

# Development of essential social services and infrastructure

Our portfolio includes strategic and socially important assets that provide critical services and infrastructure to the population and are necessary for the economy to function.

These services help ensure the population’s comfortable living and working conditions and contribute to developing small and medium-sized enterprises.

The Fund actively the implements socially significant projects in various sectors of the economy, including:

- Providing the population with access to gas;
- intra-country rail passenger and cargo transportation;

- construction of socially substantial facilities to strengthen the economy and well-being of the people;
- provision of telecommunication services;
- providing postal services, distribution of periodicals, delivery of pensions and allowances;
- domestic passenger air transport. GRI 3-3

## Gasification for social development

One of our most large-scale and socially significant work areas is the gasification of the country’s regions. We are building gas infrastructure and constructing new facilities, ensuring a reliable and uninterrupted gas supply. In addition, we convert industrial facilities and businesses to natural gas, reducing the environmental impact of our operations.

Thanks to our efforts, the country’s gasification level has reached 60%. We ensured uninterrupted gas supply to the Republic all year round despite unprecedented challenges in the energy sector at the beginning of 2023.

Further gasification of the country, including the Northern regions, by 2030 assumes an increase in natural gas coverage to 13.5 million people, which will account for about 65% of the countr’s population. These efforts contribute not only to improving the level of comfort and safety of citizen” lives, but also stimulate the economic development of the regions-- gas is an important energy resource for industry and business.

At the same time, the approved wholesale prices do not cover the cost of marketable gas in the domestic market. Revenues from exports, gas transit and introduction of a separate tariff category for large industrial enterprises and miners smoothed losses in the domestic market in the amount of KZT 208 billion. Due to imperfect regulatory policy, capital expenditures of KZT 163 billion were not included in the tariff..

Legislative and regulatory restrictions and the policy of price restraint within the inflation corridor do not allow this segment’s break-even level to be reached. The Fund Group follows the principle of targeting subsidies to end consumers and carries out measures to gradually achieve break-even in the domestic market within 3-5 years. GRI 203-1



## Open transport corridors and logistics

We play crucial role in connecting cities through JSC NC Kazakhstan Temir Zholy by providing reliable and affordable transport services to citizens, especially in remote regions of the country where other modes of transport may be unavailable or limited. Thanks to our wide network – 138 rail routes and 16 thousand km of railroads in the country – and affordable fares, we provide the population with the opportunity to travel safely and comfortably between cities and towns.

In 2023, the trains of JSC Passenger Transportation carried over 13,681 thousand passengers. JSC NC Kazakhstan Temir Zholy promotes inclusiveness and safety in its operations. For instance, there was a 42% increase in transportation for passengers with special needs compared to 2022. There are 87 carriages with seats for citizens with reduced mobility. They run on 36 routes. By 2025, 11 additional carriages with compartments for this category of passengers will be purchased – with lifting mechanisms, special sanitary facilities, etc. Disabled people can benefit from discounts of up to 50% on fares, and online ticketing will be simplified from 1 September 2023.

At the end of 2023, about 161 thousand Kazakhstan passengers used the “Women’s Car” services. For comparison 2022, more than 114 thousand people traveled in such cars. By the end of 2023, women’s cars will be part of 8 passenger trains. All necessary conditions for comfortable traveling will be created, and female conductors will accompany passengers. GRI 203-2

To ensure competitive wages for production workers, tariffs for railroad network services and locomotive traction services were raised. However, the unprofitability of certain types of freight transportation on intra-republican communications still remains. At the end of 2023, the volume of cross-subsidies amounted to KZT 580 billion, including capital investments for maintenance of fixed assets not compensated by tariffs – KZT 219 billion. Losses from regulated communications are covered by revenues from marginal cargo transportation and transit. GRI 203-1





Construction as the foundation of the economy and people’s well-being

The development of the construction industry in Kazakhstan is supported by our portfolio company Samruk-Kazyna Construction JSC. Supporting the construction segment in the regions helps increase housing affordability for different segments of the population. The company’s work aims to:

- increasing the availability of housing to the population by commissioning new residential facilities;
- creation of favourable and comfortable living conditions for residents through the implementation of the programme of renovation of dilapidated and emergency housing;
- renovation of the architectural appearance of the city;
- improvement of the investment climate in housing construction and territorial development.

IN 2023, A NUMBER OF RESIDENTIAL COMPLEXES WERE PUT INTO OPERATION IN 5 CITIES OF KAZAKHSTAN.

A plant for the production of roofing and cladding materials has also been completed and commissioned in Astana, which will reduce imports of products from Russia, China, and Finland.

The investment company Samruk-Kazyna Invest LLP finances manufacturing, machine building, light and food industries. This creates new production, quality jobs, reduces import dependence, attracts foreign investments and technologies.

Developing telecommunications for social progress

We provide advanced telecommunications services through our subsidiary Kazakhtelecom JSC. We are currently expanding telecoms coverage, particularly in rural communities. In total, 5,351 rural settlements will be provided with internet by 2023.

Leading telecom operators of Kazakhstan and Azerbaijan, Kazakhtelecom JSC and AzerTelecom JSC, signed a Shareholders’ Agreement on the establishment of a joint venture for the construction and operation of the Trans-Caspian fiber-optic communication line (FOCL) along the Caspian Sea bottom during the visit of the Prime Minister of Kazakhstan, Alikhan Smailov, to Baku.

As part of the project to modernize the network infrastructure in 2023, Kazakhtelecom JSC migrated almost 55 thousand subscribers across the country to fiber-optic communication lines. At the end of the same year, the large-scale migration of Stepnogorsk residents to a more modern type of wired Internet connection (from ADSL to GPON) was completed. As a result, almost 11 thousand families living in this small town were upgraded to GPON. Since 2022, nearly 170 thousand telecom operator customers have switched from copper to optical technologies.

GRI 203-2

By 2023 the Internet will be available in  
**5,351**  
rural settlements



Postal infrastructure for social welfare

Ensuring access to postal services, including in remote regions of the country, is an essential aspect of the Fund Group’s social support. Our portfolio company, Kazpost JSC, is the national postal operator of Kazakhstan and has the most extensive branch network in the country, covering almost the entire territory of the Republic of Kazakhstan, particularly at the district and rural level (around 3,000 post offices).

Through it, we provide a wide range of services to the public, including:

- Postal services include the delivery of letters and parcels, express and courier services, money transfers and the distribution of periodicals.
- In the area of financial services, we provide services such as payment acceptance, cash and settlement services for legal entities, payment of pensions and allowances, currency exchange, deposits, electronic money transfers, issuance of payment cards, etc;
- Agency services include processing loans and deposits from second-tier banks, insurance policies, and the sale of air and rail tickets. This line of business’s main objectives are to increase branch efficiency, ensure service accessibility, and provide socially important services to the rural population.

To ensure equal access to public services and to bridge the digital divide between rural and urban areas, a pilot project to provide public services in rural post offices was launched in May 2023. The project has been implemented in 11 regions and covers over 200 rural post offices. Since its launch, more than 16,000 public services have been provided. More than 900 thousand rural residents have access to government services. At the same time, the established commission rate does not cover the cost of services, losses in this area amounted to about KZT 17 billion. In 2023, the financial services segment was strengthened by introducing the project ‘Corporate Banking’, which made it possible to reach the break-even level in the sum with the established commission fee. **GRI 203-1**

Kazpost JSC delivers pensions free of charge to people over 80 and special categories of citizens. Money is delivered directly to homes. **GRI 203-2**

Kazpost JSC’s postal network is an effective tool for developing e-commerce, logistics services, and financial services for businesses and citizens. With a presence in the most remote areas, post offices are becoming centres of economic activity in rural areas, making them an indispensable element of Kazakhstan’s social and economic development.

A wide range of postal, financial and agency services for the public provide

**~3,000**  
post offices





## Affordable air travel for all categories of citizens

THROUGH AIR ASTANA JSC, WE ARE MAKING A SIGNIFICANT CONTRIBUTION TO DEVELOPING CIVIL AVIATION IN KAZAKHSTAN AND PROVIDING AFFORDABLE AIR SERVICES.

Air Astana JSC operates 91 routes to 43 destinations (international and domestic). The international route network was expanded with new flights and frequencies to China, India, Central and Southeast Asia, the Caucasus, the Mediterranean, the Middle East and the United Kingdom. During the reporting period, the fleet of Air Astana and low-cost carrier FlyArystan grew to 49 aircraft.

The company provides preferential air travel for certain categories of citizens of the Republic of Kazakhstan:

- children from low-income families with incurable in Kazakhstan oncological or cardiovascular diseases travelling for treatment or surgery. Round-trip tickets are provided for a child and one accompanying person.
- Veterans of civil aviation flying for treatment or surgery.
- Veterans of the Great Patriotic War (GPW) and veterans of civil aviation, citizens of the Republic of Kazakhstan, the airline helps them to travel within Kazakhstan and the CIS, providing a 100% discount on flights, excluding airport and other charges.
- providing free flights under the “Zhas Kyran” social programme. The programme is aimed at supporting talented young people aged 7 to 17 who participate in international creative, sporting and intellectual competitions and contests; tickets are provided round-trip for a child and one accompanying person.

QAZAQ AIR JSC, also part of the Fund's portfolio, operates subsidized socially significant routes in the Republic of Kazakhstan on seven routes. The airline offers discounts to seriously ill children, children with disabilities and their companions, and a special preferential fare for passengers aged 16-22 and over 60. **GRI 203-2**

Air Astana  
JSC operates

**91**  
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**43**

in directions