

PERFORMANCE OVERVIEW



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GLOBAL TRENDS

REDUCED CARBON FOOTPRINT FOR LONG-TERM SUSTAINABILITY

Carbon neutrality is the goal of many governments, multinational companies and SWFs by 2050-2060.

15% - HR greenhouse gas reduction target by 2030

+30% - new forecasts of investments in the energy transition by 2050

EFFICIENT USE OF RESOURCES

79% water stress in Central Asia

IMPLEMENTATION OF ESG PRINCIPLES. DECREASE IN THE COST OF CAPITAL

+40% to USD 53 trillion - the volume of assets according to ESG criteria by 2025

5X to USD 11 trillion by 2025 - ESG debt volume

ECOLOGY

BUILDING A SUSTAINABLE WORKFORCE

Significant change in required skills for employment by 2025

5X students at the expense of the company

IMPROVING HSE AND CSR PRACTICES

Strengthening requirements and growth of initiatives in the field of HSE and CSR

Increasing competition for talent

HUMAN CAPITAL

FINANCIAL SUSTAINABILITY SUPPORT

+5.3% - global GDP in 2020

PORTFOLIO DIVERSIFICATION

-5.3% - in 2020 - global trade volume

INVESTMENTS AND PARTNERSHIPS

-58% - FDI flows to countries with economies in transition in 2020

INVESTMENT IN THE LOCAL ECONOMY

+630 b.p. (up to 19.3%) - the volume of NWF investments in domestic markets

WORLD ECOLOGY

PROMOTING DIGITALIZATION

58% (growth for 3 years ahead) - share of B2C digital interaction

55% (growth for 7 years ahead) - the share of digitalization of production of goods and services

INVESTMENTS IN THE TECHNOLOGY SECTOR

1.9X - volume of NWF transactions in the technology sector in 2021

INTRODUCTION OF ADVANCED TECHNOLOGIES

35-40% - large companies are scaling up the latest technologies

20% - companies implement robotic automated processes

TECHNOLOGY

Based on current global trends, the identified success factors will contribute to sustainable development.

OVERVIEW OF KAZAKHSTAN

MACROECONOMICS

Building a diversified economy
 -23 positions in the Economic Complexity Index since 1995

Tariff policy revision to stimulate investment
 Tariff policy not conducive to development
38.7% - depreciation of fixed assets (+2.7% over 5 years)
50% social budget spending

SOCIAL SPHERE

Creation of new highly productive jobs
2 million people are self-employed
5% - unemployment rate

Maintaining social stability
1 million people - beneficiaries of TSA in the country
700 thousand people with disabilities
 Lack of jobs, low wages

SCIENCE AND INNOVATION

Introduction of advanced technologies and innovative solutions
 - **14 positions (77th)** in the Global Innovation Index (GII) since 2010
80 positions in the GI sub-index for technological production

Support and commercialization of R&D, launch of new scientific and technological initiatives
0.15% of GDP - the volume of investment in R&D
 (1.3% - world average; 3-5% in developed countries)
55th - WEF Global Competitiveness Index

INVESTMENTS AND FOREIGN TRADE

Attracting investments
50% of gross FDI in the mining sector
Negative net FDI inflow

Export-oriented investments and import substitution
50% - the share of crude oil in the structure of exports
 High share of imports of finished goods

Strengthening relationships with SMEs
35% - share of SMEs in WFP (up to 65% in OECD)

The current situation in the Republic of Kazakhstan points to the need to increase responsible investment in the country with the possibility of global scaling.

Sources: BNSAPIR, Penn World Table, ILO, UNCTAD, NBRK, World Bank

In 2021, the growth of the real GDP of the Republic of Kazakhstan amounted to 4% compared to 2020 due to the gradual recovery of the global economy and rise in oil prices. Industrial production showed a growth in telecommunications (by 13%), trade (by 9.2%), construction (by 7.6%), manufacturing industry (by 5.5%) and electricity (by 4.8%). According to the preliminary estimates of the National Bank of the Republic of Kazakhstan, in 2021, the current account balance was formed with a deficit of USD 5.7 billion compared to the figure of USD 6.6 billion in 2020. The gradual return of the global economy to its long-term growth trend caused an increase in demand for raw materials and a rise in prices for the main items of the country's exports. According to the Ministry of National Economy of the Republic of Kazakhstan, the growth of Kazakhstan's GDP is expected at an average level of 4-5% during 2022-2025.

Exchange rate

An average annual USD/KZT exchange rate in 2021 was 426 KZT/USD, which is 2.6% higher than in 2020. In January-February 2021, the national currency strengthened and reached the level of 415-418 KZT/USD. The weakest tenge position was noted in December, when the exchange rate reached the level of 434-436 KZT/USD. In November 2021, the tenge weakened due to the spread of the omicron coronavirus strain, unwinding of the asset purchase program announced by the US Federal Reserve System, as well as the energy crisis emerged in the fall, which largely supported the currencies of energy exporting countries. In total, in 2021, the NBRK sold 252 million US dollars from its own reserves in the domestic market to support the national currency. Against the background of withdrawal of transfers to the republican budget, assets of the National Fund in 2021 decreased by USD 3.4 billion.

The price of uranium in
2021 increased by

40%

Raw commodities

In general, at the end of the year, the dynamics of oil prices demonstrated an impressive recovery having increased by 50.2% over the year. In 2020, the main driver was the supply, in particular, the quotas of the OPEC+ alliance and in 2021 the focus shifted towards the demand due to the gradual recovery of the global economy. During the last month of the year, oil prices somewhat compensated a sharp drop we saw in November, and quotations recovered by 10.2% over the month to the level of USD 77.78 per barrel. Reports of milder symptoms of the new omicron strain, as well as a decrease in oil reserves in the United States had a favorable effect on oil prices.

The median and average forecasts for 2022 are at the level of USD 90 per barrel with the potential for further growth. Positive expectations of market participants regarding oil prices are reflected in the distribution of forecasts from various institutions.

The price of uranium in 2021 increased by 40% and amounted to USD 42 per pound by the end of the year. The creation and beginning of activities of Sprott Physical Uranium Trust during the second half of August and in September affected a sharp rise in the spot price, as the short-term supply of uranium decreased faster than many market participants expected. As a result, in the second half of September, the spot price reached a level exceeding USD 50 per pound. Later, due to uncertainty in the stock markets, spot activity significantly slowed down, which caused a decrease in the spot price to about USD 43.00 per pound by the end of the quarter. In December, activity on the spot market slowed down significantly, which led to a gradual decline in the price to USD 42.00 per pound.

In 2021, an average price of zinc was at the level of USD 3,005 per ton, which is 32% higher than in 2020. The recovery in demand was caused by the removal of restrictions around the world combined with concerns regarding the rise in electricity prices, thanks to which the base metal reached an annual maximum of about USD 3,500 per ton.

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32%

higher than in 2020.

In 2021, the price of gold slightly decreased by 4% to USD 1,788 per ounce. The price of gold could not remain above the level of USD 1,800 per ounce against the backdrop tightening monetary policy of central banks (the US Federal Reserve, the ECB, the Bank of Japan, the Reserve Bank of Australia, the Riksbank and the Swiss National Bank).

In general, according to the International Monetary Fund (IMF), the global growth in 2021 is estimated at 5.9%. The recovery of the global economy is continuing despite the new wave of the pandemic. The gaps occurred because of the spread of COVID-19 appear to be more persistent: it is expected that the current divergences

in the development will leave a lasting imprint which will affect medium-term economic indicators. The main factors of these gaps are access to vaccines and government support measures undertaken at an early stage. According to estimates, the global economy will by 4.4% in 2022. A rise in energy prices and disruptions of supply led to higher and broader inflation than expected, especially in the United States and in many emerging and developing economies.

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5.9%



IMPACT OF COVID-19

In 2021, the whole world continued to live in new realities caused by the COVID-19 pandemic, which had a significant impact on people's health, business activity, the economies of a number of countries and the current way of living in general. During the year, the epidemiological situation changed rapidly due to the identification and spread of various new strains of the virus in the country.

The Fund was ready for the next waves of the pandemic thanks to the systematic work carried out in 2020 to combat the virus.

The companies of the Fund continued to keep mandatory social distancing and adhere to strict sanitary and epidemiological disinfection procedures at production facilities and offices with the widespread transfer of administrative personnel to a remote mode of work, depending on the sanitary and epidemiological situation in a particular region of operations.

Regardless of the virus strain, the measures to combat COVID-19 remained the same:

- undertaking all preventive measures for the non-proliferation of CVI;
- vaccination/revaccination;
- isolation of patients and contact persons;
- compliance with quarantine measures in accordance with restrictions adopted and expected to be introduced in the regions where Portfolio Companies operate.



The Fund recognizes human lives as the biggest victims. In 2020, 13,860 cases of COVID-19 infection were revealed among employees of the Fund Group, including 69 fatal cases (due to COVID-19 and pneumonia). At the same time, there was a decrease in deaths by 60% compared to 2020 (173 deaths among workers were reported). As of the end of the year, 97.8% of all sick employees of the Fund's group of companies recovered, while since the beginning of the pandemic, the share of sick employees in the total headcount was 10.9%.

Achieving the required level of collective immunity through vaccination and revaccination is a priority in ensuring protection against the spread of COVID-19 among employees of the Fund Group. In the framework of the COVID-19 non-proliferation headquarters established under the HSE Committee, a centralized decision-making process was implemented, communication with the Ministry of Health of the Republic of Kazakhstan and regional health departments was improved, as a result of which the availability of all types of vaccines was provided and mobile vaccination teams were involved to work in offices. The progress of vaccination was under the personal control of executive officers. Intensive explanatory work and field meetings were held, executive officers demonstrated their commitment to vaccination through personal example, as well as material and non-material incentives were applied to motivate employees for vaccination.

Since April 2021, the Fund has focused on maximizing the level of vaccination among its employees: 235,278 employees were vaccinated with the 1st component, which is 86% of the total headcount. 229,095 employees were vaccinated with the 2nd component, which is 84% of the total headcount. At the end of December 2021, the Fund's PCs were instructed to strengthen the work on providing booster vaccination for employees to form a more pronounced immune response and preserve protection against COVID-19 infection for a long period, including in order to ensure the smooth operation of PCs' production facilities.

Given a high level of social tension, certain measures were taken as necessary to prevent the growth of employee dissatisfaction during the periods of forced downtime and strengthening of restrictive measures.



FINANCIAL AND OPERATIONAL RESULTS OF THE FUND GROUP¹

The Table below provides financial information related to the Group's consolidated results for 2019, 2020 and 2021.

Indicator	2019	2020	2021
Consolidated revenue, KZT billion (excluding state subsidies)	10,649	8,556	11,710
Assets, KZT billion	26,417	27,483	30,310
Equity, KZT billion	14,343	15,152	17,173
Consolidated net profit per shareholder's share, KZT billion	1,248	558	1,629
EBITDA (operating), KZT billion	2,366	1,870	2,856
EBITDA Margin (%)	22.1	21.8	24.3

The consolidated revenue by the end of 2021 amounted to KZT 11.7 trillion, which is KZT 3.1 trillion, or 37% higher than in 2020. Compared to 2020, a slight deviation is noted in sales of gas processing products (-KZT 47 billion). At the same time, indicators grew in all other segments compared to the same period last year: sales of crude oil (+KZT 1,738 billion), sales of oil products (+KZT 808 billion), cargo rail transportation (+KZT 115 billion),

sales of uranium products (+KZT 104 billion), oil and gas transportation (+KZT 33 billion), air transportation (+KZT 169 billion), electric complex (+KZT 82 billion), sales of refined gold (+KZT 81 billion), telecommunications services (+KZT 60 billion), processing of customer-owned oil (+KZT 11 billion), transportation of electricity (+KZT 27 billion) and passenger rail transportation (+KZT 20 billion).

¹ more detailed information is available in the published financial statements of the Fund

Revenue by segment, KZT billion

Indicator	2019	2020	2021
Sales of crude oil	3,529	1,972	3,710
Sales of oil products	2,590	1,844	2,652
Cargo rail transportation	970	1,076	1,191
Sales of gas processing products	875	810	763
Sales of uranium products	468	563	667
Oil and gas transportation	389	290	323
Air transportation	331	163	332
Electric complex	240	263	345
Sales of refined gold	436	638	719
Telecommunication services	432	520	580
Processing of customer-owned oil	195	192	203
Electricity transportation	222	287	314
Passenger rail transportation	86	39	59
Interest income	39	40	54
Postal services	46	42	43
Minus: crude oil quality bank	(15)	(2)	(6)
Minus: indirect taxes and commercial discounts	(587)	(538)	(625)
Other income	400	357	387
	10,649	8,556	11,710

Revenue factors for other activities:



Sales of oil and oil products

Increase in the price of Brent crude oil (for the reporting period – \$71/bbl, in 2020 – \$42/bbl), positive impact of the growth of KZT/USD exchange rate.



Air transportation

A 74% increase in revenue from regular passenger transportation and charter flights due to the restoration of passenger traffic.



Cargo transportation

Increase in tariffs, growth of cargo turnover in import and transit traffic, increase in income from changes in the exchange rate (Swiss franc) according to the calculations of income from transit traffic.



Sales of uranium products

Increase due to the growth of the spot quote relative to last year and the average USD/KZT exchange rate.



Sales of electricity

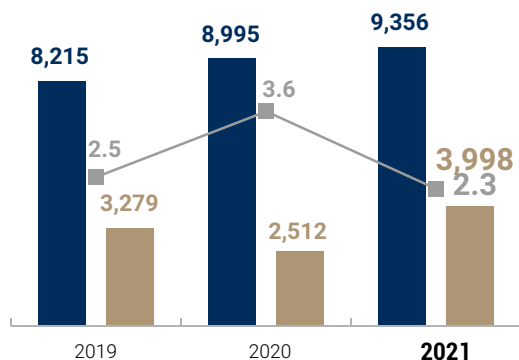
Increase in electricity sales, mainly for GRES-1 LLP by 18% and for NPP LLP due to the growth in electricity sales by 10% and an increase in the tariff.

As of December 31, 2021, the consolidated assets of the Fund Group amounted to KZT 30.3 trillion, which is KZT 2.8 trillion, or 10% more compared to the same indicator in 2020. EBITDA (operating) and EBITDA margin by the end of 2021 amounted to KZT 2,856 billion and 24.3%, respectively, while the same indicators by the end of 2020 amounted to KZT 1,870 billion and 21.8%.

By the end of 2021, the Fund Group paid taxes and payments to the budget of the Republic of Kazakhstan for a total amount of KZT 1,167 billion. General and administrative expenses amounted to KZT 449 billion.

Financial stability indicators

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

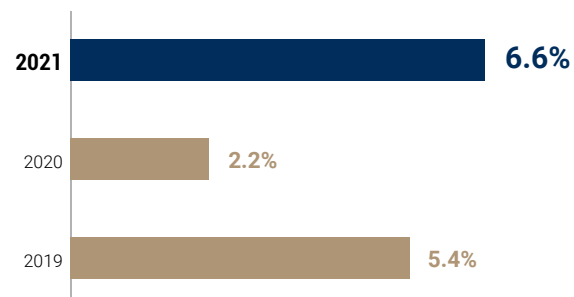


At the end of 2021, the Debt/EBITDA ratio decreased to 2.32 compared to 2020 due to an increase in EBITDA by KZT 1,485 billion, which was mainly affected by an increase in oil prices and the removal of restrictions related to the pandemic. An increase in consolidated debt by KZT 361 billion due to the weakening of the tenge exchange rate and the disbursement of the KPI loan for the construction of a petrochemical complex in Atyrau region.



Profitability coefficients

ROA, % (return on assets)



ROE, % (return on equity)



CREDIT RATINGS OF THE FUND

Assigning credit ratings by international rating agencies is an independent and reliable assessment of the Fund's creditworthiness. Rating agencies are provided with access to all the information of the Fund which is necessary for a thorough and reliable assessment of its creditworthiness.

S&P Global Ratings and Fitch rating agencies note an important role of the Fund in the economy of Kazakhstan, which is aimed at industrialization and ensuring financial stability.

On September 7, 2021, S&P upgraded the Fund's long-term and short-term credit ratings to the "BBB" sovereign level with a "stable" outlook. The agency also affirmed the

Fund's rating on the national scale at "KZAAAA" level and the rating of the issue of priority unsecured debt at "BBB-" level.

On November 25, 2021, Fitch Ratings affirmed the long-term issuer default ratings ("IDR") of the Fund in foreign and national currencies at "BBB" level with a "stable" outlook.

On August 26, 2021, Moody's Ratings affirmed the long-term issuer default ratings ("IDR") of the Fund in foreign and national currencies at "Baa2" level with a "stable" outlook.



S&P Global
Ratings

BBB

Fitch Ratings

BBB

MOODY'S
Baa2

Key performance indicators of the largest portfolio companies

No	PC's Indicator	Unit of measurement	2020	2021
1	2	3	4	5
1	Oil and gas condensate production	mIn tons	21.75	21.65
2	Oil transportation	mIn tons	61.97	63.29
3	Refining of oil and naphtha	mIn tons	12.85	13.93
4	Gas transportation	bln m ³	86.59	95.41
5	Gas transportation: export	bln m ³	–	14.21
6	Natural gas sales	bln m ³	–	22.47
7	Natural gas sales: export	bln m ³	–	6.04
8	Cargo turnover (railway)	billion ton-km	231.78	233.34
9	including container transit	thous. TEU	876.01	1,065.63
10	Passenger turnover (railway)	bln passenger/km	6.35	9.52
11	Uranium mining	thous. tons	19.59	21.83
12	Uranium sales	thous. tons	16.43	16.53
13	Electricity generation	bln kW*h	31.39	35.61
14	Electricity export	bln kW*h	0.86	0.59
15	Coal sales	mIn tons	43.44	44.74
16	Coal export	mIn tons	10.06	9.80
17	Electricity transmission (KEGOC)	bln kW*h	43.60	50.71

No	PC's Indicator	Unit of measurement	2020	2021
1	2	3	4	5
18	Postal and courier services	mIn units	149.2	130.4
19	Financial services	KZT bln	1,372.9	1,194.3
20	Agency services	KZT bln	27.57	36.07
21	Passengers carried (Air Astana)	mIn people	3.70	6.62
22	Passengers carried (QA)	mIn people	0.43	0.57
23	Number of fixed lines	thous. subscribers	2,893.5	2,774.6
24	Fixed broadband access subscribers (ports)	thous. subscribers	1,833.2	1,860.7
25	Pay TV subscribers	thous. subscribers	863.88	918.72
26	Mobile communication subscribers	thous. subscribers	14,787.57	14,543.53

No	PC's Indicator	Unit of measurement	2020	2021
1	2	3	4	5
27	Refined gold production output	mIn ounces	1.08	1.64
28	Refined gold sales	mIn ounces	1.06	1.68
29	BOPP film production	thous. tons	8.31	9.36
30	PP bag production	mIn pcs.	17,847.8	15,546.3
31	Glyphosate formulation	thous. liters	1.07	0.20
32	Electric power generation	mIn kW*h	790.2	1,788.8
33	Sulphuric acid production (93%)	thous. tons	165.16	194.52

KEY INDICATORS OF PORTFOLIO COMPANIES



NC KazMunayGas JSC



Oil and gas condensate production, mln tons

2021
21.7

NET PROFIT
(KZT bln)



Oil transportation, mln tons

2021
63.3

2020
273.2



Oil refining, mln tons

2021
13.9

2021
1,215.6



NC QazaqGaz JSC



Gas transportation, bln m³

2021
22.5

NET PROFIT
(KZT bln)



Natural gas sales, bln m³

2021
95.4

2021
400.2



NC Kazakhstan Temir Zholy JSC



Cargo turnover, mln tons/km

2021
233.3

NET PROFIT
(KZT bln)



Container transit, thous. TEU

2021
1,065.6

2020
16.2



Passenger turnover, bln passengers/km

2021
9.5

2021
119.1

NAC Kazatomprom JSC



Uranium production,
thous. tons

2021

21.8

NET PROFIT
(KZT bln)

2020

183.5



Uranium sales,
thous. tons

2021

16.5

2021

140.8



Samruk-Energo JSC



Electricity generation,
bln kW*h

2021

35.6

NET PROFIT
(KZT bln)

2020

8



Electricity exports,
bln kW*h

2021

0.6



Coal sales,
mln tons

2021

44.7

2021

15



KEGOC JSC



Electricity transmission,
bln kW*h

2021

54.6

NET PROFIT
(KZT bln)

2020

48.1



Electricity dispatching,
bln kW*h

2021

105



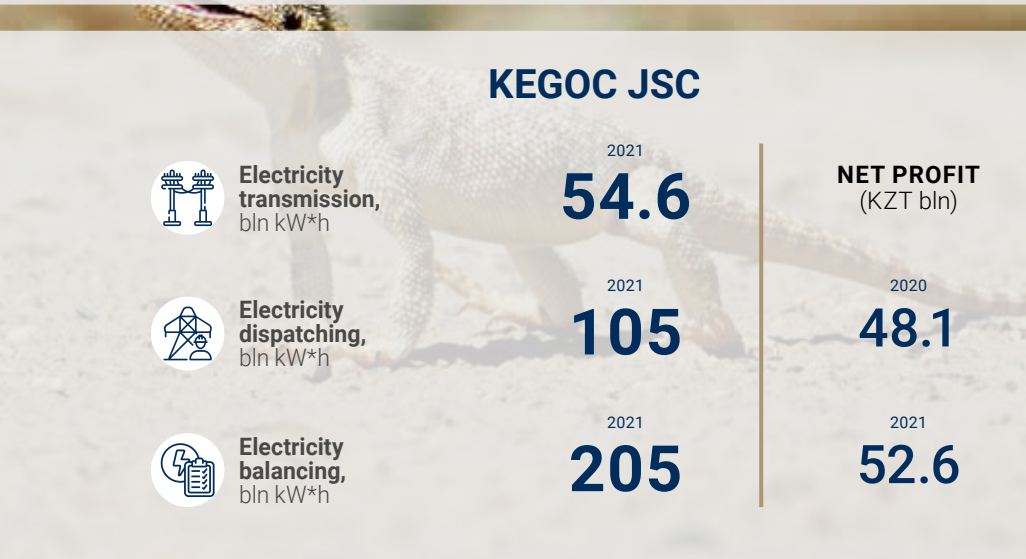
Electricity balancing,
bln kW*h

2021

205

2021

52.6



KEY INDICATORS OF PORTFOLIO COMPANIES



Kazakhtelecom JSC

	2021	NET PROFIT (KZT bln)
 Fixed lines, thous. subscribers	2,775	
 Fixed broadband access subscribers, thous. subscribers	1,861	2020 65.3
 Cellular communication subscribers, thous. subscribers	14,544	2021 97.4



Air Astana JSC

	2021	NET PROFIT (KZT bln)
 Passengers carried, mln people	6.6	2020 38.7
 Passenger load, %	80	2021 15.5



QAZAQ AIR JSC

	2021	NET PROFIT (KZT bln)
 Passengers carried, mln people	569.8	2020 (13.5)
 Passenger load, %	77.7	2021 (6.5)

Kazpost JSC

	Postal and courier services, KZT bln	2021	146.4	NET PROFIT (KZT bln)	
	Financial services, KZT bln	2021	1,144	2020	(5.1)
	Agency services, KZT bln	2021	36	2021	(7.2)



Tau-Ken Samruk NMC JSC

	Refined gold output, thous. ounces	2021	1,641.3	NET PROFIT (KZT bln)	
	Refined gold sales, thous. ounces	2021	1,683.8	2020	72.1
				2021	71.8



Samruk-Kazyna Ondeu LLP

	BOPP film production, thous. tons	2021	9.4	NET PROFIT (KZT bln)	
	Glyphosate formulation, tons	2021	196.9	2020	(51.8)
	Sulphuric acid production, thous. tons	2021	194.5	2021	(38.5)



OPERATIONAL EFFICIENCY

With the aim of implementing development strategies, the Portfolio Companies of the Fund ensure the implementation of production programs:



- In April 2021, the project of removal of production restrictions on gas at Karachaganak field was successfully completed.
- On October 13, 2021, considering the previously signed documents relating to Al-Farabi Operating LLP, a transaction under the Al-Farabi project was completed between KMG and LUKOIL. Both companies begin the immediate implementation of the subsoil use project subject to the contractual obligations assumed.
- On November 16, 2021, KMG and LUKOIL signed a Principles Agreement for the Kalamkas Sea and Khazar project, which provided for negotiations for defining the concept, details and conditions of joint development of deposits with further submission of the results to KMG corporate bodies.
- As of November 25, 2021, 500 mln tons of crude oil had been produced since the establishment of Tengizchevroil LLP.
- New oil deposits were discovered at Uzen field in Mangistau region through additional exploration. As a result, an increase in recoverable oil reserves amounted to 39.9 mln tons.



- NAC Kazatomprom JSC and China General Nuclear Power Corporation signed a contract for purchase and sale of a 49% stake in Ortalyk Producing Enterprise LLP.
- NAC Kazatomprom JSC and Genchi Global Limited signed a framework agreement for investing in ANU Energy OEIC Ltd. a physical uranium fund registered at the Astana International Financial Center (AIFC).
- The Ulba-FA LLP plant for the production of fuel assemblies with a capacity of 200 tons per year was launched.
- The corporate governance rating of NAC Kazatomprom JSC was upgraded from "BBB" to "A".
- Budenovskoye JV LLP received a supplementary agreement to the Contract for subsoil use at sites No. 6 and 7 of Budenovskoye field for industrial production.
- NAC Kazatomprom JSC received a Subsoil Use Contract for the industrial uranium mining at Zhaltpak field, which was transferred to Ortalyk Producing Enterprise LLP.





- On July 8, 2021, the Prime Minister of the Republic of Kazakhstan launched the construction of a gas processing plant – an integrated gas treatment plant based on the raw materials from the Kashagan field.
- On November 26, 2021, the construction was completed and the gas distribution networks of the 1st and 2nd start-up complexes of the second stage in Nur-Sultan were put into operation.
- On November 30, 2021, the Decree of the Government of the Republic of Kazakhstan No. 854 approved the delimitation of the activities of national companies in the field of subsoil use, pursuant to which NC KazTransGas JSC was granted a preferential right to exploration and production at gas and gas condensate fields.
- On December 14, 2021, NC KazTransGas JSC and NCOC signed an agreement on joint work on the basic design of the Phase 2A of Kashagan field in 2022-2023 to increase the capacity for processing crude gas from Kashagan field by 2 bln m³.



- The specific consumption of diesel fuel for train traction was reduced from 27.34 to 27.24 kg per 10,000 t/km on a gross basis.
- The specific power consumption was reduced by 5.02 kWh.
- The container transit increased from 876 thous. TEU in 2020 to 1,065,6 thous. TEU.
- The construction of the second tracks at “Dostyk – siding 19” section with a length of 25 km was started.





- In the framework of the 220-500 kV OHL Reconstruction project, KEGOC branches developed design and estimate documentation for all 24 overhead line reconstruction facilities and received positive expert opinions. Since the beginning of the project, construction and installation work has been performed on 20 out of 24 overhead lines. Construction and installation work on 12 OHLs was completed: 10 of them were put into operation, and an expert commission is working on the other two overhead lines. Work is underway on the remaining 8 overhead lines. Since the beginning of

the project, 1,342 km out of 2,029 km of overhead lines have been reconstructed; in 2022, 35.8 km of power transmission lines were reconstructed.

- As part of the project aimed at strengthening the electrical network of the UES Western Zone, construction and installation works are being carried out on all five 220 kV overhead lines: Uralskaya – Pravoberezhnaya, Pravoberezhnaya – Inder, Inder – Karabatan, Karabatan – Kulsary and Kulsary – Tengiz. 1,743 out of 4,182 supports were installed, which is 41.6% of the total number of supports.



- A new GoPost Home service was introduced. This service allows customers to order the door delivery of parcels and small packages from the supermarket of parcels. Currently, the service is being implemented in a pilot mode in Nur-Sultan and Almaty. In particular, it is available in the Central Operating Area (COA) and in the city post office No. 20 of Nur-Sultan and in Almaty COA.
- Together with the Akimat of East Kazakhstan and North Kazakhstan regions, a pilot project “Universal Agent of State and Social Services” was launched. Thanks to the project, residents of remote settlements can receive state and social services in local offices without going to the regional center.
- A new bonded warehouse was opened in the territory of the Khorgos – Eastern Gate free economic zone. The bonded warehouse will allow processing up to 100 tons of mail per day, sending and receiving parcels from non-CIS countries, and sending transit cargo to the EAEU countries by rail and road. Today, these services are in demand among our partners in Russia, Uzbekistan, Kyrgyzstan, and Azerbaijan. Agreements

were reached with major logistics organizations in China.

- In 2021, 16 of our own branches were transferred to small and medium-sized businesses; 37 new partner outlets were opened.
- The company renewed its fleet of cars and received the keys to 181 cars from the domestic automobile plant, which would ensure the timely delivery of correspondence and parcels to residents of district centers and villages.
- The integration with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan was carried out with respect to international main items not exceeding the value of 200 Euros or the weight of 31 kg. The integration process included preliminary transmission of data on these types of postal items to the state customs control authorities and receipt of preliminary decisions. The integration allowed reducing the time for mail processing and the number of requests from government agencies.
- In June 2021, a procedure for accepting non-cash payments under the EMS service was launched. Card payments are accepted by the EMS courier in the GoPost mobile application. The client

can pay for the services provided using a card of any bank of the Republic of Kazakhstan (Mastercard/Visa), which provides convenience, comfort and security. The launch of the card payment service would also increase the volume of services provided.

- The process of issue and sale of railway tickets using the Meirim discount card (which provides a discount for people with disabilities) and the sale of tickets to “women’s railway cars” was implemented.
- Kazpost JSC was assigned a status of an economic operator, which will make it possible to simplify the registration of cargoes that cross the customs borders of the states of the Eurasian Economic Union. This, in turn, will facilitate the prompt delivery of international mail and cargo to Kazakhstan and beyond. The status of an economic operator allows minimizing the time spent on customs procedures and optimizing logistics processes.
- The postal services of Kazakhstan and Russia signed a Memorandum of Cooperation in the field of transit logistics solutions for the movement and storage of international mail items.



- In April 2021, Kazakhstan became the leader in the pace of advancement in the global mobile Internet speed rating according to the Ookla Speedtest Global Index among the EAEU and Central Asian countries.
- Over the past two years, the company's formats of interaction with customers have changed dramatically, new digital solutions have been introduced, which increasingly required a flexible and scalable IT infrastructure from the IT division of Kazakhtelecom JSC, which is the foundation for any digital transformation. One of the important results in this direction was the transition to a microservice IT architecture and the introduction of Development and Operation (DevOps) practices.
- In 2021, as part of implementation of investment projects for the technical development and support of telecommunications networks, Kazakhtelecom JSC continued work on the following main areas of development of telecommunications networks: backbone and zone transport network, backbone data transmission network, broadband access networks, switching networks.
- Kazakhtelecom JSC is actively testing and implementing 5G technologies in Kazakhstan. The Protocol of the Interdepartmental Commission on Radio Frequencies of the Republic of Kazakhstan under the chairmanship of the Prime Minister of the Republic of

Kazakhstan No. 17-04/07-1000 of 31.08.2021 was approved. As part of this Protocol, Kazakhtelecom JSC launched its own 5G spot on the territory of Astana Hub in Nur-Sultan and on the central square of Shymkent. Kazakhtelecom JSC also launched a 5G spot on the territory of the Rixos Turkistan Hotel in October 2021.

- Fixed Wireless Access network has been launched in Shymkent for fixed wireless Internet access. The network has been launched in certain areas in the cities of Shymkent, Nur-Sultan (South-East), Almaty (Algabas), Kosshy. The rollout of the FWA network has already been launched in the cities of Nur-Sultan and Almaty.
- Since the beginning of the year, Kazakhtelecom JSC has connected 35 multi-apartment residential complexes of the capital to fiber-optic communication lines using the most modern GPON technology.
- In Kazakhstan, based on the networks of Kcell JSC, the Mobile Office service has been launched, which provides a business or its branch with the opportunity to work anywhere in the country and have access to its own information network without changing access parameters, and employees to be mobile.
- Kazakhtelecom JSC has launched a new generation service – eSIM. Kazakhtelecom JSC subscribers now have access to a new eSIM service – a digital alternative to a plastic SIM card.

- Kazakhtelecom JSC presented a new generation TV broadcasting service using IPTV technology, which will allow Kazakhstanis to control the air in their home and simultaneously watch different programs from several gadgets.
- Using the new TV platform from Kazakhtelecom JSC TV+ in less than a year of TV+ promotion, since March 2021, the number of users of the media service has approached the 300 thousand mark.
- A new modular data center in Almaty with a capacity of 168 racks, with a total area of 180 m² was commissioned. The data center uses a convenient management and monitoring system: the racks are installed in separate boxes with a large physical capacity for 50 units, unlike the standard capacity of 42 units. For the safety and efficiency of functioning in a modular data center, a modern air conditioning system is used, which reduces the cost of electricity consumption.
- In 2021, 34+ thousand video cameras were installed on the Cloud video surveillance platform in 17 cities. The integration of the cloud video surveillance system of Kazakhtelecom JSC into the operational management centers of the Ministry of Internal Affairs of the Republic of Kazakhstan has been completed. A productive and reliable optical network infrastructure at the level of 10 Gbit/s has been organized for transmitting video streams to the Central Control Center of the Ministry of Internal Affairs. 13 automated workplaces have been organized in the Operational Control Center of the Ministry of Internal Affairs in cities where there was such a need, with access to the cloud video surveillance platform of Kazakhtelecom JSC for monitoring video streams in online mode and video archive.



- Ekibastuz GRES-1 and GRES-2 reached a historical maximum in electricity generation in the amount of 22.8 bln kWh and 6.4 bln kWh, respectively.
- On December 30, 2021, Gosexpertiza responsibility provided a positive expert opinion for the feasibility study of the project "Modernization of Almaty CHP-2 with Minimization of Environmental Impact".
- Accidents and technological shutdowns at Samruk-Energo Group's production assets reduced from 1,351 in 2020 to 1,291 in 2021.



- During 2021, Air Astana opened 4 new international destinations and resumed 6 international destinations.
- In 2021, FlyArystan opened twelve new international destinations.
- In 2021, the Company conducted 5 maintenance operations of C-check type using its own forces.
- During 2021, the Company purchased 4 aircraft (1 x A320 CEO и 3 x A321LR).
- The Company successfully passed the IOSA audit in May 2021 and the EASA audit, Part 145/147, in October and April 2021.
- In 2021, Air Astana received the Skytrax award in the nomination "The Best Airline in Central Asia" for the 9th consecutive year since 2012 (there were no awards in 2020).



- In 2021, Qazaq Air achieved positive EBITDA in the amount of KZT 472 million.
- In 2021, the international flights to Omsk, Novosibirsk, Kazan and Yekaterinburg were launched on a charter basis.
- In 2021, the Company expanded its geography of flights from 27 to 35 destinations, including 5 international ones.

INVESTMENT ACTIVITIES

The main directions of the Fund’s capital expenditures are the implementation of investment projects in five Portfolio Companies: KMG, Samruk-Kazyna Ondeu, KTZ, SE, TKS. The main investment projects requiring large capital expenditures are exploration and production of oil and gas, construction of railways, construction of a gas chemical complex, construction of a railway station, construction of power transmission lines and other equally important projects.

Participation of the Fund in the implementation of infrastructure projects

The Fund continues to perform the function on supporting the country’s economy through the implementation of infrastructure projects, as well as

regional and industrial development projects. Today, the Fund participates in 54 projects under the SPIID program with a total amount of KZT 2 trillion. At the same time, in order to accomplish the National Action Plan for the implementation of the Message of the President of the Republic of Kazakhstan “Unity of the People and Systemic Reforms as a Solid Foundation for the National Prosperity” and orders of the Fund’s management, the Fund is considering the implementation of 14 priority infrastructure projects totaling KZT 3.82 trillion (ongoing, promising projects and projects under development). These projects mainly cover the transport, logistics, energy and infrastructure industries. The implementation of these projects will create about 6 thousand permanent jobs and 24.6 thousand temporary jobs.



MAJOR INVESTMENT PROJECTS OF THE FUND GROUP



NORTH CASPIAN PROJECT (experimental program development)

Purpose and brief description of the project

- Exploration, development and production of oil and by-products on the contract area.
- Production is carried out from the wells of D islands, A islands, EPC-2, EPC-3 and EPC-4. All technological facilities of D Island, oil, gas and sulphur technological lines of the onshore complex, as well as engineering support sites of both complexes are in operation.

Total project cost,
KZT bn

▶ **11,843¹**



CONSTRUCTION OF AN INTEGRATED GAS CHEMICAL COMPLEX (second phase)

Purpose and brief description of the project

- Construction of a polyethylene plant with the design capacity of 1,250 million tons per year in Atyrau region.

Total project cost,
KZT bn

▶ **2,719**



CONSTRUCTION OF AN INTEGRATED GAS CHEMICAL COMPLEX (first phase)

Purpose and brief description of the project

- Creation of an integrated gas chemical complex for the production of polypropylene with a capacity of 500 thousand tons per year in Atyrau region.

Total project cost,
KZT bn

▶ **953**



CONSTRUCTION OF THE BEINEU – BOZOI – SHYMKENT GAS PIPELINE

Purpose and brief description of the project

- Construction of a main gas pipeline with a length of 1,475 km in a single-cut design with 2 compressor stations (hereinafter – CS) Bozoi and Karaozek, as well as four additional compressor stations built by ICA. The construction of the main gas pipeline with the aim of supplying natural gas to the southern regions of the Republic of Kazakhstan, diversification of export supplies of Kazakhstani gas, and creation of a unified gas transportation system.

Total project cost,
KZT bn

▶ **740**

¹ The cost is indicated taking into account historical exchange rates and excluding VAT due to exemption under the North Caspian Project agreement.



CONSTRUCTION OF A GAS SEPARATION UNIT

Purpose and brief description of the project

- Construction of a gas separation unit for ethane production with a capacity of 1.6 million tons at Tengiz (TCO) field to provide raw materials for the Polyethylene Production project.

Total project cost, KZT bn

▶ **621**



CONSTRUCTION OF INFRASTRUCTURE FACILITIES OF THE NATIONAL INDUSTRIAL PETROCHEMICAL TECHNOLOGY PARK SEZ

Purpose and brief description of the project

- Construction of infrastructure facilities of the special economic zone "National Industrial Petrochemical Technology Park" in Atyrau region.

Total project cost, KZT bn

▶ **385**



EXPANSION AND RECONSTRUCTION OF EKIBASTUZ GRES-2 WITH INSTALLATION OF POWER UNIT AT THE STATION NO. 3

Purpose and brief description of the project

- Meeting the growing needs of Kazakhstan in electricity and electric capacity, increasing the export potential of Kazakhstan; improvement of the reliability of power supply to consumers; providing sustainable efficient operation of the energy source in market conditions.

Total project cost, KZT bn

▶ **374**



INDUSTRIAL DEVELOPMENT OF SHALKIYA POLYMETALLIC ORE DEPOSIT IN KYZYLORDA REGION

Purpose and brief description of the project

- Launch of an ore-dressing plant with a capacity of 4 million tons per year for the purpose of subsequent production of zinc and lead concentrates.

Total project cost, KZT bn

▶ **270**



CONSTRUCTION OF FOUR COMPRESSOR STATIONS ALONG THE BEINEU – BOZOI – SHYMKENT GAS PIPELINE

Purpose and brief description of the project

- Construction of four compressor stations along the Beineu-Bozoi-Shymkent main gas pipeline to provide a throughput capacity of up to 15 billion m³/year. Ensuring stable gas supplies to the southern regions of the Republic of Kazakhstan, especially to cover the shortage during the heating season and increase the supply of gas for export to the PRC.

Total project cost,
KZT bn

▶ 215



CONSTRUCTION OF A FERRY COMPLEX IN KURYK PORT AND OPERATION OF UNIVERSAL CARGO AND PASSENGER FERRIES

Purpose and brief description of the project

- Creation of an effective logistics hub and development of the Caspian maritime infrastructure and an increase in the transit potential of Kazakhstan. Development of cross-border trade and economic relations, an increase in transport and socio-economic potential.

Total project cost,
KZT bn

▶ 96



EXPANSION AND RECONSTRUCTION OF EKIBASTUZ GRES-1 (RESTORATION OF THE BLOCK NO.1)

Purpose and brief description of the project

- Providing reliable power supply to consumers. Increase in available capacity in order to ensure reliable power supply to consumers.

Total project cost,
KZT bn

▶ 144.1



MINING OF POLYMETALLIC ORES AT ALAIGYR FIELD IN KARAGANDA REGION

Purpose and brief description of the project

- Launch of an ore-dressing plant with a capacity of 900 thousand tons/year for the subsequent production of lead-silver concentrate.

Total project cost,
KZT bn

▶ 48

New investment

The mission of the Fund is to create a long-term value and stimulate sustainable economic development through effective asset management in the interests of the people of the Republic of Kazakhstan. The vision of the Fund by 2013 is to become a leader of the national economy and make a breakthrough in the innovation-driven development based on the principles of people's welfare and environmental protection through responsible investment.

In 2021, the following activities were carried out in this area:

- In accordance with the Rules for the implementation of new investments of Samruk-Kazyna JSC developed in 2020 to improve the efficiency of the process of implementing new investments, the Fund annually forms a short list of investment initiatives. In 2021, 50 initiatives were considered in 11 industries, and 29 initiatives at various stages of development were included in the short list.
- As part of the qualitative formation and effective management of assets of the Fund of Future Generations, the Rules for the formation of the portfolio of the Fund of Future Generations and the Rules for the formation of the treasury portfolio were updated.

Performance results in the framework of interaction with investors

International events

In 2021, despite the continuing restrictions due to the global epidemiological situation, the Fund carried out active international activities using optimal formats and mechanisms of interaction.

In 2021, 10 bilateral documents were signed during international events and foreign visits.

At the same time, the Fund strengthened the Asian direction of cooperation. Despite the closure of Chinese borders, the Fund was able not only to maintain, but also to strengthen cooperation with Chinese partners by holding 3 online events. A Korean partner in the Business Council was replaced, which would give a new impetus and allow this mechanism to become a reliable platform for effective interaction between business communities of the two countries.

Among international visits, the following should be particularly noted:

- Participation of the Chief Executive Officer of the Fund in the St. Petersburg International Economic Forum (SPIEF, June 2-5, 2021), during which the Fund signed an agreement with RUSNANO and Sintez OKA Group on the main conditions of cooperation for the creation of an investment platform in the field of small and medium-tonnage petrochemistry, as well as an agreement with LUKOIL PJSC on purchase and sale of 49.9% participation interest in the Al-Farabi project;
- Kazakh-Korean round table (August 17, 2021) with the participation of the President of the Republic of Kazakhstan Kassym-Jomart Tokayev And the President of South Korea Moon Jae-in. The event was also attended by heads of such large South Korean companies as: Samsung Electronics, Doosan Heavy Industries&Construction, Hyundai Engineering & Construction, Dongil Construction, Lotte Confectionery, BC Card, Seegene Medical Foundation, Korea Health Industry Development Institute (KHIDI) and Kolon World Investment. A Memorandum of Cooperation was signed between the Fund and Korea International Trade Association in the presence of the two heads of states. In general, according to the results of the round-table discussions, 34 agreements totaling USD 1.7 billion were signed, including 21 commercial documents and 13 non-commercial ones;
- A meeting of the Kazakhstan-Qatar Business Council held on August 22, 2021, which was also attended by the First Deputy Prime Minister of the Republic of Kazakhstan, heads of large companies of Kazakhstan and Qatar, members of the Government of the Republic of Kazakhstan, representatives of government departments and financial institutions;
- Visit to the United Kingdom (October 28 – November 2), during which a number of significant events took place:
 - the 4th meeting of the Kazakh-British Business Council held on October 28 in the format of a round table during which a Memorandum was signed with Arq company which was interested in the construction of an enterprise in Kazakhstan for recycling coal mining wastes into fuel powder for further mixing with petroleum products and obtaining environmentally friendly fuel for vessels.
 - Investment Forum at the London Stock Exchange platform (October 29). The speech of the Fund's CEO during the panel session "Moving Forward and Ensuring Sustainability" set the tone of an active discussion of the development and initiatives for the

introduction of new renewable energy technologies. The session was also attended by representatives of the London Stock Exchange, a reputable financial periodical and major international companies;

- In addition, during the visit of the Fund's CEO, important meetings were held with major British political and business leaders. It is necessary to mention a high level of reception and substantive negotiations held with the co-Chairman from the United Kingdom, Baroness Nicholson, following which the foundation was laid for further development of the Kazakh-British Business Council and an agreement was reached to hold a joint event in the spring of 2022 in London. During another important meeting, discussions were held with the Head of the Capital Markets Group of the London Stock Exchange, M. Roos, including the issues of potential future cooperation with Samruk-Kazyna during the privatization of assets of KazMunayGas and Air Astana, as well as knowledge exchange and cooperation in the field of ESG.

A separate significant event during the visit was the participation of Samruk-Kazyna JSC in SOR26 – the first involvement of the Fund in the activities of a large-scale UN Conference on Climate Change, which was of great importance given the new Development Strategy of the Fund and the ambitious decarbonization tasks set by the Fund to Portfolio Companies. As part of COP26, the Central Asian side event "Green Bridge: Regional Unity in Combating Climatic Change" was held, which was attended by the Fund's Co-Managing Director for Strategy, Sustainable Development and Digital Transformation, Ye. Berdigulov.

Another area of the Fund's international activity, which was initiated in 2021 after the previous pandemic year, was the bilateral meetings of the representative of the Management Board with heads of international companies, foreign delegations and ambassadors of diplomatic missions in the Republic of Kazakhstan. It is necessary to note the deepening of bilateral cooperation with:

- Russian partners. Thus, in 2021, besides the meetings with the management of RUSNANO and Rosatom, the Fund was visited by delegations from Udmurtia, Sverdlovsk Region, Russian Export Center JSC, Russian Railways Logistics JSC;
- Arab countries. Cooperation with Qatar and the UAE is actively developing. Several meetings were held with Baladna, ADQ, Acwa. As a result of detailed negotiations, on December 1, 2021, the Fund signed an Agreement with Abu Dhabi Development Company Sovereign Fund and Abu Dhabi National Energy Company;
- Ambassadors of foreign states. Another important event was a meeting with the French Ambassador to Kazakhstan, Didier Caness, during which a wide range of issues were addressed, including the prospects for cooperation between Kazakhstan and France. It is important to note that the Ministry of Foreign Affairs of the Republic of Kazakhstan paid great attention to the issues of interaction with France (several meetings were held at the level of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan), which allows the Fund to expect, if there is positive dynamics in combating coronavirus, mutual official visits of leaders of the two countries in 2022. Given the level of cooperation of Samruk-Kazyna group of companies with French partners, the Fund may consider the possibility of holding bilateral events with companies such as BPI, Total, Orano.

In 2021, the Fund actively carried out international activities and established relations with foreign partners. The results of the international activities in the reporting period also include the growing potential for cooperation with France, the readiness of the new management of the British Embassy and its international trade unit to intensify investment cooperation, and the resumption of interaction with Korean partners – all these factors contributed to the sustainable development of the Fund's group of companies and laid the foundation for the implementation of joint projects with foreign partners in 2022.

PRIVATIZATION PROGRAM

The Fund participates in improving the efficiency of the economy of Kazakhstan, reducing the share of the quasi-public sector in the economy of Kazakhstan through active participation in the Comprehensive Privatization Plan by transferring its assets to the competitive environment. The Fund is also working to exit non-strategic assets/divestments for the purposes of effective portfolio management and asset structure optimization. The success of the measures taken will stimulate an increase in the level of corporate governance, development of healthy competition in the private sector, reducing the presence of the state in competitive sectors of the economy, improving the investment climate of the Republic of Kazakhstan, as well as attracting new technologies to the national economy and reducing government regulation in the business sector.

At the end of 2020, the Government of the Republic of Kazakhstan adopted Decree No. 908 "On Some Privatization Issues for 2021-2025" (hereinafter – the Privatization Plan).

In accordance with the Privatization Plan, 25 of the assets of the Fund Group are subject to transfer to the competitive environment:

- 1) 8 large assets of the Fund – by conducting an IPO, selling to a strategic investor and by other means

Earlier, in June 2020 and December 2021, the State Commission for the Modernization of the Economy of the Republic of Kazakhstan (hereinafter – the State Commission) agreed on the following terms of transfer to the competitive environment: for 2022 – JSC NC KazMunayGas (hereinafter – KazMunayGas), Air Astana JSC (hereinafter – Air Astana), QAZAQ AIR JSC (hereinafter – Qazaq Air) and JSC NMC Tau-Ken Samruk (hereinafter – TKS); for 2023 – JSC NC Kazakhstan Temir Zholy (hereinafter – Kazakhstan Temir Zholy, KTZh), Kazpost JSC (hereinafter – Kazpost) and for 2025 – Samruk-Energy JSC (hereinafter – Samruk-Energy). In addition, in December 2021, the Government of the Republic of Kazakhstan by the Decree also included QazaqGaz in the Privatization Plan with the method of transfer to the competitive environment – IPO, and

**17 small assets
portfolio companies from
which were completed in 2021
implementation activities 4 assets
of the Fund's Group for the total order
amount**

**2.7
BILLION TENGE**

subsequently the pre-agreed IPO deadline was set for 2023. At the same time, it is assumed that the final terms of the sale of assets will be determined taking into account the macroeconomic situation, the dynamics of capital markets, interest from potential investors, social and other aspects.

Accordingly, the Fund, together with portfolio companies, carried out appropriate work to prepare for the IPO and transfer to the competitive environment in other ways:

- 1) Kazpost: in accordance with the decisions previously adopted by the State Commission and the Board of Directors of the Fund on the method of transferring the company to the competitive environment by direct targeted sale to a strategic investor in 2021, together with a reputable independent consultant, work was carried out on the search and selection of a strategic investor. This process was carried out and met the key standards of classical structured M&A with several stages of determining the pool of investors, including the preparation of a "long" list of investors, the distribution of an investment teaser, preparation of an information memorandum, establishment of qualification requirements and investment obligations, conduct of due diligence by investors, receipt, processing and analysis of non-binding and binding offers, etc. However, based on the results of this work,

a binding proposal was received that did not meet the expectations of the Fund. In this regard, in agreement with the State Commission, the transfer of the asset to the competitive environment has been postponed to 2023.

- 2) KazMunayGas: taking into account the recovery in oil prices and the absence of significant "negative" volatility, as well as sentiment in the capital markets, active preparations for the IPO were resumed in May-June 2021. In general, the IPO is planned for 2022 in parallel, at two Kazakhstan sites – Kazakhstan Stock Exchange JSC and the Astana International Financial Center Exchange with the involvement of a wide range of retail investors represented by citizens of the Republic of Kazakhstan by conducting a large-scale marketing campaign and using modern communication methods, as well as providing access to the purchase of shares, including through mobile applications.
- 3) Air Astana: during 2021, active preparations for the company's IPO continued. At the same time, as before, the shareholders represented by the Fund and BAE Systems considered holding an IPO both on international and Kazakh platforms. However, taking into account the geopolitical situation and falling markets, it is not possible to hold an international IPO of Air Astana in 2022. In this regard, the Fund, together with the second shareholder and the company, propose to postpone the IPO period until the restoration of international capital markets.
- 4) Samruk-Energy: earlier in October 2021, a Joint Declaration was signed by the Government of the UAE and the Government of the Republic of Kazakhstan on the creation of a long-term strategic partnership for the development of projects in priority sectors,

which provided for the alienation of up to 49% of Samruk-Energy shares by the Fund (hereinafter – the Joint Declaration). However, these works were subsequently suspended, taking into account the withdrawal by the Government of the Republic of Kazakhstan of the draft law on the ratification of the Joint Declaration from the Majilis of the Parliament of the Republic of Kazakhstan. At the moment, taking into account the recommendations of an independent consultant and in agreement with the Government of the Republic of Kazakhstan, alternative options for transferring the company to the competitive environment are considered, including by consolidating a "green" portfolio of assets in a separate company for the purpose of further IPO, which undoubtedly corresponds to the current "green" agenda and, accordingly, will be extremely attractive to potential investors in IPO.

- 5) QAZAQ AIR: in H2 2021, the Fund carried out work on attracting an independent consultant on the transfer of assets to the competitive environment, including on analyzing the market and investment attractiveness, as well as developing recommendations on how to realize Qazaq Air. The consultant conducted an analysis of the investment attractiveness of Qazaq Air, according to which the most optimal way to realize the company is to conduct an open two-stage competition. It is planned to carry out further activities in this direction.
- 6) Kazakhstan Temir Zholy: in 2021, the company's efforts were aimed at improving operational efficiency, carrying out debt management measures, as well as interaction with state bodies and the Government of the Republic of Kazakhstan in order to further improve the regulatory environment. In general, the company will have to continue these activities and only after



solving all the tasks of financial recovery, the IPO of the company can be carried out in acceptable economic parameters.

- 7) QazaqGaz: in 2021, the company actively worked and continues to take measures to improve its investment history by developing new areas of activity, as well as solving key problematic issues. As such one can name the receipt of systemic losses on gas trading operations in the domestic market, a decrease in volumes on high-margin export routes, a weak own resource base, etc. As the financial and economic situation improves and a "strong" investment history is formed, active preparations for the company's IPO will begin.
 - 8) TKS: in September 2021, the State Commission preliminarily agreed to exclude TKS from the Privatization Plan, with its replacement by its subsidiaries ShalkiyaZinc JSC and LLP JV Alaigyr.
- 2) 17 small assets of portfolio companies, of which, in 2021, measures were completed to sell 5 assets of the Fund group for a total amount of about KZT2.7 billion (Vostokmashzavod JSC, Astana Solar LLP, Kazakhstan Solar Silicon LLP, LLP MK KazSilicon and Kaustik JSC).

Also, the work was carried out to prepare the remaining 12 assets of portfolio companies for the transfer to the competitive environment (Kazakhstan Car Building Company LLP, Tulpar Car Building Plant LLP, Paramilitary Railway Guard LLP, Aysir turizm ve insaat, KazMunayGas-Service LLP, KazMunayGas-Service-NS JSC, JSC NC Aktau Commercial Sea Port, Aktau Sea Northern Terminal LLP (hereinafter – ASNT), Silicon mining LLP, Tau-Ken Temir LLP, SSAP LLP (hereinafter – SSAP) and CHEM-plus LLP).

However, in February 2022 the Government has included in the Privatization Plan the Key criteria (principles) for inclusion in the list of privatized entities of the quasi-public sector, with account of which the work is carried out to update the list of assets proposed for transfer to the competitive environment and its coordination with the authorized state bodies. In particular, it is proposed to exclude assets of SSAP and the Aktau Sea Northern Terminal from the Privatization Plan for various reasons, also taking into account the work carried out by the Commission on the Demonopolization of the Economy of the Republic of Kazakhstan. Previously, the draft list was positively reviewed by the Public Council of the Fund. The final changes to the Privatization Plan will be published in due course.

As part of the work on exiting non-strategic assets / divestments in 2021:

- 13 assets are sold (Semser-Ort Sondirushi LLP, Leasing Group JSC, KT Cloud Lab LLP, KazMunayGas-Engineering LLP, Technological Transport and Wells Servicing Management LLP, Butadiene LLP, Al Farabi Operating LLP, Rompetrol Valves Iafio, Palplast S.A., Tin One Mining JSC, KAZ Ferrite LLP, Kcell JSC 24%, LLP DP Ortalyk 49%);
- 2 assets are transferred to state ownership (KOREM JSC, Financial Settlement Center of Renewable Energy LLP);
- 8 assets are liquidated (Kazatomprom-Damu LLP, Rompetrol Ukraina, Agat, Rompetrol Distribution Albania, Rompetrol Albania Downstream, Rompetrol Albania Wholesale, Rompetrol Albania Sh.A., Logistic System Management B.V.).



TRANSFORMATION AND DIGITALIZATION PROGRAM

TRANSFORMATION PROGRAM

Within the framework of achieving the country's strategic goals as stated in the Kazakhstan-2050 Strategy and ensuring a necessary increase in the efficiency of investment and operational activities, the Fund has developed a program of large-scale transformations of its activities and activities of its Portfolio Companies (Transformation Program of Samruk-Kazyna JSC). This Program lays the foundation and general principles for the transformation of the entire group of Samruk-Kazyna JSC, including the Fund and Portfolio Companies.

To date, the Transformation Program is being implemented in six large Portfolio Companies of the Fund: NC KazMunayGas JSC, NC Kazakhstan Temir Zholy JSC, Kazpost JSC, NAC Kazatomprom JSC, Samruk-Energy JSC, KEGOC JSC.

The Transformation Program is one of the tools used to implement the Development Strategy of six Portfolio Companies and the Fund and provides for the transition to digital transformation. The main idea of the transition to digital transformation is to solve business tasks using digital technologies that are converted into business

benefits such as reducing downtime, commercial losses and increasing operational efficiency.

The Program is aimed at implementing the following initiatives:

1. Industrial safety;
2. Culture transformation;
3. Customers;
4. Suppliers;
5. Cost optimization through process re-engineering;
6. Cybersecurity.

To ensure effective management of the Transformation Program at the level of the Fund and Portfolio Companies, a collegial advisory body – a Modernization Council has been created.

As part of the management of the Transformation Program at the level of Portfolio Companies, regular meetings of management bodies are held with the participation of the Fund's CDTO, representatives of industry directorates and the Transformation Team. At the end of the year, the Fund held 19 meetings of the Modernization Council and 61 meetings of the Project Management Committee.

Meeting	NC KazMunayGas JSC	NC Kazakhstan Temir Zholy JSC	NAC Kazatomprom JSC	Kazpost JSC	Samruk- Energo JSC	KEGOC JSC	TOTAL
PC Modernization Council	3	3	2	2	5	4	19
PC Management Committee	15	8	3	6	20	9	61

Additionally, to enhance the expertise of project offices, the Fund held 13 training seminars and 274 informal meetings with PC transformation offices and project teams to discuss operational issues.

Activity	NC KazMunayGas JSC	NC Kazakhstan Temir Zholy JSC	NAC Kazatomprom JSC	Kazpost JSC	Samruk-Energo JSC	KEGOC JSC	TOTAL
Training seminars	5	5	1	2	–	–	13
Informal meetings with PC	96	18	11	9	120	20	274

Detailed information on the results of implementing the Transformation Program in each PC is provided below.



NC KazMunayGas JSC

In 2021, net benefits from transformation projects amounted to KZT 2 billion with an annual plan of KZT 2.1 billion.

In 2021, the following key results were achieved:

- 31 Lean 6 Sigma projects were implemented in the business area of Oil Refining and Petrochemistry and 6 projects were accomplished in the business area of Oil and Gas Production.
- 5 modules of the “Development and Implementation of ABAI IS” project were completed and put into operation.
- At the post-monitoring stage of the project of transition to an extended inter-repair period at refineries (including automation of the maintenance and repair system) (Atyrau Refinery, POCR), additional income was received from refining the delta volume of oil, as well as maintenance and repair costs of the POCR were reduced.
- Under the post-monitoring project of implementation of production optimization planning at KMG refineries (Atyrau Refinery, POCR), positive effects were obtained due to the introduction of production optimization planning based on LP models with changes in production planning processes at Atyrau Refinery, POCR and PKOP and in KMG CC.





NC Kazakhstan Temir Zholy JSC

In 2021, net benefits from transformation projects amounted to KZT 360 billion with an annual plan of KZT 2.09 billion.

In 2021, the following key results were achieved:

1. Within the framework of the Inventory Management project, a functional area of inventory management was created. 215 expert commissions, 54 regional commissions and 10 commissions for the sale of unclaimed liquid assets/ illiquid assets at the network level were created in joint ventures and subsidiaries of KTZ. A methodology for inventory management was developed and approved.
2. Within the framework of the project of introducing a new data management model, a solution for creating predictive models and analytical data showcases was put into permanent operation.
3. According to the Integrated Planning System (IPS) project, a forecast of volume indicators was formed considering private carriers. The methodology for automation of medium-term planning in KTT JSC was also agreed and approved.
4. Under the "Train Traffic Control Center (Reloading)" project, for the period of 11 months, a single movement of locomotives was reduced in the Western region by 44% to the average values for the 5-year period (2016-2020). In addition, despite a negative impact of reducing the average weight of the train by 4.2%, an average daily locomotive performance increased by 1.3%. Measures were implemented to create and put into operation the regional traffic control center of the South-Eastern region in Almaty.
5. As part of the project of transferring locomotives to one-person control, since July 2021, 128 modified locomotives (equipped with two consoles) have been transferred to one-person control, 512 driver assistants were optimized. The company continues to modernize and transfer the remaining 75 shunting locomotives to one-person control.
6. As part of the project to improve the efficiency of terminals of Kedentransservice JSC, a software "Car Operator's Rates Calculator" was introduced, and the first sales line was launched to receive customer requests through communication channels integrated into the CRM. The Auto Visit module at GTS-1 was put into trial operation to control the flow and plan work with vehicles at GTS-1.
7. In the framework of the project "Improving the Efficiency of Locomotive Traction", the I and II stages of lengthening the service arms (~37 train sections) were completed, which allowed saving ~14 thousand hours of unproductive downtime of locomotives and optimizing 96 members of locomotive crews due to natural decline.
8. Under the project "Operational Efficiency", a target route network was developed and implemented on December 12, 2021 in coordination with the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan, which will allow the company to release 54 passenger cars in 2022.
9. Under the project "Marketing and Sales in the Field of Railway Passenger Transportation", over the period of 11 months, a share of online sales of travel tickets amounted to 70% (in 2019 – 34%, in 2020 – 55%). On October 10, 2021, a new product "women's railway cars" was put into pilot operation.
10. In the framework of the project "Outsourcing of Non-Core Activities", 15 out of 26 planned activities were outsourced, 2 activities were outsourced in 2021, and 4 activities are planned to be outsourced in 2022-2023. The Policy on the definition and outsourcing of non-core activities in KTZ JSC group of companies was approved.



KAZATOMPROM
NATIONAL ATOMIC COMPANY

NAC Kazatomprom JSC

According to the actual data, by the end of 2021, net benefits amounted to KZT 2.3 billion with a plan of KZT 0.68 billion.

In 2021, the following key results were achieved:

1. Targeted information security processes were implemented in the CC.
2. Monitoring of the implementation of the Integrated Planning System (IPS) project in Semizbay-U LLP and Inkai JV LLP was completed.
3. The development of an automatic monitoring system for radiation hazards at Kazatomprom-SaUran LLP was completed.
4. BI-analytics tools were developed based on the Apache Superset open-source solution for mining associated companies and subsidiaries for the purpose of digitizing production data at the stage of technological drilling.
5. The development of the architecture for production processes (mining and processing) and data architecture in RU-6 LLP with top-level requirements for the IS integration at the mining enterprise was completed.
6. Work on the development of the design and estimate documentation for the project of modernization of the refining production of Kazatomprom-SaUran LLP was completed.
7. A draft pricing methodology was developed for other uranium products (UF₆, EUP, fuel pellets, fuel assemblies, etc.) to increase a market share, revenue and net profit through the sale of other uranium products.
8. The methodology of pricing for natural uranium concentrate was updated to strengthen the export potential of the Republic of Kazakhstan by increasing the competitiveness of the Company in the global uranium market.
9. A system for monitoring and analysis of the technical condition of centrifugal pumping units at facilities of Khorasan-U JV LLP (vibration, pressure, temperature sensors) was designed.
10. A BI-analytics tool was designed and implemented to determine the contour of ore bodies in Khorasan-U JV LLP, Bayken-U LLP, Semizbay-U LLP.





Kazpost JSC

In 2021, net benefits from transformation projects amounted to KZT 1.7 billion with a plan of KZT 3.8 billion.

In 2021, the following key results were achieved:

1. In the framework of the project "Development of Express and Courier Delivery Services", the GoPost mobile application designed for couriers was put into operation. 144 users were trained to work with the GoPost application in terms of issuing delivery orders, processing courier call requests, assigning statuses, accepting cash and non-cash payments on delivery, payments for refund, storage and re-delivery. To launch the functionality of accepting non-cash payments in the Go Post mobile application, access to Kazpost information systems (IS) was configured and provided to all couriers of regional EMS units.
2. In the framework of the project "Implementation of the Fulfillment Center Service in the Republic of Kazakhstan", contracts were signed with Silk Road city express LLP, Nursat+ LLP (Chocomart), Mikeya and Kar-Tel to provide the fulfillment (support) services.
3. In the framework of implementing the IIN/BIN@POST.KZ service, the product "Registered letter to the IIN/BIN@post.kz electronic subscriber mailbox" and the tariffs for the service and notification of receipt of an email were approved. Relevant proposals/legislative initiatives on the development of postal digital services were developed and sent. On December 23, 2021, an agreement on the design/development/implementation/installation of the IIN/BIN@post.kz was signed with Azimut Labs LLP.
4. Within the framework of the Protocol Instruction of the First Deputy Prime Minister A. Smailov dated April 9, 2021, the task of developing a bonded warehouse is being implemented, namely, working through the issue of establishing a bonded warehouse of Kazpost JSC in the territory of Khorgos-Eastern Gate SEZ for the transit of international mail to third countries. In September 2021, as part of the project "Development of B2B2C Services in the Republic of Kazakhstan" (BONDED WAREHOUSE), a transit (bonded) warehouse was opened in the territory of Khorgos-Eastern Gate SEZ. The Company accomplished all organizational measures, established cooperation with the postal administrations of Russia and Uzbekistan, implemented a pilot service of receiving mail transit in the amount of 320 kg, and concluded an agreement with Yiwu Yuexuan Trade CO.
5. In the framework of the project "Cargo Transportation and Customs Representative", the status of a customs operator was obtained. Tariffs for customs clearance services were approved. A new service was launched for legal entities to provide customs support when crossing the border by road. Since the beginning of the year, transit declarations have been issued for 100 railway containers.
6. As part of the project "Improving Operational Efficiency Through Data Analytics (BIGDATA)", work is being carried out to build a portrait of the client. Dashboards Client Portrait, Department Portrait, Employee Portrait, card activity, itemization, services, frequency of using services, etc. were developed.





KEGOC JSC

In 2021, net benefits from transformation projects amounted to KZT 2.7 billion with an annual plan of KZT 0.61 billion.

In 2021, the following key results were achieved:

1. In the framework of the project "Introducing a Centralized System of Emergency and Operating Automation of UES Operation Mode Control (CECS and AFAPC)", an AFAPC was put into operation to automate the maintenance of the electricity generation and consumption balance in the power system of the Republic of Kazakhstan. As a result, the efficiency of dispatching control of the country's power system modes of operation has increased and the reliability of the NES operation has improved, the costs for power regulation services have reduced, disconnections of consumers and generation due to excessive exposure to emergency automation have reduced by at least 25%.
2. As part of the project "Implementing a Monitoring and Control System Based on Synchrophasor Technologies (WAMS/WACS)", the commissioning work was performed and the WACS system was put into operation from July 30, 2021.
3. In the framework of the "Ensuring Cybersecurity" project, a system for protecting the perimeter of production technological facilities and a system for detecting abnormal situations in the process network were put into commercial operation, work

was performed to introduce a firewall system for segmentation of internal branch networks and a network anomaly analyzer system. The CISCO ISE user access control and authentication system controls user access to production systems.

4. In the framework of the event "Formation of Effective Human Resources", diagnostics was carried out to identify the level of social stability, industrial relations, the level of tolerance for corruption, involvement, and the development of internal communications. A pool of talents for key positions was formed. From September 2020 to July 2021, the list of successors of the Functional Pool included 186 people. During the reporting period, the percentage of appointments from the Functional Pool was 80%.
5. Within the framework of the event "Improvement of Project and Portfolio Management", standards were developed and approved, the Optimization Project Management Regulations were updated, internal regulations on capital (major and significant) project management were updated, the implementation of project and portfolio management processes in accordance with the company's internal regulations was ensured.
6. The measures under the project "Automation of Lighting of Substation Outdoor Switchgears" were completed, a tender for the purchase of motion sensors was held, equipment was delivered, and installation work was completed.





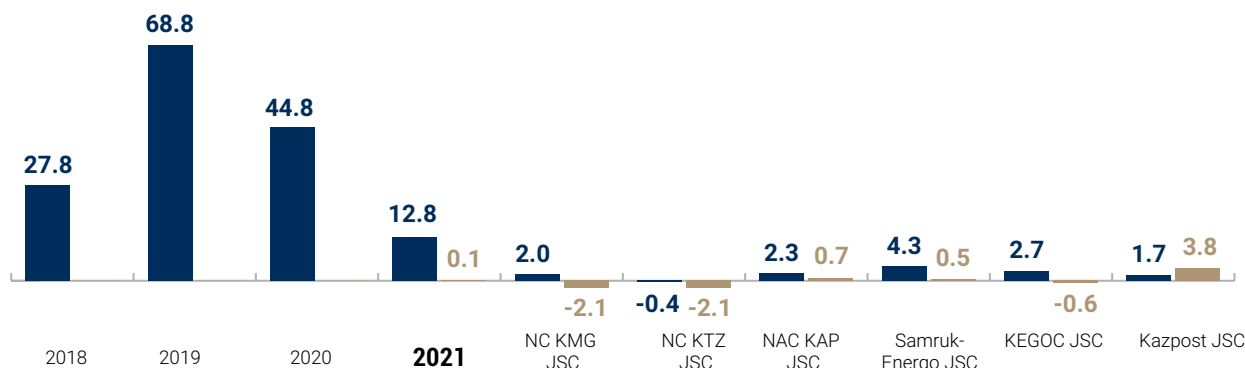
Samruk-Energo JSC

In 2021, net benefits from transformation projects amounted to KZT 4.3 billion with an annual plan of KZT 0.5 billion.

In 2021, the following key results were achieved:

1. The project "Implementation of a New Model for Integrated Security Management" was implemented; new processes are currently used in the operating activities of AIES JSC, Alatau Zharyk Company JSC, SGE JSC. More than 6 thousand employees were trained as part of the 3rd line of the project. Injury rates (LTIFR, LDR) are expected to decrease by 30% within 3 years after the project implementation.
2. In the framework of the "Safe Production" project, the system was put into commercial operation in Ekibastuz GRES-1 LLP, Ekibastuz GRES-2 Station JSC and AIES JSC. During the operation of the system, the following rates of inconsistencies were registered: Ekibastuz GRES-1 LLP – 3,514, Ekibastuz GRES-2 Station JSC – 2,062 and AIES JSC – 3,687.
3. As part of implementing the project "Analysis of Commercial Losses in Networks Using Data Analytics", a system for analyzing commercial losses was developed, data migration from the ASCAE system was accomplished, test activities based on the available data are being carried out, as a result of which user training will be conducted, and the system will be put into productive operation.
4. In 2021, as a result of the implementation of the project "Introduction of Online Services for Electricity Consumers", NPP LLP received payments from 17,311 accounts through the Personal Account for legal entities.
5. The project "Implementation of the Information Security Management and Assurance System" was completed, all the stated event sources of Samruk-Energo JSC and its eight subsidiaries of the project organizational perimeter were connected, 24/7 monitoring of information security incidents is being carried out.
6. The AFAPC Implementation project was completed. The AFAPC system was put into productive operation in EGRES-1 LLP and Moynak HPP JSC. Pursuant to the contract concluded with the system operator of the Republic of Kazakhstan (KEGOC JSC) for the provision of frequency and power regulation services in the UES, power plants receive additional income.
7. The Integrated Planning System (IPS) project was completed; the system was put into commercial operation in April 2021 at Ekibastuz GRES-2 Station. Due to the use of the IPS as a tool for choosing an optimal operating mode of stations as part of the formation of the Development Plan of Samruk-Energo JSC, the SCEF indicators as well as water and fuel oil costs were reduced.
8. Within the framework of the project "Improvement of the Corporate Management System", the Policy of the corporate management system of the group of companies, the regulations on the process for managing internal regulatory documents and the rules for issuing internal regulations were developed and approved.
9. The project "Improvement of the RES Purchase Model (end-to-end surcharge)" was completed. In the framework of the project, amendments to the legislation in the field of electric power industry were initiated in terms of revising the tariff formation for traditional stations and mechanisms for supporting renewable energy in Kazakhstan. Due to the introduction of an end-to-end surcharge to support the use of renewable energy sources from July 1, 2021, an overall economic effect was achieved. By the end of 2021, net benefits in the amount of KZT 12.8 bln were received under the Transformation Program with an annual plan of KZT 0.1 bln.

Net benefits from the Transformation Program for 2021



DIGITALIZATION

In modern conditions, information technologies and digitalization are the main factor of technological changes and a condition for ensuring competitiveness both at the level of individual enterprises and at the level of countries, which leads to the restructuring of all economic and production processes, as well as causes a radical increase in productivity, improves quality, and reduces costs.

The introduction of advanced technologies and digitalization have a significant impact on all economic sectors and play a key role in optimizing business processes and increasing productivity.

The Fund monitors global technological trends and eliminates gaps in the use of digital technologies. The introduction and scaling up of the latest applicable technologies ensure the creation of additional value of assets and products, as well as an increase in the efficiency of making managerial decisions.

To ensure profitability and increase the operational efficiency of portfolio companies, the Fund conducts work on systematic re-engineering and improvement of business processes, including through digitalization, as well as identifies and eliminates inefficient corporate and production processes.

Currently, the Fund is undertaking measures to further improve commercial, industrial and corporate business processes using advanced technologies, including IoT, Big Data, robotic process automation (RPA), 5G and 6G, digital twins.

Areas of the Fund digitalization

1. Digitalization of procurement activities of the Fund

Development of E-Procurement System/Digital Procurement Ecosystem

As part of ensuring the digitalization of the procurement process, to simplify and ensure transparency of procurement procedures, work is being carried out to systematically increase the share of purchases of commodities and materials through an electronic store.

The Fund also operates an electronic procurement information system, which is a single portal for companies included in the Fund Group, in which a full cycle is performed, including planning the need for goods, works and services, procurement, conclusion and execution of contracts, and delivery of goods to the warehouse.

2. Digitalization of human resource management processes (recruiting)

The Fund operates Samruk Qyzmet online recruiting platform designed for the following purposes:

- ensuring the availability of all vacancies of the group of companies for the general population in all regions of the Republic of Kazakhstan;
- digitalization and automation of the employee hiring process in the group of companies;
- exclusion of the human factor in the selection of applicants due to robotic process automation;
- ensuring transparency of all stages of recruitment processes;
- creating a culture of feedback when working with applicants;
- professional development of recruiters.

To date:

- 93,000 applicants have been registered on the platform;
- 183 companies of the Fund Group place their open vacancies;
- More than 11,000 vacancies are open;
- More than 6,350 production and administrative specialists have been employed.

The following functionalities have been implemented:

- Establishing cooperation with the Agency for Civil Service Affairs of the Republic of Kazakhstan within the framework of the Presidential Youth Personnel Reserve;
- Integration with the unified database of labor contracts of the Ministry of Labor and Social

Protection of Population of the Republic of Kazakhstan;

- Passing online testing;
- Reflection of all stages of the competitive selection by all participants;
- Possibility of direct contacting the compliance service.

3. Digitalization of the social and labor sphere

The Fund has launched the Nysana information system, which allows registering information received from the call center, regional representatives and as a result of social networks monitoring. Received messages, depending on the extent of social tension, are divided into three levels and displayed accordingly on the Social Stability Map with an indication of the region and the company. Thanks to this information system, managers, divisions and services of Portfolio Companies and the Fund involved in issues of social and labor relations can get interactive access to data on incidents and the results of the Samruk Research Service (SRS) study conducted annually to determine the level of social stability. At the same time, the results of the survey are displayed in the Nysana information system, on the Social Stability Map indicating the details about the most disturbing social and labor aspects of certain branches and subsidiaries of the Fund's companies.

With the aim of continuous determining the level of social stability and its digitalization, the approach of quarterly research and its implementation by a web service with an intuitive interface, verification by phone number, automated distribution of respondents to companies and counting of responses has been determined for this year.



PROCUREMENT MANAGEMENT

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

The sole operator of the Fund Group in the field of procurement is Samruk-Kazyna Contract Limited Liability Partnership, which actively fulfills tasks aimed at improving the efficiency of procurement activities of the Fund’s organizations in accordance with the strategic goals of the company.

Development of the Electronic Procurement Information System (EPIS)

As part of work to increase the efficiency and transparency of the Fund’s procurement system, in 2018, Samruk-Kazyna Contract LLP developed and launched a new electronic procurement information system (EPIS 2.0), which replaced the previous system that was introduced in 2013. To date, the EPIS has automated and converted into electronic format the entire procurement cycle, which includes the processes of procurement planning, supplier selection (open tender and other methods), conclusion and execution of contracts, preliminary qualification of potential suppliers, category procurement management, submission and consideration of complaints from potential suppliers, and marketing.

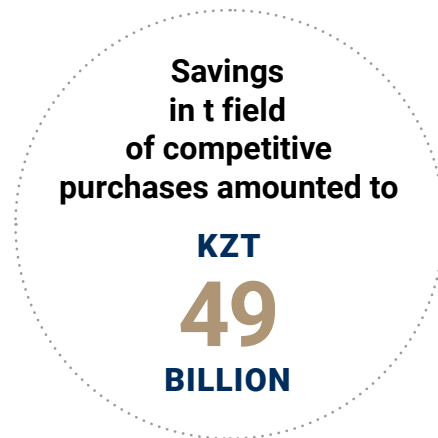
According to the amendments and additions made to the Procurement Management Standard (No. 07/21 dated March 1, 2021, No. 09/21 dated March 15, 2021, No. 27/21 dated June 24, 2021, 28/21 dated June 30, 2021, No. 31/21 dated July 22, 2021, No. 50/21 dated November 4, 2021), 70 improvements were introduced to the EPIS in a timely manner.

In addition, for the purpose of further automation of the procurement process, the following has been done:

- developing and implementing a User Survey module;
- developing and implementing an Electronic Store;
- updating the new PQS 2.0 subsystem (changing the order of considering questionnaires, refusal of verification audit, etc.);
- developing and implementing the procurement functionality of PQS 2.0 as part of category procurement strategies;

- integration with 60 subsidiaries and affiliates for the provision of procurement plans, results and contracts;
- introducing the Kazakh language into the procurement process (plan, tender, price proposals, tender through competitive negotiations, one source procurement, procurement within the intra-holding cooperation, contracts, reports, etc.);
- developing the functionality of unlocking the plan items according to the codes of mechanical-engineering, chemical, pulp and paper industries, and the economy of simple things codes by analogy with the functionality of unlocking the CPS;
- developing and integrating the Integration Bus subsystem.

Customers carried out electronic purchases in the amount of KZT 3.4 trillion, savings on competitive purchases amounted to KZT 49 billion. The total amount of purchases is 356 thousand units, which is 35 thousand less than in 2020. In total, since the introduction of the electronic procurement system in 2013, the Fund’s companies have saved KZT 374 billion.



Preliminary qualification selection of potential suppliers

Preliminary qualification selection is a process of assessing the compliance of potential suppliers with the qualification requirements for purchased goods, works, services.

Preliminary qualification selection contributes to the development of the procurement system, improves quality and increases the level of competitiveness of domestic entrepreneurs and production in general.

Since the beginning of 2021, the Fund, together with Samruk-Kazyna Contract LLP, has put into operation a new model of preliminary qualification selection (PQS 2.0), which was developed in accordance with the world principles of qualification selection of potential suppliers.

The new PQS 2.0 model is used to objectively assess the level of potential suppliers before procurement, both in terms of their financial stability, production capabilities, and experience as a supplier. The PQS procedure makes it possible to increase not only the efficiency of

procurement, but also transparency, as well as optimizes the timing of procurement for both customers and suppliers.

To date, the PQS process is carried out only for goods, works and services that are of high importance for business areas of the Fund's subsidiaries in terms of use in their key production processes.

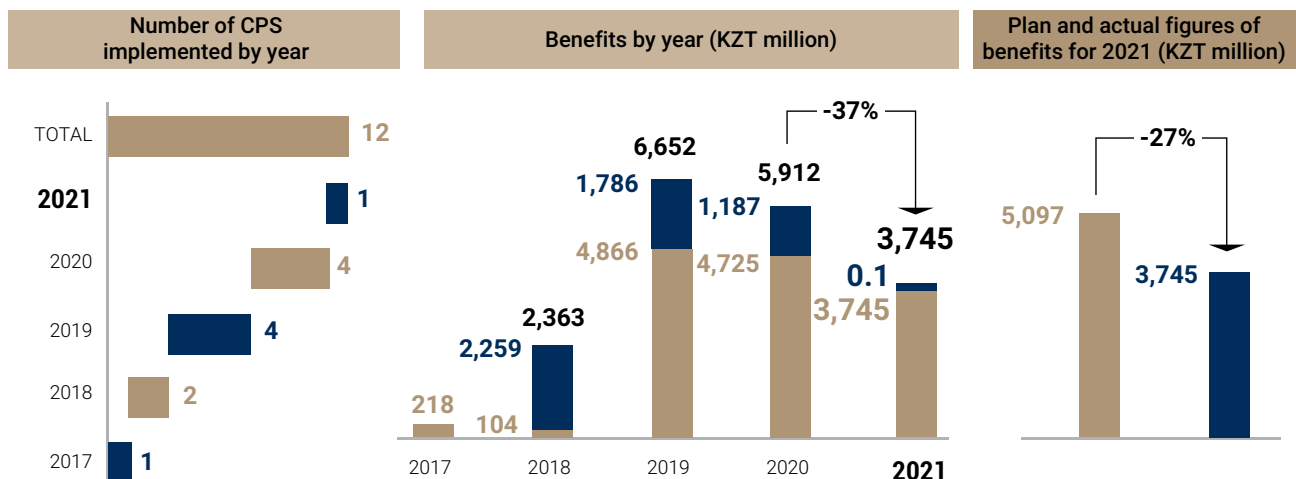
By the end of 2021, 23 categories were developed jointly with Portfolio Companies of the Fund, while 71 potential suppliers were included in the Register of Qualified Potential Suppliers. At the same time, the new PQS 2.0 model allowed the Fund to achieve the following indicators:

- thanks to the PQS process, purchases from one source reduced and the share of failed purchases decreased to 1%;
- the level of satisfaction with the PQS process among potential suppliers amounted to 98.3%;
- as part of the PQS 2.0 process, goods, works and services worth over KZT 170 billion were purchased from domestic entrepreneurs.

Category procurement management

BENEFITS FROM THE IMPLEMENTATION OF THE FUND'S CPS IN 2021

In 2021, 12 category procurement strategies were implemented at the Fund level. Total benefits amounted to KZT 3,745 million with a plan of KZT 5,097 million



Benefits in the context of category procurement strategies (KZT million)

№	Procurement category (strategy)	Actual confirmed benefits, KZT, including by year				
		2020		2021		
		Savings based on CPS	Other benefits	Savings based on CPS	Other benefits	%
1	Passenger cars and buses	119.56		66.26		100%
2	Electricity	939.47		1,544.27		100%
3	Health insurance	681.36	347.49	635.81	15.41	29%
4	Cable and wire products	316.73		389.84		95%
5	Special footwear	588.53		197.73		88%
6	Communication services	1,338.45		158.77		56%
7	IT and communication equipment	393.18		143.35		100%
8	IT software	303.71		149.75	41.06	39%
9	Oils and lubricants	454.31	1.49	-157.33	6.62	91%
10	Special clothing and PPE	41.01		414.52	19.24	152%
11	Trucks and special equipment	386.93		120.06		69%
12	Fuel			0.13		100%
Total		5,943.8	707.8	3,663.18	82.34	73%



Local content

The President and the Government of the Republic of Kazakhstan pays special attention to the development of local content.

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

In 2021, the share of local content in the procurement of the Fund Group amounted to 77% and remained at the level of 2020.

At the end of 2021, the amount of actually delivered goods, completed work and rendered services was KZT 4,632 trln, of which goods – KZT 2,030 trln, (LC – 66%), works – KZT 864 bn (LC – 77%), services – KZT 1,739 trln (LC- 90%), works/services – KZT 2,603 trln (LC- 86%). The share of local content in the procurement of the Fund Group is 77%.

Organisation	billion tenge									
	Total	LC share, %	Goods		Works		Services		Works/Services	
			Amount	LC share, %	Amount	LC share, %	Amount	LC share, %	Amount	LC share, %
KazMunayGas JSC	1,216	78%	273	57%	514	84%	429	86%	943	85%
KazTransGas JSC	541	90%	201	97%	75	54%	266	95%	341	86%
Kazakhstan Temir Zholy JSC	1,836	79%	872	65%	129	64%	834	96%	964	92%
NAC Kazatomprom JSC	195	80%	107	74%	44	92%	44	80%	88	86%
Samruk-Energo JSC	297	89%	174	87%	46	80%	76	98%	123	91%
Kazakhtelecom JSC	63	55%	33	27%	12	89%	18	86%	30	87%
Air Astana JSC	72	45%	23	86%	9	0%	40	33%	49	27%
KEGOC JSC	77	52%	40	49%	25	55%	12	57%	37	56%
Tau-Ken Samruk JSC	301	46%	297	46%	2	83%	2	76%	4	80%
Kazpost JSC	12	26%	5	22%	1	47%	6	25%	7	29%
Other	22	36%	5	27%	5	51%	11	33%	17	39%
Total for the Fund	4,632	77%	2,030	66%	864	77%	1,739	90%	2,603	86%

The Fund's companies are coordinated on an ongoing basis to support the development of local content in procurement.

Thus, long-term procurement plans have been developed for the Fund Group with a focus on the purchase of domestic products (as of December 2021, 175 long-term procurement plans were in effect for the Fund Group).

As a result of the procurement campaign (as of December 31, 2021), 4,391 long-term agreements with domestic suppliers for the supply of goods, works and services worth KZT 13 trillion were in effect in the Fund Group, including 1,069 long-term agreements signed with domestic producers for a total amount of KZT 3.3 trillion.

At the end of 2021, the amount of goods delivered, work completed and services rendered was

KZT
4.6
TRLN

Economics of simple things

At the end of 2021, the share of purchases from domestic producers of goods of the “economy of simple things” amounted to 90%, which is 7% higher compared to 2020, including:

- Light industry – 97% (remained at the level of 2020);
- Food industry – 91% (3% increase);
- Building materials – 91% (6% increase);
- Chemical industry – 89% (4% increase);
- Mechanical engineering – 82% (3% increase).

Development of the procurement methodology

In 2020, to increase the transparency of procurement processes of quasi-public sector entities, the President of the Republic of Kazakhstan instructed to develop and approve a relevant law in 2021.

The Fund took an active part in the development of the draft law.

As a result, on June 8, 2021, the President of the Republic of Kazakhstan signed the Law of the Republic of Kazakhstan “On Procurement Procedures of Certain Quasi-Public Sector Entities” (hereinafter – the Law), which provides for:

- Maintaining an operational and flexible procurement model of the Fund;
- Preservation of the Fund’s procurement web portal;
- Strengthening state control over procurement processes and preventing excessive interference in the business activities of the Fund’s companies;
- Leveling the risks of introducing provisions into procurement regulations that make it difficult for entrepreneurs to have access to procurement;
- Maintaining the current mechanisms and continuing the work of the Fund to support domestic commodity producers (hereinafter – DCP) without violating the principles of membership of the Republic of Kazakhstan in international organizations.

Pursuant to the requirements of the Law, a lot of work was done to develop a new Procurement Procedure to ensure its coordination with the Fund’s companies and the NCE.

The Procurement Procedure provided for the basic principles and provisions that regulate procurement activities and is aimed at increasing the transparency of procurement across the Fund Group.

During the development of the draft Procurement Procedure, the specifics of activities of the Fund’s companies, as well as their production characteristics were taken into account.

As a result, the Procurement Procedure was agreed upon by the Ministry of Finance of the Republic of Kazakhstan on October 21, 2021 by letter No. 25.1-07-05.6/5908 and approved by decision the Board of Directors of the Fund No. 189 dated December 9, 2021.

During 2021, several changes were made to the Fund’s Procurement Management Standard (which details the Procurement Procedure, hereinafter referred to as the Standard), which were approved by the Management Board and aimed at improving the procurement process of the Fund’s companies and supporting domestic producers.

Key changes:

- extension of the term of the provision that requires making payments to domestic producers no later than 5 working days by December 31, 2021;
- optimization of the procedure for forming the Register of Commodity Producers and enabling commodity producers to participate in the procurement of goods similar to those purchased;
- simplification of the process of forming and maintaining the Register of Commodity Producers of the Fund. The need for potential suppliers to provide a number of constituent documents has been excluded;
- optimization of dumping thresholds for construction and installation works and goods (8 and 15 percent, respectively).

There is also a possibility of amending the concluded procurement contract by mutual agreement if the total cost of raw materials and/or component parts that are necessary to produce goods has increased by more than 20% and/or tariffs that affect the pricing of the purchased goods have increased.

In pursuance of the instructions of the Head of State given at the meeting devoted to the socio-economic development of Mangystau region held on September 22, 2021 (Minutes No. 04-494//21-01-7.17), the Standard stipulates the following:

- requirements for setting minimum wage thresholds for suppliers’ employees engaged in the procurement process of subsidiaries of NC KazMunayGas JSC (hereinafter – KMG) according to the list of works and

services determined by the Management Board of KMG;

- provision of conditional discounts in tenders to potential suppliers who pay increased wages to their employees (conditional price reduction by 3% for 10% excess of the minimum threshold, 4% for 15% excess, and 5% for 20% excess).

In pursuance of the instruction of the Head of State given on January 11 of this year, the Fund has developed a draft of a new Procurement Procedure.

The restated Procurement Procedure was approved by decision of the Board of Directors of the Fund on March 3 this year and entered into force on April 1 this year.

The key changes in procurement processes as provided for in the Procurement Procedure can be divided into the following three blocks:

Block 1. Changes aimed at increasing transparency of procurement and minimizing corruption risks:

- 1) unification of all documents that regulate procurement procedures. It is proposed to approve one draft of a new Procedure instead of nine existing multi-level documents, which will describe all procurement

Grounds for single-source procurement reduced by 41% (from 34 to 20 compared to 2020)

- procedures without reference to other documents and will be a document of direct effect to be approved by the Board of Directors of the Fund in coordination with the Ministry of Finance of the Republic of Kazakhstan;
- 2) reducing the grounds for single-source procurement by 41% (from 34 to 20 compared to 2020);
For reference: approximately KZT 400 billion of the procurement volume will be transferred to the competitive environment.
 - 3) inclusion of a provision that requires mandatory NCE's approval of the list of procurement categories for the development of category procurement strategies, as well as the list of goods, works and services purchased through the preliminary qualification selection of suppliers, including qualification criteria;
 - 4) inclusion of a provision that requires mandatory placement of all information on category procurement management in open access on the web portal, including the list of categories and the category procurement strategies;
 - 5) inclusion of a provision that requires mandatory coordination with customers' compliance services of purchases from one source on grounds where risks of corruption exist (procurement within the framework of unification, contractual obligations, rental of buildings, structures, land plots), as well as coordination of category procurement strategies;



- 6) establishing a requirement to monitor planned prices for compliance with average prices across the Fund Group and public procurement through the procurement web portal. The launch of the project is expected in the 2nd quarter of this year.

Block 2. Measures aimed at supporting businesses, especially local producers and small and medium-sized enterprises (hereinafter referred to as SME):

- 1) exemption of domestic commodity producers from all types of collateral, including the return of an advance payment. Mandatory advance payment in the amount of at least 30% of the contract price;
- 2) payments for domestic commodity producers and SMEs (in an electronic store) should be made within 5 working days;
- 3) provision of preferences (benefits) to representatives of SMEs:
 - provision of a conditional 1% discount to SMEs that participate in tenders;
 - giving preference to SMEs with the equality of the lowest prices among potential suppliers;
- 4) the term of delivery is at least 60 days for all goods purchased from domestic producers and at least 120 days for complex goods.

The number of procurement strategies reduced from 78 to 21

At the same time, all existing measures to support domestic producers remain unchanged.

Block 3. Provision of expanded access and removal of barriers for businesses:

- 1) reducing the number of procurement strategies from 78 to 21;
- 2) by the end of 2022, a completely new concept of e-store will be developed taking into account procurement approaches similar to those adopted by the government;
- 3) exclusion of requirements for potential suppliers to have machinery and equipment when purchasing work that is subject to mandatory licensing.

