

'Baiterek' NMH JSC

2022

ANNUAL
REPORT



BAITEREK

TABLE OF CONTENTS

About Holding	3
Support of agricultural producers	8
Address of the Chairman of the Board of Directors	10
Address of the Chairman of the Management Board	12
Key Events in 2022	16

1. Development Plan	20
Activities as part of the strategic directions	25
Key Performance Indicators	30

2. Review of Economy	32
Macroeconomic Review	34
Market Percentage of the Holding's Instruments by Types of Core Activities	43

3. Management Report	46
Financial Performance	48
Raising Funds in Capital Markets	51
Support for Entrepreneurship	56
Provision of Housing for the Population	72
Development of the Agro-Industrial Complex	75
Digitalization Strategy	79
Security of Customer Data	81

4. Corporate Governance	82
Corporate Governance System	84
Sole Shareholder	90
Board of Directors	91

Corporate Secretary	107
Management Board	109
System to Remunerate the Members of the Board of Directors and the Management Board	114
Internal Audit Service	115
Corporate Ethics and Settlement of the Conflict of Interests	117
Anti-corruption	119
External Auditor	121

5. Risk Management and Internal Control	122
Components of the Risk Management and Internal Control System	124
Key Risks of the Holding	127

6. Sustainable Development Activities	130
Sustainable Development Management System	132
Holding's Contribution to Achievement of the UN Sustainable Development Goals	135
Communication with Stakeholders	137
Information Policy	142
Personnel Management	144
Responsible Investment	156
Economic Effectiveness	158
Procurement Activities	159
Environment Protection	160
Sponsorship and Charity	162

7. Appendices	164
About the Report	166
Activities of Subsidiaries in 2022	169
Report on Compliance with the Principles and Provisions of the Corporate Governance Code of 'Baiterek' NMH JSC	175
List of related-party transactions	186
Annual Financial Statements	187
Information on Adherence to the UN Women's Empowerment Principles	194
Information on Adherence to the IFC Principles "Operating Principles for Impact Management"	196
GRI Index Table	198
Glossary	203
Contact Details	207

About Holding

2022

ANNUAL REPORT



03.....About Holding

08.....Support of agricultural producers

10.....Address of the Chairman of the Board
of Directors

12.....Address of the Chairman
of the Management Board

16.....Key Events in 2022



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

'Baiterek' National Managing Holding JSC (hereinafter – 'Baiterek' NMH JSC, the 'Holding') is an integrated development institution including 8 subsidiaries¹ with more than fifty per cent of voting shares (interest in the authorized capital) directly owned by the Holding. 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.	Kazakhstan Development Bank JSC	<ul style="list-style-type: none"> Debt financing Guarantees Leasing Export and pre-export financing 	Supporting medium-sized and large business entities
2.	'KazakhExport' EIC JSC	<ul style="list-style-type: none"> Insurance Export and pre-export financing 	Increasing the export potential ²
3.	Qazaqstan Investment Corporation JSC ³	<ul style="list-style-type: none"> Shared financing Establishment of/participation in venture funds 	<ul style="list-style-type: none"> Shared financing Venture financing
4.	'Damu' Entrepreneurship Development Fund JSC	<ul style="list-style-type: none"> Guaranteeing Subsidy assistance Lending through conditional investment of funds in STBs/MFOs Consulting 	Support of micro, small and medium-sized business entities
5.	Agrarian Credit Corporation JSC ⁴	<ul style="list-style-type: none"> Lending to the AIC entities Investment projects financing Lending for spring sowing campaigns and harvesting operations Financial institutions funding Micro-lending for small businesses Insurance premium subsidy assistance 	Support of agro-industrial complex
6.	Otbasy bank JSC	<ul style="list-style-type: none"> Issue of housing loans Mortgage lending 	Providing the population with housing
7.	Kazakhstan Housing Company JSC	<ul style="list-style-type: none"> Financing the developers through purchase of securities of the LEA Rented housing with the right to buy out Mortgage lending Guaranteeing of shared housing construction Private developers' credits subsidy assistance Investment projects financing 	Providing the population with housing
8.	Bereke Bank JSC ⁵	<ul style="list-style-type: none"> Banking services for corporate and retail customers 	Banking services

¹ As of 31 December 2022.

² Including small, medium-sized and large business entities.

³ On 10 January 2023, Kazyna Capital Management JSC was re-registered as Qazaqstan Investment Corporation JSC.

⁴ On 25 July 2022, 'Baiterek' NMH JSC transferred 100% shares of KazAgroFinance JSC to Agrarian Credit Corporation JSC.

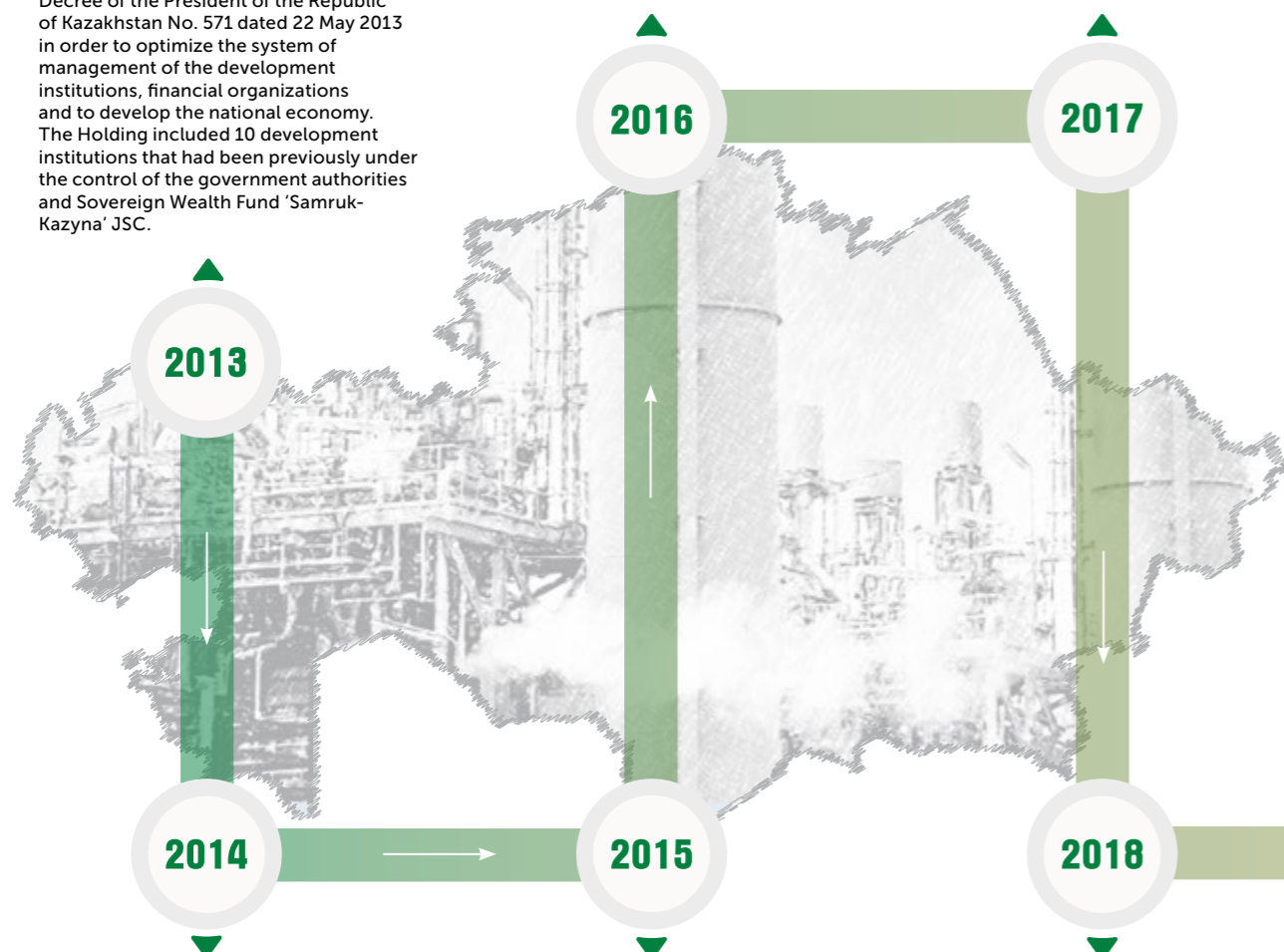
⁵ In pursuance of instruction of the Government of the Republic of Kazakhstan, on 1 September 2022, the Holding acquired from Sberbank of Russia PJSC 99.99775685% shareholding of the subsidiary bank – Sberbank JSC. After the acquisition, SB Sberbank JSC was re-registered and changed the name to Bereke Bank JSC.

Development history

+10
development
institutions

- '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.

- 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.
- 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.



- 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.

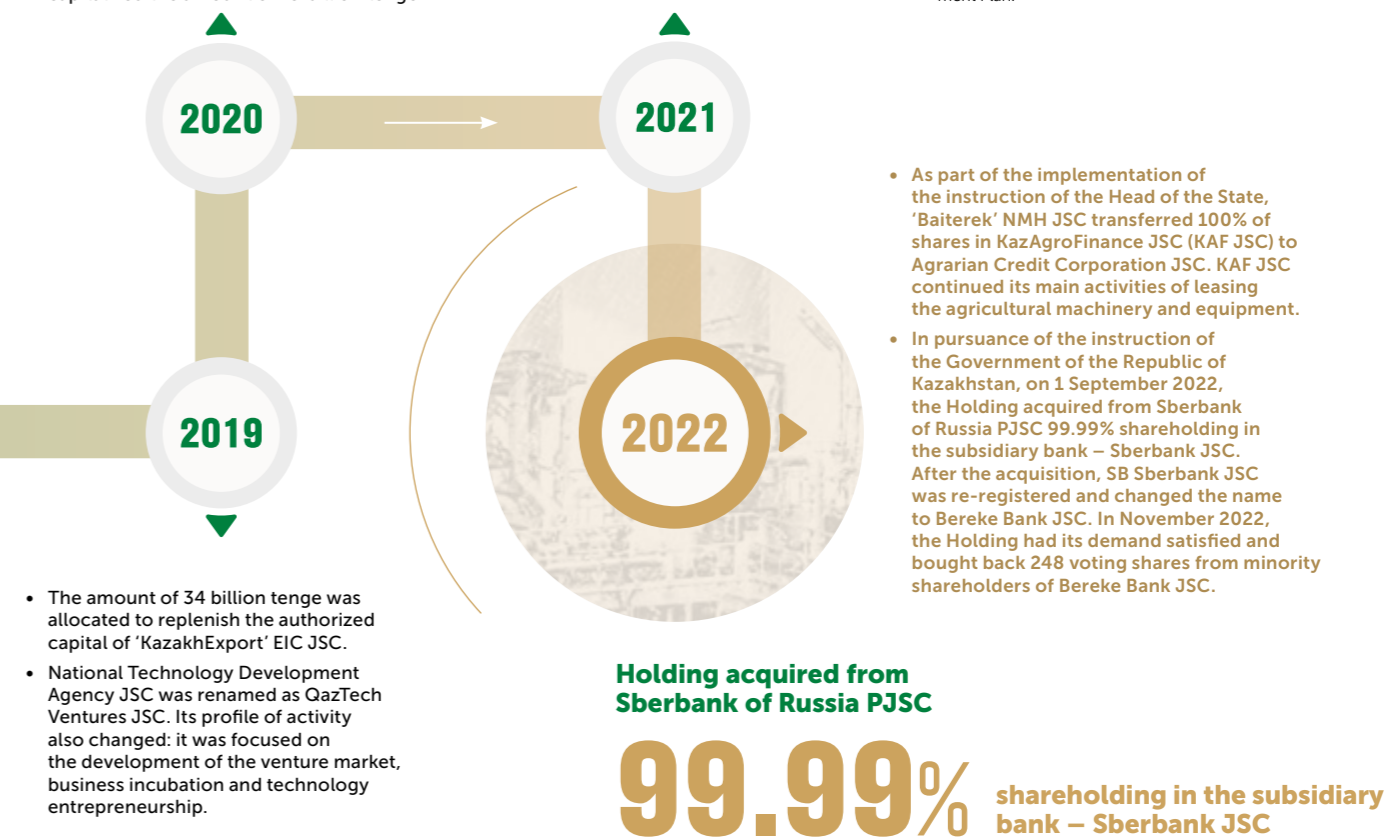
- As part of the 62nd step of the 'Plan of the Nation – 100 Specific Steps', the 'Leaders of Competitiveness – National Champions' program was initiated to promote the dynamic growth of the participating companies that can become competitive leaders in the Eurasian Economic Union.

- 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 (hereinafter referred to as KASE).

- 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 KASE.
- 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
- 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.
- Subsidiary of 'Baiterek' NMH JSC – Housing Construction Savings Bank of Kazakhstan JSC was renamed into 'Otbasny 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 the amount of 29 billion tenge.

- 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 updated¹.
- 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 KASE.
- '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 the amount of 5 billion tenge.

¹ 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.



- As part of the implementation of the instruction of the Head of the State, 'Baiterek' NMH JSC transferred 100% of shares in KazAgroFinance JSC (KAF JSC) to Agrarian Credit Corporation JSC. KAF JSC continued its main activities of leasing the agricultural machinery and equipment.
- In pursuance of the instruction of the Government of the Republic of Kazakhstan, on 1 September 2022, the Holding acquired from Sberbank of Russia PJSC 99.99% shareholding in the subsidiary bank – Sberbank JSC. After the acquisition, SB Sberbank JSC was re-registered and changed the name to Bereke Bank JSC. In November 2022, the Holding had its demand satisfied and bought back 248 voting shares from minority shareholders of Bereke Bank JSC.

**Holding acquired from
Sberbank of Russia PJSC**

99.99% shareholding in the subsidiary
bank – Sberbank JSC

The fundamental values of the Holding



'Baiterek' NMH JSC



Responsibility:

each employee is personally responsible for their intentions and actions.



Professionalism:

high readiness to fulfil the tasks of professional activity.



Team:

cooperation to achieve better results from joint activities.



Honesty:

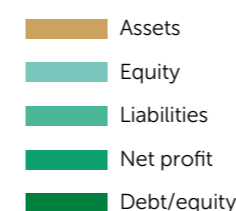
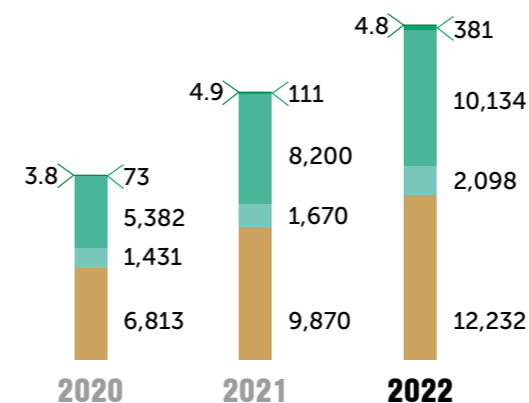
honesty within the Holding and towards its partners.



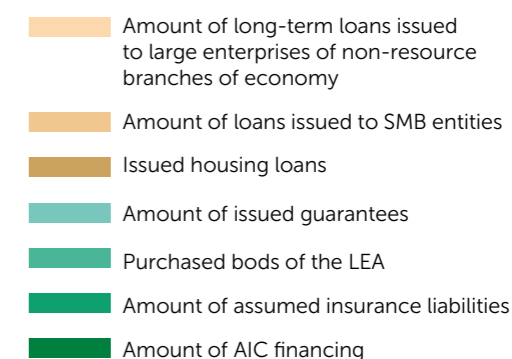
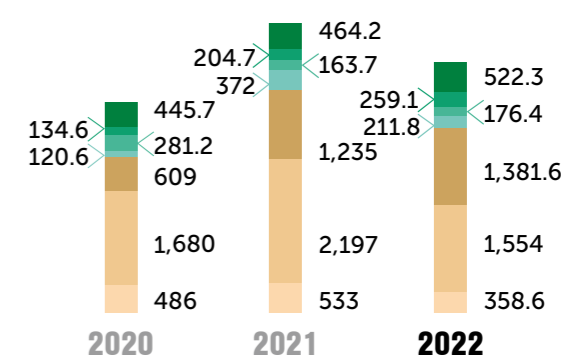
Social responsibility:

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

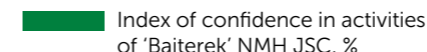
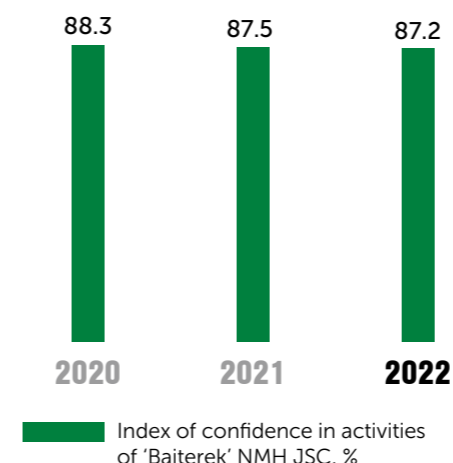
Financial performance, billion tenge



Performance of the Holding's Group, billion tenge



Index of confidence in activities of 'Baiterek' NMH JSC



2022
1,554

Amount of loans issued to SMB entities, billion tenge



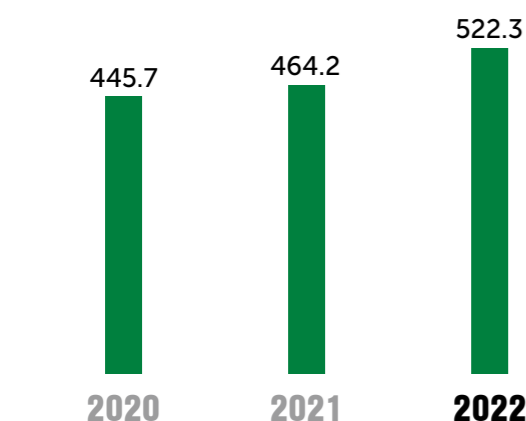
Support of agricultural producers

The issue of promoting the food security is one of the strategic priorities of the Holding's activities. The tasks of supporting the producers of agricultural products are implemented by ACC JSC and KAF JSC, which have the many years' experience in lending and leasing through wide branch networks.

In 2022, ACC JSC and KAF JSC allocated the record-breaking amount of 522.3 billion tenge for

the development of the agro-industrial complex (hereinafter – the AIC) of Kazakhstan, while it was planned to allocate the amount of 472 billion tenge. The growth of funding compared to the actual figure of 2021 amounted to 13% (464.2 billion tenge).

Amount of AIC financing



■ Total amount of AIC funding, billion tenge

2022
522.3 billion
tenge
The growth of funding
amounted to 13%
(464.2 billion tenge)

Along with the financing of sowing and harvesting campaigns, ACC JSC implements the programs for lending investment projects, funding STBs, CTs, MFOs, RICs, issues microcredits to rural entrepreneurs, acts as an operator for subsidizing insurance premiums in AIC.

At the end of 2022, ACC JSC issued 18,060 loans totalling 351.2 billion tenge, including those broken down by lending programs:

No.	Lending program,	2022, million tenge
1	Agrobusiness	165,663
2	Isker Microlending	45,566
3	Ken dala (spring sowing and harvesting campaigns)	140,000
Total		351,229

In 2022, the following results were achieved:

- The financing of spring sowing and harvesting campaigns (hereinafter referred to as SS&HC) has been doubled (from 70 to 140 billion tenge). This made it possible to sow 5.1 million hectares, which is 38% more than in 2021 (3.7 million hectares).
- In 2022, 755 borrowers (19%) out of 4,046 agricultural organizations that received financing received the subsidized loans for SS&HC.
- To upgrade the machine and tractor fleet, KAF JSC leased 6.8 thousand units of agricultural machinery in the amount of 172.8 billion tenge. This amount of leasing was achieved using commercial resources and funds from the utilization fee from the operator of the EOP – Zhasyl Damu JSC – for which more than 1 thousand units of agricultural machinery were issued under the program of preferential leasing at the interest rate of 6% per annum in the amount of about 40 billion tenge.
- During 2022, 43 investment projects were financed at the total cost of 100.9 billion tenge, including 19 new projects at the total cost of 20.8 billion tenge.
- In 2022, 25 projects were put into operation at the total cost of 34.5 billion tenge.
- To support productive employment and small business development, ACC JSC issued 7,877 microcredits for 45.6 billion tenge.

To enhance the availability and ease of use of financing services, the following measures have been taken:

- ACC JSC introduced an automated system for reviewing online the applications for microcredits for up to 6 million tenge on the web-portal agronesie.kz. The automated system checks the creditworthiness of a potential borrower using information from the state and other databases. At the same time, the system examines the collateral provided through an online assessment of the property pledged. A preliminary decision on the application is made within 3 minutes.
- The direct integration with Kaspi Bank JSC has been implemented in terms of accepting payments from borrowers of ACC JSC to repay loans.
- ACC JSC simplified the requirements for collateral for microcredits for the amount up to 6 million tenge, liquidity ratios for loans for SMEs for the amount up to 100 million tenge have been revised.
- The limits of ACC JSC branches for making decisions on funding applications have been revised upwards.
- KAF JSC launched an online system for accepting applications for leasing agricultural machinery under the Express Leasing program. This made it possible to reduce the period for consideration of applications from 5 to 2 business days and reduce the quantity of documents to be provided by a lessee from 4 to 2.



2022
7,877 microcredits

To support productive employment and small business development, ACC JSC issued

Address of the Chairman of the Board of Directors



Dear Ladies and Gentlemen!



Alikhan Smailov

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

In his Message to the people of Kazakhstan "A fair State. United nation. A prosperous society", the Head of the State – Kassym-Zhomart Kemeliyevich Tokayev outlined the course for a new economic policy, which implies macroeconomic stability, economic diversification, digitalization, development of small and medium-sized businesses, human capital and ensuring the rule of law.

'Baiterek' Holding directly contributes to the development of non-resource sectors of the country's economy and the implementation of the priorities outlined by the President within the framework of the mandate to support entrepreneurship, develop the agro-industrial complex and provide the population with housing.

As part of large business financing, in 2022, through its subsidiary – Kazakhstan Development Bank JSC – the Holding supported 238 large projects and leasing transactions in different regions of the country for the total amount of 685.1 billion tenge.

In 2022, 7 significant projects financed with the participation of Kazakhstan Development Bank were put into operation and modernized, including gold beneficiation plant, Abai wind power plant with the capacity of 150 MW in the East Kazakhstan and Almaty Oblasts, Ybyray wind power plant with the capacity of 50 MW in Kostanay Oblast, solar power plant with the capacity of 100 MW in Balkhash City, Karaganda Oblast of the Republic of Kazakhstan (Stage 1, 50 MW), LTE/GSM/UMTS networks in the territory of the Republic of Kazakhstan, etc.

'Baiterek' Holding promotes, through its subsidiary – KazakhExport Export Insurance Company JSC, the Kazakhstan manufacturers and service providers in foreign markets through the provision of effective financial measures to support the export. At the end of 2022, the volume of assumed insurance liabilities increased from 204.7 billion tenge in 2021 to 259.1 billion tenge in 2022.

One of the priorities of the new economic course is the stimulation of private entrepreneurial initiative. The Holding actively supports business in this direction through the instruments of its subsidiary – 'Damu' Entrepreneurship Development Fund JSC, which implements both the government and own financing programs. In 2022, Damu Fund provided support to 50.5 thousand projects using financial instruments in the amount of loans of 1.55 trillion tenge.

Qualitative and inclusive growth of the welfare of citizens is the basic goal of the economic policy of our country. Last year, 107,129 families improved their living conditions through the support tools of the Holding's subsidiaries – Otbasny bank JSC and Kazakhstan Housing Company JSC.

Particular attention is paid to the development of agriculture. The Holding is a key development institution in this direction, which, through its subsidiary – Agrarian Credit Corporation JSC, finances agricultural producers. In 2022, the Holding allocated 522 billion tenge for the development of the agro-industrial complex of Kazakhstan, while it was planned to allocate the amount of 472 billion tenge. 18.5 thousand entities of the agro-industrial complex received financial support from the Holding.

In general, the results of 2022 showed that the Holding has successfully fulfils its objectives and intends to further increase the efficiency and create synergy of the work of subsidiary development financial institutions to support business and ensure affordable housing, with following the principles of sustainable development and the best corporate governance standards, for the purposes of qualitative development of the economy and improvement of the welfare of Kazakhstan people.

Address of the Chairman of the Management Board



Dear Partners, Colleagues, Investors!



KANAT SHARLAPAEV
Chairman of the Management Board
of 'Baiterek' NMH JSC

'Baiterek' Holding has 8 subsidiaries focusing on the tasks of developing non-resource sectors of the economy, exports and SMEs, supporting agriculture and providing the population with affordable housing. All these areas are at the centre of the state strategy throughout the entire period of Kazakhstan's independence.

Because of significant support of the Government of the Republic of Kazakhstan, the Holding continues to be one of the important drivers of economic development and improvement of the welfare of the country's people, while ensuring the implementation of strategic government programs.

At the end of 2022, the Holding received a record-breaking profit of 381 billion tenge, which is five times higher than the result of 2020 and three times higher than the result of 2021.

Strategic areas

Support for entrepreneurship

The Holding makes a significant contribution to the process of diversifying the country's economy by providing financial support to Kazakhstan enterprises through the provision of debt financing and leasing instruments, through the subsidiary – Holding Kazakhstan Development Bank JSC. During 2022, the Bank invested 358.6 billion tenge in 35 projects in the manufacturing industry and infrastructure. Out of this amount, the amount of 206.9 billion tenge was support for 23 pre-export operations.

On account of this support, new industrial and infrastructure projects will appear in the country, where new jobs will be created for citizens, and domestic processed products will approach the foreign markets.

Seven projects were put into operation in 2022, where more than 1.1 thousand new jobs were created.

Assistance in the development of the non-resource sector of the economy is also provided by the Holding through another

subsidiary – 'KazakhExport' EIC JSC. In 2022, support was provided for the performance of 553 export contracts for the total amount of 1,135.8 billion tenge.

One of the important activities of the Holding is the development of private entrepreneurship. Summarizing the results of 2022, the Holding's subsidiary – 'Damu' Entrepreneurship Development Fund JSC – supported 50.5 thousand projects as for all tools, and the amount of financial support increased to 1.55 trillion tenge.

2022

Seven projects in total were put into operation, where more than 1.1 thousand new jobs were created

Address of the Chairman of the Management Board

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.

In 2022, the Holding allocated 522.3 billion tenge to the development of the agro-industrial complex of Kazakhstan, with an annual plan of 472 billion tenge. The growth in lending to the industry amounted to 112.5% as compared to the actual figures of 2021.

The volume of leasing of agricultural machinery and equipment for 2022 amounted to 182 billion tenge.

Providing the population with housing

The Holding is the main operator of housing construction programs in Kazakhstan. The volume of housing commissioned through the supply support instruments of the Holding's subsidiary – Kazakhstan Housing Company JSC – doubled the planned figures and amounted to 2.4 million m² of housing.

At the same time, Otbas bank JSC shows a steady growth in the loans issue throughout the entire period of activity. So, in 2022, 79.9 thousand loans were issued for the total amount of 1.4 trillion tenge.

As of 31 December 2022, there were 2.2 million contracts in the system of Otbas bank JSC with the accumulations amounting to 2.1 trillion tenge.

Sustainable development

Sustainable development is an important part of the Holding Development Plan. The Holding ensures commitment to ESG principles, which allows the Holding to minimize 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.

The Holding and its subsidiaries adhere to ESG principles, which are aimed at taking into account environmental and social factors in the course of investment activities. As of 31 December 2022, the Holding has supported a number of green energy projects for the total amount of funding of 175.5 billion tenge (construction of a hydroelectric power plant, solar and wind power plants).

The Holding also seeks to actively participate in external sustainable development initiatives. In 2022, the memorandum was signed on the implementation of the UN initiative "Women Empowerment Principles (WEP)". Also, during

the reporting year the Holding joined the National ESG Club.

In addition, the Holding won the GREEN OFFICE AWARDS in the Best Green Office of Kazakhstan nomination. The title of "the greenest office" was contested by the companies from Kazakhstan, Uzbekistan, Kyrgyzstan, Belarus, Armenia, Russia and other countries.

Prospects

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 and increasing the competitiveness of 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 and opportunities.

Summing up the results of the activities for 2022, I express my gratitude to the personnel of the Holding and its subsidiaries for their professional work. Being part of a large team of the Holding is a

The volume of leasing
of agricultural machinery
and equipment for 2022
amounted to

182 billion
tenge

reason for me and my colleagues for being proud. I am confident that the highly professional team of the Holding will allow us achieving even more significant results.

Key Events in 2022

Moody's
Baa2
Stable outlook

Fitch Ratings
BBB
Stable outlook

1

Rating affirmation

- On 12 April 2022, the international rating agency Moody's Investors Service affirmed the ratings of 'Baiterek' NMH JSC at Baa2. The outlook for the long-term ratings of the Holding, as well as the outlook for the issuer, remains at the "stable" level in accordance with the Sovereign rating.
- On 2 November 2022, the international rating agency Fitch Ratings affirmed the long-term foreign and national currency rating of 'Baiterek' NMH JSC at BBB, with a Stable outlook.

transferred
100%
of the shares
in KAF JSC

Optimization of 'Baiterek' NMH JSC structure

- As part of the implementation of the instruction of the Head of the State, 'Baiterek' NMH JSC transferred 100% of the shares in KAF JSC to ACC JSC. KAF JSC continued its primary activities related to leasing of agricultural machinery and equipment.
- In pursuance of the instruction of the Government of the Republic of Kazakhstan, on 1 September 2022, the Holding acquired from Sberbank of Russia PJSC 99.99% interest in the subsidiary bank – Sberbank JSC. After the acquisition, SB Sberbank JSC was re-registered and changed the name to Bereke Bank JSC. In November 2022, the Holding had its demand satisfied and bought back 248 voting shares from minority shareholders of Bereke Bank JSC.

3

2

Obtaining a loan and funding subsidiaries

- On 27 June 2022, the Holding funded its subsidiary – KAF JSC – in the amount of 15 billion tenge by purchasing bonds on the floor of the Kazakhstan Stock Exchange.
- On 25 August 2022, the Holding obtained a loan from the Eurasian Development Bank in the amount of 40 billion roubles at the rate of 9.4% per annum, maturing within six months.
- On 28 November 2022, the Holding funded its subsidiary – KAF JSC – in the amount of 10 billion tenge by purchasing bonds on the Kazakhstan Stock Exchange.

40 billion
roubles
at the rate of 9.4%

4

Investment projects financing

In 2022, 7 enterprises financed with the participation of Kazakhstan Development Bank JSC were commissioned and modernized, including:

- construction of a gold beneficiation plant;
- implementation of LTE/GSM/UMTS networks in the Republic of Kazakhstan;
- construction of Abay wind power plant with the capacity of 150 MW in the East Kazakhstan region and Almaty Oblast;
- construction of Ybyray wind power plant with the capacity of 50 MW in Kostanay District of Kostanay Oblast, etc.;
- ACC JSC provided funding for 43 investment projects in various sectors of the AIC at the total cost over 100 billion tenge.

GSM
in the Republic
of Kazakhstan

Key Events in 2022

**6%
per annum
program
of preferential
leasing of agricultural
machinery**

New products and programs

- Otbas bank JSC implemented a new option on the digital platform otbasybank.kz (Baspana Market marketplace) for assigning and making payments under the mechanism for subsidizing the rental payments.
- Umai women's mortgage program is being implemented using the second tranche from Asian Development Bank in the amount of 14 billion tenge.
- Nurly Zher program is being implemented in the direction of Baqytty Otbas on the platform otbasybank.kz.
- Otbas bank JSC launched the first Green Mortgage program in Kazakhstan, which is focused on protecting the health of citizens and the environment¹.
- KAF JSC launched the at the rate of 6% per annum, without an initial payment, financed using the recycling fee (the creditor is Zhassyl Damu JSC) and the loan from the Holding.

¹ The program is available to the Bank's customers from the beginning of 2023. The main condition for the implementation of the program is the conformance of the housing purchased to the 'green standard' as certified according to one of the existing systems in Kazakhstan (OMIR, GOST R, BREEAM, LEED), regardless of the level of certification thereof.

5

2022

**GREEN OFFICE
AWARDS in
the separate
nomination – Best
Green Office of
Kazakhstan**

Winning the competitions

- The Holding won the GREEN OFFICE AWARDS in the separate nomination – Best Green Office of Kazakhstan. The title of "the greenest office" was contested by the companies from Kazakhstan, Uzbekistan, Kyrgyzstan, Belarus, Armenia, Russia and other countries.
- According to the results of the competition for annual reports issued in 2022, the Holding received a diploma of award from the Kazakhstan Stock Exchange in the nomination of the "Best Annual Report for 2021 in the financial sector".

7

6

Conclusion of agreements

The Holding acted as a signatory in 3 memoranda with the Qatari companies concerning the cooperation in the financing of the projects of the agro-industrial complex:

- 2 memoranda were signed with the Qatari Baladna Holding concerning the cooperation in the projects for the construction of factories producing cheese and dairy products, as well as producing and processing poultry meat in Zhambyl and Almaty Oblasts.
- The memorandum was signed with the Qatari Hassad Food Holding concerning the cooperation in the field of the AIC to form a trading company to ensure the supply of agricultural products between Kazakhstan and Qatar.

**3
memoranda**

8

Participation in external initiatives for sustainable development

- The Holding has joined the UN Women's Empowerment Principles (WEPs) initiative. The signing of the WEPs is a public initiative of interest and proactive stand in advancing the gender equality and women's empowerment.
- The Holding has joined the National ESG Club the mission of which is to promote the achievement of the goals of sustainable development and effective energy transition of the Republic of Kazakhstan through the implementation of ESG principles.

**Holding has joined
WEPs**

2022

Development Plan

25 Activities as part of the strategic directions

30 Key Performance Indicators

1

Business Model

'Baiterek' National Managing Holding JSC



Holding's financial resources

ASSETS
12,232
billion tenge

EQUITY
2,098
billion tenge

LIABILITIES
10,134
billion tenge

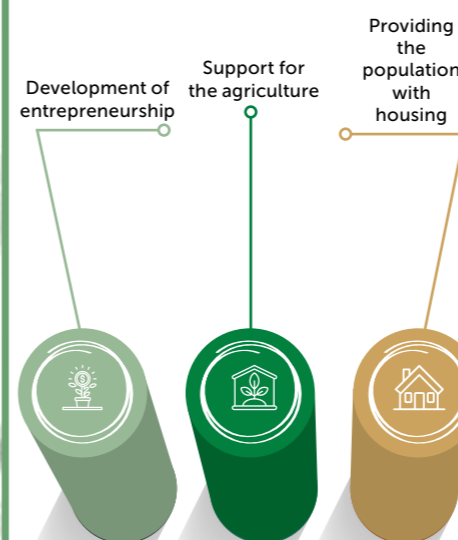
Holdings' non-financial resources

- ① A unified corporate culture is based on the following principles: responsibility, professionalism and development, mutual respect and confidence, team spirit
- ② Effective corporate governance: active involvement in the work of the subsidiaries' Boards of Directors
- ③ Responsible investment: considering the ESG factors when providing financial support
- ④ Customer-centered approach: development of the Unified Business Support Web-portal – Bgov, where the services of the Holding's subsidiaries are digitized

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:



Performance

- ① The Holding's portion in the annual long-term lending to large enterprises of non-resource branches is **25.6%**
- ② **32.7%** of long-term loans to business entities in the national currency were issued with the support of the Holding
- ③ Otbasys bank JSC is a leader in the mortgage market of Kazakhstan having issued **64%** of all mortgage loans in the country
- ④ Supported export makes **14.6%** of the total non-resource export from Kazakhstan
- ⑤ The Holding's portion in the AIC lending is **68%**
- ⑥ In 2022, the index of confidence in the Holding's activities was **87.2%**

Development Plan

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 Managing 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-resource 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:

- Support for entrepreneurship;
- Development of agro-industrial complex; and
- 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.

Under the first strategic direction

"Support for Entrepreneurship",

such sub-directions as:

1) "Support of entrepreneurship in the segment of large business".

In 2022 a large energy project "Modernization of CHPP-2" in Almaty city, which will be financed by the project initiator JSC "Almaty Power Plants", EBRD and KDB JSC within the instrument of co-financing and syndicated financing KDB JSC.

As a result of the project, which is scheduled to be completed by the end of 2026, the installed electric

capacity of the CHP equipment will increase from 510 MW to 600 MW and the thermal capacity will reach 957 Gcal.

At the same time, conversion of the plant to a more environmentally friendly fuel – natural gas instead of coal – will reduce the negative impact of the plant on the environment. For example, sulfur dioxide and ash (dust) emissions into the atmosphere will be completely eliminated, and carbon dioxide (CO₂) emissions will be reduced by one and a half times.

In general, the Holding carries out systematic work in order to organize syndicated lending together with the STB. Thus, KDB JSC sent to the STB's a pipeline of 12 projects worth more than 1 trillion tenge and requested loan amount of 827 billion tenge. The projects will be elaborated as far as the STB's are interested.

Also, in its activities, the Holding seeks to practice integrated support of large projects by forming a synergy of financial instruments of support of several subsidiaries.

Thus, KDB JSC and KazakhExport JSC jointly supported (direct lending and export loan insurance) the investment project of Ekibastuz FerroAlloys LLP on construction of a ferroalloy plant in Ekibastuz, Pavlodar region.

In terms of increasing the level of transparency of borrower companies since 2023, KDB JSC discloses the ultimate beneficiaries of applicant companies and borrowers: when applying for financing potential applicant mandatorily gives KDB JSC the right to disclose information about the owners of the legal entity, including the ultimate beneficiaries. Similar work on obtaining such permits is carried out with the existing borrowers.

Thus, the official Internet resource of KDB JSC in the section "Projects" (<https://www.kdb.kz/projects/>) contains information on the ultimate beneficial owners of existing clients (92% consent is obtained).

Qazaqstan Investment Corporation JSC (hereinafter – QIC JSC) to ensure transparency in all investments, project agreements reflect special conditions in terms of the need for an independent audit (usually from the Big Four) and the right to enter the financial / technical controller. And also, if applicable and necessary, employees of QIC JSC participate in the authorized bodies of the project companies.

2) "Support for entrepreneurship in the SME segment".

At the end of 2022, the share of MSMEs, which received financial support from 'Damu' Fund JSC to the total number of operating MSMEs in the market, was 9.51% (10.1% in 2021). The decrease in the coverage of MSME support is due to a significant jump in the increase in the number of registered

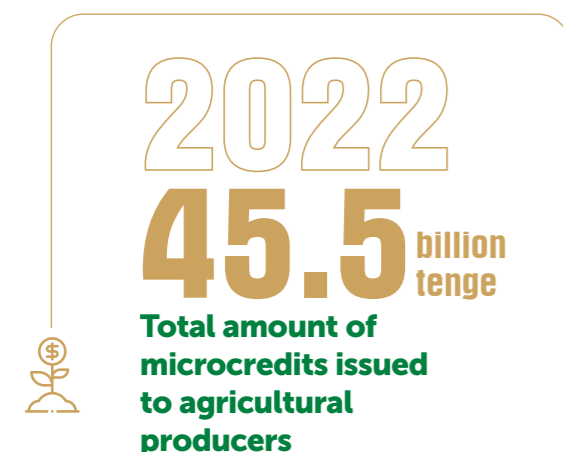
MSME subjects – the growth rate until 2022 was on average 4-6%. In 2022 the increase was more than 25% due to the unstable geopolitical situation in Russia and Ukraine.

Nevertheless, the Holding exceeded its plan to support new MSMEs by 29% or 28,394 enterprises.

The Holding also plans to support MSMEs through QIC JSC. On July 26, 2022, the Board of Directors of QIC JSC decided on the participation of QIC JSC in the newly established private equity fund "APEX FUND I" Limited Partnership and approval of the basic conditions of direct participation of QIC JSC in this fund. Establishment of the fund is planned in the 3rd quarter of 2023. Apex Fund will invest (lend) in credit partnerships and / or microfinance organizations for the purposes of subsequent financing of micro, small and medium businesses, including, but not limited to the sphere of agro-industrial complex, in the Republic of Kazakhstan.

3) "Increasing export potential".

In order to implement the mechanism for subsidizing interest rates on export trade finance, the Holding took an active part in developing the Rules for subsidizing interest rates on trade finance (reduces the interest rate on loans to importers in USD, EUR to the level of CIRR rates, in RUB to half of the key rate of the Central Bank of Russia) and the List of domestic high-tech manufacturing goods and services (approved by the Order of the Deputy Prime Minister – Minister of trade and integration of the Republic of Kazakhstan dated September 30, 2022). Damu Fund JSC is also determined as the financial agent for subsidizing the rate of trade financing according to the Resolution of the Government of the Republic of Kazakhstan dated October 7, 2022 №795. This role of the financial agent will be transferred to 'KazakhExport' EIC JSC upon adoption of the Law of the Republic of Kazakhstan "On export credit agency".



At the end of 2022 reached agreements on cooperation with a number of potential importers and banks in countries of priority and high interest, such as Russia (32 companies), Uzbekistan (45 companies), Kyrgyzstan (24 companies), Tajikistan (24 companies), China (1 company).

4) "Development of the private equity ecosystem".

QIC JSC participates in three international venture capital funds as a limited partner (LP): QIC JSC's commitments in 500 Startups Global Venture Fund, Quest Ventures Asia Fund II in Singapore, and Da Vinci Capital.

In 2022, 500 Startups and Quest Ventures Asia Fund II invested in 56 projects to the amount of KZT 12,14 billion/USD 25,92 million under agreements.

In the second half of 2022, negotiations were held with Catapult VC Management I, L.L.C. to join Catapult Eurasia I, L.P., a regionally focused early-stage technology venture capital fund investing in startups from the Eurasian region. The work in this direction is currently ongoing.

According to the decision of the Board of Directors of QIC JSC on December 15, 2022 (protocol №19/22), a subsidiary company of QIC JSC – BGlobal Ventures Ltd. was established on December 22, 2022 in Astana International Financial Center in order to implement various training programs for technological start-up projects, as well as other key participants of the venture capital ecosystem in Kazakhstan, including private venture capitalists (business angels). In addition, the company will also be engaged in

the formation of a pipeline for venture capital funds and business angels, thereby helping to attract external, including foreign, investment in Kazakh IT projects.

The second strategic direction of the Holding's activities "Development of Agroindustrial Complex"

In 2022, 7,875 microcredits were issued to 6,991 agricultural producers for a total amount of 45.5 billion tenge, including 5,350 agricultural producers for a total amount of 35.2 billion tenge under the Microcrediting Program for Agricultural Producers (hereinafter the Program) and 1,641 agricultural producers for a total amount of 10.3 billion tenge under the Road Map for Employment for 2020–2021. 1,641 agricultural producers for a total amount of 10.3 billion tenge.

By the end of 2022, in order to update agricultural machinery and equipment in the agricultural sector 6,806 units of agricultural machinery and equipment through KAF JSC in the amount of 172.8 billion tenge and through Industrial Development Fund JSC in the amount of 10.9 billion tenge were provided with lease financing.

Lending and leasing services were placed on the Unified Portal for Business Support by ACC JSC and KAF JSC. Automated online applications for express leasing services, preferential leasing and in terms of lending under "Isker" and "Agrobusiness" programs have been implemented. The services are available on the portal at: www.bgov.kz.

The third strategic direction of the Holding's activities "Providing the population with housing"

KHC JSC acts as a single operator of housing construction, providing comprehensive support under the state measures aimed at increasing the provision of quality and comfortable housing for the population of the country.

1) Construction of credit housing under the state program Nurly Zher.

KHC JSC is a financial operator of the state program Nurly Zher to finance the construction of credit housing through the redemption of bonds of Local Executive Bodies.

According to the recommendations of the Singapore Cooperation Enterprise, in order to keep the number of waiting lists of Local Executive Bodies at the current level and to prevent their growth, it is necessary to increase the volume of affordable housing to 70 thousand apartments per year. In order to provide affordable housing to all the waiting list members of the Local Executive Bodies, the volume of affordable housing shall be increased up to 124,000 apartments per year within 10 years.

By the end of 2022, bonds worth 176.4 billion tenge will be purchased by Local Executive Bodies, which amounts to the commissioning of 795,800 square meters (9,573 apartments).

2) Construction of credit housing under the Shanyrak program.

In 2020, during the state of emergency through the mechanism of purchase of bonds of Local Executive Bodies, KHC JSC financed the construction of credit housing under the pilot project Shanyrak in the amount of 180 billion tenge. Participants of the project Shanyrak are citizens who are registered in the Local Executive Bodies as those in need of housing.

During the period 2020–2022 22,885 apartments with a total area of 1,367,000 square metres of housing were built and commissioned.

3) Issuance of guarantees under shared participation in housing construction.

Within the framework of the mechanism for guaranteeing equity participation in housing construction in 2017–2022, KHC JSC provided guarantees for 176 projects totaling 856.3 billion tenge, an area of 4.8 million square meters (54.9 thousand apartments), including 36 projects in 2022 totaling 211.8 billion tenge, an area of 1,373.6 thousand square meters (16.1 thousand apartments).

4) Subsidizing interest rate on loans of private developers.

In 2021 KHC JSC subsidized interest rate on loans to private developers totaling 11.0 billion tenge, in 2022 subsidized 13 projects amounting to 9.8 billion tenge.

5) Development of the "material.kz" marketplace of building materials.

In order to support Kazakh producers of building materials and increase the Kazakh content in housing construction, KHC JSC introduced an online marketplace of building materials on the basis of the Nurly Zher Situation Center.

This platform allows Kazakh producers of construction materials to independently post information about their products, and construction companies to purchase the necessary Kazakh materials without intermediaries at the best prices.

Construction companies get direct access to domestic building materials on their own without the cost of searching for manufacturers, can enter into contracts with them, and receive offers from logistics companies for the delivery of materials.

The platform was launched on March 1, 2022. By the end of 2022, 145 manufacturers were registered on the online construction materials platform "material.kz" and 478 products were published.

In 2022 there were 6,000 unique visits to the site.

Elaborating the Holding Development Plan for 2024–2033

As part of the meeting of the Supreme Council for Reforms dated 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.

2022
9.8 billion
tenge
subsidized 13 projects



Key Performance Indicators

Key performance indicators (hereinafter referred to as 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 government 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

No.	Indicator	2022	2022	2023
		planned	actual	planned
Consolidated KPIs of 'Baiterek' NMH JSC to ensure the promotion of sustainable development of the economy of the Republic of Kazakhstan				
1.	Portion of loan and investment portfolios of total assets of the Holding, %	70.67	75.08	77.0
2.	Portion of non-state sources of borrowing in the overall borrowing structure for reporting year, %	67.18	70.8	70.0
3.	ROA (consolidated), %	0.78	3.44	1.02
4.	Portion of private sector in loan portfolio, %	86.62	89.05	80.0
5.	Customer satisfaction, p.p.	–	–	87.0
6.	Corporate governance rating, %	–	–	85-100
7.	Sustainable development rating, rating	–	–	C
Tasks: <ul style="list-style-type: none">• Development of non-resource branches of the economy• Development of entrepreneurship (private sector of the economy)• Support for the export of non-resource products• Improvement of productive efficiency				
Strategic directions: <ul style="list-style-type: none">• Support for entrepreneurship				
8.	Amount of revenue of enterprises supported by 'Baiterek' NMH JSC (over a year), billion tenge	8,594.8	13,705.06	9,413,2
9.	Amount of export revenue of enterprises supported by 'Baiterek' NMH JSC (over a year), billion tenge	1,138.6	1,709.15	1,464.3
10.	Ratio of attracted investments in the Republic of Kazakhstan to a unit of funds of 'Baiterek' NMH JSC	≥1.8	2.07	≥2
Task: <ul style="list-style-type: none">• Improving accessibility of financing, level of technical equipment and intensification of production in the AIC				
Strategic direction: <ul style="list-style-type: none">• Development of the agro-industrial complex				
11.	Amount of investments in capital assets in the AIC industry (over a year), billion tenge:	251.7	353.14	325.46
	- agriculture	220.43	340.0	288.46
	- food production	31.3	18.64	37.0
12.	Amount of leasing of agricultural machinery and equipment (over a year), billion tenge	105.0	182.0	173.0
Task: <ul style="list-style-type: none">• Support for economy urbanization				
Strategic direction: <ul style="list-style-type: none">• Providing the population with housing				
13.	Contribution of 'Baiterek' NMH JSC in construction of affordable housing in the Republic of Kazakhstan (over a year), %	17.88	34.46	17.49

2022

Review of Economy

34 Macroeconomic Review

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

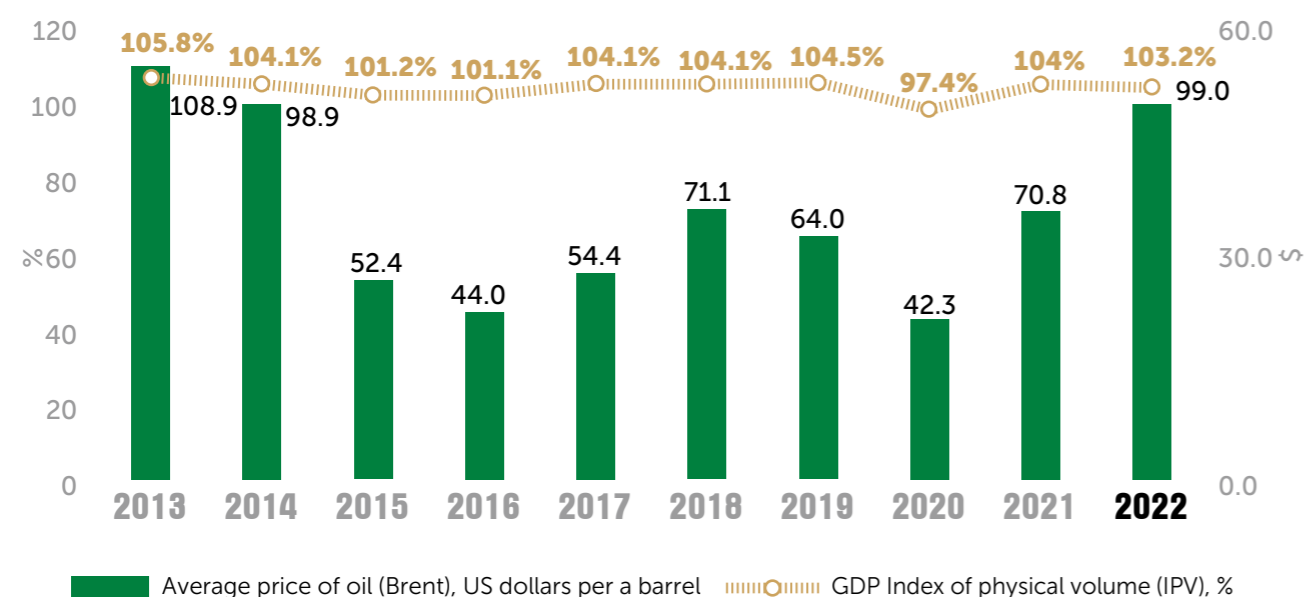
2

Macroeconomic Review

According to the Ministry of National Economy of the Republic of Kazakhstan, in 2022, Kazakhstan's GDP increased in real terms by 3.2%. The GDP growth rates are mainly due to the growth of GVA in such sectors as information and communications – 12.2%, wholesale and retail trade – 5%, and construction – 9.4%; the volume of agriculture, forestry and fisheries increased by 9.1%.

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 2022 increased by 39.6% compared to 2021 and amounted to 99.03 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 2022 fell on the mining industry and quarrying (29.7%), processing industry (10.2%), and real estate operations (20.3%). In general, the amount of investment in capital assets in 2022 increased in nominal terms by 7.9% up to 15.1 trillion. tenge.

In December 2022, inflation in annual terms was 20.3%. Prices for food products increased by 25.3%, non-food products – by 19.4%, paid services – by 14.1%.

In December 2022, the official exchange rate of the tenge against the US dollar fluctuated in the range of 460.6 – 473.5 tenge per 1 US dollar, it was 467.7 tenge per 1 US dollar on average for December 2022.

REAL SECTOR

The index of physical volume (IPV) of the gross domestic product (GDP) for January-December 2022 compared to the same period in 2021 was 103.2%. Thus, the economy of Kazakhstan grew by 3.2% by the end of 2022. According to data of the National

Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, at the end of 2022, the portion of the goods production in the GDP structure was 39.9%, services – 52.9%.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Mining industry	100.1	97.5	97.8	109.5	104.6	103.6	96.3	101.7	99
Processing industry	101.6	100.2	101.8	106.1	104.5	104.5	103.9	105.5	103.4

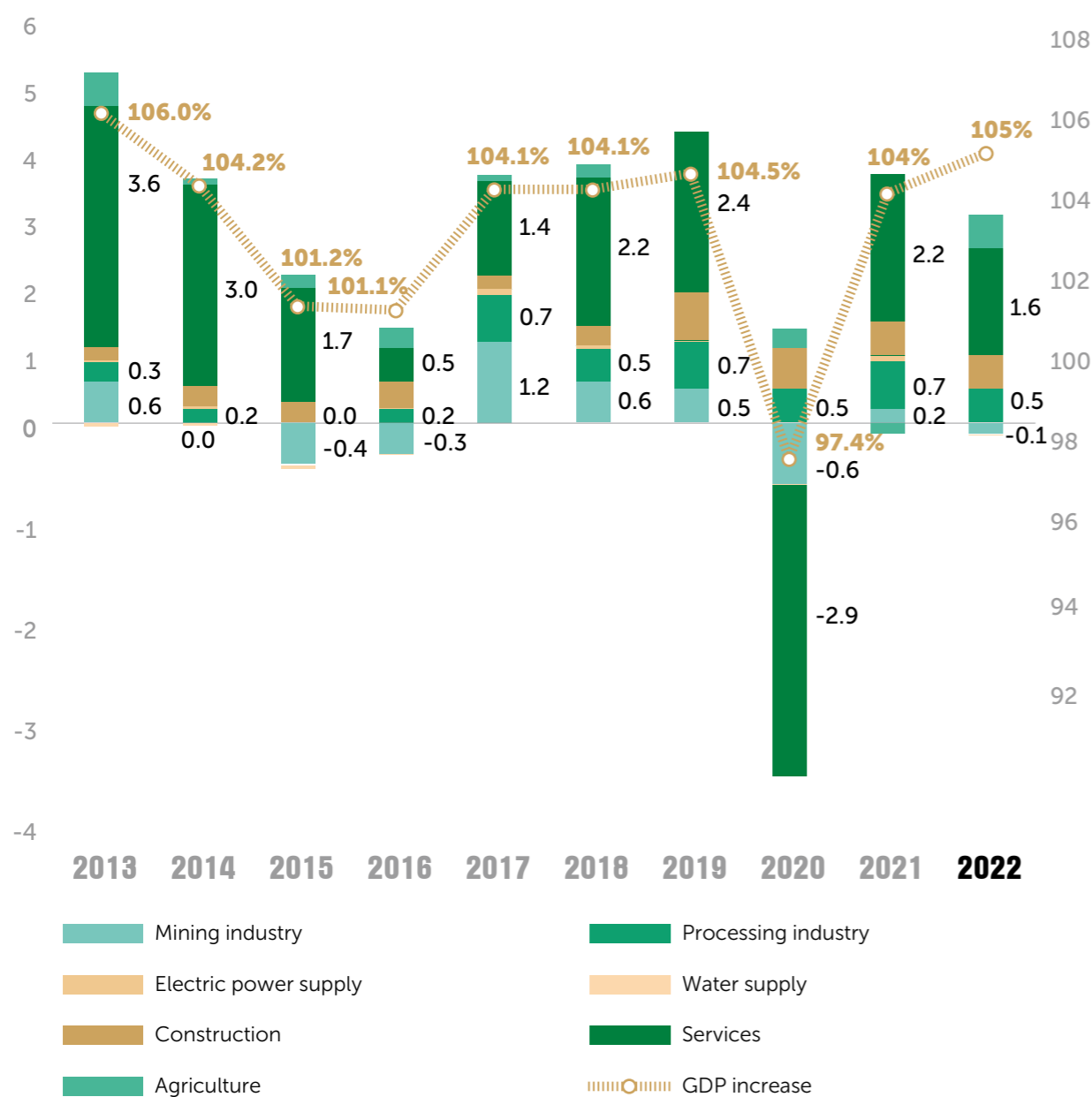
Source – National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan



The volume of industrial production in January-December 2022 amounted to 30,427.9 billion tenge in nominal terms, which is 1.1% 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 99. In the processing industry, the index of industrial production amounted to 103.4 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 construction increased by 65.9%, mining industry – 14.6%, agriculture – 6.7%, financial and insurance activities – 22.4%, transport and warehousing – 5.4%, real estate transactions – 15.2%. However, the growth in investment in these industries was compensated by a drop in the processing industry by 5.6%. As a result, the total investments in capital assets in nominal terms increased by 7.9% compared to 2021 and amounted to 15,064.4 billion tenge.

In the structure of capital investment costs, 60% or 9,107.2 billion tenge (+10.3% y/y) fell on construction and major repairs of buildings and structures; 27.4% or 4,120.9 billion tenge (7.8% y/y) – purchase machinery, equipment and vehicles and their major repairs.

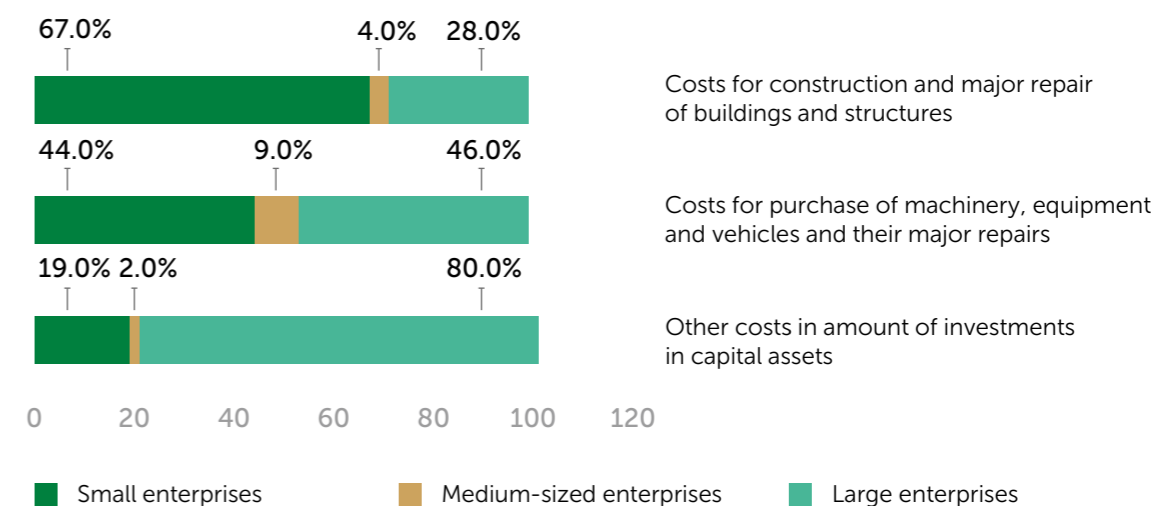
During the period under review, there was a significant increase in the investment activity of medium-sized enterprises (+69.3%) – in particular, in the segment of purchase of machinery, equipment, vehicles and their major repairs (+75.1%), while their portion in this segment made up 47%.



2022
65.9%

Growth
of investment
in capital assets
in the construction

Investments in capital assets by basic types of costs

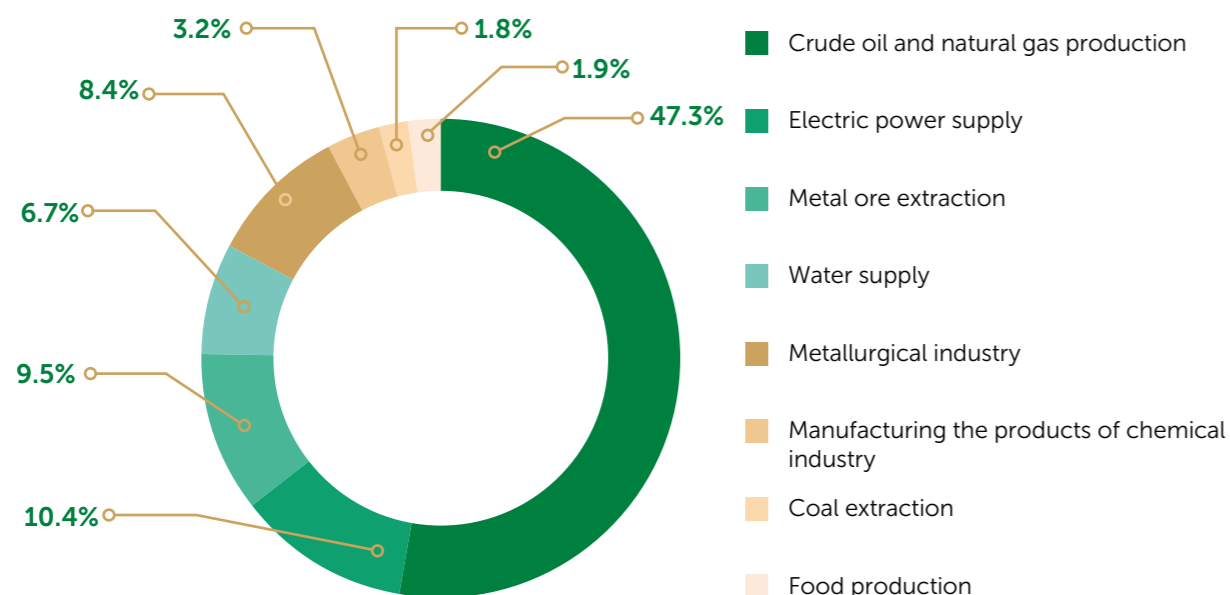


Source – National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

In 2022, there was an increase in investment in capital assets of the mining industry – (+14.6% (y/y), amount in nominal terms – 4,481.3 billion tenge (61.7% of total capital investment in industry). In the processing sectors, reduction of investment activities by 5.6%

in nominal amount of 1,533.6 billion tenge was observed, while increase was observed in food production (15.7%), production of tobacco products (138.7%), leather production (139.2%), and production of wood and cork items (219.1%).

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 the structure of sources of capital investment in industry, the largest portion was occupied by the own funds of enterprises – 77.5% (5,626 billion

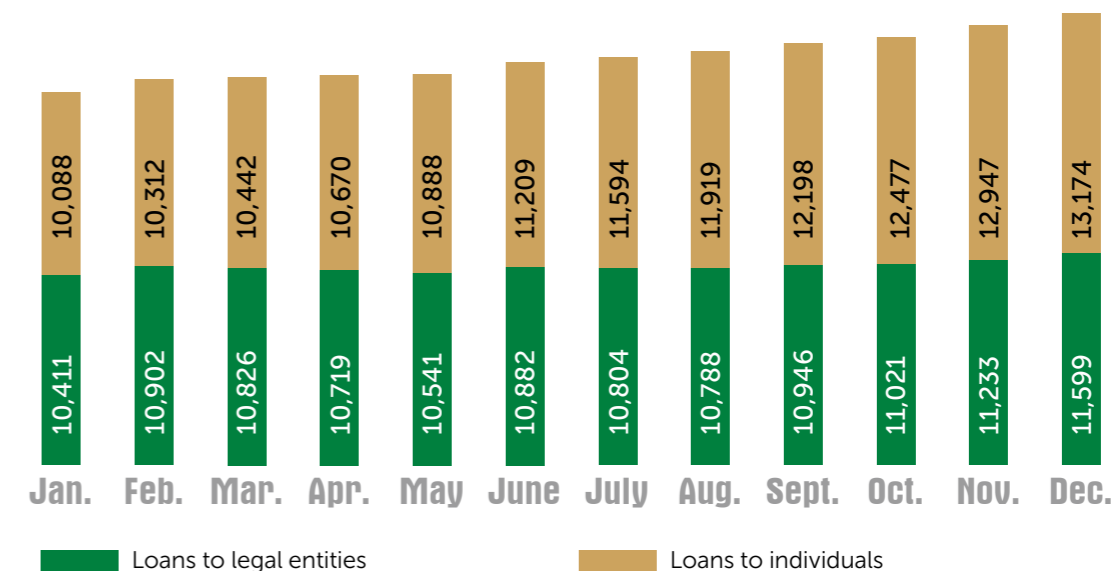
tenge), the budget funds – 10.3% (749.8 billion tenge), bank loans – 2.5% (180.6 billion tenge), and other borrowed funds – 12.3% (895.7 billion tenge)..

MONETARY SECTOR

The portfolio of loans to the economy issued by banks at the end of 2022 amounted to 24,773.2 billion tenge, an increase of 20.6% since the beginning of the year. The portfolio of loans issued to legal

entities decreased by 9.8% to 11,432.6 billion tenge, portfolio of loans to individuals increased by 31.47% to 13,263.6 billion tenge.

Bank loans to the economy by recipients, KZT billion (at the end of 2022)

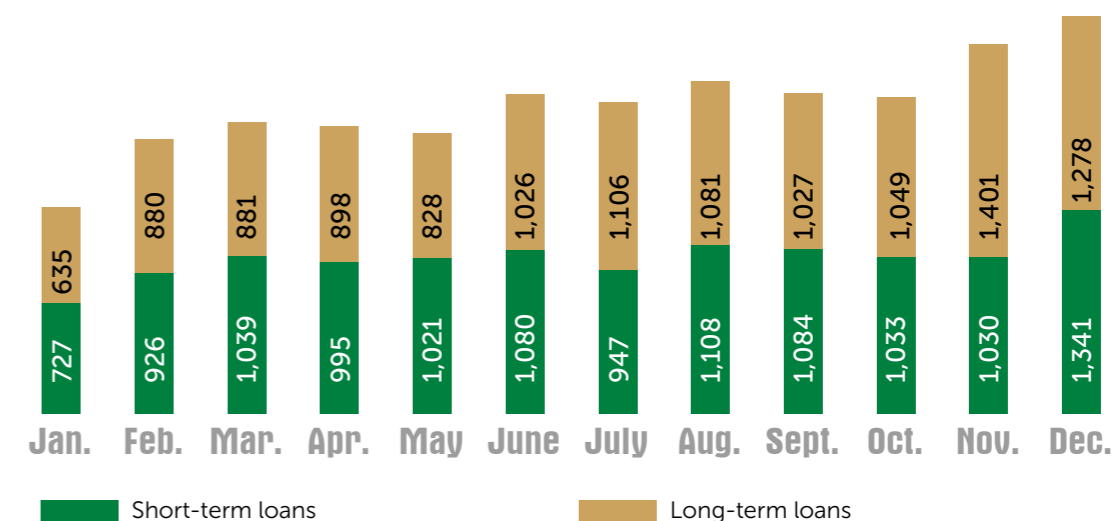


Source – National Bank of the Republic of Kazakhstan

The amount of loans in the national currency since the beginning of the year increased by 23.6% to 22,092.7 billion tenge. The amount of loans in the foreign currency decreased by 0.7% to 2,603.5

billion tenge. The percentage of loans in the tenge at the end of December 2022 made up 89% (December 2021: 93.4%).

Bank loans to the economy by terms in 2022, KZT billion



Source – National Bank of the Republic of Kazakhstan

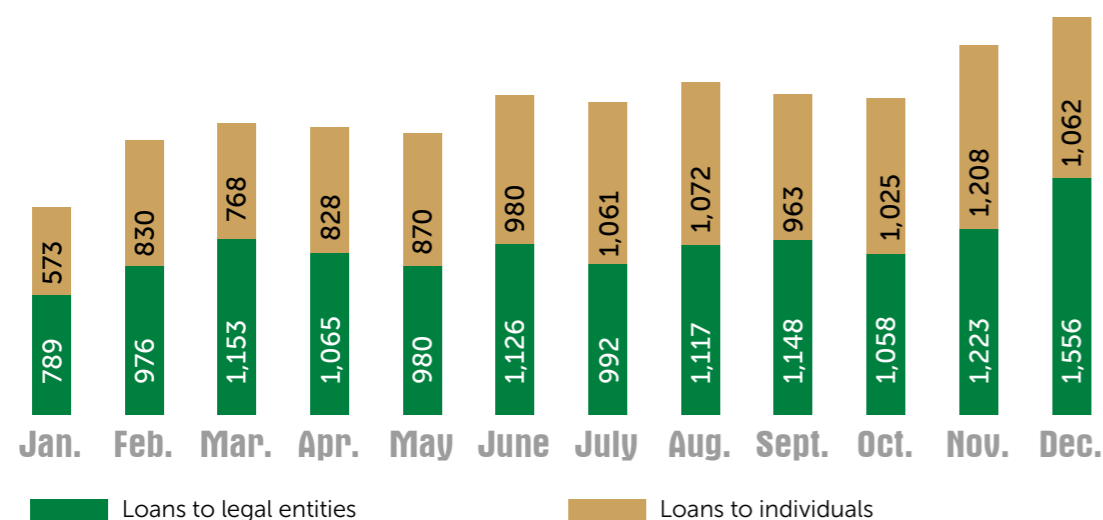
The amount of the long-term loans since the beginning of the year decreased by 3.6% to 12,091.3 billion tenge, the amount of the short-term loans increased by 38% to 12,332.7 billion tenge.

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

sectors as industry (with 13.5% percentage in the total volume), trade (10%), and other sectors (66%).

The loans issued in January-December 2022 amounted to 24,424 billion tenge.

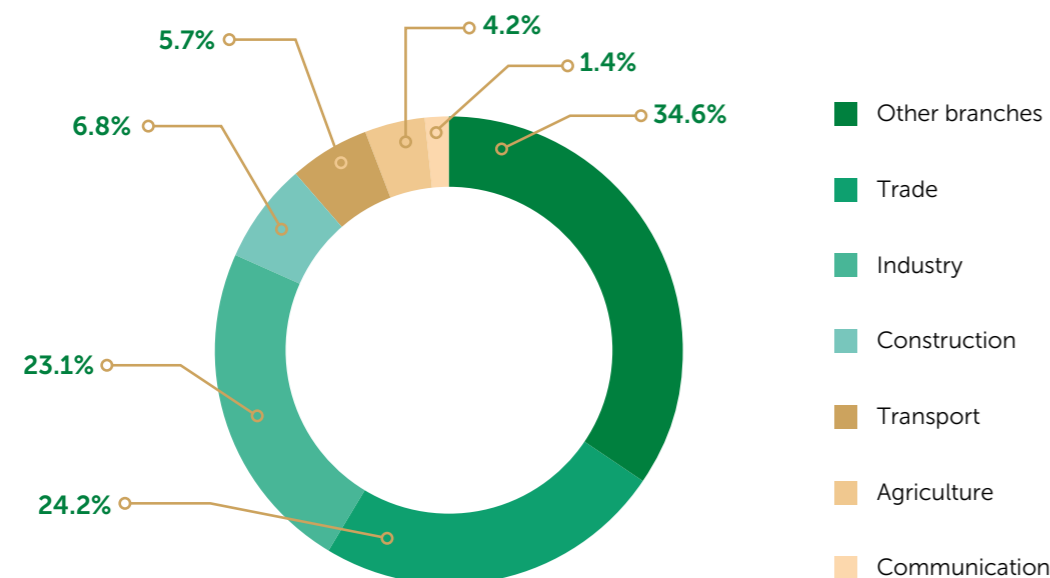
Bank loans to the economy in 2022 by recipients, KZT billion



Source – National Bank of the Republic of Kazakhstan

Lending of small business entities in 2022 increased by 25.8% to 4,746.1 billion tenge (19.2% of total loans to the economy).

Branch structure of loans to small business, %



Source – National Bank of the Republic of Kazakhstan

Inflation Processes

The annual inflation was at the level of 20.3% (December 2021: 8.4%). In the structure of inflation, the prices for food products in annual terms

increased by 25.3%, non-food products – 19.4%, paid services – 14.1%.

State Budget Indicators

According to preliminary data of the Ministry of Finance of the Republic of Kazakhstan, for 11 months of 2022, incomes of the state budget amounted to 128.6% compared to the planned figure for the reporting period, republican budget – 128.8%, local budgets – 125%. The income plan for the republican budget was overfulfilled by 4,212

billion tenge, the main tax revenues were overfulfilled by 4,179.7 billion tenge.

The state budget for 11 months of the current year was spent in the amount of 119.1%, republican budget – 119.3%, local budgets – 121.5%. The republican budget expenditures amounted to 15 trillion 648 billion tenge.

EXTERNAL SECTOR

Trade Turnover

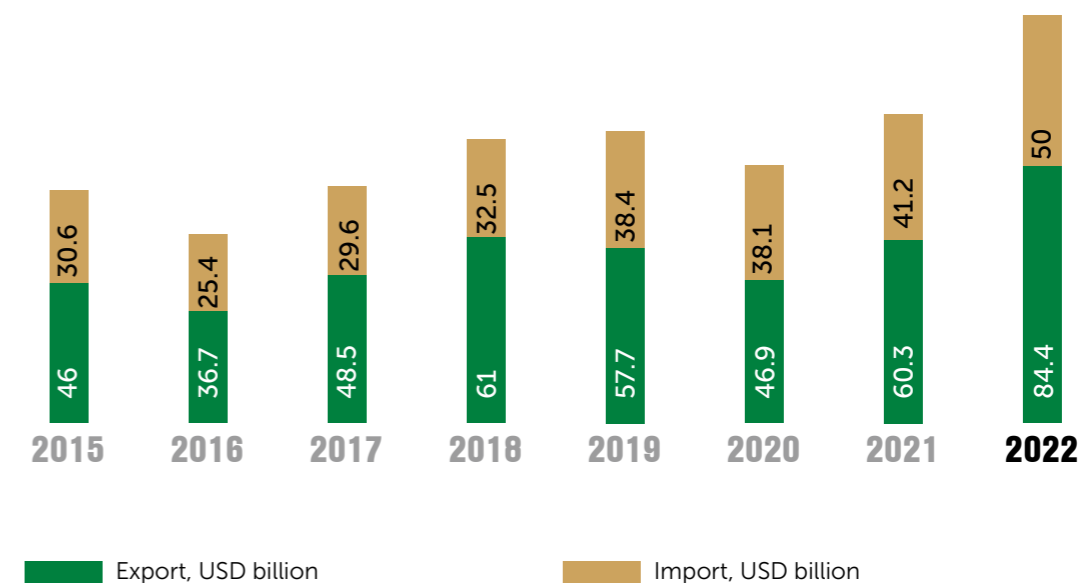
According to the National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan, in 2022, the Kazakhstan foreign trade turnover amounted to 134.4 billion US dollars, an increase of 32.1% compared to the same period in the previous year.

Export with the EEU countries amounted to 9,709.8 million US dollars or 24.3% more than in January-December 2021, import – 18,601.4 million US dollars, a decrease of 0.9% compared to the corresponding period in the previous year.

Export in the period under review amounted to 84.4 billion US dollars, import – 50 billion US dollars. According to the results of 12 months of 2022, the export volume increased by 39.9% (in the same period of 2021, the export volume amounted to 60.3 billion US dollars).

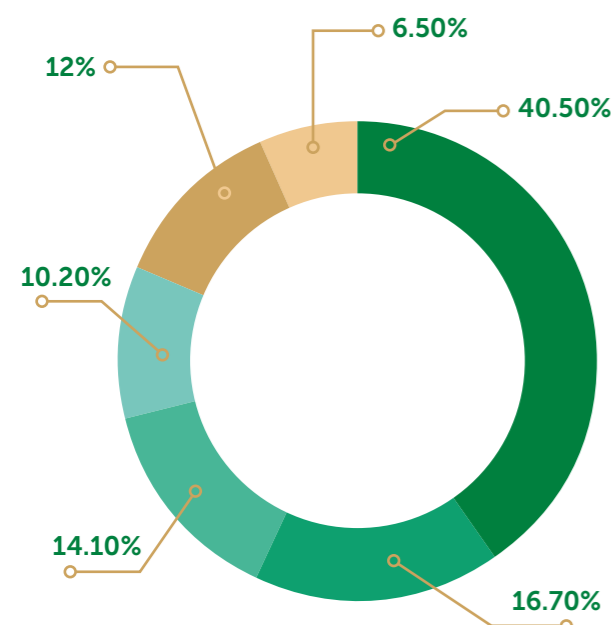
The import volume increased by 20.8% compared to the same period in the previous year (the import volume in January-December 2021 was 41.4 billion US dollars).

Dynamics of export and import



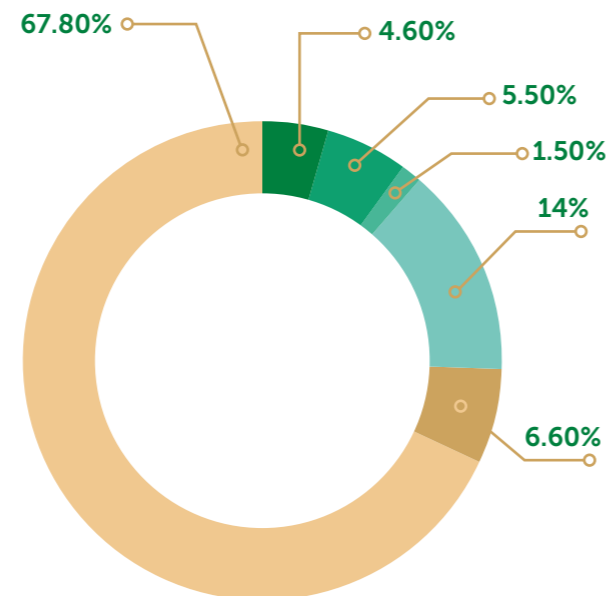
Source – National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

Import structure, %



- Machinery, equipment, vehicles, devices and mechanisms
- Products of chemical and related industries
- Other commodities
- Metals and articles made of them
- Animal and plant products, finished food products
- Mineral products

Export structure, %



- Machinery, equipment, vehicles, devices and mechanisms
- Products of chemical industry
- Other commodities
- Metals and articles made of them
- Animal and plant products
- Mineral products

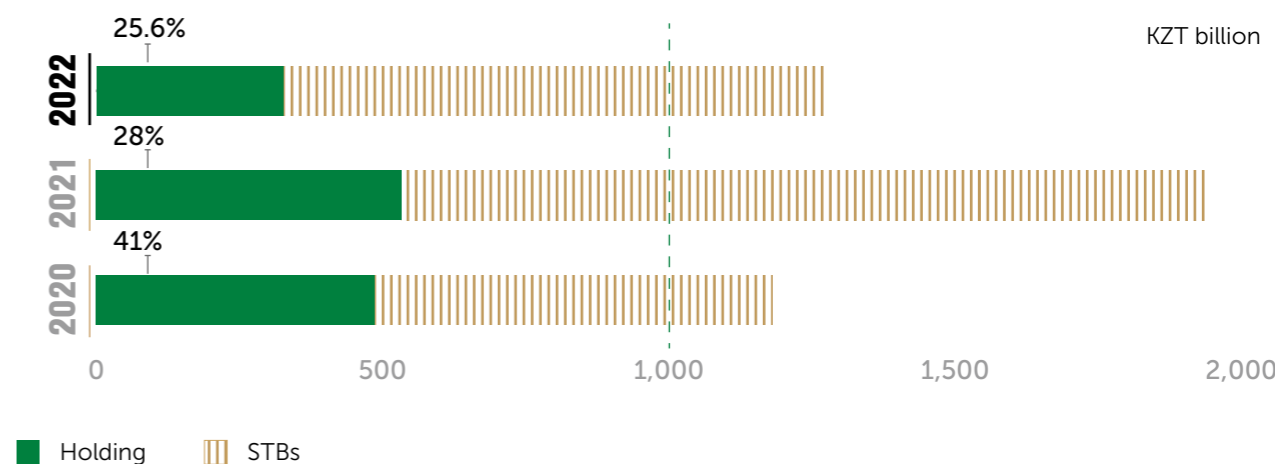
Source – National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

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

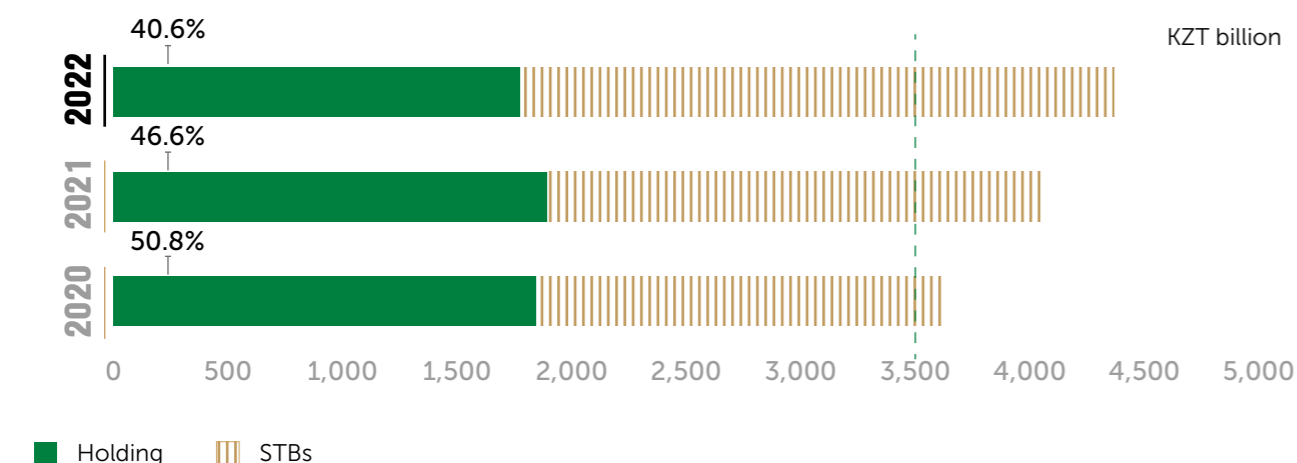
Through the Holding's direct lending instruments (mechanisms of Kazakhstan Development Bank JSC), in 2022, the large businesses in priority non-resource sectors were financed in the amount of 326.5 billion tenge, which is 25.6% of the total long-term loans issued to priority non-resource sectors of the country's economy. The loan portfolio

of the Holding as part of direct lending to large business entities amounted to 1.8 trillion tenge or 40.6% 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



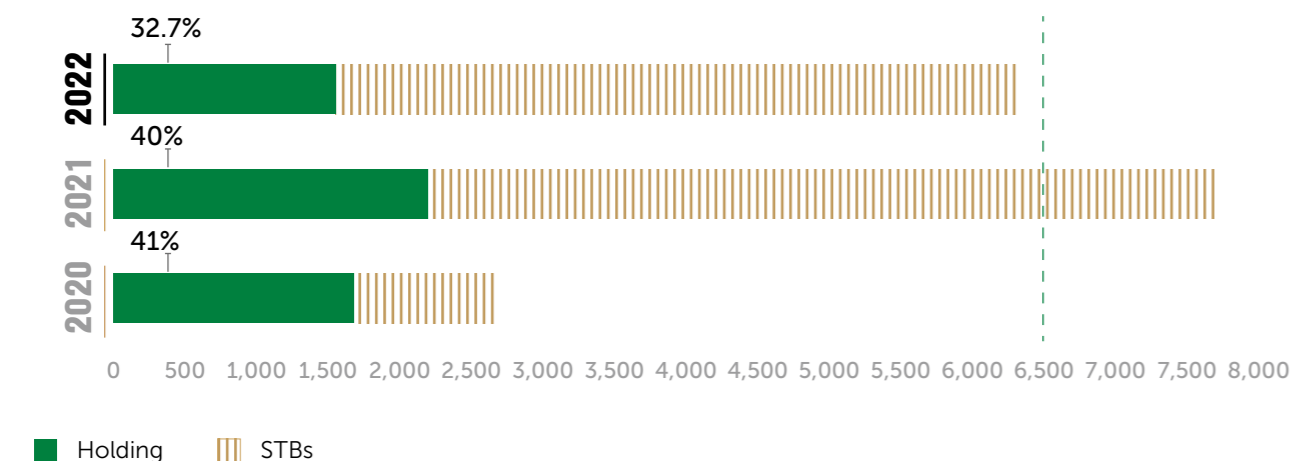
Percentage of the Holding's loan portfolio (as part of SLE direct lending instruments) of the total long-term debt of enterprises of non-resource branches of the economy



The volume of loans for the projects of business entities supported with the assistance of the Holding (mechanisms of 'Damu' Fund JSC) for 2022 amounted to 1,554 billion tenge. 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 2022 amounted to 32.7%.

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

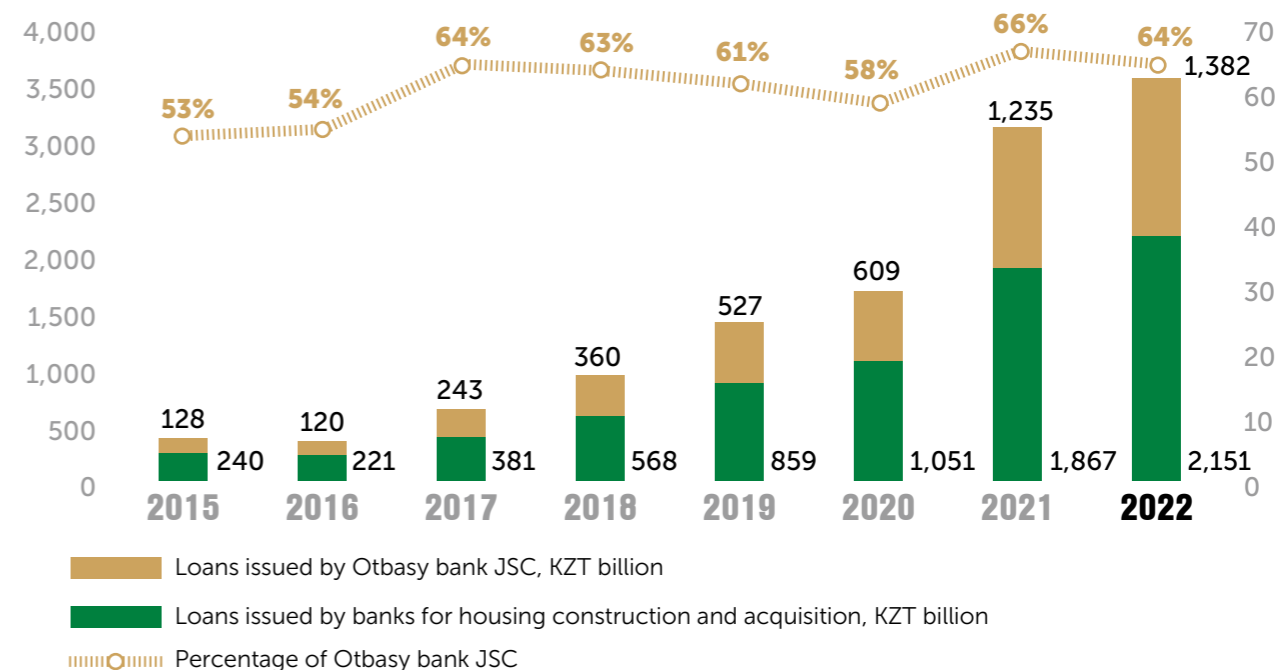


At the end of 2022, Otbas bank JSC was the main driver of mortgage lending and became the leader in the mortgage market of Kazakhstan, having issued 64% of all mortgage loans in the country. In addition, the line of banking products made it possible to strengthen the position of Otbas bank JSC in

the country's financial market, which was confirmed by the largest percentage of the total long-term deposits of individuals (42%), as well as a significant percentage of the total STB portfolio of loans for the purposes of housing construction and acquisition (58%).



Percentage of Otbas 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). At the end of 2022, the liabilities assumed by 'KazakhExport' EIC JSC amounted to 259.1 billion tenge, the trade and pre-export financing was provided to exporters in the amount of 20 billion tenge, STBs' funds were raised secured with insurance coverage in the amount of 166.2 billion tenge. Thus, the amount of support instruments of 'KazakhExport' EIC JSC approximated 4% of the total non-resource export in 2022, and a percentage of export contracts supported by 'KazakhExport' EIC JSC amounted to 14.6% of the total non-resource export.

The Holding's subsidiaries are the key source of financing for the AIC, providing about 68% 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.

2022

Management Report

- 48 Financial Performance
- 51 Raising Funds in Capital Markets
- 56 Support for Entrepreneurship
- 72 Provision of Housing for the Population
- 75 Development of the Agro-Industrial Complex
- 79 Digitalization Strategy
- 81 Security of Customer Data

3

Financial Performance

The Holding's incomes in the reporting year amounted to 1,227 billion tenge, which is 63% higher than the same indicator in 2021. The largest weight in the structure of incomes is finance incomes (85%), which increased in the reporting year by 43% to 1,014 billion tenge.

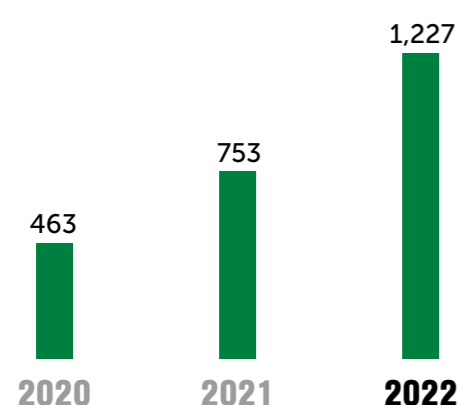
The Holding's expenses in 2022 exceeded the same indicator in 2021 by 39% and amounted to 846 billion tenge. Finance costs account for the largest

percentage in the cost structure – 65%. Last year they increased by 34% to 551 billion tenge.

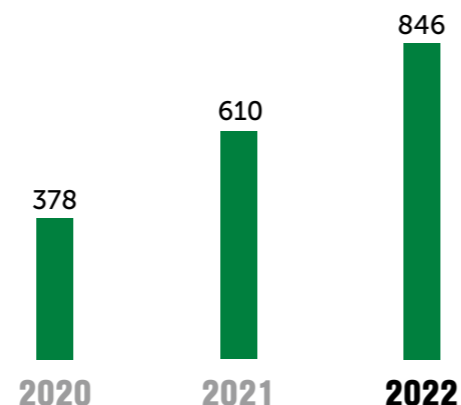
At the end of 2022, the Holding's net profit amounted to 381 billion tenge, which is 270 billion tenge more than in 2021.

An increase in the return on assets (ROA) by more than 2.5 times is associated with an increase in net profit by 3.4 times. The return on equity (ROE) was 20.2% and increased 2.8 times.

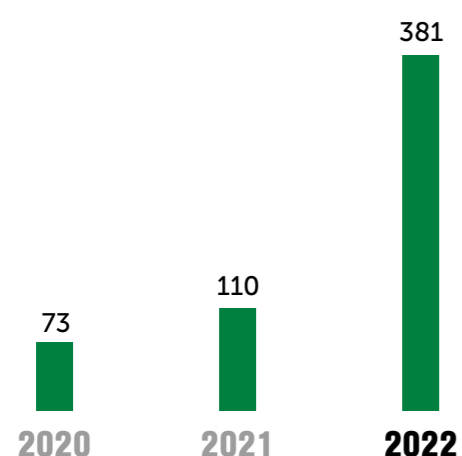
Incomes, KZT billion



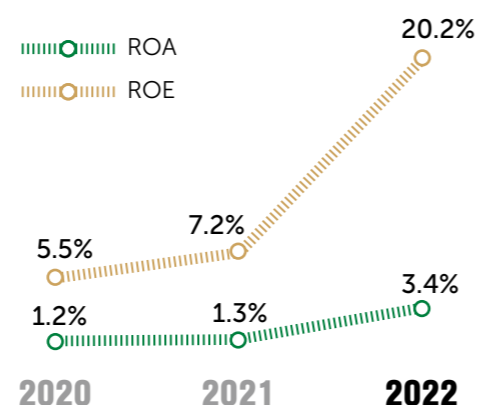
Expenses, KZT billion



Net profit, KZT billion



Profitability ratios, %



Structure of Incomes in 2022, %

Item	2022, billion tenge	%
Interest incomes	1,014	83%
Fee and commission incomes	36	3%
Net profit from transactions with assets measured at fair value the changes in which are reported in profit or loss for the period	37	3%
Net profit from foreign currency transactions	55	5%
Net profit from derecognition of financial assets measured at amortized cost	42	3%
Net earned insurance premiums	6	1%
Other operating income	4	0%
Reversal of impairment of other financial assets and liabilities of credit nature	3	0%
Goodwill	30	2%
Total incomes:	1,227	100%

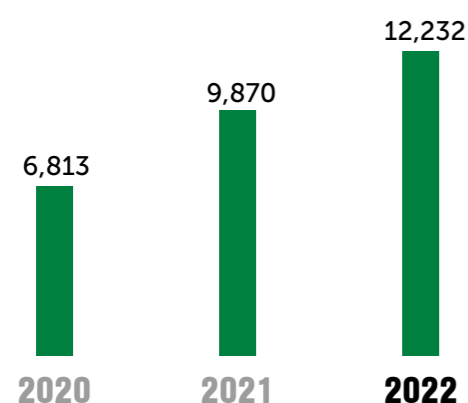
Structures of Expenses in 2022, %

Item	2022, billion tenge	%
Interest expenses	551	65%
Provision for impairment of loan portfolio and receivables on finance lease	105	12%
Fee and commission expenses	9	1%
Net loss on financial assets measured at fair value through other comprehensive income	19	2%
Net expenses on insurance indemnities and changes in provisions for insurance contracts	20	2%
Administrative expenses	96	11%
Income tax expense	48	6%
Total expenses:	846	100%

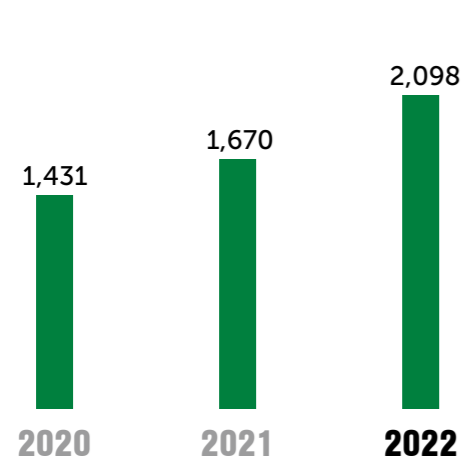
At the end of 2022, the Holding's assets increased by 24% and amounted to 12,232 billion tenge. The Holding's liabilities in the reporting year amounted to 10,134 billion tenge, which is 24% higher than the same indicator in 2021. The increase in assets and liabilities is due to the acquisition in 2022 of 99.9977% shares in SB Sberbank JSC in Kazakhstan (Bereke Bank JSC).

The debt to equity ratio decreased from 4.91 in 2021 to 4.83 in 2022. The decrease in indicator is due to the discharge as per schedule of liabilities of the Holding's subsidiaries, as well as the acquisition of shares of Bereke Bank JSC.

Assets, KZT billion



Equity, KZT billion

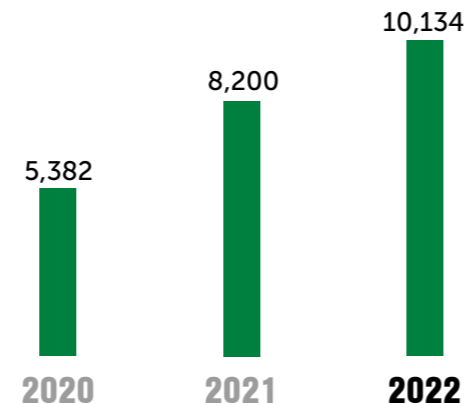


The Holding's equity increased by 26% and amounted to 2,098 billion tenge. During 2022, the share capital of the Holding increased due to the issue of shares of the total par value of 100 billion tenge (during 2021: 5 billion tenge) and the increase in net profit for the reporting period.

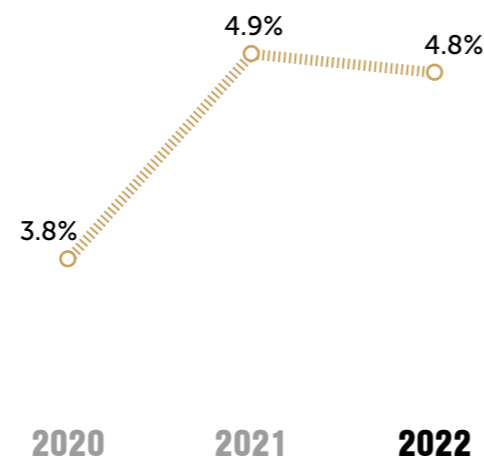
In 2022, the Holding issued shares of the total par value of 100 billion tenge (during 2021: 5 billion tenge).

In 2022, summing up the results of 2021, the Holding declared and paid dividend of 33.1 billion tenge (during 2021: 10.3 billion tenge). Dividend for 2021 per ordinary share amounted to 26.41 tenge (2021: 8.29 tenge).

Liabilities, KZT billion



Debt/equity, ratio



Raising Funds in Capital Markets

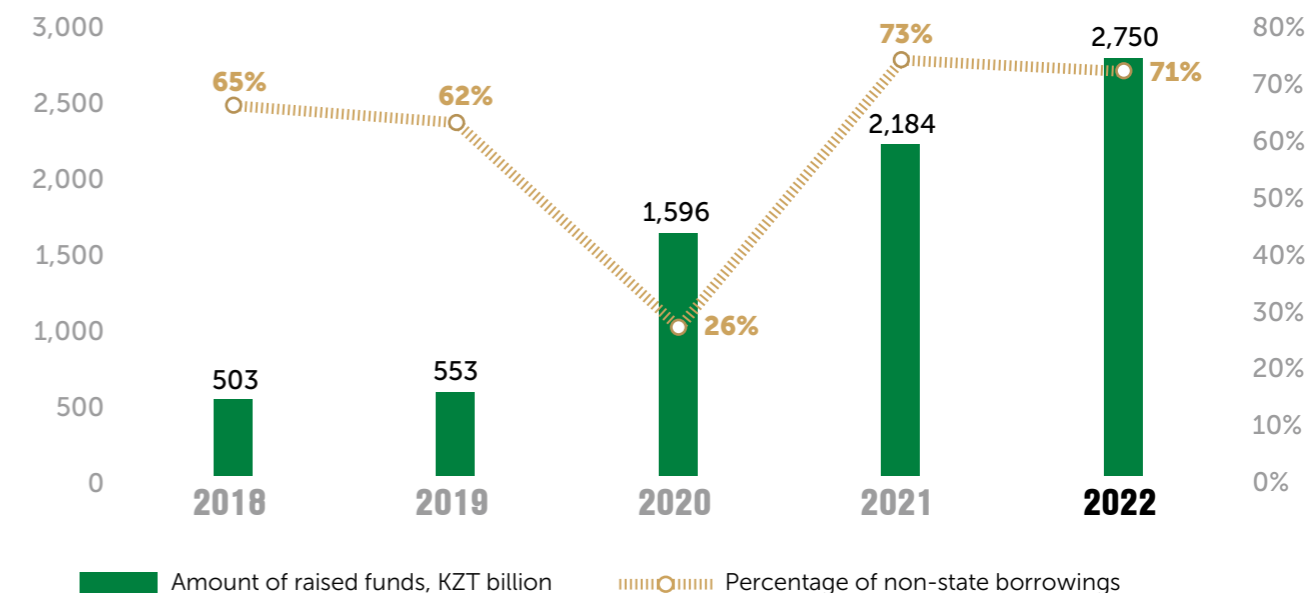
The strategic goal of the Holding is to increase the percentage of non-state sources of financing in order to replace a part of the state funds. Active work is being performed to establish partnership relationships with the foreign and Kazakhstan investors, international financial organizations, development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

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

In 2022, 2,749.8 billion tenge¹ were raised of which 29.2% were government loans. The percentage of non-state borrowing sources amounted to 70.8%.

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

Dynamics of debt financing



¹ The amount is given taking into account the inflows from the deposit base of Otbasys 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.

In 2022, the funds significantly raised from the non-state sources of borrowing were loans of the Holding and its subsidiaries from foreign banks to the total amount of 446 billion tenge, as well as bond issues by the Holding's subsidiaries in the amount of 273 billion tenge.

On 25 August 2022, the Holding signed a loan agreement with the Eurasian Development Bank in the amount of 40 billion roubles at the rate of 9.4% per annum maturing on 15 December 2022, with the possibility of extension until 25 February 2023.

At the same time, KDB JSC raised funds in the amount of 217.8 million US dollars (equivalent to 100.8

billion tenge) from the State Development Bank of China and J.P. Morgan to finance the projects of Kaz Minerals Aktogay LLP and RG Gold LLP. In addition, KDB JSC issued Eurobonds denominated in the US dollars in the amount of 500 million US dollars at the rate of 5.75% with a maturity of 3 years, for general corporate purposes.

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 639.4 billion tenge (577.3 billion tenge – budget loans and 62.1 billion tenge – LEAs' loans).

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
2020	307	141.7	10	1,264 ²
2021	155.5	3,500	8,400	571.5
2022	317.8	44,319	14	433

Organizations signed the memoranda or agreements of cooperation, as of 31 December 2022:

No.	Document title	Kazakhstan signatory	Foreign country signatory	Foreign counterparty's country	Signing date
1	Cooperation Agreement	'KazakhExport' EIC JSC	Avtosanoat Invest LLC, SAP LLP	Republic of Uzbekistan	11.02.2022
2	Memorandum of Understanding	Damu Fund JSC	Korean Credit Guarantee Fund KODIT.	Republic of Korea	02.03.2022
3	Additional Agreement to the Loan Agreement for the amount up to 120 million US dollars with JP Morgan secured with insurance coverage from EKF	Kazakhstan Development Bank JSC	JP Morgan	United States of America	31.03.2022
4	Memorandum of Understanding	Damu Fund JSC	KOSGEB – Organization for development and support of small and medium-sized business entities	Republic of Turkey	10.05.2022

² Taking into account investments of Otbasy bank JSC in the Holding's bonds in the amount of 5 billion tenge.

5	Cooperation Agreement	Damu Fund JSC	Agency for operations of Mahallabay and development of entrepreneurship under the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan	Republic of Uzbekistan	20.05.2022
6	Master Re-insurance Agreement	'KazakhExport' EIC JSC	'Uzbekinvest' Export-Import Insurance Company JSC	Republic of Uzbekistan	15.06.2022
7	Agreement for project support and non-alienation of interest (shares)	Industry Development Fund JSC, Capital Rail LLP, Railcast systems LLP	R.S. Engineering GmbH	Federal Republic of Germany	22.06.2022
8	Strategic Cooperation Agreement for the amount up to 300 million US dollars	Kazakhstan Development Bank JSC	China Construction Bank Corporation, Astana Branch	People's Republic of China	29.06.2022
9	Mandate Letter to grant a loan in the amount up to 130 million US dollars	Kazakhstan Development Bank JSC	European Bank for Reconstruction and Development	United Kingdom	20.07.2022
10	Memorandum of Cooperation	'KazakhExport' EIC JSC	Amonatbank SSB RT	Republic of Tajikistan	15.08.2022
11	Memorandum of Cooperation	'KazakhExport' EIC JSC	SUE IEB of Tajikistan Sanoatsodirotbok	Republic of Tajikistan	15.08.2022
12	Memorandum of Cooperation	'KazakhExport' EIC JSC	Orienbank OJSC	Republic of Tajikistan	15.08.2022
13	Agreement for project support and non-alienation of interest	Industry Development Fund JSC, Genco International LLP, Onay Rau LLP, Saryarka SEC JSC, QazTehna LLP	SINOYUTONG INTERNATIONAL PTE.LTD	People's Republic of China	15.08.2022
14	Memorandum of Cooperation	'KazakhExport' EIC JSC	SE Public-Private Partnership Projects Implementation Centre	Republic of Tajikistan	17.08.2022
15	Memorandum of Understanding	Industry Development Fund JSC, CT Assembly LLP	Claas Global Sales GmbH	Federal Republic of Germany	13.09.2022
16	Credit Facility Agreement for the amount of 100 million US dollars	Kazakhstan Development Bank JSC	China Construction Bank Corporation, Astana Branch	People's Republic of China	14.09.2022
17	Memorandum of Cooperation in the field of AIC	'Baiterek' NMH JSC	Hassad Food	State of Qatar	12.10.2022
18	Memorandum of Cooperation on the project of a farm of dairy products	'Baiterek' NMH JSC, Dinara Group LLP	Baladna	State of Qatar	12.10.2022

No.	Document title	Kazakhstan signatory	Foreign country signatory	Foreign counterparty's country	Signing date
19	Memorandum of Cooperation on the project of a poultry farm	'Baiterek' NMH JSC, Alel Agro JSC	Baladna	State of Qatar	12.10.2022
20	Cooperation Agreement	'KazakhExport' EIC JSC	Yangi-Angren IES	Republic of Uzbekistan	21.12.2022
21	Memorandum of Cooperation	'KazakhExport' EIC JSC	Uzpromstroybank JSCB	Republic of Uzbekistan	21.12.2022
22	Memorandum of Cooperation	'KazakhExport' EIC JSC	Tratsbank PJSB	Republic of Uzbekistan	21.12.2022
23	Memorandum of Cooperation	'KazakhExport' EIC JSC	Capitalbank JSCB	Republic of Uzbekistan	21.12.2022
24	Memorandum of Cooperation	'KazakhExport' EIC JSC	Orient Finance PJSCB	Republic of Uzbekistan	21.12.2022
25	Memorandum of Cooperation	'KazakhExport' EIC JSC	Tenge Bank JSCB	Republic of Uzbekistan	21.12.2022
26	Agreement of Intentions to finance the project of "Organization in Kazakhstan of fully integrated manufacturing of Chevrolet (Onix) car in completely knocked down method"	Kazakhstan Development Bank JSC	Uzavtosanoat JSC	Republic of Uzbekistan	21.12.2022
27	Framework Credit Facility Agreement for trade financing for the amount of 50 million US dollars	Kazakhstan Development Bank JSC	National Bank of Foreign Economic Activity of the Republic of Uzbekistan JSC	Republic of Uzbekistan	21.12.2022
28	Additional Agreement to valid 'B' Credit Facility for financing to support business	Damu Fund JSC	European Investment Bank	International Financial Organization	28.12.2022

Lines of cooperation with partners in 2022

Partner name	Type of cooperation
Baladna Qatar Holding	Cooperation on projects for the construction of factories for the production of cheese and dairy products, as well as the production and processing of poultry meat in Zhambyl and Almaty Oblasts.
Hassad Food Qatar Holding	Cooperation in the field of AIC to create a Trading Company to ensure the supply of agricultural products between Kazakhstan and Qatar.
European Investment Bank (EIB)	Cooperation in terms of co-financing of investment projects under valid loan agreements with Damu Fund JSC and ACC JSC, negotiating the use of "green" technologies in housing construction.
European Bank for Reconstruction and Development (EBRD)	Cooperation in terms of co-financing of investment "green" projects through KDB JSC, as well as in terms of climatic corporate governance.
Mubadala Investment Company	Cooperation in terms of co-financing of investment projects, as well as financing of potential large projects of the Holding in the field of logistics, energy and new technologies.
KAMAZ PJSC	Cooperation in terms of investment projects of KAMAZ PJSC in the Republic of Kazakhstan.
World Bank Group	Cooperation in terms of a potential project focused on improvement of financing, digitalization and greening of MSMEs to ensure sustainable performance.
UN-Women Global Structure	UN Women in Kazakhstan for gender equality and women's empowerment invited 'Baiterek' NMH JSC to join the UN Women Empowerment Principles (WEP) initiative and in 2022, the Holding signed application for joining this initiative. The Women's Empowerment Principles is a global initiative that is a set of principles that promote gender equality.
International Monetary Fund (IMF)	Continuous cooperation in terms of promoting the development of the Holding's activities and the role of the Holding in government programs for the development and diversification of the economy of Kazakhstan.
KOSGEB – Organization for development and support of small and medium-sized business entities	Cooperation in terms of co-financing of investment projects to support small and medium-sized businesses.
Asizan Development Bank (ADB)	Continuation of cooperation in the part of the project of mortgage lending to women of Kazakhstan through Otbasyl bank JSC.
China Construction Bank Corporation	Strategic Cooperation Agreement for the amount up to 300 million US dollars was made between Kazakhstan Development Bank JSC and China Construction Bank Corporation (Astana Branch). Within the framework of this Cooperation Agreement, the Credit Facility Agreement for the amount of 100 million US dollars was concluded.
Sinoyutong International PTE. LTD	The Holding's subsidiary – KDB JSC – signed the Agreement to support the project of "Organization of the production of passenger buses, quarry, construction and road equipment in Saran, Karaganda Oblast" at the request of QazTehna LLP.
Federal Republic of Germany	The Chairperson of the Board of Holding K. Sharlapaev took an active part in the Kazakhstan-German Business Council. The Business Council is aimed at strengthening and developing business cooperation between Kazakhstan and German businesses.
TAV Holding, Turkish company	Investment cooperation through the subsidiary – Kazyna Capital Management JSC (participation in the project for the construction of a new terminal at the International Airport of Almaty City).

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 2022, the Bank has approved, financed and is financing 173 investment projects with the total value of 11.27 trillion tenge, with the participation of the Bank amounting to 5.6 trillion tenge; as well as 117 export operations at the cost of 1.01 trillion tenge with the participation of KDB JSC amounting to 0.68 trillion tenge.

At the end of 2022, the volume of the loan portfolio under direct lending amounted to 1,774.2 billion tenge, with a decrease of 6.3% compared to the previous year, which is associated with scheduled repayments and prepayments under some projects. In 2022, KDB JSC financed projects totalling 358.6 billion tenge as part of direct lending, of which:

- 12 investment projects in the amount of 151.7 billion tenge; and

- 23 export (pre-export) operations in the amount of 206.9 billion tenge.

In 2022, 7 enterprises financed with the participation of the Bank were commissioned and modernized, including:

- construction of the gold beneficiation plant;
- implementation of LTE/GSM/UMTS networks in the Republic of Kazakhstan;
- construction of Abay wind power plant with the capacity of 150 MW in East Kazakhstan region and Almaty Oblast; and
- construction of Ybyray wind power plant with the capacity of 50 MW in Kostanay District of Kostanay Oblast, etc.

In 2022, the Bank approved for financing 13 financial applications under 3 investment projects in the amount of 48.8 billion tenge and 10 pre-export operations in the amount of 88 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 socio-economic development of the country as a whole.

Examples of the projects put into operation:

Construction of the gold beneficiation plant with the capacity of 5 million tons of ore per year

The construction of a new mining and smelting complex for processing primary gold ore with the processing capacity of 5 million tons of ore per year and the area of 67.7 hectares was commenced in 2020. The cost of the project is 192.9 billion tenge, the approved amount of loan from KDB JSC was 135 billion tenge maturing within 9 years. The project is being implemented as part of the GPIID for 2015–2019. Funds of KDB JSC will be used for construction and installation works and purchase of equipment.

The complex is located on the territory of Burabay and Bulandy Districts of Akmola Oblast. The raw material for the production process is the primary gold ore mined at North and South Raygorodok deposits. The new enterprise will increase the annual production to 6 tons of gold in Doré. With the launch of the new production, more than 300 local specialists were employed, for whom education and training was organized.

Construction of Abay wind power plant with the capacity of 150 MW in Abay and Almaty Oblasts (borrowers – Abai-1 LLP, Abai-2 LLP)

The project cost is 78 billion tenge, KDB JSC issued the loan in the amount of 47.5 billion tenge maturing within 15 years.

In 2022, in Ayagoz District of Abay Oblast, Abay-1 wind power plant with design capacity of 100 MW began to generate. The project was implemented as part of the instruction of the Head of the State to commission at least 2,400 MW of renewable energy capacities by 2025. The implementation of the project is a continuation of the active integration of RES into the country's general

energy system, which makes it possible to generate about 300 million kWh of additional electricity in the network, and about 15 permanent jobs are created as part of the project.

In addition, at the end of 2022, the construction of the state-of-the-art wind power plant – Abay-2 – with the capacity of 50 MW was completed in Almaty Oblast, which will also contribute to the development of green energy and its own electricity generation in the region.

Leasing Financing

Industry Development Fund JSC (subsidiary of KDB JSC) (hereinafter referred to as the IDF JSC), as one of the key operators of leasing financing and lending under the government programs in 2022, continued to work on the creation of new and modernization of existing plants, to support the production of domestic automakers, leasing financing for renewal of the fleet of passenger cars.

In 2022, the IDF JSC attracted budgetary funds for the total amount of about 367 billion tenge, including:

- 200 billion tenge as part of the Concept of Industrial and Innovative Development of the Republic of Kazakhstan for 2021–2025, which made it possible to provide a funding base for new transactions;

- 10 billion tenge as part of support for domestic automakers;
- 5.3 billion tenge for the purpose of leasing financing for the renewal of the fleet of passenger cars, which made it possible to purchase 11 rail cars;
- 3.5 billion tenge in order to support domestic producers of agricultural machinery, which made it possible to provide funding bases for new transactions;
- 55 billion tenge for the implementation of a project to increase the level of localization of the beams of leading axles of cargo vehicles;

- 46.8 billion tenge in order to finance the project for the production of the main gears of the driving axles of cargo vehicles, which made it possible to continue financing the project; and
- 46.4 billion tenge to finance the project of "Organization of tire production in Saran, Karaganda Oblast", which made it possible to continue financing the project.

In addition, in 2022, the authorized capital was replenished at the expense of the republican budget in the amount of 50 billion tenge.

In 2022:

- 698 buses were purchased, 645 buses were delivered, in such regions as: Karaganda Oblast, Almaty City, West Kazakhstan region, Kostanay Oblast, Astana City, Akmola Oblast, Aktobe Oblast, Turkestan Oblast, Zhambyl Oblast, Mangistau Oblast, and Kyzylorda Oblast;
- 234 units were purchased of which 186 tractors and combines, as well as agricultural equipment, were delivered in such regions as: Kostanay Oblast, North Kazakhstan region, Akmola Oblast, Abay Oblast, Karaganda Oblast, Pavlodar Oblast, Astana City, Zhambyl Oblast, and East Kazakhstan region;
- 85 units were purchased of which 68 units of special vehicles were delivered to such regions as: Abay Oblast, Pavlodar Oblast, West Kazakhstan region, Aktobe Oblast, Kostanay Oblast, Akmola Oblast, North Kazakhstan region, Turkestan Oblast, Zhambyl Oblast, Zhetysay Oblast, Almaty Oblast, East

Kazakhstan region, Shymkent City, Karaganda Oblast, Ulytau Oblast, Atyrau Oblast, Kyzylorda Oblast, and Mangistau Oblast;

- 327 medical transports were purchased and 327 medical transports were delivered to (Kyzylorda, Aktobe, Almaty, Atyrau, Zhambyl, Karaganda, Turkestan Oblasts, West Kazakhstan and North Kazakhstan regions, and Astana and Almaty Cities);
- 47 special vehicles were delivered;
- 90 units of fire and police vehicles were purchased and 95 units thereof were delivered in such regions as: Akmola Oblast, West Kazakhstan region, and Astana City; and
- 67 passenger cars were purchased and delivered, which run on the following routes Almaty-Mangistau, Almaty-Pavlodar.

As of 31 December 2022, the volume of leasing and loan portfolios amounted to 774.8 billion tenge. Compared to the previous period (624.1 billion tenge), this indicator increased by 19% or 150.7 billion tenge.

The number of projects put into operation in 2022 amounted to 173, while creating 1,418 new jobs.

In 2022, 215 leasing transactions were approved for financing, of which 200 leasing transactions were financed in the amount of 196.5 billion tenge.

Plans for 2023

- In 2023, it is planned to approve a new long-term development strategy of Kazakhstan Development Bank JSC for 2024–2033;
- In 2023, it is planned to approve the Bank's Roadmap for the implementation of ESG principles;
- It is planned to allocate 441.6 billion tenge to the development and modernization of manufacturing industries;
- DBK Group plans to raise 326.4 billion tenge for the Bank's participation in the national projects and concepts of the Republic of Kazakhstan, including the amount of 54 billion tenge from the republican budget;
- It is planned to finance the leasing transactions through IDF JSC for 248 billion tenge; and
- It is planned to redeem the 8th issue of the Eurobonds for the amount of 100 billion tenge.

'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 government programs. 'Damu' Fund JSC provides financing to micro, small and medium-sized business entities (hereinafter referred to as MSMB) through the second-tier banks (STBs), microfinance organizations (MFOs) and leasing companies (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 2022, the Fund supported 50.5 thousand projects using financial instruments in the amount of loans of 1.55 trillion tenge. In 2022, support for all instruments decreased by 11.9%. In 2021, the number of projects amounted to 57.4 thousand projects for the loan amount of 2.19 trillion tenge. The main reason for the decrease was the reduction in the list of priority sectors that can be financed through support under the National Entrepreneurship Development Project for 2021–2025, and as part of the subsidy instrument, the loan amount was reduced from 7 billion tenge to 3 billion tenge per entrepreneur.

Over the entire period of program implementation, the Fund has supported over 184.7¹ thousand projects of entrepreneurs for the total amount of 10,531 billion tenge.

SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES

Support for the small and medium-sized businesses is one of the strategic directions of development of

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

Instrument	2020	2021	2022
Financing the entrepreneurs through conditioned placement of funds in STBs/MFOs/LCs			
Quantity of participants	11,136	7,783	5,278
Financing amount, billion tenge	207.6	213.3	183.9
Interest rate subsidy assistance			
Quantity of participants	14,679	32,351	24,485
Loan amount, billion tenge	1,197.1	1,588.3	992.6
Loan guarantee			
Quantity of participants	7,346	17,219	20,781
Loan amount, billion tenge	275.5	365.3	377.6

2022
new jobs created
1,418

¹ Taking into account the deduction of portfolio subsidy projects from the total number of projects, since portfolio guarantee and subsidy projects are duplicated.

The MSME entities supported by the Fund during 2022 produced the products (comprehensive annual income) in the amount of 10.8 trillion tenge, paid taxes in the amount of 1,205 billion tenge. More than 352,000 people are employed at MSME enterprises supported by the Fund.

On 2 February 2022, the Resolution of the Government of the Republic of Kazakhstan approved the rules for subsidizing the interest rates and guarantees within the framework of the National Entrepreneurship Development Project for 2021–2025. This Resolution has amended and altered the conditions of subsidizing and guaranteeing, which are aimed at stimulating MSMEs to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing.

From 20 to 22 May 2022, the VI exhibition of the Kazakhstan producers who received the state support – ULTTYQ ONIM – was held. The exhibition of domestic producers ULTTYQ ONIM has been held by Damu Fund since 2015 and serves as an effective platform for bringing together the Kazakhstan producers, with providing the participants with a unique opportunity to exchange experience in the field of production, processing and promotion of domestic products to achieve high results in improving the quality of products and services. In 2022, the number of participants reached 350 enterprises from various sectors of the economy and regions of the country that were supported by the government programs, and the number of visitors exceeded 20,000 people.

On 21 November 2022, the agreement was signed with the UN Country Office in Kazakhstan on the project “Nationally Appropriate Mitigation Measures for Low-Carbon Urban Development”. The project implementation mechanism consists in subsidizing a part of the principal amount of the loan to entrepreneurs. The grant amounted to 1,253,986 US dollars. The grant funds will be reimbursed on a project-by-project basis.

In 2022, the Fund resumed financing of SMSEs’ factoring transactions through two products – Damu Factoring and Point Regional Program. This

instrument contributes to solving problems with the lack of collateral for entrepreneurs, covering financial gaps and cash gaps. Funds were allocated from Bank CenterCredit JSC in the amount of 1 billion tenge and KMF MFO LLP in the amount of 2 billion tenge. The Fund reoriented the factoring program, which provides for the participation of leasing companies represented by partners, as well as revised financing conditions for both partners and end borrowers.

In order to form an alternative channel for financing the SMSEs at the expense of private and institutional investors on the KASE/AIFC platforms, an instrument to guarantee issued bonds of SMSEs was introduced as part of the program of the National Entrepreneurship Development Project for 2021–2025. The main idea of the new product is to develop effective methods of financing the private businesses at the expense of private and institutional investors, develop the instruments of Kazakhstan’s stock market through the introduction of a mechanism for providing guarantees as an instrument of the state support for entrepreneurs on issued corporate bonds on the KASE and AIFC platforms, as an alternative channel to finance the economy.

In 2022, within the framework of the product “Regional financing of small private and medium-sized private businesses”, the funds were raised on the terms of co-financing from local executive authorities of the cities of Almaty, Astana, and Shymkent, Aktope Oblast, East Kazakhstan region, and Karaganda Oblast in the amount of 4,366 billion tenge. Taking into account the funds of the Fund in the amount of 6,534 million tenge, the total pool of funds allocated for regional financing amounted to 10,900 million tenge. The funds were placed with the second-tier banks for subsequent lending to SMSEs in these regions in priority sectors of the economy, while the entrepreneurs from Khromtau City in Aktope Oblast will receive financing. The maximum loan amount per SMSE varies from 10 million tenge to 100 million tenge depending on the region.

As part of the project monitoring, a software complex was introduced for visual inspection of assets, property, facts of operating activities through a

mobile application without additionally visiting a location of the asset. The software complex made it possible to reduce the time to inspect/monitor a collateral from 3 hours to 30 minutes.

In order to strengthen monitoring of the use of the state support funds by entrepreneurs, a procedure has been developed for obtaining from

time to time the information from the Public Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan on deregistered private business entities receiving the state support for subsidizing the interest rate. This mechanism allows supporting real entrepreneurs and will allow excluding inefficient projects from support.



Conditional Funds Placement

In order to increase the coverage of existing MSMEs with financial programs, the Fund continues, within the framework of the Development Strategy, to work towards the conditional placement of credit resources through a network of financial partners – second-tier banks (hereinafter – STBs), microfinance organizations (MFOs), and leasing companies (LCs).

As part of the conditional placement programs, during 2022, STBs/LCs and MFOs funded 5,278 projects in the amount of 183.7 billion tenge.

The Fund continued to implement the Government Program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021 – Yenbek (hereinafter referred to as Yenbek Program) aimed at involving the population in entrepreneurial activity; in 2022, under the program, 306 MSMEs were financed for the total amount of 4.4 billion tenge, taking into account revolving

disbursements of funds previously allocated under this program.

The implementation of the SMSE Regional Financing Program on the terms of co-financing with the funds of the regional budgets, aimed at the development and expansion of local entrepreneurship, continued. In 2022, 361 SMSEs were financed under the program in the amount of 25.3 billion tenge, taking into account revolving disbursements on funds previously allocated under this program.

From the funds of the National Fund of the Republic of Kazakhstan, the implementation of programs was continued in order to provide financing for business entities in the processing industry. In 2022, 288 SMSEs were financed under the programs in the amount of 105.7 billion tenge, taking into account revolving disbursements of funds previously allocated under these programs.

During 2022, the following changes were made to the conditional placement programs:

- under Damu Factoring Program: microfinance organizations (Partners) can also be partners in the program, the maximum loan amount for SMSEs has been increased to 500 million tenge through STBs/LCs and to 20,000 MCIs through MFOs, the interest rates on SMSEs' loans through MFOs/LCs have been revised: with recourse – a rate of placement per a Partner increased by no more than 12% per annum, without recourse – a rate of placement per a Partner increased by no more than 13% per annum;
- under Damu-Leasing Program – the minimum loan amount for the Partner is set;
- under Damu-Micro Program – a minimum loan amount for a Partner is set, a ban on the purchase of cars with a market value exceeding 3,500 MCIs has been added; and
- according to the Point Regional Program: financing of factoring transactions with a loan term not exceeding 36 months is provided, when lending through MFOs, the loan amount for factoring is increased to 20,000 MCIs (in exceptional cases, by decision of the authorized body of the Fund), leasing partners can also be factoring companies.

Subsidy Assistance and Guaranteeing

On 2 February 2022, the government program – National Entrepreneurship Development Project for 2021–2025 – began to operate, including a

new product to guarantee the issue of private business entities' bonds. The main idea of the new product is to develop effective methods of financing private business entities at the expense of private and institutional investors. It is planned to provide for the development of instruments of Kazakhstan's stock market through the introduction of a mechanism for providing guarantees as an instrument of the state support for entrepreneurs on issued corporate bonds on the KASE and AIFC platforms, as an alternative channel for financing the economy.

In 2022, as part of improving the state support measures, changes were made to the Mechanism for Lending and Financial Leasing for priority projects:

- for subsidizing and guaranteeing instruments, a nominal interest rate is set at the level of the "base rate of the National Bank of the Republic of Kazakhstan plus 4.5%" of which 7% is paid by private business entities, and the difference is subsidized by the state;
- for subsidizing and guaranteeing instruments, refinancing of loans from sanctioned second-tier banks is provided; and
- the term of loan subsidizing aimed at investments was reduced to 5 years.

In 2022, as part of improving the state support measures, changes were made to the National Project in the direction of "Support for entrepreneurs/subjects of industrial and innovative activities":

1. refinancing of loans/leasing transactions previously issued by banks/leasing companies and credit partnerships, financial organizations within 2 (two) years is provided;
2. for the subsidy instrument, the maximum loan amount for entrepreneurs in mono-, small towns and rural settlements within the priority sectors of the economy has been increased to no more than 3 billion tenge;
3. for the guarantee instrument, the maximum loan amount for entrepreneurs in mono-, small towns and rural settlements within the priority sectors of the economy has been increased to no more than 1 billion tenge;

4. there are restrictions on the place of implementation and registration:
 - the projects in priority sectors of the economy are considered without regard to the place of registration of an entrepreneur; and
 - the projects are implemented in population centres, including mono and small towns, rural settlements, without sectoral restrictions, taking into account the place of implementation and the place of registration of an entrepreneur;
 5. for the subsidy instrument, a nominal interest rate is set for the projects of processing industry in Shymkent City, Turkestan, Mangistau, Atyrau, and Aktobe Oblasts, West Kazakhstan region, Kyzylorda and Zhambyl Oblasts, including

the regional centres of these regions – the base rate + 5% of which 5% is paid by an entrepreneur and the difference is subsidized by the state; and
 6. for the guarantee instrument, the loan amount for the projects in Shymkent City, Turkestan, Mangistau, Atyrau, and Aktobe Oblasts, West Kazakhstan region, Kyzylorda and Zhambyl Oblasts, including the regional centres of these regions, cannot exceed 360 million tenge, the amount of the guarantee cannot exceed 85% of the loan amount.
- The above changes will help to stimulate MSMEs to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing.

Support provided in 2022 by 'Damu' Fund JSC for subsidizing instrument

Program	Number of projects	Loan portfolio, KZT billion	Paid subsidies, KZT billion
Portfolio subsidy assistance	18,552	132.6	11.1
National Entrepreneurship Development Project for 2021–2025	5,756	599.6	116.4
Facility of lending to priority projects	177	260.5	54.1
UNDP ¹	–	–	0.06

Support provided in 2022 by 'Damu' Fund JSC for guarantee instrument

Program	Number of projects	Loan portfolio, KZT billion	Guarantee amount, KZT billion
Portfolio guarantee	17,658	129.6	108.9
National Entrepreneurship Development Project for 2021–2025	2,952	225.1	88.2
Facility of lending to priority projects	40	11.1	4.9
Damu Optima	129	11.3	4.9
Guarantee in the context of AIC	2	0.46	0.23

¹ There were no new projects under the Sustainable Cities for Low-Carbon Development Program for Supporting Energy Service Initiatives in the Cities of Kazakhstan in 2022.

Non-financial Support for Entrepreneurs

In parallel with the financial support programs, in 2022, the Fund continued to work on the implementation of the training programs and advisory support for the entrepreneurs.

In 2022, the Fund launched distance learning in the form of a video platform containing training courses for existing and start-up entrepreneurs with many various presentations of successful Kazakhstan and international entrepreneurs divided into blocks on specific topics. During the reporting year, 2,827 people were registered on the Fund's distance learning platform.

In order to promote the programs to support entrepreneurs, the work was actively performed in social media and on the corporate website of the Fund. So, in 2022, more than 650,000 unique users were interested in the Fund's support programs on the corporate website. More than 2,000 applications were received from entrepreneurs through promotional social media posts for further advice.

The Fund continues to monitor the component "Provision of service support for conducting existing business" within the framework of the program of the National Entrepreneurship Development Project for 2021–2025.

In 2022, 23,044 SMSEs applied for service support services, which received 27,732 services.

Plans for 2023

In 2023, the Fund plans to implement a number of activities and projects:

- to develop and approve the Fund's Development Strategy for 2024–2033;
- to hold the VII exhibition of Kazakhstan's SME manufacturers ULTTYQ ÓNIM on 5-7 May 2023 in Almaty City;
- to have an ESG rating affirmed by the international rating agency;
- to continue preparatory activities to be accredited as a Green Climate Fund;
- to raise funds from non-state sources (including international organizations) in order to introduce a sustainable guarantee instrument;

- to expand international cooperation by joining the European Association of Guarantee Institutions (AECM);
- to develop and implement the Online DAMU mobile application;
- to integrate with the state databases, including the integration of working systems of the Public Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan and the Fund; and
- to develop a Women in Business program.

Within the framework of the current programs of the Fund, in 2023, the work will continue on the development of the following instruments:

- support for social and youth entrepreneurship;
- factoring operations; and
- subsidizing the coupon rate and guaranteeing SMSEs' corporate bonds.

2023
to develop and implement
mobile application
Online DAMU



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 2022, the Company provided support in the execution of 678 export contracts for the total of 1,653.7 billion tenge. The assumed insurance liabilities increased from 204.7 billion tenge in 2021 to 259.1 billion tenge in 2022. In 2022, 81 exporters were supported, including 21 exporters that were supported for the first time.

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

Indicators	2020	2021	2022
Assumed liabilities	134,632	204,705	259,081
Provided trade financing	16,081	17,713	18,595.67
Provided pre-export financing	13,502	14,436	1,422.95
Supported export contracts	588,591	326,515	1,653,655

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

KazEnergoKabel JSC, Pavlodar City

Kazenergokabel JSC is the largest domestic manufacturer of cable and wire products with a product range of over 18,000 items and label sizes. The plant's products are in demand not only in the domestic market, but are also successfully exported to Russia and Uzbekistan.

In 2022, KazakhExport provided support for insurance of the loan to replenish working capital in the amount of 5.5 billion tenge in order to purchase raw materials, materials and services to further manufacture the products for the purposes of subsequent export. Importing countries: Russia, Uzbekistan.

Evrast Caspian Steel LLP, Kostanay City

The plant producing bar stock with the design capacity of the rolling mill of 450,000 tons of rebar per year. The assortment of the enterprise includes hot-rolled steel, hot-rolled rebar, thermomechanically hardened rebar of a periodic profile for reinforced concrete structures. The plant's products are sold in Kazakhstan market and in other CIS countries (Russia, Ukraine, Tajikistan, Kyrgyzstan, etc.).

For construction purposes, the exporter's foreign counterparties in Tajikistan addresses 'KazakhExport' EIC JSC with a request to finance the purchase of rebar from the Exporter. Together with SB Sberbank JSC, the Company provided support for insurance of the letter of credit and trade finance for the total amount of 5.4 million US dollars.

Non-financial Support for Export Activities of the Kazakhstan Enterprises

In 2022, through the foreign representatives of 'KazakhExport' EIC JSC, 20 projects on insurance of export transactions were implemented, and 10 new foreign importers were involved. With the assistance

of the Company's foreign representatives, 117 conclusions on the reliability of foreign counterparties were issued, as well as 12 agreements and memoranda of cooperation were signed with the foreign importers, distribution networks, banks, and other financial institutions.

Projects Implemented in 2022 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 passenger cars (SaryArkaAvtoprom LLP), rebars of Evraz Caspian Steel LLP, vegetable oil (Tempro LLP, KAG Group LLP) within the framework of export trade financing under the letters of credit issued on behalf of Holding Asia Group Tajikistan CJSC, Madina Sohtmon LLC. The implementation of large projects and communication with local STBs contributed to the increase in the limit of SUE Amonatbank to USD 15.2 million, as well as

the signing of the cooperation agreement with SUE Sanoat Sodiro Bank.

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 video control systems of ADICOM 2000 LLP of GC Sergek Group, drinks, water of RG Brands JSC. Also, with the assistance of the Foreign Representative, supplies were insured within the framework of export trade financing to the Republic of Uzbekistan of rebars, starch syrup, confectionery of Kazakhstan manufacturers.
3. In 2022, 'KazakhExport' EIC JSC took an active part in seven international government commissions.

Plans for 2023

In 2023, the following activities are planned to increase the export potential:

1. development of the draft law "On amendments and additions to certain legislative acts of the Republic of Kazakhstan concerning the export credit agency and promotion of export of non-resource goods (works, services)" and appointment of 'KazakhExport' EIC JSC as an export credit agency;
2. representation of 'KazakhExport' EIC JSC as a Single operator for the promotion of non-resource exports;
3. development and approval by the Board of Directors of a new Development Plan of KazakhExport for 2024–2033;
4. increase in the state guarantee limit by 129.2 billion tenge;
5. achievement of the target volume of assumed liabilities in the amount of 302 billion tenge;
6. disbursement of 650 million tenge provided in the RB for subsidizing trade finance; and

7. introduction (regulation) of new support instruments:

- subsidizing the interest rate on loans issued and leasing transactions settled by second-tier banks, Kazakhstan Development Bank, other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of processing industry;
- providing a guarantee in the context of the execution of export transactions; and
- reimbursement of a part of the costs of exporters to promote non-resource goods and services, as well as information and communication services to foreign markets within the framework of international obligations assumed.

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 Qazaqstan Investment Corporation JSC (according to

the certificate of state re-registration of a legal entity dated 11 January 2023, the name of Kazyna Capital Management Joint-Stock Company was changed to Qazaqstan Investment Corporation Joint-Stock Company) (hereinafter referred to as QIC JSC), whose tasks are to attract PE and promote sustainable economic development of Kazakhstan by providing shared financing through private equity funds (hereinafter – PEF). QIC JSC invests and manages PEFs in partnership with the international institutional investors, sovereign wealth funds and international financial organizations for the purposes of further grow and increase of competitiveness of businesses.

At the end of 2022, the portfolio of QIC JSC included 17 PEFs, whose cumulative investments amounted to 2,4 billion US dollars.

No.	Name of PEF	Year of establishment	Investors	Investment priorities
Captive PEF				
1	Baiterek Venture Fund	2014	QIC JSC	Priority sectors of the economy of the Republic of Kazakhstan
2	DBK Equity Fund C.V. (DBKEF)	2017	Kazakhstan Development Bank JSC, QIC JSC, BV Management LLP	Projects of Kazakhstan Development Bank JSC, Industry Development Fund JSC
3	KCM Sustainable Development Fund I C.V. (KCM SDF)	2019	QIC JSC, BV Management LLP	Agro-industrial complex, processing industry, technical services and service provision, public health, information and communication, energy, etc.
Portfolio PEF				
4	Wellington Partners III Technology Fund (Wellington)	2004	QIC JSC, European Investment Fund and other investors	Internet technology, software, security, electronics
5	Flagship Ventures Fund (Flagship)	2005	QIC JSC, European Investment Fund and other investors	Life sciences, selective technologies, breakthrough software, etc.
6	Aureos Central Asia Fund L.L.C. (ACAF)	2007	QIC JSC, IFC, CDC Group, FMO, EBRD, DBJ	Financial activity, retail trade, telecommunications, chemical industry
7	Falah Growth Fund L.P. (FGF)	2008	QIC JSC, Ordabasy Shrakat Limited, Aztech Investment Limited	Oil and gas, energy, infrastructure, etc.

No.	Name of PEF	Year of establishment	Investors	Investment priorities
8	Kazakhstan Growth Fund L.P. (KGF)	2009	QIC JSC, EBRD	Food industry, mining equipment, metallurgy, woodworking and other industries
9	Macquarie Russia and CIS Infrastructure Fund C.V. (MRIF)	2009	QIC JSC, IFC, EBRD, Vneshekonombank, Macquarie Group, EDB	Transport infrastructure, power industry
10	Kazakhstan Capital Restructuring Fund C.V. (KCRF)	2010	QIC JSC, EBRD	SME (non-resource sectors)
11	CITIC Kazyna Investment Fund I L.P. (CKIF)	2010	QIC JSC, CITIC Group, Sun Success International Ltd.	Infrastructure, resource sectors (except for the oil and gas sector of the Republic of Kazakhstan), real estate
12	Russian-Kazakhstan Nanotechnology Fund (RKFN)	2011	QIC JSC, Rosnano, VTB Capital I2BF	Projects in the field of nanotechnology
13	Kazakhstan Infrastructure Fund C.V. (KIF)	2014	QIC JSC, VGL Ltd	Infrastructure
14	Kazakhstan Hungarian Investment Private Equity Fund C.V. (KAGF)	2015	QIC JSC, EXIM Bank	Agro-industrial complex
15	500 STARTUPS V, L.P. (500 Startups)	2019	QIC JSC, Abu Dhabi Financial Group (UAE), SeAH Group (South Korea) and other private investors	IT, including internet and information technology and/or other technology-related areas
16	Quest Ventures Asia Fund II, L.P. (Quest)	2020	QIC JSC, Pavilion Capital (subsidiary of Temasek) and other private investors	Technology companies in all sectors of the economy
17	Da Vinci Emerging Technologies Fund III L.P. (Da Vinci)	2021	QIC 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 industries



100% of all investments of QIC JSC are in the non-resource sector of Kazakhstan, and for every dollar invested, QIC JSC attracts 2.1 dollars from international partners.

The strategic portfolio of QIC JSC can be conditionally divided into several categories:

- active investment funds: BVF, DBK EF, KCM SDF, Da Vinci, Quest, 500 Startups;
- funds with a completed investment period – PEFs that have completed the investment process and focused on the management of portfolio companies and the search for successful exit opportunities: KGF, KIF, KAGF;

- end-of-life funds: KCRF, CKIF, RKFN, FGF, Wellington, Flagship;

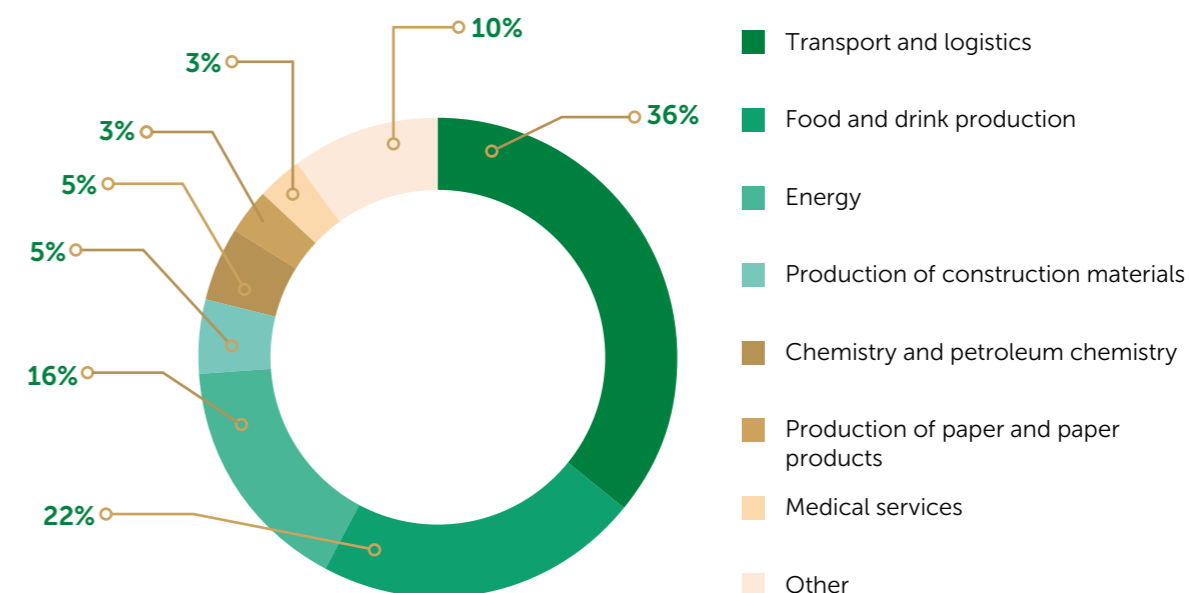
- funds in liquidation: MRIF, ACAF; and

- funds at the stage of formation: APEX FUND I L.P.

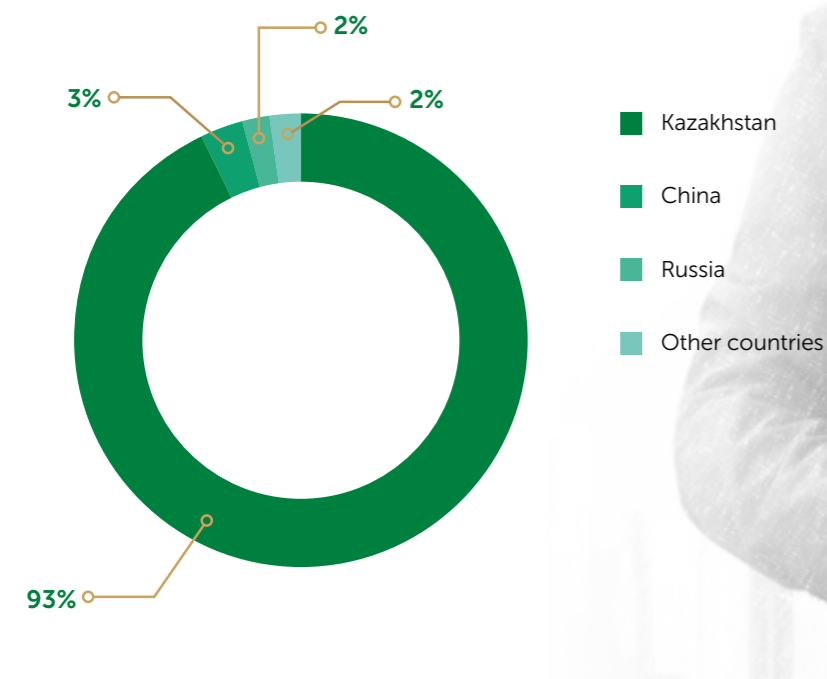
In connection with the withdrawal from projects and the expiration of their life, the direct investment funds Islamic Infrastructure Fund L.P. and Wolfensohn Capital Partners, L.P. with the participation of Kazyna Seriktes B.V., were liquidated.

At the end of 2022, there are 59 projects in the portfolio of QIC JSC (excluding start-up projects).

Portfolio Investments of QIC JSC by branches



Portfolio Investments of QIC JSC by countries¹



In 2022, QIC JSC funds have withdrawn from 7 projects: KCM SDF exited the following projects ahead of schedule: Eco Product Company LLP, Altyn Shygys LLP; BVF has withdrawn from the project of CAPEC Green Energy LLP; DBK Equity Fund C.V. has withdrawn from the project of Turgusun-1 LLP; Quest

Ventures has withdrawn from the following projects: 1Fit Ltd., QLang Ltd, ESSENTIAL TECHNOLOGIES LTD.

Also, in 2022, the projects of KazGrain LLP (Kazakhstan Growth Fund L.P.) and Olzha JSC (CITIC Kazyna Investment Fund I L.P.) were withdrawn partially.

Plans for 2023

During 2023, QIC JSC will continue to implement strategic investment initiatives, including:

- participation in the implementation of government programs by providing equity and mezzanine financing;
- creation of the Apex Fund of credit partnerships on the AIFC platform providing for a market mechanism for raising funds, in order to develop mass entrepreneurship in rural and urban areas;
- performing acceleration programs on the basis of the subsidiary – Bglobal Ventures Ltd. – to develop and bring commercially attractive technology companies to global markets;
- participation in the private equity fund – TVM Capital Healthcare SEA Fund L.P. – to invest in projects in the field of healthcare in the countries of Southeast Asia with the possibility of organizing internships for Kazakhstan medical workers in leading organizations in Southeast Asia;

- in order to promote talented Kazakhstan youth in the world market, as well as to strengthen the competitiveness and diversify the national economy, together with the Akimat of Almaty City, creation of a venture fund for creative industries to finance creative industry projects; and
- participation in the markets of venture capital financing, distressed assets and PPPs by creating/participating in regionally oriented PEFs in various fields, in cooperation with

international management companies and partners.

Also, the Company will continue work within the framework of improving the corporate governance system, sustainable development of QIC JSC, legislation on investment and venture funds of the Republic of Kazakhstan together with the Agency for regulation and development of the financial market of Kazakhstan and the World Bank.

Social and Economic Effect of the Holding's Implementation of the Development Programs¹

Indicator	Unit	2020	2021	2022
Amount of paid taxes, KZT million	million tenge	1,237,575	1,738,140	2,195,078
Quantity of new jobs	ea.	9,299	18,483	6,276 ²
Products sold	million tenge	17,582,179	13,539,624	19,566,196
Products sold for export	million tenge	1,914,105	2,561,750	2,637,017
Quantity of motor transport sold	ea.	1,765	1,647	1,094



¹ On a cumulative basis

¹ The data is provided within the framework of state programs and national projects.

² The data are preliminary, the final data will be provided by the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan in the second half of 2023.



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.

By Resolution of the Government of the Republic of Kazakhstan No.736 dated 23 September 2022, the Concept for the Development of Housing and Public Utility Infrastructure until 2026 was approved. Within the framework of this Concept, the rules for the implementation of state support measures aimed at improving housing conditions were approved, providing for the integral conditions of preferential mortgage programs implemented by Otbas bank JSC.

A facility to subsidize rental payment for vulnerable segments of the population was launched since April 2022. 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, more than 8 thousand people on the waiting list were provided with housing during 2022.

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

The operator of this direction is KHC 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 2026. 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 Astana, Almaty and their suburban areas;
- no more than 240 thousand tenge – in Atyrau and Mangistau Oblasts;
- no more than 220 thousand tenge – in Shymkent City, Kostanay, Turkestan, Karaganda and Ulytau Oblasts;

- no more than 200 thousand tenge – in the East and West Kazakhstan regions and Abay Oblast;

- no more than 180 thousand tenge – in Aktobe, Akmola, Almaty, Pavlodar, Zhambyl, Kyzylorda Oblasts, North Kazakhstan region and Zhetysay Oblast.

Since 2016, the LEAs' bonds have been bought out in total within the framework of the program 'Nurly Zher' for 958.1 billion tenge.

Amount of purchased bonds of the LEAs

Indicator	2020	2021	2022	2023 (planned)
Purchased bonds of the LEAs, KZT billion	281.2	163.7	176.4	110.4

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), the amount of 37.6 billion tenge was 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 Government Program for Housing and Public Utility Development 'Nurly Zher', the Akimat initiated the issue of extending the period for repaying allocated funds for two 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 2022, there were 2.2 million contracts in the system of Otbasy bank JSC with an amount of savings of 2.1 trillion tenge.

Basic Performance of Otbasy bank JSC

Indicator	2020	2021	2022
Amount of accumulations, KZT billion	1,034	1,509	2,141
Quantity of new contracts, thousand contracts	486	601	618
Quantity of issued loans, thousand loans	51.9	82.25	79.86
Total issued loans, KZT billion	609	1,235	1,382

At the end of 2022, the Bank issued 437 thousand loans totalling 4.9 trillion tenge. In 2022 alone, 79.9 thousand loans were issued for the total amount of 1.4 trillion tenge. The loan portfolio of the Bank increased by 43%, amounting to almost 3 trillion tenge.

The bank shows a steady growth in the issuance of loans throughout the entire period of activity. The dynamic growth of the loan portfolio since 2012 is associated specifically with lending to the population under the government housing construction program Nurly Zher, the market program Svoi Dom, the program for military personnel and other regional programs of the Bank.

As part of the program Nurly Zher, in 2022, 5,157 loans were issued to Kazakhstan people in the amount of 38 billion tenge at a reduced rate of 5% per annum. The loans were issued using the balance of funds allocated in 2021 from the republican budget in the amount of 32 billion tenge, as well as using repayable funds. Also, in the direction of Baqytty otbasy, the amount of 51 billion tenge was allocated to the Bank from the republican budget. In 2022, using these funds and the balance of funds allocated in 2021 in the amount of 70 billion tenge, 1,275 loans in the amount of 14.7 billion tenge were issued to large and single-parent families, as well as families raising children with disabilities. Under the program Shanyrak, in 2022, 6,005 loans in the amount of 71.7 billion tenge were issued using the balance of bond funds of the National Bank of the Republic of Kazakhstan received by the Bank in 2020–2021, own funds, budget funds in the amount of 15.3 billion tenge received in 2022, as well as repayable funds.

The activities of the Bank and its product line have a significant social and economic impact. In 2022, the Bank continued to implement the women's program Umai. During the reporting year, the Bank received the second tranche of credit funds from Asian Development Bank in the amount of 14 billion tenge. The Bank also allocated its own funds for the implementation of the program. At the end of 2022, 2.3 thousand loans were issued in the amount of 25.3 billion tenge (including the Bank's own funds).

In the reporting year, the Bank also continued to implement its own socially oriented project – Zhana baspana (previously – Askeri baspana). The Bank took a number of measures to protect special deposits. The Bank is the only bank in which special deposits have a special status and a guarantee of inviolability. In general, within the framework of the program, 14.7 thousand loans were issued in the amount of 299.2 billion tenge.

In addition, in December 2022, the Bank launched the first Green Mortgage program in Kazakhstan, which is focused on protecting the health of citizens and the environment (the program has been available to the Bank's customers since the beginning of 2023). The main condition for the implementation of the program is the compliance of the housing acquired with the 'green standard' certified according to one of the existing systems in Kazakhstan (OMIR, GOST R, BREEAM, LEED), regardless of its level of certification.

Encouraging the Construction of Housing by Private Developers

Within the framework of the Government 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 2017 to 2021, contracts were signed in this direction for the total amount of 150 billion tenge. The plan for 2023 is 170 billion tenge¹.

Support for the Shared Housing Construction

KHC 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.

Amount of issued guarantees by shared construction facilities

Indicator	2020	2021	2022	2023 (planned)
Amount of issued guarantees, KZT billion	120.6	372	211.8	170

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 subsidiary – ACC JSC – and dependent organization – KAF JSC:

- ACC 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.

- KAF JSC leases agricultural machinery and equipment.

In 2022, 'Baiterek' NMH JSC allocated 522.3 billion tenge to the development of the agro-industrial complex of Kazakhstan, with an annual plan of 472 billion tenge. The increase in lending to the industry as compared to actual data in 2021 made up 112.5%.

Indicator	Unit	2020	2021	2022
Total amount of AIC financing, including:	KZT billion	445.7	464.2	522.3
ACC JSC (including AFSF)	KZT billion	340.4	322.5	351.2
KAF JSC (exclusively of ICB)	KZT billion	105.3	141.7	171.1
Total quantity of issued loans, including:	ea.	27,900	26,173	23,561
ACC JSC (including AFSF JSC)	ea.	23,647	20,230	18,060
KAF JSC	ea.	4,253	5,943	5,501

ACC JSC and KAF JSC play a key role in agricultural finance, have extensive branch networks, many years of experience and industry expertise in the analysis and structuring of agricultural projects. In the total amount of financing for agriculture, in 2022, the Holding's sectoral development institutions accounted for 68% or more than two thirds. The remaining 32% of the financing amount is provided by the second-tier banks.

Out of the total financing amount, 96.4% were directed to support SMEs, which made it possible to increase the number of active borrowers in the loan portfolios of ACC JSC and KAF JSC to 88 thousand.

At the end of 2022, Agrarian Credit Corporation JSC issued 18,060 loans for the total amount of 351.2 billion tenge, including in view of the lending programs:

¹ The indicator "Volume of subsidized loans of private developers" was combined with the indicator "Volume of issued guarantees" under the common title "Volume of issued guarantees and volume of subsidized loans of private developers". In this regard, the target value is 170 billion tenge.

No.	Lending program	2022, KZT million
1	Agrobusiness	165,663
2	Isker Microlending	45,566
3	Ken dala (spring sowing and harvesting campaigns)	140,000
Total		351,229

The loan portfolio of ACC JSC at the end of 2022 amounted to 918.4 billion tenge, an increase of 12.3% compared to 2021.

Financing for spring sowing and harvesting campaigns was doubled from 70 to 140 billion tenge, which made it possible to sow 5.1 million ha (3.7 million ha in 2021). In addition, if the funds for SS&HC in previous years were allocated with a maturity date of December 1 of the year the loan was issued, then the second tranche in the amount of 70 billion tenge was issued with a loan repayment period up to December 2023, which allowed farmers selling crops at a more favourable price environment, and

starting sowing rareripe vegetables in the southern regions.

In addition, in 2022, 43 AIC investment projects (including funding for 19 new ones) were financed at the total cost of 100.9 billion tenge. 25 projects at the total cost of 34.5 billion tenge were put into operation in 2022.

In 2022, KazAgroFinance JSC signed contracts for leasing 6,806 units of agricultural and special machinery and equipment in the amount of 172.8 billion tenge.

Information about finance lease agreements entered into by KAF JSC:

Machinery/ equipment	2020		2021		2022	
	Quantity	Amount, KZT million	Quantity	Amount, KZT million	Quantity	Amount, KZT million
Sowing machines	129	4,932	258	10,515	190	8,547
Tractors	1,993	35,460	2,431	45,521	2,896	65,309
Combine harvesters	541	36,284	633	44,408	507	57,375
Seeding machines	354	7,576	258	7,513	283	9,251
Other machines	3,039	25,786	3,696	33,669	2,930	32,355
Total:	6,056	110,038	7,276	141,626	6,806	172,836

In 2022, the percentage of financed equipment made in Kazakhstan reached 58%, or 99.8 billion tenge.

Thanks to the financial support of the Holding, in 2022, more than 51 thousand people were provided with employment, including 9 thousand new jobs created.

To promote the development of agriculture, in 2022, the Holding financed 43 investment projects, which will allow achieving the following results:

- 11 commercial dairy farms with a production volume of 40 thousand tons of milk;
- 4 poultry farms for 32.7 thousand tons of poultry meat;
- 3 projects for the development of horticulture for 4.5 thousand tons of fruits;
- 5 projects for the development of greenhouse complexes for 15.2 thousand tons of vegetables;
- 2 projects for the processing of agricultural products for 42.7 thousand tons of products (processing of vegetables, oils);
- 3 vegetable stores with a storage capacity of 8.8 thousand tons;
- 4 multiplying farms for 645 thousand cattle stock;

- 1 project to create feed yards with a capacity of 3 thousand animal units;
- 10 projects for the production of horticultural and fodder crops using irrigation systems with a capacity of 76.1 thousand tons (vegetables, corn, lucerne, etc.).

In addition, as a result of financing the business entities have:

- purchased 77.7 thousand of cattle (cattle stock);
- purchased 234.1 thousand of small cattle (small cattle);
- purchased 98.4 horses;
- sowed 5.1 million hectares of farmland as part of spring sowing campaigns; and
- upgraded 10.4 thousand agricultural machines.



Examples of projects put into operation:

ORDA SOLTUSTIK KZ LLP

Description: Creation of a multiplying farm for 5,000 Hereford cattle stock in North Kazakhstan region.

Commissioning of a cattle farm: 2022

Total project value 3.8 billion tenge

Amount of the Holding's participation: 2.7 billion tenge

Total project value 2.5 billion tenge

Amount of the Holding's participation: 2.1 billion tenge

Environmental impact: Creation of the greenhouse complex with the area of 6 hectares using an additional lighting system. The products output by the greenhouse complex are environmentally friendly.

ZAURE GROUP LLP

Creation of a greenhouse complex with the area of 6 hectares in Turkestan Oblast.

Description: Creation of a greenhouse complex with the area of 6 hectares in Turkestan Oblast. The equipment was purchased from BG GLOBAL LTD (Turkey). The greenhouse complex is located in Sairam District, Turkestan Oblast, the complex capacity is 1,750 tons per year.

Commissioning: 2022

BOTA-2015 LLP

Construction of the oil extraction plant to process soybean, sunflower and rape seeds

Description: Construction of the oil extraction plant to process soybean, sunflower and rape seeds, 75,000 tons per year

Commissioning: January 2022

Total project value 5.2 billion tenge

Amount of the Holding's participation: 3.2 billion tenge

Plans for 2023

In 2023, ACC JSC and KAF JSC will continue to implement lending and leasing programs for AIC entities using all sources of funding. It is planned that ACC JSC will raise 140 billion tenge through a budget loan to finance the sowing and harvesting campaigns, which will make it possible to cover at least 3,200 borrowers with subsidized loans (5% per annum), including 320 new ones, for cultivation over 2 million hectares of agricultural land. To compensate for the increase in operating costs for the cultivation of agricultural crops, it is planned to increase the average funding standard per hectare from 54 to 70 thousand tenge or by 30%.

To finance the purchase of agricultural equipment, forage equipment and mobile irrigation systems for subsequent leasing, it is planned to raise 20 billion tenge to replenish the authorized capital of KAF JSC. It should be noted that KAF JSC has not received budgetary capital investments since 2014. Raising the funds will allow leasing at least 2,808 units of agricultural machinery at the preferential rate of 6% per annum and increase the borrowing capacity for the company's equity.

Digitalization Strategy

The Holding's digitalization activities are focused on increase of the level of corporate governance, investment attractiveness and customer focus, as well as to ensure the possibility of transforming existing business processes. The development of digital technologies is one of the most important factors contributing to the solution of the key tasks set out in the Holding's Development Plan.

The Holding's Digitalization Strategy for 2021–2023 identifies 7 main areas of digitalization:

- 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 management of digital technologies.

To realize uncompleted directions of digitalization of the Digitalization Strategy, in 2022, the Holding performed the work to automate and optimize the business processes, to develop the Unified

Business Support Portal – Bgov, and to prepare for the creation of the Holding's Analytic Centre.

Out of formalized 89 business processes of the Holding, during the period between 2019 and 2022, 78 processes were automated (the automation rate was 87.6%); only in 2022, 19 processes were automated, including personnel records, document management, procurement and others.

As part of the “Customer-Oriented Services” direction of the Digitalization Strategy, a Unified Business Support Portal – Bgov was developed on which the services of 6 subsidiaries of the Holding were digitized, with covering 5 areas of the state support: subsidizing, leasing, insurance, guaranteeing and investing.

In implementing the “Analytics and Data Management” direction, a pilot project “Analytical Centre” was initiated based on the results of which a scope of work and requirements for full implementation were determined.

In addition, in 2022, the processes of generating a payment calendar were automated, and a budget control tool was introduced as part of the implementation of the “Effective financial management tools” direction.

Also, in order to enhance the efficiency of the Holding and its subsidiaries through digital

transformation, the introduction of new digitalization approaches, the creation and development of informatization objects and information-and-communication technologies, automation and reengineering of existing business processes, within the framework of the "Corporate management of digital technologies", the Holding-based collegial body – the Holding's Digitalization Office – is

Plans for 2023

In 2023, it is planned to carry out a number of activities to implement the uncompleted directions of the Digitalization Strategy, in particular, to automate the business processes, develop the Bgov Unified Business Support Portal and complete the creation of an analytical centre.

The action plan for 2022–2023 for the implementation of the Digitalization Strategy provides for automation of the business processes in personnel recording, information technology, corporate finance, economics and budget planning, as well as development of previously automated processes.

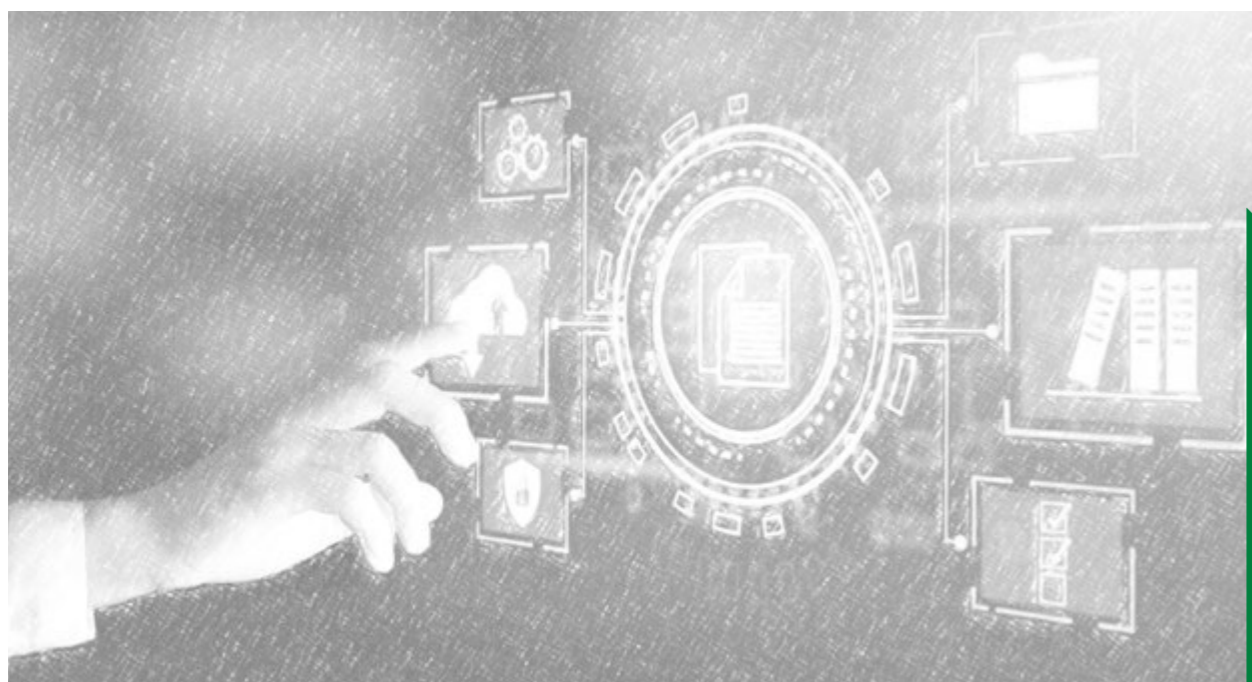
In order to implement the "Customer-oriented services" direction of the Digitalization Strategy, it is

operating. In 2022, its functionality was revised; tasks, functions, principles and methods of operation were expanded, changes were made to the composition. The Digitalization Office reviewed the IT strategies of subsidiaries, their initiatives for digital development and transformation, and other issues of the IT activities of the Holding group of companies.

planned to expand the list of services of the Holding's subsidiaries to be placed on the "single window" – Bgov Unified Business Support Portal.

At the same time, within the framework of the "Effective financial management tools" direction, it is planned to introduce the tools to prepare a consolidated development plan and automate the preparation of the Holding's consolidated financial statements.

Due to the expiration of the IT strategies of the Holding and its subsidiaries in 2023, it is planned to sum up the results of the current Strategy and develop a new Digitalization Strategy.



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 2022, 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.



2022

Corporate Governance

84	Corporate Governance System
90	Sole Shareholder
91	Board of Directors
107	Corporate Secretary
109	Management Board
114	System to Remunerate the Members of the Board of Directors and the Management Board
115	Internal Audit Service
117	Corporate Ethics and Settlement of the Conflict of Interests
119	Anti-corruption
121	External Auditor

4

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 2022 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.	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.	Power delineation principle 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.
Enterprises with state participation operate with the same degree of efficiency, transparency and accountability as the leading private companies.	Power delineation principle The rights, obligations and competences of the SS, the 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 Managing Holding Joint-Stock Company. The economic activity of the Holding and its subsidiaries must meet the market conditions regarding debt and equity finance. The corporate governance system of the Holding provides for a clear delineation of powers and responsibilities between the bodies of the Holding that ensure consistency and coherence of corporate governance processes.
All public and non-public enterprises with state participation must comply with the national corporate governance codes.	Principle of protecting the rights and interests of the Sole Shareholder The Articles of Association of 'Baiterek' National Managing Holding Joint-Stock Company enshrines the rights of the Sole Shareholder. In accordance with clause 51 in Article 9 of the Articles of Association of 'Baiterek' National Managing Holding Joint-Stock Company, the SS has the right to: 1) participate in the management of the Holding in the manner prescribed by the legislation of the Republic of Kazakhstan and (or) the Articles of Association; 2) receive dividends; 3) receive information concerning activities of the Holding and review the financial statements of the Holding, in the manner determined by the SS or the Articles of Association; 4) receive extracts from the central depository or nominal holder, which confirm its ownership of the securities; 5) demand the convening of a meeting of the BoD;

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
--	---

- 6) file a claim to the judicial authorities on its own behalf in the cases provided for by the Law, for compensating the Holding by the Holding's officials for losses caused to the Holding and return to the Holding by the Holding's officials and (or) their affiliates of the profit (income) earned by them as a result of making decisions on concluding (proposals for concluding) major transactions and (or) related-party transactions;
- 7) require an audit organization to audit the Holding at its own expense;
- 8) contest in a court the decisions adopted by the Holding's bodies;
- 9) make written inquiries to the Holding concerning its activities and receive reasoned replies within 30 calendar days from the date of receipt of an inquire by the Holding;
- 10) receive property remaining after the Holding liquidation; and
- 11) have pre-emptive right to purchase shares or other securities of the Holding convertible into its shares, in the manner prescribed by the legislative acts of the Republic of Kazakhstan.

Enterprises with state participation must recognize and respect the rights of the stakeholders provided for in legislation or mutual agreements.

Principle of sustainable development

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.

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.

Principle of transparency and objectivity of disclosure of the information concerning activities of the Holding

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.

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
--	---

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.

Principle of effective management of the Holding by the Board of Directors and the Management Board

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. 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. 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.

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.

Principle of risk management, internal control and internal audit

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.

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.

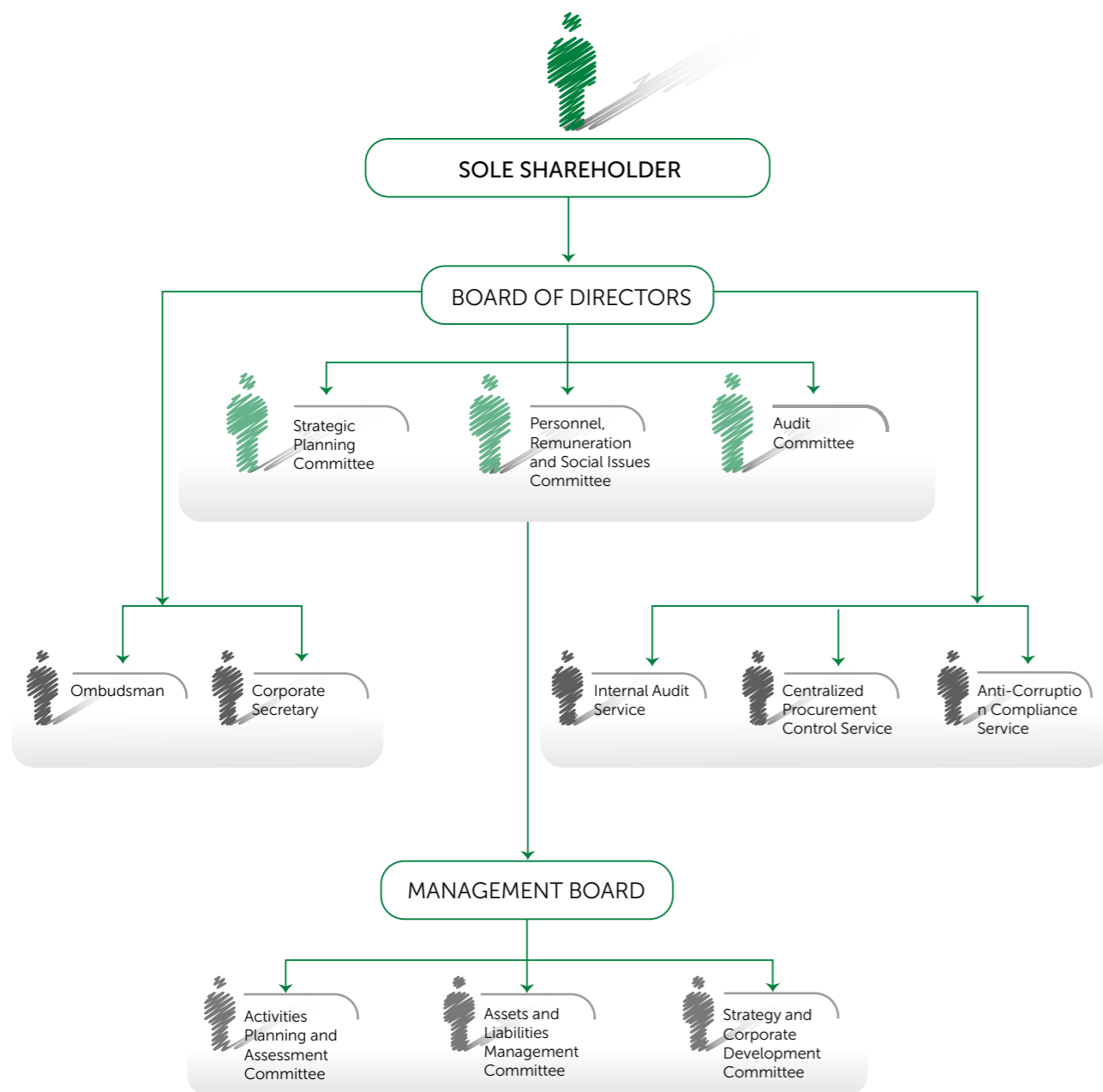
Principle of settlement of corporate conflicts and conflicts of interest

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.

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.

MODEL OF CORPORATE GOVERNANCE OF THE HOLDING

Structure of the corporate governance system of the Holding



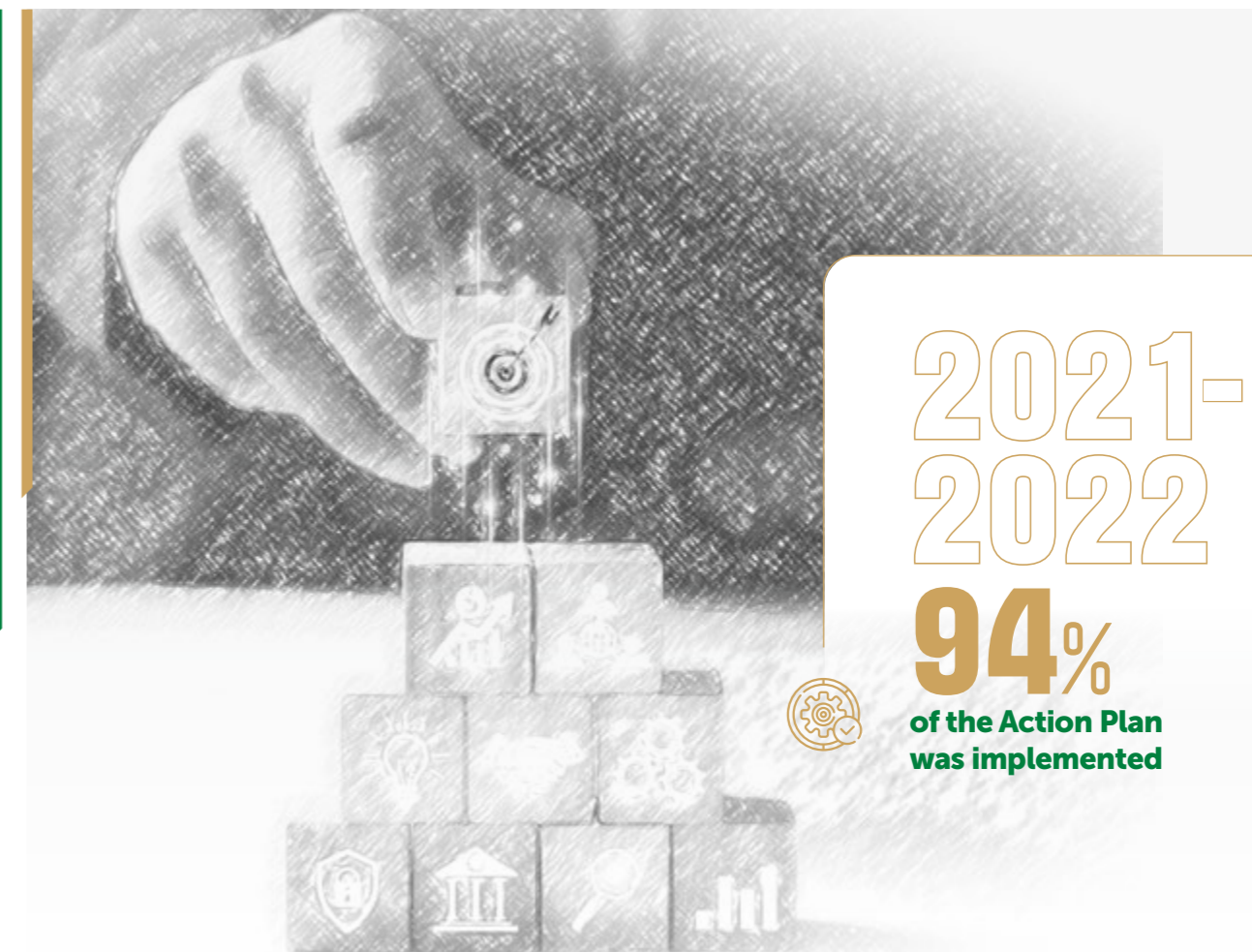
PLAN OF ACTIONS TO IMPROVE THE CORPORATE GOVERNANCE OF THE HOLDING

As part of the Action Plan for Improving Corporate Governance for 2021–2022 approved by the Board of Directors of the Holding, 94% of the Action Plan was implemented.

Plans for 2023

In 2023, it is planned to conduct an independent assessment of corporate governance, as well as develop and approve an Action Plan to improve the Holding's corporate governance system. Based on the results of the assessment, it is planned to update the Corporate Governance Code of the Holding. The monitoring of the implementation of the Action Plan to improve the corporate governance of

the Holding and subsidiaries of the Holding, provision of 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 will continue as normal.



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

Share Capital

As of 31 December 2022, the share capital of 'Baiterek' NMH JSC amounted to 1,366,238,962 tenge:

- authorized ordinary shares – 5,000,086,550;
- allocated and paid ordinary shares – 1,351,095,973;
- authorized, but not allocated ordinary shares – 3,648,990,577.

Dividend Policy

The dividend policy of the Holding is based on respecting 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 2022, the Holding declared and paid dividends based on the results of 2021 in the amount of 33.1 billion tenge (during 2021: 10.3 billion tenge). Dividends for 2021 per ordinary share amounted to 26.41 tenge (2021: 8.29 tenge).



KEY RESOLUTIONS OF THE SOLE SHAREHOLDER

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

- certain issues of 'Baiterek' National Managing Holding Joint-Stock Company (appointment of acting Chairman of the Management Board Kanat Bisimbayevich Sharlapaev until the results of special inspection are received);
- certain issues of 'Baiterek' National Managing Holding Joint-Stock Company (appointment of Kanat Bisimbayevich Sharlapaev to be the Chairman of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company based on the results of special inspection);
- amendments to the Articles of Association of 'Baiterek' National Managing Holding Joint-Stock Company;
- certain issues of 'Baiterek' National Managing Holding Joint-Stock Company (approval of AFS for 2021);
- certain issues of 'Baiterek' National Managing Holding Joint-Stock Company (election of Kanat Bisimbayevich Sharlapaev – the Chairman of the Management Board of 'Baiterek' NMH JSC – to the Board of Directors of 'Baiterek' NMH JSC).

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.

- organization and monitoring of the effective functioning of the risk management, internal control and internal audit system;
- election (re-election), remuneration (except for the Chairperson of the Management Board), succession planning and control over the activities of members of the Management Board;
- setting and monitoring key performance indicators to be set in the Holding's Development Plan;
- corporate governance; and
- compliance in the Holding with the provisions of the Code of Corporate Governance and corporate standards of the Holding in the field of business ethics (Code of Business Ethics).

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.

According to the Regulations of the Board of Directors, the Holding is obliged to insure the liability of the members 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 for 2022.

Members of the Board of Directors

As of 31 December 2022, the Board of Directors of the Holding comprised ten directors, three of which were independent.

The members of the Board of Directors were determined on 4 February 2022 by order of the Minister of National Economy of the Republic of Kazakhstan No. 50 until expiration of powers of the Board of Directors in general.





SMailOV ALIKHAN ASKHANOVICH

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

Born in 1972, a citizen of the Republic of Kazakhstan.

Education:

- Kazakh State National University named after Al-Farabi, specialty in "Applied Mathematics";
- Kazakhstan Institute of Management, Economics and Prediction under the President of the Republic of Kazakhstan, the degree of the Master of Sciences in Government Management.

Information about work activities:

- From 2018 to 2019 – the Minister of Finance of the Republic of Kazakhstan;
- From 2019 to 2022 – first deputy Prime Minister – the Minister of Finance of the Republic of Kazakhstan;
- From 2022 – the Prime Minister of the Republic of Kazakhstan.
- By the resolution of the Sole Shareholder of the Holding dated 04 February 2022, he was elected to be the Chairman of the Board of Directors.

Other positions held:

The Chairman of the Board of Directors in 'Kazakh Invest' National Company JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



SULEIMENOV TIMUR MURATOVICH

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

Born in 1978, a citizen of the Republic of Kazakhstan.

Education:

- Pavlodar State University named after S. Toraigyrov, specialties in "Economics and Management in Social Area" and "Jurisprudence";
- Maryland University (USA) with the degree of the Master of Business Administration under Bolashak Program, Business Master specializing in Finances.
- Has a certificate of the United Kingdom Chartered Certified Accountant and Auditor Association.

Information about work activities:

- From 2016 to 2019 – the Minister of National Economy of the Republic of Kazakhstan;
- From March 2019 to July 2019 – Vice-Chairperson of the National Bank of the Republic of Kazakhstan, Assistant President of the Republic of Kazakhstan;
- From 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 4 February 2022, he was elected as a member of the Board of Directors.

Other positions held:

The member of the Board of Directors Sovereign Welfare Fund 'Samruk-Kazyna' Joint-Stock Company.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



SKLYAR ROMAN VASILEVICH

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

He was born in 1971, a citizen of the Republic of Kazakhstan

Education:

- Pavlodar State University, specialty of the Civil Engineer,
- Moscow Modern Business Institute, specialty of the Economist,
- Kazakh Institute of Jurisprudence and International Relations, specialty of the Lawyer.

Information about work activities:

- From 2018 to February 2019 – the first Vice Minister for Investments and Development of the Republic of Kazakhstan;
- From February 2019 to September 2019 – Minister of Industry and Infrastructure Development of the Republic of Kazakhstan;
- From September 2019 – Deputy Prime Minister of the Republic of Kazakhstan.
- By the resolution of the Sole Shareholder of the Holding dated 4 February 2022, he was elected as a member of the Board of Directors.

Other positions held:

The member of the Board of Directors in 'Kazakh Invest' National Company JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



ZHAMAUbayEV YERULAN KENZHEBEKOVICH

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

Born in 1974, a citizen of the Republic of Kazakhstan.

Education:

- Kazakh State Academy of Management, specialty in Finances and Credit,
- International Business School under the Kazakh Economic University named after T. Ryskulov, specialty 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.

Information about work activities:

- 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 2020 to March 2022 – Minister of Finance of the Republic of Kazakhstan;
- From 2022 – Deputy Prime Minister – the Minister of Finance of the Republic of Kazakhstan.
- By the resolution of the Sole Shareholder of the Holding dated 4 February 2022, he was elected as a member of the Board of Directors.

Other positions held:

The Chairperson of the Board of Directors in 'Damu' Entrepreneurship Development Fund JSC, the member of the Board of Directors in 'Kazakh Invest' National Company JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



KUANTYROV ALIBEK SAKENOVICH

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

Born in 1983, a citizen of the Republic of Kazakhstan.

Education:

- Tomsk State University, specialty in "Finances and Credit" and "Linguistics and Intercultural Communication";
- Michigan University, degree of the Master in Applied Economy, Bolashak international scholarship.
- The member of the President's youth personnel reserve 1.0.

Information about work activities:

- From 2019 to 2021 – assistant manager of the Division of the Administrative Office of the First President – Yelbassy of the Republic of Kazakhstan;
- From 2021 to 2022 – Vice Minister of National Economy of the Republic of Kazakhstan;
- From 2022 – the Minister of National Economy of the Republic of Kazakhstan.
- By the resolution of the Sole Shareholder of the Holding dated 4 February 2022, he was elected as a member of the Board of Directors.

Other positions held:

The member of the Board of Directors in Samruk-Kazyna JSC, 'Kazakh Invest' National Company JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



USKENBAYEV KAIRBEK AITBAYEVICH

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

Born in 1964, a citizen of the Republic of Kazakhstan.

Education:

- Karaganda Higher School of the Ministry of Internal Affairs of the USSR, specialty of the Lawyer;
- Akmola Agrarian University named after S. Seifullin, specialty of the Organizer-Economist;
- Diplomatic Academy of the Eurasian National University named after L.N. Gumilyov, specialty in International Relations.

Information about work activities:

- From 2018 to 2019 – Vice Minister of Investment and Development of the Republic of Kazakhstan;
- From 2019 to 2022 – first Vice Minister of Industry and Infrastructure Development of the Republic of Kazakhstan;
- From 2022 to 2023 – Minister of Industry and Infrastructure Development of the Republic of Kazakhstan.
- By the resolution of the Sole Shareholder of the Holding dated 4 February 2022, he was elected as a member of the Board of Directors.

Other positions held:

None.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



KARASHUKEEV VERBOL ZHYRAKPAEVICH

Minister of Agriculture of the Republic of Kazakhstan, member of the Board of Directors of the Holding

Born in 1976, a citizen of the Republic of Kazakhstan.

Education:

- Kazakh State National University named after Al-Farabi;
- Modern Institute for Humanities, specialty of the Economist.

Information about work activities:

- From 2019 to 2021 – Chairperson of the Management Board in 'KazAgro' NMH JSC;
- From April to July 2021 – Vice Minister of Finance of the Republic of Kazakhstan;
- From July 2021 – Vice Minister – acting Minister of Agriculture of the Republic of Kazakhstan;
- From September 2021 – Minister of Agriculture of the Republic of Kazakhstan.
- By the resolution of the Sole Shareholder of the Holding dated 4 February 2022, he was elected as a member of the Board of Directors. By the resolution of the Sole Shareholder of the Holding dated September 28, 2022, his authority was terminated ahead of schedule.

Other positions held:

None.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



SHARLAPAEV KANAT BISIMBAYEVICH

Chairman of the Management Board of the Holding, member of the Board of Directors of the Holding

Born in 1981, a citizen of the Republic of Kazakhstan.

Education:

- Saratov Social and Economic University, specialty in "Accounting and Audit" (Russian Federation);
- Cranfield School of Management, Master's degree, specialty in "Finance and Management" (United Kingdom).

Information about work activities:

- From 2017 to 2020 – Chief Financial Officer for Russia, Ukraine and Kazakhstan, Senior Vice President of Citibank Russia;
- From 2020 to 2022 – Regional Director for strategy, planning and analysis in emerging markets of Africa, Middle East and East Europe of Citi Investment Bank (UAE);
- From 2022 – Chairman of the Management Board and member of the Board of Directors of 'Baiterek' National Managing Holding JSC.
- More than 16 years of experience in various positions in the financial, management and analytical sectors at City Investment Bank.

Other positions held:

Chairman of the Board of Directors at Kazakhstan Development Bank JSC, Industrial Development Fund JSC, 'Otbasy Bank' Housing Construction Savings Bank JSC, Kazakhstan Housing Company JSC, Bereke Bank JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



KLAUS MANGOLD

Independent Director of the Holding

Born in 1943, a citizen of Germany

Education:

- He studied law and economics at the Universities of Munich, Geneva, London, Mainz and Heidelberg. Professor, Doctor.

Information about work activities:

- From 2011 – Chairman of the Supervisory Board of TUI AG, a member of the Supervisory Boards of Continental AG, Alstom S.A., Chairman 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, on 21 November 2019, he was re-elected to the Board of Directors. On December 30, 2022, his term as an Independent Director of the Holding expired.

Other positions held:

None.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



PHILIP YEO

Independent Director of the Holding

Born in 1946, a citizen of the Republic of Singapore.

Education:

- Saint Joseph Institute (Singapore);
- Toronto University (Canada).

Information about work activities:

- 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 Chairman 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, 21 November 2019, he was re-elected to the Board of Directors. On December 30, 2022, his term as an Independent Director of the Holding expired.

Other positions held:

None.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



THOMAS MIROW

Independent Director of the Holding

Born in 1953, a citizen of Germany.

Education:

- University of Bonn, defended the Doctor's thesis on the subject "French policy in Europe during the period of the Fifth Republic" (Germany).

Information about work activities:

- From 2008 to 2012 – the President of the European Bank for Reconstruction and Development (EBRD);
- From 2013 to 2018 – the Chairman 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, 21 November 2019, he was re-elected to the Board of Directors. On December 30, 2022, his term as an Independent Director of the Holding expired.

Other positions held:

None.

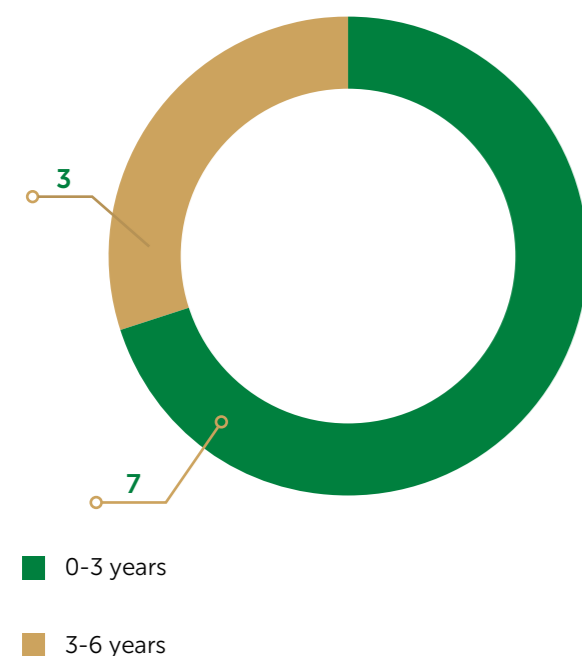
Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.

Competences of the members of the Board of Directors

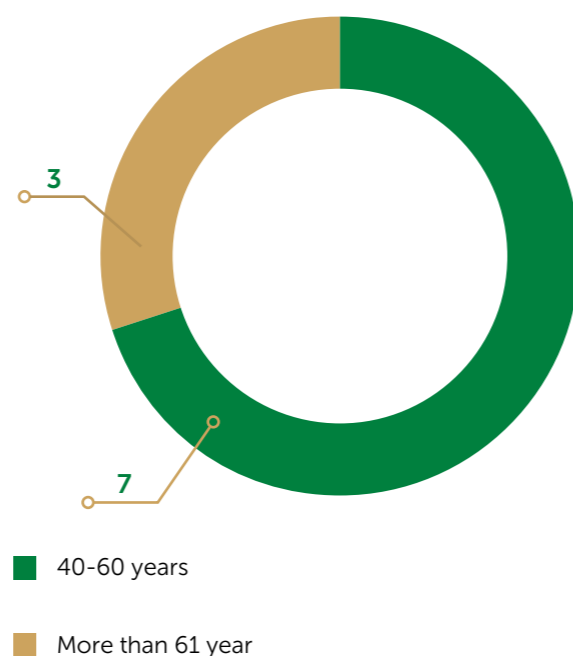
The Board of Directors of the Holding consists of the representatives of the Sole Shareholder, independent directors, the head of the executive

body, which ensures decision-making in the interests of the Holding and the tasks set for it relating to the economy development. The members of the Board of Directors of the Holding have significant work experience, relevant education and impeccable business reputation.

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 2022

By the resolutions of the Sole Shareholder of the Holding dated 04 February 2022 and 28 September 2022 (orders of the Minister of National Economy of the Republic of Kazakhstan Nos. 50 and 237):

- the powers of the Chairman of the Board of Directors of 'Baiterek' NMH JSC – Mamin Askar Uzakpayevich – were early terminated;
- the powers of the members of the Board of Directors of 'Baiterek' NMH JSC – Asset Armanovich Irgaliyev, Beibut Bakirovich Atamkulov and Aidar Abdrazakhovich Arifkhanov – were early terminated;

- Smailov Alikhan Askhanovich, the Prime Minister of the Republic of Kazakhstan, was elected to the Board of Directors to be the Chairman of the Board of Directors of 'Baiterek' NMH JSC;
- Kuanyrov Alibek Sakenovich – the Minister of National Economy of the Republic of Kazakhstan, Uskenbayev Kairbek Aitbayevich – the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan, Karashukeev Yerbol Zhyrakpaevich – the Minister of Agriculture of the Republic of Kazakhstan – were elected to the Board of Directors as members of the Board of Directors of 'Baiterek' NMH JSC;

- the powers of the member of the Board of Directors of 'Baiterek' NMH JSC – Karashukeev Yerbol Zhyrakpaevich – were early terminated;
- Sharlapaev Kanat Bisimbayevich – the Chairman of the Management Board of the Holding – was elected to the Board of Directors of 'Baiterek' NMH JSC.

- 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.

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 2022, the induction procedure was performed in relation to the newly elected members of the Board of Directors of the Holding – Smailov A.A., Kuanyrov A.S., Uskenbayev K.A., Karashukeev Ye.Sh., and Sharlapaev K.B.

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;

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. On December 30, 2022, their term as Independent Directors of the Holding expired.

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 Managing 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.

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 Managing Holding Joint-Stock Company, as well as by Chapter 23 of the Regulations of the Board of Directors of 'Baiterek' National Managing 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 Managing Holding Joint-Stock Company provides that the Sole Shareholder can assess the Board of Directors independently or with involving an independent consultant.

In 2022, 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 Managing Holding Joint-Stock Company.

Results of Work of the Board of Directors in 2022

During the reporting period, 10 meetings of the Board of Directors were held of which 5 meetings were held in person and 5 meetings – in absentia. In total, the Board of Directors considered 89 issues.

Some important issues considered by the Board of Directors were:

- early termination of the powers of a member of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company, election of a member of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company and determining the official salary of a member of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company;
- conclusion of transactions with Industrial Development Fund Joint-Stock Company, in which 'Baiterek' National Managing Holding Joint-Stock Company has an interest, amending the Annual Budget of 'Baiterek' National Managing Holding Joint-Stock Company for 2022 and the Development Plan of 'Baiterek' National Managing Holding Joint-Stock Company for 2019–2023;
- consideration of the report on the forecast cash flows of 'Baiterek' National Managing Holding Joint-Stock Company, taking into account the merger of 'KazAgro' National Managing Holding Joint-Stock Company with 'Baiterek' National Managing Holding Joint-Stock Company;
- consideration of information on the compliance with the requirements of the Investment Policy of 'Baiterek' National Managing Holding JSC for 2021;
- appointment of an audit organization to audit the financial statements of 'Baiterek' NMH JSC for 2022–2023 and determination of an amount of remuneration for its services;
- consideration of the results of an external assessment of the activities of the internal audit services of 'Baiterek' National Managing Holding Joint-Stock Company conducted by the independent organization – KPMG Tax and Advisory Limited Liability Partnership;
- assessment of the implementation of the Action Plan of 'Baiterek' National Managing Holding Joint-Stock Company for 2019–2023 for 2021;
- approval of the annual budget of 'Baiterek' NMH JSC for 2023;
- early termination of the powers of a member of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company;
- appointment and determination of a term of office of the Corporate Secretary of 'Baiterek' National Managing Holding Joint-Stock Company;

- taking into account the information on the use by 'Baiterek' NMH JSC of financial resources allocated from the republican budget in 2020–2022;
- election of a member of the Strategic Planning Committee of the Board of Directors 'Baiterek' NMH JSC;
- approval of the audit plan of the Internal Audit Service of 'Baiterek' NMH JSC and maps of key performance indicators for employees of the Internal Audit Service of 'Baiterek' NMH JSC for 2023–2025; and
- approval of the Work Plan of the Board of Directors of 'Baiterek' NMH JSC for 2023.

Participation of the members of the Board of Directors in the meetings in 2022

Full name of the member of the Board of Directors	Meetings of the Board of Directors	%	Period of being a member of the Board of Directors
Smailov A.A.	10/10	100%	04.02.2022–30.12.2022
Sklyar R.V.	8/10	80%	01.01.2021–30.12.2022
Suleimenov T.M.	6/10	60%	01.01.2021–30.12.2022
Zhamaubayev Ye.K.	8/10	80%	01.01.2021–30.12.2022
Kuantyrov A.S.	9/10	90%	04.02.2022–30.12.2022
Uskenbayev K.A.	9/10	90%	04.02.2022–30.12.2022
Karashukeev Ye.Sh.*	6/10	60%	04.02.2022–28.09.2022
Sharlapaev K.B.**	4/10	40%	28.09.2022–30.12.2022
Mangold K.	10/10	100%	01.01.2021–30.12.2022
Yeo P.	10/10	100%	01.01.2021–30.12.2022
Mirow T.	10/10	100%	01.01.2021–30.12.2022

* In accordance with the Order of the Minister of National Economy of the Republic of Kazakhstan – Resolution of the Sole Shareholder of the Holding No. 237 dated September 28, 2022, the powers were terminated ahead of time.

** Elected as a member of the Board of Directors of 'Baiterek' NMH JSC on September 28, 2022 (Order of the Minister of National Economy of the Republic of Kazakhstan – Resolution of the Sole Shareholder of the Holding No. 237 dated September 28, 2022).

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 31 December 2022, 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).
3. Philip Yeo – the member of the Committee (member of the Board of Directors of the Holding, independent director).

In 2022, the Audit Committee held 6 meetings in person and 2 meetings in absentia during which 48 issues were considered.

Membership and participation of the members of the Audit Committee in the meetings in 2022

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	01.01.2022–30.12.2022
Klaus Mangold	independent director, member of the Audit Committee	7/8	87.5	01.01.2022–30.12.2022
Philip Yeo	independent director, member of the Audit Committee	8/8	100	01.01.2022–30.12.2022

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.
- The personnel issues of the Internal Audit Service of 'Baiterek' National Managing

Holding Joint-Stock Company were preliminarily approved and recommended.

- The Audit Plan of the Internal Audit Service of 'Baiterek' National Managing Holding Joint-Stock Company for 2023–2025 was preliminarily approved.
- The maps of key performance indicators of the officers of the Internal Audit Service of 'Baiterek' National Managing Holding Joint-Stock Company for 2023–2025 were preliminarily approved.



External audit

- The essential terms of the draft agreement with the external auditor for long-term procurement of services for financial audits (audit of financial statements) of 'Baiterek' National Managing Holding Joint-Stock Company for 2022–2023 and the receipt of related services from the external auditor were preliminarily approved.
- The meeting was held with KPMG Audit LLP following the audit of the annual financial statements of 'Baiterek' NMH JSC for 2021.
- The Action Plan for the implementation of outstanding and pending recommendations of the external auditor providing services for the audit of financial statements for Agrarian Credit Corporation Joint-Stock Company for all periods in accordance with the report of the external auditor of 'Baiterek' National Managing Holding Joint-Stock Company on the results of the audit for 2021 was reviewed.
- The results of an external independent assessment of the activities of the internal audit services of 'Baiterek' National Managing Holding Joint-Stock Company were considered.

Internal control and risk management

- The reports on the risks of the Holding were preliminarily reviewed and approved on a quarterly basis.
- The risk appetite of 'Baiterek' National Managing Holding Joint-Stock Company for 2023 was approved.
- The matrix of business processes, risks and controls of 'Baiterek' National Managing Holding Joint-Stock Company for 2023 was approved.
- The Report on a status of consideration of the Action Plan to improve the internal control and risk management system in the new subsidiaries of 'Baiterek' National Managing Holding Joint-Stock Company was reviewed.
- The information on ensuring the comparability of risk management standards in 'Baiterek' National Managing Holding Joint-Stock Company and its subsidiaries was considered.

Corporate governance

- It was approved and recommended to the Board of Directors of 'Baiterek' National Managing Holding Joint-Stock Company to take into consideration the results of implementation of the Action Plan to improve the corporate governance of 'Baiterek' National Managing Holding Joint-Stock Company for 2021–2022.

- The report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company for 2021 was preliminarily reviewed.
- 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 2021.
- The Work Plan of the Audit Committee of the Board of Directors of 'Baiterek' National Managing Holding Joint-Stock Company for 2023 was 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 2022, the Personnel, Remuneration and Social Issues Committee held 4 meetings in person and 3 meetings in absentia during which 30 issues were considered.

Membership and participation of the members of the Personnel, Remuneration and Social Issues Committee in the meetings in 2022

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	7/7	100	01.01.2022–30.12.2022
Philip Yeo	independent director, member of the Personnel, Remuneration and Social Issues Committee	7/7	100	01.01.2022–30.12.2022
Thomas Mirow	independent director, member of the Personnel, Remuneration and Social Issues Committee	7/7	100	01.01.2022–30.12.2022

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

- It was recommended to appoint and determine the term of office of the Corporate Secretary of 'Baiterek' National Managing Holding Joint-Stock Company.
- Recommendations were given to the Board of Directors on the early termination of the powers of the members of the Management Board of 'Baiterek' NMH JSC.
- The candidate head of the Anti-Corruption Compliance Service of 'Baiterek' National Managing Holding Joint-Stock Company and the amount of remuneration of the head of the Anti-Corruption Compliance Service of 'Baiterek' National Managing Holding Joint-Stock Company were preliminarily approved.
- It was preliminarily approved and recommended to the Board of Directors of 'Baiterek' NMH JSC to early terminate the powers and appoint the Ombudsman of 'Baiterek' National Managing Holding Joint-Stock Company.
- Recommendations were given on determining the quantity of members of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company, the term of office of the Management Board as a whole, electing

the members of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company, as well as determining the amount of official salaries and terms of remuneration and bonuses for the Chairperson and members of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company.

- The activities of the Chairperson and members of the Management Board of 'Baiterek' NMH JSC were preliminary reviewed based on the performance for 2021 and found to be satisfactory.
- The report on the activities of the Ombudsman of 'Baiterek' NMH JSC for 2021 was preliminary reviewed and approved. The activities of the Ombudsman of 'Baiterek' NMH JSC were recognized as effective based on the performance for 2021.
- Recommendations were given to the Board of Directors of 'Baiterek' National Managing Holding Joint-Stock Company on making amendments and alterations to the Regulations on the Service of the Corporate Secretary of 'Baiterek' National Managing Holding Joint-Stock Company.

- Recommendations were given on making amendments and alterations to the Rules for remuneration, performance evaluation and remuneration of the Chairperson and members of the Management Board of 'Baiterek' National Managing Holding Joint-Stock Company.
- Recommendations were given on making amendments and alterations to the Rules for remuneration, performance evaluation and remuneration of officers of bodies and/or services reporting and/or subordinate to the Board of Directors of 'Baiterek' National Managing Holding Joint-Stock Company.

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 2022, the Strategic Planning Committee held 5 meetings in person and 3 meetings in absentia during which 27 issues were considered.



Participation of the members of the Strategic Planning Committee in the meetings in 2022

Member of the Committee	Position	Meetings	%	Period of being a member of the Committee
Philip Yeo	independent director, Chairperson of the Strategic Planning Committee	8/8	100	01.01.2022–30.12.2022
Thomas Mirow	independent director, member of the Strategic Planning Committee	8/8	100	01.01.2022–30.12.2022
Kuantyrov Alibek Sakenovich	Minister of National Economy of the Republic of Kazakhstan, member of the Strategic Planning Committee	5/8 ¹	62.5	23.02.2022–30.12.2022
Sharlapaev Kanat Bisimbayevich	Chairperson of the Management Board of 'Baiterek' NMH JSC, member of the Strategic Planning Committee	-/8 ²	–	24.11.2022–30.12.2021

The Strategic Planning Committee considered the following important issues:

- The report on the performance of 'Baiterek' National Managing Holding Joint-Stock Company for 2021 was reviewed.
- The report on a status of implementation of 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 export potential was reviewed.
- The information on the progress of the development of the draft Development Plan of 'Baiterek' National Managing Holding Joint-Stock Company for 2024–2033 was reviewed.
- The information on the use by 'Baiterek' National Managing Holding Joint-Stock Company of funds allocated from the republican budget in 2020–2022 was preliminarily reviewed.
- The report on a status of implementation of the Unified Action Plan of 'Baiterek' National Managing Holding Joint-Stock Company as a single development institution for the period between June and December 2021 was reviewed as of 1 February 2022.
- The information on international cooperation of 'Baiterek' National Managing Holding Joint-Stock Company for 2021 was reviewed.

1 By the resolution of the Board of Directors dated 23 February 2022 (minutes No. 02/22), the membership of the Committee has changed:
1) the powers of the members of the Board of Directors of 'Baiterek' NMH JSC Irgaliyev Asset Armanovich and Arifkhanov Aidar Abdrazakovich as the members 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 Kuantyrov Alibek Sakenovich 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 of his term of office as the member of the Board of Directors of 'Baiterek' NMH JSC.

2 By the resolution of the Board of Directors dated 24 November 2022 (minutes No. 09/22), Sharlapaev Kanat Bisimbayevich was elected as a member of the Committee, with a term of office until the expiration of his term of office as the member of the Board of Directors of 'Baiterek' NMH JSC.

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 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. 02/22 dated 23 February 2022, 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.



KOISHYBAYEV GALYMZHAN TELMANOVICH

**Chief Executive of the Office
of the Prime Minister
of the Republic of Kazakhstan¹**

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.
- On 18 January 2021, by the Decree of the President of the Republic of Kazakhstan K.-Zh. Tokayev, he was re-appointed to be the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan.
- On 11 January 2022, by the Decree of the President of the Republic of Kazakhstan, he was appointed again to be the Chief Executive of the Office of the Prime Minister of the Republic of Kazakhstan.

¹ On April 3, 2023, by Decree of the Head of State, he was reassigned Deputy Prime Minister – Head of the Government of the Republic of Kazakhstan.

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 Ardak Kaissaruly Zhumagaliyev. 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 Holding; and
- ensuring clear and effective interaction between the bodies of the Holding.

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 2022, the Holding's Management Board comprised four persons.



**SHARLAPAEV
KANAT
BISIMBAYEVICH**

Chairman of the Management Board

Born in 1981, a citizen of the Republic of Kazakhstan.

Education:

- Saratov Social and Economic University, specialty in "Accounting and Audit" (Russian Federation);
- Cranfield School of Management, Master's degree, specialty in "Finance and Management" (United Kingdom).

Information about work activities:

- From 2017 to 2020 – Chief Financial Officer for Russia, Ukraine and Kazakhstan, Senior Vice President of Citibank Russia;
- From 2020 to 2022 – Regional Director for strategy, planning and analysis in emerging markets of Africa, Middle East and East Europe of Citi Investment Bank (UAE);
- From 2022 – Chairman of the Management Board and member of the Board of Directors of 'Baiterek' National Managing Holding JSC.
- More than 16 years of experience in various positions in the financial, management and analytical sectors at City Investment Bank.

Other positions held:

Chairman of the Board of Directors at Kazakhstan Development Bank JSC, Industrial Development Fund JSC, 'Otbasy Bank' Housing Construction Savings Bank JSC, Kazakhstan Housing Company JSC, Bereke Bank JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



**AIDAPKELOV
NURBOLAT
SERGALIEVICH**

**First Deputy Chairman
of the Management Board**

Born in 1979, a citizen of the Republic of Kazakhstan.

Education:

- Kazakh Humanitarian and Law University, specialty in Jurisprudence, with conferred qualification of the Lawyer;
- Kazakh State Management Academy, specialty in Accounting and Audit.

Information about work activities:

- From 2016 to 2020 – Chairperson of the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan.
- From 2020 to 2022 – Chief Executive Officer of the National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan.
- From 2022 – First Deputy Chairman of the Management Board of 'Baiterek' NMH JSC.

Other positions held:

Chairman of the Board of Directors at Agrarian Credit Corporation JSC, KazAgroFinance JSC, member of the Board of Directors at Kazakhstan Development Bank JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



**MUKHAMEJANOV
ADIL
BEKTASOVICH**

**Deputy Chairman
of the Management Board**

Born in 1981, a citizen of the Republic of Kazakhstan.

Education:

- Kazakh Economic University named after T. Ryskulov, specialty in the International Economic Relations;
- Nottingham University (United Kingdom), specialty in Finances and Management;
- Business School of the Chicago Booth University under the program of the Master of Business Administration.

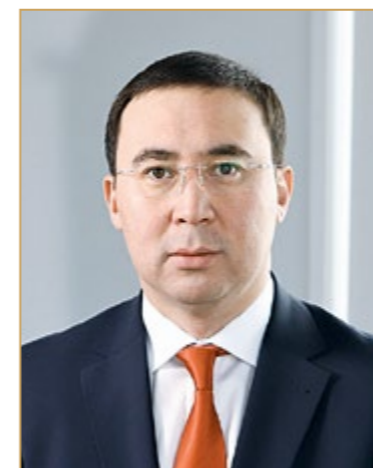
Information about work activities:

- From 2016 to 2021 – Chairman of the Management Board of Kazakhstan Housing Company JSC;
- From 2021 – Deputy Chairman of the Management Board of 'Baiterek' NMH JSC.

Other positions held:

Chairman of the Board of Directors at Qazaqstan Investment Corporation JSC, member of the Board of Directors at 'Otbasny Bank' Housing Construction Savings Bank JSC, 'Damu' Entrepreneurship Development Fund JSC, 'KazakhExport' Export Insurance Company JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.



**KHAMITOV
VERSAIN
VERBULATOVICH**

**Deputy Chairman
of the Management Board**

Born in 1983, a citizen of the Republic of Kazakhstan.

Education:

- Kostanay State University named after A. Baitursynov, specialty in Financial Economist,
- Moscow State University named after M.V. Lomonosov, specialty in Executive Master of Business Administration (EMBA).

Information about work activities:

- From 2016 to 2022 – Managing Director – member of the Management Board of 'Baiterek' NMH JSC;
- From 22 – Deputy Chairman of the Management Board of 'Baiterek' NMH JSC.

Other positions held:

Member of the Board of Directors at 'Otbasny Bank' Housing Construction Savings Bank JSC, Bereke Bank JSC, Development Bank of Kazakhstan JSC.

Has no shares (participatory interest) in 'Baiterek' National Managing Holding Joint-Stock Company, affiliated companies, and does not own shares of suppliers and competitors of 'Baiterek' National Managing Holding Joint-Stock Company.

Changes in Membership of the Management Board in 2022

In 2022, the powers of the following members of the Management Board were terminated:

- Arifkhanov Aidar Abdrazakhovich;
- Izbastin Kanysh Temirtayevich;
- Zhanke Timur Amantayuly;
- Omarkhodzhayev Anuar Sagynaliyevich; and
- Dzhuanyshbayeva Aigul Kenesbekovna.

Results of Work of the Management Board in 2022

During 2022, the Management Board of the Holding held 59 meetings, including 40 meetings in person and 19 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 Managing Holding Joint-Stock Company of the issue concerning the submission for consideration by the Sole Shareholder of 'Baiterek' National Managing Holding Joint-Stock Company of the amendment to the Articles of Association of 'Baiterek' National Managing Holding Joint-Stock Company.

- Approval of the Unified Personnel Policy of 'Baiterek' National Managing Holding Joint-Stock Company and legal entities in which more than fifty per cent of voting shares (interest) are directly owned by 'Baiterek' National Managing Holding Joint-Stock Company based on the ownership right or trust management for 2022–2024.
- Approval and submission for consideration by the Board of Directors of 'Baiterek' National Managing Holding Joint-Stock Company of the issue concerning the approval of the Annual Report of 'Baiterek' National Managing Holding Joint-Stock Company for 2021.
- Approval of a new version of the Rules for developing, agreeing, approving, adjusting, executing and monitoring the implementation of the Development Plans of the subsidiaries of 'Baiterek' National Managing Holding Joint-Stock Company.

Participation of the members of the Management Board in meetings in 2022

Member of the Management Board	Meeting attendance	%	Period of being a member of the Management Board
Arifkhanov Aidar Abdrazakhovich	6/59	10	01.01.2022-08.02.2022
Sharlapaev Kanat Bisimbayevich	53/59	90	09.02.2022–31.12.2022
Izbastin Kanysh Temirtayevich	1/59	2	01.01.2022–18.01.2022
Aidapkelov Nurbolat Sergaliyevich	45/59	76	02.03.2022–31.12.2022
Mukhamejanov Adil Bektasovich	50/59	85	01.01.2022–31.12.2022
Khamitov Yersain Yerbulatovich	58/59	98	01.01.2022–31.12.2022
Zhanke Timur Amantayuly	17/59	29	01.01.2022–11.05.2022
Dzhuanyshbayeva Aigul Kenesbekovna	18/59	31	01.01.2022–19.05.2022
Omarkhodzhayev Anuar Sagynaliyevich	8/59	14	01.01.2022–15.02.2022

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 2022, 31 meeting was 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; the draft Action Plan of the Holding, Annual Budget of the Holding, Development Plans of 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 2022, the Asset and Liabilities Management Committee held 44 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 2022, the Strategy and Corporate Development Committee held 23 meetings. The Committee considered the issues of target corporate KPIs of

the Holding's structural subdivisions for Quarters 1-4 of 2022, reports on the performance of KPIs of the members of the Management Board of subsidiaries for 2022, adjustments to KPI maps of the members of the Management Board of subsidiaries for 2022, 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 2021, the Action Plan for sustainable development of the Holding for 2022–2023, 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 2022, 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 its work to them.

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.

By the resolution of the Board of Directors dated 24 November 2022, a new term of powers of the IAS was determined from 1 February 2023 to 31 January 2026, inclusive.

Members of the IAS as of 31 December 2022:

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), certified fraud expert (CFE).

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, Internal Audit Practitioner (IAP).

The internal auditor is D.D. Maldybekova, MSc in Logistics and Supply Chain Management (Heriot-Watt University, UK), certified internal auditor (CIA), certified fraud expert (CFE), certificate in IT corporate governance (COBIT).

Information Technology Auditor – Oramalov A.M., Aktau State University named after Sh. Yessenov specializing in "Software and Hardware of Computers and Networks", Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Lead Auditor of Information Security Control Systems according to ISO/IEC 27001:2013.



Results of Work in 2022

According to the audit plan approved by the Board of Directors of the Holding, in 2022, audits of the processes of human resource management, agricultural asset management, the treasury system, the corporate finance system, the implementation and monitoring of the Holding's development plan, including control and monitoring of the implementation of the development strategies of the subsidiaries of 'Baiterek' NMH JSC, implementation of the investment policy and coordination of activities of the group's entities in charge of investment issues.

Also, the IAS annually audited the observance of the limits of certain types of administrative expenses and confirmation of the reliability of the actual values of key performance indicators of the Holding's executive body, and conducted unscheduled audits.

In 2022, based on the results of the completed audit engagements, the IAS issued 101 recommendations in total aimed at improving the design of business processes, minimizing risks and increasing the efficiency of internal control, developing corporate governance of the Holding, of which 99 recommendations were accepted for execution by the Management Board of the Holding. The average level of timeliness in the implementation of approved corrective and preventive action plans based on the IAS recommendations in the reporting periods of 2022 was 95.5%.

In accordance with the requirements of the IPPFIA standard and the Quality Assurance and Improvement Program, in 2022, regular external assessment of the activities of the internal audit services of 'Baiterek' NMH JSC and its subsidiaries was carried out for a five-year period – from 2018 to 2022.

An external independent appraiser confirmed the compliance of the activities of the IAS of the Holding with the Code of Ethics and International Professional Standards for Internal Audit (99%). The IAS maturity level, according to the Internal Audit Maturity Model for the public sector, is rated at a high level – Optimizing.

Plans for 2023

The IAS Audit Plan for 2023–2025 dated 24 November 2022 as approved by the resolution of the Board of Directors of the Holding, in 2023, along with annual examinations of observance of the limits of certain types of administrative expenses and reliability of the actual values of key performance indicators of the executive body of 'Baiterek' NMH JSC, the audits of asset management processes in the field of entrepreneurship support, management of housing and construction assets, planning and budgeting, legal support of activities and motivation systems are provided.

Also, assessments of the effectiveness of the internal control and risk management systems of 'Baiterek' NMH JSC, an audit of the Holding's information security system and audits of information technology and information security systems in selected subsidiaries of 'Baiterek' NMH JSC, and the IAS consulting services are planned.

2022
95.5%

The average level
of timeliness in the
implementation of
approved action plans



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

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



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

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 2021 has been reviewed and approved by the Personnel, Remuneration 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 15 July 2022 (minutes No. 05/22), the powers of Maira Dyussenbayevna Turganova, as the Ombudsman of 'Baiterek' NMH JSC, were early terminated from 1 April 2022, and Ardak Kaissaruly Zhumagaliyev was appointed to be the Ombudsman of 'Baiterek' NMH JSC for the term of office of 2 (two) years.

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 Managing 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 2022, the Ombudsman did not receive any appeals.

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 'Baiterek' NMH JSC 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.

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:

1. to the e-mail address: **Ombudsman@baiterek.gov.kz**; or
2. to the telephone number: **8 7172 270402**.

The Ombudsman Complaint Facility and information about it are posted on the corporate website of 'Baiterek' NMH JSC.



Anti-corruption

Since 2022, 'Baiterek' NMH JSC has had an Anti-Corruption Compliance Service directly reporting to the Board of Directors. The creation of such a service was a logical improvement of the Holding's compliance activities, and once again emphasizes the priority task of minimizing any corrupt practices in the company's activities.

In this regard, this allowed 'Baiterek' NMH JSC complying more effectively with all present-day regulatory requirements in the field of corruption counteraction. 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 Board of Directors of the Holding, the Holding's Anti-Corruption Compliance Program for 2022 has been approved, which provides for the countering corruption and fraud in the Holding. As part of the implementation of the Compliance Program, in 2022, the extensive work was performed to combat corruption.

Thus, 'Baiterek' NMH JSC 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 2022, 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 various areas of activity of the Holding. Such a format of work allows the Holding independently preventing possible risks and violations of anti-corruption legislation.

At the same time, 'Baiterek' NMH JSC 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 'Baiterek' NMH JSC 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 2022, 99 counterparties applied for participation in the procurement of goods, works and services by the Holding, as well as 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 'Baiterek' NMH JSC and its subsidiaries. Training and consultations are provided on issues of combating corruption and fraud among employees of the Holding and 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 2022, all candidates were tested for their level of knowledge of anti-corruption legislation. This requirement allows hiring in 'Baiterek' NMH JSC 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. Preparatory work is being performed to transit, as from 2023, to general declaration of income and property of all employees of the Holding.

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 'Baiterek' NMH JSC and its employees were held accountable for committing this offense in 2022.

In 2023, 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.

Hot Line

To promptly receive the information about possible violations of the rules of the legislation, 'Baiterek' NMH JSC 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 2022, 60 appeals were submitted from individuals and legal entities for consideration by the Anti-Corruption Compliance Service of the Holding.

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



In 2023, 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.



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 2022–2023 is KPMG Audit LLP. The Holding follows the principle of rotation of the project partner (who bears basic responsibility for the audit) every five years in accordance with the Policy for the organization of external audit in 'Baiterek' NMH JSC, as well as based on the international practice of the external auditor.

The cost of audit services for 2022, according to the terms of the audit service contract, amounted to 89,600 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 opinion on the reliability of financial statements) affecting the independence of the external auditor. During 2022, the auditing organization – KPMG Audit LLP – did not provide consulting services not related to the audit of financial statements.

2022
99

The average level of timeliness in the implementation of approved action plans



2022

Risk Management and Internal Control

124.....Components of the Risk Management and Internal Control System

127.....Key Risks of the Holding

5

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 'Baiterek' NMH JSC 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 'Baiterek' NMH JSC, 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 'Baiterek' NMH JSC 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 'Baiterek' NMH JSC.

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.

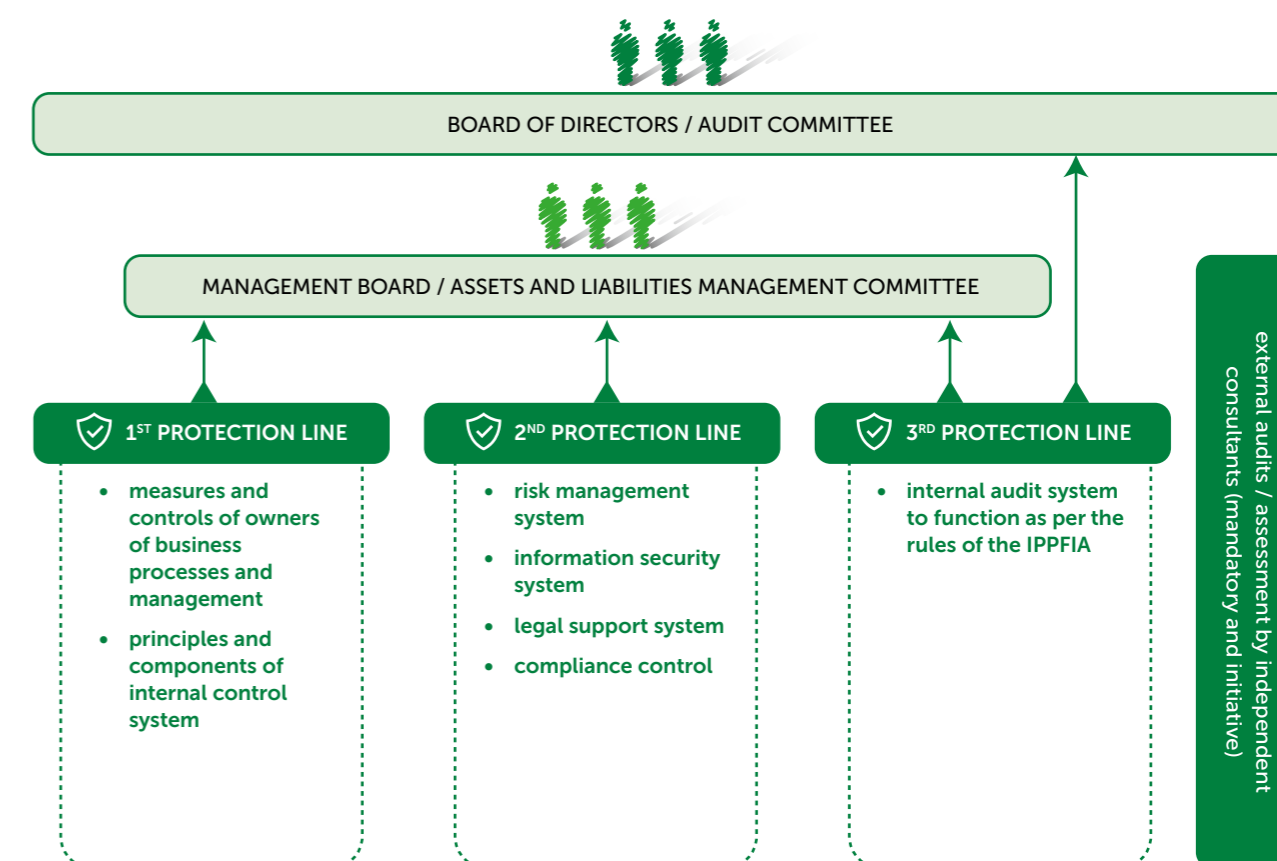
The control procedures are a documented system of measures and actions to ensure effective internal control over the fulfilment of the goals, objectives and plans of the Holding, the identification and performance of non-standard operations, as well as the notification, limitation and prevention of risks 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, 'Baiterek' NMH JSC 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.



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

- A matrix of business processes, risks and controls for 2023 has been 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 internal regulatory documents in the field of risk management and internal control systems were optimized and updated.

In 2022, the Board of Directors and the Management Board of 'Baiterek' NMH JSC 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 2022, due to geopolitical events in connection with the conflict between Russia and Ukraine and, as a consequence, volatility of prices for oil, exchange rates, 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 2022, 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 and ISO-31000 standards.

Plans for 2023

With the view of further improvement and development, 'Baiterek' NMH JSC sets itself the following tasks in 2023 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;
- improving the efficiency of business processes of risks and controls in the Holding
- automation of the risk management reporting system with subsidiaries of the Holding's Group; and
- further updating and improvement of the tools of the risk management and internal control system.



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

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 group of 'Baiterek' NMH JSC are identified 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 'Baiterek' NMH JSC. Given the high degree of materiality, during 2022, 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.

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.

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 'Baiterek' NMH JSC 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;
- 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.

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 'Baiterek' NMH JSC 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 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.

'Baiterek' NMH JSC 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.

2022

Sustainable Development Activities

- 132..... Sustainable Development Management System
- 135..... Holding's Contribution to Achievement of the UN Sustainable Development Goals
- 137..... Communication with Stakeholders
- 142..... Information Policy
- 144..... Personnel Management
- 156..... Responsible Investment
- 158..... Economic Effectiveness
- 159..... Procurement Activities
- 160..... Environment Protection
- 162..... Sponsorship and Charity



6



Sustainable Development Management System

As a key financial institution of the Government of the Republic of Kazakhstan, 'Baiterek' NMH JSC 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, 'Baiterek' NMH JSC 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.

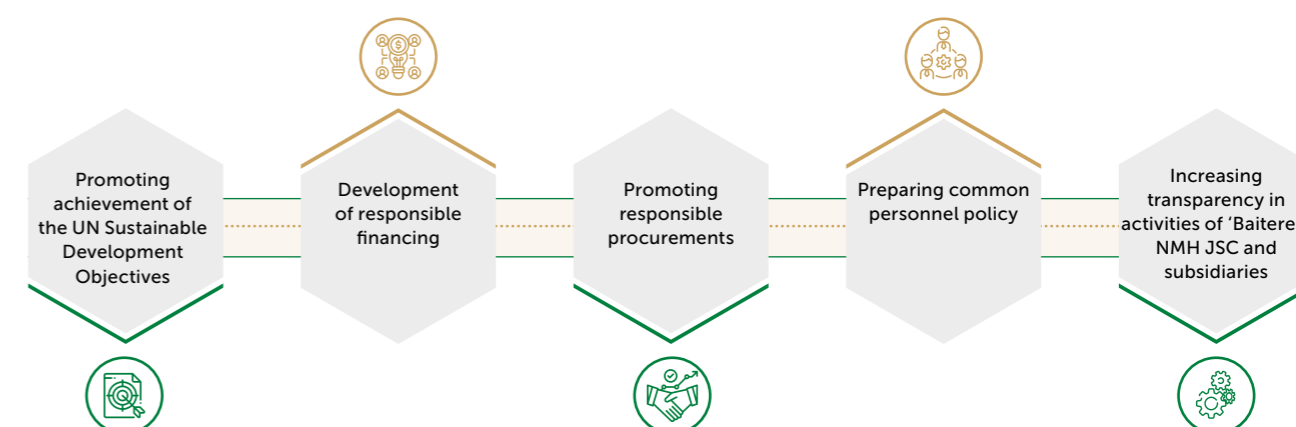
In 2022, the Holding joined the UN global initiative – Women's Empowerment Principles. In accordance with these principles, the Holding actively supports the measures to ensure gender equality. More detailed information on following these principles is provided in the appendix to this report.

The Holding pays special attention to the implementation of ESG principles. At the same time, the Holding follows the global trends in this area and national priorities, including the transition to a low-carbon economy and decarbonisation, as well as the development of sustainable financing instruments that meet ESG principles. In addition, due attention is paid to increasing transparency,

the formation of a unified personnel policy and responsible procurement.

The Holding's development plan for 2014–2023 includes a KPI in the field of sustainable development – the ESG rating. The target value of this KPI provides for an increase in the rating by 2 points compared to the base value by 2023.

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



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 a report on sustainable development under the international GRI Standards; 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 FOR 2022–2023 AT THE END OF 2022

A report has been prepared on the implementation of ESG principles in the investment activities of the Holding and its subsidiaries (hereinafter referred to as subsidiaries) as part of the implementation of the provisions of the Holding's Environmental and Social Policy. The report includes detailed information on the implementation of the above principles in the activities of each subsidiary.

In 2022, an analysis was also carried out relating to the application of the sustainable development principles in the implementation of projects in the field of AIC. Over the entire period of its activity, ACC JSC, within the framework of existing lending programs, has financed the AIC entities that comply with the sustainable development principles and provide for the introduction of energy and resource

saving technologies, sustainable use of water and waste in such areas as greenhouse complexes, the creation of an irrigation system and the creation of intensive gardens.

The Holding annually publicly discloses the information about its contribution to the achievement of the UN Sustainable Development Goals.

In 2022, a number of measures were implemented to introduce the Green Office elements, in particular:

- holding a volunteer clean-up;
- installation of a box for the delivery of clothes and shoes for low-income families;
- preparation of promotional signs on resource saving; and
- providing training on the topic "Green Office".

In addition, the Holding won the GREEN OFFICE AWARDS in the Best Green Office of Kazakhstan nomination.

The Holding also seeks to actively participate in external sustainable development initiatives. In April 2022, a memorandum was signed on the implementation of the UN initiative – Women Empowerment Principles (WEP), the document is posted on the website. In November 2022, the Holding joined the National ESG Club.

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. 05/22 dated 15 July 2021, the Annual Report of the Holding for 2021 (hereinafter – the Report) was approved. The Report has been prepared on the basis of the best international practices for information disclosure – the GRI Standards. Also, in accordance with the above resolution of the Board of Directors of the Holding, the Holding's Report on Sustainable Development for 2021 was considered. According to the results of the competition of annual reports of the Kazakhstan Stock Exchange, the Holding's annual report for 2021 received a diploma in the nomination "The Best Annual Report for 2021 in the financial sector".

Plans for 2023

In 2023, the Holding plans a number of sustainable development activities, including:

- approval of the Holding's Development Plan for 2024–2033 with the inclusion of a subsection on the implementation of ESG principles;
- formation of a common database of "green" projects of the Holding's subsidiaries (including social ones) in accordance with the main directions for the implementation of "green" projects defined in the Environmental and Social Policy of the Holding and the taxonomy of social projects broken down by sectors (including energy, AIC, housing block, etc.), the amount of financing, environmental and social effects;
- updating the Environmental and Social Policy, taking into account the taxonomy of "green" projects approved by Decree of the Government of the Republic of Kazakhstan No. 996 dated 31.12.2021, as well as issues

on decarbonisation of the portfolio of subsidiaries' projects;

- updating the Holding's policy in the field of sustainable development;
- carrying out promotional activities to increase the environmental awareness of employees – contests, team building, business breakfasts, environmental campaigns;
- elaboration of the matter of issuing sustainable development bonds by the Holding (ESG bonds – "green", social), including through the Holding's subsidiaries; and
- considering the possibility of obtaining a certificate in occupational health and safety (OHSAS 18001) / environmental management (ISO 14001) and others.

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.

'Baiterek' NMH JSC 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 Goals¹

UN Sustainable Development Goals	Activities of the Holding
SDG 3. Ensure healthy lives and promote well-being	<ul style="list-style-type: none"> Creation of safe working conditions for employees.
SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities	<ul style="list-style-type: none"> Non-financial support for entrepreneurs including organization of training programs; implementation of internal training programs; support for charitable educational projects.
SDG 5. Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Creation of equal working conditions and career opportunities; ensuring an equal system of performance assessment and remuneration; support for women's entrepreneurship projects.
SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work	<ul style="list-style-type: none"> 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.
SDG 9. Build resilient infrastructure, promote industrialization and foster innovation	<ul style="list-style-type: none"> 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.
SDG 10. Reduce inequality within and among countries	<ul style="list-style-type: none"> 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.
SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> Support of large infrastructure and industrial projects; complex support for SMEs.
SDG 12. Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Support for "green" projects; application of resource-saving technologies in the office of the Holding; responsible consumption of resources.
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	<ul style="list-style-type: none"> Implementation of government programs aimed at the social and economic development of the country; participation in developing/updating the legal acts affecting the interests of the Holding.
SDG 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	<ul style="list-style-type: none"> 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.

¹ More detailed information on the Holding's contribution to the achievement of the UN SDGs in 2022 is provided in the Holding's Report on Sustainable Development for 2022.

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, 'Baiterek' NMH JSC 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 Stakeholder Map of 'Baiterek' NMH JSC 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:

Materiality. The Holding clearly defines its stakeholders and recognizes which stakeholder interests are significant.

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.

Answering. The Holding consistently answers all significant questions of stakeholders.

To organize the management of relationships with stakeholders, 'Baiterek' NMH JSC 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 them¹

Stakeholder	Interests/Inducements	Influence tools	Communication strategy
Sole Shareholder	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"> • coordination of the main activities, as well as issues referred to the competence of the Sole Shareholder; • 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; • 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.
Governing body	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"> • 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; • general management of the activities of the Holding.
Management	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"> • execution of decisions of the Sole Shareholder and the Board of Directors of the Holding; • preparation and implementation of the Development Plan and other issues related to the activities of the Holding; • operational management of the Holding.

¹ More detailed information on the implemented activities for communication with stakeholders in 2022 is presented in the Holding's Report on Sustainable Development for 2022.

Stakeholder	Interests/Inducements	Influence tools	Communication strategy
Personnel	Career, high salary, social security (health insurance, paid annual leave), professional development	Labour Code, employment contracts (<i>civil contracts</i>)	<ul style="list-style-type: none"> • informing employees via e-mail about vacancies and intra-corporate competitions; • annual leave scheduling; • preparation and holding of cultural corporate events (team building, etc.) for employees; • accompanying the training and / or improving the skills and competence of employees; • the presence of a conciliation commission to resolve labour disputes, if any; • 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; • 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.
Government authorities	Tax revenues, economic growth, employment / creation of new jobs, solving social problems	Laws, government programs of social and economic development, regulatory control, official inquiries	<ul style="list-style-type: none"> • participation in working groups, forums, conferences; • business correspondence and / or preparation of responses to inquiries; • providing reports (financial, non-financial).
Customers, consumers	Social interests / Commercial interests	Contracts	<ul style="list-style-type: none"> • placement of relevant public information about Holding and its activities on the corporate website; • business correspondence, meetings with (potential) customers; • ensuring that financial/non-financial products and services of the Holding and subsidiaries meet the expectations of consumers; • conclusion of contracts, control over execution.

Stakeholder	Interests/Inducements	Influence tools	Communication strategy
Subsidiaries	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"> the Holding enforcement of its rights as a shareholder/member of a subsidiary; correspondence and sending requests to subsidiaries; Control over the execution of instructions sent by the Holding.
Public board	Implementation of goals and objectives of the public board, exercising public control	Regulations of the public board	<ul style="list-style-type: none"> discussion of the projects of the Development Plan and the Action Plan of the Holding, as well as reports on their implementation; discussion of financial and economic performance of the Holding; communication within the commissions in the areas of activity of the Holding.
Auditors, Consulting companies	Provision of consulting and financial audit services	Contracts	<ul style="list-style-type: none"> conclusion of contracts for the provision of consulting and audit services.
Suppliers / Providers	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"> participation in procurement; holding meetings, business correspondence; conclusion of contracts; monitoring the proper fulfilment of contractual obligations.
Investors	Return on investment, payback	Memoranda, contracts.	<ul style="list-style-type: none"> business correspondence, meetings with (potential) investors; attraction of investments for the implementation of projects and core activities.
Financial institutions	Placement of free cash on deposit accounts, servicing special accounts	Contracts. Qualification and professionalism of employees.	<ul style="list-style-type: none"> conclusion of contracts, control over the contractual relations; improving financial performance.
Partners	Commercial interests, mutually beneficial cooperation	Contracts, agreements, memoranda of understanding	<ul style="list-style-type: none"> mutually beneficial cooperation, improvement of business and technological processes and their automation; conclusion of contracts, control over the contractual relations.

Stakeholder	Interests/Inducements	Influence tools	Communication strategy
Public organizations	Implementation of goals and tasks of public organizations	Contracts, agreements, memoranda of understanding	<ul style="list-style-type: none"> charity and sponsorship; mutual agreement on general issues; holding joint events with associations and/or communities (meetings, charity evenings, etc.).
Mass media	Constructive cooperation	Publications and information about activities of the Holding	<ul style="list-style-type: none"> conducting press conferences, providing press releases and organizing interviews; providing information at the request of journalists – mass media.
Population	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"> 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; 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; timely response to the appeal of individuals; reputation audit, public opinion surveys, implementation of the PR strategy.
International organizations	Implementation of joint international projects, mutually beneficial commercial interests	International rating, contracts and agreements	<ul style="list-style-type: none"> conclusion of contracts and agreements on mutually beneficial cooperation; holding meetings, business correspondence; discussion of issues of improving the activities of the Holding, depending on the direction (business process, automation, corporate development).
Competitors	Increase in share of market presence	Application of more developed and new technologies; Growth of assets; Price competition; Active advertising policy; Marketing researches of the market.	<ul style="list-style-type: none"> marketing researches. Market monitoring and analysis; following the principle of fair competition in accordance with the Code of Corporate Governance, the Code of Business Ethics of the Holding.

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).

The information is disclosed by 'Baiterek' NMH JSC 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 for posting information in mass media, on the Internet resource of the Holding and in its official social media accounts, 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 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 2022:

- 166 informational occasions for mass media were created;

- more than 300 situational information releases in mass media were worked out;
- 144 press releases were published in the state and Russian languages, 13 interviews, 32 review and analytical articles, which reflect the success stories of stakeholders of the Holding (entrepreneurs, recipients of affordable housing, exporters, agro-industrial complex entities that received support from the Holding under various government programs);
- 2 thematic reports on the TV channel 'Atameken business' and 7 news stories on the TV channel 'Khabar24' were organized;
- Internet conference was held on the platform of the electronic government Egov.kz; and
- 9 thematic infographics were developed in the state and Russian languages.

The pages of the Holding are actively functioning in social media – Facebook, Instagram, Twitter, YouTube, Telegram, where about 1,000 materials (articles, interviews, infographics, videos and others) were published during 2022.

As of 31 December 2022, compared to the same period in 2021, the total number of subscribers increased by 4,828 and amounted to 37,635 people (Facebook – 17,289, Instagram – 10,684, Twitter – 3,964, YouTube – 3,835, Telegram – 1,863).

In order to maximize the coverage of the audience, as well as to explain the work of the Holding, the press services of the Holding's subsidiaries the work was performed on an ongoing basis to inform the population about ongoing initiatives, the implementation of financial programs, etc.

Moreover, meetings were organized on a monthly basis with the participation of all representatives of the press services of subsidiaries, where issues

of joint coverage, cooperation, implementation of PR companies and possible critical moments were discussed. Also, the spot meetings were held on a regular basis (for efficiency purposes, via videoconferencing) concerning emergency response to critical materials or statements published in the mass media.

In 2022, subsidiaries performed work to cover activities in the mass media; about 360 appeals from citizens were worked out; more than 250 posts were posted on social media without taking into account reprints; 36 interviews were taken on TV / radio, as well as about 20 press tours were organized in the Republic of Kazakhstan.

INCREASING THE LEVEL OF CONFIDENCE IN ACTIVITIES OF THE HOLDING

In 2022, 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.

As a result:

- the integral index of confidence of the target groups (Sole Shareholder, subsidiaries, customers, society, customers) in the activities of the Holding in 2022 amounted to 87.2% (2021: 87.5%);
- the index of awareness of the target groups about the activities of the Holding amounted to 98.2% (2020: 98.1%).

Despite a slight decrease in the level of confidence in 2022, the results of the studies conducted 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 2022, 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.

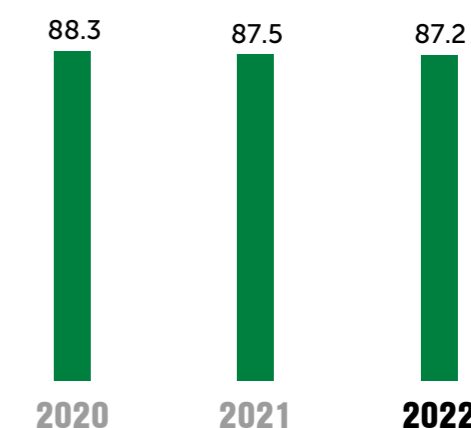
A public feedback facility was provided on the Holding's website, in the 'Questions and Answers' section (<https://www.baiterek.gov.kz/ru/qa/>), where in 2022, 222 requests were received from citizens with the replies promptly worked out with the specialized joint ventures of the Holding and posted on the website of 'Baiterek' NMH JSC. 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 2022, 55 requests were accepted for consideration through the blog, which were considered in a timely manner and answered within the established time limit.

Plans for 2023

The media plan of 'Baiterek' NMH JSC for 2023 provides for the preparation and placement of information materials on the activities of the Holding, as well as holding interviews with the Holding's management.

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 2023, which provides for media coverage of the activities of the Holding and its subsidiaries in the mass media, social media, including speeches by top management, publications about successful projects, as well as employees' career enhancement, optimization of business processes, expansion of products, services for customers, etc.

Holding's Confidence Index, %



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 planning

The target status of business processes in the field of strategic HR planning is determined by the fact that:

- strategic staff planning is based on corporate strategy, external and internal trends;
- staff planning solves the short-term (1 year) and long-term (3-5 years) needs of the Holding in personnel (qualification and required number of employees);
- the personnel development plan is formulated in the form of specific operational tasks for the year for all levels of personnel management (CO and subsidiaries);
- strategic initiatives are evaluated using qualitative and quantitative KPIs.

Control key performance indicators in this area are:

- share of personnel costs in total costs;
- segmented staff turnover; and
- availability of an updated Common Personnel Policy.

Organizational development and job design

The target status of business processes in the field of organizational development is determined by the fact that:

- the works on the timely change and renewal of organizational structures are initiated and controlled subject to changes occurring in CO and subsidiaries;
- changes in business processes are analysed in due time, new positions arising from changes in processes are described in a timely manner, and their "weight" for the organization is assessed;
- there are job descriptions for all positions, the standard of manageability is established and observed, the grade of the position is determined;
- prospective staffing needs are being studied; and
- business processes are being studied for automation.

Control key performance indicators in the direction of organizational development are:

- timely renewal of organizational structures; and
- share of positions for which there are job descriptions.

Selection and adaptation of personnel

The target status of business processes in the field of recruitment and adaptation of personnel is determined by the fact that:

- recruitment processes and standards within the Holding are standardized (inquiry forms, assessments, etc.);
- the recruitment process is automated, which ensures the efficiency of employment;
- an assessment of professional and personal competencies has been introduced into the recruitment process to ensure the objectivity and quality of the employment process;
- HR uses detailed templates and conducts interviews with functional executives to ensure a better understanding of needs in personnel;
- HR uses a wide range of recruitment and selection channels to attract the most qualified candidates;
- the adaptation process is built both before hiring in the Holding and after hiring; the candidates are previously informed about the standards of the Holding, pass tests on knowledge of regulations and standards;
- professional and managerial adaptation is maximally brought into the remote system, based on online training and online assessment; and
- the recruitment system is trusted by employees of CO and subsidiaries and candidates in the labour market, as a unified system is developed, open, fair and provides equal opportunities for everyone.

Control key performance indicators in the direction of selection and adaptation of personnel are:

- total time for closing vacancies;
- compliance with the technology of competitive recruitment (results of inspection of the Internal Audit Service);
- percentage of vacancies filled (from external, internal sources, etc.); and
- percentage of vacancies filled by the HR departments.

HR marketing and employer brand

The target status of business processes in the field of personnel marketing and employer brand is determined by the fact that:

- a "value proposition" of employer brand identified (career opportunities, prestige, development, etc.);
- communication of the employer brand through external and internal corporate channels, as well as through third-party channels (business media, universities, social media, etc.) is established;
- various communication tools are used: leaflets, reels, infographics on social resources; and
- employer brand recognisability is assessed.

Control key performance indicators in the direction of selection and adaptation of personnel are:

- number of applicants for a vacancy;
- average length of service in the Holding (compared to benchmarks);
- indicators of staff satisfaction and loyalty based on the results of surveys, especially the percentage of employees who are going to leave the Holding during the next 1-2 years; and
- percentage of reasons for dismissals (voiced by departing employees based on the results of exit interviews).

Performance Management

The target status of business processes in the field of performance management is determined by the fact that:

- a system for evaluating the effectiveness of each employee has been introduced throughout the organization;
- performance indicators clearly cascade from top management to frontline employees;
- target (qualitative and quantitative) indicators for employees are set on an annual basis; the achievement of the set goals is monitored during the year, and at the end of the year, a full assessment of the employees' performance is carried out;
- the results management process is included in the HR functionality (terms for the implementation of processes, documentation), however, the heads of structural divisions are responsible for the assessment and training;
- the heads of structural divisions are responsible for setting goals, monitoring the achievement of goals, as well as feedback based on the results of the assessment of their employees;
- the results of the performance assessment process are: proposals for individual review of employees' salary, the basis for benefits and the determination of bonus amounts, training and development plans for employees, potential enrolment in transfer programs, talent management, etc.;
- each employee has a clear understanding of the goals and objectives of the organization, ways to achieve them; and
- all personnel decisions are made on the basis of performance assessment.

Control key performance indicators in the area of personnel performance management are:

- proportion of executives and employees who have performance cards;
- timely implementation of all stages of the performance management system; and
- correlation coefficient between the average percentage of achievement of business indicators of the organization and the average bonus rate for the reporting period.

Remuneration of personnel

The target status of business processes in the field of remuneration and incentives policy is determined by the fact that:

- a transparent compensation policy based on uniform principles is used throughout the Holding;
- the level of basic remuneration is regulated by pay ranges built on the basis of trends, the ranges can be adjusted in accordance with the strategy of a particular subsidiary and the sectoral labor market;
- pay ranges are structured in such a way as to ensure the principle of internal fairness in pay, as well as external competitiveness;
- to monitor the level of external competitiveness, a regular comparative analysis of the level of compensation with the market is carried out and, if necessary, appropriate adjustments are made;
- the employee motivation system is built on the basis of the performance management system and takes into account individual employee assessment results;
- the motivation system includes financial (increase in wages, bonuses) and non-financial components (trainings, career advancement, participation in the talent management program);
- the social package is formed on the basis of employees' preferences and data from the labour market; and
- non-material incentive tools are used: contests, competitions, awards for the best employees, etc.

Control key performance indicators in the area of personnel performance management are:

- budget deficit/surplus for the Wage Fund (hereinafter referred to as WF);
- WF share in administrative expenses; and
- employee satisfaction/involvement index.

Staff training and development

The target status of business processes in the field of personnel training and development is determined by the fact that:

- training is built on the basis of the annual assessment of employees in terms of competencies, with preparing the individual development plans;
- individual education and training plans for employees are developed as part of the performance management process;
- various forms are used in training, including full-time and distance training;
- the budget for training is drawn up taking into account the general corporate strategic goals;
- a process of systematic evaluation of the effectiveness of the trainings provided has been established;
- unified modular training programs for executives are provided;
- knowledge management systems were created in the Holding (including gathering of specialists and knowledge exchange); and
- the process of training in the Holding is standardized, training is carried out according to uniform rules.

Control key performance indicators in the direction of personnel training and development are:

- training costs as a percentage of WF;
- training hours per year per employee;
- implementation of the training plan; and
- structure of forms/types of training in percent.

Personnel reserve and talent management

The target status of business processes in the field of formation and work with a personnel reserve, talent management is determined by the fact that:

- a system for managing the career development of the most talented personnel, who will become a part of the Holding's management in the future, which is formally fixed, has been established;
- key position succession plans are determined;
- there is a clear method for selecting managers to participate in the talent management program;
- special individual programs of education and training of the most talented executives by the top managers of the Holding are prepared;
- the effectiveness of the talent management program is assessed systematically (quantity of career promotions, skill development, etc.);
- the principle of succession is being implemented by appointing reservists who are members of the Presidential Youth Personnel Reserve of the Republic of Kazakhstan and the Unified Personnel Reserve of the Holding to senior positions in the Holding and subsidiaries; and
- the program of "Development of Women's Leadership" is being implemented to ensure the principle of diversity and inclusiveness in the CO and subsidiaries.

Control key performance indicators in the direction of formation and work with the personnel reserve, talent management are:

- the number of vacancies filled by employees who are in the Presidential Youth Personnel Reserve of the Republic of Kazakhstan and the Unified Personnel Reserve, against the total number of closed vacancies;
- the number of training events for employees in the personnel reserve against the total number of training events;
- the number of appointments to new positions of employees who were in the personnel reserve, against the total number of reservists; and
- number of women in senior positions in Holding and subsidiaries.

Development and maintenance of corporate culture

The target status of business processes in the development and maintenance of corporate culture is determined by the fact that:

- basic values, as well as standards of professional ethics and attitude to work in the Holding are determined;
- a systematic approach is provided for strengthening the corporate culture through managerial, personnel and organizational levers;
- the Corporate Portal is created and operates as a key tool for transmitting the Holding's corporate culture; and
- a system of corporate communications has been built, including horizontal communications (meetings, corporate conferences, team-building events, team projects, focus groups, and competence centres).

Control key performance indicators in the direction of development and maintenance of corporate culture are:

- assessment of understanding and commitment of employees to the corporate values of the Holding, by conducting surveys and testing for knowledge of the rules of the Code of Business Ethics;
- involvement and loyalty of employees; and
- satisfaction of the employees of the Holding with the level of development of culture and communications.

Administering HR processes

The target status of business processes in the development and maintenance of corporate culture is determined by the fact that:

- personnel records are managed in full compliance with the labour laws of the Republic of Kazakhstan;
- all executives and employees of the Holding are aware of and comply with the requirements of the labour laws of the Republic of Kazakhstan;
- reporting and internal document management are standardized;
- all administrative processes in the basic HR areas (payroll, documentation) are automated;
- there is a single IT-system for all HR functions that contains detailed information about all employees;
- relationship structure and responsibility for processes between HR and functional executives are clearly defined;
- the HR function provides high quality services to functional executives; and
- a system of regular exchange of experience and knowledge has been built between the HR of the CO and subsidiaries, the basic policies and documents are developed according to uniform principles and standards.

Control key performance indicators in the direction of development and maintenance of corporate culture are:

- a unified reliable corporate system for recording personnel data;
- timeliness of the personnel procedures performed; and
- absence of comments and penalties, positive assessments by the inspection bodies based on the results of inspections.

Key initiatives to implement strategic tasks:

Achieving the tasks of this Unified Personnel Policy and target statuses for business processes require developing a step-by-step plan for the implementation of each task.

The Unified Personnel Policy is timely implemented through prioritization of tasks and high-quality planning of the stages of introduction of changes.

All introduced initiatives involve periodic monitoring and adjustment.

PERSONNEL STRUCTURE

The average headcount of the Holding's Group in 2022 increased by 3% compared to the previous year and amounted to 3,370 people. The average headcount in the Holding in 2022 is 132 people. Personnel turnover rate for the Central Office of the Holding in 2022 amounted to 2.3%, on a consolidated basis for the Holding's Group – 9.7%.

The Holding complies with the requirement of the Labour Code on the normal working hours of employees. 100% of employees in the Holding are employed on a full-time basis.

Dynamics of the average headcount

	2020	2021	2022
'Baiterek' NMH JSC, people	123	131	132
Holding's Group, people	2,564	3,256	5,125

Average headcount for the Holding's Group in 2022

	2022
Holding's Group, total, people, including:	5,125
'Baiterek' NMH JSC	132
KDB JSC	312
Damu Fund JSC	380
QIC JSC JSC	80
KHC JSC	213
'KazakhExport' EIC JSC	97
Otbasy bank JSC	1,372
ACC JSC	790
KAF JSC	340
Bereke Bank JSC*	4,254

*Data of Bereke Bank JSC are consolidated from September to December 2022

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	2	–	2	–	–

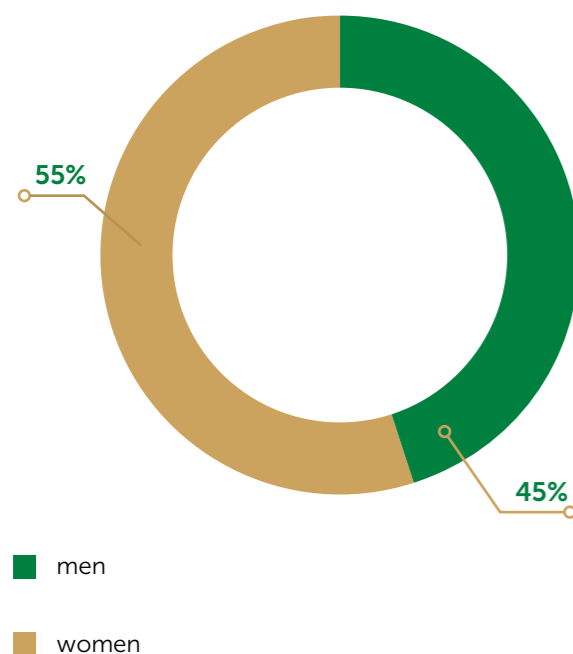
Personnel turnover in the Holding's Group in 2022

	2022
Total, %	11.49
'Baiterek' NMH JSC	1.52
KDB JSC	8.14
Damu Fund JSC	9.2
QIC JSC JSC	3.8
KHC JSC	4.2
'KazakhExport' EIC JSC	14.4
Otbasy bank JSC	7.36
ACC JSC	17.21
KAF JSC	0.90
Bereke Bank JSC*	6.3

* Data of Bereke Bank JSC are consolidated from September to December 2022

The Holding does not discriminate on any social grounds and provides equal career opportunities for all employees. In particular, this is confirmed

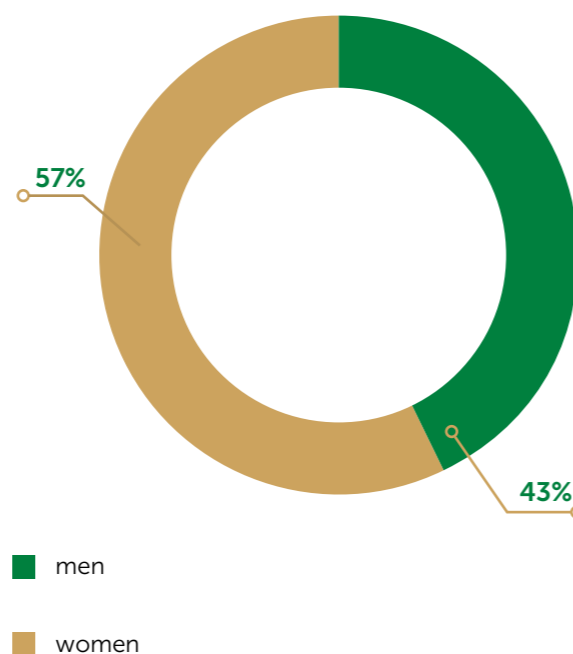
Holding's Group



The most of the Holding's personnel is at the age between 30 and 50. In 2022, the average age of

by the gender structure of the personnel both in the Holding's Group and in 'Baiterek' NMH JSC.

'Baiterek' NMH JSC



personnel of 'Baiterek' NMH JSC and the Holding's Group was 38 years old.

Personnel structure of 'Baiterek' NMH JSC by gender and age in 2022

	Under 30 y.o.	30-50 y.o.	Above 50 y.o.
Men, people	8	52	4
Women, people	6	57	5
Total headcount, people	14	109	9

Governing bodies of 'Baiterek' NMH JSC in 2022

	30-50 y.o.		Above 50 y.o.	
	men	women	men	women
Board of Directors, people	5	–	5	–
Management Board, people	4	–	–	–

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 2022, there were no cases of discrimination on any grounds in 'Baiterek' NMH JSC when hiring employees.

Employees hired in 2022 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	29	6	23	0
Men, people	22	6	16	0
Women, people	7	0	7	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

	2020	2021	2022
Average annual number of hours of training per a person, man-hour	40	43	42

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	42	40	44	48	62	39

In 2022, 53 training and professional development events were held in 'Baiterek' NMH JSC of which 77% were devoted to the development of professional skills (hard skills), 13% – development of personal and business competencies (soft skills), 6% – compulsory training, and 4% – other (State language, green office). The training covered 116 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, ESG and sustainable development, agile, strategic risk management, internal control and audit, corporate governance, personnel management, learning the state language, green office, etc. In addition, training was organized to prepare for international certification examinations, such as: CIMA P1 Operations Performance Management, CIMA P2: Business Performance Management, DipIFR (Rus), CFA Level I, PECB Risk Manager, corporate secretary certification program.

As for the personal and business competencies, training was organized on stress management, conflict management, negotiating skills, personal leadership. In addition, master classes and meetings were held on effective communications, finance, Agile transformation, stress and crisis management.

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. Starting from 2022, the KPI planning of the Holding's employees is annual with the simultaneous setting of the KPI for all 4 quarters, and the assessment is carried out after each quarter.

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'; at the end of 2022, a comprehensive assessment is carried out according to the new '20-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.).

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);
- 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.

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 2022	4	0	4
Number of employees returned from maternity or child care leave in 2022	7	0	7
Number of employees returned from maternity or child care leave in 2021	1	0	1

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 2022.

In 2022, research on employee engagement has not been conducted.

In 2022, the Compliance Service of the Holding did not receive through the hotline any requests 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 2022, 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 Astana City. In 2022, 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.

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 addition, the following disinfection activities were carried out daily:

- disinfection of the surfaces of work tables, metal door handles (public areas: elevator lobbies, entrance lobby), public areas on all floors; and
- explanatory work with the owners of cafes located in the business centre.

In addition, on all floors of the entrances to the BC, as well as in the elevator halls, information leaflets have been installed that regulate the rules of sanitary, anti-epidemic and sanitary measures in the BC.

In 2022, 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.

In 2022, 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.

Within the framework of the approved Fire Safety Action Plan for 2022, the Operations Department, together with KHC JSC, conducted fire safety training sessions with the evacuation of all Holding's employees from the BC.

In 2022, there were no injuries in the Holding and its subsidiaries.

In 2023, 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 'Baiterek' NMH JSC as a priority and is therefore included in the updated Development Plan of the Holding for 2014–2023.

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 2023, the Holding intends to receive an ESG rating in accordance with the KPI set in the Holding's Development Plan for 2014–2023: an increase of 2 points by 2023 compared to the base value (2019).

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 Holding is actively working to develop the practice of responsible investment. Thus, the Investment Policy of 'Baiterek' NMH JSC 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. 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.

As of 31 December 2022, the Holding supported a number of projects in the field of "green" energy for the total financing amount of 175.5 billion tenge (construction of hydroelectric, solar and wind power plants).

Examples of "green" projects supported by the Holding at the end of 2022

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

Amount of the Holding's participation: 16.9 billion tenge

The volume of electricity generated in 2022 is 189,614 thousand kW/h.

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

Amount of the Holding's participation: 16.9 billion tenge

The volume of generated electricity for 2022 is 41,805 thousand MW/h per month.

Plans for 2023

In 2023, the Holding will continue to work on the development of the direction, in particular, it is planned:

- to update the Environmental and Social Policy, taking into account the taxonomy of "green" projects approved by Resolution of the Government of the Republic of Kazakhstan No.996 dated 31 December 2021, as well as issues on the decarbonisation of the project portfolio of subsidiaries; and

- to generate a unified database of "green" projects of the Holding's subsidiaries (including social ones) in accordance with the main directions for the implementation of "green" projects defined in the Environmental and Social Policy of the Holding and the taxonomy of social projects.

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.

Distribution of economic value¹

Indicator, million tenge	2020	2021	2022
Economic value (incomes)	463,346	753,189	1,227,047
operating incomes (interest incomes)	432,521	708,301	1,013,805
commission and fee incomes	8,202	21,842	35,903
other incomes	22,623	23,046	177,339
Distributed economic value:	390,289	642,309	846,422
labour remuneration expenses	25,859	37,922	53,809
expenses on taxes and fees to state budget	13,637	33,354	51,056
payments to capital providers (interest payment and dividend)	241,283	409,788	550,553
charity and sponsorship	1,090	131	163
other operating costs	87,365	135,446	152,445
other non-operating costs	21,054	25,667	38,395
Economic value to be distributed (net profit)	73,057	110,880	380,626

¹ Consolidated data of the Holding's Group.

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 by certain entities of the quasi-public sector, with the exception of the National Welfare Fund and organizations of the National Wealth Fund approved by Order of the Minister of Finance of the Republic of Kazakhstan No.1253 dated 30 November 2021.

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 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 2022 and Local Content Share

The total volume of the Holding's Group procurement of goods, works and services for 2022 amounted to 24,627 million tenge, including procurement from domestic suppliers – 17,952 million tenge with a total share of intra-country value (local content) of 73%.

Plans for 2023

The Holding will continue to work on the procurement activities in accordance with corporate values and regulatory legal acts.

As part of the total volume of purchases of goods, works and services in the Holding's Group, a purchase of 21,739 million tenge is planned for 2023.



2022
24,627 million
tenge
Total volume of procurement
of goods, works and service



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.



Resource consumption volume

	2020	2021	2022
Water consumption, cubic meters	22,076	18,350	39,052
Heat energy, Gcal	5,207	4,063	4,050
Electric power, kW/h	4,817,149	4,449,284	5,076,612

In 2022, the Holding implemented a number of measures to increase the environmental awareness of employees and save resources, including:

- 500 pens made of environmentally friendly materials were purchased;
- an online seminar was held on the topic "Green Office" on such topics as "Ways to optimize and save electricity and water", "Stop

one-time things – harm and benefit", "Waste management";

- on the 1st floor of the business centre there is a box for things where people can bring their things for further transfer to charitable foundations and low-income families; and
- environmental campaigns were carried out – volunteer clean-up, "Day without a car".

Plans for 2023

In order to implement the Concept in 2023, the Holding plans to:

- quarterly, as from 2023, calculate the volume of waste paper handed over for recycling;
- consider obtaining an occupational health and safety (OHSAS 18001)/environmental management (ISO 14001) certificates;

- consider the possibility of installing an automatic lighting control system in the corridors (motion sensors); and
- plant trees and many other things.

Sponsorship and Charity

In 2022, the Holding implemented 1 sponsorship project, for the implementation of which the funds were allocated in the amount of 150 million tenge to 'Kazakhstan Fund for Economic Initiatives' Corporate Fund to organize and conduct the National Competition – Qazaqstan Project Management Awards-2022 – 35 million tenge, to develop a draft low-carbon development strategy – 55 million tenge, to involve narrowly focused branch experts to implement in a quality manner the tasks within the framework of implementation of the "new agenda" of entrepreneurship development (as part of the project management) – 60 million tenge.

Initiative projects of the Holding implemented in 2022:

The Holding took part in the charity campaign "Road to School" of the Amanat 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.



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

2022

Appendices

166	About the Report
169	Activities of Subsidiaries in 2022
175	Report on Compliance with the Principles and Provisions of the Corporate Governance Code of 'Baiterek' NMH JSC
186	List of related-party transactions
187	Annual Financial Statements
194	Information on Adherence to the UN Women's Empowerment Principles
196	Information on Adherence to the IFC Principles "Operating Principles for Impact Management"
198	GRI Index Table
203	Glossary
207	Contact Details

7

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, 'Baiterek' NMH JSC discloses on an annual basis the results of its activities in the annual reports presented on the corporate website: <https://baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/godovye-otchety/>

The Annual Report of 'Baiterek' NMH JSC for 2022 (hereinafter referred to as the Report) has been prepared in accordance with the Global Reporting Initiative for Sustainable Development (GRI Standards), the provisions of the Corporate Governance Code, and the other internal documents of the Holding.

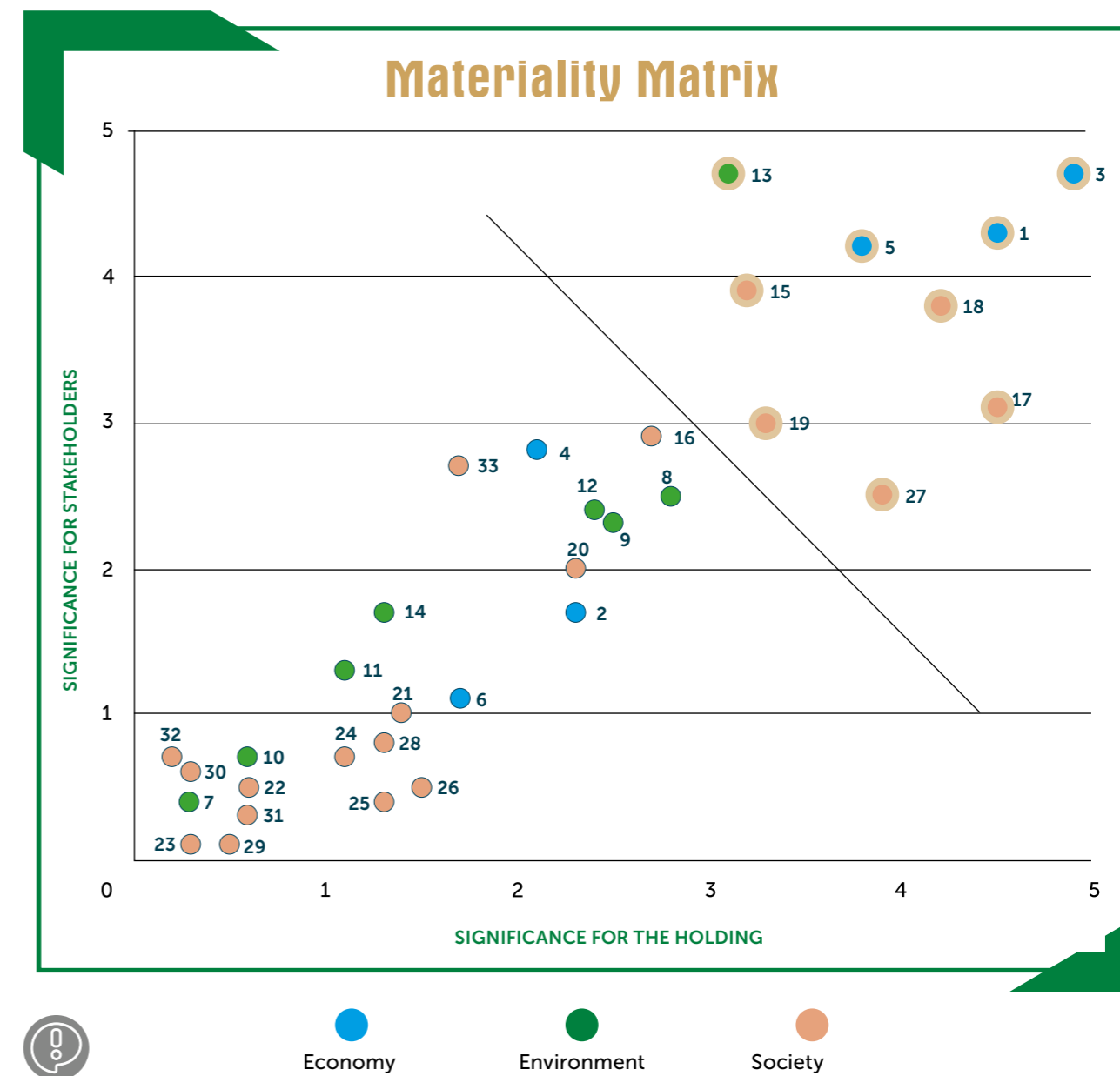
This Report reflects the results of the Holding's activities from 1 January 2022 to 31 December 2022. The Annual Report of 'Baiterek' NMH JSC for 2021 was published in August 2022. The current Report has not been externally verified.

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.



TOPICS (the topics recognized as the most significant are coloured with gold)		No.
ECONOMY		
Economic effectiveness		1
Presence in the markets		2
Indirect economic impacts		3
Procurement practices		4
Anti-corruption		5
Competitive barriers		6

ENVIRONMENT

Materials	7
Energy	8
Water	9
Biological diversity	10
Emissions	11
Discharge and waste	12
Compliance with the requirements of the environmental legislation	13
Environmental assessment of suppliers	14

SOCIETY

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.

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 2022

1. 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	2020	2021	2022
ROA, %	0.8	0.9	0.89
Debt/equity	5.0	5.7	5.4
Assets, KZT billion	3,088	3,742	3,943
Increase in assets, %	19.2	21.2	5.4
Net profit, KZT billion	22.4	31.5	34.1

Key performance results

The volume of the loan portfolio under direct lending in 2022 amounted to 1,774.2 billion tenge, having decreased by 6.3% compared to the previous year.

- In 2022, KDB JSC financed the projects, as part of direct lending, totalling 358.6 billion tenge.

- In 2022, 7 enterprises financed with the participation of KDB JSC were commissioned and modernized.
- In 2022, KDB JSC approved for financing 13 financial applications for 3 investment projects in the amount of 48.8 billion tenge and 10 pre-export operations in the amount of 88 billion tenge.

2. '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	2020	2021	2022
ROA, %	1.37	6.81	12.91
Debt/equity	1.47	1.67	1.44
Assets, KZT billion	358	378	427
Increase in assets, %	6	5	13
Net profit, KZT billion	4.8	25.0	51.9

Key performance results

- In 2022, the Fund supported 50.5 thousand projects using financial instruments in the amount of loans of 1.55 trillion tenge.
- On 21 November 2022, an agreement was signed with the United Nations Development Program in Kazakhstan on the project "Nationally Appropriate Mitigation Measures for Low-Carbon Urban Development". The project implementation mechanism is to subsidize a part of the principal amount of the loan to entrepreneurs. The grant amount was 1,253,986 US dollars.
- The funds raised under the regional program from LEAs in the total amount of 4.3 billion tenge.
- The Fund was recognized as the winner in the nomination "The Best Initial Offering Deal (Kazakhstan)" at the annual Cbonds Awards.

3. Otbasý bank JSC

The mission of Otbasý bank JSC is to provide the Kazakhstan families with their own housing and strengthen the sense of the Motherland.

Key indicators

Indicators	2020	2021	2022
ROA, %	2.08	2.91	2.08
Debt/equity	5.04	6.36	6.44
Assets, KZT billion	1,707	2,804	3,440
Increase in assets, %	26	64	22.7
Net profit, KZT billion	32	66	96

Key performance results

- As of 31 December 2022, there were 2.2 million contracts in the system of Otbasý bank JSC with an accumulation amount of 2.1 trillion tenge.
 - The Umai women's mortgage program is being implemented using the second tranche from Asian Development Bank in the amount of 14 billion tenge.
 - A new option is implemented on the digital platform otbasybank.kz (Baspana Market marketplace) for assigning and making payments under the mechanism for subsidizing rental payments for socially vulnerable segments of the population.
 - The Bank became one of the founders and a member of the ESG Club in Kazakhstan. The Memorandum on the establishment of the National ESG Club was signed by 19 domestic companies.
 - A joint housing program of the Bank with the Akimat of Karaganda Oblast for youth was launched.
 - A pilot project of the Bank was launched jointly with "Government for Citizens" State-owned Corporation to draw up a housing lease pledge agreement online using Blockchain technology.
- A procedure has been developed for accepting applications for participation in Nurly Zher program in the direction of Baqytty Otbasý on the real estate portal otbasybank.kz (which was previously held on the Bank's website).

4. Qazaqstan Investment Corporation JSC¹

The mission of QIC 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	2020	2021	2022
ROA, %	1.30	0.76	4.79
Assets, KZT billion	194	214	231
Increase in assets, %	2	10	7.9
Net profit, KZT billion	2.5	1.6	10.7

Key performance results

- During 12 months of 2022, the funds of QIC JSC financed 63 projects in the amount of 22.2 billion tenge.
- In accordance with orders of the Office for Registration of Rights to Real Estate and Legal Entities of the branch of "Government for Citizens" State-owned Corporation NP JSC in Nur-Sultan City Nos. 12803, 12817 dated 30 June 2022, QazTech Ventures and Kazakhstan Project Preparation Fund joint-stock companies were dissolved by merging with the Company.
- During the period between March and June 2022, as part of the third stream of the acceleration program Kazakhstan Digital Accelerator (hereinafter referred to as KDA), out of 130 applications submitted, 19 start-up projects passed a competitive selection and received training from the best international mentors and experts
- having many year experience. On 30 June 2022, the Demo Day of start-up finalists of the III stream took place, where checks in the amount of 50 thousand US dollars were handed over to 10 start-up finalists of KDA.
- On 2 December 2022, the Memorandum of Understanding was signed between the Company and 'Almaty Creative' Creative Industries Development Centre LLP, which involved cooperation to finance creative industry projects in Almaty City by attracting an international management company in order to promote talented Kazakhstan youth in the world market, and also strengthening the competitiveness and diversification of the national economy.
- The Company has joined the UN Women's Empowerment Principles/WEPs global initiative and the UN Principles of Responsible Investments.

¹ On 10 January 2023, Kazyna Capital Management JSC was re-registered as Qazaqstan Investment Corporation JSC.

5. Single operator of Housing Construction – 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	2022
ROA, %	0.73	0.37	3.11
Debt/equity	5.9	5.5	4.96
Assets, KZT billion	1,375	1,425	1,449
Net profit, KZT billion	6.1	5.2	44.7

Key performance results

- LEAs' bonds were purchased in the amount of 176.4 billion tenge.
- Guarantees were issued for the completion of construction in the amount of 211.8 billion tenge.
- 311 apartments in the amount of 5.7 billion tenge were rented to own.
- The volume of housing commissioned through supply support instruments amounted to 2.4 million square meters of housing (27,239 apartments).

6. 'KazakhExport' Export Insurance Company JSC

The mission of 'KazakhExport' EIC JSC is to support the growth of exports of non-primary goods, works, services in priority sectors of the economy and to

form the practice of financial, insurance and non-financial support for Kazakhstan enterprises.

Key indicators

Indicators	2020	2021	2022
ROA, %	3.7	1.53	1.57
Debt/equity	0.12	0.2	0.3
Assets, KZT billion	122.9	139.4	149.8
Increase in assets, %	39	13.5	7.5
Net profit, KZT billion	3.9	2.0	2.3

Key performance results

- A record value of 259.1 billion tenge has been reached in terms of the volume of assumed liabilities.
- By Resolution of the Government of the Republic of Kazakhstan No. 739 dated 24 September 2022, it was decided to provide 'KazakhExport' EIC JSC with a state guarantee to support exports in the amount of 210 billion tenge with a validity period of 10 years.
- Obligatory reinsurance agreements with one of the largest reinsurance companies in the world – Swiss Reinsurance Company – and Export Credit Agency of Saudi Arabia Islamic Investment and Export Credit Insurance Corporation (hereinafter – ICIEC) were prolonged.
- Under facultative reinsurance contracts, obligations were transferred to ICIEC in the amount of 4.4 million US dollars, MS Amlin Syndicate 2001 – 2.7 billion tenge and Talbot Syndicate 1183 at Lloyd's – 1.4 billion tenge.

6. 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.

Key indicators

Indicators	2021	2022
ROA, %	1.28	1.83
Debt/equity	1.98	2
Assets, KZT billion	806.5	1,330
Net profit, KZT billion	8.7	19.5

Key performance results

- At the end of 2022, ACC JSC issued 18,060 loans totalling 351.2 billion tenge.
- During 2022, 43 AIC investment projects (including 19 new ones) with the total value of 100.9 billion tenge were financed. 25 projects with the total value of 34.5 billion tenge were put into operation in 2022.
- Funding for spring sowing and harvesting campaigns (hereinafter referred to as SS&HC) was doubled from 70 to 140 billion tenge. This made it possible to cover 5.1 million hectares with sowing.
- The access to concessional loans for SS&HC was provided for 755 new agricultural producers (19%) out of 4,046 who received financing.

7. Bereke Bank JSC

Mission of Bereke Bank JSC: "We make a significant contribution to the development of society and the country by creating the best products and

services to meet the needs of people and businesses, as well as giving confidence to our customers and employees."

Key indicators

Indicators	2022
ROA, %	–
Debt/equity	11.65
Assets, KZT billion	1,558
Net profit, KZT billion	–124.5

Key performance results

- In pursuance of the instruction of the Government of the Republic of Kazakhstan, on 1 September 2022, the Holding acquired 99.99775685% interest from Sberbank of Russia PJSC in the subsidiary bank – Sberbank JSC. After the acquisition, SB Sberbank JSC was re-registered and changed the name to Bereke Bank JSC. In November 2022, the Holding satisfied its demand and bought back 248 voting shares from minority shareholders of Bereke Bank JSC.
- On 14 September 2022, Bereke Bank JSC was re-registered.
- Bereke Bank JSC was rebranded: rebranding of external and internal information resources and digital points of contact with customers, replacement of signs and roof structures in structural subdivisions of branches and rebranding of payment cards.
- Capital adequacy ratios calculated in accordance with the requirements of the National Bank of the Republic of Kazakhstan exceed the minimum required level, excluding the conservation buffer. At the end of 2022, the capital adequacy ratios of Bereke Bank JSC were: k1-1 – 9.39%, k1-2 – 9.39%, and k2 – 9.39%.

2022
On 14 September
2022,
Bereke Bank JSC was
re-registered



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 Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
1.	Power delineation principle		
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.</p> <p>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>	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 Managing 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 Managing 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"> • Regulations of the Board of Directors of 'Baiterek' National Managing 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 • Regulations of the Board of 'Baiterek' National Managing Holding Joint-Stock Company approved by the resolution of the BoD of 'Baiterek' NMH JSC dated 11.10.2013 (minutes No. 4). <p>According to Resolution of the Government of the Republic of Kazakhstan No. 175 On Certain Issues of 'Baiterek' National Managing Holding Joint-Stock Company dated 30.03.2021, 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> <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>



No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
	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>The key tasks that 'Baiterek' NMH JSC solves as part of the implementation of its mission of sustainable development of the Republic of Kazakhstan and the achievement of the goals of the "Strategy 2050" are:</p> <ol style="list-style-type: none"> 1) development of non-resource sectors of the economy; 2) development of entrepreneurship (private sector of the economy); 3) support for the export of non-resource products; 4) performance improvement; 5) increasing the availability of financing, the level of technical equipment and the intensification of production in AIC; and 6) support for the urbanization of the economy. <p>In 2022, the Holding and its subsidiaries worked on updating the Articles of Association.</p> <p>By the resolution of the Holding's Management Board dated 26.01.2022 (minutes No. 04/22) the Articles of Association of ACC were amended and altered.</p> <p>By the resolution of the Holding's Management Board dated 06.04.2022 (minutes No. 17/22) the Articles of Association of ACC were altered.</p> <p>By the resolution of the Holding's Management Board dated 02.06. 2022 (minutes No. 24/22) the Articles of Association of KDB were amended.</p> <p>By the resolution of the Holding's Management Board dated 15.06.2022 (minutes No. 26/22) the Articles of Association of Damu EDF were altered.</p> <p>By the resolution of the Holding's Management Board dated 07 September 2022 (minutes 37/22) the approval of a new version of the Articles of Association of Bereke Bank JSC was preliminarily approved, subject to subsequently putting them for consideration by the general meeting of shareholders of Bereke Bank JSC.</p> <p>By the resolution of the Holding's Management Board dated 14.09.2022 (minutes No. 40/22) the Articles of Association of Damu EDF were amended and altered.</p> <p>By the resolution of the Holding's Management Board dated 19.10.2022 (minutes No. 45/22) the Articles of Association of Otbasy bank HCSB were amended and altered.</p> <p>By the resolution of the Holding's Management Board dated 28.12.2022 (minutes No. 57/22) the name of KCM was changed and the Articles of Association were amended.</p>
2.	Principle of protection of the rights and interests of the Sole Shareholder		
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.		<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 Managing Holding Joint-Stock Company, the activities of the BoD 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 Managing Holding Joint-Stock Company for 2014–2023¹, 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>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
	<p>The Holding ensures, in accordance with the established procedure, the enforcement of the rights of the Sole Shareholder.</p> <p>Dividends are calculated based on the net income of the Holding reported in the annual audited financial statements of the Holding prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting, and the International Financial Reporting Standards.</p> <p>At the same time, the amount of dividend distribution is determined taking into account the legislation of the Republic of Kazakhstan.</p>	Complied	<p>In order for the Holding to carry out efficient financial and economic activities, the BoD 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 2022, also, the SS has enforced the following rights: By Resolution of the Government of the Republic of Kazakhstan No. 142 dated 27 March 2020, it was established that 'Baiterek' National Managing Holding Joint-Stock Company one hundred percent of shares of which are in republican ownership, allocates 29.8% of the net income reported in the consolidated annual financial statements for 2021 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.214 dated 23.08.2022, according to the results of 2021, to pay dividend on the state stock of shares, the Holding spent: - 29.8% of net consolidated income or 33,042,255,794 tenge.</p> <p>The amount of dividend was calculated based on the amount of the Holding's net income reported in the Holding's annual consolidated audited financial statements for 2021 prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and IFRSs.</p> <p>In 2022, the Holding has not sent the expectations of the Sole Shareholder for the upcoming financial year to the chairpersons of the boards of directors of subsidiaries and representatives of the Holding in the boards of directors (supervisory boards) of subsidiaries.</p> <p>In April 2023, the expectations of the Sole Shareholder for 2023 were brought to the attention of the chairpersons of the boards of directors of subsidiaries and representatives of the Holding in the boards of directors of subsidiaries after summing up the preliminary results of activities for 2022. These activities are related to the fact that 2023 is the final year of the implementation of the 'Baiterek' NMH JSC Development Plan for 2014–2023 and requires a more detailed analysis of the performance results for the past period.</p>
	<p>The Holding annually sends the expectation of the Sole Shareholder for the coming financial year to the chairperson of the Board of Directors of subsidiaries and representatives of the Holding in the Board of Directors (Supervisory Board) of subsidiaries.</p>	Not complied	

176

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
3.	Principle of effective management of the Holding by the Board of Directors and the Management Board		
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 Managing Holding Joint-Stock Company, the BoD 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 BoD 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 BoD 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 BoD pays special attention, are considered by the BoD of the Holding during face-to-face meetings.</p> <p>In 2022, 10 meetings of the BoD of the Holding were held (5 meetings in person and 5 meetings in absentia). Based on the results of the meetings held, the attendance/presence of members of the BoD is high – from 85% to 100%.</p>
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>	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 BoD 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 Service of Corporate Secretary of 'Baiterek' National Managing 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 Managing Holding Joint-Stock Company, the BoD 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 BoD, the SCS analysed the completeness and usefulness of the materials provided to the members of the BoD. 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 BoD on issues submitted for consideration by the BoD.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
	<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. 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.</p> <p>The Corporate Secretary is appointed on the basis of open and transparent procedures enshrined in the internal documents of the Holding.</p>		<p>The Holding has in place the Program for the induction of the newly appointed corporate secretary of 'Baiterek' National Managing Holding Joint-Stock Company approved by the resolution of the BoD 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 BoD, 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 Managing 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>
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 BoD 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 BoD 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>In connection with the termination of employment relations with M.D. Turganova, on her initiative, on 15 July 2022, the Assistant Corporate Secretary – the Head of the Service of Corporate Secretary A.K. Zhumagaliev – was appointed to be the Ombudsman of the Holding.</p> <p>In the course of considering the issue of the activities of the Holding's Ombudsman for 2021, the AC and PRSIC of the BoD of the Holding (minutes No. 07/19 dated 22.07.2019) positively assessed the results of her work as the Ombudsman of 'Baiterek' NMH JSC.</p> <p>The direct subordination of the Assistant Corporate Secretary of the Holding A.K. Zhumagaliyev to the BoD of the Holding contributes to the adoption of impartial decisions when considering incoming applications.</p> <p>In order to carry out internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the operations of the Holding, the IAS of the Holding was formed by the resolution of the BoD of the Holding dated 23.07.2013 (Minutes No. 1).</p> <p>The membership of the IAS consisting of 4 officers and the salary scheme of the IAS officers were approved by the resolution of the BoD of the Holding dated 15.07.2022 (resolution No. 05/22).</p> <p>In 2022, by the resolution of the BoD of the Holding dated 24.11.2022 (minutes No. 09/22), a new term of office of the Holding's IAS was determined from 01.02.2023 to 31.01.2026.</p> <p>The employees of the Holding's IAS are not members of the BoD or the Management Board of the Holding.</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
			The Holding's IAS reports directly to the BoD of the Holding, is independent of the Management Board of the Holding in the preparing audit conclusions, estimates and recommendations. In 2020, the practice of holding meetings of the members of the IAS of the Holding's BoD with the head of the Holding's IAS (without the participation of the Holding management) was introduced and continued in 2022.
3.35	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 Management Board and determining their remuneration. 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.	Partially complied	By the resolution of the BoD 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. At the same time, the corresponding recommendations for the BoD 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 BoD 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 BoD of the Holding. No candidates proposed by the Chairperson of the Management Board for the position of the Management Board were rejected by the BoD. In 2022, by the decision of the PRSIC of the BoD dated 17.05.2022 (minutes No. 03/22), recommendations were given on determining the quantity of members of the Management Board, electing the members to the Holding's Management Board and determining the amount of official salaries and conditions for remunerating and paying bonuses to the Chairperson and members of the Management Board. In 2022, by the resolution of the BoD dated 18.05.2022 (Minutes No. 04/22), 5 (five) members of the Management Board of 'Baiterek' NMH JSC were determined.
4.	Principle of sustainable development		
4.1	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.	Complied	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. 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.

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
	In determining stakeholders and communicating with them, the Holding and its subsidiaries use the international standards for determining and communicating with stakeholders. 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. 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. 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.		The Holding carries out its activities taking into account the principles and provisions stipulated by the Sustainable Development Policy of 'Baiterek' National Managing Holding Joint-Stock Company developed taking into account the international standards in the field of sustainable development and approved by the resolution of the BoD of the Holding dated 26.11.2020 (minutes No. 10/20). The Holding's subsidiaries approved similar policies in the field of sustainable development taking into account the provisions of this Policy of 'Baiterek' National Managing Holding Joint-Stock Company in the field of sustainable development. It is noted in the Sustainable Development Policy of 'Baiterek' National Managing 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. The Sustainable Development Policy of 'Baiterek' National Managing 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. 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 Managing 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). 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. On 7 September 2022 (minutes No. 37/22), the Action Plan for Sustainable Development of 'Baiterek' National Managing Holding Joint-Stock Company for 2022–2023 (hereinafter referred to as the Plan) was approved. In accordance with paragraph 2.4 of the Plan, a report is prepared on an annual basis on the implementation of the strategy of communication with stakeholders within the framework of the approved Stakeholder Map. The Holding's corporate website contains "Sustainable Development" section, which includes the Holding's approaches to sustainable development, communication with stakeholders, commitment to the UN sustainable development goals and the main areas of activity in the field of sustainable development, including "green" projects. According to clause 71 of Chapter 1, Section 3 of the Sustainable Development Policy of 'Baiterek' National Managing Holding Joint-Stock Company, the BoD 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. To prepare recommendations on sustainable development issues, by the resolution of the BoD 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 BoD of the Holding.

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
			<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 Managing Holding Joint-Stock Company for 2022, the following activities were carried out to improve the skills of employees of the Holding:</p> <ol style="list-style-type: none"> 1) In July 2022, 30 employees of the Holding had online seminar on the subject "Green office". 2) In August 2022, employees of the DSCB completed training at the AIFC on the topic "Advanced certificate program.ESG and the Board" and received certificates; 3) More than 10 employees of the Holding were trained in December 2022 on the topic "Advanced certificate program.ESG and the Board" and received certificates. <p>At the end of 2021, the coverage of training of employees of the Holding achieved 96.6%.</p> <p>A research of involvement of the personnel of the group of companies of the Holding was not conducted in 2022.</p> <p>The Sustainable Development Policy of 'Baiterek' National Managing 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 Managing 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>
5.	Principle of risk management, internal control and internal audit		
5.1	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>The RMS and the ICS in the Holding imply 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>The Holding's risk management system covers all financial, operational, strategic and legal risks and ensures the implementation of all operations of the Holding that involve the occurrence of risks within the established limits and restrictions.</p> <p>Internal control is aimed at providing reasonable assurance of the Holding's achievement of strategic and operational goals and is implemented by organizing an ICS in the Holding, the main tasks and goals of which are:</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
	<ol style="list-style-type: none"> 1) an optimal balance between the profitability of the Holding, strategic goals and risks associated therewith; 2) effectiveness of financial and economic activities and achievement of financial sustainability of the Holding; 3) safety of assets and efficient use of resources of the Holding; 4) completeness, reliability and accuracy of financial and management reporting; 5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Holding; 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. <p>The Holding has formed 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 formed 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>	Complied	<ul style="list-style-type: none"> • safeguarding the assets and efficiently using resources; • ensuring the completeness, reliability and reliability of financial and management reporting; • complying with applicable laws, requirements of regulatory authorities and provisions of internal documents; and • controlling the effective functioning of the basic and auxiliary business processes and analysing performance results. <p>The Risk Management Policy and the Regulation on the Internal Control System provide for the involvement of both officials and employees in the process of risk management and internal control, according to the principles of "the tone from the top" in the ICS and "the tone from the bottom" in the RMS, and three lines of defence are defined.</p> <p>As part of maintaining and improving the RMS and ICS, the Holding quarterly submits a report on the risks of the Holding for approval by the BoD, also at least once a year and where required updates the Matrix of business processes, risks and controls of the Holding.</p> <p>In 2022, as part of the improvement of RMS and ICS, the Risk Management Policy and the Risk Management Rules were amended and altered.</p> <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 2022, the Holding's IAS carried out its activities on the basis of the Audit Plan of the Internal Audit Service of 'Baiterek' National Managing Holding Joint-Stock Company for 2020–2022 as approved by the resolution of the BoD of 'Baiterek' NMH JSC dated 26.11.2020 (minutes No. 10/ 20). By the resolution of the BoD of the Holding dated 25.11.2021 (minutes No. 07/21), the Auditor Plan of the Internal Audit Service of 'Baiterek' National Managing Holding Joint-Stock Company for 2020–2022 updated in the part of 2022 was approved. The results of audit reports, key findings and relevant recommendations are submitted to the BoD on a quarterly basis.</p> <p>On 18.05.2022, the Holding signed a long-term contract for the audit of financial statements for 2022–2023. The external auditor was selected on the basis of a competition, while the qualification requirements were agreed with the AC of the BoD of the Holding on 22.02.2022 (minutes No. 01/22).</p>

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
	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.		In order to select a potential provider of audit services, in April 2022, the Holding held an open tender for long-term procurement of financial audit services (audit of financial statements) for 2022–2023 in accordance with the then effective Rules for procurement by certain entities of the quasi-public sector, with the exception of the National Welfare Fund and organizations of the National Wealth Fund, as approved by order of the Minister of Finance of the Republic of Kazakhstan No. 1253 dated 30 November 2021. The resolution to determine an auditing organization for the audit of the financial statements of the Holding for 2022–2023 and the amount of payment for its service was adopted by the BoD of the Holding on 15.07.2022 (resolution No. 05/22), with the prior approval of the AC of the BoD of the Holding (decision No. 03/22 dated 14.07.2022). On 18 May 2022, during in-person meeting of the BoD of the Holding (minutes No. 04/22), the audited annual consolidated financial statements of the Holding for 2021 were provisionally approved for further consideration and approval by the SS of the Holding. On 23 August 2022, based on order of the First Vice Minister of National Economy of the Republic of Kazakhstan No. 214 On Certain Issues of 'Baiterek' National Managing Holding Joint-Stock Company, the audited annual financial statements of the Holding for 2021 were approved by the SS.
6. Principle of settlement of corporate conflicts and conflicts of interests			
6.1	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. 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. If it is impossible to settle corporate conflicts through negotiations, they are settled strictly in accordance with the legislation of the Republic of Kazakhstan. The Board of Directors settles corporate conflicts on issues within its competence.	Complied	The members of the BoD 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. Avoiding conflicts of interest is essential to protecting the interests of the SS, the Holding, officials and employees of the Holding. In 2022, there were no cases of corporate conflicts and the results of assuming situations related to a conflict of interest in the Holding. In 2022, there were no situations related to the need for the Holding's bodies to consider corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman.

No.	Principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company	Complied/ Not complied	Measures taken to implement the principles and provisions of the Corporate Governance Code of 'Baiterek' National Managing Holding Joint-Stock Company
7. Principle of transparency and objectivity of disclosure of the information about activities of the Holding			
7.1	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. 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. 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. 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.	Complied	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 Holding. 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. 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. To timely provide the SS, public authorities of the Republic of Kazakhstan, stakeholders with the necessary information about Holding, the resolution of the BoD of the Holding dated 20.03.2014 (minutes No. 02/14) approved the Information Disclosure Policy of 'Baiterek' National Managing Holding Joint-Stock Company, which defines the principles and approaches to information disclosure, as well as the timing, procedure and form of information disclosure. The Holding's Internet resource www.baiterek.gov.kz 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. The Holding's Internet resource is updated on a regular basis, at least once a week. The Annual Report of the Holding for 2021 was approved by the resolution of the BoD of the Holding dated 15.07.2022 (resolution No. 05/22).

List of related-party transactions

No.	Description of transaction	Resolution of the Board of Directors
1	Conclusion of transactions with Industry Development Fund Joint-Stock Company in which 'Baiterek' National Managing Holding Joint-Stock Company has interest; amendment to the Annual Budget of 'Baiterek' National Managing Holding Joint-Stock Company for 2022 and the Development Plan of 'Baiterek' National Managing Holding Joint-Stock Company for 2019–2023	In-person resolution of the Board of Directors dated 23 February 2022, No. 02/22
2	Alienation by 'Baiterek' National Managing Holding Joint-Stock Company of 49% interest in the authorized capital of EL INVEST AGRO Limited Liability Partnership and conclusion of transaction with AksuTransLogistic Limited Liability Partnership in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 23 February 2022, No. 02/22
3	Alienation by 'Baiterek' National Managing Holding Joint-Stock Company of 49% interest in the authorized capital of AstykMol Limited Liability Partnership and conclusion of transaction with Astyk Novoishimka Limited Liability Partnership in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 23 February 2022, No. 02/22
4	Conclusion of transaction with Samruk-Kazyna Contract Limited Liability Partnership in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 23 February 2022, No. 02/22
5	Conclusion of related-party transactions with KazAgroFinance Joint-Stock Company and Agrarian Credit Corporation Joint-Stock Company	In-person resolution of the Board of Directors dated 18 May 2022, No. 04/22
6	Conclusion of transaction with Eurasian Development Bank in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 12 August 2022, No. 06/22
7	Conclusion of transactions with Industry Development Fund Joint-Stock Company in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 29 September 2022, No. 07/22
8	Conclusion of transaction with KazAgroFinance Joint-Stock Company in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 29 September 2022, No. 07/22
9	Conclusion of transaction with Kazakhstan Development Bank Joint-Stock Company in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 29 September 2022, No. 07/22
10	Conclusion of transaction with Kazakhstan Development Bank Joint-Stock Company in which 'Baiterek' National Managing Holding Joint-Stock Company has interest	In-person resolution of the Board of Directors dated 24 November 2022, No. 09/22
11	Conclusion of transactions with Bereke Bank Joint-Stock Company in which 'Baiterek' NMH JSC has interest	In-person resolution of the Board of Directors dated 24 November 2022, No. 09/22

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 2022–2023.

The full text of the consolidated financial statements for 2022 with the notes and the independent auditor's report is available on the Holding's website in the 'About Holding' section: <https://baiterek.gov.kz/ru/o-kholdinge/otchetnost-kholdinga/finansovaya-otchetnost/>

Consolidated Statement of Financial Position

(thousand Kazakhstan tenge)	31 December 2022	31 December 2021
Assets		
Cash and cash equivalents	2,293,973,195	1,472,845,223
Other assets at fair value through profit or loss	162,342,872	154,118,280
Loans to banks and financial institutions	298,999,429	367,879,233
Deposits with banks and financial institutions	23,154,952	193,059,900
Loans to customers	6,511,970,888	4,704,073,545
Investment securities	1,456,559,148	1,725,727,482
Finance lease receivable	1,072,649,277	929,926,219
Investment objects accounted for in equity method	795,344	555,065
Investment property	9,653,324	10,230,182
Prepaid current income tax	18,294,819	25,359,231
Deferred income tax asset	27,398,004	33,955,310
Property, plant and equipment	65,770,527	17,997,190
Intangible assets	30,120,799	9,091,019
Non-current assets held for sale	5,028,981	3,463,876
Other financial assets	41,690,241	30,694,738
Other assets	213,729,877	190,898,868
Total ASSETS	12,232,131,677	9,869,875,361
LIABILITIES		
Due to banks	8,055,858	–
Due to customers	3,049,901,263	1,788,020,886
Issued debt securities	3,739,552,209	4,065,432,159
Subordinated debt	8,050,778	7,502,151
Loans from banks and other financial institutions	946,551,807	652,462,122
Loans from the Government of the Republic of Kazakhstan	776,645,835	577,428,415
Liabilities to mortgage organization	201,302,720	–
Current income tax liability	2,343,256	1,915,356

Deferred income tax liability	45,287,694	40,257,423
Liabilities under insurance contracts	58,684,023	41,554,777
Other financial liabilities	117,221,146	200,188,894
Government grants	1,052,536,560	741,637,963
Other liabilities	127,932,790	83,922,988
Total LIABILITIES	10,134,065,939	8,200,323,134
EQUITY		
Share capital	1,366,238,962	1,266,238,962
Provision for changes in fair value of securities	(65,072,162)	(16,554,288)
Provision at business combination and additional paid-up capital	241,088,410	211,640,338
Other provisions	31,125,936	32,466,050
Retained earnings	524,684,592	175,761,165
Total EQUITY	2,098,065,738	1,669,552,227
Total LIABILITIES and EQUITY	12,232,131,677	9,869,875,361

Consolidated Statement of Profit or Loss

(thousand Kazakhstan tenge)	2022	2021
Interest income calculated using effective interest method	871,561,335	605,756,946
Other interest incomes	142,243,377	102,543,599
Interest expenses	(550,553,226)	(409,788,469)
Net interest income	463,251,486	298,512,076
Provision for impairment of loan portfolio and finance lease receivables	(104,873,139)	(74,402,396)
Net interest income after provision for impairment of loan portfolio	358,378,347	224,109,680
Fee and commission incomes	35,903,238	21,842,222
Fee and commission expenses	(9,446,590)	(8,354,095)
Net fee and commission income	26,456,648	13,488,127
Net (loss)/profit from transactions with assets at fair value with changes reported in profit or loss for the period	36,883,471	(234,594)
Net foreign exchange gains	55,343,823	996,437

Net (loss)/profit on financial assets at fair value through other comprehensive income	(18,533,034)	61,083
Net profit from derecognition of financial assets at amortized cost	41,530,765	16,569,734
Net earned insurance premiums	6,410,408	5,418,679
Net expenses for insurance indemnities and changes in provisions for insurance contracts	(19,592,542)	(12,596,076)
Other operating (expenses)/incomes, net	4,219,971	(32,154,154)
Operating income	491,097,857	215,658,916
Reversal of impairment of other financial assets and credit liabilities	2,674,082	6,296,212
Loss from disposal of subsidiary	–	(13,996,439)
Goodwill	30,276,651	–
Administrative expenses	(95,773,902)	(65,475,791)
Share in financial performance of investment objects accounted for in equity method	–	(4,614)
Profit before income tax	428,274,688	142,478,284
Income tax expense	(47,649,119)	(31,598,231)
Profit FOR THE YEAR	380,625,569	110,880,053
Other comprehensive income:		
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
Items that may be reclassified subsequently in profit or loss:		
Provision for fair value of securities:		
- Net change of fair value	(69,552,585)	(10,871,278)
- Net change of fair value carried over to profit or loss	21,034,711	(46,466)
Other comprehensive income for the year	(48,517,874)	(10,834,651)
Total COMPREHENSIVE income FOR THE YEAR	332,107,695	100,045,402

(thousand Kazakhstan tenge)	Share capital	Provision for changes in fair value of securities	Provision at business combination and additional paid-up capital	Other provisions	Retained earnings	Total
Balance as of 1 January 2022	1,266,238,962	(16,554,288)	211,640,338	32,466,050	175,761,165	1,669,552,227
Profit for the year	–	–	–	–	380,625,569	380,625,569
Other comprehensive income	–	(48,517,874)	–	–	–	(48,517,874)
Total comprehensive income for the year	–	(48,517,874)	–	–	380,625,569	332,107,695
Share issue – cash contribution (Note 22)	100,000,000	–	–	–	–	100,000,000
Declared and paid dividend (Note 22)	–	–	–	–	(33,042,256)	(33,042,256)
Recognition of discount on loans from the Government of the Republic of Kazakhstan, less taxes of 7,362,018 thousand tenge (Note 17)	–	–	29,448,072	–	–	29,448,072
Transfer from capital reserves	–	–	–	(1,340,114)	1,340,114	–
Balance as of 31 December 2022	1,366,238,962	(65,072,162)	241,088,410	31,125,936	524,684,592	2,098,065,738

Attributed to owners of the Holding

(thousand Kazakhstan tenge)	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
Balance as of 1 January 2021	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)
Total comprehensive income for the year	–	(10,834,651)	–	–	110,880,053	100,045,402	–	100,045,402
Share issue – cash contribution (Note 22)	5,000,000	–	–	–	–	5,000,000	–	5,000,000
Contributions to capital (share issue) due to business combination (Note 33)	214,734,250	–	–	–	(111,981,993)	102,752,257	–	102,752,257
Declared dividend (Note 22)	–	–	–	–	(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 (Note 17)	–	–	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 (Note 15)	–	–	20,062,643	–	–	20,062,643	–	20,062,643
Other distributions to shareholders (Note 22)	–	–	–	–	(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)
Balance as of 31 December 2021	1,266,238,962	(16,554,288)	211,640,338	32,466,050	175,761,165	1,669,552,227	–	1,669,552,227

Consolidated Statement of Cash Flows

(thousand Kazakhstan tenge)	2022	2021
Cash flows from operating activities		
Received interest incomes	828,518,704	579,339,942
Paid interest expenses	(402,428,492)	(316,037,432)
Received fee and commission incomes	47,519,073	45,432,197
Paid fee and commission expenses	(9,472,510)	(8,245,383)
Net realised gains from transactions with derivative financial instruments	37,732,040	–
Net foreign exchange gains/(loss)	27,032,516	(674,747)
Charged insurance premiums, net	4,801,449	5,265,000
Paid insurance claims, net	(8,085,986)	(2,476,145)
Other received operating incomes	4,859,309	4,775,533
Received dividend	516,709	69,150
Paid administrative and other operating expenses	(86,368,254)	(58,495,249)
Paid income tax	(37,188,558)	(33,080,318)
Cash flows from operating activities before changes in operating assets and liabilities	407,436,000	215,872,548
<i>Net (increase)/decrease in:</i>		
– assets at fair value with changes reported in profit or loss for the period	(4,950,248)	(18,623,715)
– loans to banks and financial institutions	(6,657,949)	13,522,990
– deposits with banks and other financial institutions	(30,082,421)	22,525,270
– loans to customers	(823,959,646)	(881,438,585)
– finance lease receivables	165,573,601	130,753,868
– other financial assets	(1,077,551)	(2,181,087)
– other assets*	(313,866,878)	(201,676,852)
<i>Net (increase)/decrease in:</i>		
– due to customers	495,246,214	721,132,449
– other financial liabilities	57,806,045	(37,086,049)
– other liabilities	19,744,588	14,148,985
Net cash flows used in operating activities	(34,788,245)	(23,050,178)

(thousand Kazakhstan tenge)	2022	2021
Cash flows from investing activities		
Acquisition of investment securities	(1,317,368,018)	(837,427,587)
Proceeds from disposal and redemption of investment securities	1,556,765,805	527,128,079
Acquisition of property, plant and equipment and intangible assets	(9,073,438)	(3,514,895)
Proceeds from disposal of property, plant and equipment	335,827	529,238
Proceeds from disposal of investment property	223,700	73,248
Proceeds from disposal of associates and joint ventures	644,522	44,708
Proceeds from business combination	328,899,384	–
Dividend distribution resulting from business combination	(130,000,000)	–
Proceeds from disposal of subsidiary, less cash paid as a result	–	5,040,157
Cash receipts from merger	–	375,993,158
Net cash flows from investing activities	430,427,782	67,866,106
Cash flows from financing activities		
Loans from banks and other financial institutions	550,938,691	114,493,103
Repayment of loans from banks and other financial institutions	(264,052,098)	(214,104,933)
Loans from the Government of the Republic of Kazakhstan	639,427,760	296,554,591
Repayment of loans from the Government of the Republic of Kazakhstan	(112,735,535)	(123,382,071)
Revenues from issue of ordinary shares	100,000,000	5,000,000
Revenues from issue of debt securities*	41,622,825	791,492,968
Redemption/buyout of issued debt securities	(458,320,473)	(148,832,989)
Paid dividend	(33,042,256)	(10,368,338)
Other distributions to shareholders	–	(10,602,471)
Received government grants	–	33,144,980
Net cash flows from financing activities	463,838,914	733,394,840
Effect of changes in foreign exchange rates on cash and cash equivalents	(38,469,063)	2,786,271
Effect of changes in provision for impairment	118,584	(65,001)
Net increase in cash and cash equivalents	821,127,972	780,932,038
Cash and cash equivalents at the beginning of the year	1,472,845,223	691,913,185
Cash and cash equivalents at the end of the year	2,293,973,195	1,472,845,223

Information on Adherence to the UN Women's Empowerment Principles

Principle 1. To build strong leadership support for gender equality

The Holding's Group is implementing the Comon Personnel Policy for 2022–2024 (hereinafter referred to as the Personnel Policy), one of the tasks of which is to develop a corporate culture based on ESG principles in the Holding and subsidiaries.

In this regard, in accordance with the Personnel Policy of the Holding, the indicator "Number of women in the management of the Holding and subsidiaries" is included in the development plans as a KPI for 2022–2024.

The share of women in the boards of directors at the end of 2022 was 18%, executive bodies – 30%.

In addition, women are given priority when they are selected to the Common Personnel Reserve of the Holding.

In the medium term, the Holding plans to implement the Women's Leadership Development program to ensure the principle of diversity and inclusiveness throughout the Holding's Group.

Principle 2. Equal opportunity, inclusion and non-discrimination

In carrying out its activities, the Holding is guided by the principle of providing equal opportunities and does not allow discrimination of its employees in hiring, remuneration, providing access to training, promotion, dismissal on such grounds as gender, race, language, religious, political and other beliefs, nationality, ethnic or social origin, disability. This position is enshrined in the Holding's Sustainable Development Policy.

In 2022, the share of women in the Holding's Group was 49%.

Principle 3. Health, safety and freedom from violence

The Holding implements the Rules for the provision of social support to employees (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;
- program of voluntary medical insurance (health insurance).

Financial assistance is paid to employees at the expense of the Holding in accordance with the established procedure, including in connection with:

- 1) maternity leave, leave by those who have adopted a new-born child (new-born children);
- 2) birth of a child/adoption of children; and
- 3) treatment/surgery of an employee or persons who are members of his/her family.

Principle 4. Education and professional development

Personnel training and development is also one of the priorities of the Personnel Policy. Training in the Holding is based on the annual assessment of employees in terms of competencies, with preparing individual development plans. The training process in the Holding is standardized, training is provided according to uniform rules.

Principle 5. Enterprise development, marketing methods and supply chains

The Holding also supports women through its subsidiaries – Otbasy bank JSC and 'Damu' Entrepreneurship Development Fund JSC, providing Umai mortgage and funding women's entrepreneurship projects.

Thus, Damu Fund JSC supported 80 thousand women's entrepreneurship projects (46% of the total) for a total loan amount of 2,146 billion tenge (21% of the total).

As part of the implementation of the women's mortgage "Umai", in 2021, borrowed funds in the amount of 8.4 billion tenge were obtained; in 2022, 14 billion tenge were raised from ADB, which were fully disbursed. Also, due to repayable bonds on women's mortgages, 44 additional loans were issued in the amount of 636.55 million tenge.

Principle 6. Participation of society and community leadership

The Holding periodically provides charitable assistance to women with children who find themselves in a difficult life situation. In 2022, the Holding held a charity fair "Baiterek – Open Hearts", the proceeds from which were used to organize a New Year children's matinee for children undergoing long-term treatment at the National Scientific Centre for Motherhood and Childhood. As a result, more than 1,300 thousand tenge was received from sales.

Principle 7. Transparency, assessment and reporting

The Holding periodically discloses information on gender equality in the Annual Report and in the Report on Sustainable Development.

Information on Adherence to the IFC Principles “Operating Principles for Impact Management”

Principle 1. Defining strategic impact objectives that are consistent with the investment strategy: 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

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.

Principle 2. Management of portfolio-based strategic impact: 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.

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.

Principle 3. Determining the contribution to the achievement of the effect: Achieving the effect of project implementation should be documented.

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.

Principle 4. Assessment of the expected effect of each investment based on a systematic approach: Each investment should be evaluated in advance to have an idea of a specific positive effect.

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.

Principle 5. Assessment, elimination, monitoring and management of potential negative consequences: For each investment, organizations should strive to identify and mitigate possible negative consequences

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.

Principle 6. Progress monitoring of each investment in achieving the effect

Project monitoring is carried out on a regular basis.

Principle 7. Withdrawal from projects taking into account their further sustainable impact

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.

Principle 8. 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.

Principle 9. 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

Indicator	Disclosure	Report Section/Comment	Page
GRI 1: Foundations (2021)			
GRI 2: General disclosure (2021)			
2-1	Organization profile	About Holding	3
2-2	Entities included in the organization's sustainability reporting	About Holding	3
2-3	Reporting period, frequency and contact point	About the Report	168
		Contact Details	207
2-4	Restatements of information	Data and information were not revised	
2-5	External assurance	External assurance was not provided	
2-6	Activities, value chain and other business relationships	About Holding	3
		Business Model	22
		Raising Funds in Capital Markets	51
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75
2-7	Employees	Personnel Management	144
2-8	Workers who are not employees	All employees are staff members with whom employment contracts are concluded	
2-9	Governance structure and composition	Corporate Governance System	84
		Board of Directors	91
		Management Board	109
2-10	Nomination and selection of the highest governance body	Board of Directors	91
2-11	Chair of the highest governance body	Board of Directors	91
2-12	Role of the highest governance body in overseeing the management of impacts	Board of Directors	91
2-13	Delegation of responsibility for managing impacts	Sustainable Development Management System	132
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Management System	132
2-15	Conflicts of interest	Corporate Ethics and Settlement of the Conflict of Interests	117
2-16	Communication of critical concerns	Internal Audit Service	115
		Corporate Ethics and Settlement of the Conflict of Interests	117
2-17	Collective knowledge of the highest governance body	Board of Directors	91

Indicator	Disclosure	Report Section/Comment	Page
2-18	Evaluation of the performance of the highest governance body	Board of Directors	91
2-19	Remuneration policies	System to Remunerate the Members of the Board of Directors and the Management Board	
2-20	Process to determine remuneration	System to Remunerate the Members of the Board of Directors and the Management Board	
2-21	Annual total compensation ratio	Information on employees' remuneration is treated by the Holding as confidential information and shall not be disclosed	
2-22	Statement on sustainable development strategy	Address of the Chairperson of the Board of Directors	10
		Address of the Chairperson of the Management Board	12
2-23	Policy commitments	Sustainable Development Management System	132
		Responsible Investment	156
2-24	Embedding policy commitments	Sustainable Development Management System	132
2-25	Processes to remediate negative impacts	In 2022, no cases of direct adverse impact on ecology and social environment were recorded	
2-26	Mechanisms for seeking advice and raising concerns	Settlement of Corporate Conflicts and Conflict of Interests	
2-27	Compliance with laws and regulations	In 2022, there were no cases of violation of laws and regulations	
2-28	Membership associations	The Holding is not a member in any associations or unions	
2-29	Approach to stakeholder engagement	Communication with Stakeholders	137
2-30	Collective bargaining agreements	The Holding does not practice concluding collective employment contracts	
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	About the Report	166
3-2	List of material topics	About the Report	166
GRI 201: Economic Performance (2016)			
3-3	Management of material topics	Market Percentage of the Holding's Instruments by Types of Core Activities	43
		Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75
201-1	Direct Economic Value Generated and Distributed	Market Percentage of the Holding's Instruments by Types of Core Activities	43
		Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75

Indicator	Disclosure	Report Section/Comment	Page
201-2	Financial implications and other risks and opportunities due to climate change	The activities of the organization do not have a direct impact on climate change. The climate impact of projects financed by the organization has not been assessed	
201-3	Defined benefit plan obligations and other retirement plans	All employees of the Holding are covered by the state pension system and pay mandatory pension contributions.	
201-4	Financial assistance received from government	Sole Shareholder	90
GRI 202: Market Presence (2016)			
3-3	Management approach	Board of Directors	91
		Management Board	109
202-2	Proportion of senior management hired from the local community	Board of Directors	91
		Management Board	109
GRI 203: Indirect Economic Impacts (2016)			
3-3	Management approach	Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75
203-1	Infrastructure investments and services supported	Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75
203-2	Significant indirect economic impacts	Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	Procurement Activities	1 59
GRI 205: Anti-Corruption (2016)			
3-3	Management approach	Anti-corruption	119
205-1	Operations assessed for risks related to corruption	Assessment was not made	
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption	119
205-3	Confirmed incidents of corruption and actions taken	In 2022, there were no cases of corruption offenses committed by employees of the Holding	
GRI 301: Materials (2016)			
3-3	Management approach	Environment Protection	160
301-1	Materials used by weight or volume	Environment Protection	160

Indicator	Disclosure	Report Section/Comment	Page
GRI 302: Energy 2016			
3-3	Management approach	Environment Protection	160
302-1	Energy consumption within the organization	Environment Protection	160
GRI 303: Water and Effluents 2018			
3-3	Management approach	Environment Protection	160
303-5	Water consumption	Environment Protection	160
GRI 306: Waste (2020)			
3-3	Management approach	Environment Protection	160
306-1	Waste generation and significant waste-related impacts	Waste generated directly in the course of the Holding's activities does not have a significant impact on the environment	
306-3	Waste generated	Environment Protection	160
GRI 401: Employment (2016)			
3-3	Management approach	Personnel Management	144
401-1	New employee hires and employee turnover	Personnel Management	144
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Personnel Management	144
401-3	Parental leave	Personnel Management	144
GRI 402: Labour/Management Relations 2016			
3-3	Management approach	Personnel Management	144
402-1	Minimum notice periods regarding operational changes	A notice of changes in working conditions is given in accordance with the rules of Kazakhstan labour laws	
GRI 403: Occupational Health and Safety (2018)			
3-3	Management approach	Personnel Management	144
403-1	Occupational health and safety management system	Personnel Management	144
403-4	Worker participation, consultation, and communication on occupational health and safety	Personnel Management	144
403-5	Worker training on occupational health and safety	Personnel Management	144
403-6	Promotion of worker health	Personnel Management	144
403-8	Workers covered by an occupational health and safety management system	Personnel Management	144
403-9	Work-related injuries	In 2022, there were no cases of work-related injuries and ill health of employees	
GRI 404: Training and Education 2016			
3-3	Management approach	Personnel Management	144
404-1	Average hours of training per year per employee	Personnel Management	144

Indicator	Disclosure	Report Section/Comment	Page
404-2	Programs for upgrading employee skills and transition assistance programs	Personnel Management	144
GRI 405: Diversity and Equal Opportunities 2016			
3-3	Management approach	Corporate Governance System	84
405-1	Diversity of governance bodies and employees	Corporate Governance System	84
		Personnel Management	144
GRI 406: Non-discrimination 2016			
3-3	Management approach	Personnel Management	144
406-1	Incidents of discrimination and corrective actions taken	In 2022, there were no cases of discrimination	
GRI 415: Public Policy 2016			
3-3	Management approach	Market Percentage of the Holding’s Instruments by Types of Core Activities	43
		Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75
415-1	Political contributions	Market Percentage of the Holding’s Instruments by Types of Core Activities	43
		Financial Performance	48
		Support for Entrepreneurship	56
		Provision of Housing for the Population	72
		Development of Agro-Industrial Complex	75

Glossary

ADB	Asian Development Bank
AGRARIAN CREDIT CORPORATION JSC, ACC JSC	Agrarian Credit Corporation Joint-Stock Company
BAITEREK DEVELOPMENT JSC	Baiterek development Joint-Stock Company
KAZAKHSTAN DEVELOPMENT BANK JSC, KDB JSC	Kazakhstan Development Bank Joint-Stock Company
KAZAKHSTAN MORTGAGE COMPANY MO JSC, KMC MO JSC	Kazakhstan Mortgage Company Mortgage Organization Joint-Stock Company
KAZAKHSTAN INVESTMENT FUND JSC, KIF JSC	Kazakhstan Investment Fund Joint-Stock Company
KAZAGROFINANCE JSC, KAF JSC	KazAgroFinance Joint-Stock Company
KAZYNA CAPITAL MANAGEMENT JSC, KCM JSC	Kazyna Capital Management Joint-Stock Company
KAZAKHSTAN HOUSING COMPANY, KHC JSC	Kazakhstan Housing Company Joint-Stock Company
NATIONAL AGENCY FOR TECHNOLOGICAL DEVELOPMENT JSC, NATD JSC	National Agency for Technological Development Joint-Stock Company
'BAITEREK' NMH JSC, 'BAITEREK' HOLDING, HOLDING	'Baiterek' National Managing Holding Joint-Stock Company
'KAZAGRO' NMH JSC.	'KazAgro' National Managing Holding Joint-Stock Company
OTBASY BANK JSC	'Otbasy bank' Housing Construction Savings Bank Joint-Stock Company
HOUSING CONSTRUCTION GUARANTEE FUND JSC, HCGF JSC	Housing Construction Guarantee Fund Joint-Stock Company
'DAMU' FUND JSC	'Damu' Entrepreneurship Development Fund Joint-Stock Company
AGRICULTURE FINANCIAL SUPPORT FUND JSC, AFSF JSC	Agriculture Financial Support Fund Joint-Stock Company
IDF JSC	Industry Development Fund Joint-Stock Company
'KAZAKHEXPORT' EIC JSC	'KazakhExport' Export Insurance Company Joint-Stock Company
BEREKE BANK JSC	Bereke Bank Joint-Stock Company

QAZTECH VENTURES JSC, QTV JSC	QazTech Ventures Joint-Stock Company
QAZAQSTAN INVESTMENT CORPORATION JSC, QIC JSC	Qazaqstan Investment Corporation Joint-Stock Company
AIC	Agro-industrial complex
STB	Second-tier banks
NSB OF THE RK ASPR	National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan
GDP	Gross domestic product
GAV	Gross added value
RES	Renewable energy sources
SS&HC	Spring sowing and harvesting campaigns
SPIID	State program for industrial and innovative development of the Republic of Kazakhstan for 2020–2025
HOLDING'S GROUP	'Baiterek' National Managing 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
PPP	Public Private Partnership
SUBSIDIARIES	Organizations with more than fifty percent of voting shares (interest in the authorized capital) of which are directly owned by the Holding
EBRD	European Bank for Reconstruction and Development
YENBEK	State program of development of productive employment and mass entrepreneurship for 2017–2021 'Yenbek'
IT	Information technologies
IPV	Index of physical volume
KPI	Key performance indicators
SC OF THE RK MNE	Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan
LC	Leasing company
LEA	Local executive authorities
RK MIID	Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan
MSME	Micro, small and medium-sized entities
RK MNE	Ministry of National Economy of the Republic of Kazakhstan

IPPFIA	International Professional Practice Framework of Internal Audit
SMB	Small and medium-sized businesses
IFRS	International Financial Reporting Standards
MTBE	Methyl-tert-butyl ether
IFC	International financial corporation
MFO	Microfinancial organization
AIFC	Astana International Financial Centre
RK NB	National bank of the Republic of Kazakhstan
NURLY ZHOL	State program of infrastructure development 'Nurly zhol' for 2020–2025
MURLY ZHER	State program of housing and public utility development 'Nurly zher' for 2020–2025
UN	United Nations Organization
OECD	Organisation for Economic Co-operation and Development
UN GLOBAL COMPACT PRINCIPLES	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
RB	Republican budget
RK	Republic of Kazakhstan
IAS	Internal Audit Service
BOD	Board of Directors
LBE	Large business entities
MASS MEDIA	Mass media
MSMBE	Micro, small and medium-sized business entities
SMBE	Small and medium-sized business entities
SS	Structural subdivisions
USA	United States of America

SDW	Solid domestic waste
KAZAKHSTAN PROJECT PREPARATION FUND LLP, KPPF LLP	Kazakhstan Project Preparation Fund Limited Liability Partnership
PEF	Private Equity Fund
CO	Central Office
UN SDG	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
BPM SYSTEM	Business process management system
CITIC	China International Trust and Investment Corporation
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
DIGITAL BAITEREK	Single entrepreneurship support portal ‘Digital Baiterek’
ESG	Environmental, Social and Governance
EQUATOR PRINCIPLES	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
GRI	Global Reporting Initiative
IFC	International Finance Corporation
ROA	Return on Assets
ROE	Return on Equity
UN PRI (UN PRINCIPES OF RESPONSABLE INVESTMENT)	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
VPN	Virtual Private Network

Contact Details

‘Baiterek’ National Managing Holding JSC
Address: building 55a, Mangilik Yel Ave., Esil District, Nur-Sultan City, Z05T3E2, Republic of Kazakhstan
Office telephones: 8 (7172) 91-91-11, 8 (7172) 91-91-10
Fax: 8 (7172) 91-91-15
E-mail: kense@baiterek.gov.kz
Contact persons to question regarding the Report:
Strategy and Corporate Development Department
 Madina Yerzhanova
 8 (7172) 91-91-36
 m.yerzhanova@baiterek.gov.kz
 Diana Ageyeva
 8 (7172) 91-91-99
 d.ageyeva@baiterek.gov.kz



BAITEREK

2022