



Annual Report  
**2021**

# TOWARDS SYNERGY

# TABLE OF CONTENTS

## ABOUT THE HOLDING 2

Address of the Chairman of the Board of Directors	8
Address of the Chairman of the Management Board	10
Key Events in 2021	14
Business Model	18
Development Plan	20

## REVIEW OF ECONOMY 26

Macroeconomic Review	27
Market Percentage of the Holding's Instruments by Types of Core Activities	34

## MANAGEMENT REPORT 36

Financial Performance	37
Raising Funds in Capital Markets	39
Support for Entrepreneurship	43
Provision of Housing for the Population	55
Development of the Agro-industrial Complex	57
Digitalization Strategy	59
Security of Customer Data	61

## CORPORATE GOVERNANCE 62

Corporate Governance System	63
Sole Shareholder	68
Board of Directors	69
Corporate Secretary	84
Management Board	86
System to Remunerate the Members of the Board of Directors and the Management Board	92
Internal Audit Service	92
Corporate Ethics and Settlement of the Conflict of Interests	94
Anti-corruption	96
External Auditor	97

## RISK MANAGEMENT AND INTERNAL CONTROL 98

Components of the Risk Management and Internal Control System	99
Key Risks of the Holding	101

## SUSTAINABLE DEVELOPMENT ACTIVITIES 104

Sustainable Development Management System	105
Holding's Contribution to Achievement of the UN Sustainable Development Goals	108
Communication with Stakeholders	110
Information Policy	114
Personnel Management	116
Responsible Investment	123
Economic Effectiveness	125
Procurement Activities	125
Environment Protection	127
Sponsorship and Charity	129

## APPENDICES 130

About the Report	131
Activities of Subsidiaries in 2021	134
Report on Compliance with the Principles and Provisions of the Corporate Governance Code of 'Baiterek' NMH JSC	139
List of related-party transactions	151
Annual Financial Statements	152
Information on Adherence to the IFC Principles "Operating Principles for Impact Management"	159
GRI Index Table	160
Glossary	164
Contact Details	167



Annual Report of 'Baiterek' National Management Holding JSC is available in electronic format in the State, Russian and English languages on the website





# ABOUT THE HOLDING

## About the Holding

'Baiterek' National Management Holding JSC (hereinafter – 'Baiterek' NMH JSC, the 'Holding') is an integrated development institution including 8 subsidiaries' 100% of voting shares (interest in the authorized capital) of which are held by the Holding on the basis of a right of ownership. The activities of subsidiaries are aimed at developing the AIC, supporting the entrepreneurship and ensuring the financial affordability of housing for the population.

No.	Subsidiary	Supporting tool	Areas of activities
1.	<b>Kazakhstan Development Bank JSC</b>	<ul style="list-style-type: none"> <li>Debt financing</li> <li>Guarantees</li> <li>Leasing</li> <li>Export and pre-export financing</li> </ul>	Supporting medium-sized and large business entities
2.	<b>'KazakhExport' EIC JSC</b>	<ul style="list-style-type: none"> <li>Insurance</li> <li>Export and pre-export financing</li> </ul>	Increasing the export potential <sup>2</sup>
3.	<b>Kazyna Capital Management JSC<sup>3</sup></b>	<ul style="list-style-type: none"> <li>Shared financing</li> <li>Establishment of/participation in venture funds</li> <li>Technological consulting</li> </ul>	<ul style="list-style-type: none"> <li>Shared financing</li> <li>Venture financing</li> <li>Expert and technological support</li> </ul>
4.	<b>'Damu' Entrepreneurship Development Fund JSC</b>	<ul style="list-style-type: none"> <li>Guaranteeing</li> <li>Subsidy assistance</li> <li>Lending through conditional investment of funds in STBs/MFOs</li> <li>Consulting</li> </ul>	Support of micro and medium-sized business entities
5.	<b>Agrarian Credit Corporation JSC<sup>4</sup></b>	<ul style="list-style-type: none"> <li>Lending to the AIC entities</li> <li>Investment projects financing</li> <li>Lending for spring sowing campaigns and harvesting operations</li> <li>Financial institutions funding</li> <li>Micro-lending for small businesses</li> <li>Insurance premium subsidy assistance</li> </ul>	Support of agro-industrial complex
6.	<b>KazAgroFinance JSC</b>	<ul style="list-style-type: none"> <li>Agricultural machinery and equipment leasing</li> </ul>	
7.	<b>Otbasy bank JSC</b>	<ul style="list-style-type: none"> <li>Issue of housing loans</li> <li>Mortgage lending</li> </ul>	Providing the population with housing
8.	<b>Kazakhstan Housing Company JSC</b>	<ul style="list-style-type: none"> <li>Financing the developers through purchase of securities of the LEA</li> <li>Rented housing with the right to buy out</li> <li>Mortgage lending</li> <li>Guaranteeing of shared housing construction</li> <li>Private developers' credits subsidy assistance</li> <li>Investment projects financing</li> </ul>	

<sup>1</sup> As of 31 December 2021

<sup>2</sup> Including small, medium-sized and large business entities.

<sup>3</sup> In 2021, the functionality and assets of subsidiaries of QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP were placed under management of Kazyna Capital Management JSC as separate funds.

<sup>4</sup> In December 2021, Agriculture Financial Support Fund JSC was reorganized by affiliation to Agrarian Credit Corporation JSC.

## Development history

2013

'Baiterek' NMH JSC was established by Decree of the President of the Republic of Kazakhstan No. 571 dated 22 May 2013 in order to optimize the system of management of the development institutions, financial organizations and to develop the national economy. The Holding included 10 development institutions that had been previously under the control of the government authorities and Sovereign Wealth Fund 'Samruk-Kazyna' JSC.

2014

The Holding became the operator of the Nurly Zhol State Infrastructure Development Program for 2015–2019. As part of the Holding, the infrastructure fund – Kazakhstan Infrastructure Fund C.V., Public-Private Partnership Projects Support Centre LLP, and Baiterek Venture Fund were created.

2015

As part of the 62<sup>nd</sup> step of the 'Plan of the Nation – 100 Specific Steps', the 'Leaders of Competitiveness – National Champions' program was initiated to promote the dynamic growth of the participating companies that can become competitive leaders in the Eurasian Economic Union.

2016

- Kazakhstan Mortgage Loan Guarantee Fund JSC was reorganized into Housing Construction Guarantee Fund JSC.
- In September 2016, a decision was made to expand the mandate of PPP Project Support Centre LLP and rename it to Kazakhstan Project Preparation Fund LLP.

2020

- On behalf of the Head of the State, Kassym-Zhomart Tokayev, the housing block of 'Baiterek' NMH JSC was optimized with the result that Baiterek development JSC (October 2020) and Housing Construction Guarantee Fund JSC (November 2020) were merged with 'Kazakhstan Mortgage Company' Mortgage Organization JSC (hereinafter – KMC MO JSC). In addition, KMC MO JSC provided a tool to subsidize developers, which had been previously provided through Damu JSC.

2019

- The amount of 34 billion tenge was allocated to replenish the authorized capital of 'KazakhExport' EIC JSC.
- National Technology Development Agency JSC was renamed as QazTech Ventures JSC. Its profile of activity also changed: it was focused on the development of the venture market, business incubation and technology entrepreneurship.

2018

- The Board of Directors approved a new version of the Holding's Investment Policy focusing on the projects of the private sector of the economy that contribute to the sustainable social and economic development of the country.
- In December 2018, the debut issue of the tenge bonds in the amount of 77.7 billion tenge with a maturity of 15 years was placed on the Kazakhstan Stock Exchange.

2017

- The Strategy of development of 'Baiterek' NMH JSC for 2014–2023 was updated. A new version of 'Baiterek' NMH JSC Corporate Governance Code was approved.
- The subsidiaries of the Holding – Kazakhstan Development Bank JSC (hereinafter referred to as KDB JSC) and Kazyna Capital Management JSC – established a 100 million US dollars' direct investment fund – DBK Equity Fund CV – in order to capitalize the projects of KDB JSC.

2020

- Subsidiary of 'Baiterek' NMH JSC – Housing Construction Savings Bank of Kazakhstan JSC was renamed into 'Otbasylar Bank' Housing Construction Savings Bank JSC.
- 'Baiterek' NMH JSC, as part of the implementation of the Nurly Zher and Employment Roadmap for 2020–2021 programs, obtained the bonded loans from the subsidiary of the National Bank of the Republic of Kazakhstan – Kazakhstan Sustainability Fund JSC – totalling 970 billion tenge.
- In 2020, 'KazakhExport' EIC JSC capitalized in the amount of 29 billion tenge.

2021

- On 26 January 2021, 'Kazakhstan Mortgage Company' Mortgage Organization JSC was renamed into Kazakhstan Housing Company JSC.
- In accordance with the instructions of the Head of the State, K. Tokayev, as part of the message to the people of the Republic of Kazakhstan dated 1 September 2020 "Kazakhstan in a new reality: time for action", in March 2021, the work was completed to join 'KazAgro' NMH JSC to 'Baiterek' NMH JSC.
- In March 2021, an issue of the tenge bonds in the amount of 50 billion tenge with a maturity of 10 years was placed on the Kazakhstan Stock Exchange.
- In May 2021, activities were completed to place the functionality and assets of the subsidiaries – QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP – under the management of Kazyna Capital Management JSC as separate funds.

- In pursuance of the Comprehensive Privatization Plan for 2021–2025, in August 2021, 100% of the shares in Kazakhstan Investment Fund JSC were sold.
- In September 2021, as part of the implementation of the Roadmap for the implementation of the Election Program of the Nur Otan Party "The path of changes: a decent life for everyone!" the Public Council was established under 'Baiterek' NMH JSC.
- In November 2021, the Development Plan of 'Baiterek' NMH JSC for 2014–2023 was updated<sup>1</sup>.
- In December 2021, Agriculture Financial Support Fund JSC was reorganized by merging with Agrarian Credit Corporation JSC.
- In December 2021, an issue of the tenge bonds in the amount of 55 billion tenge with a maturity of 10 years was placed on the Kazakhstan Stock Exchange.
- 'Baiterek' NMH JSC, as part of the implementation of the Nurly Zher and the Employment Roadmap for 2020–2021 programs, obtained the bonded loans from the subsidiary of the National Bank of the Republic of Kazakhstan – Kazakhstan Sustainability Fund JSC – totalling 220 billion tenge.
- In 2021, 'KazakhExport' EIC JSC capitalized in the amount of 5 billion tenge.

<sup>1</sup> Under the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.

## The fundamental values of the Holding are:

each employee is personally responsible for their intentions and actions

### RESPONSIBILITY



high readiness to fulfil the tasks of professional activity

### PROFESSIONALISM



cooperation to achieve better results from joint activities

### TEAM



### HONESTY

honesty within the Holding and towards its partners; and



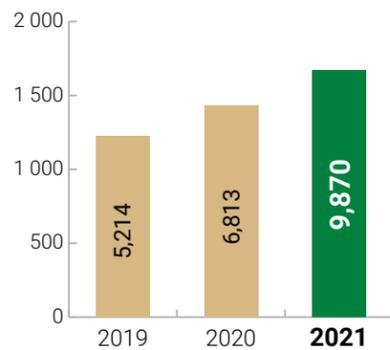
### SOCIAL RESPONSIBILITY

responsibility for the impact of the Holding's activities on the stakeholders in the public sphere

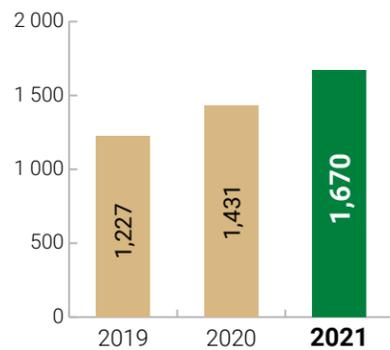
## Key performance indicators

### FINANCIAL PERFORMANCE

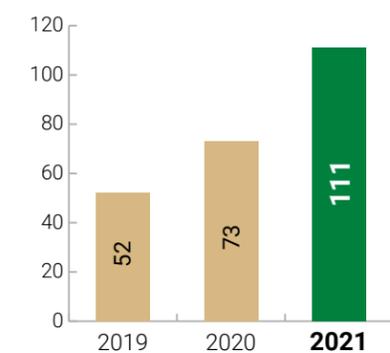
Assets, KZT bln



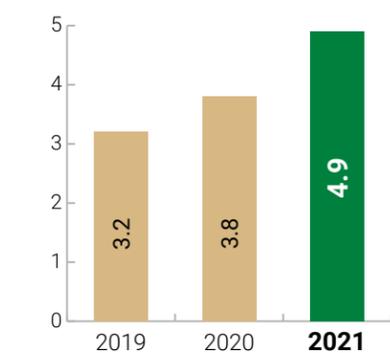
Equity, KZT bln



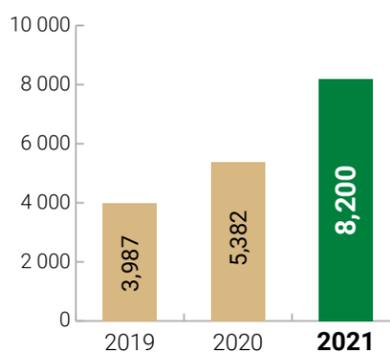
Net profit, KZT bln



Debt/equity, ratio

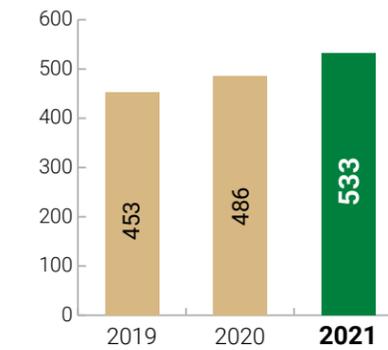


Liabilities, KZT bln



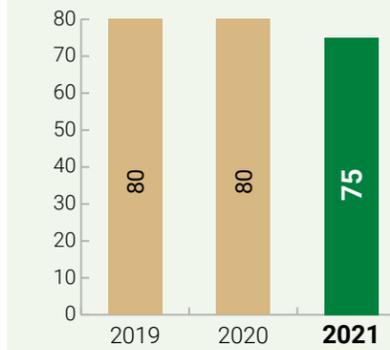
### PERFORMANCE OF THE HOLDING'S GROUP

Amount of long-term loans issued to large enterprises of non-resource branches of economy, KZT bln

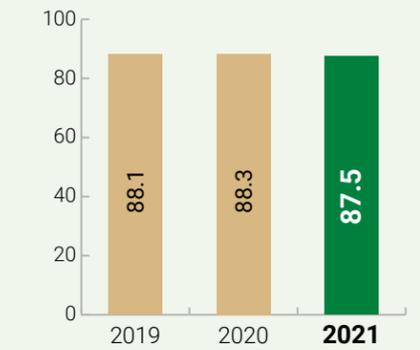


### INDICATIONS OF INVOLVEMENT AND CONFIDENCE IN ACTIVITIES OF 'BAITEREK' NMH JSC

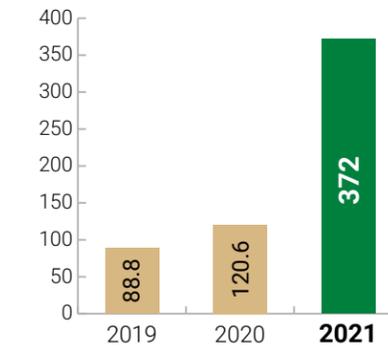
Level of involvement of the employees of the Holding's Group, %



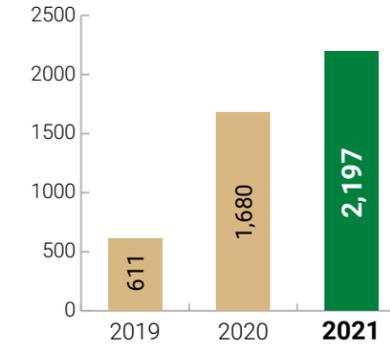
Index of confidence in activities of 'Baiterek' NMH JSC, %



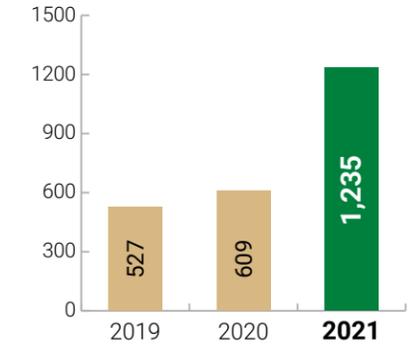
Amount of issued guarantees, KZT bln



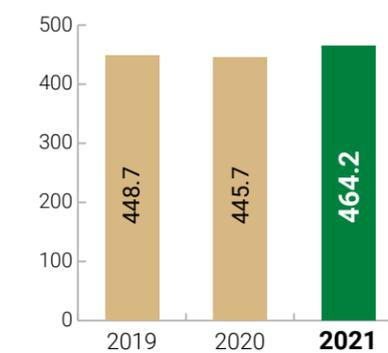
Amount of loans issued to SMB entities, KZT bln



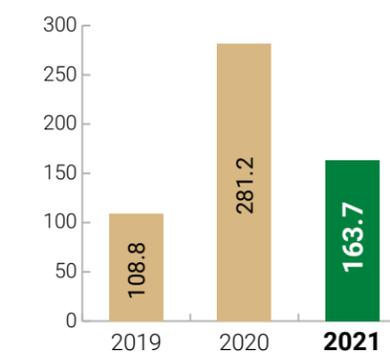
Issued housing loans, KZT bln



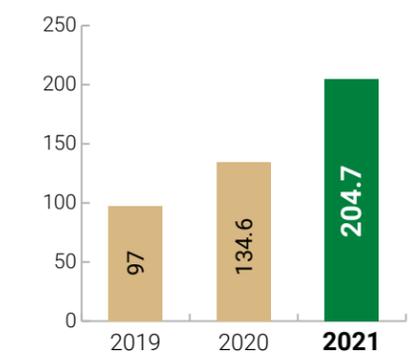
Amount of AIC financing, KZT bln



Purchased bonds of the LEA, KZT bln



Amount of assumed insurance liabilities, KZT bln



## ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



### ALIKHAN SMAILOV

Chairman of the Board of Directors of 'Baiterek' NMH JSC.

Prime Minister of the Republic of Kazakhstan

#### Dear Ladies and Gentlemen!

The course for economic development in the post-pandemic period is outlined in the message of the Head of the State, Kassym-Zhomart Kemelevich Tokayev, to the people of Kazakhstan "The unity of the people and systemic reforms are a solid foundation for the country's prosperity". 'Baiterek' NMH JSC is actively involved in this direction, which, through the support of Kazakhstanis, is working to diversify the economy and expand the geography of exports.

The subsidiary of the Holding Kazakhstan Development Bank JSC (hereinafter – the Bank) supports large investment non-resource projects that directly contribute to the development of the country's economy. In 2021, the Bank financed 37 major projects and pre-export operations in different regions of the country totaling 533.2 billion tenge in different regions of the country.

Last year, 7 significant projects financed with the participation of the Bank were commissioned and modernized. Among them: a mining and processing plant for processing polymetallic ores in the village of Zhayrem of the Karaganda region with a capacity of 5 million tons per year, the gas distribution network of Taraz, the Aktogay mining and processing plant in the East Kazakhstan region (2<sup>nd</sup> stage), the Turgusun HPP in the East Kazakhstan region and others. At the same time, about 2 thousand permanent jobs have been created at the enterprises commissioned by the Bank.

Special attention is paid to the promotion of Kazakhstani manufacturers and service providers in foreign markets. Baiterek Holding contributes to strengthening their competitiveness by providing effective financial measures to support exports. By the end of 2021, the volume of support for domestic exporters provided by the Holding's subsidiary 'KazakhExport' Export Insurance Company JSC increased by more than 50% and amounted to 204.7 billion tenge.

The development of entrepreneurship is the basis of the economy of any country. Without a thriving small and medium-sized business, it is difficult to talk about the stability of the macroeconomic situation of the state. For this category, the Holding's subsidiary 'Damu' Entrepreneurship Development Fund JSC implements both state and its own financing programs. Compared to 2020, the support of business entities for all instruments increased by 74% to 57.4 thousand projects in 2021.

One of the priorities outlined in the President's Address is to ensure the well-being of Kazakhstanis. Last year, 82,252 Kazakhstani families celebrated a housewarming party with the assistance of the Holding's subsidiary Otbasy

### The merger of the BAITEREK and KAZAGRO holdings was completed

Bank JSC. This became a record number of loans issued in a year in the history of Otbasy Bank JSC. A significant role in this was played by the opportunity to use pension funds above the sufficiency threshold to improve the living conditions of citizens.

It is important to note that last year, as part of the execution of the order of the Head of State, the merger of the Baiterek and KazAgro holdings was completed. As a result, the Holding today operates as a new, powerful development institution: a separate strategic direction has been identified – the development of the agro-industrial complex. Subsidiaries of the Holding KazAgroFinance JSC and Agrarian Credit Corporation JSC issued over 26 thousand loans totaling 464.2 billion tenge.

In general, the results of 2021 showed that the Holding successfully fulfills the tasks set by the Head of State and plays an important role in diversifying the country's economy. In the future, the Holding will continue to play the role of the main national financial operator of the Government, contributing to the development of the state and improving the welfare of Kazakhstanis.

**111**  
BILLION TENGE  
net profit of the Holding

**Alikhan Smailov**

Chairman of the Board of Directors of 'Baiterek' NMH JSC.  
Prime Minister of the Republic of Kazakhstan

## ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD



### KANAT SHARLAPAEV

Chairman of the Management Board  
of 'Baiterek' NMH JSC

#### Dear Partners, Colleagues, Investors!

It has been 8 years since the creation of Baiterek Holding, which, by the end of 2021, includes 8 subsidiaries focusing on the tasks of developing non-resource sectors of the economy, export and SMEs, supporting the agriculture and providing the population with affordable housing. All these areas are at the centre of the state strategy throughout the entire period of independence of Kazakhstan.

During the previous two years, the Holding has carried out a structural transformation – the block of institutions in the field of housing policy has been optimized, portfolio organizations of the former KazAgro Holding have been merged, Agriculture Financial Support Fund JSC has been reorganized by transferring microcredit functions to Agrarian Credit Corporation JSC, credit guaranteeing – to 'Damu' Entrepreneurship Development

Fund JSC. Kazakhstan Investment Fund JSC was privatized by transferring it to a competitive environment. The functionality and assets of subsidiaries – QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP – were transferred to Kazyna Capital Management JSC.

As a result, the Development Holding Plan for 2014–2023<sup>1</sup> includes three strategic areas of activity: support for entrepreneurship, development of the agro-industrial complex and provision of housing for the population. As part of the updated Development Plan, Baiterek Holding develops the project financing in Kazakhstan. This will make it possible to reduce the state participation in the investment project financing, and private investors will be involved in lending projects as much as possible. The subsidiaries intend to support the introduction of new technologies and business methods at enterprises, to encourage large enterprises to cooperate with SMEs, with supporting them in supply chains. A new strategic direction for the AIC development includes the production and processing of agricultural products. Particular attention is paid to responsible financing. The Holding follows the ESG principles and actively implements them in its activities. To develop this direction, the development of support tools for "green" projects is also expected.

### STRATEGIC AREAS

#### 1. Support for entrepreneurship

One of the important activities of the Holding is the development of private entrepreneurship. In the context of the global economic downturn, supporting the SMEs is a timely task of current interest for the Holding. Summarizing the results of 2021, the Holding's subsidiary – 'Damu' Entrepreneurship Development Fund JSC – supported 57.4 thousand projects as for all tools, and the amount of financial support increased to 2.2 trillion tenge. Particular attention was paid to microbusiness entities. Thus, within the framework of the first direction of the Business Roadmap-2025 program, more than 6 thousand microbusiness projects were supported. These results were achieved through the active use of the guarantee instrument and portfolio subsidies.

A significant contribution to the process of diversification of the economy is made by the Holding's subsidiary – Kazakhstan Development Bank JSC. In 2021, the Bank



It is important to note that, despite the consequences of the pandemic, the Holding managed to improve its financial performance. At the end of 2021, the Holding's assets increased by 45% and amounted to 9,870 billion tenge. Net profit of the Holding amounted to 111 billion tenge, which is 38 billion tenge more than in 2020.

directly financed 37 projects for a total of 533.2 billion tenge. Among the projects supported by the Bank are the construction of the third phase of a broiler poultry farm in Bulandy District of Akmola Oblast, the construction of the Balkhash solar power plant with a capacity of 50 mW (stage 1) in Karaganda Oblast, the construction of the Ybyray wind-power station with a capacity of 50 mW in Kostanay Oblast, the construction of a building block module production plant, the construction and operation of a complex for processing gold-bearing primary ores with a capacity of 5 million tons per year and others.

Assistance in the development of non-resource sector of the economy is provided by another subsidiary of the Holding – 'KazakhExport' EIC JSC. In 2021, 212 contracts were concluded with importers in the amount of 326.5 billion tenge.

<sup>1</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan, in this connection, on 29 April 2022, appropriate adjustments were made to the title of Decree of the Government of the Republic of Kazakhstan No. 674 On Approval of the Development Plan for 'Baiterek' National Management Holding Joint Stock Company for 2014-2023 dated 18 June 2014.

## 2. Development of agro-industrial sector

The development of the agro-industrial complex is one of the main long-term priorities of the state economic policy of Kazakhstan and one of the strategic directions of the Holding.

As a result of the merger of Agriculture Financial Support Fund JSC with Agrarian Credit Corporation JSC, loans to the AIC entities are provided on a one-stop basis.

In 2021, 'Baiterek' NMH JSC allocated 464.2 billion tenge to the development of the agro-industrial complex of Kazakhstan, with an annual plan of 388.3 billion tenge. The number of loans issued in 2021 increased by 14% over the year to 26.2 thousand. At the same time, about 96%

## 3. Providing the population with housing

As a result of the optimization of the Holding's housing block carried out in 2020, the year of 2021 has become a new stage in the development of Kazakhstan Housing Company JSC. At the same time, over the past year, KHC JSC had significant performance. The volume of housing commissioned using KHC JSC supply support tools doubled the planned figures and amounted to 2.4 million square meters of housing for 30,047 families.

As part of the Employment Roadmap for 2020–2021, KHC JSC bought out securities of the LEA in the amount of 751.7 billion tenge, with implementing 6,743 infrastructure projects with these funds provided employment for about 250 thousand people.



of the funded amount was received by small and medium-sized businesses.

Otbasy bank JSC shows a steady growth in the loans issue throughout the entire period of activity. In 2021, 82.2 thousand loans were issued for a total amount of 1.2 trillion tenge. Thus, in 2021, Otbasy bank JSC issued 66% of the total portion of the Kazakhstan mortgage.

## SUSTAINABLE DEVELOPMENT

Sustainable development is an important part of the Holding Development Plan. The Holding ensures commitment to ESG principles, which allows the Holding minimizing the risks incidental to the environment and climate change, and demonstrating its social responsibility has a positive effect on the loyalty of its customers, which, in turn, allows strengthening the Holding's market position.

For the first time in Kazakhstan, 'Damu' Entrepreneurship Development Fund JSC made its debut issue of social bonds on the platform of the Kazakhstan Stock Exchange in the amount of 1 billion tenge. The new tool was released as part of joint initiatives to promote ESG principles in financing the economy. This made it possible to direct the funds from the bonds placement to the second-tier banks, microfinance organizations for the purpose of further lending to small and medium-sized businesses in Kazakhstan.

In 2021, the Investment Policy of 'Baiterek' NMH JSC has been updated taking into account the merger with 'KazAgro' NMH JSC, which involves approaches to "green" financing.

In 2021, the environmental impact from the implementation of "green" projects at the end of 2020 was also assessed. Thus, the financed projects (through KDB JSC, KCM JSC, IDF JSC) generated 534 million kW/h of electric power. For example, solar power plants generated 27% of the total electric power generated in the country from the sun, 20% from wind energy.

At the end of 2021, the Holding supported a number of projects in the field of "green" energy for a total amount of funding exceeding 337 billion tenge (construction of a hydroelectric power plant, solar and wind power plants).

## PROSPECTS

In the light of recent events, when hundreds of enterprises that have not recovered due to the coronavirus pandemic are suffering heavy losses, or even they close completely, and people are losing their jobs. I believe that various support tools of Baiterek Holding are becoming especially relevant and expected by businesses and the population.

In the future, Baiterek Holding will continue to focus its efforts on the development of the processing industry, increasing labour productivity, creating jobs and, in general, diversifying the economy of Kazakhstan. Our internal task is to increase the availability of tools for all business categories, the relevance of our programs to economic challenges.

We are proud to be implementing important projects and programs for the country that affect the diversification



of the economy of individual regions and improvement of the social well-being of the population. We started working in a completely new way, which will give us the opportunity to become even better.

**Kanat Sharlapaev**  
Chairman of the Management Board of 'Baiterek' NMH JSC



## Key Events in 2021

### Rating



- According to the results of the review of the international rating agency Fitch Ratings dated 3 November 2021, the Holding's rating is at the level of the sovereign 'BBB', with 'Stable' outlook.
- On 17 August 2021, the international rating agency Moody's Investors Service upgraded the long-term rating of 'Baiterek' NMH JSC from 'Baa3' to 'Baa2' and short-term issuer rating from 'P-3' to 'P-2' after the upgrade of sovereign ratings. The outlook for the long-term ratings of the Holding, as well as the outlook for the issuer, is set at the level of 'Stable' in accordance with the sovereign rating. The upgrade of the issuer rating of 'Baiterek' NMH JSC reflects its strong institutional and financial relations with the state.

### Tenge bond placement

- During 2021, the Holding successfully placed the bond issues with a total of 105 billion tenge with a yield of 11% per annum and a maturity of 10 years on the platform of Kazakhstan Stock Exchange JSC. The funds raised were used for leasing financing (50 billion tenge) through Industry Development Fund JSC (subsidiary of Kazakhstan Development Bank JSC), as well as for financing the agro-industrial complex projects (hereinafter – the AIC) and purchasing the leasing items for further transfer to finance lease to the AIC entities through Agrarian Credit Corporation JSC (30 billion tenge) and KazAgroFinance JSC (25 billion tenge) (subsidiaries of the Holding).



- For the first time in Kazakhstan, 'Damu' Fund JSC placed a new financial instrument – social bonds registered by the Agency of the Republic of Kazakhstan for regulation and development of financial market. The total amount of securities placed amounted to 1 billion tenge, with a maturity of 5 years and yield of 11.9%, intervals of coupon payments – twice a year. The debut issue of social bonds focused on the principles of sustainable development was carried out on the platform of Kazakhstan Stock Exchange JSC.

- 'Baiterek' NMH JSC also attracted 220 billion tenge by issuing bonds to finance the Nurdy Zher program (120 billion tenge) through Otbasny bank JSC (subsidiary of the Holding); Employment Roadmap 2020–2021 program (100 billion tenge) through Kazakhstan Housing Company JSC, Kazakhstan Development Bank JSC, Kazyna Capital Management JSC, and Agrarian Credit Corporation JSC (Holding's subsidiaries).

### Merger of 'KazAgro' NMH JSC and 'Baiterek' NMH JSC



- In accordance with the instruction of the Head of the State K. Tokayev, as part of the message to the people of the Republic of Kazakhstan dated 1 September 2020 "Kazakhstan in a new reality: time for action" and resolution of the Government of the Republic of Kazakhstan No. 952 On the Reorganization of 'Baiterek' National Management Holding and 'KazAgro' National Management Holding Joint-Stock Companies dated 31 December 2020, the work was performed to merge 'KazAgro' NMH JSC with 'Baiterek' NMH JSC.



### Optimization of 'Baiterek' NMH JSC structure

- The Holding's subsidiary – Kazakhstan Mortgage Company JSC – was renamed to Kazakhstan Housing Company JSC.<sup>1</sup>
- Pursuant to the Comprehensive Privatization Plan for 2021–2025 approved by resolution of the Government of the Republic of Kazakhstan No. 908 dated 29 December 2020, the Holding has taken measures to transfer Kazakhstan Investment Fund JSC to a competitive environment.
- The following changes also occurred in the structure of the Holding's Group: the functionality and assets of the subsidiaries – QazTech Ventures JSC and Kazakhstan Project Preparation Fund LLP – were placed under the management of Kazyna Capital Management JSC as separate funds; Agriculture Financial Support Fund JSC was reorganized by merging with Agrarian Credit Corporation JSC with the transfer of micro-lending functions, while the loans guarantee functions were transferred to 'Damu' Entrepreneurship Development Fund JSC.

<sup>1</sup> Official re-registration was carried out by the registration authority on January 26, 2021. On behalf of the Head of the State, Kassym-Zhomart Tokayev, the housing block of the Holding was transformed by merging three subsidiaries – Baiterek Development JSC, Housing Construction Guarantee Fund JSC and Kazakhstan Mortgage Company JSC – into the Single Housing Construction Operator of Kazakhstan.

## Updating the Holding Development Plan for 2014–2023<sup>1</sup>



- By resolution of the Government of the Republic of Kazakhstan No. 849 dated 30 November 2021, the updated Holding Development Plan for 2014–2023 was approved, which defines three strategic areas of activity: support for entrepreneurship, development of the AIC, and provision of housing for the population.



### Investment projects financing

- In 2021, 7 significant projects financed with the participation of Kazakhstan Development Bank JSC were put into operation and modernized, including the gas distribution network in Taraz City, the multifunctional tourist complex Caravan-Saray in Turkestan City, a mining-and-processing integrated works for the processing of polymetallic ores in Zhairem Settlement of Karaganda Oblast with a capacity of 5 million tons per year, the Turgussun hydroelectric power station in the East Kazakhstan region and others. At the same time, about

1,876 permanent jobs were created at the enterprises put into operation by the Bank.

### New products and programs

- The Holding's subsidiary – Otbasy bank JSC – launched the Umay (women's mortgage) program aimed at promoting the gender equality in housing finance.
- Otbasy bank JSC started accepting the applications under the Bakytty otbasy program. Only those on the waiting list of the akimat can take part in the program in the following categories: a large family; a family raising a handicapped child; incomplete family.

<sup>1</sup> Under the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan

## Conclusion of agreements



- 'Baiterek' NMH JSC and DOM.RF signed the Memorandum of Cooperation, which involves the exchange of information about the research and experience of the Kazakhstan and Russian state-owned companies in the framework of the implementation of the state and industry programs. These are financial instruments for the development of the mortgage market, housing construction and the creation of a favourable urban environment; identifying prospects, mitigating obstacles, removing problems to increase the interest of public and private investors in the housing finance sector.
- The management of the Holding and subsidiaries – 'Damu' Fund JSC and KHC JSC – visited Seoul as a member of the Kazakhstan delegation as part of the state visit of the Head of the State Kassym-Zhomart Tokayev to the Republic of Korea. During the visit, bilateral meetings were held under the supervision of the Housing Guarantee Corporation of the Republic of Korea (KHUG) and the Korean Agency for Small and Medium-sized Enterprises and Start-ups (KOSME).
- As part of the working visit of the Prime Minister of the Republic of Kazakhstan Askar Mamin to the United Arab Emirates, Kazyna Capital Management JSC and Abu Dhabi ADQ, a sovereign wealth fund, through their own venture platform DisruptAD, agreed to establish a joint venture fund – ADQ-KCM, whose activities will be focused on joint investments in innovative companies.

## Winning the competitions



- The Holding became the best financial company in Kazakhstan in terms of ESG-information disclosure in the annual report based on the results of the Top 50 ESG-information disclosure rating conducted by PWC.
- The Holding's annual report was recognized as the winner in the nomination of 'The best annual report for 2020 in the financial sector', and the report on sustainable development of the Holding – the winner in the nomination of 'The best report on sustainable development for 2020' according to the results of the competition organized by the Kazakhstan Stock Exchange (KASE).

## Business Model

### HOLDINGS' FINANCIAL RESOURCES

**ASSETS**  
**9,870**  
BILLION TENGE

**EQUITY**  
**1,670**  
BILLION TENGE

**LIABILITIES**  
**8,200**  
BILLION TENGE

**75%**

In 2021, the personnel involvement level in the Holding's Group

### HOLDINGS' NON-FINANCIAL RESOURCES



- **A unified corporate culture** is based on the following principles: responsibility, professionalism and development, mutual respect and confidence, team spirit



- **Effective corporate governance:** active involvement in the work of the subsidiaries' boards of directors



- **Responsible investment:** considering the ESG factors when providing financial support



- **Customer-centered approach:** comprehensive customer support on a one-stop basis

### DEVELOPMENT DIRECTIONS

#### HOLDING'S MISSION:

**SUSTAINABLE DEVELOPMENT OF THE REPUBLIC OF KAZAKHSTAN AND ACHIEVEMENT OF THE GOALS OF THE STRATEGY 2050.**

#### STRATEGIC AREAS OF ACTIVITY:



Support for entrepreneurship



Development of agro-industrial complex



Providing the population with housing

### PERFORMANCE

The Holding's portion in the annual long-term lending to large enterprises of non-resource branches is

**28%**

**40%**

of long-term loans to business entities in the national currency were issued with the support of the Holding

Otbasy bank JSC is a leader in the mortgage market of Kazakhstan having issued

**66%**

of all mortgage loans in the country

Supported export makes

**21%**

of the total non-resource export from Kazakhstan

The Holding's portion in the AIC lending is

**69%**

In 2021, the index of confidence in the Holding's activities was

**87.5%**

## Development Plan

One of the key results of activities is the merger of Baiterek and KazAgro Holdings in accordance with the instructions of the President of the Republic of Kazakhstan announced in the message to the people of Kazakhstan dated 1 September 2020 and the resolution of the Government of the Republic of Kazakhstan dated 31 December 2020.

Also, in place of the state programs, the relevant National projects were adopted in the implementation of the National Development Plan of the Republic of Kazakhstan until 2025.

In this regard, the Holding updated the Development Strategy in which the corresponding goals of the higher documents of the state planning system are fully cascaded.

In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan, in which regard, on 29 April 2022, appropriate adjustments were made to the title of Resolution of the Government of the Republic of Kazakhstan No. 674 On the Approval of the Development Plan of 'Baiterek' National Management Holding Joint-Stock Company for 2014–2023 dated 18 June 2014.



### Mission

**Sustainable development of the Republic of Kazakhstan and achievement of the goals of the Strategy 'Kazakhstan 2050'.**



### Vision

**'Baiterek' NMH JSC is an advanced development institution that provides business support tools in accordance with the best standards and improves the living standards of the population of the Republic of Kazakhstan.**

The key tasks that 'Baiterek' NMH JSC solves as part of its mission to promote the sustainable development of the economy of Kazakhstan are:

- development of non-resource sectors of the economy;
- development of entrepreneurship (private sector of the economy);
- support for the export of non-primary products;
- productivity increase;
- increasing the availability of financing, the level of technical equipment and the intensification of production in the AIC; and
- support for the urbanization of the economy.

The first four tasks are solved by carrying out the main activities of 'Baiterek' NMH JSC in the strategic direction "Support for entrepreneurship", which covers both support for the large businesses and the SMEs.

The fifth task to increase the availability of financing, the level of technical equipment and the intensification of production in the AIC is being implemented within the framework of the new strategic direction of 'Baiterek' NMH JSC – Development of the agro-industrial complex.

The sixth task of supporting the urbanization of the economy is being solved within the framework of the third strategic direction of activity of 'Baiterek' NMH JSC – Providing the population with housing.

## ACTIVITIES AS PART OF THE STRATEGIC DIRECTIONS

In accordance with the Action Plan for 2021–2023 for the implementation of the Development Plan for 2024–2023 (hereinafter referred to as the Action Plan), 98 measures are provided for in **three strategic directions**:

1. Support for entrepreneurship;
2. Development of agro-industrial complex; and
3. Providing the population with housing.

Detailed information about the results of the Holding's activities in the context of strategic directions is set out in the relevant subsections of the Management Report chapter.

Some of the more notable strategic initiatives include the following:



### Support for entrepreneurship



- About 955 million US dollars were raised to provide financial support for the large projects.
- The Holding, together with Kazakhstan Development Bank JSC (hereinafter – KDB JSC) and EBRD, launched the implementation of the project in the energy sector – Modernization of CHPP-2.
- An agreement was signed on the participation of Kazyna Capital Management JSC in Da Vinci Emerging Technologies Fund III L.P. The Fund plans to invest in projects at the later stages of growth in the field of information technology in Kazakhstan. The fund's management company – Da Vinci Capital – is the leading management company in Russia with assets under management of over 400 million US dollars. The partners of this fund are DEG – the German Development Institution – and 'Samruk-Kazyna' NWF JSC.
- As part of comprehensive support by several subsidiaries of the Holding, the projects were implemented for the production of Hyundai cars in Kazakhstan (lending by KDB JSC with insurance from 'KazakhExport' EIC JSC), construction of an oil press plant in Petropavlovsk City (lending by KDB with leasing financing from Industry

- Development Fund JSC (hereinafter – IDF JSC) and insurance from 'KazakhExport' EIC JSC), acquisition of technological equipment for the production of paper bags and corrugated packaging through finance leasing (leasing financing by IDF JSC with insurance from 'KazakhExport' EIC JSC), construction of a ferroalloy plant in Ekibastuz City, Pavlodar Oblast (lending by KDB JSC with insurance from 'KazakhExport' EIC JSC).
- The coverage of micro, small and medium-sized business entities (hereinafter referred to as MSMEs), which have been provided with financial support, amounted to 10.1% (144,604 supported projects) of the total number of operating MSMEs in the market.
- Through apex mechanisms, 5,923 MSB entities were supported in the amount of 15.9 billion tenge.
- As part of the 500 Start-ups venture funds and Quest Ventures Asia Fund II, such venture projects as Adaptive plus, Clockster, CTOgram were funded. At the end of 2021, the portfolio of two funds includes 24 projects invested by Kazakhstan for a total of 2.85 million US dollars.

02

Development of agro-industrial complex



- In 2021, within the framework of the programs being implemented, Agrarian Credit Corporation JSC (hereinafter referred to as ACC JSC) issued credits to business entities for the total amount of 253.9 billion tenge, of which the amount of 154.2 billion tenge (61%) was credited using financing from the financial institutions.
- At the end of 2021, KazAgroFinance JSC concluded finance leasing agreements for 7,276 units of machinery and equipment for 141.6 billion tenge. The leasing of agricultural machinery and equipment for 2021 by IDF JSC amounted to 20.8 billion tenge.
- The work on the merger of Agriculture Financial Support Fund JSC (hereinafter – AFSF JSC) to ACC JSC with the transfer of microcredit functions, an insurance operator in the AIC and a rural mortgage agent was completed. The functions for guaranteeing loans issued by the STBs to the AIC entities were transferred in November from AFSF JSC to ‘Damu’ Entrepreneurship Development Fund JSC.

03

Providing the population with housing



- As part of the instructions of the Head of the State K-Zh. Tokayev regarding the reduction in the number of operators of the state programs, in 2020, the housing block of ‘Baiterek’ NMH JSC was optimized by reorganizing three subsidiaries (Kazakhstan Mortgage Company MO JSC, Baiterek development JSC

and Housing Construction Guarantee Fund JSC) into a Single housing construction operator – Kazakhstan Housing Company JSC (hereinafter – KHC JSC).

- As a result of the reorganization, duplicative functions within the housing block of ‘Baiterek’ NMH JSC have been eliminated, general and administrative expenses have been reduced by 40% (from 8.5 billion to 5.1 billion tenge), staffing number has been reduced by 32% (from 311 to 210 staffing positions).
- In 2021, KHC JSC initiated a mixing mechanism under which the amount of the LEA bond redemption was increased by 50% from the planned 109.6 billion tenge to 163.7 billion tenge by obtaining additional market loans. Thanks to the mixing mechanism, the volume of housing commissioning was increased from 499.7 thousand square meters (8.8 thousand apartments) in 2020 to 809.9 thousand square meters (13.7 thousand apartments) in 2021, or by 62% (5 thousand apartments).

- As part of the implementation of the Employment Roadmap for 2020–2021, KHC JSC purchased the LEA bonds for a total amount of 750 billion tenge, by means of which about 6.9 thousand infrastructure projects were financed and more than 250 thousand jobs were created.
- KHC JSC provided guarantees for 70 projects in the amount of 371.9 billion tenge, with an area of 2.0 million square meters (21.1 thousand apartments).
- KHC JSC provided subsidy assistance for interest rates on loans from private developers totalling 27.8 billion tenge.
- To support the Kazakhstan manufacturers of constructional materials and increase the Kazakhstan content in housing construction, KHC JSC launched an online construction material marketplace based on the Nurly Zher Situation Centre.

Elaborating the Holding Development Plan for 2024–2033



As part of the meeting of the Supreme Council for Reforms, on 5 May 2022, the Head of the State instructed to clearly set up the work of the Holding, which will largely determine the effectiveness of the entire economic policy.

In this regard, the Holding has developed a draft Concept of the Development Plan for 2024–2033 (hereinafter referred to as the draft Concept), taking into account the new state planning system.

According to the regulations of the MNE, a period to approve the Development Plan is set out no later than

2023 as the last year of the implementation of the previous 10-year Development Plan.

The Holding is actively working together with the subsidiaries and the expert community to discuss and complete the draft Concept. Also, the results of the work on conducting an independent survey of customers of the Holding’s subsidiaries on satisfaction with the relevant support tools are taken into account, where the main problems of the Holding’s group activities and proposals for solution thereof are identified.

## KEY PERFORMANCE INDICATORS



KPIs of the Holding and subsidiaries are a set of indicators that determine the level of achievement of the strategic goals and objectives of the Company, as well as the effectiveness of its activities. When generating KPI sheets for the Holding and subsidiaries, it is guided, but not limited, by the following internal documents and (or) legal acts:

- 10-year Development Plan and Action Plan for the implementation of the Development Plan;
- Holding Action Plan;
- Order to distribute responsibilities officials (executive employees) of the subsidiaries;
- Roadmaps implemented in subsidiaries;
- Message from the President of the Republic of Kazakhstan to the people of Kazakhstan about the situation in the country and the main directions of domestic and foreign policy,
- Amendments made to the documents of the state planning system;
- Changes in the internal and external legal environment that have a significant effect on the company's activities; and
- Resolutions of the Government of the Republic of Kazakhstan on the approval of the state programs.

The following KPI formation system is built in the Holding and its subsidiaries:

- Holding KPIs (corporate KPIs);
- KPIs of executives (members of the Management Board) of the Holding;
- KPIs of managers and employees of the Holding; and
- KPIs of executives and employees of subsidiaries.

The corporate KPIs and KPIs for executives are approved by the Board of Directors of the Holding. KPIs of managers and employees of the Holding are approved by the Management Board of the Holding. The KPIs of the executives of the subsidiaries are approved by the Board of Directors of the subsidiaries, and the KPIs of the employees of subsidiaries of the subsidiaries are approved by the Management Board of the Subsidiaries. The actual KPI values of the executives of the Holding and subsidiaries are calculated after the end of the reporting year, values for the rest of the employees of the Holding and subsidiaries are calculated on a quarterly basis.

## Key Performance Indicators according to the Holding's Development Plan for 2014–2023

№	Indicator	2021	2021	2023
		planned	actual	planned
<b>Consolidated KPIs of 'Baiterek' NMH JSC to ensure the promotion of sustainable development of the economy of the Republic of Kazakhstan</b>				
1.	Portion of loan and investment portfolios of total assets of the Holding, %	76.6	73.6	77
2.	Portion of non-state sources of borrowing in the overall borrowing structure for reporting year, %	68.7	72.7	70
3.	ROA (consolidated), %	0.2	1.3	0.5-1.0
4.	Portion of private sector in loan portfolio, %	81.7	85.6	80
5.	Customer satisfaction, p.p.	-	-	Base +3
6.	Corporate governance rating, %	-	-	85-100
7.	Sustainable development rating, rating	-	-	C
<b>Tasks:</b>				
<ul style="list-style-type: none"> <li>• Development of non-resource branches of the economy</li> <li>• Development of entrepreneurship (private sector of the economy)</li> <li>• Support for the export of non-primary products</li> <li>• Improvement of productive efficiency</li> </ul>				
<b>Strategic directions:</b>				
<ul style="list-style-type: none"> <li>• Support for entrepreneurship</li> </ul>				
8.	Amount of revenue of enterprises supported by 'Baiterek' NMH JSC (over a year), billion tenge	7,713.0	8,497.7	8,000
9.	Amount of export revenue of enterprises supported by 'Baiterek' NMH JSC (over a year), billion tenge	881.7	1,204.5	1,338
10.	Ratio of attracted investments in the Republic of Kazakhstan to a unit of funds of 'Baiterek' NMH JSC	Not less than 1.6	2.4	Not less than 2
<b>Task:</b>				
<ul style="list-style-type: none"> <li>• Improving accessibility of financing, level of technical equipment and intensification of production in the AIC</li> </ul>				
<b>Strategic direction:</b>				
<ul style="list-style-type: none"> <li>• Development of the agro-industrial complex</li> </ul>				
11.	Amount of investments in capital assets in the AIC industry (over a year), billion tenge:	257.8	353.3	247.5
	- agriculture	224.3	299.4	210.6
	- food production	33.5	53.9	36.9
12.	Amount of leasing of agricultural machinery and equipment (over a year), billion tenge	88.3	162.4	108
<b>Task:</b>				
<ul style="list-style-type: none"> <li>• Support for economy urbanization</li> </ul>				
<b>Strategic direction:</b>				
<ul style="list-style-type: none"> <li>• Providing the population with housing</li> </ul>				
13.	Contribution of 'Baiterek' NMH JSC in construction of affordable housing in the Republic of Kazakhstan (over a year), %	12.0	30.6	13



# REVIEW OF ECONOMY

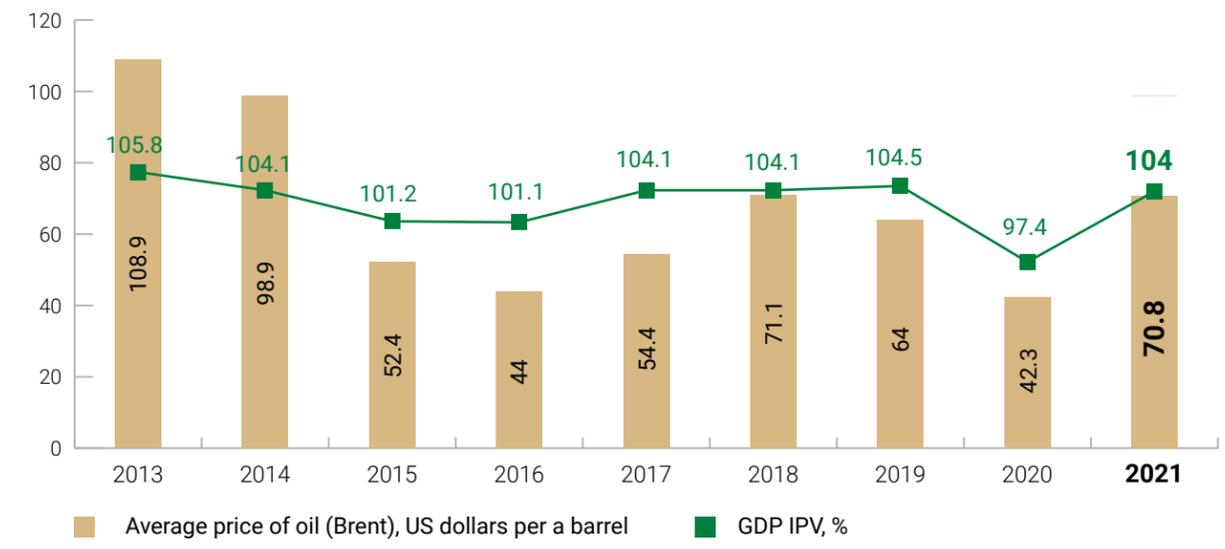
## Macroeconomic Review



According to the Ministry of National Economy of the Republic of Kazakhstan, in 2021, Kazakhstan's GDP increased in real terms by 4%. The GDP growth rates are mainly due to the growth of GVA in such sectors as information and communications – 12.9%, wholesale and retail trade – 9.2%, and construction – 7.6%. In 2021, the volume of agriculture, forestry and fisheries decreased in physical terms by 2.5%.

In addition, one of the factors that had a positive effect on the Kazakhstan economy was the rise in oil prices. Thus, the average price of Brent oil at the end of 2021 increased by 63% compared to 2020 and amounted to 70.8 US dollars per barrel.

### GDP growth and oil price



Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

A significant portion of investments in capital assets in January-December 2021 fell on the mining industry and quarrying (28.3%), processing industry (11.7%), and real estate operations (19.8%). In general, the amount of investment in capital assets in 2021 increased in nominal terms by 3.5%, while a year earlier there was a fall of 3.4% for the first time during the previous ten-year period.

The state's efforts to restore the economy in the form of significant injections of anti-crisis funds into the economy also affected the inflationary pressure. Thus, the annual inflation rate in 2021 reached its maximum in recent years and made up 8.4%.

Against the background of external and internal factors, the Kazakhstan tenge strengthened by 2.56% starting at 420.91 tenge for US dollar and ending at 431.67 tenge for US dollar.

## REAL SECTOR

According to preliminary estimates, the GDP index of physical volume for January-December 2021 amounted to 104% (y/y). According to the data of the National Statistics Bureau of the Agency for strategic planning

and reforms of the Republic of Kazakhstan, at the end of 2021, the portion of production of goods was 40.1% and services – 53.5% in the GDP structure.

### Index of physical volume of GAV of the industry sectors, % (y/y)

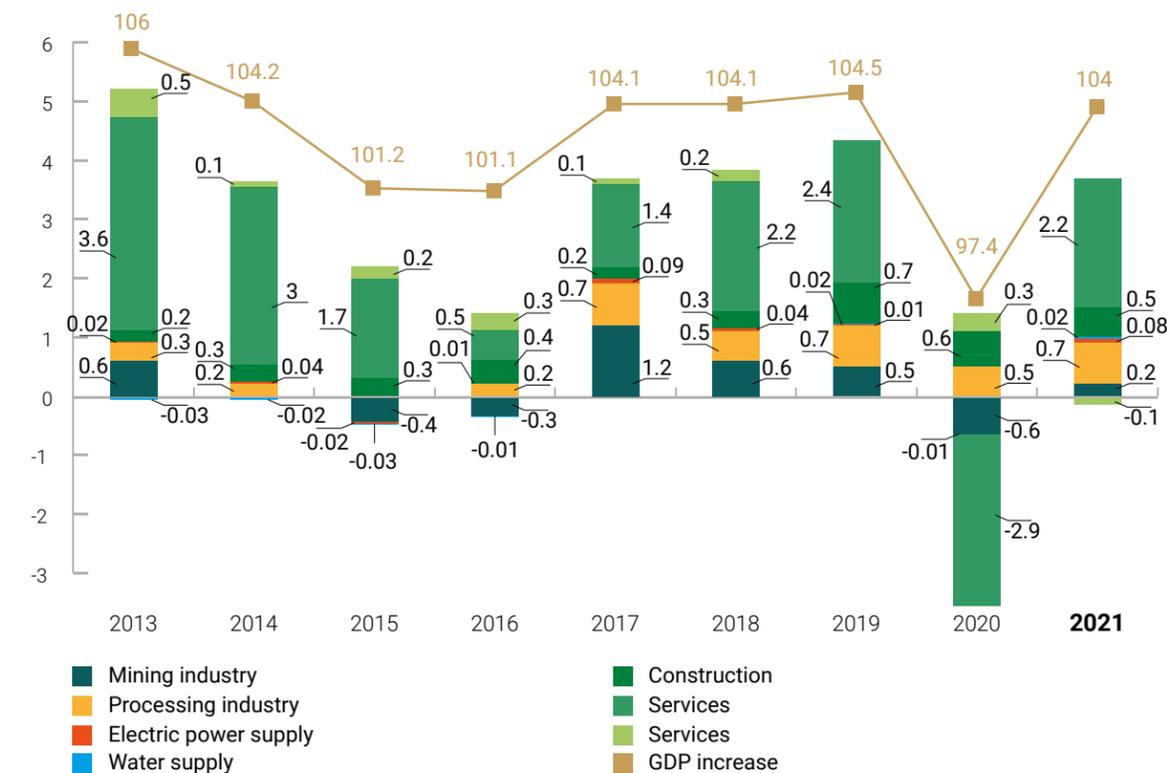
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mining industry	103.5	100.1	97.5	97.8	109.5	104.6	103.6	96.3	101.7
Processing industry	102.9	101.6	100.2	101.8	106.1	104.5	104.5	103.9	105.5

Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

The volume of industrial production in January-December 2021 amounted to 37,047.6 billion tenge in nominal terms, which is 3.8% higher than in the previous year.

In mining and quarrying, the index of industrial production compared to the same period of the previous year amounted to 101.7. In the processing industry, the index of industrial production amounted to 105.5% compared to the previous year.

### Contribution of economy sectors to GDP increase, %

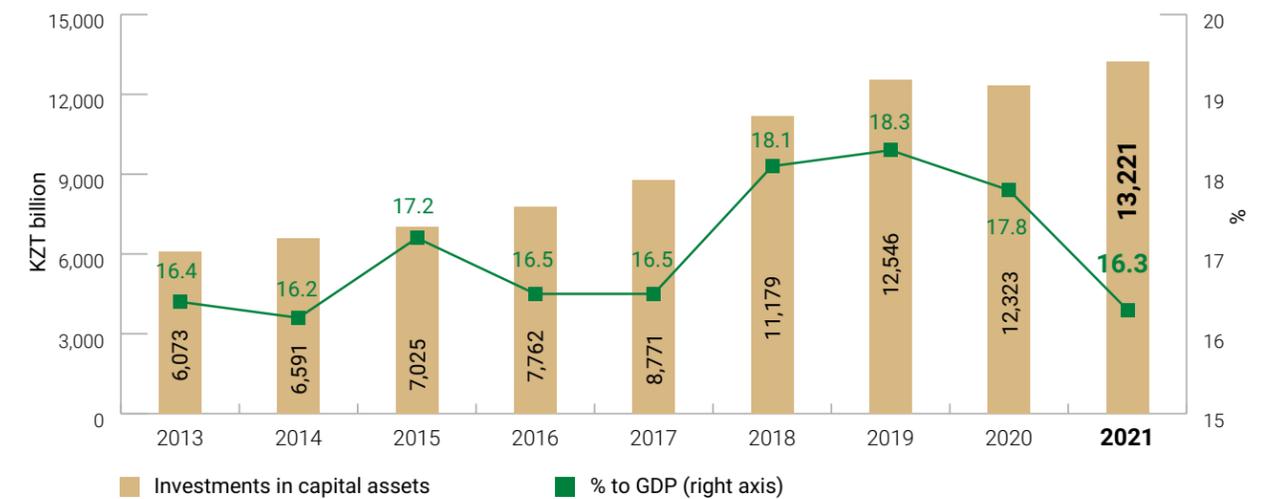


Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

A certain stimulating effect on the economy was provided by the positive dynamics of investments in some sectors of the economy. Thus, the amount of investment in capital assets in the processing industry increased by 38.1%, agriculture – 33.3%, financial and insurance activities – 32.2%, transport and warehousing – 4.7%, real estate

transactions – 17.9%. However, the growth in investment in these industries was compensated by a drop in the mining industry by 9.1% (340 billion tenge in absolute terms). As a result, the total investments in capital assets in nominal terms increased by 3.5% compared to 2020 and amounted to 13,221.4 billion tenge.

### Investments in capital assets and GDP

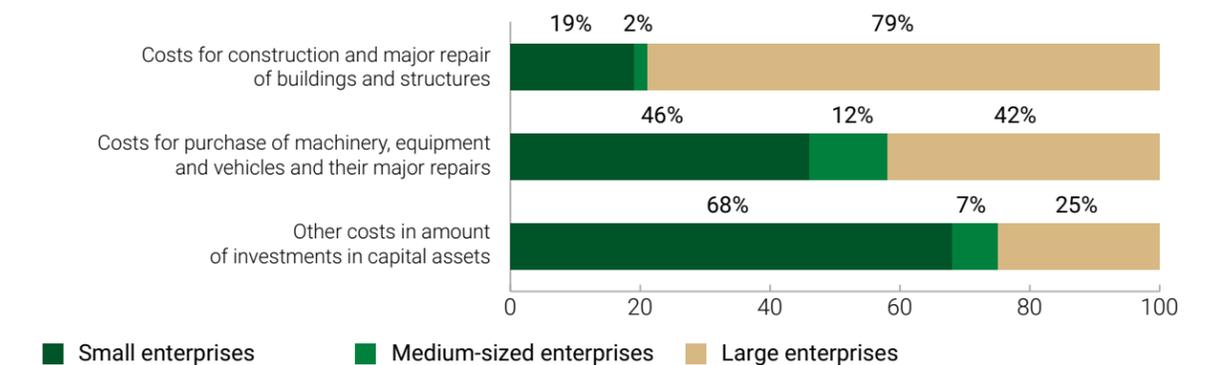


Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

In the structure of capital investment costs, 58.9% or 7,793.8 billion tenge (+8.6% y/y) fell on construction and major repairs of buildings and structures; 27.4% or 3,617.4 billion tenge (6.2% y/y) – purchase machinery, equipment and vehicles and their major repairs.

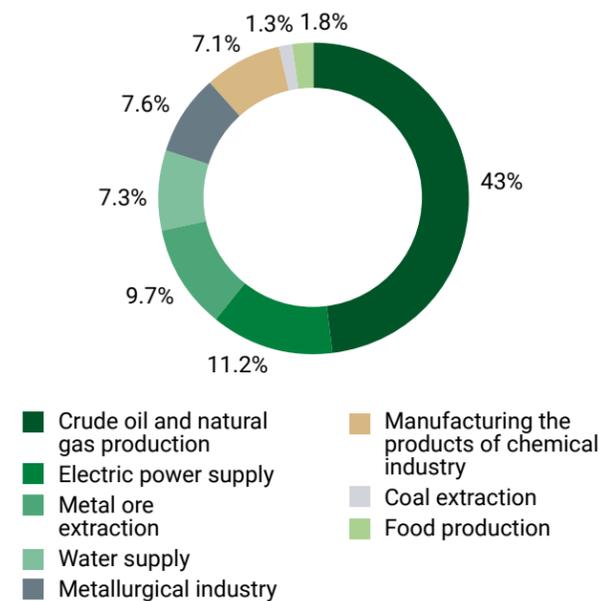
During the period under review, there was a significant increase in the investment activity of small enterprises (+16.9%) – in particular, in the segment of purchase of machinery, equipment, vehicles and their major repairs (+61.9%), while their portion in this segment made up 46.3%.

### Investments in capital assets by basic types of costs



Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

### Branch structure of investments in capital assets of industrial enterprises, %



Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

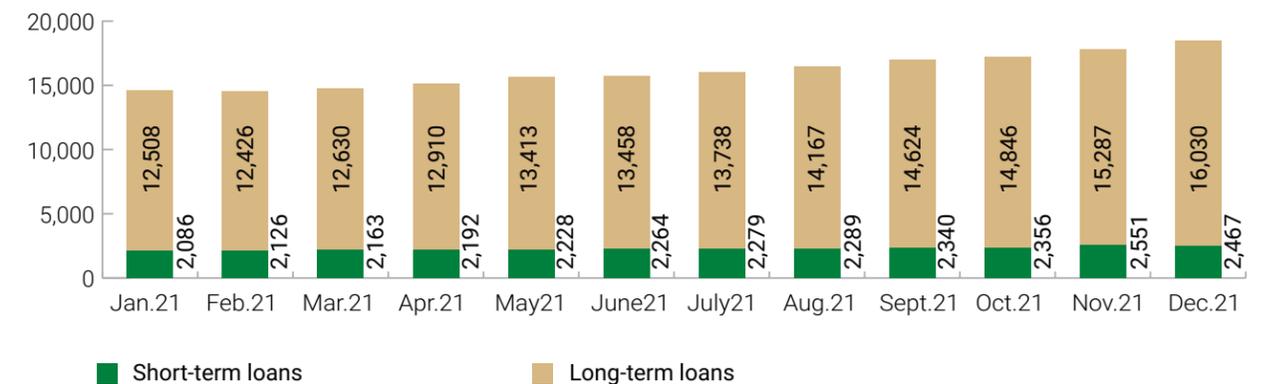
In 2021, there was an increase in investment in capital assets of the processing industry – (+38.1% (y/y), amount in nominal terms – 1,550.0 billion tenge (23.8% of total capital investment in industry). In the processing sectors, an improvement in investment activity was recorded in the production of other vehicles (by 6.2 times), production of rubber and plastic products (3.9 times), production of clothing (190.7%), and production of finished metal products (280.3%).

In the structure of sources of capital investment in industry, the largest portion was occupied by the own funds of enterprises – 71.1% (9,398.3 billion tenge), the budget funds – 15.4% (808.4 billion tenge), bank loans – 2.6% (345.6 billion tenge), and other borrowed funds – 10.9% (1,437.4 billion tenge).

The amount of loans in the national currency since the beginning of the year increased by 57.62% to 20,059.9 billion tenge. The amount of loans in the foreign currency

decreased by 24.7% to 1,427.9 billion tenge. The percentage of loans in the tenge at the end of December 2021 made up 93.4% (December 2020: 87.0%).

### Bank loans to the economy by terms, KZT billion (at the end of 2021)



Source: National Bank of the Republic of Kazakhstan

The amount of the long-term loans since the beginning of the year increased by 0.4% to 12,544.96 billion tenge, the amount of the short-term loans also increased by 320.1% to 2,128.7 billion tenge.

industry (with 12.9% percentage in the total volume), trade (28.4%), and other sectors (52%).

The loans issued in January-December 2021 amounted to 21,487.9 billion tenge.

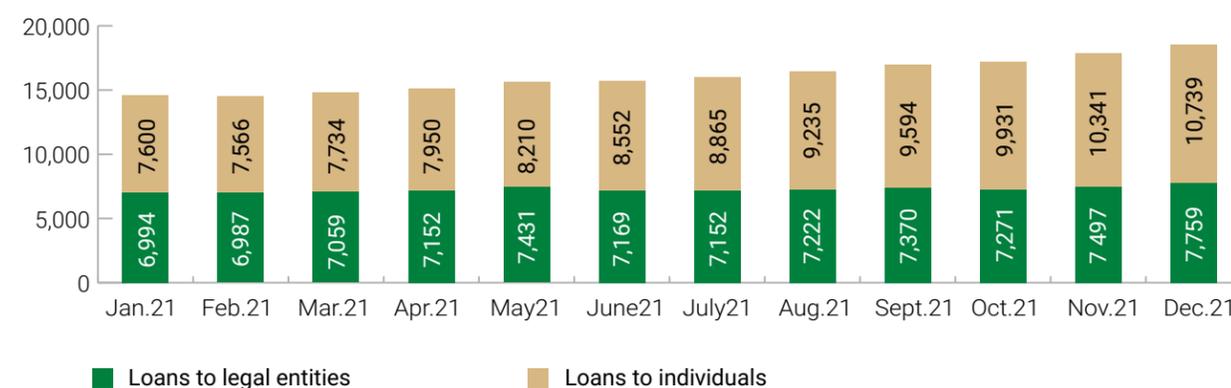
In the sectoral breakdown, the most significant amount of bank loans to the economy falls on such sectors as

## MONETARY SECTOR

The portfolio of loans to the economy issued by banks at the end of 2021 amounted to 18,497.7 billion tenge, an increase of 26.5% since the beginning of the year. The portfolio of loans issued to legal entities decreased

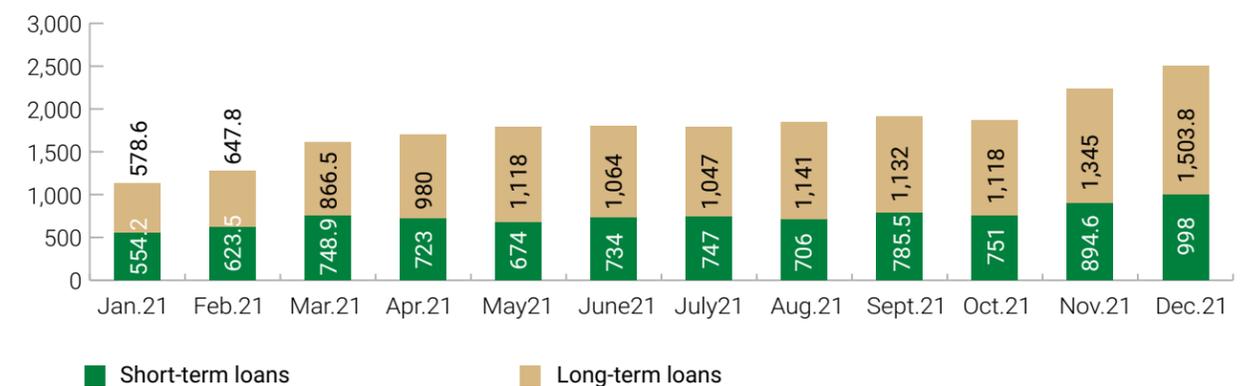
by 9.3% to 7,758.0 billion tenge, portfolio of loans to individuals increased by 42.68% to 10,738.8 billion tenge.

### Bank loans to the economy by recipients, KZT billion (at the end of 2021)



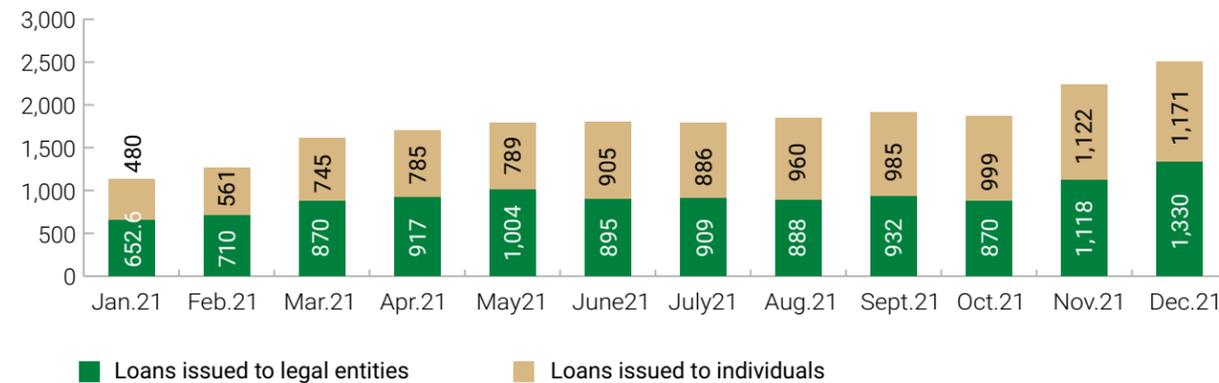
Source: National Bank of the Republic of Kazakhstan

### Loans issued in 2021 by maturities, KZT billion



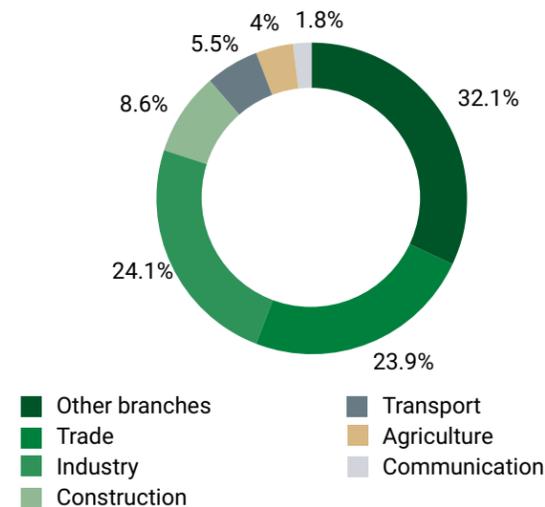
Source: National Bank of the Republic of Kazakhstan

### Loans issued in 2021 by recipients, KZT billion



Source: National Bank of the Republic of Kazakhstan

### Branch structure of loans to small business, %



Lending of small business entities in 2021 increased by 50% to 3,772.2 billion tenge (17.5% of total loans to the economy).

Source: National Bank of the Republic of Kazakhstan

### Inflation Processes

The annual inflation was at the level of 8.4% (December 2020: 7.5%). In the structure of inflation,

the prices for food products in annual terms increased by 9.9%, non-food products – 8.5%, paid services – 6.5%.

### State Budget Indicators

According to preliminary data of the Ministry of Finance of the Republic of Kazakhstan, for 12 months of 2021, incomes (excluding transfers) of the state budget amounted to 116.4% compared to the planned figure for the reporting period, republican budget – 112.18%, local budget – 125%. The income plan for the republican budget was overfulfilled by 155 billion tenge, the main tax revenues were overfulfilled by 143.2 billion tenge, except for the VAT plan.

The state budget for 12 months of the current year was spent in the amount of 107.3%, republican budget – 107.9%, local budget – 105%. The republican budget expenditures amounted to 14 trillion 787 billion tenge.

## EXTERNAL SECTOR

### Trade Turnover

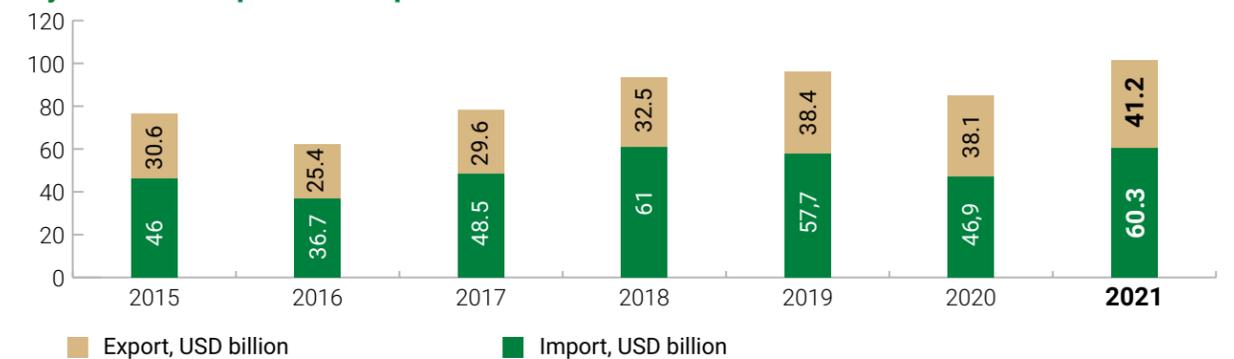
According to the National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan, in 2021, the Kazakhstan foreign trade turnover amounted to 101.5 billion US dollars, an increase of 17.4% compared to the same period in the previous year.

Export with the EEU countries amounted to 7648.8 million US dollars or 34.9% more than in January-December 2020, import – 18,442.8 million US dollars, an increase of 25.4% compared to the corresponding period in the previous year.

Export in the period under review amounted to 60.3 billion US dollars, import – 41.2 billion US dollars. According to the results of 12 months of 2021, the export volume increased by 26.9% (in the same period of 2020, the export volume amounted to 46.9 billion US dollars).

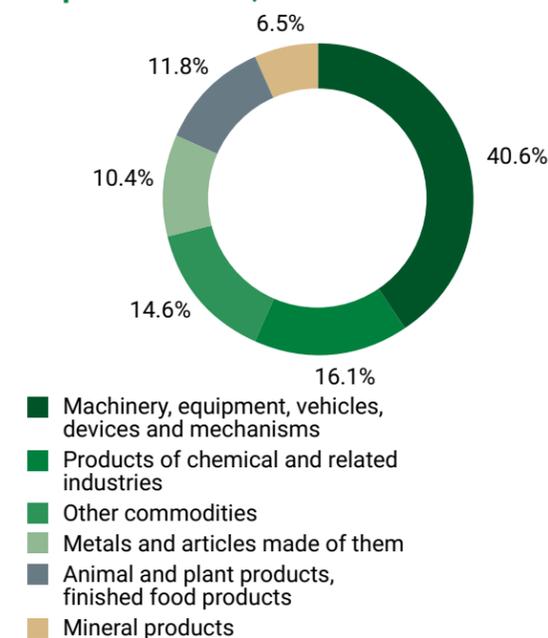
The import volume increased by 5.8% compared to the same period in the previous year (the import volume in January-December 2020 was 38.1 billion US dollars).

### Dynamics of export and import

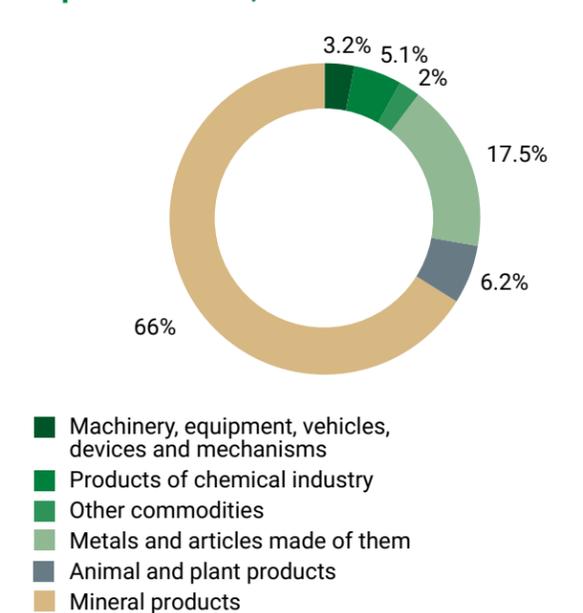


Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

### Import structure, %



### Export structure, %



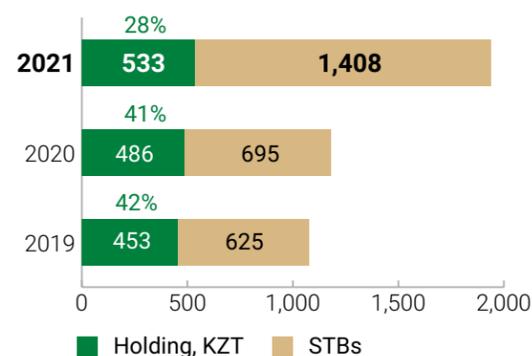
Source: National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

## Market Percentage of the Holding's Instruments by Types of Core Activities

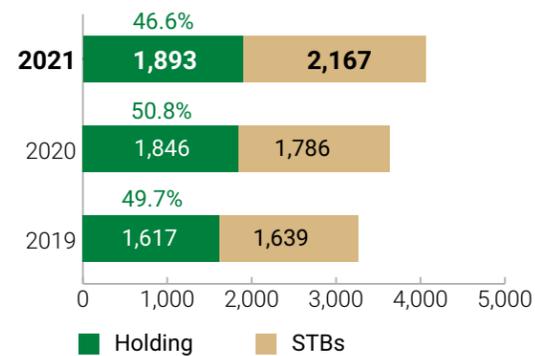
Through the Holding's direct lending instruments (mechanisms of Kazakhstan Development Bank JSC), in 2021, the large businesses in priority non-resource sectors were financed in the amount of 533.2 billion tenge, which is 27.5% of the total long-term loans issued to priority non-resource sectors of the country's economy. The loan portfolio of the Holding as part of direct lending

to large business entities amounted to 1,892 billion tenge, or 46.6% of the total long-term debt of enterprises in non-resource sectors of the economy (processing industry, energy, transport and communications), including debts to the STBs.

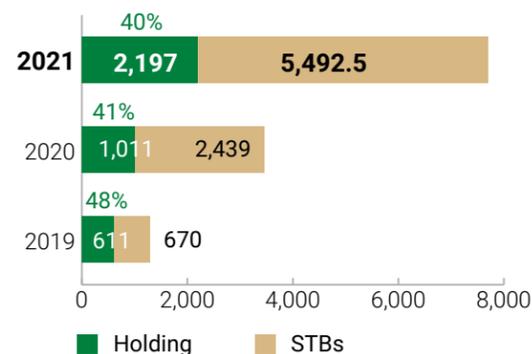
Percentage of the Holding in annual long-term lending of large enterprises of non-resource branches of the economy, billion tenge



Percentage of the Holding's loan portfolio (as part of SLE direct lending instruments) of the total long-term debt of enterprises of non-resource branches of the economy, billion tenge



Percentage of SME lending with the assistance of the Holding of the total long-term loans to non-banking legal entities in the national currency, billion tenge

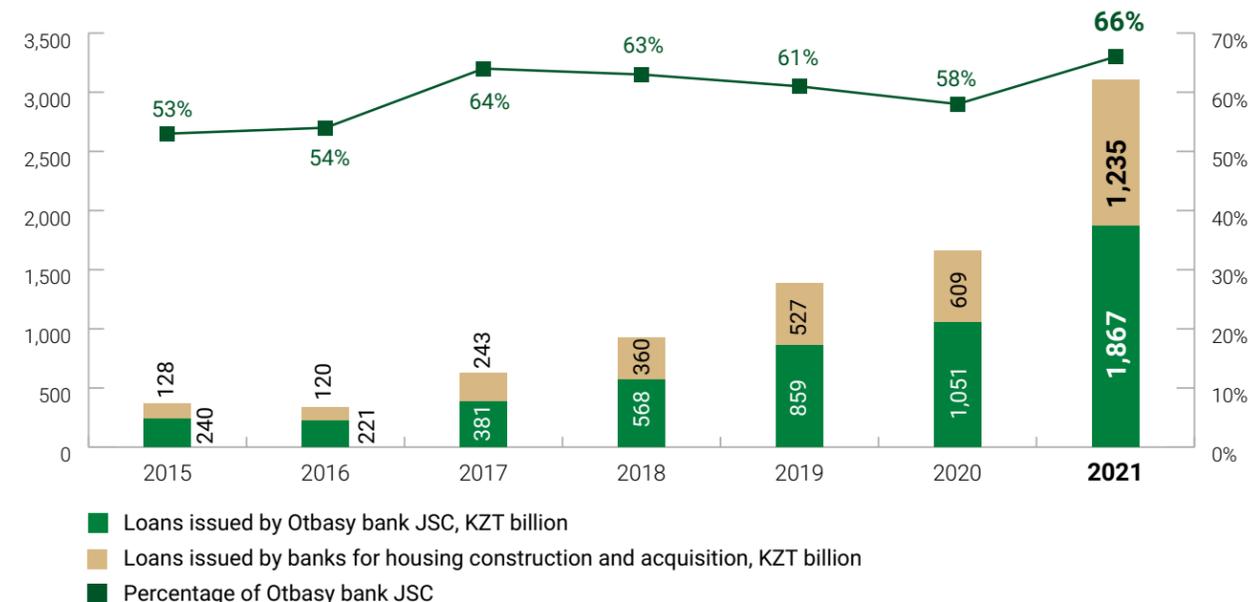


The volume of loans for the projects of business entities supported with the assistance of the Holding (mechanisms of 'Damu' Fund JSC) for 2021 amounted to 2,197 billion tenge, which is 131% higher than in 2020. At the same time, the percentage of the Holding's instruments to support the SME initiatives in the total STB loans issued to SMEs in the tenge at the end of 2021 amounted to 40%.

At the end of 2021, Otbasy bank JSC was the main driver of mortgage lending and became the leader in the mortgage market of Kazakhstan, having issued 66% of all mortgage loans in the country. In addition, the line of banking products made it possible to strengthen the position of Otbasy bank JSC in the country's financial market, which was confirmed by the largest percentage of the total long-term deposits of individuals (39%), as well as a significant percentage of the total STB portfolio of loans for the purposes of housing construction and acquisition (55%).

Percentage of the Holding's instruments to support the SME amounted to **40%**

Percentage of Otbasy bank JSC of the total loans issued annually for housing construction and acquisition by the citizens



The support measures are provided to the domestic exporters through the Holding's mechanisms ('KazakhExport' EIC JSC, KDB JSC). At the end of 2021, the liabilities assumed by 'KazakhExport' EIC JSC amounted to 204.7 billion tenge (1% of the total non-resource exports in 2021), and the export revenue of the projects supported by KDB JSC, including investment ones, amounted to 2,675.9 billion tenge (15% of the total non-resource exports in 2021), which generally corresponds to 21% of the total non-resource exports from Kazakhstan.

The Holding's subsidiaries are the key source of financing for the AIC, providing about 69% of all loans in the industry. At the same time, while the STBs mainly issue short-term loans for the working capital of large agricultural enterprises, Agrarian Credit Corporation JSC and KazAgroFinance JSC provide long-term financing for SMEs for up to 10 years in order to develop a competitive production base.



# MANAGEMENT REPORT

## Financial Performance

The Holding's incomes in the reporting year amounted to 753 billion tenge, which is 63% higher than the same indicator in 2020. The largest weight in the structure of incomes is finance incomes (94%), which increased in the reporting year by 64% to 708 billion tenge.

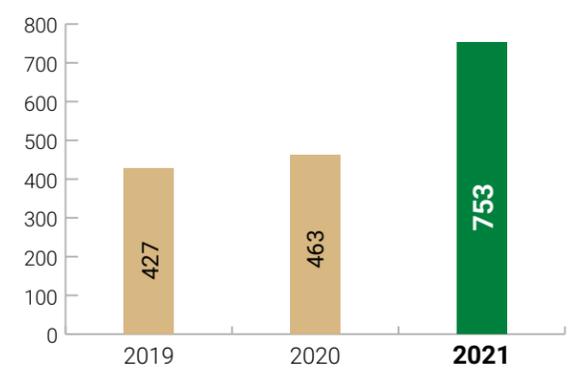
The Holding's expenses in 2021 exceeded the same indicator in 2020 by 62% and amounted to 610 billion tenge. Finance costs account for the largest percentage in the cost structure – 67%. Last year they increased by 70% to 410 billion tenge.

At the end of 2021, the Holding's net profit amounted to 111 billion tenge, which is 38 billion tenge more than in 2020.

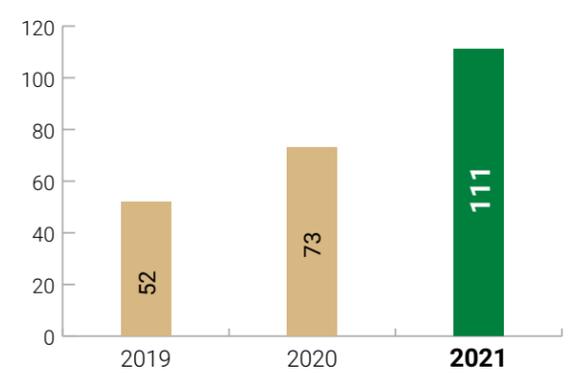
A 0.1 basis point increase in return on assets (ROA) is associated with an increase in net profit. The return on equity (ROE) amounted to 7.2% and increased by 1.7 basis points.



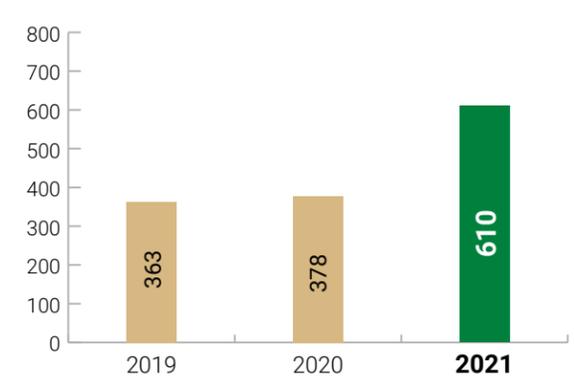
Incomes, KZT billion



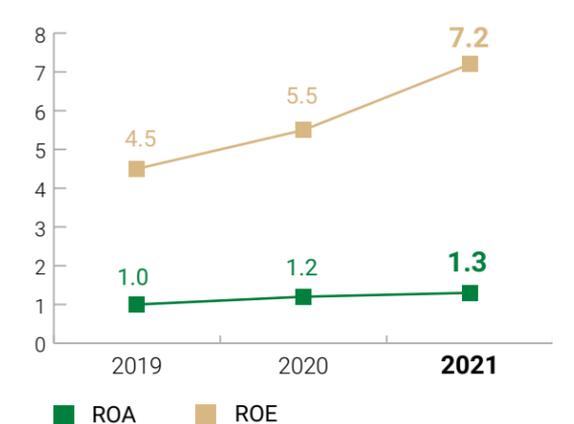
Net profit, KZT billion



Expenses, KZT billion



Profitability ratios



### Structure of Incomes in 2021, %

Item	2021, billion tenge	%
Interest incomes	708	94%
Fee and commission incomes	22	3%
Net profit from transactions with assets measured at fair value the changes in which are reported in profit or loss for the period	0	0%
Net profit from foreign currency transactions	1	0%
Net profit from transactions with financial assets measured at fair value through other comprehensive income	0	0%
Net loss from derecognition of financial assets measured at amortized cost	17	2%
Net earned insurance premiums	5	1%
Total incomes:	753	100%

### Structures of Expenses in 2021, %

Item	2021, billion tenge	%
Interest expenses	410	67%
Provision for impairment of loan portfolio and receivables on finance lease	74	12%
Fee and commission expenses	8	1%
Net expenses on insurance indemnities and changes in provisions for insurance contracts	13	2%
Formation of provision for impairment of other financial assets and contingent credit liabilities	8	1%
Administrative expenses	65	11%
Other operating expenses	32	5%
Total expenses:	610	100%

At the end of 2021, the Holding's assets increased by 45% and amounted to 9,870 billion tenge. The Holding's liabilities in the reporting year amounted to 8,200 billion tenge, which is 52% higher than the same indicator in 2020. The increase in assets and liabilities is due to the merger in 2021 of 'KazAgro' NMH JSC to 'Baiterek' NMH JSC.

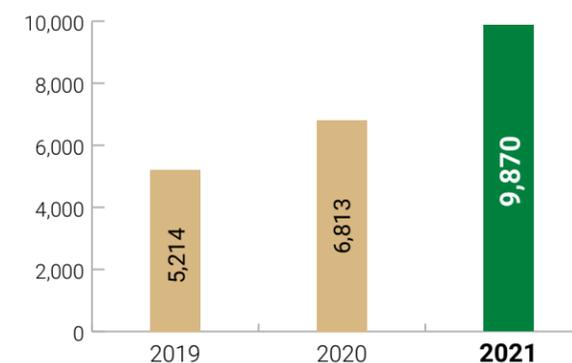
The debt to equity ratio increased from 3.8 in 2020 to 4.91 in 2021. The increase is due to the outpacing of the growth rate of liabilities (152%) over the growth rate of equity (116%).

The Holding's equity increased by 17% and amounted to 1,670 billion tenge. During 2021, the share capital of the Holding increased after the merger of 'KazAgro' NMH JSC in the amount of 215 billion tenge.

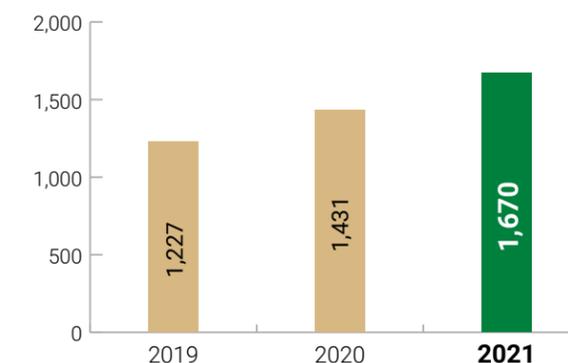
In 2021, the Holding issued shares of the total par value of 5 billion tenge (during 2020: 129 billion tenge).

In 2021, the Holding declared and paid dividend of 10.4 billion tenge (during 2020: 11.2 billion tenge). Dividends per ordinary share amounted to 8.29 tenge (2020: 10.93 tenge).

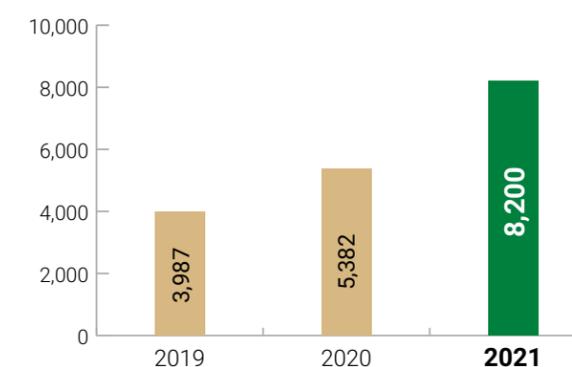
### Assets, KZT billion



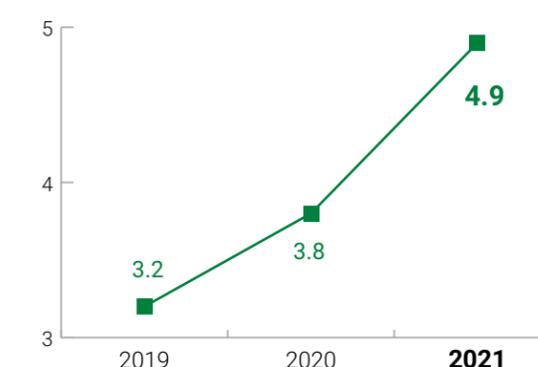
### Equity, KZT billion



### Liabilities, KZT billion



### Debt/equity, ratio



## Raising Funds in Capital Markets

The strategic goal of the Holding is to increase the percentage of non-state sources of financing in order to replace a part of the state funds. Active work is being performed to establish partnership relationships with the foreign and Kazakhstan investors, international financial organizations, development institutions, and international companies.

The Holding and its subsidiaries raise debt financing in the form of bond issue, borrowings/deposits.

In 2021, 2,181 billion tenge<sup>1</sup> were raised of which 27.3% were government loans. The percentage of non-state borrowing sources amounted to 72.7%.

**72.7%**  
Percentage of non-state  
borrowing sources

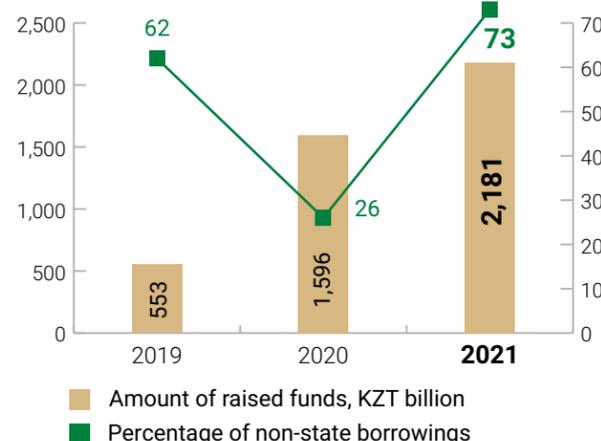
The Development Plan of 'Baiterek' NMH JSC<sup>1</sup> provides for the 'percentage of non-state borrowing sources' indicator at the level of at least 70% in 2023.

<sup>1</sup> The amount is given taking into account the inflows from the deposit base of Otbasy bank JSC, as well as borrowings of subsidiaries accepted as part of the merger of 'KazAgro' NMH JSC with the Holding, for the entire calendar year (taking into account the funds actually raised before the date of merger, for the correct calculation of the 'percentage of non-state sources of borrowing' indicator for the reporting year). Further, the information is disclosed from the moment of merger of 'KazAgro' NMH JSC to the Holding.

<sup>2</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.



**Dynamics of debt financing**



In 2021, the funds were significantly raised from the non-state sources of borrowing: the Holding and its subsidiaries issued bonds in the amount of 571.5 billion tenge.

The Holding issued bonds in the amount of 50 billion tenge with a maturity of 10 years and with a yield to maturity of 11% per annum. The funds raised were applied for leasing financing.

In April 2021, as part of the implementation of Nurdy Zher SHPUDP, the Holding issued bonds in the amount of 120 billion tenge with a maturity of 20 years at an interest rate of 4% per annum. The funds raised were applied to provide preliminary and interim housing loans for the housing

purchase by depositors of Otbasny bank JSC, who were on the waiting list and on the lists of local executive authorities.

In October 2021, as part of the implementation of the Employment Roadmap for 2020–2021, the Holding placed bonds on the Kazakhstan Stock Exchange in the amount of 100 billion tenge at an interest rate of 7% per annum and a maturity of 10 years. The funds raised were applied to buy back debt securities issued by the LEAs in order to finance the infrastructure projects and financing projects of the agro-industrial complex at interest rates of 7.02% and 7.1% per annum, respectively.

In the reporting year, the Holding and its subsidiaries obtained loans from the Government of the Republic of Kazakhstan and the LEAs in the amount of 296.6 billion tenge (214.7 billion tenge – budget loans and 81.9 billion tenge – loans issued by the LEAs). In particular, the funds were raised in the amount of 67.1 billion tenge to finance the projects of KAZ Minerals Aktogay LLP and the project of RG Gold LLP implemented under the agreement between KDB JSC and the State China Development Bank. In addition, KDB JSC issued the Eurobonds denominated in the US dollar in the amount of 500 million US dollars at the rate of 2.95% with a maturity of 10 years, as well as denominated in the tenge in the amount of 100 billion tenge at the rate of 10.95% with a maturity of 5 years for general corporate purposes.

**Amount of funds raised in the capital markets, by instruments**

Year	Funds raised from foreign banks, USD million	Funds raised from foreign banks, RUR million	Funds raised from foreign banks, KZT billion	Bonds, KZT billion
2019	200	128.2	35.3	215
2020	307	141.7	10	1,264 <sup>1</sup>
2021	155.5	3,500	8,400	571.5

<sup>1</sup> Taking into account investments of Otbasny bank JSC in the Holding's bonds in the amount of 5 billion tenge.

**Organizations signed the memoranda or agreements of cooperation, as of 31 December 2021:**

Switzerland	Swiss Reinsurance Company
French Republic	French Development Agency
Republic of Bulgaria	Small and Medium Enterprise Promotion Agency under the Ministry of Economy of the Republic of Bulgaria (BSMEPA)
Kingdom of Spain	CESCE, COFIDES
Federal Republic of Germany	German Investment Corporation (DEG)
Republic of Austria	OeKB Austrian Control Bank
Russian Federation	DOM.RF JSC, 'Tatneft-Neftekhim' Management Company LLC
People's Republic of China	State China Development Bank, Huaxia Dadi Group
Republic of Korea	Korea Housing & Urban Guarantee Corporation (KHUG), Korean Agency for SME and Start-ups (KOSME)
Republic of Uzbekistan	Asia Alliance Bank JSCB, Ipak Luli JSICB, Khokimiyat of Navoi region of the Republic of Uzbekistan
Republic of Belarus	Ministry of Industry of the Republic of Belarus
Singapore	Frontier Strategies LLC
Malaysia	Malaysian SME Support Corporation (SME Corp. Malaysia)
United Arab Emirates	Abu Dhabi Developmental Holding Company (ADQ)
Saudi Arabia	The Islamic Corporation for the Insurance of Investment & Export Credit (ICIEC)
International financial organizations	World Bank, International Islamic Food Industry Association, Eurasian Development Bank, United Nations Development Program
Switzerland	Seedstars URU Capital
Russian Federation	WEB.RF State-owned Development Corporation
Republic of Tajikistan	Commercbank of Tajikistan OJSC, Spitamen bank CJSC, AmonatBank State-owned Savings Bank of the Republic of Tajikistan
Republic of Uzbekistan	Uzavtosanoat JSC, Capital bank JSCCB, Assaka JSCCB, Invest Finance Bank JSCCB, Kishlokkurilishbank JSCCB and Tenge bank JSCCB
Republic of Belarus	Belorussian Innovation Fund, Development Bank of the Republic of Belarus OJSC
Kyrgyz Republic	Bank Bay Tushum OJSC
Turkish Republic	Dal Holding Yatirim AS
Singapore	'Quest Ventures Asia Fund II' Venture Fund
International financial organizations	European Investment Bank Eurasian Development Bank United Nations Development Program

## Lines of cooperation with partners in 2021

Partner name	Type of cooperation
DOM.RF JSC	On 4 June 2021, the Memorandum of Understanding and Cooperation was signed between 'Baiterek' NMH JSC and DOM.RF Joint-Stock Company. Under the Memorandum, the parties intend to establish mutually beneficial partnership relationships in attracting the long-term financing to implement the housing construction projects, support the development of the housing market and exchange the experience.
State China Development Bank (SCDB)	On 4 June 2021, the Sub-loan Agreement was signed for 217 million US dollars as part of the Master Agreement between Kazakhstan Development Bank JSC and State China Development Bank (SCDB). The Agreement was signed for the purpose of financing the investment project 'Construction and operation of a complex for processing gold-bearing primary ores with a capacity of 5 million tons per year' by RG Processing LLP, RG Gold LLP.
German Investment Corporation (DEG)	On 30 June 2021, the First Amended and Altered Limited Liability Partnership Agreement was signed in relation to Da Vinci Emerging Technologies-Fund III LP between Kazyna Capital Management JSC and the German Investment Corporation (DEG). The document provides for the of investments in the information technology, infrastructure and telecommunication technologies, FinTech, B2B and B2C technologies, and digital transformation.
Abu Dhabi Developmental Holding Company (ADQ)	On 10 October 2021, in the Emirate of Abu Dhabi, the Term Sheet for participation in ADQ-KCM Venture Capital Fund were signed between Kazyna Capital Management JSC and Abu Dhabi Developmental Holding Company (ADQ). The Fund's size amounts to 100 million US dollars. The Fund's target industries for investment will be financial technology (FinTech), agricultural technology (AgroTech), healthcare (HealthTech), and business-to-business/business-to-consumer (B2B/B2C) technologies.
Korea Housing & Urban Guarantee Corporation (KHUG)	On 17 August 2021, the Memorandum of Understanding was signed between 'Baiterek' NMH JSC, Kazakhstan Housing Company JSC and Korea Housing & Urban Guarantee Corporation (KHUG) in order to expand the cooperation and exchange the information in the field of housing construction guarantee.
Korea SMEs and Start-ups Agency (KOSME)	On 17 August 2021, the Memorandum of Understanding and cooperation was signed between 'Damu' Fund JSC and Korea SMEs and Start-ups Agency (KOSME) to exchange knowledge, ideas, and experience.
United Nations Development Program (UNDP)	On 27 December 2021, as part of the implementation of the project 'Creating the conditions to attract investors to energy efficiency in Kazakhstan', the Agreement was signed between 'Damu' EDF JSC and the United Nations Development Program in Kazakhstan. The purpose of the document is to create the conditions for attracting investors to energy efficiency in Kazakhstan and to promote the green technologies.

## Support for Entrepreneurship

### PORTFOLIO OF MAJOR PROJECTS

As part of 'Baiterek' NMH JSC, the key development institution for financing the large strategic projects in the processing industry and infrastructure is Kazakhstan Development Bank JSC (hereinafter referred to as KDB JSC, the Bank).

KDB JSC makes a significant contribution to the process of diversifying the country's economy by providing financial support to the Kazakhstan enterprises through the provision of debt financing and leasing instruments.

Since the establishment of KDB JSC until 31 December 2021, the Bank approved and financed 161 investment projects with the total value of 7.8 trillion tenge with the participation of the Bank amounting to 3.8 trillion tenge; as well as 110 export operations at the cost of 0.38 trillion tenge with the participation of KDB JSC amounting to 0.29 trillion tenge.

At the end of 2021, the Bank's loan portfolio reached 2,013.5 billion tenge, an increase of 2.2% compared to 2020. During 2021, the Bank financed the projects as part of direct lending for the total of 533.2 billion tenge, of which:

- **18 investment projects** – in the amount of 364.8 billion tenge; and
- **19 export (pre-export) operations** – in the amount of 168.3 billion tenge.

In 2021, 7 enterprises financed with the participation of the Bank were put into operation and modernized, including:

- **gas distribution network** in Taraz City;
- multifunctional **tourist complex** Caravan Saray in Turkestan City;
- mining and processing plant for the processing of polymetallic ores in Zhairem Settlement of Karaganda Oblast with the capacity of **5 million tons** per year;
- **Turgussun HEPS** in the East Kazakhstan region;
- **Aktogay Mining and Processing Plant** in the East Kazakhstan region (stage 2);
- **plant for the MTBE production** in Shymkent City; and
- broadband access to rural settlements of the Republic of Kazakhstan using the technology of **fibre-optic communication lines**.

In 2021, the Bank approved for financing 20 financial applications for 17 investment projects in the amount of 1,058.7 billion tenge and 3 pre-export operations in the amount of 41.4 billion tenge.

The Bank's assistance in the implementation of large-scale investment projects is aimed at diversifying the economy, as well as stimulating the social and economic development of the country as a whole.

### Examples of the projects put into operation:

#### Zhairem mining-and-processing integrated works JSC



The total cost of the project is 141.1 billion tenge, the loan amount is 93 billion tenge of which 60 billion tenge was financed at the expense of the Bank, 33 billion tenge were financed under the state program of industrial innovative development of the Republic of Kazakhstan for 2015–2019.

The activity of the integrated works is to process polymetallic ores in Zhairem Settlement of Karaganda Oblast; the works' capacity is 5 million tons of ore per year.

## Leasing Financing

In 2021, Industry Development Fund JSC (hereinafter – IDF JSC) focused on upgrading ambulance transport to enhance the quality of medical services provided to the population by emergency response services, assisting in the creation of new industries in priority sectors of the economy, and also the targeted measures were taken to alleviate the situation of businesses under the conditions of pandemics.

Thus, the rate for the purchase of agricultural machinery was reduced from 7% to 6%, the advance payment was reduced to 0%, the list of documents was reduced, penalties for delay in payments were cancelled. A number of projects were restructured with deferment of payments for up to 3 months or more in order to reduce the financial burden on businesses.

IDF JSC continued to work on providing existing support tools within the framework of the state programs of industrial and innovative development and infrastructure development 'Nurly zhol'.

As a result, in 2021:

- 666 buses were purchased;
- 557 tractors and combine harvesters were purchased;
- 29 fire-fighting machineries were purchased;
- 80 fire transports were purchased;
- 86 police cars were purchased;

- 193 special vehicles of domestic production were purchased;
- 3,030 freight wagons and 32 passenger wagons were purchased;
- 4 transportable mobile complexes were purchased; and
- 249 municipal specialized machineries were purchased.

As of 31 December 2021, the volume of the leasing portfolio amounted to 624.1 billion tenge, compared to the previous period (477.5 billion tenge), this indicator increased by 30.7% or 146.6 billion tenge. The increase in the volume of the leasing portfolio is due to the increase in financing of leasing transactions.

In addition, funds in the amount of 12.5 billion tenge (of which 10 billion from the funds of the republican budget) were raised in 2021 to provide long-term leasing financing under the SPIID-2. The number of updated production facilities (commissioned), financed in previous periods and completed in 2021 amounted to 12. The number of new jobs created in 2021 amounted to 1,577 units.

In total, 80 billion tenge was allocated from the republican budget in order to finance manufacturing industry projects within the framework of SPIID-2.

### Examples of the projects put into operation:



#### Turgussun-1 LLP

*The total cost of the project is 13.4 billion tenge, the amount of the Bank's loan is 5.0 billion tenge. The project is being implemented under the State Program for Industrial and Innovative Development of the Republic of Kazakhstan for 2015–2019. The capacity of the Turgussun HEPs is 24.9 mW, its launch will allow reducing the electricity deficit in the region by 79.8 million kilowatt-hours a year and reducing carbon dioxide emissions by 680 tons a year.*

## Plans for 2022

In November 2021, the Bank's Development Strategy has been updated, as part of which the Bank will continue to play a key role as an operator in financing the development of the national economy through financing the industrialization projects of large processing industries and exporters.

At the same time, at the plenary meeting of the Mazhilis of the Parliament of the Republic of Kazakhstan held on 11 January 2022, the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev announced an instruction to the Government of the Republic of Kazakhstan to restructure the activities of the Bank.

As part of the activities restructuring, the Bank's mandate is focused on industrialization, financing of the manufacturers of non-primary upper and middle processing products, as well as on ensuring the growth of the country's non-resource exports, including through export trade financing – lending to the importers of the Kazakhstan goods, works and services.

KDB will continue concessional lending to large processing industries by mixing the government funds with borrowed market funds. At the same time, the main principle of concessional lending will be the priority repayment of budget funds (after the investment phase and the start of generating sufficient positive cash flows) followed by subsequent transition to market financing conditions.

## SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES

Support for the small and medium-sized businesses is one of the strategic directions of development of 'Baiterek' NMH JSC. As a subsidiary of the Holding, 'Damu' Entrepreneurship Development Fund JSC (hereinafter referred to as 'Damu' Fund JSC, the Fund) provides significant assistance to the development of SMEs as part of the implementation of the state programs.

'Damu' Fund JSC provides financing to micro, small and medium-sized business entities (hereinafter referred to as MSMB) through STBs, MFOs and LCs, subsidy assistance of interest rates and loan guaranteeing, raising funds from additional financing sources, automating the processes, as well as supporting the projects of entrepreneurs.

In 2021, 'Damu' Fund JSC has supported 57.4 thousand projects using financial instruments in the amount of loans of 2.2 trillion tenge. Compared to 2020, 'Damu' Fund JSC increased the number of financed projects by 1.7 times and the amount of loan portfolio of support provided to entrepreneurs by 1.3 times.

Over the entire period of the implementation of the programs, 'Damu' Fund JSC supported over 156 thousand projects of entrepreneurs for the total of 9.2 trillion tenge. Compared to 2020, support for all instruments increased by 74% to 57.4 thousand projects in 2021. The amount of financial support has increased to 2.2 trillion tenge.

### Results of the implementation of the financial programs of 'Damu' Fund JSC

Instrument	2017	2018	2019	2020	2021
<b>Financing the entrepreneurs through conditioned placement of funds in STBs/MFOs/LCs</b>					
Number of members	8,305	18,656	18,933	11,130	7,782
Financing amount, million tenge	230,469	272,912	239,508	207,588	213,304
<b>Interest rate subsidy assistance</b>					
Number of members	2,310	1,470	2,647	14,679	32,351
Loan amount, million tenge	275,660	198,380	269,786	1,197,058	1,588,280
<b>Loan guarantee</b>					
Number of members	1,317	1,950	2,674	7,346	17,219
Loan amount, million tenge	42,845	65,455	102,740	275,546	365,286

According to preliminary data, the entrepreneurs supported by the Fund for 2021 turned out the products (comprehensive annual income) in the amount of 12.9 trillion tenge, paid taxes in the amount of 879 billion tenge and created about 3.9 thousand jobs.

In March 2021, the joint program with the European Bank for Reconstruction and Development (hereinafter referred to as the EBRD) was completed which program had been implemented under the guarantee of 'Damu' Fund for the subsequent provision of loans by second-tier banks and microfinance organizations to SMEs, including funds allocated for financing the women's entrepreneurship projects. The EBRD funds were obtained for the program in the tenge equivalent for the total amount of about 70,968 million tenge, within the limits of which 15,205 MSMB were financed for the entire period from the start of the joint program in the amount of 127,758 million tenge.

On 31 March 2021, 'Damu' Fund launched the program of conditional placement of funds in the second-tier banks and microfinance organizations for the subsequent financing of MSMB transactions under the UNDP-GEF project 'Reducing the Risks of Investing in Renewable Energy Sources' with the support of the UN Development Program in Kazakhstan. The funds under the program in the amount of 200 million tenge were raised through the issue of "green" bonds by 'Damu' Fund on the platform of the Astana International Financial Centre stock exchange. The funds raised were allocated by SB Sberbank JSC to finance the MSMB projects aimed at introducing renewable energy source technologies. At the expense of attracted funds, the bank financed 1 MSMB in the amount of 200 million tenge.

In accordance with paragraph 26 of the Roadmap for the implementation of paragraph 52 of the Nation-

## Conditional Funds Placement

As part of this area of activity, an important task is to raise funds, including from non-state sources, for the subsequent conditional placement of funds in financial institutions for the purpose of lending to SMEs.

In 2021, 7,783 borrowers were financed under the programs of conditional placement of funds in STBs, MFOs and LCs for the total amount of loans of about 213.3 billion tenge.

During 2021, the Fund placed funds in STBs/financial organizations under the conditional funds placement programs/products in the amount of 62.3 billion tenge

wide Action Plan for the implementation of the Message of the Head of the State "Kazakhstan in a new reality: time for action" dated 1 September 2020 as approved by the Minister of Agriculture of the Republic of Kazakhstan and the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan, an event was held to transfer the guarantee functionality of Agriculture Financial Support Fund JSC to 'Damu' Fund.

To support and develop the small and medium-sized businesses, within the framework of the National Project for the Development of Entrepreneurship for 2021–2025, proposals are being considered for amending and altering the terms of guaranteeing and subsidizing, which will lead to a significant reduction in the debt burden of the small and medium-sized businesses for servicing the loans, which will result in increase of the growth of coverage of the entrepreneurial sector, as well as enhancement of its efficiency.

During 2021, active conditional funds placement programs were reoriented:

- within the framework of programs, out of the funds of the National Fund of the Republic of Kazakhstan (NF 1, 2, 3 tranches), the maximum financing limit for one MSMB was increased from 1,850 million tenge to 3,600 million tenge, the financing limit for start-up MSMB was increased from 20 million tenge up to 60 million tenge, the list of food industry sectors for which financing is provided without a limit on the amount was expanded (introduced on the basis of amendments to the Government's decree of 21.09.2021); and
- as part of the product of 'Damu' Fund – "Islamic financing", it is now possible to accept as a pledge of property rights (claims) to (against) the leasing portfolio.

of which the amount of 5.2 billion tenge was placed in MFOs.

In 2021, the Fund continued to implement the Regional Financing Program for SMEs on the terms of co-financing with the funds of the regional budgets. During 2021, the funds were placed under the program in STBs in the total amount of 9.9 billion tenge, while 361 SMEs were financed during the year in the amount of 25.3 billion tenge taking into account revolving disbursements of the funds previously allocated under this program. In 2021, 1,130 thousand tenge was obtained from

the LEAs of which the amount of 300 thousand tenge was obtained from the LEAs of the East Kazakhstan region, 500 thousand tenge – LEAs of Shymkent City, and 330 thousand tenge – LEAs of Turkestan Oblast.

In 2021, within the framework of the State Program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021 'Yenbek', the Fund financed 602 SMEs for the total of 8.3 billion tenge, taking into account revolving disbursements of the funds previously allocated under this program.

In 2021, the Fund has continued to implement the program for lending to MSMB on the principles of the Islamic financing through which the long-term financial support is provided to entrepreneurs by means of the Islamic financial

## Subsidy Assistance and Guaranteeing

The interest rate subsidy assistance is provided within the framework of Business Roadmap 2025 and the Priority Projects Lending Facility. During the implementation of the Business Roadmap 2025, the subsidizing tool has become popular among the entrepreneurs and has shown effectiveness in terms of obtaining the loans for the priority sectors of the economy.

To diversify the economy, increase the growth rate of production volumes, reduce the cost of production, that is, cost of development and functioning of the processing industry, the Facility of lending to the priority projects to ensure the long-term tenge liquidity (hereinafter referred to as the Facility) was implemented. The total amount of STB financing in 2018–2021 to support the private enterprises operating in the processing and agro-industrial sectors is up to 1 trillion tenge. At the same time, 32.8 billion tenge from the republican budget was allocated for subsidizing within the framework of this Mechanism.

The guarantee instrument is implemented both as part of the state support programs Business Roadmap 2025 and the Facility and using the Fund's own resources within the framework of 'Damu Optima' program.

One of the significant events for the guarantee instrument in 2021 was that, in accordance with Order of the Acting Minister of Culture and Sports of the Republic of Kazakhstan No. 263 dated 25 October 2021, the advantage of signing guarantee agreements between an entrepreneur, a second-tier bank and the Fund in a completely electronic format has been taken. This feature made it possible to make the procedure even more

instruments. The program is implemented through the purchase of goods on the commodity exchange for the purpose of STB/LC financing using the Islamic financing instruments. During 2021, the funds were placed in the Islamic financial organizations in the total amount of 3.7 billion tenge. At the end of the year, 50 SMEs were financed under the program for the total of 9.2 billion tenge.

The implementation of programs from the funds of the National Fund of the Republic of Kazakhstan (200 billion tenge allocated in 2014–2015) was also continued. In 2021, 459 SME projects were financed under these programs in the amount of 106.9 billion tenge, taking into account revolving disbursements of the funds previously allocated under these programs.

transparent, minimize physical contact, optimize time for entrepreneurs implementing the business projects primarily in remote regions, since most of all applications for guarantees are submitted electronically, both through the Online.Damu.kz platform and via egov.kz.

Since 2018, the Fund has developed a portfolio guarantee product within the framework of Business Roadmap 2025, 'Yenbek' and 'Damu Optima' Programs, and, in 2021, as part of 'Economy of Simple Things' Program, as well.

The essence of portfolio guarantee is to provide financial partners (STBs, MFOs) with a certain limit on the use of the Fund's guarantees without having each individual project approved by the Fund. For the portfolio guarantee, the Fund has developed a methodology under which it has defined clear criteria for financial partners (STBs, MFOs), criteria for MSMB, and, with meeting them, a loan can be issued using the portfolio guarantee method.

This guarantee method may be used in the event of conclusion of the Portfolio Guarantee Agreement (hereinafter referred to as the Agreement) between the Fund and STB/MFO.

For 2021, as part of the portfolio guarantee, the Agreements were concluded with a number of STBs, including SB Sberbank of Russia JSC, ATF Bank JSC, Eurasian Bank JSC, Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC, and others.

In 2021, 13,397 guarantees agreements were concluded as part of the portfolio guarantee.

The implementation of this method demonstrates a number of opportunities for both the SMEs and the Fund's financial partners (STBs, MFOs):

- accessibility to loans even in the absence of sufficient collateral;

- increasing the speed of obtaining a loan with a guarantee of the Fund;
- reducing the time spent to assess and register a collateral; and
- competitive advantage over other banks.

### Support provided in 2021 by 'Damu' Fund JSC for subsidizing instrument

Program	Number of projects	Loan portfolio, KZT billion	Paid subsidies, KZT billion
Business Roadmap 2025	7,269	734.2	76.6
Portfolio subsidy assistance	13,717	77.3	5.9
Suffered economy sectors	10,983	421	14.1
Facility of lending to priority projects	372	351	29.5
Nurly zher	10	4.4	2.4

### Support provided in 2021 by 'Damu' Fund JSC for guarantee instrument

Program	Number of projects	Loan portfolio, KZT billion	Guarantee amount, KZT billion
Business Roadmap 2025	16,806	299.7	149.5
Yenbek	62	0.7	0.4
Damu Optima	179	16.3	7
Facility of lending to priority projects	172	48.4	21.1

### Non-financial Support for Entrepreneurs

In parallel with the financial support programs, in 2021, the Fund continued to work on the implementation of the training programs and advisory support for the entrepreneurs.

In 2021, the regional branches served 12,450 customers, they provided 15,538 consultations.

In terms of supported projects, at the end of 2021, the regional branches supported 5,152 projects prior to the STBs/LCs/MFOs approval of applications from the private entrepreneurs for the financial support under the Fund's instruments.

Thus, the Fund continues to improve the quality of services provided and uses offline and online channels to this end.

### Plans for 2022

In 2022, the Fund plans to implement a number of activities and projects, including:

1. an independent ESG assessment and obtaining an ESG rating;
2. attracting investments to support "green"/social projects, sustainable development projects from the financial institutions / by issuing the bonds;
3. holding events to get an accreditation in the Green Climate Fund;
4. within the framework of cooperation between the Fund and the European Investment Bank, it is planned to develop and implement a new product to lend to MSMB out of the funds of the international institution, as well as the issue of obtaining technical assistance to identify "green" projects; and
5. development and implementation of the rules for subsidizing and guaranteeing under the National project for the development of entrepreneurship for 2021–2025, and others.

Plans for the current programs of the Fund:

1. the work will continue to raise funds from the LEAs for the implementation of targeted regional programs that provide the entrepreneurs in the regions with affordable and long-term funding;
2. the work will continue within the framework of cooperation with the international financial organizations, including raising the funds from the first tranche from the European Investment Bank under Credit Facility A, to provide financial support for the entrepreneurs affected by the consequences of COVID-19; and
3. the work will continue to provide non-financial assistance together with the foreign partners through the organization of B2B meetings, forums, seminars and consultations.

### ENHANCEMENT OF EXPORT POTENTIAL

The export support is one of the main strategic directions of the Holding. Since March 2017, the Holding's subsidiary – 'KazakhExport' EIC JSC – has got the status of a national

company, becoming a single centre for financial support for exports with a wide range of financial instruments.

### Financial and Insurance Support for the Kazakhstan Export

In 2021, the Company provided support in the execution of 448 export contracts for the total of 591 billion tenge. The assumed insurance liabilities increased from 134.6

billion tenge in 2020 to 204.7 billion tenge in 2021. In 2021, 93 exporters were supported, including 28 exporters supported for the first time.

### Development of Financial and Insurance Support for the Kazakhstan Export, KZT million

Indicators	2019	2020	2021
Assumed liabilities	97,076	134,632	204,705
Provided trade financing	10,399*	16,081**	17,713
Provided pre-export financing	11,813	13,502	14,436
Supported export contracts	543,893	588,591	326,515

\* as part of the trade financing of 'KazakhExport' EIC JSC, letters of credit were insured for the total amount of 15 billion tenge out of which 10.4 billion tenge were insured at the expense of 'KazakhExport' EIC JSC and 4.6 billion tenge – using the STBs' own funds.

\*\* Also, using the STBs' own funds, the trade finance projects in the amount of 8.5 billion tenge were financed

### Major Transactions Settled with the Support of 'KazakhExport' EIC JSC



#### EkibastuzFerroAlloys LLP, Ekibastuz City

EkibastuzFerroAlloys LLP is implementing the investment project of 'Construction of a Ferroalloy Plant'. The aim of the project is to construct a modern ferrosilicon plant in Ekibastuz City with a production capacity of 240,000 tons of products per year. The project is aimed at satisfying the local and global demand for ferrosilicon through the production and subsequent sale of products in the markets of Kazakhstan, Europe, Southeast Asia, North and South America.

The project is being implemented with the financial support of Kazakhstan Development Bank JSC in the amount of 72 billion tenge. Given the export orientation of the enterprise, 'KazakhExport' EIC JSC assumed credit risks for this financing in the amount of 33 billion tenge.

### Major Transactions Settled with the Support of 'KazakhExport' EIC JSC



#### Evraz Kaspian Stal LLP, Kostanay City

The plant for the production of bar steel rolled stock with a design capacity of the rolling mill – 450,000 tons of reinforcing bars per year. The range of the enterprises includes hot formed steel, hot formed reinforcing bars, thermomechanically treated reinforcing bars with deformed sections for reinforced concrete constructions. The plant's products are sold in the market of Kazakhstan and in other CIS countries (Russia, Ukraine, Tajikistan, Kyrgyzstan, etc.).

For the purposes of construction, the exporter's foreign counterparties in Tajikistan requested 'KazakhExport' EIC JSC to finance the purchase of reinforcing bars from the Exporter. Together with SB Sberbank JSC, the Company provided support for insuring a letter of credit and trade financing for the total of 5.5 million US dollars.

### Non-financial Support for Export Activities of the Kazakhstan Enterprises

In 2021, through the foreign representatives of 'KazakhExport' EIC JSC, 18 projects on insurance of export transactions were implemented, 16 foreign importers were involved, insurance commitments were assumed in the amount of 4.9 billion tenge with the total insurance premium of 153.6 million tenge. With

the assistance of the Company's foreign representatives, 224 conclusions on the reliability of foreign counterparties were issued, as well as 9 agreements and memoranda of cooperation were signed with the foreign importers, distribution networks, banks, insurance and reinsurance organizations and other financial institutions.

### Projects Implemented in 2021 with the Participation of the Foreign Representatives of 'KazakhExport' EIC JSC



1. A foreign representative in the Republic of Tajikistan settled the large transactions for the export of reinforcing bars of Evraz Kaspian Stal LLP within the framework of export trade financing under the letters of credit issued on behalf of Somontaminot LLC and Holding Asia Group Tajikistan CJSC. It should be noted that due to the effective work of the Foreign Representative in the Republic of Tajikistan, for the first time a transaction was settled through the letters of credit issued by the state-owned savings bank of Tajikistan – Amonatbank – in order to finance the supply of cars by SaryarkaAvtoProm LLP for Holding Asia Group Tajikistan CJSC.
2. With the assistance of the foreign representative in the Republic of Uzbekistan, the projects were implemented within the framework of insurance of export loans for the supply of flour, macaroni products and cereals by Tsesna Astyk Concern LLP, Tsesna-Mak LLP for Profit Store LLC. Also, with the assistance of the Foreign representative, the supplies to the Republic of Uzbekistan of reinforcing ropes, steel ropes and steel wire of the Kazakhstan manufacturer – KazMetiz LLP – were insured.
3. With the assistance of the foreign representative in the People's Republic of China, the projects

- on export loans insurance were implemented between Kaz-Ir Agro LLP and Oriental Silk Road Cultural Development Co., Ltd.; in addition, Eurasia Invest LTD LLP, a manufacturer of powdered camel and mare milk, was supported for the first time; the importers were Khorgos Ami Import And Export Trade Co., Ltd and Camel Story International Trading Co., Ltd.
4. In 2021, 'KazakhExport' EIC JSC took an active part in the international government commissions with all countries with high export potential, especially with border states.
5. In March 2021, as part of a meeting, the Memorandum of Cooperation was signed between the Chairperson of the Management Board of 'KazakhExport' EIC JSC R.V. Iskakov, Tajik Aluminum Company OJSC (TALCO) and the Eurasian Development Bank (EDB). This Memorandum made it possible to establish the foundation for the development of further cooperation between the parties and the implementation of the projects for the purchase of the Kazakhstan products by TALCO through financing provided by the EDB.

## Plans for 2022

In 2022, the following activities are planned to increase the export potential:

1. adoption of the law On the Export Credit Agency of the Republic of Kazakhstan (withdrawal of KazakhExport from the regulation of the National Bank of the Republic of Kazakhstan);
2. achievement of the plan in terms of the assumed liabilities in the amount of 250 billion tenge;
3. increase in the limit of state guarantees by at least 210 billion tenge for 2022;
4. approval of the regulatory and legal acts on the introduction of a facility to subsidize the trade financing rate; and
5. as part of the republican budgeting for 2023–2025, it is planned:
  - to take the measures for setting the limit of state guarantees for 2023; and
  - to provide for the funds for subsidizing the trade finance interest rate.

## DEVELOPMENT OF SHARED FINANCING ECOSYSTEM (PRIVATE EQUITY)

'Baiterek' NMH JSC is working on attracting foreign investment to priority sectors of the economy, applying leading international experience, transferring innovative knowledge and technologies.

### Shared Financing

The shared financing is an alternative tool for sustainable economic growth that affects the reduction of the foreign debt.

The key player in the private equity (PE) market in the Group of 'Baiterek' NMH JSC is Kazyna Capital Management JSC (hereinafter referred to as KCM JSC), whose tasks are to attract PE and promote sustainable economic development of Kazakhstan by providing shared financing through private equity funds

(hereinafter – PEF). KCM JSC invests and manages PEFs in partnership with the international institutional investors, sovereign wealth funds and international financial organizations for the purposes of further growth and increase of competitiveness.

At the end of 2021, the portfolio of KCM JSC included 16 PEFs, the amount of cumulative investments by the funds with the participation of KCM JSC amounted to 1,797 million US dollars.

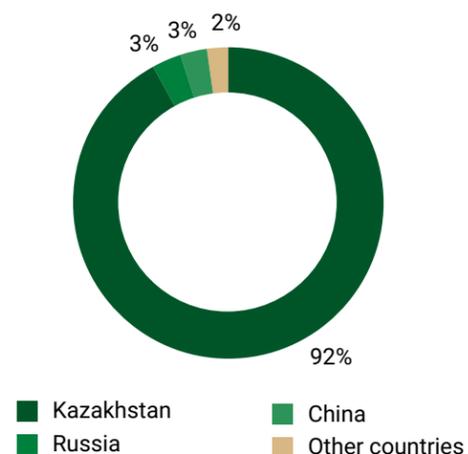
No.	Name of a private equity fund (PEF)	Year of establishment	Investors	Investment priorities
1.	Aureos Central Asia Fund L.L.C. (ACAF)	2007	KCM JSC, IFC, CDC Group, FMO, EBRD, DBJ	Financial activities, retail trade, telecommunications, chemical industry
2.	Falah Growth Fund L.P. (FGF)	2008	KCM JSC, Ordabasy Shrakat Limited, Aztech Investment Limited	Oil and gas, energy, infrastructure, etc.
3.	Wolfensohn Capital Partners L.P. (WCP)	2008	KCM JSC, National Industries Group Holding Company, CGI Private Equity, The Governing Council of the University of Toronto etc.	Alternative energy, financial and insurance activities, retail trade
4.	Kazakhstan Growth Fund L.P. (KGF)	2009	KCM JSC, EBRD	Food industry, equipment for raw materials industry, metallurgy, wood working and other industries

No.	Name of a private equity fund (PEF)	Year of establishment	Investors	Investment priorities
5.	Macquarie Russia and CIS Infrastructure Fund C.V. (MRIF)	2009	KCM JSC, IFC, EBRD, Vnesheconombank, Macquarie Group, EDB	Transport infrastructure, electric-power supply industry
6.	Islamic Infrastructure Fund L.P. (IIF)	2009	KCM JSC, IDB, ADB, CIMB Bank (L) Ltd., OPEC Fund for International Development, Bangkok Bank Ltd	Electric power supply, transport, communications, water supply, etc.
7.	Kazakhstan Capital Restructuring Fund C.V. (KCRF)	2010	KCM JSC, EBRD	SME (non-resource sectors)
8.	CITIC Kazyna Investment Fund I L.P. (CKIF)	2010	KCM JSC, CITIC Group, Sun Success International Ltd.	Infrastructure, resource sectors (except for the RK oil-and-gas sector), real estate
9.	Russian-Kazakhstan Nanotechnology Fund (RKFN)	2011	KCM JSC, Rosnano, VTB Capital I2BF	Projects in the field of nanotechnologies
10.	Kazakhstan Infrastructure Fund C.V. (KIF)	2014	KCM JSC, VGL Ltd	Infrastructure
11.	Baiterek Venture Fund	2014	KCM JSC	Priority branches of the SPIID
12.	Kazakhstan Hungarian Investment Private Equity Fund C.V. (KAGF)	2015	KCM JSC, EXIM Bank	AIC
13.	DBK Equity Fund C.V. (DBKEF)	2017	Kazakhstan Development Bank JSC, KCM JSC, BV Management LLP	Projects of Kazakhstan Development Bank JSC, KDB-Leasing
14.	KCM Sustainable Development Fund I C.V. (KCM SDF)	2019	KCM JSC, BV Management LLP	AIC, processing industry, engineering services and service provision, public health services, information and communication, energy, etc.
15.	Eurasian Nurdy (Bright) Investment Fund L.P. (ENIF)	2019	KCM JSC, 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.	Infrastructure, natural resources processing, logistics, information technologies, processing industry, agro-industrial complex, etc.
16.	Da Vinci Emerging Technologies Fund III L.P. (Da Vinci)	2021	KCM JSC, Da Vinci Global Technology Growth PCC, DEG-Deutsche Investitions- und Entwicklungsgesellschaft, Samruk-Kazyna Invest LLP, 57 Stars	Software development, IT infrastructure and telecommunications, financial technologies, B2C/B2B technologies and other IT branches

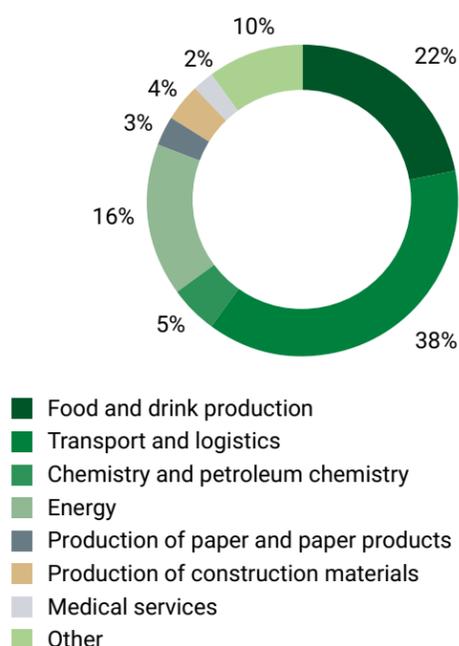
At the end of 2021, the largest share in the portfolio of KCM JSC is occupied by the transport and logistics sector – 38%, energy – 16% and food production – 22%.

At the end of 2021, there are 59 projects in the portfolio of KCM JSC of which the projects in Kazakhstan make up 92%.

### Portfolio Investments of KCM JSC by countries



### Portfolio Investments of KCM JSC by branches



### In 2021, complete exit of 7 projects was realized

No.	Project name	Fund name	IRR (%)
1.	Enel Russia	Macquarie Russia & CIS Infrastructure Fund C.V.	-7.4
2.	National Stock Exchange of India	Wolfensohn Capital Partners L.P.	24.9
3.	Foundation Wind Energy- I Limited	Islamic Infrastructure Fund L.P.	11.2
4.	Foundation Wind Energy- II (Pvt) Limited	Islamic Infrastructure Fund L.P.	11.2
5.	Labnet LLP	Kazakhstan Growth Fund C.V.	15.6
6.	VIST Group	Russian-Kazakhstan Nanotechnology Fund	49.5
7.	Z-Invest LLP	Baiterek Venture Fund	20.15

A partial exit from the Arctic Green Energy China project (CITIC Kazyna Investment Fund I L.P.) in the amount of 1.1 million US dollars was also realized.

### Plans for 2022

During 2022, KCM JSC will continue to implement strategic investment initiatives, and the work will continue to improve the corporate governance system and sustainable development of KCM JSC.

In addition, in 2022, KCM JSC will start to develop the Development Strategy for 2024–2033.

### Social and Economic Effect of the Holding's Implementation of the Development Programs<sup>1</sup>

Indicator	Unit	2019	2020	2021
Amount of paid taxes, KZT million	KZT million	803,285	1,237,575	1,738,140
Quantity of new jobs	ea.	11,727	10,101	9,420
Products sold	KZT million	11,469,372	17,582,179	13,539,624
Products sold for export	KZT million	833,315	1,914,105	2,561,750
Quantity of motor transport sold	ea.	1,851	1,915	1,774

### Provision of Housing for the Population

The National Project "Strong regions – the driver of development of the country" (hereinafter – the National Project) was approved by Resolution of the Government of the Republic of Kazakhstan No. 729 dated 12 October 2021.

The goal of the National Project is to create a comfortable living environment for citizens by ensuring equal access of the population to basic services, improving housing and public utility conditions, and developing housing construction, as well as ensuring transport connectivity and increasing the transport and transit potential of the country.

Currently, the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan is developing and agreeing on the Concept for the Development of Housing and Public Utility Infrastructure until 2025. Within the framework thereof, the rules for the implementation

of state support measures aimed at improving housing conditions will be approved, providing for the integral conditions of concessional mortgage programs implemented by Otbasny bank JSC.

In 2022, it is planned to launch a facility to subsidize rental payment for vulnerable segments of the population. The relevant Rules for the appointment and settlement of payments to certain categories of citizens (earning less than 1 minimum living wage per a family member) for housing rented in a private housing facilities were approved by Order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No. 60 dated 8 February 2022. Within the framework of this direction, it is planned to ensure the annual coverage of at least 70 thousand people on the waiting list. 50 billion tenge will be allocated for these purposes within three years.

### FINANCING THE CONSTRUCTION OF HOUSING CREDITED BY THE LEAS THROUGH THE FACILITY OF THE LEAS' BONDS REDEMPTION

The operator of this direction is Kazakhstan Housing Company JSC. All financial resources, as well as functions for selecting the projects, identifying the developers, developing and monitoring the progress of the construction are transferred to the LEAs.

Financing of the construction of credit housing through the LEAs' bond redemption facility allows turning the funds on a 'revolving' basis every two years and redirecting to a new construction without additional allocation of resources.

Currently, the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan is developing and agreeing on the Concept for the Development of Housing and Public Utility Infrastructure until 2025. Within

the framework thereof, the rules for the implementation of state support measures aimed at improving the housing conditions will be approved.

As part of the funds raised through the issue of the government securities, the financing should be provided for:

- 1) a project of social credit housing based on the cost of construction of 1 fine finish square meter (without the cost of utility facilities):
  - no more than 290 thousand tenge – in the cities of Nur-Sultan, Almaty and their suburban areas;
  - no more than 240 thousand tenge – in Atyrau and Mangistau Oblasts;

<sup>1</sup> The data of 'Damu' Fund JSC for 2021 is preliminary; it will be provided by the Public Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan in Quarter 3 of 2022.

- no more than 220 thousand tenge – in Shymkent City, Turkestan and Karaganda Oblasts;
- no more than 200 thousand tenge – in the East and West Kazakhstan regions;
- no more than 180 thousand tenge – in Aktobe, Akmola, Almaty, Kostanay, Pavlodar Oblasts and the North Kazakhstan region; and
- no more than 170 thousand tenge – in Zhambyl and Kyzylorda Oblasts.

In 2021, Kazakhstan Housing Company JSC purchased the LEAs' securities under the program 'Nurly Zher' for 163.7

### Amount of purchased bonds of the LEAs

Indicator	2019	2020	2021	2022 (planned)
Purchased bonds of the LEAs, KZT billion	108.8	281.2	163.7	349.5

In 2018–2019, KHC JSC (formerly BD JSC) spent 40 billion tenge through Yelorda Kurylys Kompaniyasy LLP to complete the problem shared construction facilities in Nur-Sultan City. As of 31 December 2021, out of the allocated 40.0 billion tenge (2018: 20 billion tenge; 2019: 20 billion tenge), 37.6 billion tenge were disbursed. Given the positive dynamics in the completion of problem housing construction facilities, as well as to prevent a shortage of funds and disruption of the implementation of the State Program for Housing and Public Utility Development 'Nurly Zher', the Akimat initiated the issue of extending the period for turning allocated funds for two

### Basic performance of Otbasy bank JSC

Indicator	2019	2020	2021
Amount of accumulations, KZT billion	806	1,034	1,509
Quantity of new contracts, thousand contracts	407	486	601
Quantity of issued loans, thousand loans	50.3	51.9	82.25
Total issued loans, KZT billion	527	609	1,235

Over the entire period of activity of Otbasy bank JSC (since 2005), over 357 thousand loans were issued for the amount of 3.5 trillion tenge.

In 2019, the concessional lending program for low-income families 'Bakytty otbasy' was launched. 50 billion tenge were attracted from the republican budget, which were directed to the issue of 5 thousand loans; 100% of the funds were disbursed. It was planned that, in 2020, 100 billion tenge would be attracted and allocated in the same way, however, due to the adjustments to the republican budget for 2020, the allocation of 49 billion tenge was approved.

billion tenge (100%), taking into account the amount of 54 billion tenge additionally raised in the market and mixing with the funds of the National Fund of the Republic of Kazakhstan.

Since 2016, the LEAs' bonds have been bought out in total within the framework of the program 'Nurly Zher' for 761.6 billion tenge. In 2022, according to the National Project "Strong regions – the driver of development of the country" as approved by Resolution of the Government of the Republic of Kazakhstan No. 729 dated 12 October 2021, the plan is 349.5 billion tenge taking into account the funds raised in the market.

years and making appropriate amendments to minutes of the Council for Management of the National Fund of the Republic of Kazakhstan No. 17-01-9.7 dated 22 December 2017 for a period of 2 years from April 2022.

Otbasy bank JSC, in turn, stimulates the demand for and sale to its depositors of housing built with the funds raised through the placement of the LEAs' bonds by issuing concessional housing loans. As of 31 December 2021, there were 2.2 million contracts in the system of Otbasy bank JSC with an amount of savings of 1.5 trillion tenge.

The funds were received in June 2020. Also, in 2021, 70 billion tenge was allocated (50 billion tenge were allocated in April 2021; 20 billion tenge were allocated in four tranches in September, October, November, and December). During the period of existence of the program, Otbasy bank JSC issued about 13.6 thousand loans for the amount of 145.8 billion tenge.

In accordance with the Message of the Head of the State, starting from 2020–2023, the annual issue plan will involve the approval of at least 10 thousand applications for the amount of 100 billion tenge.

### Encouraging the Construction of Housing by Private Developers

Within the framework of the State Program 'Nurly Zher', a facility is provided for subsidizing the interest rate for 3 years at 7% per annum on the loans from the private developers issued by the STBs. From 1 July 2021, these functions have been transferred to the Single Operator – KHC JSC.

From 2016 to 2021, contracts were signed in this area for the total amount of 155 billion tenge, including contracts for 27.8 billion tenge – in 2021. The plan for 2022 is at least 20 billion tenge.

### Support for the Shared Housing Construction

Kazakhstan Housing Company JSC started guaranteeing the shared contributions in housing construction from 10 October 2016. For these purposes, in 2016–2017, HGF JSC was capitalized from the republican budget for the total amount of 20 billion tenge.

Since the beginning of the implementation of the instrument, guarantees have been issued in total for 644 billion tenge. The plan for 2022 is 120 billion tenge.

### Amount of issued guarantees by shared construction facilities

Indicator	2019	2020	2021	2022 (planned)
Amount of issued guarantees, KZT billion	88.8	120.6	372	120

## Development of the Agro-industrial Complex



The development of the agro-industrial complex (hereinafter – the AIC) is one of the main long-term priorities of the state economic policy of Kazakhstan, and one of the strategic directions of 'Baiterek' NMH JSC.

Within this direction, support is provided by the subsidiaries – Agrarian Credit Corporation JSC and KazAgroFinance JSC:

Agrarian Credit Corporation JSC specializes in lending to the AIC entities, funding the financial institutions (credit partnerships, MFOs, STBs, and leasing companies), micro-crediting, lending to spring sowing campaigns and harvesting operations, and investment projects. Also, it performs the functions of an insurance operator in the AIC and an agent for 'Rural Mortgage' within the framework of the project "Go to the village with a diploma!".

KazAgroFinance JSC provides leasing of agricultural machinery and equipment.

In 2021, 'Baiterek' NMH JSC allocated 464.2 billion tenge to the development of the agro-industrial complex of Kazakhstan, with an annual plan of 388.3 billion tenge. The increase in lending to the industry for the year reached + 4.2%. The quantity of loans issued in 2021 increased by 14% over the year to 26.2 thousand.

Indicator	Unit	2019	2020	2021
<b>Total amount of the AIC financing, including:</b>	KZT billion	448.6	445.7	464.2
ACC JSC (including AFSF)	KZT billion	358.3	340.4	322.5
KAF JSC (exclusively of ICB)	KZT billion	90.3	105.3	141.6
<b>Total quantity of issued loans, including:</b>	loans	27,684	27,900	26,173
ACC JSC (including AFSF JSC)	loans	24,239	23,647	20,230
KAF JSC	loans	3,445	4,253	5,943

At the end of 2021, Agrarian Credit Corporation JSC financed 20,230 agricultural producers for the total amount of 322.5 billion tenge, including in view of the lending programs:

№	Lending program	2021 (planned), KZT thousand	Actually for 2021	
			KZT thousand	% used
1	Agrobusiness (KT)	40,673,258	61,414,131	151 %
2	Employment Roadmap (projects)	34,100,000	5,000,000	15 %
3	Resources from the National Fund	25,800,000	26,795,068	104 %
4	Micro-lending 'Isker'	12,529,196	12,532,796	100 %
5	Employment Roadmap (MFOs)	21,299,411	6,444,525	30 %
6	'Sybaga' (cattle stock)	13,000,000	12,317,336	95 %
7	'Sybaga' (small cattle)	4,840,000	6,657,817	138 %
8	Agrobusiness (direct lending)	18,556,286	41,635,065	224 %
9	Agrobusiness (5 directions)	3,673,462	3,673,462	100 %
10	Simple things economy (spring sowing campaigns)	6,002,866	6,002,866	100 %
11	Program of concessional lending to people affected by announcement of the state of emergency	1,425,521	1,425,521	100 %
12	'Ken dala'	70,000,000	70,000,000	100 %
13	Micro-lending by AFSF JSC	67,582,000	68,564,429	101 %
<b>Total</b>		<b>319,482,000</b>	<b>322,463,015</b>	<b>101 %</b>

The largest volume of lending in 2021 fell on livestock breeding (46%) and crop production (42%).

At the end of 2021, the loan portfolio of ACC JSC amounted to 803.1 billion tenge, an increase of 51% compared to 2020 was due to the takeover of AFSF JSC. Despite the growth of the loan portfolio, NPL remains at the level of 5.4%.

In addition, in 2021, 69 AIC investment projects (including 46 new ones) were financed at the total cost of 53.8 billion tenge. 43 projects at the total cost of 71 billion tenge were commissioned in 2021.

In 2021, KazAgroFinance JSC entered into the agreements for leasing 7,276 agricultural and specialized machinery and equipment to the amount of 141.6 billion tenge.

Compared to 2020, the dynamics of growth in financing of the purchase of equipment by main types amounted to 28.7% in monetary terms and 20.1% in quantitative terms.

### Information about finance lease agreements entered into by KAF JSC:

Machinery/ equipment	2019		2020		2021	
	Quantity	Amount, KZT million	Quantity	Amount, KZT million	Quantity	Amount, KZT million
Sowing machines	143	7,336	129	4,932	258	10,515
Tractors	1,713	30,859	1,993	35,460	2,431	45,521
Combine harvesters	540	32,856	541	36,284	633	44,408
Seeding machines	416	4,386	354	7,576	258	7,513
Other machines	3,073	23,017	3,039	25,786	3,696	33,669
Equipment	8	58				
<b>Total:</b>	<b>5,893</b>	<b>98,512</b>	<b>6,056</b>	<b>110,038</b>	<b>7,276</b>	<b>141,626</b>

In 2021, the percentage of financed equipment made in Kazakhstan reached 44.6% or 63.1 billion tenge.

Thanks to the financial support of the Holding, in 2021, over 20 thousand jobs have been created.

To promote the development of agriculture, in 2021, the Holding has proceeded to finance 46 new investment projects, which will allow achieving the following results:

- 15 commercial dairy farms with a production volume of 51.9 thousand tons of milk;
- 1 poultry farm for 3 thousand tons of poultry meat;
- 2 projects for the development of horticulture for 11 thousand tons of fruits;
- 5 projects for the development of greenhouse complexes for 8.7 thousand tons of vegetables and 625 tons of rice;
- 5 projects for the production and processing of agricultural products for 75.9 thousand tons of products (processing of vegetables, milk and production of oils);

- 1 project to create a meat processing complex with a capacity of 5 thousand tons of meat products per year;
- 4 vegetable stores with a storage capacity of 10.8 thousand tons;
- 7 multiplying farms for 16.6 thousand cattle stock;
- 2 projects for the development of fodder production with a capacity of 29 thousand tons and 960 hectares; and
- 4 projects for the production of horticultural and fodder crops using an irrigation system with a capacity of 19 thousand tons (vegetables, corn, lucerne, etc.).

In addition, as a result of financing by the Holding' Subsidiary, the business entities have:

- purchased 139 thousand of cattle (cattle stock);
- purchased 399.9 thousand of small cattle (small cattle);
- purchased 97.5 thousand of horses;
- sowed 3.66 million hectares of farmland as part of spring sowing campaigns; and
- upgraded 7.3 thousand agricultural machines.

## Digitalization Strategy

The Digitalization Strategy defines the main strategic directions for the development of digital technologies in the Holding, which is one of the most important factors contributing to the solution of the key tasks given in the Holding Development Strategy.

The work on the Holding digitalization is performed to increase the level of corporate governance, investment attractiveness and customer focus, as well as to ensure the possibility of transforming existing business processes.

In 2021, to transform the main directions of the digitalization model, the Holding Digitalization Strategy, which identified 7 main areas of digitalization, was updated and approved for 2021–2023:

- automation and optimization of business processes;
- client-focused services;
- reliable and fault-tolerant infrastructure;
- transition to paperless workflow – "paper-free";
- analytics and data management;
- effective financial management tools; and
- corporate governance of digital technologies.

In particular, in 2021, the work was performed to automate and optimize the business processes of the Holding, to modernize the Unified Entrepreneurship Support Portal 'Digital Baiterek', to automate the financial reporting of the Holding, and to prepare for the creation of a Unified Data Repository.

According to the analysis, 86 business processes have been formalized in the Holding, of which 59 processes (68%) have been automated during the period from 2019 to 2021. As a result of the work performed, the efficiency of the Holding's activities increased by 40%.

One of the key areas of digitalization is the 'Customer-focused services', which involves the transformation of channels and methods of providing the Holding's services into an electronic format in order to satisfy the needs of a rapidly growing audience of customers who actively use online tools, and to build new competencies and methods of organizing the activities. As part of the implementation of this direction, in 2021, the measures were taken to upgrade the Unified Entrepreneurship Support Portal 'Digital Baiterek', in particular, the design thereof was updated, the functionality of interactive customer interaction (one stop) and the selection of services on the basis of cross-sales were implemented.

In total, Digital Baiterek hosts 12 automated services provided by the Holding's subsidiaries. The online services hosting allowed the population minimizing the number of visits to offices, monitoring online the status of the service performance and reducing paperwork.

In the direction of the 'Effective financial management tools', the work was performed to automate the preparation of the Holding's financial statements. The tools implemented allowed reducing the time taken by the processes. Thus, the average time spent on preparing statements has been reduced to 3 days, which has previously taken 10 days.

## Plans for 2022

As part of the implementation of the Digitalization Strategy, the Holding has developed the Plan for 2022–2023 covering 6 incomplete main areas of digitalization.

In 2022, it is planned to carry out a number of activities to automate the personnel registration business processes, information technology, operating activities, documentation support, as well as the development of previously automated processes.

To ensure the prompt adoption of managerial and strategic decisions, taking into account secure access to information at any time and in any place, including to enhance the efficiency of the work of collegial bodies, the Portal of collegial bodies (hereinafter referred to as the Portal) was created in the Holding.

The Portal provides for the organization of internal communications between the members of the collegial bodies and remote participation in voting and decision-making procedures in the Holding and subsidiaries. In 2021, 5 meetings of the Board of Directors of Agriculture Financial Support Fund JSC (formerly a subsidiary of the Holding; in 2021, it was reorganized by merging with the Holding's subsidiary – Agrarian Credit Corporation JSC) were held on the Portal in pilot mode, and the work was also performed on providing access to the Portal to the Holding's subsidiaries.

The Portal is integrated with the BPM-system of the Holding, which automates the internal business processes of the Holding.

The objects of automation of the Holding and subsidiaries are the following bodies:

- 1) the Board of Directors;
- 2) the Management Board;
- 3) the Committees under the Board of Directors;
- 4) the Committees under the Management Board; and
- 5) the Digitalization Office.

To implement the 'Analytics and Data Management' direction, the preparatory measures for the creation of the Unified Data Repository were continued, internal regulatory documents were developed with a view to establish the procedure for conducting analytical activities and generating the process of a unified database of analytical studies, and the necessary tools were purchased.

To implement the 'Customer-focused services' direction, it is planned to expand the list of services of the Holding's subsidiaries placed in the 'single window'. At the same time, tools for the formation of planned indicators and their control will be introduced in the 'Effective financial management tools' direction.

In addition, it is planned to continue work on the introduction of a unified information legal system in the Holding's subsidiaries.

## Security of Customer Data



To comply with the requirements of the legislation, the Holding's Group assumes the obligations to protect personal data, the consent to the processing thereof is given by the customers of the Holding's subsidiaries while formalizing the contractual relations.

The security of personal data, which is processed in the information systems of the Holding's subsidiaries, is ensured through an organized system of two-level protection. Within this system, the access is authorized by the Information Security Division, while the Information Technology Division performs the control functions in terms of setting and restricting access to the information systems through which personal data is processed.

The Holding's Group operates the systems with the following information protection functions:

- prevention of leakage of protected information from personal computers and laptops, including personal data, banking secrecy, confidential information;
- prevention of leakage of protected information through the corporate e-mail channel;
- data encryption when transferring information to mobile memories to minimize the risk of information confidentiality compromise and loss of media;
- prevention of leakage of protected information when interacting with the Internet;

- monitoring the actions of privileged users to protect against insider threats;
- mobile device management to prevent leakage of protected information from mobile devices; and
- workstation protection system, including anti-virus protection.

The Holding's Group also carries out a number of activities on an ongoing basis with a view to improve the information security system, in particular:

- control of providing access to information systems containing protected information;
- implementation of a secure VPN channel for connecting to a remote desktop as part of remote work; and
- measures to ensure the protection, fault-tolerance, continuity and availability of information assets.

In 2021, training and testing of employees was carried out to enhance awareness in terms of information security. At the same time, employees were subjected to false phishing attacks imitating real ones in order to be able to recognize the actions of scammers in the network.

# CORPORATE GOVERNANCE

## Corporate Governance System

The approved Corporate Governance Code of the Holding provides a set of rules and recommendations that should be followed in the course of its activities to ensure efficiency, transparency, accountability, and a high level of business ethics in relations within the Holding and with other stakeholders.

The fundamental corporate governance principles of the Holding are:

1. the power delineation principle;
2. the principle of protecting the rights and interests of the Sole Shareholder;
3. the principle of effective management of the Holding by the Board of Directors and the Management Board;
4. the principle of sustainable development;
5. the principle of risk management, internal control and internal audit;
6. the principle of settlement of corporate conflicts and conflicts of interest; and
7. the principles of transparency and objectivity in the disclosure of information about the activities of the Holding.

Moreover, the work is performed on an ongoing basis to carry out activities aimed at improving the corporate governance, including the implementation of the provisions and principles of the Holding's Corporate

Governance Code in its activities. Also, the preparation of a report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code should be noted. This practice is also introduced in the subsidiaries of the Holding.

A summary of the Report on Compliance/Non-Compliance with the Principles and Provisions of the Corporate Governance Code of 'Baiterek' NMH JSC for 2021 is contained in the appendix to the annual report. A detailed version of the Report is posted annually on the Holding's website in the 'Corporate Governance' section.

At the same time, the Holding is constantly monitoring the main changes in the international corporate governance trends, the national legislation and implementing the best corporate governance practices in its activities. As a recognized international standard in the field of corporate governance of quasi-public companies, the Holding applies the Guidelines of the Organization for Economic Cooperation and Development (OECD) on corporate governance for the enterprises with state participation, which are adapted to the Holding's activities and are implemented within the framework of the Holding's Corporate Governance Code approved by the resolution of the Sole Shareholder.

### Conformance of the Corporate Governance Code to the OECD International Corporate Governance Standards

Key provisions and recommendations of the OECD Guidelines on the corporate governance for the enterprises with state participation	Relevant provisions and principles of the Holding's Corporate Governance Code
Substantiation of the state participation / expediency of the state entry in the private sector and disclosure of this information	<b>Power delineation principle</b> The Holding was created with the view to promote the development and diversification of the economy, attract investments (including the National Investors), develop the clusters and improve the corporate management system in its subsidiaries and related entities.
The state, as an owner, ensures full operational independence of enterprises with state participation and does not take part in making operating decisions	<b>Power delineation principle</b> The government authority, as the Sole Shareholder of the Holding, provides the Holding with full operational independence and does not interfere in the operating (current) and investment activities of the Holding, except as provided by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Key provisions and recommendations of the OECD Guidelines on the corporate governance for the enterprises with state participation	Relevant provisions and principles of the Holding's Corporate Governance Code
Enterprises with state participation operate with the same degree of efficiency, transparency and accountability as the leading private companies.	<p><b>Power delineation principle</b></p> <p>The economic activity of the Holding and its subsidiaries must meet the market conditions regarding debt and equity finance.</p>
All public and non-public enterprises with state participation must comply with the national corporate governance codes	<p><b>Principle of protecting the rights and interests of the Sole Shareholder</b></p> <p>The Corporate Governance Code of the Holding has been updated taking into account the provisions of the Standard Corporate Governance Code in state-controlled joint-stock companies.</p>
Enterprises with state participation must recognize and respect the rights of the stakeholders provided for in legislation or mutual agreements	<p><b>Principle of sustainable development</b></p> <p>The Holding and its subsidiaries are aware of the importance of their impact on the economy, ecology and society to ensure sustainable development in the long term, while maintaining a balance of stakeholder interests.</p>
Enterprises with state participation must report material financial and non-financial information about the enterprise in accordance with high quality internationally recognized corporate information disclosure standards, and including the areas of particular concern to the government, as an owner, and the public.	<p><b>Principle of transparency and objectivity of disclosure of the information concerning activities of the Holding</b></p> <p>To respect the interests of stakeholders, the Holding timely and reliably discloses the information provided for by the legislation of the Republic of Kazakhstan and the internal documents of the Holding, as well as information about all important aspects of its activities, including financial condition, performance, ownership and management structure.</p>
The Boards of Directors of the enterprises with state participation should have the necessary authority and objectivity to perform their functions of strategic guidance and control over the activities of the management. They must act in good faith and hold responsibility for their actions.	<p><b>Principle of effective management of the Holding by the Board of Directors and the Management Board</b></p> <p>The Board of Directors performs its functions in accordance with the legislation of the Republic of Kazakhstan, the Articles of Association of the Holding, the Corporate Governance Code, and the Regulations of the Board of Directors.</p> <p>The members of the Board of Directors are personally responsible for the performance of their duties, including fiduciary duties and decisions made, operating efficiency, actions and/or omission.</p> <p>The Management Board is accountable to the Board of Directors and is responsible for the implementation of resolutions adopted by the Board of Directors and the Sole Shareholder.</p>
Enterprises with state participation must develop and oversee effective policies and procedures to manage financial and operating risks, as well as the human rights, employment, environmental and tax risks.	<p><b>Principle of risk management, internal control and internal audit</b></p> <p>The Holding has an effectively functioning risk management and internal control system aimed at providing reasonable assurance that the Holding will achieve its strategic and operational goals, and which is a set of organizational policies, procedures, rules of conduct and actions, management methods and facilities.</p>
It is necessary to use the facilities designed to avoid conflicts of interest that prevent the Board of Directors from objectively performing its duties, and that limit political interference in the work of the Board of Directors.	<p><b>Principle of settlement of corporate conflicts and conflicts of interest</b></p> <p>The Holding's employees do not allow a situation in which a conflict of interest may arise, either in relation to themselves (or persons related to them), or in relation to the others.</p> <p>To avoid conflicts of interest that prevent the Board of Directors from performing its duties objectively and limit the political interference in the processes of the Board of Directors of the Holding, the Holding introduces facilities to prevent and settle the same.</p>

## MODEL OF CORPORATE GOVERNANCE OF THE HOLDING

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

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

In accordance with the Articles of Association of the Holding, the main bodies are:

- the Sole Shareholder being the supreme governing body of the Holding;
- the Board of Directors being the governing body; and
- the Management Board being the executive body.

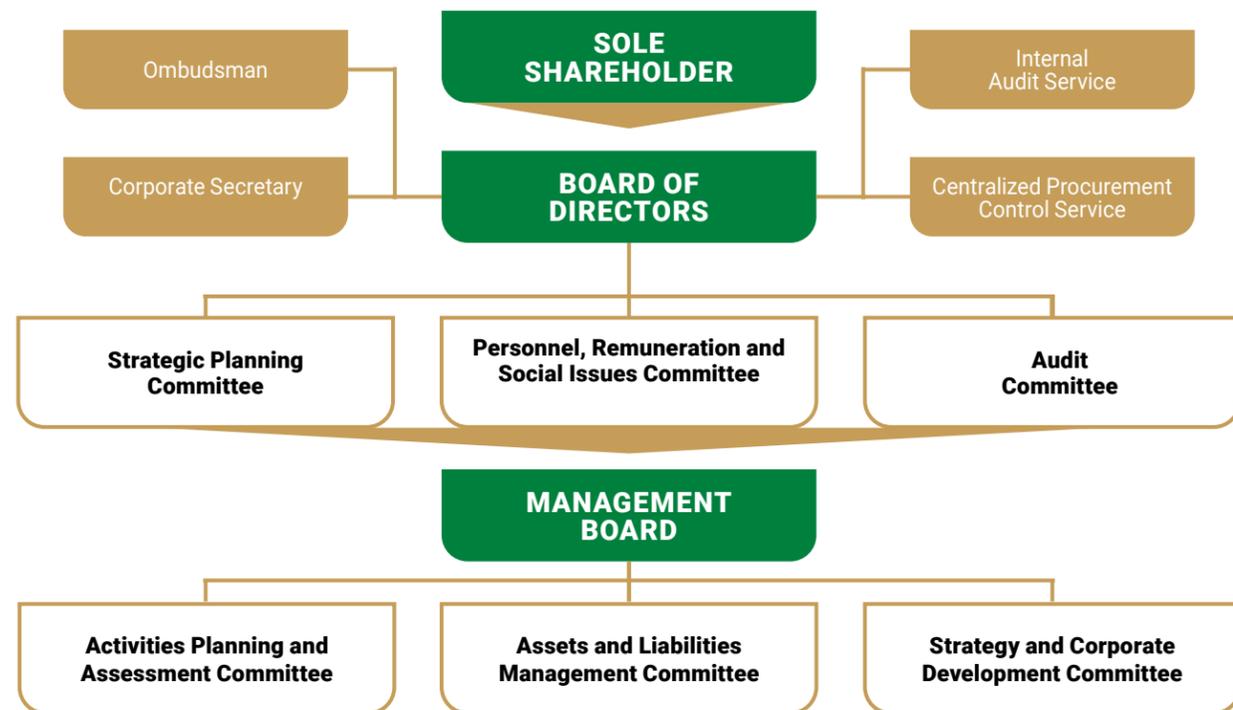
The Internal Audit Service is the body controlling the financial and economic activities of the Holding, assessment of internal control, risk management, execution of documents in the field of corporate governance and consulting in order to improve the activities of the Holding.

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 who is not a member of the Board of Directors or the Management Board of the Holding and is accountable to the Board of Directors of the Holding.

The Board of Directors of the Holding has committees with the competence including consideration of issues related to audit and risk management, strategic planning, personnel, remuneration and social issues.

To prepare advisory decisions for the Management Board in certain areas of the Holding's activities, including for the preparation and preliminary consideration of issues within the competence of the Management Board, the committees have been formed under the Management Board: the Activities Planning and Assessment Committee, the Assets and Liabilities Management Committee, and the Strategy and Corporate Development Committee.

### Structure of the corporate governance system of the Holding



### PLAN OF ACTIONS TO IMPROVE THE CORPORATE GOVERNANCE OF THE HOLDING

As part of the Action Plan for Improving Corporate Governance for 2021–2022 approved by the Board of Directors of the Holding, the following activities were carried out in 2021:

1. By the Resolution of the Government of the Republic of Kazakhstan dated 30 November 2021, the Development Plan of 'Baiterek' NMH JSC was updated in 2023 perspective<sup>1</sup>, taking into account the priorities of the Government of the Republic of Kazakhstan, the goals of sustainable development, and global technological trends. Also, by the resolution of the Board of Directors of the Holding dated 21 October 2021 (minutes No.06/21), the Investment Policy of 'Baiterek' NMH JSC was updated in terms of unifying the approaches to investing in the "green" sector of the economy of the Republic of Kazakhstan.
2. A form of the questionnaire for self-assessment of the Board of Directors of the Holding was developed together with KPMG Tax and Advisory LLP and approved by the order of the Ministry of National

Economy of the Republic of Kazakhstan dated 29 October 2021.

3. On 25 November 2021, based on the resolution of the Board of Directors of 'Baiterek' NMH JSC, an independent assessment of the activities of the Board of Directors and the Committees of the Holding was carried out. The overall assessment of activities of the Board of Directors for 2021 shows positive results.
4. As part of the report on compliance/non-compliance with the principles of corporate governance codes of the Holding, by decision of the Audit Committee of the Board of Directors of the Holding dated 26 May 2021 (Minutes No. 03/21), the results of monitoring of the Corporate Governance Code compliance were taken into account and, by resolution of the Board of Directors of the Holding dated 27 May 2021 (minutes No. 03/21), a report on compliance / non-compliance with the principles

and provisions Of the Corporate Governance Code of 'Baiterek' NMH JSC was approved.

5. By the resolution of the Management Board of the Holding dated 1 October 2021 (minutes No.52/21), the Methods for diagnosing the corporate governance in the subsidiaries of 'Baiterek' NMH JSC were updated and, by the resolution of the Management Board dated 17 November 2021 (minutes No.62/21), the Holding's Stakeholder Map was updated in terms of stakeholder consolidation and updating of the section on strategy and interaction (communication strategy) taking into account the roles, responsibilities and procedures for interacting with the stakeholders.
6. In terms of sustainable development activities, including the Holding's participation (organization and conduct) in environmental and educational events, the following activities were carried out:
  - Essay competition "Nur-Sultan is a symbol of success and prosperity" dedicated to the 30th anniversary of Kazakhstan's independence;
  - Charitable action "Road to School";
  - Challenge in honour of the Day of Languages of the Peoples of Kazakhstan;
  - Chess tournament;
  - Day of the donor;
  - Charity fair; and
  - Marathon of good deeds.
7. Organization of events on the topics of corporate management:
  - 27 May 2021 (minutes No. 01/21): meeting of independent directors of the Holding with the managements of Agrarian Credit Corporation JSC, KazAgroFinance JSC and Agriculture Financial Support Fund JSC;
  - 22 September 2021 (minutes No. 02/21): strategic session with the participation of independent directors, members of the Management Board of the Holding and independent directors,

### Plans for 2022

In 2022, in accordance with the Action Plan to improve the corporate governance of the Holding and as part of the further implementation of the principles of the Corporate Governance Code, it is planned to execute in terms of approving amendments and alterations to the Corporate Governance Code of the Holding, to monitor the implementation of the Action Plan

At the end of 2021, the corporate governance assessment made by the IAS of the Holding was

89.3%

- managements of Kazakhstan Development Bank JSC, 'Damu' Entrepreneurship Development Fund JSC, Kazyna Capital Management JSC, and Kazakhstan Housing JSC;
- 20 October 2021 (minutes No. 01/21): the meeting of the Board of the Corporate Secretaries of the Holding's group of companies was held;
- On 25 November 2021, with the cooperation of 'Baiterek' NMH JSC, AIFC Administration JSC and BCPD Ltd., the Forum of the Corporate Secretaries of Kazakhstan was held at the platform of Astana International Financial Centre, in which both the Kazakhstan professionals in the field of corporate governance and the international experts took part; and
- On 29 October 2021, the meeting was held with representatives of the Sole Shareholder of the Holding to discuss the issues of development strategy and other aspects that affect the profitability and sustainable development of the Holding.

At the end of 2021, the corporate governance assessment made by the IAS of the Holding was 89.3%.

to improve the corporate governance of the Holding and subsidiaries of the Holding, to provide training to the Management Board of the Holding on strategic risk management, internal audit, sustainable development, non-financial risks and non-financial reporting (ESG reporting) and internal assessment of the effectiveness of the Holding's corporate governance system.

<sup>1</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.

## Sole Shareholder

The Sole Shareholder of the Holding is the Government of the Republic of Kazakhstan represented by the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – the RK MNE), which makes decisions

### Share Capital

As of 31 December 2021<sup>1</sup>, the share capital of 'Baiterek' NMH JSC amounted to 1,266,238,962 tenge:

- authorized ordinary shares – 5,000,086,550;

on the issues referred by the legislation and the Articles of Association of the Holding to the competence of the Sole Shareholder.

- allocated and paid ordinary shares – 1,251,095,973; and
- authorized, but not allocated ordinary shares – 3,748,990,577.

### Dividend Policy

The dividend policy of the Holding is based on observing the interests of the Sole Shareholder, ensuring the profitability of the Holding and its subsidiaries, ensuring financial sustainability, transparency of the facility to determine the amount of dividends.

In 2021, the Holding declared and paid dividends in the amount of 10 billion tenge (during 2020: 11 billion tenge). Dividends per ordinary share amounted to 8.29 tenge (2020: 10.93 tenge).

## KEY RESOLUTIONS OF THE SOLE SHAREHOLDER

The Sole Shareholder of the Holding considered the following issues in the reporting year:

- reorganization of 'Baiterek' National Management Holding Joint-Stock Company by joining 'KazAgro' National Management Holding Joint-Stock Company;
- certain issues of 'Baiterek' National Management Holding Joint-Stock Company (amendments to the Articles of Association of the Holding regarding the expansion of the purpose and scope of activities of the Holding in connection with the merger of 'KazAgro' NMH JSC);
- approval of the annual financial statements and the procedure for distributing the net income of 'Baiterek' National Management Holding Joint-Stock Company for 2020;
- certain issues of the Dividend Policy of 'Baiterek' National Management Holding Joint-Stock Company (amendments to the Dividend Policy);
- certain issues of the members of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company;
- transfer of funds directed to the National Fund of the Republic of Kazakhstan from the transfer

of the assets of 'Baiterek' National Management Holding Joint-Stock Company to the competitive environment;

- amendments and alterations to order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No. 650 On Approval of the Regulations of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company dated 8 December 2020; and
- amendments to the Articles of Association of 'Baiterek' National Management Holding Joint-Stock Company.

## Board of Directors



The Board of Directors is the governing body of the Holding, which provides strategic management of its activities and control over the activities of the Management Board. 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 Holding, as well as protection of the rights of the Sole Shareholder.

In accordance with its competence, the Board of Directors shall:

- approve the development plan;
- oversee the effective functioning of the risk management system;
- carry out internal control and internal audit; and
- approve and monitor the effective implementation of major investment projects and other key strategic projects.

## RESPONSIBILITY OF THE BOARD OF DIRECTORS

The members of the Board of Directors are personally responsible for the performance of their duties, including fiduciary duties and decisions made, efficiency of their activities, actions and/or omission.

of the Board of Directors from the moment of their election and at the expense of the Holding. Accordingly, on 24 December 2021, the Holding entered into an agreement on the procurement of services for insuring the liability officials of 'Baiterek' NMH JSC.

According to the Regulations of the Board of Directors, the Holding is obliged to insure the liability of the members

## Members of the Board of Directors

As of 31 December 2021, the Board of Directors of the Holding comprised ten directors, three of which were independent.

The composition of the Board of Directors was determined on 21 November 2019 by the order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan with a term office of 3 (three) years from 30 December 2019.

<sup>1</sup> As per the register of securities holders of 'Baiterek' NMH JSC, as of 5 January 2021, there were 5,000,086,550 authorized shares in the Holding out of which there were 1,046,504,712 allocated shares and 3,953,581,838 shares available for allocation. The use of the registry data as of 5 January 2021 is due to the replenishment of the authorized capital of 'Baiterek' NMH JSC from the republican budget on 31 December 2020 in accordance with the resolution of the Board of Directors of the Holding dated 31 December 2020 (No. 11/20), under which the Holding additionally allocated 12,286,000 shares (the shares were written off to the shareholder's account on 5 January 2021).



## ASKAR MAMIN

**Prime Minister of the Republic of Kazakhstan, Chairman of the Board of Directors**

**He was born on** 23 October 1965.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from Tselinograd Institute of Civil Engineering in the specialty of the Civil Engineer, the Russian Economic Academy named after G.V. Plekhanov in the specialty of Economist.

**Experience during the recent years:**

- From 2008 to September 2016: the President in Kazakhstan temir zholy NC JSC;
- From September 2016 to February 2019: the first Deputy Prime Minister of the Republic of Kazakhstan;
- From 25 February 2019: the Prime Minister of the Republic of Kazakhstan.

By the resolution of the Sole Shareholder of the Holding dated 28 February 2019, he was elected to be the Chairperson of the Board of Directors. On 21 November 2019, he was re-elected as a member of the Board of Directors. On 28 December 2019, he was re-elected to be the Chairperson of the Board of Directors.

**Membership in the Boards of Directors (Supervisory Boards) of other organizations:**

- the Chairperson of the Board of Directors in 'Kazakh Invest' National Company JSC.



## TIMUR SULEIMENOV

**Deputy Chief Executive of the Administration of the President of the Republic of Kazakhstan, member of the Board of Directors**

**He was born on** 5 April 1978.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from Pavlodar State University named after S. Toraigyrov in the specialty of Management, Maryland University (USA) with the degree of the Master of Business Administration under Bolashak Program, Business Master specializing in Finances. He was certified by the United Kingdom Chartered Certified Accountant and Auditor Association.

**Experience during the recent years:**

- From December 2016 to 1 March 2019: the Minister of National Economy of the Republic of Kazakhstan;
- From 1 March 2019 to 22 March 2019: Vice-Chairperson of the National Bank of the Republic of Kazakhstan;
- From 22 March 2019 to July 2019: Assistant President of the Republic of Kazakhstan;
- From 22 July 2019: Deputy Chief Executive of the Administration of the President of the Republic of Kazakhstan.

By the resolution of the Sole Shareholder of the Holding dated 2 April 2019, he was elected as a member of the Board of Directors. On 21 November 2019, was re-elected as a member of the Board of Directors.



## ROMAN SKLYAR

**Deputy Prime Minister of the Republic of Kazakhstan, member of the Board of Directors**

**He was born on** 8 May 1971.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from Pavlodar State University in the specialty of the Civil Engineer, Moscow Modern Business Institute in the specialty of the Economist, Kazakh Institute of Jurisprudence and International Relations in the specialty of the Lawyer.

**Experience during the recent years:**

- From December 2016 to December 2017: Vice Minister for Investments and Development of the Republic of Kazakhstan;
- From January 2018 to February 2019: the first Vice Minister for Investments and Development of the Republic of Kazakhstan;
- From 25 February 2019 to 17 September 2019: Minister of Industry and Infrastructure Development of the Republic of Kazakhstan;
- From 18 September 2019: Deputy Prime Minister of the Republic of Kazakhstan.

On 28 February 2019, by the resolution of the Sole Shareholder of the Holding, he was elected as a member of the Board of Directors. On 21 November 2019, he was re-elected as a member of the Board of Directors.

**Membership in the Boards of Directors (Supervisory Boards) of other organizations:**

- the Chairperson of the Board of Directors of 'KazAgro' National Management Holding JSC (from 23 November 2019 to 15 March 2021);
- the member of the Board of Directors of 'Kazakh Invest' National Company JSC.



## BEIBUT ATAMKULOV

**Minister of Industry and Infrastructure Development of the Republic of Kazakhstan, member of the Board of Directors**

**He was born on** 19 May 1964.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from the Kazakh Polytechnic Institute named after V.I. Lenin in the specialty of the Engineer of Metallurgy, Saint-Petersburg State University of Economy and Finance in the specialty of the Economist.

**Experience during the recent years:**

- From 8 August 2015 to October 2016: Akim of the South Kazakhstan region;
- From 7 October 2016 to 26 December 2018: Minister of Defence and Aerospace Industry of the Republic of Kazakhstan;
- From 26 December 2018 to 18 September 2019: Minister of Foreign Affairs of the Republic of Kazakhstan;
- From 19 September 2019: Minister of Industry and Infrastructure Development of the Republic of Kazakhstan.

By the resolution of the Sole Shareholder of the Holding dated 19 September 2019, he was elected as a member of the Board of Directors. On 21 November 2019, he was re-elected as a member of the Board of Directors.



## YERULAN ZHAMAUBAYEV

**Minister of Finance of the Republic of Kazakhstan, member of the Board of Directors of the Holding**

**He was born on** 25 March 1974.

**Nationality:** Republic of Kazakhstan.

**Education:** He graduated from the Kazakh State Academy of Management specializing in Finances and Credit, the International Business School under the Kazakh Economic University named after T. Ryskulov specializing in Finances and Credit; he received advanced training (probations) in the international financial organizations and central (national) banks of the western countries specializing in Macroeconomic and financial policies, Strategy of monetary policy and special features of pursuance thereof in the European central bank, Macroeconomic management, Instruments of financial market, and Financial stability.

**Experience during the recent years:**

- From 2015 to 2018: Manager of the Social and Economic Monitoring Division of the Administration of the President of the Republic of Kazakhstan;
- From 2018 to 2019: Assistant President of the Republic of Kazakhstan;
- From 2019 to 2020: Responsible Secretary of the Ministry of Finance of the Republic of Kazakhstan;
- From 18 May 2020: Minister of Finance of the Republic of Kazakhstan.

By the resolution of the Sole Shareholder of the Holding dated 25 June 2020 (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No. 371), on 25 June 2020, he was elected as a member of the Board of Directors.



## ASSET IRGALIYEV

**Minister of National Economy of the Republic of Kazakhstan, member of the Board of Directors**

**He was born on** 18 June 1986.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from the University 'Kazakhstan Institute of Management, Economy and Prediction' (KIMEP) with the Bachelor degree in Economy of the State Policy, York University in the United Kingdom with the degree of the Master of Sciences in Economy, Nottingham University in the United Kingdom with conferred degree of the Master of Philosophy in Economy.

**Experience during the recent years:**

- From February 2016 to June 2016: Chairperson of the Management Board of Economic Research Institute JSC;
- From October 2016 to December 2016: Adviser of the Chairperson of the Management Board of 'Baiterek' National Management Holding JSC;
- From December 2016 to August 2017: Adviser of the Prime Minister of the Republic of Kazakhstan;
- From August 2017 to September 2018: Manager of the Project Management Centre of the Office of the Prime Minister of the Republic of Kazakhstan;
- From September 2018 to March 2019: Vice Minister of National Economy of the Republic of Kazakhstan;
- From March 2019 to August 2019: Acting Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan;
- From August 2019 to January 2021: the First Vice Minister of National Economy of the Republic of Kazakhstan;
- From 18 January 2021 to 6 January 2022: Minister of National Economy of the Republic of Kazakhstan.

By the resolution of the Sole Shareholder of the Holding dated 27 January 2021 (order of the Minister of National Economy of the Republic of Kazakhstan No. 31), on 27 January 2021, he was elected as a member of the Board of Directors.

**Membership in the Boards of Directors (Supervisory Boards) of other organizations:**

- a member of the Board of Directors in Samruk-Kazyna JSC (as from 7 March 2019).



## AIDAR ARIFKHANOV

**Chairman of the Management Board of 'Baiterek' NMH JSC, member of the Board of Directors**

**He was born on** 28 November 1974.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from the Kazakh State Academy of Management in the specialty of the Economist, the Diplomatic Academy of the Ministry of Foreign Affairs of the Republic of Kazakhstan, under the President Program 'Bolashak' – Columbia University (USA) specializing in the Economic Policy Management.

**Experience during the recent years:**

- During 2010–2017, he held the position of the Vice Chairperson of the Agency of the Republic of Kazakhstan for informatization and communication, the Vice Chairperson of the Management Board of Kazatomprom NAC JSC, the Vice Minister of National Economy, the Vice-Chairperson of the Management Board of 'Baiterek' NMH JSC;
- From December 2017 to 3 February 2022: the Chairperson of the Management Board of 'Baiterek' NMH JSC.

By the resolution of the Sole Shareholder of the Holding dated 10 January 2018, he was elected as a member of the Board of Directors. On 21 November 2019, he was re-elected as a member of the Board of Directors.

**Membership in the Boards of Directors (Supervisory Boards) of other organizations:**

- the Chairperson of the Board of Directors of Kazakhstan Development Bank JSC, Kazakhstan Housing Company JSC, 'Damu' Entrepreneurship Development Fund JSC, Kazyna Capital Management JSC, a member of the Board of Directors of 'KazakhExport' EIC JSC.



## KLAUS MANGOLD

**Independent Director**

**He was born on** 6 June 1943.

**Nationality:** Germany

**Education:** Studied law and economics at the Universities of Munich, Geneva, London, Mainz and Heidelberg. Professor, Doctor.

**Experience during the recent years:**

- From 2000 to 2010: Chairperson of the Committee on Eastern European Economic Relations;
- From 2011: Chairperson of the Supervisory Board of TUI AG, a member of the Supervisory Boards of Continental AG, Alstom S.A., Chairperson of the Supervisory Board of Rothschild GmbH;
- From 2015: Honorary Consul of the Russian Federation in Baden-Württemberg. Also, he is a Commander of the Legion of Honour (France), an honorary senator of the University of Freiburg, one of the most prestigious universities in Germany.

By the resolution of the Sole Shareholder of the Holding dated 30 December 2013, he was elected as a member of the Board of Directors. On 26 December 2016 and then on 21 November 2019, he was re-elected as a member of the Board of Directors.



## PHILIP YEO

**Independent Director**

**He was born on** 29 October 1946.

**Nationality:** Republic of Singapore

**Education:** He graduated from Saint Joseph Institute (Singapore), Torontot University (Canada).

**Experience during the recent years:**

- From 2010 to 2013: Member of the Committee of Experts on Public Administration of the United Nations (UN), established by the Economic and Social Council to promote and develop public administration and governance among member countries in accordance with the UN Development Program;
- Currently, he is the Chairperson of Accuron Technologies and Economic Development Innovations Singapore Pte Ltd., Chairperson for the Economic Development and Innovation of Singapore (EDIS).

By the resolution of the Sole Shareholder of the Holding dated 30 December 2013, he was elected as a member of the Board of Directors. On 26 December 2016 and then on 21 November 2019, he was re-elected as a member of the Board of Directors.



## THOMAS MIROW

**Independent Director**

**He was born on** 6 January 1953.

**Nationality:** Germany

**Education:** He graduated from the University of Bonn and defended the doctor's thesis on the subject "French policy in Europe during the period of the Fifth Republic".

**Experience during the recent years:**

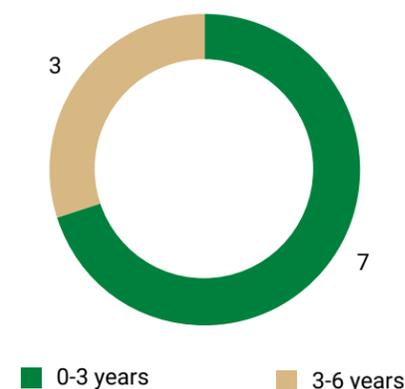
- From 2008 to 2012: the President of the European Bank for Reconstruction and Development (EBRD);
- From 2013 to 2018: the Chairperson of the Supervisory Board of HSH Nordbank AG (Hamburg);
- He is a member of the Supervisory Board of Rothschild GmbH (Frankfurt), a member of the Committee of Shareholders of F. Laeisz (Hamburg).

By the resolution of the Sole Shareholder of the Holding dated 30 December 2013, he was elected as a member of the Board of Directors. On 26 December 2016 and then on 21 November 2019, he was re-elected as a member of the Board of Directors.

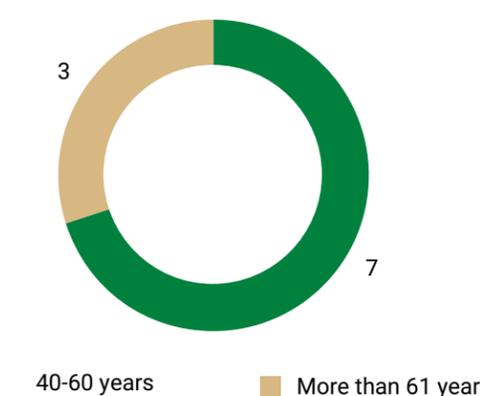
### Competences of the members of the Board of Directors

Members of the Board of Directors	Askar Mamin	Timur Suleimenov	Roman Sklyar	Beibut Atamkulov	Yerulan Zhamaubayev	Asset Irgaliyev	Aidar Arifkhanov	Klaus Mangold	Philip Yeo	Thomas Mirow
Length of service in industry/total years of service	18.6/33	24/24	17.6/31.11	23.7/36	23.4 /25.10	10/10	25/25	54/54	46/52	25/47
<b>Key competencies</b>										
<b>Knowledge of industry</b>										
Deep knowledge of industry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Specific skills and experience</b>										
Deep knowledge of finances	✓	✓	✓	✓	✓	✓	✓		✓	✓
Deep knowledge of marketing	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Risk management and audit	✓	✓				✓	✓	✓		✓
<b>Experience in management and jurisprudence</b>										
Corporate governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Experience in policy and regulatory work	✓	✓	✓	✓	✓		✓		✓	✓
Deep knowledge of law	✓	✓	✓	✓					✓	

### Period of service in the Board of Directors of the Holding, persons



### Age of members of the Board of Directors, persons



### Change of Members of the Board of Directors in 2021

By the resolution of the Sole Shareholder of the Holding dated 27 January 2021 (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No. 31):

- the powers of the member of the Board of Directors of 'Baiterek' NMH JSC, the Minister of National

Economy of the Republic of Kazakhstan Dalenov Ruslan Yerbolatovich were early terminated;

- Irgaliyev Asset Armanovich, the Minister of National Economy of the Republic of Kazakhstan, was elected to the Board of Directors as a member of the Board of Directors of 'Baiterek' NMH JSC.

### Induction

The Holding has in place the Policy for the induction of newly elected members of the Board of Directors of 'Baiterek' NMH JSC. In accordance with the requirements of the Policy, newly elected members of the Board of Directors of the Holding are provided with the information about the officers and organizational structure of the Holding, its internal documents, resolutions of the Sole Shareholder and the Board of Directors of the Holding, and other information of relevance for the proper performance by the members of the Board of Directors of their duties. In 2021, the induction procedure was performed in relation to the newly elected member of the Board of Directors of the Holding – A.A. Irgaliyev.

In accordance with clause 45 of the Corporate Governance Code of the Holding, the Sole Shareholder elects the members of the Board of Directors on the basis of clear and transparent procedures, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates. Under paragraph 21 in Chapter 5 of the Regulations of the Board of Directors of 'Baiterek' NMH JSC, the composition of the Board of Directors of the Holding

is formed from among the members of the Government of the Republic of Kazakhstan, the Chairperson of the Management Board of the Holding, independent directors, and other individuals.

When selecting the candidates to the Board of Directors, the following are taken into account:

- experience in executive positions;
- experience as a member of the Board of Directors;
- work experience;
- education, specialty, including international certificates;
- competencies by areas and industries (industries may vary depending on the portfolio of assets);
- business reputation; and
- existence of a direct or potential conflict of interest.

## Involving Independent Directors

In accordance with the Corporate Governance Code of the Holding, the presence and participation of independent directors is mandatory on the Board of Directors. The recommended number of independent directors in the Board of Directors of the Holding is up to fifty percent of the total number of members of the Board of Directors.

The requirements for independent directors are established in accordance with the legislation of the Republic of Kazakhstan. Independent members of the Board of Directors must be free from any material interests or relations with the Holding, its management

or its property, which could jeopardize the objective judgment.

When selecting independent directors, the Holding is guided by the requirements of the Law of the Republic of Kazakhstan On Joint-Stock Companies, the Articles of Association of the Holding, and the Corporate Governance Code of 'Baiterek' NMH JSC.

The independent directors of 'Baiterek' NMH JSC – Klaus Mangold, Philip Yeo and Thomas Mirow – have been elected by the Sole Shareholder as the members of the Board of Directors with a term office of 3 years as from 30 December 2019.

## Assessment of Activities of the Board of Directors of the Holding

Taking into account the specifics of the composition of the Board of Directors of 'Baiterek' NMH JSC, clause 64 of paragraph 8 in Chapter 6 of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company provides for an annual assessment of the Board of Directors; the committees and members of the Board of Directors are assessed when a corresponding assessment is initiated by the Chairperson of the Board of Directors of the Holding.

As part of the recommendation of KPMG Tax & Advisory LLP, which had made an independent assessment of the corporate governance of 'Baiterek' NMH JSC in 2020, regarding the questioning of the members of the Board of Directors of the Holding, the Holding together with KPMG Tax & Advisory LLP developed a form of the questionnaire to make self-assessment of the Board of Directors of 'Baiterek' NMH JSC, which was considered by the Board of Directors of 'Baiterek' NMH JSC on 23 September 2021 (minutes No. 05/21), and, by order of the Ministry of National Economy of the Republic of Kazakhstan No. 297 dated 29 October 2021, the corresponding alterations were made to the Regulations of the Board of Directors.

In pursuance of paragraph 16 of the Action Plan to improve the corporate governance, on 25 November 2021, the Board of Directors of 'Baiterek' NMH JSC adopted the resolution (minutes No. 07/21) on making an independent assessment of the activities of the Board of Directors, its committees and members of the Board of Directors of 'Baiterek' NMH JSC for 2021, on its own by means of a questionnaire (hereinafter referred to as the Assessment) by 31 December 2021, with providing the information on the results of the Assessment

to the Board of Directors of 'Baiterek' NMH JSC at the first in-person meeting of the Board of Directors of 'Baiterek' NMH JSC following the reporting period.

In this regard, the Holding sent out and collected the questionnaires filled out by the members of the Board of Directors of 'Baiterek' NMH JSC, as well as analysed the questionnaires and prepared the information on the results of the Assessment.

The results of the Assessment were posted on the website of 'Baiterek' NMH JSC.

In accordance with the results of the Assessment, the total score of the sections of the questionnaire for assessing the activities of the Board of Directors of 'Baiterek' NMH JSC is quite high: activities of the Board of Directors – 4.89 points, Committees under the Board of Directors – 4.96 points, and Corporate Secretary Service – 4.97 points.

According to analysis of the results of the Assessment, the composition of the Board of Directors is optimal, well-balanced in terms of the necessary competencies, demonstrates independence, and effectively interacts with the Sole Shareholder and the executive body.

The process, timing and procedure for assessing the activities of the Board of Directors, its committees and members of the Board of Directors are regulated by paragraph 8 of Chapter 6 of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company, as well as by Chapter 23

of the Regulations of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company.

Taking into account the specifics of the composition of the Board of Directors of 'Baiterek' NMH JSC, clause 67 of paragraph 8 in Chapter 6 of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company provides that the Sole Shareholder can assess the Board of Directors independently or with involving an independent consultant.

In 2021, the Sole Shareholder of the Holding did not make decisions to make assessment of the Board of Directors of the Holding independently or with the involvement of an independent consultant.

When it is resolved to have an assessment made by the Sole Shareholder, the resolution will be executed in a timely and quality manner, taking into account all the requirements of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company.

## Results of Work of the Board of Directors in 2021

During the reporting period, 7 meetings of the Board of Directors were held of which 5 meetings were held in person and 2 meetings – in absentia. In total, the Board of Directors considered 75 issues.

The most important issues considered by the Board of Directors were:

- adoption of the resolution on reorganization of 'Baiterek' NMH JSC by joining 'KazAgro' NMH JSC to it, on the procedure, timing and allocation (offer) price for shares in 'Baiterek' NMH JSC;
- conclusion of related-party transactions with the following joint-stock companies: Kazakhstan Development Bank, Industry Development Fund, Agrarian Credit Corporation, KazAgroFinance, and Kazakhtelecom;
- consideration of the results following independent assessment of the corporate governance of 'Baiterek' NMH JSC made by the independent organization – KPMG Tax and Advisory LLP, and approval of the Plan to improve the corporate governance system of 'Baiterek' NMH JSC for 2021–2023;
- approval of the draft adjusted Development Strategy of 'Baiterek' NMH JSC for 2014–2023<sup>1</sup>;
- change of the composition of the Strategic Planning Committee of the Board of Directors of 'Baiterek' NMH JSC, changing the quantity of members of the Audit Committee of the Board of Directors of 'Baiterek' NMH JSC and electing a member of the Audit Committee of the Board of Directors of 'Baiterek' NMH JSC;
- approval of the Action Plan to improve the corporate governance of 'Baiterek' NMH JSC for 2021–2022;
- approval of the report on the implementation of the Development Plan of 'Baiterek' NMH JSC

for 2019–2023 based on the results of 2020 and the report on the implementation of the Annual Budget of 'Baiterek' NMH JSC for 2020;

- approval of the adjusted Development Plan of 'Baiterek' NMH JSC for 2019–2023 in terms of indicators for 2021–2023 and the adjusted Annual Budget of 'Baiterek' NMH JSC for 2021;
- preliminary approval of the annual financial statements (consolidated and separate) of 'Baiterek' NMH JSC for 2020 and submission for consideration by the Sole Shareholder of 'Baiterek' NMH JSC of the issue of approving the procedure for distributing net income of 'Baiterek' NMH JSC for the reporting financial year, payment of dividends on ordinary shares and approval of the amount of dividend per ordinary share in 'Baiterek' NMH JSC;
- approval of the report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of 'Baiterek' NMH JSC for 2020;
- alienation by 'Baiterek' NMH JSC of 100% ordinary shares in QazTech Ventures JSC and 97.7% interest in the authorized capital of Kazakhstan Project Preparation Fund Limited Liability Partnership;
- consideration of the Report on sustainable development of 'Baiterek' NMH JSC for 2020;
- assessment of the performance of the Ombudsman of 'Baiterek' NMH JSC and the extension of his term office;
- approval of the 'Baiterek' NMH JSC risk report for Quarter IV of 2020 and Quarters I, II, III of 2021;
- alienation by 'Baiterek' NMH JSC of one hundred percent ordinary shares in Kazakhstan Investment Fund JSC;
- certain issues of activities of the Centralized Procurement Control Service of 'Baiterek' NMH JSC;
- approval of the Annual Report of 'Baiterek' NMH JSC for 2020;

<sup>1</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.

- approval of the matrix of business processes, risks and controls of 'Baiterek' NMH JSC for 2022, risk appetite of 'Baiterek' NMH JSC for 2022;
- reorganization of the joint-stock companies – Agriculture Financial Support Fund and Agrarian Credit Corporation – by merging Agriculture Financial Support Fund JSC with Agrarian Credit Corporation JSC;
- submission for consideration by the Sole Shareholder of 'Baiterek' NMH JSC of the issue "Concerning amendments and alterations to the Regulations of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company";
- amendments and alterations to certain internal regulatory documents regulating the activities of the Corporate Secretary of 'Baiterek' NMH JSC;
- taking notice of the information on the use by 'Baiterek' NMH JSC of financial funds allocated from the republican budget and the National Fund in 2016–2021;
- approval of the Annual Budget of 'Baiterek' NMH JSC for 2022;
- certain issues of the Anti-Corruption Compliance Service of 'Baiterek' NMH JSC; and
- assessment of the activities of the Board of Directors of 'Baiterek' NMH JSC for 2021.

### Participation of the members of the Board of Directors in the meetings in 2021

Full name of the member of the Board of Directors	Meetings of the Board of Directors	%	Period of staying a member of the Board of Directors
Askar Mamin	7/7	100%	01.01.2021–31.12.2021
Roman Sklyar	7/7	100%	01.01.2021–31.12.2021
Timur Suleimenov	4/7	57%	01.01.2021–31.12.2021
Beibut Atamkulov	6/7	86%	01.01.2021–31.12.2021
Asset Irgaliyev	6/7	86%	27.01.2021–31.12.2021
Yerulan Zhamaubayev	6/7	86%	01.01.2021–31.12.2021
Aidar Arifkhanov	7/7	100%	01.01.2021–31.12.2021
Klaus Mangold	7/7	100%	01.01.2021–31.12.2021
Philip Yeo	7/7	100%	01.01.2021–31.12.2021
Thomas Mirow	7/7	100%	01.01.2021–31.12.2021

### COMMITTEES OF THE BOARD OF DIRECTORS

To develop the recommendations on a range of the most important issues before their consideration at the meeting of the Board of Directors, the Holding has the following Committees:

- Audit Committee;
- Personnel, Remuneration and Social Issues Committee; and
- Strategic Planning Committee.

### Audit Committee

The activities of the Audit Committee are aimed at developing the recommendations for the Board of Directors concerning establishment of an effective system of control over the financial and economic activities of the Holding (including the completeness and reliability of financial statements), monitoring of the reliability and effectiveness of the internal control and risk management system, as well as the execution of the documents in the field of corporate governance,

control over the independence of external and internal audit.

As of 1 January 2021, the Audit Committee of the Board of Directors functioned comprised of the following members:

1) Thomas Mirow – the Chairperson of the Committee (member of the Board of Directors of the Holding, independent director); and

2) Klaus Mangold – the member of the Committee (member of the Board of Directors of the Holding, independent director).

Following the independent assessment of corporate governance of 'Baiterek' NMH JSC made by the independent organization – KPMG Tax &

Advisory LLP, based on the recommendation of KPMG Tax & Advisory LLP, by the resolution of the Board of Directors dated 27 May 2021 (minutes No. 03/21), the membership of the Audit Committee was expanded and Philip Yeo (member of the Board of Directors of the Holding, independent director) was elected as a member of this Committee.

In 2021, the Audit Committee held 6 meetings in person and 2 meetings in absentia during which 49 issues were considered.

### Membership and participation of the members of the Audit Committee in the meetings in 2021

Member of the Committee	Position	Meetings	%	Period of being a member of the Committee
Thomas Mirow	independent director, Chairperson of the Audit Committee	8/8	100	01.01.2021–31.12.2021
Klaus Mangold	independent director, member of the Audit Committee	8/8	86	01.01.2021–31.12.2021
Philip Yeo	independent director, member of the Audit Committee	5/8	62,5	27.05.2021–31.12.2021

### The Audit Committee considered the following important issues:

#### Internal audit

- The reports of the Internal Audit Service with the information about audit findings and results of monitoring of the performance of corrective actions on the recommendations of internal and external auditors were preliminarily reviewed and approved on a quarterly basis.
- It was preliminarily approved and recommended to the Board of Directors of 'Baiterek' NMH JSC to approve the official salary scheme for the employees of the Internal Audit Service of 'Baiterek' National Management Holding Joint-Stock Company (based on the grades).
- The updated Audit Plan of the Internal Audit Service of 'Baiterek' NMH JSC for 2020–2022 was approved in terms of audit and consulting engagements for 2022.
- The report on the final performance of the employees of the Internal Audit Service of 'Baiterek' NMH JSC in Quarters III-IV of 2020 was approved.

#### External audit

- The annual financial statements (consolidated and separate) of the Holding for 2020 were preliminarily considered and approved.
- The meeting was held with the external auditor of the Holding – KPMG Audit LLP – following the audit of the consolidated and separate annual financial statements of 'Baiterek' NMH JSC for the year ended 31 December 2020, the status of implementation of the recommendation of the Audit Committee by the external auditor – KPMG Audit LLP.
- The meeting was held with the external auditor of the Holding – KPMG Audit LLP – concerning the results of unaudited consolidated and separate interim condensed financial statements of 'Baiterek' NMH JSC as of 30 June 2021.
- The unaudited consolidated and separate interim condensed financial statements of 'Baiterek' NMH JSC as of 30 June 2021 were reviewed.

### Internal control and risk management

- The reports on the risks of the Holding were preliminary reviewed and approved on a quarterly basis. The Management Board of 'Baiterek' NMH JSC shall include the calculation of the Loss Absorption Capacity (NetLac) metric in the risk report of 'Baiterek' NMH JSC.
- The information on stress scenarios and the results of stress testing of the main risk indicators of the companies group of 'Baiterek' NMH JSC, macroeconomic indicators of the country to the report on the risks of 'Baiterek' NMH JSC was reviewed.
- The approval and invalidation of certain internal regulatory documents regulating the risk management and internal control system of 'Baiterek' NMH JSC, as well as amendments and alterations to the Risk Management Policy of 'Baiterek' NMH JSC, were preliminarily approved.
- The information on the main risks of the portfolio of the former 'KazAgro' National Management Holding Joint-Stock Company was reviewed.
- The action plan to improve the internal control and risk management system in the new subsidiaries of 'Baiterek' National Management Holding Joint-Stock Company was reviewed. The Management Board of 'Baiterek' NMH JSC was instructed to submit for consideration by the Committee a report on the status of implementation of the Action Plan to improve the internal control and risk management system in the new subsidiaries of 'Baiterek' National Management Holding Joint-Stock Company at the first in-person meeting of the Committee in 2022.
- The matrix of business processes, risks and controls of the Holding for 2022 was preliminarily considered and approved.
- The risk appetite of 'Baiterek' National Management Holding Joint-Stock Company for 2022 was preliminarily reviewed and approved.
- The audit plan for the Central Procurement Control Service of 'Baiterek' NMH JSC was preliminarily approved.

### Corporate governance

- An updated report on the progress of implementation of the Action Plan based on the results of assessment of the activities of the Board of Directors of the companies of the group of 'Baiterek' National Management Holding Joint-Stock Company based on the results of 2018 as of 31 December 2020 was reviewed and taken into account.
- The results of an independent assessment of corporate governance of 'Baiterek' National Management Holding Joint-Stock Company made by the independent organization – KPMG Tax and Advisory Limited Liability Partnership – were preliminarily considered and recommendations for the Board of Directors were prepared. The Management Board of 'Baiterek' NMH JSC was instructed to include in the draft Action Plan for improving the corporate governance of 'Baiterek' National Management Holding Joint-Stock Company for 2021–2022 the measure to develop a standard form of a questionnaire of self-assessment of the Board of Directors of 'Baiterek' NMH JSC, taking into account the specifics of the composition of the Board of Directors of 'Baiterek' NMH JSC.
- It was preliminarily approved and recommended to the Board of Directors of 'Baiterek' NMH JSC to approve the Action Plan to improve the corporate governance of 'Baiterek' National Management Holding Joint-Stock Company for 2021–2022.
- A report on progress of implementation of the recommendations of the Corporate Secretary Service of 'Baiterek' National Management Holding Joint-Stock Company as of 30 April 2021 was considered and taken into account.
- The report of the Ombudsman of 'Baiterek' NMH JSC was preliminarily reviewed and approved. The activities of the Ombudsman of 'Baiterek' NMH JSC were recognized as effective based on the results of work for 2020.
- The report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of 'Baiterek' NMH JSC for 2020 was preliminarily reviewed and approved.

## Personnel, Remuneration and Social Issues Committee

The activities of the Personnel, Remuneration and Social Issues Committee are aimed at improving the efficiency and quality of work of the Board of Directors through in-depth study and monitoring of the issues referred to the competence of the Board of Directors in the field of personnel policy, the system of appointments and remuneration, as well as assessment of performance of the members of the Management Board of the Holding and the Corporate Secretary.

In 2021, the Personnel, Remuneration and Social Issues Committee held 5 meetings in person and 1 meeting in absentia during which 20 issues were considered.

## Membership and participation of the members of the Personnel, Remuneration and Social Issues Committee in the meetings in 2021

Member of the Committee	Position	Meeting	%	Period of being a member of the Committee
Klaus Mangold	independent director, Chairperson of the Personnel, Remuneration and Social Issues Committee	6/6	100	01.01.2021–31.12.2021
Philip Yeo	independent director, member of the Personnel, Remuneration and Social Issues Committee	6/6	100	01.01.2021–31.12.2021
Thomas Mirow	independent director, member of the Personnel, Remuneration and Social Issues Committee	6/6	100	01.01.2021–31.12.2021

### The Personnel, Remuneration and Social Issues Committee considered the following important issues:

- The Board of Directors of 'Baiterek' NMH JSC was proposed to include in the Regulations of the Personnel, Remuneration and Social Issues Committee of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company.
- The recommendations were given to the Board of Directors on the early termination of the powers of members of the Management Board of 'Baiterek' NMH JSC.
- The recommendations were given on the determination of the quantity of members of the Management Board of 'Baiterek' NMH JSC, election of members of the Management Board of 'Baiterek' NMH JSC and determination of the official salaries of the Chairperson and the members of the Management Board of 'Baiterek' NMH JSC.
- The results of a comparative analysis of financial institutions with state participation prepared by the Branch of Hay Group LLC in Kazakhstan to update the official salary scheme of the Chairperson and the members of the Management Board of 'Baiterek' NMH JSC in accordance with the international level were reviewed.
- The adjusted maps of key performance indicators of the Chairperson and the members of the Management Board of the Holding with the target values for 2021 and the maps of key performance indicators of the Chairperson and the members of the Management Board of the Holding with the target values for 2022 were preliminarily reviewed and approved.

- The activities of the Chairperson and the members of the Management Board of 'Baiterek' NMH JSC were preliminary reviewed and found to be satisfactory based on the results of work for 2020. The Board of Directors of 'Baiterek' NMH JSC was recommended to approve the actual efficiency of the maps of key performance indicators of the Chairperson and the members of the Management Board of 'Baiterek' NMH JSC for 2020 and decide on the payment of remuneration to the Chairperson and the members of the Management Board of 'Baiterek' NMH JSC for 2020.
- The Report on Activities of the Ombudsman of 'Baiterek' NMH JSC for 2020 was preliminarily reviewed and approved. The activities of the Ombudsman of 'Baiterek' NMH JSC were recognized as effective based on the results of work for 2020.
- The recommendations were given to the Board of Directors of 'Baiterek' NMH JSC regarding amendments and alterations to be made to certain internal regulatory documents regulating the activities of the Corporate Secretary of 'Baiterek' NMH JSC.
- The information on the results of diagnostics of the corporate culture in the companies group of 'Baiterek' National Management Holding Joint-Stock Company made in 2021 was reviewed and taken into account.
- The analytical information on employees' turnover in the companies group of 'Baiterek' NMH JSC in 2020 and in the 1<sup>st</sup> half of 2021 was reviewed and taken into account.

## Strategic Planning Committee

The activities of the Strategic Planning Committee are aimed at developing and providing recommendations to the Board of Directors of the Holding on the development of priority areas of activity of the Holding and the strategy of its development, including issues on the development of measures that will improve the efficiency of the Holding in the medium and long term.

In 2021, the Strategic Planning Committee held 5 meetings in person and 2 meetings in absentia during which 22 issues were considered.

### Participation of the members of the Strategic Planning Committee in the meetings in 2021

Member of the Committee	Position	Meetings	%	Period of being a member of the Committee
Philip Yeo	independent director, Chairperson of the Strategic Planning Committee	7/7	100	01.01.2021–31.12.2021
Thomas Mirow	independent director, member of the Strategic Planning Committee	7/7	100	01.01.2021–31.12.2021
Beibut Atamkulov	Minister of Industry and Infrastructure Development of the Republic of Kazakhstan, member of the Strategic Planning Committee	2/7 <sup>1</sup>	29	01.01.2021–27.05.2021
Aidar Arifkhanov	member of the Strategic Planning Committee	7/7	100	01.01.2021–31.12.2021

#### The Strategic Planning Committee considered the following important issues:

- A recommendation was given on reorganization of 'Baiterek' NMH JSC by merging 'KazAgro' NMH JSC with it, on the procedure, timing and allocation (offer price for shares in 'KazAgro' NMH JSC.
- The information on meeting the requirements of the Investment Policy of 'Baiterek' NMH JSC for 2020 was preliminary reviewed and approved.
- A recommendation was given to the Board of Directors of 'Baiterek' NMH JSC to approve the draft adjusted Development Strategy of 'Baiterek' NMH JSC for 2014–2023.
- The information on the tools for assessing the impact of the investment activities of 'Baiterek' NMH JSC on the economy of the Republic of Kazakhstan was reviewed.
- The information on the status of execution of the detailed Roadmap for merging 'KazAgro' NMH JSC with 'Baiterek' NMH JSC was reviewed.
- The adjusted Development Plan of 'Baiterek' NMH JSC for 2019–2023 in terms of indicators for 2021–2023

and the adjusted Annual Budget of 'Baiterek' NMH JSC for 2021 were preliminarily approved.

- The Action Plan of 'Baiterek' NMH JSC on the prospects for the transition of small businesses to the category of medium-sized businesses in order to increase their export potential was reviewed.
- The report on the activities of 'Baiterek' NMH JSC in the field of sustainable development for 2020 was taken into account.
- The information about the international cooperation of 'Baiterek' NMH JSC for 2020 was taken into account.
- The analytical information on the possible impact of the risk of rising inflation in the Republic of Kazakhstan on the activities of 'Baiterek' NMH JSC was taken into account. The Management Board of 'Baiterek' NMH JSC is instructed to provide the Committee with the analytical information on the risk of rising inflation as part of the consideration of the Risk Report of 'Baiterek' NMH JSC on a quarterly basis starting from November 2021.

## Corporate Secretary

The Corporate Secretary is an employee of 'Baiterek' NMH JSC who is not a member of the Board of Directors or the Management Board of the Holding, appointed by the Board of Directors of 'Baiterek' NMH JSC and accountable to the Board of Directors of the Holding.

The legal status of the Corporate Secretary is determined by the legislation of the Republic of Kazakhstan, the Articles of Association of the Holding, the Regulations

of the Corporate Secretary of the Holding, and the other internal documents of the Holding.

In accordance with the Regulations of the Corporate Secretary of 'Baiterek' NMH JSC, by the resolution of the Board of Directors of the Holding, the duties of the Corporate Secretary of 'Baiterek' NMH JSC may be assigned to the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan, who is not an employee of the Holding, does not have labour



**KOISHYBAYEV GALYMZHAN TELMANOVICH**

**Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan**

**He was born on** 12 April 1968 in Kyzylorda City.

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from Moscow State University named after M.V. Lomonossov

#### Experience during the recent years:

- 2012–2016: Extraordinary and Plenipotentiary Ambassador of the Republic of Kazakhstan to the Republic of Finland, Extraordinary and Plenipotentiary Ambassador of the Republic of Kazakhstan to the Republic of Estonia on a part-time basis.
- From 2016 he took the position of the Deputy Minister of Foreign Affairs of the Republic of Kazakhstan.
- On 26 March 2019, by the resolution of the Government, he was appointed to be the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan.
- On 18 September 2019, by the Decree of the President of the Republic of Kazakhstan, he was appointed to be the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan.

relations and is not remunerated. At the same time, the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan does not participate in the Holding management.

By resolution of the Board of Directors of the Holding No. 03/19 dated 16 April 2019, Koishybayev Galymzhan Telmanovich, the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan, was appointed to be the acting Corporate Secretary of 'Baiterek' NMH JSC.

Ensuring the effective performance of the functions assigned to the Corporate Secretary is the main task of the Corporate Secretary Service of the Holding. The Service is headed by the Assistant Corporate Secretary – the Head of the Corporate Secretary Service Maira Dyussenbayevna Turganova. The Corporate Secretary Service is a structural subdivision of the Holding and is subordinate directly to the Corporate Secretary.

The main tasks of the Corporate Secretary include:

- ensuring that the bodies and officials of the Holding shall comply with the rules and procedures of corporate governance, which guarantee the exercise and protection of the rights and interests of the Sole Shareholder;
- ensuring the implementation of measures to prepare the resolutions of the Board of Directors in accordance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Holding;
- ensuring the effective operation of the Board of Directors of the Holding and its committees;
- ensuring the storage, disclosure and provision of the necessary information about the Holding; and
- ensuring clear and effective interaction between the bodies of the Holding.

<sup>1</sup> By the resolution of the Board of Directors dated 27 May 2021 (minutes No. 03/21), the membership of the Committee has changed:

1) the powers of the member of the Board of Directors of 'Baiterek' NMH JSC Atamkulov Beibut Bakirovich, as a member of the Strategic Planning Committee of the Board of Directors of 'Baiterek' NMH JSC, have been early terminated; and

2) the member of the Board of Directors of 'Baiterek' NMH JSC Irgaliyev Asset Armanovich has been elected as a member of the Strategic Planning Committee of the Board of Directors of 'Baiterek' NMH JSC, with a term of office until the expiration.

## Management Board

The Management Board is a collegial executive body of the Holding, which manages its day-to-day activities, acts in the interests of the Holding and its Sole Shareholder and is accountable to the latter and the Board of Directors of the Holding. The Management Board has the right to adopt resolutions on any issues of the activities of the Holding that are not referred by the legislative acts of the Republic of Kazakhstan and the Articles of Association to the competence of the other bodies and officials of the Holding, including the issues referred by the legislation and the Articles of Association of the Holding to its competence. The Management Board adopts preliminary resolutions on the issues submitted for consideration by the Board of Directors of the Holding.

The Chairperson of the Management Board is in charge of the general management of the activities of 'Baiterek' NMH JSC in accordance with the legislation of the Republic of Kazakhstan, the Articles of Association

and internal documents of the Holding. The Chairperson of the Management Board organizes the implementation of the decisions of the Sole Shareholder, the Board of Directors and the Management Board of the Holding.

The Chairperson of the Management Board is appointed by the resolution of the Sole Shareholder. The members of the Management Board are elected by the resolution of the Board of Directors at the suggestion of the Chairperson of the Management Board.

The main criterion for assessing the performance of the Chairperson and the members of the Management Board is the achievement of the KPIs set as approved by the Board of Directors of the Holding. Proposals in terms of motivational KPIs of the members of the Management Board shall be submitted by the Chairperson of the Management Board for consideration by the Board of Directors.

## Membership of the Management Board

As of 31 December 2021, the Holding's Management Board comprised seven persons.



### AIDAR ARIFKHANOV

**Chairman of the Management Board of 'Baiterek' NMH JSC, member of the Board of Directors**

**He was born on** 28 November 1974

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from the Kazakh State Academy of Management in the specialty of the Economist, the Diplomatic Academy of the Ministry of Foreign Affairs of the Republic of Kazakhstan, under the President Program 'Bolashak' – Columbia University (USA) specializing in the Economic Policy Management.

**Experience during the recent years:**

- From 2011 to 2015: Vice-Chairperson of the Management Board of Kazatomprom NAC JSC, temporarily acting Chairperson of the Management Board (from 31 March 2015);
- From 2015 to 2017: Vice Minister of National Economy of the Republic of Kazakhstan;
- From January to December 2017: Vice-Chairperson of the Management Board of 'Baiterek' NMH JSC;
- From December 2017: Chairperson of the Management Board of 'Baiterek' NMH JSC.



### KANYSH IZBASTIN

**First Deputy Chairman of the Management Board**

**Area of responsibility:** support and development of the agro-industrial complex

**He was born on** 20 April 1981

**Nationality:** Republic of Kazakhstan

**Education:** In 2001, he graduated from Moscow State Institute of International Relations (Moscow) specializing in Jurisprudence. In 2003, he graduated from the Central Asia University of Almaty City specializing in the World Economy. In 2005, he completed the postgraduate study at Moscow State Institute of International relations (Moscow).

**Experience during the recent years:**

- From April 2007 to April 2008: Vice-Chairperson of the Management Board of KDB-Leasing JSC;
- From April 2008 to May 2012: Chairperson of the Management Board of KDB-Leasing JSC;
- From May to November 2012: Chairperson of the Management Board of KazExportGarant Export-Credit Insurance Corporation JSC;
- From January 2013 to September 2015: Managing Director of Sovereign Welfare Fund 'Samruk Kazyna' JSC;
- From 3 September 2015 to March 2021: Chairperson of the Management Board of KazAgroFinance JSC;
- From March 2021: the First Vice-Chairperson of the Management Board of 'Baiterek' NMH JSC.



### ANUAR OMARKHOJAYEV

**Deputy Chairman of the Management Board**

**Area of responsibility:** development of innovative projects and implementation of information technologies, legal support, construction

**He was born on** 31 October 1973

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from the Kazakh State Agrarian University in the specialty of the Mechanical Engineer, Bremen Institute (Germany) in the specialty of the Industrial Machinery Engineer.

**Experience during the recent years:**

- From 2012 to 2014: Manager at the Secretariat of the Head of the Administration of the President of the Republic of Kazakhstan;
- From April 2014 to 3 October 2016: acting Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan;
- From 3 October 2016: Vice-Chairperson of the Management Board of 'Baiterek' NMH JSC.



## ADIL MUKHAMEJANOV

Deputy Chairman  
of the Management Board

**Area of responsibility:** risk management, strategy and analytics, project financing

**He was born on** 04 August 1981

**Nationality:** Republic of Kazakhstan

**Education:** In 2002, he graduated from the Kazakh Economic University named after T. Ryskulov specializing in the International Economic Relations; in 2003, he graduated from the Nottingham University (United Kingdom) specializing in Finances and Management; in 2018, he completed his study at the Business School of the Chicago Booth University under the program of the Master of Business Administration.

**Experience during the recent years:**

- From October 2003 to March 2004: specialist of the Project Management Department of KazTransOil CJSC;
- From March 2004 to 2016: Financial Manager, Vice-President of Aral Petroleum Capital CJSC;
- From September 2010 to December 2011: Chairperson of the Management Board of Otan PAPF JSC;
- From September 2020 to March 2021: Chairperson of the Management Board of Kazakhstan Housing Company JSC;
- From March 2021 to the present day: Vice-Chairperson of the Management Board of 'Baiterek' NMH JSC.



## YERSAIN KHAMITOV

Managing Director – member  
of the Management Board

**Area of responsibility:** economy, accounting and reporting, treasury

**He was born on** 5 September 1983

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from Kostanay State University named after A. Baitursynov in the specialty of the Financial Economist, Moscow State University named after M.V. Lomonossov in the specialty of the Executive Master of Business Administration (EMBA).

**Experience during the recent years:**

- From 2013 to 2014: Director of the Corporate Finance Department of 'Baiterek' NMH JSC;
- From 2014: Managing Director of 'Baiterek' NMH JSC;
- From February 2016: member of the Management Board of 'Baiterek' NMH JSC.



## TIMUR ZHANKE

Managing Director – member  
of the Management Board

**Area of responsibility:** risk management and housing-and-construction assets

**He was born on** 30 December 1977

**Nationality:** Republic of Kazakhstan

**Education:** He graduated from the Kazakh State National University named after Al-Farabi specializing in the International Relations, the Kazakh National Technical University named after K.I. Satpayev specializing in the Development of Oil and Gas Fields, Maastricht School of Management MSM (The Netherlands) in the specialty of the Master of Business Administration (MBA).

**Experience during the recent years:**

- From 2008 to 2014: General Director of KazMunayGas-Service Compass LLP;
- From 2014 to April 2019: Deputy Akim of Zhambyl Oblast;
- From 2019: Managing Director of 'Baiterek' NMH JSC;
- From May 2019: member of the Management Board of 'Baiterek' NMH JSC.



## AIGUL DZHUANYSBAYEVA

Managing Director – member  
of the Management Board

**Area of responsibility:** monitoring of the AIC projects

**She was born on** 4 December 1985

**Nationality:** Republic of Kazakhstan

**Education:** She graduated from the Kazakh Humanitarian Academy of Law specializing in Finances, the University of International Business under the MBA program – the Master of Accounting and Audit.

**Experience during the recent years:**

- From 2008: leading specialist in Kazaeroservice JSC;
- From 2018 to 2019: Housing Construction Guarantee Fund JSC;
- From 2019 to 2021: 'KazAgro' National Management Holding JSC.

## Changes in Membership of the Management Board in 2021

In 2021, the powers of the following members of the Management Board were terminated: **Karagoishin Rustam Timurovich**.

## Results of Work of the Management Board in 2021

During 2021, the Management Board of the Holding held 70 meetings, including 43 meetings in person and 27 meetings in absentia. The most important issues considered by the Management Board are:

- Approval and submission for consideration by the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company of the issue concerning the reorganization of the Joint-Stock Companies – Agriculture Financial Support Fund and Agrarian Credit Corporation – by merging Agriculture Financial Support Fund Joint-Stock Company with Agrarian Credit Corporation Joint-Stock Company.
- Approval and submission for consideration by the Strategic Planning Committee of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company of the issue concerning the consideration of the report on the status of implementation of the detailed Roadmap for the merger of 'KazAgro' NMH JSC with 'Baiterek' NMH JSC.
- Approval and submission for consideration by the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company of the issue concerning the amendments and alterations to the Investment Policy of 'Baiterek' National Management Holding Joint-Stock Company as approved by the resolution of the Board of Directors of 'Baiterek' National Management Holding Joint-

Stock Company dated 20 September 2018 (minutes No. 08/18).

- Approval and submission for consideration by the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company of the issue concerning the approval of the draft adjusted Development Strategy of 'Baiterek' National Management Holding Joint-Stock Company for 2014–2023.
- Approval and submission for consideration by the Board of Directors of 'Baiterek' NMH JSC of the issue concerning the approval of the Action Plan to improve the corporate governance of 'Baiterek' National Management Holding Joint-Stock Company for 2021–2022.
- Submission for consideration by the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company of the issue concerning the amendments to the Regulations of the Management Board of 'Baiterek' National Management Holding Joint-Stock Company.
- Approval of the Budgeting Regulations for 'Baiterek' National Management Holding Joint-Stock Company.
- Approval of the Action Plan for 2021–2023 for the implementation of the Development Strategy of 'Baiterek' National Management Holding Joint-Stock Company for 2014–2023.
- Approval of the Digitalization Strategy of 'Baiterek' National Management Holding Joint-Stock Company for 2021–2023 and the Action Plan for 2021 for the implementation of the Digitalization Strategy of 'Baiterek' National Management Holding Joint-Stock Company for 2021–2023.
- Approval of the Action Plan for the sustainable development of 'Baiterek' National Management Holding Joint-Stock Company for 2022.

During 2021, the Management Board of the Holding held

**70**  
MEETINGS

## Participation of the members of the Management Board in meetings in 2021

Member of the Management Board	Meeting attendance	%	Period of being a member of the Management Board
Aidar Arifkhanov	70/70	100	01.01.2021–31.12.2021
Kanysh Izbastin	38/70	54	31.05.2021–31.12.2021
Anuar Omarkhojayev	64/70	91	01.01.2021–31.12.2021
Adil Mukhamejanov	37/70	53	31.05.2021–31.12.2021
Rustam Karagoishin	24/70	34	01.01.2021–05.05.2021
Yersain Khamitov	69/70	99	01.01.2021–31.12.2021
Timur Zhanke	61/70	87	01.01.2021–31.12.2021
Aigul Dzhuanysbayeva	40/70	57	31.05.2021–31.12.2021

## COMMITTEES UNDER THE MANAGEMENT BOARD OF THE HOLDING

To prepare the resolutions of a recommendatory nature, the Management Board of the Holding has consultative and advisory bodies – the Committees.

The **Activity Planning and Assessment Committee** is a permanent consultative and advisory body under the Holding's Management Board, which coordinates the process of business planning and budgeting for the Holding's Group.

In 2021, 34 meetings were held by the Activities Planning and Assessment Committee. The Committee considered the proposals of the budget program administrators and gave recommendations on the redistribution of budget funds; draft Development Plan / Annual Budget of the Holding/subsidiaries and their adjustments were preliminary reviewed; the recommendations were provided to the Management Board.

The **Assets and Liabilities Management Committee** is a permanent consultative and advisory body under the Management Board of the Holding. The purpose of the Committee's activity is to develop the recommendations for improving the efficiency of managing the assets and liabilities of the Holding and subsidiaries in order to achieve the principles of diversifying the assets and liabilities, optimizing the risks (financial, operating, strategic, legal) and ensuring the financial sustainability.

In 2021, the Asset and Liabilities Management Committee held 40 meetings. The Committee considered the issues of financial risk management of the companies of the Holding's Group, financial analysis of counterparties of the Holding's Group, as well as consolidated

management reporting; recommendations were given to subsidiaries in terms of enhancing the efficiency in managing the assets and liabilities.

The **Strategy and Corporate Development Committee** is a collegiate consultative and advisory body formed to consider and develop the recommendations on the strategy and corporate development of the Holding, and its subsidiaries, enhance the efficiency of the Development Strategy implementation, improve the corporate governance system and ensure sustainable development in activities of the Holding and its subsidiaries.

In 2021, the Strategy and Corporate Development Committee held 25 meetings. The Committee considered the issues of target corporate KPIs of the Holding's structural subdivisions for Quarters I-IV of 2021 and Quarters I-IV of 2022, reports on the performance of KPIs of the members of the Management Board of subsidiaries for 2020, adjustments to KPI maps of the members of the Management Board of subsidiaries for 2021, KPI plans for the members of the Management Board of subsidiaries for 2022, reports on the implementation of the development strategies of the Holding's subsidiaries, report on sustainable development of the Holding for 2020, the Action Plan for sustainable development of the Holding for 2022, etc.

## System to Remunerate the Members of the Board of Directors and the Management Board

According to the Regulations of the Board of Directors of 'Baiterek' NMH JSC, according to the procedure prescribed by the legislation of the Republic of Kazakhstan and the Articles of Association of 'Baiterek' NMH JSC, the independent directors being the members of the Board of Directors of 'Baiterek' NMH JSC may be paid, while they perform their duties, a remuneration associated with the performance of their functions as the members of the Board of Directors of the Holding and (or) be compensated for expenses associated with the performance of their functions as the members of the Board of Directors of the Holding.

The procedure, amount and conditions for paying remuneration, compensation of expenses and payment of bonuses to the members of the Board of Directors for the performance of their duties, including independent directors, are determined by the resolution of the Sole Shareholder of the Holding.

The Chairperson of the Board of Directors enters into an agreement with the independent directors on behalf of the Holding as amended by the Appendix to the Regulations of the Board of Directors of the Holding, which sets out the amount and terms of payment of remuneration and compensation to the independent directors. If an independent director participates in half or less than half of all in-person and absentee meetings of the Board of Directors and its committees, a remuneration shall be reduced, except in cases where

the independent director is absent due to illness or being on leave from the main place of work.

In 2021, a remuneration associated with the performance of the functions of the members of the Board of Directors of the Holding was paid only to the independent directors being the members of the Board of Directors of 'Baiterek' NMH JSC.

The system of remuneration for the members of the Management Board of the Holding is regulated by the Rules for labour compensation, performance assessment and remuneration of the Chairperson and the members of the Management Board of 'Baiterek' NMH JSC. The members of the Management Board shall be paid an official salary fixed by the resolution of the Board of Directors. In accordance with Resolution of the Government of the Republic of Kazakhstan No. 1266 dated 2 December 2014, the members of the Management Board shall be remunerated based on the results of the reporting year, depending on the achievement of the strategic KPIs as approved by the Board of Directors, and the results of their performance assessment, as well as the availability of net consolidated profit after the results of the financial and economic activities of the company are approved in accordance with the established procedure on the basis of the audited financial statements. At the same time, the total annual amount of this remuneration should not exceed 6 (six) official salaries.

## Internal Audit Service

The mission of the Internal Audit Service of 'Baiterek' NMH JSC (hereinafter referred to as the IAS), whose employees are current members of the global Institute of Internal Auditors, is to maintain and increase the value of the organization through the conduct of objective internal audits based on a risk-based approach, providing recommendations and sharing knowledge. To ensure the independence and objectivity of its internal audit, the IAS is a body of the Holding, which is directly subordinate to the Board of Directors, the Audit Committee under it and reports to them on its work.

In accordance with the requirements of the legislation of the Republic of Kazakhstan, the provisions of the Articles of Association and the Corporate Governance Code of the Holding, the Regulations of the IAS and the Rules for organization of internal audit in the Holding, when carrying out its activities, the IAS is guided by the International Professional Practices Framework for Internal Audit (hereinafter referred to as IPPFIA) recommended by the global Institute of Internal Audit.

## MEMBERS OF THE IAS

By the resolution of the Board of Directors dated 19 September 2019, the term of powers of the IAS was determined from 1 November 2019 to 31 January 2023, inclusive.

### The current members of the IAS are:

- The Head of the IAS is D.A. Nauanova, MBA for the Global Energy Industry (Warwick Business School, UK), certified internal auditor (CIA), certified specialist in risk management assessment (CRMA), 28 years of service in total.

- The internal auditor is A.S. Burabayeva, Zhezkazgan University named after O.A. Baikonurov specializing in Economy and Management, auditor of the Republic of Kazakhstan, professional accountant of the Republic of Kazakhstan, 19 years of service in total, including experience in Big 4.
- The internal auditor is D.D. Maldybekova, MSc in Logistics and Supply Chain Management (Heriot-Watt University, UK), certified internal auditor (CIA), certificate in IT corporate governance (COBIT), 12 years of service in total.

## Results of Work in 2021

According to the IAS work plan 2021 approved by the Board of Directors of the Holding, the audits were performed for conformance to the limits of certain types of administrative expenses of the Holding, confirmation of the reliability of actual values of key performance indicators of the executive body, procurement processes organization, organization of housing and construction asset management processes and audits of the processes of implementation of the (state) programs of business support and development 'Business Roadmap', development of productive employment and mass entrepreneurship for 2017–2021 'Yenbek' and the program 'Simple things economy' and the State program of industrial and innovative development for 2020–2025.

Also, in 2021, the IAS assessed the information technology (IT) and information security (IS) systems and assessed the effectiveness of the system of corporate governance of 'Baiterek' NMH JSC.

**According to the results of assessments, the level of conformance of the IT management system to the**

**standards and approaches in the field of organization, management and security of IT infrastructures COBIT (Control Objectives for Information and Related Technology) amounted to 74%, the conformance of the information security system to the requirements of the information security management standard ISO/IEC 27001 was 86%, the level of efficiency of the system of corporate governance of the Holding amounted to 89.3%.**

In 2021, based on the results of the completed audit engagements, a total of 90 recommendations were issued aimed at minimizing risks, improving the design of business processes, increasing the efficiency of internal control and developing corporate governance of the Holding, of which 89 were recommendations accepted by the Management Board of the Holding for execution.

The average level of timeliness for the implementation of approved corrective action plans as per recommendations of the IAS in the reporting periods of 2021 amounted to 97%.

## Plans for 2022

The IAS Audit Plan for 2022 approved by the resolution of the Board of Directors of the Holding dated 25 November 2021 provides for annual audits of conformance to the limits of certain types of administrative expenses and the reliability of actual values of key performance indicators of the executive body of 'Baiterek' NMH JSC; audits of human resource management processes, agricultural asset management, treasury system and components of the system of corporate finances of 'Baiterek' NMH JSC.

Also, in 2022, it is planned to audit the implementation and monitoring of the Development Plan of 'Baiterek'

NMH JSC<sup>1</sup>, including control and monitoring of the implementation of development plans of the Holding's subsidiaries, and an audit of the implementation of the investment policy and coordination of the activities of the subjects of the 'Baiterek' NMH JSC group on investment issues.

In accordance with the requirement of the IPPFIA standard, the next external assessment of the internal audit services of 'Baiterek' NMH JSC and its subsidiaries is scheduled for 2022.

<sup>1</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.

## Corporate Ethics and Settlement of the Conflict of Interests

To prevent and settle the corporate conflicts and conflicts of interest in the Holding, as well as to coordinate the actions of all bodies and officials, the Board of Directors approved the Policy for the settlement of corporate conflicts and conflicts of interest. The Policy regulates the order and procedures for pre-trial settlement of conflicts, as well as the actions of bodies, officials and employees of the Holding within the framework of these processes.

The principles and standards of corporate ethics, which the officers and employees of the Holding are guided, are enshrined in the Code of Business Ethics of 'Baiterek' NMH JSC as approved by the Board of Directors of the Holding.

By resolution of the Board of Directors of the Holding No. 10/19 dated 17 October 2019, the amendments were

### OMBUDSMAN INSTITUTE

The Holding's Ombudsman is in charge of collection of information on non-compliance with the provisions of the Holding's Code of Business Ethics, initiation of consideration of disputes on violation thereof, as well as participation in the settlement of disputes.

In case of violation of the provisions of the Code of Business Ethics, employees of 'Baiterek' NMH JSC have the right to apply to the Ombudsman both in writing and orally. The Ombudsman, in turn, keeps a record of complaints from employees, officials, as well as business partners and stakeholders on the issues of non-compliance with the provisions of the Code of Business Ethics. The Ombudsman is obliged to provide, within five working days, the explanations of the provisions of the Code of Business Ethics to employees of the Holding if they appeal, to ensure the anonymity of an employee, an official who appeals on the fact of violations of the Code of Business Ethics of 'Baiterek' NMH JSC.

In terms of corporate conflicts and conflicts of interest, the Ombudsman coordinates its actions with those responsible for resolving corporate conflicts and conflicts of interest in accordance with the Policy for settling corporate conflicts and conflicts of interest of the Holding.

In accordance with the provisions of the Corporate Governance Code of the Holding, the Report on activities of the Ombudsman of 'Baiterek' NMH JSC in 2020 has been reviewed and approved by the Personnel, Remuneration

made to the Code of Business Ethics of the Holding aimed at observing the principles of meritocracy, ensuring the legality and fairness of decisions made, strengthening the Ombudsman Institute in settling the corporate conflicts. The fundamental values embedded in the Holding's Code of Business Ethics are responsibility, professionalism, teamwork, honesty and social responsibility.

**The compliance with the Code of Business Ethics is binding on all employees of the Holding irrespective of the position held.**

The Holding's employees are tested annually with success for knowing the provisions of the Code of Business Ethics of 'Baiterek' NMH JSC.

and Social Issues Committee and the Audit Committee of the Board of Directors.

By the resolution of the Board of Directors of 'Baiterek' NMH JSC dated 19 July 2021 (minutes No. 04/21), the powers of M.D. Turganova, as the Ombudsman of 'Baiterek' NMH JSC, were extended from 25 July 2021 for a period of 2 (two) years.

M.D. Turganova was appointed to be the Ombudsman of subsidiaries of 'Baiterek' NMH JSC by the resolutions of the Board of Directors of the Subsidiaries.

To improve the legal framework and documentation support for the activities of the Ombudsman in accordance with the Corporate Governance Code, the work was performed to develop and update the internal regulatory documents of the Holding.

The Regulations of the Ombudsman of 'Baiterek' National Management Holding Joint-Stock Company were approved by resolution of the absentee meeting of the Board of Directors of the Holding No. 06/20 dated 22 June 2020.

The Regulation of the Ombudsman regulates in detail the legal status of the Ombudsman of the Holding in the organizational structure and system of corporate governance of the Holding, the procedure for appointing and terminating the powers, the role, tasks and functions,

rights and duties, responsibility and other issues of the Ombudsman's activities.

In 2021, the Ombudsman received appeals of a social and labour nature related to the distribution of the role of human factors in work activities, non-observance by individual employees of the corporate culture and, in general, the lack of team spirit.

Acting as a mediator, the Ombudsman provided oral consultations for employees of the Holding to explain the rules of the labour laws, the need to establish and develop corporate values and culture, high standards of professional behaviour and business ethics in the Holding.

In 2021, in connection with the spread of COVID-19 in Kazakhstan, as part of complying with the requirements of the recommendations of central and local authorities and in order to counter the infection of COVID-19, the Holding and its subsidiaries organized a remote work format, which allowed minimizing the spread of said infection in the Group of the Holding.

Along with this, employment contracts concluded between officials and employees and the Holding include obligations to comply with the provisions of the Corporate Governance Code in the Holding and in relations with its subsidiaries.

To widely inform about the activities of the elected Ombudsman, all employees and officials of the Holding received, through the electronic document circulation system, full information about the Ombudsman's activities, the right/opportunity of employees to contact the Ombudsman of the Holding with feedback.

To raise the level of corporate ideology and culture in the Holding, the Ombudsman gave some recommendations to the management.

For the purpose of organization of training and explanatory work aimed at understanding by officials and employees of the Holding of the Code of Business Ethics, the role of the Ombudsman and the availability of a notification system for alleged violations, the Ombudsman of 'Baiterek' NMH JSC and its subsidiaries – M.D. Turganova – held the meeting was held with the participation of managers of the Human Resource Management Departments of 'Baiterek' NMH JSC.

In addition, for the convenience of employees and officials of the Holding's Group, they are provided with communication channels through which the messages

indicating the last name, first name and patronymic (if any) of the applying employee/participant in a labour dispute can be forwarded to the Ombudsman by any of the methods that ensure confidentiality:

to the e-mail address:

Ombudsman@baiterek.gov.kz; or

to the telephone number: 8 7172 270402.

The Ombudsman Complaint Facility and information about it are posted on the Holding's corporate website.

## Anti-corruption



Since 2017, the Compliance Service has been functioning in the Holding, which is accountable to the Chairperson of the Management Board and responsible for the anti-corruption management system.

The Holding adheres to all present-day regulatory requirements in the field of anti-corruption. The Anti-Corruption Policy, the Code of Business Ethics, the Rules for the Prevention of Corruption and Fraud and other regulatory documents have been approved and are in force.

By the resolution of the Management Board of the Holding, the Holding's Compliance Program for 2021 was approved, which includes the *Countering Corruption and Fraud in the Holding* section. As part of the implementation of the Compliance Program, in 2021, the extensive work was performed to combat corruption.

Thus, the Holding is constantly carrying out anti-corruption monitoring using a wide range of information: materials from the mass media, reports from inspection bodies and the Internal Audit Service of the Holding, appeals from individuals and legal entities, and the results of social surveys.

In 2021, to eliminate possible corruption loopholes, an internal analysis of corruption risks was carried out. As part of the analysis, a number of discretionary powers were identified and eliminated in the internal documents of the Holding, recommendations were given to improve the business processes in the field of human resource management. Such a format of work allows the Holding independently preventing possible risks and violations of anti-corruption legislation.

At the same time, the Holding provides for internal official investigations/inspections on possible facts of corruption in order to take subsequent measures, including sending materials to the law enforcement agencies.

To perform work to identify, settle and prevent the conflicts of interest in the Holding, a register of affiliates of the Holding and its officials is maintained on an ongoing basis, which reduces the possibility of close relatives working together, and also reduces the risks of conflicts of interest in the field of procurement.

The Holding also has the Counterparty Due Diligence Institute, within which, in 2021, 249 counterparties applied for participation in the procurement of goods, works and services by the Holding, as well as 4 counterparties applied for sponsorship were checked. This facility allows excluding the possibility of interaction with dishonest and unfair counterparties.

Special attention is paid in the Holding's Group to the formation of an anti-corruption culture, informing and raising awareness among employees of the Holding and its subsidiaries. According to the Holding's Labour Regulations, all newly hired employees are required to familiarize themselves with the Holding's Anti-Corruption Policy.

In addition, candidates for administrative positions are required to be tested for knowledge of the Anti-Corruption Law of the Republic of Kazakhstan. In 2021, all candidates were tested for their level of knowledge of anti-corruption legislation. This requirement allows hiring the candidates knowing the anti-corruption measures in force in the country.

In connection with the amendments made to the Anti-Corruption Law of the Republic of Kazakhstan, the persons performing managerial functions in the Holding submitted returns on assets and liabilities to the competent public authorities.

The measures taken to combat corruption in the Holding have allowed reducing the risk of committing a corruption offense by employees of the Holding, as evidenced by the absence of facts that the Holding and its employees were held accountable for committing this offense in 2021.

To create an objective anti-corruption body independent from the Management Board of the Holding,

### Hot Line

To promptly receive the information about possible violations of the rules of the legislation, the Holding has set and operates the feedback channels ('hot line', electronic and mail communication channels), where individuals and legal entities can apply and report possible or accomplished facts of corruption in the Holding.

In 2021, the Compliance Service of the Holding received 13 appeals from individuals and legal entities, including 4 appeals concerning Kazakhstan Housing Company JSC, 4 appeals concerning the activities of KazAgroFinance JSC,

### External Auditor

In accordance with the legislation of the Republic of Kazakhstan, the determination of an auditing organization to audit 'Baiterek' NMH JSC and the amount of payment for its service are within the exclusive competence of the Board of Directors.

The external auditor of the Holding for 2019–2021 is KPMG Audit LLP. In accordance with the Policy of Organization of External Audit at 'Baiterek' NMH JSC and based on the international practice, the external auditor should follow the principle of rotating the project partner (bearing primary responsibility for the audit) every five years.

The cost of audit services for 2021, according to the terms of the audit service contract, amounted to 48,720 thousand tenge, including VAT.

In the event of receiving non-auditor services from an external auditor, the Holding considers all services for the possibility (risk) of a conflict of interest (a situation in which the external auditor's interest may affect its

by the resolution of the Board of Directors of the Holding dated 1 January 2022, an Anti-Corruption Compliance Service will be created in the Holding, which will be accountable to the Board of Directors of the Holding. This measure will bring the implementation of anti-corruption measures in line with the international standards.

In 2021, no facts of corruption and fraud were registered in the Holding.

In 2022, the Holding and its subsidiaries will continue to work aimed at strengthening the control to prevent and detect corruption, as well as creating an atmosphere of strict zero tolerance in the Holding.

2 appeals concerning the activities of Agrarian Credit Corporation JSC, 1 appeal concerning Kazakhstan Investment Fund JSC, 1 appeal concerning Baiterek Venture Fund JSC, and 1 appeal concerning BV Management LLP.

As the global practice shows, the 'hot line' is one of the most effective methods of combating corruption and fraud in an organization. Therefore, the Holding plans to continue to use the available tools for interacting with informers.

opinion on the reliability of financial statements) affecting the independence of the external auditor. During 2021, the auditing organization – KPMG Audit LLP – did not provide consulting services not related to the audit of financial statements.



# RISK MANAGEMENT AND INTERNAL CONTROL

## Components of the Risk Management and Internal Control System

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

The Holding has in place the Risk Management Policy, which sets out the basic principles of the risk management process, such as integrity, openness, structure, awareness, continuity, and cyclicity.

**The goal of the risk management process is to achieve a balance between maximizing the opportunities and avoiding the losses.**

The risks are managed in the Holding at several levels with the involvement of the following bodies and subdivisions of the Holding: the Board of Directors, the Management Board, structural subdivision responsible for coordinating the risk management, and other structural subdivisions, 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 Holding, approving the main documents regulating risk management in the Holding, and reviewing reports on the effectiveness of the risk management system. The Audit Committee is formed under the Board of Directors of the Holding, which is a consultative and advisory body to provide the Board of Directors with recommendations concerning monitoring of the financial and economic activities of the Holding, the reliability and effectiveness of the risk management system, the execution of documents in the field of corporate governance, and independence of external and internal audit.

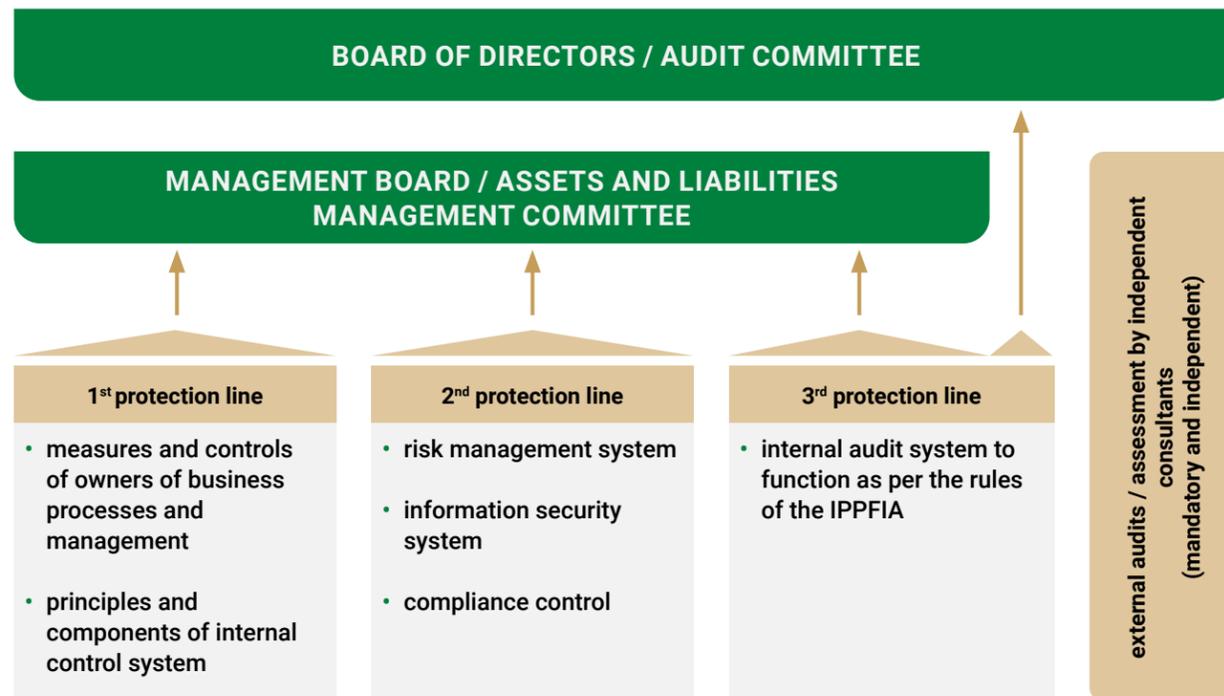
The **Management Board** is responsible for organizing an effective risk management system and creating a risk control structure to ensure that corporate policies are implemented and pursued. To effectively organize and manage the risks, the Assets and Liabilities Management Committee is operating under

the Management Board with the main functions to develop recommendations for improving the efficiency of managing the assets and liabilities of the Holding and its subsidiaries in order to achieve the principles of diversifying the assets and liabilities, optimizing risks and ensuring financial sustainability.

An important component aimed at the Holding achieving the strategic goals set and minimizing risks when they are achieved is an effectively functioning **internal control system**. Organization of the internal control system provides for the Holding construction of a management system capable of quickly responding to risks, exercising control over the main and auxiliary business processes and daily operations of the Holding, as well as immediately informing the participants in the internal control system of the appropriate level about any significant shortcomings and areas to be improved. Reliable and effective functioning of the internal control system requires the involvement and constant interaction within the framework of internal control officials and employees of all levels of the Holding.

The corporate risk management and internal control system of the Holding covers all levels and areas of activity, business processes, types of reporting/information and operations. This system is organized taking into account well-known principles, rules and best practices and is presented in the model below.

The control procedures are a documented system of measures and actions to ensure effective internal control over the fulfilment of the goals, objectives and plans of the Holding, the identification and performance of non-standard operations, as well as the notification, limitation and prevention of risks and possible illegal actions on the part officials and employees of the Holding. The control procedures are performed at all levels of the Holding and are subject to compliance by the bodies, structural subdivisions and employees of the Holding.



The risk management in the Holding is a constant, dynamic and continuous process consisting of the following components: identification, assessment, control, and monitoring.

In the reporting year, the Holding performed the following risk management work:

- A comprehensive analysis of all business processes in the Holding was carried out, which precedes the risk identification process. The definition of business processes in the Holding is based on two key approaches: description and regulation of business processes. The staged use of these approaches is aimed at a comprehensive definition of the essence of a particular business process, as well as ensuring subsequently its continuous monitoring.
- A matrix of business processes, risks and controls for 2022 was approved, which is a tool for the internal control and risk management system, which consists in analysing the main business processes of the Holding and aimed at assessing their exposure to risks and developing the control procedures to manage these risks.
- A risk appetite is approved for various components and metrics, which represents the possibility of changes in the results both on a short and long term basis, which the Holding and its executives are ready to accept as part of their business development strategy.

- The process of forming a risk register, risk management action plan, key risk indicators, a matrix of business processes, risks and controls was automated.
- The internal regulatory documents in the field of risk management and internal control systems were optimized and updated.

In 2021, the Board of Directors and the Management Board of the Holding reviewed on a quarterly basis the consolidated risk reports describing the main risks of the Holding's Group and action plans for managing them, monitored and updated the key risk indicators, risk register and maps, as well as plans of action to manage risks.

Also, in 2021, due to the COVID-19 pandemic and the decline in oil prices, the Holding carried out quarterly analysis and stress test according to the hypothetical scenarios and informed the independent directors of the Holding about the current situation in terms of the possible negative impact of the external environment on the financial and risk factors of the Holding's Group.

In 2021, in order to develop a risk-oriented culture, training seminars were held for the employees of the Holding on the risk management system in order to effectively identify the risks inherent in the Holding and its types, determine the components and understand the principles of risk management according to the COSO standards.

## Plans for 2022

With the view of further improvement and development, the Holding sets itself the following tasks in 2022 and in the medium term:

- improvement of the risk culture in the Holding's Group and its further integration into the system of corporate governance;

- integration and unification of risk management and internal control system processes with new subsidiaries – Agrarian Credit Corporation JSC and KazAgroFinance JSC;
- automation of the risk management reporting system with subsidiaries of the Holding's Group; and
- further updating of the risk management system tools.

## Key Risks of the Holding



While assessing and identifying key risks, the Holding adheres to a single standard within the model of a centralized risk management system, which was developed with the involvement of an external consultant. The model includes an assessment of key types of risk (liquidity risk, market risk, credit risk, operating risk, business risk and real estate risk), as well as their aggregation and an assessment of the sufficiency of available financial resources to cover the aggregate amount of risks calculated in normal and stress situations. The methods of the centralized risk management system also provide for the identification of strategic risks inherent in achieving the mission and strategic key performance indicators of the Holding and is aimed at achieving the set strategic goals and objectives, minimizing risks when they are achieved.

Key risks of the Holding's group are in the process of questioning of the risks inherent in all business processes in the Holding's group and are graphically

displayed in the risk map, taking into account the degree of materiality. The measures to minimize key risks are taken on an ongoing basis in accordance with the approved action plan as per the risk register. The risk map, risk register, action plan for key risks and report on the implementation of the action plan are reviewed on a quarterly basis and approved by the Board of Directors of the Holding.

## CREDIT RISK

The risk of default in obligations by the counterparty of the Holding's group on a financial instrument is a credit risk and is considered the most significant for the Holding's group with a high degree of probability and impact on the activities of the Holding's group. Given the high degree of materiality, during 2021, this risk was located in the red risk zone according to the Holding's risk map.

The purpose of the credit risk management system is to prevent it, to reduce the likelihood of financial losses due to the borrower's failure to fulfil its financial obligations.

The credit risk exposure management tools are considered within a single financial asset and/or portfolio of financial assets and fall into two categories:

- 1) tools to prevent the causes of credit risks; or
- 2) tools to manage the consequences of the credit risks.

The tools to prevent the causes of credit risk within an individual financial asset include assessing and monitoring of the borrower's creditworthiness.

## LIQUIDITY RISK

The liquidity risk is considered one of the significant risks for the Holding's group and is due to a mismatch between the maturities of assets and liabilities, which, in turn, affects the provision of the Holding with sufficient liquidity at an acceptable price in order to meet its balance sheet and off-balance sheet liabilities in a timely manner.

The Holding manages liquidity to ensure the continued availability of cash to meet all obligations as they fall due.

The Holding's liquidity management procedures include:

- predicting cash flows and calculating the required level of liquid assets;

## MARKET RISK

The Holding is exposed to market risk associated with open positions in currency, interest rate and other financial instruments, which are subject to the risk of general and specific changes in the market.

The purpose of the market risk exposure management system is to maintain the total risk assumed by the Holding at the level according to its own strategic objectives. The priority is to ensure the maximum safety of the assets and equity of the Holding by minimizing

The tools to prevent the causes of credit risk in portfolios of financial assets include quantifying the portfolios of financial assets and improving the process of making credit and investment decisions. Improving the credit decision-making process includes:

- 1) improvement of the organizational structure;
- 2) control over the process of lending and investing in various financial instruments; and
- 3) improvement of the used information technologies.

The Holding and its subsidiaries pay special attention to credit risk. The level of credit risk is determined and the measures aimed at minimizing the risk are taken on a regular basis using various tools for determining the creditworthiness of a counterparty and setting maximum limits for one borrower and/or a group of related borrowers. When setting limits, the Holding uses the minimum credit ratings of counterparties assigned by the international rating agencies, and also assesses the financial condition on the basis of available financial statements and the results of analysis it carries out. This type of risk is monitored and controlled on a consolidated basis by the authorized body of the Holding.

- maintaining a diversified structure of funding sources;
- managing the concentration and structure of borrowed funds;
- developing the plans for debt financing;
- servicing a portfolio of highly liquid assets that can be freely sold as a protective measure in case of cash liquidity gap;
- developing the contingency plans to maintain liquidity and set level of financing; and
- controlling the compliance of the liquidity balance sheet indicators of the Holding's Group with the established standards and limits.

exposure to market risks that can lead to unexpected financial losses.

The market risk management process includes the following successive stages:

- management planning – identification of relevant approaches for effective management of exposure to market risks;
- identification – determination and documentation of types of exposure to market risks that can have

a negative impact on the financial performance of the Holding;

- qualitative assessment – qualitative analysis of market risks, determination of their causes in order to assess their impact on the financial performance of the Holding;
- quantification – quantitative analysis of the probability of occurrence and impact of the consequences of the realization of market risks;

- response planning – determination of procedures and methods to mitigate the negative consequences of the realization of market risks; and
- exposure monitoring and control – monitoring of the market risks and implementation of the procedures for their timely management; assessment of the effectiveness of the actions taken to minimize exposure to market risks.

## OPERATING RISK

The Holding is exposed to operating risk leading to losses as a result of inadequate or erroneous internal processes, the functioning of the systems, the actions of employees, as well as losses arising from the implementation of external events.

The objective of operating risk management is to optimize the operational efficiency of the Holding by reducing operating losses, rationalizing the costs, and reducing time and improving the adequacy of responding to events beyond the control.

The Holding manages operating risk by means of the following tools:

- classification of events related to the category of operating risks by filling in the database of realized and potential risks with the involvement of the responsible structural subdivision, which develops recommendations for managing operating risks for each event;
- calculation of the capital reserve for operating risk with comparison of actual losses due to realization of operating risks;
- monitoring the reporting on operating risks; and
- ensuring the business continuity management at adequate level.

The results of monitoring the level of operating risk are brought to the attention of the relevant collegiate bodies.



## Sustainable Development Management System

As a key financial institution of the Government of the Republic of Kazakhstan, the Holding is aware of the importance of its impact on the environment (in the broadest sense) and seeks to balance the interests of stakeholders.

As part of its activities, the Holding ensures the consistency of economic, environmental and social goals, including: growth of investment in the creation and development of more advanced technologies; the growth of the processing industry; increase in the growth of exports of non-resource industries; increase in labour productivity; creation of new jobs; optimal use of limited resources; ensuring transparent competitive procedures and equal opportunities for employment; ensuring labour safety and maintaining the health of employees, etc.

The Holding is guided in its activities by the following principles of sustainable development as enshrined in the Corporate Governance Code of the Holding: openness, accountability, transparency, ethical behaviour, respect for the interests of stakeholders, legality, respect for human rights, corruption intolerance, inadmissibility

of conflicts of interest. Also, the Holding adheres in its activities to the principles of the UN Global Compact in the field of human rights, labour relations, environmental protection and anti-corruption. In more detail, goals, objectives, principles are enshrined in the Policy of the Holding in the field of sustainable development.

Sustainable development management is a strategic direction of the Holding's activities. The introduction of the principles and initiatives of sustainable development into the activities of the Holding and its subsidiaries is the top priority to achieve the goals enshrined in the Strategy 'Kazakhstan 2050'. In this regard, the Holding has identified priorities in the field of sustainable development identified as part of the analysis of the activities of similar international Development Institutes and state priorities, which are included in the updated Development Plan of the Holding for 2014–2023. At the same time, the Development Plan also includes KPIs of the Holding in the field of sustainable development – ESG rating. The target value of this KPI is to increase the score by 2 points compared to the base value by 2023.

### Priority directions of the Holding's activities in the field of sustainable development



# SUSTAINABLE DEVELOPMENT ACTIVITIES



## ORGANIZATIONAL STRUCTURE OF SUSTAINABLE DEVELOPMENT MANAGEMENT

Sustainable development in the Holding is managed within the framework of the common corporate governance system and is an integral part thereof.

The Board of Directors of the Holding provides strategic management and control over the implementation of sustainable development.

The consideration of issues of sustainable development has been previously delegated to the Strategic Planning Committee of the Holding.

The Management Board of the Holding ensures the formation of an appropriate sustainable development management system and its implementation, and also approves an appropriate action plan in the field of sustainable development. The Management Board also submits a sustainable development report for consideration by the Board of Directors on an annual basis in the third quarter of the year following the reporting year.

The corporate KPI maps of the members of the Management Board of the Holding include the Sustainability KPIs of 'Baiterek' NMH JSC, while the source of data is the report on the implementation of the Sustainability Action Plan of the Holding.

The heads of the relevant structural subdivisions of the Holding bear personal responsibility for the implementation of activities and achievement of KPIs in the field of sustainable development within their competence.

The main department coordinating the issues of sustainable development of the Holding is the Strategy and Corporate Development Department, which performs the following work:

- plans activities in the field of sustainable development;
- coordinates the activities of structural subdivisions of the Holding in the field of sustainable development;
- prepares a report on the implementation of the action plan and KPIs in the field of sustainable development;
- prepares the annual report of the Holding with the inclusion of a section on sustainable development; and
- communicates with subsidiaries of the Holding and international organizations on the sustainable development issues.

The officials of the Holding and its subsidiaries follow the principles of sustainable development in the conduct of business and the performance of their duties and promote the involvement of all employees.

## IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT ACTION PLAN OF THE HOLDING AT THE END OF 2021

The Action Plan includes measures to improve sustainable development management practices, introduce the principles of sustainable development into administrative and economic activities, build up competencies in sustainable development and more fully disclose non-financial information in the statements and on the website.

As part of improving sustainable development management practices, in 2021, own IRDs were approved for the Holding's subsidiaries (Kazakhstan Development Bank JSC, Kazyna Capital Management JSC, 'Damu' Fund JSC, 'KazakhExport' EIC JSC) based on the Environmental and Social Policy of 'Baiterek' NMH JSC in order to increase the potential positive environmental and social effects from the implementation of projects. Similar policies are expected to be approved by ACC JSC and KAF JSC in 2022. This policy of the Holding contains the need to take into account ESG factors when selecting projects, as well as the intention to follow the best practices of the Development Institutes in the field of responsible investment (IFC Social and Environmental Sustainability Standards, UN Principles for Responsible Investment). Every year, the corporate website of the Holding updates the unified database of "green" projects of the Holding and its subsidiaries.

As part of the block for building sustainable development competencies, employees of the Holding were trained in the application of the international GRI standard when preparing the reports. In addition, together with

### Plans for 2022

The Management Board of the Holding approved the Action Plan for sustainable development of the Holding for 2022, which includes a number of activities aimed at:

- introduction of the principles of sustainable development into the key processes and administrative and economic activities of the Holding;
- increasing transparency in the disclosure of non-financial information; and
- building up competencies in sustainable development.

In particular, in accordance with the Plan it is planned:

- to determine the Holding's contribution to the achievement of the UN SDGs in accordance with the Holding's priorities and national indicators of the UN SDGs;

external experts, a webinar was held for subsidiaries on the present-day trends in the field of sustainable development and non-financial reporting.

Particular attention in the Holding is paid to increasing the transparency of information about its activities for stakeholders. By the resolution of the Board of Directors (No. 04/21 dated 19 July 2021), the Annual Report of the Holding for 2020 and the Report on Sustainable Development of the Holding for 2020, which were prepared on the basis of the international GRI standards, were approved. According to PwC Kazakhstan research in 2021, the Holding became the best financial company in Kazakhstan in terms of ESG information disclosure in the annual report. At the same time, in the overall rating by PwC of the top 50 companies in terms of the level of disclosure of ESG information in the annual reports, the Holding ranks 6<sup>th</sup> in 2021 (10<sup>th</sup> place in 2020).

Also, the Annual Report of the Holding was recognized as the winner in the nomination "The Best Annual Report for 2020 in the financial sector" according to the results of the competition organized by the Kazakhstan Stock Exchange (KASE).

Meanwhile, the Report on Sustainable Development of the Holding won the Best Report on Sustainable Development 2020 award. The report discloses the performance in the context of three components of sustainable development – economic, social and environmental.

- to consider the possibility of joining the international initiative on sustainable development/ESG (UN Principles for Responsible Investments/Principles of the UN Global Compact, etc.);
- to elaborate the issue with the Holding's subsidiaries on the issue of sustainable development bonds (ESG bonds – "green", social);
- to analyse the application of the principles of sustainable development in the implementation of projects in the field of the AIC;
- to carry out promotional activities to increase the environmental awareness of employees – competitions, team building; and
- to conduct training on the subject "Green office", etc.



## Holding's Contribution to Achievement of the UN Sustainable Development Goals

The management of the Holding supports the 17 Sustainable Development Goals (hereinafter referred to as the SDGs) adopted by the UN General Assembly in 2015, aimed at eradicating poverty, conserving the planet's resources and ensuring universal well-being.

The Holding contributes to the achievement of the SDGs through the application of responsible business practices. Thus, when forming a project portfolio, the Holding 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 population centres; and
- diversification of the economy of the Republic of Kazakhstan and individual regions/cities.

In the reporting year, the Holding took part in the round-table meetings and seminars organized by the UN to promote the SDGs in Kazakhstan.

## Tasks of the Holding aimed at achievement of the UN Sustainable Development Goals

UN Sustainable Development Goals	Activities of the Holding
<b>3</b> GOOD HEALTH AND WELL-BEING SDG 3. Ensure healthy lives and promote well-being for all at all ages	creation of safe working conditions for employees.
<b>4</b> QUALITY EDUCATION SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	non-financial support for entrepreneurs including organization of training programs; implementation of internal training programs; support for charitable educational projects.
<b>5</b> GENDER EQUALITY SDG 5. Achieve gender equality and empower all women and girls	creation of equal working conditions and career opportunities; ensuring an equal system of performance assessment and remuneration.
<b>8</b> DECENT WORK AND ECONOMIC GROWTH SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	support of large business and development of SMEs by providing financial instruments of the Holding; implementation of initiatives aimed at improving the customer-centred services.
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	support of the projects aimed at increasing labour productivity in the processing industry; promotion of the Kazakhstan producers of non-primary goods and service providers in foreign markets and strengthening their competitiveness; support of housing construction; development of technological entrepreneurship and private equity infrastructure.
<b>10</b> REDUCED INEQUALITIES SDG 10. Reduce inequality within and among countries	development of products for youth, first-time entrepreneurs; development of products for socially vulnerable segments of the population; support of people with disabilities in the regions of presence through the implementation of charitable projects.
<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable	support of large infrastructure and industrial projects; complex support for SMEs.
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION SDG 12. Ensure sustainable consumption and production patterns	support for "green" projects; application of resource-saving technologies in the office of the Holding; responsible consumption of resources.
<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 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 developing/updating the legal acts affecting the interests of the Holding.
<b>17</b> PARTNERSHIPS FOR THE GOALS SDG 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	cooperation with international institutions and financial organizations on issues of sustainable development; participation in conferences, forums, round-table meetings to promote the SDGs in Kazakhstan.

## Communication with Stakeholders

### Establishment of effective and balanced relationships with all stakeholders is of great importance for the Holding.

To pursue a successful and effective sustainable development policy, the Holding pays due attention to communication with stakeholders. When identifying stakeholders, the Holding and its subsidiaries use the international standards in this area. To determine the list of stakeholders, the degree of their influence and spheres of influence on the interests of the Holding, the Map of stakeholders of the Holding has been developed, which allows systematizing and visualizing the information about the environment of the Holding and its subsidiaries in order to build an adequate strategy of work with each of the stakeholders.

In 2021, the Holding's Stakeholder Map is updated in terms of interaction strategy (communication strategy) taking into account the roles, responsibilities and procedures for interacting with stakeholders and defines the list of key stakeholders and the degree of their influence.

The process of organization of interaction of the Holding with stakeholders is based on the principle of involvement, which implies taking into account the interests of stakeholders at all stages of the management process of the Holding's activities and involving stakeholders in the discussion of significant topics and important issues, potential risks and limits of responsibility.

The main forms of communication with stakeholders are:  
1) questionnaires; focus groups; meetings with stakeholders; public meetings; seminars; providing feedback through communication means; advisory boards;

2) collective bargaining based on the principles of social partnership;

3) multilateral forums; consultative panels; consensus process; collaborative decision-making process; focus groups; feedback schemes;

4) joint projects; joint ventures; partnership; joint stakeholder initiatives; and

5) integration of stakeholder communication issues into management, strategy and operations.

Stakeholder involvement is achieved by adhering to the following three principles:

1. **Materiality.** The Holding clearly defines its stakeholders and recognizes which stakeholder interests are significant.

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

3. **Answering.** The Holding consistently answers all significant questions of stakeholders.

To organize the management of relationships with stakeholders, the Holding focuses its activities on the following basic principles:

- to respect and take into account the interests of all stakeholders;
- to seek to actively inform the target audiences about its activities;
- to ensure objectivity, reliability, independence and a high level of information transparency regarding the implementation of the state programs, certain internal procedures (purchases, competitive selection among external candidates for employment, provision of financial and non-financial services), as well as the use of financial resources;
- to ensure open and productive cooperation with all stakeholders;
- to fulfil assumed obligations to stakeholders; and
- to receive feedback from stakeholders on a regular basis.

## Basic groups of stakeholders and methods to communicate with them

Interests/Inducements	Influence tools	Communication strategy
<b>Sole Shareholder</b>		
Observance of the interests of the Holding's Sole Shareholder, Achievement of strategic goals/indicators	Articles of Association, Corporate Governance Code of the Holding, Official inquiries	<ul style="list-style-type: none"> <li>• Coordination of the main activities, as well as issues referred to the competence of the Sole Shareholder;</li> <li>• Ensuring the enforcement of the rights of the Sole Shareholder under the principles of corporate governance aimed at the effective adoption of key decisions in accordance with the legislation of the Republic of Kazakhstan and the Articles of Association of the Holding;</li> <li>• Providing reliable information concerning financial and economic performance in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Articles of Association, internal documents of the Holding.</li> </ul>
<b>Governing body</b>		
General management of the activities of the Holding related to the competence of the body	Articles of Association, Internal documents of the Holding	<ul style="list-style-type: none"> <li>• Making decisions on issues of core activity, with the exception of issues referred by the legislation of the Republic of Kazakhstan and (or) the Articles of Association to the exclusive competence of the Sole Shareholder of the Holding;</li> <li>• General management of the activities of the Holding.</li> </ul>
<b>Management</b>		
Management of current activities of the Holding, decision-making on issues of activities that are not within the competence of other bodies and officials of the Holding	Articles of Association, Internal documents of the Holding	<ul style="list-style-type: none"> <li>• Execution of decisions of the Sole Shareholder and the Board of Directors of the Holding;</li> <li>• Preparation and implementation of the Development Plan and other issues related to the activities of the Holding;</li> <li>• Operational management of the Holding.</li> </ul>
<b>Personnel</b>		
Career, high salary, social security (health insurance, paid annual leave), professional development	Labour Code, employment contracts (civil contracts)	<ul style="list-style-type: none"> <li>• Informing employees via e-mail about vacancies and intra-corporate competitions;</li> <li>• Annual leave scheduling;</li> <li>• Preparation and holding of cultural corporate events (team building, etc.) for employees;</li> <li>• Accompanying the training and / or improving the skills and competence of employees;</li> <li>• The presence of a conciliation commission to resolve labour disputes, if any;</li> <li>• Exercise official powers aimed at the implementation of the tasks and functions of the Holding. Maintaining an open and transparent personnel policy aimed at the formation of qualified and motivated personnel;</li> <li>• Providing all employees with equal opportunities to realize their potential in the course of their work, impartial and fair assessment of their results, selection and career growth of employees solely on the basis of professional abilities, knowledge and skills.</li> </ul>

Interests/Inducements	Influence tools	Communication strategy
<b>Government authorities</b>		
Tax revenues, economic growth, employment / creation of new jobs, solving social problems	Laws, state programs of social and economic development, regulatory control, official inquiries	<ul style="list-style-type: none"> <li>Participation in working groups, forums, conferences;</li> <li>Business correspondence and / or preparation of responses to inquiries;</li> <li>Providing reports (financial, non-financial).</li> </ul>
<b>Customers, consumers</b>		
Social interests / Commercial interests	Contracts	<ul style="list-style-type: none"> <li>Placement of relevant public information about the Holding and its activities on the corporate website;</li> <li>Business correspondence, meetings with (potential) customers;</li> <li>Ensuring that financial/non-financial products and services of the Holding and subsidiaries meet the expectations of consumers;</li> <li>Conclusion of contracts, control over execution.</li> </ul>
<b>Subsidiaries</b>		
Respect for interests of shareholders/members	Articles of Association of the Holding, internal documents of the Holding, Articles of Association of subsidiaries	<ul style="list-style-type: none"> <li>The Holding enforcement of its rights as a shareholder/member of a subsidiary.</li> <li>Correspondence and sending requests to subsidiaries;</li> <li>Control over the execution of instructions sent by the Holding.</li> </ul>
<b>Public board</b>		
Implementation of goals and objectives of the public board, exercising public control	Regulations of the public board	<ul style="list-style-type: none"> <li>Discussion of the projects of the Development Plan and the Action Plan of the Holding, as well as reports on their implementation;</li> <li>Discussion of financial and economic performance of the Holding;</li> <li>Communication within the commissions in the areas of activity of the Holding.</li> </ul>
<b>Auditors, Consulting companies</b>		
Provision of consulting and financial audit services	Contracts	<ul style="list-style-type: none"> <li>Conclusion of contracts for the provision of consulting and audit services.</li> </ul>
<b>Suppliers / Providers</b>		
Commercial interests, provision of goods, performance of work and provision of services in accordance with the stated requirements	Contracts, agreements	<ul style="list-style-type: none"> <li>Participation in procurement;</li> <li>Holding meetings, business correspondence;</li> <li>Conclusion of contracts;</li> <li>Monitoring the proper fulfilment of contractual obligations.</li> </ul>
<b>Investors</b>		
Return on investment, Payback	Memoranda, contracts	<ul style="list-style-type: none"> <li>Business correspondence, meetings with (potential) investors;</li> <li>Attraction of investments for the implementation of projects and core activities.</li> </ul>
<b>Financial institutions</b>		
Placement of free cash on deposit accounts, servicing special accounts	Contracts. Qualification and professionalism of employees	<ul style="list-style-type: none"> <li>Conclusion of contracts, control over the contractual relations;</li> <li>Improving financial performance.</li> </ul>

Interests/Inducements	Influence tools	Communication strategy
<b>Partners</b>		
Commercial interests, mutually beneficial cooperation	Contracts, agreements, memoranda of understanding	<ul style="list-style-type: none"> <li>Mutually beneficial cooperation, improvement of business and technological processes and their automation;</li> <li>Conclusion of contracts, control over the contractual relations.</li> </ul>
<b>Public organizations</b>		
Implementation of goals and tasks of public organizations	Contracts, agreements, memoranda of understanding	<ul style="list-style-type: none"> <li>Charity and sponsorship;</li> <li>Mutual agreement on general issues;</li> <li>Holding joint events with associations and/or communities (meetings, charity evenings, etc.).</li> </ul>
<b>Mass media</b>		
Constructive cooperation	Publications and information about activities of the Holding	<ul style="list-style-type: none"> <li>Conducting press conferences, providing press releases and organizing interviews;</li> <li>Providing information at the request of journalists – mass media.</li> </ul>
<b>Population</b>		
Transparency of activities of the Holding, creation of additional jobs, development of a region	Public opinion, appeals to superior and regulatory authorities, mass media	<ul style="list-style-type: none"> <li>Posting up-to-date public information on the corporate website of the Holding, including the publication of financial statements and non-financial reports on its activities;</li> <li>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;</li> <li>Timely response to the appeal of individuals;</li> <li>Reputation audit, public opinion surveys, implementation of the PR strategy.</li> </ul>
<b>International organizations</b>		
Implementation of joint international projects, mutually beneficial commercial interests	International rating, contracts and agreements	<ul style="list-style-type: none"> <li>Conclusion of contracts and agreements on mutually beneficial cooperation;</li> <li>Holding meetings, business correspondence;</li> <li>Discussion of issues of improving the activities of the Holding, depending on the direction (business process, automation, corporate development).</li> </ul>

## Information Policy

Information work of the Holding and subsidiaries is performed as part of the PR strategy of the Holding for 2021–2023 as approved by the resolution of the Management Board of 'Baiterek' NMH JSC on 17 March 2021 (minutes No.13/21). In addition, the Rules for posting information in mass media, on the Internet resource of the Holding and in its official social media accounts were developed and approved by the resolution of the Management Board of the Holding dated 17 March 2021.

These IRDs define the uniform standards of the Holding's communication policy.

The information is disclosed by the Holding by disseminating the information in the following ways:

- providing access to information (documents) to recipients of information in the manner prescribed by the legislation, the Articles of Association of the Holding, the Information Disclosure Policy, the above Rules, and the other internal documents of the Holding;
- placement in mass media;
- posting on the Internet, on the Holding's website at: [www.baiterek.gov.kz](http://www.baiterek.gov.kz) and on the Holding's official accounts on Facebook, Instagram; Twitter, YouTube, Telegram;
- posting on the internal resources of the Holding; and
- holding press conferences and meetings with recipients of information and other methods provided by the legislation of the Republic of Kazakhstan and documents of the Holding.

The Holding develops an annual media plan, which is approved by the Management Board. In addition, a media plan for the eventful activities of the Holding's Group is prepared monthly, which is approved by the Chairperson of the Management Board of the Holding, followed by a report on its implementation.

In 2021, the following work has been performed:

- 176 informational occasions for mass media were created;
- 83 press releases were published in the state and Russian languages, 35 interviews, 58 review

and analytical articles, which reflect the success stories of 76 stakeholders of the Holding (entrepreneurs, recipients of affordable housing, exporters, agro-industrial complex entities that received support from the Holding under various state programs);

- 2 thematic reports on the TV channel 'Atameken business' and 8 news stories on the TV channel 'Khabar24' were organized;
- 1 press conference was held at the site of the Central Communication Service under the President of the Republic of Kazakhstan and 2 Internet conferences were held (1 – on the Holding's pages in social media, 1 – on the platform of the electronic government 'Egov.kz'); and
- 14 thematic infographics were developed in the state and Russian languages.

As a result, 1,109 materials about the Holding were placed in the mass media.

The Holding's pages are active in social media – Facebook, Instagram, Twitter, YouTube, Telegram, where 2,172 materials (articles, interviews, infographics, videos, etc.) were published during 2021.

The following projects became the most popular: "An expert is on the air"; "Implementation of state programs: a success story"; "Interview with women managing the Holding associated with the International Women's Day – 8 March"; "Challenge of poems on the subject: 'Mother tongue is my wealth' dedicated to the Day of Languages of the People of Kazakhstan and organized jointly with the Holding's subsidiaries"; "Independence Contemporary" held jointly with the Holding's subsidiaries on the eve of the 30<sup>th</sup> Anniversary of Kazakhstan's Independence.

As of 31 December 2021, compared to the same period in 2020, the total number of subscribers increased by 3,692 and amounted to 32,807 people (Facebook – 15,686; Instagram – 9,443; Twitter – 3,006; YouTube – 3,403; Telegram – 1,269).

## INCREASING THE LEVEL OF CONFIDENCE IN ACTIVITIES OF THE HOLDING

In 2021, PRO BUSINESS TC LLP conducted a study to assess the level of confidence in the activities of the Holding with the main purpose to determine the level of acquaintance and awareness of the target groups about the activities of the Holding.

In total:

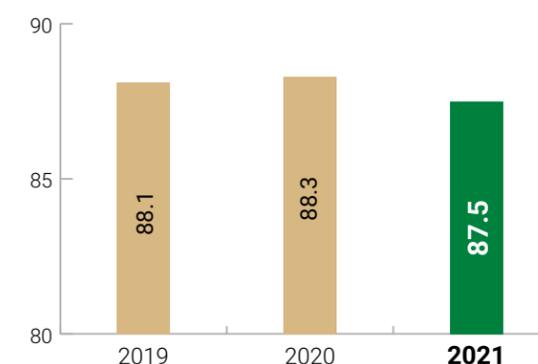
- the integral index of confidence of the target groups in the activities of the Holding in 2021 amounted to 87.47% (2020: 88.3%); and
- the index of awareness of the target groups about the activities of the Holding amounted to 98.1% (2020: 90.5%).

Despite a slight decrease in the level of confidence in 2021, in general, the results of the studies conducted in recent years indicate that the Holding maintains a high level of confidence among the target groups and their high level of awareness of the activities of the Holding.

To increase the level of confidence in the activities of the Holding, in 2021, 12 meetings were held with the press secretaries of subsidiaries at which the topical issues of information work within the framework of the PR strategy were discussed.

A public feedback facility was provided on the Holding's website, in the 'Questions and Answers' section (<https://www.baiterek.gov.kz/ru/qa/>), where in 2021, 247 requests were received from citizens with the replies promptly worked out with the specialized joint ventures of the Holding and posted on the website of the Holding. In addition, feedback is supported through the Electronic Government portal on which the personal blog of the Chairperson of the Management Board of the Holding functions. In 2021, 55 requests were accepted for consideration through the blog, which were considered in a timely manner and answered within the established time limit.

### Holding's Confidence Index, %



### Plans for 2022

The Holding's media plan for 2022 provides for the preparation and placement of information materials on the activities of the Holding, as well as holding events (briefings and interviews) with the participation of the management of the Holding.

In addition, the resolution of the Management Board of the Holding approved the Plan to further increase the level of confidence of the target groups in the activities of the Holding and its subsidiaries for 2022, which provides for a number of measures to strengthen and improve systemic communication work with the Sole Shareholder, subsidiaries, and the target groups. The measures envisaged include:

- organizing and holding events (consultations, meetings, seminars, etc.) with large companies, investors, Sole Shareholder and subsidiaries;
- increase in the number of subscribers through the use of social media of the Holding's subsidiaries – cross-marketing;

- professional development of employees at all levels of management, enhancement of the quality of working conditions, the introduction of stimulating factors;
- conducting corporate training for employees of the Holding and its subsidiaries; and
- expansion of products and offers for customers of the Holding, increasing customer orientation with a broad focus on consideration of the interests and needs of customers, depending on a target group.

## Personnel Management

The unified personnel policy of the Holding includes corporate standards governing the effective management of human resources in the Holding and its subsidiaries.

As part of the Development Plan, 'Baiterek' NMH JSC seeks to ensure the formation of sustainable human capital as one of the competitive advantages of the Holding and its subsidiaries.

### Basic directions of the implementation of the personnel policy:

- **Strategic HR.** Development of the strategic role of the HR function through the creation of the HR Institute of business partners and their active participation in the development of the organization's business.
- **Change management.** Assistance for the management in preparing the personnel for changes, managing resistance and training the personnel in required knowledge and skills.
- **Employer brand.** Development of an HR brand through a brand promotion among the target audience and regular assessment of brand recognisability.

- **Corporate culture.** Determination of the target corporate culture, adjusting key HR processes to maintain the culture, active promotion of the corporate values and desired standards of work behaviour.
- **Internal communications.** Development of internal communication channels by creating sufficient feedback channels between all employees of the organization. Regular assessment of the level of personnel involvement.
- **Automation and analytics.** Optimization of business processes. The use of the state-of-the-art software for maximum automation of routine processes, the introduction of 'personal account' tools, the creation of chat bots, dashboards and other automatic tools. Expanding the HR analytics function by providing the management and other stakeholders with regular reports, as well as an analysis of current HR trends.
- **Optimization of routine processes.** Reducing the volume of operating activities and considering the possibility of creating a Common Service Centre (own or as part of joining external similar centres).

## PERSONNEL STRUCTURE

The average headcount of the Holding's Group in 2021 increased by 26.9% compared to the previous year and amounted to 3,256 people. The average headcount in the Holding in 2021 is 131 people. Personnel turnover

rate for the Central Office of the Holding in 2021 amounted to 1.5%, on a consolidated basis for the Holding's Group – 9.74%.

### Dynamics of the average headcount

	2017	2018	2019	2020	2021
'Baiterek' NMH JSC, people	106	115	123	123	131
Holding's Group, people	2,507	2,431	2,538	2,564	3,256

### Average headcount for the Holding's Group in 2021

	2021
Holding's Group, total <sup>1</sup> , people, including:	3,256
'Baiterek' NMH JSC	131
KDB JSC	294
'Damu' Fund JSC	361
KCM JSC	99
KHC JSC <sup>2</sup>	219
'KazakhExport' EIC JSC	92
Otbasy bank JSC	1,357
KAF JSC	333
ACC JSC	458

### Personnel turnover in 'Baiterek' NMH JSC by age and gender

	Gender groups		Age groups		
	Men	Women	Under 30 y.o.	30-50 y.o.	Above 50 y.o.
'Baiterek' NMH JSC, people	1	1	–	2	–

### Personnel turnover in the Holding's group in 2021

	2021
Total, %	9.74
'Baiterek' NMH JSC	1.5
KDB JSC	8.5
'Damu' Fund JSC	10.2
KCM JSC	0
KHC JSC <sup>3</sup>	9.6
'KazakhExport' EIC JSC	22.8
Otbasy bank JSC	9.0
KAF JSC	3.4
ACC JSC	12.9

The Holding does not discriminate on any social grounds and provides equal career opportunities for all employees. In particular, this is confirmed by the gender

structure of the personnel both in the Holding's Group and in 'Baiterek' NMH JSC.

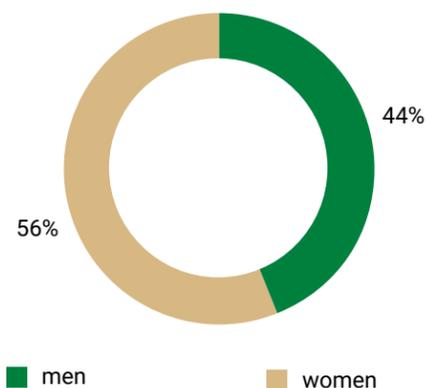
<sup>1</sup> In the course of reorganization, IFC JSC was sold, QTV JSC and KPPF JSC were joined to KCM JSC

<sup>2</sup> From 26 January 2021, Kazakhstan Mortgage Company MO JSC was renamed to Kazakhstan Housing Company JSC

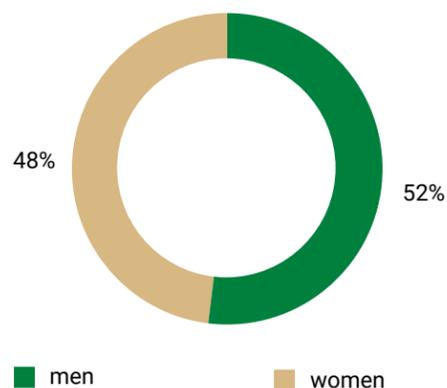
<sup>3</sup> From 26 January 2021, Kazakhstan Mortgage Company MO JSC was renamed to Kazakhstan Housing Company JSC

### Personnel gender structure in 2021

#### Holding's Group



#### 'Baiterek' NMH JSC



The most of the Holding's personnel is at the age between 30 and 50. In 2021, the average age of personnel of 'Baiterek' NMH JSC and the Holding's Group was 37.5 years old.

### Personnel structure of 'Baiterek' NMH JSC by gender and age in 2021

	Under 30 y.o.	30-50 y.o.	Above 50 y.o.
Men, people	11	63	6
Women, people	6	72	8
Total headcount, people	17	135	14

### Governing bodies of 'Baiterek' NMH JSC in 2021

	30-50 y.o.		Above 50 y.o.	
	men	women	men	women
Board of Directors, people	5	-	5	-
Management Board, people	6	1	-	-

## PERSONNEL SELECTION AND RECRUITMENT

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

In case of vacancies, first of all, candidates from the Presidential Youth Personnel Reserve (hereinafter referred to as PYPR) and the Unified Personnel Reserve of the Group of 'Baiterek' NMH JSC are considered.

The next stage is an internal competition among employees of the Holding and its subsidiaries, as well as employees of the outsourcing sector. An external competition is announced after that. The information about the search for external candidates is mandatorily published on the website of 'Baiterek' NMH JSC, in the Telegram channel with a notification sent to subscribers, and applications are accepted via electronic mail.

Thus, internal selection has a priority in order to retain key specialists and motivate them to work for a long time in the Holding's Group.

In 2021, there were no cases of discrimination on any grounds in 'Baiterek' NMH JSC when hiring employees.

### Employees hired in 2021 to 'Baiterek' NMH JSC by age and gender

	Total	Under 30 y.o.	30-50 y.o.	Above 50 y.o.
Total hired employees, people	26	7	18	1
Men, people	16	6	9	1
Women, people	10	1	9	0

## TRAINING AND PROFESSIONAL DEVELOPMENT

Training and professional development of employees is realized to update and obtain additional theoretical and practical knowledge, proficiencies, abilities, competencies and skills in the field of professional and managerial activities of employees for the effective performance of their official duties and solving problems determined in accordance with the Holding's development strategy. The training and professional development of the employees of the Holding is organized on the basis of the following principles:

- conformance of the topic and content of training activities to the needs determined in accordance

with the employee's job responsibilities, the results of the assessment of his/her activities, the goals and objectives set for an employee;

- the focus of training activities on the solution of specific tasks providing an enhancement of efficiency of the Holding, the study of the best corporate practices and standards;
- systemic, applied, planned character of training and professional development; and
- coverage of the maximum possible number of employees of the Holding with training and professional development programs.

### 'Baiterek' NMH JSC personnel training

	2018	2019	2020	2021
Average annual number of hours of training per a person, man-hour	259	336	40	43

### Average annual number of hours of training per an employee by gender and categories of employees

Indicator	All employees	Gender groups		Categories of employees		
		Women	Men	Top management	Middle-ranking managers	Employees
Average number of hours of training received by organization's employees over the reporting period	43	43	43	33	41	46

In 2021, 56 training and professional development events were held in 'Baiterek' NMH JSC of which 49% were devoted to the development of professional skills (hard skills), 28% – development of personal and business competencies (soft skills), and 23% – compulsory

training. The training covered 94 people. On average, one employee completed 2 or more trainings/seminars.

To a large extent, trainings/seminars were held aimed at developing professional knowledge, including such as: finance, accounting and audit, data analysis, IT, investment projects, sustainable development, GR, corporate governance, personnel management, learning the state language, internal control and audit, etc. In addition, training was organized to prepare for international certification examinations, such as:

## LABOUR REMUNERATION AND EMPLOYEES' PERFORMANCE EFFICIENCY MANAGEMENT

Since 1 January 2018, the employees of 'Baiterek' NMH JSC have joined a fundamentally new performance assessment system based on KPI performance (once a quarter), which allows "cascading" KPIs of the management to the level of a structural subdivision and an individual employee, having enough criteria to determine a clear level of achievement of the set goal at the level of 'threshold-goal-challenge' and assessing the real effectiveness of each employee.

### GRADING

The Group of 'Baiterek' NMH JSC is implementing a system of grading and unification of the labour remuneration system. The introduction of uniform principles makes it possible to ensure the internal fairness of the labour remuneration system and its comparison with the current situation in the labour market.

A grading system is a system of job grades (hierarchy of positions) formed on the basis of the complexity and value of the work performed by employees in the positions in accordance with the strategic goals of the organization. The methods used in grading the job evaluations of the Group of 'Baiterek' NMH JSC has a history of over 70 years of success in the largest international companies, and is also the basis for ongoing reforms in the field of remuneration of the public service of Kazakhstan.

As a result of the project implementation, the following goals were achieved:

- the organization's system of positions on the basis of grades (base salary not by title, but by complexity and contribution to the core activities) was streamlined;
- a competitive remuneration system was built with an annual analysis of the current situation in the labour market in the target sector of the economy (benchmarking);

CIMA P1 Operations Performance Management, CIMA P2: Business Performance Management, ACCA Business Performance Management (PM), and ACCA SBL.

As for the personal and business competencies, training was organized on emotional burnout, thinking flexibility, awareness and development of resilience, and DISC® behavioural style.

In addition, once a year, all employees of 'Baiterek' NMH JSC undergo a comprehensive performance assessment, which considers the overall performance of the employee over the past year and the level of development of his/her personal and business competencies. The results are distributed in the '9-cell talent matrix'. No bonus is paid based on the results of the assessment, but the results of the assessment influence on the decisions on further motivation and encouragement of an employee (training, promotion, enrolment in the personnel reserve, etc.).

- the methods were transmitted to the HR departments of the Group of 'Baiterek' NMH JSC (certification of specialists, which allows evaluating positions independently, without involving external experts);
- internal regulatory documents (based on standard methods) on job assessment and remuneration of the Group of 'Baiterek' NMH JSC were approved;
- the approach to areas of responsibility was changed – encouraging people to take responsibility for complex work (the more difficult the work is, the higher the grade is); and
- proposals were developed on the remuneration system of subsidiaries, subject to the specifics of the activity.

However, recognizing the limitations of the current regulations, as well as the forthcoming merger of 'KazAgro' NMH JSC, the work is planned for 2021–2022 to amend the relevant regulations to apply more diverse incentive methods.

## SOCIAL POLICY

Social support is provided to employees of the Holding in order to create favourable conditions for their effective work, as well as to retain and attract highly qualified employees.

By the resolution of the Management Board, the Holding approved the Rules for providing social support to the employees of 'Baiterek' NMH JSC (hereinafter referred to as the Rules), which determine the types, conditions and procedure for providing social support to employees of the Holding in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Holding.

The rules provide for the following types of social support:

- financial assistance; and
- program of voluntary medical insurance (health insurance).

The amount of funds for the provision of social support provided for by the Rules is added to the annually approved budget of the Holding in the relevant line.

Financial assistance is paid to employees using the Holding's funds in the prescribed manner in the following cases:

- 1) in connection with marriage;

- 2) in connection with maternity leave, leave for those who adopt a new-born child (new-born children);

- 3) in connection with the birth of a child/adoption of children;

- 4) in connection with the treatment/surgery of an employee or persons who are members of his/her family; and

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

At the expense of funds provided in the budget of the Holding, the medical insurance is provided to the Employees and their family members in accordance with the voluntary medical insurance program.

The funds for medical insurance are spent in case of illness of an employee in accordance with agreements concluded with the insurance organizations in the manner prescribed by the legislation of the Republic of Kazakhstan, or under medical care contracts concluded with medical organizations. At the same time, medical insurance expenses per employee should not exceed 100 MCIs for the corresponding financial year.

### Information about maternity and child care leaves

Indicator	Total, people	Including	
		men	women
Number of employees taken maternity and child care leave in 2021	13	1	12
Number of employees returned from maternity or child care leave in 2021	1	0	1
Number of employees returned from maternity or child care leave in 2020	3	0	3

## EMPLOYER BRAND

A set of relevant measures has been taken to promote the HR brand of 'Baiterek' NMH JSC and increase the involvement of employees of the Holding, ensure internal communication and transparency in 2021.

The level of involvement of the employees of the Holding's Group amounted to 75% by the end of 2021. The stability of the indicator during the crisis period indicates a high level of confidence in the employer.

In 2021, the Holding's Compliance Service received no requests through the Hot Line regarding labour relations.

No cases of discrimination on any grounds were identified during the reporting period.

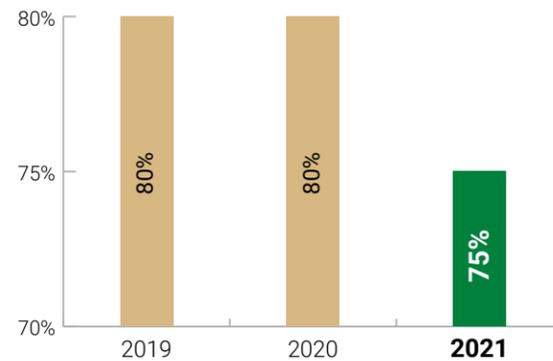
## LABOUR PROTECTION AND SAFETY

An absolute priority for the Holding and its subsidiaries is to ensure labour safety and protection in strict accordance with the requirements of the legislation of the Republic of Kazakhstan, international and national standards, and internal documents of the Holding in this area.

In the performance of their official duties, as well as while staying in the premises of the Holding, the employees comply with safety regulations adopted and developed by the Holding in accordance with the policies of the Holding and on the basis of the legislation of the Republic of Kazakhstan.

According to the requirements of Order of the Minister of Public Health and Social Development of the Republic of Kazakhstan No. 1019 On Approval of the Rules and Timing for Training, Instruction and Testing of Knowledge on Safety and Protection of Labour of Employees dated 25 December 2015, the training events are held on an annual basis. In 2021, training seminars were held for the management of 'Baiterek' NMH JSC and directors of structural subdivisions of the Holding on the subject "Labour safety and protection at enterprises and a fire safety basics" with the subsequent passing of a special examination, as well as the involvement of a state inspector in charge of labour safety and protection in Nur-Sultan City. In 2021, work was performed to prevent the spread of coronavirus infections COVID-19 among the employees of 'Baiterek' NMH JSC and its subsidiaries. Continuous work is being performed to monitor sick employees and strengthen sanitary-anti-epidemic and sanitary-disinfection measures.

### Level of involvement of employees of the Holding's group, %



On the first floor of Baiterek Business Centre (hereinafter referred to as the BC), the sanitizers are installed at every 50-100 meters at the halls and corridors (at the entrance to the elevators, lavatories).

In 2021, vaccinations for the Holding's employees were organized in the conference hall on the first floor of the BC.

As part of the prevention of the spread of coronavirus infection COVID-19, the sick employees of 'Baiterek' NMH JSC and its subsidiaries were monitored on an ongoing basis.

When providing first aid, medicines and medical devices in the Holding's first-aid kits were refreshed in order to reduce the threat to life and preserve the health of the Holding's employees, and an expiration date of gas and smoke protection kits in the Holding was monitored in order to ensure the safety of life and health of the Holding's employees in emergency situations.

In 2021, there were no injuries in the Holding and its subsidiaries.

In 2022, the work will continue to ensure safe working conditions, taking into account the requirements of state standards, rules and guidelines for standardization, sanitary standards and rules. It is planned to involve all employees of the Holding in active participation in work on safety and labour and health protection.

## Responsible Investment

The Holding, as a financial institution, pays special attention to responsible investment. This direction of sustainable development is considered by the Holding as a priority and is therefore included in the updated Development Plan of the Holding for 2014–2023<sup>1</sup>.

As part of its activities, the Holding seeks to introduce and integrate the ESG factors into the investment decision-making process, including by introducing the Holding's counterparties the ESG factors.

The Holding expects from its counterparties:

- application of the environment risk (environment) management system to identify, assess the actual and possible impacts on the environment and society, determine and effectively implement appropriate management measures, control and level of environmental risks;
- application of a system of human resource management and guaranteeing (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 attitude toward employees, the creation of safe and healthy working conditions for them, notification and prevention of adverse effects on the health and safety of population groups and consumers; and
- application of a system of conscientious 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 stakeholders in the organization and contributes to its successful operation, including the growth of its market value, maintaining financial stability and profitability.

The ESG rating is the key tool to assess the effectiveness of introducing the ESG issues into the company's activities. Moreover, such a rating is aimed at identifying the risks and opportunities of the company to determine its sustainability in the long term.

In 2019, the international rating agency ISS-Oekom assigned to the Holding for the first time the international ESG-rating. The Holding received a rating of 'D+', while the organizations from similar sectors have ratings of 'D' / 'C' on average, with the highest rating of 'B' (Asian Development Bank).

The experts confirmed the commitment to the principles of social responsibility, corporate governance and business ethics, as well as the desire to integrate the ESG factors into the strategy and business processes of the Holding. At the same time, the need to take into account environmental factors in the framework of project activities was noted.

The draft Development Strategy includes the ESG rating as the main KPI of the Holding in the field of sustainable development. The target value of this KPI provides for an increase in the score by 2 points by 2023 compared to the base value.

The Holding is actively working to develop the practice of responsible investment. Thus, the investment policy of the Holding includes the intention to integrate the ESG factors into the process of providing financial support. Also, as part of the policy, a tool for prioritizing potential projects has been introduced – the Development Index, which allows highlighting the most significant social and economic projects that can contribute to and have an impact on developing countries.

To increase the potential environmental and social effects from the implementation of projects, in 2020, the Environmental and Social Policy was approved in the Holding. The Policy defines the principles and approaches to record and monitor environmental and social factors in the investment activities of the Holding and its subsidiaries. When developing the Policy, international initiatives on responsible investment were taken into account – the UN Principles for Responsible Investment, the Equator Principles, the IFC Performance Standards for Ensuring Environmental and Social Sustainability.

**In 2021, the Investment Policy of 'BAITEREK' NMH JSC has been updated taking into account the merger of 'KAZAGRO' NMH JSC**

<sup>1</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.

The Policy also defines the criteria for “green” projects based on the “green” taxonomy developed by the AIFC.

In 2021, the Investment Policy of ‘Baiterek’ NMH JSC has been updated taking into account the merger of ‘KazAgro’ NMH JSC, as well as bringing it into line with the other updated internal documents.

In particular, the Holding’s priority areas of investment activity include a new direction to increase the availability of financing, the level of technical equipment and the intensification of production in the agro-industrial complex.

Also, an event on the development of a “green” economy was added to the priority areas of the Investment Policy, with the inclusion of the standards describing the approaches to “green” financing.

In 2021, an environmental impact from the implementation of green projects at the end of 2020 was assessed (once

a year). Thus, financed projects (through DBK, KCM, EDF) generated 534 million kW/h of electricity. For example, solar power plants produced 27% of the total electricity generated in the country due to the sun, wind power plants – 20% of the total electricity generated in the country due to wind energy.

At the end of 2021, the Holding supported a number of projects in the field of “green” energy for the total financing amount exceeding 337 billion tenge (construction of hydroelectric, solar and wind power plants).

In 2022, the Holding will continue the work to develop the direction, in particular, it is planned:

- to prepare a report on the implementation of the ESG principles in the investment activities of the Holding and its subsidiaries as part of the implementation of the provisions of the Environmental and Social Policy of the Holding; and
- to update the unified database of “green” projects of the Holding and its subsidiaries.

### Examples of “green” projects supported by the Holding in 2021



#### Ybyray WEP

**Description:** Construction of Ybyray WEP with a capacity of 50 mW in Kostanay District of Kostanay Oblast  
**Commissioning:** May 2022  
**Total project value:** 27.2 billion tenge  
**Holding’s contribution:** 16.9 billion tenge

#### Balkhash SEP

**Description:** Construction of solar electric plant with a capacity of 100 mW in Balkhash Town of Karaganda Oblast  
**Commissioning:** July 2022  
**Total project value:** 21.7 billion tenge  
**Holding’s contribution:** 16.9 billion tenge

#### Abay WEP

**Description:** Construction of Abay WEP with a capacity of 150 mW in the East Kazakhstan region and Almaty Oblast  
**Commissioning:** October-December 2022  
**Total project value:** 82.5 billion tenge  
**Holding’s contribution:** 57.8 billion tenge

## Economic Effectiveness

In view of its mission, the Holding has a significant impact on the sustainable economic development of the Republic of Kazakhstan and performs important social and economic functions, with implementing not only its key tasks, but also positively influencing various groups of the population.

At the end of 2021, the Holding supported a number of projects in the field of “green” energy for the total financing amount exceeding

**337**  
BILLION TENGE

### Distribution of economic value<sup>1</sup>

Indicator, million tenge	2019	2020	2021
<b>Economic value (incomes)</b>	426,578	463,346	753,189
operating incomes (interest incomes)	332,040	432,521	708,301
commission and fee incomes	9,115	8,202	21,842
other incomes	85,424	22,623	23,046
<b>Distributed economic value:</b>	375,068	390,289	642,309
labour remuneration expenses	24,252	25,859	37,922
expenses on taxes and fees to state budget	13,305	13,637	33,354
payments to capital providers (interest payment and dividend)	175,137	241,283	409,788
charity and sponsorship	315	1,090	131
other operating costs	134,597	87,365	135,446
other non-operating costs	27,461	21,054	25,667
<b>Economic value to be distributed (net profit)</b>	51,510	73,057	110,880

## Procurement Activities

The system of procurement of goods, works and services of the Holding ensures the transparency of the Holding’s procurement and generally complies with established law enforcement practice and international experience.

Procurement in the Holding is based on the principles of optimal and efficient spending of money, enhancement of efficiency, transparency and minimization of corruption risks, providing potential suppliers with equal opportunities to participate in the procurement process.

The Holding is guided in its activities by the Rules for the procurement of goods, works, services by the national management holdings, national holdings,

national companies and organizations in which fifty or more percent of voting shares (interest in the authorized capital) is directly or indirectly held by the national management holding, national holding, national company, as approved by Order of the First Deputy Prime Minister of the Republic of Kazakhstan – the Minister of Finance of the Republic of Kazakhstan No. 1201 dated 31 October 2019.

The Holding was the first state-owned company to introduce the control over the procurement process in the quasi-public sector. So, since 1 January 2020, the Centralized Procurement Control Service (hereinafter referred to as the CPCS) has been operating, which carries out internal control over the compliance with

<sup>1</sup> Consolidated data of the Holding’s Group

the procurement rules in the Holding and its subsidiaries. The CPCS is directly subordinate to the Board of Directors of the Holding and reports to it on its work.

In accordance with the main tasks, the CPCS performs the following functions in the prescribed manner:

- 1) controls the compliance with the procurement rules of the Holding and its subsidiaries in the manner prescribed by the legislation of the Republic of Kazakhstan;
- 2) considers appeals on issues within the competence of the CPCS;
- 3) provides oral and written consultations within its competence; and

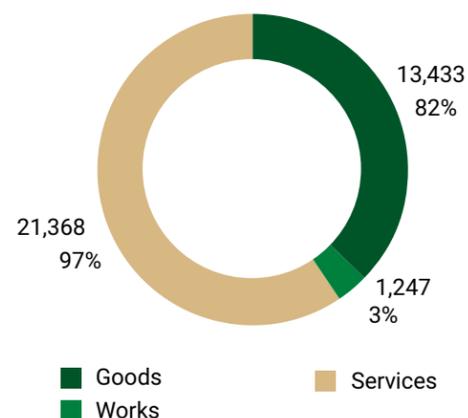
4) regularly submits a performance report for approval by the Board of Directors of the Holding.

The objects of control of the CPCS are:

- 1) customer, procurement organizer, tender commission, procurement expert commission, procurement expert;
- 2) potential supplier, supplier, as well as persons involved by them as subcontractors for the performance of work or co-contractors for the provision of services, within the scope of the procurement; and
- 3) operator of the electronic procurement information system.

### Procurement Volume in 2021 and Local Content Share

#### Total volume of procurement of GWS and local content share of the Holding's Group in 2021, KZT million



The total volume of the Holding's Group procurement of goods, works and services for 2021 amounted to 36,048 million tenge, including procurement from domestic suppliers – 23,071 million tenge with a total share of local content of 64%.

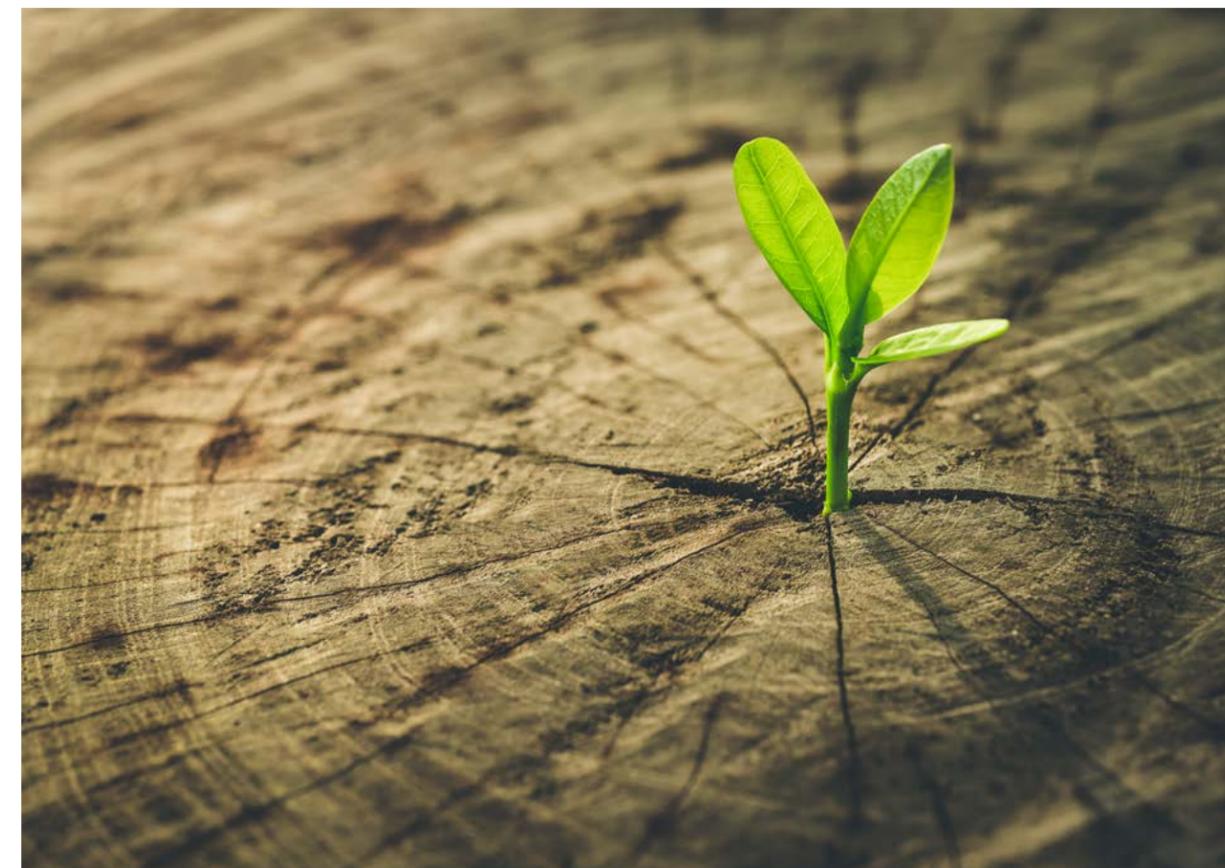
#### Plans for 2022

From 1 January 2022, Law of the Republic of Kazakhstan No. 47-VII 3PK On Procurement of Certain Entities of the Quasi-Public Sector dated 8 June 2021 and the Procurement Rules for individual entities of the quasi-public sector, with the exception of the National Welfare Fund and the organizations of the National Welfare Fund, as approved by order of the Minister of Finance of the Republic of Kazakhstan No. 1253 dated 30 November 2021, which apply to the Holding and its subsidiaries, become effective.

At the same time, the Holding will continue to work on the procurement activities in accordance with the corporate values and regulatory legal acts.

As part of the total volume of procurement of goods, works and services of the Holding's Group, a purchase of 22,397 million tenge is planned for 2022.

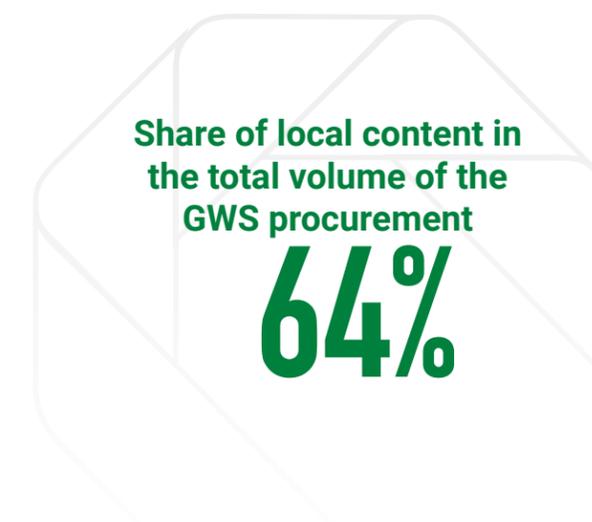
## Environment Protection



Due to the nature of its activities, the Holding does not have a direct significant impact on the environment. The main resources consumed by the Holding are electricity, heat and water.

The Holding applies the principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts.

The Holding seeks in its activities to reduce excess consumption of resources and minimize the existing negative environmental impact through the introduction of energy efficient technologies, reducing water consumption, and reducing paper consumption for office needs (in particular, through the introduction of an electronic document management system).



## “GREEN OFFICE”

As part of the Green Bridge Partnership Program implemented at the initiative of the First President, the republican competition “Green Office” has been held since 2019. The purpose of the competition is to promote the formation of a community of environmentally responsible companies.

The Holding has been actively participating in the Green Office competition since 2019, which includes a separate nomination for the quasi-public sector. One of the competition criteria is the availability of corporate documentation on the implementation and maintenance of a green office system.

On this basis, in the reporting year, the Management Board approved the Green Office Concept of the Holding, which contains 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 the international organizations for the offices greening were also taken into account.

The main elements of the “green” office are the following:

- reduction of electricity consumption;
- saving of heat energy;
- reduction of water consumption;
- pollution minimization and waste management;
- resource saving and consumption reduction;
- health of employees;
- environmental education of employees; and
- availability of systems of management, documentation of the processes of maintaining the principles of the “green” office.

The principles of the Concept of “green office” are based on the rules of three R – Reduce (Reduce), Reuse (Reuse), Recycle (Recycle):

- **Reduce.** According to this principle, the “green office” should strive to reduce the use of natural resources: electricity, water, paper, and heat. This rule is achieved both by the use of the state-of-the-art technologies and equipment, and through organizational and promotional activities.
- **Reuse.** This principle focuses on the use of consumables, including paper, stationery and office equipment made from recycled materials.
- **Recycle.** The main thing in this principle is to properly recycle used raw materials: sort all waste, hand over waste paper, properly recycle office equipment and batteries.

The measures to implement the Concept are mainly aimed at environmental education of employees, resource conservation and waste management as part of the office’s activities. These measures are necessary to support the Holding to implement the national initiatives to promote environmentally responsible behaviour in the business environment.

Baiterek Business Centre of the Holding’s Group was built taking into account the technologies of careful attitude to resources. There are systems of working, emergency and repair lighting. Fluorescent lighting sources are used. Stained-glass glazing of the facade, taking into account insolation, allows saving on electricity. Also, to save electricity, motion sensors are installed in places of temporary stay.

In the reporting year, the consumption of energy and water in comparison with the previous year in Baiterek Business Centre was reduced mainly due to the remote work of employees.

### Resource consumption volume

	2019	2020	2021
Water consumption, cubic meters	24,622	22,076	18,350
Heat energy, Gcal	5,084	5,207	4,063
Electric power, kW/h	5,791,496	4,817,149	4,449,284

## Plans for 2022

To implement the Concept, in 2022, the Holding plans to:

- reduce the number of personal business meetings, videoconference, make it possible to work remotely;
- consider the possibility of transferring waste for recycling, keep records of the transferred waste paper;
- develop the information campaigns and promotional activities to increase the environmental awareness

of employees – information stands, posters, mailing lists, volunteer clean-ups, team building and competitions; and

- communicate with partners from among organizations working in the field of environmental protection; participate in the competition “Green Office”.

## Sponsorship and Charity



In 2021, the Holding implemented 2 sponsorship projects, for the implementation of which the funds were allocated in the amount of 120 million tenge, including:

1) ‘Kazakhstan Fund for Economic Initiatives’ Corporate Fund for the development of principles and approaches in the state policy on the development of entrepreneurship in the amount of 80 million tenge; and

2) ‘Kazakhstan Fund for Economic Initiatives’ Corporate Fund to conduct research on the creative economy and develop amendments to the regulatory legal acts on the transformation of social-entrepreneurial corporations into regional Development Institutions – 40 million tenge. Given that the implementation of the project required an amount less than the allocated amount, the unused part of the money in the amount of 10 million tenge was refunded to the Holding.

### Initiative projects of the Holding implemented in 2021:

- The Holding took part in the charity campaign “Road to School” of the Nur Otan party. The Holding’s employees collected backpacks with school supplies for children from socially vulnerable families. The assistance is provided to needy families every year.
- The Holding organized a Donor Day during which 77 employees of the Holding and subsidiaries donated blood; more than 30 litres of blood were donated.
- The Holding hosted a charity fair “Baiterek – Open Hearts”, the proceeds of which were used to organize a New Year’s party for children undergoing the long-term treatment at the National Research Centre for Motherhood and Childhood. As a result, more than 1,300 thousand tenge was received from sales.
- The Holding’s team organized a celebration for children undergoing the long-term treatment at the National Research Centre for Motherhood and Childhood, and provided coal, food and medicine to the Nika Pet Shelter with funds raised from the charity fair.



# APPENDICES

## About the Report

The Holding 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. Starting from 2013, the Holding discloses on an annual basis the results of its activities in the annual reports presented on the corporate website: [https://www.baiterek.gov.kz/ru/resources?field\\_resource\\_type\\_target\\_id=96](https://www.baiterek.gov.kz/ru/resources?field_resource_type_target_id=96).

The Annual Report of 'Baiterek' NMH JSC for 2020 (hereinafter referred to as the Report) has been prepared in accordance with the Global Reporting Initiative for Sustainable Development (GRI Standards, the "main" disclosure option), the provisions of the Corporate Governance Code, and the other internal documents of the Holding.

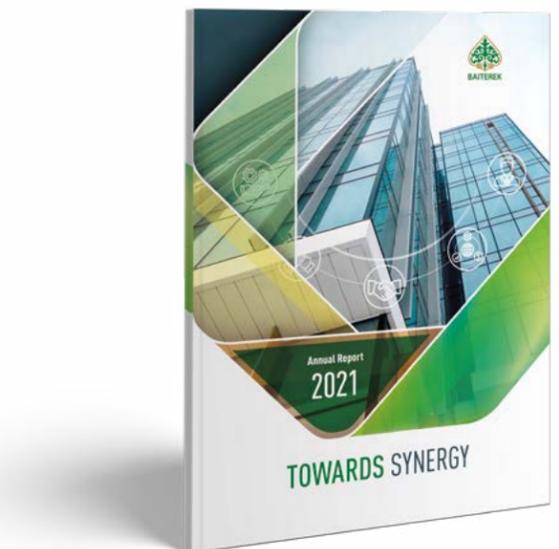
This Report reflects the results of the Holding's activities from 1 January 2021 to 31 December 2021. The Annual Report of 'Baiterek' NMH JSC for 2020 was published in August 2021. The current Report has not been externally verified.

In the reporting year, the priority topic of the Report – Course for Synergy – was chosen in view of the mission assigned to the Holding for the sustainable development of the Republic of Kazakhstan and the achievement of the goals of the Strategy 2050.

## Determination of the Report Contents

In the reporting year, the Holding performed the work to determine the list of material topics that are most significant for disclosure in the Report. The work consisted of analysing the indicators of the GRI Standards and annual reports of analogue companies. Following the analysis, a questionnaire has been prepared, which includes about 30 material topics relevant to the activities of the Holding.

All topics presented in the questionnaire are divided into three groups – economic, environmental and social. The questionnaire was sent to representatives of internal



and external stakeholders of the Holding in order to select the most significant topics from the proposed list. In particular, employees of structural subdivisions, management, subsidiaries of the Holding, investors, and mass media representatives, etc. took part in the questioning.

Summary estimates based on the results of the questioning were entered into the Materiality Matrix. The topics that fell into the upper right corner of the Matrix were recognized as the most significant, and they were given paramount importance in the preparation of the Report.

## MATERIALITY MATRIX



Topics (the topics recognized as the most significant are coloured with gold)		Nº
<b>ECONOMY</b>		
Economic effectiveness		1
Presence in the markets		2
Indirect economic impacts		3
Procurement practices		4
Anti-corruption		5
Competitive barriers		6
<b>ENVIRONMENT</b>		
Materials		7
Energy		8
Water		9
Biological diversity		10

Topics (the topics recognized as the most significant are coloured with gold)		Nº
Emissions		11
Discharge and waste		12
Compliance with the requirements of the environmental legislation		13
Environmental assessment of suppliers		14
<b>SOCIETY</b>		
Employment		15
Relationships between employees and management		16
Occupational health and safety		17
Training and education		18
Diversity and equal opportunities		19
Non-discrimination		20
Freedom of association and collective bargaining		21
Child labour		22
Forced or obligatory labour		23
Safety practices		24
Rights of indigenous and small-numbered peoples		25
Assessment of respect for human rights		26
Local communities		27
Assessment of impact of suppliers on society		28
State policy		29
Consumer health and safety		30
Product and service marking		31
Consumer privacy		32
Compliance with requirements		33

### Report Boundaries

This Report contains information on the activities of the Holding's Group. Information on 8 subsidiaries of the Holding is presented in more details in the Appendix "Activities of Subsidiaries in 2021".

Financial and economic results are disclosed in the "Management Report" sections in accordance with the IFRS consolidation perimeter. The other sections

of the Report also contain the general information on the Holding's Group unless otherwise indicated.

The topics of economic performance, indirect economic impacts and environmental compliance are mostly relevant outside the organization. The rest of the topics are of great importance both internally and externally.

## Activities of Subsidiaries in 2021

### KAZAKHSTAN DEVELOPMENT BANK JSC

The mission of KDB JSC is to promote sustainable development of the national economy by financing the non-resource sector of the country.

#### Key indicators

Indicators	2019	2020	2021
ROE, %	2.7	4.8	5.9
ROA, %	0.4	0.8	0.9
Debt/equity	5.0	5.0	5.7
Assets, KZT billion	2,591	3,088	3,742
Increase in assets, %	2	19.2	21.2
Net profit, KZT billion	11	22.4	31.5

#### Key performance results

- The volume of direct financing of projects and programs is 533.2 billion tenge, including supported export operations in the amount of 168.3 billion tenge.
- The projects worth 1,100.1 billion tenge were approved.
- In 2021, 7 enterprises financed with the participation of the Bank were put into operation and modernized.
- The total assets reached 3.7 trillion tenge against 3.1 trillion tenge in 2020, representing a 21% increase.
- The volume of DBK's loan portfolio in 2021 reached 2,013.5 billion tenge, an increase of 2.2% compared to 2020.
- At the end of 2021, for every 1 tenge of public funds, the Development Bank obtained 2.98 tenge of market borrowing.

### 'DAMU' ENTREPRENEURSHIP DEVELOPMENT FUND JSC

The mission of 'Damu' Fund JSC is an active role in the sustainable development of micro, small and medium-sized enterprises (MSME) in Kazakhstan through the implementation of comprehensive and effective support tools.

#### Key indicators

Indicators	2019	2020	2021
ROE, %	4.8	4.63	19.18
ROA, %	1.2	1.37	6.81
Debt/equity	2.9	1.47	1.67
Assets, KZT billion	338	358	378
Increase in assets, %	11	6	5
Net profit, KZT billion	4	4.8	25.0

#### Key performance results

- In 2021, 'Damu' Fund JSC supported 57.4 thousand projects with the use of financial instruments in the amount of loans of 2.2 trillion tenge.
- On 31 March 2021, 'Damu' Fund JSC, with the support of the UN Development Program in Kazakhstan, launched a program of conditional placement of funds in STBs / MROs for subsequent financing of SME transactions within the framework of the UNDP-GEF project "Reducing the risks of investing in renewable energy sources".
- On 15 September 2021, 'Damu' Fund JSC made a successful debut placement of social bonds on the platform of the Kazakhstan Stock Exchange. By issuing social bonds, the Fund raised the funds in the amount of 1 billion tenge. The funds are co-

financed with the Fund's own funds one-to-one. The total pool of funds in the amount of 3 billion tenge was placed in November 2021 in Bank RBK JSC. These funds are intended to support SMEs in the sectors of the economy most affected during the COVID-19 pandemic.

- In March 2021, a joint program with the EBRD implemented under the guarantee of 'Damu' Fund JSC for the subsequent provision of loans by STBs / MFOs to SMEs, including funds allocated for financing female entrepreneurship projects, was completed. The program attracted EBRD funds, equivalent in tenge, in the total amount of about 70,968 million tenge, within which 15,205 MSMEs were financed for the entire period from the start of the joint program in the amount of 127,758 million tenge.

### OTBASY BANK JSC

The mission of Otbasny bank JSC is to provide the Kazakhstan families with their own housing and strengthen the sense of the Motherland.

#### Key indicators

Indicators	2019	2020	2021
ROE, %	12.4	12.05	19.8
ROA, %	2.4	2.08	2.91
Debt/equity	4.5	5.04	6.36
Assets, KZT billion	1,353	1,707	2,804
Increase in assets, %	36	26	64
Net profit, KZT billion	28	32	66

#### Key performance results

- As of 31 December 2021, there were 2.2 million contracts in the system of Otbasny bank JSC with the amount of savings of 1.5 trillion tenge.
- The program 'Umay' was launched to improve the housing conditions of women in Kazakhstan, aimed at ensuring gender equality in housing financing, with the funds borrowed from Asian Development Bank.
- Acceptance of applications for participation in the program 'Nurly Zher' in the direction of "Lending low-income families from the waiting list of the LEAs 'Bakytty otbasny'" started.
- A marketplace ('Baspana market' portal) was launched for buying and selling housing, where customers can choose housing, apply for participation in the state programs, choose the best option from developers using own programs of Otbasny bank JSC, purchase an apartment on the secondary market, and developers can have their own account on which they can submit an electronic application for cooperation and put up for sale apartments for a large pool of buyers of Otbasny bank JSC.

## KAZYNA CAPITAL MANAGEMENT JSC

The mission of KCM JSC is taking a leading role in the development of the private equity ecosystem in Kazakhstan by investing in strong teams that can create stable and efficiently managed companies, receive a sustainable level of profit and contribute to the growth and modernization of the economy.

### Key indicators

Indicators	2019	2020	2021
ROE, %	2.6	1.78	1.03
ROA, %	1.9	1.30	0.76
Assets, KZT billion	190	194	214
Increase in assets, %	2	2	10
Net profit, KZT billion	4	2.5	1.6

### Key performance results

- By the resolution of the Management Board of 'Baiterek' NMH JSC dated 31 May 2021 (minutes No. 28/21), KCM JSC transferred 100% of ordinary shares in QazTech Ventures JSC and 97.7% interest in the authorized capital of Kazakhstan Project Preparation Fund LLP;
- A limited partnership agreement was signed to create a private equity fund Da Vinci Emerging Technologies Fund III L.P. for the purpose of financing projects in the field of information technologies, infrastructures and fintech, B2C/B2B technologies and digital automation;
- A strategic session of KCM JSC was held, within the framework of which the Development Strategy of KCM JSC, new areas of activity, as well as the implementation of sustainable development and ESG standards in the Company were discussed;
- Investment holding AxFin Holding S.A. (Austria) signed the Letter of Intent with KCM JSC to create a joint venture for the development of the stress assets market in Kazakhstan;
- In Abu Dhabi (UAE), KCM JSC and Abu Dhabi Development Holding Co PJSC (ADQ) signed the Term Sheet for the creation of a joint venture fund. The planned capitalization of the fund is 100 million US dollars. 50% of the fund's investment will be directed to Kazakhstan, 30% – UAE, and 20% – the Central Asia countries;
- KCM JSC and the Spanish development financing company COFIDES (Compañía Española de Financiación del Desarrollo) signed the Memorandum of Understanding in order to create a basis for discussion between the Society and COFIDES of potential cooperation regarding the maintenance, implementation and co-investment of industrial and infrastructure projects;
- KCM JSC transferred a 49.5% portion in the assets of Kazakhstan Hungarian Investment Private Equity Fund C.V.;
- Complete withdrawal from the projects of Enel Russia (Macquarie Russia & CIS Infrastructure Fund C.V.), National Stock Exchange of India (Wolfensohn Capital Partners L.P.), Foundation Wind Energy-I, II (Islamic Infrastructure Fund L.P.), Labnet LLP (Kazakhstan Growth Fund L.P.), VIST Group (Russian-Kazakhstan Nanotechnology Fund), Z-Invest LLP (Baiterek Venture Fund), as well as partial withdrawal from Arctic Green Energy China project (CITIC Kazyna Investment Fund I L.P.);
- KCM JSC obtained a bond loan in the amount of 12.8 billion tenge as part of the third direction of the Employment Roadmap – agro-industrial complex development for 2020–2021. The funds were used to finance 3 projects in the AIC at a rate of 12% per annum;
- Through a co-investment facility, Kazakhstan Infrastructure Fund and TAV Airports, financed the project of the construction of a new international terminal at Almaty Airport for the total of 200 million US dollars of which 170 million were funded by TAV Airports and 27.9 million – by KCM JSC;
- Technological expertise was carried out on 7 projects for independent evaluation, technical elaboration of documentation and financial-and-technical control of 2 projects, including 1 ongoing project.

## SINGLE OPERATOR OF HOUSING CONSTRUCTION – KAZAKHSTAN HOUSING COMPANY JSC

On 9 June 2020, the head of the state Kassym-Zhomart Tokayev signed the Law On Amendments and Alterations to Certain Legislative Acts of the Republic of Kazakhstan on Reducing the Number of Housing Program Operators the provisions of which provided for the emergence of a Single Housing Construction Operator. KMC MO JSC, BD JSC, HCGF JSC were united into a Single Operator

of Housing Construction. Since 26 January 2021, the Single Operator of Housing Construction has received a new name – Kazakhstan Housing Company JSC.

The mission of KHC JSC is to provide the population of Kazakhstan with affordable and high-quality housing.

### Key indicators

Indicators	2020	2021
ROE, %	4.49	2.46
ROA, %	0.73	0.37
Debt/equity	5.9	5.5
Assets, KZT billion	1,375	1,425
Net profit, KZT billion	6.1	5.2

### Key performance results

- The LEAs' bonds were purchased for 183.7 billion tenge under the program 'Nurly Zher'.
- The LEAs' bonds were purchased for 74.6 billion tenge as part of the Employment Roadmap for 2020–2021.
- 70 guarantees were issued for the completion of construction for 372.6 billion tenge (1,994 thousand m<sup>2</sup>, 21,080 apartments).
- The contracts for subsidizing the loans from private developers for 11 billion tenge were signed.
- The town-planning investment project 'G4 City' was financed in the amount of 31.1 billion tenge.
- 1,761 mortgage loans for 23.5 billion tenge were issued under the program 'Orda'.
- Acquired rights of claim on mortgage loans in the amount of 48.8 million tenge.
- The rights of claim under mortgage loans were acquired for 48,8 million tenge.
- 742 apartments were provided for rent with buyout for 8.8 billion tenge.
- An online building materials platform [www.material.kz](http://www.material.kz) was created.

## 'KAZAKHEXPORT' EXPORT INSURANCE COMPANY JSC

The mission of 'KazakhExport' EIC JSC is to promote the Kazakhstan manufacturers of non-primary goods and service providers in foreign markets and enhance their competitiveness by providing effective financial measures to support exports.

### Key indicators

Indicators	2019	2020	2021
ROE, %	3.8	4.1	1.8
ROA, %	3.4	3.7	1.53
Debt/equity	0.11	0.12	0.2
Assets, KZT billion	88.2	122.9	139.4
Increase in assets, %	81	39	13.5
Net profit, KZT billion	2.4	3.9	2.0

**Key performance results**

- The limit of state guarantees was increased by 100.2 billion tenge.
- 'KazakhExport' EIC JSC was capitalized in the amount of 5 billion tenge.
- Legislation of the Republic of Kazakhstan (Law On Industrial Policy) was amended to introduce subsidization of the trade finance rate by the financial institutions, second-tier banks for foreign buyers

- of domestic processed goods and services given the insurance coverage from 'KazakhExport' EIC JSC.
- The exporters were supported for a total amount of 326 billion tenge.
- The volume of accepted insurance liabilities increased from 134.6 billion tenge in 2020 to 204.7 billion tenge in 2021.
- In 2021, 81 exporters were supported, including 26 exporters supported for the first time.

**KAZAGROFINANCE JSC**

The mission of KazAgroFinance JSC is to promote the technical equipment of the Agro-industrial complex of the Republic of Kazakhstan by providing high-quality and competitive leasing services.

**Key indicators**

Indicators	2021
ROE, %	13.36
ROA, %	4.52
Debt/equity	1.60
Assets, KZT billion	413.3
Net profit, KZT billion	17.3

**Key performance results**

- The volume of leasing of agricultural machinery and equipment amounted to 141.6 billion tenge.
- 3,161 AIC entities were financed.
- At the end of 2021, the Company's portfolio comprised 9,583 active customers, which is 16% more than in 2020 (8,263 APs). The predominant share is occupied by small and medium-sized businesses – about 93%.

**AGRARIAN CREDIT CORPORATION JSC**

The mission of Agrarian Credit Corporation JSC is to promote the sustainable development of the agro-industrial complex of the Republic of Kazakhstan by creating an affordable and effective financing system through the involvement of private institutions and increasing the competence of the AIC entities.

**Key indicators**

Indicators	2021
ROE, %	3.97
ROA, %	1.28
Debt/equity	1.98
Assets, KZT billion	806.5
Net profit, KZT billion	8.7

**Key performance results**

- In 2021, ACC JSC was reorganized by joining Agriculture Financial Support Fund JSC to it; in this regard, ACC JSC, in addition to lending to the AIC entities, performs the functions of an operator in the field of insurance in the agro-industrial complex and the functions of an agent in the field of agro-industrial complex.

- In 2021, as part of ongoing lending programs, 19.6 borrowers were financed for the total of 322.5 billion tenge. The loan portfolio comprised 75,468 AIC entities in total. In 2021, financing was implemented under 4 programs:
  - Agrobusiness (with a plan of 169.4 billion tenge, the amount of 171.3 billion tenge was actually disbursed);
  - Ken dala (with a plan of 70 billion tenge, the amount of 70 billion tenge was actually disbursed);
  - Isker (with a plan of 12.5 billion tenge, the amount of 12.5 billion tenge was actually disbursed);
  - Micro-lending (with a plan of 67.6 billion tenge, the amount of 68.6 billion tenge was actually disbursed).

**Report on Compliance with the Principles and Provisions of the Corporate Governance Code of 'Baiterek' NMH JSC**

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
1.	<b>Принцип разграничения полномочий</b>		
1.1.	<p>The rights, obligations and competences of the Sole Shareholder, the Board of Directors and the Management Board are determined in accordance with the current legislation of the Republic of Kazakhstan, constituent documents and are enshrined therein.</p> <p>A public authority separates its powers as the Sole Shareholder of the Holding and powers related to the performance of public functions in order to prevent conflicts of interest that do not favour both the interests of the Holding and the interests of the Sole Shareholder. The public authority performs the functions of the Sole Shareholder of the Holding to ensure the profitability of the activities of the Holding and its subsidiaries and the implementation of state and government programs in which the Holding and its subsidiaries participate.</p> <p>The Holding and its subsidiaries carry out their activities within the framework of their main (core) activities.</p> <p>An optimal structure of assets should be built in the Holding and its subsidiaries; they should strive to maximally simplify the structure of their assets and their organizational and legal forms.</p> <p>When creating new organizations, the preferred legal form is a limited liability partnership.</p> <p>The Holding also accepts the other possible facilities for managing subsidiaries, including centralized control of certain functions (planning, treasury, interaction with public authorities, risk management, information technology, legal support, internal audit, etc.).</p>	Complied	<p>The Holding's corporate governance system provides for a clear delineation of powers and responsibilities between the bodies of the Holding, which ensure the consistency and sequence of the processes of corporate governance.</p> <p>The rights, obligations and competences of SS, BoD and the Management Board of the Holding are determined by the legislation of the Republic of Kazakhstan and the Articles of Association of 'Baiterek' National Management Holding Joint-Stock Company.</p> <p>The activities of SS, BoD, the Management Board of the Holding are regulated by the Law of the Republic of Kazakhstan On Joint-Stock Companies, the Law of the Republic of Kazakhstan On the State-owned Property, the Articles of Association of 'Baiterek' National Management Holding Joint-Stock Company as approved by the resolution of SS of 'Baiterek' NMH JSC dated 23.12.2014 (order of the Minister of Investment and Development of the Republic of Kazakhstan No. 279), as well as internal documents of the Holding, including:</p> <ul style="list-style-type: none"> <li>• Regulations of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company approved by the resolution of SS of 'Baiterek' NMH JSC dated 08.12.2020 (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No. 650); and</li> <li>• Regulations of the Board of 'Baiterek' National Management Holding Joint-Stock Company approved by the resolution of the BoD of 'Baiterek' NMH JSC dated 11.10.2013 (minutes No. 4).</li> </ul> <p>According to Resolution of the Government of the Republic of Kazakhstan No. 175 On Certain Issues of 'Baiterek' National Management Holding Joint-Stock Company dated 30 March 2021, the rights of ownership and use of the state block of shares in the Holding were transferred to the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – the RK MNE).</p> <p>Thus, in accordance with paragraph 2 of Article 166 of the Law of the Republic of Kazakhstan On the State-owned Property, the interests of the state as a shareholder of the Holding on issues within the competence of the SS are represented, in accordance with the legislation of the Republic of Kazakhstan, by a public authority represented by the RK MNE.</p> <p>In particular, starting from 30.03.2021, the RK MNE performed the function of the SS to ensure the profitability of the Holding and its subsidiaries and to implement the state and government programs in which the Holding and its subsidiaries participate. At the same time, the MNE delineated its powers as the SS of the Holding and powers related to the performance of state functions assigned to it by the legislation of the Republic of Kazakhstan.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
			<p>The Holding is guided in its activities by the main directions of the state policy in the field of industrial and innovative development, promotion of the export of national products, development of small and medium-sized enterprises, implementation of tasks in the housing and construction sector and improving the welfare of the population, as well as other tasks set by the President and the Government of the Republic of Kazakhstan.</p> <p>The tasks of the Holding are:</p> <ol style="list-style-type: none"> <li>1) management, coordination of interaction and efficient distribution of company resources;</li> <li>2) implementation of the cluster initiative – improving the work of existing and creating new industrial and innovative clusters;</li> <li>3) initiation of new projects based on in-depth industry research and proper organization of project management together with the national and international investors;</li> <li>4) institutional support for large industrial projects in terms of expert support, financing, obtaining long-term orders and other resource support;</li> <li>5) creation of technological testing grounds for staffing new production facilities with highly qualified specialists;</li> <li>6) popularization of the industrialization program at a professional level among the population of Kazakhstan; and</li> <li>7) introduction of the best corporate governance practice in companies.</li> </ol> <p>In 2021, the Holding and its subsidiaries performed the work to update the articles of association.</p> <p>In 2021, the Holding's group of companies included the following subsidiaries: Kazakhstan Development Bank JSC, 'KazakhExport' Export Insurance Company JSC, 'Otbasy Bank' Housing Construction Savings Bank JSC, QazTech Ventures JSC, Kazakhstan Investment Fund JSC, Kazyna Capital Management JSC, Kazakhstan Housing Company JSC (formerly 'Kazakhstan Mortgage Company' Mortgage Organization Joint-Stock Company), 'Damu' Entrepreneurship Development Fund JSC, and Kazakhstan Project Preparation Fund LLP.</p> <p>Production and financial companies, where it is possible to increase state assets through the implementation of investment projects and financial operations to attract non-budget investments for the implementation of social and economic tasks, and being subsidiaries of the Holding, are created in the form of a joint-stock company, these include KHC.</p> <p>In pursuance of paragraph 77 of the NWP on the implementation of the Message of the Head of the State to the people of Kazakhstan dated 2 September 2019 "Constructive public dialogue is the basis of stability and prosperity of Kazakhstan" as approved by Decree of the President of the Republic of Kazakhstan No. 152 dated 10 September 2019, in 2021, the Holding performed the work on the creation of a Single Operator by reorganizing DB, KMC and HCGF joint-stock companies and transferring to the Single Operator the function of subsidizing the interest rate on loans to private developers DAMU. As a result, KHC (previously known as KMC) became the Single Operator.</p> <p>One of the main ways to increase the economic and operational efficiency of the Holding is to improve the corporate governance system through the active involvement of representatives of the Holding in the work of the boards of directors of its subsidiaries, as strategic bodies through which the Holding manages subsidiaries, being the SS.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
<b>2.</b>	<b>Principle of protection of the rights and interests of the Sole Shareholder</b>		
2.1	Respecting the rights of the Sole Shareholder is a key condition for attracting investment in the Holding and its subsidiaries. In this regard, the corporate governance in the Holding and its subsidiaries is based on ensuring the protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at facilitating the efficient operation of the Holding and the achievement of profitability.	Complied	<p>Corporate governance in the Holding and its subsidiaries is based on ensuring the protection, respect for the rights and legitimate interests of the SS and is aimed at facilitating the efficient operations of the Holding and achieving profitability.</p> <p>In accordance with paragraph 2 of Chapter 1 of the Regulations of the Board of Directors of 'Baiterek' National Management Holding Joint-Stock Company, the activities of the Board of Directors are based on the principles of efficiency and responsibility, maximum respecting for and pursuing the interests of the SS and the Holding, as well as protection of the rights of the SS, responsibility for activities of the Holding.</p> <p>Resolution of the Government of the Republic of Kazakhstan No. 849 dated 30 November 2021 approved the updated Development Plan of 'Baiterek' National Management Holding Joint-Stock Company for 2014–2023<sup>1</sup>, which takes into account the National Development Plan of the Republic of Kazakhstan until 2025, sectoral National projects, messages of the President of the Republic of Kazakhstan, in the implementation of which the Holding participates, the merger with 'KazAgro' NMH JSC and reorganization of the subsidiary of the Holding.</p> <p>In order for the Holding to carry out efficient financial and economic activities, the Board of Directors of the Holding, on the proposal of the Management Board of the Holding, annually approves the Development Plan of the Holding, which includes Key indicators, including the return on assets (not lower than the minimum positive value – maintaining a break-even business). As measures to achieve this indicator, it is planned to receive income from the core activities of subsidiaries at the lowest possible interest rates in order to ensure the availability of financial instruments for the Holding's customers, as well as from returns on deposits and current accounts through temporarily free cash. At the same time, the Holding sets a strategic goal to increase the percentage of loan and investment portfolios in the Holding assets to 77% in 2023 (it is important that the assets of 'Baiterek' NMH JSC work for the development of the economy and would not be placed in the treasury portfolio).</p> <p>In 2021, also, the SS has enforced the following rights:</p> <ol style="list-style-type: none"> <li>1) in accordance with the resolution of the Board of Directors of the Holding: <ul style="list-style-type: none"> <li>dated 29.01.2021 (minutes No. 01/21): <ul style="list-style-type: none"> <li>• on the allocation of 5,000,000 ordinary shares of 'Baiterek' NMH JSC within the limits of the number of authorized shares, the method and their allocation price, the shares of 'Baiterek' NMH JSC were allocated on 9.03.2021 and paid by the SS of the Holding on 09.03.2021 (minutes No. 102294239);</li> <li>• on submitting for consideration by the Sole Shareholder of 'Baiterek' National Management Holding Joint-Stock Company the issue concerning "resolution on the reorganization of 'Baiterek' National Management Holding Joint-Stock Company by joining 'KazAgro' National Management Holding Joint-Stock Company to it, on the procedure, timing and allocation (offer) price of shares of 'Baiterek' National Management Holding Joint-Stock Company;</li> </ul> </li> </ul> </li> </ol>

<sup>1</sup> In accordance with the Law of the Republic of Kazakhstan On the State-owned Property, the concept of the Development Strategy was changed to the Development Plan.

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
			<p>2) during 2021, the SS representative in the Board of Directors – the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan B.B. Atamkulov – participated in the meetings of the Board of Directors of the Holding and voted on the items considered thereat;</p> <p>3) based on the resolution of the SS of the Holding dated 27.01.2021 (order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan No. 37), the powers of the member of the Board of Directors of the Holding – the Minister of National Economy of the Republic of Kazakhstan R.E. Dalenov – were early terminated and, instead of him, A.A. Irgaliyev – the Minister of National Economy of the Republic of Kazakhstan – was elected as the member of the Board of Directors of the Holding;</p> <p>4) in August 2021, the Holding paid dividends to the SS of the Holding based on the results of 2020, in accordance with the resolution of the SS of the Holding (order of the First Vice Minister of National Economy of the Republic of Kazakhstan No. 233 dated 17.08.2021);</p> <p>5) to ensure the right of the SS to receive information about the activities of the Holding, the Holding posted relevant information about its activities, including its financial position, economic performance, and the results of its main activities on the Holding's website, on the Internet resource of a financial reporting depository of the Ministry of Finance of the Republic of Kazakhstan, in the electronic document management system of Kazakhstan Stock Exchange Joint-Stock Company. On 12.07.2021 (ref. No. 07-2-29/3444), the audited annual financial statements of the Holding for 2020 were sent to the RK MNE for approval, which had been provisionally approved by the resolution of the Board of Directors of the Holding dated 27.05.2021 (minutes No. 03/21), which was then approved by the resolution of the SS of the Holding dated 17.08.2021.</p> <p>By Resolution of the Government of the Republic of Kazakhstan No. 142 dated 27 March 2020, it was established that 'Baiterek' National Management Holding Joint-Stock Company one hundred percent of shares of which are in republican ownership, allocates 14.2 (fourteen point two) percent of the net income reported in the consolidated annual financial statements for 2020 to pay dividend on the state stock of shares.</p> <p>According to order of the First Vice Minister of National Economy of the Republic of Kazakhstan No.233 dated 17.08.2021, according to the results of 2020, to pay dividend on the state stock of shares, the Holding spent:</p> <ul style="list-style-type: none"> <li>• 14.2% of net consolidated income or 10,368,337,863 tenge.</li> </ul>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
<b>3.</b>	<b>Principle of effective management of the Holding by the Board of Directors and the Management Board</b>		
3.1	<p>The Board of Directors is a governing body that provides strategic management of the Holding and control over the activities of the Management Board.</p> <p>The Board of Directors ensures full transparency of its activities to the Sole Shareholder, as well as the implementation of all provisions of this Code.</p> <p>Each member of the Board of Directors participates in the meetings of the Board of Directors and the committee of which he/she/it is a member. Deviation from this rule is allowed in exceptional cases to be stipulated in the Regulations of the Board of Directors.</p> <p>The quorum for holding a meeting of the Board of Directors is determined by the Articles of Association of the Holding, but is not less than half of the number of its members.</p>	Complied	<p>In accordance with paragraph 55 of Article 10 of the Articles of Association of 'Baiterek' National Management Holding Joint-Stock Company, the Board of Directors of the Holding is in charge of the general management of the activities of the Holding, with the exception of resolving issues referred by the legislation of the Republic of Kazakhstan and (or) the Articles of Association to the exclusive competence the SS.</p> <p>The Board of Directors ensures full transparency of its activities to the SS, as well as the implementation of all provisions of the Code, including through an annual report on compliance / non-compliance with the principles and provisions of the Code.</p> <p>The Board of Directors of the Holding is guided in its activities by the legislation of the Republic of Kazakhstan, the Articles of Association, the Code, the Regulations of the Board of Directors, and other internal documents of the Holding.</p> <p>Issues specified in the Code, to which the Board of Directors pays special attention, are considered by the Board of Directors of the Holding during face-to-face meetings.</p> <p>In 2021, 7 meetings of the Board of Directors of the Holding were held (5 meetings in person and 2 meetings in absentia). Based on the results of the meetings held, the attendance/presence of members of the Board of Directors is high – from 85% to 100%.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
3.28	<p>To perform his/her duties, the Corporate Secretary has the knowledge, experience, qualifications, and good business reputation.</p> <p>Depending on the size of the Holding and the scope of its activities, a Corporate Secretary Service may be created.</p> <p>A person who has a higher legal or economic education, with at least 5 years of work experience, and practical knowledge in the field of corporate governance and corporate law shall appointed to be the Corporate Secretary.</p> <p>To improve the efficiency of preparing and holding meetings of the Board of Directors, the completeness and usefulness of the materials provided to members of the Board of Directors are discussed from time to time.</p> <p>The results of these discussions serve as the basis for assessing the performance of the Corporate Secretary.</p> <p>With respect to the Corporate Secretary, the Holding is developing an induction and succession planning program. The Corporate Secretary is appointed on the basis of open and transparent procedures enshrined in the internal documents of the Holding.</p>	Partially complied	<p>The Acting Corporate Secretary of the Holding – the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan G.T. Koishybayev – has sufficient knowledge, experience and qualifications, an impeccable business reputation and enjoys the trust of the Board of Directors and the SS of the Holding.</p> <p>In 2013, the SCS was formed in the Holding with the main task, in accordance with paragraph 10 of Chapter 2 of the Regulations of the Corporate Secretary Service of 'Baiterek' National Management Holding Joint-Stock Company, of ensuring the effective implementation of the functions assigned to the Corporate Secretary.</p> <p>According to paragraph 1.3 in Article 1 of the Regulation of the Corporate Secretary of 'Baiterek' National Management Holding Joint-Stock Company, the Board of Directors of the Holding has the right to decide on the assignment of the duties of the Corporate Secretary of the Holding to the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan.</p> <p>To improve the efficiency of preparing and holding the meeting of the Board of Directors, the SCS analysed the completeness and usefulness of the materials provided to the members of the Board of Directors. Based on the templates for an explanatory note and draft decision developed in 2019 by the SCS, the materials include the most necessary information for the members of the Board of Directors on issues submitted for consideration by the Board of Directors.</p> <p>The Holding has in place the Program for the induction of the newly appointed corporate secretary of 'Baiterek' National Management Holding Joint-Stock Company approved by the resolution of the Board of Directors of the Holding dated 22.06.2020 (resolution No. 06/20), the purpose of which is to provide a procedure for familiarizing the Corporate Secretary with the activities of the Holding: the history of the Holding, work of the SS, the Board of Directors, the Management Board and structural subdivisions of the Holding, internal documents of the Holding, as well as the main regulatory legal acts regulating the activities of the Holding, in particular the activities of the Corporate Secretary itself.</p> <p>Due to the specifics of the activities of the Holding and the performance of the duties of the Corporate Secretary of the Holding by the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan, the program for succession planning in relation to the Corporate Secretary of the Holding was not developed.</p> <p>The functions, rights and obligations, the procedure for interaction with the bodies of the Holding, the qualification requirements for the position of the Corporate Secretary are regulated by the Regulations of the Corporate Secretary of 'Baiterek' National Management Holding Joint-Stock Company as approved by the resolution of the Board of Directors of the Holding dated 25.09.2013 (resolution No. 3).</p> <p>On the part of the Management Board of the Holding, the Acting Corporate Secretary of the Holding and the SCS are provided with comprehensive assistance.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
3.29	<p>To comply with the principles of business ethics, optimal regulation of social and labour disputes arising in the Holding, the Ombudsman is appointed from among the employees of the Holding.</p> <p>To perform its internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the work of the Holding, the Internal Audit Service has been created and is functioning. Internal audit helps to achieve the goals set by using a systematic and consistent approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.</p>	Complied	<p>To comply with the principles of business ethics, optimal regulation of social and labour disputes arising in the Holding, by the resolution of the Board of Directors of the Holding dated 19.07.2021 (minutes No. 04/21), the powers of the Holding's employee M.D. Turganova, Acting Corporate Secretary – the Head of the SCS of the Holding appointed by the Ombudsman of the Holding by the resolution of the Board of Directors of the Holding dated 24.07.2017 (minutes No. 06/17), who had an impeccable business reputation, high authority, and the ability to make impartial decisions, were extended for a period of 2 (two) years.</p> <p>To perform internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the work of the Holding, the Holding's IAS was created by the resolution of the Board of Directors of the Holding dated 23.07.2013 (minutes No. 1).</p> <p>By the resolution of the Board of Directors of the Holding dated 23.07.2013 (minutes No. 1), the IAS shall comprise 3 employees, taking into account the amendment made to that resolution by the resolution of the Board of Directors of the Holding dated 20.09.2018 (minutes No. 08/18).</p> <p>The employees of the Holding's IAS are not members of the Board of Directors or the Management Board of the Holding.</p> <p>The Holding's IAS reports directly to the Board of Directors of the Holding, is independent of the Management Board of the Holding in the preparing audit conclusions, estimates and recommendations.</p> <p>In 2020, the practice of holding meetings of members of the Audit Committee of the Board of Directors of the Holding with the head of the Holding's IAS (without the participation of the management of the Holding) was introduced and continued in 2021.</p>
3.35	<p>The Board of Directors elects the members of the Management Board (with the exception of the Chairperson of the Management Board), determines the terms of office, the amount of the official salary, the terms of remunerating their work and paying bonuses. The Personnel, Remuneration and Social Issues Committee of the Board of Directors of the Holding plays a key role in the process of searching and selecting candidates to the Board of Directors and determining their remuneration.</p> <p>The Chairperson of the Management Board submits proposals for candidates to be elected to the Management Board for consideration by the Personnel, Remuneration and Social Issues Committee of the Board of Directors. In the event that the Board of Directors rejects a candidate proposed by the head of the Management Board for the same vacant position to the Management Board for the second time, the right to propose a candidate for this vacant position passes to the Board of Directors.</p>	Partially complied	<p>By the resolution of the Board of Directors of the Holding dated 15.05.2019 (resolution No. 04/19) the members of the Management Board of 'Baiterek' NMH JSC were elected, the term of office, official salaries and terms of remuneration and bonuses for the Chairperson and the members of the Management Board 'Baiterek' NMH JSC were determined.</p> <p>At the same time, the corresponding recommendations for the Board of Directors regarding the proposed candidates to the Management Board of 'Baiterek' NMH JSC and the amount of their official salaries were prepared by the decision of the PRSIC of the Board of Directors of the Holding dated 02.05.2019 (decision No. 02/19). Proposals for candidates to be elected to the Management Board were submitted by the Chairperson of the Management Board of the Holding for consideration by the PRSIC of the Board of Directors of the Holding.</p> <p>No candidates proposed by the Chairperson of the Management Board for the position of the Management Board were rejected by the Board of Directors.</p> <p>In 2021, by the decision of the PRSIC of the Board of Directors dated 26.05.2021 (minutes No. 03/21), the recommendations were given to determine the quantity of members of the Management Board, to elect new members to the Management Board of the Holding and to determine the official salaries of the Chairperson and the members of the Management Board.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
<b>4.</b>	<b>Principle of sustainable development</b>		
4.1	<p>The Holding and its subsidiaries are aware of the importance of their impact on the economy, ecology and society to ensure sustainable development in the long term, with balancing the interests of stakeholders. A responsible, thoughtful and rational stakeholder communication approach will contribute to the sustainable development of the Holding and its subsidiaries.</p> <p>In determining stakeholders and communicating with them, the Holding and its subsidiaries use the international standards for determining and communicating with stakeholders.</p> <p>The Board of Directors of the Holding provides strategic management and control over the implementation of sustainable development. The Management Board of the Holding prepares an appropriate action plan.</p> <p>The Holding and its subsidiaries conduct training and advanced training programs on an ongoing basis. Training is a constant element in the implementation of sustainable development. The officials of the Holding and its subsidiaries promote the involvement of employees in sustainable development based on understanding of and commitment to the principles of sustainable development and change in culture, behaviour in the conduct of activities and performance of duties. The Holding conducts research on the involvement and satisfaction of employees on an annual basis.</p> <p>The Holding and subsidiaries discuss the inclusion and observance of the principles and standards of sustainable development in the relevant contracts (agreements, arrangements) with partners.</p>	Complied	<p>Realizing the importance of its impact on the economy, ecology and society, the Holding and its subsidiaries are working to implement the principles of sustainable development in their activities.</p> <p>The Holding and its subsidiaries seek to balance the interests of business and society, as well as the harmonious management of the economic, environmental and social aspects of their activities to ensure sustainable development in the long term.</p> <p>The Holding carries out its activities taking into account the principles and provisions stipulated by the Sustainable Development Policy of 'Baiterek' National Management Holding Joint-Stock Company developed taking into account the international standards in the field of sustainable development and approved by the resolution of the Board of Directors of the Holding dated 26.11.2020 (minutes No. 10/20).</p> <p>The Holding's subsidiaries approved similar policies in the field of sustainable development taking into account the provisions of this Policy of 'Baiterek' National Management Holding Joint-Stock Company in the field of sustainable development.</p> <p>It is noted in the Sustainable Development Policy of 'Baiterek' National Management Holding Joint-Stock Company that sustainable development is a set of principles and obligations that the Holding is guided by in carrying out its activities, in terms of: management of relationships with stakeholders; assessment and control of the impact on the national economy, social sphere and ecology.</p> <p>The Sustainable Development Policy of 'Baiterek' National Management Holding Joint-Stock Company provides for the commitment of the Holding to the principles of the UN Global Compact in the field of protecting human rights, labour relations, environmental protection and combating corruption, which the Holding also takes into account in the framework of interaction with stakeholders.</p> <p>Taking into account that the approach of responsible, thoughtful and rational interaction with stakeholders will contribute to sustainable development of the Holding and its subsidiaries, the Sustainable Development Policy of 'Baiterek' National Management Holding Joint-Stock Company regulates the principles on interaction with stakeholders based on international AA1000SES Stakeholder Engagement Standard (in particular, the principles of materiality, completeness and responsiveness).</p> <p>To implement the necessary measures aimed at building a constructive dialogue and fruitful cooperation with stakeholders, by the resolution of the Management Board of the Holding dated 17.11.2021 (minutes No. 62/21), the Stakeholder Map of the Holding was updated, which defined the list of stakeholders, the degree of their influence on the strategy of interaction with stakeholders.</p> <p>By the resolution of the Board of Directors of the Holding dated 19 July 2021 (minutes No. 04/21), the report on sustainable development of 'Baiterek' NMH JSC for 2020 was considered.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
			<p>According to clause 71 of Chapter 1, Section 3 of the Sustainable Development Policy of 'Baiterek' National Management Holding Joint-Stock Company, the Board of Directors of the Holding exercises strategic management and control over the implementation of sustainable development. The Management Board of the Holding approves an appropriate plan of actions in the field of sustainable development.</p> <p>To prepare recommendations on sustainable development issues, by the resolution of the Board of Directors dated 13.11.2018 (resolution No. 10/18), the functions of preliminary consideration of sustainable development issues have been delegated to the SPC of the Board of Directors of the Holding.</p> <p>Training on sustainable development for employees of the structural subdivision is annually included in the Plan of Action for sustainable development of the Holding.</p> <p>In particular, as part of the implementation of the Action Plan for sustainable development of 'Baiterek' National Management Holding Joint-Stock Company for 2021, the following activities were carried out to improve the skills of employees of the Holding:</p> <ul style="list-style-type: none"> <li>• current trends in the field of sustainable development;</li> <li>• communication with stakeholders;</li> <li>• non-financial reporting: functions and formats;</li> <li>• review of the GRI Standards;</li> <li>• ESG ratings; and</li> <li>• ESG factors and responsible investment.</li> </ul> <p>The Holding conducts research on the involvement and satisfaction of employees on an annual basis.</p> <p>At the end of 2021, the coverage of the Holding's employee training amounted to 81%.</p> <p>The Holding conducts research on the involvement and satisfaction of employees on an annual basis.</p> <p>The aggregate employee engagement rate of the Holding's group of companies for 2021 amounted to 75%, 5% lower compared to 2020. The Holding provides its employees with basic social guarantees and compensations provided for by the current legislation of the Republic of Kazakhstan, and also consistently implements and develops additional social programs and benefits.</p> <p>The Sustainable Development Policy of 'Baiterek' National Management Holding Joint-Stock Company stipulates the rule (clause 86 of Chapter 2, section 3) that the Holding considers the possibility of including the principles of sustainable development in the relevant contracts (agreements, arrangements) with the partners to increase consistency with the goals sustainable development.</p> <p>It also ensures the inclusion and observance of the principles and standards of sustainable development in the relevant contracts (agreements, arrangements) with partners. Together with partners, comprehensive measures are being taken to implement the principles and standards of sustainable development.</p> <p>As part of the implementation of the Action Plan to improve the corporate governance of 'Baiterek' National Management Holding Joint-Stock Company for 2019–2020, taking into account the principles of sustainable development, the standard form of the procurement contract was updated.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
<b>5.</b>	<b>Principle of risk management, internal control and internal audit</b>		
5.1	<p>The Holding has an effectively functioning system of risk management and internal control aimed at providing reasonable confidence in the Holding's achievement of its strategic and operating goals, which is a set of organizational policies, procedures, standards of conduct and actions, management methods and facilities created by the Board of Directors and the Management Board of the Holding to ensure:</p> <ol style="list-style-type: none"> <li>1) an optimal balance between the profitability of the Holding, strategic goals and risks associated therewith;</li> <li>2) effectiveness of financial and economic activities and achievement of financial sustainability of the Holding;</li> <li>3) safety of assets and efficient use of resources of the Holding;</li> <li>4) completeness, reliability and accuracy of financial and management reporting;</li> <li>5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Holding;</li> <li>6) appropriate internal controls to prevent fraud and provide effective support for the functioning of the main and auxiliary business processes and analysis of performance.</li> </ol> <p>The Holding has established the Internal Audit Service for systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate governance practices.</p> <p>Separate bodies – internal audit services – are also created in the subsidiaries included in the Holding's group.</p> <p>The Internal Audit Service operates on the basis of a risk-oriented (annual) audit work plan to be approved by the Board of Directors of the Holding. The results of audit reports, key findings and related recommendations are submitted quarterly to the Board of Directors.</p> <p>The Holding conducts an annual audit of financial statements by engaging an independent and qualified auditor who, as a third party, provides the stakeholders with an objective opinion on the reliability of financial statements and their compliance with IFRSs.</p>	Complied	<p>The RMS in the Holding is crucial for the successful implementation of the strategic goals of the Holding's group of companies and plays an important role in making strategic, managerial, financial and investment decisions.</p> <p>The implementation of the corporate RMS in the Holding implies the establishment and development of the necessary infrastructure and culture, and also covers the application of logical and systematic methods for identifying, analysing and assessing, monitoring, controlling and managing risks inherent in all activities, functions or processes of the Holding and subsidiaries, in order to prevent losses and maximize benefits.</p> <p>The main element of the Holding's risk management process is its integration with the specifics of the organization, the main principles of activity, business processes, and the involvement of each employee in the risk management process.</p> <p>When carrying out its activities within the framework of the Risk Management Policy of 'Baiterek' National Management Holding Joint-Stock Company, the Holding takes into account the interests and consequences of the implementation of risks for the SS, subsidiaries and other stakeholders.</p> <p>The main principles of the Holding's risk management process are:</p> <ul style="list-style-type: none"> <li>• integrity – consideration of the elements of the total risk of the Holding and subsidiaries in the context of the corporate risk management system;</li> <li>• openness – a ban on considering the corporate risk management system as autonomous or separate;</li> <li>• structure – a complex risk management system has a clear structure;</li> <li>• awareness – risk management is accompanied by the availability of objective, reliable and up-to-date information;</li> <li>• continuity – the risk management process is carried out on an ongoing basis; and</li> <li>• cyclicity – the risk management process is a constantly repeating built cycle of its main components.</li> </ul> <p>The Holding's IAS is an internal audit body (in accordance with the definition of IPPFIA) providing independent and objective guarantees and advice aimed at improving the organization's activities.</p> <p>Internal audit helps an organization to achieve its goals by using a systematic and consistent approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.</p> <p>All subsidiaries operating in the form of a joint-stock company that are members of the Holding's group also have separate bodies – the IASs, which carry out activities to provide independent and objective guarantees and consultations aimed at improving the activities of the organization.</p> <p>In 2021, the Holding's IAS carried out its activities on the basis of the Audit Plan of the Internal Audit Service of 'Baiterek' National Management Holding Joint-Stock Company for 2020–2022 as approved by the resolution of the Board of Directors of 'Baiterek' NMH JSC dated 26.11.2020 (minutes No. 10/ 20). By the resolution of the Board of Directors of the Holding dated 25.11.2021 (minutes No. 07/21), the Auditor Plan of the Internal Audit Service of 'Baiterek' National Management Holding Joint-Stock Company for 2020–2022 updated in the part of 2022 was approved.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
			<p>The results of audit reports, key findings and relevant recommendations are submitted to the Board of Directors on a quarterly basis.</p> <p>On 03.04.2019, the Holding signed a long-term contract for the audit of financial statements for 2019–2021. The external auditor was selected on the basis of a competition, while the qualification requirements were agreed with the Audit Committee of the Board of Directors of the Holding on 22.11.2018 (minutes No. 09/18).</p> <p>The resolution to determine an auditing organization for the audit of the financial statements of the Holding for 2019–2021 and the amount of payment for its service was adopted by the Board of Directors of the Holding on 15.05.2019 (resolution No. 04/19), with the prior approval of the Audit Committee of the Board of Directors of the Holding (decision No. 02/19 dated 02.05.2019).</p> <p>On 27 May 2021, during in-person meeting of the Board of Directors of the Holding (minutes No. 03/21), the audited annual consolidated financial statements of the Holding for 2020 were provisionally approved for further consideration and approval by the SS of the Holding.</p> <p>On 17 August 2021, based on order of the First Vice Minister of National Economy of the Republic of Kazakhstan No. 233 On approval of the annual financial statements and the procedure for distributing net income of 'Baiterek' National Management Holding Joint-Stock Company for 2020, the audited annual financial statements of the Holding for 2020 were approved by the SS.</p>
<b>6.</b>	<b>Principle of settlement of corporate conflicts and conflicts of interests</b>		
6.1	<p>The members of the Board of Directors and the Management Board of the Holding, employees of the Holding perform their professional functions in good faith and reasonably in the interests of the Sole Shareholder and the Holding, with avoiding conflicts.</p> <p>To ensure an objective assessment of a corporate conflict and create conditions for its effective settlement, persons whose interests are or may be affected by the conflict do not take part in settlement thereof.</p> <p>If it is impossible to settle corporate conflicts through negotiations, they are settled strictly in accordance with the legislation of the Republic of Kazakhstan.</p> <p>The Board of Directors settles corporate conflicts on issues within its competence.</p>	Complied	<p>The members of the Board of Directors and the Management Board of the Holding, as well as employees of the Holding, perform their duties in good faith and reasonably, with due care and diligence in the interests of the Holding and the SS, with avoiding conflicts of interest. They ensure full compliance of their activities not only with the requirements of the legislation of the Republic of Kazakhstan, but also with ethical standards and generally accepted business ethics.</p> <p>Avoiding conflicts of interest is essential to protecting the interests of the SS, the Holding, officials and employees of the Holding.</p> <p>In 2021, there were no cases of corporate conflicts and the results of assuming situations related to a conflict of interest in the Holding.</p> <p>In 2021, there were no situations related to the need for the Holding's bodies to consider the corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company	Complied/Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Management Holding Joint-Stock Company
<b>7.</b>	<b>Principle of transparency and objectivity of disclosure of the information about activities of the Holding</b>		
7.1	<p>To respect for the interests of stakeholders, the Holding timely and reliably discloses the information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Holding, as well as information about all important aspects of its activities, including financial condition, performance, ownership and management structure.</p> <p>To ensure the systematic disclosure of information in the Holding, the internal documents are approved that define the principles and approaches to the disclosure and protection of information, a list of information disclosed to stakeholders, the timing, procedure, method, form of information disclosure, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing the disclosure of information.</p> <p>The Internet resource is structured, easy to navigate and contains information sufficient for stakeholders to understand the activities of the Holding. It is recommended that information is placed in separate thematic sections of the Internet resource.</p> <p>The Holding prepares the annual report in accordance with the provisions of this Code and best practices for information disclosure. The annual report is approved by the Board of Directors.</p>	Complied	<p>The Holding adheres in its activities to high standards of transparency and is constantly working to improve the availability, quality and speed of disclosure of information about the Holding.</p> <p>The Holding provides timely disclosure of reliable information about all material facts relating to its activities, including its financial position, performance, ownership structure and management of the Holding and other information, in accordance with the best practices of corporate governance.</p> <p>The Holding discloses information on corporate events, financial statements and audit reports, lists of affiliates, as well as information on the total remuneration of members of the Management Board of the Holding at the end of the year, by posting on the Internet resources of the financial reporting depository and Kazakhstan Stock Exchange JSC as determined in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, listing rules of Kazakhstan Stock Exchange JSC.</p> <p>To timely provide the SS, public authorities of the Republic of Kazakhstan, stakeholders with the necessary information about the Holding, the resolution of the Board of Directors of the Holding dated 20.03.2014 (minutes No. 02/14) approved the Information Disclosure Policy of 'Baiterek' National Management Holding Joint-Stock Company, which defines the principles and approaches to information disclosure, as well as the timing, procedure and form of information disclosure.</p> <p>The Holding's Internet resource <a href="http://www.baiterek.gov.kz">www.baiterek.gov.kz</a> is well structured, easy to navigate and contains information necessary for the stakeholders. At the same time, information is placed in separate thematic sections of the Internet resource.</p> <p>The Holding's Internet resource is updated on a regular basis, at least once a week.</p> <p>The Annual Report of the Holding for 2020 was approved by the resolution of the Board of Directors of the Holding dated 19.07.2021 (minutes No. 04/21).</p>

## List of related-party transactions

No.	Description of transaction	Resolution of the Board of Directors
1.	Conclusion of a related-party transaction with Industry Development Fund Joint-Stock Company	In-person resolution of the Board of Directors No. 02/21 dated 25 February 2021
2.	Conclusion of related-party transactions with Kazakhstan Housing Company Joint-Stock Company, Agrarian Credit Corporation Joint-Stock Company, and Kazyna Capital Management Joint-Stock Company	In-person resolution of the Board of Directors No. 04/21 dated 19 July 2021
3.	Conclusion of related-party transactions with Agrarian Credit Corporation Joint-Stock Company and KazAgroFinance Joint-Stock Company	In-person resolution of the Board of Directors No. 07/21 dated 25 November 2021
4.	Conclusion of a related-party transaction with Kazakhstan Development Bank Joint-Stock Company, amendment to the Annual Budget of 'Baiterek' National Management Holding Joint-Stock Company for 2021 and Development Plan of 'Baiterek' National Management Holding Joint-Stock Company for 2019–2023	Absentee resolution of the Board of Directors No. 01/21 dated 29 January 2021
5.	Conclusion of related-party transactions with Kazakhstan Development Bank Joint-Stock Company, amendment to the Annual Budget of 'Baiterek' National Management Holding Joint-Stock Company for 2021 and Development Plan of 'Baiterek' National Management Holding Joint-Stock Company for 2019–2023	In-person resolution of the Board of Directors No. 03/21 dated 27 May 2021
6.	Conclusion of related-party transactions with Kazakhstan Development Bank Joint-Stock Company	In-person resolution of the Board of Directors No. 04/21 dated 19 July 2021
7.	Conclusion of related-party transactions with Industry Development Fund Joint-Stock Company	In-person resolution of the Board of Directors No. 04/21 dated 19 July 2021

## Annual Financial Statements

'Baiterek' NMH JSC prepares and publishes the consolidated financial statements in accordance with the International Financial Reporting Standards. The annual consolidated financial statements are audited by an independent auditor, which is KPMG Audit LLP for 2019–2021.

The full text of the consolidated financial statements for 2021 with the notes and the independent auditor's report is available on the Holding's website in the 'About the Holding' section: <https://baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/finansovaya-otchetnost/>

### Consolidated Statement of Financial Position

(thousand Kazakhstan tenge)	31 December 2021	31 December 2020
<b>Assets</b>		
Cash and cash equivalents	1,389,045,232	577,623,210
Other assets at fair value through profit or loss	154,118,280	127,770,366
Loans to banks and financial institutions	367,879,233	343,660,770
Deposits with banks and financial institutions	217,171,683	259,247,511
Loans to customers	4,704,073,545	3,316,270,022
Investment securities	1,785,415,690	1,436,201,117
Finance lease receivable	929,926,219	490,616,859
Investment objects accounted for in equity method	555,065	2,388
Investment property	10,230,182	6,194,729
Prepaid current income tax	25,359,231	16,041,107
Deferred income tax asset	33,955,310	10,429,868
Property, plant and equipment	17,997,190	17,798,673
Intangible assets	9,091,019	7,591,382
Non-current assets held for sale	3,463,876	12,869,742
Other financial assets	30,694,738	17,369,093
Other assets	190,898,868	173,388,678
<b>Total ASSETS</b>	<b>9,869,875,361</b>	<b>6,813,075,515</b>
<b>Liabilities</b>		
Due to customers	1,788,020,886	1,062,591,005
Issued debt securities	4,065,432,159	2,511,162,841
Subordinated debt	7,502,151	6,991,949
Loans from banks and other financial institutions	652,462,122	686,324,646
Loans from the Government of the Republic of Kazakhstan	577,428,415	347,670,193
Current income tax liability	1,915,356	41,699
Deferred income tax liability	40,257,423	33,715,827
Liabilities under insurance contracts	41,554,777	24,933,675
Other financial liabilities	200,188,894	82,753,520
Government grants	741,637,963	580,085,440
Other liabilities	83,922,988	46,114,914
<b>Total LIABILITIES</b>	<b>8,200,323,134</b>	<b>5,382,385,709</b>

(thousand Kazakhstan tenge)	31 December 2021	31 December 2020
<b>EQUITY</b>		
Share capital	1,266,238,962	1,046,504,712
Provision for changes in fair value of securities	(16,554,288)	(6,153,857)
Provision at business combination and additional paid-up capital	211,640,338	174,459,214
Other provisions	32,466,050	19,021,258
Retained earnings	175,761,165	196,767,022
<b>Net assets attributed to owners of the Holding</b>	<b>1,669,552,227</b>	<b>1,430,598,349</b>
<b>Minority interest</b>	<b>–</b>	<b>91,457</b>
<b>Total EQUITY</b>	<b>1,669,552,227</b>	<b>1,430,689,806</b>
<b>Total LIABILITIES and EQUITY</b>	<b>9,869,875,361</b>	<b>6,813,075,515</b>

### Consolidated Statement of Profit or Loss

(thousand Kazakhstan tenge)	2021	2020
Interest income calculated using effective interest method	605,756,946	382,314,481
Other interest incomes	102,543,599	50,206,620
Interest expenses	(409,788,469)	(241,283,014)
<b>Net interest income</b>	<b>298,512,076</b>	<b>191,238,087</b>
Provision for impairment of loan portfolio and finance lease receivables	(74,402,396)	(51,283,927)
<b>Net interest income after provision for impairment of loan portfolio</b>	<b>224,109,680</b>	<b>139,954,160</b>
Fee and commission incomes	21,842,222	8,201,840
Fee and commission expenses	(8,354,095)	(7,994,671)
<b>Net fee and commission income</b>	<b>13,488,127</b>	<b>207,169</b>
Net (loss)/profit from transactions with assets at fair value with changes reported in profit or loss for the period	(234,594)	4,925,206
Net foreign exchange gains	996,437	3,117,563
Net profit on financial assets at fair value through other comprehensive income	61,083	6,740,542
Net profit from derecognition of financial assets at amortized cost	16,569,734	2,689,288
Net earned insurance premiums	5,418,679	3,490,301
Net expenses for insurance indemnities and changes in provisions for insurance contracts	(12,596,076)	(14,203,300)
Other operating (expenses)/incomes, net	(32,154,154)	1,660,083
<b>Operating income</b>	<b>215,658,916</b>	<b>148,581,012</b>
Reversal of/(provision for) impairment of other financial assets	5,275,441	(4,289,426)
Reversal of/(provision for) losses from impairment on credit liabilities	1,020,771	(9,580,762)
Loss from disposal of subsidiary	(13,996,439)	–
Administrative expenses	(65,475,791)	(49,625,271)

(thousand Kazakhstan tenge)	2021	2020
Share in financial performance of investment objects accounted for in equity method	(4,614)	(4,789)
<b>Profit before income tax</b>	<b>142,478,284</b>	<b>85,080,764</b>
Income tax expense	(31,598,231)	(12,023,657)
<b>Profit FOR THE YEAR</b>	<b>110,880,053</b>	<b>73,057,107</b>
<b>Profit attributed to:</b>		
- owners of the Holding	110,880,053	73,065,073
- minority interest	-	(7,966)
<b>Profit for the year</b>	<b>110,880,053</b>	<b>73,057,107</b>

### Consolidated Statement of Comprehensive Income

(thousand Kazakhstan tenge)	2021	2020
<b>Profit FOR THE YEAR</b>	<b>110,880,053</b>	<b>73,057,107</b>
<b>Other comprehensive income:</b>		
Items not reclassified subsequently in profit or loss:		
Net changes in fair value of equity instruments at fair value through other comprehensive income	83,093	(205,719)
Items that may be reclassified subsequently in profit or loss:		
Provision for fair value of securities:		
- Net change of fair value	(10,871,278)	8,010,045
- Net change of fair value carried over to profit or loss	(46,466)	(7,147,850)
<b>Other comprehensive income for the year</b>	<b>(10,834,651)</b>	<b>656,476</b>
<b>Total COMPREHENSIVE income FOR THE YEAR</b>	<b>100,045,402</b>	<b>73,713,583</b>
<b>Total comprehensive income attributed to:</b>		
- owners of the Holding	100,045,402	73,721,549
- minority interest	-	(7,966)
<b>Total comprehensive income for the year</b>	<b>100,045,402</b>	<b>73,713,583</b>

	Attributed to owners of the Holding							
	Share capital	Provision for changes in fair value of securities	Provision at business combination and additional paid-up capital	Other provisions	Retained earnings	Total	Minority interest	Total equity
<b>(thousand Kazakhstan tenge)</b>								
<b>Balance as of 1 January 2021</b>	1,046,504,712	(6,153,857)	174,459,214	19,021,258	196,767,022	1,430,598,349	91,457	1,430,689,806
Profit for the year	-	-	-	-	110,880,053	110,880,053	-	110,880,053
Other comprehensive income	-	(10,834,651)	-	-	-	(10,834,651)	-	(10,834,651)
<b>Total comprehensive income for the year</b>	-	(10,834,651)	-	-	110,880,053	100,045,402	-	100,045,402
Share issue – cash contribution	5,000,000	-	-	-	-	5,000,000	-	5,000,000
Contributions to capital (share issue) due to business combination	214,734,250	-	-	-	(111,981,993)	102,752,257	-	102,752,257
Declared dividend	-	-	-	-	(10,368,338)	(10,368,338)	-	(10,368,338)
Transfer of revaluation reserve as a result of asset disposal	-	434,220	-	-	(434,220)	-	-	-
Disposal of subsidiary – Kazakhstan Investment Fund JSC	-	-	(14,945,904)	-	14,945,904	-	-	-
Recognition of discount on loans from the Government of the Republic of Kazakhstan, less tax effect of 8,016,096 thousand tenge	-	-	32,064,385	-	-	32,064,385	-	32,064,385
Recognition of effect of significant modification of terms of issued debt securities, excluding tax effect of 5,015,661 thousand tenge	-	-	20,062,643	-	-	20,062,643	-	20,062,643
Other distributions to shareholders	-	-	-	-	(10,602,471)	(10,602,471)	-	(10,602,471)
Accrual of capital reserves	-	-	-	13,444,792	(13,444,792)	-	-	-
Other movements	-	-	-	-	-	-	(91,457)	(91,457)
<b>Balance as of 31 December 2021</b>	<b>1,266,238,962</b>	<b>(16,554,288)</b>	<b>211,640,338</b>	<b>32,466,050</b>	<b>175,761,165</b>	<b>1,669,552,227</b>	<b>-</b>	<b>1,669,552,227</b>

(thousand Kazakhstan tenge)	Attributed to owners of the Holding						Total	Minority interest	Total equity
	Share capital	Provision for changes in fair value of securities	Provision at business combination and additional paid-up capital	Other provisions	Retained earnings				
<b>Balance as of 1 January 2020</b>	917,218,712	(7,224,576)	160,093,819	14,007,062	142,942,619	1,227,037,636	99,423	1,227,137,059	
Profit for the year	-	-	-	-	73,065,073	73,065,073	(7,966)	73,057,107	
Other comprehensive income	-	656,476	-	-	-	656,476	-	656,476	
<b>Total comprehensive income for the year</b>	-	656,476	-	-	73,065,073	73,721,549	(7,966)	73,713,583	
Share issue – cash contribution	129,286,000	-	-	-	-	129,286,000	-	129,286,000	
Declared dividend	-	-	-	-	(11,198,660)	(11,198,660)	-	(11,198,660)	
Transfer of revaluation reserve as a result of asset disposal	-	414,243	-	-	(414,243)	-	-	-	
Disposal of subsidiary – QazTech Venture JSC	-	-	(60,650)	-	(2,613,036)	(2,673,686)	-	(2,673,686)	
Recognition of discount on loans from the Government of the Republic of Kazakhstan, less tax effect of 3,606,511 thousand tenge	-	-	14,426,045	-	-	14,426,045	-	14,426,045	
Other distributions to shareholders	-	-	-	-	(535)	(535)	-	(535)	
Accrual of capital reserves	-	-	-	5,014,196	(5,014,196)	-	-	-	
<b>Balance as of 31 December 2020</b>	1,046,504,712	(6,153,857)	174,459,214	19,021,258	196,767,022	1,430,598,349	91,457	1,430,689,806	

## Consolidated Statement of Cash Flows

(thousand Kazakhstan tenge)	2021	2020
<b>Cash flows from operating activities</b>		
Received interest incomes	574,943,992	300,245,981
Paid interest expenses	(316,037,432)	(150,342,971)
Received fee and commission incomes	45,432,197	24,547,778
Paid fee and commission expenses	(8,245,383)	(7,383,759)
Net foreign exchange gains/(loss)	(674,747)	181,299
Charged insurance premiums, net	5,265,000	3,319,335
Paid insurance claims, net	(2,476,145)	(1,312,414)
Other received operating incomes	4,775,533	6,247,014
Received dividend	69,150	71,170
Paid administrative and other operating expenses	(58,495,249)	(47,038,402)
Paid income tax	(33,080,318)	(10,091,780)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>211,476,598</b>	<b>118,443,251</b>
<i>Net (increase)/decrease in:</i>		
– assets at fair value with changes reported in profit or loss for the period	(18,623,715)	(6,104,266)
– loans to banks and financial institutions	13,522,990	22,978,933
– deposits with banks and other financial institutions	67,343,169	(99,636,180)
– loans to customers	(881,438,585)	(570,769,100)
– finance lease receivables	130,753,868	36,926,491
– other financial assets	(2,181,087)	4,797,353
– other assets	(201,676,852)	(167,471,840)
<i>Net (increase)/decrease in:</i>		
– due to customers	721,132,449	222,971,570
– other financial liabilities	(37,086,049)	36,525,749
– other liabilities	14,148,985	5,519,942
<b>Net cash flows from/(used in) operating activities</b>	<b>17,371,771</b>	<b>(395,818,097)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities	(1,453,073,447)	(1,838,669,892)
Proceeds from disposal and redemption of investment securities	1,132,858,169	943,222,736
Acquisition of property, plant and equipment and intangible assets	(3,514,895)	(3,871,073)
Proceeds from disposal of property, plant and equipment	529,238	646,428
Proceeds from disposal of investment property	73,248	-
Proceeds from disposal of subsidiary, less resulting cash payments	5,040,157	(2,715,036)
Proceeds from disposal of associates and joint ventures	44,708	851,937
Cash receipts from merger	375,993,158	-
<b>Net cash flows from/(used in) investing activities</b>	<b>57,950,336</b>	<b>(900,534,900)</b>

(thousand Kazakhstan tenge)	2021	2020
<b>Cash flows from financing activities</b>		
Loans from banks and other financial institutions	114,493,103	182,940,727
Repayment of loans from banks and other financial institutions	(214,104,933)	(176,047,286)
Loans from the Government of the Republic of Kazakhstan	296,554,591	191,003,613
Repayment of loans from the Government of the Republic of Kazakhstan	(123,382,071)	(6,195,988)
Revenues from issue of ordinary shares	5,000,000	129,286,000
Revenues from issue of debt securities	791,492,968	1,259,394,682
Redemption/buyout of issued debt securities	(148,832,989)	(148,085,934)
Received government grants	33,144,980	–
Paid dividend	(10,368,338)	(11,198,660)
Other distributions to shareholders	(10,602,471)	(535)
<b>Net cash flows from financing activities</b>	<b>733,394,840</b>	<b>1,421,096,619</b>
Effect of changes in foreign exchange rates on cash and cash equivalents	2,786,271	25,656,601
Effect of changes in provision for impairment	(81,196)	674,544
<b>Net decrease in cash and cash equivalents</b>	<b>811,422,022</b>	<b>151,074,767</b>
Cash and cash equivalents at the beginning of the year	577,623,210	426,548,443
<b>Cash and cash equivalents at the end of the year</b>	<b>1,389,045,232</b>	<b>577,623,210</b>

## Information on Adherence to the IFC Principles “Operating Principles for Impact Management”

<p><b>Principle 1.</b> Defining strategic impact objectives that are consistent with the investment strategy: <i>An organization should set strategic impact objectives for the portfolio or the fund in order to achieve positive measurable social or environmental impacts that are consistent with the Sustainable Development Goals</i></p>	<p>The Holding, as a key financial institution of the Government of the Republic of Kazakhstan, participates in the implementation of basic socially significant state programs – from providing the population with affordable housing to providing support to major industrial projects. Due to its significant impact on the development of regions, the Holding periodically evaluates the contribution to the country’s economy.</p>
<p><b>Principle 2.</b> Management of portfolio-based strategic impact: <i>An organization should build a process to manage the achievement of positive effects of project implementation. It is also necessary to bring incentive systems in line with the achievement of effects.</i></p>	<p>The Holding sets target KPIs for each of its strategic areas until 2023. Detailed sub-tasks with annual intermediate target values and activities are set forth in the framework of the Action Plan for the implementation of the Development Plan, which is a working document of ‘Baiterek’ NMH JSC. At the same time, remuneration of members of the Management Board is paid depending on achieving the strategic KPIs and the performance evaluations results by the resolution of the Board of Directors.</p>
<p><b>Principle 3.</b> Determining the contribution to the achievement of the effect: <i>Achieving the effect of project implementation should be documented.</i></p>	<p>The investment policy of the Holding takes into account the ESG factors (environmental, social and bona fide corporate governance factors) when making investment decisions. In addition, the policy provides for a tool to prioritize potential projects – the Development Index, which takes into account the impact on the sustainable social development: a project should promote openness, safety, resilience and environmental sustainability of cities and population centres.</p>
<p><b>Principle 4.</b> Assessment of the expected effect of each investment based on a systematic approach: <i>Each investment should be evaluated in advance to have an idea of a specific positive effect.</i></p>	<p>The Holding or subsidiaries carried out project analysis for each potential project. Project analysis includes (but is not limited to): analysis for project compliance with fundamental principles and key areas, assessment of financial, economic, technical and technological indicators, assessment of potential risks. In this case, in determining the priority areas of providing financial support, the Holding and its subsidiaries are guided by the directions approved in the Strategy of the Holding and in state programs. The Holding and its subsidiaries do not provide support for such activities as mining (if their further processing is not planned), gambling and other activities prohibited by the legislation of the Republic of Kazakhstan.</p>
<p><b>Principle 5.</b> Assessment, elimination, monitoring and management of potential negative consequences: <i>For each investment, organizations should strive to identify and mitigate possible negative consequences.</i></p>	<p>The Holding and its subsidiaries apply assessment procedures, including a comprehensive analysis of information on the participants and the nature of their activities. Particular attention is paid to negative factors, upon identification of which the Holding and its subsidiaries perform an additional audit.</p>
<p><b>Principle 6.</b> Progress monitoring of each investment in achieving the effect</p>	<p>Project monitoring is carried out on a regular basis.</p>
<p><b>Principle 7.</b> Withdrawal from projects taking into account their further sustainable impact</p>	<p>Post-monitoring of projects is carried out to assess the effect on the social and economic development of the Republic of Kazakhstan and develop recommendations to improve approaches to the provision of financial support.</p>

<b>Principle 8.</b> Review, documentation and improvement of decisions and processes based on the results achieved	The Holding consolidates information on potential, ongoing and completed projects sent by its subsidiaries. Forms of consolidated reports are sent to appropriate competent authorities for subsequent review and making decisions on the provision of recommendations to subsidiaries regarding the prioritization of the key areas of financial support.
<b>Principle 9.</b> Publicly disclose compliance with the principles and conduct regular independent compliance checks	The Holding seeks to support projects in accordance with the IFC principles of impact investment and further intends to consider formal joining the initiative.

## GRI Index Table

Standard No. <sup>1</sup>	Reporting element	UM Global Compact Principle	Report Section / Comment	Page
<b>GRI 101 (2016): Foundations</b>				
<b>GRI 102 (2016): General disclosure</b>				
<b>Organization profile</b>				
102-1	Organization name		Contact Details	167
102-2	Activities, brands, products and services		Support Tools of the Holding	3
102-3	Location of headquarters		Contact Details	167
102-4	Location of operations		Development History, Development Plan	4-5, 20-23
102-5	Ownership and legal form		Development History	4-5
102-6	Markets served		Development History, Development Plan	4-5, 20-23
102-7	Scale of the organization		Development History, Key Performance Indicators, Financial Performance, Personnel Management	4-5, 6-7, 37-39, 116-117
102-8	Information on employees and other workers	6	Personnel Management	116-119
102-9	Supply chain	10	Business Model, Communication with Stakeholders, Raising Funds in the Capital Markets	18-19, 110, 39-42
102-10	Significant changes in the scope, structure and ownership		In the reporting year, there were no significant changes in the scope, structure and property	
102-11	Precautionary principle approach	7	Risk Management and Internal Control The Holding ensures the dissemination of the principles of responsible investment for the Holding's subsidiaries in the framework of making investment decisions	99-103
102-12	External initiatives		Sustainable Development Management System	107
102-13	Membership in associations		Raising Funds in the Capital Markets	41-42

<sup>1</sup> A year of publication of the Standards is specified in brackets.

Standard No. <sup>1</sup>	Reporting element	UM Global Compact Principle	Report Section / Comment	Page
<b>Strategy</b>				
102-14	Statement of a senior decision-making official		Address of the Chairman of the Board of Directors, Address of the Chairman of the Management Board	8-9, 10-13
102-15	Key impacts, risks and opportunities	1-10	Risk Management and Internal Control Communication with Stakeholders	99-103, 110-113
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards and norms of behaviour	1, 2, 6, 10	Corporate Ethics and Settlement of Conflict of Interests, Anti-corruption	94-95, 96-97
102-17	Mechanisms for advice and concerns about ethics	1, 2	Corporate Ethics and Settlement of Conflict of Interests	94-95
<b>Corporate Governance</b>				
102-18	Corporate governance structure		Corporate Governance System	63-66
<b>Communication with Stakeholders</b>				
102-40	List of stakeholder groups		Communication with Stakeholders	111-113
102-42	Identification and selection of stakeholders		Communication with Stakeholders	111
102-43	Approach to stakeholder engagement		Communication with Stakeholders	111
102-44	Key topics and concerns raised		Communication with Stakeholders	111-113
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements		About the Holding, About the Report,	3, 133
102-46	Defining the Report content and topic boundaries		About the Report	131
102-47	List of material topics		About the Report	132-133
102-48	Restatement of indicators		About the Report	131
102-49	Significant changes in the scope and scope of topics compared to previous reporting periods		About the Report	133
102-50	Reporting period		About the Report	131
102-51	Publication date of most recent report		About the Report	131
102-52	Reporting cycle		About the Report	131
102-53	Contact person for questions regarding the Report		Contact Details	167
102-54	Claims of reporting in accordance with the GRI Standards		About the Report	131
102-55	GRI Index Table		GRI Index Table	160-163
102-56	An entity's practice in providing external assurance for statements		About the Report	131

Standard No. <sup>1</sup>	Reporting element	UM Global Compact Principle	Report Section / Comment	Page
<b>GRI 103 (2016): Management Approach</b>				
103-1	Materiality and boundaries		About the Report	131
103-3	Management evaluation			78-79
<b>Specific elements</b>				
<b>GRI 200 Economic topics</b>				
<b>GRI201 (2016): Economic performance</b>				
103-2	Management approach	10	Management Report	125
201-1	Direct Economic Value Generated and Distributed	10	Financial Performance	125
<b>GRI203 (2016): Indirect economic impacts</b>				
103-2	Management approach	10	Management Report	20-23
203-1	Infrastructure investments and gratuitous services	10	Large Business Support	43-45
203-2	Significant indirect economic impacts	10	Key Performance Indicators	55
<b>GRI205 (2016): Anti-corruption</b>				
103-2	Management approach	10	Anti-corruption	96-97
205-2	Communication and training about anticorruption policies and procedures	10	Anti-corruption	96-97
205-3	Confirmed incidents of corruption and actions taken	10	Anti-corruption No corruption offences committed by the Holding's employees were reported in the reporting year	96-97
<b>GRI 300 Environmental topics</b>				
<b>GRI307 (2016): Compliance with environmental requirements</b>				
103-2	Management approach	7,8,9	Environment Protection	127-128
307-1	Monetary value of material fines and total number of non-monetary sanctions imposed for non-compliance with environmental laws and regulations	7,8,9	No penalties for non-compliance with environmental laws and regulations were reported in the reporting year	
<b>GRI 400 Social topics</b>				
<b>GRI401 (2016): Employment</b>				
103-2	Management approach	1-6, 10	Personnel Management	116-117
401-1	Total number and share of newly hired employees and employee turnover by age group, gender and region	6	Personnel Management	116-117
<b>GRI403 (2016): health and safety</b>				
103-2	Management approach	1	Labour Protection and Safety	122-123
403-2	Types and rates of work-related injuries, occupational diseases, lost days and workplace absence, and total number of occupational fatal accidents, by region and gender	1	Labour Protection and Safety	122-123

Standard No. <sup>1</sup>	Reporting element	UM Global Compact Principle	Report Section / Comment	Page
<b>GRI404 (2016): Training and education</b>				
103-2	Management approach	6	Personnel Management	119-120
404-1	Average training hours per year per employee by gender and category	6	Personnel Management	119
404-3	Percentage of employees undergoing regular performance and career development reviews by gender and category	2,6	Personnel Management	120
<b>GRI405 (2016): Diversity and equal opportunity</b>				
103-2	Management approach		Personnel Management	118
405-1	Composition of management bodies and main personnel categories of the organization by gender, age group, minority group and other diversity characteristic		Personnel Management	118
<b>GRI413 (2016): Local communities</b>				
103-2	Management approach	1,2	Sponsorship and Charity	129
413-1	Business units implementing local community engagement, impact assessment and development programs	1,2	Sponsorship and Charity	129

## Glossary

<b>ADB</b>	Asian Development Bank
<b>Agrarian Credit Corporation JSC, ACC JSC</b>	Agrarian Credit Corporation Joint-Stock Company
<b>Agriculture Financial Support Fund JSC, AFSF JSC</b>	Agriculture Financial Support Fund Joint-Stock Company
<b>AIC</b>	Agro-industrial complex
<b>AIFC</b>	Astana International Financial Centre
<b>'Baiterek' NMH JSC, 'Baiterek' Holding, Holding</b>	'Baiterek' National Management Holding Joint-Stock Company
<b>'Damu' Fund JSC</b>	'Damu' Entrepreneurship Development Fund Joint-Stock Company
<b>'KazAgro' NMH JSC</b>	'KazAgro' National Management Holding Joint-Stock Company
<b>'KazakhExport' EIC JSC</b>	'KazakhExport' Export Insurance Company Joint-Stock Company
<b>Baiterek development JSC</b>	Baiterek development Joint-Stock Company
<b>BoD</b>	Board of Directors
<b>BPM system</b>	Business process management system
<b>BRICS</b>	Group of five countries: Brazil, Russia, India, PRC and SAR
<b>Business Roadmap 2020, BRM 2020</b>	State program of support and development of business 'Business Roadmap 2020'
<b>CITIC</b>	China International Trust and Investment Corporation
<b>COSO</b>	The Committee of Sponsoring Organizations of the Treadway Commission
<b>Digital Baiterek</b>	Single entrepreneurship support portal 'Digital Baiterek'
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EDB</b>	Eurasian Development Bank
<b>Equator Principles</b>	A set of standards developed and adopted by financial organizations for assessing environmental and social risks in project financing, based on environmental and social standards applied by the International Financial Corporation
<b>ESG</b>	Environmental, Social and Governance
<b>EU</b>	European Union
<b>FS</b>	Feasibility study
<b>GAV</b>	Gross added value
<b>GDP</b>	Gross domestic product
<b>GRI</b>	Global Reporting Initiative
<b>HEPS</b>	Hydroelectric power station
<b>Holding's Group</b>	'Baiterek' National Management Holding Joint-Stock Company and organizations with more than fifty percent of voting shares (interest in the authorized capital) of which are directly or indirectly owned by the Holding
<b>Housing Construction Guarantee Fund JSC, HCGF JSC</b>	Housing Construction Guarantee Fund Joint-Stock Company
<b>IAS</b>	Internal Audit Service
<b>IDB</b>	Islamic Development Bank
<b>IDF JSC</b>	Industry Development Fund Joint-Stock Company
<b>IFC</b>	International Financial Corporation
<b>IFRS</b>	International Financial Reporting Standards

<b>IPPFIA</b>	International Professional Practice Framework of Internal Audit
<b>IPV</b>	Index of physical volume
<b>IS</b>	Information system
<b>IT</b>	Information technologies
<b>KazAgroFinance JSC, KAF JSC</b>	KazAgroFinance Joint-Stock Company
<b>Kazakhstan Development Bank JSC, KDB JSC</b>	Kazakhstan Development Bank Joint-Stock Company
<b>Kazakhstan Housing Company, KHC JSC</b>	Kazakhstan Housing Company Joint-Stock Company
<b>Kazakhstan Investment Fund JSC, KIF JSC</b>	Kazakhstan Investment Fund Joint-Stock Company
<b>Kazakhstan Mortgage Company MO JSC, KMC MO JSC</b>	Kazakhstan Mortgage Company Mortgage Organization Joint-Stock Company
<b>Kazyna Capital Management JSC, KCM JSC</b>	Kazyna Capital Management Joint-Stock Company
<b>KPI</b>	Key performance indicators
<b>KPPF LLP</b>	Kazakhstan Project Preparation Fund Limited Liability Partnership
<b>LBE</b>	Large business entities
<b>LC</b>	Leasing company
<b>LEA</b>	Local executive authorities
<b>MFO</b>	Microfinancial organization
<b>MSMBE</b>	Micro, small and medium-sized business entities
<b>MSME</b>	Micro, small and medium-sized entities
<b>National Agency for Technological Development JSC, NATD JSC</b>	National Agency for Technological Development Joint-Stock Company
<b>NSB of the RK ASPR</b>	National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan
<b>Nurly zhol</b>	State program of infrastructure development 'Nurly zhol' for 2020–2025
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OPEC</b>	Organization of Petroleum Exporting Countries
<b>Otbasy bank JSC</b>	'Otbasy bank' Housing Construction Savings Bank Joint-Stock Company
<b>PEF</b>	Private Equity Fund
<b>PPP</b>	Public Private Partnership
<b>QazTech Ventures JSC, QTV JSC</b>	QazTech Ventures Joint-Stock Company
<b>RB</b>	Republican budget
<b>RES</b>	Renewable energy sources
<b>RK</b>	Republic of Kazakhstan
<b>RK ARDFM</b>	Agency of the Republic of Kazakhstan for regulation and development of financial market
<b>RK MIID</b>	Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan
<b>RK MNE</b>	Ministry of National Economy of the Republic of Kazakhstan
<b>RK MTI</b>	Ministry of Trade and Integration of the Republic of Kazakhstan
<b>RK NB</b>	National bank of the Republic of Kazakhstan
<b>RL MLSSP</b>	Ministry of Labour and Social Security of Population of the Republic of Kazakhstan
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity

<b>SC of the RK MNE</b>	Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan
<b>SDG</b>	Sustainable Development Goals – 17 goals and 169 targets adopted as part of the 2030 Agenda for Sustainable Development aimed at eradicating poverty, conserving the planet's resources and ensuring prosperity for all
<b>SDR</b>	Single data repository
<b>SDW</b>	Solid domestic waste
<b>SMB</b>	Small and medium-sized businesses
<b>SMBE</b>	Small and medium-sized business entities
<b>SPIID</b>	State program for industrial and innovative development of the Republic of Kazakhstan for 2020–2025
<b>SS</b>	Structural subdivisions
<b>STB</b>	Second-tier banks
<b>Subsidiaries</b>	Organizations with more than fifty percent of voting shares (interest in the authorized capital) of which are directly or indirectly owned by the Holding
<b>UN</b>	United Nations Organization
<b>UN Global Compact Principles</b>	Ten Global Compact principles in the field of human rights (1, 2), employment relations (3-6), environment protection (7-9) and combating corruption (10) enjoy general consensus and are drawn from: Universal Declaration of Human Rights Declaration of the International Labour Organization on Fundamental Principles and Rights at Work Rio Declaration on Environment and Development UN Conventions against Corruption
<b>UN PRI (UN Principles of Responsible Investment)</b>	A complex of principles based on taking into account environmental and social factors, as well as factors of conscientious corporate governance (ESG factors) at all stages of investment activities
<b>USA</b>	United States of America
<b>VPN</b>	Virtual Private Network
<b>Yenbek</b>	State program of development of productive employment and mass entrepreneurship for 2017–2021 'Yenbek'
<b>Zhilstroysberbank of Kazakhstan JSC, ZhSSBK JSC</b>	Housing Construction Savings Bank of Kazakhstan Joint-Stock Company
<b>IFC</b>	International Finance Corporation
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity

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