



Ensuring safety
and well-being

**Sustainability
Report
2020**





Key Figures of 2020

Consolidated net profit attributable to the shareholder

KZT 558
billion

Headcount

265.8
billion

Savings on purchases

KZT 135
billion

Sponsorship and charity

KZT 10.6
billion

Involvement degree

84%

Social Stability Rating

78%

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WELCOME ADDRESS FROM THE CEO



DEAR COLLEAGUES, PARTNERS AND INVESTORS!

In 2020, we have witnessed unprecedented global challenges. There is a large-scale change of trends, the pace of which was inevitably accelerated by the Covid-19 pandemic. At the same time, the epidemiological crisis quickly turned into a financial and economic one. The spread of the disease and quarantine measures to contain it have had a sharp and large-scale impact on the world economy, reducing the factors of production, limiting the mobility of people and the supply chain of products.

The events and results of the past year have once again highlighted the importance of sustainable development issues. There has been a reinterpretation of values in the direction of increasing emphasis on security, human well-being, corporate governance and corporate culture.

The health and well-being of people is a priority

Ensuring the health of our employees has become a key aspect in the context of the pandemic. Adaptation to the new conditions was carried out as soon as possible and a number of systematic measures were taken to mitigate the consequences of the pandemic on our employees and the activities of the Fund's Group as a whole. The companies of the Fund's Group have implemented mandatory social distancing and the necessary sanitary and epidemiological measures for disinfection at production facilities and in offices, with the widespread transfer of administrative personnel to a remote work format and acceleration of the introduction of digital solutions. Free PCR testing was organized for employees, which made it possible to detect and limit the spread of the



disease in a timely manner. The epidemiological situation in the country remains difficult to date. Paying special attention to the safety and health of people, as well as supporting the state vaccination campaign, the Fund financed the purchase of the Hayat Vax vaccine for the population of the Republic of Kazakhstan, which everyone could get in state medical institutions. To date, work continues on vaccinating employees against coronavirus infection. At the same time, the Fund's operational headquarters is working on a regular basis to counter Covid-19 in order to develop new measures to combat the pandemic and stimulate vaccination among the employees of the Fund's Group.

Along with resolving the consequences of the pandemic, efforts were also aimed at reducing occupational injuries in the Fund's Group of Companies in general. Due to comprehensive measures in the field of improving the system of labor protection and industrial safety, the number of injured employees of the Fund's Group decreased by 28% compared to 2019.

The pandemic has had a negative impact not only on the health of the population, but also on issues of financial well-being as well. In the context of the growing number of unemployed in the country and in the world, the companies of the Fund's Group have ensured compliance with the principles of corporate social responsibility. Jobs were saved at all enterprises and timely payment of wages in full was ensured, even during the quarantine period.

Moreover, the Fund continued to support the population through charitable projects, a significant share of which is occupied by social and medical areas. The Fund also focused on issues related to the support of socially vulnerable groups of the population, providing assistance in the amount of KZT3.8 billion through the Corporate Fund Samruk-Kazyna Trust.

Under the conditions of a difficult sanitary and epidemiological situation and quarantine restrictions, the Fund continued to support and develop the professional, managerial, personal and business competencies of employees. The average annual number of hours of training per employee by the end of 2020 increased by 65% compared to the previous year.

Towards carbon neutrality

Another key aspect of sustainable development is the reduction of environmental impact. As a result of measures to modernize equipment, improve energy efficiency and resource conservation, as well as the use of alternative energy sources, the Fund's Group managed to reduce specific emissions of pollutants.

Considerable attention is paid to greenhouse gas emissions. The whole world has strengthened the trend to reduce greenhouse gas emissions, and the Head of State in December 2020 also set a task to achieve carbon neutrality in the country by 2060. The Fund and Portfolio companies are actively involved in measures to reduce the carbon footprint. In 2020, we summed up the results of the seven-year energy efficiency program – the energy intensity index of the gross volume of commercial products for the Fund's Group decreased by 27%.

In order to achieve the goal of carbon neutrality, a comprehensive approach is needed that provides a balance and synergy of many factors – from the methodology of accounting and estimating the carbon footprint, sources of financing, the definition of technologies and digital solutions, to the transformation of thinking and awareness-raising, as well as retraining of personnel.

In the coming years, the work in the environmental direction will be significantly strengthened. Minimizing the negative impact on the environment will not only improve the well-being of people and preserve limited resources for future generations, but also increase the investment attractiveness of companies.

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Integrated approach to sustainability

Despite the pandemic and the challenges, the Fund managed to ensure financial sustainability in the past year. There is a dynamic growth in the volume of the Fund's assets, which at the end of 2020 amounted to KZT27.2 trillion, which is 4% higher compared to 2019. The positive result was provided by the promptly adopted anti-crisis measures in the form of optimization of the investment program and reduction of operating costs. In order to offset losses from the deterioration of the macroeconomic environment, the Fund has carried out significant work to create a liquidity reserve. All this made it possible to ensure the payment of dividends to the Sole Shareholder of the Fund – the Government of the Republic of Kazakhstan – in the amount of KZT120 billion. Moreover, the Fund has paid taxes in the amount of KZT871 billion.





In 2021, we started updating the Fund's Development strategy, taking into account new risks and opportunities. At the same time, the issue of sustainable development will continue to be one of the key priorities in the Fund's activities. We aim to integrate the principles of ESG into the activities of all Portfolio companies. Taking into account the growing interest of stakeholders in ESG indicators, a number of measures will be taken that will allow us to improve the level of transparency and reliability of data in non-financial reporting.

In conclusion, I would like to note that despite the continuing epidemiological situation, we were able to take timely measures to ensure the safety of the health and life of our employees, improve the level of corporate governance and continue to implement the goals and objectives in the field of sustainable development. The trust of stakeholders earned by hard work in our areas of activity is not only an object of pride for us, but also an incentive to further create value for employees, partners, the community and other stakeholders in the long term.

ALMASADAM SATKALIYEV

CEO

ABOUT THE REPORT

Sustainability report of the Group of Samruk-Kazyna JSC for 2020 is presented to your attention. This Report is the fifth separate report on the sustainable development of the Fund's Group and is addressed to a wide range of stakeholders. In the Report, we disclose the results of our activities for 2020 in three areas of sustainable development: environmental, social and economic. The main principles of sustainable development of the Fund will be ecological balance, social well-being and corporate governance.

Since 2018, the Fund has been using the recommendations presented in the Sustainability Reporting Guidelines of the Global Reporting Initiative (hereinafter referred to as the GRI Standards). For the disclosure of information, the "basic" option was selected. The GRI table showing the disclosed indicators is given in the Appendix.

During the preparation of the Report, the interests of key stakeholders and the investment community in relation to sustainable development management practices were taken into account. In particular, when disclosing information, the Fund took into account the recommendations of the methodology of such international rating agencies as MSCI, Sustainalytics and FTSE Russell.

The Report also reflects the contribution of the Fund's Group to the achievement of the UN Sustainable Development Goals adopted in 2015 as part of the document "Transforming Our World: The 2030 Agenda for Sustainable Development".

The previous Report for the period from January 1 to December 31, 2019 was published in November 2020. The Report covers the activities of the Group of Companies of the Fund. 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. The terms "Group", "Fund Group", "Group enterprises" mean the Group of Companies of Samruk-Kazyna JSC, the pronoun "we" and its various forms mean Samruk-Kazyna JSC and the organizations of the Group of Samruk-Kazyna JSC.

In terms of financial indicators, the Report has been prepared based on the data of the consolidated financial statements according to IFRS standards for the year ended December 31, 2020 for 19 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.

The calculation, collection and consolidation of the production, social and environmental indicators presented in the Report were carried out in accordance with the reporting principles and the requirements of the GRI Standards on the basis of the processes of collection and preparation of management information existing in the Fund. During the preparation of the Report, there were no significant changes in the reporting boundaries and the list of significant topics compared to the same report for 2019, while the Report contains a number of clarifications to the data of 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.

During the Report preparation, the Fund is guided by the following principles:

Materiality

the Report includes topics that reflect the significant impacts of the Fund on the economy, environment and society

Stakeholder Engagement

the Fund provides mechanisms for obtaining feedback on the results of the publication of Sustainability reports through various channels

Sustainable development context

data in the Report are presented in the context of sustainable development defined by the Development Strategy and other documents and plans of the Fund

Integrity

the Report covers the most complete information on significant topics in order to reflect the significant impact on the economy, environment and society and to enable stakeholders to assess the results of the Fund

Balance

the Report reflects the full performance of the Fund and the Fund's Group in accordance with certain material topics. Selected indicators disclosed in the Report are presented in dynamics over the past three years

Comparability

the Report has been prepared in accordance with GRI standards, which allows interested parties to compare the activities of the Fund with the activities of other organizations

Accuracy and Reliability

the information presented in the Report was collected on the basis of documented data

Clarity

the Fund strives to make the Report understandable and accessible to a wide range of stakeholders

Timeliness

preparation of the Report is of a planned nature and is published in the third quarter of the year following the reporting

Liability limitations

All statements in the Report, other than statements of historical fact, are forward-looking statements that are or considered to be "forward-looking statements". Forward-looking statements reflect the current expectations and forecasts of the Fund regarding the financial condition, results of operations, plans, goals, future results of operations and business.

Forward-looking statements involve risks and uncertainties as they relate to future events and circumstances that may or may not occur. Forward-looking statements are not guarantees of future performance. There is a potential risk that plans, expectations, forecasts, some forward-looking statements will not be implemented. Due to different factors, the actual results or achievements of the Fund may differ materially from the plans, goals, expectations expressed in such statements.

ABOUT THE FUND



The Samruk-Kazyna National Welfare Fund was founded in 2008 as a holding company by the decree of the President of the Republic of Kazakhstan and currently ranks 22nd in the ranking of global sovereign wealth funds in terms of the value of assets under management. The main mission of the Fund is to improve the national well-being of the Republic of Kazakhstan and ensure long-term sustainability for future generations. The Sole shareholder of the Fund is the Government of the Republic of Kazakhstan. By the end of 2020, the total assets under the management of the Fund amounted to about KZT27.5 trillion, including systematically important companies in the oil and gas, mining, transport, energy, telecommunications, postal, chemical and real estate sectors of Kazakhstan. We are currently a member of the International Forum of Sovereign Wealth Funds, adhere to the Santiago Principles and score 10 points in the Linaburg-Maduel Transparency Index published by the Sovereign Wealth Funds Institute SWFI. Samruk-Kazyna JSC plays a key role in the economic development of Kazakhstan, acting as a tool for attracting investments and introducing advanced technologies and increasing the operational efficiency of its Portfolio Companies.



ABOUT THE FUND'S GROUP

The strategy "Kazakhstan - 2050" sets ambitious goals for the country - to increase the volume of investments in the economy and become one of the thirty developed countries of the world. The Fund plays an important role in achieving this goal, as it manages the largest national assets.

The Fund's Portfolio Companies make a great contribution to the reputation and potential of the Fund. The Fund's Group includes oil and gas, transport and logistics, chemical and nuclear, mining and metallurgical, energy, engineering and real estate companies.



КазМұнайГаз
NATIONAL COMPANY / ҰАТТМҚ КОМПАНИЯСЫ

90.42% shares

Kazakhstani operator on hydrocarbon exploration, production, processing and transportation

Assets
14,653,287

Equity
8,636,679

Net income
171,897

Revenue
4,556,037

Segment
OIL AND GAS

 www.kmg.kz



KAZATOMPROM
NATIONAL ATOMIC COMPANY

75% shares

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

Assets
1,689,279


Equity
1,339,792

Net income
221,368

Revenue
587,457

Segment
INDUSTRY

 www.kazatomprom.kz



ҚАЗАҚСТАН ТЕМІР ЖОЛЫ

100% shares

The largest operator of the main railway network of Kazakhstan

Assets
3,367,197

Equity
1,138,605

Net income
16,105

Revenue
1,173,334

Segment
TRANSPORT AND LOGISTICS

 www.railways.kz

In this section, the indicators "Assets", "Equity", "Net income" and "Revenue" for 2020 are indicated in KZT million.

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.



ҚАЗАҚТЕЛЕКОМ

52.03% shares

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

Assets
1,115,426

Equity
518,539

Net income
65,263

Revenue
527,330

Segment
COMMUNICATION

 www.telecom.kz



KAZPOST

100% shares

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

Assets
108,014

Equity
40,537

Net income
(5,104) *

Revenue
52,441

Segment
LOGISTICS

 www.post.kz



air astana

51% shares

The largest air carrier of Kazakhstan

Assets
441,599

Equity
7,747

Net income
(38,672) *

Revenue
155,756

Segment
TRANSPORT AND LOGISTICS

 www.airastana.com

* net loss



QAZAQ
AIR

100% shares

Kazakhstani airline operating regional flights

Assets
28,785

Equity
(9,772)

Net income
(12,556) *

Revenue
7,862

Segment
TRANSPORT AND LOGISTICS

 www.flyqazaq.com

KEGOC

90.00+1% shares

System operator of the unified electric power system of Kazakhstan

Assets
812,013

Equity
502,556

Net income
53,465

Revenue
350,659

Segment
ENERGY

 www.kegoc.kz

SAMRUK ENERGY

100% shares

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

Assets
885,705

Equity
490,576

Net income
8,083

Revenue
283,010

Segment
ENERGY

 www.samruk-energy.kz



Тай-Кен Самрук
НАЦИОНАЛЬНАЯ ГОРНОРУДНАЯ КОМПАНИЯ

100% shares

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

Assets	Equity
723,766	696,040
Net income	Revenue
72,052	639,247
Segment INDUSTRY	 www.tks.kz



SAMRUK-KAZYNA CONSTRUCTION

100% shares

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


Assets	Equity
152,083	51,948
Net income	Revenue
6,798	19,597
Segment REAL ESTATE	 www.skcn.kz



United Chemical Company

100% interest

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

Assets	Equity
804,995	195,434
Net income	Revenue
(52,164) *	20,736
Segment INDUSTRY	 www.ucc.com.kz



DEVELOPMENT STRATEGY OF THE FUND

Our mission is to increase the national wealth of the Republic of Kazakhstan and long-term sustainability for future generations. The main strategic directions of the Fund's development are:



The current Development Strategy of the Fund for 2018–2028 was approved in October 2018. To achieve the mission and fulfill the strategic directions of development, the Fund is focused on the implementation of four main initiatives:



In 2021, the Fund plans to update the Development Strategy, which is due to the need to revise approaches due to the impact of the COVID-19 pandemic, global megatrends and the macroeconomic environment in the country, the need to support the economy of the country and regions through the implementation of strategic and socially significant projects.





Key global trends:

Environmental impact

- 1 Under the Paris Agreement, adopted by 195 countries in 2015, states pledged to keep the global average temperature rise below 2 ° C and to make efforts to limit the temperature rise to 1.5 ° C. Kazakhstan is committed to reducing greenhouse gas emissions by 15% by 2030 and plans to achieve carbon neutrality by 2060.
- 2 Three key regions, which account for the majority of emissions (China, the US and the EU), in 2020-2021 strengthened their commitments to combat climate change. The United States re-acceded to the Paris Agreement and developed a Green Plan with USD1.7 trillion in funding, the EU plans to achieve carbon neutrality by 2050 under the Green Agreement - the largest economic correction in the history of the EU, and China announced the beginning implementing measures to achieve zero emissions by 2060.
- 3 According to IRENA's 2021 forecasts, investments in the energy transition will grow by 30% compared to previous projections and will amount to USD131 trillion by 2050 or USD4.4 trillion annually.
- 4 The GIIN estimates that global impact investment for positive environmental and social impact continues to skyrocket from USD 228 billion in 2018 to USD 715 billion in 2020.

Economic impact

- 1 There was a 3.3% drop in global GDP in 2020. Growth in 2021 is planned at 5.6%. At the same time, the growth will be uneven. 90% of developed countries will return to pre-crisis levels by 2022, while among developing countries only a third will recover.
- 2 Global trade volume decreased by 5.3% in 2020. Growth is expected to be 8% in 2021, followed by a slowdown to 4% in 2022, which will remain below the level expected before the pandemic.



- 3 The S&P GSCI Commodities Index is down 48% in April 2020 from the beginning of the year, recovering gradually towards the end of the year. Historical ten-day volatility during this period reached 98% - the highest level in the last 10 years.
- 4 Global SWFs are increasing investment in domestic markets amid the need to support domestic economies. Before the crisis in 2015-2019, the share of transactions in domestic markets averaged 13%, and in 2020 increased to 19.3% and this trend is expected to continue amid the pandemic.

Social impact

- 1 The COVID-19 crisis has demonstrated the need for systemic change to maintain health and safety in the workplace. There has been an increase in the requirements for sanitary and epidemiological control, labor protection and safety at enterprises.
- 2 Remote work and accelerating digitalization are transforming the labor market. According to the latest WEF estimates, technological modernization by 2025 will lead to a reduction of 85 million jobs and the creation of 97 million new jobs. Approximately 4% of the workforce needs retraining 40-50% of basic skills to remain in employment by 2025.
- 3 The COVID-19 pandemic has contributed to the development of corporate social responsibility (CSR) initiatives, including increased volunteerism, transparency, safety, support for SMEs, the adoption of the UN SDGs, and the application of diversity, equality and inclusiveness in recruitment.

Technological impact

- 1 The introduction of advanced technologies in 2020, which was planned to implement only in the coming years, accelerated dozens of times, including: strengthening supply chains and establishing internal production capacities; implementation of advanced technologies in operations, decision-making processes, provision of online services, cloud technologies and cybersecurity.
- 2 The growth rate of the share of global digital interaction with consumers increased from 36% to 58% in 2020 or 3 years ahead, and the share of digitalized production and services increased from 35% to 55% or 7 years ahead.
- 3 Since the start of the COVID-19 pandemic, SWFs have diversified their investment portfolios with a focus on the technology sector. The volume of transactions in the technology sector increased 1.9 times to USD345 billion in 2020.

According to the new concept of the Fund's Development Strategy, priority attention is paid to sustainable development. Following the principles of ESG (Environmental, Social and Governance) will ensure the reduction of emissions, increase in energy efficiency, the development of renewable energy sources and the decarbonization of Portfolio Companies. Improving industrial safety, labor protection and social stability will create a favorable environment for the growth of human capital.

Our values



P

PARTNERSHIP

- We work in partnership and trust the team
- We put the interests of the team above personal ones
- We build long-term and trusting relationships with stakeholders



R

RESPECT

- We take care of everything that surrounds us
- We act with trust and respect
- We follow laws and traditions



I

INTEGRITY

- We fulfill our commitments
- We do what we say
- We are always fair and honest



M

MERITOCRACY

- We choose worthy professionals
- We give everyone, regardless of the role, the opportunity to speak their mind
- We encourage the achievement of results



E

EXCELLENCE

- We work rationally and at the highest level of quality, using best practices and technologies
- We accept responsibility by acting in order to create added value
- We are curious, constantly learning and developing the Fund



PARTNERSHIPS AND ASSOCIATION MEMBERSHIPS

In December 2020, Kazakhstan celebrated its 29th anniversary of independence. A lot of work has been done over the years.

Today Kazakhstan is the regional leader in Central Asia and strives to join the list of 30 countries with the most competitive economies by 2050.

A multi-vector foreign policy has helped to balance the interests of our powerful neighbors and enhance cooperation. We have achieved an increase in the international authority of Kazakhstan and an increase in its geopolitical role in the region. The country positions itself as a responsible international partner in solving regional and global problems. Kazakhstan was one of the founders of the Shanghai Cooperation Organization.

In early 2015, the President of the country initiated the creation of the Eurasian Economic Union with Armenia, Belarus, Kyrgyzstan and Russia, and a few months later Kazakhstan joined the World Trade Organization.

Today Kazakhstan is also a member of leading international organizations - the UN, OSCE, Islamic Cooperation Organizations and other interstate associations. We make great efforts to create favorable conditions for attracting investments. Kazakhstan is an associate member of the OECD Investment Committee and the 48th country to accede to the OECD Declaration on International Investment and Multinational Enterprises.

There are 13 special economic zones and 23 industrial zones on our territory. In 2018, the Astana International Financial Center was created, which is designed to become a financial hub for companies and investors from Central Asia, the EAEU, the Middle East, Western China, Mongolia and Europe.

Constant work is underway to improve the mechanisms for protecting the rights of investors:

- The Investor Relations Council functions under the President;
- On the basis of the AIFC, there is a judicial system based on English law;
- A Specialized Collegium for Investor Dispute Resolution has been established in the Supreme Court.

Attention is also paid to the development of human capital in the country. It is planned to increase investment in education and health care to 10% of GDP in the next 5 years. More than 10 thousand students have studied at the top 100 universities in the world under the international scholarship program "Bolashak".

A VISA-FREE REGIME HAS BEEN INTRODUCED WITH OVER

65
countries

INCLUDING OECD COUNTRIES

Kazakhstan has investment grade credit ratings from international agencies

BBB-
S&P

Baa2
Moody's

BBB
Fitch

In addition to social stability, human capital development and investment attraction, the country's main task now is to diversify the economy, develop innovations and integrate products into global value chains. In general, Kazakhstan has already entered the trajectory of sustainable economic growth, has noticeably improved the quality of life of its citizens, pursues a balanced foreign policy and has a high international prestige.

In general, Kazakhstan has already entered the trajectory of sustainable economic growth, has noticeably improved the quality of life of its citizens, pursues a balanced foreign policy and has a high international prestige.

The Fund's Group, in turn, strives to comply with and implement in its activities the best practices in the field of sustainable development, including the key principles of the UN Global Compact, and is consistently building up its competencies in partnership with the world community.



THE FUND'S GROUP TODAY IS AN ACTIVE PARTICIPANT IN PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS:



- 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
- The Caspian Environmental Protection Initiative "CEPI"
- 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
- International Association of Oil and Gas Producers (IOGP)
- 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)
- Republican Association of Mining and Metallurgical Enterprises
- 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"



- 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)
- Association of Taxpayers of Kazakhstan
- Union of Mechanical Engineers of Kazakhstan
- International Union of Athletes - Railway Workers (USIC)
- UN Global Compact
- 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)
- Association for the Development of Competition and Commodity Markets
- International Association "Trans-Caspian International Transport Route"
- ISO (International Organization for Standardization)
- Paris Agreement
- Vision ZERO - Global program to promote the concept of "Zero Injury"



- CIS Electric Power Council
- Kazakhstan Electricity Association
- Kazakhstan Association of Oil and Gas and Energy Complex Organizations "KAZENERGY"
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
- UN Global Compact



- Kazakhstan Electric Power Association
- Kazakhstan Association of Oil and Gas and Energy Complex Organizations "KAZENERGY"
- Institutions Pool of reserves of electric power of Kazakhstan
- Electricity Council 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
- Association AREX (Airline Passenger Experience Association)



- Union of Mechanical Engineers of Kazakhstan
- International Telecommunication Union (ITU)
- Regional Commonwealth in the field of communications (RCC)
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
- Association for the Development of Blockchain and Data Center Industry in Kazakhstan
- Association for the Development of Competition and Product Markets
- National Telecommunications Association of Kazakhstan



- Republican Association of Mining and Metallurgical Enterprises
- Republican Association of Precious Metals Producers



- International Civil Aviation Organization (ICAO)
- International Air Transport Association (IATA)



- Association of builders of Kazakhstan
- Qazaqstan Qurylysshylar Odagy
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"



SUSTAINABLE DEVELOPMENT MANAGEMENT



Sustainable Development Management

The Development Strategy of the Fund includes the main goals and benchmarks in the field of sustainable development, expresses the position of the Fund and formulates a unified approach to activities in the field of sustainable development.

In addition to defining the priority UN sustainable development goals, the Fund has adopted the following sustainable development initiatives, which are also being implemented on a regular and systematic basis:

- 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

In accordance with these priorities, the Fund and Portfolio Companies are taking measures to ensure sustainable development. The Fund's approach to sustainable development management is regulated by a number of internal regulations that systematize the Fund's activities in the field of sustainable development. The practice of sustainable development management of the Fund's Group continues to improve as the internal regulatory framework develops, which determines various aspects of sustainable development management and the integration of sustainable development principles into the corporate management system.

ESG TRANSFORMATION

In response to the strengthening of international regulation in favor of a green economy, the Fund is directing additional efforts to develop long-term approaches to managing risks and opportunities. Thus, in the long-term development strategy of the Fund, one of the main priorities is sustainable development through promoting ESG principles, reducing the carbon footprint and transforming the activities of Portfolio Companies, including through renewable energy projects.

The Fund is also seriously considering the issues of obtaining ESG ratings, which is an important tool to increase the investment attractiveness of Portfolio Companies. For example, in the course of the IPO, KMG is building work to promote the Sustainability ratings, having received 69 points out of 100 in 2020. ESG risk rating of NC KazMunayGas JSC was 34.5 points.

The Fund and Portfolio Companies annually publish integrated and separate sustainability reports in accordance with international GRI standards. The process of integrating the priority Sustainable Development Goals into the business processes of Portfolio Companies is underway.

Negotiations are underway with leading academies and international consultants on the possibilities of advanced training programs for the management of the Fund and Portfolio Companies in the areas of energy transition, ESG principles and, in general, in the areas of the green global agenda. The exchange of experience with international agencies and experts will be taken into account in the formation of fundamental policies, norms, principles, rules, approaches for the Fund and Portfolio Companies when building a management system in the field of sustainable development.



Sustainable Development management structure

The Fund's sustainable development management model assumes the integration of sustainable development management into all levels of the corporate governance system. The Board of Directors is primarily responsible for managing sustainable development.

The Board of Directors and Committees of the Board of Directors play an active role in shaping the strategy and determining the priority direction for sustainable development, assessing risks and monitoring the results of activities in the field of sustainable development. The Management Board of the Fund is actively involved in the processes of environmental, social and economic impact management and risk management and regularly monitors the results of activities in the field of sustainable development.

Responsibilities for the direct management of various aspects of sustainable development are distributed between the functional structural units of the Fund, which, in accordance with their own functional areas, are responsible for setting goals and implementing specific activities.

The structural unit responsible for the systemic management of sustainable development, coordination of initiatives and increasing information transparency of activities in the field of sustainable development is the Sustainable Development Directorate, which was established in 2021.

Portfolio companies have a similar sustainability management structure.

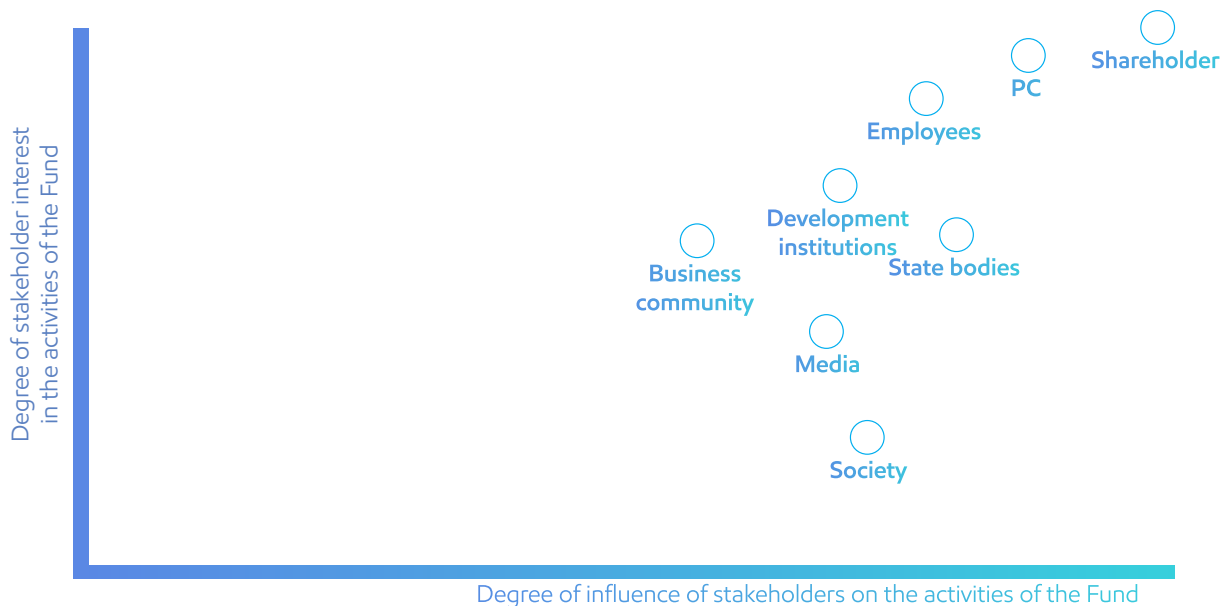
Decision making system

When making management decisions, the Fund necessarily determines the socio-economic consequences of these decisions, as well as identifies key risks. In addition, when presenting investment projects, a comprehensive analysis is carried out.



STAKEHOLDER ENGAGEMENT

To develop a map of stakeholders and identify significant topics for disclosure in the Report, a Working Group was created, which includes representatives of the Fund’s structural units, coordinating work in the main areas of sustainable development and participating in interaction with stakeholder groups. Based on the results of the survey of the members of the Working Group, a map of stakeholders was formed, which illustrates: the degree of influence of stakeholders on the activities of the Fund and the degree of interest of stakeholders in the activities of the Fund. The members of the Working Group assessed these indicators on a ten-point scale from 10.0 (low degree) to 100.0 (high degree), guided by their own experience and competencies, as well as the frequency of interaction with these stakeholders. 11 people took part in the survey.





Information Requests from Stakeholders in 2020

During the reporting period, requests were received from stakeholders (including from the media and the investment community) on the following key topics:

1. The impact of the epidemiological situation on the business processes of the Fund's Group (anti-crisis measures and ensuring the protection of employees in a pandemic)
2. Fund's development prospects
3. Competitive and transparent procurement issues
4. Objectives of the Digital Transformation Program
5. The role of the Fund in the country's economy
6. Transparency and accountability of the Fund's activities

Information on these topics is contained in the sections: "Worker health and safety", "Development Strategy of the Fund", "Responsible procurement", "Transformation program", "The role of the Fund in the country's economy", "Information policy of the Fund", and also in the Fund's 2020 Annual Report.

Stakeholders raise their concerns during various meetings, forums, conferences, social polls, publications in the media and social networks, checks, as well as through a direct appeal to the Fund.

The Fund works with stakeholder groups to provide complete and high-quality response to questions. In the future, the Fund will carry out work on the annual review of the stakeholder map and the development of a communication strategy with stakeholders to identify important topics and build effective communications.

Stakeholders	Interaction	Results for 2020
<p>Shareholder</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> • Performance • Implementation of the Development Strategy • Dividends • Transparency and disclosure of information 	<ul style="list-style-type: none"> • strategic speeches of the Chairman of the Management Board at major forums; • participation in individual and collegiate meetings and hearings; • publication of press releases, presentations, reports, corporate events of the Fund. 	<ul style="list-style-type: none"> • dividends in the amount of KZT120 billion were paid; • leading positions in international ratings among the best distributors of assets and sovereign wealth funds.
<p>Portfolio companies</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> • Strategic resources and capabilities • Opportunities for future development 	<ul style="list-style-type: none"> • implementation of best practices and standards; • management and interaction in accordance with the best corporate governance practices; • methodological support in the areas of development. 	<ul style="list-style-type: none"> • development and implementation of anti-crisis measures; • implementation of standards and policies in the areas of activities; • making decisions as the Sole Shareholder / Sole Participant, expression of positions for voting at the GMS / GMS.

Stakeholders	Interaction	Results for 2020
<p>Employees</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> Competitive salary Safe working conditions Professional growth High quality social package Ensuring respect for human rights and ethics 	<ul style="list-style-type: none"> ensuring safe working conditions; remuneration of employees; training, education and development; implementation of social policy; creation of optimal working conditions, health insurance, development of the health care system. 	<ul style="list-style-type: none"> KZT204,885 million were expenses on salaries of administrative and managerial personnel, including taxes and social contributions; 33.1 average number of man-hours of training; In 8 Portfolio Companies, personnel are covered by collective bargaining agreements; 85% is the Engagement Index; 78% is the Social Stability Index.
<p>Business partners and suppliers</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> Efficient supply chain and value chain Joint development and problem solving 	<ul style="list-style-type: none"> consistently high volume of purchases of goods, works and services, including purchases from SMEs; introduction of category management, development of category and procurement strategies; organization of training seminars and round tables for suppliers and contractors. 	<ul style="list-style-type: none"> KZT5.2 trillion is the total cost of the purchases; KZT24.1 billion are the benefits from categorical procurement management for the Fund's Group; 10 CPS of the Fund were implemented, for which benefits in the amount of KZT5.9 billion were received; 77% is the share of local content in the purchases of the Fund's Group; 167 is the number of registered customers; 13 thousand is the number of new registered suppliers; "Samruk Business Forum: Support for domestic suppliers Forum" was held with the participation of the Prime Minister of the Republic of Kazakhstan, the Chairman of the Management Board of the Fund, representatives of business structures, public figures - about 500 delegates.
<p>State bodies</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> Macroeconomic and social policy Ability to lobby and support State regulation 	<ul style="list-style-type: none"> payment of taxes to state and regional budgets; participation in the implementation of government programs and initiatives; placement of information required by government agencies; participation in the improvement of legislation. 	<ul style="list-style-type: none"> taxes paid to the budget in the amount of KZT871 billion; participation in the development and updating of legislative norms.

Stakeholders	Interaction	Results for 2020
<p>Business community, media, development institutions</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> • Constructive cooperation • Voluntary application of standards • Community endorsement • Reputation and loyalty 	<ul style="list-style-type: none"> • ensuring a high level of information transparency; • discussions on topical issues at round tables; • public events, forums, briefings, press conferences; • publication of information on the website and in social networks; • response statements to media publications; • posting information on the Internet resources of the Financial Reporting Depository, the Kazakhstan Stock Exchange; • corporate publishing house SK NEWS; • placement of reports and other publications 	<ul style="list-style-type: none"> • more than 24 briefings and press conferences were held; • 2,780 materials were published in Kazakhstani and foreign media with the mention of the Fund, of which 2,041 were in a positive way; • carried out information support for 72 news stories, projects and initiatives of the Fund; • the website sk.kz was redesigned and the site svoyzavod.kz was launched to support the programs of new industries; • events were held within the framework of the Year of the Volunteer with the active participation of young people (providing assistance to medical workers, veterans and workers of the WWII home front, labor veterans, the elderly, as well as children from a socially vulnerable category of the population, actions to protect the environment, etc.); • the Annual Report and the Sustainability Report of the Fund for 2019 were published; • PR support of the Fund in social networks (Facebook, Instagram).
<p>Local communities, NGOs, society</p> <p><i>Interests:</i></p> <ul style="list-style-type: none"> • Protection of socially significant interests • Supporting the social and cultural spheres of society • Social responsibility 	<ul style="list-style-type: none"> • holding round tables and public discussions; • implementation of charitable and sponsorship programs; • participation in the development of the social sphere; • development of infrastructure in the regions of presence. • support of educational organizations and institutions of culture and sports; • membership in professional associations and initiatives. 	<ul style="list-style-type: none"> • in the direction of helping people, communities in the social and medical sectors, 13 projects were implemented for a total amount of KZT3.8 billion; • in the direction of the development of media, cultural community, human potential development, 12 projects were implemented for a total amount of KZT873 million; • in the direction of the implementation of the regional program of social investments in the regions of presence of the Fund's Group, 3 projects were implemented for a total amount of KZT1.9 billion. The projects were implemented in the field of promoting a healthy lifestyle and creating an accessible sports infrastructure; • 2 projects were implemented for a total of KZT459 million in the areas of support for people in difficult life situations, and support for measures to prevent the spread of coronavirus infection COVID-19; • as of August 1, 2021, the Fund financed the purchase of one million doses of COVID-19 vaccines, which allowed to vaccinate 500 thousand people.

IDENTIFICATION OF MATERIAL ASPECTS

The Report writing process includes such processes as analysis of requests from various stakeholder groups, information exchange and data collection. The choice of topics and the form of their disclosure are also influenced by the context of sustainable development and the need to present complete data comparable to the results of previous years in accordance with the principles of preparing the Report in accordance with the GRI Standards. During many years of working on the preparation of Reports, we have identified for ourselves a list of significant topics and continue to highlight the dynamics of their development. After analyzing the list of all disclosed topics, we came to the conclusion that they all remained significant in relation to 2020. In addition, new topics were identified that were deemed significant. These include topics in the environmental category, such as Energy Efficiency, Emissions, and Biodiversity.

- **Economic performance**
- **Anti-corruption**
- **Socially Responsible Purchasing**
- **Financial stability**
- **Compliance with environmental protection requirements**
- **Energy efficiency**
- **Emissions**
- **Biodiversity**
- **Health and safety in the workplace**
- **Social responsibility**
- **Human rights**
- **Employment**
- **Non-discrimination**
- **Training and education**
- **Freedom of association and collective bargaining**
- **Remuneration and assessment**
- **Transparency and public relations**
- **Selection and employment of personnel**
- **Interaction between employees and management**
- **Corporate culture**

As part of the work on the preparation of this Report, we set the task to constantly raise awareness of the significant topics disclosed in the Report, both among employees and among other stakeholders. The section "Contact information" contains the contacts of the persons through whom feedback on the Report is received. In the future, it is planned to form an online questionnaire to obtain complete data on the opinions of stakeholders.



CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

The Fund’s Development Strategy and the Fund’s activities are integrated into the context of achieving the UN Sustainable Development Goals. The mission of the Fund, our values, benchmarks, strategic principles are in line with 17 UN sustainable development goals.



Ten out of 17 UN Sustainable Development Goals were selected as strategic priorities for the Fund’s Group.



Key projects of the Fund’s Group related to the achievement of the SDGs in 2020

GOOD HEALTH AND WELLBEING



Main priority areas

- health protection, ensuring safe working conditions;
- implementation of environmental policy;
- risk and incident management;
- creation of a favorable social environment

Contribution of the Fund’s Group

- automation of business processes in the field of security;

- exchange of experience in implementing the best world practices in the field of HSE and in combating the COVID-19 pandemic;
- creation of operational headquarters and implementation of plans to combat COVID-19;
- in the direction of helping people, communities in the social and medical sectors, 13 projects were implemented for a total amount of KZT3.9 billion;
- 7 rehabilitation centers and 1 follow-up room were created and equipped with modern equipment and inventory in 8 regions of the country;
- delivery of medical equipment (ALV devices - 50 units, oxygen concentrators - 250 units, pulse oximeters - 1000 units), 92 ambulances and 3000 packages of antiviral drugs to medical institutions of the country;
- rehabilitation centers are successfully operating in the cities of Nur-Sultan and Shymkent, in which 1,300 children underwent free rehabilitation courses;
- the rehabilitation center in Zhanaozen is equipped with 25 types of medical equipment;
- implementation of programs aimed at maintaining health, increasing the availability and quality of medical services for employees;
- informing employees of the group and contractors about the rules of industrial safety and the need 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.

2 QUALITY EDUCATION



Main priority areas

- creating opportunities for self-realization and development of talents

Contribution of the Fund's Group

- 6 resource centers for inclusive education were opened to accompany 169 children with special educational needs and 1 room for psychological and pedagogical correction, which provides annual correction services for 114 special children;
- 8 offices for support of inclusion were created in 8 regions of the country, covering more than 80 children with special educational needs;
- 5000 copies of the book "Words of Edification" by Abay Kunanbayev were published in Kazakh and Russian languages, in which illustrations of 96 teenage winners of the competition are presented. Books were transferred to education departments and libraries of regions of the country;
- implementation of the projects "Zhas Orken" and "Digital Summer";
- 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.

3 GENDER EQUALITY



Main priority areas

- ensuring gender equality and empowering all women

Contribution of the Fund's Group

- development of a plan to gradually increase the proportion of women in the boards of directors and executive bodies of the Fund's Portfolio companies until 2030;
- ensuring equal working conditions for men and women.

4 AFFORDABLE AND CLEAN ENERGY



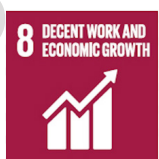
Main priority areas

- improving energy efficiency in the Fund's Group in all areas of activity;
- creating conditions for improving energy efficiency;
- ensuring access to energy and reliable energy supplies to consumers;
- innovative activity

Contribution of the Fund's Group

- development of renewable energy sources;
- decarbonization of the Fund's projects;
- utilization of associated petroleum gas (APG) and reduction of pollutant emissions;
- implementation of a comprehensive energy efficiency improvement program for the Fund's Group;
- implementation of an energy management system according to the international standard ISO-50001.

5 DECENT WORK AND ECONOMIC GROWTH



Main priority areas

- promoting sustainable development of the national economy and its diversification;
- health protection, ensuring safe working conditions;
- promoting labor protection for suppliers and contractors;
- creation of a favorable social environment;
- ensuring freedom of association and collective bargaining;
- productivity growth and efficiency gains;
- formation of a sustainable supply chain throughout the value chain;

- improving energy efficiency in all areas of activity;
- creation of decent living and working conditions in remote regions

Contribution of the Fund's Group

- ensuring decent and safe working conditions;
- implementation of current measures for labor protection and industrial safety;
- ensuring the participation of employees in the improvement of 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 competence of employees;
- ensuring transparency of procurement procedures;
- availability of a code of conduct;
- implementation of initiatives to minimize the environmental impact of the Group.

6 INDUSTRY, INNOVATION, AND INFRASTRUCTURE



Main priority areas

- creating a comfortable and safe environment for life

Contribution of the Fund's Group

- work was carried out to restore 40 residential buildings damaged as a result of the riots in February 2020;
- projects aimed at developing the infrastructure of the territories of presence;
- implementation of investment projects in various areas of industrialization and infrastructure development;
- performance of research, development and technical and economic research;
- implementation of government programs;
- SK Trust program: Menin Elim.

7 REDUCED INEQUALITIES



Main priority areas

- ensuring equality of opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting the adoption of appropriate legislation, policies and measures in this regard.

Contribution of the Fund's Group

- development of a plan to gradually increase the proportion of women in the boards of directors and executive bodies of the Fund's Portfolio companies until 2030;
- 4,315 volunteer raids were organized in 35 cities of the country, within the framework of which 1,867 veterans and home front workers of the Great Patriotic War were covered by volunteer assistance.

8 SUSTAINABLE CITIES AND COMMUNITIES



Main priority areas

- opportunities for self-realization and development of talents;
- comfortable and safe living environment

Contribution of the Fund's Group

- comprehensive environmental programs;
- projects (activities) aimed at the protection of atmospheric air;
- other educational and environmental activities.

9 CLIMATE ACTION



Main priority areas

- risk management in connection with climate change;
- improving energy efficiency in all areas of activity;
- creating conditions
- improving energy efficiency
- implementation of environmental policy;
- innovative activity

Contribution of the Fund's Group

- development of renewable energy sources;
- utilization of associated petroleum gas (APG) and reduction of pollutant emissions;
- decarbonization of the Fund's projects (reduction of CO2 emissions);
- improving energy efficiency.

PARTNERSHIPS FOR THE GOALS



Main priority areas

- participation in global initiatives;
- participation in sustainable development;
- effective partnership with government organizations, business and society.

Contribution of the Fund's Group

- "Samruk business Forum: Support for domestic manufacturers Forum" was held with the participation of the Prime Minister of the Republic of Kazakhstan, the Chairman of the Management Board of the Fund, representatives of business structures, public figures – about 500 delegates;
- interaction with government agencies, 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 reports;
- support for corporate volunteering;
- interaction with interested authorities in order to ensure that the interests of local communities are taken into account when making decisions;
- entering into partnerships for the implementation of programs aimed at the development of local communities;
- support of 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.

CORPORATE GOVERNANCE

The structure of corporate governance of the Fund in accordance with the legislation of the Republic of Kazakhstan and the Charter is as follows:

SOLE SHAREHOLDER

Supreme body

BOARD OF DIRECTORS

Governing body that carries out general management of the Fund's activities, except for resolving issues attributed by legislative acts of the Republic of Kazakhstan and / or the Charter to the exclusive competence of the Sole Shareholder and to the competence of the Management Board of the Fund

MANAGEMENT BOARD

Executive body that manages the current activities of the Fund

The Fund also has a Council for the Fund Governance, which is an advisory body headed by the First President of the Republic of Kazakhstan, Yelbasy.

The Board of Directors of the Fund determines the priority areas of activity, approves the development strategy, taking into account the economic, environmental and social impact, and also monitors the implementation of the strategy.

Board of Directors' committees

To consider the most important issues and prepare recommendations for the Board of Directors, the Fund has established committees of the Board of Directors. In 2020, the following Committees operated under the Board of Directors:

- 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, 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 state 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 bonuses to

members of the Management Board and the Corporate Secretary.

4. Transformation Program Oversight 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. Special 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 state assets.

Composition of the governing body and its committees

As of the date of this Report, the composition of the Board of Directors is as follows:



Jon DUDAS

Chairman of the Board of Directors,
Independent Director



**SATKALIYEV
Almasadam**

CEO



**IRGALIYEV
Asset**

Minister of National Economy of
the Republic of Kazakhstan



**BOZUMBAYEV
Kanat**

Assistant to the President of
the Republic of Kazakhstan



**AKISHEV
Daniyar**

Assistant to the First President of
the Republic of Kazakhstan - Yelbasy



ONG Boon Hwee

Independent director



Luca SUTERA

Independent director



Vyacheslav KIM

Independent director



As of the date of this Report, compositions of Committees are as follows:

Audit Committee

- 1 Luca Sutera, Chairman of the Committee
- 2 Daniyar Akishev
- 3 Ong Boon Hwee

Nomination and Remuneration Committee

- 1 Jon Dudas, Chairman of the Committee
- 2 Kanat Bozumbayev
- 3 Daniyar Akishev
- 4 Luca Sutera

Transformation Program Oversight Committee

- 1 Jon Dudas, Chairman of the Committee
- 2 Kanat Bozumbayev
- 3 Vyacheslav Kim
- 4 Ong Boon Hwee

Strategy Committee

- 1 Asset Irgaliyev, Chairman of the Committee
- 2 Vyacheslav Kim
- 3 Jon Dudas
- 4 Ong Boon Hwee

Members of the Management Board, except for the Chairman of the Management Board, cannot be elected to the Board of Directors, while the Chairman of the Management Board cannot be elected as Chairman of the Board of Directors. Also, the Chairman of the Management Board cannot be the Chairman of a committee of the Board of Directors.

Members of the Board of Directors are elected for a term determined by the decision of the Sole Shareholder. The Board of Directors and its Committees maintain a balance of skills, experience and knowledge that ensure the adoption of independent, objective and effective decisions in the interests of the Fund and taking into account fair treatment of the shareholder and the principles of sustainable development.

Composition of the executive body

As of the date of this Report, the composition of the Management Board is as follows:



SATKALIYEV
Almasadam
CEO



KRAVCHENKO
Andrey
Managing Director for
Legal Support and Risks



AITENOV
Marat
Managing Director for
Public and Government Relations



ZHANADIL
Yernar
Managing Director for
Investment, Privatization
and International Cooperation



NURBAYEVA
Nazira
Managing Director for
Economics and Finance

More detailed information on the corporate governance system and information about the members of the Board of Directors and the Management Board is provided in the Fund's Annual Report for 2020.





Conflict of interest

The inadmissibility of conflicts of interest is one of the basic principles of sustainable development.

The personal interests of an official or an employee should not affect the impartial performance of their official and functional duties. The Code of Conduct in force at the Fund describes in detail the procedures for preventing and resolving conflicts of interest.

In order to comply with the principles of business ethics and optimal regulation of social and labor disputes, the Fund has appointed an Ombudsman, who is appointed and accountable to the Board of Directors. The role of the Ombudsman is to advise the employees who contact him, participants in labor disputes and conflicts, and assist them in developing an optimal and constructive solution.

In relations with partners and other interested parties, the Fund establishes and requires compliance with fiduciary relations, in which the parties are obliged to act towards each other as honestly, honestly, fairly and loyally, and takes measures to prevent, identify and eliminate conflicts of interest.

RISK MANAGEMENT SYSTEM

The Fund's risk management system makes it possible to prevent the occurrence of risk events affecting the achievement of strategic and operational goals, and to limit their impact when they do occur. Risk management is an integral part of the strategic planning and corporate governance of the Fund, as well as maintaining financial stability.

The Fund has a risk management structure that takes into account the division of functions and responsibilities for risk management for all employees. The Fund's Board of Directors is responsible for defining the principles and approaches to organizing the risk management system, ensuring supervision over the functionality of the risk management system.

In accordance with the COSO methodology, all identified risks of the Fund's Group are defined in four main categories: strategic, financial, operational and legal.

The Fund on an annual basis develops and approves the registers and risk maps of the Fund's Group. The risk map of the Fund's Group is divided into zones of influence and probabilities.

At the end of 2020, the Fund's Consolidated Risk Map / Risk Register consisted of 26 risks, of which 8 are in the red zone:

- Risk of COVID-19 pandemic
- Risk of damage to reputation
- Liquidity risks
- Risk of violation of covenants / listing requirements
- Currency risk
- Risk of social instability
- Risk of accidents
- Risk of litigation

In addition, the Fund's risk register contains the following operational risks in the field of sustainable development:

- Risks of accidents
- Environmental risks
- Compliance risks
- Risks of the procurement process

The Fund Group takes all necessary measures to minimize the occurrence of possible threats and manage risks. These issues are under constant control of the Board of Directors and management of the Fund.

More detailed information on the risk management system and risk mitigation measures is provided in the Fund's 2020 Annual Report.

INTERNAL CONTROL SYSTEM

The internal control system in the Fund is aimed at preventing risks in three key areas of activity, including the formation of financial and management reports, compliance with legal requirements and internal documents, as well as improving the effectiveness of processes within the framework of operational activities.

In 2020, the Board of Directors of the Fund adopted Rules on the organization and implementation of internal Control, the purpose of which is to improve the effectiveness of the internal control system in the Fund, including by introducing the procedure for documenting and monitoring Control procedures in the Fund. The main value of the implementation of this system is to create a control environment that would allow evaluating its effectiveness on a systematic basis.

The main objectives of these Rules are:

- identification of the roles and responsibilities of the Fund's employees;
- description of the procedure for building a Risk matrix and controls;
- description of monitoring procedures for Control procedures.

In order to ensure the effective functioning of the internal control system, the Fund carries out the following activities on an ongoing basis:

- testing of operational efficiency of control procedures of business processes of structural divisions;
- testing of controls of financial reporting preparation processes;
- diagnostics of the development of the internal control system.



TAKING CARE OF OUR EMPLOYEES



WORKER HEALTH AND SAFETY

The Fund pays primary attention to the issue of employee safety. Work to prevent any possible harm to personnel and ensure complete safety during production operations is carried out continuously. We are proud to confirm our commitment to the ambitious goal of “Zero Target”.

Every person working in the Fund’s Group of Companies, whether an employee of the company or its contractor, is expected to take decisive actions to suspend and terminate work that may be unsafe.

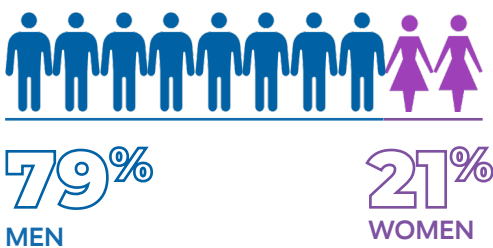
In order to organize occupational safety and health and meet the requirements of industrial safety during work with an increased level of risk, the Group of Companies of the Fund has developed and implemented instructions and procedures for safety and labor protection that meet the requirements of the current legislation of the Republic of Kazakhstan. The safety and labor protection departments of the Fund’s companies ensure the implementation and continuous support of safety and labor protection instructions and procedures, as well as evaluate the effectiveness of these processes and develop plans for their improvement.

Despite the unprecedented challenges posed by the COVID-19 pandemic in 2020, we have never had any doubts about the goal of achieving the “Zero Target”. We took this opportunity to fully understand the critical issues and make sure we took the right approach, taking into account the distractions and instability caused by the pandemic.

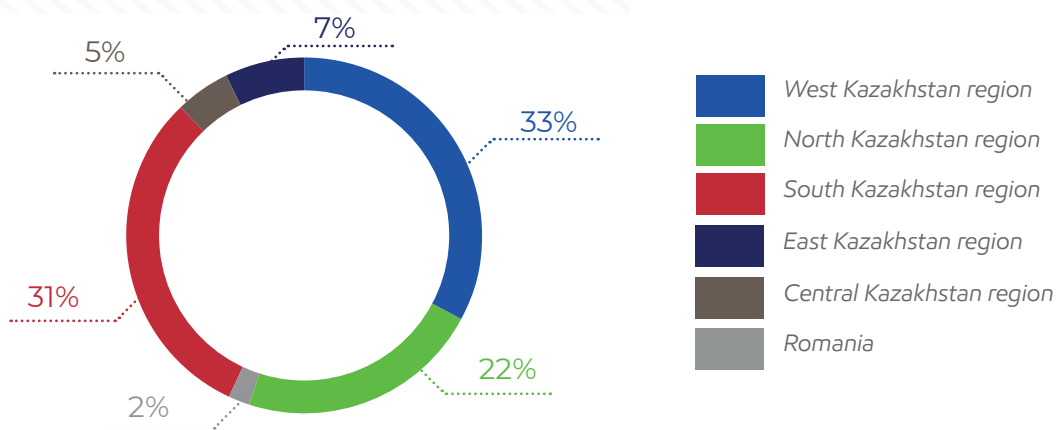
In 2020, we achieved a significant improvement in occupational safety performance, ending the year with the best results over the entire period of operation. In 2020, the number of injured workers across the Fund’s Group of Companies decreased by 28% compared to 2019.

In the reporting period, 118 accidents occurred in the Fund’s Group. The total number of people injured in accidents in 2020 was 121 people, of which 79% were men, 21% were women, respectively. The geography of the accidents that occurred shows that the majority (33% and 31%) occurred in the West Kazakhstan and South Kazakhstan regions.

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



Accidents in the Fund Group by region, %



Health and safety indicators in the Fund's Group

	2018	2019	2020
Total number of accidents	157	152	118
Total number of fatal accidents	14	11	11
Total number of victims	169	167	121

Company	Indicator	2018	2019	2020
	Number of fatal cases	1	0	0
	LTIFR	0.3	0	0
	Number of fatal cases	1	2	0
	LTIFR	0.32	0.31	0.25
	Number of fatal cases	9	4	9
	LTIFR	0.22	0.23	0.27
	Number of fatal cases	2	1	0
	LTIFR	0.28	0.33	0.27
	Number of fatal cases	1	1	1
	LTIFR	0.31	0.24	0.25
	Number of fatal cases	0	3	1

The Fund's Group of Companies informs about incidents and conducts their investigation to find out the root causes, including technical, behavioral and organizational ones. The Fund shares its experience and takes measures to reduce the likelihood of such incidents in the Group of Companies in the future. We strive to use the lessons learned to improve standard methods in similar work, forming a stable approach through the application of the experience gained.

It should also be noted that the Fund has been implementing the synergetic initiative "Industrial Safety" since the 2nd half of 2019, aimed at improving the safety culture and bringing the occupational safety, industrial safety and environmental protection management systems (hereinafter - HSE) in the Fund's Portfolio Companies to the level of international standards. This initiative is being implemented within the framework of the work of the HSE Committee under the Fund's Management Board (hereinafter referred to as the Committee), which includes responsible representatives of 13 largest Portfolio Companies. Already now, the Committee has created a serious reserve, organized systematic work on:

- exchange of experience in the implementation of the world's best practices in the field of HSE;
- organized work on the exchange of experience between Portfolio Companies on the prevention and control of coronavirus infection,
- as well as the implementation of a project aimed at building a systematic work on the continuous improvement of HSE management systems of the Fund's Portfolio Companies.

HSE training

For the first time in 2020, all safety and labor protection events were held online, which made the participation and presentation of world experts in the field of industrial safety available.

- NC KTZ JSC conducted online training for 96,500 employees. The training process also continues and in 2021 it is planned to train more than 3,000 workers in the use of safe work skills from among middle managers (foremen and others).
- In Samruk-Energy JSC, an information session was held with top management as part of the development of a strategy to reduce the level of industrial injuries on the topic "The role of the manager in ensuring labor safety and health in the organization". Within the framework of the project "Implementation of a new integrated security management model", which is part of the transformation perimeter, in 2020, 3,384 key users were trained on the new integrated security process.
- Air Astana JSC organized certified online training on occupational safety and health for 190 employees of the company.
- NAC Kazatomprom JSC conducted online training for 31,330 employees, both in compulsory and optional types of training in safety and labor protection and environmental protection. At the same time, adapted electronic courses "Safety Culture", "Safety Leadership", "Safety Minute", "Safe Office Work" were created, which were placed on the site of the Virtual School of NAC Kazatomprom JSC.



COUNTERING THE COVID-19 PANDEMIC AND ITS AFTERMATH

In 2020, one of the challenges for the Fund's Group and the whole world was the new CVI pandemic. The main task during this period was the protection of employees, as well as assistance to people living in the regions of the Fund's presence.

As of December 31, 2020, 10,969 cases of CVI infection were registered among the employees of the Fund's Companies, including 173 fatal cases from CVI and pneumonia, 10,152 recovered, 644 active cases of CVI infection. 98.3% of all sick employees of the Fund's Group of Companies recovered. At the end of 2020, the share of cases from the total number of employees of the Fund's Group of Companies was 3.7%.

The measures taken in the Fund's Group to combat the spread of CVI have shown their timeliness and effectiveness. The Fund has coped with the challenges caused by the pandemic, the situation regarding the spread of COVID-19 among the Fund's employees has been brought under control, there has been no serious decline in the main production indicators, and even more so there has been no production stoppage or cuts in the production staff of the Fund's PCs.

1 Operational Headquarters has been established under the chairmanship of the Head of the Fund. All Portfolio Companies also had operational response headquarters.

2 List of critical business processes has been defined, violations of which can lead to significant adverse consequences.

3 Irreducible reserve of personal protective equipment, essential medicines have been created, their timely delivery has been organized, a reserve of dispensary areas, testing systems, oxygen concentrators have been established, primary health care services have been strengthened, and missing or additional medical equipment and products have been purchased.

4 Algorithms of Plans A, B, C have been developed: plan A, which provides for the implementation of preventive measures for the non-proliferation of CVI, plan B, which assumes actions when the epidemiological situation in the region worsens, and plan C, which provides for actions when cases of infection are detected in the company and/or at the production facility.

5 The Fund's Portfolio Companies have carried out and continue active work on preventive measures aimed at combating CVI:

- tests are conducted for shift personnel;
- isolation of patients and contact persons is carried out;
- increased the duration of shifts by 2 times;
- most of the staff has been transferred to a remote form of work;
- if necessary, the strategy of dividing production personnel into "links/teams" is used.

6 Within the framework of the HSE Committee under the Management Board, work was organized to exchange experience between Portfolio Companies on the prevention and control of CVI, including taking into account the information received by the PC as part of participation in international industry working groups on combating COVID-19.



RESPONSIBLE FOR THE WELL-BEING OF THE ENVIRONMENT



ENERGY EFFICIENCY

The Fund's Portfolio Companies, being mostly manufacturing giants with energy-intensive technologies, pay great attention to energy conservation and energy efficiency improvement.

In order to optimize energy consumption, all production Portfolio Companies have implemented management processes of the international standard ISO 50001 "Energy Management Systems".

The Fund's Group implemented a comprehensive Energy Efficiency Improvement Program for the Fund Group's from 2014 to 2020.

The program has been implemented in the most energy-intensive Portfolio companies - NC "Kazakhstan Temir Zholy JSC, NC KazMunayGas JSC, Samruk-Energy JSC and NAC Kazatomprom JSC. Key initiatives included optimization of operating modes of production plants and modernization of technological processes, optimization of fuel and energy resources for own and economic needs, introduction of additional thermal insulation in industrial installations, replacement of energy-intensive lamps with LED lighting, conclusion of energy service contracts, etc. Moreover, the relevant professional training of employees and the exchange of experience with leading technology developers and equipment manufacturers were carried out.

The implementation of the Program made it possible to reduce the energy intensity index of the gross volume of commercial products by 27% compared to 2014 (up to 3.57 tue/KZT million).

Also, during the period of the Program, the volume of flaring of crude gas at NC KazMunayGas JSC was reduced by 82% (2016-323 million tons, 2020-58 million tons) due to the introduction of a full-scale operation of an integrated gas processing unit (IGPU).

As part of the transformation program of Samruk-Energy JSC, in April 2021, the project for an Integrated Planning System (IPS) at power plants of national significance - Ekibastuz GRES was successfully completed. According to the results of the IPS project, a reduction in the specific consumption of conventional fuel was achieved - by 13.51 g/kWh at GRES-1 and by 8.30 g/kWh at EGRES-2.

In 2021, it is planned to conduct energy audits, according to the results of which additional measures to increase energy efficiency will be determined.



EMISSIONS

The structure of the Fund includes assets operating on traditional energy sources such as coal, oil, gas (these are, first of all, SE, KMG, KTG), which are characterized by emissions of greenhouse gases and pollutants.

Taking into account the global agenda to combat climate change, as well as Kazakhstan's national priorities for addressing environmental issues, the Fund sets strategic development goals aimed at decarbonization and "green" growth.

In terms of emissions of pollutants, energy and oil companies are leaders, which is explained by the structure of industries and dependence on fossil energy sources. Emissions into the atmospheric air are strictly regulated by environmental legislation. Pollutants' emissions are produced in volumes determined by production processes in accordance with developed projects and standards that are agreed with authorized state bodies and regulated in special permits.

2020	Emissions of the main pollutants (NO _x , SO _x , etc.)		
	tn	By Fund	By the RoK
Samruk-Energy JSC	329,600	56%	13%
NC KazMunayGas JSC	246,553	42%	10%
NC KTZ JSC	6,624.2	1.1%	0%
KEGOC JSC	9.4	0%	0%
NAC Kazatomprom JSC	1,907	0%	0%
Total Fund's Group	584,693.6		
Total the RoK	2,485,000		23.5%

In the teloelectric power sector, Samruk-Energy JSC uses ash-collecting technologies to minimize ash emissions - electric filters at Ekibastuz GRES, and emulsifiers of a new generation at Almaty thermal power plants. To suppress the formation of nitrogen oxides, low-emission burners are used, the modes are regulated through the use of high-pressure heaters and turbo-feed pumps powered by the 4th steam extraction of the turbine. The complex of environmental protection measures in the Group of Companies of Samruk-Energy JSC by the end of 2020 allowed to reduce the specific emission of pollutants by 3.8% compared to the indicator of 2019.

In the extractive sector, the volume of pollutant emissions was reduced by 16% due to an increase in the useful use of raw gas and a corresponding reduction in its flaring.

Utilization of associated petroleum gas in 2020 for the group of NC KazMunayGas JSC amounted to 98%, the gas combustion rate is at the level of 2.2 tons per 1 thousand tons of produced hydrocarbon raw materials (in 2018 – 6, in 2019 – 2.95), which is 24% lower than the indicator for 2019 and 79% lower than the industry average of the International Association of Oil and Gas Producers (IOGP).

This was made possible due to the commissioning of a full-scale integrated gas processing unit at the Provinsk group of fields and a reduction in the volume of gas production and combustion in the oil-producing assets of the Aktobe region. NC KazMunayGas JSC actively participates in the implementation of the World Bank's initia-

tive “Complete cessation of regular APG flaring by 2030” and intends to stop the practice of regular APG flaring no later than 2030.

At the same time, sulfur production plants have been put into operation at all oil refineries of NC KazMunayGas JSC. With the implementation of this project, hydrogen sulfide gas will undergo conversion, while simultaneously obtaining an important production product - commercial sulfur. In addition, this will affect the reduction of pollutants in the exhaust gases of motor transport and improve the quality of atmospheric air in settlements, given that the sulfur content in gasoline of ecological class K4 is 10 times less than in the fuel produced before the modernization of the plant.

As for greenhouse gas emissions, by the end of 2020, the volume of CO₂ in the Fund’s Group of Companies amounted to about 40 million tons (~11% of emissions in the Republic of Kazakhstan), which forces us to look for systemic solutions in the direction of carbon neutrality.

	2018	2019	2020
Samruk-Energy JSC	33.4	31.6	33.4
NC KazMunayGas JSC	7.0	7.3	6.8
NAC Kazatomprom JSC	0.13	0.10	0.1
KEGOC JSC	<0.01	<0.01	<0.01
NC KTZ JSC	0.123	0.118	0.117
Total, CO₂ million tons	41.0	39.13	40.4

Among the Portfolio Companies, Samruk-Energy JSC is responsible for 80% of emissions, NC KazMunayGas JSC is responsible for almost 20%, the contribution of other Portfolio Companies is insignificant (excluding indirect greenhouse gas emissions).

Despite the natural anti-lead of coal assets in the carbon rating, for the period 2018-2020, specific CO₂ emissions per 1 kWh of energy produced by the Samruk-Energy Group of Companies decreased by almost 4%.

As for NC KazMunayGas JSC, the Company also reduces its greenhouse gas emissions. Since 2017, NC KazMunayGas JSC has been a member of the project network of the Global Methane Initiative (GMI). In 2018, pilot projects were carried out to detect and quantify methane leaks at production facilities in the Mangystau region.

One of the main principles of the Emissions Management Policy of NC KazMunayGas JSC is the Subparagraph of Principle 6: The Company takes measures to prevent methane leaks at production facilities by conducting campaigns to detect and quantify methane leaks, installing tanks with floating lids on new tank farms, introducing light oil fraction capture units, using mobile compressor stations during repair work on gas pipeline sections.

Decarbonization of the Fund's projects (reduction of the carbon footprint)

At the level of strategic planning, an energy transition has been identified as a solution to the issue of decarbonization of activities, which in its entirety also carries the effect of reducing emissions of pollutants and waste. The energy transition implies a shift in emphasis from fossil fuels to renewable energy sources and alternative sources with low carbon emissions.

On February 25, 2021, Samruk-Kazyna JSC and Mubadala subsidiary – Abu Dhabi Future Energy Company (Masdar) signed a Memorandum on the development and study of the renewable energy sector in Kazakhstan. On April 29, 2021, EDPR and Samruk-Kazyna JSC signed a memorandum of cooperation on projects in the field of green energy. Within the framework of the memorandum, the parties intend to consider the possibility of building solar and wind power plants in the Republic of Kazakhstan with a total capacity of 1 GW.

A number of opportunities in the field of renewable energy are being worked out for the possibility of building solar and wind power plants in the Republic of Kazakhstan, including using systems for storing electricity.

Among the Fund's Portfolio Companies, Samruk-Energy JSC has the greatest experience in the development of renewable energy. Thus, according to the results of 2020, the share of "clean energy" generation at the RES and HPP of the energy holding amounted to 8.7% of the total output. Since 2013, Samruk-Energy JSC has successfully implemented several investment projects in the renewable energy and HPP sector: Moynak HPP JSC with a capacity of 300 MW, the First wind power plant with a capacity of 45 MW, a solar power plant of 2 MW, modernization of Shardarinkaya HPP JSC with an increase in capacity to 126 MW.

Samruk-Energy JSC plans to launch two more projects in the field of wind energy. The wind farm in the Shelek corridor with a capacity of 60 MW, with the prospect of expanding to 300 MW, is located in the Enbekshikazakh district of the Almaty region. The second wind farm with a total capacity of 50 MW is located near the city of Yerementau, the Akmola region.

The company's portfolio of plans includes a project for the construction of a counter-regulating Kerbulak HPP on the Ili River with a capacity of 40 MW. Also, pre-project work is underway on the construction of HPP-29 in order to create a source of electricity for supply to the scarce energy system of the Almaty region.

In the long term, it is planned to implement a project for the reconstruction and modernization of the cascade of the AIES HPP in the Almaty region. The project will make it possible to effectively use the hydrotechnical resources of the Bolshaya Almatinka River, increasing the electricity generation at the reconstructed HPP-1 and HPP-2.

Projects in the field of alternative energy of Samruk-Energy JSC

Project name	Power, MW	Project completion date	E / energy production, million kWh	Reduction of emissions, thousand tons of CO ₂
Construction of a wind power plant in the Shelek corridor with a capacity of 60 MW	60	2022	226	190.7
Construction of a wind power plant in the area of Yerementau with a capacity of 50 MW	50	2022	215	184.5
Construction of a counter-regulating Kerbulak HPP on the Ili River (will increase the range of power regulation of the Kapshagai HPP to 300 MW)	40.5	2026	271	228.7
Expansion of the existing wind power plant Yerementau 45 MW by 5 MW.	5	2023	19.7	16.6
Construction of HPP 29 in Almaty region	71	2026	312	263.3
Reconstruction and modernization of the Cascade of the HPP of AES JSC	50	2025	232.6	196.3
Total			1,276.3	1,080.14

The planned projects for the conversion of some power plants from coal to gas also correspond to the concept of energy transition. Under consideration are: construction of a power plant based on a 1000 MW CCGT in the Southern region, construction of a CCGT with a capacity of up to 600 MW on the site of the Almaty CHPP-2, expansion of the CHPP-1 with the construction of a 200-250 MW CCGT, reconstruction of the Almaty CHPP-3 with the construction of a 450 MW CCGT. The implementation of these projects is planned for the period 2021-2026. The decommissioning of traditional generation sources will be gradual with the achievement of a complete abandonment of coal burning at CHPP-2 in 2026.

Also, in accordance with the Roadmap for a comprehensive solution of environmental problems in the cities of Nur-Sultan and Almaty, KazTransGas JSC is implementing the project "Gasification of Almaty, modernization, reconstruction of gas distribution systems in Almaty" with the provision of access to gas supply to about 4.1 thous. subscribers, construction of 265 km of new gas distribution networks, reconstruction of 117 km of gas pipelines and ensuring uninterrupted and trouble-free gas supply to gas consumers.

Today, the level of gasification in Almaty is 99%, which is 1.9 million people population provided with gas. In the city of Nur-Sultan, 250 consumers (private houses) and 5 public utilities are connected to gas.

Samruk-Kazyna Invest LLP also contributes to the development of green energy, and is engaged in the implementation of relevant projects in this direction. The company has implemented the construction of the Burnoye solar power plant with a capacity of 50 MW in the Zhambyl region through the participation of Samruk-Kazyna Invest LLP and UG Energy Limited (Great Britain) in the authorized capital of the Samruk Kazyna-United Green LLP joint venture, as well as EBRD debt financing. For 2020 and the 1st half of 2021, 80.7 million (with the plan of 77.6 million kW * h) and 42.7 kW * h (with the plan of 38.98 million kW * h) were generated.

Currently, construction and installation work is underway to expand the Burnoye solar power plant from a capacity of 50 MW to 100 MW.

BIODIVERSITY

Every year the subsidiaries of the Fund's Portfolio Companies carry out greening and planting activities.

Subsidiaries of NC KazMunayGas JSC in the Atyrau region are planning to plant greenery on 4.8 thousand hectares, including the lands of the forest fund and settlements.

Embamunaigas JSC will carry out landscaping in the Kaiyrshaktinsky rural district on an area of 243.2 hectares.

Atyrau Refinery LLP will be engaged in landscaping 1,420.9 hectares on the territory of "Tukhly Balka". With the aim of landscaping the territory around the evaporation fields of the "Rotten Balka", this year the Atyrau Refinery plans to attract specialized organizations to conduct agro-reclamation and soil surveys in order to determine the suitability of the site for landscaping, selection of the range and species composition of planting rocks. After receiving the final report, planting and landscaping work will be carried out.

In addition, work has begun on the reclamation of an evaporation field with an area of 860 hectares in the designated area of the Atyrau Refinery, within the framework of which measures are planned to clean up the contaminated area using the bioremediation method, followed by technical reclamation.

Tengizchevroil LLP undertook to plant green spaces on land plots with a total area of 1,722.1 hectares, and NCOG - on an area of 1,373.5 hectares. These enterprises will be assigned areas for landscaping and initial maintenance for 3-5 years, after which these areas will be transferred to the city or forestry.



Environmental Compliance

Fines imposed for non-compliance with environmental requirements for the Fund Group amounted to KZT348.8 million, thereby exceeding the same value in 2019 by KZT97.5 million. A significant share of the size (93%) of fines and other sanctions imposed for non-compliance with regulatory requirements for environmental protection in the Group falls on NC KazMunayGas JSC.

In 2020, the costs of environmental protection activities of the Fund's enterprises, including current costs and investments, increased 2.4 times compared to 2019 and amounted to KZT52.2 billion. The largest share of environmental expenditures and investments was made by NC KazMunayGas JSC, Samruk-Energy JSC and NAC Kazatomprom JSC.

TALENT MANAGEMENT

In the field of human resources management, the Fund’s Group follows the norms of Kazakhstan and international law and does not use forced, compulsory or child labor. The Fund’s Group does not discriminate against employees on the basis of gender, age, nationality, religion, race or other grounds.

The Fund recognizes the importance and value of fundamental human rights and freedoms at work: freedom of association, the right to collective bargaining, labor rights and the right to health protection.

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

Portfolio companies practice collective bargaining agreements: NC Kazakhstan Temir Zholy JSC, KEGOC JSC, Kazakhtelecom JSC, Kazpost JSC, NAC Kazatomprom JSC, NC KazMunayGas JSC, Samruk- Energy JSC and Air Astana JSC. Collective bargaining agreements have also been signed in many of the Portfolio Companies’ manufacturing facilities.

The collective bargaining 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, %



The personnel is one of the key resources of the Group, which ensure the achievement of the set goals and objectives. We value the professionalism and responsibility of employees and strive to provide them with comfortable and safe working conditions, celebrate success with material and non-material incentives, as well as provide development and health insurance.

The main public regulatory documents of the Fund in the field of personnel management:

- Code of Conduct of the Fund;
- Personnel policy.

The priorities of the Fund in the field of personnel management are expressed in the following tasks

1

Strategic planning and development of human resources in promising areas

2

Attracting, retaining, motivating and developing highly effective employees

3

Effective development of corporate culture

4

Introduction of modern methods and advanced technologies of personnel management, development of the HR function



PERSONNEL STRUCTURE

The Fund is one of the largest employers in the Republic of Kazakhstan.

In 2020, the average headcount of the Company amounted to 265.8 thousand people, compared to 2019, the figure decreased by 13.6%. The dynamics of the decline in numbers is caused by the consequences of the COVID-19 pandemic.

The average age of the Fund’s personnel from 31 to 50 years has not changed significantly and is the overwhelming majority - 54% of the total number of employees.

In connection with the specifics of the production activities of certain Portfolio Companies of the Fund, the share of men among workers traditionally totals a large part - 71%, while women make up the remaining 29%.

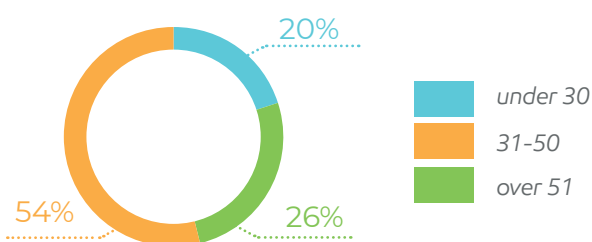
Gender and age distribution by the Fund Group in the reporting period, people *

Age	Men	Woman	Total
under 30	37,676	16,923	54,599
31-50	106,487	43,955	150,442
over 51	52,909	19,595	72,504
Total	197,072	80,473	277,545

Currently, the share of women in the top management of Portfolio Companies is on average 5% of the total number of executives. To fully realize the potential of women in the business sphere, the President of the Republic of Kazakhstan K.-Zh. Tokayev at a meeting of the National Council of Public Trust of the Republic of Kazakhstan was instructed to ensure a gradual increase in the proportion of women to 30% in the governing bodies of companies with state participation. This initiative, among other things, also contributes to raising the position of Kazakhstan in specialized international ratings.

The Fund supports the order of the President of the Republic of Kazakhstan, and took part in the development of a roadmap for the implementation of the order of the Head of State regarding the introduction of proposals for a gradual increase in the proportion of women to 30% in the governing bodies of companies with state participation.

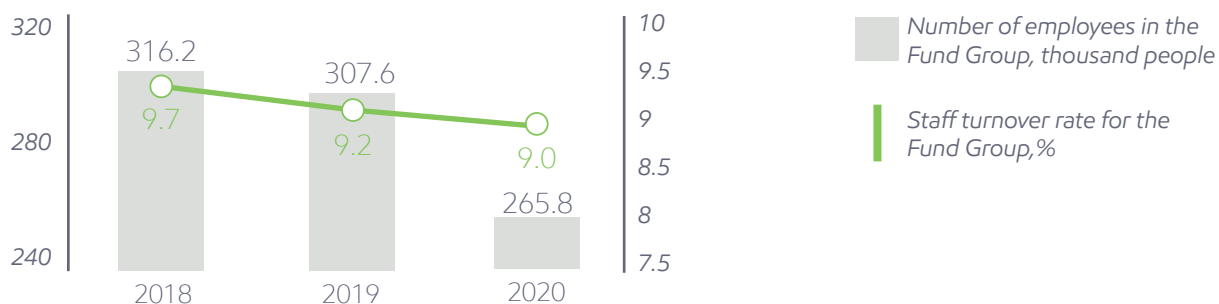
Workers by age group, %



Workers by gender, %



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



Staff turnover rate for the Fund and the Fund's Group

#	Company	Staff turnover as at 31.12.2020, %
1.	Fund	10.1
2.	NC KazMunayGas JSC	6.0
3.	NC KTZ JSC	8.4
4.	KEGOC JSC	4.7
5.	Kazakhtelecom JSC	7.3
6.	Kazpost JSC	23.5
7.	NAC Kazatomprom JSC	9.3
8.	NMC Tau-Ken Samruk JSC	16.5
9.	Samruk-Energy JSC	6.0
10.	Air Astana JSC	9.3
11.	QAZAQ AIR JSC	11.5
12.	Samruk-Kazyna Construction JSC	24.5
13.	United Chemical Company LLP	17.4

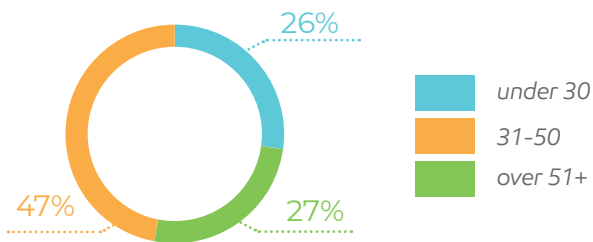
The staff turnover rate in the Fund's Group has a trend of decreasing, and is 9% at the end of 2020. The number of employees with whom labor relations were terminated amounted to more than 33 thousand people. Of these: the share of young specialists under 30 years old - 26%, the group aged 31-50 years old - 47%, over 51 years old - 27%.

The number of newly hired employees was over 23 thousand people, incl. the share of employees in the age group up to 30 years old and from 31-50 years old is more than 40% in each, from 51 and over - 12%.

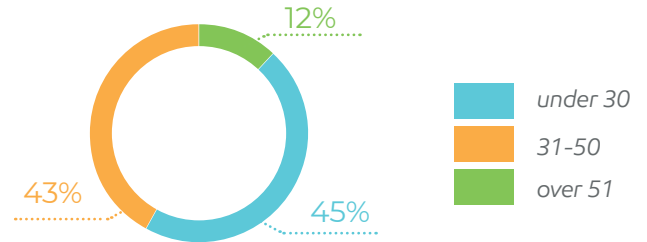
Newly hired employees and staff turnover by the Fund's Group in the reporting period *

Age	Newly hired employees **	Number of employees who terminated employment
under 30	10,643	8,970
31-50	10,067	15,794
over 51	2,712	9,084
Total	23,422	33,848

Staff turnover by age group, %



Newly hired workers by age group, %



* Based on data received from Portfolio Companies.

** Information on newly hired employees by age groups does not include NAC Kazatomprom JSC.

Averaged data are provided for Air Astana JSC.

SELECTION AND EMPLOYMENT

Appointment to vacant positions of the Fund is carried out in compliance with the principles of meritocracy, transparency and objectivity based on the results of a competitive selection of the most suitable candidates who meet the requirements for the level of qualification, professional, business and personal competencies.

In 2020, 34 vacancies were closed in the Fund, 79% of them were candidates from the Fund's Group (27 vacancies: 21 - employees of the Fund, 6-employees of Portfolio companies). At the same time, the average number of responses to 1 vacant position was 108 resumes, and the average duration of the search and selection of 1 candidate was 13 working days.

The search and selection procedures in 2020 were suspended for a certain time due to the upcoming events in the world and the country, such as the state of emergency in connection with the COVID-19 pandemic, quarantine, and the economic crisis. Vacancies were closed mainly through internal rotation, and in the absence of internal candidates who meet the requirements of the position, external competitions were announced in exceptional cases based on the needs of the business.

At the same time, taking into account quarantine measures, almost all stages of the evaluation procedures of the competitive selection were carried out online.

Indicators for the selection of personnel in the Fund

Indicator	2020	2019	Deviation
The number of announced / open vacancies in 2020 in the Fund	34	120	Due to the pandemic and the economic crisis, since April 2020, the Fund has declared a moratorium on external admission. Competitive procedures among external candidates were conducted in exceptional cases based on business needs.
Number of closed vacancies	34	109	
Average competition for 1 vacancy	108	243	
The number of candidates who have successfully passed all the selection stages	34	136	

The Samruk qyzmet platform has been operating in the Fund since 2019 (www.qsamruk.kz), which is a single platform for Portfolio Companies to search and select personnel. Since the launch of the platform, more than 7,000 vacancies from 170 companies have been published and about 500 job seekers have been hired.



SAMRUK QYZMET

REMUNERATION AND ASSESSMENT

Material remuneration is one of the most important elements of employee motivation, and the Fund fulfills its financial obligations to employees in full and on time. The system of remuneration of employees 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 interested parties.

The system of remuneration and bonuses is based on the assessment of positions and the effectiveness of employees' work.

The assessment of the effectiveness of employees' activities allows us to determine the requirements for the results of work, skills, knowledge and competencies of employees to fulfill the strategic goals of the Fund.

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 system of performance evaluation and remuneration, there are no differences in the base salary and in the remuneration system depending on gender differences.

Creating a cost-effective remuneration system necessary to attract, retain and motivate employees is a priority. The focus is on the total remuneration, which includes, in addition to remuneration and bonuses, also benefits and intangible remuneration.

	2018	2019	2020
<i>Salary expenses of administrative and managerial personnel, including social tax and deductions*, KZT million</i>	192,020	209,941	204,885

When developing and further developing the remuneration system, the Fund does not allow discrimination, including in terms of remuneration for men and women, as well as on other grounds.

* as part of General administrative expenses in accordance with the Consolidated Financial Statements of the Fund for 2020



PERSONNEL DEVELOPMENT

Training and development of employees are one of the priority areas of the Fund's Group's activities within the framework of the development of corporate culture. Approaches to employee training are included in the HR Policy of the Fund and reflect, among other things, the following goals:

- 1 Improvement and implementation of the leadership development program taking into account the needs of the business (focus taking into account strategic objectives: IPO/Pursuing acquisitions and mergers, investment project evaluation/ placement of capital abroad, project management, digital leadership, etc).
- 2 Domestic and foreign educational programs for training of current employees to future changes in the qualifications, competencies and skills, depending on the stage of development of the Fund, which include issues related to asset management, including asset allocation, investment management and risk management.
- 3 The desire to develop global financial and investment experts who will contribute to the growth of the national economy and the financial industry of the country.
- 4 Development of specialized competence models for certain investment positions. Gradual increase in the share of employees with professional diplomas / certificates of CFA/CPA/ACCA/CMA.

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

Indicators	2018	2019	2020
Average annual number of hours of training for 1 employee	33.82	25.8	33.1
including:			
1 female employee	29.4*	25.8**	30.6***
1 male employee	22.7*	29**	35.2***

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

Indicators	2018	2019	2020
Average annual number of hours of training for 1 employee (full-time employee and outsourcing)	28	35	58
including:			
1 female employee	27	36	68
1 male employee	29	35	51

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

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

*** The information is compiled without taking into account Air Astana JSC

In 2020, despite the quarantine restrictions associated with the COVID-19 pandemic, in order to strengthen the Fund's investment competencies, online training was organized in four programs of international investment companies Goldman Sachs Asset Management and BlackRock. The webinars were developed and conducted by practicing experts and the audience had the opportunity to ask questions in real time.

In addition, training events are organized on an ongoing basis, mainly online, aimed at expanding professional, managerial and personal-business competencies.

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

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

This model is a conductor of change, promotes effective training, achieving high labor productivity and developing employees' thinking.

Introduction of a remote work format

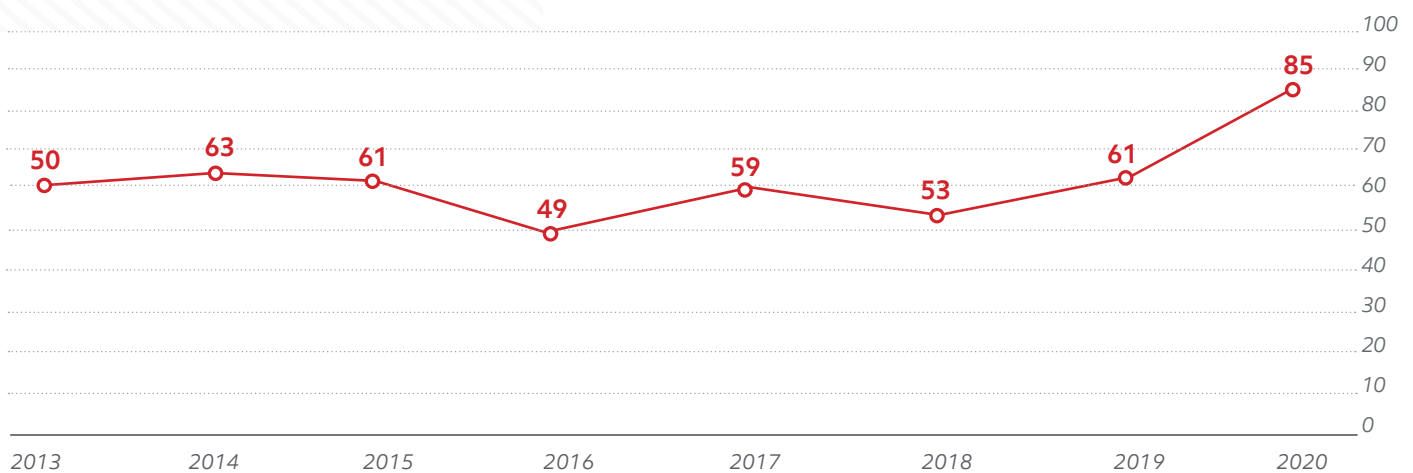
In connection with the pandemic, a remote format of work in the Fund and Portfolio companies has been introduced since the beginning of 2020. Rules for the organization of remote work have been developed, recommendations for Portfolio companies have been sent. During 2020, the majority of employees of the corporate center worked in a remote format, while the efficiency of employees did not decrease. According to the results of the engagement survey, employees confirmed a high level of satisfaction with the organization of work in remote mode.

DEVELOPMENT OF CORPORATE CULTURE

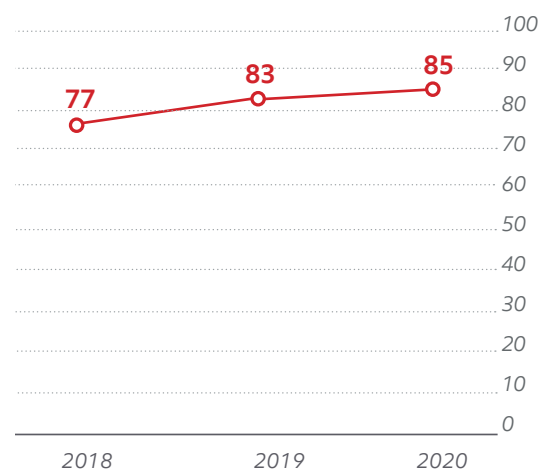
In order to achieve its strategic goals, the Fund's Group continues to actively develop its corporate culture.

In 2020, the Fund's staff involvement index was 85%. This indicator was obtained according to the updated methodology for determining the level of involvement: in 2020, the questionnaire questions, the principles of calculating and interpreting data were changed. In this regard, for a comparative analysis, the engagement index for 2018-2019 was recalculated in accordance with the updated methodology. There has been a steady improvement in the indicator over the past 3 years: in 2020, the indicator increased by 2% compared to 2019 and by 8% compared to 2018.

Indicators of the involvement index in the Fund, %



The involvement index, recalculated according to the new method, %



The increase in the level of involvement shows the satisfaction of employees in general with the work in the Fund, namely, the content of the work, the relationships in the team, the opportunity to contribute to the development of the Fund.

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

In 2020, a number of events were held aimed at developing an effective corporate culture and increasing staff involvement:

- regular meetings of the Deputy Chairman of the Management Board, Managing Directors with employees of the Fund were held;
- organized the participation of employees in charity events within the framework of the Year of Volunteering;
- one team-building event was held in the online format, dedicated to the Fund's anniversary;
- adaptation courses for newly hired employees have been developed and are being conducted;
- training events were organized and conducted for employees transferred to the remote work format (including the Speakers Day and Well-Being Day initiatives) on 43 topics with a total duration of training - 150 hours, which was attended by 221 employees;
- state awards and awards of the Fund were awarded;
- medical insurance in case of illness was carried out, an online meeting with the head of the medical insurance company was also organized in a timely manner, where the Fund's employees had the opportunity to get answers to all questions about COVID-19.

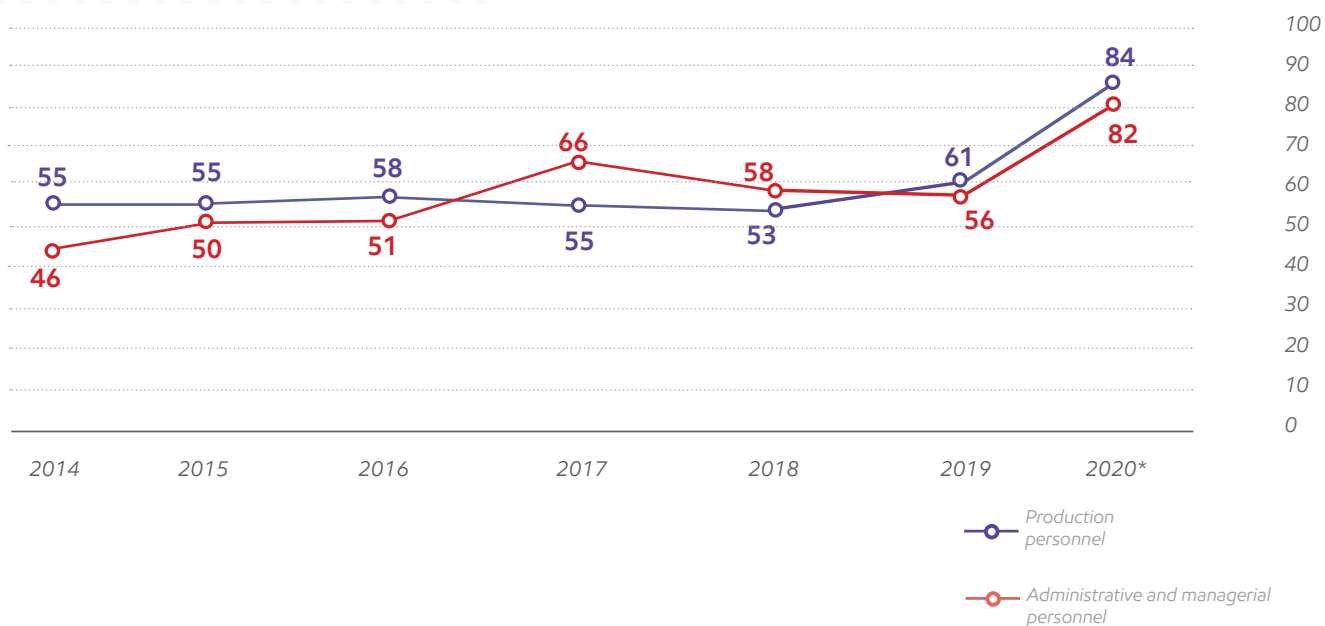
The year 2020 was held in the Fund under the auspices of the Year of the Volunteer and more than 1,800 events were held within the Fund's Group aimed at the development of corporate volunteerism, charity, popularization of sports and a healthy lifestyle, training of young managers, for example:

- In April 2020, a competition "The best in the profession" was held aimed at promoting the idea of universal labor and popularization of industrial professions. More than 10,000 thousand people took part in the voting to determine the winner of the contest. In total, the candidates' videos have already collected more than 105,000 thousand views. Based on the results of online voting and an expert jury of representatives of the Fund's top management and public figures of the Republic of Kazakhstan, the 5 best candidates were selected.
- In December 2020, the contest "The Best Volunteer" was held, which was held among all employees of the Fund's Group of companies and is aimed at developing and popularizing volunteer activities, motivation and recognition. 87 applications were collected from all regions of the Fund's Portfolio companies' presence, and according to the results of an expert jury consisting of the Fund's top management and public figures of the Republic of Kazakhstan, 15 winners were selected in the categories: "Best Volunteer", "Best Volunteer Project" and "Best Team".

As part of the development of corporate volunteering and the start of volunteer activities, a full-time training of freelance advisers to the first managers of the Fund's Portfolio companies was held. A detailed action plan for the Fund's group of companies for the whole of 2020 was worked out, the beneficiaries were identified. The training took place in the format of brainstorming and case solving.



Indicators of the involvement index in the Fund's Group,%



According to the survey results, the employee involvement index of the Fund's Group is 82% according to the survey results among production personnel and 84% among administrative employees and is in a stable zone despite changes in the working regime in 2020 due to the pandemic. The company's employees show high loyalty (88%) to the company and are generally satisfied with the relationships in the team (85%) and professional development (79%).

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

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, the Fund's Group implements the programs "Zhas Orken" and "Digital Summer". 12 participants of the "Zhas Orken-2019" program have been successfully employed in the Fund's Portfolio Companies. 95 mentors from 31 companies have participated since the beginning of the program at the end of 2020.

According to the "Digital Summer" program, 177 graduates have completed internships in the Group's Companies, of which 11 participants have been successfully employed in the Fund's Group. From the beginning of implementation until the end of 2020, 83 mentors from 12 companies took part in this program.

Social stability index in the Fund's Group

The Fund has created a system for regulating social and labor relations and has been measuring the Social stability index (SSI) annually since 2013, 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. Taking into account the level of development of the companies themselves, the measures taken are different, ranging from improving living conditions to broadcasting corporate culture in teams.

In the second half of 2020, the methodology of the study was modernized taking into account remote data collection, international experience in research on social and labor relations, as well as compliance with precautionary measures during the COVID-19 pandemic.

Indicators of the social stability index in the context of Portfolio companies, %

#	Company	2013	2014	2015	2016	2017	2018	2019	2020
1.	KEGOC JSC	74%	77%	82%	82%	88%	85%	90%	91%
2.	NAC Kazatomprom JSC	66%	76%	72%	81%	83%	80%	80%	79%
3.	NC Kazakhstan Temir Zholy JSC	58%	65%	66%	65%	70%	65%	71%	75%
4.	NC KazMunayGas JSC	61%	74%	74%	74%	76%	74%	72%	86%
5.	Kazpost JSC	54%	67%	68%	71%	70%	65%	74%	75%
6.	Kazakhtelecom JSC	58%	71%	71%	73%	72%	71%	69%	78%
7.	Samruk-Energy JSC	63%	69%	72%	72%	73%	64%	65%	79%
8.	Air Astana JSC	62%	70%	71%	64%	53%	52%	63%	68%
9.	NMC Tau-Ken Samruk JSC	-	-	-	-	-	-	83%	82%
10.	United Chemical Company LLP	-	-	-	-	-	-	53%	62%

According to the results of the study for 2020, the level of social stability in the Fund's Group of Companies was 78%, which indicates a fairly successful regulation of social and labor relations at enterprises: there is a high level of employee satisfaction with working conditions and safety measures, but at the same time there is dissatisfaction with the level of monthly wages for covering all the needs of families.

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

- on a quarterly basis, complaints and appeals of employees are monitored;



- projects on social adaptation of dismissed employees have been initiated;
- the Institute of the Ombudsman and mediation has been formed;
- training of members of the conciliation commissions, the educational program "School of Trade Union Leadership" is being conducted;
- the corporate publication and the SK-News portal, a single portal for internal communications, is being published, the hotline of the Fund's Group of Companies is functioning, consulting support is being provided to the Fund's company divisions on building communications.

Implementation of the project of the General Service Center-HR Qyzmet

HR Qyzmet is a joint pilot project of Samruk-Kazyna JSC and NC KazMunayGas JSC, implemented on the basis of the Corporate University Samruk-Kazyna.

HR Qyzmet provides services to 69 companies in 10 main areas:

1. HR administration
2. Payroll to employees
3. Staff recruiting administration
4. Foreign labor support
5. Administration of employee performance assessment
6. Administration of social benefits
7. Administration of training
8. Organization of corporate training
9. Contact center
10. Personnel outstaffing

➔ **13 companies - 4,208 people** are on service - HR administration

➔ **9 companies - 2 961 people** are on service - payroll calculation

➔ **29 companies - 17 566 people** are trained as part of the service - administration of training

➔ **4 companies - 368 people** are on service - personnel assessment

➔ **51 companies - 1 583 people** are on service - staff outstaffing

➔ **12 companies - 2 183 people** are on service - contact center



69
companies

**SERVES THE
TRANSACTION CENTER**

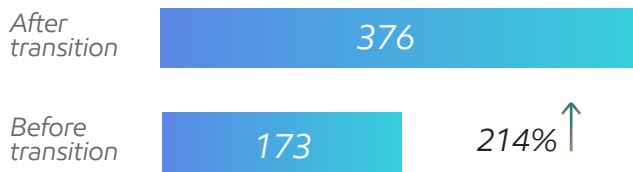
26%

**ACCUMULATED EFFECT
ON THE COMPANY'S COSTS**

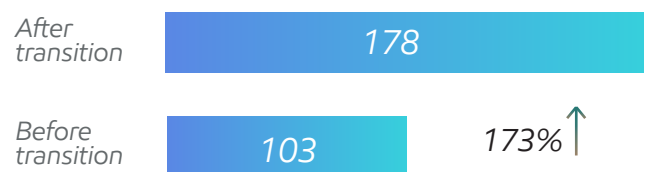
36%

**DECREASE IN THE NUMBER
OF HR AND EMPLOYEES**

Performance of the SSC for the Payroll calculation service



Performance of the SSC for the HRAdministration service



Customer service is provided in 4 cities: Nur-Sultan (Central Office), Pavlodar, Aktau (regional offices), Atyrau (front office).

For the companies included in the perimeter of the HR Qyzmet project, during the maintenance period (2017-2020), the estimated cost of maintaining the transferred processes decreased by 26%. The customer satisfaction index for the services provided varies in the range of 89-95%.



CREATING VALUE



ANTI-CORRUPTION

The compliance system of the Fund is a set of preventive actions and measures to prevent violations of the law, requirements applicable to the Fund, as well as internal regulatory documents in order to ensure high ethical standards, minimize the risks of non-compliance with the law and prevent financial loss or negative impact on business reputation.

In 2021, the Board of Directors of the Fund adopted a new Anti-Corruption Policy of Samruk-Kazyna JSC, which establishes the basic principles of anti-corruption in the Fund, managerial and organizational bases for the prevention of corruption offenses, as well as measures to minimize the prevention of corruption acts.

Basic principles of combating corruption in the Fund

zero tolerance for any manifestations of corruption	The Fund adheres to the principle of complete rejection of corruption in any form and manifestation in the implementation of its activities. The principle of zero tolerance for any manifestation of corruption means a strict prohibition for associates and employees / acting on behalf of the Fund or in its interests, directly or indirectly, personally or through any intermediary, participate in corrupt activities, regardless of the business practice in one or another country
commitment of top management and setting the "tone from above"	The Board of Directors of the Fund plays a key role in forming a culture of intolerance to corruption and creating a system of preventing and combating corruption in the Fund
employee engagement	The Fund informs its officials and employees about the provisions of the anti-corruption legislation and welcomes their active participation in the formation and implementation of anti-corruption standards and procedures
the inevitability of punishment	The Fund declares the inevitability of punishment of the Fund's employees, regardless of their position, work experience and other conditions, in case they commit corruption offenses in the performance of their official duties
legality and compliance with the current legislation and generally accepted norms	The Fund strictly complies with the anti-corruption legislation of the Republic of Kazakhstan and other countries in which it conducts or plans to conduct activities, and any of its actions or omissions does not contradict the norms of the applicable anti-corruption legislation
proportionality of procedures for preventing and combating corruption	The Fund develops and implements control procedures to reduce the likelihood of involvement of the Fund, its associates, officials and employees in corruption activities, in proportion to the corruption risks that may arise in the activities of the Fund
effectiveness of anti-corruption procedures	The Fund strives to make the procedures as transparent, clear, feasible as possible, which ensure the simplicity of their implementation and obtaining a meaningful result
monitoring and control	The Fund monitors the state of corruption risks, monitors compliance with the implemented procedures for preventing and combating corruption and their effectiveness

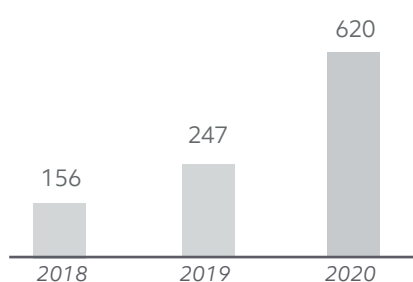


avoiding conflicts of interest	The Fund believes that the employees of the Fund should not directly or indirectly influence the decision-making in the Fund in the event of a conflict of interests with the interests of the Fund
due diligence	The Fund exercises due diligence when establishing / continuing business relations with contractors, job candidates or other third parties, carrying out timely verification of their reliability and the absence of a conflict of interests
leadership and coordination	The Fund ensures interaction and cooperation in the field of anti-corruption activities with state bodies and associated / third parties of the Fund, as well as coordination of actions in the process of combating corruption

To enable employees, partners and clients of the Fund’s subsidiaries and affiliates to report cases of corruption and other violations committed by employees of the Group of Companies that have become known to them, including on a confidential and anonymous basis, the Fund provides a single “Hotline” administered by a third-party company. Proactive informing and conducting appropriate inspections are the key tools of the anti-corruption systems created in the Fund.

The “Hotline” is intended for reporting information of a corrupt nature, about embezzlement, abuse, violations of ethics and labor legislation. This communication channel is intended both for employees of companies and for external appeals of individuals and legal entities.

The number of relevant calls to the hotline

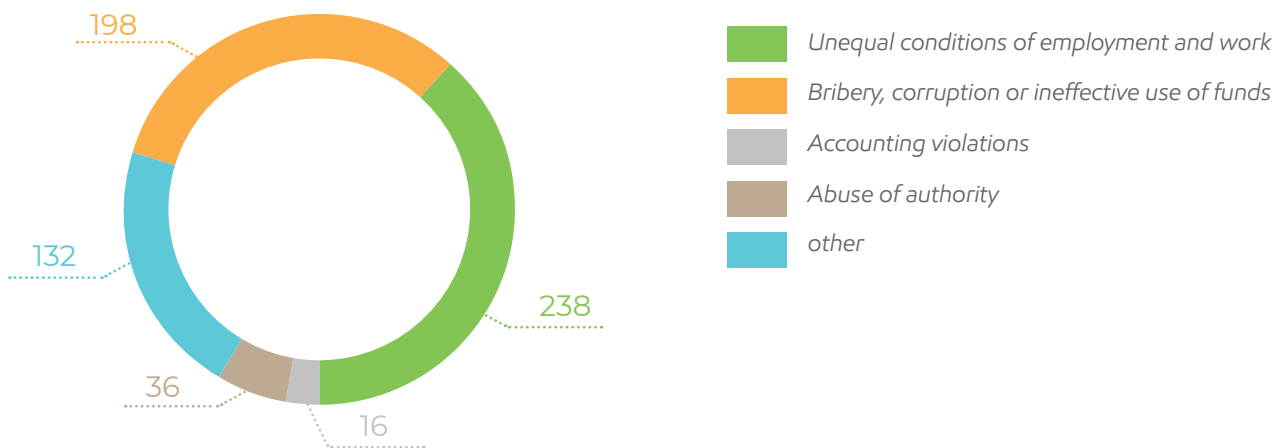


During 2020, the hotline received 620 requests identified as relevant, which is 2.5 times more than the requests received in 2019. The dynamics of incoming messages to the hotline demonstrates the increasing confidence in this tool on the part of employees and counterparties of the Fund’s Group.

The facts were confirmed on 147 appeals, and appropriate measures were taken.

A significant share in 38% of the total number of relevant appeals in the reporting period is made up of issues of unequal employment and labor conditions, and those who applied to the hotline were also concerned about the inefficient use of funds or abuse of authority.

In the context of Portfolio Companies, 27.5% of all appeals related to the activities of NC KTZ JSC, 19% for NC KMG JSC.



The number of relevant requests for companies for 2020

Company	Total number of relevant requests	Confirmed requests	%
NC Kazakhstan Temir Zholy	171	28	16%
NC KazMunayGas JSC	118	40	34%
NAC Kazatomprom JSC	61	15	25%
Samruk-Energy JSC	46	18	39%
Kazakhtelecom JSC	52	19	37%
Compliance	59	3	5%
Kazpost JSC	48	22	46%
NMC Tau-Ken Samruk JSC	15	1	6%
Samruk-Kazyna Construction JSC	18	0	-
QAZAQ AIR JSC	5	1	20%
United Chemical Company LLP	7	0	-
KEGOC JSC	5	0	-
Samruk-Kazyna Business Service LLP	1	0	-
Air Astana JSC	14	2	14%

In order to form an anti-corruption culture and zero tolerance for any forms of corruption and bribery, training events are held on an ongoing basis for employees of the Fund to explain the requirements of anti-corruption legislation and compliance policies.

All employees of the Fund were familiarized with the requirements of the Code of Conduct and the Anti-Corruption Policy. During the reporting period, 57 employees were tested for knowledge of the Code of Conduct.

In 2020, the following activities were carried out within the framework of anti-corruption activities:

1 On September 10, 2020, under the leadership of the Chairman of the Fund's Management Board, a hearing of Portfolio Companies on ongoing anti-corruption measures was organized. Based on the results of the hearing, the Chairman of the Fund's Management Board gave instructions to consolidate the control of 69-p from September 18, 2020.

2 On 4 December 2020, an information session for employees of the Fund and Portfolio Companies with the participation of the First Deputy Head of the Department of the Agency for anti-corruption in the city of Nur-Sultan Zhylykshieva Zh. Zh.

3 At the invitation of the Department of the Agency for anti-corruption in the city of Nur-Sultan in an online project AntikorLive acting Head of compliance Service Alpeissova A.T. gave an interview about the role of compliance services in compliance with anti-corruption standards

4 On December 8, 2020, the Compliance Fund Service organized a seminar for compliance departments of Portfolio Companies with the participation of KPMG specialists on the topic "Corruption risks".

12 Portfolio companies have compliance departments that are accountable to their management bodies. Compliance services of Portfolio Companies ensure the implementation of measures in the following areas:

- Compliance policy in accordance with best practices;
- Minimization of corruption risks, through internal and external evaluation of processes;
- Implementation of the procedure for verifying the reliability of third parties.

All Portfolio Companies have approved Action Plans for the implementation of the Law of the Republic of Kazakhstan "On Combating Corruption".

The Portfolio companies have analyzed corruption risks and approved Action Plans.

In accordance with the Instructions of the Accounts Committee for Control over the Execution of the Republican Budget, a Plan has been developed for the development and implementation of a procedure for verifying the reliability of third parties and their affiliation with employees of the Fund and the Fund's Group, which was approved by the Chairman of the Fund's Management Board.

RESPONSIBLE PROCUREMENT

Ensuring the effective procurement activities of the Fund's Group is an integral part of our activities, which contributes to the achievement of strategic and operational goals.

Effective and complete provision of resource requirements in combination with optimal procurement conditions is of particular importance for business success for us.

Methodology of procurement activities

On December 26, 2018, the Law of the Republic of Kazakhstan No. 202-VI "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on public procurement and procurement of quasi-public sector entities" was signed, amendments and additions concerning the procurement system will enter into force from January 1, 2020.

The main goal of the transition to a new procurement model is the introduction of a comprehensive procurement management system in the Fund's Group of Companies, focused on improving the competitiveness and market value of organizations.

The new procedure and standard include such processes as procurement planning and execution, development of procurement strategies, supplier management and development, as well as supply and inventory management.

Since January 1, 2020, the Fund has introduced a new procurement model for the implementation of these initiatives and in order to ensure the transparency of procurement.

Program to promote the modernization of existing and the creation of new production facilities for 2014-2022 (import substitution)

In fulfillment of the strategic tasks to stimulate the development of the national economy set by the Head of State and the Government of the Republic of Kazakhstan, the Fund, together with the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken", is conducting large-scale work to create new competitive domestic production facilities in the field of processing industries.

In order to implement this task, the Fund is implementing a program to promote the creation of new production facilities (import substitution), focused on import substitution of goods purchased by the Fund's group on a permanent basis.

For the period from 2018 to 2021. The Fund approved 54 projects for the creation of new production facilities, 142 offtake contracts were concluded for a total amount of KZT77.6 billion.

Meetings of the Central Project Office for Import Substitution with the participation of business and industry associations are held weekly at the site of Samruk-Kazyna Contact LLP.

Electronic Procurement Information System

To ensure and increase the level of transparency and efficiency based on the most advanced international standards and technologies, the Fund Group's procurement procedures use the portal "Electronic Procurement Information System" (hereinafter – EPIS), which provides unhindered access (with some exceptions, primarily related to state secrets) to procurement information to all interested parties, equality of opportunities for all procurement participants.

EPIS allows you to automate and standardize all procedures of the procurement cycle from the planning process to contract management, reduce the time when performing tasks and reduce the degree of influence of the human factor. E-procurement facilitates market access and, thus, contributes to increased efficiency, increased competition and reduced administrative burden and operating costs.

In addition to the public dissemination of procurement information related to procurement procedures and procurement contracts, including information on invitations to participate in tenders and conditions for concluding contracts, the EPIS allows you to establish in advance the requirements for participation in competitive procurement, including selection criteria and bidding rules, and their publication. At the same time, the EPIS provides an effective system of internal control, including appealing against the results of purchases in case of non-compliance with the rules or procedures established by regulatory documents.

Currently, more than 59 thousand potential suppliers are registered in the System, which increased the number of registered suppliers by 12.4 thousand compared to 2019, 167 Customers and 41 observers.

In 2020, Customers conducted electronic purchases in the amount of KZT3.3 trillion, savings on competitive purchases – KZT51 billion.

Purchases made – 391 thousand units.

In total, since the introduction of electronic procurement (since 2013), the Fund's companies have saved KZT335 billion.

By the end of 2020, the following main electronic functions have been implemented:

- A new subsystem for conducting pre-qualification selection of suppliers (PQS 2.0) has been developed and launched;
- The functionality for signing electronic acts and reports of local content within the framework of concluded electronic contracts in the System has been developed;
- Submission and consideration of online applications of potential suppliers for inclusion in the Register of organizations with disabilities of the Holding;
- Submission and consideration of online applications of potential suppliers for inclusion in the Register of Commodity Producers of the Holding;

391
thous. units

PURCHASES MADE

KZT 51
billion

**SAVINGS ON COMPETITIVE
PURCHASES**

- Automation of inclusion in the List of unreliable suppliers of the Holding;
- The possibility of conducting complex and consolidated purchases has been developed;
- Automation of the procurement procedure by means of a tender through competitive negotiations (TCN in the system);
- Improved the ability to recognize the purchase as completed, in the case of providing one application of a potential supplier with the corresponding;
- Developed reports for PCs on their subsidiaries and affiliates.

Performance results for 2018-2020

Performance indicators of the EPIS and EPIS 2.0	2018	2019	2020
Purchases made, thousand units	227	472	391
The total cost of the purchases made, KZT trillion	2.7	5.6	5.2
Number of registered second-tier banks	14	18	19
Number of registered observers	26	30	41
Processed requests, thousand	21	30.5	87.9
Registration of new suppliers, thousand	27.5	16.5	12.4
Number of registered customers	207	187	167

Categorical Procurement Management

The procurement category management process provides for the optimization of procurement activities. The concept of category procurement management is based on reducing the total cost of ownership, that is, reducing the costs of the GWS category throughout the entire life cycle of its ownership, and not only direct procurement costs, which allows you to choose the most modern and cost-effective solutions. The implemented changes in procurement activities contribute to the reduction of purchase prices, improving the quality of purchased goods, works and services, and the development of domestic producers.

According to the results of 2020, the benefits from categorical procurement management for the Fund's Group amounted to KZT26.1 billion (including KTZ – KZT9.9 billion, KMG – KZT5.4 billion, KAP – KZT2.4 billion, SE – KZT0.9 billion, KEGOC – KZT1.4 billion, Kazpost – KZT0.3 billion, according to the Fund's CPS – KZT5.9 billion). Purchases for KZT378 billion were made in 78 categories, including KZT76 billion for the Fund's CPS. Since the introduction of category procurement management, purchases in the amount of KZT1,158 billion have been carried out within the framework of the CPS.

The total achieved effect from the implementation of the CPS since the introduction of category procurement management amounted to KZT70.5 billion.

In 2020, 10 CPS of the Fund were implemented, for which benefits in the amount of KZT5.9 billion were received.

Local content

The development of local content is always in the zone of special attention of the Yelbasy, the President and the Government of the Republic of Kazakhstan.

In order to maintain the positive dynamics of local content, work continued on coordinating the procurement activities of subsidiaries and affiliates within the framework of the development of local content and import substitution.

In 2020, the share of local content in the purchases of the Fund Group was 77%, which is 2% higher than in 2019.

According to the results of 2020, goods were actually delivered, works were performed and services were provided in the amount of KZT3 trillion 808 billion. Of these, goods – KZT1 trillion 360 billion (LC - 67%), works – KZT872 billion (LC – 76%), services – KZT1 trillion 576 billion (LC – 87%), works/services – KZT2 trillion 448 billion (LC – 83%). The share of local content in the purchases of the Fund Group is 77%.

	Total	LC share, %	Goods		Works		Services		Works/services	
			Amount	LC share, %	Amount	LC share, %	Amount	LC share, %	Amount	LC share, %
NC KazMunayGas JSC	1,826	82	472	71	653	81	700	91	1354	86
NC KTZ JSC	985	80	230	63	80	59	675	88	755	85
NAC Kazatomprom JSC	146	68	70	60	33	85	43	67	76	75
Samruk-Energy JSC	273	79	169	79	47	59	57	96	105	79
Kazakhtelecom JSC	63	41	44	23	9	92	10	75	19	83
Air Astana JSC	87	30	16	52	17	1	54	34	72	26
KEGOC JSC	70	62	35	52	21	67	14	80	35	72
Kazpost JSC	14	74	4	34	1	94	9	93	9	93
NMC Tau-Ken Samruk JSC	318	70	315	70	2	95	1	60	3	82
Others	26	38	6	4	8	45	12	51	20	49
Total by the Fund	3,808	77	1,360	67	872	76	1,576	87	2,448	83

On an ongoing basis, the Fund's companies are coordinating to support the development of local content in procurement.

Thus, long-term procurement plans were developed for the Fund's Group with an emphasis on the purchase of domestic products (as of April 2021, 173 long-term procurement plans are in effect for the Fund's Group).

As a result of the ongoing procurement campaign (as of December 31, 2020), the Fund's Group has 4,385 long-term contracts with domestic suppliers for the supply of goods, works and services in the amount of 13 trillion tenge. Of these, 994 long-term contracts worth KZT3.2 trillion tenge were signed with domestic manufacturers.

Preliminary qualification selection of potential suppliers

International practice in the field of procurement activity demonstrates the wide development of the mechanism for conducting pre-qualification selection of potential suppliers. Continuous improvement in procurement activities, taking into account the requirements and standards of Kazakhstan and international practice, is one of the priorities for the Fund.

Pre-qualification selection (PQS) is the process of evaluating potential suppliers for compliance with the qualification requirements defined in accordance with the Standard*, carried out through a questionnaire and audit.

* Standard for managing the procurement activities of Samruk-Kazyna JSC and organizations, 50 or more percent of the voting shares (participation interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management, approved by the decision of the Management Board of the Fund No. 31/19 of September 9, 2019.

The main objectives of the PQS are:

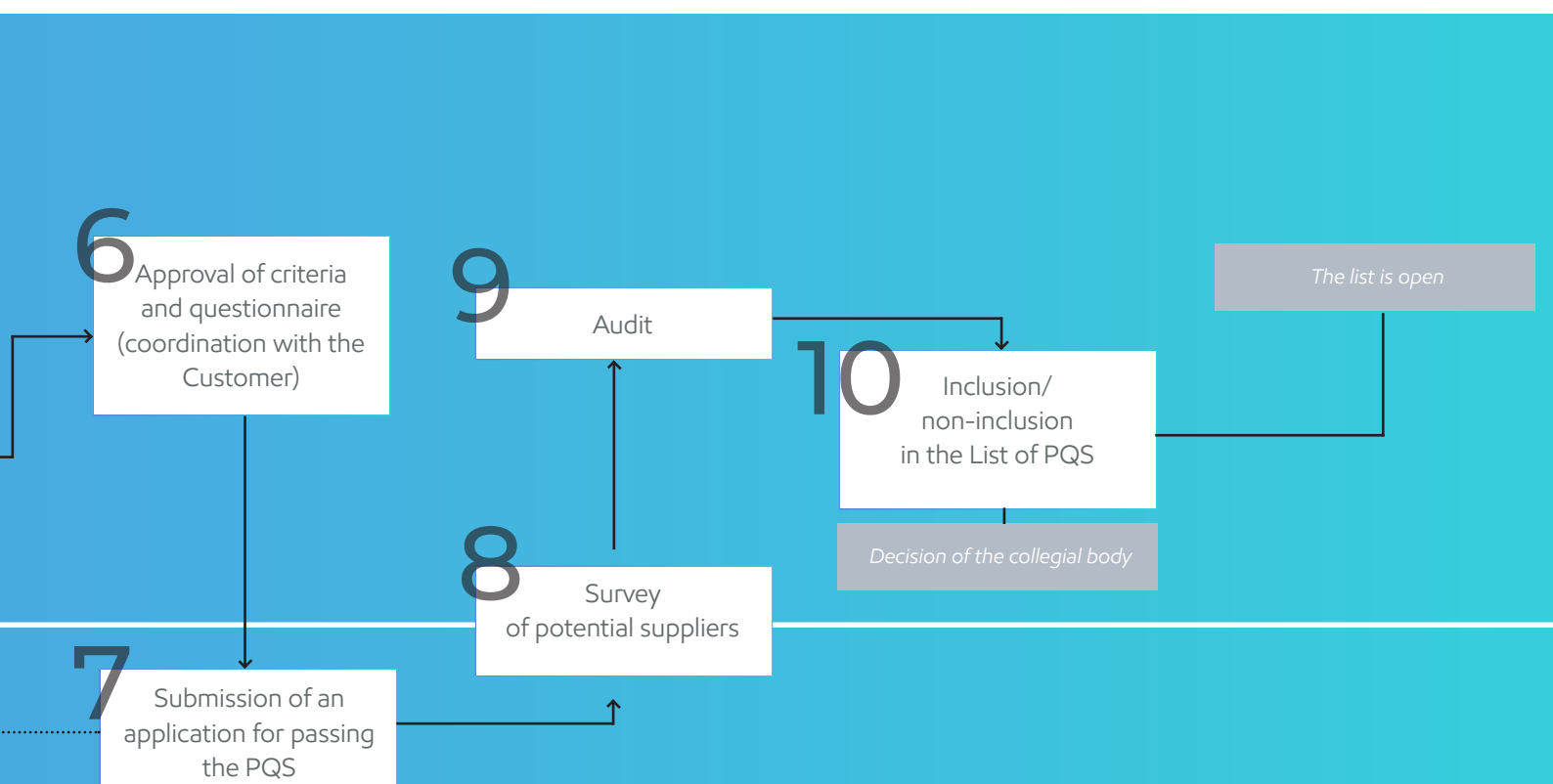
1. organization of a simple, transparent and effective process for evaluating suppliers according to established qualification criteria;
2. support for real local manufacturers;
3. improving the quality of purchased goods, works, services (GWS);
4. shortening the terms of conducting and simplifying procurement procedures.

The Fund strives to attract to the partnership those counterparties that comply with the legislation and the norms of corporate and business ethics adopted in the Group. We maintain long-term cooperation only with those suppliers and partners who comply with our ethical principles, do not accept any forms of bribery and corruption, respect human rights, take care of labor protection and the health of their employees.

In addition to strict compliance with legal requirements, the Fund's Group also requires suppliers and contractors to comply with their own corporate standards in the field of industrial safety

There is no separate assessment of suppliers and contractors for compliance with human rights.

The Fund's treaties and agreements do not include provisions on human rights and are not evaluated for ensuring respect for human rights.



ECONOMIC PERFORMANCE

In order for a business to work sustainably, develop and contribute to society, it must be financially sustainable. Hiring and retaining talented employees requires well-paid jobs and attractive conditions, as well as investments in employee development and programs that ensure safety, human rights and ethical business standards.

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, increase the socio-economic potential and improve the well-being of the population of the regions.

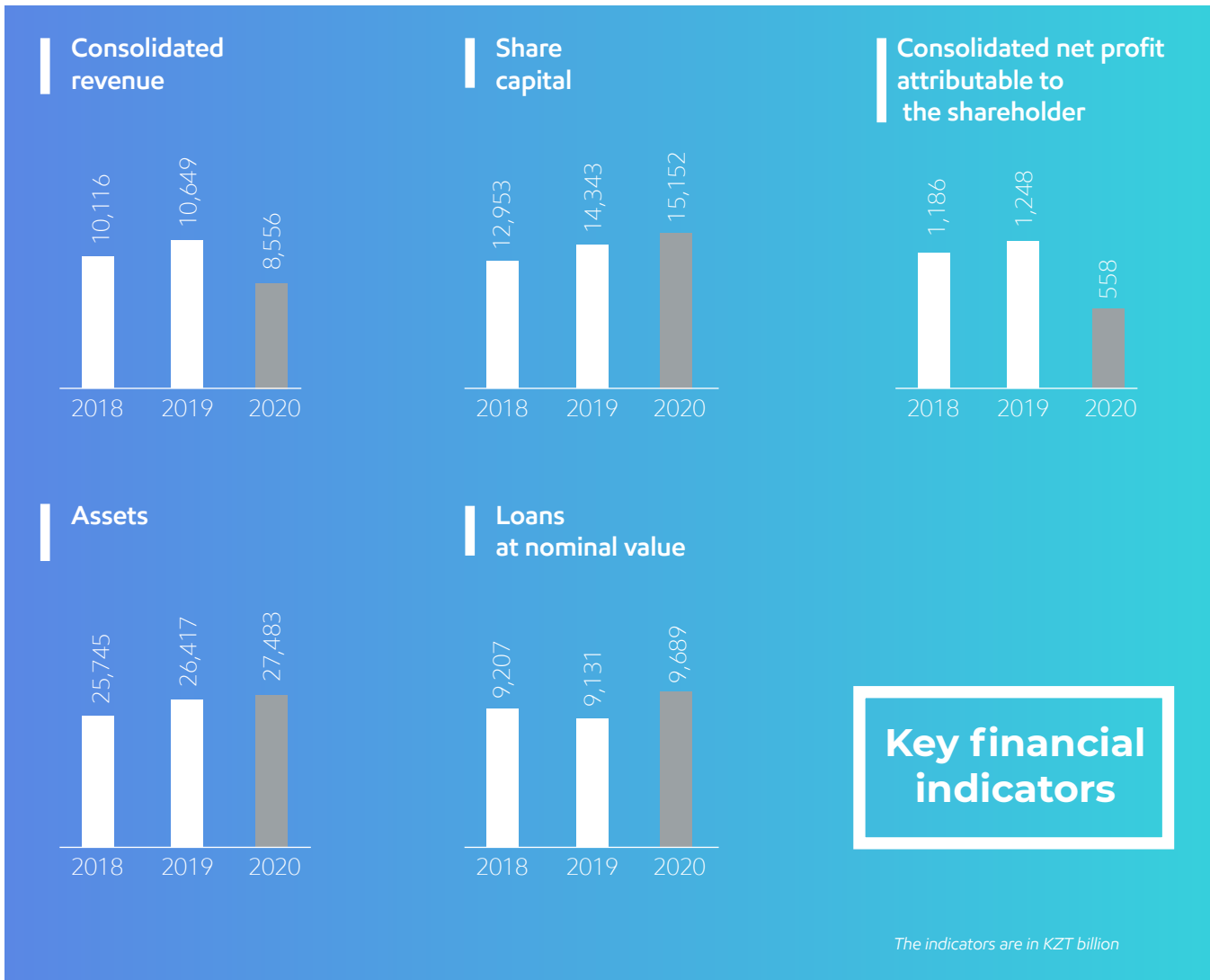
The economic performance of the Fund allows us to assess this contribution to the country's economy, the income received, the obligations paid and taxes.

Created and distributed economic value

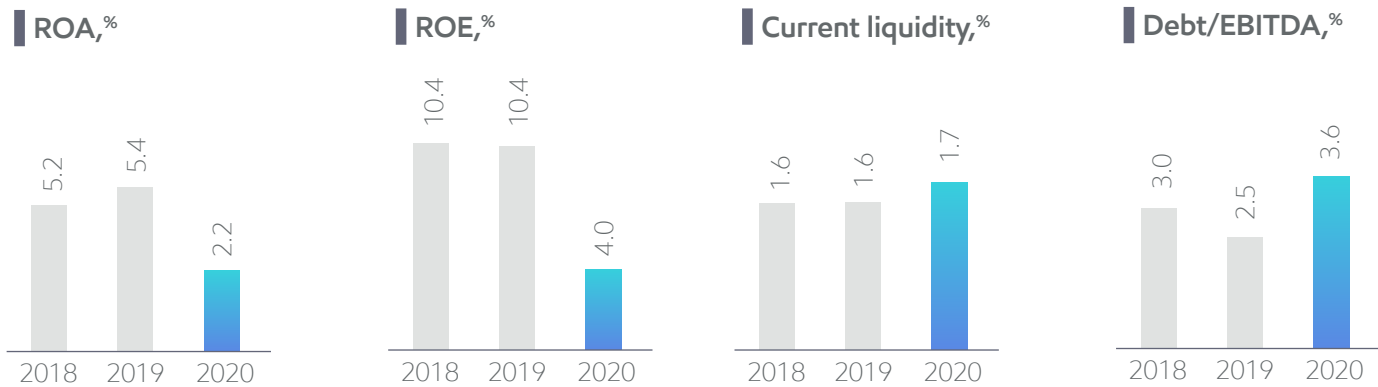
Indicators, KZT billion	2018	2019	2020
Gross profit	2,349	2,715	1,973
Dividends paid to the shareholder	12.73	63.75	120
Taxes paid	1,758	1,859	1,523
Salary paid to the staff	945	1,034	1,022
Payments to suppliers	6,820	6,739	5,349
Interest paid	535	474	520
Sponsorship and charity*	7.3	7.9	10.6

* Sponsorship expenses as part of General Administrative expenses





Key ratios



STRENGTHENING FINANCIAL SUSTAINABILITY

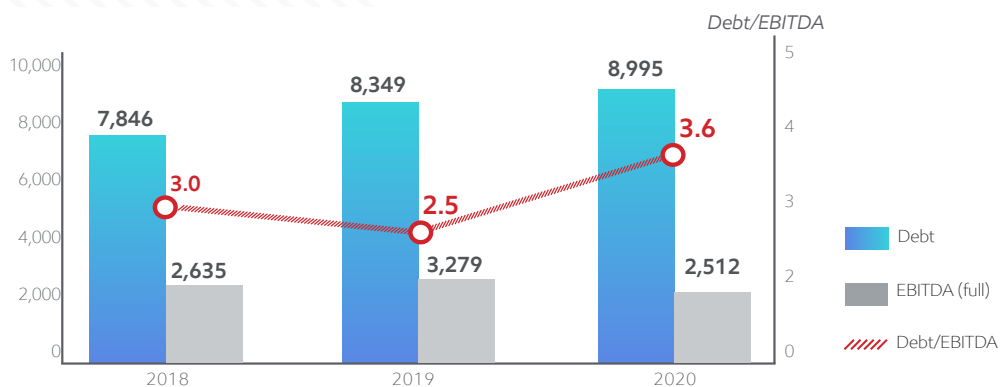
The Fund’s Group strives to maintain financial sustainability in a constantly changing market environment. The Fund’s financial management policy is aimed at maintaining a solid capital base to support existing operations and business development.

Key financial indicators of the sustainability of the Fund Group

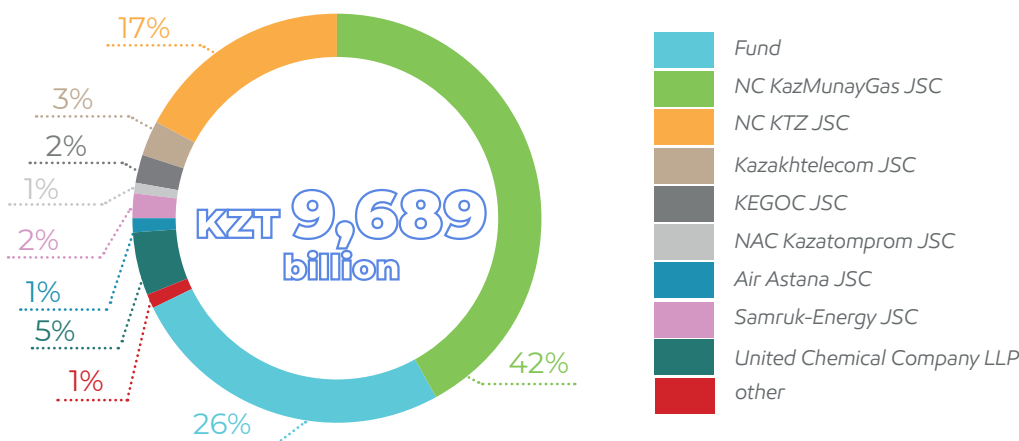
At the end of 2020, the Debt/EBITDA ratio increased to 3.6 compared to 2019 due to a decrease in EBITDA by KZT767 billion, mainly due to the impact of the pandemic and a decrease in oil prices, and an increase in consolidated debt by KZT646 billion due to with the depreciation of the tenge and the development of a KPI loan for the construction of a petrochemical complex in the Atyrau region.

Financial sustainability indicators

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

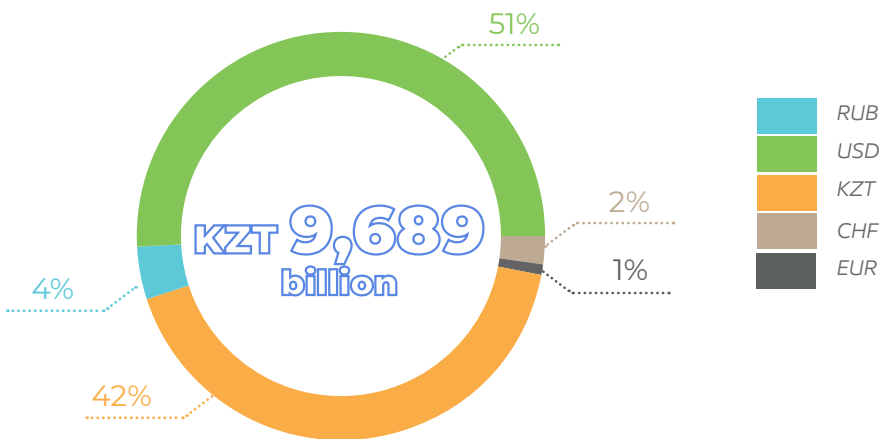


Sectoral diversification of the loan portfolio



The volume of loans of the Fund’s Group at the end of 2020 amounted to KZT9,689 billion at par, showing an increase in comparison with the beginning of 2020 by KZT558 billion.

Currency diversification of the loan portfolio



The growth is mainly driven by the following factors:

1. growth of the USD against the KZT;
2. attraction of United Chemical Company LLP under a credit line of additional funds from the SDBC for the construction of an integrated gas chemical complex in the Atyrau region (polypropylene);
3. attraction of funds by the companies of the Fund for the implementation of investment projects and replenishment of working capital.

At the same time, the debt reduction was influenced by:

1. NC KTZ JSC introduced cash-pulling, which allowed to reduce the debt burden;
2. early repayment of external debt by the group of NC KazMunayGas JSC;
3. repayment of credit lines by NAC Kazatomprom JSC;
4. planned repayment of loans by the companies of the Fund's Group.

The largest share in the debt structure of the Fund Group is held by the debts of NC KazMunayGas JSC (42%), the Fund (26%) and NC KTZ JSC (17%).

The 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, 2020, the volume of net assets of subsidiaries (KMG Kashagan B. V., TCO, KMG Karachaganak, Kazzinc LLP, etc.) used for hedging is USD10.46 billion.

The Fund's credit ratings

S&P Global Ratings
(18.06.2021)

- Long-term and short-term credit rating on liabilities in national currency – 'BB+/B', Outlook "Stable"
- Long-term and short-term credit rating on liabilities in foreign currency – 'BB+/B', Outlook "Stable"
- Long-term national scale rating – 'kzAA+'
- Senior unsecured ratings of domestic bonds – 'BB+'

Fitch Ratings
(30.12.2020)

- Long-term local and foreign currency issuer default ratings (IDRs) - 'BBB', Outlook "Stable"

FINANCIAL ASPECTS AND OTHER RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

Within the framework of the Paris Agreement of the UN Framework Convention on Climate Change, Kazakhstan has committed itself to reducing greenhouse gas emissions by 15% by 2030 relative to the level of 1990. Also in 2020, President of the Republic of Kazakhstan Kassym-Jomart Tokayev said that Kazakhstan will become climate neutral by 2060.

In addition, the introduction of the mechanism of cross-border carbon regulation (CBCR) in the EU creates unfavorable conditions for Kazakh exporters of goods to Europe. According to preliminary estimates of the consulting companies EY and BCG, the introduction of the EU CBCR may lead to a 25-30% increase in the cost of final products, a 40% decrease in exports and a 20-25% decrease in the profit of the oil and gas industry.

Taking into account global trends, the Government is working on modeling the long-term development of the economy of Kazakhstan, taking into account the opportunities for decarbonization within the framework of the development of the Concept of Low-Carbon Development of the Republic of Kazakhstan until 2050 (CLCD). The Fund's Group supports the work in this direction and takes strategic measures to further improve the GHG emissions indicators in order to meet the stated reduction commitments.

In this regard, the Fund, fully aware of the importance of developing sustainable development as the main priority of its activities, has also begun to develop a low-carbon development program for the Fund.

It should be noted that within the framework of the developed program, the application of an integrated approach is fundamental, involving the promotion of a culture of environmental responsibility, the introduction of digital solutions, as well as an assessment of the impact of the measures taken on the economy as a whole. The Fund's approach to reducing the carbon footprint is based on the principles of goal-setting, as well as the unification of data collection, storage and analysis within the Fund's Group.

The key initiatives of the Companies are aimed at replacing coal generation with gas, commissioning new capacities based on alternative energy sources, construction of renewable energy facilities for their own consumption, energy efficiency, energy storage, carbon capture and storage technologies, hydrogen energy, as well as landscaping activities. Additional financing instruments, including green bonds, are being considered for the purpose of funding climate projects.

The Fund considers the new climate agenda, on the one hand, as a challenge to the traditional generation system, on the other, as new opportunities for growth. Decarbonization measures will help to increase the long-term value of assets, increase the investment attractiveness of companies when implementing large infrastructure projects, and change the thinking of employees.

TRANSFORMATION PROGRAM

The Fund's Transformation program has been implemented since 2015. The goal of the Program is to increase the operational efficiency and value of the company by improving business processes, digitalizing production, and increasing the level of employee competencies. Transformation is one of the tools for achieving the goals of the company's Development Strategy.

Charter of the Digital Transformation Program

In 2019, the Fund presented a new approach to the transformation of portfolio companies with an emphasis on digitalization. According to the new vision of the Fund, a new methodology for selecting projects and activities was developed, and the portfolio was updated.

Taking into account the global economic downturn caused by the coronavirus pandemic, digital transformation is considered as one of the directions of the anti-crisis strategy of the Fund Group. In the current portfolio of the Program of Portfolio Companies, there are projects and activities aimed at reducing costs, increasing the transparency of business processes, developing a culture of continuous improvement and introducing digital solutions in production.

The current situation dictates the need for a careful and balanced selection of new transformational projects. Priority will be given to initiatives with financial benefits.

According to the results of 2020, net benefits were received in the amount of KZT44.8 billion, with an annual plan of KZT29.5 billion.

More detailed information about the Fund's Transformation Program is provided in the Fund's Annual Report for 2020.



THE ROLE OF THE FUND IN THE COUNTRY'S ECONOMY

The Fund includes a group of strategic companies of the country, such as NC KazMunayGas JSC, NC Kazakhstan Temir Zholy JSC, Kazpost JSC, KEGOC JSC, Samruk-Energy JSC, Kazakhtelecom JSC and others. Increasing the long-term value and sustainable development of these companies is achieved, among other things, through effective interaction with the Government of the country and is one of the important activities of the Fund's Group of Companies.

The Fund also attracts strategic investors with certain skills and experience in those areas where these skills are most needed, thereby stimulating a significant inflow of investments into the country.

Effective implementation of investment projects and a transparent legislative framework are key conditions for attracting investment. The Fund, in turn, ensures the fulfillment of its contractual obligations, and the implementation of such mega-projects as the production of polyethylene and polypropylene on the territory of the special economic zone "National Industrial Petrochemical Technopark" in the Atyrau region together with international multinational companies is proof of this. To understand the scale of these projects, according to preliminary estimates, the total cost of these projects is about USD10 billion. In addition to attracting investments, the Fund's Group of Companies also provides stable revenues to the state budget of the country. Thus, in 2020, tax payments to the country's budget amounted to KZT871 billion, which is about 10% of all revenues to the consolidated budget of the Republic of Kazakhstan. The Fund also regularly pays dividends to its sole shareholder. At the end of 2020, the dividends paid by the Fund amounted to KZT120 billion, which is 10 times more than in 2017.

In addition, the Fund is constantly working to support small and medium-sized businesses. In 2018, a mechanism was introduced to support new Kazakh industries – the import substitution program, through the signing of long-term offtake contracts.

The essence of the new mechanism is that the Fund analyzes the need for goods that are not produced in Kazakhstan, but at the same time the Fund's Group of Companies has a demand for such products in significant volumes. This and other measures taken by the Fund made it possible to reach 77% of the share of local content in the Fund's Group by the end of 2020, including 67% for goods, 83% and 87% for works and services, respectively.

The Fund is guided in its activities by the main strategic documents of the country, such as the Strategy 2050, the National Development Plan of the Republic of Kazakhstan until 2025, the National Priorities of the Republic of Kazakhstan until 2025, the annual messages of the Head of State to the people of Kazakhstan, key statements and international obligations and other state programs.

KZT 871
billion

**TAX PAYMENTS TO THE
STATE'S BUDGET**



KZT 120
billion

**PAID AS DIVIDENDS TO
THE SOLE SHAREHOLDER**

According to the National Priority 5. A new model of public administration, a key task has been set to increase the efficiency of the quasi-public sector “from a high share of direct state participation in the economy to a compact and efficient functional quasi-public sector”. These performance indicators will be aimed primarily at competitiveness, profitability, financial stability and economic development.

In this regard, the Fund plays a special role in the national economy of the country. The Fund faces great challenges to improve the competitiveness, market value and profitability of organizations that are part of the Fund’s Group.

Also, in order to implement the National Development Plan of the Republic of Kazakhstan until 2025, the Map of Strategic Indicators has been developed. 5 KNI have been decomposed to the level of the Fund’s Group:

1. CAGR Net Asset Value;
2. Labor productivity;
3. Investments in fixed assets;
4. The share of electricity from renewable energy sources;
5. Gross inflow of foreign direct investment.

These KNI are reflected in the Fund’s Development Plan and the business plans of Portfolio companies.

Investment strategy and current investment portfolio

The investment policy reflects the new role of the Fund as an investment holding that provides high financial performance, returns on investments and develops a portfolio at the level of leading sovereign wealth funds. The new investment concept of the Fund is aimed at ensuring long-term sustainable growth in value and portfolio diversification, as well as at forming, preserving and increasing financial well-being for future generations.

The current investment portfolio consists of shares in portfolio companies directly owned by the Fund, as well as financial instruments in national and foreign currencies. Within the framework of the current portfolio, the Fund is working to increase the investment attractiveness of portfolio companies by strengthening financial stability, improving operational efficiency, optimizing business processes and ensuring synergy between portfolio companies. The purpose of portfolio management is to increase profitability and reduce the level of concentration risk on the portfolio by diversifying the portfolio. In the medium and long term, the Fund will reinvest funds from the sale of non-strategic assets to create an effective and diversified investment portfolio.

As part of the implementation of the portfolio approach, the Fund carried out work on reviewing and ranking the current and new portfolio of investment projects of the Fund’s Group within the framework of the Fund’s Development Plan for 2021-2025. The pool of the portfolio of investment projects of the Fund’s Group of Portfolio Companies submitted for consideration by the authorized bodies consisted of 187 projects. According to the results of the evaluation and ranking, 108 projects were selected.

In 2020, the following activities were carried out:

- Within the framework of improving the efficiency of the process of implementing new investments of the Fund, the Management Board of the Fund approved the Rules for implementing new Investments of Samruk-Kazyna JSC in a new edition, as well as within the framework of implementing short-term market opportunities through the assets of the FGF, the Rules for making investments within the framework of the formation of the Future Generation Fund of Samruk-Kazyna JSC were updated.
- The final version of the legal consultant's memorandum on the identification of potential investment schemes and structures that ensure higher asset safety has been received.
- The first placement in international Portfolio investments was made in July 2020 as part of the implementation of short-term market opportunities in accordance with the decision of the Council for the Fund Governance dated June 3, 2020.
- In the Q2 of 2020, in order to develop and strengthen competencies, training seminars were organized by Goldman Sachs Asset Management on a program specially developed for the Fund's employees.

As part of the new direct investments, on May 22, 2020, Samruk-Kazyna Invest LLP signed a package of agreements for participation in Da Vinci Emerging Technologies Fund III in the amount of USD10 million, where the first closure will be USD100 million.

The Management Board of the Fund decided to conclude a binding agreement with Bpifrance Investment for the formation of a co-investment platform in the amount of EUR100 million. The planned amount of the Fund's participation is EUR50 million.

Opportunities for cooperation with the Fund and its Group of Companies

Currently, the Fund is working on finding strategic partners and is interested in attracting foreign investment for the development of existing companies and projects in priority sectors.

In addition, the Fund, along with its portfolio companies, is actively involved in attracting foreign direct investment to the country through mutually beneficial investment structures. As part of a potential partnership, the Fund is considering the creation of joint private equity funds with sovereign funds and large investment companies with a developed portfolio in their core business.

As part of the implementation of investment projects and direct investments in the Republic of Kazakhstan, the Fund closely cooperates with external partners. We welcome all potential investors and partners, and also invite you to intensify mutually beneficial cooperation. It is worth noting that in order to inform about the opportunities for participation in the implementation of investment projects and provide investors with accessible information, the Fund has representative offices in such cities as London, Beijing, Moscow and Abu Dhabi.

CHARITY

The Fund for the Development of Social Projects Samruk-Kazyna Trust implements charitable projects and programs aimed at solving socially significant issues for the population from the entire Samruk-Kazyna JSC Group.



In accordance with the Charity Policy and the Charity Program of the Fund, the Corporate Fund Samruk-Kazyna Trust carries out charitable activities in 4 main areas:

1. Assistance to people, communities in the social and medical sector, targeted assistance to those in need;
2. Development of media, cultural community, human potential development;
3. Implementation of the regional social investment program in the regions where the Fund's Group operates;
4. Strengthening the reputation and promoting the image of the Fund and / or the Fund's Group.

The Board of Trustees of Samruk-Kazyna Trust in 2020 approved 30 projects worth KZT7.03 billion, and the total number of direct beneficiaries of charitable projects amounted to more than 115 thousand people.

At the same time, when implementing projects, the emphasis is placed on charity with a return and a sustainable effect.

In 2020, a significant share in the structure of charitable assistance was made up of charitable projects implemented in the social and medical sector (54%). The implementation of the regional social investment program in the regions where the Fund's Group operates also remains an important area, and by the end of 2020, the share of these projects is 27%.

Key areas of charity	Fact of 2020, KZT	Share, %	Fact of 2019, KZT	Share, %	Deviation, KZT
Assistance to people, communities in the social and medical sector, targeted assistance to those in need	3,826,836,940	54%	2,026,924,184	27%	1,799,912,756
Development of media, cultural community, human potential development	873,185,369	12%	2,540,618,816	34%	-1,667,433,447
Implementation of the regional social investment program in the regions where the Fund's Group operates	1,875,537,847	27%	2,996,000,000	40%	-1,120,462,153
Strengthening the reputation and promoting the image of the Fund and / or the Fund's Group	459,214,309	7%	0,00	0%	459,214,309
Total	7,034,774,465	100	7,563,543,000	100	-528,768,535

Briefly about the results of Samruk-Kazyna Trust projects:

In the direction of assistance to people, communities in the social and medical sectors, 13 projects were implemented for a total amount of KZT3,826,836,940. The projects have been implemented in the following areas:

- rehabilitation of children with a diagnosis of cerebral palsy and other disorders of the musculoskeletal system;
- assistance to children with serious incurable diseases in the Republic of Kazakhstan;
- assistance to families where children with autism spectrum disorders are growing up;
- providing legal support to families and foster children in problematic situations with the placement of children in a family;
- providing social and household support to veterans of the Great Patriotic War;
- organization of leisure and education for children from socially vulnerable segments of the population;
- material and technical equipment of educational, medical and specialized institutions.

As a result of the implementation of projects in this direction:

- 7 rehabilitation centers and 1 catamnestic office have been created and equipped with modern equipment and inventory in 8 regions of the country;
- delivery of medical equipment (ventilators – 50 units, oxygen concentrators – 250 units, pulse oximeters – 1000 units), 92 ambulances and 3000 packages of antiviral drugs to medical institutions of the country was carried out;
- 3 rehabilitation centers are successfully functioning in the cities of Nur-Sultan and Shymkent, where 1,300 children have completed free rehabilitation courses;
- the rehabilitation center in Zhanaozen is equipped with 25 types of medical equipment;
- medical equipment will be purchased for the Regional Clinical Hospital of the Karaganda region to reduce infant mortality;
- 200 citizens from socially vulnerable segments of the population of Nur-Sultan passed free PCR testing on new equipment placed in the laboratory at the National Research Center of the Republic of Kazakhstan on a free basis;
- consultations were provided to 403 families on obtaining quotas for treatment abroad, financial assistance was provided to 141 children with serious diseases that are incurable in Kazakhstan;
- 721 consultations were provided on problematic issues arising at all stages of the placement of children in a family, 81 TV programs “Stork Day” were released with subsequent broadcast on television;



Project “Healthy future” - 2020

The purpose of the project is the socialization and improvement of the quality of life of children with limited opportunities, through the creation of inclusive sports sections and the distribution of models of sports sections for adaptive sports.

- consultations were provided to 2,643 families where children with autism spectrum disorders are growing up, 66 children with ASD receive regular assistance from specialists;
- 4,315 volunteer raids were organized in 35 cities of the country, within the framework of which 1,867 veterans and home front workers of the Great Patriotic War were covered by volunteer assistance;
- organized leisure and training for 2,455 children from socially vulnerable segments of the population in educational, sports, music and creative circles of five courtyard clubs of the city of Nur-Sultan;
- special social services were provided in the Centers for the support of children and families on the basis of SOS Children's Villages in the cities of Nur-Sultan, Almaty and Temirtau to 100 families with foster children and families with children who found themselves in a difficult life situation, 20 children left without parental care were assisted to restore relations with biological relatives. 84 candidates for foster parents were trained.
- As of August 1, 2021, the Fund financed the purchase of one million doses of vaccines from COVID-19, which allowed 500 thousand people to be vaccinated.

2 In the direction of [media development, cultural community, human potential development](#), [12 projects](#) were implemented for a total amount of [KZT873,185,369](#). The projects have been implemented in the following areas:

- development of inclusive education;
- patriotic and cultural education of young people;
- development of adaptive physical culture;
- development and popularization of mass sports;
- social integration of people with disabilities into society;
- support of large-scale forums, conferences and cultural events to solve important public and state tasks.

As a result of the implementation of projects in this direction:

- 6 resource centers of inclusive education have been opened to support 169 children with special educational needs and 1 office of psychological and pedagogical correction, which provides annual correctional services for 114 special children;
- 8 inclusion support offices have been created in 8 regions of the country, covering more than 80 children with special educational needs;
- 5,000 copies of the book "Words of Edification" by Abay Kunanbayev were published in Kazakh and Russian, which presents illustrations of 96 teenagers - winners of the competition. The books were transferred to the education departments and libraries of the regions of the country;
- 203 children with autism spectrum disorder in Nur-Sultan and Aktobe received New Year gift certificates;
- coverage of 600 students in 54 groups across the country in nine types of adaptive physical culture and sports is organized: swimming, karate, taekwondo, goalball, boccia, athletics, choreography, football/soccer for children with cerebral palsy, judo;
- 36 persons with disabilities were trained on courses in the digital sphere: "Basic computer skills", "Graphic Design", "SMM administrator" and "Typography";
- qualifying rounds were held in Zhambyl and Atyrau regions with the participation of 627 participants within the framework of the republican sports contest among schoolchildren "SportFEST Kazakhstan", the implementation of the project in 2020 was suspended and postponed to 2021;
- The Forum "Samruk Business Forum: Otandyk tauar ondirushilderdi koldau forums" was held with the participation of the Prime Minister of the Republic of Kazakhstan, Chairman of the Management Board of Samruk Kazyna JSC, representatives of business structures, public persons – about 500 delegates.

3 In the direction of [implementation of the regional social investment program in the regions where the Fund's Group operates](#), [3 projects](#) were implemented for a total amount of [KZT1,875,537,847](#). The projects were implemented in the field of promoting a healthy lifestyle and creating an accessible sports infrastructure.

As a result of the implementation of projects in this direction:

- 4 universal sports and playgrounds were installed in Nur-Sultan;
- a sports and recreation complex with a total area of over 1400 sq.m. in Alzhan ana village of the Korday district of the Zhambyl region;
- 6 multifunctional sports complexes based on air dome structures will be built in 6 regions of the country.

4 In the direction of [strengthening the reputation and promoting the image of the Fund and / or the Fund's Group](#), [2 projects](#) were implemented for a total of [KZT459,214,309](#) in the areas of support for people in difficult life situations, and support for measures to prevent the spread of coronavirus infection COVID-19.

As a result of the implementation of projects in this direction:

- work was carried out to restore 40 residential buildings damaged as a result of the riots in February 2020;
- 2,328,616 protective masks were purchased, which were handed over to residents from socially vulnerable groups of the population of Nur-Sultan and the personnel of the Ministry of Internal Affairs of the Republic of Kazakhstan.

As part of the information support of projects supported by the Samruk-Kazyna Trust in the period from January to December 2020, more than 780 materials were published in the media (784 materials) and 750 publications in social media. The total coverage of publications was over 6 million views. Moreover, all materials are published free of charge.



[We will win autism - 2020](#)

The purpose of the project is to provide assistance to families in which children with autism spectrum disorders grow. Socialization of children with the diagnosis of "autism" by creating the necessary conditions for the proper and timely diagnosis of the disease and rehabilitation of children



INNOVATIVE ACTIVITY

Solving sustainability problems requires ingenuity, innovation and partnership. For example, as the population and well-being around the world grow, including in emerging markets, the demand for energy will also grow. The higher demand needs to be met through cleaner energy solutions and improved energy efficiency. The same is necessary to solve the problem of increasing the level of CO₂ in the atmosphere and increasing the demand for food, water and other valuable resources.

In 2019, the Board of Directors of the Fund adopted the Industrial and Innovative Policy of the Fund in a new version.

In accordance with the adopted strategic initiatives, the Fund will encourage Portfolio companies to strive to achieve the performance of the world's leading analog companies in terms of operational, production and financial efficiency, as well as contribute to the transformation of companies into high-tech and efficient companies. The measures to be implemented within the framework of industrial and innovative activities include, but are not limited to, updating the equipment necessary for the modernization of production, the application of innovations in relation to the products, processes, operating model and management system of the Group of Companies, improving the energy efficiency of the enterprises of the Fund's Group while maintaining or increasing the level of reliability, safety and productivity, reducing the costs of the Group of Companies and the consumption of irreplaceable energy resources, the introduction of new technologies, innovations and initiatives to stimulate the digital transformation of production and corporate processes in the presence of a positive economic and other effect, as well as ensuring the sustainable development of the Fund's Group.

More detailed information about the innovative projects of the Fund's Group companies is provided in Appendix 1 to the Report.

INFORMATION POLICY

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

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

In accordance with the requirements of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", "On the Securities Market", regulatory acts of the authorized body, as well as the internal rules of the stock exchange, the Fund carries out timely disclosure of information on the Internet resource of the depository of financial statements and the stock exchange. According to the Resolution of the Government of the Republic of Kazakhstan dated October 31, 2012 No. 1384, the Fund discloses the information necessary for state bodies on the Fund's Internet resource.

The Fund has a Corporate Governance Code, a Charter, an Information Disclosure Policy, Rules for Disclosure and Security of information and other internal regulatory documents that define the principles and approaches to disclosure and protection of information, and a list of information disclosed to interested parties. In addition, as part of the implementation of best practices on information disclosure and increasing the Fund's accountability to the society, the Fund annually develops Annual Reports and Sustainability Reports, which are approved by the Board of Directors and published on the Fund's Internet resource.

Activities of the Center for Social Interaction and Communications

The Center for Social Interaction and Communications was established by the Fund in 2017 on the basis of the Corporate Fund "Center for Social Partnership". The main goal of the Center is to improve the efficiency of social and labor relations and communications management by developing and implementing best practices of social partnership and communications.



Center for Social
Interaction and
Communications

The Center's activities are carried out in three directions:

1. Research and analysis - SRS: involvement, working conditions and loyalty, level of communication, material well-being, protest potential; in-depth diagnostics and prevention of social and labor relations;
2. Social and communication projects: The Fund's Internal pool of Mediators, the Fund's Board of Ombudsmen, the Corporate School of Trade Union Activists, the SK-News publication and website, the Unified Portal, the Fund's Volunteer Club (547 participants), the Fund's Youth Asset;
3. The information system "Nysana" - a call center for complaints and appeals in the field of social and labor relations, labor protection and safety and financial activities.

In the direction of research projects, SRS is used, which is a monitoring tool for measuring the level of social stability in the Fund's labor collectives. In 2020, surveys were conducted in 10 Portfolio companies with a sample of 25 thousand production personnel, which cover 14 regions of Kazakhstan. According to the results of the study, 80 alarm zones were identified.

In the direction of the information system:

SKNEWS.KZ website introduces readers to the progress of digital transformation, technical innovations, the most important events for the country's economy and the Group's companies, events for employees, as well as production and labor collectives.

- 1,260,000 views (64.5 % via smartphones)
- 221,915 new users
- In the ranking of websites, takes the 90th place out of 1760 websites

Corporate publication of the Fund's Group – SK NEWS

- target reach – 260 thousand readers
- 24 issues
- 200 exclusive materials are prepared per year
- 48,000 issue readings per year
- Awards: "MEDIA LEADER" in Moscow, XI Central Asian Corporate Media Competition

Single corporate portal of the Fund's Group – PORTAL.SK.KZ

- More than 40,000 users
- Feedback via surveys/contests/forums
- News of the Fund's Group of companies
- Development of professional communities



In the direction of communication projects:

- In 2020, online training was organized for 153 employees of NC KTZ JSC on the topic of "Conciliation Commission"
- Corporate school of trade union activists, in the period 2017-2019, more than 150 employees of trade unions of PCs and subsidiaries were trained
- The Council of Ombudsmen is a consultative and advisory body consisting of PC's and subsidiaries' ombudsmen.
- Development of the mediation institute. In 2021, it is planned to create an Internal pool of mediators of the Fund.

In the direction of social projects:

From January to December 2020, the Center, together with Portfolio Companies, implemented more than 1,200 projects aimed at involving employees, supporting social initiatives and developing corporate volunteerism in the Fund's Group.

The following activities were carried out:

- "Spring sunshine" competition
- "The best specialist" annual competition
- Results of the Year of the Volunteer
- «QAMQOR», «UMIT», «ASYL MURA», «TAZA QAZAQSTAN» projects.

In 2021, the Center plans to further develop communication, information and social projects, such as the development of a mobile application for the study of social stability, the launch of a school of corporate mediators and a school of trade union activists, support for the Fund's volunteer movement.

EXTERNAL COMMUNICATIONS

On October 21, 2020, the third international investment forum Kazakhstan Global Investment Forum 2020 was held in London, held jointly by Samruk-Kazyna JSC, the Embassy of the Republic of Kazakhstan in the UK, NC KazakhInvest JSC and the international publication "New Statesman Media Group" in virtual mode.

The total number of Forum participants exceeded 800 people. The main speakers were: Chairman of the Management Board of the Fund A.Yessimov, Minister of Foreign Affairs of the Republic of Kazakhstan M.Tleuberdi, Adviser to the President of the Republic of Kazakhstan on Economic Development and Strategy S.Chakrabarti, Trade Envoy of the Prime Minister of the United Kingdom for Kazakhstan Baroness E.Nicholson, Lord Mayor of the City of London W.Russell.

Holding the Kazakhstan Global Investment Forum on an ongoing basis has a positive effect on increasing the investment attractiveness of Kazakhstan and the Fund among the international business and investment community.

In the field of international investment cooperation in 2020, the Fund concluded the following agreements:

1. On May 22, 2020, Samruk-Kazyna Invest LLP together with Da Vinci Capital signed agreements on participation in the Da Vinci Emerging Technologies Fund III fund of USD100 million for investing in technological projects together with Da Vinci Capital and other institutional investors.
2. On October 28, 2020, Samruk-Kazyna JSC signed a co-investment agreement with the French sovereign fund Bpifrance for a total amount of EUR100 million to finance projects with the participation of French and Kazakh companies.

Investments under the agreement will be directed to the development of French companies in Kazakhstan and Kazakh companies in France and/or their joint ventures planning to develop activities in France, Kazakhstan or other countries of mutual interest.



ANNEX 1

EXAMPLES OF INNOVATIVE PROJECTS OF THE FUND'S GROUP

NAC Kazatomprom JSC

KZT3.7 billion - the total amount of 76 contracts for R&D concluded in 2020 by Kazatomprom and its subsidiaries and affiliates, of which 65 contracts were concluded by subsidiaries and affiliates (KZT3.19 billion) and 11 contracts by Kazatomprom (KZT0.51 billion).

In order to commercialize the results of scientific and technological activities in 2020, 2 agreements were signed on the granting of the right to use the invention "Method of obtaining natural uranium concentrate from uranium-containing solutions" between Kazatomprom, Baiken-U LLP and APPAK LLP, and negotiations are continuing on the signing of license agreements between Kazatomprom and its subsidiaries and affiliates (Karatau LLP, JV South Mining and Chemical Company LLP, JV Inkai LLP) on the granting of the right to use the invention "Method of obtaining natural uranium concentrate from uranium-containing solutions".

17 applications were filed for objects of intellectual property. Received 18 documents of title for objects of intellectual property.

In addition, work and negotiations are underway to conclude licensing agreements with PE ORTALYK LLP and Semizbay-U LLP.

Scientific developments

Almost all R&D of the Group is aimed at improving and modernizing production. In 2020, several large R&D projects were implemented:

- "Introduction of new technologies, materials and equipment to reduce the cost of chemical concentrate of natural uranium and uranium oxide-oxide"

The work on industrial testing of the commercial desorbate nanofiltration unit has begun, industrial tests are continuing with the aim of working out the nanofiltration technological modes and developing a feasibility study for this technology.

- "Development of low-acid leaching technology using cavitation-jet technologies in combination with special-purpose chemical reagents"

In 2020, industrial tests continued with the subsequent development of technical and economic calculations of the technology efficiency. Completion is planned for the second quarter of 2021.

One of the significant areas of work for scientific research is environmental. In 2020, work was carried out on several studies aimed at improving the environmental friendliness of production:

Investigation of the impact of underground leaching of uranium on groundwater and groundwater with the development of guidelines (Standard) in order to:

- monitoring the pollution of aquifers of uranium deposits and reducing the risk of their pollution as a result of uranium mining by the ISL method by the Customer's enterprises;
- Creation of an action plan to obtain convincing evidence that ISL enterprises do not have an irreversible negative impact on groundwater;
- development of a methodology for the interpretation of data from monitoring of aquifers, applicable at the stage of operation of production sites and design of their elimination.

Development of a system for automatic monitoring of radiation hazardous factors based on a threshold dosimeter of gamma radiation with the ability to measure and control the equivalent dose and the equivalent dose rate of external gamma radiation.

The purpose of this R&D is to develop an automatic monitoring system based on an individual dosimeter "RK-S01IM". The automatic monitoring system is an information complex for monitoring and recording individual radiation doses of personnel to obtain objective information about individual radiation doses of personnel received when working with radiation sources, taking into account the occupational route of personnel, as well as the radiation situation at personnel workplaces.

KEGOC JSC

Implementation of a monitoring and control system based on synchrophasor technologies (WAMS/WACS).

1. WAMS Monitoring System:

In the period 2018-2020, a project was implemented to implement a monitoring system based on synchrophasor technologies (WAMS). The project budget amounted to KZT357 million.

The WAMS monitoring system was put into commercial operation by the order of the Chairman of the Management Board of KEGOC JSC No. 36 dated 17.02.2020.

Synchronized measurements obtained from geographically remote points along the entire length of the power system allow obtaining more reliable information about the current operating mode of the electric network, and also allow dispatching personnel to make decisions based on more complete information about the state of the system. More accurate information allows dispatching personnel to understand the current state of the electrical network, detect signs of changes and development of dangerous modes at an early stage, as well as better determine, apply and evaluate the effectiveness of control actions in order to prevent disruption of the stable operation of the power system.

Thus, the Company has achieved the following results:

1. receives reliable data from synchronized vector measurement devices (PMUs) installed at substations;
2. monitors the stability reserves of the power system;
3. assesses the state of the power system.

2. WACS management system:

Since 2019, KEGOC JSC has started implementing the second component, having concluded a contract for a feasibility study on the development of algorithms and the creation of WACS automation based on synchrophasor measurements of WAMS. The expenses amounted to KZT42 million.

In 2020, the development of algorithms and the scientific, economic justification of the principles of functioning of the WAACS control system was completed, in which the following functions are implemented:

1. a subsystem for the formation of a contract load of the 500-220 kV North-South network of the UES of Kazakhstan (North-South and North-East-South transits) at the planning stage of the daily production-consumption schedule, which ensures maximum use of the network bandwidth provided reliability is ensured with the prediction of the transmission angle by the hours of the planned day;
2. subsystem of automatic emergency control of the operating modes of the 500 kV North-South backbone



- network of the UES of Kazakhstan (North-South and North-East-South transits), with control of static and dynamic stability in the transmission angle;
3. a subsystem for monitoring oscillatory stability.

Based on the results of the study, comprehensive work is being carried out to implement the WACS management system.

Kazakhtelecom JSC

The project “Infrastructure and platform for IoT and AI”

The construction of the 3rd stage of the IoT network in 6 cities has been completed:

1. Cities: Nur-Sultan, Almaty, Taraz, Turkestan, Aksai, Altai
2. Number of BS in 2020: 104 BS
3. Expanding the functionality of the platform
4. Total: 17 cities, 428 BS
5. A server is organized for visualization of primary data from IoT devices (app.ktiot.kz)

A video analytics platform based on Telco Cloud was organized (August 2020)

Functionality:

- Mask detection
- social distance
- perimeter security
- counting people
- integration with Power BI

5G Project, Window of Opportunities Program

In 2020, the Concept of implementing 5G in Kazakhstan was developed and approved:

- Aspects: technical, regulatory, frequency, financial and economic, sanitary and epidemiological
- About 40 specialists took part in the development and discussion of the concept
- 20 meetings of the Working Commission were held and more than 350 man-hours were spent
- The Working Commission from Kazakhtelecom JSC included 18 representatives from 8 divisions
- Mobile operators–Altel/Tele 2 and Kcell–were involved in the discussion
- 1,000 presentation slides, 1,500 pages of the report were discussed, more than 250 comments were worked out based on the results of the discussions

The concept of the “Window of Opportunities” program has been prepared, the result of which was the instruction of the Head of State

- Proposals for the “Window of Opportunities” assignment have been formed
- Developed and approved RFPs for Open RAN solutions
- The Roadmap for the execution of the order “Window of Opportunities” has been developed and approved

Implementation of the FWA MVP project and development of the main FWA project

Status of implementation of the FWA project for 2020:

1. POC-testing was conducted on 5 subscribers in Shymkent.
2. A joint activity agreement has been initiated with Kcell JSC.
3. Contracts for the supply and construction of BS, terminals have been concluded.

4. Delivery of BS and terminals has been made.

Current status implementation of the FWA pilot project based on the results of the 1st half of 2021:
A dedicated FWA network was built in Shymkent and Kosshy village of the Akmola region. FWA is a technology for providing wireless fixed broadband access. According to the FWA project, subscribers who do not have the technical ability to use land-based communication channels will be provided with services based on a mobile network using RF in the 2300 MHz range, which is the recommended and most effective range for the construction of FWA networks.

To date, within the framework of this project, 10,500 households have been covered in Shymkent, and 126 subscribers have been connected. There are 1290 households in the village of Kosshy, the Akmola region, and 24 subscribers are connected.



ANNEX 2

TABLE OF COMPLIANCE OF THE REPORT WITH THE GRI STANDARDS

GRI Standard	Number	Content	Page
	102-1	Name of the organization	About the Fund
	102-2	Activities, brands, products, and services	About the Fund About the Fund's Group
	102-3	Location of headquarters	Contact Information
	102-4	Location of operations	About the Fund's Group Contact Information
	102-5	Ownership and legal form	About the Fund About the Fund's Group
	102-6	Markets served	About the Fund's Group
	102-7	Scale of the organization	Key Figures of 2020 Personnel structure
	102-8	Information on employees and other workers	Personnel structure
	102-9	Supply chain	Responsible procurement
	102-10	Significant changes to the organization and its supply chain	Responsible procurement
	102-11	Precautionary Principle or approach	Sustainable Development Management Risk management system
	102-12	External initiatives	Stakeholder Engagement Partnership and Association memberships
	102-13	Membership of associations	Partnership and Association memberships
	102-14	Statement from senior decision-maker	Welcome address from the CEO
	102-15	Key impacts, risks, and opportunities	Stakeholder Engagement Risk management system
	102-16	Values, principles, standards, and norms of behavior	Our Values Development of corporate culture
	102-17	Mechanisms for advice and concerns about ethics	Anti-corruption Development of corporate culture Contact Information
	102-18	Governance structure	Corporate Governance
	102-19	Delegating authority	Corporate Governance
	102-20	Executive-level responsibility for economic, environmen- tal, and social topics	Corporate Governance

<i>GRI Standard</i>	<i>Number</i>	<i>Content</i>	<i>Page</i>
	102-21	Consulting stakeholders on economic, environmental, and social topics	Contact Information Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees	Corporate Governance
	102-23	Chair of the highest governance body	Corporate Governance
	102-24	Nominating and selecting the highest governance body	Corporate Governance
	102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance
	102-31	Review of economic, environmental, and social topics	Identification of material aspects
	102-35	Remuneration policies	Information is presented in the Fund's 2020 Annual Report
	102-36	Process for determining remuneration	Information is presented in the Fund's 2020 Annual Report
	102-40	List of stakeholder groups	Stakeholder Engagement
	102-41	Collective bargaining agreements	Talent management
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Stakeholder Engagement
	102-44	Key topics and concerns raised	Information requests from stakeholders in 2020
	102-45	Entities included in the consolidated financial statements	Attached to the 2020 Annual Report
	102-46	Defining report content and topic Boundaries	Identification of material aspects
	102-47	List of material topics	Identification of material aspects
	102-48	Restatements of information	About the Report Identification of material aspects
	102-49	Changes in reporting	About the Report Identification of material aspects
	102-50	Reporting period	About the Report
	102-51	Date of most recent report	About the Report
	102-52	Reporting cycle	About the Report
	102-53	Contact point for questions regarding the report	Contact Information
	102-54	Claims of reporting in accordance with the GRI Standards	About the Report

<i>GRI Standard</i>	<i>Number</i>	<i>Content</i>	<i>Page</i>
	102-55	GRI content index	Table of compliance of the report with the GRI Standards
	102-56	External assurance	About the Report
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Identification of material aspects
	103-2	The management approach and its components	Sustainable Development Management Taking care of our employees Responsible for the well-being of the environment Talent management Creating value
	103-3	Evaluation of the management approach	Sustainable Development Management Taking care of our employees Responsible for the well-being of the environment Talent management Creating value
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Economic performance
	201-2	Financial implications and other risks and opportunities due to climate change	Financial aspects and other risks and opportunities related to climate change
GRI 204: Indirect economic impact	204-1	Proportion of spending on local suppliers	Responsible procurement
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Anti-corruption
	205-2	Информирование о политиках и методах противодействия коррупции и обучение им	Anti-corruption
	205-3	Confirmed cases of corruption and actions taken	Anti-corruption
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy efficiency
	302-3	Energy intensity	Energy efficiency
	302-4	Reducing energy consumption	Energy efficiency
GRI 304: Biodiversity 2016	304-2	Significant impact of activities, products and services on biodiversity	Biodiversity
GRI 305: Emissions 2016	305-1	Direct greenhouse gas emissions	Emissions
GRI 307: Environmental compliance 2016	307-1	Compliance with environmental legislation and regulatory requirements	Responsible for the well-being of the environment Environmental Compliance
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Personnel structure

<i>GRI Standard</i>	<i>Number</i>	<i>Content</i>	<i>Page</i>
GRI 402: Relation of employees and management 2016	402-1	Minimum period of employees notification about changes in the company	The Fund complies with the requirements of the labor legislation of the Republic of Kazakhstan and the norms applicable to such issues in Kazakhstan
GRI 403: Occupational Health and Safety 2018	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Worker health and safety
	403-9	Work-related injuries	Worker health and safety
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Personnel development
	404-3	Percentage of employees receiving regular performance and career development reviews	Remuneration and assessment
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Talent management

GLOSSARY

The following definitions and abbreviations are used in this Report:

Fund, Samruk-Kazyna JSC	Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna"
APG	Associated petroleum gas
CBCR	cross-border carbon regulation
CCGT	combined cycle gas turbine unit
CFT	Cyclical-flow technology
CHP	Combined Heat and Power plant
CLCD	Concept of Low-Carbon Development
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
FGF	Future Generation Fund
GHG	GreenHouse gas
GWS	goods, works and services
HPP	Hydro power plant
HSE	Health, Safety and Environment
IFRS	International Financial Reporting Standards
ISL	in situ leaching
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
PQS	Pre-qualification selection
R&D	Research and development
ROA	Return on Assets
ROE	Return on Equity
SDBC	State Development Bank of China
SDGs	17 United Nations Sustainable Development Goals 17
SEZ of the Khorgos ICBC	Special Economic Zone of Khorgos International Centre of Boundary Co-operation
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
SSC	shared service centre
SSI	Social Stability Index
STCMS	Suburban transportation control and management system
TCN	tender through competitive negotiations
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



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Feedback

Your feedback is very important to us.
If you would like to suggest new ideas and new
opportunities for the partnership on sustainable
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Other sources of information about the Fund's Group of Companies:

Corporate electronic publication of the Fund's Group:
<https://sknews.kz/>
Corporate website NC KazMunayGas JSC:
<https://www.kmg.kz/>
Corporate website NAC Kazatomprom JSC :
<https://www.kazatomprom.kz/>
Corporate website NC Kazakhstan Temir Zholy JSC:
<https://www.railways.kz/>
Corporate website Kazakhtelecom JSC:
<https://telecom.kz/>
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<https://post.kz/>
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<https://airastana.com/>
Corporate website Qazaq Air JSC:
<https://www.flyqazaq.com/>
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<https://www.skcu.kz/>
Corporate website Center for Social Cooperation and
Communications: <http://csc.kz/>