

# Human Resources



KEGOC's human resources are the most important strategic factor for the Company's development success.

KEGOC manages its human resources based on the principles of the Corporate Governance Code, Business Ethics Code, the integrated management system, HR policy and internal documents relating to KEGOC's HR motivation.

KEGOC's HR policy (hereinafter referred to as 'the HR Policy') seeks to create the human resources as the most important intellectual and professional resource that ensures the implementation of KEGOC's Development Strategy through efficient, performance-oriented corporate culture and meritocracy.

The HR policy is based on Samruk-Kazyna's Development Strategy 2018-2028, KEGOC's Development Strategy 2018-2028, Samruk-Kazyna's HR Policy Concept 2018-2028, Samruk-Kazyna group's Corporate Standard for HR Management, Samruk-Kazyna group's Corporate Standard for HR Planning and the Reference Model for HR Management for Samruk-Kazyna's portfolio companies.



KEGOC WAS ASSIGNED THE FUNCTIONS  
OF THE SYSTEM OPERATOR OF THE UNIFIED  
POWER SYSTEM OF KAZAKHSTAN BY ORDER OF THE  
MINISTRY OF ENERGY AND MINERAL RESOURCES

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The HR policy is a strategic document relating to human resources management, which supports KEGOC's Development Strategy implementing the following main strategic goals:

1. ensure reliable operation of the Unified Power System of Kazakhstan;
2. ensure KEGOC's efficient operation;
3. improve corporate governance and sustainable development.

The HR policy faces the following objectives to implement KEGOC's Development Strategy:

- ensure the commitment to the principles of meritocracy, including recruitment, training and development, assessment of employee performance and remuneration management;
- develop target corporate culture;
- improve talent pool management and career planning system;

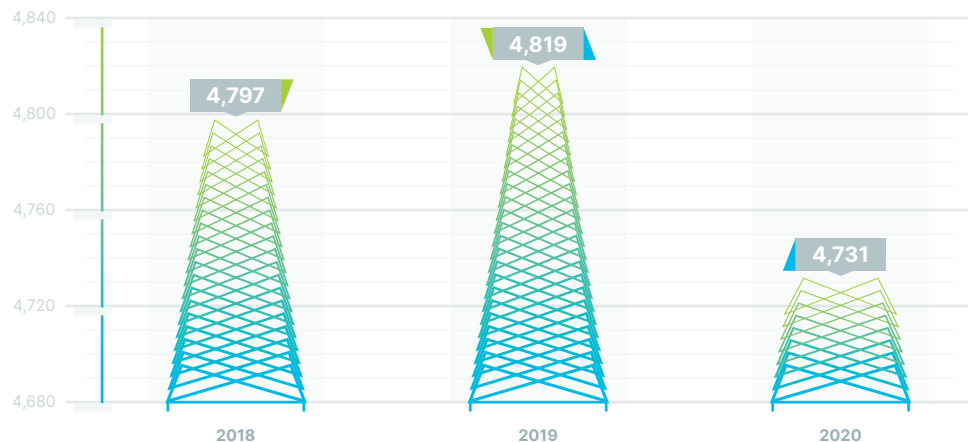
- regulate social and labour relations contributing to the Company's successful operation;
- comply with the succession policy and knowledge transfer;
- train specialists on the application of digital technologies.

The staff listing of the Company's employees (including subsidiaries) as of 31 December 2020 is 4,731 people.

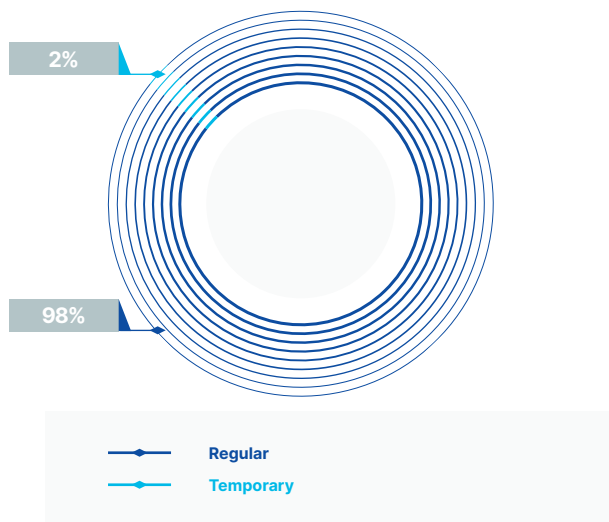
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KEGOC supports and respects the protection of internationally proclaimed human rights and the rights envisaged by the Constitution of the Republic of Kazakhstan. In 2020, there were no cases of human rights abuses, or discrimination in respect of gender, language, race, religion, sexual orientation or gender identity at KEGOC. KEGOC's operations do not use child or forced labour.

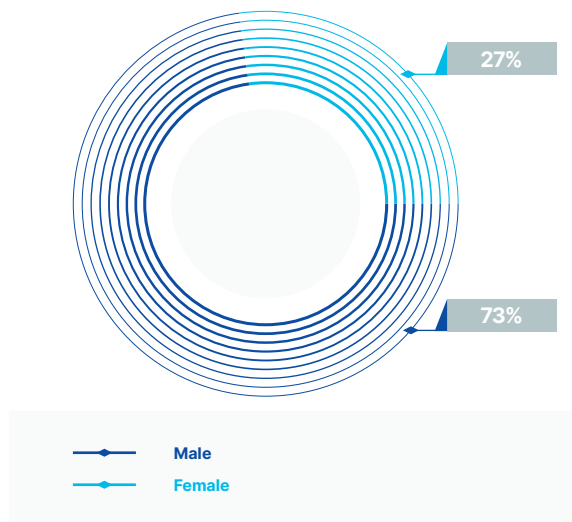
Number of employees, people



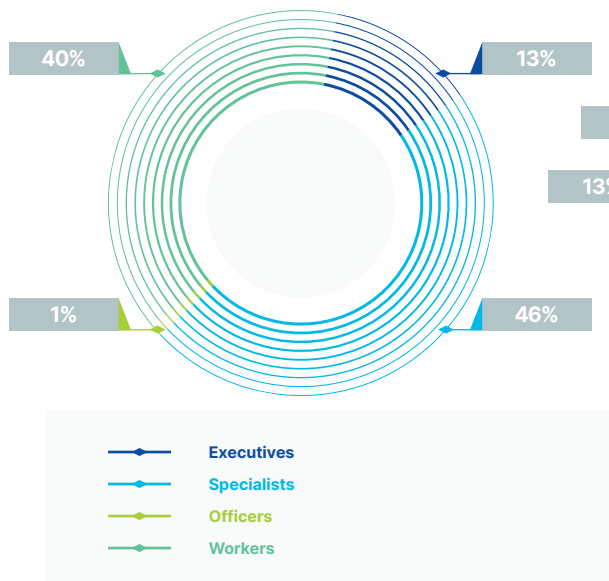
Structure of employees by employment



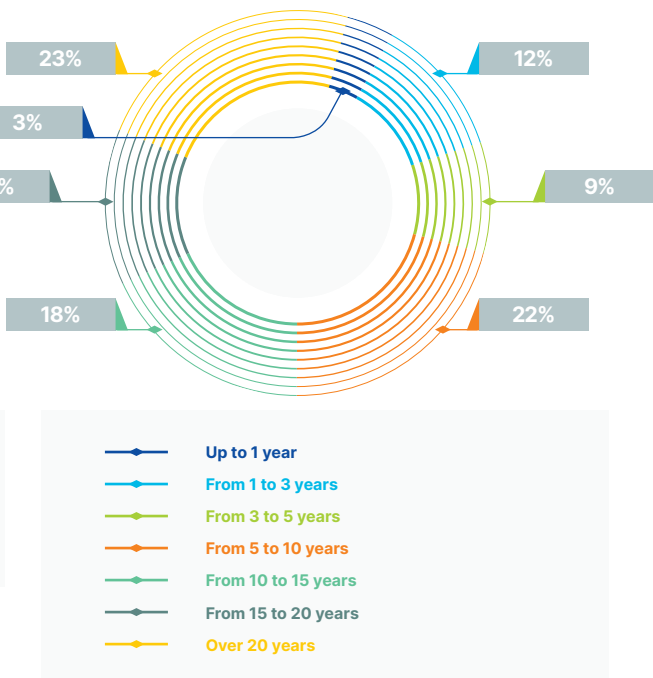
Structure of employees by gender



Personnel structure by categories

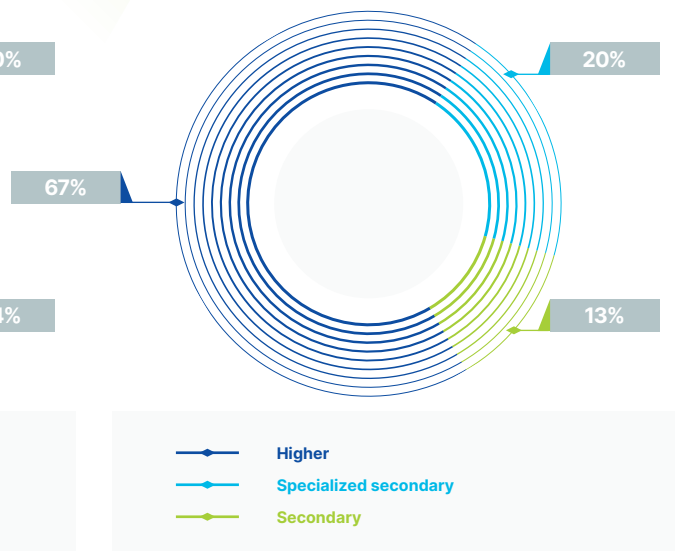
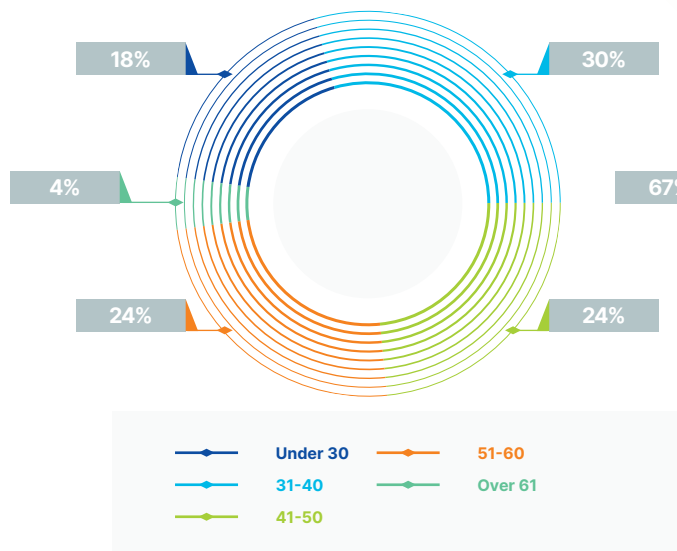


Personnel structure by length of service

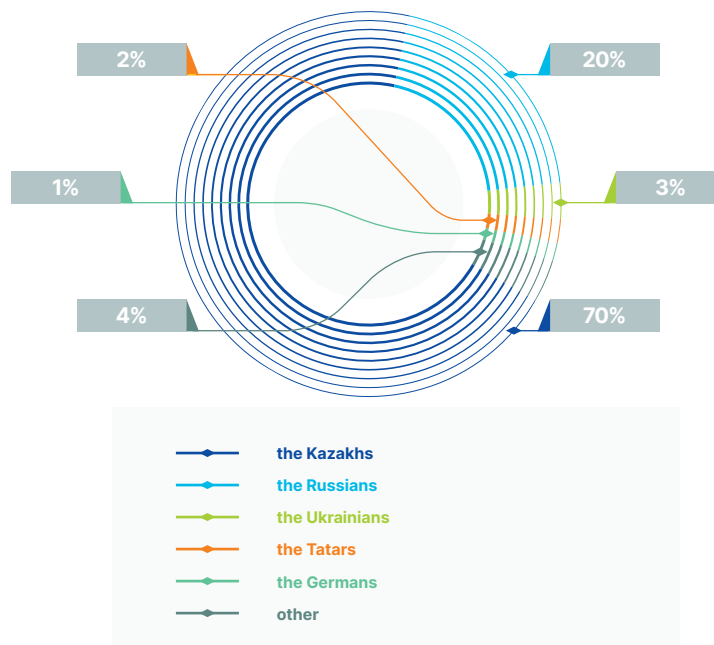


Structure of employees by age, years

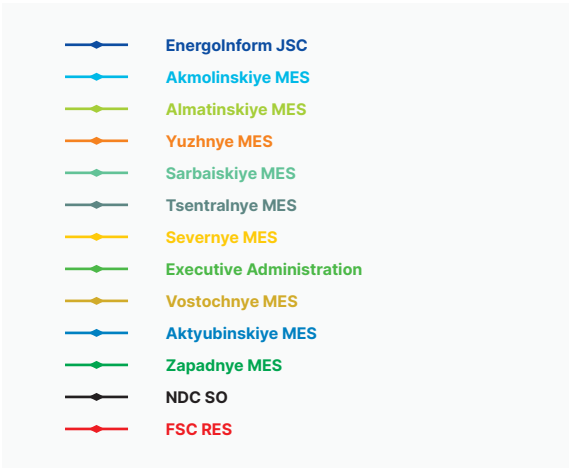
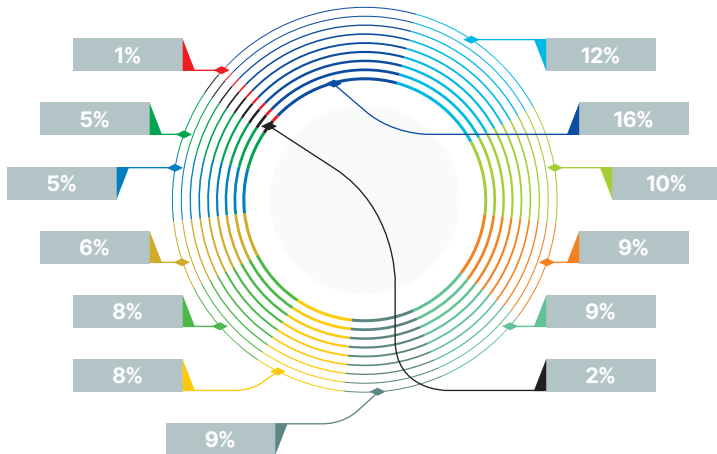
Personnel structure by education



Structure of employees by ethnic origin



Personnel structure by regions



## Personnel Structure

Indicator	Total	Proportion, %	AP	OP	Management positions	Management proportion, %
<b>Staff listing</b>	<b>4,731</b>	<b>100</b>	<b>755</b>	<b>3,976</b>	<b>634</b>	<b>100.0</b>
<b>Gender</b>						
Male employees	3,465	73.2	284	3,181	570	89.9
Female employees	1,266	26.8	471	795	64	10.1
<b>Groups by ethnic origin</b>						
the Kazakhs	3,312	70.0	653	2,659	440	69.4
the Russians	943	19.9	66	877	135	21.3
the Ukrainians	144	3.0	6	138	19	3.0
the Tatars	81	1.7	8	73	13	2.1
the Germans	73	1.5	6	67	8	1.3
Other	178	3.8	16	162	19	3.0
<b>Groups by age</b>						
under 30	856	18.1	123	733	30	4.7
from 30 to 50	2,542	53.7	510	2,032	377	59.5
over 50	1,333	28.2	122	1,211	227	35.8

## Recruitment Policy

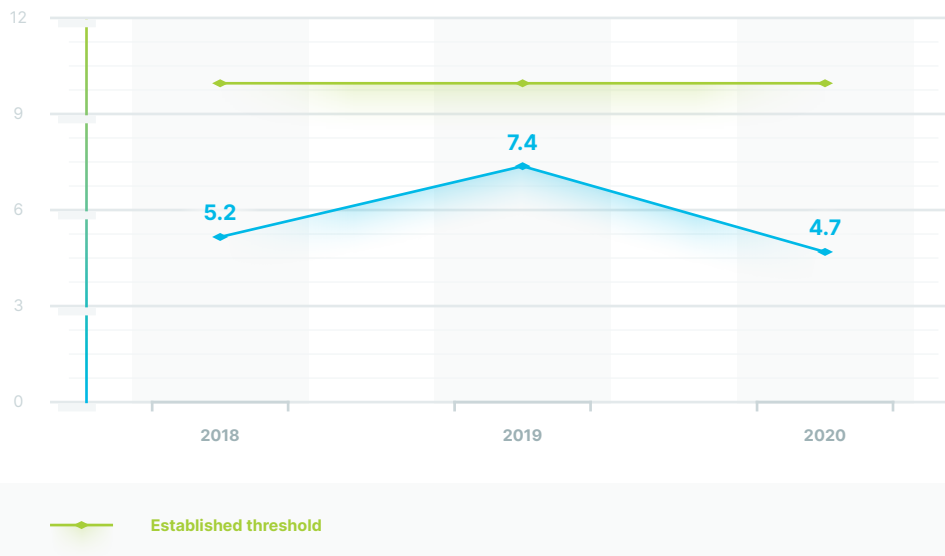
One of the Company's HR policy principles is openness and transparency using meritocracy principles through clear and transparent selection criteria based on requirements for position and competence model, compliance with competition procedures, feasibility of made decisions, application of position-relevant candidates evaluation methods allowing impersonal decision-making in terms of hiring, non-discrimination, professional, open and respectful treatment of all candidates. Internal candidates have a priority based on succession and talent pool management.

KEGOC ensures equal opportunities for all candidates irrespective of their ethnic origin or race, gender, age, social and family status or other distinctive characteristics.

As of 31 December 2020, the overall proportion of senior management (members of KEGOC's Board of Directors and Management Board) hired from the local population (citizens of the Republic of Kazakhstan) was 91%.

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Personnel Turnover, %

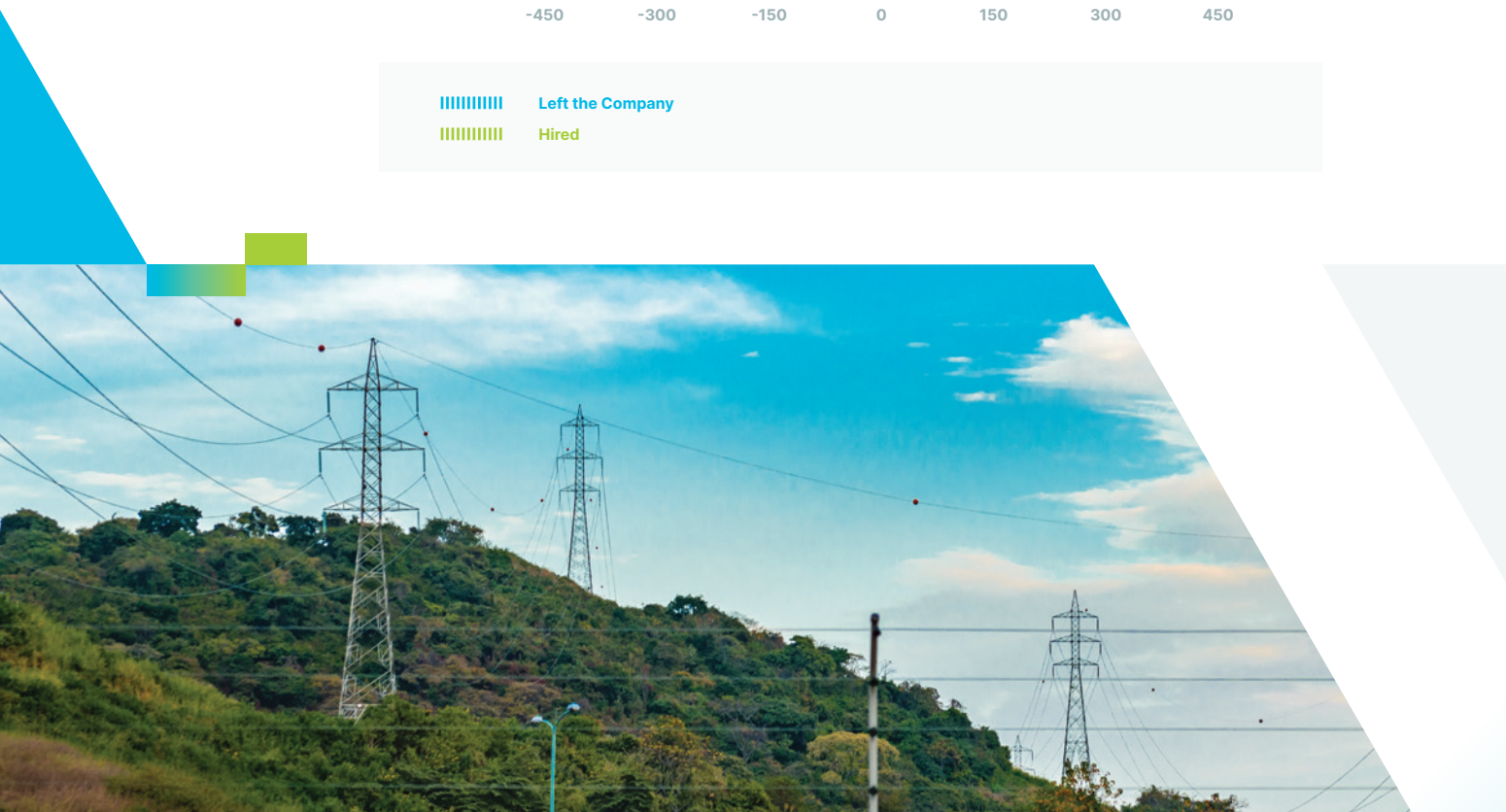
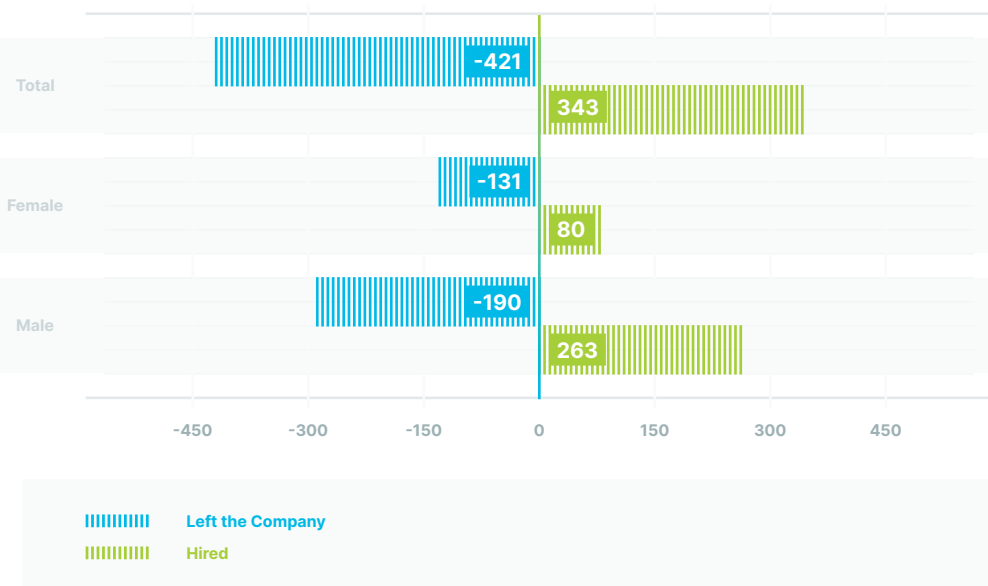




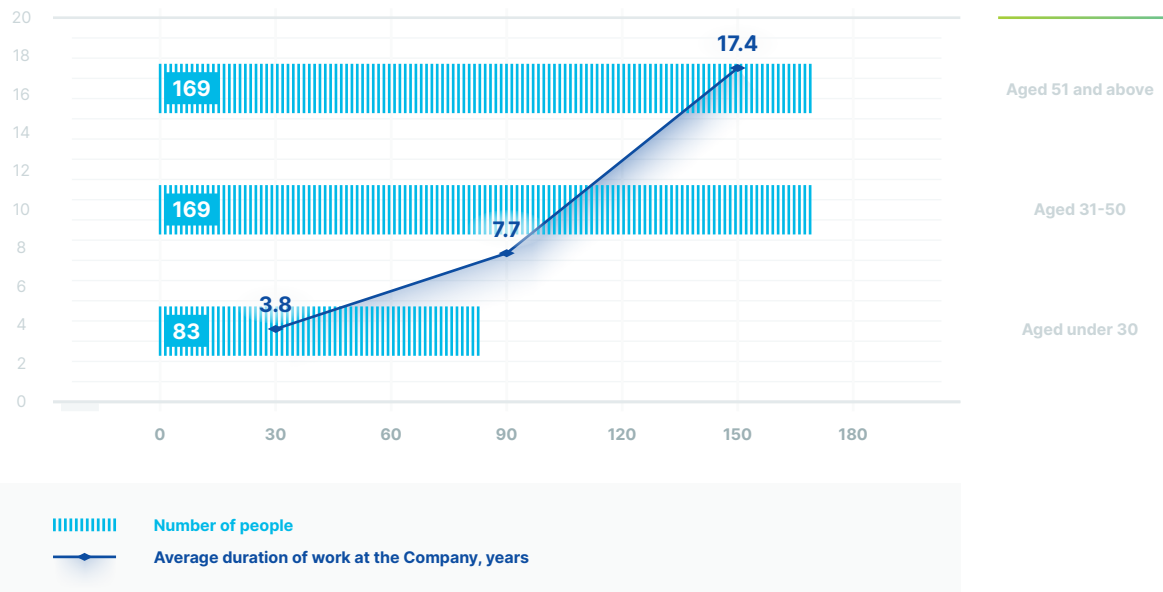
The final value of staff turnover at KEGOC for 2020 was 4.7%, with the threshold value 'not more than 10%. At that, 4.4% relate to male personnel turnover and 5.5% to female personnel turnover. Average work duration of male employees quitted KEGOC in 2020, was 11.1 years (290 employees), and female employees 10.8 years (131 employees).

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Personnel dynamics in 2020, people



**Duration of Work of KEGOC Employees who Left the Company in 2020**



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**Employees eligible to retire in the future as of the end of 2020, % of manpower**

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Indicator, %	Total	AMP	OP
Eligible to retire within 2021-2025 (within the next 5 years)	10.9	5.3	12.0
Eligible to retire within 2021-2030 (within the next 10 years)	20.9	11.5	22.7



## Incentive System

Labour compensation is paid to the Company's employees in accordance with the laws of the Republic of Kazakhstan, the Collective Bargaining Agreement, employment contracts, internal labour and bonus payment documents.

Since 1 July 2019 the salaries/tariff rates have increased on average by 6% based on the Company employees' performance results.

### KEGOC's labour compensation system

	Material remuneration	Non-material remuneration
<b>Basic part</b>	<b>Variable part</b>	<b>Social support to employees</b>
(wages, premiums and increments)	(performance bonuses, one-time bonuses, remuneration of executive and administrative personnel)	

The Company provides equal remuneration for men and women, and a single approach in calculating labour payments for men and women in KEGOC's branches located in every region of the country. KEGOC employees' salaries in 2020 exceeded the minimum wage established in Kazakhstan.

### Ratio of entry level standard wage of KEGOC's employees to the minimum wage established in Kazakhstan for 2020

Minimum wage in the Republic of Kazakhstan in 2020, KZT	Minimum wage in KEGOC* in 2020, KZT	Deviation, %
42,500*	64,800**	152.5

\* The minimum wage established since 1 January 2020 according to Kazakhstan Law on National Budget for 2020- 2022 No. 276-VI dated 04 December 2019.

\*\* The minimum wage implies a salary of Energoinform's cleaner of operational and office buildings.

Average industrial wage in the Republic of Kazakhstan in 2020, KZT	Average wage level in KEGOC in 2020, KZT	Deviation, %
309,989*	396,230**	127.8%

\* According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

\*\* KEGOC's average monthly wage for 2020

## Social Protection of Employees

The Company's social support activity with regard to its employees is regulated by the following internal documents:

- Collective Bargaining Agreement;
- KEGOC's HR policy for 2018 – 2028;
- Rules on social support for employees;
- Rules of reward and recognition of merits of employees.

**According to these documents the following types of social support for KEGOC employees are provided:**

1. financial assistance;
2. compensation payments;
3. assistance in housing issues.

In order to create favourable conditions for efficient work and increase loyalty, KEGOC provides social support to the Company's employees: the recreation payment when granting the paid annual leave, on the anniversary date and the birth of child, due to the death of an employee or an employee's family members and the pensioner registered with KEGOC, to pay for the medical treatment of an employee and children – disabled, disabled from childhood irrespective of the group of physical inability and age.

Also, KEGOC pays for the maternity leave and leave for employees who have adopted a newborn child (children), with retained average wage less the amount of social payment for loss of income in connection with pregnancy and childbirth, adoption of a newborn child (children) made in accordance with the legislation of the Republic of Kazakhstan on compulsory social insurance.

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## EMPLOYEES OF KEGOC WERE AWARDED BY THE NATIONAL AND INDUSTRY AWARDS

KEGOC assists its employees in housing matters within the limits of the funds allocated for this purpose in the annually approved income and expenditure budget.

Employees of retirement age are compensated upon their retirement, and the one-time material assistance is provided annually on the professional holiday 'Power Engineers' Day' to the pensioners registered with the Company.

In 2020, the Company assisted in housing issues for 110 employees through partial repayment of housing costs to the total amount of KZT 111.7 million at the expense of KEGOC.

Based on the work results in 2020, 131 employees of KEGOC were awarded by national and industry awards for special merits.

Funds allocated to social support for the Company's employees in 2020 amounted to more than KZT 293.3 million, including financial aid for anniversaries, medical treatment, funeral expenses, etc.

One of the key indicators of KEGOC's HR policy is the personnel engagement index (based on the results of employees questionnaire survey and on-line questionnaire for AMP and the social stability determined among operational personnel. In 2020, the Personnel Engagement Index was 90% and Social Stability Index – 91%, which on the whole indicates favourable social environment and successful social policy implemented in the Company.

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## HR Development

KEGOC attaches great importance to the process of training and development of personnel and is guided by the following principles:

- the effectiveness of training and focus on performance and addressing specific tasks that increase the efficiency of the Company;
- the forward-looking nature of training and development – supporting the Company's strategic development goals;
- the expediency – the choice of training programs corresponds to the goals and objectives set for the employees;
- the integrity of the development system, continuity and systematic training.

The following main types of personnel training are used at KEGOC to ensure continuity in the process:

- self-education;
- in-service training;
- short-time off-job training at the advanced training courses of the specialized training centres.

The staff training was conducted using the full range of modern teaching methods – business workshops, seminars, trainings, internships, advanced training, vocational training and retraining programs, forums and conferences. In the reporting year, 2,076 employees were trained, which is 43.9% of the headcount. KEGOC's actual training costs in 2020 amounted to KZT 156.9 million, or 47.0% of the plan, which is 38.9% less than in 2019.

Average training hours for one employee was 23.1 hours, including AMP – 24.1 hours, and OP – 23.0 hours per year.

Average training hours for one male employee – 22.9, one female employee – 26.3 hours.

The total training hours came to 90,122: 82,477 hours for male employees, 7,645 hours for female employees; 9,823 hours for AMP and 80,299 hours for OP.

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To increase the level of professional knowledge and skills of young operating specialists, assist in their professional development, preserve competence of experienced operating employees, adapt to corporate culture, traditions and rules of conduct at KEGOC, the coaching system was introduced.

KEGOC systematically develops the talent pool project: functional and management succession pools of 279 persons have been approved. For 2020, the number of vacant positions for which the talent pool was formed is 196, of which 14 were filled by the employees included in the talent pool.

## Staff Assessment

In order to improve the Company's performance by setting performance requirements, evaluating the achievement of results and providing employees with constructive feedback, staff performance assessment is carried out.

Employee performance assessment is based on the principles of meritocracy, carried out on an ongoing basis (quarterly, annual) and covers assessment by KPIs/goals and competencies (professionalism and potential). The assessment of employee performance also includes calibration against the Talent Distribution Map (9-cell grid).

Depending on the outcome of the performance assessment, the following management and development decisions can be made:

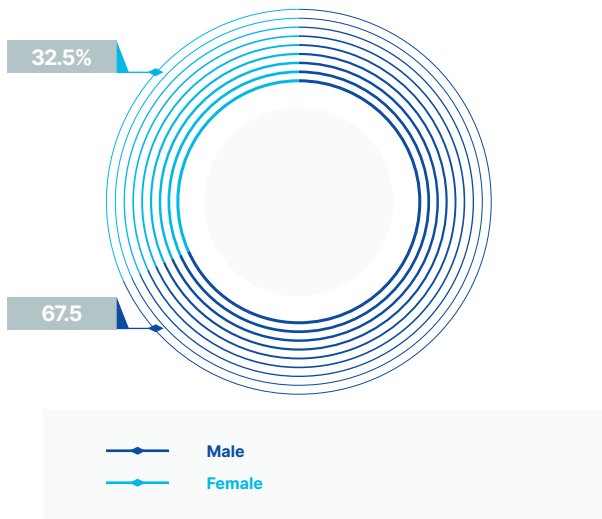
- review of wage level;
- payment of bonuses/remuneration based on the results of quarter/year;
- considering an employee for enrolment in the talent pool;
- further development of the employee.

The number of KEGOC employees who underwent a comprehensive performance assessment of the Company's employees in 2020, based on the results of 2019, was 2,615, or 55.3% of the Company's headcount:

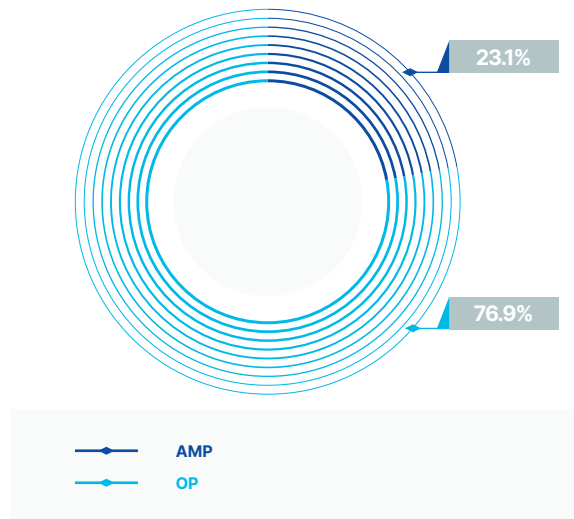
- 1,766 men and 849 women;
- 605 AMP employees and 2,010 OP employees.

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Gender structure of the certified



Structure of the certified by categories



## Collective Bargaining Agreement and the Trade Union

KEGOC supports freedom of association and recognizes the right of employees to conclude collective bargaining agreements.

The Collective Bargaining Agreement concluded between KEGOC and its employees for 2016-2020 provides for the agreement joining procedures, issues of regulating labour order including social leaves, labour payment, ensuring personnel

safety and occupational health, granting social guarantees and compensations; it specifies measures on support of employees and development of human resources, health insurance and entertainment and leisure events for the employees. Also it reflects the issues of social support for the veterans of the Great Patriotic War and equated persons and long-service power engineers registered in the Company.





The Collective Bargaining Agreement covers all employees of KEGOC (100%), regardless of the type of employment. According to the conditions of the Collective Bargaining Agreement the employer shall notify an employee in writing of the changes in employment conditions no later than fifteen days in advance. The minimum period for notifying an employee of the employment contract termination as a result of reduction in the number of employees or staff size is envisaged by the Collective Bargaining Agreement of the Company and is one month in accordance with the Labour Code of the Republic of Kazakhstan.

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In 2003, the decision of founders meeting established the Trade Union of Kazakhstan energy industry employees which includes KEGOC's employees as members. The main functions of the sectoral trade union are as follows:

- to represent and protect labour and social rights and interests of its members and member organizations;
- to assist in the social partnership system development at the sectoral level;
- to act as social partnership party when concluding the sectoral agreement and collective bargaining agreement.

The Trade Union also influences the labour payment conditions, bonus payments to employees and discipline including disciplinary penalties. The Trade Union is intended to control the compliance with labour legislation, maintenance and implementation of guarantees and compensations, allowances, etc.

In 2020, the Energotekhprofsoyuz took an active part in social initiatives and events aimed at supporting employees, including those related to the COVID-19 pandemic. Thus, it purchased protective equipment

(antiseptics, protective masks), carried out treatment of premises, paid for testing of shift workers. During the year, the trade union members and pensioners received financial aid at their request for medical treatment, purchase of medicines, and compensation for sanatorium-resort vouchers and recreation at holiday homes.

## Volunteering

Corporate volunteering became especially important for KEGOC during the quarantine period.

During the state of emergency in the country, all divisions launched a volunteer campaign under the single slogan **#KEGOCBirgemiz** and held a number of events to support people in difficult situations, including in accordance with KEGOC's Youth Council Action Plan for 2020-2022. The Company's employees regularly provided assistance in the form of food baskets, medicine or financial support.

**The overall campaign covered 319 pensioners and 58 low-income and single-parent families in the regions.** In addition, KEGOC employees cleared from snow the areas of the Gauhar and Almaty-2 kindergartens in Nur-Sultan. Supported by Energotechprofsoyuz, the Company also provided financial support to 59 KEGOC's veterans and equated persons in the amount of more than 5 million tenge. Additionally, on the eve of the Victory Day, the Company through the Youth Council participated in

congratulations, delivery of food baskets to veterans, and provided assistance on individual requests for household chores: made minor repairs, assisted in purchasing mobility aids, etc.

**Other actions and activities carried out this year should be noted, relating to help and support to those in need in the regions and within the Company. These include:**

- in early June, together with the organisers of the National Volunteer Network, helped to distribute food (200 baskets) to families in dire need in the capital;
- the Almatinskiye MES branch personnel organised proactive humanitarian aid to 18 families in need in Taldykorgan. The volunteers assembled a balanced basket of food, household basic necessities and delivered them to the homes of the families;
- in the Severnye MES branch, provided financial support to a fire-affected colleague;
- in the Zapadnye MES branch, young people organised the sewing and distribution of protective masks in the workplace;
- in the Aktyubinskiye MES branch, raised and provided humanitarian aid to flood-affected people in the Turkestan Oblast;
- in the Almatinskiye MES branch, on the eve of the International Women's Day, visited the patients of the Oncological Center giving small gifts and congratulations. Also during the quarantine period, the young people of the branch raised funds for the purchase and further distribution of protective masks;
- on 31 July, the Company's employees took part in a volunteer campaign of Samruk-Kazyna's portfolio companies dedicated to the Kurban Ait celebration: food baskets were provided to 11 large and low-income families;
- KEGOC's Youth Council donated 25 computers to School No. 35 in the capital;
- in August, volunteer activists of the Yuzhnye MES branch joined the Road to School campaign organised by the Meiryym Shuagy public foundation. Seven schoolchildren from large and low-income families in Shymkent were provided with school supplies;
- on 1 October, KEGOC took part in a charitable event to mark the International Day for the Elderly. Employees from different Samruk-Kazyna portfolio companies gathered to form food baskets and deliver them to veterans and pensioners in the capital;
- on 9 November, in Nur-Sultan, the Executive Administration and Akmolinskiye MES branch employees took part in the annual Becoming a Donor, You Save Lives campaign;
- on 16 November, the Company's employees provided financial aid to a large family who found themselves in a difficult life situation after a fire;
- in November and December, as part of the Share the Warmth campaign, volunteers from the Yuzhnye MES branch provided coal to families in need; volunteers from the Akmolinskiye MES branch and Executive Administration took part in the delivery and unloading of coal to the homes of single elderly people and large families in the capital who were in need of help;

- on 22 December, the Company's volunteers held the Magic Christmas Tree! campaign to support 11 young patients at the oncology centre in the capital. According to the children's wishes, gifts and sweet treats were purchased and letters from KEGOC employees were prepared with words of support and wishes for a speedy recovery;
- on 24 December, volunteers and active young people from the Tsentralnye MES branch together with the Ayala Foundation packed 5 tonnes of food into food boxes for 200 low-income families in Karaganda;
- on 25 December, the Company volunteers took part in the CompforChildren campaign to distribute 31 computers and 14 printers to large families in Nur-Sultan and Almaty.

In 2020, draft Collective Bargaining Agreement for 2021-2025 was developed between KEGOC and the Company employees, which was widely discussed in the collective and on 28 December 2020 it was adopted at the trade union conference of KEGOC employees.

In 2020, the Energotekhprofsoyuz was actively involved as a member of the working group of the Ministry of Labour and Social Protection of the Republic of Kazakhstan in the development of the drafts Social Code of the Republic of Kazakhstan and the draft General Agreement.

In 2021, as a member of the sectoral commission, our trade union will participate in the development of the Sectoral Agreement for 2021-2023 and work together in a working group to amend the Labour Code and the Trade Unions Law of the Republic of Kazakhstan.