



# **JSC Bank CenterCredit Sustainable Development Policy**

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# JSC Bank CenterCredit Sustainable Development Policy

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# 1. General

1. This JSC Bank CenterCredit Sustainable Development Policy (the Policy) is a fundamental regulatory document of JSC Bank CenterCredit (the Bank), which systematizes the approaches, goals and principles of the Bank's activities in sustainable development and ESG.
2. The Policy has been developed subject to the Bank's Development Strategy, the Corporate Governance Code and the Code of Corporate Ethics, as well as other internal documents of the Bank regulating aspects related to sustainable development, including responsible financing.

## 1.1. Fundamentals for Policy Development

3. The Policy reflects the Bank's voluntary commitment to comply with the principles of the UN Global Compact on human rights, labour, environment and anti-corruption.
4. Requirements of the regulatory legal acts of the Republic of Kazakhstan have been taken into account in developing this Policy, including:
  - Roadmap for Implementation of ESG Principles in regulation of the financial market of Kazakhstan as approved by the Order of the Chairman of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market No.187 dated 16 March 2023;
  - Concept for Development of the Financial Sector of the Republic of Kazakhstan until 2030 as approved by the Decree of the President of the Republic of Kazakhstan No.1021 dated 26 September 2022;
  - Environmental Code of the Republic of Kazakhstan No.400-VI LRK dated 2 January 2021;
  - Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060 as approved by the Decree of the President of the Republic of Kazakhstan No. 121 dated 2 February 2023;
  - Environmental, Social and Governance (ESG) Disclosure Guidelines for Banks and Other Financial Institutions as approved by the Order of the Chairman of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market No. 291 dated 28 April 2023 and international sustainable development principles, documents and standards, including but not limited to:
    - Sustainable Development Goals developed by the UN General Assembly;
    - Principles for Responsible Banking developed under the UNEP FI;
    - AA1000 SES Stakeholder Engagement Standard (AA1000 SES);
    - Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI);
    - Sustainability Accounting Standards Board (SASB) Standards for commercial banks and IT companies;
    - Recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).
5. The main provisions of the Policy have been developed subject to recommendations of the professional community representatives with certified sustainable development competences and consultations with other stakeholders.

## 1.2. Scope of the Policy

6. The Policy shall be mandatory for all Bank employees and the Bank's subsidiaries when planning and carrying out activities related to stakeholder engagement or affecting stakeholder interests, preparing and approving internal regulatory documents, developing and implementing business processes, information exchange and other types of communication.
7. The Bank's subsidiaries may develop their own internal sustainable development documents based on the provisions of this Policy, subject to assessment of materiality of the highlighted areas and objectives, applicable corporate governance standards and legislation.
8. The Bank shall improve and revise the Policy subject to changes in legislation and emergence of new sustainability standards in international and domestic practice, updating of strategic documents and

- development of the Bank's sustainable practices, but at least once every three years.
9. The Policy is a public document available on the Bank's information resources.

## 2. Goals and Principles of the Bank's Sustainability Activities

10. The main objective of the Bank's sustainability activities is to integrate ESG aspects into the Bank's corporate long-term growth strategy to ensure contribution to national economic growth, environmental conservation and value creation for society in the interaction of the Bank's top management and employees with customers, the investment community, shareholders, business partners and the government.
11. The Bank shall be guided by the following principles consistent with sustainable banking in carrying out activities aimed at achieving the sustainable development goals:
- 1) Carrying out activities in a manner that is responsive to the needs of all stakeholders and consistent with the sustainable development goals.
  - 2) Ensuring respect for human rights, supporting inclusion, diversity, fair and equal treatment of all.
  - 3) Environmental friendliness.
  - 4) Development of responsible financing practices, promotion of the adoption and implementation of responsible financing principles within the investment sector.
  - 5) Open and honest interaction with customers and other stakeholders, taking into account their opinions and interests in the Bank's decision-making process affecting sustainable development issues.
  - 6) Governance and corporate culture consistent with the principles of sustainable banking.
  - 7) Compliance with legislative norms and standards, fulfillment of undertaken obligations.
  - 8) Striving to ensure openness and transparency of operations in terms of positive and negative impacts and contribution to the achievement of sustainable development goals.

## 3. Key Areas of Activity

12. The Bank, as a large financial institution, influences risks related to climate, environmental friendliness, social responsibility and corporate governance factors and their impact on financial stability.

### 3.1. The Bank's Roles and Impact on Sustainable Development

13. The Bank as a Company, does not have a significant impact on the environment due to the nature of its operations. The main resources consumed by the Bank are electricity, heat and water. In its activities, the Bank shall seek to reduce excessive consumption of resources and minimize the existing negative environmental impact by implementing energy efficient technologies, reducing water consumption, and reducing paper consumption for office purposes.
14. The Bank, as an Employer, shall adhere to ethical business practices, treat the Bank employees with care, build employment relations with employees based on the respect for human rights, and consistently improve corporate governance practices. The Bank shall identify corruption risks, implement and maintain anti-corruption policies and practices.
15. The Bank, as a Financial Institution, shall provide financial services to companies in the real sector of economy and thus have an indirect impact on decarbonisation of the economy. The Bank, as a Financial Institution, shall provide financial services to companies in the real sector of economy and thus have an indirect impact on decarbonisation of the economy.

16. The Bank, as one of the largest banks in the Republic of Kazakhstan, shall strive to make a positive contribution to improving the quality of life of citizens, social and economic development and environmental sustainability of the state, promote the introduction and development of innovations, development of local communities, improvement of financial literacy of citizens, participate in formation of the national climate risk management system.

### **3.2. High-Priority Sustainable Development Goals**

17. The Bank recognizes the importance of all 17 Sustainable Development Goals (hereinafter SDGs), the implementation of which could potentially lead the state to sustainable development of all major spheres of life and address global challenges affecting everyone in this world.

18. Subject to the Bank's Sustainability and ESG impact assessment, the Bank has identified 8 prioritized SDGs and sub-goals within the selected goals, to which the Bank can make a measurable contribution.

## SDGs and Objectives Relevant to the Bank's Operations



### 3. Good Health and Well-Being

3.8. Ensure universal health coverage, including financial risk protection, access to quality essential health services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

3.13. Build the capacity of all countries, especially developing countries, in early warning, risk reduction and national and global health risk management.



### 4. Quality Education

4.4. By 2030, substantially increase the number of youth and adults having in-demand skills, including hard skills, for employment, decent work and entrepreneurship.

4.7. By 2030, ensure that all students acquire the knowledge and skills required to promote sustainable development, including through training in sustainable development and sustainable lifestyle, human rights, gender equality, promoting the culture of peace and non-violence, citizenship of peace and cultural diversity value awareness and contribution of culture to sustainable development.

4.8. Establish and improve child-friendly, disability-sensitive and gender-sensitive educational institutions and provide safe, violence-free, socially inclusive and effective learning environments for all.



### 7. Low-Cost and Clean Energy

7.2. By 2030, significantly increase the share of renewable energy in the global energy balance.

7.b. By 2030, expand infrastructure and upgrade technologies for modern and sustainable energy for everyone in developing countries.

<sup>1</sup> At the current stage, the impact assessment and selection of high-priority SDGs were carried out via online voting among the Bank's top management and heads of structural subdivisions, and also took into account recommendations of the professional community representatives. In the future, as the Bank develops sustainable practices, the Bank will involve representatives of all stakeholder groups in the discussion and take into account their opinions.

## 8. Decent Work and Economic Growth



8.2. Achieve productivity gains in the economy through diversification, technological upgrading and innovation, including by focusing on high-value-added and labour-intensive sectors.

8.3. Promote implementation of the development-oriented policy that fosters productive activities, decent jobs, entrepreneurship, creativity and innovation, and encourage the formal recognition and development of micro, small and medium-sized enterprises, including through their access to financial services.

8.4. Throughout the period until the end of 2030, progressively improve the global resource utilization efficiency in consumption and production systems and strive to ensure that economic growth is not accompanied by environmental degradation, as called for in the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries being the first to do so.

8.5. By 2030, ensure full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.

8.b. By 2020, develop and put into operation a global youth employment strategy and implement the International Labour Organization's Global Jobs Pact.

## 9. Industrialization, Innovation and Infrastructure



9.3. Expand access of small-scale industrial and other enterprises, especially in developing countries, to financial services, including affordable loans, and intensify their integration into the value chains and markets.

9.4. By 2030, upgrade the infrastructure and retrofit industrial plants, making them sustainable through improved resource utilization efficiency and the increased use of clean and environmentally-friendly technologies and industrial processes, involving all countries in accordance with their individual capabilities.

9.a. Promote development of the environmentally sustainable and resilient infrastructure in developing countries through increased financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing states.

## 10. Reduce Inequality



10.1. By 2030, progressively achieve and sustain income growth for the lowest income sector of population constituting 40 percent, at a level above the national average.

10.3. Ensure equality of opportunity and reduce inequality of outcome, including by eliminating discriminatory laws, policies and practices, and promoting adoption of the appropriate legislation, policies and measures to this end.



### 13. Combating climate change

13.2. Incorporate climate change responses into the policy, strategies and planning at the national level.

13.3. Improve education, information dissemination and the capacity of people and institutions for climate change mitigation, climate change adaptation and early warning



### 17. Partnership for sustainable development

17.16. Strengthen the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and disseminate knowledge, expertise, technology and financial resources to support the achievement of the Sustainable Development Goals in all countries, particularly developing countries.

17.17. Stimulate and promote effective partnerships between public entities, between the public and private sectors and between civil society organizations, relying on the expertise and resource utilization strategies of partners.



### 3.3. Integration of SDGs into the Bank's Long-Term Corporate Business Strategy

19. The Bank plans to bring its long-term corporate business strategy in compliance with the selected targets by developing the ESG strategy and its integration into the Bank's Overall Development Strategy.
20. The Bank will inform stakeholders about the SDGs achievement results in the annual disclosure of non-financial sustainable development information.

### 3.4. Key Areas of Activity and Sustainable Development Objectives

21. When carrying out its sustainable development activities, the Bank shall take into account three groups of factors: environmental, social and economic and governance.
22. The Bank's sustainability objectives have been developed subject to recommendations of the UN Sustainable Development Goals Compass (SDG Compass) guidelines, and subject to the best practices and recommendations of the World Business Council for Sustainable Development (WBCSD) for the financial sector, and contribute to the achievement of the Bank's strategic goals and commitments.

#### Environmental Impact Mitigation:

- 1) Ensure that the Bank's environmental impact is measured and monitored;
- 2) Improve the efficiency of materials, fuel and energy utilization, water consumption, and reduce the amount of waste generated;
- 3) Monitor waste management processes;
- 4) Promote high environmental standards among customers and partners;

#### Introduction and Develop of Climate Risk Management Practices and Opportunities:

- 5) Establish an effective climate change risk management system;
- 6) Establish an effective climate change risk management system;
- 7) Ensure step-by-step improvement of business processes to include climate risk monitoring;
- 8) Ensure step-by-step improvement of business processes to include climate risk monitoring;
- 9) Take into account indicators/factors of significant climate change risks when setting the risk appetite;
- 10) Integrate the ESG factor consideration and climate change risk management approaches into the Bank's internal control system based on three lines of defense;
- 11) Become a participant in the national and international emission reduction initiatives;

#### Responsible Financing:

- 12) Provide financial products and services to incentivize increased efficiency of using the existing natural resources, reduce negative environmental impact, improve energy efficiency, energy saving, climate change mitigation and climate change adaptation;
- 13) Design, implement and develop responsible financing approaches, policies, methodologies and mechanisms;
- 14) Promote ESG-transformation for the management system and customer activities, including through consultations;
- 15) Take into account the ESG compliance assessment results when making credit decisions;
- 16) Take into account the ESG compliance assessment results when making credit decisions;

**Respect for human rights:**

- 17) Continuously increase positive impacts while preventing or mitigating adverse impact on human rights that are directly related to the Bank's operations;
- 18) Continuously increase positive impacts while preventing or mitigating adverse impact on human rights that are directly related to the Bank's operations;
- 19) Implement a system for measuring the customer satisfaction with the Bank's products, services and sales channels;

**Responsible Labor Practices:**

- 20) Comply with high labor relations and working conditions standards;
- 21) Ensure continuous training and professional development for employees, including on sustainability issues;
- 22) Ensure that there is a communication channel for employees and all stakeholders on the issues of violation of business ethics, legal regulations and anti-corruption actions, with the possibility to contact anonymously and with protection against retaliation;
- 23) Ensure that there is a system in place to assess employee satisfaction and engagement and disclose the assessment results to stakeholders;

**Contribution to Social Development in the Regions of Operation:**

- 24) Participate in supporting publicly significant social and environmental projects;
- 25) Promote responsible attitude to the environment, healthy lifestyle, and the use of advanced technologies;
- 26) Contribute to improving financial literacy of population, including subject to sustainable development aspects;
- 27) Promote responsible attitude of suppliers and contractors to respect human rights and environmental protection;

**Improvement of Corporate Governance Practices:**

- 28) Develop and implement the ESG strategy as part of the Bank's overall corporate long-term development strategy;
- 29) Ensure compliance with the requirements of national and international corporate governance and business ethics standards;
- 30) Maintain increased transparency and openness of corporate governance and sustainable development management;
- 31) Ensure compliance with legislative requirements to counter corruption and prevent financial crimes;
- 32) Identify, assess and take into account the expectations and interests of stakeholders on a regular basis;
- 33) Inform about the Bank's projects and initiatives that have contributed to achievement of any of the prioritised SDGs;
- 34) Ensure that the Bank's policy, decisions and activities it is responsible for, including their known and likely impact on society, economy and environment, are disclosed in a clear, accurate and complete manner and to a reasonable and sufficient extent.

### 3.5. Adherence to the UN Sustainable Development Goals and Other International Principles

23. The Bank has become a party to the UN Global Compact (hereinafter - the Global Compact) from 2023 and adheres to its principles in human rights, labor relations, environment, anti-corruption. The Bank commits to promote the Global Compact principles among its stakeholders and to integrate them into its daily operations. Starting from 2024, the Bank will publish a Global Compact principles promotion report in the Sustainability Report on a regular (annual) basis. The Bank shall interact with the Global Compact Representative Office in the Republic of Kazakhstan on issues related to implementation of the Global Compact principles.
24. The Bank joins the UN Finance Initiative, which is a global partnership established between the United Nations Environment Programme and the financial sector, and shall operate in accordance with the responsible financing principles. The Bank shall promote best environmental and sustainability practices at all levels of its business operations.
25. The Bank shall operate in accordance with six responsible banking principles of the United Nations Environment Programme Finance Initiative. According to these principles, responsible financing activities shall be integrated into the Bank's business model. The Bank shall actively support socially significant projects and assess social and environmental requirements when making decisions on project financing. The Bank shall interact with the United Nations Environment Programme Finance Initiative on the issues related to implementation of responsible financing principle.
26. Starting from 2024, the Bank plans to disclose information in accordance with the TCFD Standard as part of the preparation and publication of the Sustainable Development Report or Climate Impact Report on an annual basis.

## 4. Stakeholder Engagement

27. In its activities aimed at achieving sustainable development goals, the Bank shall take into account the interests of all stakeholders and organize interaction with them through building effective communications.
28. The Bank shall carry out stakeholder engagement in accordance with the AA1000SES Standard, taking into account the following principles:
  - materiality principle - the Bank shall clearly identify its stakeholders and realize which stakeholder interests are material;
  - materiality principle - the Bank shall clearly identify its stakeholders and realize which stakeholder interests are material;
  - principle of readiness to respond - in carrying out its operations, the Bank shall consistently respond to all material stakeholder questions.
29. The Bank has identified 11 stakeholder groups, which the Bank impacts and which are significant for the Bank. Table 2 reflects the goals and methods of the Bank's stakeholder engagement, and the structural subdivisions responsible for the engagement and the general contact for the stakeholder group to send any question.
30. The Bank shall survey stakeholder opinions on an annual basis to identify material topics to be taken into account when implementing the Bank's sustainability initiatives.

Purpose of Engagement	Means of Communication	Subdivisions
<p><b>Shareholders</b></p> <p>1. To ensure provision of relevant and reliable information from financial performance and business achievements and challenges.</p> <p>2. To ensure exercise of shareholders' rights, as part of the corporate governance principles, aimed at effective key decision-making.</p> <p>3. To ensure good governance and investment attractiveness of the Bank.</p> <p>4. To receive feedback on the management results and implementation of key decisions.</p>	<ul style="list-style-type: none"> <li>· General Meeting of Shareholders</li> <li>· Face-to-face meetings with shareholders</li> <li>· Provision of comprehensive information on each agenda item of the General Shareholders Meeting</li> <li>· Informational communications and written requests by e-mail and/or telephone</li> <li>· Personal letters upon receipt of a shareholder's request</li> <li>· Annual and interim financial statements</li> <li>· Non-financial reporting (on sustainable development)</li> <li>· Publications on KASE website</li> <li>· Mass media</li> <li>· External website</li> </ul>	<ul style="list-style-type: none"> <li>· Planning and Finance Center</li> <li>· Corporate Secretary, Secretariat</li> </ul>
<p><b>Employees</b></p> <p>1. To inform about the Bank's strategic goals, performance results and employees' contribution to achievement of the goals.</p> <p>2. To strengthen the employer brand, retain the most qualified employees.</p> <p>3. To understand and respond to employees' needs and concerns</p>	<ul style="list-style-type: none"> <li>· Regular direct communication between managers, teams and individuals</li> <li>· Informational communications and written enquiries by email and/or telephone</li> <li>· Corporate events</li> <li>· Hotline (helpline)</li> <li>· Annual and interim financial statements</li> <li>· Non-financial reporting (on sustainable development)</li> <li>· Studies of the level of employee engagement and loyalty and the social and psychological climate within subdivisions.</li> </ul>	<ul style="list-style-type: none"> <li>· Human Resources Management Center</li> <li>· Sustainable Development (ESG) Directorate</li> </ul>

<p><b>Customers</b></p> <ol style="list-style-type: none"> <li>1. To inform about the Bank products and services, and the terms and conditions of their receipt.</li> <li>2. To understand customer expectations and needs in order to provide a high-level service.</li> <li>3. To provide professional advice.</li> <li>4 To develop and implement customer-centric innovations.</li> <li>5. Customer loyalty to the Bank.</li> <li>6. To respond to customer problems</li> </ol>	<ul style="list-style-type: none"> <li>· Satisfaction surveys, feedback and complaints related to products, services and communications.</li> <li>· Informational communications and written requests by email and/ or telephone</li> <li>· Letters</li> <li>· Annual financial statements and sustainability reports</li> <li>· Publications on KASE website</li> <li>· Mass media</li> <li>· External website</li> <li>· Social networks</li> <li>· Face-to-face interaction with the customer</li> <li>· SMS communication</li> <li>· Contact Center</li> <li>· Internet Banking, and the Bank's mobile app</li> </ul>	<ul style="list-style-type: none"> <li>· Branch Network Management Center</li> <li>· Operational Center</li> </ul> <p>Channels for lodging appeals:</p> <p>Almaty: (727) 244 30 30;</p> <p>505 (free to call from mobile across Kazakhstan);</p> <p>8 8000 8000 88 (free to call from any landline phone across Kazakhstan);</p> <p>E-mail: <a href="mailto:hotline@bcc.kz">hotline@bcc.kz</a> or <a href="mailto:info@bcc.kz">info@bcc.kz</a>;</p> <p>Web: <a href="http://www.bcc.kz">www.bcc.kz</a> (Feedback section)</p>
<p><b>Regulatory Authorities</b></p> <ol style="list-style-type: none"> <li>1. To ensure provision of relevant and reliable information on financial performance and compliance with all legal and regulatory requirements.</li> <li>2. To maintain banking licenses and minimize operational risk.</li> </ol>	<ul style="list-style-type: none"> <li>· Meetings</li> <li>· Informational communications and written requests by email and/ or telephone</li> <li>· Letters</li> <li>· Reporting</li> <li>· Commissions, audits and inquiries</li> <li>· Interaction through the Associations of Financial Institutions</li> </ul>	<ul style="list-style-type: none"> <li>· Operational Service Center</li> </ul>
<p><b>Public Authorities</b></p> <ol style="list-style-type: none"> <li>1. To strengthen relationship with the government, both as a partner in the country's development and as a key customer.</li> </ol>	<ul style="list-style-type: none"> <li>· Meetings</li> <li>· Informational communications and written requests by email and/ or telephone</li> <li>· Letters</li> </ul>	<ul style="list-style-type: none"> <li>· Центр операционного сервиса</li> </ul>

<p>2. To participate in the processes of developing legislation that affects the economy and banking activities.</p> <p>3. To strive to be a responsible and good faith taxpayer</p>	<ul style="list-style-type: none"> <li>· Reporting</li> <li>· Commissions, audits and inquiries</li> <li>· Interaction through the Associations of Financial Institutions</li> </ul>	<ul style="list-style-type: none"> <li>· Operational Service Center</li> </ul>
<p><b>Suppliers and Contractors</b></p> <p>1. Fulfillment by the parties of the terms and conditions under the concluded contracts and agreements.</p> <p>2. Timely receipt of products or services required for the Bank's operations.</p> <p>3. Promote responsible attitude of suppliers and contractors to respect human rights and environmental protection</p>	<ul style="list-style-type: none"> <li>· Meetings, negotiations</li> <li>· Informational communications and written requests by email and/or telephone</li> <li>· Letters, questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>· Procurements Organization Center</li> </ul>
<p><b>Mass Media</b></p> <p>1. To make use of the media channels' coverage and influence to share the results of responsible business practices with stakeholders.</p> <p>2. To have a dialogue with relevant stakeholders and the general public to positively influence behaviour that will lead to desired business outcomes.</p> <p>3. To protect the Bank's reputation</p>	<ul style="list-style-type: none"> <li>· Informational communications and written requests by email and/or telephone</li> <li>· Letters</li> <li>· Briefings, interviews and press releases</li> <li>· External website</li> <li>· Social networks</li> </ul>	<ul style="list-style-type: none"> <li>· Marketing, PR Center</li> </ul>

<p><b>Population, Public Organizations</b></p> <p>1. To create partnerships that support our integrated sustainability activities.</p> <p>2. To receive information from experts, communities and non-governmental organizations on key areas of sustainable development.</p> <p>3. To raise awareness of our commitments and initiatives aimed at reducing environmental impact, respecting human rights, supporting social and environmental projects of public importance.</p>	<ul style="list-style-type: none"> <li>· Annual report, sustainability reporting</li> <li>· Participation in public environmental events</li> <li>· Charity events</li> <li>· Mass media</li> <li>· External website</li> <li>· Social networks</li> </ul>	<ul style="list-style-type: none"> <li>· Marketing, PR Center</li> </ul>
<p><b>Financial Market Participants</b></p> <p>1. To ensure access to borrowings and investments</p> <p>2. To protect common interests of financial market participants</p> <p>3. Constructive cooperation on the issues of financial market development and sustainable development</p>	<ul style="list-style-type: none"> <li>· Meetings, negotiations</li> <li>· Informational communications and written requests by email and/or telephone</li> <li>· Letters</li> <li>· Interaction through the Associations of Financial Institutions</li> <li>· Annual report, sustainability reporting</li> <li>· External website</li> <li>· Publications on KASE website</li> </ul>	<ul style="list-style-type: none"> <li>· Treasury Center</li> <li>· Sustainable Development (ESG) Directorate</li> <li>· Documentation Administration Directorate</li> </ul>
<p><b>International ESG and Sustainable Development Organizations</b></p> <p>1. To become a member in the national and international emission reduction initiatives</p> <p>2. To build a trust of a wide range of stakeholders</p>	<ul style="list-style-type: none"> <li>· Meetings, negotiations</li> <li>· Informational communications and written requests by email and/or telephone</li> <li>· Letters</li> <li>· Sustainability reporting</li> <li>· External website</li> <li>· Digital platforms, websites of international organizations</li> </ul>	<ul style="list-style-type: none"> <li>· Sustainable Development (ESG) Directorate</li> </ul>
<p><b>Professional Community</b></p> <p>1. To implement the ESG and sustainability principles in accordance with best practices.</p> <p>2. To train employees in sustainable development.</p> <p>3. To obtain the ESG rating and upgrade it in the future.</p>	<ul style="list-style-type: none"> <li>· Meetings, negotiations</li> <li>· Informational communications and written requests by email and/or telephone</li> <li>· Letters</li> <li>· Sustainability reporting</li> <li>· External website</li> </ul>	<ul style="list-style-type: none"> <li>· Sustainable Development (ESG) Directorate</li> </ul>

#### 4.1. Responsible Approach to Engagement with Corporate Customers, Suppliers and Other Stakeholders

31. The Bank recognizes that the activities of corporate customers, suppliers and other stakeholders may have a significant impact on areas of national or international biodiversity value and on highly sensitive ecosystems and habitats.
32. The Bank expects customers, suppliers and other stakeholders to responsibly manage their activities, assess and mitigate risks, and mitigate consequences in relation to areas with high biodiversity value. Where impacts on highly sensitive ecosystems cannot be avoided, such impacts must be minimized.
33. The Bank shall use the following approach in its financing activities: a preliminary study and assessment of the potential corporate customers' business, a preliminary assessment of the project proposed for financing and impact minimization measures.
34. The Bank's suppliers shall be required to comply with environmental laws, maintain the necessary statistical and other statutory reports required for obtaining environmental permits, update and comply with all recommendations for its compilation, if the above is applicable to the scope of the suppliers' business activities, including:
  - 1) The Supplier shall treat wastewater and solid waste, discharge water, and dispose of waste in accordance with applicable laws and regulations.
  - 2) The Supplier shall ensure strict compliance with all applicable laws and regulations pertaining to hazardous materials, chemicals, and substances. The Supplier shall comply with the material restrictions and product safety requirements set by applicable laws and regulations.
  - 3) ISO 14001 certification based on international standards confirming implementation of an environmental management system and allowing to identify and mitigate impacts shall be encouraged.
  - 4) The suppliers' monitoring of greenhouse gas emissions shall be encouraged.
  - 5) The supplier shall be encouraged to take a prudent approach to environmental issues by implementing initiatives that promote environmental responsibility, by disseminating environmentally friendly technologies and using sustainable product life cycle practices.

## 5. Responsible Financing

35. The Bank shall strive to act in the best long-term interests of society and the state and to make a positive contribution to improving the quality of life of citizens, socio-economic development and environmental sustainability of the state. The Bank has identified for itself key focus areas in the field of responsible financing:
  - ensuring comprehensive assessment of climate risks, and minimizing their impact on the loan portfolio;
  - provision of finance to activities and projects that have a positive impact on achievement of sustainable development goals;
  - gradual reduction of financing for activities and projects contradicting to achievement of sustainable development goals.
36. The Bank shall employ a comprehensive approach to achieve its responsible financing goals by phased implementation of the following tasks and initiatives:
  - 1) identification of ineligible activities, project types and business practices;
  - 2) identification of key industries and projects for the Bank in terms of green economy;
  - 3) launching and/or development of sustainable banking products;
  - 4) building internal green lending processes based on the requirements of the national and international taxonomy;



- 5) introduction of the borrower and project ESG assessment tools into the lending process;
  - 6) definition of responsible financing goals (including: formation of green loan portfolio);
  - 7) expansion of the Bank's participation in state support programmes aimed at supporting green lending
37. The Bank shall inform stakeholders about the progress made in implementing the responsible financing principles and the impact of climate risks on the Bank's lending activities, with annual disclosure of non-financial sustainable development information.

## 6. Sustainable Development Management System

### 6.1. Organizational Structure for Sustainable Development Management

38. The organizational structure for sustainable development management shall distribute authorities for managing ESG aspects and climate risks between collegial bodies and structural subdivisions, including but not limited to:
- 1) the Board of Directors;
  - 2) the Board of Directors;
  - 3) the Management Board;
  - 4) Risk Management Committee of the Management Board;
  - 5) Credit Committees;
  - 6) Sustainable Development (ESG) Directorate;
  - 7) Risk Management Block;
  - 8) Subdivisions of the Business Development Group.
39. The Board of Directors shall determine the priority areas, goals and key principles for the Bank's strategic development in the field of sustainable development and approaches to their integration into the Bank's development strategy, responsibilities of the Committees of the Board of Directors on sustainable development issues according to their areas of responsibility, KPIs for fulfillment of strategic ESG goals and control their implementation. The Board of Directors shall approve high-level IRDs and sustainability reporting.
40. The Sustainable Development Committee shall be an advisory and consultative body of the Board of Directors and provide recommendations to the Board of Directors on decision-making issues related to the Bank's sustainable development. The Committee's function is to provide oversight for development and implementation of the ESG and climate strategy, and for consideration and assessment of climate risks and opportunities. The Committee shall approve high-level IRDs and sustainability reporting for subsequent approval by the Board of Directors.
41. The Management Board shall ensure implementation of the Bank's sustainability strategy and compliance with the Bank's procedures, processes and policies approved by the Board of Directors. The Management Board shall monitor implementation of the action plan to achieve the Bank's strategic sustainable development goals.
42. The Risk Management Committee of the Management Board shall be a body for making prompt ESG and sustainable development-related decisions. At regular meetings, the Committee members shall consider topical issues and projects as part of the Bank's ESG-transformation, preapprove actions, initiatives and results of sustainable development activities.
43. The Credit Committees, within their limits of powers granted by the Board of Directors, shall make financing decisions subject to the corporate borrower and projects ESG compliance assessment results.
44. The Sustainable Development (ESG) Directorate shall be the Bank's main coordinating structural subdivision, which provides expert support to other Bank subdivisions in sustainable development, manages implementation of the action plan to achieve the Bank's strategic ESG goals, monitors and

reports on this area.

45. The Risk Management Block subdivisions shall determine the materiality of risks related to ESG aspects and provide recommendations for decision-making subject to risk assessment results, participate in development of assessment tools, carry out the procedure of climate stress testing and generate reports in accordance with the set standards.
46. The Business Development Group subdivisions shall interact with the Bank's customers by areas of business activities, provide information targeted support taking into account the expectations and needs of customers.

## 6.2. Sustainable Development Management Mechanisms

47. The sustainable development management system's mechanisms shall comprise of activities and initiatives implemented by the Bank on a regular or one-time basis, including:
  - 1) strategic and operational planning;
  - 2) determination of strategic KPIs as part of the development of the long-term sustainable development strategy, tactical goals and objectives and control over their fulfillment;
  - 3) development and implementation of an action plan to achieve the Policy goals and objectives;
  - 4) determination of resources required to fulfill the tasks;
  - 5) creation of an organizational structure for managing ESG aspects and climate risks, defining functions and authorities within the organizational structure;
  - 6) formation of an internal regulatory and methodological framework for all areas of activity as part of the sustainable development;
  - 7) creation of the data collection and storage system for non-financial reporting;
  - 8) 8) conducting regular training for stakeholders, including subject to their functions and areas of activity;
  - 9) stakeholder engagement on a regular basis;
  - 10) monitoring of the achievement of targets and implementation of the action plan;
  - 11) integration of ESG principles and climate change risk management approaches into the Bank's internal control system based on three lines of defense.

## 7. Monitoring and Reporting

48. To ensure openness and transparency of the Bank's activities with regard to positive and negative impacts and contribution to the achievement of sustainable development goals, the Bank shall disclose non-financial sustainable development information through publication of the annual report on the Bank's corporate website.
49. Disclosure of information on ESG factors having significant impact on the Bank's financial performance and sustainability shall comply with the Agency's requirements reflected in the Environmental, Social and Governance (ESG) Disclosure Guidelines for Banks and Other Financial Institutions, and take into account international non-financial information disclosure standards.
50. In order to assess the Bank's activities and progress made in achieving the Bank's strategic sustainable development goals, the Bank is creating the management ESG reporting system, which ensures that reliable and timely information on implementation of the strategic ESG goals is submitted to the Bank's Board of Directors on a regular basis.

## 8. Final Provisions

51. The Bank employees and the Bank's subsidiaries shall be liable for breaching the provisions of this Policy in accordance with the laws of the Republic of Kazakhstan and internal regulatory documents of the Bank.
52. The provisions of this Policy may be detailed in the Bank's internal regulatory documents, subject to the scope of activities and responsibilities of the subdivisions.
53. The Policy shall be approved by the Bank's Board of Directors.
54. In case of discrepancies between the version of this Policy in the Russian (Kazakh) language and the version translated into other languages, the version in the Russian (Kazakh) language shall prevail.
55. The Sustainable Development (ESG) Directorate shall be responsible for revision and updating the Policy.

## Annex 1 - Definitions and Abbreviations

**Agency** means the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.

**IRD** means the Bank's internal regulatory document.

**Impact** means the effect on people and local communities, environment and economy that happens as a result of an action or inaction, an activity, project, programme or policy.

**Stakeholders** mean individuals and legal entities or groups of individuals or entities in varying degrees involved in the Bank's activities that influence the Bank's performance and/or are influenced in their decisions and activities by the Bank.

**KPI** means key performance indicators determining the degree of achievement of the Bank's strategic sustainable development goals.

**Professional Community** means the ESG and Sustainable Development experts.

**RoK** means the Republic of Kazakhstan.

**Mass Media** means mass communication media.

**Sustainable development** means development, when the Bank manages the impact of its activities on the environment, economy, society, and makes decisions subject to interests of stakeholders.

Sustainable development should meet the needs of the present generation without compromising the ability of future generations to meet their own needs.

**Sustainable Development Goals** mean globally accepted goals aimed at ending poverty, combating inequality and injustice, protecting the planet and ensuring peace and prosperity for all people.

**ESG (Environmental, Social, Governance)** means the Bank's approaches in financing, investing and other activities, involving assessment of the following factors in decision-making:

- environmental and climate factors that determine the Bank's role in protecting the environment and in the global and national climate agenda;
- social factors that determine approaches to relations with employees, suppliers, customers and society;
- corporate governance factors reflecting approaches to governance in terms of the Bank's management, executive remuneration, audit, internal control and shareholder rights.

**ESG-transformation** means systemic changes in the company's operations by integrating environmental, social and governance factors into the assessment and decision-making processes across all areas of operations.

**ESG Strategy** means the Bank's sustainable development strategy, which provides for the process of conceptualization and implementation of practical actions aimed at integrating environmental, social and governance factors into the assessment and decision-making processes across all areas of operations.

**ISO 14001** means an international standard containing requirements to the environmental management system, against which the certification is carried out.

**KASE** means Kazakhstan Stock Exchange.