

KAZAKHSTAN STOCK EXCHANGE JSC

KASE CLEARING CENTER JSC

Approved

by decision of the Board of Directors of
Kazakhstan Stock Exchange JSC

(minutes of a meeting
dated August 1, 2024 No. 6)

Approved

by decision of the Board of Directors of
KASE Clearing Center JSC"

(minutes of a meeting
dated June 27, 2024 No. 19)

Effective

from August 2, 2024

Sustainable Development

POLICY

Almaty City

2024

Sustainable Development Policy

This Policy defines the main components of the sustainable development system of Kazakhstan Stock Exchange Joint Stock Company (hereinafter referred to as the Exchange, KASE) and KASE Clearing Center JSC (hereinafter referred to as KASS), including:

- declaring commitment to the main principles and standards in sustainable development;
- identifying the main areas of activities in sustainable development;
- setting goals and objectives in this area, as well as defining and systematizing the general principles of activities in sustainable development;
- establishing the main principles of reporting in sustainable development.

Section 1. GENERAL PROVISIONS

Article 1. Key notions

The following notions and terms shall be used in this Policy:

- 1) **impact** shall mean influence that KASE Group has or may have on the economy, environment or society, including human rights, and which may indicate contribution of KASE Group (positive or negative) to their sustainable development;
- 2) The **UN Global Compact** shall mean United Nations sustainable development initiative to promote corporate social responsibility and implement principles of human rights, labour, environmental protection and anti-corruption in the business community;
- 3) **KASE Group** shall mean Kazakhstan Stock Exchange JSC and its subsidiary KASE Clearing Centre JSC;
- 4) **the UN Sustainable Development Goals** shall mean 17 interrelated goals developed in 2015 by the UN General Assembly to catalyse action that ends poverty, protects the planet, and improves quality of life and prospects for all people everywhere;
- 5) **the Paris Agreement** shall mean the international treaty on climate change goal of which is to keep the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels, while making efforts to limit the temperature increase to 1.5 degrees Celsius;
- 6) **the OECD Guidelines for Multinational Enterprises** shall mean recommendations prepared by the Organization for Economic Co-operation and Development member states for enterprises that include recommended standards for responsible business conduct;
- 7) **sustainable development** and/or **sustainability** shall mean development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs;
- 8) **Guiding Principles on Business and Human Rights** shall mean principles for adhering to the United Nations framework on protection, respect and remedy, which are universally recognized global standards in human rights;
- 9) **material topics of sustainable development** shall mean areas in which KASE Group has the most significant impact on the economy, the environment and society, including impacts on human rights;
- 10) **interested parties and/or stakeholders** shall mean individuals and legal entities or groups of individuals whose interests are affected or may be affected by activities of KASE Group.

Article 2. Principles of sustainable development

1. KASE Group shall strive to ensure that its activities comply with international principles, norms and standards of sustainable development, including but not limited to principles of the UN Global Compact, the UN Sustainable Development Goals, provisions of the Paris Agreement, the OECD Guidelines for Multinational Enterprises and other principles of sustainable development, integrating their requirements and recommendations into its activities.
2. KASE Group, in the course of its activities, shall comply with requirements and observe the laws of the Republic of Kazakhstan in terms of environmental protection and natural resource management, regulation of labor relations, as well as in the areas of combating corruption, legalization (laundering) of proceeds from crime, and terrorism financing.
3. KASE Group shall arrange its activities subject to the principles of protection and observance of human rights set out in the Guiding Principles of Business and Human Rights.
4. KASE Group shall encourage creation of human capital, support and observe relevant principles of corporate governance, conduct a comprehensive risk assessment, encourage, where relevant, application of responsible business practices by partners, including suppliers.

Section 2. MAIN DIRECTIONS OF KASE GROUP SUSTAINABLE DEVELOPMENT

Article 3. Main directions of KASE Group sustainable development

1. Activities of KASE Group in sustainable development shall include implementation of tasks in the following main areas of sustainable development of KASE Group:
 - 1) material topics within the economic, environmental and social components of sustainable development that are of the greatest importance in terms of the impact of activities of KASE Group on its stakeholders;
 - 2) risks in sustainable development (including climate risks) that may affect KASE Group in the short, medium and long term;
 - 3) opportunities in sustainable development that KASE Group can use to implement its mission, strategic goals and objectives.
2. Sustainability management system of KASE Group shall constantly evolve, given continuous improvement of the best practices of sustainable development, requirements of regulatory authorities, opinions of stakeholders and development strategy of KASE Group.

Article 4. Material topics of sustainable development of KASE Group

1. The list of material topics of sustainable development of KASE Group shall be determined as a result of detailed review and assessment of KASE Group's activities, business relationships and external operating environment subject to international standards and best practices in sustainable development.
2. When assessing the impact of its activities, KASE Group shall analyze not only its actual, direct and positive impact, but also potential, indirect and negative impact on the economy, environment and society, including the issues of human rights.
3. The list of material topics of sustainable development shall be formed in active interaction with stakeholders of KASE Group.

4. KASE Group shall strive to encourage its partners and counterparties to implement processes for due assessment of their impact in the context of sustainable development, evaluate policies and procedures of its suppliers, have processes designed to prevent or mitigate negative impacts within its business relationships.
5. Final list of material sustainable development topics of KASE Group shall be determined subject to international standards by assessing significance of the impact of activities of KASE Group, including an assessment of the extent of impact, its scale and probability.
6. The list of material topics shall be approved by the Management Boards of the organizations included in KASE Group.
7. KASE Group shall annually review the list of its material sustainable development topics in order to confirm relevance of the current list and identify new relevant material sustainable development topics.
8. In its disclosure of information, KASE Group shall disclose the process of identification and assessment of its material sustainable development topics.

Article 5. Interaction with stakeholders

1. KASE Group shall manage its activities with the purpose to create sustainable and long-term value for a broad range of stakeholders.
2. As a systemic infrastructure element of the financial market, KASE Group shall attach much importance to expectations and interests of stakeholders and organization of regular interaction with them.
3. KASE Group shall regularly review and evaluate its activities, business relations and external operating environment in order to identify stakeholders that activities of KASE Group have or may have a direct or indirect impact on.
4. When organizing stakeholder engagement, KASE Group shall be guided by the following principles:
 - 1) respect and take into account interests of stakeholders;
 - 2) strive to actively inform stakeholders about its activities;
 - 3) ensure objectivity, reliability, independence and a high level of information transparency in its activities, as well as in disclosure of financial statements and non-financial information;
 - 4) ensure open and productive cooperation with stakeholders;
 - 5) discharge its obligations to stakeholders;
 - 6) receive feedback from stakeholders on a regular basis.
5. KASE Group shall strive to identify expectations and concerns of stakeholders, consulting, where necessary, with internal and external experts, including public organizations and the academic community.
6. In disclosure of information, KASE Group shall describe stakeholder groups and methods and forms, as well as areas and topics of interaction with them.

Article 6. Actions of KASE Group in main areas of sustainable development

1. KASE Group shall ensure consistency of its economic, environmental and social goals and objectives for sustainable development in the long term, guided by the UN Sustainable Development Goals and other international standards and best practices for sustainable development.

2. KASE Group shall ensure efficient operation and development of high-quality, reliable, sustainable financial infrastructure in order to support economic development and well-being of financial market participants, paying special attention to ensuring the information security of users and sustainability of the financial infrastructure.
3. KASE Group shall strive to develop the best practices of responsible financing, works to expand the range of financial instruments for sustainable development, contributing to creation and expansion of a market designed to solve environmental and social problems.
4. KASE Group shall promote an expanded access of small and medium-sized businesses and individuals to financial services, as well as attracting investment by small and medium-sized businesses.
5. KASE Group shall contribute to increasing the transparency of the financial market and improving the quality of information disclosed by market participants. KASE Group shall attach great importance to its tasks of improving the financial literacy of the population, training financial market participants, raising their awareness of sustainable development trends, standards and practices, expanding the scope and enriching the content of educational events.
6. Activities of KASE Group shall comply with applicable human rights laws. KASE Group shall be committed to complying with principles of protection and respect of human rights as set out in the UN Guiding Principles on Business and Human Rights.
7. KASE Group shall be committed to promotion of values of diversity and equal opportunity, including promotion of gender equality and inclusion programs, striving to provide opportunities and involve users with disabilities in active use of KASE Group products and services, and promotion of gender balance among employees of KASE Group and in business environment.
8. Organizations that are part of KASE Group shall build labor relations with their employees on the following principles:
 - 1) compliance with the legal labor rights of the employee, including the right to occupational health and safety of workers;
 - 2) provision of equal opportunities and non-discrimination in hiring, remuneration, access to training, promotion, dismissal on grounds such as gender, race, language, religious, political and other beliefs, citizenship, national or social origin, disabilities;
 - 3) fair remuneration and effective motivation of personnel, objectivity in selection, hiring, rotation and promotion of personnel, creation of equal conditions for development and advanced training of employees;
 - 4) availability of effective mechanisms for filing complaints and suggestions, a system of personnel training and development using modern technologies and information management systems.
9. KASE Group shall strive to assist the Republic of Kazakhstan in discharge of its obligations on carbon neutrality, adopted as part of its participation in the Paris Agreement. KASE Group shall make efforts to implement measures to reduce its own carbon footprint, implement activities to develop the carbon units market, and expand the volume of investments in climate projects of listed companies of the Exchange.
10. KASE Group shall share responsibility for the state of the environment, striving to implement a rational consumption model, efficient use of natural resources, reduce volume of waste by taking measures to prevent its formation, reduce it, recycle and reuse it. KASE Group shall strive to practice of procurement of goods, works and services with the best environmental characteristics.

11. KASE Group shall identify corruption risks, implement and support anti-corruption policies and practices, including by raising awareness of its officials, employees, and counterparties in anti-corruption matters. KASE Group shall contribute to anti-money laundering and counter-terrorism financing. KASE Group shall ensure transparency of procurement activities and implement an equal access to procurement procedures by establishing equal competitive opportunities and uniform rules for all participants in the procurement procedure before its conduct. KASE Group shall ensure implementation of the principle of making transparent, timely and adequate decisions free from conflicts of interest.
12. KASE Group shall strive to expand partnerships for sustainable development with participation of many stakeholders to mobilize and disseminate knowledge, experience, technology and financial resources in order to support achievement of sustainable development goals.
13. KASE Group shall provide support to organizations and society through charitable and sponsorship assistance. KASE Group has developed principles for implementation of charitable activities, defined their priority areas and the procedure for interacting with partners in the context of their implementation.

Section 3. SUSTAINABLE DEVELOPMENT ASPECTS MANAGEMENT SYSTEM

Article 7. Development strategy of KASE Group

1. Development Strategy of KASE Group shall be developed and updated taking into account the goals and objectives of KASE Group in sustainable development. Sustainable development management shall be carried out within implementation of the overall development strategy of KASE Group, shall be an integral part of it and shall be designed to achieve the mission and strategic goals and objectives of KASE Group.
2. Sustainable development aspects shall be integrated into strategic planning, corporate governance, risk management, HR management and other areas of KASE Group activity.
3. Sustainable development activities shall be subject to inclusion in the action plan for implementing the development strategy.

Article 8. Corporate governance

1. KASE Group shall stick to the best practices and standards of corporate governance, ethics and business conduct, creating effective internal corporate governance systems and implementing operational processes and policies to ensure activities of KASE Group in sustainable development.
2. Principles of sustainable development shall be reflected in activities of corporate governance bodies. Governance bodies of KASE Group shall be regularly informed about the best practices and standards of sustainable development. Aspects of sustainable development shall be taken into account when developing the structures and defining the tasks of government bodies of KASE Group.
3. KASE Group shall strive to establish gender balance in corporate governance bodies.
4. KASE Group shall strive to build up competencies, knowledge and qualifications of members of the Management Boards of KASE Group organizations in sustainable development.

Article 9. Distribution of responsibilities and sustainable development management system of KASE Group

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1. KASE Group shall manage its impact within the list of material sustainable development topics of KASE Group and risks associated with sustainable development aspects (including climate risks), shall study opportunities arising in the area of development of sustainable development aspects, development of management processes, control and monitoring processes.
2. Issues of sustainable development shall be managed by management bodies, executive bodies, and top managers of the executive bodies of the organizations included in KASE Group subject to competencies established by the laws of the Republic of Kazakhstan and internal documents of KASE Group.
3. The board of directors of the organizations included in KASE Group shall supervise integration of sustainable development principles and implementation of ESG practices in activities of KASE Group by approving this Policy and other documents of KASE Group related to sustainable development aspects.
4. The management board of the organizations included in KASE Group shall form the general sustainable development agenda of the organizations included in KASE Group and shall be responsible for its implementation. The Management Board shall regularly report to the Board of Directors on status of activities and implementation of tasks in the areas of sustainable development. The Management Board of the organizations included in KASE Group shall approve an action plan providing for implementation of activities in sustainable development of KASE Group, and target indicators of KASE Group in aspects of sustainable development.
5. Chairmen of the Management Boards of the organizations included in KASE Group shall manage activities in sustainable development and can delegate management to an official responsible for development and implementation of the action plan in sustainable development.
6. KASE Group has created a permanent working group on sustainable development. Tasks of the working group on sustainable development shall be:
 - 1) development of an annual action plan of KASE Group in main areas of sustainable development of KASE Group and indicators for their implementation;
 - 2) development of target indicators of performance of the organizations included in KASE Group in individual aspects of sustainable development;
 - 3) coordination of actions of KASE Group in implementation of the action plan in the area of sustainable development of KASE Group;
 - 4) provision of regular reports to the management bodies of the organizations included in KASE Group on the state of affairs and implementation of tasks in the areas of sustainable development of KASE Group, assessing progress in achieving target performance indicators for applicable aspects of sustainable development of KASE Group.
7. Structural subdivisions of the organizations included in KASE Group shall implement measures in sustainable development that ensure achievement of the goals and indicators in sustainable development established in the action plan of KASE Group in the main areas of sustainable development.

Article 10. Sustainable development risk management

1. KASE Group shall strive to gain a deeper understanding of sustainability risks.
2. KASE Group shall develop approaches to sustainability risk management, including development of procedures to identify, assess and monitor sustainability risks integrated into the overall risk management system of KASE Group.
3. KASE Group shall regularly assess sustainability risks that may impact products and services of KASE Group, and its operating activities.

4. KASE Group shall cooperate with regulators, industry associations and international organizations to share best practices in sustainability risk management.

Section 4. DISCLOSURE OF INFORMATION ABOUT SUSTAINABILITY OF KASE GROUP

1. KASE Group shall strive to qualitatively disclose information about existing sustainability practices of KASE Group, as well as its progress in implementing sustainability plans.
2. Approaches of KASE Group to disclosure of information about sustainable development shall be based on international standards, including commitment of KASE Group to:
 - 1) accurate and sufficiently detailed disclosure of information about its impact on the economy, environment and society;
 - 2) balanced disclosure, informing stakeholders of all aspects of its impact on the economy, environment and society;
 - 3) clear and understandable presentation of information about its impact on the economy, environment and society;
 - 4) ensuring that information in its sustainability reports is consistent and allows stakeholders to track progress of KASE Group on sustainable development aspects;
 - 5) ensuring that the information in its sustainability reports is as complete as possible and sufficiently allows stakeholders to assess approaches of KASE Group to sustainable development aspects;
 - 6) regular publication of sustainability reports, as well as information about its policies and other documents regulating aspects of sustainable development of KASE Group on its corporate website.
3. KASE Group shall strive to qualitatively disclose significant information about sustainability risks (including climate risks). In the sustainability report, KASE Group shall disclose information:
 - 1) about processes for identification and assessment of sustainability risks (including climate risks);
 - 2) with respect to climate risks – about applicability of scenarios related to climate change.

Section 5. FINAL PROVISIONS

4. Issues not regulated by this Policy shall be resolved subject to the laws of the Republic of Kazakhstan, charters of the organizations included in KASE Group, internal documents, as well as decisions of the bodies and officials of the organizations included in KASE Group, adopted in the established manner within their competence.
5. KASE Group will improve this Policy taking into account changes in the laws of the Republic of Kazakhstan and occurrence of new standards in sustainable development in international and national practice, guided by interests of the shareholders of KASE Group and other stakeholders.
6. This Policy shall take effect from the moment of its approval.

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7. This Policy shall be updated as necessary. This Policy shall be reviewed for the need for updating at least once every three years, to be counted from the date of its entry into force, and in case of update - from the date the latest version of the Policy takes effect.

Chairperson of KASE Management Board

Aldambergen A.U.

Chairperson of KACC Management Board

Khoroshevskaya N.Yu.