REVIEW
SUSTAINABILITY MANAGEMENT
SUSTAINABILITY INITIATIVES
PORTFOLIO COMPANIES OF THE FUND

CONTENTS

YEAR TOGETHER
ABOUT THE REPORT

2018 Sustainability Report of Samruk-Kazyna JSC is prepared in compliance with the GRI Standards and is a report on the progress made in implementing sustainability initiatives of the Fund and Fund Group.

The Fund has been issuing annual public non-financial reports since 2016. All Fund Reports are available on the official website of Samruk-Kazyna JSC.

The report covers the activities of Samruk-Kazyna Group of Companies. Unless otherwise specified or otherwise follows from the context, the terms «Group», «Fund Group», «Group enterprises» mean the Group of Companies of Samruk-Kazyna JSC. In terms of financial indicators, the Report was prepared based on the data of the consolidated financial statements according to IFRS for the year ended on December 31, 2018 for 22 Portfolio companies included in the consolidation perimeter. The Report shows quantitative indicators on certain topics of sustainable development for 12 largest Fund Portfolio Companies reflected in the «Fund Group of Companies» section. The boundaries of the information collection have changed to a small extent: performance results of Qazaq Air JSC were included in the 2018 Report on non-financial indicators, while Samruk-Kazyna Invest LLP was excluded from the boundaries of the information collection.

REPORT PROFILE

Structure: GRI Standards

Approach to GRI: in accordance with the «core» option

Boundaries: in terms of financial indicators – Fund and 22 Portfolio companies, in terms of non-financial indicators – Fund and 12 largest Portfolio companies

Reporting period: from January 1 to December 31, 2018

Reporting cycle: annual

Previous Report: 2017 Sustainability Report is published in October 2018

External certification: absent
FEEDBACK

Your feedback is very important for us.

If you want to offer new ideas and new opportunities for a partnership on sustainable development or regarding the Report, please contact us:

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In order to disclose the most relevant topics in the Report, the Fund has analyzed the sustainability materiality for some indicators and topics specified in the GRI Standards based on a review of the internal and external environment of the Fund with the involvement stakeholders. At that, the results of the Materiality analysis carried out in 2016–2018 were taken into account. To identify significant topics, the Fund has compared non-financial reporting of leading investment holdings and sovereign funds and considered significant sustainability events and trends. The Fund also considered sustainability issues relevant for meetings with stakeholders and feedback on a similar report of the Fund for 2017. The Report discloses detailed information on the cooperation of the Fund with international sovereign funds and measures taken to attract investment.

The Report summarizes the key performance results of the Portfolio Companies of the Fund included in the Borders of information collection. To picture the full scene of performance of each Portfolio company and demonstrate the commitment of employees to the values and goals of the Portfolio company to the users of the Report, the Report contains a section «Company in Persons», where employees tell about the significance of their work in the company and their role in the development of the economy of Kazakhstan.

The information for the Report considering the results of the Materiality analysis was collected using a corporate reporting system and special information requests according to GRI requirements.

The Report contains a number of refinements from past years, reservations about this are included in the text.

The Report was approved by the Board of Directors of Samruk-Kazyna JSC.
DEAR READERS!

In 2018, the Fund Group confirmed the status of the largest taxpayer and system-forming holding for the state budget of the Republic of Kazakhstan. Tax payments paid to the state budget reached their maximum value in the entire history of the Fund and amounted to KZT 1.1 trillion exceeding the 2017 figure by KZT 305 billion. Following the results of the year, extended dividends to the Sole Shareholder, taking into account other distributions, amounted to KZT 124 billion.

All this would not have been possible without our main asset—a highly professional team motivated to work effectively. We believe that long-term sustainable business growth is based on the development of human potential. The programs we have adopted for the development of employees and advanced training, decent remuneration and social guarantees for the personnel form a team of highly professional people who are committed to the common cause. The Fund Group is one of the largest employers in the country: the share of employees of the Fund’s group of companies is 3.7% of the employed population of the country or more than 315 thousand people, each of which is provided with decent wages and social benefits.

The social stability rating which is one of the most important indicators of the company’s social development and employees’ social mood, amounted to 69% last year. We will implement measures to further improve this indicator.

Over the past 2018, the Fund not only continued to strengthen its position in the economy of Kazakhstan, but also identified sustainable development as one of the key strategic priorities. An important focus for development for us is the implementation of sustainability initiatives and achievement of a high level of corporate governance.

Commitment to sustainability initiatives and work on their implementation will be an important component in strengthening the Fund’s position as a responsible investment holding.

Demonstrating its commitment to the principles of social corporate responsibility, the Fund Group makes a large-scale contribution to ensuring favorable living conditions in the regions of its presence, in support of healthcare, science, education, culture and sports. In 2018, 32 social projects for KZT 5.5 billion were implemented with the involvement of more than 250,000 beneficiaries.

The last year was also notable for the fact that 12 Portfolio companies of the Fund underwent independent diagnostics of corporate governance in 2018: NC KazMunayGas JSC, NC Kazakhstan Temir Zholy JSC, NAC Kazatomprom JSC, Samruk-Energy JSC, Kazpost JSC, KEGOC JSC, Samruk-Kazyna Real Estate Fund JSC, NMC Tau-Ken Samruk JSC, Air Astana JSC, Qazaq Air JSC, Kazakhtelecom JSC, United Chemical Company LLP, as a result of which the Boards of Directors and Supervisory Boards of diagnosed companies approved medium-term corporate governance improvement programs.

We are aware that corporate governance is a unique tool for ensuring transparency, efficiency and success of portfolio companies, meeting shareholder expectations, fulfilling strategic development plans, preventing corruption and developing a risk system and internal control. To this end, we will take measures to improve the corporate governance system.

We entered 2019 with clear goals, the achievement of which will be ensured by high-quality development plans and relevant resources. I believe that thanks to our new strategy, professionalism and the involvement of our employees, we will be able to make an even greater contribution to the sustainable development of our country.

On behalf of the Fund, I express my gratitude to our stakeholders for fruitful joint work and present to you the 2018 Consolidated Sustainability Report of Samruk-Kazyna JSC.

Chairman of the Management Board of Samruk-Kazyna JSC
Akhmetzhan Yessimov
ABOUT THE FUND

Joint-Stock Company «Sovereign Wealth Fund «Samruk-Kazyna» is the Fund the Sole Shareholder of which is the Government of the Republic of Kazakhstan.

The Fund was founded in 2008 by the Decree of the President of the Republic of Kazakhstan and represents a commercial structure – investment holding. The Fund was formed through the merger of the largest state conglomerates: Joint-Stock Company Sustainable Development Fund «Kazyna» and Kazakhstan Holding for State Assets Management «Samruk».

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DEVELOPMENT MILESTONES OF THE FUND

- Assignment of the «VVV/A-3» credit ratings on obligations of the issuer in foreign currency to Samruk-Kazyna JSC by Standard & Poor’s for the first time
- Creation of Samruk-Kazyna JSC by merger of two holdings Samruk and Kazyna
- Hosting the IFSWF International Forum and the 9th Forum of Directors of the Group of Companies of Samruk-Kazyna JSC
- Introduction of new corporate processes of national companies
- Start of implementation of the People’s IPO Project
- Approval of the Development Strategy of the Fund for 2012–2020
- Launch of the Transformation Program of the Fund’s Group and portfolio companies
- Approval of a new Development Strategy of the Fund for 2018–2028 and updated Transformation Program
The Kazakhstan-2050 Strategy sets ambitious goals to the country – to increase investment in the economy and become one of the thirty developed countries of the world. The Fund plays an important role in achieving this goal, as it manages the largest national assets.

At the end of 2018, the share of the Fund’s Group of Companies in the economy of the Republic of Kazakhstan amounted to KZT4 trillion.

At the same time, the Fund showed increase in return on equity (ROE) of 10.1% against 6.5% in 2017 and reached the rate of growth of international sovereign funds such as Temasek Holdings (Singapore), Future Fund (Australia).

The Fund’s group includes oil and gas, transport and logistics, chemical and nuclear, mining and metallurgical, power, engineering and real estate companies.
Kazakhstani hydrocarbon exploration, production, processing and transportation operator representing state interests in the oil and gas industry of Kazakhstan.

Fund’s share – 100%.

Regional airline for domestic routes in Kazakhstan.

Fund’s share – 100%.

The postal operator of the Republic of Kazakhstan, represents the Postal Administration of Kazakhstan in the Universal Postal Union.

Fund’s share – 100%.

National operator for the export and import of uranium, rare metals, nuclear fuel, special equipment and dual-use technologies of the Republic of Kazakhstan.

Fund’s share – 85%.

Regional airline for domestic routes in Kazakhstan.

Fund’s share – 100%.

The postal operator of the Republic of Kazakhstan, represents the Postal Administration of Kazakhstan in the Universal Postal Union.

Fund’s share – 100%.


Fund’s share – 90%+1.

Fast-growing international airline, national carrier of the Republic of Kazakhstan with high safety indicators and technical expertise of the international level.

Fund’s share – 51%.

Leading communications operator of the Republic of Kazakhstan, providing a wide range of information and communication, services.

Fund’s share – 51%.

The largest multidisciplinary holding company for managing electric power assets in Kazakhstan.

Fund’s share – 100%.

The largest multidisciplinary holding company for managing electric power assets in Kazakhstan.

Fund’s share – 100%.

Operator of the Anti-Crisis Program, Nurly Zher Program in rental and commercial housing.

Fund’s share – 100%.

A company established to implement projects in the chemical industry.

Fund’s share – 100%.

Kazakhstan operator for exploration, development, production, processing and sale of solid minerals, as well as reproduction of the mineral resource base of the Republic of Kazakhstan.

Fund’s share – 100%.

National operator of the main railway network of the Republic of Kazakhstan.

Fund’s share – 100%.

Fund’s Group of Companies – the main tool for implementing the program of strategic industrialization, long-term economic sustainability and diversification. The institutional mission of the Fund is to enhance sovereign wealth by increasing the long-term value of portfolio companies, catalytic investments, attracting strategic investors and creating a Future Investment Fund.

* taking into account the share of KMG shares acquired by the National Bank of the Republic of Kazakhstan and transferred to the trust management of the Fund
OUR MISSION

is to improve the national welfare of the Republic of Kazakhstan and ensuring long-term sustainability for future generations.

OUR VISION

an investment holding that provides high financial performance, investment income and a developing portfolio at the level of the leading sovereign wealth funds.

P – Partnership

- We work in partnership and trust the team.
- We put team interests over personal ones.
- We build long-term and trusted relations with all stakeholders.

R – Respect

- We take care of everything surrounding us.
- We act with confidence and respect.
- We observe the laws and respect the traditions.

I – Integrity

- We keep our promises.
- We do what we say.
- We are honest and fair.

M – Meritocracy

- We choose worthy professionals.
- We give everyone the opportunity to speak independently of his/her role.
- We reward for the results.

E – Excellence

- We work in accordance with a high standard using best practices and technologies.
- We take responsibility and act to create value.
- We are inquisitive, we constantly study and develop the Fund.
DEVELOPMENT STRATEGY OF THE FUND

01 Efficiency of Companies

02 Portfolio Management
  - Portfolio structure optimization
  - Income diversification

03 Sustainable development
  - Corporate governance and Sustainable development

- Improvement of companies’ profitability
2018 KEY RESULTS

- **Net Profit**: KZT 1,243 billion
- **Number of Employees**: 315.2 thousand people
- **Saving on Procurement**: KZT 121 billion
- **Engagement Degree**: 53%
- **Sponsorship and Charity**: KZT 7.3 billion
- **Social Stability Rating**: 69%
2018 KEY RESULTS

- **Net profit (KZT bln)**: 1,243 (2018), 742* (2017), 585* (2016)
- **Number of employees (thousand people)**: 327.5 (2018), 318.8 (2017), 315.2 (2016)
- **Saving on procurement (KZT bln)**: 185.1 (2018), 194.8 (2017), 121 (2016)

**Notes:**
- *Recalculated when calculating consolidated indicators for 2016 and 2017 KMG International N.V. was taken into account in ongoing activities
- ** Costs for sponsorships in the composition of General administrative expenses
On January 1, 2016 the world has officially launched the 2030 Agenda for Sustainable Development – an active transformation plan based on 17 sustainable development goals – to address pressing global challenges over the next fifteen years.

17 sustainable development goals and 169 tasks (SDGs) are aimed at realizing human rights for all, they are complex and indivisible and ensure the balance of the three components of sustainable development: economic, social and environmental. These tasks and goals will stimulate the actions of national governments over the next 15 years in the areas of great importance to humanity and the planet.

We have chosen nine goals of these that have strategic priority for the activities of the Fund Group, the achievement of which it will contribute to in the course of its core business. The current activities also integrate tasks that enable the achievement of the remaining UN sustainability goals.

The sustainable development goals and objectives of the Fund Group are consistent with the UN selected sustainable development priorities.

The Group provides direct assistance in the implementation of UN-defined goals, not only within the framework of its core business, but also by supporting and participating in various projects and initiatives aimed at improving the quality of life in the regions of operation, development of the healthcare, science and education, culture and environment protection.
OUR APPROACH TO THE SUSTAINABILITY STAKEHOLDER ENGAGEMENT MATERIALITY ANALYSIS SUSTAINABILITY INITIATIVES CORPORATE GOVERNANCE RISK MANAGEMENT AND INTERNAL CONTROL
Sustainability Management

Risk-based Approach to Sustainability

Materiality Analysis

Sustainability Initiatives

Stakeholder Engagement
The Fund’s Development Strategy until 2028 which defines corporate governance and sustainable development as one of the three strategic goals of the Fund for the next decade, was approved by the Sole Shareholder of the Fund in 2018.

As part of this strategic goal, we are planning to continue to achieve a high level of corporate governance and sustainable development, to increase the corporate governance in the Fund and Portfolio companies, to increase human resources, and to ensure the implementation of meritocracy principles. The new strategy also provides for the implementation of sponsorship initiatives, as well as sustainable development initiatives identified by the Fund. The Fund will implement measures and indicators within the Concept of the Republic of Kazakhstan for the transition to the green economy.

Based on the results of the implementation of this strategic goal, it is expected to create a management system that ensures the achievement of improved indicators in sustainable development, labor protection, health and environment, improved economic indicators and financial stability, anti-corruption, increased corporate governance rating and social stability rating.
The Fund’s interaction with stakeholders is based on the introduction of systemic dialogue with various groups in the daily practice of the company in accordance with the AA1000AP, AA1000SES and GRI Standards. Significant stakeholders of the Fund are employees, shareholders and business partners, Portfolio companies, government agencies and local communities, and the media. The Fund determines the circle of stakeholders taking into account the degree of mutual influence and intersection of interests, by the degree of exposure to direct or indirect, positive or negative impact as a result of the Fund’s activities, as well as by its potential ability to influence production processes, corporate governance or brand loyalty.


**FROM DIALOGUE TO PARTNERSHIP**

- **Shareholders**
  - Report on execution of the Agreement signed with the Government, Annual Report, Meetings and negotiations, Website, Correspondence and inquiries, Exhibitions, forums and presentations

- **Portfolio companies**
  - Meetings and proceedings, Forums, round table discussions and summit meetings, Website, Working groups

- **Personnel**
  - Internal meetings, Website, Trainings and seminars, Corporate actions, Corporate mass media, Questioning and questionnaires, Meetings of the Management Board

- **Business partners, clients and suppliers**
  - Website, Press releases, press conferences and briefings, Annual Report, Conferences and summit meetings

**Stakeholder communication platform**

- **State authorities**
  - Participation in government working bodies, Correspondence and inquiries, Dialogue with public authorities regarding legislative and statutory regulation

- **Business community, mass media**
  - Annual Report, Website, Methods of procurement and information on the procurements held, Meetings with business partners and suppliers, Consideration of claims of the supplier

- **Local communities, NGOs, society**
  - Annual Report, Publications in mass media, Meetings with representatives of local communities, NGOs, signing partnership agreements
**STAKEHOLDERS**

- SHAREHOLDERS
- PORTFOLIO COMPANIES
- PERSONNEL
- LOCAL COMMUNITIES, NGOs, SOCIETY
- STATE AUTHORITIES
- BUSINESS PARTNERS, CLIENTS AND SUPPLIERS
- BUSINESS COMMUNITY, MASS MEDIA

**VALUES**

- Share capital
- Strategic direction and orientation
- Increase in transparency, standards and information disclosure
- Strategic resources and capabilities
- Opportunities for future development
- Human capital development
- Labor relations based on cooperation
- Loyalty to the company
- Labor force stability and conflict resolution
- Mutual support and adaptation
- Macroeconomic and social policy
- Opportunity to lobby
- Effective supply chain and value chain
- Collaborative design, development and problem-solving
- Constructive cooperation
- Voluntary application of standards
- Favorable community opinion
- Reputation and loyalty

**KEY ISSUES**

- Performance
- Implementation of the development strategy
- Dividends
- Transparency and disclosure
- Introduction of advanced practices and standards
- Methodological support on areas of development
- Labor remuneration
- Social package
- Safe working conditions
- Professional growth
- Sponsorship and charity
- Tax and social deductions
- Employment of local population
- Investment in projects that have an impact on the population
- Social stability rating
- Transparency of procurement (reliability, stability of deliverables, compliance with the requirements)
- Ethical business practice
- Transparency and information disclosure
- Reputation rating
The Report includes information on issues that are material for the Fund, for stakeholders and society as a whole.

To determine the content of the Report in accordance with the GRI Standards, the importance assessment procedure of the main topics was conducted that should be reflected in the Report. For this purpose, a survey of representatives of stakeholders – employees of the Fund and external stakeholders was conducted.

Materiality Determination Process

Identification of topics for disclosure
- Analysis of the past list of topics
- Business context analysis
- Analysis of reports of investment holdings

Prioritization of topics
- Trend analysis
- Stakeholder engagement
- 17 significant topics identified

In addition, to identify issues relevant to stakeholders while preparing the Report there were analyzed:

- Information requests and sustainability reports of the Portfolio companies;
- Information requests from business partners, rating agencies, financial institutions;
- Feedback materials of the Fund employees and the results of a survey on identifying the degree of involvement and satisfaction of employees;
- Materials of events during which the social projects of the Fund were discussed.

Generated materiality matrix and a plan of indicators for disclosure
In determining the materiality degree, the working group took into account the significance of these topics for the Fund and key stakeholders, as well as the significance in terms of the public context and requirements, including those set forth in international documents – the UN Global Compact and the UN Sustainable Development Goals.
SUSTAINABILITY INITIATIVES

Sustainability initiatives, corporate governance and corporate culture are the foundation of sustainable development and critical factors affecting the value of the Fund’s portfolio.

The Fund recognizes the importance of its influence on the economy, ecology and society and, striving to increase long-term value, we ensure our sustainable development in the long term observing the balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Fund and the Fund Group.

In 2018, the Fund identified the following sustainable development initiatives:
- Strong corporate governance and improved risk culture
- Financial sustainability
- Strong Human development
- High ethical standards and anti-corruption
- Ecological responsibility
- Responsible Procurement
- Good reputation and high level of transparency
- Sustainable values in health and safety culture
- Responsible investment
2018 RESULTS ON IMPLEMENTATION OF INITIATIVES

**Strong corporate governance and improved risk culture:**
- Performing independent diagnostics in 12 PCs
- Strengthening PC Boards of Directors and Supervisory Boards
- Formation of Boards of Directors in 5 PCs in accordance with the requirements of the Code.

**Financial sustainability:**
- Positive dynamics of financial indicators
- Strengthening of financial sustainability.

**Responsible Procurement:**
- Significant changes have been made in terms of optimization and simplification of pre-qualification procedures
- Modernization of EPIS system: introduction of new features
- Increased list of developed and implemented procurement category strategies from 54 to 88.

**Ecological responsibility:**
- Approval of the Fund’s HSE Instructions in 2019
- Formation of ecological management system in the Fund’s PC
- Implementation of environmental protection measures by the Fund Group.

**Sustainable values in health and safety culture:**
- Performing fire and technical inspections of the Building, comprehensive inspections
- Performing fire safety briefings
- Approval of the Fund’s HSE Instructions in 2019.

**High ethical standards and anti-corruption:**
- Providing official investigations in the PC and recording statistics on received requests from individuals / legal entities and anonymous persons, including to the hotline
- Search and interview of candidates to take vacant positions in compliance services in the PC.

**Strong Human development:**
- Updated Roadmap of transformation in the direction of PEOPLE in 2019
- Updated HR policy of the Fund for 2018–2028
- Amending the HR Corporate Standard in Total Remuneration, KPI Methodology for the Transfer of Experience and Knowledge of Foreign Professionals to Kazakhstan Employees, Job Matching.

**Good reputation and high level of transparency:**
- Approval of the Fund’s Ideological Concept for 2018-2020 and Communication Strategy of Samruk-Kazyna JSC
- Updating the official website of the Fund www.sk.kz
- Implementation of system parameters for working with the PC press services under comprehensive (quarter) and basic (month) media plans.
As part of increasing the sustainability of its activities and efficiency, the Fund Group takes part in the implementation of the tasks of various associations at the national and international levels.

The Fund aims at an open, constructive dialogue and responsible interaction with government bodies, business and society, and is guided by the norms of legislation and high standards of corporate and business ethics.

Key areas of interaction: development and improvement of legislation and regulatory framework, initiation and implementation of joint projects, promotion of key initiatives for sustainable development of the industry and regions.

The Fund operates in international and national associations indicated below, working with various target groups.
The Fund’s corporate governance system is based on international best practices and is constantly being developed taking into account changes in the external environment, needs of our stakeholders, ensuring the involvement of all elements of this system in the continuous management of the Fund’s sustainable development.

**Board of Directors**
Performs strategic management of the Fund, reports to the Sole Shareholder and acts in the interests of the shareholder within its competence.

Determinatie of the sustainability policy and control over its implementation by the management of the Fund is an important function of the Board of Directors and one of the fundamentals of the strategic development of the Fund. The competence of the Board of Directors also includes consideration of the Fund’s performance in sustainable development field. In this regard, the Fund’s consolidated sustainability reporting is annually submitted.

**Management Board**
determines the main directions of the strategy implementation and prepares proposals to the Board of Directors on determining priority areas of activity and reports on its implementation, as well as organizes the work on execution and monitoring of decisions of the Fund’s governing bodies, including those related to sustainable development.
More detailed information on the corporate governance structure, functions and composition of governing bodies and committees is given in the Fund’s 2018 Annual Report.
The goals of risk management and internal control system are defined in the Fund’s Risk Management and Internal Control Policy, developed with account of the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in risk management, internal control and internal audit, and are aimed at ensuring reasonable confidence in achieving the tasks set to the Fund that can be classified into four main categories:

01. Strategic goals assisting execution of the Fund’s mission
02. Operational goals regarding the effectiveness of the financial and economic activities of the Fund, as well as ensuring the safety of assets
03. Goals in compliance with applicable laws and internal requirements, including compliance with labor protection, information and environmental safety requirements
04. Goals in timely preparation of reliable financial or non-financial reporting, internal and (or) external reporting
Continuous improvement of the risk management and internal control system allows the Fund to respond timely and correctly to the changes in the external and internal environment, increase the efficiency and performance, as well as increase the value of the Fund.

Risk management is carried out on the ongoing basis in all areas of activity and at all levels of management. Strategic risks are managed at the level of the Board of Directors and top management of the Fund, key operational risks are managed at the level of top managers, other significant operational risks are managed at the level of Heads of structural units.

Risk appetite, consolidated register and risk map of the Fund are approved annually; risk reports with updated risk map and plans for managing them are submitted for consideration of the Board of Directors/Supervisory Boards of the PC and the Fund on a quarterly basis.
The Fund aims to develop a unified corporate culture shared by all employees and creating an atmosphere of mutual respect, trust and openness. The corporate culture is designed to ensure the effective implementation of the Fund’s Development Strategy, taking into account the principles of sustainable development.

Successful implementation of the Fund’s strategic goals is based on trust and interest in the activities of the Fund of all stakeholders in general, which is incompatible with any manifestations of corruption.

We are consistently forming a system of anti-corruption compliance in the priority areas of anti-corruption, key events, role of governing bodies not only in the Fund, but also in Portfolio companies.

In 2018, according to Article 7 of the Law «On Combating Corruption» of the Republic of Kazakhstan, the Fund’s Group of Companies conducted anti-corruption monitoring, during which it internal regulatory documents in preventing corruption, publication in the media regarding possible corruption in the Fund were studied, and appeals of citizens coming through various channels, as well as possible causes and conditions conducive to the commission of corruption are analyzed.

Based on the results of anti-corruption monitoring, the Action Plan was developed to ensure compliance with the Law on Combating Corruption for Portfolio Companies of Samruk-Kazyna JSC for 2019.

Also in 2019, to consider corruption risks in Portfolio companies, the Fund Compliance Service recommended to analyze corruption risks with account of publications in the media, inspections of state (law enforcement) authorities in order to take preventive measures, including determining the need for IT systems in business processes related to providing services to customers.

Passed an anti-corruption training in 2018, which was held with participation of the Head of the Department of the Agency for Civil Service and Anti-Corruption in Astana.

84 employees of the fund
WHISTLEBLOWING POLICY

In accordance with the Whistleblowing Policy approved by the Board of Directors of the Fund, an initiative informative line («hotline») has been introduced, to be operated by independent Deloitte company for all member companies of the Fund group.

The «Hot Line» is intended for reporting corruption-related information, about embezzlement, abuse, ethical violations and labor laws. This communication channel is intended both for company employees and for external appeals of individuals and legal entities.

Statistics of calls to the hotline in the reporting period

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of hot-line incoming messages</th>
<th>Number of messages recognized as highly</th>
<th>Number of messages for which facts were confirmed and measures taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,894</td>
<td>50</td>
<td>11</td>
</tr>
<tr>
<td>2018</td>
<td>10,141</td>
<td>137</td>
<td>30</td>
</tr>
</tbody>
</table>

Code of Conduct, Whistleblowing Policy and Hotline information are available on www.sk.kz

DISTRIBUTION BY AREAS OF ACTIVITY BY CONFIRMED VIOLATIONS

- Procurement
- Labor compliance
- Accounting

COMPLIANCE APPEALS FOR 2018 BY PORTFOLIO COMPANIES

*All of these appeals are under consideration*
CODE OF CONDUCT

The Fund has a Code of Conduct, which enshrines the Fund’s corporate values, principles and rules of business conduct and relationships with stakeholders. The Code is a set of basic corporate ethics requirements that all employees are guided.

The provisions of the Code apply to the Fund employees regardless of their position.

Goal of the Code of Conduct:

Determination of the rules of business conduct and ethics that are mandatory for compliance, aimed at increasing capitalization and strengthening the Fund’s reputation, financial stability and efficiency. The Code is designed to create a working atmosphere in which every employee can feel responsibility for the results of the Fund’s performance and reputation and at the same time rely on the Fund’s attention to its personality in the performance of work duties.

The Code of Conduct is one of the tools to create a better Fund in which all employees are members of a team of professionals.

Code of Conduct, Whistleblowing Policy and Hotline information are available on www.sk.kz
RESPONSIBLE PROCUREMENT

The Fund’s procurement system guarantees transparency of procedures, equal conditions of competition, fair partnership, reliable suppliers and full compliance with relevant standards by all parties.

The Fund constantly directs efforts to increase the efficiency of supply chains introducing best practices and standards, as well as automating business processes.

The authorized body of the Fund in the procurement is Samruk-Kazyna Contract Limited Liability Partnership, which actively implements tasks aimed at improving the efficiency of procurement activities of the Fund’s organizations in accordance with the strategic goals of the company.

In 2018, the Partnership ensured collection, processing and analysis of reports on local content in the procurement of goods, works and services from 187 organizations of the Fund.

At the end of 2018, the total volume of procurement of goods, works, services for the Fund’s group amounted to KZT4.9 trillion. The actual share of local content was 75%, including: 68% in goods (KZT1.88 trillion); in works, services – 80% (KZT3.05 trillion).

In 2018, the Partnership ensured collection, processing and analysis of reports on local content in the procurement of goods, works and services from 187 organizations of the Fund.

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<table>
<thead>
<tr>
<th>Year</th>
<th>Goods (KZT billion)</th>
<th>Local content share %</th>
<th>Works/Services (KZT billion)</th>
<th>Local content share %</th>
<th>Total (KZT billion)</th>
<th>Local content share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,385</td>
<td>69</td>
<td>2,737</td>
<td>76</td>
<td>4,122</td>
<td>74</td>
</tr>
<tr>
<td>2017</td>
<td>1,646</td>
<td>68</td>
<td>3,234</td>
<td>79</td>
<td>4,880</td>
<td>75</td>
</tr>
<tr>
<td>2018</td>
<td>1,880</td>
<td>68%</td>
<td>3,052</td>
<td>80%</td>
<td>4,932</td>
<td>75%</td>
</tr>
</tbody>
</table>

SK Contract Key Principles

- **TRANSPARENCY** — openness and accessibility of procurement information
- **OPEN AND EFFICIENT COMPETITION** — non-discrimination
- **FAIRNESS** — equal opportunities for all procurement participants

Monitoring the share of local content in the procurement of goods, works and services

**Key corporate goals of Samruk-Kazyna Contract**

- Price marketing of goods, works and services acquired by companies of the Fund Group

**Monitoring the share of local content in the procurement of goods, works and services**

**Detailed information on the activities of SK Contract is available on the official website:** www.skc.kz
2018 KEY PROCUREMENT ACHIEVEMENTS

<table>
<thead>
<tr>
<th>EPIS Performance</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement, thousand units</td>
<td>202.8</td>
<td>188.5</td>
<td>227</td>
</tr>
<tr>
<td>Total amount of procurement, KZT trillion</td>
<td>1.671</td>
<td>2.293</td>
<td>2.7</td>
</tr>
<tr>
<td>Number of registered second-tier banks</td>
<td>15</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Number of registered observers</td>
<td>40</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Calls processed, thousand</td>
<td>77.4</td>
<td>110.4</td>
<td>154.2</td>
</tr>
<tr>
<td>Handled written requests, thousand</td>
<td>67</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Trainings provided</td>
<td>24</td>
<td>53</td>
<td>35</td>
</tr>
<tr>
<td>Registration of new suppliers, thousand</td>
<td>9</td>
<td>18</td>
<td>27.5</td>
</tr>
<tr>
<td>Number of registered customers</td>
<td>245</td>
<td>224</td>
<td>207</td>
</tr>
</tbody>
</table>

SAVINGS FROM ELECTRONIC PROCUREMENT, KZT BLN

Maintenance and improvement of the electronic procurement information system in the group of Samruk-Kazyna JSC as part of work on increasing the efficiency and transparency of Samruk-Kazyna Holding’s procurement

In 2018, the Partnership developed and commissioned a new electronic procurement platform, EPIS2.0, which replaced the previously existing system introduced in 2013.

In elaboration of the EPIS2.0, the emphasis was made on the use of digital technologies and complete automation of the whole procurement cycle, from planning needs for conducting procurement procedures to concluding and executing electronic contracts.

Thus, the electronic procurement information system provides transparency of procurement of the Fund’s organizations, while stimulating an open and fair competition in the procurement activities of the entire Fund Group.
Prequalification of suppliers of goods, works and services

The policy on introducing a system of prequalification of suppliers of goods, works and services is widespread in the world and supported by international companies in procurement, and is designed to improve the quality of acquired goods and works, reduce risks associated with delivery times and quality. In turn, the qualification of potential suppliers implies that the supplier complies with international standards and the appropriate level of requirements for quality, resources, production capacity and other criteria.

Development of the Competence Center for Procurement Category Management

As part of the Transformation Program, in 2017, the Fund established the Fund’s Competence Center for Category Management.

Category management is a strategic management of the procurement of goods and services that connects business goals and requirements of customers with market opportunities and maximizes the long-term value of both the customer and the supplier. This procurement management system takes into account commercial and technical approaches to goods, works and services.

The list of procurement categories for the development and implementation of procurement category strategies of the Center of Competence of the Fundi includes 10 categories at the Fund, 3 procurement category strategies of them are implemented, 3 – developed and 4 – under development.

Pre-Qualification Results as of the end of 2018

- Total number of pre-qualified potential suppliers included in the List: 4,523
- Share of competitive procurement among the suppliers included in the List of prequalification: 59%
- Number of items included in the List of goods, works and services procured from qualified potential suppliers: 3,143

* When calculating this indicator, data from the Electronic Procurement Information System are used and the percentage ratio of the number of procurement carried out according to the special pre-qualification procedure to the total number of competitive procurement is read. Also, data on initial procurement are taken into account, excluding subsequent actions (re-announcement due to unsuccessful tender, re-announcement due to changes in the procurement plan, cancellation of the tender, etc.).
PROCUREMENT CATEGORY MANAGEMENT

CATEGORY PROCUREMENT STRATEGIES BY THE FUND PORTFOLIO COMPANIES, UNITS

Following 2018, the List included 111 procurement categories for the development and approval of procurement category strategies both at the Fund and at the Portfolio companies included in the Transformation perimeter.

BENEFITS OF CATEGORY MANAGEMENT, KZT MLN

As of December 31, 2018 the Fund group got benefit in the amount of KZT14,633 million from category management.

KZT2,856 million of these were gained in the first year of implementation of this mechanism.

With the development of the category management, the benefits also increase which indicate the effectiveness of the measures taken by the Fund in sustainable development. Thus, in 2018, benefits were gained in the amount of KZT11,777 million due to category management.
The Fund’s group of companies makes a significant contribution to the development of the regions of Kazakhstan, increasing the socio-economic potential and improving the welfare of the population of the regions.

The economic performance of the Fund evaluates this contribution to the national economy, income received, obligations and taxes paid.

* Sponsorship expenses under General administrative expenses
FINANCIAL STABILITY

Fund’s rating

**S&P Global Ratings: Forecast – stable**
- Long-term and short-term credit ratings for obligations in foreign currency «BB+/B»
- This rating reflects the high credit quality of the Fund.
- Long-term and short-term credit ratings for obligations in national currency «BB+/B»
- Long-term rating by national scale «kzAA-»
- Priority unsecured domestic bond ratings «BB+»

**FITCH RATINGS: Forecast – stable**
- Long-term IDR in national currency «BBB»
  Stable forecast
- Long-term IDR in foreign currency «BBB»
- Short-term IDR in foreign currency at the «F2» level
- National long-term rating «AAA(kaz)»
- Priority unsecured domestic bond ratings «BBB» and «AAA(kaz)»

The effect of foreign currency loans hedging

For foreign currency loans hedging the Fund uses the net assets of subsidiaries whose functional currency is the US dollar. As of December 31, 2018, the volume of net assets of subsidiaries (KMG Kashagan B.V., TCO, KMG Karachaganak, Kazinc JSC, etc.) used for hedging is 19 billion USD or 7,315 billion tenge.

**KEY INDICATORS OF FINANCIAL STABILITY**

- Debt, KZT bln
- EBITDA, KZT bln
- Debt/EBITDA

**SECTORAL AND CURRENCY DIVERSITY OF THE LOAN PORTFOLIO**

The role of the Fund in enhancing the Financial Sustainability of the Group of companies of the Fund contributes to the strategic goal of long-term Sustainable development. Maintaining the acceptable level of debt will increase the internal value of PCs separately and the Fund as a whole. This objective is achieved through regular monitoring of the level of financial sustainability, both in PCs and at the level of the Fund, leading sound management of financial activities by limiting new borrowing or providing financial support in case of possible violation of financial covenants.
The Fund seeks to become a highly effective and dynamically developing investment holding company operating in compliance with the best global practice of leading sovereign wealth funds. By the example of other sovereign funds (Temasek and others), the Fund seeks to develop and protect the investment portfolio from concentration risk and reduce dependence on one economy and commodity markets by diversifying the portfolio to maintain and increase profitability for the shareholder, and making investments outside the Republic of Kazakhstan.
To fulfill its liabilities and increase value of investment in a long term, the Fund contributes to the development of the responsible investment. Within framework of the Development Strategy and Corporate Governance Code the Fund has initiated implementation and integration of the sustainable development principles into the activity of the Fund and Portfolio Companies. The Fund realizes its responsibility and seeks to contribute to the society development supporting national economic development programs that include elements of environmental, social and management principles as well as sustainable development plans.

In ESG assessment, the Fund is governed by provisions of the Corporate Governance Code and international standards, such as UN Sustainable Development Goals, Global Reporting Initiative (GRI), Environmental and Social Standards of IFC and EBRD, UN Principles for Responsible Investment and etc.

The Fund adheres to the following key principles of sustainable development directly related to the investment:

- Introduction of high ethic standards and development of the corporate confidence-based culture;
- Investment in human capital and acquiring competitive knowledge;
- Strengthening reputation, brand and increasing transparency;
- Improving financial stability;
- Contribution to the responsible procurement and integration of ESG principles into investment activity;
- Creation and support of the health culture and safety;
- Environmental sustainability.

The Fund did not invest to the sustainable development in the reporting period, however, Portfolio Companies actively participates and finance social projects and projects on environmental protection.
ECOLOGICAL MANAGEMENT

Efficient use of natural resources, environmental friendliness is an important part of the activity of the Fund group. We objectively assess and strive to eliminate environmental risks, contribute significant means to environmental programs of various directions and introduction of innovation technologies.

Portfolio Companies of the Fund implement a complex approach to the environmental aspects management, giving great attention to the issues of energy efficiency improving, reducing emissions into the atmosphere, re-use and waste treatment, water resource conservation and restoration of lands.

Penalties imposed on the Fund’s group for violation of the environmental legislation and regulatory requirements made KZT 86.01 billion that is 320-fold than indicator for 2017. Considerable increase in the amount of the penalties and other sanctions imposed for noncompliance with regulatory requirements on environmental protection occurred in KazMunayGas JSC. At that, KazMunayGas JSC has recognized and factually paid KZT 9.7 billion. The other claims have been contested by the Company in the court.
In 2018 the expenses for environmental activity of the Fund’s enterprises, including current costs and investment, have been increased by KZT 3 billion as compared to the previous period and made KZT 26.6 billion. Mainly, an increase occurred at Kazakhtelecom JSC, Samruk-Energy JSC and KEGOC JSC.

ENVIRONMENTAL PROTECTION INVESTMENT

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment (mln tenge)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC KazMunayGas JSC</td>
<td>16,400</td>
</tr>
<tr>
<td>Samruk-Energy JSC</td>
<td>6,630</td>
</tr>
<tr>
<td>Air Astana JSC</td>
<td>71.2</td>
</tr>
<tr>
<td>Kazakhtelecom JSC</td>
<td>71</td>
</tr>
<tr>
<td>NMC Tau-Ken Samruk JSC</td>
<td>580</td>
</tr>
<tr>
<td>KEGOC JSC</td>
<td>33.39</td>
</tr>
<tr>
<td>NAC Kazatomprom JSC</td>
<td>2,138.30</td>
</tr>
<tr>
<td>NC Kazakhstan Temir Zholy JSC</td>
<td>678.5</td>
</tr>
<tr>
<td>Kazpost JSC</td>
<td>12.2</td>
</tr>
</tbody>
</table>

In 2017, the expenses were KZT 23.9 billion.
The Fund’s group defines protection of life and health of employees as well as their occupational safety as a major priority of its activity.

The group’s activity in the sphere of labor protection is aimed at ensuring safety and healthy occupational conditions, safety of production processes, and safety of execution of works, decline of occupational traumatism and professional diseases.

The Fund considers that mandatory compliance with all current norms and standards of labor protection, industrial safety and environmental protection is a key condition for successful development of modern business.

In this regard, health protection and employee safety at work, safety of other persons involved in the activity of the Fund, as well as comprehensive support of environmental safety and maintenance of the natural environment is one of the underlying goals of the Fund.

Key goals of the Fund provide for mandatory compliance at all levels of management with regulatory legal acts in force in Kazakhstan on health, safety and environmental protection, as well as internal regulations on issues the settlement of which is not regulated by regulatory legal acts.

Since this year, we disclose in the Report new indicator in labor protection and occupational safety - Lost Time Injury Rate (LTIR) that allows to define the amount of accumulated work time lost as a result of injury. It is calculated by the following formula: amount of accidents with lost work days in the reporting period / amount of worked out man-hours in the reporting period * 1 000 000 man-hours.

### Goals of the Fund in labor protection, safety and environmental protection

- **Preventive Approach to the Risk Management**
- **Accident Prevention**
- **Creating Safe Working Conditions**
- **Mitigation of Negative Impact on the Environment**

### The proportion of affected workers to the total number of employees, %

The share of injured workers for the reporting period to the total number of employees was calculated using the following formula:

\[
\text{LTIR} = \frac{\text{Total number of injured in accidents at the end of 2018}}{\text{Total number of employees at the end of 2018}} \times 100\%
\]

### LTIR indicator for the reporting period, ratio

Joint-Stock Company «Sovereign Wealth Fund «Samruk-Kazyna» | 10 years together
157 accidents occurred in the reporting period in the Fund’s group, of which 14 – resulting in death. Following 2017, this indicator was 44. Improved dynamics of indicators shows that Portfolio Companies revise their health and occupational safety systems, and implement measures on prevention and elimination of the industrial traumatism and professional diseases. Total amount of injured in accidents in 2018 made 169 people, of which 75% – men, 25% – women, accordingly. Geography of accidents occurred shows that the most of them (36%) happened in the West-Kazakhstan region.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total amount of accident</th>
<th>Total amount of fatal accidents</th>
<th>Total amount of injured</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>177</td>
<td>44</td>
<td>190</td>
</tr>
<tr>
<td>2018</td>
<td>157</td>
<td>14</td>
<td>169</td>
</tr>
</tbody>
</table>

Share of injured people in accidents in the Fund’s group by gender for the reporting period*

- Men: 75%
- Women: 25%

* Information is compiled excluding JSC NAC Kazatomprom
SPONSORSHIP AND CHARITY

Taking into account the scale and significance of the group of companies of Samruk-Kazyna JSC in Kazakhstan, the interests of companies along with maximum income should be aimed at integration of the corporate social responsibility principles into business strategy, as well as improving social environment through system charity.

Samruk-Kazyna Trust JSC – the Social Projects Development Fund is a Unified charity operator of the companies of the Fund’s group and implements charity projects and programs aimed at settlement of socially significant issues of the country on behalf of the Fund and all Portfolio Companies.

- **32 projects**
  - Are implemented in 2018

- **2,392 projects**
  - Are implemented in 2010–2018

- **250,000 beneficiaries**
  - The amount for 2018

- **1,150,000 beneficiaries**
  - The amount for 2010–2018

The total amount of charitable support provided by SK Trust in 2018

KZT 5.5 billion
MENIN YELIM

The program is implemented through the development of social infrastructure and enlarged access of local population to high life quality standards: social environment, education, culture and sport.

«Menin Yelim» program has consolidated series of projects focused on the improvement of life quality in the presence regions of companies of the Fund’s group where Subsidiaries are town-forming.


More details about the activity of «Samruk-Kazyna Trust» Social Projects Development Fund, charity and social programs, as well as results of the activity is available on website: www.sk-trust.kz
SOCIAL INVESTMENT

In health:
- 1,627 children with infantile cerebral paralysis underwent free rehabilitation;
- 209 children with diagnosis incurable in Kazakhstan are sent for treatment abroad;
- 45 children suffering from autism undergo treatment on regular basis («DOM» PF, sum – KZT67,827,000);
- 2 medical trains are launched where more than 41 thousand people were examined, of which more than 6 thousand – children, received good medical services. 127 distant stations of Kazakhstan in 9 regions visited for the whole period of operation of the train, having passed more than 17 thousand kilometers.

In education:
- 2 offices of psychology and pedagogical correction were open in Shymkent and Semei;
- Seven resource centers were open in Astana, Aktobe, Kokshetau and Ust-Kamenogorsk;
- More than 21 thousand pupils of secondary schools and 3,185 parents underwent professional orientation trainings;
- To develop state language, it is launched SoyleTube channel, radio lessons of Kazakh language are conducted, more than 150 thousand people are users of Soyle.kz online service;
- 600 children within «Travel Around the Native Country» project have visited cultural and historical places of Kazakhstan;
- More than 1,500 children attend yard clubs and 289 people of a number of parents attend «Happy Family» club;
- 27 talent children obtained travel grants for participation in the international competitions within «Young Talent» project;
- 38 winners of the Republican contest for pupils who presented the best ideas on the subject of aviation, got possibility to visit Great Britain.

In social sphere:
- 1,200 veterans of the Great Patriotic War and homefront workers received target assistance in a form of food, drugs, cleaning and free travel by railroad transport;
- More than 4,700 volunteer raids to veterans are carried out;
- Employees of the Fund’s group participated in about 900 raids;
- In oil and gas sector 110 veterans receive monthly target assistance amounting to KZT10,000;
- It is rendered support to SOS-kindergartens within which today 199 children live; more than 1,300 families that are in difficult straits received psychological, social and legal aid.

In support of the civil society:
- It is launched «Areket», a project on development of the social entrepreneurship in 9 regions of the country, that found receptive audience among non-governmental sector. 265 representatives of 180 non-commercial organizations underwent training on fundamentals of social entrepreneurship. 96 grants are allocated to taling KZT48 million.

In mass sport development:
- «Another You» challenge was organized; 300 thousand people participated in it;
- 52 sport grounds are arranged, of which 41 – universal sport grounds and 11 workout grounds in 10 regions of Kazakhstan;
- More than 6,000 children participated in qualification and final competitions of «SportFEST» republican school spartakiade.
The Fund’s group of companies conducts annual monitoring of the social situation in production teams. For this purpose, the study «Index of social stability» (hereinafter - ISS) is carried out.

According to the results of ISS 2018, the aggregate indicator for the group of companies of the Fund amounted to 69%, which corresponds to the level of «above average». Portfolio companies pay increased attention to the social mood of employees. The social background and the mood of the operational personnel indicate their positive attitude and a constructive approach to solving problems.

It should be noted that the fluctuation of ISS indicators in the range of up to 5 percent is permissible. This fluctuation can be influenced by both internal and external factors that affect the direct health of the labor collectives. According to the results of the ISS in 2018, a slight decrease was recorded in the acceptable range. We can state the fact that this was dictated, for the most part, by such an external factor as the deterioration of the socio-economic situation in society associated with the devaluation of the KZT and a decrease in purchasing power among the general population. The results indicate that despite the deterioration of the external environment as a whole, the Fund’s companies are able to maintain social stability and personnel involvement in accordance with international best practices.

As a result of ISS, Portfolio companies carried out corrective actions. An analysis of the measures taken shows that significant efforts have been made to improve working conditions. Given the level of development of the companies themselves, the measures taken are various, ranging from improving living conditions and ending with the broadcasting of corporate culture in teams.

**Social Stability rating by Portfolio companies, %**

<table>
<thead>
<tr>
<th>Companies</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund’s Group</td>
<td>58</td>
<td>70</td>
<td>70</td>
<td>71</td>
<td>72</td>
<td>69</td>
</tr>
<tr>
<td>KEGOC JSC</td>
<td>74</td>
<td>77</td>
<td>82</td>
<td>82</td>
<td>88</td>
<td>85</td>
</tr>
<tr>
<td>NAC KAZATOMPROM JSC</td>
<td>66</td>
<td>76</td>
<td>72</td>
<td>81</td>
<td>83</td>
<td>78</td>
</tr>
<tr>
<td>NC KAZMUNAYGAS JSC</td>
<td>61</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>76</td>
<td>74</td>
</tr>
<tr>
<td>KAZAKHTELECOM JSC</td>
<td>58</td>
<td>71</td>
<td>71</td>
<td>73</td>
<td>72</td>
<td>71</td>
</tr>
<tr>
<td>KAZPOST JSC</td>
<td>54</td>
<td>67</td>
<td>68</td>
<td>71</td>
<td>70</td>
<td>65</td>
</tr>
<tr>
<td>NC KAZAKHSTAN TEMIR ZHOLY JSC</td>
<td>58</td>
<td>65</td>
<td>66</td>
<td>65</td>
<td>70</td>
<td>65</td>
</tr>
<tr>
<td>SAMRUK-ENERGY JSC</td>
<td>63</td>
<td>69</td>
<td>72</td>
<td>72</td>
<td>73</td>
<td>64</td>
</tr>
<tr>
<td>AIR ASTANA JSC</td>
<td>62</td>
<td>70</td>
<td>71</td>
<td>64</td>
<td>53</td>
<td>51</td>
</tr>
</tbody>
</table>

**Indicators of the social stability rating, %**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor conditions satisfaction index</td>
<td>55</td>
<td>64</td>
<td>59</td>
</tr>
<tr>
<td>Trust in management</td>
<td>70</td>
<td>80</td>
<td>70</td>
</tr>
<tr>
<td>Catering and/or conditions for eating</td>
<td>65</td>
<td>75</td>
<td>73</td>
</tr>
<tr>
<td>Fairness of appointments</td>
<td>57</td>
<td>74</td>
<td>63</td>
</tr>
<tr>
<td>Provision of special-purpose cloths</td>
<td>76</td>
<td>84</td>
<td>75</td>
</tr>
</tbody>
</table>
The Fund takes system measures to improve social sentiment of employees on regular basis

An institute of ombudsman and mediation is formed

Projects on social adaptation of freed-up employees are initiated

Complaints and appeals of employees are monitored on a quarterly basis

Members of conciliation commissions are trained; «School of Trade Union Leadership» education program is carried out in 4 regions of the country

Release of the corporate publication and portal «SK-News», unified internal communication portal is carried out, hotline for the companies of the Fund’s group is functioning
HUMAN POTENTIAL DEVELOPMENT

Employees are main value of the Fund. They contribute to the development and creation of value-added of the Fund.

HR Policy of Samruk-Kazyna JSC is a framework document in the area of personnel management; it is aimed at the solution of strategic goals of the Fund through effective team and individual work of qualified and motivated employees sharing our corporate values.

HR Policy key priorities are:

1. Strategic planning and HR development by promising directions;
2. Attraction, retention, motivation and development of highly effective employees;
3. Effective development of the corporate culture;
4. Introduction of modern methods and advanced HR management technologies, HR function development.

---

01  Proactivity
Ability to forecast and plan situation with the staff for a short-, medium- and long-term given implementation of the Development Strategy of the Fund, assess and mitigate HR risks

02  Transparency and openness
Transparency procedures of approval/appointment to senior positions, transparent bidding procedures in recruitment of candidates to vacant positions, corporate KPI cascading, transparency of labor payment system and labor relations management

03  HR Integration
Integration of HR processes is provided through a close interaction and interdependence of labor resource planning, recruitment, assessment, training and professional development, remuneration and motivation system, social support of the personnel, corporate culture development

04  Continuity
Knowledge and experience continuity, focus on professional development and training of employees; learned knowledge and experience availability system development, maintenance of knowledge in the current status and information transfer in case of staff rotation and knowledge management

Implementation of HR Policy will provide development of the effective corporate culture, people transformation, introduction of new models of behavior for a commercial thinking and readiness to changes based on the meritocracy principles.
HR POLICY AND PROFESSIONAL DEVELOPMENT OF EMPLOYEES

HR policy of the Fund for 2018–2028 was approved by the decision of the Board of Directors of the Fund on September 11, 2018. Portfolio companies have also approved long-term HR policies.

The HR policy of the Fund and Portfolio companies are functional policies in order to implement the development strategies of the Fund and companies. They indicate priorities for working with personnel until 2027–2028. This is the development of corporate culture, transparent selection, compliance with the principles of meritocracy, talent management and other processes that help attract and retain highly potential and effective employees.

In order to implement personnel policies, targeted HR management processes have been introduced in PCs (personnel recruitment and assessment), amendments and additions have been made to internal documents on HR issues (training, selection, remuneration, assessment rules) and the Fund’s corporate HR management standard.

A leadership development program was developed for managers (people management, change management, digital skills, public speaking) in the Fund and PCs. In 2018, 90% of the number of employees of CEO-1 and CEO-2 were trained at the PCs and Fund. Certification and training of procurement workers, as well as the development of digital skills among company employees, was carried out.

During 2018, the Fund and Portfolio companies also as part of the implementation of the HR policies:

1. Developed and trained company leaders in leadership programs
2. Introduced competitive selection procedures in Portfolio companies
3. Formed a pool of successors for key positions
4. Provided assessment procedures upon appointment to the Management Board
5. Transfer routine personnel processes to HR GSC «HR Qyzmet» and to their own service centers
6. Implemented the next stage of the youth program "Jas Orken" and "Digital Summer" with the employment of its first graduation
EMPLOYEE CHARACTERISTICS

The Fund’s Group is one of the major employers in the country: the share of employees of the Fund’s group of companies is 3.7% of employed population of the country or 315 thousand people.

The proportion of men is 70%, women – 30%, while the majority of men falls to the production companies, which activities are associated with difficult and dangerous working conditions. Main age category of employees is represented in the group between 31 and 50 years old and stays fixed as compared to the last year – 53%. The share of the group of employees aged 51 and older is 26%, the share of young people under 30 is 21%.

BREAKDOWN BY AGE GROUP, %

- Under 30: 21%
- 31-50: 53%
- 51+: 26%

BREAKDOWN BY GENDER IN THE REPORTING PERIOD, %

- Women: 70%
- Men: 30%

DYNAMICS OF THE NUMBER OF EMPLOYEES AND PERSONNEL TURNOVER RATE OF THE FUND’S GROUP

<table>
<thead>
<tr>
<th>Year</th>
<th>Headcount</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>17,680</td>
<td>43,408</td>
<td>61,088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31-50</td>
<td>45,771</td>
<td>109,605</td>
<td>155,376</td>
<td></td>
<td></td>
</tr>
<tr>
<td>51+</td>
<td>26,616</td>
<td>51,749</td>
<td>78,362</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>93,923</td>
<td>221,294</td>
<td>315,217</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gender and age distribution within the Fund’s Group in the reporting period.*

- Under 30: 21%
- 31-50: 53%
- 51+: 26%

*Based on data provided by Portfolio Companies on average personnel number of employees.

**Information on gender distribution by age groups does not include JSC NAC Kazatomprom.

Total number of employees is calculated given employees of JSC NAC Kazatomprom.


dynamics of the number of employees and personnel turnover rate of the fund’s group
As compared to last periods, personnel turnover ratio of the Fund’s group has a decline trend, following results of 2018 it makes 9.80%. The number of employees with whom employment relationships are terminated made more than 35 thousand people. Of which: share of young specialists under 30 years old is 17.60%, group from 31 to 50 years old makes 10.60%, and from 51 years old and older is 7.80%.

A number of hired employees made more than 38 thousand people, including share of employees in 31-50 age group and group under 30 is the majority – 45%, share of hired employees from 51 and older is 10%.

*Information on hired employees by age groups is compiled excluding JSC NAC Kazatomprom and JSC NC KTZh.

**Information on hired employees by age groups is compiled excluding JSC NAC Kazatomprom.

Total amount of hired employees and employees who terminated employment relationships is calculated given employees of JSC NAC Kazatomprom and JSC NC KTZh.
HUMAN RIGHTS

The Fund’s Group strictly respects interests and rights of employees, as well as contributes to the non-discrimination and forced labor. Special attention is paid to the occupational safety, improving social conditions of employees and creating equal possibilities for professional and personal growth.

The Fund’s group does not provides in its activity any restriction of rights to freedom of association and holding collective negotiations by types of activity or territorial criteria. We, as a socially responsible holding, support in full this right and create favorable environment to execute right of employees to freedom of associations.

All employees of the Fund are hired on the individual basis, and they are fully provided with rights in compliance with the Labor Code of the Republic of Kazakhstan.

Portfolio Companies, such as JSC NC Kazakhstan Temir Zholy, KEGOC JSC, Kazakhtelecom JSC, Kazpost JSC, JSC NAC Kazatomprom, JSC NC KazMunayGas, Samruk-Energy JSC, Air Astana JSC and Samruk-Kazyna Construction JSC have the practice of conclusion of solidarity labor agreements.

Solidary labor agreement provides employees with additional social guarantees in part of labor payment, material assistance, temporary disability insurance, pension programs, payments to support in various life situations as well as labor protection and safety.

Solidary labor agreement prescribes types of money indemnity and social benefits of employees. At that, each company establishes its norms and types of social support depending on financial status and results of negotiation with employee representatives.

SHARE OF EMPLOYEES COVERED BY SOLIDARITY LABOR AGREEMENTS, %

<table>
<thead>
<tr>
<th>Company</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC Kazakhstan Temir Zholy JSC</td>
<td>99%</td>
</tr>
<tr>
<td>KEGOC JSC</td>
<td>100%</td>
</tr>
<tr>
<td>Kazakhtelecom JSC</td>
<td>96%</td>
</tr>
<tr>
<td>Kazpost JSC</td>
<td>90%</td>
</tr>
<tr>
<td>JSC NAC Kazatomprom</td>
<td>98%</td>
</tr>
<tr>
<td>JSC NC KazMunayGas</td>
<td>97%</td>
</tr>
<tr>
<td>JSC Air Astana</td>
<td>100%</td>
</tr>
<tr>
<td>JSC NAC Samruk-Energy JSC</td>
<td>65%</td>
</tr>
<tr>
<td>&quot;Samruk-Kazyna Construction&quot; JSC</td>
<td>16%</td>
</tr>
<tr>
<td>NC KazMunayGas JSC</td>
<td>65%</td>
</tr>
</tbody>
</table>
Development of human potential and talent as a strategic resource of the Fund’s performance improvement is one of the key objectives of HR Policy and Development Strategy of the Fund. Our team is not only a sum of strong personalities that are interested in work together. We have united beliefs and values, such as partnership, respect, integrity, meritocracy and excellence. We always strive to contribute to the progress of our country and build business relationship based on mutual benefit and confidence. It helps us to maintain climate that we call our corporate culture, and we rely upon your contribution to its development.

Thanks to compliance with the principles of meritocracy, transparency and objectivity following the competitive selection, an appointment to vacant positions of the Fund is carried out from among the most relevant candidates that meet requirements set to the level of qualification, professional, business and personal competencies.
Labor payment and remuneration system is based on the job assessment and employee’s performance:

- for job assessment, the Fund and companies apply grading system according to the methodology of «Hay Group» company. A unified approach to the job assessment allowed to compare objectively job positions between companies, salaries of the specialists in the country, in the region and globally.
- performance evaluation is the basis for the remuneration, incentives, bonuses, training and professional development as well as serves to retain an employee.

Employee’s performance assessment enables to define requirements for the results of work, skills, expertise and competences of employees to execute strategic objectives of the Fund and is based on the following basic principles:

- confidence-based fair and objective feedback;
- assistance in identification of needs of training and development;
- contribution to the improvement of individual performance indicators.

Motivation system accepted by the Fund ensures clear dependence of the remuneration of our employees on results of their work, including introduced job evaluation and remuneration system.

Creation of the economically efficient remuneration system that is necessary to attract, retain and motivate employees is the priority. The focus is put on the consolidated remuneration that includes benefits and noncash remuneration in addition to the labor payment and bonuses.
TRAINING AND DEVELOPMENT

We invest in the training and development of skills and expertise of employees to implement long-term tasks of the Fund and provide employee with possibility for the professional and career development. The Fund creates environment that contributes to the obtaining of new expertise and self-development of employees, forms infrastructure of the accumulation and transfer of knowledge and skills within the Fund's group.

To form a competitive management team, leadership development program aimed at the development of key managerial personal business competencies is realizing based on «Samruk-Kazyna» Corporate University.

Employees are trained and developed in compliance with an individual development plans (IDP) of employees following an annual performance evaluation.

IDP is form on the basis of the active approach to «70:20:10» training, where 70% of time is devoted to the training through solving real tasks at job place, 20% – training at job place through feedback with colleagues, with more experienced employee (mentorship, coaching, mentoring and etc.), 10% of item – training on seminars, trainings and etc.

AVERAGE ANNUAL NUMBER OF HOURS OF TRAINING OF FUND’S GROUP EMPLOYEES, HOURS

- **33.82** per employee
- **29.4** per female employee*
- **22.7** per male employee*

* Information is compiled excluding JSC NAC Kazatomprom.
Corporate culture is one of the important factors for the successful development of the Fund and an effective tool for improving personnel performance.

The Fund’s group of companies annually measures personnel engagement. The study of engagement allows managers to receive feedback from employees, structured according to a science-based methodology, and based on this make informed decisions on social and labor relations.

The Fund engagement degree in 2018 amounted to 53% and is in the stability zone.

The efforts of the leaders of the Fund’s group of companies in the development of human capital are reflected in the results of the study of personnel engagement. So, for operational personnel (90% of the total number of employees of the Fund’s group), if at the end of 2013 the indicator was 35%, then at the end of 2018 it is 58%.

For 2013–2018, Portfolio companies introduced changes aimed at developing personnel and increasing their involvement: introducing meritocracy principles, grading posts, increasing wages, various incentive programs, reviewing the social package, developing a corporate culture, etc.

The results of the 2018 engagement research show that operational workers at the Portfolio companies emphasize on high standards of «employee care», in particular in terms of equipping jobs, providing work clothes, meals, employee value, and recognition. They also note the existence of streamlined work processes and communications.

The results of the research on the engagement of administrative personnel indicated that a good brand of the Portfolio companies has developed among the employees: 86% of the Fund’s office workers understand the company’s development strategy, 82% say that personal values correspond to the company’s values, 87% are proud of their work. Among the factors that were considered for administrative personnel, processes to support employees and build relationships between employees were organized at a high level.

Based on the results of measuring engagement, point decisions are made to improve processes, develop internal communications and feedback.
In 2017, at the initiative of the Fund, the «Zhas Orken» program was launched to attract, select and develop talented university graduates. The program is a prototype for further applications in all companies in Kazakhstan. Candidates undergo a four-level selection that includes best international practices in assessing abilities and potential. The finalists are selected by the contest commission, which includes the managing directors of Samruk-Kazyna JSC and the companies of the Fund Group and independent observers from state bodies of the Republic of Kazakhstan and international organizations. The main principles of the contest in the selection are equal opportunities for all participants, openness and transparency, meritocracy.

This Program should be viewed as an investment in the country’s human resources, as well as a way to increase attractiveness of the Fund’s group of companies among young professionals who can become successful managers in the next 10–15 years and contribute to the solution of various sectoral tasks. The main advantage of the program is accelerated development under the guidance of mentors – the experienced employees of the company. The program involves more than 80 mentors, whose development is also the cornerstone of this initiative. During the program, participants are rotated at 4 different enterprises, 5 months per each.

After the successful completion of the Program, young specialists will be able to build a successful career in the portfolio companies of the Fund. It should be noted that more than 60% of the top managers of successful Fortune 500 companies are graduates of similar programs.

The program of such scale, which includes the possibility of rotation in several national companies, is the exclusive one on the territory of Kazakhstan.
In order to develop human resources in accordance with the «Digital Kazakhstan» integrated program, the «Digital Summer 2018» internship program was implemented in the period from July to September 2018. The purpose of this program was to recruit and train young personnel with knowledge and competences in the field of IT with further employment in the companies of the Fund. Based on results of the interns of this Program, according to the feedback received from mentors – the employees of the Fund group companies, 33 interns were identified for employment.

This Program promotes human potential development. Young specialists recruited under the guidance of their mentors assist the latter in projects, independently carry out operational tasks delegated to them. Such programs help to attract young people to Kazakhstani companies and raise ratings of the companies of the Fund Group among young professionals, and as a result, the employer brand of the companies and the Fund.
INFORMATION POLICY

Publication of the annual report and report on sustainable development of Samruk-Kazyna JSC, presentation of updated strategy of the Fund and results of its implementation on the Investor Day are key annual events to inform targeted audience.

Key information channels of the public and investment society are: publications on the official Internet website of the company www.sk.kz, briefings, press conferences, meetings with stakeholders. The Fund establishes cooperation with mass media, holds events, where it is presented position of the Fund on particular events that require interview with representatives of the Fund, press conferences and briefings as well as publication of press releases.

To support initiatives and projects of the Fund and Portfolio Companies, as well as sustain a positive image of companies of the Fund’s group, on July 19, 2018 it was approved Communication Strategy of Samruk-Kazyna JSC that defines key approaches to the information activity.

The Communication Strategy is based on the principles of the Ideological Concept of the Fund of March 13, 2018. The objective of the Concept is to form basic ideological messages to position the Fund in the information space of the Republic of Kazakhstan, as well as outside as an effective national holding, the activity of which is aimed at the improvement of the economic efficiency of Portfolio Companies that are member of the Fund’s group and, consequently, increase in their yield and value.

We adhere to the principle of transparency improvement and information openness in out day-to-day activity.

The Fund has introduced and applies Information Disclosure Policy, Regulations on Information Disclosure and Safety that define procedure of work with information, including interaction of the Fund with Kazakhstani and foreign mass media. According to these documents, the Fund provides stakeholders with material information about its activities and confirms assumed liabilities not to be confined to the mandatory information disclosure (in compliance with requirements of applicable legislation) and regularly inform public about strategy and mission, policies and rules, material events and key results of the activity, procurement.

In implementation of the information policy the Fund adheres to the following principles:
INTERNATIONAL COOPERATION

The Fund establishes cooperation with international sovereign funds, holds meetings with potential partners, representatives of major companies of the world, as well as participates in various activities contributing to the long-term and fruitful interaction.

In 2018, Investor Relation Department of the Fund held two «turnkey» Investor Days in Shanghai, China, and Saint-Petersburg, Russian Federation, with participation of the Representatives of the Fund in Beijing and Moscow.

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2 investment events in London and New-York were held in cooperation with Kazakh Invest. Panel sessions on privatization were held within those events; the Chief Executive and Deputy CEO took floor with keynote addresses.

25 bilateral meetings of the management of the Fund with international companies and investment banks (GE, Al Feaisal, Al Hilal Bank, JP Morgan, GIC Private Limited, Jetro, Nippon, Yildirim Holding, Mubadala, European Investment Bank, ITOCHU, Tecnicas Reunidas, BPI France), public officials of different countries (First Deputy Prime-Minister – Minister of Economy of Croatia, Ministry for Trade Policy of the UK Ministry of International Trade, Minister of Mining and Heavy Industry of Mongolia, State Secretary on Trade of Spain) and the diplomatic corps were held in Astana.

During 2018, 7 international visits with participation of the Chief Executive were worked out within visits of the Head of state to USA, PRC, Republic of Turkey, Finland, Kingdom of Belgium, Prime-Minister of the Republic of Kazakhstan to PRC and Deputy Prime-Minister of the Republic of Kazakhstan. 16 bilateral agreements totaling USD2.892 million were signed by the Fund’s group within framework of those visits.

24 bilateral meetings of the Fund’s CEO were organized with such international companies and organizations as GE (USA), DP World (UAE), Yıldırım Holding (Turkey), Eczacibasi Holding (Turkey), Calik Holding (Turkey), Nokia (Finland), Kouvola Innovation Oy (Finland), Industrial and Commercial Bank of China (PRC), China International Capital Corporation (PRC), ERDB (UK), London Stock Exchange (UK) and etc. Investment agreements and memorandums were signed following international visits of Chief Executive.

Participation of the Fund’s group in 19 international events was organized to promote investment opportunities.
Meeting with the President of China Investment Corporation (CIC) in course of Boao Forum for Asia-2018. The subject of the meeting is co-investment and privatization program of the Fund.

Meeting with the management of Government of Singapore Investment Corporation (GIC) in Singapore. In course of the meeting, it was discussed implementation of the attractive industrial projects within framework of «One Belt – One Road» program.

Meeting with the management of Temasek in Singapore. Within the meeting, Temasek was proposed to participate in IPO/SPO of JSC NAC Kazatomprom, as well as in joint projects within «One Belt – One Road» program.

Meeting with the management of Khazanah Holding in Malaysia. Within framework of the meeting, Khazanah was proposed to participate in the privatization program of the Fund, as well as to consider possible establishment of joint funds to implement investment projects both in Kazakhstan and abroad.

Meeting with M. Tamagnini, CEO of Fondo Strategico Italiano, State Investment Fund within SPIEF-2018. Investment opportunities and the Fund’s privatization program issues were discussed at the meeting.

Meeting with Chief Executive Officer of Mumtalakat Holding Sovereign Wealth Fund of the Kingdom of Bahrain within SPIEF-2018. The subject of the Fund’s privatization program was discussed in course of the meeting.

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PORTFOLIO COMPANIES OF THE FUND
I am from hereditary family of oil workers. My farther worked at Teren-ozek deposit as an operator of well service, mother served as an operator of oil production at Teren-ozek and Karaton deposits. I spent my childhood in Sarykamys village. The village was founded in 1963 due to the industrial development of Prorva deposit, considerable oil reserves of which were opened in 1959.

From early childhood, I heard a lot about everyday working life of oil workers, who in term of sharp continental climate mined for black gold in the sands for the needs of the country. It is only natural that being guided by a wish to help mother after the early death of the father and being in awe of the work of oilmen, immediately after finishing school, I decided that I’ll be an oil worker too. Having started work activities as a mechanic of oil field equipment of the crew of rolling and operating repair of equipment at “Prorvamunaigas” OGPD, after graduating from KazPTI named after K. Satpayev, I was placed to “Karazhanbastermneft” Trail Oil and Gas Production Department in Aktau city as an operator of oil and gas production.

I returned to native Sarykamys in 1993 as a master of “Prorvamunaigas” OPP. 1990s made much of an impression as hard time for the domestic oil industry. Oil prices fell to a minimum, due to the collapse of the Soviet Union economic ties were broken off, many enterprises stopped their work, and the country has been unable to export oil because of the embargo termed by the inconsistency of our oil to international standards.

To solve this problem in short terms, Aibolat Gabdullin, the then Head of Oil and Gas Production Department, changed the scheme of technological processes on Prorvinskaya group of deposits that was resulted in achievement of necessary parameters of commodity oil for export.

Despite all difficulties of those years, Emba oil workers did not slow down rates of work and continued to produce hydrocarbon raw materials for construction of the economy of young independent state and national economy. Even at that time, the most of Emba deposits passed production peak, and Prorva with its considerable oil reserves has been and currently remains the main production asset of our company.

In Embamunaigas JSC, I experienced a big work way from the Mechanic to Technologist, Oil Preparation and Processing Shop Manager, Chief Engineer, Deputy Operations Director of “Embamunaigas” MS, Production Department of the Central Executive Office, and Head of Oil and Gas Production Department in Zhylyoimunaygas, DossorMunayGas and Zhaiykmunaigas. For these years, having passed all stages of growth of the oil industry worker, he has took part in the solution of many important issues for the company. During the management by Zhylyoimunaygas OGPD, “Prorva – Prorva-Tengiz” OPS (oil pumping station) oil pipeline was constructed in short term. In 2010, being Deputy Operations Director of “Embamunaigas” MS, he participated in the development of the large-scale program for utilization of associated petroleum gas on Emba, during realization of which the units of associated petroleum gas on S. Balgimbayev, East Makat deposits and Prorvinskaya group of deposits were constructed subsequently. During work at DossorMunayGas OGPD, despite depletion of
deposits, plans on oil production were successfully implemented; production at Altykol deposit was increased.

For me, as a real inhabitant of Emba, it is very important that currently the company, which in a few years will mark a hundred years, is actively developing in all types of directions; and as a Head of one of 6 manufacturing structural units of Embamunaigas JSC, I contribute to this big business. Thanks to day-to-day work of our oil workers, the state budget is replenished, and new social objects are under construction in the region.

As well as many inhabitants of Emba, I deeply endorse values of the parent company and Embamunaigas JSC about occupational safety priority. Thanks to joint operation with the staff, headed by me, today Zhaiykmunaygas OGP makes the top three on the number of safe days following the results of a half-year. Within implementation of the strategic task of JSC NC KazMunayGas about an increase in value and financial sustainability of the company, along with implementation of the plan for oil and gas production, digital technologies, initiatives on business process optimization and logistical support are actively introduced in Emba.

Being the Head of big department, I realize the importance of the unity of objectives and tasks for all employees and I make all efforts for creation of the comfortable and benevolent climate in the staff that promotes career development and unlocking potential of employees. In this year, the team of oil workers of our department won "Best by Profession" contest, and young workers won in "Brain Ring" intellectual game among youth teams of 6 manufacturing structural units of the company.

Inhabitants of Emba are historically notable for high civil responsibility and empathy to one’s sorrows. In addition to multi-billion payments to the state and regional budget as fair subsoil user and centralized sponsor assistance, our staff regularly supports social and vulnerable segments of the population. Quite recently, we together with colleagues allocated from our salaries means to purchase and deliver school clothes for more than 400 pupils of elementary grades from large and needy families of Arys city suffered from explosions. In 2015-2019, the staff of the company allocated one-day salary to purchase and donate more than 20 apartments and houses to large needy Kazakhstani families.

I am proud of working in Emba, in the system of KazMunayGas National Company that unites thousands of employees through the whole country. Together we make weighty contribution to the economic prosperity of the Republic of Kazakhstan and welfare of its citizens!
KazMunayGas National Company (KMG) is the Kazakhstani operator on exploration, production, processing and transportation of hydrocarbons representing the interests of the state in the oil and gas industry of Kazakhstan.

Joint Stock Company National Company «KazMunayGas» was established through a merger of «Kazakhoil» National Oil and Gas Company and «Oil and Gas Transport» National Company in pursuance of the Decree of the President of the Republic of Kazakhstan of February 20, 2002.

KazMunayGas National Company is vertically integrated oil and gas company performing a complete production cycle from exploration and production of hydrocarbons, their transportation and processing to rendering specialized services.

183 companies are included in KMG group of companies. KazMunayGas takes more than a quarter of the market of Kazakhstan on oil and gas condensate production and also dominates in oil processing, pipeline transportation of oil and natural gas in the country.

Innovation project of KMG

Increasing overhaul life in OMG JSC
Commercial introduction of rodless screw pumps with the submersible motor to OMG JSC for 2018 in the amount of 30 units; this equipment enables to work at the well stock complicated by scales, high content of mechanical admixtures in the extracted liquid and high content of intake non-associated gas that allows for reduction of frequently repairable stock and increase in indicators on operating time of the mechanized wells stock. Commercial introduction of tubing with protective covering in OMG JSC in 2018 – 146 hangers. Tubing with specialized wear-resistance internal covering to protect from abrasion, asphalt, resin and paraffin deposits, corrosion and salting – are required to increase overhaul period (OHP) and failure interval of submersible pump equipment.

Increase in reservoir recovery rate
Task: works under conformance control (CC) technology in water-disposal wells – decrease in basic well stock decline ratio. The activity was carried out in 3 stages: laboratory researches, pilot testing and industrial introduction.

Environmental projects of KMG

During 2018, the current level of development of the oil refineries of the Republic of Kazakhstan was surveyed in comparison with the best world plants using methodology of HSB Solomon Associates LLC. The objective of Solomon survey is: determination of key indicators – Solomon indexes – of oil refineries on a comparable basis, i.e. how effectively available capacities are used. Performance indicators are meant for comparison of oil refineries similar by the size and configuration, and it is better to use them for current comparison that allows compare operating results of oil refineries (both production and economic) with operating result of other oil refineries on various groups.

KMG first develops «Project of information disclosure on carbon emissions within the Climatic program for the carbon reporting (CDP – Carbon Disclosure Project) that discloses data on volumes of direct and indirect greenhouse gas emissions (GG) for 2018 on all assets of KMG, including international (Romania, Georgia).

One of the most important tasks of KMG on the reduction of greenhouse gas emissions is to increase beneficial use and utilization of associated petroleum gas, minimize flaring. The volume of the associated petroleum gas utilization in 2018 is the highest for all history – it makes 93%; gas combustion indicator makes 6 tons per 1000 tons of crude hydrocarbons mined (11 tons in 2017) that is almost half average world indicator of IOGP (International Oil and Gas Producers). It became possible thanks to full-scale commissioning of the gas complex processing unit (GCPU) at Prorva group of deposits.

More detailed information about activity of the Company, operating results for 2018 is available on website www.kmg.kz
Kazatomprom No.1 in the world on extraction of uranium! And, to be a part of such Company is very prestigious. Since 2011, I work at Mynkuduk mine of Stepnoye-RU branch of Kazatomprom-SaUran LLP as an operator of geotechnological wells. During this time I understood that for each person it is very important to choose a profession correctly. I feel that I mind my work and have found my mission. In the morning I with pleasure go to work, and I am surprised in the evening to how quickly my working day has passed. I like my work, and I am proud of the fact that it delivers benefit to my enterprise and all nuclear industry where special people are working: here even the most usual work serves a big common objective.

The operator of geotechnological wells is obliged to know well the technology scheme of the geotechnological field and technology of extraction of uranium by method of in situ leaching. This technology is the safest and ecologically acceptable method of production today. You should always keep in mind that the main thing in my profession is safety, therefore I responsibly approach to the execution of the duties, I seek to perform each industrial task maximally qualitatively and in time, regularly increasing the professional level.

There is a special wish to note the friendly atmosphere in the staff where everyone is ready to help, support and give advice. All of us try to work wholeheartedly. We understand that we are engaged in very necessary and important business. I like to be a part of team where work of everyone is important and the result is achieved together!

I repeatedly participated and took prizes in «Best by Profession» contest among employees of the branch. In 2018, I was conferred «Zhyl Kyzmetker» among operators of geotechnological wells of the Company’s group.

Understanding that you are appropriate and you are engaged in business of all the life it is great happiness! And when the profession becomes favorite business – it is doubly happiness!
JSC NAC Kazatomprom (KAP) was established in 1997 by the Decree of the President of the Republic of Kazakhstan and is also a national operator of the Republic of Kazakhstan on import and export of uranium, rare metals, nuclear fuel for nuclear power plants.

46 subordinate enterprises, headcount of which is 20,000 people, are members of companies of Kazatomprom group. In cooperation with subsidiary, dependent and joint organizations, the Company carries out development of 26 deposits at the territory of the Republic of Kazakhstan united in 13 uranium mining enterprises and applying drill hole in situ leaching technology.

In November, 2018, Kazatomprom offered its shares and global depository receipts (GDR) in «Astana» International Financial Center (AIX) and the London Stock Exchange (LSE). After initial public offering (IPO) of Kazatomprom securities, the majority share amounting 85.08% of total number of the announced shares of the Company – is still at the disposal of Samruk-Kazyna JSC, and 14.92% are owned by minority shareholders and are not restricted.

Innovation projects of KAP

JSC NAC Kazatomprom is an innovation world-class company concentrated on scientific and technical development of the productions. The company regularly increases financing of scientific and technological works in geology, geotechnological, processing of pregnant solutions, nuclear fuel cycle, rare-earth and rare metal products, legal protection of new generation technologies.

In 2018, the following technologies were developed and introduced:

- uranium desorption ultrasonic treatment technology;
- uranium peroxide fine crystal sedimentation technology using flocculants manufactured in Kazakhstan;
- 3.0 version simulator, which is integrated into «Rudnik» program module to design geotechnological field, set up wells and operation them, was developed for optimization of process medium streams. The program module is tested on «Central» site cells of Mynkuduk deposit. Thanks to use of the simulator in the course of in-situ leaching it is expected reduction of sulphuric acid consumption by 10%;
- low-acid leaching technology using cavitation and jet technologies in combination with special-purpose chemical reagents is at the stage of pilot tests. Its introduction is scheduled for 2020.

More detailed information about activity of the Company, operating results for 2018 is available on website www.kazatomprom.kz
I have been working at the very heart of a huge alive mechanism of Kazakhstani railroad. You can see all its sites from this place. The status of rolling stock movement at the range and neighbor railways is displayed in real-time mode.

Tasks that my shift colleagues and I have to solve are fundamental for the whole company. It includes execution of a daily freight and passenger plan, control over compliance with the train table, timely acceptance / delivery of trains, efficient use of the rolling and locomotive stock and many other of the like related to the field operation. We are responsible for organization of the transportation process and uninterrupted train traffic.

I start each my shift from insight into the situation over the whole country, collect up-to-date information about loading/unloading of wagons from all branches, availability of empty rolling stock, ensuring delivery of trains through internal and external joints. 16 external joints with neighboring states and 21 internal joints are under our control.

It is shiftwork, but I am so used to work in that schedule that I cannot do without it. We have new equipment. There are dozens of monitors and several phone lines before me. I call around all multiple junctions twice a shift and reconcile according to the schedule. All the process is recorded in special registers. The moments when actual figures in the register on loading/unloading are higher against the technical plan fill my heart with great joy. Our staff is very friendly, and our shift is the best.

There were many different situations over the years. The main thing is that trains in our shift always operate by schedule under any weather and situations.

I started working when I was 15 years old as a railway man. I always knew that I would be a railway worker. Since my childhood I saw my parents to appreciate and love their work. My father was a station duty officer, electrician and my mother served as an acceptance/delivery inspector.

After graduating from the Almaty Institute of Railway Transport, I started my career as a shunting dispatcher in Atbasar.

I have been remaining faithful to my profession for more than 30 years. Over these years I worked as an assistant shunting master, operator of gravity sorting yard, engineer of station, train dispatcher, chief dispatcher by directions. I was awarded with the watch engraved with my name from the Company’s management for long service and achievements as well as dozens of certificates and diplomas. However, the highest award for me is the order at the workplace and train safety control.

You should always put your heart into work, be honest, very responsible, sociable, bitter ender – these are the most suitable qualities in our work.

I was repeatedly offered promotion, but I refused. I strongly believe I am at my place. I go to work with pleasure. I treat my colleagues like my own flesh and blood. I can guess their mood by the voice tone and intonation. However, all of them know: excessive emotions in work are useless. Concentration, attention and vigilance are of great importance.

I love my work because it is alive. Things are hamming here. I regularly communicate with colleagues from the whole Kazakhstan and neighboring countries – from Zashchita to the Caspian Sea, from Sary-Agash to Petropavlovsk. We do not celebrate either holidays or birthdays. We do not pay attention to this. We have a duty chart and we go to work in our shift in any case.

I suppose I feel more responsibility because the whole train traffic in our country depends on our work.
JSC NC Kazakhstan Temir Zholy (KTZh) is a transport and logistic holding providing an infrastructural basis for growth of the economy of Kazakhstan.

Today, the Company unites the logistic and transportation companies, owners of terminal and main infrastructure of all types of transport.

JSC NC KTZh carried out railway and overseas transport, renders services of the transport and logistic centers as well as seaport, airport, railway and road infrastructure.

Currently, the assets portfolio JSC NC KTZh represents structure of the integrated company with 62 subsidiaries and 12 companies are in trust management.

Innovation projects of KTZh

The following innovation projects were implemented during 2018:

1. On the branch of JSC NC KTZh, Directorate of Backbone Railway Network:
   - Substitution of lens sets by LED;
   - Introduction of new-generation electric switch mechanisms;
   - Substitution of SKL-14 rail fastenings by SKLSL-1, SKL-30 railfastenings.

2. On KTZh-Freight Transportation JSC
   - Automated system for development of look ahead (untight) train schedule (LATS-2 (expansion of functional) in Astana.

More detailed information about activity of the Company, operating results for 2018 is available on website www.railways.kz
Yerlan Nurgaliyev is not only the Commander of Embraer-190, but also technical pilot of this fleet. He is the one who together with developers of the aircraft, improves procedures and recommendations on aircraft operation and its systems. Yerlan has wide experience of flight practice on different aviation equipment, and also profound knowledge of aviation documentation and standards of flight activity. Having come to Air Astana in 2010 as the Commander of Fokker-50, currently he effectively directs the team and controls over a number of processes of Embraer fleet.

**What is your contribution to the success of Air Astana?**

Contribution of a certain person is not considerable. Success consists of particles, as each person makes its own contribution. Certain person will never be able to solve the problem, that is why thanks to my colleagues who perform work in professional manner and in time.

**What are your routine obligations and, in your opinion, what is your contribution to the development of Kazakhstan as a whole?**

We develop procedures that lighten, simplify and make routine work of pilots safer in cooperation with engineers, pilots and instructors.

As I’ve said already, contribution is impossible without the team. That’s why I say that joint work of our department contributes to the creation of right balance between effectiveness and safety. It is effective risk management that helps our company to achieve goals set and be profitable company at the market economy era.

**What difficulties do you run into at your job?**

I always did not like «problem» word, as it has another meaning for me. There are tasks and we solve many tasks on daily basis. One of them are solved through algorithms and formulas, another tasks require system and complex approach, but these are always tasks, not problems and complexities.

**What objectives do you currently set for yourselves?**

It is difficult to single out something. There are many objectives, and one objective supplements the other one. Naturally, everything is complementary, atom aspires to atom. The same is in our work, the solution of one task will always cause changes in other areas.

At the moment I would like to improve adaptation issues, planning and recognition. It is very important to create such atmosphere in the company that each employee felt the importance and involvement. I’d like to create motivated team of the professionals that share the vision and high standards of work.
Air Astana is a joint enterprise of Sovereign Wealth Fund of the Republic of Kazakhstan «Samruk-Kazyna» and BAE Systems, owning 51% and 49% of shares, respectively.

Air Astana launched regular flights on May 15, 2002; and now it has the route network including more than 60 international and domestic flights performed from hubs in Almaty and Astana.

The air fleet of the airline consists of 34 western-made aircrafts of Boeing 767-300ER, Boeing757-200, Airbus A320, including A320neo, Embraer E190 and Embraer 190E2. Air Astana became the first carrier among the CIS countries and Eastern Europe awarded 4-star Skytrax World Airline Awards in 2012 and accolade of the Best Airline in Central Asia and India. Both awards have been confirmed in 2013, 2014, 2015, 2016, 2017 and 2018.

In 2018, the project on collection and transfer of PET waste to the plastic processing organization was launched among employees in offices in Almaty. Employees collected 80 kilos PET waste that were transferred for processing.

In addition to the plastic collection, Air Astana JSC continues collection of secondary raw materials in Almaty and Nur-Sultan, such as waste paper; in 2018, the volume of waste paper sent for processing made 25,587.397 kg.

It also carries out mandatory separate collection of hazardous waste in two cities to its further utilization by the company that concluded contract with us. Both waste collected after boards servicing and all types of storage batteries, which were taken out on utilization, totaling 274.21 kg were utilized in 2018.

The company supports programs of healthy environment maintenance and is scrupulous to an issue of decrease in an environmental burden. Thus, for an example, currently, the Company implements the program of aircraft fleet updating by replacement of the current fleet to new one with the higher fuel efficiency reaching 15% over the previous aircraft generations that also has positive effect on the environment of regions where Air Astana JSC operates.

More detailed information about activity of the Company, operating results for 2018 is available on website www.airastana.kz
I am proud of working in National Dispatch Center of the System Operator (NDCSO), the branch of KEGOC JSC. Our Center provides centralized operational dispatch management of Unified Energy System of the Republic of Kazakhstan (UESRK).

Reliable and error-free operation of the republican dispatching department should start from the highest level, i.e. NDC SO. Uninterrupted power supply of almost all sectors of economy and population of the country depends on it. Responsibility is enormous, the scope of dispatchers’ errors can be catastrophic.

Therefore, challenges, such as planning, automatic and operational management, analysis and improvement of planning methods and power supply systems management are solved.

In part of planning, the scope of my responsibility includes development of planned balances of the electric power and capacity, repair of the power-generating equipment of power plants and electrical networks of the Republic of Kazakhstan, approval of the generation modes and consumption of the electric power of the Republic of Kazakhstan by the wholesale market participants for the next day meeting standards of reliability and elimination of deficiency or risk of emergency situation. At the same time, processing services of NDC SO define technical restrictions of power supply system of Kazakhstan, based on which specialists of NDC SO set up automatic regulation and protection systems as well as training of dispatching staff is conducted.

Regarding operational management, our employees bear responsibility for error-free management of power facilities, accident prevention, and if occurred, liquidation with the minimum consequences. I’d like to pay special attention to that fact that safety of people depends on well-coordinated work of dispatchers.

In general, the scope of tasks to be addressed by NDC SO is very wide. The range of issues to be solved under my control also includes issues of dispatch management system automation, including advanced mode managements systems. Tasks on ensuring interaction with the dispatch centers of neighboring states shall be settled by a whole block – it is very important task within provision of reliable parallel operation of power supply system of Kazakhstan with adjacent power supply systems.
Kazakhstan Electricity Grid Operating Company Joint Stock Company (KEGOC) was established in July 1997.

GOC JSC functions as a system operator of the Unified electric utility system of the Republic of Kazakhstan, owns and manages assets of the National Power Grid (NPG), providing its reliable functioning.

Core types of activities are referred to the natural monopoly and include transfer of electric power, technical dispatch of grid output and consumption of electric power, balancing of production and consumption of electric power. In December, 2014, the company has offered 10 percent minus one share on the Kazakhstan Stock Exchange within People’s IPO Program.

Innovation projects of KEGOC

In 2018, to improve reliability, controllability and observability of Unified Energy System of Kazakhstan, KEGOC JSC launched implementation of the following projects of technology development which have entered «Digital Kazakhstan» State Program:

- Introduction of monitoring system and management on the basis of synchrophasor technologies (WAMS/WACS).
- Introduction of the centralized emergency control system (CECS).
- Introduction of the automated load frequency and power overflow control (ALFC).

The main effects from implementation of said projects are as follows: increase in power network transmission without additional power grid construction, decrease in deviation of power on the border with the Russian Federation, decrease in shutdowns of consumers in case of power system disturbance.

More detailed information about activity of the Company, operating results for 2018 is available on website www.kegoc.kz
It is believed that representatives of Y generation are not striving at all to build a career in the traditional way. Promotion up the career ladder and hunting after places are a far cry for them. «Players» are deeply involved in digital technologies, interested in the opportunity to develop gaining not only new skills and «points», but also making new friends plunging into the general sphere of interests. One of the representatives of this generation is Abylay Dzhumageldinov, Head of the Innovation Service of the Corporate Business Division, who was requested to share his experience prior joining Kazakhtelecom and our company.

I graduated from Suleiman Demirel University. As a student, I worked at the Moscow Internet start-up which held one of the top positions in the CIS market in automation. I was responsible for the development of the project, content and marketing. Based on the results of the work, I was transferred to another direction of the startup which had to be brought to the American market. In this project we elaborated applications and games, and I was engaged in the development of the project. We were success in making a very high-quality and hype product, and thanks to interesting content and marketing, we brought our application to the TOP 5 appstore in the USA (Apple app store). A few years later, having already graduated from the university and continuing to work in the startup, I realized that I would like to do something larger and more significant in our country. I got a job in a state organization and after some time I was attracted to NIT JSC for implementation of a large state-scale project.

How did you come to the next step in your career?

I am a result-oriented man – I always set goals both in sport and in work, and after their achievement I am looking for new, more ambitious ones. That moment I understood that I had realized the planned goals, I would like to develop and move on. It was then that I received tempting job offers of local representative offices of DELL-EMC and HP, as well as a proposal from Kazakhtelecom which that time experienced transformation – separation into divisions. The opportunity to bring novelty to existing processes and projects attracted me.

That is, when choosing work in foreign companies and work abroad, you have chosen Kazakhtelecom?

It turns out like this. Weighing the pros and cons, I attached particular importance to the fact that it was more important not just where you worked, but what people you worked with and what problems you solved. After all, projects and business are not made by dignified names of companies, but by people who work in them. The opportunity to become a part of a strong team of Kazakhtelecom professionals played a key role. The additional argument for the decision was the ongoing Smart City projects where I wanted to apply my knowledge as well as get enormous experience in the practical implementation of digitalization projects in the country. I was attracted by the perspective to touch, see the results of my work within the country.

What are you doing now? What products are you realizing at the moment?

At the moment, I am engaged in the development of new products in the corporate segment. Among them development of the FDO project (fiscal data operator) with the goal of turning the product in the form of a cash register from mandatory to attractive, providing additional services for the business. In the near future it is planned to restart the Wi-Fi service for business. Now, in addition to Wi-Fi itself, opportunities will be provided for organizing the start page, marketing and analytics about their customers. Besides, we are actively working in the Smart City projects from the joint development of a concept for cities with the aim of maximizing the utilization of our company’s infrastructure resources to the practical implementation of Smart City elements in different cities.
Kazakhtelecom Joint Stock Company is a leading communication operator of the Republic of Kazakhstan rendering a wide range of information and communication services.

The company provides voice services (including ISDN), data transmission networks, broadband Internet access, IPTV, hosting, SIP telephony, video meetings, telegraph, intellectual communication.

Innovation projects of Kazakhtelecom

In 2018, Kazakhtelecom JSC implemented the following innovation projects:

- it was implemented project on development and start of «Smart Home» product for B2C segment aimed at the household safety;
- the 1st stage of the project on development of IoT products for B2B/B2G segment based on LoRa network was implemented. Within the 1st stage it was started construction of the most large-scale in Central Asia energy efficient network, LPWAN, based on LoRa technology;
- Smart Aqkol project was implemented within one of the main directions of «Digital Kazakhstan» State Program in Akkol city, Akmola region;
- the product on cloud video surveillance for B2B/B2G segments was initiated and pilot projects on online access to the video cameras installed in public places were carried out in cooperation with public authorities;
- the hardware and software system representing four hardware blockchain nodes in Pavlodar, Aktobe, Shymkent, Karaganda controlled by Hyperledger fabric blockchain platform was realized;
- the process and infrastructure projects are actively developed. One of such projects is «Data transmission networks migration to SDN/NFV», within which new architecture that includes replacement of a large number of nodes and DPCs by high-performance platform of the virtualized network and computing services will be created;
- active introduction of 5G technology was launched in Kazakhstan;
- «ISMET.kz, Open Digital Platform for Business» project is in progress;
- «Kazakhstan Medicine Digital Map», new product for the medical organizations is brought to the market;
- Service of cloudy financial accounting is launched in 2018 in organizations in Pavlodar. More than 100 schools and kindergartens are connected to the service;
- Big Data project implementation.

Environmental Projects of Kazakhtelecom

In 2018, the following projects in the field of environmental control were implemented within the Initiative Program:

- Introduction of ISO 14001 Standard «Environmental Management Systems»;
- Implementation of energy-saving/power efficient projects LoRA, SDN;
- Transfer of 20% of cars to gas use as a motor fuel;
- Transfer of autonomous heating systems from diesel fuel to gas/centralized heating.

More detailed information about activity of the Company, operating results for 2018 is available on website www.telecom.kz
**Why do you find work in the postal sphere attractive?**

I entered the labor force in trade, but, unfortunately, understood that trade is not my sphere. I felt uncomfortable there, and sometimes I became despondent that I wasted my time. After much heart-searching, I decided to go for a work at the post office, people are always in great request there. The most attractive was a thought that I would be able to bring benefit to people, they always look forward to the postman.

So, I have been working as a postman here 14 years. It was not easy in the early days at the post office. Mainly, it was because of lack of knowledge of operation specifics and lack of habit of walking a lot. However, my work became more understandable by the day and now I cannot imagine a better place. I like to communicate with people all the time. The most important thing is that I like to help people. You bring a newspaper or magazine to a grandmother or welcome letter to mother from her son from the army and you see unending happiness in their eyes. It is getting warmer in heart. It is so pleasant for me to hear the most heartfelt thanks in my address! For us – Postmen – it is the highest award when clients are satisfied with our work.

**How is your working day going?**

My duties are as follows: delivery of newspapers, magazines, registered and non-registered letters, money transfers, pensions and various benefits. We work six days a week. Officially, working day begins from 8:00 a.m. However, I try to come one hour earlier to prepare the work place for the productive day.

Post car arrives at 8:00 a.m. Operators sort mail by sites: one operator sorts non-registered and registered mail, another – newspapers and magazines. Of course, we do not stand about. We help them as much as possible to accelerate the process. So we will be able to come to the delivery site more quickly and deliver mail to clients on a timely manner.

Each postman is provided with computer. After all mail is sorted by sites, each postman, there are seven postmen at the post office, enters mails of its site into unified electronic base and sorts by the addresses. Firstly – by the organizations, and then – by natural persons.

I come to the delivery site approximately at 11:00 a.m. I take the third of mail with me. The remaining part is taken away by the post car that delivers it to the control points. There are two control points at my site. These are special locked mail boxes. Such points are very convenient and, most crucial, significantly facilitate our physical activity – there is no need to carry big heavy load. Moreover, they promote delivery process acceleration: I do not spend time for return to post office. Therefore, I manage to deliver all mail by 5:00 p.m.

At my site, there are both organizations, multi-storey houses, and inner suburbs. First of all, I deliver mail to the organizations. At lunchtime, I return to the control point, take away mail for multi-storey houses. By the end of the day I serve clients of the inner suburbs.

To deliver mail, each postman is provided with bicycle. We are equipped with winter and summer uniform. We also get our postbags. Money allowance for the acquisition of winter and summer footwear is paid twice a year. We are very grateful to our management, which cares about us, maximally improving our working conditions.

**How does Kazpost digitalization help you in your work?**

All postmen are provided with modern smartphones. First, we use them for fast communicate on with clients as well as for the operative communication with the Head of the post office, if the client has additional questions in course of delivery. The most important thing is that «Mobile Postman» application, which dramatically reduced paper work, is installed. Earlier, within delivery time we needed to come back to the post office to fill in delivery receipts and paper report. Now, we can do it all in one click and directly at the delivery site: we mark off the delivery status with a tick – and information is automatically synchronized with the system. The world becomes more quickly and we keep up with the times.
Kazpost JSC is a national postal operator of Kazakhstan, it represents Post Administration of Kazakhstan in the Universal Postal Union (UPU), in 2016, it entered composition of UPU Administrative Board, and it is one of basic elements of nationwide infrastructure. Kazpost JSC was established in 1999; since 2006, Samruk-Kazyna JSC is the sole shareholder of the Company.

Today, Kazpost JSC is one of the largest companies of Kazakhstan, which provides postal and financial services to the population thorough this country and procures work for more than 22 thousand people in the Republic.

The most large-scale national branch network, which covers all territory of Kazakhstan, especially at the level of district and rural areas (more than 3,400 post offices) is at the disposal of Kazpost JSC. The postal network is the effective tool for promotion of e-commerce, transport and logistic service, agency, financial services for business and population.

In 2014, Kazpost JSC, one of the first companies, launched transformation of the postal operations. Within the Company Transformation Program, the modernization and transition to high-quality provision of services is actively carried out, new technologies in automation process are entered, business processes are optimized, standards of customer service are improved and new types of service are created.

Environment projects of Kazpost

To decrease impact on the environment and reduce energy consumption by the Company, various environmental projects are implemented:

- The energy saving project: energy efficient lighting was installed in office buildings of the Company through the mechanism of the power service agreement in cooperation with power service company.
- It was implemented an innovation project of the autonomous postal office in Boroldai village, Almaty region, where the autonomy has been provided at the expense of renewable energy sources.
- To decline carbone missions, the Company implements the project of motor transport and postal offices gasification in Zhambyl and Kyzylorda regions.
- Green Office project on separate collecting of waste paper: places for collecting of waste paper in the form of special tanks in office buildings for the subsequent transfer to the organizations on waste paper processing are created.

*More detailed information about activity of the Company, operating results for 2018* is available on website [www.post.kz](http://www.post.kz)
I have been working at HPP-1 of Almaty Electric Stations JSC for more than 10 years. I feel in my place and enjoy my work immensely.

I am a power engineer. I am proud of this, since the electric power industry plays a key role in the economic and social spheres of the Republic of Kazakhstan. Further development of industry, improving the quality of life of the population largely depend on reliable and high-quality energy supply to consumers.

Thanks to my work, the work of our unit, residents of Almaty and Almaty region are provided with light and heat. My colleagues and I provide uninterrupted and reliable electricity and heat supply by maintaining a predetermined mode of operation at my site of the station for operational switching and maintenance of power equipment.

In order to timely identify and eliminate defects, our team is working around the clock to monitor the operation and condition of electrical equipment in a responsible manner.

It is important for me that my work provides me a huge sense of demand. I feel to have fulfilled myself when I reveal my inner potential, when my abilities, knowledge and skills are fully involved in the work.

To become a competent specialist in my favorite profession, from the very beginning I took a responsible approach to acquiring knowledge. I hold a PhD in radiation materials science. While studying, I took internship at Shanghai State University (China) to study the mechanical and electrical properties of composite materials. I have about 10 scientific papers, published at the Institute of Nuclear Physics of the Republic of Kazakhstan, participated in international conferences in Hungary, Russia and Kazakhstan, in four research projects.

The main qualities for the power engineer are analytical abilities, technical thinking and constant improvement of the professional level.

We analyze and generalize the operating experience of the equipment of the workshop, develop measures to improve reliability and efficiency of its work. The employees of our division adjust and test electrical equipment and devices, ensure high reliability of the operation of electric automation devices, relay protection due to timely and high-quality repair and commissioning.

In resolving any issues, we try to objectively assess the situation, give an opportunity to speak out and be heard. Now I have 57 subordinates. Among them: operational staff, electric laboratory and electric workshop. I am always ready to help colleagues, to support them in solving problems.

Sharing the values of our company: «Mentoring. Reliability. Justice. Professionalism», I am a mentor in the program for young specialists «Zhas Orken» of Samruk-Kazyna JSC.

I wish to the young generation to work and be devoted to the chosen path and profession, because only then success will be guaranteed! And I still have many unconquered peaks ahead, many goals and plans!
Samruk-Energy JSC is a strategic power holding created for the purpose of realization of the state policy in the electric power industry, including by modernization of current and introduction of new generating capacities.

Currently, Samruk-Energy JSC is the largest multi-industry power holding which is successfully integrated in to the international energy balance creating value for its shareholders and aimed at formation of the high-efficient power supply system that provides sustainable development of all industries of Kazakhstan.

Environmental projects of Samruk-Energy

The Company has strict views on issues of environmental control. Thus, the Company pays much attention to the RES development and hydroelectric power stations; the environmental management systems are introduced all over the places; extensive programs for increase in energy efficiency and energy saving are developed; major project on gasification of Almaty power stations is scheduled.

In compliance with the current legislation of the Republic of Kazakhstan, each 1st category Subsidiary of Samruk-Energy JSC (Ekibastuz SDPP-1 named after Bulat Nurzhanov LLP, Ekibastuz SDPP-2 Station JSC, Almaty Power Stations JSC and Bogatyr Komir LLP) has the action plan agreed with authorized body on environmental control, execution of which is a compulsory condition of special environmental management. To eliminate harmful effect on the environment the following actions are executed:

- Ekibastuz SDPP-1 named after Bulat Nurzhanov LLP: repair of the advanced electric filters «Lodge Cottrell» (Korea) and Alstom (France). The efficiency of combustion gases purification was increase dup to 99.6%, the dust concentration indicator after installation of new electric filters is 300-400 mg/nm³ instead of 1620 mg/nm³. Repair and installation of low-emission turbulent torches, chemical water treatment unit reconstruction, repair of hydraulic ash removal system, site improvement and gardening.

- Ekibastuz SDPP-2 Station JSC: repair of Alstom (France) electric filters on two available power units with ash-collecting ratio making 99.4-99.6% (before installation it made 88%); repair of aspiration units of fuel feed line of fuel and transport workshop, repair of burner devices, repair of hydraulic ash removal system, reconstruction of treatment facilities of the household sewage system, site improvement and gardening.

- At ash dumps of Ekibastuz SDPP-1 LLP, Ekibastuz SDPP-2 Station JSC, Almaty Power Stations JSC: recultivation of the worn-out parts of ash dumps, dust suppression of ash beaches.

- Bogatyr Komir LLP: reduction of volumes of overburden grounds storage on external waste dumps that enable to slow down the redox processes and to decline emission of contaminants into atmosphere, blasting operations in the drawn wells that reduces emission of contaminants into atmosphere, dust suppression at excavation of coal in bottoms, use of mine waters to suppress dust on highways in a section.

More detailed information about activity of the Company, operating results for 2018 is available on website www.samruk-energy.kz
Innovation projects of Samruk-Energy

Currently, a number of projects aimed at the performance improvement are executed within implementation of the Company Innovation Development Program, they include:

1) Digital power station. The project provides a possibility of introduction of the centralized collecting of production and process data, remote monitoring and forecasting of production processes and technical condition of nodes, units, equipment and monitoring systems of production processes of companies of Samruk-Energy JSC’ group (digital dispatching office) based on industrial and engineering platforms. It will allow obtaining reliable data and provision of autonomous processes, excluding a human factor at the production site. The pilot project will be implemented at Ekibastuz SDPP-1 LLP.

2) Research of possible use of the technology of ebullated bed and circulating ebullated bed to combust high-ash coal are conducted (coals with the ash – content of 50% and more – bed No.3 of the Ekibastuz deposit and depleted coal/coal dressing waste) in cooperation with Nazarbayev University.

Expected results:
- technology development and analysis of the prospectivity of the ebullated bed technology use to combust high-ash coal;
- decrease in fuel consumption and emissions into atmosphere in comparison with traditional coal combustion;
- full fuel combustion without an exit of burning process in gas space over the ebullated bed and significant amount of heat loss with unfairly overheated combustion gases.

3) Boiler unit oil-free lighting-up system means equipment of a plasma and fuel system that will enable to solve the following tasks:
- stabilization of a coal-dust flame burning at the lowered loadings of boiler units;
- elimination of oil consumption at flame combustion of low-grade coals;
- damage control of joint combustion of coal and fuel oil in one furnace volume resulted in decreased profitability and reliability of boiler units operation.

This technology is successfully applied in People’s Republic of China, Russian Federation, Indonesia, etc. on power units from 200 to 1,000 MW.

4) Samruk-Energy JSC plans to increase the coal business of Bogaty Komir LLP within the Development Strategy at the expense of implementation of the coal dressing technology. In 2016, Samruk-Energy JSC carried out scientific research work, within which technical feasibility and investment expediency of work on this direction has been analyzed. Finally it was defined that the perspective project would have positive investment indicators at Ekibastuz coal dressing up to a heating capacity of 5500 kcal/kg.

5) «Digital Section» project implementation provides automated control over operating parameters of the mining and mining-transport equipment of a section (the weight of the transported freight, location, technologic condition, speed, pressure and temperature in tires and so on), automation and analytics of indicators on a shift basis of dump dumper trucks: number of haul cycles, freight turnover, engine hours, mileage, fuel consumption, automatic control and analyst of production discipline of drivers and operators of the mining and mining-transport equipment: downtime, time of work beginning and completion as well as creation of the unified automated control system for production processes of production and shipment of coal, processing and analysis of digital data of coal mine in real time:
- use of drones for visual, thermal, radiation inspection;
- topographic-geodesic shooting and surveying works;
- 3D modeling and access to data;
- integration of all subsystems in the unified Data center.

More detailed information about activity of the Company, operating results for 2018 is available on website www.samruk-energy.kz
What are your job responsibilities?
The common management of the organization in the compliance with the current legislation and Charter, organization and coordination of production, financial and economic activity, effective and qualitative execution of the prospecting and related works.

What are your plans of further career?
I intend to continue working in subsoil use and geology area. First of all, I like my work and specialty. I think that the main thing is to take delight in your work and realize your contribution to the joint activity. There is a strong wish to develop myself at the professional level and, even if it sounds a little grandiloquently, contribute to the development of the geological industry of Kazakhstan. I think that discovery of new mineral deposits and replenishment of mineral resource base of the Republic of Kazakhstan is the achievement for each geologist. For me personally, it is one of the objectives set for the near future.

Moreover, my father worked in our company, grandfather had also devoted his life to geology. Therefore, I can state with confidence that I am the representative of this geological dynasty.

Are you going to keep working in the company? What do you know about corporate values and whether you share them?
Yes, I will work in this company while I am in high demand and I yield benefit. During 5 years of work in JSC NMC Tau-Ken Samruk I sucked in corporate culture and I feel myself as an integral part of the organization. It is very pleasant to realize myself a part of big cohesive team navigating towards one big objective while keeping in mind core corporate values: respect, honesty, persistence and partnership. It is doubly pleasant when corporate values of the company coincide with your personal principles. It is an excellent incentive for harmonious development of an employee within organization, isn’t it?

Please, assess your contribution to development of the company.
As all of us know, one of the main strategic objectives of our company is contribution to the development of specific sectors of the mining and metallurgical industry of the Republic of Kazakhstan through implementation of projects in cooperation with strategic investors.

Currently, the project, I am engaged in, «is focused» on the detection and development of new deposits. There are about 50 promising ore occurrences, which require prospecting and evaluation exploration works at the immense territory of our project, and these deposits should be respectively recognized in the state balance sheet of reserves in future. As we know, any profitable deposit recognized in the state balance sheet, is the attractive project for investors. Attracting investors and jointly implementing the geological and prospecting projects, we positively effect on the development of subsoil use in the Republic of Kazakhstan.
Tau-Ken Samruk specializes in exploration, production, dressing, metallurgical processing and sales of solid minerals. Our priority metals are: copper, zinc, lead, gold. Tau-Ken Samruk also implements projects on production and fabrication of rare metals (tungsten, molybdenum).

Current enterprises are: Plant for production of metallurgical silicon (Karaganda), Refinery (Nur-Sultan). Projects on production and fabrication are: Alaigyr, North Katpar, Shalkiya. Prospecting projects are: Spasskaya, South Moiynty area, Shokpar and Gagarinskoye.

As a result of implementation of the tasks set, by 2028, Tau-Ken Samruk will become the company with the diversified asset portfolio, reliable strategic partner for investor community in the mining and metallurgical industry of the Republic of Kazakhstan committed to the best standards implementing investment projects.

Environmental projects of Tau-Ken Samruk

- In 2018, construction and installation works were completed as well as Treatment facilities of domestic waste water of the ore mining and dressing complex were put into operation at the deposit of Shalkiya zinc LTD JSC. Project cost is more than KZT 500 million. This project is implemented for the purpose of treatment of domestic wastewater of the mine of Shalkiya zinc LTD JSC.
- The main treatment equipment is LOS-R400, a modular domestic wastewater treatment unit. Its productivity is 400 m³. After treatment, wastewater is drained off on the pipeline to the containment pond. The containment pond consists of two cards. Geomembrane film is used as an anti-filtration screen. The sludge deposit which is formed in treatment facilities is removed by the specialized organization for placement on the special polygon.

More detailed information about activity of the Company, operating results for 2018 is available on website www.tks.kz
How did you come to aviation? Is this your lifetime dream?

To be honest, I could not imagine that I would fly, and only in films I had an idea about this work. I remember when I was living at a dormitory, one familiar stewardess often brought souvenirs and sweets from different cities and we always saw her off and met with white envy. Once a friend came to my room to print a resume on my laptop for one of the airlines. I persuaded her to send my resume too. I was invited to an interview and was success in the selection. So I took my first steps in this profession, which I loved very much. And for some reason that girl was not taken to the position of a flight stewardess.

You have been flying for 11 years, aren’t you tired?

Many people make light of this work especially young people. They often see this work as temporary – to see the world. But in European airlines, stewards consciously choose this profession and devote their lives to it. In my opinion, the most important thing is love of the profession. I appreciate this job because I met many faithful friends and learned to understand people here.

What can you advise to young people who dream to become a steward?

First of all, I advise not to consider the profession of a steward as a prestige. You should listen to your heart and choose by your soul, thinking about how you can benefit the society. The Japanese have the concept of «Ikigai» which describes the purpose or meaning of each person’s life. Thus, it is not necessary to occupy a high position to be at the top of your game and to benefit your homeland -it is enough to be socially responsible and try to be the best in your job. It is important to understand that the profession of a steward is not only the romance of travel, but also great responsibility -it is important to work hard and constantly improve your skills.
QAZAQ AIR JSC is a regional airline for servicing domestic routes in Kazakhstan, 100% of shares of which are owned by JSC Sovereign Wealth Fund Samruk-Kazyna. The company was registered in April, 2015. QAZAQ AIR airline intends to meet with the highest international and national requirements for aviation safety. The airline operates turbo propeller aircrafts manufactured by Bombardier, Canadian producer.

The modern and original logo of airline was developed on the basis of the subject «Connecting Kazakhstan», reflecting regional network of airline flights. The logo consists of 14 circles, representing 14 regions of Kazakhstan.

United Chemical Company LLP was established for implementation of the projects in the chemical industry of Kazakhstan. Among them there are production operations that are existing and modernized, and enterprises absolutely new to Kazakhstan, which will serve as a basis for development of the chemical industry of the country.

The Development strategy of the Company for 2018–2028 was approved by the decision of the Supervisory Board of UCC LLP on August 27, 2018 (No.06/18).

Samruk-Kazyna Construction JSC was established in March 6, 2009.

Samruk-Kazyna Construction is an operator of the Anti-Crisis Program, «Nurly Zher» Program on directions of rental and commercial housing, and is implementing «Green Quarter» project in Astana through its subsidiary.

Samruk-Kazyna Construction increases value for shareholders, contributes to the development of an entrepreneurship as well as population mobility and business in Kazakhstan through creation of the relevant infrastructure and real estate objects using modern technologies and involvement of partners.
## GRI Standards Expansion Directory in the Report

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