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SUSTAINABLE DEVELOPMENT

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Total energy savings in 2023

11,434
thousand GJ

SUSTAINABLE DEVELOPMENT AND IMPLEMENTATION OF ESG PRINCIPLES IS ONE OF THE MAIN STRATEGIC GOALS OF THE FUND. THE KEY FACTORS OF LONG-TERM SUSTAINABLE DEVELOPMENT INCLUDE THE WELL-BEING OF PEOPLE, ENVIRONMENTAL BALANCE AND ENSURING LONG-TERM FINANCIAL SUSTAINABILITY.

COMMITMENT TO THE SDG PRINCIPLES

Sustainable development and implementation of ESG principles is one of the main strategic goals of the Fund. The key factors of long-term sustainable development include the well-being of people, environmental balance and ensuring long-term financial sustainability.

The Fund and its portfolio companies share a commitment to the Sustainable Development

Goals adopted by the United Nations (hereinafter – the UN SDGs), the principles of the UN Global Compact, the UN Principles for Responsible Investment, and the Equator Principles.

The Fund ensures consistency of the strategy, goals and objectives with the overall Sustainable Development Goals, including but not limited to the goals expressed in the UN

SDGs, the Paris Climate Agreement, and relevant national and regional goals. Sustainable development activities are included in the Action Plan for the implementation of the Development Strategy (Development Plan) of the Fund. More detailed information on the Fund's activities in the field of sustainable development is presented in the Sustainable Development Report, which is available on the Fund's website.

11 UN SDGS



CONTRIBUTION TO THE SDGS

CORPORATE GOVERNANCE

- ESG rating of the Fund's Group **70 PERCENTILE BY 2032**
- Increasing the proportion of women in the management bodies of the Fund's companies **30% BY 2030**
- The share of independent directors in the Board of Directors of the Fund and portfolio companies **MAINTAINING AT 50%**

H&S BEST PRACTICES

- Achieving LTIFR **0.12 2027**

DECARBONISATION

- Reduction of direct and indirect greenhouse gas emissions (level 1 and level 2) **≥ [-10%] BY 2032**
- Increasing the share of low-carb generation in the purchase of electricity **45% BY 2032**

RESOURCE SAVING

- Reducing the energy intensity of production activities **-10% BY 2027**

HUMAN CAPITAL DEVELOPMENT

- Building human resources, strengthening competence in new areas

GREEN FINANCE

- Formation of a portfolio of offset project **5.8 MILLION TONS OF CO₂ -EQ BY 2032**
- The share of renewable energy and hydroelectric power plants in electricity production **26 % BY 2032**

OPENNESS, TRANSPARENCY AND COMPLIANCE

- Certification of anti-corruption compliance systems for compliance with the requirements of international standards ISO 37001:2016 "Anti-bribery Management Systems" and ISO 37301:2021 "Compliance Management System"

AT THE STRATEGIC LEVEL, THE FUND IDENTIFIES FIVE PRIORITY UN SDGS:



Key Environmental Performance Indicators of the Fund group of companies

CARBON FOOTPRINT, MILLION TONS CO₂-EQ ↑3%

62.3

2022 — 60.7

ENVIRONMENTAL PROTECTION EXPENDITURES, KZT BILLION ↑43.3%

60.9

2022 — 42.5

WATER INTAKE, THOUSAND M³ ↑4.8%

331.3

2022 — 316.1

ELECTRICITY GENERATION FROM RES, MILLION GJ ↓5%

431.0

2022 — 453.9

KEY SUSTAINABILITY RESULTS FOR 2023

CORPORATE GOVERNANCE

RESULTS

The weighted average percentage of women in the BoD/SB in portfolio companies is 13% and 17% in the Management Board (14% and 15% in 2022)

H&S BEST PRACTICES

RESULTS

LTIF is 0.14 (0.16 in 2022)

DECARBONISATION

RESULTS

Greenhouse gas emissions reduced by 1% (0.01% in 2022)

RESOURCE SAVING

RESULTS

Total energy savings — 11,434 thousand GJ (16,917 thousand GJ in 2022)

HUMAN CAPITAL DEVELOPMENT

RESULTS

The average number of training hours per employee is 22 academic hours (19 hours in 2022).

GREEN FINANCE

RESULTS

Formation of offset project portfolio — 307 thousand tons of CO₂-eq

OPENNESS, TRANSPARENCY AND COMPLIANCE

RESULTS

The Compliance Function Development Strategy until 2027 was approved.

SUSTAINABLE DEVELOPMENT PRIORITIES

FUND STRATEGY

The Fund, while adhering to ESG principles that are integral to achieving its strategic and operational goals, has several sustainability objectives:

Enhancing corporate governance:

- ◆ Improving the role of the Board of Directors and the quality of its composition.
- ◆ Management of portfolio companies based on the principles of good corporate governance.
- ◆ Introduction of best global practices in corporate governance.

Transparency and compliance:

- ◆ Engaging stakeholders to ensure openness and transparency.
- ◆ Improving transparency of reporting and preventing corruption offences.

Social responsibility:

- ◆ Improving working conditions and safety measures to enhance employee well-being.
- ◆ Contributing to the country's social development through charity, corporate sponsorship and promotion of corporate volunteering.

Safety and health (H&S):

- ◆ Implementing H&S best practices to reduce injuries in the Fund's Zero Tolerance Group.
- ◆ Improved measures to ensure personal safety and accident-free operation using innovative and digital solutions.

Human capital development:

- ◆ Building human resources potential and strengthening the competences of employees in new areas.
- ◆ Continuous professional development based on the world's best practices.

Resource Saving:

- ◆ Efficient use of resources, including fuel and energy and water resources.
- ◆ Modernisation of equipment and application of modern technologies in new investment projects.
- ◆ Implementation of the Energy and Resource Saving Programme of Samruk-Kazyna JSC until 2027.

Decarbonisation:

- ◆ Implementation of the Low Carbon Business Model Transition Plan as part of the Low Carbon Development Concept. The plan identifies over 50 actions to transition to sustainable environmental performance, including major investment projects to transition to alternative energy and increase agile generation.

Development of green finance instruments:

- ◆ Financing of projects compliant with the green taxonomy, issuance of green bonds.

SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

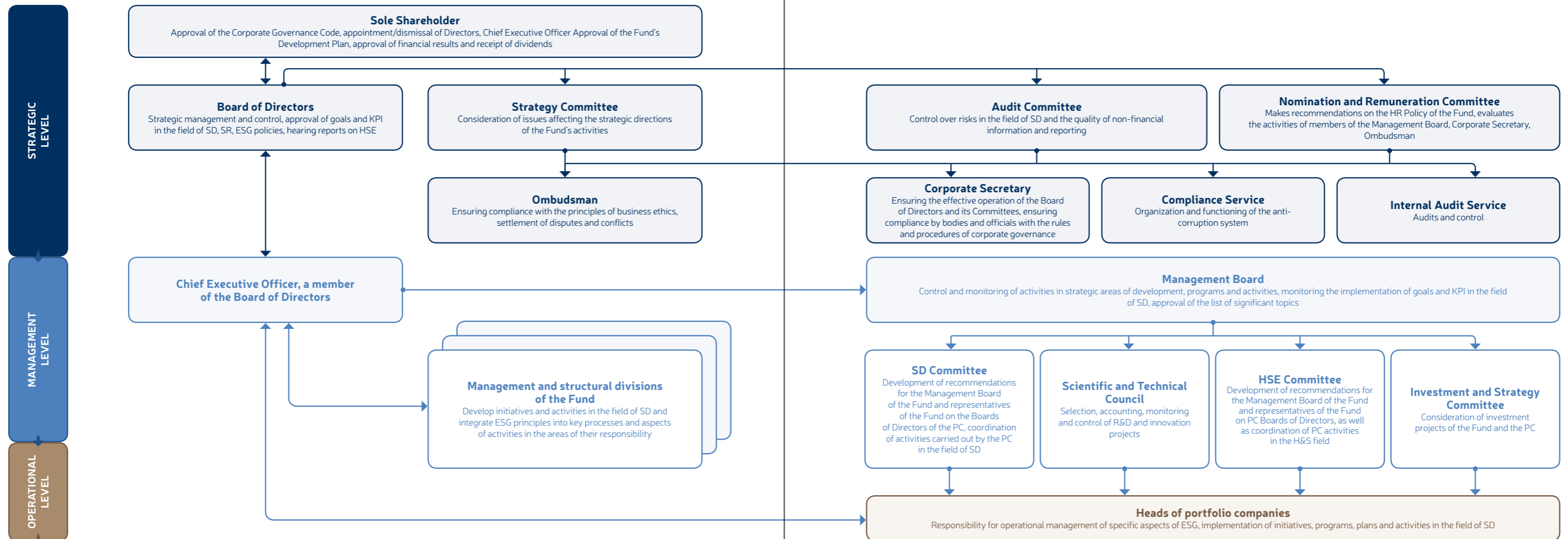
BEST PRACTICES AND PRINCIPLES OF CORPORATE GOVERNANCE ARE ACTIVELY IMPLEMENTED WITHIN THE FUND TO FACILITATE THE INTEGRATION OF SUSTAINABLE DEVELOPMENT ASPECTS.

Sustainable development management is closely integrated into the corporate governance structure of the Fund, which allows these issues to be considered at all levels, from the Board of Directors to the executive bodies and heads of divisions.

The Fund's Management Board is responsible for operations, economic and sustainable development. It is accountable to the Board of Directors and reports to it on the Fund's performance every quarter. The Management Board is also responsible for the fulfilment of the strategic objectives and development of the Fund in the field of sustainable development approved by the Board of Directors and the Solo Shareholder.

Committees of the Board of Directors play an important role in scrutinizing issues within their remit, especially in the areas of sustainable development, including occupational health and safety and environmental safety.

MANAGEMENT STRUCTURE OF ASPECTS OF SUSTAINABLE DEVELOPMENT



ESG AND CLIMATE RATINGS

FUND GROUP OF PORTFOLIO COMPANIES INTRODUCE THE PRACTICE OF PREPARING ANNUAL NON-FINANCIAL REPORTS (SUSTAINABILITY REPORTS) IN ACCORDANCE WITH ADVANCED INTERNATIONAL STANDARDS SUCH AS GRI (GLOBAL REPORTING INITIATIVE), TCFD (TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES) AND CDP (CARBON DISCLOSURE PROJECT).

ESG ratings (Environmental, Social, Governance) have been introduced as a tool to track real changes in the business and play a key role in assessing and managing the social and environmental aspects of doing business.

The Fund's development plan has set a target for large portfolio companies to reach the 70% percentile for ESG rating performance by 2032.

In the reporting year, the Fund and portfolio companies received the following ratings from international rating agencies:

ESG risk rating from Sustainalytics:

- ◆ NC QazaqGaz JSC – 19.2 points (low risk);
- ◆ Samruk-Kazyna JSC – 22.9 points (medium risk);
- ◆ Samruk-Energy JSC – 24.1 points (medium risk);
- ◆ NC KazMunayGas JSC – 32.3 points (high risk).

"S&P Global CSA Score 2023" from S&P Global:

- ◆ KEGOC JSC – 51/100;
- ◆ NC Kazakhstan Temir Zholy JSC – 54/100;
- ◆ NAC Kazatomprom JSC – 43/100.

CDP Climate Ratings:

- ◆ NAC Kazatomprom JSC- B;
- ◆ NC KazMunayGas JSC – C;
- ◆ Samruk-Energy JSC- D;
- ◆ NC QazaqGaz JSC- D.

These assessments help the Fund and its portfolio companies to make informed decisions and increase their sustainability efforts to reduce risks and improve social and environmental performance.

Given the growing interest of stakeholders in the Fund's ESG metrics, independent assurance of the Fund's Sustainability Report is planned for 2024. This improvement is aimed at providing all stakeholders with high-quality and useful information.

