



**KAZYNA
CAPITAL
MANAGEMENT**



ANNUAL REPORT

2020

ANNUAL REPORT 2020



Kazyna Capital
Management JSC

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ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Sir/Madam,

2020 had been challenging, but the outcomes of the work we performed allow us to look into the future with confidence. Having built an effective business model, Kazyna Capital Management Joint Stock Company has strengthened its role in the private equity market.

In 2020, in response to the market demand, KCM updated its business model and approved an updated Development Strategy for 2014-2023. As part of the Development Strategy, KCM expanded its investment mandate through the segments of distressed assets, venture financing, and infrastructure projects of public-private partnership (PPP) using the Private Equity tools. In compliance with the best world practices, the Company obtained a credit rating from Fitch Ratings. The agency assigned KCM long-term issuer default ratings (IDR) in foreign and national currency BB+ with a Stable outlook. Fitch has also assigned KCM a rating on the national scale AA(Kaz). The rating reflects Fitch's view of KCM's strong ties with the Republic of Kazakhstan (BBB/Stable/F2 Outlook).

At the end of 2020, the Company was a member of 15 private equity funds with a total capitalization of USD 2,769 million.

KCM participated in financing several projects in the top-priority sectors of the economy through the private equity funds. One of the projects is the Kazrost Engineering LTD which assembles Rostselmash combine harvesters.

Also, KCM financed a project for the manufacture of paper and paper-based products. The plant designs and manufactures packaging materials as well as delivers them to the customer. Incidentally, this business creates 549 jobs. The output capacity of the plant is 24,000 tons of carton products per year sold in Kazakhstan, other Central Asian countries, and Siberia. I would like to emphasize the successful partial

withdrawal of Baiterek Venture Fund JSC from the construction project of the Makinsk Poultry Farm of Aitas KZ JSC amounting to KZT 2,3 billion. The internal rate of return on the results of the withdrawal from the project was 12% per annum. There was also a complete withdrawal from the project of Allur Group of Companies JSC amounting to KZT 3 billion. The internal rate of return on the results of the exit from the project was 7.6% per annum.

Furthermore, KCM supported strategic projects within the framework of the implementation of the Preferential Financing Program launched to ensure the availability of the private equity tool.

By the end of 2020, within the program, the funded and approved projects have been delivered by 100%. As of the end of 2020, 16 enterprises in the field of energy, petrochemicals, food production, and construction materials were financed for a total of KZT 34.77 billion under the program. Three projects worth KZT 1.44 billion were financed with the involvement of second-tier banks.

In the upcoming 2021, KCM looks forward to continuing its effective work on the development of the Kazakhstan private equity market.

Implementation of the set-out plans will help to improve the competitiveness of business and technological modernization of the country, increase the investment portfolio, and diversify income sources.

The Board of Directors will facilitate the achievement of the desired outcomes through corporate governance.

”

IMPLEMENTATION OF THE SET-OUT PLANS

will help to improve the competitiveness of business and technological modernization of the country, increase the investment portfolio, and diversify income sources.

Aidar Arifkhanov

**Chairman of the Board of Directors
KAZYNA CAPITAL MANAGEMENT JSC**



THE STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear colleagues, investors, partners!

The past year posed a series of challenges due to the COVID-19 pandemic. But it also helped us to reevaluate familiar things, assess our capabilities, and as a result improve the approach to the way we work.

These changes not only cause difficulties and obstacles but also created new opportunities. KCM strengthened its position as one of the key players in the Private Equity field coming out of the crisis as a stronger and more stable Company.

In general, 2020 was a successful year for KCM, as evidenced by our financial results. The total capitalization of funds with the participation of KCM at the end of 2020 was USD 2,769 million. The share of KCM investments in the PEF was USD 513.0 million.

The largest share in the KCM portfolio is transport and logistics (39% of the total investment), energy (19% of the total investment), and food production (18% of the total investment).

To perform activities under nine projects financed by KCM in 2020, we created 1,326 jobs. Ultimately, KCM seeks to develop its investment activity within the Republic of Kazakhstan as well as expand beyond. The goals of new investments are to reduce the level of capital concentration risks by diversifying the fund portfolio by economic sectors and geographic regions through obtaining new asset classes, to ensure long-term sustainable growth of the investment value of the fund portfolio, and to expand the existing capital.

In 2021, KCM aims to attract private equity to Kazakhstan to implement investment projects across several industries with international financial institutions and strategic investors.

For the first time, KCM will become the operator of the SPIID for KZT 35 billion in project financing through the Private Equity tool.

Work on financing export-oriented enterprises in the

manufacturing industry will be continued. Projects will be funded by followed funds with an open investment period with over KZT 13 billion as scheduled: Baiterek Venture Fund, DBK Equity Fund, KCM Sustainable Development Fund I, and Kazakhstan Infrastructure Fund.

Additionally, it is planned to create a joint venture with a professional international player (general partner) on managing distressed assets. This partnership will enable us to adopt the best practices of developed countries and show our commitment to global standards.

We are looking forward to the planned activity on the establishment of the Creative Industries Fund to create an ecosystem. The latter will enable Kazakhstani creativity and business not only to share their experience and funding with one another, but also provide them with the opportunity to grow and enter global markets.

In a spirit of the best global practices in investment, KCM embraces the principles of responsible investment. Currently, the Company is developing its ESG (Environmental, Social, Governance) standards and is working on their implementation at all levels.

Before I conclude, I would like to express my gratitude to the KCM team for their effective work, as well as to subsidiaries and partners for their support and productive cooperation.

I am convinced that the experience gained during the period of global volatility has brought the team to a higher level, which will help us effectively achieve our goals.

”

Work on

FINANCING EXPORT-ORIENTED ENTERPRISES

in the manufacturing industry
will be continued

Ainur Kuatova

Chairman of the Management Board
KAZYNA CAPITAL MANAGEMENT JSC



01

ABOUT THE COMPANY

Kazyna Capital Management JSC is a Fund of private equity funds



1.1. INFORMATION ABOUT THE COMPANY

Kazyna Capital Management JSC is a Fund of private equity funds established in 2007 to promote the growth and diversification of the national economy, form the Private Equity infrastructure in Kazakhstan, attract foreign investment in the top-priority sectors of the economy, use the best international experience, and transfer innovative knowledge and technologies to private equity.

KCM, along with global institutional investors, effectively manages Private Equity funds that provide capital to companies in various sectors of the economy for further growth and competitiveness.

In line with the current Development Strategy of Kazyna Capital Management Joint Stock Company for 2014-2023, approved by the decision of the Company's Board of Directors dated September 8, 2017 (Minutes No. 120), a new version of the KCM Development Strategy was drawn up (approved with the resolution of the Company's Board of Directors dated September 4, 2020, (Minutes No. 11/20).

The need to review/clarify the Company's activities, support programs, and financial instruments provided by the Company, due to the latest changes in the economic and market conditions both within and outside of Kazakhstan necessitated the introduction of amendments to the Company's Development Strategy. As part of the updated KCM Development Strategy, efforts will be made to increase the level of profitability and diversify capital sources through participation in PEFs, investing in alternative asset classes that have the potential for development in the Kazakhstan market (PPP infrastructure projects, distressed assets, and venture financing).

The following opportunities are available for the development of the private equity market:

- Promising economic growth points: the development of export-oriented projects that generate cash flows in the hard currency will protect investors from currency risks, and increase investment activity, especially on the part of international participants. In addition, local enterprises that could expand into neighboring markets but are limited in funding represent another investment niche.
- Asset privatization: the privatization program initiated by the government is expected to reduce the role of the government in favor of the private sector. As of 2020, 84 assets are offered for sale or are in pre-sale preparation and may become potential projects for investment by PEFs.
- Enhancing the activity of the stock exchange due to the development of the KASE Private Market trading

platform. It is expected that this will enable SMEs to find alternative sources of financing. Funds, in their turn, will have access to investing in reliable and promising companies.

- Attracting international and experienced GPs to improve the professional level of the market and train entrepreneurs who are currently not adequately informed about PE tools.
- Investments by institutional investors (pension funds and insurance companies) will help enhance market activity and liquidity.
- Further growth is anticipated in the energy, agriculture, and transport sectors, which are considered the most promising for private investment.

The mission of KCM

is to take a leading role in the development of the private equity ecosystem in Kazakhstan by investing in quality teams that will be able to create sustainably and effectively managed companies, receive a steady level of profit, and contribute to the growth and modernization of the economy.

The vision of KCM

is to create a dynamic PE ecosystem to develop leading companies in the market through the flexible placement of long-term risk capital and the use of the best international practices; as well as active participation in the sustainable development of the national economy.

The key tasks

that KCM solves in the framework of its mission to promote sustainable development of the economy of Kazakhstan are:

1. Engagement of the PE potential as an asset class through invested capital, business network, experience, and knowledge to create market-leading

- businesses that can foster economic diversification.
- 2. Focus on SMEs with great potential to become market leaders in the region.
- 3. Promotion of sustainable business development based on recognized environmental, social, and governance standards (ESG).

These priorities are addressed by implementing the first and second strategic directions of KCM:

1. Promotion and development of the PE market and the national economy of Kazakhstan;
2. Increasing the investment portfolio of KCM; Furthermore, two more strategic directions are provided to ensure high profitability of the investment portfolio, as well as to strengthen the equity structure:
3. Improving the productivity of the organization;
4. Income diversification.

Fitch Ratings has assigned a long-term issuer default rating («DR») in foreign and national currency «BB+» to KCM with a «Stable» outlook. To comply with the best international practices, as well as to create a positive image, the Company carried out efforts to obtain a credit rating from an international agency. Fitch has also assigned an «AA (Kaz)» rating to KCM by the national scale.

Assigning a credit rating is one of the most important international practices used by companies to assess the financial solvency of a company. For investors, this is a tool that helps to determine the reliability and stability of a particular company. Obtaining a rating from a major agency like Fitch Ratings will enable KCM

to improve its appeal for foreign investors and facilitate the procedures for attracting additional funds if such a need arises.

The Company is particularly favorable to responsible investment. The ESG (environmental, social, and governance) responsible investment principles include environmental, social, and governance factors when investing, becoming an increasingly important part of the PE decision-making process.

KCM strives to integrate ESG factors into all stages of the investment process, from the search for project proposals to monitoring the environmental and social impact of the projects funded. The ESG integration method provides for an assessment of risks and opportunities identified as a result of the analysis of factors related to the environment, social area, and governance, which are material and essential for the KCM.

Sole Shareholder

Under the Decree of the President of the Republic of Kazakhstan dated May 22, 2013 «On Certain Measures Aimed at Optimization of the Management System of Development Institutions, Financial Institutions and the Development of the National Economy», 100% of shares in KCM transferred to Baiterek NMH JSC. Baiterek NMH JSC was established to promote development and diversification of the economy, attract investment, provide financial and investment support to the non-resource sector of the economy of Kazakhstan.

1.2. PRIVATE EQUITY MARKET OVERVIEW

GLOBAL PRIVATE EQUITY MARKET

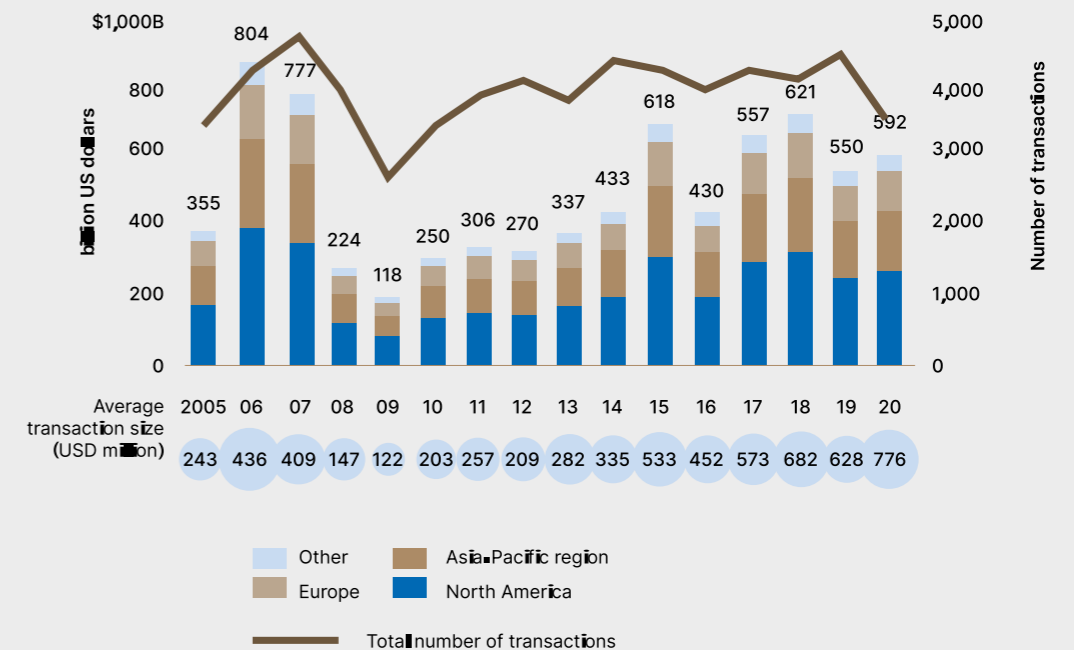
Following the analysis of the global private equity market presented by Bain & Company, the global industry, after an impressive recovery from the grim results in the second quarter, at the end of the year amounted to USD 592 billion in buy-out deals. This is 8% more than in 2019, and 7% higher than the average for five years (USD 555 billion).

The pandemic did have an obvious adverse effect on the number of global deals, as the number of buyouts fell by 24% to 3,100 in 2020, versus 4,100 in 2019. On average, over the past five years, the

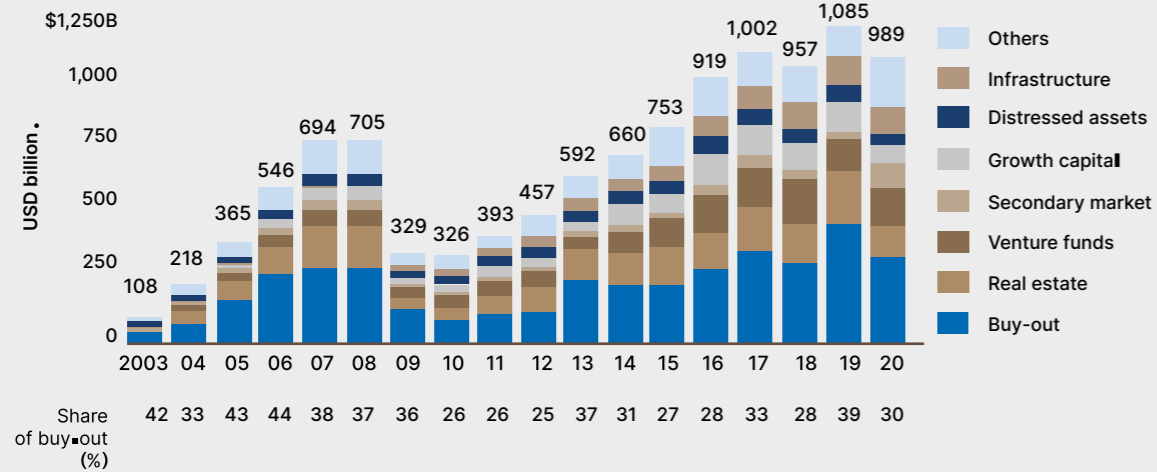
number of deals in the business environment has drastically decreased, except for the technology and telecommunications sectors. The retail, consumer, media and entertainment sectors were among those most affected. The decrease in the number of deals was sharp. Though, as it turned out later, it was temporary. At the beginning of 2021, the due diligence efforts worldwide were as strong as ever, suggesting that many of the deals postponed due to the pandemic chaos will eventually be implemented. This should provide a structural basis for activities in 2021.

An overview of the private equity market in 2020

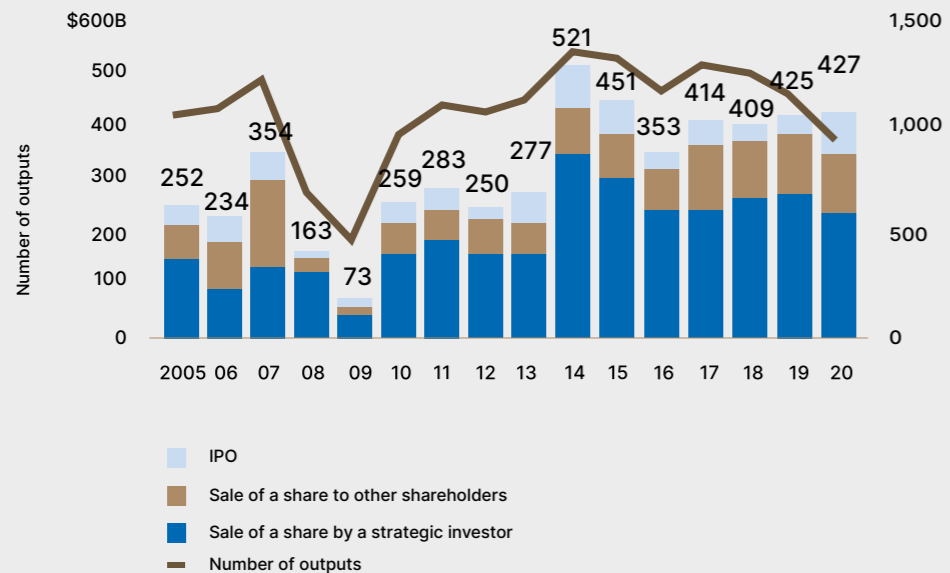
Global buy-out deal value



Global private capital raised, by fund type



Global buyout-backed exit value, by exit type



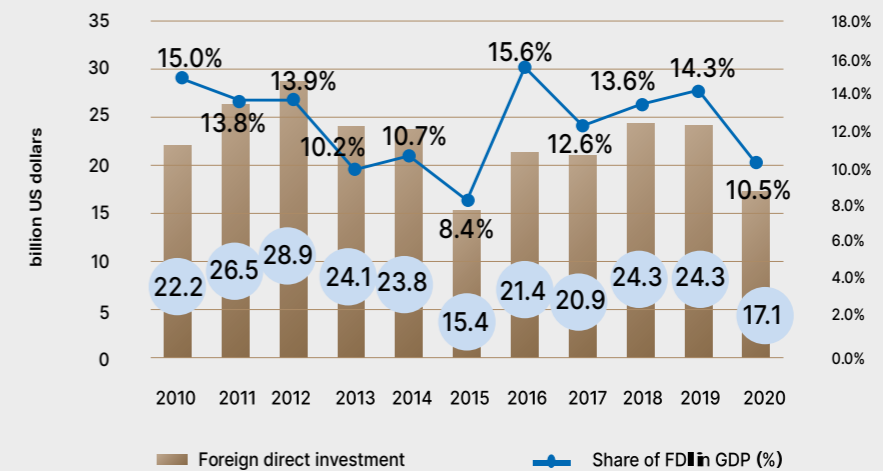
Source: Bain & Company Global private equity report 2020

PRIVATE EQUITY MARKET IN KAZAKHSTAN

Foreign investments have a particular role in the economy of Kazakhstan, being a source of capitalization and new technologies, as well as development of the country's infrastructure. Raising of foreign investments into the economy of the Republic of Kazakhstan, as well as their efficient use, creates new jobs and new innovative enterprises with high added value. At the end of 2020, the net inflow from private equity amounted to USD 3.9 billion. The gross inflow of foreign

direct investments (FDIs) to Kazakhstan was USD 17.1 billion. (USD 24.3 billion in 2019). Direct investments in Kazakhstan were made mainly in the mining industry (48.1%), manufacturing (18.5%) and wholesale/retail trade (14.8%). The main direct investor-countries of Kazakhstan in 2020 were the Netherlands (30.1% of the gross proceeds of foreign direct investments), the United States (13.1%), Switzerland (10.4%), the Russian Federation (7.1%) and China (5.6%).

Foreign direct investments in the Republic of Kazakhstan, 2010-2020



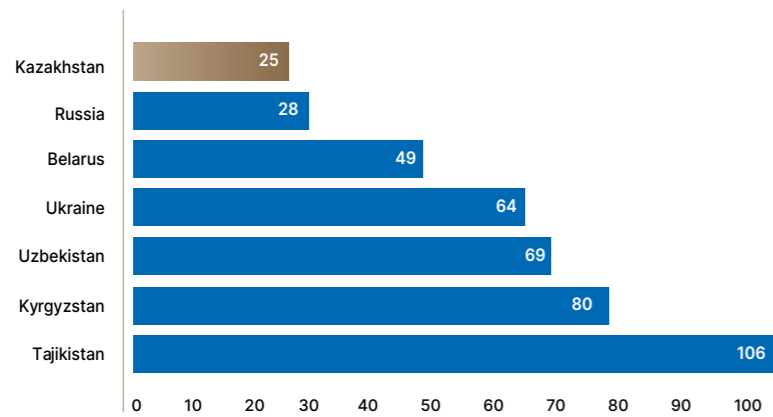
Source: National Bank of the Republic of Kazakhstan

The country's investment appeal is influenced by a variety of internal and external factors, which, in particular, is affected by international rating assigned by rating agencies. In 2021, the international rating agencies Fitch Ratings and Moody's confirmed the country's sovereign rating at the level of « BBB » with a stable outlook and « Baa3 » with a positive outlook, respectively.

According to Doing Business 2020 report, Kazakhstan ranked 25th in the world for the ease of doing business, rising by 3 positions compared to the result of 2019.

Among the countries of the Eurasian Economic Union Kazakhstan holds a leading position compared to other CIS countries: Russia, Uzbekistan and Kyrgyzstan are ranked 28th, 69th and 80th, respectively. In the rating, Kazakhstan is also ahead of such countries as Austria, Japan, Spain, etc. The laws of the Republic of Kazakhstan support foreign investors by recovering the investments, providing government subsidies, partial or full exemption from taxes. All of the above creates an enabling environment for the private equity market in the country.

Rating of the CIS countries on doing business according to the results of Doing Business research



1.3. COMPANY'S ACTIVITIES IN PRIVATE EQUITY MARKET

The activities of KCM, as a Fund of private equity funds, are aimed at promoting sustainable development of the national economy by providing equity financing to companies at various stages of growth through public and private equity funds. PEFs provide «long-term investments» unencumbered by interest and principal payments. The development of PEFs enhances the transparency of the economy, the introduction of corporate governance standards, and has an impact on improving the experience of local staff. By investing in equity, PEFs accept all risks of the portfolio company, as well as its shareholders.

Over the years, KCM has attracted various major partners to Kazakhstan through PEFs represented by institutional investors, sovereign wealth funds of international development institutions and major private investors with extensive experience. Partners include European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), CITIC Group, Asian Development Bank (ADB), Eurasian Development Bank (EDB), Development Bank of

Japan (DBJ), Development Bank of Kazakhstan, Cimbank, Macquarie Group, international investment company Mubadala, Dutch development Fund (FMO Entrepreneurial Development Bank), RUSNANO and other investors.

In 2020, private equity funds with the participation of KCM financed 9 projects within the Republic of Kazakhstan. The share of KCM in the projects amounted to KZT 15.4 billion. By the end of 2020, the share of projects in Kazakhstan is 92% of the investment portfolio of KCM. KCM invested in the industries as follows: transport and logistics (39%), energy (19%), food production (18%), chemistry and petrochemistry (5%), construction materials production (5%), paper and paper-based products manufacture (4%), financial services (2%) and other industries (8%). The actual coefficient of raising investments to the Republic of Kazakhstan was 1.67. The indicator determines the investment appeal of the country for bringing investments from the global Private Equity market.

02 COMPANY PERFORMANCE IN 2020



2.1. RESULTS OF THE COMPANY'S INVESTMENT ACTIVITIES

USD 2,769 million	Total capitalization of funds with KCM participation as of December 31, 2020
USD 611 million	Total KCM investments in portfolio funds as of December 31, 2020
KZT 16,2 billion	Amount of KCM investments in PEFs in 2020
USD 1,67	Investments raised to Kazakhstan for USD 1 invested by KCM
9	Projects were financed in 2020
100%	Investments in Kazakhstan are directed to the non-resource sector

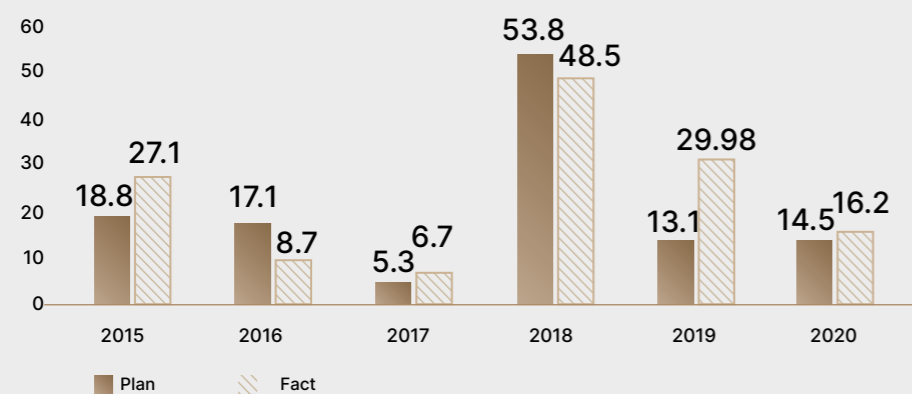
2.1.1. ASSESSMENT OF THE COMPANY'S PERFORMANCE IN 2020, INCLUDING MAPPING OF THE RESULTS ACHIEVED WITH THE TARGETS,

as well as in the dynamics over the past three years.

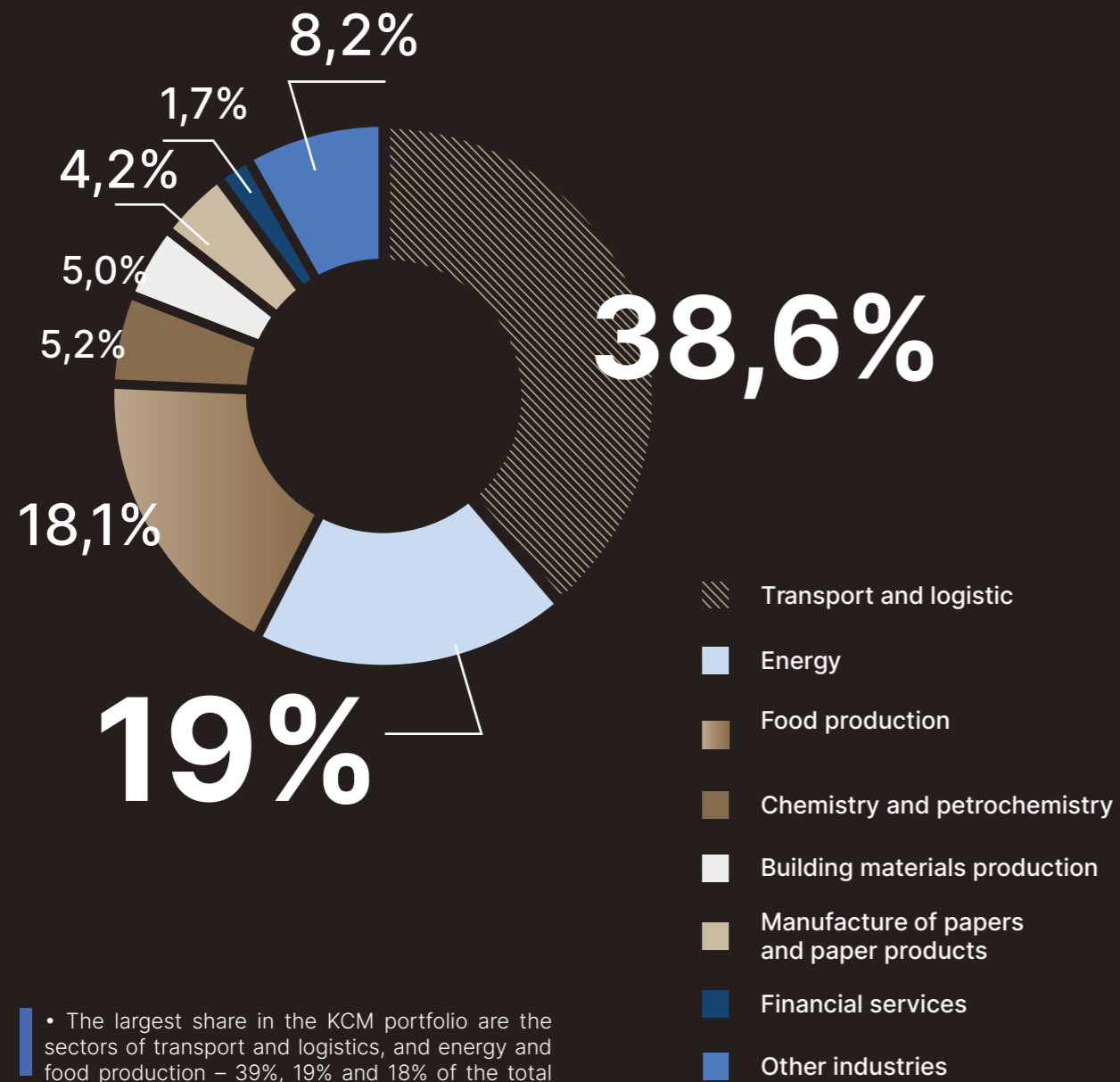
In 2020, the total KCM investments in the PEFs was KZT 16.2 billion. Including the total of 9 invested projects amounted to KZT 15.4 billion. Investments were mainly directed to the energy and food production sectors of

the Republic of Kazakhstan. 1,326 jobs were created as of the end of the year to perform activities under nine projects financed in 2020.

The KCM investments in PEFs, KZT billion

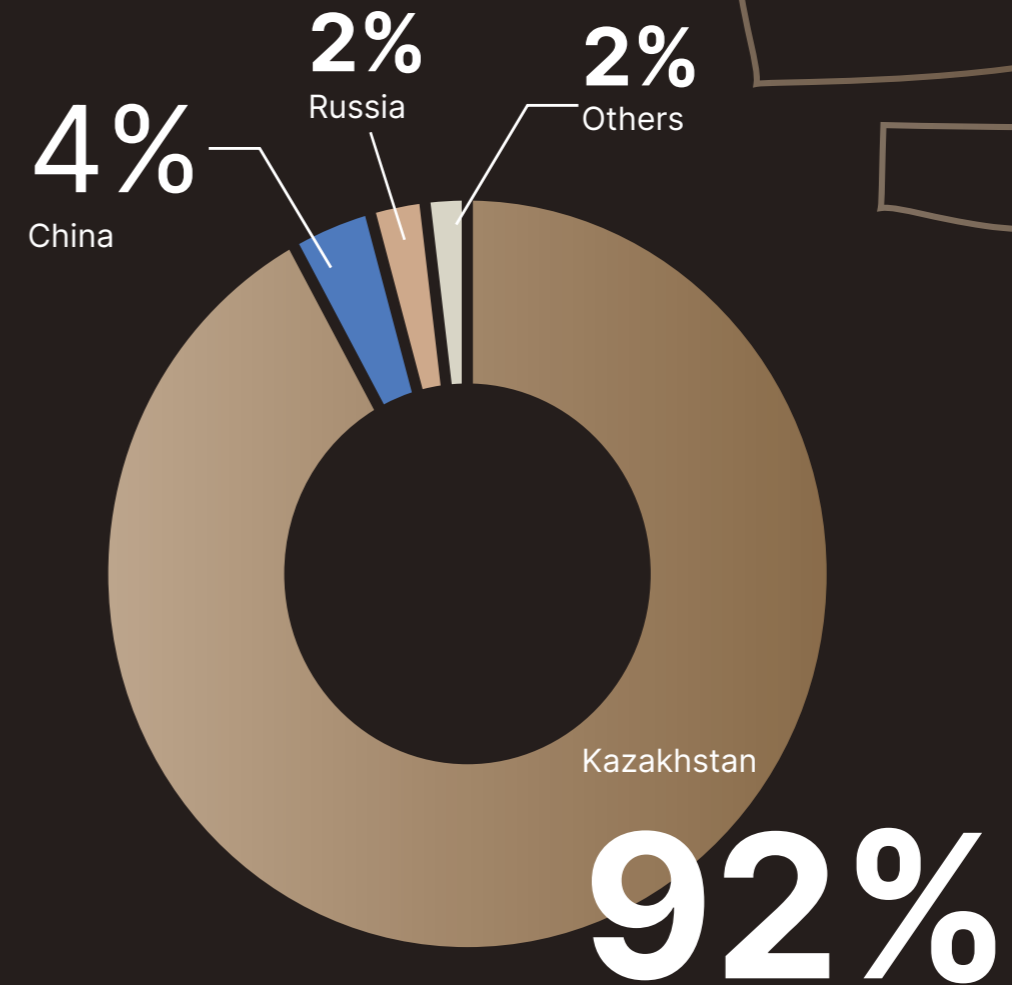


INVESTMENT PORTFOLIO BY INDUSTRY
AS OF THE END OF 2020



• The largest share in the KCM portfolio are the sectors of transport and logistics, and energy and food production – 39%, 19% and 18% of the total investment, accordingly.

INVESTMENT PORTFOLIO BY COUNTRIES
AS OF THE END OF 2020



• The share of Kazakhstan projects in the investment portfolio was 92% by the end of 2020.

2.1.2. ACTIVITIES OF THE FUNDS IN 2020

At the end of 2020, the KCM portfolio comprised 5 PEFs with a total capitalization of USD 2,769 million.

USD million.

Item No.	Funds	Year of establishment	Amount	Amount of KCM's obligations under the fund
1	Aureos Central Asia Fund L.L.C. (ACAF)	2007	37	5
2	Wolfensohn Capital Partners L.P. (WCP)	2008	250	25
3	Kazakhstan Growth Fund L.P. (KGF)	2009	81	40
4	Macquarie Russia and CIS Infrastructure Fund C.V. (MRIF)	2009	630	30
5	Kazakhstan Capital Restructuring Fund C.V. (KCRF)	2010	100	50
6	CITIC Kazyna Investment Fund I L.P. (CKIF)	2010	200	100
7	Russian-Kazakhstan Nanotechnology Fund (RKFN)	2011	51	25
8	Falah Growth Fund L.P. (FGF)	2008	500	50
9	Islamic Infrastructure Fund L.P. (IIF)	2009	227	3
10	AO «Baiterek Venture Fund» (BVF)	2014	206	92
11	Kazakhstan Infrastructure Fund C.V. (KIF)	2014	105	100
12	TOO «Almex-Baiterek Fund» (ABF)	2015	1	0.1
13	DBK Equity Fund C.V. (DBKEF)	2017	80	2
14	KCM Sustainable Development Fund I C.V. (KCM SDF)	2019	59	59
15	Eurasian Nurlu (Bright) Investment Fund L.P. (ENIF)	2019	242	30
Total by 15 PEFs			2 769	611

KCM invests in promising and strategically important private equity funds. The funds are focused on projects in various industries and investment geographies, which contributes to the diversification of the KCM portfolio and mitigate potential risks. The share of KCM varies from a minority to a controlling stake.

The strategic portfolio of KCM can be divided into several categories:

1) Funds with completed investment periods, the PEFs which have completed the investment process and focused on the management of portfolio companies and the search for opportunities for successful withdrawal:

IIF, KGF, CKIF, FGF, RKFN, ABF.

2) Funds engaged in active investment activities:

BVF, DBK EF, KCM SDF I, KIF.

3) Funds with expired lifetime:

ACAF, KCRF, WCP, MRIF.

4) Funds at the establishment stage:

ENIF

Funds with completed investment periods:

Islamic Infrastructure Fund L.P. / Managing company – Capital Advisors Partners Asia Pte Ltd

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2009-2019 (2014)	226,5 million	164,8 million	1,32%	Electricity, transport, communications, water supply, etc.	Malaysia, Kazakhstan, Indonesia, Pakistan (60%), Afghanistan, Azerbaijan, Bangladesh, Kyrgyzstan, Uzbekistan, etc. (40%)	KCM, IDB, ADB, CIMB Bank (L) Ltd., OPEC Fund for International Development, Bangkok Bank Ltd

The Fund is at the stage of withdrawal from portfolio companies. The life of the fund ends on July 27, 2021.

Investment portfolio:

1) Foundation Wind Energy - I Limited – energy (Pakistan);

2) Foundation Wind Energy - II (Pvt) Limited – energy (Pakistan).

Withdrawal from the companies as follows:

1) Central Asian Electric Power Corporation JSC - energy (the Republic of Kazakhstan);

2) Margautama PT Nusantara - energy (Indonesia);

3) PT TransIndonesia Network – telecommunication services (Indonesia).

**Kazakhstan Growth Fund L.P. /
Management company – CEECAT capital**

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2009-2019 (2015)	80,8 million	107,1* million	49,5%	Food industry, manufacture of equipment for mining industry, metallurgy, woodworking and textile production	Kazakhstan (70% of the total capitalization of the Fund), Russian Federation, Central Asia	KCM, EBRD

In 2018, ADM Capital management company was transformed into CEECAT Capital. The management company has been actively working to withdraw from the projects.

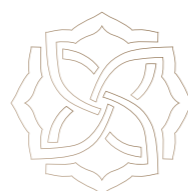
In 2020, a 1-year extension of the Fund's life was initiated according to the Limited Partners Agreement.

Investment portfolio:

- 1) Labnet LLP is a network of medical laboratories of the company (the Republic of Kazakhstan, the Russian Federation);
- 2) KAPO Film CJSC is a multi-screen cinema chain (the Russian Federation);
- 3) Best Cinemas LLP is a network of multi-screen cinemas Chaplin (the Republic of Kazakhstan).

- 4) Universal Logistics LLP is a provider of services in the field of freight transportation (the Republic of Kazakhstan);
- 5) KazGrain LLP is a vertically integrated agricultural company (the Republic of Kazakhstan);
- 6) Sunpaper LLP is a manufacture of paper and hygienic products (the Republic of Kazakhstan);
- 7) Invivo VDP LLP is a network of modern medical functional diagnostic centers (the Republic of Kazakhstan).

* In 2017, the portfolio companies of the Kazakhstan Capital Restructuring Fund C.V.: Charlie Investments-Chaplin – USD 12.99 million, Universal Logistics – USD 12.4 million; VDP Holding – USD 9.0 million were transferred to the Kazakhstan Growth Fund C.V.



**CITIC Kazyna Investment Fund I L.P. /
Captive Team – CITIC Kazyna Manager Ltd**

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2010-2020 (2015)	200,4 million	135 million	49,9%	Infrastructure, raw materials sectors (except for the oil and gas sector of the Republic of Kazakhstan), real estate	Kazakhstan (50% of the total capitalization of the Fund), China (50% of the total capitalization of the Fund)	KCM, CITIC Group, Sun Success International Ltd.

The Fund is currently monitoring the portfolio companies. In April 2020, the Central Asian Electric Power Corporation JSC completely withdrew from the project.

Investment portfolio:

- 1) Olzha JSC is a transport and logistics company (the Republic of Kazakhstan);
- 2) LongmenGroup PLC is a methane production and exploration company (the People's Republic of China);
- 3) Arctic Green Energy China (ex. ORKA Energy) – geothermal energy (the People's Republic of China).

Withdrawal from the companies as follows:

- 1) Shandong Xinjufeng Technical Packaging Co., Ltd – production of packaging materials (the People's Republic of China);
- 2) Central Asian Electric Power Corporation JSC – electric energy (the Republic of Kazakhstan) (withdrawal completed in 2020).

**Russian-Kazakhstan Nanotechnology Fund / Management Company –
VTB Capital I2BF Innovation Partners**

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2012-2021 (2017)	51 million	36,4 million	49%	Projects in the field of nanotechnology	Kazakhstan (50% of the total capitalization of the Fund), Russian Federation (50% of the total capitalization of the Fund)	KKM, RUSNANO, VTB Capital and I2BF

The Fund is at the stage of monitoring and partial disposal of portfolio companies. At the end of 2020, 2 tranches out of 3 were delivered under the sale of VIST Group for a total amount of USD 2.4 million. The third tranche is expected in 2021.

Investment portfolio:

- 1) Optical Security Systems - systems for continuous monitoring and control of the status of large-scale infrastructure facilities (the Russian Federation);
- 2) Selecta Biosciences - biopharmaceutics (the Russian Federation);

- 3) RoboCV - robotic systems (the Russian Federation);
- 4) Primus Power - energy storage systems (the Republic of Kazakhstan);
- 5) VIST Group - automation of the mining industry (the Republic of Kazakhstan).

Falah Growth Fund L.P. / Management company – AI Falah Capital Partners

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2008/2012-2022 (2019)	500 million	103,7 million	10%	Oil and gas, mining, energy, infrastructure, etc.	Kazakhstan, CIS countries	KCM, Aztech Investment Ltd., Ordabasy Corporation

The Fund is currently monitoring the portfolio companies.

Investment portfolio:

- 1) Alsad Kazakhstan LLP - commercial egg farm (the Republic of Kazakhstan);
- 2) Karagandy Kus LLP - commercial egg farm (the Republic of Kazakhstan).

Withdrawal from the companies as follows:

- 1) Karaganda power center LLP - energy (the Republic of Kazakhstan).

Almex-Baiterek Fund LLP

Lifetime (invest. period)	Total amount, tenge	Share of KCM	Industry	Geography	Investors
2015-2025 (2020)	468 million	7%	Agro-industrial complex, food industry (at least 70% of the Fund size), other priority sectors of the SPIID	Kazakhstan	KCM, Almex Project

As of the end of the reporting period, the investment period of the fund has been completed.

Funds engaged in active investment activities:

Baiterek Venture Fund JSC / Management company – Captive Team

Lifetime (invest. period)	Total amount, tenge	Investment, KZT	Share of KCM	Industry	Geography	Investors
2014-2024 (2019)	46,016 million	40,517 million*	100%	SPIID priority sectors	Kazakhstan	KCM

The Fund is in an active investment phase. During the reporting period, the Fund invested in 4 projects for a total amount of KZT 3.7 billion.

Investment portfolio:

- 1) Central Asian Electric Power Corporation JSC - energy industry (the Republic of Kazakhstan);
- 2) Mining Chemical Company LLP - production of emulsion explosives (the Republic of Kazakhstan);
- 3) Aitas KZ JSC - agriculture (poultry farming) (the Republic of Kazakhstan);
- 4) CAPEC Green Energy LLP - alternative energy (the Republic of Kazakhstan);
- 5) AstanaGas KMG JSC - transport and logistics (gas pipeline) (the Republic of Kazakhstan);
- 6) Baikonur Solar LLP - alternative energy (the Republic of Kazakhstan);
- 7) Alex Astana LLP - production of traffic signs (the Republic of Kazakhstan);
- 8) Kazmyaso LLP - agriculture (the Republic of Kazakhstan);
- 9) Makinsky Thermal Insulation Plant LLP - production of mineral wool slabs and mats from basalt rocks;
- 10) Burunday Mineral Water LLP - tourism (the Republic of Kazakhstan);

- 11) KazGreenEnergy LLP - alternative energy (the Republic of Kazakhstan);
- 12) EMC Agro LLP - agriculture (animal husbandry) (the Republic of Kazakhstan);
- 13) Kazpoligraf LLP - production of packaging (the Republic of Kazakhstan);
- 14) BRBARK LLP - agriculture (crop production) (the Republic of Kazakhstan);
- 15) TTS Astana - 2007 K LLP - tourism (the Republic of Kazakhstan).

Withdrawal from the companies as follows:

- 1) Sachiko-Olza Products LLP - production of diapers (the Republic of Kazakhstan);
- 2) ARP Company LLP - production of construction materials (the Republic of Kazakhstan);
- 3) Oxy Textile LLP - manufacturing industry (the Republic of Kazakhstan);
- 4) Allur Group of Companies JSC - automotive industry (the Republic of Kazakhstan).

* The fund's own funds, excluding the bond loan for the purpose of financing AstanaGas KMG JSC

**DBK Equity Fund C.V. /
Management Company - BV Management LLP**

Lifetime (invest. period)	Total amount, tenge	Investment, KZT	Share of KCM	Industry	Geography	Investors
2017- 2027 (2022)	33, 515 million	24,187 million	2,99%	Projects of Development Bank of Kazakhstan JSC, DBK-Leasing JSC	Kazakhstan	KCM, DBK, BVM

The Fund is in an active investment phase. During the reporting period, the Fund invested in the project for the lease of warehouse facilities of Continental Logistics LLP for the amount of KZT 4 billion.

Investment portfolio:

- 1) CAPEC Green Energy LLP - alternative energy (the Republic of Kazakhstan);
- 2) Turgusun-1 LLP - alternative energy (the Republic of Kazakhstan);
- 3) Aitas KZ JSC - agriculture (poultry farming) (the Republic of Kazakhstan);

4) Continental Logistics LLP - transport and logistics (transport and logistics center) (the Republic of Kazakhstan).

Withdrawal from the companies as follows:

TengizTransGas JSC - transport and logistics sector (the Republic of Kazakhstan).

**KCM Sustainable Development Fund I C.V. /
Managing company - BV Management LLP**

Lifetime (invest. period)	Total amount, tenge	Investment, KZT	Share of KCM	Industry	Geography	Investors
2019-2029 (2028)	25,000 million	20,885 million	99,99%	Agriculture, manufacturing, technical services and service provision, healthcare, information and communication, energy, etc.	Kazakhstan	KCM, BVM

The Fund was established for the purpose of implementing the program of preferential financing and is the operator of the Program for the amount of KZT 25 000 million. During the reporting period, the Fund invested in the OralMunayProm project for the amount of KZT 3,107,689 thousand, in the MerAs project – KZT 3 800,040 thousand, in the AquaFactoria project - KZT 3,477,965 thousand, and in the Kazrost Engineering project - KZT 1,178,000 thousand.

Investment portfolio:

- 1) Oil House «Astana Oil» LLP - modernization of mini-refineries (the Republic of Kazakhstan);
- 2) Temirbeton-1 LLP - production of construction materials (the Republic of Kazakhstan);
- 3) Agrimer LLP - processing, storage and sale of grain (the Republic of Kazakhstan);
- 4) Karagandy Kus LLP - agriculture (poultry farming) (the Republic of Kazakhstan).

- 5) OralMunayProm LLP – chemistry and petrochemistry (gas-piston power plant) (the Republic of Kazakhstan);
- 6) MerAs NS LLP - construction of a cinema (the Republic of Kazakhstan);
- 7) Aqua Factoria LLP - food production (fish farm) (the Republic of Kazakhstan);
- 8) PK Kazrost Engineering Ltd - manufacture of agricultural machinery (the Republic of Kazakhstan).

**Kazakhstan Infrastructure Fund C.V. /
Management Company - VPE Eurasia GP Ltd.**

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2014-2026 (2020)	105 million	46,8 million	95,24%	Infrastructure	Kazakhstan	KCM, VGL Ltd.

The Fund is in an active investment phase. Baiterek NMH JSC and the Abu Dhabi sovereign wealth fund Mubadala Investment Company entered into an agreement on co-investment in infrastructure and other projects in Kazakhstan in the amount of up to USD 500 million under the Kazakhstan Infrastructure Fund C.V.

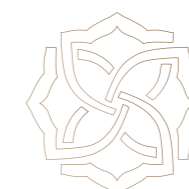
In 2020, the investment period of the fund was extended for 1 additional year pursuant to the Limited Partnership Agreement between the Fund's participants.

In 2020, the Fund's co-investment with TAV Holding in the project of expansion and refurbishment of the existing airport in Almaty was approved. The deal was completed in April 2021.

Investment portfolio:

- 1) Central Asian Electric Power Corporation JSC - energy industry (the Republic of Kazakhstan)

- 2) KIF Warehouses LLP - transport and logistics (the Republic of Kazakhstan).



Funds with expired lifetime:

Aureos Central Asia Fund L.L.C. / Management company – The Abraaj Group

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2007-2018 (2011)	37 million	25,5 million	14,2%	financial activities, retail trade, telecommunications, chemical industry	Kazakhstan (at least 50% of the total capitalization of the Fund), Central Asia	KCM, IFC, CDC Group, FMO, EBRD, DBJ

The life of the Fund ended in November 2018. The fund is being liquidated.

Withdrawal from the companies as follows:

- 1) Leasing Group LLP – leasing financing (the Republic of Kazakhstan);
- 2) Asia-Electrik JSC - electric cable production plant (the Republic of Kazakhstan);
- 3) Ala-TV LLC – communications (Kyrgyzstan);
- 4) Derzhava LLP – chemical and petrochemical industries (the Republic of Kazakhstan).

Kazakhstan Capital Restructuring Fund C.V. / Management company – CEECAT Capital

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2011-2017 (2014)	100 million	71,5 million	49,5%	SMEs (non-oil sector)	Kazakhstan	KCM, EBRD

The Fund is at the stage of withdrawal from portfolio companies. In 2018, ADM Capital management company was transformed into CEECAT Capital. The management company has been actively working to withdraw from the projects.

Investment portfolio:

- 1) Caspian Development Company Services LLP – transport and logistics (the Republic of Kazakhstan).

Withdrawal from the companies as follows:

- 1) JV with Chagala Group (the Republic of Kazakhstan) - real estate (the Republic of Kazakhstan);
- 2) Zhambyl Gypsum JSC - manufacturer of gypsum construction products (the Republic of Kazakhstan).

Macquarie Russia and CIS Infrastructure Fund / Management Company – Macquarie Infrastructure and Real Assets (Europe) Ltd.

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2009-2019 (2015)	630 million	423,8 million	4,76%	Transport infrastructure, electric energy industry	The Russian Federation, Kazakhstan (at least 20% of the total capitalization of the Fund), CIS countries	KCM, IFC, EBRD, Vnesheconombank, Macquarie Group, EDB

The Fund is at the stage of liquidation. In September 2020, a deal was signed to sell the Fund's share in Enel Russia. The deal was completed in February 2021.

Investment portfolio:

- 1) Enel Russia – electricity production and distribution (the Russian Federation).

Withdrawal from the companies as follows:

- 1) Brunswick Rail (2 projects) – operational leasing of railway freight cars (the Russian Federation);
- 2) Russian Towers - telecommunication infrastructure (the Russian Federation);
- 3) GSR Energy - production and sale of heat and electricity (the Russian Federation).

Wolfensohn Capital Partners L.P. / Management company – JDW Partners, L.P.

Lifetime (invest. period)	Total amount, US dollars	Investments, US dollars	Share of KCM	Industry	Geography	Investors
2008-2019 (2014)	250 million	203 million	9,94%	Alternative energy, finance and insurance, retail	BRIC, Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam and other developing countries	KCM, National Industries Group Holding Company, CGI Private Equity, The Governing Council of the University of Toronto, etc.

The Fund is to be liquidated in 2021. In December 2020, a deal was signed to sell the Fund's share in the National Stock Exchange of India. The deal was completed in April 2021.

Investment portfolio:

1) National Stock Exchange of India - financial services (India).

Withdrawal from the companies as follows:

- 1) Fabindia Overseas Private Limited - retailer of clothing and household goods (India);
- 2) BTG Pactual Group - Investment Bank (Brazil);
- 3) Repco Home Finance - Mortgage Company (India)
- 4) Kalpan Hydro Company - construction of hydroelectric power plants (India);
- 5) Odebrecht Agroindustrial - ethanol production (Brazil).

- 6) OPX Biotechnologies - a biofuel manufacturer (USA);
- 7) Banco Daycoval - a commercial Bank (Brazil)
- 8) Ujivan Financial Services - a Microfinance Organization (India);
- 9) Development Credit Bank – financial services (India)
- 10) GE Joint Venture - wind power (Central and Eastern Europe);
- 11) Alior/Meritum Bank – financial services (Poland)
- 12) Moscow Exchange - financial services (the Russian Federation).

Funds at the establishment stage:

Eurasian Nurly (Bright) Investment Fund L.P. / Managing company- Nurly Fund Manager L.P.

Lifetime (invest. period)	Total amount, US dollars	Share of KCM	Industry	Geography	Investors
2019-2027 (2023)	242,4 million	12,4%	Infrastructure, processing of natural resources, logistics, information technology, manufacturing, agro-industrial complex, etc.	Kazakhstan	KCM, Sovereign Wealth Fund Samruk-Kazyna JSC, CITIC Group, Asia Investment Finance Group Limited, China Bosen New Energy Investment Holding Limited, Hong Kong Sino-Science Oil & Gas Company Limited.

On April 25, 2019, at the Kazakh-Chinese Round table on Investment Cooperation in Beijing, documents for the first termination of the Fund for the amount of USD 212.1 million were signed.

On September 11, 2019, at the 6th meeting of the China-Kazakhstan Business Council in Beijing, Sovereign Wealth Fund Samruk-Kazyna JSC joined the Fund, the amount of the first termination of the Fund was USD 242.4 million.

2.2. RESULTS OF FINANCIAL AND ECONOMIC ACTIVITY

The analysis of the financial standing and performance of the KCM for the period 2018 - 2020 was conducted based on the audited financial statements of KCM.

The treasury portfolio yields in the form of return on deposits, securities and derivatives, as well as from

the strategic portfolio obtained from the PEF's portfolio companies associated with the payment of dividends, interest and proceeds from the sale of shares in the PEF's portfolio companies. The KCM's revenues for 2020 totalled KZT 6,777 million.

Revenue	KZT mln.		
	2018	2019	2020
The strategic portfolio yields	3 682	1 148	71
The treasury portfolio yields	3 698	2 981	1 533
Income from revaluation of investments and accrued income on investments	4 033	1 056	1 882
Foreign exchange gain	10 124	-	3 291
Income from recovery of provision	-	920	-
Other income	9	109	-
Total:	21 546	6 214	6 777

During the reporting period, dividends were received from BV Management LLP, DBK Equity Fund C. V. and proceeds from the increase in the value of investments under the projects of the Islamic Infrastructure Fund, Kazakhstan Capital Restructuring Fund, Wolfensohn Capital Partners and Baiterek Venture Fund.

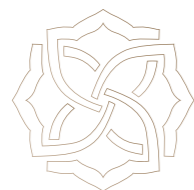
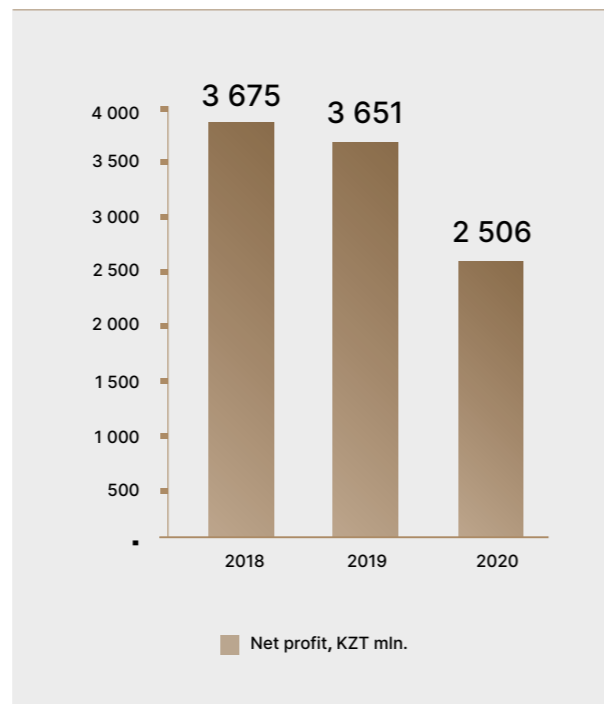
The decrease in the treasury portfolio yields in 2020

versus 2019 is due to the investment of temporarily idle funds.

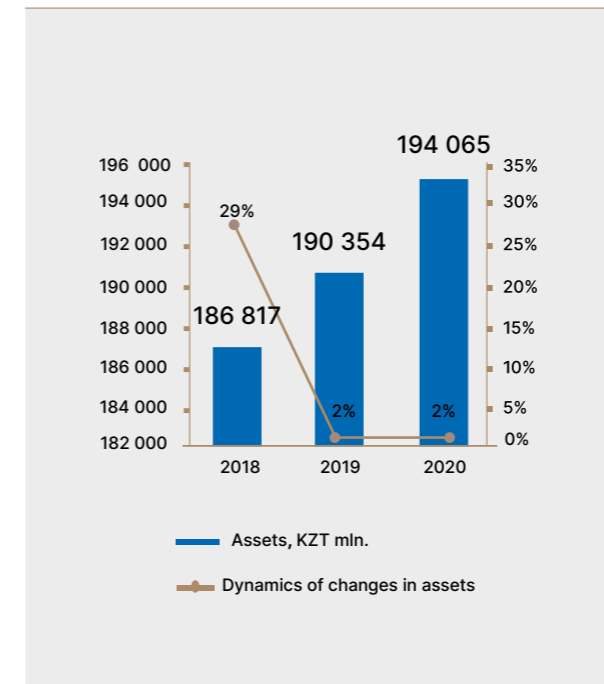
Compared to 2019, there is an increase in expenses due to the revaluation of the fair value of derivatives. The expenditure part is presented in the following table:

KZT mln.			
Expenses	2018	2019	2020
General and administrative expenses	1 031	1 497	1 322
Impairment provision	13 817	-	16
Expenses on derivatives	1 026	-	1 031
Expenses on foreign exchange	-	329	-
Other expenses	-	-	137
Total:	15 874	1 826	2 506

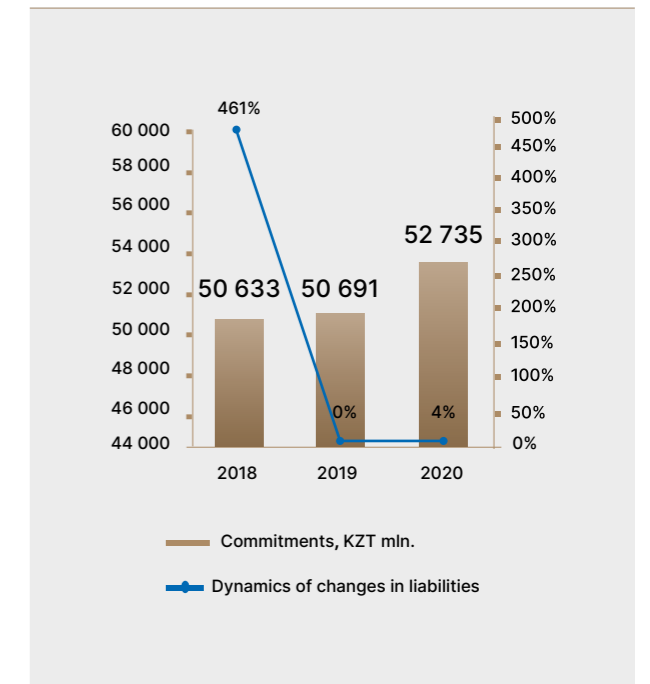
In line with the audited financial statements for 2020, a positive financial result of KZT 2,506 million was achieved. Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled KZT 4,281 million, corporate income tax expenses totalled KZT 1,766 million.



As of December 31, 2020, assets amount to KZT 194,065 million, which is 2% higher than in 2019, or by KZT 3,711 million.



Liabilities for the same period totalled KZT 52,735 million due to debt securities issued and revaluation of the fair value of derivative financial instruments.



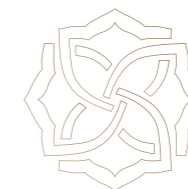
The authorized capital of the Company is 55 million of ordinary shares. As of December 31, 2020, the value of placed (paid) shares was:

- 1) 55,000 ordinary shares at par value of KZT 1,000 per an ordinary share;
- 2) 39,985,000 ordinary shares at par value of KZT 1,000 KZT per an ordinary share;
- 3) 12,000,000 ordinary shares at par value of KZT 1,000 KZT per an ordinary share;
- 4) 1,000,000 ordinary shares at par value of KZT 15,000 per an ordinary share;

5) 10,000 ordinary shares at an offering price - KZT 40,000 per an ordinary share;

6) 500,000 common shares at an offering price - KZT 40,000 KZT per an ordinary share;

Baiterek NMH JSC owns 53,550,000 ordinary shares of the Company. Description of the rights allowed by the shares: shareholder has the right under the law of the Republic of Kazakhstan «On Joint Stock Companies» (hereinafter – the «Law on JSC») and (or) the Company's Charter.



2.3. INFORMATION ABOUT SIGNIFICANT CORPORATE EVENTS IN 2020



01

05.01.2020

Ainur Sainovna Kuvatova was elected as the Chairman of the Management Board and the member of the Board of Directors of Kazyna Capital Management JSC in line with the resolution of the Management Board of Baiterek National Managing Holding JSC.

02

13.05.2020

the Annual Financial Statements for the year ended December 31, 2019 on the procedure for net income distribution, payment of dividends on ordinary shares, amount of dividend per an ordinary share, acceptance of the shareholder's appeals to the actions of Kazyna Capital Management JSC and its employees and also the amount and composition of remuneration of the members of the Board of Directors of Kazyna Capital Management JSC in 2019, were approved with the resolution of the Management Board of Baiterek National Managing Holding JSC.

03

12.08.2020

Pwith the resolution of the Board of Directors of Kazyna Capital Management JSC, the powers of the Deputy Chairman of the Management Board of Kazyna Capital Management JSC, T.E. Beguliev have been prematurely terminated since August 12, 2020. G.S. Makanalina has been elected Deputy Chairman of the Management Board of Kazyna Capital Management JSC since August 12, 2020.

04

26.08.2020

the Annual Report for 2019 of Kazyna Capital Management JSC were approved in line with the resolution of the Management Board of Baiterek National Managing Holding JSC.

05

02.09.2020

amendments to the Regulations on the Board of Directors of Kazyna Capital Management Joint Stock Company were approved in line with the resolution of the Management Board of Baiterek National Managing Holding JSC.

06

30.09.2020

in line with the resolution of the Board of Directors of Kazyna Capital Management JSC, R. B. Kuanyshbayev was elected Deputy Chairman of the Management Board of Kazyna Capital Management JSC since October 1, 2020. E. D. Kabdrakhmanov was elected Managing Director, member of the Management Board of Kazyna Capital Management JSC since October 5, 2020.

07

21.10.2020

in line with the resolution of the Management Board of Management Board of Baiterek National Managing Holding JSC, the powers of independent directors, members of the Board of Directors of Kazyna Capital Management Joint Stock Company I. Abramov and Ya. Bzezinski have been prematurely terminated since October 21, 2020, and new independent directors, members of the Board of Directors of Kazyna Capital Management Joint Stock Company N. Page and A. Ushbayev have been elected since October 22, 2020.

08

28.10.2020

in line with the resolution of the Management Board of Management Board of Baiterek National Managing Holding JSC, the powers of the member of the Board of Directors of Kazyna Capital Management JSC, Marat Omarov Talgatovich have been prematurely terminated from since October 21, 2020. Adil Nurgozhin Ergaliuly was elected as a member of the Board of Directors of Kazyna Capital Management JSC as a representative of the Sole Shareholder.

09

09.12.2020

in line with the resolution of the Management Board of Baiterek National Managing Holding JSC, the roadmap for the transfer of shares of QazTech Ventures JSC to Baiterek NMH JSC to pay for the shares of Kazyna Capital Management JSC was approved.

10

30.12.2020

amendments to the Regulations on the Board of Directors of Kazyna Capital Management Joint Stock Company were approved in line with the resolution of the Management Board of Baiterek National Managing Holding JSC.

2.4. INFORMATION ON INVESTMENT ACTIVITIES FOR 2020

Financing of investment projects by DBKEF, BVF and KCM SDF funds

In 2020, **KCM Sustainable Development Fund I C. V.** funded a project for the construction of a gas engine power plant in the Mangystau region (OralMunayProm LLP) of KZT 3.1 billion, a project for the construction of a cinema in Nur-Sultan (MerAs NS LLP) of KZT 3.8 billion, a project for the construction of an automatic fish farm using closed water supply technology with a capacity of 5000 kilograms of sturgeon roe per year in Nur-Sultan (Aqua Factoria LLP) of KZT 3.5 billion, a project for the organization of agricultural machinery production in Kokshetau (Kazrost Engineering Ltd PC) of 1.2 KZT billion.

DBK Equity Fund invested funds in the transport and logistics center of Continental Logistics LLP in Nur-Sultan in the amount of KZT 4 billion.

Baiterek Venture Fund JSC delivered the second tranche of investment in the expansion of production of packaging products (Kazpoligraf LLP) in Semey KZT 1.1 billion, as well as the second tranche of investment in the pig farm expansion project up to 100,000 commercial pig stock per year (EMC Agro) LLP in North Kazakhstan region in the amount of KZT 2.3 billion. As part of the preferential financing program with the involvement of second-tier banks, the Fund delivered the second tranche for the project of development of a health-improving and recreation area (Burundai Mineral Waters LLP) in the Almaty region of KZT100 million. Also, the project of development of a hotel

in Nur-Sultan (TTS Astana-2007 K LLP) of KZT 240 million was funded.

During 2020, the Fund partially withdrew from the construction project of the Makinsky Poultry Farm (Aitas KZ JSC) amounting to KZT 2.3 billion. In December 2020, a complete withdrawal from the project of Allur Group of Companies JSC amounting to KZT 3 billion was carried out. The amount of investments in the project was KZT 2 billion.

In 2019, **the Program of Preferential Financing of KCM**, approved with the resolution of the Board of Directors of KCM on April 19, 2019, was launched. Following the results of 2020, 16 projects were financed for a total amount of KZT 34.77 billion out of KZT 47.8 billion allocated for the program, including:

- under the Program of Preferential Financing BVF – KZT 12.5 billion;
- under the Program with the involvement of second – tier banks - KZT 1.4 billion;
- under the KCM SDF Financing Program – KZT 20.8 billion.

Following the results of 2020, there were three framework agreements with 3 banks: Bank CenterCredit JSC (KZT 2 billion), Subsidiary Organization VTB Bank (Kazakhstan) (KZT 0.5 billion), Subsidiary Organization Sberbank JSC (KZT 0.9 billion).

The program is in great demand among entrepreneurs, particularly in terms of direct financing from BVF and KCM SDF. Following the results of 2020, taking into account the funded, reviewed projects, the program is 100 percent implemented.

2.5. RISK MANAGEMENT SYSTEM

KCM has a structure approved by the Board of Directors that strictly defines the participants of the corporate risk management system. In 2020, a new organizational structure of the KCM was approved. The structure provides for a Risk Management Department, which is accountable to the Managing Director, a member of the Management Board of KCM and is an independent structural division.

The approved Risk Management Policy is a constitutional document of KCM and defines the organizational structure of risk management, the roles and responsibilities of bodies, committees and structural divisions: Sole Shareholder, Board of Directors, Audit and Risk Committee, Management Board, Investment Committee, Risk Management Department, Internal Audit Service and other structural divisions.

The main objectives of the Risk Management System are as follows:

- building an effective integrated system and creating an integrated risk management process as an element of the Company, as well as continuous improvement of activities in line with the unified standardized approach to risk management methods and procedures;

- improving the efficiency and sustainability of the Company, reducing losses, increasing profitability and the most efficient use of capital;

- ensuring that the Company accepts acceptable risks adequate to the scope of its activities;

- ensuring the normal functioning of the Company in crisis situations.

The basic principles of KCM risk management:

- integrity - consideration of elements of the Company's total risk through the lens of the corporate risk management system;

- openness - prohibition to consider corporate risk management system as autonomous or separate;

- structure - a comprehensive risk management system has a clear structure;

- awareness - risk management is accompanied by an objective, reliable and up-to-date information;

- continuity - risk management process is carried out on an ongoing basis;

- relevance - continuous improvement of risk management procedures and mechanisms;

- timely and immediate transfer of information by all structural divisions based on the «bottom-up» principle, including the Management Board and the Board of Directors of the Company, about changes, status and size of the relevant risks, about all non-standard operations and situations;

- engagement – involvement of the Company's top management, i.e. the Management Board and the Board of Directors, into the process of risk management and creating a control environment;

- segregation of duties – clear segregation of employees' powers and exclusion of situations in which an employee's area of responsibility allows for a conflict of interests;

- independence-risk management in all areas of the Company's activities should be performed by the Company's relevant structural divisions independent of operating activities;

- cyclicity - risk management process is a constantly recurring built-up cycle of its main components.

The risk management system includes the following main elements:

- defining goals – KCM is exposed to external and internal risks, and the main condition for an effective identification, assessment and development of risk management methods is goal-setting. The goals and objectives of KCM are aligned with risk appetite;

- risk identification - defining internal and external risks to which KCM is or may be exposed, once occurred these risks may adversely affect the ability to achieve targets and implement the tasks set;

- risk measurement - development and use of system and tools that enable to objectively determine the size and probability of risks for KCM;

- risk mitigation - provides for the implementation of a set of measures aimed at reducing the likelihood of events or circumstances leading to losses, and (or) to reduce (limit) the amount of potential losses;

- risk control — functioning of internal control system and establishment of maximum possible risk limits (restrictions);

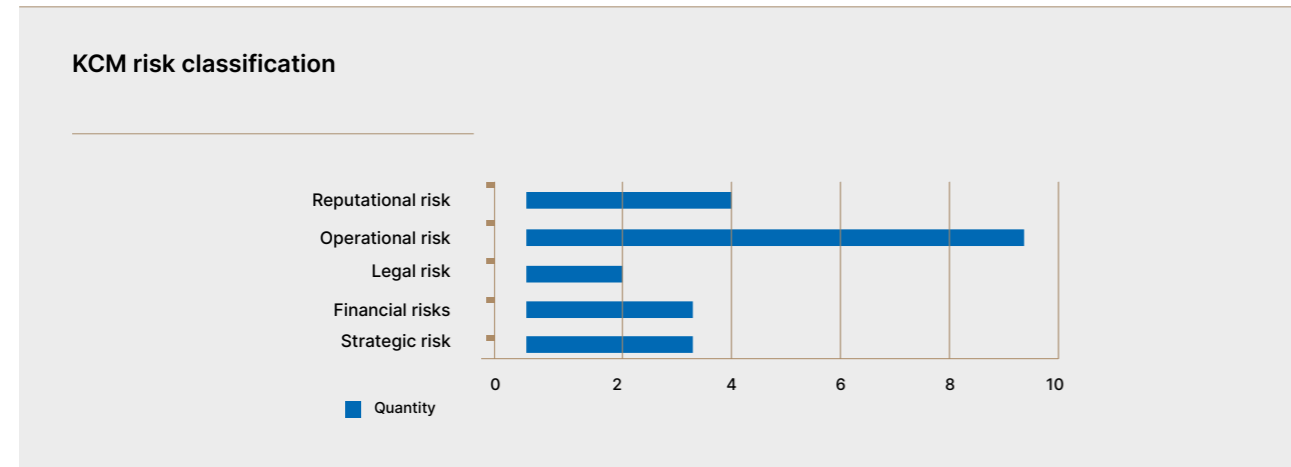
- risk monitoring — continuous assessment of the level of the KCM main risks and compliance with the maximum possible limits.

Every quarter, the Risk Management Department monitors the key KCM risks and submits them for

consideration by the KCM Management Board and KCM Board of Directors. Taking into account the unstable financial health of the second-tier banks, a monthly analysis of the financial position of STBs and issuers of securities is conducted. The Risk Management Department indicates the information on changes in their ratings, compliance by banks with prudential standards of the National Bank of the Republic of Kazakhstan, etc., on the basis of which a report is submitted for consideration by the

Management Board of the KCM and relevant measures are taken to mitigate the credit risks of the treasury portfolio.

The KCM Risk Register comprising 21 types of risk was approved with the resolution of the Board of Directors of KCM dated December 9, 2020 (Minutes No. 15/20). To classify risks, KCM groups them into the following categories: strategic risk, financial risks, legal risk, operational risk and reputation risk.



In 2020, the Risk Management Department conducted a risk audit of KCM business processes, the results were brought to the attention of the Chairman of the KCM Management Board. In line with the Methodology for identifying business processes, their specific risks and key risk indicators in the KCM, a scheduled risk audit is conducted at least once a year if the risk exposure is medium or low.

As part of the work to improve the risk management system in 2019, comprehensive efforts on implementing or updating of the following internal regulations were made:

- Methodology for measuring the fair value of financial assets and financial liabilities of Kazyna Capital Management JSC, approved with the resolution of the KCM Management Board dated July 12, 2019 (updated and approved with the resolution of the KCM Management Board dated November 24, 2020 (Minutes No. 40/20));

- The Risk Management Policy of Kazyna Capital Management JSC, approved with the resolution of the Board of Directors dated February 17, 2017 (Minutes No. 114) (updated and approved with the resolution of the Board of Directors of KCM dated November 6, 2020 (Minutes No. 14/20));

- The plan for holding risk audits in relation to business processes of Kazyna Capital Management JSC for 2020, approved with the resolution of the Management Board of KCM on October 31, 2019 (a new version is updated and approved with the resolution of the Management Board of KCM on March 27, 2020);

- The plan for recovering activities of Kazyna Capital Management JSC, approved with the resolution of the Management Board of KCM on November 13, 2019 (a new version is updated and approved with the resolution of the Board of Directors of KCM on March 16, 2020);

2.6. INTERNAL AUDIT SERVICE

The Internal Audit Service ensures the organization and implementation of internal audit in the Company, is directly subordinate and accountable to the Board of Directors of the Company.

The mission of the Internal Audit Service is to maintain and enhance the value of the organization through fair internal audits following a risk-based approach, guidance and knowledge-sharing.

The Internal Audit Service operates on the basis of the principles of integrity, objectivity, confidentiality and professional competence.

The main tasks of the Internal Audit Service are to carry out an analysis and evaluation within the framework of audits and consultations:

- reliability and efficiency of internal control system;
- adequacy and effectiveness of the risk management system;
- efficiency of the corporate governance system and the process of its improvement, compliance with the principles of corporate governance, relevant ethical standards and values.
- compliance with the requirements of the laws of the Republic of Kazakhstan, internal policies and other documents of the Company, as well as the effectiveness of systems and procedures created and applied to ensure compliance with these requirements (compliance control);
- implementation of resolutions of the bodies of the Company and orders (proposals) of the authorized (supervisory) government agencies;
- adequacy and/or effectiveness of the measures taken by the Company's structural divisions to achieve their objectives within the framework of the Company's strategic goals;

- efficiency and effectiveness in the use of resources and in the methods (techniques) used to secure the property (assets);

- economic viability and efficiency of operations and deals;

- reliability, completeness, objectivity of accounting system and reliability of financial statements and other information of the Company.

Every year, the Company's Board of Directors approves the Annual Audit Plan of the Internal Audit Service based on the risk-oriented approach. The findings of each audit are reviewed and discussed at a meeting of the Management Board of the Company.

To develop competences and potential of employees in the field of internal audit, the Company's Board of Directors annually approves Occupational Training Plan for employees of the Company's Internal Audit Service. The Internal Audit Service provides a quarterly report to the Audit and Risk Committee and the Board of Directors of the Company. Every quarter, the head of the Internal Audit Service meets with the Audit and Risk Committee under the Board of Directors without the participation of members of the Company's Management Board.

In 2020, based on the methodology and criteria approved by the Company's Board of Directors, the Company's internal control system was assessed. The rate of efficiency (maturity) of the internal control system for 2019 and 9 months of 2020 is defined as «Optimized» (96%). This means that the main elements of the internal control system are in line with best practice.

Also, in 2020, an internal assessment of the quality of the Internal Audit Service was carried out, the findings were reviewed by the Audit and Risk Committee and the Board of Directors of the Company.

2.7. ACTIVITIES OF SUBSIDIARIES IN 2020

The structure of the Company includes JSC «Baiterek Venture Fund» and LLP «BV Management» (BVF and BVM) subsidiaries.

2.7.1. BVF PERFORMANCE RESULTS FOR 2020

In May 2014, KCM's Board of Directors has taken a decision to establish a BVF.

The Fund finances and searches for projects at the stage of business plans and feasibility studies. The Fund's target sectors for investment are the top-priority sectors of the State Program for Industrial and Innovative Development (SPIID). The geographic focus of investment is the Republic of Kazakhstan, and it is also possible to invest in Kazakh companies that implement projects abroad.

During 2020, BVF financed 4 projects totaling KZT 3.7 billion: the project of **TTS Astana 2007 LLP** within the framework of the program of preferential financing with the involvement of STBs of KZT 240 million in Nur-Sultan. The project is aimed at the development of the hotel facilities.

Kazpoligraf LLP (KZT 1.1 billion) and **EMS Agro LLP** (KZT 2.3 billion) were financed under the program of preferential financing. Both projects were funded as part of agreements signed in 2019. Kazpoligraf LLP conducts business on the production of paper products in the East Kazakhstan region. The financing is aimed at expanding the existing production facilities of packaging products. The project of EMS Agro LLP is aimed at increasing the capacity of the existing pig farm in the North Kazakhstan region.

The second tranche was also delivered to **Burundai Mineral Waters LLP** in the amount of KZT 100 million of preferential financing with the involvement of STBs for the development of recreation and entertainment sector.

List of projects invested by BVF in 2020

Item No.	Company name	Date of investment	Brief description	Region/city
1	TTS Astana 2007 LLP	October 2020	Hotel business development	Nur-Sultan
2	Kazpoligraf LLP	October 2020	Expansion of the existing production facilities of packaging products	East Kazakhstan region
3	EMS Agro LLP	October 2020	Development of a pig complex, which includes a multiplication farm, a nursery and fattening farm, an artificial breeding unit and a meat processing factory	North Kazakhstan region
4	Burunday Mineral Water LLP	August 2020	Financing of the recreation area	Almaty region

Statement of BVF financial position as of December 31, 2020

Item No	Item	Measurement unit	December 31 2019	December 31 2020
1	Total assets	KZT thousand	82 614 347	86 838 752
2	Total liabilities	KZT thousand	40 291 726	40 322 123
3	Total equity	KZT thousand	42 322 621	46 516 629
4	Net profit	KZT thousand	4 026 159	4 336 555
5	ROA, return on assets	%	5,65	5,12
6	ROE, return on equity	%	12,99	9,76

2.7.2. BVM PERFORMANCE RESULTS FOR 2020

BVM was established on December 23, 2014.

Currently, BVM is the General Partner (managing company) for managing private equity funds: DBKEF and KCM SDF. DBKEF invests in projects supported by the Development Bank of Kazakhstan JSC and DBK-Leasing JSC.

In 2020, DBKEF provided Continental Logistics LLP with the KZT 4 billion for a project to lease warehouse facilities in Nur-Sultan.

KCM SDF invests in projects in the Republic of Kazakhstan. In 2020, KCM SDF financed 4 projects totaling KZT 11.6 billion:

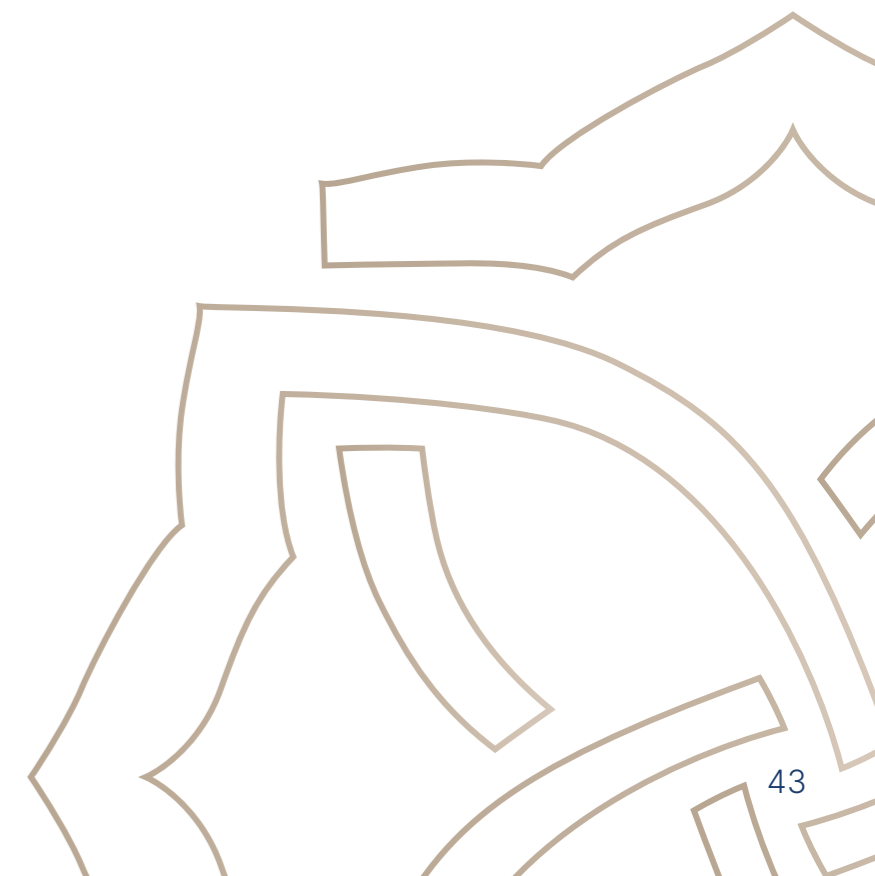
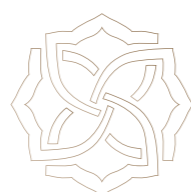
- MerAS NS LLP - Construction of a cinema of KZT 3.8 billion,
- AquaFactoria LLP - Construction of an automatic fish farm using closed water supply technology with a capacity of 5000 kilograms of sturgeon roe per year amounting to KZT 3.5 billion;
- Kazrost Engineering LLP - Organization of assembly of agricultural machinery in Kokshetau, Northern Industrial Zone totalling KZT 1.2 billion;
- OralMunayprom LLP - Construction of a gas engine power plant totalling KZT 3.1 billion, approved in 2019.

List of projects invested by funds managed by BVM in 2020

Item No.	Company name	Date of investment	Brief description	Region/city
DBKEF				
1	Continental Logistics LLP	March 2020	Transport and logistics center, warehouse facilities leasing project	Nur-Sultan
KCM SDF				
2	MerAS NS LLP	June 2020	Refunding of a loan and construction of a cinema	Nur-Sultan
3	AquaFactoria LLP	December 2020	Construction of an automatic fish farm using closed water supply technology	Nur-Sultan
4	Kazrost Engineering LLP	December 2020	Organization of the agricultural machinery production facilities	Kokshetau
5	OralMunayprom LLP	February 2020	Gas engine power plant construction project	Uralsk

BVM statement of financial position as of December 31, 2020

Item No.	Item	Measurement unit	December 31 2019	December 31 2020
1	Total assets	KZT thousand	190 960	226 519
2	Total liabilities	KZT thousand	48 613	67 595
3	Total equity	KZT thousand	142 347	158 924
4	Net profit	KZT thousand	48 105	59 547
5	ROA, return on assets	%	28,98	28,53
6	ROE, return on equity	%	39,06	39,53



03

FUTURE DEVELOPMENT



3.1. DEVELOPMENT PROSPECTS FOR THE PERIOD 2020-2023

In 2020, KCM approved an updated Development Strategy for 2014 - 2023 in accordance with the Strategy of Baiterek NMH JSC. This Strategy is drawn up taking into account the socio-economic and industrial-innovative national policy and defines the mission, vision, strategic directions and objectives of KCM for 2014-2023.

KCM will support projects in non-resource sectors of the economy through participation in the segments of distressed assets, investment in infrastructure projects of public-private partnership and venture financing:

1. KCM will participate in the distressed asset segment through the establishment of special-purpose funds involving international/regional institutional investors. This tool will support low liquidity businesses, which

are in need of capital for restructuring by investing in their distressed assets, the debt obligations that these enterprises are not able to serve.

2. KCM will invest in infrastructure projects of public-private partnership, which in the grip of a crisis can act as large employers and buyers of goods and services of SMEs, through the establishment of a new fund and/or a new subsidiary of KCM/Holding raising the funds from institutional investors.

3. To finance companies in technology sector, KCM will participate in the venture financing segment through co-financing with institutional partners in the short run and establishment of new venture funds in the long run.

Strategic directions for development of KCM

1. Promotion and development of the PE market and the national economy of Kazakhstan;

Goal: high investment appeal of Kazakhstan through cooperation with regional and international partners:

- Harnessing the potential of PE as an asset class through invested capital, a business network of contacts, the experience and knowledge of KCM employees;
- Participation in the implementation of state programs, including the Nurlı Zhol infrastructure development, industrial and innovative development (SPIID);
- Close collaboration with local and regional general partners (GPs) will lead to new opportunities for joint investment or joint ventures:
- Participation in international conferences and forums on PE.

2. Increase in the investment portfolio of KCM

Goal: increase in the value of portfolio companies in the SMEs segment by actively participating in the creation of additional value of portfolio companies and increase in the investment appeal of the KCM portfolio:

- Development of SMEs with great potential to become market leaders in the region;
- Promoting the development of sustainable business based on internationally recognized environmental, social and management standards (ESG);
- Creating additional value for portfolio companies by developing a business network of contacts in key industries, working together with captive funds, and supporting GP teams in acquiring investment assets:
- Identification of industries favourable for investment by testing the competitiveness of priority economic sectors of Kazakhstan, as well as interaction with industry organizations;
- Entering into the UN Association in line with the responsible investment principles (UN Principles of Responsible Investments) (in case of a positive decision by both parties);
- Development of own ESG standards in PE assessment in order to increase the attractiveness of the KCM's portfolio for external investors:

3. Improvement of the organization's performance;

Goal: to ensure the smooth operation of KCM while maintaining the planned profitability and break-even levels by improving operational processes

- Focus on establishing a positive rate of return for each investment above the risk-free rate and achieving an annual multiplier of the value of the investment portfolio above 1;
- Improving the business processes of the Investment Committee (hereinafter - the «IC») of the KCM and its subsidiaries;
- Development of captive funds (BVF, DBKEF, KCM SDF);
- Generating positive operating income (EBIT) and using additional capital only for business expansion initiatives;
- Drawing up an investment business plan and the target structure of the investment portfolio;
- Improvement of the corporate governance system, risk management system, IT system, and the development of relevant competencies.

4. Income diversification

Goal: to diversify sources of income and financing through the development of passive sources of income, reducing dependence on government funding and developing the local market for PPP infrastructure projects, distressed assets and venture financing:

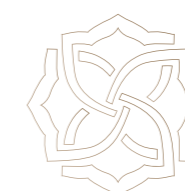
- Diversification of the sources of income and financing through new third-party funds and strengthening the equity structure through retained earnings and external sources of financing;
- Selected acquisition of minority stakes in several GPs to diversify passive income for management and obtain the required expertise in new strategies;
- Participation of KCM in the development of the venture financing market;
- Participation of KCM in distressed assets market;
- Contribution of KCM to the development of the PPP infrastructure projects market.

3.2. STRATEGIC KEY PERFORMANCE INDICATORS

Achievement of the strategic key performance indicators of KCM, specified in the KCM Development Strategy, is planned for 2023. The values of KCM's strategic key performance indicators for 2020 are presented below. All of indicators were achieved in

comparison with the target values of the Development Plan of Kazyna Capital Management JSC for 2019-2023, approved with the resolution of the Board of Directors on December 9, 2020 (Minutes No. 15/20) (hereinafter - the «Development Plan»):

№	Key Performance Indicator	Measurement unit	Target value for 2023	2020		
				Target value according to the Development Plan for 2020	Actual value for 2020	The rate of KPI achievement for 2020 (%)
1	Coefficient of investments brought to the Republic of Kazakhstan to the unit of KCM' funds	%	at least 2	at least 1,5	1,67	111%
2	Investment portfolio share of total KCM assets (excluding treasury operations)	%	63,83%	69,73	71,63	103%
3	Number of new initiatives in the PE market	unit cum.	4	1	1	100%
4	Level of new investments per year (including captive funds)	KZT mln.	4 500	14 528	16 183	111%
5	ROE	%	1,07	-17,09	1,78	210%
6	ROA	%	0,86	1	1,30	130%
7	Debt ratio	rat.				
8	Share of revenue for management from the general KCM revenue	%	There are no target values for 2020 (monitoring of the achievement of this KPI will be carried out starting from 2022, in order to provide time for the development of KCM in this area)			



04

CORPORATE GOVERNANCE



4.1. THE REPORT ON COMPLIANCE/NON-COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF THE COMPANY FOR 2020

The Company's Corporate Governance Code was approved with the resolution of the Sole Shareholder of the Company on January 12, 2018 (Minutes of the meeting of the Management Board of Baiterek NMH JSC No.01/18) (hereinafter - the «Corporate Governance Code»). The Corporate Governance Code is a set of rules and recommendations that the Company follows in the course of its activities to ensure a high level of corporate governance in relations within the Company and with other market participants.

The Company considers the corporate governance as a means of enhancing the performance of the Company, ensuring transparency and accountability, improving its reputation and reducing the cost of raising capital. The Company is considering a proper Corporate Governance System as its input to ensuring the rule of law in the Republic of Kazakhstan, and the factor, determining the Company's place in modern economy and society in general. The Corporate Governance System provides for a clear distribution of competences and responsibilities between the Company's bodies, officials and employees.

The Company's corporate governance is premised on the principles of fairness, integrity, responsibility, transparency, professionalism, competence and sustainable development. An effective corporate

governance structure entails a respect for rights and interests of all concerned in the Company's activities, and contributes to the successful business of the Company.

The major principles of the Corporate Governance Code are as follows:

- principle of the distribution of competences;
- principle of the protection of the rights and interests of the Sole Shareholder;
- principle of the Company's effective management by the Board of Directors and the Management Board; sustainable development principle;
- principle of risk management, internal compliance and internal audit;
- principle of the regulation of corporate conflicts and conflicts of interest;
- principle of transparency and reliability of disclosure on the Company activities.

The principles of corporate governance specified in the Corporate Governance Code are aimed at creating trust in relations arising in the course of the Company's management, and are the pillar of all the rules and recommendations included in the Corporate Governance Code.



Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
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1. Principle of the distribution of competences

1.1	The Sole Shareholder of the Company delineates its powers to prevent a conflict of interests that does not facilitate to the interests of the Company, and the interests of the Sole Shareholder. The functions of the Sole Shareholder of the Company are carried out with a view to maintaining profitability of the Company and its subsidiaries, and the implementation of state and government programs involving the Company and its subsidiaries.	Observed	<p>The Company operates as an independent legal entity in line with the distribution of competences between the Company's bodies. Resolutions on issues referred to the competence of the General Meeting of shareholders by the legislation of the Republic of Kazakhstan and the Company's Charter are made by the Sole Shareholder pursuant to the laws of the Republic of Kazakhstan, the Company's Charter and the Charter of the Sole Shareholder.</p> <p>The Sole Shareholder is engaged in the management of the Company solely through exercise of Sole Shareholder's powers provided for in the statutes of the Republic of Kazakhstan, the Company's Charter and representation in the Board of Directors of the Company.</p>
1.2	The Sole Shareholder of the Company provides the Company with full operational autonomy and does not interfere in the operational (current) and investment activities of the Company, except for cases provided for by the laws of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.	Observed	<p>The Company is a commercial, fully autonomous, self-governing organization, which has an independent balance sheet, property separate from the property of the Sole Shareholder, has the right to open its own, including correspondent, bank accounts, can acquire and exercise property and personal non-property rights on its own behalf, incur obligations, and act as a plaintiff and defendant in court.</p> <p>The Company's primary mission is investment activity, in line with the Charter, the Company's internal regulations and current legislation of the Republic of Kazakhstan.</p> <p>The purpose of the Company is to promote overall investment and innovation activity, develop the private equity market in Kazakhstan by investing in Investment Funds.</p> <p>In carrying out its activities, the Company is guided by the resolutions of the Sole shareholder and the Board of Directors of the Company.</p> <p>Transactions and relations between the Company and the Sole Shareholder are carried out within the framework of the laws of the Republic of Kazakhstan.</p>

Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
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1.3	The interaction between the Sole Shareholder and the Company takes place through the Company's Board of Directors and/or the Management Board in line with the principles of proper corporate governance. Role and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Company are clearly delineated and specified in the Company's documents.	Observed	<p>The company ensures compliance with hierarchy of the procedure for considering issues and decision-making, clear division of powers and responsibilities between bodies, officials and employees, timely and high-quality decision-making by the Company's bodies, effectiveness of the Company's processes, compliance with legislation, Corporate Governance Code and internal regulations of the Company.</p> <p>The regulations on the Board of Directors (resolution of the Management Board of the Holding No. 53/18 dated November 28, 2018) and on the Management Board (resolution of the Company's Board of Directors No. 14/20 dated November 6, 2020), as well as job descriptions for the relevant positions are approved in the Company. Compliance with the provisions of the documents ensures a systematic approach and consistency of corporate governance processes.</p>
1.4	The Company's Corporate Governance System provides for the relationship between: 1) Sole Shareholder; 2) Board of Directors; 3) Management Board; 4) stakeholders; 5) other bodies determined in accordance with the Charter. The Corporate Governance System provides, among other things, the following: 1) compliance with hierarchy of issue consideration and decision-making; 2) clear segregation of powers and responsibilities between bodies, officials and employees; 3) timely and high-quality decision-making by the Company's bodies and subsidiaries; 4) efficiency of processes of the Company and its subsidiaries; 5) compliance with legislation, this Code and internal regulations of the Company and its subsidiaries. The Company and its subsidiaries approve the Regulations on the bodies (if such provisions are not provided by the Company's Charter) and structural divisions, as well as job descriptions for the relevant positions. Compliance with the provisions of the documents ensures a systematic approach and consistency of corporate governance processes.	Observed	<p>The Company's Corporate Governance Structure complies with the legislation of the Republic of Kazakhstan and clarifies division of powers between the Company's bodies.</p> <p>The Charter, Regulations on the Board of Directors and the Management Board of the Company, List of documents regulating internal activity of the Company, subject to approval by the Board of Directors of the Company, approved with the resolution of the Board of Directors (Minutes No.121 dated 19.10.2017), provide for division of powers of the Board of Directors and the Management Board of the Company.</p> <p>In the same vein, in the subsidiary of the Company, Baiterek Venture Fund JSC, where the Charter, the Regulations on the Board of Directors of Baiterek Venture Fund JSC and the Regulations on the Management Board of Baiterek Venture Fund JSC, the List of documents regulating the internal activities of Baiterek Venture Fund JSC subject to approval by the Board of Directors of Baiterek Venture Fund JSC approved with the resolution of the Board of Directors of Baiterek Venture Fund JSC (Minutes No. 56 dated December 20, 2018), provide for the segregation of duties of the Board of Directors and the Management Board of Baiterek Venture Fund JSC.</p>

Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
1.5	The Company and its subsidiaries carry out their activities within the framework of their core (profile) activities.	Observed	In 2020, the Company introduced changes to its Development Strategy due to the new areas of activity (venture financing, infrastructure projects of public-private partnership, distressed assets) and the expansion of the investment mandate (Minutes of the meeting of KCM Board of Directors No. 11/20 dated September 4, 2020).
2. Principle of the protection of the rights and interests of the Sole Shareholder			
2.1	Observance of rights of the Sole Shareholder is a key condition for raising investments in the Company and its subsidiaries. In this regard, corporate governance in the Company and its subsidiaries is based on ensuring the protection, respect for the rights and legitimate interests of the Sole Shareholder, and is aimed at promoting the Company's efficient operation and achieving profitability.	Observed	<p>The Company is a Private Equity Fund, established in 2007 to promote sustainable development of the national economy, the formation of private equity infrastructure in Kazakhstan, attracting foreign investment in priority sectors of the economy, the use of leading international practice, transfer of innovative knowledge and technologies to private equity. KCM, together with international institutional investors, effectively manages Private Equity funds. Private equity funds with the involvement of KCM (PEF) provides capital to companies in various sectors of the economy for further growth and competitiveness.</p> <p>The Company's Sole Shareholder is Baiterek National Managing Holding Joint Stock Company.</p> <p>The Holding was established in accordance with the Decree of the President of the Republic of Kazakhstan No.571 «On Certain Measures Aimed at Optimization of the Management System of Development Institutions, Financial Institutions and the Development of the National Economy» dated May 22, 2013, and the Decree of the Government of the Republic of Kazakhstan No.516 «On Measures to Implement the Decree of the President of the Republic of Kazakhstan No. 571 dated May 22, 2013» dated May 25, 2013.</p> <p>Two out of five members of the Company's Board of Directors are representatives of the Sole Shareholder.</p> <p>The Company ensures the exercise of rights of the Sole Shareholder and protection of its interests in the framework of corporate governance principles, through the involvement in the Company's management, in accordance with the Law of the Republic of Kazakhstan «On Joint Stock Companies», and the Charter approved with the resolution of the Sole Shareholder of the Company (Minutes of the Management</p>

Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
			<p>Board of the Holding No.32/17 dated August 16, 2017), making key decisions on approval of the Charter, Corporate Governance Code, composition and term of office of the Board of Directors, election of Chairman of the Management Board, approval of the External Auditor, Annual Financial Statements etc.</p> <p>Information about the Company's activities is provided to the Sole Shareholder in full and makes it possible to take well-grounded and fair decisions . The exclusive competence of the Sole Shareholder provided for by the Law on JSCs, and the Company's Charter, is complied with.</p> <p>Every year, the Company sends its Annual Financial Statements, Net Income Distribution Procedure, and Annual Report to the Sole Shareholder for approval. Inputs on issues submitted for consideration to the Company's Sole Shareholder are prepared and sent within the terms established by the Company's Charter and contain information to the extent necessary for making informed decisions on issues. There were no appeals of the Sole Shareholder to state and judicial authorities for the protection of its rights and legitimate interests, or to challenge resolutions taken by the Company's bodies in 2020.</p>
2.2	The Company provides the Sole Shareholder with reliable information about its financial and economic activity and its results in accordance with the legislation of the Republic of Kazakhstan. In case the State Policy implementation goals are aligned with the core commercial activity of the Company, these goals are disclosed and communicated to stakeholders.	Observed	<p>The Company ensures timely disclosure of information to the Sole Shareholder on the following:</p> <ul style="list-style-type: none"> - corporate events in accordance with the Law on JSCs, the Charter and internal regulations of the Company; - the resolutions taken by the Board of Directors on the list of issues stipulated by the Information Policy of Kazyna Capital Management JSC, approved with the resolution of the Company's Board of Directors (Minutes No.06/18 dated July 31, 2018). <p>At the request of the Sole Shareholder, the Company provides documents and information in accordance with the Law on JSCs and internal regulations of the Company.</p> <p>During 2020, Management and Financial Statements were provided to the Sole Shareholder on a periodic basis. The information is shared between the Company and the Sole Shareholder through the electronic document management system in accordance with the procedure</p>

Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
			provided for by the Company's internal regulatory documents.
2.3	Dividends are calculated based on the Company's net income as reflected in the Company's Annual Audited Financial Statements, prepared in line with the legislation of the Republic of Kazakhstan on accounting and financial reporting and International Financial Reporting Standards. Whereas, the amount of dividends paid is determined in accordance with the legislation of the Republic of Kazakhstan.	Observed	<p>The Company is guided by the Procedure for determining the amount of dividends paid by subsidiaries of Baiterek National Managing Holding Joint Stock Company, approved with the resolution of the Holding's Management Board (Minutes No.14/14 dated May 11, 2014), which establishes common approaches and principles for defining the amount of dividends paid by the Holding's subsidiaries. Terms and procedure for the dividend payment to the Company's Sole Shareholder are regulated by the legislation of the Republic of Kazakhstan, the Company's Charter, as well as the appropriate resolution of the Company's Sole Shareholder.</p> <p>In accordance with the resolution of the Company's Sole Shareholder (Minutes of the meeting of the Holding's Management Board No.22/20 dated May 13, 2020), it was resolved to pay KZT 1,095,396,600 in dividends.</p> <p>The amount of dividends paid does not contradict the principles of an effective Dividend Policy.</p>
3. Principle of the Company's effective management by the Board of Directors and the Management Board			
3.1	The Board of Directors is a management body providing strategic guidance to the Company and monitoring the performance of the Management Board. The Board of Directors ensures full transparency of its activities to the Sole Shareholder, as well as the implementation of all provisions of the Code. The Board of Directors performs its functions pursuant to the legislation of the Republic of Kazakhstan, the Company's Charter, the Code, the Regulations on the Board of Directors and other internal documents of the Company. No person (or group of persons) should have advantages, not stipulated by	Observed	<p>The activities of the Company's Board of Directors are regulated by the Regulations on the Company's Board of Directors approved with the resolution of Company's Sole Shareholder (Minutes of the meeting of the Holding's Management Board No.53/18 dated November 28, 2018).</p> <p>The activities of the Board of Directors are based on the principles of efficiency and responsibility, maximum observance and realization of the interests of the Sole Shareholder and the Company, as well as protection of the rights of the Sole Shareholder. The principle is implemented in practice by the Company's Board of Directors.</p> <p>The Board of Directors assures the overall management of the Company's operations, except for issues that fall within the exclusive competence of the Sole</p>

Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
			law, in decision-making by the Board of Directors.
			Shareholder and the Management Board. The Board of Directors ensures full transparency of its activities to the Sole Shareholder.
			All members of the Board of Directors comply with their obligations under the Regulations on the Company's Board of Directors, including the obligation to act in line with the legislation of the Republic of Kazakhstan, the Charter and internal regulations of the Company, on the basis of awareness, transparency, in the interests of the Company and the Sole Shareholder, efficiently and in good faith, on the basis of full awareness, integrity, actively, prudently and professionally.
			Members of the Board of Directors of the Company are the Company's officials and bear responsibility provided for by the legislation of the Republic of Kazakhstan.
3.2	The Board of Directors of the Company is composed of representatives of the Sole Shareholder, the Chairman of the Company's Management Board, Independent Directors and other persons. The Sole Shareholder elects members of the Board of Directors on the basis of clear and transparent procedures, taking into account the candidates' competencies, skills, achievements, business reputation and experience. When re-electing individual members of the Board of Directors or its full membership for a new term, their input to the performance of the Board of Directors of the Company is taken into account.	Observed	<p>During 2020, the Company's Board of Directors comprised five members of the Board of Directors, two of them are representatives of the Sole Shareholder, another two members are independent directors and one member of the Board of Directors is the Chairman of the Company's Management Board.</p> <p>Independent Directors are Chairmen of Committees under the Board of Directors of the Company.</p> <p>Independence criteria are set out in the legislation of the Republic of Kazakhstan, the Regulations on the Board of Directors of the Company, as well as best international practices in the field of corporate governance.</p> <p>To facilitate the effective functioning of the Company's Board of Directors, 3 (three) Committees have been established and operate under the Board of Directors to consider the most important issues and prepare recommendations:</p> <ol style="list-style-type: none"> 1) Audit and Risk Committee; 2) Nominations, Remuneration and Social Issues Committee; 3) Strategic Planning and Corporate Development Committee.

Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
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Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
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			<p>Composition of the Audit and Risk Committee as of December 31, 2020:</p> <p>N.R. Page Chairman of the Committee</p> <p>A.D. Ushbayev Member of the Committee</p> <p>A.Ye. Nurgozhin Member of the Committee</p> <p>Composition of the Nominations, Remuneration and Social Issues Committee as of December 31, 2020:</p> <p>A.D. Ushbayev Chairman of the Committee</p> <p>N.R. Page Member of the Committee</p> <p>A.Ye. Nurgozhin Member of the Committee</p> <p>Composition of the Strategic Planning Committee as of December 31, 2020:</p> <p>N.R. Page Chairman of the Committee</p> <p>A.D. Ushbayev Member of the Committee</p> <p>A.Ye. Nurgozhin Member of the Committee</p>
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			<p>leadership to enable members of the Board of Directors to work as a team.</p>
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3.3	The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensuring comprehensive and effective implementation of its main functions and building a constructive dialogue between members of the Board of Directors, the Sole Shareholder and the Company's Management Board.	Observed	<p>In accordance with the Law on JSCs, the Charter, and the Regulations on the Board of Directors of the Company the Chairman of the Board of Directors of the Company is elected from among its members by a majority vote of the total number of members of the Board of Directors by open voting.</p> <p>The Chairman of the Company's Board of Directors organizes the work of the Board of Directors including the following:</p> <p>1)convenes and conducts meetings of the Board of Directors;</p> <p>2)approves the agenda of appointed meeting of the Board of Directors;</p> <p>3)organizes minute taking at meetings of the Board of Directors according to the procedure established by the legislation of the Republic of Kazakhstan.</p> <p>The Chairman of the Board of Directors adheres to the principle of freedom of expression of members of the Board of Directors on issues under discussion, contributes to the search for an agreed solution, reaching consensus by members of the Board of Directors, and making decisions in the interests of the Sole Shareholder and the Company. Also, the Chairman of the Board of Directors facilitates effective</p>
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3.4	Meetings of the Board of Directors are held in accordance with the Action Plan approved by the Board of Directors before the beginning of the calendar year, which includes a list of issues under consideration and a schedule for meetings with dates. Meetings of the Board of Directors and its Committees are held by in-person or absentee voting, the number of meetings with absentee voting should be minimized. Consideration and decision-making on significant and strategic issues is carried out only at meetings of the Board of Directors with in-person voting.	Observed	<p>The Board of Directors holds regular meetings to perform its functions effectively. Meetings of the Board of Directors are held in line with the Action Plan approved with the resolution of the Board of Directors of the Company, dated November 25, 2019 (Minutes No.11/19), which includes a list of issues under consideration and a schedule for meetings with dates. Meetings of the Board of Directors and its Committees are held by in-person or absentee voting.</p> <p>In 2020, there were 7 meeting in presentia and 8 meetings in absentia of the Board of Directors and 86 items were considered.</p> <p>There were 7 meetings of the Audit and Risk Committee, 22 items were considered; 7 meetings of the Nominations, Remuneration and Social Issues Committee, 17 items were considered; 9 meetings of the Strategic Planning and Corporate Development Committee, 28 items were considered.</p>
3.5	Every year, the activities of the Board of Directors, Committees and members of the Company's Board of Directors are assessed in accordance with the Company's internal regulations. With that, at least once every three years, the assessment is carried out with involvement of an independent professional organization.	Observed	<p>In line with the best international corporate governance practices, the Company annually assesses the performance of the Board of Directors, determining further effective development of the Board of Directors.</p> <p>Pursuant to the Regulations on the Company's Board of Directors, an annual assessment of the Board of Directors has been conducted since 2015 to obtain a comprehensive analysis of main areas of expertise of the Company's Board of Directors. The annual Action Plan of the Company's Board of Directors also provides for an annual assessment of the performance of the Board of Directors. In accordance with the Corporate Governance Code and the Regulations on the Company's Board of Directors, the Board of Directors, Committees and members of the Board of Directors are assessed on an annual basis by June 1 of the year following the reporting year. A decision to assess performance of the Board of Directors (hereinafter - the «BoD Assessment») is made by the Board of Directors.</p>

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			<p>The BoD Assessment makes it possible to determine the input of the Board of Directors and each of its members to achieving the Company's strategic development goals, as well as to identify areas and recommend measures for improvement. The results of the BoD Assessment are considered at the re-election or early termination of powers of members of the Board of Directors. The BoD Assessment is carried out to obtain a comprehensive analysis of the core areas of expertise of the Board of Directors, and allows the Company's Board of Directors to:</p> <ul style="list-style-type: none"> • analyze and identify strengths and weaknesses (advantages and disadvantages) of the Company's Board of Directors performance; • adjust the activities and target areas of the Company's Board of Directors; • determine the extent to which the structure and composition of the Company's Board of Directors contribute to the achievement of the Company's strategic goals; • assess the performance of the Chairman of the Board of Directors and each member of the Board of Directors; • assess the effectiveness of the Remuneration System for members of the Board of Directors. <p>The BoD Assessment methods are self-assessment or engagement of an independent consultant to improve the assessment quality. With that, at least once every three years, the assessment is carried out with engagement of an independent professional organization. Performance assessment of the Board of Directors of Kazyna Capital Management Joint Stock Company in 2020, carried out by the Company's Corporate Secretary, was approved with the resolution of the Board of Directors dated April 22, 2021 (Minutes No.6/21). The assessment is carried out through questionnaires distribution.</p>
3.6	The Company's current activities are managed by the Management Board. The Chairman and members of the Management Board have high professional and personal characteristics, good business reputation and adhere to ethical standards. The Chairman of the Management Board has strong organizational skills, works closely with the Sole shareholder and builds a	Observed	<p>The current activities of the Company are governed by a collegial body in the form of a the Management Board headed by the Chairman of the Management Board.</p> <p>The activities of the Management Board are aimed at performing the tasks of the Company and implementation of the Company's Development Strategy.</p> <p>The activities of the Management Board are governed by the Regulations on the Company's Management Board,</p>

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			<p>constructive dialogue with the Board of Directors, employees and other stakeholders.</p> <p>which provide for the procedure and timing for meetings of the Management Board, responsibilities of members of the Management Board, and also regulate key functions of the Secretary of the Management Board.</p> <p>The Management Board of the Company consists of 5 (five) members, of whom 1 is the Chairman of the Management Board, 3 (three) are the Vice-Chairmen of the Management Board, and 1 (one) is the Managing Director - member of the Management Board.</p> <p>Members of the Company's Management Board are the Company's officials and bear responsibility provided for by the legislation of the Republic of Kazakhstan.</p>
3.7	The Management Board reports to the Board of Directors and manages the Company's day-to-day operations, is responsible for implementing the Development Strategy and/or Development Plan and decisions of the Board of Directors and the Sole Shareholder.	Observed	<p>In accordance with the Company's Charter, the Management Board manages Company's current activities. The Management Board ensures introduction and implementation of the Strategy, Risk Management and Internal Compliance Policies approved by the Board of Directors, including resolution of the Board of Directors on the risk management and Internal Compliance System, operations with financial instruments, evaluates policies, plans and other internal documents of the Company for compliance with the Strategy, current market and economic situation, Company's Risk Profile and requirements of the laws of the Republic of Kazakhstan.</p> <p>The main principles of the Management Board's are: legality, honesty; integrity; reasonableness; regularity, professionalism, objectivity.</p> <p>The Management Board are fully accountable to the Company's Board of Directors.</p> <p>In accordance with the Regulations on the Management Board of the Company, the Management Board shall execute resolutions of the Sole Shareholder and the Board of Directors of the Company and faithfully carry out their functions serving the Company interests. On an annual and semi-annual basis, in accordance with the Action Plan of the Board of Directors, the Management Board provides the Board of Directors with a Progress Report of the Management Board of the Company.</p>

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3.8	To effectively organize the activities of the Board of Directors and the interaction of the Management Board with the Sole Shareholder, the Board of Directors appoints a Corporate Secretary.	Observed	<p>The Regulations on the Company's Corporate Secretary (hereinafter - the «Regulations») were approved with the resolution of the Company's Board of Directors dated March 28, 2018 (Minutes No.2/18). The Regulations define the status of Corporate Secretary in the Company's Organizational Structure and Corporate Governance System, procedure for appointment and early termination of the Corporate Secretary, its tasks, functions, rights and duties, powers and responsibilities, organizational and technical support of activities.</p> <p>Also, with the resolution of the Company's Board of Directors dated February 28, 2020 (Minutes No. 3/20), on November 2, 2020 Zh. Izzhanova was appointed as a Corporate Secretary of the Company (Minutes No. 13/20), K. Sharipova was appointed as a Corporate Secretary of the Company.</p> <p>The Corporate Secretary of the Company continuously ensures proper preparation and submission of documents for meetings to members of the Company's Board of Directors and members of Committees, recording and signing minutes of meetings, provision of extracts from resolutions of the Company's Board of Directors, operational information to structural divisions of the Sole Shareholder and the Company.</p>

3.9	In order to comply with the principles of business ethics, optimal regulation of social and labor disputes arising in the Company, the Company may appoint an Ombudsman from among the employees of the Company, Sole shareholder or its subsidiaries.	Observed	<p>R.I. Arystanbekov, the Head of Compliance Service of Baiterek National Managing Holding JSC, was appointed as the Company's Ombudsman for 2 years with the resolution of the Company's Board of Directors dated March 01, 2019 (Minutes No.3/19*).</p> <p>The role of the Ombudsman is to provide consultation to employees applied to him/her, to participants in labour disputes and conflicts, and to assist them in reaching a mutually acceptable, constructive and workable solution, taking into account compliance with the provisions of the legislation of the Republic of Kazakhstan (including confidentiality, if necessary), assistance in solving problematic social and labour issues for both employees and the Company.</p> <p>The Company's Ombudsman initiates consideration of disputes on violation of the provisions of the Company's Code of Business Conduct, including corporate conflicts and conflicts of interest, and participates in their settlement.</p>
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			The Ombudsman received no complaints about violations in 2020.

4.Sustainable development principle

4.1	The Company and its subsidiaries are aware of the importance of their influence on economy, environment and society to ensure long-term sustainable development, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to sustainable development of the Company and its subsidiaries.	Observed	<p>The Sustainable Development Policy of Kazyna Capital Management JSC was drawn up in the Company and approved by the Board of Directors dated March 09, 2019 (Minutes No.4/19) to define the fundamental norms, principles, rules and approaches to be followed by the Company in creating a Sustainable Development Management System.</p> <p>When addressing the issues of sustainable development, the Company relies on its Mission and the Development Strategy of the Holding/Company, and applies international standards of conduct and principles set forth by international standards of sustainable development. The Company considers the use of international standards in the field of sustainable development as an important prerequisite for ensuring compliance of its operations with the best international practices and achieving the goals and objectives in the field of sustainable development. The Company's Management Board ensures formation of an appropriate Sustainable Development Management System and its implementation.</p> <p>The Company is aware of the importance of its influence on economy, environment and society to ensure long-term sustainable development, while maintaining a balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders contributes to the Company's sustainable development. The principles of sustainable development are openness, accountability, transparency, ethical conduct, respect for the interests of stakeholders, rule of law, respect for human rights, zero tolerance to corruption, inadmissibility of conflicts of interest. In general, these principles are applied and observed by the Company.</p> <p>The Sole Shareholder creates and approves common policies, methodological recommendations and corporate standards for its subsidiaries to ensure the sustainable development of the Company.</p> <p>The Company is constantly promoting the principle of sustainable development through the Company's Annual Report, subject to approval by the Company's Sole Shareholder.</p>
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4.2	The Company and its subsidiaries develop action plans in the field of sustainable development.	Observed	A new version of the Company's Development Strategy for 2014-2023 and the Action Plan for 2020-2022 for the implementation of the Company's Development Strategy for 2014-2023 was approved with the resolution of the Company's Board of Directors (Minutes No. 11/20 dated September 04, 2020), its structure includes the Action Plan for sustainable development.
4.3	The Company and its subsidiaries ensure the alignment of their economic, environmental and social objectives for long-term sustainable development. Sustainable development in the Company and its subsidiaries comprises three components: economic, environmental and social.	Observed	<p>The Company ensures the alignment of its economic, environmental and social goals for long-term sustainable development. The Company's activities are guided by the principles of sustainable development set out in the Company's Corporate Governance Code. The Company also declares its commitment to the principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption.</p> <p>In its activities, the Company follows the principles of the maximum environmental friendliness in accordance with the legislation of the Republic of Kazakhstan and generally recognized standards of environmental protection.</p> <p>The Company is aware of its responsibility for the impact on economy, environment and society, and strives to minimize negative impact of its activities on environment and society with careful attitude to resources (including energy, raw materials, and water).</p> <p>In 2020, there were no cases related to fines imposed for non-compliance with the environmental legislation of the Republic of Kazakhstan in the course of the Company's activities.</p>

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4.4	The Company and its subsidiaries strive for profitability, ensure sustainable development balancing the interests of stakeholder. The Company and its subsidiaries influence or are influenced by stakeholders in carrying out their activities. Operations in the field of sustainable development comply with the best international standards. Stakeholders can have both positive and negative impact on the Company and its subsidiaries, in particular, on profitability, sustainability, reputation and image, and create or mitigate risks. The Company and its subsidiaries pay significant attention to proper interaction with stakeholders	Observed	<p>The Company recognizes the rights of all stakeholders and seeks to cooperate with them to develop its activities and ensure sustainable development. In case of violation of the rights of the Company's employees, partners and third parties, the Company acts within the current legislation of the Republic of Kazakhstan. In 2020, no violations of the rights of the Company's employees, partners and third parties were recorded.</p> <p>The work on informing stakeholders about the Company's activities is conducted in accordance with a Special Media Plan and Network Schedule of Baiterek NMH JSC subsidiaries. Information for stakeholders (news about the Company's activities, exporters state support instruments, success stories, and others) is constantly updated on the Company's official website www.kcm-kazyna.kz.</p> <p>Kazyna Capital Management JSC as a socially responsible company, strives to build a transparent company, intolerant to corruption.</p> <p>In its activities Kazyna Capital Management JSC adheres to high ethical standards and principles of open and honest business management, as well as strives to improve corporate culture, following best practices in corporate governance and maintaining good business reputation. The Company respects the principle of zero tolerance for corruption in all forms and manifestations.</p> <p>Kazyna Capital Management JSC declares the unavoidability of punishment for employees, regardless of the position held, in case of corruption offences committed by them in connection with the performance of job duties.</p>

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5. Principle of risk management, internal compliance and internal audit

5.1	The Company has a well-functioning Risk Management and Internal Control System aimed at providing reasonable assurance that the Company is achieving its strategic and operational goals, and which is a set of organizational policies, procedures, standards of conduct and action, management practices and mechanisms established by the Company's Board of Directors and Management Board.	Observed	<p>The Company has a structure approved by the Board of Directors, clearly defining the participants of the Corporate Risk Management System. The structure provides for the Risk Analysis and Management Service reporting directly to the Chairman of the Management Board. The approved Risk Management Policy defines the organizational structure of risk management, the roles and responsibilities of bodies, committees and structural divisions: Sole Shareholder, Board of Directors, Audit and Risk Committee, Management Board, Investment Committee, Risk Analysis and Management Service, Internal Audit Service and structural divisions.</p> <p>The main objectives of the Risk Management System are as follows:</p> <ul style="list-style-type: none"> • building an effective integrated system and creating an integrated risk management process as the Company's element, as well as continuous improvement of activities on the basis of a unified standardized approach to risk management methods and procedures; • improving the efficiency and sustainability of the Company, reducing losses, increasing profitability and the most efficient use of capital; • ensuring that the Company accepts acceptable risks adequate to the scope of its activities; • ensuring the normal functioning of the Company in crisis situations. <p>The Risk Analysis and Management Service quarterly monitors Company's key risks and submits reports for consideration by the Company's Management Board and Board of Directors. In view of the fragile financial position of commercial banks, a quarterly analysis is conducted on the financial system of Kazakhstan and each bank separately. Following the findings of the analysis the report is submitted to the Investment Committee, and appropriate measures are taken to mitigate the credit risks of the treasury portfolio. Internal Audit Principles.</p> <p>The Company has established an Internal Audit Service, to provide the Board of Directors with independent reasonable guarantees and advice aimed at improving the Company's performance. Internal Audit</p>
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			<p>facilitates the Company in achieving its goals using a systematic and consistent approach to assessment and improvement of the risk management, internal compliance and corporate governance.</p> <p>Every year, the Company's Board of Directors approves the Annual Audit Plan of the Internal Audit Service based on the risk-oriented approach. The findings of each audit are reviewed and discussed at a meeting of the Management Board of the Company. The results of the audit assignments, key findings, relevant recommendations and Corrective Action Plans adopted by the Company's Board of Directors are submitted to the Board of Directors on a quarterly basis. In its activities, the Internal Audit Service is guided by:</p> <ol style="list-style-type: none"> 1) the legislation of the Republic of Kazakhstan, Company's Charter, decisions of the Company's bodies, these Regulations and other internal documents of the Company; 2) IPPFIA, the main components of which are the definition, mission, core principles for professional practice of internal audit, Code of Conduct of internal auditors (hereinafter - the «Code of Conduct»), an international internal audit standards (hereinafter - the Standards), as well as practical instructions and guidance to them. <p>The main tasks of the Internal Audit Service are analysis and assessment of the following:</p> <ul style="list-style-type: none"> • reliability and efficiency of internal control system; • adequacy and effectiveness of the risk management system; • reliability of the Internal Compliance System for automated information systems, including database integrity and security against unauthorized access and/or use, considering the measures taken in response to non-standard and emergency situations in accordance with the Company's Action Plan for business continuity and/or restoration in case of nonstandard or emergency situations; • reliability, completeness, objectivity of the Accounting System and accuracy of the Financial Statements and other information of the Company, as well as assessment of the rules (principles, methods) used to identify, measure, classify and report such information (plans and reports) to internal and external users; • rational and efficient use of resources, assets and methods, applied to ensure their
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Item No	Principles and provisions of the Corporate Governance Code of Kazyna Capital Management Joint Stock Company (hereinafter - the «Company»)	Observed/ partially observed / not observed	The activities undertaken to implement the principles and provisions of the Company's Corporate Governance Code
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registration, preservation (restoration) and/or security (protection);

- economic viability and efficiency of operations and deals;
- compliance with the legislation of the Republic of Kazakhstan, internal policies and other documents of the Company, as well as the effectiveness of systems and procedures established and applied to ensure compliance with these requirements (compliance control);
- implementation of resolutions of the Company's bodies and instructions (proposals) of the authorized (supervisory) state bodies;
- adequacy and/or effectiveness of the measures taken by the Company's structural divisions to achieve their objectives within the framework of the Company's strategic goals;
- effectiveness of the Corporate Governance System and its improvement, compliance with accepted principles of corporate governance, relevant ethical standards and values.

To develop competences and potential of employees in the field of internal audit, the Company's Board of Directors annually approves Occupational Training Plan for employees of the Company's Internal Audit Service.

5.2 The Company established an Internal Audit Service to systematically independently assess the reliability and effectiveness of Risk Management and Internal Control Systems, and corporate governance practices.

Observed

The Internal Audit Service ensures the organization and implementation of internal audit in the Company, is directly subordinate and accountable to the Board of Directors of the Company. The mission of the Internal Audit Service is to maintain and enhance the value of the organization through fair internal audits following a risk-based approach, guidance and knowledge-sharing.

The Internal Audit Service operates on the basis of the principles of integrity, objectivity, confidentiality and professional competence.

The main tasks of the Internal Audit Service are to carry out an analysis and evaluation within the framework of audits and consultations:

- reliability and efficiency of internal control system;
- adequacy and effectiveness of the risk management system;
- efficiency of the corporate governance system and the process of its improvement,

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compliance with the principles of corporate governance, relevant ethical standards and values.

- compliance with the requirements of the laws of the Republic of Kazakhstan, internal policies and other documents of the Company, as well as the effectiveness of systems and procedures created and applied to ensure compliance with these requirements (compliance control);
- implementation of resolutions of the bodies of the Company and orders (proposals) of the authorized (supervisory) government agencies;
- adequacy and/or effectiveness of the measures taken by the Company's structural divisions to achieve their objectives within the framework of the Company's strategic goals;
- efficiency and effectiveness in the use of resources and in the methods (techniques) used to secure the property (assets);
- economic viability and efficiency of operations and deals;
- reliability, completeness, objectivity of accounting system and reliability of financial statements and other information of the Company.

Every year, the Company's Board of Directors approves the Annual Audit Plan of the Internal Audit Service based on the risk-oriented approach. The findings of each audit are reviewed and discussed at a meeting of the Management Board of the Company.

To develop competences and potential of employees in the field of internal audit, the Company's Board of Directors annually approves Occupational Training Plan for employees of the Company's Internal Audit Service.

The Internal Audit Service provides a quarterly report to the Audit and Risk Committee and the Board of Directors of the Company. Every quarter, the head of the Internal Audit Service meets with the Audit and Risk Committee under the Board of Directors without the participation of members of the Company's Management Board.

In 2020, based on the methodology and criteria approved by the Company's Board of Directors, the Company's internal control system was assessed. The rate of efficiency (maturity) of the internal control system for 2019 and 9 months of 2020 is defined as » Optimized« (96%). This means that the main elements of the internal control system are in line with best practice.

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Also, in 2020, an internal assessment of the quality of the Internal Audit Service was carried out, the findings were reviewed by the Audit and Risk Committee and the Board of Directors of the Company.

6. The principle of the regulation of corporate conflicts and conflicts of interest

6.1	<p>Members of the Board of Directors and the Management Board of the Company, employees of the Company, perform their professional duties in good faith and reasonably serving the interests of shareholders and the Company, avoiding conflicts.</p> <p>In the case of corporate conflicts, participants seek ways to resolve them through negotiations to ensure effective protection of interests of the Company and stakeholders. At the same time, the Company's officials promptly inform the Corporate Secretary and/or the Ombudsman about the presence (occurrence) of a conflict.</p> <p>Effective prevention and resolution of corporate conflicts requires full and early identification of such conflicts and coordination of actions of all the Company's bodies</p>	Observed	<p>The Company operates in strict compliance with the legislation of the Republic of Kazakhstan, common principles of business conduct and internal regulations of the Company.</p> <p>Relationships between the Sole Shareholder, members of the Board of Directors and the Management Board of the Company are based on mutual trust, respect, accountability and control. The Company operates by recognizing the supremacy of the Constitution, laws and other regulatory legal acts of the Republic of Kazakhstan in relation to internal regulations of the Company and not allowing decision-making at the personal discretion of officials and other employees of the Company.</p> <p>The Company has the Code of Business Conduct, approved with the resolution of the Company's Board of Directors (Minutes No.09/18 dated 23.10.2018) The Code of Business Conduct aims at improving, systematizing and regulating Company's relations oriented to improve the effectiveness of corporate governance and promote successful interaction with employees, customers, suppliers, business partners, stakeholders and authorized government bodies through the use of common standards and norms of business conduct. In accordance with the Code of Business Conduct, Company's employees assume an obligation to comply with the Code.</p> <p>Compliance with the principles of business conduct and optimal regulation of disputes on violation of the provisions of the Company's Code of Business Conduct are the responsibility of the Company's Ombudsman.</p> <p>The Ombudsman institution was introduced in the Company to comply with the legislation of the Republic of Kazakhstan and anti-corruption internal regulations of</p>
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the Company, to settle corporate conflicts and conflicts of interests.

The tasks of the Ombudsman are to collect information, complaints and other communications from individuals and legal persons on the actions (omission) of officials and employees of the Company, to ensure their consideration, and to arrange for the consideration of disputes arising from the application of business conduct, conflict of interest settlement.

All the Company's employees, customers, partners and other stakeholders have the right to apply to the Ombudsman. If corporate conflicts in the Company cannot be settled by negotiations or other alternative ways of settling corporate conflicts, they are to be resolved in accordance with the laws of the Republic of Kazakhstan.

In 2020, there were no complaints or appeals to the Ombudsman regarding violations of business conduct and labor legislation in the Company.

6.2	<p>The Board of Directors approves and periodically revises policies and rules for settling corporate conflicts where their solution will best serve the interests of the Company and the Sole Shareholder.</p> <p>The Board of Directors settles corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman shall be responsible to provide the Board of Directors with maximum possible information on the nature of corporate conflict and the role of an intermediary in resolving the corporate conflict.</p> <p>The Board of Directors considers individual corporate conflicts that fall within the competence of the Management Board (e.g., if the subject of the conflict is an action (inaction) of this body).</p>	Observed	<p>The Policy for the Management of Corporate Conflicts and Conflicts of Interest, regulating the procedure for the pre-trial settlement of conflicts, as well as the actions of the Company's bodies, officials and employees on these issues, was approved with the resolution of the Company's Board of Directors dated December 12, 2015 (Minutes No.89), to prevent and settle corporate conflicts and conflicts of interest within the Company and coordinate the actions of all bodies and officials.</p> <p>Members of the Board of Directors and the Management Board, as well as employees of the Company perform their job duties in good faith and efficiently with due care and diligence in the interests of the Company and the Sole Shareholder, avoiding conflicts of interest. They ensure full compliance of their activities not only with the legislation of the Republic of Kazakhstan, but also with ethical standards and common norms of business conduct.</p>
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In 2020, there were no cases of violations of the Policy on the Settlement of Corporate conflicts and conflicts of interest. A list of Affiliates is maintained to ensure the management of conflicts of interest in the Company. To trace potential conflicts of interest in the Company, members of the Board of Directors and the Management Board regularly provide information about their affiliates. There is an Ombudsman appointed in the Company. The functions of the Ombudsman include collecting information on non-compliance with the Company's Code of Business Conduct, consulting employees and officials of the Company on the provisions of the Code, initiating and participating in the consideration of disputes concerning violations of the Code.

Members of the Board of Directors and the Management Board, employees of the Company, perform their professional duties in good faith and efficiently in the interests of the Company and the Sole Shareholder, avoiding conflicts of interest and corporate conflicts.

The Company signs a civil contract with an Independent Director of the Board of Directors, which reflects the terms for compliance with the requirements of the Company's internal regulations, including on corporate conflicts and conflicts of interest. In 2020, the Company's Corporate Secretary did not record any cases of corporate conflicts or conflicts of interest.

The Company's Ombudsman initiates consideration of disputes on violation of the provisions of the Company's Code of Business Conduct, including corporate conflicts and conflicts of interest, and participates in their settlement. The Ombudsman received no complaints about violations in 2020.

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7. Principle of transparency and reliability of information disclosure on the activities of the Company

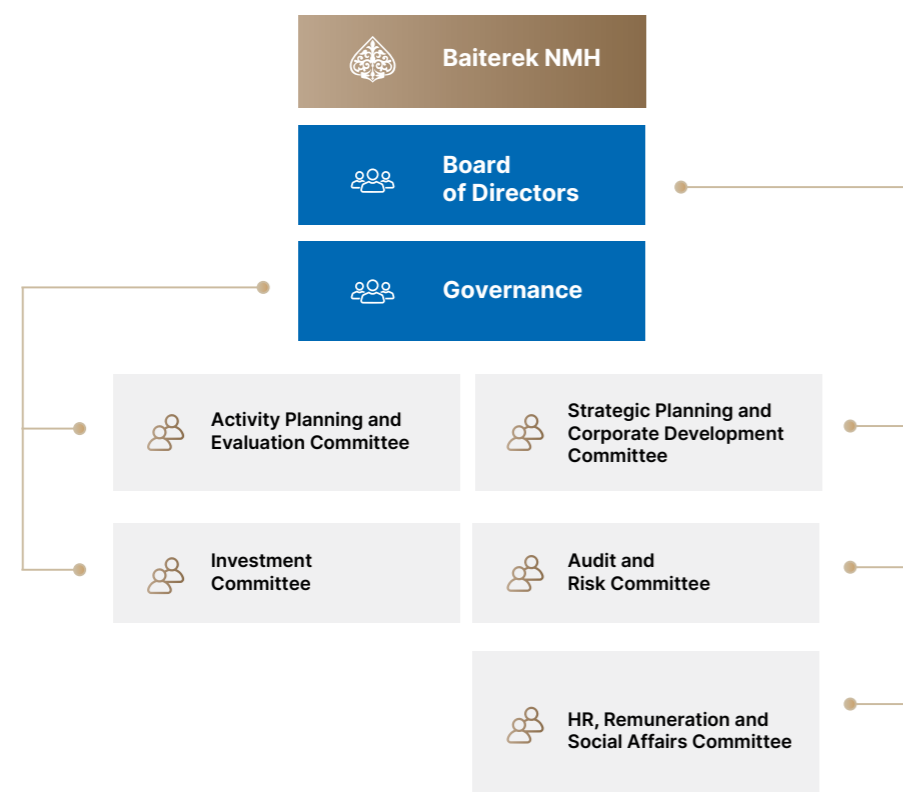
7.1 The Company, in a timely and reliable manner, discloses information provided for by the legislation of the Republic of Kazakhstan and internal regulations of the Company, as well as information on all important aspects of its operations, including financial standing, business performance, ownership and management structure, to comply with stakeholder interests.

Observed

To improve the Corporate Governance System, the Company ensures timely disclosure of accurate information about all material facts related to its activities, including its financial standing, business performance, ownership and management structure of the Company, corporate events and other information, in accordance with best practices of corporate governance and the current legislation of the Republic of Kazakhstan. This information is published on the official Internet resource of the Company.

All activities and significant corporate events of the Company are followed by press releases and information messages. Principles, forms and methods as well as the procedure for the disclosure of information about the Company are regulated by the Information Policy of Kazyna Capital Management Joint Stock Company, approved with the resolution of the Board of Directors of the Company dated July 31, 2018 (Minutes No.6/18). In the course of disclosure, the Company takes into account that the information constituting commercial, trade and other information protected by the legislation of the Republic of Kazakhstan shall be secured. Terms of access to such information are determined by the Company, considering the need to maintain a balance between openness and transparency of the Company's operations and the focus on excluding harm to its interests. All employees of the Company undertake written obligations on non-disclosure of information containing trade secrets and other confidential information. In accordance with the Law on Joint Stock Companies, the Company informs the Sole shareholder of information about corporate events of the Company

4.2. INFORMATION ABOUT THE CORPORATE GOVERNANCE SYSTEM



KCM has introduced a stable diversified corporate governance structure, which is regulated by the norms of KCM Corporate Governance Code and other internal documents. The Company puts the following values at the top of its activities:

- 1) responsibility: for intentions and actions;
- 2) professionalism: high readiness to perform professional tasks;
- 3) team: collaboration to achieve better results from teamwork;

4) integrity: integrity within the Company and with partners;

5) social responsibility: responsibility for the impact of the Company's activities on stakeholders from the public sphere.

An effective corporate governance structure implies respect for the rights and interests of all stakeholders KCM individuals, transparency in the disclosure of information about the activities of KCM, real-time communication between agencies and officials and facilitates successful activities, including growth, value, maintaining financial stability and profitability of KCM.

4.3. INFORMATION ABOUT THE SUPREME BODY OF THE COMPANY

Information about the Sole Shareholder

The Sole Shareholder of KCM is Baiterek NMH JSC, established in accordance with the decree of the President of the Republic of Kazakhstan № 571 dated May 22, 2013 «On Certain Measures Aimed at Optimization of the Management System of Development Institutions, Financial Institutions and the Development of the National Economy» and the decree of the Government of the Republic of Kazakhstan № 516 dated May 25, 2013 «On Measures to Implement the Decree of the President of the Republic of Kazakhstan No. 571 dated May 22, 2013».

Mission of the Sole shareholder

The mission of Baiterek NMH JSC is the sustainable development of the Republic of Kazakhstan in order to achieve the goals set by the Strategy-2050.

The vision of Baiterek NMH JSC is an advanced development institute that provides support tools for business in line with the best standards and improves the standard of living of the population of the Republic of Kazakhstan.

The key challenges that Baiterek NMH JSC tackles as part of the implementation of its mission for the sustainable development of Kazakhstan are:

- 1) development of non-resource sectors of the economy;
- 2) development of entrepreneurship (private sector of economy);
- 3) support for export of non-raw materials;
- 4) performance improvement;
- 5) increasing the availability of financing, the rate of technical equipment and intensification of production in the agro-industrial complex;
- 6) support for the urbanization of the economy.

Baiterek NMH JSC is actively involved in solving

strategic and social issues of the State through development institutions by implementing such State Programs as:

- The Plan of the nation - "100 concrete steps";
- State and government programs «Nurly Zhol» and «Nurly zher»;
- State and government programs – the State Program of Industrial and Innovative Development of the Republic of Kazakhstan for 2015-2019, the unified program of business support and development Business Roadmap 2020;
- Comprehensive privatization plan for 2016-2020.

Strategic development directions of the Sole shareholder

The strategic direction of activities are:

- Support for business
- Development of the agro-industrial complex
- Providing the population with housing

The strategic goals and objectives within the framework of the three areas of development are:

- Increasing the share of non-state sources of financing
- Revision of the portfolio of functions of subsidiaries
- Decentralization of management functions from the corporate center to the Boards of Directors and Management Boards of subsidiaries.
- Building new competencies and methods of work organization
- Merger of Baiterek NMH JSC and KazAgro NMH JSC into a single Holding Company and further optimization of the Holding's subsidiaries

The Sole Shareholder of Baiterek NMH JSC is the Government of the Republic of Kazakhstan.

4.4. INFORMATION ON THE BOARD OF DIRECTORS

The Board of Directors is a collegial management body of KCM, carrying out General management of its activities, except for the resolution of issues referred by the Law «On Joint Stock Companies» and/or the Charter to the exclusive competence of the Sole shareholder.

The Board of Directors comprises five (5) members with significant experience in the industry, allowing to apply best practices and maintain control over the effectiveness and performance of funds. The activities

of the Board of Directors are based on the principles of efficiency, responsibility, maximum compliance with and observing interests of the Sole shareholder and the Company, as well as protecting the rights of the Sole shareholder. The Board of Directors performs its functions pursuant to the current legislation of the Republic of Kazakhstan, the Charter and other internal documents of KCM and defines strategic goals, promising directions of development, sets out the main guidelines for the medium and long term, and exercises control over the activities of the Board.

4.5. REPORTS ON THE ACTIVITIES OF THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

In 2020, 15 meetings were held (7 in-person and 8 in absentia). During the reporting period, 86 issues were considered and relevant decisions were made, the most important decisions taken are as follows:

- On preliminary approval of the annual separate and consolidated financial statements of Kazyna Capital Management Joint Stock Company for the year ended December 31, 2019 and consideration of payment of dividends on ordinary shares based on the results of 2019;
- On approval of the basic terms of participation of Kazyna Capital Management Joint Stock Company in Da Vinci Emerging Technologies Fund III Private Equity Fund, as well as conclusion of an interested party transaction by Kazyna Capital Management Joint-Stock Company.
- On determining the number of members of the Management Board of Kazyna Capital Management Joint Stock Company.
- On election of members of the Committees under

the Board of Directors of Kazyna Capital Management Joint Stock Company.

- On approval of amendments to the main terms of participation of Kazyna Capital Management Joint Stock Company in Kazakhstan Infrastructure Fund C.V. Private Equity Fund
- On approval of the new version of the Regulations on the Management Board of Kazyna Capital Management Joint Stock Company.
- On conclusion of Consortium Agreement between Kazyna Capital Management Joint-Stock Company and Baiterek Venture Fund Joint Stock Company, which is an interested party transaction for Kazyna Capital Management Joint Stock Company.
- On submitting amendments and additions to the Regulations on the Board of Directors of Kazyna Capital Management Joint Stock Company for consideration by the Sole Shareholder of Kazyna Capital Management Joint-Stock Company.

Composition of the Board of Directors of KCM as of December 31, 2020

Aidar Abdrazakhovich Arifkhanov	Chairman of the Board of Directors of KCM, Chairman of the Management Board of Baiterek NMH JSC
Adil Ergaliuly Nurgozhin	Member of the Board of Directors of KCM, Managing Director of Baiterek NMH JSC
Nicholas Robert Page	Member of the Board of Directors, Independent Director
Anuar Daniyarovich Ushbayev	Member of the Board of Directors, Independent Director
Ainur Sainovna Kuvatova	Member of the Board of Directors, Chairman of the Management Board of KCM

* In the course of 2020, the following independent directors served as members of the Company's Board of Directors:

1. Igor Abramov;
2. Jacek Brzezinski;

Since October 22, 2020, they have been replaced:

3. Nicholas Page
4. Anuar Ushbayev

Since October 28, 2020, Marat Talgatovich Omarov has been replaced by Nurgozhin Adil Yergaliuly.

COMPOSITION OF THE BOARD OF DIRECTORS ACTING FOR THE REPORTING PERIOD



**Aidar Abdrazakhovich
ARIFKHANOV**

Chairman of the Board of Directors

Since April 05, 2017, he has been elected as a member of the Company's Board of Directors.

Currently, he is the Chairman of the Management Board of Baiterek NMH JSC.

At various times, he held the positions of Deputy Chairman of the Management Board of NAC KazAtomProm JSC for Economics and Finance, Managing Director of Kazakhtelecom JSC, Vice Minister of Finance of the Republic of Kazakhstan, Deputy Head of the Office of the Prime Minister of the Republic of Kazakhstan, Vice Minister Of Labor And Social Protection of the Republic of Kazakhstan, Adviser to the Prime Minister Minister of the Republic of Kazakhstan, Deputy Chairman of the Agency of the Republic of Kazakhstan for Informatization and Communications, Vice Minister of National Economy of the Republic of Kazakhstan

1991-1995 - Kazakh State Academy of Management, Faculty of Finance and Credit, Economist

1998-2000 - Student of Diplomatic Academy of the Ministry of foreign Affairs of the Republic of Kazakhstan, certificate with honors

2007-2008 - Scholar of Presidential program Bolashak, Columbia University, Master of Public Administration (MPA)

2015-2016 - London Business School, Master of Business Administration (MBA)



**Adil Ergaliuly
NURGOZHIN**

**Member of the Board of Directors
Representative of the Sole Shareholder**

Member of the Board of Directors of Kazyna Capital Management JSC since October 28, 2020. Member of the Audit and Risk Committee, the Remuneration and Social Issues Committee, the Strategic Planning and Corporate Development Committee.

Has more than 15 years of experience.

He started his professional career in 2004 as a junior lawyer at the GRATA Law Firm in Almaty.

In 2005, he worked as an Assistant to the General Director of the RSE National Center for Biotechnology of the Republic of Kazakhstan under the Ministry of Education and Science of the Republic of Kazakhstan. 2007-2009, he was a head of the Departments of Marketing and Advertising, then Strategic Development of the Regional Financial Center of Almaty JSC.

2009-2012, he was a director of the Department for Investment Projects in the Mining and Chemical Industry, Managing Director of Samruk-Kazyna Invest LLP.

2012-2018, he was a General Director of VTB Capital I2BF LLP.

Since September 2018, he has been appointed as a Managing Director of Baiterek National Managing Holding JSC. He supervises the of project financing issues, the development of innovative projects and the introduction of information technologies.

He graduated from the Kazakh National University, the University of Montana (USA), Lanzhou University (China). Master of Public Administration, Master of Business Administration.

He is fluent in three foreign languages - English, Turkish, and Chinese.



**Nicholas Robert
PAGE**

**Member of the Board of Directors,
Independent Director**

At the end of October 2020 he was elected as an independent member of the Board of Directors of Kazyna Capital Management JSC. Chairman of the Audit and Risk Committee, the Strategic Planning and Corporate Development Committee, as well as a member of the Remuneration and Social Issues Committee.

Mr. Page has 30 years of professional experience in the field of international finance and mergers and acquisitions.

Currently, Mr. Page is the CFO of Arabesque, the company is engaged in the implementation of sustainable development practices and artificial intelligence in asset and data management. Previously, he was a partner of PricewaterhouseCoopers LLP in the UK, where he provided consultations to financial institutions and private investors on mergers and acquisitions, and also held a number of senior positions. Mr. Page was a non-executive director in the Boards of Directors of EuroChem Group AG and SUEK Group.

Mr. Page graduated with honors from Loughborough University in 1990 with a degree in Civil Engineering and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).



**Anuar Daniyarovich
USHBAYEV**

**Member of the Board of Directors,
Independent Director**

Member of the Board of Directors of Kazyna Capital Management JSC since October 22, 2020. Chairman of the Remuneration and Social Issues Committee. Member of the Audit and Risk Committee, the Strategic Planning and Corporate Development Committee.

Anuar Ushbayev has extensive experience in investment banking, capital markets and investment management in Europe and in the countries of the Eurasian continent, he is a specialist in stock exchange and private investment, providing support for corporate financial transactions, and macroeconomic policy.

He has considerable experience in negotiating and structuring deals to attract equity and debt capital, mergers and acquisitions in Société Générale CIB in the UK and France. Previously, at Société Générale CIB, Anuar Ushbayev focused on the development of comprehensive structured asset and liability management solutions for institutional clients (banks, insurance companies, pension funds), as well as corporate clients, in particular, from developing countries.

He was engaged in drawing up trading strategies and investment solutions based on statistical arbitrage, using derivatives and algorithmic trading in the Systematic Alpha Trading group at Goldman Sachs in London.

Anuar Ushbayev holds a Bachelor's degree in Economics from the University of Warwick, a Master's degree in Applied Mathematics and Finance from Imperial College London.

COMPOSITION OF THE BOARD OF DIRECTORS ACTING FOR THE REPORTING PERIOD



**Ainur Sainovna
KUATOVA**

**Member of the Board of Directors,
Chairman of the Management Board**

In line with the resolution of the Sole Shareholder, since January 6, 2020, she has been elected as a Chairman of the Management Board and a member of the Board of Directors of Kazyna Capital Management JSC.

Prior to her appointment to Kazyna Capital Management JSC, since 2016 she held the position of Managing Director - member of the Management Board of Baiterek National Managing Holding JSC, supervised project financing issues, public-private partnership, export support and liaison with investors. She has more than 20 years of experience in public service and corporate governance.

Over the years, she held senior positions in such companies as Lancaster Invest JSC, KMK Munay JSC, Karpovsky Severny JSC. She worked for the government as the head of the Department of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan, Adviser to the Minister of Environment and Water Resources of the Republic of Kazakhstan.

In 2014-2015, she held the positions of Deputy Chairman of the Board for strategy and business transformation of NAC Kazatomprom JSC and Deputy Chairman of the Board of NC Astana EXPO-2017 JSC. She has a Master's degree in Business Administration from Middlesex University (London). She also has a Bachelor's degree in Economics from the Kazakh State Academy of Management.



**Igor
ABRAMOV**

Independent Director

(The powers of a member of the KCM Board of Directors were terminated prematurely on October 21, 2020)

In 2013, he was elected as an Independent Director - Member of the Company's Board of Directors. He graduated from the Georgetown University School of Law (Washington) and Columbia University (B. A., New York). Doctor of Laws.

He provides consultations on international trade and investment, international business operations, corporate governance, ethics and compliance, and U.S. export control regulations. He worked as a court clerk in the Supreme court of Israel and associate counsel in Jackson, Tufts, Cole & Black (San Francisco, California).

In 1990-1994, he served as a Vice President and General Counsel at MRA Overseas Resources, Intl. (San Francisco, California). In the period 1997-2008, he worked in the Office of International Trade of the US Department of Commerce (Moscow Washington, DC) as a Senior Adviser on Russia, Ukraine and Eurasia and as the Director of the Effective Governance Program.

In 2008-2014, he held the position of a Partner and a Vice President for International Development of Heenan Blaikie LLP and Heenan Blaikie Management, Ltd. (Toronto, Canada).

In the period from February 2014 - November 2015, he served as a Partner at Dorsey and Whitney LLP. He is currently a Managing Partner at Abramov & Associates LLP.



**Jacek
BRZEZINSKI**

Independent Director

(The powers of a member of the KCM Board of Directors were terminated prematurely on October 21, 2020)

In April 2016, he was elected an Independent Director - member of the Company's Board of Directors.

He graduated from the University of Economics in Poznan (Poland), faculty of International Economic Relations. He received his Master's degree in 1979, Ph.D. in Economics in 1987. In 1987, he received a certificate from Vienna Diplomatic Academy after completing a two-year postgraduate program majoring in international business and finance. Mr. Brzezinski has 25 years of professional (operational and managerial) experience in international finance and banking, including investment banking, corporate finance, project finance and international business development. Thus, in 1994-1996, he was the first permanent representative of the EBRD in Kazakhstan, a head of the local office.

In various years, he worked at BA-CA Futures AG in Vienna (a subsidiary of the Austrian Bank Creditanstalt-Bankverein), at BPIC - a consulting/investment banking company founded by six banks: ÖVAG (Austria), Natexis Banque Populaire (France), DZ-Bank (Germany), Istituto Centrale delle Banche Popolari Italiane (Italy), Caisse Centrale Desjardins (Canada), Banque Centrale Populaire du Maroc (Morocco).

He also chaired the Supervisory Board of Central Profit Banka, Sarajevo; Travnicka Banka, Travnik; and Privredna Banka, Sarajevo, Bosnia and Herzegovina, during their restructuring and sale (2000 -2005). He was a member of the Board of Directors in: Tsesna Bank JSC, Astana (2007-2013), Development Bank of Kazakhstan JSC, Astana (2007 -2015), NBD Bank, Nizhny Novgorod, Russia, (2011- 2012), BTA Bank, Almaty, Kazakhstan.



**Marat Talgatovich
OMAROV**

Member of the Board of Directors

(The powers of a member of the KCM Board of Directors were terminated prematurely from October 28, 2020)

Since June 10, 2019, he has been elected as a member of the Company's Board of Directors.

In May 2019, he was appointed as a Managing Director and a member of the Management Board of Baiterek NMH JSC.

In 2010, he graduated with honors from the University of York and received a Bachelor's degree in Social Science (Philosophy, Political Science and Economics). He is a scholar of Bolashak program. In 2010-2012, he studied at the London School of Economics and Political Science (LSE), was awarded Master's degree in Economics. He was trained at Innovation and Entrepreneurship program at Stanford Business School in 2017.

In 2012-2014, he served as an Adviser to the Minister of Economic Development and Trade (later - the Ministry of Economy and Budget Planning, Ministry of National Economy) of the Republic of Kazakhstan.

In 2014-2016, he worked as a Deputy Director of the Department for forming tariff and institutional policy of the Ministry of National Economy of the Republic of Kazakhstan.

In 2016-2017, he held a position of the Managing Director of Kazakhtelecom JSC.

In 2017-2019, he served as a Chairman of the Board of QazTechVentures JSC (previously - the «National Agency for Technological Development»).

Establishment of the Board of Directors, the process of selection of the Board members

The personal and quantitative composition of the Board of Directors is determined by the decision of the Sole Shareholder. The establishment of the Board of Directors and the process of selection of members of the Board of Directors, including independent directors, is carried out in accordance with the Law «On Joint Stock Companies», the Charter of Baiterek

NMH JSC, Corporate Governance Code of KCM, and the Regulations on the Board of Directors of KCM.

As of December 31, 2019, the Board of Directors consisted of 5 members – the Chairman of the Board of Directors, a representative of the Sole Shareholder, a representative of KCM and two independent directors.

Committees of the KCM Board Of Directors

To consider the most important issues and prepare recommendations to the Board of Directors, the following committees have been established and operate in KCM:

- Audit and Risk Committee;
- Nominations, Remuneration and Social Issues Committee;

- Strategic Planning and Corporate Development Committee.

In accordance with generally accepted principles of corporate governance, the committees of the Board of Directors are headed by members of the Board of Directors from among independent Directors.

Audit and Risk Committee

The main purpose of the Audit and Risk Committee, in accordance with the Regulations on the Committee is to create a system of measures for organizing internal control of functioning of all KCM's subdivisions and draw up appropriate recommendations for the Board of Directors of KCM, assisting the Board of Directors in carrying out its regulatory and supervisory functions in the area of controlling availability and functioning of an adequate risk management system, improvement and strengthening the risk management and analysis system, considering issues of corporate governance. The activities of the Audit and Risk Committee are aimed at assisting the Board of Directors on external and internal audit, financial reporting, internal control and risk management, compliance with the legislation, as well as other issues on behalf of the Board of Directors.

According to the Regulations on the Audit and Risk Committee, the quantitative composition of the Committee is defined in the number of at least 3

people. Members of the Committee may be members of the Board of Directors, as well as experts with the required professional knowledge to work in the Committee.

The Chairman of the Audit Committee is elected from among its members. The Chairman of the Board may not act as a Chairman of the Audit Committee.

A director, other than an independent director, may be elected to the Committee if the Board of Directors, on an exceptional basis, resolves that the person's membership in the Audit Committee is necessary in the interests of the Sole Shareholder and/or the Company. As a member of the Audit Committee, at least one of its members should have in-depth knowledge of accounting and reporting and/or finance and/or auditing.

The Secretary of the Committee is the Corporate Secretary of KCM.

Composition of the Audit and Risk Committee as of January 1, 2020:

J. Brzezinski	Chairman of the Committee
I. Abramov	Member of the Committee
M.T. Omarov	Member of the Committee

Composition of the Audit and Risk Committee as of December 31, 2020:

N.R. Page	Chairman of the Committee
A.D. Ushbayev	Member of the Committee
A.Ye. Nurgozhin	Member of the Committee

In 2020, 7 meetings of the Committee were held, issues were considered and the relevant recommendations to the KCM Board of Directors on 22 issues were drawn up, including:

- On the preliminary review of reports on the risks of KCM;
- On preliminary review of the annual consolidated and separate financial statements of KCM for 2019;
- On consideration of the Interim Report on the risk of the impact of the coronavirus pandemic (COVID19) on the investment portfolio of Kazyna Capital Management Joint Stock Company;

- On preliminary consideration of regular reports on the activities of the Internal Audit Service of the KCM;
- On consideration of draft documents regulating the activities of the KCM Internal Audit Service;
- On preliminary consideration of the risk appetite of Kazyna Capital Management Joint Stock Company for 2021
- On consideration of the annual audit plan of the Internal Audit Service for 2021.

Participation in meetings of members of the Audit and Risk Committee in 2020*:

Members of the Board of Directors	№1/20 25.02	№2/20 23.04	№3/20 14.05	№4/20 27.05	№5/20 14.07	№8/20 05.11	№9/20 08.12
J. Brzezinski	+	+	+	+	+		
I. Abramov	+	+	+	+	+		
M.T. Omarov	+	+	+	+	+		
N.R. Page						+	+
A.D. Ushbayev						+	+
A.Ye. Nurgozhin						+	+

* Identification mark:

1) »+» - attended

2) »empty cell» – was not a member of the Committee

Nominations, Remuneration and Social Issues Committee

The main purpose of the Nominations, Remuneration and Social Issues Committee is to develop reasonable recommendations for the Board of Directors on the selection criteria and compliance with them of persons composing the Board of Directors and the Management Board of KCM, assessment of the work and remuneration of members of the Board of Directors and the Management Board of KCM, the Corporate Secretary, as well as on the basic principles of the KCM policy in the field of human resources, motivation, remuneration and social issues.

According to the Regulations on the Nominations, Remuneration and Social Issues Committee, the

quantitative composition of the Committee is defined by a resolution of the Board of Directors from among the members of the Board of Directors and experts (if necessary) who have professional knowledge to work in the Committee. The Committee should consist of at least 3 members. The Chairman of the Human Resources and Social Issues Committee shall be elected from among its members. The Chairman of the Management Board may not act as the Chairman of the Committee.

The Secretary of the Committee is the Corporate Secretary of KCM.

Composition of the Nominations, Remuneration and Social Issues Committee as of January 1, 2020:

I. Abramov	Chairman of the Committee
J. Brzezinski	Member of the Committee
M.T. Omarov	Member of the Committee

Composition of the Nominations, Remuneration and Social Issues Committee as of December 31, 2020:

A.D. Ushbayev	Chairman of the Committee
N.R. Page	Member of the Committee
A.Ye. Nurgozhin	Member of the Committee

In 2020, the Committee held 7 meetings, considered and developed relevant recommendations to the Board of Directors of KCM on 17 issues, including:

- On preliminary review of KPI Scorecards of senior employees of Kazyna Capital Management Joint Stock Company for 2021;
- On preliminary consideration of the new version of the official salary scheme (based on grades) of senior employees of Kazyna Capital Management Joint Stock

Company;

- On preliminary consideration of determining the term of powers of the General Director of BV Management LLP;
- On consideration of regular reports on the KPI achievement of the corporate secretary of the KCM;
- To discuss the results of the assessment of the activities of the KCM Board of Directors for 2019.

Participation in meetings of members of the Nominations, Remuneration and Social Issues Committee in 2020*:

Members of the Board of Directors	№1/20 25.02	№2/20 23.04	№3/20 27.05	№4/20 14.07	№5/20 30.09	№9/20 05.11	№10/20 08.12
J. Brzezinski	+	+	+	+	+		
I. Abramov	+	+	+	+	+		
M.T. Omarov	+	+	+	+	-		
N.R. Page						+	+
A.D. Ushbayev						+	+
A.Ye. Nurgozhin						+	+

* Identification mark:

1) «+» - attended

2) «-» - did not attend

3) «empty cell» – was not a member of the Committee

Strategic Planning and Corporate Development Committee

The Committee is an Advisory body of the Board of Directors, the main purpose of which is to prepare recommendations to the Board of Directors on the development of strategic goals (Development Strategy) of KCM, including the development of measures to improve the performance of the Company in the medium and long term.

According to the Regulations on the Strategic Planning and Corporate Development Committee, the Committee should consist of at least three members, including at least two independent directors. The Committee may include non-voting experts with the necessary professional knowledge to serve on the Committee.

Composition of the Strategic Planning and Corporate Development Committee as of January 1, 2020:

I. Abramov	Chairman of the Committee
J. Brzezinski	Member of the Committee
M.T. Omarov	Member of the Committee

Composition of the Strategic Planning and Corporate Development Committee as of December 31, 2020:

N.R. Page	Chairman of the Committee
A.D. Ushbayev	Member of the Committee
A.Ye. Nurgozhin	Member of the Committee

In 2020, the Committee held 9 meeting, 28 issues were considered and relevant recommendations were drawn up to the Board of Directors of KCM, including:

- On the consideration of regular reports on the strategic portfolio of KCM;
- On the consideration of the implementation and making adjustments to the KCM Development Plan;

- On the preliminary consideration of the Development Strategy of Kazyna Capital Management JSC for 2014-2023 and the Action Plan for the period 2020-2022 on implementation of the Development Strategy of Kazyna Capital Management JSC for 2014-2023 in the new edition.

- On the review of information on the current status of potential Kazakhstan projects for investment by Da Vinci Emerging Technologies Fund III.

Attending the meetings of members of the Strategic Planning and Corporate Development Committee in 2020*:

Members of the Board of Directors	№1/20 25.02	№2/20 23.04	№3/20 27.05	№4/20 26.06	№5/20 14.07	№6/20 03.09	№7/20 07.10	№10/20 05.11	№11/20 08.12
J. Brzezinski	+	+	+	+	+	+	+		
I. Abramov	+	+	+	+	+	+	+		
M.T. Omarov	+	+	+	+	+	+	+		
N.R. Page								+	+
A.D. Ushbayev								+	+
A.Ye. Nurgozhin								+	+

Identification mark:

- 1) «+» - attended
- 2) «empty cell» – was not a member of the Committee

4.6. INFORMATION ON THE PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS FOR 2020

The decision to assess the activities of the Board of Directors for 2020 was made by the Board of Directors of KCM on April 22, 2020. The assessment was carried out by means of a survey of the Company's Board of Directors members in accordance with the Regulations on evaluation of the Board of Directors' activities. The Corporate Secretary was identified as the person, responsible for sending out and collecting questionnaires, summarizing results of survey provided by members of the Board of Directors and preparing a report. Control over the assessment process was entrusted to the Chairman of the Nominations, Remuneration and Social Issues Committee, Anuar Ushbayev, an Independent Director. The results of the assessment were reviewed and approved at the meeting of the Nominations, Remuneration and Social Issues Committee on June 3, 2021, and then at the meeting of the KCM Board of Directors on June 7, 2021. The assessment carried out under four-point rating system identified the strengths of the Board of Directors and areas for improvement in this year. Strengths of the Board of Directors:

- The Board of Directors pays adequate attention and focuses on achieving the set goals and protecting the interests of the Company and its Sole Shareholder at decision-making;

- The Board of Directors performs its duties in assessing the performance of the Chief Executive Officer and members of the Executive Body (Has the Board of Directors determined the main indicators of the Company's profitability to assess the Executive Body performance on this basis)?

- Members of the Board of Directors receive properly prepared inputs on the agenda issues for the Board of Directors meeting;

- The current size of members of the Board of Directors meets the needs of the Company;

- Effective leadership of the Chairman of the Board of Directors as at the level of the Board of Directors;

- The composition of the Board of directors (in terms of the knowledge and experience of its members) makes it possible for the latter to perform its duties of monitoring and developing the Company's strategy;

- Effective joint efforts of the members of the Board of Directors. The Board of Directors is effective as a collegial body and the expression of distinctive opinions by directors is encouraged;

- Meetings of the Board of Directors are held in

accordance with the Action Plan of the Board of Directors;

- Members of the Board of Directors allocate adequate time to studying the Company's activities and its specifics in order to effectively perform their control functions;

- Members of the Board of Directors disclose information about their interest in the transactions being made and abstain from voting in such cases.

Areas for improving the performance of the Board of Directors in the current year:

4.7. BASIC PRINCIPLES OF REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter, internal documents of the Company, members of the Board of Directors of the Company may be paid remuneration and (or) compensated for expenses related to the performance of their functions as members of the Board of Directors of the Company. The following types of remuneration may be established for a member of the Board of Directors:

- 1) fixed annual remuneration for membership in the Board of Directors;
- 2) fixed annual remuneration for attending the meetings of the Committee of the Board of Directors

- Have adequate time and information to make informed important decisions regarding future goals, strategy, policy, major investment projects, appointments to senior management positions, etc.;

- Provide any form of protection to the members of the Board of Directors by the Company in the case of liability of the members of the Board of Directors;

- Participation of the Chairman of the Board of Directors in the process of taking the office and adaptation of newly elected members of the Board of Directors.

Information on the results of the assessment is sent annually to the Sole Shareholder.

as a Chairman of the Committee under the Board of Directors;

- 3) fixed annual remuneration for attending the meetings of the Committee of the Board of Directors as a member of the Committee under the Board of Directors.

The terms and amount of remuneration and compensation of expenses are specified in the relevant agreement with the Independent Director, which is signed by the Chairman of the Board of Directors, unless otherwise established by the resolution of the Sole Shareholder or provided by the legislation of the Republic of Kazakhstan.

4.8. INFORMATION ABOUT THE BOARD

A collegial Executive body, the Management Board headed by the Chairman of the Management Board manages the current activities. The Management Board of KCM consists of 5 members. The activities

of the Management Board are regulated by the Regulations on the Management Board approved with the resolution of the Board of Directors of KCM dated October 23, 2018 (Minutes No. 9/18).

4.9. REPORTS ON THE ACTIVITIES OF THE MANAGEMENT BOARD AND COMMITTEES OF THE BOARD

The KCM Management Board holds meetings as required, and, within its powers, takes decisions as the Executive body of KCM.

In 2020, 44 meetings of the Management Board were held. Permanent committees, such as the Investment

and Budget Committees, have been established under KCM Management Board to review issues on various aspects of operating activities and to advise the Management Board on how to address them effectively.

Selection procedure for the Management Board members

The Management Board members, except the Chairman of the Board of KCM, are elected by the Board of Directors of KCM.

The Chairman of the Management Board of KCM

is elected by the Sole Shareholder. When selecting representatives for an appointment to the Executive body, experience, including leadership positions in financial and other organizations similar in profile to KCM, education, high professional and personal qualities and other parameters to strengthen the role of the KCM Management Board are considered.

Composition of the Management Board of the Company acting for the reporting period

Ainur Sainovna Kuatova	Chairman of the Management Board
Asset Serikovich Sagimbekov	Deputy Chairman of the Management Board
Gulnara Sabitovna Makanalina	Deputy Chairman of the Management Board
Renat Borzhikhanovich Kuanyshbayev	Deputy Chairman of the Management Board
Yerlan Dulanovich Kabdrakhmanov	Managing Director, Member of the Management Board
Beguliyev Timur Erkinovich	Deputy Chairman of the Management Board (powers terminated since August 12, 2020)

INFORMATION ON THE QUALIFICATIONS OF THE MEMBERS OF THE MANAGEMENT BOARD (composition as of December 31, 2020)



Ainur Sainovna KUATOVA

Chairman of the Management Board

In line with the resolution of the Sole Shareholder, since January 6, 2020, she has been elected as a Chairman of the Management Board and a member of the Board of Directors of Kazyna Capital Management JSC.

Prior to her appointment to Kazyna Capital Management JSC, since 2016 she held the position of Managing Director - member of the Management Board of Baiterek National Managing Holding JSC, supervised project financing issues, public-private partnership, export support and liaison with investors. She has more than 20 years of experience in public service and corporate governance.

Over the years, she held senior positions in such companies as Lancaster Invest JSC, KMK Munay JSC, Karpovsky Severny JSC. She worked for the government as the head of the Department of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan, Adviser to the Minister of Environment and Water Resources of the Republic of Kazakhstan.

In 2014-2015, she held the positions of Deputy Chairman of the Board for strategy and business transformation of NAC Kazatomprom JSC and Deputy Chairman of the Board of NC Astana EXPO-2017 JSC. She has a Master's degree in Business Administration from Middlesex University (London). She also has a Bachelor's degree in Economics from the Kazakh State Academy of Management.



Asset Serikovich SAGIMBEKOV

Deputy Chairman of the Management Board

He holds a position of a Deputy Chairman of the Management Board of KCM since May 2016.

He graduated from the Kazakhstan Institute of Management, Economics and Planning (KIMEP) with major in Business administration.

In 2007, he received Master's degree in Finance from the University of Newcastle (UK) under Bolashak program. Previously he worked for PricewaterhouseCoopers LLP, Verry Investments Holding LLP, and Baiterek NMH JSC.

He worked in the project Directorate and in the Department of credit analysis and transaction structuring of the Development Bank of Kazakhstan JSC.

INFORMATION ON THE QUALIFICATIONS OF THE MEMBERS OF THE MANAGEMENT BOARD (composition as of December 31, 2020)



**Gulnara Sabitovna
MAKANALINA**

Deputy Chairman
of the Management Board

She graduated from A. Baitursynov KSU in 1999 with a degree in Physics, and in 2001 with a degree in Economics and Management. In 2006, she completed postgraduate studies at the Al-Farabi Kazakh National University (Almaty), majoring in Mathematical Modeling, Numerical Methods and Software Packages with a certificate of Candidate of Sciences (Ph.D.).

In 2020, she received a degree of Executive Master of Business Administration at the Moscow State University named after M. V. Lomonosov (Moscow).

She has more than 13 years of experience in treasury, corporate finance and risk management. In 2007-2014, she was engaged in risk management in the field of investment management of pension assets. Prior to her current position, since 2015 she has held a position of a Director of the Treasury Department at Baiterek NMH JSC.

Awards: Best Financier Public Medal of the Financial Institutions' Association of Kazakhstan, 2013
Qarzhy Qyzmetinin Uzdigi Departmental Award of the Ministry of Finance of the Republic of Kazakhstan, 2019



**Renat Borzhikhanovich
KUANYSHBAYEV**

Deputy Chairman
of the Management Board

Has over 15 years of experience in strategic planning, economics, business process reengineering, project management, ERP systems implementation.

From 2007 to 2014 he was engaged in management reporting, treasury and budgeting in the field of subsoil use. In subsequent years, he headed the block of development of business solutions for the business transformation program of Kazpost JSC. He also held the position of head of the management reporting and budgeting service of Samruk-Kazyna JSC.

From 2017 to 2020, he served as Managing Director of the consulting company Nova Management Group LLP. Supervised issues of strategic development, finance and implementation of information technologies.

Graduated from Kainar University (Almaty) in 2002 with a degree in International Economics.

In 2010 received a Master of Business Administration degree from Moscow State University named after M.V. Lomonosov (Moscow).

Citizenship - Republic of Kazakhstan, does not own shares of affiliated companies.

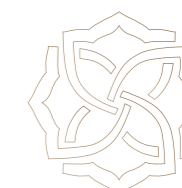


**Yerlan Dulanovich
KABDRAKHMANOV**

Managing Director,
Member of the Management Board

He graduated from Syracuse University, USA, Faculty of Martin J. Whitman School of Management, with a major in Finance and Marketing in 2009.

He has more than 10 years of experience in the areas of risk management and control, audit, investment, and sales. In 2009, he started his professional career in the field of sales at Ultimate Wireless LLC, Boston, USA. In the subsequent years, he worked in the audit, investment unit. In 2011-2016, he was engaged in risk management issues in Real Estate Fund Samruk-Kazyna JSC. Until 2018, he headed the Risk Management Service at Kazakhtelecom JSC. In 2018, he headed the e-commerce function in Kazpost JSC. Since 2019, he has worked at Kcell JSC as the head of the Risk and Control Department.



4.10. BASIC PRINCIPLES OF REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

Pursuant to the Regulations on the Board of Directors of Kazyna Capital Management JSC, in line with the procedure established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of Kazyna Capital Management JSC, members of the Board of Directors of the Company, during the performance of their duties, may be paid remuneration and (or) compensated for expenses related to the performance of their functions as members of the Board of Directors of the Company.

The key condition for the payment of remuneration is the availability of consolidated profit for the reporting year, calculated taking into account the target amount for the payment of remuneration. To assess the performance of Management Board members,

KPI scorecards are used, which, along with their thresholds, are approved annually with the resolution of the Board of Directors.

Members of KCM Management Board do not receive bonuses in the event that:

- the final corporate KPI is less than 75%;
- the final functional KPI is less than 75%;

The year-end bonus is paid within the limits of funds provided for these purposes in the budget of the Company, once the results of financial and economic activities are approved in line with the audited financial statements in the prescribed manner.

05 SUSTAINABLE DEVELOPMENT



5.1. SUSTAINABLE DEVELOPMENT PRINCIPLES

The Company strives to ensure the consistency of its economic, environmental and social goals for sustainable development in the long run. Sustainable development of the Company is a set of principles and obligations that guide the Company in carrying out its activities, in terms of:

- 1) stakeholder relationship management;
- 2) assessment and management of the impact on the national economy, social sphere and environment.

The economic constituent of the sustainable development of the Company pursues the following goals:

- 1) break-even level of operations of the Company;
- 2) ensuring the interests of shareholders and investors;
- 3) improving the efficiency of processes;
- 4) growth of investments in the development of non-resource industries;
- 5) improving labor productivity;
- 6) creation of new jobs.

The environmental constituent of the sustainable development of the Company pursues the following goals:

- 1) minimizing the impact on biological and physical natural systems;
- 2) best possible utilization of limited resources;
- 3) use of environmentally friendly, energy- and material-saving technologies;
- 4) reducing the potential adverse environmental and social impact and increasing the potential positive environmental and social effects from the activities of the Company/subsidiaries;
- 5) encouraging clients to develop and maintain environmental and social risk management systems at the appropriate level;
- 6) consideration of public interests in the field of the project's impact on the environment, as well as in the field of social impact, when making decisions on the financing of projects and their implementation.

To achieve these goals, the Company:

- 1) considers the potential environmental and social impacts of projects when making decisions on their financing;
- 2) given the size and nature of the environmental and social impact of the project, determines the requirements for Clients to manage such impact of projects and monitors the implementation of these requirements during their implementation;
- 3) assesses compliance with the recommendations and compliance with the requirements for the EIA of projects in the field of environmental and social impact, including meeting the requirements for taking into

account public opinions;

- 4) ensures openness and transparency in the implementation of the requirements stipulated by the Policy.

The Company and its subsidiaries comply with ESG principles, which are aimed at the regard for environmental and social factors in the course of investment activities:

- 1) openness of investment activity – the activities of the Company/subsidiaries are conducted based on the publicity and openness of the investment process; at the same time, the Company may require proper disclosure about environmental, social problems and Customer management issues;
- 2) social and environmental responsibility – financing of projects, which would not cause significant deterioration of the habitat, social working conditions and standard of living of the population in the project implementation region; investments are aimed at ensuring an increase in the standard of living of the population in the project implementation region, the level of employment and (or) social working conditions, if applicable within the framework of the project being implemented.

The social constituent of the sustainable development of the Company pursues the following goals:

- 1) ensuring transparent competitive procedures and equal employment opportunities;
- 2) fair remuneration and respect for the rights of employees;
- 3) ensuring occupational safety and preserving the health of employees;
- 4) training and professional development of employees;
- 5) implementation of internal and external social programs.

Within the scope of its activities, the Company is guided by the principles of sustainable development set forth by the Corporate Governance Code of the Company: openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, zero tolerance to corruption, inadmissibility of conflicts of interests.

The Policy also defines the principles and approaches to accounting and monitoring of environmental and social factors in the investment activities of the Company/subsidiaries.

Also, the Company declares its commitment to the principles of the UN Global Compact in its activities:

- 1) in the field of human rights protection:
 - The Company ensures and respects the protection of human rights proclaimed at the international level;

- The Company ensures non-involvement in human rights violations.

- 2) in the field of labor relations:
 - The Company supports and recognizes the right to enter into collective agreements;
 - The Company facilitates the elimination of bonded and child labor, discrimination in the sphere of labor and employment.

- 3) in the field of environmental protection:

- The Company supports an approach to environmental issues based on the precautionary principle;
- The Company takes initiatives aimed at increasing responsibility for the state of the environment;
- The Company encourages the development and diffusion of environmentally friendly technologies.

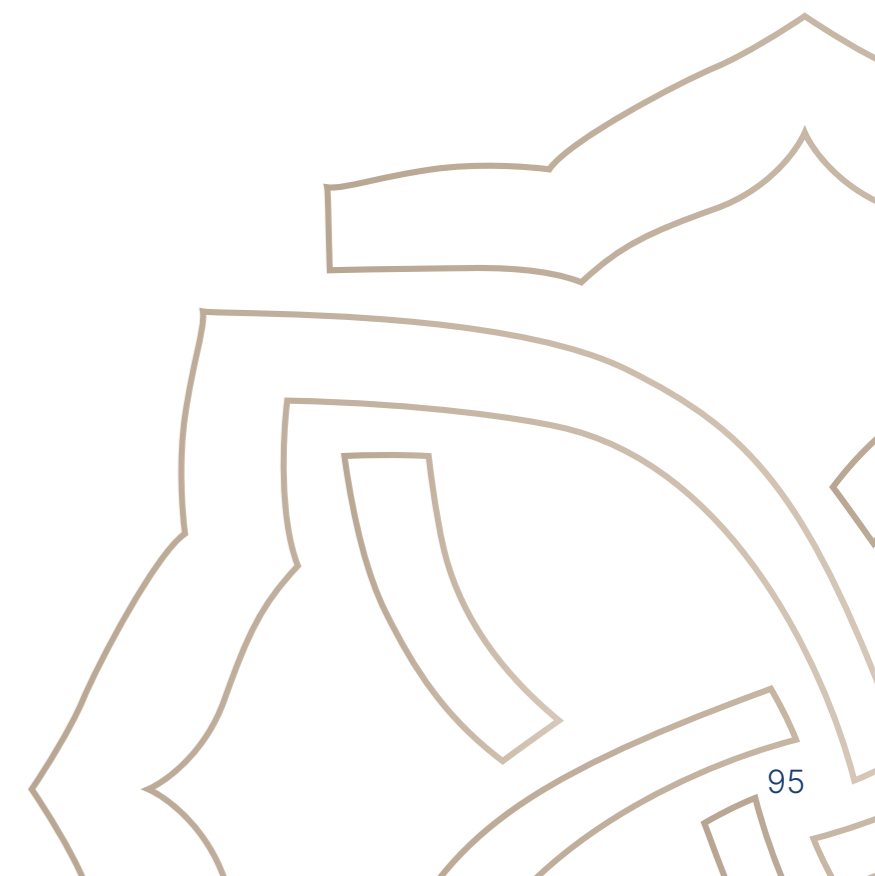
- 4) in the field of combating corruption:
 - The Company declares intolerance to all forms of corruption and other illegal actions, including extortion and bribery.

5.2. INTERACTION WITH STAKEHOLDERS

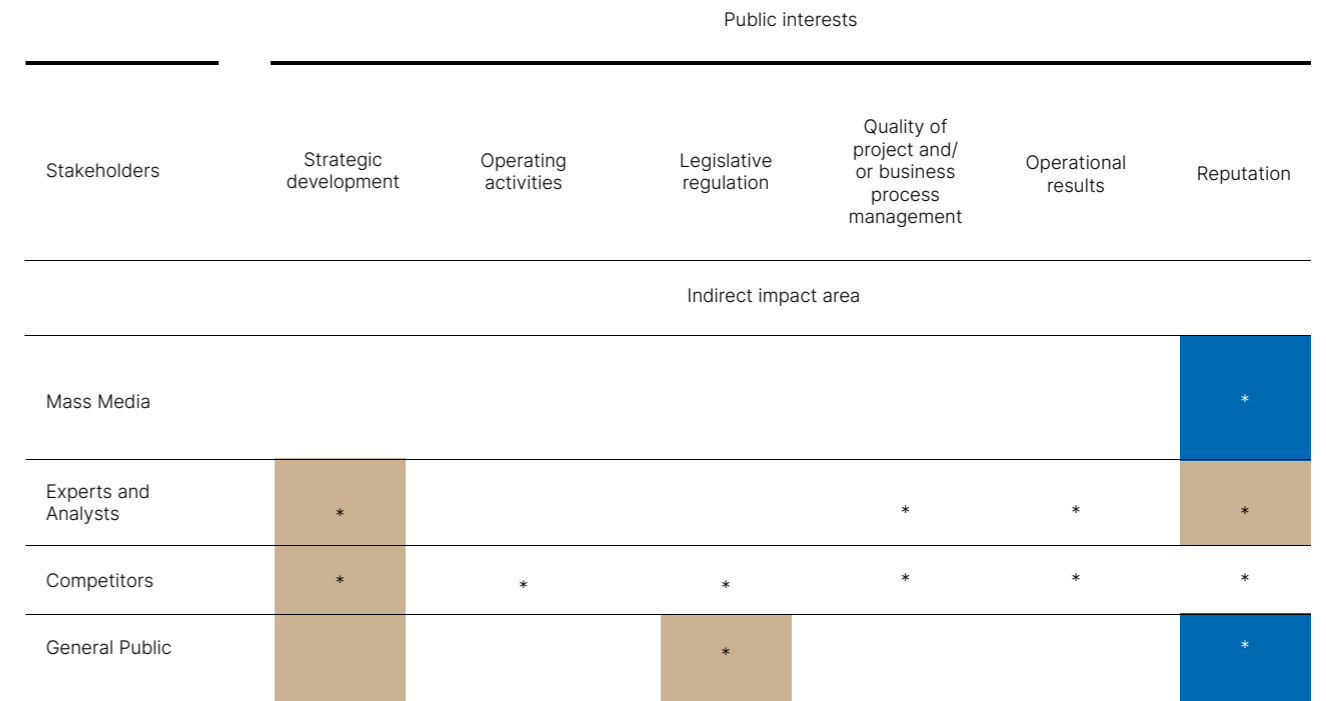
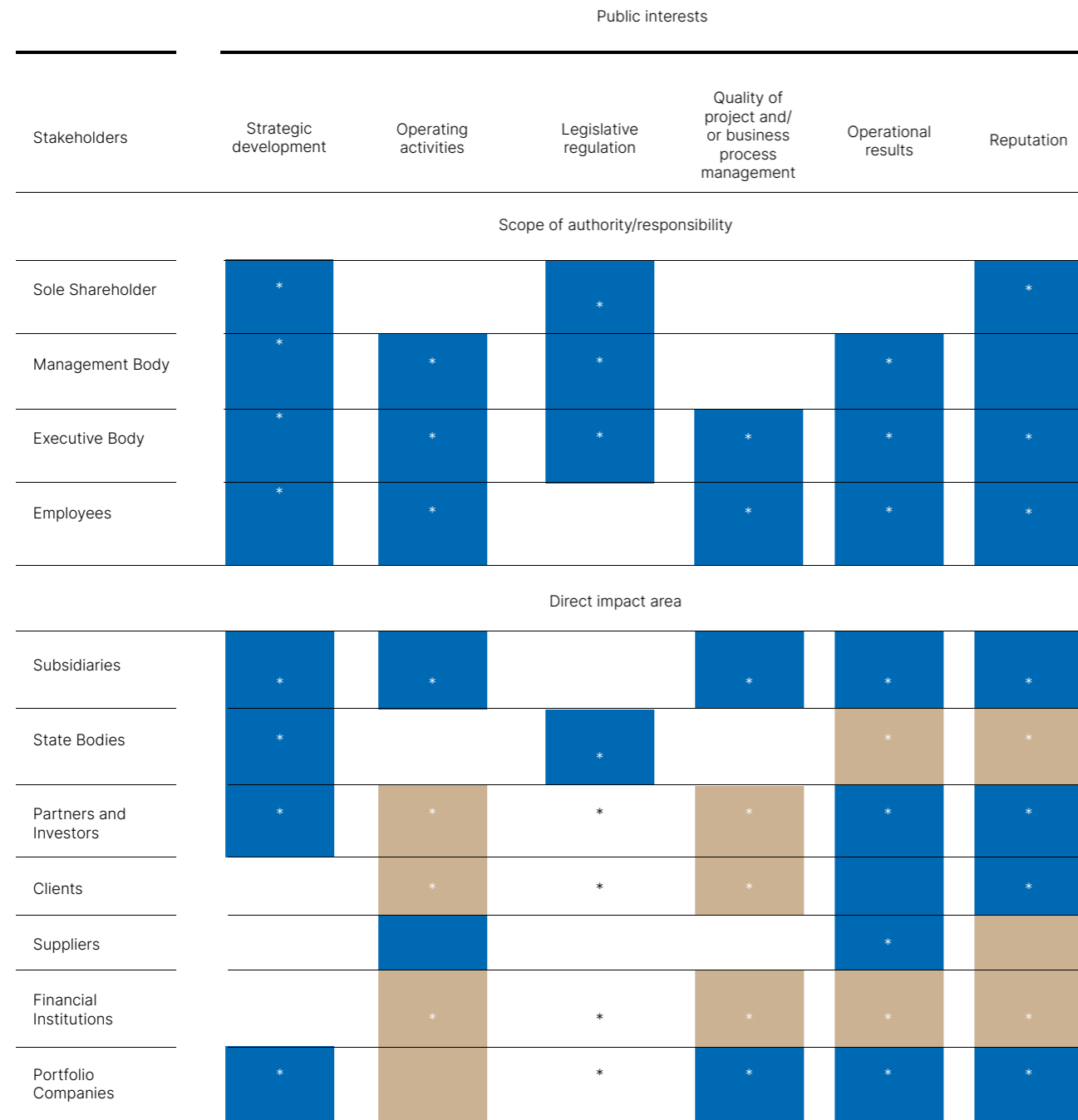
The main forms of interaction with Stakeholders are as follows: joint programs and projects, contracts, agreements, memoranda of cooperation, joint working groups, reporting on activities, meetings, forums, publications, the Company's Internet resource, interviews.

With a view to improve the efficiency of the corporate

governance system and effective interaction with stakeholders, to establish balanced relations, the Company's Board of Directors approved a Stakeholder Map, which enabled the systematization and visualization of information about the Company's environment, to develop an effective strategy for working and interacting with each of the stakeholders.



The influence of Stakeholders on the interests of the Company and its subsidiaries



■ high degree of influence
■ low degree of influence
 * high degree of interest

Strategic development	setting long-term priorities, strategic directions of the Company's development through participation in national development programs, development and approval of strategic documents of the Company
Operating activities	continued daily activities to manage regular, standard processes in the Company
Legislative regulation	laws and regulations that directly or indirectly regulate certain aspects of the Company's activities
Quality of project management and / or business processes	the level of competence and efficiency of the Company's personnel and management in providing project and/or business process management services
Operational results	quantitative indicators of the efficiency of the Company's operating activities
Reputation	the prevailing public opinion about the qualities, advantages and disadvantages of the Company

Effective interaction with stakeholders will enable the Company to:

- combine resources (knowledge, human and financial resources and technologies) to create effective mechanisms of interaction, address issues and achieve strategic goals;

- assess the external environment, including the development of local and international markets, as well as to identify new strategic opportunities;

- improve business processes;

- implement a policy of openness and transparency of activities.

5.3. ACCOUNTING AND ASSESSMENT OF ENVIRONMENTAL AND SOCIAL FACTORS

The Company, on a continued basis, keeps records and assesses environmental and social factors when considering projects, which consists of the following stages:

1) verifying if the project complies with the directions in which the Company directly or indirectly provides financial support as part of promoting sustainable socio-economic development of the Republic of Kazakhstan. The Company is guided by the directions approved in the Holding's Development Strategy for 2014-2023, as well as in State Development programs, including, but not limited to:

- development of the non-resource sector of the economy;
- development of entrepreneurship/ private sector of the economy;
- support for export-oriented industries;
- improving labor productivity;
- support for economic urbanization;
- development of innovations;
- infrastructure development.

2) verifying if the project complies with the specific types of activities as part of which the Company does not directly or indirectly provide financing:

- extraction of minerals (if their further processing is not provided for under the project);
- gambling business;
- other types of activities prohibited by the legislation of the Republic of Kazakhstan; when implementing joint projects with international financial organizations - types of activities prohibited by these international financial organizations;
- other types of activities by the resolution of the Holding's Management Board and/or the Company's Board of Directors.

3) verifying if the project complies with the legislation of the Republic of Kazakhstan in the field of health, labor protection and safety and the availability of all official permits, approvals, licenses and certificates required in accordance with the relevant legislative and regulatory legal acts in these areas.

A project is deemed to have a net benefit for the environment if its implementation provides for:

- reducing greenhouse gas emissions;
- direct reduction of emissions of hazardous substances into the atmosphere;
- reduction of emissions harmful to ambient air;
- increasing the generation capacity of renewable energy (waste recycling, wind, hydro-, geothermal, bio-, solar, etc. energy);
- improving energy efficiency;

- reduction of water consumption and promotion of ways of efficient use of water resources, promotion of water saving technologies, water consumption accounting systems and water processing;
 - reduction of water losses during its distribution and water transmission systems;
 - optimization of water consumption efficiency in water-intensive sectors and industries;
 - improving the quality of water infrastructure leading to water conservation;
 - reducing the formation of harmful waste;
 - reduction of waste and waste water generation;
 - reduction of water consumption waste generation;
 - water treatment;
 - reduction of noise pollution;
 - reducing the utilization and storage of hazardous materials;
 - prevention and reduction of soil pollution;
 - land reclamation and restoration;
 - addressing climate change;
 - conservation of endangered species of animals and plants;
 - recycling of household waste;
- research and development in the field of environmental protection technologies;
- improving industry standards through the use of innovative solutions.

A project is deemed to have a net benefit for the Company if its implementation provides for:

- creation of new and safe jobs (for more than one calendar year, including in high-tech industries);
- improving public access to electricity and (or) heating;
- improving public access to clean water;
- improving public access to sanitation systems;
- improving public access to housing (including energy-efficient housing);
- improving public access to public transport and transport solutions (including environmentally friendly public transport);
- improving public access to education;
- improving public access to healthcare services (medical services);
- improving the access of sedentary groups of the population to social infrastructure facilities (creating and improving an inclusive environment);
- cultural heritage protection.

When forming the project portfolio, the Company gives preference to projects that comply with the UN Sustainable Development Goals and have a significant impact on the sustainable socio-economic development of the Republic of Kazakhstan, including projects that facilitate:

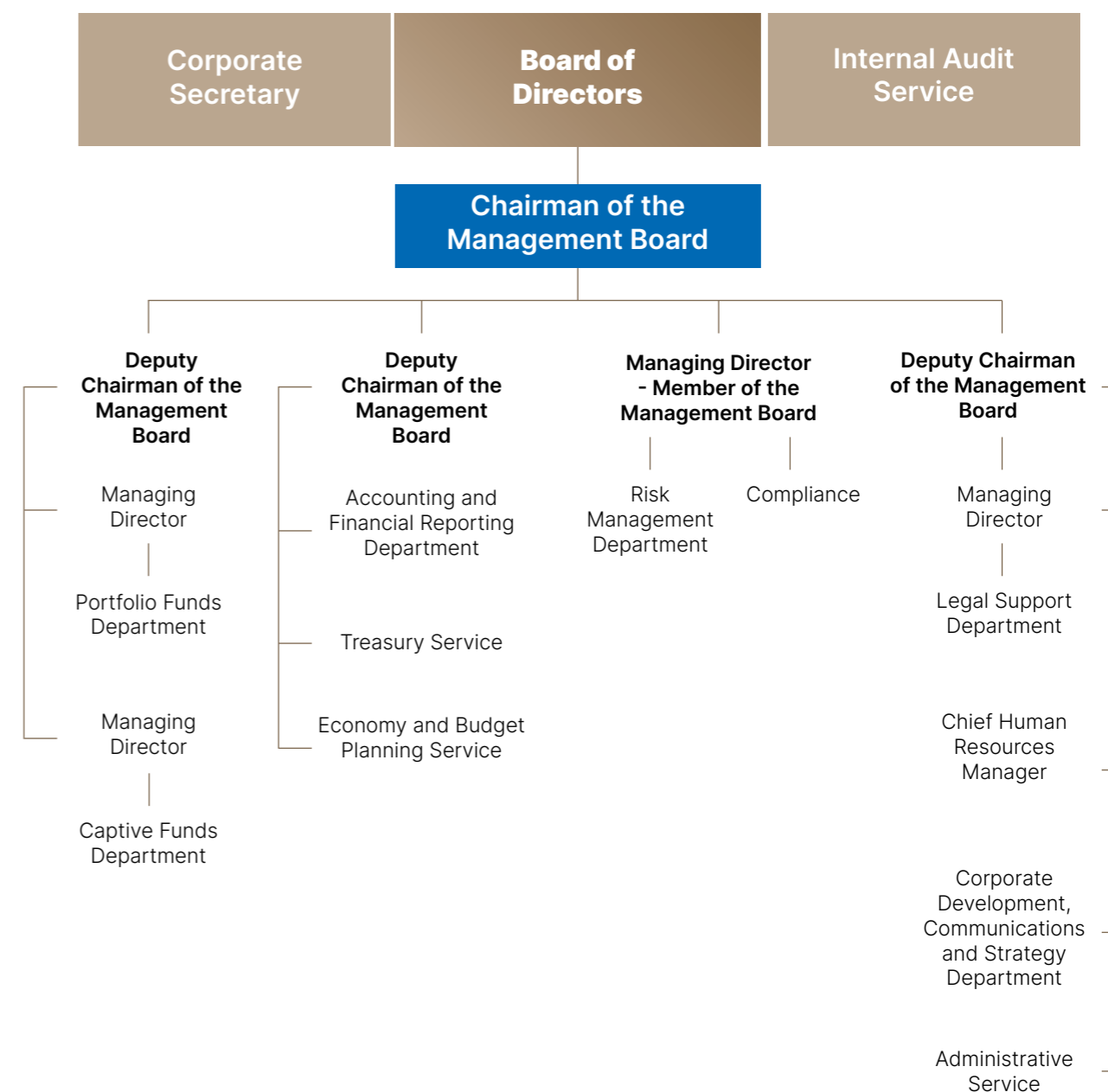
- 1) inclusive and sustainable industrialization;
- 2) openness, security, resilience and environmental sustainability of cities and settlements;
- 3) diversification of the economy of the Republic of Kazakhstan and individual regions/cities.

The Company strives to apply the best international

practices in the environmental protection and the social impact of funded projects and other activities. When making a decision on the provision of financial support by the Company, it is recommended that the permits required in line with the legislation of the Republic of Kazakhstan are issued by the authorized bodies in the field of state environmental appraisal.

5.4. HR POLICY

A new organizational structure was approved with the resolution of the Management Board of Kazyna Capital Management JSC dated September 21, 2020:



The HR policy of the Company was drawn up in accordance with the main principles of the Development Strategy of the Company, and, based on the principles of transparency, includes factors for attracting and retaining qualified personnel:

- 1) Ensuring a high level of human resources potential as an essential element in achieving the Company's strategic goals;
- 2) Performance management, increasing employee motivation through effective remuneration system:

- implementation of the employee performance assessment system;
- implementation of a motivating and transparent remuneration system based on the level of qualification, competence and productivity of employees;
- implementation of monitoring and control of performance of tasks and goals of work evaluation and motivation of employees.

The Company's team consists of 44 specialists with professional education and experience. Graduates of the best Kazakh and international universities work in the Company, including:

- 2 graduates of the Bolashak program;
- 14 employees have a Master's degree;
- 18 employees are certified employees;
- 18 employees with overseas education.

The average age of employees is 35 years, the average work experience in the Company is 1.5 years.

The headcount in 2020 was 44 employees, 34 of them are from the central office.

The social policy of the Company is aimed at attracting and retaining highly qualified specialists. Thus, medical insurance is provided for employees and their family members, financial assistance for recovery when providing annual leave, financial assistance for marriage and the birth of children, payment for maternity leave. There are also incentive bonuses for administrative staff and an annual bonus for the Management Board, which is paid in the event that key performance indicators are achieved.

The basis for implementing HR policy is the availability of an effective organizational structure and optimal

staffing. The high level of professionalism of employees is maintained and developed in the system of continuous training and advanced training, through refresher courses and advanced professional training of employees, through the consistent improvement of knowledge and skills.

The Company's needs for training and staff development depend on internal and external factors: changes in strategic objectives, amendments to the legislation, introduction of new programs, professional growth and development of employees, setting new tasks and goals for them, etc. There were 140 training events (courses, training) in the system of training and advanced professional training in 2020. The KCM training policy is aimed at the development of personal and business competencies (soft-skills) of personnel. Currently, training events on emotional intelligence, effective communication using the DISC method, conducting presentations and managing audience attention have been implemented. Managers at the level of members of the Management Board and certain managers of structural divisions are trained on professional coaching program to develop leadership skills and prevent cases of emotional burnout due to the high intensity of work processes. At the same time, training aimed at the development of professional skills (hard skills) is conducted periodically. In 2020, training programs on risk management, financial management and taxation were implemented. Also, a program to encourage staff to self-development through such training platforms as Coursera has been initiated.

The practice of holding Friday interactive meetings of employees with experts and professionals from various areas (finance, investment, personal growth, etc.) - Friday talk has been introduced in KCM. Such meetings are organized in order to expand the network of business contacts (networking), the horizons of employees, as well as as a way to develop a strategic vision of the business.

In 2020, the staff turnover rate was 2.3%.

As part of the implementation of the policy on performance management and increase of motivation of employees, an annual assessment of the activities of administrative employees based on KPIs is carried out.



06

ANNUAL FINANCIAL STATEMENTS



The audit of the annual financial statements of KCM and its subsidiaries for 2020 was carried out by the independent audit organization KPMG Audit LLP.

In the opinion of KPMG Audit LLP, the separate and consolidated financial statements present fairly the

financial position of the Company as of December 31, 2020 in all material respects, and its financial results and cash flows comply with International financial reporting standards.

6.1. FINANCIAL STATEMENTS AND AUDIT REPORT

Consolidated statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	2020 KZT thousand	2019 KZT thousand
Interest income calculated using the effective rate method	1,990,667	3,171,248
Net gain on financial instruments at fair value through profit or loss for the period	1,882,316	1,055,853
Net (loss)/profit from operations with financial derivatives	(1,030,473)	387,164
Dividend income from financial instruments at fair value through profit or loss for the period	71,170	1,147,906
Net profit/(loss) from foreign currency transactions	3,291,023	(328,467)
Net loss from operations with investment financial assets	(458,455)	(577,367)
Other operating (expenses)/income, net	(136,493)	109,165
Operating income	5,609,755	4,965,502
(Formation)/recovery of impairment losses in respect of debt financial assets	(15,486)	920,164
Personnel costs	(635,437)	(513,741)
General and administrative expenses	(687,405)	(983,223)
Profit before tax	4,271,427	4,388,702
Income tax expense	(1,766,044)	(737,380)
Profit for the year	2,505,383	3,651,322

	2020 KZT thousand	2019 KZT thousand
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Provision for revaluation of investment financial assets:		
- net change in fair value, net of income tax	183,383	707,399
- net change in fair value carried over to profit or loss for the period	73,565	223,207
Other comprehensive income for the year, net of income tax	256,948	930,606
Total comprehensive income for the year	2,762,331	4,581,928

**Consolidated statement of Financial Position
as at 31 December 2020**

	2020 KZT thousand	2019 KZT thousand
ASSETS		
Cash and cash equivalents	16,586,480	946,080
Amounts due from credit institutions	30,609,539	23,332,615
Assets at fair value through profit or loss	139,001,229	133,573,705
- Investments in joint ventures	46,929,140	47,465,606
- Investments in associated organizations	31,164,044	33,476,165
- Other financial assets	60,908,045	52,631,934
Investment financial assets	4,162,053	28,709,099
Deferred tax asset	2,353,147	1,966,364
Current tax asset	1,295,775	1,746,295
Property, plant and equipment and intangible assets	26,672	33,353
Other assets	30,582	46,485
Total assets	194,065,477	190,353,996
LIABILITIES		
Debt securities issued	40,150,736	40,150,736
Financial instruments at fair value through profit or loss	12,145,034	10,298,284
Other liabilities	439,644	241,849
Total liabilities	52,735,414	50,690,869
OWN CAPITAL		
Equity	87,440,000	87,440,000
Provision for revaluation of investment financial assets:	18,676	(238,272)
Retained earnings	53,871,387	52,461,399
Total equity	141,330,063	139,663,127
Total liabilities and equity	194,065,477	190,353,996

**Consolidated statement of cash flows
for the year ended December 31, 2020**

	2020 KZT thousand	2019 KZT thousand
CASH FLOW FROM OPERATING ACTIVITIES		
Interest income	1,847,812	3,040,124
Dividends received	71,170	1,147,906
Personnel costs paid	(609,994)	(581,034)
Other general and administrative expenses (payments)	(690,022)	(1,113,931)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	(3,545,208)	(25,593,574)
Acquisitions of investment financial assets	-	(18,323,441)
Sale and repayment of investment financial assets	25,873,945	35,377,047
Amounts due from credit institutions	(7,483,779)	2,617,149
Other liabilities	22,874	-
Increase in operating liabilities		
Financial instruments at fair value through profit or loss	816,278	816,278
Net cash from (used in) operating activities before income tax	16,303,076	(2,613,476)
Income tax paid	(1,702,308)	(2,728,410)
Net cash used in operating activities	14,600,768	(5,341,886)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from consolidation of a subsidiary	-	263,418
Acquisition of property, plant and equipment and intangible assets	(999)	(15,536)
Net cash flow (used in) / from investing activities	(999)	247,882
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,095,395)	(1,102,490)
Interest paid on bonds	(4,015)	(3,413)

**Consolidated statement of cash flows
for the year ended December 31, 2020**

continuation of the table

	2020 KZT thousand	2019 KZT thousand
Net cash flow used in financing activities	(1,099,410)	(1,105,903)
Net increase/(decrease) in cash and cash equivalents	13,500,359	(6,199,907)
Cash and cash equivalents at beginning of the year	946,080	6,672,269
Effect of changes in exchange rates on cash and cash equivalents	2,140,041	473,718
Cash and cash equivalents at the end of the year	16,586,480	946,080

**Consolidated statement of Changes in Equity for the year
ended 31 December 2020**

KZT thousand	Equity	Provision for changes in the fair value of securities	Retained earnings	Total
Balance at 1 January 2020	87,440,000	(238,272)	52,461,399	139,663,127
Total comprehensive income				
Profit for the year	-	-	2,505,383	2,505,383
Other comprehensive income				
Items that have been or may be reclassified subsequently to profit or loss:				
<i>Net change in fair value, net of income tax</i>	-	183,383	-	183,383
<i>Net change in fair value carried over to profit or loss</i>	-	73,565	-	73,565
Total other comprehensive income	-	256,948	-	256,948
Total comprehensive income for the year	-	256,948	2,505,383	2,762,331
Transactions with owners recorded directly in own equity				
Dividends declared and paid	-	-	(1,095,395)	(1,095,395)
Total transactions with owners	-	-	(1,095,395)	(1,095,395)
Balance at 31 December 2020	87,440,000	18,676	53,871,387	141,330,063

**Consolidated statement of Changes in Equity for the year
ended 31 December 2020**

continuation of the table

KZT thousand	Equity	Provision for changes in the fair value of securities	Retained earnings	Total
Balance as of January 1, 2019	87,440,000	(1,168,878)	49,912,567	136,183,689
Total comprehensive income				
Profit for the year	-	-	3,651,322	3,651,322
Other comprehensive income				
Items that have been or may be reclassified subsequently to profit or loss:				
Net change in fair value, net of income tax	-	707,399	-	707,399
Net change in fair value carried over to profit or loss	-	223,207	-	223,207
Total other comprehensive income	-	930,606	-	930,606
Total comprehensive income for the year	-	930,606	3,651,322	4,581,928
Transactions with owners recorded directly in own equity				
Dividends declared and paid	-	-	(1,102,490)	(1,102,490)
Total transactions with owners	-	-	(1,102,490)	(1,102,490)
Balance as of December 31, 2019	87,440,000	(238,272)	52,461,399	139,663,127

GLOSSARY

The following abbreviations have been used in the Annual Report:

IND – Internal regulatory document

SPIID – State Program of Industrial and Innovative Development for 2020-2025

PPP – Public private partnership

SUB – subsidiaries

KCM, Company – Kazyna Capital Management JSC

SMEs – small and medium-sized enterprises

PE – private equity

CIS – The Commonwealth of Independent States

PEF – Private Equity Funds

Holding – Baiterek NMH JSC

BVF – Baiterek Venture Fund JSC

BVM – BV Management LLP

ESG – Environmental, Social and Governance (Environmental, Social and Governance standards)

GP – General Partner

IRR – Internal Rate of Return

KPI – Key Performance Indicators

Private equity – direct investment

ROA – Return on Assets

ROE – Return on Equity

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