Appendix No. 20

to the decision of

the Board of Directors of

Otbasy Bank JSC

(Minutes No. 17) dated 27.12.2023

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**Sustainable Development Policy of Otbasy Bank JSC**

**Almaty, 2023**

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# **Section 1. General Provisions**

# **Chapter 1. Scope**

1. This Sustainable Development Policy of Otbasy Bank JSC (hereinafter referred to as the Policy) has been developed in accordance with the legislation of the Republic of Kazakhstan, the Policy of National Managing Holding Baiterek Joint Stock Company (hereinafter referred to as the Holding) in the field of sustainable development, approved by the decision of the Board of Directors of the Holding (Minutes of Meeting No. 10/20 dated 26.11.2020), and other internal documents regulating the activities of Otbasy Bank JSC (hereinafter referred to as the Bank), as well as taking into account the requirements of the UN Global Compact, the UN Principles of Responsible Investment, the AA 1000 Series of Standards, the International Standard ISO 26000:2010 "Guidelines on Social Responsibility", the Reporting Standards in the field of Sustainable Development of the Global Reporting Initiative (GRI Standards), Guidelines on disclosure of information in the field of Environmental, Social and Corporate Governance (ESG) for banks and other financial organizations, Standards of the International Finance Corporation on Environmental and Social Sustainability, the UN Sustainable Development Goals, the Working Group on Financial Disclosure Related to Climate Change (Task Force on Climate-related Financial Disclosures / TCFD), Accounting Standards in the field of sustainable development for commercial banks, adopted by the Sustainability Accounting Standards Board (SASB), as well as achieving carbon neutrality of the Republic of Kazakhstan until 2060.
2. The purpose of this Policy is to define the fundamental norms, principles, rules and approaches that the Bank should adhere to in building a management system in the field of sustainable development.
3. The provisions of this Policy are mandatory for use by all employees of the Bank in the planning and implementation of their activities, the development of internal documents, the dissemination of information and other types of communications.
4. Objectives of this Policy:
5. to define the principles and directions of the Bank's activities in the field of sustainable development, including in terms of creating an effective and transparent system of interaction with stakeholders;
6. to consolidate the roles, competencies, and responsibilities of each body and all employees of the Bank for the implementation of the principles of sustainable development;
7. to determine the relationship between sustainable development and the Bank's key processes.
8. In solving tasks in the field of sustainable development, the Bank relies on its mission, the provisions of the Bank's Development Strategy, and also uses international standards of conduct and principles enshrined in international standards in the field of sustainable development.
9. The Bank considers the use of international standards in the field of sustainable development as a necessary condition to ensure that its activities comply with the best international practices and achieve the goals and objectives in the field of sustainable development.
10. The provisions of this Policy should be taken into account when developing the Bank's internal documents in terms of identification, assessment and risk management, budgeting, planning, decision-making in terms of environmental, social, safety and labor protection issues, ensuring economic efficiency, interaction with stakeholders, development and implementation of corporate and functional efficiencies related to ESG functions.
11. The following basic terms and definitions are used in this Policy:
12. The UN Global Compact – the largest international initiative in the field of sustainable development, which aims to introduce ten basic principles in the field of human rights, labor relations, environmental protection and anti-corruption into the business community.
13. stakeholder – individuals and legal entities or groups of persons who influence the Bank and its activities and/or are influenced by the Bank (for example, employees, customers, counterparties, etc.).
14. The stakeholder map is a tool that allows you to systematize and visualize information about the Bank's environment in order to develop a strategy for working with each of the stakeholders.
15. competitors – individuals or legal entities whose field of activity, interests and goals are identical in the field of activity, interests and goals of the Bank.
16. counterparties – individuals or legal entities that have assumed certain obligations under the agreement (for example, suppliers, partners).
17. The concept of a "green office" – an integrated approach that includes both technical and motivational and educational activities aimed at increasing the level of environmental awareness of employees.
18. The international standard ISO 26000:2010 "Guidance on social responsibility" – a standard defining the principles of social responsibility, the main topics and problems related to social responsibility and ways to integrate socially responsible behavior into the strategies, systems, practices and processes of the organization.
19. The International Finance Corporation – an international financial institution, part of the World Bank Group, which activities focus exclusively on the private sector of developing countries.
20. management – the Chairman, members of the Management Board and Managing Directors of the Bank who are not members of the Management Board.
21. management body – the Board of Directors.
22. the UN Principles of Responsible Investment (UN PRI Principles) – a set of principles based on consideration of environmental and social factors, as well as factors of good corporate governance at all stages of investment activity.
23. precautionary principle – the principle implies the adoption of effective measures to prevent environmental degradation, preventive actions to control environmental disasters, even in the absence of their full scientific rationale.

13) The AA1000 Series of standards is a set of tools and standards for managing non-financial reporting and ensuring its quality, developed by the Accountability Institute (Institute of Social and Ethical Reporting). The AA1000 series of standards includes:

* Accountability Principles Standard AA1000 (AA1000AP);
* AA1000 Verification Standard (AA1000AS);
* The AA1000 Stakeholder Engagement Standard (AA1000SES).

14) Reporting standards in the field of sustainable development of the Global Reporting Initiative (GRI Standards) – a set of standards comprising 3 (three) universal standards applicable to all organizations and including principles and requirements for reporting, common elements of disclosure and information about the management approach and 33 thematic standards containing a series of standards on economic disclosure, environmental and social topics.

15) sustainable development – a development in which the Bank manages the impact of its activities on the environment, economy, and society and makes decisions taking into account the interests of stakeholders. Sustainable development must meet the needs of the current generation without depriving future generations of the opportunity to meet their needs.

16) ESG factors – a set of principles of environmental efficiency and environmental protection, social orientation and good corporate governance based on standards recognized by the international community.

17) The UN Sustainable Development Goals (SDGs) – 17 goals and 169 targets adopted within the framework of the 2030 Agenda for Sustainable Development and aimed at eliminating poverty, preserving the planet's resources and ensuring well-being for all.

18) Guidelines on disclosure of information in the field of environmental, social and corporate governance (ESG) for banks and other financial organizations – guidelines approved by Order of the Chairman of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market No. 291 dated 28.04.2023, intended for disclosure of ESG information – non-financial information in the field of sustainable development, by banks and other financial institutions, in relation to commercial and retail banking (including brokerage and trade finance), as well as microfinance.

19) Task Force on Climate-related Financial Disclosures (TCFD) – reporting standards that disclose information about the possible impact of climate change on the global economy.

20) Sustainability Accounting Standards Board (SASB) – a non-profit organization founded in 2011 to develop [accounting standards for sustainable development](https://en.wikipedia.org/wiki/Sustainability_accounting).

21) The Strategy for achieving Carbon neutrality of the Republic of Kazakhstan until 2060 – a strategy of the Republic of Kazakhstan aimed at preventing the catastrophic consequences of global climate change, approved by Decree of the President of the Republic of Kazakhstan No. 121 dated 02.02.2023.

22) Efficiency in the field of ESG – measurable indicators that allow evaluating the effectiveness of goals, actions, initiatives and activities in the field of ESG.

23) The Public Council of the Bank – a permanent advisory body of the Bank, as well as a public control body of the Bank's activities. The objectives of the Council's activities are to increase the transparency of the Bank's activities, strengthen public confidence in the Bank and fully inform the public and any interested organizations about the Bank's activities.

1. The following abbreviations are used in this Policy:
2. CGC – The Bank's Corporate Governance Code;
3. Efficiency – key performance indicators;
4. IFC – International Finance Corporation;
5. UN – United Nations;
6. Development Strategy – the Bank's Development Strategy for 2024-2033;
7. ESG – Environmental, Social and Governance;
8. GRI – Global Reporting Initiative;
9. TCFD – Task Force on Climate-related Financial Disclosures;
10. SASB – Sustainability Accounting Standards Board;
11. SDGs – Sustainable Development Goals.

# **Chapter 2. The Bank's goals and objectives in the field of sustainable development**

1. The sustainable development of the Bank – a set of principles and obligations that guide the Bank in carrying out its activities, in terms of:
2. managing relationships with stakeholders;
3. assessment and management of the impact on the national economy, the social sphere and the environment.
4. The Bank ensures consistency of its economic, environmental and social goals for sustainable development in the long term.
5. The economic component of the Bank's sustainable development contains the following objectives:
6. ensuring the break-even activity of the Bank;
7. ensuring the interests of the Sole Shareholder and investors;
8. improving the efficiency of processes;
9. increased investment in innovation and the development of better technologies;
10. increased investment in sustainable and efficient infrastructure;
11. improving labor efficiency;
12. maintaining sustainable employment and creating new jobs;
13. investments in training, professional development and education of employees;
14. cost optimization through the introduction of sustainable development practices;
15. Expanding global partnerships to share knowledge, experiences and technologies in the field of sustainable development.
16. The environmental component of the Bank's sustainable development contains the following objectives:
17. minimizing the impact on biological and physical natural systems;
18. responsible consumption and optimal use of limited resources;
19. the use of environmentally friendly, energy- and material-saving technologies;
20. increase transparency and accountability in their environmental practices;
21. raising environmental awareness among the Bank's employees.
22. The social component of the Bank's sustainable development contains the following objectives:
23. following ethical principles in their activities, including in relation to employees;
24. inclusive development to provide equidistant access to services;
25. ensuring transparent competitive procedures and equal employment opportunities;
26. fair remuneration and respect for the rights of employees based on the principles of inclusivity;
27. ensuring occupational safety and preserving the health of employees;
28. training and professional development of employees;
29. implementation of internal and external social programs.
30. The Bank's objectives in the field of sustainable development are:
31. integration of the principles of sustainable development into the Bank's activities;
32. conducting an analysis of activities and risk control in the context of the three components of sustainable development;
33. improving the quality of sustainable development management through the organization of systematic work;
34. creation of mechanisms for effective interaction of the Bank with stakeholders, including regular information on the results of activities in the field of sustainable development.

# **Chapter 3. Principles of sustainable development**

1. Within the framework of its activities, the Bank is guided by the following principles of sustainable development, enshrined in the Bank's CGC: openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance to corruption, and inadmissibility of conflicts of interest.
2. The Bank also declares its commitment to the principles of the UN Global Compact in its activities:
3. in the field of human rights protection:

* The Bank ensures and respects the protection of human rights proclaimed at the international level;
* The Bank ensures non-involvement in human rights violations.

1. in the field of labor relations:

* The Bank supports and recognizes the right to conclude collective agreements;
* The Bank stands for the complete elimination of child labor and any discrimination in the field of labor and employment;
* The Bank supports and recognizes the right to traineeships and internships for students, graduates of higher educational institutions or other specialists.

1. in the field of environmental protection:

* The Bank supports a precautionary approach to environmental issues;
* The Bank is taking initiatives aimed at increasing responsibility for the state of the environment;
* The Bank promotes the development and dissemination of environmentally-friendly technologies.

1. in the field of anti-corruption:

* The Bank declares intolerance to all forms of corruption and other illegal actions, including extortion and bribery.

# **Chapter 4. The main elements of the Bank's ESG system**

1. The management system in the field of sustainable development includes, but is not limited to the following elements:
2. the Bank's commitment to ESG principles at all levels of management;
3. identification of ESG risks;
4. creating a stakeholder map and interacting with stakeholders;
5. defining sustainable development goals and efficiencies;
6. implementation of sustainable development initiatives;
7. integration of sustainable development into the Bank's business processes;
8. professional development of the Bank's employees in the field of sustainable development;
9. organization of the annual reporting process in the field of sustainable development;
10. measuring performance in the field of sustainable development and obtaining an ESG rating;
11. improving the process of sustainable development.
12. Ensuring the Bank's sustainable development is one of the Bank's goals. The Bank declares its commitment to 17 UN Sustainable Development Goals. Of the mentioned 17 goals, the Bank focuses on 9 Sustainable Development Goals, which, due to the specifics of its activities, the Bank may influence on:

* poverty eradication;
* good health and well-being;
* quality education;
* gender equality;
* decent work and economic growth;
* industrialization, innovation and infrastructure;
* sustainable cities and towns;
* responsible consumption and production;
* partnership for sustainable development.

1. Information on the Bank's impact on the UN SDGs affecting the Bank's activities is provided in the Bank's annual Sustainability Report.
2. To measure the effectiveness of ESG activities and assess the contribution to the implementation of the priority UN SDGs, the Bank determines the efficiency with target values.
3. Efficiency in the field of ESG is integrated into the system of strategic, medium-term planning and employee motivation system.
4. The efficiency in the field of ESG should be:

* accessible, namely understandable to all interested parties;
* relevant from the point of view of data collection systems and not contradict other strategic indicators and goals;
* comparable for the possibility of conducting a comparative analysis with other second-tier banks;
* reflect the expectations of stakeholders.

# **Chapter 5. Interaction with stakeholders**

1. In order to implement a successful and effective sustainable development policy, the Bank pays due attention to interaction with stakeholders.
2. In order to determine the list of stakeholders, the degree of their influence and spheres of influence on the interests of the Bank, a Map of the Bank's stakeholders is being developed, approved by the Bank's Management Board.
3. The Bank identifies three groups of stakeholders depending on the area of impact:
4. area of authority and responsibility (Sole shareholder, management body, management, staff);
5. the area of direct impact (government agencies, investors, financial institutions, suppliers, partners, customers, consumers, auditors, consulting organizations);
6. the area of indirect impact (population, public organizations, mass media, competitors).
7. When assessing the importance of stakeholders, the Bank ranks stakeholders according to two factors: the degree of support/opposition of the stakeholder, and an assessment of the strength of its influence on the Bank.
8. Based on the assessment of the importance of stakeholders, the structural divisions of the Bank determine the directions of interaction with stakeholders, depending on the specifics of their activities.
9. The main forms of interaction with stakeholders are: joint programs and projects, memorandums of cooperation, joint working groups, reporting on activities, meetings, sessions, publications, interviews, and etc.
10. The main areas of interaction with stakeholders are: strategic planning, financial activities, project management, supply of goods, works and services, lawmaking, operational activities, interaction with the media.
11. The Bank annually sends questionnaire forms to the main stakeholders, determined by the structural unit in charge of activities in the field of sustainable development, in order to determine the degree of interest of stakeholders, including in issues of sustainable development.
12. The process of organizing the Bank's interaction with stakeholders is based on the principle of engagement, which implies taking into account the interests of stakeholders at all stages of the Bank's management process and involving stakeholders in discussing significant topics and important issues, potential risks and limits to the responsibility.
13. In turn, engagement is achieved by compliance with the following three principles:
14. essentiality. The Bank clearly defines its stakeholders and understands which stakeholders' interests are essential.
15. completeness. In the course of its activities, the Bank pays attention to the concerns of stakeholders, namely, understands their views, needs and expected results of activities, as well as opinions on significant issues.
16. response. The Bank consistently responds to all significant issues of stakeholders.
17. In order to organize the management of relations with stakeholders, the Bank focuses its activities on the following basic principles:
18. respects and takes into account the interests of all stakeholders;
19. strives to actively inform target audiences about its activities;
20. ensures objectivity, reliability, independence and a high level of information transparency regarding the implementation of government programs, certain internal procedures (procurement, competitive selection among external candidates for employment, provision of financial and non-financial services), as well as the use of financial resources;
21. ensures open and productive cooperation with all stakeholders;
22. fulfills its obligations to stakeholders;
23. receives feedback from stakeholders on a regular basis.
24. When formalizing approaches to managing the impact on stakeholders, the Bank proceeds from the need to comply with the requirements defined below.
25. When interacting with the Sole Shareholder and government agencies:
26. The Bank provides reliable information on the results of financial and economic activities in accordance with the requirements of the legislation of the Republic of Kazakhstan, the charter and internal documents of the Bank;
27. The Bank ensures the implementation of the rights of the Sole Shareholder within the framework of corporate governance principles aimed at effective key decision-making;
28. The Bank provides additional information on plans, achievements, business problems, as well as research by other organizations on the Bank's activities, with the exception of confidential information received from other organizations within the framework of agreements and/or agreements on information disclosure and/or confidentiality agreements in compliance with the banking legislation of the Republic of Kazakhstan;
29. The Bank participates in international ratings in the field of sustainable development and credit ratings.
30. When interacting with investors and counterparties:
31. The Bank sufficiently discloses up-to-date information about its financial condition, dividend policy and credit history;
32. The Bank's financial and management reports are prepared and provided in a timely manner in accordance with legislative and regulatory requirements, while the financial statements are reviewed by independent auditors;
33. information on the influence of the Sole Shareholder and other interested parties (republican, local authorities), as well as on the procedure for monitoring and approving transactions with interested parties is known, transparent and accessible, within the framework of the banking legislation of the Republic of Kazakhstan;
34. The Bank carries out proactive communication of approaches to making investment and strategic decisions;
35. The Bank faithfully fulfills its contractual obligations to business partners;
36. The Bank ensures information transparency, openness, equality, fairness, non-discrimination and unjustified restrictions on competition in strict accordance with the legislation of the Republic of Kazakhstan;
37. The Bank adheres to the principles of corporate governance and improvement of the corporate governance system in accordance with the world's leading practice.
38. When interacting with customers and consumers:
39. the Bank's services are available to consumers;
40. the Bank ensures the security of consumer data and commercial information in order to protect their leakage and misuse;
41. The Bank provides services of the same quality and the same level of service without discrimination to all groups of consumers;
42. The Bank contributes to improving the quality of service and public service, which is reflected in improving customer service standards;
43. The Bank provides customers with information about new tools and operating principles on a regular basis;
44. The Bank promotes the improvement of financial literacy of consumers and its clients to the best of its abilities and in accessible forms;
45. The Bank evaluates the satisfaction of the Bank's customers on a regular basis.
46. When interacting with employees:
47. the Bank provides an open, transparent HR policy aimed at the formation of qualified and motivated personnel;
48. the Bank provides all employees with equal opportunities to realize their potential in the course of their work, an impartial and fair assessment of their activities;
49. the selection and career development of employees in the Bank is carried out solely on the basis of professional abilities, knowledge and skills;
50. effective communication and employee interaction is ensured by organizing internal corporate sources of regular employee information and communication channels, including through the operation of an internal corporate portal (intranet), regular study of employee opinions and suggestions, and organization of work groups.
51. When interacting with the public:
52. the Bank effectively and promptly interacts with the public;
53. the Bank is actively involved in the implementation of socially significant projects;
54. responses to requests sent to the Bank are provided in a timely manner and in full;
55. the Bank organizes regular meetings with the public (round tables, briefings, posting information in the public domain) to discuss the progress of the implementation of programs, exchange views;
56. the Bank's sponsorship and charitable activities are aimed at helping vulnerable segments of the population and financially disadvantaged citizens, reviving national values, and supporting culture, science, and education;
57. the Bank, together with the Public Council of the Bank, consisting of representatives of the Bank, non-profit organizations, the media and the Bank's clients, ensures the transparent operation of the Bank.

# **Section 2. The Bank's activities in the field of sustainable development**

# Chapter 1. **Economic, environmental and social components of sustainable development**

# **Article 1. Promoting the sustainable development of the national economy**

1. As part of its activities, the Bank has a significant impact on the development of regions, in connection with which the Bank periodically evaluates the multiplier effect on related industries and the economy as a whole.
2. The Bank is actively working to attract investments and promote financial instruments both in the domestic and foreign markets, realizing the importance of disclosing non-financial information for investors. As part of its commitment to the principles of sustainable development, the Bank annually publishes a sustainable development report, as well as the Bank's Sustainable Development Action Plan, which is updated on an annual basis.
3. In achieving the goal of cost-effective and sustainable operations, the Bank follows international best practices in environmental and social issues, as well as in corporate governance (ESG factors).
4. The Bank strives to introduce and integrate ESG factors and the project prioritization tool, the Development Index, into the decision-making process for providing financial support, including by familiarizing the Bank's counterparties with ESG factors and the Development Index.
5. The Bank expects its counterparties to:
6. apply the environmental risk management system to identify, assess actual and possible impacts on the environment and society, identify and effectively implement appropriate management measures, control and level of environmental risks;
7. apply a human resource management system and ensure (preserve) the health of employees, which should be based on respect for the rights of employees, including freedom of association and the right to conclude collective agreements; this system should ensure fair treatment of employees, the creation of safe and healthy working conditions for them, the warning and prevention of adverse effects on the health and safety of groups population and consumers;
8. apply a system of good corporate governance based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence; good corporate governance implies respect for the rights and interests of all persons interested in the organization's activities and contributes to its successful operation, including the growth of its market value, maintaining financial stability and profitability.

# **Article 2. Managing your own environmental impact**

1. Due to the nature of its activities, the Bank does not have a direct significant impact on the environment. The main resources consumed by the Bank are electricity, thermal energy and water.
2. The Bank applies principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts.
3. In its activities, the Bank strives to reduce excessive consumption of resources and minimize the existing negative environmental impact through the introduction of energy-efficient technologies, reduce water consumption, reduce paper consumption for office needs through the introduction of an electronic document management system and the practice of double-sided printing.
4. The Bank is considering the possibility of introducing the concept of a "green office", an important component of which is an information campaign aimed at increasing the level of environmental awareness of employees.

# **Article 3. Responsible work practice**

1. Employees are the main value and the main resource, the results of the Bank's activities directly depend on the level of their professionalism and safety.
2. The Bank builds labor relations with its employees based on the principle of legality and observance of generally recognized labor rights of the employee. The Bank recognizes, values and actively supports inclusivity within the organization and strives to create a working environment in which all employees feel accepted, respected and can fulfil their potential. The Bank strives to contribute to the achievement of equality goals aimed at the sustainable institutional development of the Bank.
3. In carrying out its activities, the Bank is guided by the principle of providing equal opportunities and does not discriminate against its employees when hiring, paying wages, providing access to training, promotion, dismissal on grounds such as gender, race, language, religious, political and other beliefs, citizenship, national or social origin, and disability. The Bank promotes gender equality in the implementation of the Bank's activities and builds a process in which, in any planned event or project, the needs of women are taken into account as well as the needs of men.
4. The structural division of the Bank responsible for recruitment uses an extensive set of search and recruitment channels to attract the most qualified candidates.
5. In order to further develop and promote professional staff, a candidates pool of the best employees has been created within the Bank.
6. The Bank has a system of continuous staff training and development using modern technologies and information management systems.
7. The Bank uses advanced forms of training - training internships, coaching, case studies, brainstorming, etc.
8. The training and professional development of the Bank's employees is based on the following principles:
9. compliance of the topic and content of training events with the needs defined in accordance with the employee's job responsibilities, the results of evaluating its activities (efficiency maps), goals and objectives set for the employee;
10. The focus of the training activities is on solving specific tasks that ensure an increase in the efficiency of the Bank's activities, studying the best corporate practices and standards;
11. systematic, applied, planned nature of training and professional development;
12. coverage of the maximum possible number of Bank employees with training and professional development programs.
13. The training process at the Bank is based on the annual assessment of employees by competencies.
14. The increase in the level of labor productivity of employees is carried out through a fair and systematic assessment of activities through the use of efficiency, personnel certification and motivational measures.
15. In order to ensure fair and competitive remuneration for work, the Bank has implemented a grading system, regularly reviews salaries in the market and in a comparable industry, and conducts motivational research.
16. The Bank takes measures to ensure the proper organization of employees' work in the workplace and strives to create safe working conditions that meet the requirements of the legislation of the Republic of Kazakhstan in this area.
17. The Bank documents and investigates all incidents and problems related to occupational safety and health in order to minimize or eliminate them.
18. The Bank provides the necessary training for employees in the field of occupational safety and health, including training and advanced training of employees in this field.

# **Article 4. Responsible business practices**

1. The Bank identifies corruption risks, implements and supports anti-corruption policies and practices.
2. Managers at all levels of the Bank set an example of anti-corruption behavior to their subordinate employees, as well as demonstrate commitment, encouragement and supervision of the implementation of anti-corruption policy.
3. The Bank raises awareness of its officials, employees, and counterparties on the issues of corruption and its control.
4. The Bank regularly trains employees to eliminate corruption.
5. The Bank has feedback mechanisms through which officials, employees and counterparties of the Bank, as well as individuals and legal entities may provide information about possible corruption offenses committed by any official, employee of the Bank, representative of the counterparty of the Bank.
6. The Bank's officials and employees are responsible for making transparent, timely and adequate decisions, free from conflicts of interest.

# **Section 3. Mechanisms for the Policy implementation**

# **Chapter 1**. **Distribution of responsibility**

1. Sustainable development management in the Bank is carried out within the framework of the general management system of the Bank's activities and is an integral part of it.
2. The Management Board of the Bank ensures the formation of an appropriate sustainable development management system and its implementation.
3. The Management body of the Bank provides strategic guidance and control over the implementation of sustainable development. The Management Board of the Bank approves the relevant action plan in the field of sustainable development.
4. The Bank's Strategy and Corporate Development Committee is responsible for coordinating sustainable development activities, reviewing and organizing ESG issues, preparing recommendations for the Bank's Management Board on approving strategic ESG policy documents, determining efficiency and strategic goals for ESG, the approval of which falls within the competence of the Management Body.
5. The head of the structural division of the Bank, who oversees the direction of activities in the field of sustainable development, is responsible for ensuring the management of this Policy, as well as coordinates approaches to achieve goals and efficiencies for ESG initiatives and controls the implementation of corporate standards in the field of ESG, controls the preparation of a sustainable development report.
6. The structural divisions of the Bank execute an ESG action plan that ensures the achievement of efficiency in the field of sustainable development set out in the Bank's Development Strategy, implement the ESG system, and identify risks in the field of ESG.
7. The heads of the relevant structural divisions of the Bank are personally responsible for the implementation of measures and achieving efficiency in the field of sustainable development within their competencies.
8. The structural divisions of the Bank provide information on the results of the implementation of measures in the field of sustainable development, as well as information for inclusion in the annual report and the report on the sustainable development of the Bank at the request of the structural unit in charge of the Bank's sustainable development activities, if necessary, make proposals to improve the Bank's activities in this area.
9. The structural unit in charge of the Bank's sustainable development activities performs the following functions:
10. carries out planning of activities in the field of sustainable development - analysis of the internal and external situation, definition of goals, as well as targets in the field of sustainable development, measures to improve and better activities on the three components of sustainable development, responsible persons, necessary resources and deadlines;
11. coordinates the activities of the Bank's structural divisions aimed at achieving the goals and objectives of this Policy;
12. prepares a report on the implementation of the action plan and efficiency in the field of sustainable development;
13. prepares the Bank's annual report with the inclusion of a section on sustainable development;
14. prepares a report on the Bank's sustainable development;
15. together with the Human Resources and Organizational Management unit, conducts training seminars for Bank employees in order to improve the skills of Bank officials and employees in the field of sustainable development with the involvement of external trainers or independently;
16. interacts with the Bank's structural divisions on sustainable development issues, including the coordination of internal documents and plans of the Bank's activities in the field of sustainable development;
17. interacts with international organizations, institutions, and agencies on sustainable development issues.

# **Chapter 2**. **Integrating the principles of sustainable development into key processes**

1. The Bank integrates the principles of sustainable development into the Development Strategy and key processes of the Bank, including planning, reporting, risk management, investments, operational activities, culture of the Bank and others, as well as into decision-making processes at all levels, starting from the bodies (Sole Shareholder, Management body, Management Board), and ending with ordinary employees in such a way as to balance short-term and long-term interests, as well as to take into account environmental, social and managerial aspects in the decision-making process.
2. ESG principles are integrated into the following key business processes of the Bank (but not limited to):

* planning and strategic analysis;
* risk management;
* internal control;
* personnel management;
* procurements;
* information security; and
* compliance control.

# **Article 1. Decision-making processes**

1. The decision-making process in the Bank is based on the following:
2. commitment to the principles of sustainable development is established by the authorized bodies of the Bank;
3. The decision-making process contributes to the efficient use of financial, natural and human resources;
4. The Bank provides equal gender opportunities, equal opportunities for people with disabilities and does not allow discrimination on the basis of the ethnic origin for leadership positions;
5. The Bank has established two-way information exchange processes with stakeholders that will help identify areas for interaction improvement;
6. The Bank periodically analyzes and evaluates management processes, if necessary, adjusts processes and brings relevant information to all interested parties.

# **Article 2. Development strategy and Planning**

1. Strategic integration involves updating the Bank's Development Strategy, taking into account the Bank's goals and objectives in the field of sustainable development.
2. Sustainable development activities are included in the Bank's Development Plan.

# **Article 3. Corporate governance**

1. The Bank's sustainable development management system is inextricably linked to the corporate governance system.
2. One of the fundamental principles of the CGC of the Bank is the principle of sustainable development.
3. All employees and officials at all levels contribute to sustainable development.

# **Article 4. Operational activities**

1. The selection of suppliers of goods, works, and services is carried out by the Bank in accordance with the requirements of the legislation of the Republic of Kazakhstan and internal documents, and is based on the principles of optimal and efficient spending of money used for procurement, openness and transparency of the procurement process with the observance of rights and (or) legitimate interests of suppliers for commercial secrets, as well as providing potential suppliers with equal opportunities to participate in the procurement procedure.
2. The Bank is considering the possibility of including the principles of sustainable development in relevant contracts (agreements, treaties) with partners to increase consistency with the Sustainable Development Goals.

# **Article 5. Risk management and internal control**

1. The Bank's actions affect the interests of interested parties and may be the target for criticism on their part. Criticism of stakeholders is considered by the Bank as a source of possible negative impact on its reputation. The main type of risk of the Bank in the field of sustainable development is reputational and ESG risks associated with a decrease in the level of trust of the target audience in the Bank's activities and the adverse environmental impact of the Bank as a result of its activities.
2. One of the tools for managing reputational and ESG risks is:

* conducting an ongoing dialogue with stakeholders, including monitoring the media, reviewing appeals, conducting surveys and meetings with stakeholders;
* application of the principles of rational consumption of resources, environmental education of employees, provision of equal opportunities, protection of workers' rights, proper organization of work in the workplace, making transparent decisions free from conflicts of interest, gender equality, coverage of the Bank's activities to a wide range of stakeholders.

1. Other risks determined by the Bank's internal documents may be considered as other risks affecting the Bank's sustainable development in the long term.
2. In order to manage risks in the field of sustainable development, the Bank analyzes both internal and external factors affecting the Bank's risks and takes measures to minimize them.
3. The procedure for monitoring, controlling and managing reputational and ESG risks is defined by the Bank's internal documents.

# **Article 6. Financial support**

1. The Bank does not provide financial support.
2. The Bank strives to apply best international practices in the field of environmental protection and the social impact of its services within the framework of its activities in accordance with the laws of the Republic of Kazakhstan "On Housing Construction Savings in the Republic of Kazakhstan", "On Banks and Banking activities in the Republic of Kazakhstan" and the Bank's Charter.
3. The Bank intends to consistently expand its participation in international initiatives in the field of sustainable development, including by joining initiatives related to the application of responsible investment practices.

# **Chapter 3. Disclosure of information in the field of sustainable development**

97. This Policy of the Bank is open to the general public and is posted on the corporate website.

98. The Bank regularly discloses to stakeholders the results of the implementation of this Policy in the relevant section of the corporate website, as well as in the annual report and the Report on the Sustainable Development of the Bank.

99. The Bank's approaches to the formation of the annual report and the Sustainable Development Report are based on international information disclosure standards - GRI, TCFD, SASB standards.

# **Section 4. Final provisions**

100. This Policy comes into effect from the moment of its approval.

101. The Bank strives to implement the provisions of this Policy in its activities.

102. The Bank will improve this Policy taking into account changes in the legislation of the Republic of Kazakhstan and the emergence of new standards in the field of sustainable development in international and national practice, guided by the interests of the Sole Shareholder, the Bank and other stakeholders.