



**Development program of "Almaty Social-  
Entrepreneurial Corporation" JSC for  
2023-2025**

**Almaty, 2023**

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## **Brief summary of the program**

Development program of Almaty Social-Entrepreneurial Corporation for 2023-2025 is a strategic plan that reflects the mission, vision, goals, objectives, strategic directions and key performance indicators of the Company in the future until 2025. The program was developed taking into account the main directions of the state policy of the Republic of Kazakhstan in the field of entrepreneurship, the regional policy of the city of Almaty and in accordance with the "Program for development of the city of Almaty until 2025 and medium-term prospects until 2030", as well as world experience of development institutions.

Priority areas of the Program include:

- providing a comfortable business environment and supporting entrepreneurship;
- providing a comfortable urban environment and implementing socially significant projects;
- Sustainable institutional development.

In the process of developing the Program, key indicators reflecting the effectiveness of the Company's activities in the short term were revised.

## 1. Introduction

### 1.1. The history of SEC development and prerequisites for updating the Strategy

Almaty Social-Entrepreneurial Corporation was established on March 1, 2010 in accordance with the Decree of the Government of the Republic of Kazakhstan dated March 31, 2010 No. 266 "On issues of social and entrepreneurial corporations" with the status of national company. The key function of socio-entrepreneurial corporations was the reinvestment of profits received as a result of production and sale of goods and services, for realization of social, economic and cultural goals of population of the region in interests of which the SEC was created.

Later, by the Decree of the Government of the Republic of Kazakhstan dated December 10, 2018 No. 818, the Company was excluded from the list of national companies, becoming a subordinate institution of local executive bodies, which meant the possibility of more flexible management of the organization. One of the main functions of the Company was to support economic activity in the growth points of the region, including through attracting investments and formation of competitive sustainable industries.

The sole founder and shareholder of SEC Almaty JSC is the Akimat of the city of Almaty represented by "Department of Entrepreneurship and Investments of the city of Almaty" MPI.

One of the key stages in the history of the Company was the reformatting of its activities into a regional organization for attracting investments in 2019. A structural subdivision "Almaty Invest Investment Attraction Center" was created in the Company. Further, as part of the implementation of Regional Entrepreneurship Development Program "Almaty Business 2025", organizations subordinate to the Company such as "Almaty Finance" LLP, "MFO "Almaty" LLP, providing services for preferential lending to small and medium-sized businesses in various sectors of the economy, were created to expand financial support for entrepreneurs. Thus, the Company has actually become the main operator of the regional entrepreneurship support program Almaty Business 2025, providing assistance to the development of the entrepreneurial environment and the economy of the city.

Throughout its activity, the Company faces difficulties in implementing certain functions and tasks due to the lack of regulation of the basics of activity in the current legislation. The Company's activities are determined solely on the basis of the laws of the Republic of Kazakhstan "On Joint Stock Companies" and "On State Property", as well as their charters. In this connection, there are risks of reducing the effectiveness of activities, legal and regulatory restrictions.

The new edition of the Company's program was developed on the basis of the current Development Strategy of SEC Almaty JSC for 2020-2025, approved by the

decision of the Board of Directors of SEC Almaty JSC dated April 17, 2020 (Minutes No. 3).

The main prerequisite for updating the Strategy was the approval of "Program for development of the city of Almaty until 2025 and medium-term prospects until 2030", which provides for a significant increase in the role of the city administration and its subordinate structures in the development of the city's economy, entrepreneurship and investment attraction, as well as identifies priority areas for the development of the city.

In addition, the Program needs to include functionality for renovation of old housing stock of the city, since the Company and its subsidiary, Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP, are the operators of "Old Housing Renovation Program", and also coordinate the construction of social housing." In turn, it is necessary to exclude the functionality for attracting and supporting investors of Almaty Invest CPI, in connection with the transfer of this functionality to Almaty Business Development Company LLP.

Thus, in the context of the current policy of the city, the importance of Company as a key regional institution increases. As part of implementation of the City Development Program, the Company plans to implement projects to create and manage infrastructure for needs of sectors of the economy with high added value, as well as other priority areas.

## **1.2. The role and place of the Program in the planning system of the Company**

Within the framework of "Almaty Development Program 2025 and medium-term prospects until 2030", the key directions of the city's development were identified. In terms of economic development of the city and ensuring sustainable economic growth, the key goals were identified as creating a favorable business environment, increasing the investment attractiveness of the region, as well as diversifying the city's economy through the development of priority industries. In this context, the Company's role will be to continue providing infrastructural support to SMEs by providing production facilities through the ISA and the implementation of the WFP and financial support through Almaty Finance and the Almaty MFIs, which will have a positive impact on the formation of a favorable business environment and increase the investment attractiveness of the region. Financial support will continue to be provided both for existing businesses and for startup projects, as well as to support anchor projects and promote investment initiatives, including taking into account the principles of ESG. The Company will actively assist in the development of priority industries – manufacturing, creative industries and tourism. Special emphasis will be placed on the implementation of large industrial projects on the formation of industry integrations, mainly in the field of high-tech and "clean" industries. The above-mentioned plans will create high-

performance jobs and competitive production facilities, contributing to the introduction of idle industrial bases and premises into economic circulation.

In the context of formation of comfortable urban environment and polycentric development of the city, the Company will assist in the implementation of socially significant investment projects, structuring and implementation of development projects. In addition, the Company will actively work to improve the housing stock of the city in terms of renovation of the housing stock and construction of social housing.

In order to ensure food security and contain prices for CIFPs in Almaty, the Company will continue comprehensive work to stabilize prices, including such tools as revolving loans to large networks, social pavilions, fairs.

Integral part of the Program is also a description of tasks and specific initiatives aimed at sustainable institutional development of the Company. These initiatives are aimed at improving the level of corporate governance, the introduction of digital infrastructure and ESG principles.

Thus, the Program becomes the basis for the further development of the Company as a key regional institution.

## **2. Analysis of the current situation**

### **2.1. Analysis of the external environment**

Since the approval of the previous development strategy of the Company in 2020, there have been significant changes in the external and internal environment, which have affected some processes at the regional level.

In order to develop a Program of the Company that is relevant in modern realities, it is necessary to analyze the external environment and, in particular, the macroeconomics of the city and the state of the business environment in order to identify urban-scale challenges.

#### **2.1.1. Analysis of macroeconomic development of Almaty**

Almaty is the center of business, economic, cultural life and occupies a special place in the development of Kazakhstan and Central Asia. The city is distinguished by its favorable geographical location, connectivity with major transport arteries and developed economy.

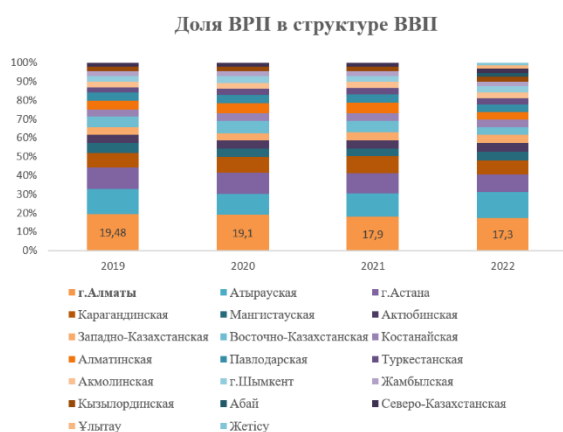
Over the past two decades, the city's territory has doubled, and the population growth rate is almost twice the national average. A negative consequence of the rapid growth was the increased workload and insufficient level of provision of the city's districts with social, engineering and transport infrastructure. The steady trend of constant growth of the city carries risks and challenges that require high-quality planning and forecasting for their successful solution.

The zone of influence of Almaty is currently wider than its administrative borders. Almaty is the core of the Almaty agglomeration and has economic ties with the surrounding territories. Almaty attracts people with its socio-economic advantages: wider employment opportunities, relatively high quality of education and healthcare, developed infrastructure for leisure and sports.

The city of Almaty is the center of attraction of financial flows and skilled labor of Kazakhstan and the CIS. The gross regional product amounted to more than 11.3 trillion tenge in 2022. The region is of particular economic importance for the country, which is confirmed by its share in the gross domestic product, which is a fifth of GDP, in addition, revenues to the republican budget in 2022 amounted to 26.7% of total revenues.

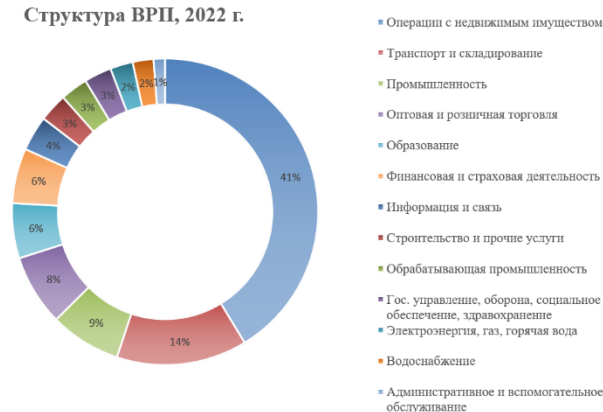
The qualitative composition of the city's GRP is insufficiently diversified - the city's economy is more service-oriented. Thus, by the end of 2022, GRP was mainly formed at the expense of two industries - services and trade, which occupy a share of 86.1%. The largest share in GRP is occupied by the trade sector with an indicator of 34.6%. The share of priority industries for the city of manufacturing and information and communications is currently less than 10%, having not shown a significant increase since 2018.

Schedule 1. The share of GRP in the structure of GDP.



Schedule 2. GRP

Структура ВРП, 2022 г.



structure in 2022.

Almaty occupies an important place among the centers of entrepreneurial activity in Kazakhstan, as indicated by the highest (24.2%) share of operating enterprises among other regions and cities. Small and medium-sized businesses account for about half (47.5%) of the regional economy, which is significantly higher than the national average (33.5%). The SME sector provides employment for about 80% of the city's population or 799.2 thousand people. The head offices of financial organizations, representative offices of global, international institutions and corporations operating in Kazakhstan and the Central Asian region are based in Almaty.

As of January 1, 2023, the number of operating SMEs increased by 42% (292,734 units) compared to the same period last year. The SME sector is mainly formed at the expense of individual entrepreneurs, whose share amounted to 62.4% of the total number of subjects. The share of small business entities was 36.7%, peasant or farm enterprises – 0.7%, medium-sized business entities - 0.2%.

The city is one of the most investment-attractive regions of Kazakhstan due to its geographical location, as well as the availability of all necessary infrastructure resources and human capital. The industries with the highest indicators in terms of investments in fixed assets are real estate transactions (626 billion tenge), transport and warehousing (208.2 billion tenge), industry (113.5 billion tenge) and wholesale and retail trade (113.2 billion tenge). At the same time, according to the results of the first month of 2023, in comparison with the same period of 2022, there was a decrease in the volume of investments in fixed assets in the industrial sector. There was an increase in investments aimed at construction and capital repairs of buildings and structures by 24.3% in the period from January to November 2022 compared to the same period in 2021. External investments for 12 months of 2022 amount to 179.8 billion tenge, internal investments – 1,220.6 billion tenge, which is 17.6%



higher compared to the previous period.

**Schedule 3. Nominal and real incomes of the population 2018-2022**



The average per capita nominal income of the population in Almaty in 2022 amounted to 206.6 thousand tenge, which is almost 26% higher than the average in Kazakhstan. Despite the growth of nominal incomes of the population of Almaty, real incomes of the population increased by only 0.2%. At the same time, the share of expenditures on food products in the structure of expenditures of the population is increasing and amounts to an average of 51% of total costs.

One of the main priority areas of the Company's work is comprehensive work to curb prices for socially significant goods in Almaty. To stabilize prices within the framework of "revolving loans", 15 billion tenge has been allocated for CIFPs. At the moment, prices are being fixed on the shelves of the Magnum Cash&Carry chain, as well as selling prices from producers of social bread, beef meat, eggs and groceries.

Taking into account the structure of GRP of the city and in order to diversify the economy by increasing the production and industrial sphere, the Company implements a large number of projects on the territory of small industrial parks and the Industrial Zone of Almaty, where more than 4,000 permanent jobs have already been created.

The Company has the opportunity to actively contribute to the effective development of the manufacturing industry by increasing the accessibility of infrastructure for SMEs. In particular, the provision of platforms for business expansion, the introduction of high technologies, cost reduction and stimulation of the investment base in the industry. Further increase in the number of industrial sites will be realized through the creation of new small industrial parks in the city, the expansion of the Industrial Zone of Almaty and the development of socio-economic zones.

Thus, taking into account the leading positions of the region in many aspects, it can be concluded that it is advisable to build strategic directions for the development of the Company according to the vector of regional policy, followed by the development of mechanisms and measures aimed at stimulating the business environment and the implementation of significant initiatives for the city.

### **2.1.2. Stakeholder analysis**

In order to correctly determine the key functions, as well as the priority areas of the Company's activities, a detailed analysis of the interaction and influence of stakeholders is necessary. Also, in order to avoid duplication of functions, it is advisable to define the role of Company in the ecosystem of regional institutions and subordinate organizations. Considering that one of the main activities of the Company is to support entrepreneurship, it is necessary to assess potential schemes of interaction with the business community of the city.

#### **Department of Entrepreneurship and Investments of the city of Almaty Municipal Public Institution**

DE&I is the sole shareholder of the Company. The role of DE&I is to develop and implement a regional policy for the development of entrepreneurship and investment attraction in the city as a whole. In addition, DE&I has the role of curator of individual sectors, for example, industry, and in this capacity is responsible for development and implementation of appropriate policies.

To strengthen interaction with Company, DE&I has the opportunity to assist:

- by defining the priorities of the city's entrepreneurship development policy and attracting investments, as well as in administrative support for entrepreneurs and investors (including organizing meetings with representatives of the akimat);
- by identifying the most priority sub-sectors of industry, and general targets for industry development.

#### **Almaty Business Development Company LLP**

Almaty Business Development Company LLP is a subordinate organization of DE&I. The Company's role is to provide comprehensive consulting and accompanying gratuitous services for entrepreneurs of the city, aimed at creating and developing a business, attracting investment and developing exports.

In order to strengthen interaction with the Company, ABDC has the opportunity to assist in the primary information support of start-up entrepreneurs, as well as to assist in the implementation of projects requiring infrastructural and financial support from the Company.

#### **Department of Economy of the city of Almaty Municipal Public Institution**

Department of Economy of the city of Almaty MPI is a state body of the Republic of Kazakhstan that provides guidance in the implementation of economic

policy in the city of Almaty.

**Management Tasks:**

- formation, with the participation of the public and business, of a strategic vision for the development of the city with the development of program documents;
- economic diversification and stimulating job creation in priority sectors of the economy;
- ensuring regional economic stability.

The interaction of the Company and Management can be based on the exchange of up-to-date information on the current state of the city's economy, planned industry indicators, as well as on attracting extra-budgetary sources of financing (including “green loans”).

**Almaty City Development Center JSC**

The functions of CDC include conducting marketing, scientific, applied and fundamental research, sociological and other opinion polls, as well as the development and implementation of innovative projects aimed at improving the socio-economic situation.

To strengthen interaction with the Company, the CDC has the opportunity to assist:

- in the implementation of well-established mechanism for transmitting the results of work on the examination of projects and the study of the socio-economic situation of the city of Almaty in order to identify potential projects for the Company;
- in conducting an analysis and issuing an expert opinion on financial and economic justification;
- in defining a clear mechanism of interaction between Company and the Central Bank to determine the potential of the city and identify promising projects.

**Department of land relations of the city of Almaty Municipal Public Institution**

The creation of conditions for effective use of land resources and the regulation of land relations in the city of Almaty are the main objectives of the activities of the DLR.

To strengthen interaction with Company, the DLR has the opportunity to assist:

- in simplifying the mechanism for transferring land assets to the Company's balance sheet;
- in the inventory and transfer of information to the Public about the presence of inefficiently used and/or idle land resources.

**Department of state assets of the city of Almaty Municipal Public Institution**

The main objectives of DSA's activities are to increase the market value, investment attractiveness of state assets, ensure effective management of state assets and stimulate business.

To strengthen interaction with Company, the DSA has the opportunity to assist:

- in simplifying the mechanism for transferring state assets to the Company's balance sheet;
- in the inventory and transfer of information to the Public about the presence of inefficiently used and/or idle assets of the city.

To implement the tasks set, the DSA transfers state assets to the Company. Based on these assets, the Company implements projects in partnership with private business.

The Company can interact with representatives of regional business in the following areas:

- Partnership involving the involvement in production activities of idle or inefficiently operated assets in the form of land plots, low-rise buildings, empty structures in order to generate cash flows, which can then be invested in social projects. In this direction, it is necessary to form joint ventures in which operational control should be carried out by a private partner, while the Company will be a representative of the state exercising strategic control. Thus, state interference in business management will be minimized, but at the same time state interests will be respected.;
- The Company can cooperate with the business community in regulating seasonal fluctuations for socially significant consumer goods. It is expected that the business community will be involved in the seasonal accumulation and sale of CIFPs, and, thus, the introduction of market mechanisms to smooth prices;
- The Company has the opportunity and tools to provide financial and infrastructural support to entrepreneurs, as well as to be involved in the process of attracting investments in local enterprises.

Thus, the analysis of stakeholders showed the absence of duplication of functions and potential opportunities for positioning the Company as a key development institution in the region, providing direct measures to support entrepreneurs.

### **2.1.3. PESTEL - factors**

The PESTEL analysis provides an opportunity to see the impact of all possible external factors and indicates the presence of a number of positive factors and opportunities to fulfill the strategic goals and objectives set for the Company.

## **Political factors**

### Opportunities:

- The state and local executive bodies are taking targeted actions to improve business conditions, involve the population in entrepreneurship as much as possible and increase the role of SMEs in the country's economy;
- Economic policy is aimed at reducing the participation of the state in the economy;
- Direct interaction of the Company with the local executive body;
- Political stability, stability of state power;
- Availability of approved program documents aimed at supporting the social and economic development of the city of Almaty.

### Threats:

- Direct dependence on local executive bodies;
- Increased involvement of state regulation in internal activities.
- Restriction of the types of activities of Socio-Entrepreneurial Corporations and subsidiaries.

## **Economic factors**

### Opportunities:

- High GRP;
- Wide potential for development of innovative projects in the field of creative industries, digitalization and services;
- Possibility of cooperation with various international and regional development institutions;
- The possibility of obtaining ratings and certifications from accredited international agencies to attract external loans and reduce the burden on the state budget;
- International and regional integration.

### Threats:

- Dependence on budget financing;
- Dependence of SMEs and projects on the regulation of prices for CIFPs on imports;
- Significant reputational risks in case of disruption of the implementation of initiatives and programs of the city, which have social and economic significance.
- Low share of enterprises in industry and innovative projects.

## **Social factors**

### Opportunities:

- The Company is the largest development institution in Almaty, and its functions continue to expand;
- The Company is the only operator to manage the Program of renovation of old housing and construction of social housing;
- The Company participates in the financing of the city fund for food security and price stabilization for CIFPs;
- Reducing the unemployment rate by helping to create jobs;
- Implementation of social projects to support socially vulnerable segments of the population.

### Threats:

- Disruptions in the implementation of the Program of renovation of old housing and the construction of social housing can lead to significant consequences and affect the long-term economic development of the city and ultimately have a negative impact on the bulk of the city's population;
- Increased urbanization entailing an increase in the burden on the infrastructure of the city;
- The growth of the number of socially vulnerable segments of the population;
- External factors affecting the ability of Company to ensure food security and curb prices for CIFPs.

## **Technological factors**

### Opportunities:

- digitalization of Company through the introduction of IT solutions and the growth of overall efficiency and productivity;
- the possibility of joint projects for development of IT solutions in the field of SMEs.

### Threats:

- Information security, maintaining its level and the availability of a system capable of providing a sufficient level of security;
- Insufficient funding of IT initiatives.

## **Environmental factors**

### Opportunities:

- Policy and commitment to sustainable growth based on ESG principles;
- The opportunity to participate in the financing of electric vehicles and thus influence the goals of reducing CO2 emissions.

**Threats:**

- Increase in the number of vehicles and the volume of emissions into the environment;
- Earthquake-prone zone, threat of floods and flooding;
- Global trends in climate change.

**Legal factors****Opportunities:**

- Legislative framework regulating entrepreneurial activity, creating favorable conditions for business development;
- The level of digitalization during the procedures for the legalization of entrepreneurial activity, the simplicity of tax reporting.

**Threats:**

- Lack of legislative framework directly regulating the activities of Social and Entrepreneurial Corporations;
- Violations of the legislation of the Republic of Kazakhstan by the Company.

**Conclusions based on the results of the analysis of the external environment**

Having studied the environmental factors, as well as taking into account the main priorities of the City Development Program, the Company determines the following urban-scale challenges:

- Modernization and renovation of the housing stock, infrastructure of the city and the lack of affordable housing for vulnerable segments of the population;
- Food inflation, including on CIFPs;
- Expansion and scaling up of financial and infrastructural support for business entities;
- Insufficient number of "green projects" to solve the main environmental problem of the city;
- Weak diversification of the city's economy, the predominance of the share of trade and construction.

The Company has determined the focus of its activities in the areas in accordance with the challenges of the city, and has the opportunity to develop and implement targeted support measures for the implementation of key initiatives.

## **2.2. Analysis of the internal environment**

In order to effectively promote the implementation of the regional policy of the city, the Company, as one of the key development institutions, also needs to analyze the elements of the internal environment to identify advantages and disadvantages, which will help determine the mission and strategic directions of the Company.

The main activities of the Company are the implementation of commercial, budgetary and social projects, attracting investments to realize the potential of its assets, management of the stabilization fund, financial and infrastructural support for business, for the proper functioning of which there are appropriate structural units and subsidiaries, which include:

1. Industrial Zone – Almaty LLP, the main activity of which is the management of the industrial zone of the city of Almaty, created in order to attract investment in industrial projects by providing entrepreneurs with territory and infrastructure;
2. Almaty Finance LLP, the main activity of which is the provision of preferential financing for the implementation of priority projects. Almaty Finance LLP has a subsidiary of Almaty Microfinance Organization LLP, which provides preferential financing for small business projects.
3. Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP, the main activity is the management of projects for the modernization of the housing sector by demolishing dilapidated houses and organizing the construction of modern buildings and structures in their place.
4. Innovation Safety Centre LLP, the main activity is the implementation of project to create a system for automatic photo and video recording of traffic violations.

### **2.2.1. Operational activities**

In recent years, the Company's operational activities have been aimed at achieving results in the main strategic areas.

The following is information about the work done in these areas.

#### **Support for SMEs**

One of the main activities of the company is to support entrepreneurship by providing financial and infrastructural incentive measures.

The operator of infrastructure support measures is a subsidiary of Company Industrial Zone of Almaty LLP. The main activity of the company is provision of land plots for implementation of industrial projects in priority areas. The total area of the territory is 490 hectares, the usable area is 326 hectares, 164 hectares were allocated for infrastructure. On the territory of the zone, small industrial parks are



being actively implemented – sites provided with all the necessary technical conditions and communications for the full functioning of production facilities. The advantages of placement in the SIP are the possibility of long-term lease of premises at a preferential rate with subsequent redemption, expands the planning horizons and significantly reduces the capital costs of entrepreneurs.

Accommodation on the territory of the IZA and in the SIP has a high demand among entrepreneurs. Given the definition of the manufacturing industry as one of the priority sectors of the city's economy and the presence of a number of initiatives to stimulate it, there is a possibility of further increase in demand for the provision of such territories to entrepreneurs. In order to cover the demand, it is planned to expand the territory of the IZA and increase the number and area of the SIP.

During the operation of the zone, in the period from 2016 to 2022, the following results of activity were noted - the amount of private investments amounted to 127.7 billion tenge, 32.9 billion tenge of budget funds were allocated for the construction of infrastructure, 36.6 billion tenge of taxes were paid by residents, 947 billion tenge of products were produced.

The operator of financial support measures are subsidiaries of Company "Almaty Finance" and "MFO Almaty". The activity of "Almaty Finance" is focused on providing larger loans for entrepreneurs implementing projects in priority industry areas, while the activity of "MFO Almaty" is on providing micro-loans for SMEs. In order to further stimulate the development of small and medium-sized businesses, the Company will continue to provide financial products, and it is also planned to develop new products that meet the needs of entrepreneurs in priority industries.

### **Ensuring food security**

The presence on the market of CIFPs is 19%. The volume of CIFPs market in Almaty according to annual consumption for 2022 amounted to about 817.5 thousand tons. Through the provision of preferential loans, including a forward contract, the conclusion of Memoranda with business entities on the organization of direct deliveries, including deliveries from JSC NC Prodkoporatsiya, as well as the sale of foodstuffs through trade pavilions and weekend fairs, the Company's presence in the CIFPs market amounted to more than 155 thousand tons.

In the period from 2018 to 2022, 2.8 thousand tons of CIFPs totaling 558 million tenge were sold in order to conduct commodity interventions. Also, in the period from 2018 to 2022, 258 weekend fairs were held, an average of 115 fairs were held per year.

In order to further optimize the implementation of the Company's mandate to maintain prices for food staples, work is underway to attract private enterprises into the turnover of food staples.

The Company will continue to work on improving the management mechanisms of the stabilization fund, increase its presence in the food staples

market, as well as develop food infrastructure, including with the participation of private partners.

### **Attracting investments**

In 2019, after the transformation of the Company's activities, a structural division of the CPI "Almaty Invest" was created to attract investments and implement anchor projects.

Previously, special attention of the Company was paid to the quality of cooperation and receiving feedback from investors. By the end of 2022, the average score based on the results of a survey of investors about the Company's work, according to an anonymous questionnaire, was 4 points out of 5 possible.

At the end of 2022, the CPI "Almaty Invest" was withdrawn from the joint venture of the Company. However, the Company will continue to contribute to increasing the investment attractiveness of the region by participating in the implementation of anchor infrastructure projects in priority sectors – tourism and creative industries.

### **Improvement of the city's housing stock.**

Also, an important area of the Company's activity is the renovation of old housing and the construction of social housing in order to improve the living conditions of residents of the city. The Company was determined by the authorized organization of the "Housing Renovation Program in Almaty for 2021-2025". The Program includes the demolition of 708 old houses (6,637 apartments), on the site of which 683 multifunctional residential buildings (34,605 apartments) are planned to be built. The company "Capital Construction Enterprise", subordinate to the Company, is engaged in the implementation of activities. The company's activity consists in the search for land plots for the construction of new residential buildings, the resettlement of apartment owners of houses that are intended for demolition, the reconstruction of residential buildings in the form of demolition of dilapidated housing and the construction of new residential buildings, as well as the preparation of design and estimate documentation and control of construction and installation works at the facilities.

#### **2.2.2. Personnel and current organizational structure**

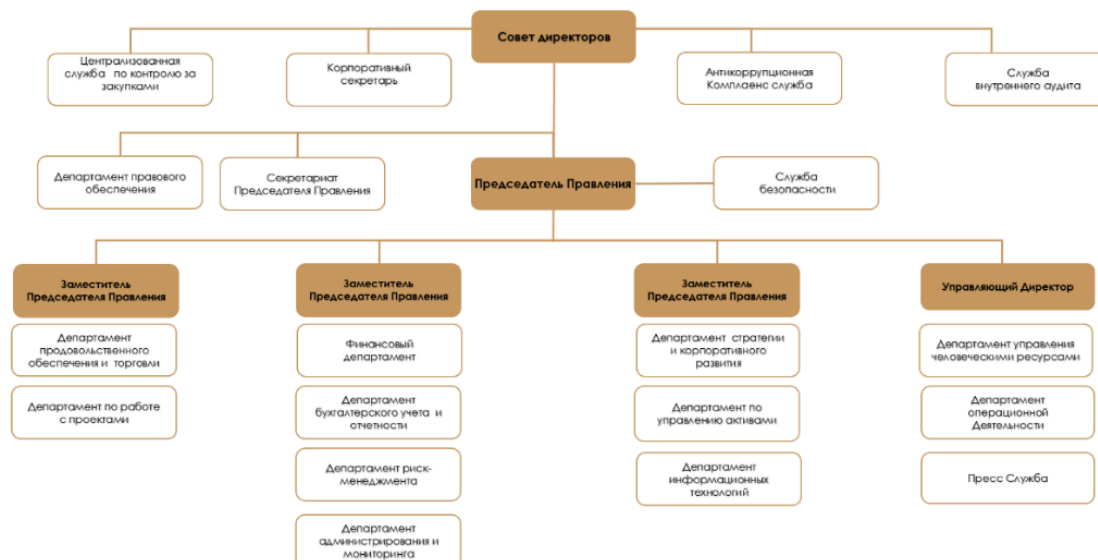
As of April 2023, the Company's functional responsibilities were distributed among 12 structural divisions, with a total staff of 68 employees. Since the approval of the strategic development program in 2019, measures have been taken to improve personnel policy and staff development:

- staffing level has been optimized in accordance with the strategic goals and objectives of the Company;
- grading system aimed at fair pay has been introduced;
- increasing the requirements for the qualifications and skills of personnel, a program for training and advanced training of personnel

- has been introduced;
- main business processes are regulated.

#### Schedule 4. Organizational structure for April 2023

Организационная структура АО «СПК Алматы»



Thus, the organizational structure of the Company is linear, which significantly extends the decision-making process. For more effective development and implementation of the Company's work tools, it is planned to switch to a matrix structure that allows for a project-oriented approach and more flexible management of the organization. In the matrix structure, employees are divided into functional and working groups that are created to carry out projects, which will allow the Company to function faster and more efficiently taking into account changes in the external environment.

### 2.2.3. Financial and economic activity

The book value of the Company's assets as of December 31, 2022 amounted to more than 187 billion tenge, while liabilities amounted to less than 24 billion tenge.

**Table 1. Indicators of the consolidated financial statements of SEC Almaty JSC**

Name	Ed. ed.	2018	2019	2020	2021	2022*
Long-term assets	million tenge.	3 873	10 318	86 803	94 651	100 058
Total assets	million tenge.	43 658	49 160	125 033	128,626	187 487
Short-term liabilities	million tenge.	1 334	1 553	1 526	1 355	1 044

Long-term liabilities	million tenge.	1 000	3 106	8 370	19 094	22 929
Total liabilities	million tenge.	2 334	4 659	9 895	20 449	23 973
Capital	million tenge.	41 325	44 501	115 137	108 177	163 514
Revenue	million tenge.	3 084	3 077	3 596	3 805	3 718
EBIT	million tenge.	761	-957	-279	1 222	-27 435
Net profit	million tenge.	1 121	-833	827	215	-18 523
ROA	%	2,6%	-1,7%	0,7%	0,2%	-9,9%
ROE	%	2,7%	-1,9%	0,7%	0,2%	-11,3%

Source: Consolidated financial Statements of Almaty SEC JSC

*\*The indicators for 2022 are preliminary, the final data will be available after an external audit.*

In 2022, there was a significant increase in capital and an increase in liabilities. It is also worth noting the steady improvement in financial key indicators for 2020-2021, in particular, the return on assets and return on capital of the Company. However, due to the resulting loss in 2022, the Company's return on assets and capital deteriorated.

#### **2.2.4. Corporate governance system**

The Company is managed according to the structure provided for by the Law of the Republic of Kazakhstan on Joint Stock Companies. The supreme body is the General Meeting of Shareholders of the Company, the sole shareholder of the Company is DE&I. The management body of the Company is the Board of Directors chaired by the Akim of Almaty. The Executive body is the Management Board of the Company, headed by its Chairman.

Acting in the interests of the Company, the Board of Directors determines priority areas of development, protects the rights of shareholders and monitors the activities of the Management Board. In 2022, a qualitative strengthening of the Board of Directors was made by including representatives of the business community as independent directors, which allows for greater objectivity in making decisions of the Board of Directors.

Collegial bodies have been created under the Board of Directors and the Management Board to make better and balanced decisions. The main documents in the field of corporate governance and an action plan for further improvement of corporate governance have been developed.

The Company's Corporate Governance Code has been approved, compliance with the provisions of which will ensure the improvement of corporate governance in the Company, as well as ensure transparency and management efficiency.

The practice of publishing audit reports of the Company has been introduced, which increases the transparency of the Company's activities.

The Company is working on updating internal documents on the Company's interaction with subsidiaries, determining financial and non-financial expectations from subsidiaries, monitoring their implementation, developing and implementing corporate standards.

In order to correctly determine the level of corporate governance effectiveness, it is planned to introduce an assessment methodology by external independent experts.

### 2.2.5. Holding structure

The current structure represents a mechanism of interaction with subsidiaries and affiliates, where the basis of management is the functional divisions of the Company. In the perspective of development until 2025, the Company strives to improve the holding structure. The Company will retain the functionality of portfolio management of subsidiaries, affiliates, determining the strategic direction of activity, priorities and target efficiency.

Schedule 5. The current holding structure of the SEC



### **2.2.6. Risk management system and internal control**

The Company has modernized the risk management system, which was based on the best practices of international standards, the Basel Committee on Banking Supervision, the Institute of Risk Management and ISO 31000 standards.

This model allows the Company to make effective management decisions on each project, as well as the management of internal processes.

The Company is continuously improving its risk management system in accordance with advanced international standards.

Risk management is important for the Company's activities, which seeks to identify, assess and monitor all significant risks, as well as take measures to reduce their level.

The purpose of risk management is to balance the maximum use of opportunities in achieving strategic goals, protecting the value of the Company and preventing possible losses. This process is important for management and is an integral part of an effective corporate governance system. Risk management is not a separate function or a function of a separate structural subdivision of the Company, but is an integral part of each business process of the Company and the functional responsibilities of each employee of the Company.

For holistic and clear understanding of the inherent risks, risks are identified and assessed on an annual basis, which are reflected in the risk register, risk map, with approval of risk response plans (process improvement, minimization strategies) approved by the Board of Directors.

In the Company, the function of coordinating risk management processes has been modernized and concentrated in one department, whose tasks include:

- formalization and regulation of risk management processes;
- formation of consolidated risk reporting;
- development of risk register and a risk map that are updated on an ongoing basis;
- implementation of operational control over the risk management process by structural divisions of the Company;
- preparing and informing the Board of Directors and/or the Management Board of the Company about the status of the risk management system, existing threats and proposals for their prevention/leveling.

In accordance with the legislation of the Republic of Kazakhstan, the Company has established an internal audit service and an anti-corruption compliance service, whose activities are aimed at increasing internal control over the Company's activities and informing management and the Board of Directors about the internal control and anti-corruption system.

### **2.2.7. Information technology**

The company has automated/digitized key business processes. For example, document management, personnel decisions, meetings of collegial bodies are fully automated.

Also, the process of accepting and reviewing applications and appeals, including projects through the CRM system, has been automated.

The IT strategy is being developed and implemented, the purpose of which is the optimal use of information technologies to implement the mission and achieve the goals of the Company. It is planned to integrate IT projects, products and software, define the concept and policy of information security, as well as determine the effectiveness of the introduction and use of new digitalization tools.

The Company also has the potential to coordinate and implement the city's digital projects. Thus, in the near future it is planned to transfer the UCS platform ("Unified Communication Space") from the Digitalization Department of the city of Almaty for further management and commercialization of the project. This platform is designed to unite businesses, talents and educational institutions on one platform and promotes the employment of young IT professionals.

Also, it is planned to develop and implement IT solutions (an application for lending, the introduction of QR codes at fairs, trade pavilions, etc.).

At the same time, it is necessary to improve the level of digital maturity of the Company by further refining and implementing the CRM system, implementing internal and urban digital projects, as well as improving the information security of the Company.

### 2.2.8. SWOT analysis

S - Strengths	W - Weaknesses
<ul style="list-style-type: none"> <li>• M&amp;E Support;</li> <li>• Implementation of anchor infrastructure projects;</li> <li>• Financial and infrastructural support for SMEs;</li> <li>• Strengthening of the Board of Directors, representatives of the business community are included and committees under the Board of Directors have been established;</li> <li>• The intention and willingness of Company to change.</li> </ul>	<ul style="list-style-type: none"> <li>• Linear organizational structure;</li> <li>• Lack of a clear distribution of managerial functions and responsibilities between SEC and subsidiaries;</li> <li>• Low efficiency of the system of interaction and control over subsidiaries and affiliates;</li> <li>• Insufficient competence in project activities;</li> <li>• Insufficient level of profitability;</li> <li>• Lack of information about idle assets of the city;</li> </ul>
O - Opportunities	T - Threats
<ul style="list-style-type: none"> <li>• Active support from the Company's Shareholder;</li> <li>• Obtaining financing for investment projects from the republican and local budgets;</li> <li>• Participation in government programs;</li> <li>• Implementation of projects and initiatives for the sustainable development of the city;</li> <li>• The need for new effective tools to support SMEs;</li> <li>• Attraction of alternative sources of financing;</li> <li>• Further improvement of corporate governance, improvement of the risk management system;</li> <li>• Optimization of business processes, opportunities for digitalization of the main processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Temporary termination or non-receipt of declared funds for previously started projects;</li> <li>• The slowdown of economic development of the city and business growth due to external factors;</li> <li>• The risk of failure of the deadlines for the implementation of socially significant, such as renovation of old housing stock.</li> </ul>



## **Conclusions based on the results of the analysis of internal environment**

The analysis of the internal environment determined the need to improve the current level of corporate governance, strengthen the competencies of personnel, financial efficiency of subsidiaries and affiliates, apply project management approaches and ensure automation of business processes.

Three key challenges of the internal environment have been identified:

- inadequate level of project portfolio management and subsidiaries;
- linear organizational management structure;
- insufficiently developed corporate governance system.

The Company plans to introduce changes in its activities, including corporate governance and work with personnel, as well as strengthening the project-oriented approach in the implementation of projects.

It is important to note that the Company has done work in the development and updating of the main corporate documents, part of business processes, regulations on departments, job descriptions, grading system and other internal regulatory documents. The next stage will be finalizing current and/or developing missing business processes, conducting an independent assessment of corporate governance, developing risk management documents and other stages to improve the Company's internal processes, and bringing all processes to an integrated approach, taking into account compliance with the principles and methodology of ESG.

### 2.3. Analysis of local and foreign development institutions

In order to develop the most effective program for the development of Company as a key regional development institution, it is necessary to analyze the world experience of the functioning of organizations, foundations and corporations that are similar in nature and priority areas. This will make it possible to identify the most effective cases and assess the possibilities of applying these practices for the development of Company, taking into account the current state and strategic goals and directions, as well as to assess the level of maturity of Company as a regional development institution. When choosing global practices, the emphasis was placed on the analysis of mainly regional development institutions and funds that function taking into account the priorities of the territories.

The experience of the organization "**Invest in Madrid**" is noteworthy — the regional office for attracting and supporting foreign investments in Madrid. The main mission of the institution is to support investors interested in creating or expanding their business in any of the 179 municipalities of the region throughout the entire life cycle of the project. The Agency provides potential and existing investors with a wide range of benefits and financial instruments aimed at encouraging investment, increasing competitiveness and economic growth. The priority areas for attracting investments in the region are the areas of production, research, development and innovation.

One of the key functions of the organization is the implementation of infrastructure support for small and medium-sized businesses by providing rental of commercial premises on preferential terms for a period of six months and subsequent discounts to facilitate the adaptation of business to new conditions. The organization's focus on the implementation of socially significant projects is also noteworthy. Thus, the agency was one of the first in Spain to initiate the introduction of special financing tools for environmentally sustainable projects.

The Madrid region has a favorable investment climate, due to the effective implementation of the work on attracting investments and the attractiveness of the tax regime – the region has one of the lowest corporate tax levels in Europe with a value of 25%. The favorable business environment of the city is also evidenced by the fact that Madrid companies have a relatively high level of sustainability and "survival", the average life expectancy is ~ 7.5 years.

An example of effective work on providing direct financial support to business entities is **the European Bank for Reconstruction and Development (EBRD)**, which operates on the territory of three continents. The key function of the institute is to provide financing through loans, guarantees and equity investments mainly to small and medium-sized businesses. The organization aims to finance projects with the potential to make a positive contribution to the development and diversification of the region's economy. One of the main criteria for allocation of financing is the company's compliance with all standards and regulations for

environmental protection and environmental friendliness. Distinctive feature of the institute is the flexibility in the approach to structuring financial products and adaptation of solutions depending on the needs of funded projects.

The next example of the effective work of the regional development institute is the **"Investment Development Agency of the Republic of Tatarstan" TIDA** — the executive body of the state power of the Republic of Tatarstan, subordinate to the President of the Republic. Initially, the agency was formed as a committee for development of small and medium-sized businesses, with subsequent transformation into an investment attraction agency in accordance with the focus of regional policy on improving mechanisms for attracting investment and project support. The main objectives of the agency are to attract investments, support and implementation of investment projects, participate in the formation of a favorable investment climate, increase the investment attractiveness of the region and support projects in the format of public-private partnership. The effectiveness of the measures implemented by the agency is confirmed by the fact that for the third year in a row Tatarstan occupies a leading place in the rating of the investment climate of the subjects of the Russian Federation and is in the top 5 regions for investments in fixed assets, with the exception of budgetary funds. The key focus of the agency's work is the formation of high-quality investment infrastructure - special economic zones, territories of special socio-economic development and small industrial parks. These platforms are provided to investors implementing projects in priority areas for the region, reflected in the "Strategy of Socio-economic Development of the Republic of Tatarstan until 2030", such as manufacturing, tourism and innovation development. The investment infrastructure of Tatarstan is represented by sites of different levels — brownfield with existing infrastructure, and greenfield with the possibility of building infrastructure at the request of the investor / entrepreneur. Such territories are provided with the necessary communications and energy carriers, they have a unified administrative and legal system. It is also important to note the status of the Agency, which is authorized by the state to provide guarantees to investors and create all the necessary conditions for investment. Along with the sites, the investor can purchase or rent a land plot. The Agency acts as an operator of federal and regional measures to support projects implemented in the format of public-private partnership in order to diversify the economy, create and develop social infrastructure.

From the point of view of creating a comfortable urban environment and improving the social infrastructure of the territory, and in particular, mechanisms for the interaction of public and private initiatives, the experience of the functioning of the **"Center for Public-Private Partnership"** of the Kaluga region is interesting. The mission of the center is to create a high-quality social infrastructure of the region by increasing the investment attractiveness of the Kaluga Region and supporting investment projects using PPP mechanisms. Thus, the work of the center is aimed at creating optimal conditions for the implementation of socially significant

infrastructure projects in critical areas for the comfortable life of the region, such as housing, transport, sports, education and culture and support of such projects. The Center acts as a link between the state and business, continuously improving the mechanism of interaction, including through the development of methodological materials and recommendations.

Also noteworthy is the experience of the agency "**Invest Chile**" — a state agency that is engaged in attracting foreign investment in Chile. The agency's work is to implement all types of initiatives aimed at facilitating the inflow of foreign direct investment in Chile. Initially, Chile was attractive to foreign capital only because of its wealth of natural resources, in particular, copper. As a result of the effective implementation of measures to attract investment to the region, investors began to pay attention to other sectors of the economy, stimulating the diversification of the country's economy. Today, the country is one of the most attractive destinations for foreign capital in South America. The Government of Chile has identified five priority sectors for investment: mining services, complex food processing, export technology services, tourism, energy and logistics. The support of projects in these areas is successfully implemented by the agency thanks to the methodology of project support developed as a result of many years of experience and expertise. Thus, special support tools have been developed for each of the four stages of the investment project development, providing relevant incentive measures for each stage.

Another interesting case to study is **IDA Ireland**, the agency responsible for attracting and retaining foreign direct investment in Ireland. Provides financial support for research and development projects and has a number of direct support mechanisms, such as financing and providing infrastructure support for projects. Today Dublin is one of the main points of attraction for foreign investment in Europe. One of the main areas of interaction with investors is the provision of infrastructure support as production sites, technology parks and office space.

Priority sectors for attracting investments are both innovation-oriented sectors (pharmaceuticals and engineering) and more service industries such as media and financial services. Of particular importance, due to the active bias of the state towards decarbonization, are enterprises focused on the implementation of "green" projects in the field of renewable energy.

The experience of the **Moscow Fund for Support of Industry and Entrepreneurship** is interesting. The Fund was established as an operator of microfinance measures to stimulate entrepreneurship, gradually transforming into an industry support fund that provides support to enterprises that sell non-commodity exports. The transformation was due to the implementation of the program "Economic development and investment attractiveness of the city of Moscow", approved by the Decree of the Government of Moscow. The main activity of the fund is provision of preferential loans for business entities. The priority direction of

loan allocation, in addition to the manufacturing industry, are IT companies - residents of technoparks. The subject of the Fund's activity is participation in the implementation of federal, city and municipal programs, projects and events in the territory of the city of Moscow.

An example of successful functioning of local development institute is **National Managing Holding "Baiterek"**, which is a key financial institution in the Republic. The primary task of the holding is to support the development of entrepreneurship. Through effective management of subsidiaries, the holding is able to provide a wide range of business support tools of any dimension and industry orientation.

All of the above-mentioned institutions, being key regional institutions for development and stimulation of local and foreign entrepreneurship and attracting investment, contribute to the development of the regional economy by supporting projects in priority areas identified within the framework of national or regional policy. It can be noted how many institutions have undergone transformation in accordance with the needs /vector of regional development, forming the necessary expertise for maximum quality work with the business community and investors. Based on the studied experience and the peculiarities of the development of foreign and local development institutions, the Company seeks in the future to strengthen its own expertise in project management, support investors throughout the life cycle of the project, in formation and development of proposals to increase investment attractiveness and create a more comfortable business and urban environment. Following the example of the above-mentioned development institutions, the Company, in accordance with the City Development Program, has identified and set priorities for further development, focusing on three priority areas for the city - the formation of a high-quality business and urban environment, sustainable institutional growth. It is important for the Company to consolidate its status as one of the key institutions for the development of entrepreneurship in the region, and strengthening its internal potential, continue to promote the socio-economic development of the city.

### 3. Mission and vision

Having analyzed the external and internal environment, having studied the experience of local and foreign development institutions, the Company determined the following:

- focus of development institutions is on socially significant and investment projects within the country/city priorities;
- separate direction is the institutional development of organizations;
- trend towards sustainable development based on the principles and approaches of ESG is the basis for the development of organizations, and is directly applied in the implementation of projects at all stages of project activity;
- similar organizations focus on strong internal expert support and methodology to develop effective support measures;
- main emphasis, with concessional financing of priority socially oriented projects and initiatives, development institutions place on innovation, technology and export.

In this regard, the Company needs to focus on the implementation of targeted priority support programs and socially significant investment projects.

**The mission and vision** of the Company should take into account regional specifics and emphasize the form of the development institution and its regional affiliation. The Company has all the necessary tools to become a key institution for the development of the city, without duplication of functionality with other development institutions.

**The mission** is to promote sustainable socio-economic development of the city of Almaty.

**Vision** - key institution for development of the city, providing support to business, implementing priority socially significant and investment projects of the city.

Strategic areas of activity and goals:

Based on the Mission and Vision, the Company has identified strategic directions for development, goals and initiatives for the implementation of the Development Program for 2025.

**The first direction** is to provide a comfortable business environment and support entrepreneurship through effective project portfolio management, entrepreneurship development through financial and infrastructural support and effective management of subsidiaries and dependent organizations.

**The second direction** is to ensure a comfortable urban environment and the implementation of socially significant projects, through the implementation of priority investment projects, improvement of the city's housing stock, through the implementation of a Program for the renovation of dilapidated housing stock and the

construction of social housing and ensuring food security and supporting the infrastructure of the food staples market.

**The third direction** is sustainable institutional development, through increasing the level of corporate governance, the introduction of an effective digital infrastructure, the introduction and compliance with the principles of sustainable development of ESG.

### **Corporate KPI of the Company for 2023-2025.**

<b>Name of the metric</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Methodology</b>
Net profit consolidated indicator (in billion tenge)	1.7	2	2.4	Consolidated indicator for 2023-2025
Volume of attracted investments (in billion tenge)	100	250	500	IZA, SEC* (Eastern Gate, etc.), PKS for 2023-2025 .  The amount of investments invested in projects involving the SEC on the basis of signed agreements and memoranda.  The target indicator of the city in accordance with the Development Plan until 2025 is 2.8 trillion tenge, of which the SEC is 500 billion tenge.
Satisfaction level of entrepreneurs and investors (in %)	60	70	80	Conducting a survey/ independent assessment of entrepreneurs and investors in 2023-2025.

#### **4. Strategic direction 1: Providing a comfortable business environment and supporting entrepreneurship.**

The city of Almaty is the center of entrepreneurial initiative in Kazakhstan and occupies a leading position in a number of macroeconomic indicators. However, according to the analysis of the external environment, the structure of the city's economy was formed at the expense of several industries, therefore the diversification of the qualitative composition of the city's GRP was identified as one of the key directions of economic development. The Company sees its role in promoting the development and growth of the city's economy through the provision of financial and infrastructural support measures mainly for business entities of priority industries – manufacturing, tourism, creative industries.

In order to provide a comfortable and stimulating business environment and support entrepreneurship, the Company defines three goals, two of which are aimed at strengthening the internal potential of the Company through effective management of the portfolio of projects, subsidiaries and affiliates and the development of entrepreneurship through financial and infrastructural support.

##### **4.1. Goal 1: Effective project portfolio management**

###### **Current situation**

City assets, the main part of which are real estate objects, have been transferred to the management of the Company, and the Company is entrusted with the task of effectively using the transferred assets during the implementation of projects.

The Company's project portfolio currently consists of 16 commercial projects financed from its own and private funds, 20 social projects and 2 budget and investment projects financed from the local budget.

Thus, one of the key functions of the Company assigned by the Akim's Office of the city is project management, that is, activities aimed at ensuring timely and effective implementation of projects through proper task planning, mobilization and attraction of necessary resources and competencies, organization of communications with stakeholders, careful monitoring of the results, the most open and timely solutions to emerging issues.

The main challenges for effective project management at the moment are:

- Insufficient level of personnel competencies in terms of project management;
- Linear organizational structure that complicates the decision-making process;
- The lack of well-formed project approach with a larger number of projects being implemented.

Currently, the Company is at the stage of developing a project approach for the organization and management of portfolio of projects. The project management



team is being formed and strengthened, an investment policy has been developed, internal regulatory documents are being developed and updated, a risk management department has been created, and the main risk management documents have been developed and approved.

### **Vision**

World practice shows that the basis for high-quality functioning of project company is the availability of well-established business processes, highly qualified human resources, IT infrastructure and the ability to adapt to changes in market conditions. National holdings such as JSC "SWF "Samruk-Kazyna" and JSC "NMH "Baiterek" are distinguished by the presence of an expert group with the ability to accumulate knowledge, a formalized project-oriented approach, as well as the availability of tools to improve the efficiency and efficiency of communications.

Within the framework of the project-oriented approach, a matrix structure is being implemented, providing for the functioning of a separate unit engaged in project management, where knowledge and competencies will be consolidated and accumulated. This unit will fully assume responsibility for project management from the stage of project initiation and idea generation to the stage of project completion with the preservation and dissemination of the experience gained.

The introduction of new technologies will speed up the processes of project activity in the Company. Thanks to the introduction of CRM and Business Intelligence solutions, it will make it possible to monitor projects online at every stage of their implementation.

The Company's activities will focus on the independent implementation of projects taking into account the needs of the city, which will lead to the achievement of the goals of urban development set for the Company. Thus, the main focus is to minimize the share of budget projects financed from the local budget in favor of commercial projects and the effective management of premises and land plots transferred to the Company for the implementation of projects with high profitability on them. The Company will initiate the transfer of new assets of the city to the balance sheet of the organization in order to use them for the implementation of projects significant for the city. Also, in accordance with the city's policy, projects to attract "green" financing for the implementation of "clean" productions will become a critical element of the project portfolio.

Effective project portfolio management expands the focus from "correct implementation of projects" to "implementation of correct projects", that is, the approach consists in screening out initiatives that are inconsistent with the strategic development of the Company. Thus, the Company will strive to build up competencies in project management, development of project initiatives and portfolio project management.

**To achieve the goal, the Company sets itself the following tasks:**

1. Creating an optimal and flexible organizational structure;
2. Red tape reduction of internal business processes and regulation of the main project approaches;
3. Implementation of the principles of portfolio project management;
4. Strengthening project teams, including expert project support.

**Key initiatives** for implementation of the set goals and objectives:

- Development and improvement of internal processes for implementation of investment projects, improving the efficiency of the investment committee and monitoring the implementation of projects;
- Structuring, pipeline preparation of projects, project implementation and strengthening monitoring of ongoing projects;
- Maintaining a balance between commercial and social projects;
- Development and direction of proposals for the receipt by the Company of new assets of the city for the subsequent implementation of commercial and social projects, in particular for the involvement in commercial turnover of idle assets of the city;
- Carrying out work on the involvement of stressful assets of Company and the city in commercial turnover;
- Carrying out work on attracting external extra-budgetary financing by the Company, including by issuing bonds.

**Target indicators and expected results in the period from 2023 to 2025:**

Name of the metric	2023	2024	2025	Methodology
Share of timely completed projects (in %)	80	90	100	Number of completed projects / for total number of projects in the portfolio * 100

## **4.2. Goal 2: Entrepreneurship development through financial and infrastructural support.**

### **Current situation**

The Company is a key operator of "Almaty Business – 2025" program, providing direct measures of financial and infrastructural support to entrepreneurs. Financial support is provided through subsidiaries of Almaty Finance LLP and MFO Almaty LLP. Over the entire period of its activity, the Company has funded a total of 463 projects with the creation of 3,428 new jobs. "Almaty Finance" financed 82 projects in the amount of 19,052.5 million tenge, of which 6 projects for 7,593 million tenge for the purpose of forming a Stabilization Fund of medicines for 2020-2022, 1,878 jobs were created. "MFO Almaty" financed 381 projects in the amount of 7,060.3 million tenge, 1,550 jobs were created.

Infrastructure support is provided by providing space for the placement of production facilities on the territory of the IZA and the SIP. SIP consists of premises and territories with all the necessary technical conditions and communications for the full functioning of production facilities, which significantly reduces capital costs on the part of entrepreneurs to launch production facilities. The advantages of placement in SIP are the possibility of long-term rental of premises at a discounted rate. 81 projects worth 376.7 billion tenge were implemented on the territory of IZA, with the creation of 9,824 jobs. Also, at the moment, 11 SIP have been launched (5 in the city, 6 in the industrial zone), where 67 residents are located, 1069 jobs have been created.

### **Vision**

The development of priority industries, in particular, the manufacturing industry, implies the need to increase the availability of financial and infrastructural support for SMEs. Thus, the provision of sites for placement of business entities provides opportunities for expansion, introduction of high technologies, cost reduction and stimulation of the investment base in the industry. The increase in the number of industrial sites, according to the Almaty City Development Program, will be implemented by the Company by expanding the territory of the IZA and creating new small industrial parks on its territory.

The Company will continue to develop infrastructure in order to reduce the capital costs of business entities, and will also continue to develop and introduce new credit products for entrepreneurs of priority industries, following the example of the "industrial mortgage" initiated by the Company. This product allows using the acquired areas of SIP as collateral for a loan, which significantly reduces the collateral burden on entrepreneurs.

Taking into account the current fullness and available reserves of land suitable for industrial enterprises, as well as the potentially higher demand for such sites, it is planned to expand the territory of the IZA by 190 hectares (the second stage). The construction of the infrastructure of the second stage of the IZA will

require the allocation of funding from the republican budget. By the end of 2025, it is planned to complete the construction of basic infrastructure facilities of the second stage of the development of the IZA.

**To achieve the goal, the Company sets itself the following tasks:**

1. Expanding the capabilities of Company to provide financial and infrastructural support for entrepreneurship
2. Analysis of priority and problematic sectoral areas of the city's economy to develop targeted support measures;
3. Increasing the tax base and creating new jobs;
4. Expansion of the infrastructure of the IZA and the SIP for the development of entrepreneurship.

**Key initiatives for implementation of the set goals and objectives:**

- Development of proposals for making changes to the "Almaty Business 2025" program in terms of targeted support for the most priority industries for the city and industries requiring special attention;
- Introduction of new and improvement of existing credit products of Almaty Finance and MFO Almaty, including products aimed at improving the ecology of the city;
- Expansion of the IZA territory (2nd stage) and implementation of new investment projects on its territory;
- Construction of new small industrial parks on the territory of the IZA and city districts;
- Priority support for high-tech and "clean" industries, in particular in the Industrial Zone and Small industrial parks.

**Target indicators and expected results in the period from 2023 to 2025:**

Name of the metric	2023	2024	2025	Methodology
The amount of funds allocated to support entrepreneurs (billion tenge)	25	28	33	The volume of funded projects of Almaty Finance and MFO Almaty until 2025. To date, projects worth 18 billion tenge have been financed. In accordance with the Almaty City Development Program for 2025, it is planned to finance another 15 billion tenge

**4.3. Goal 3: Effective management of subsidiaries and affiliates**

**Current situation**

As of April 2023, the Company is the sole founder of four subsidiaries and one dependent organization:

1. Industrial Zone – Almaty LLP, the main activity is the management of the industrial zone of the city of Almaty, created in order to attract investment in industrial projects by providing entrepreneurs with territory and infrastructure;
2. Almaty Finance LLP, the main activity is the provision of concessional financing for the implementation of priority projects. Almaty Finance

LLP has a subsidiary of Almaty Microfinance Organization LLP, which provides preferential financing for small business projects.

3. Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP, the main activity is the management of projects for the modernization of the housing sector by demolishing dilapidated houses and organizing the construction of modern buildings and structures in their place.
4. Innovation Safety Centre LLP, the main activity is the implementation of project to create a system for automatic photo and video recording of traffic violations.

According to the current organizational structure, the coordination of the activities of subsidiaries is carried out by members of the Company's Management Board responsible for various functional areas, which increases the level of strategic control of activities.

There are a number of challenges in the current management system of subsidiaries and affiliates, for example, the lack of a clear delineation of areas of responsibility for decision-making between the corporate governance units of the Company and subsidiaries and affiliates.

At the same time, the Company has created a structural unit whose activities are related to monitoring the activities of subsidiaries and affiliates, which will speed up the decision-making process and optimize the communication and reporting system.

However, in order to improve the activities of subsidiaries and affiliates, to bring some subsidiaries to profitability, as well as to strengthen control over the safety of assets transferred to the management of subsidiaries and affiliates, it is necessary to strengthen the efficiency of portfolio management of enterprises. In particular, to clearly delineate and build a system of collegial bodies of all parts of the Company's corporate governance system, as well as to ensure the creation of new, profitable, joint ventures in priority areas of activity.

### **Vision**

According to the Company's vision, by 2025, it is planned to switch to a management holding model, in which the operating activities in the main areas are carried out by subsidiaries and dependent organizations, and the Company effectively manages, controls and provides the necessary support for the implementation of the tasks set.

In this management model, the Company's role is to analyze the business for asset allocation. Investment funds will be distributed across a diversified portfolio of enterprises. The source of value creation in this case will be joint ventures, as well as competent strategic decisions of the Company. Joint ventures will be grouped according to industry specifics, in particular – in the areas of real estate, tourism, information technology, creative industries, etc. This approach will allow the Company to accumulate expertise in all current areas and improve the effectiveness of strategic management.

The Company's powers will include independent participation and financing of joint ventures not only through its own assets, but also using third-party financial instruments. The Company will be able to receive profit in the form of dividends from the activities of joint ventures.

In order to increase the number of joint ventures, process will be established that provides for a path from identifying a promising asset to creating a legal entity in which the Company will have an appropriate share. The specified process will contain an algorithm for evaluating the asset, terms of interaction with the investor / partner, standard documents, the procedure for implementing the project and profit distribution, as well as conditions for exiting the project / selling a share.

An important task of the Company is to increase the profitability of subsidiaries and affiliates. For these purposes, the Company has identified strategic directions for subsidiaries and affiliates and is conducting a comprehensive financial and legal analysis, as well as increasing the level of control over financial activities by setting key indicators.

In order to strengthen control over the activities of subsidiaries and affiliates and establish effective interaction between the Company and subsidiaries, initiatives such as the creation of collegial bodies and supervisory boards in each subsidiary have already been implemented in order to optimize internal operational processes. For the further implementation of these initiatives, it is planned to carry out a set of measures, including:

- Evaluation of the effectiveness of subsidiaries and affiliates;
- Development and approval of regulations on the Company's interaction with subsidiaries and affiliates;
- Unification of internal procedures (accounting, personnel and other policies);
- Improving the Company's communications with subsidiaries and affiliates and creating a unified document flow;
- Integration into a CRM system and a single contact center.

In order to improve the personnel policy of subsidiaries and affiliates and ensure the implementation of the Company's strategic goals and objectives, it is necessary to apply a unified approach to the qualification, selection and motivation of personnel. The Company's unified personnel policy will be developed in the following areas:

- Use of open competitive selection procedures when hiring specialists;
- Regulation of qualification requirements for candidates and their strict compliance in hiring;
- Creation of personnel reserve for employees to occupy higher positions;
- Adaptation and training of personnel;

- Conducting team-building events and other motivational activities;
- Implementation and application of IT solutions.

**To achieve the goal, the Company sets itself the following tasks:**

1. Identification of areas of responsibility in the decision-making process of subsidiaries and affiliates;
2. Determining the priorities of the activities of subsidiaries and affiliates;
3. Increasing the profitability of subsidiaries due to the commercialization of the services provided;
4. Revision of strategic plans and efficiency of subsidiaries and affiliates;
5. Creation of new profitable joint ventures, as well as timely implementation of the privatization plan/exit from enterprises.

**Strategic initiatives of the Company:**

- Evaluation of the effectiveness of subsidiaries and affiliates;
- Clear delineation of areas of responsibility for decision-making between different levels of corporate governance of the Company and subsidiaries;
- Reformatting the activities of Almaty Finance and MFO Almaty for targeted financial support according to the priorities of the city;
- Introduction of project finance factory – loans with the participation of commercial banks for the implementation of major city projects;
- Increasing the profitability of the IZA due to operator services;
- Carrying out the necessary procedures for the purchase and registration of land plots, design and construction of engineering networks, etc. for the implementation of the 2nd stage of the IZA;
- Solving the issue of privatization of subsidiaries and affiliates;
- Development and updating of development strategies for subsidiaries and affiliates.

**Target indicators and expected results in the period from 2023 to 2025:**

Name of the metric	2023	2024	2025	Methodology
EBITDA (billion tenge)	0.8	0.9	1.2	EBITDA in billion tenge Consolidated for all subsidiaries and affiliates

## **5. Strategic direction 2: Providing a comfortable urban environment and implementing socially significant projects**

The quality of urban environment in which citizens spend their lives is becoming an important factor in the competition of large cities for high-quality human capital - a key resource for urban development.

One of the main goals of the development of Almaty within the framework of the Development Program was creation of comfortable urban environment. The rapid growth of the population of Almaty had an expected negative impact on the state of all types of urban infrastructure. Also, due to the redistribution of land resources and the multiple expansion of the city boundaries, uneven development of territories was noted, in particular, an imbalance in infrastructure development. This inevitably leads to inequality in the quality of life for residents of different districts of the city.

In order to solve these challenges, it is planned to introduce the concept of polycentricity with the formation of five main polycenters and the definition of priority areas for the development of each of them. The polycentric model of development allows filling the urban environment qualitatively, maintaining a balance of residential, social, public-business, industrial and other buildings and structures, rationally use land and other resources, as well as ensure the principles of advanced development through infrastructure development tools.

The availability of affordable housing, as well as high-quality infrastructure accessible to every resident is a basic factor of social stability. For the full development of each polycenter and the attraction of human capital, it is necessary to create a high-quality infrastructure, especially social. Given the projected increase in the city's population to 4 million people by 2030, the importance of effective implementation of initiatives to create a comfortable urban environment is especially increasing. At the same time, it is critically important to comply with the regulations of the "green" agenda and minimize environmental damage.

Ensuring the development of the city is possible through the implementation of the following initiatives:

- Formation of proper social infrastructure and housing stock
- Stimulating the development of priority sectors of the economy
- Redevelopment of industrial areas and industrial facilities, including the transfer of production facilities from the city to the industrial zone;
- Prioritization of the development of high-tech and "clean" industries
- Modernization of CIFPs market infrastructure
- In order to implement these directions , the Company sets itself three main strategic goals:
- Implementation of socially significant and investment projects in priority areas;



- Improvement of the city's housing stock;
- Ensuring food security and supporting the infrastructure of CIFPs market.

### **5.1. Goal 1: Implementation of socially significant and investment projects in priority areas**

#### **Current situation**

The priority directions of the city's development are directly related to investments in infrastructure and diversification of economic sectors. The Company, as a key development institution in the region with relevant expertise and authority, is actively implementing a number of anchor infrastructure projects in priority areas. At the moment, one of the main focuses is to promote the development of the manufacturing industry. Thus, the automotive cluster is actively developing on the territory of the IZA. By the end of 2022, 70% of the growth of the manufacturing industry was achieved precisely due to the automotive industry, and it is also planned to significantly increase the level of localization from large-node assembly to small-node.

In terms of polycentric development, the Company implements such development projects as the "Eastern Gate", which provides a comprehensive development of a quarter with an area of more than 200 hectares with all the necessary social and engineering infrastructure.

In terms of the development of digital projects, the Company has successfully implemented projects on the video surveillance system of crowded places (markets, train stations, shopping malls) and transferred to the City Police Department. Such projects contribute to improving security in the city districts and providing prompt assistance to citizens.

At the same time, there are currently no projects in the Company's portfolio related to the development of other priority sectors – tourism and creative industries, as well as co-financing of "green projects" that affect the improvement of air quality and ecology in the city.

#### **Vision**

Almaty, being an intensively developing megalopolis, faces a number of challenges and barriers that complicate the further provision of qualitative growth and development of the territory in accordance with the priorities of regional policy. In order to overcome these challenges, it is critically important to focus on the implementation of relevant investment and socially significant projects.

One of these challenges is the negative impact on the environment caused by the active development of the economy and the use of public and private transport. The unsatisfactory condition of the air remains a challenge, which requires an integrated approach to overcome.

The Company sees its role and contribution in overcoming the environmental challenge through the implementation of strategic initiatives and the formation of

new approaches to the responsible use of resources, for example through the implementation of such projects as:

- preferential financing of electric transport for carsharing;
- modernization of the city's bus fleet;
- financing the ongoing replacement of electric buses for the city;
- promoting the development of "clean" industries and the transfer of production to the industrial zone (outside the city).

In addition, one of the challenges of modern megacities in the context of the transformation of the world economy is the search for new drivers of development. In this context, creative industries are becoming particularly important in Almaty. The development of creative industries will diversify the structure of GRP, employment, create new enterprises and jobs, increase export potential, and also potentially affect the formation of a positive image and increase the investment attractiveness of the city. The Company can contribute to the development of such projects through co-financing and assistance in allocating assets in the form of land plots or premises for:

- construction of modern audio/video recording studios and concert halls;
- participation in digital projects of the city, contributing to the management of the processes of growing urbanization (Smart city, Almaty Data Lake).

Also, one of the key drivers of economic development in many modern megacities is the tourism industry. The city of Almaty is no exception - thanks to its unique natural location, rich historical heritage and multiculturalism, the city has the potential for comprehensive tourism development. Thus, tourism, in particular, mountain hiking, was identified as one of the priority sectors for the further development of the region's economy. The Company plans to assist the industry by implementing the following initiatives:

- participation in development of the tourist infrastructure of the city, including the creation of a single mountain tourist complex (combining resorts and ski resorts)
- support of projects for construction of hotel complexes in order to increase the number of rooms in the city.

Such projects can be implemented on the basis of the partnership of the Company with other institutions. The company, having a credit rating, can attract investments in projects and become a guarantor, create joint ventures and thereby contribute to increasing the share of priority industries in the city's economy.

**To achieve the goal, the Company sets itself the following tasks:**

1. implementation of more projects in the manufacturing industry;
2. forming a list of the needs of the city and the opportunities of Company to participate in projects for the development of creative industries and

- IT;
3. implementation of ESG principles in the implementation of socially significant and investment projects;
  4. analysis of the needs of the city for the development of tourist infrastructure and determination of possible participation in this project.

### **Strategic initiatives of the Company:**

- Preparation and approval of the list of projects;
- Coordination and co-financing of the city's "green" projects, including:
  - Modernization of the city's bus fleet;
  - Development of high-tech and "clean" production facilities at the IZA and in industrial parks;
  - Development of a network of electric charging stations and electric carsharing.
- Structuring and implementation of anchor development projects ("Eastern Gate", "Algabas", etc.);
- Participation in the development of the tourist infrastructure of the city, including the creation of a single mountain tourist complex (combining resorts and ski resorts) and the construction of hotel complexes;
- Redevelopment of industrial areas and industrial facilities, relocation of production facilities to an industrial zone;
- Participation in the implementation of anchor projects of creative industries and digital projects of the city.

### **Target indicators and expected results in the period from 2023 to 2025:**

<b>Name of the metric</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Methodology</b>
<b>Number of projects (units)</b>	<b>2</b>	<b>5</b>	<b>9</b>	The number of projects involving the SEC (through financial and non-financial measures). Cumulative total.

## **5.2. Goal 2: Improvement of the city's housing stock, through the implementation of a program of renovation of old housing stock and construction of social housing.**

### **Renovation of old housing stock**

#### **Current situation**

In 2021, the President gave instructions to accelerate the work in the city of Almaty, to implement a program of renovation of old housing in compliance with the norms and rules of urban development.

In order to implement the instruction and in order to solve the problem of dilapidated housing, Akimat Resolution No. 1/124 dated February 19, 2021 approved the "Program of renovation of housing stock in Almaty for 2021-2025", SEC Almaty JSc is determined as the authorized organization.

Functions for the implementation of the Program of renovation and construction of social housing have been transferred to the activities of

Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP, which is a subsidiary of the Company. The purpose of the Renovation Program is to provide the owners of old housing - new apartments and provide them with comfortable and safe living conditions, as well as the formation of an aesthetic architectural appearance of the city.

Considering the results of activities for the period 2013-2022, with the involvement of contractors, within the framework of public procurement of services for the construction of residential buildings, 71 old houses were demolished, 81 multi-apartment residential buildings were put into operation.

At the moment, a new General layout of the city of Almaty is being prepared for approval. As a result of the adoption and implementation of the General layout and master plans of five polycenters, the city will receive changes by 2030, which, according to the plan, will favorably affect the increase in the level of comfortable living of citizens. There will be the best connectivity of streets with a minimum number of T-shaped intersections, residential areas due to spatial integration and a connected network of streets will not be isolated from each other and from the historical center, which will make it easy to move to any other point of the city. The economic efficiency of building density will increase, continuous pedestrian infrastructure, a network of connected green spaces (alleys, parks, squares, promenades) and other changes affecting the urban environment will be reconstructed.

### **Vision**

In order to form a vision for implementation of the relevant strategic direction, as well as to update current programs, the Company conducted an analysis of international experience in two areas: renovation programs and the construction of social housing.

Analysis of international renovation programs in countries such as China, Sweden, France, Germany, Turkey, the USA, Finland, the Netherlands and others has shown that in economically developed countries, state participation in the renovation of buildings and reproduction of housing stock averages 25%, the share contributed by the population is approximately equal, the remaining 50% is financed by attracting private investment. At the same time, there was a reorientation of investments from new construction to support actions for the reconstruction and modernization of housing stock buildings. The studied experience of the countries indicates the systemic nature of state and municipal support for housing reproduction, including on the basis of renovation of buildings.

The old housing stock in Almaty is a serious social problem. The main part of old housing consists of frame-reed two-storey houses built in the thirties and fifties of the last century, which were transferred, during the privatization period, to private ownership. At the same time, their dilapidation occurs annually, the problem is aggravated by the fact that the city of Almaty is in a zone of seismic activity, and

the rate of dilapidation of houses outstrips their renewal.

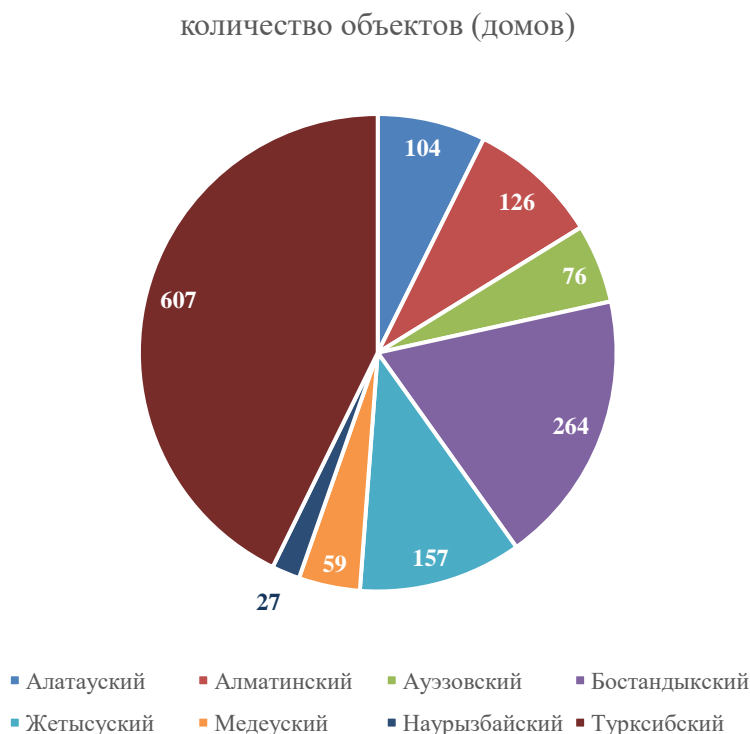
Taking into account the importance of the direction in the development of the city, the Company included the implementation of the renovation program in the list of priority strategic tasks. The Company strives to apply an integrated approach to the development of residential development projects, which includes all stages of concept development, selection of contractors, control and monitoring of the project implementation process. The development approach makes the ecosystem of the construction object work, the entire ecosystem of the project should be convenient and bring added value to the project not only to the developer, but also to the citizen who uses it.

**Goals and objectives:**

The purpose of the Renovation Program is to provide owners of old housing with new apartments, as well as the formation of an aesthetic architectural appearance of the city.

Today there are more than 1,400 two-storey houses in the city, with a population of more than 60,000 citizens, with an expired service life, built in 1930-1975. More than half of such housing is located in the Turksib, Bostandyk and Zhetysu districts.

**Schedule 6. The number of residential facilities in the districts of Almaty.**



More than 500 houses are located on red lines, in sanitary and water protection zones.

**To achieve the goal, the Company sets itself the following tasks:**

1. demolition of renovation objects on the territory of the city of Almaty, taking into account the seismological situation, deterioration of buildings and provision of utilities;
2. providing citizens with comfortable housing in order to improve the living conditions of citizens;
3. formation of a favorable investment climate in the field of housing construction and territorial development;
4. development of mechanisms for attracting extra-budgetary funds to construction;
5. coordination of works on complex development of land plots in territories requiring renovation.

**Key initiatives:**

- Attraction of additional funds from the state budget in order to create the necessary resettlement fund for residents of dilapidated houses and the construction of social housing, including affordable rental housing for young people;
- Conclusion of agreements with large construction companies-developers to involve them in the implementation of the Renovation Program;
- Updating and approval of a new housing Renovation Program in

Almaty until 2030;

- Initiation of amendments to the legislation of the Republic of Kazakhstan regarding the Renovation Program;
- Application of integrated development approach in the implementation and coordination of land development work in areas requiring renovation;
- Implementation of joint projects with the use of energy-efficient materials in construction.

### Target indicators and expected results in the period from 2023 to 2025:

Name of the event	2023	2024	2025	Methodology
Provision of demolition of houses and relocation of residents within the framework of the Program of renovation of old housing stock (number of houses)	90	168	262	In accordance with the Development Program of Almaty until 2025, the demolition of at least 139 houses or 7000 apartments is planned as part of the Renovation Program. Cumulative total.

## Construction of social housing

### Current situation

In the modern world, the basic need for the population of any country is the availability of comfortable and affordable living conditions. Therefore, in addition to housing renovation programs, the focus of the city is always on improving the well-being of citizens by ensuring the availability of comfortable housing, especially for socially vulnerable segments of the population and working youth.

The State has developed a sufficient number of housing programs for certain categories of citizens standing in line for social housing. By the end of 2022 in Almaty, according to official data, there are more than 37 thousand people in the queue, mainly representatives of socially vulnerable segments of the population and employees of budgetary spheres. Fulfilling the instruction of the President of the Republic of Kazakhstan to provide young Kazakhstanis with the opportunity to purchase their real estate, the Akimat of Almaty plans to continue to systematically support the social housing sector through the allocation of budget funds to address the housing issue of certain categories of citizens.

The most popular housing programs among citizens are "Almaty Zhastary" and "Bakytty Otbasy", in this regard, the financing of these programs will continue. In 2023, 3.7 billion tenge was allocated, including 670 million tenge for "Almaty Zhastary" and three billion for "Bakytty Otbasy". Thus, 50 more young families and 200 waiting lists will receive preferential loans.

According to the forecasts of the developers of the new General layout, by 2030 the population of Almaty will be 2.5 million, by 2040 – 3 million, by 2050 –

3.6 million people. The population of the megalopolis is mainly growing due to mechanical growth – by 60% and due to natural growth by 40%. To provide such a large population with housing, 45.6 million square meters of housing must be built by 2040.

### **Vision**

In order to form a vision for implementation of the strategic direction, the Company conducted an analysis of international experience in the construction of social housing.

The studied international experience has shown that countries such as Singapore, Belgium, Chile, the USA, the Netherlands, Mexico and Spain, where the topic of providing socially vulnerable segments of the population with living space is also relevant, use various financial instruments, and criteria for the selection of citizens (falling under the definition of "social vulnerability") have been developed. In most cases, mechanisms such as long-term lease on preferential terms and other measures are used. However, it is important not only to implement social projects, providing housing for socially vulnerable segments of the population, but at the same time to create attractive architectural objects that will be integrated into the overall formation of polycenters, will meet modern trends and the urban appearance of the city, comply with the principles of sustainable development, for example through the use of energy-efficient materials in construction, comply with the principles of inclusivity and fully reflect a comfortable urban environment.

The Company's role in the implementation of the Social Housing Construction Program will consist in the construction/acquisition of social housing, as well as in attracting private investment for the implementation of projects.

When implementing social construction projects, it is important to take into account that there are no standards for social housing, therefore, one of the possible initiatives of the Company may be the development of such standards, which will reflect the mandatory infrastructure components, landscaping, cultural and household provision, as well as the mixing of different types of housing - rental, social, affordable and commercial. Thus, a mechanism appears that simultaneously regulates the activities of developers and increases the confidence of the population and private investors in social housing programs.

### **To achieve the goal, the Company sets itself the following tasks:**

1. Search for additional sources of construction financing;
2. Application of the developer's project-oriented approach at all stages of the implementation of the construction of social housing;
3. Development of initiatives for clear classification of the concept and category of "social housing" and its participants;



4. Development of mechanisms and application of sustainable development approaches in the construction of social housing facilities using energy-efficient materials.

#### Key initiatives:

- Attraction of additional funds from the state budget for the construction of social housing, including affordable rental housing for young people;
- Conclusion of agreements with large construction companies-developers to involve them in the implementation of the Renovation Program;
- Updating of the Housing Renovation Program in Almaty until 2030;
- Initiation of amendments to the legislation of the Republic of Kazakhstan regarding the Renovation Program.

#### Target indicators and expected results in the period from 2023 to 2025:

Name of the activity	2023	2024	2025	Methodology
Construction of social housing (number of apartments)	1371	2800	4400	In accordance with the Development Program of Almaty by 2025, it is planned to build 5,700 apartments for vulnerable social group and working youth, of which at least 4,400 apartments will be built (at least 13 thousand people will be relocated). Cumulative total.

### 5.3. Goal 3: Assistance in ensuring food security and ensuring the infrastructure of CIFPs market.

#### Current situation

Food prices are one of the main issues on the socio-economic agenda. An effective tool to curb the growth of the cost of CIFPs, including 19 items, is the introduction of marginal prices for the list of food staples. The Company takes an active part in project management for the implementation of state and regional programs for the regulation of prices for CIFPs as well as for infrastructure support of CIFPs market.

According to the results of the analysis of the situation on the food market, it becomes obvious that external factors, including complex production chains, sanctions and the preference of manufacturers to export products to other countries, have the greatest impact on pricing.

The main task of the Company in the period from 2018 to 2022 was price regulation and effective management of the stabilization fund. For these purposes, various tools were used, 2.8 thousand tons of CIFPs products totaling 558 million tenge were sold in order to conduct commodity interventions, financing of weekend fairs (258 fairs), equipment for fairs, preferential rental of non-stationary trade facilities and provision of pavilions for trade.

To date, in order to stabilize prices, the Company uses the provision of "revolving loans" for CIFPs with the obligation of the recipient to fix prices on shelves, as well as selling prices from producers of social bread, beef meat, eggs and groceries.

Price stabilization measures cover all 19 items of CIFPs, within the framework of signed contracts and agreements, products are being supplied from the regions of the country.

For today, the issuance of "revolving loans" in the amount of 2 billion tenge by the retail chains "Small" and "Toymart" is being worked out. In addition, a forward purchase of vegetables is planned for sale during the off-season from September 2023 to April 2024. At the same time, as part of the new price containment mechanisms, a centralized purchase of early-ripening vegetables (potatoes, carrots, onions, cabbage) from Iran, Uzbekistan and Pakistan will be organized jointly with MIT and the Ministry of Agriculture of the Republic of Kazakhstan for the period April-June 2023. To implement this project, it is planned to allocate "revolving loans" to the Magnum Cash&Carry and Small networks of about 1 billion tenge.

Today, the Company interacts with all market participants and continues to actively work to curb prices, promotes the development and support of small and medium-sized businesses implementing food production projects and wholesale distribution centers. In order to exclude intermediaries and provide direct access to agricultural producers to consumers, a project is being implemented to modernize weekend fairs, which is aimed at improving retail outlets and adjacent territories (landscaping, installation of LED screens, semi-stationary toilets, etc.), as well as digitalization of procedures for providing retail outlets.

### **Vision**

The Company plans to expand infrastructure support for CIFPs market by increasing the number of fairgrounds, building smart markets and food pavilions, as well as by creating joint ventures in the field of greenhouse production and vegetable storage.

The international experience of some countries clearly demonstrates that strict regulation of food prices does not always lead to a significant improvement in the welfare of socially vulnerable segments of the population and affects the quality of relevant goods. In this connection, the state reduces direct interference in the activities of market sectors. Timely tracking of prices for basic products is primarily in the interests of citizens, however, when implementing "market failures" when market forces are not enough. When deviations from the equilibrium are significant or rapidly growing, limited intervention by government agencies is required to stabilize the situation.

The Company is the only operator of the city of Almaty and carries out a significant number of projects, interacting with a complex supply chain.

The Company is guided by four main criteria when implementing projects to ensure food security and support the food staples market, such as the inflation rate (inflation corridor in %), price fixing, volume fixing and the number of participating entities.

To monitor prices, the Company plans to use civil control, when citizens themselves signal unjustified price increases for food staples. Moreover, the Company is constantly improving the implementation mechanisms and ways of implementation, using innovative approaches. Creating conditions for all market participants and following the basic policy of regulating and restraining prices for food staples. In addition, it is important to include the elaboration of analytical material in part of the initiatives in order to better work out mechanisms for price containment and the formation of a food security fund.

**To achieve the goal, the Company sets itself the following tasks:**

1. Improving the effectiveness of measures to control food inflation and stabilize prices for CIFP;
2. Assistance in upgrading the infrastructure of the CIFP market, including by attracting private investment;
3. Improving the efficiency and strengthening control over the targeted use of loans to stabilize prices for food staples.

**Strategic initiatives:**

- Conducting a comprehensive analysis of the food staples market and introducing comprehensive solutions to improve the effectiveness of measures to stabilize prices for food staples;
- Modernization of weekend fairs and increase of fair grounds;
- Implementation of digital solutions for activities (digitalization of business processes) to control pricing and availability of goods;
- Participation in the construction of ORC/RC/TLC, warehouses, vegetable storages by attracting budget and private investments;
- Expansion of partner network to reduce the concentration of risk of disruption of the implementation of measures to ensure food security;
- Development of proposals for amendments to the Model Rules for Implementation of price stabilization mechanisms for food staples to expand the targeted use of loans.

**Target indicators and expected results in the period from 2023 to 2025:**

Name of the metric	2023	2024	2025	Methodology
Spending of funds aimed at stabilizing prices for food staples in %	70	80	90	The development of 90% of the funds allocated from the local budget through the provision of loans and the purchase of products to stabilize prices according to the list of CIFP. To date, 15 billion

				tenge has been allocated, of which 60% has been mastered.
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## 6. Strategic direction 3: Sustainable institutional development

One of the key components of the successful work of development institutions is the establishment of appropriate internal mechanisms that allow them to perform their tasks efficiently and effectively contribute to the socio-economic development of the region. This implies the flexibility of organizational processes that facilitate timely response to external changes. The organizational structure and corporate culture should be built in such a way as to maximize the implementation of strategic objectives. Also, one of the important elements is the accumulation of internal expertise and competencies. The analysis of the internal environment of the Company revealed the presence of factors limiting the organization's capabilities in terms of the effective performance of its functions and, accordingly, requiring revision. The solution of this issue provides for continuous improvement of business processes, their automation, continuous development of human capital, improvement of the corporate governance system, implementation and compliance with the principles of sustainable development.

In order to improve the quality of the internal environment and improve the mechanisms of work, as well as the effective achievement of the goals and objectives defined under this Program, the Company has identified sustainable institutional development as one of the strategic directions of development. As part of the implementation of the direction, the Company sets itself three main strategic goals:

1. Improving the level of corporate governance;
2. Implementation of effective digital infrastructure;
3. Implementation and compliance with ESG sustainable development principles.

### 6.1. Goal 1. Improving the level of corporate governance

#### Current situation

Corporate governance is a means of increasing efficiency, ensuring transparency, accountability and strengthening the reputation of the Company.

In order to ensure the continuity of operating activities, the Company follows the requirements of the principles of corporate governance fixed in the Corporate Governance Code.

The management body of the Company is the Board of Directors chaired by the Akim of Almaty. The Executive body is the Management Board of the Company, headed by its Chairman. Acting in the interests of the Company, the Board of Directors determines priority areas of development, protects the rights of shareholders and monitors the activities of the Management Board. In 2022, a qualitative strengthening of the Board of Directors was made by including

representatives of the business community as independent directors, which allows for greater objectivity in making decisions of the Board of Directors.

Collegial bodies have been created under the Board of Directors and the Management Board to make better and balanced decisions. The main documents in the field of corporate governance and an action plan for further improvement of corporate governance have been developed.

The Company's Corporate Governance Code has been approved, compliance with the provisions of which will ensure the improvement of corporate governance in the Company, as well as ensure transparency and management efficiency. The practice of publishing audit reports of the Company has been introduced, that also increases the transparency of the activities.

The Internal Audit Service of the Company has developed a methodology for assessing corporate governance, on the basis of which a comprehensive assessment of the level of corporate governance will be carried out in 2023. Based on the results of the assessment, depending on the result, a roadmap will be developed to improve the level of corporate governance in accordance with best practices. The Company is working on updating internal documents on the Company's interaction with subsidiaries, determining financial and non-financial expectations from subsidiaries, monitoring their implementation, developing and implementing corporate standards.

In order to correctly determine the level of corporate governance effectiveness, it is planned to introduce an assessment methodology by external independent experts.

### **Vision**

The Company strives to form corporate governance based on best practices aimed at improving internal procedures, processes and structures. Internal procedures should become autonomous from incorrectly/incorrectly made decisions, intentional damage or theft of property. The role of expert analysis is expected to increase at all stages of decision-making. The Company builds a management system in such a way that the influence of individual employees on the overall processes will be minimized by structuring and automating processes and increasing transparency. The Company sees an integral part of corporate governance in the application of the principles of ESG and "lean manufacturing" (Kaizen) at all stages of their work.

Realizing their responsibility for the effective implementation of state initiatives in the Company, an advanced team of specialists with the skills and experience necessary for the implementation of the tasks will be formed.

An important element is the principle of "tone from above" when the Company's top management points to the norms of behavior by its example and demonstrates commitment to high-quality and effective work.

In order to prevent abuse, the Company has significantly strengthened internal control by creating appropriate structural units with the necessary resources and accountability to the Board of Directors.

The personnel policy will be developed in the following areas:

1. workforce planning will be carried out through the use of open competitive selection, ensuring transparency, as well as through the creation of a personnel reserve of the best employees;
2. the increase in the level of labor productivity of employees will be carried out through the assessment of activities, the way of applying key performance indicators, personnel certification and motivational programs;
3. productive human capital management will be provided by a system of continuous training and development of personnel, the introduction and application of modern technologies and information management systems in labor processes, including automation of knowledge management processes;
4. ensuring fair and competitive remuneration for work based on the implemented grading system and taking into account the review of wages in the market;
5. revision of the employee incentive system, in order to strengthen motivation and link the system to the performance of efficiency;
6. formation of a personnel reserve.

**To achieve the goal, the Company sets itself the following tasks:**

1. Ensuring maximum efficiency of corporate governance;
2. Fulfillment of legal and social obligations;
3. Establishing effective interaction with subsidiaries and affiliates;
4. Improvement of personnel policy.

**Strategic initiatives of the Company:**

- Conducting an assessment of the Company's corporate governance by the IAS and external independent experts;
- Updating and development of IRD for all types of activities (including updating the Corporate governance Code and development strategy);
- Conducting an independent assessment of the Company's corporate governance;
- Implementation of a risk management system;
- Creation and strengthening of the work of collective bodies of subsidiaries, including supervisory boards;
- Implementation of performance assessment of subsidiaries and dependent organizations.

**Target indicators and expected results in the period from 2023 to 2025:**

Name of the metric	2023	2024	2025	Methodology
The level of satisfaction and involvement of the staff (as a	60	65	70	Conducting a survey of employees in 2023-2025.

percentage)				
The level of corporate development (in percent)	60	65	70	Internal methodology developed by the IAS, approved by the BD for 2023-2025.

## 6.2. Goal 2. Implementation of effective digital infrastructure

### Current situation

Digitalization is a profound transformation of the Company, involving the use of digital technologies to optimize business processes, increase labor productivity and improve the internal and external interaction of the organization with all stakeholders.

Digital infrastructure is a complex of technical and technological means, including a set of technical means, centers for collecting, processing, converting and storing information, centers for transmitting information, software, communications and information and telecommunication technologies and other means for organizing business activities and business interactions with market entities.

To date, the Company uses a standard set of office software, including a mail client interface, to ensure internal activities. To automate business processes in the Company, a CRM system is used, which is designed to collect applications and appeals from the Company's website, which reflects the business processes of structural units for the implementation of investment projects.

### Vision

As part of the implementation of the strategic goal, it is planned to improve the CRM system to increase the level of automation of existing processes.

The IT strategy is being developed and implemented, the purpose of which is the optimal use of information technologies to implement the mission and achieve the goals of the Company which includes:

- formation of conditions in which IT resources can be used as efficiently as possible, in accordance with the main priority direction for the development of the organization;
- integration of IT projects, products and software used in the organization;
- definition of the information security concept and policy and implementation of information security methods;
- identification of possible risks and assessment of the consequences of using information technologies;
- achieving the proper level of fault tolerance;
- selection of tools and programs to ensure business continuity;
- reducing IT costs.

Within the framework of external projects, the Company is engaged in the implementation of the transfer of the ECS platform ("Unified Communication Space") from "Digitalization Management" to further project management. A

unified communication space for representatives of the IT community of Almaty, which can unite all educational institutions, technology parks, accelerators, incubators and IT companies into one platform and provide the possibility of direct communication for each participant. Since the beginning of 2022, more than 300 programmers and analysts have been employed by companies through the ECP.

By 2025, it is planned to create a map of active entrepreneurs in the IT sector of Almaty by activity profile, development dynamics, number and professional competencies of the working staff.

The Company plans to contribute to the development of the ECP project and its technical support with the possibility of monetization, and also sets itself the task of attracting private financing for the project. The Company has the opportunity to implement other similar development projects in the field of digitalization.

In addition, in the direction of digitalization of urban infrastructure, interaction is taking place within the framework of the Geoinformation System project, so the Company can also take part in projects such as the Unified Video Monitoring System (UVMS).

Potentially possible projects for implementation within the framework of the introduction of digital infrastructure:

- QR codes for monitoring prices for socially important food products;
- Fintech solutions for entrepreneurs (example: Colombian startup Sempli is a lending platform for small and medium-sized businesses that provides loans in the amount of \$5,000 to \$80,000 );
- software for project portfolio management, where users are provided with complete project information.

To achieve this goal, the Company has potential opportunities both to improve internal efficiency in the implementation of digital infrastructure, and to implement priority digital projects for the city.

**To achieve the goal, the Company sets itself the following tasks:**

1. Automation/digitalization of key business processes of the Company;
2. Implementation of internal and external digital solutions and initiatives;
3. Increasing the level of maturity of the IT infrastructure and information security.

**Strategic initiatives of the Company:**

- Conducting an analysis to identify the need for automation;
- Implementation of internal and external digital solutions (including Fintech solutions);
- Improving the level of automation of business processes;
- Development and implementation of the Company's IT strategy;



- Improving the information security of the Company, obtaining certification;
- Assistance in the implementation of anchor digital projects and initiatives of the city.

### Target indicators and expected results in the period from 2023 to 2025:

Name of the metric	2023	2024	2025	Methodology
Automation of business processes (the share of digitized business processes in %)	80	90	100	Total number of automated processes/total number of business processes (according to the target list) *100.

### 6.3. Goal 3. Implementation and compliance with ESG sustainable development principles.

#### Current situation

Today, the Company is at the stage of improving processes and interaction with internal and external stakeholders. The implementation of ESG principles and their observance is an opportunity for the sustainable development of Company as a Regional Development Institution. An integrated approach to the development of all aspects of society and the economy of the city, based on the principles of ESG (Environmental, Social, Governance – a responsible attitude to the environment, high social responsibility and high quality management). The sustainable development has been carried out in Kazakhstan since the beginning of the 2010s and at the moment the development of ESG legislation is one of the most advanced in the CIS, the ESG agenda covers most of the national companies and holdings, the banking and financial sector, industrial enterprises. In this regard, the implementation of ESG principles in the Company's activities becomes an important strategic priority.

#### Vision

The sustainability and maturity of any company is assessed through the quality of growth and the ability to create long-term value not only through profit and financial performance, for stakeholders. The welfare of society is a collective responsibility that everyone should share.

The developed countries of the world, through development institutions, strive to contribute to the sustainable development of their economies by providing financial support and paying more attention to environmental and social aspects that are fundamental to achieving socially significant results.

The experience of the German State Development Bank (KfW) is noteworthy, which, as part of its core activities, gives priority to climate and environmental

protection projects, in particular, aimed at developing renewable energy sources and improving energy efficiency. In turn, the China Development Bank (CDB) is a leader in the introduction of "green lending" in China, considering a potential project from the point of view of its resource and energy efficiency. In particular, CDB credits projects in the field of energy conservation, reduction of harmful emissions and prevention of environmental pollution, and others. CDB applies a system for assessing environmental and social risks of projects, while monitoring them is included in the terms of project financing contracts.

In addition to the financial statements, the Company also plans to publish non-financial statements reflecting information on the implementation of the Sustainable Development Goals. This increases the transparency of the Company's activities for stakeholders and investors.

It is necessary to prepare non-financial corporate reports on an annual basis. The application of ESG principles should become a comprehensive philosophy that defines the strategic vision and principles of corporate activities for the future.

In order to achieve the goals of effective and sustainable development, the Company plans to follow the best international practices in environmental, social and corporate governance issues, as well as in the framework of improving the management of the portfolio of projects and subsidiaries.

The Company considers the use of ESG standards in the field of sustainable development as a necessary condition for ensuring compliance of its activities with the best international practices and achieving goals and objectives in the field of sustainable development.

The Company sees sustainable development consisting of three components through the implementation of initiatives.

#### **Environmental initiatives:**

- ✓ structuring and application of ESG principles in the selection and evaluation of projects;
- ✓ implementation of projects with the use of energy-efficient materials in the implementation of the Program of renovation and construction of social housing;
- ✓ development of a network of electric charging stations and electric carsharing;
- ✓ separation of household waste and use of eco-friendly technologies, collection and recycling of batteries;
- ✓ digitalization and rejection of paper document management in all processes within the Company, to bring to 0 the purchase of cartridges.

#### **Social initiatives:**

- ✓ ensuring occupational health and safety of employees;
- ✓ implementation of a system of continuous training and development of personnel;
- ✓ introduction and application of modern technologies and information management systems in labor processes, including automation of knowledge management processes;
- ✓ implementation of social programs for staff;
- ✓ fair remuneration and respect for the rights of employees;
- ✓ creation of new jobs through the implementation of infrastructure and financial support measures.

**Management initiatives:**

- ✓ ensuring transparency of reporting;
- ✓ conducting an independent assessment of the Company's corporate governance;
- ✓ regulation of the Company's key business processes, in particular in investment and project activities;
- ✓ implementation of a matrix (hybrid) organizational structure – through the development of project and SCRUM teams.

The Company strives to introduce ESG factors into all stages of the investment process - from the search for project proposals to monitoring the environmental and social impact of funded projects. The ESG integration method involves the assessment of risks and opportunities identified as a result of the analysis of factors related to the environment, social sphere and management, which are materially significant for the Company. In order to increase the transparency and quality of the information disclosed to interested parties, the Company plans to publish annual reports and reports on sustainable development in accordance with internal regulatory documents and the Guidelines for Reporting in the Field of Sustainable Development of the Global Reporting Initiative GRI (Global Reporting Initiative).

**To achieve the goal, the Company sets itself the following tasks:**

1. Identification of responsible specialists who will be involved in the process (creation of a working group);
2. Study of the preparatory process for obtaining a rating;
3. Conducting an analysis to understand the relevance of ESG criteria to the Company's current activities, the level of corporate development, initiatives, etc.;
4. Study of methodology, definition of agency, preliminary consultation with specialists;

5. Obtaining an assessment of the activity according to the ESG criteria.

**Strategic initiatives of the Company:**

- Development and implementation of ESG methodology relevant to the Company's activities;
- Application of ESG principles in all aspects of the Company's activities;
- Obtaining and maintaining a sustainable development rating;
- Preparation of a list of projects and initiatives of the SEC and the city;
- Preparation of a list of projects, initiatives of the SEC on sustainable development, their structuring and implementation.

**Target indicators and expected results in the period from 2023 to 2025:**

Name of the metric	2023	2024	2025	Methodology
ESG rating (according to the rating scale)	D	-	C	Conducting an independent assessment

## 7. Key performance indicators

In order to assess the effectiveness of the Company's activities, the performance of key performance indicators will be monitored. The target values of efficiency allow us to assess the effectiveness of the implementation of goals in strategic areas, as well as the operational activities of the Company as a whole.

Corporate efficiency for 2023-2025.

Name of the metric	2023	2024	2025	Methodology
Net profit consolidated indicator (in billion tenge)	1.7	2	2.4	Consolidated indicator for 2023-2025
Volume of attracted investments (in billion tenge)	100	250	500	IZA, SEC* (Eastern Gate, etc.), PKS for 2023-2025.  The amount of investments invested in projects involving the SEC on the basis of signed agreements and memoranda.  The target indicator of the city in accordance with the Development Plan until 2025 is 2.8 trillion tenge, of which the SEC is 500 billion tenge.
Satisfaction level of entrepreneurs and investors (in %)	60	70	80	Conducting a survey/ independent assessment of entrepreneurs and investors in 2023-2025.

**The Company's efficiency maps for 2023-2025.**

**Strategic direction 1: Providing a comfortable business environment and supporting entrepreneurship.**

No.	GOAL		2023	2024	2025	METHODOLOGY

1	Effective project portfolio management	Share of timely completed projects (in %)	80	90	100	Number of completed projects in the portfolio / for the total number of projects*100
2	Entrepreneurship development through financial and infrastructural support	The amount of funds allocated to support entrepreneurs (billion tenge)	25	28	33	The volume of projects funded by AF and MFO until 2025. To date, projects worth 18 billion tenge have been financed. In accordance with the Almaty City Development Program for 2025, it is planned to finance another 15 billion tenge
3	Effective management of subsidiaries and affiliates	EBITDA (billion tenge)	0.8	0.9	1.2	EBITDA in billion tenge Consolidated for all subsidiaries and affiliates

### Strategic direction 2: Providing a comfortable urban environment and implementing socially significant projects.

No.	GOAL		2023	2024	2025	METHODOLOGY
1	Implementation of socially significant and investment projects in priority areas	Number of projects	2	5	9	The number of projects involving the SEC (through financial and non-financial measures)
2	Improvement of the city's housing stock, through the implementation of the Program of renovation of old housing stock and construction of social housing	Provision of demolition of houses/relocation of residents within the framework of the Program of renovation of dilapidated housing stock (number of houses)	90	168	262	In accordance with the Almaty Development Program for 2025, the demolition of at least 262 houses is planned as part of the Renovation Program. Cumulative total
		Construction of social housing (number of apartments)	1371	2800	4400	In accordance with the Development Program of Almaty by 2025, it is planned to build 5,700 apartments for vulnerable social group and working youth, of which at least 4,400 apartments will be built (at least 13 thousand people will be relocated). Cumulative total
3	Assistance in ensuring food security and supporting the infrastructure of CIFP market.	Disbursement of funds aimed at stabilizing prices for CIFP (in %)	70	80	90	The development of 90% of the funds allocated from the local budget through the provision of loans and the purchase of products to stabilize prices according to the list of CIFP.

### Strategic direction 3: Sustainable institutional development.

No.	GOAL		2023	2024	2025	METHODOLOGY
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1	Improving the level of corporate governance	The level of satisfaction and involvement of the staff (in %)	60	65	70	Conducting a survey of employees in 2023-2025.
		Corporate development level (in %)	60	65	70	Internal methodology developed by the IAS, approved by the BD in 2023 and 2025.
2	Implementation of effective digital infrastructure	The level of automation of business processes (the share of digitized business processes in %)	80	90	100	The total number of automated processes for the total number of business processes, according to the target list, * 100.
3	Implementation and compliance with ESG sustainable development principles.	ESG rating	D	-	C	Conducting an independent assessment for the assignment of the rating in 2023 and 2025.

## 8. Stages of implementation of the Development Program

The Company's development program provides for **2 stages of implementation.**

**Within the first stage (2023-2024),** it is planned to implement the following key activities:

1. Qualitative strengthening of project teams and front office (training, qualification requirements, employee motivation, expert project support);
2. Formation of the pipeline of investment projects and their structuring;
3. Optimization of financial subsidiaries and affiliates, identification and implementation of targeted financial support measures;
4. Carrying out works on the transfer of certain subsidiaries to the competitive environment (ISC, Almaty Finance);
5. Approval and implementation of the Program of renovation of dilapidated housing stock. The beginning of demolition and relocation of residents, the creation of a resettlement fund;
6. Carrying out the necessary measures to expand the IZA and increase the number of MPPs;
7. Conducting an independent assessment of the corporate governance system, obtaining a rating;
8. Implementation of ESG principles in the Company's activities;
9. Obtaining the ESG Sustainable Development rating.

As part of the **second stage (2024-2025),** the following is planned:

1. Increasing the value and diversification of the portfolio of projects and enterprises;
2. Maintaining a credit rating at least BBB- (2023);
3. Attraction of new sources of financing, including "green" financing;
4. Implementation of a matrix (hybrid) organizational structure;
5. Improving the ESG sustainability rating;
6. Implementation of priority, large-scale projects of the city (BB, Algas, Smart City);
7. Implementation and coordination of works with the use of an integrated, developer approach for building in areas requiring renovation;
8. Implementation of new investment projects as part of the expansion of the ISA;
9. Development and implementation of IT solutions, including an application for lending (Fintech), the introduction of QR codes at fairs,



trade pavilions, etc.

The qualitative implementation of the above-mentioned measures will create the necessary prerequisites for the formation of conditions for achieving the set goals and the implementation of all indicators by 2025.

## 9. Long-term vision

In the long term, the Company plans to consolidate its status **as a key regional development institution** with all the necessary tools and relevant powers to provide comprehensive support for the integrated development of the city and the implementation of key initiatives in priority areas.

In 2025 , the Company sees itself as follows:

1. Working in **three strategic areas of activity**:
  - ✓ providing a comfortable business environment and supporting entrepreneurship;
  - ✓ providing a comfortable urban environment and implementing socially significant projects;
  - ✓ Sustainable institutional development.
2. **Effectively managing projects** by:
  - ✓ Implementation of effective project teams and expert support;
  - ✓ Implementation of a project-oriented approach and employee motivation system;
  - ✓ Implementation of a matrix organizational structure for a more flexible form of management organization;
  - ✓ Implementation of portfolio management of priority projects and income-generating enterprises.
3. The Company, as the main **operator of targeted support mechanisms for entrepreneurs**, will focus on:
  - ✓ Creating a strong methodological base for the development of targeted support measures;
  - ✓ Implementation of Fintech solutions (application for lending, implementation of QR codes);
  - ✓ Optimization of the Company's financial institutions (privatization of AF, re-profiling of MFOs), development of new targeted credit products;
  - ✓ Implementation of procedures for phase 2 of the ISA and the construction of new MPPs.
4. **Implementing large-scale priority urban projects**:
  - ✓ Implementation of major development projects (Eastern Gate, Algasbas, redevelopment of industrial enterprises);
  - ✓ Implementation of the Renovation Program using an integrated, developer approach;
  - ✓ Implementation of new investment projects in the framework of the second stage of the expansion of the IZA;

- ✓ Co-financing and coordination of major projects in priority sectors - creative industries, tourism and IT.
5. In order to effectively promote the development of the city, it is especially important for the Company to ensure **sustainable corporate development** through:
- ✓ Obtaining a corporate governance rating of at least 70%;
  - ✓ Implementation of the ESG methodology, according to which internal and external projects are implemented, ESG – C Rating;
  - ✓ The output of the Subsidiaries and Affiliates (including IZA) to profitability;
  - ✓ Increasing the share of automation and digitalization of business processes;
  - ✓ Attracting "green" financing for the implementation of projects;
  - ✓ Implementation of projects using energy-efficient materials in construction.

Thus, the implementation of this Program in accordance with the priorities of the city's development will allow the SEC to become a **key institution for the development of the city by 2025**, providing support to business, implementing priority socially significant and investment projects of the city.

## 10. Glossary

Abbreviation	Definition
Program	The development program of "Almaty Social-Entrepreneurial Corporation" JSC for 2023-2025
City Development Program	"Almaty City Development Program until 2025 and medium-term prospects until 2030"
Renovation program	"The program of renovation of the housing stock in Almaty for 2023-2026"
SEC, Company	"Almaty Social-Entrepreneurial Corporation" JSC
CGA	Central Government Agency
LEB	Local executive body
IZA	Industrial Zone – Almaty LLP
Almaty Finance, AF	Almaty Finance LLP
MFO Almaty	Microfinance organization "Almaty" MFO
PKS	Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP
Almaty Invest IAC	Investment Attraction Center "Almaty Invest"
SMEs	Small and medium-sized businesses
GRP	Gross regional product
GDP	Gross domestic product
DE&I	Department of Entrepreneurship and Investments of the city of Almaty Municipal Public Institution
DSA	Department of state assets of the city of Almaty Municipal Public Institution
ABDC	Almaty Business Development Company LLP
DS&B	Department of strategy and budget of the city of Almaty Municipal state institution
PPP	Public-private partnership
KPI	Key performance indicators
ADC	Almaty City Development Center JSC

DLR	Department of land relations of the city of Almaty Municipal Public Institution
JV	Joint venture
CIFP	Socially important food products
BD	Board of Directors
GR	Interaction with government agencies (Government Relations)
IRD	Internal regulatory documents
SIPs	Small industrial parks
NOT	Non-stationary object of trade
ROE	Return on equity
PEMD	Project and Enterprise Management Department
DE	Department of Expertise
Atameken NCE	"Atameken" National Chamber of Entrepreneurs of the Republic of Kazakhstan
AIC	Agro-industrial complex
ARKRDFM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
MTI RK	Ministry of Trade and Industry of the Republic of Kazakhstan
MA RK	Ministry of Agriculture of the Republic of Kazakhstan