



Building on values



KZT
1,243
billion

Consolidated net profit
attributable to shareholder



KZT
155
billion

Saving on procurement

307.6
thous. people

Number of employees



KZT
7.9
billion

Charity and sponsorship

61%

Engagement degree



72%

Social stability rating

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About the Report

Samruk-Kazyna JSC presents the Consolidated Sustainability Report of Samruk-Kazyna JSC on sustainable development of the Samruk-Kazyna JSC Group, reflecting the results for the period from January 1 to December 31, 2019.

The previous Report was published in November 2019 (for the reporting period from January 1 to December 31, 2018).

Consolidated Sustainability Report of Samruk-Kazyna JSC (hereinafter referred to as the Report) is the fourth separate public non-financial report prepared by Samruk-Kazyna JSC (hereinafter referred to as the Fund) and addressed to a wide range of stakeholders. We have been publishing sustainability reports since 2016, striving to present information in a balanced way that is relevant to the interests of each stakeholder group.

The Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, "Basic" option, and is a report on the progress achieved in the field of sustainable development, and also discloses information on the contribution of the Fund's Group to the achievement of the UN Sustainable Development Goals for the period up to 2030. The content of the Report was determined in accordance with the requirements of applicable standards and guidelines, with the participation of stakeholders. Information on material topics of the Report is presented in the Materiality Analysis section.

As a new stage in the development of non-financial reporting in the Fund's Group, we see the integration of the goals and objectives presented in the UN document "The 2030 Agenda for Sustainable Development" into the system for analyzing activities and reporting data, as well as gradually expanding the boundaries of reporting.

During the preparation of the Report, the following were used: ISO 26000: 2010 Social Responsibility Guidelines, Accountability Organization Standards AA1000SES (2015), AA1000AP (2018), Guidelines for Key Indicators of Organizations Reporting on the Contribution to Achieving the Sustainable Development Goals (UNCTAD).

The report covers the activities of the Group of Companies of the Fund. In the Report, the Fund's Group of Companies should be understood as Samruk-Kazyna JSC and a set of corporate structure organizations included in the Samruk-Kazyna JSC Group of Companies.

Unless otherwise stated or otherwise follows from the context, the terms "Group", "Fund's Group", "Group enterprises" mean the Group of Companies of Samruk-Kazyna JSC, the pronoun "we" and its various forms mean Samruk-Kazyna JSC and organizations of the Samruk-Kazyna JSC Group.

In terms of financial indicators, the Report has been prepared based on the data of the consolidated financial statements under IFRS for the year ended December 31, 2019 for 23 Portfolio Companies that are included in the consolidation perimeter. Quantitative indicators on certain topics of sustainable development are reflected in the Report for 12 largest Portfolio Companies of the Fund, reflected in the section "Group of Companies of the Fund". There were no changes in the Scope of Information Collection.

During the preparation of the Report, there were no significant changes in the reporting boundaries and the list of material topics compared to the same report for 2018, while the Report contains a number of clarifications to data from previous years, reservations about this are included in the text.

This Report has not undergone external assurance.

The Report was formed by the Corporate Governance Department of Samruk-Kazyna JSC.

The Report was approved by the Board of Directors of the Fund.

Liability limitations

The Report contains information on the goals, objectives and plans of the Fund's Group for the short, medium and long term.

The plans and intentions are forward-looking and their implementation depends, among others, on a number of economic, political and legal factors outside the Group's zone of influence.

For this reason, the actual performance indicators for future years may differ from the forward-looking statements presented in this Report.



Welcome Address of the CEO

DEAR READERS!

I am pleased to present to your attention the Consolidated Sustainability Report of Samruk-Kazyna JSC, in which we report on the results of the economic, environmental and social activities of the Fund's Group for 2019. In the Report, we also reflected our contribution to the achievement of the UN Sustainable Development Goals, consistent with the strategic goals of the Fund.

In 2019, we have done significant work to achieve our goals, while maintaining adherence to the chosen Development Strategy and making a substantial contribution to improving the welfare of the Republic of Kazakhstan.

The Fund ended the year with positive financial results. The consolidated net profit attributable to the shareholder at the end of 2019 increased by KZT57 billion compared to the previous year and amounted to KZT1,243 billion.

In the reporting period, the Sole shareholder was paid extended dividends, taking into account other distributions, in the amount of KZT195 billion, which is significantly higher than the same indicator in 2018. The total volume of tax payments in 2019 remains the same significant and remains at the level of KZT1.1 trillion.

The Fund continues to perform the function of supporting the country's economy through the implementation of infrastructure projects, as well as regional and industrial development projects. The Fund participates in 54 investment projects under the Nurly Zhol state program and the SPIID with a total investment cost of about KZT8.1 trillion, of which 47 projects have been implemented by the Fund's Group for a total cost of KZT5.9 trillion. These projects mainly cover the transport, logistics, energy and infrastructure industries.

We pay close attention to technological progress and digital solutions, the transition to innovative forms of management and organization of business processes. As part of the updated Transformation Program, a process of continuous improvement is being carried out, including the search and consideration of new ideas and projects to increase the efficiency of the Fund's Portfolio Companies. The State Program "Digital Kazakhstan" includes 14 projects of the Fund's Group, which are currently being implemented as part of the Digital Transformation Program.

Samruk-Kazyna Trust Social Projects Development Fund, created in order to implement charitable projects and programs aimed at solving socially significant issues of the country on behalf of the Fund and all Portfolio Companies, in 2019 implemented 39 socially significant projects amounted to KZT7.56 billion that reached 392,000 beneficiaries. In addition, during 2019, the Fund's Group fulfilled the instructions of the President of the Republic of Kazakhstan on the construction of 73 social facilities in Turkestan and the restoration of Arys for a total of KZT41 billion.

Our charitable and sponsorship activities are an important tool for creating a favorable social climate both in the regions of our presence and throughout the territory of the Republic of Kazakhstan.

The Fund's Group of Companies pays special attention to health, safety and environmental issues, strategic management of ESG aspects, and also supports the UN sustainable development goals. The Fund's Group ensures commitment to the principles of a green economy and the initiatives of the Paris Agreement on climate change and decarbonization of the economy in accordance with the Strategic Development Plan



of the Republic of Kazakhstan until 2025, and also implements activities and indicators of the Concept for Kazakhstan's transition to a green economy.

We make significant efforts to improve the effectiveness of health, safety and environmental protection measures. The Fund's Portfolio Companies are actively working on the implementation of plans and projects to introduce a safety culture at our enterprises. Employee health and safety is our priority, and we will do everything in this direction to achieve the best results.

The Fund carries out systematic work to improve corporate governance and, as a result, to increase the added value of the Fund's Group. In 2019, we updated our approaches to interaction with Portfolio Companies, taking into account the best corporate governance practices. Composition of the Boards of Directors of JSC NC KazMunayGas, JSC NC KTZ, Samruk-Energy JSC, JSC NAC Kazatomprom, Air Astana JSC, QAZAQ AIR JSC in 2019 were updated and strengthened by new directors.

As in previous periods, in 2019 we held a number of events aimed at developing an effective corporate culture and increasing employee engagement. 2019 in the Fund was held under the auspices of the Year of Youth and more than 500 events were held by the Fund's Group. A unified online recruiting platform Samruk qyzmet has been launched and is being implemented, whose activities allow ensuring the transparency of the selection processes and strengthening the brand of the companies of the Fund's Group.

The procurement system of the Fund's Group guarantees transparency of procedures, equal conditions of competition, fair partnership, reliability of suppliers and full compliance by all parties with relevant standards. We introduced

a mechanism for category management of procurement to support domestic business, reduced the number of procurement items on an intercompany basis by 15 times, which made it possible to transfer KZT661 billion of purchases to a competitive environment, reduced the volume of purchases from one source to KZT2.285 trillion, or 1.5 times, which made it possible to save about KZT155 billion tenge in 2019. We are committed to improving the efficiency of supply chains by implementing best practices and standards, and automating business processes. In the reporting period, the Fund also adopted a new procurement model, according to which the entire procurement and supply chain of the Fund and Portfolio Companies will be subject to regulation and methodological support, taking into account the specifics of the activities of each Fund's Company.

The beginning of 2020 has become a turbulent challenge for all of us, due to the spread of the Covid-19 pandemic and the associated economic crisis.

This problem has affected people all over the world and has become a test of sustainability and readiness for sustainable development of the whole society in general and business in particular. In order to minimize the negative consequences of external shocks and restore economic growth, the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan are taking a number of measures and decisions to create a nationwide pandemic slow down system and anti-crisis economic policy. Supporting the guidelines for the new economic course of the country determined by the state, taking into account the current circumstances, the Fund, in turn, is also making every effort to smooth out the negative economic consequences of the pandemic wherever we work. We are focused on supporting our employees, ensuring the continuity of our

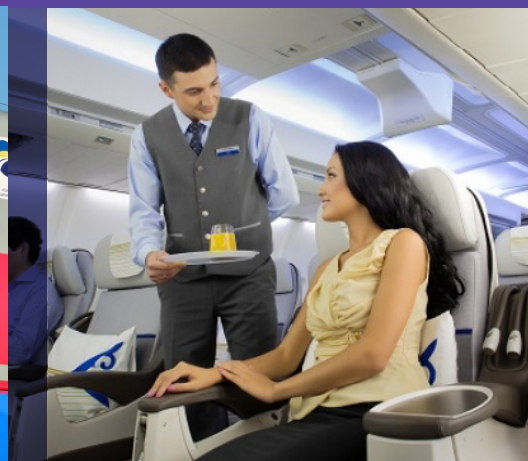
production and business processes, as well as the sustainability of the Portfolio Companies.

We regularly assess all current risks, including macroeconomic and sectoral ones, and we immediately adjust our actions and plans as necessary, develop and implement anti-crisis strategies.

We highly appreciate the trust of all our stakeholders and assure that the Fund will continue to work to achieve the strategic goals and objectives to improve the welfare of the country.

Akhmetzhan Yessimov
CEO







ABOUT THE FUND'S GROUP

About the Fund and Fund's Group
Our Development Strategy
Key performance indicators
Corporate governance
Risk management and internal control

About the Fund





Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" is the Fund, where the Sole shareholder 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 through the merger of the joint stock companies Sustainable Development Fund "Kazyna" and Kazakhstan Holding for Management of State Assets "Samruk".

Today, the Fund is a commercial structure - an investment holding, which concentrates the assets of Kazakhstan in the oil and gas, transport and logistics sectors, the chemical and nuclear industries, the mining and metallurgical complex, energy and real estate.

About the Fund's Group of Companies

Our Portfolio Companies have made a great contribution to the reputation and potential of the Fund.



JSC NC KazMunayGas

Segment: Oil and gas
 Ownership of the Fund: 100%*
 Assets: KZT14,081,915 million
 Equity: KZT8,196,656 million
 Net profit: KZT1,158,457 million
 Revenue: KZT6,858,856 million



Kazakhstani operator on hydrocarbon exploration, production, processing and transportation



JSC NAC Kazatomprom

Segment: Industrial
 Ownership of the Fund: 81.28%
 Assets: KZT1,674,133 million
 Equity: KZT1,242,154 million
 Net profit: KZT 213,749 million
 Revenue: KZT502,269 million



Kazakhstani operator on import-export of uranium, rare metals, nuclear fuel for nuclear power plants



JSC NC KTZ

Segment: Transport and logistics
 Ownership of the Fund: 100%
 Assets: KZT 3,341,863 million
 Equity: KZT 1,155,504 million
 Net profit: KZT (70,325) million**
 Revenue: KZT 1,139,138 million



The largest operator of the main railway network of Kazakhstan

* Taking into account the shares of KMG acquired by the National Bank of the Republic of Kazakhstan and transferred to the trust management of the Fund

** Net loss



The largest telecommunications company in Kazakhstan, has the status of a national telecom operator

Kazakhtelecom JSC

Segment: Communication
Ownership of the Fund: 52.03%
Assets: KZT 1,079,050 million
Equity: KZT 462,865 million
Net profit: KZT 60,345 million
Revenue: KZT 428,080 million



The postal operator of Kazakhstan, represents the Postal Administration of Kazakhstan at the Universal Postal

Kazpost JSC

Segment: Logistics
Ownership of the Fund: 100%
Assets: KZT 111,685 million
Equity: KZT 40,813 million
Net profit: KZT 54.4 million
Revenue: KZT 51,255 million



The largest air carrier of Kazakhstan

Air Astana JSC

Segment: Transport and logistics
Ownership of the Fund: 51%
Assets: KZT 379,756 million
Equity: KZT 39,476 million
Net profit: KZT 11,495 million
Revenue: KZT 343,988 million





Qazaq Air JSC

Segment: Transport and logistics
 Ownership of the Fund: 100%
 Assets: KZT 37,831 million
 Equity: KZT 2,238 million
 Net profit: KZT (7,210) million**
 Revenue: KZT 8,023 million



Kazakhstani airline operating regional flights



KEGOC JSC

Segment: Energy
 Ownership of the Fund: 90%+1
 Assets: KZT 756,988 million
 Equity: KZT 481,838 million
 Net profit: KZT 40,749 million
 Revenue: KZT 263,162 million



System operator of the unified electric power system of Kazakhstan



Samruk-Energy JSC

Segment: Energy
 Ownership of the Fund: 100%
 Assets: KZT 889,217 million
 Equity: KZT 485,016 million
 Net profit: KZT 7,111 million
 Revenue: KZT 243,722 million



The largest diverse energy holding in Kazakhstan, successfully integrated into the international energy balance

The Fund operates in the territory of the Republic of Kazakhstan.
The geography of activities and markets of presence of Portfolio Companies are presented in the Annual and Sustainability Reports available for review on their corporate websites.



Kazakhstani operator for exploration, development, production, processing and sale of solid minerals

JSC NMC Tau-Ken Samruk

Segment: Industrial
Ownership of the Fund: 100%
Assets: KZT 631,495 million
Equity: KZT 603,046 million
Net profit: KZT 40,205 million
Revenue: KZT 447,804 million



Kazakhstani company managing construction for Samruk-Kazyna JSC Group of companies

Samruk-Kazyna Construction JSC

Segment: Real estate
Ownership of the Fund: 100%
Assets: KZT 166,063 million
Equity: KZT 45,059 million
Net profit: KZT 6,791 million
Revenue: KZT 21,902 million



Kazakhstani operator for the development and implementation of investment projects in the chemical industry

United Chemical Company LLP

Segment: Industrial
Ownership of the Fund: 100%
Assets: KZT 574,620 million
Equity: KZT 194,967 million
Net profit: KZT (39,504) million**
Revenue: KZT 10,351 million



Development Strategy of the Fund

The Fund's Development Strategy is fundamentally consistent with national development, goals, key economic objectives and emphasizes the importance of the Fund as a sovereign fund in achieving the development goals of the Republic of Kazakhstan.

The Fund's Development Strategy was developed taking into account the experience of leading sovereign wealth funds like Temasek (Singapore), Khazanah (Malaysia) and Mubadala (United Arab Emirates), the operational and investment activities of which are fully directed on commercial focus, and is aimed at making changes into the portfolio of investment projects and assets, revising

approaches for reinvesting funds, ensuring income diversification in order to avoid concentration risk, and preserving and increasing the welfare of future generations.

The mission of the Fund is to increase the national wealth of the Republic of Kazakhstan and long-term sustainability for future generations.

The vision by 2028 defines the Fund as an investment holding that deliver strong financial performance, investment returns and portfolio development on par with leading sovereign wealth funds.

Strategic goals

Strategic initiatives

Strategic objectives

1

Efficiency of companies

1

Improvement of companies' profitability

- ▶ *Financial sustainability*
- ▶ *Optimization and companies' synergy*
- ▶ *Digital transformation*

2

Portfolio management

2

Optimization of portfolio structure

- ▶ *Privatization Program implementation*
- ▶ *Exit from non-strategic assets*
- ▶ *Attraction of strategic partners*

3

Income diversification

- ▶ *Diversification*
- ▶ *Investment into new sectors in Kazakhstan*
- ▶ *International investments*

3

Sustainable Development

4

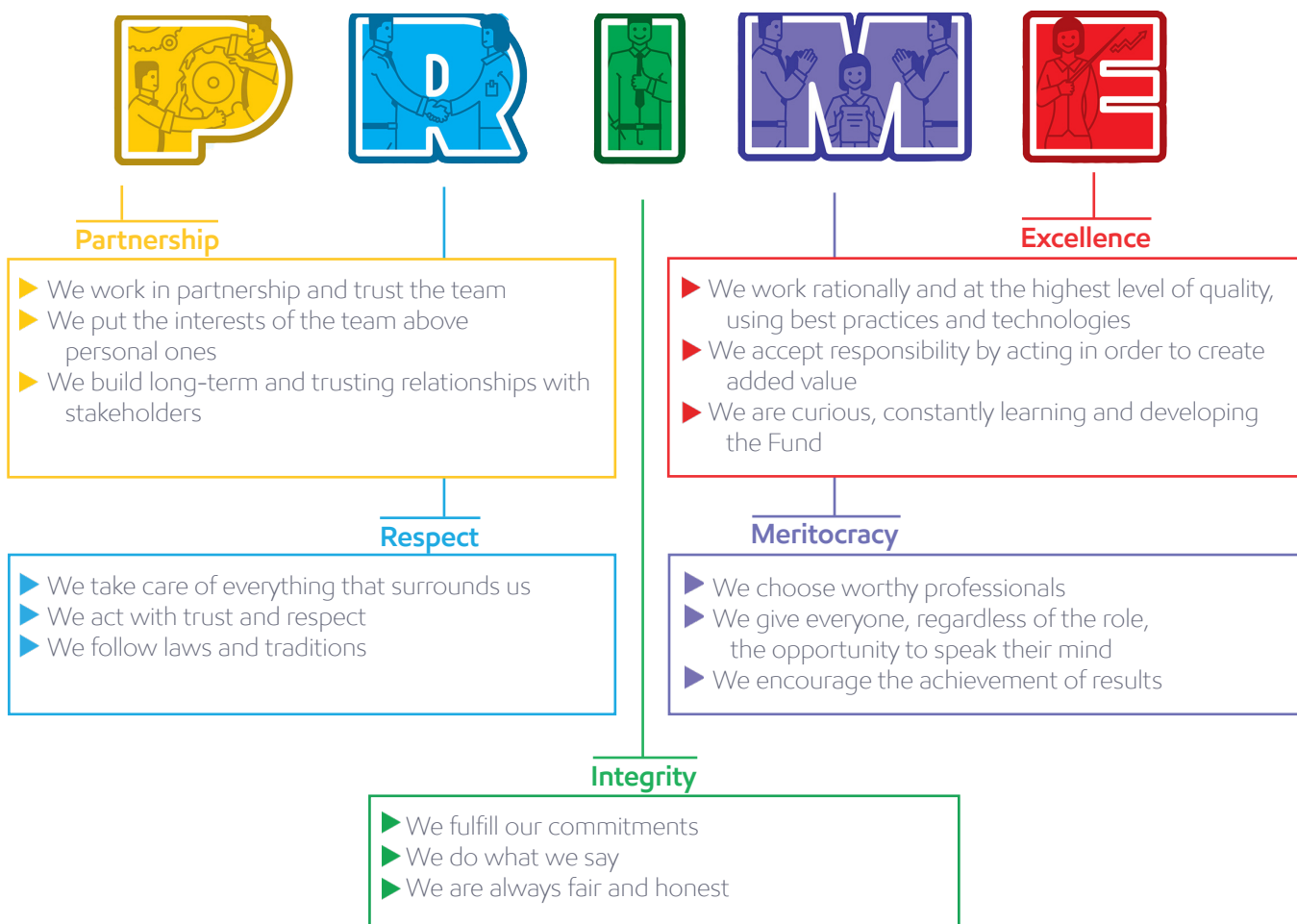
Corporate governance and sustainable development

- ▶ *Effective corporate governance*
- ▶ *Implementation of Sustainable Development initiatives*

Our people and values

Our team consists of more than 307 thousand people working in all regions of Kazakhstan.

We are guided by our PRIME values and strive to achieve our strategic goals to improve the national well-being of the Republic of Kazakhstan.



Corporate governance

We regard corporate governance as a key factor in the growth of the Fund's value and its investment attractiveness. In this regard, continuous improvement of the corporate governance system, ensuring transparency of management, reaffirming the commitment of the Fund's Group to follow the standards of good corporate governance are a priority for us.

The Fund has built a corporate governance system in accordance with the legislation of the Republic of Kazakhstan, the Charter and the Corporate Governance Code.

The Corporate Governance Code defines the following key principles of good corporate

governance:

- Government as the Shareholder of the Fund;
- Interaction between the Fund and Organizations. The Role of the Fund as a National Managing Holding Company;
- Sustainable development;
- Shareholders' rights and fair treatment of all Shareholders;
- Effectiveness of the Board of Directors and the Executive Body;
- Risk management, Internal control and audit;
- Transparency.

Board of Directors

The Board of Directors carries out general management of the Fund's activities in accordance with the legislation of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund", the Charter, the Corporate Governance Code, the Regulation on the Board of Directors and other internal documents of the Fund. The management of the current activities is carried out by the Management Board, which in turn is accountable to the Board of Directors.

To facilitate a deep and thorough consideration of issues and preparation of recommendations to the Board of Directors, the following committees of the Board of Directors have been established and function in the Fund:

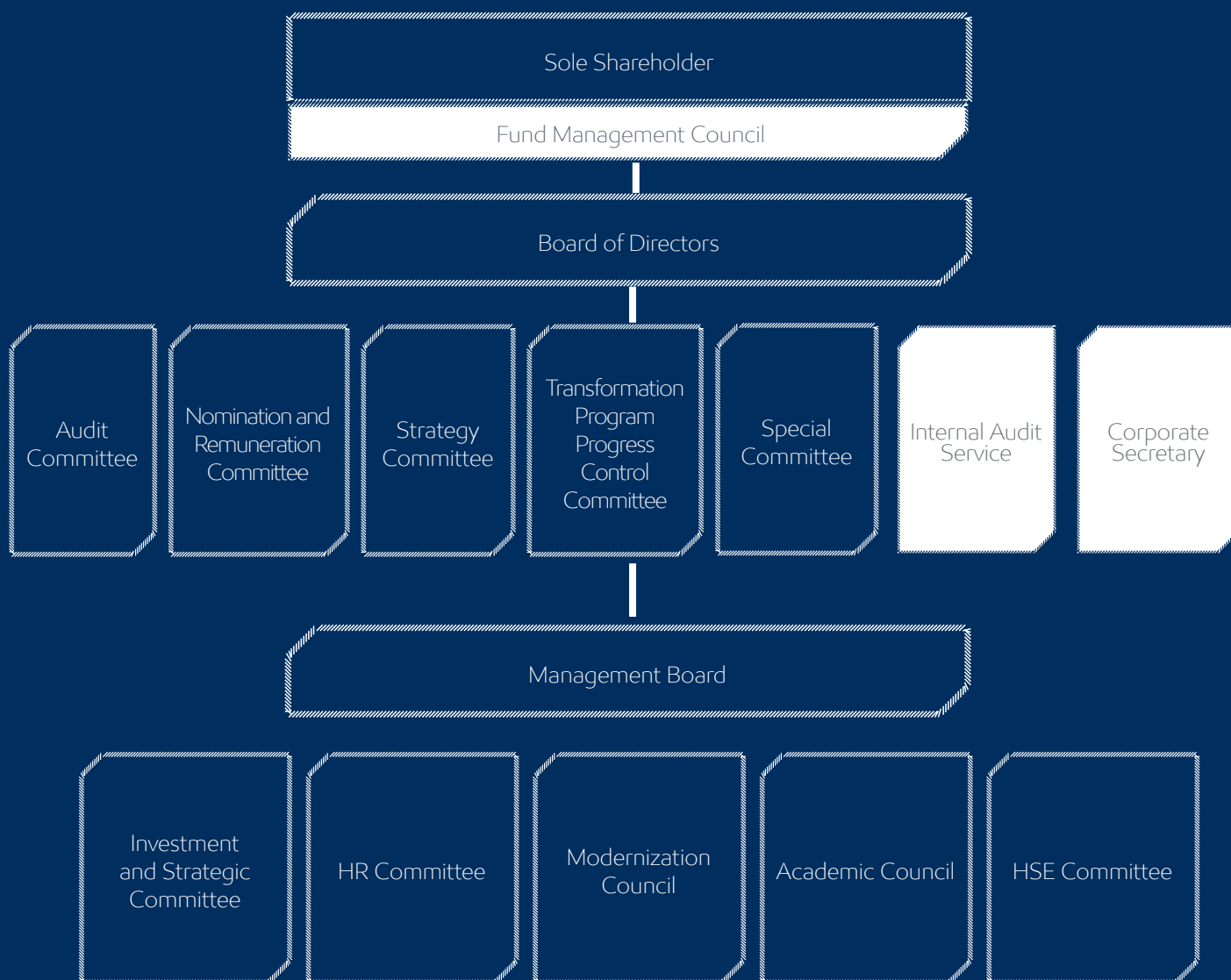
1. Audit Committee was created to assist the Board of Directors of the Fund in performing its control functions over the integrity of financial

statements, the effectiveness of internal control and risk management systems, as well as for compliance with the principles of corporate governance and legislation. The Audit Committee also issues recommendations to the Fund's Board of Directors on the appointment or reappointment of an external auditor.

2. Strategy Committee - its functions are aimed at considering issues of the development strategy, the development plan of the Fund, reports on the implementation of the development strategy, and information on the compliance of the development strategies of national companies with decomposed strategic indicators of national strategies, objectives and government programs.

3. Nomination and Remuneration Committee is responsible for providing recommendations and forming proposals on attracting qualified specialists to the Board of Directors, the Management Board, for the position of the Corporate Secretary, approving remuneration of independent directors, terms of remuneration and

Corporate governance structure



bonuses to members of the Management Board and the Corporate Secretary

4. Transformation Program Progress Control Committee was created to fulfill the task of monitoring and evaluating the implementation of the Fund's Transformation Program and preparing the necessary recommendations to the Fund's Board of Directors.

5. Specialized Committee - carries out a comprehensive and objective analysis of the impact of the activities of organizations included in the Fund's Group on the development of the

economy or a particular sector of the economy, with the exception of issues related to their use of the funds of the National Fund of the Republic of Kazakhstan, the republican budget, as well as guarantees and assets state.

Responsibility for economic, environmental and social issues

In accordance with the Corporate Governance Code, the Board of Directors and the Management Board, within their competencies, ensure the formation of an appropriate system in the field of sustainable development and its implementation, while all employees and officials at all levels contribute to sustainable development.

Delegation of powers to resolve economic, environmental and social issues from the governing body to the executive body, officials

and other employees is carried out within the framework of corporate governance processes in accordance with the Charter and the Corporate Governance Code.

More detailed information on the corporate governance structure, functions and composition of governing bodies and their committees, as well as their activities for 2019, is given in the Fund's 2019 Annual Report.

Risk management and internal control

Risk management is an ongoing process aimed at reducing the level of risks to an acceptable level and preventing events that may have a negative impact on the achievement of the business goals of the Fund's Group. The Group is committed to effective and proactive management of risks and opportunities, as well as the consistent development of a risk culture.

The internal control and risk management system functioning in the Fund is aimed at providing reasonable confidence in achieving the set strategic and operational goals, creating and protecting the Fund's value, as well as ensuring its sustainable development through prompt identification, assessment and effective management of risks and opportunities.

The Fund's risk management system was developed taking into account the challenges of the external environment and complies with the principles set out in international risk management standards, including the recommendations of the Committee of Sponsoring Organizations of the Tradeway Commission (COSO).

The key internal document in the field of risk management of the Fund is the Fund's Risk Management and Internal Control Policy, which

was approved by the Board of Directors in 2019 in a new version. At the same time, the Fund has developed and is operating internal documents to manage certain types of risks that are significant for the Group. In 2019, the following documents were adopted in the field of risk management:

- Collateral policy of the Fund;
- The Fund's policy on credit risk management;
- The Fund's corporate standard for credit risk management;
- The Fund's Risk Hedging Rules.

In 2019, work continued on building an effective internal control system, monitoring of control procedures in the Fund's processes is carried out on a regular basis. In order to reduce process risks, the Fund conducts general mandatory and functional certification of employees for knowledge of the requirements of the Fund's internal regulatory documents.

Risk management environment

The Fund has implemented a formalized risk management structure, which provides for a clear division of functions and responsibilities and an accountability procedure for the Board of Directors, the Audit Committee, the Management Board and the Risk Management and Internal Control Department.

The Board of Directors ensures the implementation of a culture of proper risk management and internal control.

The Board of Directors discusses the risks to which the Fund is exposed on a regular basis. The Audit Committee closely monitors the effectiveness of the risk management system and regularly receives reports from the Management Board on risks and measures to manage them, and is responsible for

monitoring internal controls on behalf of the Board of Directors.

The Risk Management and Internal Control Department is responsible for coordinating risk

identification and assessment, introducing best practices in risk management, preparing risk reports, and organizing and implementing the Fund's insurance coverage.

Board of Directors	Oversees the effectiveness of risk management and internal control
Audit Committee	Provides assistance to the Board of Directors of the Fund in matters of control over the reliability and efficiency of CRMS and internal control
Management Board	Ensures the creation and maintenance of the effectiveness of the risk management and internal control system
Risk Management and Internal Control Department	Coordinates the adoption of measures to identify, assess and minimize risks; Develops internal control policies and procedures; Collects and processes data on the results of risk assessment; Develops consolidated risk reports
Risk owners	Identify individual risks and start taking measures to manage them

A similar risk management structures function in the Fund's Portfolio Companies.

Significant risks of the Fund's Group in 2019

A list of significant (critical) risks has been formed in the Fund's Group, which includes strategic, financial, operational and legal risks, the likelihood of realization and / or the impact of which are

assessed by the Group as high. Analysis of critical risks and control over the implementation of measures to manage such risks are in the area of constant attention of the management of the Fund's Group of Companies.

Main risks	Risk profile	Risk mitigation measures
<i>Strategic risks</i>		
Risks of significant investment projects	risks associated with the implementation of various projects of the Fund Group, taking into account timeliness, quality, cost and other indicators.	control over the implementation of investment project implementation schedules, provision of timely financing, work with strategic partners.
Risks of the Asset Privatization Program	When implementing the Fund Group's assets privatization program, there are a number of risks of the Fund as a selling shareholder. Among the main risks are the following: i) the sale of assets at a price below fair value; ii) the risk of recognition of impairment; iii) failure to fulfill investment obligations by the investor; iv) the risk of losing control over strategic assets.	The Fund, together with Portfolio Companies, carries out risk analysis and work on preparing assets for sale, taking into account market conditions and the degree of preparedness of the company to make decisions on the timing, approaches and conditions for the sale of assets.
<i>Financial risks</i>		
Liquidity risks and violations of covenants / listing requirements	risks associated with the company's inability to finance its activities, timely and fully meet its obligations	As part of the management of these risks, limits are established and monitored for the degree of the Fund's and Portfolio Companies' debt burden, various measures are taken to ensure the execution of covenants by Portfolio Companies and to increase the financial stability of the Fund's Group.

Currency risk	the risk of losses due to adverse changes in foreign exchange rates	The level of foreign currency debt of the Fund and Portfolio Companies is monitored and the impact of exchange rate differences on net profit is analyzed, the situation in the domestic and foreign markets, the actions of the regulator are monitored, and the foreign currency limits of the Fund are monitored on a separate and consolidated basis, and "balance" hedging is applied.
Credit risk	the risk of losses due to failure to fulfill, untimely or incomplete performance by the counterparty of its obligations to the Fund and the PC	To manage this risk, treasury standards are established, various instruments used in international practice are used (limiting, diversification, etc.).
<i>Operational risks</i>		
Social instability risk	the risk associated with the social tension of various groups of employees of the Fund and the PC. In 2019, the "Social Stability Index" of the Fund's Group increased from 69% to 72%. During the study, employees of 10 large PCs were interviewed.	In order to reduce this risk, work is ongoing on corporate social responsibility issues.
Accident risk	a risk, due to the specifics of the activity, which is significant mainly for the Fund's PCs involved in production	In order to reduce risk in 2019, the Fund provides for the synergetic initiative "Industrial Safety" to bring the management system in the field of labor protection, industrial safety and environmental protection (hereinafter referred to as HSE) to the Portfolio companies of the Fund to the level of international best practices. The abovementioned initiatives are implemented within the framework of the work of the HSE Committee by assessing the current state of HSE systems in the 12 largest PCs, identifying and ensuring the implementation of the minimum requirements of HSE systems in the PCs, planning and implementing the best world practices in accordance

with the industry specifics of each PC, regular performance assessment and improvement of the HSE management system of a PC.

The risk of the impact of sanctions legislation

the risk associated with the imposition of sanctions against countries in which the assets of the Fund / PC are located

In order to minimize this risk, sanctions are monitored, analysis on the impact on the activities of the Fund and the PC is conducted to develop preventive and control measures.

Legal risks

Litigation risk

the risk of involving the Fund and the PC in large litigation

Measures are being taken to pre-resolve disputes through negotiations, monitor the Fund's obligations under existing agreements, clarify legal acts by correspondence with authorized bodies and other legal actions to protect the interests of the Fund's Group.





SUSTAINABLE DEVELOPMENT MANAGEMENT

Sharing the UN Sustainable Development Goals
Sustainable development initiatives
Materiality analysis
Stakeholder engagement

Sustainable Development Management

Sustainable development is an integral part of the Fund's development strategy, within the framework of which the Fund and Portfolio Companies continue to work on the consistent implementation of the principles of sustainable development and the integration of economic, environmental and social goals into key business processes and decision-making system in order to create long-term value for stakeholders: introducing a risk-based approach to risk management in the field of sustainable development, searching for new opportunities and applying best practices to improve operations, increase competitiveness and ensure business sustainability.





The Fund Group's approach to sustainable development management is based on the alignment of strategic development priorities and our activities with the fundamental principles of corporate responsibility and sustainable development, common human values, and national and regional development priorities.

Sustainable Development Initiatives

In 2018, the Fund adopted the Sustainable Development Concept, which includes nine sustainable development initiatives:

- strong corporate governance and improved risk culture
- financial sustainability
- development of human resources
- high ethical standards and anti-corruption
- responsible procurement
- good reputation and high transparency
- strong culture in health and safety
- environmental responsibility
- responsible investment

The result of the implementation of the strategic goal on sustainable development should be the creation of a management system that ensures the achievement of improved indicators of corporate social responsibility, labor protection, health and the environment, an improvement in economic impact in the regions of presence, anti-corruption, an improvement in the quality of relationships with stakeholders, an upgrade in the corporate governance rating, a corporate culture of ethics and compliance.

The Fund's Group of Companies builds a management system in the field of sustainable development, including through the implementation of the following elements:

- commitment of the Fund's Group to the sustainable development principles at all levels of management;
- analysis of the external and internal situation in three aspects of sustainable development: economic, environmental and social;
- identification of risks in the field of sustainable development in the social, economic and environmental spheres;
- interaction with stakeholders and building a stakeholder map;
- setting goals and KPIs in the field of sustainable development;
- implementation of priority directions (initiatives) in the field of sustainable development;
- integration of sustainable development into key business processes;
- advanced training of the Group's employees in the field of sustainable development;
- organization of the process of annual reporting on sustainable development;
- performance assessment in the field of sustainable development;
- improving the process of sustainable development.




Sustainable Development goals



In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development, which formulates 17 global sustainable development goals (hereinafter - the SDGs) and identifies 169 targets within these SDGs. Since the SDGs cannot be achieved solely by the efforts of states and civil society organizations, the UN encourages

businesses to focus on the SDGs in their daily activities and report on progress. The Fund's Group fully supports the Sustainable Development Agenda and SDGs and strives to consistently integrate relevant projects and tasks into its internal documents and practices.

Key projects of the Fund's Group related to the achievement of the SDGs in 2019

SDG	Contribution of the Fund's Group
Good Health and Well-Being 	<ul style="list-style-type: none"> Implementation of programs aimed at maintaining health, increasing the availability and quality of medical services for workers. Informing employees of the Group and contractors about industrial safety rules and the necessity to comply with them. Implementation of educational programs in the field of labor protection and industrial safety. Implementation of measures aimed at ensuring health and safety. <p><i>For more details, see the sections of the Report: Environmental responsibility and labor protection, "Human rights"</i></p>

Quality education



- Implementation of the projects “Zhas Orken” and “Digital Summer”.
- SK Trust charitable programs: “Road to School”, “World of Equal IT Opportunities”
- Implementation of training and development programs to improve the professional competence of employees.
- Implementation of external social programs aimed at supporting education in the regions of presence.
- Interaction with educational institutions in order to improve the quality of educational programs and training for further employment.

For more details, see the sections of the Report: “Education and Development”, “Sponsorship and Charitable Activities”

Gender equality



- Ensuring equal working conditions for men and women

For more details see the sections of the Report: “Remuneration and assessment”, “Human rights”

Good jobs and Economic Growth



- Providing decent and safe working conditions.
- Implementation of current measures for labor protection and industrial safety
- Ensuring employee participation in improving the labor protection system
- Implementation of investment projects
- Fulfillment of tax obligations.
- Ensuring equal social guarantees and creating equal opportunities for highly productive work, professional growth and unlocking the potential of each employee
- Creation of jobs in the regions of presence.
- Implementation of training and development programs to improve the professional competencies of employees
- Ensuring transparency of procurement procedures
- Availability of a Code of Conduct
- Implementation of initiatives to minimize the Group’s environmental impact

For more details see the sections of the Report: “Economic Performance”, “Procurement System”, “Employment”, “Environmental Responsibility and Labor Protection”

Industry, Innovation, and Infrastructure



- Projects aimed at developing the infrastructure of the territories of presence
- Implementation of investment projects in various areas of industrialization and infrastructure development
- Implementation of research and development work, technical and economic research
- Implementation of state programs
- SK Trust Program: "Menin Elim" (My Homeland)

For more details, see the sections of the Report: "The role of the Fund in the country's economy", "Investment activities", "Innovation activities", "Sponsorship and charitable activities"

Reduced Inequalities



- The project "We will win Autism!", "Gift the children life", "Support center for children and families", Projects "Equipping the sports equipment of the club of disabled people "Alga", "World of equal IT opportunities "

For more details, see the sections of the Report: "Sponsorship and Charitable Activities"

Sustainable cities and Communities



- Comprehensive environmental programs
- Projects (activities) aimed at the protection of air
- Other environmental protection activities

For details, see the sections of the Report: "Environmental Responsibility and Labor Protection"

Climate action



- Projects (activities) aimed at the protection of air

For more details, see the sections of the Report: "Environmental Responsibility and Labor Protection", "Supporting our planet"

Partnerships



- Interaction with state bodies, public organizations and business communities, incl. to promote practices in the field of sustainable development
- Membership of the Group's companies in the UN Global Compact and preparation of relevant reporting
- Support for corporate volunteering
- Interaction with stakeholders in order to ensure that the interests of local communities are taken into account when making decisions
- Conclusion of partnerships for the implementation of programs aimed at the development of local communities.
- Supporting initiatives in the field of sustainable development, implemented by international and Kazakhstani organizations.
- Investments in the regions of the Group's presence (volunteer and charitable projects, social support).
- Publication of non-financial statements in accordance with GRI standards.
- Development of practices for collecting non-financial information throughout the Group.

For details, see the sections of the Report: "Participation of the Fund's Group in initiatives and associations", "About the Report", "Interaction with stakeholders"

The world today is grappling with the uncertainty and disruption caused by the pandemic and the economic crisis. There is an urgent need to take measures to help maintain sustainable and fulfilling human lives, while protecting the environment. We are aware of our impact on the economy, the environment and society and, striving to increase long-term value, we try to ensure our sustainable development in the long term, balancing the interests of stakeholders, and contribute to a better world.

The 17 United Nations Sustainable Development Goals (SDGs) chart the path to a better and more inclusive world of hope and opportunity by 2030.

Despite the challenges to achieve the SDGs, they

offer opportunities to address important issues on the UN Agenda.

Many of our portfolio companies are already contributing to these goals.

As manufacturing companies with a significant impact on the environment, for example, JSC NC KazMunayGas and Samruk-Energy JSC carry out environmental projects, more details about which can be found in the section "Environmental projects of the Fund's Group". In order to meet the growing demand for green energy solutions, Samruk-Energy JSC invests in renewable energy sources. Samruk-Kazyna Construction JSC is completing the implementation of state programs to provide the population with affordable housing.

It is necessary to note the huge role of the Corporate Fund Samruk-Kazyna Trust, which is the sole trusted operator of the Fund's Group in providing charitable and sponsorship assistance.

Supporting our planet

Climate change is one of the significant modern challenges. For example, unpredictable weather conditions that threaten food production, rising sea levels that increase the risk of natural disasters, are the impacts of climate change and are global and unprecedented in scale. In this regard, we must take decisive action today to support our planet for the well-being of future generations. Our efforts, big or small, can change our collective future.

In order to prevent global climate change and adapt to its consequences, 197 states signed the Paris Agreement under the Framework Convention on Climate Change. The Republic of Kazakhstan also ratified the Paris Agreement and determined the low-carbon vector of the country's development. Transition to a low-carbon economy and adaptation to the impacts of climate change are strategic objectives for Kazakhstan.

At the national level, an online system for monitoring, reporting and verifying sources of greenhouse gas emissions operates. Annually, Kazakhstan reports to the UNFCCC secretariat on greenhouse gas emissions.

We share the national position and strive to contribute to the implementation of the provisions of the Paris Agreement. In support of the UN Sustainable Development Goals, the Fund's Group is making significant efforts to create a better and more sustainable world.



Thus, being a part of the global nuclear fuel cycle and supplying fuel for nuclear power plants, JSC NAC Kazatomprom ensures the development of nuclear energy as one of the carbon-free sectors of the economy. The production processes of the JSC NAC Kazatomprom Group for the production of uranium raw materials are based on the most environmentally friendly technology by in-situ leaching, the use of which is accompanied by minimal greenhouse gas emissions.

In 2019, JSC NC KazMunayGas published its first ever verified report on greenhouse gas emissions for 2018 within the framework of the CDP (Carbon Disclosure Project) Climate Program, which includes data on direct and indirect greenhouse gas emissions for all assets of the Company, including subsidiaries in Romania and Georgia. JSC NC KazMunayGas strives to manage climate risks by reducing emissions, creating an energy efficient investment program, assessing its progress and sharing best practices with other global companies. In November 2019, the first Forum on Greenhouse Gas Emissions Management was held in Nur-Sultan.

In accordance with the terms of the UN Framework Convention on Climate Change, the Kyoto Protocol, the Paris Agreement and the environmental legislation of the Republic of Kazakhstan, the MPTL branches of KEGOC JSC have carried out an inventory of greenhouse gases emitted into the environment as part of the Company's activities in 2019.

As part of the support of renewable energy sources, conditional consumers of Samruk-Energy JSC Group purchased 378 million kWh of clean energy in 2019, which is 40.6% higher than the same period in 2018. In addition, such subsidiaries of Samruk-Energy JSC as Ekibastuz GRES-1 LLP, Ekibastuz GRES-2 Station JSC, AIES JSC and

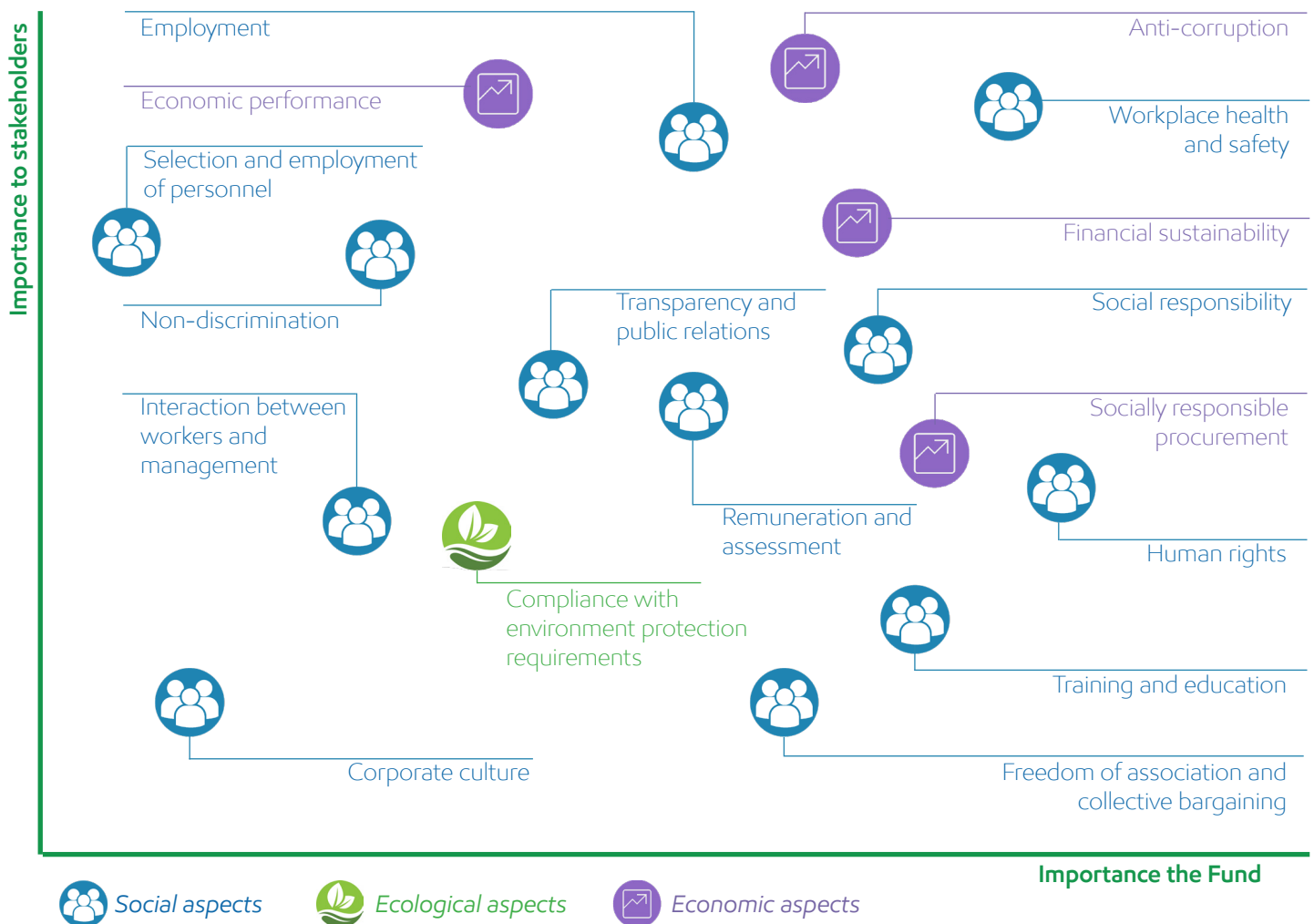
Bogatyr Komir LLP are quota-based installations and have obligations to reduce GHG emissions in the national GHG emissions trading system. We are attentive to the problems of climate change and consider them in our activities. We are also open to partnerships and dialogue with stakeholders to discuss the implementation of the SDGs.

Fund's approach to defining material aspects

Defining topics that are relevant to both stakeholders and the Fund, and understanding how they can affect our ability to create value over time, are fundamental to the Fund's performance.

Our approach allowed us to identify a wide range of material aspects. Each topic was analyzed and given a priority rating. The material topics identified by us touch upon issues and problems, including significant risks for the Fund's Group.

Materiality matrix



Please find below our comments on topics identified as relevant both to stakeholders and us.

Material aspect	Comments
Economic performance	<p>The Fund's Group of Companies makes a significant contribution to the development of the regions of the Republic of Kazakhstan, increasing the social and economic potential and improving the welfare of the population of the regions.</p> <p>The economic performance of the Fund makes it possible to assess this contribution to the country's economy, income received, liabilities paid and taxes.</p>
Anti-corruption	<p>In its daily activities, the Fund's Group is guided by the principles of honest, transparent and ethical conduct of business and zero tolerance to any manifestations of corruption.</p>
Socially responsible procurement	<p>The procurement system of the Fund's Group guarantees transparency of procedures, equal conditions of competition, fair partnership, reliability of suppliers and full compliance by all parties with relevant standards.</p> <p>We are constantly striving to improve the efficiency of supply chains by implementing best practices and standards, as well as automating business processes.</p>
Financial sustainability	<p>The role of the Fund in increasing the financial sustainability of the Fund's Group of Companies contributes to the achievement of the strategic goal of long-term sustainable development.</p>
Compliance with environment protection requirements	<p>The Fund's Group works to reduce environmental impact, reduce energy consumption and on usage of natural resources responsibly. We objectively assess and strive to minimize environmental risks, invest heavily in environmental programs in various areas and the introduction of innovative technologies.</p>
Workplace health and safety	<p>The Fund's Group strives to completely eliminate occupational deaths and industrial injuries.</p>
Social responsibility	<p>For us, social responsibility is a whole philosophy, which, in our opinion, should be adhered to by companies thinking about their development and the development of society as a whole.</p>
Human rights	<p>The Fund's Group strictly serves the interests and rights of workers, and also contributes to the prevention of any form of discrimination</p>

	and forced labor. Particular attention is paid to ensuring safety in the workplace, improving the social and living conditions of employees and creating equal opportunities for professional and personal growth.
Employment	The Fund's Group is one of the largest employers in the country: the share of employees of the Fund's Group of Companies is 3.5% of the employed population of the country, or 307.6 thousand people.
Non-discrimination	The Fund's Group strictly complies with the requirements of the labor legislation of the Republic of Kazakhstan and does not violate its norms, according to which no one can be subjected to any discrimination in the exercise of labor rights based on origin, social, official and property status, gender, race, nationality, language, relationship to religion, beliefs, place of residence, age or physical disabilities, as well as membership of public associations.
Training and education	We invest in training and development of skills and knowledge of employees to ensure the implementation of the long-term objectives of the Fund and provide employees with opportunities for professional and career development.
Freedom of association and collective bargaining	We, as a socially responsible holding, fully support this right and create a favorable environment for the exercise of the workers' right to freedom of association and collective bargaining.
Remuneration and assessment	The creation of an economically efficient remuneration system necessary to attract, retain and motivate employees is a priority of the Fund's HR policy.
Transparency and public relations	We are guided by the principle of increasing transparency and information openness in our daily activities.
Selection and employment of personnel	The development of human potential and talents as a strategic resource for increasing the efficiency of the Fund is one of the key goals of the Personnel Policy and Development Strategy of the Fund.
Interaction between workers and management	The Fund complies with the requirements of the labor legislation of the Republic of Kazakhstan and the norms applicable to such issues in Kazakhstan.
Corporate culture	Corporate culture is one of the important factors in the successful development of the Fund's Group and an effective tool for increasing the efficiency of personnel.

Stakeholder Engagement

Maintaining transparent, trusting relationships with stakeholders in the long term is the basis for sustainable development of the Fund's Group.

During the development of an approach to managing stakeholder engagement, we are guided by the principles of international and internal corporate standards, as well as identify and take into account the interests and expectations of key stakeholders.

The general principles of the communication and interaction process are enshrined in the Code of Conduct, which is published on the Fund's corporate website.

The mechanisms of interaction with stakeholders introduced in the Fund provide regular feedback, allow timely identification of both risks and new opportunities for development, increasing the efficiency of our activities.

When identifying stakeholders and interacting with them, the Fund uses the advanced international standards of the AA 1000 "Accountability

Principles Standard 2008", AA 1000 "Stakeholder Engagement Standard 2011". These standards are developed by the British Institute for Social and Ethical Reporting to improve the quality of non-financial reporting, transparency, accountability and sustainability of companies.

In accordance with the requirements of the above standards, the Fund implements the following processes:

- Assessment and disclosure of non-financial results of its activities, in addition to the main financial indicators.
- Implementation of the Development Strategy covering economic, social and environmental components.
- An ongoing dialogue process with all stakeholder groups.
- Taking into account the interests and requirements of stakeholders, as well as the provision of performance results.
- Supporting and promoting the principles of sustainable development and social accountability.

List of our key stakeholders



Interaction with the Sole Shareholder

The Sole Shareholder of the Fund is the Government of the Republic of Kazakhstan. The interaction between the Fund and the Sole shareholder is governed by the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" and the Agreement on Cooperation between the Government of the Republic of Kazakhstan and the Fund, which establishes the basic principles of interaction and requirements of the Government's for the Fund on our activities.

The key principles of interaction between the Government and the Fund are:

- Management of the Fund by the Government solely through the implementation of the powers of the Sole Shareholder provided for by the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" and (or) the Charter of the Fund, and representation of members of the Government on the Board of Directors of the Fund;
- Non-interference of the Government, its members, as well as government officials in the operational (current) activities of the Fund's Group;



- Reporting and transparency of the Fund's Group's activities.

The Fund pays dividends annually in accordance with our dividend policy and the decision of the Sole shareholder.

Interaction with Portfolio Companies

We assign responsibility for the activities of our portfolio companies to the boards of directors and executive bodies, and also support the formation of highly qualified, experienced and diverse boards of directors and executive bodies that ensure independent, objective and effective decisions made in the best interests of the organization and taking into

account fair treatment of all shareholders and principles of sustainable development.

To fully implement its mission and meet the requirements of the shareholder and other stakeholders, the Fund has developed and maintains a Portfolio Companies management system, the objectives of which are:

- respect of the hierarchy of the procedure for considering issues and making decisions;
- timely decision-making by corporate bodies of Portfolio Companies and the Fund;
- increasing the controllability of processes for the bodies of Portfolio Companies;
- increasing the corporate governance rating of

Portfolio Companies.

Portfolio Companies management system by the Fund is based on the following management principles:

- clear delineation of the competences and powers of the Portfolio Companies bodies (Sole Shareholder / General Meeting of Shareholders / Sole Participant / General Meeting of Participants, Board of Directors / Supervisory Board, executive body), employees and officers of Portfolio Companies;
- clear delineation of responsibility of the Portfolio Companies bodies, employees and officials of Portfolio Companies;
- non-interference of the Fund in the operations of Portfolio Companies, management through the exercise of the rights of a shareholder / participant and through interaction with the Boards of Directors / Supervisory Boards, including through its Representatives on the Boards of Directors / Supervisory Boards of Portfolio Companies. The Fund engages in the operating activities of Portfolio Companies only in cases of systemic failure by Portfolio Companies to fulfill their strategic goals and objectives.

Description of the management system of the Fund's Portfolio Companies and the requirements for their management, methods and approaches of management are systematized and combined in the Policy on interaction of the Fund with Portfolio Companies, which was revised and updated in 2019.

Interaction with employees

Our employees are a key element of the Fund's Group's sustainability, ensuring successful operation and development of the business.

The creation of a highly qualified and motivated



team of employees is the main goal of interaction with employees and a necessary component to increase the value of the Fund.

We create decent working conditions for our employees, as well as develop a system of motivation. We implement various training programs for employees, including within the framework of the Samruk-Kazyna Corporate University.

Interaction with Business Partners and Suppliers

We promote the development of long-term and sustainable relationships with business partners. The Fund's Group, adhering to a policy of prudent competitive choice, seeks to do business only with reliable partners who in their practice do not violate the law, as well as exclude corruption, discrimination and violation of human rights. The supply chain of the Fund's Group includes organizations of various forms and scale of activity - large companies, small and medium-sized businesses, individual entrepreneurs. We are open to cooperation and provide equal competitive conditions aimed at an impartial and efficient selection of suppliers and contractors.

Strong and mutually beneficial relationships with reliable partners are a prerequisite for sustainable operation and fulfillment of the Group's obligations.

Interaction with state bodies

Interaction with state bodies is carried out through the support of a long-term, comfortable and predictable system of relationships to achieve the strategic development goals of the Fund.

One of the important mechanisms for achieving this goal is the active involvement of the Fund in the legislative process of state bodies, the achievement of proactiveness in working with them and the leveling of possible risks.

Also, the Fund takes an active part in the implementation of state programs and initiatives. We are proud to play an important role in supporting the state's development vision and strategy (where this is consistent with our business objectives).

The Fund does not make payments to political parties, organizations or their representatives, and does not participate in political activities.

Interaction with the business community and the media

We strive to constantly improve the level of information transparency and regularly inform representatives of the business community and the media using various channels. Demonstrating information openness, the Fund regularly interacts with the media, providing information of interest to the public.

The Fund is also a participant and organizer of forums, conferences, round tables and other events, within the framework of which interaction with other stakeholders is

carried out on a wide range of issues. We take part in issues of improving the business environment and promoting legislative initiatives.

Interaction with Local Communities, NGOs, Society

The implementation of social investment programs is carried out in constant contact with stakeholders, including state bodies, public organizations, corporate and charitable foundations.



Membership and participation in associations and initiatives

The Fund's Group supports various initiatives in the life of the professional community and solving urgent problems of the industry, including in the field of sustainable development. Participation in external initiatives and associations is an important area of the Group's activities.

Key examples of participation in multi-stakeholder organizations at the Group level

Portfolio company	Initiatives and associations
 КазМунайГаз <small>NATIONAL COMPANY ҚАЗАҚСТАН РЕСПУБЛИКАСЫНЫҢ АТТЫҒЫ КӨМЕРАНБЕРЕСІ</small>	<ul style="list-style-type: none"> • World Bank Initiative "Complete Cessation of Regular APG Flaring by 2030" • Global Methane Initiative • Climate program CDP • Rating of environmental responsibility of oil and gas companies in Kazakhstan • International Organization for Standardization ISO • Extractive Industries Transparency Initiative (EITI) • National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken" • Kazakhstan Association of Oil and Gas and Energy Complex Organizations "KAZENERGY" • UN Global Compact • IOGP. International Association of Oil and Gas Producers • International Association for Scientific, Technical and Business Cooperation in Geophysical Research and Well Operations ("AIS") • International Association of Oil Transportation (IAOT) • Association of Taxpayers of Kazakhstan • Union of Mechanical Engineers of Kazakhstan • Kazakhstan Welding Association "KazWeld" • Union of Power Engineers of the Republic of Kazakhstan • National Association of Business "IRIS" • Association of Entrepreneurs of Maritime Transport of the Republic of Kazakhstan • "Union of Oilfield Service Companies of Kazakhstan" • International Association "Trans-Caspian International Transport Route" • International Association for Oil Spill Response Services Oil Spill Response Limited (OSRL) • RPO "Kazakhstani Union of Lawyers"



- World Nuclear Association
- Tantalum-Niobium International Study Center (International Center for Tantalum and Niobium Research)
- Association "Nuclear Society of Kazakhstan"
- The World Nuclear Fuel Market
- Nuclear Energy Institute (Institute of nuclear energy)
- World Nuclear Transport Institute (World Institute for Nuclear Transport)
- ALE "Republican Association of Mining and Metallurgical Enterprises"
- ALE "Kazakhstan Association of Oil and Gas and Energy Complex Organizations" KAZENERGY "
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
- Vision ZERO - Global program to promote the concept of "Zero Injury"

ҚАЗАҚСТАН ТЕМІР ЖОЛЫ



- Council on Rail Transport of the Member States of the Commonwealth
- Organization for Cooperation between Railways (OCR) (participation of the RK)
- International Coordination Council for Trans-Eurasian Transport (CCTT)
- Shanghai Cooperation Organization (RK participation)
- Association of National Freight Forwarders of Kazakhstan (ANFF)
- International Union of Railways (IUR)
- ALE "Association of Taxpayers of Kazakhstan"
- ALE "Union of Mechanical Engineers of Kazakhstan"
- International Union of Athletes - Railway Workers (USIC)
- UN Global Compact
- Coordinating Council of the Trans-Caspian International Transport Route
- ALE "Union of transport and logistics organizations and associations" KAZLOGISTICS "
- Corporate Fund "KAZLOGISTICS"
- Non-profit partnership "Association of manufacturers of railway equipment"
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
- Eurasian Economic Union (participation of the Republic of Kazakhstan)
- ALE in the form of the Association "Association for the Development of Competition and Commodity Markets"
- ALE "International Association" Trans-Caspian International Transport Route "
- ISO (International Organization for Standardization)

-
- Paris Agreement
 - International Social Security Association (ISSA) Vision Zero Movement to promote the concept of zero injury
 - Vision ZERO - Global program to promote the concept of "Zero Injury"
-



- CIS Electric Power Council
 - Kazakhstan Electricity Association
 - KAZENERGY Association
 - National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
 - UN Global Compact
-



- ALE "Kazakhstan Electric Power Association"
 - ALE "Kazakhstan Association of Oil and Gas and Energy Complex Organizations" KAZENERGY "
 - National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
 - Institutions Pool of reserves of electric power of Kazakhstan
 - Association for the Development of Competition and Product Markets
 - Electricity Council (EC) of the CIS;
 - International Council for Large High Voltage Electrical Systems (Conseil International des Grands Réseaux Électriques - CIGRE);
 - Eurasian Economic Union (Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Russian Federation, Kyrgyz Republic)
 - World Energy Council
 - Association EURELECTRIC
 - Executive Assembly at the World Energy Council (WEC)
 - United Nations Economic Commission for Europe
 - Coordinating Electricity Council of Central Asia (CEC CA)
-



- International Air Transport Association (IATA)
 - Association of Asia Pacific Airlines (AAPA)
 - IATA Clearing House
 - World Aviation Safety Foundation
-



КАЗАҚТЕЛЕКОМ

- National Telecommunications Association (NTA)
- Association for the Development of Competition
- ALE Union of Mechanical Engineers of Kazakhstan
- International Telecommunication Union (ITU)
- Regional Commonwealth in the field of communications (RCC)
- Republican Council for the Support of Entrepreneurship under the Nur Otan Party (RCSE)
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
- ALE "Coalition for a" green "economy and development of G-GLOBAL"
- National Association of Blockchain and Cryptotechnologies
- ALE "Association of Environmental Organizations of Kazakhstan"
- IKS Holding



- Vision ZERO - Global program to promote the concept of "Zero Injury"



- ALE "Republican Association of Mining and Metallurgical Enterprises"
- ALE "Republican Association of Precious Metals Producers"
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"





ECONOMIC PERFORMANCE

The role of the Fund in the economy of the RoK

Key financial indicators

Financial sustainability

Investment activities

Transformation Program

Responsible procurement system

Innovative activity

Anti-Corruption

Economic performance

By implementing its activities in various areas of sustainable development, the Fund's Group creates additional value for its stakeholders.

We make a significant contribution to the development of the regions of the Republic of Kazakhstan, increasing the socio-economic potential and improving the welfare of the population of the regions.

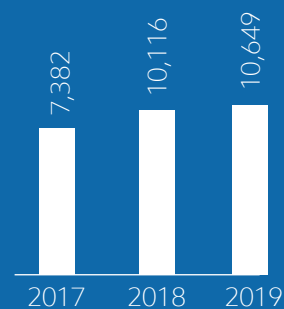
The economic performance of the Fund makes it possible to assess this contribution to the country's economy, income received, liabilities paid and taxes.

Indicators, KZT billion	2017	2018	2019
Gross profit	1,634	2,349	2,715
Dividends paid to a shareholder	11.9	12.7	63.7
Taxes paid	1,287	1,758	1,859
Staff salary	882	945	1,034
Payments to suppliers	5,166	6,820	6,739
Interest paid	454	535	474
Sponsorship and charity *	16.3	7.3	7.9

* Sponsorship costs included in General Administrative Costs

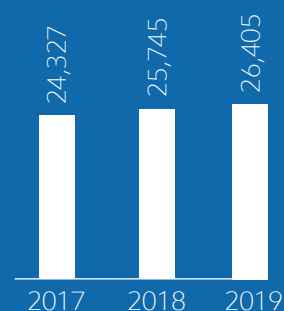
Consolidated revenue

KZT10,649 billion



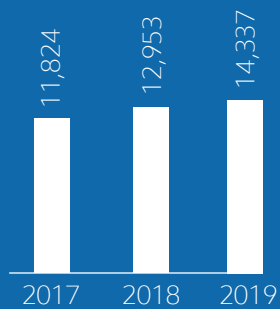
Assets

KZT26,405 billion



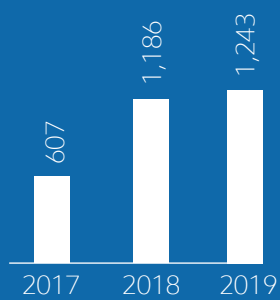
Share capital

KZT14,337 billion

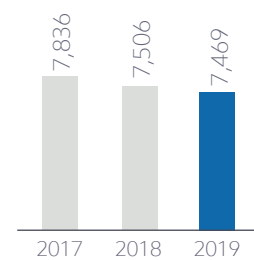


Consolidated net profit attributable to shareholder

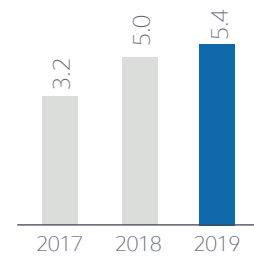
KZT1,243 billion



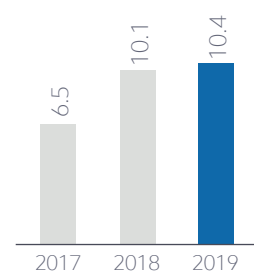
Loans, KZT billion



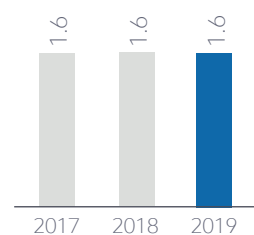
ROA, %



ROE, %



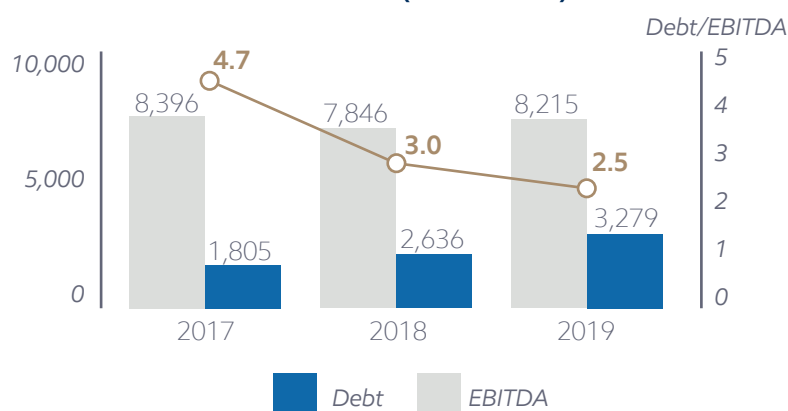
Current liquidity, %



Improving financial sustainability

The Fund plays an important role in improving and strengthening the financial sustainability of the Fund's Group companies, managing the volume of borrowings and, if necessary, providing financial support in the form of internal lending

Debt and EBITDA of the Fund, KZT billion (consolidated)



Key financial indicators of the stability of the Fund's Group

Consolidated Debt / EBITDA at the Fund level in 2019 was 2.51. The main reason for the improvement in the indicator compared to 2018 is the increase in the consolidated EBITDA by KZT644 billion. As of the end of 2019, the debt amounted to KZT8,215 billion, including the external debt of the Fund - USD13.4 billion.

Effect of hedging foreign currency loans

The Fund uses the net assets of subsidiaries, whose functional currency is the US dollar, to hedge foreign currency loans. As of December 31, 2019, the volume of net assets of subsidiaries (KMG Kashagan B.V., TCO, KMG Karachaganak, Kazzinc LLP, etc.) used for hedging amounted to USD10.5 billion.

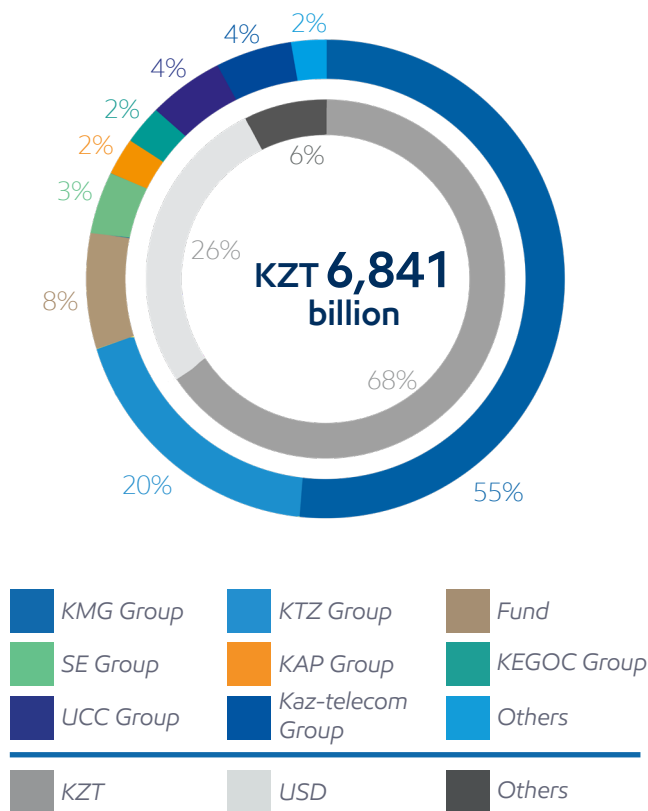
Fund's credit ratings

S&P Global Ratings: (01.07.2020)

- Long-term and short-term credit ratings on liabilities in local currency - 'BB + / B', Outlook Stable
- Long-term and short-term credit ratings on liabilities in foreign currency - 'BB + / B', Outlook Stable
- Long-term national scale rating - "kzAA--"
- Senior Unsecured Domestic Bond Ratings - 'BB +'

S&P Global
Ratings

Sectoral and currency diversification of the loan portfolio



Improving the financial sustainability of Portfolio Companies remains one of the main objectives of the Fund, to achieve which various initiatives were implemented during the year in terms of refinancing foreign currency loans of certain Portfolio Companies of the Fund, reducing the share of foreign currency loans, reducing the level of debt through early and scheduled repayments.

In 2020, in order to more efficiently manage financial resources, it is planned to implement the following initiatives:

1. strengthening the requirements for compliance with covenants and revising the threshold / target indicators of financial sustainability ratios in accordance with the current competitive market conditions;
2. channeling excess liquidity of JSC NC KazMunayGas to reduce liabilities within the framework of the program for early repayment of debt;
3. in order to reduce consolidated debt, external debt, as well as to develop intragroup financing, it is planned to carry out internal lending to Portfolio Companies;
4. measures to increase operating income EBITDA;
5. mandatory approval of the Investment and Strategic Committee of the Fund for Large Capital Projects of Portfolio Companies and other activities.

Fitch Ratings: (26.04.2019)

- Local Currency Long-Term Issuer Default Rating (IDR) - 'BBB', Outlook Stable
- Long-term foreign currency Issuer Default Rating (IDR) - BBB, Outlook Stable
- Short-term foreign currency IDR - 'F2'
- National long-term rating - "AAA (kaz)"
- Rating of senior unsecured domestic bonds - "BBB" / "AAA (kaz)"

FitchRatings

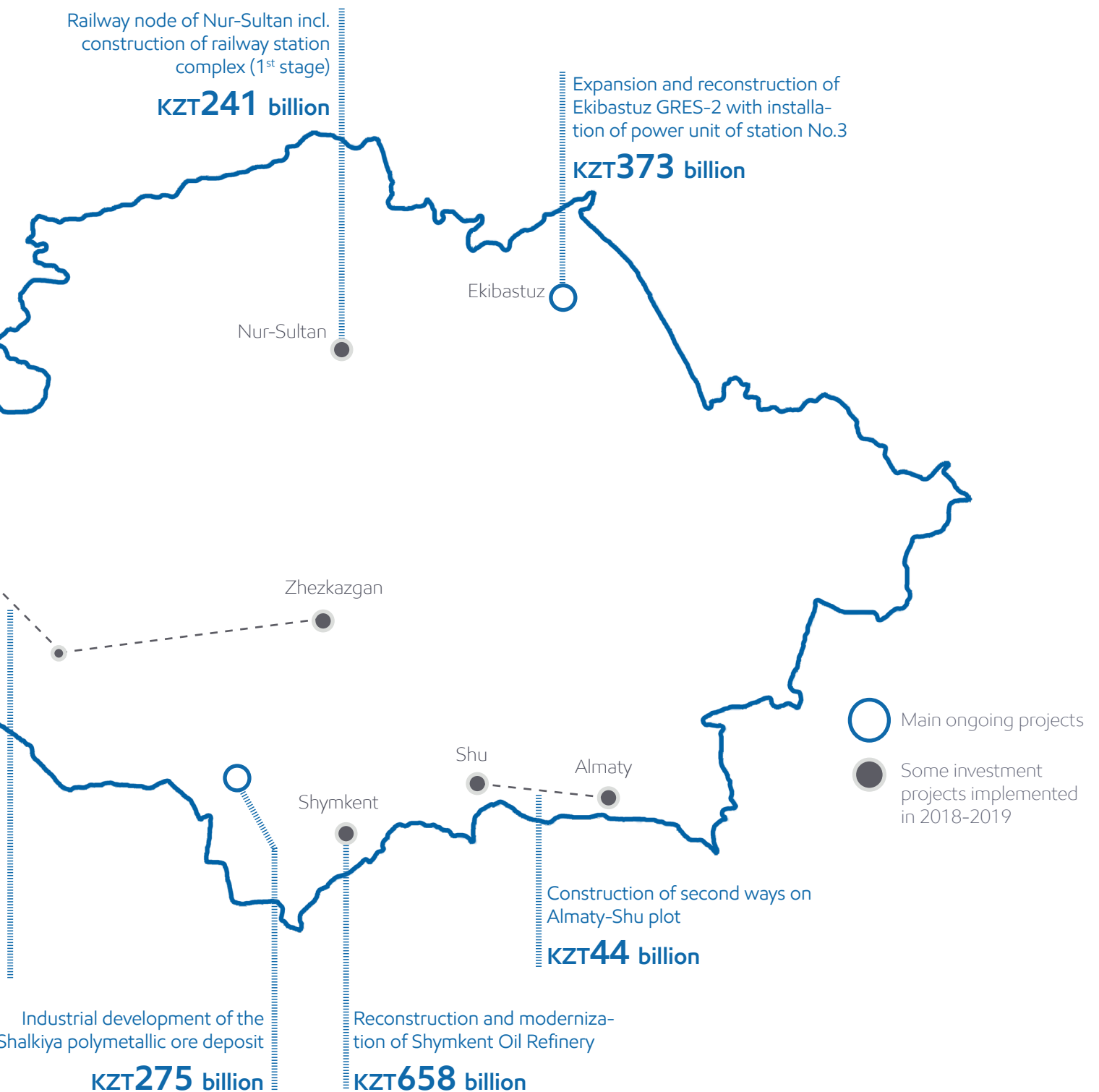
Role of the Fund in the national economy

The Fund in its activities is guided by the main strategic documents of the country, such as the Strategy 2050, the Strategic Development Plan of the Republic of Kazakhstan until 2025, the Plan of the Nation - "100 concrete steps to implement five institutional reforms of the Head of State Nursultan Nazarbayev", the annual messages of the Head of State to the people of Kazakhstan and others government programs.

Implementation of state programs and initiatives of the President of the Republic of Kazakhstan

- The State Program "Digital Kazakhstan" includes 14 projects of the Fund's Group, which are currently being implemented as part of the Digital Transformation Program.
- As part of the implementation of the Five Social Initiatives of the First President of the Republic of Kazakhstan N.A. Nazarbayev dated March 5, 2018, the Fund completed the construction of the linear part of the Saryarka gas pipeline ahead of schedule, with a total cost of KZT267.3 billion. This gas pipeline connected Central Kazakhstan and the capital of our state with a single gas transmission network, and made it possible to create 194 new jobs during the operation period and improve the environmental situation in the region.
- In accordance with the message of the President of the Republic of Kazakhstan dated September 2, 2019, the Fund is implementing an instruction to reduce the number of employees in national companies by 25% by 2024.
- At the end of 2019, the Fund allocated about KZT1,103 billion to the state budget in the form of taxes and other payments. Dividends and other distributions to the shareholder amounted to about KZT195 billion.
- During 2019, the instructions of the President of the Republic of Kazakhstan on the construction of 73 social facilities in the city of Turkistan and the restoration of the city of Arys were executed for a total amount of KZT41 billion.





Projects on implementation under SPIID

6

KZT2.1 trillion

Investment projects

Cost

3.1 thous.

9.1 thous.

Permanent jobs

Temporary jobs

Projects on implementation under Nurly Zhol Program

1

KZT98 billion

Investment projects

Cost

0.2 thous.

0.5 thous.

Permanent jobs

Temporary jobs

Total projects on implementation under state programs

7

KZT2.2 trillion

Investment projects

Cost

3.3 thous.

9.6 thous.

Permanent jobs

Temporary jobs

The Fund continues to perform the function of supporting the country's economy through the implementation of infrastructure projects, as well as regional and industrial development projects. Thus, the Fund participates in 54 investment projects within the framework of the Nurly Zhol state program and SPIID with a total investment cost of about KZT8.1 trillion, of which, at the moment, the Fund's Group has implemented 47 projects for a total cost of KZT5.9 trillion, and 7 projects under implementation, the cost of which is KZT2.2 trillion. These projects mainly cover the transport, logistics, energy and infrastructure industries.

The main activities implemented in 2019:

- within the framework of the Comprehensive Privatization Plan, in September 2019, an additional placement was carried out by accelerated bookbuilding(ABB) of 3.8% of shares of JSC NAC Kazatomprom on the London Stock Exchange and Astana International Financial Center Exchange. KZT49.1 billion of accumulated funds, after deduction of fees from investment banks, were directed to the National Fund of the Republic of Kazakhstan. Work continues on preparing for the IPO / SPO or the sale of the remaining 8 large PCs of the

Fund to strategic investors in 2020-2023;

- out of 158 non-large assets of the Fund's Group included in the Comprehensive Privatization Plan, 137 assets were withdrawn in 2016-2020, including the sale of 84 assets for KZT172 billion, liquidation or reorganization of 53 assets. At the moment, there are 21 assets left to be withdrawn into a competitive environment;
- in 2019, the Fund invested KZT12.5 billion in growing companies. Construction work continues on the Shalkiya and Alaigyr projects, KPI, the construction of infrastructure facilities of the SEZ "NIPTP", etc.;
- The net benefits of the Transformation Program in 2019 amounted to KZT69 billion. The project portfolio consists of 55 projects and 108 activities with a total net benefits of KZT130 billion for 2020-2024, including KZT66 billion of direct financial benefits.

Investment activities of the Fund

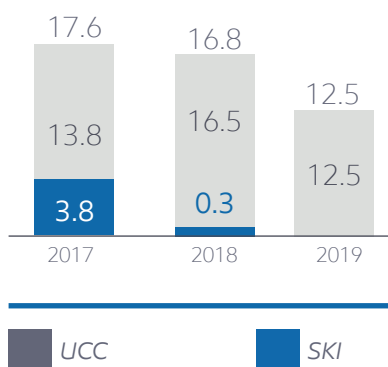
Investment portfolio review

In 2019, work was completed on introducing a portfolio approach to managing investment projects in the Fund and in all PCs. As part of the implementation of the portfolio approach, the Fund carried out work on the review and ranking of current and promising investment projects of the Fund's Group.

The main directions of the Fund's capital investments are the implementation of investment projects in subsidiaries of KMG, UCC, KTZ and others. The main investment projects that require large capital investments are oil and gas exploration and production, railways construction, a gas chemical complex construction, a train station construction, power lines construction and other equally important projects.

In 2019, the Fund invested KZT12.5 billion in growing companies. Construction works continue on large mining projects Shalkiya and Alaigyr, KPI, construction of infrastructure facilities of the SEZ "NIPTP", etc.

Investment in growing companies, KZT billion



New investment

The mission of the Fund is to increase the national wealth of the Republic of Kazakhstan and long-term sustainability for future generations. The vision by 2028 defines the Fund as an investment holding that delivers strong financial performance, investment returns and portfolio development on par with leading sovereign wealth funds.

As part of the implementation of its mission, the Fund defines the following investment objectives:

1. provision of the long-term sustainable growth in the Fund's portfolio value and a reasonable increase in capital;
2. formation, preservation and augmenting of financial well-being for future generations;
3. provision of portfolio diversification by geography, industry, and asset classes.

In this regard, specific work is being carried out for the systematic formation of a portfolio of international portfolio and direct investments, as well as work to build up new investments in the sectors of the economy of the Republic of Kazakhstan, which are high-priority for development and are strategically important within the framework of key state programs in the national economy and strategy.

In 2019, as part of the development of new investments, the following activities were carried out:

- the Board of Directors of the Fund approved the Fund's Investment Policy, which defines the investment objectives, criteria and principles of the Fund, as well as the long-term target structure of the Fund's portfolio;
- the Management Board of the Fund approved:
 - 1) the Rules for the implementation of new investments of the Fund, which determine the process and criteria for new investments,
 - 2) the Rules for the implementation of

international investments in the framework of the formation of the Fund for future generations, which determine the criteria and directions for international portfolio investments,

3) the Rules on selection of external fund managers, which determine the criteria and process for selecting external asset managers;

- the experience of the sovereign wealth funds such as Khazanah, GIC Private Limited, Korea Investment Corporation, Temasek, Mubadala and the National Bank of the Republic of Kazakhstan on the implementation of international investments was studied;
- meetings and detailed negotiations were held with custodian banks, a legal adviser and more than 40 external fund managers;
- Samruk-Kazyna Invest LLP together with CITIC (PRC) and Baiterek NMH JSC, the Eurasian Nurly Investment Fund (PRC) was established. The Fund will carry out projects priority in the Republic of Kazakhstan, which will create jobs and attract additional investment in the country;
- and also the concepts of new investment projects implemented jointly with strategic partners were considered.

Investment and Strategic Committee

In September 2017, the Investment Committee of the Fund was transformed into the Investment and Strategic Committee to improve efficiency in decision-making by the Board of the Fund and to provide support to representatives of the Fund on the Boards of Directors / Supervisory Boards of Portfolio Companies on significant projects

The working body of the Investment and Strategic Committee is the Fund's Asset Portfolio Management Sector.

- from September 15, 2017 to December 31, 2019, 82 meetings of the Investment and Strategic Committee were held, of which 74 in person and 8 in absentia, a total of 137 issues were considered on which 105 control orders were given;
- of these, in 2019, 29 meetings were held, of which 25 in person and 4 in absentia, 94 issues were considered.

During 2019, the Investment and Strategic Committee considered the following issues:

- 40 projects of long-term financial investments (LFP), including the acquisition / disposal of participation shares by the Fund / Portfolio Companies;
- 7 capital investment projects (CAPEX);
- 25 materials on the strategic development of the Fund and Portfolio Companies, including Business plans;
- 16 materials on the implementation of the Credit Policy, the Policy of Debt Management and Financial Stability;
- 6 materials on other issues.

Transformation Program

In 2019, the Fund updated approaches to the implementation of the Transformation Program and identified the following initiatives:

1. industrial safety;
2. high productivity culture;
3. a set of individual initiatives aimed at improving the efficiency of the PC;
4. a new procurement model of the Fund's Group;
5. improving the efficiency of IT;
6. improving the efficiency of the data management function;
7. implementation of the Cyber Shield of the Fund's Group.

As part of the updated Digital Transformation Program, a continuous improvement process has been launched, within which there is a constant search and analysis of new ideas and the initiation of projects to increase the efficiency of the key PC business.

To date, the project portfolio includes 55 projects and 108 activities with a total net benefits of KZT130 billion for 2020-2024, including KZT66 billion, which are directly reflected in financial indicators.

The following projects in Portfolio companies of the Fund can be noted as successful examples in 2019:

1. Transition to a 3-year overhaul period at Atyrau Oil Refinery and Pavlodar Oil Refinery (KMG);
2. Competence Center creation for category management of procurement (KMG);
3. Implementation of a new model for technical maintenance and repair management in Mangistaumunaygas JSC (KMG): reduced costs for technical maintenance and repair of oilfield equipment, increased inventory turnover for repairs and reduced inventory levels;
4. "Mobile diagnostic complexes": due to the introduction of the complexes, 73 thous. km were diagnosed, of which 1,699 km with an unsatisfactory rating, and 217 acute defective rails, that is, places of potential derailment (KTZ);
5. "Implementation of a new marketing and sales model" - new websites of KTZ Express JSC and Kaztemirtrans JSC were put into operation, contact centers for customers were launched, contracts for the provision of

Transformation Program is being implemented in six large PC of the Fund



6. transportation services without intermediaries were concluded by participating in the Fund's procurement and on the public procurement portal (KTZ);
6. implementation of the target model of the marketing and sales function (KAP);
7. Implementation of the Energy Saving and Energy Efficiency Improvement Action Plan (KAP).

At the end of the year, net benefits amounted to KZT69 billion.

As part of the Transformation Program, 14 projects and activities of the Fund's Group are included in the State program "Digital Kazakhstan", of which 5 projects have already been implemented:

1. transition to an extended overhaul period at the refineries of the Republic of Kazakhstan at KMG (including automation of the equipment maintenance and repair system). The effect in 2019 amounted to KZT3.0 billion;
2. the creation of a multimodal transportation system (KTZ);
3. improvement of legislation on the development of the business environment and the regulation of trade activities, as well as customs legislation (Kazpost), allowed the launch of a transit service for international mail from the SEZ of the Khorgos ICBC. A bonded warehouse was launched on the territory of the SEZ. Today, contracts have been concluded with the logistics companies GrandBillion, Grandpost, Post Chain, SF Express, Chang Da Yong Yue, Clevy;
4. introduction of a payment instrument integrated with the e-government infrastructure for transferring citizens to a cashless environment in order to promote mobile payments and mobile government (Kazpost). Within the framework of this project, an electronic wallet was launched on the post.kz portal and work was done on integration with the electronic government portal for 42 services for payment with a payment instrument. Additionally, on the e-government portal (egov.kz), payment of budget payments has been launched through the mobile balance of Activ / Kcell / Beeline mobile operators;
5. creation and implementation of an open digital platform for SMEs (KTK) - the basic functionality of the ismet.kz platform was implemented as part of the project, which has been removed from monitoring since December 2018 after successfully passing the state certification for information security. Currently, the platform is developing in accordance with the needs of the market.

Innovative activity

The Fund's Group pays special attention to scientific research and scientific and technological development of its production. The Group annually develops and implements projects aimed at technological progress and innovative development of industries, and also cooperates with educational and scientific institutions for the development of industry science in various fields of activity.

Stimulating the development and implementation of innovative processes and technologies in the Fund Group is one of the main tasks of the Fund in accordance with the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund".

On July 3, 2019, the Board of Directors of the Fund approved the Industrial and Innovation Policy of the Fund in a new version. The implementation of the Policy will contribute to the formation of an innovative culture, the achievement of economic and other benefits, including synergy, the development of cooperation with scientific institutions on a single platform of the Fund. The procedure for considering innovative ideas of all interested parties is regulated by the Rules for considering innovative initiatives, implementing and introducing innovations in the Fund's Group, approved by the decision of the Fund's Management Board of May 31, 2019.

Academic Council

In 2019, by the decision of the Management Board of the Fund, an advisory body was created - the Academic Council under the Management Board of the Fund, which acts as a focal point in the search, assessment and promotion of the implementation of innovations in the companies of the Fund. The first meetings of the Council were held, proposals for oil and gas projects "Tengiz",

"Kashagan" and "Karachaganak", geophysical exploration "Aerotomography" were considered, the Council's work plan for 2019-2020 was approved.

Principles and mechanism of work of the Academic Council of the Fund:

1. the Academic Council includes external scientific and technical experts, representatives of the Fund and national companies for expertise and assessment of the potential of innovation;
2. the search and selection of innovations is carried out from a pool of proven technologies, know-how and innovative initiatives to solve the branch problems of the Fund's PC;
3. the Centers for Technological Initiatives of the Fund and the Novosibirsk State University (CTI) were found, under CTI and PC elaboration of the first 5 out of 14 innovative initiatives have begun for consideration by the Academic Council, which include:
 - aerotomography - the initiative is recognized as promising (it is being worked out by JSC NMC Tau-Ken Samruk in promising areas of an independent exploration program);
 - creation of electric energy storage units with connection to frequency and power control automation (KEGOC JSC);
 - modeling the movement of air and monitoring the intake of pollutants from TPP-1,2,3 in Almaty (Samruk-Energy JSC);
 - development of functional simulators using virtual reality technologies for professional training of specialists (JSC NC KTZ);
 - introduction of digital expert systems to improve efficiency in field development (JSC NC KazMunayGas);
4. the "List of priority tasks" of the PC is formed

for consideration by the Academic Council and approval by the Management Board of the Fund; The list will be posted on the Fund's corporate website to study and submit innovative ideas and proposals from scientific and educational organizations, world leading companies in various fields of activity;

5. in 2020, the Fund, taking into account the proposals of JSC NAC Kazatomprom, JSC NC KTZ, Kazakhtelecom JSC, Samruk-Energy JSC, JSC NC KazMunayGas, KEGOC JSC, JSC NMC Tau-Ken Samruk, the work has begun work with MDDIAI of the Republic of Kazakhstan and the Ministry of Justice of the Republic of Kazakhstan on the Concept of the draft law" On amendments and additions to some legislative acts on innovative and scientific and technical development of the Republic of Kazakhstan";
6. the study of the possibility of cooperation with the SKOLKOVO Innovation Center (Moscow, RF) has begun, a preliminary idea of the "Anti-corrosion coating" is being considered.

More detailed information on innovative projects of the companies of the Fund Group is given in Appendix 1 to the Report.

Fund's Group procurement system

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

The sole operator of the Fund's Group in the field of procurement is Samruk-Kazyna Contract LLP, 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.



To achieve the goals set, Samruk-Kazyna Contract LLP carries out the following activities:

- development, implementation, operation and improvement of the e-procurement information system as a single portal for procurement by the companies of the Fund's Group;
- monitoring the share of local content in the procurement of goods, works and services, providing for the collection, synthesis and analysis of information on local content in the procurement of the companies of the Fund's Group with the provision of reports to the authorized state bodies;
- conducting price marketing (provision of price marketing opinions for goods planned for purchase by means of an open tender, the cost of which is equal to or exceeds KZT150 million, provision of price ranges for goods, provision of price opinions on the List of goods within the framework of the Program for Assistance to the Development of New Productions);
- carrying out and technical support of prequalification procedures for potential suppliers and formation of the List of qualified suppliers of the companies of the Fund's Group in accordance with the approved standards of the Fund;
- implementation of work on the development and implementation of procurement categorical strategies into the procurement activities of the Fund's companies based on the unification and standardization of criteria for the goods, works and services purchased in the Fund's Group;
- development, maintenance and improvement of the Unified Nomenclature Directory of Goods, Works, Services (UND GWS), which is a systematized list of GWS used by the companies of the Fund's group, government agencies and other legal entities for planning, accounting and analysis of procurement activities;
- organizing and conducting training events on procurement procedures;
- search, study, attraction and implementation of innovative solutions in the e-procurement system;
- monitoring the implementation of measures for the implementation, restructuring of shares and participation interests

The mission of Samruk-Kazyna Contract LLP is to actively contribute to improving the operational efficiency of the Fund's Portfolio Companies in the field of procurement.

The vision for 2028 defines Samruk-Kazyna Contract LLP as a multifunctional Center of the Fund, providing a wide range of services in the field of procurement of the Holding.

Achievement of the mission and vision of the Partnership will be ensured through the implementation of two strategic goals:

- Efficiency of the Holding's procurement activities;
 - Steady growth of corporate culture and quality of procurement management of the Holding.
-

owned by the Fund or organizations, more than fifty percent of the voting shares (participation interests) of which directly belong to the Fund and which directly or indirectly own or

are in trust management of voting shares (participation interest) of the Company to be sold, restructured.

Main directions of activity and achievements in 2019

Maintenance and improvement of the electronic procurement information system

As part of the work to improve the efficiency and transparency of procurement of the Fund Group in 2018, Samruk-Kazyna Contract LLP developed and put into operation a new electronic platform for procurement - EPIS 2.0 (hereinafter also referred to as the System), which replaced the previously operating system introduced in 2013.

The need to implement the new system was due to the task of further digitalization of procurement, unification of disparate information systems and procurement databases, and reduction of the administrative burden on procurement activities of portfolio companies.

During the development of EPIS 2.0, the emphasis

is on the use of digital technologies and full automation of the entire procurement cycle, from planning needs, conducting procurement procedures and ending with the conclusion and execution of electronic contracts.

In 2019, the Partnership continued to work on further digitalization of procurement activities within the EPIS 2.0 by developing and implementing new modules, optimizing and improving previously implemented modules. Thanks to this, today the information system of electronic procurement allows ensuring the transparency of procurement of the Fund's organizations, while stimulating open and fair competition in the procurement activities of the entire Fund's Group.

In addition to the modules introduced in 2018 (modules for procurement planning, procurement,

electronic contracts, prequalification of suppliers, price lists and price bases, electronic requests, calendar of notifications, EPIS mobile application) in 2019 by the Partnership within the framework of the Roadmap for digitalization of procurement activities, the tasks of introducing new functionalities were implemented, taking into

account the updated requirements of the Fund's procurement policy, ensuring transparency and efficiency of procurement in the Fund's Group, stimulating the Kazakhstani production of goods, works, services, and maximizing the investment activity of the business.

Performance results for 2017-2019

EPIS and EPIS 2.0 performance indicators	2017	2018	2019
Procurement carried out, thous. units	188.5	227	472
The total cost of procurement made, KZT trillion	2.3	2.7	5.6
Number of registered second-tier banks	16	14	18
Number of registered observers	12	26	30
Processed requests, thous.	20	21	30.5
Registration of new suppliers, thous.	18	27.5	16.5
Number of registered customers	224	207	187
Number of concluded electronic contracts, thous.			69.2
Total cost of electronic contracts, KZT trillion			1.045

At the end of 2019, significant savings were achieved from e-procurement

KZT 155 billion

Thus, the e-procurement information system allows ensuring the transparency of procurement by the Fund's organizations, while stimulating open and fair competition in the procurement activities of the entire Fund's Group.

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

In accordance with the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" Samruk-Kazyna Contract LLP provides collection, analysis, generalization of information on local content in the procurement of goods, works and services of the Fund organization.

The information is provided consolidated to the authorized body in the field of state support for industrial and innovative activities in the form and within the established time frame.

The development of local content is always

in the area of special attention of Elbasy, the President and the Government of the Republic of Kazakhstan.

In order to maintain the positive dynamics of local content, work continued to coordinate the procurement activities of the Fund's Group in the framework of the development of local content and import substitution.

At the end of 2019, the total volume of purchases of goods, works, services in the Fund's Group amounted to KZT4.476 trillion. The actual share of local content was 75%, including: in goods - 62% (KZT1.644 trillion); in works, services - 83% (KZT2.832 trillion).

Dynamics of purchases and the share of local content in the Fund Group for 2017 - 2019

	2017		2018		2019	
	KZT billion	%	KZT billion	%	KZT billion	%
Goods	1,646	68	1,880	68	1,644	62
Works and services	3,234	79	3,052	80	2,832	83
TOTAL	4,880	75	4,932	75	4,476	75

Expanding competitive procurement

Since 2018, significant work has been done to reduce non-competitive purchasing from a single source.

First of all, intercompany purchases were reduced. So, at the end of 2019, the nomenclature of goods, works, services purchased within the framework of intra-holding cooperation was reduced 15 times (from 4500 items to 301).

If in 2017 the volume of intercompany purchases amounted to KZT1.9 trillion, then at the end of 2019 this figure was KZT0.8 trillion.

Reducing the list of goods, works, services allowed for purchases within the Holding allowed for two years (2018-2019) to additionally bring KZT652 billion into the competitive environment.

More than 13 thous. small and medium-sized businesses received additional orders, and thanks to open price competition between suppliers, the Fund received savings in purchases in the amount of KZT40 billion.

In addition, in 2019, the grounds for one source were revised, and the conditions for making a decision on a purchase from one source based on the results of failed purchases were tightened.

In general, thanks to the measures taken over the past two years, there has been a significant increase in competitive procurement through an open tender and request for quotations.

Thus, the volume of purchases by means of an open tender increased in 2019 by 4 times (from KZT284 billion in 2017 to KZT1.1 trillion in 2019), by the method of request for quotations increased 2 times (from KZT25 billion in 2017 to KZT55 billion in 2019). Savings increased from KZT121 billion in 2018 to KZT155 billion in 2019.

Economy of simple things

In Kazakhstan today, special attention is paid to the development of branches of the "economy of simple things".

The development of the "economy of simple things" means the saturation of the domestic

market with domestic goods, stimulation of the competitiveness of the manufacturing industry and, above all, the production of a wide range of consumer goods.

The need to develop this direction was also spoken by the First President of the Republic of Kazakhstan - Elbasy N. Nazarbayev in his Address "Growing prosperity of Kazakhstan: increasing income and quality of life" and Head of State K. Tokayev in his address to the people "Constructive public dialogue is the basis of stability and prosperity in Kazakhstan".

Within the framework of this direction, in the reporting period, a nomenclature of goods for the light, furniture, food and construction industries was developed from 3,664 items and sent to the subsidiaries and affiliates of the Fund to ensure the priority of purchases from domestic producers for all methods of procurement.

Together with NCE Atameken and industry associations, the list of goods purchased from organizations of people with disabilities has been optimized. As a result, the overalls were put into procurement among domestic producers. As a result of the work carried out in this direction, in 2019 the share of purchases from domestic manufacturers for furniture products amounted to 48%, for construction materials - 82%, which is higher than the same indicator in 2018 (71%). A positive trend was also achieved in light industry goods, if in 2018 the share of purchases from local producers was 65%, then in 2019 it increased to 73%. In 2020, the Fund plans to increase this figure to 85%.

There was also a positive trend for food products (growth from 55% in 2018 to 76% in 2019, with a plan set in 2020 to 90%).

At the end of 2019, the share of local content in goods purchased within the framework of the economy of simple things for the Fund's Group was 48%, and the share of purchases from domestic producers was 75%. In 2020, the task was set to bring the share of purchases from domestic producers of the "economy of simple things" to 90%.

Import substitution

In order to stimulate and create conditions for the development of new industries, the Fund is implementing a program to promote the modernization of existing and creation of new industries.

The goal of the Program is to support private entrepreneurs who initiate new production facilities, as well as technological re-equipment in order to produce products that are in demand by the companies of the Fund's Group.

Starting from January 2019, at the site of Samruk-Kazyna Contract LLP, a permanent Project Office has been created at the level of the Fund for Local Content and Import Substitution. The meetings are held on a weekly basis with the invitation of Kazakhstani business, NCE Atameken and Portfolio Companies.

Also, all subsidiaries have created Local Project Offices, which include representatives of production departments and procurement services.

In 2019, the Commission of the Fund for the consideration of Projects for the creation of new industries approved 25 projects for the creation of new industries, which have no analogues in the Republic of Kazakhstan, which demonstrates

the Fund's adherence and commitment to implementing initiatives to develop and stimulate domestic production.

The projects provide for investments in the amount of KZT196 billion and the creation of 1,445 jobs. Within the framework of the projects, 32 contracts were concluded for a total amount of KZT7.1 billion.

Implementation and improvement of the system of prequalification of suppliers of goods, works and services

International practice in the field of procurement activities demonstrates the wide development of the mechanism for conducting prequalification selection of potential suppliers wishing to participate in the ongoing procurement of the customer. This procedure is carried out by such companies as Achilles Group Limited, Gazprom, Tengizchevroil, Khazanah Nasional Berhad and other organizations. The practice of prequalification selection is due to the fact that customers are aimed at purchasing high-quality goods, works and services from qualified suppliers in order to minimize risks of untimely and poor-quality delivery of goods, performance of work, provision of services and optimization of procurement terms. In turn, the qualification of potential suppliers implies that the supplier complies with international standards and the corresponding level of requirements for quality, resources, production capacity, etc.

In December 2015, the Fund approved the Procurement Management Policy, which determined the principles and approaches to prequalification selection of potential suppliers for the Fund's group of companies. On May 30,

2016, the prequalification selection Standard was approved, which describes the entire process from registration in the Prequalification Selection Information System (PSIS) to the inclusion in the list of qualified potential suppliers.

For efficiency and exclusion of a subjective approach in the process of conducting prequalification selection of potential suppliers, an automated PSIS was developed and implemented (www.pko.sk.kz).

On July 25, 2016, Samruk-Kazyna Contract LLP started the procedure for prequalification of potential suppliers, which includes:

- formation of the List of goods, works and services purchased from qualified potential suppliers;
- assessment of potential suppliers for compliance with the requirements of the Qualification Criteria defined by the Prequalification Selection Standard, carried out through questionnaires and technical audit;
- automated determination of the rating of a qualified potential supplier based on the results of an audit in PSIS;
- formation of the List of prequalified potential suppliers.

On September 26, 2018, for efficiency and centralization of business processes for procurement activities, the process of conducting a prequalification selection of potential suppliers was integrated from the prequalification selection information system (www.pko.sk.kz) into the prequalification selection module in the e-procurement information system (zakup.sk.kz). It should be noted that since the introduction of prequalification selection, taking into account the interests of domestic business, and also in order to increase the efficiency of the prequalification

selection process, the Fund has made changes to the prequalification selection procedures aimed at expanding the competitive procurement environment, providing access to procurement for as many suppliers as possible and encouraging topics the most development of domestic production of goods, works and services.

As part of the Fund's new procurement management standard, approved on September 9, 2019, significant changes have been made to the prequalification selection processes aimed at efficient and simplified prequalification for potential suppliers.

Prequalification selection results as of the end of 2019

Main indicators	Value
Total number of prequalified potential suppliers included in the List, units as of December 31, 2019	5,415
The number of items included in the List of goods, works and services purchased from qualified potential suppliers	9,966
The share of competitive purchases carried out among suppliers included in the List of prequalification selection, % (for 2019)	61*

* When calculating this indicator, data from the Electronic Procurement Information System are used and the percentage ratio of the number of purchases made according to a special prequalification selection procedure to the total number of competitive purchases is calculated. Also, the data on the initial purchases are taken into account, without taking into account subsequent actions (re-announcement due to a failed tender, re-announcement due to changes in the procurement plan, cancellation of the tender, etc.).

The total achieved effect from the implementation of the CPS on an accrual basis in 2019 amounted to KZT36.1 billion, including KZT21.4 billion in 2019 .

	2017	2018	2019	Total
CMP benefits, KZT million	2,856	11,777	21,425	36,058

In 2019, within the framework of supporting local producers, 6 CPS out of 10 CPS implemented at the Fund's level are focused on supporting domestic producers with a total purchase amount of KZT88.5 billion and benefits of KZT3.2 billion were obtained:

-  "Cars and buses";
-  "Electricity";
-  "Cabling and wiring products";
-  "Special footwear";
-  "Trucks and special equipment".
-  "Oils and Lubricants".

At the beginning of 2019, the CMP project was transferred to the operating activities of the Portfolio Companies.

Activities of the Competence Center for Category Management of Procurement

Within the framework of the Transformation Program in 2017, the Fund created the Fund's Competence Center, represented by Samruk-Kazyna Contract LLP, to manage procurement categories.

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

At the end of 2019, 113 procurement categorical strategies to be developed and implemented were included in the list of procurement categories for the Fund's Group of Companies. Of these, 9 strategies have been implemented, 17 strategies are being developed, 15 strategies are approved, 67 strategies are being implemented, and 6 strategies are suspended.

In particular, 12 categories are included in the list of procurement categories for the development and implementation of procurement category strategies at the Fund level, of which 10 CPS are in the implementation, in two categories development is expected in 2020.

No.	Company	Number of CPS
1	JSC NC KazMunayGas	25
2	JSC NC KTZ	30
3	JSC NAC Kazatomprom	14
4	Samruk-Energy JSC	11
5	KEGOC JSC	11
6	Kazpost JSC	8
7	JSC NMC Tau-Ken Samruk	1
8	Qazaq Air JSC	1
9	Fund	12
TOTAL		113

Price marketing of goods, works and services purchased within the Fund's Group

The Partnership, as the Fund's Procurement Operator of the Fund's Group, carries out activities to monitor the dynamics of market prices for a number of goods purchased by the Fund's Group: expensive (the amount by lots is

equal to or exceeds KZT150 million) and planned for procurement as part of supporting the development of new industries.

As of December 31, 2019, 345 opinions were issued, the reviewed planned procurement budget was KZT138.8 billion, the recommended budget was KZT131.5 billion. Savings - KZT7.3 billion.

Price marketing dynamics for the period 2015-2019

Indicator	2015	2016	2017*	2018*	2019
Issued price statements	2,583	1,666	969	124	345
Saving of budget funds (KZT billion)	8.36	4.85	4.139	0.271	7.3

* The decrease in the volumes of bidding companies in 2017-2018 is due to the introduction of amendments to the Fund's Procurement Rules, providing for the exclusion of prices for marketing prices

A selective check of compliance with the corporate norms for marketing prices in the course of procurement activities made it possible to additionally save the budgets of the Fund's subsidiaries and affiliates by KZT576.1 million

In order to carry out full-fledged and high-quality price analysis by the organizations of the Fund, to reduce the cost of searching for prices, on the basis of EPIS 2.0 in November 2018, the module "Price base and price lists" was launched.

The price base aggregates in one format, based on UND GWS codes, the prices of purchase plans, market prices and purchase prices. The Fund's subsidiaries and affiliates receive a notification

about the excess of the average holding prices for a specific product when forming purchase plans. This measure is a preventive measure and is designed to avoid overstating procurement budgets at the planning stage.

It should be noted that, for the convenience of potential suppliers and subsidiaries and affiliates of the Fund, part of the functionality for downloading price lists for goods, works and services, which is an integral part of the Price Base, has been transferred from the skm.kz portal.

At the end of 2019, more than 45,048 positions of price lists were loaded into the Database (for comparison, at the end of 2018 - 3000).

Also, as part of the modernization of EPIS 2.0, since October 2019, the “Consolidated Supplier Procurement Plan” functionality has been introduced, which allows users to view / download the planned demand of the Fund's subsidiaries and affiliates using the loaded price list codes.

Improving the procurement process of the Fund and Portfolio Companies

The Fund is working on an ongoing basis to improve the procurement system by amending the Fund's procurement regulations.

In 2019, the following activities were conducted:

1. Amendments to the Procurement Rules were introduced (approved by the Board of Directors of the Fund dated December 13, 2018) aimed at reducing purchases from one source and supporting domestic manufacturers (including SMEs): the method of direct conclusion of the contract was excluded, as well as the level of decision-making was increased when purchasing from one source following a failed tender;
 - compulsory procurement was introduced among manufacturers included in the Register of the Fund, and the obligation of potential suppliers of construction and installation works to purchase goods from domestic manufacturers upon execution of a contract for an amount exceeding KZT250 million;
 - reduced the burden on small and medium-sized businesses for notarization of documents and mailing of original documents for purchases in the amount of less than KZT150 million;
 - the terms for concluding contracts have been reduced from 25 to 10 days;
 - the terms of acceptance of goods, works, services have been regulated;
 - the possibility of cancellation of tenders after the opening of applications is excluded.
2. Amendments and additions to the Procurement Rules were adopted (approved by the Board of Directors of the Fund on July 3, 2019), aimed at improving procurement procedures and supporting domestic manufacturers (including SMEs);
 - reduction of payment terms for suppliers from 30 working days to 30 calendar days;
 - granting suppliers the right to choose the tender security (in the form of money or a bank guarantee);
 - adding a basis for procurement by the method from one source as part of the implementation of the instructions of the First President of the Republic of Kazakhstan - Elbasy;
 - increasing the level of responsibility when purchasing by the method from one source of weekly and daily needs (the decision is made only at the level of the first head of the Fund's companies);
 - availability in the tender documents of information on the level of responsibility of construction subjects;
 - prioritization of indications in technical specifications of national standards (other standards only in the absence).
3. Amendments and additions to the Procurement Rules were adopted (approved by the Board of Directors of the Fund dated October 16, 2019) aimed at reducing the share of non-competitive purchases:
 - a new procurement method “competitive negotiations” has been introduced, which are carried out following the results of failed tenders or purchases by the request for quotations, as well as for a number of goods, works and services that customers

previously had the right to purchase from a single source;

- the limiting volume of subcontracting under purchase agreements has been reduced from 2/3 to 1/4;
 - the procurement process of the Fund's companies has been optimized, the only participants of which are non-residents of the Republic of Kazakhstan.
4. Mandatory marketing was introduced by the Authorized Body for the purchase of goods over KZT150 million in order to ensure objective control of the purchase prices of Customers;
 5. the maximum audit timeframes for prequalification of potential suppliers have been reduced from 5 to 3 working days, and a transparent procedure has been established for potential suppliers to appeal the results of prequalification;
 6. amendments were made to the Rules for maintaining registers of commodity producers of the Holding and organizations of persons with disabilities, aimed at increasing the transparency of the formation of registers and screening out "false manufacturers";
 7. amendments were made to the Instruction on e-procurement, providing for a reduction in the burdens of procurement participants when working on the electronic procurement portal;
 8. amendments were made to the Procurement Management Standard "Pre-qualification selection" aimed at empowering the Fund's commission to consider appeals of potential suppliers in terms of restoring the status of a qualified supplier;
 9. decision of the Management Board dated October 7, 2019 amended the Rules for organizing work on managing procurement categories in the Holding. The main changes were aimed at streamlining the procedures for forming the List of Categories.

Methodological guidance and coordination of the procurement process in the Fund and Portfolio Companies

The relevant structural division of the Fund considered more than 800 applications from potential suppliers, customers, structural divisions of the Fund on clarification of the provisions of regulatory documents governing the implementation of procurement procedures, including responses to appeals (inquiries, instructions) of the Administration of the President of the Republic of Kazakhstan, the Office of the Prime Minister of the Republic of Kazakhstan, government agencies.

Certification of procurement specialists

To date, certification of procurement specialists has been introduced. To carry out certification, the Fund provided the processing of test questions and situational tasks according to 12 documents regulating the Fund's procurement process. In 2019, about 900 employees of the Fund's Group of Companies were certified.

Anti-Corruption and Good Business Practices

In its daily activities, the Fund's Group is guided by the principles of honest, transparent and ethical conduct of business and zero tolerance to any manifestations of corruption. We carry out purposeful work to prevent and combat manifestations of corruption and fraud. The issues of timely identification and response to these facts are in the area of constant attention of management.

The main internal document that sets the values, principles, standards and norms of conduct in the Fund is the Code of Conduct approved by the Board of Directors. This document is available on the corporate website of the Fund in Russian, English and Kazakh languages. Relevant Codes of Business Ethics and Conduct are also valid in the Fund's Portfolio Companies, available for review on corporate resources.

At present, upon hiring, each employee of the Fund is obliged to go through the procedure of familiarization with the Code of Conduct. This also applies to the Fund's business partners: in all standard contracts concluded with counterparties, there is an anti-corruption clause, which provides for the obligations of suppliers to comply with the legislation of the Republic of Kazakhstan on anti-corruption issues, as well as informing the customer about any alleged and actual violations of anti-corruption laws and procurement rules through "Hotline".

The Fund's Group uses a number of mechanisms and instruments aimed at combating corruption and fraud. The main mechanisms include:

- development of internal regulatory documents, communication to all stakeholders and ensuring their implementation;
- informing and training employees on anti-corruption issues;
- effective mechanisms for receiving and

processing feedback, including the operation of a "hot line";

- identification, assessment and impact on the risks associated with corruption and fraud in the framework of business processes;
- inclusion of requirements for compliance with the Code of Conduct and the legislation of the Republic of Kazakhstan on anti-corruption issues in contracts with counterparties.

In 2019, the Fund's Group implemented activities within the framework of the Plan to ensure compliance with the Law of the Republic of Kazakhstan "On Anti-Corruption":

- a detailed analysis of the risks of corruption in the field of procurement, hiring, appraisal, promotion and dismissal of personnel and other areas, taking into account the specifics of the company's activities, was carried out;
- action plans have been developed to minimize the risks of corruption identified based on the results of the analysis of corruption risks;
- compliance trainings were conducted for employees of administrative and management personnel with coverage of the provisions of the legislation of the Republic of Kazakhstan on anti-corruption issues;
- the placement of contact information and an explanation on the hotline (on anti-corruption issues) of the Fund on all corporate websites of subsidiaries and affiliates was provided, the employees of the companies were informed about the hotline through internal communications;
- an analysis of internal regulatory documents was carried out and their alignment with the legislation of the Republic of Kazakhstan on anti-corruption issues was carried out, taking into account the analysis of corruption risks;
- approved / updated in accordance with the requirements of the legislation and the results of the analysis of corruption risks of the anti-

- corruption policy in subsidiaries and affiliates;
- an anti-corruption clause has been introduced into all standard contracts, for all purchases of goods and services, providing for the obligations of suppliers to comply with the legislation of the Republic of Kazakhstan on anti-corruption issues, as well as inform the customer about any alleged and actual violations of anti-corruption laws and procurement rules;
- the regulatory documents on the selection and recruitment of employees were updated, providing for the procedure for checking the affiliation of officials of the Fund's group of companies with persons considered as candidates for work, as well as those appointed to management positions in the Fund's group of companies in accordance with the laws "On Anti-Corruption", "On joint stock companies" and "On limited and additional liability partnerships".
- ensured regular provision of information to the boards of directors based on the results of consideration of appeals (including the hotline) in the area of compliance, including anti-corruption;
- regular working meetings of the heads of the compliance services of the Fund's group were held, at which topical issues of combating corruption were discussed, meetings with specialized experts (including the Anti-Corruption Agency) were organized.

We would like to mention the memorandum concluded between the Fund and the Anti-Corruption Agency on cooperation in creating an atmosphere of intolerance towards any manifestation of corruption and the formation of an anti-corruption culture, which is the guarantor of the proper and effective implementation of all anti-corruption measures in the Fund's Group.

Proactive information reporting policy

The Fund has a proactive information reporting policy that establishes the procedure for reporting violations of the Code of Conduct, anti-corruption, fraud, bribery and other violations.

One of the effective tools to control the quality of compliance by the Fund's Group and its employees with legislative and ethical standards in the field of combating corruption, fraud and money laundering is the functioning of a single centralized "hotline" administered by an independent company, which ensures consideration by the responsible divisions of the Fund's Group of Companies, including Compliance services of all incoming messages (hotline contacts are posted on the corporate websites of Portfolio Companies in the state, Russian and English languages.) At the end of 2019, the hotline received 213 calls from individuals and legal entities in various categories of activity, of which 52 appeals have been confirmed. Measures have been taken to recover the perpetrators and plans for corrective actions have been developed.





ENVIRONMENTAL RESPONSIBILITY AND LABOR PROTECTION

Workplace safety
Ensuring environmental responsibility
Key HSE indicators

Environmental responsibility and labor protection



The objectives for managing labor protection, industrial safety and environmental protection (HSE) of the Fund's Group are directly related to the Fund's Development Strategy for 2018–2028, which provides for the implementation of the initiatives “Creating and maintaining a culture of health and safety” and “Ensuring environmental sustainability” within the framework of sustainable development of the Fund.

The Fund's Group of Companies pays special attention to labor protection, industrial safety and environmental protection, strategic management of ESG aspects, and also pursue the goals of UN initiatives in the field of sustainable development. The Fund's Group of Companies ensures adherence to the principles of a green economy and the initiatives of the Paris Agreement on climate change and decarbonization of the economy in accordance with the Strategic Development Plan of the Republic of Kazakhstan until 2025, and also implements activities and indicators of the Concept for Kazakhstan's transition to a green economy.

A prerequisite for effective performance in this area and in reducing production risks is a greater involvement of employees and maintaining an open dialogue with stakeholders on health, safety and environmental protection issues.

In 2019, the companies of the Fund's Group continued purposeful systematic work in the field of ensuring the safety and health of employees, improving the environmental safety of technological processes, as well as protecting the environment.

Sustainable Health and Safety Values

The Fund's Portfolio Companies carry out production activities in accordance with the requirements of national legislation and approved internal policies in the field of labor protection, industrial safety and environmental protection. A number of our Portfolio Companies are part of the global Vision Zero program with a goal of achieving zero fatality by 2025.

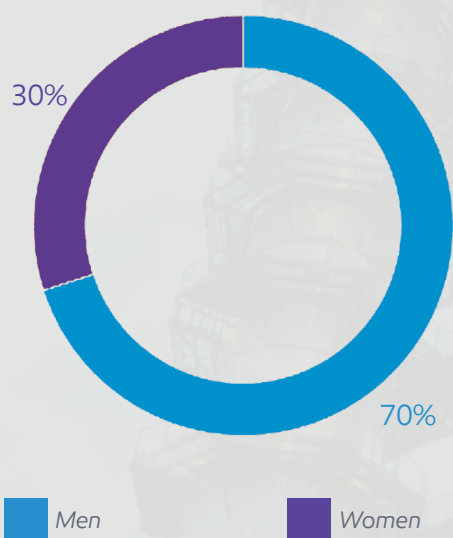
Portfolio companies demonstrate commitment to the initiatives of the Strategic Development Plan of the Republic of Kazakhstan until 2025 to ensure occupational safety and health to ensure a high quality of life, which include initiatives to introduce an innovative standardized occupational safety management system, and an electronic database of standards, inventory and update of safety standards and labor protection, as well as personnel development in the field of labor protection.

Work carried out in the field of labor protection and industrial safety in 2019:

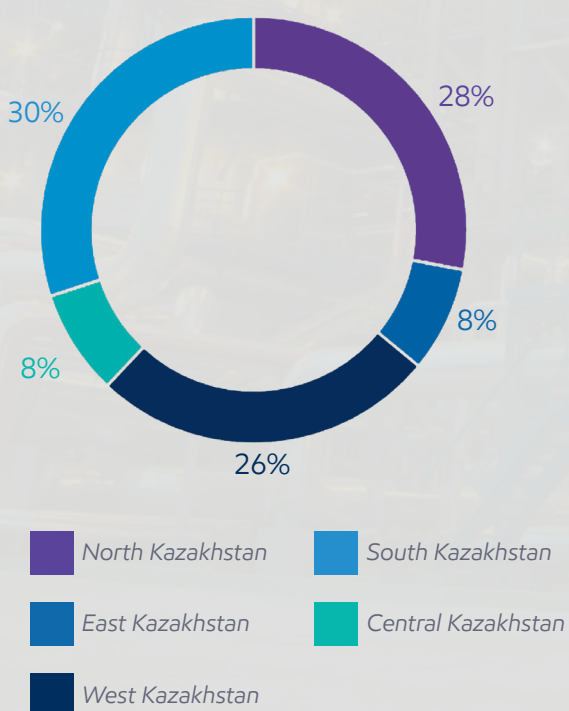
- Implemented the "Equipment and Warning Means Lockout System" (LOTO) in Portfolio Companies.
- Much attention is paid to the involvement of the top management of Portfolio Companies in health and safety issues:
- Off-site health and safety meetings are held for line managers of enterprises, master classes for employees of Corporate centers and subsidiaries and affiliates on industrial safety issues;
- Within the framework of Kazakhstan Energy Week 2019, the 1st SPE Symposium was held: labor protection, industrial safety, environmental protection and social responsibility in the Caspian region (370 participants);

- Annual forums of General Directors in the field of health and safety, meetings in the field of health and safety were held for line managers of subsidiaries/ branches / divisions of JSC NC KazMunayGas, JSC NAC Kazatomprom, JSC NC KTZ, KEGOC JSC;
- Behavioral safety audits are regularly conducted, in which safety observations are monitored, and unsafe actions and conditions are subsequently eliminated.
- JSC NC KTZ is successfully implementing a project of mobile diagnostic complexes, which will increase the frequency of track diagnostics by 12 times, increase the quality of detected defects by 90%, which will significantly affect the safety of trains.
- Kazpost JSC has implemented the project "Management of logistics flows, development of fulfillment centers" for the automation of equipment in order to reduce the physical labor of sorters.
- JSC NAC Kazatomprom operates the "eKAP: HSE Information System" designed to register dangerous conditions, dangerous actions and "near misses".
- Within the framework of the Fund's Transformation Program, a synergistic initiative "Industrial Safety" is being implemented to improve the safety culture and bring the management system in the field of labor protection, industrial safety and environmental protection in Portfolio Companies to the level of international standards.

Share of employees injured in accidents in the Fund's Group by gender, %



Accidents in the Fund's Group by region, %



Health and safety indicators in Portfolio Companies

Indicator	2018	2019
KEGOC JSC		
Number of fatal cases	1	0
LTIFR**	0.3	0
JSC NC KazMunayGas		
Number of fatal cases	1	2
LTIR*	0.32	0.31
JSC NC KTZ		
Number of fatal cases	9	4
LTIFR**	0.22	0.23
Kazakhtelecom JSC		
Number of fatal cases	0	0
LTIR*	0.03	0.01
Samruk-Energy JSC		
Number of fatal cases	2	1
LTIFR**	0.28	0.33
JSC NAC Kazatomprom		
Number of fatal cases	1	1
LTIFR**	0.31	0.24
Kazpost JSC		
Number of fatal cases	0	3

*Lost time injury rate (LTIR) - coefficient of accidents with loss of ability to work related to working activities in accordance with the legislation of the Republic of Kazakhstan.

**Lost time injury frequency rate (LTIFR) - coefficient of injury frequency with temporary disability.

Health and safety indicators in the Fund's Group

	2017	2018	2019
Total number of accidents	177	157	152
Total number of fatal accidents	44	14	11
Total number of victims	190	169	167

In the reporting period, 152 accidents occurred in the Fund's Group, of which 11 were fatal. At the end of 2018, this indicator was 14. Portfolio companies are carrying out a systematic review of the health and safety system, and are implementing measures to prevent and minimize industrial injuries and occupational diseases. The total number of people injured in accidents in 2019 was 167 people, of which 70% were men, 30% were women, respectively. The geography of the accidents that occurred shows that the majority (29% and 28%) occurred in the South Kazakhstan and North Kazakhstan regions.



Planned activities in the field of labor protection and industrial safety for 2020-2024:

- One of the priority areas of work in 2020 is the direction "Digitalization of health, safety and environmental protection processes".
- Carrying out diagnostics of HSE management systems of Portfolio companies within the framework of the functioning of the HSE Committee of the Fund in order to develop plans for the development of health, safety and environmental protection systems and further implementation of measures.
- Increasing the transparency and quality of information disclosure about ESG aspects on information portals. Thus, NC KazMunayGas plans to install the ESG Rating KPI as the functional KPI of the Managing Director in charge of sustainable development.
- Implementation of the best world practices in accordance with the industry specificity of each company for the prevention of industrial accidents and the prevention of occupational diseases of personnel.
- Regular assessment of the effectiveness of implementation and improvement of the health, safety and environmental protection management system.
- Implementation of a whistle-blower program and the promotion of a speak up culture.
- Ensuring the registration of accidents without consequences, including the identification and registration of dangerous conditions and dangerous actions in the field.
- Revision of the process of managing contractors in the field of health, safety and environmental protection.

Environmental responsibility

Within the framework of environmental responsibility, the main areas of the Fund's Portfolio Companies are greenhouse gas emission management and gas flaring reduction, water resources management, production waste management, disturbed land reclamation, energy efficiency improvement and radiation safety assurance.

We ensure commitment to the initiatives of the Strategic Development Plan of the Republic of Kazakhstan until 2025 in the field of green economy and environmental protection, which is focused on improving the quality of natural resources, developing alternative energy sources, adapting to climate change, as well as decarbonizing and increasing the energy efficiency of the economy.

Work carried out in the field of environmental responsibility in 2019:

- In mature Portfolio Companies, energy management systems have been introduced, extensive programs have been developed to improve energy efficiency and energy saving.
- As part of the implementation of the requirements of the Paris Agreement, JSC NC KTZ and JSC NC KazMunayGas participated in the development of the Strategy for low-carbon development of the Republic of Kazakhstan until 2050.
- For the first time, the Report of JSC NC KazMunayGas on greenhouse gas emissions for 2018 was published within the framework of the Climate Program CDP (Carbon Disclosure Project) for all assets of the group of companies of JSC NC KazMunayGas including subsidiaries in Romania and Georgia, and thus JSC NC KazMunayGas has shown its commitment to the principles of sustainable

development.

- JSC NC KazMunayGas set the KPI on reduction of the intensity of APG flaring and achievement of full utilization of historical oil waste.
- A Memorandum of Cooperation in the field of environmental protection was signed between the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan and JSC NC KazMunayGas, the purpose of which is waste disposal / recycling.
- A program has been developed to achieve complete utilization of historical pollution of JSC NC KazMunayGas with a roadmap until 2024. In the future, oil waste will not be stored on the territory of the Company, but will be immediately transferred to specialized organizations for processing.
- At the enterprise of JSC NAC Kazatomprom, Baiken-U LLP, an automated environmental monitoring system with online information transmission has been introduced. It allows you to quickly identify and respond to cases of negative impact on the environment.
- Closure of the Uvanas mine by Kazatomprom-SaUran with the fulfillment of all contractual obligations to the state to eliminate the consequences of subsoil use, and the distribution and employment of released workers.
- The Center for Environmental Design and Monitoring of JSC NAC Kazatomprom was established in order to significantly strengthen the environmental impact assessment within the framework of forecasting and monitoring the impact of production activities on the environment and the planning process for mine closure.
- The Green Office project is underway in most of the Fund's Portfolio Companies, which involves the economical use of paper, the introduction of a waste sorting system, the

replacement of coolers with water purifiers (purifiers - filtration systems for uninterrupted water supply, without the use of plastic bottles), greening the office, collecting waste paper, etc. separate collection of plastic.

Planned activities in the field of environmental responsibility for 2020-2024:

- Participation in further work to improve the draft of the new Environmental Code in the Working Group of the Mazhilis of the Parliament of the Republic of Kazakhstan, which will include representatives of NCE Atameken, industry associations and industry. Portfolio companies will participate in the development of national guides of best available techniques.
- Automation of HSE business processes and modernization of the corporate information management system for data on labor and environmental protection, industrial and fire safety, prevention of emergencies in JSC NC KazMunayGas within the framework of the "Digitalization of HSE 4.0" Program;
- Complete disposal of historical pollution by 2024 at the enterprises of JSC NC KazMunayGas ;
- Approval of the Action Plan to reduce air emissions, the action plan for the complete cessation of regular APG flaring, a corporate document regulating the process of inventory, monitoring, reporting and verification of greenhouse gas emissions in the group of companies of JSC NC KazMunayGas.
- Implementation of the Environmental Action Plan and implementation of programs for utilization of associated petroleum gas.
- JSC NC KazMunayGas plans to develop, verify and submit reports on the Climate and Water Programs within the CDP (Carbon Disclosure Project).
- Reclamation of 12 hectares of historical

pollution at 984-985 km of the Uzen - Atyrau - Samara main oil pipeline of KazTransOil JSC in 2020-2022.

- Reducing pollutant emissions by transferring the heating system of production facilities from solid fuel to natural gas in gasified regions of Kazakhstan, and modernizing the lighting system using LED lighting equipment as part of the implementation of the Strategy for the implementation of investment activities in relation to "green" investments of Kazpost JSC;
- Carrying out a study of the possibility of introducing an automated system for monitoring emissions into the environment at stationary sources of emissions of pollutants in the subsidiaries and dependent companies of JSC NAC Kazatomprom in 2020-2021.
- Development by UMZ JSC (subsidiary and dependent company of JSC NAC Kazatomprom) of a project for the disposal of solid radioactive waste (SRW) on the territory of the former Semey nuclear test site in order to reduce the technogenic impact on the environment with the completion of construction in 2028.
- Implementation of the international health and safety management system ISO 45001 at Qazaq Air JSC.











PC	Expenditures and investments in environmental protection, KZT million
JSC NC KazMunayGas	14,045
JSC NAC Kazatomprom	1,880.3
JSC NC KTZ	701.6
Samruk-Energy JSC	4,616.2
KEGOC JSC	44.6
Kazakhtelecom JSC	122
Kazpost JSC	26.9
Air Astana JSC	74.9
JSC NMC Tau-Ken Samruk	92.7
Total	21,604.2

Fines imposed for non-compliance with environmental legislation and regulatory requirements for the Fund Group amounted to KZT251.3 million. A significant share of the amount (90%) of fines and other sanctions imposed for non-compliance with regulatory requirements for environmental protection in the Group falls on JSC NC KazMunayGas.

In 2019, the costs of environmental protection activities of the Fund's enterprises, including current costs and investments, decreased by KZT5 billion compared to the previous period and amounted to KZT21.6 billion. The largest share of environmental costs and investments in JSC NC KazMunayGas, Samruk-Energy JSC and JSC NAC Kazatomprom.

Environmental protection performance indicators in Portfolio Companies

Company	Indicator	2018	2019
 КазМұнайГаз <small>NATIONAL COMPANY • ҰЛТТЫҚ КОМПАНИЯСЫ</small>	Water intake, million m3	93.7	93.6
	CO2 emissions, million tons	9.3	9.4
	Energy consumption, million GJ	12.6	12.7
	Oil gas utilization rate,%	93	97
 KAZATOMPROM <small>NATIONAL ATOMIC COMPANY</small>	Water intake, million m3	12.2	12.2
	CO2 emissions, million tons	0.13	0.12
	Energy consumption, million GJ	17.32	16.04
 KEGOC	Emissions of pollutants from stationary sources, tons	11.4	11.35
 ҚАЗАҚСТАН ТЕМІР ЖОЛЫ	Environmental impact level, coefficient	0.66	0.65
 ҚАЗАҚТЕЛЕКОМ	Water consumption, million m3	0.39	-
	Energy consumption, million GJ	0.646	0.654
 SAMRUK ENERGY	Water intake, million m3	10,546	11,198
	Volume of repeatedly used or reused water, million m3	2,959	2,943
	Wastewater volume, million m3	77	76
	Volume of ash and slag waste, thous. tons	7,664	7,569
	Pollutant emissions, thous. tons	323.8	317.06
	CO2 emissions, million tons	33.7	32.05

Projects aimed at protecting the environment of the Fund's Group

Environmental projects of JSC NC KazMunayGas

Modernization of disposal facilities of PetroKazakhstan Oil Products LLP

Due to the completion of works on the modernization of disposal facilities, the efficiency of industrial wastewater treatment for oil products and suspended solids was improved from 76% to 98%, which reduces the environmental load by reducing emissions into the environment.

Additional stages of wastewater treatment were introduced at ultrafiltration and reverse osmosis units. Treated waste water is used in the recycling water supply system of the enterprise and meets regulatory requirements. Deep purification of effluents at ultrafiltration and reverse osmosis units saves fresh water up to 1.5 million m³ per year, previously taken from city water supply systems.

In 2019, the volume of returned treated wastewater and reused industrial wastewater amounted to 882.721 thousand m³, including 645.430 thousand m³ of wastewater returned to the fire system. Saved 184 million tenge in equivalent for fresh water. After the installations "Deep cleaning - ultrafiltration and reverse osmosis" in the form of replenishment of the recirculating water supply unit, 237.291 thousand m³ of treated wastewater were used, which made it possible to additionally save an equivalent volume of fresh industrial water.

Construction of the Sary-Arka main gas pipeline

In 2019, the implementation of the investment project Construction of the Sary-Arka main gas pipeline was successfully completed. Stage I. Section "Kyzylorda - Astana".

The gas pipeline, originating in the Kyzylorda

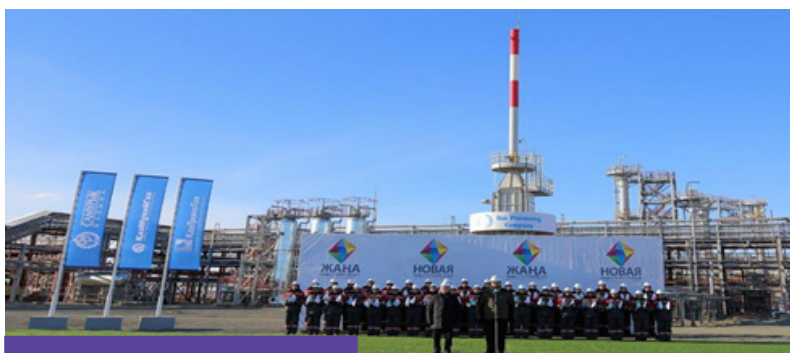
region, will allow transporting gas in the amount of up to 2.2 billion m³ per year to ensure stable supplies of domestic natural gas to the population of Nur-Sultan, Karaganda, Temirtau, Zhezkazgan and along the main gas pipeline route. According to the forecast, about 2.7 million people from 171 settlements are expected to connect to gas.



The transition from traditional fuel sources to natural gas will have a positive impact on the ecological state in the territories of settlements, reducing emissions of pollutants into the atmosphere and preserving land and water resources.

KazakhOil Aktobe LLP: reduction of gas flaring

At the end of 2018, a modern gas processing complex of KazTransGas JSC was put into operation at the Kozhasai field. The commissioning of a modern gas processing complex at the Kozhasai field in the Aktobe region made it possible to significantly reduce gas flaring from 173 million m³ to 33 million m³, respectively, reducing greenhouse gas emissions by 67% compared to 2017.



Environmental initiatives

- Elimination of historical pollution, as well as elimination of sources of negative impact on the environment (inactive wells, waste water storage, landfills and other production facilities).
- Reduction of discharges of pollutants: Project "Tazalyk": modernization of waste water disposal facilities of Atyrau Refinery LLP and reclamation of evaporation fields "Tukhlaya Balka". The modernization of disposal facilities will help reduce water intake from the Ural River through the use of a multi-stage wastewater treatment system, which will remove up to 99% of pollutants from wastewater and, therefore, multiply the reuse of water, allowing up to 50% of treated wastewater to be returned to production. This project will allow to stop the operation of evaporation fields, eliminate the impact on groundwater, flora, fauna and atmospheric air of the city of Atyrau.
- Construction of desalination plants. Carrying out production activities in the region of presence and realizing its responsibility, the KMG Group of Companies is interested in socio-economic development and rational use of water resources in the Mangistau region.
- Currently, a desalination plant is being built at the Karazhanbas field, which will release the volume of the Volga water for the region at least 17 thousand m³ per day. In 2019, Karazhanbasmunay JSC began construction and installation work on the desalination plant. The formation water desalination plant is designed to process and utilize produced water and supply process water in order to increase oil recovery from the Karazhanbas field by injecting steam into the reservoir.
- The desalination plant is planned to be built in the area of the Kenderli recreation area of the Mangistau region. The estimated capacity will be 50 thousand cubic meters of water per day. At present, Zhanaozen is supplied with drinking water at a distance of 2000 km by transporting the Volga water from the Kigach River. The construction of desalination plants will have a positive impact on the population of not only Mangistau, but also Atyrau regions.
- Within the framework of the NAMA climate project, KTGP plans to further increase the share of gas-fueled ATiST in its own vehicle fleet within the framework of the event "Conversion of vehicles from conventional fuel A_i, D_t to CNG (fleet renewal)". In the period 2020–2024. due to the modernization of the vehicle fleet structure, the share of gas vehicles (not lower than Euro 3 class) should increase to 35 percent. Improving the structure of fuel consumption and the class of vehicles by upgrading (purchasing) new 16 vehicles using LPG and 46 vehicles

using CNG will significantly reduce the emission of harmful substances from KTGP vehicles. If in 2018 the volume of emissions of harmful substances from transport amounted to 17,962 tons, then in 2024, after the planned measures that will require about KZT600 million for the entire period of five years, these emissions can be reduced accordingly to 17,144 tons per year. or 4.6%.

Environmental projects of Kazakhtelecom JSC

- Employees of the RDT "Almatytelecom" provided telephones and carried out repairs of the telecommunications network of the Kovcheg children's home in Talgar, Almaty region. All work on installing telephones at the orphanage facilities was carried out at the initiative of the Directorate employees, together with the leadership of the orphanage
- The project "100 kg of waste paper is one saved tree". The Information Systems Directorate became one of the first branches of the Company, which installed eco-boxes instead of waste paper bins for the purpose

of its further processing. Within a month, the branch employees collected over 100 kg of paper. Thus, the staff of the Directorate helps to preserve the ecology of the region. From 2020, the Company plans to introduce separate waste collection.

- The project "Preserving the forest - we preserve the future". In 2019, employees of the Corporate Business Division implemented a project to switch to paperless customer service. Now B2B subscribers do not need to visit the points of the service network to conclude contracts, receive acts and invoices. Documents are posted monthly on ISMET.kz. Service time has been reduced from 1-2 days to 10 minutes. The number of contracts and additional agreements concluded in 2019 amounted to more than 2.5 thousand. Subscribers were provided with about 5.5 million acts of work performed and invoices in electronic format.

Environmental projects of JSC NC KTZ

- Measures are being taken to reduce emissions:
- Introduction of diesel locomotives of the

EVOLUTION series, which have a reduced emission of pollutants, which will reduce emissions into the air by more than 2.2 times compared to diesel locomotives of old models.

- Purchase of new passenger cars equipped with closed-type toilets, which will eliminate bacterial contamination of railway tracks with fecal microflora.
- Conversion of boiler houses from solid to gaseous fuels, connection of heating of industrial buildings to the city central heating supply, which helps to reduce air pollution from stationary sources.
- Implementation of a separate waste collection system, which allows to reduce the costs associated with production waste management by 20%.

HSE Committee

Health, safety and environmental protection issues are a top priority for both Portfolio Companies and the Fund as a whole. The top management of the Fund demonstrates personal commitment and involvement in health, safety and environmental issues. Health, safety and environmental protection issues are submitted for consideration

by the Audit Committee and the Board of Directors on a regular basis.

In 2019, the Fund began systematic work in relation to health, safety and environmental protection: the HSE Committee was created under the Management Board of the Fund.

The main goals of the Committee are to organize an effective exchange of experience between Portfolio Companies in the field of HSE and bring the HSE management systems of PC to the level of international standards. Portfolio Companies are actively involved in supporting the work being done, including in organizing the Committee's offsite meetings.

The HSE Committee is an open working platform for dialogue on discussing and resolving problematic issues, sharing experience, and submitting strategic initiatives and ideas for consideration.

In 2019, 6 meetings of the Committee were held. Currently, there is a need for an objective assessment of the state of health, safety and environmental management systems for the Fund's Group, after which a process will begin to develop recommendations for improving these systems for

the Fund's Management Board and the Fund's Representatives on the Board of Directors / Supervisory Boards of Portfolio Companies. In this regard, in accordance with the data at the first meeting, instructions were heard by 12 Portfolio Companies, which shared their experience in the field of health, safety and environmental protection, assessment methodology, self-assessment results and the System Improvement Plan.

The main task for 2020-2021 is to build a systematic work on the continuous improvement of HSE management systems (MS) of Portfolio Companies. To this end, the following main stages are planned for 2020 - 2021 in Portfolio Companies:

- development and approval of a unified MS diagnostic methodology for HSE control systems;
- training of HSE specialists in diagnostics / audits;
- carrying out diagnostics / audits of the HSE control system;
- GAP analysis and development of Plans for improvement of HSE.

Thus, the work of the Committee in 2020-2021 will be focused on assessing companies using a single methodology for assessing the

health, safety and environmental management system with the further development and implementation of Plans to improve the health, safety and environmental management systems.



SOCIAL RESPONSIBILITY

Sponsorship and charitable activities
Employment
Ensuring human rights
Human resource development
Effective corporate communications
Information policy



Employment

The Fund's Group provides about **307.6** thousand jobs at **306** enterprises.



Our HR policy is aimed at attracting and retaining responsible and professional employees. Career development, motivation and performance assessment of employees is one of the key areas of the corporate personnel development system.

The success of the Fund's Group in the present and in the future also depends on our ability to attract, develop, motivate and retain highly qualified employees. We pay special attention to the development of strategic skills and competencies of our employees, the formation of a talent pool and the development of leadership potential. In addition, to ensure our portfolio growth, operational efficiency and economic performance will also require continuous development of our corporate culture.

As part of the development of human capital, the Fund continues to introduce new models of behavior for "commercial" thinking and readiness for change. " At the same time, the key values of the Fund, reflected in the abbreviation PRIME - Partnership, Respect, Integrity, Meritocracy and Excellence, serve as the driving force and foundation of success.



Human rights respect

The Fund's Group recognizes the importance and value of the fundamental human rights and freedoms proclaimed by the UN and throughout its activities responsibly shares the principles in the field of human rights, labor relations and the fight against corruption.

We believe that everyone should have all the proclaimed rights, including the right to work, the right to a healthy environment, the rights of special groups of the population, without any distinction, regardless of race, color, sex, age, language, religion, political or other beliefs, national or social origin, disability, property or other status, as well as equal opportunities for women and

men, excluding any form of harassment or discrimination in the field of work and employment.

The Fund's Group does not use child labor and does not practice forced labor.

Each employee of the Fund's Group has equal opportunities to exercise his/her rights and freedoms in the world of work.

In the Fund, all employees are hired on an individual basis, and they are fully granted rights in accordance with the Labor Code of the Republic of Kazakhstan.

The Portfolio Companies practice collective bargaining agreements: JSC NC KTZ ,

KEGOC JSC, Kazakhtelecom JSC, Kazpost JSC, JSC NAC Kazatomprom , JSC NC KazMunayGas , Samruk-Energy JSC, Air Astana JSC and Samruk-Kazyna Construction JSC. Collective bargaining agreements have also been signed in many of the Portfolio Companies' manufacturing facilities.

The collective agreement provides employees with additional social guarantees in terms of wages, material assistance, social benefits for temporary disability, pension programs, payments to provide assistance in various life situations, as well as labor protection and safety.

Share of employees covered by collective bargaining agreements, %

No.	PC	Share of employees covered by collective bargaining agreements, %
1.	JSC NC KazMunayGas	83%
2.	JSC NC KTZ	77.4%
3.	KEGOC JSC	100%
4.	Kazakhtelecom JSC	96%
5.	Kazpost JSC	100%
6.	JSC NAC Kazatomprom	98%
7.	Samruk-Energy JSC	97%
8.	Air Astana JSC	13.80%
9.	Samruk-Kazyna Construction JSC	61%

The collective bargaining agreement provides for types of monetary compensation, social benefits for employees. At the same time, each company sets the norms and types of social support depending on the financial situation and the results of the negotiation process with employees' representatives.

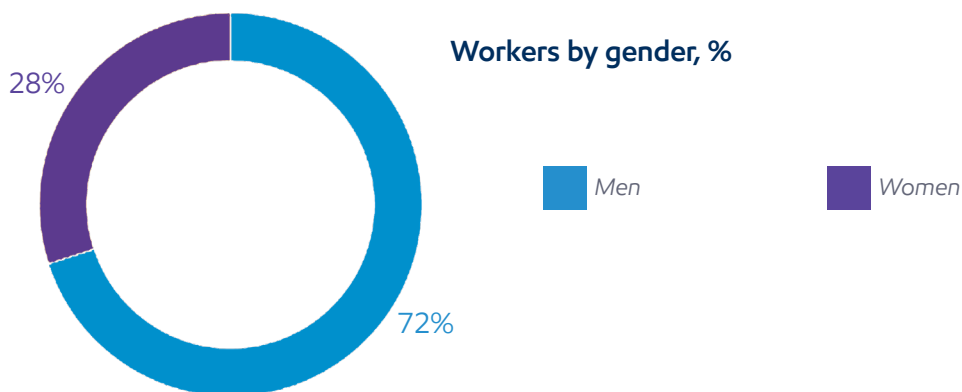
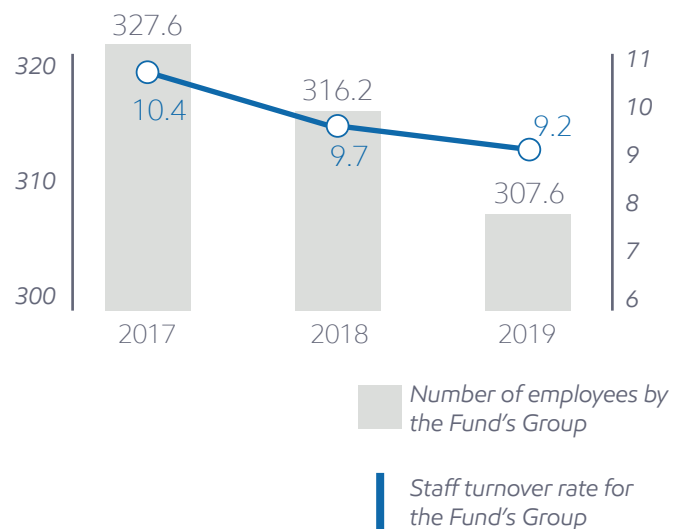
Characteristics of employees

In 2019, the average headcount of the Fund's Group was more than 300 thousand people. The information is presented in the context of the following companies: Fund, JSC NC KazMunayGas, JSC NC KTZ, KEGOC JSC, Kazakhtelecom JSC, Kazpost JSC, JSC NAC Kazatomprom, JSC NMC Tau-Ken Samruk, Samruk-Energy JSC, Air Astana JSC, Qazaq Air JSC, Samruk-Kazyna Construction JSC and United Chemical Company LLP.

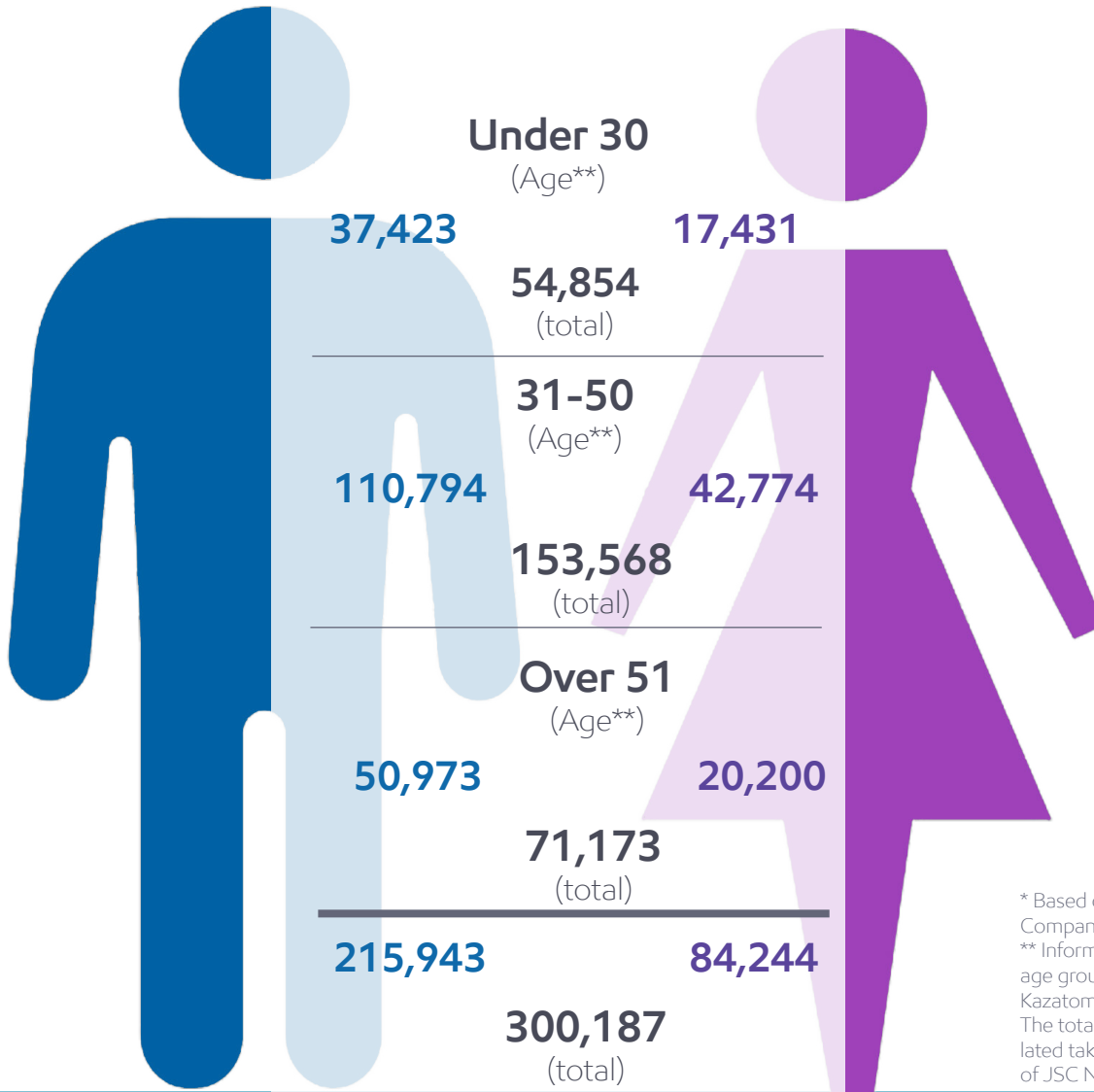
Due to the specifics of the production activities of certain Portfolio Companies of the Fund, the share of men among workers traditionally totals a large part - 72%, while women make up the remaining 28%.

Among the employees of the Group there are representatives of different age categories, which confirms the absence of age discrimination in personnel policy. In 2019, 25% of employees of the total payroll were employees over 50, 55% were employees aged 30 to 50, and 20% were under 30.

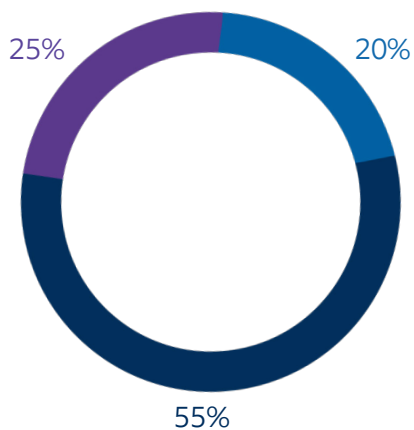
Dynamics of the number of employees and the staff turnover rate across the Fund's Group



Gender and age distribution by the Fund's Group in the reporting period, people*



* Based on data received from Portfolio Companies by headcount.
 ** Information on gender distribution by age group does not include JSC NAC Kazatomprom .
 The total number of employees is calculated taking into account the employees of JSC NAC Kazatomprom .



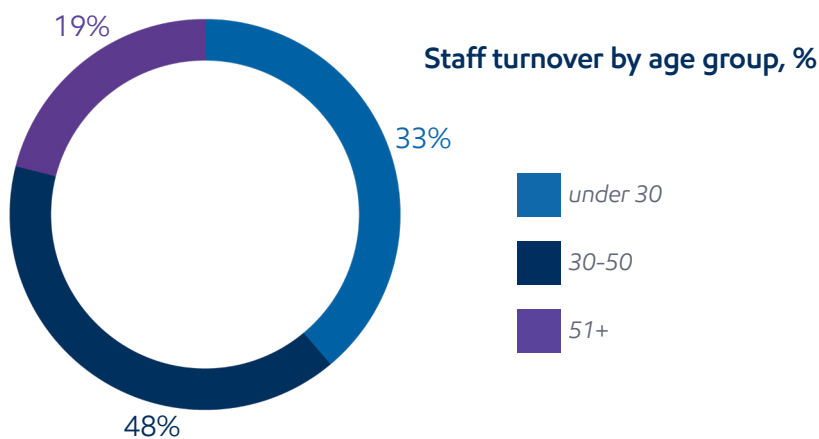
Workers by age group, %

- under 30
- 31-50
- 51+

No.	Company	Staff turnover, %*
1.	Samruk-Kazyna JSC	15.0
2.	JSC NC KazMunayGas	6.5
3.	JSC NC KTZ	7.8
4.	KEGOC JSC	7.4
5.	Kazakhtelecom JSC	8.3
6.	Kazpost JSC	24.7
7.	JSC NAC Kazatomprom	10.0
8.	JSC NMC Tau-Ken Samruk	20.8
9.	Samruk-Energy JSC	8.5
10.	Air Astana JSC	13.1
11.	Qazaq Air JSC	56.0
12.	Samruk-Kazyna Construction JSC	23.5
13.	United Chemical Company LLP	26.8

In comparison with previous periods, the staff turnover rate in the Fund's Group has a decline dynamics, and at the end of 2019 is 9.2%. The number of employees with whom labor relations were terminated amounted to over 32 thousand people. Of these: the share of young specialists under 30 years old - 33%, the group aged 31-50 years old - 48%, over 51 years old - 19%.

*as of 31.12.2019

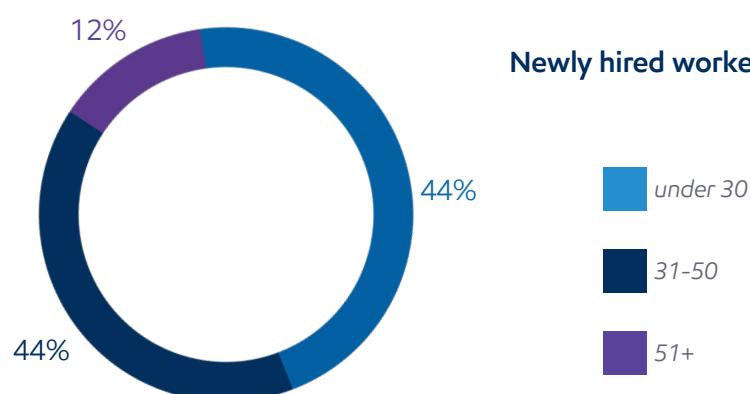


The number of newly hired employees was over 29 thousand people, incl. the share of employees in the age group under 30 and from 31-50 years old, 44% each, from 51 and over - 12%. The relatively high proportion of newly hired employees under 30 in 2019 will have a positive effect on the average age in the Fund Group, given the dynamics of the decline in staff turnover in recent years.

Age	Newly hired employees **	Number of employees who terminated employment
under 30	11,469	10,715
31-50	11,361	15,809
51+	2,972	6,056
Total	29,348	32,620

* Based on data received from Portfolio Companies.

** Information on newly hired employees by age group does not include JSC NAC Kazatomprom and United Chemical Company LLP. The total number of newly hired employees is calculated taking into account the employees of JSC NAC Kazatomprom and United Chemical Company LLP.



Selection and Employment

In 2019, 109 vacancies were filled in the Fund, of which 63 vacancies (52%) were candidates from the Fund's Group. At the same time, the average number of responses per 1 vacant position was 243 people, and the average duration of search and selection of 1 candidate was 24 working days.

In 2019, work with internal candidates was strengthened. The search and selection process was restructured so that priority in the consideration of candidates is given to internal candidates (first candidates from the succession plan are considered, then other internal candidates, only in the absence of internal candidates - external candidates are considered).

This made it possible by the end of 2019 to reach the level of vertical rotation (appointment to higher positions) - 64%.

In 2019, the Fund launched the Samruk qyzmet platform to find work as a single operator of portfolio companies. Since the launch of the platform, more than 1,700 vacancies from 144 companies have been published and more than 240 job seekers have been employed.

In order to attract talented graduates with high potential to

Indicator	2018	2019	Change
Number of advertised/open vacancies	117	120	In, 2019, there are 3 more vacancies advertised
Number of closed vacancies	91	109	In 2019, there are 18 more closed vacancies
Average competition for 1 vacancy	300	243	In 2019, the average competition for 1 vacant position is 57 candidates less, which is associated with an increase in the rate of vacancy closure
The number of candidates who have passed the assessment of professional knowledge and abilities	354	136	In 2019, the number of candidates who passed the assessment of professional knowledge by the testing method is 218 fewer, which confirms the effectiveness of the candidate assessment process at the previous stages

the Fund's Group and prepare young leaders through the practice of mentoring, the project "Zhas Orken" is being implemented. In 2019, of the 16 trainees of the Zhas Orken - 2017 program that passed all four rotations, 100% of all were employed in the Fund's Portfolio

Companies. In 2020, the graduation of Zhas Orken - 2018 was carried out and all 14 young specialists (100%) were employed in the Fund Group. Zhas Orken - 2019 - 23 participants started the third rotation from June 29, 2020.

53 participants successfully completed the Digital Summer 2019 internship program, of which 32 are 3rd year students (graduates of universities in 2020) and 21 are 4th year students (graduates of universities in 2019). The Program participants were provided with training at the Samruk-Kazyna Corporate University and with the Fund's business partners - Microsoft, Huawei, Oracle, Cisco, HP, IBM and SAP. Throughout the Program, interns were paid a monthly stipend from the Fund. Of the 21 graduates of 2019, 10 interns were employed in the Fund's Portfolio Companies.

In 2020, the following events are planned:

- Further implementation of the projects "Zhas Orken" and "Digital Summer" with 100% employment of graduates of the programs;
- Further improvement of the unified online recruiting platform "Samruk qyzmet", which is the unified operator of Portfolio Companies, aimed at ensuring transparency of the selection processes and strengthening the brand of the Fund Group of Companies. It is also planned to develop and implement a Plan to improve the brand of the Fund's employer.



SAMRUK QYZMET

"Samruk qyzmet" is at qsamruk.kz

Remuneration and assessment

The system of remuneration and bonuses is based on the assessment of positions and the performance of employees:

- to assess positions, the Fund and companies use a grading system according to international methodology in the field of human resource management. A unified approach to assessing positions made it possible to objectively compare positions between companies, compare salaries of specialists in the country, in the region and globally.
- The performance assessment process is the basis for remuneration, incentives, bonuses, training and professional development, and also serves for employee retention purposes.

Performance assessment of employees makes it possible to determine the requirements for work results, skills, knowledge and competencies of employees to fulfill the strategic goals of the Fund and is based on the following basic principles:

- providing fair and objective feedback based on trust;
- assisting in identifying training and development needs;
- assistance in improving individual performance indicators.

The motivation system adopted by the Fund ensures a clear dependence of the remuneration of our employees on the results of their work, including the implemented performance and remuneration assessment system; there are no differences in the base salary and in the remuneration system depending on gender differences.

The approach to personnel motivation is based on the principles of ensuring a competitive level of remuneration, transparency and respect for the rights of employees. All changes to the

remuneration system are made taking into account the opinions and suggestions of stakeholders.

Creating a cost-effective remuneration system necessary to attract, retain and motivate employees is a priority. The focus is on aggregate remuneration, which includes, in addition to wages and bonuses, benefits and non-monetary remuneration.

Since 2019, the Fund has been implementing the PRIMEDEA project aimed at developing a culture of "commercial thinking" among employees and their readiness for change. PRIMEDEA is a project that shortens the life cycle of an idea (submission / approval / implementation) and is aimed at both internal changes / improvements and global projects. Periodic informal meetings of the Fund's management with employees who submitted ideas are held. Authors of ideas that bring significant economic benefits are rewarded according to internal procedures.

Training and development

We pay special attention to the development of the skills and knowledge of the team to ensure the implementation of the strategic goals and objectives of the Fund, and provide equal opportunities for professional and career growth to all employees.

The Fund creates an environment that stimulates the acquisition of new knowledge and self-development of employees, forms a culture of transfer of experience and knowledge within the Fund's Group.

Based on the results of the performance assessment, taking into account the strategic goals and objectives of the Fund, employees form individual development plans according to the principle of "70:20:10": where 70% of the time is spent on training by solving real problems in the workplace, 20% - through feedback from experienced colleagues and 10% - training at seminars.

This model is a conductor of change, promotes effective training, achievement of high labor productivity and the development of employee thinking.

Indicators for training and development of employees of the Fund's Group

Indicator	Average number of hours of study in 2018	Average number of hours of study in 2019
Average annual training hours for 1 employee	33.82	25.8
including:		
1 female employee	29.4*	25.8**
1 male employee	22.7*	29**

Indicators for training and development of employees of the Fund

Indicator	Average number of hours of study in 2018	Average number of hours of study in 2019 (full-time employee and outstaffing)
Average annual training hours for 1 employee	28	35
including:		
1 female employee	27	36
1 male employee	29	35

*- The information has been compiled without taking into account JSC NAC Kazatomprom

** - The information is compiled without taking into account JSC NAC Kazatomprom and Kazpost JSC

In 2019, a number of training events were organized for employees aimed at expanding professional, managerial and personal-business competencies, such as training in international investment activities, international certification programs, leadership programs, participation in forums and conferences, language courses, etc.

In order to strengthen the Fund's investment competencies in 2019, a number of measures were implemented:

- requirements for the organization of international internships and training were developed and approved;
- more than 60 international investment organizations were considered and a short list was determined;
- requirements and criteria for selecting a pool of employees for international training and internships were developed and approved, a short list of applicants was determined;
- contractual conditions with employees, the procedure for granting leave to pass exams for certification programs have been determined.

Samruk Kazyna Corporate University



Samruk-Kazyna Corporate University was established in 2004 and is an open, successful center for the accumulation of advanced experience and generation of new knowledge.

Values

Honesty

- we are for transparent processes
- we are for openness to our colleagues, partners and clients
- we are for words not to be at odds with deeds

Result

- we do our job efficiently and on time
- we exceed customer expectations and make them happy
- we are for long-term results, not short-term benefits
- we are responsible for our work as for our own business

Development

- we must develop ourselves in order to develop others
- we are open to changes and form trends
- we learn from mistakes

Main activities

Corporate training:

- Administration of the training event;
- Organization and conduct of training and events in a corporate format.

General service center "HR Qyzmet":

- Personnel administration
- Payroll preparation
- Maintenance of IRS
- Administration of personnel performance

- assessment
- Outstaffing
- Administration of recruiting
- Contact center

HR consulting center:

- High performance culture
- Personnel assessment
- Grading
- Engagement research

Functional academies:

- Business Academy HR Academy, CG Academy, IT Academy, PM Academy
- Schools C&B School, HR Business Partner School, HR Administration School, Recruiter School

Team building activities:

- Mind games, Classroom training, Team building, Thematic business game, Lean style, Volunteer, Workshop

Business simulations:

- Seminar using tools for imitating business processes. The product is unique on the territory of the Republic of Kazakhstan.

Online training and webinars:

- Access to the online training system. Catalog of over 95 courses
- Development of learning content of any complexity, incl. for production personnel
- Solution for distance learning iSpring

Key performance results for 2019:

Development program for young professionals "Zhas Orken"

16 participants are successfully employed

"Digital Summer" Internship Program

14 participants are successfully employed

Recreational program for young professionals of the Fund's Group of Companies

More than 1000 employees of manufacturing companies and competition winners took partfully employed

Certification of procurement specialists of the Fund's Group of Companies

about 1000 employees of the procurement division of companies took part in the testing

Samruk Qyzmet

In August 2019, the Qsamruk kz Platform was launched, which provides transparency of selection, saves recruiters time, optimizes the work of selection processes and automates many stages.

Registered

157
companies

Over
1000
vacancies

*which gives the job
seeker more chances
to find the job of his
dreams*

10,000
job seekers

Over
20,000
responses

Were employed after
the program launch

176
employees

*Most of the were
employed to*

27
Logistics

21
Accounting

20
Production and IT

23
JSC NC KTZ

21
JSC NC KMG

43
Embimunaygas JSC

Currently, a powerful campaign is underway to promote the platform among the target audience while consolidating the efforts of all companies of Samruk-Kazyna JSC

Internal projects

The level of customer satisfaction with services at the end of 2019 was 98%

HR Consulting services

- High performance culture - diagnostics of corporate culture for 10 companies

- Personnel assessment - more than 1000 face-to-face assessments
- Grading - job evaluation for 2 companies
- Engagement survey - more than 4000 respondents

HR Qyzmet Transaction Center

- HR administration services - more than 4000 people on service
- Payroll - more than 3000 people in service
- Administration of training - more than 13,000 people in service
- Personnel assessment - about 1000 people
- Outstaffing - more than 1500 people for more than 50 customer companies
- Contact center - more than 2000 people
- New clients in 2019 - more than 10 companies

New projects

Robotic process automation

Process robotization is the next step:

- to improve production efficiency;
- cost reduction by 20-40% in routine, repeatable, algorithmized data processing processes;
- increasing the reliability, accuracy of operations;
- removal of peak loads in the process of closing periods.

Works started in 2019:

1. Registration of vacations;
2. Formation of certificates from the place of work;
3. Verification of the correctness of the calculation of salaries;
4. Termination of employment contracts;
5. Registration of business trips;
6. Reception of an employee.

In 2020 it is planned:

Robotization of two processes for external customers and eight processes for internal customers.

Robots for internal customers:

- Orchestrator of licenses for the Contact Center;
- Notice of business trips;
- 6 robots in the process of analysis.

Lean Management - Continuous improvement system

The goal is the development and integration of tools, lean manufacturing systems to achieve high quality service delivery, improve operational efficiency and meet requirements in the digital environment.

Reduced losses in the organization by 8200 man-hours:

- Learned to see losses in routine operational activities
- Introduced "celebrate the red" if there is a deviation, then there is a loss and an opportunity for improvement

100% staff involvement in Lean tools:

- Roles defined in each department
- More than 70 internal trainings and 14 final reports carried out

Discipline and focus on Lean tools

- Adherence to the developed "living" standards
- More than 100 "living" standards created

Finding the root causes of problems:

- Engaging in Problem Solving Activities and Using 5 Why Tools ?, Fishbone
- Conducting more than 10 Kaizen sessions

43

Ideas implemented through "Bank of ideas"

79%

Training sessions presented by lean leaders

~8200

Man-hour reduced in the processes

6

Main Lean Tools

1. DSM - system structure meeting cycle
2. 8 types of losses
3. SOP/OPL/ RACI – roles and responsibilities matrix
4. Sit ins – work supervision
5. 5S – working place organization
6. Kaizen sessions – improvement of processes

Social stability

The Fund has created a system for regulating social and labor relations and measures the social stability index (SSI), which makes it possible to identify problematic issues of a social nature, plan scenarios for the possible development of social conflicts and propose specific measures to ensure social stability.

Indicators of the social stability index in the context of the Fund's portfolio companies

No.	PC	2013	2014	2015	2016	2017	2018	2019
1	KEGOC JSC	74%	77%	82%	82%	88%	85%	90%
2	JSC NAC Kazatomprom	66%	76%	72%	81%	83%	80%	80%
3	JSC NC KTZ	58%	65%	66%	65%	70%	65%	71%
4	JSC NC KazMunayGas	61%	74%	74%	74%	76%	74%	72%
5	Kazpost JSC	54%	67%	68%	71%	70%	65%	74%
6	Kazakhtelecom JSC	58%	71%	71%	73%	72%	71%	69%
7	Samruk-Energy JSC	63%	69%	72%	72%	73%	64%	65%
8	Air Astana JSC	62%	70%	71%	64%	53%	52%	63%
9	JSC NMC Tau-Ken Samruk	-	-	-	-	-	-	83%
10	United Chemical Company JSC	-	-	-	-	-	-	53%

According to the results of SSI 2019, the aggregate indicator for the Group of Companies of the Fund was 72%, which corresponds to the level of "above average" (in the zone of "positive attitude"). The Fund's portfolio companies pay special attention to the social sentiments of employees. The social background and mood of the production staff indicate their positive attitude and a constructive approach to solving emerging problems.

Indicators of the social stability index for the Fund's Group

Indexes of the Fund's Group	2013	2014	2015	2016	2017	2018	2019
Social Stability Index	58%	70%	70%	71%	72%	69%	72%
Social Sentiment Index	48%	58%	58%	61%	66%	64%	63%
Satisfaction with working conditions	39%	51%	55%	55%	64%	59%	55%
Loyalty of staff	35%	43%	46%	48%	64%	52%	49%
Assessment of the communication system and relationships	27%	38%	43%	43%	71%	62%	66%

The Fund takes systemic measures to improve the social mood of employees on an ongoing basis:

- monitoring of complaints and appeals of employees is carried out on a quarterly basis;
- projects for the social adaptation of redundant workers were initiated;
- the institution of the ombudsman and mediation was formed;
- training of members of conciliation commissions, educational program in 4 regions of the country "School of trade union leadership";
- a corporate edition and the SK-News portal, a single portal for internal communications, are being issued, a hotline of the Fund's Group of Companies is operating, and consulting support is provided to the Fund's divisions of companies in building communications.

Despite the sharp drop in oil prices, the Covid-19 pandemic and the deteriorating economic situation in the world, one of the Fund's tasks for 2020 will be to maintain a balance to preserve jobs and the optimal number of necessary labor resources to meet the planned volume indicators. To maintain social stability and support the employment of personnel, the Fund's Group of Companies envisages measures for socially responsible layoffs of personnel, as well as measures for the social adaptation of laid off employees.

Corporate Culture Development

In order to achieve strategic goals, the Fund's Group continues to actively develop its corporate culture.

In 2019, the Fund's Portfolio Companies (JSC NC KazMunayGas, JSC NC KTZ, JSC NAC Kazatomprom, Kazpost JSC, KEGOC JSC, Samruk-Energy JSC) developed measures for development and communication within the Fund' Group of corporate culture of high productivity, responsibility and efficiency.

Personnel engagement is measured annually in the Fund's Group of Companies. Engagement research allows managers to receive feedback from employees, structured according to evidence-based methodology, and based on this, make informed decisions on social and labor relations.

Engagement Index in the Fund in 2019 amounted to 61% and for the first time in the last 4 years moved into the positive zone. The indicator increased by 8% compared to 2018.

Engagement Index Indicators of the Fund

	2012	2013	2014	2015	2016	2017	2018	2019
Fund	47%	50%	63%	61%	49%	59%	53%	61%

Engagement Index Indicators in the Fund's Group

Workers category	2013	2014	2015	2016	2017	2018	2019
Production personnel	35%	46%	50%	51%	66%	58%	56%
Administrative and management personnel	54%	55%	55%	58%	55%	53%	61%

The results of the research on the engagement of production personnel indicated that a good brand of the Fund's portfolio companies has developed among employees: 79% are proud of their work, 74% are ready to recommend the company as a good employer. Processes are organized at a high level to support employees and build relationships

between employees. 84% of employees talk about a well-built safety policy in the company and 85% are satisfied with the work schedule.

Based on the results of measuring the engagement of the companies of the Fund's Group, point decisions are made to improve processes, develop internal communications and feedback.

As part of the development of human capital, in accordance with the Fund's HR Policy for 2018-2028, the Fund carries out activities to further develop the corporate culture in the Fund, develop measures to increase staff engagement, improve the employer's brand, implement leadership development programs for managers, and introduce corporate standards for attracting, developing and retaining talents, continuity and transfer of knowledge, compensation and remuneration, as well as the implementation of a career planning system.

In 2019, a number of events were held to develop an effective corporate culture and increase employee engagement:

- sessions with the participation of CEO-1 and CEO-2 to confirm adherence to the PRIME values and target corporate culture;
- meetings without ties with the participation of the Deputy Chairman of the Management Board;



- organized team-building and corporate events for the employees of the Fund (teambuilding, celebration of March 8, Children's Day, Independence Day and others);
- organized participation of employees in charity events;
- regular publication of information about new employees of the Fund in the SK News newspaper;
- adaptation courses for newly hired workers have been developed and conducted.

Based on the results of the annual study of the level of employee involvement in the Fund, communication with managers (up to CEO-2) was carried out and a plan for the development of PRIME corporate culture in the Fund was drawn up.

Due regard is paid to work with youth. Within the framework of youth policy, the Fund is implementing a special project Jas Samuryq, and there is a Youth Coordination Headquarters, consisting of 47 leaders of youth councils of portfolio companies.

Portfolio companies have appointed volunteer advisors to youth and volunteer leaders from among the active leaders of the companies' youth movements.

In order to promote the development of human potential and young talents of the country and attract young specialists to the Fund and portfolio companies in the Fund's group, the programs "Zhas Orken" and "Digital Summer" are being implemented. Graduates of the programs "Zhas Orken-2017" and "Zhas Orken-2018" - all 30 young specialists (100%) are employed in the Fund's portfolio companies. Under the Digital Summer program, 114 graduates underwent internships in the companies of the group, of whom 43 were employed in the Fund's Group. A recreational program for industrial youth is being implemented, according to which 1,200 employees of all portfolio companies have already undergone health improvement and training.

The Best in Profession competition has become a consolidating link and a motivating platform for the youth of the Fund.

2019 was held in the Fund under the auspices of the Year of Youth and over 500 events were held in the Fund's Group aimed at charity, popularization of sports and a healthy lifestyle, and training of young managers.

In 2020, work will continue to improve the corporate culture in the Fund's Group and it is planned to implement the following activities:

- Conducting a study of personnel involvement on an annual basis, and development of measures to increase the level of personnel involvement;
- Formation of a new HR process "Corporate Culture Management" and its inclusion in the Corporate Standard for Human Resource Management of the Fund's Group, this measure will provide an opportunity to ensure the unity of approaches in the Group to the corporate culture management process, contribute to the formation of an environment and behavior model affecting the implementation of business and our strategic objectives and increase the confidence of stakeholders in the sustainable development of the Fund's Group through the formation and development of a corporate culture;
- Continuing the implementation of activities on development and communication within the Fund's Group of corporate culture of high productivity, responsibility and efficiency.

Communications

Internal Communications

The development of corporate culture in the Fund is carried out through the use of a wide range of communication tools, including a network of internal information channels and feedback channels, meetings of management with employees, and corporate events for employees.

In 2019, new types of communications were introduced, such as "meetings without a tie"

- a meeting of the Fund's management with employees, within which each employee can get answers to his questions, and a practice has been started to improve the activities and business processes of the Fund by collecting ideas from employees. There are also communication mechanisms such as news reports, a corporate newspaper, videos, an internal portal.

External Communications

In order to strengthen the reputation and increase the transparency of activities, the Fund implemented the following activities in 2019:

- On May 1, 2019, the presentation of the first low-cost airline Fly Arystan was organized with the participation of the Chairman of the Management Board of the Fund and the President of Air Astana JSC;
- On July 2, 2019, a solemn awarding ceremony for the graduates of the Zhas Orken Program was held with the participation of the Chairman of the Management Board of the Fund;
- On September 1, 2019, a press tour was held in the city of Arys;
- On October 9, 2019, a press tour was held on the completion of the construction of the Saryarka main gas pipeline with the participation of the Chairman of the Management Board of the Fund and JSC NC KazMunayGas;
- On November 14, 2019, a meeting of the Fund Management Council was held under

the chairmanship of the First President of the Republic of Kazakhstan;

- On December 18, 2019, the "Digital Samruk 2019" Conference was held with the participation of the Prime Minister of the Republic of Kazakhstan.

International events

In 2019, business council meetings were held:

- On September 11, 2019, the 6th meeting of the Kazakhstan-China Business Council was held in Beijing, China.
- On October 23, 2019, the 3rd Session of the Kazakhstan-British Business Council and the Global Kazakhstan Investment Forum 2019 were held in London, United Kingdom, in conjunction with Kazakh Invest JSC, the Embassy of the Republic of Kazakhstan in the United Kingdom of Great Britain and the Financial Times.

Also in 2019, a number of international events were held:

- MarketSite in Dubai, UAE, dedicated to the Fund's Development strategy and privatization program.
- On April 25, 2019, a round table on investment cooperation between the Republic of Kazakhstan and the People's Republic of China was held in Beijing, China.

International investment corporation

- On September 9, the Eurasian Nurly Investment Fund (ENIF) Investment Subscription Agreement was signed (first closure - USD200 million).
- On October 22, 2019, an agreement was signed on the basic conditions for investing in a fund of new technologies with Da Vinci Capital (Great Britain) (first closure - USD100 million).



Information Policy of the Fund

We follow the principles of information openness, guarantee the timely provision of material information to our shareholders, the investment community and all stakeholders.

In order to comply with the interests of stakeholders, the Fund timely and reliably discloses information on all important aspects of its activities, including financial and non-financial results of activities.

In accordance with the requirements of the Law of the Republic of Kazakhstan "On Joint Stock Companies", "On the

Securities Market", regulations of the authorized body, as well as internal rules of the stock exchange, the Fund timely discloses information on the Internet resource of the financial reporting depository and the stock exchange. According to the Decree of the Government of the Republic of Kazakhstan dated October 31, 2012 No. 1384, the Fund discloses information necessary for state bodies on the Fund's Internet resource.

The Fund has a Corporate Governance Code, Charter, Information Disclosure Policy,

Information Disclosure and Safety Rules and other internal regulatory documents defining principles and approaches to information disclosure and protection, and a list of information disclosed to stakeholders. In addition, as part of the implementation of best practices for disclosing information and enhancing the Fund's accountability to society, the Fund annually generates Annual Reports and Sustainability Reports, which are approved by the Board of Directors and published on the Fund's Internet resource.

Sponsorship and Charity

Given the scale and significance of the Fund's Group of Companies in Kazakhstan, the interests of the company, along with maximizing profits, are aimed at integrating the principles of corporate social responsibility (CSR) into the business strategy, as well as improving the social environment through the implementation of systematic charitable activities.

Samruk-Kazyna Trust Social Development Foundation is the single operator of the charitable activities of the Samruk-Kazyna JSC Group of Companies and implements charitable projects

and programs aimed at solving socially significant issues of the country on behalf of Samruk-Kazyna JSC and all portfolio companies

In its work, Samruk-Kazyna Trust Social Development Foundation is guided by the following documents regulating charitable activities:

1. Charity policy of the Fund;
2. Charitable program of the Fund;
3. Rules for the provision and monitoring of charity "Samruk-Kazyna Trust".



2010-2015



«Samruk-Kazyna» JSC

«Samruk-Kazyna» JSC supported charitable projects through the «SK-Astana» Operator, and the portfolio companies which worked independently in various socially important areas

2015



Transformation of «Samruk-Kazyna» JSC

Adoption of Charity Law of the Republic of Kazakhstan promoted the decision of passing a moratorium on implementation of sponsorship and charitable projects by «Samruk-Kazyna» JSC portfolio companies

2016



Establishment of «Samruk-Kazyna Trust» Social Development Foundation

Establishment of the Sole Charity Operator of «Samruk-Kazyna» JSC group of companies. «Samruk-Kazyna Trust» was assigned with the task of development an effective mechanism of implementation of charitable activities on behalf of «SamrukKazyna» JSC group of companies

400,000
beneficiaries

Charity Strategy

1 Think Globally

«Samruk-Kazyna Trust» Social Development Foundation creates an ecosystem for development of effective and systemically important social changes in the society, which works for benefit of all interested parties:

- People
- State authorities
- Civil sector
- Business

2 Constructive approach

The Main Charity Strategy:

- Studying issues
- Education
- Development
- Long-term social impact

3 Aspire to be better

«Samruk-Kazyna Trust» Social Development Foundation supports the idea that it can:

- **Become one of the largest innovative social changes center**
- **Become the best charity practice in the RoK**

2016-2017



«Samruk-Kazyna Trust» Social Development Foundation:

- Created a quality selection and control system of socially important projects;
- Implemented a unified monitoring system of allocated funds;
- Eliminated duplication of projects funding;
- Increased effectiveness of each project.

500,000
beneficiaries

2018-2019



«Samruk-Kazyna Trust» Social Development Foundation:

- Decreased the total annual amount of charity;
- Maintained and increased the number of beneficiaries and the quality of ongoing charity projects.

742,000
beneficiaries

History of Charity

1,642,000 people received charity support over the period specified

The budget of the charity program for 2019 is KZT10,000,000,000.

Channels for receiving applications: targeted delivery and through the corporate website www.sk-trust.kz

In 2019, 1051 applications were received, of which 290 applications were related to the AREKET project.

At the end of 2019, as part of the implementation of the Charity Program, 39 socially significant projects were supported in 17 regions of Kazakhstan, covering more than 390 thousand beneficiaries in the following areas:

1. assistance to people, communities in the social and medical sectors 15 projects totaling KZT2.02 billion, including the rehabilitation of children with cerebral palsy (1,170 children with cerebral palsy underwent rehabilitation), assistance to children with severe diseases (258 children were sent for treatment abroad),
2. provision of social support to veterans of the Great Patriotic War (1,440 veterans of the Great Patriotic War and home front workers received targeted assistance), providing residents of remote stations with high-quality medical services (278 remote stations overed, 67,540 residents were examined, including 11,256 children, 4,119 minor surgical operations were performed) and so on.
2. development of media, cultural community, human potential development 20 projects totaling KZT2.54 billion, including activities to popularize the state language (170,000 people were taught the Kazakh language on the website at different levels), assistance in the formation of an inclusive society (created two offices to support inclusive education for children with autism spectrum disorder), support for talented children and adolescents from low-income families, development and popularization of mass sports, and so on.
3. implementation of the regional program of 4 projects for a total amount of KZT2.99 billion in the following areas:
 - creation of a sports infrastructure - 36 sites were installed in 15 regions of Kazakhstan (5 reserve);
 - improvement of living conditions for 6,000



- residents of Zhanaozen;
- educating the young generation in the spirit of patriotism and familiarizing with the culture of their people - 600 children became participants in the children's excursion train "Tugan elge saykhat (Trip to Homeland)";
- development of social entrepreneurship among NPOs in 17 regions of the country - representatives of 51 non-profit organizations were trained in social entrepreneurship skills, 25 NPOs received grants for the development of social entrepreneurship.

The Fund financed the construction of 7 facilities worth KZT34 billion in Turkestan, including the Khoja Ahmet Yassau Museum, a stadium for 7,000 seats, an Amphitheater, a Digital Office, a Schoolchildren's Palace, a Congress Center and the implementation of the Smart city project and communication networks. and also financed the restoration of 66 damaged social facilities in the city of Arys, Turkestan region in the amount of KZT7 billion in the city of Arys, including 36 public and private kindergartens, 16 secondary schools, 8 medical institutions, 3 sports schools. In addition, the Fund finances the construction of an athletics

sports complex in the city of Nur-Sultan in the amount of KZT32 billion and the Kazakh Drama Theater in the amount of KZT26.5 billion. These expenses in the financial statements of the Fund were recognized as "Other distributions in favor of the shareholder" on the basis of instructions from the President of the Republic of Kazakhstan and the Resolutions of the Government of the Republic of Kazakhstan.

In 2020, in accordance with the instruction of the Head of State of the Republic of Kazakhstan regarding the optimization of unproductive expenses in the quasi-public sector, the volume of the Charity Program was reduced from KZT10 billion to KZT7.5 billion. At the same time, the directions for the provision of charitable assistance have been preserved.

At the same time, in order to effectively implement socially significant projects that contribute to improving the level and quality of life of certain categories of citizens, Memorandums of Cooperation were concluded between the Fund and the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan, as well as with the Akimats of the cities of Nur-Sultan, Almaty, Turkestan region and the Foundation of the First President of the Republic of Kazakhstan - Elbasy.



Appendix 1

Innovative projects of the Fund's Group

Results of innovative activities of KMG Engineering LLP

List of innovative developments for which titles of protection were obtained - copyright certificate

1. "Hydrodynamic simulator for compositional simulation of chemical waterflooding", the testing phase has been completed, the program is currently being improved.
2. "Evaluator of the success of the oil and gas prospectus" and "Verres - Probabilistic calculation of resources by the analytical method", the testing phase is temporarily suspended.
3. "Unified methodology and unified norms of time for research and design and survey work in KMG Engineering LLP (Laboratory research in oil production), the development of the project is currently at the stage of choosing tools and options for commercializing the results of intellectual activity.
4. "Unified methodology and unified time norms for research and design and survey work in KMG Engineering LLP, the development of the project is currently at the stage of choosing tools and options for commercializing the results of intellectual activity.
5. "Unified time standards for routine and workover of wells for the group of companies of JSC NC KazMunayGas , the development of the project is currently at the stage of choosing tools and options for commercializing the results of intellectual activity.
6. "Methodology for calculating technological and technical consumption rates for equipment, spare parts and materials during underground repairs of oil producing wells" and "Methodology for calculating the need for technological transport for oil producing companies based on time standards",

the project is currently developing at the stage of selecting tools and options for the commercialization of the results of intellectual activity.

Results of innovative activities of JSC NC KTZ

1. "Restoration of crosses by the method of automatic surfacing", 600 crosses were restored in the amount of KZT271.6 million.
2. "Introduction of aluminothermic rail welding", 2,200 joints were welded for the amount of KZT405.6 million.
3. "Transition to composite brake pads on mainline and shunting locomotives", operational tests are carried out with their installation on an electric locomotive.
4. "Automated management of the car fleet", the Roadmap for the automation of business processes was approved. Integration with the primary data source is underway.
5. "Implementation of sets of switches with increased operational life", the purchase of non-backing switches of the P65 type of 1/11, 1/9 type on reinforced concrete beams is being considered, implementation is planned from 2020.
6. "The use of composite materials in reinforced concrete structures of railway bridges", an agreement was concluded with Polymer LLP.
7. "Implementation of the control and management system for suburban transportation STCMS", developed and handed over all technical documentation. The STCMS system was launched on 2 sets of 3DET electric trains No.0002, No.0003. At present, the connection of electric trains 3DET No. 0004, No. 0027, No. 0028, No. 0029, No. 0030, No. 0032 is underway.
8. "Implementation of an automatic train

steering system", the following locomotives are equipped with an automatic steering system: freight electric locomotives of the KZ8A series - 53 units; passenger electric locomotives KZ4AT series - 20 units; passenger diesel locomotives of the TEP33A series - 20 units. Since the end of February 2020, passenger trains with TEP33A diesel locomotives have been put into operation at the Almaty-Aktogay, Almaty-Altynkol sections in the automatic driving mode. From the same period on the sections Nur-Sultan - Atbasar, Nur-Sultan - Kokshetau - Zhana-Esil - Presnogorskovskaya, Nur-Sultan - Karaganda, Nur-Sultan - Ekibastuz - Pavlodar, the system of automatic guidance in freight traffic with KZ8A series electric locomotives was put into operation. After the completion of the creation and adjustment of the database for the automatic driving system, other sections will be introduced to use the automatic driving mode on KZ8A series electric locomotives. In order to validate the new software of the on-board system of the locomotive with the function of the automatic driving system on the passenger electric locomotive KZ4AT No. 0017, statistical and dynamic tests were carried out at the Nur-Sultan station from February 24 to March 6, 2020.

Results of innovation activities of Kazakhtelecom JSC

1. "Cloud video surveillance", within the framework of this project in 2019, the resources and platform of "Cloud video surveillance" were expanded, namely:
 - The number of installed video cameras over 30,000 units. Geography of service provision: Almaty, Nur-Sultan, Shymkent, regional and district centers (26 cities in

total);

- Servers for storing video recordings expanded to about 13 Petabytes;
- Expansion of the network interface with "Cloud Video Surveillance" platform up to 200 Gbps.

Cloud video surveillance product for business for B2B / B2G segments was launched and pilot projects were carried out with civil society on online access to video cameras installed in public places.

2. "Provision of Blockchain Resources". In 2019, a hardware and software complex was implemented, representing four blockchain hardware nodes in the cities of Pavlodar, Aktobe, Shymkent, Karaganda, which operate under the control of the Hyperledger fabric blockchain platform. Also, within the framework of this project, a product was formed to provide computing and infrastructure resources of the Blockchain according to the concept of BaaS (Blockchain-as-a-Service).
3. Low power wireless networks (based on LoRa technology). To date, 324 LoRa base stations are connected in 14 cities of the Republic of Kazakhstan. Also, within the framework of this project, 2 services were launched: "Transport for connecting M2M resource metering sensors" and "Smart City - resource management" - "Smart housing and communal services", "Smart lighting" in the B2B / B2G segment.
4. A situational center of Kazakhtelecom JSC was organized in Akkol. Inside this situational stand, a stand is organized to demonstrate the infrastructure and Smart City projects implemented by Kazakhtelecom in Akkol:
 - Cloud video surveillance and video analytics
 - Smart Metering (smart housing and communal services)
 - Smart Home

- Optical infrastructure of Kazakhtelecom
 - Optical transport network
 - Optical networks within cities
 - Optical infrastructure inside houses
 - Data centers
 - 5G testing in Kazakhstan
5. Within the framework of the project "Migration of data transmission networks to SDN / NFV", a new architecture is planned, including the replacement of a large number of nodes and data centers with a high-performance platform of virtualized network and computing services.
 6. In 2019, the bandwidth of the Google Global Cache platform was increased by 129 Gbps. Taking into account all caching platforms (Google, Facebook, Vk.com, Akamai), the total cached traffic is about 1,050 Gbps out of 2,142 Gbps and saves KZT4.8 billion. Also in 2019, a pilot was organized for a direct interface with the Amazon Web Services point of presence in Frankfurt (AWS Direct Connect). As part of this pilot, dedicated network connections were organized for 2 clients between the clients' local data centers and Amazon Web Services using secure VPN channels.
 7. In accordance with the Roadmap for testing and implementation of 5G technology in the Republic of Kazakhstan, 10 5G tests were carried out in the field in Nur-Sultan, Almaty and Almaty region in the radio frequency ranges of 3.5 GHz and 28 GHz using equipment and software of various manufacturers, various client terminals and for various application cases (acts for all tests and summary information are attached). To test the 5G technology, the elements of the Tele2 / Altel and Kcell network core were updated to conduct testing in Non-Stand-Alone mode, which allowed testing on the commercial Tele2 / Altel and Kcell networks using commercial subscriber devices. Also, on October 24, 2019, a 5G base station was launched on the territory of the International Technopark of IT startups "Astana Hub" on an ongoing basis in a test mode in the 3.5 GHz radio frequency range for testing 5G solutions by residents of "Astana Hub".
 8. As part of the implementation of the Roadmap for testing and implementing 5G technology in the Republic of Kazakhstan, the development of the Concept for the introduction of 5G technology in the Republic of Kazakhstan was started, which provides for the technical, regulatory, financial, economic and sanitary and epidemiological aspects of the implementation of 5G technology in the country. At the end of 2019, the first part of this concept was completed, and the concept itself is planned to be completed in May 2020.
 9. As part of the development of e-commerce in 2019, the following activities were carried out:
 - Signing an agreement with partners and increasing the assortment matrix
 - Migration of the ktstore platform to virtual VPS servers
 - Implementation of the functionality of displaying relevant products together with the selected product to increase the basket and the implementation of functionality to notify the client from the moment of ordering the product, in order to improve the service
 - Equipping couriers with branded clothing chocomart.kz
 - Moving to 129 Panfilov Street and opening a pick-up point in the city center
 - Development of the service "Sale along with the installation of goods from chocomart"
 - Signing a contract for the sale of smartphones Kcell
 - Integration with Kazakhtelecom: banner on telecom.kz website

- The "Shop" button is placed on the telecom.kz website, thus ensuring the development of the ecosystem of products of the group of companies
 - Completed integration with the MyPost and Tastamat checkpoint network, 500 units across Kazakhstan, now customers can order goods at checkpoint terminals
 - Completed technical with Eurasian Bank and Kaspi Bank, start of sales of goods by installments and credit
 - Participation in the "Kaspi Zhuma" promotion and increase in sales
 - Connection of the PayDA product from the Eurasian bank
 - Thank you emails with promo codes for next purchases for chocomart customers in order to improve service and sales
 - Reducing delivery times to regions through new logistics partners
10. As part of the implementation of the fintech project in 2019, due to the lack of registration, the ktpay product worked as an internal mechanism for collecting payments only on telecom.kz and ismet.kz resources (they reduced the risk, but at the same time launched the product). During the period of operation in this mode (from May to December 2019), over 15 thousand transactions were accepted and processed for a total amount of KZT68 million (payments for communication services, utilities and transport). N + commission for processing these payments amounted to KZT1.1 million. At the request of DRB Kazakhtelecom JSC in the ktpay service (web, ios, android), a new function of displaying debt by periods and penalties (with details) has been implemented.

Results of innovation activities of Samruk-Energy JSC

1. Within the framework of the project "Technologies of furnaces of boiler units for burning high-ash coals of the Ekibastuz deposit (R&D)", a research laboratory was created on the basis of Nazarbayev University.
2. Under the project "Systems without fuel oil firing of boilers", an engineering analysis has been carried out among equipment suppliers in China, and appropriate laboratory tests of Ekibastuz coal in China have been carried out. An initial survey was carried out for the readiness of the current infrastructure for digitalization projects, based on the results, the Concept of the digitalization program was formed. The project "Automatic regulation of power frequency" was launched.
3. Since 2015, the 2MW SPP has been a platform for testing innovative renewable energy technologies, including the first energy storage technology EnergyPod on an industrial scale in the CIS and Central Asia. In 2019, the Company completed the construction of a 0.4 MW solar power plant. The project was implemented on the basis of the infrastructure of the existing 2 MW SPP in Kapshagai.
4. The project "Transition to cyclical-flow technology (CFT) for mining, transportation, homogenization and loading of coal at the Bogatyr open pit of the Ekibastuz coal deposit, in 2019 the project entered the phase of active implementation, including construction and installation work began equipment manufacturing.
5. The project "Modernization of the Shardarinskaya HPP" which involves the replacement of obsolete and outdated equipment to increase the productivity and safety of the station, which will increase the

installed capacity to 126 MW and produce an additional 57 million kWh of electricity per year. In 2019, Hydroelectric units No. 1 and No. 2 were commissioned. Start-up and commissioning works are underway at Hydroelectric Units No. 3 and No. 4. The project is scheduled for completion in 2020.

6. The project "Reconstruction and expansion of the capacity of Ekibastuz

GRES-1 (Restoration of unit No. 1)", according to the results of 2019, construction and installation work is underway. The total volume of work performed on the project is 44%.

7. The project "Construction of a wind power station in the region of Ereimentau with a capacity of 50 MW", the implementation of which will additionally produce more than 215 million kWh (increase in design capacity from 180 million per year) of electricity per year. The goal of the project is to use renewable energy sources to reduce the level of use of hydrocarbon energy resources in the production of electricity. In 2019, design estimates were developed for the project. The project is scheduled for completion in 2021.
8. The project "Construction of a wind power station in the Shelek corridor with a capacity of 60 MW with the prospect of expanding to 300 MW", the implementation of which will additionally produce 225.7 million kWh of electricity per year. The goal of the project is to use renewable energy sources to reduce the level of use of hydrocarbon energy resources in the production of electricity. In 2019, design estimates were developed for the project, construction and installation work is underway.
9. The project "Almaty CHP-2 of AIES JSC, the main goal of which is to implement the modernization of the existing Almaty CHP-2 and reduce the negative impact on the environment of the city of Almaty and the

Almaty region. For the project "Modernization of Almaty CHP-2" in 2018, a pre-feasibility study of the project was developed, in which several implementation options were considered. In 2019, the development of a feasibility study of the project began.

Results of innovation activities of JSC NAC Kazatomprom

1. "Optimization of flows of technological solutions during acidification and processing of blocks", a software module has been developed to optimize flows of technological solutions during acidification and processing of blocks "Simulator 1.0. First version "Placing the software module" Simulator 1.0. The first version was implemented on stationary computers of the users of the GRD of JSC NAC Kazatomprom. Simulator 2.0 Second version and Simulator 3.0 Third version is planned to be introduced in 2020.
2. "Development of low-acid leaching technology using cavitation-jet technologies in combination with special-purpose chemical reagents", developed. In 2019, semi-industrial tests were carried out. Phase 3 implementation will continue in 2020.
3. "Introduction of new technologies, materials and equipment to reduce the cost of chemical concentrate of natural uranium and uranium oxide-oxide", developed. In 2019, semi-industrial tests were carried out. Phase 3 implementation will continue in 2020.
4. "Development of technical means and equipment of the surface complex for the development of marginal wells", a unit for flushing and well development was developed, 3 pieces were manufactured and put into production. The savings of the introduced technology for the year will be: KZT22.9

million.

5. "Drilling mud processing", currently there are 3 units on the site that are in operation. Working modes are being worked out. Projected savings are about KZT150-200 million per year.
6. "Membrane nanofiltration of desorbate", the planned commissioning of the unit is February 2020.

Also, in the subsidiaries and dependent companies of JSC NAC Kazatomprom: Karatau LLP, Kazatomprom-Sauran LLP, Baiken-U LLP, Semizbay-U LLP, JV Inkai LLP, DP Ortalyk LLP, JV Zarechnoye JSC, JV YUGHK LLP, Khorasan-U LLP, Volkovgeologiya JSC, Ru-6 LLP, Katko LLP, IVT LLP, a number of innovative projects are being implemented that contribute to technological progress and innovative development of the uranium industry.

Appendix 2

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	103-2	The management approach and its components	4, 39-41, 52-64
	103-3	Evaluation of the management approach	4, 39-41, 52-64
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	52-64
	201-2	Financial implications and other risks and opportunities due to climate change	52-64
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	4, 39-41, 65-75
	103-2	The management approach and its components	4, 39-41, 65-75
	103-3	Evaluation of the management approach	4, 39-41, 65-75
GRI 204: Indirect economic impact	204-1	Proportion of spending on local suppliers	65-75

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GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	76-77
	205-2	Communication and training about anti-corruption policies and procedures	76-77
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	4, 39-41, 84-91
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	103-3	Evaluation of the management approach	4, 39-41, 84-91
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	84-91
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	4, 39-41, 94-114
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GRI 401: Employment 2016	401-1	New employee hires and employee turnover	94-114
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	94-114

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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	4, 39-41, 80-83
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GRI 403: Occupational Health and Safety 2018	403-1	Percentage of contractor and subcontractor employees who received appropriate health and safety training	80-83
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	80-83
	403-9	Work-related injuries	80-83
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	4, 39-41, 103-104
	103-2	The management approach and its components	4, 39-41, 103-104
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GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	103-104
	404-3	Percentage of employees receiving regular performance and career development reviews	103-104
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Glossary

The following definitions and abbreviations are used in this Report:

Fund, Samruk-Kazyna JSC	Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna"
3DET	3-type Demikhovski electric train
APG	Associated petroleum gas
CFT	Cyclical-flow technology
CHP	Combined Heat and Power plant
CMP	Category management of procurement
Companies, Portfolio companies of the Fund, PC	National companies and other legal entities, more than 50% of voting shares (participation interests) of which are owned by the Fund on the basis of ownership or trust
CPS	Category procurement strategy
CRMS	Complex Risk Management System
CTI	Centers for Technological Initiatives
EPIS	Electronic Procurement Information System of Samruk-Kazyna JSC
ESG	Environmental – Social – Governance
GHG	GreenHouse gas
HSE	Health, Safety and Environment
IFRS	International Financial Reporting Standards
ISO	The International Organization for Standardization
IT	Information technologies
KMG	JSC NC KazMunayGas
KPI	Key Performance Indicators

KTZ	JSC NC KTZ
MDDIAI	Ministry of Digital Development, Innovations and Aerospace Industry
MPTL	Main power transmission lines
NGO	Non-government organization
NPO	Non-profit organization
R&D	Research and development
ROA	Return on Assets
ROE	Return on Equity
SDGs	17 United Nations Sustainable Development Goals 17
SEZ of the Khorgos ICBC	Special Economic Zone of Khorgos International Centre of Boundary Cooperation
SK Trust	Samruk-Kazyna Trust Social Development Foundation
SKI	Samruk-Kazyna Invest LLP
SME	Small and medium-sized enterprises
SPE	Society of Petroleum Engineers
SPIID	the State Program of Industrial-Innovative Development
SSI	Social Stability Index
STCMS	Suburban transportation control and management system
UCC	United Chemical Company LLP
UND GWS	Unified Nomenclature Directory of Goods, Works, Services
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollar



Sovereign Wealth Fund Samruk-Kazyna
Joint stock company

Republic of Kazakhstan, 010000,
Nur-Sultan city
E10 str., 17/10 bld.

Feedback

Your feedback is very important to us. If you would like to suggest new ideas and new opportunities for partnership on sustainable development or regarding the Report, please contact us:

Elvira Konakhbayeva - Corporate Governance Department
Email: E.Konakhbayeva@sk.kz
Tel: +7 717 255 92 68

Nazerke Konysbay - Corporate Governance Department
Email: N.Konysbay@sk.kz
Tel: +7 717 255 26 82

Other sources of information about the Fund:

Corporate website:
www.sk.kz/
Sustainable development:
<https://sk.kz/sustainable-development/>
Fund's reports:
<https://sk.kz/about-fund/otchety-i-plany/>

Other sources of information about the Fund's Group of Companies:

Corporate electronic publication of the Fund's Group:
<https://sknews.kz/>
Corporate website of JSC NC KazMunayGas :
<https://www.kmg.kz/>
Corporate website of JSC NAC Kazatomprom :
<https://www.kazatomprom.kz/>
Corporate website of JSC NC KTZ :
<https://www.railways.kz/>
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