

# Letter from the Chairman of the Board of Directors

2-22

## DEAR SHAREHOLDERS!

It is a special honor for me to address you as Chairman of the Board of Directors of the National Electric Power Company KEGOC JSC.

Improving the efficiency of management requires a qualitative renewal of the composition of the Board of Directors, in this regard, new members of the Board of Directors with extensive experience and competencies were elected in the reporting period. We continued the practice of visiting meetings and in March 2023 we met in Turkestan, got acquainted with the activities of the Yuzhnye MES branch, and visited the new 220 kV 'Ortalyk' substation.



**Yernat Berdigulov**

Chairman of the Board  
of Directors of KEGOC JSC

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**34.8** KZT billion

In a rapidly changing energy market, we continued to provide reliable power supply to consumers. In 2023, KEGOC JSC demonstrated stable growth and sustainable development, which was largely made possible with the efforts of a highly qualified team and the strategic vision of progressive management.

The Board of Directors, within the framework of its activities, makes maximum efforts to achieve the established performance indicators, focusing on the implementation of key projects, taking into account the need to integrate increasing volumes of renewable energy into the NPG. In 2023, an important strategic project to strengthen the electrical connections of the Western Power Hub was successfully completed, which enabled to double the transit capacity of West Kazakhstan — Atyrau, and to increase the reliability of power supply in the region. The phased modernization of 220-500 kV electrical networks continued, and the Company launched a project to strengthen electrical connections in the south of the Republic of Kazakhstan.

Further plans until 2035 provide for the implementation of the investment portfolio of KEGOC JSC for the development of NPG, including the unification of the Western Energy System with the UPS of the Republic of Kazakhstan, the construction of a direct current line in the North-South direction, the construction of a 500 kV Karaganda — Astana line, as well as the continuation of two more stages of reconstruction of the Company's power grids with coverage all regions of presence.

A number of meetings were held with companies such as State Grid Corporation of China and China Power International Development Limited on cooperation in the construction and operation of direct current transmission lines, as well as a pilot project for the introduction of an electric power storage system. The possible further implementation of these technologies will be a significant contribution to the sustainable development of the Company and the Republic of Kazakhstan by reducing emissions from traditional generation, further development of renewable energy sources, as well as the creation and development of new types of businesses for entrepreneurs.

One of the main events of the Company in terms of increasing shareholder value was the secondary placement of shares

(SPO), the results of which indicate a significant interest of investors in the Company and a high level of trust in it. Over 50,000 applications were received from investors for a total amount of over KZT 34.8 billion, which is 1.5 times more than the proposed volume. Our shareholders know that KEGOC JSC shares are highly efficient and liquid.

Also, the 'green' bonds of KEGOC JSC were successfully placed on the trading floor of Kazakhstan Stock Exchange JSC with a total volume of KZT 33 billion. The funds from their placement will be used to implement the Company's projects related to the development of network infrastructure for the transportation of energy from renewable energy sources, as well as to increase the efficiency of electricity transmission. The issue of the first green bonds of KEGOC JSC will give an impetus to the growth of the number of domestic issuers of the real sector of the economy aimed at the development of ESG projects in the Republic of Kazakhstan.

Guided by the priorities of KEGOC JSC, the Board of Directors closely monitored the process of reducing occupational safety risks and developing the occupational safety system. Thanks to the systematic approach, the injury rate coefficient (LTIFR) was reduced by 3 times in the reporting period, and the fatality rate (FAR) decreased to zero.

Effective functioning of corporate governance is the most important measure necessary to increase sustainability, efficiency and attract investors. In 2023, we updated the Company's Development Plan for 2023-2032 (Strategy), which provides for the implementation of government programs, industry objectives and a portfolio of large capital projects.

Owing to the Company's efforts to integrate ESG factors into strategy and business processes, commitment to the principles of corporate governance, social responsibility and business ethics, as well as transparency of activities, on August 25, 2023, the independent rating agency S&P Global assigned KEGOC JSC the ESG rating S&P Global CSA Score 2023 at the level of 51/100.

Without stopping there, we plan to further improve the system of sustainable development, corporate governance and the implementation of production tasks. The coming year is important for KEGOC JSC and the Board of Directors will take all necessary measures to improve the efficiency of the Company's activities.