

# 04

# SUSTAINABLE DEVELOPMENT

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**SAMRUK**  
KAZZYNA



# COMMITMENT TO SDG PRINCIPLES

The Fund is aware of its importance in the economy of the Republic of Kazakhstan and strives to ensure sustainable development and create long-term value through effective management of a diversified portfolio of assets and business support in the interests of the people of the Republic of Kazakhstan.

The key factors of long-term sustainable development should be the well-being of people, ecological balance and, at the same time, ensuring long-term financial stability based on best business practices and corporate governance principles, which are possible based on the implementation of ESG principles.

Therefore, the sustainable development and implementation of ESG principles is one of the main strategic goals of the Fund.

The Foundation fully shares the values of the UN Sustainable Development Agenda. The Foundation recognizes the importance of all 17 UN SDGs and, as part of its activities, strives to make a feasible contribution to their achievement. Due to the specifics of the activity, The Fund has identified 11 UN SDGs to which it makes the most significant contribution.




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ESG-rating of the Fund group  
**70 percentile by 2032**

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Increasing the proportion of women in the management bodies of the Fund's companies  
**30% by 2030**

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The share of independent directors in the Board of Directors of the Fund and portfolio companies  
**Maintaining at 50%**

CORPORATE GOVERNANCE




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Reducing the energy intensity of production activities  
**-10% by 2027**

RESOURCE SAVING




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Ensuring the principle of "zero injuries"  
**Achieving LTIFR 0.14**

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**2023**

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Training of 100% of production personnel on safety culture  
**2023**

H&S BEST PRACTICES





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Building human resources, strengthening competence in new areas  
**HUMAN CAPITAL DEVELOPMENT**



## For strategic goals in the ESG directions, 5 UN SDGs have been identified:


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Reduction of direct and indirect greenhouse gas emissions (level 1 and level 2)


**≥ [-10%] by 2032**

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Increasing the share of low-carb generation in the purchase of electricity

**45% by 2032**

**DECARBONIZATION**




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Formation of a portfolio of offset projects

**5.8 million tons of CO<sub>2</sub>-eq by 2032**

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The share of renewable energy and hydroelectric power plants in electricity production

**26% by 2032**

**"GREEN" FINANCING**




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Certification of anti-corruption compliance systems for compliance with the requirements of international standards ISO 37001:2016 "Anti-bribery Management Systems" and ISO 37301:2021 "Compliance Management System"

**OPENNESS, TRANSPARENCY AND COMPLIANCE**

The Foundation's principles in the field of sustainable development are openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest, personal example.

# SUSTAINABILITY PRIORITY

## Our strategy

The Fund, based on the principles of ESG, as an integral component in achieving its strategic and operational goals, sets itself the following tasks in the field of sustainable development:

- **Strengthening corporate governance** by increasing the role of the Board of Directors and the qualitative formation of their composition, portfolio companies' management based on the principles of good corporate governance, as well as the introduction of the world's best practices;
- **Ensuring openness, transparency and compliance** by involving stakeholders, ensuring transparency of reporting and preventing corruption offenses;
- **Strengthening social responsibility** through improving the working conditions of

employees, safety measures and other social aspects to improve people's well-being. The Fund will continue to contribute to the social development of the country through charitable activities and corporate sponsorship, as well as the promotion of corporate volunteering.

- **Implementation of H&S best practices** that reduce injuries in the Fund's group on the principle of "zero tolerance", improvement of work to ensure personal safety and trouble-free production using innovative and digital solutions;
- **Development of human capital** by building human resources, strengthening competencies in new areas and continuous professional development of employees, based on the best international practices;

- **Resource conservation** due to the efficient use of resources, including fuel and energy and water, modernization of equipment, the use of modern technologies in the implementation of new investment projects;
- **Decarbonization** through the revision of business models and technological transformation with an emphasis on low-carbon development with the achievement of carbon neutrality by 2060.
- **Development of "green" financing instruments** through the financing of projects corresponding to the "green" taxonomy, the issuance of "green" bonds tied to environmental and climate targets, the use of the R&D mechanism for innovative projects for the transition to the "green" economy.

# SUSTAINABILITY GOVERNANCE STRUCTURE

On the way to achieving the Sustainable Development Goals, the Fund relies on a strong and clear internal management system.

All employees and officials at all levels contribute to sustainable development, implement principles and activities in the field of sustainable development through personal behavior and compliance with relevant policies and standards.

The Board of Directors, with the assistance of its constant committees, provides strategic guidance and supervision of activities in the field of SD, considers issues and results in strategic areas, approves the Low-carbon Development Concept, ESG Policy. Since 2016, the Fund has been publishing an annual sustainability report according to the standards of the Global Reporting Initiative (GRI). The report is reviewed by the Audit Committee of the Fund's Board of Directors and approved by the Board of Directors.

The Audit Committee controls the procedures ensuring compliance by the Fund with the requirements of legislation, ethical standards, monitors risk management, including SD, for the quality and reliability of financial and non-financial information and reporting.

The Fund's executives responsible for solving economic issues, as well as issues of sustainable development, are members of the Management Board.

It should be noted that in 2022, the Fund underwent structural changes aimed at implementing ESG principles. A separate structural unit has been created – the ESG Department under the leadership of the Managing Director for Strategy and Asset Management, coordinating work in this direction.

Since 2019, the H&S Committee has been operating under the Management Board and since 2021 the Committee on Sustainable Development, whose goal is to increase the efficiency and coordinate the activities of the PC in the field of sustainable development. In addition, the H&S Committee has been functioning under the Management Board since 2019, which coordinates and monitors

the implementation of measures in the field of industrial safety. The activities of the Committees make it possible to manage centrally the risks and opportunities of sustainable development and serve as an indicator of the Fund's involvement in sustainable development issues and recognition of the strategic importance of this activity for the Fund's group of companies.

## RESULTS OF 2022 IN THE FOLLOWING AREAS:



CORPORATE GOVERNANCE	OPENNESS, TRANSPARENCY AND COMPLIANCE	SOCIAL RESPONSIBILITY	HEALTH & SAFETY
<ul style="list-style-type: none"> <li>standards in state-owned enterprises are as close as possible to the requirements of leading listed exchanges, OECD regulations, recommendations of the International Finance Corporation (IFC), Institute of Directors (IoD);</li> <li>the criteria for selection to the members of the Board of Directors have been increased, in terms of independence and compliance with the balance of skills, experience, elements of diversity and inclusiveness, industry specifics;</li> <li>unnecessary links have been eliminated, additional mechanisms have been created to improve the efficiency, optimization and efficiency of the implementation of business processes of interaction between the Fund and portfolio companies;</li> <li>the share of independence in the BoD for the Fund group has been increased to 43%;</li> <li>the share of women in the BoD in the Fund group was 15%.</li> </ul>	<ul style="list-style-type: none"> <li>A self-assessment report on the Fund's compliance with the Santiago Principles: The 24 Generally Accepted Principles and Practices for sovereign wealth funds) has been prepared, which is sent to the International Fund of Sovereign Wealth Fund (IFSFW);</li> <li>ESG principles have been implemented, including disclosure of information in the annual report and the Sustainability Repor;</li> <li>the Fund's group of companies has 77 independent compliance services and 44 divisions entrusted with the execution of anti-corruption compliance functions.</li> </ul>	<ul style="list-style-type: none"> <li>43 projects were implemented for a total amount of KZT10 billion allocated from the charity budget;</li> <li>salaries have been increased from 5 to 48% for low-paid positions and production personnel;</li> <li>free creative, sports and educational clubs have been organized for low-income families of the capital within the framework of the Zamandas project;</li> <li>doctors and medical workers of the medical trains "Zhardem" and "Salamatty Kazakhstan", equipped with modern diagnostic equipment and "operating rooms on wheels", throughout the year provided free medical care to people in separated rural regions of Kazakhstan who do not have access to quality medical care;</li> <li>launch of the Comfortable Schools project to build 401 schools by 2025.</li> </ul>	<ul style="list-style-type: none"> <li>development of top-level internal regulatory documents on industrial safety (Policy and Corporate Standard);</li> <li>development of the corporate course "Culture of Safe Work", which has been approved by the Institute for Safety and Health of the UK IOSH;</li> <li>the practice of using proactive accident prevention tools, such as behavioral audits/safety dialogues; identification, registration and investigation of dangerous conditions, dangerous actions, potentially dangerous Near Miss incidents; application of the right of employees to stop or refuse unsafe types of work has been introduced into the activities of portfolio companies;</li> <li>cross-audits of subsidiaries and affiliates with participation of experts from portfolio companies, during which more than 600 inconsistencies were identified, potentially being prerequisites for uncountable cases;</li> <li>reduction in the number of victims of industrial accidents by 16%;</li> <li>the LTIF coefficient was 0.16;</li> <li>decrease in the FAR by 11%.</li> </ul>



### HUMAN CAPITAL

- approval of the new HR Policy of the Fund;
- staff turnover was 8%;
- the share of production personnel was 93%;
- the share of women was 28%;
- the number of applicants on the unified online recruiting portal QSamruk.kz . increased by 60%;
- the number of vacancies closed by external candidates through qsamruk.kz in 2022 is 7249 (1,795 in 2021).



### RESOURCE SAVING

- The share of RES and HPP in electricity production is 6%;
- The Resource and Energy Saving Program has been approved;
- The Fund began to implement elements of Smart Grid technology, using the example of KEGOC JSC (for more details, see page XX);
- Construction of a maneuverable combined-cycle gas plant (CCGT) in Turkestan has begun;
- Portfolio Companies of Samruk-Energy JSC and JSC NC KazMunayGas plan to introduce additional RES (including hydroelectric power plants) with a total installed capacity of about 2.3 GW by 2027;
- It is planned to put into operation a wind power plant with a capacity of 1 GW from 2026 (in 2025 – 100, in 2026 +100 MW, in 2027 - +300 MW);
- Qazaq Green Power PLC is registered in the jurisdiction of the AIFC to manage "green" assets (RES, HPP).



### DECARBONIZATION

- The Low-carbon Development Concept of the Fund was approved, including the Plan for the Transition to the Low-carbon Business Model;
- The Plan for transition to the low-carbon business model has been approved, which contains 53 activities in four directions;
- 9 PCs have approved their own Low-Carbon Development Programs.



### "GREEN" FINANCING

- Samruk-Energy JSC made its debut offering of green bonds by public subscription on the stock exchange of the Astana International Financial Center - Astana International Exchange in the amount of KZT18.4 billion with a coupon rate of 11.4% per annum and a circulation period of 6.5 years;
- JSC NC KazMunayGas has acquired international renewable energy certificates;
- FWPS LLP registered 136 thousand tonnes of CO<sub>2</sub>-eq as offset;
- Offset projects of Energiya Semirechiya LLP for 180 thousand tonnes of CO<sub>2</sub>-eq and Samruk-Green Energy LLP for 17 thousand tonnes of CO<sub>2</sub>-eq are at the registration stage;
- The successful placement of "green" bonds of JSC "KEGOC" on the trading platform of JSC "Kazakhstan Stock Exchange" (KASE) with a total volume of 16.1 billion tenge with a margin of 3% took place.

More detailed information on all ESG components is available in the Sustainability Report for 2022.