

Corporate governance system

SIGNIFICANT EFFECTIVE ACTIVITY OF SAMRUK-ENERGY JSC IS DUE TO PROPERLY DESIGNED CORPORATE GOVERNANCE PROCESSES AT EACH OF THE RELEVANT LEVELS, WHICH ENSURE TRANSPARENCY, CONTROL AND SEPARATION OF POWERS, AS WELL AS TIMELY RESPONSE TO EMERGING RISKS.

In line with best global practices, we are committed to the continuous improvement of our corporate governance system to ensure a reliable internal control system, effective risk management, facilitated access to external capital, and enhanced reputation.

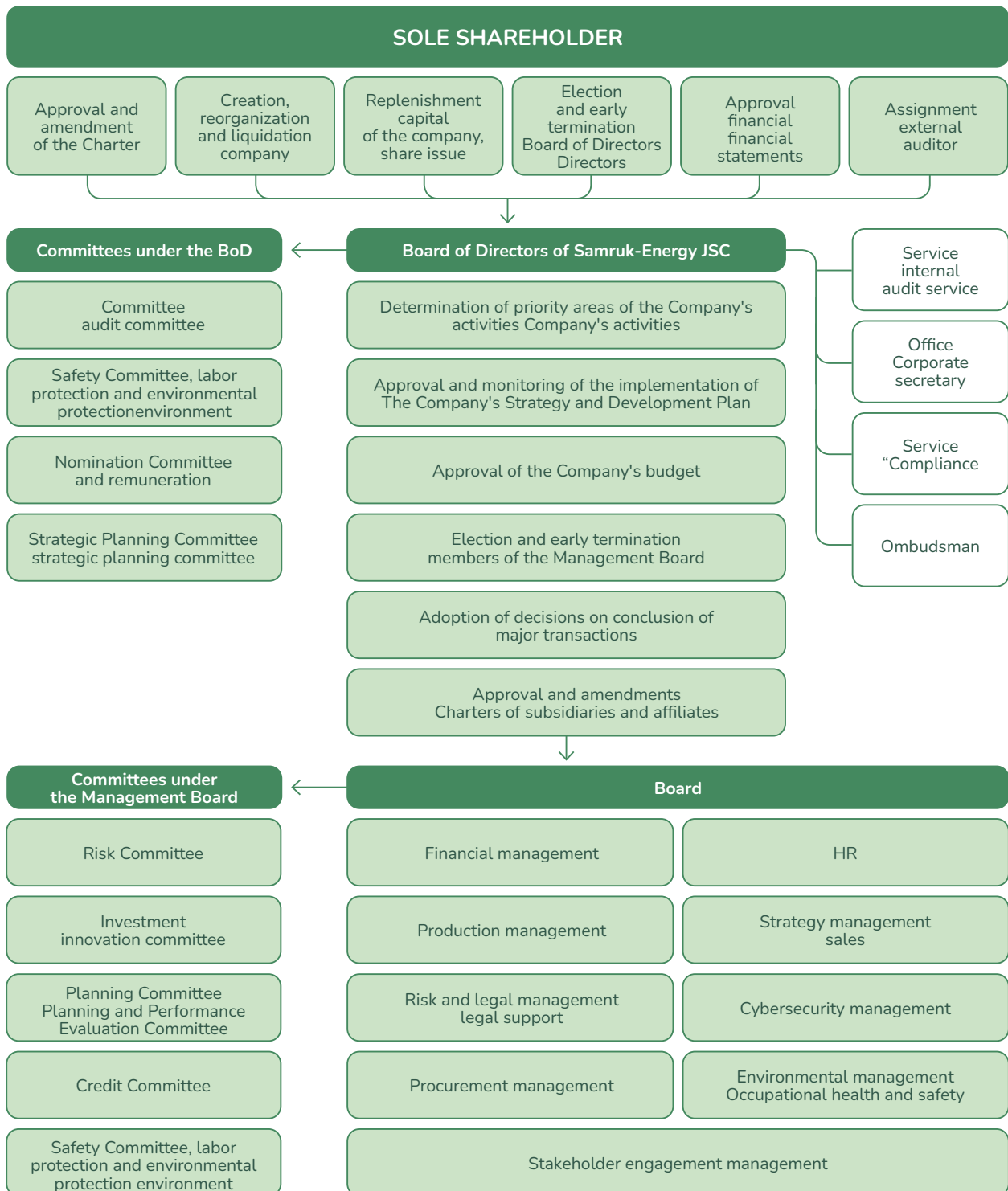
The corporate governance system of the Company comprises a set of processes that manage and control the activities the group of companies of Samruk-Energy JSC, as well as a system of relationships between the executive body, the Board of Directors, shareholders, and stakeholders aimed at increasing long-term value and sustainable development. The Board of Directors periodically reviews issues to enhance the effectiveness of this system of relationships. The competencies of the bodies and the decision-making process are clearly defined and enshrined in the charter.

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The corporate governance system ensures:

- adherence to the hierarchy of issue review and decision-making;
- clear delineation of powers and responsibilities among bodies, officials, and employees;
- timely and quality decision-making by the bodies of Samruk-Energy JSC and its subsidiaries and affiliates;
- efficiency of processes in the activities of Samruk-Energy JSC and its subsidiaries and affiliates;
- compliance with legislation, the Corporate Governance Code, and internal documents of Samruk-Energy JSC and its subsidiaries and affiliates.





At Samruk-Energy JSC and its subsidiaries and affiliates, regulations for bodies and structural divisions have been established, along with job descriptions for the respective positions. Compliance with these documents ensures systematization and consistency in the processes of corporate governance.

The fundamental internal documents of the Company in the area of corporate governance include:

- The Corporate Governance Code of Samruk-Kazyna JSC;
- The Action Plan for corporate governance improvement at Samruk-Energy JSC for 2022–2023.

Main policies of Samruk-Energy JSC in the sphere of corporate governance:

Document	Effective date of the latest version
Charter of Samruk-Energy JSC	26.01.2023
Corporate Governance Code	10.11.2023
Code of Conduct	25.12.2023
Regulations on the Board of Directors	24.02.2020
Regulations on the Strategic Planning Committee of the Board of Directors	14.07.2022
Regulations on the Audit Committee of the Board of Directors	25.05.2018
Regulations on the Nomination and Remuneration Committee of the Board of Directors	25.05.2018
Regulations on the Committee for Occupational Health and Safety and Environmental Protection of the Board of Directors	14.07.2022
Policy on advanced training and engagement of external experts by members of the Board of Directors	24.03.2011
Regulations on the Corporate Secretary	27.12.2021
Regulations on the Management Board	23.08.2019
Regulations on the Risk Committee	16.07.2018
Regulations on the Committee for Occupational Health and Safety and Environmental Protection of the Management Board	25.06.2018
Regulations on the Planning and Evaluation Committee	19.06.2014
Regulations on the Credit Committee	13.08.2018
Risk management policy	26.05.2014
Corporate Management System Policy	26.02.2024
Anti-Fraud and Anti-Corruption Policy	28.09.2018

The executive bodies of Samruk-Energy JSC and its subsidiaries and affiliates collaborate in a spirit of cooperation to ensure the adequacy and realism of the companies' development plans, which are directed for approval by the Company's Boards of Directors, as well as their alignment with the development plan and action plan of Samruk-Energy JSC.

The executive body of Samruk-Energy JSC maintains ongoing dialogue with the executive bodies of subsidiaries and affiliates on issues of strategy and sustainable development.

To fully realize its mission and meet the requirements of shareholders and other stakeholders (subsidiaries and affiliates, employees, partners, etc.), the Company has developed and maintains an operational system for managing its subsidiaries and affiliates.

Samruk-Energy JSC participates in the management of companies through the implementation of shareholder (participant) functions, as well as through the Board of Directors in a manner prescribed by the Company's Charters and the Corporate Governance Code.

The Boards of Directors of the Company have full autonomy in decision-making within the scope of their competence as established by the Company's Charters.

The position of Samruk-Energy JSC on specific issues is conveyed through its representatives on the company's Board of Directors.

Samruk-Energy JSC establishes a unified policy regarding the group of companies, approves methodological recommendations, and corporate standards for subsidiaries and affiliates. These areas include management of human resources, information technology, investments, risks, corporate governance, planning, economics, finance, and others.

The objectives of the asset management system are:

- Adherence to the hierarchy of issue review and decision-making;
- Timely decision-making by the corporate bodies of Group of companies Samruk-Energy JSC;
- Enhanced manageability of processes for the bodies of subsidiaries and affiliates;
- Increasing the compliance rating of the corporate governance level of subsidiaries and affiliates to match the best global practices.

Priority tools for managing subsidiaries and dependent organizations of Samruk-Energy JSC include:

- Enhancing the level of corporate governance of subsidiaries and affiliates through the formation of professional Boards of Directors/Supervisory Boards, ensuring the effectiveness of the activities of the Boards of Directors/Supervisory Boards and executives of subsidiaries and affiliates;
- Ensuring effective leadership of subsidiaries and affiliates by defining strategic objectives (KPIs) for subsidiaries and affiliates, monitoring, and evaluating the effectiveness of the execution of the Development Strategy and Development Plan of subsidiaries and affiliates;
- Forming unified policies, corporate standards, and methodological recommendations to ensure uniform approaches to key issues across the Group of companies of Samruk-Energy JSC, promoting best management practices and current activities in subsidiaries and affiliates;
- Providing support and expertise to the activities of subsidiaries and affiliates while adhering to the existing principles of corporate governance and within the competencies of the Company to implement policies, standards, and methodological recommendations, building competencies, improving performance results, and/or addressing problematic issues of subsidiaries and affiliates;
- Promoting the interests of the Company group and individual subsidiaries and affiliates with the aim of achieving the strategic objectives of the Company, increasing the value of the investment portfolio of the group of companies of Samruk-Energy JSC on issues such as interaction with government bodies, antitrust regulation, tariff policy, attracting investors, etc.;
- Seeking and implementing business synergies to achieve a synergistic effect at the level of the group of companies of Samruk-Energy JSC by identifying and proposing opportunities for cooperation between subsidiaries and affiliates, for example, through complementary activities, creating service factories, common service centers, to optimize costs, implement new functional standards, etc.

Management of organizations is carried out by their respective bodies in accordance with the competencies and procedures specified in the organization's charter. This principle also applies to organizations with multiple shareholders (participants).

The management of the asset portfolio and the shareholding (participation shares) as well as the continuous improvement of the asset management system within the Group of companies of Samruk-Energy JSC is carried out within the framework of Samruk-Energy JSC's development plan.

Issues related to the development and implementation of the development plan are considered periodically as determined by the Board of Directors, but not less than once a year, exclusively at face-to-face meetings of the Board of Directors. The Board of Directors implements a system for early detection and timely response to changes in the internal and external market conditions and force majeure situations.

The bodies, officials, and employees of the fund and organizations act and make decisions in accordance with the development plan and the charter. The development plan is a long-term document that defines the vision, mission, objectives, tasks, strategic directions, and key performance indicators for the medium term.

The development plan of Samruk-Energy JSC contains goals, tasks, and development directions for Group of companies Samruk-Energy JSC, and also includes objectives, tasks, and indicators for sustainable development.

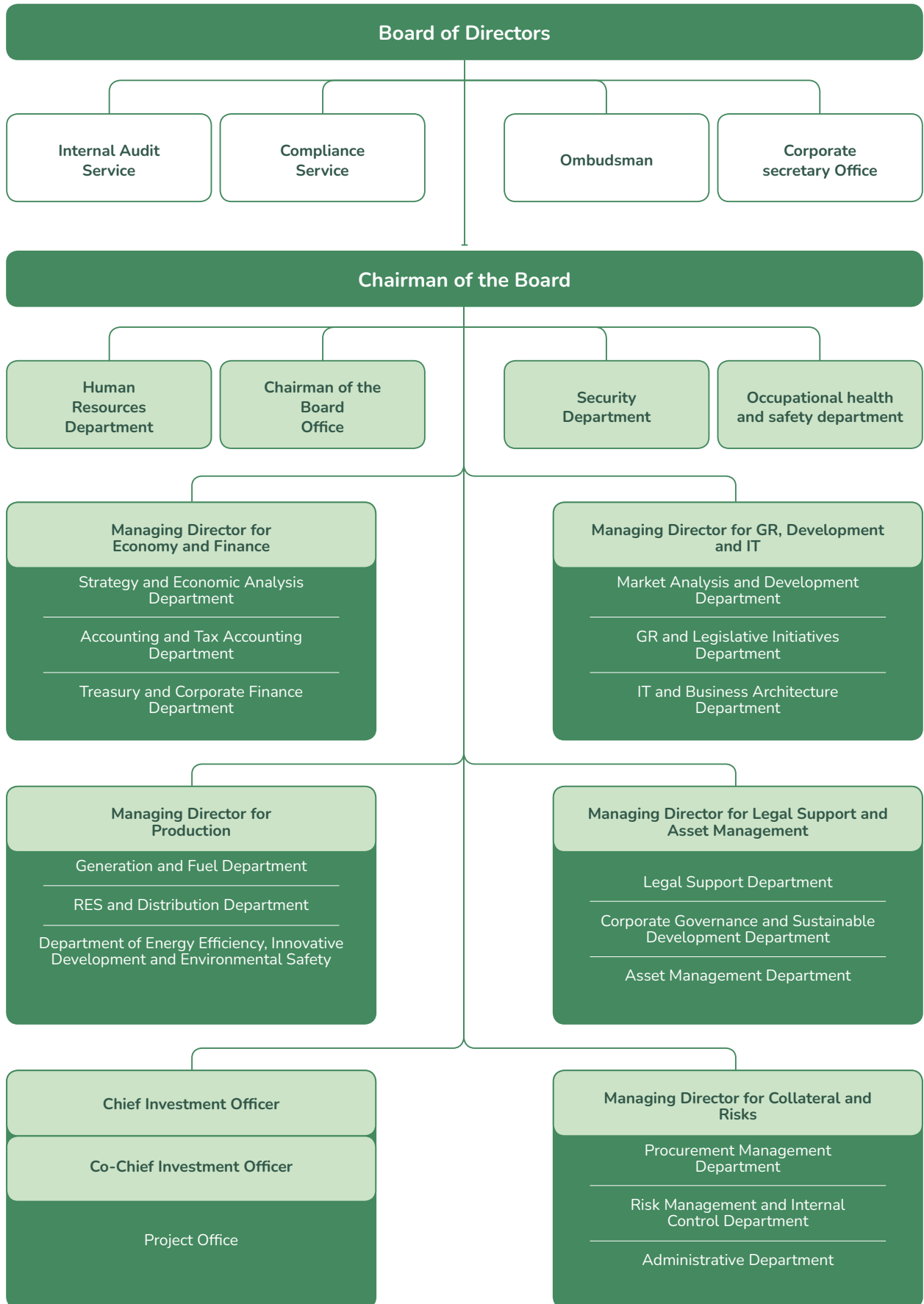
Within the framework of the development plan, the Board of Directors sets long-term goals that must meet the following criteria: be specific, measurable, achievable, relevant, and time bound. The achievement of strategic goals is assessed through long-term KPIs.

In the process of developing and monitoring the implementation of the Development Plan, the Board of Directors and the executive body conduct strategic sessions during which the main directions of activity, tasks, problematic issues, risks, and corrective measures are discussed.

In developing the Development Plan, consultations are held with key stakeholders, in particular, major shareholders, main business partners, and interested government bodies.



Organizational structure of Samruk-Energy JSC as of 31.12.2023



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By the decision of the Board of Directors dated July 27, 2023 (Minutes No. 09/23), the organizational structure of Samruk-Energy JSC was approved in a new version: the positions of Chief Investment Director, Co-Chief Investment Director, Managing Director for Legal Support and Asset Management were introduced. In order to increase the efficiency of the Company's activity, as well as taking into account the current production needs of the Company, regrouping was carried out, as a result of which the following positions were introduced, and structural subdivisions were transformed:

- The position of Managing Director for Production and Asset Management was renamed to Managing Director for Production;
- The position of Managing Director for Development, Sales and Change was renamed to Managing Director for GR, Development and IT;
- The position of Managing Director for Legal Support, Assurance and Risks was renamed to Managing Director for Assurance and Risks;
- Production Efficiency Department was renamed into Energy Efficiency, Innovative Development and Environmental Safety Department;
- The position of the Managing Director for Legal Support, Collateral and Risks was renamed into the position of the Managing Director for Collateral and Risks;
- The Project Portfolio Management Department was renamed into the Project Office;
- The GR and Legislative Initiatives Department, the Market Analysis and Development Department, and the Information Technologies and Business Architecture Department were created by reorganizing the Energy Transition and Digitalization Department and the Market Development and Sales Department;
- Asset Management Department was created by transferring the reorganization and sale of assets from the Block;
- Managing Director for Economics and Finance and the functions of corporate management of subsidiaries and affiliated organizations, organization of work of corporate secretaries from the Block of the Managing Director for Production;
- Administrative Department was transferred from the Block of the Chairman of the Management Board to the Block of the Managing Director for Collateral and Risks.

Thus, the updated organizational structure is aimed at:

- efficiency in decision making;
- increased productivity;
- responsiveness of decision-making;
- organizational flexibility.



Improving the efficiency of the corporate governance system

In accordance with the diagnostic assessment of the corporate governance system carried out in 2021 by Samruk-Kazyna JSC using approved methodology in organizations where Samruk-Kazyna JSC directly or indirectly owns more than 50% of the voting shares, the corporate governance rating of Samruk-Energy JSC was established at the level of "BB" (maturity level "medium"). Key aspects of corporate governance were analyzed:

- Effectiveness of the Board of Directors and the executive body;
- Risk management;
- Internal control and audit;
- Sustainable development and shareholder rights;
- Transparency.

In line with the Development Strategy, we aim to enhance the effectiveness of corporate governance through the lens of sustainable development and ESG principles, which guide quality management, health and safety, environmental protection, energy efficiency, and anti-corruption and fraud prevention.

To ensure a management approach that considers the social and environmental impacts of activities on people and the environment, in 2023 we approved the Roadmap for Improving the Sustainable Development Management System of Samruk-Energy JSC for 2023-2024. This includes activities aimed at improving our performance in environmental and social aspects, as well as in corporate governance issues, formed based on the results of an independent diagnostic of the company's corporate governance and

the results of a GAP analysis of the company's ESG processes in compliance with rating agency criteria.

The Roadmap for Improving the Sustainable Development Management System for 2023-2024 envisages the implementation of 111 activities aimed at developing areas that require improvement and the development of corporate governance practices, with a completion timeframe of 2023-2024.

In 2023, the implementation of the Roadmap for improving the sustainable development management system amounted to

94.4%

By the decision of the Management Board of Samruk-Kazyna JSC dated November 10, 2023 (Minutes No. 54/23), Samruk-Energy JSC approved a new version of the Corporate Governance Code.

To apply unified standards, by the decision of the Management Board of Samruk-Energy JSC dated December 15, 2023 (Minutes No. 39), the updated Corporate Governance Code in a new edition was approved for the Group of Companies of Samruk-Energy JSC.

The Corporate Governance Code is available on the website https://www.samruk-energy.kz/images/Corporate_documents/KKU_2024_ru.pdf



Corporate Management System of Samruk-Energy JSC

For effective and transparent management of activities, we have implemented a corporate management system focused on the concept of sustainable development.

The key document of Samruk-Energy JSC in this area is the Corporate Management System Policy (for more details, visit the Samruk-Energy JSC website at https://www.samruk-energy.kz/images/Corporate_documents/Politika_KSM_2024_ru.pdf)

To ensure an objective assessment of the current state of the corporate management system, as well as to enhance the level of interaction, ensure the implementation of audit principles, and form a necessary knowledge base, we use a cross-functional audit approach. This approach involves conducting audits within Samruk-Energy JSC by both specialists from subsidiaries and dependent organizations and the corporate center.

In December 2022, we successfully passed the certification audit for international standards ISO 9001 "Quality Management System," ISO 14001 "Environmental Management System," ISO 45001 "Occupational Health and Safety Management System," ISO 50001 "Energy Management System," and ISO 37001 "Bribery Management System," subsequently receiving international standard compliance certificates. The audit involved international class specialists representing the conformity assessment body MS CERT.

In November 2023, we successfully passed an external audit of our corporate management system in accordance with international standards ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 37001.

The audit involved internationally recognized specialists from the MS CERT conformity assessment body. The results of the external audit were summarized in a report dated November 27, 2023.

The certification was conducted according to the procedures of the international conformity assessment body MS Certification Services, involving international class auditors, and covered the following assets (production sites) of the Company: EGRES-1 named after B. Nurzhanov LLP, EGRES-2 JSC, Almaty Power Plants JSC, Moynak HPP JSC, Samruk Green Energy LLP, Alatau Zharyk Company JSC, Almaty EnergoSbyt LLP, Shardara HPP JSC, First Wind Power Plant LLP, as well as the corporate center of Samruk-Energy JSC.

The results of the certification audit highlighted the positive aspects of the development and functioning of the Company's corporate management system, including:

- High degree of management's orientation towards achieving the company's set goals;
- Organization and conduct of cross-functional corporate audits of the management system in dependent organizations;
- Good level of exchange of documented information electronically in the company's activities;
- Use of information systems for planning and managing processes;
- Support for the development of the corporate management system from dependent organizations;
- Amendments to existing legislation aimed at establishing requirements to protect the interests of all participants in the energy market.



Compliance with the Corporate Governance Code

The results of the self-assessment show that in 2023, we ensured compliance with the main principles and provisions of the Corporate Governance Code. By the end of 2023, out of 64 provisions of the Code, 60 were fully compliant, and 4 were partially compliant. The discrepancies are presented in the sections "Government as a Shareholder of the Fund" and "Effectiveness of the Board of Directors and the Executive Body".

The following items have been identified as partially compliant with the provisions of the Code:

- Item 2 of Chapter 1 "Government as a Shareholder of the Fund," according to which organizations should strive to simplify the structure of their assets and their legal forms as much as possible. Thus, Group of companies of Samruk-Energy JSC includes subsidiaries of various legal forms: both joint-stock companies and limited liability partnerships. In 2023, no actions were taken to change the legal forms of the subsidiaries and affiliates of Samruk-Energy JSC.
- In 2023, within the framework of creating a "green" company, Qazaq Green Power PLC, within the structure of the Group of companies of Samruk-Energy JSC, the activities to transfer 100% of the participation share of KazHydroTechEnergо LLP and 25% of the participation share of Energia Semirechiya LLP to the charter capital of Qazaq Green Power PLC were completed. Additionally, within the framework of implementing renewable energy projects, Qazaq Green Power PLC conducted activities to create a joint venture, Altyn Dala Energy Ltd. (25%). During the reporting period, there were no activities concerning the realization/acquisition of assets by Samruk-Energy JSC.
- Item 5 of Chapter 5 "Effectiveness of the Board of Directors and the Executive Body," according to which the Board of Directors should ensure diversity in terms of experience, personal characteristics, and gender composition. While the current composition of the Board of Directors ensures diversity in necessary skills, knowledge, and competencies, it does not provide diversity in terms of gender composition.
- Item 7 of Chapter 5 "Effectiveness of the Board of Directors and the Executive Body," according to which the Board of Directors approves an induction program for newly elected members of the Board of Directors and a professional development program for each member of the Board of Directors. The Corporate Secretary ensures the implementation of these programs. Thus, in 2023, the Corporate Secretary implemented the induction procedure for newly elected members of the Board of Directors. However, the professional development program for each member of the Board of Directors was not approved in 2023 due to cost optimization for the maintenance of the Board of Directors in accordance with item 9 of the Roadmap for the implementation of the instructions of the President of the Republic of Kazakhstan on the reform of Samruk-Kazyna JSC, approved by the decision of the Fund's Board on 24.02.2022 (Minutes No. 13/22).
- Item 18 of Chapter 5 "Effectiveness of the Board of Directors and the Executive Body," according to which the Board of Directors elects the head and members of the executive body, determines the terms of their office, the amount of their salary, conditions of their compensation, and terminates the powers of the head and members of the executive body. In accordance with the Charter and internal documents of Samruk-Energy JSC, the Board of Directors determines the number of members, the term of office of the Board, elects members of the Board, and prematurely terminates their powers (except for the Chairman of the Board). The issue of appointment (election) and early termination of powers of the Chairman of the Board of Samruk-Energy JSC is within the competence of the Sole Shareholder.



Company plans to improve the corporate governance system

The primary strategic directions for the development of Samruk-Energy JSC in the field of corporate governance for 2024 and the short-term perspective include:

- Adopting best corporate governance practices by implementing principles and provisions of the updated Corporate Governance Code.
- Increasing the proportion of women at all levels of corporate governance.
- Effective risk management and internal control system to enhance reputation.
- Developing a comprehensive system for ensuring business continuity.
- Upholding the rights of shareholders, investors, and other stakeholders.
- Differentiating powers and responsibilities between bodies and departments.
- Enhancing the effectiveness of the Board of Directors/Committees, as well as the Executive Body/Committees, and management bodies of subsidiaries and affiliates.
- Preventing corporate conflicts and conflicts of interest.
- Combating all forms of corruption and adhering to business ethics.
- Improving management reporting systems, including in the area of sustainable development across different management levels.
- Effective engagement with shareholders and other stakeholders, improving principles of information transparency.
- Ensuring efficient processes and systems for planning, internal control, compliance and internal audit, risk management, and sustainable development management.
- Implementing sustainable development principles and applying a risk-oriented approach in project management practices at all investment stages including assessing and managing impacts on the social, environmental, and economic spheres (forced relocation, biodiversity, cultural heritage, etc.) in accordance with the Company's Sustainable Development Guide.
- Enhancing financial resilience.
- Promoting responsible procurement based on the principles of fair and free competition, mutual benefit, transparency, and full accountability for commitments, as well as requiring suppliers to adhere to ethical norms and the Company's Supplier Guidelines as outlined in the Sustainable Development Guide.
- Assessing company risks related to climate change.
- Monitoring compliance with the UN Principles for Responsible Investment to attract investments.
- Evaluating the current level of development of ESG management practices and improving Samruk-Energy JSC's positions through participation in ESG ratings.
- Defining ESG criteria alongside standard financial analysis — assessing both ESG risks and opportunities.
- Developing a motivation and compensation system tied to ESG criteria performance indicators.

