

# MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



## Dear colleagues!

The 2022 became for Samruk-Kazyna JSC a kind of borderline, and it will be followed by a stage of total renewal for all of the Fund Group's business lines. But even in this difficult period of economic development and external threats, the Fund, which is the basis for Kazakhstan's society stability, has demonstrated a significant margin of safety.

We would like to present the annual report of Samruk-Kazyna JSC for 2022, which discloses the main results of financial and operational activities as well as the decisions taken that ensured the sustainability and effectiveness of anti-crisis measures.

## Safety is a top priority

Being one of the largest employers in the country with over 259 thousand employees, the Fund prioritises employee safety and health above all else. 2022 was declared the "Year of Occupational Health and Safety". The Fund in cooperation with Portfolio Companies carried out large-scale work aimed at ensuring a safe on-site environment. The occupational safety internal requirements were substantially updated in accordance with the best global practices, and steady enforcement of national legislation was ensured. As a result of the work done, the injury rate decreased by 16% compared to 2021. In addition, in 2022, wages for all enterprises of the Fund Group was increased from 5 to 48%, with a focus an emphasis on low-paid positions of production personnel. The coverage totalled 243 thousand people.

## Social responsibility

One of the most important activities of the Fund is to provide support through the implementation of projects within the framework of strengthening social responsibility. In total, 43 social projects for KZT10 billion were implemented during the year, 500 thousand Kazakhstan people received assistance.

A public report on charitable activities was also presented last year in front of the Public Council experts of Samruk-Kazyna JSC for the first time. Within the framework of the "Children's Year" declared by the Head of State in 2022, when considering applications from potential users, a significant emphasis was shifted to the implementation of projects aimed at children's education and development, support for children with physical and mental disabilities. With the establishment of the Samruk-Kazyna Trust Corporate Charitable Fund and streamlining of the social support policy for

vulnerable groups adopted in the Fund, the effectiveness and transparency of targeted assistance increased.

## On profit and taxes

The Fund's net profit totalled KZT1.9 trillion, which is significantly higher than in 2021 (KZT1.6 trillion). The volume of oil and gas condensate production by the enterprises of JSC NC KazMunayGas in 2022 amounted to 22 million tonnes, an increase of 2% as compared to a year earlier. The volume of associated and natural gas production increased by 2%, to 8.7 million m<sup>3</sup>.

In 2022, JSC NC Kazakhstan Temir Zholy transported over 285 million tonnes of cargo. At the same time, a record cargo flow between Kazakhstan and China was recorded: at the level of 23.2 million tonnes, which is 15% higher than in 2021. Kazakhstan's exports increased by 17% due to the growth in iron and non-ferrous ores, ferrous metals, grain cargoes in containers and other cargoes.

To ensure uninterrupted transportation and develop the country's transit potential, the laying of the second track on the Dostyk – Moynty section began in November 2022, which will increase throughput capacity fivefold (from 12 to 60 pairs of freight trains per day).

The sales volume of NAC Kazatomprom JSC and its subsidiaries in 2022 was 16,358 tonnes of uranium. At the same time, the average selling price of pound of uranium concentrate increased by 31% to USD43.44. Average realized prices for 2022 were higher compared to the same periods in 2021 due to the higher uranium spot price.

As part of the diversification of the economy, public and open trades in securities of JSC NC KazMunayGas on the domestic exchanges KASE and AIX were held. The deal also became the first "digital" IPO in Kazakhstan, as about 99% of all applications were received through mobile applications. The main condition was the priority of citizens of

Kazakhstan in the purchase of shares. This decision was made based on the judgment that citizens would share the fate of their national enterprises more responsibly. In addition, we would like to see how the number of people wishing to purchase shares of other enterprises of the Fund's group expand. In the near future, the airline Air Astana JSC, the green asset portfolio of Samruk-Energy JSC, JSC NC Kazakhstan Temir Zholy and JSC NC QazaqGaz will also go public.

## ESG as a long-term priority

Reducing the carbon footprint is no longer just a global trend, but a matter of the competitiveness of the Fund's group. In 2022, the Fund developed the Concept of Transition to Low-Carbon Development, which contributes to increasing the long-term value of assets, will increase investment attractiveness in the implementation of large infrastructure projects.

As part of measures to reduce dependence on solid fossil fuels, the Fund plans to implement a number of projects.

This is an extensive action program that includes the development of renewable energy sources, the application of "smart" grid technology with introduction of energy storage and accumulation systems, research into carbon capture and storage methods the use of geothermal energy, and the construction of a pilot plant based on "clean" coal technologies.

The Fund also implemented a set of measures to reduce environmental impact and rational use of resources. During the year, the Fund's portfolio companies launched a number of RES projects.

Samruk-Energy JSC made a number of concrete steps to achieve the goal of low-carbon development. A new wind power plant (WPP) with a capacity of 60 MW was commissioned in the Shelek corridor of Almaty region. The new WPP will generate 225.7 million kWh of electricity per year. In addition to its production characteristics, the project is important for the region due to its environmental component - the launch of the power plant will reduce greenhouse gas emissions to 206 thousand tonnes per year.

## Dear colleagues!

The Fund will continue to implement the large-scale reform program approved by the President of the Republic of Kazakhstan at the meeting of the Supreme Council for Reforms.

We anticipate that 2023 will be just as challenging as 2022. However, the professionalism of management and staff will enable us to keep up the pace and systematically move towards achieving the main goal – the transformation of commodity revenues into sustainable economic growth.

**Nurlan Zhakupov**

Chairman of the Management Board  
Samruk-Kazyna JSC