grievance mechanism. Informing about alleged violations of current legislation, basic principles of doing business or the Code of Business Conduct of “Samruk-Energy” JSC, as well as timely response to such violations are important for our Company. Any reported or alleged facts of theft, fraud, corruption and other violations can be reported by calling 8 800 080 19 94, or send an email to sk.hotline@deloitte.kz or use the “Leave a message” button on the Company’s website: [https : //www.samruk-energy.kz/en/hotline](https://www.samruk-energy.kz/en/hotline)

All messages are accepted and processed by an independent company. Messages received on hotline are transferred to the Company’s responsible employees who can provide professional and confidential consideration. In order to process your message more effectively, you will be asked to leave contact information, but you can also leave an anonymous message. All anonymous messages will be considered.



06

AUDIT

Internal Audit of the Company

The activity of the Internal Audit Service is based on the International Fundamentals of Professional Practice of Internal Audit and is recognized as compliant with International Professional Standards of Internal Audit.

By applying our skills and knowledge, we bring benefit to the Company through providing independent and objective guarantees and consultations aimed at enhancement of risk management, internal control and corporate governance systems in the Company and its subsidiaries and affiliates.

The Service functionally reports to the Board of Directors of the Company and to the Company's Management Board administratively. The Audit Committee supervises the performance of the Service. The head and employees of the Service are appointed by the Board of Directors. In 2017, the number of employees of the Service was 7.

Internal auditors pursue continuous professional development on an ongoing basis, thus, the Service employees have CIA international certificate of internal auditor, IFA diplomas of the International Institute of Audit and Management (DiplFA), CAP ECCAA international certificate, diplomas of the Institute of Financial Managers of Great Britain (DipPIA and DiPCPIA).

The main functions of the Internal Audit Service are:

- ▶ Assessment of risks, validity and effectiveness of internal control over risks in the area of corporate governance, operating (production and financial) activities of the Company and its SA, as well as their information systems;
- ▶ Evaluation (diagnostics) of the corporate governance system in the Company and its subsidiaries and affiliates in compliance with established procedures, including assessment of introduction and compliance with adopted principles of corporate governance, relevant ethical standards and values in the Company and its subsidiaries and affiliates;
- ▶ Assessment of the adequacy of actions taken by business units of the Company and its subsidiaries and affiliates to ensure the achievement of goals set to them as part of the Company and its subsidiaries and affiliates' strategic objectives.



- Provision of advice to the Board of Directors, executive body, business units of the Company and its SA regarding organization and improvement of internal control, risk management, corporate governance and organization of internal audit service.

Annual risk-oriented audit plans are reviewed and approved by the Board of Directors of the Company.

All scheduled audit engagements were completed in full.

External audit of the Company

The Company’s audit organization is selected in line with the Rules for selection of an audit organization for “Samruk-Kazyna” JSC and organizations, more than fifty percent of voting shares (equity stake) of which are directly or indirectly held by “Samruk-Kazyna” JSC under ownership or trust management, approved by the decision of “Samruk-Kazyna” JSC Management Board.

Quality and cost of services are the main criteria determining the choice of an audit organization.

PricewaterhouseCoopers (“PwC”) network of firms has been the external auditor of the Company since 2012.

PwC Global Energy Group specializes in providing consulting services to customers operating in every sector of the energy market through a worldwide network of 4,000 energy professionals. PwC employees in Kazakhstan have experience in working with the most complex and technically difficult projects.

PwC conducts audit at the following subsidiaries and affiliates of the Company:

Company	Activity	Period
“Samruk-Energy” JSC	Holding company	2008–2010, 2012–2017
“Alatau Zharyk Company” JSC	Services for power distribution, technical distribution of power in Almaty city and Almaty region	2010, 2012–2017
“Almaty Power Plants” JSC	Electricity and heat production for Almaty and Almaty region	2010, 2012–2017
“AlmatyEnergoSbyt” LLP	Sale of electricity in Almaty city and Almaty region	2008–2010, 2012–2017
“Shardarinsk” HPP	Electricity production	2007
“Moynak HPP” JSC	Construction of hydropower plant on Charyn river	2008, 2012–2017
“Mangistau Distribution Power Grid Company” JSC	Services for electricity transportation, technical distribution of electricity for oil and other companies, as well as power sales services to remote rural areas of Mangistau region	2008–2010, 2012–2016

In performing its responsibilities, the Service has confirmed its independence from the influence of any persons to the Board of Directors.

KPI of the Service and its head are set taking into account strategic goals of the Company. The Board of Directors of the Company evaluates the performance of the Service as “effective”.

Visit www.pwc.kz for more information.

According to “Samruk-Energy” JSC Policy in engaging audit organizations services, the Company applies the principle of rotation of a partner bearing the main responsibility for the audit, every five years. Dana Inkarbekova was the partner who had main responsibility for the audit from 2012 to 2015. Baurzhan Burkhanbekov has been the partner since 2016.

Furthermore, in the event of expected appointment of an audit organization employee who participated in the compulsory audit of the Company as an employee of an audit organization within two years preceding the date of his/her appointment (election) to the Company as a member of the Management Board, managing director and chief auditor, it is required to obtain a preliminary approval of the Audit Committee in order to avoid conflicts of interest.

Company	Activity	Period
“Plant Ekibastuz SDPP–2” JSC	Electricity and heat production on the basis of coal extracted from “Bogatyr” and “Severny” open-pit coal mines	2005–2009
“East-Kazakhstan Regional Energy Company” JSC	Electricity transmission and distribution	2012–2017
“Bogatyr Komir” LLP	Open coal mining at “Bogatyr” and “Severny” coal strip mines	2008–2010, 2012–2017
“MAEK-Kazatomprom” LLP	Electricity production	2014–2017

Fees paid to the audit firm for auditing services and separately for services not associated with audit of financial statements for 2017

Services	2017
Audit	27,499,808 tenge
Training	7,829,248 tenge

Opinion of an independent auditor

In the opinion of the external auditor “PricewaterhouseCoopers” LLP, consolidated financial statements fairly present, in all material respects, financial standing of “Samruk-Energy”

JSC and its subsidiaries as of December 31, 2017, as well as its financial results and cash flows for the year then ended in compliance with International Financial Reporting Standarts.

07

ABOUT THE REPORT

The company declares its commitment to the principles of sustainable development in its operations. Views of stakeholders were considered during preparation of this Report, as well as all major aspects were covered in accordance with the G4 Sustainability Reporting Guidelines. A table attached to the report shows the location of standard elements in the Report (see Appendix 3: GRI Content Index for the Basic version of the Report prepared in accordance with the Guidelines). The company uses the following approaches when determining the content and quality of the Report:

Interaction with stakeholders and materiality

According to "Samruk-Energy" JSC Sustainable Development Guide that was approved by the Board of Directors, significant aspects and topics for disclosure were identified in the report. This Report was prepared taking into account the reporting principles of the "Global Reporting Initiative" and the GRI Electricity Industry (EU) protocol, the requirements for reporting of the UN Global Compact, and the International Financial Reporting Standards. The company annually updates the stakeholder map and materiality matrix for the purpose of quality disclosure of complete reliable and significant information for the stakeholders of the Company.

The Context of Sustainable Development

The report provides information on the Company's contribution to the economic, environmental, social aspects.

Completeness

The indicators and content of the Report are sufficient to reflect the significant impact of the Company on the economy, the environment and society during the reporting period.

Balance:

This Report reflects the positive and negative aspects of the Company's results for the reporting year

Comparability

Stakeholders using this Report can compare the information provided on the Company's financial and operating performance with the results for previous periods and its objectives.



Accuracy

The information provided in the Report is accurate enough and detailed so that stakeholders can evaluate the results of the Company's operations for the reporting period. Information is expressed both in quality descriptions and in figures.

Timeliness

The report is provided on an annual basis until July 30, which suggests that the information indicated in this Report is relevant. The report is published on the corporate website simultaneously for all stakeholders.

Clarity

The information in the Report is set out in an understandable and accessible form to the interested parties.

Reliability

In preparing this Report, the information provided was preliminarily analyzed and disclosed in such a way that stakeholders could check this report and assess the degree of reliability of its content.

Data sources are official reporting forms, which are submitted to government agencies every year. A number of indicators are collected and calculated in accordance with the forms

of internal reporting, which are checked by responsible representatives of companies during internal audit procedures.

Production, social and environmental indicators presented in the Company Report were calculated, collected and consolidated in accordance with principles of reporting and recommendations of Sustainability Reporting Guidelines and the Company's corporate governance procedures. The probability of an error in figures for each category of indicators in the area of sustainable development is minimized. Ratios and specific values are supplemented by absolute values. Figures were indicated by using generally accepted system of measurement units and are calculated using standard coefficients.

The report provides all stakeholders with an overview of operations results and achievements of "Samruk-Energy" group of companies from January 1 to December 31, 2017 in electronic, paper form or online.

This report provides information on the economic activities of the company, sustainable development and financial and operational results. Quality data and figures are presented for 2017, for the purpose of comparing and analyzing information in the indicators, where applicable, the data for 2015 and 2016 were used.

Limitation of the scope and boundaries of the Report

The audited consolidated financial statements of the Company for the year 2017 that is disclosed in this Report as of December 31, 2017 and for 2016 as of December 31, 2016 is the result of an independent audit of PwC.

This report provides information on the economic activities of the company, sustainable development and financial and operational results. Quality data and figures are presented for 2017, for the purpose of comparing and analyzing information in the indicators, where applicable, the data for 2015 and 2016 were used.

This Report includes information on the following legal entities: «Almaty Power Plant» JSC (100%), «AzhC» JSC

(83.56%), «Shardarinskaya HPP» JSC (100%), «Ekibastuz SDPP-1» LLP (100%), «Moinak HPP» JSC (100%), «First wind poer plant» LLP (100%), «Samruk-Green Energy» LLP (100%), «EWP» LLP (100%), «Shulbinskaya HPP» JSC (92.14%), «Bukhtarminskaya HPP» JSC (90%), «Ust-Kamenogorskaya HPP» JSC (89.99%), «Kazgidrotekhenergo» LLP (100%), «AlmatyEnergoSbyt» LLP (100%), «Energy Solutions Center» LLP (100%), «Energia Semirechya» LLP (51%), Forum Muider B.V. (50%), «Ekibastuz SDPP-2 Plant» JSC (50%), «BTES» JSC (49.99%).

Statements concerning the future

Data in the Report associated with the future are based on forecast information. Words such as "believes," "assumes", "expects," "evaluates," "intends," "plans," indicators marked as "plan" and similar expressions indicate that in this case it is about forward-looking statement. Actual results may differ significantly from planned and target indicators, expected results, estimates and intentions contained in forward-looking statements. Forecast statements are only valid on the date of the release of the Report. The Company does not guarantee the anticipated performance results presented in the forecast

statements will in fact be achieved, therefore they must not and can not be considered as the most likely or typical scenario.



08

GRI CONTENT INDEX FOR "IN ACCORDANCE" – CORE



GRI Index	General Standard Disclosures	Page	External Assurance
G4-3	Report the name of the organization	27	n/a
G4-4	Report the primary brands, products, and services	30	n/a
G4-5	Report the location of the organization's headquarters	160	n/a
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	30	n/a
G4-7	Report the nature of ownership and legal form	27,28	n/a
G4-28	Reporting period (such as fiscal or calendar year) for information provided	146	n/a
G4-29	Date of most recent previous report	146	n/a
G4-30	Reporting cycle	146	n/a
G4-31	Provide the contact point for questions regarding the report or its contents	160	n/a
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured	146,150	none
G4-17	a. List all entities included in the organization has consolidated financial statements or equivalent documents	146	PWC
	b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	146	none
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries	114	none
	b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	145,146	none
G4-19	List all the material Aspects identified in the process for defining report content.	115	none
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material Report any specific limitation regarding the Aspect Boundary within the organization	114,115	none
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Report any specific limitation regarding the Aspect Boundary outside the organization	116-139	none
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Audited Consolidated Financial Statements	PWC
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	115	none

GRI Index	General Standard Disclosures	Page	External Assurance
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	12-13	n/a
G4-9	Report the scale of the organization, including: Total number of employees Total number of operations Net sales (for private sector organizations) or net revenues (for public sector organizations) Total capitalization broken down in terms of debt and equity (for private sector organizations) Quantity of products or services provided	5	none
G4-12	Describe the organization's supply chain	82-83	none
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: Changes in the location of, or changes in, operations, including facility openings, closings, and expansions Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	6-8	PWC
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	20-24	n/a
G4-34	Report the governance structure of the organization, including committees of the highest governance body	88	none
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	88-101	n/a
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	97	n/a
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	109, 139	none
	Key decisions made by Sole Stakeholder during reported period	92	none
G4-38	Report the composition of the highest governance body and its committees by: – Executive or non-executive – Independence – Tenure on the governance body – Number of each individual's other significant positions and commitments, and the nature of the commitments – Gender – Membership of under-represented social groups – Competences relating to economic, environmental and social impacts – Stakeholder representation	88-95	none
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	90, 97	none

GRI Index	General Standard Disclosures	Page	External Assurance
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: – Whether and how diversity is considered – Whether and how independence is considered – Whether and how expertise and experience relating to economic, environmental and social topics are considered – Whether and how stakeholders (including shareholders) are involved	89	n/a
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	89	n/a
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	92	none
G4-49	Report the process for communicating critical concerns to the highest governance body	110	none
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	110	none
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: – Fixed pay and variable pay: – Performance-based pay – Equity-based pay – Bonuses – Deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	93	none
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships, which the remuneration consultants have with the organization	93	none
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	139	none
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	109	none
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: – Holds a position on the governance body – Participates in projects or committees – Provides substantive funding beyond routine membership dues – Views membership as strategic	109	none
G4-24	Provide a list of stakeholder groups engaged by the organization (stakeholders' map)	109	none

GRI Index	General Standard Disclosures	Page	External Assurance
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	108	none
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	108-113	none
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	114-115	none
G4-EC2	Financial implications and other risks and opportunities for The organization's activities due to climate change	107	none
G4-DMA	Explanation on how the economic, environmental and social impacts related to material Aspects are managed.	116-139	none
G4-EN1	Report the total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	120	none
G4-EN10	A. Report the total volume of water recycled and reused by the organization. B. Report the total volume of water recycled and reused as a percentage of the total water withdrawal	121	none
G4-EN8	Total water withdrawal by source	121	none
G4-EN3	Energy consumption within the organization	117-118	none
G4-EN5	Energy intensity	118	none
G4-EN6	Reduction of energy consumption	118	none
G4-EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	118	none
G4-EN21	NOX, SOX, and other significant air emissions	122	none
G4-EN22	Total water discharge by quality and destination	123	none
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions	123	none
G4-EN31	Total environmental protection expenditures and investments by type	123-124	none
G4-10	a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender	132-133	none
G4-11	Report the percentage of total employees covered by collective bargaining agreements	130	none
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, Gender and region	132-133	none
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time Employees, by significant locations of operation	131	none
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, And total number of work-related fatalities, by region and by gender	127	none
G4-LA8	Health and safety topics covered in formal agreements with trade unions	128	none

GRI Index	General Standard Disclosures	Page	External Assurance
G4-EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and Safety training	128	none
G4-EU25	Number of injuries and fatalities to the public involving company assets including legal judgments, Settlements and pending legal cases of diseases	128-129	none
G4-LA9	Average hours of training per year per employee by gender, and by employee category	134-135	none
G4-LA11	Percentage of employees receiving regular performance and career development Reviews, by gender and by employee category	134	none
G4-LA12	Composition of governance bodies and breakdown of employees per employee Category according to gender, age group, minority group membership, and other Indicators of diversity	134	none
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through Formal grievance mechanisms	126	none
G4-HR3	Total number of incidents of discrimination and corrective actions taken	126	none
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at Significant locations of operation	137	none
G4-EC6	Proportion of senior management hired from the local community at significant Locations of operation	137	none
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by Significant locations of operation	137	none
G4-SO3	Total number and percentage of operations assessed for risks related to corruption And the significant risks identified	139	none
G4-SO4	Communication and training on anti-corruption policies and procedures	139	none
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	139	none
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	139	none
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	139	none



A decorative background on the left side of the page, featuring a dense arrangement of metal type blocks in various fonts and sizes, including letters and symbols, in shades of gray and black. A white curved shape separates this background from the main white area.

09

USED ABBREVIATIONS



CGS	Corporate Governance System
PTL	Power transmission line
RK MINT	Republic of Kazakhstan Ministry of Industry and New Technologies
Company	“Samruk-Energy” JSC Holding Company registered in Kazakhstan that manages its subsidiaries and affiliates
Samruk-Energy Group of Companies, SA	Subsidiaries and affiliates of “Samruk-Energy” JSC
UN	United Nations
MPE	Maximum permissible emissions
MPD	Maximum permissible discharges
Procurement plan	The list of purchased goods, works and services with indication of name, measurement unit, volumes, terms, and also the maximum amounts to be used for purchase of each type of goods, works and services
Development Plan indicators	Indicators which describe production and operating and financial activities. Indicators have quantitative meaning to be approved as part of the Development plan and which meet the results of operations over accounting and planning periods
FSR	Fire safety regulations
SR	Safety regulations
LTA	Loading and transportation administration
TOR	Technical Operation Rules
PCB	Polychlorinated biphenyl
Risk	Exposure to uncertainty related to events or actions which can affect the achievement of set goals and tasks
RK	The Republic of Kazakhstan
RF, Russia	The Russian Federation
CIS	Commonwealth of Independent States
Strategy	Samruk-Energy’s Long-term development strategy
Business units of the Company	Business units of the Company responsible for certain activity and which are reflected in the Company’s organizational structure (department, services)
SEZ PIT	Special Economic Zone Park of Information Technologies
SPP	Solar power plant
LLP	Limited Liability Partnership

AES LLP	AlmatyEnergoSbyt LLP
TPP	Thermal power plant
CHP	Combined heat and power
Fund	“Samruk-Kazyna” Sovereign Wealth Fund JSC
ESDPP–1	“Ekibastuz SDPP–1 named after B.Nurzhanov” LLP
ESDPP–2	“Ekibastuz SDPP–2 Plant” JSC
ESO	Energy Supply Organization
CO2	Carbon dioxide
CO3	Persistent organic pollutants
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBITDA margin	Operating income before deduction of expenses for the use of loans, taxes, depreciation and amortization
GRI	Global reporting initiative
ISO	International Organization for Standardization
KEGOC	Kazakhstan Electricity Grid Operating Company
SWOT	Analysis of the positive and negative effects of external and internal environmental factors
Measurement units	
GWh	Gigawatt per hours
GJ	Gigajoule
Gcal	Gigacalorie
kV	Kilovolt
kVh	Kilowatt per hour
Km	kilometer
m	meter
m3	Cubic meter
MBA	Megavolt-ampere
MW	megawatt
Mln	Million
Thous.	Thousand
%	Percent

Contact information

Please contact any of the following persons if you have any questions regarding the Report or its content:

Tasbulatov Rinat, Press secretary

Telephone +7 (7172) 55-30-62

email: r.tasbulatov@samruk-energy.kz

Mukhamejanova Makpal Unerbekovna

Director of "Corporate Governance and Sustainable Development Department"

Telephone: +7 (7172) 55-30-05

email: m.mukhamejanova@samruk-energy.kz

"Samruk-Energy" Group of companies headquarters

010000, Akmola region, Astana,

15, A Kabanbay batyr ave.

Business center "Q", Block B

Telephones: + 7 (7172) 55-30-00, + 7 (7172) 55-30-21

Fax: +7 (7172) 55-30-30

e-mail: info@samruk-energy.kz

*When using an information contained in the annual report,
a reference to it is obligatory*