

Development Strategy

OUR PHILOSOPHY

Sustainable development is our key approach, combining the realisation of national priorities and the achievement of market goals. In the context of the new 2030 strategy, the Fund is transforming into an investment holding company, reinforcing its focus on inward investment, intensifying R&D and gradually moving assets into the private sector. An important component of this approach is the introduction of clear ESG principles aimed at increasing environmental responsibility, decarbonisation and social development, which, on the one hand, strengthens the Fund's contribution to Kazakhstan's national sustainable development agenda and, on the other hand, creates a basis for long-term growth in the value of assets and increasing their attractiveness to the market.

For us, sustainable development is an integrating framework that combines the financial, competitive and socio-environmental goals of the Fund. Increasing asset value is achieved through the implementation of best practices in corporate governance, transparency and compliance, as well as through optimisation of business processes and resource conservation. The development of competition and lower share in the economy is stimulated by support for innovation, large infrastructure projects and global partnerships, which is also in line with sustainability objectives, such as decarbonisation and sustainable infrastructure.

We operate in accordance with the Development Plan 2023–2032 (the Strategy), which is in line with key national priorities and contributes to the realisation of the country's long-term development strategy Kazakhstan-2050.

The sustainability strategy is an integral part of our Development Strategy and ensures the achievement of our long-term goals. Implementation of ESG principles allows us not only to strengthen our reputation as a responsible investor, but also to form global partnerships and attract international investments, which, in turn, helps to reduce the government's share in the economy and improve the overall competitiveness of our portfolio companies.

Strategic areas of operations and objectives for 2023–2032

Goals		
Targets		
Financial performance <ul style="list-style-type: none"> • Increase in labour productivity • Financial stability • Optimisation and improvement of business processes • Responsible and market-based tariff setting 	Decrease in the share in the economy <ul style="list-style-type: none"> • IPOs/SPOs and declining share in the economy Infrastructure and resource base <ul style="list-style-type: none"> • Major infrastructure projects • Development of the resource base • Equal access to infrastructure and markets Co-investment <ul style="list-style-type: none"> • Entering new remodelling and creating industries • Global partnership and coordination of investment activities 	Best Corporate Governance Practices <ul style="list-style-type: none"> • Corporate governance • Openness, transparency and compliance Caring for people <ul style="list-style-type: none"> • Social responsibility • Best practices in occupational health and safety • Human capital development Caring for the environment <ul style="list-style-type: none"> • Resource conservation • Decarbonisation • Green financing

The strategic goals of the Fund – increasing net asset value and developing competition – are directly related to the principles of sustainable development. The implementation of ESG principles allows us to reduce risks, increase investment attractiveness, create additional market opportunities and ensure sustainable growth.

The key objectives – improvement of labour productivity, modernisation of assets, introduction of digital and resource-saving technologies – have a direct impact on the growth of asset value (NAV). At the same time, the focus on carbon footprint reduction, development of green finance and social initiatives is in line with global investment trends, thus contributing to strengthening the Fund's competitive position in the global capital market.

Our Sustainable Development Strategy creates the conditions for long-term growth in asset value, strengthening our competitive position and achieving national sustainable development goals.

IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT STRATEGY AT THE LEVEL OF PORTFOLIO COMPANIES

The Fund, fulfilling the functions of a strategic holding company, forms a unified agenda, in which ESG principles take a key place. In practice, this means that already at the level of corporate governance, the foundations of efficiency, responsiveness and transparency are laid, coupled with environmental responsibility, social contribution and high standards of management culture. Optimising the asset structure becomes an important element of this role. The Fund strives for the most transparent ownership of companies and reduction of redundant links, which facilitates control over ESG indicators and ensures coordinated implementation of environmental, social and governance initiatives in all portfolio organisations.

To systematically implement ESG principles across the entire group of companies, the Fund develops unified policies and corporate standards that are mandatory for all subsidiaries and affiliates. They cover a wide range of areas, from anti-corruption activities and risk management to labour protection, environmental protection, social policy and corporate culture. The statutory and internal documents of portfolio companies set out mechanisms that allow them to ground these general requirements in their operational activities. At the same time, each company retains the right to make amendments taking into account industry specifics, but the key ESG principles remain unchanged. Such unification ensures comparability of indicators and transparency of strategy implementation across the entire group, as well as enables the Fund to promptly monitor, adjust and improve common standards and practices.

Cascading sustainability strategy to portfolio companies

I

DEVELOPING THE OVERALL STRATEGY:
the Fund forms the overall strategy, develops and implements corporate standards in key areas (compliance, procurement, HR management, etc.).

II

SETTING KEY OBJECTIVES:
the Fund sets strategic KPIs that cascade down to portfolio companies.

III

BOARD OF DIRECTORS' APPROVAL:
All strategic decisions (including profit distribution, conclusion of major transactions, implementation of investment projects, realisation of roadmaps for implementation of ESG principles, etc.) pass through the Boards of Directors of portfolio companies where the Fund is represented as a shareholder. Thus, strategic guidelines are fixed at the top level of management.

IV

INTEGRATION INTO OPERATIONS:
Portfolio companies develop 10-year development plans in accordance with the Fund's strategy. They become the main tool for implementing the strategy on the ground.

V

MONITORING:
the Fund through its representatives in portfolio companies (in the Board of Directors, through regular reporting, meetings, strategic sessions) monitors the results of the strategy implementation.

ACHIEVEMENT OF THE STRATEGIC SUSTAINABILITY OBJECTIVES

To effectively implement our sustainability strategy, we have set targets and use a system of quantitative and qualitative indicators (KPIs). They allow us to: track progress towards our strategic sustainability goals; ensure transparency and accountability to stakeholders (shareholder, business partners, employees, local communities); and improve the efficiency of investments and management decisions, as KPIs provide clear benchmarks for long-term growth.

Our sustainable development goals are aligned with the UN Sustainable Development Goals (UN SDGs), the Paris Climate Agreement, and are also in line with Kazakhstan's national sustainable development agenda.

Taking into account the specifics of our operations and the elaboration of key areas of sustainable development, we have identified eleven SDGs that are of strategic importance to us and have the maximum potential for impact.

These goals reflect the Fund's systematic and consistent approach to sustainable development, which emphasises improving the quality of life, developing human capital, introducing green technologies, building innovative infrastructure, adhering to the principles of transparent governance and strengthening partnerships.

In our sustainability strategy, these eleven priority SDGs permeate all levels of our operations – from internal policies (compliance, environmental management, human resources policy) to projects and programmes aimed at community development and stakeholder engagement.

UN Sustainable Development Goals that are of strategic importance to the Fund





About
the Fund

● **Strategic
approach**

The Fund's contribution
to the welfare of the country

How we work




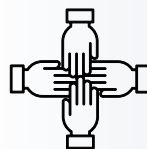


Our people

Investing in a clean
environment






Corporate
governance

Annexes

Our key sustainability results 2024

Strategic area	UN SDGs	Strategic objective of the Fund	Target	Achievements for 2024
Corporate governance 		Improving the sustainable development management system	ESG rating of the Fund Group 70th percentile by 2032	The average weighted ESG rating is the 63rd percentile (in 2023 – the 53rd percentile). The results of the ESG ratings of the Fund's portfolio companies in most cases exceed the industry average. For more details, see the Strategic Approach to Sustainability and ESG.
		Increasing the share of women in the management bodies of the Fund's companies	30% by 2030	The share of women on the Boards of Directors/Supervisory Boards of portfolio companies is 17% and in executive bodies 15% (13% and 17% in 2023).
		Share of independent directors in the Board of Directors of the Fund and portfolio companies	Recommended share up to 60% of the total number of members of the Board of Directors	There were 4 independent directors on the Fund's Board of Directors, representing 57% (43% in 2023).
Openness, transparency and compliance 		Certification of anti-corruption compliance systems for compliance with the requirements of international standards ISO 37001:2016 Anti-Bribery Management Systems and ISO 37301:2021 Compliance Management System		The Compliance Function Development Strategy until 2027 was approved. Work continued to prepare for certification on the compliance with ISO 37001:2016 Anti-Bribery Management Systems.
Social responsibility 		Enhancement employee salaries low-paid occupations and jobs	2023–2027	During 2024, the salaries of more than 221,000 Fund Group employees were increased between 2% and 40%, with a focus on lower-paid positions.
H&S Best Practices 		LTIFR 0.12	2027	LTIFR (Lost Time Injury Frequency Rate) for the Fund Group – 0.13 (0.14 in 2023)
Human capital development		Developing a culture of safety		More than 120,000 employees of the Fund's portfolio companies and their contractors were trained on the Occupational Health & Safety Culture course by Samruk Business Academy and internal trainers.
		Building human resources capacity, strengthening competences in new areas		The average number of training hours per employee is 26 academic hours (23 hours in 2023).



Strategic area	UN SDGs	Strategic objective of the Fund	Target	Achievements for 2024
Resource conservation 		Reducing energy intensity of production	-10% by 2027	Total energy consumption across the Fund is reduced from 492 million GJ in 2021 to 444.2 million GJ in 2024 ⁵ .
Decarbonisation 		Reducing direct and indirect greenhouse gas emissions (Scope 1 and Scope 2)	-10% by 2032	Total greenhouse gas emissions of 57.84 million tonnes of CO ₂ -eq. in 2024 are reduced by 19.9% compared to 2021 (72.24 million tonnes CO ₂ -eq.).
Green financing 		Increasing the share of low-carbon generation in electricity purchases	45% by 2032	The share of low-carbon generation in electricity purchases remained at the 2023 level of less than 1%.
		Building the offset project portfolio	5.8 million tonnes of CO ₂ -eq by 2032	The Fund's portfolio of offset projects was as follows 489,700 tonnes CO ₂ -eq (at the end of 2024).
		Share of RES and HPPs in electricity generation	26% by 2032	18% (15% in 2023) ⁶ .

For more details on the Fund’s contribution to the UN SDGs, please see Annex 2. Our contribution to the UN SDGs.

Strategic partnerships and cooperation

GRI 2-28 Our partnership with the global community:

- 1. Membership in IFSWF (International Forum of Sovereign Wealth Funds);
- 2. Partnership with the International Trade Promotion Committee of the PRC within the framework of the Kazakhstan-China Business Council;
- 3. Partnership with DIT, Department for International Trade of the UK Foreign Office within the framework of the Kazakhstan-British Business Council;
- 4. Partnership with KITA, Korea International Trade Association within the framework of the Kazakhstan-Korea Business Council;
- 5. Membership in Vision Zero Injury Prevention International.

We seek to promote Kazakhstan’s interests in global initiatives on decarbonisation and adaptation to climate change, including through the participation of the Fund’s delegation in the 29th UN Climate Change Conference (COP-29).

In addition, we are actively working with foreign partners to implement major investment projects. Our joint efforts with foreign partners are aimed at developing infrastructure, supporting innovation and promoting economic growth in Kazakhstan.

Read more about our international co-operation and partnerships in the implementation of major projects in the International Investment and Co-operation section.

GRI 302-4 ⁵ Progress on energy saving is tracked from 2021 – the base reporting year at the time of adoption of the Low Carbon Development Concept of Samruk-Kazyna JSC.
⁶ Restated to reflect changes in reporting boundaries for Companies with HPPs.