

# Holding a breath...

Kazakhstan edition of 25th Annual Global  
CEO Survey 2022

# Message from PwC Kazakhstan Managing Partner Dana Inkarbekova



**The Kazakhstan edition of the CEO Survey turns 10 years old this year, and the Global PwC CEO Survey project has passed the 25-year milestone during which time 4,446 CEOs from 89 countries participated in the PwC project. We interviewed 71 CEO's for the preparation of this 10th anniversary Kazakhstan edition.**

From the time we started working on the project until the moment it was completed, the geopolitical landscape has changed dramatically: the volatility of events in the world is off the charts. In the reality in which we live now, it is extremely difficult to make forecasts regarding the economy of a country, a region, and the world.

In this year's survey, we decided to focus on the internal business processes of companies, analysing the events of the past year, how they affected business development and measures to minimise financial losses. In addition, we unveiled in more detail the global environmental, social and corporate governance (ESG) agenda in Kazakhstan and globally.

The ESG agenda is rapidly gaining momentum around the world. Decarbonization is one of the important goals of sustainable development. According to our research, in Kazakhstan less than half of the companies – 24% and 18% – have committed themselves to carbon neutrality and net zero, while globally these figures are 26% and 22%, respectively. However, 15% of Kazakhstani companies are working on assuming carbon neutrality commitments and 18% on net zero commitments. In the world, it is 30% and 29%, respectively. Mitigation of climate change risks, satisfaction of investor requirements and compliance with the requirements of intergovernmental organisations are considered to be the main factors underlying the decisions of Kazakhstani companies to assume carbon neutrality commitments.

New rules for the interaction of countries at the global level, methods of doing and regulating business, as well as consumer habits are being formed. Even though the data collection and interviews with CEOs were conducted between November 2021 and February 2022, many businessmen anticipated the coming changes and were already assessing the possible risks for themselves. The majority of the local respondents (51%) expressed extreme concern and apprehensions about the growing geopolitical conflicts in the world. Health and cyber risks were noted as one of the top threats in Kazakhstan (63% and 54%) and globally (48% and 49%).

There is a high speed and flexibility in decision-making among Kazakhstani entrepreneurs. 55% of private business CEOs in Kazakhstan noted that as much as 3 months was enough for them to approve major initiatives after an idea was proposed, and for 41% of respondents the same period of time was enough to allocate significant resources to implement such initiatives.

The rule of law has become the main priority of public administration for business in Kazakhstan this year. Among the other key issues are the fight against corruption, further development of infrastructure, as well as qualified and adaptive personnel. Business is ready to cooperate and help the state to a greater extent in the development of qualified personnel, an effective tax system, investment attractiveness and also physical and digital infrastructure.

Also, in our anniversary edition, we asked respondents to answer the question "What would you like to say to the world today?" and received very sincere responses, which we published.

We express our deep gratitude to each participant in our study who took the time to meet in person and online and complete the questionnaire. We hope that the result of our joint efforts will contribute to a deeper understanding and cooperation between private business and the state and will also allow us to consider the current issues and expectations arising in the real sector of the economy of Kazakhstan.

A stylized handwritten signature in black ink, likely belonging to Dana Inkarbekova.

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# Private Business in Kazakhstan

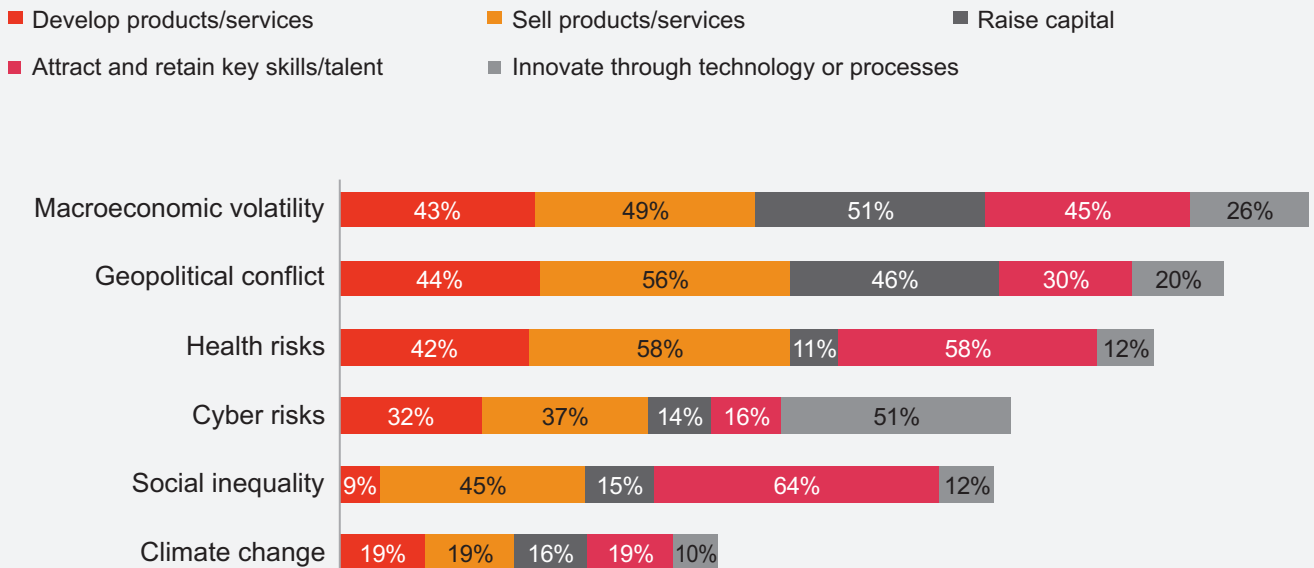
Theme

## Business threats, their impact and consequences in 2021

According to a survey prior to the events in Ukraine, health risks ranked first among business threats in Kazakhstan (63%) and second in the world (48%). This fact is contingent on the consequences of COVID-19, its impact on business continuity (lockdowns, employee health), which, according to our estimates, will be one of the key risks in the next few years. As per the survey, to the utmost (58%) health risks may prevent Kazakh businessmen from attracting and retaining key skills/talent, as well as from selling products and/or services. It is worthy of note that at the time of the survey, concern about geopolitical risks among chief executives in Kazakhstan was significantly higher than the global one - 51%, while globally it was 32%.

The majority of the local respondents expressed extreme concern about the growing geopolitical conflicts in the world, and especially between Russia and Ukraine, as well as their potential consequences. Respondents also noted cyber risks as one of the highest ones (more than half of Kazakhstani chief executives (54%) are concerned about them, and almost half of global respondents noted it as the highest risk (49%)). Social inequality concerns businessmen in the world to a lesser extent (18%) than in Kazakhstan (30%). For local executives, this threat is serious enough and raises fears of destabilizing society.

<i>*very concerned + extremely concerned</i>	Kazakhstan	Global
	2021	2021
Health risks	<b>63%</b>	48%
Cyber risks	54%	49%
Geopolitical conflict	<b>51%</b>	32%
Macroeconomic volatility	37%	43%
Social inequality	<b>30%</b>	18%
Climate change	27%	33%

**Business threats that can impact companies to:**

"Owing to the fact that we have a portion of the business that depends on the cost of raw materials in the international market, and any volatility has an impact, I am worried about this. In any case, macroeconomic volatility affects the cost of oil and metals. On the one hand, in Kazakhstan we are interested in its being stable and not declining too much, on the other hand, it "perverts" us, and the economy is not diversified. In addition, one may note the strong dependence of our economy on the situation in Russia. The situation around Ukraine has exposed this issue once again. If we take climate change in terms of the physical climate and agriculture, then this also causes a concern, because in Kazakhstan, for example, there is a drought for the second year in a row. We all read, watch and go to stores and observe the way the cost of the same meat is going up. For these reasons, it is clear that climate change affects both our purse and our consumption. Definitely, macroeconomic volatility may hinder the development of products, because, unfortunately, there has not been any diversification in our country, and we bring almost all of our juices from abroad, with minor exceptions. That's what most companies do. There are very few people who use local raw materials. Social inequality – national issues concern me most. Ethnic topics have always existed, are existing and will be existing, this is natural. A different issue is what are the main reasons for all this, and what conclusions are we coming to? I am also worried about social inequality in terms of a financial standing. Nothing good comes of it, because the greater the difference between the rich and the poor is, the more cleavage of society into classes we can see. Even children at school are divided into those who have iPhones and those who do not have them. In fact, this has been happening for around the last 30-40 years, but now it is quite obvious. Nothing good will come of it, respectively, this is very worrisome as well. And certainly, the January events have exposed this issue even more.

The issue of geopolitical conflicts is directly relevant to us. The conflict between Russia and Ukraine (think – the West) and its impact on Kazakhstan is a direct illustration.

In the mid-term, there is the issue of Afghanistan. How will the Taliban behave, how will they cope with DAISH ("the organizations banned in the RK territory"). Whether there will be humanitarian, economic and other disasters is a matter as well. How will this affect us? To my mind, it will be 100% negative. The issues of the country and its neighbours always leave their mark. There is the issue of China as well. I think geopolitical conflicts are a rather challenging threat.

Nowadays, cyber risks exist at every level – domestic, corporate and political. There is no smoke without fire. In terms of cyber security, many political institutions are quite weak, and it is highly likely that someone is taking advantage of this. Everyone knows that various espionage, including corporate espionage, has been going on for a long time. Now we see that technology is country leadership, therefore everyone "pilfers" from each other, and the issue of cyber risks/cyber security is rather high at the corporate level. I suppose, there are certain risks for small and medium-sized businesses and for the whole of Kazakhstan as well. I am not very worried about banking operations at all, because in fact nowadays the taxmen may take any information from banks. Another matter is whether the tax authorities have the resources to deal with this big data. No one asks this question, everyone immediately writhes in hysterics – we will be tracked and so on. I don't consider this as a major issue. If we want to have medicine, roads, lighting, police, then ask for a fiscal receipt when buying milk. How these tax revenues are spent is another matter, but what does it have to do with me as a consumer? If you conceal taxes by accepting payments as P2P, that is another matter. I am not justifying nor defending anyone, I just objectively believe that there is no need for "hysteria".

We have the Ruhani Zhangyru, we have to know our history, we have to know our culture, pay taxes, show awareness, pragmatism, and patriotism. But in Kazakhstan, the more you hide, the cooler you are. On the other hand, we all want our children and us to study well and receive good medical care. The fact that we live double standards is the main issue. Indeed, the health risks cause concern. This includes COVID-19, continuous chronic diseases, many are in bad health. Everyone has become too unhealthy. On the other hand, it motivates everyone to a healthy lifestyle - two-thirds of the conversations are about what we eat, what sports we do and what vitamins we take. There is no garden without its weeds, let us hope that globally this will change the consciousness of all strata of society. Recruiting and retaining employees is also troublesome, because when you are thrown into a little disorder, then it's quite difficult to keep them. We always innovate, but it is a matter of budget. Hence, if it is unstable at the top, we reduce budgets. No one can actively innovate when income is reduced. It is clear that innovations are being partially implemented, for example, the issue of digitizing business processes is never-ending. It requires very significant resources. Climate change directly hinders product development. We engaged in "agriculture", we have a commercial dairy farm with partners, now we can see that the prices of raw materials, feeding-stuffs are growing strongly. We would be happy to buy from the peasants – it would be good both for them and for us, but if the peasants cannot grow anything, there is a drought, the harvest is low, then there is an automatic rise in the price of our milk."

**Raimbek Batalov**  
Raimbek Group

"We are involved in the sales of metals, in particular copper, and copper is sometimes called Doctor Copper – copper prices are associated with economic growth, and its prices go up when there is economic growth. Macroeconomic volatility does not cause great concern because all this is reflected in our business, and any market fluctuations are reflected in the commodity prices on which our revenue depends. Macroeconomic volatility can prevent us from selling goods and services, innovating through technology and processes, and raising capital. As a citizen who thinks about future generations, I am greatly concerned about the issue of climate change. As an entrepreneur, I am worried a little as well, but here it is a case of economic risks. Presently we are talking about carbon neutrality, this topic is relevant for the raw material sector, for industrial economies, including Kazakhstan. Our country has one of the most energy-intensive GDPs in the world, which is typical for industrial countries with not very efficient technologies. Nowadays, people talk about the transition to carbon neutrality, the introduction of a carbon tax with increasing frequency. This is a very critical moment - the carbon tax has a major impact on cash flow, and the world is increasingly starting to pay attention to the way carbon neutrality is observed by companies that produce a particular product. This is not bad for the world, but hard for companies.

Our technology does not involve the use of furnaces, like standard metallurgy - smoke is emitted by the boiler room only, which produces heat. We are closer to the green standard than traditional copper cathode manufacturers. We discussed with traders whether there is an opportunity to receive bonuses, awards for the fact that our metal is of a relatively "green" origin, and these discussions are ongoing in the market, thus there may be differentiation in favour of a more "green" product. Climate change can affect the markets on the whole, the issue is the extent of the change. This factor can impede the sales of goods and services.

The issue of social inequality should be viewed in the context of the global situation and the situation in Kazakhstan. Philosophically, social inequality is a very severe issue when it comes to the unfair distribution of income, and this problem is relevant for most countries of the world, including prosperous ones such as the USA. The general injustice leading to social inequality is huge, so this issue is very acute in relation to Kazakhstan as well. The January events became a very painful demonstration of the acuteness of this issue for our country.

Geopolitical conflicts bear a certain risk. Ordinary regular life, simple human joys break down and become irrelevant if geopolitical conflicts arise. And when the largest nuclear weapon states are involved in these conflicts, this is, certainly, very worrisome. These conflicts do not end well, if they start.

Cyber risks cause some concern. One can't completely ignore them, but in our business this is still quite a virtual threat. We fight for the stability of the IT system, but we are not so dependent on IT that the business will be compelled to stop operation should the system collapse. Health risks are not a major concern in general, and in addition, reducing these risks is more the prerogative of the healthcare system than business. There are always health risks associated with production activities in our industry – there are occupational diseases, there is a risk of occupational injury, and this is an important part of the business. In my opinion, currently, in general, thanks to the achievements of healthcare and social security, life expectancy has increased, despite the deterioration of the environment and food quality. On the other hand, the pandemic and COVID-19 are giving businesses around the world new reasons to be concerned, but we have learned to live with them. Health risks raise obstacles to staff recruitment and innovation. Our company involves consultants from abroad, and it is difficult to bring them to Kazakhstan because of the pandemic."

**Marat Seitkulov**  
Caravan Resources

"We are troubled by social inequality, geopolitical conflicts, and are extremely concerned about cyber risks and health risks. It may seem that we have benefited from the pandemic, but in fact, we would feel much better if everything was quiet in the country and in the world. For example, if we sell entertainment at Chocolife.me, and partners' establishments are closed due to lockdown, we will not be able to sell anything.



We have had good growth in delivery services, but in fact we have significantly more growth this year even without any quarantine, and this year delivery scope is increasing more than during the quarantine period. In a word, we need everyone to be healthy and everything to work. Social inequality can preclude us from recruiting specialists, selling goods and services. Geopolitical conflicts can impede raising capital, and cyber risks can prevent developing goods and services. We understand that, in general, it is almost impossible to defend oneself from cyber risks, and only because of the small size of the market and because we ourselves are not a very large company, hackers have not taken a serious interest in us yet. But when we contact colleagues, we understand that, in principle, it is impossible to defend oneself in total and we can only minimize the damage.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“Macroeconomic volatility and inflation are of great concern. Geopolitical conflicts are severely worrisome. Any increase in tension between countries provides the basis for the emergence of forecasts, against which the markets may fall. Macroeconomic volatility may prevent our company from developing products and services. Salaries will be going up, due to this we will be forced to hire fewer people, which means we will be developing more slowly. It will preclude recruiting and retaining key employees as well as innovating. Geopolitical conflicts can either help or obstruct the development and sales of new products and services. Such conflicts can affect the devaluation of currencies and oil prices can both rise and fall. They may preclude recruiting and retaining specialists. We invited specialists from neighbouring countries, but currently we are trying to give preference to local staff members, to grow our own personnel. Cyber risks cause slight concern. In terms of protection against cyber attacks in 2021, we have done a lot of work, but we cannot relax.

This year we are entering open bug bounty (a common name for programs wherein website and software developers are rewarded for finding bugs and vulnerabilities), and sites that can find a vulnerability in us will receive a reward. Closed Kazakhstani bug bounty sites do not find anything at our place any more. We went to the Chinese sites to get the expertise of another side. Our company is subject to constant attacks. We are not a financial institution, and one cannot say that these attacks are serious – they are aimed at bringing services out of order. But in our case there is no risk of outward flow of money or leakage of personal data sensitive to users. Health risks badly affect all components of the business and any transition to remote working turns out to be painful and sensitive. Some time ago, we made a decision to return staff members to the office and noticed the difference between people who work constantly or at least 2-3 days a week in the office and those who work from home. But the employees started to get ill again, and we had to abandon the idea of a full return to the office. As a result, there is a skeleton staff, who go to the office every day, there are those who work in the office a couple of days a week, and about 20-25% of employees work at home. We have arranged workplaces for employees who come to work in the office three times a week or more, and there are flexible workplaces for the rest of the staff. We have organically come to such a system and decided not to change anything, partly because the number of staff has grown in recent years, and there is not enough space in the office for everyone. We comply with all sanitary requirements, about 90% of the company's staff members have been vaccinated. Those who have not been vaccinated for no good reason do PCR tests at their own expense, and for everyone else – the diseased and those who have been in contact with ill persons – PCR tests are paid for by the company, and this is a rather large expenditure item that did not exist before.”

**Nikolay Babeshkin**  
Kolesa Group

“I am extremely concerned about social inequality, because it depends on government policy. Our government has to be not only listening, but responding as well. They can hear about our problems, but we do not have answers from them. This is probably the issue of poor communication between the government and the people of Kazakhstan, which, unfortunately, leads to various outbursts. Nobody watches TV any more. I think that the government and ministries should have official channels in social networks. There is no denying that social inequality affects the development of products and services. We started making segmented products. If earlier everything was synergistic, organic, together, now we do it all separately. We began to make special products for different segments.

I am strongly concerned about geopolitical conflicts, for example, on the border between Belarus and Poland. I am extremely worried about Tajikistan and, frankly speaking, after the events in Afghanistan, I think that in 2022 there is a likelihood of a military conflict somewhere.

I am extremely concerned about cyber risks, largely due to social inequality. The younger generation is very talented but, due to social inequality, they feel as if they have been wronged. They cannot find a decent job, they cannot use their talent, and find themselves a place in society. They are becoming closed introverts. Normally, talented people are all introverts, accordingly, they are looking for some kind of specific income, for example, by hacker attack. I have come across such situations by myself. My Instagram account was hacked. My friends helped me to solve this issue, but I paid something anyway. For me, Instagram is not a source of income, but there are moments that are important to me. Certainly, accounts in a social network are a brass, but servers are hacked as well.

Macroeconomic volatility may hinder our company's development of new products and services.

Currently we are busy with a gym training equipment replacement and I cannot bring it in on time. It is made in the United States of America, and we have a complex logistics system, therefore macroeconomic volatility can affect the purchase of materials and resources. Because we cannot bring the equipment on time, it is difficult for us to compete in the market. And macroeconomic volatility has a very strong impact on recruitment and retention of specialists as well. Several of our employees have already gone abroad, someone - to Canada, and someone - to Moscow. The outflow of personnel occurs not only in our company, I know many specialists who have left Kazakhstan.”

#### **Valikhan Ten**

World Class Almaty

“Geopolitical conflicts lead to the rise in prices for imported goods and materials, which directly affects the consumer index of Kazakhstan. For instance, the introduction of sanctions against Russia affects Kazakhstan, as we have close economic relations and a certain correlation of Russian Rouble/Kazakh Tenge cross-rates. According to various institutions, the negative impact of COVID-19 on the global economy was about 3%. Unfortunately, I do not have similar data for Kazakhstan, however, health risks may adversely affect the economic and demographic factors that will have an impact on the company in the future.

Any profit-making organization is interested in the positive and predictable social and economic development of the countries of operation. Social inequality can negatively affect markets and bear certain political risks (rallies, revolutions, civil wars). The events in Kazakhstan in January of this year raise concerns about social inequality and potential negative consequences for business.”

#### **Kuanysb Ospanov**

Sanofi Kazakhstan

“Macroeconomic volatility is not a concern at all. We are in the sector that is needed in such situations. Indeed, unlike the health care sector itself, we are a bit late.

This point embarrasses us, because medical organizations need to find funding at the period when there is an increase in the scope of services. There is another threat – we can't keep pace with digitalization, we do not know how to enter the market of digital solutions. We are behind the curve with this, because a priori digital companies cannot be small and we, by investing in production and localization, will be a little “torn apart” if we will further invest in digital. Here we think about how to resolve this issue. We are gradually becoming infrastructure players in the countries where we work. No matter how much the state would like not to have such players that almost monopolize the markets, we are succeeding and the state pays attention to this and tries not to regulate the activities of such companies but, vice versa, to get involved in their work in order to build and solve supply issues or construction of medical facilities in a more efficient way. The newest discovery for us is that a government agency is involving us in consulting in the field of healthcare development programmes.

There is some concern about social inequality, in particular, when it comes to the financial situation. As a company, we advocate for a fair distribution of income and we are looking for a model for ourselves of how to do this among our own staff members. We have the task of being a global company, there is no issue of enriching shareholders. Our task is to bring our corporate culture to the markets. Especially that we are aware that the market for medical devices and medical equipment is very conservative by virtue of the fact that we work with technologies that are not only the latest ones, but conventional technologies as well. Typically, engineers work in our market, and the issue of their interaction with healthcare professionals is quite difficult. This suggests that technology accessibility is complicated. Human engineers who make up technologies and physicians who use them do not have time to interact with each other in order to develop technologies.

There is some concern about cyber risks. We are quite active in the work with all our information systems. A long time ago there were cases of selling the data taken from our servers but we, as the Israelis, do not engage in negotiations. The health risks cause concern. This year our company has created a new position of a specialist who is in charge of the physical condition of our staff members and we started taking care of the psychological health much earlier. We have a freelance psychologist. The employees who work for us may contact this person at any time. And when recruiting personnel, they undergo the last stage of the interview with a psychologist. We select a fairly large number of people, and it works. We engage people only with good mental health and we look not only at the psychological aspects, but assess the potential of specialists as well – for instance, how high a person's ambitions are. We insured the employees last year. The insurance does not cover the hospitalization issues, but as a company we have access to any hospitals and we arrange hospitalization for the staff, their relatives and friends. I think this forms the tranquillity effect – we will help, if something suddenly happens.”

#### **Yerkin Dlimbetov**

Ordamed



“Geopolitical conflict can affect supply chains, and we can suffer from that. So far, everything is more or less good with logistics, because we purchase about 80% of our inputs from local manufacturers. Local manufacturers and farmers work well, there is competition and interchangeability. Plus Russia, it is open for us and there are no problems with the border. There are difficulties with China, especially we felt it last year. Now the situation has returned to normal and we receive goods without anxiety. From China we mainly receive interior items – lamps, materials and furniture. And the problem with specialists now is simply incredible. All personnel – management and process-specialized staff members, such as cooks and chefs, simply leave our sphere and switch to couriers. Couriers are paid salaries of 500-600 Thousand KZT, and the cook receives 250-300 Thousand KZT. There is a struggle between aggregators, it is like – splinters will fly when the axe you ply, here we are the splinters, and they are woodcutters. They are ready to operate at a loss, if only to push each other out of the market. Of course, this “bubble” will inflate and blow out soon, but before it blows out, we will lose a lot of people, and the market will be anxious - it will be constantly fluctuating, but one of them has to win in the end. For instance, two aggregators are enough for Almaty city, and now there are four of them – twice as many. Two is enough – there should be local and foreign players.”

#### **Yuriy Negodyuk**

Restaurant chains:  
“BAO noodle&sushi”, “Pinta”,  
“Tomato”, “The Banka”, “Paul”

“Geopolitical conflicts cause some concern and may prevent us from selling goods. The latest events occurring in Belarus, Ukraine and Afghanistan have added concern to this issue. We had a small branch in Afghanistan, we supplied antiseptics and detergents. The customer was the US government, and our products were purchased as humanitarian aid.

Certainly, currently we have stopped selling there.

Recruiting and retaining employees is a critical issue up to date. The rise in the prices of apartment renting in Almaty and in Kazakhstan in general has become a challenge for many employees. The specialists we recruit from abroad came over to us, in particular, because it is rather expensive to rent or buy real estate in their countries. Many of them had intentions to purchase housing here and stay to live. In general, purchasing power has dropped, everything has become awfully expensive, and as a result, we are losing staff members. The world is open and key staff are simply moving to other countries.”

#### **Ilya Martinenko**

Avrora Holding

“Macroeconomic volatility, inflationary trends cause some concern. If market quotations fall even more, it is difficult to predict a recovery period. It is obvious that the negative trend as a result of the military conflict between Russia and Ukraine will remain and this cannot but affect our plans to enter the stock exchange.

There are concerns about the risks of bad harvest and shortages of certain categories of food due to a cut-off in logistics supply chains in 2022 and 2023. At the moment much depends on the agricultural and manufacturing sectors. We, as the end point for the sales of products and consumer interaction, are working out extraordinary options for keeping prices down with partners, suppliers and manufacturers in an on-line mode. Macroeconomic volatility can become an obstacle for the implementation of previously planned innovations. Buyers are switching to essential commodities, there is no time for innovation. And we cannot afford to create and implement them at our own expense, because we are not an ecosystem within which it would be possible to subsidize one direction at the expense of others.”

#### **Azamat Osmanov**

Magnum Cash & Carry

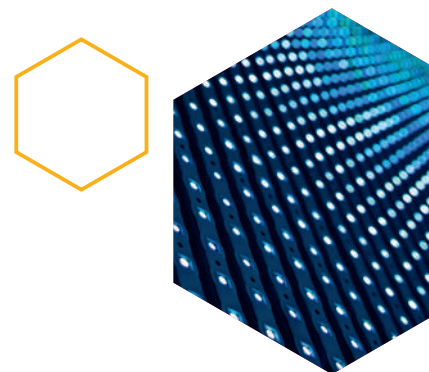
“There is a little concern about the situation with couriers. Couriers, like the miners of the past, unite in their groups, trade unions, and even incite to mutiny. This is directly relevant to us. We use a slightly different model in contrast to our competitors – we officially recruit them for a salary. But the majority, 90% of the couriers in the city are on civil contracts.

A problem is emerging for aggregators that work in the red, and there is a fierce struggle for couriers. I think it could end up with something bad. Currently aggregators are repurchasing couriers simply with salaries, but sooner or later it will all fall apart. We have all seen: as soon as the terms of the couriers' contracts change, they gather and go out on strike.

We have 85% of our business offline, delivery does not make up the lion's share of our business yet. We have built “dark kitchens” around the city, launched about five in the past year, but still this is a small amount of our business. 15% is delivery, including “dark kitchens”.

#### **Askar Baitassov**

abr



"I am extremely concerned about geopolitical conflicts. Kazakhstan is located in the quarter of the globe where socio-political relations have not been finally formed yet, and the likelihood of conflicts is high exactly in this part of the Earth. Therefore, potential conflicts will be arising nearby and will negatively affect the region and the country.

We are greatly concerned about social inequality, it contributes to the instability of the state and business uncertainty. The risks of economic collapse and loss of business are rising."

**Yerem Arutyunyun**  
Mechta.kz

"At the moment, macroeconomic volatility is not a concern. There is an unprecedented agreement - thanks to the Ministry of Infrastructure Development, a memorandum was signed between the Kazakhstan Electrolysis Plant and aluminium processors and the government helped to obtain a 5% discount to cultivate domestic processors. Instead, when raw materials are becoming more expensive on the market, the government met half-way and did not impose an export duty on these products.

There is a bit of concern about climate change. Certainly, in the short run, these changes cannot have a strong impact over the period of 12 months, but decarbonization has started in the world, in Europe, and it directly affects us, we are lost in thought. In 2021, the Environmental Code was amended, the requirements were toughened, and we have to develop a programme addressing the ways in which we will modernize the enterprise, inclusive of all the innovations. In the long run, provision is made for an increase in the tax burden for those who do not adjust. I am not extremely concerned about social inequality, because we have a multinational republic, and there are no problems with race or gender. Indeed, there are some issues about the financial situation, the fact that the majority of the population in the country lives on low incomes is worrisome, but certain measures are being taken these days, and it would be good if people were given the opportunity to run business, develop, and become richer.

I think there are enough opportunities for this in our country, as the population is not so large.

Our process men receive wages on a piece-rate basis, from the output of products, and accordingly, it becomes more expensive for us. We also regulate the piece-rate part all the time and we raise the rates for the production of a tonne of products. We have about six processing types, and the rates for each of them were almost doubled. But this did not greatly affect the prime cost because we are introducing lean manufacturing, increasing the output by 1.5-2 times, teaching people, and this makes their salaries rise. The salaries of the management go up, respectively, as well. The salaries have increased at least 4 times since opening in 2015 to this year. But in those years the prices were different as well."

**Nursultan Zhumabek**  
hoffmann aluminium

"Education and availability of key skills – this is something we are worried about because it is difficult to find trained people to work in Kazakhstan, but it is not the main issue.

I'm very concerned about climate change, because it includes changing some assets producing CO2 emissions for our industry which are impacting us, and I think there will be decrease by 4% in CO2 emission, and in fact, they are asking us to decrease by 25% for the industry globally. So, I'm quite concerned because it is a huge number and it is impossible to achieve. We cannot do 25% without reducing production by the same, or at least 20%. For example, let's say we are buying power from the grid, and in the mix there is 3% of green electricity, so we have a certificate for 3% of green electricity. The market of green electricity and price in Kazakhstan, when the state is buying from green producer electricity is about 38 tenge per ton, which is far higher than the price you get for "normal" electricity. I believe in a few areas there is a mechanism, which could be modified to make things quite better for everybody, and climate change is one of the points because we are ready to invest and try to reduce our CO2 footprint for cement production.

So there are 2 cases - you can work when you produce, and then you can work on the emission of the cement. One is - you work on how you produce it, with alternative fuel and second is how you manage cement trying to lower the quantity of clinker in the product, which is loaded with CO2 compared to other products. In France we have about 80% of alternative fuel in the mix of fuel. In Kazakhstan I'm applying every 6 months to make some alternative fuel, and every time 3 months later I'm denied the use of alternative fuel for different reasons. So it's a concern, despite the fact that overall today in terms of CO2 emission we are already quite good compared to other cement plants.

I'm very concerned about health risks, because this is something that we will live with for a long time. All the procedures we implemented during the pandemic we kept the same. We have to live with it, and I believe it could also be some 2-3-4 years coming back, like a routine exercise. At the plant we reached 90-95% of vaccinated people, which is very good."

**Thibault Dumortier**  
Jambyl Cement

"I'm very concerned about macroeconomic volatility because inflation is a major problem for salaries. It may definitely affect negatively to attract and retain key skills.

We are working in the nuclear business, so I'm very concerned about climate change. More than that I'm concerned about it as a citizen of the world. However, it is not a threat for us, it is an opportunity because it will reinforce the position of the nuclear sector."

**Gerard Fries**  
KATCO

"We are concerned about the issues related to macroeconomic volatility, which directly affect business performance in the short term. This also includes cyber risks, as Kazakhstan is highly dependent on government services, which are much more susceptible to attacks and hacking of bases."

**Maxim Melnik**  
Satu.kz

"I am greatly concerned about macroeconomic volatility. Our business is low-margin. Accordingly, should the inflation go up, we are compelled to raise the prices, and this affects demand. Climate change is extremely important, therefore we are taking certain steps. For example, Glovo has a policy according to which we plant trees for all the CO2 emissions we produce, and this is our obligation. We transfer money to neutralize the damage that we cause to the environment when we fly on business trips, work, and so on. I am extremely concerned about cyber risks, because we are in the tech sector, we provide services to our users, and data vaulting is critical to us. Therefore, we place special emphasis on all cyber risks that may arise. Globally, there is a law on the GDPR (General Data Protection Regulation), which Kazakhstan has not ratified, but despite that, we adhere exactly to the GDPR in all areas where we are represented. Health risks – I am extremely concerned. For us, safety is the highest consideration, and this applies to staff members, partners and couriers. There were several cases regarding COVID-19. If we note some outbreak, we normally close the office and switch to distance work. As for courier partners, they have insurance for the duration of orders and for the duration of COVID-19 disease."

**Karim Boguspayev**  
Glovo Kazakhstan

"I am extremely concerned about health risks. I'm not talking about direct risks, but about the mental health aspects, the difficulties in perception that people have acquired after the January events. In general, the general psychological state of people is negatively affected by distance work and uncertainty about the future.

Social inequality and geopolitical conflicts can preclude our company from selling products and services. Social inequality and health risks can make it difficult to recruit and retain key employees. This is due to psychological tension and morale. Employees' health, physical and psychological state risks can affect their performance, the implementation of creative potential, and interfere with the process of introducing innovations, respectively."

**Alexei Khagai**  
TSPM.

"In order to feel confident about the future, we are already considering and reviewing potential challenges today. For instance, we have crisis committees where we discuss the issues and work out the scenarios for our reaction to certain events. For example, at the start of 2020, no one knew how the situation with COVID-19 would be developing. By that time it seemed like a threat but, in the course of time, we have come to see it as a condition that defines our reality today. Timely preparation and testing of scenarios allows our entire company to respond in a quick and efficient way.

This is especially important as far as ensuring business continuity and supporting the well-being of customers and employees is concerned.

The second challenge I would like to mention is climate change. This challenge is the focus of attention of the world community and is a trigger for the changes we can observe in business, social and corporate life. Citi is involved in proactive efforts in ESG globally and in Kazakhstan. We are planning to continue active participation in this agenda because it concerns all of us and is a huge area of interest on the part of clients. I can see that in Kazakhstan there are already many developments in the field of ESG by the regulator, the state and companies."

**Saule Zhakayeva**  
Citibank Kazakhstan





“Macroeconomic volatility has an effect on the purchase of products and resources. Since we are a Dubai company we make purchases from outside, and should economic ties be broken this is fraught with serious problems for us. It will be extremely expensive to purchase materials, equipment and spare parts for the aircraft, and it appears that there may be problems with supplies.

Our activities can be directly affected by geopolitical conflicts. The closure of air boundaries over a particular country as a result of geopolitical conflicts compels the airlines to search for alternative routes, which is generally fraught with a price rise for tickets. For example, if something happens in Afghanistan, our planes will be forced to fly around this country, and this will lead to disruption in ticket sales. Health risks are of bit concern due to possible flight bans.”

**Marina Kuznechkenskaya**

flydubai

“Cyber risks can preclude us from selling because our main distribution channels are digital, and therefore any interference, suspension or slowdown of our servers and software affects the sales and use of our services. We regularly experience DDOS attacks, and we cannot say that there will not be more of them. If online fraud can be attributed to cyber risks, then the answer is yes. There have been more fraudulent activities on the network in the last two years, we have faced this. In-house methods for combating fraud and cyber attacks are more focused on strengthening the IT infrastructure, while external resources and third-party technologies are aimed at combating fraud and minimizing weak points in our technology platform.”

**Alexey Sidorov**

Silkway Group



## Strategic Objectives and Initiatives

“The main strategic objective is to increase exports from today's 25% to 60% in 2022. Improving our products is the second strategic objective. Completing the modernization of enterprises is the third one. Increasing competence in order to work as smoothly as possible is the fourth objective. As for export, we are fixing quotas for the products now, we have three types of them. Our own product, an architectural system, we develop it, test it and increase its share, including for export. The second point is drawing profiles which we manufacture for someone on request. The third is the increase in marginality and stability.”

**Nursultan Zhumabek**

hoffmann aluminium

“I do not regard the strategy to be a fundamental document that may not be changed like the Constitution. These are very personal targets that are adjusted and may change in the middle of the year. The strategy is to earn more, possess a larger market share, cut down the expenses, increase own efficiency.”

**Raimbek Batalov**

Raimbek Group

“We have 5 main global strategic objectives. Each business and unit have their own goals as well. For instance, the E-commerce team or the Kaspi Pay team. An important strategic objective is to achieve an unparalleled quality of products and services. We measure this goal among other things using NPS (customer satisfaction) at the level of each product and service.

In terms of initiatives, we are constantly launching new innovative services or improving current ones for our beloved customers. For all products, there may be more than 100 significant innovations and improvements within a year.”

**Mikhail Lomtadze**

Kaspi.kz

“Ozon's goal in Kazakhstan is to provide Kazakhstani buyers with the best product and the ability to sell their products to tens of millions of consumers. There are three main components to the success of any marketplace: as a matter of fact, a technological product for sellers, logistics infrastructure and a variety of additional tools — for instance, advertising, financial, and so on. We are planning to work on all these areas for the successful development of business in Kazakhstan. The physical infrastructure is important in the outlined above. We started developing ours in 2021, now we already have a sufficient number of facilities in the country. Our experience demonstrates that the opening of a logistics facility where you can put orders and where you can store goods increases the number of sellers from the region by an average of 50%. For instance, this gives sellers the opportunity to deliver goods to the site faster and cheaper, and the buyers the opportunity to receive their goods faster.”

**Molder Ryssaliyeva**

Ozon Marketplace  
in Kazakhstan

“We have two main strategic goals: CO2 reduction and market share increase on our main domestic market.”

**Thibault Dumortier**

Jambyl Cement

“We have no more than five strategic objectives, and 2-3 are lost at some point. We regard this quite flexibly, we do not bother about the fact that we have not done something. This is an opportunity to reorient strategies. As for strategic management, at the moment we are transferring the strategy to the level of one year. Then we transfer the strategy to the next year or suspend it. For instance, we have a strategy regarding the launch of a new production in Kazakhstan, it was planned for three years, but we are aware that we have political risks. One risk pushed the project back for a year. At present we are moving from year to year. Our task is to produce 150 types of medical products and equipment in 5 years, but we are looking and thinking which areas of medicine may be irrelevant. Long term strategy is a somewhat strange thing, because everything is subject to changes — financial sources, political or geopolitical situation in the region, employees swap in the company. The issue of "short" strategies is not only a changing world, but a changing financial position of the company as well, it is necessary to be flexible”.

**Yerkin Dlimbetov**

Ordamed





“We have 6 companies and 6 strategic objectives. There are many more main initiatives, about 30. At the moment we are developing an ecosystem, this is the time effect and dictate of the times. Yandex has an ecosystem, Kaspi has it, and we also make our own in mass sports. It does not concern consumers, they will not see it much. For instance, when you go to the Almaty Marathon Instagram or the Almaty Marathon website, you will feel that World Class Almaty or “Another You” is somewhere nearby, you will imperceptibly see it. This is a smooth implementation of the ecosystem without ambitious statements.”

**Valikhan Ten**

World Class Almaty

“We always have 2 strategic objectives, they do not change over time. The first is the creation, retention and growth of key management. We take pains to build a team that successfully implements the intended projects. The second is the modernization of high-risk and high-margin businesses into stable and reliable ones. We strive to create businesses that will have a cumulative value.”

**Ilya Martinenko**

Avrora Holding

“Our objectives are to maintain or increase our market share, depending on how widely we are represented, scaling to new airports, attracting new partners, and retaining staff members.”

**Marina Kuznechkenskaya**

flydubai

“The strategic objectives are to launch the platform in new markets, recruit and strengthen the team, and increase the company's capitalization. This year we have set a big course to strengthen the team with young guys, in whom we will invest time and resources for their implementation in our project with a focus on the transnational development of the company.”

**Bolatbek Ospanov**

Smart Satu

“In September-October, we formed a new strategy for two or three years ahead and identified five tasks, strategic objectives. There are five to ten initiatives within each objective.

The five main areas are digitalization, mobile development. We have already launched the abr + product, which will unite all restaurants and services inside. We had been preparing for half a year, collected our own development department and registered the company in the Astana Hub. Abr cloud is the second task, this is the development of a management tool for managing operational activities. Also, the task is to have our own academy for the growth of people, because there is a lack of skilled staff. Now we are starting with online-learning, and in the latter half of the year we are launching a physical academy to train our employees. The objectives also include the “Restaurants” item, we are talking about increasing the number of our own restaurants to 50 and increasing franchised restaurants to 15 - that is, we need to get 65 facilities by the end of 2023. The next item is the corporate structure. Legal and corporate restructuring, increase in external financing – we are starting to work with funds, and we are going through an audit at the EBRD.”

**Askar Baitassov**

abr

“We are adapting our business model. Since we are a technology company, we are able to quickly restructure, add new directions that complement our business and create new sources of income. For instance, this year we launched a joint venture with a Russian debt collection partner. Since our company provides lending and financial services, our main “bread” is lending-related services for banks, microlenders and a final consumer. Debt arrears are always a part of any lending business and we could see this as a new strategic area that will provide additional synergies to our core business.”

**Alexey Sidorov**

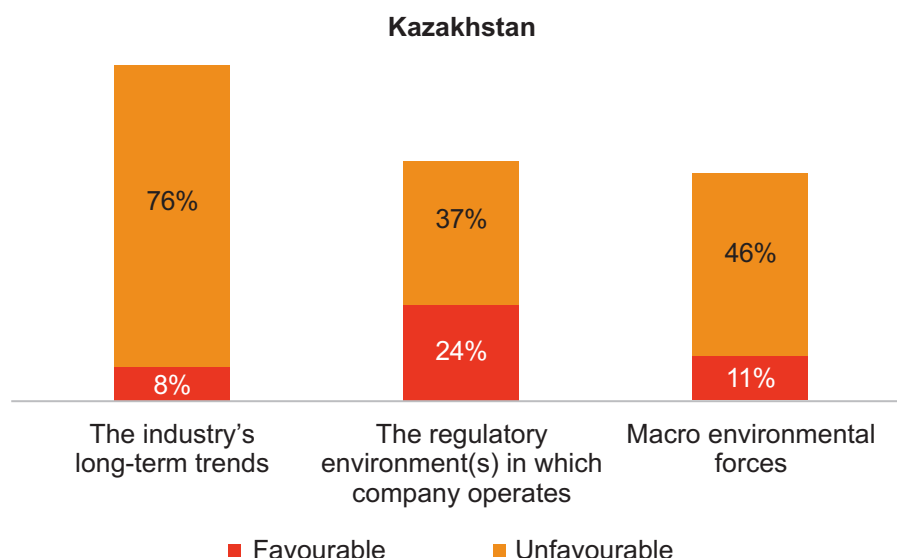
Silkway Group





## Factors Affecting Business Profitability

According to the majority of chief executives from various industries, their industries' long-term trends are favourable (76%). Urbanization, advancements in technology, the trend towards a healthy lifestyle and environmental friendliness are the main favourable factors affecting business profitability. According to respondents, the regulatory environment is more favourable (37%) than unfavourable (24%). 46% of CEOs in Kazakhstan believe that demographic, cultural, environmental and technological aspects (macro-environmental forces) in Kazakhstan have a positive impact on business profitability.



"The trends in our industry are favourable – the population is growing. We have two products, the first is cosmetics, the second is opportunities or, as we sometimes say, career. Demand will grow in both cases. We have always existed and will continue to create a social lift for people, as we are essentially a huge school of small business. The more people are in the country, the more willing they are to try their hands with us. What we propose is always in demand – either cosmetics or opportunities. Despite the outward migration, there is compensation due to a high birth rate. This is a plus for us. The regulatory environment is unfavourable because those who create this environment do not have a type of thinking "about people". They know how to control and collect taxes well, but the function of this institution is different – to develop the economy, but not to deal with dues and fees. If the government increases the number of entrepreneurs and stimulates their efficiency, then tax collections will go up as well.

Because it is more profitable for a stable business to pay tax than to hide and risk losing everything. But when the focus is not on development but on control, new methods of control are invented – Good Accompanying Notes, Electronic Invoices. They say: "Let us make up new certificates of our domestic production to increase competitiveness in the global market." And I do not understand how one more piece of paper will affect the attractiveness of our product for a foreign consumer! You do not teach people about entrepreneurship, you do not help them develop new technologies. Our technical engineering personnel are somehow not greatly developing, you do not create new modern production facilities, at most you assemble cars so that localization is achieved by blowing Kazakh air into tires but this is not serious. The regulator is tooled for something else, it will create less favourable outcomes but it will provide for its own needs as a structure. And their need is to control and collect."

**Konstantin Kulinich**  
Mary Kay Kazakhstan

"The industry's long-term trends are favourable. As regards the food industry, in any case, there is urbanization. We see that people do not stop eating and drinking under "covid" and crises, and there is an increase in certain positions. A different matter is that the consumption of expensive drinks is declining, while consumption of juice-containing drinks is increasing. The rarer children go to school, the more milk they buy – either to cook flakes, or porridge, or tea with milk."

**Raimbek Batalov**  
Raimbek Group

"The regulatory environment is moderately favourable because it is becoming more transparent and obvious."

**Ilya Martinenko**  
Avrora Holding

“As representatives of the fitness industry and sports in general, currently we can see a major increase in mass sports. I think that this is inevitable in relation to the need to strengthen immunity. These days, it is even more of a psychological alignment of one's own mental feelings. At first many people somehow toyed with lockdowns, then panic started. These days many middle-class businessmen (and I am not talking about big oligarchs) give up because the business vanished, someone fell through, and it was scary. We, the fitness industry and sportspeople included, were worried – we could not work and we were obliged to pay the minimum 42,500 KZT to our staff members, although there was no income. Besides, we were allegedly told that we would be exempt from taxes, but we didn't have any income, so where could taxes be paid from? There was no help in itself from the state in our industry. My production facility of 14 thousand square metres did not work - there were no customers, but we incurred expenses. I cannot stop the ventilation – if air circulation is stopped, mold will appear in a day. I cannot stop the pool, because everything will "bloom" there, it has to be filtered. Regardless, people still mentally had to find a way out, and many of them discovered the sport even if they hadn't thought about it before. It was rather not "physics" - people needed a way out, a mental push, an incentive. Nowadays there is an influx of clients in the fitness industry, and in different segments – in premium and economy segments. Mass sports are growing, but professional sports are experiencing a great manpower shortage. The Olympics is a trifle, believe me, it is a drop in the bucket compared to what we will “go through” further. Because there is a staff shortage in the ministry as well. Just now they have found a new chairman of the sports committee, but only now they will announce the name of the new Vice Minister of Sports, so for about five months a large industry had no chief executive. As a general rule, I think that you cannot unite three powerful areas, three industries – tourism, culture and sports.”

#### **Valikhan Ten**

World Class Almaty

“Trends such as a healthy lifestyle, proper nutrition, the desire to stay active regardless of age, and chronic disease prevention are favourable for the over-the-counter drugs industry. Increasing the portfolio and availability of over-the-counter drugs and health goods will enable consumers to take responsible care of themselves.”

#### **Kuanysh Ospanov**

Sanofi Kazakhstan

“The industry's long-term trends are extremely favourable. There is a growth of concern about people's health on the part of personalities, society, and the state. The trend, on the one hand, is considerably selfish – we have a desire to live longer, better. On the other hand, when it comes to macroeconomic factors, we are inside this macroeconomics as a resource, and it would be more profitable for the state if this resource worked longer. We are no strangers to the expression “new people – new oil”, and this is quite noticeable in trends.

Touch any part of a human livelihood – everywhere there will be something about health - in food, in gadgets, in rooms. We are talking about the fact that there will be a big technological growth in this direction. Everything was heading in that direction, and COVID-19 was needed as a booster. As a company we see it, we understand it, we switch to gadgets.

We should speak about macro-environmental forces more specifically. They are moderately favourable, as a whole. Technological ones are generally unfavourable, ecological ones do not relate to any aspects, and cultural ones are extremely favourable. We have multiculturalism in Kazakhstan which allows us to become global without effort. This is the intersection of Europe and Asia, East and West, a quick opportunity to adapt some of our ethnic groups that exist in Kazakhstan. Demographic forces are generally super, we are growing very fast, we rank fifth or sixth in the world in terms of birth rate, and in the first place territory of the former Soviet Union. Having five children is already becoming a standard, three is the minimum. I think if you do not look at the country's financial capabilities through mineral resources, we have a rather interesting cultural aspect.”

#### **Yerkin Dlimbetov**

Ordamed

“The industry's long-term trends are favourable, and they are growing in Kazakhstan. In principle, for the Kazakhstan market, food delivery and delivery in general is something new, therefore the market is growing, and accordingly, this has a positive impact on us. If we turn to numbers, then currently the penetration ranges from 2-3% of the population – these are those who have tried delivery at least once. And we believe that in the next 2-3 years this figure will have advanced to 10%, so there is a very large space for growth.

To date, there is enough space for all the players represented. Each of the companies is proceeding to grow from year to year, from month to month, respectively. I think that the potential of our country is particularly large, and this is due to the fact that we also have a high penetration of mobile phones, people are used to applications. If you take other industries, for example, ride hailing, when we call a taxi or a classified market, where we look for real estate or buy cars, these all stimulate the growth. I think that those players that are on the market will feel quite comfortable and continue to grow. It is too early to talk about consolidation, as the market is growing and developing.

The regulatory environment wherein we operate is moderately favourable. When it comes to e-commerce, there are some regulatory frameworks that have gone out of date a little, or they simply did not exist, because the market is new and changes very fast. But being in some working groups I can see that everything is rather promptly resolved and changed within the framework of the draft bills.

In terms of couriers and their employment within the framework of labour obligations, we work as a platform. If one looks at world practices that imply freedom of choice of time and hours of work, the companies do not put employees on the payroll because this neutralizes the principle of the platform economy.

In turn, we will continue to develop in this direction and we will be a platform, but should there be any legislative changes we will adapt to them. In terms of providing benefits we have a project that we are developing in a number of countries, and Kazakhstan is included in the list, where we will be pro-actively supplementing additional social improvements for couriers. For example, there is the "Springboard for the Courier" project. We all understand that being a courier is not for life, and the youngsters make a little extra money, being students. We would like them to have the additional benefit of cooperation with our platform and have the opportunity to develop additional skills in the form of programming or learning languages.

Also, we are one of the first companies to provide couriers with insurance. Since entering the market in 2019, every courier who is connected to the platform has insurance."

**Karim Boguspaye**  
Glovo Kazakhstan

"I believe that restaurants are a long-term factor. Darkstore is a trend. The "dark kitchens" do not satisfy the basic human need for communication, receiving emotions. Restaurants are not about food, they are about emotion. You can eat at home, and if there is a lack of emotions, a person goes to a restaurant. Especially since the restaurant has a lot of dishes that cannot be cooked at home. I go into the kitchen of a pan-Asian restaurant – there are so many sauces there... I figured that there are 17 ingredients in a single noodle, it is simply unprofitable to buy everything to prepare at home.

The fact that the regulatory framework is changing is a negative factor by all means. No one listens to us, no matter how much they say, nothing changes. The more changes there are, the more often they occur, the more difficult it is. The whole team should be more flexible, this is a bigger tension."

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

"The industry's long-term trends are extremely favourable. In terms of food order penetration we are still quite far behind even Russia, not to mention such countries as, for example, South Korea. In the light of a low start, we have covered only a fifth of the population with our delivery services which potentially has the opportunity to use them. Thus, there are reserves for growth even through the expansion of the coverage network and user adaptation. At the same time, the usage frequency factor will also go up from year to year."

**Alibek Yessov**  
Wolt

"The long-term trends in the industry's development that we are observing nowadays – for example, the shortage of cars – are moderately favourable for our company, although I understand that they are unfavourable for the people. We are launching sales of auto parts through our platform and regard this as an opportunity for business development – new cars are in scarce supply, people are compelled to drive cars that they keep for longer, they break down, and accordingly, there is a need for spare parts. In the real estate segment, we went up in 2021, the daily attendance of the "Krysha" increased 1.5 times and beat all records, as people decided to invest their pension funds in acquisition of real estate.

But this is a short-term trend, and next year there will definitely not be such a boom. But long-term trends are also moderately favourable in general.

The regulatory environment in which the company operates is slightly favourable. Due to the increased number of cases of fraud, we have to develop new products to ensure the security of transactions so that a client remains on our platform, and does not communicate with a fraudster through the messenger. If a client stays on our platform, we can protect him/her."

**Nikolay Babeshkin**  
Kolesa Group

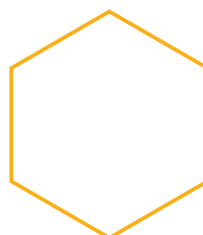
"Much has already been said about how lucky Kazakhstan is with its geographical location. God Himself ordered us to develop logistics. Up to this day, this industry, like any other in a young independent state where the economy went through different stages of development, has experienced a variety of reforms and innovations. But I would say that the most favourable trends at present are investments in the logistics infrastructure, its expansion and, consequently, an increase in transit potential. I will say again, Kazakhstan has a huge potential, huge opportunities. Participation in the Great Silk Road confirms that. The construction of terminals, investments in railway development, containerization and digitalization of logistics are all the same trends that we need to continue to implement."

**Marat Zhuman**  
Atasu Group

"The industry's long-term trends are not clear. As a network we work in different formats, and some formats are developing with a negative trend, and others with a positive one. We believe that orderly marketing will be developing in our countries despite temporary difficulties because people want it. If, other conditions being equal, the state undertakes bold steps to combat counterfeiting, the grey market, everything will be fine in trade.

The regulatory environment is slightly favourable. There is progress, but we would like equal approaches to be applied to everyone, a fight against "holes" on the border, so that there are equal rules of the game for all players in the market, especially in this difficult time for politics. Macro-environmental forces are always favourable for a strong company because trading is adaptive."

**Azamat Osmanov**  
Magnum Cash & Carry





“Long-term trends in the industry in which we operate, i.e. engineering solutions for water bodies (fountains, swimming pools, irrigation), are moderately favourable. First of all, these are the trends towards the use of resource-saving and environmentally friendly technologies. I am very glad that an understanding of the importance of such initiatives and programs has appeared at the state level and at the level of commercial structures. And since the entire strategy of our company is built on the principle of the rational use of water resources, we will be able to fully realize our potential in this area and offer our solutions to the market.

The regulatory environment force is extremely unfavourable. We see two extremes in the regulatory environment. The first is the overregulation of some processes which greatly complicates the work, and it should be noted that this regulation is most often senseless and useless. The second extreme is a complete or partial absence of really important regulatory instruments and procedures that will protect a final consumer from unscrupulous companies that take advantage of the lack of regulatory documents and mislead the consumer. In addition, the lack of regulation in this area creates a hotbed for corruption.”

**Mikhail Borisov**

Fluidra Kazakhstan



“The long-term trends in the mining and metallurgical industry are moderately favourable. The global market conditions are extremely favourable, we are in the upper peaks of the cycle. We produce copper, and copper underlies alternative energy – the energy based on electricity. The rise of electricity leads to the fact that wires are needed to supply electricity, generating power to produce it and power to store it, and all this has a lot to do with copper, because humanity does not have another reliable and optimal semiconductor for today. Besides, all alternative energy options – wind plants, solar power plants – use copper in large quantities, so transition of energy to “clean” rails and moving away from oil in general implies an increased use of copper. Copper is often called a “green” metal because it is associated with a structural transformation of the global economy. Therefore, we believe that the run of the market is favourable, copper consumption has doubled over the past 20 years and will continue to grow in connection with economic development trends.

The regulatory environment is slightly unfavourable. This is associated with the regulation of the subsoil use industry, in this regard Kazakhstan does not belong to the liberal countries. We are quite over regulated, and this causes certain difficulties. But in general, there are changes in the laws for the better.”

**Marat Seitkulov**

Caravan Resources

“Despite the increase in the share of green energy and the growth in the number of electric cars, no one has cancelled the need of 1.2 billion vehicles in oil products, tens of thousands of aircraft fly every day, the world's population is growing and it needs plastic products. All this creates a considerable demand for oil, and investors are aware that we will not get away from oil in the coming decades.

In recent years, the global oil and gas industry has been underinvested by several trillion US dollars, and we see that large oil and gas companies are ready to invest in new projects.

If one looks at Kazakhstan, the Tengiz FGP project is the largest oil and gas project currently underway in the world. We also realize that there are positive developments regarding the expansion of the Kashagan project.”

**Almas Kudaibergen**

Centrasia Group

“The industry’s long-term trends are very favorable. Nuclear is one of the major components of the energy mix in the world, there is no debate. The regulatory environment in which my company operates is becoming more and more stringent. I can expect that, in the future, governments will try to extract more value from the mining and oil/gas companies as it is a general trend already.”

**Gerard Fries**  
KATCO

“The industry’s development long-term trends are extremely favourable. Before the fuel crisis started, we had the largest number of flights among foreign air carriers in Kazakhstan. We develop cooperation between the UAE and Kazakhstan, we promote entrepreneurship and form tourist flows: The UAE is the most popular country for travelling among Kazakhstanis. The long-term development prospects of the industry are largely up to the situation with COVID-19, and it is difficult to make predictions here. When the situation is more or less favourable, we start flying; if not, the flights stop accordingly. We extremely depend on external factors. The regulatory environment in which FlyDubai operates in Kazakhstan is favourable. We have open skies, it is quite easy to get outbound clearance, which was impossible just three years ago, and the more airlines fly to different destinations, the more affordable airfare prices will be.”

**Marina Kuznechkenskaya**  
flydubai

The forces that make it possible for us to create financial value are as follows:

1. All growth drivers of the e-commerce market — logistics, fintech solutions, online payments. Indeed, thanks to the growth of online shopping, the total volume of purchased goods and services advances as well, and this provides more income and taxes.
2. Development of the IT-sphere, which creates a positive ecosystem around itself. The simplest example — when a software engineer creates a product, then additional processes, tasks, professions, and jobs emerge around that product.
3. Regulatory environment. In Kazakhstan it is fairly favourable. This is also promoted by such platforms as the Astana Hub and the Astana International Financial Centre (AIFC). We are residents of the Astana Hub, since we are developing a piece of technology. The hub simplifies the search for investors, obtaining tax benefits for recruiting employees for residents and non-residents. Thanks to this, we started to develop an R&D centre: look for developers for our other projects.

**Maxim Melnik**  
Satu.kz





“The industry’s long-term trends are extremely favourable. Presently we are virtually forming a new market. We are introducing new tools, such as determining the fair rental value. This is an issue that had been resolved by bargaining between a tenant and a landlord for many years. It was difficult to find a solution, and for a year we had been thinking about how to change the approach and decided to proceed from the financial forecast from the tenant. The payback period is determined, and based on it, all income and expenditure are taken into account and a certain cost and turnover percentage are formed, which will help the tenant pay off within the prescribed period, and the landlord will have the opportunity to receive some satisfaction for the lost income. Almost all Shopping Malls included a certain rental income in their model, but, as soon as restrictions are introduced, tenants receive favourable conditions for the entry, and later it is extremely difficult to change these conditions. We proceeded from the fact that both parties managed to receive income and bring their indicators closer to the forecasts that they had made at the time, when the trade relationship was being formed. The regulatory environment in which the company operates is extremely unfavourable. I have criticism addressed to the state authorities in terms of restricting the work of the Shopping Malls. From the very beginning of introducing the Covid restrictions, almost all large Shopping Malls comply with absolutely all regulatory sanitary and epidemiological requirements. At the same time, in view of the fact that the malls fulfil all these requirements and are easy to control, more and more restrictions are “hung” on them. There are virtually no restrictions on the movement of public transport, people do not wear masks, being in a small space without ventilation and air filtration. In the malls, each person has to have at least 4 sq. m of area. Every hour there is a calculation of how many people are in the malls and whether this requirement is complied with. It is mandatory to wear masks in our facilities and we are under the closest inspection, but more and more restrictions apply to the operation of malls. Herewith, the operation of bazaars and markets is less controlled, people do not wear masks, and the likelihood of infection is higher. It turns out that control is strengthened where all security measures are best observed – this is nonsense. We were heeded after the January events. In 2020 we constantly got in touch with the Chief Public Health Officer by phone, discussed the situation, all the standards were actually developed at our suggestion, we explained the practicability of the restrictions, and it was clear to us that the imposed restrictions were tied to the availability of beds in the city’s hospitals, to the possibilities of medicine, and now no one has this data, and the restrictions being introduced are not clear to me. Kazakhstan had two years to prepare its medical infrastructure to live with COVID-19 and decrease restrictions. In our country, restrictive measures are only being tightened. On the one hand, this may slow down the spread of the virus, but on the other hand, there are social and economic impacts. In the social sector, this means the discontent of people and in the economic sector, in fact this is the destruction of small and medium-sized businesses. If we go back to just before the January events, the rules were once again tightened and only visitors with a “green” status in the Ashyq were allowed to enter the malls, this caused public anger in social networks. People got tired, they did not understand anything, and there was no dialogue.”

**Alexei Khagai**  
TSPM.

“One of our key tasks in the region is the development of business against the marketplace model – creation of an open area where tens of thousands of different entrepreneurs from anywhere in the world can trade. This model is rapidly scaled due to the network effect – the more sellers are on the site, the wider the range is, the more buyers come to the marketplace, the more attractive it is for new sellers.

We notice that marketplaces are growing faster on account of the market of entrepreneurs, therefore cooperation with them is our main focus in the region.

Globally, the demand for marketplaces is growing at present. The most advantageous position will be occupied by marketplaces that will be able to provide both consumer goods and goods for a narrow audience in a single area.”

**Molder Ryssaliyeva**

Ozon Marketplace in Kazakhstan



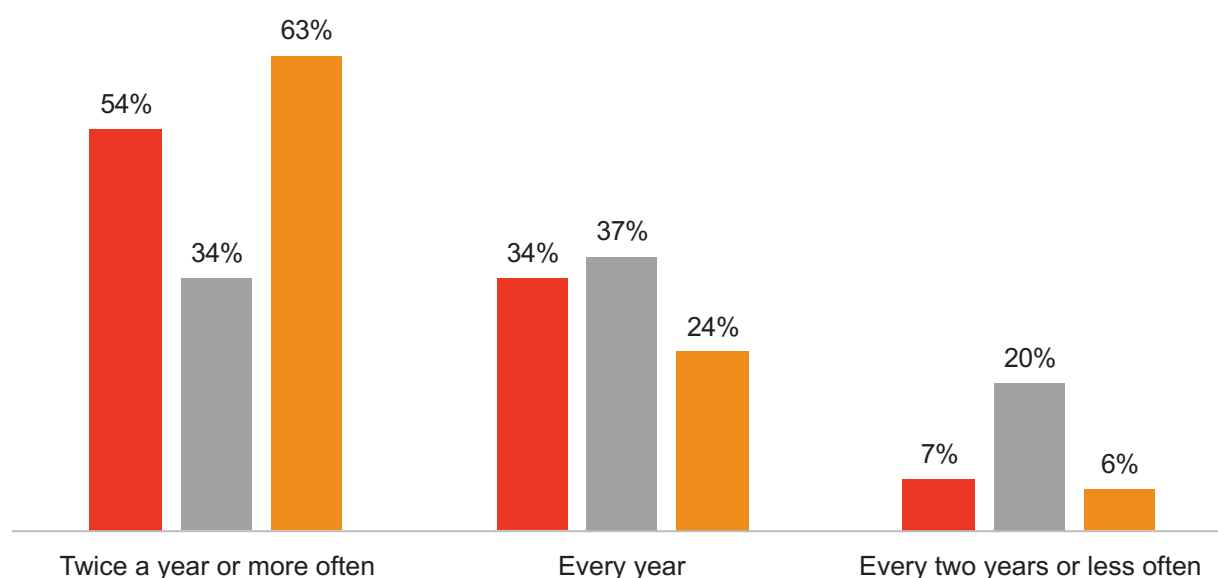


## Decision Speed

According to the results of the study, it can be seen that a greater number of businesses in Kazakhstan prefer flexibility in decision-making and clearly understand that speed is of great importance, especially in terms of investment decisions. More than half of respondents assess their major initiatives at least twice a year (54%) and update their workforce about it (63%). 55% of private business leaders in Kazakhstan noted that the time period up to 3 months is enough for them to approve major initiatives after the idea has been proposed, and 41% of leaders find the same period enough to allocate significant resources for the implementation of those initiatives. Interestingly, 34% of local private business representatives usually suspend projects with low potential twice a year, 24% – every year, and only 14% – every two years or less often. This suggests that the viability of an investment project is checked in an average of about 12 months, and if no significant potential has been demonstrated within this period, then the project is stopped (stop loss).

### How frequently companies:

- Assess its major initiatives
- Change its major initiatives
- Update its workforce about its major initiatives



“We do not plan a year ahead, because we are in a very “fast” area, we plan every quarter, but we take measurements almost every day. I'll give an example: such a metric like “delivery time” is something I look at every morning. Let us say, if yesterday the average for the country was 33.4 minutes, and tomorrow it became 34.2 minutes, then this is a big question for us – what happened, why did we start delivering longer? We start to understand and do something to meet the 33 minutes. We are aware that there is a direct correlation between how much food is delivered to you and the likelihood that you will order exactly from us again. The guys, who are involved in courier delivery, have this KPI – 33.7 minutes, and they should strive for it.”

**Karim Boguspayev**  
Glovo Kazakhstan

“Recently, due to the pandemic, we have been assessing and changing our initiatives four times a year or more often. It turns out to be impossible to build a long-term strategy under current conditions.”

**Marina Kuznechevskaya**  
flydubai

“Every six months I write large corporate letters on the way I spent the last six months, what results we have achieved and about plans for the latter half of the year. For instance, regarding the question of dark kitchens – to be honest, we are not greatly inspired by their outcomes yet and decided that we will try to switch more into the hybrid model in the future. Set up an offline restaurant that will combine offline cash flow, flow from aggregators and own delivery. Offline remains the main cash flow. Against the background of these outcomes, we are partially reviewing our tactics. We were about to set up several dark kitchens in Orbita, instead we opened a full-fledged restaurant.”

**Askar Baitassov**  
abr

“It is difficult and makes no sense to assess major initiatives more than once a year. When it comes to minor initiatives, “head twists”, then, returning to the nature of our business, we “finish”, change, improve a lot, and such initiatives are implemented almost every month. Generally, they are related to products, and we assess them once a month, and some of them once a quarter.”

**Alexey Sidorov**  
Silkway Group

“Each year. In 2021, our main task was to develop relations with external clients in terms of Shopping Mall management. However, the local market needs our consulting services with respect to marketing, brokerage, market research and digital strategy development. We found out that our core customers are in need of the selective services we provide, and this year our strategy is being reformed to prioritize the provision of expert advisory services in certain industries. In 2020, we as TSPM being a part of TS Development became a market consultancy company. In the Shopping Malls segment, the strategies are very long-term, and the main objectives have not been changing for years.

Since we are in our second year as TSPM, we are working on the principles of a start-up in many respects, flexibility is relevant for us. For 2022, we had the task of active expansion to foreign markets, but this year we understand that this expansion will not be so active so we will be focusing more on the domestic market of Kazakhstan. We have discovered that this is where many companies need our consulting services, and this is where we are redirecting our efforts.”

**Alexei Khegai**  
TSPM.

“Mining companies have a lifecycle which is not the same as in IT, for example, so we are more on the decades trend.

We assess our major initiatives less than every four years, however we are revising our mining plan and budget every year. As we are working in the mining sector, we are changing our major initiatives less frequently, only in case of problems. We are updating the workforce about initiatives twice a year. I’m informing my team about production, where we are during the year and what is the forecast.”

**Gerard Fries**  
KATCO

“We review major initiatives once a year. We also form missions and project tasks for the year. We regularly perform reconciliation throughout the year. If something becomes less relevant — we lower its priority. We always update our workforce members about our major initiatives honestly and openly, because this is one of the main principles of our company. To do this, we have public talks — open general meetings with company top management, monthly news digests, weekly task statuses in internal channels.”

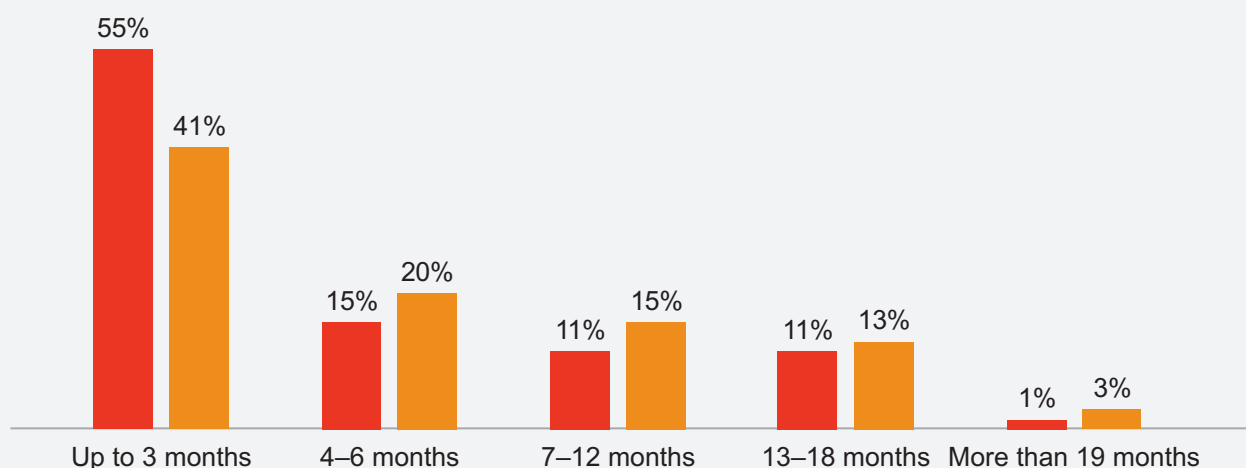
**Maxim Melnik**  
Satu.kz

“Our strategic objectives include the increase in the offline market share, the rise of the centralization level, testing new formats and increase in their share, redistribution from large to smaller formats within the revenue. This is a challenging task, and we want to solve it centrally so that we do not have to split ourselves into different companies. When it comes to online, we are planning to maintain our leadership in e-grocery and become a strong player in related categories, we are actively growing in this area.”

**Azamat Osmanov**  
Magnum Cash & Carry

### Required time to:

- Approve/green-light major initiatives once an idea has been proposed
- Commit significant resources to new major initiatives



“As a rule, 3-6 months is a long period. As an experienced company we are aware that it is possible and necessary to spend time on something that is not backed by resources, but it is required to make decisions when there is everything. All the time we are in search of what fits our business model. For example, online sales are still a new direction. Marketplaces, e-commerce, delivery – there are a lot of technological innovations there. In six months, a start-up that no one paid attention to can “make it to the top”. We need to approach this issue flexibly and monitor everything, spend time on it, but making decisions when you have chosen one direction out of hundreds and preparing resources for it is a separate process.”

**Raimbek Batalov**  
Raimbek Group

“We need up to three months. We use our capital, there is no need to attract, persuade, show business plans to anyone. We are a private company, and it is easier to work in our market without a local capital.”

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

“We regularly launch new products or improvements to them. First of all, we think about customer experience and improvements for customers, and our business performance indicators are the result. We do not have fixed budgets that limit the launch of innovations and improvements. For example, we want to make 3 upgrades on Kaspi Gold, approve the release, work for 3-4 months, launch, summarize and once again look for ideas for the next release of improvements.”

**Mikhail Lomtadze**  
Kaspi.kz

“Flydubai is very quick to approve new initiatives and find financial resources to implement them. For instance, the decision to launch flights to Israel was implemented in less than a month. Everything depends on the promptness of making an agreement with the authorities.”

**Marina Kuznechkenskaya**  
flydubai

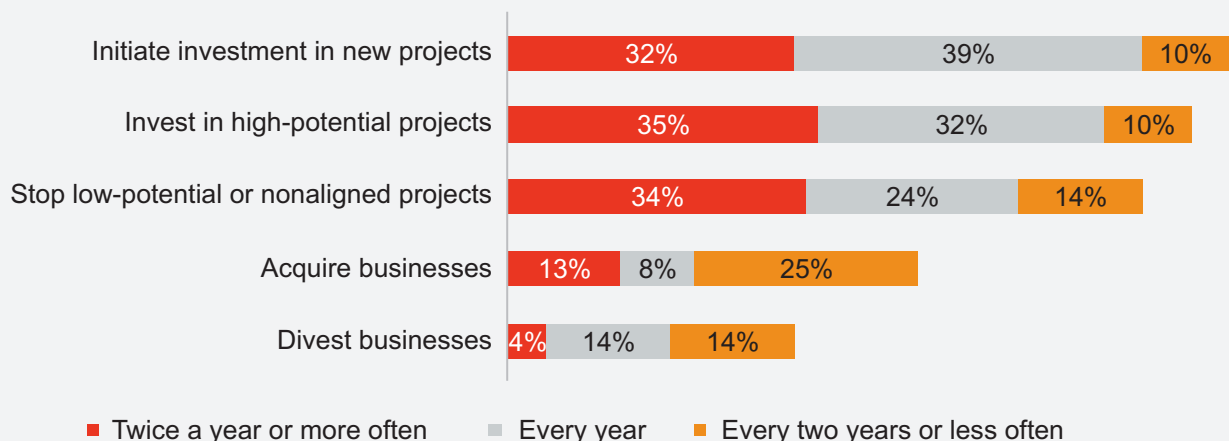
“I believe that we are quite flexible and can make important decisions within three months. We have such a business, a lot of tactical decisions have to be made without delay. It takes about 4-6 months to commit resources and this is subject to the need for negotiations with bankers. We mainly work on the Damu programmes, and there one approval milestone may take up to six months. We have had cases when a project is at the start, everything is signed, people are gathered, and we just ride the fence for the bankers to open the line. Accordingly, there are losses during downtime as well.”

**Askar Baitassov**  
abr

“At present we are studying a project in the south of Kazakhstan. We mentioned that we would enter Almaty and we came here with the Kapchagai pedigree breeding unit, the largest in the CIS (160 million eggs). Investment in this project will amount to about \$100 million. Next year we are entering the second stage. At present we are looking for the site for the Almaty poultry farm. We are planning to invest about \$300 million in this project. The potential capacity of the factory will be 129,000 tonnes. We have started the stage of preparing a feasibility study, and are involved in the selection of a land plot. The production capacity of the Ust-Kamenogorsk poultry farm is being doubled, and we are planning to increase the capacity of the Makinsk poultry farm.

There are big plans for industries. We regard grain trading as a line of business, we are looking for a large site in Shymkent to launch sausage production. In this segment, the import content exceeds 50%, and it is difficult for our companies to compete in the field of sausage production: there are no strong players who know marketing. Just like in other industries, we watch the needs of the country, study the weak points and try to close them. We will be developing the area of semi-finished products of high degree of readiness, full readiness. This is a completely new direction for us, which is growing in double digits in the world, and if we do not enter it now, we may miss this market. Currently, there are no Kazakh players in this segment at all. About 94% is represented by products of Russian manufacturers and 6% by companies from Belarus, Ukraine and Poland. This is mainly a B2B market, in particular, of food and drink venues.

## Kazakhstan





In education, our priority is secondary specialized education, which Kazakhstan has lost in fact. The new world requires skills, and secondary specialized education is a key segment in the development of skills. We want to fill the gap through the development of the system of technical high schools, and first enter the agricultural sector in the college segment. We are planning to start with Kazakhstan and then develop the secondary education system in Ukraine and the USA. In my opinion, our ideas will provoke interest in the American market. In addition, we already have a Kazakh project that is targeting the American market – Arbuz.kz. Thus we are actively studying the American market of secondary specialized education, actively moving in the "digital". We will also offer digital products for the agricultural sector, including a superapp, which we also target to domestic and foreign markets. Perhaps we will come out with the finished product early next year."

**Serik Tolukpayev**  
Aitas Group

"Investments in new projects are discussed on a quarterly basis. We are looking at opportunities and our current projects. We are in search of synergies with existing businesses. Stopping of low-potential projects does not happen often, but nevertheless it takes place. We have a clear approach in this matter. Every month I check the course of the project – if the semi-annual forecast is bad and it is confirmed after 6 months, then we stop and close the project."

**Farrukh Makhmudov**  
Orbis Kazakhstan

"In 2021, we opened approximately 8 new eating establishments after the pandemic. In 2020, we opened new restaurants less often and fewer, the entire issue was related to the builders. They were simply missing, there was a quarantine, and many construction projects were frozen, so all our openings were shifted to the early 2021."

There were cases of suspension of projects with low potential, but there are many factors at play there. The potential may be good, but the conditions around are changing – for instance, a road junction has been made or the terms of the lease have been changed. Currently we have suspended the project in the Asia Park shopping centre – the owners changed, and the Asia Park simply died out, because their strategy turned out to be unsuccessful, the flow of people fell off. External conditions have changed."

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

"We always try to bring something new to the market and invest in high-potential projects. I had a meeting with the market researchers of our fitness clubs who noticed that the projects of our rivals, colleagues, and other federations copy ours in some way. I think this is great. I am even glad that this happens, sometimes even images (i.e. figures) are similar, style, meaning, only the logo changes. Firstly, this repetition keeps us on our toes and makes us feel confident that we have made the right, needed product that is in demand on the market. The second point is that we understand that there is a similar product on the market, which means we need to make a cool improvement to ours. But the most important point is the third one. Because of the fact that they repeat after us and try to catch up, they miss the most important thing – the chance for us to invent new products and bring them to the market. You need to work in the industry for 20 years to get to this point. I will continue to come up with new products in every direction – in fitness, in sports, in mass sports, and others will be catching up. This stimulates us all, consequently together we move the industry forward. But it does not happen that all ideas and projects have the right to life. Some of them become irrelevant over time."

**Valikhan Ten**  
World Class Almaty

"Stopping low-potential projects mostly happens when we realize that we have "plumpeed". This rarely happens, because there is entrepreneurial skill. For example, in construction in 2021, 21 projects are in progress, of which 7 came out "on-the-money" due to the fact that materials have risen in price and 2 projects are at a loss. It's 10%, not so critical. We are aiming for a margin of 30%, which is a good indicator."

**Nursultan Zhumabek**  
hoffmann aluminium

"Initiate investments in new projects - 2 times a year, but it depends on the amount. If we talk about 100k it will be 10 times a year, if we talk about 2-3-5 million it could be once in 3 years."

**Thibault Dumortier**  
Jambyl Cement

"Initiating investments in new projects is constantly taking place. In the parent company, we have launched many different initiatives and projects over the year, including those for couriers. In Kazakhstan, we operate according to the plan of the head office, so the initiative is launched at least once a year."

**Karim Boguspayev**  
Glovo Kazakhstan

"Divesting businesses occurs every four years or less often. We constantly reinvest as a majority owner - I do not even withdraw dividends every year, since I do not have any big unsatisfied material needs. And reinvestment makes it possible to grow faster and be less dependent on external financing."

**Alexey Sidorov**  
Silkway Group

"We redistribute investments within the country and our projects. There are few such companies in Kazakhstan that do not withdraw money from the country, but rather invest in national projects."

**Maxim Melnik**  
Satu.kz

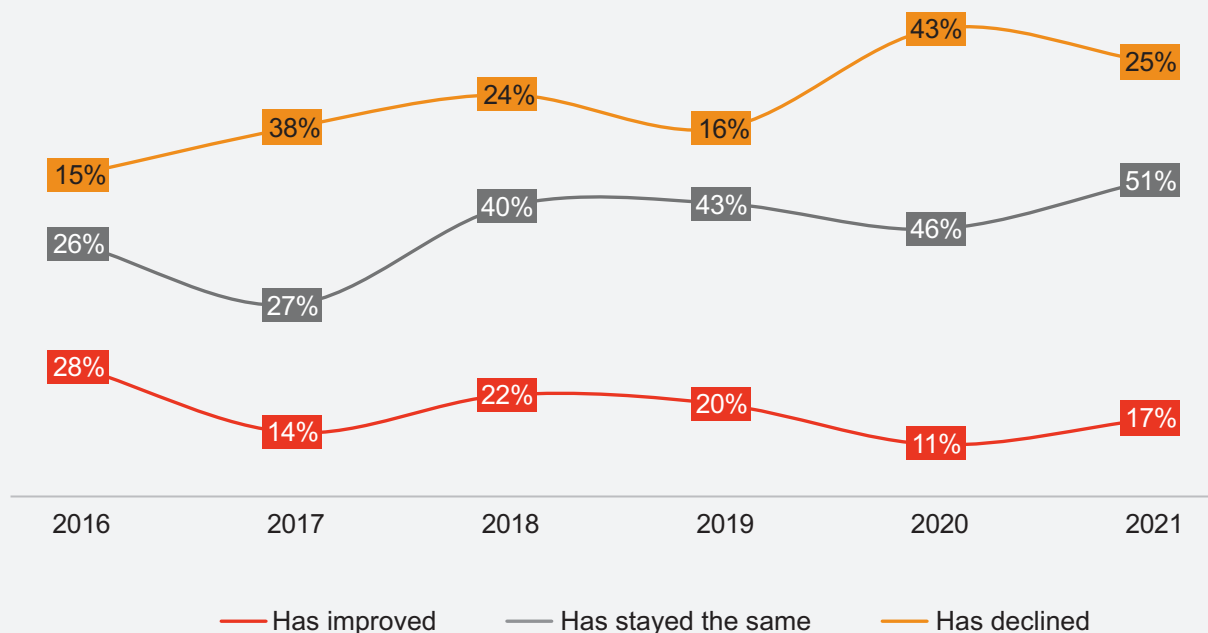


“Today the pace of change has increased exponentially, and we change our strategy at least twice a year. There are many pilots. For instance, we have launched online and are currently looking for answers to the question of whether dark stores will be ours or delivery will be developing directly from stores. We stop low-potential projects three times a year or more often. We are a flexible company, and if it is obvious that the project has not justified itself, we quickly curtail it. Investing in high-potential projects – we do everything quite promptly when it comes to projects with investments up to \$1 million. For example, by introducing a modern layout of meat products we significantly increased sales and sold 4 tonnes on the opening day in Tashkent. This service requires completely different staff training and a different layout than before, and this project cost us about \$1 million a year throughout the company. Meat in Uzbekistan is a more premium product than in Kazakhstan, and such an increase in the sales is indicative.

High-performance small enterprises are expanded once a year. We have our own trademark, and if we see that sales of tea under our trademark are not as active as we would like, we will increase investment so that tea is sold not only in our network. Before the pandemic, the goal of launching a private brand was to get value for money, now it is the best price. At first, due to the pandemic, and now due to the impact of the outcomes of the military conflict between Russia and Ukraine, people have switched to a lower segment and it is clear that this was a forced step.”

**Azamat Osmanov**  
Magnum Cash & Carry

## Changes In The Investment Climate In Kazakhstan For 2021



“Investment environment in Kazakhstan has declined. My answer concerns the year of 2020 only, when, despite statements from the upper tier, the role of the state increased, state-owned companies tried to create new subsidiaries, enter sectors where the private sector is already present.

Last year, I personally participated in negotiations with a foreign company on joint operation and investment, but they decided to work with one of the subsidiaries of a state fund.”

**Almas Kudaibergen**

Centrasia Group

“I believe that the investment climate has stayed the same. The reason is not that the state did not contribute to the improvement; in general, the investment background is tense in the world.”

**Ilya Martinenko**

Avrora Holding

“The investment climate has stayed the same, there have been no qualitative changes that would promote the increase in investors’ confidence in the political and legal systems of the state.”

**Yerem Arutyunyun**

Mechta.kz

“The investment environment has declined. At least, in my experience, those partners who wanted to enter Kazakhstan did not enter.”

**Valikhan Ten**

World Class Almaty

“The investment climate has declined in 2021. People are actively investing, not understanding clearly what investment is and what affects what.”

**Marina Kuznechevskaya**

flydubai



"I would say that the focus of investors has shifted to economic sectors that were not of interest to investors before. We can say that a couple of IPOs, which were held by Kaspi and Freedom, could slightly affect the perception of the global investment community. Although this regards not only the past year, but a little more, the boom fell to 2021 to a greater extent. Therefore it may be said that the investment climate has improved in the "non-extractive" sectors of the economy. After all, in our country investments are traditionally raised in the extractive sectors, and there is no big change in these sectors - probably, on the contrary, there has been a decline. But this is not an area wherein I have a lot of experience and expertise, on the other hand there is interest and experience in new areas related to digitalization and technology companies. We can see how external players come here and look at local technology companies. Probably they are not so much interested in Kazakhstan as a market since it is small in terms of the number of consumers but there is an interest in the region as a whole. Kazakhstan, as the most developed market in Central Asia, attracts interest in the first turn, it is from here the study of the region and the search for promising talents begin."

**Alexey Sidorov**  
Silkway Group

"It has declined. We talked about the fact that banks have high liquidity but they have nowhere to invest. The banking sector has always been high-margin, and it was a huge income that was formed on the part of the banks. Now I am not talking about external but about internal investments. On account of the credit system that has been stifling mature entrepreneurs for years they are no longer willing to take risks, and young people who are ready to take risks are not able to counter the loans and the current lending rates that are in effect now with the collateral that the banks request. Accordingly, the ardour of people who are ready to take risks and who have certain competencies and experience has been greatly tamed in the last decades of working with banks. And 2021, which showed that the virus can destroy about 60% of the business, had an even worse effect on the decision of entrepreneurs in terms of accepting the risks of opening new enterprises. The youth are trying to open start-ups but we are talking about investments as a specific sector and everything is difficult here. Money is redistributed but no one is ready to invest, especially large amounts in high-risk and capital-intensive projects.

In the light of the January events, a lot of people have fears about investing in Kazakhstan, but large international companies, seeing countries where changes are taking place, begin investing heavily there because entering the market during a high-risk period can have a high effect over time."

**Alexei Khagai**  
TSPM.

"In 2021 the investment climate improved thanks to business, thanks to Kaspi and banks that came to Kazakhstan. We have thought of an IPO - we believe that the company can grow here and people can buy its shares. Perhaps the succession of the authority has played a role in this, and if this had not happened, everything would not have been so good."

**Nikolay Babeshkin**  
Kolesa Group



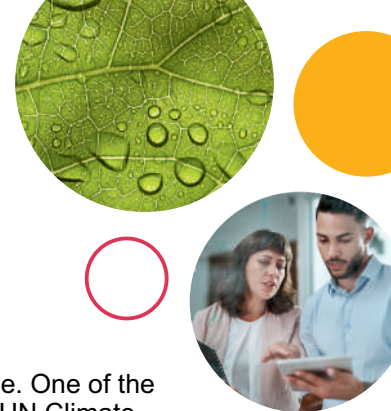
"I think the investment climate has merely improved. I judge by how many companies come or are interested in our market. Probably it is not exactly correct to compare with 2020 because it was a year of uncertainty and the height of the pandemic, but 2021 has definitely become much better in terms of the emergence of new projects."

**Karim Boguspayev**  
Glovo Kazakhstan

"I've seen the proposal of a new type of investment contract, which is quite good to invest in, so it is improved. It is even better than the investment contract we had, so it is quite positive."

**Thibault Dumortier**  
Jambyl Cement

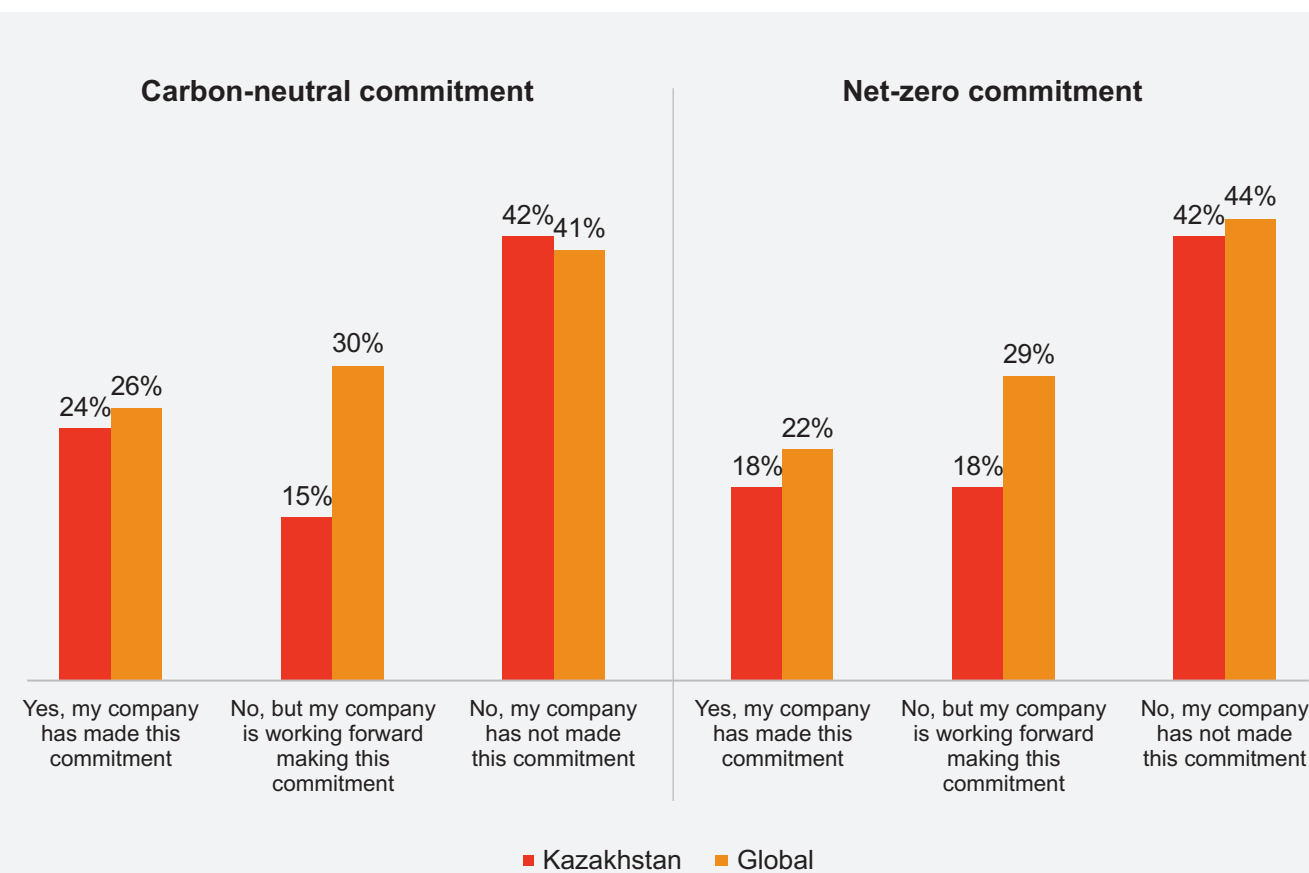
# Environmental, Social and Corporate Governance (ESG)



Environmental, social and corporate governance is rapidly gaining ground around the globe. One of the important objectives of the sustainable development agenda is decarbonization. The 26th UN Climate Change Conference in Glasgow (COP26) gave the impetus for the assumption of carbon neutrality and zero-net emission commitments in the whole world. To date, achieving net zero, where companies are reducing their greenhouse gas emissions to zero and eliminating the remaining unavoidable emissions, will be quite difficult for some industries. According to the outcomes of our study, almost a quarter of respondents have accepted these commitments, both in the world and in Kazakhstan.

Theme

## Carbon-Neutral and Net-Zero Commitments



“The current Schneider Sustainability Impact (Climate, Resources, Trust, Equity, Generations and Local Communities) programme covers 2021-2025 and is the 6th programme since 2005 when we released the first sustainability barometer. We are also committed to reducing the emissions of our suppliers and clients by 40% by 2030 and intend to be carbon neutral by 2040. This means that in 2040 all Schneider products will be carbon neutral.”

**Lev Appakov**  
Schneider Electric

“We have not made carbon-neutral and net-zero commitments, but are planning to do so. In our company, we set priorities for the next year. In 2022, the institutional priority will be human capital, and the business priority will be supply chain management. In 2023, the focus area will be the environment, and throughout the next year we will be getting ready for a breakthrough in this area.

We would like to be the first company in the agricultural sector to become carbon-neutral. We would like to find a vegetable protein that could fully replace animal protein, and we will start working on this project early next year. The outcomes of this work will directly affect decarbonization, because the main sources of emissions, in addition to mining, are agriculture - in particular, livestock husbandry. Cattle breeding generates 50% of emissions, while the remaining 50% include the share of poultry farming, although it is small.

Switching from red meat to white meat cuts emissions fourfold, and switching to vegetable protein will further reduce emissions. The source of vegetable protein can be peas, soybeans, and in terms of value properties vegetable protein can almost completely replace animal protein at the current technology and production development level. We will work on this, and in 2023 or 2024 we would like to bring products based on vegetable protein and meat substitutes to the market. It's a matter of consumer preferences and marketing work, because meat consumption is in our culture.”

#### **Serik Tolukpayev**

Aitas Group

“The issue of decarbonization is no longer ritualistic for me. You can “promote” and talk about it, maybe it is necessary to implement it, but the key issue is that it should be ideological, you need to be imbued with it. If I go to the shower and wash my head, I turn off the water - what is the point of wasting it? My kids do the same. We are well aware that our beloved Alma-Ata in terms of ecology is directly related to decarbonization, because all three key sources of allergies and all the diseases that we, our relatives and friends suffer from are primarily a green issue. Ecology and decarbonization are the budgets. I believe that we should all deal with these issues within our capabilities. We do that in our company. We use TetraPak packaging although the trend has been for PET for a long time, but I think PET is not very good, to put it mildly. And TetraPak is packaging that can be recycled. Many technologies already exist. We are heading towards decarbonization, and we do not talk much about it, but do it within our capabilities and budget. There is no scientifically based aim because there are two hypotheses. I have not seen an absolutely scientifically proven theory. There is a question of the cyclicity of our nature in terms of climate change, and we are in a certain cycle now when the temperature rises. This period should be considered as millions of years, and not 10-15 thousand years, according to which we have some kind of statistics. The fact that the people of the globe and all states are barbarously approaching the planet from the point of view of its pollution is an obvious thing. No theory is needed if you are a sane person. Theory is eyes and feelings.”

#### **Raimbek Batalov**

Raimbek Group

“Globally, Citi has made a commitment to finance sustainability projects in the amount of \$1 trillion through 2030. Also in 2021, Citi announced a commitment to reduce its greenhouse gas emissions to zero by 2050, including a goal of achieving zero greenhouse gas emissions from its operations by 2030. Citi's commitment also includes emission reduction financing targets for carbon-intensive sectors that also have low-carbon transition opportunities, including 2030 interim emission targets for our Energy and Electric Power portfolios. We would also like to note that in April 2021, Citi became a founding member of the Glasgow Financial Alliance. The alliance is led by Mark Carney, UN Special Envoy for Climate Change Action.

As for Kazakhstan, there is a lot of work going on to raise awareness among our clients, and we are happy to share our expertise. At every meeting with a client, there is a question about ESG when we discuss plans.”

#### **Saule Zhakayeva**

Citibank Kazakhstan

“Sanofi has implemented a management system that is designed to protect the health and safety of every staff member and limit the company's environmental impact (HSE). Sanofi works to minimize the impact of its activities on our planet through its adopted environmental sustainability programme. Our global commitments include achieving carbon neutrality by 2030 by reducing the use of gas and fuel, electricity and heating. Our company has no production sites in Kazakhstan. At Sanofi in Kazakhstan, we have optimized the haulage of leased vehicles through a hybrid operating format. Additionally we conducted training for employees on the environmentally friendly use of automobile transport.”

#### **Kuanysb Ospanov**

Sanofi Kazakhstan





“Glovo has the status of the industry's first carbon-neutral company.

To achieve carbon neutrality, Glovo has reduced the use of unsustainable packaging and amount of food waste. This has led to a significant reduction in air emissions. In addition, the service is gradually moving to electric vehicles, the percentage of which in the company's fleet has already increased by 2.24% from 2020 to 2021. Glovo plans until 2030 are as follows:

- creation of a fleet of environmentally friendly vehicles for couriers, more than 67% of which will be vehicles without an internal combustion engine. To date, this indicator has been fulfilled by 40% in Kyrgyzstan, Italy, Ukraine, Kazakhstan and Spain;
- provision of 100% renewable electric energy for in-house needs (including brewhouses, offices, order processing microcenters, etc.);
- consolidation of 30% of orders to reduce the distance travelled by couriers;
- fulfilment of 10% of orders from surplus food. This will help solve the problem of food waste. For example: in 2021 alone, more than 300,000 kg of food was preserved and redistributed.

Decarbonization goal setting is based on science-based targets to reduce carbon emissions as part of commitments to escalate measures on climate change. These targets have been endorsed by the international Science Based Targets initiative (SBTi) as meeting the levels needed to meet the goals of the Paris Agreement. The Paris Agreement sets out the answer to the question on how to keep global temperature rise below 1.5°C. To do this, global carbon emissions have to reach zero level by 2050. At the same time, researchers draw the attention of mankind to the fact that in order to achieve zero emissions by 2050, we will have to cut global emissions by half between 2020 and 2030. In 2019, the company made a commitment to neutralize 100% of carbon emissions in its activities and has achieved the goal in just two years.”

**Karim Boguspayev**  
Glovo Kazakhstan

“We have implemented the ESG agenda and are developing policies in this area. Since the company was planning to go public, we wanted the work on ESG to be carried out at a system level, but our company has not made carbon-neutral and net-zero commitments yet. I am not sure if this is economically feasible or timely for the Central Asian market in the near future, but we want to be the first to benefit from this both for our buying customers and staff members, and through the securities issue premium.”

**Azamat Osmanov**  
Magnum Cash & Carry

“We try to minimize the impact on nature as much as possible. For instance, we have abandoned the distribution of plastic bottles to club members, switched to providing internal filtration of water for drinking.

Our company does not have a formal policy with sustainable development goals, but in fact we do a lot to not only make people healthy and beautiful, but also to minimize the harm that our activities can cause, including the consumption of electric power and water.”

**Valikhan Ten**  
World Class Almaty

“The ESG is on the agenda of the Veon company group, which we are part of. At the level of Kazakhstan, we held a number of meetings where we discussed how we could take part in stimulating the generation or direct purchase of “green” energy. Unfortunately, these days in Kazakhstan there is no way to choose which supplier to buy from – with a carbon footprint or from the “green” one, everything is purchased in a “mixed” form. In order to reduce the impact right now, we are setting up smart power consumption at communication base stations using special software. It monitors the load level on the network, and if it is low (for example, at night), some transmitters switch to work at reduced power, consuming less electric power.”

**Evgeniy Nastradin**  
Beeline Kazakhstan

“Our company has not made the carbon-neutral and net-zero commitments, but we are working forward making this commitment. We have started to transfer vehicles from diesel to gas. Now we are deep in thought about transition to hydrogen and electric power, we are negotiating the arrangement of hydrogen installations at our oilfield service enterprises and are already installing electric filling stations.”

**Farrukh Makhmudov**  
Orbis Kazakhstan

“We are working forward making a carbon-neutral commitment. We do not have a policy in this area yet, but there are separate initiatives that mainly relate to our delivery services – Chocofood, Ryadom (Near) and Raketa (Rocket). We expect a significant growth in deliveries over the next 5-7 years. There should be 4-5 million deliveries per day all over Kazakhstan. These deliveries are carried out by a huge army of couriers who travel long distances and burn huge amounts of fuel, and we would like them to travel by electric vehicle or other eco-transport where possible.

The second aspect, which is more related to the Ryadom (Near) and Chocofood projects, is related to the use of plastic. Bags, disposable tableware, and containers pollute the environment. Chocofood has switched to cornstarch bags – it decomposes completely in 6-9 months and turns into fertilizer in full. Ryadom (Near) talks about reusable delivery bags instead of packages – there is no solution yet. They will not do anything for “window dressing” – only what really works and really helps to keep our world clean.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“Our company has not made the carbon-neutral and net-zero commitments. We have introduced separate waste collection, in other respects his obligation is not entirely relevant for our company, due to the specifics of our activities. Our company does not produce significant greenhouse gas emissions.”

**Nikolay Babeshkin**  
Kolesa Group

“We have not formally made such a commitment yet, but we are actively studying this issue. We have quite an environmentally friendly production process - we do not use furnaces, but a more carbon-neutral chemical process.”

**Marat Seitkulov**  
Caravan Resources

“Orano group including KATCO has a commitment and defined its roadmap to reduce its emission by 2025 but there is no Carbon-neutral commitment or Net-zero commitment.”

**Gerard Fries**  
KATCO

“Our company has made the carbon-neutral commitment, therefore Fly Dubai has purchased aircraft models that produce less emissions. We have made net-zero commitments as well.”

**Marina Kuznechkenskaya**  
flydubai

“Now this is called the ESG standard. In fact, a couple of years before that, we started revising internal processes from an environmental point of view, but we have not made it as a commitment yet. So far, we are taking conditional actions inside by tactical methods, but there is no big strategy.”

**Askar Baitassov**  
abr

“The company has not made the carbon-neutral and net-zero commitment yet, but it is working forward making this commitment. Wolt is a relatively young company, only six years old, and other issues have been a priority so far. Now, after the company was acquired by Doordash, a lot will depend on the position of the American company. Besides, in our case, in relation to Kazakhstan, it is difficult to talk about zero emissions, since most of our couriers move by car, especially in winter in Nur-Sultan and other cities of Northern and Central Kazakhstan. There is no alternative to a car there.”

**Alibek Yessov**  
Wolt

“We have not made this commitment because we do not actually produce anything and our carbon footprint is not the outcome of production. We have internal projects that reduce our carbon footprint. This is a project for the collection of aluminum and plastic containers; quite a long time ago, a project was introduced to collect containers from tenants (non-composite plastic, cardboard – everything that can be recycled).”

**Alexei Khagai**  
TSPM.



## Factors Underlying Companies' Carbon-Neutral and/or Net-Zero Commitments

For half of the respondents in Kazakhstan, factors such as mitigating the climate change risk, satisfying investor demands and complying with the requirements of intergovernmental organizations are the main factors for making commitments to decarbonization. It is of interest to note that the largest gap between Kazakhstan and the world is observed in such positions as meeting customer expectations (only 25% of CEOs in Kazakhstan noted this as an important factor, while 63% of CEOs in the world noted that this is one of the key drivers in making a decision to adopt decarbonization obligations) and attracting and retaining employees (Kazakhstan - 18%, the world - 49%). According to respondents, this difference is due to the fact that the level of conscious consumption in Western countries is higher than in the CIS countries. Nevertheless, this is an actively increasing trend not only all over the world, but in Kazakhstan as well. Local entrepreneurs are applying measures to mitigate climate change risks by modernizing businesses, moving towards greener manufacturing solutions, and incorporating sustainability into their corporate culture.



“Attracting, retaining employees – slightly influential, because you have to train them again, it is difficult to manage. Satisfying investor demands – I would say very influential. Meeting customers’ expectations – slightly influential. Comply with the government – very influential because they are asking growth from the industry, today it is an issue. Mitigating climate change risks – slightly influential. Driving product / service innovations – it is very influential because we change the products due to it. Keeping pace with competitors’ commitments – at the group level it is very influential, because we compete with industrial companies, we have commitments, and we have to follow them.”

**Thibault Dumortier**  
Jambyl Cement

“Our sustainable development goals are based on the global UN Sustainable Development Goals (“UN SDG”) and these include 17 key areas, the implementation of which may potentially lead the country to sustainable development in all major areas of life and address global issues affecting every person in this world. Among them are caring for people and equal opportunities for all generations without gender differences. Equal opportunity, development, and principles of trust are three of our company’s six long-term commitments. Complying with international and government targets is an important indicator showing the best practices in the industry, the state and the world. By checking with them, one can understand where the company is located and what should be worked on more actively.”

**Lev Appakov**  
Schneider Electric



“Complying with government and/or intergovernmental targets is an important factor, and within 5 years it will affect the carbon-neutral commitments, because the environmental programme has already been adopted. Currently, we are designing different filters to meet emission requirements. We use natural gas in production, we are final consumers for electric power, and we have not yet figured out how it is produced at the state district power stations, thermal power plants. The government has thought of a nuclear power plant, and if these innovations are implemented, everyone will adjust. We have started the first stage of the enterprise modernization and will finish it soon. We want to start the second stage in May, inclusive of carbon neutrality and zero emissions.

Keeping pace with competitor commitments is not the most important factor yet. I still haven't discussed it with them. It seems to me that in our country, as has always been the case, this is not taken very seriously. As soon as ironfisted methods of regulation will be started applying, everyone will start to think and react. The Environmental Code has already been adopted, if there are a lot of emissions, you can no longer carry out design estimates, everyone has to meet the requirements.”

**Nursultan Zhumabek**

hoffmann aluminium

“90% of Millennials and Generation Z prefer companies that use sustainability practices and take action to combat environmental and social issues. In turn, we are also interested in attracting and retaining people who share our values. By investing in sustainability and making it a priority in their business strategy and corporate culture, companies inspire employees. In 2021, Sanofi was named the top employer in Kazakhstan and Russia for the third year in a row in the global Top Employer certification.”

**Куаныш Оспанов**

Sanofi Казахстан

“Factors such as meeting customer expectations, satisfying investor demands, complying with governmental and international targets, keeping pace with competitor commitments are very important for our company's decision-making on carbon neutrality and zero emissions. For instance, Fly Dubai's aircraft seat backs have no magazine pockets in an effort to reduce paper consumption.”

**Marina Kuznechkenskaya**

flydubai

“There is already a request from consumers, but we tested the technologies, introduced a packaging recycling fee and realized that only about 2% of our guest flow use this service. People talk about it a lot, but no one is ready to physically use it. We have a function in the application: at the next delivery order, you can give all previous packaging to the courier. We have baskets everywhere in our restaurants for the collection and subsequent disposal of packaging.

We planned to buy eco-cars, but the restrictions due to covid prevented us from doing that, and we postponed this initiative to 2023. We will use a hybrid model for logistics – mixed-use. We will use electric bicycles, electric mopeds in spring and summer, and switch to cars in winter. This is the plan, and I hope nothing will change this time.”

**Askar Baitassov**

abr

“It is important to bear in mind that the transition to carbon neutrality requires very heavy expenditure. We have to choose: either we minimize costs and make food more affordable for our customers, or we invest in carbon neutrality. It is obvious for us that providing people with everything they need is a higher priority task in the current situation.

Carbon neutrality remains a priority for the future. For the new generation of employees, the company's carbon-neutral and net-zero commitment is an important factor. We look at the more developed countries in this respect – the countries of Europe, and we understand that this factor affects the attraction and retention of employees, although to a small extent so far.

Making a carbon-neutral and net-zero commitment is an important factor in terms of driving products/service innovation. We get the opportunity to attract more professional staff and talents, who will subsequently develop and offer innovative products to the market.”

**Azamat Osmanov**

Magnum Cash & Carry



According to our survey results, the majority of companies did not independently assess and verify the greenhouse gas emissions that the business generates (eg. SBTi – Science Based Targets Initiative Validation Panel). Moreover, most companies making decarbonization commitments have not formalized their commitments yet. However, despite the fact that at the moment the business has not formed serious goals for decarbonization yet (including the timing of achieving significant improvement factors), we noted the fact that many are ready to go for it, but this requires a systematic approach from the state, since decarbonization relies heavily on the availability of green electricity.

“Last December, SBTi approved our decarbonization strategy. This strategy is in line with the Paris Agreement to keep global mean temperature increases below 1.5°C. We believe in positive contributions through joint efforts. This methodology is supported by the UN Global Compact, the World Wildlife Fund, the World Resources Institute and the Carbon Disclosure Project (CDP) and ensures the credibility and transparency of our plans to move towards zero carbon emissions.

What is our strategy? Increase annual renewable electricity consumption from 7% in 2020 to 100% in 2030. This goal covers the power supply of GFC, kitchens, offices and courier centres. Reduce greenhouse gas emissions along the entire chain by 42.12% by 2030 (from 2020 as a starting point). This goal covers indirect CO2 emissions, dealt with the courier vehicle fleet, packing waste generated by partners and food waste generated by partners and our operations.

How did we define these goals? The goals were set based on various growth assumptions (number of orders/kilometres driven by couriers) as well as by setting operational goals in terms of the evolution of vehicle distribution in the fleet, bundling, the percentage of partners using eco-packaging, and the amount of food donated. All assumptions were internally agreed and took into account technological maturity and regulation in our various geographical areas. The path is not intagliated and we will be able to adjust it every year until we achieve an absolute 42% reduction in our carbon footprint by 2030.”

**Karim Boguspayev**  
Glovo Kazakhstan



## Reasons for not committing to carbon neutrality or zero emissions

As the main reason for not making carbon-neutral and net-zero commitments, most companies cited the assertion that they do not produce a meaningful amount of greenhouse gas emissions - 57% in Kazakhstan and in the world. This is the only reason suggested that has been cited equally frequently by both local and global leaders. Lack of confidence that companies as a whole will be able to fulfil these commitments is 24% in the world and only 7% in Kazakhstan. At the same time, 27% of Kazakh entrepreneurs and 13% of global ones were undecided regarding this question.

More than half of CEOs in the world (52%) express confidence that the industries wherein they operate do not still have established approaches for making decarbonization commitments, while in Kazakhstan only 20% of CEOs think the same. It should be noted that 23% of Kazakhstani leaders found it difficult to answer the question on the availability of established approaches. Probably the issues of decarbonization have not reached the high significance limits for spokespersons of private business in Kazakhstan yet. This topic is on the agenda, but is not the main focus at the moment due to other priorities associated with the perturbations of the last two years.



"My company's external stakeholders are not significantly concerned about climate change, which is a bit of an inaccurate statement. Strangely enough, the clients began to pay attention to it. It is extremely rare, but we receive requests: "In what dishes do you deliver?". Certainly, this is scanty, one person out of thousand people, but the signal has already appeared. This suggests that it began to worry people."

**Yuriy Negodyuk**

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





“In my company's industry, there is no established decarbonization approach. I am not sure that someone is developing similar approaches for IT companies, due to the fact that the emission itself is limited. My company's internal stakeholders are not significantly concerned about climate change. We are not a mining company, and we make minimal emissions.”

**Alexey Sidorov**  
Silkway Group

“My company's sector does not have an established decarbonization approach – that is right. Standards as such have not been developed for the Shopping Malls. There are Russian standards, we have the developed (but still not approved) rules for assessing Shopping Malls. They are not officially recognized, respectively, this is just a document that has a life of its own. Internal stakeholders, e.g. employees, board members, owners, are not significantly concerned about climate change – that is not certain. We have internal environmental projects, there is a separate collection of waste in the office – paper, plastic, glass, there is a separate collection of solid and organic wastes. We have all this, and this is at the level of the desire of employees to contribute to the implementation of environmental initiatives.

We considered several options for using green energy, in particular, installation of solar panels, but this is a difficult issue for us. Electricity is mostly paid by the tenants, and should there be investment costs for solar panels, they should be regained, and they will fall on the tenants' shoulders. Under circumstances where SMEs were being practically killed for two years, it is not entirely humane to lay such costs on the tenants' shoulders.

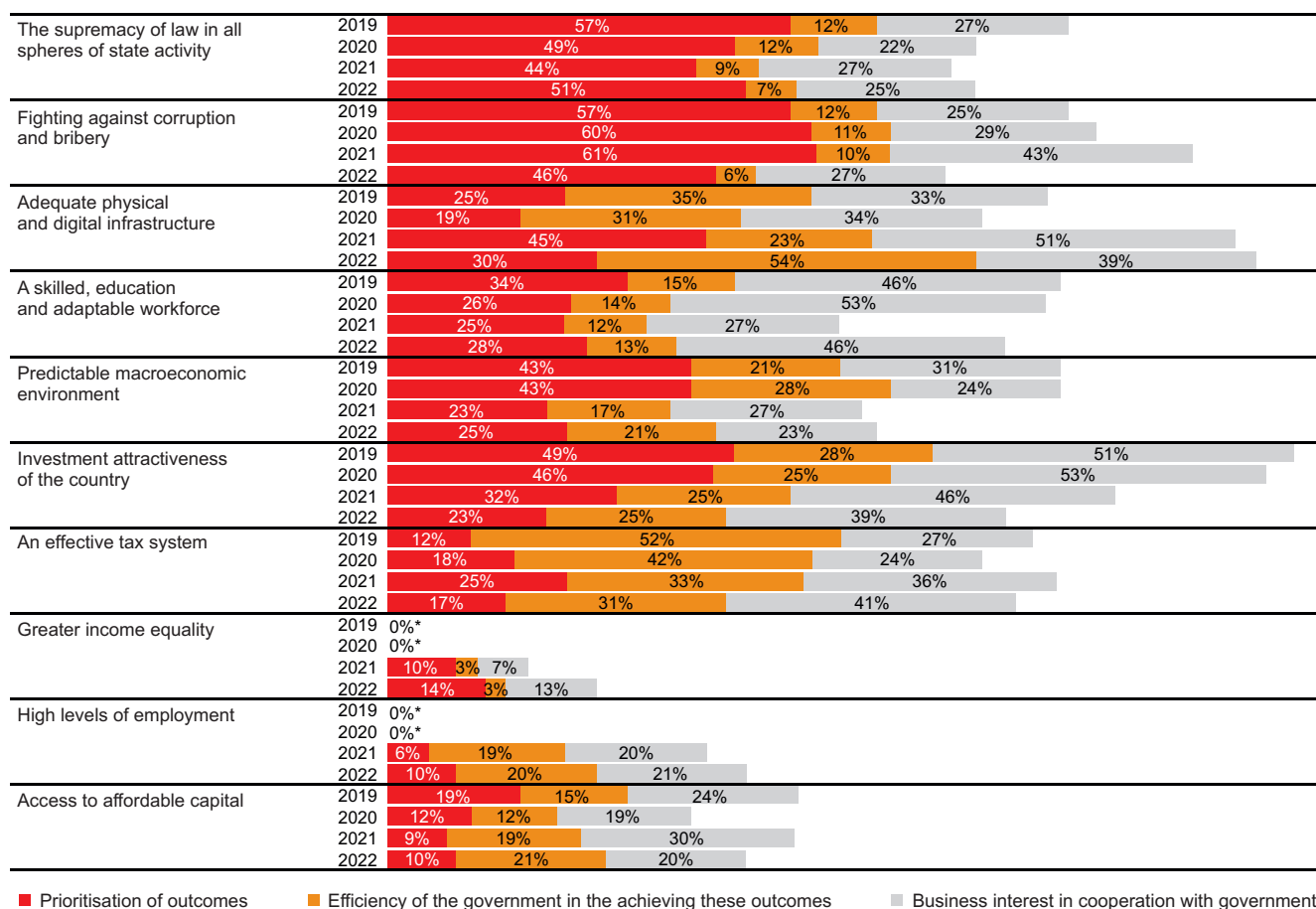
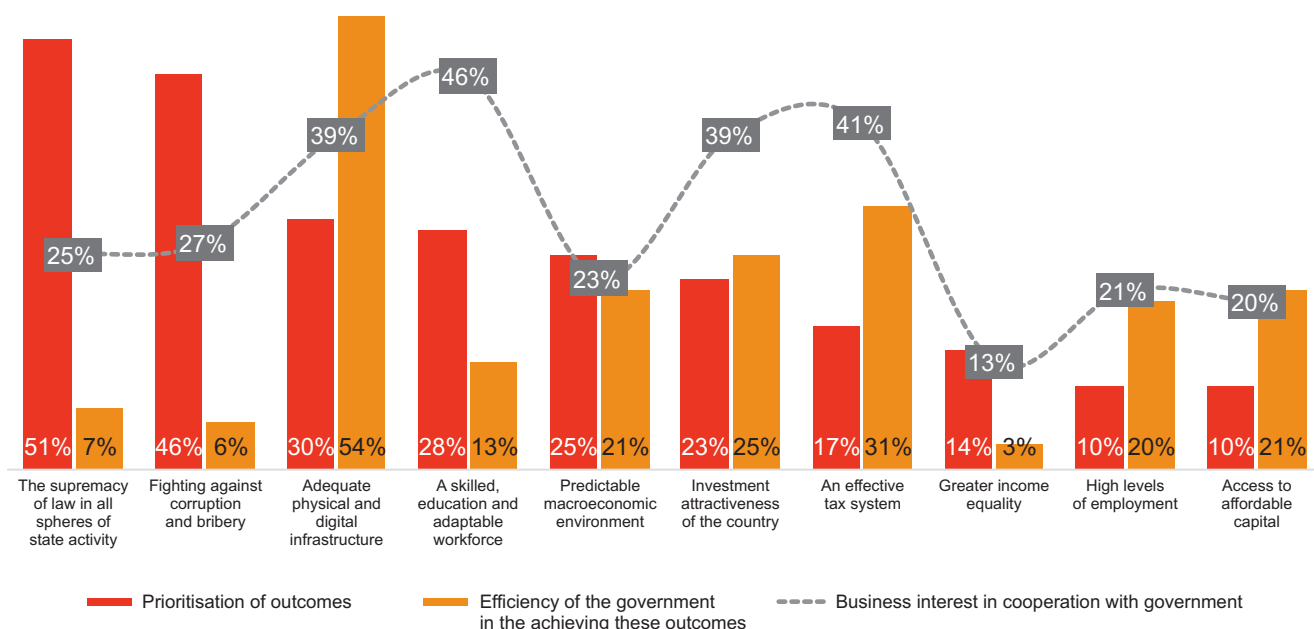
Nevertheless, we are considering these possibilities. Our project to modernize the heating and cooling system allowed us to save water and electric power. They are not exactly green tech, but a reduction in resource consumption. A full transition to green tech is impossible now, also because Dostyk Plaza was built at a time when such technologies were not popular in Kazakhstan. Gradually, as the utility systems are modernized, we will switch to these technologies. We are a commercial company, and as of now we have not had projects in this area that could earn their keep.”

**Alexei Khagai**  
TSPM.

# Cooperation with the Government

Theme

Priority areas for Kazakhstan government focus, assessment of the government's effectiveness and interest in collaborating with the state



\* In 2019-2020 "Greater income equality" and "High levels of employment" were not on the list of goals

“Over the past two years, the Kazakhstani labour market has undergone considerable changes due to social and economic variations and the global coronavirus pandemic. Previously, the activity of job seekers and employers was relatively synchronized. Since the second half of 2020, the situation on the labour market has changed: now employers and job seekers are in antiphase — the demand and need for people from employers is higher than the availability of personnel in the job seekers' market.

In 2022, the determining influence on the Kazakhstani labour market will be exercised by the staff shortage and increased salary expectations of applicants.

Demand for skilled workforce is growing and companies are having difficulties in the search for such employees. The shortage of such employees is currently observed in medicine, online retail, logistics, and IT.

A few years ago any HR manager would confidently name IT specialists as the most difficult positions to close, nowadays the labour market, including Kazakhstan, has covered the shortage of line staff.

Today, it is the "blue collar" that has become one of the rarest staffing positions, that are the most difficult to attract. Business increasingly needs employees for more mass positions where applicants do not need to be highly qualified. Although we are not even talking about high skills. More than 90% of these vacancies do not imply that the desired applicant has any specific experience — couriers, salesmen, taxi drivers, warehouse workers, porters, drivers, packers.”

**Oksana Brichevskaya**

HeadHunter

“The priorities of public administration should be the supremacy of law in all spheres of state activity, a predictable macroeconomic environment, and mitigating the climate change and environmental damage risks. We cooperate with the state in creating an adequate physical and digital infrastructure, ensuring the health and well-being of employees, creating an effective tax system and training a skilled, educated and adaptable workforce.”

**Nikolay Babeshkin**

Kolesa Group

“The priorities of public administration in Kazakhstan are skilled, educated and adaptable workforce, adequate physical and digital infrastructure and fighting against corruption and bribery.

We are ready to cooperate with the state on the creation of an adequate infrastructure, a predictable macroeconomic environment, and an investment attractiveness of the country.”

**Marina Kuznechevskaya**

flydubai

“When it comes to Almaty, the environment is, of course, extremely important, we are worried about it. The predictable macroeconomic environment and the fighting against corruption and bribery are important items as well, very similar in terms of what government agencies should do. I would like to note the predictable macroeconomic environment, so that you can safely invest at least within the country.

I believe that the tax system is more or less effective.

Generally, our tax rates are low. We regularly pay them, with a good amount.

The fight against corruption and bribery and the supremacy of law are extremely ineffective. I recently had a case, in October 2021. Two years ago, we sold a contract to a franchise in Atyrau. This is our own contract, we do not make changes to it during negotiations with contractors. The partner had obligations to confirm the premises within six months and open within another six months, there was a year to launch. We made concessions, as a result, a year and a half later, we said that we would break the contract with them. They somehow wheedled the money back out of us through the courts. I did not understand at all how it all had happened. Not only did we lose in court under our contract, but the money was debited from the account as well.

Access to affordable capital is effective this year. We are active users of the Damu programme. I would like decisions to be made faster, but they arranged access to affordable capital against the backdrop of COVID-19, well done. At present, we are receiving money at 6% for 6 years, we have already taken more than a billion Kazakh Tenge, we are pleased.

I was in the Business Council under the Akim and was in charge of the Committee on Urban Planning and Transport. Adequate infrastructure, urban specifically, not digital, I was relevant to it and provided advice on these issues. The climate was also my duty, but nothing changed. We have approved basic programmes on transport and ecology. Because there are several sources of pollution — they are transport, thermal power plants and heating. We agreed to start with the first steps, transfer load-carrying transport to night time in stages, but as a result, this has not been implemented. All over the world, truck transport does not travel around the city during the day in large comfortable cities. They have to carry out all their logistics after 10 p.m., after 11 p.m. until 7-8 a.m. in order to unload traffic and clean the air so that ventilation is more uniform throughout the day.”

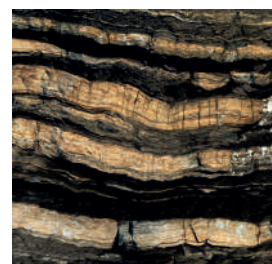
**Askar Baitassov**

abr

“In recent years, Kazakhstani oilfield services have been actively operating in neighbouring countries such as Russia, Uzbekistan, Turkmenistan, as they offer quite competitive services. The export of oilfield services can bring significant foreign currency earnings if there is support at the state level.”

**Almas Kudaibergen**

Centrasia Group





"A skilled, educated and adaptable workforce is inefficient. Nowadays, our market is more like a market of employees, not employers. When you try to find a specialist in different industries – an IT technician or an accountant – they are difficult to find. This means that the country, as an institution that creates specialists in various industries, does not keep up with the needs. We see this in the fact that the hiring terms are lengthening, the price tag is growing, and it often grows without a reasonable basis – young people come with inflated expectations. This is because they feel they are unique. And uniqueness arises when there is no rivalry on the market. If we go back, 10 years ago, the first President of Kazakhstan spoke about the labour economy, that we all had to start working. There was a forecast for the number of graduates of higher educational establishments and secondary specialized educational institutions. According to this forecast, there was a plan regarding a decrease in the number of higher-education graduates and an increase in technical school graduates against the backdrop of population growth. I agree that specialists are needed, someone has to be able to weld and stand at a lathe, but if we want to develop not a service economy, a transit state, but health care, science, a modern economy – digital, scientific, then people should have academic knowledge in every industry. If the state plans that there will be fewer of them against the background of the country's growth, the question who will be in charge of management remains open.

I think that the tax system is ineffective. The tax collection has a purpose, they should help something – develop the economy, improve the standard of living of people, life expectancy, their level of happiness. This is a resource. We collect this money, but I do not see a lot of changes that should be taking place in the country. We are probably moving towards a service economy, and I doubt that there will be a high level of happiness. With a high level of happiness, the events that have recently taken place are impossible, people do not need to do this. I was most struck by the story of a man who was dragging a TV set. He was stopped and asked why he was doing this, noting that there were cameras everywhere and he would definitely be found and punished. He replied that he wanted his children to watch cartoons, and then he would figure it out. This is a person who, in his everyday despair, is ready for such unreasonable instantaneous actions. This unreasonableness comes from a lifestyle. Tax collections should be evaluated not just by a figure, but by the result of the use of this money."

**Konstantin Kulinich**  
Mary Kay Kazakhstan

"In 2021, a great many officials were convicted of a criminal offence for corruption and bribery. We need to change the state administration system, make it more elite, otherwise no one wants to go there to work now. There are negative stereotypes about civil servants in society, and this public opinion should be changed by eradicating corruption and explaining the work of civil servants to the people, using simple examples that show what actions are taken and how they improve the lives of ordinary citizens."

**Nursultan Zhumabek**  
hoffmann aluminium

"The priorities of public administration in Kazakhstan should be as predictable as possible: the macroeconomic environment, adequate physical and digital infrastructure and the supremacy of law. I would rank the fourth the access to affordable capital, but should a combination of three main factors be ensured, the fourth one will be fulfilled as a natural consequence.

Magnum is one of the largest employers. We are interested in a high level of employment and are ready to cooperate with the government in this area. We are willing to cooperate in the development of an effective tax system, representing the business point of view. We are already cooperating in the field of precautionary measures for the use of personal data through the big data association."

**Azamat Osmanov**  
Magnum Cash & Carry

"Kazakhstan is quite good in terms of digital infrastructure, one EGov is worth something, so I would say it is effective.

The tax system is ineffective. It seems to me that it was written quite well "from above", but the public management does not fulfil it correctly, and this shows inefficiency. This is not about the system itself, but about public administration and staff.

The investment attractiveness was good in due time, 10 years ago, nowadays the rows, investigations, intrigues have destroyed everything."

**Yuriy Negodyuk**  
Restaurant chains:

"BAO noodle&sushi", "Pinta",  
"Tomato", "The Banka", "Paul"

"Precautions in the use of personal data are ineffective. It is my belief that data is not protected in Kazakhstan. If we note the President's recent initiatives that have come into force, then I think we can say that the focus on the supremacy of law in our country is being implemented in an efficient manner. The administrative and legal code has changed, the whole paradigm has been altered there in the way the disputes between the government and business will be considered, and it seems to me that a significant, great work has been done. We see that in our industry many initiatives have been introduced that better protect consumers of financial services, on the one hand, and on the other hand, provide additional tools for financial institutions to protect their interests. That is, credit companies, banks and microlenders have become more protected from the point of view of a fair law. Certainly there are many more nuances, but the trend is good in general.

Access to affordable capital in terms of supporting small and medium-sized businesses is definitely effective. Several business support programmes have been launched and have been operating over the past 5-7 years, but it was at the time of the pandemic that many additional benefits were created that many SMEs could use and took advantage of. Plus, over the past couple of years, there has been a focus on the creative economy and industries that create intellectual property, I mean IT and tech companies. Easement on benefits is also quite an attractive support for technology start-ups.

We are members of the Kazakhstan Fintech Association. There we offer proposals or we are invited to participate in the consideration of draft bills in our field. This applies not only to the laws, but to the state digital infrastructure that we use as well.”

**Alexey Sidorov**  
Silkway Group

“We are constantly working with public authorities to make public services as accessible as possible for citizens. This is a top priority that also aligns with our strategy to improve and make life easier for our beloved customers.”

**Mikhail Lomtadze**  
Kaspi.kz

“I guess Kazakhstan is not the worst country in terms of digitalization, but there is an efficiency consideration. For the money that had been spent it could have been done much better, but I can say for sure that we are not the most backward country, even as compared to Europe.

We have enough access to the affordable capital. When it comes to the 6% state programmes as an affordable capital, then it is rather effective. It is effective for me, but ineffective for the financial system because there is no market for borrowing.”

**Raimbek Batalov**  
Raimbek Group

“One of the benefits is a good digital infrastructure. I will especially note the Egov.kz project. However, there are still nuances with telecommunications and Internet regulation. Also, there are problems with logistics, skilled workforce and levels of employment.”

**Maxim Melnik**  
Satu.kz

“The IT environment has been developing at a furious pace in Kazakhstan over the past 10 years, there are many startups that enter international markets and attract foreign investment.

Government-linked foreign investment funds came to Kazakhstan – Quest Ventures, 500 Startups, whose money has already been received by several Kazakhstani startups.

Kazakhstan has a galaxy of domestic professional investors who support startups in the early stages.”

**Bolatbek Ospanov**  
Smart Satu

“The priority goals for the state should be: greater income equality of the people; the supremacy of law in all spheres of state activity; the health and well-being of staff members.

Adequate physical and digital infrastructure – I can't say for sure. Something is being done, but one can argue about the quality. While developing our internal digital infrastructure, we are faced with the challenges in adapting and working out with the government and regulators. In particular, the introduction of the FDO system. I know the way it is implemented in Russia, how easy it is to integrate with it, but this is a "crutch work" for us.

Definitely, the tax office receives the data that suits it, but getting the information that was sent there, its analytics, is an extremely tedious task. When a business develops in terms of digitalization, building infrastructure, it has to follow the government, but it is the other way around in our country.

Predictable macroeconomic environment is effective. Last year and this year, the inflation rate and exchange rates are kept within certain limits more than ever before. Even if this is done by force, with the help of certain means, this means stability, at which one can predict something. It is a different matter that the restrictions associated with COVID-19 are unpredictable, but the macroeconomic environment in terms of financial indicators is stable.

Adequate physical and digital infrastructure. We have our own system for collecting sales, we know the way to work with data, including how to make it available, depersonalized for a certain circle, while maintaining confidentiality.

An effective tax system. Here it is possible to apply the experience of working with development companies, for which it is required to work out a multi-level tax system, like in the USA: when there is a high loan debt burden, one needs to reduce the tax with a certain gradation of its size, depending on the loan debt burden. After all, banks, receiving income from developers, form the tax revenues of the government. And in our country, there is a tax system that does not allow large, small and medium-sized businesses to develop effectively at every level – all three components that affect the development of the entire country.

The supremacy of law in all spheres of state activity. In this regard, we are willing to provide all possible support, but it is extremely difficult to exercise influence in terms of state changes and regulatory documents because this is an area that the government should eventually deal with, they are its responsibilities. When it comes to the mechanisms of work of business with the government, we need a developed representative organization of the SME sector, and, unfortunately, there are problems with that.”

**Alexei Khagai**  
TSPM.

“Last year we opened a laboratory at the Almaty University of Energy and Communication where the most advanced technologies (including software) are presented. We are interested that graduates have the opportunity to get acquainted with the breakthrough solutions in the field of energy efficiency already during their studies.

We are focused on helping to train skilled workforce in both higher and secondary vocational institutions.”

**Lev Appakov**  
Schneider Electric

“We are clearly interested in cooperation with government authorities and government-affiliated centres in the field of infrastructure development - in particular, in strengthening the digitalization and transparency of processes.”

**Kuanysh Ospanov**  
Sanofi Kazakhstan



“We are cooperating on an effective tax system and are proposing a number of changes to the draft bill related to e-commerce, not only in delivery, but in general as well. Additionally there are a number of initiatives from the Ministry of Digitalization on precautionary measures when using personal data - this applies to all players, so we are also participating in this process. Being a delivery platform we have more than five thousand registered couriers and we, as a company, will roll out social welfare projects for all youngsters with additional initiatives and insurances, therefore we have plans for cooperation on health and well-being. I wouldn't say that we directly affect the investment attractiveness of the country, but the way Glovo is developing is a big indicator. I know that when talking to companies from the USA, when attracting investments, they often list the companies that are already successfully operating in e-commerce in Kazakhstan. We are making a small contribution to this issue.”

**Karim Boguspayev**  
Glovo Kazakhstan

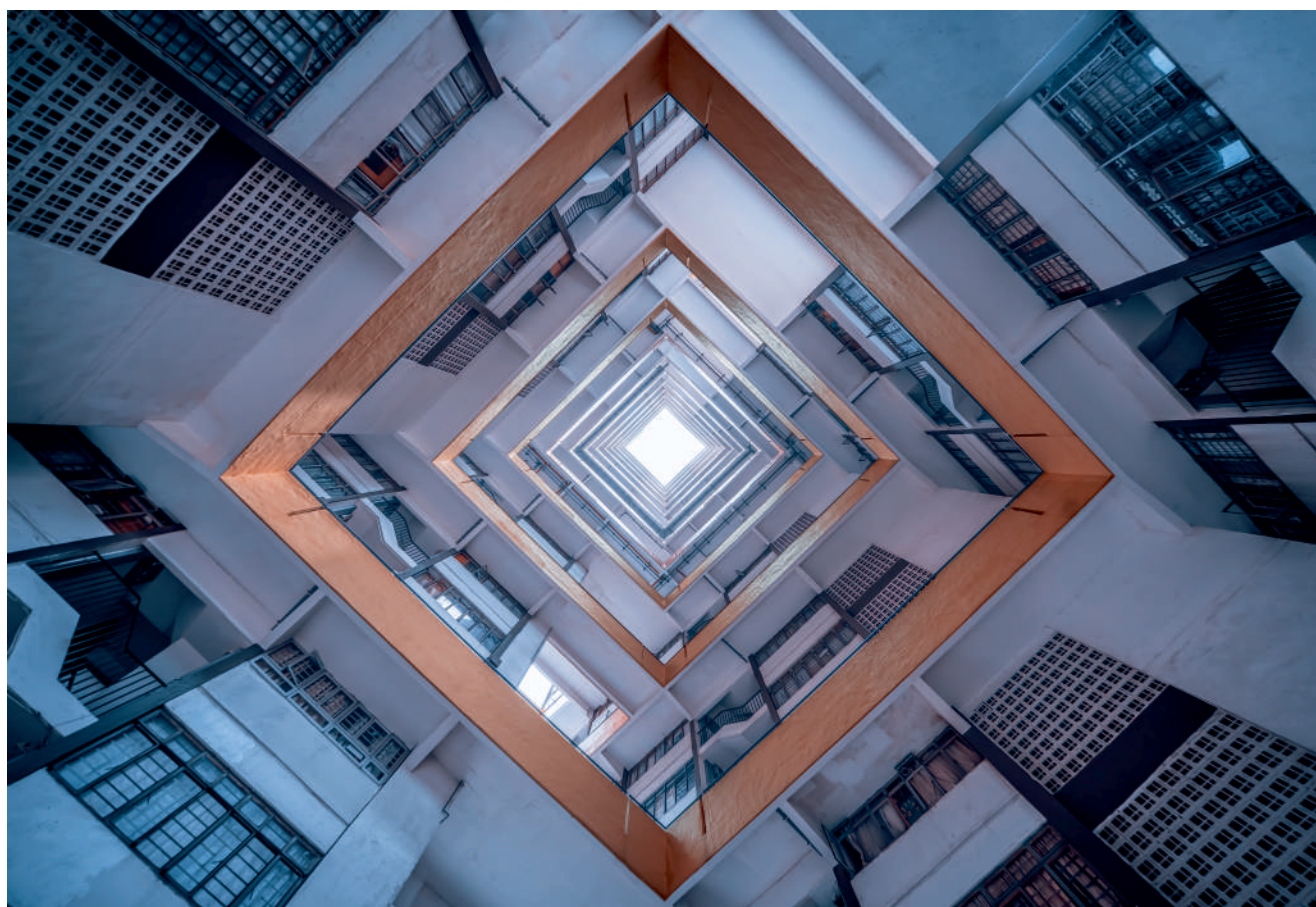
“For Citi in Kazakhstan, cooperation with the public sector is one of the key priorities, and it is extremely important for us to share our global experience and bring best practices to the country.

For example, we have been and are the leading bank for bringing the government to the capital markets when attracting Eurobonds or debt financing. It is a great honour for us that we are co-adviser of the government for work with rating agencies. In the summer of 2021, Moody's upgraded Kazakhstan's rating for the first time in 9 years. I think this is extremely important for the country and demonstrates the great work that the government is doing.”

**Saule Zhakayeva**  
Citibank Kazakhstan

“We always cooperate with the government. There is no other way when tasks and goals are common. The formula here is very simple: a prosperous state, a healthy economy, a properly built logistics industry, and, respectively, a successful business. And in this team we are always together with the government. We create jobs, invest in infrastructure, implement strategically important projects, improve the investment climate in the country, and raise the republic's prestige on an international scale. I think this is the main way we, business, can support our country today.”

**Marat Zhuman**  
Atasu Group



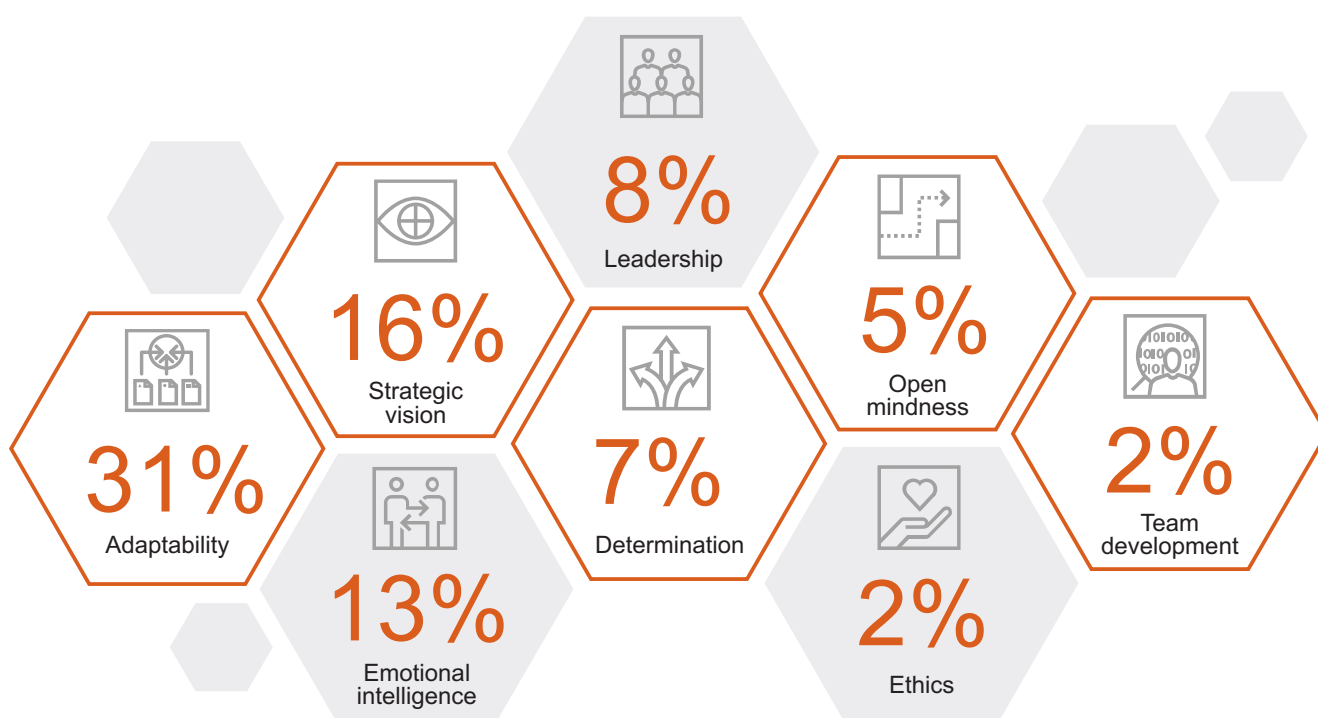


# The Best in 2021

Theme

## Skills in demand by Kazakhstan's business leaders

The Chairman of the Board and shareholder of Kaspi.kz, Mikhail Lomtadze has been recognized as the best CEO in Kazakhstan for the fifth year in a row by the majority of private business leaders. Respondents note the company's high level of adaptability in a rapidly changing environment, the prompt introduction of new, modern services, and a high level of consumer confidence.



“The eventual outcome of any company is a product and service that it produces, respectively, the main focus of the chief executive should be on the product and service that the company provides. To succeed in the long run, products and services have to be much better than those of rivals. And the customer experience should be unique to the extent to create value for customers and be a competitive strength for the company.”

**Mikhail Lomtadze**

Kaspi.kz

“I believe that the main quality for the company’s chief executive is to be in a state of love, manifestation of wisdom and will at the moment of making decisions. These qualities will help us overcome the issue of mental and technological gaps. Love-state, unlike love-emotion, should be maintained at all times, and this is hard work. Love is the basis for making any decision, further wisdom is superimposed and then – will. A decision made without love is like a child born in a state of dislike, because any decision leads to the creation of something new, whether it be a product, technology, or a person.”

**Serik Tolukpayev**

Aitas Group

"I think, in the modern Kazakh business environment the main qualities are inquisitiveness and modesty. Unfortunately, in our country, many people lack modesty. I do not mean to walk around "barrel-chested", but from the point of view of realizing that we may not know everything, and then we need to listen to the opinions of others in order for the business to develop. I think that it will be good if you have these two qualities."

**Karim Boguspayev**  
Glovo Kazakhstan

"The quality required for a CEO is a hands-on experience in entrepreneurship, inexhaustible energy and global mindset."

**Bolatbek Ospanov**  
Smart Satu

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

**Alexey Sidorov**  
Silkway Group

"Adaptability to change. The rate of change in industries boggles the mind, and even the oil and gas sector, which is extremely conservative, is actively introducing new technologies including artificial intelligence. The knowledge that was available 10 years ago may not always be correct in the current realities, and the executive needs to constantly update him/herself, and this requires significant transformations."

**Almas Kudaibergen**  
Centrasia Group

"The main qualities that are relevant for the CEO to date are flexibility and adaptability. It is obvious that everything changes not daily, but hourly. Another essential quality is resilience. The CEO has always to be in a state of pure mind. The third quality is cross-functionality. Earlier on the CEO was satisfied with managerial skills, but now this is not enough. The fourth quality is awareness and knowledge of best practices. Today, the market is developing and changing at a great pace, many companies have undergone a certain way, have taken their lumps, and drawn lessons from their own experience."

Earlier, there was a feeling that each company had its own path to go through, and now there is no need for that. There are out-of-the-box solutions that you can apply at your place, by somewhat adapting to your company."

**Alexei Khagai**  
TSPM.

"The main quality for a chief executive is to lead people and stand by his/her words. Do not give hollow promises and be able to make decisions."

**Farrukh Makhmudov**  
Orbis Kazakhstan

"In the modern world, many different forces for instability are developing right now. This includes ecological, demographic, political, technological and other forces. I think that we are approaching another transitional period when qualitative changes can take place, i.e. those that radically affect the world around and force society to transform. For instance, the development of new pieces of technology, artificial intelligence. We already somehow use it for ourselves, although we do not understand it well to a large extent. And further we will continue to develop this technology. But it is not clear how we will get along with it, and who will control it. Therefore, in this volatile environment it is no longer possible to rely simply on your managerial skills or on professionalism. A person should have more fundamental criteria on the basis of which he/she adopts responsibility for him/herself and other people. Under conditions when everything has altered and the rules of the game have changed, it is necessary to focus on something. It may happen that the old procedures and policies will no longer be in effect, and new rules will need to be created. And on the basis of what criteria should we create them? A person who makes decisions at any level – whether at the state level or in business structures – should be guided by his/her values in such cases. I call it ethics. And then, relying on these values, it is possible to create new rules of the game, new procedures, new policies, and move on. That is, life went on when this chaos occurred once again."

A leader should have exactly ethics as a foundation, which helps with the choice of the path in situations of uncertainty. A person who has developed ethics will find it easier to be effective in unstable environments. Anyone, who does not have it will be a specialist who can generate results in a familiar atmosphere, but in case of changes, he can get down with his/her bad self. I think ethics is a critical factor for sustainability."

**Konstantin Kulinich**  
Mary Kay Kazakhstan

"Ability to collect a strong team, be a leader. You need to be knowledgeable in what you are doing and love what you do."

**Nursultan Zhumabek**  
hoffmann aluminium

"I think CEOs should listen to people and praise their customers."

**Thibault Dumortier**  
Jambyl Cement

"A manager has to be able to adapt to changing realities, feel trends and create innovations. It is required to work with your company, motivate the team to be open-minded. In my opinion, today this is the most important thing that allows business to move forward. The rate of change is incredible these days, and today's leaders need to be "on the rocket.""

**Saule Zhakayeva**  
Citibank Kazakhstan



“The required quality for a CEO is the ability to make quick and correct decisions, adaptability and vision.”

**Azamat Osmanov**

Magnum Cash & Carry

“Flexibility, adaptability, entrepreneurial spirit, the ability to adapt to market changes, while not deviating from the long-term objective of the company.”

**Molder Ryssaliyeva**

Ozon Marketplace in Kazakhstan

“To my mind, the main quality for a leader in the modern business environment is courage.”

**Yerkin Dlimbetov**

Ordamed

“I think, in today's business environment, the most important quality is continuous flexibility. I stand on my head to comply – I do not know how it works.”

**Yuriy Negodyuk**

Restaurant chains: “BAO noodle&sushi”, “Pinta”, “Tomato”, “The Banka”, “Paul”

“The main quality for a CEO is stamina, the ability to endure difficulties and go all the way.”

**Nikolay Babeshkin**

Kolesa Group

“The main quality of a leader in the modern business environment is the ability to change and adapt.”

**Marat Seitkulov**

Caravan Resources

“A leader in today's business environment has to be optimistic.”

**Ilya Martinenko**

Avrora Holding

“The main qualities of a CEO are flexibility, structured thinking, and crisis management.”

**Marina Kuznechevskaya**

flydubai

““Integrity” or entirety. This quality is called number one at the Davos Meeting every year and I extremely agree with them. It contributes to many things — first of all, the company objectives go along with your personal ones. Secondly, this is the integrity of the company's strategic plans vision: everyone is moving in the same direction. Furthermore, it is this quality that determines how much you adhere to your own principles and do what you say. Others will perceive you as a leader and want to be with you because you really do what you “preach”.”

**Maxim Melnik**

Satu.kz

“The main quality for a CEO is open-mindedness, openness to technologies, and readiness to accept both good and not good news.”

**Alibek Yessov**

Wolt





Theme

## The CEO Message: What would you like to say to the world today?

“Let us stop, have a look at the world in interconnection, as a whole, look at humanity as part of a larger world.”

**Serik Tolukpayev**  
Aitas Group

“I would say to the world: live in peace and preserve the world!”

**Mikhail Lomtadze**  
Kaspi.kz

“I would like to say: get ready and gather yourselves, big changes are coming. This applies not only to economic changes, but to social ones as well. There is no doubt this will affect everyone, every person and every entity. We all need to pull ourselves together and be set for what lies ahead for us in the coming years.”

**Ilya Martinenko**  
Aurora Holding

“I believe that we will end up with improving our lives throughout the world through creativeness, the creation of good products only. Creativeness is important at all levels, but, unfortunately, there are problems with it now. Through creativeness, we manage this life and on our own create the conditions for life, for ourselves, for the people around us. It is all up to us.”

**Askar Baitassov**  
abr

“A war is a failure of diplomacy. Business should only have its own productive agenda. Let us not be distracted by propaganda, and we will continue to work to improve living standards and save the budget of our beloved customers.”

**Azamat Osmanov**  
Magnum Cash & Carry

“We have been talking about climate change for a long time, but a radical change in the attitude to this issue actually occurred only in the last two years. In my opinion, the issue of the planet's health currently is no less important than the issue of the health of the people, therefore even if we are wrong in our views on global warming and its consequences, we need to play it safe and do everything to minimize its potential risks. It is better to do and regret than not to do and regret.”

**Marat Seitkulov**  
Caravan Resources

“At all times, and especially during turbulence, it is twice important to take care of yourself and your health. Be attentive to others, preserve and maintain a friendly and calm atmosphere. Companies should pay more attention to creating the right balance and maintaining high morale in the team. Certainly, caring for the planet is not just words. Even in the most difficult times, it is not worth sacrificing nature, this is a guarantee for the well-being of future generations.”

**Lev Appakov**  
Schneider Electric

“I think it will be very cool if every person on this planet is inspired by one simple idea – become the best version of themselves every day. To the best of your understanding, it doesn't matter who attracts where, diversity is very good in this sense. When such an idea takes hold of everyone, and everyone is driven by this endless process of self-improvement, everything will be improving, and the world around will become better as a result.”

**Konstantin Kulinich**  
Mary Kay Kazakhstan

“Be honest. We lack honesty, there are so many different manipulations going on, so much “hype”. I guess, this is a generational, educational issue, there is not enough depth. This is a very big and severe issue. We see in most states that there is no depth, but it seems to me that it is needed, just like sincerity. When there is depth and sincerity, decisions are made in a very different way. Now there is a lack of effective, right solutions. “Hype” and populism have always existed and exist, but today this has become a pandemic. Greenwashing is all around, in Kazakhstan it is quite obvious – just come and “blurt out” some beautiful idea to the boss, not being aware of what resources should be behind that, not understanding the depth of the issue. Everyone makes decisions at their own level, and if politicians, people of big, small, medium business – anyone in their place will make careful, correct decisions, everything can be different. We should end up with this somehow, and we are moving towards decarbonization. We have to arrive at all our human origins that every religion, every good person and every family speaks of. And in all honesty, you are not always good.”

**Raimbek Batalov**  
Raimbek Group

“Be hungry. This stimulates innovation, know-how both literally and figuratively, the desire for knowledge, information and food – do not overeat and do not throw away.”

**Nursultan Zhumabek**  
hoffmann aluminium

“Listening, making your employees happy, being committed, makes you customers remain with you. For me it is to focus on people, employees or customers, because everybody is different, and everybody has something to be learned from. You have to learn from everybody, you have to treat people in the same way you want to be treated.”

**Thibault Dumortier**  
Jambyl Cement

“Be open to new challenges and embrace the changes that are happening at a quick pace.”

**Saule Zhakayeva**  
Citibank Kazakhstan

“We live in a VUCA\* world, and our generation will face the challenges of getting out of a protracted pandemic, deep economic stagnation and, by no means unimportant, climate change. To overcome obstacles in a new reality, the ability to work and make decisions with a focus on sustainable practices that will benefit society, the economy and the well-being of future generations is of vital importance.”

**Kuanysh Ospanov**  
Sanofi Kazakhstan

“You need to be kinder and not judge everyone by yourself, because there is such a thing as “man in the arena” - “a person who is in the arena”, and Theodore Roosevelt and LeBron James talked about him in an interview. It is always easy to judge someone from the outside and say that he/she is doing good or bad, although we are not in the arena where he/she is now – fighting or trying to cut his/her way and achieve some goal. Accordingly, we should be kinder, somewhat less condescending towards each other and understand that each person has a goal and has his/her own issues that he/she has to resolve. This sometimes should be kept in mind, be kinder, support each other, and then, I think, there will be harmony, there will be growth, everything will be fine in the world.”

**Karim Boguspayev**  
Glovo Kazakhstan

“The road will be handled by the walker. This winged expression is very deep in meaning and makes a big impression on me. There can be many logistical metaphors here – this is the Great Silk Road, which opens up grandiose opportunities for Kazakhstan, and this is the Western Europe - Western China corridor, on the whole, everything that symbolizes the road. But I want to tell the world about something else. The main thing is do not stop, move towards your goal, no matter how difficult and unattainable it may be. Let this path be erroneous, let it be just attempts, but I am confident that ultimately, a person, going to the top, will still surely handle his/her way.”

**Marat Zhuman**  
Atasu Group

“I do not like this question. I think it's time to move away from such questions. Tomorrow will be exactly what you want. There is another moment here, a human one. With the human factor – how much do you want others to know how it should be? If you need it, take it and do it as you need it. There is no need to turn to anyone, say anything to anyone, teach anything to anyone. Due to the possibilities of prompt interaction through social networks, messengers and all the rest, there is so much obvious gibberish, and all this confuses people. Until a person falls into his/her golden trap with diamonds, he/she will not understand what he/she is being told. I want to say one thing —do not waste your time, embody your idea, make your dream come true, do not listen to anyone.”

**Yerkin Dlimbetov**  
Ordamed

“Life is just a bowl of cherries, friends! Love life and respect each other!”

**Yerem Arutyunyan**  
Mechta.kz

“There should be mental calmness, mental balance in our world. From an early age, we should develop, firstly, empathy in a person, and secondly, maintain this mental health throughout our lives. You will have everything else, because mental health is about everything. This is about character, success, and health as well. You can bring any values in a person, but these values will not take root, if you are not spiritually balanced. My father is an engineer, my mother is an economist, and, clearly, they invested values in me at home – do not steal, do not deceive, do not offend girls, have respect for seniors – this was the case all the times, my parents, grandparents used to say that. But as soon as you go out into the street, the society that surrounds you dramatically and quickly changes you and your mental outlook on life. Until the 9th grade, I managed to get registered with the police, break everything that could be broken in my body, although I always studied well. Mental health and the values that we bring into the younger generation play an important role in shaping society.”

**Valikhan Ten**  
World Class Almaty

“I believe that today Kazakh entrepreneurs are at the stage of entering the world. The new face of Kazakh entrepreneurship is not resource, but technological and product, and I believe that in the next decade there will be a number of companies that will come out into the world and win leading positions in the regions where they will be working.”

**Ramil Mukhoryapov**  
Chocofamily Holding

“I would like to see how the world will change in 30 years from the standpoint of people's ability to have their own opinions and critical thinking. In my opinion, for the past five years, due to the great impact of social networks and other factors, humanity has been losing the ability to think and make decisions based on its own convictions. People repeat after someone, it breaks psychology, breaks people. We are risking a generation of unhappy people intoxicated with endorphins from the information we receive. They say that hard times generate strong people, strong people generate quiet times, quiet times generate weak people, and weak people produce hard times. Now, in the context of material wealth, we live very well, and as a result we can see a generation of weak people who generate hard times, if the above statement is to be believed. What will happen when hard times occur and people live by repeating after someone is a difficult question. My advice to the younger generation is to start thinking with your head and live your life.”

**Nikolay Babeshkin**  
Kolesa Group

“Take good care of the environment. Love your family, friends, colleagues and work. In fact, life is very short, and you need to live it in a positive way, then you will succeed in it all.”

**Farrukh Makhmudov**  
Orbis Kazakhstan

\*Acronym VUCA (volatility, uncertainty, complexity, ambiguity).

"We all should be more responsible. Learn to make decisions based on an understanding of potential consequences. Learn yourselves and teach this to our children. In my opinion, in this case the world will be a better place."

**Mikhail Borisov**  
Fluidra Kazakhstan

"Today, while being in the race and competing in business, many of us are losing our understanding of basic human values. This concerns the relationship between people, relations between a company and a person, as well as a person's attitude towards a company. Rapidly changing events push the essence of human relationships to the outskirts. Therefore, I would advise the whole world to keep in mind that we are, first of all, people, and we need to treat each other the way humans behave. There is nothing more important than this."

**Alexei Khegai**  
TSPM.

"Be positive, proactive and believe in the future!"

**Gerard Fries**  
KATCO

"The world is moving towards awareness, a rational approach and rethinking of outdated practices. In 2022, all employers in the race to attract and retain the best talent will have to pay attention to the corporate culture of their organization and promote their HR brand. Along with that, learn to listen and hear your staff members, conduct NPS surveys, and create a favourable environment in the team. This will be the most winning strategy in the time of the struggle for employees. It is within each employer's power to make sure that staff members are interested in the success of their company and are eager to show the best result every day."

**Oksana Brichevskaya**  
HeadHunter

"We will certainly break through, this is not the first time we are going through hard times, and we have emerged from each crisis with new experience and new knowledge."

**Marina Kuznechevskaya**  
flydubai

"Live in peace, harmony and respect for each other – both people and countries."

**Bolatbek Ospanov**  
Smart Satu

"We live in a constantly changing world (VUCA world). But all leaders and businesses have a demand for stability. The sooner we accept the fact that the paradigm of peace is changing and there will be no stability, the sooner we will prepare teams and businesses for the changes. At this time, "rejection of changes" is the most dangerous enemy."

**Maxim Melnik**  
Satu.kz

"I am extremely concerned about what is happening to the climate and that people let things slide in their use of resources. Theoretically, each of us agrees that the Earth's ecosystem should not be spoiled, but in fact we do it every day, wastefully spending resources, throwing out mountains of garbage. It is high time to take collective responsible actions against individual irresponsibility. In the context of Kazakhstan, I would say that we need to pay more attention to education. If the people are more educated, they will be more industrious and responsible."

**Alibek Yessov**  
Wolt

"The world is becoming more interesting, and despite all the shocks we are experiencing right now and all the negative rhetoric that the mainstream media are creating, driving the population masses into a state of stress about their health, I believe that the growth opportunities for any company and any entrepreneur are unlimited, and the less we spend our psychological and physical resources on a negative background, the better will be for us. Because in fact, human capabilities are enormous, and the world is becoming so much more transparent and mobile that it becomes even more interesting to work. Paradigms are changing, new approaches are emerging that can be applied even in team management and seek to fulfil human potential. Nowadays the approach of the youth to work has changed a lot as well. You can apply for help to those people who even live in another country, who have experience and expertise in similar industries, but at the same time are ready to share this expertise, work as remote consultants, staff members. I think that we – everyone who runs companies – should have such a view that allows us to observe these opportunities, apply them in our businesses, grow and build better companies, where people enjoy working, and from which consumers receive good, high-quality service."

**Alexey Sidorov**  
Silkway Group

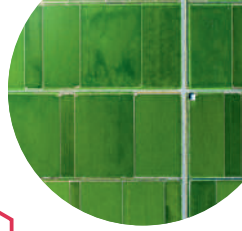
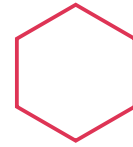
"The CEO Survey is one of the real and truthful indicators of the business climate in a country, and when planning we often look at the forecasts of owners and company executives. I would like the results of the survey to emerge in March if possible."

We see big changes in the world in connection with the 4th industrial revolution, the introduction of artificial intelligence, new technologies, and these changes will come to our country anyway. Businessmen are one of the drivers of these changes, and I believe that Kazakhstani businessmen will be active players in these positive transformations."

**Almas Kudaibergen**  
Centrasia Group



# Meet the CEOs



**Azamat Osmanov**  
Magnum Cash & Carry



**Alexey Sidorov**  
Silkway Group



**Alexei Khagai**  
TSPM.



**Alibek Yessov**  
Wolt



**Almas Kudaibergen**  
Centrasia Group



**Askar Baitassov**  
abr



**Bolatbek Ospanov**  
Smart Satu



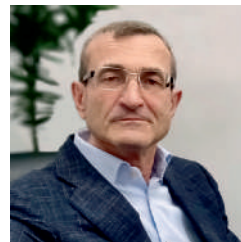
**Valikhan Ten**  
World Class Almaty



**Gerard Fries**  
KATCO



**Evgeniy Nastradin**  
Beeline Kazakhstan



**Yerem Arutyunyun**  
Mechta.kz



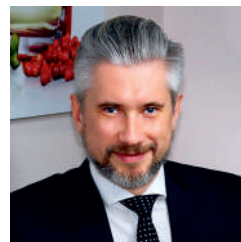
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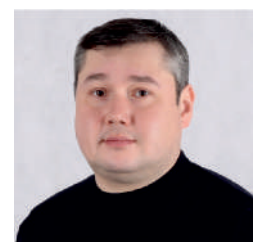
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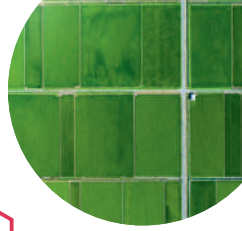
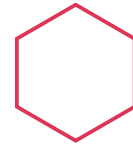


**Marat Zhuman**  
Atasu Group



**Marat Seitkulov**  
Caravan Resources

# Meet the CEOs



**Marina Kuznechevskaya**  
flydubai



**Mikhail Borisov**  
Fluidra Kazakhstan



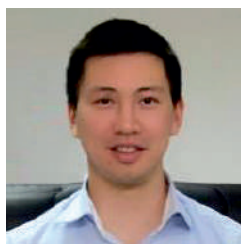
**Mikhail Lomtadze**  
Kaspi.kz



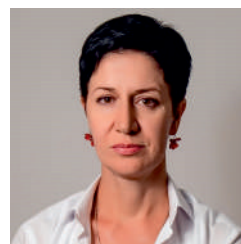
**Molder Ryssaliyeva**  
Ozon Marketplace  
in Kazakhstan



**Nikolay Babeshkin**  
Kolesa Group



**Nursultan Zhumabek**  
hoffmann aluminium



**Oksana Brichevskaya**  
HeadHunter



**Raimbek Batalov**  
Raimbek Group



**Ramil Mukhoryapov**  
Chocofamily Holding



**Saule Zhakayeva**  
Citibank Kazakhstan



**Serik Tolukpayev**  
Aitas Group



**Thibault Dumortier**  
Jambyl Cement



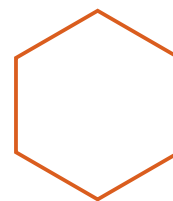
**Farrukh Makhmudov**  
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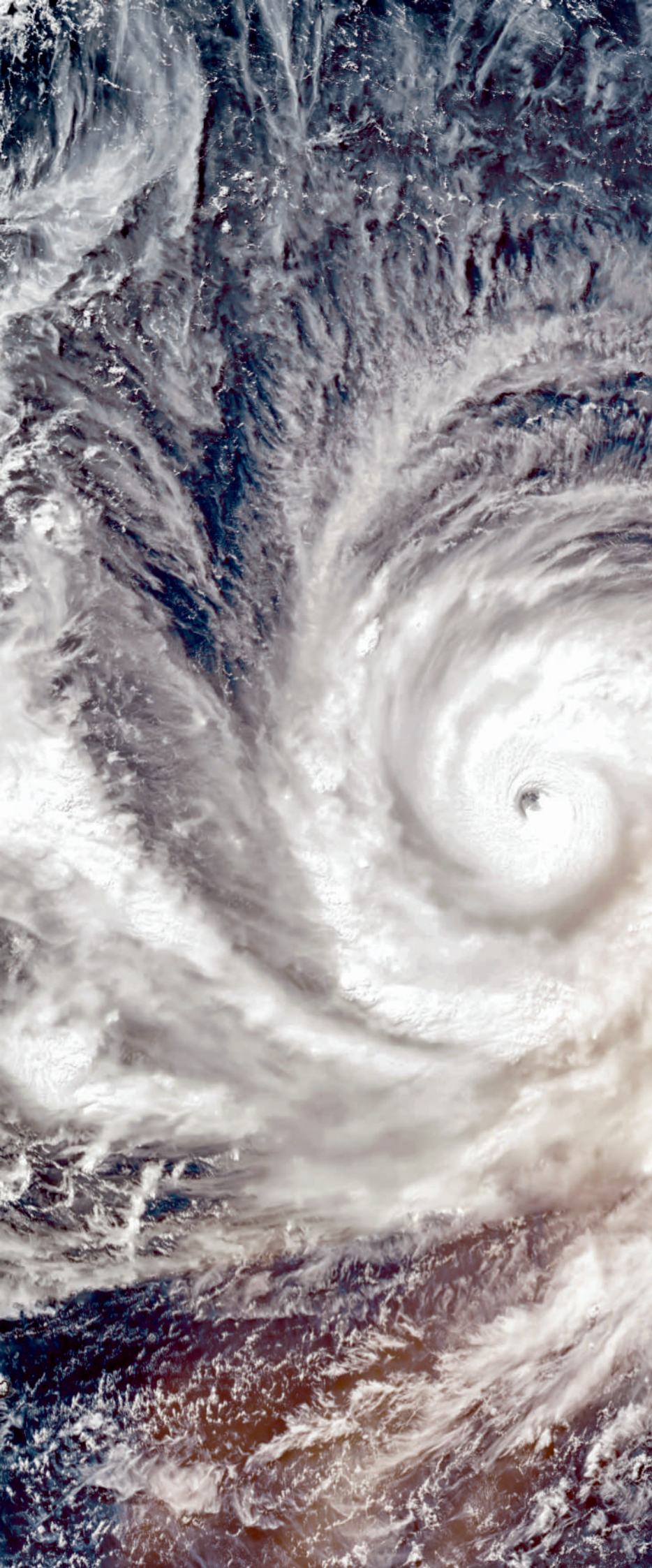
# Research Methodology



In Kazakhstan, 71 chief executive officers of private business took part in the poll, more than half of the businessmen surveyed gave us extensive and detailed interviews. In order to have the most complete picture of the country, we chose CEO from various industries: metallurgy, financial, energy, oil, telecommunications, automotive, consumer goods, construction materials, transport and logistics, information technology, hotel and restaurant business, retail, fitness industry and pharmaceuticals. Executives were asked to answer questions about strategic objectives, threats affecting the business, decision speed and environmental, social and corporate governance. The pool participants were also offered to express their views on the investment environment, state's priorities that affect Kazakhstan and their business, in particular. The interviews in Kazakhstan were held between November 2021 and February 2022, and comments were partially updated in March 2022. All quotes of Kazakhstan CEOs provided in this study were tentatively agreed with the respondents. All positions of the CEOs are specified at the time of the interview. All personal interviews and electronic completion of questionnaires where quantitative indicators had been provided were conducted under the terms 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 Inkarebekova,  
Natalya Lim,  
Viktoriya Gorlanova,  
Marina Kim,  
Marina Malchenko

### **Editing support:**

Anna Reznik,  
Forbes Kazakhstan

### **Portrait photographers:**

Stanislav Antonov,  
Andrey Lunin, Timur Epov

### **PwC contacts:**

#### **Dana Inkarebekova**

Managing Partner  
of PwC Kazakhstan  
dana.inkarebekova@pwc.com

#### **Natalya Lim**

Partner, consulting 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

### **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

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