



**SAMRUK**  
K A Z Y N A



**SUSTAINABILITY REPORT**

**2016**

*On the way to sustainable future*

# Content



About Sustainability Report 2016.....	<b>1</b>
CEO's Welcome address.....	<b>2</b>
About the Fund.....	<b>3</b>
Fund's Vision and Mission.....	<b>4</b>
Fund's Portfolio.....	<b>5</b>



Our Approach to Sustainability.....	<b>7</b>
Risk-based Approach to Sustainability.....	<b>9</b>
Relations with Stakeholders.....	<b>10</b>
Materiality Analysis.....	<b>13</b>
Sustainability Initiatives.....	<b>14</b>
Corporate Governance.....	<b>16</b>



Financial Performance and Sustainability.....	<b>19</b>
Human Development.....	<b>23</b>
Ethics and Compliance.....	<b>30</b>
Responsible Procurement.....	<b>33</b>



Health and Safety.....	<b>37</b>
Responsible Investment.....	<b>39</b>
Social Responsibility, Transparency and PR.....	<b>40</b>

GRI G4 Content Index.....	<b>43</b>
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### 1<sup>st</sup> Sustainability Report of the Fund

The Fund presents its 2016 sustainability performance in its first sustainability report. This report is "In Accordance" with the GRI (Global Reporting Initiative) G4 Guidelines – Core option

The Fund took its first steps towards sustainability reporting this year and planning to report on annual basis. This report was prepared without external consultancy. The Fund pursued a model that involved collaboration between different workgroups and experience sharing.

The Fund employs a variety of internal and external processes to bring assurance that its operations are transparent and the information presented in the report is accurate and truly reflective to its actual results. While the Fund's consolidated and standalone financial statements are independently audited by Ernst & Young, majority of KPIs and data presented in sustainability report are checked by internal monitoring processes.



P R I M E



## ▶▶ CEO's Welcome address

### Dear Stakeholders!

Welcome to the first Sustainability Report of Samruk-Kazyna JSC for 2016.

This year was challenging for us: global factors and trends as volatility of oil prices, instability of world economic system, deficit of raw materials and climate change has fairly large impact on our business. However, the Group of Fund was able to achieve goals set for 2016 and demonstrated the growth of main financial indicators.

The consolidated revenue for 2016 is KZT 4,092 billion and it was 9% of the national GDP. Dividends paid to Sole Shareholder amounted to KZT 10 billion, KZT 1,137 billion taxes were transferred to state budget and KZT 767 billion were paid to employees in 2016.

The Fund's trustee in social responsibility SK Trust has implemented 89 charity projects in the amount of KZT 17.7 billion for more 200,000 beneficiary. KZT 17 billion was spent on sponsorship and charity in 2016.

The development and introduction of new Code of Conduct and core Values of the Fund, so called PRIME – one of major steps sustainable future.

Driving sustainable development became one of strategic goals of the Fund along with the growth of long-term value of Portfolio companies and modernization of national economy and therefore, 2016 was a year of looking to all our activities on holistic view. Based on internal and external assessment, for efficient and effective management of triple bottom lines, we have adopted a sustainability framework comprising

Eight Sustainability Initiatives, which are presented in this Report.

By implementing Sustainability Initiatives we are aimed at:

- ▶ Fulfilling our commitment to high ethical standards and building a corporate culture based on trust
- ▶ Strengthening our reputation, brand and increasing our transparency
- ▶ Further improvement of corporate governance and risk culture
- ▶ Increasing our financial sustainability
- ▶ Promotion of responsible procurement and integration of ESG principles to investments in accordance with best practices
- ▶ Creating and sustaining strong Health and Safety culture
- ▶ Investing in our human capital and gaining competitive knowledge.

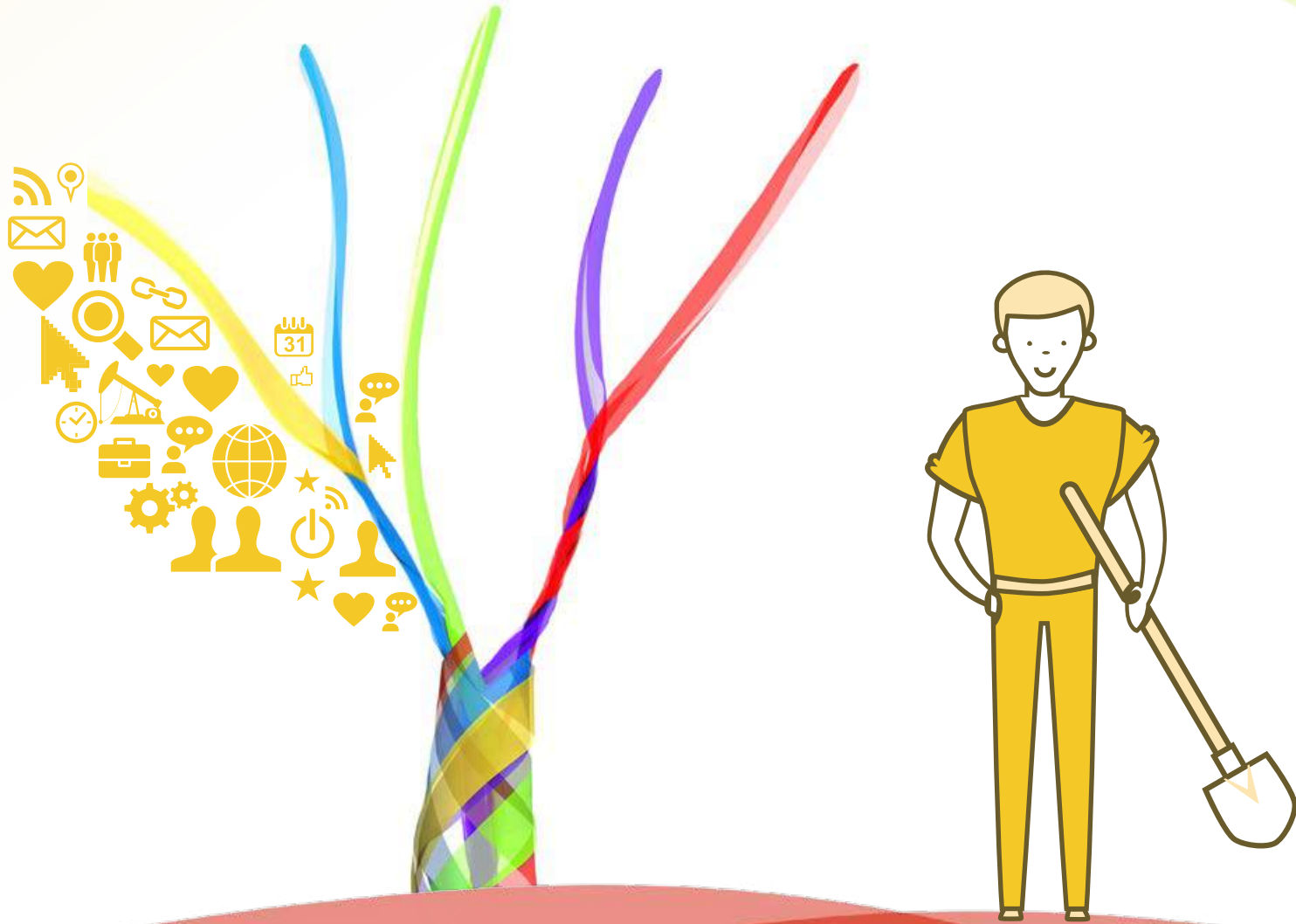
Sustainability of the Fund – is effective implementation of all these eight Sustainability Initiatives through our Values – building strong Partnership, taking Responsibility for all our activities, Integration of sustainability principles into all our activities, promoting our Meritocracy and showing our Excellence.

We are shaping our sustainable future and each of us needs to be a part of it.

*Kind regards,  
Shukeyev U.Y.  
CEO*



PRIME





## ►► About the Fund

### Sustainable value for Kazakhstan's economic growth since 2008...

**Sovereign Wealth Fund Samruk-Kazyna Joint Stock Company** is the Fund, where the sole shareholder is the Government of the Republic of Kazakhstan.

Since its creation in 2008, the Fund has played a critical role in sustainable development of Kazakhstan's economy via management of the most important state-owned assets and investments in new engines of economic growth and modernization.

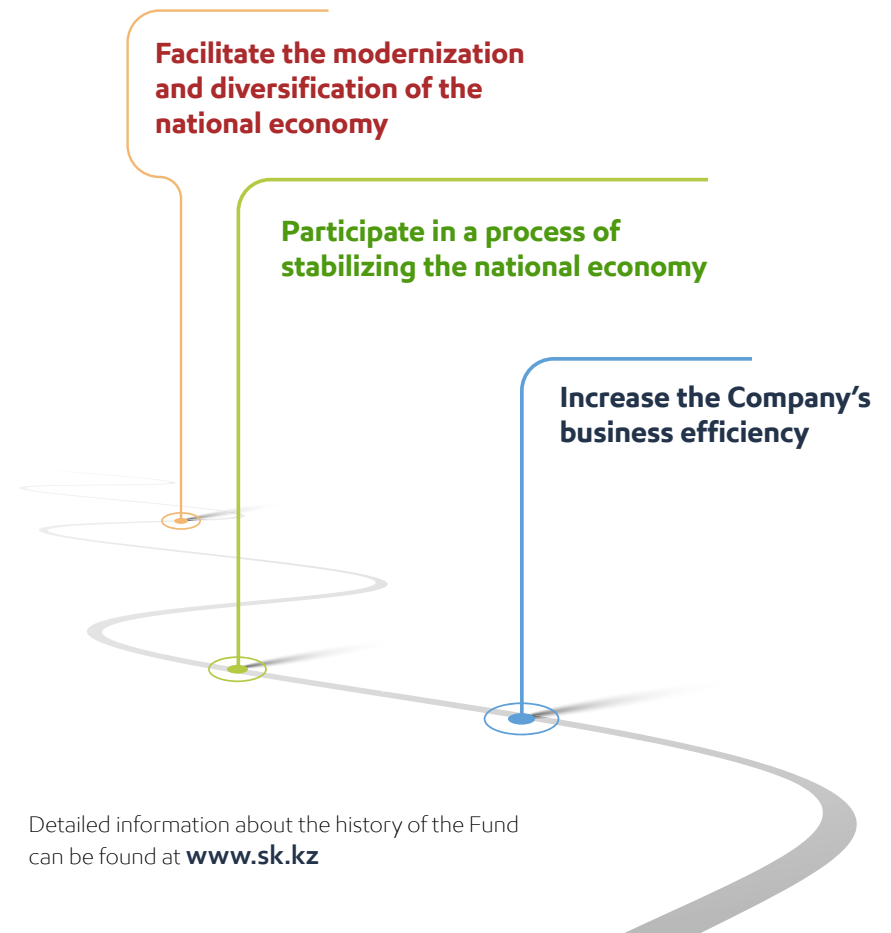
Kazakhstan's Strategy towards aspiration of becoming one of the top 30 global economies by 2050, introduction of the 5 pillars of growth and associated "100 steps" program, increased focus on privatization of state owned assets, implementation of various regulatory changes with direct impact on the industries, where the Fund is a key participant, and orientation towards growth in capital, labor and resource productivity as the main driver of long-term economic development leads the Fund to be proactive and make its contribution to the sustainable development of the whole country.



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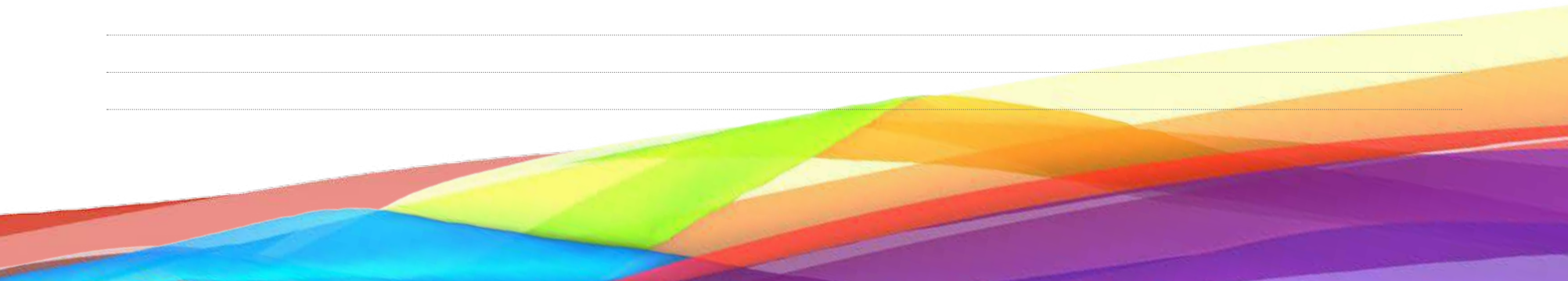
### Process of establishing the Fund



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## ►► Fund's Mission and Vision

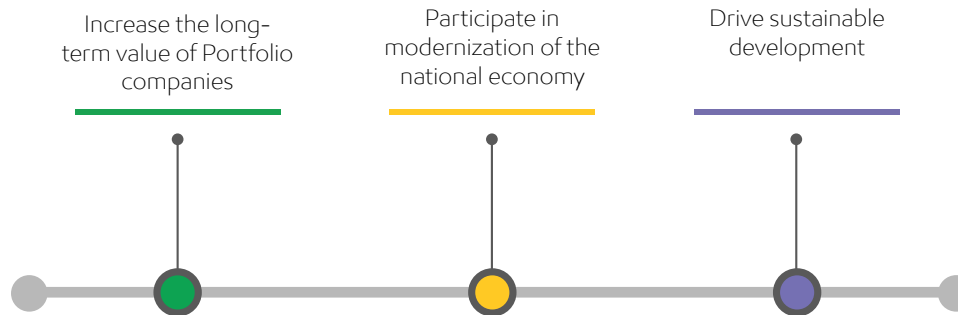
### Our Mission

Increase the national welfare of the Republic of Kazakhstan and support modernization of its economy

### Our Vision

To be a highly efficient and agile strategic holding, with business performance on par with leading Sovereign Wealth Funds and large private equity groups

### Our Goals



### How Fund achieves its Mission



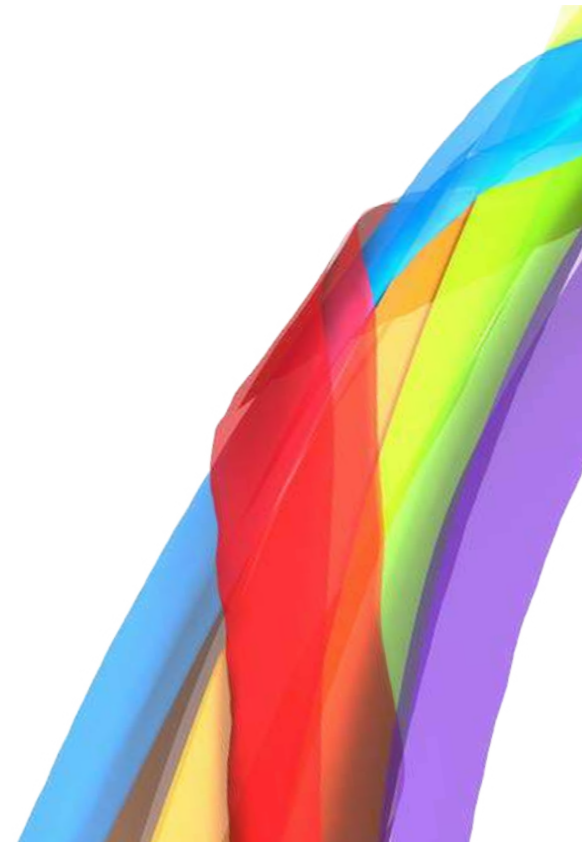
Efficient management of our Portfolio companies in order to increase their long-term value and sustainable development



Efficient investments in the priority sectors of the national economy



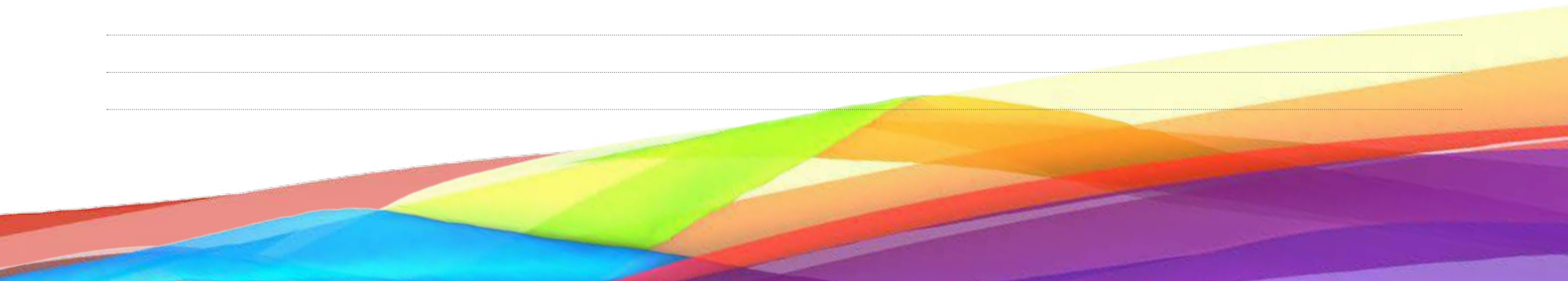
Continuous improvement of the efficiency of business units in the field of value creation



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## ►► Fund's Portfolio

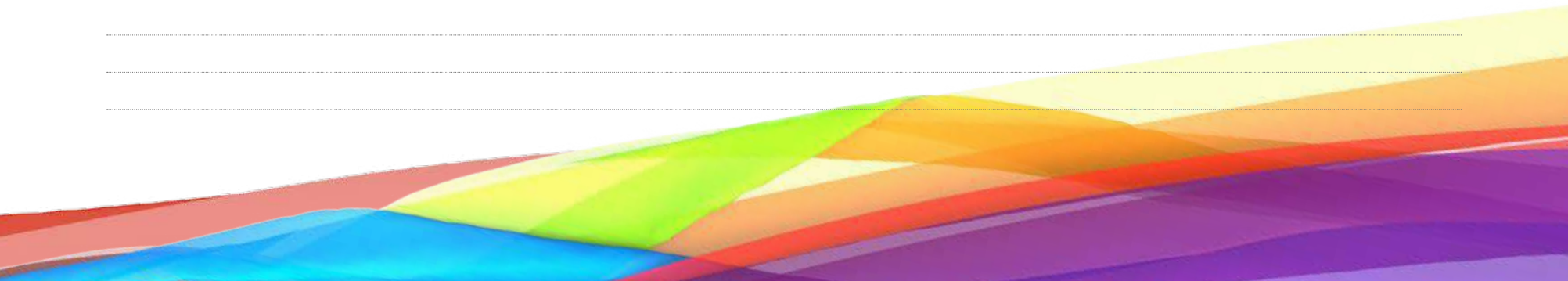


**Fund's Group** includes the oil and gas, transport and logistics, chemical and nuclear, mining and metallurgical, energy, mechanical engineering and real estate companies

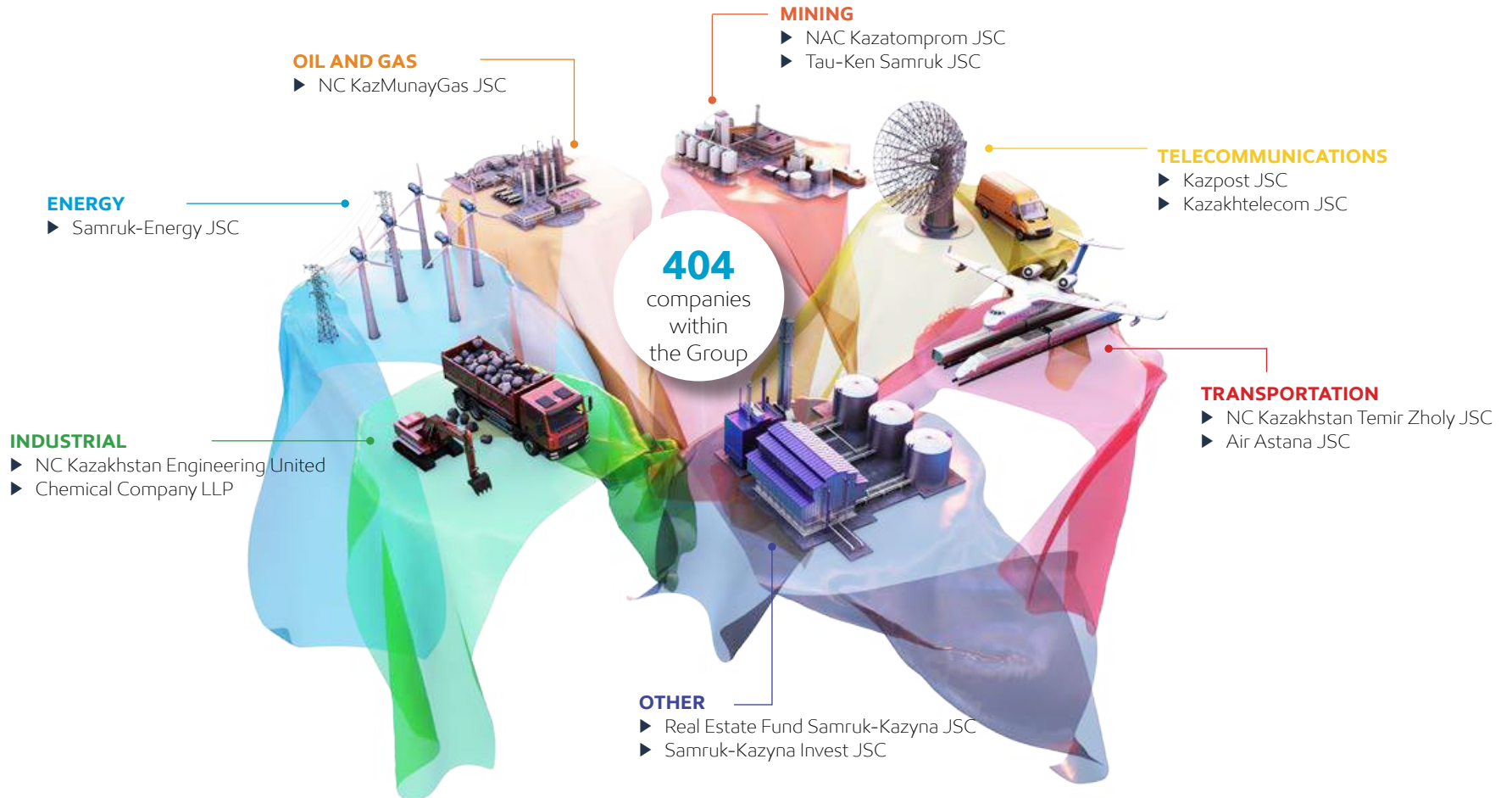
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## Major Assets



Detailed information pertaining to Fund's Portfolio can be found the following web link <http://www.sk.kz/en/investors/portfolio-companies/> and at pages of 2016 Annual Report

PRIME



## Our Approach to Sustainability

Doing responsible business and sustainable development is central to the Funds' mandate. We promote it throughout our activities and on the way of making it a core element of our work.

### Sustainability Approach

#### Funds Sustainability Policies

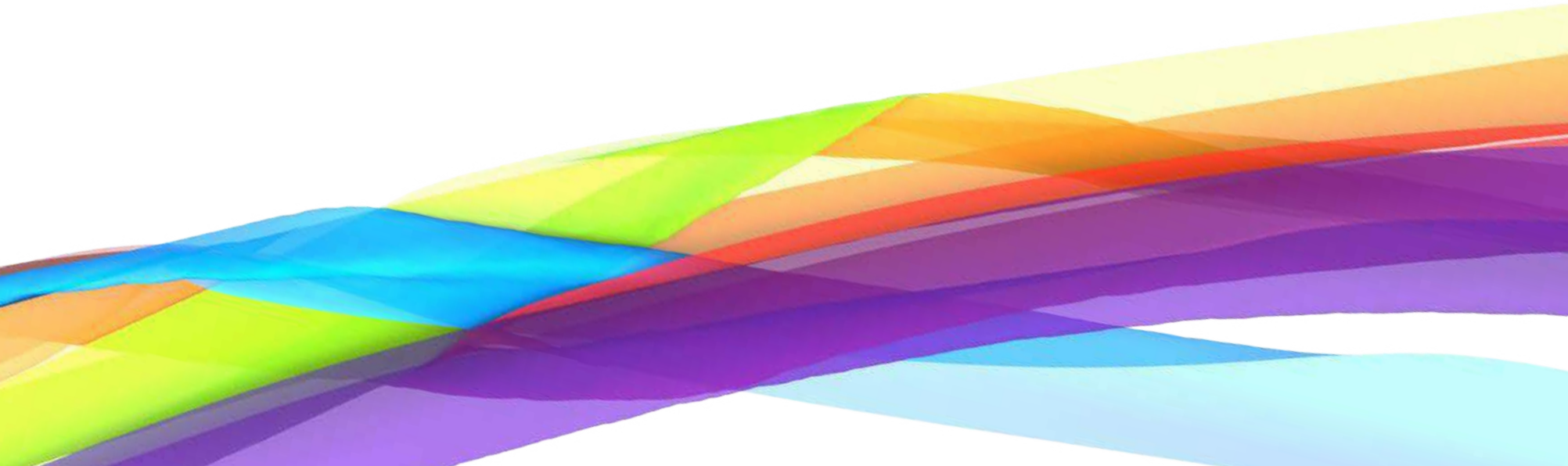
- ▶ Corporate Governance Code
- ▶ Development Strategy 2012–2022
- ▶ Code of Conduct
- ▶ Reference model on Sustainable development for PCs
- ▶ Occupational Health and Safety Policy
- ▶ Reference model on Health and Safety for PCs
- ▶ Reference model on Government Relations for PCs
- ▶ Reference model on Compliance for PCs
- ▶ Policy on social and charity projects
- ▶ Procurement Rules

#### Sustainability Management

- ▶ ISO14001
- ▶ ISO 9001
- ▶ ISO 14001
- ▶ OHSAS 18001

#### Stakeholder Communication

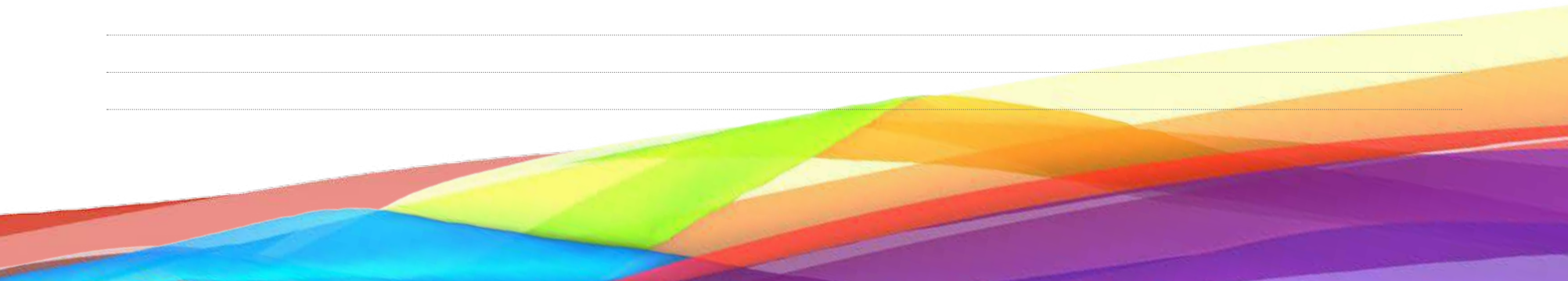
- ▶ Shareholders
- ▶ Portfolio companies
- ▶ Personnel
- ▶ State authorities
- ▶ Local communities, NGOs, society
- ▶ Business partners, clients and suppliers
- ▶ Business community, mass media



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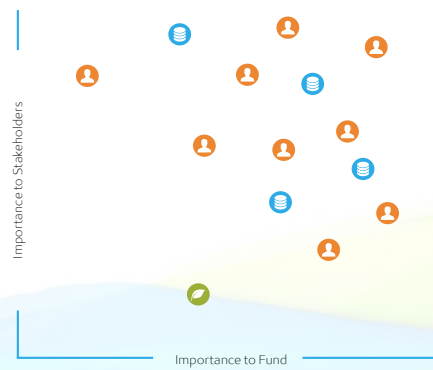
## Our Approach to Sustainability



**Risk-based approach to Sustainability**



**Stakeholder Engagement**



**Materiality Analysis**

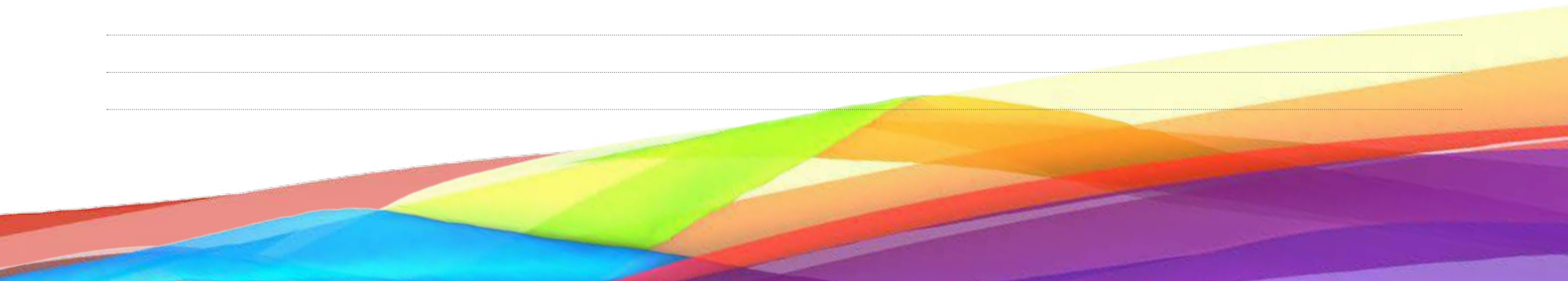


**Sustainability initiatives**

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## ▶ Risk-based Approach to Sustainability

Global factors of sustainable development will inevitably lead to limitations, difficulties and risks for the business as a whole. The main task of the Fund – not just to ensure survival in high-risk conditions and with proper forecasting and planning, but to turn risks into opportunities and steps to prepare for an uncertain future.

In alignment with the strategic goals set by Development Strategy of the Fund, we are now moving to the stage, where we realize our potential gains beyond compliance and risk management.

In 2016, we introduced a new Sustainable development concept with the Risk-based approach, where we are aimed to focus on reducing costs and increasing productivity, while reducing the negative impact on society, through promoting and supporting country initiatives which will lead our Fund to innovations.

At this stage, we realize our opportunities to improve or reduce uncertainty and strengthen our reputation through social and environmental projects and marketing, and we seize opportunities to strengthen stakeholder engagement, human development through community development and increasing the corporate culture.

By using this approach, now we do not see only risks – but we see opportunities for our further development and improvement.

**We do believe that in long-term period this opportunity leads the Fund to sustainable value creation and enhancing our competitiveness.**

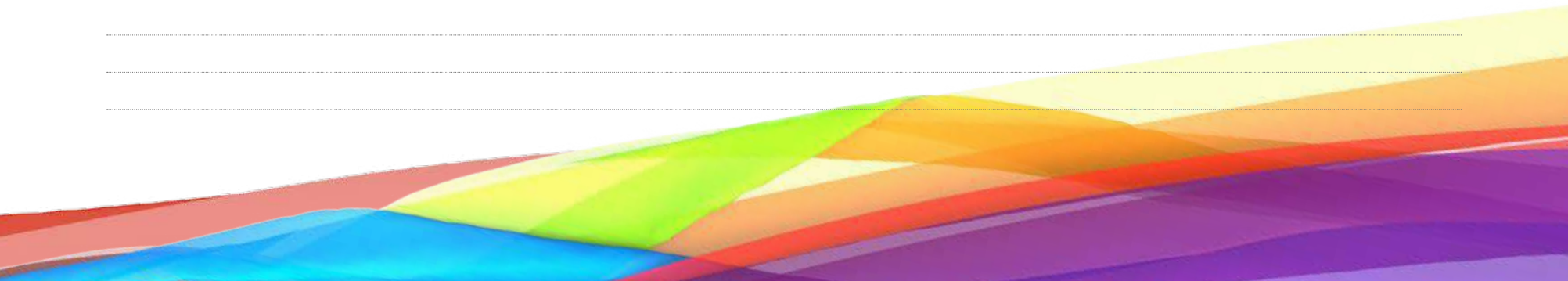
### OUR RISK-BASED APPROACH SUPPOSES:



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## Relations with Stakeholders

### Key principles of Stakeholder engagement

Focusing on creating value for Kazakhstan's sustainable economic development, the Fund has determined all of its corporate priorities in the field of sustainability in the light of its stakeholder expectations.

In our Sustainable development report we share our approaches and business results pertaining to these priorities.

The basic principles of stakeholder engagement are specified in Fund's Development Strategy, Corporate Governance Code and Code of Conduct.

The Fund uses Standard process of Stakeholder Engagement in accordance with AA1000 SES:

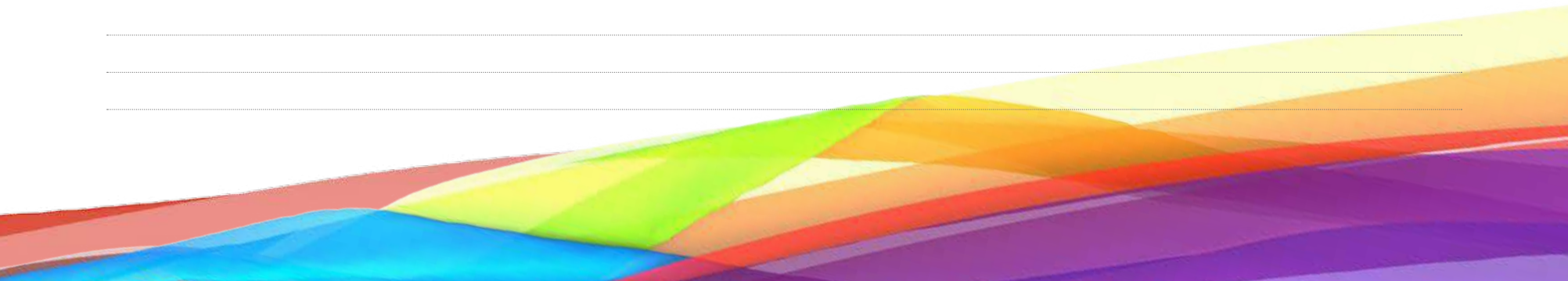
- ▶ Identification of Stakeholders
- ▶ Prioritization of Stakeholders
- ▶ Planning Stakeholder Interaction
- ▶ Interaction with Stakeholders
- ▶ Efficiency and Assessment Reporting



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We understand that sustainable value creation and achievement of our strategic goals are only possible through proper and responsible behavior towards all stakeholders. Within the aim to keep balance between our own interest and public interests, we are committed to respect the interests and expectations of a wide range of stakeholders, which include individuals and organizations that have an impact on the Fund's activities or are exposed to a direct influence of such activities.

## Our engagement process

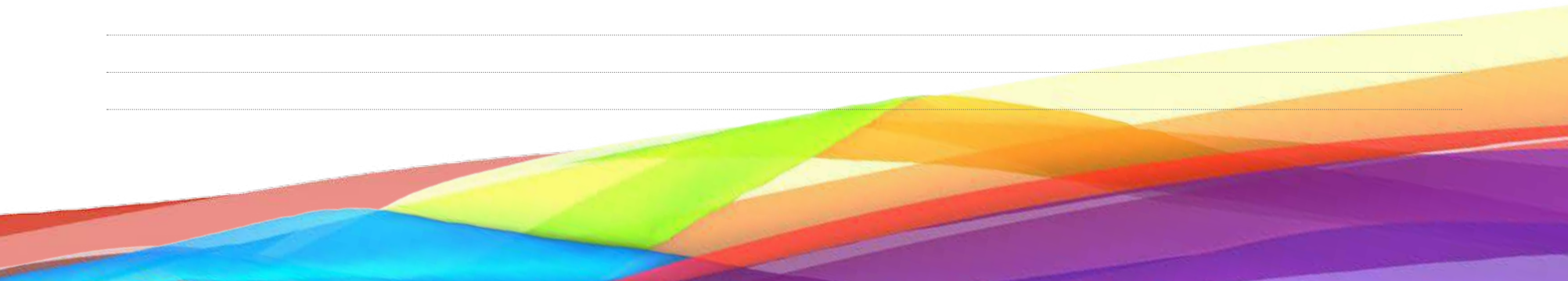
Through the analysis of stakeholders we understood their needs

Recognizing and prioritizing our stakeholders	Value added	Topics of interest
<b>SHAREHOLDERS</b> 	<ul style="list-style-type: none"> <li>▶ share capital</li> <li>▶ strategic direction and orientation</li> <li>▶ increasing transparency and information disclosure standards and practices</li> </ul>	<ul style="list-style-type: none"> <li>▶ performance efficiency</li> <li>▶ implementation of Development Strategy</li> <li>▶ dividends</li> <li>▶ transparency and disclosure of information</li> </ul>
<b>PORTFOLIO COMPANIES</b> 	<ul style="list-style-type: none"> <li>▶ strategic resources and capabilities</li> <li>▶ opportunities for future development</li> </ul>	<ul style="list-style-type: none"> <li>▶ introduction of advanced practices and standards</li> <li>▶ methodological support on areas of development</li> </ul>
<b>PERSONNEL</b> 	<ul style="list-style-type: none"> <li>▶ human capital development</li> <li>▶ labor relations based on cooperation</li> <li>▶ loyalty to the company</li> </ul>	<ul style="list-style-type: none"> <li>▶ labor remuneration</li> <li>▶ social package</li> <li>▶ safe working conditions</li> <li>▶ professional growth</li> </ul>
<b>STATE AUTHORITIES</b> 	<ul style="list-style-type: none"> <li>▶ macroeconomic and social politics</li> <li>▶ opportunity to lobby</li> </ul>	<ul style="list-style-type: none"> <li>▶ tax and social deductions</li> <li>▶ employment of local population</li> <li>▶ investment in projects that have an impact on the population</li> <li>▶ social stability rating</li> </ul>
<b>LOCAL COMMUNITIES, NGO, SOCIETY</b> 	<ul style="list-style-type: none"> <li>▶ labor force stability and conflict resolution</li> <li>▶ mutual support and adaptation</li> </ul>	<ul style="list-style-type: none"> <li>▶ sponsorship and charity</li> </ul>
<b>BUSINESS PARTNERS, CLIENTS AND SUPPLIERS</b> 	<ul style="list-style-type: none"> <li>▶ effective supply chain and value chain</li> <li>▶ collaborative design, development and problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>▶ transparency of procurement (reliability, stability of deliverables, compliance with the requirements)</li> <li>▶ ethical business practice</li> </ul>
<b>BUSINESS COMMUNITY, MASS MEDIA</b> 	<ul style="list-style-type: none"> <li>▶ constructive cooperation</li> <li>▶ voluntary application of standards</li> <li>▶ favorable community opinion</li> <li>▶ reputation and loyalty</li> </ul>	<ul style="list-style-type: none"> <li>▶ transparency and information disclosure</li> <li>▶ reputation rating</li> </ul>

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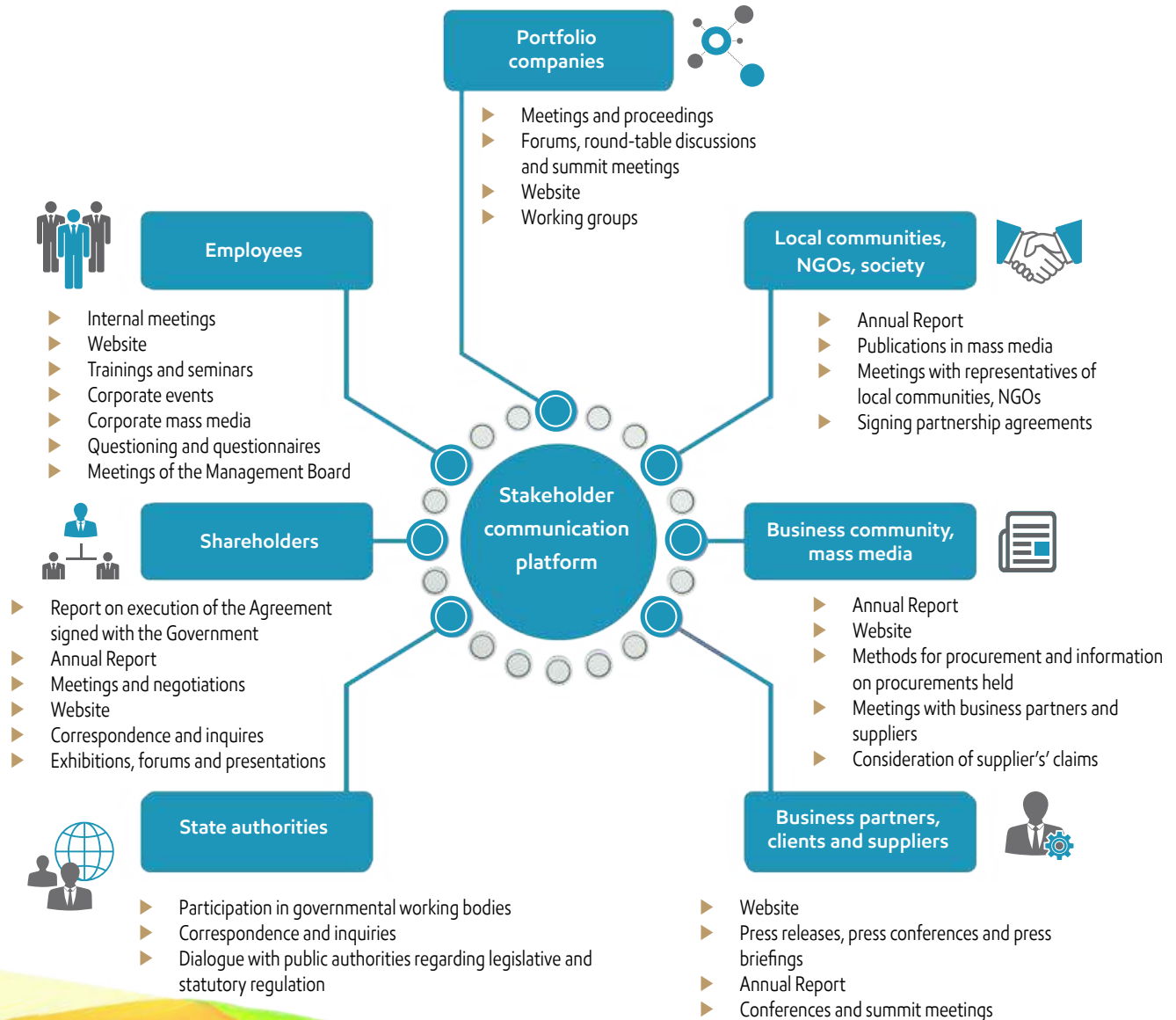




Stakeholder engagement is integral part of sustainable development and treated as a separate and ongoing project with participation of all and each on a daily business.

The Fund places great emphasis on establishing and maintaining a sustainable dialog with all stakeholders via various communication platforms.

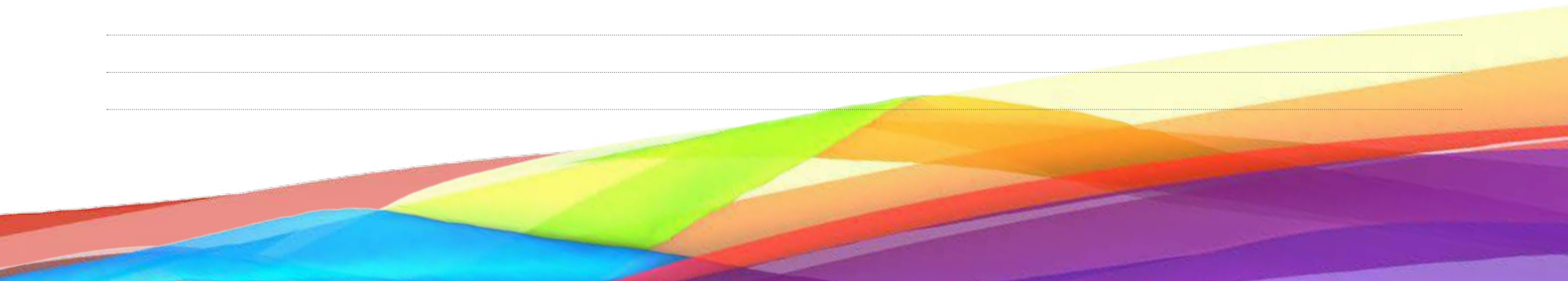
Feedback received from stakeholders sheds light to many aspects ranging from identifying Funds strategic priorities to creating relevant policies, and from business model to social responsibility.



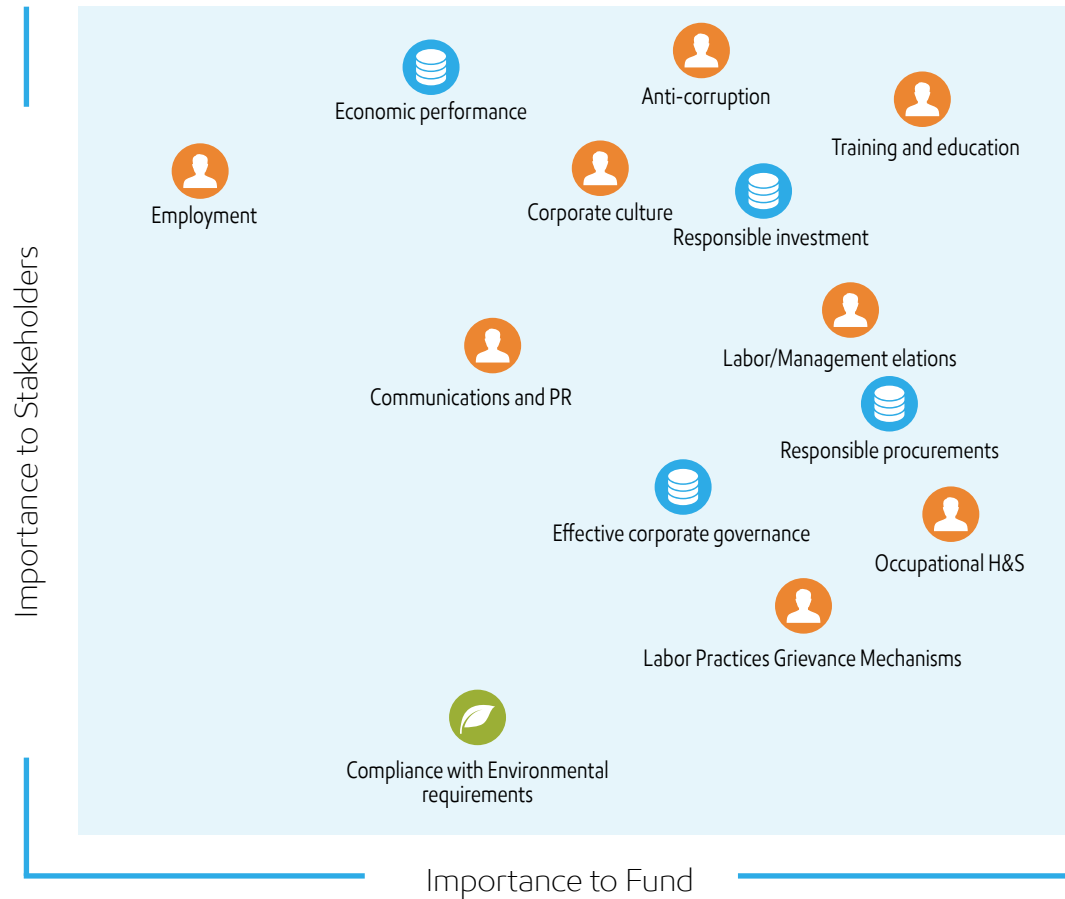
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## ▶ Materiality Analysis



Economic aspects



Environmental aspects



Social aspects

In order to understand the needs of stakeholders and to define what Fund’s sustainability is for them we performed the materiality analysis.

The first stage called for identifying the list of sustainability aspects related to Fund’s activities and to their impacts.

At the beginning stage, we identified 30 aspects related to sustainability. We conducted surveys and discussions with all key stakeholders on identification of material aspects.

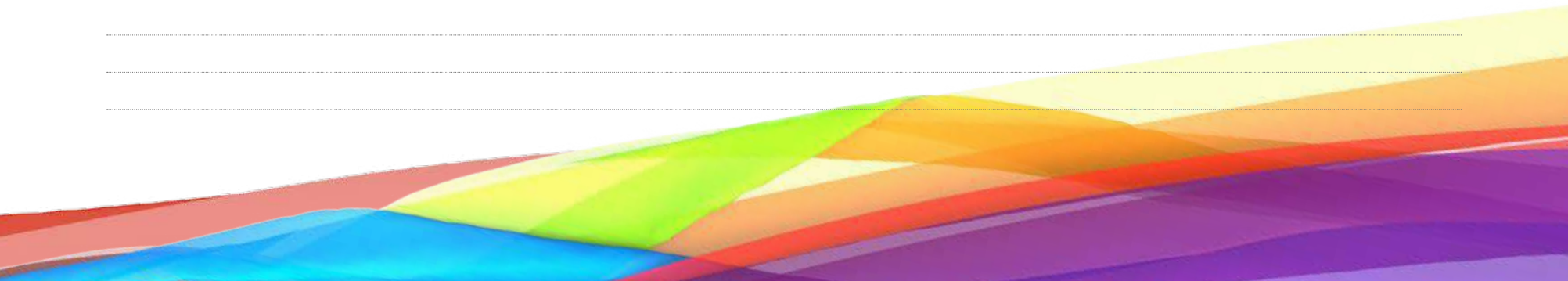
Based on results of surveys and interviews, we defined material aspects that have importance for the Fund and our key Stakeholders.

**Covering 360 degrees of all economic, environmental and social aspects of the journey of sustainability, the Fund will to have interactive dialogs with all of its stakeholders and to create added value.**

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## ▶ Sustainability Initiatives

Following Sustainable development principles, based on internal and external assessment, for efficient and effective management of triple bottom lines, we have adopted a Sustainability framework comprising Eight Sustainability Initiatives

### OPENNESS

We are open to meetings, discussions and dialogue. We seek long-term cooperation with Stakeholders, based on mutual interests, respect for rights and the balance of the interests of the Fund and Stakeholders.

### RESPECT

We respect the rights and interests of Stakeholders, whether arising from the law, signed contracts, or implied within business relationships.

### TRANSPARENCY

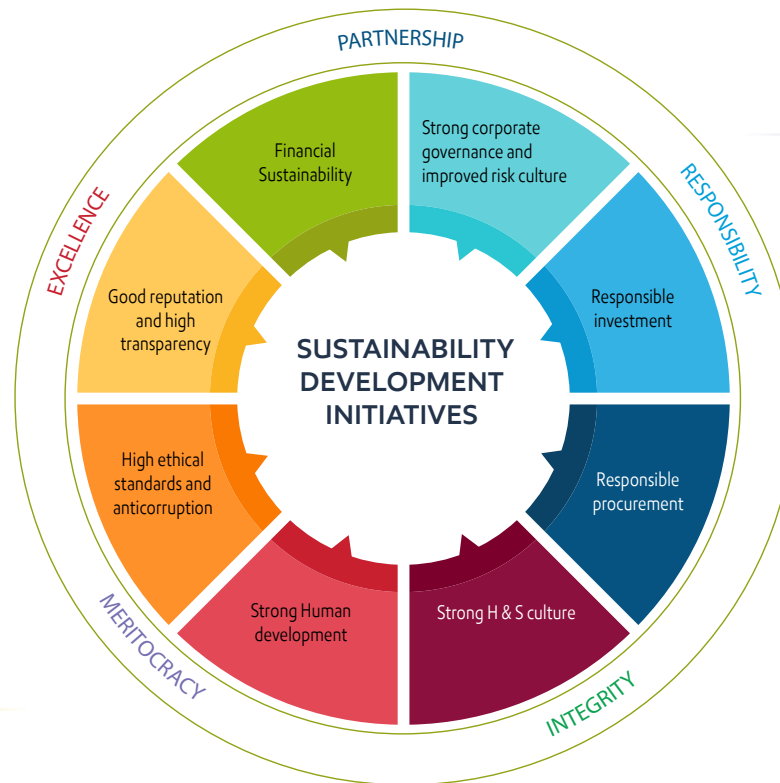
We are committed to make our decisions and actions clear and transparent to Stakeholders.

### ETHICAL BEHAVIOR

The basis for our decisions and actions are our values, including partnership, responsibility, integrity, meritocracy and excellence.

### PERSONAL EXAMPLE

Every day, each of us in our actions, behavior and decision-making contributes to the achievement of Sustainable Development.



### ACCOUNTABILITY

We are aware of our accountability for our impact on the economy, environment and society. We strive to minimize our negative impact on environment by carefully using resources.

### JUSTICE

Our decisions and actions are consistent with legislation of the Republic of Kazakhstan and resolutions of the Fund's bodies.

### RESPECT FOR HUMAN RIGHTS

Our decisions and actions are consistent with legislation of the Republic of Kazakhstan and resolutions of the Fund's bodies.

### INTOLERANCE OF CORRUPTION

We declare our intolerance of any kind of corruption in our interaction with all Stakeholders.

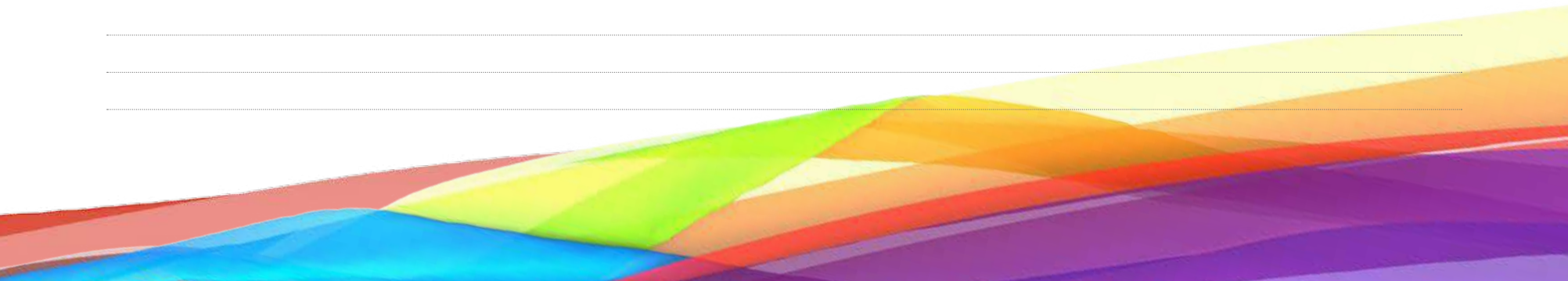
### REJECTION OF CONFLICTS OF INTEREST

The personal interests of executives and employees should not influence the impartial performance of their duties.

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## Initiatives

1

### STRONG CORPORATE GOVERNANCE AND IMPROVED RISK CULTURE



Is provided by adoption and implementation of new Corporate Governance Code and Risk based approach to Sustainability

2

### FINANCIAL SUSTAINABILITY



Is provided by implementation of development priorities defined in Development plans

3

### HUMAN DEVELOPMENT



Is provided by launching the new HR system with 3 main components: HR business partnership, HR expertise Center, General HR Service

4

### HIGH ETHICAL STANDARDS AND ANTI-CORRUPTION



Is provided by Implementation of Ethics Code and Compliance function

5

### RESPONSIBLE PROCUREMENT



Is provided by introduction of the new procurement approach, including category procurement management and launching the system of preliminary qualification of potential suppliers, as well as improved transparency of procurement process

6

### GOOD REPUTATION AND HIGH TRANSPARENCY



Is provided by Implementation of the Communication Plan and increasing the transparency and information disclosure processes

7

### STRONG H&S CULTURE



Is provided by promotion of strong H&S culture within the Portfolio companies of the Fund

8

### RESPONSIBLE INVESTMENT

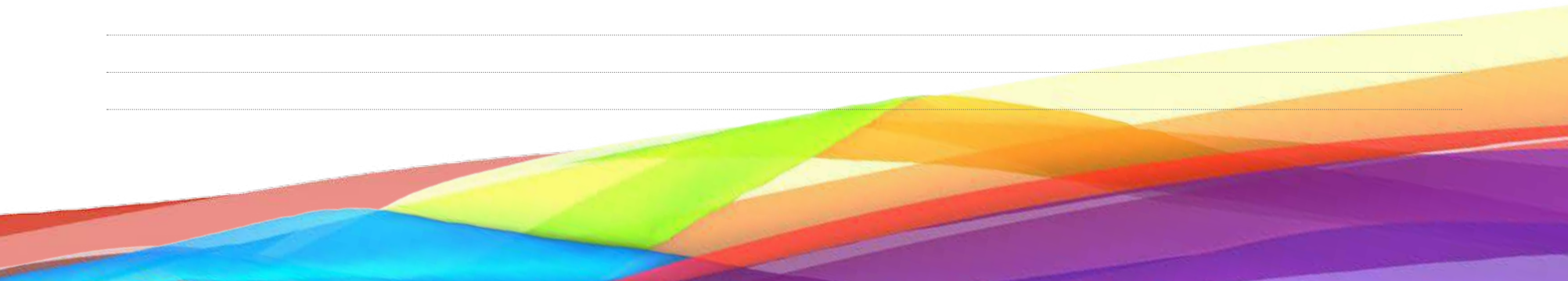


Is provided by implementing key Responsible Investment Principles in Investment Policy of the Fund and fitting sustainability metrics of ESG into the process of design, implementation and monitoring of an investment

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## ▶ Corporate Governance

Corporate governance and full conformance to laws constitutes power source of sustainable economic performance, framework of ethical and honest business, and the primary tool for balancing and maintaining stakeholders' interest.

Our corporate governance system includes management, control and responsibility of management bodies for the whole group of companies of the Fund, from the first to the last level. In accordance with the Law on the Fund, the implementation of the best corporate governance practices within the Group of Fund is one of the priority objectives of the Fund, which is also specified in the Development Strategy of the Fund.

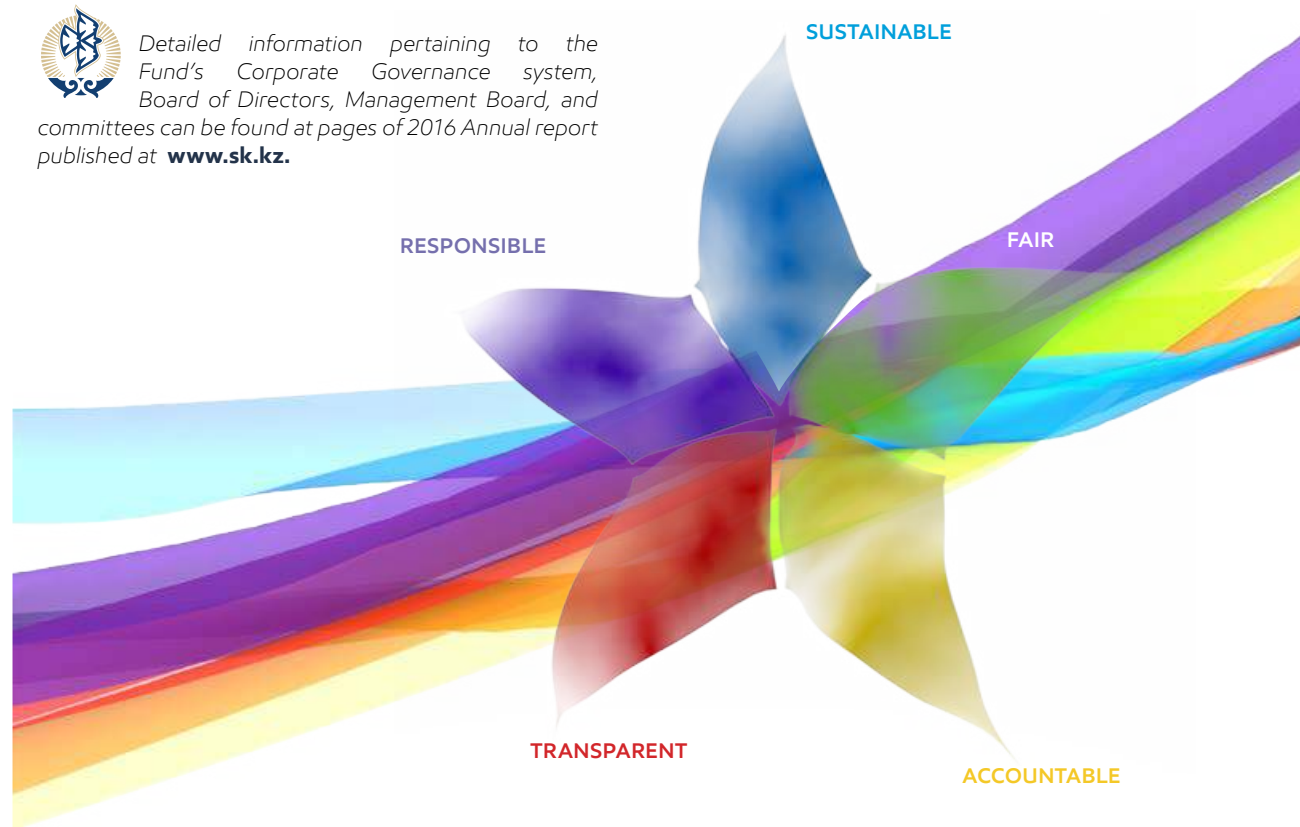
The Board of Directors and the Management Board of the Fund are vested with relevant powers and responsibilities to fulfil their mandates. In turn, a high level of corporate governance and quality of the corporate reporting with a high degree of transparency are crucial for maintaining the stakeholders' confidence in the Fund, the Board of Directors and the Management Board of the Fund.

Equal treatment of all stakeholders, protecting their rights, sharing accurate, open, comparable information to public and fair use of their authorities by the senior management are prioritized by the Fund.

The Fund has clearly defined the corporate governance principles in Corporate Governance Code. The Fund believes that adopting corporate governance principles and becoming fair, transparent, responsible and accountable are highly important for the development of national capital markets and also in terms of the interest of the Fund and all stakeholders.



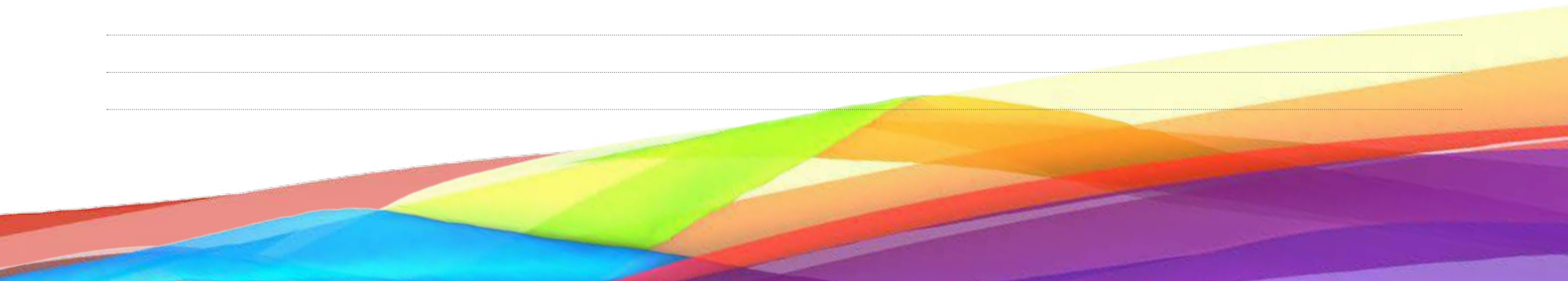
*Detailed information pertaining to the Fund's Corporate Governance system, Board of Directors, Management Board, and committees can be found at pages of 2016 Annual report published at [www.sk.kz](http://www.sk.kz).*



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## Risk Management

The Fund considers Risk management to be one of the fundamental components of added value cycle towards sustainable development targets. Structured in line with best practices, the Fund's risk management process serves for creating a common risk culture throughout the whole organization.

Risks encountered by the Fund are defined in a way of measuring, analysis, monitoring and reporting activities are carried out in this framework while continuous and systematic input is provided to the Fund's management decision making process.



### Enterprise Risk Management

- E** Further Integration management system with processes
- R** Qualitative and quantitative assessment of the risk management measures with regard to the implementation quality as well as the effect of the measures
- M** Analysis of opportunities, not only risks identification

### Risk management basis



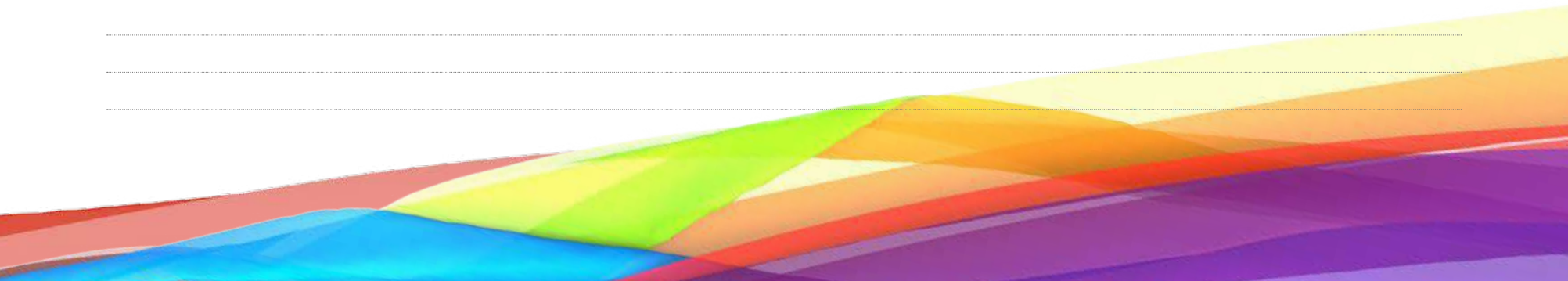
Detailed information on risk management process be found at pages of 2016 Annual report published at [www.sk.kz](http://www.sk.kz).

RISKS	STRATEGIC	FINANCIAL	OPERATIONAL	LEGAL
<b>BOARD OF DIRECTORS / COMMITTEES / MANAGEMENT BOARD</b>	<b>BOARD OF DIRECTORS</b> <b>AUDIT COMMITTEE</b> <b>INTERNAL AUDIT SERVICE</b> <b>MANAGEMENT BOARD</b>			
<b>RISK MANAGEMENT AND INTERNAL CONTROLS DOCUMENTS</b>	Risk appetite, risk register and map, limits, risk reinsurance, corporate program, risk and control matrix			
	Risk management and internal controls policy and other internal documents			

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## ▶▶ Sharing Experience with Initiatives

**The Fund carries out collaborations with many national and international organizations, believing in the importance of sharing experience for a sustainable future.**

The Fund supports its activities in international and national associations subscribed below with various task groups.

- ▶ Organisation for Economic Co-operation and Development (OECD)
- ▶ International Financial Cooperation (IFC)
- ▶ Global Reporting Initiative (GRI)
- ▶ The National Chamber of entrepreneurs of the Republic of Kazakhstan ATAMEKEN
- ▶ KAZENERGY Association

### INTERNATIONAL FORUM OF SOVEREIGN WEALTH FUNDS (IFSFW)

Formed in 2009, the IFSWF is an organization of global sovereign wealth funds committed to working together and strengthening the community through dialogue, research and self-assessment.

Samruk-Kazyna has been an official member of the IFSWF since 2014.

On September 5<sup>th</sup>-7<sup>th</sup>, 2017 Samruk-Kazyna will be hosting IFSWF Annual Meeting. The event will comprise three days of discussions focused on key stakeholder issues for global investors. The theme for the International Forum of Sovereign Wealth Funds' 2017 annual meeting is "Exploring New Frontiers".

The meeting will enable participants to explore new approaches to risk management, asset allocation and sustainable investment. In particular, participants will discuss the role of SWFs in developing national economies, how SWFs can facilitate the growth of digital technologies and explore opportunities arising from «One Belt, One Road» initiative.

The Astana meeting will institutionalize and further strengthen the role of IFSWF within the Sovereign Wealth Fund community as well as lead to a wider investment discourse.

### COMMITMENT TO SANTIAGO PRINCIPLES

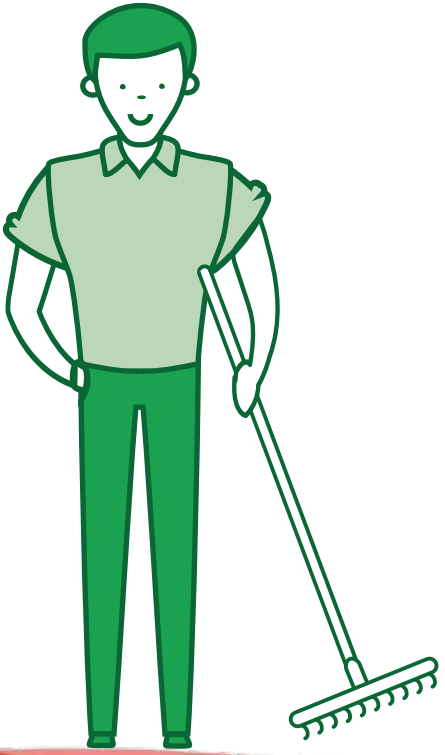
The Fund is committed to ensuring that its activities comply with the Santiago Principles. Transparency, in particular, is an important marker for the Fund and in the first quarter of 2017, Samruk-Kazyna JSC received the highest possible rating in the Linaburg-Maduell Transparency Index. The index is the global standard benchmark based on which financial institutions and other stakeholders assess the transparency of sovereign wealth funds' activities.

### STEWARDSHIP ASIA CENTRE

Since 2015, the Fund and Stewardship Asia Centre has a Memorandum of Understanding (MOU) that promoted the framework of the implementation of sustainable development principles, introduced in Fund's Corporate Governance Code.

The partnership between Centre and Fund, leading to content development, interaction and potential collaboration, will be mutually beneficial for both parties.

PRIME



## ▶▶ Financial Performance

### Fund's key development initiatives for sustainable profitability and growth:



#### Improvement of Portfolio management

- ▶ Principles & Approaches on the **Identification & Building New Industries** approved
- ▶ Fund-level strategic **DCF Model** developed



#### Transition of the Fund to new functional model

- ▶ Target Op Model transition on track
- ▶ 85% of new org. structure; 40% of staff renewed;
- ▶ 12 quick wins & 7 projects delivered

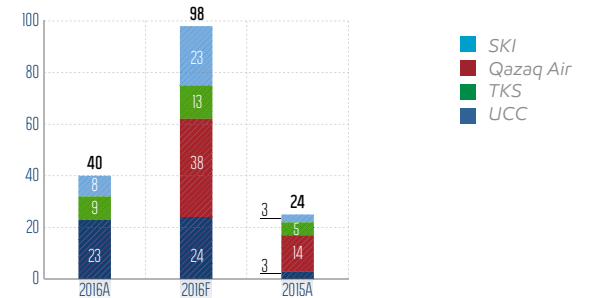


#### Privatization

- ▶ Uniform Rules for assets' privatization approved
- ▶ Fund's Project Office set up
- ▶ Sold – 48 assets (KZT 17 billion); reorganized – 6, liquidated – 18
- ▶ Roadmap for sale of 9 large PC approved



#### Investment in growing companies

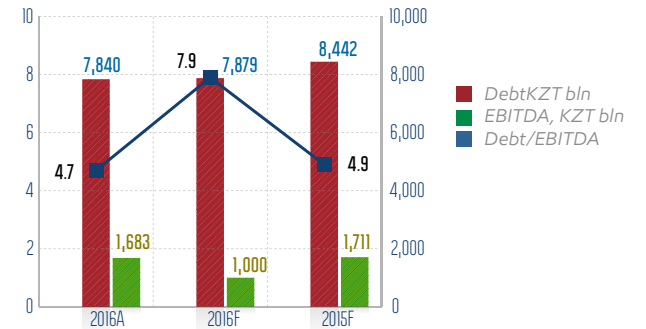


#### Transformation

- ▶ Completed diagnostic & design stages 6 PCs
- ▶ Released 14 reference models to PCs
- ▶ Released biz automation platform to PCs
- ▶ 3 successful prototypes of Integrated Planning System



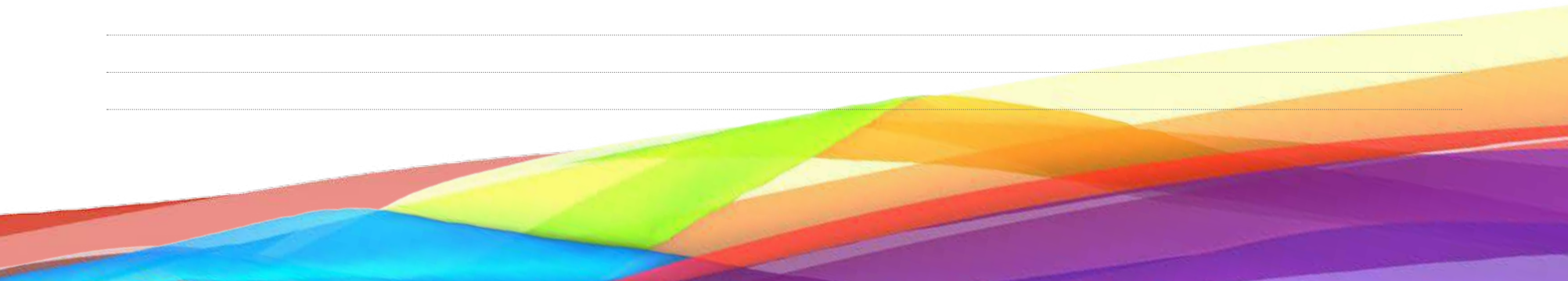
#### Financial sustainability



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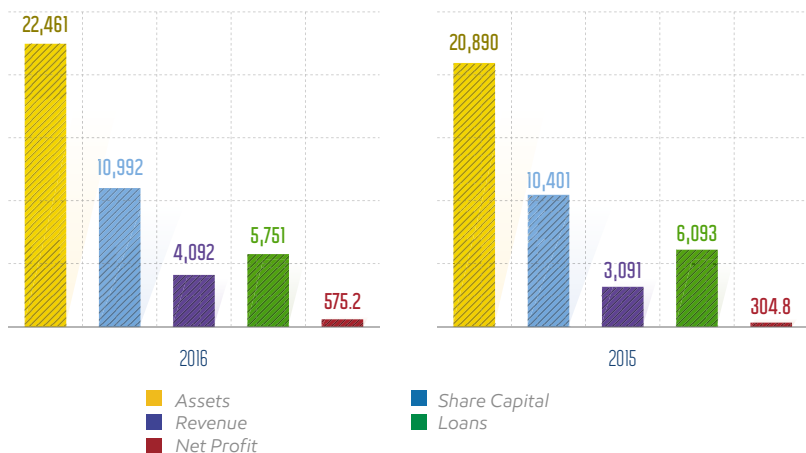


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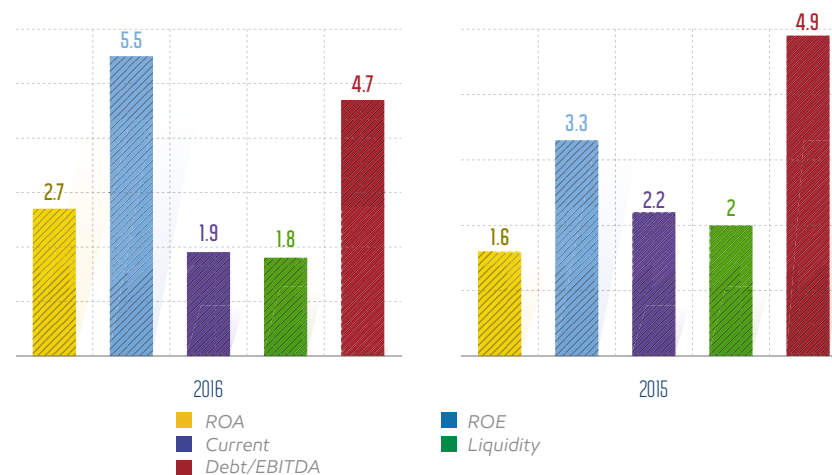




**Key Financial Indicators (KZT billion)**



**Main Ratios (%)**

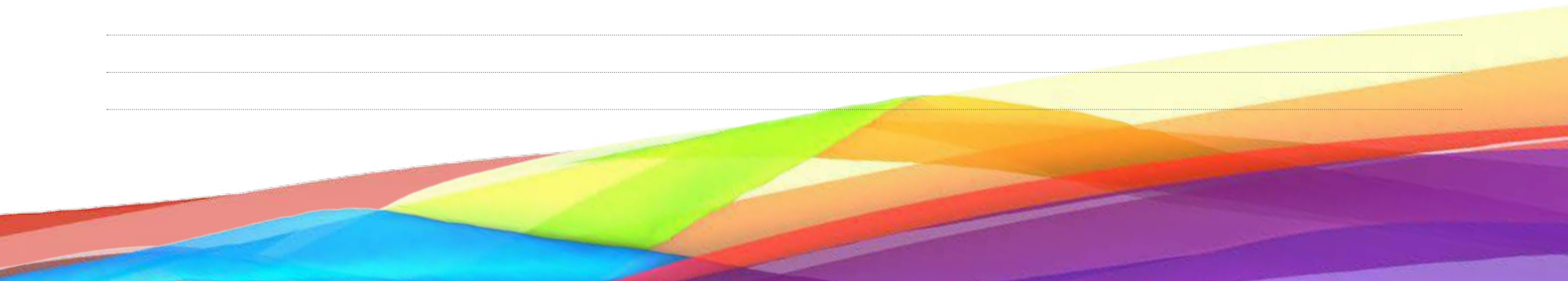


INDICATORS, KZT BILLION	2016	2015
Gross profit	729	405
Dividends paid to Shareholder	10	35
Taxes paid	1,137	663
Payments to Personnel	767	748
Payments to suppliers	3,868	2,967
Interest paid	410	377
Sponsorship and Charity	17	18

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## ► Financial Sustainability

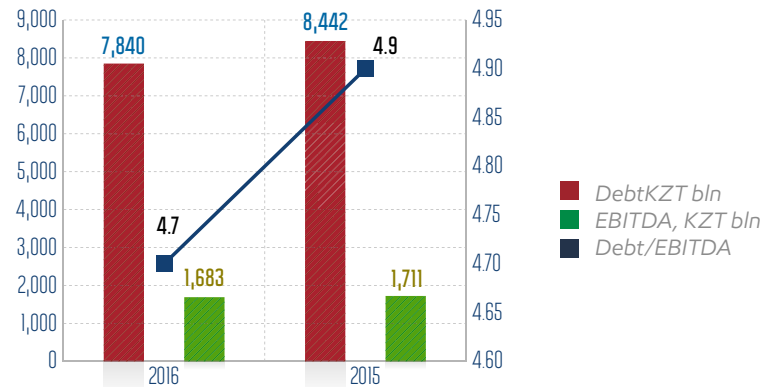
The Fund plays a crucial role in improving financial sustainability of the Group which is linked to the objective of long-term sustainable development. Managing the indebtedness to a reasonable level will increase the intrinsic value of the portfolio companies and achieve the strategic goal of sustainable development.

This is done through the regular monitoring of financial sustainability levels at portfolio companies and at the Fund level which exercises prudent financial management by limiting new borrowings or providing financial support when necessary.

Maintaining portfolio companies' financial sustainability remains one of the Fund's main goals. In 2016, various initiatives were implemented to enhance financial sustainability:

- ▶ stress tests based on different scenarios of exchange rate and oil prices;
- ▶ portfolio companies developed debt portfolio management action plans;
- ▶ approved the regulations governing procedures attracting budget investments for companies, as well as strengthening the monitoring of the loan portfolio.

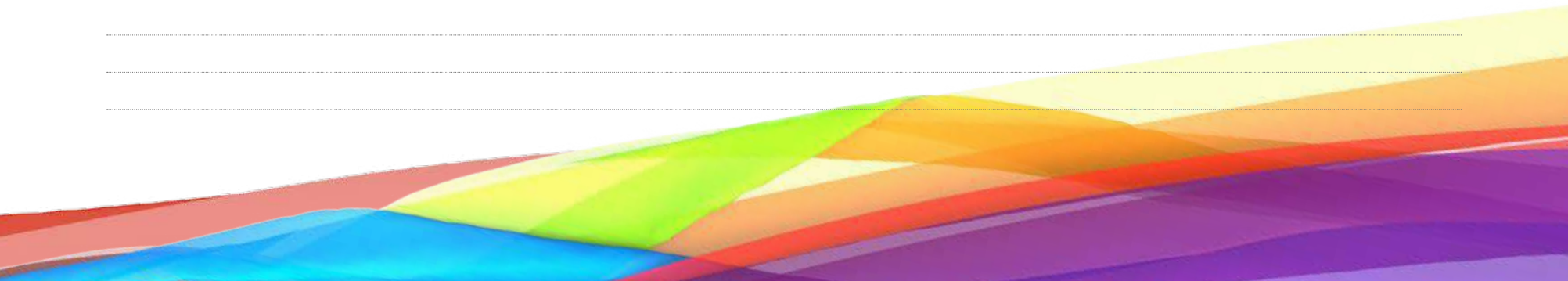
### Key indicators of financial sustainability



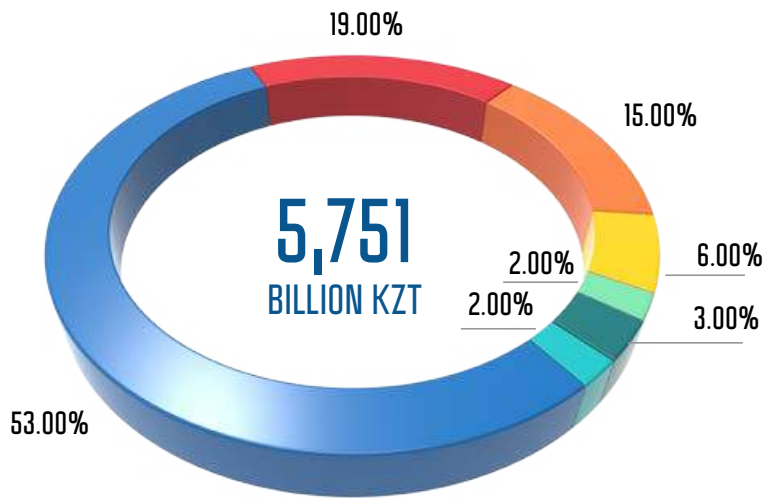
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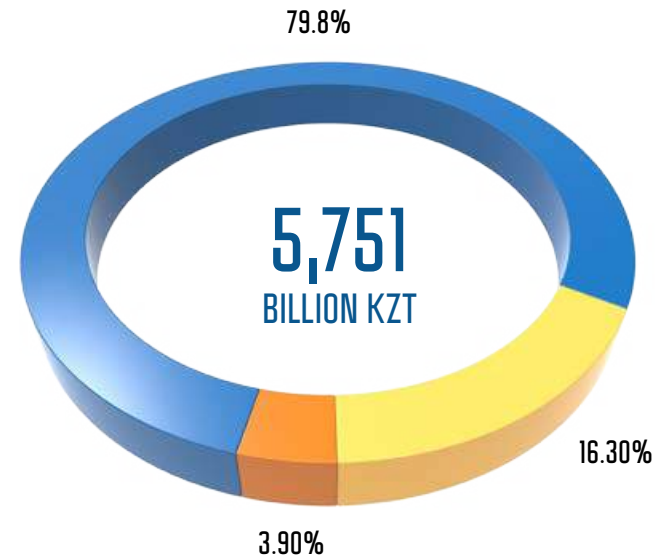


### Sectoral diversity of Loan Portfolio



- KMG Group
- KAP Group
- KTZh
- KEGOC
- The Fund
- S-E Group
- Other

### Currency diversity of Loan Portfolio

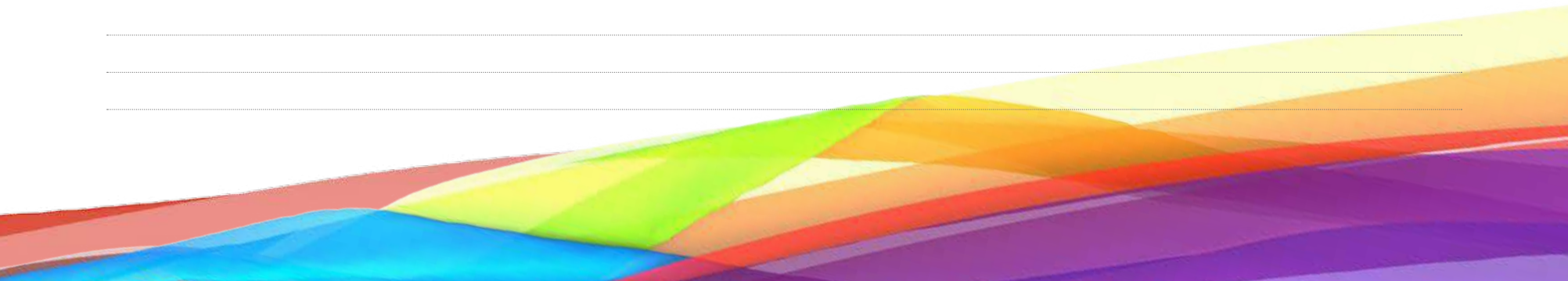


- KZT
- USD
- Other

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## ▶ Human Development

Human development has always been a priority since it plays the most important part in increase of the shareholder value. Within the framework of Transformation Program, we are currently completely reconsidering and changing our main principles and approach to the human resources management function with implementation of better practices.

In 2016 the Fund approved a Reference model on HR for PCs of the Fund.

The main idea behind the changes is maximum orientation on the needs of business, promptness and quality of rendered HR management services.

Aimed at improvement, the changes cover all main HR related processes starting from attraction and employment of the best professionals. Keeping in mind the strategic objectives set by the Fund, we have revised the organizational structure, determined the specialists that we need and significantly increased qualification requirements.

Thereat, all HR initiatives and processes being implemented are aimed at introduction of meritocracy principles.

As part of the Transformation in the Fund in 2016 through the introduction of a new HR model, the Fund's HR function has been transformed. The operational model of HR includes three equivalent, interdependent and integrated components:

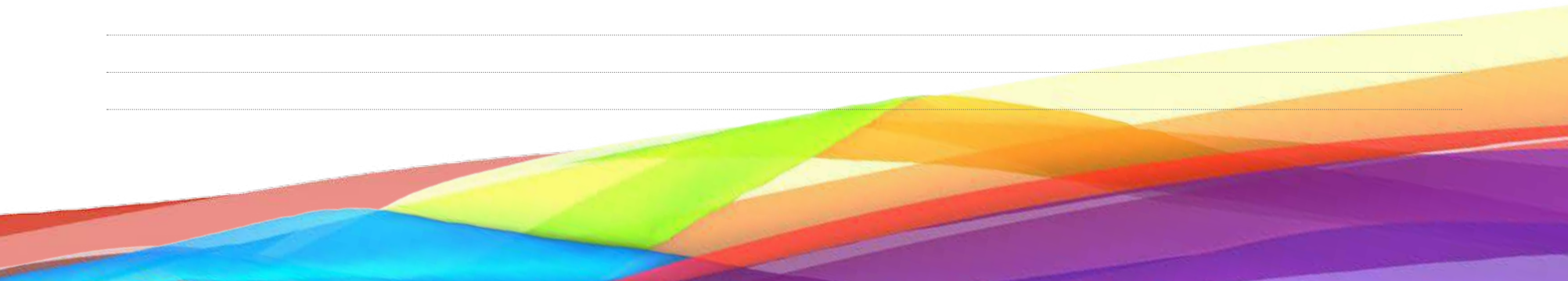
### HR Model



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**Gender and Age distribution, the Fund**

Age			Total
21-30	9	26	35
31-40	44	56	100
41-50	15	12	27
51+	7	6	13
<b>Total:</b>	<b>75</b>	<b>100</b>	<b>175</b>

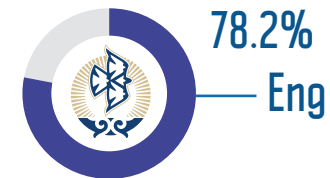
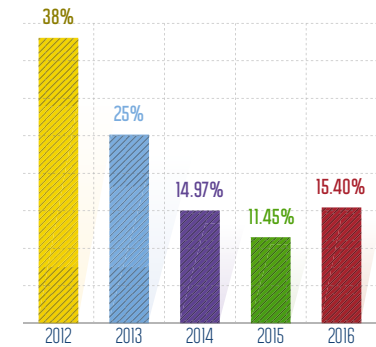
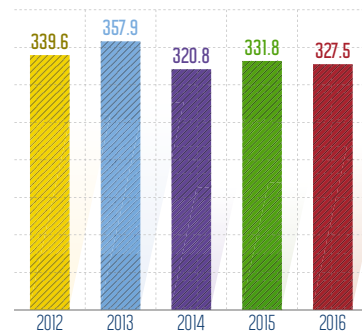
**Hired personnel in 2016, the Fund**

Age			Total
21-30	6	14	20
31-40	16	23	39
41-50	4	4	8
51+	-	-	-
<b>Total:</b>	<b>26</b>	<b>41</b>	<b>67</b>

**Personnel turnover within the Fund**

Age			Total
21-30	4	2	6
31-40	9	18	27
41-50	9	10	19
51+	5	7	12
<b>Total:</b>	<b>27</b>	<b>37</b>	<b>64</b>

**Headcount within the Group of Fund, thousands**   **Personnel turnover rate, the Fund people**



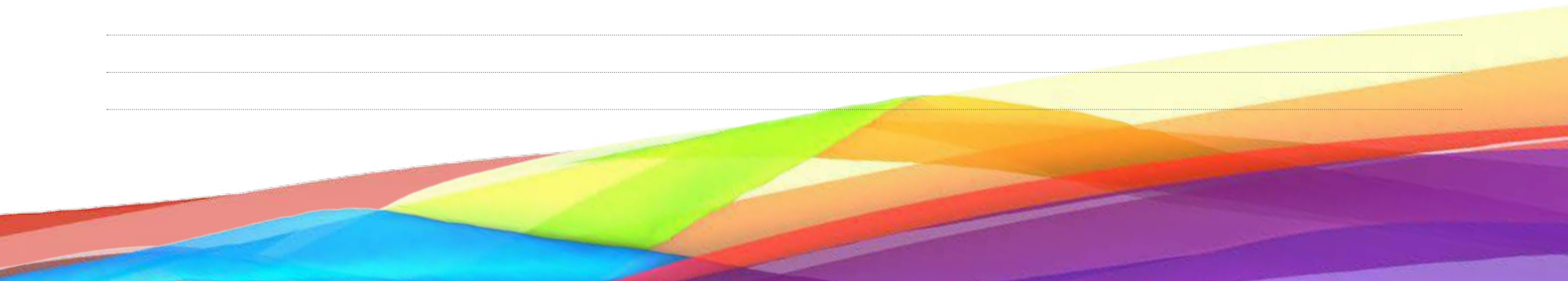
Of the Fund employees, 43% are Women and 57% are Men  
69% of employees speak English

All employees completed assessment of performance procedures in 2016.  
Individual development plans were approved.

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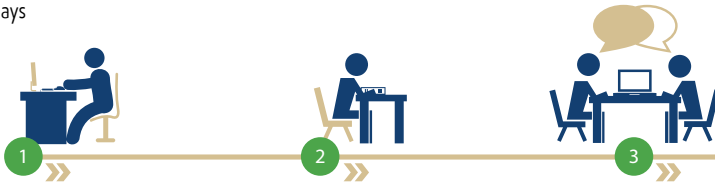
**COMPETITIVE SELECTION STAGES**

**Resume Contest of Candidates**

1. Publication of the announcement on the web-site [www.sk.kz](http://www.sk.kz) during 10 days

2. HR Department analyses resume for compliance with the main qualification requirements (work experience, education, languages)

3. The resume of candidates meeting the main qualification requirements are submitted to the management of a structural unit of the Fund where there is a vacancy



**Computer testing of Candidates who was success in the resume contest**

6. Skills Testing:

- 1. analyses of verbal information;
- 2. analyses of numerical information

5. Testing the knowledge of English and Kazakh. Passing grade - 70%

4. Testing of professional expertise. Passing grade - 70%



**Interviewing Successful Candidates**

7. Interview with the direct Head of the structural unit and interview on competences with HR Department

8. Selection of candidate at the collegial interview. Members of the Board: Chief of Staff, Chief HR Officer, Deputy Chief HR Officer, Head of a structural unit, supervising Chief Officer

9. Publication of the information on the web-site about the competitive selection for a vacant position and selected candidate



**Selection and employment of personnel**

We are looking for talented goal-oriented people who want to make their contribution to the development of the national economy of Kazakhstan. Thereat, we put an emphasis on transparency, career progression, rotation of talents and succession principles in our work.

In 2016, the Fund published 83 announcements on full-time vacancies and 17,000 candidates applied to it, where 212 candidates were invited for an interview and 55 successfully passed panel interviews.

As a result of transition to new organizational structure of the Fund – staff of the Fund was updated by 40%.

Selection results and information about employed candidate(s) is posted to the web-site.

In accordance with the Transformation program implementation roadmap, transparent competitive selection to the vacant positions will also be implemented at the Funds level. By now, this type of candidates selection has been adopted by 13 PCs of the Fund.

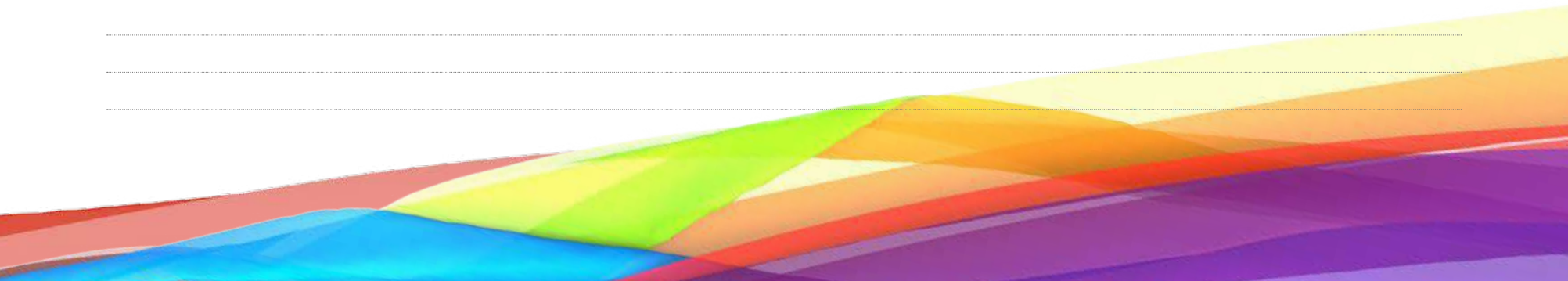
250 announcements on open vacancies were posted to the web-site of the Fund, in response to which 6,660 CV's were sent in by potential candidates, 824 candidates were invited for an interview and 353 of them were employed.

In selection of candidates for open vacancies, we give preference to our own employees that apply, then to employees of the Fund's group and only after that, we consider candidates in the domestic market of Kazakhstan, our fellow compatriot living abroad and foreign specialists with experience of working for international companies are at the end of the candidates line.

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## Remuneration and Assessment

The motivation system adopted by the Fund ensures clear dependence of our employees' remuneration on their performance results, including introduced grading system and remuneration reviews.

Our labor remuneration system is based on assessment of positions and employees' performance efficiency.

Starting from 2014, the Fund uses grading system based on Hay method.

In 2016 the Fund approved new Policy on remuneration and bonuses to employees for PCs of the Fund.

The policy provides for the grading of positions and the establishment of a wage level based on grades and a review of wages in the labor market. At the same time, the variable part of the remuneration of labor depends on the results of activity and is paid on the basis of the results of achieving the efficiency.

In 2016, as part of the Transformation in the Fund, Job matching was carried out during the transition to the new organizational structure.

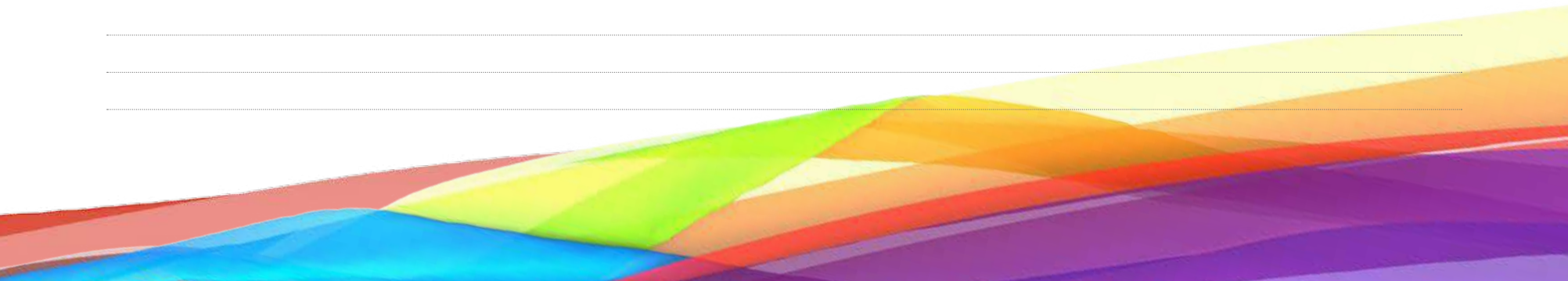
Performance efficiency assessment process is the basis for remuneration, promotion, bonuses, training and professional development, also serves the purpose of retaining employees.



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## Training and Development

Development and training of the Fund’s employees is an important part in development of the human resources and succession planning. We are working on creation of an environment that would stimulate learning new knowledge and self-development and pay special attention to creation of conditions for permanent development and career advancement.



Individual plans of the Fund’s employee’s development represent the main tool for achievement the above specified goals. They are developed based on the results of the employees’ performance and include the elements such as: training and development programs, rotation within the Group.



Great attention is paid to the international certification at the ACCA, CPA, CFA, CIMA and CMA courses as well as training under the MBA and EMBA programs and international leadership programs. In 2016, **2 people completed EMBA programs.**



In 2016, **120 training events were held, on which 159 employees were trained.**



In support of the introduction of trilingualism, language-based on-site and online courses are organized, on **which 62 employees were trained.**



In cooperation with the Corporate University, We constantly implement and improve the programs of mandatory trainings in support of transformation of the Fund and PCs’ employees.

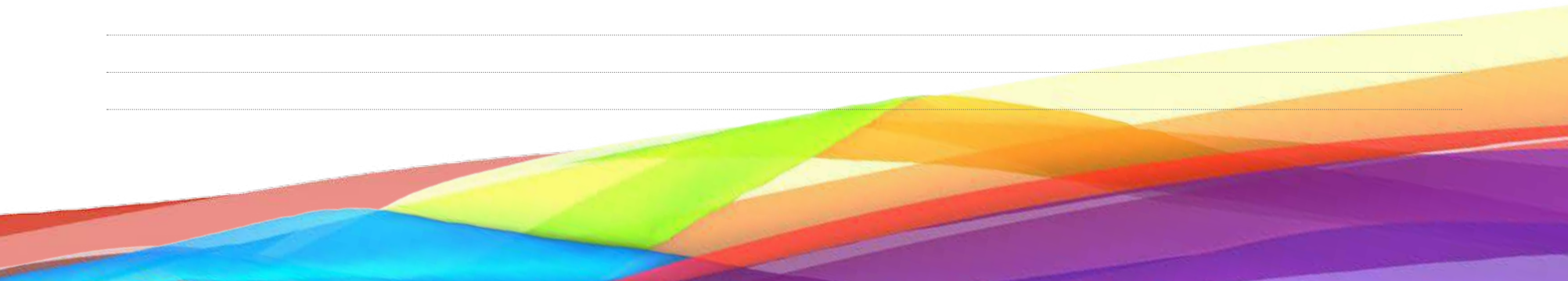
In 2016, the **HR Business Academy** was developed and successfully launched. It is a professional development program for HR, aimed at facilitating the introduction of targeted human resource management processes in the PCs according to HR Reference model.



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## Corporate culture development

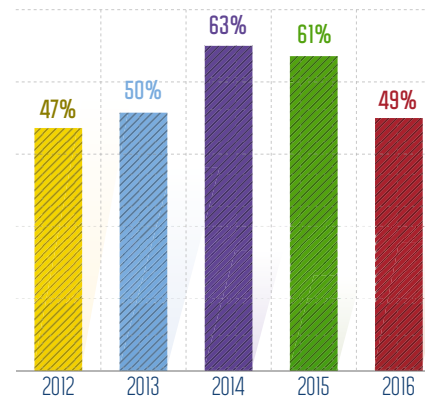
Corporate culture development forms a basis for support of business, implementation of Development Strategy and the Fund Transformation Program.

One of the key HR objectives consists of building of a tightly welded team aimed at achievement of strategic objectives of the Fund.

The Fund's PCs arrange surveys to determine the level of satisfaction, loyalty and involvement of employees, their attitude towards "really working" principles of meritocracy and justice. Such measurements allow to identify problematic issues and to take necessary corrective measures and, as a result, will allow influencing on opinions of the Fund's personnel.

The research findings conducted in 2016 showed that the Fund's employees engagement index decreased by 12% compared to the previous period, falling into the risk zone according to the current methodology.

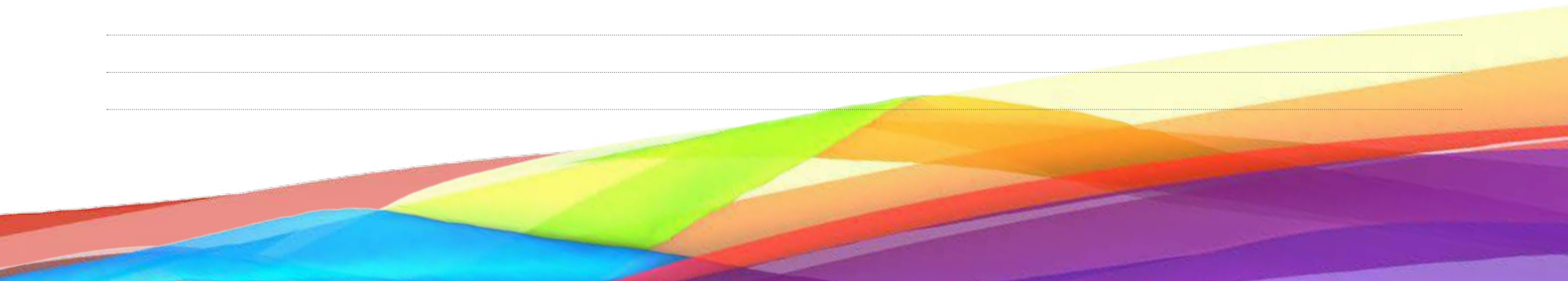
### Personnel engagement degree within the Fund



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In 2016 we implemented a project to develop the Corporate Culture of the Fund as a part of implementation of our development Strategy and Transformation program.

The main goal of this project is to ensure the transition of Corporate Culture of the Fund to the target state by 2018.

In accordance with the project, the Corporate Culture was assessed by means of qualitative and quantitative tools:

- ▶ An online survey (based on the methodology of Kim Cameron and Robert Quinn) among all employees of the Fund
- ▶ Focus groups with employees of the level of CEO-2
- ▶ Interviews with CEO-1 of the Fund and CEO of PCs
- ▶ Team-forming activities
- ▶ Strategic sessions



## AS A RESULT, VALUES OF THE FUND WERE DEVELOPED AND INTRODUCED:

### 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

### RESPECT

- We are careful with everything that surrounds us
- We operate trustfully and respectfully
- We obey laws and respect traditions

### INTEGRITY

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

### MERITOCRACY

- We select worthy professionals
- We give everyone opportunity to speak up regardless of his/her role
- We reward results

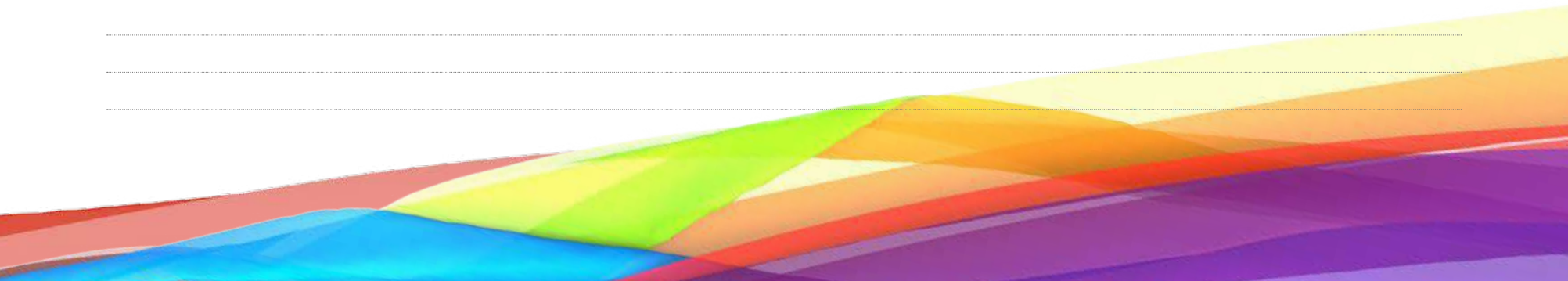
### EXCELLENCE

- We work smart at the high quality bar using best practices and technologies
- We take responsibility and act to create value
- We are curious, we learn constantly and develop the Fund

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## Ethics and Compliance

Successful companies are built on trust. It is important for potential investors that the company conducts honest and open business. Therefore, the Fund is committed to protect the interests of all stakeholders in order to achieve long-term success and strengthen the reputation of responsible business. The Funds is dedicated to fully comply with all applicable laws and regulations and with best international practices on compliance matters.

In March 2016, Compliance division of the Fund was established. The main function of Compliance division is designing and leadership of compliance program aimed to conduct business based on values.

In May 2016, the Fund's Transformation Management Committee approved the concept of the Fund's compliance program designed to comply with the laws and regulation and comply with OECD's guidance on countering bribery and corruption.

Key elements of the Compliance program are the assessment of compliance risks, Whistleblowing, third-party integrity due diligence, training on compliance for all employees, investigations and follow up actions.

All key business process of the Fund were included in risk assessment based on their exposure. 22 (69%) out of 34 units of the Fund were included in risk assessment.

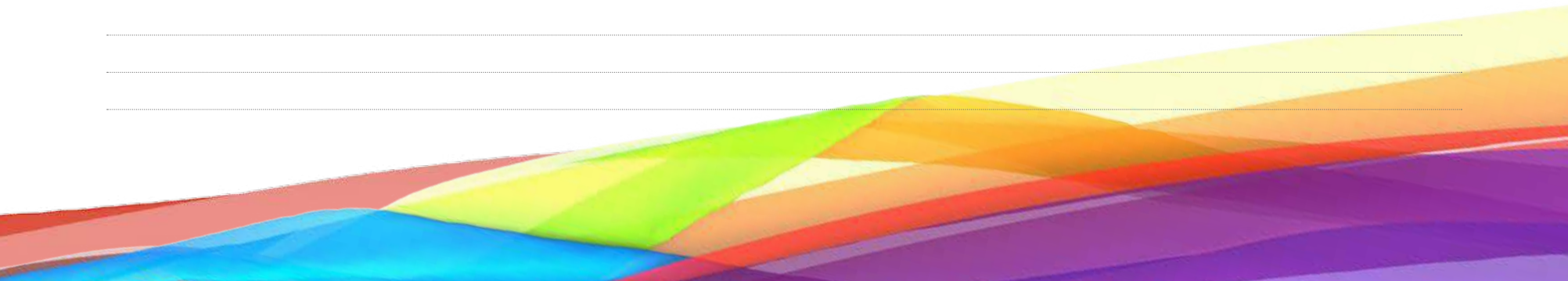
### Significant risk areas associated with compliance risks



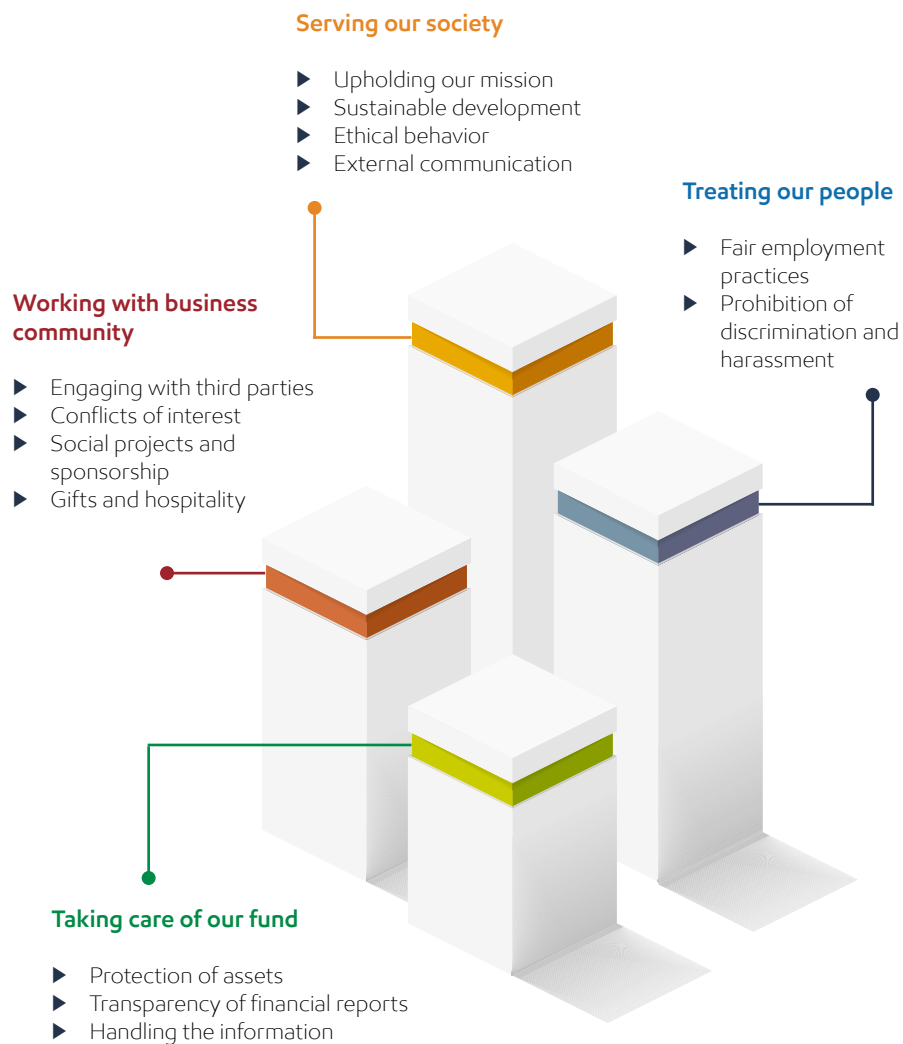
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## Code of Conduct



The Code of Conduct is a comprehensive guide, which, in addition to ethical standards, incorporates standards of conduct and the obligations of the Fund’s employees, a FAQ section and further explanatory statements.

The Code of Conduct is risk-oriented and was developed on the basis of internal assessment of compliance risks and in line with OECD anti-bribery and corruption guidelines.

The Code of Conduct directly applies to all employees, officers and directors of the Fund.

Companies, comprising the Fund’s Group are required to adopt the Code of Conduct proportionate to their compliance risks.

Business partners, suppliers and other third parties, who work with or represent the Fund, are encouraged to adhere to the Code of Conduct and/or other similar compliance policies.

### Compliance trainings and informing

Category	Total number	% of completed Compliance training
Senior Management	10	80%
Employees	237	82%

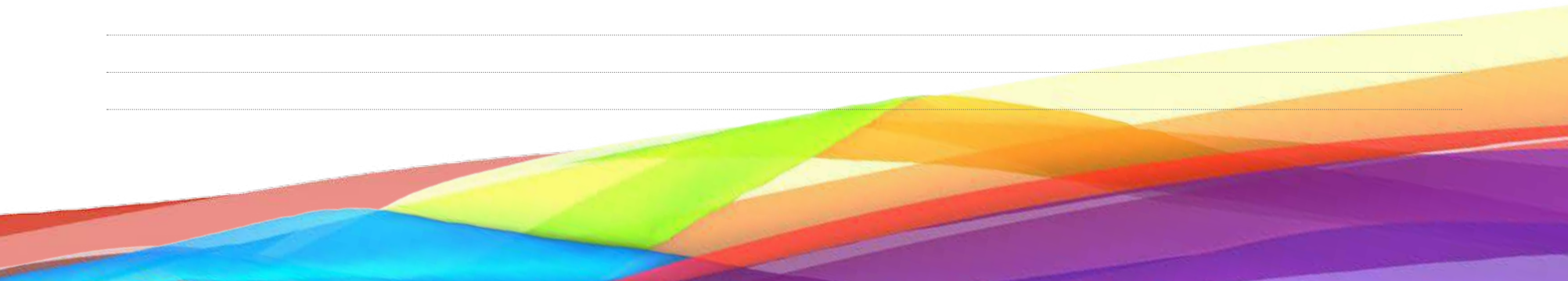


The Code of Conduct, Whistleblowing Policy and hotline details are available at [www.sk.kz](http://www.sk.kz)

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## Whistleblowing Policy

New whistleblowing policy in line with the OECD anti-bribery and corruption guidelines was adopted. The new policy refers to the new Code of Conduct and requires reporting any non-compliance with the Code of Conduct and anti-bribery and corruption laws and regulations.

This policy provides a clear process of reporting any misconduct on an anonymous basis, and applies not only to employees but also to all associated parties.

The policy provides non-retaliation clause and guarantees protection of rights and interests of persons raising concerns.

The Fund has always demonstrated a proactive approach to its whistleblowing policy. However, the time has come to update it. The new document provides an even more reliable and comprehensive system for whistleblowing, improving individuals' security and enabling the thorough investigation of any violations or misconduct leading by newly implemented Compliance division.

The Board of Directors also approved the appointment of new Ombudsman, and adopted the Regulations on the Fund's Ombudsman and organizations within the Fund's group.

The role of the Ombudsman also involves advising the employees of the Fund and the group of companies of the Fund and assisting in solving social and labor issues and conflicts. The Ombudsman submits the identified problematic issues of a system nature and makes constructive proposals for their solution for consideration of the bodies and officials of the Fund and the group of companies of the Fund.

### Statistics on grievances about labor practices

	Number of grievances about labor practices filed	Number of grievances about labor practices addressed and resolved	Number of grievances about labor practices under process
As of August 2017	2	2	2

No grievances about labor practices within the Fund were registered in 2016.

### HOTLINE OF THE GROUP OF COMPANIES

#### OF SAMRUK-KAZYNA JSC

<https://www.sk.deloitte-hotline.com/>

[sk.hotline@deloitte.kz](mailto:sk.hotline@deloitte.kz)

**8 800 080 19 94**

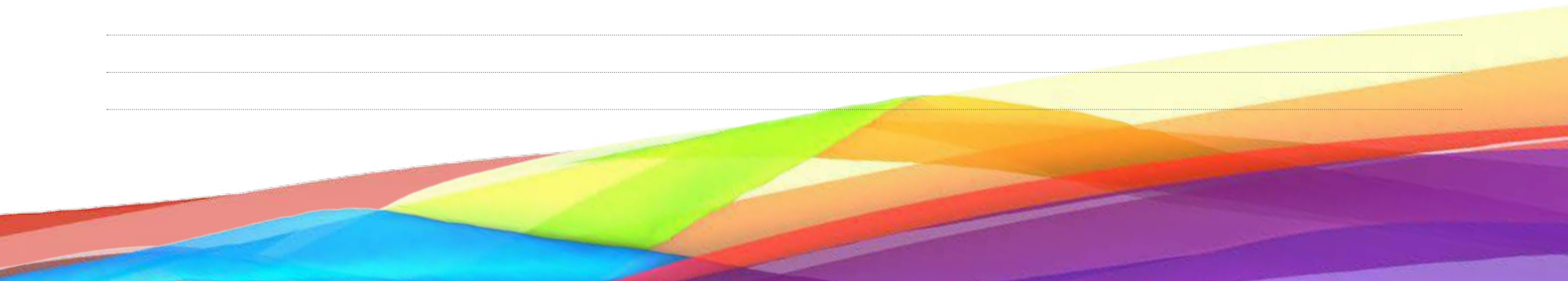


The Code of Conduct, Whistleblowing Policy and hotline details are available at [www.sk.kz](http://www.sk.kz)

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## ▶ Responsible Procurement

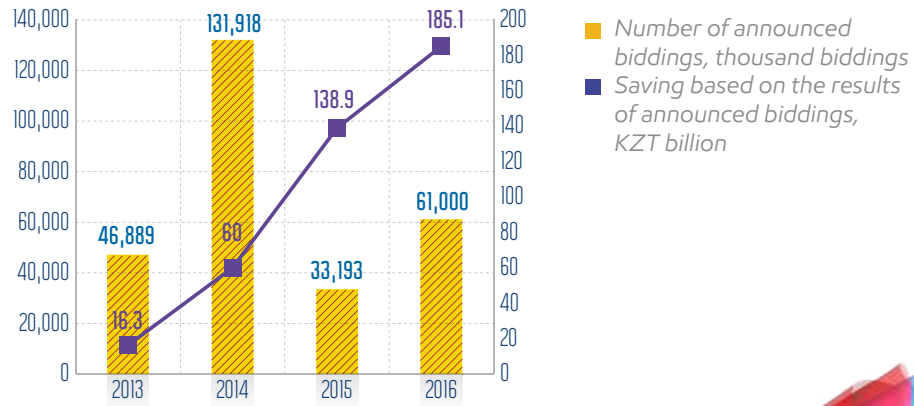
### Procurement system

Electronic procurement information system (EPIS) is a common web-site ensuring automation of procurement processes implemented by the Fund and organizations, fifty and more percent of voting shares (participatory interest) of which are owned directly or indirectly by the Fund. The Group transferred to electronic procurement since February 2013.

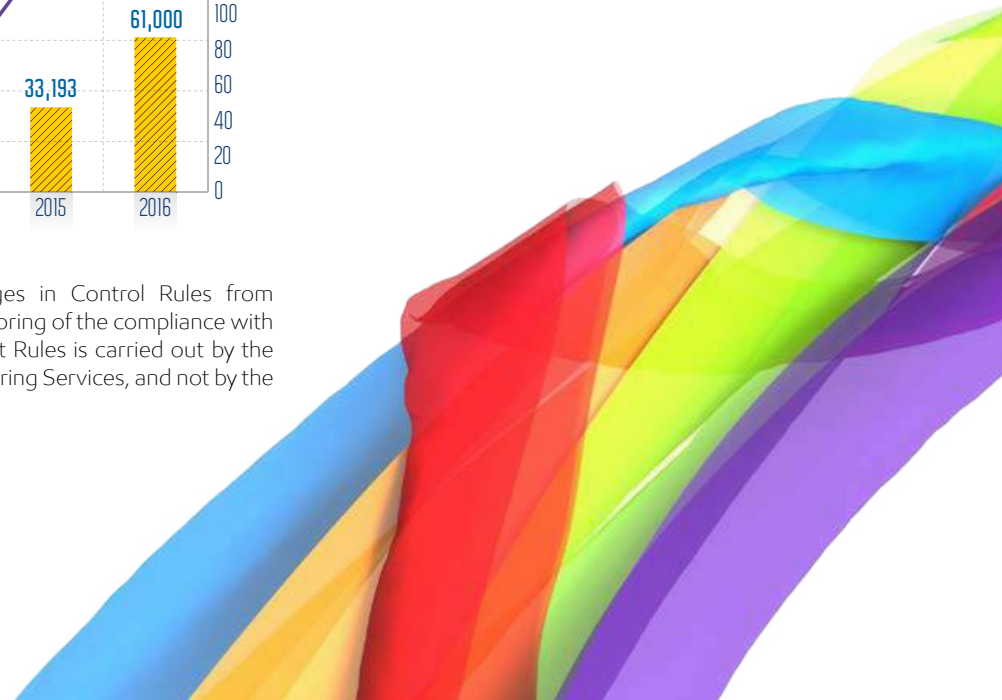
Electronic procurement information system (EPIS) is used by 738 organizations of Customers (subsidiaries and affiliates and branches falling within the ambit of the Fund's procurement rules) for procurement including 493 branches of subsidiaries and affiliates. 48,000 potential suppliers, 11 second-tier banks issuing electronic banking guarantees (EBG), 47 organizations-public associations as observers are registered in the EPIS. Use of EPIS establishes equal conditions for all participants of procurement process and ensures quick search of necessary procurement items and provides opportunity for participation in procurement to a wide circle of potential suppliers irrespective of their territorial location.

Principle of publicity and transparency of bidding process is ensured by means of granting the right for all participants of the given bidding to inspect all open applications filed by potential suppliers and the documents enclosed to such applications. Thus, after expiration of time set for filling the applications, potential suppliers are authorized to have full access to documentation and quotations of their competitors.

In accordance with changes in Control Rules from February 2017, direct monitoring of the compliance with the PCs of the Procurement Rules is carried out by the Fund's Procurement Monitoring Services, and not by the subsidiary organization represented by Samruk-Kazyna Contract LLP as it was before.



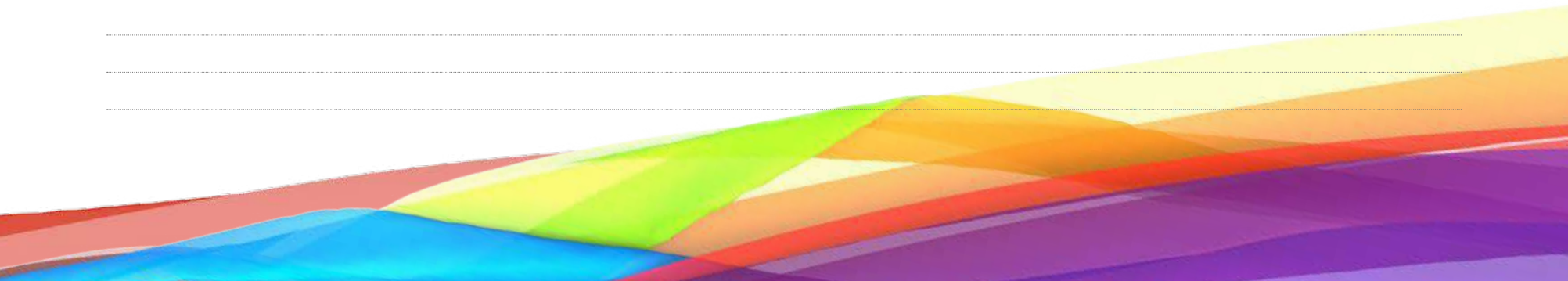
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## Dynamics of change in the local content in the procurements of the Fund

In accordance with the obligations of the Republic of Kazakhstan adopted upon accession to the WTO, procurement of the Fund's group, shall be carried out without applying local content requirements, including preferences in procurement for domestic companies.

In this regard, in 2016, the Fund's Procurement policy was adopted in a new edition, in which all benefits and preferences for domestic suppliers, including conditional discounts, mandatory advance payments, exemption from collateral were excluded.

At the same time, following the results of the negotiation process on accession to the WTO, the Republic of Kazakhstan was given a transitional period in respect of local content requirements in goods under subsoil use contracts that were concluded before January 1, 2015 in accordance with the Law of the Republic of Kazakhstan «On Subsoil and Subsoil Use», until the date of completion of the initial term of such contracts, or before January 1, 2021, whichever occurs first. In the event that the specified contracts expire before January 1, 2021, Kazakhstan undertakes not to extend (include) their provisions on local content in goods.

Thus, preferences to domestic suppliers are retained only in purchases of subsoil companies that are members of the Fund's group, including the requirement for a minimum period for the delivery of goods.

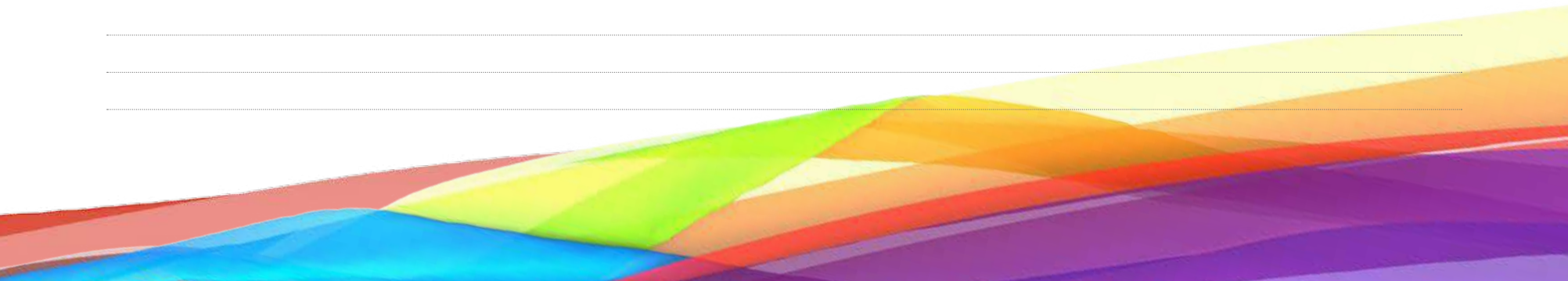
At the same time, thanks to the long-term purchasing campaign conducted by domestic subsidiaries for the period of 3–5 years ahead of WTO accession, the Fund's group managed to maintain high indicators of the overall share of local content in purchases.

	2012		2013		2014		2015		2016	
	Amount, billion KZT	LC share, %	Amount, billion KZT	LC share, %	Amount, billion KZT	LC share, %	Amount, billion KZT	LC share, %	Amount, billion KZT	LC share, %
Goods	1,553	47	1,382	59	1,437	63	1,220	69	1,385	69
Work/Services	1,927	75	2,048	77	2,433	82	2,149	77	2,737	76
<b>Total</b>	<b>3,480</b>	<b>63</b>	<b>3,430</b>	<b>70</b>	<b>3,870</b>	<b>75</b>	<b>3,369</b>	<b>74</b>	<b>4,122</b>	<b>74</b>

Note



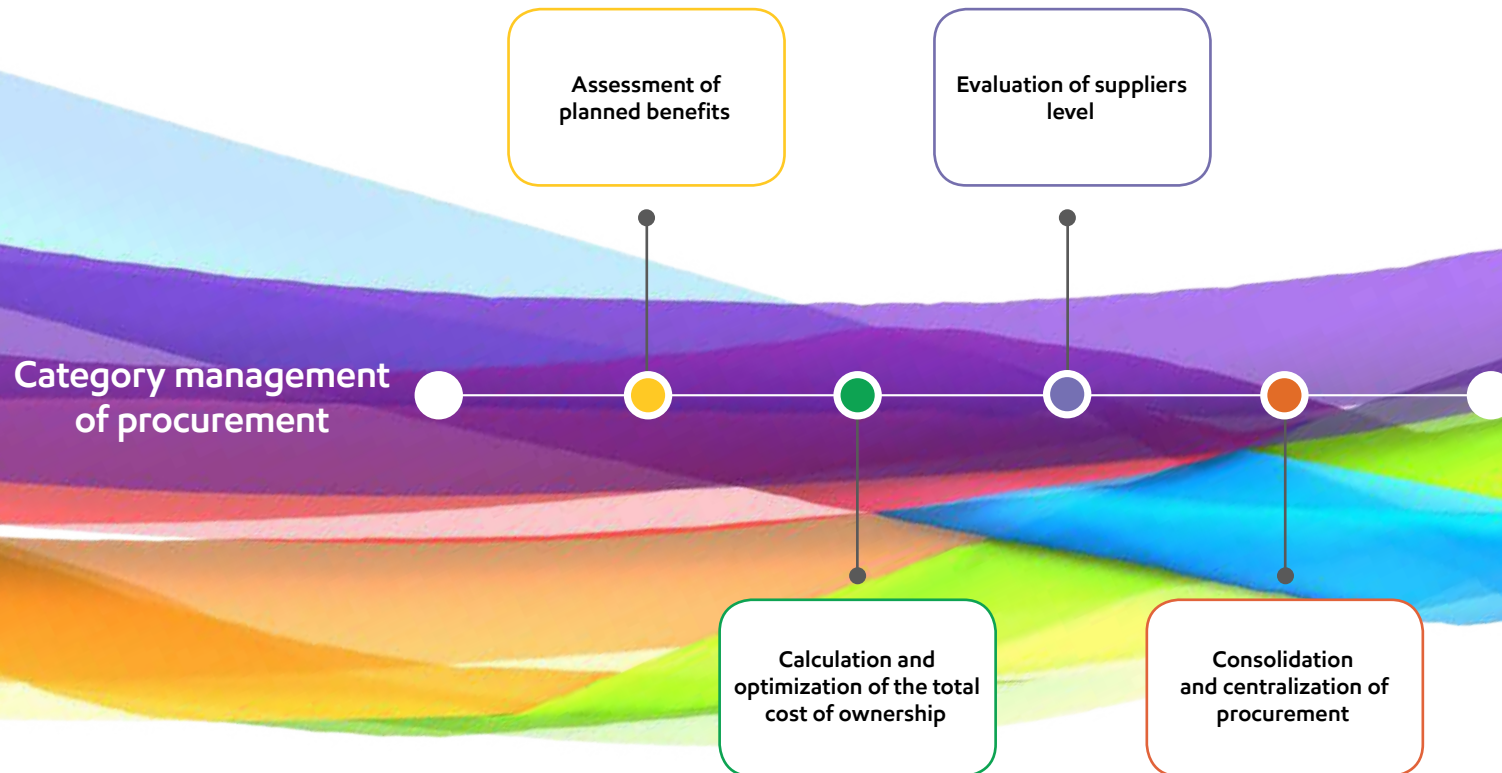
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## New Model of Procurement

In 2017, as a part of Concept of Procurement development, two initiatives were introduced and implementing:

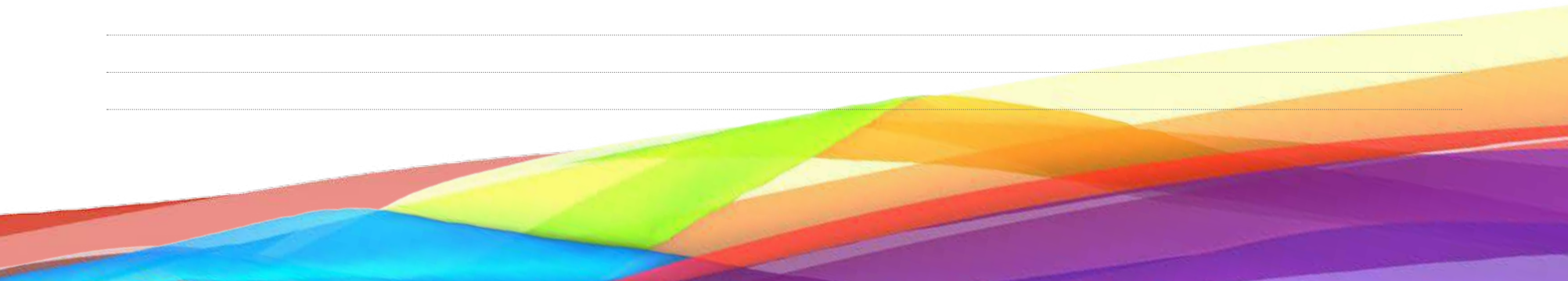
- ▶ Category management of procurement
- ▶ Preliminary qualification of potential suppliers – Prequalification



Note

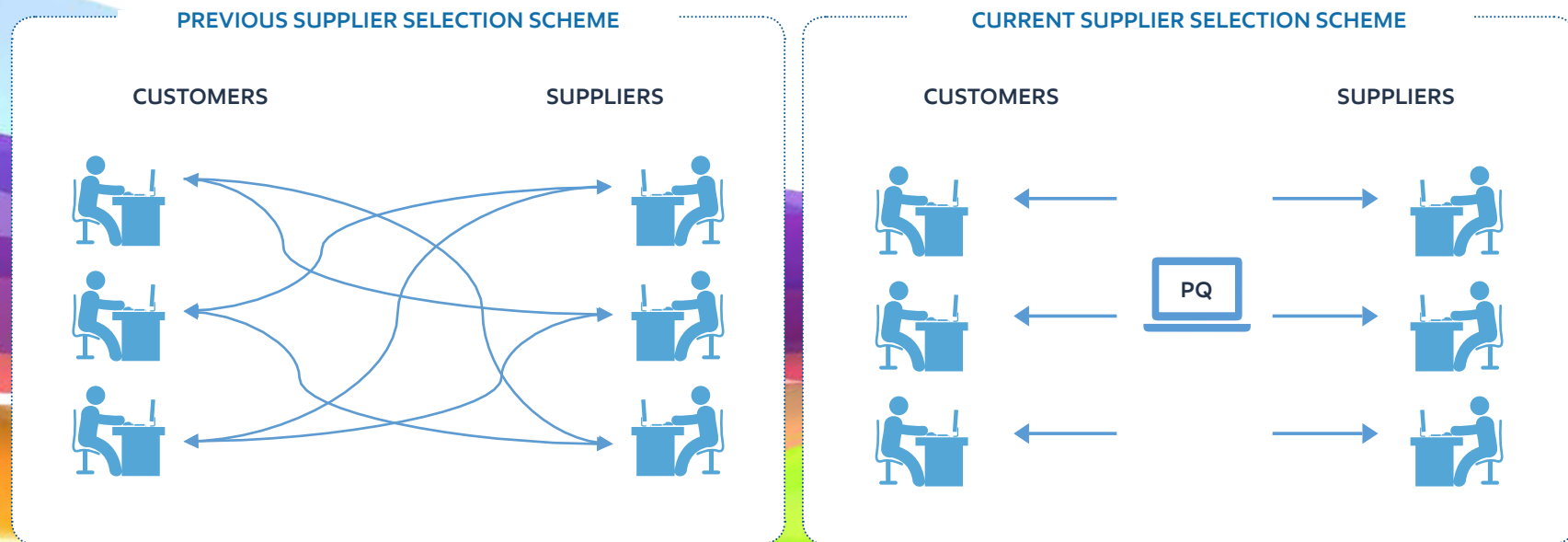


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## Preliminary qualification of potential suppliers – Prequalification



### BENEFITS

- ▶ Exclusion of one-day firms and pseudo-entrepreneurs
- ▶ Quality improvement of purchased goods, works and services
  - ▶ Reduction of procurement timing
  - ▶ Building a reliable supply chain

Prequalification is performed on the basis of international standards as ISO 9001, ISO 14001, OHSAS 18001 and others.



PRIME



## ► Health and Safety

We recognize and acknowledge that activity of the companies of the Group has strategic importance for the national economy of Kazakhstan and affects the interests of millions of people, and we undertake responsibility for environmental protection. We undertake responsibility for ensuring better working conditions and recognize “life and health of employees” first as compared to the results of production activity.

The companies of the Group understand the responsibility for Health and Safety of employees of the Fund and PCs. The companies of the Group invest in the efforts to ensure safety and protection of labor and reduction of occupational traumatism on a constant basis. For the purpose of improvement of labor safety, companies implement internal plans of organizational and technical activities aimed at reduction of occupational traumatism, improvement of labor conditions and protection, conservation of life and health of employees in the course of labor activity. Given plans include measures for prevention of industrial accidents and teaching occupational safety to the personnel, inspection of equipment and tools for compliance with applicable safety requirements. Attestation of production facilities for compliance with labor conditions is carried out annually.

Upon employment, new employees are introduced and trained with regulatory documents that govern the occupational safety and labor protection system. For the purpose of improvement of efficiency and saving the time of employees, the Fund implements online course of occupational safety training.

In accordance with the provisions of the current legislation, insurance of employees, selection of suppliers

of insurance services is carried out with due account for required scope of services.

Year 2016 was defined as the year of development and introduction of Integrated Health and Safety management concept. Starting from 2017, the Portfolio companies are engaged in process of structural and cultural change in the area of Health and Safety.

### Health and Safety Reference model for Portfolio companies

#### Integrated Health and Safety management concept

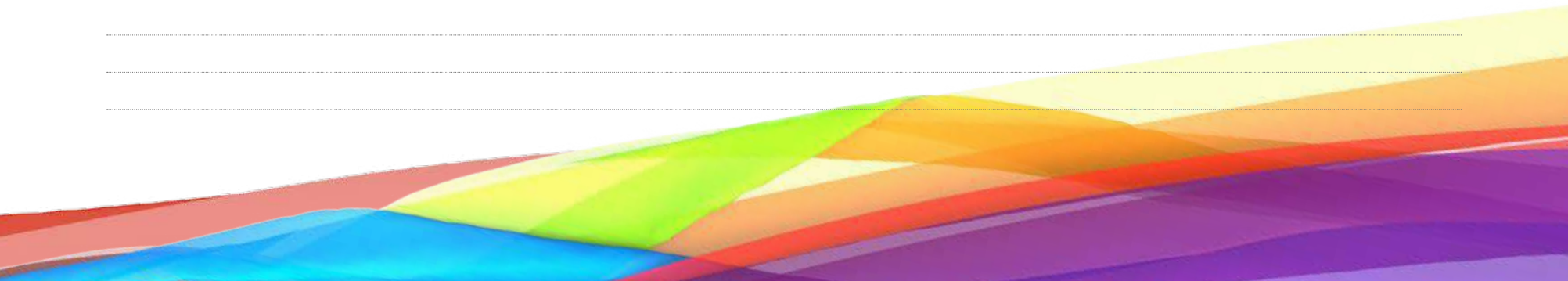


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## Environmental Protection

The main environmental protective activities of the companies of the Group are aimed at mitigation the effect on ecology, in particular, prevention of unauthorized and excessive atmospheric emissions, control of wastes elimination, reduction of water consumption rate and its efficient use, permanent improvement of management system in the sphere of environmental protection. We also plan to use renewable power sources such as solar and wind power resulting in substantial reduction of environmental emissions.

The Fund and its PCs maintain cooperation with international governmental and non-governmental organizations, scientific and educational institutions that effectively operate in the sphere of environmental protection.

The main objectives of the Fund's environmental protection policy are as follows:

- ▶ Assessment and management, prevention and mitigation of negative effect of the Fund's PCs activity on environment.
- ▶ Creation of the up-to-date corporate system of quality control and monitoring current condition of technological equipment, production facilities and environment.
- ▶ Ensuring disclosure of information on efforts in the sphere of environmental protection.
- ▶ Involvement by personnel in activity in reduction of environmental risks, improvement of environmental management and performance in the sphere of environmental protection.

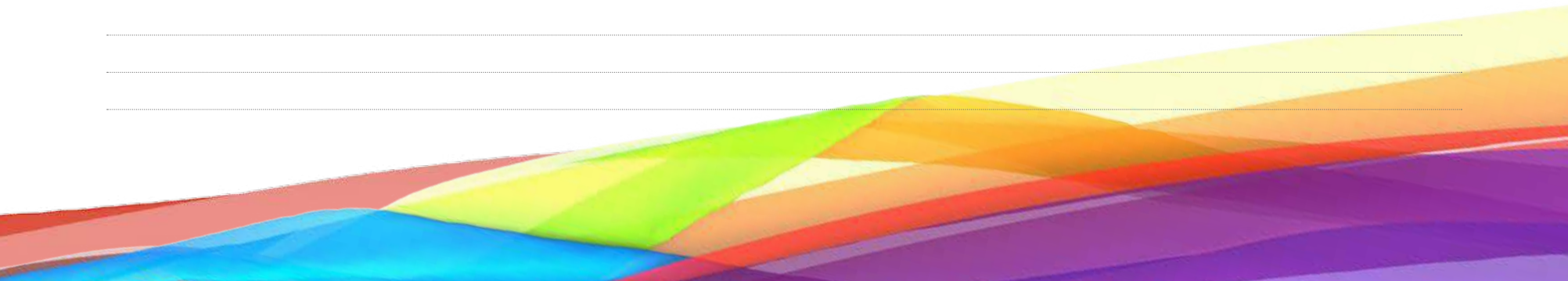
Upon implementation of investment project in the sphere of subsurface resources management, the main condition for a potential partner includes requirement of development and implementation of innovative technologies, construction of technology intensive and effective processing facilities meeting all requirements of legislation in the sphere of environmental protection.



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## ▶ Responsible Investment

### New Investment Policy

Samruk-Kazyna is transferring to the role of strategic holding and an active investor in order to translate shareholders' expectations into strategic results. Active investor model implies that the Fund will have a clear portfolio management strategy, portfolio-level performance analysis and optimization, and effective reallocation of assets within portfolio. Active investment management will allow the Fund to diversify into new industries, with priority on potential investments with a multiplier effect on the Kazakhstan economy. In the long term, the strategy of active portfolio management will reduce portfolio volatility, provide sustainable returns, diversify the existing portfolio as well as enable new investment opportunities.

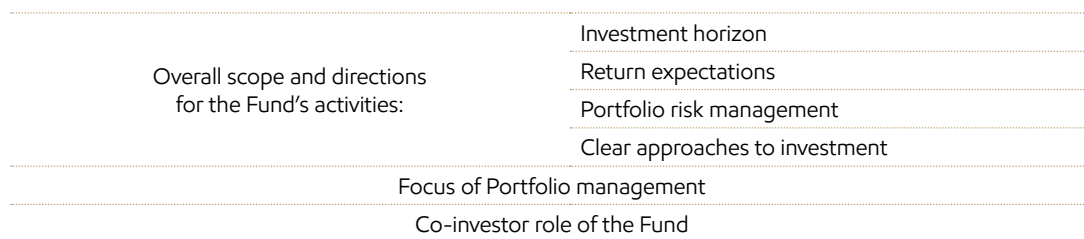
The Fund is on the way of developing new Investment Policy which provides the general investment goals and principles that the Fund will adopt to achieve its strategic objectives.

As a responsible investor and shareholder, the Fund aims to apply the same high standards of environmental, social, governance (ESG) and business integrity across all of its underlying PCs. In evaluating ESG principles, the Fund is guided by the best international practices recognized and accepted by the international community, such as the UN Sustainable Development Goals, IFC's Environmental and Social Standards and the EBRD, the UN Principles for Responsible Investment etc., including the following key principles directly related to investments:

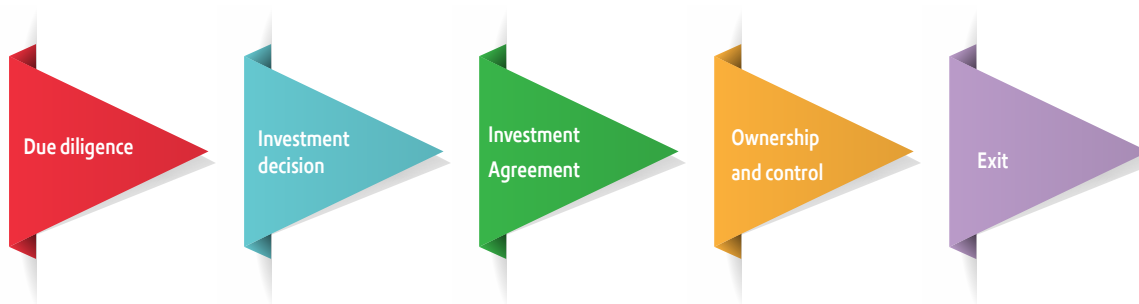
- ▶ Availability of a clear portfolio investment strategy which complies with the declared goals of the Fund and the acceptable risk level
- ▶ Observance of the law of the Republic of Kazakhstan and non-abuse of privileged information availability
- ▶ Preparation of annual reports, including financial statements, in accordance with generally recognized international or national auditing standards
- ▶ Presence of a formalized system for risk identification, assessment and management

### NEW INVESTMENT POLICY OF THE FUND

**Strategic document giving umbrella view on investment activities of the Fund and Fund's role as an active investor and strategic holding**



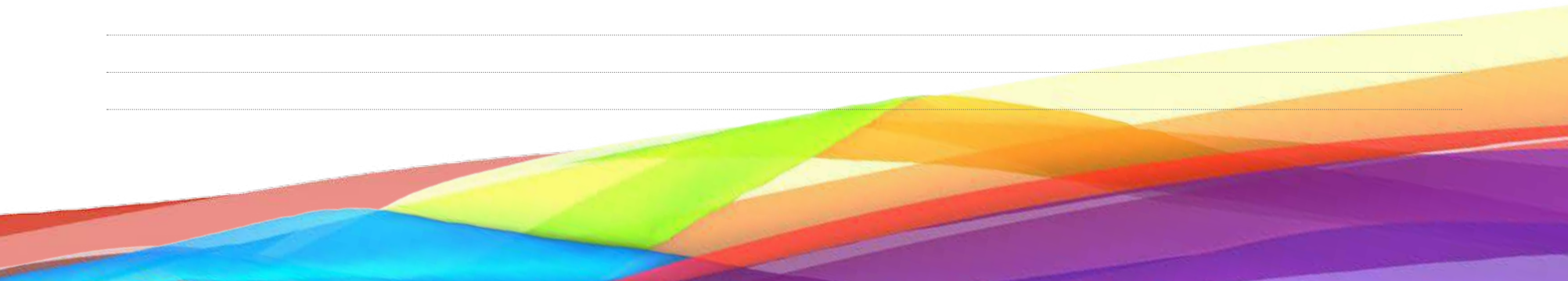
As a responsible investor and shareholder, the Fund aims to apply the same high standards of environmental, social, governance (ESG) and business integrity across all of its underlying portfolio companies. The Fund follows robust and pragmatic procedures throughout the investment cycle to identify and analyze ESG factors, determine their relevance to each investment project and ensure they are properly addressed.



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## ▶▶ Social Responsibility, Transparency and PR

Social development foundation «Samruk-Kazyna Trust» (SK Trust) is the Fund's trustee in social responsibility. SK Trust implements charitable projects and programs aimed at solving important issues for the population from the entire Group of the Fund. SK Trust activities are carried out with the assistance of government bodies, the Government of the Republic of Kazakhstan and experts in the field of public and social policy. Administrators of charitable projects of SK Trust are non-governmental organizations, determined on competitive basis.

### Mission of SK Trust

**To improve the socio-economic life of the population and prosperity of the Republic of Kazakhstan**

### Key Principles of SK Trust

- ▶ Efficiency
- ▶ Social significance
- ▶ Systematic
- ▶ Transparency



Detailed information on activity of SK Trust is posted on their official web-site:

<http://sk-trust.kz/>

### Key priorities of SK Trust

Helping people and communities in the social and medical sector

Development of media, cultural community and human potential

Strengthening of labor relations, international relations, investment in sustainable development of the society

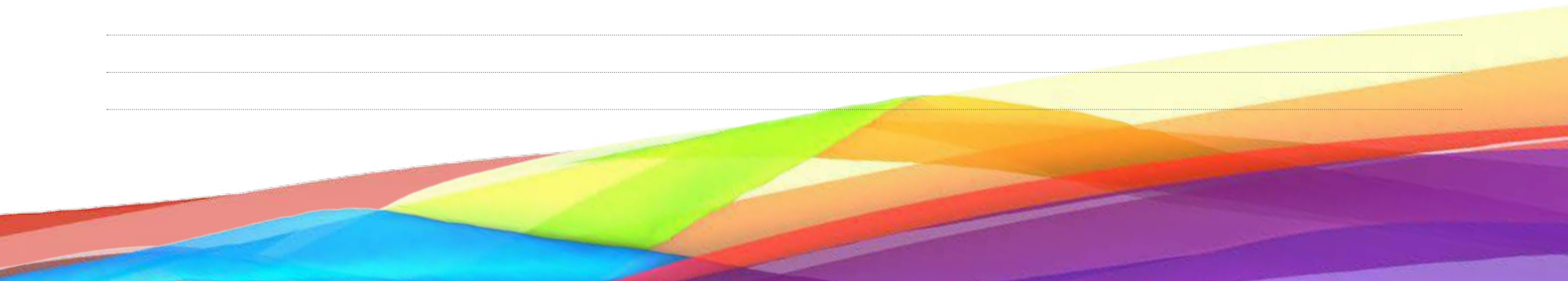
Support regional and business initiatives

Promote "Astana" image in world sport arena

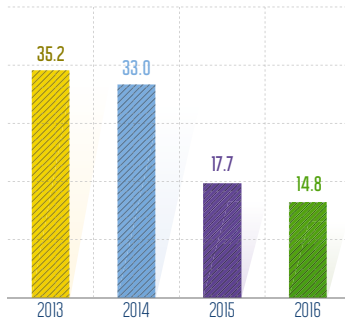
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### Sponsorship and Charity by the Fund, billion tenge



Total amount of charity assistance provided for 2016, is less than 1.16 times the assistance provided in 2015 and 2.05 times less than the amount of 2014.

### Efficiency of charity policy

FOR 1 YEAR (2016)



**81** projects  
**200,000** beneficiaries

FOR 5 YEARS (2010–2015)



**2,228** projects  
**400,000** beneficiaries

The budget of the charity program has been reduced however the efficiency is rising by the number of direct beneficiaries.

### THE PROGRAM OF SOCIAL INVESTMENTS “MENIN ELIM”

Target group: Residents of 9 priority regions of the presence of the Samruk-Kazyna Group of Companies



### Program’s main tasks



Developing the social infrastructure of regions



Formation of loyal attitude to the Group on Companies of JSC “Samruk-Kazyna”, their production and social activities



Increase the corporate social responsibility of the employees of the Samruk-Kazyna Group of companies and involve them in implementation of social projects

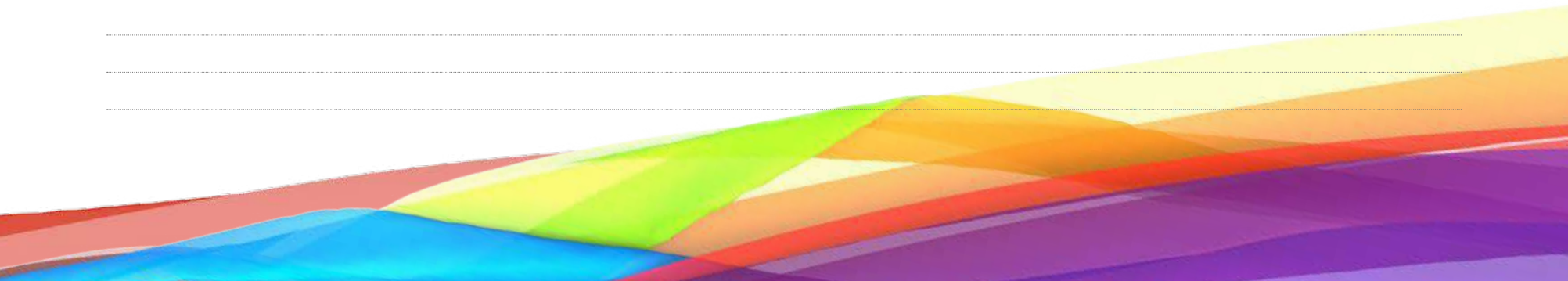


Providing opportunities for young people, children and elderly people to participate in public life and have access to leisure, cultural and sports infrastructure

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## Transparency

Transparency is one of the main points of interest for investors and stakeholders. The introduction of information ethics and responsible data management culture is a necessary preparatory stage for an IPO.

In 2016, the Fund approved Policy and Regulation on information disclosure and protection. The Policy and

Regulations were developed based on best international practices on information disclosure and corporate reporting and legal requirements of the Republic of Kazakhstan.

Information disclosure and protection is integrated to all business processes of the Fund and each employee

makes commitment to follow the rules set by internal policies.

We constantly work on increasing efficiency of our corporate reporting and information disclosed at our web-site.

**In order to raise awareness about the work of the Fund, in 2017 we started implementation of several projects:**



### Info sessions for the media

We hold quarterly info sessions for the media on a specific topic. At the info session, the Fund's speakers talk about the activities of the Fund in the supervised areas and answer journalists' questions.



### Corporate blogs

Within the framework of this project, all the Fund's Managing Directors, as well as some CEO-2, opened blogs on the Fund's official website. In their posts, bloggers share their personal experience, express their opinions on various industry issues, and talk about their work. The blog provides an option for commenting, so this tool allows you to receive feedback to respond to questions from readers.



### Expert advisory councils (EAC)

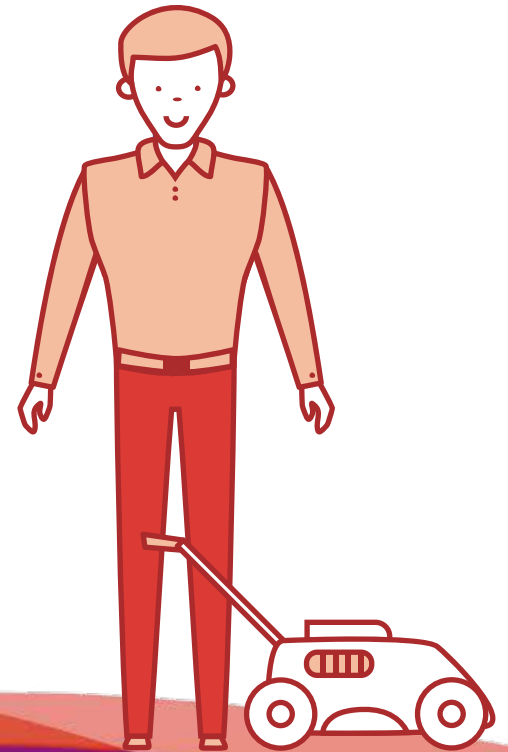
The work of the EAC with the participation of the deputies of the Parliament, representatives of the Government, the expert community and the media was intensified. ECS meetings are held both at the Fund's office and within the framework of the working committees of the Majilis of the Parliament.



### Investor days

To raise awareness of the investor community about the Privatization Program, the Fund began to hold Investor Days. At the moment, such events have been held in London, Almaty.

PRIME



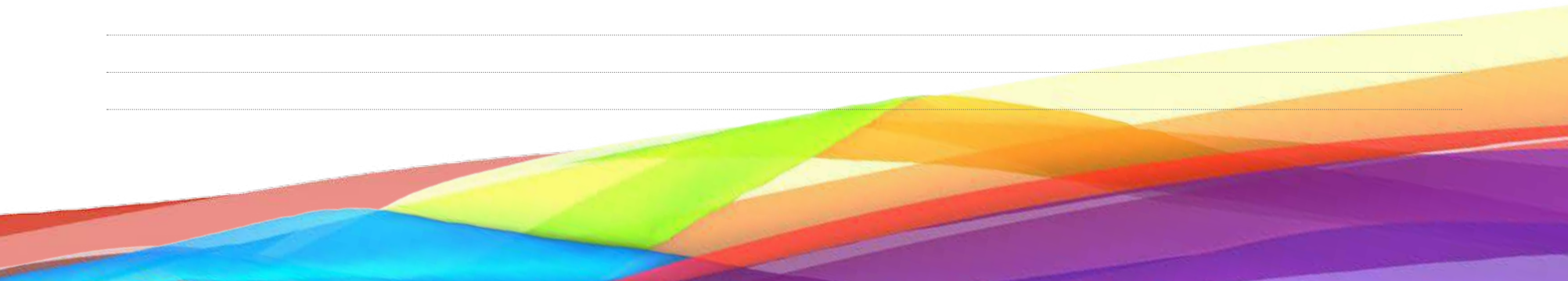
## GRI G4 Content Index

General Standard Disclosures	Description	Omission	Page
<b>Strategy and Analysis</b>			
G4-1	Statement from CEO about the relevance of Sustainability to the organization and the organizations strategy or addressing sustainability		CEO's Welcome address, Page 2
G4-2	Description of key impacts, risks and opportunities		CEO's Welcome address, Page 2
<b>Organizational Profile</b>			
G4-3	Name of organization		About the Fund, Page 3
G4-4	Primary brands, products and services		About the Fund, Page 3 Our Vision and Mission, Page 4
G4-5	Location of the organization's headquarter		About the Fund, Page 3
G4-6	Number of countries where the organization operates, and names of countries either either the organization has significant or that are specifically relevant to the sustainability topics covered in the report		About the Fund, Page 3 Our Vision and Mission, Page 4
G4-7	Nature of ownership and legal form		About the Fund, Page 3
G4-8	Markets served		About the Fund, Page 3 Our Vision and Mission, Page 4
G4-9	Scale of the organization		About the Fund, Page 3 Fund's portfolio, Page 5 Financial Performance, Page 19
G4-10	Number of employees by employment, region and gender		Human Development, Page 23
G4-11	Percentage of total employees covered by collective agreements		In the Fund there is no any collective bargaining agreement in place. Employees are hired on an individual basis and rights under Kazakhstan Labor Law are fully provided.

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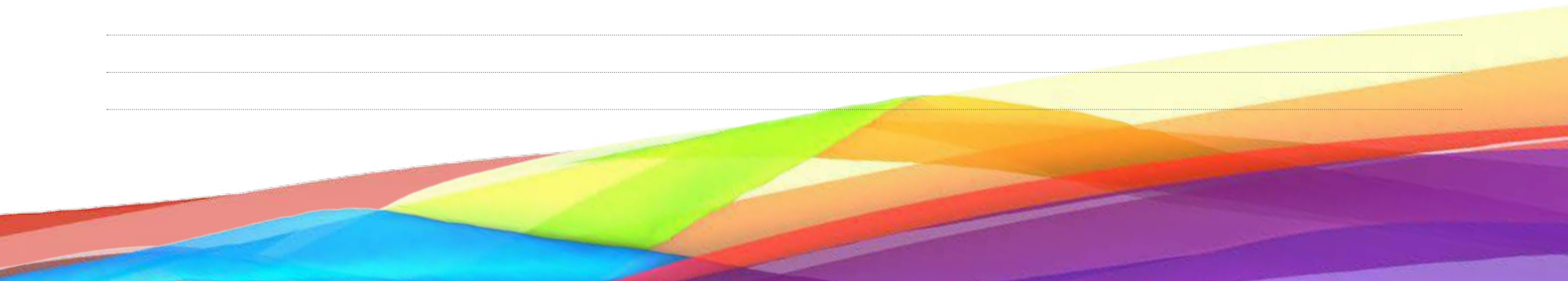


General Standard Disclosures	Description	Omission	Page
G4-12	Organizations supply chain		The Funds suppliers are consultants and financial institutions. Apart of these, the Fund works with local suppliers of technology, transpiration, catering, cleaning, office materials and other related needs. Relations with Stakeholders, Page 10 Responsible Procurement, Page 33
G4-13	Significant changes during reporting period regarding organization's size, structure, ownership or its supply chain		There has not been any change during the reporting period.
G4-14	Explanation of whether and how the precautionary approach or principles is addresses by the organization		The Fund supports precautionary approach and consistent with that principle, the Fund advocates a risk-based approach to sustainability in operations through extensive management systems.
G4-15	External developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses		The Fund is member of many international and local organizations and has also participated in a number of international initiatives and adopted their principles in accordance with best practices. Our Approach to Sustainability, Page 8 Sharing Experience with Initiatives, Page 18
G4-16	Membership of associations and national and international advocacy organizations		The Fund is member of many international and local organizations and has also participated in a number of international initiatives and adopted their principles in accordance with best practices. Our Approach to Sustainability, Page 8 Sharing Experience with Initiatives, Page 18

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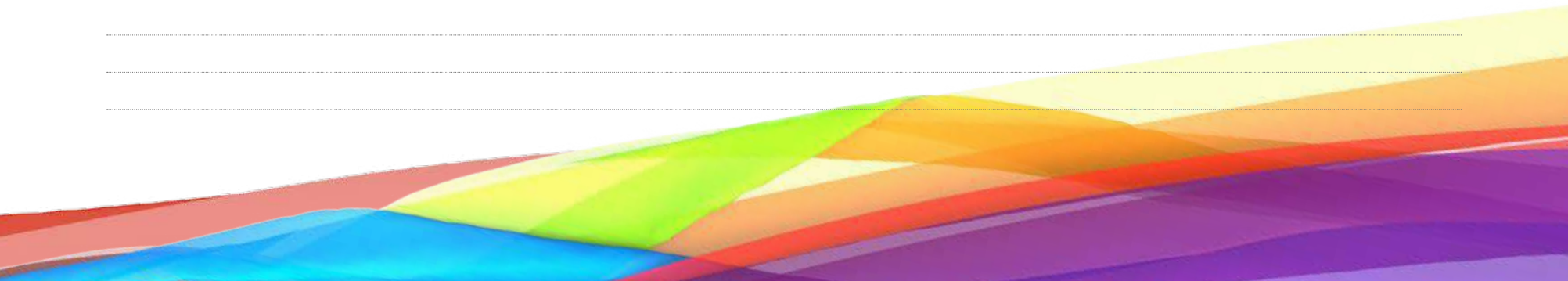


General Standard Disclosures	Description	Omission	Page
<b>Identified material aspects and boundaries</b>			
G4-17	All entities included in the organizations consolidated financial statements		Fund's Portfolio, Page 5
G4-18	Process of defining the report content and Aspect Boundaries How the organization has implemented the Reporting Principles for defining the Report content		Our Approach to Sustainability, Pages 7-9 Relations with Stakeholders, Pages 10-12 Materiality Analysis, Page 13 Sustainability Initiatives, Page 14
G4-19	Material Aspects identified in the process of defining the report content		Materiality Analysis, Page 13 Sustainability Initiatives, Page 14
G4-20	For each material aspect, the Aspect Boundary within the organization		Details are disclosed in Material aspects disclosure sections. Relations with Stakeholders, Pages 10-12
G4-21	For each material aspect, the Aspect Boundary outside the organization		Details are disclosed in Material aspects disclosure sections. Relations with Stakeholders, Pages 10-12
G4-22	The effort of any restatements of information provided in previous reports and the reasons for such restatements	N/a First year report	
G4-23	Significant changes from previous reporting in the Scope and Aspect Boundaries	N/a First year report	
<b>Stakeholder Engagement</b>			
G4-24	A list of stakeholder groups engaged by organization		Relations with Stakeholders, Pages 10-12
G4-25	Basis for identification and selection of stakeholders within whom to engage		Relations with Stakeholders, Pages 10-12
G4-26	Organizations approach to stakeholder engagement		Relations with Stakeholders, Pages 10-12
G4-27	Key topics and concerns that have been raised through stakeholder engagement		Relations with Stakeholders, Pages 10-12

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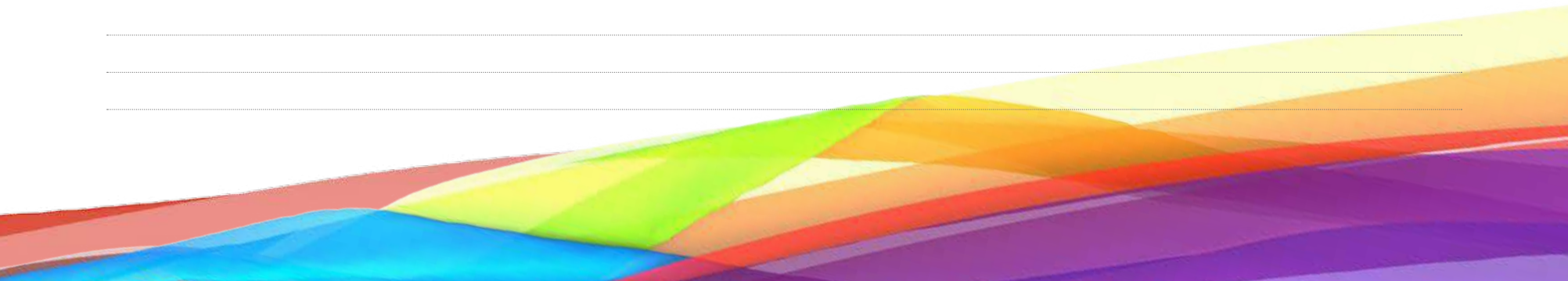


General Standard Disclosures	Description	Omission	Page
<b>Report Profile</b>			
G4-28	Reporting period and information provided		About Sustainability Report 2016, Page 1
G4-29	Date of most recent previous report	N/a First year report	
G4-30	Reporting cycle		About Sustainability Report 2016, Page 1
G4-31	Contact point for questions regarding the report		<b>Elvira Konakbayeva,</b> Corporate Governance Department Email: E.Konakbayeva@sk.kz Phone: +7(7172) 55-92-68
<b>Report Profile</b>			
G4-32	"In accordance" option the organization has chosen and GRI Content Index for the chosen option		About Sustainability Report 2016, Page 1
G4-33	Organization's policy and current practice with the regard to seeking external assurance for the report		About Sustainability Report 2016, Page 1
<b>Governance</b>			
G4-34	Governance structure of the organization, including committees of the highest governing body		Corporate Governance, Page 16
<b>Ethics and Integrity</b>			
G4-56	Organizations values, principles, standards and norm of behavior such as codes of conduct and codes of ethics		Human Development, Page 23 Ethics and Compliance, Page 30

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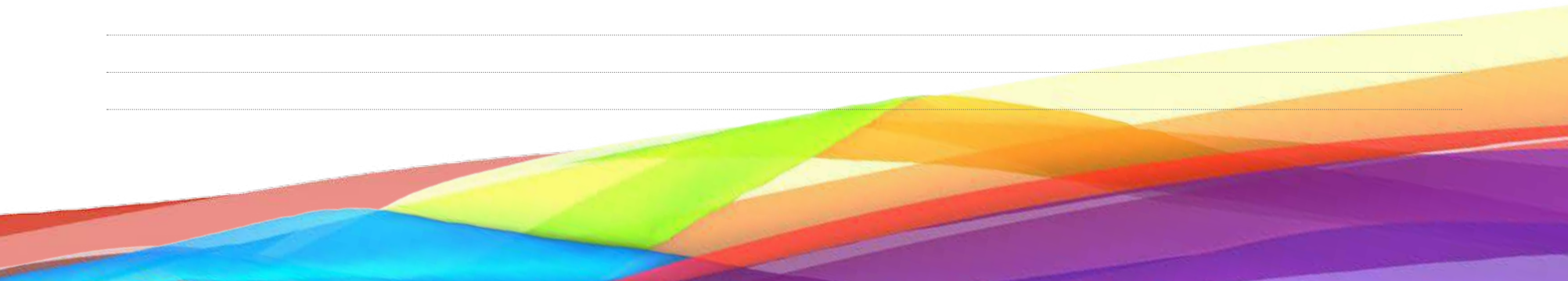
## GRI G4 Content Index

Material Aspect	DMA and Indicators	Description	Omissions	Page
<b>Economic</b>				
Economic performance	G4-DMA			About the Fund, Page 3 Fund's Portfolio, Page 5 Sustainability initiatives, Page 14 Financial Performance, Page 19
	G4-EC1	Direct economic value generated (Revenues, employee wages and benefits, operating costs, payments to government)		Financial Performance, Page 19
Procurement practices	G4-DMA			Responsible Procurement, Page 33
	G4-EC9	Procurement budget spent on local suppliers		Responsible Procurement, Page 33
<b>Environmental</b>				
Compliance	G4-DMA			Our Approach to Sustainability, Page 7 Health and Safety, Page 37
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		There was no such an incident at the Fund during the reporting period.

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Material Aspect	DMA and Indicators	Description	Omissions	Page
<b>Social: Labor Practices and Decent Work</b>				
Employment	G4-DMA			
	G4-LA1	Total number and rate of new employees hired, total number and rate of employee turnover during the reporting period by age, gender and group		Human Development, Page 23
Labor/Management Relations	G4-DMA			
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		The Fund complies with the requirements of labor Law of the republic of Kazakhstan and regulations applicable to such issues in Kazakhstan.
Occupational Health and Safety	G4-DMA			Health and Safety, Page 37
Training And Education	G4-DMA			
	G4-LA11	Percentage of employees receiving regular performance and career Development reviews, by gender and by employee category		Human development, Pages 23–29
Labor Practices Grievance Mechanisms	G4-DMA			Ethics and Compliance, Page 30
	G4-LA16	Number of grievances about labor practices filled, addressed, and resolved through formal grievance mechanisms		There were no grievances about labor practices in the Fund during the reporting period.
<b>Social: Society</b>				
Anti-corruption	G4-DMA			Ethics and Compliance, Pages 30–32
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		Ethics and Compliance, Page 30
	G4-SO4	Communication and training on anti-corruption policies and procedures		Ethics and Compliance, Page 31



All questions related to this Report can be addressed to  
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Phone: +7(7172) 55-92-68

*On the way to sustainable future*