

01 ABOUT THE FUND

- 16 • Development strategy
- 18 • Asset portfolio
- 24 • Contribution to social and economic development





SAMRUK
K A Z Y N A

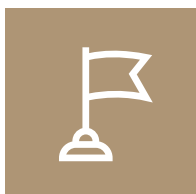


DEVELOPMENT STRATEGY



OUR VISION

A national economic leader, making a breakthrough in innovative development based on the principles of human welfare and environmental protection through responsible investments.



OUR MISSION

To ensure sustainable economic development and long-term value creation through effective management of a diversified assets portfolio and business support in the interests of people of the Republic of Kazakhstan.

THE REPORTING YEAR OF 2022 CONTINUED THE TREND OF THE PREVIOUS YEARS, EXACERBATING GLOBAL AND LOCAL CRISES AND TURMOIL:



the complication of the geopolitical situation, which caused a narrowing of the window of export opportunities for Kazakhstan;



the threat of the spread of new COVID-19 coronavirus strains and the risk of new quarantine restrictions;



increasing of inflation and social tension.

All this caused real problems for the national economy, and Samruk-Kazyna JSC, as its active subject.

The updated Development Strategy of Samruk-Kazyna JSC until 2032 (hereinafter - the Development Plan), adopted in pursuance of the Instructions of the Head of State, has been developed taking into account changing global trends and challenges.

Moreover, the Fund's strategy corresponds to the key National priorities and contributes to the implementation of the Kazakhstan-2050 strategy, which is a national document that determines the long-term course of the country's development.

It should be noted that the Strategy retains continuity with respect to similar documents of previous years, supplementing and specifying individual provisions.

Taking into account the current socio-economic situation of the country's development and the role of the Fund, it is advisable to focus investments primarily in the economy of Kazakhstan. In this regard, the management model of the Fund in the next 7 years is defined as a strategic holding with the tasks of maintaining social and infrastructural development of the country.

By 2030, the Fund should move to the investment holding model under favorable market conditions with retention of majority share in the Fund's strategic assets. The Fund will strive to diversify its portfolio and fill it with breakthrough projects with a high share of exports to strengthen its competitiveness and reputation on a global scale.

STRATEGIC GOALS



INCREASE IN THE VALUE OF NET ASSETS

- ▶ Increase in labor productivity
- ▶ Financial stability
- ▶ Optimization and improvement of business processes
- ▶ Asset modernization and digitalization
- ▶ Moving up the value chain and industry creation
- ▶ Development of R&D and innovation, high-tech industries



EFFECTIVE ASSET PORTFOLIO MANAGEMENT

The Fund will ensure the optimization and improvement of the portfolio quality, introduction of advanced technologies, as well as improvement of the business model.



COMPETITION DEVELOPMENT

- ▶ IPO/SPO and reduction of share in the economy
- ▶ Major infrastructure projects
- ▶ Development of the resource base
- ▶ Global partnership and coordination of investment activities
- ▶ Responsible and market-based tariff setting
- ▶ Equal access to infrastructure and markets



ECOSYSTEM FOR BUSINESS

The Fund will continue to work on transferring assets to a competitive environment. The Fund as a co-investor will only participate in critically important projects that cannot be implemented by private investors.



IMPLEMENTATION OF ESG PRINCIPLES

- ▶ Corporate governance
- ▶ Openness, transparency and compliance
- ▶ Social responsibility
- ▶ H&S Best Practices
- ▶ Human capital development
- ▶ Resource conservation
- ▶ Decarbonization
- ▶ "Green" finance



SUSTAINABLE DEVELOPMENT

The human well-being, ecological balance and ensuring long-term financial stability based on best business practices and corporate governance principles are in the focus. As a result, assets will increase the long-term value of assets, and investment attractiveness will improve.

ASSET PORTFOLIO

KAZAKHSTAN OPERATOR FOR EXPLORATION, PRODUCTION, PROCESSING AND TRANSPORTATION OF HYDROCARBONS



87.42% of shares

Number of employees:
more than 45 thousand people

Regions of presence:
Abai, Aktobe, Atyrau, Zhambyl, Zhetysu, West Kazakhstan, Kostanai, Kyzylorda, Mangystau, Pavlodar, Turkestan, Ulytau, as well as in cities of republican significance and the capital

www.kmg.kz



KAZAKHSTAN OPERATOR FOR THE IMPORT AND EXPORT OF URANIUM, RARE METALS, NUCLEAR FUEL FOR NUCLEAR POWER PLANTS



75% of shares

Number of employees:
more than 20 thousand people

Regions of presence:
Akmola, East Kazakhstan, Kyzylorda, Turkestan

www.kazatomprom.kz



THE LARGEST OPERATOR OF KAZAKHSTAN'S MAIN RAILWAY NETWORK



100% of shares

Number of employees:
more than 113 thousand people

Regions of presence:
all regions

www.railways.kz



KAZAKHSTAN'S LARGEST DIVERSIFIED ENERGY HOLDING COMPANY, SUCCESSFULLY INTEGRATED INTO THE INTERNATIONAL ENERGY BALANCE



100% of shares

Number of employees:
more than 11 thousand people

Regions of presence:
Almaty, East Kazakhstan, Pavlodar, Turkestan, as well as in cities of republican significance and the capital

www.samruk-energy.kz



KAZAKHSTAN'S GAS COMPANY OPERATING ALONG THE ENTIRE CHAIN FROM EXPLORATION AND PRODUCTION TO THE SALE OF FINAL PRODUCTS



100% of shares

Number of employees:

more than 12 thousand people

Regions of presence:

Almaty, Aktobe, Atyrau, East Kazakhstan, Zhambyl, West Kazakhstan, Karaganda, Kostanai, Kyzylorda, Mangystau and Turkestan regions, as well as in cities of republican significance and the capital

www.qazaqgaz.kz



SYSTEM OPERATOR OF THE UNIFIED ELECTRIC POWER SYSTEM OF KAZAKHSTAN



90%+1 of shares

Number of employees:

more than 4 thousand people

Regions of presence:

Abai, Akmola, Aktobe, Almaty, Atyrau, East Kazakhstan, Zhambyl, Karaganda, Kostanai, Kyzylorda, Mangystau, Pavlodar, Turkestan

www.kegoc.kz



KAZAKHSTAN'S LARGEST TELECOMMUNICATIONS COMPANY, WITH THE STATUS OF A NATIONAL TELECOM OPERATOR



52.03% of shares

Number of employees:
more than 24 thousand people

Regions of presence:
Abai, Aktobe, Almaty, Atyrau,
East Kazakhstan, Zhambyl, West
Kazakhstan, Karaganda, Kostanai,
Kyzylorda, Mangistau, Pavlodar,
North Kazakhstan, Turkestan,
Ulytau

www.telecom.kz



NATIONAL POSTAL OPERATOR OF KAZAKHSTAN PROVIDING A WIDE RANGE OF POSTAL, FINANCIAL, BROKERAGE AND AGENCY SERVICES



100% of shares

Number of employees:
more than 17 thousand people

Regions of presence:
all regions

www.post.kz



KAZAKHSTAN'S LARGEST AIR CARRIER



51% of shares

Number of employees:
more than 6 thousand people

Regions of presence:
Aktobe, Atyrau, East Kazakhstan,
West Kazakhstan, Kostanay,
Kyzylorda, Mangystau, as well as in
cities of republican significance and
the capital

www.airastana.com



KAZAKHSTAN AIRLINE OPERATING REGIONAL FLIGHTS WITHIN THE COUNTRY



100% of shares

Number of employees:
more than 300 people

Regions of presence:
Akmola, Aktobe, Atyrau, East
Kazakhstan, Zhetysu, West
Kazakhstan, Kostanai, Kyzylorda,
North Kazakhstan, Turkestan,
Ulytau, as well as in cities
of republican significance and
the capital

www.flyqazaq.com



KAZAKHSTAN COMPANY FOR EXPLORATION, DEVELOPMENT, EXTRACTION, PROCESSING AND SALE OF SOLID MINERALS



100% of shares

Number of employees:
more than 500 people

Regions of presence:
Karaganda, Kyzylorda
and in the capital

www.tks.kz



KAZAKHSTAN COMPANY FOR THE DEVELOPMENT AND IMPLEMENTATION OF INVESTMENT PROJECTS IN THE CHEMICAL INDUSTRY



100% of shares

Number of employees:
more than 500 people

Regions of presence:
Akmola, Atyrau, Zhambyl

www.ucc.com.kz



The list includes only large Portfolio Companies of the Fund and is not exhaustive.

CONTRIBUTION TO SOCIAL AND ECONOMIC DEVELOPMENT

The activities of the Fund's Portfolio Companies have an impact on the quality of life of people in the regions where they operate. The Fund pays special attention to ensuring social and economic stability through the implementation of large-scale infrastructure projects.

Job creation

The Fund is one of the largest employers in the country with more than 259 thousand people. In 2022, the share of production personnel was 93%, while the share of administrative and managerial personnel was 7%.

The Fund pays special attention to employee well-being, as well as diversity and inclusivity. In the reporting year, the Fund initiated systematic differentiated wage increases. Labour remuneration increased from 5 to 48% across all companies in the Fund group with a focus on low-paid positions of production personnel. The coverage totalled 243 thousand people.

Payments to the country's budget

In the reporting year, the Fund paid KZT170 billion of dividends to the republican budget, almost doubling the previous year's figure. In addition, KZT132 billion was allocated to support social and infrastructure projects in the form of other distributions.

The amount of tax paid to the budget in the reporting year totalled KZT1.7 trillion. For employees, the Fund's Group pays social tax in accordance with the current legislation of the Republic of Kazakhstan.

Contribution to the country's GDP

The Government of Kazakhstan has approved two packages of investment projects aimed at solving social and economic problems.

The first package of 13 investment projects includes initiatives such as gasification of heat power plants in Almaty, water supply in Western Kazakhstan, construction of new gas pipelines and railways. The second package covers 20 projects, including the modernization of the national electricity grid, construction and power plants, renewable energy projects, construction of a 5G Internet network and new railways, as well as petrochemical projects.

The abovementioned projects are aimed at improving the quality of life of the population of Kazakhstan. In addition to the direct effect in the form of job creation, the projects have indirect long-term effects, including improvement of labour and environmental conditions, growth of living standards and development of social infrastructure. In the reporting year, five investment projects with a total value of KZT1 trillion 344 billion were implemented.

Development of non-resource production

In the reporting year, the Kazakhstan Petrochemical Industries Inc. LLP complex was opened – this is the first large-scale plant in the petrochemical industry of Kazakhstan with deep processing of raw materials. The design capacity is 500 thousand tonnes of polypropylene per year, which is about 1% of the world's polypropylene production and allows the plant to become one of the world's leading polypropylene producers. The project is aimed at diversifying the Kazakhstan's economy and moving away from the raw materials-based exports. Polypropylene is used in almost all spheres: medicine, agriculture, housing and utilities, road construction and other industries.

The construction of a polyethylene production plant, which will also have a synergistic effect, is in the pipeline. In general, the "Implementation of the Integrated petrochemical complex construction project will have a positive impact on the structure of the national economy.

Environmental problem solving

One of the most acute problems in the development of the southern capital is the environment. The conversion of Almaty CHP-2 to gas fuel partially solves this problem. This is necessary not only from the point of view of providing reliable and uninterrupted electric and heat energy to consumers of Almaty city and Almaty region, but also for tangible reduction of pollutant emissions into the environment.

The project is extensive and includes the application of the best available technology for combined production of electricity and heat energy using gas turbine technologies. The project involves process automation, including emission monitoring systems. Reduction of production maintenance costs will contribute to the Fund's program to transition to a low-carbon economy.

Upon completion of the Almaty CHP-2 modernization project, it is expected to reduce CO₂ carbon dioxide emissions by 1.5 times. According to experts' estimates the gasification project of the plant meets the most stringent requirements of the Republic of Kazakhstan and the European Union.

JSC NC QazaqGaz is designing the construction of gas infrastructure for heat and power plants in Almaty. Gas will come from the fields of Western Kazakhstan due to the redistribution from exports to the domestic market. This will help meet the rapidly growing demand for gas in the country.

A new wind farm of Samruk-Energy JSC was built in Shelek in Almaty region. Twenty-four 90-metre installations will be able to provide clean energy to over 60 thousand homes.

Demographic growth, construction of new facilities and residential buildings, as well as increased rates of water consumption in summer lead to the problem of water shortage in the western region.

The implementation of major infrastructure projects will ensure high quality, reliable and uninterrupted water supply to meet the growing consumer demand in Atyrau and Mangystau regions.

The Astrakhan - Mangyshlak trunk water pipeline is the only centralized source of water supply for consumers in Kurmangazinsky, Isatai and Zhylyoi districts of Atyrau region, as well as in Zhanaozen, Beineu, Mangistau, Karakiyan and Tupkaragan districts of Mangystau region. The water consuming population is more than 35% of the population of Mangystau region and more than 28% of the population of Atyrau region. In 2022, 29 million 786 thousand m³ of fresh water was supplied to consumers in Atyrau and Mangystau regions through the Astrakhan-Mangyshlak water pipeline. The increase in the volume of water supply compared to the indicator for 2021 was 399 thousand m³. It is should be noted that the project has not only important social significance, but is also necessary for the sustainable operation of oil and gas enterprises.

In 2022, a reservoir water desalination plant was commissioned at Karazhanbas field. Prior to the plant launch, the enterprise was supplied with water from the Astrakhan - Mangyshlak water pipeline. The treated water is used to produce steam, which is subsequently injected into the reservoir to extract oil. Thus, the plant's consumption of Volga water was reduced, which made it possible to redirect the volume of water from the Astrakhan - Mangyshlak water pipeline to meet the needs of the region's population.

Subsidizing the economy

In order to curb the growth of prices and tariffs the Fund is cross-subsidizes socially important areas. In 2022, the volume of cross-subsidization of prices and tariffs at the expense of the Fund amounted to KZT918 billion. The amount of capital investments for maintenance, not covered by the tariff, amounted to KZT256 billion. Economic subsidies mainly covered both prices for liquefied gas and oil products, gas transmission, and tariffs for transportation of goods by rail (grain, chemicals and soda, mineral fertilizers, coal, construction goods, etc.). In addition, the funds were also invested to organize the balancing of production and consumption of electricity and to maintain low heat tariffs. A considerable part was also directed to tariffs for periodicals, pensions and allowances at the local level.

Business support

The Fund maintains a direct dialogue with Kazakhstan manufacturers and industry public associations. The central project office of the Fund for import substitution and local content development functions in the Fund's subsidiary service company Samruk-Kazyna Contract LLP.

Annual KPIs for the share of local content and the share of purchases from domestic producers were established for all portfolio companies. In cooperation with local executive bodies, the Register of Commodity Producers was expanded. The list of documents was simplified, registration was digitized.

The Fund's import substitution program continues its development. More than 40 projects have been launched to off-take orders from the Fund's subsidiaries and affiliated organizations.

Social and Charity Projects

In the reporting year, the Fund group of companies increased its budget for charity by 40% to KZT10 billion and focused on supporting the regions of Kazakhstan. Within the framework of "Children's Year", 2022 declared by the Head of State when considering applications from potential users, significant emphasis is placed on implementation of projects aimed at supporting children.

The Corporate Fund Samruk-Kazyna Trust implemented 43 social projects

last year, and about 500 thousand Kazakhstan people received assistance. Among the brightest initiatives: the project "medical trains" to provide qualified medical care for 60 thousand residents of remote stations of the Republic of Kazakhstan; with "Salamatty Bolashak", special children in 15 cities of the Republic of Kazakhstan were able to take part in adaptive sports; delivery of hypothermia devices for resuscitation of infant resuscitation to maternity hospitals in Shymkent,

Karaganda, Taldykorgan, Aktau, Ust-Kamenogorsk and Uralsk.

Another major social project for 2022 was the project on construction of comfortable schools. The aim of the National Project is to eliminate emergency schools, three-shift training and shortage of pupil places in secondary education organizations.

