



Samruk-Energy JSC

**ANNUAL  
REPORT**

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**2013**



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# ANNUAL REPORT. 2013

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SAMRUK-ENERGY JSC

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*Bektemirov Kuanysh  
Abdugaliyevich*

Chairman of Board of Directors of  
Samruk-Energy JSC

## DEAR READERS!

*For Samruk-Energy JSC the Year 2013 has become a phase of dynamic development; the secure basis for establishment of competitive electric power holding of Eurasian importance has been laid. The Company has fulfilled the tasks assigned by the Shareholder and reached key performance indicators specified in Development Plan.*

# MESSAGE OF CHAIRMAN OF SAMRUK-ENERGY JSC BOARD OF DIRECTORS

Company's net profit made 40.85 billion tenge which is twice more than in 2012. Steady growth of financial results and operational indicators of **Samruk-Energy JSC** is confirmed by the effectiveness of union of delinked assets of the state on production, distribution and sale of power energy, coal mining.

The holding has included **EK REC JSC**, **Shygysenergytrade LLP**. At the end of 2013 the agreement on purchase of 50% of **Ekibastuz SDPS-1 LLP** shares from **Kazakhmys group** has been concluded, as well as, purchase of 100% shares in charter capital of **Kazhydrotechenergo LLP**. In case of closing the deal with value of 1.3 billion USD **Samruk-Energy JSC will become 100% shareholder of the biggest plant of the national importance**. Available output of **Ekibastuz SDPS-1** after completion of modernization program will be increased by 25% up

to 4 000 MW. It increases the value and investment attraction of **Samruk-Energy JSC** within the framework of planned participation of the company in the National IPO program.

Increasing of assets in generation sector corresponds with targets of Long-term Development Strategy of **Samruk-Energy JSC** and Innovation and technology strategy up to 2022 approved in 2013 by Resolution of the Board of Directors.

Priority directions of the given document, which is being actively implemented, are to ensure energy safety of Kazakhstan, increase of equity capital cost and social responsibility. In perspective, we see **Samruk-Energy JSC** as a competitive energy holding of Eurasian importance.

This status will allow the company to ensure interests of the state in this sector through advanced practices,

including at purchase and construction of power plants of the national importance, coal deposits, establishing of socially responsible rates, and interstate trade of power energy.

Issues of sustainable development, **involvement of renewable energy sources into power balance** are priorities set within the Strategic targets of the company. By results of the year, **Samruk-Energy JSC** has finished the project of construction and start-up of Kapshagay solar power plant with capacity 2 MW, which is the first in Kazakhstan. In 2014 it is planned to commission Ereymentau wind power plant (WPP) with capacity 45 MW and with perspective of expansion, which will be the main object of energy supply for the international exhibition Astana EXPO-2017. Our report on sustainable development has been integrated into this annual report reflecting our adherence to long-term stable growth in accordance with the concepts of UN Global Compact.

*The Company pays specific attention to improvement of corporate management in accordance with best world practices.*

Currently energy power sector faces new challenges that require improvement of the legislative and regulatory bases, determination of more effective market model. In this regard, **Samruk-Energy JSC** jointly with KAZENERGY Association, as per instruction of the Government, took part in development of RK Energy Sector Development Conception up

to 2030 within the framework of FEC Development Strategy. This document should become fundamental in area of implementation of activities of energy entities and ensure implementation of the state targets as to energy sector development.

In 2014 in the FEC Development Conception up to 2030, **Samruk-Energy JSC** jointly with business community and the state authorities shall define principal approaches on most efficient energy and capacity market model in Kazakhstan, tariff regulation for generating stations and distributing networks. All these measures will assist in attraction of investments and new technologies in power energy sector, where **Samruk-Energy JSC** now plays the key role as to generation, distribution of energy and coal mining.

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*In October 2013 pursuant to resolution of the shareholder, the Board of Directors was expanded, and we are glad to welcome our independent director Rupert Andrew Woodward Goodman. More detailed information on the work of the Board of Directors and committees you can read in «Corporate management» section of this Report.*



*Satkaliyev Almasadam  
Maidanovich*

Chairman of Samruk-Energy JSC

## MESSAGE OF CHAIRMAN OF THE COMPANY

There are 13 projects in current investment portfolio of the company; implementation of them will allow covering shortage in electric power and providing new opportunities for social and economic development of regions. 6 projects out of 13 are implemented within the framework of State Program of Forced Industrial-Innovative Development of RoK and Industrialization map.

The accomplished projects include – the commissioning of Moynak HPP with capacity 300 MW, reconstruction of the 8th electrical power unit at Ekibastuz SDPS-1 named after Bulat Nurzhanov LLP with capacity 500 MW. The operations on construction of Balkhash TPP project, the largest in the sector, are carried out. The project is executed jointly with the Korean Consortium Samsung C&T and KEPCO.

In accordance with the plans on development of green economy, the priority issue for the company is involvement of renewable energy sources, medium and small hydraulic power plants, wind farms and solar power plants into energy balance. In the course of call-in TV-bridge on December 20 the first industrial solar power plant

constructed in Kapshagay, Almaty region was started-up. In future, it is planned to increase its capacity from 2 up to 100 MW. In 2014, the Company intends to commission Ereymentau WPP, which will become fundamental facility of energy supply for coming International Exhibition EXPO-2017. At the opening stage its capacity will be 45 MW and then will go up to 300 MW.

*The next in turn is implementation of projects of Construction of WPP in Shelek corridor with the perspective of enlargement up to 300 MW, Construction of Kerbulak HPP, as well as small hydraulic power plants at the Shelek, Koksus Rivers and Big Almaty Channel with total set capacity of 300 MW.*

The subsidiaries and associates of **Samruk-Energy** have implemented a number of projects that improve quality of services for consumers. **Alatau Zharyk Company JSC** with support of the Government and Almaty Akimat completed the construction of energy circle with voltage of 220 kV that many fold increases a reliability of energy supply for the metropolitan city. The start-up of constructed sub-station 220 kV

### DEAR READERS!

*In a whole, Year 2013 was successful for the company. Support of the Government and Shareholder, which is Samruk-Kazyna NWF, allows to effectively solving the tasks set by the state authorities.*

**Kensay** (Besagash) with double-circuit OHL-220 has become the final stage in the largest-scale project in the history of Almaty electric power system. City circuit has connected master substations 500 kV of **KEGOC JSC** and tie-stations 200 kV of **AZK JSC** that helped to strengthen circuit network with **UES of Kazakhstan**.

Within the framework of Almaty power center the projects on reconstruction and expansion of Almaty **CHP-1 and CHP-2**, cascade of **HPP of AIPP JSC** are carried out, it is planned to convert overhead PTL to the cable ones. Due to measures to increase energy efficiency and implementation of metering systems, within 2 years there are no excessive losses in the networks of **AZC JSC**.

By efforts of Mangistau Distribution power grid company JSC and EK REC JSC, modification of networks and substations in west and east regions has started.

Tangible result on environment protection has been reached by subsidiary enterprises of Samruk-Energy JSC – Ekibastuz SDPS-1 and SDPS-2, which are power hearts of the state. In period from 2009 to 2013 ash-handling systems have been reconstructed and electric precipitators at all 8 functional station units were installed. Leading clean-up systems reduce atmospheric emissions by several times, by a value around 150 thousand ton per year, what contributes to improvement of ecological situation in Pavlodar region.

Partnership with leading international financial institutions is developed. Through credit agreement concluded with EBRD on the amount 9.150 billion tenge the operations on Modernization of Shardarinsk HPP project are carried out.

Last year Samruk-Energy announced about itself to Leaders of the world power economy, by taking part in the 22nd World Economic Congress WEC-2013 workshop, held in South Korean city Daegu. Memorandum on conducting of Summit of the world energy leaders in 2014 within the framework of Astana economic forum, signed by Kristof Fry, General Secretary of World Energy Council, has become the important result of the Congress.

**Samruk-Energy JSC** intends to reach optimal balance on fuel types for generation of power and in accordance with Conception on Kazakhstan's transfer to the green economy it will diversify its power portfolio. Taking into consideration all these factors, the company's strategy is targeted to innovative development of technology potential up to 2022.

*In particular, it is provided for increasing of RES share, modernization of existing and construction of new generation capacities on the basis of clean coal technology.*

For this purpose, **Samruk-Energy JSC** has entered into cooperation with National Energy Technology Laboratory under the United States Department of Energy that provides wide range of energy and ecology research programs.

*The emphasis will be put on continued increase of effectiveness and minimization of environmental impact, such as – reduce of ash, sulfur oxide and nitrogen emissions. In addition, some thermal plants will be transferred to the production of power energy with carbon dioxide recovery and storing.*



*Today, Kazakhstan energy economy has a unique opportunity to get access to leading and ecologically clean technologies.*

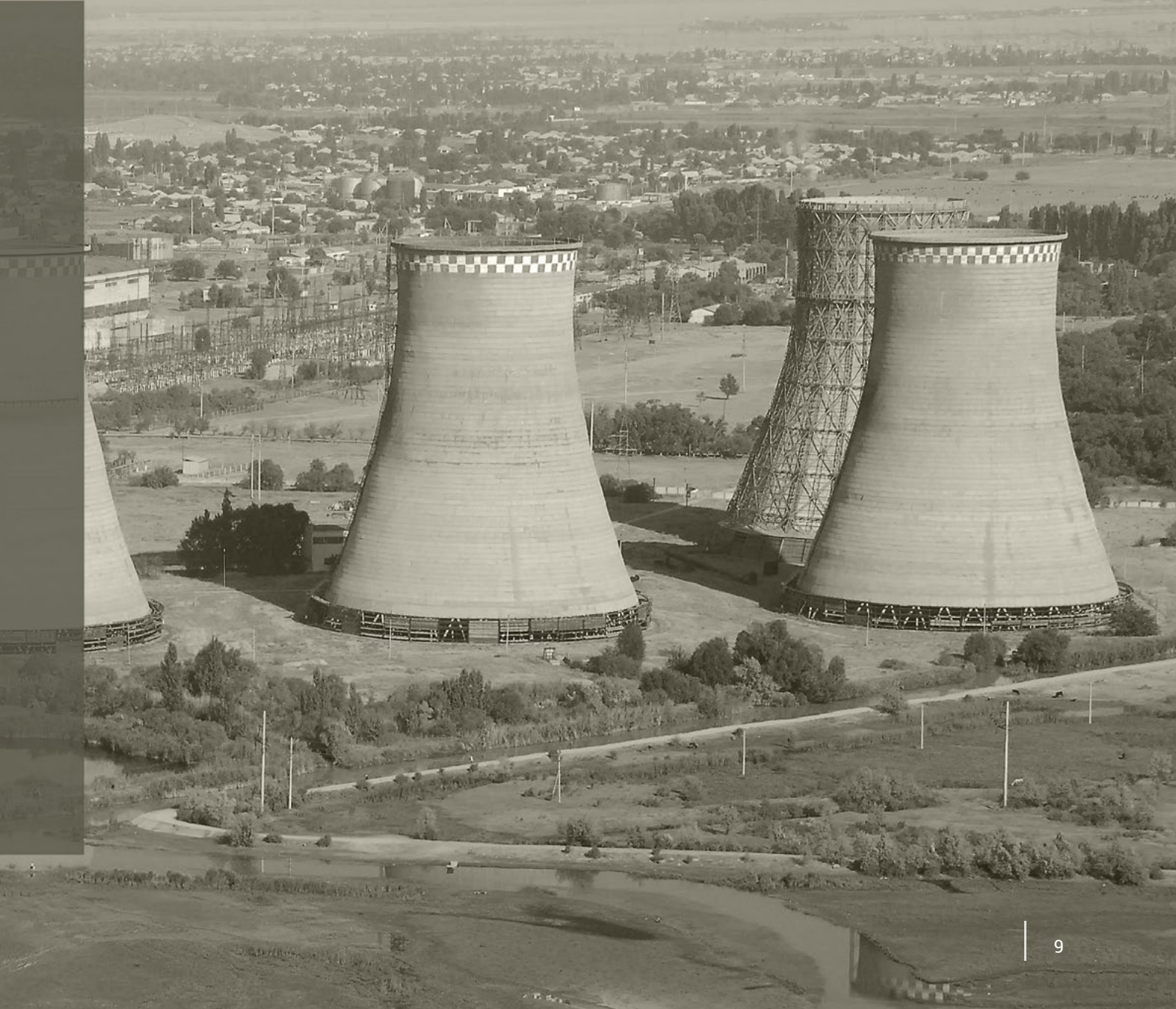
Last autumn, during the business trip of the NETL representatives, possibility of application of perspective solutions on burning of high ash coal of Ekibastuz fields has been considered.

Today, Kazakhstan energy economy has a unique opportunity to get access to leading and ecologically clean technologies. This is particularly important, taking into account that **Samruk-Energy's** share makes about 40% of production of power-station coal sector on domestic market. It is expected that by 2022 the production volumes will increase from 41.7 million (2013) up to 58 million tons. Based on the newly acquired coalfields the company plans to develop coal chemistry that assumes coal gasification, production of synthetic liquid and gas fuel, humic preparations, etc.

**Samruk-Energy** sees the necessity to establish Kazakhstan Intellectual Power System — KIPS by 2030, which will allow providing reliable power supply for consumers with minimum expenses while production, transfer and distribution of energy, as well as ensure large-scale involvement of RES into power energy balance and maximal use of transit and

export potential. In general, in order to fulfill the state policy in the Republic of Kazakhstan, it is planned to establish the National Operator in power production sphere on the basis of **Samruk-Energy JSC**.

The chosen direction, pursuant to which renewable energy sources are used along with traditional ones, is represented as the most pragmatic and reasonable form of the national fuel and energy complex in the future. From this point of view, **Samruk-Energy JSC** will promote sustainable development of power energy sector and building of efficient economy in order to successfully implement **Kazakhstan-2050 Strategies: the new political course of successful state**.



# 01. ABOUT REPORT

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*As part of this report, there is information on economy, ecology, safety, occupational safety, corporate social responsibility and financial performance.*

This integrated report of Samruk-Energy JSC provides all interested parties with a full review of Samruk-Energy Group of Companies' activity results and achievements in the period January 1 to December 31, 2013. Consolidated financial statements of the Company for 2013 as of December 31, 2013 and for 2012 as of December 31, 2012 stated herein are outcome of audit conducted by an independent auditor - PricewaterhouseCoopers LLP (PwC).

As part of this report, there is information on economy, ecology, safety, occupational safety, corporate social responsibility and financial performance. Information and quantitative data are presented for 2013, but in order to compare and analyze the information in figures, where applicable, we used data for 2011 and 2012.

*The history of non-financial reports of the Company started in 2010. In 2010 the first Annual Report of the Company on the 2009 results was published.*

In 2011, along with Annual Report, the Company published Report on sustainable development of Samruk-Energy Group of Companies that covers period from January 1 to December 31, 2010.

The most recent Integrated Annual Report was published in August 2013. In the future, the Company plans to prepare Integrated Report on an annual basis.

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## THE PROCESS OF DETERMINING OF REPORT'S CONTENT

This report has been prepared in accordance with the principles of the

Global Reporting Initiative (Global reporting initiative, GRI 3.1) and

Industry Protocol in the field of Electric utility (Electric utility, EU), International Integrated Reporting Council (International Integrated Reporting Council, IIRC) and International Financial Reporting Standards. The

table indicating location of the standard elements in the Report is attached to the Report, Appendix 2: Table of Report's Compliance with GRI Guideline.

### LIMITATION ON THE REPORT SCOPE AND BOUNDARIES

The Company is the one that manages and it does not perform production activities, therefore makes insignificant impact on the environment.

This Report contains the consolidated information on Samruk-Energy Group of Companies, consisting of 36 subsidiaries and affiliates, for the purposes of full disclosure of indices on sustainable development.

The following organizations are exceptions:

- Forum Muider B.V. – managing company;
- Bukhtarma HPP JSC, Shulbinsk HPP JSC and Ust-Kamenogorsk HPP – are on lease and concession;
- Karagandahydroshakht and K LLP – is under fiduciary management;
- 11 other companies.

### DATA AND CALCULATIONS MEASUREMENT TECHNIQUES, INCLUDING ASSUMPTIONS AND TECHNIQUES, USED TO PREPARE INDICES AND OTHER INFORMATION INCLUDED INTO THE REPORT

Calculation, collection and consolidation of production, social and environmental indicators presented in the Report of the Company were carried out in accordance with the accounting principles and recommendations of the Guide to reporting on sustainable development version 3.1 (Global reporting initiative, G3.1) and the Company's corporate management procedures.

Probability of discrepancies of quantitative data for each category of indicators on sustainable development is minimized. Dependencies and specific values are supplemented by absolute values. Quantitative data are shown using a generally accepted system of units and was calculated by using standard coefficients.



INTERACTIVE VERSION:  
[ar2013.samruk-energy.kz](http://ar2013.samruk-energy.kz)

## 02. KEY EVENTS AND NATIONAL AWARDS FOR 2013

### JANUARY 16

Samruk-Green Energy LLP became the first Kazakh company entered into European Wind Energy Association. On a par with the world's leaders of wind energy, Samruk-Green Energy LLP became a full member of the association, which is the most powerful wind energy network of professionals in Europe that brings together more than 700 key industry players.

### MARCH 4

Samruk-Energy announced the establishment of Long-term Development Strategy of Samruk-Energy for 2012-2022.

### MARCH 14

Following the results of Republican contest Senim – 2012 Samruk-Energy JSC won the honorable 3rd place in nomination The best employing company in two capitals.

### APRIL 12

Samruk-Green Energy LLP and German company KD Stahl-und Maschinenbau GmbH signed a framework agreement to establish a joint venture for the production of wind power stations of small capacity.



SEPTEMBER 07  
KAZAKHSTAN AND CHINA  
SIGNED AN AGREEMENT  
ON IMPLEMENTATION  
OF CONSTRUCTION  
OF COUNTERREGULATING  
KERBULAK HPP ON THE ILI  
RIVER PROJECT;  
THE COST IS

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190

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\$ million

### APRIL 23

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At SDPS-1 was established a record for continuous operation of the electrical power unit No. 2. For the first time during all these years of station's operation continuously for five months 1.8 billion kWh of electricity was produced.

### MAY 15

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The constituent conference where delegates from trade unions included into Samruk-Energy Group of Companies, Trade union Energy PA, Trade union organization of the East Kazakhstan electrical networks PA and Trade union organization of Moynak HPP of Almaty region adopted a resolution on the establishment of Federation of Trade Unions of Energy Workers Public Association was held in Astana.

### MAY 27

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By decision of Samruk-Energy JSC the General Service Center (SSC) on public relations and information support of energy sector enterprises of Almaty Region was established in Almaty.

### AUGUST 09

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New Mamyр substation was commissioned in Almaty.

### JUNE 13

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Samruk-Energy JSC placed on the Kazakhstan Stock Exchange (KASE) the bonds in amount of 2.384 billion KZT with bond yields to maturity for customers at rate of 7.00% per annum. During the period from February to June 2013 Samruk-Energy JSC has placed 3,000,000 bonds with a nominal value of 1,000 KZT per bond.

### AUGUST 16

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Results of 1st Two Day Games among employees of Samruk-Energy Group dedicated to the Sports Day of Kazakhstan were summarized in Astana. Federation of Trade Unions of Energy Workers Public Association organized this competition.

### SEPTEMBER 02

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Two new groups – 50 children – began to attend kindergarten in the village of Solnechnyi. The kids received this gift from Ekibastuz SDPS-2.

### SEPTEMBER 07

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Kazakhstan and China signed an agreement on implementation of Construction of counterregulating Kerbulak HPP on the Ili River project; the cost is \$ 190 million.

**SEPTEMBER 09**

Antifraud and corruption fight policy in Samruk-Energy JSC was approved.

**SEPTEMBER 15**

Sports team of Samruk-Energy JSC took the third place in the 1st Games of NWF Samuryk-Kazyna.

**OCTOBER 30**

Membership of Board of Directors of Samruk-Energy JSC has increased from 6 to 7 people.

**NOVEMBER 16**

Drama named Office.Live took place, in which roles were played by employees of enterprises of Almaty power complex Samruk-Energy JSC who work with customers and other organizations based on official duties, and often are involved in situations that require them to attract audience's attention and reach understanding.

**DECEMBER 03**

Act of the State Acceptance Commission on commissioning of solar power station with capacity of 2 MW in Kapshagay was signed.

**DECEMBER 05**

In Samruk-Energy JSC, the second supervisory audit in terms of compliance of Corporate Management System (CMS) with the requirements of International Standard ISO 9001:2008 was successfully held.

**DECEMBER 11**

Samruk-Energy JSC signed an agreement with Kazakhmys Group (Kazakhmys PLC) to acquire a 50% share in the charter capital of Ekibastuz-1 LLP, as well as a 100% share in the charter capital of Kazgidrotechenergo LLP. The total transaction amount is valued at 1,300,000,000 (one billion three hundred million) U.S. dollars.

**DECEMBER 20**

In the Palace of Independence, Astana, within the framework of Industrialization Day Nursultan Nazarbayev, President of RoK during national teleconference in the Almaty region on official ceremony has commissioned the Kapshagay Solar Power Station.

State Acceptance Commission Act has been signed as to commissioning of Almaty CHP-2, III priority. Boiler house without a boiler unit station # 8.

**DECEMBER 23**

Act of Working Committee on commissioning of electrostatic precipitators of blocks No. 3, 7 of Ekibastuz SDPS-1 named after Bulat Nurzhanov LLP was signed.

DECEMBER 11  
SAMRUK-ENERGY JSC  
SIGNED AN AGREEMENT  
WITH KAZAKHMYNS GROUP  
(KAZAKHMYNS PLC) TO  
ACQUIRE A

50%

share in the charter capital  
of Ekibastuz-1 LLP





**NATIONAL AWARDS**

Name of subsidiaries and associates	Order of Kurmet	Medal For Distinguished Labour	Certificate of Honor of RoK
Alatau Zharyk Company JSC	-	<b>A.M. Vasiliev</b> – Managing Director of the distribution networks of Almaty	-
Bogatyr Komir LLP	-	<b>V.I. Pervov</b> – Head depot of Bogatyr vocational school	<b>Zh.S. Kuanyshev</b> – Operator of traction unit of Bogatyr vocational school <b>V.V. Evseev</b> – Electrical mechanic for maintenance and repair of equipment of Energy Supply Office
East Kazakhstan Regional Energy Company JSC	-	-	<b>M.K. Kusherov</b> – Head of Kokpektinsky district electrical networks of EK REC JSC
Almaty Power Plants JSC	<b>G. S. Zhanbyrshy</b> – Deputy Chairman of the Board for Development	-	-

## 03. KEY INDICATORS OF COMPANY'S ACTIVITIES

**FINANCIAL INDICATORS**

Name	Unit	2010	2011	2012	2013	2014 (plan)	2015 (plan)
ROACE	%	8.9	7.8	6.2	9.3	10.7	9.4
EBITDA Margin	%	21	19.6	20.2	23.8	39	39
Net profit	billion KZT	10.86	14.79	18.76	40.85	50.78	56
ROE	%	9.67	9,0	6,4	12.4	14.7	14.1

**PERFORMANCE INDICATORS**

Name	Unit	2011	2012	2013	2014 (plan)	2015 (plan)
Production volume of electricity	mln kWh	13,397	17,418	33,497	33,708	33,708
Electricity sales volume	mln kWh	5,330	5,626	8,133	9,370	6,459
Electricity transmission volume	mln kWh	7,961	8,395	11,859	13,361	9,394
Heat production volume	thousand Gcal	7,756	7,471	6,786	7,574	7,574
Coal production volume	mln tons	40.6	44.0	41.7	38.6	42.0
Labor productivity in coal mining	tons/person	5,796	6,217	5,840	5,286	5,660
Labor productivity in coal mining	thousand KZT/ person	12,609	17,377	17,728	20,282	20,282
Labor productivity in electricity production	thousand kWh/ person	2,195	2,383	4,261	4,580	4,580
Labor productivity in electricity production	mln KZT/ person	-	13,834	30,691	38,322	38,322
Labor productivity in electricity transmission	thousand kWh/ person	1,897	1,919	1,616	1,674	1,674
Quantity of technological breaches	unit	1,748	1,712	2,067*	4,763*	4,652*

\* Increase of number of technological breaches occurred due to entering of Ekibastuz SDPS -1 LLP and East Kazakhstan Regional Energy Company JSC into Samruk-Energy Group of Companies

**INDUSTRIAL AND INNOVATION INDICATORS**

Name	Unit	2010	2011	2012	2013	2014 (plan)	2015 (plan)
The share of investment to develop and introduce new products and technologies (in % to the cost of the Company)	%	3	4	43.21	13	*	*
Innovation and technological development rating	%	-	-	-	71	75	80

*\* From 2013 according to the expectations of the shareholder a new KPI has been entered – Innovation and technological development rating has been introduced since 2013*

**SOCIAL INDICATORS**

Name	Unit	2010	2011	2012	2013	2015* (plan)
Degree of personnel engagement	%	-	-	-	63	68
Annual employee turnover	%	8	8	8,6	10.1	10
Quantity of accidents at work per thousand person	Quantity/ 1,000 person	1.18	1.49	0.85	0.48	Not planned
The share of local content in the procurement of goods	%	62	70	64	74	65
The share of local content in the procurements of works, services	%	57	87	73	65	76

*\* Forecast data (2013-2015 plan) are submitted in accordance with the Development Strategy of Samruk-Energy for 2012-2022*

## — 04 —

*Samruk-Energy JSC founded on April 18, 2007 in order to develop and implement long-term government policy on modernization of existing and introduction of new power generating capacities by the decision of the general meeting of founders. The founders of the Company at the time of its creation were Kazakhstan Holding for Management of State Assets Samruk and Kaztransgas JSC.*

## 04. ABOUT THE COMPANY



THE COMPANY WAS REGISTERED ON MAY 10, 2007.  
COMPANY'S CENTRAL OFFICE WAS LOCATED IN ALMATY.

*On November 3, 2008 as a result of reorganization made through merging of Kazakhstan state assets management holding Samruk and National Wealth Fund Samruk-Kazyna JSC the Company's shareholder became National Wealth Fund Samruk-Kazyna JSC, legal successor of Kazakhstan Holding for Management of State Assets Samruk. In May 2010 the Company moved from Almaty to Astana.*

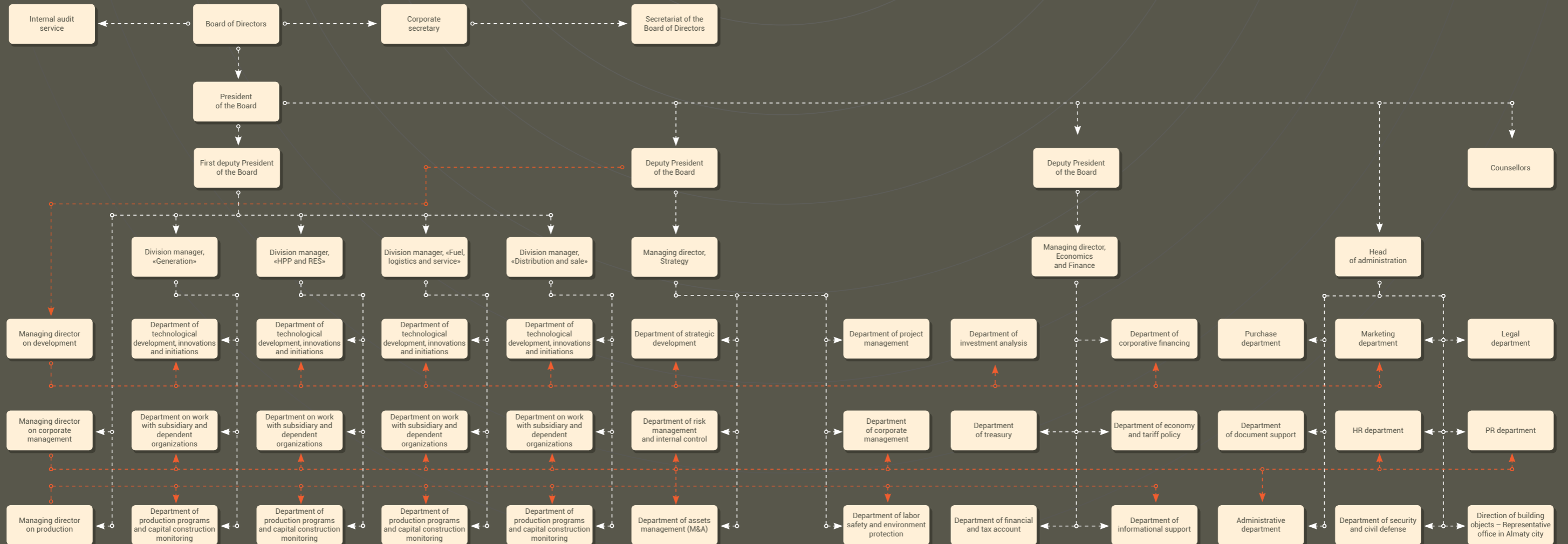
### **SAMRUK-ENERGY JSC IS THE HOLDING COMPANY, MANAGING ENERGY AND COAL ENTERPRISES ON THE TERRITORY OF REPUBLIC OF KAZAKHSTAN.**

The Company's assets are belonged to the largest generating companies, including plant of national importance as Ekibastuz SDPS-1 and SDPS-2, Zhambyl SDPS, as well as other plants producing thermal and power energy in Almaty region and in Aktobe. The basic hydraulic power plants of the Republic, parts of Irtish cascade HPP and HPPs of south regions (Shardarinsk and Moynak HPP) are represented. The Company's assets are also held by regional distribution networks and retail companies of Almaty region, Mangistau, East Kazakhstan region, and the biggest coal producer

in Kazakhstan Bogatyr Komir LLP, delivering coal to generating objects of Group and third parties, located in Kazakhstan, as well as in Russia on market conditions.

By providing the reliability of energy delivery, the Company is implementing projects aimed at reducing environment impacts. It invests the production from renewable energy sources. More detailed information can be found further in sections Information on Company's Subsidiaries and Investment activity.

# ORGANIZATIONAL STRUCTURE OF COMPANY



## MARKET OVERVIEW

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*The key markets of production (wholesale and retail markets of electric energy, local markets of heat energy) and services of subsidiary and dependent organizations of Samruk-Energy JSC sales due to zones of UPG (United Power Grid) of RK:*

**NORTHERN ZONE** – East-Kazakhstan, Akmola, Aktyubinsk, Kostanay, Pavlodar, Karaganda, North-Kazakhstan regions and Astana city. In the Northern zone 80% of Kazakhstan's total electric energy amount is produced. Mostly it is caused by the fact that in the Northern zone there are main coal deposits of Kazakhstan and water energy resources that significantly reduce the electric energy production cost. Electric energy surplus is transmission to energy deficit Southern zone and exported to Russia.

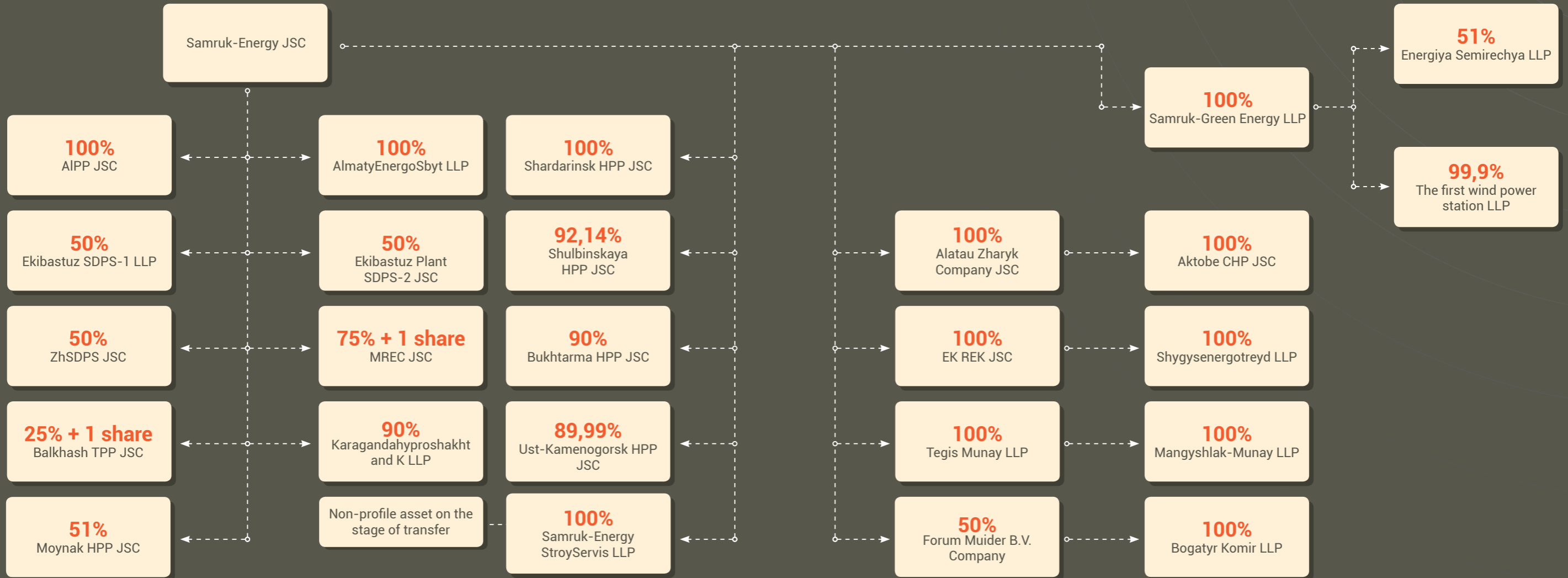
**SOUTHERN ZONE** – Almaty, Zhambyl, Kyzyl-Orda, and South-Kazakhstan regions and Almaty city. This zone is characterized by electric energy deficit and its high costs. Deficit is covered at the expense of power transmission from the Northern zone and from UPG of Central Asia.

**WESTERN ZONE** – Mangistau, Atyrau and West-Kazakhstan regions. Western regions possess most projects in oil and gas spheres. Notwithstanding significant deposits of hydrocarbon raw materials, a part of electric energy need is covered at the expense of export from Russia. In prospect it is planned to create new energy generating facilities in the region for covering own needs and export of energy abroad.

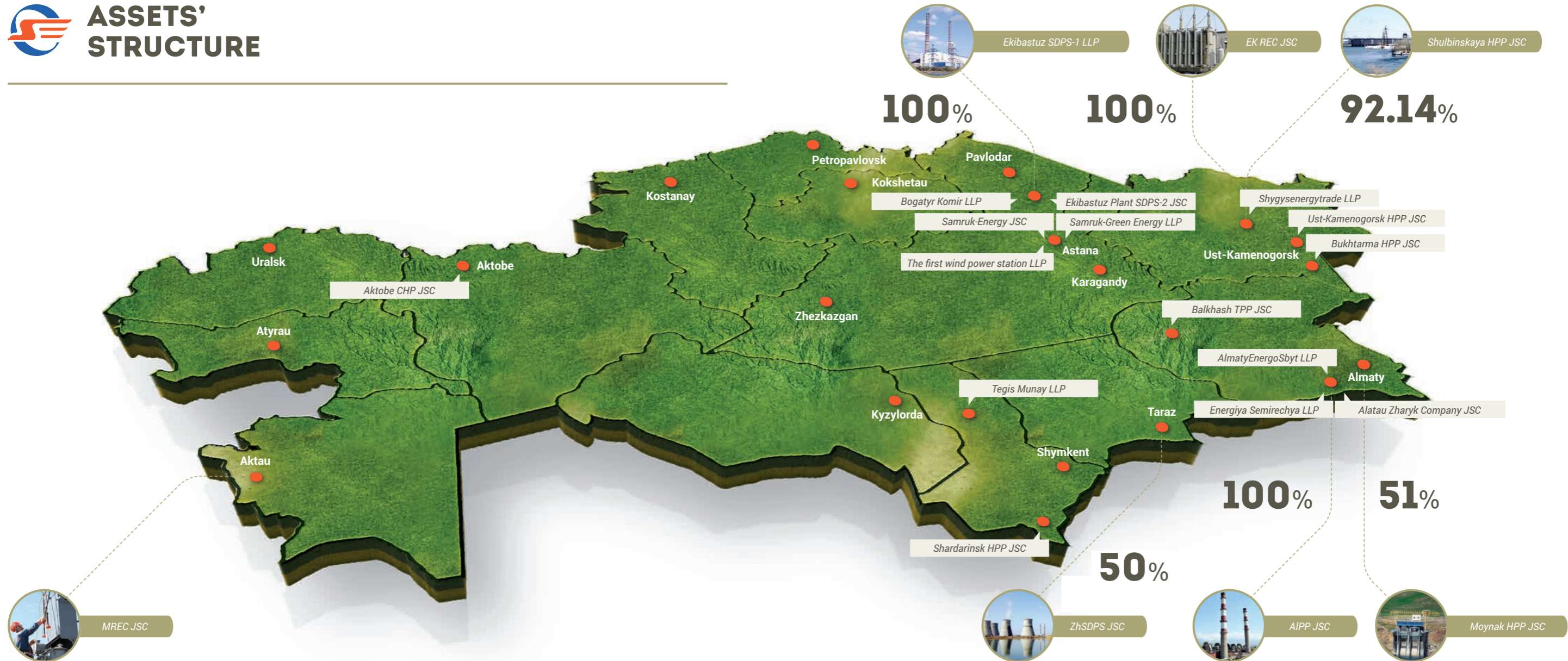


# STRUCTURE OF COMPANY'S ASSETS AS FOR DECEMBER 31, 2013

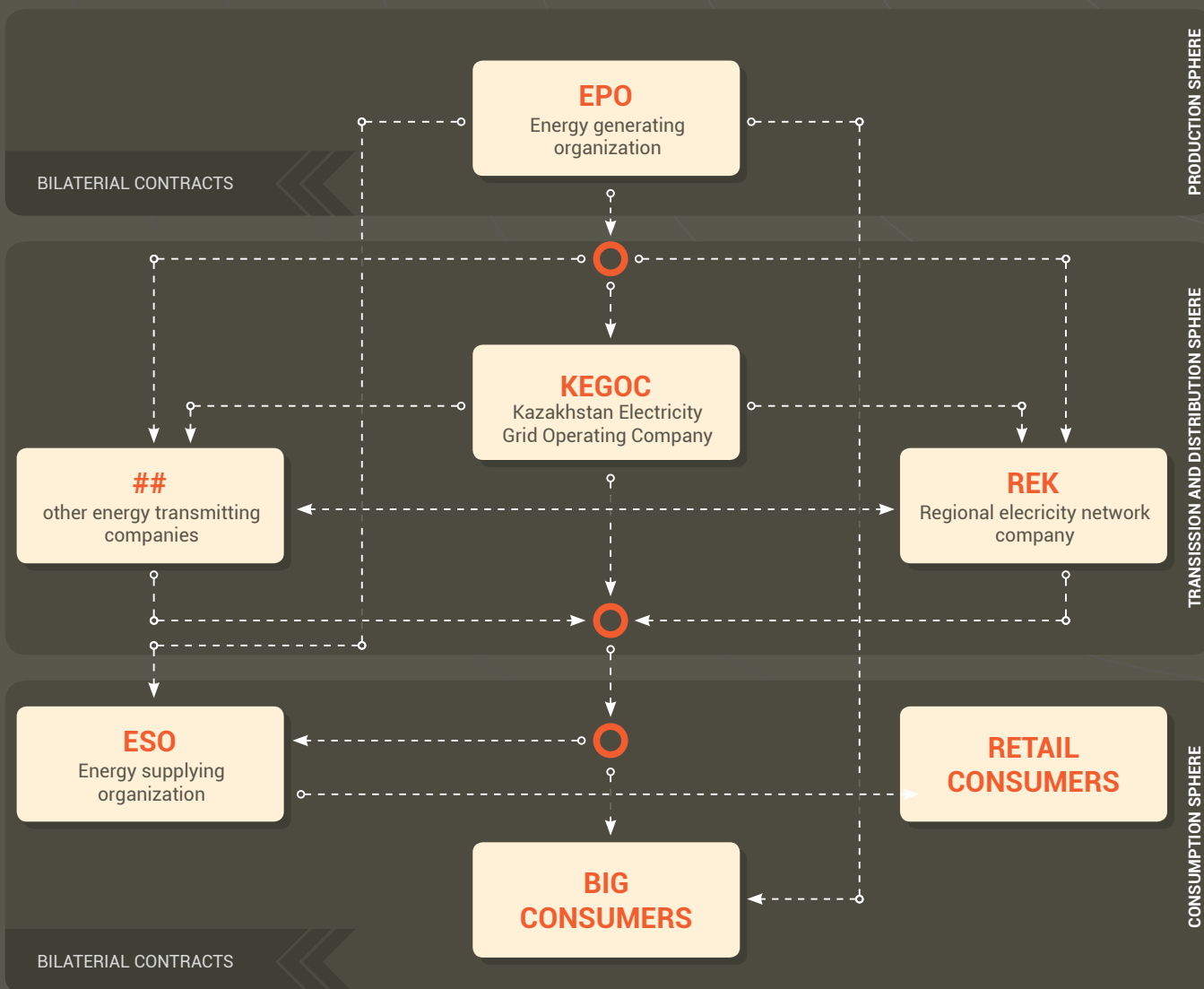
TODAY THE COMPANY IS THE BIGGEST DIVERSIFIED ENERGY HOLDING, THAT HAS BEEN SUCCESSFULLY INTEGRATED INTO A GLOBAL ENERGY BALANCE, FORMING HIGHLY EFFECTIVE SYSTEM OF ENERGY SUPPLY AND ALSO PROVIDING SUSTAINABLE DEVELOPMENT OF ALL SPHERES IN KAZAKHSTAN.



# ASSETS' STRUCTURE



# ACTING MODEL OF ELECTRIC ENERGY MARKET OF THE REPUBLIC OF KAZAKHSTAN



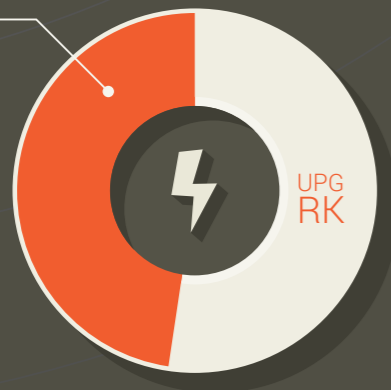
# PRODUCTION CAPACITY

Established capacity of electric power plants has equaled 9,667.2 MW, that formed 46.9% from total established capacity of UPG RK electric power plants.

Amount of electric energy produced by Samruk-Energy Group of companies in 2013 equaled 33,497 mln kWh, that sums up to 36.5% from the total electric energy production in 2013 within UPG RK.

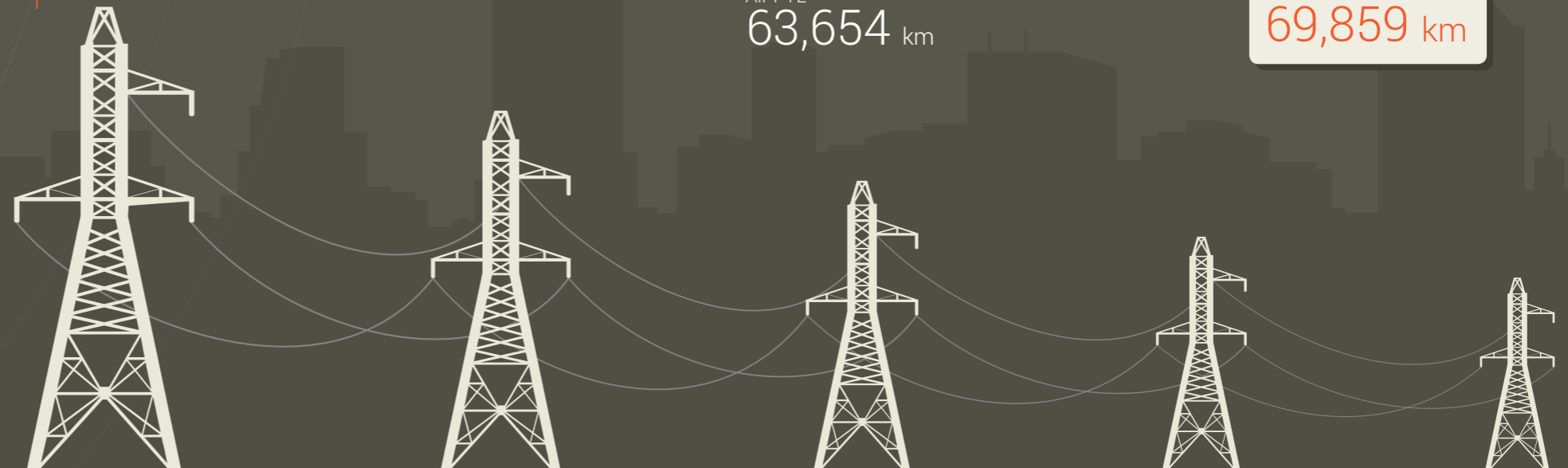
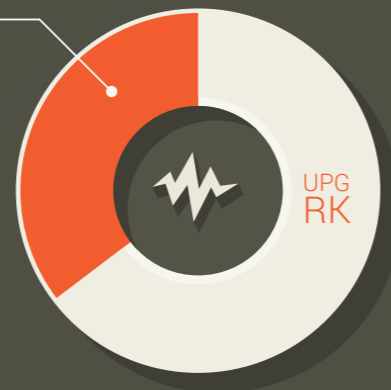
9,667.2 MW

46.9%



33,497 mln kWh

36.5%



Air PTL  
63,654 km

Total length of power transmission lines (PTLs) with voltage 0.4 – 220 kV:  
**69,859 km**

## DATA ON SUBSTATIONS:

35-220 kV

12,140 MVA

580 units



6-10/0.4 kV

3,947 MVA

13,911 units



Cable PTL  
6,205 km



Amount of electric energy produced by Samruk-Energy Group of companies in 2013 equaled 33,497 mln kWh, that sums up to

# 36.5%

from the total electric energy production in 2013 within UPG RK.

## ESTABLISHED (PRODUCTION) CAPACITY DUE TO TYPES OF ENERGY RESOURCES AND REGULATION REGIME

Title	2011	2012	2013	Measurement unit
HPP and RES	2.2	2.5	2.5	GW
SDPS*	2.230	6.230	6.230	GW
CHP*	0.930	0.916	1.327	GW
Coal sections**	42	42	42	Million tons/year

\* measurement unit is GW, taking into account Ekibastuz SDPS-1 LLP  
 \*\* mines Bogatyr (32 million tons a year) and Severniy (10 million tons a year)

## PRODUCTION (EXTRACTION) DUE TO TYPES OF ENERGY SOURCES AND REGULATION REGIME

Title	2011	2012	2013	Measurement unit
HPP and RES	7,685.3	7,607.5	7,472.8	GW/h
SDPS*	6,785.6	22,676	21,366	GW/h
CHP	4,410.1	4,642.28	5,857	GW/h
Coal sections	40.6	44.0	41.7	Million tons/year

\* taking into account Ekibastuz SDPP-1 LLP

## AMOUNT OF DOMESTIC, INDUSTRIAL, INSTITUTIONAL AND COMMERCIAL CONSUMERS (DUE TO ESO)

Title	2011	2012	2013*	Measurement unit
Domestic consumers	676,909	689,956	1,168,280	Personal account
Industrial consumers	1,881	1,948	3,273	Personal account
Budget consumers	1,318	1,218	3,506	Personal account
Other consumers (including commercial ones)	21,733	21,745	38,531	Personal account
<b>TOTAL:</b>	<b>701,841</b>	<b>714,929</b>	<b>1,213,590</b>	<b>Personal account</b>

\* taking into account SHET LLP

## COMPANY'S PRODUCTION TASKS

- Production of preplanned amount of electric and heat energy;
- Reducing power loss in power networks;
- Minimization of harmful influence on environment;
- Reducing specific consumption of fuel, optimization of equipment work regimes;
- Providing operation of energy equipment in correlation with acting legal requirements;
- Renovation, modernization and reconstruction of existing and construction of new generating facilities.

## POWER TRANSMISSION AND DISTRIBUTION LINES LENGTH\*

Type of lines	Length of lines more than 35 kV			Length of lines less than 35 kV			Measurement unit
	2011	2012	2013	2011	2012	2013	
Overhead Lines (OHL)	5,988	6,139	18,865	24,466	24,481	44,789	Km
Underground (UG)	69	111	197	3,965	4,211	6,008	Km
<b>Total length of lines</b>	<b>6,057</b>	<b>6,250</b>	<b>19,062</b>	<b>28,431</b>	<b>28,692</b>	<b>50,797</b>	<b>Km</b>

\* 2013 – taking into account VK REK JSC

# INFORMATION ABOUT SUBSIDIARY COMPANIES (SC)

## GENERATING COMPANIES



[www.ales.kz](http://www.ales.kz)

### ALMATY POWER PLANTS JSC

Almaty power plants JSC (hereinafter – **AIPP JSC**) is a legal entity founded in accordance with legislation of the Republic of Kazakhstan. **AIPP JSC** is guided by acting legislation of the Republic of Kazakhstan and Articles of Association of **AIPP JSC**.

**Location:** Republic of Kazakhstan, Almaty city.

**Samruk-Energy JSC** is the shareholder of **AIPP JSC** – 100 % of shares.

#### The followings are included in **AIPP JSC**:

- Almaty CHP-1;
- Almaty CHP-2;
- Almaty CHP-3;
- Kapshagay HPP;
- Western heat complex;
- Almaty series of hydroelectric plants;
- PRP Enegroremont;
- Fuel receiving and loading center.

Established capacity of **AIPP JSC** is 1,238.9 MW and 3,922.2 Gcal/h.  
Electric energy production at **AIPP JSC** in 2013 amounted to 5,228.4 mln kWh.  
Heat energy emission has equaled 4,959.5 thousand Gcal.

*The target markets for electric and heat energy for **AIPP JSC** is Almaty region.*

With the aim of optimization of asset management structure of **Samruk-Energy JSC** 100% of **AIPP** were submitted for direct ownership of the Company. Basis: decision of the Board of Directors of **Samruk-Energy JSC** (Minutes # 77 from September 9, 2013).



aktobetec.kz

## AKTOBE CHP JSC

**Aktobe CHP JSC** is a legal entity and carries out its activities due to acting legislation of the Republic of Kazakhstan and Articles of Association of the Company.

**Location:** Republic of Kazakhstan, Aktobe city.

**Alatau Zharyk Company JSC** is the sole shareholder of **Aktobe CHP JSC**.

**Aktobe CHP JSC provides Aktobe city with power and heat. Established capacity is:**

- heat – 1,139 Gcal/h;
- power – 88 MW.

*In 2013 the plant has generated 628.4 mln kWh of power and 1,753.5 thousand of heat energy.*



btes.kz

## BALKHASH TPP JSC

Joint Stock Company Balkhash Thermal power plant (hereinafter referred to as – **Balkhash TPP JSC**) is a legal entity due to legislation of the Republic of Kazakhstan and carries out its activity in accordance with acting legal acts of the Republic of Kazakhstan and also Articles of Association and internal documents of **Balkhash TPP JSC**.

**Location:** Republic of Kazakhstan, Almaty region, Zhambyl district, Ulken settlement.

In February 2012 with the aim of attracting of investments for construction of Balkhash TPP 75%-1 share of **Balkhash TPP JSC** was sold to SAMSUNG Company (South Korea).

**Shareholders of Balkhash TPP JSC are:**

1. Samruk-Energy JSC – 25% plus one share;
2. SAMSUNG company (South Korea) – 75 % minus one share.

*A two-block module with capacity of 1,320 MW is being constructed with the aim of covering the power deficit in RK by the means of generating 10.5 billion kWh a year. Terms of implementation: 2010-2018.*





[gres1-ekibastuz.kz](http://gres1-ekibastuz.kz)

### **EKIBASTUZ SDPS-1 NAMED AFTER BULAT NURZHANOV LLP**

Limited liability partnership **Ekibastuz SDPS-1 named after Bulat Nurzhanov** is a legal entity that has been founded and acts in accordance with legislation of the Republic of Kazakhstan.

**Location:** Republic of Kazakhstan, Pavlodar region, Ekibastuz city.

**The participants of Ekibastuz SDPP-1 are:**

1. Samruk-Energy JSC – 50% of share in authorized capital;
2. Ekibastuz Holdings B.V. LLP – 50 % of share in authorized capital.

*The established capacity of plant is 4,000 MW (8 blocks 500 MW each).*

During 2013 the total amount of generated power by **Ekibastuz SDPS-1** was 13,491 mln kWh. Power sale markets in Kazakhstan: Northern and Southern zones.

**Ekibastuz SDPS-1** along with power supply to Kazakhstani consumers, provides supplies into Russian energy system in the framework of contract concluded between the plant and **Inter RAO UES Open Joint Stock Company** and in 2013 the amount of power supplies to Russia reached 2,408 mln kWh.



[gres2.kz](http://gres2.kz)

### **EKIBASTUZ PLANT SDPS-2 JSC**

**Ekibastuz Plant SDPS-2 JSC** is a legal entity founded in accordance with legislation of the Republic of Kazakhstan. In its activities it is guided by acting legislation of the Republic of Kazakhstan and Articles of Association of **Ekibastuz Plant SDPS-2 JSC**.

**Location:** Republic of Kazakhstan, Pavlodar region, Solnechniy settlement.

**The shareholders of Ekibastuz Plant SDPS-2 JSC are:**

1. Inter RAO JSC (Russia) – 50% of shares;
2. Samruk-Energy JSC – 50% of shares.

*Established power capacity of plant is 1,000 MW.*

*Power generation in 2013 has amounted to 6,280.13 mln kWh.*

**Power selling markets:** Northern and Southern zones.



zhgres.kz

## ZHAMBYL SDPS-1 NAMED T.I.BATUROV JSC

**Zhambyl SDPS-1 named after T. I. Baturov** joint stock company (hereinafter referred to as – **ZhSDPS JSC**) is a legal entity founded and acting in accordance with legislation of the Republic of Kazakhstan.

**Location:** Republic of Kazakhstan, Zhambyl region, Taraz city.

**The shareholders of ZhSDPS JSC are:**

1. Samruk-Energy JSC – 50 % of shares;
2. Tarazenergo-2005 LLP – 50 % of shares.

*Main type of activity: generation of electric power.*

*Established capacity: 1,230 MW (3x200 MW + 3x210 MW).*

**Power selling markets:** Southern region of Kazakhstan.

Generation of power at **Zhambyl SDPS** in the Southern zone of Kazakhstan in 2013 amounted to 1,594.6 mln kWh.

## KMG-ENERGY JSC

In the framework of implementation of the Plan on restructuring non-profile assets and objects (№73 from May 20, 2013) **KMG-Energy JSC** was liquidated on October 24, 2013.

Executive order of the Ministry of Justice of the Republic of Kazakhstan **On registration of shutdown of KMG-Energy JSC # 2649** from October 24, 2013.

## HYDRO POWER PLANTS AND RENEWABLE SOURCES OF ENERGY

### GENERAL FOR HPPS

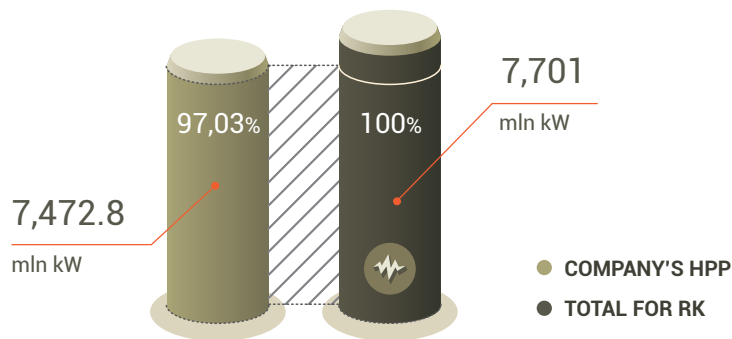
ESTABLISHED CAPACITY OF HPPS AMOUNTED TO:

Shardarinsk HPP JSC – 100 MW;  
 Moynak HPP JSC – 300 MW;  
 SPP Kapshagay – 2 MW;  
 Bukhtarma HPP – 675 MW;  
 Shulbinskaya HPP – 702 MW;  
 Ust-Kamenogorsk HPP – 331.2 MW;  
 Almaty series of HPP – 46.9 MW;  
 Kapshagay HPP – 364 MW.



[www.aes-group.kz/84](http://www.aes-group.kz/84)

The biggest shareholder of Shulbinskaya HPP JSC is Samruk-Energy JSC – 92.14% of shares. In 2013 generation of power amounted to 1,683 mln kWh.



### SHULBINSKAYA HPP JSC

Shulbinskaya HPP is situated in the middle course of river Irtysh, 70 km upwards from Semey city.

The construction of hydro power plant was started in 1976, the first hydroelectric generator was launched for industrial operation on December 23, 1987 and the last of the six generators was launched on December 19, 1994.

Hydraulic performance of hydroelectric complex is estimated to admit during normal headwater level 240 meters of maximum flood with possibility of exceeding 1% – 7,700 m<sup>3</sup>/second, during maximum headwater level 243 meters with 0.01% provision – 8,770 m<sup>3</sup>/second.

Shulbinskaya HPP consists of:

- HPP building;
- Ground dam;
- Shipping lock;
- Water reservoir;
- Conjugation structures;
- Open distribution device 220 kV.



[moynak.kz](http://moynak.kz)

### MOYNAK HPP JSC

**Moynak HPP** is situated on the river Charyn in Almaty region and has capacity of 300 MW. Moynak HPP is the fifth by size and capacity hydro power plant in Kazakhstan and is no.1 generating power facility of the country that was enacted during the years of independence of the Republic of Kazakhstan.

**Moynak HPP JSC** has been commissioned in December 2012. The biggest shareholder of Moynak HPP JSC is **Samruk-Energy JSC** – 51 % of shares.

**Moynak HPP** is one of the three HPPs among CIS countries that has level difference about 500 meters, and tunnel diameter – up to 5.5 meters.

Power generation in 2013 has amounted to 899.3 mln kWh.



[bges.kz](http://bges.kz)

### BUKHTARMA HPP JSC

**Bukhtarma HPP JSC** has been founded by decree of East-Kazakhstan territorial committee on state property management from December 19, 1996 № 1053 **On establishing Bukhtarma HPP JSC**, removed from the structure of reorganized **Altayenergy JSC**.

In accordance with Decree of the Government of the Republic of Kazakhstan from October 24, 2006 № 1020 On transferring state holding of shares of some joint stock companies to authorized capital stock of Kazakhstan holding of state assets management Samruk joint stock company, on December 28, 2006 the state holding of shares of **Bukhtarma HPP JSC** was transferred for payment to authorized stock capital of **Samruk Holding JSC**. On January 4, 2008 **Samruk-Energy JSC** has become the owner of the package of shares of **Bukhtarma HPP JSC**.

Bukhtarma HPP is situated 15 km lower than mouth of Bukhtarma River, 350 km away from the source of the river Irtysh. Backwater created by BHPP dam covers the natural levels of the lake Zaysan for 5-6 meters, thus forming a water reservoir with volume of 49.6 bln cubic meters. The surface area is 5,490 sq. meters.

*The biggest shareholder of Bukhtarma HPP JSC is Samruk-Energy JSC – 90 % of shares. Power generation for 2013 has amounted to 2,006.9 mln kWh.*



aes-group.kz

### UST-KAMENOGORSK HPP JSC

Nowadays **Ust-Kamenogorsk HPP** that is situated in the north-eastern suburub of Ust-Kamenogorsk has four turbines (82.8 MW each) with established capacity of 331.2 MW.

#### The composition of HPP constructions:

- Concrete water drainage dam with length of 92 meters by coping, and has four drain trunks;
- Dumb concrete dams with length of 300 meters;
- Appurtenance HPP building with length of 129 meters;
- One-chambered shipping lock.

*The biggest shareholder of Ust-Kamenogorsk HPP JSC is Samruk-Energy JSC – 89.9 % of shares.*

Established capacity of the plant id 331.2 MW, but because closure dam was not fully removed and it changed calculated level of the downstream approximately for 1.5 meters the supposed capacity is 315 MW.

*In 2013 generation of power amounted to 1,220 mln kWh.*

### SHARDARINSK HPP JSC

**Shardarinsk HPP** is situated in the middle course of Syrdarya river and trailing HPP of Naryn-Syrdarya series of electric plants.

Power site of **Shardarinsk HPP** is situated at Zhaushikum elevation where the streamside lowering gets narrow by 5 km Shardarinskiy hydroelectric complex with seasonally regulated water reservoir was designed and built as a complex, and one of its functions is irrigation of precious agricultural lands situated nearby middle and lower stream of the river.

Construction of Shardarinskiya hydroelectric complex made it possible to relieve the HPP of the upstream series of electric plants from irrigational functions, providing their work in power generating regime.

*The sole shareholder of Shardarinsk HPP JSC is Samruk-Energy JSC – 100 % of shares.*

*In 2013 generation of power amounted to 464.1 mln kWh (2012 – 569.3 mln kWh).*



sharges.kz



*samruk-green.kz*

### **SOLAR POWER PLANT WITH 2 MW CAPACITY IN KAPSHAGAY CITY**

In 2013 **Samruk-Energy JSC** has finalized implementation of the project of the first industrial solar power plant with capacity of 2 MW in Kapshagay city. The main aims of SPP construction with 2 MW capacity are increasing the share of using renewable energy sources and lowering the level of using hydrocarbon energy sources for electric power generation.

Electric power generation at SPP is carried out by the means of 7,995 solar panels, out of them 70% are placed on fixed structures and 30% - on tracking structures (trackers). 178 invertors are used at SPP for transformation of direct current generated by solar panels into alternating current. The planned annual volume of generated power is 3,600 thousand kWhs.

In 2014 it is planned that SPP with 2 MW capacity in Kapshagay city will be transferred to authorized capital of Samruk-Green Energy LLP for the further operation and maintenance of SPP.

### **SAMRUK-GREEN ENERGY LLP**

**Samruk-Green Energy LLP** was founded on January 25, 2012 for implementation of projects in the sphere of renewable energy sources and is a dynamically developing enterprise, acting in this sphere.

The sole participant of **Samruk-Green Energy LLP** is **Samruk-Energy JSC** – 100 % of participation share.

**The main activity direction of Samruk Green Energy LLP is attaining the following strategic aims:**

- Designing and construction of facilities on using renewable energy sources, independent technical devices and facilities interrelated with them for generation of electric and/or heat power with utilization of renewable energy sources;
- Generation and realization of electric and heat power using renewable energy sources;
- Providing operability (exploitation) of systems for transmission of electric power, generated using renewable energy sources, from generation site to distribution networks;
- Organizing and providing consulting services, participation in scientific research and design works in the sphere of renewable energy sources.



*samruk-green.kz*




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*energy7.kz*

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### **ENERGIYA SEMIRECHYA LLP**

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**Energiya Semirechya LLP** is a joint venture that was founded for executing activities in the sphere of construction of wind farm (hereinafter referred to as – WPP) with capacity of 60 MW with the prospect of expansion to 300 MW in Shelek corridor of Enbekshikazakh district of Almaty region.

**The participants of Energiya Semirechya LLP are:**

1. Samruk-Green Energy LLP – 51%;
2. National Company Social-entrepreneur corporation Zhetisu JSC – 49%.




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*pves.kz*

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### **THE FIRST WIND POWER STATION LLP**

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**The first wind power station LLP** was founded on June 27, 2011.

**The first wind power station LLP** is a dynamically developing enterprise acting in the sphere of energy generation with utilization of renewable energy sources. It was founded for implementation of projects in the sphere of renewable energy sources, namely construction of wind farms.

**The first wind power station LLP** is directly implementing the project on construction of WPP in Ereymentau town with capacity of 45 MW (stage 1).

**The participants of The first wind power station LLP are:**

1. Samruk-Green Energy LLP – 99,9%;
2. Nusupov Daniyar Kanatovich – 0,1%.



bogatyr.kz

## MINING AND SERVICE COMPANIES

### BOGATYR KOMIR LLP

**Bogatyr Komir** is the biggest coal mining enterprise in Kazakhstan: the company's share from the total coal mining in the country is 37% (due to operative information of MINT RK).

The Sole Participant of **Bogatyr Komir LLP** is Forum Muider B.V., a joint venture of the Company with UC RUSAL with equal shares of ownership 50% / 50%, registered in the Netherlands and is the holding company.

At present time the project capacity of **Bogatyr Komir** strip mine is 42 million ton of coal a year (Bogatyr strip mine – 32 million tons, Severniy strip mine – 10 million tons).

*The amount of the coal produced in 2013 amounted to 41.7 million tons.*

**Bogatyr Komir** supplies coal due to market conditions for generating facilities of the Group and third parties situated both in Kazakhstan and in Russia. Coal strip mines of **Bogatyr Komir** are situated 35 km away from **Ekibastuz SDPP-1** and 53 km away from **Ekibastuz SDPP-2** (distance by railway) that allows minimizing costs for coal transportation for the Group. Most coal power stations in Kazakhstan use the coal grade produced by **Bogatyr Komir**.

### TEGIS MUNAY LLP

The main type of **Tegis Munay LLP** activity is organizing of geological exploration.

In accordance with decision of the Board of Directors of **Samruk-Energy JSC** from December 22, 2011 and according to Sale contract of participation shares from 30.10.2012 the Company has acquired 100% of the shares of participation in authorized stock capital of Tegis Munay LLP that also included 100% of participation share in the authorized stock capital of **MANGYSHLAK-MUNAY LLP**.

*MANGYSHLAK-MUNAY LLP owns all the rights for development of Pridorozhnoe gas deposit.*







azhk.kz

## DISTRIBUTION AND SALES COMPANIES

### ALATAU ZHARYK COMPANY JSC

**Alatau Zharyk Company JSC** is one of the large regional electricity network companies in the south of republic that specializes in transmission of electric power for population, industrial and agricultural enterprises in the zone of its activity – Almaty city and Almaty region. Radius of **AZC JSC** territorially extends from Balkhash lakeshore till border with China.

The sole shareholder of **Alatau Zharyk Company JSC** is **Samruk-Energy JSC**.

The balance property of **AZK JSC** includes electricity networks of the following voltage classes: 220-110-35-10-6-0.4 kV.

**On its balance AZC JSC has lines of electricity transmission with total length 34,577 km, including:**

- Overhead transmission lines with voltage of 220 kV and length of 432.4 km; 110 kV lines with the total length of 2,733 km;
- 220 kV cable lines – 37.2 km; 110 kV – 101.12 km;
- Electricity networks with voltage of 35 kV and length of 2,887 km;
- Overhead and cable lines with voltage of 6-10 kV and total length of 12,544.5 km;
- Electricity transmission lines with voltage of 0.4 kV and total length of 10,716 km;
- The amount of sub-stations with voltage of 35-220 kV – 211 units with cumulative transformer power of 6,762 MVA;
- The amount of transformer sub-stations with voltage of 6-10/0.4 kV is 6,988 units with cumulative 2,343 MVA.

In total during the period since 2007 till 2013 there were drawn 80 billion tenge of investments and in Almaty city 40% of sub-stations with voltage over 35 kV were renovated.

*In December 2013 the construction of 220 kV ring around Almaty city was finished. The volume of electric energy transmission in 2013 was 5,818.4 mln kWh.*



esalmaty.kz

## ALMATYENERGOSBYT LLP

**AlmatyEnergoSbyt** limited liability partnership was founded in June 2006 as an energy providing company in accordance with the Law on electric power industry.

The sole participant of **AlmatyEnergoSbyt** is **Samruk-Energy JSC** – 100% of participation share.

**AES LLP** is the biggest supplier of power on the territory of Kazakhstan that provides more than 2.6 million people and 24 thousand enterprises of Almaty city and Almaty region with electric power. The main task of Partnership is reliable and stable providing consumers of Almaty city and eight administrative districts of Almaty region with power.

**AES LLP being an entity of wholesale and retail markets of electric power carries out the following functions:**

- Purchase of power from energy generating organizations and selling it to final retail consumers;
- Executes operative orders of Regional network company on conducting regimes of supply and consume;
- Concludes contracts on supplying power to consumers;
- Pays the services of system operator, REK, EPO on electricity transmission;
- Controls compliance of final consumers to conditions of payment for obtained power, regimes of power consumption that were defined by concluded contracts.

*One of the main activity directions of AlmatyEnergoSbyt is improvement of service quality provided to power consumers.*

*The volume of realized electric energy in 2013 was 5,556.3 kWh.*

## SAMRUK-ENERGY STROYSERVIS LLP

**Samruk-Energy StroyServis LLP** was founded with the aim of providing construction services and services on designing, production, assembly and repair of electric energy equipment. In the framework of Plan on restructuring non-profile assets and objects (**№73 from May 20, 2013**) in December 2013 there was concluded a contract of sale of 100% of participation share in authorized stock capital of **Samruk-Energy StroyServis LLP**.



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ekrec.kz

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## **EAST-KAZAKHSTAN REGIONAL ENERGY COMPANY JSC**

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East-Kazakhstan regional energy company Joint Stock Company is one of the biggest regional distribution companies of Kazakhstan and is an entity of natural monopoly of East-Kazakhstan region.

In 2012 the company has been transferred to trusted management of energy holding **Samruk-Energy JSC**. In March 2013 the package of shares of **East-Kazakhstan regional energy company JSC** has been transferred to the possession of **Samruk-Energy JSC**.

The main type of activity of **East-Kazakhstan regional energy company JSC** is transmission and distribution of electric power. The area under service is – 283,300 square kilometers.

*Total length of company's networks is 34,537 km.*

### **Company includes:**

- Overhead lines of electricity transmission with voltage of 220 kV and length of 143.8 km; 110 kV – 4,776.7 km; 35 kV – 4,320.77 km; 6-10 kV – 12,884.3 km; 0.4 kV – 10,693.27 km;
- Cable lines of transmission with voltage of 10-6-0.4 kV -1,718.57 km;
- 312 sub-stations with voltage of 35 kV and higher with established capacity of 3,412.8 MVA;
- 6,495 transformer sub-stations with voltage of 6-10/0.4 kV, with established capacity of 1,536.2 MVA.
- Zaysan HPP – with established capacity of 2 MW (seasonal regime of work).

*The volume of electric energy transmission in 2013 was – 3,443 million kWh.*



shygys.kz

### SHYGYSENERGYTRADE LLP

**Shygysenergytrade LLP** was founded in 2004 as a subsidiary of **East-Kazakhstan regional energy company JSC**.

**ShET LLP** is an energy providing company that carries out sales of purchased electric energy to 480 thousand consumers of East Kazakhstan.

The share of **ShET LLP** on the East-Kazakhstan region market on realization of electric energy (providing electricity) is 43%. The consumers of **ShET LLP** in East-Kazakhstan region are connected to networks of **EK REK JSC**, **Kazzinc JSC** and other energy transmission organizations. Total number of ETO is 15 companies.

*The average price of power sold in 2013 was 9,422 tenge per kWh.  
The volume of realization for entire year was 2,577 mln kWh.*



mrek.kz

### MANGISTAU DISTRIBUTION POWER GRID COMPANY JSC

**Mangistau Distribution power grid company JSC** (further, MREC JSC) is an entity of natural monopoly and provides services of transmission and distribution of electric power to consumers of Mangistau region of the Republic of Kazakhstan, except for Aktau city. **Mangistau Distribution power grid company JSC** dominates in the market of providing services of transmission and distribution of electric power in Mangistau region.

The biggest shareholder of **Mangistau Distribution power grid company JSC** is **Samruk-Energy JSC** – 75 % + 1 share.

90% of power transported via networks of **Mangistau Distribution power grid company JSC** is consumed by oil producing companies of Mangistau region (**Mangistaumunaygaz JSC**, **NC KazMunayGaz JSC**, **Karazhanbasmunay JSC** and others).

#### Company includes:

- Overhead lines of electricity transmission with voltage of 220 kV and length of 665.1 km; 110 kV – 2,316.4 km; 35 kV – 948.7 km; 6-10 kV – 1,638 km; 0.4 kV – 601.8 km;
- 57 electricity sub-stations with voltage of 35 kV and higher with established power of 1,956.4 MVA;
- 428 transformer sub-stations with voltage of 6-10 kV and established power of 67.2 MVA.

*The volume of electric energy transmission in 2013 was 2,598 mln kWh.*

## INNOVATIVE ACTIVITIES OF THE COMPANY

“ *There is a tendency, in the world, to decrease cost of power from RES and simultaneously increase cost of power produced by traditional sources taking into account constantly growing prices for fuel.* ”

### INNOVATIVE ACTIVITIES IN RES AREA

**IN A WHOLE, FOR EFFICIENT IMPLEMENTATION OF THE RENEWABLE ENERGY SOURCES (RES) POTENTIAL THE FOLLOWING IS NECESSARY:**

- Improvement of legislation on support of RES;
- Establishment of Competent Body for purpose of determination of need in RES;
- Establishment of Kazakhstan Intellectual Power System (further KIPS).

**ESTABLISHMENT OF HIGHLY EFFICIENT AND TECHNOLOGIC INTELLECTUAL POWER PLANT WILL ALLOW INCREASING OF QUALITY OF POPULATION LIFE, HAVE BENEFITS**

**FROM ADVANTAGES AVAILABLE AND MEET ALL GLOBAL CHALLENGES:**

- Energy safety and reserving;
- Use of transit and exporting potential;
- Use of RES potential (wind power station, solar power plant, mini-hydro power plants, etc);
- Full cover of Republic of Kazakhstan territory – a solution of a problem of remoteness of fuel and power resources (further FPR) and generating sources from industry and population;
- Optimization of energy structure taking into account of FRP reserves available;
- Ecological compatibility of energy,

energy efficiency, energy saving;

- Innovation and scientific development;
- Increase of added value of Kazakhstan economy;
- Increase of role of the state in energy industry.

Establishment of KIPS will allow being integrated into the global Super Grid system of Europe, Russia and China, initiated by the World Energy Council (further WEC).

*There is a tendency, in the world, to decrease cost of power from RES and simultaneously increase cost of power produced by traditional sources taking into account constantly growing prices for fuel. There is a necessity to implement measures to reduce load onto ecology.*

In 2013 the Company has implemented a project in RES area – Construction of Kapshagay solar power plant of 2 MW capacity.

Presently the Company implements a project – Construction of Ereymentau wind power plant of 45 MW capacity (1<sup>st</sup> priority).

**IN A MEDIUM-TERM PLAN SAMRUK-ENERGY GROUP OF COMPANIES PLANS TO IMPLEMENT THE FOLLOWING PROJECTS IN THE GREEN ENERGY AREA:**

- Construction of wind power plant (WPP) in Shelek corridor of 60 MW capacity with a prospect of expanding up to 300 MW, employment during operation – 12 persons, production of more than 180 mln kWh of energy per year;
- Use of straw in a process of production of power. Electrical power – 5-10 MW;
- Construction of WPP of the 2nd priority around Ereymentau city of 50 MW. Production of more than 150 mln

kWh of energy per year, employment during construction – 60 people; during operation – 8 people;

- Construction of compensating Kerbulak Hydro Power Plant of 33 MW capacity. Production of power in amount of 245 mln kWh per year. Employment during construction – 550 people, during operation – 64 people.

## INNOVATIVE ACTIVITIES IN AREA OF COAL AND GAS GENERATION

Within the framework of development of coal generation it is provided for application of the following clean coal technologies, that allow increasing of Efficiency Factor of power plant, reduce fuel consumption and specific emission of greenhouse gases (carbon dioxide) and harmful substances (ash, nitrogen oxides and sulfur):

1. Increase of steam parameter in steam-power cycle, boilers with circulating boiling layer and other;
2. Application of cogeneration – a combined generation of power and heat by means of construction of modern TPP (Thermal Power Plant) in locations, where proper heat loads exist;
3. Implementation of modern methods of ash collecting and methods to decrease nitrogen oxides and sulfur emission levels;
4. Utilization of bottom ash – usage in construction and road industry.

*In gas generation area it is provided for application of gas-vapor cycle, which characterized by high efficiency factor and low level of emissions of carbon dioxide and harmful substances.*

In area of coal generation the Company executes and plans to implement the following projects:

- Construction of the 3rd power block at Ekibastuz SDPS-2 of 636 MW capacity with higher parameter of vapor – temperature is 566°C and pressure of 24 MPa. Terms of implementation – Years 2010-2017. In Year 2013 a positive conclusion was issued by Gosexpertiza RSE (Republican State Enterprise) as to the Project's design estimate documentation, so boiler's metal structures and manufacturing of basic boiler and turbine equipment have been started, the following work was finished: arrangement of in-site and out-site water lines and sewage lines towards construction objects, dining room for 100 seats, concrete-mud room, hot-cold warehouse, customs warehouse, in-site railways.
- Construction of Balkhash TPP of 1,320 MW capacity with higher parameter of vapor and modern system of ash collecting and desulfurization. Terms of implementation – Years 2010-2018. In Year 2013 the design estimate documentation of the project was sent to Gosexpertiza RSE for approval.
- Set-up of electric precipitators at Ekibastuz SDPS-1. In 2013 electric precipitators at power blocks # 3 and #7 at Ekibastuz SDPS-1 have been put into operation. Thus, all 6 operating power blocks of SDPP-1 are equipped with highly efficient modern electric precipitators.

*Planned and long-range projects are – construction of modern CHPs in Semey and Kokshetau cities with combined generation of heat and power energy. With regard to construction of CHP-3 in Semey the development of Feasibility Study is finishing.*

**In area of gas generation the following projects are being implemented:**

- Reconstruction and expansion of Almaty CHP-1 of AIPP JSC with transfer to a gas and set-up of GTU

(gas-turbine unit) and waste heat recovery boiler. Terms of the project implementation – Years 2011-2016.

- Construction of GTPP (Gas Turbine Power Plant) on basis of Pridorozhnoye gas field. The project suggests development of gas field and production of gas in order to provide a power plant of 175.6 MW capacity planned for construction, with fuel. Terms of the project implementation – Years 2011-2019.

CONSTRUCTION OF THE 3RD POWER BLOCK AT EKIBASTUZ SDPS-2 OF

636

MW

**INNOVATIVE ACTIVITIES IN AREA OF TRANSFER, DISTRIBUTION AND SALE OF POWER**

Within the framework of implementation of power supply projects for Asian games and Metropolitan and Park of Information Technologies Special Economic Zone in Almaty in 2011-2013 the AZC JSC put substations – Ermensay, Medeu, Shymbulak, KazGU, Alatau, Otrar, Toplivnaya, Novaya # 16 into operation. The substations were equipped with the advanced GIS technologies, microprocessor units of protection made by companies of international level – ABB, Siemens, etc. As well as, in the first time in Kazakhstan the AZC JSC started applying of composite conductors on the 110 kV lines.

For accurate recording and operative control of power consumed and transferred and in order to ensure access to data received to make calculations the MREC JSC has executed project on

implementation of Automatic system for commercial accounting of power consumption (ASCAPC).

All together, these measures contribute into stage-by-stage implementation of highly integrated, intellectual system-forming and distribution mains of new generation (Smart Grid), dynamic controlling of power networks, increase of safety and cost saving.





— 05 —

*Management and Board of Directors of Samruk-Energy JSC make significant efforts to increase economic efficiency of the Samruk-Energy Group of Companies.*

## 05. RESULTS OF FINANCIAL AND OPERATING ACTIVITIES



### **MANAGEMENT AND BOARD OF DIRECTORS OF SAMRUK-ENERGY JSC MAKE SIGNIFICANT EFFORTS TO INCREASE ECONOMIC EFFICIENCY OF THE SAMRUK-ENERGY GROUP OF COMPANIES.**

Consolidated financial indices of the Company for 2013 have significantly exceeded results, received in 2012. Positive growth of indices is caused by including of new assets (Shygysenergytrade LLP, EK REC JSC and Ekibastuz SDPS-1 LLP).

Besides, the income on number of companies has increased, including: EGRES-1 JSC, AZC JSC, EK REC JSC, VGES JSC, AIPP JSC, MREC JSC.

**OPERATING AND FINANCIAL ACTIVITY INDICES**

#	Index, mln tenge	2011	2012	2013 (plan)	2013	Variation %
1	Income from sales of products and services rendered	85,550	94,558	140,540	135,844	97%
2	Self-cost of sales of products and services rendered	68,824	77,064	113,840	104,944	92%
3	Gross profit (Gross operating profit=1-2)	16,726	17,494	26,699	30,900	116%
4	Financial receipts Other incomes	843	1,702	1,986	3,294	166%
5	Other incomes	1,402	6,577	2,593	3,799	146%
6	Sales of products and services rendered costs	113	153	355	105	30%
7	General and administrative costs	6,405	6,770	11,046	10,718	97%
8	Financial expenses	5,148	5,300	9,084	8,377	92%
10	Other expenses from non-core activities	184	4,632	658	1,314	200%
11	Profit share/share in the loss of organizations, considered by equity method	10,025	13,177	33,923	30,106	89%
12	Profit (loss) from ceasing of activities	-	60	96	-92	-95%
13	Corporate income tax expenditures	2,219	3,522	2,604	5,618	216%
14	Minority interest	132	-126	722	1,023	142%
<b>Total income</b>		<b>14,794</b>	<b>18,758</b>	<b>40,828</b>	<b>40,853</b>	<b>100%</b>

**COST OF SALES**

#	Index, thous tenge	2011	2012	2013
1	Raw materials and supplies	32,767,261	37,941,308	47,436,058
2	Processing and other services	13,729,569	13,035,345	18,438,008
3	Personnel compensation	13,076,988	13,705,988	19,749,249
5	Depreciation and amortization of equivalents	6,607,741	8,145,973	11,798,309
6	Taxes, except for income tax	876,681	1,741,657	2,600,681
7	Others	1,765,421	2,493,936	4,642,477
<b>TOTAL:</b>		<b>68,823,661</b>	<b>77,064,207</b>	<b>104,664,782</b>

*Basic growth of actual expenses for 2013 versus 2012 occurred, basically, due to including into consolidation in 2013 of new subsidiaries (Shygysenergytrade LLP, EK REC JSC).*

**DISTRIBUTION COSTS**

#	Index, thous tenge	2011	2012	2013
1	Labor remuneration and social transfer costs to the personnel related to sales process	32,675	47,228	83,509
2	Taxes and other mandatory payments to the budget	3,161	4,682	-
3	Other work and services related to sales	71,860	95,884	17,642
4	Business trip expenses	597	577	2,405
5	Other expenses on sales	4,441	4,809	1,391
<b>TOTAL:</b>		<b>112,733</b>	<b>153,180</b>	<b>104,947</b>

*Growth of distribution costs is explained by increase of power production volumes. Increase of labor remuneration and social transfer costs, connected with sales process, took place on account of annual indexation and because of changing of MREC JSC's organizational structure.*

**ADMINISTRATIVE EXPENSES**

#	Index, thous tenge	2011	2012	2013
1	Personnel labor remuneration	2,616,851	3,278,887	5,048,235
2	Taxes, except for income tax	849,007	458,537	365,221
3	Consultation, auditing and information services	681,312	677,397	1,045,642
4	Depreciation and amortization	258,949	383,599	392,878
5	Rent	291,311	284,158	511,232
6	Raw materials and supplies	112,585	144,167	162,716
7	Business trip expenses	156,848	153,404	261,347
10	Maintenance and repair	89,687	61,286	113,171
11	Bank commissions	120,590	128,852	154,996
12	Communication services	85,545	84,798	133,855
13	Other	1,142,653	1,115,181	2,102,116

Growth of administrative expenses for 2013 versus 2012 took place because of, basically, including into consolidation of new subsidiaries (Shygysenergytrade LLP, EK REC JSC) in 2013.

**Increase of labor remuneration took place due to annual indexation.**

**BASIC PART OF TAXES CONSISTS OF PROPERTY TAX.**

Decrease of taxes from 2012 occurred because the property tax was charged to self-cost item on AZC JSC. During 2011 property tax was included into self-cost item, whereas from 2012 the tax has been split to the self-cost and administrative expenses.

Change of depreciation and amortization – due to purchase of fixed assets and intangible assets.

**TOTAL:**

YEAR 2011

6,405,338

thous tenge

YEAR 2012

6,770,266

thous tenge

YEAR 2013

10,291,409

thous tenge

**FINANCIAL COSTS**

#	Index, thous tenge	2011	2012	2013
1	Loan fees expenses	2,501,074	1,780,912	5,868,598
2	Loss due to exchange difference minus income	0	173,839	969,936
3	Dividends on preferential shares of subsidiaries	134,724	155,493	118,393
4	Cancellation of discount on current value:	-	-	-
4.1	loans and financial assistance from shareholders	1,823,635	2,445,508	1,685,634
4.2	bill for payment	30,053	36,590	37,362
4.3	employees' benefits obligations	37,626	47,145	46,315
4.4	reserve to restore ash dumps	29,722	27,508	27,140
4.5	loans from consumers	642,179	585,139	523,848
4.6	bonds issued	44,623	40,163	41,518
5	Other	121,876	7,815	0

*Growth of labor compensation expenses in 2013 took place due to attraction of euro-bonds in December 2012.*

*Increase of the loss due to currency difference has occurred due to decrease of currency difference in 2012 and 2013.*

**TOTAL:**

YEAR 2011

5,365,<sup>512</sup>

thous tenge

YEAR 2012

5,300,<sup>112</sup>

thous tenge

YEAR 2013

9,291,<sup>744</sup>

thous tenge

*Income growth from financing in 2013 in whole occurred due to incomes received on account of fee earnings from deposits, opened by the Company at the 2012 year-end after receipt of funds from issuing of euro-bonds.*

*Forex gain in 2011, 2012, and 2013 was not received due to decrease of exchange difference.*

PRODUCTS SALES AND  
SERVICES RENDERING  
INCOMES INCREASED BY:

**144%**

and made  
135,844 mln tenge  
versus the last year results

## FINANCIAL INCOMES

#	Index, thous tenge	2011	2012	2013
1	Interest yield on bank deposits	834,012	1,698,368	3,106,257
2	Revision of loan redemption schedule from shareholder	0	0	0
3	Forex gain, net	0	0	0
4	Other	318	3,298	187,838
<b>TOTAL:</b>		<b>834,330</b>	<b>1,701,666</b>	<b>3,294,095</b>

## REVENUE STRUCTURE

**DECREASE OF INCOMES BY 4,696 MLN TENGE VERSUS PLANNED INDICES OCCURRED AT THE FOLLOWING SC (SUBSIDIARY COMPANIES):**

1. At **AlmatyEnergoSbyt LLP** – by **2,309 mln tenge** due to reducing of power consumption volume by consumers of Almaty city and Almaty region versus the planned 2% and decrease of average supply rate versus the planned by **0.09 tenge/kWh** (plan **13.54 tenge/kWh**, actual **13.45 tenge/kWh**) due to reduce of rate by transmission company.

2. At **AIPP JSC** – by **2,614 mln tenge** due to the following reasons:

- reducing of power generation because of reduction of inflowing water at Kapshagay dam lake and at Big Almaty Lake;
- Decrease of heat energy generation due to reduction of heating load in warm weather in the 4th Quarter versus the forecast.

**REVENUE STRUCTURE**

#	Index, mln tenge	2011	2012	2013 (plan)	2013	Variation %
1	Samruk-Energy JSC	-	-	-	9,094	-
2	Green Energy LLP	-	-	82	0	0%
3	Bukhtarma HPP JSC	1,476	1,495	1,850	1,883	102%
4	Shardarinsk HPP JSC	1,614	1,975	1,717	1,806	105%
5	Moynak HPP JSC	0	413	6,550	6,595	101%
6	AlmatyEnergoSbyt LLP	57,201	67,368	77,046	74,737	97%
7	Samruk-Energy StroyServis LLP	11,391	11,000	-	2,346	-
8	MREC JSC	4,546	5,853	7,781	7,831	101%
9	AZC JSC	19,196	22,393	29,115	28,493	98%
10	AIPP JSC	47,284	47,014	51,308	48,694	95%
11	Aktobe CHP JSC	4,308	4,520	5,082	5,110	101%
12	East-Kazakhstan REC JSC	0	0	10,277	10,170	99%
13	Shygysenergytrade LLP	0	0	24,906	24,277	97%
14	<b>Intra-group sales (elimination)</b>	<b>-61,466</b>	<b>-67,472</b>	<b>-75,176</b>	<b>-85,192</b>	<b>113%</b>
15	<b>Products sales and services rendered income</b>	<b>85,550</b>	<b>94,558</b>	<b>140,540</b>	<b>135,844</b>	<b>97%</b>
<b>REVENUES TOTAL:</b>		<b>87,795</b>	<b>102,837</b>	<b>145,119</b>	<b>142,937</b>	<b>98%</b>

TOTAL REVENUE FOR 2013  
MADE

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# 142.9

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billion tenge

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Total revenue for 2013 made – 142,937 mln tenge (budget approved – 145,119 mln tenge), what makes 98 % of plan. In comparison with similar period of the last year it increased by 40,101 mln tenge or by 139%, basically due to including of new assets (EK REC JSC and Shygysenergytrade LLP). Besides, revenues on a number of companies, including: the group of AZC JSC, MGES JSC, AIPP JSC, MREC JSC companies, have increased.



Over time till 2015, the earning yield growth, basically on account of planned acquiring of the second 50% share of SDPP-1 (State distribution power plant), is planned, as well as on account of growth of volumes and rated in whole for Samruk-Energy JSC.

### REVENUE ASSUMPTION FOR 2013-2015

#	Index, mln tenge	2013	2014 (plan)	2015 (plan)
1	Samruk-Energy JSC	9,094	18,551	18,106
2	Green Energy LLP	0	248	4,491
3	Bukhtarma HPP JSC	1,883	1,863	1,614
4	Shardarinskaya HPP JSC	1,806	1,902	1,589
5	Moynak HPP JSC	6,595	6,475	7,222
6	AlmatyEnergoSbyit LLP	74,737	88,877	99,712
7	MREC JSC	7,831	8,487	9,115
8	Samruk-Energy StroyServis LLP	2,346	-	-
9	AZC JSC	28,493	32,587	36,523
10	AIPP JSC	48,694	52,462	56,059
11	Aktobe CHP JSC	5,110	6,823	7,393
12	East-Kazakhstan REC JSC	10,170	11,486	12,285
13	Shygysenergytrade LLP	24,277	29,663	31,650
14	Ekibastuz SDPS-1 LLP*	-	101,371	111,947
15	Intra-group sales (elimination)	-85,192	-105,234	-112,777
16	Products sales and services rendered income	135,844	255,559	284,929
<b>REVENUES, TOTAL:</b>		<b>142,937</b>	<b>258,381</b>	<b>287,490</b>

\* Presently it is considered by share interest method

## PERFORMANCE INDICATORS

#	Indicators	2011	2012	2013
1.	EBITDA (thous tenge)	16,795 273	19,099,731	32,259,279
2.	EBITDA margin (%)	20%	20%	24%
3.	Operating profitability	18%	20%	33%

Earnings Before Interests, Taxes, Depreciation and Amortization (further **EBITDA**) trends to be positive over the last years. 2013 indicator made 32,259,279 thous tenge and has increased by **69%** versus 2012 indicator.

Sufficiently high level of 2013 **EBITDA** versus 2012 **EBITDA** is explained by growth of operating income due to

growth of gross margin (increase of incomes from basic activities).

**EBITDA** margin indicator in 2013 made **24%**. Increase of the indicator is conditioned by growth of **EBITDA** and of operating revenues.

## INDICES OF LIQUIDITY AND FINANCIAL SOUNDNESS

Interest Coverage indicator for the reporting period made **3.85** versus **3.22** planned. Improvement of the indicator is conditioned by growth of **EBITDA** and reduction of financial expenses. Improvement of the indicator versus the **2012** actual figure (**3.6**) is conditioned by advanced growth of **EBITDA** over financial expenses.

Financial Leverage indicator made **0.46**, versus **0.56** planned. The improvement is conditioned by reduction of debt. Improvement of the indicator versus the analogical period

in **2012** is conditioned by increase of the Company Ownership Capital.

Current Liquidity indicator made **2.01** versus approved plan of **1.79**. It is connected with the indicator of funds, received from flotation of bonds and decrease of short-term loan balances versus the data approved, as of the end of reporting period. In comparison with actual figures of **2012** the degradation is conditioned by decline of current obligations.

## OPERATING PROFITABILITY IN 2013

# 33%

*Improvement of the indicator versus Year 2012 is conditioned by increase of net profit for the reporting period.*

## EBITDA MARGIN INDICATOR IN 2013

# 24%

## RETROSPECTIVE OF CASH ASSETS TURNOVER

Significant factors that influenced on cash flows from investment and financial activities are:

In 2013 the Group placed funds, attracted from issue of euro-bonds, as bank deposits with repayment period not more than three months on amount of 49,967,345 tenge, what was shown in the cash flow report as cash flows, used in investment activities.

With regard to financial activities, the basic part of receipts in 2012 were the funds, received from placing of five-year euro-bonds (75 billion tenge) and loans (17.2 billion tenge), that have been attracted for implementation of investment projects, at Irish Stock Exchange (ISE) and Kazakhstan Stock Exchange (KASE). Cash outflow consists of repayment of short-term and long-term loans (24.1 billion tenge) and payment of dividends (4.5 billion tenge) to shareholders, including in favor of Samruk-Kazyna National Wealth Fund (4.4 billion tenge).

#	Index, mln tenge	2011	2012	2013
1.	Flows of money income, received from operating activities	26,430,633	21,920,574	29,963,095
2.	Flows of money income, received from / used in investment activities	-44,231,671	-44,234,153	-104,202,436
3.	Flows of money income, used in / received from financial activities	55,448,609	67,135,328	-6,441,973
4.	Influence of change of exchange rate on funds and their equivalents	0	0	1,124,402
5.	Net increase /(decrease) of funds and their equivalents	37,647,571	44,821,749	-79,556,912

*In 2013 the basic part of financial activities receipts consisted of funds, received on account of raising debt funds (18.8 billion tenge) and bond offering (2.9 billion tenge). Cash outflows consisted of repayment of short-term and long-term loans (19.9 billion tenge), dividends in favor of Samruk-Kazyna NWF (2.8 billion tenge) and other payments to shareholders (3.9 billion tenge).*

**SHAREHOLDERS' EQUITY AND BORROWED CAPITAL STRUCTURE**

CAPITAL	December 31, 2011	December 31, 2012	December 31, 2013
Joint stock capital	120,294,884	222,868,957	233,946,269
Other surplus funds	29,471,162	32,824,785	75,308,815
Retained income	19,917,339	34,236,867	72,276,222
Due capital to shareholders of Samruk-Energy Group of Companies	169,683,385	289,930,609	381,531,306
Share of non-controlling shareholders	2,142,287	1,998,321	3,021,709
<b>CAPITAL, TOTAL:</b>	<b>171,825,672</b>	<b>291,928,930</b>	<b>384,553,015</b>

*In thousand Kazakhstani tenge*

Acquisition of 50% share of **Ekibastuz SDPS-1** named after Bulat Nurzhanov in amount of 101,620 mln tenge made significant influence on growth of joint stock capital.

Growth of other surplus funds is explained by the fact that **Samruk-Energy** Group of Companies has received unattributed (waif) grids in amount of 3,353 mln tenge from NWF **Samruk-Kazyna** as a contribution into the Company capital.

Long-term liabilities	December 31, 2011	December 31, 2012	December 31, 2013
Loans	83,506,212	155,187,362	166,109,523
<b>Short-term liabilities</b>			
Loans	16,060,628	14,986,698	11,297,915

# INVESTMENT ACTIVITIES

## COMPANY INVESTMENT PROGRAM FOR 2013

Basic directions of investment activities of the Company are modification, reconstruction and construction of new generating facilities, taking into account modern technology solutions that meet international ecology standards, modernization and reconstruction of power transportation networks, as well as implementation of efficient technology to produce coal.

### IN 2013 THE COMPANY COMPLETED A NUMBER OF INVESTMENT PROJECTS:

- Solar power plant of 2 MW in Kapshagay city has been put into operation with use of renewable energy sources;
- Almaty CHP-2, phase 3 have been reconstructed and expanded. Heater-water converter plant of 350 Gcal/h.
- Electric precipitators of blocks # 3, 7 of Ekibastuz SDPS -1 have been set-up and put into operations in order to reduce particulate emissions;
- Novaya # 16 substation in Almaty city to supply power for Park of Information Technologies Special Economic Zone facilities has been put into operation.
- Construction of Power Line Loop – 220 kV in Almaty was finished and connected under voltage of Besagash and Mamyr substations.

The Company's investment activity is a capital intensive direction. Financing of projects is carried out and planned in the future on account of both – the own money of the Company, subsidiaries and affiliates, the republican budget funds and the National Fund, and on account of funds borrowed from Kazakhstani and international finance institutes. Due to large amounts of capital expenditures, and extended terms of projects implementation, the Kazakhstani and foreign banks pay special attention to project economics indices and compliance with environmental requirements.

Investment projects portfolio consists of 13 investment projects. Execution of these projects will allow covering Kazakhstan' deficit in power and electrical capacities by means of increasing of set capacities of existing stations and creation of new capacities. Four projects, out of the portfolio, are executed within the framework of SPFIID (State Program of Accelerated Industrial and Innovative Development); four projects – within the framework of Map of Industrial Development. Below, the list of **Samruk-Energy** Group of Companies' basic projects, being implemented, is given:

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*Investment activities of the Company are directed to ensure reliable supply of power and satisfaction of needs of population in electric and thermal energy.*

### **Project of construction of Balkhash TPP**

In September 2012 construction of the first module of Balkhash TPP of 1,320 MW capacity was started in the presence of Republic of Kazakhstan' and Republic of Korea' Heads of States (the project has been included into SPFIID and Map of Industrial Development). Execution of the project will allow generating more than 10 bln kWh a year and covering of Kazakhstan' deficit in power and electrical capacity.

It is planned to finish the construction of the plant in 2018.

### **Project of Modification of Shardarinsk HPP**

Modification of Shardarinsk HPP (the project has been included into SPFIID and Map of Industrial Development) plans replacement of morally and physically obsolete equipment in order to increase performance and safety of the plant operation, what will allow increasing of the set capacity up to **116 MW** and generate extra 57 mln kWh a year.

It is planned to finish the modification in 2016.

### **Project of Modification and Expansion of Ekibastuz SDPS-1 capacity**

Project of Modification and expansion of **Ekibastuz SDPS-1** capacity (the project has been included into SPFIID and Map of Industrial Development) plans restoring of blocks # **8**, #**2**, #**1** and increase of existing capacity of the plant by **1,500 MW** respectively.

Restoration of block # **8** was finished

in 2012. Restoration of block # **2** is planned to be finished in 2014, block # **1** – in 2016.

### **Project of Modification and Expansion of Ekibastuz SDPS-2 with installation of power block # 3**

Project of Modification and Expansion of Ekibastuz SDPS-2 with installation of power block # **3** (the project has been included into SPFIID and Map of Industrial Development) is conducted to increase the set capacity of the plant by 636 MW, what will lead to generation of about 4.8 billion kWh of extra power a year.

It is planned to finish the construction of the power block in 2017.

### **Projects of construction of substations in Almaty city**

In period from 2010 thru 2013 in Almaty and Almaty region the Company has implemented projects of construction of substations servicing Asian games (**Medeu, Shymbulack, KazGU, Yermensay**), Metropolitan and SEZ PIT (**Otrar, Novaya # 16, Toplivnaya and Alatau**), as well as, housing and community amenities (**Mamyr, Novaya #3A**). The substations' equipment is set under voltage. Commissioning of new transformer capacity made **1,372 MVA**.

**Besagash** Substation of **500 MVA** is under working voltage; construction of **Yermensay power transmission line substation – Besagash Substation, Besagash Substation – TPP – 3** Substation has been finished.

EXECUTION OF THE PROJECT WILL ALLOW GENERATING MORE THAN

10

BLN KWH A YEAR

*and covering of Kazakhstan' deficit in power and electrical capacity.*

*It is planned to finish the construction of the plant in 2018.*

**AZC JSC** continues construction of **Altay** Substation of **80 MVA** transformer capacity to supply power for housing and community amenities. It is planned to finish the construction in June 2014.

Projects on reconstruction of combined ash-handling and slag removal system and boiler unit of st. # **8** at **Almaty TPP-2**, construction of compensating **Kerbulackskay HPP**, construction of Yereimentau **WPP** of **45 MW** capacity, transition to auto-conveying cyclic-stream technology of coal production in **Bogatyr** section and construction of gas turbine power plant on the basis of Pridorozhnaya gas field are being implemented.

#### **Reconstruction and modification of Aktope CHP Project**

In this project it is planned to replace turbo set at station # 3 since the existing equipment has used its reserves. Implementation of the project allows increasing the set capacity up to 117 MW. Term of completion is – Year 2014.

COMPLETION OF  
RECONSTRUCTION AND  
MODIFICATION  
OF AKTOBE CHP OF

117

MW capacity

#### **PLANS FOR 2014 PROVIDE FOR THE FOLLOWING:**

- Completion of construction of Altay substation to supply power for housing and community amenities of Almaty city of total transformer capacity of **80 MVA**;
- Commissioning of wind power plant of the planned capacity of **45 MW** near Ereymentau city;
- Completion of reconstruction and modification of **Aktope CHP** of **117 MW** capacity;
- Completion of restoration of block # **2** at **Ekibastuz SDPS-1** of **500 MW** capacity.

At same time the Company actively works on including of new investment projects into the portfolio. It is planned to start implementation of the following investment projects: construction of **CHP** in Semey city and **wind power plant** in Sheleksi corridor, construction of 7 small **HPP**, reconstruction and expansion of **Almaty CHP-1** with conversion into gas, reconstruction and expansion of ash dump of **Almaty CHP-3**.

## SOURCES OF FINANCING OF INVESTMENT PROJECTS

In order to attract financing resources, the Company widely uses such instruments as credits and bonds, and borrows monetary funds from the Republican Budget to finance socially significant projects. Herewith, the Company uses both internal sources of financing and external ones, such as Foreign Trade Bank (RF), Public Development Bank (People's Republic of China), etc.

In 2013 loan agreement was signed as to financing of project of construction of wind power plant near Ereymentau city. On December 21, 2012 the Company placed, at ISE and KASE, five-year euro bonds on amount of 500 mln dollars, coupon rate was determined in amount of 3.75% per annum.

Total volume of par value, placed via KASE made 101.5 mln dollars.

The Company has successfully closed bid book of debut issue of euro-bonds by coupon rate of 3.75% what is historically is the lowest level at initial placement of Kazakhstani emitters on international capital markets. Funds, received from the placement of euro-bonds shall be spent to refinancing of current loans and implementation of investment programs, approved by Samruk-Kazyna NWF and Republic of Kazakhstan Government.

## INFRASTRUCTURE DEVELOPMENT, MODIFICATION

In 2013 construction of solar power plant of 2 MW at Kapshagay city was finished and the plant was put into operation.

In 2013 EPC-contract on design, delivery and construction of ready-to-operate wind power plant of 45 MW near Ereymentau city was concluded with consortium – a member of Karaganda BI Energy Plus LLP, Furlander Wind Technology OJSC, W2E Wind to Energy GmbH, StroyIndustry LLP.

Construction and installation work is in progress.

*In 2013 according to results of two-stage tender the EPC-contract on modification of Shardarinskaya HPP has been signed between Shardarinskaya HPP JSC and ANDRITZ Hydro GmbH (Germany).*

### **AZC JSC**

In 2013 construction of **Kensay-Yermensay PTL – 220 kV** (Power



Transmission Line), thus forming of loop of **220 kV** around Almaty city has been finished; the loop significantly increases reliability of external power supply circuit of the megacity.

In 2013 in Almaty city the construction of **Mamyr Substation of 110/10 kV** and **Novaya 3A Substation of 100/10/6 kV** with cable lines of **110 kV** was finished. In Quarter 1, 2014 it is planned to finish construction of **Altay Substation 110/10 kV** and start construction of new substation named **TurkSib of 110/10-6 kV** in the northern part of the city.

Construction of substations of **110 kV** was done with application of modern equipment of leading world manufacturers. On high voltage **PTL 110** and **220 kV** a cable with cross-linked polyethylene insulation was used.

#### MREC JSC

**Mangistau Distribution power grid company JSC** completes reconstruction of Severnaya Substation 110/35/6 kV with replacement of CDDofEI – 6 kV (CDDofEI - Complete Distribution Device of External Installation) and reconstruction of OHL - 110 kV (OHL - Overhead Line) at Say-Utes 1,2 with installation of additional supporting poles.

#### In 2013:

- at **Karamandybas substation 110/6 kV** and **Termalnaya Substation 110/6 kV** a replacement of isolating

switch/short circuit – 110 kV with electric gas cut-off switchers was done;

- at **BKNS-2 substation 35/6 kV, BKNS-3 substation 35/6 kV, BKNS-5 substation 35/6 kV** and **Asar substation 35/6 kV** modification of **CDDofEI – 6 kV** was done;
- Design and estimate documentation for construction of **Aktau-Karazhanbas PTL – 220 kV** with auto transformer of 1x125 MVA at **Karazhanbas** substation 220 kV has been developed.

#### EK REC JSC (East-Kazakhstan Regional Energy Company)

In order to increase volumes of power transmission and reduce costs for transmittal by the third party grids the following assets were purchased from Distrans LLP in 2013:

- **PTL L-151, L-152, L-116, L-123, L-124, L-434, L-435, L-439;**
- **Substations – 9, substation – 16, Substation – 23, Levoberezhnaya Substation, ChPTF Substation.**

In all RECs (Regional Energy Company) for automation of power recording a stage-by-stage implementation of **ASCAPC** (Automatic system for commercial accounting of power consumption) is continued. In distribution mains a reconstruction of OHL **0.4 kV** with replacement of naked wire with self-supporting insulated wire (**SIW**) is carried out.

In the city networks of Almaty the planned conversion of 6 kV lines into 10 kV voltage lines is carried out.





# RESTRUCTURIZATION OF ASSETS, REORGANIZATION, ACQUISITION AND ESTABLISHMENT OF NEW COMPANIES

## 1. TPEP LLP

For restructuration of non-core assets of Samruk-Energy JSC Group on 13.03.2013 the TPEP LLP made buyback purchase of 25% of interest in charter capital of Samruk-Energy StroyService LLP (which is 100% of Samruk-Energy JSC's Subsidiary). Basis: Minutes # 70 of 12.03.2013 of Board Directors of Samruk-Energy JSC.

## 2. EK REC JSC

In March 2013, 100% of shares of East-Kazakhstan Regional Energy Company and 100% of participating shares in charter capital of Shygysstroy EnergoTrade LLP have been transferred to the charter capital of Samruk-Energy JSC. Basis: Resolution of Board of Directors (Minutes # 67 of 14.12.2012) and Resolution of Samruk-Energy JSC Management (Minutes # 03/13 of 29.01.2013).

## 3. ALPP JSC

In order to optimize the Samruk-Energy JSC (further the Company) assets management structure, 100% shares of AIPP have been transferred to direct ownership of the Company. Basis: Resolution of Board of Directors of JSC Samruk-Energy (Minutes # 77 of September 9 2013).

## 4. SESS LLP

Within the framework of implementation of Plan of actions on restucturation of non-core assets and facilities (Minutes # 73 of May 20, 2013), in December 2013 the Purchase/Sale Contract on 100% participating interests in the charter capital of SESS LLP (Samruk-Energy StroyService) has been signed.

## 5. KMG-ENERGY JSC

Within the framework of implementation of Plan of actions on restucturation of non-core assets and facilities (Minutes # 73 of May 20, 2013), on October 24, 2013 the KMG-Energy JSC has been closed down.

## 6. KAZKUAT JSC

Within the framework of implementation of Plan of actions on restucturation of non-core assets and facilities (Minutes # 73 of May 20, 2013), on October 17, 2013 the KazKuat JSC has been closed down.

## 7. SDPS -1 JSC

At the end of 2013, the Agreement on sales of 50% shares of Ekibastuz SDPS-1 JSC in favor of Samruk-Energy JSC has been signed between Samruk-Energy JSC and Ekibastuz Holdings B.V.



# DEVELOPMENT OF LOCAL CONTENT SHARE

## MISSION IN AREA OF DEVELOPMENT OF LOCAL CONTENT

Within the framework of implementation of state program on development of Local Content Share (further **LCS**) the Company as the operator on modernization of existing and commissioning of new generating capacities should ensure planned development of local content share,

as well as participation of Domestic Goods Producers (further **DGP**) in implementation of production and long-range projects in power energy industry, creation of new productions.

## VISION IN AREA OF LOCAL CONTENT SHARE

The Company visualizes itself as a leader for local producers in energy industry, in a part of presence and development of **DGP** in power energy segment of the country economy, including within the framework

of creation of foundations and implementation of green economy strategy, development of **RES**, increase of resource and energy efficiency of production.

## WAYS AND PROCEDURES OF DEVELOPMENT OF LOCAL CONTENT SHARE

*In order to fulfill the mission of development of local content share and ensure participation of DGP in implementation of projects in all dialogue areas, the Company offers, and carries out in its activities, a number of subsequent actions to fulfill the state program.*

In order to fulfill the mission of development of local content share and ensure participation of **DGP** in implementation of projects in all dialogue areas, the Company offers, and carries out in its activities, a number of subsequent actions to fulfill the state program on support of **DGP** and

development of **LCS**, execute program instructions of **Samruk-Kazyna NWF**:

- Transfer of advanced technologies
- Establishment of joint enterprises with leading holders of right for purpose of obtaining access to know-how, advanced technologies and production capacities;

- Increase of localization of **DGP** share;
- Creation of necessary conditions for soft-term financing of **DGP** activities in banking sector;
- Co-funding by the government of **DGP** projects within the framework

of the state-private partnership, in development institutes and real economy sector.

## EXPECTED RESULTS

Implementation of the given set of actions will allow to increase competitive ability of DGP, involve domestic business on more integrated and systematic basis into electric power industry, create new work places and productions, increase innovation capacity and efficiency in the sector in whole.

Thus, conditions for organization of new productions, increase of production localization share, producing of components for equipment delivered shall be created. Conditions for transfer of technologies from the leading world holders of right and development of the segment for servicing of delivered equipment shall be received. New work places and conditions, necessary for improvement of local personnel qualification in part of operations, service and repair of equipment delivered and manufactured, created as a result of above said actions shall bring separate positive effect. Issues on guaranteed sale of products shall be solved – conclusion of long-term agreements with **DGP**.

### INFORMATION ON NUMBER OF AGREEMENTS CONCLUDED WITH LOCAL

### GOODS PRODUCERS IN 2012-2013 PERIOD.

In 2012 the Company concluded agreements on goods, total – 3,918 agreements in amount of 168 billion tenge, including with **DGP** – 237 agreements in amount of 37 billion tenge. In 2013 the Company concluded agreements on goods, total – 4,672 in amount of 299 billion tenge, including with **DGP** – 388 in amount of 69 billion tenge.

Comparing 2012 and 2013, we observe positive dynamics in agreements concluded with domestic goods producers – there is growth by 32 billion tenge.

### INFORMATION ON NUMBER OF LONG-TERM AGREEMENTS CONCLUDED IN 2012-2013 PERIOD.

In 2012, nine long-term agreements with domestic goods producers have been concluded in amount of **230.7 mln tenge** total, including: 4 agreements with **Kentauski Transformer Plant JSC** to deliver disconnect switches and circuit breakers, 4 agreement with **Nur-Stroy LTD LLP** to deliver reinforced-concrete

IN 2012 THE COMPANY  
CONCLUDED AGREEMENTS  
IN AMOUNT OF

168

BILLION TENGE

IN 2013 THE COMPANY  
CONCLUDED AGREEMENTS  
IN AMOUNT OF

299

BILLION TENGE

IN 2012

9

LONG-TERM AGREEMENTS  
HAVE BEEN CONCLUDED

poles and add-on devices to poles, 1 agreement with **Atamkul-dan LLP** to deliver add-on devices to poles.

In 2013, four long-term agreements with domestic goods producers have been concluded in amount of **8.3 mln tenge** total, including: 4 agreements with **Ayrau production and training enterprise**

for **Deaf People Community** (male set), **Anttec LLP** (outfit for battery assembler), **Tarazkozhobuv LLP** (delivery of leather shoes), **DOC Co. LTD LLP** (delivery of print toners (cartridges)).

### INFORMATION ON LOCAL CONTENT SHARE IN PURCHASES MADE IN 2011-2013, THOUSANDS TENGE\*

ACTUAL 2011	Total amount of agreements concluded	MC amount	% MC
goods	98,422,538	68,941,280	70
work	32,233,294	18,096,885	56
services	88,057,006	86,717,086	98
total	218,712,838	173,755,251	79

ACTUAL 2012	Total amount of agreements concluded	MC amount	% MC
goods	175,949,669	112,421,300	64
work	66,287,021	26,184,573	40
services	98,087,186	94,582,504	96
total	340,323,876	233,188,377	69

*In 2013, the local content share in monetary value has increased; it is conditioned by the fact that the Company is oriented to purchasing of goods, work and services from domestic suppliers.*

\* Note: data of Samruk-Kazyna Contract LLP

ACTUAL 2013	Total amount of agreements concluded	MC amount	% MC
goods	166,114,048	123,164,229	74
work	127,069,408	57,398,008	45
services	80,782,171	78,555,575	97
total	373,965,627	259,117,812	69

In 2013, the local content share in monetary value has increased; it is conditioned by the fact that the Company is oriented to purchasing of goods, work and services from domestic suppliers. Majority of goods producers obtain and submit **CT-KZ** certificates for products generated.

We, being customers, do have big interest in production of new domestic products, especially in area of energy, as well as, we continue to conclude long-term agreements with domestic goods manufacturers. It will allow ensuring stable demand for their products, and respectively, will create conditions for long-term investments into production.

In its turn, investment projects, capacity expansion projects, production modernization, implemented by **Samruk-Energy Group of Companies**, as well as current capital costs should become the impetus for domestic producers in part of widening of list of products manufactured.

#### INFORMATION ON AGREEMENTS WITH DOMESTIC GOODS PRODUCERS:

- **Kentau Transformer Plant JSC:** delivery of goods: disconnect switchers, circuit breakers, circuit breakers gear and transformers in amount of 630 mln tenge.
- **AZTM JSC:** delivery of goods: beater, spare parts, reducing gears, blanks made from rolled metal products in amount of 182.6 mln tenge.
- **Aziya Avto JSC:** delivery of auto vehicles in amount of 245.7 mln tenge.
- **Kazenergocable JSC:** delivery of cable products in amount of 188.8 mln tenge.
- **Korund JSC:** delivery of goods: spare parts to mechanical equipment, tank lips, half-coupling sets and heat-exchange apparatuses in amount of 436.1 mln tenge.
- **Semey May JSC:** delivery of timber sleepers in amount of 126.7 mln tenge.
- **KazcentreElectroprovod LLP:** delivery of cable and conductor materials,

IN 2013

4

LONG-TERM AGREEMENTS  
HAVE BEEN CONCLUDED

*Investment projects, capacity expansion projects, production modernization, implemented by Samruk-Energy Group of Companies, as well as current capital costs should become the impetus for domestic producers in part of widening of list of products manufactured.*



*Demand in material resources is determined based on Plan of the Company development, put together according to requisitions from structural subdivision of the Company based on service and production necessity.*

- box joints, lockers in amount of 251 mln tenge.
- **Nur-Stroy Ltd LLP:** delivery of goods: reinforced-concrete poles, add-on units to poles in amount of 252.8 mln tenge.
- **ArkStoneGroup LLP:** delivery of working clothes in amount of 51.7 mln tenge.
- **High Industrial Lubricants & Liquids Corporation (HILL) LLP:** delivery of goods: oil and lubricant in amount of 126 mln tenge.
- **KazElectroMash LLP:** delivery of cable and conductor materials in amount of 354 mln tenge.
- **TRIBO LLP:** delivery of goods: composite shoe and break shoe in amount of 30.7 mln tenge.
- **DiDeCo LLP:** delivery of goods: form sets, logs, posters, signs, etc in amount of 22.2 mln tenge.
- **InvestStyleGroup LLP:** delivery of goods: spare parts and components for heating equipment in amount of 189.4 mln tenge.
- **Elnazar LLP:** delivery of goods: working clothes in amount of 56.8 mln tenge.
- **KazProfBezopasnost LLP:** delivery of goods: working clothes and other components to ensure safety in amount of 56.6 mln tenge.
- **Stal Engineereing LLP:** delivery of goods: rectifier valves, valves, rectifier unit, stop valves in amount of 76.5 mln tenge.

#### **PROCUREMENT MANAGEMENT:**

##### **a) determination of demand in material resources:**

Demand in material resources is determined based on Plan of the Company development, put together according to requisitions from structural subdivision of the Company based on service and production necessity.

##### **b) selection of supplier:**

Selection of supplier is determined per results of tender conducted, request for quotation and from a single source according to Purchase Rules of the Fund.

##### **c) execution of purchase:**

Procurement in the Company is carried out in accordance with Rules of purchasing of goods, work and services of **Samruk-Kazyna NWF** and by organizations in which fifty and more percent of voting shares (participating interest) directly or indirectly belong to **Samruk-Kazyna JSC** based on right of ownership or trust management approved by Resolution # 80 of May 26, 2012 of Board of Directors of **Samruk-Kazyna JSC**.

## INDIRECT ECONOMIC IMPACT

Management and Board of Directors of the Company set a goal – to create a stable company. The term stable means efficient use of resources both – of Samruk-Energy Group of Companies and public resources.

For this purpose, at separate enterprises integrated management systems are implemented, technical re-equipment of stations is carried out, requirements toward personnel and supplies are getting stronger. Herewith, big attention is paid to economic aspects, since projects in area of corporate social responsibility, improvement of environmental situation and the company growth is financed from Samruk-Energy Group's own operating income.

In accordance with the above, all aspects of sustainable development are analyzed by management in terms of economic efficiency. For example, productivity of labor (organization of labor), raw materials used (environmental impact) and other aspects are considered at planning of activities of Samruk-Energy Group of Companies.

Sustainable development philosophy and efficiency are present in such aspects as charity, which it would seem should not be considered from economic

science standpoint. Nevertheless, quality effect and size of changes to be made are taken into account when determining priority social projects.

As a result, the Company completed the Year 2013 with high profit figure (more detailed information is shown in financial reporting statements and in report from management as to results of financial and production activities, placed in internet site of the Company).

*Sustainable development philosophy and efficiency are present in such aspects as charity, which it would seem should not be considered from economic science standpoint.*



— 06 —

*Strategic relevance of electric power complex is caused by its significant role in economic and social development of every state.*



## 06. DEVELOPMENT STRATEGY, RESULTS OF ITS IMPLEMENTATION



To achieve the objectives and implement certain initiatives of the Government of the Republic of Kazakhstan the Community faces a task to update and further improve electric power complex of Kazakhstan.

### MISSION

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In order to maintain high rates of growth of state economy and to increase standards of living of Kazakhstani people, to provide reliable and efficient production and supply of electric and heat energy as well as coal within the frames of universal energy-environment initiatives through its stable development.

### VISION

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National operator in the field of electric power, competitive electric power holding of Eurasian importance.

*Long-term development strategy of the Company for 2012-2022 was approved by the Board resolution d/d 27 February 2013 (protocol №69).*

*Company's activity focuses on provision of energy security which is one of the main priorities of further economic development of Kazakhstan.*

## STRATEGIC ORIENTATIONS, OBJECTIVES AND TASKS

Within the frames of its mission and achievement of targeted results the Company will need to implement three strategic orientations:

- Provision of energy security of Kazakhstan;
- Enhancement of equity value;
- Social liability.

## PROVISION OF ENERGY SECURITY OF KAZAKHSTAN

Company's activity focuses on provision of energy security which is one of the main priorities of further economic development of Kazakhstan. The main objective of this orientation is to provide reliable supplies of electric power and coal as well as to support consistency of UPG RoK (United Power Grid).

### THE COMPANY WILL ACHIEVE THIS OBJECTIVE BY PERFORMING THE FOLLOWING TASKS:

#### *1. Granting of National operator status in the field of electric power to the Company;*

National operator status will contribute to stable development of the offset by providing energy security, increasing reliability of domestic supplies and utilization efficiency of resource base of Kazakhstan.

#### *2. Control over stations of federal importance;*

The Company intends to set the maximum level of control over the stations of federal importance which will lead to strengthening of the role of the state on these objects and will contribute to maintaining the stability of UPG RoK.

#### *3. Optimization of generation structure;*

Increase of power cycling shares in generation portfolio shall be provided in order to reduce dependence on expensive imported electric power supplies.

#### *4. Provision with idle capacities;*

The Company plans to secure reserves by increasing available capacities which will contribute to increase of energy security of the state.

#### *5. Central planning of purchase and sale of exported/imported electric power and development of export potential.*

It will offer new opportunities in the field of export of electric energy to Byelorussia and delivery of electric power from Central Asian states into EEA states.

## ENHANCEMENT OF EQUITY VALUE

Due to high yield in the foreseeable future of electric power market an enhancement of equity values is also one of the strategic orientations of Company's development.

### PRIMARY OBJECTIVES AND TASKS TO ENHANCE EQUITY VALUE:

#### *1. Protection of shareholders' interests and successful initial public offering (IPO):*

For successful initial public offering the Company plans to participate in a range of actions to improve legislation in order to provide financial appeal of the Company for investors.

- Participation in creation of stable tariff design system;
- Changes in dividend policy;
- Improvement of corporate management.

The Company will participate in improvement of tariff legislation for energy producing, energy delivering and energy supplying organizations by eliminating existing shortages and centralization of offset regulation at republican level. There also will be active operation to include payment of dividends into an approved plan of cash flows of energy producing facilities. In part of corporate management there is an objective to achieve 85% of corporate governance score by 2022.

#### *2. Provision of holding finance stability:*

- Diversification into affiliates;
- Participation in creation of stable tariff design system.

The primary orientation of diversification will be development of char-forming pure coal production with the purpose of its export into the Baltic and the CIS (Russia, Ukraine).

Besides the above mentioned actions on improvement of tariff legislation will provide profit enhancement and refundability of investments which in its turn will contribute to provision of holding financial stability.

#### *3. Participation in commercially viable projects:*

- Innovation-driven growth.

High capital coefficient and research intensity of electric power field determines the particular importance of this task.

*The Company recognizes the importance of innovative and technological development and performs methodical work on improvement of existing equipment base, complete large-scale automation of the whole company and application of progressive world technologies to provide energy efficiency of own production.*

*As it is noticed in the Strategy of National Wealth Fund Samruk-Kazyna JSC, growth of long-term cost is impossible not including interests of all concerned parties including interests of the Company that is why improvement of social liability standards is the key strategic orientation. Works focused on implementation of initiatives of the Government of the Republic of Kazakhstan and National Wealth Fund Samruk-Kazyna JSC in the sphere of social liabilities are provided in this orientation.*

*\* Approved by the Government Resolution of the Republic of Kazakhstan d/d 14 September 2012 №1202.*

## SOCIAL LIABILITY

Corporate social liability enlarges upon the Company's borders and involves a wide range of concerned parties: government authorities, local community, business partners, suppliers, clients. Investments of the Company have, first of all, socially conscious nature and are focused on development of clean technologies, environment protection, increase of resource and energy efficiency. The Company committed itself to anti-bribery and corruption policy and excludes discrimination in labor.

Strategy of corporate social liability within the company implements socially conscious measures concerning employees and issues related to investments into human capital assets, health, safety, employees' labor motivation, development of housing program, sports events, insurance of life and health, assistance in establishment of labor organizations, personnel training.

### FOCAL AREAS OF COMPANY'S SOCIAL LIABILITY ARE:

- implementation of government programs in social sphere;
- efficient investments into production development;
- protection of labor and environment;
- development of personnel potential;
- satisfaction of personnel needs and improvement of their health;
- rendering beneficent help and sponsor support.

Within the frames of implementation of these orientations the Company fulfills the tasks on development of monoproduction settlements, anti-corruption enforcement and actions against discrimination in the sphere of labor and employment, development of green technologies and implementation of environmental standards, reduction of losses and harmful effect, monitoring of employees' labor conditions, training and personnel development, formation of personnel reserve, housing policy, payment and labor motivation policy as well as social support of retirees and disables persons, etc.

Tasks on reduction of industrial accidents provide fulfillment of actions on safety level increase by using up-to-date equipment, personnel training as well as bringing of production conditions in accordance with international standards in the sphere of safety and labor protection.

### WITHIN THE FRAMES OF ENVIRONMENT PROTECTION THE PRIORITY TASKS ARE:

*1. Implementation of green economy strategy and development of clean coal technologies and RES, increase of energy efficiency.*

Energy efficiency is one of the fundamental aspects of environment protection. To eliminate energy poverty of remote consumers the Company plans to involve renewable energy sources

(wind and sun power plants as well as small hydro-power plants) into the balance.

Measures taken with the purpose to use electric energy and fuel more efficient as well as measures on energy supply can give a possibility of stable economic growth almost without increasing energy consumption and, as a consequence, without increasing air emissions. Upon that increase of fuel consumption ratio and reduction of energy consumption for technical needs is assumed.

Actions such as establishment of Kazakhstan Smart Grid, construction of contemporary co-generation power plants as well as development of RES are aimed to increase of efficiency. In future the Company plans to examine the issues on utilization of secondary energy resources (for example, rejected heat of exhaust fumes, industrial waters and steam, energy of natural gas overpressure, etc.).

Due to quantitative obligations of Kyoto Protocol up to 2020, Kazakhstan implements a quota system for greenhouse gases emissions. Number of quotas for every energy producing organization will be determined by the National plan approved by the decree of the Government of the Republic of Kazakhstan. Within the nearest ten years the community plans to reduce CO<sub>2</sub> emissions as well as to get additional quotas by constructing renewable energy sources.

## ***2. Reduction of losses in electric and heat networks.***

This task will be performed by upgrading of processing base as well as implementation of Smart Metering system and all-round automation of the Company.

## ***3. Reduction of harmful effect.***

In order to minimize pollution of environment equipment for filtering of release as well as up-to-date methods for disposal of bottom ash waste will be implemented.

## ***4. Implementation of social and environmental standards system.***

The Company deliberately implements environmental management system according to ISO 14001 standard at all facilities.

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*Due to quantitative obligations of Kyoto Protocol up to 2020, Kazakhstan implements a quota system for greenhouse gases emissions.*



## 07. BASIC RISKS AND RISK MANAGEMENT

*The Company recognizes the importance of development of system of procedures for risk management as a key element of corporate management focused on timely identification, assessment, monitoring and reduction of potential events which can undermine its financial stability and reputation.*

In order to coordinate implementation and improvement of risk management within the Company including its branch and related organizations some structural subdivisions responsible for risk management were established as well as Risk Committees for preliminary review and approval of issues related to risk management were formed.

Key issues on risk management previously approved by the Risk Committee under the Board are submitted for approval of superior bodies of the Company Group.

For the last year the Company performed work to establish a unified methodological framework, keep current the risk management policy, rules of risk identification and assessment, developed the rules on credit exposure management with a focus on agency banks. Board of Directors of the Company approved consolidated register, risk map and quarterly reports of the manager of structural subdivision on risk management describing and

analyzing the key risks. Assessment of effectiveness of risk management was performed which resulted in recommendations for further improvement of risk management.

When identifying any risks the Company rests upon the world experience, sectorial and international benchmarks, expert assessment, statistical data, database of incurred losses, results of audit and other checks, etc. Identified risks are compiled into a register and a risk map of companies for their further assessment, management and monitoring. Risks included into the register and risk map are regularly (not less than once per year) reviewed to define urgent character and degree of feasibility.

In accordance with the Risk management policy the Company outlines the following risks:

- strategic;
- operational;
- financial;
- legal.

Today activity of the Company is mainly subject to risks related to high degree of physical depreciation of primary and auxiliary equipment, presence of low gain assets, raw materials price increase, change in environmental requirements and legal framework in electric power industry, adverse exchange differences and differences in rates of interests, etc.

In order to reduce the possibility of technological failure the Company performs permanent monitoring of level of reliability of primary and auxiliary equipment, implements ambitious investment programs focused on upgrading and renewal of operating equipment and much attention is given to timely repairs.

The Company gives significant attention to the risk of industrial accident. Instruction of personnel in labor protection, refresher and extra training, pre-shift medical examination and health checks are performed on a regular basis. Every accident is investigated by a special committee and is submitted to a meeting of the Board of directors / Supervisory board of subsidiaries and affiliates of the Company. Indicators on industrial accidents are included into the Key performance indicators of the chief executive officer of the Company / subsidiaries and affiliates of the Company.

Relevant articles of budgets of subsidiaries and affiliates of the Company provide required funds for first aid measures and treatment of employees suffered an injury, payment of bonuses and compensations for harmful labor conditions, supplementary feeding and unscheduled vacations, purchasing personal protection equipment as well as periodic laboratory measurements of working places.

The Company plans successive reduction of emission level by implementing international management standards in the sphere of environmental protection and new technologies, i.e. using renewable energy sources. During construction, reconstruction and upgrading of facilities the Company uses innovative equipment and avoids materials (for example polychlorinated biphenyl PCB) constituting a danger to a man's health. Great attention is paid to issues of energy efficiency.

Priority events in this sphere are upgrading of outdated equipment, increase of efficiency in production, transport and distribution of electrical and heat energy as well as elaboration of conservation of electrical and heat energy consumption in population.

Within the frames of management of exchange and interest rates the

Company developed risk hedging policy and limits on procurement of loans in foreign exchange with floating rate. Constant monitoring of exchange position and interest rate gap is performed as well as works on refinancing foreign exchange loans with floating rate and conclusion of contracts in national currency.

To minimize the risk of unfavorable changes in legal framework of electric energy the Company participates in development of laws and regulations and acts as a member of all industry associations.



— 08 —

*Board of Directors of the Company  
consists of seven directors.  
Members of the Board of Directors  
are elected by the General shareholder  
meeting.*

## 08. CORPORATE MANAGEMENT



IN ACCORDANCE WITH THE COMPANY'S CHARTER APPROVED BY THE SOLE  
SHAREHOLDER ON 16 FEBRUARY 2013 THE BODIES  
OF THE COMPANY ARE:

**Superior body** – General Shareholder Meeting;

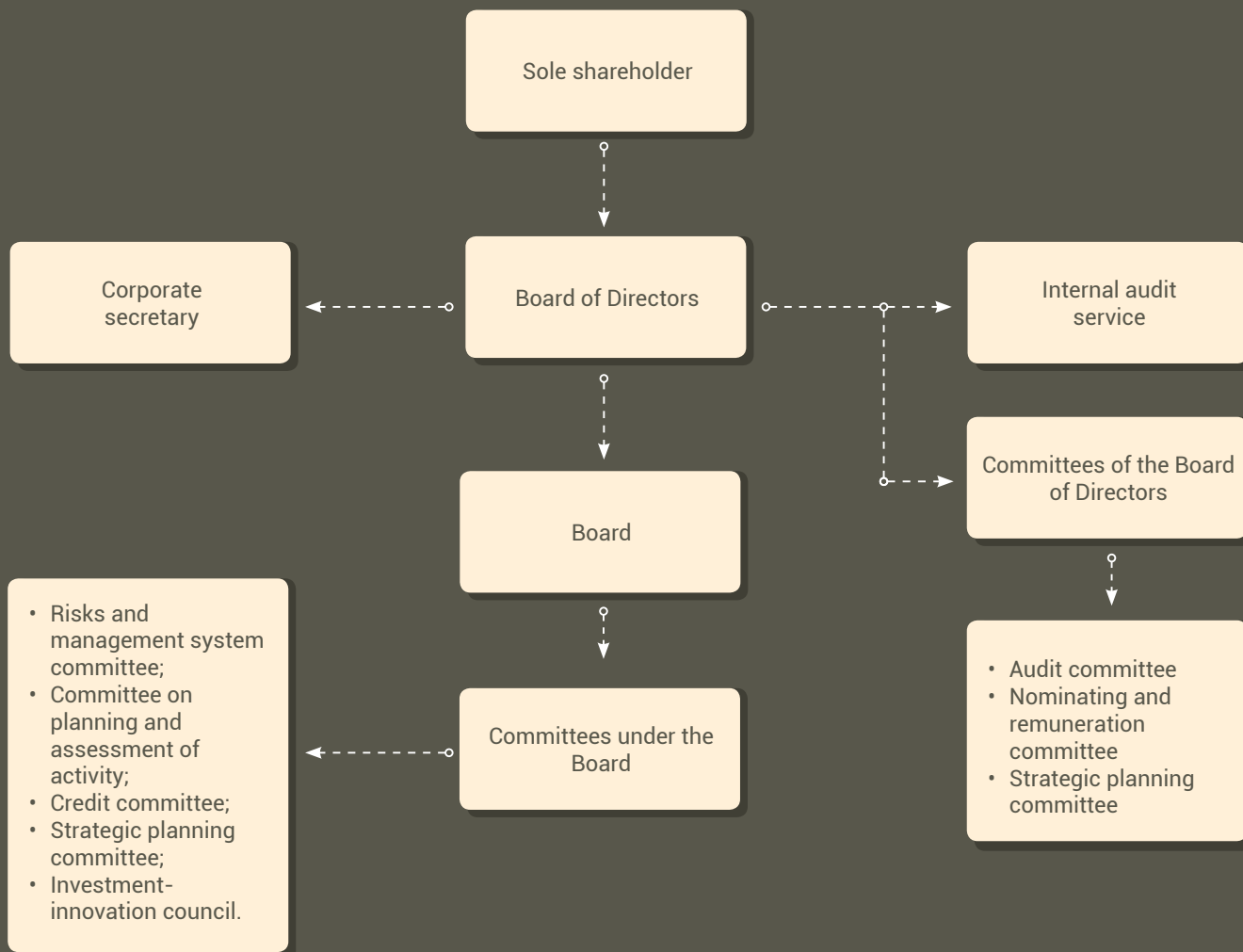
**Regulatory body** – Board of Directors;

**Executive body** – Board;

**Internal Audit Service.**



# STRUCTURE OF CORPORATE MANAGEMENT OF SAMRUK-ENERGY JSC



## INFORMATION ON SHAREHOLDERS

On 29 August 2012 by the Decree of the Government of the Republic of Kazakhstan №1103 shares of the Company belonging to KazTransGaz JSC were handled to National Wealth Fund Samruk-Kazyna. So at the moment the

sole shareholder of the Company is National Wealth Fund Samruk-Kazyna JSC.

[www.sk.kz](http://www.sk.kz)

## BOARD OF DIRECTORS

Board of Directors performs overall charge of the Company excluding settlement of issues related by the Law On joint stock ventures and by the Company's Charter to exclusive jurisdiction of the General shareholder meeting and executive body.

*Board of Directors of the Company consists of seven directors. Members of the Board of Directors are elected by the General shareholder meeting.*

The best practice of corporate management requires presence of directors

independent from the shareholders and the company management who guarantee making objective decisions conforming at most to interests of the Company.

In accordance with the Law of the Republic Kazakhstan On joint stock ventures the number of independent directors shall be not less than one third of the total number of members of the Board of Directors. Independence criteria are defined by the legislation, the Charter and the Provision on the Board of Directors of the Company.

## MEMBERS OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2013



*Bektemirov Kuanysh  
Abdugaliyev*

Managing director of National Wealth Fund Samruk-Kazyna JSC, Chairman of the Board of Directors of Samruk-Energy JSC.



*Daukeev Gumarbek  
Zhusupbekovich*

Principal of Almaty University of power engineering and telecommunications, independent director of the Board of Directors. Chairman of Nominating and remuneration committee, member of Strategic planning committee of Samruk-Energy JSC.



*Luca  
Sutera*

Vice-president of the Group and Financial director (CFO) of the Global Power & Water Division, Member of leaders team of the Group ABU DHABI NATIONAL ENERGY COMPANY, independent director of the Board of Directors, chairman of audit committee of Samruk-Energy JSC.



*Spitsyn Anatoly  
Tikhonovich*

Vice-president of the Russian Academy of Natural Sciences, Doctor of Economics, active member of Presidium of the Russian Academy of Natural Sciences (RANS), member of the union of architects of USSR and RF



*Rupert Andrew Woodward  
Goodman*

Chairman and founder of FIRST – cross-disciplinary organization for international activities, independent director.



*Ogai Alexey  
Vladimirovich*

Director of authority on administration of electric power assets of National Wellbeing Fund Samruk-Kazyna JSC, Member of the Board of Directors of Samruk-Energy JSC.



*Satkaliyev Almasadam  
Maidanovich*

Chairman of the Company Board, member of the Board of Directors of Samruk-Energy JSC.





*Bektemirov Kuanysh  
Abdugaliyevich*

Managing director of National Wealth Fund Samruk-Kazyna JSC, Chairman of the Board of Directors of Samruk-Energy JSC.

### DATE OF THE FIRST ELECTION:

31.01.2012 (protocol of National Wealth Fund Samruk-Kazyna JSC № 08/12 d/d 31 January 2012).

### EMPLOYMENT HISTORY:

**In 1993** graduated Al-Farabi Kazakh State University, physical scientist.

**In 2004** graduated Kazakh national agrarian university, electrical engineer.

**1993-1999** – Atameken Corporation, Almaty, Altyn JSC, Tekeli, Almaty region, Vostok Service LLP, Taldykorgan.

**1999-2000** – deputy director general of GKPO Taldykorgankommunenergo.

**2000-2004** – First deputy director of GGKP Taldykorganteploservice.

**2004** – Deputy Chairman of the Board of Astanaenergосervice JSC, Astana.

**2004-2008** – Director of Astanaenergосbyt LLP, Astana.

**2008-2009** – Head of SI Energy and public utilities agency of South-Kazakhstan region.

**2009-2010** – Deputy, First deputy director general of RGP Kazgidromet.

**2011-2012** – Director General of Astanaenergocontract.

**Since January, 2012** – Managing director of National Wealth Fund Samruk-Kazyna JSC.

**In 2003** was elected as a deputy of maslikhat of Taldykorgan, is awarded by the merit certificate of the Minister of energy and mineral resources For contribution to progress of electric energy sphere of RoK, the award pin Honorable powerman of the Republic of Kazakhstan, the anniversary medal 10th anniversary of Astana.



**Daukeev Gumarbek  
Zhusupbekovich**

Principal of Almaty University of power engineering and telecommunications, independent director of the Board of Directors. Chairman of Nominating and remuneration committee, member of Strategic planning committee of Samruk-Energy JSC.

### DATE OF THE FIRST ELECTION:

22.01.2008 (protocol of Holding Samruk JSC № 01/08 d/d 22 January 2008). On 2 April 2009 by the decision of the Board of National Wealth Fund Samruk-Kazyna JSC he was re-elected (protocol №26/09).

### EMPLOYMENT HISTORY:

**In 1971** he graduated Kazakh polytechnic institute n.a. V.I. Lenin, heat power engineer. Ph.D. in Technical Sciences (1982). Professor (since 1999).

**1971** – Assistant, Ph.D. student of Kazakh polytechnical institute n.a. V.I. Lenin.

**1975** – Ph.D. student, assistant, senior teacher, chairman of trade union committee, A.P. of Almaty institute of power energy.

**1988** – Instructor of science and education department of CC CPK.

**1989** – Secretary of Party Committee, vice-principal of Almaty institute of power energy.

**1994** – Sector leader, leader of Administration of the higher advisory council of science and technology under the President of the Republic of Kazakhstan of Cabinet council administrative department of the Republic of Kazakhstan.

**1996** – Director of academic complex for power energy and telecommunications KazNTU n.a. K.I. Satpaev.

**Since 1997** – Principal of Almaty University of power engineering and telecommunications.

Deputy of Kalininski regional Council of people's deputies (1990-1993).

Member of expert councils on tariff policy in the sphere of electric and heat

power under the Agency of the Republic of Kazakhstan on regulation of natural monopolies, Expert council on tariff policy under the akimat of Almaty, member of the Board of the Union of power engineers of Kazakhstan, Association of HEIs of Kazakhstan, Almaty regional Council of HEIs principals. Independent director of KEGOC JSC.

He is awarded with medals 10th anniversary of the Constitution of Kazakhstan (2006), For valorous labor, In commemoration of 100th anniversary of V.I. Lenin (1970), 10th anniversary of independence of the Republic of Kazakhstan (2001), with merit badges Achiever of education of the Republic of Kazakhstan (2000), RAO UES of Russia 80th anniversary of GOELRO plan (2000). Honorary worker of education of the Republic of Kazakhstan (2005).

Author of more than 70 academic papers on theory and practice of gas fuel burning and heat exchange in power boilers and industrial furnaces, methodology of establishment of electric and heat energy tariffs upon their combined production. He has 5 inventor's certificates for invention of constructions of industrial furnaces and burner devices.



**Luca  
Sutera**

Vice-president of the Group and Financial director (CFO) of the Global Power & Water Division, Member of leaders team of the Group ABU DHABI NATIONAL ENERGY COMPANY, independent director of the Board of Directors, chairman of audit committee of Samruk-Energy JSC.

### DATE OF THE FIRST ELECTION:

On 08.05.2012 by the decision of the Board of National Wealth Fund Samruk-Kazyna JSC (protocol №21/12) he was elected to be an independent member of the Board of directors.

### EMPLOYMENT HISTORY:

**In 1996** graduated University of Milan L. Bocconi, Bachelor of Business Administration, specialty in finances.

**In 1999** received a Master in planning and control of Management School Enel S.p.F/S.F.F., Rome, Italy.

**In 2012** he finished International program Executive MBA (strategic planning) in Business school IE in Madrid.

**From January 2005 until September 2007** – Deputy Chief Financial director of European administration Endesa.

**From October 2007 until March 2011** – Financial director and deputy director general of Enel OGK-5.

**Since March 2011** – Vice-president of the Group and Chief financial director of International administration of water economy and power industry of the National energy company Abu Dhabi (TAQA).

**Since April 2011** Mr. Sutera is the member of Russian Association of Independent Directors.

At the moment Mr. Sutera is the member of the Board of Directors of energy company Jorf Lasfar (subsidiary company of National energy company Abu Dhabi).

His working experience in power energy sector is more than 15 years.



*Spitsyn Anatoly  
Tikhonovich*

Vice-president of the Russian Academy of Natural Sciences, Doctor of Economics, active member of Presidium of the Russian Academy of Natural Sciences (RANS), member of the union of architects of USSR and RF, the First vice-president of the International Academy of Investments, Director of the Institute for Strategic Studies of Integrated Problems EurAsES, independent director of the Board of directors, Chairman of the Strategic planning committee, member of Nominating and remuneration committee, member of Audit committee of Samruk-Energy JSC.

### **DATE OF THE FIRST ELECTION:**

On 08.05.2012 by the decision of the Board of National Wealth Fund Samruk-Kazyna JSC (protocol №21/12) he was elected to be a member of the Board of Directors.

### **EMPLOYMENT HISTORY:**

**In 1962** graduated Odessa civil engineering institute, civil engineer.

**1972** – Ph.D. student of the Academy of natural sciences.

**2009** – Special course in University of Washington (USA).

At the moment he is a professor of economics and finances of social sector of the Russian Presidential academy of national economy and public administration, Director of the Institute for strategic studies of integrated problems under the Eurasian Economic Community.



*Rupert Andrew Woodward  
Goodman*

Chairman and founder of FIRST – cross-disciplinary organization for international activities, independent director.

### DATE OF THE FIRST ELECTION:

On 21.10.2013 by the decision of the Board of Samruk-Kazyna JSC (Protocol №61/13) he was elected an independent member of the Board of Directors of Samruk-Energy JSC.

### EMPLOYMENT HISTORY:

Eton College, Windsor  
 Trinity College, Cambridge (2:1 Bachelor (with honors), Master)  
 Curator and Director, National Botanic Garden of Wales (2005-2008);  
**Since 2013** Chairman and Curator of Kazakhstani-British Association (**Curator since 2002**);  
 Vice-president of British-Algerian Business Association;  
 Founder of Responsible Capitalism Initiative;  
 Member of the International Advisory Board Atlantic International  
**Since 2009** Member of the Development council Artes Mundi (award for achievements in contemporary art);

**Since 2011** Vice-president of the International Association for Flora and Fauna (environmental charity);  
 Member of the Royal Geographical Society;  
 Member of the Royal Society on promotion of Art, Manufacturers and Trade;  
 Chairman of World Petroleum and World Energy Insight; Winner of 1993 for Periodical Publicities Association Award;  
**Awarded in 2010 and 2013** with Royal award for entrepreneurship.



*Ogai Alexey  
Vladimirovich*

Director of authority on administration of electric power assets of National Wealth Fund Samruk-Kazyna JSC, Member of the Board of Directors of Samruk-Energy JSC.

### **DATE OF THE FIRST ELECTION:**

22.01.2008 (protocol of Holding Samruk JSC № 01/08 d/d 22 January 2008). On 15.06.2011 by the decree of the Board of National Wealth Fund Samruk-Kazyna JSC (protocol №26/11) he was re-elected as a member of the Board of Directors.

### **EMPLOYMENT HISTORY:**

**In 1995** graduated Almaty University of Power Engineering and Telecommunications. Specialty: Electric power stations. Qualification: Electrical engineer.

**In 1995-1998** – Research assistant at FEC problems research laboratory LLP.

**In 1998-2006** – Specialist, top specialist, main specialist, head of department at KEGOC JSC.

**Since June, 2006** – Chief expert, deputy director on administration of electric power assets at Kazakhstani holding on administration of government assets Samruk JSC.

**Since October, 2008** – Chief expert at National Wealth Fund Samruk-Kazyna JSC. **Since May 2007** – Chair-man of the Board of Directors at KOREM JSC.

**Since May, 2011** – until present – Director on administration of electrical power assets of National Wealth Fund Samruk-Kazyna JSC.



*Satkaliyev Almasadam  
Maidanovich*

Chairman of the Company Board, member of the Board of Directors of Samruk-Energy JSC.

### DATE OF THE FIRST ELECTION:

04.07.2007 (order of the Chairman of the Board of Samruk Holding JSC d/d 4 July 2007 № 79-п). 15.06.2011 by the decree of the Board of National Wealth Fund Samruk-Kazyna JSC (protocol №26/11) was elected to be the member of the Board of Directors and the Chairman of the Board of Directors.

### EMPLOYMENT HISTORY:

Graduated Al-Farabi Kazakh State University in **1992**, mechanical worker, mathematician – application engineer. Ph.D. in Economics. Merited powerman of CIS.

**Since August, 1992** – Director of TaSSaT LLP.

**Since September, 1997** – Manager, head of clearing department, head of projects control department of NCOT KazTransOil JSC.

**Since August, 1998** – Managing director, vice-president in economics of NCOT KazTransOil JSC.

**Since January, 2001** – Financial director, vice-president in economics, KEGOC JSC.

**Since November, 2003** – First vice-president of KEGOC JSC.

**Since May, 2006** – Director - team-leader on KEGOC JSC, Kazakhstani holding on administration of government assets Samruk JSC.

**Since December, 2006** – Director on administration of electrical power assets of Kazakhstani holding on administration of government assets Samruk JSC.

**Since January, 2007** – Deputy minister of energy and mineral resources of the Republic of Kazakhstan.

**Since September, 2007** president, since **October 2008** – First vice-president of KEGOC JSC.

**Since December, 2009** – Chairman of the Board of KEGOC JSC.

**Since June, 2011** – CEO of National Wealth Fund Samruk-Kazyna JSC.

Since January, 2012 – Chairman of the Board of the Company.

## CHANGE IN MEMBERS OF THE BOARD OF DIRECTORS

On 21 October 2013 (Protocol № 61/13) the Board of NWF Samruk-Kazyna came to a decision to elect Mr. Rupert Andrew Woodward Goodman an independent director, member of the

Board of Directors of Samruk-Energy JSC for a period before expiration of the term of office of the Board of Directors of Samruk-Energy JSC in general.

## SELECTION CRITERIA FOR THE BOARD OF DIRECTORS

For the moment the Company has no formal documents regulating the process of selection of potential candidates into the Board of Directors. Continuous work of National Wealth Fund Samruk-Kazyna JSC focused in improvement of corporate management system predetermines not only improvement of inner legal framework year in and out in accordance with the best practice but also improvement of efficiency of the Company's business processes.

### AS OF 31 DECEMBER 2013 THE BOARD OF DIRECTORS INCLUDED:

- Economics, finances and audit expert

– Vice-president of the Group and Financial director (CFO) of the Global Power & Water Division, member of leader team of ABU DHABI NATIONAL ENERGY COMPANY Group, Mr. Luca Sutera;

- Strategy and electric energy expert – Principal of Almaty University of power energy and telecommunications, Mr. Gumarbek Zhusupbekovich Daukeev;
- Corporate social responsibility expert – Chairman of the Board Mr. Almasadam Maidanovich Satkaliev who supervises directly the Human resources management department (HCM) and all aspects related to sponsorship and benevolence.

## INDEPENDENCE CRITERIA FOR MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the best world practice of corporate management there shall be directors independent from the Sole shareholder and company authorities who guarantee making objective decisions ultimately corresponding to the Company's interests; in accordance with the Law concerning JSC the number of

independent directors shall be not less than one third of the total member of the Board of Directors.

Independence criteria are defined by the legislation of the Republic of Kazakhstan, by the Charter and by the Provision on the Board of Directors of the Company

*For the reporting period the independent directors of the Company fully complied with independence criteria.*



IN 2013 THE BOARD  
OF DIRECTORS OF THE  
COMPANY HELD

13

MEETINGS

*11 of them were by personal attendance and 2 meetings were held via videoconference. Within the frames of the meetings 146 issues were discussed.*

### NUMBER OF MEETING OF THE BOARD OF DIRECTORS

	2013	2012	2011
Number of meetings	13	13	12
By personal attendance	11	8	6
Via webconferencing	2	5	6

### ATTENDANCE OF MEMBERS OF THE BOARD OF DIRECTORS

	2013	2012	2011
Bektemirov Kuanysh Abdugalievich	100%	100%	-
Satkaliev Almasadam Maidanovich	100%	100%	100%
Ogai Alexei Vladimirovich	100%	92%	-
Daukeev Gumarbek Zhusupbekovich	100%	100%	100%
Luca Sutera	92%	92%	-
Spitsyn Anatoli Tikhonovich	92%	100%	-
Rupert Andrew Woodward Goodman	0%	-	-

## ASSUMED MEASURES ON THE ACCOUNT OF THE OPINION OF THE SOLE SHAREHOLDER BY THE BOARD OF DIRECTORS

The Board of Directors tries to take all measures required to account positions and opinions of the Sole shareholder, including:

- representatives of the Sole shareholder are the members of the Board of Directors, so all issues discussed at the meetings of the Board of Directors are directed by representatives of the Sole shareholder to form a conclusion concerning the agenda of the Board of Directors;
- representatives of the Sole shareholder who are not members of the Board of Directors, are represented in committees of the Board of Directors (as experts with consultative capacity) as well as at meetings of committees and of the Board of Directors come on with views of the Sole shareholder;
- Members of the Board of Directors participate in diagnostics of corporate management and in meetings with representatives of the Sole shareholder.

## REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

Representatives of the Sole shareholder and the Chairman of the Board being a part of the Board of Director receive no remuneration.

For performance of duties of a member in the Board of Directors independent directors receive fixed annual remuneration as well as additional remuneration for each personal attendance of a meeting of the Board of Directors as a member of the committee.

If an independent director participates in less than a half of in-person meetings and meetings in absentia of the Board of Director within the accounting period excluding the cases of absence at in-person meetings due to illness, vacation or business trip, fixed remuneration will not be paid.

An independent director is reimbursed for expenses (transport, accom-

modation, and daily allowance) related to departure to meetings of the Board of Directors and committees of the Board of Directors held outside the place of permanent residence of an independent director.

## OVERLAPPING OF POSITIONS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHAIRMAN OF THE BOARD

In order to demarcate powers and eliminate the conflict of interests positions of the Chairman of the Board of Directors and the Chairman of the Board cannot be overlapped according to the Charter and by-laws.

In 2013 the Chairman of the Board of Directors of Samruk-Energy JSC was Kuanysh Abdugalievich Bektemirov, and the Chairman of the Board was Almasadam Maidanovich Satkaliev.

*In accordance with the Provision on the Board of Directors of the Company the Chairman of the Board of Directors provides efficient link with the Sole shareholder, bringing the Sole shareholder's opinion up to the Board of Directors in general and provision of the Sole shareholder with query responses.*

## COMMITTEES OF THE BOARD OF DIRECTORS

*In accordance with the Provisions on committees under the Board of Directors each committee presents an annual progress report to the Board of Directors.*

In order to support the activity of the Board of Directors the Company established the following committees responsible for examination of issues and making recommendations on this or that issue within frames of their functional duties:

- Audit committee;
- Nominating and Remuneration committee;
- Strategic planning committee.

In accordance with the Provisions on committees under the Board of Directors each committee presents an annual progress report to the Board of Directors.

### NUMBER OF EXAMINED ISSUES AT MEETINGS BY COMMITTEES

	2013	2012	2011
Audit committee	31	38	38
Nominating and remuneration committee	28	29	11
Strategic planning committee	8	10	-

## AUDIT COMMITTEE

Audit committee is an advisory and consultative body of the Board of Directors and is established for analysis and preparation of recommendations on issues of internal and external audit, internal control system as well as risk management.

- Luca Sutera – independent director, Chairman of the Audit committee;
- Spitsyn Anatoly Tikhonovich – independent director, member of the Audit committee and the Nominating and Remuneration committee;
- Daukeev Gumarbek Zhusupbekovich – independent director, member of the Audit committee.

**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS HAS THE FOLLOWING MEMBERS:**

## NUMBER OF MEETINGS OF THE AUDIT COMMITTEE

	2013	2012	2011
Number of meetings	10	10	10
By personal attendance	10	8	8
Via webconferencing	0	2	2
Attendance of the Committee eligible members	100%	100%	100%

## FUNDAMENTAL ISSUES EXAMINED AT MEETINGS OF THE AUDIT COMMITTEE:

1. Prior approval of redrafted annual audit plan of the Internal audit service of Samruk-Energy JSC for 2013;
2. Approval of the list of key indicators of Internal audit service activity;
3. Report of Internal audit service of Samruk-Energy JSC and evaluation of its activity by quarters as well as for the year 2013. Bonus payment to employees of Internal audit service of Samruk-Energy JSC for quarterly results as well as for the year 2013;
4. Evaluation of efficiency of corporate management, risk ma-

- nagement and internal control of Samruk-Energy JSC;
5. Prior approval of the project of modified Corporate accounting policy of Samruk-Energy JSC;
  6. Concerning recommendations of internal audit inspector of Samruk-Energy JSC for the years 2013, 2014, 2015;
  7. Concerning prior approval of consolidated Register and Risk map of Samruk-Energy JSC;
  8. Concerning prior approval of Plan of action on key risks management of Samruk-Energy JSC;
  9. Concerning centralization of the Internal audit service of Samruk-Energy JSC;
  10. Concerning termination of powers and appointment of IAS employees.

## NOMINATION AND REMUNERATION COMMITTEE

Nominating and Remuneration committee is an advisory and consultative body of the Board of Directors and is established for giving recommendations on appointment of members of the Board of Directors, determination of rates and terms of salary payment and

bonus payment to members of the Board of Directors, members of the Board and corporate secretary as well as qualification criteria for the Board of Directors, members of the Board and corporate secretary.

## NUMBER OF MEETINGS OF THE NOMINATING AND REMUNERATION COMMITTEE

	2013	2012	2011
Number of meetings	10	6	4
By personal attendance	10	6	4
Via webconferencing	0	0	0
Attendance of the Committee eligible members	100%	100%	100%

## NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS HAS THE FOLLOWING MEMBERS:

- **Daukeev Gumarbek Zhusupbekovich** – independent director, Chairman of the Nomination and Remuneration committee, member of the Strategic planning committee;
- **Spitsyn Anatoly Tikhonovich** – independent director, member of the Nominating and Remuneration committee;
- **Ordabaeva Aigul Turysbekovna** – senior manager of the Human resources management department of National Wealth Fund Samruk-Kazyna JSC, Committee's nonvoting expert.

## FUNDAMENTAL ISSUES EXAMINED AT MEETINGS OF NOMINATING AND REMUNERATION COMMITTEE:

1. Concerning numerical composition of the Board of Samruk-Energy JSC, election of members of the Board of Samruk-Energy JSC, definition of terms of his powers and official salary;
2. Concerning employment of foreign specialists in to Samruk-Energy JSC Group of companies;
3. Concerning recommendations to the Board of Directors of Samruk-Energy JSC for coordination of Rules for evaluation of operations and remuneration, managing and administrative employees, head of Internal audit service and Corporate secretary of Samruk-Energy JSC;
4. Concerning recommendations to the Board of Directors of Samruk-Energy JSC for consent to the member of the Board of Samruk-Energy JSC to hold the position of the member of the Board of Directors of East Kazakhstan Regional Energy Company JSC;
5. Concerning recommendations to the Board of Directors of Samruk-Energy JSC for consent to the Member of the Board of Samruk-Energy JSC to hold the position of a member (Chairman) of the Supervisory board of Karagandahydroshakht and K LLP.

## STRATEGIC PLANNING COMMITTEE

Strategic planning committee is an advisory and consultative body of the Board of Directors and is established

for recommendations on strategic issues of the Company's activities.

ATTENDANCE OF THE COMMITTEE ELIGIBLE MEMBERS

100%

FUNDAMENTAL ISSUES  
EXAMINED AT MEETINGS  
OF STRATEGIC PLANNING  
COMMITTEE:

- *Prior examination of long-terms Development strategy of Samruk-Energy JSC for 2012-2022 including mission, perspective, tasks and objectives;*
- *Prior examination of the Plan of actions for implementation of Development strategy of Samruk-Energy JSC for 2012-2022;*
- *Prior examination of Innovative-technological strategy of Samruk-Energy JSC for 2012-2022;*
- *A report on: Strategy of sustainable energy of future Kazakhstan until 2050 and its role in integration processes of EurAsES.*

**STRATEGIC PLANNING COMMITTEE  
OF THE BOARD OF DIRECTORS HAS  
THE FOLLOWING MEMBERS:**

- **Spitsyn Anatoly Tikhonovich** – independent director, Chairman of the Strategic planning committee, member of the Nominating and Remuneration committee;
- **Daukeev Gumarbek Zhusupbekovich** – independent director, member of the Strategic planning committee, Chairman of the Nomination and Remuneration committee;
- **Elekeev Erzhan Irakovich** – chief manager of the Strategic development department of National Wealth Fund Samruk-Kazyna JSC, Committee's nonvoting expert.

**NUMBER OF MEETINGS OF THE STRATEGIC PLANNING  
COMMITTEE**

	2013	2012
Number of meetings	6	2
By personal attendance	6	2
Via webconferencing	0	0
Attendance of the Committee eligible members	100%	100%

**INTERNAL AUDIT SERVICE**

**MISSION, NUMERICAL COMPOSITION,  
FUNCTIONS:**

Internal audit service renders necessary assistance to the Board of Directors and to the Board in their duties on achievement of the Company's strategic goals.

The main goal of activity of the Internal audit service is to present independent

and objective information meant for efficient management of the Company by implementation of systematic approach into improvement of risk management, internal control and corporate management to the Board of Directors.

Director and employees of the Internal audit service are appointed by the Board of Directors. The Internal audit

service is supervised by the Audit committee of the Company's Board of Directors.

In 2013 actual personnel of the Internal audit service amounted to 7 persons. The head of the service is Akmaral Kakimovna Seidigalieva.

The Internal audit service performs its activity on the basis of key principles of international professional standards for internal audit.

#### **IMPLEMENTATION OF PLANS WITHIN THE ACCOUNTING PERIOD:**

Within the accounting year the Internal audit service performed audit check of nine subsidiaries and affiliates and seven structural subdivisions of the Company's Corporate center and performed eight out-of-schedule tasks.

#### **AUDIT CHECK IS PERFORMED IN THE FOLLOWING FIELDS:**

- Observance of acquisition regulations requirements;
- Implementation of investment projects;
- Funds management, using loans and resources allocated from the republican budget of the Republic of Kazakhstan;

- Observance of legal requirements of the Republic of Kazakhstan including those concerning natural monopolies and regulated markets and concerning competitiveness;
- HSE;
- Planning and budgeting.

Service performed diagnostics of corporate management, evaluation of corporate risk management efficiency and Company's internal control efficiency. Diagnostics of corporate management in some key subsidiaries and affiliates was also performed.

Recommendations given by the Service are focused on improvement of corporate management, risk management and internal control.

#### *PROCESS OF EVALUATION OF IAS AND ITS DIRECTOR'S ACTIVITY.*

*Efficiency of the Internal audit service and its director's activity is estimated quarterly according to the Procedure established by the Decision of the Board of Directors and approved by the Decision of Audit committee of the Board of Directors.*

#### *RESULTS OF EVALUATION OF SUBSIDIARIES AND AFFILIATES ACTIVITY:*

*Activity of the Service by the results of the year 2013 was evaluated by the Company's Board of Directors as Efficient.*



## MEMBERS OF THE BOARD AS OF 31 DECEMBER 2013

*Management of the current activity of the Company is performed by a collegial body in the form of the Board headed by the Chairman of the Board. Activity of the Board is focused on maximum safeguarding of shareholders' interests as well as performance of tasks of the Company and implementation of its strategy.*

*Arrangement of work of the Company's Board, procedure of its convocation and meeting, procedure of making decisions is determined by the Provision of the Company's Board approved by the Board of Directors on September 7, 2012 (redrafted).*

*Fundamental principles of the Board's activity are: honesty, fair practices, rationality, prudence, accountability. The Board's activity is built on the basis of safeguarding shareholders' interests and is completely accountable to the shareholder and to the Board of Directors.*



*Satkaliyev Almasadam  
Maidanovich*

Chairman of the Company Board,  
member of the Board of Directors.  
Ph.D. in Economics. Merited  
powerman of CIS.



*Ospanov Serik  
Kenesbekovich*

The first deputy chairman of the  
Board of the Company.



*Li Valeri  
Konstantinovich*

Deputy Chairman of the Board of the  
Company.



*Maksutov Kairat  
Berikovich*

Deputy Chairman of the Board of the  
Company.



*Moldabaev Kanysh  
Tanirbergenovich*

Managing director in development.



*Salimzhuarov Gani  
Galiollauly*

Head of division Distribution  
and sales.



*Platonov Sergej  
Viktorovich*

Managing director of division Fuel,  
logistics and service.



*Makulbekov Rustem  
Nurlanovich*

CEO of division HPP and RES.



*Auezova Mira  
Zhaksylykovna*

Director of Legal department.



**Satkaliyev Almasadam  
Maidanovich**

Chairman of the Company Board,  
member of the Board of Directors.  
Ph.D. in Economics. Merited powerman  
of CIS.

**Born on** October 31, 1970.

**Citizenship:** Republic of Kazakhstan



**Ospanov Serik  
Kenesbekovich**

The first deputy chairman of the Board  
of the Company.

**Born on** September 2, 1973.

**Citizenship:** Republic of Kazakhstan.

## EMPLOYMENT HISTORY:

**In 1992** – graduated Al-Farabi Kazakh State University, mechanical worker, mathematician – application engineer.

**Since August, 1992** – Director of TaSSaT LLP.

**Since September, 1997** – Manager, head of clearing department, head of projects control department of NCOT KazTransOil JSC.

**Since August, 1998** – CEO, vice-president in economics of NCOT KazTransOil JSC.

**Since January, 2001** – Financial director, vice-president in economics, KEGOC JSC.

**Since November, 2003** – First vice-president of KEGOC JSC.

**Since May, 2006** – Director - team-leader on KEGOC JSC, Kazakhstani holding on administration of government assets Samruk JSC.

**Since December, 2006** – Director on administration of electrical power assets

of Kazakhstani holding on administration of government assets Samruk JSC.

**Since January, 2007** – Deputy minister of energy and mineral resources of the Republic of Kazakhstan.

**Since September, 2007** President, since **October 2008** – First vice-president of Kazakhstan Electricity Grid Operating Company KEGOC JSC.

**Since December, 2009** – Chairman of the Board of KEGOC JSC.

**Since June, 2011** – CEO of National Wealth Fund Samruk-Kazyna JSC.

**Since January, 2012** – Chairman of the Board of the Company.

## EMPLOYMENT HISTORY:

**In 1996** graduated State University Semey, mechanical engineer.

**In 2003** graduated Kazakh Academy of public administration, economist.

**1993-1994** – Production engineer at Zhetysu PCC of RAO Agropromenergo.

**1994-1996** – CEO of Nazar JSC.

**1997-1998** – Director General of Sapar LLP.

**1998-2000** – Marketing director at Electrim LLP.

**2000-2001** – Vice-president in marketing and finances of TSC-group Corporation.

**2001-2006** – Director of business department, business director, CEO in economics at KEGOC JSC.

**2006-2008** – First vice-president at KEGOC JSC.

**2008-2009** – President of Alatau Zharyk Kompaniyasy JSC.

**From June until December 2009** – Chairman of the supervisory board of Saiman JSC.

**2009-2012** – First vice-president of KEGOC JSC, first deputy Chairman of the Board of KEGOC JSC.

**Since February, 2012 until present** – First deputy Chairman of the Board of the Company.



*Li Valeri  
Konstantinovich*

Deputy Chairman of the Board of the Company.

**Born of** August 20, 1951.

**Citizenship:** Republic of Kazakhstan.

### EMPLOYMENT HISTORY:

**In 1974** – graduated Moscow Power Engineering Institute, mechanical engineer.

**In 1993** – graduated Almaty institute of national economy, economist.

**1974-1977** – Lead engineer of Sredazenergomontazh Trust.

**1979-1989** – Foreman, head foreman of start and adjustment site, head of the department at Sredazenergomontazh Trust.

**1989-1992** – Service engineer of HPNU Kazkommunenergonaladka.

**1992-1993** – Deputy director in economics of CIC Ayu.

**1993-1994** – Deputy Director General of Kazmetallstrakhovanie JSC.

**1994-1995** – Director of Lira Company.

**1995-1996** – Lead engineer of Sredazenergomontazh Trust.

**1996-1997** – Leading specialist of NES Kazakhstanenergo.

**1997-2012** – Head of department of chief sales operator at Department of contracts and commercial balances, head of Sales department, deputy director of Commercial department, director of Sales department, CEO, vice-president, CEO in system services and logistics support at KEGOC JSC.

**2012 – 2013** – Managing director of the Company, Head of Generation division of the Company.

**Since October, 2013** – Deputy Chairman of the Board of the Company.



*Maksutov Kairat  
Berikovich*

Deputy Chairman of the Board of the Company.

**Born on** May 16, 1970.

**Citizenship:** Republic of Kazakhstan.

### EMPLOYMENT HISTORY:

**In 1991** graduated Karaganda Kazpotrebsoyuz Cooperative Institute, economist-inspector.

**1991-1992** – Inspector of Accounting and control office of Karaganda oblpotrebsoyuz.

**1992-1997** – Leading specialist of investments and innovations department, head of department of international settlements and exchange operations, deputy director of Karaganda branch of Iguilik-Bank Joint stock bank;

**1997-1999** – Zhairam-Atasuiskaya special economic zone, deputy Chairman of SEZ Board of administration, deputy Akim of Karazhal;

**1999-2004** – Deputy director, director of Karaganda branch of SB Alfa-Bank JSC.

**2004-2009** – Vice-president in economics and finances of Gefest mining industry holding.

**2009-2012** – Deputy Chairman of Finances and economics administration of the Company.

**2012-2013** – Managing director, managing director in corporate administration of the Company.

**Since November, 2013** until present – Deputy Chairman of the Board of the Company.



*Moldabaev Kanysh  
Tanirbergenovich*

Managing director in development.

**Born on** October 23, 1963.

**Citizenship:** Republic of Kazakhstan.



*Platonov Sergei  
Viktorovich*

Managing director of division Fuel,  
logistics and service.

**Born on** July 28, 1955.

**Citizenship:** Republic of Kazakhstan.

### EMPLOYMENT HISTORY:

**In 1987** – graduated Pavlodar industrial institute, electrical engineer.

**In 2002** – graduated Karaganda state technical university, attorney economist.

**In 2004** – graduated Academy of public service under the President of the Republic of Kazakhstan, master of public service.

**1987-1997** – Electrical fitter, Foreman, Operator, Chief engineer, Head at Bayanaul distribution zone.

**1997-1999** – President of the joint stock company, Bayanaul distribution zone.

**1999-2004** – Deputy Akim of the region, Akimat of Bayanaul region in Pavlodar region.

**2004-2007** – Head of electric power office, Ministry of energy and mineral resources.

**2007-2009** – Director of North MPN branch, KEGOC JSC.

**2009-2011** – Director of NES development department, KEGOC JSC.

**2011-2012** – Director for personal assets management, National Wealth Fund Samruk-Kazyna JSC.

**March, 2012 – November, 2012** – Director of the Department of innovation-technologic policy and development of the Company.

**November, 2012** until present – Managing director for development of the Company.

### EMPLOYMENT HISTORY:

**1980** – graduated Karaganda Technical Institute, mining mechanical engineer.

**1980-2000** – PA Karagandaugol, mine n.a. Kostenko, site mechanic, deputy coal mining foreman.

**2000-2005** – Topaz 2000 LLP, director of mine.

**2005-2008** – Association of colliery management Gefest, director of mining department.

**2008-2011** – Goal Trade Company LLP, chairman of committee on subsurface use.

**2011-2012** – Director of fuel and logistics department of the Company.

**November, 2012** – until present – Managing director of division Fuel, logistics and service.



*Salimzhuarov Gani  
Galiollauly*

Head of division Distribution and sales.

**Born on** March 20, 1954.

**Citizenship:** Republic of Kazakhstan.

## EMPLOYMENT HISTORY:

**In 1982** – graduated Pavlodar industrial institute, specialty Electric networks and systems.

**1971-1972** – Electrician of Volodarskiy distribution zone, Kokchetav PNE.

**1974-1975** – Wireman of II category of Kokchetav substation at Volodarskiy distribution zone, electrician of II category for OHL repair.

**1975-1978** – Wireman of III category, IV category for repair of protection system facilities.

**February, 1978 - June, 1978** – Wireman for maintenance of substation 220/110/35/10 Kokchetavskaya.

**1978-1980** – Shift engineer of logging KGPP, Kokchetav PNE.

**1980-1981** – ODC operator, Kokchetav PNE.

**1981-1986** – Chief engineer, Head of Volodarskiy distribution zone.

**1986-1989** – ODC operator of PNE.

**1989-1990** – Ag. chief engineer of Volodarskaya distribution zone.

**1990-1996** – Deputy chief engineer of Kokchetav interconnection enterprise **1 150 kW**, deputy head of operations service, Chief engineer of supervisory group, Power and Electrification Ministry of USSR PA Long distance power transmission.

**1996-1999** – Chief engineer of a branch of Akmolinsk intersystem electric networks of NES Kazakhstanenergo, Director of AB MPN KEGOC, Director of CB MPN KEGOC.

**1999-2001** – Branch director of Akmolinsk MPN, KEGOC JSC, Astana.

**2001-2003** – Director of national electric networks operations department, KEGOC JSC, Almaty.

**2003-2006** – Director of department of capital construction modernization, KEGOC JSC, Almaty.

**2006-2008** – Director of department of capital construction of KEGOC JSC, Astana.

**February, 2008 - October, 2008** – Deputy Chairman of Production and development board of APK JSC, Almaty.

**2008-2009** – First deputy Chairman of the Board, Almaty Power Consolidated JSC, Almaty.

**2009-2011** – Deputy Chairman of Production and development board of Alatau Zharyk Kompaniyasy JSC.

**2011-2012** – Chairman of the Board, Ekibastuz station SDPP-2 JSC.

**February, 2012 - November, 2012** – Managing director of the Company.

**November, 2012** – until present – Managing director of division Distribution and sales of the Company.



*Makulbekov Rustem  
Nurlanovich*

CEO of division HPP and RES.

**Born on** August 27, 1979.

**Citizenship:** Republic of Kazakhstan.

### EMPLOYMENT HISTORY:

**In 2002** – graduated APU Cambridge, UK.

**2002-2003** – Production and technical department manager, Kaztransgaz LNG CJSC.

**2003-2006** – Production and technical department manager, Deputy director of gas transport and marketing department, Intergaz Central Asia CJSC.

**April, 2006 - June, 2006** – Executive sales director, APK JSC.

**2006-2007** – Vice-president for development at Altynalmas JSC.

**2006-2010** – Director General at Altyn tet LLP.

**August, 2010 - November, 2010** – Deputy Director General on long-term growth, Almatyenergosbyt LLP.

**2011-2012** – Deputy Director General on commerce, Astana Solar LLP.

**February, 2012 – November, 2012** – Managing director of the Company.

**November, 2012** – until present – Managing director of division HPP and RES of the Company.



*Auezova Mira  
Zhaksylykovna*

Director of Legal department.

**Born on** September 7, 1977.

**Citizenship:** Republic of Kazakhstan.

### EMPLOYMENT HISTORY:

**In 1998** – graduated Kazakh State Law University.

**1998-1999** – Senior specialist of legal services department under the Ministry of Justice of the Republic of Kazakhstan.

**1999-2000** – Senior, leading, chief specialist of the Committee on enforcement of judgments under the Ministry of Justice of the Republic of.

**2000-2002** – Chief specialist, deputy head of Human resource department/ Human resources and operation of personnel review board department under the Ministry of Justice of the Republic of Kazakhstan.

**2002-2004** – Deputy head of HR and public service department of Mazhilis Department under the Parliament of RoK.

**February, 2004 - December, 2004** – Head of HR and public service department of Mazhilis Department under the Parliament of RoK.

**2005-2006** – Executive director of the Union of Lawyers of Kazakhstan.

**March, 2008 - October, 2008** – Corporate secretary at KEGOC JSC.

**2008-2012** – Director of Legal department of KEGOC JSC.

**Since February, 2012** - until present – Director of Legal department.

## NUMBER OF MEETINGS OF THE BOARD OF THE COMPANY

	2013	2012	2011
Number of meetings	12	21	31
Part of meetings by personal	100%	100%	100%
Number of issues examined	234	139	123

## SELECTION CRITERIA FOR MEMBERS OF THE BOARD

Determination of the number of members, period of powers, election of members of the Board as well as appointment of the chairman of the Board providing coordination of appointment of the chairman of the Board by the shareholder refer to exclusive jurisdiction of the Board of Directors.

In case of election and appointment to a member of the Board the Board of Directors follows by-laws of the Company determining requirements to

applicants and the procedure of their election.

Applicants for members of the Board shall have experience, knowledge and qualification needed for due performance of his responsibilities, shall have positive reputation and win approval of the majority of directors.

Selection and appointment of applicants are performed on the basis of the utmost transparent and distinct procedures established by the Board of Directors.

## MEASURES FOR ACCOUNT OF THE OPINION OF THE BOARD OF DIRECTORS IN RELATION TO THE COMPANY BY THE BOARD

The Board of Directors while performing its managing functions in the Company determines strategic goals, priority development fields and sets main focuses of the Company's activity.

The Board in its turn performs all decisions and instructions of the Board of Directors.

Opinion of the Board of Directors is also taken in account when studying the issues of investment-innovative activities of the Company given that one of the members of the Board of Directors is a member of an advisory and consultative body.

## CHANGE IN MEMBERS OF THE BOARD

**On 10 October 2013** by the decision of the Board of Directors (protocol №78) powers of the member of the Board Ms. Gulbanu Tazhibaevna Pazylkhairova were terminated before time. The Board of the Company elected:  
Maksutov Kairat Berikovich – Deputy Chairman of the Board.

**On 18 December 2013** by the decision of the Board of Directors of the Company (protocol №80) number of members of the Board was set to 9 members.



## COMMITTEES OF THE COMPANY'S BOARD

The Board holds regular meetings by voting in person.

In 2013 the Company Board held 12 meetings which considered 234 items. All meetings were in-person.

### **PARTICULARLY, THE CONSIDERED ISSUES WERE:**

- on conclusion of deals in settlement of which the Company has concernment, including issues on acquisition of shares of subsidiaries and affiliates, provision of guarantees to subsidiaries, providing financial assistance and credit arrangement;
- on approval of long-term development strategy of the Company for 2012-2022;
- on approval of Investment policy of the Company in new edition;
- on approval of plans for implementation of investment projects for 2013;
- on corporate management issues.

Also a decision on consolidation of Risk committee and Management and corporate management committee into one Committee with change of name into Risk and management committee was made.

In 2013 Strategic planning committee was established.

### **TODAY UNDER THE BOARD OF THE COMPANY THE FOLLOWING ADVISORY AND CONSULTATIVE BODIES (HEREINAFTER REFERRED TO AS ACB):**

- Risk and management committee;
- Planning and performance appraisal committee;
- Credit committee;
- Strategic planning committee;
- Investment-innovative Council.
- All committees are accountable to the Company's Board and act within the frames of jurisdiction granted by the Board in accordance with the provisions concerning these bodies.

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*In 2013 by the decision of the Board Asset and liability committee and Credit committee were consolidated into one Committee – Credit committee.*

## RISK AND MANAGEMENT COMMITTEE

**Purpose** – contribution to the Board in making decisions in the field of risk management and management system. Regulatory document - provision on Risk and management committee is approved by the decision of the Board of the Company on 2 April 2013.

**Chairman of the Committee** – Chairman of the Company's Board.

**Deputy Chairman** – Managing director for corporate management.

**Members of the Committee** – Managing director of division Generation, Managing director of division HPP and RES, Managing director of division Fuel, logistics and service, Managing director of division Distribution and sales, Managing director for strategy, Head of the department, Managing director for production, Managing director for development, Head of Internal audit service (nonvoting).

	total	by personal	via webconferencing
Number of meetings	3	3	0
Number of examined issues	17		
Key issues, examined by the Committee	Quarterly prior approval of the report of the head of risk management structural subdivision with description and analysis of key risks of the Company		
	Annual approval of action plans on improvement of Complex risk management system (CRMS), action plan on key risks management, Complex internal control system (CICS), Complex monitor system (CMS)		
	Coordination of bylaws according to SRM, ICS, CMS		
	Annual coordination of Register and Risk map of the Company		
	Examination of issues on improvement of CMS		

*Purpose – improvement of efficiency of Company's activity and activity of its subsidiaries and affiliates including optimization of structure of their assets and expenditures.*

## PLANNING AND PERFORMANCE APPRAISAL COMMITTEE

**Purpose** – improvement of efficiency of Company's activity and activity of its subsidiaries and affiliates including optimization of structure of their assets and expenditures.

**Regulatory document** – Provision on Committee is approved by the Board of the Company on 18 April 2011.

**Chairman of the Committee** – Chairman of the Company's Board.

**Deputies Chairman** – deputies chairman of the Board of the Company of real and financial sector issues.

**Members of the Committee** – members of the Board, managing directors supervising strategic and investment issues, directors of departments responsible for issues of production, strategy, economics and budgeting, financing, investments, treasury, human resources and procurements.

	total	by personal	via webconferencing
Number of meetings	91	91	0
Number of examined issues	91		
Key issues, examined by the Committee	Examination of development plans for subsidiaries of the Company for 2013-2017 inclusive of amendments		
	Examination of development plans for subsidiaries of the Company for 2013-2017		
	Approval of amendments for development plan of the Company's corporate center for 2013-2017		

## CREDIT COMMITTEE

**Regulatory document** – Provision on Committee is approved by the Board of the Company on 7 August 2013 (redrafted).

**Chairman of the Credit committee** – Deputy Chairman of the Company's Board (in economics and finances).

**Deputy Chairman of the Credit committee** – Managing director for economics and financing.

**Members of the Committee:**

- Head of structural subdivision responsible for corporate finances or his designated substitute;
- Head of structural subdivision responsible for fiscal and taxation management or his designated substitute;
- Head of structural subdivision res-

ponsible for economic planning and tariff making or his designated substitute;

- Head of structural subdivision responsible for treasury operations or his designated substitute;
- Head of structural subdivision responsible for risk management and internal control or his designated substitute;
- Head of structural subdivision responsible for investments or his designated substitute.

*Purpose – provision with timely and quality decisions on issues concerning administration of loans, financial assistance, issue of guarantees, risk minimization.*

	total	by personal	via webconferencing
Number of meetings	4	4	0
Number of examined issues	4		
Key issues, examined by the Committee	Granting of loan to First wind electric power plant LLP		
	Granting of loan to EK REC JSC for implementation of project Acquisition of assets of Distrans LLP		
	Granting of loan to Aktobe CHP JSC for working capital financing		
	1. Granting of loan to Zhambyl SDPS JSC for autumn and winter period 2013-2014 2. Granting of loan to AIPP JSC for working capital financing		

*Purpose - preparation of suggestions to the Board of Directors of the Company concerning development of areas of priority, strategic goals (development strategies) of the Company including development of measures contributing to efficiency improvement of Company's activity and activity of its affiliates and subsidiaries in the long run.*

## STRATEGIC PLANNING COMMITTEE

**Regulatory document** – Provision on Strategic planning committee was approved on 2 April 2013.

**Chairman** – First Deputy Chairman of the Board.

**Deputy Chairman** – Managing director in strategy.

**Members of the Committee:** Managing director for corporate management, Managing director for economics

and finances, managing director for production, Managing director for development, Managing director of division Generation, Managing director of division HPP and RES, Managing director of division Fuel, logistics and service, Managing director of division Distribution and sales, Director of strategic development department, Director of projects management department.

	total	by personal	via webconferencing
Number of meetings	16	16	2
Number of examined issues	21		
Key issues, examined by the Committee	Approval of Recommended practices for development, monitoring and update of development strategies for subsidiaries and affiliates of Samruk-Energy JSC		
	Examination of Plan of actions for transition to targeted structure of Samruk-Energy JSC holding company in 2013 within the frames of Development strategy for 2012-2022		
	Examination of Plan of actions on restructuring of non-core assets and objects		
	Examination of Strategies for subsidiaries and affiliates		

## INVESTMENT-INNOVATIVE COUNCIL

**Purpose** – improvement of efficiency of investment and innovative activity as well as increase of Kazakh content in the Company and its subsidiaries and affiliates.

**Regulatory documents** – Provision on the Council is approved by the Board of the Company on 10 October 2011.

**Chairman** – is the Chairman of the Board of the Company.

**Deputy Chairman** – First deputy chairman of the Board of the Company.

**Members of the Committee:** members of the Board, managing directors supervising issues of production, assets and projects management, finances and economics, representatives of subsidiaries and affiliates of the Company, member of the Board of Directors of the Company and independent experts.

# OBSERVANCE OF THE PRINCIPLES AND CORPORATE MANAGEMENT PROCESSES

## FUNDAMENTAL PRINCIPLES OF THE CORPORATE MANAGEMENT CODE ARE:

- principle of protection of shareholders' rights and interests;
- principle of efficient management of the Company by the Board of Directors;
- principle of efficient management of the Company by the Board;
- principle of independent activity of the Company;
- principles of transparency and fairness of disclosure of information concerning activity of the Company;
- principles of legitimacy and ethics;
- principles of efficient dividend policy;
- principles of efficient personnel policy;
- principle of environmental protection;
- corporate conflicts and interests conflicts adjustment policy;
- principle of responsibility.

Report on observance of corporate management principles is published on web-site of Samruk-Energy JSC.

*Corporate management Code of the Company is approved by the decision of the Sole shareholder of the Company (annex to the order № 165-П d/d 12 November 2007).*

**Membership in associations and/or national and international interest organizations**

*Samruk-Energy JSC is a member of the following associations/organizations:*

- *Kazakhstan Association of oil and energy complex organizations KAZENERGY;*
- *CIS Electric Power Council;*
- *Kazakh Electrical Association;*
- *World Energy Council;*
- *European wind energy association.*

**MECHANISMS HELPING SHAREHOLDERS AND EMPLOYEES OF THE COMPANY TO DIRECT ACTIVITY OF HIGHEST GOVERNING BODY OR TO GIVE IT RECOMMENDATIONS**

Interaction of members of the Board of Directors of the Company is regulated by Procedure of interaction concerning activity of representatives of National Wealth Fund Samruk-Kazyna JSC within the Boards of directors and supervisory councils of Samruk-Kazyna JSC group of companies (approved by the decision of the Board of Samruk-Kazyna JSC

d/d 3 September 2010, protocol №53/10).

Special mechanisms helping employees to give recommendations to members of the Board of Directors are not applied within the Company. At the same time management system has no limitations for making the opinion and concern of employees available to the Board of Directors.

**INTERRELATION OF REMUNERATION PAYMENT TO MEMBERS OF THE BOARD AND THE BOARD OF DIRECTORS AND RESULTS OF ACTIVITY**

Payment of remuneration to members of the Board is performed on the basis of approved efficiency coefficients. By the results of estimation of approved efficiency coefficients ratio and amount of remuneration with regard to planned sum as of calendar year-end is determined for every member of the Board.

*Additional condition for remuneration payment is availability of consolidated profit in the accounting period.*

Payment of remuneration to independent members of the Board of directors is made on the basis of mechanisms captured in labor contracts. In accordance with concluded labor con-

tracts for every independent member of the Board of Directors flat rate for participation in meetings of the Board of Directors is determined as well as variable component paid for membership in committees of the Board of Directors of the Company.

In particular, remuneration to members of the Board of Directors shall not be paid in case of participation in less than a half of meetings as well as in case of degradation of financial and economic indicators of the Company and failure to achieve desired goals and indicators by the result of their estimation.

## PROCEDURES FOR MONITORING OF EXECUTION OF TARGETED GOALS

Procedures for monitoring of economic, environmental and social performance of the Company as well as monitoring of performance of targeted strategic goals will be performed by the Company by executing:

- Plan of actions for implementation of Development strategy of Samruk-Energy JSC for 2012-2022 on a long-term basis;
- Development plan of Samruk-Energy JSC until 2015 on monthly, quarterly and annual basis.

## PRECAUTIONARY PRINCIPLE

The Company adheres to 15th precautionary principle set in the Declaration accepted at UN Conference on environment and development held in Rio-de-Janeiro on 3-4 June 1992.

Within the frames of further protection of environment the Government of the Republic of Kazakhstan made a decision d/d 14 December 2007 № 1232 to approve Technical regulation Requirements to emissions from combustion of various types of fuel in boiler units of thermal stations which comes into force from 1st January 2013.

Samruk-Energy Group of Companies is aware of certain damage to the environment from their activity so implements measures contributing to reduction of emissions. In order the goals conform to the requirements of the Technical regulations Samruk-Energy Group of Companies strives to reduce its emissions and starts to install smoke filters which allow reducing environmental pollution considerably.

*Samruk-Energy Group of Companies is aware of certain damage to the environment from their activity so implements measures contributing to reduction of emissions.*

## PARTICIPATION IN CHARTERS AND INITIATIVES

A lot of problems of the contemporary world such as changes in climate, environmental pollution, poverty and others covers all sides of people's life and relate to all countries of the world.

The Company being one of the largest organizations in the Republic of Kazakhstan accepts the major part of responsibility for settlement of these problems.

*To demonstrate its adherence to principles of corporate social responsibility the Company entered the UN Global Compact on 5 October 2011 so today it supports ten principles of the UN Global Compact.*



IN ORDER TO ENSURE  
OBSERVATION OF  
REQUIREMENTS  
OF THE CODE OF  
BUSINESS CONDUCT  
SAMRUK-ENERGY JSC  
ESTABLISHED A HOT LINE  
NUMBER

**+7 (7172) 55-30-95**

**TRUST@SAMRUK-ENERGY.KZ**

*From 2012 the Company started to provide with information on progress achieved, that served as statement about undeviating support of the United Nations Global Compact principals and describing measures focused on compliance with its principals, and their results.*

## MANAGEMENT OF CONFLICTS

Prevention of interest conflicts is strictly observed by all employees irrespective of their status and occupation and covers all aspects of Company's activity starting from personnel recruitment and finishing with procurements. Deliberate acts focused on violation of requirements of Code of Business Conduct and Corporate Management are considered by the Company as a disciplinary offence which can lead to prosecution established by the legislation of the Republic of Kazakhstan.

In order to inform employees the Company developed the Code of Business Conduct and Corporate Management regulating policy in the sphere of interest conflicts. A standard contract contains employees' duties concerning observance of provisions of the Code of Business Conduct and the Code of Corporate Management.

In order to ensure observation of requirements of the Code of Business Conduct Samruk-Energy JSC established a hot line number (+7 (7172) 55-30-95) and e-mail address (trust@samruk-energy.kz); this information can be found on the web-site and in the office of Samruk-Energy JSC. The Company also has a mailbox for complaints, applications and suggestions.

Concerning clarification of requirements of the Code and/or any ethical issues as well as concerning violations

of the Code requirements, corruption and other illegal actions officials and employees of the Company, business partners and interested parties have the right to appeal:

- to direct supervisor;
- to Ombudsman;
- to Internal audit service;
- to Corporate secretary Service (violations of business ethics principles are considered by the Board of Directors of the Company).

By the decision of the Board of Directors Samruk-Energy JSC appointed an Ombudsman whose basic functions are collection of information concerning non-observation and/or violations of the Code provisions, statutory provisions of the Republic of Kazakhstan and other bylaws of the Company, consultations of Company's employees, Company's officials regarding Code provisions, initiation of resolution of disputes regarding violation of Code provisions and direct participation.

Example of observance of provisions of the Code of Business ethics and the Code of the Corporate management is the practice of discussion of remuneration amount for executive body within the Board of Directors of the Company where the Chairman of the Board is absent when the amount of his remuneration and other additional bonuses are being determined.

Responsibility for monitoring of observance of the provisions of the Corporate management Code by employees is assigned to the Corporate management department. At the end of 2013 the Corporate management department with participation of the Corporate secretary's Secretariat prepared a Report on observation of principles of corporate management which later was posted in the website of the Company. In particular, in order to eliminate cases of interest conflicts the Company established

a list of affiliates of the Fund group of companies which is brought to the attention of the members of the Board of Directors and the Board of the Company as well as by publishing it in the internal intranet portal of the Company.

In 2013 no cases in interest conflicts in Samruk-Energy Group of Companies were registered.

*In 2013 no cases in interest conflicts in Samruk-Energy Group of Companies were registered.*

## QUALITY MANAGEMENT

The Company implemented a Corporate management system (hereinafter referred to as CMS) conforming to international standard ISO 9001:2008.

Within the frames of CMS implementation bylaws of the Company were unified and planned internal audit checks of CMS are performed.

### **BESIDES THE FOLLOWING REGULATORY DOCUMENTS WERE DEVELOPED AND APPROVED:**

- Company's policy in relation to CMS;
- CMS authorities;
- CMS mandatory procedures;
- Maps of all existing internal processes of structural subdivisions.

In 2011 CMS of the Company was successfully certified to conformance to international standard ISO 9001:2008 by a certification center

TUV Rheinland with application in the energy assets corporate management.

CMS distinctly distributes functionality for each business direction of the activity which provides strength of operational control and centralization of processes of key decisions acceptance in the group of companies of the Company at the corporate center level.

### **WITHIN THE YEAR 2013 IN ORDER TO DEVELOP AND IMPROVE CMS OF THE COMPANY THE FOLLOWING MEASURES WERE IMPLEMENTED:**

- updating of the bylaws;
- updating of Process map of the Company's structural subdivisions;
- questioning and analysis of content of internal consumers;
- internal audit check of internal processes in order to determine con-

*Improvement of management systems on the basis of international standards is important factors of dynamic development and strengthening of positions at the energy market of the country.*

formance of CMS to the requirements of international standard ISO 9001.

Performed work resulted into successful second audit of compliance of CMS with the requirements of international standard ISO 9001:2008 on 5 December 2013. External auditors mentioned strong preparation to audit check and the level of CMS implemented into the Company. In 2014 certificate of conformance to international standard ISO 9001:2008 issued in 2011 expires so recertification audit check of the Company is planned.

Also in the year just ended all subsidiaries and affiliates of the Company successfully passed all supervisory and some recertification audit checks and received assessment of conformity of existing management systems to the requirements of international standards. In 2013 Shardarinskaya HPP JSC which successfully confirmed correspondence of its integrated management system to the requirements of international standards ISO 9001, ISO 14001 and OHSAS 18001 joined the certified organizations of the Company's group of companies. MREC JSC completed works on implementation of integrated management system and planed certification audit check in the first quarter of the year.

Subsidiaries and affiliates of the Company which are the subjects of the State energy register consume energy

resources in the amount equivalent to one thousand five hundred and more tons of reference fuel per year; in 2014 works on implementation of energy management system in accordance with the requirements of international standard for energy management are planned.

**AS OF 31 DECEMBER 2013 MANAGEMENT SYSTEM OPERATES IN 11 ORGANIZATIONS OF THE COMPANY'S GROUP OF COMPANIES INCLUDING CORPORATE CENTER:**

- the Company and 2 subsidiaries (AlmatyEnergoSbyt JSC, Shygys-energytrade LLP) – certified to ISO 9001 standard;
- 8 subsidiaries (Ekibastuz SDPS-1 LLP, Ekibastuz SDPS-2 Station JSC, Bogatyr Komir LLP, AIPP JSC, Alatau Zharyk Company JSC, EK REC JSC, Aktobe CHP JSC, Shardarinsk HPP JSC) – certified to three standards (ISO 9001, ISO 14001 and OHSAS 18001).

Improvement of management systems on the basis of international standards is important factors of dynamic development and strengthening of positions at the energy market of the country.



## INTERACTION WITH INTERESTED PARTIES

Interested Parties	Range of issues	Methods of interaction
Shareholders	<ul style="list-style-type: none"> <li>• Activity efficiency;</li> <li>• Dividends;</li> <li>• Transparency and disclosure of information.</li> </ul>	<ul style="list-style-type: none"> <li>• General shareholders meeting;</li> <li>• Annual report;</li> <li>• Meetings and negotiations;</li> <li>• Web-site;</li> <li>• Communication and requests;</li> <li>• Exhibitions, forums and presentations.</li> </ul>
Subsidiaries and affiliates	<ul style="list-style-type: none"> <li>• Companies' level of yield;</li> <li>• Reduction of emissions;</li> <li>• Efficient use of water resources;</li> <li>• Application of high technologies.</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings and sessions;</li> <li>• Web-site;</li> <li>• Procurements;</li> <li>• Non-financial reports;</li> <li>• Working visits;</li> <li>• Round tables, summits.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Remuneration of labor;</li> <li>• Social package;</li> <li>• Safe labor conditions;</li> <li>• Professional growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Opinions and feedbacks delivered via department managers;</li> <li>• Web-site;</li> <li>• Questioning and interrogations;</li> <li>• Mass media;</li> <li>• Meetings of the Board.</li> </ul>
Public authorities	<ul style="list-style-type: none"> <li>• Sectoral development programs;</li> <li>• Social issues;</li> <li>• Tariffs.</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in governmental task groups;</li> <li>• Interaction through sectoral organizations;</li> <li>• Consultations with authorized public authorities in the sphere of electric energy.</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>• Satisfaction of increasing demand on electric and heat energy;</li> <li>• Amount of services rendered;</li> <li>• Energy saving.</li> </ul>	<ul style="list-style-type: none"> <li>• Questioning and interrogations;</li> <li>• Mass media;</li> <li>• Web-site;</li> <li>• Non-financial reports.</li> </ul>
Banks and other financial organizations	<ul style="list-style-type: none"> <li>• Credit lines;</li> <li>• Bank accounts;</li> <li>• Cooperation in project implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Web-site;</li> <li>• Communication and requests;</li> <li>• Exhibitions, forums and presentations;</li> <li>• Financial accounts.</li> </ul>
Other affiliated persons	<ul style="list-style-type: none"> <li>• Nondiscrimination;</li> <li>• Observance of human rights;</li> <li>• Stable employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-financial reports;</li> <li>• Web-site.</li> </ul>

## INTERACTION WITH INTERESTED PARTIES

Interested Parties	Range of issues	Methods of interaction
Competitors	<ul style="list-style-type: none"> <li>• Increase of sectoral efficiency;</li> <li>• Support at peak loads.</li> </ul>	<ul style="list-style-type: none"> <li>• Interaction through sectoral organizations.</li> </ul>
Society including mass media	<ul style="list-style-type: none"> <li>• Contribution to socio-economic development of activity areas;</li> <li>• Efficient nature management;</li> <li>• Environmental protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Web-site;</li> <li>• Non-financial reports;</li> <li>• Press releases;</li> <li>• Corporate events;</li> <li>• Press-conferences.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Long-term cooperation;</li> <li>• Local content;</li> <li>• Reduction of emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• Concluded contracts and memorandums.</li> </ul>
Partners	<ul style="list-style-type: none"> <li>• Equipment reliability;</li> <li>• Plans for the Company's development;</li> <li>• Observance of contractual liabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-financial reports;</li> <li>• Working visits;</li> <li>• Business meetings;</li> <li>• Web-site;</li> <li>• Advertising.</li> </ul>

The Company considers its interested parties as a group of persons or organizations which have influence on the Company's activity or are subject to influence from the Company's activity. Table above shows main parties interested.

## 09. SUSTAINABLE DEVELOPMENT

*Being one of the biggest energy companies in Kazakhstan Samruk-Energy JSC recognizes its important role in the processes of sustainable development for the community.*

### ENVIRONMENTAL PROTECTION

Environmental protection and reasonable use of resources play a significant role in the activity of the Company and its subsidiaries and affiliates. Priority directions of development and goals of the Company's activity in the sphere of environmental protection are reflected in a long-term Development strategy and Environmental policy of the Company.

The Company plans to gradually reduce impact of production activity on the environment by implementation of new technologies and application of renewable energy sources.

Below brief information regarding management approach to each environmental aspect is given.

— 09 —

*The Company plans to gradually reduce impact of production activity on the environment by implementation of new technologies and application of renewable energy sources.*



*While performing its activity Samruk-Energy Group of Companies acquires natural resources used for further transformation into electric of thermal energy. Together with natural resources Samruk-Energy Group of Companies also uses chemical products, lubricants and cooling fluids less important in consumption.*

## USED MATERIALS

While performing its activity Samruk-Energy Group of Companies acquires natural resources used for further transformation into electric of thermal energy. Together with natural resources Samruk-Energy Group of Companies also uses chemical products, lubricants and cooling fluids less important in consumption. In particular, up to now some subsidiaries and affiliates of Samruk-Energy Group of Companies use equipment with polychlorinated biphenyls (hereinafter referred to as PCB). PCB is used as dielectric liquids in transformers, condensers and other electric equipment constituting threat to human health.

To eliminate the risk of intoxication with PCB the Republic of Kazakhstan signed Stockholm Convention on Persistent Organic Pollutants (hereinafter referred to as POP). In accordance with this document the Republic of Kazakhstan after becoming a party of the Convention shall undertake the following measures:

- to forbid export, import and production of POP-containing substances over the territory of the Republic of Kazakhstan;
- to seize application of equipment containing PCB (i.e. transformers, condensers and other receivers containing liquid substances remnants) by the year 2025;
- to take measures for reduction of accidental releases of POP;
- to make efforts for development of relevant strategies to determine areas contaminated with POP;
- to inform the society concerning danger of impact of POP on human health and environment.

To minimize impact from used materials onto the environment Samruk-Energy Group of Companies in future plans to use mostly renewable energy sources, in particular sun and wind energy which will allow significantly reducing emissions into the atmosphere.

## ENERGY

Samruk-Energy Group of Companies makes efforts contributing to increase of energy efficiency. Priority measures in this issue are improvement and modernization of obsolete electric equipment, increase of efficiency in production, transport and distribution

of electric and heat energy as well as cultivating economic application set of mind among population to consumption of electric and heat energy.

**EN1: USE OF MATERIALS  
SPECIFYING WEIGHT OR VOLUME**

Used materials	Volume	Unit of measure
Coal	15,914,023	ton
Wood	0	ton
Oil residue	47,562	ton
Gas	1,062,868	thous. m <sup>3</sup>
Water	16,623,048	ton
Materials related to production process	1,000	ton

**EN3: DIRECT USE OF ENERGY  
SPECIFYING PRIMARY SOURCES**

Used materials	Unit of measure	2013
Coal	GJ	134,899,866
Natural gas	GJ	33,060,440
Oil residue	GJ	738,390
Gasoline	GJ	33,690
Diesel fuel	GJ	49,598
Liquefied gas	GJ	519

**EN5: ENERGY SAVED AS A RESULT OF MEASURE  
ON REDUCTION OF ENERGY CONSUMPTION AND IMPROVEMENT  
OF ENERGY EFFICIENCY**

By:	Unit of measure	Amount
Modernization of production process	GJ	17,640
Reconfiguration or change of equipment	GJ	808,287
Change in personnel's behavior	GJ	800,709

Energy saving of Samruk-Energy Group of Companies is the result of optimization of auxiliary electric energy equipment operation, replacement of obsolete equipment with more energy efficient one as well as economic use of electric energy by employees of the Group.

ENERGY SAVED AS A  
RESULT OF READJUSTMENT  
OR REPLACEMENT OF  
EQUIPMENT

808

TJ

SHARE OF WATER  
USED FREQUENTLY OR  
REPEATEDLY

190%

## WATER

Water in Samruk-Energy Group of Companies is first of all used for cooling of electric equipment, circulating systems and auxiliary technological processes of reverse water supply at hydroelectric plants, thermal stations and public regional electric stations.

A small part of drawn water is evaporated during technological process. The fundamental volume of water after use in production processes and performance of mechanical, physical-and-chemical and biological treatment returns to natural environment.

Local authorized bodies for water resources and environment regulate the issues on water intake; in particular special attention is paid to the water level in ecosystems of regions where subsidiaries and affiliates are located.

Reduction of water loss volumes used in technological process is a priority orientation in the medium-term prospective.

## EN8: TOTAL VOLUME IF DRAWN WATER BY SOURCES

Total volume of drawn water	Volume	Unit of measure
from surface water bodies	13,180,108.31	thous. m <sup>3</sup>
from underground sources	5,987.27	thous. m <sup>3</sup>
discharged waters of other organizations	402.7	thous. m <sup>3</sup>
from municipal and other water supply systems	71,073.85	thous. m <sup>3</sup>

*When performing activities the Samruk-Energy Group of Companies acquires natural resources used for further conversion into electric or thermal energy. Along with natural resources the Samruk-Energy Group of Companies also uses chemical products, lubricants and cooling liquids which are less significant by consumption.*

## EN10: PART AND TOTAL VOLUME OF REUSABLE WATER

Part and total volume of reusable water	Unit of measure	Volume
Total amount of drawn water	thous. m <sup>3</sup>	47,058,265.13
Volume of reusable water	thous. m <sup>3</sup>	894,858.84
Part of reusable water	%	190

## BIODIVERSITY

Samruk-Energy Group of Companies strives to minimize impact of its activity on flora and fauna. Special attention is paid to regions where energy assets of Samruk-Energy Group of Companies are located over the territories of national nature park or reserves.

For the moment Samruk-Energy Group of Companies has no developed regulating documents in the sphere of biodiversity management. Irrespective of absence of any documents on biodiversity management Samruk-Energy Group of Companies understands the significance of economic production processes and implementation of new technologies increasing the safety of animal and plant life.

Taking into account the increasing importance of sustainable development both all around the world and in Kazakhstan Samruk-Energy Group of

Companies plans to improve control and management of biodiversity in the regions where they operate.

Facilities of Samruk-Energy Group of Companies which are taken into account for this indicator are mainly water reservoirs, electric power lines, thermal stations, public regional electric stations and hydropower plants.

Among Samruk-Energy Group of Companies only Almaty Power Stations JSC has plant assets which include HPP-1, HPP-2 and HPP-3 located over the territory of Ile-Alatau national natural park, 48.8 ha in area. This park is included into the list of specially protected natural areas of the Republic of Kazakhstan.

*EN11: Location and area of lands being the property of, rentable by or under the control of organization and situated over the protected natural territories and territories with appreciated value of biodiversity outside their borders or adjacent to such territories*

## EMISSIONS

Fundamental significant greenhouse gas discharged into the atmosphere as a result of activity of Samruk-Energy Group of Companies is carbon dioxide (CO<sub>2</sub>), which is formed by production of thermal and electrical energy as well as by coal extraction. It is no doubts that increase in production of Samruk-Energy Group of Companies assumes increase of discharge of greenhouse gases into the atmosphere.

**IN ORDER TO MINIMIZE POLLUTION OF THE ENVIRONMENT SAMRUK-ENERGY GROUP OF COMPANIES PERFORMS SYSTEMATIC WORKS ON MODERNIZATION OF TECHNOLOGICAL PROCESS, I.E.:**

- Reduction of atmospheric emission of pollutants and improvement of

environmental condition in Almaty within the frames of implementation of project Expansion and reconstruction of Almaty CHP-1 with installation of CCGT unit;

- Installation of smoke filters which help to catch the most part of particulate emissions into the atmosphere at electric stations;
- At gas-turbine power plants (GTPP) – implementation of gas-steam cycle with increase of electricity production per unit of gas volume by 35% and more and increase of performance index up to 55%;
- Construction of renewable energy sources, in particular wind and sun electric power plants.

## EN20: EMISSION OF NO<sub>x</sub>, SO<sub>x</sub> AND OTHER SIGNIFICANT POLLUTANTS INTO THE ATMOSPHERE SPECIFYING TYPE AND WEIGHT

	Value	Unit of measure
NO <sub>x</sub>	63,994.76	ton
SO <sub>x</sub>	181,992.93	ton
CO <sub>2</sub>	33,087,455.72	ton
Volatile organic compounds (VOC)	45,142	ton

## EN20: EMISSION OF NOX, SOX AND OTHER SIGNIFICANT POLLUTANTS INTO THE ATMOSPHERE SPECIFYING TYPE AND WEIGHT

	Value	Unit of measure
Emissions from point and fugitive sources	188,928.42	ton
Particulate materials	60,846.95	ton
Other standard categories of emissions into the atmosphere used in regulatory acts	45,740.4	ton

## DISPOSALS

Environmental safety and reasonable use of natural resources including water hold a prominent place in the activity of Samruk-Energy Group of Companies.

Reduction of volumes of water intake and discharge necessary for normal operation of electric power plant is the primary task for solution of problem of successive reduction of disposals into the ecosystem of the Republic of Kazakhstan.

Before they reach water sources of the Republic of Kazakhstan, disposals from generating stations are analyzed for excess of pollutants in effluents. According to the results of tests performed all disposals from Samruk-Energy Group of Companies conform to the requirements of Environmental legislation of the Republic of Kazakhstan.

**IN ORDER TO IMPLEMENT THE SPECIFIED PRIORITY MEASURES AND MINIMIZE IMPACT ON THE ENVIRONMENT SAMRUK-ENERGY GROUP OF COMPANIES IN 2013 PERFORMED THE FOLLOWING:**

1. Installed filters at power plants №№ 3, 7 of Ekibastuz SDPS-1 with ash collection index 99.6% and higher (today ash collection index of scrubber filters is 88%);
2. Installed new sluice-discharge pipeline of hydraulic ash transport (HAT) system, branches №№ 2, 3 (85%);
3. Reconstruction of water purification plant (WPP), works are performed by 50%;
4. Dust control of relevant ash shore: planting of 20 ha of shrubbery and 80 ha of grass;
5. Planting of landscaped areas over the territory of sanitary protection

TODAY ASH COLLECTION INDEX OF SCRUBBER FILTERS IS

88%

- zone 1.8 ha in area: tree nursery plants – 2,000 pcs., shrubbery nursery plants – 1,000 pcs.;
6. Installation of new generation emulsifiers at boiler units of **CHP-2, 3** with ash collection index not less than **99.4%**:
    - CHP-2 – installed at two boilers, expenses amounted to;
    - Environmental impact: reduction of nonorganic dust emissions by 2,135 tons;
    - CHP-3 – installed at one boiler, expenses amounted to;
    - Environmental impact: reduction of nonorganic dust emissions by 1,000 tons.
  7. Upgrading of burner devices at boiler units of TPP-1, 3 departments in order to bring emissions of nitrogen oxides to conformance in accordance with the requirements of Technical regulation.
  8. Protection and reasonable use of water resources and soils at AIPP JSC CHP-1;
  9. Performance of repair and replacement of sluice-discharge pipelines, repair of pumping equipment in boiler, turbine, by-product recovery departments and sewage disposal plants
  10. AIPP JSC CHP-2 Reconstructive and repair works of hydraulic ash transport system, commercial systems, tanks with clarified water reserves.

#### **IT IS ALSO PLANNED:**

1. To install electric filters at power plant №2 of Ekibastuz SDPS-1;
2. To install low emission burners at power plant №2 of Ekibastuz SDPS-1;
3. To purchase household sewage treatment unit;
4. To complete reconstruction works of sluice-discharge pipelines of HAT system from PK145 to PK250, installation of new sluice-discharge pipelines of branches №2 and №3 transport;
5. Planting of 100 ha of shrubbery;
6. Development of ash disposal area restoration project. Design approval. Approval of works on ash disposal area restoration;
7. Implementation of measures on maintaining nitrogen oxides emission level at normal values by upgrading burner devices at boiler units of CHP-1, CHP-2 and CHP-3 of AIPP JSC;
8. Works on maintenance of emission levels set by technical regulations;
9. Reconstructive and repair works of existing equipment (boiler units, new generation emulsifiers, mechanical cooling towers, ash-sludging units, HAT ducts);
10. Reconstructive and repair works at operating ash disposal area;
11. Increase in labor productivity at thermal power plant and CHP on the basis of implementation of computer aided manufacturing (CAM);

12. Upgrading of waterpower and hydraulic equipment of Shadrinskaya HPP with increase of installed capacity (at the moment – 100 MW) by 16 and more per cent, energy production by 57 mln kW/year;
13. Increase of accuracy, reliability and operational efficiency of energy fiscal metering, obtainment of complete energy balance to every power asset by implementing automatic system for commercial accounting of power consumption (ASKUE).

### TOTAL VOLUME OF DISPOSALS IN SAMRUK-ENERGY GROUP OF COMPANIES

Receiving facility	Unit of measure	Volume
Rivers	m <sup>3</sup>	262,596,322.74
Artificial objects	m <sup>3</sup>	5,614,028
<b>TOTAL:</b>	<b>m<sup>3</sup></b>	<b>315,210,350.74</b>

### WASTES

The most typical manufacturing wastes of Samruk-Energy Group of Companies are ash, coal combustion slags, insulating oils, utilized mercury-vapor lamps and electric batteries. Currently,

Samruk-Energy Group of Companies does not have a common approach to waste management.



## PRODUCTS AND SERVICES

The key products and services of Samruk-Energy Group of Companies are cogeneration, power distribution and transportation, coal mining, reconstruction and upgrading of electric power facilities. The key aim is to maintain the achieved level of the services and products to be provided, and to improve quality and features further using the west standards

towards the electric power and coal products and services.

As a result, Samruk-Energy Group of Companies adheres to all requirements to quality and features of the products and services to be provided in Kazakhstan.

## COMPLIANCE WITH REQUIREMENTS

Management of Samruk-Energy JSC pays careful attention to the enforcement of environmental laws.

One of high priority measures for enforcement is an environmental audit. In the medium term, Samruk-Energy Group of Companies plans to introduce a certified environmental management system to minimize a negative environmental impact, to enhance environmental and economic efficiency

and to reduce waste generation and processing.

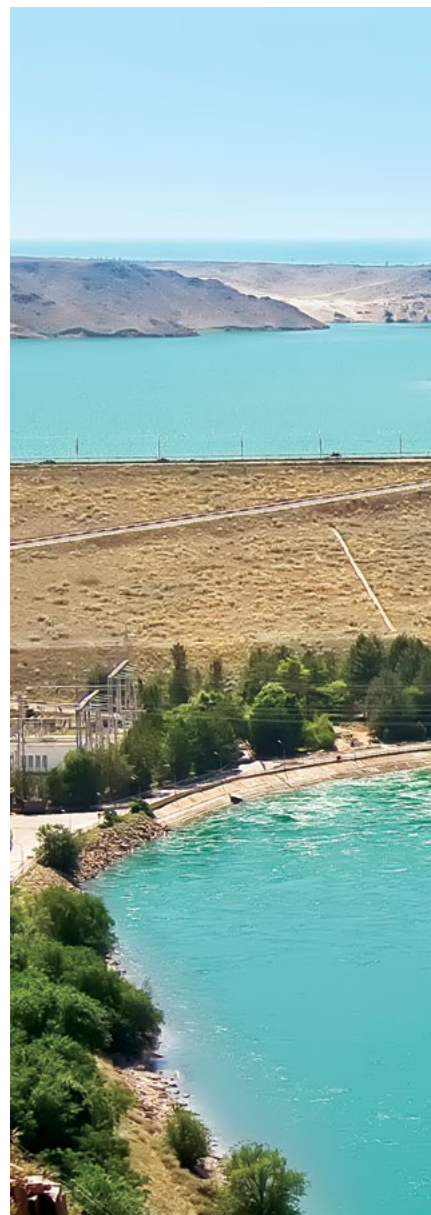
For 2013, the fines for failure to comply with environmental laws of Kazakhstan were imposed on Samruk-Energy Group of Companies during its activity.

## TRANSPORT

Priority of Samruk-Energy Group of Companies is to minimize greenhouse gas emissions generated by subsidiaries and associates.

Greenhouse gas emissions generated by the use of vehicles to transfer the staff and fuel are insignificant as compared

to the emissions generated by electric or heat energy. When transporting electric energy, there are no processes resulting in air emissions and discharges into water bodies.



— 09 —

*One of high priority measures for enforcement is an environmental audit. In the medium term, Samruk-Energy Group of Companies plans to introduce a certified environmental management system.*

# HUMAN RIGHTS

*The main aim of the Company with regard to sustainable development in relationships with personnel is to exercise the human rights to labor.*

With this aim in mind, the Company solves the problems with regard to provision of the employees with comfortable and safe labor conditions, well-deserved salary and social safeguards, opportunities for professional and personal development.

The human right guidelines and requirements are envisaged in such regulatory documents as Code of Conducts, labor contracts, Work Order Regulations, Rules for Remuneration and Bonuses and Rules on Business Trips of Company Personnel, etc.

To regulate and protect the economic, socially labor rights and professional interests of the employees, to enforce the terms and conditions of labor contracts, 11 trade unions consisting of more than 18,000 employees operate in Samruk-Energy JSC Group.

Thus, Federation of Powerman Trade Unions Public Association and AlmatyEnergSbyt LLP Trade Union Organization were established in 2013.

Social protection and protection of personnel rights is the main concern and responsibility of the trade union organizations. The trade unions of Samruk-Energy JSC Group solve such tasks as timely response to personnel needs, achieving a balance between the interests of the parties of a social partnership.

Along with the trade union organizations, the standing Commissions on Settlement of Social and Labor Disputes were established in Samruk-Energy Group for management of social and labor relationships.

To detect a psychological climate within the collectives, a social stability rating in Samruk-Energy Group of Companies was studied in 2013. The social stability rating of the company is a strategic social key performance index (KPI) of Samruk-Energy JSC.

Rating is aimed to assess a level of social attitudes of personnel, including social strain of manufacturing personnel, a level of the company social development and to make recommendations on improvement of the company social policy.

Social stability index in Samruk-Energy Group of Companies is evaluated as average and is 63%. In other words, Samruk-Energy JSC Group successfully solves the social tasks occurring during its activity; however there are still problems to be resolved, or the prerequisites for social destabilization.

To register inner complaints of the employees, Samruk-Energy Group of Companies has implemented hot lines, special complaint and application boxes, personal blogs of the heads of organizations. Thus, the inner complaints of the employees received by the heads of organizations on their blogs, complaint and application boxes and Conciliation Committee in 2013 were registered in 5 (five) Samruk-Energy JSC subsidiary organizations to the number of 41 applications, 7 of which were proved and satisfied after consideration.

Furthermore, the Company respects religious convictions and political preferences of its employees provided that they do not conflict with existing regulatory framework of the Republic

of Kazakhstan. Also, the Company does not prevent its employees from participation in political, religious and social activities as private individuals and out of hours.

Over a period of 2013, Samruk-Energy Group of Companies fulfilled strictly the requirements that prohibited the use of labor of people under 18 years old at the locations with harmful and/or hazardous labor conditions, and prevented any discrimination against the employees and business partners.

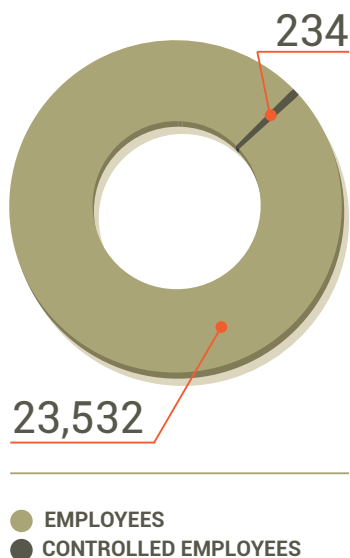
**LACK OF REGULATORY DOCUMENTS THAT GOVERN AN ASSESSMENT OF OBSERVANCE OF HUMAN RIGHTS BY SUPPLIERS AND CONTRACTORS IN SAMRUK-ENERGY GROUP OF COMPANIES DOES NOT HINDER THE APPROPRIATE CONDUCT OF BUSINESS:**

- The Company operates as required by legislation on prevention of abuse of human rights in any form;
- In 2013, Samruk-Energy Group of Companies did not have any incident related to the abuse of human rights and/or discrimination of employees;

- In 2013, Samruk-Energy Group of Companies did not have any cases related to the use of forced or compulsory labors;
- In 2013, Samruk-Energy Group of Companies did not have any violation which affected the rights of indigenous people and minorities. The Company recognizes equality of rights and opportunities. Employees have a right of association and of assembly and conduct of collective negotiations within the limits of applicable legislation;
- The Company and its subsidiaries and associates advocate an abolition of forced and child labors. The Company does not have any activity related to this kind of labors.

## PERSONNEL MANAGEMENT POLICY

### TOTAL LABOR FORCE BY TYPE OF EMPLOYMENT FOR 2013



Human capital is the most important resource which has an impact on efficiency in achieving the tasks set before the Company.

Personnel policy is a part of the common Company strategy to be implemented as per the principles of consistency and integrity, proactivity and flexibility, social partnership and is aimed to increase a flexibility of the Human Resource Management System and ensure its rapid and effective adaptation to changes in legislation and external environment.

When solving the tasks of improvement of the Human Resource Management System, the Company is focused on the use of up-to-date approaches and international experience.

*Procedure of local population recruitment and a share of top managers employed from local population in essential areas of the company activity*

One of the main tasks of the Personnel Policy of Samruk-Energy JSC for 2011-2015 is to establish the unified recruitment and appointment system which enables effective framing the human resources requirements and timely selecting the specialists which have necessary knowledge, skills, managerial capacities and personality traits.

The Company has introduced a principle of open competitive selection for vacancies which provides the equal opportunities for all candidates who participate in the competitive selection and assesses abilities of the candidates without prejudice.

Competence and expertise of a candidate is of great concern when making a decision on employment.

Timely and effective induction of new employees is achieved under the system of adaptation and mentoring of new employees.

## PERSONNEL DEVELOPMENT

According to the rates of Kazakhstan economy development, the tasks are set before Samruk-Energy JSC on upgrading of current generating capacities, power supply networks and construction of new ones; development of coal industry; involvement of renewable energy sources in balance sheet.

Competent and high-skilled personnel are required to solve the set tasks and implement the scheduled projects. However, a situation of labor market today does not comply with the production requirements. Personnel development is one of the most important business areas of Samruk-Energy JSC on human resource management and factor of success in activity. To develop and

maintain the required level of personnel skills in the Company Group, an effective system of professional personnel development has been established and operates. It includes both outside and in-house education and enables the employees to participate in technical probations, workshops, training, conferences, taking into account the requirements and prospects for the Company strategic development.

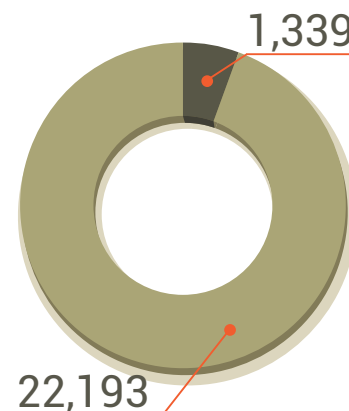
Thus, more than 15,800 employees of Samruk-Energy Group of Companies were trained as part of these actions in 2013. Also, investments in personnel training and development of salary fund in the Group of Companies were 1.1% in 2013.

## AVERAGE HOURS OF TRAINING PER ONE EMPLOYEE PER ANNUM, BY CATEGORY OF EMPLOYEES

№	Personnel category	Total number as of the end of 2013	Number of hours of training for 2013	Average hours of training per one employee per annum
1	Top management	101	2,720	26.9
2	Middle management	2,036	63,862	31.4
3	Office and management personnel	2,075	123,085	59.3
4	Production personnel	18,722	813,914	43.5
5	Maintenance personnel	598	4,014	6.7

*According to the rates of Kazakhstan economy development, the tasks are set before Samruk-Energy JSC on upgrading of current generating capacities, power supply networks and construction of new ones; development of coal industry; involvement of renewable energy sources in balance sheet.*

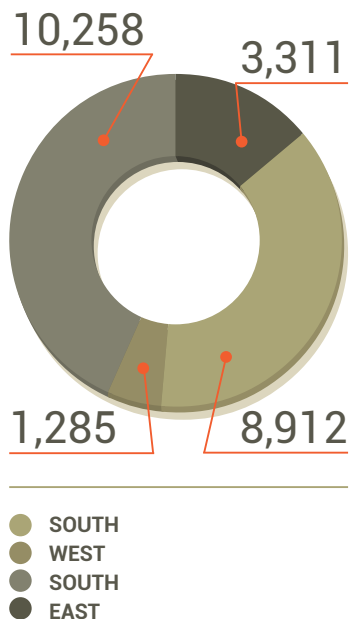
## TOTAL LABOR FORCE BY TYPE OF EMPLOYMENT CONTRACT FOR 2013



- UNLIMITED/PERMANENT CONTRACT
- TEMPORARY CONTRACT/ CONTRACT FOR A SPECIFIED PERIOD

As for gender, 17,133 men and 6,399 women were registered. Majority of men is caused by specificity of Samruk-Energy Group of Companies activity.

### TOTAL LABOR FORCE BY REGIONS FOR 2013



### PERSONNEL NUMBER

Accountable number of personnel of Samruk-Energy Group of Companies was 23,532 as of the end of 2013.

As compared to 2012, an accountable number had increased by 281 employees.

Majority of the employees of Samruk-Energy Group of Companies is employed in business sector full-time and under permanent contract. High level of full-time employees who work for manufacturing plants demonstrates effective labor utilization.

An average age of personnel of Samruk-Energy Group of Companies was 41 years old as of the end of 2013.

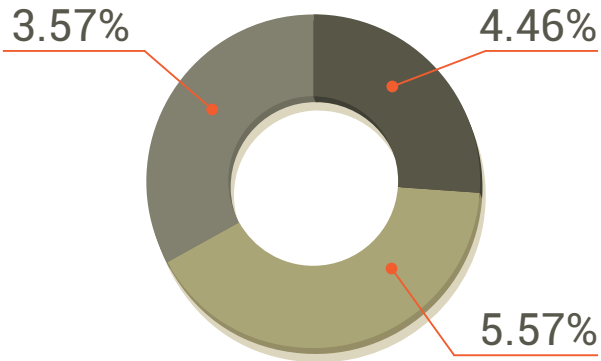
As for gender, 17,133 men and 6,399 women were registered. Majority of men is caused by specificity of Samruk-Energy Group of Companies activity.

As for personnel age structure, majority (44%) of total personnel is between 30 and 50 years old. This ensures the best combination of physical resources and job-related experience of the personnel.

### TOTAL EMPLOYEES AND TURNOVER BY AGE GROUP, SEX AND REGION

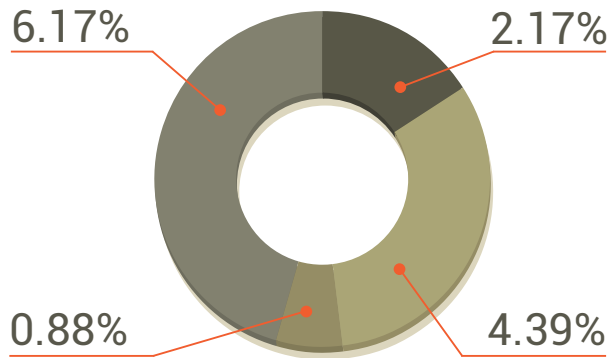
Nº	Indicator	Value, people	Share
1	Total employees as of the end of a year	23,532	100%
2	Total employees left the organization	3,201	13.6%
2.1	Men <30 years old	997	4.2%
2.2	Women <30 years old	314	1.3%
2.3	Men 30-50 years old	723	3.1%
2.4	Women 30-50 years old	327	1.4%
2.5	Men >50 years old	544	2.3%
2.6	Women >50 years old	296	1.3%

**PERSONNEL TURNOVER BY AGE FOR 2013**



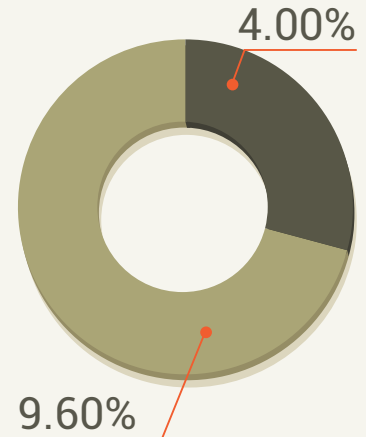
- OVER 50 YEARS OLD
- UNDER 30 YEARS OLD
- BETWEEN 30 AND 50 YEARS OLD

**PERSONNEL TURNOVER BY REGIONS FOR 2013**



- SOUTH
- WEST
- SOUTH
- EAST

**PERSONNEL TURNOVER BY GENDER FOR 2013**



- MEN
- WOMEN

*As for personnel age structure, majority (44%) of total personnel is between 30 and 50 years old.*





## SOCIAL RESPONSIBILITY



Social responsibility of the Company is exercised according to the Development Strategy and adopted Strategy of Corporate Social Responsibility which main trends are implementation of the state programs in social area, safety and environment, charitable assistance and sponsor support, satisfaction of the personnel needs and health gain, development of human capacity and effective investments in production development.

The Company being a social-oriented enterprise pays a lot of attention to implementation of different social projects, cooperation with region and municipal Akimats as part of the agreements on social partnership.

Social policy of the Company is mainly aimed to concern health of the employees and protect the employees and their families.

*Welfare benefits and preferences provided to the employees of Samruk-Energy Group of Companies in 2013 included: insurance of an employee against accidents at work, one-time health improvement assistance, sanatorium-resort therapy, sick pay, health insurance and treatment, material assistance in case of occupational injury, etc.*

Moreover, Samruk-Energy Group of Companies under the labor contracts provides for overtime pay, holiday and day-off pays, night work pay, extra charge and additional payment, payment for labor of employees involved in heavy works, works with harmful (specially harmful), hazardous labor conditions; additional paid annual leave, one-time anniversary award (50, 60 years old), award in case of continuity of electric power experience for 10 years and more.

Also, Samruk-Energy Group of Companies has observed a minimum standard of payment for labor of employees involved in heavy works, works with harmful (specially harmful), hazardous labor conditions on the basis of minimum monthly salary set by law of the Republic of Kazakhstan On Republican Budget for a respective year and multiplying industry factors.

Employees who work simultaneously with education at educational institutions are also provided with additional leaves for a period of examinations or establishing sessions, preparation and defense of graduation project (work), pass of final exams.

The Company extensively propagates and advocates a healthy life-style of the employees and their families. Mass sports events and active rest events for employees are conducted annually jointly with the trade unions of Samruk-Energy Group of Companies.

Thus, in August 2013, Federation of Powerman Trade Unions Public Association in Astana conducted I Spartakiada Games among the employees of Samruk-Energy Group of Companies coincided to celebration of a Day of Kazakhstan Sport. 11 teams of the Company subsidiaries asserted their sportsmanship and right to be the strongest.

September 5, a Children Drawing Contest was conducted among children of the employees of Samruk-Energy Group of Companies as well

as other cultural events. Moreover, a Billiards Tournament among the Company's employees was conducted on the Power Engineers' Day.

Key indicators in social sphere are social stability rating among production personnel and an indicator of involvement of office and management personnel.

According to the results of independent researches performed by the Social Partnership Center and Samruk-Kazyna JSC Corporate University to measure key indicators of the employees' attitude and recognize the problems and troublesome areas, the social stability rating across the Company Group of Companies is 63% and featured as an average. In other words, the company successfully enough solves the social tasks occurring during its activity, but

there are possible troublesome areas to be resolved.

Level of involvement of office and management personnel of the Company Group of Companies is also 63% and according to the adopted rank it is within a positive area. The employees are highly satisfied with relationships with managers and colleagues, labor conditions, labor content and independent work.

LEVEL OF INVOLVEMENT  
OF PERSONNEL OF THE  
COMPANY GROUP OF  
COMPANIES IS

63%

## CHARITY

In 2013, Samruk-Energy Group of Companies rendered charitable assistance and sponsor support to the amount of KZT 824,000,000, among them for sponsor purposes – KZT 536,830,000, for charity – KZT 287,170,000 (taking into account 50% of share of Ekibastuz SDPS-2 Station JSC, SDPS-1 JSC, Bogatyr Komir LLP)

Events conducted during sponsor support and charitable assistance had raised reputation, positive image of Samruk-Energy JSC Group as a socially responsible company. Locally, the subsidiaries assisted in such actions as: assistance for veterans – power engineers of EKO to purchase medicines and undergo medical surveys, social support for

foster children from Children's Homes, monthly assistance for retired ex-employees. For example, Shardarinsk HPP JSC regularly has been assisting the veterans of the Great Patriotic War and peacekeeping soldiers for 8 years in terms of free power services of up to 150 kWh monthly.

The Company pays a lot of attention to development of sport, assists in arranging such sports events as executive meeting of Asian Boxing Confederation, supports the Astana-Arlans club which according to the results of tournament became the champion of the World Series of Boxing (WSB) in 2012/2013, municipal events as part of Festival of Health Republican Action, the Asian Youth Boxing Championship.

Other image events of subsidiaries include: producing About Formation and Development of Power Industry in Kazakhstan chronological book, conducting anniversary celebration devoted to a century of D.A. Kunayev, charitable assistance for the GPW veterans, homefront workers in connection with 68th anniversary of a Victory in the GPW, honoring the veterans – power engineers in connection with the Power Engineers' Day, actions on the Day of Older Persons, arranging holidays devoted to 50th anniversary of Serebryansk (EKO).



### **PAYMENTS AND PREFERENCES FOR FULL-TIME EMPLOYEES WHICH ARE NOT PROVIDED FOR TEMPORARY OR PART-TIME EMPLOYEES, BY PRIMARY ACTIVITY**

<b>№</b>	<b>Indicator</b>	<b>Full-time employees</b>	<b>Temporary or part-time employees</b>
1	Payments and preferences for employees		
1.1	Life insurance	Provided	Provided
1.2	Health care service (health insurance)	Provided	Provided
1.3	Disability compensation	Provided	Provided
1.4	Maternity/paternity leave	Provided	Provided

*Samruk-Energy Group of Companies is mainly aimed to increase a performance level, worthy remuneration and secure occupational safety. These aims demonstrate a commitment to the principles of social responsibility before shareholders, employees and local publics.*

### **PAYMENTS AND PREFERENCES FOR FULL-TIME EMPLOYEES WHICH ARE NOT PROVIDED FOR TEMPORARY OR PART-TIME EMPLOYEES, BY PRIMARY ACTIVITY (CONTINUED)**

<b>Nº</b>	<b>Indicator</b>	<b>Full-time employees</b>	<b>Temporary or part-time employees</b>
1.5	Pension benefits (one-time payment when retiring)	Provided	Not provided
1.6	Transfer of company shares	Not provided	Not provided
1.7	Other (sanatorium-resort therapy, welfare assistance in case of birth of child, welfare assistance for treatment of family members, welfare assistance for health promotion)	Provided	Not provided

### **LABOR MANAGEMENT**

Samruk-Energy Group of Companies is mainly aimed to increase a performance level, worthy remuneration and secure occupational safety. These aims demonstrate a commitment to the principles of social responsibility before shareholders, employees and local publics.

Official salaries of the employees of Samruk-Energy Group of Companies are set according to the approved staff schedule depending on qualification of an employee and difficulty of a work to be performed.

**REMUNERATION SYSTEM OF SAMRUK-ENERGY GROUP OF COMPANIES IS AS FOLLOWS:**

- Motivation for the employees to achieve the Company objectives by enhancing efficiency of an individual activity, activity of the organization department and meeting the strategic objectives of the company;
- Competitiveness of a social package in the labor market, taking into account the regional specific features and particularities of business;
- Transparency is ensuring that all employees understand the principles of formation of a remuneration structure and level when observing confidentiality;
- Compliance of the remuneration system with applicable legislation;
- In 2013, an average salary of the employees of the enterprises of

the Company Group of Companies increased by 6.8 % as compared to 2012 in relation to the similar indicator – from KZT 128,278 to KZT 136,981. Increase in average salary of the production personnel in 2013 as compared to 2012 was 5%,

including a level of average salary of the personnel of acquired companies (from KZT 119,486 to KZT 125,333).

### SOCIAL INDICATORS\*

Item	Unit of measure	2010	2011	2012	2013	2015 (planned)
Level of personnel involvement	%	-	-	-	63	68
Annual personnel turnover	%	%	8	8	10.1	10
Industrial accident rate per thousand of persons	Rate/1,000 persons	1.18	1.49	0.85	0.48	Not planned
Share of local content in purchase of goods	%	62	70	64	74	65
Share of local content in purchase of works, services	%	57	87	73	65	76

*\*Forecasting data (2013-2015 plan) are given as per the Development Strategy of Samruk-Energy JSC for 2012-2022*

MINIMUM SALARY RATE IN  
THE COMPANY  
IN 2013 WAS

56,824

KZT

### RELATIONAL RANGE OF STANDARD SALARY OF INITIAL LEVEL AND DETERMINED MINIMUM SALARY IN ESSENTIAL AREAS OF THE COMPANY ACTIVITY

The Company and its subsidiaries and affiliates annually monitor the labor market in areas of presence and adjust a salary rate based on obtained data.

Minimum salary rate in the Company in 2013 was KZT 56,824, this exceeds the similar indicator by 7% as compared to

the previous year. Minimum salary rate in 2013 as per the Law of the Republic of Kazakhstan On Republican Budget of the Republic of Kazakhstan is KZT 18,660.

### SKILLS DEVELOPMENT PROGRAM

As per the Development Strategy of the Company for 2012-2020, it provides the implementation of large projects on upgrading/optimization/restructuring of the current electric power capacities and creation of new ones, development of a capacity of renewable energy sources.

In this regard, the Company has established the system of development of personnel professional skills. The system is built on implementation of particular, energy-specific training programs, using visual aids, experimental models and simulators. Training is conducted within the company or intra-corporate training centers:

**Almaty Power Plants JSC** – has a Training center which coordinates personnel training, performs training, retraining, further training on main energy-related occupations, and for

employees who operate hazardous production facilities, arranges corporate workshops;

**Almaty Zharyk Company JSC** – has 6 training bases where the courses are conducted to improve professional skills, promote and spread the advanced methods and techniques of repair and operation works, introduce state-of-the-art technologies, new devices and appliances used when maintaining equipment of substations, electrical distribution systems;

**Bogatyr Komir LLP** – has up-to-date training center to train the personnel on such issues as occupational safety and to examine them. The training center has the following equipped rooms: mining and transport equipment and machinery, railway transport, hoisting machinery, locksmith's trade and electric wiring trade, occupational safety.

Training at the corporate training centers is based on dealing with the problems specific to the certain organization, attracting own or outside trainers.

To develop a base of personnel professional development, the pro-

jects are currently implemented on establishment of new modern training center on the base of Almaty Zharyk Company JSC. Today, a feasibility study for construction of a training center is being developed.

### SHARE OF EMPLOYEES FOR WHICH PERIODIC ASSESSMENTS OF PERFORMANCE AND CAREER DEVELOPMENT ARE CONDUCTED

Nº	Indicator	Value	Unit of measure
1	Total employees as of the end of a year	23,532	persons
2	Number of employees who passed an official assessment of performance	1,913	persons
3	Share of employees who passed an official assessment of performance	8	%

Moreover, it is expected to arrange probation for employees of Samruk-Energy Group of Companies in 2014 on the base of one of the leading companies in the world – France national operator – Electricite de France. Probation topics include a study of experience in arranging and introducing the Smart Metering & Smart Grid. Also, this company is considered as a partner on development of training programs and providing the competent experts as lecturers.

Developing and improving the system of the personnel professional development, in-house training and development of

personnel skills, the Company pays a lot of attention to upgrading the system of vocational education and training of the Republic of Kazakhstan: participates as an expert in establishing the National qualification system of the Republic of Kazakhstan (expertizes the professional electric power standards, expertizes a methodological base on development of qualification frameworks, professional standards) and implements the dual training programs with pilot educational institutions:

Almaty State College of Power and Electronic Technologies, trade 3rd and



#### DIVERSITIES AND EQUAL OPPORTUNITIES

*The Company tends to vest all employees with equal opportunities to implement their capacity during the labor activity, appraise their performance fairly and without prejudice, select and promote the employees based on professional abilities, skills and knowledge only.*

4th grade wireman on maintenance of automatic equipment and measuring tools;

K. Pshembayev Ekibastuz Vocational Lyceum No. 18, trade Wireman on equipment maintenance and repair.

To achieve the objectives of the Company efficiently, Samruk-Energy Group of Companies introduces the system of personnel performance appraisal. Thus, performance of 8% of the employees of Samruk-Energy Group of Companies was appraised officially in 2013.

#### STRUCTURE OF THE COMPANY PERSONNEL BY SEX AND AGE GROUP, WITH INDICATION OF MINORITIES AND OTHER INDICATORS OF DIVERSITY

Indicator	Employees	Share
<b>GENDER</b>	23,532	-
Male	17,133	73%
Female	6,399	27%
<b>AGE GROUPS</b>	2,532	-
Under 30 years old	5,796	25%
Between 30 and 50 years old	10,589	45%
Over 50 years old	7,147	30%

## GOVERNING AUTHORITIES OF SAMRUK-ENERGY GROUP OF COMPANIES

Indicator	Share
<b>GENDER</b>	-
Male	83%
Female	17%
<b>AGE GROUPS</b>	-
Under 30 years old	11%
Between 30 and 50 years old	51%
Over 50 years old	38%

## LABOR CONTRACTS

The most of companies of Samruk-Energy Group use labor contracts which determine mutual relations of the employees and an employer within the social partnership, mutual responsibility of the parties, provide the employees with additional benefits and guarantees aimed to ensure a social protection of the employees. Obligations secured in the contracts are discharged consistently. Bilateral commissions on settlement of socially labor disputes operate in a constructive way.

In 2013, a labor contract was elaborated and approved between the Company and its labor collective which

representative is a newly established Federation of Power Engineer Trade Unions Public Association.

The labor contracts are elaborated and concluded according to the Article 282 of the Labor Code of the Republic of Kazakhstan. The labor contracts are elaborated with participation of chairmen of the trade committees which experience is between 10 and 35 years old. The labor contracts are concluded for three years. Legal review is performed prior to conclusion of the labor contracts.

PERIOD OF SHORT NOTICE ON CONSIDERABLE CHANGES IN THE ORGANIZATION ACTIVITY AND WHETHER IT IS DETERMINED IN A LABOR CONTRACT

*According to Item 2 of Article 48 of the Labor Code of the Republic of Kazakhstan, the Management, Company and its SAAs inform an employee and/or his/her representatives in writing about the changes in labor conditions not later than one month beforehand. This item is stipulated in the labor contract and rigorously observed by each company of Samruk-Energy Group of Companies.*

*In 2013 as compared to 2012, rate of industrial injuries in the Company SAAs had decreased significantly.*

### SHARE OF EMPLOYEES COVERED WITH THE LABOR CONTRACTS

Nº	Indicator	Value	Unit of measure
1	Total employees as of the end of 2013	23,532	persons
2	Including the employees covered with the labor contracts for 2013	22,422	persons
3	Share of total employees covered with the labor contracts	95.3%	%

### OCCUPATIONAL SAFETY

	2013	2012
Total worked hours	39,940,436	32,519,397
Total injuries	12	19
Accident frequency rate (AFR)	0.06	0.117
Total cases of occupational diseases	0	0
Occupational disease rate (ODR)	0	0
Total lost days	1,247	1,185
Lost day rate (LDR)	6.24	7.29
Total fatal accidents	0	3

## MEASURES TAKEN IN SUBSIDIARIES TO ELIMINATE INDUSTRIAL ACCIDENTS

All Subsidiaries take the following measures to reduce and eliminate industrial accidents:

- Circumstances and cases of accidents are communicated to all employees;
- Extraordinary briefing is arranged for all production personnel;
- Extraordinary assessment of knowledge of rules for technical maintenance, accident-prevention rules and the occupational safety regulations is conducted for employees from subdivisions where an accident happened;
- Monthly the Days of Occupational Safety are conducted with participation of the first chief executives of the enterprises. Conducted Days of Occupational Safety resulted in development of the measures on elimination of detected violations;
- Occupational Safety Services arrange the integrated surveys of equipment, building and structures, working places. The integrated surveys result in development of action plans with deadlines and responsible persons;
- All production personnel are trained according to the Rules for occupational safety training, briefing and assessment of knowledge of the employees;
- Prior to repair, all Subsidiaries conduct the meeting workshops with engineers and technicians of organization departments entitled to issue the orders, manage and superintend the works, with practical training on proper access of a team to execution of works and issue of an order;
- The working places are attested for labor conditions no less than once every five years at the enterprises;
- Equipment which depleted its life and being of serious hazardous to production personnel is replaced according to the schedule;
- Each case of industrial injury is considered at the meetings of Boards of Directors/Supervisory Boards of the Company Subsidiaries;
- All the Company Subsidiaries introduce the international standard OHSAS-18001 Occupational Health and Safety Management System.

*All the Company Subsidiaries introduce the international standard OHSAS-18001 Occupational Health and Safety Management System.*

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### **EXISTING PROGRAMS OF EDUCATION, TRAINING, CONSULTING, RISK PREVENTION AND MANAGEMENT TO ASSIST THE EMPLOYEES, THEIR FAMILIES AND REPRESENTATIVES OF POPULATION WITH REGARD TO SEVERE DISEASES**

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*In order to develop professional base of personnel development a project of establishment of new modern training center on the basis of Almaty power plants JSC is presently implemented.*

According to the Decree of the Government of the Republic of Kazakhstan dated January 25, 2012 No.166 On Approval of a List of Harmful Occupational Factors, Trades at Which Obligatory Medical Examinations are Conducted, Rules for Obligatory Medical Examinations (hereafter – the Decree), the employees of Samruk-Energy Group of Companies undergo preliminary and periodic medical examinations.

Medical examinations are conducted by health care institutes which are licensed to conduct medical activity on appraisal of professional aptitude by state of health. According to the results of preliminary and periodic medical examinations, the commission recommends a group of actions focused on health promotion of an employee, particularly a hospital examination and treatment, rehabilitation treatment, sanatorium-resort therapy and referral to a sanatorium-preventorium.

Also, in accordance with abovementioned Decree, a certain category of employees undergoes pre-shift medical examination. An educational work is conducted to reduce a morbidity rate among the employees.

Thus, in 2013 in AZC JSC the personnel of the company health unit according to the approved Annual Working Plan conducted the workshop with all AZC JSC employees which called Methods of struggle against the spread of socially significant diseases (HIV-AIDS, tuberculosis, viral hepatitis).

Samruk-Energy Group of Companies regularly conducts immunization for its employees and applies other forms of immunity maintenance to prevent diseases.

## NUMBER OF EMPLOYEES WHO WORK IN CONDITIONS WITH CONSIDERABLE PRESENCE OR HIGH RISK OF DISEASES SUCH AS HEARING LOSS, CORONARY HEART DISEASE AND HYPERTONY

	Number
ALPP JSC	2,472
Aktobe CHP JSC	281
Bogatyr Komir LLP	5,105
EKIBASTUZ SDPS-2 STATION JSC	1,071
ZhSDPS named after T. Baturov JSC	318
Shardarinsk HPP JSC	119
Mangistau Distribution power grid company JSC	25
AZC JSC	164
East-Kazakhstan Regional Energy Company JSC	744
Ekibastuz SDPS-1 LLP	917
Samruk-Energy StroyService LLP	51
AlmatyEnergoSbyt LLP	0

*All Subsidiaries have developed Action plans on improvement of labor conditions of employees who work in harmful and hazardous labor conditions.*

## POLICY AND REQUIREMENTS TO HEALTH AND SAFETY OF THE EMPLOYEES OF CONTRACTORS AND SUBCONTRACTORS

When selecting the contractors and subcontractors, each company of Samruk-Energy Group is governed by its in-house documents and documents on occupational safety as adopted in accordance with legislation of the Republic of Kazakhstan.

Examples of such documents are: Safety regulations when operation of heat machinery equipment of power plants and heating systems of the Republic of Kazakhstan and Safety regulations when operation of electric plants of the Republic of Kazakhstan.

**PERCENT OF THE EMPLOYEES OF CONTRACTORS AND SUBCONTRACTORS WHO HAVE BEEN TRAINED PROPERLY ON OCCUPATIONAL SAFETY**

*Prior to permit to work, the contractors and subcontractors shall obligatory undergo introductory briefing conducted by Occupational Safety Service of a corresponding company of Samruk-Energy Group. If the contractor personnel do not undergo the introductory briefing, it will not be permitted to works at the enterprises. Thus, all contractors and subcontractors which provide Samruk-Energy Group of Companies with services shall be properly trained on occupational safety.*

**WHEN SELECTING AND PERMITTING THE CONTRACTORS AND SUBCONTRACTORS, SOME REQUIREMENTS OF SAMRUK-ENERGY GROUP OF COMPANIES ARE GIVEN BELOW:**

- Availability of own base of a contractor or subcontractor;
- Job specifications and work experience;
- Availability of attested vehicles (crane trucks, hydraulic ram, man lifts) and drivers;
- Availability of a license or certificate;
- List of persons responsible for safe operation;
- Availability of a certificate of competence with mark as follows:
- About assessment of knowledge on

rules for technical maintenance, safety regulations and fire regulations;

- About assessment of knowledge of rules of the State Committee for Industrial and Mining Safety Supervision;
- About assessment of knowledge of special rules;
- About medical examination;
- Availability of HSE policy;
- Execution of HSE policy and monitoring;
- Feedback from other organizations about a contractor or subcontractor (about experience, personnel, quality of works performed);
- Permit for use of purchased equipment in Kazakhstan.

**EMERGENCY PLANNING, ACTION PLANS AND TRAINING PROGRAMS IN CASE OF DISASTERS/EMERGENCIES AND DISASTER CONTROL PLANS**

As in any production activity, there is a risk of an incident which can inflict harm to the Company, its employees and environment in whole. In case of such incidents, Samruk-Energy Group of Companies has the programs aimed to minimize their effect and protect the employees.

Such programs are elaborated according to the Laws of the Republic of Kazakhstan On Civil Defense and On Natural and Man-Made Emergencies and approved by an authorized agency at the place of Subsidiaries activities. The programs on emergencies include:

- Civil Defense (CD) Plans for peace and war times;

- Training plans for management, CD units and remaining staff;
- Training programs for CD unit staff and the company personnel not included in the CD unit on such matters as Civil Defense and emergency responses.

**ACCORDING TO THE APPROVED PROGRAMS AND TOPICS, MANAGEMENT AND PERSONNEL OF THE CD UNIT ARE TRAINED AS WELL AS THE REMAINING OPERATING STAFF OF THE COMPANIES AS FOLLOWS:**

- Possible emergency response;
- Exercise of a mechanism of interaction with CD specialized units

in case of localization of industrial accidents and other emergencies;

- Recovery of natural and man-made emergencies, reclamation works.

Based on these programs and according to the approved action plans, all employees of Samruk-Energy Group of Companies are provided with regular training. Meanwhile, the priority is to exercise in practice the training points on the most specific emergencies peculiar to facilities of Samruk-Energy Group of Companies. To obtain skills and knowledge how to protect and act in emergencies, all category of

trainees are systematically involved into various-level training and drills arranged by Department of Emergency in the places where Subsidiaries are located. Particularly, in addition to in-house training and participation in training, Subsidiaries of Samruk-Energy Group of Companies closely cooperate with training and educational centers under the Department of Emergency in towns where they are located.

*To obtain skills and knowledge how to protect and act in emergencies, all category of trainees are systematically involved into various-level training and drills arranged by Department of Emergency in the places where Subsidiaries are located.*

#### **RATE OF INJURIES AND FATAL CASES AMONG POPULATION WITH PARTICIPATION OF THE COMPANY ASSETS, INCLUDING JUDICIAL DECISIONS, SETTLEMENTS AND PENDING LEGAL PROCEEDINGS RELATING TO DISEASES**

Along with the advantages related to the use of electricity, there are also risks which sometimes result in incidents and accidents with participation of population. These events are often related to casual contact with power transmission lines and unauthorized tampering into operation of electrical equipment. Each case of accident is investigated officially. Measures are elaborated on improving safety against electric shock in PTL protective zone.

Explanatory work is conducted for population with explanation of electric current danger and safety precautions nearby PTL, attracting mass media and local authorities:

- 1 fatal accident was registered in 2011. An official investigation certificate dated November 04, 2011 was drawn up;
- 4 fatal accidents were registered in 2012 – March 2, April 3, April 14 and June 26, 2012;
- 9 accidents were registered in 2013, six of them are fatal accidents. These accidents were registered dated April 30, May 3, May 29 (2), June 10, June 14, June 29, June 31, July 23, 2013 correspondingly.



## INTERACTION WITH SOCIETY

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*The state concerns fair competition with a special emphasis. The Agency for Protection of Competition and its regional offices constantly monitor the market to suppress a confederacy of manufacturers and unfair competition.*

To interact with society and correspond to the principles of corporate social responsibility, Samruk-Energy Group of Companies has determined the priorities for itself according to which sponsor charitable assistance will be rendered.

The Company has consolidated this in the Development Strategy and Strategy of Corporate Social Responsibility. Assistance criteria are creation of new opportunities which can be used by maximum residents of towns and villages, and improvement of population life quality.

The state concerns fair competition with a special emphasis. The Agency for Protection of Competition and its regional offices constantly monitor the

market to suppress a confederacy of manufacturers and unfair competition.

Samruk-Energy Group of Companies tends to conduct its business according to the best world practice. Market share and operating profit are increased by applying fair and competitive practices. During 2013, Samruk-Energy Group of Companies had not received any messages on hindrance of competition from a supervision authority.

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### ANALYSIS OF BUSINESS UNITS AGAINST CORRUPTION-RELATED RISKS

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*The Policy has been elaborated to form a uniform concept of the Company employees and other persons about non-acceptance of fraud and corruption.*

As per Item 37 of Action plan on improvement of corporate governance in Samruk-Energy JSC approved by a decision of the Board of Directors dated March 28, 2013 (Minutes No.71), a Counter Fraud and Corruption Policy in Samruk-Energy JSC has been developed and approved (decision of the BoD of Samruk-Energy JSC dated 09.09.2013, Minutes No. 77).

The Policy has been elaborated 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 Policy has set the guidelines on counter fraud and corruption as well as management basics for prevention of fraud and corruption and their control, minimization and/or remediation of fraudulent and corruption actions.

The Policy provisions are applied to the officers and employees of the Company and its subsidiaries, and to third parties – counter-agents who work under the contract relations (auditors, advisers, etc.).

The Policy content includes the chapters which provide a purpose, field of application, definitions, responsibility, the counter fraud and corruption guidelines, types of fraudulent and corruption violations, means of implementation, cooperation on counter fraud and corruption, the primary areas of counter fraud and corruption, measures for fraud and corruption prevention.

**TO IMPLEMENT THE ABOVEMENTIONED POLICY, AN ACTION PLAN ON COUNTER CORRUPTION IN SAMRUK-ENERGY JSC WAS DEVELOPED AND APPROVED DATED 30.09.2013. THE FOLLOWING WORK UNDER THE PLAN HAS BEEN CARRIED OUT:**

1. in September 2013, the officers and employees of Samruk-Energy JSC familiarized themselves with the Policy and provided a confirmation note about familiarization to the Department of Human Resources Management. Moreover, the DHRM constantly introduce the Policy to new employees;

2. 19.09.2013, a lecture on application of the Counter Fraud and Corruption Policy was carried out for the Company employees. The lecture was delivered by Oksana Borisovna Filipets, Associate Professor of Department on Criminal Law and Pre-trial Proceeding of the Financial Policy Academy, candidate of legal sciences, financial policy captain. This resulted in press-release which was placed on the Company web-site;

3. in September 2013, the Policy text was placed on web-site of Samruk-Energy JSC;

4. October 10, 2013, the Policy was sent to SAAs to elaborate and approve the similar Policy;

5. A Handbook on Counter Fraud and Corruption in Samruk-Energy JSC was elaborated and sent to all organization departments of the Company.

Furthermore, negative publications in mass media against the officers and employees of Samruk-Energy JSC and Subsidiaries are constantly monitored for frauds and corruptions.

At the end of 2013, there were no facts of frauds and corruptions in Samruk-Energy Group of Companies.

*The Policy provisions are applied to the officers and employees of the Company and its subsidiaries, and to third parties – counter-agents who work under the contract relations (auditors, advisers, etc.).*

# RESPONSIBILITY FOR PRODUCTS

## USER'S HEALTH AND SAFETY

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For technical regulation and improvement of users' safety, GOST 13109-97 Electricity Quality Standards in General Power Supply Systems was developed, where the requirements to electricity quality are specified.

This state standard is binding for Samruk-Energy Group of Companies.

## MARKING OF PRODUCTS AND SERVICES

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Products of Samruk-Energy Group of Companies are not marked.

## MARKETING COMMUNICATIONS

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Due to monopolistic or dominant position, the marketing communications are economically inadvisable for companies of Samruk-Energy Group.

## USER'S PRIVACY

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Samruk-Energy Group of Companies gives priority to the privacy and security of information about clients.

For these purposes, each company of Samruk-Energy Group has determined a range of employees authorized to access to data of users and clients

of the company. Moreover, a client base is a strategic and trade secret for certain companies of Samruk-Energy Group.

Information about client database is disclosed to the persons outside Samruk-Energy Group of Companies

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*Samruk-Energy Group of Companies gives priority to the privacy and security of information about clients.*

as required by authorized agencies of the Republic of Kazakhstan only.

For accounting period, there were no cases of loss of client data among the companies of Samruk-Energy Group.

*These actions are governed by entering the technical regulation into force in 2013 which is aimed to reduce negative impact on environment.*

## COMPLIANCE WITH REQUIREMENTS

Samruk-Energy Group of Companies performs its activity under the existing legislation. The Legal Department enforces all norms of the existing legislation. The Legal Department regularly monitors the current and newly effective laws and technical regulations on power, environment, occupational safety and quality of products as well.

Samruk-Energy Group of Companies commits to the compliance with norms and requirements of the legislation. This is confirmed by the companies of Samruk-Energy Group which install currently the smoke filters hindering much of particulate emissions into the air.

These actions are governed by entering the technical regulation into force in 2013 which is aimed to reduce negative impact on environment.

**CASES OF NON-COMPLIANCE WITH REGULATORY REQUIREMENTS AND VOLUNTARY CODES ON IMPACT OF PRODUCTS AND SERVICES ON HEALTH AND SAFETY.**

For accounting period, the cases of non-compliance with requirements to impact of products and services on health and safety within Samruk-Energy Group of Companies have not been identified.

**CASES OF NON-COMPLIANCE WITH REGULATORY REQUIREMENTS AND VOLUNTARY CODES ON MARKETING COMMUNICATIONS.**

In 2013, Samruk-Energy Group of Companies had not registered any non-compliances concerning marketing and promoting its products.

**COMPLAINTS CONCERNING VIOLATION OF USER'S PRIVACY.**

For accounting period, the complaints concerning violations of users' privacy and loss of consumers' data within Samruk-Energy Group of Companies have not been registered.

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*Since 2012, the Company outside auditor has been Pricewaterhouse-Coopers network of companies (hereinafter – PwC).*

*PwC provides the auditing services, tax and consulting services aimed to increase value of clients' business.*

## 10. INFORMATION ABOUT AUDITING FIRM



### THE MAIN CRITERIA FOR SELECTION OF AN AUDITING FIRM ARE:

- Quality of services;
- Cost of services.

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### QUALITY OF SERVICES OF THE AUDITING FIRM IS DETERMINED AS FOLLOWS:

- degree of skills of the auditing firm specialists;
- work experience both in Kazakhstan and international markets;
  - prompt provision of services;
- knowledge of power and coal-mining industries.

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*Since 2012, the Company outside auditor has been PricewaterhouseCoopers network of companies (hereinafter – PwC).*

## **EMPLOYMENT OF AUDITING FIRM EMPLOYEES INTO THE COMPANY**

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In case of supposed appointment of auditing firm employee who participated in compulsory auditing of the Company as the auditing firm officer within two years prior to his/her appointment (selection) into the Company for a position of a member

of the Board, managing director and chief auditor, it is necessary to obtain a prior approval of the Audit Committee to exclude a conflict of interests.

## **INFORMATION ABOUT THE AUDITING FIRM**

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PwC provides the auditing services, tax and consulting services aimed to increase value of clients' business.

PwC is a leading firm which renders the services for transnational oil and gas and power companies. Integrating the products and resources into the uniform practice focused on this industry enables to provide the best quality services and add additional value in the clients' activity. PwC attracts the world resources for field works to enable the clients to take advantage of knowledge and practice and introduce all that into daily activity.

### **WORLDWIDE THE PwC CLIENTS ON AUDITING INCLUDE MORE THAN 2,500 HEAT AND POWER COMPANIES, INCLUDING:**

- AGL Resources Inc.;
- National Fuel Gas Company;
- BG Group Plc;
- British Energy Plc;
- PECO Energy Company;
- Union Electric Company;
- Exelon Corporation.

Furthermore, the company intensively works in Central Asia: Baku (Azerbaijan), Yerevan (Armenia), Tbilisi (Georgia), Bishkek (Kyrgyzstan), Tashkent (Uzbekistan), Ashkhabad (Turkmenistan) and Ulan Bator (Mongolia).

Within the last 19 years, PwC has been the leading supplier of auditing and consulting services within Kazakhstan power sector. PwC works with the largest Kazakhstan coal-mining and power companies which have rendered for the last few years and render today the auditing services with regard to financial statements prepared under IFRS. Some of the largest PwC clients on auditing in Kazakhstan are:

Company	Activity	Period
Samruk-Energy JSC	Holding company	2008-2010,2012
Alatau Zharyk Company JSC	Power transportation, technical distribution of power in network for Almaty and Almaty region	2010, 2012
Almaty Power Plants JSC	Electric and heat power generation for Almaty and Almaty region	2010, 2012
AlmatyEnergoSbyt LLP	Sale of power in Almaty and Almaty region	2008-2010, 2012
KazKuat JSC	Holding company which manages Shardarinskaya HPP JSC and Moynakskaya HPP JSC subsidiaries	2008
Shardarinsk HPP JSC	Power generation	2007
Moynakskaya HPP JSC	Development of hydroelectric power station close Charyn river	2008
Mangistau Distribution power grid company JSC	Power transportation, technical distribution of power in network for oil and other companies, and sale of power within backcountry districts in Mangistau region	2008-2010, 2012
Ekibastuz SDPS-2 Station JSC	Electric and heat power generation based on coal extracted on Bogatyr and Severnyi coal strip mines	2005 - 2009
Euroasian Power Corporation JSC	Open coal mining on Vostochnyi coal strip mine and power generation	2005-2012
Bogatyr-Komir LLP	Open coal mining on Bogatyr and Severnyi coal strip mines	2008-2010, 2012
Ust-Kamenogorsk HPP JSC	Generation, transfer and distribution of power in Ust-Kamenogorsk	2006

*The previous company which had provided the auditing services was KPMG network of companies.*



# FINANCIAL STATEMENTS

## CONSOLIDATED PROFIT AND LOSS AND TOTAL INCOME STATEMENT

<i>In thousands KZT</i>	2013	2012
Proceeds	135,843,663	94,557,811
Cost of sales	104,664,782	77,064,207
<b>Gross profit</b>	<b>31,178,881</b>	<b>17,493,604</b>
Distribution costs	104,947	153,180
General and administrative costs	10,291,409	6,770,266
Share in incomes of joint ventures and associated companies	30,105,859	13,176,583
Financial incomes	3,294,095	1,701,666
Financial costs	9,346,461	5,300,112
Other net income	2,749,554	1,945,330
<b>Before-tax profit</b>	<b>47,585,572</b>	<b>22,093,625</b>
Income tax costs	5,617,626	3,522,120
<b>Profit from continuing operations for year</b>	<b>41,967,946</b>	<b>18,571,505</b>
Loss from discontinued operations for year	91,536	60,100
<b>TOTAL PROFIT FOR YEAR</b>	<b>41,876,410</b>	<b>18,631,605</b>

**CONSOLIDATED PROFIT AND LOSS AND TOTAL INCOME STATEMENT (CONTINUED)**

<i>In thousands KZT</i>	2013	2012
Other aggregate loss		
<i>Items which later will not be reclassified into composition of profits or losses</i>	162,072	-
<i>Reestimation of liabilities on remunerations upon completion of working activity</i>		
<b>TOTAL AGGREGATE INCOME FOR A PERIOD</b>	<b>41,714,338</b>	<b>18,631,605</b>
<b>PROFIT DUE TO:</b>		
Shareholders of the Group	40,853,022	18,697,680
Non-monitoring shareholders	1,023,388	126,175
<b>PROFIT FOR A PERIOD</b>	<b>41,876,410</b>	<b>18,571,505</b>
<b>TOTAL AGGREGATE INCOME DUE TO:</b>		
Shareholders of the Group	40,690,950	18,757,780
Non-monitoring shareholders	1,023,388	126,175
<b>TOTAL AGGREGATE INCOME FOR A PERIOD</b>	<b>41,714,338</b>	<b>18,631,605</b>

**CONSOLIDATED STATEMENT OF FINANCIAL STATUS**

<i>In thousands KZT</i>	December 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>LONG-TERM ASSETS</b>		
Fixed assets	235,145,703	205,150,447
Investment property	824,943	928,061
Intangible assets	1,332,626	1,183,018
Exploration and assessment assets	9,237,988	8,464,970
Investments in joint ventures and associated companies	242,883,017	218,568,059
Other long-term assets	30,723,532	6,716,368
<b>TOTAL LONG-TERM ASSETS</b>	<b>520,147,809</b>	<b>441,010,923</b>
<b>SHORT-TERM ASSETS</b>		
Inventories	8,211,800	7,950,085
Primary activity receivables and other receivables	10,984,506	9,456,279
Other short-term assets	61,994,236	23,576,939
Income tax prepayment	1,320,560	1,709,638
Cash assets and their equivalents	15,241,998	94,991,109
Assets of disposal group classified as held for sale	343,557	320,000
<b>TOTAL SHORT-TERM ASSETS</b>	<b>98,096,657</b>	<b>138,004,050</b>

**CONSOLIDATED STATEMENT OF FINANCIAL STATUS (CONTINUED)**

<i>In thousands KZT</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>TOTAL ASSETS</b>	<b>618,244,466</b>	<b>579,014,973</b>
<b>CAPITAL</b>		
Authorized capital	233,946,269	222,868,957
Other reserve capital	75,308,815	86,622,525
Undistributed profit	72,276,222	34,236,867
<b>CAPITAL DUE TO SHAREHOLDERS OF THE GROUP</b>		
Share of non-monitoring shareholders	3,021,709	1,998,321
<b>TOTAL CAPITAL</b>	<b>384,553,015</b>	<b>345,726,670</b>
<b>LIABILITIES</b>		
<b>LONG-TERM LIABILITIES</b>		
Provision for recovery of ash-disposal areas	508,248	121,031
Liabilities on remuneration for employees	1,257,622	956,655
Loans	166,109,523	155,187,362
Other long-term liabilities	6,801,835	7,874,835

**CONSOLIDATED STATEMENT OF FINANCIAL STATUS (CONTINUED)**

<i>In thousands KZT</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Liabilities on deferred income tax	10,093,806	6,914,650
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>184,771,034</b>	<b>171,054,533</b>
<b>SHORT-TERM LIABILITIES</b>		
Provision for recovery of ash-disposal areas	-	244,059
Loans	11,297,915	15,741,182
Liabilities on remuneration for employees	82,624	53,810
Provision for liabilities and costs	2,053,593	9,428,460
Primary activity liabilities and other liabilities	29,768,379	35,312,223
Taxes and other budget payments in arrears	1,540,131	1,315,830
Income tax payable	168,138	138,206
Liabilities of disposal group classified as held for sale	4,009,637	-
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>48,920,417</b>	<b>62,233,770</b>
<b>TOTAL LIABILITIES</b>	<b>233,691,451</b>	<b>233,288,303</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>618,244,466</b>	<b>579,014,973</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

<i>In thousands KZT</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>FLOW OF CASH FROM OPERATING ACTIVITY</b>		
Before-tax profit from continuing operations	47,585,572	22,093,625
Before-tax loss from discontinued operations	44,685	-
<b>ADJUSTMENTS FOR:</b>		
Devaluation of fixed assets	-	316,109
Depreciation and amortisation	12,251,804	8,529,572
Losses from asset sale	121,225	239,239
Recovery of primary activity receivables and other receivables	117,997	374,944
(Recovery)/Provision for inventory price decline	278,925	249,877
Income amortization for additional capacities	513,435	539,121
Current service costs and actuarial losses on remuneration for employees	324,517	406,006
Financial costs	9,346,461	5,300,112
Financial incomes	3,294,095	1,701,666
Share in incomes of joint ventures and associated companies	30,105,859	13,176,583
Income from donated property	238,000	200,565
Other adjustments	177,353	277,382

**CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)**

<i>In thousands KZT</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>FLOW OF CASH FROM OPERATING ACTIVITY BEFORE CHANGES IN FLOATING CAPITAL</b>	<b>34,859,230</b>	<b>21,419,043</b>
Increase in primary activity receivables and other receivables and other short-term assets	388,671	5,361,004
(Increase)/Decrease in inventories	1,099,985	2,976,705
Increase in primary activity liabilities and other liabilities	2,752,908	3,961,589
Increase in liabilities on remuneration for employees	103,802	51,600
Increase in income tax payable	235,063	-
<b>CASH ASSETS FROM OPERATING ACTIVITY</b>	<b>30,748,927</b>	<b>23,047,933</b>
Income tax paid	1,746,717	3,291,365
Interests paid	5,567,414	3,686,802
Dividends received	6,328,126	5,850,808
Net cash from operating activity	29,762,922	21,920,574
Net cash from operating discontinued activity	200,173	-

**CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)**

<i>In thousands KZT</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>FLOW OF CASH FROM INVESTMENT ACTIVITY</b>		
Fixed assets acquisition	51,329,041	34,108,375
Intangible assets acquisition	114,332	80,103
Estimation and exploration costs	532,641	-
Acquisition of subsidiaries	15,622	9,022,559
Acquisition of equity share in associated companies	554,000	1,562,500
Capitalized earnings value	-	3,694,165
Advances to long-term assets acquisition, net	-	104,197
Interest income received	121,240	1,189,488
Proceeds from sales of equity share in associated companies	-	7,556,910
Cash assets from sales of fixed assets	82,339	-
Distribution of bank deposits, net	49,967,345	8,331,572
Granted credits	3,987,819	7,052,246
Reimbursement of granted credits	5,218,612	3,731,129
Purchase of financial assets	3,589,263	-
Other	94,943	180,920
<b>Net cash used in investment activity</b>	<b>104,572,929</b>	<b>43,908,940</b>
<b>Net cash received from investment discontinued activity</b>	<b>370,493</b>	<b>-</b>



**CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)**

<i>In thousands KZT</i>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>FLOW OF CASH FROM FINANCIAL ACTIVITY</b>		
Proceeds from equity issue	-	954,008
Proceeds from bond issue	2,956,595	74,921,344
Proceeds from loans	18,810,538	17,170,939
Repayment of loans	18,668,141	24,095,506
Redemption of bonds	790,190	500,000
Dividends paid to shareholders	2,813,667	4,438,251
Dividends paid to share of non-monitoring shareholders	356,069	110,053
Repayment of loans from consumers	1,205,008	815,132
Other (payments)/proceeds from shareholders	3,991,200	3,990,000
Other	15,169	57,979
<b>NET CASH RECEIVED FROM FINANCIAL ACTIVITY</b>	<b>6,041,973</b>	<b>67,135,328</b>
<b>NET CASH RECEIVED FROM FINANCIAL DISCONTINUED ACTIVITY</b>	<b>400,000</b>	<b>-</b>
Impact of changes in exchange rate on cash assets and their equivalents	1,124,402	-
Net decrease in cash assets from continuing activity	79,727,578	45,146,962
Net increase in cash assets from discontinued activity	170,666	-
Cash assets at the beginning of year	94,991,109	49,844,147
<b>CASH ASSETS AT THE END OF YEAR</b>	<b>15,241,998</b>	<b>94,991,109</b>
<b>CASH ASSETS AT THE END OF YEAR (DISPOSAL GROUP)</b>	<b>192,199</b>	<b>-</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>In thousands KZT</i>	Due to the Group shareholders				Share of non-monitoring shareholders	Total capital
	Authorized capital	Other reserve capital	Undistributed profits	Total		
<b>Balance as of January 1, 2012</b>	<b>120,294,884</b>	<b>29,471,162</b>	<b>19,917,339</b>	<b>169,683,385</b>	<b>2,142,287</b>	<b>171,825,672</b>
Profit for year	-	-	18,757,780	18,757,780	(126,175)	18,631,605
Other aggregate income	-	-	-	-	-	-
Total aggregate income	-	-	18,757,780	18,757,780	(126,175)	18,631,605
Equity issue	102,574,073	-	-	102,574,073	-	102,574,073
Result of transactions with shareholders and general reserves	-	57,151,363	-	57,151,363	-	57,151,363
Dividends	-	-	4,438,252	4,438,252	17,791	4,456,043
<b>Balance as of December 31, 2012</b>	<b>222,868,957</b>	<b>86,622,525</b>	<b>34,236,867</b>	<b>343,728,349</b>	<b>1,998,321</b>	<b>345,726,670</b>
Profit for year	-	-	40,853,022	40,853,022	1,023,388	41,876,410
Other aggregate income	-	162,072	-	162,072	-	162,072
Total aggregate income	-	162,072	40,853,022	40,690,950	1,023,388	41,714,338
Equity issue	11,077,312	-	-	11,077,312	-	11,077,312
Result of transactions with shareholders and general reserves	-	11,151,638	-	11,151,638	-	11,151,638
Dividends	-	-	2,813,667	2,813,667	-	2,813,667
<b>Balance as of December 31, 2013</b>	<b>233,946,269</b>	<b>75,308,815</b>	<b>72,276,222</b>	<b>381,531,306</b>	<b>3,021,709</b>	<b>384,553,015</b>

## ANNEX 1: USED ACRONYMS

<b>AES LLP</b>	AlmatyEnergoSbyt LLP
<b>AIPP</b>	Almaty Power Plants JSC
<b>AZK</b>	Alatau Zharyk Company JSC
<b>Benchmarking</b>	Method of analysis used by Samruk-Energy JSC to compare its activity to other companies to make specific changes which enable to enhance its competitiveness
<b>CGP</b>	Co-generation plant
<b>CHP</b>	Combined heat and power
<b>CIS</b>	Commonwealth of Independent States
<b>CMS</b>	Corporate management system
<b>CO<sup>2</sup></b>	Carbon dioxide
<b>Company</b>	Samruk-Energy JSC Holding Company registered in Kazakhstan manages subsidiaries and associates
<b>Company organization departments</b>	Company subdivisions responsible for certain activity and which are reflected in the Company's organizational structure (departments, services)
<b>Development Plan indicators</b>	Indicators which describe production, 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
<b>DHRM</b>	Department of Human Resource Management of the Company
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortization
<b>EK REC</b>	East-Kazakhstan Regional Energy Company
<b>EP</b>	Energy provider
<b>ESDPS-1</b>	Ekibastuz SDPS-1 named after Bulat Nurzhanov LLP
<b>ESDPS-2</b>	Ekibastuz SDPS-2 Station JSC
<b>FSR</b>	Fire safety regulations
<b>Fund</b>	National Wealth Fund Samruk-Kazyna Joint-Stock Company
<b>GRI</b>	Global reporting initiative

<b>GTPP</b>	Gas turbine power plant
<b>GW</b>	Gigawatt, unit of measure for electric power
<b>HPP</b>	Hydraulic power plant
<b>IMS</b>	Integrated management system
<b>ISO</b>	International Organization for Standardization
<b>JSC</b>	Joint-Stock Company
<b>KEGOC</b>	KEGOC JSC (Kazakhstan Electricity Grid Operating Company)
<b>KIES</b>	Kazakhstan intellectual energy system
<b>KPI</b>	Key performance indicators, measures which describe a level of operating efficiency of the Company and enable to assess performance of the Company as a whole and its key personnel
<b>KUPS</b>	Kazakhstan Unified Power System
<b>LLP</b>	Limited Liability Partnership
<b>LTA</b>	Loading and transportation administration
<b>MPD</b>	Maximum permissible discharges
<b>MPE</b>	Maximum permissible emissions
<b>MREC</b>	Mangistau Distribution power grid company
<b>OMR</b>	Operating and maintenance rules
<b>PCB</b>	Polychlorinated biphenyl
<b>PIT SEZ</b>	Park of Information Technologies Special Economic Zone
<b>POP</b>	Persistent organic pollutants
<b>Procurement Plan</b>	Document executed according to the set forms. It reflects a planned procurement of fee-paying goods, works, services by the Company required for operation and execution of charter-related activity
<b>PTL</b>	Power transmission line
<b>RES</b>	Renewable Energy Sources
<b>Risk</b>	An aptitude to uncertainty related to the events or actions which can affect achievement of the set goals and tasks
<b>Samruk-Energy Group of Companies</b>	Samruk-Energy JSC, its subsidiaries and associates and jointly controlled entities
<b>SC</b>	Subsidiary companies

<b>SDPS</b>	State district power station
<b>SPFIID</b>	State Program of Forced Industrial-Innovative Development of the Republic of Kazakhstan
<b>SPP</b>	Solar power plant
<b>SR</b>	Safety regulations
<b>Strategy</b>	Long-term Development Strategy of Samruk-Energy JSC
<b>SWOT</b>	Analysis of positive and negative effect of external and internal environment factors
<b>TPP</b>	Thermal power plant
<b>UN</b>	United Nations
<b>WF</b>	Wind farm
<b>WTO</b>	World Trade Organization
<b>ZSDPP</b>	Zhambyl SDPP named after T. Baturov JSC
<b>UNITS OF MEASURE</b>	
<b>GWh</b>	gigawatt per hour
<b>GJ</b>	gigajoule
<b>Gcal</b>	gigacalorie
<b>kV</b>	kilovolt
<b>kWh</b>	kilowatt per hour
<b>km</b>	kilometer
<b>m</b>	meter
<b>m<sup>3</sup></b>	cubic meter
<b>MVA</b>	megavolt-ampere
<b>MW</b>	megawatt
<b>mn</b>	million
<b>TJ</b>	terajoule
<b>thous</b>	thousand
<b>%</b>	percent

## ANNEX 2: CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT

GRI	Indicator name	Indicator disclosure	Page
STRATEGY AND ANALYSIS			
1.1	Application from the most senior decision maker within the organization	+	4
1.2	Feature of key impacts, risks and opportunities	+	84
2.1	Name of organization	+	21
2.2	Main brands, types of products and/or services	+	32-33
2.3	Functional structure of the organization, including major units, operating companies, subsidiaries and joint ventures	+	22-29
2.4	Location of the organization head-quarter	+	21. 191
2.5	Number of countries where organization performs its activity, and name of countries where main business is conducted or which are of great importance in terms of the issues of sustainable development covered by the report	+	21
2.6	Nature of ownership and form of incorporation	+	21
2.7	Markets where the organization operates (including geographic breakdown, sectors to be served and categories of users and beneficiaries)	+	22
2.8	Scale of organization	+	21
2.9	Major changes of the scales, structure or ownership occurred for accounting period	+	70-71
2.10	Awards obtained for accounting period	+	17
3.1	An accounting period to which the furnished information refers	+	10
3.2	Date of issue of the last report from the previous ones (if any issued)	not applicable	10
3.3	Reporting cycle	+	10
3.4	Contact information for questions related to a report or its content	+	191

GRI	Indicator name	Indicator disclosure	Page
3.5	Report content definition procedure	+	10
3.6	Report limits (i.e. countries, subdivisions, subsidiaries, leased capacities, joint ventures, suppliers)	+	11
3.7	Restrictions of the report scope or limits	+	11
3.8	Grounds to include the following data into the report: data on joint ventures, subsidiaries, lease of plants, transfer of a part of functions to external contractors and other organizational entities which can have a significant impact on consistency with previous reports and/or other organizations	+	11
3.9	Methods of data and calculation measurement, including assumptions and techniques applied to prepare the Indicators and other information included in the report	+	11
3.10	Description of a meaning of any re-statements of information given in previous reports and grounds for such re-statements (i.e., merger / takeover, change of the reporting periods, nature of a business, assessment method)	not applicable	
3.11	Major changes towards the previous reporting periods in area of the scope, limits or measurement methods applied in the report	not applicable	
3.12	Table indicating a location of Standard elements in the report	+	185
3.13	Policy and applied practical approaches with regard to external confirmation of report	not applicable	
4.1	Organization management structure, including the main committees comprised of the highest governing authority and responsible for particular tasks, for example, development of a strategy or general supervision of the organization activity	+	87-89
4.2	Please indicate whether a chairman of the highest governing authority is an executive manager of the company at the same time	+	90. 101
4.3	For organizations which have a unitary Board of Directors, please indicate a number of independent members of the highest governing authority and/or of members which do not belong to executive management of the company	+	90-98
4.4	Mechanisms which help the shareholders or employees of the organizations to coordinate activity of the highest governing authority or give recommendations	+	122
4.5	Relation between payments to members of the highest governing authority, representatives of top management and senior managers (including termination allowances) and performance of the organization (including social and environmental results)	+	122

ANNEX 2: CORRESPONDENCE TABLE OF GRI MANAGEMENT REPORT

GRI	Indicator name	Indicator disclosure	Page
4.6	Operating processes applied in the highest governing authority designed to avoid a conflict of interest	+	124
4.7	Procedures for evaluation of qualification and competence of the members of the highest governing authority to determine a strategy for arrangement of economical, environmental and social topics [sustainable development]	+	99. 115
4.8	In-house developed statements on mission or values, Corporate Codes of Conduct and guidelines relevant in terms of economical, environmental and social effectiveness, and a degree of their implementation	+	79. 121
4.9	Procedures applied by the highest governing authority to supervise how the organization assesses its economical, environmental and social effectiveness and manages it, including the risks, opportunities and observance or conformance to the international standards, Corporate Codes of Conduct and guidelines	+	123
4.10	Procedures for self-assessment of productivity by the highest governing authority, particularly with regard to economical, environmental and social performance of the organization	+	-
4.11	Explanation whether the organization applies a precautionary principle, and how	+	123
4.12	Economical, environmental and social charters, principles or other initiatives to which the organization joined or which supports developed by external parties	+	122-123
4.13	Membership in associations (for example, industry) and/or national and international organizations on protection of interests	+	122-123
4.14	List of the concerned parties with which the organization cooperated	+	128-129
4.15	Grounds for identification and selection of concerned parties to cooperate with them in future	+	128-129
4.16	Approaches on cooperation with concerned parties, including a frequency of cooperation by forms and concerned stakeholder groups	+	128-129
4.17	Key topics and interests raised or identified during cooperating with the stakeholders, and how the organization responded to these topics and interests, including through its reporting as well	+	128-129
EC	Management approach	+	77



GRI	Indicator name	Indicator disclosure	Page
EC1	Created and distributed direct economic value, including income, operating costs, payments to the employees, dotations and other investment in communities, undistributed profits, payments to the suppliers of capital and states	+	54-69
EC5	Range of relations of standard initial level salary and fixed minimum salary in essential areas of activity of the organization	+	164
EC6	Policy, practical approaches to purchase from local suppliers and a share of such purchases in essential areas of activity of the organization	+	72
EC7	Procedures for recruitment of local population and a share of top managers employed from local population in essential areas of activity of the organization	+	144
EC8	Development and influence of investments in infrastructure and services rendered primarily for the public good through business, natural or beneficent participation	+	150-151
EC9	Understanding and description of essential indirect economical impacts, including an area of impact	+	77
EN	Management approach	+	130-131
EN1	Used materials with specification of mass or volume	+	132
EN3	Direct use of energy with specification of prime sources	+	132-133
EN5	Energy saved due to reduction of power consumption and increase of energy efficiency	+	133
EN8	Total derived water by sources	+	134-135
EN10	Share and total volume of multiuse and reused water	+	135
EN11	Location and area of lands owned, leased, headed by an organization, and located in a conservation area and areas with high value of biodiversity outside, or adjacent to such areas	+	135
EN20	Air emissions of NOx, SOx and other significant pollutants with specification of a type and mass	+	136-137
EN21	Total volume of discharges with specification of quality of waste water and receiving water body	+	137-139
LA	Management approach	+	144

GRI	Indicator name	Indicator disclosure	Page
LA1	Total labor force by employment type, labor contract and region	+	144-145
LA2	Total employees and turnover of employees by age group, sex and region	+	146
LA3	Payments and preferences provided for full-time employees which are not provided for temporary or part-time employees by primary activity	+	151
LA4	Share of employees covered by labor contracts	+	158
LA5	Minimum period(s) of notification on considerable changes in activity of the operation and whether it is determined in a labor contract	+	158
LA7	Accident frequency rate, occupational disease rate, factor of lost days and factor of absence, and total work-related fatal cases by regions	+	158-159
LA8	Existing programs of education, training, program consulting, risk prevention and control to assist the employees, their family members and population representatives with regard to severe diseases	+	154-155
LA10	Average training hours per one employee per annum by categories of employees	+	145
LA12	Share of employees which performance and career development are assessed regularly	+	155
LA13	Composition of the governing authorities and personnel of the organization by sex and age group with specification of minority representatives and other diversity index	+	156
HR	Management approach	+	144
HR4	Total cases of discrimination and undertaken actions	+	142-143
HR5	Activity under which the rights to freedom of associations and collective negotiations can be at substantial risks, and actions undertaken to maintain these rights	+	143
HR6	Activity under which there is a substantial risk of the employment of children, and actions undertaken to liquidate child labor	+	143
HR7	Activity under which there is a substantial risk of the forced or compulsory labor, and actions undertaken to liquidate forced or compulsory labor	+	143

GRI	Indicator name	Indicator disclosure	Page
HR9	Total violations which effect the rights of indigenous people and minorities, and actions undertaken	+	142-143
SO	Management approach	+	164-165
SO2	Share and total business units analyzed against the corruption-related risks	+	164-165
PR	Management approach	+	166
PR2	Total non-compliances with regulatory requirements and voluntary codes concerning the impact of products and services on health and safety by types of consequences	+	167
PR7	Total non-compliances with regulatory requirements and voluntary codes concerning the marketing communications, including advertising, promoting the products and sponsorship by types of consequences	+	167
PR8	Total reasonable complaints concerning violations of users' privacy and loss of consumers' data	+	167
EU1	Rated capacity by types of energy resources and control mode	+	30-31
EU2	Net produced capacity types of energy resources and control mode	+	32
EU3	Number of client accounts of domestic, business, institutional and commercial users	+	33
EU4	Length of overground and underground power lines and distribution lines by each control mode	+	33
EU16	Policy and requirements on health and safety of the employees of contractors and subcontractors	+	161-162
EU18	Shares of the employees of contractors and subcontractors trained on occupational safety and health	+	162
EU21	Emergency planning, action plan and training programs in case of natural disasters/emergencies and recovery work plans	+	162
EU25	Quantity of injuries and fatal cases among population with participation of the Company assets, including judicial decisions, settlements and pending legal proceedings relating to diseases	+	163

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