

Annex No.5
to the minutes of the meeting
of the Board of Directors
of Kazyna Capital Management
Joint-Stock Company
dated September 9, 2021
(minutes No. 16/21)



Sustainability Report of Kazyna Capital Management JSC for 2020

Nur-Sultan, 2021

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1. About the Company

1.1. Information about the Company

Kazyna Capital Management JSC is a Private Equity Fund 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 best international experience, transfer innovative knowledge and technology to private equity. The Company together with international institutional investors effectively manages Private Equity Funds. Funds with the Company's participation provide capital to companies in various sectors with the aim of further growth and competitiveness.

1.2. Sustainable Development Management System

The resolution of the Board of Directors of Kazyna Capital Management JSC (hereinafter - the Company) dated March 29, 2019 (minutes No.4/19) approved the Sustainable Development Policy of Kazyna Capital Management JSC (hereinafter - the Policy).

The purpose of the Policy is to define the fundamental norms, principles, rules and approaches that the Company should adhere to in building a sustainable development management system.

The Company strives to ensure a balance between the interests of business and society, as well as harmonious management of economic, environmental and social aspects of its activities to ensure sustainable development in the long term.

The resolution of the Board of Directors of Kazyna Capital Management JSC dated February 27, 2019 (minutes No.2/19) approved the Investment Policy of Kazyna Capital Management JSC (hereinafter - the Investment Policy), which includes the intention to integrate EGS factors into the financial support procedure. The Investment Policy introduced an instrument for prioritising potential projects - the Development Index - to highlight the most significant social and economic projects that can contribute to and have an impact on the country's development.

Within the framework of its activities, the Company ensures consistency of economic, environmental and social goals, including: increased investment in creation and development of more advanced technology; growth of manufacturing industry; increased labor productivity; creation of new jobs; optimal use of limited resources; provision of transparent competitive procedures and equal employment opportunities; ensuring occupational safety and health of employees, etc.

The Company is guided in its activities by principles of sustainable development, enshrined in the Company's Corporate Governance Code: openness, accountability, transparency, ethical conduct, respect for interests of stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest. In its activities, the Company also adheres to the principles of the UN Global Compact in the field of human rights, labor relations, environmental protection and anti-corruption.

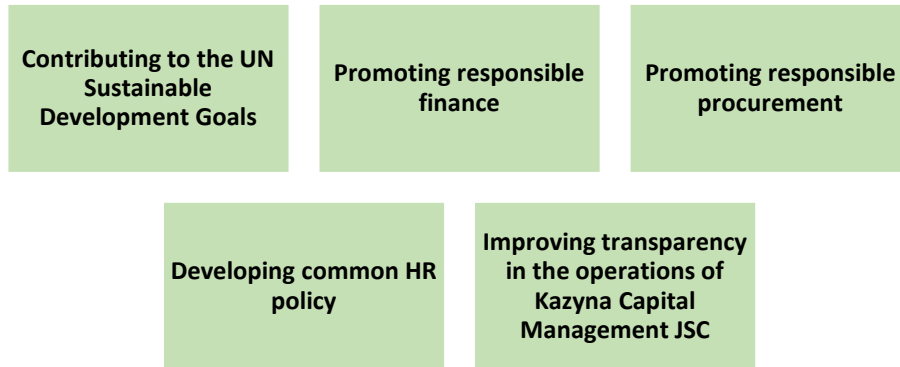
The Company's Sustainable Development Policy defines 3 main areas of the Company's activities in the field of sustainable development:

	Areas of activities	Company's approach
Economic component	Promoting sustainable development of the national economy	<ul style="list-style-type: none"> • The Company's mission is to develop the private equity investment infrastructure in Kazakhstan to promote the sustainable development of Kazakhstan. • The Company, being one of the institutions of the Government of the Republic of Kazakhstan, participates in the implementation of state programs in support of major industrial projects. • The Company is committed to incorporating ESG factors into all stages of the investment process - from sourcing project proposals to monitoring the environmental and social impact of funded projects. • The Company is actively working to attract investment and popularize financial instruments both in domestic and foreign markets, understanding the importance of disclosure of non-financial information to investors. • The Company follows international best practice in environmental, social and corporate governance (ESG factors) in projects that receive financial support from the Company to develop responsible investment practices.
Environmental component	Management of its own environmental impact	<ul style="list-style-type: none"> • The Company applies the principles and methods of rational resources use that best ensure the prevention of adverse environmental impacts. • In its activities, the Company strives to reduce the excessive consumption of resources and minimize the existing negative environmental impact through the introduction of energy-efficient technology, reduction of water consumption, reduction of paper consumption for office needs through the introduction of an electronic document management system and practice of double-sided printing. • The Company is considering the possibility of introducing the green office concept, an important component of which is an information campaign aimed at increasing the level of environmental awareness among employees.
Social component	Responsible working practice	<ul style="list-style-type: none"> • The Company is guided by the principle of equal opportunity and does not discriminate against its employees when hiring, paying, providing access to training, promotion, dismissal on grounds such as gender, race, language, religious, political and other beliefs, citizenship, national or social origin, and disabilities. • The Company has a system of continuous training and development of personnel using modern technology and information management systems. • The Company uses advanced forms of training: Friday-talk meetings with experts, coaching, case studies, brainstorming sessions.
	Responsible business practice	<ul style="list-style-type: none"> • The Company identifies corruption risks, implements and supports corruption combating policies and practices. • Managers at all levels of the Company set an example of anti-corruption behavior to their subordinates and demonstrate commitment, encouragement and oversight of the implementation of the anti-corruption policy.

		<ul style="list-style-type: none"> • The Company raises awareness of its officials, employees, contractors on anti-corruption issues. • The Company routinely conducts training for employees to eradicate corruption.
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Introducing sustainable development principles and initiatives in the Company's activities is the top priority for achieving all goals set out in the Kazakhstan-2050 Strategy.

Company's priorities in the field of sustainable development



Organizational structure of the sustainable development management

The sustainable development management in the Company is implemented within the framework of the general management system of the Company and is its integral part.

The Company's Board of Directors provides strategic guidance and oversight for the implementation of sustainable development.

The Company's Management Board ensures the establishment and implementation of an appropriate Sustainable Development Management System.

The main department coordinating the Company's sustainable development is the Strategic Development and International Cooperation Department, which performs the following functions:

- plans activities in the field of sustainable development;
- coordinates the activities of the Company's structural divisions in the field of sustainable development;
- prepares the Annual Report of the Company with the inclusion of a section on sustainable development;
- interacts with international organizations, institutions on sustainable development issues.

The Company's officials adhere to a commitment to sustainability in their activities and duties and promote the involvement of all employees.

On Sustainable Development

1. Based on the current Development Strategy of Kazyna Capital Management Joint-Stock Company for 2014-2023, approved with the resolution of the Board of Directors of the Company dated September 8, 2017 (minutes No.120) a new version of the Development Strategy of the Company was developed (approved with the resolution of the Board of Directors of the Company on September 4, 2020, (Minutes No.11/20)).

2. In 2020, the Company participated in the webinar with IFC on the application of developed environmental and social requirements to projects in accordance with the Environmental and Social Policy of Baiterek NMH JSC.

On information disclosure

1. In 2020 the resolution of the Sole Shareholder dated August 26, 2020 (minutes No.39/20) approved the Annual Report of Kazyna Capital Management JSC for 2019 which includes a section on Sustainable Development, including items on the sustainability management system, stakeholder engagement, branding disclosure, working with suppliers, customers, HR policy, training and development, employee motivation and incentives, social stability, corporate development, health, safety and environmental protection.

On the rational use of resources

1. Work has been carried out on paperless document management procedures with state central and local executive authorities.

In addition, work was carried out on the paperless office concept to systematize the Company's activities aimed at increasing the level of environmental awareness of employees.

Plans for 2021

The Company has planned a number of activities aimed at:

- implementing the sustainable development principles in key processes and administrative and economic activities of the Company;

- ensuring effective and prompt interaction with the public, partners;

- increasing transparency in the disclosure of non-financial information;

- building competencies for sustainable development.

In particular, the following events are planned:

- Inclusion of ESG standards in the Investment Policy of Kazyna Capital Management JSC;

- joining the UN Principles of Responsible Investments;

- alignment of internal regulations with the Environmental and Social Policy of Baiterek NMH JSC;

- preparation and submission to the Company's Board of Directors of the Annual and Sustainability Report of the Company.

Company's contribution to the UN Sustainable Development Goals

The Company's management champions 17 Sustainable Development Goals (hereinafter – SDGs) adopted by the UN General Assembly in 2015, aimed at eradicating poverty, preserving the planet's resources and ensuring universal well-being.

The Company contributes to the achievement of the SDGs through responsible business practices. Thus, the Company gives preference to projects that comply with the SDGs and have a significant impact on the sustainable social and economic development of the Republic of Kazakhstan, including projects that contribute to:

- inclusive and sustainable industrialization;

- openness, security, resilience and environmental sustainability of cities and settlements;

- diversification of the economy of the Republic of Kazakhstan and individual regions/cities.

Company's objectives aimed at achieving the UN Sustainable Development Goals

UN Sustainable Development Goals	Activities of the Company
SDG 3. Ensure healthy lives and promote well-being for all at all ages	support for projects aimed at maintaining public health and promoting a healthy lifestyle; creating safe labor conditions for employees.
SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	implementation of internal training programs.
SDG 5. Achieve gender equality and empower all women and girls	creating equal working conditions and career opportunities; ensuring an equal system of performance assessment and remuneration.
SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	support for large business and development of small and medium-sized businesses (SMEs) by providing financial instruments of the Company and its subsidiaries; implementation of initiatives aimed at improving the customer orientation of services.
SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	support for projects aimed at increasing labor productivity in the manufacturing industry; private equity infrastructure development.
SDG 10. Reduce inequality within and among countries	products for young people, aspiring entrepreneurs; products for socially vulnerable segments of the population. development of a Concessional Financing Program
SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable	support for large infrastructure and industrial projects.
SDG 12. Ensure sustainable consumption and production patterns	support for green projects; application of resource-saving technology in the Company's office; responsible resource consumption.
SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	implementation of state programs aimed at the social and economic development of the country; participation in the development/updating of regulatory legal acts affecting the interests of the Company.
SDG 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	cooperation with international institutions and financial organizations on sustainable development; participation in conferences, forums, round tables on the promotion of SDGs in Kazakhstan.

Interaction with Stakeholders

When identifying stakeholders, the Company uses international standards in this area. The Company's approved Stakeholder Map defines the list of key stakeholders and level of their influence. The Map allows to systematize and visualize information about the Company's environment in order to build an adequate strategy for cooperating with each stakeholder.

Identification and interaction with stakeholders is one of the instruments that allows to improve business reputation and capitalization of the company, to establish effective and balanced relationships with all stakeholders.

The main forms of interaction with stakeholders are: joint programs and projects, memorandums of cooperation, joint working groups, reporting on activities, meetings, daily briefings, publications, interviews, etc.

The Company's stakeholder engagement process is based on the principle of involvement, which implies taking into account the interests of stakeholders at all stages of the Company's management process and involving stakeholders in discussing significant topics and important issues, potential risks and boundaries of responsibility.

Stakeholder engagement is achieved by following the next three principles:

1. **Materiality.** The Company clearly defines its stakeholders and understands which interests of the stakeholders are significant.

2. **Completeness.** In the course of its activities, the Company pays attention to the concerns of stakeholders, namely, it understands their views, needs and expected results of activities, as well as opinions on significant issues.

3. **Response.** The Company consistently responds to all significant questions from stakeholders.

The Company focuses its activities on the following basic principles to organize the management of relations with stakeholders:

- respects and takes into account the interests of all stakeholders;
- strives to actively inform target audiences about its activities;
- ensures objectivity, reliability, independence and a high level of information transparency in the implementation of state programs, certain internal procedures (procurement, competitive selection among external candidates for employment, provision of financial and non-financial services), as well as in the use of financial resources;
- ensures open and productive cooperation with all stakeholders;
- fulfills its obligations to stakeholders;
- receives feedback from interested parties on a regular basis.

Key stakeholder groups and interaction methods

Groups	Interaction methods	Interests	How we respond
Sole Shareholder	<ul style="list-style-type: none"> • Holding meetings of the Board of Directors and Committees under the Board of Directors. • Execution of orders of the Sole Shareholder. • Participation in the development and updating of regulatory legal acts affecting the interests of the Company. • Preparation of responses to incoming requests. • Publication of Financial Statements and Annual Report on the Company's website, as well as disclosure of other information in accordance with the legislation, listing requirements and best practices. 	<ul style="list-style-type: none"> • Respect of interests of the Company's Sole Shareholder, • Effective implementation of state programs. 	<ul style="list-style-type: none"> • Ensuring the exercise of the rights of the Sole Shareholder within the framework of corporate governance principles. • Provision of reliable information about the results of financial and economic activities. • Implementation of the Development Strategy of the Company • Implementation of state programs and monitoring of results.
Personnel	<ul style="list-style-type: none"> • Functioning of internal communication channels. 	<ul style="list-style-type: none"> • Implementation of the provisions of employment agreements; • Organization and implementation of training programs; • High-quality labor relations with the employer. 	<ul style="list-style-type: none"> • Introduction of the open, transparent, Personnel Policy aimed at the creation of qualified and motivated personnel. • Ensuring equal opportunities for all employees to realize their potential in the course of their job, an impartial and fair assessment of their results, the selection and career growth of employees solely on the basis of professional abilities, knowledge and skills. • Introduction of the Ombudsman Institution.

Subsidiaries	<ul style="list-style-type: none"> • Conducting roundtables/competency centers with SUBs. 	Compliance with the interests of shareholders/participants.	<ul style="list-style-type: none"> • Exercise by the Company of its rights as a shareholder/participant in a subsidiary.
State bodies	Consideration of program documents, draft regulatory documents affecting the interests of the Company.	Compliance with the law.	<ul style="list-style-type: none"> • Participation in working groups, forums, conferences. • Coordination of the main activities of the Company. • Strict compliance with the law.
Customers, consumers	<ul style="list-style-type: none"> • Publications in the media, on the website of the Company. 	<ul style="list-style-type: none"> • Compliance with commercial agreements; • Social interests. 	<ul style="list-style-type: none"> • Ensuring compliance with the expectations of consumers of financial/non-financial products and services of the Company and subsidiaries. • Conclusion of contracts, control over execution.
Suppliers	<ul style="list-style-type: none"> • Procurement and conclusion of contracts for the purchase of goods, works and services. 	<ul style="list-style-type: none"> • Transparent procurement system; • Compliance with commercial agreements. 	<ul style="list-style-type: none"> • Conclusion of contracts, control over the execution of contractual relations. • Ensuring a transparent and efficient procurement system. • Preventive measures to combat corruption.
Investors	<ul style="list-style-type: none"> • Holding meetings with representatives of foreign organizations. • Participation in forums, conferences, exhibitions, including during the visits of the Head of State of the Republic of Kazakhstan, the Prime Minister and Deputy Prime Ministers of the Republic of Kazakhstan. • Publication of financial statements and Annual Report on the Company's website. 	<ul style="list-style-type: none"> • Strong financial position; • Sustainable development. 	<ul style="list-style-type: none"> • Implementation of ESG principles in the activities of the Company and its subsidiaries. • Effective financial management. • Obtaining loan ratings.
Partners	<ul style="list-style-type: none"> • Conducting negotiations and meetings with partners. • Conclusion of agreements and memoranda of cooperation. • Publication of the financial statements of the Annual Report on the Company's website. 	Commercial interests.	<ul style="list-style-type: none"> • Mutually beneficial cooperation, improvement of business and technological processes and their automation. • Conclusion of contracts, control over the execution of contractual relations.
Financial Institutions	<ul style="list-style-type: none"> • Conducting negotiations and meetings with representatives of financial institutions, rating agencies. • Publication of the financial statements of the Annual Report on the Company's website. 	Placement of free funds on deposit accounts, maintenance of special accounts.	<ul style="list-style-type: none"> • Conclusion of contracts, control over the execution of contractual relations. • Improvement of financial indicators.

Mass Media	<ul style="list-style-type: none"> • Development of annual media plans. • Conducting press conferences and meetings with recipients of information. • Posting information about the Company's activities in the media, the Internet, on the Company's website at: https://kcm-kazyna.kz/. 	Publications and information about the Company's activities.	<ul style="list-style-type: none"> • Organization of information activities by: <ul style="list-style-type: none"> – communicating to the target audience the strengths and opportunities of the Company; – creating a positive public opinion; – ensuring transparency of the Company's activities through reliable, regular, continuous and timely disclosure of information; – maintaining the Company's brand recognition; – presenting to the public the results of activities in the main areas of the Company's activities.
Population	<ul style="list-style-type: none"> • Placement of information about the Company's activities in the media. 	<ul style="list-style-type: none"> • Transparency of the Company's activities; • Compliance with the interests of company; • Provision of support tools as part of the implementation of state programs and the SUBs' own programs. 	<ul style="list-style-type: none"> • Reputation audit, PR strategy implementation. • Publication of financial and non-financial statements about its activities. • Demonstration of practical commitment to the principles of social responsibility, transparency of activities and sustainable development. • The desire to comply with generally accepted moral and ethical standards.

1.3. Corporate governance system

Corporate Governance Code

The Corporate Governance Code adopted by the Company ensures compliance with high management standards in order to increase the efficiency of the Company's activities, ensure transparency and accountability, strengthen reputation and reduce capital raising costs.

The Company continuously monitors the main changes in international corporate governance trends, in national legislation and implements the best practices of corporate governance in its activities.

Corporate governance model of the Company

The Company's corporate governance model ensures the effectiveness of the decision-making system, compliance with the interests of the Sole Shareholder, high standards of information disclosure, the functioning of an effective risk management system and internal control.

The Company's corporate governance model is aimed at ensuring transparency and accountability and provides for a clear separation of powers and responsibilities between the Company's bodies, officials and employees.

In accordance with the Charter of the Company, the main bodies are:

- The Sole Shareholder is the supreme management body of the company
- Board of Directors – management body
- Management Board - executive body

The Internal Audit Service is the body responsible for controlling the Company's financial and economic activities and assessing internal controls.

The Company's Board of Directors has committees responsible for audit and risk, strategic planning and corporate development, human resources, remuneration and social issues.

In order to prepare decisions of a recommendatory nature for the Management Board on certain areas of the Company's activities, including the preparation and preliminary consideration of issues within the competence of the Management Board, the following committees were established under the Management Board: the Business Planning and Assessment Committee and the Investment Committee.

1.4. Risk management and internal control

Components of risk management and internal control systems

Risk management is an important component of the management process and an integral part of a developed corporate governance system. The main element of the Company's risk management process is its integration with the specifics of the organization, the basic principles of activity, business processes and the involvement of each employee in the risk management process.

The Company has a Risk Management Policy, which enshrines the basic principles of the risk management process, such as integrity, openness, structurality, awareness, continuity, cyclicality.

Risk management in the Company is carried out at several levels, involving the following bodies and divisions of the Company: the Board of Directors, the Management Board, the structural unit responsible for risk management and other structural units, as well as the Internal Audit Service.

The Board of Directors plays a key role in overseeing the corporate risk management system. The main functions of the Board of Directors are setting long-term and short-term goals of the Company, approving the main documents regulating risk management in the Company, reviewing reports on the effectiveness of the risk management system. An Audit Committee has been established under the Board of Directors of the Company, which is an advisory body for providing recommendations to the Board of Directors regarding control over the financial and economic activities of the Company, the reliability and effectiveness of the risk management system, the execution of documents in the field of corporate governance, the independence of external and internal audit.

The Management Board is responsible for organizing an effective risk management system and creating a risk control structure to ensure compliance with and compliance with corporate policies.

An important component aimed at achieving the Company's strategic goals and minimizing risks in achieving them is an effectively functioning **internal control system**. The organization of the internal control system provides for the construction by the Company of a management system capable of responding quickly to risks, exercising control over the main and auxiliary business processes and daily operations of the Company, as well as providing immediate information to the participants of the internal control system of the appropriate level about any significant shortcomings and areas for improvement. Reliable and effective functioning of the internal control system requires the involvement and constant interaction within the framework of internal control of officials and employees at all levels of the Company.

In the reporting year, the Company carried out the following work on risk management:

- In 2020, the Risk Management Department conducted a risk audit of the Company's business processes. In accordance with the Methodology for Determining business processes, their inherent risks and key risk indicators in the Company, a planned risk audit is conducted at least once a year if the exposure to risks is medium or low.

2. The economic component of sustainable development

2.1. Development Strategy

Mission

Taking a leading role in the development of the private equity (PE) ecosystem in Kazakhstan by investing in strong teams that will be able to create stable and efficiently managed companies, receive a steady level of profit and contribute to the growth and modernization of the economy.

Vision

Creation of a dynamic PE ecosystem with the aim of developing leading companies in the market through flexible placement of long-term risk capital and application of the best international practices; as well as active participation in the sustainable development of the national economy.

The key tasks that Company 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 tasks are solved by implementing the first and second strategic directions of the Company:

1. Promotion and development of the PE market and national economy of Kazakhstan;
2. Increase of the Company's investment portfolio;

In addition, two more strategic directions are provided to ensure high profitability of the investment portfolio, as well as to strengthen the equity structure:

3. Improvement of the organization's performance;
4. Income diversification.

For each of the strategic directions, section 4 of this development Strategy provides for the KPIs of Company with the definition of the target value for 2023.

Work plans on strategic directions for 2021

- Participation in the development of the stress asset market:
 - Establishment by the Company of a joint venture with a strategic partner with international experience in managing investments in the segment of stressful assets;
 - Attracting foreign investments to create a stress asset fund under the management of a strategic partner;
 - Creation of a team of experts to implement a strategy for managing stressful assets.
- Participation in the development of the infrastructure projects / PPP market:
 - Establishment of a fund/platforms focused on renewable energy sources with the involvement of local institutional investors and an experienced captive team;
 - Establishment of a PPP fund/platform with local institutional investors to invest in healthcare infrastructure and other significant programs.
- Participation in the development of the technology companies financing market at the early stages of growth (venture financing):
 - Co-investment with current investors at the expense of available capital;
 - Establishment of own venture funds with additional capital from the state and third parties.

2.2. Economic performance

Due to its mission, the Company has a significant impact on the sustainable economic development of the Republic of Kazakhstan and performs important socio-economic functions, realizing not only its key tasks, but also positively influencing various groups of the population.

USD 2,769 mln	Total capitalization of funds with the Company's participation as of December 31, 2020
USD 611 mln	Total Company's investment in portfolio funds as of December 31, 2020
KZT 16,2 bln	Volume of the Company's investment in private equity funds (PEFs) in 2020
USD 1,679	Investment promoted to Kazakhstan for USD 1 invested by the Company
9	Projects financed in 2020
100%	Investments in Kazakhstan are directed to the non-resource sector

2.3. Responsible business practice

Corporate ethics and conflict of interest resolution

The principles and norms of corporate ethics that guide the Company's officials and employees are enshrined in the Code of Business Ethics of Kazyna Capital Management JSC, approved by the Company's Board of Directors.

The Company's Board of Directors approved the Company's Code of Business Ethics with the Resolution No. 9/18 dated October 23, 2018, aimed at observing the principles of meritocracy, ensuring the legality and fairness of decisions made, and strengthening the Ombudsman institution in resolving corporate conflicts. The fundamental values laid down in the Company's Code of Business Ethics are responsibility, professionalism, team, honesty and social responsibility.

Ombudsman Institute

The Company's Ombudsman collects information on non-compliance with the provisions of the Company's Code of Business Ethics, initiates the consideration of disputes on its violation, as well as participates in the settlement of disputes.

In cases of violations of the provisions of the Code of Business Ethics, the Company's employees have the right to contact the Ombudsman both in writing and orally. The Ombudsman, in turn, keeps records of appeals from employees, officials, as well as business partners and interested parties on issues of non-compliance with the provisions of the Code of Business Ethics. Within five business days, provides explanations of the provisions of the Code of Business Ethics to the Company's employees in case of their appeal, ensures anonymity of the employee, official who appealed on the fact of violations of the Code of Business Ethics of Kazyna Capital Management JSC.

Combating corruption

The Company has in place the Rules for the organization of the Company's anti-corruption system, the purpose of which is to strengthen control over the prevention and detection of corruption, as well as to create an atmosphere of strong aversion to it within the Company. In addition to the requirements established by the Law of the Republic of Kazakhstan "On Combating Corruption", the Company has developed its own approaches to the prevention of corruption.

In order to prevent corruption, anti-corruption monitoring is carried out on a regular basis by studying publications in the mass media, reports of the Company's Internal Audit Service and appeals of individuals and legal entities on anti-corruption issues.

Along with this, a list of the Company's affiliated persons is maintained in order to prevent a conflict of interests.

In order to form an anti-corruption culture in the Company, due attention is paid to informing and raising awareness of employees of the Company and its subsidiaries. Newly hired employees are required to familiarize themselves with the Rules for organizing the work of the anti-corruption system in the Company.

In 2020, there were no facts of corruption and fraud in the Company.

In 2021, the Company and its subsidiaries will continue to work to strengthen control over the prevention and detection of corruption, as well as to create an atmosphere of strong aversion to it within the Company.

3. The environmental component of sustainable development

3.1. Responsible Investment

The Company pays special attention to responsible investment. This direction of sustainable development is considered by the Company as a priority and is therefore included in the draft of the updated Development Strategy of the Company for 2014-2023.

As part of its activities, the Company strives to introduce and integrate ESG factors into the investment decision-making process.

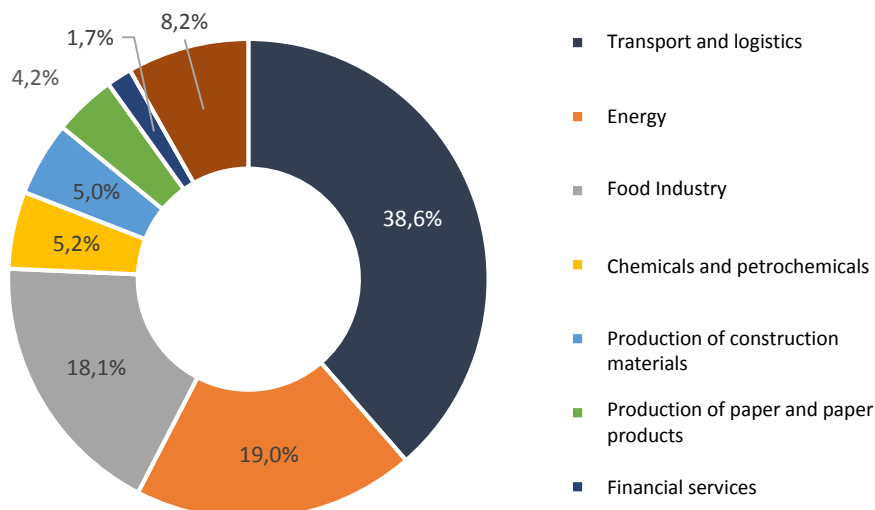
The Company expects its counterparties to:

- application of the environmental risk management system (environment) to identify, assess actual and possible impacts on the environment and society, identify and effectively implement appropriate management measures, monitor the level of environmental risks;
- the application of a human resource management system and ensuring (preserving) the health of employees, which should be based on respect for the rights of employees, including freedom of association and the right to conclude collective agreements; this system should ensure fair treatment of employees, the creation of safe and healthy working conditions for them, the prevention and prevention of adverse effects on the health and safety of population groups and consumers;
- application of a system of good corporate governance based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence; good corporate governance implies respect for the rights and interests of all persons interested in the organization's activities and contributes to its successful operation, including the growth of its market value, maintaining financial stability and profitability.

The Company is actively working to develop the practice of responsible investment. Thus, the Company's investment policy includes the intention to integrate ESG factors into the process of providing financial support. The policy also introduced a tool to prioritize potential projects - the Development Index - which allows to highlight the most significant socio-economic projects that can contribute to and influence the development of the country.

At the end of 2020, the fair value of the Company's investment portfolio amounted to KZT 139 billion, including a number of "green" projects.

The Company's investment portfolio by industry at the end of 2020



So, at the end of 2020, the Company supported a number of projects in the field of "green" energy for a total amount of financing of KZT 14.1 billion (construction of hydroelectric power plants, solar and wind power plants).

Green projects supported by the Company

1. Description: Construction of the Kengir solar power plant with a capacity of 10 MW in the Karaganda region of the Republic of Kazakhstan

Commissioning: January 2020

Total cost of the project: KZT 3.6 billion

The amount of the Company's participation: KZT 2.5 billion

2. Description: Construction of 100 MW Astana EXPO-2017 Wind Power Plant for wind energy conversion – I launch complex for 50 MW in Arshaly district, Akmola region of the Republic of Kazakhstan

Commissioning: August 2019

Total cost of the project: KZT 45,6 billion

The amount of the Company's participation: KZT 2,7 billion

3. Description: Construction of the Baikonur solar power plant with a capacity of 50 MW in the Kyzylorda region

Commissioning: March 2020

Total cost of the project: KZT 27 billion

The amount of the Company's participation: KZT 4,2 billion

4. Description: Construction of the first and second launch complex of Astana Expo-2017 Wind Power Plant, with a capacity of 100 MW

Commissioning: Stage I – August 2019, Stage II - December 2020

Total cost of the project: KZT 76,1 billion

The amount of the Company's participation: KZT 3,7 billion

5. Description: Construction of the Turgusun HPP in the East Kazakhstan region, with a capacity of 24.9 MW

Commissioning: April 2021

Total cost of the project: KZT 13,5 billion

The amount of the Company's participation: KZT 1 billion

In 2021, the Company will continue to work on the development of the direction, in particular, it is planned:

- Updating the Company's Sustainable Development Policy in accordance with the Environmental and Social Policy of Baiterek NMH JSC. The update will determine the principles and approaches to accounting and monitoring of environmental and social factors in the investment activities of the Company and its subsidiaries. When updating the Policy, international initiatives on responsible investing - the UN Principles for Responsible Investment, the Equator Principles, and the IFC Performance Standards for Environmental and Social Sustainability - will be taken into account;
- Development of own environmental, social management standards (Environmental, Social and Governance) in the assessment of PE in order to increase the attractiveness of the Company's portfolio for external investors;
- Development of the Concept of a "green" office;
- Conducting employee training for compliance with the principles of the "green office" in the course of work.

3.2. "Green Office"

Plans for 2021

The Company plans to approve the Concept of the "green office" of Kazyna Capital Management JSC, which will contain the goals, objectives and principles of the "green office", as well as approaches to its implementation and proposed activities. When preparing the Concept, the recommendations of international organizations on the greening of offices will also be taken into account.

The following are highlighted as the main elements of the "green" office:

- reduction of electricity consumption;
- heat energy conservation;
- reducing water consumption;
- minimization of pollution and waste management;
- resource conservation and consumption reduction;
- employee health;
- environmental education of employees;
- availability of management systems, documentation of processes for maintaining the principles of a "green" office.

The principles of the Green Office Concept are based on the rules of the three R's - Reduce, Reuse, Recycle:

- **Reduce.** According to this principle, the "green office" should strive to reduce the use of natural resources: electricity, water, paper, heat. This rule is achieved by using modern technologies and equipment, as well as organizational and campaigning events.
- **Reuse.** This principle is aimed at the use of consumables, including paper, stationery and office equipment made from recycled materials.
- **Recycle.** The main thing in this principle is to properly dispose of used raw materials: sort all waste, hand over waste paper, properly dispose of office equipment and batteries.

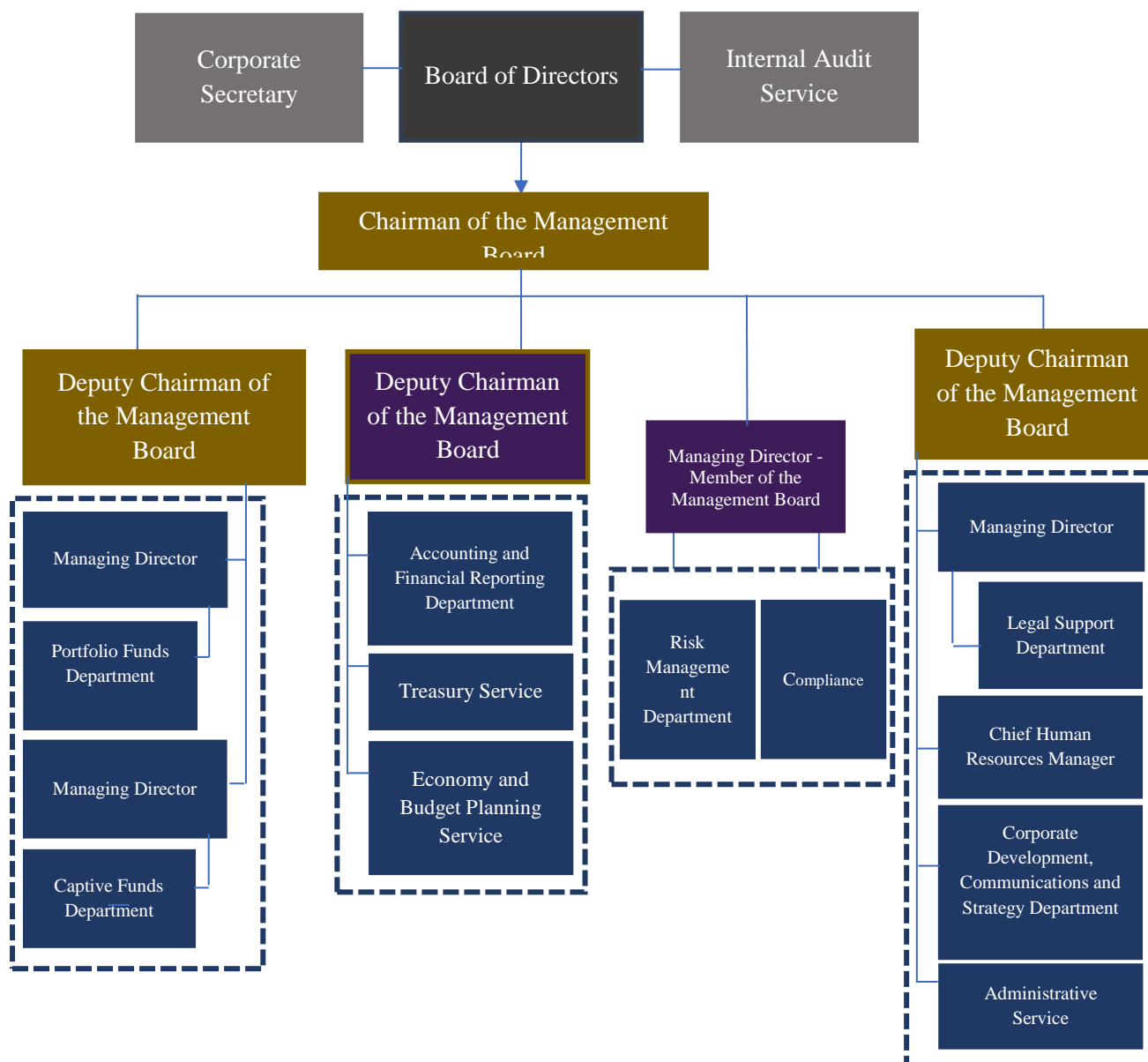
Measures to implement the Concept will be aimed at environmental education of employees, resource conservation and waste management within the framework of the office. These events are necessary to support the Company's national initiatives to promote environmentally responsible behavior in the business community.

The Business Center where the Company is located is built taking into account the technologies of careful attitude to resources. Work, emergency and repair lighting systems are provided. Fluorescent light sources are used. Stained glass facade taking into account insulation allows to save on electricity. Motion sensors are also installed in places of temporary stay to save electricity.

4. The social component of sustainable development

4.1. Responsible working practice

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 the incentive and transparent remuneration system based on the level of qualification, competence and performance of employees;
 - implementation of monitoring and control of performance of tasks and goals for performance assessment and motivation of employees.

The Company's team consists of 44 specialists with professional education and experience. The Company's team includes graduates of the best Kazakhstani and international universities, from which:

- 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. In 2020, the staff turnover rate was 2.3%.

Recruitment and hiring of personnel

The main purpose of the selection of candidates is to contribute to the achievement of the Company's strategic goals through the introduction of best practices in the field of personnel management in terms of attracting qualified candidates to fill vacant positions.

In case of vacancies, the first stage is an internal competition among employees of the Company and its subsidiaries. Then an external competition is announced.

Thus, priority is given to internal selection in order to retain key specialists and motivate them to work in the Company for a long time.

In 2020, there were no cases of discrimination in the Company in hiring employees on any grounds.

Training and professional development

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 advanced training of personnel depend on internal and external factors: changing strategic objectives, changing legislation, introducing new programs, professional growth and development of employees, setting new tasks and goals for them.

There were 140 training events in the system of training and advanced professional training in 2020 (courses, training). The Company's training policy is aimed at developing 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 Company has introduced the practice of holding Friday interactive meetings of employees with experts and professionals from different fields (finance, investment, personal growth, etc.) - Friday talk. 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.

Training and professional development of employees is carried out with the aim of updating and obtaining additional theoretical and practical knowledge, skills, abilities, competencies and skills in the field of professional and managerial activities of employees for the effective performance of their official duties and solving tasks determined in accordance with the Company's development strategy. The organization of training and professional development of the Company's employees is carried out on the basis of the following principles:

- compliance of the topic and content of training events with the needs determined in accordance with the official duties of the employee, the results of the evaluation of his activities, the goals and objectives set for the employee;
- the focus of the training activities is on solving specific tasks that ensure an increase in the efficiency of the Company's activities, studying the best corporate practices and standards;
- systematic, applied, planned nature of training and professional development;
- coverage of the maximum possible number of employees of the Company with training and professional development programs.

Remuneration and performance management of employees

Remuneration is made on the basis of the assessment (grade) of each position of the Company, in accordance with the Hay-Group factor analysis methodology.

The Company has a KPI-based performance evaluation system (once a quarter), which allows to "cascade" the KPI of management to the level of a structural unit and individual employee, have enough criteria to determine a clear level of achievement of the set goal at the "threshold-target-call" level and evaluate the real effectiveness of each employee.

Social policy

Social support is provided to the Company's employees in order to create favorable conditions for their effective work, as well as to retain and attract highly qualified employees.

With the resolution of the Management Board, the Company approved the Rules for providing social support to employees of Kazyna Capital Management JSC (hereinafter - the Rules), which determine the types, conditions and procedure for providing social support to the Company's employees in accordance with the laws of the Republic of Kazakhstan and the Company's internal documents.

The Rules provide for the following types of social support:

- financial assistance;
- voluntary health insurance program (sickness insurance) for the Company's employees and their family members.

5. The amount of funds for the provision of social support provided for by the Rules is included in the annually approved budget of the Company under the relevant article.

Financial assistance is paid to employees in the following cases:

- 1) in connection with marriage;
- 2) in connection with maternity leave, vacation adopted a newborn child;
- 3) in connection with the birth of a child/adoption or adoption of children;
- 4) in connection with the treatment/operation of an employee or persons who are members of his family;

5) in connection with the death of the employee, spouse/children, parents of the employee.

Employees and their family members are provided with medical insurance at the expense of funds provided in the Company's budget in accordance with the voluntary medical insurance program.

Funds for medical insurance are spent in case of an employee's illness in accordance with contracts concluded in accordance with the procedure established by the legislation of the Republic

of Kazakhstan with insurance organizations, or under contracts for medical care with medical organizations.

Occupational health and safety

The absolute priority for the Company and its subsidiaries is to ensure occupational safety and health in strict accordance with the requirements of the legislation of the Republic of Kazakhstan, international and national standards, internal documents of the Company in this area.

When performing their official duties, as well as while staying at the Company's premises, employees comply with the safety regulations adopted and developed by the Company in accordance with the Company's policies and on the basis of the legislation of the Republic of Kazakhstan.

In order to comply with the rules of occupational safety and health, training events are held in the Company on an annual basis. In order to prevent the spread of COVID-19, a memo on the prevention of coronavirus infection was developed for employees of the Company going to work in the office during the quarantine period.

In 2020, there were no injuries at the Company.

In 2021, work will continue to ensure safe working conditions, taking into account the requirements of state standards, rules and guidelines for standardization, sanitary norms and rules. It is planned to involve all employees of the Company to actively participate in work on occupational safety and health.

5. Annexes

5.1. About the Report

The Company is aware of the importance of its economic and social activities and strives to ensure a high level of transparency for internal and external stakeholders.

The Sustainability Report of Kazyna Capital Management JSC for 2020 (hereinafter - the Report) was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards, the "main" disclosure option), the provisions of the Corporate Governance Code and other internal documents of the Company.

This Report reflects the results of the Company's activities as of December 31, 2020.

5.2. Contact information

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