

# The Chaos for the sake of a new world?

Kazakhstan edition of 24th Annual Global  
CEO Survey 2021



# Message from PwC Kazakhstan Managing Partner Dana Inkarbekova

**We are pleased to present the results of the Kazakhstan edition of the survey conducted among the CEOs of the world's largest companies as part of the Global PwC project "CEO Survey". 5,050 private business executives from 100 countries took part in the PwC project. In Kazakhstan, this year the survey involved 71 CEO from different economic sectors.**

Our survey comes out in early April 2021, more than a year after the official announcement by the World Health Organization of the global COVID-19 pandemic, which triggered the beginning of fundamental changes in the life of every person, society and the world as a whole.

Most of the executives who took part in the survey expect the global economy to grow in 2021, and moreover, the indicator of expectations for global economic growth has reached its highest level in the last 9 years, both in the world (76%) and in Kazakhstan (65%). However, whether we will be able to compensate for the fall of the last year is an open question. It is important to focus on health fundamentals, capacity recovery, and targets that are resilient to potential shocks.

The pandemic has accelerated digital transformation, especially in large corporations. CEOs in Kazakhstan are committed to actively pursuing digital business transformation in order to increase productivity, while they note vulnerability to cyber attacks and the disinformation spread. This is why companies are increasingly investing in cybersecurity and personal data protection.

It is also important that more than a half of the respondents (51%) noted that they will be forced to revise the cost structure in their companies if Kazakhstan changes tax policy aimed at curbing the public debt growth and the state budget replenishment.

Of course, everyone was worried about the issue of personnel, its retraining and adaptation to new working conditions. Executives took

decisive steps to retain the best talent in the company. Comparative statistics of the global and Kazakhstani executives' decisions showed that the global businessmen worked more to retain (39%) or reduce (37%) the current headcount and to a lesser extent to increase the number of staff (24%). In Kazakhstan, 39% of respondents noted an increase in the number of employees, 32% of CEOs focused on retaining the current level and about 29% – reduced their staff in 2020. At the same time, Kazakhstani CEOs expect an increase in the number of employees, mainly in IT areas, due to process automation and creation of digital solutions for doing business (both in B2B and B2C segments).

Large discussions among CEOs were also raised by issues of interaction between business and the government. The business is committed to helping the state in the logistics system, optimizing supply chains, and it expects from the state the rule of law, a tough fight against corruption, a predictable macroeconomic environment, which in turn will affect the growth of the country's investment attractiveness.

We are grateful to each participant in our survey who took the time to meet in person and on-line and fill out a questionnaire. We hope that the result of our joint efforts will contribute to a deeper understanding and cooperation between private business and the state, as well as factor in the current problems and expectations in the real sector of the economy of Kazakhstan.



A handwritten signature in orange ink, which appears to be 'Dana Inkarbekova', written in a cursive style.

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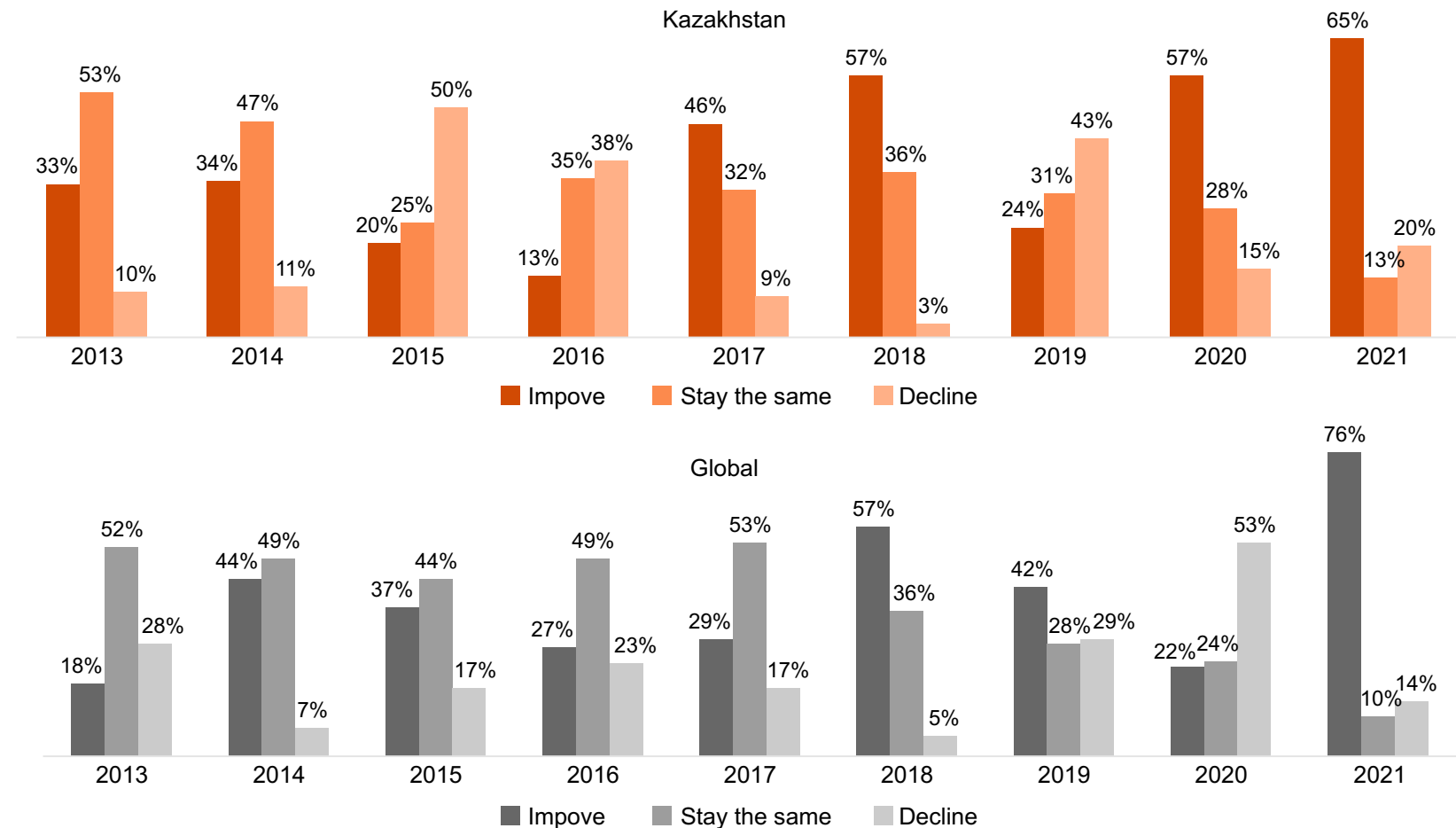


# Global Economy and Private Business in Kazakhstan

## THEME

### Global economy growth expectations according to respondents in Kazakhstan

This year, the optimistic expectations of the respondents regarding the growth of the global economy reached their maximum values over the past 9 years both worldwide (76%) and in Kazakhstan (65%). Apparently, this is the outcome of the low base effect. According to the UN Report "The World Economic Situation and Prospects", the global economy has declined by 4.3%. The year of 2020 has been one of the worst years for the global economy since the Great Depression. Whether the economic growth will be able to compensate for the losses of the last year is an open issue. It is essential to focus on health care service fundamentals, production capacity recovery, and objectives that provide resilience to potential shocks.



## THEME

### Global economy growth expectations according to respondents in Kazakhstan

“Compared to last year (2020), the growth rates of the global economy will go up due to the low base and the launched vaccination process.”

**Mikhail Lomtadze**  
Kaspi.kz

“I believe that the growth rates of the global economy will move up in the next 12 months, and in general I feel optimistic about the future. The economy shrinking in 2020 was quite serious, but we know from history that an upturn starts after such serious recessions. We can see that the situation is ironing out, there is no panic about the coronavirus. The companies have adapted to the new realities of work and are quite capable of developing further under the conditions that exist at the moment.”

**Armanzhan Baitassov**  
Tan Media Group

“The pandemic is a big stress for businesses and every person. There are changes in the values and vision of what you want to do in a different way or faster. To overcome the peak of the COVID-19 obscurity was somewhat easier for us due to the diversification of the group's business. Certainly, we immediately went for cutting the costs: business trips, training, marketing, and this provided additional preservation of capital and salary. Therefore, I am confident that our gains for the group in the next 12 months at least will not go down, and the task of each CEO is only the growth.”

**Farrukh Makhmudov**  
Orbis Қазақстан

“It seems to me that the growth rates will go up a little, because everything will be livening up. I do not think that we will enter 2021 in a completely comfortable format, people will be still getting ill, and there is no vaccine that could cover everyone. But nevertheless, everyone has already adapted, and now we will be talking about the growth anyhow.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“In the next 12 months, the growth rates of the global economy will slow down a little. This will be the outcome

of the cumulative effect of the pandemic. Although our business has grown in 2020 in general, this is due to the fact that the IT industry offers solutions that were supposed to facilitate processes, simplify procedures for business during the pandemic. We have a business unit in the company that interacts with SMEs, and we can see the way the pandemic has affected this sector of economy. In my opinion, the lockdown has had a great impact on the activities of small businesses. Medium-sized and large companies that have a rainy day fund are holding up well. But small businesses have made a significant revision of their cost structure.”

**Anna Duy**  
Softline

“The growth prospects of the global economy over the next 12 months should be viewed in the context of last year's unprecedented recession, which affected the largest economies as well. In Quarter II-III, there was an incredible drop, the mind refused to accept negative numbers, which amounted to the tens of percent. It is hard to say whether the growth rates will go down or up, because the base from which the counting is made is atypical. I would answer that the economy will continue to recover, and we expect a full recovery and access to growth in 2022 under a realistic scenario, and in 2023-2024 under a pessimistic scenario.”

**Kairat Mazhibayev**  
RG Brands

“We can observe a mathematical low base effect now. In 2020, the economy sank heavily due to lockdowns, and now it should start to recover according to the logic. This period has vividly shown the correlations between the consumer market and supply chains. Definitely, in 2021 there will be economic growth, if only because the world will commence to return to normal life. We hope that there will be no such hard lockdowns any more.”

**Dmitry Zabello**  
VTB Bank Kazakhstan

“I think that sooner or later the situation will get better and the growth rates of the global economy will rise. Provided that the vaccine is effective, the situation should approach

to a normal one. Herewith, the consumption should go up, and this, in turn, will have a positive effect on economic indicators. The hope of stabilization became a major theme in the recent Citi GPS Investment Trends Report.”

**Andrey Kurilin**  
Citibank Kazakhstan

“The growth rates will go up a little due to digitalization. The average dynamics will be growing at the expense of tech companies, while the rest will have to move up.”

**Askar Baitassov**  
ABR

“The growth rates of the global economy will be slightly stepped up. There is too much money printed in all countries that stimulates the economy. I watch the market and see the growth of sales in all major S&P 500s. If you look at Amazon, their shares are at a record high cost. These numbers are not inflated, their sales have actually increased. Netflix and Zoom demonstrate record revenue. Some industries are dying away, some are developing, and money is flowing from one sector to another. During the period of the pandemic, the United States have printed 2.5 trillion Dollars, and this money will be forwarded to the development of the economy. The crisis is an opportunity for growth, and some companies are growing so fast that it was previously impossible to imagine. I work in different market segments, and there is a concept that now provides a record revenue, ensures a greater turnover than it did before the pandemic. On the other hand, there are segments that have lost revenue. Someone loses, someone wins.”

**Yuriy Negodyuk**  
Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

“The global economic growth will improve significantly in the next 12 to 18 months. We believe that the development of vaccinations are going to provide the ability for governments to take a position as follows: governments will be able to say that a vaccine is available, it had been properly tested and proved. So, it will be a matter of personal choice and responsibility. If people will choose not to have the vaccine, that is their

prerogative, but they cannot expect that governments will continue to impose the lockdown measures and restrictions on the economy, and therefore hold back economic growth and development. It is no longer a question of governments having to take decisions for everybody.”

**Peter Foster**  
Air Astana

“I believe they will rise. On the one hand, they will be affected by vaccination, and on the other hand, by the adaptation of people. Many are already used to living and working in a new reality.”

**Yerem Arutyunyun**  
Mechta.kz

“In my opinion, the growth rates of the global economy will rise a little in the next 12 months. 2020 was a shock year for all countries due to the coronavirus. Many companies have adapted to the new reality this year, and we are starting this year with a lower base of the last year. The world has adapted to the situation, the economy will cope with the difficulties better than last year, but there is no need to expect dynamic growth for the reason that no one knows when and what restrictive measures the countries will have to introduce.”

**Alibek Yessov**  
Wolt

“In the countries where our marketplaces are represented, we can see a spill-over from offline to online, therefore the e-commerce market is growing. In the second half of 2020, we especially felt the influx of new sellers on our marketplace who had never been online before. In a certain sense, I am glad that traditional large companies, which did not agree to digital transformation for a long time, have nevertheless started it. Concerning the pace of development of the global economy, then they will have a slight increase, in my opinion.”

**Maxim Melnik**  
Satu.kz

## THEME

### Global economy growth expectations according to respondents in Kazakhstan

“The growth rates of the global economy will slightly go up over the next 12 months. 2021 will be affected by COVID-19, but in general there are positive signals, for instance, vaccination, growth in demand and strengthening of oil prices, supporting measures provided by the Biden cabinet in the United States. I also hope for the thawing, or at least non-deterioration of relations between China and the United States.”

**Evgeniy Nastradin**  
Beeline Kazakhstan

“The global economic growth will improve moderately. 2020 was characterized by a sharp GDP decline all over the planet and the economy will bounce back as it was before. One of the most critical aspect especially for Kazakhstan is the level of oil price. It is very important for the economy and for the government to have sufficient funds to provide economic support for the business and social support for the people. Another driver for the economic growth world-wide is the investment into the low-carbon technologies triggered by the crisis.”

**Gerard Fries**  
KATCO

“The global economy will be still recovering from a sharp drop due to the COVID-19 pandemic, therefore in spite of the growth, as I see it, in 2021 the global economy will only return to the 2019 level thanks to the rapid recovery of the growth rate in China.”

**Zardaecht Hamou**  
Fashion Retail Kazakhstan

“I think, the growth rates of the global economy will considerably go up over the next 12 months. This year the economy has passed the bottom under the pressure from the coronavirus. At present there is some positive news associated with the development of new vaccines. The whole world believes that there is nowhere to fall so far, and the situation will be getting better. It is hard for me to say exactly when, but I expect the growth. Markets respond very well to the news on the development of a vaccine, oil and other commodities are becoming more expensive. With regard to 2019, the growth is likely to be

insignificant, and regarding 2020 it will be impressive.”

**Marat Seitkulov**  
Caravan Resources

“I think the growth rates will remain relatively low as COVID-19 has already caused significant damage. Mass vaccination is planned this year, and at the best it will be completed by the end of the year only. I am not sure that vaccines created at such an accelerated pace will provide the effect we hope for. It is likely that 2021 will be a key year, and there will still be a fever, but I hope, further the situation will change.”

**Raimbek Batalov**  
Raimbek Group

“To my mind, the global economy will remain at the same level in the next 12 months. In 2020, there was a slowdown in the development of the global economy, in a greater degree due to the slowdown in China's growth. According to the International Monetary Fund (IMF), as a result of the pandemic in 2020, the global GDP was reduced by a record 4.4%, and as per the January report of the World Bank, the global economy could grow by 4% in 2021, provided that the introduction of vaccines against COVID-19 will continue on a massive scale throughout the year. It is quite difficult to compare 2021 with 2020. On a global scale, to my mind, by the end of 2021 the economy will reach the level of 2019 and will even grow a bit. Much will depend on the quality and scale of vaccination against COVID-19, although such a hope seems somewhat groundless to me – the effect of the vaccine itself is rather short-term.

In general, I think people will accept the fact of the presence of COVID-19, they will understand that we will have to live with this disease for now, and we will work in the previous mode. The WHO believes that 90% of the global population will go through coronavirus in some form or another.”

**Alexei Khagai**  
TSPM

“It is my belief that after the pandemic, all countries will revise their economic plans and national budgets. Therefore, it is far more likely that we will have the scenario when the economic situation will stabilize, but

the growth rates of the global economy will remain at the same level. Perhaps a slight economic growth will be seen by the end of 2021 or by early 2022.”

**Erik Shortanbayev**  
Skymax Technologies

“In the coming year, the growth rates of the global economy will considerably decline. It is required to take a new look at the economy in general, to understand that some lines of business will simply die out due to the impact of the pandemic, and there will be some new lines. But they need time to prove themselves. From my point of view, the rates of economic growth will considerably dump down, while the restructuring is under way.”

**Valikhan Ten**  
World Class Almaty

“The growth rates of the global economy will slightly go down over the next 12 months. Owing to the pandemic, the productivity, the efficiency of all processes has been compromised, and I do not think this story will end in 2021. Restrictions on movement, travel, office work will be preserved, and this will clearly affect labour efficiency. People are sceptical about vaccination as a means to obtain protection against coronavirus, and it is impossible to vaccinate the entire population of the planet in a single year.”

**Alexey Sidorov**  
Silkway Ventures Group

“The growth rates of the global economy will go down a little over the next 12 months. I can see no prerequisites for the growth. The shocks that occurred last year — not only COVID-19, but negative oil prices as well — generally suggest a redistribution of spheres of influence. The real sector has other things to worry about except development at this moment. I sincerely hope that vaccination will facilitate relaxation of containment measures, but I do not know whether it will contribute to the short-term growth. But in the long term I am an optimist — the crisis will be over, including the crisis caused by the fact that the development of technologies is ahead of the development of public morality. In the long run, I hope for a better outcome, I

believe in the prudence of people.”

**Konstantin Kulinich**  
Mary Kay Kazakhstan

“I believe they will go down a little. Subjectively, I have a feeling of the second “bubble” for some different factors. When looking at the stock markets, it was the short run, everyone assesses the market overheating. If something falls there, it can affect the global economy.”

**Alexey Lee**  
Arbuz.kz

“The consequences of the pandemic will still affect the world community, and in the next 12 months the pace of development of the global and Kazakhstani economies will be declining.”

**Beknur Nesipbayev**  
Astana Motors

“The growth rates of the global economy will slightly decline. The main problem in the world is that now it is the time for lay-buys. People do not spend money, they think about their expenses more carefully. Certainly, there will be an explosion later, but currently it is a critical factor for the population of almost all countries. Each company has its own percentage of money set aside for the stabilization fund, and it has enlarged now.”

**Ilya Martinenko**  
Avrora Holding

“I would like to be optimistic, but I think they will slightly, and perhaps significantly go down. Even if everything is stopped at present, it will take time for the economy and processes to be back to right. Still, there is some delayed effect, and not everyone has felt and realized it in full yet. People grew poorer again, and purchasing power is likely to decline. A lot of people have lost their jobs, a significant number of businesses are under tremendous stress or have been compelled to close down. This may be an additional factor for the worsening of the situation, but I would like to believe that the decline will occur for a short period.”

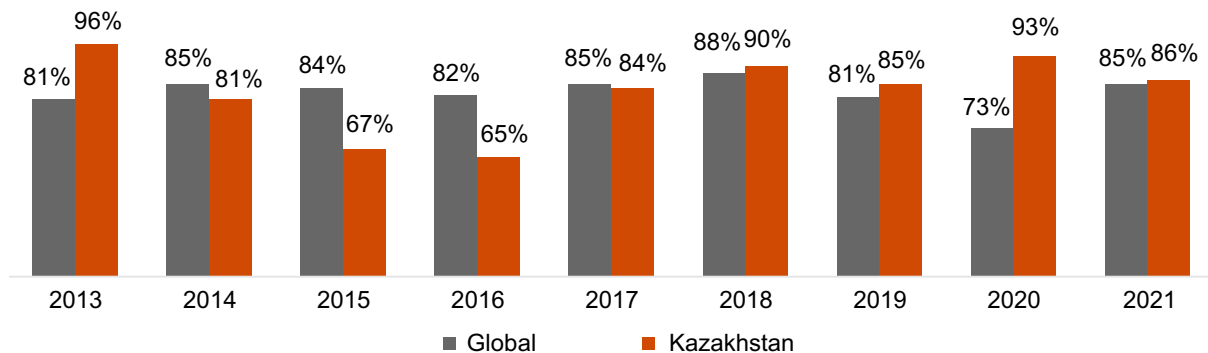
**Mikhail Borisov**  
Fluidra Kazakhstan

## THEME

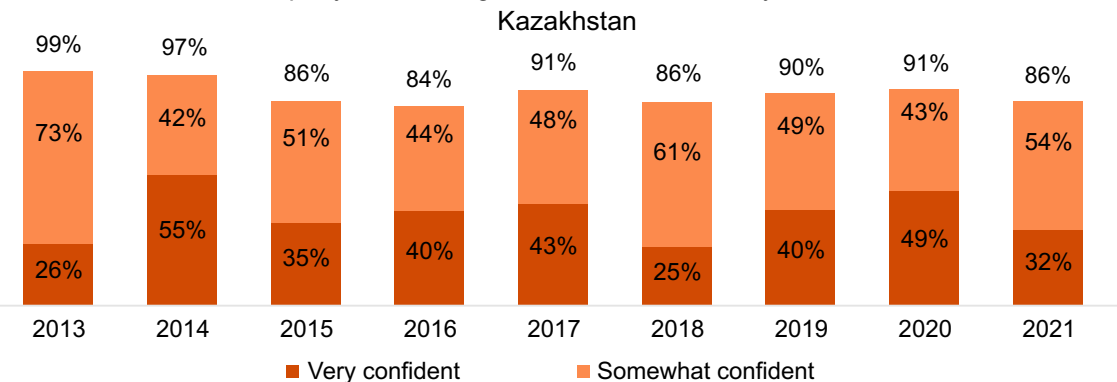
### Confidence in the company's revenue growth in the next 12 months and three

Substantially all industries in the private sector were forced to overcome challenges, lose revenue, and adapt to running a business under severe constraints. Despite this, our respondents are confident in the growth of their income

Confidence in the company's revenue growth in the next 12 months



Confidence in the company's revenue growth in the next three years



“The pandemic has enabled us to go through the processes faster that were less intensive before that. Mass digitalization has become irreversible. We have honestly answered the question for ourselves – where are we in this part? At first, the answer was not encouraging, but we managed to use the three-month pause caused by lockdowns to quickly restructure internal processes and rethink the sales model. We seriously involved in digital technologies, reduced costs and improved the quality. At present we are ready for a significant sales growth across all types of products. I dare suggest that in the medium term, we are confident that everything will work out.”

**Dmitry Zabello**  
VTB Bank Kazakhstan

“I am completely confident in the growth in income over the year and three years. We work in the mining industry, and I think that the growth will resume here. It will apparently be smooth, and clients will proceed to invest, but more consciously and advisedly.”

**Mikhail Balytchev**  
Epiroc

“As the practice and experience of the last year have shown, there must be a complete stoppage in the activities of the state so that things in our industry go according to a negative scenario. We noticed it in the days when it was impossible to re-register a car or apartment. We were doing well during a less severe quarantine period. I hope that the state will perceive the experience of complete blocking the activities of all structures as a failure, and the measures will not be so radical even if there is quarantine. Therefore, we assess the prospects for both 12 months and three years as very positively. In general, we grew well in 2020 and quite quickly get off the losses of two months during which we were at home. We have a strong team that adapts to any situation.”

**Nikolay Babeshkin**  
Kolesa Group

“I am confident in the growth in income within the year and three years. We quickly readjusted, closed all illiquid “tails” and completely clearly understand the situation on the market. The people will not stop drinking and eating,

and the consumption of some categories of goods has even increased during the quarantine.”

**Raimbek Batalov**  
Raimbek Group

“In 2021, we are planning a 50% growth due to the launch of Phase 2 of the Makinsk Poultry Farm. In comparison with previous years: our revenue has grown 2.5 times since 2017. And our mid-term horizon suggests that we are growing by an average of 30-40% annually.”

**Serik Tolukpayev**  
Aitas KZ, UKPF

“I am virtually confident in the growth in income of my company during the year; I am completely confident in the future three years. The TS Development group of companies underwent restructuring in the summer of 2020. We have united the staff of the Dostyk Plaza and Shymkent Plaza projects, STS (IT company), NB Development, TSD Construction, TS Development. All the risks associated with the activities of cinemas are currently borne by the cinemas themselves.

We have carried out a large-scale optimization. We had been hatching out these plans for a year and a half and intended to implement them in 2021. But transition to remote work accelerated the process. Certain tax benefits were provided during the quarantine for the companies that own real estate, we led our facilities with minimal losses, given that the shopping and leisure centres practically did not work for 6 months. For instance, for the Dostyk Plaza shopping and leisure centre our indicators fell by 36.7%, which is good, given the conditions wherein we have to work. There was an express deferred demand, sales of sports goods in September-October increased with a record, by about 179% in regards to the same period in 2019.”

**Alexei Khegai**  
TSPM

## THEME

### Confidence in the company's revenue growth in the next 12 months and three years

“Our activity assumes remote work. We provide entrepreneurs with an online platform through which they can sell goods and services throughout the country. The pandemic has accelerated the transition of business to online, so we are sure that the indicators will rise during both a year and three years. In Kazakhstan, the share of e-commerce is 5-7% of all retail, while in the UK and China this figure will reach 20-30%.”

**Maxim Melnik**  
Satu.kz

“I am virtually confident in the growth in income of my company over the long term of 12 months and 3 years. We manufacture copper cathode, a product that is strongly focused on stock exchange prices, and they recovered by the end of 2020 amid the recovery of the Chinese economy, the news of the development of the vaccine and Biden's victory, on which the world pin hopes on the restoration of normal trade relations. In the coming three years, we can also see no symptoms of what will be really bad. Our industry is not squeezing, there is a certain demand for copper in the world, and it is increasing, which is associated, among other things, with the development of electric transport and introduction by a number of countries of the ban on the operation of ICE vehicles.

Mineral extraction is not the hottest industry in terms of the new economy, but there are some exceptions here as well. Copper is a material most closely related to the new economy. Electric vehicle, electricity, alternative energy sources – this is all is copper. For instance, the production of an electric vehicle requires three times as much copper as the production of an ICE vehicle. The consumption of many minerals may decrease, but copper is associated with the growth of the new economy, a lot of alternative "green" technologies are linked with it. Our industry follow the new economy's lead, and I am practically confident in the growth of my company over the next three years.”

**Marat Seitkulov**  
Caravan Resources

“I am completely confident in the growth in income of my company both in the coming year and coming and three years. We noticed an interesting effect. Because of the quarantine and lockdown, people are compelled to reckon with limitations and give up travel. They raise their spirits

with purchases of household appliances and improve their living conditions. In addition, remote work and learning has strongly spurred the IT sector, sales of laptops and computers.”

**Dmitriy Provkin**  
Arena S (Sulpak)

“In the coming year, I am not quite sure about the growth in my company's revenues, since the pandemic will have an impact. My business is strongly influenced by working time and room occupancy ate constraints. But as soon as the restrictions are removed, and according to my estimates, this will happen in the summer, there will be a sharp growth. In the coming three years, I am fully confident in the growth in income.”

**Yuriy Negodyuk**  
Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

“I am completely confident in the growth in income of my company during the year, and I am virtually confident in it within the three years. I saw our work and the work of our competitors during all lockdowns and realized that at the moment when our competitors had to lower prices in order to bring in the flow of people, we raised prices, and our customer flow did not decrease, we are fulfilling the plan we had set before the quarantine. We generate and bring new products on the fitness industry market while our competitors had to generate discounts. Accordingly, they are losing their segment, and we capture it. During the lockdown, we immediately passed to the digital. We do not have our own platform, but at present we will develop it, we used social media platforms and a YouTube channel, the number of our subscribers has increased thousand fold. We re-equipped the backyard of our fitness club into a training ground, and digitalization plus outdoor training had effect. Our rivals took such steps when there had been no longer need for them, they passed to digitalization, when everything had resumed working after the second lockdown, made outdoor training, when people had actually returned to the gym, and they lost some of their staff members and clients during two lockdowns.”

**Valikhan Ten**  
World Class Almaty

“I am absolutely confident in the growth in income of Wolt company over the year and three years. Comparing the level of development of food delivery services in Kazakhstan and, let us say, in Russia, I see that we have a 3-4-fold growth reserve; the gap is even wider when compared with Europe or America. The frequency of consumption per user is strongly underpenetrated. The users we work with are the one fifth of the potential client base, so the growth margin is very large.”

**Alibek Yessov**  
Wolt

“The current year has shown that we have significantly stepped up in the turnover and income. I am not sure that this trend will be kept next year, because this is the first year that we live in such a regime. We were under an obligation to complete projects for which the funds had already been allocated. The 50 percent of our business is tied to large infrastructure or social projects. Now, in light of the changes, the budgets for 2021 may be trimmed, including for social projects. Thereafter, this can lead to a reduction in our income and turnover. If I made any decisions at the state level, I would adjust investments in this sector and focus on what is needed now — medicine, support of the population and business. Therefore, I am not sure that we will be able to maintain profitability for the next year, but I am completely confident that we will show growth in a three-year perspective.

Globally, our company has shown a positive trend. Notwithstanding that we have lost up to 20-30 percent in some regions where the tourism industry has been hurt, a tremendous growth has occurred in the private sector. People realized that they could not travel and began to invest in their own recreational areas: pools and spa. This more than outweighed the losses in the local segment.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“I am completely sure about the growth in income in my company in the future 12 months. We are very optimistic about the market. The only thing that makes us uncomfortable as entrepreneurs is the situation with the national currency, which is under pressure. The exchange rate of Kazakh Tenge in relation to world currencies is that unknown, which is more terrible than the pandemic and

other crises. But we have learned to adapt, have passed through more than one adjustment and are quite optimistic about 2021, even if sanctions against Russia are applied and Russian Rouble will be under pressure.

It is really hard to predict the situation in the future three years, especially in light of possible imposition of sanctions against Russia. This will hit the economy very seriously. Russia is our closest and largest partner, and the imposition of sanctions will certainly affect Kazakhstan.”

**Armanzhan Baitassov**  
Tan Media Group

“I am completely sure about the prospect of the company's growth within 12 months and three years. We work in a digital environment, it is easier for us to adapt, we can provide our services to consumers, regardless of whether they are near computers or not. Although this year we "fell" in terms of income, there were other reasons for this besides COVID-19. In general, we became convinced that there are opportunities for growth, despite the quarantine restrictions.”

**Alexey Sidorov**  
Silkway Ventures Group



## THEME

### Confidence in the company's revenue growth in the next 12 months and three years

"I am completely sure about the growth prospects of my company in the future three years, and virtually sure - in the future 12 months. I cannot speak of full confidence in the future 12 months, because state regulation in connection with COVID-19, the interaction of sanitary services and local authorities, financial regulators and the socio-economic block in the government has not been fully worked out, not coordinated. Sometimes we feel it on ourselves, sometimes there are even populist decisions. All in all, we are confident in the growth of the company, but we would like to avoid serious errors. We expect further business growth in the future 12 months and are confident that we have ensured growth drivers in the coming three years. The situation is complicated by the current circumstances, changes in the behaviour of clients, suppliers, regulators. But we are growing notwithstanding all the hardships."

**Kairat Mazhibayev**  
RG Brands

"I am quite confident in the growth in income over the three years. We have two main products. The first is cosmetics. The second product is a career. The career is understood to be an opportunity for our counsellors to build their own business, develop personally, live by priorities and be happy. We are not selling this product for money; our partners pay for it with their work, time. We propose a model for building a small business. It is in demand, many women see this as a way to raise their material level, improve the emotional, intellectual level, and gain the opportunity to live a full life. The demand for this product is great, we have several thousand new business partners every month. When the unemployment situation is aggravated in the country, this product becomes especially highly-demanded. Therefore, even if we notice a deterioration in the demand for cosmetics, the demand for opportunities will continue to exist and grow. I do not have excessively optimistic expectations about the company's prospects, but I think that a stable growth is very likely."

**Konstantin Kulinich**  
Mary Kay Kazakhstan

"We've divided our business into 6 different product lines. Some will grow very quickly, for example domestic low-cost travel, and international leisure/lifestyle travel. International business travel, however, will continue to be very slow. Even in a best-case scenario we do not expect this segment to exceed 30% or 34% than that of 2019. Overall, we are expecting a flat revenue growth in 2021 over 2019. We think 2023 will begin to catch up with 2019, however the business profile will be very different, perhaps in perpetuity."

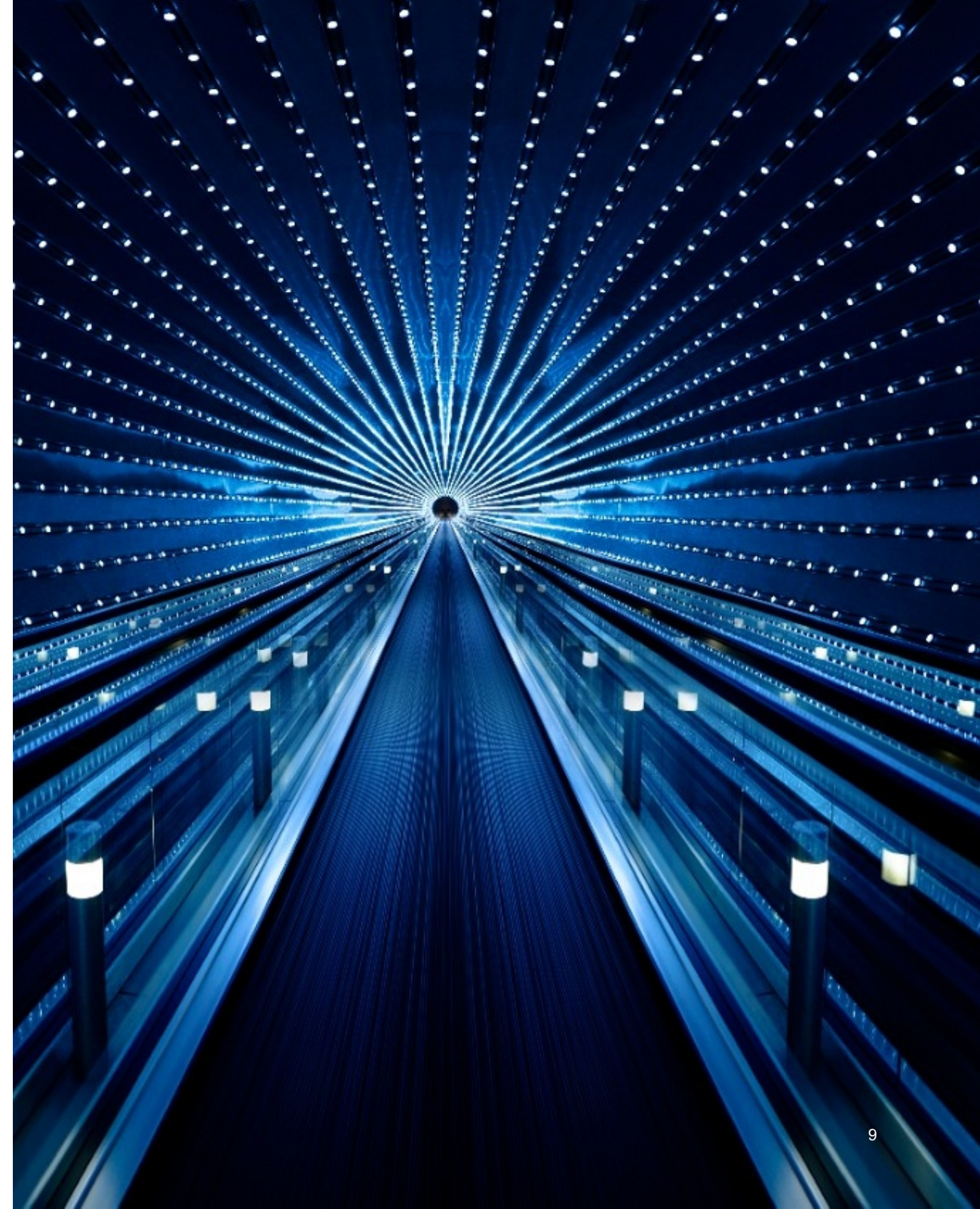
**Peter Foster**  
Air Astana

"I am completely confident in the growth in income. In spite of the crisis, we decided to modernize our production. In 2020, we completed our intended plans in 10 months, and the last two months turned out to be a plus. We have grown up by 25% as compared to 2019. Over the next 12 months, we are planning to increase the growth to 50%. This is dealt with the modernization and expansion of the sales geography. In the domestic market, we are planning to grow by opening branches and warehouses through saturation, as well as increasing in the volumes."

**Nursultan Zhumabek**  
hoffmann aluminium

"I am completely confident in the growth in income of the company both over the year and three years. We have an IT platform aimed at the B2B sector, small-scale retailing, suppliers and distributors. When restaurants stopped their operation and large supermarkets closed down for the weekend during the quarantine period, the neighbourhood stores, which are Smart Satu's major customers, continued to operate. We have learned to scale our system, launched it in Ukraine, and are making preparations to launch it in other countries. We have done everything for this and will only grow further."

**Bolatbek Ospanov**  
Smart Satu



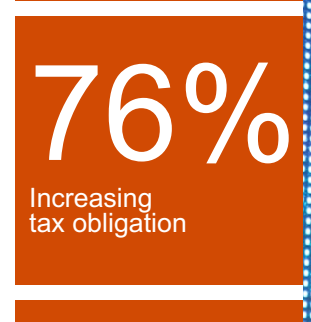
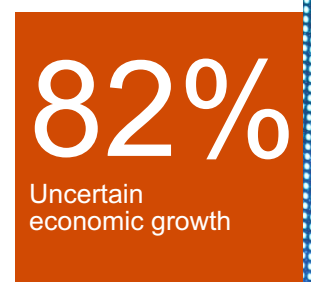
**THEME**

**Threats Affecting Business**

This year, the threats that Kazakh businessmen are concerned about have changed significantly as compared to previous years. In terms of general concern\* (General concern (somewhat concerned + extremely concerned) the exchange rate volatility (90%) comes first. Almost all respondents both throughout the world (91%) and in Kazakhstan (89%) are concerned about the pandemic and health crises. Local respondents have more than doubled their general concern about the uncertain economic growth, social instability,

increasing tax obligation, policy uncertainty, tax policy uncertainty and inadequate basic infrastructure. Despite the fact that for the first time in five years, the availability of key skills as a threat to business has come down from the first place to third, there is still the level of high concern (82%). Over-regulation did not make it to the top 14, but more than half of respondents (59%) noted their concern about measures related to the consequences of the COVID-19 virus.

*General Concern (Somewhat concerned + Extremely concerned)	Kazakhstan		Global
	2020	2021	2021
Exchange rate volatility	54%	90%↑	58%
Pandemics and other health crises	*	89%	91%
Uncertain economic growth	29%	82%↑	83%
Availability of key skills	93%	82%↓	72%
Social instability	21%	77%↑	71%
Misinformation	56%	77%	70%
Increasing tax obligation	22%	76%↑	73%
Policy uncertainty	25%	76%↑	81%
Supply chain disruption	54%	72%	62%
Cyber threats	71%	70%	85%
Declining health and well-being of your workforce	62%	69%	61%
Volatile commodity prices	60%	69%	56%
Tax policy uncertainty	18%	69%↑	73%
Inadequate basic infrastructure	28%	68%↑	54%

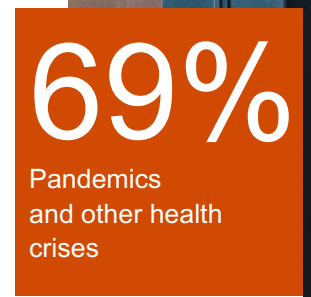


**THEME**

**Threats Affecting Business**

It is notable that in terms of threats that cause high concern, the ranking was formed in a different way. According to Kazakh entrepreneurs, the pandemic and health crises ranked first (59%). The decline in the health and well-being of the workforce strongly concerned by 49%, and cyber threats – 41%. In the ranking of factors causing strong concern, populism and trade conflicts are ranked with the same outcome – 32%.

<i>Extremely concerned</i>	Kazakhstan	Kazakhstan	Global
	2020	2021	2021
Pandemics and other health crises	*	69%	52%
Exchange rate volatility	54%	62%	21%
Availability of key skills	57%	59%	28%
Declining health and well-being of your workforce	35%	49%	22%
Cyber threats	28%	42%	47%
Inadequate basic infrastructure	32%	42%	25%
Uncertain economic growth	29%	41%	35%
Misinformation	25%	39%	28%
Social instability	21%	37%	28%
Volatile commodity prices	26%	37%	21%
Policy uncertainty	25%	35%	38%
Increasing tax obligation	22%	34%	30%
Populism	16%	32%	31%
Trade conflicts	29%	32%	23%



## THEME

### Threats Affecting Business

“Exchange rate volatility – is our pain. We have a business with partners in Bulgaria, where the exchange rate of the national currency has not changed for ten years. In order to make some plans, introduce new products, we analyse the market and basic data. Changes in the exchange rate immediately affect the purchasing power, the size of duties, the cost of our goods, transport, therefore this directly influences both our plans and our indicators. From year to year, there would seem to be stability, but again some kind of breakdown occurs, which throws us off and creates challenges. Climate change and environmental damage – is a personal issue that concerns me and our company. We are trying to follow the path of introducing new technologies and solutions that allow us to improve all this: save resources and change the ecological situation. I cannot see this desire among the masses at the moment. Yes, there are some point steps made, and they should be made in all areas and even now. Some things are changing, but not as fast as wished it to be. I am extremely concerned about over-regulation. New rules are being implemented, requirements are toughened, but often the market and the software companies work with are not ready for such innovations. There is a lack of specialists who can put on to, and problems occur that are difficult to solve. Any decisions should be introduced and applied upon completion of the analysis of the availability of the base and the business readiness. We spend a fair amount of money – we have accounting consulting, full-time teams of accountants, but frequently we are not able to get answers to some questions and move by instinct. It is one thing if we have made a mistake and they correct us, another thing is when they start to punish and fine us. Protectionism is a great concern. At present many products that are manufactured in Kazakhstan have priority. The state is trying to protect their production, but this does not push manufacturers to competition. For example, our chemical products, which we can bring from Russia and Europe, can be many times more efficient, and their cost in conversion is more profitable, since the efficiency is much higher, and the expenditure is much lower at a higher price per unit of weight. It is

not hard to understand that ultimately it is more economically profitable to use a more expensive but significantly more efficient medicine. It is like comparing a concentrate and a diluted product, it is obvious to everyone that the cost of the concentrate cannot be lower. However, during performance of government tenders, we do not have a chance to compete with a local manufacturer, since the main criterion in making a decision is the cost per unit of weight, and no one ever evaluates the effectiveness and manufacturability of a product. This is not emphasized by the principle itself. We see government support for domestic producers, but it does not stimulate them to produce a high-quality, modern product that will be competitive in a market free from regulation. Economic inequality is of concern. We have no middle class as it is. There are people who are very rich and quite poor. The middle class is the main consumer segment throughout the entire world, if it does not exist or it is very narrow, accordingly, it affects our business. The shortage of skilled manpower worries a great deal. There is no longer the issue of salaries, one could pay any money just for the fun of it. There are no professionals, primarily technical experts and production and technical department engineers, service engineers, ordinary engineers and sales managers. It is trivial, but it is rather difficult to find a relevant specialist. The interviews are attended by a lot of people, who talk a lot about their experience, but in fact all this experience is not systemic, they just worked for a long time according to some incorrect algorithm and offer us, as the employers, to continue doing this within our company. It happens that staff members grow and make progress within a company, but they are isolated cases. These people can be counted on one hand in our company, and the business is based on them, because they are the locomotives that pull all the main processes in the company along with them. The rest can be safely replaced at some stage, because replacing such an employee will not change anything for the company. We are always ready to respond to critical situations, therefore we are not worried. This is normal, the business should always react rapidly to external changes. In the CIS countries, we do not come out of a

recession – just one thing after another, and each time we have to solve the problems. There is no stability, and as long as we grew up on this, it seems that we are always ready for a crisis.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“The most significant threat nowadays is the **pandemic**. Nevertheless, in this respect, as ever, we rank the safety of employees, securing the continuity of business processes, the well-being of clients and support of the social environment on the first place.”

**Andrey Kurilin**  
Citibank Kazakhstan

“Availability of key skills has been a headache in our industry for the past ten years. The IT industry in Kazakhstan is experiencing a very strong staff loss, at that specialists are departing at a productive age, young people at the age of 28-40, people who have extensive experience, have increased their competencies in Kazakhstan, and they leave to work to Russia, Belarus, and far abroad. The main reason for their departure is that they want a stable life – this is both economic and political stability, provision of a better future for their children, and the possibility for realization of personal potential in profession and career. And it is sad, when a person who has competencies and experience cannot realize him/herself just because he/she does not have the “right” connections. Changes in consumer behaviour have a direct impact on us. We are a B2B company selling solutions to clients. In 2020, there was a global experiment on remote working (although we were selling solutions for remote work as early as 10 years ago), a lot of new applications for online conferencing appeared. We can only welcome technology changes, because IT are always at the forefront of any industry. In the healthcare: our lives and the health of the nation depend on the correct, adjusted strategy of the Government.”

**Anna Duy**  
Softline

“Exchange rate volatility is a great concern, because we purchase equipment for foreign currency. New antennas that we deliver to Kazakhstan to make sure that the network can withstand the growth of mobile traffic are more costly to us every year. Trade conflicts are a great concern, as they directly affect supply chains and the cost of the equipment we buy. Tax policy uncertainty is a great concern. We should plan our activities for several years ahead, and tax policy uncertainty strongly affects the investment agenda. If we have to pay more taxes all of a sudden in a certain year, it means that we will not build new base stations. The availability of key skills is a big concern. This issue became hot-button when we proceeded to the elaboration and development of digital solutions. We are not concerned about the changes in consumer behaviour at all, since our main task, the essence of our work is to satisfy the needs of consumers.”

**Evgeniy Nastradin**  
Beeline Kazakhstan

## THEME

### Threats Affecting Business

“I am deeply concerned about social instability, because at present we have become a state that is scared of its people. That is very bad. They should be respected, not be afraid of, and they are two different things. You can love, you should respect. If you can love, do it, if you can't, then at least respect.

The availability of key skills is not a big concern. I revised my role in the holding. Now I am not acting as a manager, but rather as a coach, trainer. Somewhere or other I do not participate in operational management, my task is to grow people, and people will grow the holding so far.

I realized an interesting formula. I believe that unemployment is not a problem, but rather a choice of the next generation. Tomorrow has already come, so I do not see a problem in unemployment, it is rather a lifestyle choice – a gradual road to unconditional income.

Misinformation is a concern, especially in the light of the Internet, with the spread of social networks, the weakness of preparing people for such an abundance and variety of information, craving for “the bread and the circuses.” This represents a very big problem.

The pandemic is a chance for humanity, so it's not a concern. The pandemic is good, I think so, I am firmly convinced of that. This is a signal to think carefully again.”

#### **Serik Tolukpayev**

Aitas KZ, UKPF

“Of all parts of my business, I think the most inevitable one will be the transformation of the automotive business. There will be cars that require less maintenance, and everything will transfer to digital. As regards shifting away from petroleum products, I believe that this will not happen in full in the next decade or two. The use of renewable energy sources for a vehicle within the territory of Kazakhstan and the current transport infrastructure is very expensive and takes time. With regard to electric vehicles, this is a huge power consumption grid that should be built. Recycling of lithium batteries is much more environmentally hazardous than gasoline and is more expensive than CO<sub>2</sub> emissions.

Regarding our oil and gas business, if everyone sells fields due to the transition to renewable energy sources, we are ready to consider oil and gas projects for their purchase.”

#### **Farrukh Makhmudov**

Orbis Kazakhstan

“The volatile commodity prices are of great concern as we supply goods to our clients and they are mining solid minerals. It is no wonder, if the copper pricer falls, the clients' strategy changes, and this directly affects us.”

#### **Mikhail Balytchev**

Epiroc

“I am slightly concerned about over-regulation. Lockdown revealed that the government's approach to regulation was conservative. Many decisions made during the lockdown were controversial, for example, the decision to close down major stores, but keep neighbourhood stores, wherein it is impossible to maintain social distance in principle. People had a need to buy equipment, but there was no opportunity to do so, although we could definitely ensure compliance with sanitary standards.

The availability of key skills, first of all, IT-specialists, is a big concern. The situation is improving, but at a very slow pace, the competition in the labour market is terribly low. Supply chain disruptions cause great concern. Due to the pandemic, there were big problems with supplies from China, the cost of logistics has quadrupled.

I am extremely concerned about the issue of unemployment, as it affects the income of the population and purchasing power.”

#### **Dmitriy Provkin**

Arena S (Sulpak)

“Over-regulation – extremely concerned. For us, this is primarily dealt with new sanitary standards, and with an increase in the number of inspections. The number of inspection authorities is growing every year, and this is not due to the pandemic. This causes big problems at work.

Trade conflicts can affect our business. It depends on external supplies very much, and if problems arise in relations with China or, for example, Russia, this will have a very strong impact on us.

The availability of key skills is of a big concern, and this is a big problem for our industry. We are experiencing a shortage of manpower in almost all positions, and the biggest problem is related with top managers. The skill level of top managers in our segment is very low, because there are no schools or universities that would train top managers for the catering sector. If cooks can be trained by ourselves, then we have to attract top managers from

Russia, we pay them a huge amount of money only because there are no specialists of such a class in our market. There are certain problems with line management as well, but we can train specialists of that level on our own.

We are concerned about the rise in energy prices. Our country is very dependent on them, and the standard of living is tied to the level of energy prices. And the restaurant business is a touchstone that reflects the economic situation in the country: if everything is good in the economy, it means that everything is fine with us as well.

Cyber threats are of concern. We underwent a cyber-attack, these were foreign hackers, and we had to pay them to restore the data on the server.

We are extremely concerned about misinformation, falsehoods. We also felt it during the pandemic, when every day we received information that after five minutes turned out to be a lie, and we could not understand what was going on.”

#### **Yuriy Negodyuk**

Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

“We are not seriously concerned about changes in consumer behaviour. We mainly work in the premium segment, our clients are business owners, top managers, and staff above mid-level. Their wallet hasn't changed much in terms of filling, but spending priorities may change. If he could give money for the World Class membership without a second thought before, now he will think about it – one of the primary costs may include, for example, expensive medical insurance. There is a category of people who are scared to go to the gyms in principle, and there are those who trained using the applications during the lockdown and realized that, basically, they could do without a coach. Some people realized that they did not need a strong progress in terms of physical condition - it was enough to do exercises online to keep fit. We have free online content and we are in talks with Belarusian specialists to create a digital platform, but it will be monetized.

The emergence of new entrants is expected in the premium segment, although personally it has always been more interesting to focus on the mass market for me as a specialist. There you can invent new products literally

weekly. The premium segment is more conservative and is not always ready for new products. In the mass market, investments in fitness clubs are offset faster.”

#### **Valikhan Ten**

World Class Almaty

“I am a little concerned about the emergence of new entrants, although it seems to me that for any foreign company, it would be an imprudent decision to enter a market where there are already three technologically and commercially strong players.

We are extremely concerned about the availability of key skills, this is our pain. For several months we have been searching for a person for the vacancy of the director of support service, and it is rather hard to find a person with the required experience. Ultimately, we have to look for smart, intelligent people without similar experience, who, according to their skills, could be exactly the persons for this position, and looking for people based on skills is longer and more difficult, since the CV contains experience only, not skills. It happens that relevant candidates are not suitable because of poor knowledge of the English language – since Wolt is an international company, this moment is important for us. So far, we do not review attracting staff members from neighbouring countries, but we do not exclude this possibility if we do not find specialists of the level we need in Kazakhstan.”

#### **Alibek Yessov**

Wolt

## THEME

### Threats Affecting Business

“We are concerned about over-regulation, as the regulator makes too negative forecasts against the background of the pandemic, which we do not share. As for the issue of climate change and environmental damage, we are not extremely concerned about it, but there is a feeling that this threat is already somewhere nearby.

Also, we are concerned about the future of the eurozone — this is the most powerful market. It is surprising, but the pandemic revealed that the developed Western markets did very badly during this period, in contrast to developing ones. For example, India, where 70% of the population does not have access to water closets, is undergoing the pandemic more calmly than many European countries or the United States.

Populism is a concern. Fake news, a huge number of incompetent “experts” of all and everything. If the “couch experts” were treated neglectfully before, now this activity has become widespread and popular. Populism, lies, manipulation of social consciousness have a very deep impact on society.

The availability of key skills also causes concern — this is a huge issue that has become aggravated nowadays. Currently, everyone needs IT specialists, who have become too overestimated, due to the staff shortage in the market.”

**Dmitry Zabello**

VTB Bank Kazakhstan

“Inadequate basic infrastructure causes some concern. The infrastructure includes a lot of things, down to IT products. We have been introducing a system of virtual warehouses in Kazakhstan for the fourth year already, and this is too long. The urban infrastructure is developing not properly thought through as well. Concerning the development of micromobile transport as an alternative to the ICE vehicles, in this case, for example, the electric scooter rental system launched in Almaty is rather inconvenient and expensive. Pedestrian streets are emerging, and this is fine, but there is no understanding that this process should be accompanied by the infrastructure development. The ground floors of buildings located along pedestrian streets have to become a part of them. The plans for the coming years

are to make Dostyk Avenue pedestrianized from Abay Avenue to Al-Farabi, but it is highly questionable whether new food and drink venues, fountains with drinking water or public toilets will appear on this segment. Things of that nature should be implemented step by step for the benefit of the people. There are a lot of examples of implementing such projects throughout the world, and we do not need to invent anything — just take and do it. Cyber threats cause concern. As a result of attacks, intruders gain access to personal data.

In 2019, we experienced a phishing attack, as a result of which the “1C:Accounting” system was damaged, after which the internal security system tracked and blocked the malware, and it took us two months to manually restore the data. We install the latest versions of firewalls, do our best, but nobody knows what will happen next. The risks are high, a separate matter is the personal data of our consumers, for example, phone numbers that are left by members of our loyalty programme. Should intruders gain access to these numbers and start sending spam, people will more than likely refuse to participate in the loyalty programme. And they are not the most serious risks. The government cannot guarantee the safety of personal data of Kazakhstanis even in the Citizens Service Centres and there is the information about the family and real estate stored there. If wished, this information can be easily used against any person.”

**Alexei Khagai**

TSPM

“I am deeply concerned about the changes in consumer behaviour, which have accelerated the pace of trends. Thereupon, the transition period from large formats to small ones has been reduced in our case. The pandemic has accelerated the development of e-commerce, insignificantly in relative terms in grocery retail, but in general, this is the future.

I am deeply concerned about the supply chain disruptions. Various restrictions and rules were introduced during the lockdown period. For instance, on the border with Russia, they began to demand health certificates for buckwheat, and dozens of trucks just stood there. There was no buckwheat in the country,

although it is included in the list of food staples. There was boom and panic. We have a lot of imports, and delivery times were shifted; we had to solve the food security issues of the country in manual mode. At this stage, we have already worked out the emergency response algorithms and from now forth will be better prepared for possible collapses. But the state is just developing an analogue of effective programmes, such as, for example, the United States with Walmart for the maintenance and storage of state stockpiles, so there are moderate risks at the moment.”

**Azamat Osmanov**

Magnum Cash & Carry

“The issue of availability of key skills is a big concern. I dare say, we have a lot of skilled guys who have received a good education under the Bolashak Programme, with a good job experience in the USA and Europe. The issue is that many of these guys do not work in Kazakhstan, but in those countries where their salaries are higher and where the situation, competition is more conducive to career development. It is required to create conditions for them to return, and then each of these people will be able to contribute to the development of the IT industry. I know that many of these guys would like to return to Kazakhstan, but they do not see any prospects for themselves here at the moment. The creation of appropriate conditions is a large field of operation for the entire country.

Cyber threats are of great concern, although our company has not been seriously attacked. In general, cybersecurity is a serious issue to be addressed. In my opinion, in the future there will be a community of people who will deal exclusively with cybersecurity issues. While this is not so much in demand, but when there are precedents for serious cyber attacks, these specialists will be in great demand.

Declining health and well-being of the workforce causes concern. We were compelled to cut salaries, and although all staff members understand the situation and the future, it is not an easy decision for me, as the company executive. On the other hand, by having cut the salaries, we were able to retain employees. We are not a profitable company, at present we are supported

by the investors' money, and our task is to spend the investors' money with reserve so that we can cover our expense side and become a profitable company in the future.”

**Bolatbek Ospanov,**

Smart Satu

“The issue of populism causes great concern. Since we work in the credit sector, any credit institutions, both banks and microlenders, are exposed to public criticism, to which lawmakers react. In our country, the tightening the laws and financial regulation in the field of population protection often takes place because of populism and is not always justified. We see that against this background, there are often amendments, which actually do not make much sense, or they do not work as intended and do not benefit the market. The desire to protect the consumer is well grounded, he/she is often not very literate, and he/she really should be limited in the consumption of financial products. But we often have excesses.

Also, there is a concern about the risk of increasing tax obligation and tax policy uncertainty. For the first time, I came up with the fact that an enterprise needs to charge additional taxes under sufficiently high coefficients of the tax burden. Until 2020, the online micro-lending sector was not regulated and therefore had a high tax burden as compared to other players in the credit market, and they wanted to make it even more for us. After 2020, when we became regulation entities, the online microlender sector for the first time had the opportunity to calculate its tax base more fairly, we became companies for the first time ever that can take provisions for deductions, and this is a large cost item for any lending institution. As for the new regulatory and taxation regime, the expectations are positive, but the issue of instability is still troubling.”

**Alexey Sidorov**

Silkway Ventures Group

## THEME

### Threats Affecting Business

“The sphere of e-commerce is a driver of economic growth. But its development requires to overcome the barriers that exist in the country. Number one is inadequate basic infrastructure, logistics. Five days of delivery from Almaty to Shymkent is too long. Yes, this is affected by the territory, underpopulation. But in many countries, the overnight delivery is a common thing. The availability of key skills causes concern as well. We grappled with the fact that in Kazakhstan there is a big problem with IT specialists. In the very near future, we are planning to become residents of Astana Hub, and we wanted to create a local development team. After conducting the research, we realized that in Kazakhstan there are problems with the staff of the specialization we need.”

**Maxim Melnik**  
Satu.kz

“Protectionism in the region is a great concern due to the EAEU factor. The protectionism of the economically largest player in the community towards its companies is dominant even in political discussions, and this is a cause for great concern.

There is a moderate concern about the emergence of new entrants, but we are talking about substitutes rather than direct competitors, in particular online retail. Competition with online is what expects all our clients – offline operators, and this causes some concern. We do our best, follow the trends, keep ourselves up. The lack of trust in business is a great concern; in Kazakhstan this is one of the key issues – the lack of institutional trust in business on the part of the state, society and a consumer. In our country private and even public business is not regarded as a fundamental social institution capable of playing a serious and effective role in the development of society. I understand that business in Kazakhstan, Russia or, for instance, in Uzbekistan is partly still in adolescence, but if it is not nurtured, or a public stake is not placed on it, it will remain in this state. And the same young entrepreneurs can do a lot for the country, to renew its culture and paradigm. They are involved, they are leaders, and their energy should be used in a correct and constructive manner. The volatility of commodity prices is of great concern,

especially in light of devaluation of major world currencies. We see what happened to oil prices. The biggest disturbance factor is misinformation, and it affects government decisions as well. Fake news and provocations, populist decisions made on their basis – all this exists, and this has become surrounded by a completely stable infrastructure, this market has actually learned to manipulate regulators. This is very bad and is a serious concern, especially when it comes to public health. Declining health and well-being of the workforce is a great concern, and the fact that we may not always be able to help them in full, because we are in the market ourselves, we work in the market economy conditions.”

**Kairat Mazhibayev**  
RG Brands

“Misinformation is a problem. Unfortunately, nowadays the communication channels are all completely different, and it is not difficult to drag someone through the mire. Some "blogger" can say any nonsense, and many people will take it at its face value. One should be responsible for the content that is published, but it is not clear yet how exactly to answer. I consider the pandemic and health crises to be a serious issue. Unfortunately, the pandemic has revealed the incompetence of our healthcare system. This is the quality of life, our and our children's health, therefore there is a very big concern. It is scary to go to the hospital, because even the treatment guidelines are not professionally followed.”

**Raimbek Batalov**  
Raimbek Group

“We are not concerned much about the exchange rate volatility, despite the fact that we are importing the goods. We and our suppliers have already learned how to regulate this issue in a smooth way. In the event of devaluation, we sell the goods at the old prices, the increase occurs on new lots and rather gradually. The inadequate basic infrastructure is not a big concern. We see that this issue is being worked on, and it has become much better. Certainly, everything is generally

good in the capital and large cities with basic infrastructure, but I would like to note that provincial towns are being put in order and looked after. We are concerned a little about supply chain disruption. During the quarantine period, we experienced supply disruptions and a collapse. In China, factories were shut down and there were traffic jams at customs offices. The existence of our and our suppliers' stocks helped us overcome these hardships, but there was still a deficit. The situation has not completely been stabilized yet, there are times when we have no goods and wait for the arrival.”

**Yerem Arutyunyun**  
Mechta.kz

“I am slightly concerned about the availability of key skills. It takes us up to a year of searching to find employees. Concerning the areas such as e-commerce, working with categories, profitability management, these are the very areas where we are experiencing a deficit. The exchange rate volatility is a great concern. It is better to have stable growth, stable decline, or stable "nothing" than volatility. The larger volatility is, the more risks are – this is a fairly well-known economic statement. A large share in our portfolio is occupied by chocolate products, they consist largely of cocoa, and cocoa does not grow anywhere in our territories – neither in Kazakhstan, not in Russia, not in the countries of the former Soviet Union. It grows exclusively near the equator – in Ghana, in Cote d'Ivoire – and then is sold, mainly on the London Stock Exchange for GBP. Therefore, in our prime cost we have the value expressed in hard currency. If the volatility is high, we have to balance in different ways – significantly reduce our costs or raise prices, which is always not very pleasant (neither to us, nor to the buyer).”

**Mikhail Bazanov**  
Mars Kazakhstan

“The volatile commodity prices causes some concern, because we are dependent on aluminium. In May, there was a rapid increase, the price went up by \$ 550 per tonne. In April, the price was \$ 1,450, and from May to

December it became 1,990, for us this is a critical indicator. Since the real sector in Kazakhstan is not quite developed, we have to attract personnel from Russia and Turkey. It is not easy to find skilled staff, we are suffering from the shortage in the production itself.”

**Nursultan Zhumabek**  
hoffmann aluminium



## THEME

### Threats Affecting Business

“We are slightly concerned about the development of basic infrastructure. Watching the way the health care system has gone through the COVID period and crisis, everyone understands that there are critical areas for improvement, especially in the provision of outpatient care for patients with chronic diseases.

There is a concern about the lack of confidence in the business. The government often treats pharmaceutical companies as commercial entities interested in financial gains only. However, we would like Sanofi to be considered as a partner who cares about the health of citizens, the nation, as a company that contributes to reducing mortality, for example. We not only make our innovative medicines available, but we provide educational activities to help physicians and patients achieve their therapy goals as well. The volatility of commodity prices and the related exchange rate volatility of the national currency are of concern.

At the earliest possible time, we have no plans to localize production in Kazakhstan. The cost of production will be higher than the production of medicines, for example, in Frankfurt and export to Kazakhstan. Economically speaking, there is no expediency to localize at the moment. Therefore, protectionism and preferences for local producers are of great concern to us.

I would say that I am concerned about excessive price regulation in the pharmaceutical industry and the lack of dialogue with the regulator. Decisions are made unilaterally, exclusive of the possible negative consequences for patients.”

**Vitaly Bystryukov**  
Sanofi Kazakhstan

“I am concerned about exchange rate volatility. The rental price depends on the devaluation of Kazakh Tenge, since the rent is pegged to the US Dollar exchange rate.”

**Zardaecht Hamou**  
Fashion Retail Kazakhstan

“Our industry (oilfield services in Tengiz, Kashagan and Karachaganak), which operates according to international standards, no longer differs from projects, for example, in the North Sea or offshore Mozambique, the working language is English. And one of the core issues is the lack of skilled engineering and managerial staff with knowledge of the English language, possessing experience in international documentation. It is no secret that many of Kazakhstan's new oil and gas projects are being engineered abroad and technical documents are written in English. There are not always enough people on the market who can freely read these documents and further work on it. More than 99% of our staff members are Kazakhstani specialists, some of whom have been successfully working for many years, and some have grown out of trade jobs. For instance, our cost control director started working as a fire retardant paint sprayer on metal structures. Nevertheless, in certain disciplines, we attract experts from Turkey, Europe, Australia.”

**Almas Kudaibergen**  
Centrasia Group

“Changes in consumer behaviour cause slight concern, but it depends. Changes due to COVID have a positive effect on the company, the changes in connection with a potential deterioration in the economic situation have a negative impact, by all means. We are primarily focused on the middle class, which is “washed out” with the deterioration of the economic situation.”

**Alexey Lee**  
Arbuz.kz

“Over-regulation has been a trend of the last year and causes a great concern. Businesses have never had to adjust to regulatory changes as often as they did in 2020. It all started with demands from sanitary physicians and spread to a wide variety of areas. The state tries to solve any problem via bylaws. Nothing good will come of it, excessive regulation emerges,

which grows like a snowball, and it is not clear where it will lead to. The solution to this issue should be approached competently and carefully, otherwise all processes will be over-regulated, and the development of the innovation industry may slow down.

There is a great concern about the uncertain economic growth. The business would cost a lot more had it not been for the devaluation. We have to always run faster: once you reach a certain capitalization, the devaluation throws you back, and in the next two years you only return to the previous outcomes.

There is a little concern about social instability. When you talk to government departments at various levels, it becomes obvious that the key motivation for them is to keep the people calm. They worry that otherwise, there may be unrest, and these issues are worked out in advance. There were no unrest indeed, despite the fact that people lost income during the quarantine and had to quit their jobs. We have a continuity of power, and, at all events, it is worthy of respect.

The climate change and environmental damage issues are of great concern. Many employees are worried about the environmental situation in Almaty, thinking about moving, the reason for which is the same – the environment. To a large extent, all business-related issues can be resolved, but a good ecology is one of the basic human needs. The environmental issues cross out the desire to develop the city, country and business.

Policy uncertainty is of big concern. When I hear that some city or state is planning to completely abandon the internal combustion engines by 2025-2030, I realize that this is a matter for the near future. This means that car sales will decline, the demand for oil and hence the price will fall. This will negatively affect the state of the economy of Kazakhstan, and we cannot count on alternative earnings from such industries as IT or tourism. The era of the resource-based power is coming to an end, and this cannot but cause concern.

We always monitor changes in consumer behaviour in order to manage to redesign the business as per the changed trends. For instance, people first read

newspapers, then began to search for ads on the Internet, and this is a new model of information consumption. We constantly examine the trends, so the changes in consumer behaviour are of big concern.

Cyber threats are of great concern. This year there has been an incredible upsurge in the Internet scam, we also had many problems of this kind on the platform, and we are actively struggling this. For the reason that a considerable part of the activity has moved to the Internet, the number of incidents has almost doubled – people make purchases on the Internet, arrange delivery, transfer their bank card details, and fraudsters use this data. We spend a lot of financial and professional resources on fighting cyber threats.”

**Nikolay Babeshkin**  
Kolesa Group





## THEME

### Threats Affecting Business

“We are committed to contribute to the fight against climate change. We do it thanks to the nature of our business but also by the way we operate: we strive to minimize the environmental effect of our operations by using the energy-efficient technology, practicing sustainable waste management and reducing carbon emissions. It is our part of our mission statement. As I know, climate change is an agenda for FIC (Foreign Investment Council) and by spring 2021 there will be a proposal for Kazakhstan from the business community in regards of what can be done.

We are looking forward to the ongoing work on the mining code of Kazakhstan, especially for the uranium mining. Indeed, the Over regulation is an issue that is of concern to us because it is impacting our administrative procedures making our business less agile.

We are extremely concerned about volatility of commodity prices but 2020 was a good year for us in this regard. The uranium spot prices went up by 25%. From 24-25 USD per pound up to 33 USD and now it is stabilized around 30 US dollar per pound. Probably we are very lucky compared to some colleagues on the commodity market. But it may also reflect the fact that the market is starting to acknowledge that the price level over the past few years was not sustainable for the development of the mines to guarantee the future supply.”

**Gerard Fries**  
KATCO

“The issue of over-regulation is quite complex for SMEs. Business support for the state is more important than ever, and especially during a new qualitative leap in the country's development after the pandemic. Naturally, we will adapt to any regulation.

Increasing tax obligation is generally unacceptable, therefore there should be an optimal set of criteria for assessments according to the taxable base, which will affect the activities of each company. It seems to me that there should be differentiation in the tax burden for companies.

The availability of capital is determined by attractive conditions on the part of financial institutions and their willingness to support business. Everyone knows that it

is not easy to obtain a loan from financial institutions. But I believe there will be a significant improvement in the market in terms of capital availability and reduction in interest rates due to recent events. Client-focusedness and loyalty are the factors that will come first for many persons.

The inadequate basic infrastructure in the country is of great concern. If we start with demography, there is an active urbanization of the population, the extinction of rural areas and villages. Few people want to involve in the development of agriculture, there are no conditions, but a monopoly. The infrastructure in telecommunications causes concern – the lack of a sufficiently fast Internet and communication coverage. In terms of the development of ecological transport, then, for instance, compressed gas – methane, is probably the first alternative type of fuel that will replace the traditional one, but even here there is a lack of infrastructure in the form of gas filling stations. This type of fuel is quite cheap and environmentally friendly. And another example: in Shymkent, the akimat allocated funds for the purchase of methane-fuelled buses. About 600 buses were purchased, but there is nothing to refuel with - there are no gas filling stations, since they have not been built yet. In general, the development of infrastructure leaves much to be desired, and there is a lot to think about and work on.

We are greatly concerned about the climate change and environmental damage. Ecology is the factor that affects people's health During the pandemic, the issue of the environmental background in the city (Almaty) and the measures that will be aimed at its improving has been repeatedly raised. There are considerable changes as compared to the last year. The population has become acutely aware of this issue, more sensitive to climate change and the environment. To my mind, very soon active measures will be taken to switch to alternative energy sources.

I do not see any tax policy uncertainty. I believe that the predicted tax burden is under way, and the tax policy itself is quite smart. But in the era of the pandemic, in the next few years it would be good to receive some kind of tax breaks, while the world economy is recovering.

The availability of key skills – is also an urgent issue; we

have a really big problem with that in our country. There is an obvious outflow of the skilled staff to neighbouring countries and far abroad. Our task is to retain staff members and pay attention to their skills upgrading, improving knowledge and competence. First of all, there is a shortage of experts in sales, and secondly, in project management. There seem to be enough engineers nowadays, although it depends on the industry. We do not see a shortage of engineers in our industry. We are extremely concerned about volatile commodity prices, this is a direct impact on the cost of goods. Every year our partners raise prices for the equipment because of the fact that prices for raw materials change. This is an obvious fact.”

**Erik Shortanbayev**  
Skymax Technologies

“The availability of capital is a great concern. In our country, the money is expensive, so in the end the final buyer pays for it.

I am concerned a little about supply chain disruption. Since the borders were closed, we had no choice, and last year we spent more than 100 million Kazakh Tenge for air travel. Previously, this amount had amounted about 3 million Kazakh Tenge. There are still hardships, a large number of our machines, equipment and raw materials are on the border with China.”

**Ilya Martinenko**  
Avrora Holding

“I am slightly concerned about over-regulation. In our countries of the former USSR, people like to regulate the subsoil use, and this is always a problem. For the same reason, we are concerned about the increase in the tax obligation – the industry is one of the main donors of the budget.

We are somewhat concerned about inadequate basic infrastructure. We depend on infrastructure, Kazakhstan is a huge country, and not locations have access to the required infrastructure – water, railways, electricity. Populism causes some concern. Now a number of world leaders are clearly gravitating towards populism. Today, protectionism, economic nationalism, and such a new phenomenon as "trumpism" are vivid manifestations of

populism. Unhappily, all this leads to a crisis in international economic and trade relations.

Trade conflicts are of great concern, because they directly affect business. We depend heavily on this. Policy uncertainty and tax policy uncertainty cause some concern. In fact, there is no particular tax policy uncertainty in Kazakhstan. Recently, there has been a rise of the social tax only, and social insurance has been introduced – in general, these changes are not cardinal. At the same time, VAT has been reduced. Globally, taxes do not change.

Speed of technological changes causes some concern. There are always risks of a new product and technology emerging that can restrict the use of your product. For instance, presently there is a lot of talk about the appearance of new superconductors, which, however, can only operate at the temperatures close to absolute zero and at very high pressures. The emergence of a cheap superconductor will certainly affect the copper market. But, most likely, this is an issue of a very distant future.

There is some concern about the lack of confidence in the business. In these days, we often have to deal with bloodthirsty sentiments in relation to business. Public criticism is good, but more often than not it is not based either on statutory regulations nor on serious constructive arguments. There should be a listener state that is ready to listen to different opinions, analyse them and make an informed decision based on the laws and public benefit.

There is some concern about the willingness to respond to crisis situations. We see that crisis situations can be different. Personally, I would be very surprised if I find out that somebody or other in their risk management strategy had such an item as a pandemic, except for the companies involved in animal husbandry.”

**Marat Seitkulov**  
Caravan Resources

**THEME**

**Drivers for business stability and profitability**

Seeking operational efficiencies, like last year, remains a priority among the steps to ensure the stability and profitability of business in Kazakhstan (88%) and throughout the world (77%). It is noteworthy, that the launch of a new product (76%), according to Kazakhstani respondents, is ahead of organic growth (70%) as compared to 2020. There has been a considerable increase in the desire of businessmen in Kazakhstan to cooperate with entrepreneurs or new companies (41%), while only 21% of respondents considered this step in this context last year.

	<b>Kazakhstan 2021</b>	<b>Global 2021</b>
Seek operational efficiencies	<b>88%</b>	77%
Launch a new product or service	<b>76%</b>	56%
Pursue organic growth	70%	73%
Collaborate with entrepreneurs or start-ups	<b>41%</b>	25%
Enter a new market	35%	29%
Form a new strategic alliance or joint venture	21%	35%
Pursue new M&A	15%	38%
Sell a business	2%	13%

**88%**  
Seek operational efficiencies

**76%**  
Launch a new product or service

**41%**  
Collaborate with entrepreneurs or start-ups

“We are planning organic growth, constantly working to improve operational efficiency and maximize process automation. We definitely consider new strategic alliances and entering other markets. As for mergers and acquisitions, we are ready to review the possibility of any additional synergy, including IT organizations, interesting services, but not banks.”

**Umut Shayakhmetova**  
Halyk Bank

“We prioritize organic growth and performance improvement. New products are launched on a continuous basis in different directions, including many software and hardware solutions. We have an extension for all lines – premium, optimal and budget. We just want to deliver some of them to the market. For instance, we have antibacterial socket outlets and switches that have always been in a good price segment, but before the previous year they had been in less demand than they are now. Now this is a relevant product, it will be interesting, and we want to present it on the market once again. We are also planning to enter new markets, we mean different segments – new customers, new partners.”

**Lev Appakov**  
Schneider Electric

## THEME

### Drivers for business stability and profitability

“We will have internal and organic growth, seeking operational efficiencies, and acquisitions and mergers. Currently we are in talks on the purchase of one technology company - a digital services company. Most likely, we will complete the transaction soon. We are completely reorganizing the direct delivery process. It is likely that in the next three years this will be a separate category of business, where we will work independently, without intermediaries. We think that there is a lot of promise in it, and from this year delivery will continue to grow. While some think that 2020 has brought an increase in delivery services, I believe that the pattern of behaviour has changed. In the coming years, there will be no less ordering meals than having meals in restaurants. Delivery will become a major market. In this regard, I am reconstructing my restaurants. Couriers will not enter through the same entrance as visitors. We are making two separate entrances to ensure there is quick access to the kitchen and collection of packaged orders, and the visitors pass through the main entrance and do not intersect in the stream. We hadn't thought about things of this nature before.”

**Askar Baitassov**  
ABR

“We will pursue organic growth, continue to seek operational efficiencies and launch new leisure routes and new product or services, particularly in the area of financial technologies. We are very conscious of retail profile development taking place this year : 2020 saw an explosion of online retail and financial services in all retail sectors, worldwide. The ability of consumers to access not only retail but also financial services online, in terms of credit and other facilities, and we think is a massive development. Since mid-2020 we've been working on our own specific tool for retail travel services. We believe we in a strong position now. We have access to a mass consumer market particularly through Fly Arystan. Air Astana is not really a mass consumer product but Fly Arystan is. It is available to everybody in the country from medium to lower medium incomes. We believe that it is going to give us a massive leverage

when it comes to selling a travel service.”

**Peter Foster**  
Air Astana

“Our divisional units are developing extremely rapidly, and we are planning to build factories in the cities of Nur-Sultan and Petropavlovsk. We are growing and following the path of optimizing small business activities. Perhaps, we are the first Kazakh organization to have bought an American (USA) company in 2020.”

**Farrukh Makhmudov**  
Orbis Kazakhstan

“We are preparing two products to launch: the first is the Raketa service, which is a delivery service for anything in 15-60 minutes. We will be able to serve a courier anywhere in key cities in 5 minutes and provide our partners with the opportunity for very fast delivery. Now many deliver less quickly – the next day or in a few days. The second service is lending, it will be accessible for both B2B and B2C. Clients will have a credit limit, and partners will have the opportunity to receive loans, provided that transactions go through our service.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“In terms of strategy, the telecommunications industry has reached the maximum technological constraint, so we are planning to launch new products and services. Currently, the most advanced technology is LTE, and no matter what we do, we continue to spread it even more and optimize the cost of its implementation and expansion. In the next 10 years, the 4G standard will be the breadwinner for telecommunication operators. It doesn't matter whether it will be 5G or 6G, LTE will generate the biggest revenue in the next 10 years. From the point of view of investors, we have reached a level of development where organic expansion is not expected. Therefore, we Beeline Kazakhstan, having studied related markets, have launched seven new business streams, including mobile finance, IoT, cloud solutions, big data solutions. Some of these streams are already

raising money, some are at the survival stage, and some are being tested. To date, the share of income from new streams has reached 7%, in the horizon of 5 years it will amount to 15-20% of the total income. There is an appetite for potential ecosystem products in areas such as content, big data, and mobile finance – anything that would allow us to strengthen the position of our internal startups. Unfortunately, so far it has been problematic for us, a large international group with strict procedures, to find a large asset that we could acquire, due to strict internal requirements.”

**Evgeniy Nastradin**  
Beeline Kazakhstan

“Our steps include internal growth, seeking operational efficiency, and launching a new product. As for a new strategic alliance or joint venture, we have no concrete steps, but we do not reject this opportunity. Regarding the launch of a new product or service, we note for ourselves that Arbutz.kz has completed the first phase of its development - a startup and proving the hypothesis of our existence as a business model and a team. Now we are moving into the second phase – the sustainable growth phase. We will be expanding towards other product segments, selling not only food products, but everything that is relevant to our target audience as well. Our audience is, first of all, family people. As future competition evolves, we will have a closer look at trends and be proactive to stay relevant. This includes logistics, delivery speed and assortment as well. We have a basic idea in our head – we want to be the best online supermarket in Kazakhstan, and based on this concept, we will take all the required steps.”

**Alexey Lee**  
Arbutz.kz

“Launch of a new product or service, organic growth, seeking operational efficiency (work with conversion into purchases). Now we are working in two lines that are relatively new for us. One is related to the sale of new cars, we have already launched a complex, large product for dealers, through which people can easily buy new cars via our site. The second line is the sale of

spare parts. In the RE industry, we also have new services, but this is rather the development of the "Krysha" itself. In general, all our products are moving from an advertising model to a transactional one: if clients simply used to post ads before, now we bring them to the procedure for signing an agreement. Certainly, the final registration takes place at the Citizens Service Centre or at the notary, but the whole process before a person has made a decision and signed the documents is rather complicated, and we help to arrange it. We can say that this is an evolutionary development of the classified real estate.”

**Nikolay Babeshkin**  
Kolesa Group

“Our plans include: internal growth, strategic alliances, seeking operational efficiencies, launching new products, entry into new markets, partnerships with new companies, and we are working on mergers and acquisitions as well. As part of the holding, we plan mergers and acquisitions to ensure resilience to shocks and crisis situations, to acquire additional expertise and to enter new regions within Kazakhstan. Since there is no time for organic growth, we are in active talks with local chains. We are launching new products related to e-commerce and big data. Soon we will have a franchise, not in the classic sense, but in a new format civilizing neighbourhood stores. Perhaps, this franchise will not be under our brand.”

**Azamat Osmanov**  
Magnum Cash & Carry

## THEME

### Drivers for business stability and profitability

“Organic growth – we are increasing the number of employees. In 2020, we increased the number of staff members by 40%, and in 2021 we are planning approximately the same growth. We are seeking operational efficiency, we are closely monitoring compliance with a certain level of margin, below which it is simply unprofitable to sell. We are entering into various strategic alliances. We have partner companies, joint ventures are being created. We are launching new products and thus are diversifying our business. If our business used to concern the department of IT, IT security of clients, now we go into the business of customers and clients, communicate with HR specialists and lawyers, marketers, and offer business solutions. As for M&A, after the purchase of the Indian company, we have become No. 2 in this territory, and several purchases are planned in the countries of the former USSR. In virtue of the purchase of a company from Germany, we obtained the opportunity to enter the Western European market. We are interested in cooperation with entrepreneurs and new companies. At Softline we have an investment fund that invests in startups, and we are going to launch one of such startups in Kazakhstan. Regarding mergers and acquisitions, we understand that in a down economy we can acquire companies for much less money than at other times. In addition, the IT companies that we acquire have a good high-quality expertise, which we would have to grow for a very long time on our own.”

**Anna Duy**  
Softline

“In 2021, we launched access, restricted by contacts – this is a new model for consumption of HeadHunter services. This model based on job seekers' contacts is a common practice in the international online recruitment market, which makes the selection transparent from the point of view of business and HR metrics, makes it possible to calculate the funnel and the cost of hiring that is important in the HR metric. Ultimately, such a model helps to make the most of the budget, forecast and manage recruitment costs.

Two more projects are under preparation, which we will talk about a little later.”

**Nina Bychenko**  
HeadHunter

“Our steps are fairly standard – internal organic growth and continuous work to seek operational efficiencies. This is one of our strategic directions, as many service contracts have been concluded, and we are constantly interacting with customers regarding more effective reduction of the mineral extraction cost. The plans also include the launch of new products that are already available in our portfolio, but probably still are not brought to market.

In the Central Asia region, we are responsible for five countries: they are Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, and we are represented in all countries, except for Turkmenistan. In Tajikistan, we opened an office, a warehouse and increased our presence more than a year ago. In Kyrgyzstan, we are represented through service projects and contracts. Turkmenistan is a closed country, if something changes a lot and it opens up, it is possible. But in terms of potential in our industry, the market is small there.”

**Mikhail Balytchev**  
Epiroc

“Organic growth, performance improvement is primarily about dealing with costs, launching new products and services. To enter a new market is possible in theory. We reviewed the possibility of entering the Uzbek market, but the transformation there is slow, and the situation is still not clear. Regarding new products and services, we are constantly launching new services related to our service unit. We have a separate department under the Hitech brand, and we provide our customers with services for the installation and configuration of equipment. These products are very relevant by today.”

**Dmitriy Provkina**  
Arena S (Sulpak)

“We will be developing through internal organic growth and seeking operating efficiencies. The plans for 2021 include the launch of new products and services. In addition, we are considering a number of options for exporting to other countries and business cooperation. Besides that, we are elaborating an online product for the sale of used cars and building dealership centres of a new format. They are not branded showrooms, but showrooms where used cars that have passed legal and technical checks are presented.”

**Beknur Nesipbayev**  
Astana Motors

“Steps to increase an organization's growth and profitability: seeking operational efficiencies, launching a new product or service, probably cooperating with entrepreneurs and other companies. We have projects when we performed integration with companies from another business. We have done such projects as part of the "Almaty Marathon"; and we are working on the project of the pole walking school. For amateurs it is both physical activity and rehabilitation after injuries, and on a professional level we will develop power nordic walking.”

**Valikhan Ten**  
World Class Almaty

“On the one hand, we are continuing to work on our operational efficiency and innovate both in terms of cost efficiency and reduction of environmental impact. We also have several development projects in the pipe to meet our contractual obligations and continue producing the uranium concentrate, which is the raw material needed to generate from nuclear energy the electricity indispensable for the economies and people.”

**Gerard Fries**  
KATCO

“There will be organic growth, seeking operational efficiencies, launches of a new product or service, and new market entry. We are planning to expand within

Kazakhstan. First of all, this is Nur-Sultan; at present, we have branches in 10 cities, where we worked during the quarantine, and we will be developing further. Karaganda is a new region for us, we are also planning to open up there. Currently, the process is at the stage of signing contracts. This is about the sale of franchises and cooperation with new companies. During the pandemic, we signed an agreement with a Russian meat producer, Miratorg company. Before that, we tried to work on a local meat market, but the quality is extremely unstable, and there are difficulties with supplies as well. Since we require a large volume of products, we had to look for alternative options.”

**Yuriy Negodyuk**  
Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

## THEME

### Drivers for business stability and profitability

“To ensure growth and profitability, we are planning to seek operational efficiencies, launch new products and services, enter new markets, and develop cooperation with entrepreneurs and new companies. Regarding the development of new markets, I would like to note that, firstly, we will talk about the expansion of Wolt’s presence in the cities of Kazakhstan, and during 2021 we are planning to launch 2-5 cities. Two other promising destinations are Bishkek and Tashkent, large cities that have higher potential than cities in Kazakhstan, except for Almaty and Nur-Sultan. But entering the markets of Kyrgyzstan and Uzbekistan is associated with a number of aspects of a legal nature, therefore we will study the markets first and, based on the information received, decide whether we will launch two cities in Kazakhstan or one in Central Asia. New products and services. Up till now, our main specialization was the delivery of meals from restaurants, and now we are focusing on the delivery of various goods that can fit in a courier’s bag. These are the goods from supermarkets, pharmacies, flower shops, electronics, in short, we want to move to retail. Wolt has recently raised a fourth round of funding in the amount of \$ 500 million, and there is widespread discussion in the global mass media that the company is using the new funding to enter the Amazon territory. We are intended to become a sales platform with very fast delivery, we will negotiate a partnership with the maximum number of retailers and we will develop delivery, and for this we are hiring a separate team.”

**Alibek Yessov**  
Wolt

“In 2021, we will take the steps traditional for the company to drive growth. This includes seeking operational efficiencies, the launch of new products and services, and we will review the possibilities for mergers and acquisitions. Currently, it is essential to do everything on time, because the market is changing, we have to keep up with it and even stay ahead. Therefore, for us the M&A opportunities primarily mean the possibilities for acceleration, because we want to acquire the expertise we lack, buy solutions that are practically ready to use. This is key. And only then there are the

tasks of expanding and diversifying the range of products and services, as well as acquiring another business at a reasonable price.”

**Kairat Mazhibayev**  
RG Brands

“First, we are planning to launch a new product or service within current and new segments. Second, this is the entry of new markets. We are a company that initially positioned itself not just as a foreign investor in the Kazakhstan market, but in the long term, we would like to become an export-forming enterprise. Our goal and task is to export at least 80% of our turnover. By the end of 2018 – by early 2019, our export was about 20%. Currently, this figure is close to 70% according to the outcomes of last year. We are planning to develop the Chinese direction more actively and, in the future, enter the Mongolian market. Nowadays we are working in Afghanistan and cover all 5 countries of Central Asia. We will also have an increase in operational efficiency and cooperation with entrepreneurs and new companies to renew our client and distribution base.”

**Bernard Vavrzhin**  
Mareven Food Tian-Shan

“We expect the improved operating efficiency, organic growth and launch of new products. At present we are launching a new brand in the pet food category – Perfect Fit. It is successfully marketed in Russia and is now entering Kazakhstan. We are not planning to launch something completely revolutionary yet, but we have interesting varieties of existing products that we will bring to market soon.”

**Mikhail Bazanov**  
Mars Kazakhstan

“We are planning to launch a few new products. This is another loan product for individuals that enables to borrow a larger amount for a longer period. Since we are currently building a financial marketplace, we offer an intermediary service: people can get a loan from a bank through us. We want our marketplace to be added with an expanded product line for consumers so as to make

sure they can contact through us not only a bank, but microlenders, pawnshops, insurance companies as well, we would like to connect SMEs with banks and with microlenders. It will continue to be an information and service portal, only with an expanded list of proposals. In addition, since we are not involved in mediating only, but in lending as well, we always need to increase the amount of external funding. We are searching for new sources of funding in the local market – through banking institutions, securities issue. This year we are planning to attract two new sources.”

**Alexey Sidorov**  
Silkway Ventures Group

“We are planning to enter the Tajik market. Now we are present on the Orenburg market and are in talks with partners about entering other regions of the Russian Federation closest to the border of our republic. After we have established the processes of operating activities and logistics, we are planning to enter the Moscow market at once.”

**Nursultan Zhumabek**  
hoffmann aluminium

“We anticipate the dynamics of internal growth, since we pay special attention to the staff, work to improve their skills, knowledge and increase competence. Operational efficiency plays an important role in our company. While working remotely online, we have learned to measure the efficiency and outcomes of each employee’s work using various tools along with their further motivation.

This year, we have made a greater inclination towards the provision of consulting and technical audit services. It is also planned to introduce new products and implement new investment projects, since we see the further development of the company in accordance with the trends in the development of new technologies. Given that the market is undergoing digital transformation and e-commerce development, we are planning to introduce virtual and augmented reality products. Moreover, we are carrying on to enter new markets. Just

recently, we have registered our branch in Ukraine, with the same lines as the parent company in Kazakhstan – initially, the focus will be on the aviation market, since the aviation authorities of Ukraine invite us to cooperate.”

**Erik Shortanbayev**  
Skymax Technologies



## THEME

### Drivers for business stability and profitability

“We will have organic growth, increased operational efficiency, collaboration with new entrepreneurs and companies, new product launches, acquisitions and mergers is a must. We are planning to acquire additional technology expertise and skilled workforce and buy assets or businesses at a low cost. We have already purchased real estate one and a half times cheaper than it was before the pandemic. For 12 months we have not been planning to enter new markets, is not the time at the moment. We are moving more towards the IT industry.”

**Ilya Martinenko**  
Avrora Holding

“We want to change the principle of company management in its entirety, introduce process management and automation. Throughout our activity, we have not ceased doing this, but the steps were chaotic. Currently we have systematized what we want to get, we are aware of the required amount of investment and the time periods for implementation. It has become obvious which processes in the company are ineffective. In any case, we will seek operational efficiency inclusive of the changes and these innovations.

We are launching new products in the budget segment. Earlier, we talked about the line of the pools only, now they include fountains as well. New products are being developed in our factories, and the factories are fully supportive. I think that from next year we will bring out two new lines, which we will be actively promoting and continue to develop the service. We are trying to build a company that will be providing services at a high level. Service in Kazakhstan is rather difficult. We spend much trouble, time and money on creation of a product that will best meet the market needs. Service is what will bring money in the long term. Most often, a lot of companies make money not on sales, but on the service. This year we started to develop two new areas — watering and irrigation. This is relevant for Kazakhstan, many parks, recreational areas are under construction, and often in rather extreme conditions. For instance, in Turkestan, where it is very hot and there isn't much rainfall. Our equipment makes it possible to maintain

green planting and save water. I consider all these areas to be promising. We hope, the outcome will be visible next year, nevertheless, we will not concentrate on one thing, and we will try to expand in other directions as well.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“Ramstore is part of the Migros Ticaret Group, owned by Anadolu Endustri Holding (Turkey). Anadolu Group is actively primed for business development in Kazakhstan and continues to invest in Efes and Coca-Cola Icecek (in Kazakhstan). As per the Group's growth strategy, we have reviewed the retail operations of Ramstore Kazakhstan and have decided to discontinue them. However, we are staying in the country as Ramstore Kazakhstan LLP and will continue our activities by managing the Ramstore All-In multifunctional complex in Almaty, which constitutes the bulk of our investments in Kazakhstan in this industry.”

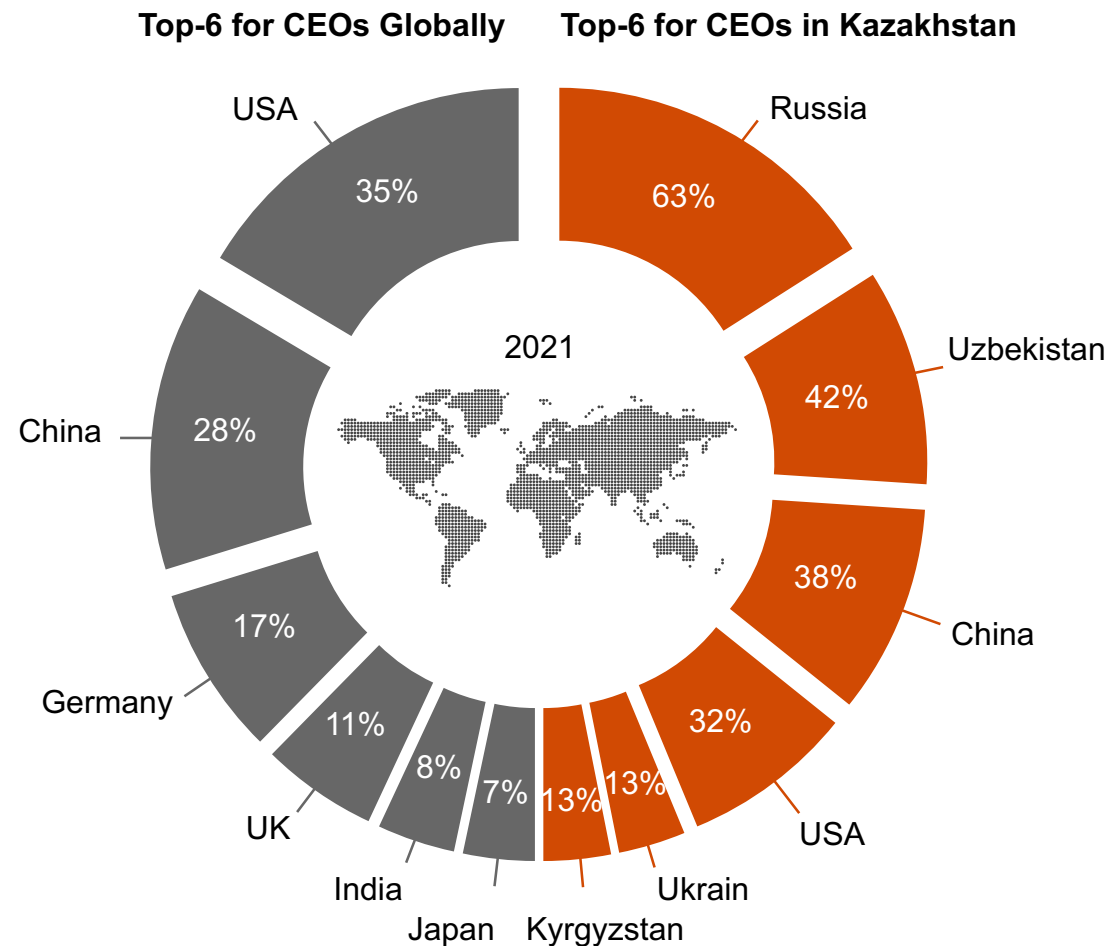
**Aytug Can**  
Ramstore



**THEME**

**The most important countries for business development**

According to respondents in Kazakhstan, this year Ukraine (13%) and Kyrgyzstan (13%) are in the top countries for business development, having displaced Azerbaijan (9%) and Turkey (9%) from fifth and sixth places, respectively. The priority of the first two countries has remained at the same level in comparison with the previous year. The US and China were roughly at the same level in 2020, having gained 29% and 28%, and this year China came in third (38%), ahead of the US (32%).



**Russia, Uzbekistan, China**

“We worked in the Chinese market long ago, we had a juice factory, and we know its advantages and huge disadvantages very well. Now we are moving there gradually, because again there are problems with logistics, the closed Chinese market and the inability to fly there. These factors hold us back very much. We do not cherish strong illusions with regard to Uzbekistan, but we are still present there, in particular in the segment of dairy products. There are various problems there, primarily related to governmental regulation. For example, we are obliged to print labels in Uzbek, although we have made additional stickers. This creates certain difficulties, but they are neighbours of 30 million people, and whatever the leaders are, we are on the Uzbek market.”

**Raimbek Batalov**  
Raimbek Group

**Uzbekistan, Russia, Kyrgyzstan**

“The development and opening of its own market is under way in Uzbekistan nowadays. The population in such a small area is twice as much than in Kazakhstan. It seems to me that the workplace culture of people there is higher than ours. This market is demonstrating good growth and great demand for our products. In Russia, the market is saturated, and it is difficult to develop there due to rivalry, but all the same, we entered there in 2020 and we can see double growth. In Kyrgyzstan, we have found partners who work in the market, while competing. There we work through Kazakh-Export, with a deferral of payment, 50 by 50. We are also present on the Ukrainian market, but there has been a decline there.”

**Nursultan Zhumabek**  
hoffmann aluminium

**Russia, Kyrgyzstan, Uzbekistan**

“Russia is traditionally one of the most important countries for our business; Kyrgyzstan and Uzbekistan play an important role in terms of growth prospects. The business model of RG Brands is not very adapted yet to the dynamics of the development of the Uzbek market. In our strategy, first and foremost, we focus on the needs and quality of life of consumers, on the situation in the retail market, and only then on decisions on government regulation and the specifics of the investment climate. We have been in Uzbekistan since 1997 and believe that there is still a long way to go to implement strategies for sustainable profitable growth. We have no overestimated short-term expectations for this market. This is a large market with a population of over 30 million people, with a well-developed railway and retail infrastructure, and the situation with human capital is quite good there. In the medium term period, Uzbekistan looks very promising. We are advancing in the Uzbek market step by step, we realize that the country has to overcome many challenges related to arranging and maintaining the foreign exchange market, liberalizing the investment climate, defining the key expectations of external investors, therefore, in relation to business development in Uzbekistan, we are talking about a horizon of 5 -10 years.”

**Kairat Mazhibayev**  
RG Brands

## THEME

### The most important countries for business development

#### Uzbekistan

“In general, we have full-fledged subsidiaries in the countries of Central Asia, Georgia and Russia. If we consider our regions of presence, then the main focus is Uzbekistan.”

#### Umut Shayakhmetova

Halyk Bank

#### Russia, Uzbekistan, Kyrgyzstan

“There is a very small market share in Kyrgyzstan, we are an inconspicuous player there, currently we occupy about 2%. We want to increase our presence in the next year.”

#### Serik Tolukpayev

Aitas KZ, UKPF

#### China, USA and Russia

“The most significant countries in terms of business development in Kazakhstan are China, the USA and Russia, these countries have a global impact on business. In addition, we are affected by the health of the group in general, and it is highly dependent on the three countries listed above and Pakistan, where the VEON group is present as well. It is a country with a very large population, low digital penetration, and VEON is betting big on business growth in this country. And if all goes well, we, as part of the group, will be able to invest more in Kazakhstan.”

#### Evgeniy Nastradin

Beeline Kazakhstan

#### Uzbekistan, Azerbaijan, Turkey

“We were represented in the Uzbek market earlier than in Kazakhstan. Now Uzbekistan is opening up for economic investment, therefore it is very interesting for us to work there along with other companies. We have a reliable and good partner in Uzbekistan, who helps to distribute our products. Perhaps, Azerbaijan is a little less explored market. In stores there you can see enormous sections of

sweets by weight, they are several times bigger than similar sections in Kazakhstan. This is a tremendous layer of the traditional culture of consumption inherent in the Azerbaijani consumer.

We are quite successful in this segment and in Kazakhstan. But it is exactly Azerbaijan where we see opportunities to expand our representation and enlarge our business, and our hope is primarily associated with sweets by weight. In general, the country's economy is quite strong, and given the fact that oil prices will not fall much, the growth prospects of the Azerbaijani economy are rather good.”

#### Mikhail Bazanov

Mars Kazakhstan

#### Azerbaijan, Uzbekistan, Ukraine

“We are already developing business in Azerbaijan. In addition, we are potentially interested in Uzbekistan and Ukraine, and this year we are actively studying both of these markets.”

#### Mikhail Lomtadze

Kaspi.kz

#### Ukraine, Uzbekistan, Russia

“We are all watching Uzbekistan, its potential and probable dynamic development. Many companies have opened representative offices, branches or companies in Uzbekistan, but, unfortunately, we have not received significant outcomes for the company yet.”

#### Erik Shortanbayev

Skymax Technologies

#### Russia, Uzbekistan, China

“This is a very challenging issue, because in general for Schneider Electric the pivotal markets, as well as for the entire economy, are the USA, China and France. If these three big economies are successful, it becomes much easier for all of us. For Kazakhstan, these are neighbours – China, Russia, Uzbekistan and Turkey. In general, they are the largest

economies for the company. I do not even separate Russia from Kazakhstan, because we are in the same customs space.”

#### Lev Appakov

Schneider Electric

#### Turkey, Russia, Uzbekistan.

“Over recent years, Uzbekistan has been carrying out active reforms in the economy, opening up for foreign investment. In 2019, as part of a delegation of Kazakh investors, along with European funds, I was in a road show in Uzbekistan, met with local businessmen, heads of governmental authorities who are aggressively working to attract investment and technology to the country. It can be seen that currently a lot of new projects are being implemented in the mining industry of Uzbekistan, with the involvement of Russian, Korean and Chinese mining companies. In this country we have certain portfolio investments that can be increased in the coming years.

Russia makes the top three world leaders in oil production. Despite the fact that everyone is talking about the end of the "oil era", currently large investments are starting in Russia in large projects, for example, in Vostok Oil with a projected investment volume of more than US \$ 100 billion, and this is just one project. We began to carry out the first operations in Russia in 2017, when our team of 300 people participated in the construction of Yamal LNG (shareholders are Novatek, Total), and we are planning to participate in new large oil and gas projects as an oilfield service company.”

#### Almas Kudaibergen

Centrasia Group

#### China, Russia and Uzbekistan

“To start with, Kazakhstan is closely connected with China and Uzbekistan in the trade relations, secondly, these countries are geographically close to each other, thirdly, the presence of expat workforce from these countries, in this regard, in current

conditions, we can see development of trans-border relations between these countries.”

#### Yeldar Tenizbayev

Sberbank Kazakhstan

#### China, USA, Europe

“As regards the geography of the business I am in charge of, this is Uzbekistan. When looking at Sanofi in general, certainly, they are China, the United States and Europe – large European countries such as France, Germany, Spain, Italy, Great Britain.”

#### Vitaly Bystryukov

Sanofi Kazakhstan

#### Russia, USA, China

“The USA are important to us because our portfolio consists of more than 3,000 manufacturers, and the largest of them are American companies: HP, Dell and others. Russia is important because our parent company is located there, in addition, the economy of Kazakhstan is highly dependent on Russian Rouble; there are many manufacturers who are also located in Russia, and Western sanctions – and we expect them to toughen – will undoubtedly affect the Kazakh economy. China occupies a strong position in the information technology market, China is represented by companies such as Lenovo, Huawei, in addition, it is a large neighbour of Kazakhstan.”

#### Anna Duy

Softline



## THEME

### The most important countries for business development

#### Russia, Uzbekistan, Kyrgyzstan

“The most significant countries are Russia, Uzbekistan, Kyrgyzstan. In Kyrgyzstan, we have our World Class partners, in Uzbekistan we cooperate with several sports federations and would like to work in the field of fitness.”

#### Valikhan Ten

World Class Almaty

#### China, USA, Russia

“Uzbekistan is a potentially significant market for us, but we are still looking attentively and realize that it is not easy there. This is undoubtedly a large and promising economy, but there are high customs duties so far. We are not an international company and we assess the difficulties in the markets. I think that the government will contribute to the revival of national Uzbek companies. Since there is a large market there, it is likely that over time, on the contrary, there will be an expansion of Uzbek entrepreneurs to Kazakhstan.”

#### Yerem Arutyunyan

Mechta.kz

#### USA, China and Russia

“The most important countries for our business are the USA, China and Russia. Traditionally Russia has a strong influence on us both economically and socially. The USA seek to influence everyone. In the case of Kazakhstan, this influence is amplified by our geographic location and dependence on hydrocarbons. And China has an initiative to develop the Silk Road, which is a possible factor of stability for us as a state.”

#### Konstantin Kulinich

Mary Kay Kazakhstan

#### Kyrgyzstan, Uzbekistan

“In Kyrgyzstan and Uzbekistan, we have been present in terms of local sites since 2015, we are planning to strengthen our leadership positions in the

of Internet recruitment, expand penetration in large cities and regions, thereby increasing the base of job seekers and employers.”

#### Nina Bychenko

HeadHunter

#### Uzbekistan, Azerbaijan

“We are planning to enter these markets with franchises and are already in talks.”

#### Askar Baitassov

ABR

#### Russia

“This year we are definitely focused on Kazakhstan and have no plans to enter other markets. At some stage, we will be affected by the development of Russian players. Now everyone is involved in everything, that is, if the Russian Ozon, Wildberries, Yandex and X5, which was aiming to enter Kazakhstan, develop more aggressively, then from the point of view of competition and protection of the domestic market, this may affect us.”

#### Alexey Lee

Arbuz.kz

#### Russia, USA, China

“The health of the economy in these global markets generally affects the situation in Kazakhstan. I would like to mention Uzbekistan. Currently, we are leading there in the auto category, and we are starting to think about monetization, for 2020 we have fulfilled all the KPIs for the number of sellers and we are planning that our business in this country will become profitable.”

#### Nikolay Babeshkin

Kolesa Group

#### Uzbekistan

“If we are talking about our parent company, this is Europe. They are France, Italy and Spain, these countries featured good growth in the private sector.

And the United States as well, because this market is solvent despite certain issues. I think there will be the same trend as in Europe. People, realizing the limited mobility, will begin to invest more in their own households and build swimming pools. As for me, in our region it is Uzbekistan. It displays stable growth and often outperforms Kazakhstan. While the level of purchasing power is lower there, people are trying to buy more expensive and better quality items. On the contrary, we have a higher purchase level, but people are trying to save as much as possible.”

#### Mikhail Borisov

Fluidra Kazakhstan

#### Belarus, Ukraine, Russia

“We researched the Uzbek market, but abandoned the idea to develop a project there due to low Internet penetration, a low percentage of urbanization, as well as the language barrier among the young people. Namely, this population group is the most active audience in online sales and purchases.”

#### Maxim Melnik

Satu.kz

#### Russia, Portugal, Kyrgyzstan

“Russia and Kyrgyzstan are our neighbours, and in Portugal we run a business selling antiseptics and health care products. Moreover, our holding is owned by a Portuguese company.”

#### Ilya Martinenko

Avrora Holding

#### Congo, China, Australia

“Congo, since I have associations with cobalt, metals that are used in battery technology. The pandemic has urged forward the development of these technologies and there will be demand. China, because it is a large economy and a large share of our business. From the point of view of our customers, large enterprises are concentrated in Australia, there is a large market for us, and now it is



actively developing in terms of automation. Epiroc has had self-contained drilling rigs in operation globally for several years and has projects where we, in liaison with the customer, produce autonomous dump trucks. Therefore, for us and our customers, automation is one of the new directions that makes it possible to improve processes and reduce development costs.”

#### Mikhail Balytchev

Epiroc

#### Vietnam, Russia, USA

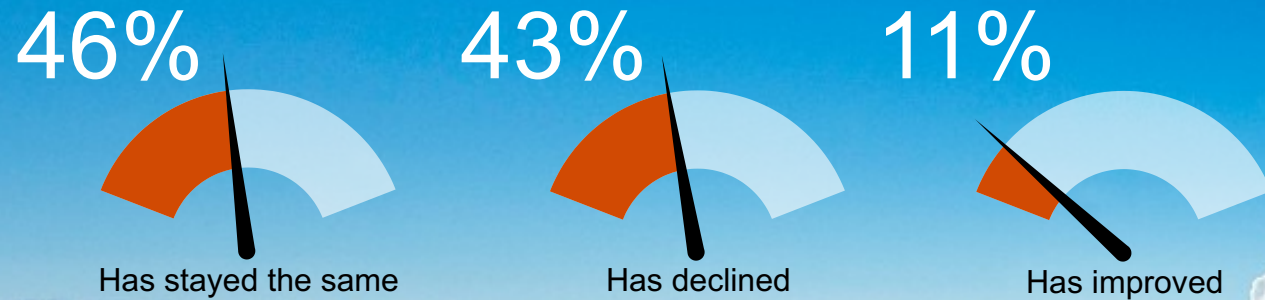
“We tried to expand into South-East Asia, we tried to enter the Vietnamese market, but we have put this initiative on hold. This year we have to decide whether to freeze our project or restart it. The other two countries that will have an impact on our business are Russia and the USA, although their influence will be distant. We have a proposal to enter into a joint venture in Russia, but this is not a story of 2021, but of a more distant future.”

#### Alexey Sidorov

Silkway Ventures Group

## THEME

### Changes in the investment climate in Kazakhstan for 2020



"I think the investment climate has deteriorated. I do not know whether any major investor entered the Kazakh market in 2020. To my mind that the policy has remained the same, just the current situation has imposed considerable restrictions."

**Bernard Vavrzhin**  
Mareven Food Tian-Shan

"The investment climate has considerably subsided as compared to last year. The borders were closed, and some programmes remained non-demanded. Although we know that this year was fruitful in terms of Turkish investments in the construction of the Turkestan airport and the purchase of the airport in Almaty by the Turkish division of TAV holding of the famous French company ADPi. This is a significant support for the development of the country's infrastructure, because the gateway is the main gate to the city and the country. Almaty acts as a commercial centre, Turkestan is a tourist centre. Let us see what happens next year."

**Erik Shortanbayev**  
Skymax Technologies

"It seems to me that interest in investments has fallen over the past 10 years, as prices in the raw-material industry have decreased."

**Nursultan Zhumabek**  
hoffmann aluminium

"From the standpoint of the state, the initiatives are being carried out, but the global situation contributed to the fact that no one wanted to invest anywhere. We can assume that the investment climate in our country has improved if you have a look at the placement of kaspi.kz. I believe that this is a very successful and illustrative case not only for representatives of private business, but for the whole of Kazakhstan as well. Also, the issue of government securities at the start of the year featured good demand. The direct investments did not arrive aggressively, but TCO is proceeding with its project, despite the forced freeze of some of its areas due to COVID-19. The investment climate in Kazakhstan

has definitely not deteriorated. I would say that it has remained at the same level at the very minimum."

**Umut Shayakhmetova**  
Halyk Bank

"Due to the circumstances there's not been a high level of investment this year. But I think we have to judge on the rhetoric and building blocks that have been put into place for the post pandemic period so therefore on that basis I would say it has improved."

**Peter Foster**  
Air Astana

"It is clear that the investment climate in 2020 has worsened throughout the world, and the result of what has happened is a slowdown in business activity. If we discard the influence of "black swans", in Kazakhstan it has remained at the same level."

**Marat Seitkulov**  
Caravan Resources

"The investment climate in Kazakhstan has improved in 2020, and it's not just the Kaspi's IPO. We see the emergence of small teams, startups that raise money for development."

**Maxim Melnik**  
Satu.kz

"It is difficult to judge the way the investment climate in Kazakhstan has changed in 2020 as compared to 2019, after all, one year is a too short period of time. If you take a longer time frame, there is a feeling that it has worsened. But Kaspi.kz's IPO has turned out to be a bright event, which has neutralized the negative dynamics on the whole. As a result, in my opinion, the investment climate has remained the same in the end."

**Evgeniy Nastradin**  
Beeline Kazakhstan

"The investment climate has improved. I am sure that the investors are more interested in Kazakhstan at the moment. The successful IPO of Kaspi.kz has had a great positive impact."

**Mikhail Lomtadze**  
Kaspi.kz

"The investment climate has improved. Speaking from the point of view of e-commerce, the growth was 30%, and some declare on doubling of the turnover, and this, certainly, features the solvency of Kazakhstanis."

**Molder Ryssaliyeva**  
Lamoda

"We have witnessed great cases, a successful IPO is a good example. If other companies pick it up, the investors will be happy to invest in entities operating in Kazakhstan. Perhaps, we have subsided on some investments, but in terms of the attitude of investors towards Kazakhstan, the Kaspi.kz case has proved useful. The investment climate has definitely not worsened, although this is more attributable to business than to the state."

**Nikolay Babeshkin**  
Kolesa Group

"I think that the investment climate in Kazakhstan stayed the same and it is good because 2020 was more about people support. Due to crisis and potential raise of unemployment, there is big chance that the poverty level will sharply increase in Kazakhstan, and this is the case for other countries around the globe. The role of the governments today is to support its population strongly impacted by crisis, by increasing salaries for teachers and doctors and more generally by supporting business."

**Gerard Fries**  
KATCO

# COVID-19. Risk Management and Rethinking

## THEME

### The goals of companies nowadays and the need for adjustments

“Our goal is to transform into a more technological and innovative business without losing focus on the main offline segment. We are working on the development of a digital ecosystem around food retail. We are making significant changes. We are involved in charity work systematically, and during the lockdown we supplied food to doctors, delivered foodstuff to cordoned off areas, helped and continue to help multiple children families. When the city was closed, at the request of the state, we even created sites for the operational training of builders of basic professions and handymen. There was a need to create jobs to ensure construction projects would not stop. Builders were recruited from those who lost their jobs and

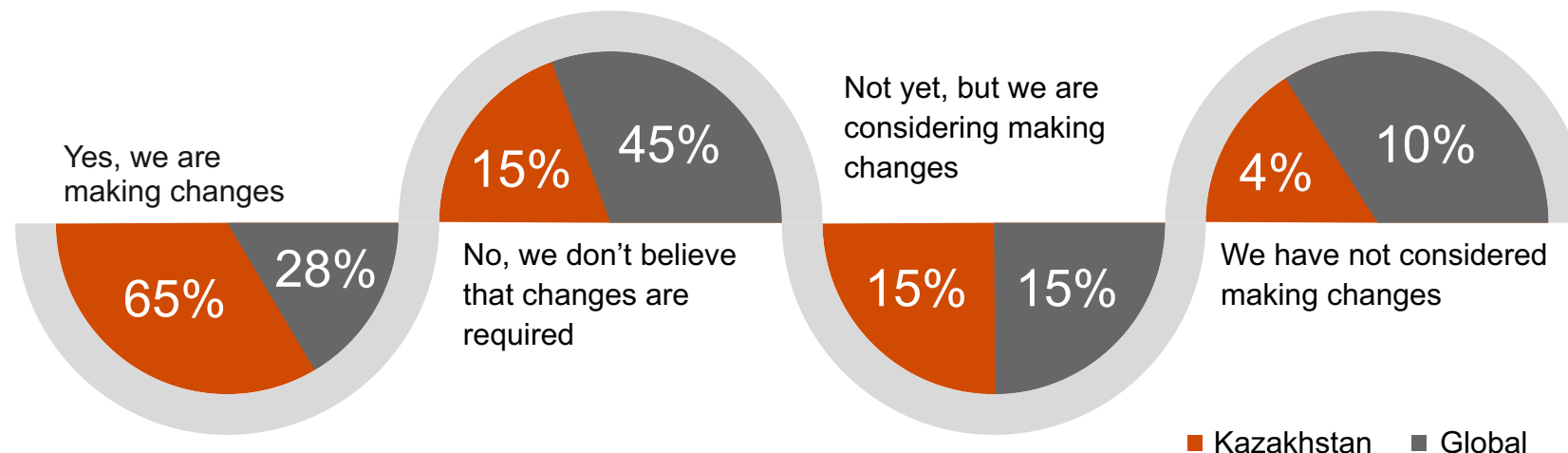
retrained. Our goal was to create a training centre as soon as practicable, because no one knew how long it would take. We did everything on our own and despite the support of the akimat, we were unable to take over even one training centre for technical training. We have gained experience and realized that it is better for us to attract "fast" staff for less skilled work in our company on our own, because the labour market the base is out-of-date, and those we found were not interested in this kind of work. We paid great attention to our staff in shopping centres. 2,200 of our employees were left cut off from the city, they had to either quit or go to work on a rotational basis, on special buses through passes, and

there were no guarantees that all this would work. As a result, for the staff we rented two hotels, a sanatorium and only one hostel, which was provided with the support of the city akimat. A 50 percent surcharge was paid to those who went out to work. Additional expenses during the period of the city's closure were US \$ 1 million a month at the current rate.”

**Azamat Osmanov**  
Magnum Cash & Carry

“Our goals in the areas have not changed, but there has been more priority and attention. For instance, I put safety first – the activities that we carry out to ensure the safety of our employees. The second is psychological safety. When working remotely, without being able to partially travel, it is very important that people know what is happening, see their colleagues and supervisors. Epiroc globally conducts employee engagement assessments and we have found that this year's engagement rate is higher than even pre-COVID. This happened partly due to the fact that we had already planned some activities, irrespective of the situation related to the pandemic. We added some events, created reasons for communication, by holding regular meetings where staff members just talk about themselves. The next is sales growth, performance improvement and automation. I would not say that the pandemic has accelerated the digitalization in the company, since the customers with whom we have projects for the service in the field of digitalization had already been working prior to the pandemic. Our company already had all the tools, and now we are just using them more intensively.”

**Mikhail Balytchev**  
Epiroc



## THEME

### The goals of companies nowadays and the need for adjustments

“The goal of the entity is to provide people with the opportunity to receive health that meets the needs of the premium segment. We have a wide range of fitness services, and in connection with the pandemic we have expanded it, improved service and quality. From the first days of the pandemic, we started broadcasting movie tutorials for all Kazakhstanis. When the first wave of COVID-19 incidence subsided, recovered people emerged, they needed rehabilitation. We have recorded a huge number of video programmes on rehabilitation, not only physical, but psychological ones as well. The Ministry of Health, the Ministry of Culture and Sports, and the Kazsport TV channel began to repost them. Personally, I have been broadcasting a programme on Business FM radio station about sports and everything related to sports, including business in the sports industry for a long time.”

**Valikhan Ten**  
World Class Almaty

“The goal is being transformed now, as the uncertainty of the future is off the charts. Setting specific goals is becoming increasingly difficult. They are becoming more abstract, but ultimately we have a big benchmark – serving the people through a strategy for the development of rural areas, and in fact we have moved from strategy to purpose and mission.”

**Serik Tolukpayev**  
Aitas KZ, UKPF

“Today the mission of the company is being formed. We would like to unite developers with each other, because despite the competition, we should share information, evaluate ourselves in the market, attract foreign investors to form a logical and transparent benchmarking. All real estate sales transactions being carried out in Kazakhstan are non-market. Now we are working hard to form the rating of the shopping and leisure centres. To do this, it is necessary to classify the shopping and leisure centres, get their specific indicators, and form at least basic data. We have agreements with two major players, and are in the process of signing with another one, but as soon as 70%

of the market is covered, we expect that it will join as well. We do not want to receive confidential data, but, for example, the average rate for a shopping and leisure centre is an important indicator that the market should know. We prepared the developers, explained to them that any investor would need this information. All this will provide analytics, on the basis of which each owner of the shopping and leisure centres will take steps that will ultimately benefit his consumer, and he/she will get what he/she wants.”

**Alexei Khegai**  
TSPM

“Since I have several companies, their goals are different. Whereas a considerable part of the activity is connected with media, I have worked for myself a system of values long since, which I intend to develop. I want us to create the media that help the citizens of the country and Kazakhstan to develop, make Kazakhstan freer, safer and more liberal. If we, as the media, can achieve this, it means we are doing our job. Each media company has its own objectives. For Business FM radio station is to increase its rating, earn more; for Forbes Kazakhstan magazine and Forbes.kz website it is to expand the audience. But the main mission is more than just making money. It is to improve people's lives, enable people to upgrade and improve their lives.”

**Armanzhan Baitassov**  
Tan Media Group

“The goals and strategies of our company have not changed much, but a course has been set to accelerate and prioritize tasks. Our goals are the digitalization of services and processes, the development of mobile applications, and the digitalization of the risk assessment process. We have sped it all up, and have revised schedules and methods of operation. Definitely, COVID-19 has made and will continue to make adjustments to the mission and vision of our group. In addition to being the largest employer in the banking sector and serving most of the socially sensitive population, we are also watching what we can do on a systematic, ongoing basis for society as a whole. Last

year, we released our first ESG report for 2019. We are very attentive to this. Aside from changing the daily habits of ourselves and all staff members it is important for us to help society in a proper way and carry the philosophy of preserving and respecting the environment and our lives. COVID-19 gave the world such a boost when everyone had to rethink their values. At the moment, we have already changed a lot in our internal policies in terms of continuity, for example, functionalities, telecommuting and compensation schedules.”

**Umut Shayakhmetova**  
Halyk Bank

“The goal of the entity is transformation, which we started back in 2019, but had to postpone due to emergence of new challenges. We observed good prospects for a merger of two companies within a single team long ago, we realized that this would give a synergistic effect. And most importantly, this will give the final consumer much more opportunities, since a credit marketplace will grow out of the two companies, which can satisfy a wider range of needs, according to the one stop-shop principle. Our goal for this year is to implement this project.”

**Alexey Sidorov**  
Silkway Ventures Group

“We have a common, global strategy – electric power should be available to everyone, and we are ready to offer energy efficient solutions. A correct use of the resources is important. Concerning a local goal, we want to apply all our energy efficient solutions in Kazakhstan and explain to customers what they are needed for. Access to electricity in Kazakhstan does not represent a problem, because it is everywhere, but our task is the way it is spent, whether efficiently or not. "Smart home", "smart building", "smart city", "smart enterprise", planning – we have everything for this, and we want to communicate to customers and sell the very advanced solutions. Certainly, we are making changes. We collaborate with institutes, conduct webinars and support foundations.

We have a "smart hospital" solution, which was also absolutely not in demand in Kazakhstan up until recently, but now it causes strong interest. It can make a patient's hospital stay comfortable and energy efficient. That is, certain controlled microclimate conditions are created when the patient is in the operation room. If there is no operation to be carried out, the room is brought into a waiting state. The correct humidity is maintained, heating and lighting are minimized. All this used to be done manually, at present it is possible to provide everything comprehensively at the hospital level. We had and have these solutions, and now they have become in demand.”

**Lev Appakov**  
Schneider Electric



## THEME

### The goals of companies nowadays and the need for adjustments

“Our goal has not changed because crises come and go. In my years at Mars alone, I have undergone 5 crises, and I am still not an old person at all. Throughout its existence of Mars, since 1911 there have been wars and other major crises comparable to the pandemic we are experiencing now. The corporation forms a goal for many years to come, therefore a crisis of one or two years can hardly change it.

The future starts with the way we run business today. We have five principles, and one of them is the principle of mutually beneficial relationship. We operate in a huge number of countries, we do not want to simply benefit exclusively for ourselves, but we wish to bring benefits to others – partners, customers, consumers and the state. The principle of mutually beneficial relationship is very important for us, especially when it comes to the issues related to the community. While working in Kazakhstan, we pay great attention to the social responsibility issues. Last year, we supported volunteers, physicians and families in need. Since we also work with pet food, we are extremely concerned about a large number of stray dogs and cats. We interact with animal shelters and support initiatives that call for people to take animals from shelters. That is, we want to be a responsible corporation in the country where we operate. We are guided by the principle that the future begins with the way we run business today.”

**Mikhail Bazanov**  
Mars Kazakhstan

“By today, the focus of our entity is to expand the coverage area and improve its quality. At such a moment, which we all experienced in 2020, there was a reassessment of the mobile phone operator's role. Certainly, there were complaints, but nevertheless, staff members of many entities switched to remote work, 90% of schoolchildren and 100% of students studied remotely. The other issue is the way the platforms worked, what the content was, how teachers and students adapted, but connectivity was in place. If the operators had not coped with the load in this situation,

as happened in some European countries, everything would have much worse. At present, we are paying more attention to ensuring continuity of connectivity. We have transformed from a private business that makes money, into a business that is not only socially responsible, but socially obligated as well. Should subscribers be not satisfied with the quality of communication from Beeline, we are obliged to resolve this issue and provide proper quality communication.”

**Evgeniy Nastradin**  
Beeline Kazakhstan

“Just recently, I have made changes to the company's development strategy. We got through the pandemic, so we had to make some changes to our business plans in the coming year. Our goals remain the same – to strengthen the position of the company in promoting services and package turnkey solutions. We will proactively participate in providing digital transformation, e-commerce and automation programmes with our solutions. Perhaps, we will try to search for some solutions in the field of artificial intelligence and robot automation, also we will try to take part in R&D. We are also planning to improve the project management system in the company, business processes and optimize costs. The most important objective for us is to rank among the top three leading integrator companies.”

**Erik Shortanbayev**  
Skymax Technologies

“Today, we need a smooth transformation so as to make the business sustainable through logistics, delivery and digitalization. We want to perform the entire service ourselves from start to finish and reform to the growing delivery business. Currently we are building not only restaurants, but dark kitchens as well. If we take apart the category of "most delivered products", the top 5 will include burgers, fried chicken, pizza, sushi. We are present in all categories. For instance, Del Papa is present all over the city, and we can afford to deliver pizza from restaurants. And in the

case of burgers, we are building dark kitchens in the areas where we are not present to deliver from there. Delivery will be our primary focus. I want us to confine ourselves in 40 minutes in most of the city, so we have to tighten up.”

**Askar Baitassov**  
ABR

“At the moment the goal of our entity is to provide the widest possible access to innovative medicines for patients in Kazakhstan. An important challenge in achieving this goal is providing access within a shorter period of time. In Kazakhstan, the average time from the registration of a product to its market appearance is two years, while in other countries it is no more than a year.

Yes, we are making changes. We work not only on the production of innovative pharma products, but on the development of services and solutions for physicians and patients that will help achieve the goals of therapy as well. In this we see our mission and contribution to the fight against non-communicable diseases and the reduction of mortality from these diseases, which include diabetes mellitus and cardiovascular diseases.”

**Vitaly Bystryukov**  
Sanofi Kazakhstan

“The purpose of our organization today is to enhance communication and understanding between people, economies, regions and countries. We are a social and trade facilitator. I think that our business is a border breaker and it breaks down barriers between people. So much of historical tragedy is born out of people's misunderstandings, and conversely so much historical success is born out of cooperation. I am a firm “anti-border” person when it comes to contact between individuals, cities, regions and countries. The whole is much greater than the sum of the parts. As collective bodies of human beings and humanity we succeed. I always felt that the airline business does exactly that. Every day we have a morning call, and I count 16 different nationalities who work in various parts of the

company. These shared and pooled experiences can only be positive. We are lucky that Kazakhstan, and the people who inhabit this land, have a strong tradition of openness.”

**Peter Foster**  
Air Astana

“Previously, there used to be a tendency to prioritize the interests of shareholders, and now the interests of stakeholders are a priority, and this concept includes a wider set of people. In my opinion, it is required to find a balance between these components. We want to be an efficiently-run company in a successful society, because it is impossible to exist outside of the society. As a result of the COVID-19 pandemic crisis, we are considering amending the goals of our organization to better reflect its role in the society. As an example, it is possible to use copper as an antiseptic surface to fight nosocomial infections and viruses. Today, such a possibility is under active discussion, although it is not cheap. In hospitals, copper may be used to make door handles, bed handles, and other contact surfaces. Thanks to its antiseptic properties copper does not require additional disinfection and copes well with various infections.”

**Marat Seitkulov**  
Caravan Resources

## THEME

### The goals of companies nowadays and the need for adjustments

“We are in the growth phase, and the main thing for us is to preserve the potential that we have and transform the structure in that manner we can maintain the growth trend. Now, there will be regression, if nothing is changed. The objective is to have a more flexible structure that can react rapidly to changes. We do not want to make it cumbersome. In large entities, decisions are very difficult to make, there is a lot of bureaucracy — this really deteriorates the company's performance, efficiency and marginality. It takes a long time for the people to make decisions, and we do not want to follow this path, we want to keep prompt decision-making, but to structure the processes as much as possible to make sure it is logical in relation to our volumes and plans.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“In terms of money, this was not so much, but we provided several hospitals with food – they had been quarantined, settled in some sanatoriums. We have arranged several deliveries together with the Association of Family Doctors. Recently, before the new year, we had another initiative – we presented certificates to about a hundred emergency doctors. They asked us to provide them with certificates for products, we did it and added several dozen certificates from ourselves. We ourselves are not very big yet, so we help as much as possible.”

**Alexey Lee**  
Arbuz.kz

“You know, we do not write missions, we work in the field. My colleagues and I have been very closely involved in the issues of the pandemic. In addition to the fact that we helped financially, we tried to provide organizational assistance, and it is much more important than financial one. We helped the city virus task force, were inside the whole process, saw the mess that existed there, helped to remove it and organize the work in the right direction. These are not just adjustments that we have made to the goals of our

entity, my colleagues and I always take a very active position and spend a lot of time on this.”

**Raimbek Batalov**  
Raimbek Group

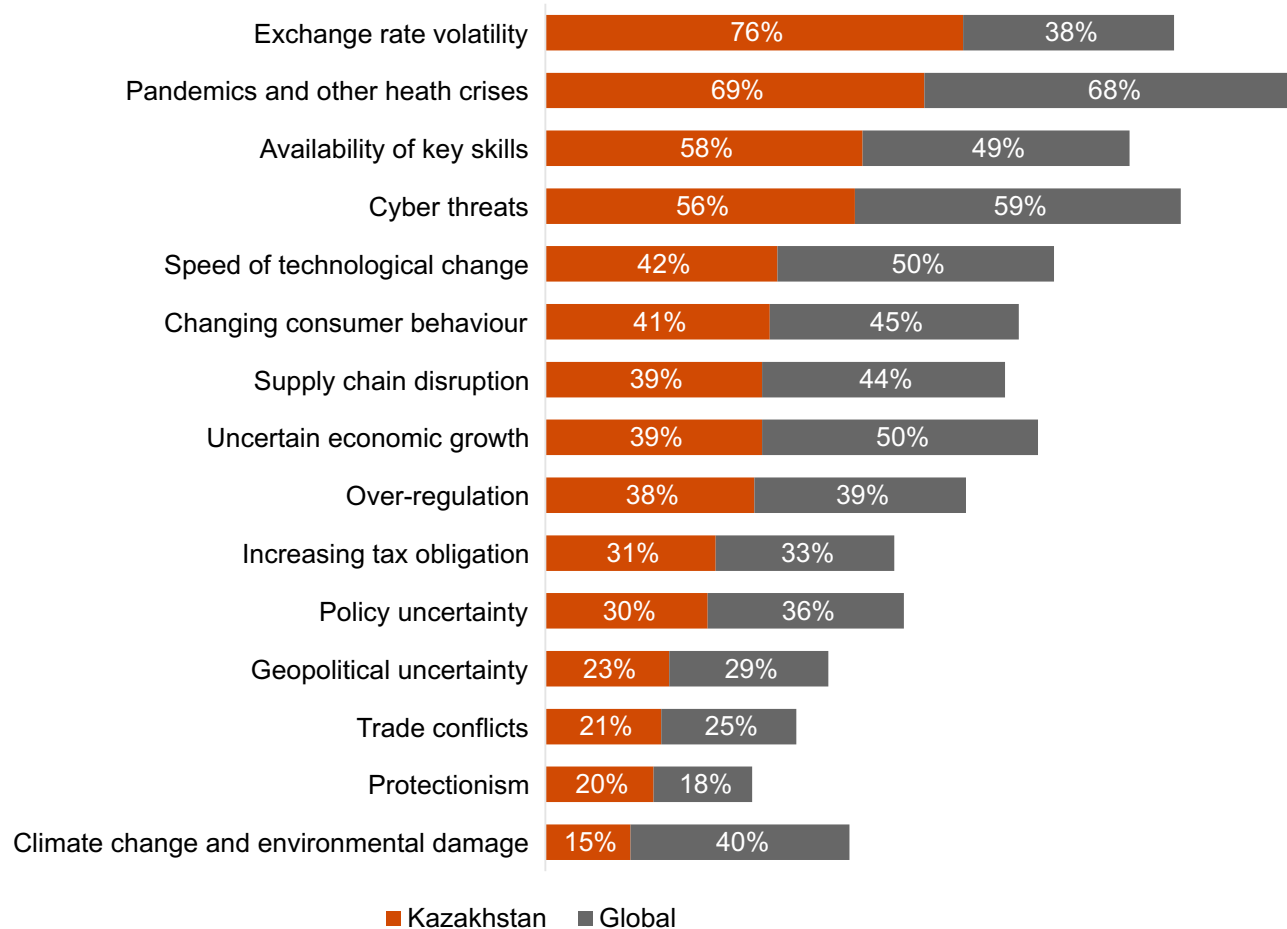
“Yes, we are making changes. We provided assistance to many government and non-government agencies. We should not just be "antiseptic salespersons", we try to be socially oriented and responsible. We are a factory and have been selling our products for over 10 years, this was not a quick reorientation of business during the coronavirus crisis. Antiseptics are just one of our five activities. We did not inflate prices, but only increased our capacity during the pandemic.”

**Ilya Martinenko**  
Avrora Holding



**THEME**

The aspects reflected in the risk management strategy and reappraisal of approaches to their management



“Our risk assessment is a live document, and as we have learned something, we immediately reflect it in it. Exchange rate volatility is reflected. This is because our prices are fixed in US Dollars and in Euro, and when we supply spare parts, we have conditions agreed with the customers. We had contracts that included hedging at the time of shipment and at the time of payment. Thereafter, for 30-90 days from the moment of shipment of the goods until the moment of receiving the money, we risk that we can receive the goods by 5-10-15-20 percent less.”

**Mikhail Balytchev**  
Epiroc

“We have a risk management strategy and at present we are making plans and budgets based on what will happen if the pandemic continues. The issue of staff shortage is urgent for us, and we solve it on our own – we take young specialists and make them professionals. We take account of the changes in consumer behaviour, it does not matter whether they are caused by the quarantine or a decrease in the population's income.

We place attention on cooperation with partners in the sales or supply chain. We have become more alert. Onshore, we are negotiating with our partners what will happen to our relations, operational and financial, if there are risks, as in 2020 due to the pandemic. In our case, we managed to reach an agreement with all partners, everyone displayed understanding and participation, and not a single store was closed, we got through the lockdown period relatively smoothly, for which we are grateful to our partners. But both we and they realized that now all issues should be discussed in advance.”

**Dmitriy Provkin**  
Arena S (Sulpak)

“We had basic scenarios for managing risks in a project — for example, what to do if something goes wrong with technical stability, or what actions to take if indicators fall, etc. For sure, no one was preparing for the pandemic, but it prompted the creation of several scenarios for the development of events. And reduction of staff is the very last measure we will resort to, because our main resource and capital are people.”

**Maxim Melnik**  
Satu.kz

“The environmental and climate impacts are reflected – we are discussing the full cycle of environmental delivery. If you select the green button in the application, you may pay conditionally 200 Kazakh Tenge atop, and the courier will pick up your packages and plastic packaging when he brings food to you. We are planning to buy electric vehicles for delivery and want to have a full processing cycle. I believe this will be our competitive advantage, because aggregators, who are our competitors in the delivery market, cannot afford this – they have too different packaging standards and processes. We have a single standard, therefore it's easier for us. Last year we put in a complete processing of our waste products. Now even our guests can bring something to the restaurant and hand it over for processing.”

**Askar Baitassov**  
ABR

**THEME**

The aspects reflected in the risk management strategy and reappraisal of approaches to their management



“Since the beginning of the pandemic, we have begun to automate many processes. We realized to what extent we are dependent on “live” seals, signatures, and now we expect an unprecedented growth in demand for electronic document management systems. We automate many processes related to the back office, support of our main business.”

**Anna Duy**  
Softline

“In our work, we faced difficulties when everyone switched to telecommuting. Our support service normally worked on stationary computers with two monitors, with a good Internet connection, whereas the work was in shifts, that is, different people worked at the same computers. We had to take some of the computers to the employees' homes, someone worked from their laptops – as a result, the entire support service was reorganized to work from home. There were difficulties with the training of couriers, whom we normally trained in the office. Ultimately, we have completely digitalized the process of training and testing, the couriers came to the office to receive equipment only. We have changed the process of connecting new restaurants – we began to do it remotely using Zoom, and send the tablet by courier. We will keep all these decisions even after the quarantine is over, because the work with them has become much more efficient.”

**Alibek Yessov**  
Wolt

“We did not plan at all, did not predict and did not think that there might be a lockdown. Despite this, we were ready for it, because our processes are performed using ERP systems (Enterprise Resource Planning), we use Microsoft-365 and have been working remotely in Teams for a long time. Telecommuting did not affect our performance in any way. We have fully digitized all sales and supply processes from line personnel to top management. And every responsible professional at his/her level should definitely spend time on risk analysis. And we, shareholders and top managers, should focus on this so that no one misses anything.”

**Raimbek Batalov**  
Raimbek Group



THEME

Business reaction in the event of changes in the tax policy

If Kazakhstan undergoes changes in tax policy aimed at restraining the growth of public debt or supporting the economy, a larger number of respondents (51%) are likely to reconsider the cost structure in their companies. 49% believe that this will lead to increase of total tax obligation of private business.



“Based on the rhetoric that I hear from the President, it is rather the rhetoric of a Democrat than a Republican, if we draw analogies with Biden and Trump. Thus, this should rather lead to an increase in the tax burden on business. The situation with the pandemic is difficult and, probably, nothing good will come of it. It is not that good or bad, perhaps such a decision is good, I myself, as a democrat, believe in my heart that this is the right move. But contextually, you should always move in counter-cycles – if it is bad now, you cannot raise taxes. At the moment, I do not see the obligations that the state is undertaking now.

I do not think that changes in tax policy will lead my organisation to reconsider its geographic footprint. The mission of the company is to serve the people of Kazakhstan via the development of rural areas. If we move to other jurisdictions, this is definitely not good. I will do my best to stay, but if the competitive field is very difficult, then the issue will be whether to survive or not to survive.”

**Serik Tolukpayev**  
Aitas KZ, UKPF

“I fully agree that changes in tax policy aimed at restraining the growth of public debt will increase the total tax obligations of our organisation. We stand for changing tax priorities in connection with the updated economic agenda, but a simple increase in obligations can have a depressing impact on the economy. We are extremely concerned about the tax policy uncertainty both in Kazakhstan and in the region, primarily in Russia and Kyrgyzstan. For quite a long time in Kazakhstan, a liberal tax policy was based on a certain revenue structure associated with natural resources. Last year, we could observe that incredible things would happen to oil prices. Under such conditions, the planning based on a not very clear forecast causes great stress on the state in everything related to the management of the national budget. Therefore, I think that the tightening of the tax regime will increase our tax obligations, and we are extremely concerned about this: we operate in the processing sector, which requires a large amount of human resources, large investments and huge working capital, this is a quick-turnover business. Along with the tax burden on the payroll, we are greatly affected by VAT rates. While working in the Russian market, we faced the higher VAT there than in Kazakhstan, and this affects the economic performance and, as a result, the growth of our business there.

Changes in tax policy aimed at restraining the growth of public debt will not lead to a radical reconsideration of the geographic footprint, but will lead to a reconsideration of the so-called territory mix. We are rebalancing the investments. In the countries where the tax burden is high or there is a tax policy uncertainty, we make less medium-term investments than in those markets where the certainty is higher. Accordingly, it affects our organisation's decision-making and planning process.

I agree that changes in tax policy will lead my organisation to reconsider its workforce strategy. If the payroll burden is high, we want to be sure that our employees have key competencies, and we can carry this burden with dignity. If we do not think that these are the key competencies, that we may not be very effective even in the medium term, we try to buy or order the required services from others. We are extremely concerned about the changes in the pension reform, the changes regarding social taxes. We are a corporate citizen, and we already bear quite a lot of expenses related to the social dimension. When there are additional costs that do not directly affect the social protection of our employees, this creates an additional burden. This leads my organisation to reconsider its geographic footprint and cost structure”.

**Kairat Mazhibayev**  
RG Brands

## THEME

### Business reaction in the event of changes in the tax policy

“I agree that changes in tax policy aimed at restraining the growth of public debt will increase the total tax obligations of our company. If the state decides to restrain the growth of the public debt through an increase in tax obligations, then, of course, it will affect. This is a large and challenging issue, and a lot in its solution depends on the approach. But no matter what measures are taken, the issues of restraining the growth of public debt cannot be solved in a single electoral cycle, since in the short term this can have a very negative effect on the economy and the welfare of citizens. In the same year, due to the crown crisis, many governments are selecting an alternative policy of quantitative mitigation to stimulate economic growth, the emission of new money is ongoing. This helps the economy in a very prompt manner, but does not reduce public debt in any way.”

**Marat Seitkulov**  
Caravan Resources

“Our strategy for the near future does not include an increase in tax payments. Perhaps, if this happens, then we will be compelled to adapt our models. I do not think that this will affect our workforce strategy, since we have already passed through this in Russia, when social payments changed considerably and now we are ready for such changes.”

**Dmitry Zabello**  
VTB Bank Kazakhstan

“Changes in tax policy will not lead to reconsideration of the geographic footprint, because we do not care how the government will behave, we remain in the market anyway. That is, if we proceed from the assumption that the government is doing something in this matter, then it is doing it for everyone in the same way, without lobbying someone's interests. We are working in the market together with our rivals, we are stay, and nothing changes for us.”

**Lev Appakov**  
Schneider Electric

“As per the fact that in different countries there are different dynamics of economic development, all countries will seek to moderately restrain the growth of public debt, which may affect the adjustment of the tax base. I think, the changes will have a beneficial effect in general.”

**Erik Shortanbayev**  
Skymax Technologies



## THEME

### Changing consumer behaviour

“As a result of COVID-19, people have learned much faster not only to buy online, but to use a wide range of online services as well. This favoured removing barriers in everyone's mind that it is convenient and safe to use online services. Even elderly age groups are taking it well now. It is commonly quite difficult and time-consuming to change the cultural behaviour. COVID-19 has caused people to change their behaviour in a prompt manner and switch to online. This creates enormous additional opportunities for technology companies and for Kaspi.kz in particular.”

**Mikhail Lomtadze**  
Kaspi.kz

“In our case, the first is an increase in demand for small format neighbourhood stores, the second is a price sensitivity. Price plays a bigger role now than it used to. Third, of course, includes online shopping and e-commerce.”

**Azamat Osmanov**  
Magnum Cash & Carry

“Number one is an increase in demand for high standards of service and cleanliness of premises, the second is a decrease in the demand for large-scale events (competitions, conventions), and the third is an increase in the demand for non-contact services. We have an algorithm for holding the “Almaty Marathon”, developed inclusive of sanitary requirements, and agreed with the international agency for running races and marathons. But in Almaty we did not receive a permit to run it, although in Shymkent, for example, sanitation physicians allowed to hold a half marathon and barbell competitions.”

**Valikhan Ten**  
World Class Almaty

“The main factor that will have the greatest long-term impact on our organisation is the increased demand for online stores. In the early 2000s, I took a course in marketing in Germany, and one of the professors told us back then that a company that was not able to sell

through a website would grow by 30% less than a company that had a website. This year we can see a boom in sales through websites, social networks, delivery services. The second factor is an increase in the demand for non-contact services, the third is a decrease in the demand for entertainment outside the home.”

**Anna Duy**  
Softline

“Increased demand for high standards of service and cleanliness in stores. Visitors of the “middle”, “middle+” class are very attentive to these issues. During the pandemic, residents want everything to be clean, meet sanitary standards, and everyone is wearing masks. They take care of themselves and would like people around them to take care of others as well. In Almaty and Nur-Sultan, people demand compliance with cleanliness and sanitary standards. At the entrance to our facilities we have installed special non-contact thermovision cameras for temperature measurement. If a person with a high temperature comes to the shopping and leisure centre, he/she will not be able to get inside – he/she will either have to leave on his/her own, or we will be compelled to call an ambulance. On the one hand, this measure may seem rather severe, but on the other hand, we cannot risk it.”

**Alexei Khagai**  
TSPM

“As regards the changes in consumer behaviour that can affect our company, I would put the growth in demand for e-commerce first. The issue is not that online stores have become fashionable, but that many factors play in their favour: convenience, pricing policy, a minimum of contacts (from the point of view of compliance with sanitary standards, this format is more preferable than visiting regular stores), reducing operating costs by reducing the chain of delivery of goods. In fact, e-commerce is a new modern trade, a modern format of work. We noted that nowadays the consumers care more about the quality of life and focus on consuming healthy products, this is a very

substantial change in consumer behaviour. Retailers have changed themselves, they have become more sensitive to the observance of service standards, sanitary standards inside the store. About half of our retail turnover comes from small mom and pop outlets, and traditionally it was there that good client-focusedness was combined with low quality trade standards and non-compliance with the same sanitary standards. But today we see that the situation has started to change, especially in connection with the arrival of network players in the segment of neighbourhood stores.”

**Kairat Mazhibayev**  
RG Brands

“In my opinion, the greatest long-term impact will primarily come from an increase in demand for locally produced non-cyclical consumer goods, followed by a decrease in demand for eating out and an increase in demand for online stores. The development of e-commerce is a strategic task for us. We want to start working with our electronic platform in order to be able to deliver products on our own. Now we are already cooperating with many electronic platforms through distributors, and somewhere on a direct basis. You can also notice that many modern trading formats reacted very fast, and they have or obtained online stores.”

**Bernard Vavrzhin**  
Mareven Food Tian-Shan

“First, this is a decrease in demand for cash payments and an increase in demand for online shopping and services – these are operational changes that have affected almost everyone, including banks. We have also recorded an increase in demand for our deposits, both for individuals and legal entities. VTB has a high credit rating, and during the economic downturn, we were visited by depositors who are interested in the safety of their funds and the reliability of the bank.”

**Dmitry Zabello**  
VTB Bank Kazakhstan

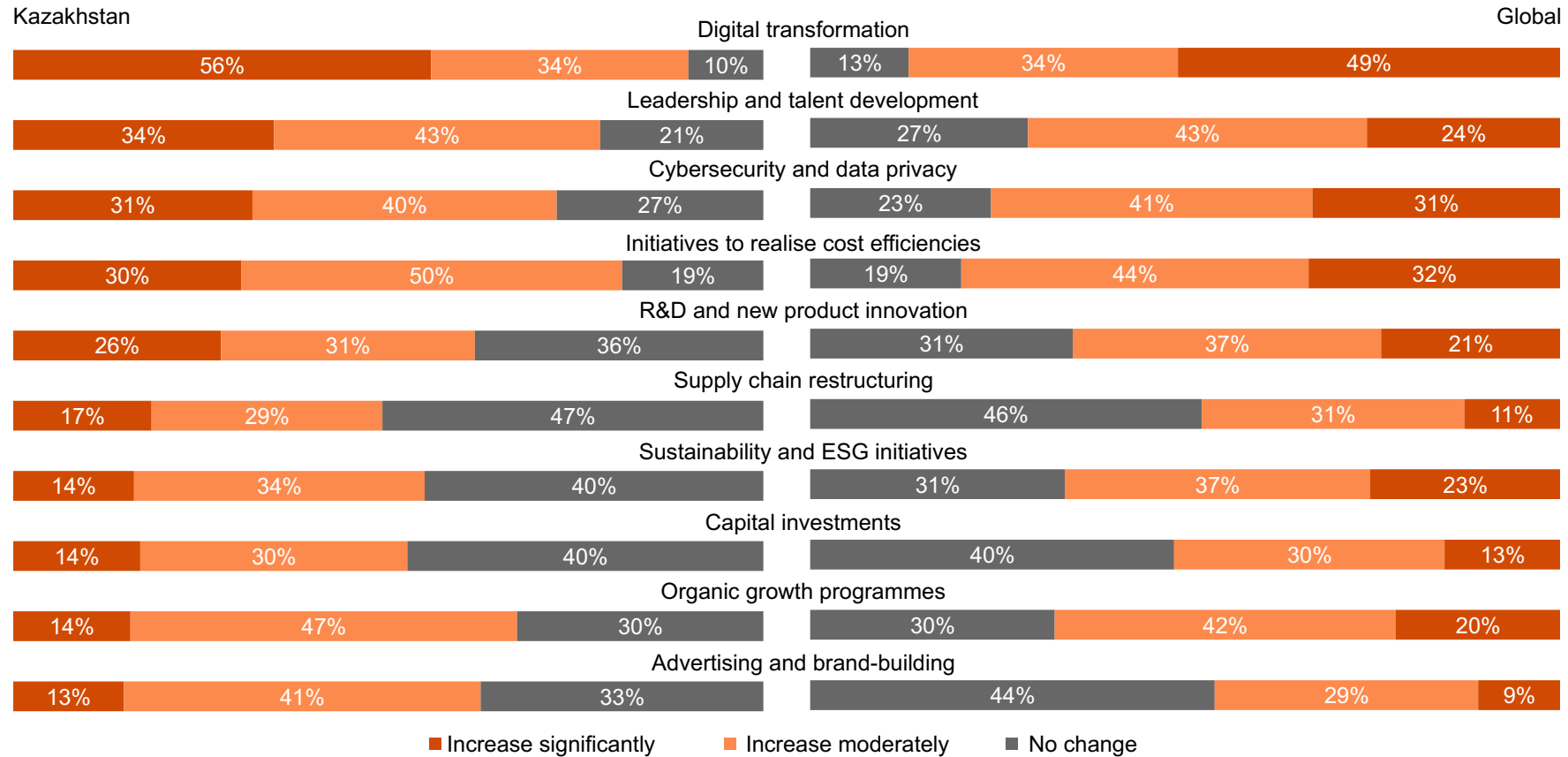
“Recently, a lot of government services are moving online, and we see that this affects our processes as well. We can make more complex products so that, for instance, a person can order a car online and receive a license plate by mail.”

**Nikolay Babeshkin**  
Kolesa Group



THEME

Where the business will invest capital over the long term of three years



“We will moderately increase investment in digital transformation. For us, the main challenge is that the business is growing very fast, the number of transactions is going up, and the workload has increased considerably within the framework of our IT solutions. When the business annually grows twice as much as in the previous year, the stability of systems is seriously challenged. Improving IT systems, increasing their stability, the ability to cope with a large amount of data – this is what we are working towards now.

We would like to increase investments in the environmental component, but there are no specific plans in Kazakhstan in this regard yet. Our couriers are free agents, we cannot force them to switch to environmentally friendly transport, although, as a matter of principle, we can motivate them to take this step. The packaging is made by the restaurants, but we can recommend environmentally friendlier packaging suppliers, which is what

we do. But eco-friendly packaging is more expensive, and this will affect the pricing policy so far. We thought about whether we can organize the collection of used containers and hand them over for recycling, but the issue of infrastructure remains open. There are no specific plans yet, but collecting packaging could be the first obvious step in this direction. Globally, the company intends to implement the Carbon Neutral initiative aimed at reducing harmful emissions into the atmosphere, and this initiative is already listed in its strategic plans for 2021. In our office in Almaty, we sort waste and send it for recycling.”

**Alibek Yessov**  
Wolt

## THEME

### Where the business will invest capital over the long term of three years

"We are considerably increasing our investment in cybersecurity and data privacy. Very dangerous cyber attack methods are emerging. The most dangerous, which can exist for any business, is the interception of access to the server by intruders. Such cyber attacks are made on the world's largest companies. Hackers enter the server, encrypt all data, and then blackmail. An online business is a business on the Internet, that is, all the code that you wrote, all user data, balances and content can be captured by gazumpers. If the code, which has been written for years, is encrypted at one moment, and there is no opportunity to access copies, then there simply will be no choice – you will pay as much as they say. For example, the cost of a business is 70 million, gazumpers will ask you to pay 10 million, the result is either 0 or 60. Not everyone fully understands the hazard – this is one of the main issues and threats."

**Ramil Mukhoryapov**  
Chocofamily Holding

"Cybersecurity and data privacy – moderately increase investment. We make the top 3 companies in the industrial sector for cybersecurity compliance. We got ahead of everyone who was nearby. We have plans to considerably increase investments in restructuring supply chains. The pandemic has left a strong mark – there is a need for more localization and flexibility in supply. For instance, last year we launched the production of high-power frequency converters with our partner, DIM Stroy, and found a good moment for synergy. Large companies are being constructed according to the hub system, when everything is brought to one logistics centre from all factories, and then delivered to consumers. And here exactly the coronavirus showed that if this hub is located, for instance, in China, it is very difficult to get something from there in case China is closed. Therefore, we are trying to create a decentralized system and directly transport products to Kazakhstan from factories. Sustainability and ESG initiatives – moderately increase investment. We have the Sustainability

Report that we produce globally every year. We comply with all these rules. For instance, our factories are switching to CO<sub>2</sub>-neutrality, and there is an entire programme for this. As a confirmation of my words, Schneider Electric topped the rating of the most socially responsible companies in the world according to Corporate Knights research company."

**Lev Appakov**  
Schneider Electric

"R&D and new product innovation. New products emerge, for example, vegetable meat, which tastes very close to the natural one, and we will probably have to work with it. In any case, such innovations will be incorporated into the restaurant business, and we will moderately increase budgets for this cost item."

**Yuriy Negodyuk**  
Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

"Investing in the supply chain restructuring – moderately increase. Since we are expanding into the regions, we are "shifting" to larger suppliers. If we were able to afford to work in Almaty with small suppliers before, then due to the growth in the scale, the structure is changing."

**Askar Baitassov**  
ABR

"We set KPIs for ourselves in the field of sustainability, ESG initiatives and report on them, we have plans on moderate increase of investments. This includes emission reduction, energy expenditure and the diversification index. Regarding the initiatives we are currently implementing, we are intended to increase the engagement index of the number of women working in our company. We have a lot of women in the office, in leading positions 50-50, but we believe that they can work in technical specialties as well. This will add great value to us as a company. Together with our customers, we are working to make the involvement of

female specialists in the technical and service aspects higher. I am an advocate of this and believe that it will improve our efficiency and the climate within the company."

**Mikhail Balytchev**  
Epiroc

"Investing in sustainability and ESG initiatives. In the development strategy, we have secured a place for this abbreviation (ESG) in the work for the value of the company, that is, it has one of the key places in ensuring a good multiplier. We are working on this very closely, thinking over it. Since the activities towards ESG are very closely connected with our purpose, mission, particularly with regard to the development of the local community and local industries, this is one of the most important areas for us now."

**Serik Tolukpayev**  
Aitas KZ, UKPF

"We are planning to significantly increase investment in sustainability and ESG initiatives. In the new plant, we are working with Tetra Pak to foresee many aspects of this issue. They make our project, and we actually implement this part in practice and have the strategy. In fact, it is even profitable, another issue is that it requires a lot of investment and does not pay off in one day. Nevertheless, tariffs are growing, and we support this from an environmental and economic point of view."

**Raimbek Batalov**  
Raimbek Group

"Since 2019, we have already been moving towards sustainability, and we have big initiatives planned for 2021. There are already inscriptions on our bags – "hand over plastic for recycling", but for now we are thinking how to collect them in Kazakhstan. There are a great deal more different processing factories and facilities in Russia, but we are solving this issue. We do not consider the approach "consciousness only

and nothing else", we have several brands that release their lines of "conscious consumption". Moreover, a section has already appeared on our platform in Russia where you can see products with Natural and Organic certificates and products made from recycled materials, and it will soon appear in Kazakhstan as well."

**Molder Ryssaliyeva**  
Lamoda

"In Kazakhstan, we work with the Red Crescent Foundation and animal shelters, and we also have a large number of experienced staff members who can volunteer to help people that do not have access to a good education. There is a certain programme in cooperation with our partners for social initiatives. As to the environment and sustainability, at the moment we are only looking for the programme that we would like to enter. I cannot name it yet, but this is the goal for the coming months – find a partner, a programme and invest in this area as well."

**Mikhail Bazanov**  
Mars Kazakhstan

"There were supply chain problems at the outset of the Covid crisis. This issue was solved by others; in general, everything was somehow arranged there. In the early days, checkpoints were set up without any rules, and at many companies, local producers, some of the staff members live in the oblast, and they could not go to work, the gazelles could not pass. We felt it on ourselves, then everything seemed to have been settled by the municipal authorities."

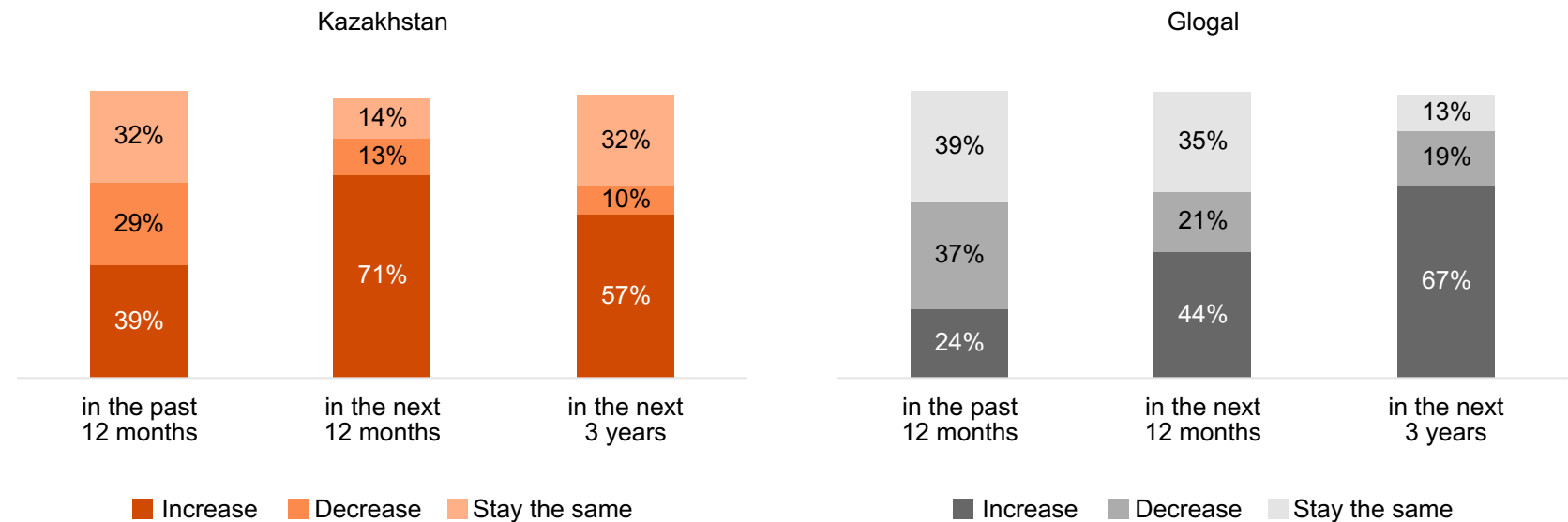
**Alexey Lee**  
Arbuz.kz

# Talent Pool and Transformation

## THEME

### Changes in the headcount and future plans

The talent pool was one of the most acute issues for private business representatives around the world in 2020. The pandemic that began at the start of the year prompted the executives to take decisive actions to maintain headcount. It is notable that according to the outcomes of a study in the world, businessmen retained their staff more at the same level (39%) than increased (24%) or reduced (37%), while in Kazakhstan a larger number of CEOs increased (39%) the staff in 2020. 29% of entrepreneurs said about their staff reduction. But it is important to note that in the majority of opinions this was due to automation and decrease in the number of employees in the front. In the next 12 months, a significant number of local executives (71%) are more optimistic as compared to global colleagues (44%) and expect an increase in the number of staff members, mainly in IT areas.



“And our answer to the question – we did not dismiss people because of COVID-19. As for the going-forward plans, there will definitely be personnel transfers due to the optimization of processes and the growth in digitalization. But considering our growth strategy, we are not planning to reduce the number of employees yet, rather, this is an increase in personnel in the future three years, as the business is becoming larger and various business areas require dedicated teams. Certainly, we can centralize some back-functions or treasury. I would also like to point out that one month of the entire group's downtime costs \$ 3.5 million. After the first month, we started launching businesses one by one, and our top priority was the efficiency of the management team. Monitoring and controlling the COVID-19 situation within the group is our daily task at the moment. We made and are making decisions based on this information. At the same time, the head office works on a

continuous basis. If we had stopped the work of all enterprises for 4 months, we would have to dismiss people, but we could not allow this. During the hard lockdowns, we changed the payout strategy and created a stabilization internal fund. They placed people on legal leave, and then furloughed them. Staff members received state support in the amount of KZT 42,500, and we paid additional money to everyone in need from our fund. I would like to note that I admired the conscientiousness of my employees. They refused additional payments from the stabilization fund to help the company survive and they could return to work.”

**Farrukh Makhmudov**  
Orbis Kazakhstan

## THEME

### Changes in the headcount and future plans

“The number of staff members has remained at the same level and will not change in the future. Within the head office, we have undergone reductions and redeployment by blocks, but we have grown in IT areas. The expected headcount will moderately decrease within 3 years due to optimization and automation of processes and consumer/client needs.”

**Umut Shayakhmetova**  
Halyk Bank

“There has been a moderate decline in the number of staff. We do not grow in the staff number, as we constantly automate and improve work efficiency. Moreover, clients switch to online and actively use our super-application. Therefore, the number of employees is gradually decreasing, primarily in the front-line units. But we think that offline customer service points are needed anyway, and a large number of our offices will continue to work.”

**Mikhail Lomtadze**  
Kaspi.kz

“The overall headcount has not reduced very much. It reduced from around 5,200 to 4,800. Primarily we are talking about foreign pilots. So, we kept almost all our staff however that hides another statistic whereby the staff that we have retained in the region of 40% to 60% have been on down time. They've been on a half pay and not active employees. At the moment that number is down to 25%. In the next 12 months we expect that all of our down time staff will come back. In the next three years we are expecting to grow.”

**Peter Foster**  
Air Astana

“In our company, the number of employees has been reduced by 20%. Unfortunately, we are compelled to reduce the staff due to the digitization and optimization of business processes. We have merged two factories and are opening new sales channels, so somewhere there are reductions, and somewhere there will be an

increase. Regarding the plans for the future, in the next 12 months the number of employees will decrease even more, and in the next three years it will probably remain at the same level or enlarge.”

**Raimbek Batalov**  
Raimbek Group

“Over the past year the number of employees has considerably reduced by about 20-30%. We had to cut staff due to the corona crisis, but thanks to this we learned to work in a different way. But I hope we will grow in the next 12 months and three years. At the same time, our plans are not to increase the sales team, but the IT department.”

**Bolatbek Ospanov**  
Smart Satu

“The staff number has increased moderately over the past 12 months, and the moderate increase will continue in the coming year and three years. This is due to the development of competencies towards IT, because we have grown up in terms of development – we have almost 500 people in the IT team, and three years ago there were 70 of them. Adding new business, new internal start-ups entails recruiting. We have our own reskilling programme. This means that we provide the employees with in-service training for new positions that emerge. At present, 150 people are trained in our in-house IT and robotic automation school. We create conditions under which people working in optimized positions can develop in new positions. In 2020, despite the pandemic, we not only did not reduce anyone, but continued to recruit employees. We recruited 400 people, many of whom underwent all the recruitment procedures online. COVID-19 helped us to change the way we approach the workplace, we switched to the Work from Anywhere model and now we have people from different countries working for us. Another issue is that psychologically not everyone is comfortable with such a mode of work. Therefore, we provided our employees with the opportunity to work in a hybrid

format, even paid for subscriptions to co-working for those employees who find it more convenient to work in the office for various reasons, although I think when the pandemic is over, we will all have to think about the way to motivate people to return to the office.”

**Evgeniy Nastradin**  
Beeline Kazakhstan

“The headcount considerably increased in the past year and will continue to grow. In March 2020, from the outset of the pandemic, we were in a state of chaos, so we conducted group interviews. After the introduction of quarantine the people were shocked, they did not understand for what period they were coming – it would be forever or for two months. We also did not understand who to recruit, why hire people who might leave in two months. While holding group interviews and very fast recruiting, we didn't always understand the motivation and qualities of the job seekers, so there was a real mess at some point. We realized that the number of recruited employees in certain areas was beginning to outnumber the "old" ones, and as they say in classic business books, this directly affects the culture and the company. Everything that was poorly built starts crumbling. There was a second quarantine, which also provided us with a certain surge in orders, but nearly after it everything returned to almost the same speed. Therefore, regarding the normal process of hiring and the approach to all areas, we started to breathe out and rebuild it in a normal, systematic way only in the second half of the year. Now we have what is called the "dark store" fashionable word, and the format of large darkstores, from two to three thousand square metres with a typical warehouse format and ceilings from seven metres. For the moment, we do not have the same scale, but in general, in the format of the new economy, we are creating jobs for couriers and trade jobs. Herewith, we have a willingness to provide normal jobs, in contrast to food aggregators, who seek to reduce the cost of services as much as possible,

leading an army of individual entrepreneurs. We understand that ideally we can operate, but if there is an intensification of competition for couriers, in this case we will have to accept the general rules of the game.”

**Alexey Lee**  
Arbuz.kz

“Last year, we increased our headcount by 700, bringing the total to 3,000. We are planning that in 3 years we will have about 7,000 people, and in 2021 we will add a thousand more. We are in the poultry and processing sector, so it makes no sense to expect some kind of revolution in terms of automation here. The human labour power will be still involved for a long time. I have been to the best American, European factories – everything is the same. Opportunities for automation are still small, and investments in equipment and people are incomparable. Even where there is a good equipment enabling to automate processes, it is very expensive and difficult to recoup. For example, boning: when the chicken is boned, fillets are removed, and the machine produces 1.5% less meat than manual labour. If you multiply this by the volume, you get millions of dollars.”

**Serik Tolukpayev**  
Aitas KZ, UKPF

“About 800 people have joined us over the past 12 months. By the end of 2019, Astana Motors had a little more than 1,800 employees, at the start of 2021 - 2,600 people. This year we are planning to increase the number of employees to 5,000, and in the years to come we will increase the number of employees to 7,000.”

**Beknur Nesipbayev**  
Astana Motors

## THEME

### Changes in the headcount and future plans

“In 2020, the company's headcount went up largely, and we expect the same considerable increase in 2021. In a down economy, the company grows by 15-20% per year, and if all goes well, we grow annually by 30% or more. It is clear that this growth is impossible without the involvement of personnel. Each new person contributes to the development of our business. We will grow in any case. Due to the pandemic, many companies have been downsized, and at the moment there are many qualified specialists in the labour market, one has a good choice, and I think that we will have further growth in the number of personnel.”

**Anna Duy**  
Softline

“The number of our staff has grown in moderation. There were expectations for a 30% growth, but it rose by about 10%. We reduced about 25-30%, and some of them were placed on leave during the quarantine period. In June-July, we returned employees and began to grow. Therefore, the growth was 10-15%. In the coming year and 3 years, we are planning to increase the number of personnel.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“We have launched 20 large service projects over the past year. Last year, the number of employees in our company was about 180-190 people, now it is 420, this is almost twice as much due to service projects. Similar large projects have already been signed and closed, so the number of employees will remain in the coming year. Over the next three years, a slight increase is possible on account of the launch of new products or new types of services. Currently customers are actively interested in digitalization and our ability to jointly process the received data through our products, analyse and use it. We already have projects where we provide a service with a digital product – this is when the machine “talks” with all the systems that are used at the mine. This area is very interesting and it inspires me a lot, since there is a junction of two areas of knowledge – digital technology and mining.

The basis of our business is spare parts, service. During the pandemic, we refocused on supporting our customers and industries. We had an effect in the form of orders for capital equipment, as customers changed priorities – they postponed some orders, and invested money in safety-related activities. We didn't dismiss people because our business is more of a service business, and, on the contrary, we have grown.”

**Mikhail Balytchev**  
Epiroc

“Regarding the total staff, there has been a moderate increase in the number of employees. There has been a substantial increase in the head office following the launch of a number of new products. In the coming years, we will continue moderate building up of our staff. We are recruiting employees in the IT and big data segments. Our developers are local, and ambassadors and experts on new trends are invited mainly from Russia and Ukraine.”

**Azamat Osmanov**  
Magnum Cash & Carry

“The number of jobs has more than doubled, today we employ about 570 people, 95% of whom are residents of nearby settlements. I anticipate that with the launch of new categories and with the expansion of geography, there will be new lines, which will entail a significant increase in staff.”

**Bernard Vavrzhin**  
Mareven Food Tian-Shan

“There has been a substantial increase in the number of our employees. 14 new stores were opened domestically over the last year: in Nur-Sultan, Taraz, Shymkent, Aktobe, Aktau, Satpayev, Abay, Karaganda and Zhezkazgan. Despite the lockdown, we witnessed a good sales growth right immediately following the opening of stores. Probably due to the fact that people were unable to travel, go to the cinema and restaurants, they began to buy equipment. This year we will continue a significant increase in the number of staff, and in the

future 3 years we are planning a moderate extension of our staff.”

**Yerem Arutyunyun**  
Mechta.kz

“Since the country is still under the quarantine and restrictive measures, we are not expected to have any changes over the next 12 months. Over the next three years, we will increase our staff by opening new stores and launching an online platform.”

**Zardaecht Hamou**  
Fashion Retail Kazakhstan

“The number of employees has augmented significantly over the past 12 months and will continue its rapid growth. The increase in the number of employees was not so much due to the pandemic as it was as a result of organic growth. For example, an increase in the number of orders requires proportionally more support service staff members. Another example – the growth in the number of restaurants also requires an increase in the number of employees in this area. We had about 300 partner restaurants, now they are about 800.”

**Alibek Yessov**  
Wolt

“The number of personnel in our country averaged 130 people before the quarantine measures. It did not increase due to the pandemic. When observing the group, considering the opening of branches and a subsidiary, the number of employees increased by 20%. Because of the expansion, modernization and entry into new markets, we will have to open additional shifts in production. I think the growth will be up to 230 people by the end of the year, and we will keep it in the future.”

**Nursultan Zhumabek**  
hoffmann aluminium

“There has been a moderate increase in the number of employees over the past 12 months. During the crisis, we did not dismiss a single person, and this is something to be proud of. We have always grown in

times of crisis – in difficult times it is easier to recruit new talented employees to the team. But the increase in staff is rather a necessity, generally, our task is not to increase the number of staff, but this is impossible when launching new products. Therefore, the number of employees will moderately increase in the next 12 months and in the future three years. The number of employees will grow as long as there are new ideas and new products are created.”

**Nikolay Babeshkin**  
Kolesa Group

“We do not have a strong staff turnover in the most key areas. The main team has not changed over the year, there is a certain rotation among the incoming coaches. The employees who work full-time have a specific goal, mission, understanding of their social significance. In the pandemic conditions, we didn't dismiss anyone, although I know the fitness market had been shattered. The number of employees will not change during the year; we may moderately increase the number of employees within three years.”

**Valikhan Ten**  
World Class Almaty

“The number of our staff has not changed over the past year. In the future, the automation and digitalization of many processes will certainly have an impact on the staffing of companies throughout the world.”

**Andrey Kurilin**  
Citibank Kazakhstan



## THEME

### Changes in the headcount and future plans

“Taking care of our employees is one of the core values of our company. Despite the challenges posed by the pandemic, we managed to retain a well-coordinated team.”

**Alexandra Bekisheva**

Engineering Company “Kazgipronefttrans”

“We have not had any staff redundancy. All employees, except for those who work with customers in stores, have moved to work from home.”

**Mikhail Bazanov**

Mars Kazakhstan

“The number of personnel has not changed over the past 12 months, and we are planning moderate growth in the front in the future one year and three years. As for the back office, that is, the task is to make it as digital as possible, considerably reducing the proportion of manual work.”

**Dmitry Zabello**

VTB Bank Kazakhstan

“There has been a moderate decline in the number of staff in the company. We carried out optimization when merging two shopping centres. Regarding the scale, the cash fund declined by 7.8% and the number of employees - by 12.6%. We have optimized the number of employees in duplicate positions, but we formed an IT unit, and we have transferred some of the employees there. When we recruit employees for the new shopping and leisure centres, the management positions will remain in the singular, but the number of back office employees will grow locally. In general, over the next 12 months, the number of employees will moderately increase, while in three years it will have a substantial growth, because each new shopping and leisure centre means at least 50 new employees.”

**Alexei Khagai**

TSPM

“The number of employees has slightly decreased over the past 12 months. This was not due to the quarantine and lockdown, but to work on efficiency and consolidation of a number of services and functions. We seek for making our staff members more versatile, and in our new stores the service, cash register and loan areas are combined. This is done, firstly, for the convenience of clients, and secondly, the same employees can perform different functions at different times. The number of personnel will remain at the same level in the near future. It is hard to say what will happen in the future three years. The number of personnel in absolute terms will moderately increase, if we keep growing and developing.”

Despite the pandemic and possible quarantine, we are planning to open new stores, they remain the main sales channel. During the lockdown, the market “fell” by about 60% from April to May 2020. The share of online sales during the pre-quarantine period was 10-12% and increased 3.5 times. This suggests that under the conditions of severe restrictions, people really did not have a choice where to shop. The online market compensates for about 40% of customer demand, but not all buyers have moved online. 60% of buyers postponed their purchase and did not decide on an online store. After the opening of physical trade outlets we noted a rush of deferred demand and sales growth. Online did not return to previous indicators, but remained at the level of 20%. Thus, traditional stores will be in demand as points of sale and consultation. As part of our strategy, we are by no means planning to abandon conventional retail stores.”

**Dmitriy Provkina**

Arena S (Sulpak)

“There has been a moderate decline in the number of staff in 2020. At first we made a strong cut down, but then we increased the number of staff members again, although not to the previous level. In the future 12 months, the number of staff will moderately increase, and in the future three years, it will increase significantly. The cuts were driven primarily by the

pandemic. We did not know what would happen next, how long this situation would last. We placed people on partially paid leave, but some employees chose to leave. This situation lasted for three months, and many employees could not afford to be in a state of uncertainty for so long. And later, when it became clear that the most stringent measures were at the back, we realized that we could work with fewer people and recruited new employees, but not in the same number. The marketing unit was greatly reduced, because marketing costs had been reduced altogether in 2020. There was a great reduction in the staff of the contact centre and telemarketing unit in the call centre structure, because there had been fewer clients. We were compelled to cut some of the developers as the highest paid employees. At the end of 2019, we planned to implement the Agile management methodology and decided to do it step by step, and in March 2020 we were forced to reorganize, literally in one month and realized that by accelerating the implementation of Agile, we could work better and more efficiently with fewer developers. But in the future, we will be extending the technical development team.”

**Alexey Sidorov**

Silkway Ventures Group

“Our employees are strongly involved both in the company's business and the life of the community. Therefore, last year we tried to approach the issue of staff reductions as gently and carefully as possible. We have a system for resolving the crisis, and in the situation with COVID, our staff members were actively involved not so much in resolving the crisis in the company and helping their families and near and dear ones, but in supporting the most socially vulnerable people – their neighbours, for example. It was a kind of leadership lesson for our colleagues. Last year became a serious test, but we managed to keep the number of employees at the same level and not reduce the economical efficiency. For the next 12 months and three years, we want the headcount to

remain the same despite the growth. This points to the fact that we would like to increase efficiency and obtain scale effect. The second point – the company has a certain specialization, and we transfer to external use those processes wherein the company does not specialize. Thereby, we are not reducing the number of people involved in our business, but perhaps, as has been the case for the past 10 years, we will help in the formation of new and already independent business units, to ensure people become entrepreneurs and continue to serve us or transfer some or other services for classic outsourcing.”

**Kairat Mazhibayev**

RG Brands

“The decrease in the number of people took place due to the pandemic, when our customers, international operators and others had substantially reduced the number of people on construction sites. On the other hand, many capital projects of oil and gas majors planned for 2020-2021 have been postponed to a later time, which also affected the decrease in the number of people.”

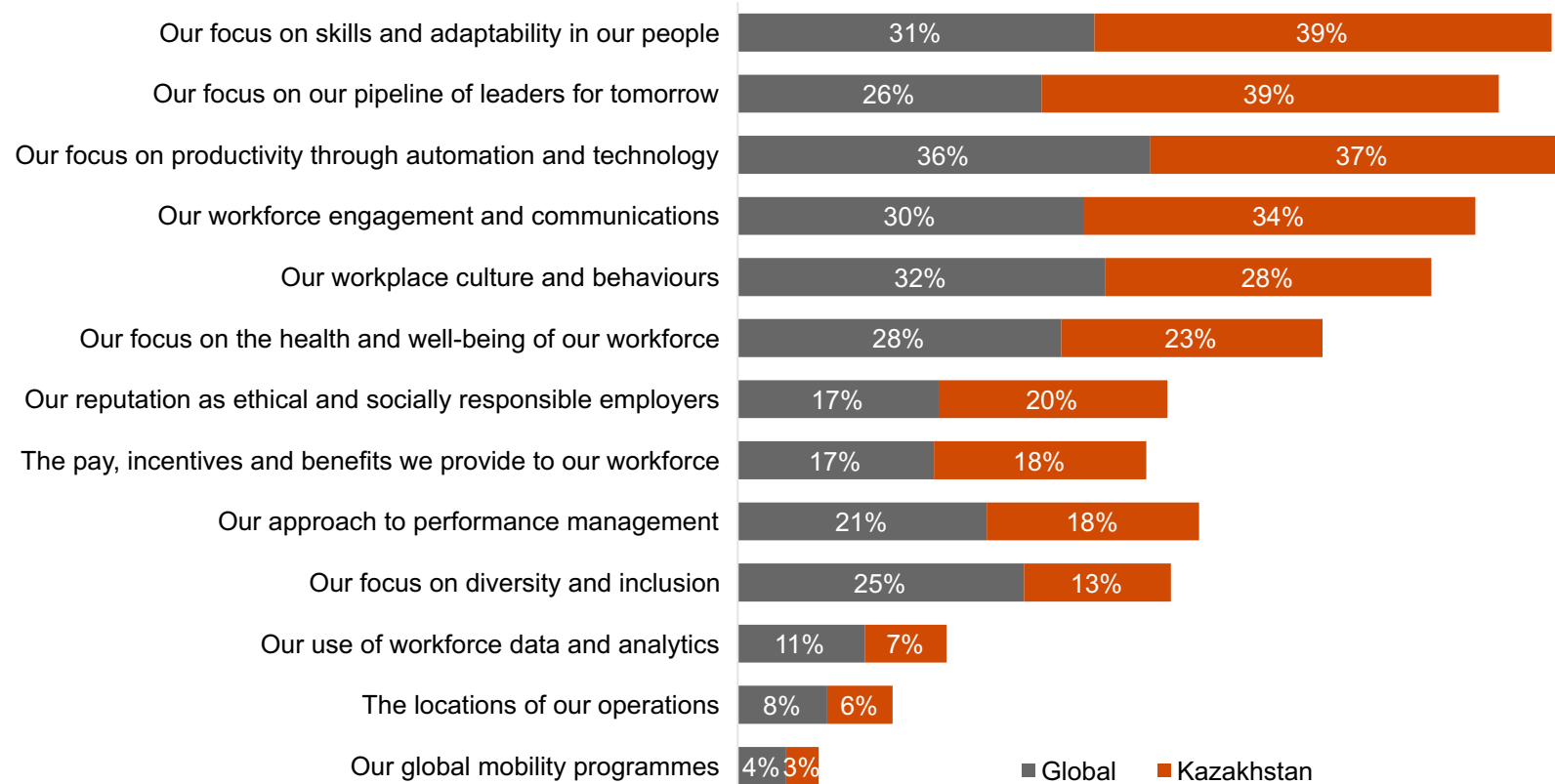
**Almas Kudaibergen**

Centrasia Group



**THEME**

**Changes in the manpower policy to attract and retain staff**



“Alterations in the HR strategy It was not very easy for us to reorganize to remote work, work in video conferencing mode, but at some point we realized that remote work expands the boundaries of the search for a applicant — we do not have to hire a person who is geographically located in the same city as our office. We can hire a person who is located in any city in the country or even abroad on a part-time basis. It will not cost more, but we will get new expertise, new knowledge. We are considering new incentives and benefits. We take care of our employees’ health regardless of quarantine – regular pre-shift examinations are carried out for those employed in production operations, we have

launched a health management programme, regular medical examinations are conducted, and consequently, chronic diseases are identified and monitored (arterial hypertension, diabetes, cardiovascular disease) among employees. As a result of data analysis, staff members receive recommendations on visiting a doctor, diet, etc. This system is much broader than just a pre-shift examination, but can provide health benefits for employees.”

**Marat Seitkulov**  
Caravan Resources

“Human capital development strategy. In 2021, we are at the stage of developing soft skills, we are evaluating potential talents in four areas: assimilation and perception of verbal, digital information, general competencies, employee motivation and managerial competence test. Having identified a gifted person, we proceed to his/her development. This is both training and mentoring. Even such an indicator as the speed of document processing by each staff members is assessed inside the ts-online programme. Taking into account that we will be approached by a large number of commercial real estate facilities, we need to train managers of different levels, and they have to be able to manage people. Therefore, we develop talents step by step, we even have a special programme for capable employees – we look at what spheres of activity are interesting for people and provide them with the opportunity to try themselves in different departments. Staff training is of great importance for us; last year, we had a serious budget for training for the first time in five years.”

**Alexei Khagai**  
TSPM

“At the moment we are paying a lot of attention to training the leaders for tomorrow. We adhere to the continuous development strategy. The skills and competencies that used to be important two years ago are fading into the background today. For instance, two or three years ago soft skills were given a lot of attention. But now, in turbulent times, fast learning comes out on top. A leader in 2021 has to be multifunctional, understand marketing, development, analytics in order to quickly direct the team, the project in the right direction in a changing world.”

**Maxim Melnik**  
Satu.kz

## THEME

### Changes in the manpower policy to attract and retain staff

“Our company quickly notices talented people. We support our employees, our sales consultant can become a director or head of a new stream (direction). Our business activities promote the continuous development of talents. We have already become a talent foundry, and if a person has worked in Magnum, this is a kind of quality mark in a number of aspects in trade. We are a young company and are under a constant transformation. As a socially responsible employer, we always work on a workplace culture and reputation. We employ a total of 12,000 people, including 1,000 people at the head office. Consequently, there are differences in manpower policies. For some, the priority is to ensure productivity through automation, while for others, it is a focus on our pipeline of leaders for tomorrow.”

**Azamat Osmanov**  
Magnum Cash & Carry

“We had a lot of problems with training mid-level specialists, and we are planning to pay attention to this issue. One of the problems is that since we are associated with an IT company, it is hard for us to find specialists in sales or marketing, so diversification is one of the issues this year. We look toward for people not only from the IT sector to want to work for us. Regarding global mobility programmes, one of the incentives for our telecommuting employees is that they can leave for a couple of months and work remotely. The biggest problem at remote work is related to the adaptation of new staff members, and we have not been able to solve this problem yet. For an employee who was hired for remote work, the probationary period is twice as bad as if we took him/her to the office. In general, I cannot say that there have been fundamental changes in manpower policy.”

**Nikolay Babeshkin**  
Kolesa Group

“I would say that knowledge and skills are not important to us to increase competitiveness, we appreciate the potential of the employee, his/her ability to learn and

understand more. We are moving from the availability of skills and knowledge to the existence of prospects, capabilities of a person, since knowledge and skills are not difficult to obtain now, while everything is changing very fast.

Our strategy reflects not only the desire to be a socially responsible employer, but the wish to have a more focus on a person for whom value, semantic things are more important as well.”

**Serik Tolukpayev**  
Aitas KZ, UKPF

“The most important thing for us is the health of our staff members and their families, as well as ensuring their safety. We carried out daily monitoring and reporting on the diseased people at every enterprise, in every unit and department. We have consolidated the statistics and know how many people in our group of companies have gone through the illness. During the pandemic, we felt a shortage of medicines and thanks to our efficient structure, we delivered everything our employees needed. Loyalty to our group is not just material goods. Each employee also has to know in practice, in deed, that he/she is important to us, without gender separation, and we will take care of the well-being of everyone and their near and dear ones.”

**Farrukh Makhmudov**  
Orbis Kazakhstan

“Focus on our pipeline of leaders for tomorrow. It is very important for us, firstly, to ensure interchangeability within the company, and secondly, timely find people who have ambitions and provide them with proper career growth. The second point is workforce engagement and effective communications. This is essential because the benefit from an involved employee is much greater than from an indifferent employee. We attract employees from abroad to work in the company. Work in the company allows staff rotation. We have had cases when Softline employees in Kazakhstan got the opportunity to work in the Belarusian office, while employees of the Russian

representative office could go to South-East Asia, Latin America to gain new experience and new expertise there. When recruiting personnel, we primarily focus on the staff within the company, and if we do not find the required specialists, we search for them in the market.”

**Anna Duy**  
Softline

“We are focused on training our pipeline of leaders for tomorrow; the company has in-house training. We attempt to cultivate leaders within the company. We have several managers who used to work as waiters before. This was due to inner growth. In fact, we use both external and internal training, both formats work at a time. We attract Russian specialists, in particular from Moscow. Moscow is one of the centres of restaurant life not only in Russia, but in Europe as well and even in the world, there is a high level of staff competence. As a rule, we hire these employees for a long term. In the course of work they learn something on their own, but the main thing is that they teach our staff. I prefer to grow the staff within the company, rather than drag them out of the market. There are many reasons for that. When you grow an employee, he/she acquires a high loyalty to the company, he/she knows all the nuances of internal corporate life, while with an outsider there is always a risk that he/she will bring unnecessary things from the outside.”

**Yuriy Negodyuk**  
Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

“Focus on diversity and inclusion comes first. We have initiatives to involve more female professionals in technical specialties. The second-best is the focus on skills and adaptability in our people. We conduct trainings, LinkedIn Learning, and we have not only given access to training, but every second Friday we arrange a meeting where employees talk about the courses they have taken. Now we are planning trainings in the “mix” format – personal and remote, with the involvement of mostly internal trainers in order

to maximize the sharing of the experience that we have. The third is engagement in communication.”

**Mikhail Balytchev**  
Epiroc

“Under the conditions wherein we happened to be, the workforce engagement and effective communication came out on top. Skills and adaptability are the second most important. The workplace culture is the third. The skills of communicating with clients have changed a lot under the existing circumstances, we had to move from personal communication to a remote format. This required a colossal readjustment of workforce skills. While colleagues in Kazakhstan were familiar with this format, the teams in Uzbekistan and Belarus had to rebuild their methods of work very fast. Some people joined the company already in a remote format, there are those who have never seen their colleagues and clients offline. Certainly, this requires a huge psychological readjustment. Understanding all these challenges, we changed the competency profile of our employees accordingly and implemented it in all processes, from recruitment to talent management and promotion.”

**Vitaly Bystryukov**  
Sanofi Kazakhstan

## THEME

### Changes in the manpower policy to attract and retain staff

“In our manpower policy, we are planning to focus on training leaders for tomorrow, work on the company's reputation as a socially responsible employer, and focus on the health and well-being of our workforce. Most of our developers are located in Minsk, and no matter how the political situation develops in Belarus, there is no denying that in recent years the country has been receiving ever higher revenues from IT exports. About 40 thousand IT-developers work in Belarus, and thanks to these young people money is entering to the country's economy, and related industries are developing. I do not presume to assess the political events taking place in the country, but, unfortunately, they are likely to have a negative impact on the development of the industry. It will be difficult to restore the positions.”

**Bolatbek Ospanov**  
Smart Satu

“We focus on social responsibility and flexibility in arranging work using modern digital solutions and a combination of office and remote work.”

**Andrey Kurilin**  
Citibank Kazakhstan

“The corporate culture has a very strong influence – the way people feel in the workplace, they communicate with colleagues and management, they are involved in the decision-making process, influencing the strategy. In a digital company, especially in the mode wherein we are operating at the moment, the issue how people feel in the company is extremely important. You need to work with people so that they have a good mood.”

**Alexey Sidorov**  
Silkway Ventures Group

“We are focused on preparing leaders for tomorrow. The attracted top managers do not always meet expectations, they often have excessive demands. To

be honest, we have not met good personnel, they may be very expensive. We are trying to grow our own people, moreover, our employees are always more loyal.”

**Yerem Arutyunyun**  
Mechta.kz

“We always try to teach each of our employees to think like a leader, even if an employee is not actually a manager. This allows us to grow leaders of tomorrow, and each individual employee to reveal his/her potential in the workplace.

Lamoda also gives a lot of attention to the equality issues – no employee may be discriminated against on any grounds, everyone gets equal opportunities to prove themselves. Thanks to this culture of openness, the company has created a very favourable environment, for example, for the development of female leadership. About half of Lamoda's board members are women. My career with the company is also a living proof to this. Unfortunately, according to the research data, including those of global research, not all companies adhere to the same policy; for instance, equal pay for men and women has not been achieved everywhere yet, and this needs to be adjusted, including in our country.

As an area for further work, at the moment we are highlighting the motivation of line personnel who work in delivery and directly interact with customers. There is a shortage of delivery employees on the market now, many large companies are fighting for them, and we want to become a more attractive employer for this category. For instance, at the end of last year, we paid an additional cash bonus to all employees who worked directly with clients during the pandemic.”

**Molder Ryssaliyeva**  
Lamoda

“We are implementing operational excellence system, visual management and continue to reinforce these aspects in the company. We are looking into the best

way to empower people, to encourage them to take challenges. As Company, we accept a right to make mistakes, as this drives innovation and initiative, these are some of our values we maintain in KATCO. Sustainable business and corporate responsibility are what drive us. We want to make sure that sustainability practices are fully integrated into our operations by promoting transparency and employee engagement. We encourage our people to share CSR values, to participate in our CSR initiatives benefitting local communities and environmental protection.”

**Gerard Fries**  
KATCO

“Above all, we are a food company, and our main goal is to create services and products of unsurpassed quality. Most of our goals and indicators are built exactly around this ideology. The main score of our activity is the positive feedback from our customers and a high level of satisfaction.”

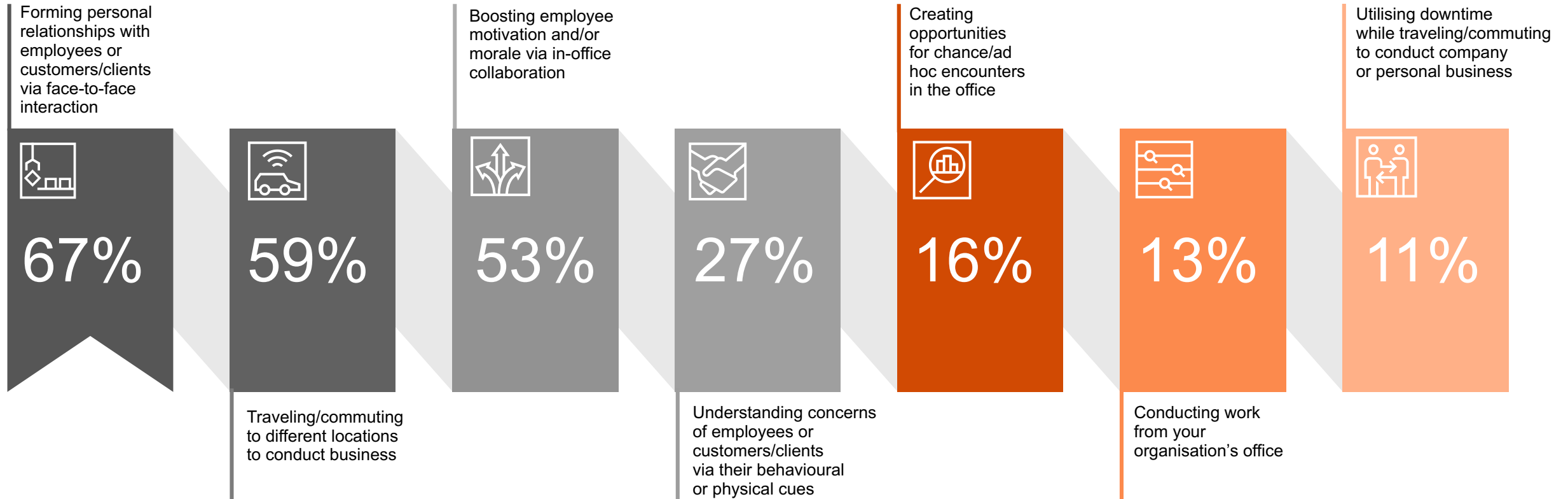
**Mikhail Lomtadze**  
Kaspi.kz



THEME

Reassessing previous business practices

Kazakhstan 2021



“Of the working methods that were practised before the pandemic, what I miss the most is communication. I like it when we can get together for planning meetings, communicate in person, meet in the office or in a cafe. As for the transition to remote work, in any case, we have gained invaluable experience, and personally I have saved a lot of time and money due to the fact that I began to fly to Nur-Sultan much less often. It turns out that all issues can be solved in Zoom, and quite effectively. There is another side of remote work: some people feel that lack of control negatively affects the quality of work. But in media teams, the quality is assessed according to other criteria. Certainly, face-to-face interaction with speakers is more familiar, but in the end we learned how to conduct interviews online. We need to rebuild, and I think we have already found a balance between offline and online methods of work, and most importantly, we have gained invaluable experience and will continue to apply it even after the pandemic is over. This new knowledge has already greatly simplified our life.”

**Armanzhan Baitassov**  
Tan Media Group

“There is a lack of face-to-face interaction. This applies to work with clients, and both we and clients equally are short of personal communication. We all have undergone the stage of remote work, and at first you feel a sharp increase in personal efficiency, and then you realize that balance is important, the right combination between different formats of work within the organisation. Our workforce has the opportunity to work on a flexible schedule, we have developed an optimal format and adhere to it.”

**Dmitriy Provkin**  
Arena S (Sulpak)

## THEME

### Reassessing previous business practices

“During the pandemic, we had a new look at the ratio of work and personal time, at the so-called work-life balance. We already practised telecommuting before the pandemic, but, sure, not on such a scale. Basically, everyone worked either in the office or in the “field”. When switching to remote work, someone’s efficiency increased, since the employee does not waste journey time, he/she can quickly join the work process by simply turning on the computer. For some one other, on the contrary, it turned out to be difficult to arrange work at home. And certainly, one cannot overestimate the importance of personal relationships that are not mediated by the computer screen, the importance of live human communication. We lacked it. While everyone was getting used to the remote format, there were, definitely, some vagaries, especially in interaction with external organisations, but we have overcome them over time. Our business life before the pandemic – a lot of time in the office, a lot of travelling and commuting to different locations to conduct business – this is a kind of extreme. The pandemic has led to the other extreme – everyone is at home, no one flies anywhere. I think the future stands between them, it is in optimization, in finding a balance between both of them. We will retain the required travelling and commuting to different locations to conduct business, work in the office will be remained, but since we recognize the benefits of telecommuting, this will be kept in our practice as well.”

**Mikhail Bazanov**  
Mars Kazakhstan

“Before the pandemic, we did not particularly practise telecommuting in our country. There was a myth that it wouldn’t work and it would be easier to place everyone in the office. It is notable, that this myth collapsed in the first few months, and it became clear that telecommuting could be effective. Despite this, currently we understand that there is a need for real-life communication. This is noticeable in terms of supporting morale, especially with newcomers. They have not developed a love for colleagues and company yet. Communication via videoconferencing can not always establish human

relationships. Therefore, online communication weakens the strength of corporate culture. We realize that we need to consider other approaches to building and maintaining corporate spirit online, but we have not found them yet. Now that the employees are back in the office, one can feel the thrill of communication and the atmosphere of interaction with people.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“There is a lack of personal relationships with employees and clients, especially in large projects. It is very important to have face-to-face contact. Perhaps there are businesses less dependent on this, but ours – not all, but half for sure – is carried out through personal contact. I feel certain comfort being in the office. There is some certainty that everything is at hand and there is discipline, without a doubt. Telecommuting is a bit irregular, there is no sense of the difference between personal and working time. This puts people under certain stress and does not have a positive impact on efficiency.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“Definitely, there is not enough face-to-face interaction, we are trying to find a new balance. On the one hand, we feel shortage of travelling and commuting to different locations to conduct business, but on the other hand, we managed to take a break from this, because the number of flights had been enormous before the pandemic.”

**Dmitry Zabello**  
VTB Bank Kazakhstan

“Inability to travel on business, because that is one of the important portions of the job. I personally always travel around all the territories. For instance, in Uzbekistan there was a lockdown for five months, that is, in fact, for five months, people could only leave the apartment, walk to the nearest store, make a purchase and return. The entire territory was left uncontrolled. They had tighter

closures between the oblasts, the goods did not always reach outlets.

We have to “pull out” staff members in a smaller number to the office from time to time. Every New Year we have a townhall, we gather all the staff, and the management holds an extended meeting. Each of the directors reports on the work done, I mean which goals were achieved and which were not, and about plans for the next year. This includes not only back-office staff, but blue-collar staff as well. We do this to make sure that everyone has a common understanding and some kind of unity in the company. This year we had to record everything on video and send it to chats. Sure, the staff watched it, but in my opinion, face-to-face interaction would still be more effective. At the moment we do not face serious problems, but if this continues, then in the next year or two, I think, there will be difficulties with the motivation and morale of the employees.”

**Bernard Vavrzhin**  
Mareven Food Tian-Shan

“There is a lack of increased motivation through office work and travel. Part of our work is travelling and commuting to different locations to conduct business. Travel is a kind of inspiration for the development of our business.”

**Askar Baitassov**  
ABR

“We lack doing work from the office, travel and business trips, boosting morale via in-office collaboration. At remote work, there is no such team spirit as when working together in the office, everything is a little apart, and the overall drive degrades. After the pandemic, people will want to return to the office, and team, human interaction within the office space will remain. But at the same time, the level of use of solutions for teleconversation will still remain high, it will be higher than before the pandemic. When we went into the quarantine, the company had 17 people, and when we went out of the quarantine – 35-40 people, and by the start of 2021 the staff grew to 70 people, we are waiting

for a move to a new office, since there is not enough space in the old one. I learned to own cost what telecommuting is and I understand that I would not like to work like this on a permanent basis.”

**Alibek Yessov**  
Wolt

“We have everything cloudy, everyone has laptops, and everyone readjusted quickly enough, there were no particular problems in connection with the pandemic. But what we lack is that the legal framework does not allow employees to telecommute in full. You cannot accept nor dismiss an employee until he/she physically comes to the office. There are many exactly legal restrictions that greatly complicate telecommuting.”

**Lev Appakov**  
Schneider Electric



## THEME

### Reassessing previous business practices

“We went to the quarantine quickly and felt uncertainty like everyone else. The rules and forms of documents were changing every day, and our employees went to work, not knowing if they would reach the warehouse. Regarding the effectiveness of telecommuting, I would like to say that there are things that can be done normally at remote work, even there is some improvement: no need to waste time on getting ready, for the journey. Nonetheless, some processes have to be carried out in an organized business environment, and in this case, during the quarantine period there were problems with logistics or, for example, document flow – you had to make some efforts to get into the office, sign documents, transfer them to an accountant or other staff members. Some of the standard chains of working relationships have become very complex.

The second point is the relationship between staff members, their loyalty, involvement in the company's life, they are the factors that are formed in direct contact between people. Telecommuting has a negative impact on the emotional sphere. We needed more efforts to bring people together, to let them know that they were still one team, that they were committed to the company mission. I myself miss the office and communication with employees. There are specific things that relate to education, for instance. In my opinion, to foster a child's interest in learning is an impossible task, if classes are conducted online. Remote learning or telecommuting has to be used, but within reasonable limits.”

**Konstantin Kulinich**  
Mary Kay Kazakhstan

“In the remote work mode, we support the team spirit of our workforce by conducting video team meetings, virtual meetings with interesting people and other events. Sometimes our audience responds to this even more actively than to offline events, because you can invite a speaker from anywhere in the world using the video. Nevertheless, traditional office work is

certainly alive and well. Personally, I prefer to work from the office – everything is subordinated to work there.”

**Andrey Kurilin**  
Citibank Kazakhstan

“There is a lack of increased motivation, morale via collaboration in society. It is important to inspire new employees to the effect that they can see that it is possible to build a career in the company. I miss random meetings in the office when many issues could be resolved in motion. I miss my business trips. We are scattered across Kazakhstan and Uzbekistan, and often you will not be able to piece together exactly the situation until you see what is happening at a particular facility for yourself. Communication with our external partners has deteriorated, because the possibility of face-to-face interaction is also important here.”

**Beknur Nesipbayev**  
Astana Motors

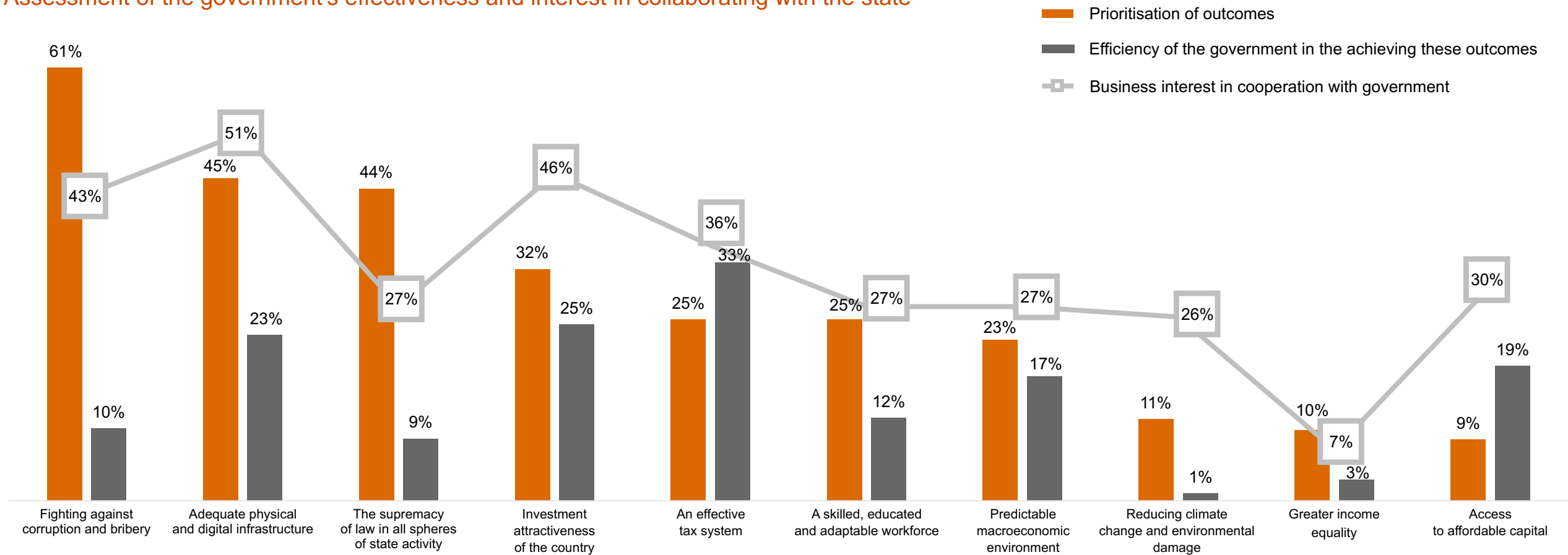


# Cooperation with the Government

## THEME

Priority areas for Kazakhstan government focus

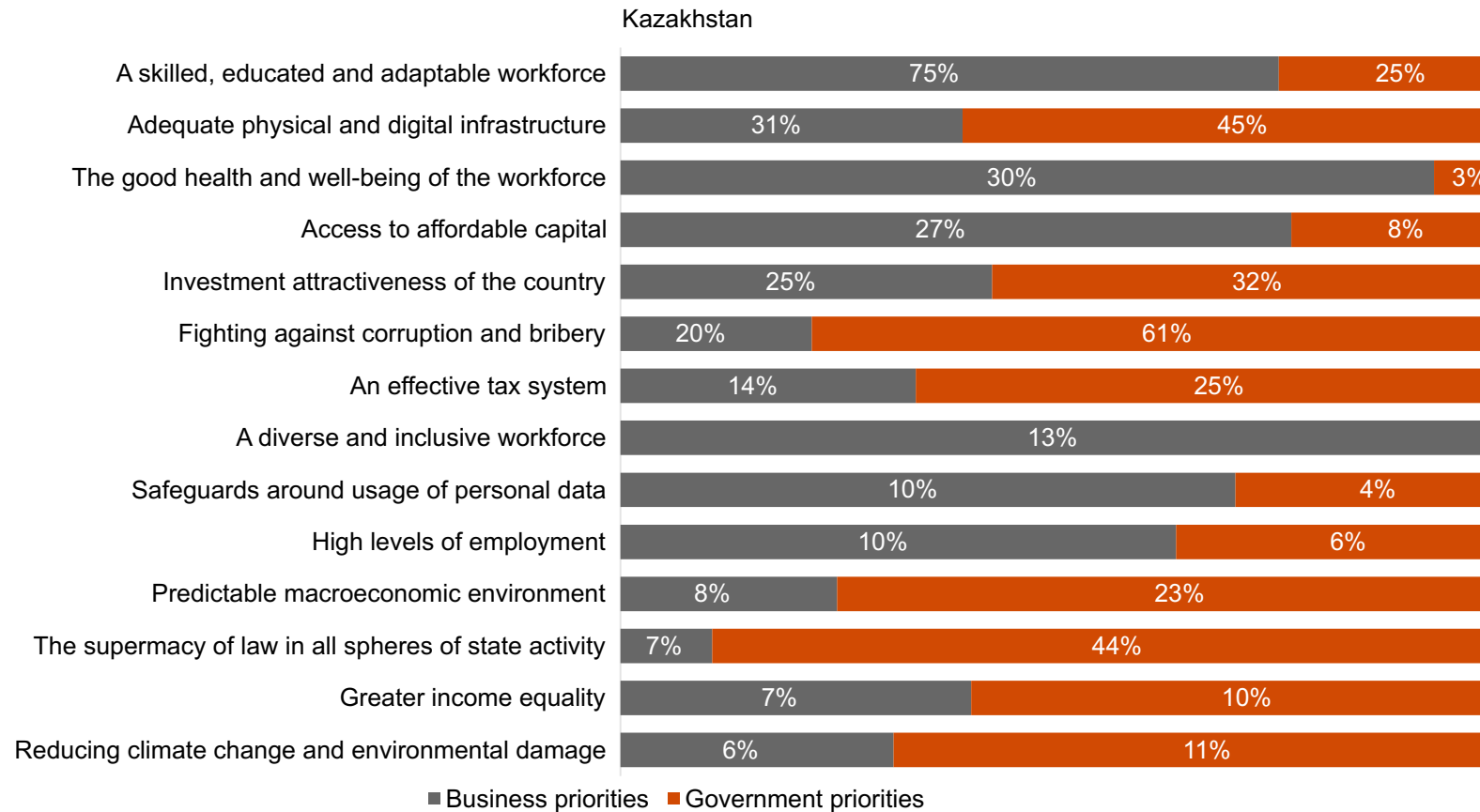
Assessment of the government's effectiveness and interest in collaborating with the state





**THEME**

**Priority tasks for the state and the efficiency of their achievement.  
The government and business in Kazakhstan**



“The supremacy of law is something that cannot be denied priority. Further, the state goals should be creation of an environment, an adequate infrastructure and bringing up of skilled workforce. My business priorities include HR development, access to affordable capital, and a focus on manufacturability. Digital may sound abstract, but if divided into three blocks, it will be operational digital (digitalization / process optimization), analytics includes BI systems and independent reporting, as well as a critical milestone for development — working with big data. These are the three pillars that support manufacturability and digital. We are already participating in the development of infrastructure, I am talking

about the ORC programme, and we are planning to be one of the first off-take users of a part of this logistics infrastructure. We participate in all digital initiatives of the Ministry of Finance and other relevant ministries, which leads to the "whitewashing" of entire sectors of the economy. We try to cooperate on the issues of safeguards around the usage of personal data and play an important role in terms of the investment attractiveness of the country.”

**Azamat Osmanov**  
Magnum Cash & Carry

“A skilled and adaptable workforce is equally a priority for both for the state and for business. The fight against corruption and bribery and the investment attractiveness of the country are important for the state. Business priority is process automation and optimization.”

**Alibek Yessov**  
Wolt

“The supremacy of law, investment attractiveness of the country and predictable macroeconomic environment. Business priorities include the protection of personal data, risk management and the hiring of skilled workforce.”

**Andrey Kurilin**  
Citibank Kazakhstan

“The supremacy of law in all spheres of state activity – the work of the government in this area is ineffective. We have a registered trademark, and in one city of the RoK a trademark occurred, one to one similar to ours, but registered in a different industry. There was a court hearing, and we lost, although we had a state registration. I would like the government to work more effectively on cuts in taxes for SMEs in the post-quarantine period. Globally, nothing was done, only the payroll tax was removed for three months. If we compare with the same Western countries, business received not only cuts in taxes, but real payments as well there. For instance, in the UK, the government compensated businesses for 80% of the rent. In our country, this issue was resolved among themselves by tenants and landlords in private.

The state has introduced digital control over alcoholic products, and we are cooperating in this area in one way or another. At the moment all information on the sales of alcohol is automatically sent to the tax authorities in order to minimize the risk of production and sale of counterfeit goods. In my opinion, this is the right measure to minimize the risk that products that can harm human health will enter the market.

We can cooperate and are cooperating with the state in the field of reducing the climate change and environmental damage risks. The state has prescribed standards for the emission and sorting out of food wastes, and we are complying with these standards, we send waste fats for disposal, which should be disposed of in a special way.

We are cooperating on employment issues. The more favourable the atmosphere is created for us as a business, the more jobs we will create.

A diverse and inclusive workforce. We do not discriminate in terms of the selection of employees, we attract inclusive staff for the work that disabled people can do.”

**Yury Negodyuk**  
Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

## THEME

### Priority tasks for the state and the efficiency of their achievement. The government and business in Kazakhstan

“The fight against corruption and bribery is not only punitive measures, although they are meant as well, but also ensuring the supremacy of law, developing legal institutions, digital infrastructure and measures to support and motivate civil servants.”

**Marat Seitkulov,**  
Caravan Resources

“The first is to improve business transparency. I consider the development of infrastructure as the second priority for the state, it allows faster interaction and faster turnover of goods. The next priority is a skilled and adaptable workforce. If everyone pays attention to this, the staff will be more competitive and our teams will be able to generate more interesting ideas. They will be able to take interaction between companies, competitors, customers and government agencies to a new level.

The developed infrastructure is effective. For me, this is more about the roads I drive, for example, Karaganda, Pavlodar – they are quite good. I know that a lot of work is under way to improve investment attractiveness. Nowadays in our industry we can see that quite large funds are being invested in geological exploration. This gives me hope that the potential will be prepared for our business, and it has to be implemented somehow. We can say that the government is effectively achieving this goal, at least, there are attempts being made, and initiatives. It cannot be said that foreign companies are entering now, but I would like to believe that what is being done now is the first step towards making them come. I know that the mining code was changed, and it greatly facilitated investment and exploration, that is, it became less bureaucratic.”

**Михаил Бальчев**  
Epiroc

“The adequate infrastructure issues, including digital infrastructure, should be a priority for both the state and business. It's about collecting analytics and

providing data.

Greater income equality of the population. COVID-19 has brought a huge layer of population in Kazakhstan to the poverty line. We saw this especially clearly on the example of Shymkent. The income of Almaty residents living in the upper part of the city, those who mainly come to our shopping and leisure centres, average about KZT 300 thousand per month. These people are more protected, they have the opportunity to save money, and even if they received only KZT 42,500 during the quarantine, this did not cause irreparable damage to their budget. In the regions, in the lower part of Almaty and in the suburbs, with an average salary of KZT 70 thousand, the blow turned out to be more sensitive. In this sense, I consider the practice of allocating KZT 42,500 insufficient – the state could have supported its citizens with more substantial payments.

The fight against corruption and bribery should be a state priority: the fish rots from the head, and if no one does this at the state level, the corresponding behaviour will be broadcast to the business.”

**Alexei Khagai**  
TSPM

“A developed infrastructure, including digital, safeguards around usage of personal data, and a predictable macroeconomic environment should be the priority goals of public administration. Business priorities should first of all be a developed digital infrastructure, skilled workforce and safeguards around usage of personal data.

I see the current tax system in Kazakhstan as quite effective. However, there is always a space for improvement, especially in terms of business support, so that the business itself strives to do everything as transparently as possible, via more affordable services, higher quality service and advice, and more convenient taxes. Answering your question about the introduction of the wealth tax (as described, for example, by economists Berkeley Emmanuel Saez

and Gabriel Zucman), if there is such a question, I would support.”

**Umut Shayakhmetova**  
Halyk Bank

“Developed infrastructure is no less important story for business than for the state. The problems that currently exist in the field of logistics cannot be solved without the assistance of business. In Ukraine, there is a good case with the “Novaya Pochta” private company, whose services are not cheap, but they are good in quality. A skilled and adaptable workforce is a business priority because it adds value to the company's product.

The task of the state is to increase the investment attractiveness of the country, and should the investment attractiveness increase, there will be access to affordable capital. Now money is very cheap, but not all countries have it. I really like the story with the Astana Hub, with the Hi-Tech Park in Belarus, although they are not having the best time at the moment. They made it possible for young promising guys to work, who found money, reduced their tax burden, and helped create an IT expertise. The state should be praised for such initiatives, because it has come to the understanding that it is impossible to go far in the resource economy and has taken steps to change the situation.

The investment attractiveness of the country is effective. We have a good example of one bank that held an IPO with a much higher price per share, and this is a good case. The fact that Kazakhstan has a fairly large number of venture capital investors is also a fact. Kazakhstan has better access to affordable capital than Ukraine and Belarus.

We are willing to cooperate in increasing the investment attractiveness of the country. We have many products that we are ready to export to Kazakhstan (Satu.kz is part of the Ukrainian EVO group of companies, a family of marketplaces). There is a good solution for government auctions,

government purchases. The same applies to electronic document flow and other serious IT products with a clear monetization model.”

**Maxim Melnik**  
Satu.kz

“An effective tax system, which should work in both directions can be referred to state priorities. When the state not only takes some portion, but also returns what is due, for example, a VAT refund. It is followed by fighting against corruption and the supremacy of law. I believe that this is the basis that affects everything else. From the point of view of business priorities, they include skilled and adaptable staff, safeguards around usage of personal data and adequate infrastructure. The infrastructure is not only basic but digital as well. Nowadays, many processes are either partially digitized or not digitized at all. The development of digital infrastructure ensures maximum transparency in doing business. We are a company that works as transparently as possible, and we are not scared of this kind of digitalization, on the contrary, it benefits us. In this matter, there should be serious progress both on the part of business and on the part of the state.”

**Bernard Vavrzhin**  
Mareven Food Tian-Shan

## THEME

### Priority tasks for the state and the efficiency of their achievement. The government and business in Kazakhstan

“State priorities should be a predictable macroeconomic environment, the fight against anti-corruption and bribery, and the supremacy of law – they are the three main ones. Everything else is a consequence; if they are resolved, there will be commencement of natural processes of development.

Adequate physical and digital infrastructure is being implemented quite efficiently and works well, for example, Citizens Service Centres. The main thing is to keep going along this path, do not stop. Certainly, the work is not always done correctly in some areas, but this is something that can always be changed and adjusted. In general, this is a highly correct path.

We are ready to cooperate on the issues regarding the reducing the climate change risk, we need an initiative from the state.

The tax system – if this is not a monologue, but a dialogue, it would be great.

The fight against corruption and bribery is a kind of utopia. It cannot be eradicated, but can be substantially reduced. For instance, in my opinion, corruption is practically invisible at a low and medium level in Russia, because it is scary and people are afraid. Probably, it will not be possible to completely eradicate this at a high level, since the amounts can be very huge, and the punishment is not harsh enough. In China, people are shot for that, but even there they still take bribes. Corruption exists in many countries, but it has to be minimized and a systematic approach should be devised.

The supremacy of law also causes concern. Perhaps we need to create a precedent that the state can also be wrong. If there were such precedents, I have not heard of them.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“One of the priorities for the state is a skilled workforce in the civil service. Civil service jobs has to be prestigious, and employees have to receive respectable salary. It is required to develop a programme for regular improvement of the skills and competencies of civil servants, including by industry. Then the best staff will strive to work there.

The second is the adequate infrastructure. If there is a workforce, everything else will appear. The third is the good health and well-being of the workforce. For business, I believe these are also the most important priority goals.”

**Nursultan Zhumabek**  
hoffmann aluminium

“I believe that the state is taking effective measures in the formation of a skilled workforce. At the moment there is academic freedom in universities. For example, in the past, there was a standard for what programmers had to learn. Nobody wanted to study in these programmes, but it was the state standard that needed to be changed as early as 5 years ago. The changes that have come in this matter are a correct and promising step. I find it difficult to assess the effectiveness of the state in reducing the climate change and environmental damage risks, but steps are being taken. For example, the conversion of the CHP plant to gas — I am surprised, to be honest. I thought this problem was not going to be solved, but as far as I know, the decision has already been made.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“It would be great if, during the period of emergency, the opinion of the business was considered in the process of discussing the format of the trade outlets operation. Business can provide feedback that is useful to take into account. Unfortunately, our wishes were not heard, everything was done exactly the opposite, and the actions of the state turned out to be illogical, which was confirmed by practice. As a result, after some time our proposals were ultimately accepted. During the lockdown period, the state supported the employees, still it supported us in terms of the rules of the game, even if they were not what we would like to see initially. But there was support, and that is already good. Currently, we are generally interacting with governmental authorities at a normal business level.”

**Dmitriy Provkina**  
Arena S (Sulpak)

“I cannot say definitely about the affordability of capital. We have recently received government money through the Damu for investment and turnover purposes at 6% for 6 years. It took us about six months. On the one hand, we obtained capital, but, on the other hand it was a long process. It is not clear what they were counting on, how companies and businesses should survive in a crisis if the capital was issued at the end of the period. This is probably a matter of bureaucracy.”

**Askar Baitassov**  
ABR

“Our bank is ready to cooperate with the state in the field of climate change risks mitigation, and we have already developed a strategy to follow. The Bank actively supports the position on "green finance", environmental conservation, corporate and social responsibility. We are planning to participate in state programmes dedicated to green projects, provide concessionary financing for green projects. Also, our bank has a plan to reduce the use of paper, electricity and water.”

**Yeldar Tenizbayev**  
Sberbank Kazakhstan

“We are working with the government to create an adequate infrastructure. For example, the infrastructure for electric transport in our cities is at a very low level, and we share our experience in creating it. In terms of the tax system, we participate in all groups, initiate articles that will allow the state to receive budget revenues and legalize business, transfer it from the shadow market to a transparent one. We put forward an initiative to amend the Tax Code to the effect that companies can pay VAT on the gain, that is, on the difference earned on the sale. This made it possible to develop a business selling used cars, and the business started to develop this area by legal means, and the state made a profit.”

**Beknur Nesipbayev**  
Astana Motors

“We are willing to cooperate with the state on the creation of an effective tax system. I met with representatives of the Almaty city akimat to present our system, explain that it helps to ensure business transparency, whereby there is no point for entrepreneurs to incur additional costs. It is essential to fight corruption and bribery, this will help to increase the investment attractiveness of the country. Often, it is corruption and bribery that are barriers for international companies to enter our market, the corruption component creates a great deal of obstacles to business development and negatively affects the country's reputation.”

**Bolatbek Ospanov**  
Smart Satu

“We are interested in cooperation with governmental authorities in achieving a number of goals. We want more top-class students, more infrastructure, data centres, though there are small problems with that now. We want a predictable macroeconomic environment, we are willing to cooperate in the fight against corruption and ensuring the supremacy of law.”

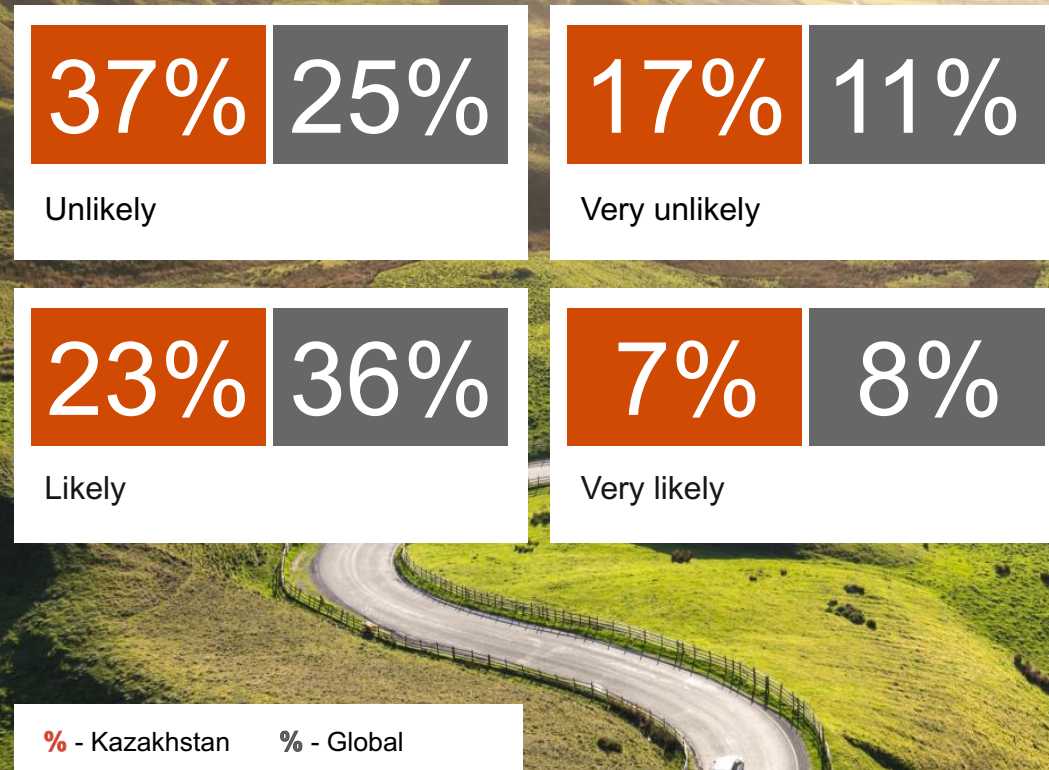
**Nikolay Babeshkin**  
Kolesa Group

“On the climate change and environmental damage issues, we are interested in and cooperate with the state not from a business point of view, but humanwise. At present, we are taking part in a large project to restore national parks. We are interested in cooperation in order to create an effective tax system. I think that taxation should be simplified for individual entrepreneurs, small and medium-sized businesses as much as possible.”

**Mikhail Lomtadze**  
Kaspi.kz

## THEME

### An effective balance between short-term economic needs and long-term environmental goals



“It is unlikely, that a balance between short-term economic needs and long-term environmental goals will be provided. Environmental issues should be resolved on the initiative from below, and on the basis of this, decisions should be made at the top, which will be sent down for execution. Currently, Almaty is an environmental disaster area, but no one knows for sure the reason for this situation, no one has conducted appropriate research. It is needless to say about solving the problem.”

**Alexei Khagai**  
TSPM

“The government is unlikely to maintain a balance between short-term economic needs and long-term environmental goals. When there was a discussion of the revised version of the Environmental Code, people who did not agree with some of the controversial points were not ready to declare openly their disagreement during the parliamentary votes. Some of these changes are not about ecology at all, but about extortions and control. I cannot see any manifestation of concern for the environment. Why it is required to create strange operators represented by commercial organisations that are not accountable to anyone and will invest in God knows whom. Under the conditions of global shocks, when the state enters a regime of economy, they will push for solutions that are primarily beneficial to someone. The beneficiaries of our state will defend their interests by methods that are understandable to them.”

**Konstantin Kulinich**  
Mary Kay Kazakhstan

“On the one hand, the state is undoubtedly doing something to improve the environment. There is a key step, the project of converting the CHP plant to gas has got under way. But the second big block is not discussed in any way – this is the conversion of the private sector to gas, this is the second 30% of the issue. And the third 30% of the problem are motor vehicles, and there is little progress in it so far. Probably because they are challenging social issues, but they also need to be resolved in an amicable way – “pessimize” the use of old non-environmentally friendly cars; in parallel, it is required to develop electric transport and rail transport. From time to time they speak cautiously about this, but without any budgets, plans, and here, certainly, there are not enough decisive steps.”

**Alexey Lee**  
Arbuz.kz

## THEME

### An effective balance between short-term economic needs and long-term environmental goals

“It is hard for me to say, whether a balance between short-term economic needs and long-term environmental goals will be provided. I would like Kazakhstan not to have a boom of populism, but to have specific programmes to solve the problems of cities and regions.”

**Maxim Melnik**

Satu.kz

“I find it unlikely. For me personally and for my fellow like-minded colleagues, such a balance is important, but everything always sounds right and beautiful in the government's plans, although in terms of implementation, everything is far from the case. Therefore, it seems to me that the government is concerned with the issue of ecology rather formally.”

**Raimbek Batalov**

Raimbek Group

“Unfortunately, the environmental issues are the last to be paid attention to in Kazakhstan. Conversion of the Almaty CHP plant to gas is an extreme measure; there is no talk of a balance between short-term economic needs and long-term environmental goals. It is clear that the situation with the CHP is horrifying, but there is also the private sector, whose residents cannot afford to connect gas. It is necessary to subsidize the connection of gas and prohibit the use of coal at the legislative level, but this requires money.”

**Nikolay Babeshkin**

Kolesa Group

“In the current environment, it is unlikely that the government's economic recovery plan will provide for an effective balance between short-term economic needs and long-term environmental goals. Currently, there is a strong social pressure, and this is an important political factor. Politicians throughout the world will choose short-term social needs, which in turn are associated with the expenses. Perhaps this will damage the environmental component. Herewith, other things are happening in the world. We are encouraged by the declarations from leading automotive corporations that they will eventually give up internal combustion engines in favour of vehicles

powered by engines with alternative energy sources. We really like the statement of the akim of Almaty city that the issue of converting CHP-2 to gas will be resolved. We see that the authorities have started to think about the environment, but the balance between short-term economic needs and long-term environmental goals is unlikely.”

**Kairat Mazhibayev**

RG Brands

“As a company, we consider environmental issues to be extremely important and, on our part, invest a lot in making our processes more environmentally friendly – we introduce recyclable packaging, pay special attention to working with suppliers who offer environmentally friendly products. For instance, the Lamoda Planet section has already been launched for Russian customers of Lamoda, which contains products created with care for the planet. The company is planning to launch this section in other countries as well. We want to believe that our society as a generally is moving towards a more responsible attitude towards the environment, is starting to take into account long-term prospects and its influence on the future, which, in my opinion, should be reflected at the level of economic initiatives.”

**Molder Ryssaliyeva**

Lamoda

“I am an optimist and believe it is likely that the government will manage to strike a balance between short-term economic needs and long-term environmental goals. I work in the renewed maslikhat and I can say that one of the main tasks with which I went to the maslikhat is cleaning the air basin of Almaty. This is a purely environmental issue that affects all residents of the Almaty agglomeration, which is almost 3 million people. Anyway, we are all interested in keeping the air clean. And the Akimat of Almaty city has made a decision to create an additional committee that will deal with purely environmental issues. This suggests there is some progress, representatives of local authorities want to improve the environmental situation within their region. In Almaty, there will be replacement of the equipment at

the CHP plant, the conversion to gas will be carried out, and the work will start in 2021. We are working closely on the project for further gasification of the private sector and we hope that the more houses will be converted to gas, the better it will be for the city's ecology. The third issue we are considering concerns the optimization of vehicular flows. We are seriously considering the issue of arranging a paid entrance to Almaty, a paid entrance to the city centre, and redistribution of transportation flows. I really hope that work on environmental issues will be carried out in all regions, the government is also working in this direction. Dealing with ecology is pricy, for some it seems pointless, but I think that if you look at the amount that the state spends annually on treating people suffering from bronchial asthma, allergies and other diseases, it is better to spend these exorbitant amounts on re-equipping the CHP plant.”

**Armanzhan Baitassov**

Tan Media Group

“An effective balance between short-term economic needs and long-term environmental goals is likely to be struck. For example, in Almaty the CHP plant is planned to be converted to gas, which will certainly reduce the level of air pollution. That is, ecology is somehow present in the development plan. The fact that the government is doing this is a big plus. Due to the fact that the city has been changed in terms of road traffic, the traffic has definitely decreased through the prohibition of passage and parking on some streets. The number of cars has decreased, consequently, the volume of emissions has reduced.”

**Yuriy Negodyuk**

Restaurant chains: «BAO noodle&sushi», «Pinta», «Tomato», «The Banka», «Paul»

“Finding a balance in this direction requires time, systematic work, and concrete steps. Globally, at present all automobile companies in the world are working on the development of environmentally friendly transport. It's great that Tesla managed to make a breakthrough and turn this trend into mainstream, into fashion. Along with



this, if you look a little deeper, the electricity that powers our cars is generated by power plants that burn coal, so there is still the question of how environmentally friendly the electricity is.”

**Beknur Nesipbayev**

Astana Motors

“Legislatively, the President of the country has announced that all enterprises that will implement compliance standards with the new Environmental Code will be provided with certain benefits, therefore the balance will be maintained. Moreover, the Paris Agreement states that by 2030 we have to reduce emissions by up to 15%. This is already a necessity.”

**Nursultan Zhumbek**

hoffmann aluminium

# Best of 2020

## THEME

Skills in demand by Kazakhstan's business leaders



30%

Adaptability



19%

Strategic vision



14%

Leadership



9%

Team development

This year, Mikhail Lomtadze, the Chairman of the Board and Shareholder of Kaspi.kz, has been recognized as the best CEO in Kazakhstan according to the majority of private business leaders. The respondents apart from the successful IPO note the professionalism of the team that has achieved such high outcomes, the adaptability of the company and the strategic vision of the head of Kaspi.kz.



7%

Team development



4%

Determination



3%

Ethics



3%

Emotional Intelligence

## THEME

### Skills in demand by Kazakhstan's business leaders

“Last year I named adaptability, but now it is essential for survival. In today's business environment, a leader has to be a visionary and talented implementer.”

**Azamat Osmanov**  
Magnum Cash & Carry

“Ideology. A CEO has to be able to convey the ideology to employees and to top managers. Ideology comes from the mission and values of the company. It is essential to regularly remind employees why we got all hands on deck – to improve the quality of life of our users. This year, the values have been updated – now they are 3 main ones: a team of professionals, WOW and focus on the key point. I see the way the values affect the decisions we make. For instance, earlier our value sounded like the Wow service. And we have really built one of the best customer care services in the country, receiving good feedback from users on a regular basis and collecting various awards. Now we want Wow to be not only at the problem solution level, but everywhere – to make wow products, wow marketing, wow to do our job. Wow means to rise the expectations, evoke a feeling of delight, surprise. Morality, values and ideology are a kind of multiplier of workforce skills.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“A CEO has to be a leader who is placed faith in and trusted. The CEO also has to admit and share own mistakes to the effect that others are not afraid to admit theirs and do not fall into the same trap. Moreover, the CEO, when making decisions, has to lead his people, clearly setting tasks for them and giving them the opportunity to understand where everyone is striving to. And certainly, especially in hard times, people also need to feel safe in the company they work for, and this also depends a lot on the CEO.”

**Farrukh Makhmudov**  
Orbis Kazakhstan

“The main quality for a CEO is emotional intelligence,

the ability to hear what clients, society, and employees need. People do business, and the way the CEO interacts with people is critical to the business. And the second quality is mental flexibility, it allows us to make the right decisions in such a sharply changing business environment wherein we are working now.”

**Anna Duy**  
Softline

“A CEO has to be able to provide for opportunities and risks for the company, as well as respond quickly to changes in the market and in the world.”

**Nina Bychenko**  
HeadHunter

“I think that three qualities should be the main ones: the first is to be accessible, the second is inclusiveness, and the third is adaptability. It is necessary to put in time for this in your work, think about it, discuss it and pay attention to it. Thereby, both the company remains more competitive, the work is interesting, and the employees are motivated.”

**Mikhail Balytchev**  
Epiroc

“The main quality of a modern CEO is the ability to be as innovative as possible, respond to market changes.”

**Valikhan Ten**  
World Class Almaty

“The main quality for a CEO is fairness in decisions related to both the business and the team, and it is important to be able to maintain this fairness.”

**Alibek Yessov**  
Wolt

“In my opinion, at present the most important quality for a CEO is the ability to properly organize a team to perform specific tasks. This is a fairly broad concept, but the main point is that the chief executive officer should be able not only to select specialists who are

more competent in their fields than he/she, but properly motivate them to achieve the company's goals as well.”

**Dmitry Zabello**  
VTB Bank Kazakhstan

“The necessary qualities are open mindedness, technical literacy, proactivity.”

**Alexei Khagai**  
TSPM

“A CEO has to be a leader, an educated person, must be able to motivate the team, lead the way. The most important thing is that he/she has to be able to generate an idea and, together with his team, bring this idea to real implementation.”

**Armanzhan Baitassov**  
Tan Media Group

“A CEO must have a strategic vision and be able to change, develop and adapt.”

**Umut Shayakhmetova**  
Halyk Bank

“In today's business environment, a CEO has to be a source of energy that sets the team up to reach new heights. Certainly, this is not the only important quality for a leader, but at present it has come to the fore.”

**Andrey Kurilin**  
Citibank Kazakhstan

“The main qualities for a CEO are strong morale, the ability to withstand the blows of reality that the business is feeling today, and a willingness to support their team.”

**Alexey Sidorov**  
Silkway Ventures Group

“It is multitasking, networking, and wide area of thought. If the company is not a niche player, then it is needed to have a wide area of thought.”

**Lev Appakov**  
Schneider Electric

“The main quality for a CEO is visionariness, strategy prevailing over operational matters, the ability to form a diverse team.”

**Maxim Melnik**  
Satu.kz

“A look focused on the future.”

**Serik Tolukpayev**  
Aitas KZ, UKPF

“In my opinion, at present the most optimal CEO is not a pure entrepreneur or a manager, but an enterprising, involved person who runs the company as his/her own, demonstrating managerial ownership. It doesn't matter what kind of managerial position a person is in. Today, the most effective chief executive is the one who has an idea, a concept that combines managerial skills, involvement and a proprietary approach.”

**Kairat Mazhibayev**  
RG Brands

“The response rate. In the modern world, this is one of the main qualities for company's CEO.”

**Raimbek Batalov**  
Raimbek Group

## THEME

### Skills in demand by Kazakhstan's business leaders

“The main quality of a CEO is strong ethics. In my opinion, we are undergoing a civilization crisis. This is not the pandemic or economic crisis, but a civilizational one. Many changes are taking place, for example, in the digital sphere, in the issues of implementing artificial intelligence and machine learning. This poses questions to us that we have not encountered before, such as the issue of human rights and artificial intelligence. And the laws are the consequence of morality that should be in society, the result of our collective understanding of what we want to be as a civilization. I do not know the answers to this question, but our biggest worry is that I do not see any active public discussion on this matter. And the time in this case is working against us. It is impossible to restrain the development of technologies, this is a path to degradation. But the rules by which technological progress moves have to be subordinated to public morality, which means that strong ethics becomes the main competence for any CEO, and even more so for leaders of the national scale.”

**Konstantin Kulinich**  
Mary Kay Kazakhstan

“First, he/she has to understand, analyse, accept facts and data that relate to the activities of the organisation. Nowadays, a lot of emphasis is placed on the analysis of information, to the effect that people understand and know how to work with the data, but not just analyse it, but first of all accept it. Sometimes, if the information turns out to be negative for the business, the first frequently asked question is – how correct is it, maybe there is a mistake? There is immediately an attitude of rejection, which complicates the process of processing and analysis. It is very important to be able to perceive both positive and negative information in order to make informed business decisions. The second, probably, concerns the approach to business as a whole. Sometimes a decision is made in order to improve a certain function, but it is not a fact that if it works better, the efficiency of the company and business will increase. Perhaps by improving one thing, the other one may be damaged. It is essential that we look at the business as a whole and not as a collection of specific parts or functions. The third thing for any CEO dealing with business problems in a changing environment is the ability to make fast decisions and move on.”

**Mikhail Bazanov**  
Mars Kazakhstan

“In this unprecedented time, a CEO who successfully leads the team forward is distinguished by the ability to prioritize long-term sustainability goals and the company’s mission, taking care of the most important thing in business – the people.”

**Alexandra Bekisheva**  
Engineering Company “Kazgipronefttrans”

“Since long-term strategies no longer work, I would call the ability to catch trends in changing environments and customer behaviour, by quick and flexible adapting strategies and tactics to maximize profits. This is the main thing, in my opinion, which ensures sustainable growth of any company today.”

**Vitaly Bystryukov**  
Sanofi Kazakhstan

“Uncertainty is increasing every year, and this is dealt with the accelerated development of technologies, a change in the culture of consumption, various “black swans” like Covid, the entry of millennials into the consumer market. A company’s CEO has to be able to quickly adapt and be able to adapt his/her team to various challenges, to the effect that the service being provided or products being manufactured meet the best expectations of customers.”

**Almas Kudaibergen**  
Centrasia Group

“The main quality for the company’s CEO is trust in the team. If there is trust, then there will be everything else – flexibility, adaptability and other required qualities.”

**Evgeniy Nastradin**  
Beeline Kazakhstan





## THEME

### Skills in demand by Kazakhstan's business leaders

“Flexibility and adaptability are a must. 2020 showed it. Because both the one and the other makes not only “extinguish fires”, but during extinguishing to be able to find the best way out for the company. I would also add the ability to combine firmness and rigidity in decision making with empathy. Be able to see the needs of your employees and maintain a corporate culture. 2020 has shown many companies what a corporate culture is needed for. It is also partly necessary to be a risk manager and an adventurer. On the one hand, it is required to be able to calculate risks and be as prepared as possible for them, and on the other hand, not be afraid to act and make unexpected decisions, despite the risks that you know about.”

**Molder Ryssaliyeva**  
Lamoda

“It is needed to have endurance in order to deal with the problems that one has to face. A modern CEO needs to be brave and strong to face all the challenges of the time.”

**Nikolay Babeshkin**  
Kolesa Group

“CEO should be able to adapt in a fast-changing environment, context and world, and to be always in touch with teams!”

**Gerard Fries**  
KATCO

“A successful CEO has to be a strategist and an open and honest person.”

**Erik Shortanbayev**  
Skymax Technologies

“Leadership and visionariness. In my opinion, visionariness is a part of leadership, therefore, if speaking more broadly, then it is leadership. Today you need to understand how to transform your current business and move into the future. We ask ourselves – are we doing it right? I understand that it will not be possible to work in the form in which we worked literally a year ago any more. Accordingly, visionariness – if deeper, leadership – if broader.”

**Askar Baitassov**  
ABR

“A broad view, an understanding of the needs of the workforce and the ability to learn from the past are the main qualities of a successful CEO. The market is constantly changing, it is essential to think outside

the box and creatively, as sometimes there are more effective ways to achieve business goals.”

**Zardaecht Hamou**  
Fashion Retail Kazakhstan

“The main qualities are the developed communication skills, competence in the profession, health and good physical shape, social focus and focus on the staff needs.”

**Aytug Can**  
Ramstore

“A CEO, in my view, should possess optimism, enthusiasm, organisation, and grip.”

**Peter Foster**  
Air Astana

“The main quality for a CEO is optimism.”

**Ilya Martinenko**  
Avrora Holding

“First, it is necessary to correctly define long-term goals. The second is to have enough flexibility and respond very quickly to changes on the way to these goals. A company without a goal is a road to nowhere. A CEO has to be able to formulate this for him/herself and convey the goal to the employees to the effect that everyone understands where they are going to. There will always be certain problems on the way, something will change in the process, and the most important thing here is to make decisions quickly and adapt. If a person is closed-minded, if he/she does not have the speed of decision-making, thinking and mental flexibility, then he/she will simply lag behind. The most important thing is to be able to make the right, not random decision in stressful situations.”

**Mikhail Borisov**  
Fluidra Kazakhstan

“Constantly create new innovative products and services that, on the one hand, improve the lives of customers, and on the other hand, constantly create new growth opportunities for the company itself and its workforce. And it is imperative to constantly make sure that the company's products and services are of unparalleled quality. The combination of satisfied customers and enthusiastic employees creates the most important competitive advantage.”

**Mikhail Lomtadze**  
Kaspi.kz



# Meet the CEOs



**Alexandra Bekisheva**  
Engineering Company  
"Kazgiproneftetrans»



**Alexei Khagai**  
TSPM



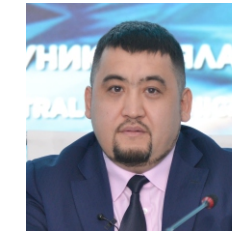
**Alexey Lee**  
Arbuz.kz



**Alexey Sidorov**  
Silkway Ventures Group



**Alibek Yessov**  
Wolt



**Almas Kudaibergen**  
Centrasia Group



**Andrey Kurilin**  
Citibank Kazakhstan



**Anna Duy**  
Softline



**Armanzhan Baitassov**  
Tan Media Group



**Askar Baitassov**  
ABR



**Aytug Can**  
Ramstore



**Azamat Osmanov**  
Magnum Cash & Carry



**Beknur Nesipbayev**  
Astana Motors



**Bernard Vavrzhin**  
Mareven Food  
Tian-Shan



**Bolatbek Ospanov**  
Smart Satu



**Dmitriy Provkin**  
Arena S (Sulpak)



**Dmitry Zabello**  
VTB Bank Kazakhstan



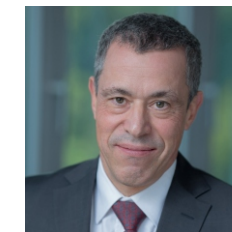
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**Farrukh Makhmudov**  
Orbis Kazakhstan



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# Meet the CEOs



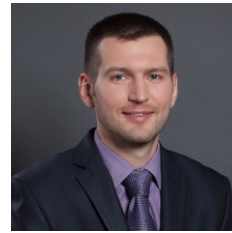
**Ilya Martinenko**  
Avrora Holding



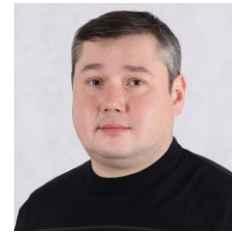
**Kairat Mazhibayev**  
RG Brands



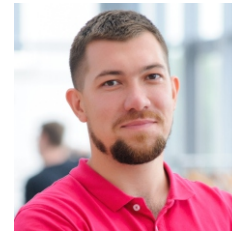
**Konstantin Kulinich**  
Mary Kay Kazakhstan



**Lev Appakov**  
Schneider Electric



**Marat Seitkulov**  
Caravan Resources



**Maxim Melnik**  
Satu.kz



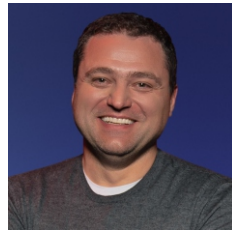
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Epiroc



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Mars Kazakhstan



**Mikhail Borisov**  
Fluidra Kazakhstan



**Mikhail Lomtadze**  
Kaspi.kz



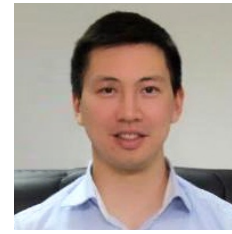
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Kolesa Group



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HeadHunter



**Nursultan Zhumabek**  
hoffmann aluminium



**Peter Foster**  
Air Astana



**Raimbek Batalov**  
Raimbek Group



**Ramil Mukhoryapov**  
Chocofamily Holding



**Serik Tolukpayev**  
Aitas KZ, UKPF



**Umut Shayakhmetova**  
Halyk Bank



**Valikhan Ten**  
World Class Almaty



**Vitaly Bystryukov**  
Sanofi Kazakhstan



**Yeldar Tenizbayev**  
Sberbank Kazakhstan



**Yerem Arutyunyun**  
Mechta.kz



**Yuriy Negodyuk**  
Restaurant chains:  
«BAO noodle&sushi»,  
«Pinta», «Tomato»,  
«The Banka», «Paul»



**Zardaecht Hamou**  
Fashion Retail  
Kazakhstan

# Research Methodology

In Kazakhstan, 71 chief executive officers of private business took part in the research, more than half of the businessmen surveyed gave us complete and detailed interviews. In order to have the most complete picture of the country, we chose CEO from various industries: metallurgy, finance, energy, petroleum, telecommunications, automotive, consumer goods production, building materials production, transportation and logistics, information technology, hotel and restaurant business, retail, fitness industry and pharmaceuticals. The CEO were asked to answer questions about prospects for the global economic development, threats affecting business, changes due to COVID-19 and talent pool. The pool participants were also offered to express their views on the state's and business priorities, the investment climate, environmental issues that affect Kazakhstan and their businesses. The interviews in Kazakhstan were conducted from November 2020 to February 2021. All quotes of Kazakhstani CEO given in this research were previously agreed with the respondents. All personal interviews and electronic completion of questionnaires where quantitative indicators had been provided were carried out on the basis of confidentiality. Note: not all figures provided in the study add up to 100% due to rounding percentages and excluding the following answers: "I can't say definitely", "I don't know", "refuse to answer"

# Working group and key contacts:

**PwC:** Dana Inkarbekova, Natalya Lim,  
Viktoriya Gorlanova, Janel  
Chadiyarova, Marina Malchenko

**Editing support:**

Anna Reznik, Forbes Kazakhstan  
Portrait photographers: Stanislav  
Antonov, Andrey Lunin, Timur Eпов

**PwC contacts:**

**Dana Inkarbekova**  
Managing Partner  
of PwC Kazakhstan  
dana.inkarbekova@pwc.com

**Natalya Lim**  
Partner, Advisory services  
natalya.lim@pwc.com

**Please, send your questions  
regarding the research and media  
requests to:**

**Viktoriya Gorlanova**  
Marketing and External Relations  
viktoriya.gorlanova@pwc.com

**Marina Karpova**  
Marketing and External Relations  
marina.karpova@pwc.com

**PwC offices in Kazakhstan:**

**Almaty**  
AFD Business Centre, Building A,  
4 floor, Al-Farabi Avenue, 34  
Almaty, Kazakhstan, A25D5F6  
T: +7 (727) 330 32 00

**Nur-Sultan**  
Q2 Business Centre, 4 floor,  
Kabanbai Batyr Avenue,  
15/1 Yessil District,  
Nur-Sultan, Kazakhstan, Z05M6H9  
T: +7 (7172) 55 07 07

**Atyrau**  
River Palace Hotel, 2-nd floor,  
office 10, 55 Aiteke bi Street  
Atyrau, Kazakhstan, 060011,  
T: +7 (7122) 76 30 00

**[www.pwc.kz](http://www.pwc.kz)**

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