



**Communication on
progress for 2020 as part
of UN Global Compact**

“Samruk-Energy” JSC

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ABOUT THE COMPANY

“Samruk-Energy” JSC is a holding company that manages energy assets in the Republic of Kazakhstan. The Company’s main objective is to create a balanced development model, which includes the optimal ratio of supplying energy resources to domestic consumers and exports, with a combination of high economic efficiency, innovative advancement, and leading social responsibility standards.

VISION

An efficient high-tech operating energy company – the leader of Kazakhstan power industry

MISSION

To create shareholder value, meet the growing demand through reliable supplies of energy resources, high-tech development, while relying on the principles of sustainable development

“Samruk-Energy” JSC group of companies’ business profile:

Coal mining

“Samruk-Energy” JSC produces circa 40% of coal from the total output across the Republic of Kazakhstan. Coal is supplied to power plants of the Republic of Kazakhstan and the Russian Federation, as well as public utility companies of the region.

The volume of coal production by “Samruk-Energy” JSC in 2020 was 43, 3 mln. Tons.

Generation

The group of companies generated 29, 1% of the total electricity produced in the Republic of Kazakhstan. In 2020, the volume of electricity production by “Samruk-Energy” JSC amounted to 31 385 mln. KWh or 104% compared to 2019 figures.

Renewable energy sources

“Samruk-Energy” JSC comprises facilities generating electricity - Wind and Solar power plants.

The Company's share in the production of electricity using renewable energy sources in Kazakhstan is 10, 8% of the total generation.

In 2020, renewable energy sources generated 335, 8 mln. KWh.

Transmission, distribution

Electricity is mainly transmitted and distributed through main grids and grids of regional energy companies. The volume of electricity transmission in 2020 was 6837, 7 mln.kWh.

Wholesale

Generating companies of national importance and major consumers represent the wholesale electricity market. Electricity sales to customers in 2020 amounted to 30,1 bn. kWh. At the same time, the growth in the domestic market amounted to 5,8% compared to 2019.

Retail

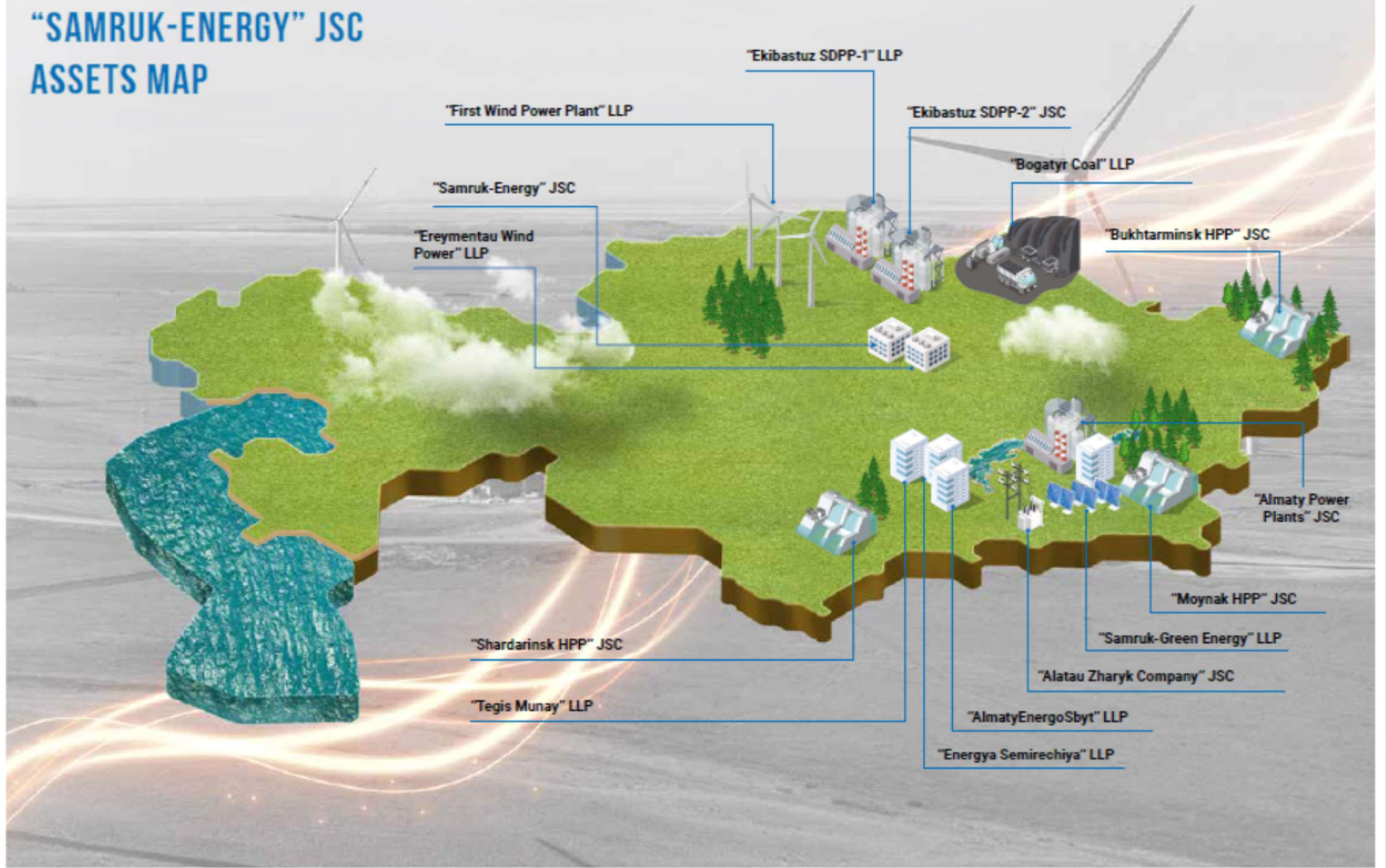
Electricity sales in 2020 amounted to 6055, 4 mln. KWh. or a 3% increase compared to 2019.

Export

859, 2 mln. KWh was exported in 2020, from them 806, 6 mln.kWh to Uzbekistan and 52, 6 mln. KWh to Kyrgyzstan. Moreover, 10, 1 mln. Tons of coal was exported to the Russian Federation.

To learn more information about the Company operations, please visit: www.samruk-energy.kz

"SAMRUK-ENERGY" JSC ASSETS MAP



SAMRUK-ENERGY” JSC STATEMENT ON COMMITMENT TO THE PRINCIPLES OF THE UN GLOBAL COMPACT

“Samruk-Energy” JSC jointed UN Global Compact on October 6, 2011.

The Company, being aware of the economic, social and environmental responsibility of the business, in order to ensure proper conditions and benefits for society from its operations, assumes voluntary obligations with regard to participation in the life of the Company's employees, the population in the regions where the Company operate and society as a whole, integrating the principles and goals of sustainable development into the strategy, corporate culture and its daily operations.

The Company's sustainable development policy determines the extensive use of sustainable development aspects through adoption of best practices in production, environmental initiatives, occupational safety and the social sphere to ensure sustainable economic growth in the regions where the Company operate while maintaining an appropriate balance between the interests of stakeholders and strategic objectives of the Company.

This Communication on Progress in 2020 is a statement of continued support for the UN Global Compact and affirms the readiness of “Samruk-Energy” JSC to be guided by the ten principles of the Global Compact in the field of human rights, labor relations, environmental protection and anti-corruption in its business and demonstrates our efforts to merge these important principles into all aspects of the Company's operations.

“Samruk-Energy” JSC intends to continue to regularly inform all stakeholders about the Company's achievements in the field of sustainable development.

“SAMRUK-ENERGY” JSC VALUES



«Қамқорлық»/QAMQORLYQ/Mentorship

- ✓ We are always ready to help and support
- ✓ We act openly to build trust with colleagues and partners
- ✓ We are ready to mentorship, preserving and sharing experience.



«Уәдеге беріктік»/ЎÁDEGE BERIKTIK/Reliability

- ✓ We are responsible for failure-free operation and quality work
- ✓ We are responsible for future generations and take care of the environment
- ✓ We are responsible for the widespread creation of safe, comfortable and competitive working conditions.
- ✓ We are committed to our obligations.



«Адалдық»/ADALDYQ/Justice

- ✓ We impartially assess a situation and act fairly at addressing any issues
- ✓ We apply equal requirements and provide equal opportunities
- ✓ We value opinions of others, providing the opportunity to speak and be heard



Тәжірибе/ТАЈІРІБЕ /Expertise

- ✓ We treat assigned tasks with due diligence and enjoy our work
- ✓ We are professionals, we improve ourselves and achieve results
- ✓ We search for different views and apply miscellaneous methods

“SAMRUK-ENERGY” PRINCIPLES

Expertise

High professionalism of the Company’s employees is a guarantee of its successful performance. Therefore, the Company strives to create all necessary conditions for comfortable work and unlock the potential of each employee, providing equal opportunities for personal and professional development. Each employee seeks to improve competence using the opportunities provided by the Company, as well as independently

Compliance

Observance of rules allows us to remain a team of professionals united by common goals, a culture of behavior and traditions, and helps to maintain a good level of mutual understanding both within the Company and with business partners and customers

Security

We provide the world with energy and strive to do it safely.

Risk-based approach

We recognize the importance of risk management as a key component of the corporate governance system and take all required actions aimed at the timely identification and mitigation of risks that may adversely affect the value and reputation of the Company.

Social responsibility

In our operations, we strive to protect the environment and respect the communities with which we interact. Our goals in occupational health and safety and environmental protection, and general safety are the absence of accidents, harm to health and damage to the environment.

Transparency

We are open to meetings, discussions and dialogue; we strive to build long-term cooperation with stakeholders, based on mutual interests, respect for rights and balance between the interests of the Company and stakeholders.

IMPLEMENTATION OF UN GLOBAL COMPACT PRINCIPLES

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

“Samruk-Energy” JSC is guided by the Constitution of the Republic of Kazakhstan in the field of human rights protection and recognizes the importance and value of fundamental human rights and freedoms proclaimed by the UN, the Universal Declaration of Human Rights of 1948, the International Covenant on Civil and Political Rights of 1966 and the International Covenant on Economic, social and cultural rights of 1966, including freedom of association, recognition of the right to collective bargaining, labor rights, the right to a healthy environment, health care.

“Samruk-Energy” JSC is one of the largest employers in the Republic of Kazakhstan. As of December 31, 2020, the headcount of the Company to 17,786 people.

“Samruk-Energy” JSC personnel structure has remained stable over the past years.

“Samruk-Energy” JSC is an employer providing equal rights in gaining access to training and development programs, career advancement and employment opportunities at the companies of the Company’s group.

Our people are our most valuable asset, and the Company is committed to providing all of its employees with the best job prospects. Therefore, the Company provides equal opportunities to everyone who works for the Company to develop their professional abilities and improve their skills. The company has established a fair recruitment and promotion process, cultivating professionals with diverse backgrounds and talents.

The company strives to create a working environment where all employees treat each other with respect. Therefore, our Company does not tolerate any form of discrimination, including discrimination based on religion,

race, ethnicity, gender, age and other grounds. The company prohibits any form of behavior that is offensive, aggressive or hostile.

All these underlying human rights principles have been set out in the Code of Conduct, which provides for the protection of internationally proclaimed human rights, the ethical conduct of business, both by the Company itself and by persons working with the Company, to whom this Code applies. Human rights are secured by the standards of equal employment and work conditions enshrined in the Code of Conduct, the prohibition of discrimination and harassment. Compliance with the norms and provisions of the Code is obligatory for all employees of the Company, members of the Board of Directors, Management Board and third parties who work with us.

Follow this link to learn more about the Code of Conduct: <https://www.samruk-energy.kz/ru/corporate-governance/corporate-documents#2>.

In order to project the rights of employees, an Ombudsman operates in the Company. The Ombudsman is an independent party who is guided by independence, neutrality, impartiality and confidentiality principles in performance of his job responsibilities. He contributes to the establishment and development of corporate values and culture, high standards of professional conduct and business ethics in the Company.

The annual measurement of indicators of social stability and employee involvement allows taking timely measures on increasing employee loyalty and trust, social welfare and employee involvement, improving working conditions and processes associated with staff work, developing communication systems and informing about any changes. The Company aims for fast improvement of all indicators of these studies based on the analysis of social indicators and a survey of employees.

According to the results of the study, the Social Stability Index for 2020 across “Samruk-Energy” JSC group of companies was 79% and is in favorable zone. Compared to the results of previous year, the indicator increased by 14%.

The indicator of administrative and management staff involvement index across “Samruk-Energy” JSC group of companies in 2020 was 83% across “Samruk-Energy” JSC group of companies, which shows a 15% increase compared to 2019. Conciliation committees are established and operate at “Samruk-Energy” JSC group of companies, consisting of representatives from the employer and representatives of trade union workers, whose main job responsibility is raising awareness among staff, dealing with complaints and appeals procedures

“Samruk-Energy” JSC signed a Statement of Support for seven Principles for the Empowerment of Women, developed through a partnership

between UN-Women and the United Nations Global Compact. A project on principles of gender equality has been developed and implementing in Company together with the EBRD and Ergon Associates. Samruk-Energy is convinced that companies that provide women and men with equal opportunities are more successful and achieve better results. The Company has adopted the Action Plan to accomplish this goal.

It is essential for the Company that all external and internal stakeholders are heard. The company values its reputation and insists that its employees and stakeholders adhere to the highest standards of ethics and integrity and all laws and regulations.

To protect human rights and measures to prevent unlawful actions, “Samruk-Energy” JSC has the following feedback tools for stakeholders, guaranteeing protection from retaliatory actions and prosecution of anyone who in good faith leaves a message:

24/7 hotline

Intended for all stakeholders. The line is serviced by an external independent operator with the guarantee of anonymity and confidentiality.

By email: nysana@cscck.kz;

By telephone number 8 800 080 30 30;

Website: www.nysana.cscck.kz

- ✓ “Feedback” form on the company’s website <https://www.samruk-energy.kz/ru/navigation-and-support/feedback-all>
- ✓ Feedback for shareholders and investors. Investor questionnaire <https://www.samruk-energy.kz/ru/shareholders-and-investors/feedback-for-shareholders-and-investors>
- ✓ "Feedback" form for the category of persons that are related to ongoing investment projects, where local communities, contractors' employees, or persons related to the project can express their opinion <https://www.samruk-energy.kz/ru/navigation-and-support/feedback-all/feedback-other>
- ✓ Blog of the Chairman of the Management Board <https://www.samruk-energy.kz/ru/navigation-and-support/chairmans-blog>
- ✓ Appeals on emerging issues with indication of contact details on the website: <https://www.samruk-energy.kz/ru/company/contact>
- ✓ Ombudsman
By email: o.bekbas@samruk-energy.kz
By telephone number: 8/7172/69-23-56

Response measures were taken for all incoming requests to the Company to regulate emerging issues. The confidentiality and anonymity of requests was maintained. There were no facts of oppression.

The results of monitoring of incoming requests from stakeholders were communicated to the Company’s Board of Directors, recommendations and measures were developed to improve the quality of stakeholder engagement.

No facts of the Company's involvement in human rights violations were reported over 2020 at “Samruk-Energy” JSC group of companies.

LABOR RELATIONS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Business should eliminate all forms of forced and compulsory labour.

Principle 5: Businesses should stand for full abolition of child labour.

Principle 6: Businesses should advocate elimination of discrimination in respect of employment and occupation.

“Samruk-Energy” JSC personnel policy is based on strict adherence to the requirements of the Labor Code of the Republic of Kazakhstan, which complies with the basic provisions of the International Labor Organization. “Samruk-Energy” JSC group of companies supports freedom of association and recognizes the rights of employees to conclude collective agreements. There are collective agreements at all entities of “Samruk-Energy” JSC group of companies, which represent the tool enabling to strengthen labor relations in a civilized manner, achieve gradual improvement in labor productivity and conditions, establish additional social guarantee and employee benefits (100% coverage). Collective-contractual mechanism of the Company is improved on a yearly basis. To respond in a timely manner to the needs of employees, achieve a balance of interests of the parties to social partnership is the task that the trade unions of the Samruk-Energy group of companies address.

in accordance with the Collective Agreement, “Samruk-Energy” JSC group of companies provides: overtime pay, pay for work during holidays and weekends, at night, allowances and surcharges, pay for workers engaged in heavy work, work with harmful (especially harmful), hazardous working conditions, additional paid annual leave, financial aid in connection with the birth of a child, financial assistance for burial and a one-time incentive in connection with the anniversary of employees (50, 60 and 70 years). According to the Collective Agreement, upon termination of an employment contract,

employees are paid a compensation payment of 3 wages in connection with retirement.

Employees have the right to collective bargaining in compliance with the current legislation through the permanent Conciliation Committees, Commissions for the settlement of social and labor conflicts.

“Samruk-Energy” JSC group of companies respects the religious beliefs and political preferences of its employees, provided that they do not conflict with the current legislation of the Republic of Kazakhstan. In addition, “Samruk-Energy” JSC does not interfere with the participation of its employees in political, religious and social activities as private individuals and during non-working hours. In 2020, “Samruk-Energy” JSC group of companies met all requirements prohibiting the use of labor by persons under the age of 18 in places with harmful and dangerous working conditions, and also did not allow any kind of discrimination against employees and business partners.

Actions to maintain stability among staff, prevent protest moods, address labor disputes and timely provide information and awareness-raising activities on labor organization and labor relations are taken in line with the Corrective Action Plan for the Social Stability and Personnel Engagement Index at the group of companies. The plan includes measures aimed at improvement of pay and labor motivation, staff training and development, policies for young employees, housing policy, occupational health and safety, as well as control measures. Reporting meetings on operating results were held among all employees in February-March 2020. Executives and employees actively exchange feedbacks, and the Company regularly receives individual members of the public to address their personal matters.

In order to regulate and protect the professional, economic and social and labor rights and professional interests of employees, the Company has 12 trade union organizations with 15 567 members.

Ensuring social protection, rights and interests of employees is the main concern and responsibility of trade union organizations, which are authorized representatives of employees in social partnership. The trade union

organization of the Company plays vital role in the development of proposals on laws and regulations that deal with social and labor rights of employees, as well as on issues of socio-economic policy, creation of social programs and other issues in the interests of trade union members, takes part in the implementation of measures on social protection of workers of trade union members released as a result of reorganization or dissolution of a company, involves in the settlement of collective labor disputes. The trade union of the Company helps to reduce tensions when carrying out the approved activities on streamlining the Company's business protects the interests of employees - members of the trade union of the Company, in terms of compliance with labor legislation, established social guarantees and compliance with the provisions of the contract.

As required by the Republic of Kazakhstan legislation on employment, the enterprises of the Company's group assume obligations on the employment of disabled people, persons registered with the probation service and released from detention facilities.

So, as of December 31, 2020, 204 employees with disabilities were employed.

Along with the trade union organizations, permanent Conciliation Committees have been established for settlement of social and labor relations at "Samruk-Energy" JSC group of companies.

The Company and its subsidiaries and affiliates advocate an abolition of forced and child labors. The Company does not have any activity related to these kinds of labors.

The company does not discriminate against its employees and adheres to an equal approach in obtaining access to training and development programs, in career progression and employment at the enterprises of "Samruk-Energy" JSC group of companies.

In 2020, the Company did not have a single incident related to discrimination of employees, forced labor and the use of child labor.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Business should undertake initiatives to promote greater environmental responsibility; and

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Historically the world produced electricity and heat by using fossil fuels. Chemical reactions that occur when firing coal, gas and fuel oil lead to the natural formation of a number of substances, which in the absence of appropriate control can lead to the loss of the required quality of the environment.

Therefore, in view of strategic objectives and goals, environmental protection and effective use of resources play a key role in the Company's business. To manage the environmental aspect, the Company has created an environmental management system (EMS), which is an integral part of the corporate governance system and an essential part of non-financial risk management system. The EMS in the Company is constantly assessed for compliance with the best international practices with the involvement of independent international consultants and is improved over time. All entities of the Company, which are engaged in production activities, have implemented the ISO 14001 "Environmental Management" standard.

As actions aimed at preventing damage to environment, the efficiency of production processes is regularly assessed through production environmental control. Control is based on measuring and calculating the level of emissions into the environment, harmful production factors. Industrial monitoring of the environment is conducted with the involvement of independent laboratories, accredited in accordance with the procedure established by the Republic of Kazakhstan legislation in the area of technical regulation. Air, surface and underground waters, soils are items of industrial monitoring.

Furthermore, other preventive activities include the presence of obligatory environmental insurance and liquidation funds all production facilities of “Samruk-Energy” JSC group of companies, in accordance with the requirements of the legislation, provide for the availability of compulsory environmental insurance, insurance and liquidation funds.

The company makes management and investment decisions based on multiple-path development scenarios at all stages of the product life cycle, taking into account the views of all stakeholders, as well as the following environmental priorities:

1) priority of preventive measures over measures on elimination of negative environmental impacts;

2) the priority of deployment of best available technologies in comparison with measures aimed at reducing environmental damage from equipment operation.

Special attention is paid to new technologies: the development of renewable energy sources, oil-free start-up and other energy-efficient technologies that are offered by experts in the course of regular environmental and energy audits. Considering that national experts forecast that coal will retain the role of the main most reliable strategic fuel in the foreseeable future that ensures the development of power industry in Kazakhstan, we support the development of coal chemistry and complex deep processing of coal. For this purpose, the Company established a scientific laboratory for “Clean Coal Technologies” in conjunction with “Nazarbayev University” JSC.

Samruk-Energy Group of Companies exerts reasonable efforts that contribute to improvement of energy efficiency. The priority measures in this matter are the improvement and retrofit of outdated electrical equipment, increasing efficiency in the production, transportation and distribution of electricity and heat.

In 2020, the Company continued to work on implementing sustainable development initiatives, which included, among other things, environmental initiatives: Energy efficiency, Efficient use of materials, energy and water,

Compliance with environmental obligations: reduction of greenhouse gas emissions, reduction of significant pollutants in the atmosphere, general expenses and investments in environmental protection.

The implementation of a comprehensive environmental protection program in 2020 resulted in the following achievements:

1) The share of “clean” electricity by using RES and HPP - 8,8 % of the total output of “Samruk-Energy” JSC group of companies;

2) Unit emission of pollutants into the air across “Samruk-Energy” JSC group of companies decreased by 3.5% compared to the 2019 figure;

3) Unit NOx emissions at Almaty Power Plants and SDPP-2 decreased by 4% and 8%, respectively, unit CO emissions at Almaty Power Plants - by 6%.

4) There are no emergency situations that caused damage to the environment.

The total expenditures and investments in environmental protection across “Samruk-Energy” JSC group of companies in 2020 amounted to circa 6 bn. tenge.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

“Samruk-Energy” JSC group of companies counters corruption in all its forms by improving the compliance system.

Following the recommendations of regulatory agencies and studying the best international practices in the development of corporate anti-corruption compliance programs, the Company created its approach based on the following principles:

- Active involvement and support from management in the development of compliance system. The Company’s Board of Directors regularly reviews reports on implementation of compliance program.
- The company regularly carries out activities aimed at identifying of corruption risks and after updates them.
- The company develops and implements anti-corruption procedures that meet the level and nature of identified risks, improves and updates internal policies and procedures.
- The company implements and maintains employees training program on the principles and standards of compliance with anti-corruption legislation.
- The company controls over effectiveness of the implemented procedures to prevent corruption.
- To mitigate the risk of the Company's involvement in corruption activities, the Company has developed due diligence procedures both in relation to counterparties and in relation to individuals.
- The Company regularly assesses corruption risks in business processes.

To extend the application of the Code of Conduct provisions to business partners, suppliers and other third parties who work with the Company, the norms of "Anti-corruption clauses" are included in standard business contracts.

To create anti-corruption culture and zero tolerance for any forms of bribery and corruption, training activities on raising awareness about requirements, adopted compliance policies and anti-corruption legislation are conducted regularly for “Samruk-Energy” JSC group of companies’ employees.

Corruption risks at the Group of companies were assessed in 2020. The Board of Directors approved the action plan for eliminating and mitigating corruption risks. According to the 2020 results, all activities were fully performed in a timely manner.

The Anti-Fraud and Corruption Policy is available at the Company. The document was developed in order to create a shared understanding among “Samruk-Energy” JSC employees and other persons about “Samruk-Energy” JSC zero tolerance for fraudulent and corrupt actions in all of its forms, and with a view to mitigate the risk of fraud and involvement of “Samruk-Energy” JSC in corrupt practices.

All employees of “Samruk-Energy” JSC group of companies were 100% familiarized with the requirements of the Code of Conduct, the Anti-Fraud and Corruption Policy, and employees were also tested.

The following activities were carried in 2020 as part of anti-corruption campaign:

- On October 6, 2020, the Head of State signed the Law No. 365-VI “On Amendments and Additions to certain laws and regulations of the Republic of Kazakhstan on Anti-Corruption Issues”.

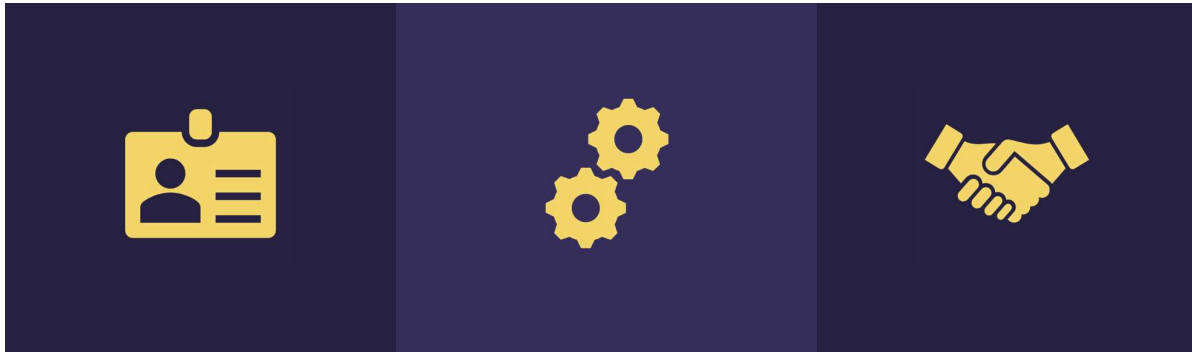
- To meet the requirements of the legislation, the Action Plan for implementation of requirements of the RK Law "On Combating Corruption" dated November 18, 2015 No. 410-V ZRK was developed at “Samruk-Energy” JSC and subsidiaries and affiliates and was approved by the Board of Directors resolution. The action plan was distributed across “Samruk-Energy” JSC group and contains 15 activities to meet the requirements of the legislation.

- To create a corporate compliance culture, “Samruk-Energy” JSC held a meeting between the Head Office executives (offline), SA executives (online)

and representatives of Anti-Corruption Agency of the Republic of Kazakhstan on November 12, 2020.

The new requirements of the legislation on gifts and expansion of anti-corruption entities, the creation of compliance services at quasi-public sector entities and instructions from the Head of State were explained at the meeting.

In view of the above, “Samruk-Energy” JSC group of companies reaffirms its commitment to the principle of fighting of all forms of corruption, including extortion and bribery.



THE COMPANY INITIATIVES

“Samruk-Energy” JSC declared support for 17 Sustainable Development Goals, realizing that environmental and social issues that reflect each of SDGs are relevant and have an impact on any organization.

In 2021, “Samruk-Energy” JSC will continue integration the principles of sustainable development into its activities through the implementation of sustainable initiatives in the following areas:

Ethics

Introduction of high ethical standards and creating a corporate culture based on trust

Adoption of sustainability principles

Introduction of sustainable development principles and application of a risk-based approach to project management at all investment stages: assessment and management of impacts on social aspects, environment and economy (forced resettlement, biodiversity, cultural heritage, etc.)

*" The report on implementation of Sustainable Development Initiatives Plan was posted on the corporate website of the Company:
<https://www.samruk-energy.kz/ru/sustainability> "*

Finance

Financial stability improvement

Responsible procurements

Facilitating responsible procurement based on the principles of fair and free competition, mutual benefit, transparency, and full accountability for the obligations assumed, as well as the introduction of requirements for suppliers to comply with ethical standards and the Guidelines for the Company's suppliers,

Safety

Improvement of safety culture through the involvement of employees in occupational safety management system and increasing the efficiency of control over occupational safety management system using international standards.

Social responsibility

To raise the level of social responsibility, commitment to UN Global Compact principles, investing in human resources

Environmental sustainability

Secure environmental sustainability, including the search and implementation of best technologies from an environmental and economic perspective, streamlining of production processes, implementation of projects using renewable energy sources, identification and prevention of potential emergencies.