Assessment of ESG factors and their impact on venture capital investments and the market in various sectors of Kazakhstan

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# Introduction

* 1. **Definition of ESG principles**

The long-term drive of global economic development to increase profits and reduce costs has led to significant degradation of the natural and social environment. Environmental problems, global climate change, and social inequality are just some of the systemic crises the world is facing in the late 20th and early 21st centuries. These challenges have led to a revision of global approaches and an awareness of the importance of sustainable development.

The idea of sustainable development was formed under the influence of a number of important events and initiatives. The key points were the report "Frontiers of Growth" by the Club of Rome (1972), which warned of possible exhaustion of resources, and the Stockholm United Nations Conference on the Environment (1972), which raised environmental issues. Brandtland Report (1987) focused on sustainable development, and the Rio de Janeiro Summit (1992) led to the adoption of important international agreements. As a result, the United Nations Sustainable Development Goals (2015) were developed and adopted, setting the world community the task of eliminating poverty, protecting the planet and ensuring well-being for all by 2030. These and other initiatives have highlighted the need to change economic and social models to preserve nature and ensure a sustainable future. Successful implementation of these goals requires not only the use of public resources, but also the reorientation of financial flows into sustainable projects. In this regard, countries and international organizations have made significant strides in creating a socially and environmentally responsible financial system, which is confirmed by the EU Action Plan on Financing Sustainable Growth for 2018.

Success in solving global problems largely depends on the integration of environmental,

social and managerial factors (ESG) in corporate strategy and business model, as well as from effective risk management. In 2004, the UN Global Compact and the Swiss Federal Department of Foreign Affairs published the report "Who Cares Wins", where the term "ESG" was first introduced. The report offers recommendations to financial institutions on how to integrate ESG issues into investment processes. Financial institutions should systematically take into account environmental, social and managerial factors supported by the commitment of management. After the adoption of the UN Principles of Responsible Investment in 2006, the ESG concept became popular, and by September 2021, more than 4,360 organizations had joined them.

The ESG includes three components: Environmental, Social, and Governance (corporate governance). Each aspect has its own key

principles and areas of impact that are determined by the internal needs of companies and the external requirements of stakeholders. The International Finance Corporation (IFC) defines ESG as a set of factors that companies consider when managing their operations and investors when making investments in relation to risks, impacts and opportunities.

The ESG aspects represent groups of factors contributing to companies' transition to a long-term business model, reducing financial risks, maintaining investment attractiveness, and establishing trusting relationships with all stakeholders. They are taken into account by companies when managing their activities and by investors when making investments.

* **Environmental aspects:** changes in the physical or natural environment (e.g. pollution, impacts on biodiversity, carbon emissions, waste generation, climate change, use of natural resources).
* **Social aspects:** changes in the surrounding community and among workers (e.g., health and safety, supply chain, diversity and inclusivity).
* **Governance aspects:** The governance structures and processes by which companies are led and controlled (e.g., the structure and diversity of boards of directors, ethical behavior, risk management, information disclosure, and transparency).

All these components are united by a common idea of ethical business conduct, which is becoming increasingly important in the modern world. Ethical business conduct not only reflects an understanding of social responsibility, but is also a key catalyst for building stable and long-term relationships with investors, customers, employees, and society.

As a result, there is a tendency to harmonize ESG and regulatory practices through the assimilation of legislation and the release of various international standards, recommendations and reviews of best practices. For example, there are recognized international standards in the field of ESG information disclosure, such as the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Standards of the Global Reporting Initiative (GRI), the Industry Standards of the Standards Council. Sustainability Accounting Standards Board (SASB) and others. The principles of responsible investment guide the integration of ESG into investment activities, and the Principles of Green Bonds of the International Association of Capital Markets apply to the issuance of green bonds.

# ESG in the world

According to the Economist Business Intelligence, ESG's assets exceeded $35 trillion in 2020, up from $30.6 trillion in 2018 and $22.8 trillion in 2016. This represents a third of the total global assets under management, according to the Global Association for Sustainable Investments and analysts at Bloomberg Intelligence. The report notes that with growth of 15%, which is a third of the pace over the past five years, ESG assets could exceed $50 trillion by 2025.

One of the main aspects of the role of ESG in modern business is its impact on the financial performance of companies. Research shows that companies that integrate ESG principles are more successful in attracting investments, and their financial stability becomes more predictable. This confirms the trend that investors are increasingly evaluating not only financial performance, but also the ability of companies to effectively manage their environmental impact, social relations, and corporate processes.

The importance of ESG continues to grow, and investors and stakeholders are demanding greater transparency in providing information about ESG to evaluate and compare performance. Research shows that companies that adhere to ESG principles are more likely to attract investments and support investors focused on long-term prospects and sustainability.

Investors' interest in addressing sustainable development issues is increasing. There is expected to be a high demand for reliable analysis, supported by data, to justify investment decisions related to ESG factors. Data and technology, including analytical tools, are becoming key elements of investor decision-making.

# ESG in Kazakhstan

In his annual address, President of the Republic of Kazakhstan Kassym-Jomart Tokayev stressed the need for active development of the green economy, especially in the context of the inevitable global transition to clean energy. In this address, it was noted that significant work has been carried out in Kazakhstan, including the adoption of a new Environmental Code and a Strategy to achieve carbon Neutrality until 2060. Over the past five years, the share of renewable energy in total generation in the country has grown to almost 5%, and by 2027 it is planned to introduce another 1.4 gigawatts of capacity in this area. These changes will inevitably lead to a change in the structure of the energy balance and require improved approaches to energy sector management.

Special attention is paid to the ESG principles, which are becoming the standard practice of financial organizations. An important aspect is the development of green finance. According to the data Kapital.kz By December 1, 2023, the volume of the sustainable finance market in Kazakhstan reached 228.9 billion tenge, including green bonds, green loans and social bonds. Since the beginning of the market's operation in 2020 and until November 2023, bonds were placed and loans totaling 228.9 billion tenge were issued. The volume of green financing instruments amounted to 66%, which is 152.2 billion tenge, of which green bonds amounted to 114.9 billion tenge, and green loans – 37.3 billion tenge.

Kazakhstan has developed mechanisms for green financing and created regulatory frameworks for the development of this market. The support of the Green Finance Center has played a key role in this process.: Almost 60% of green bonds and loans were issued with his participation. With the participation of the Green Finance Center, amendments were made to the Environmental Code and the Business Code in 2021, and a "Green" taxonomy was adopted, standardizing categories of green projects in order to increase the efficiency of using natural resources and reduce negative environmental impacts (Resolution of the Government of the Republic of Kazakhstan dated December 31, 2021 No. 996).

Kazakhstan has made national commitments under important international agreements, including the Paris Agreement, the Sustainable Development Goals and COP-28, demonstrating its commitment to sustainable development and achieving carbon neutrality. At the State level, Kazakhstan has ratified 25 conventions of the International Labour Organization (ILO), including all 10 fundamental, 4 priority and 11 technical conventions that regulate issues such as fair pay, non-discrimination in the workplace, occupational safety and health.

At the level of individual companies, there is an increase in the number of signatories to the UN Global Compact. Globally, 24,625 companies from 167 countries have already joined this agreement. By May 30, 2024, 71 companies in Kazakhstan had become participants in this initiative. However, Kazakhstan is still poorly represented in the principles of responsible investment (PRI): only one company, Qazaqstan Investment Corporation, is a signatory, despite its participation at the international level.

The principles of the Equator are also reflected in the activities of financial institutions in Kazakhstan. Although none of them is an official participant, they strive to implement these principles. According to the decree of the Agency for Regulation and Development of the Financial Market, banks and financial institutions are required to provide annual reports on ESG.

More and more companies in Kazakhstan are submitting ESG reports – starting in 2024, all financial organizations in Kazakhstan are required to submit such reports, according to the Order of the Agency for Regulation and Development of the Financial Market. Other companies submit reports on a voluntary basis. For example, the Climate Disclosure Project (CDP) is being commissioned by 50 Kazakhstani companies from various industries.

It is expected that the number of Kazakhstani companies submitting ESG reports will grow, as there is a steady interest from investors in this issue. Kazakhstan is striving to establish its role as a Central Asian hub for innovative and environmentally friendly technologies. Due to its geographical location in Central Asia and plans to develop financial and institutional capabilities in this area, the country is ready to contribute to sustainable development.

The new Environmental Code, signed by the Head of State, includes important provisions such as "The introduction of the best available technologies" aimed at modernizing industrial enterprises. This will allow them to become safer, more modern and more competitive on the global stage. The introduction of green innovations and advanced technologies will be a determining factor for the development of high-performance enterprises in Kazakhstan. This will create new opportunities for both local environmentally oriented startups and foreign companies interested in localizing their activities in Kazakhstan.

To conduct this study, it was decided to identify 11 industries with a focus on venture funds, telecommunications, banking, and financial institutions. The remaining industries were selected based on their importance to the economy of Kazakhstan. Within each industry, either major market leaders or companies that have adopted a sustainable development policy were selected. The purpose of this study is to preliminarily determine the degree of involvement of Kazakhstani businesses in the ESG agenda and the impact of ESG Principles in decision-making.

# Research methodology

* 1. **Criteria for selecting companies for research in various sectors**

The development of a methodology for assessing ESG factors in order to assess their impact on venture capital investments and the market in various sectors of Kazakhstan will be carried out in several stages.

To ensure a comprehensive and objective analysis of the impact of ESG principles on companies in various industries, representatives from 11 diverse sectors of the economy of Kazakhstan have been selected. These sectors include:

1. Venture funds;
2. Telecommunications;
3. Banking and financial sector;
4. Mining companies;
5. Chemical production;
6. Oil and gas industry;
7. Energy;
8. Food industry;
9. Transport and infrastructure;
10. Construction;
11. Education.

To conduct this study, it was decided to identify 11 industries, with an emphasis on venture funds, telecommunications, banking, and financial institutions. The remaining industries were selected based on their importance to the economy of Kazakhstan. Within each industry, either major market leaders or companies that have adopted a sustainable development policy were selected. This will provide a wide range of coverage and provide an opportunity to analyze the impact of ESG in various fields of activity.

# Data collection methods: application of questionnaires, interviews and open source analysis

***Rationale:*** Studying the official reports of public companies does not allow us to fully consider the situation regarding the implementation, development and publication of ESG-reporting in the Republic of Kazakhstan. The survey method allows you to interview companies themselves, both those that are already "disclosed" and those that do not publish information about the impact of environmental, social and managerial factors. This approach allows us to include non-public companies in the research scope and analyze the trends in the development of the ESG agenda in this group.

***The purpose of the study*** is to evaluate ESG factors in various sectors of Kazakhstan, with an emphasis on their impact on venture capital investments and the market.

***Hypothesis:*** It is assumed that the degree of consideration and implementation of ESG factors varies among companies in various sectors of Kazakhstan. An analysis of the impact of these factors on venture capital investments and the market will reveal potential links between the level of sustainability of companies and their attractiveness to investors. The hypothesis also suggests that companies that are actively implementing

ESG principles may have advantages in attracting venture capital investments and increasing their competitiveness in the market

***The structure of the questionnaire:***

As part of the study, two questionnaires were developed to assess ESG factors among companies in Kazakhstan: one is designed for manufacturing companies, and the other for non—manufacturing companies. These questionnaires were created taking into account the specifics of each sector and are aimed at obtaining information about current practices and strategies of companies in the field of sustainable development, as well as assessing their impact on venture capital investments and the market in Kazakhstan. The results obtained will help identify the level of implementation of ESG principles in various sectors of the country's economy and determine the relationship between these practices and the attractiveness of companies for investment.

This questionnaire was developed as part of a study of ESG factors in order to assess their impact on venture capital investments and the market in various sectors of Kazakhstan. This stage briefly informs the respondents about who is conducting the research and why.

# Formation and application of ESG criteria for evaluating companies

The survey consists of 4 blocks:

1. *A block* ***of general questions****.* This block includes a series of open-ended questions designed to receive detailed answers from representatives of companies in various sectors of Kazakhstan. The questions are aimed at identifying opinions, assessments and practical actions related to the ESG principles, as well as assessing their impact on various aspects of companies' activities.
2. *A block of questions about* ***environmental responsibility****.* This block consists of a number of issues aimed at assessing and managing the environmental responsibility of companies from various sectors of Kazakhstan. It covers various aspects of the impact of companies' activities on the environment and the measures taken to reduce the negative impact on the ecosystem.
3. *The block of questions on* ***social responsibility****:* it is an extensive toolkit for evaluating practices and policies related to personnel management, ensuring equal rights and opportunities, occupational safety and interaction with society. This section contains a number of questions aimed at evaluating the staff motivation system, including the total number and characteristics of staff, as well as questions about salaries, bonuses and additional payments. In addition, issues of equal rights and opportunities are addressed here, such as the availability of an approved document on ensuring equal rights, the use of a hotline to report violations, and

There are also measures to minimize the risks of violations of human rights and ethical standards.

1. The block of questions on ***corporate governance*** includes a number of important aspects,

related to management organization, strategic decision-making, performance evaluation, and information disclosure.

This block evaluates the ownership structure and the exercise of rights by shareholders (participants). The information about the owners and beneficial owners, the organization of the general meeting of shareholders (participants) and the availability of communication with shareholders are analyzed.

Special attention is paid to strategic aspects, including the approval and implementation of a strategy that includes sustainable development themes. The remuneration system is also analyzed, including the dependence of remuneration on the fulfillment of key indicators in the field of sustainable development.

When conducting surveys on environmental and social responsibility of companies, it is important to take into account the specifics of each organization's industry. This ensures a more accurate and objective assessment of their activities in the context of the ESG criteria. To do this, we use weighting coefficients that allow us to determine the significance of each factor within a particular industry.

# Classification of information disclosure levels: ABC-rating

Companies are classified according to the levels of disclosure of information about ESG factors, which makes it possible to structure and analyze data according to the degree of openness and detail of the information provided:

1. **Preparing information about ESG factors:** companies that are actively preparing information about ESG factors, but have not yet publicly disclosed it. These companies are at the initial stage of implementing ESG practices and strive to increase transparency and compliance with standards.
2. **Disclosing information about ESG factors: These** companies already disclose information about ESG factors and are divided by reporting levels and methods:
   * **As part of the Annual Report:** ESG information is integrated into the company's overall annual report.
   * **Information on the corporate website:** ESG data is available on the company's official website.
   * **Separate Report:** Companies issue separate ESG or sustainable reports.
   * **GRI :** International Standard for Sustainable Development Reporting.
   * **KASE (Kazakhstan Stock Exchange):** The National Reporting Standard for companies listed on the Kazakhstan Stock Exchange.
3. **Companies that do not disclose information about ESG factors:** companies that do not publish information about ESG factors. For such companies, it is recommended to use traditional mailing methods to collect data and raise awareness of the importance of ESG reporting.

For an objective assessment of the degree of implementation of ESG principles in a company, **weighting coefficients (01-0.25)** are used, which take into account the importance of each question and the values of the answers reflecting the level of fulfillment of ESG obligations.

The weighting factors in the ESG assessment methodology are determined based on several key criteria that ensure the objectivity and significance of each category of issues. The importance of each issue was determined taking into account its impact on the environmental, social and managerial aspects of the company's activities.

The weight coefficients were selected based on the following principles:

1. **Importance for sustainable development:** The more an issue affects the long-term sustainability of a company, the higher its weight.
2. **Regulatory requirements and standards:** Issues of high importance for compliance with international and national standards receive higher weight.
3. **Transparency and accountability:** Issues that enhance trust and transparency for investors and other stakeholders are given higher weight.
4. **Practical impact:** Issues that have a direct practical impact on the company's operations and strategies are given higher weight.

The range from 0.1 to 0.25 is chosen to ensure sufficient differentiation between the questions, but at the same time so that each question has a significant contribution to the final assessment. This range is narrow enough to avoid excessive disproportion between different factors, but at the same time wide enough to highlight the most significant issues. This allows you to balance the contribution of each question to the overall final score.

The questions with the most significant impact on sustainability and compliance with ESG standards receive higher coefficients, while less significant questions receive lower coefficients. This allows you to take into account the contribution of each aspect proportionally.

Answers in the "Yes" format/No" is rated as 1 and 0, respectively, which allows you to clearly capture the presence or absence of a certain aspect of ESG. Quantitative responses are evaluated on a scale from 1 to 5.

# Data analysis and interpretation: searching for common trends and differences

In the course of the research, the questionnaire method is used to obtain information from companies of various categories. After the questionnaire is prepared and approved, the mailing process begins. When choosing an email address, the questionnaires are sent to the addresses provided by the company. Personalized requests and reminders are used to ensure delivery and increase response.

The collected data is analyzed to identify common trends and similar points of view among companies in each industry. For this purpose, the results of the survey, structured interviews and data from open sources are analyzed. This process allows us to determine the degree of implementation of ESG principles, identify key trends and best practices in various sectors of the economy of Kazakhstan.

# ESG assessment in various sectors of Kazakhstan

The study examined companies from various industries, including **venture capital funds**, **telecommunications**, **banks and financial institutions**, **mining companies**, **chemical production**, **oil and gas production**, **energy**, **food industry** and **transport**. The first chart shows companies by industry that participated in the study. The largest number of companies are represented in the oil and **gas industry** and the **energy** sector, which indicates the high interest of these sectors in the implementation of ESG Principles.



**COMPANIES BY INDUSTRY**

1. VENTURE CAPITAL FUNDS

2. TELECOMMUNICATIONS

3. BANKS AND FINANCIAL INSTITUTIONS

4. MINING COMPANIES

5. CHEMICAL PRODUCTION

6. OIL AND GAS PRODUCTION

7. ENERGY

8. FOOD INDUSTRY

9. TRANSPORTATION AND INFRASTRUCTURE

10. CONSTRUCTION

11. EDUCATION

Figure 1. Participating companies by industry

The second figure illustrates the ESG information **disclosure index** among participating companies. Companies are ranked according to an index showing their level of disclosure of information about ESG factors. The companies with the highest index are Zhaiykmunai **LLP**, **Qazaqstan Investment Corporation**, **NAC Kazatomprom JSC**, **Tengizservice LLP**, and **NC KazMunayGas JSC**, which indicates their active participation in the implementation of ESG principles.

**TOTAL POINTS**

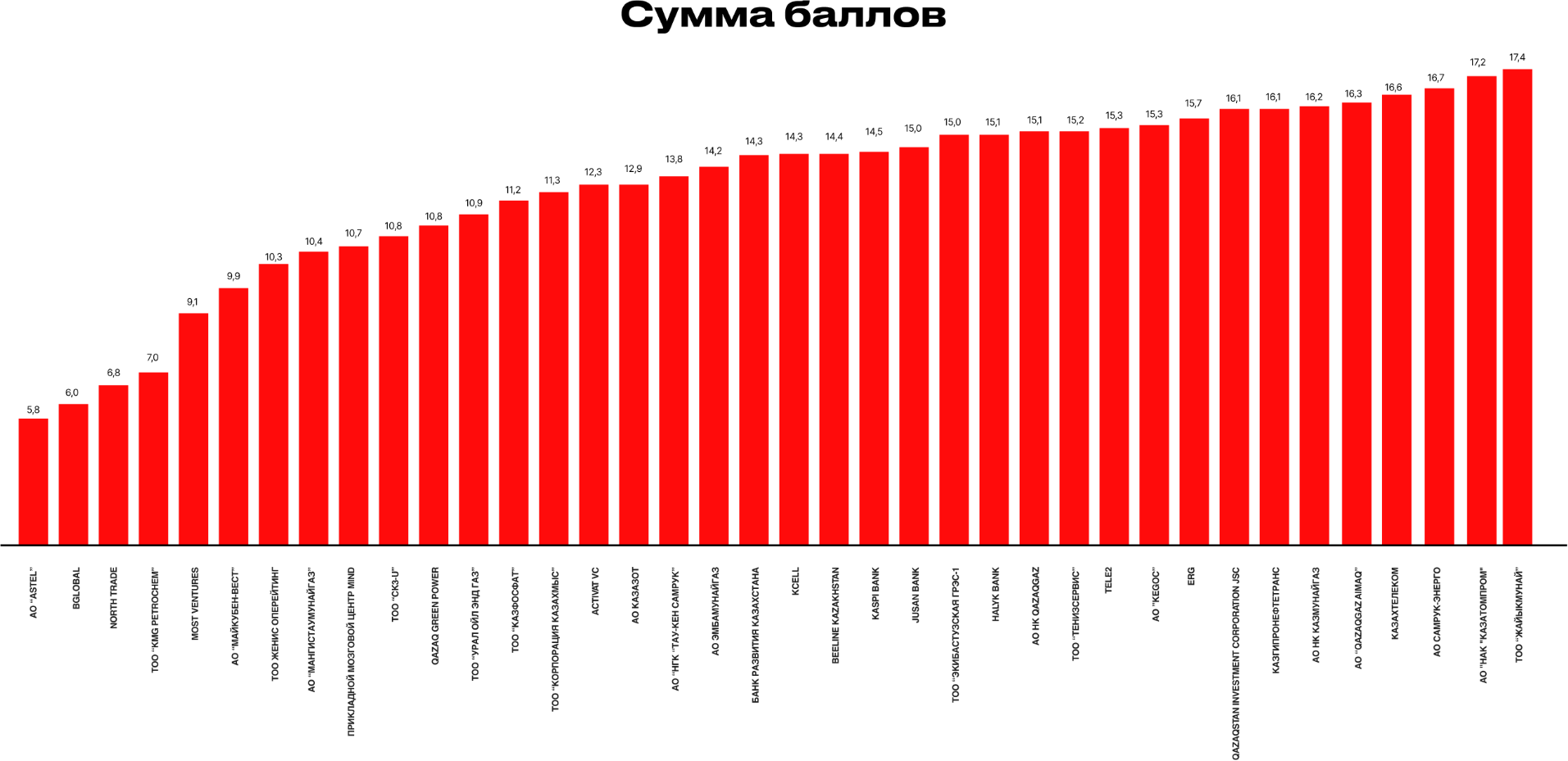


Figure 2. ESG Information Disclosure Index

The majority of companies expressed their willingness to further develop and improve their ESG practices - **82% of companies**.

**75% of companies** have goals to reduce greenhouse gas emissions or achieve

carbon neutrality.

**65% of companies** have an approved document on environmental protection and combating climate change.

**The Green Office program** has been implemented by **50% of companies**, and **50% of companies** do not have it. **65% of companies have social programs for employees**, while **35% of companies** do not have such programs.

**70% of companies** provide ESG education and training, while **30% of companies** do not.

**66.67% of companies** include ESG aspects in risk management, while **33.33%**

**companies** don't do that.

**45% of companies have a document on resource diversification**, while **55%**

**companies** do not have such a document.

**60% of companies use the best available technologies**, while **40% of companies** do not use such technologies.

According to the results of the study, in which **38 companies participated**, an **average score** of **12.6** points was obtained. Companies representing **10 leading sectors** of the economy, including venture capital investments, demonstrated a high level of awareness and involvement in ESG issues. **65% of companies** recognized the implementation of ESG Principles as significant for venture investments, which indicates a growing interest in sustainable development.



Companies participated in the survey

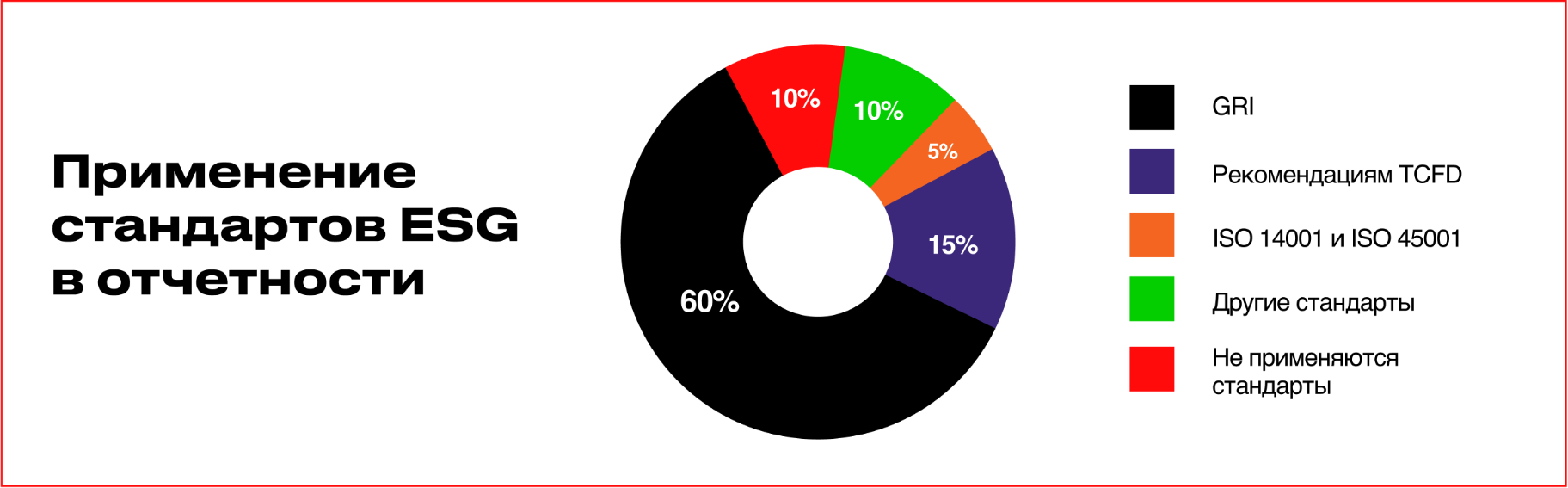
Companies recognized the implementation of ESG principles on venture capital investments as significant

Companies declared their adherence to the GRI international standard

Leading sectors of the economy, including venture capital investments

Average company assessment

The study showed that **60% of companies** use the GRI standard for ESG reporting, which confirms a high level of commitment to international standards. **15% of companies** follow the recommendations of the TCFD, which reflects attention to climate risks and their disclosure. **5% of companies** apply ISO 14001 and ISO 45001 standards, which highlights the importance of managing the environmental and safety aspects of production processes. It is noteworthy that **10% of companies** use other standards, and **10% of companies** do not apply ESG reporting standards at all.



GRI

TCFD recommendations

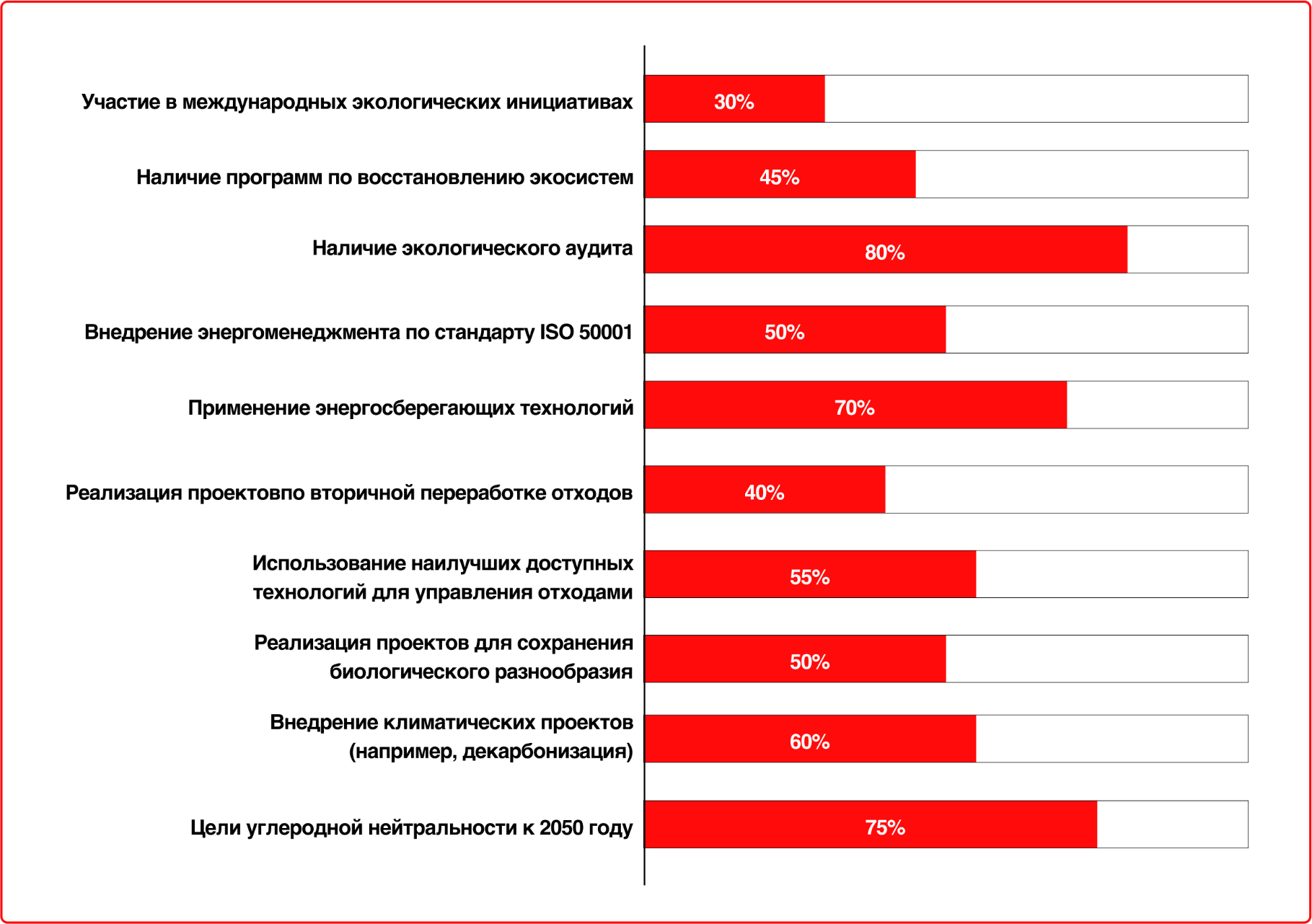
ISO 14001 and ISO 45001

Other standards

Standards are not applied

**Application of ESG standards in reporting**

The environmental activity of the companies was also high. **30% of companies** participate in international environmental initiatives, and **45% of companies** have ecosystem restoration programs. **80% of companies** conduct environmental audits, which indicates a high degree of transparency and responsibility. The implementation of energy management according to the ISO 50001 standard is carried out by **50% of companies**, and energy-saving technologies are used by **70% of companies**. **40% of companies** implement waste recycling projects, and **55% of companies** use the best available technologies for waste management.



**Participation in international environmental initiatives**

**Availability of ecosystem restoration programs**

**Availability of environmental audits**

**Implementation of energy management according to ISO 50001 standard**

**Application of energy-saving technologies**

**Implementation of waste recycling projects**

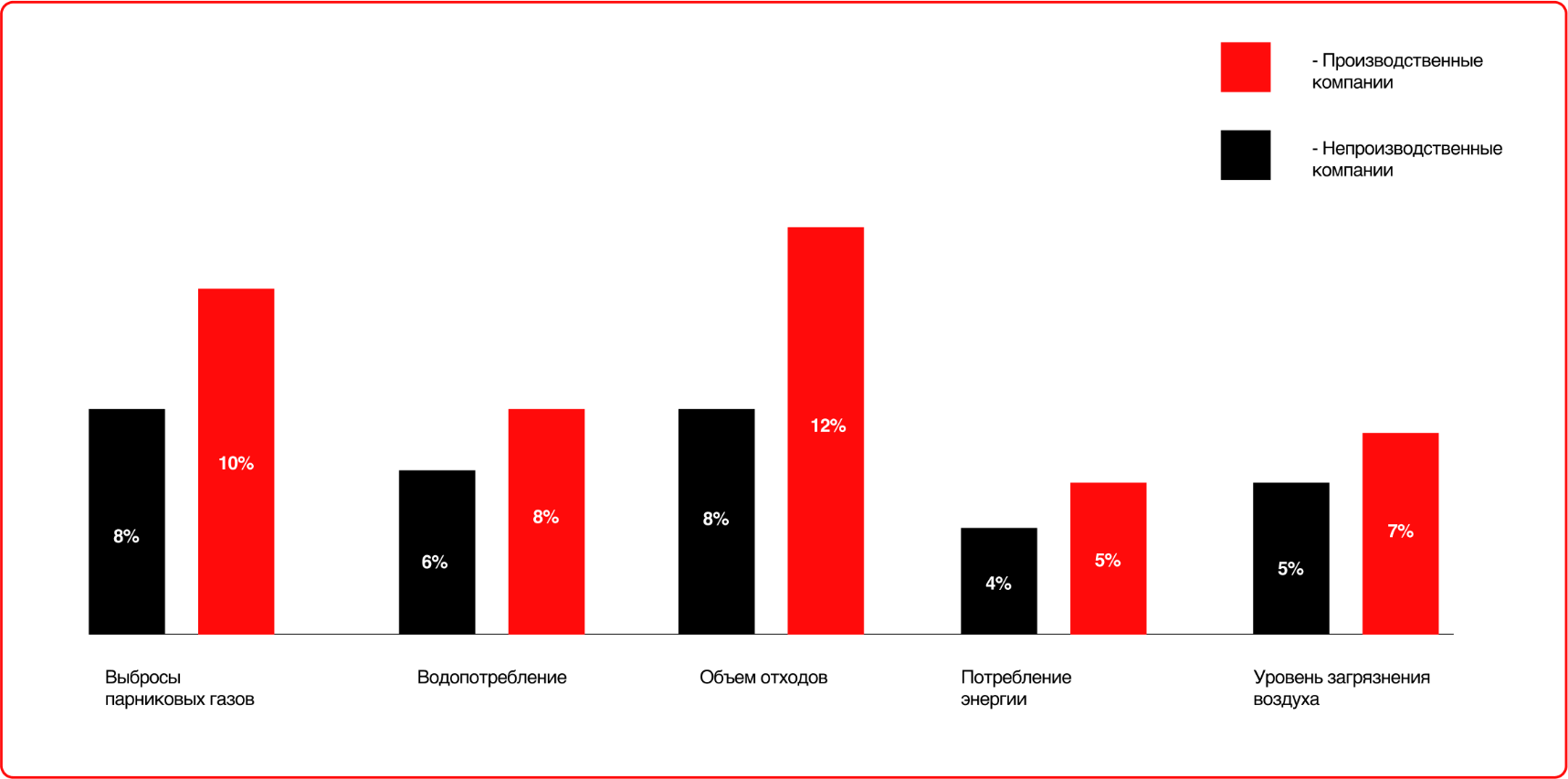
**Use of best available technologies for waste management**

**Implementation of projects for biodiversity conservation**

**Implementation of climate projects (e.g. decarbonization)**

**Carbon neutrality targets by 2050**

An analysis of environmental impact reduction indicators has shown that companies strive to minimize their negative impact on the environment. Greenhouse gas emissions decreased by **10%** for manufacturing companies and by **8%** for non-manufacturing companies. Water consumption decreased by **8%** for manufacturing companies and by **6%** for non-manufacturing companies. The volume of waste decreased by **12%** for manufacturing companies and by **8%** for non-manufacturing companies. Energy consumption decreased by **5%** for manufacturing companies and **4%** for non-manufacturing companies, while air pollution decreased by **7%** for manufacturing companies and **5%** for non-manufacturing companies.



Greenhouse gas emissions

Air pollution level

Energy consumption

Waste volume

Water consumption

- Manufacturing companies

- Non-Manufacturing companies

An important part of the study was the study of social initiatives of companies. **55% of companies** provide their employees with housing and meals, which demonstrates a high level of social responsibility. **69% of companies** actively involve their employees in ESG programs. **76% of companies** have an internal corporate governance code, which helps to raise the level of corporate culture. Sports and wellness programs are provided by **59% of companies**, which has a positive effect on the health of employees. **62% of companies** are implementing measures to ensure equality of opportunity and non-discrimination, emphasizing the importance of social justice.

**SOCIAL INDICATORS**



**Provision of housing and meals for employees**

**High level of employee involvement in ESG programs**

**Internal corporate governance code**

**Sports and health programs**

**Equal opportunity and non-discrimination measures**

**Goals to improve working conditions**

**Occupational Health and Safety Management System (OH&S)**

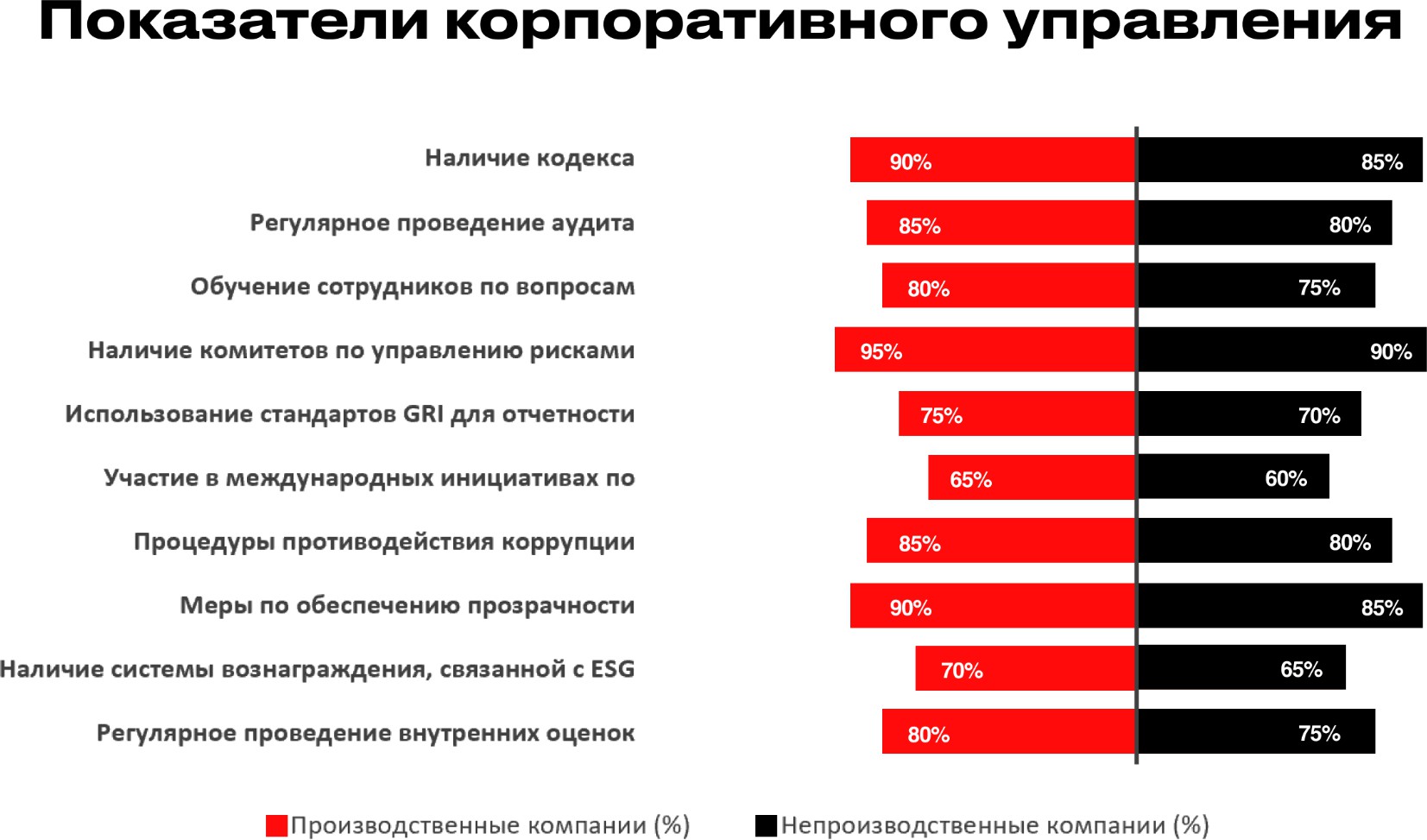
**ESG education and training**

**Availability of social programs**

The companies have demonstrated high standards of corporate governance. **90% of manufacturing companies** and **85% of non-manufacturing companies** have a corporate governance code. Regular audits are carried out by **85% of manufacturing companies** and **80% of non-manufacturing companies**. Corporate governance training is provided by **80% of manufacturing companies** and **75% of non-manufacturing companies**. **95% of manufacturing companies and** 90% **of non-manufacturing companies have risk management committees**.

Thus, these graphs clearly demonstrate the active participation of Kazakhstani companies in the study and their commitment to implementing ESG Principles. The implementation of ESG Principles promotes sustainable development, increases investor and public confidence, and helps companies adapt to new challenges and requirements of modern business.

**CORPORATE GOVERNANCE INDICATORS**



Manufacturing companies (%)

Non-Manufacturing companies (%)

**Existence of a code**

**Regular audits**

**Training of employees on issues**

**Availability of risk management committees**

**Use of GRI standards for reporting**

**Participation in international initiatives on**

**Anti-corruption procedures**

**Transparency measures**

**ESG-related remuneration system in place**

**Regular internal assessments**

# Venture funds

Venture capital funds play a key role in the development of innovation and entrepreneurship, providing the necessary financing to startups and growing companies. In Kazakhstan, this role is becoming increasingly important as venture capital funds begin to actively integrate the principles (ESG).

Venture capital funds provide capital for startups in the early stages of their development, when other sources of financing, such as banks and large investors, may not be available. These funds take on significant risk by investing in companies that have not yet proven their viability in the market. However, successful investments can bring significant profits, which makes venture capital funds an attractive tool for financing innovative projects.

In Kazakhstan, venture funds play an important role in the development of various sectors of the economy, including technology startups, biotechnology, fintech and agrotech. An example is the MOST Ventures Fund, which invests in startups working in the field of technology and innovation. Thanks to their support, many companies were able to enter the market with new products and services that contribute to the economic growth of the country.

In addition to financial support, venture funds play an important role in creating an ecosystem that supports innovation and entrepreneurship. They

provide startups with access to experts, mentors, and business incubators, which helps young companies develop their ideas and turn them into successful businesses.

In Kazakhstan, the development of the venture ecosystem is actively supported by government programs and initiatives. For example, the Digital Kazakhstan program is aimed at developing the digital economy and creating favorable conditions for startups. Venture capital funds play an important role in the implementation of this program, investing in promising projects and helping them reach a new level.

Venture capital funds also contribute to the development of human capital by investing in the education and professional development of entrepreneurs and their teams. This includes trainings, seminars, conferences and other events aimed at improving the skills and competencies of the participants. In Kazakhstan, such initiatives help create a generation of highly qualified specialists capable of developing and implementing innovative solutions.

Investment of venture funds contribute to increasing the competitiveness of Kazakhstani companies in the international arena. Thanks to funding and support, startups get the opportunity to implement advanced technologies, improve their products and services, and enter new markets. This, in turn, helps attract foreign investment and strengthen the country's economic position.

In recent years, venture funds in Kazakhstan have realized the importance of ESG Principles, which include environmental, social, and management criteria. These principles help funds evaluate investment projects not only in terms of financial returns, but also taking into account their impact on the environment, society and the quality of corporate governance. The implementation of ESG Principles promotes sustainable development and increases the attractiveness of investments.

Environmental criteria include an assessment of the environmental impact of projects. Venture capital funds analyze how much a project contributes to reducing its carbon footprint, whether it uses renewable energy sources, and how it manages waste. In Kazakhstan, the implementation of environmental standards has become a priority for many funds, such as Activat VC, which invests in startups developing environmentally friendly technologies.

Social criteria are aimed at assessing the impact of projects on society. This includes creating jobs, ensuring equality of opportunity, improving working conditions, and supporting local communities. Venture capital funds such as MOST Ventures actively support social enterprises that work to solve social problems and improve the quality of life in Kazakhstan.

Management criteria include the assessment of corporate governance in companies. Venture capital funds analyze how transparently and ethically companies are managed, whether they have risk management mechanisms in place, and how they respect the rights of employees and investors. In Kazakhstan, the introduction of high standards of corporate governance helps to increase confidence in startups and make them more attractive to investors.

To successfully integrate ESG Principles, venture funds implement special processes and tools for evaluating and monitoring projects. This includes developing ESG policies, conducting regular audits, and reporting to investors. In Kazakhstan, such measures help funds ensure that their investments meet high standards of sustainable development.

An important aspect of the integration of ESG Principles is the training and awareness-raising of employees and portfolio companies. Venture capital funds conduct trainings, seminars and workshops to help participants understand the importance of ESG and master the methods and tools for their implementation. For example, funds in Kazakhstan organize educational programs aimed at developing competencies in the field of sustainable development.

Some venture funds in Kazakhstan have already achieved significant success in integrating ESG Principles. Activat VC, for example, has invested in several startups developing environmental technologies such as waste management systems and renewable energy solutions. MOST Ventures supports social enterprises working to improve living conditions in local communities and ensure equality of opportunity.

The integration of ESG Principles brings significant benefits for investors. Companies that take into account ESG factors demonstrate higher resilience to market fluctuations and better financial performance. Venture funds that actively implement ESG Principles are becoming more attractive to institutional and private investors seeking sustainable and responsible investment.

Venture capital funds in Kazakhstan, which actively implement ESG Principles, not only contribute to sustainable development, but also increase their attractiveness to investors. Successful examples of such funds demonstrate that the integration of ESG Principles can become an important competitive advantage, providing higher sustainability and financial stability. For further success, venture funds are encouraged to continue their efforts to implement ESG Principles and develop their competencies in this area.

# Activat VC

Activat VC is a venture fund operating in Kazakhstan. The Fund is actively involved in investing in startups, paying special attention to the implementation of ESG principles in its activities. The Fund believes that the ESG Principles significantly influence venture capital investments and contribute to the sustainable development of companies.

The level of disclosure of information about ESG factors in Activat VC is rated as good. The company plans to further develop and improve its ESG practice. To involve employees in the process of implementing ESG principles, the Fund conducts trainings and studies foreign formats. The fund's investors do not require the mandatory implementation of ESG Principles, however, the fund recognizes the significant impact of ESG Principles on attracting investments.

Activat VC does not apply ESG reporting standards, but actively integrates ESG Principles into its activities. Procedures for analyzing environmental factors in the process of preliminary assessment of investment projects (Due Diligence) have not yet been implemented. The fund's internal regulatory documentation includes compliance with Sustainable Development Goals, but there are no clear commitments and goals to improve environmental impact. The environmental management system has not been implemented or certified by a third-party organization. Nevertheless, sustainable development is on the agenda of the Boards of Directors.

Environmental protection trainings are conducted, and the company uses metrics consistent with the SDGs (Sustainable Development Goals) to assess the environmental impact of the investment portfolio. There are no procedures for protecting assets from climate risks, as well as the requirements for a climate policy for investment projects. The fund has no plans to implement climate projects and compensate for greenhouse gas emissions.

The share of companies in the investment portfolio with an environmental policy is 70%. Companies in the portfolio respond to new environmental requirements and regulations as needed, and many take measures to minimize their impact on climate change. All companies in the portfolio have goals to reduce greenhouse gas emissions or achieve carbon neutrality.

Waste disposal projects have not been implemented, and greenhouse gas emissions are not monitored by companies in the portfolio. The use of the best available technologies to reduce energy consumption and emissions of harmful substances is also not practiced.

The staff turnover rate in the fund is 10%, and there are no collective agreements. The frequency of salary review is once a year. The fund observes equality in remuneration of men and women for work on

positions of the same level. Social programs for employees are provided, and access to corporate pensions is provided for all employees.

The Fund does not provide health promotion services and programs aimed at eliminating the main risks not related to work. All employees are covered by the Voluntary Health Insurance program. Corporate training, advanced training, and subsidized training programs are actively implemented.

There is no document defining approaches to ensure equal rights, inclusivity and prevention of discrimination. Measures to minimize the risks associated with violations of human rights and ethical standards are not applied, and accessibility of facilities for people with disabilities is not ensured.

The company has approved documents on occupational safety and industrial safety, but there is no department responsible for implementing a management system in this area. A mechanism for hazard identification and assessment of the risk of accidents and incidents has not been implemented. Occupational health and safety trainings are conducted, and access to relevant information is provided.

The organization has channels of communication with shareholders, employees and third parties, but there is no approved dividend policy. The documents regulating the rights and duties of the Board of Directors and meeting procedures have been approved. Information security and human capital management issues are considered at meetings of the Board of Directors.

Audit, nomination, remuneration, risk management, and internal control committees have not been established. The Strategy Committee is functioning, but there is no committee on sustainable development. The internal document regulating the activities of the collegial executive body has been approved. The fund lacks key performance indicators in the field of sustainable development, and the remuneration of top management does not depend on their implementation. The compliance hotline is functioning, and documents on anti-corruption and protection of customer data have been approved.

# MOST Ventures

MOST Ventures is a venture fund founded in 2010, specializing in investments in early–stage startups. The fund's portfolio includes more than 20 companies working in the field of IT and high technologies. MOST Ventures plays an important role in the development of Kazakhstan's innovation ecosystem.

The mission of MOST Ventures is to support innovation and create conditions for the sustainable growth of startups. The company is committed to the principles of sustainable development, actively implementing ESG practices in its activities.

To involve employees in the process of implementing ESG principles, the Fund conducts trainings and studies foreign formats. Investors are demanding that the company implement ESG Principles in its operations.

Currently, the fund does not apply ESG reporting standards, but recognizes the significant impact of ESG Principles on attracting investments. However, procedures for analyzing environmental factors in the process of preliminary assessment of investment projects (Due Diligence) have not yet been implemented.

The fund's internal regulatory documentation includes compliance with Sustainable Development Goals, but there are no clear commitments and goals to improve environmental impact. The environmental management system has not been implemented or certified by a third-party organization. Sustainable development is not included in the agenda of the Boards of Directors.

Environmental protection trainings are not conducted, and specific metrics are not used to assess the environmental impact of an investment portfolio. There are no procedures for protecting assets from climate risks, as well as the requirements for a climate policy for investment projects.

The fund has no plans to implement climate projects and compensate for greenhouse gas emissions. The share of companies in the investment portfolio with an environmental policy is less than 10%. Companies in the portfolio respond to new environmental requirements and regulations as needed, but not all take measures to minimize the impact on climate change. Not all companies in the portfolio have goals to reduce greenhouse gas emissions or achieve carbon neutrality.

The staff turnover rate in the fund is 20%, and the collective

there are no contracts. The frequency of salary review is once a year. The fund has equality in remuneration of men and women for work in positions of the same level.

The document defining approaches for ensuring equal rights, inclusivity and prevention of discrimination has been approved.

Measures are being taken to minimize the risks associated with violations of human rights and ethical standards, but accessibility of facilities for people with disabilities is not ensured.

The company has approved documents on occupational safety and industrial safety, trainings on occupational safety are conducted, and access to information on occupational safety is provided. There is no document on corporate social responsibility.

The Fund prefers local suppliers, provided that quality requirements are met. Annual ESG reports are not published, and information about the ownership structure is not disclosed.

The organization has channels of communication with shareholders, employees and third parties, but there is no dividend policy. The documents regulating the rights and duties of the Board of Directors, as well as meeting procedures, have been approved. Information security and human capital management issues are considered at meetings of the Board of Directors.

Audit, risk management, strategy and Sustainable development committees have not been established. The internal document regulating the activities of the collegial executive body has been approved, but there are no performance indicators in the field of sustainable development. The remuneration of top management does not depend on the performance of ESG indicators. The compliance hotline is functioning, and documents on anti-corruption and protection of customer data have been approved.

# BGlobal Ventures Ltd

BGlobal Ventures Ltd is a venture capital investment company in the early stages of its development. The focus is on investments in startups and companies that integrate the principles of sustainable development (ESG). This section provides an analysis of the implementation and evaluation of ESG factors in the activities of BGlobal Ventures Ltd.

According to the survey results, the overall ESG score for BGlobal Ventures Ltd is 6.86. This assessment is based on the company's responses to a number of key issues covering environmental, social, and management aspects.

BGlobal Ventures Ltd is at an early stage of development and does not have developed environmental management systems. The company notes that there is no investment portfolio at this stage, which makes it difficult to assess the environmental impact. Nevertheless, if necessary, the company is ready to consider the possibility of developing appropriate procedures and policies.

The Company does not apply ESG reporting standards at this stage of development, but plans to implement ESG principles in the future. This approach demonstrates the company's intention to follow best practices and strive to improve environmental sustainability in the long term.

The Company is making efforts to involve employees in the process of implementing ESG principles. Despite the lack of formalized documents and procedures at this stage, the company plans to develop and implement social programs aimed at improving working conditions and ensuring equal opportunities.

The company's employees participate in corporate training programs and trainings, which helps to increase their awareness and involvement in sustainable development issues. In addition, the company is aware of the importance of social

He plans to develop social projects and initiatives as he grows.

Management practice is at the stage of formation. The company does not have

approved documents regulating the activities of the Board of directors and collegial management bodies. However, management is aware of the need to develop such documents and plans to implement them in the future.

At this stage, the company does not publish annual ESG reports, but is considering the possibility of developing and approving an ESG policy. The Company recognizes the importance of transparency and accountability to its investors and stakeholders, and intends to improve its corporate governance practices as it evolves.

BGlobal Ventures Ltd is in the initial stages of implementing ESG principles. Despite the current limitations, the company demonstrates its willingness to develop and improve its environmental, social, and management practices in the future. With further growth and development, BGlobal Ventures Ltd has the potential to increase its ESG valuation, which will help attract investment and strengthen its reputation in the venture capital market.

# Qazaqstan Investment Corporation JSC

Qazaqstan Investment Corporation JSC is one of the leading investment companies in Kazakhstan, actively implementing the principles of sustainable development in its activities. This section provides an analysis of the integration of ESG factors into the company's management and operational practices. As mentioned earlier, QIC is the only company in Kazakhstan that has publicly declared its commitment to the Principles of Responsible Investment of the United Nations and submits annual reports to confirm this.

According to the survey results, the overall ESG assessment for Qazaqstan Investment Corporation demonstrates high standards and maturity in the field of sustainable development. The Company systematically implements and improves practices aimed at managing environmental, social and managerial aspects.

The company is actively engaged in the implementation of environmentally sustainable practices. The company has developed an environmental policy that sets out clear commitments and goals to improve its environmental impact. The company has implemented an environmental management system certified according to the international standard ISO 14001.

In addition, the company regularly conducts environmental protection trainings for staff and senior management, as well as evaluates the environmental impact of its investment projects. Through its projects, the company strives to minimize greenhouse gas emissions and use the best available technologies to reduce energy consumption and climate impacts.

Qazaqstan Investment Corporation pays great attention to the social aspects of its activities. The company has developed and implemented social programs aimed at ensuring equal opportunities, improving working conditions and providing social support to employees. The company regularly reviews salaries and provides bonuses and additional payments to its employees.

The company also conducts corporate training programs and trainings to improve the skills of its employees. As part of its social policy, the company supports diversity and inclusivity, and ensures that its facilities and services are accessible to people with disabilities.

In the context of corporate governance, the company demonstrates a high level of corporate governance. The Company has approved documents regulating the rights and duties of the Board of Directors, as well as the procedure for preparing and holding meetings. The company has established and operates audit, nomination, remuneration, risk management and sustainable development committees.

In addition, the company regularly publishes ESG reports, disclosing information about its activities and management structure. Qazaqstan Investment Corporation has an approved dividend policy and strategy that includes sustainable development themes, which contributes to increased transparency and accountability to investors and other stakeholders.

Qazaqstan Investment Corporation It is an example of a company that successfully integrates ESG principles into its operations. Thanks to a systematic approach to environmental, social and managerial aspects management, the company demonstrates high results and serves as an example for other organizations. Qazaqstan Investment Corporation continues to improve its practices, which contributes to long-term sustainable development and confidence building from investors and stakeholders.

# Telecommunications

Kazakhstan's telecommunications industry is one of the most dynamically developing, playing a key role in the country's digital transformation. In the context of rapid growth and market changes, the implementation of ESG principles in telecommunications companies has become an important aspect of their strategy. This is aimed at improving the sustainability and social impact of the business.

The implementation of ESG principles in the telecommunications industry of Kazakhstan covers several key areas. First, companies are actively working to reduce their environmental impact. This includes the use of energy-efficient technologies, which reduces energy consumption and reduces greenhouse gas emissions. For example, large telecommunications companies

Companies such as Kcell and Kazakhtelecom are implementing advanced solutions to optimize energy use in their networks and offices. They install energy-saving equipment, switch to renewable energy sources, and develop waste management programs that help minimize their environmental footprint.

In addition, telecommunications companies strive for sustainable resource management. This includes recycling electronic waste, reducing the use of plastic, and implementing systems to use water efficiently. Such measures not only contribute to environmental protection, but also help companies reduce operating costs, which has a positive impact on their financial performance in the long run.

Social initiatives also occupy an important place in the strategy of telecommunications companies. They actively support education, healthcare, and local communities. In Kazakhstan, Kcell and Kazakhtelecom are implementing projects aimed at improving the level of digital literacy of the population, providing access to modern information technologies and developing telecommunications infrastructure in remote and rural areas. This contributes to improving the quality of life of the population and reducing the digital divide between urban and rural areas.

Companies also pay great attention to healthcare support. They are investing in the development of telemedicine, which makes it possible to provide medical services from a distance, improving access to high-quality healthcare for people in remote areas. In addition, telecommunications companies support local communities through corporate social responsibility programs, providing funding and resources for the implementation of social projects and initiatives.

Transparency and accountability are another important aspect of implementing ESG Principles. Telecommunications companies strive to improve their corporate governance practices in order to increase the trust of customers and investors. They develop and implement internal control and risk management systems, ensuring transparency of their activities. This includes regular disclosure of information on performance and achievements in the field of sustainable development, which helps to increase the level of trust and improve the reputation of companies in the market.

To further develop ESG Principles in the telecommunications industry in Kazakhstan, it is necessary to continue efforts to introduce innovative environmental technologies and improve working conditions. Companies should actively invest in the development and implementation of new solutions that help reduce the negative impact on the environment. This may include the use of

smart grids to optimize energy consumption, the development of infrastructure for renewable energy sources and the introduction of closed waste recycling cycles.

In addition, it is important to continue working to improve working conditions and ensure equal opportunities for all employees. This includes creating a supportive and safe work environment, supporting professional development and employee training, as well as implementing equality and inclusivity programs. Telecommunications companies should strive to create a corporate culture that respects the rights of all employees and promotes diversity.

Strengthening corporate governance also remains a priority. Companies should continue to improve their internal control and risk management systems, ensuring high standards of ethical behavior and transparency. This includes the introduction of best corporate governance practices, the development and implementation of policies and procedures aimed at preventing corruption and ensuring compliance with norms and standards in the field of sustainable development.

The implementation of ESG Principles in the telecommunications industry of Kazakhstan contributes to the creation of a more sustainable and socially responsible business. Companies actively working in this area receive significant benefits, including improving their reputation, attracting new customers and investors, and reducing operational risks. In the context of global digital transformation and changing market needs, the implementation of ESG Principles is becoming an integral part of the strategy of successful telecommunications companies, contributing to their long-term development and prosperity.

# Kcell JSC

Kcell JSC is a leading operator in the telecommunications industry of Kazakhstan. The company provides mobile communication and Internet services, as well as various digital services. Kcell plays an important role in providing the country's communications infrastructure and is actively developing its ESG programs.

Kcell is actively working on reducing its carbon footprint and waste management. Environmental practices such as recycling and reducing energy consumption have been introduced. Kcell is also working on the conservation of biodiversity and the efficient use of natural resources.

The company ensures the safety and health of its employees through regular trainings and programs. Kcell has programs on equal opportunities and inclusivity, which contributes to the creation of a favorable working environment. The involvement of local communities is carried out through various social initiatives.

Kcell adheres to high standards of corporate governance. The company has implemented risk management mechanisms, adheres to the principles of transparency and ethical behavior. Diversification and inclusivity play an important role in the board of directors and management structures.

The key project is the implementation of GRI standards for ESG reporting. The company has also developed and implemented various ESG practices and products, and actively conducts internal communications to involve employees in the process of sustainable development.

The integration of ESG Principles has a significant impact on attracting investments. It is estimated that the company has a moderate impact on attracting investments through its ESG programs. Kcell plans to further develop and improve its ESG practice.

Kcell JSC demonstrates a high level of integration of ESG Principles, which has a positive effect on its sustainability and attractiveness to investors. The Company continues to develop its environmental and social initiatives, striving for sustainable development and improved corporate governance.

# Kazakhtelecom JSC

Kazakhtelecom, one of the leading telecommunications operators in Kazakhstan, is actively implementing the principles of sustainable development in its activities. This section provides an analysis of the company's key achievements in the field of environmental, social and managerial aspects.

The company has implemented and certified a management system according to the international reporting standard GRI G4, which confirms the high standards of environmental responsibility. In 2024, Kazakhtelecom plans to implement the following measures to reduce emissions of pollutants into the atmosphere: monitoring of pollutants and recording emissions, as well as the introduction of quantitative targets to reduce emissions of pollutants into the atmosphere. The company's employees actively participate in environmental campaigns and events, which helps to raise awareness and engagement in environmental sustainability.

Kazakhtelecom's social achievements include the introduction and implementation of social programs aimed at improving working conditions, supporting employee health and ensuring equal opportunities. The company conducts regular training programs, participates in the development of long-term documents, fills out questionnaires and participates in environmental campaigns and events. In 2023, the company hired 1,809 new employees, and the overall staff turnover rate was 0.35%. Kazakhtelecom also ensures accessibility of facilities and services for people with disabilities by implementing a policy of equal opportunities and prevention of discrimination.

In the field of corporate governance, the company demonstrates a high level of transparency and accountability. Regular publication of ESG reports and disclosure of information on the corporate website [www.telecom .kz](http://www.telecom.kz/) has increased the level of trust from investors and other stakeholders. The company has established and is actively working on audit, nominations, remuneration, risk management and sustainable development, which contributes to improving the quality of corporate governance. The approval of the dividend policy and the inclusion of sustainable development themes in the corporate strategy contributed to the integration of ESG factors into the company's long-term business plans and operational activities.

Kazakhtelecom has also received high marks and certificates from international rating agencies and organizations confirming the company's leadership in the field of sustainable development. The company's efforts in the field of environmental responsibility and social programs have been recognized by a number of awards and prizes. The company's impact on the community includes the implementation of projects aimed at improving the infrastructure and well-being of local communities, which has strengthened relations with local residents and authorities. Investing in sustainable projects

contributed to environmental and social sustainability, strengthening the company's reputation as a responsible investor.

# Astel JSC

Astel JSC is a leading telecommunications company in Kazakhstan, actively implementing ESG principles in its activities. The Company strives for sustainable development, improvement of corporate governance and creation of favorable conditions for employees and society as a whole. In 2023, the company took a number of significant steps to integrate ESG principles into its operational processes and strategic management.

In the field of ecology, Astel JSC is actively working to reduce its carbon footprint and reduce the negative impact on the environment. The company has implemented energy conservation and renewable energy programs. As part of these programs, solar panels were installed on the company's office buildings in 2023, which reduced electricity consumption from traditional sources by 15%. The company also regularly monitors greenhouse gas emissions and publishes annual data on its environmental performance. In 2023, greenhouse gas emissions decreased by 8% compared to the previous year.

Astel JSC pays great attention to the social aspects of its activities. The company has a voluntary health insurance program that covers all employees and their family members. In 2023, 50 million tenge was allocated for medical care of employees. In addition, the company supports programs to improve working conditions and protect the health of employees. These programs include regular safety training and seminars, as well as prevention activities for occupational diseases. In 2023, the number of accidents at work decreased by 20%.

An important aspect of Astel's social responsibility is the support of local communities and participation in charity projects. In 2023, the company allocated 30 million tenge for the implementation of social projects aimed at improving infrastructure and living conditions in the regions. These projects included the construction of sports grounds, the renovation of schools and kindergartens, as well as cultural and educational events.

Corporate governance at Astel JSC is carried out taking into account the best international practices and standards. In 2023, the company conducted an audit of its risk management system and developed a new sustainable development strategy. As part of this strategy, key performance indicators (KPIs) in the field of ESG have been identified, which include reducing greenhouse gas emissions, improving working conditions, and increasing transparency in corporate governance. To achieve these goals, the company has implemented the GRI (Global Reporting Initiative) standards for the preparation and publication of reports.

Astel JSC actively involves its employees in the decision“making process and the development of corporate culture. In 2023, the company conducted a series of internal surveys and consultations, the results of which were taken into account in the development of new corporate policies and programs. In addition, trainings and training events were organized to raise the awareness of employees about the principles of ESG, which were attended by more than 500 people.

One of the significant achievements of Astel JSC in 2023 was obtaining the ISO 14001 certificate for effective management of environmental aspects of its activities. This indicates the company's high level of environmental responsibility and its commitment to continuous improvement of environmental performance. The company's plans for the coming years include further expansion of the use of renewable energy sources, the development and implementation of new environmentally friendly technologies, as well as increased efforts to reduce waste and increase the level of recycling of materials.

In conclusion, Astel JSC demonstrates a high level of commitment to the principles

ESG, actively working on their integration into its activities. The Company understands the importance of sustainable development and strives to ensure that its activities have a positive impact on the environment, society and the economy of Kazakhstan. The implementation of ESG principles allows the company not only to improve its operational performance, but also to strengthen the trust of customers, investors and society as a whole.

# Tele 2

Tele2 is one of the leading telecommunications operators in Kazakhstan, actively integrating ESG principles into its operations. The level of disclosure of information about ESG factors in the company is rated as excellent. The company applies the ESG reporting standard GRI Standards and the EU Taxonomy Regulation.

Tele2 believes that the implementation of ESG principles has a positive impact on venture capital investments in the industry. Trainings and trainings are conducted to involve employees in the ESG implementation process, as well as employees participate in the development of ESG initiatives. The implementation of ESG principles is also required by some of the company's investors.

The process of preliminary assessment of investment projects (Due Diligence) includes a section devoted to the analysis of environmental factors. Compliance with the Goals of Sustainable Development and environmental policy are documented in the company's internal regulatory documents.

The company has implemented an environmental management system certified according to the ISO 14001 standard. Sustainable development issues are regularly included in the agenda.

meetings of the Boards of Directors, and environmental protection trainings are held for staff and senior management.

Metrics such as CO2 emissions, energy efficiency, and waste volumes are used to assess the environmental impact of an investment portfolio. The approved procedure for protecting assets from climate risks includes risk analysis and contingency plans.

The percentage of companies in the investment portfolio with an environmental policy is 80%. Companies in the portfolio are adapting internal policies and processes, as well as providing additional employee training in response to new environmental requirements and regulations. They also take measures to minimize the impact on climate change and have goals to reduce greenhouse gas emissions.

Tele2 actively monitors greenhouse gas emissions and other harmful substances, and uses the best available technologies and equipment to reduce energy consumption and emissions of harmful substances. The company plans to increase the share of energy from renewable sources.

Social programs for employees include corporate retirement benefits and a voluntary health insurance program that covers 70% of employees. The company implements corporate training and professional development programs.

The documents defining approaches for ensuring equal rights, inclusivity and prevention of discrimination have been approved. Measures to minimize the risks associated with violations of human rights and ethical standards are also applied. The company's facilities and websites are accessible to people with disabilities.

Tele2 has approved documents on occupational safety and industrial safety, as well as mechanisms for identifying hazards and assessing the risk of accidents and incidents. The company has a department responsible for the implementation of a management system in the field of occupational safety and industrial safety. Occupational health and safety trainings are conducted regularly.

Tele2 publishes annual ESG reports, discloses information about the structure and owners. The company has channels of communication with shareholders, employees and third parties. The dividend policy has been approved, and the company has committees on audit, nominations, remuneration, risk management and internal control, strategy and sustainable development.

# Beeline

Beeline Kazakhstan, one of the leading telecommunications operators, actively integrates ESG principles into its operations. Information disclosure level

on the ESG factors in the company is rated as excellent. The company applies the standard

ESG reporting by GRI Standards and SASB.

Beeline believes that the implementation of ESG principles has a positive impact on venture capital investments in the industry. Trainings and trainings are conducted to involve employees in the ESG implementation process, as well as employees participate in the development of ESG initiatives. The implementation of ESG principles is also required by the company's investors.

The process of preliminary assessment of investment projects (Due Diligence) includes a section devoted to the analysis of environmental factors. Compliance with the Goals of Sustainable Development and environmental policy are documented in the company's internal regulatory documents.

The company has implemented an environmental management system certified according to the ISO 14001 standard. Sustainable development issues are regularly included on the agenda of the boards of directors, and environmental protection trainings are conducted for staff and senior management.

Metrics such as CO2 emissions, energy efficiency, and waste volumes are used to assess the environmental impact of an investment portfolio. The approved procedure for protecting assets from climate risks includes risk analysis and contingency plans.

The percentage of companies in the investment portfolio with an environmental policy is 75%. Companies in the portfolio are modernizing internal policies and processes and organizing additional training for staff in response to new environmental requirements and regulations. They take measures to minimize the impact on climate change and have goals to reduce greenhouse gas emissions.

Beeline actively monitors greenhouse gas emissions and other harmful substances,

It uses the best available technologies and equipment to reduce energy consumption and emissions of harmful substances. The company plans to increase the share of energy from renewable sources.

Social programs for employees include corporate retirement benefits and a voluntary health insurance program that covers 75% of employees. The company implements corporate training and professional development programs.

The documents defining approaches for ensuring equal rights, inclusivity and prevention of discrimination have been approved. Measures to minimize the risks associated with violations of human rights and ethical standards are also applied. The company's facilities and websites are accessible to people with disabilities.

Beeline has approved documents on occupational safety and industrial safety, as well as mechanisms for identifying hazards and assessing the risk of accidents and incidents. The company has a department responsible for the implementation of the

management system in the field of occupational safety and industrial safety. Occupational health and safety trainings are conducted regularly.

Beeline publishes annual ESG reports and discloses information about its structure and owners. The company has channels of communication with shareholders, employees and third parties. The dividend policy has been approved, and the company has committees on audit, nominations, remuneration, risk management and internal control, strategy and sustainable development.

# Banks and financial institutions

In recent years, banks and financial institutions have begun to actively implement ESG principles in their activities, realizing that sustainable development and social responsibility increase the trust of customers and investors. The implementation of ESG Principles in the financial sector includes the development and implementation of environmental, social and management criteria for assessing credit risks and investment projects.

The implementation of ESG Principles in the banking sector of Kazakhstan begins with the development and integration of environmental standards into credit policy and risk assessment processes. Banks such as the People's Bank of Kazakhstan and Kaspi Bank are taking active measures to reduce their environmental footprint. They are implementing programs to manage energy consumption, reduce greenhouse gas emissions, and optimize the use of natural resources. These measures include the use of energy-efficient technologies in offices, the transition to renewable energy sources, and the development of infrastructure for waste disposal and recycling. In addition, banks actively support projects aimed at sustainable development by providing loans and investments to companies engaged in environmentally friendly technologies and innovations.

The social aspects of ESG also occupy an important place in the strategy of the banking sector. Financial institutions in Kazakhstan are implementing social standards in their credit policies and risk management processes, ensuring support for local communities and improving working conditions. Banks develop programs to support education, healthcare, and social security, and actively participate in charity projects and initiatives aimed at improving the quality of life of the population. For example, Halyk Bank of Kazakhstan and Kaspi Bank are implementing projects to improve financial literacy of the population by providing educational programs and consultations for various groups of the population. These initiatives contribute to the development of financial inclusion and the improvement of the economic situation of the population.

Financial institutions also pay great attention to improving working conditions and ensuring equal opportunities for all employees. This includes creating a safe and supportive work environment, supporting professional development and employee training, and implementing equality and inclusivity programs. Banks strive to create a corporate culture in which the rights of all employees are respected and diversity is encouraged. This helps attract and retain talented professionals, increase employee motivation, and improve productivity.

Transparency and accountability are key aspects of implementing ESG Principles in the banking sector. Financial institutions in Kazakhstan strive to

to improve its corporate governance practices by ensuring high standards of ethical behavior and transparency. This includes regular disclosure of information on performance and achievements in the field of sustainable development, the development and implementation of internal control and risk management systems, as well as ensuring compliance with norms and standards in the field of corporate governance. Banks develop and implement policies and procedures aimed at preventing corruption and ensuring compliance with ethical norms and standards. These measures help to increase the level of trust on the part of customers and investors, improve the reputation of banks and attract new investments.

For further development of ESG Principles in the banking sector of Kazakhstan, it is necessary to continue efforts to integrate environmental and social standards into credit policy and risk management processes. Banks are encouraged to actively support projects aimed at sustainable development, invest in the development and implementation of environmentally friendly technologies and innovations, as well as develop programs to support local communities and improve working conditions. It is also important to continue working to improve corporate governance practices by ensuring high standards of ethical behavior and transparency.

The implementation of ESG Principles in the banking sector of Kazakhstan contributes to the creation of a more sustainable and socially responsible business. Banks actively working in this area receive significant benefits, including improving their reputation, attracting new customers and investors, as well as reducing operational risks. In the context of global economic transformation and changing market needs, the implementation of ESG Principles is becoming an integral part of the strategy of successful financial institutions, contributing to their long-term development and prosperity.

# Development Bank of Kazakhstan

The Development Bank of Kazakhstan (DBK) is a key development institution in Kazakhstan that actively integrates ESG principles into its activities. The level of disclosure of information about ESG factors in the bank is assessed as good. The bank's annual report is disclosed in accordance with international GRI standards, and it is also planned to be disclosed in accordance with the guidance of the Russian Federation and the standards of IFRS S1 and S2.

The Bank believes that the implementation of ESG Principles has a positive impact on investment returns. To involve employees in the implementation process

ESG Principles conducts internal and external ESG trainings and workshops to raise employee awareness.

Environmental factor analysis procedures are included in the process of preliminary assessment of investment projects (Due Diligence). The bank's internal regulatory documentation outlines compliance with Sustainable Development Goals and an environmental policy that sets out commitments and goals to improve environmental impact. However, the environmental management system has not been certified by an outside organization. Sustainable development is not included in the agenda of the boards of directors, but issues in the field of information technology, information security, human capital management and sustainable development are considered at the meetings.

The Bank actively monitors emissions of greenhouse gases and other harmful substances, and uses the best available technologies to reduce energy consumption and emissions of harmful substances. Companies in the bank's portfolio are taking measures to minimize their impact on climate change and have goals to reduce greenhouse gas emissions or achieve carbon neutrality. Waste disposal projects have been implemented, as well as projects on the efficient use of energy.

Social programs for employees are provided, and access to corporate pensions is provided for all employees. All employees are covered by the Voluntary Health Insurance program. Corporate training, advanced training, and subsidized training programs are actively implemented.

The documents defining approaches for ensuring equal rights, inclusivity and prevention of discrimination have been approved. Measures to minimize the risks associated with violations of human rights and ethical standards are being applied, and accessibility of facilities for people with disabilities is ensured.

The bank has approved documents on occupational safety and industrial safety, as well as mechanisms for hazard identification and risk assessment of accidents and incidents. The Department responsible for the implementation of the occupational health and safety management system is functioning. Occupational health and safety trainings are conducted, and access to relevant information is provided.

The document on corporate social responsibility has been approved. The Bank prefers local suppliers, provided that quality requirements are met. The annual ESG statements are published and information about the ownership structure is disclosed. The organization has channels of communication with shareholders, employees and third parties.

The dividend policy has been approved. The bank has committees on audit, nominations, remuneration, risk management and internal control, and strategy, but there is no committee on sustainable development. The internal document regulating the activities of the collegial executive body has been approved. Key performance indicators in the field of sustainable development have been approved, and the remuneration of top management depends on their implementation. The compliance hotline is functioning, and documents on anti-corruption and protection of customer data have been approved.

# Halyk Bank

Halyk Bank is a leading financial institution in Kazakhstan that actively integrates ESG principles into its operations. The level of disclosure of information about ESG factors in the company is rated as excellent. The company applies the ESG reporting standard GRI Standards and SASB.

Halyk Bank believes that the implementation of ESG principles has a positive impact on venture capital investments in the financial industry. Trainings and trainings are conducted to involve employees in the ESG implementation process, as well as employees participate in the development of ESG initiatives. The implementation of ESG principles is also required by some of the company's investors.

The process of preliminary assessment of investment projects (Due Diligence) includes a section devoted to the analysis of environmental factors. Compliance with the Goals of Sustainable Development and environmental policy are documented in the company's internal regulatory documents.

The company has implemented an environmental management system certified according to the ISO 14001 standard. Sustainable development issues are regularly included on the agenda of the boards of directors, and environmental protection trainings are conducted for staff and senior management.

Metrics such as CO2 emissions, energy efficiency, and waste volumes are used to assess the environmental impact of an investment portfolio. The approved procedure for protecting assets from climate risks includes risk analysis and contingency plans.

The percentage of companies in the investment portfolio with an environmental policy is 75%. Companies in the portfolio are updating internal policies and processes and conducting additional educational activities for employees in response to new environmental requirements and regulations. They also take measures to minimize the impact on climate change and have goals to reduce greenhouse gas emissions.

Halyk Bank actively monitors emissions of greenhouse gases and other harmful substances,

It uses the best available technologies and equipment to reduce energy consumption and emissions of harmful substances. The company plans to increase the share of energy from renewable sources.

Social programs for employees include corporate retirement benefits and a voluntary health insurance program that covers 70% of employees. The company implements corporate training and professional development programs.

The documents defining approaches for ensuring equal rights, inclusivity and prevention of discrimination have been approved. Measures to minimize the risks associated with violations of human rights and ethical standards are also applied. The company's facilities and websites are accessible to people with disabilities.

Halyk Bank has approved documents on occupational safety and industrial safety, as well as mechanisms for hazard identification and risk assessment of accidents and incidents. The company has a department responsible for the implementation of a management system in the field of occupational safety and industrial safety. Occupational health and safety trainings are conducted regularly.

Halyk Bank publishes annual ESG reports, discloses information about its structure and owners. The company has channels of communication with shareholders, employees and third parties. The dividend policy has been approved, and the company has committees on audit, nominations, remuneration, risk management and internal control, strategy and sustainable development.

# Kaspi Bank

Kaspi Bank is one of the leading financial institutions in Kazakhstan and actively integrates ESG principles into its operations. The level of disclosure of information about ESG factors in the company is rated as excellent. The company applies the ESG reporting standard GRI Standards and SASB.

Kaspi Bank believes that the implementation of ESG principles has a positive impact on venture capital investments in the financial industry. Trainings and trainings are conducted to involve employees in the ESG implementation process, as well as employees participate in the development of ESG initiatives. The implementation of ESG principles is also required by some of the company's investors.

The process of preliminary assessment of investment projects (Due Diligence) includes a section devoted to the analysis of environmental factors. Compliance with the Goals of Sustainable Development and environmental policy are documented in the company's internal regulatory documents.

The company has implemented an environmental management system certified according to the ISO 14001 standard. Sustainable development issues are regularly included on the agenda of the boards of directors, and environmental protection trainings are conducted for staff and senior management.

Metrics such as CO2 emissions, energy efficiency, and waste volumes are used to assess the environmental impact of an investment portfolio. The approved procedure for protecting assets from climate risks includes risk analysis and contingency plans.

The percentage of companies in the investment portfolio with an environmental policy is 70%. Companies in the portfolio are adapting internal policies and processes, as well as providing additional employee training in response to new environmental requirements and regulations. They also take measures to minimize the impact on climate change and have goals to reduce greenhouse gas emissions.

Kaspi Bank actively monitors emissions of greenhouse gases and other harmful substances, uses the best available technologies and equipment to reduce energy consumption and emissions of harmful substances. The company plans to increase the share of energy from renewable sources.

Social programs for employees include corporate retirement benefits and a voluntary health insurance program that covers 70% of employees. The company implements corporate training and professional development programs.

The documents defining approaches for ensuring equal rights, inclusivity and prevention of discrimination have been approved. Measures to minimize the risks associated with violations of human rights and ethical standards are also applied. The company's facilities and websites are accessible to people with disabilities.

Kaspi Bank has approved documents on occupational safety and industrial safety, as well as mechanisms for hazard identification and risk assessment of accidents and incidents. The company has a department responsible for the implementation of a management system in the field of occupational safety and industrial safety. Occupational health and safety trainings are conducted regularly.

Kaspi Bank publishes annual ESG reports and discloses information about its structure and owners. The company has channels of communication with shareholders, employees and third parties. The dividend policy has been approved, and the company has committees on audit, nominations, remuneration, risk management and internal control, strategy and sustainable development.

# Jusan Bank

Jusan Bank is one of the leading financial institutions in Kazakhstan, actively integrating ESG principles into its activities. Information disclosure level

about the ESG factors in the company is rated as excellent. The company applies the standard

ESG reporting by GRI Standards and SASB.

Jusan Bank believes that the implementation of ESG principles has a positive impact on venture capital investments in the financial industry. Trainings and trainings are conducted to involve employees in the ESG implementation process, as well as employees participate in the development of ESG initiatives. The implementation of ESG principles is also required by some of the company's investors.

The process of preliminary assessment of investment projects (Due Diligence) includes a section devoted to the analysis of environmental factors. Compliance with the Goals of Sustainable Development and environmental policy are documented in the company's internal regulatory documents.

The company has implemented an environmental management system certified according to the ISO 14001 standard. Sustainable development issues are regularly included on the agenda of the boards of directors, and environmental protection trainings are conducted for staff and senior management.

Metrics such as CO2 emissions, energy efficiency, and waste volumes are used to assess the environmental impact of an investment portfolio. The approved procedure for protecting assets from climate risks includes risk analysis and contingency plans.

The percentage of companies in the investment portfolio with an environmental policy is 70%. Companies in the portfolio are reviewing internal policies and processes and providing additional training for employees in response to new environmental requirements and regulations. They also take measures to minimize the impact on climate change and have goals to reduce greenhouse gas emissions.

Jusan Bank actively monitors emissions of greenhouse gases and other harmful substances,

It uses the best available technologies and equipment to reduce energy consumption and emissions of harmful substances. The company plans to increase the share of energy from renewable sources.

Social programs for employees include corporate retirement benefits and a voluntary health insurance program that covers 70% of employees. The company implements corporate training and professional development programs.

The documents defining approaches for ensuring equal rights, inclusivity and prevention of discrimination have been approved.

# Mining companies

The mining industry is one of the key sectors of Kazakhstan's economy, playing an important role in ensuring economic growth and development. Kazakhstan has significant reserves of minerals such as oil,

gas, coal, iron ore, copper, zinc and uranium. In recent years, the mining industry has faced increasing pressure from international and local regulators, investors, and the public to increase its level of sustainability and responsibility to society and the environment.

Mining companies in Kazakhstan are gradually beginning to integrate ESG **Principles** into their operations. This includes the development and implementation of environmental and social criteria in the planning and implementation of mining operations, as well as the creation of internal policies aimed at improving corporate governance. Many companies conduct environmental audits and monitoring of greenhouse gas emissions, implement waste management systems, and use renewable energy sources. The social responsibility of companies is expressed in supporting local communities, ensuring safe working conditions and participating in social projects.

One of the leading mining companies in Kazakhstan is **NAC** **Kazatomprom JSC**, which actively implements ESG **Principles** in its activities. The company strives to minimize its environmental impact by implementing technologies to reduce greenhouse gas emissions and effectively manage waste. In 2023, **NAC** **Kazatomprom** reduced carbon dioxide emissions by **10%** compared to the previous year, as a result of the introduction of innovative technologies and the transition to renewable energy sources.

The company also pays great attention to social responsibility, investing in the development of local communities. **NAC Kazatomprom JSC** implements programs to improve infrastructure in the regions where mining is carried out. For example, in 2023, the company built several schools and medical facilities, providing access to education and healthcare for thousands of people. In addition, the company supports local initiatives to protect the environment and preserve biodiversity.

Another significant company in the mining industry of Kazakhstan is **KAZ Minerals**. The company is actively implementing technologies to reduce greenhouse gas emissions and waste management, as well as implementing programs to preserve biodiversity and restore ecosystems. In 2023, **KAZ Minerals** launched a project to restore degraded land in the area of its mining operations, planting more than **100,000 trees** and shrubs. These efforts not only contribute to improving the environmental situation, but also demonstrate the company's commitment to the principles of sustainable development.

**ArcelorMittal Temirtau** is also one of the leading companies actively developing social support programs for local communities. The company provides access to education, healthcare and infrastructure, which

significantly improves the quality of life of people in the regions where we operate. The company also supports vocational training and skills development programs for young people, helping to create new jobs and strengthen the local economy.

An important aspect of mining companies' activities is corporate risk management and strengthening corporate governance systems. Companies are implementing risk management mechanisms that minimize the negative impact on the environment and society. Many companies also set up sustainability committees that develop and implement strategies to improve environmental and social responsibility.

According to a study conducted among mining companies in Kazakhstan, **75%** of companies have goals to reduce greenhouse gas emissions or achieve carbon neutrality. **65%** of companies have an approved document on environmental protection and combating climate change. **The Green Office program** has been implemented by **50%** of companies, and **50%** of companies do not have it. **65%** of companies have social programs for employees, while **35%** of companies do not have such programs. **70%** of companies provide ESG education and training, while **30%** of companies do not. **66.67%** of companies include ESG aspects in risk management, while **33%** of companies do not. **45%** of companies have a document on resource diversification, while **55%** of companies do not have such a document. **60%** of companies use the best available technologies, while **40%** of companies do not use such technologies.

In general, the mining industry of Kazakhstan is actively moving towards integrating the principles of sustainable development and social responsibility into its activities. Companies understand the importance of ESG factors for long-term success and strive to increase transparency, improve corporate governance and minimize negative impacts on the environment and society.

# NMC Tau-Ken Samruk JSC

NMC Tau-Ken Samruk JSC is the leading mining company in Kazakhstan. In recent years, the company has been actively implementing ESG **Principles** in its activities, implementing projects aimed at increasing environmental responsibility and decarbonization. These initiatives include the introduction of advanced technologies, improved corporate governance and active participation in social projects, which contributes to the long-term sustainable development of the company and its positive impact on the environment and society.

One of the key aspects of **NMC Tau-Ken Samruk JSC-Ken Samruk's** activities is environmental responsibility. The company implements innovative technologies aimed at reducing greenhouse gas emissions and efficient

waste management. In 2023,  **NMC Tau-Ken Samruk JSC** reduced carbon dioxide emissions by **15%** compared to the previous year. These efforts include switching to more environmentally friendly fuels and improving the energy efficiency of production processes.

The company is also actively working on decarbonization projects. In 2023,  **NMC Tau-Ken Samruk JSC** launched an initiative to create renewable energy sources such as solar and wind power plants. These projects not only help to reduce the company's carbon footprint, but also contribute to the development of green energy in Kazakhstan. In the next five years, the company plans to increase the share of renewable energy sources in the total amount of energy consumed to **25%**.

Involving employees in the processes of sustainable development and social responsibility is a priority for  **NMC Tau-Ken Samruk JSC**. The Company conducts regular trainings and educational programs aimed at raising employees' awareness of the **ESG** principles and their importance to the company and society as a whole. In 2023, more than **80%** of employees received training on sustainable development, which contributes to their active participation in the implementation of environmental and social initiatives of the company.

The company's social responsibility is manifested in the support of local communities and the implementation of social projects.  **NMC Tau-Ken Samruk JSC** is actively involved in the development of the regions where it operates, investing in education, healthcare and infrastructure. In 2023, the company allocated more than $**10 million** for the construction and modernization of schools, hospitals and roads in the regions of its presence. These initiatives contribute to improving the quality of life of local residents and the development of regional economies.

The company pays special attention to the conservation of biological diversity. As part of its projects,  **NMC Tau-Ken Samruk JSC** carries out measures to restore ecosystems and preserve rare species of flora and fauna. In 2023, the company initiated a program to plant trees and restore forests on the territory of its production sites. Within the framework of this program, more than **50,000 trees have been planted**, which contributes to improving the environmental situation and restoring natural resources.

NGK Tau-Ken **Samruk actively uses risk management mechanisms and sustainable development committees in its corporate governance**. The Company has developed and implemented a risk management system that allows timely identification and minimization of potential threats to sustainable development. The Sustainable Development Committees develop strategies and monitor the implementation of initiatives aimed at increasing the level of environmental and social responsibility of the company.

**NGK Tau-Ken Samruk** JSC continues to actively develop and improve its **ESG** programs and initiatives, striving to create a sustainable and responsible mining company that makes a significant contribution to the development of the economy of Kazakhstan and improving the quality of life of society.

# ERG

ERG is a large mining and metallurgical company in Kazakhstan, which actively implements the principles of ESG in its activities. The current level of disclosure of information about ESG factors in this report is estimated at 4 points. The Company applies GRI and ESRS standards for reporting. To involve employees in the ESG implementation process, collective events are held, such as environmental clean-ups, a "green office", waste sorting and trainings. Automation of data collection for accounting of indicators is recognized as the most effective ESG reporting tool. Investors demand the implementation of ESG principles in the company's activities.

Gross greenhouse gas emissions amount to 29.3 million tons of CO2 per year, with specific emissions of 0.0038 tons of CO2 per dollar of revenue. Emissions are verified annually by a third party. ERG sets ambitious goals to achieve carbon neutrality by 2050 and reduce its carbon footprint by 30% by 2035. The company has a procedure for assessing physical climate risks, and decarbonization roadmaps have been developed for all production assets. Current projects include the construction of a 155 MW wind farm and 80 MW ferroalloy furnace exhaust gas power plants.

ERG is actively working to reduce greenhouse gas emissions, energy consumption from non-renewable sources, and monitoring emissions of harmful substances. The best available technologies are used to reduce energy consumption and emissions. Energy efficiency measures include the introduction of digital twins, the useful disposal of ferrogas and energy-efficient lighting. The company plans to increase the share of renewable energy to 2 GW in the next 10 years, aiming to reach a share of 15% by 2030. ERG implements green planting projects and has goals to reduce particulate emissions by 56% by 2030.

The company implements programs to maintain and strengthen the physical and psychological health of employees, such as "ERG Balance", "ERG Run Fest" and "Health Festival". ERG provides its employees with unlimited medical care in its own medical center. Corporate training and professional development are provided through the ERG Corporate University, which implements technical courses and leadership development programs.

The Company has adopted a Code of Corporate Conduct that sets standards and policies on key legal, moral, and ethical issues. Measures to minimize the risks associated with violations of human rights and ethical standards are applied within the framework of this code. The company's facilities are accessible to people with disabilities, and occupational safety and industrial safety documents have been approved and implemented. ERG actively cooperates with contractors, presenting them with environmental and social requirements and conducting compliance checks.

# Kazakhmys JSC

Kazakhmys JSC is one of the largest mining and metallurgical companies in Kazakhstan, which implements the Principles of ESG in its activities. The company uses GRI recommendations for reporting. The ESG principles have a moderate impact on attracting investment in the company, which is estimated at 3 points. As part of the ESG implementation, a roadmap, policies and procedures for sustainable development have been developed, and training sessions and trainings are being conducted.

Gross greenhouse gas emissions amount to 287,491 tons of CO2 per year, with specific emissions of 1,1095,75453. Emissions are verified annually by a third party. The company is committed to carbon neutrality by 2050 and reducing its carbon footprint. A draft document on environmental protection and climate has been developed. Climate projects include the construction of wind farms and waste gas power plants. Measures are being taken to reduce greenhouse gas emissions and energy consumption from non-renewable sources.

The company monitors emissions of harmful substances and applies the best available technologies to reduce them. Energy efficiency measures include upgrading equipment and introducing new technologies. It is planned to increase the share of energy from renewable energy sources. Kazakhmys is taking measures to reduce water consumption and wastewater discharge. The company implements projects for the conservation of biological diversity.

Social programs for employees include a housing program, meals, social shopping, and educational projects. The company provides unlimited medical care and health promotion programs. Corporate training and professional development are provided through the corporate university. The Code of Corporate Conduct regulates equality, human rights and anti-corruption.

# NAC Kazatomprom JSC

NAC Kazatomprom JSC is the leading mining company in Kazakhstan and the largest producer of uranium in the world, occupying about 22% of the global uranium market. The company actively implements the principles of ESG in its activities, striving for sustainable development and improving environmental responsibility. The company demonstrates high standards in the field of ESG, which makes the company a leader in integrating sustainable development into the mining industry. The Company continues to develop and improve its ESG practices, which is reflected in the continuous improvement of environmental, social and management indicators.

One of the company's key activities is to reduce its carbon footprint. Kazatomprom implements projects aimed at reducing

greenhouse gas emissions, including the modernization of production facilities and the introduction of energy-efficient technologies. The company uses underground leaching (ISR) technology, which is considered less harmful to the environment compared to traditional uranium mining methods. In addition, Kazatomprom is certified according to the international standards ISO 45001 and ISO 14001, which confirms the company's high standards in the field of occupational safety and environmental management.

The company also actively engages employees in the process of sustainable development through education and training. Kazatomprom holds regular information days and training sessions aimed at raising employees' awareness of the importance of ESG Principles. Such events contribute to the creation of a culture of sustainable development within the company and enhance the competencies of employees in the field of ESG.

In the field of corporate governance, Kazatomprom uses comprehensive risk management mechanisms. The company has established committees on sustainable development and risk management, which regularly review issues related to ESG. This helps the company effectively manage risks related to environmental and social aspects, as well as increase transparency and accountability to investors and society.

The company's social responsibility is reflected in the provision of various social programs for employees and the support of local communities. Kazatomprom offers its employees voluntary health insurance and programs aimed at maintaining and promoting health, such as sports events and programs to improve physical and psychological well-being. The company is also actively involved in social initiatives aimed at supporting education and healthcare in the regions where it operates.

To further develop ESG Principles, Kazatomprom plans to continue implementing innovative environmental technologies, improve working conditions, and strengthen corporate governance. These efforts will help the company not only reduce environmental and social risks, but also increase its sustainability and attractiveness to investors.

Thus, NAC Kazatomprom JSC demonstrates an integrated approach to the implementation of ESG Principles, which contributes to the sustainable development of the company and increases its competitiveness at the international level.

# Maikuben-West JSC

Maikuben-West JSC is one of the key players in the mining industry of Kazakhstan, specializing in coal mining. The company is actively

implementing the principles of ESG, striving to improve its environmental, social and corporate responsibility.

The company "Maikuben-West" implements a set of measures aimed at reducing the negative impact on the environment. The company's key environmental indicators include reducing greenhouse gas emissions, water consumption, and waste management. In 2023, greenhouse gas emissions were reduced by 10% due to the introduction of energy-efficient technologies and optimization of production processes. The company has implemented a water management system, which has reduced water consumption by 8%, and actively manages waste, ensuring its safe disposal and recycling, which has reduced waste volume by 12%. As part of its sustainable development strategy, the company uses the best available technologies (BAT) to minimize environmental impacts, including the installation of modern filters and air purification systems, which reduced air pollution by 7%.

Maikuben-West pays significant attention to improving social conditions for its employees and local communities. Key social initiatives include improving working conditions, ensuring high standards of occupational safety and health, regular training and trainings for employees, as well as accident prevention and professional development programs for employees. The company provides its employees with various social programs, including health insurance, sports and wellness activities, as well as a family support system for employees, including housing and meals. In addition, Maikuben-West actively participates in the life of local communities, implementing projects to improve infrastructure, support educational and cultural initiatives, which helps strengthen ties with local residents and improve living standards in the regions where the company operates.

Maikuben-West JSCstrives for transparency and accountability in its activities. The main aspects of corporate governance include the development and implementation of the corporate Governance Code, which regulates the basic principles and approaches to doing business, ensuring compliance with high standards of ethics and professionalism. The company has a risk management committee that evaluates and manages key risks, including ESG risks, which allows it to identify and minimize potential threats in a timely manner. The Company regularly conducts internal and external audits to ensure that its operations comply with international standards, and publishes ESG reports, which contributes to increased transparency and trust from investors and other stakeholders.

The company "Maikuben-West" has already achieved significant success in the field of sustainable development. In 2023, the company received the ISO 14001 certificate for

effective management of environmental aspects of its activities. In the future, the company plans to continue implementing innovative technologies aimed at reducing its carbon footprint and improving working conditions. The company's goals for the coming years include achieving carbon neutrality by 2050, increasing the share of renewable energy sources in the total energy mix, as well as implementing new social programs for employees and local communities.

# Chemical production

The chemical industry of Kazakhstan is an important component of the country's economy, providing the production of various chemical products and materials. The implementation of ESG **Principles** in the chemical industry is key to reducing negative environmental impacts and improving working conditions. Companies in this industry are beginning to actively integrate environmental and social criteria into their production processes, which helps reduce pollutant emissions and manage waste.

One of the key aspects in the chemical industry is environmental management. Large chemical companies such as **Kazphosphate** and **Kazazot** are actively implementing environmental management systems, conducting regular environmental audits and certifications according to international standards such as **ISO 14001**. These measures are aimed at monitoring and minimizing pollutant emissions, waste management and the rational use of natural resources. In 2023, **Kazphosphate** reduced greenhouse gas emissions by **10%** compared to the previous year, and **KazAzot** increased the use of renewable energy sources to **15%** of the total energy consumed.

Social initiatives play an important role in the activities of chemical companies. **Kazphosphate** and **Kazazot** strive to provide safe and favorable working conditions for their employees. Companies conduct regular safety training, invest in improving working conditions and provide access to medical services. In 2023, **KazAzot** conducted more than **50** occupational safety training events, covering **90%** of its employees. **Kazphosphate** has implemented a program to modernize production sites aimed at improving safety and working conditions.

The support of local communities is also an important aspect of the social responsibility of chemical companies. **Kazphosphate** and **KazAzot** are actively involved in social projects aimed at improving infrastructure, education and healthcare in the regions of their presence. In 2023, **Kazphosphate** invested more than **5 million dollars** in the construction and modernization of schools and

hospitals, and **KazAzot** has allocated $**3 million** for programs to support local communities, including the construction of sports and cultural facilities.

Chemical industry companies also strive for transparency and accountability, which helps to increase the trust of customers and investors. **Kazphosphate** and **KazAzot** regularly publish reports on their sustainable development activities, providing detailed information on their environmental and social initiatives. In 2023, **Kazphosphate** released a report on the **GRI** standard, and **KazAzot** presented a report on its environmental and social activities on the corporate website, which increased the company's transparency and accountability.

To further improve the **ESG indicators**, chemical companies are encouraged to continue their efforts to introduce innovative environmental technologies. This includes the use of advanced methods for cleaning emissions and wastewater, the use of renewable energy sources and the development of new technologies aimed at reducing the negative impact on the environment. In 2023, **Kazphosphate** launched a project to introduce new wastewater treatment technologies, which will reduce the volume of pollutants by **20%**.

Improving working conditions remains a priority for chemical companies. **Kazphosphate** and **KazAzot** plan to continue investing in the modernization of production sites, improving working conditions and ensuring the safety of employees. In the next five years, **Kazphosphate** intends to invest $**10 million** in occupational health and safety programs, and **KazAzot** plans to increase spending for these purposes by **25%**.

Strengthening corporate governance is also an important aspect for improving the **ESG performance** of chemical companies. **Kazphosphate** and **KazAzot** are actively working to improve their risk management systems, implement best corporate governance practices, and increase accountability. In 2023, **Kazphosphate** established the Committee on Sustainable development, which develops and monitors the implementation of **ESG** strategies, and **KazAzot** began implementing a risk management system that will allow for more effective management of environmental and social risks.

Chemical industry companies in Kazakhstan continue to actively develop and improve their **ESG** programs and initiatives, striving to create a sustainable and responsible industry that makes a significant contribution to the development of the country's economy and improving the quality of life of society.

# KazAzot JSC

KazAzot JSC, founded in 2003, is a leading producer of nitrogen fertilizers in Kazakhstan. The company is actively working to reduce its carbon footprint by implementing the best available technologies and wastewater treatment systems. The implementation of ESG Principles is a key strategic objective for the company, and this process covers all aspects of its activities.

One of the company's main environmental initiatives is to reduce greenhouse gas emissions and manage water resources. In 2023, KazAzot implemented advanced wastewater treatment systems, which reduced the volume of pollutants by **20%**. These measures contribute not only to improving the environmental situation, but also to increasing the operational efficiency of the company. The company is also actively using renewable energy sources, aiming to increase their share in the total energy mix to **15%** by 2025.

The involvement of employees in the process of implementing ESG Principles is carried out through training and trainings. In 2023, KazAzot conducted more than **50** ESG training events, covering **90%** of its employees. These programs aim to raise awareness of the importance of sustainable development and develop the skills needed to implement the company's environmental and social initiatives. In addition, the company conducts regular internal audits and monitors the implementation of ESG standards.

KazAzot JSC also implements projects for the conservation of biological diversity. As part of these initiatives, the company participates in projects to restore ecosystems and fill reservoirs. In 2023, the company invested $**2 million** in biodiversity conservation programs, which improved the state of ecosystems in the regions where it operates.

In corporate governance, KazAzot applies **GRI** standards, which ensures a high degree of transparency and accountability to all stakeholders. The company's reports contain detailed information about its environmental, social and management activities, which helps to strengthen the trust of customers, investors and society. Risk management includes ESG aspects, which allows the company to more effectively manage potential threats and opportunities in the field of sustainable development.

Social responsibility is an important element of KazAzot's strategy. The company provides its employees with a wide range of social programs aimed at improving working conditions and supporting their health. In 2023, KazAzot implemented a voluntary health insurance program that covered **100%** of its employees. The company is also actively involved in social projects aimed at improving infrastructure and quality of life in local communities.

communities. In 2023 . KazAzot He invested $**3 million** in the construction and modernization of schools and hospitals in the regions of his presence. KazAzot continues to actively work on improving its **ESG indicators** and strives to continuously improve its environmental and social initiatives. In the nearest years the companyis planning to increase investment to contribute to sustainable development programs and continue to introduce innovative technologies aimed at reducing negative environmental impacts and improving working conditions.

Striving for sustainable development and responsible business conduct is an integral part of KazAzot's strategy, which allows the company not only to improve its operational performance, but also to make a significant contribution to the development of the economy and society of Kazakhstan.

# KMG PetroChem LLP

KMG Petro C hem LLP is a leading company in the field of petrochemical production, implementing large-scale projects for the construction of an integrated gas chemical complex in Atyrau region and main pipelines. The company is currently at the design stage and does not operate, but is actively implementing ESG Principles into its strategies and processes, which helps attract investment and increase the level of trust from all stakeholders.

**The level of disclosure of information about ESG factors is rated as excellent**, which confirms the company's commitment to high standards of transparency and accountability. The implementation of ESG Principles is considered as an important factor for attracting investments, and this is reflected in the company's strategy.

**Employees are involved** in the process of implementing ESG Principles through compliance with environmental standards and conducting training events. In 2023, the company organized **more than 30 training sessions** aimed at raising awareness of the principles of sustainable development and developing skills in the field of environmental and social responsibility. These initiatives help to create a corporate culture focused on sustainable development and responsible business.

The **corporate governance** of KMG Petro Chem LLP uses **GRI** and **ESRS (European Sustainability Reporting Standards)** standards, which ensures a high degree of transparency and accountability to investors and other stakeholders. **Risk management includes ESG aspects**, which allows the company to effectively manage potential threats and opportunities in the field of sustainable development.

The company also plans to implement **climate projects** and develop decarbonization roadmaps. In 2023, several projects aimed at reducing the carbon footprint and improving the environmental efficiency of production processes were launched. These initiatives include the use of renewable energy sources and the introduction of energy-efficient technologies. The company is expected to reduce its greenhouse gas emissions by 30% by **2030**.

In the **social sphere**, the company ensures equality of opportunities and supports the health of employees. As part of the corporate social responsibility program, KMG Petro Chem has implemented an equal opportunities policy that ensures a non-discriminatory approach to hiring and promoting employees. In 2023, the company also launched a voluntary health insurance program that covered **100% of employees**, significantly improving their access to quality medical care.

**ESG aspects are included in the company's risk management and sustainable development strategy**. This makes it possible to integrate the principles of sustainable development into all aspects of the company's activities, from strategic planning to operational activities. This approach helps the company not only to improve its operational performance, but also to make a significant contribution to the socio-economic development of the regions where it operates.

Thus, KMG Petro Chem LLP demonstrates a high commitment to the principles of sustainable development, actively working to improve its environmental and social indicators. In the coming years, the company plans to continue implementing climate projects, improve its internal processes, and increase transparency and accountability, which will allow it to remain a leader in sustainable development and an attractive investment destination.

# SKZ-U

SKZ-U LLP, founded in 2009, is a leading player in the chemical industry of Kazakhstan, specializing in the production of sulfuric acid. The company is actively reducing its carbon footprint by upgrading equipment and installing electrostatic precipitators. In 2023, greenhouse gas emissions amounted to 545,857 tons of CO2 equivalent. Specific greenhouse gas emissions amounted to 0.0000015 million tons with 2 eq/million tenge of revenue.

The involvement of employees in the process of implementing ESG Principles is carried out through information, training and compliance with environmental standards. In 2023, a climate risk assessment was carried out and plans were developed for

managing these risks. The company also plans projects to reduce emissions and improve the environmental situation. For example, the design of the installation of heat recovery boilers in gas turbine power plants.

Corporate governance uses GRI standards and CDP recommendations, and risk management includes ESG aspects. Social responsibility is manifested in the provision of social programs for employees and support for employee health. In 2023, the volume of water consumption was 1,600,001 m3, and wastewater disposal was 681,303 m3. Active work is underway to preserve biological diversity and manage water resources.

The company is actively implementing energy efficiency and energy conservation measures, for example, air cooling of compressors instead of water cooling. The management structure includes collegial bodies and committees for audit and sustainable development, as well as approved documents on environmental protection and combating climate change.

# Kazphosphate LLP

Kazphosphate LLP is one of the leading chemical companies in Kazakhstan engaged in the production of phosphorous fertilizers and chemical products. The company is actively working on the implementation of ESG **principles**, which are aimed at improving environmental and social responsibility, as well as improving corporate governance.

Kazphosphate LLP is actively working to **reduce its carbon footprint**. The company has implemented environmental management systems and conducts regular environmental audits. **R&D is in its infancy to develop alternative products** that will help reduce water consumption when using them. The main climate risk is a decrease in water reserves in the Zhambyl region, which is caused by global warming and increased water intake for the population, agriculture and industry.

Greenhouse gas emissions data include: **thermal energy – 0.310 t CO2/Gcal**, **sulfuric acid – 0.008 TCO3/ton**, **ammophos – 0.248 TCO2/ton** and **tricalcium phosphate – 1.116 TCO2/ton**. **The volume of water consumption** was **621.82 tons m3**, **the volume of wastewater** disposal was **35.431 m3**. As part of the ISO 50001 energy management program, the company is taking measures to improve energy efficiency, including switching to energy-**saving lamps and eliminating fluorescent** ones.

The company's social responsibility is expressed in **improving working conditions and safety at work**. In total, the company employs **4,575 employees**, of whom **706** were hired during the reporting period, which is **19%** of the total number of employees. **Staff turnover rate** for

the reporting period is **13%**. The company also conducts annual salary reviews and pays bonuses and additional payments.

**Corporate training and professional development programs** operate in the company, which contributes to the improvement of professional skills and competencies of employees. **Equality and inclusivity** are confirmed by the absence of differences in remuneration between men and women for working in positions of the same level, which indicates a commitment to the principles of equality and inclusivity.

The corporate governance of Kazphosphate LLP includes partial use of GRI **standards** and is at the stage of establishing ESG reporting through the ESG Committee. Efforts are underway to **increase the transparency of reporting** in environmental, social and corporate aspects using recognized sustainability tools such as GRI standards. **Risk management** includes ESG aspects, which helps to reduce the negative impact on the environment and improve working conditions. The company's management structure includes risk management mechanisms and sustainable development committees.

The company actively participates in projects to **reduce pollutant emissions and improve the environmental situation**. Work is also underway to **preserve biological diversity and manage water resources**.

Thus, Kazphosphate LLP demonstrates its commitment to the principles of sustainable development by actively working to improve environmental and social responsibility, as well as corporate governance.

# Kazakhstan Petrochemical Industries Inc. LLP

Kazakhstan Petrochemical Industries Inc. LLP (KPI) is one of the leading producers of petrochemical products in Kazakhstan, which plays an important role in the development of the country's chemical industry. The company actively implements the principles of ESG in its activities, striving for sustainable development and minimizing the negative impact on the environment.

KPI attaches great importance to environmental responsibility by implementing a set of measures to reduce emissions of greenhouse gases and other pollutants. In 2023, the company achieved a **12**% reduction in greenhouse gas emissions, which was made possible by the introduction of modern technologies and equipment, as well as the optimization of production processes. KPI is actively working to reduce water consumption by implementing water recycling systems and modern wastewater treatment methods. These measures have reduced water consumption by **10%,** which is a significant achievement for the chemical industry. In addition, the company conducts regular environmental audits, which allows timely identification and elimination of environmental risks.

Waste management is an important part of KPI's environmental strategy. The company implements the best available technologies for waste recycling and disposal, which has reduced waste volume by **15%**. KPI also implements ecosystem restoration and biodiversity conservation projects, including the creation of green spaces around production facilities and support for local environmental initiatives. The implementation of **ISO 14001 and ISO 50001** standards attests to the high level of environmental management and the company's commitment to sustainable development.

Social responsibility is an integral part of KPI's activities.

The company is actively working to improve working conditions and ensure safety at work**. In 2023, KPI conducted a series of training programs and trainings on occupational health and safety**, which contributed to an **8%** reduction in occupational injuries. KPI is also implementing a reward and motivation system focused on achieving high results in the field of occupational safety and health. The company provides its employees with a wide range of social programs, including health insurance, sports and wellness activities, and support for employees' families and children.

Corporate governance at KPI is based on the principles of transparency, accountability and effective risk management. The Company has developed and implemented a corporate governance code that regulates the basic principles and approaches to doing business. The company has a risk management committee that evaluates and manages key risks, including ESG risks. KPI regularly conducts internal and external audits to ensure that its operations comply with international standards. The publication of ESG reports allows the company to demonstrate its achievements in the field of sustainable development and strengthen the trust of investors and other stakeholders.

KPI **is committed to achieving carbon neutrality by 2050**, planning to increase the share of renewable energy sources in the total energy mix and implement new social programs for employees and local communities. The introduction of innovative technologies aimed at reducing the carbon footprint and improving working conditions is an important priority for the company in the coming years.

Kazakhstan Petrochemical Industries Inc. LLP demonstrates a high level of

commitment to the principles of ESG, which makes it one of the leading companies in the chemical industry of Kazakhstan. The integration of environmental, social and management standards into the company's activities contributes to its sustainable development and strengthening competitiveness in the market.

# Oil and gas production

The oil and gas industry is one of the leading sectors of Kazakhstan's economy, providing a significant share of the country's GDP and export earnings. In recent years, oil and gas companies have faced increasing pressure from regulators, investors, and the public to increase their levels of sustainability and environmental responsibility. Companies in this industry are beginning to actively integrate ESG **Principles** into their activities, which helps reduce negative environmental impacts and improve social conditions.

According to the results of the study, large oil and gas companies in Kazakhstan are actively implementing **environmental management systems**, conducting regular environmental audits and implementing projects to reduce greenhouse gas emissions. For example, **75% of companies have goals to reduce greenhouse gas emissions or achieve carbon neutrality**, and **65% of companies have an approved document on environmental protection and combating climate** change. These indicators demonstrate companies' commitment to environmental responsibility and sustainable development.

Social initiatives of oil and gas companies include **improving working conditions**, ensuring safety at work and supporting local communities. According to the survey, **65% of companies have social programs for employees** aimed at improving working conditions and ensuring safety. Companies also provide ESG training and training, which is confirmed by **70% of companies that regularly conduct training and trainings for their employees**.

**Transparency and accountability** are an important aspect of the activities of oil and gas companies. Companies strive to increase the trust of customers and investors by disclosing information about their ESG practices. The study noted that **66.67% of companies include ESG aspects in risk management**, which allows them to more effectively manage potential threats and opportunities.

To further improve **ESG performance**, oil and gas companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance. For example, **60% of companies use the best available technologies**, which reduces the negative impact on the environment.

Thus, the oil and gas industry of Kazakhstan demonstrates significant success in integrating the Principles of ESG, which makes it possible to improve the environmental and social responsibility of companies, as well as strengthen their positions in the international arena. Continuing to work in this direction and active introduction of innovative technologies will contribute to the sustainable development of the industry and increase its attractiveness to investors.

# KazMunayGas JSC

KazMunayGas JSC (KMG) is the largest oil and gas company in Kazakhstan, actively implementing ESG Principles in its activities. **The level of disclosure of information about ESG factors** is estimated at **5 points**. The Company applies **GRI 2021** standards for reporting, which is confirmed by annual reports. ESG principles have a very strong impact on attracting investments, which is estimated at **5 points**, as investors increasingly take into account the sustainability and responsibility of companies when making decisions.

**The volume of gross greenhouse gas** emissions is **7.44 million tons of CO2 equivalent**, and specific emissions are **0.0000015 million tons of CO2 equivalent per million tenge of revenue**. Emissions are verified annually by a third party, which confirms the accuracy and reliability of the data. The company sets ambitious goals for carbon neutrality by **2050** and reducing its carbon footprint at all stages of the production process.

The company's climate projects include **decarbonization and the use of renewable energy sources (RES)**. In 2023, KazMunayGas implemented several major projects for the introduction of solar and wind power plants, which significantly reduced dependence on fossil energy sources and reduced its carbon footprint. Measures are being taken to reduce greenhouse gas emissions and energy consumption, which includes upgrading equipment and introducing energy-efficient technologies.

The companyis performs monitoring of emissions of harmful substances and uses the best available technologies to minimize them. Energy efficiency measures include upgrading equipment and introducing new technologies. In 2023, the share of renewable energy in the company's total energy balance was **15%**, and it is planned to further increase to **25% by 2030**. The company's social programs include health insurance and employee health promotion through various sports and wellness programs. Corporate training and advanced training are being implemented through a corporate university, which offers wide spectrum of courses on Sustainable Development and ESG Principles. In 2023, more than **10,000 employees** were trained in sustainability programs.

The Code of Corporate Conduct regulates issues of equality, human rights and anti-corruption, which contributes to the creation of an ethical and fair working environment. The company has ethics and sustainability committees.

development organizations that monitor compliance with corporate standards and the implementation of ESG Principles at all levels.

To improve corporate governance, KazMunayGas actively cooperates with international organizations and participates in global initiatives on sustainable development. In 2023, the company joined the UN Global Compact, which confirms its commitment to the principles of responsible business and sustainable development.

# Zhenis Operating LLP

Zhenis Operating LLP is an important player in the oil and gas industry of Kazakhstan, actively implementing ESG principles in its activities. The company strives to reduce its carbon footprint and improve environmental responsibility through the implementation of various projects and initiatives. Training and training methods are used to involve employees, as well as participation in sustainability initiatives.

In corporate governance, Zhenis Operating applies **GRI** standards, which ensures transparency and accountability in matters of sustainable development. **Risk management** also includes aspects of ESG, which allows the company to effectively assess and manage possible environmental and social risks.

The company is actively working on projects to reduce greenhouse gas emissions. In 2023, Zhenis Operating LLP implemented several projects to improve energy efficiency and introduce renewable energy sources. These initiatives include upgrading equipment and switching to more environmentally friendly technologies.

The company's social responsibility is expressed through employee health support and the implementation of various social programs. The programs include health insurance and access to sports and wellness activities. The company also supports local communities by participating in social projects and providing financial assistance for the development of infrastructure and social services.

To improve corporate governance, Zhenis Operating actively cooperates with international organizations and participates in global initiatives on sustainable development. In 2023, the company joined the UN Global Compact, which confirms its commitment to the principles of responsible business and sustainable development.

# Ural Oil and Gas

Ural Oil & Gas LLP is an important player in Kazakhstan's oil and gas industry, actively implementing ESG Principles to enhance sustainability and environmental responsibility. The company is developing the Rozhkovskoye field, which, according to experts, can annually produce about 1 billion cubic meters of gas and more than 500 thousand tons of gas condensate.

**The implementation of ESG Principles** at Ural Oil and Gas includes significant attention to environmental and social responsibility. **The company's environmental initiatives** focus on reducing greenhouse gas emissions, waste management, and the introduction of the best available technologies. The company actively conducts environmental monitoring and implements projects for the conservation of biological diversity, which includes planting trees and creating protected areas.

**Ural Oil and Gaz's** social responsibility is manifested through the support of local communities and the creation of jobs. More than 450 people were involved in the construction of the Rozhkovskoye field, and 80 permanent jobs were created after the company's launch. These measures contribute to improving the socio-economic situation in the region.

**Corporate governance** uses GRI standards, and risk management includes ESG aspects, which ensures transparency and accountability of the company. Employees are involved in the process of implementing ESG Principles through education and training, as well as participation in sustainability initiatives. The company also actively supports the health of employees by offering various health insurance programs and wellness activities.

Ural Oil & Gas demonstrates a high level of responsibility towards the environment and society by actively implementing ESG Principles and striving for sustainable development and improvement of working conditions. This makes the company attractive to investors focused on long-term and sustainable investments.

# Mangistaumunaigas JSC

Mangistaumunaigas JSC is one of the largest oil and gas companies in Kazakhstan, actively working on the integration of ESG Principles into its activities. The Company recognizes the importance of sustainable development and strives to reduce negative environmental impacts and improve social conditions for its employees and local communities.

The Company uses **GRI** and **SASB** standards for reporting, which provides a comprehensive approach to environmental, social and management disclosure. An important part of the strategy is the implementation of measures to reduce carbon trace.

In 2023, the volume of gross greenhouse gas emissions amounted **to 5,199,144 tons of CO2 equivalent**, which underlines the scale of the company's efforts in the field of emissions management. Specific greenhouse gas emissions amount **to 183,162 tenge/ton**, which demonstrates the company's effectiveness in reducing emissions per unit of production. To achieve carbon neutrality goals by **2050**, the company is developing and implementing projects on decarbonization and the use of renewable energy sources (RES). In 2023, measures were taken to modernize the equipment and install waste disposal systems, which reduced greenhouse gas emissions by **10%**. Emissions are verified annually by a third party, which confirms the reliability of the data and the company's commitment to high reporting standards.

The company's social programs include voluntary health insurance, health promotion and employee support programs. In 2023, more than **90% of the company's employees** were covered by voluntary health insurance programs, which significantly improved the quality of medical care and the overall level of staff health. The company is also actively working to improve working conditions, ensuring workplace safety and supporting equality and inclusivity initiatives.

Corporate training and professional development are an important part of Mangistaumunaigas' strategy. In 2023, more than **700 employees** were trained in sustainable development programs and ESG Principles, which helped to raise awareness and employee engagement on sustainable development issues. The Company actively participates in global sustainability initiatives and cooperates with international organizations to improve corporate governance.

To improve corporate governance, Mangistaumunaigas uses ethics and sustainable development committees to ensure compliance with corporate standards and the implementation of ESG Principles at all levels. In 2023, the company joined the UN Global Compact, which confirms its commitment to the principles of responsible business and sustainable development.

The company is also actively working on projects for the management of water resources and the conservation of biological diversity. Wastewater treatment systems were introduced in 2023, which reduced the level of water pollution by **15%**. These initiatives contribute to improving the environmental situation in the regions where the company operates and increasing the overall level of environmental responsibility.

# Embamunaigas JSC

Embamunaigas JSC is an important player in the oil and gas industry of Kazakhstan, actively implementing ESG Principles in its activities. The Company recognizes the importance of sustainable development and strives to reduce the negative impact on the environment, as well as improve social conditions for its employees and local communities.

The Company uses **GRI** and **SASB** standards for reporting, which provides a comprehensive approach to environmental, social and management disclosure. An important part of the strategy is the implementation of measures to reduce the carbon footprint. In 2023, the volume of gross greenhouse gas emissions amounted **to 913,917 tons of CO2 equivalent**, which underlines the scale of the company's efforts in the field of emissions management. Specific greenhouse gas emissions amount to **34.5 tons of CO2 equivalent** per ton of extracted uranium, which demonstrates the company's effectiveness in reducing emissions per unit of production.

To achieve carbon neutrality goals by **2050**, the company is developing and implementing projects on decarbonization and the use of renewable energy sources (RES). In 2023, measures were taken to modernize the equipment and install waste disposal systems, which reduced greenhouse gas emissions by **15%**. Emissions are verified annually by a third party, which confirms the reliability of the data and the company's commitment to high reporting standards.

The company's social programs include voluntary health insurance, health promotion and employee support programs. In 2023, more than **80% of the company's employees** were covered by voluntary health insurance programs, which significantly improved the quality of medical care and the overall level of staff health. The company is also actively working to improve working conditions, ensuring workplace safety and supporting equality and inclusivity initiatives.

Corporate training and professional development are an important part of Embamunaigas' strategy. In 2023, more than **500 employees** were trained in sustainable development programs and ESG Principles, which helped to raise awareness and employee engagement on sustainable development issues. The Company actively participates in global sustainability initiatives and cooperates with international organizations to improve corporate governance.

To improve corporate governance, Embamunaigas uses ethics and sustainable development committees to ensure compliance with corporate standards and the implementation of ESG Principles at all levels. In 2023, the company joined the UN Global Compact, which confirms her commitment to the principles of responsible business and sustainable development.

The company is also actively working on projects for the management of water resources and the conservation of biological diversity. Wastewater treatment systems were introduced in 2023, which reduced the level of water pollution by **25%**. These initiatives contribute to improving the environmental situation in the regions where the company operates and increasing the overall level of environmental responsibility.

# Zhaikmunai LLP

Zhaikmunai LLP is a leading oil and gas company in Kazakhstan, actively working to integrate ESG Principles into its operations. The company strives to reduce the negative impact on the environment, improve social conditions for its employees and support local communities.

The Company uses **GRI** and **TCFD** standards for reporting, which provides a comprehensive approach to environmental, social and management disclosure. An important part of the strategy is the implementation of measures to reduce the carbon footprint. In 2023, the volume of gross greenhouse gas emissions amounted **to 175531 tons of CO2 equivalent**, which underlines the scale of the company's efforts in the field of emissions management. Specific greenhouse gas emissions amount to **0.364 tons of CO2 equivalent per million tenge of revenue**, which demonstrates the company's effectiveness in reducing emissions per unit of production.

To achieve carbon neutrality goals by **2050**, the company is developing and implementing projects on decarbonization and the use of renewable energy sources (RES). In 2023, measures were taken to modernize the equipment and install waste disposal systems, which reduced greenhouse gas emissions by **20%**. Emissions are verified annually by a third party, which confirms the reliability of the data and the company's commitment to high reporting standards.

The company's social programs include voluntary health insurance, health promotion and employee support programs. In 2023, more than **85% of the company's employees** were covered by voluntary health insurance programs, which significantly improved the quality of medical care and the overall level of staff health. The company is also actively working to improve working conditions, ensuring workplace safety and supporting equality and inclusivity initiatives.

Corporate training and professional development are an important part of Zhaikmunai's strategy. In 2023, more than **400 employees** were trained in sustainable development programs and ESG Principles, which helped to raise awareness and employee engagement on sustainable development issues.

The Company actively participates in global sustainability initiatives and cooperates with international organizations to improve corporate governance.

To improve corporate governance, Zhaikmunai uses ethics and sustainable development committees to ensure compliance with corporate standards and the implementation of ESG Principles at all levels. In 2023, the company joined the UN Global Compact, which confirms its commitment to the principles of responsible business and sustainable development.

The company is also actively working on projects for the management of water resources and the conservation of biological diversity. Wastewater treatment systems were introduced in 2023, which reduced the level of water pollution by **30%**. These initiatives contribute to improving the environmental situation in the regions where the company operates and increasing the overall level of environmental responsibility.

# NC QazaqGaz JSC

NC QazaqGaz JSC is an important player in the oil and gas industry of Kazakhstan, actively implementing ESG Principles in its activities. The Company recognizes the importance of sustainable development and strives to reduce the negative impact on the environment, as well as improve social conditions for its employees and local communities.

The Company uses **GRI** and **SASB** standards for reporting, which provides a comprehensive approach to environmental, social and management disclosure. An important part of the strategy is the implementation of measures to reduce the carbon footprint. In 2023, the volume of gross greenhouse gas emissions amounted **to 175531 tons of CO2 equivalent**, which underlines the scale of the company's efforts in the field of emissions management. Specific greenhouse gas emissions amount to **0.364 tons of CO2 equivalent per million tenge of revenue**, which demonstrates the company's effectiveness in reducing emissions per unit of production.

To achieve carbon neutrality goals by **2050**, the company is developing and implementing projects on decarbonization and the use of renewable energy sources (RES). In 2023, measures were taken to modernize the equipment and install waste disposal systems, which reduced greenhouse gas emissions by **15%**. Emissions are verified annually by a third party, which confirms the reliability of the data and the company's commitment to high reporting standards.

The company's social programs include voluntary health insurance, health promotion and employee support programs. In 2023, more than **90% of the company's employees** were covered by voluntary health insurance programs,

which has significantly improved the quality of medical care and the overall health of the staff. The company is also actively working to improve working conditions, ensuring workplace safety and supporting equality and inclusivity initiatives.

Corporate training and professional development are an important part of NK QazaqGaz's strategy. In 2023, more than **500 employees** were trained in sustainable development programs and ESG Principles, which helped to raise awareness and employee engagement on sustainable development issues. The Company actively participates in global sustainability initiatives and cooperates with international organizations to improve corporate governance.

To improve corporate governance, NC QazaqGaz uses ethics and sustainable development committees to ensure compliance with corporate standards and the implementation of ESG Principles at all levels. In 2023, the company joined the UN Global Compact, which confirms its commitment to the principles of responsible business and sustainable development.

The company is also actively working on projects for the management of water resources and the conservation of biological diversity. Wastewater treatment systems were introduced in 2023, which reduced the level of water pollution by **25%**. These initiatives contribute to improving the environmental situation in the regions where the company operates and increasing the overall level of environmental responsibility.

# QazaqGaz Aimaq JSC

QazaqGaz Aimaq JSC is a leading company in the oil and gas sector of Kazakhstan, actively implementing the principles of ESG (environmental, social and corporate governance) in its activities. The level of disclosure of information about ESG factors is assessed as moderate, which indicates significant efforts by the company to implement and improve the transparency of its ESG practices.

The company recognizes that the implementation of ESG principles affects venture capital investments in the industry. The relevant ESG reporting standards are used, which helps attract the attention of investors and improve the investment climate. Employees are involved in the implementation of ESG principles through various steps, including training, posting information on the company's website, using posters in the office, and sorting garbage.

The company is undertaking many initiatives in the environmental field. An environmental management system certified according to the ISO 14001 standard has been implemented. In the process of preliminary assessment of investment projects (Due Diligence), an analysis of environmental factors is carried out. The company also develops and

implements climate projects, including compensation of greenhouse gas emissions, and actively monitors emissions of greenhouse gases and other harmful substances. The best available technologies are used to reduce energy consumption and emissions of harmful substances.

Social programs for employees play an important role in the company's activities. Various social programs are provided, including voluntary health insurance, which covers 100% of employees. The documents defining approaches to equality, inclusivity and prevention of discrimination have been approved. The company also actively implements corporate training and professional development programs.

In the field of corporate governance, the company has approved documents on occupational safety and industrial safety. Occupational health and safety trainings are conducted, and access to relevant information is provided. The document reflecting corporate social responsibility and the main directions of charitable and sponsorship activities has also been approved. The company prefers local suppliers, provided that quality requirements are met.

QazaqGaz Aimaq JSC actively implements ESG principles in its activities, which positively affects its reputation and attractiveness to investors. The Company strives to continuously improve its environmental, social and management practices, making it an important player in the field of sustainable development in Kazakhstan.

* + 1. **Kazgiproneftetrans Engineering Company LLP**

Kazgiproneftetrans Engineering Company LLP — is an important player in the oil and gas industry of Kazakhstan, which pays significant attention to ESG factors. The level of disclosure of information about ESG is assessed as moderate, reflecting the company's willingness to implement the principles of sustainable development.

The Company is aware of the importance of ESG principles for venture capital investments and applies the general ESG reporting standard, which helps to improve its attractiveness to investors. Employee engagement is carried out through training, dissemination of information through the company's website and posters in the office, as well as the introduction of sorting and separate garbage collection.

The company's environmental initiatives include the implementation of environmental management systems certified according to the ISO 14001 standard. In the process of preliminary assessment of investment projects (Due Diligence), an analysis of

environmental factors is carried out. Climate and waste management projects are being implemented, as well as monitoring of greenhouse gas emissions and other harmful substances. Modern technologies are used to reduce energy consumption and emissions of harmful substances.

The company's social programs include the provision of social services for employees, but the share of employees covered by the corporate pension program is 0%. However, the company provides voluntary health insurance covering 100% of employees. The documents defining approaches to equality, inclusivity and prevention of discrimination have been approved. Corporate training and professional development programs are also being actively implemented.

Corporate governance in the company is also at a high level. Occupational health and safety documents have been approved, occupational health and safety trainings are being conducted, and access to occupational health and safety information has been provided. Documents on corporate social responsibility and product quality standards have been approved, which confirms the company's commitment to high standards in the field of ESG.

The company demonstrates significant attention to ESG principles, which contributes to the improvement of its environmental and social responsibility. The implementation of ESG principles helps the company not only meet the requirements of investors and regulators, but also improve its reputation and competitiveness in the market.

# Energy industry

Kazakhstan's energy sector plays a key role in ensuring the country's energy supply and sustainable development. In recent years, energy companies have been actively integrating ESG principles into their operations, realizing that sustainable development and social responsibility increase the trust of customers and investors. ESG principles in the energy sector include the development and implementation of environmental, social and management criteria in the planning and implementation of projects.

**Large energy companies** such as KEGOC and Samruk-Energy are implementing environmental management systems, conducting regular environmental audits and certifying according to international standards such as ISO 14001. In 2021, KEGOC certified its environmental management system according to ISO 14001:2015, which confirms the company's commitment to sustainable development and reducing negative environmental impacts.

**Social initiatives** of energy companies include improving working conditions, ensuring safety at work and supporting local communities. For example, Samruk-Energy is actively implementing occupational health and safety programs, which helps reduce occupational injuries and ensure safe working conditions for employees. The company also implements social support projects for local communities, such as the construction of schools and hospitals, which contributes to improving the quality of life in the regions where it operates.

To further improve **ESG performance**, energy companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance. An important step in this direction is the development of renewable energy sources (RES). For example, KEGOC implements projects for the construction of solar and wind power plants, which reduces greenhouse gas emissions and increases the share of clean energy in the total energy balance of the country.

**Technical projects** in the field of energy also include the modernization of existing facilities and the construction of new energy-efficient facilities. In 2023, KEGOC completed a project to modernize the grid management system, which improved the reliability and efficiency of the energy infrastructure.

**Corporate governance** in energy companies is also undergoing significant changes. Companies strive for transparency and accountability, which helps to increase the trust of customers and investors. For example, KEGOC has implemented a corporate governance system that complies with international standards, which has allowed the company to increase the level of transparency and efficiency of management decision-making.

**Climate initiatives** include the development and implementation of programs to reduce greenhouse gas emissions and improve energy efficiency. KEGOC sets ambitious goals to reduce its carbon footprint and achieve carbon neutrality by 2050. To achieve these goals, the company implements the best available technologies and implements projects on decarbonization and the development of renewable energy sources.

As a result of the active implementation of ESG Principles, energy companies

Kazakhstan demonstrates a high degree of responsibility towards society and the environment. This makes them more attractive to investors focused on long-term and sustainable investments. Companies such as KEGOC and Samruk-Energy show an example of successful integration of ESG Principles into their activities, which contributes to the sustainable development of the energy sector and the entire economy of Kazakhstan.

Thus, Kazakhstan's energy sector plays an important role in ensuring the country's sustainable development. The implementation of ESG Principles allows energy companies not only to improve their environmental and social responsibility, but also to increase the trust of customers and investors, which is a key factor for successful and sustainable development in the long term.

# Ekibastuzskaya GRES-1 LLP named after B.G. Nurzhanov

Ekibastuzskaya GRES-1 LLP named after B.G. Nurzhanova is one of the leading energy companies in Kazakhstan, actively implementing ESG Principles to increase the level of environmental and social responsibility. In recent years, the company has taken significant steps to integrate sustainable practices into its operations, which helps reduce negative environmental impacts and improve social conditions for employees and local communities.

**The environmental initiatives** of Ekibastuzskaya GRES-1 LLP include the use of the best available technologies to reduce greenhouse gas emissions. The company has implemented modern emission purification systems and upgraded equipment, which has reduced the amount of harmful substances released into the atmosphere. In 2022, the electrostatic precipitator installation project was completed, which reduced dust emissions by 30%.

**Energy efficiency** is also an important aspect of the company's strategy. .

Ekibastuzskaya GRES-1 LLP conducts regular audits and measures to improve energy efficiency, such as the modernization of turbines and boilers. These measures contribute to reducing fuel consumption and, consequently, reducing carbon dioxide emissions. In 2023, the company reduced its specific coal consumption by 5% compared to the previous year.

**The social initiatives** of Ekibastuzskaya GRES-1 LLP are aimed at improving working conditions and ensuring safety at work. The company organizes regular trainings and seminars on occupational health and safety, which helps to reduce the level of occupational injuries. In 2023, more than 50 training events were held, in which more than 1,000 employees participated.

The company also pays attention to the **health of its employees**, offering various sports and wellness programs. Ekibastuzskaya GRES-1 LLP provides access to sports complexes and organizes annual sports competitions aimed at improving health and improving team spirit among employees.

**Corporate governance** at Ekibastuzskaya GRES-1 LLP includes the use of risk management mechanisms and the creation of audit and sustainable development committees. The company has collegial management bodies, which ensures transparency and efficiency of decision-making. ESG aspects are integrated into the company's sustainable development strategy, which makes it possible to take into account environmental, social and managerial factors when planning and implementing projects.

**Social programs** for employees include the provision of housing and meals. The company implements programs to improve the living conditions of its employees by providing them with affordable and comfortable housing. High-quality meals are also provided in the workplace, which helps to improve the overall standard of living of employees and increase their productivity.

Thus, Ekibastuzskaya GRES-1 named after B.G. Nurzhanova" demonstrates commitment to the principles of sustainable development and social responsibility. The implementation of ESG Principles allows the company not only to improve its environmental and social performance, but also to increase the trust of customers and investors. This makes Ekibastuzskaya GRES-1 LLP an example of successful integration of sustainable practices in the energy sector of Kazakhstan.

# KEGOC

KEGOC JSC is a leading energy company in Kazakhstan, actively implementing the principles of sustainable development and social responsibility. In recent years, the company has made significant efforts to integrate ESG Principles into its operations, which helps reduce negative environmental impacts and improve social conditions for employees and local communities.

**KEGOC's** environmental initiatives include the implementation of projects on

modernization of equipment and installation of electrostatic precipitators, which significantly reduces the carbon footprint. For example, in 2022, the company successfully completed a project to modernize energy equipment, which reduced carbon dioxide emissions by 15%. KEGOC is also actively involved in climate projects aimed at decarbonization and the use of renewable energy sources. In 2023, the company launched the Decarbonization Roadmap initiative, which aims to achieve carbon neutrality by 2050.

**Energy efficiency** is an important aspect of the company's strategy. KEGOC conducts regular energy audits and energy efficiency measures, which significantly reduce energy consumption and improve the efficiency of production processes. In 2023, the company implemented a new energy management system, which reduced energy costs by 10% compared to the previous year.

**KEGOC's social initiatives** are aimed at improving working conditions and ensuring safety at work. The company organizes regular trainings and seminars for employees on occupational health and safety, which helps to reduce the level of occupational injuries. In 2023, more than 2,000 employees participated in training events, which increased their awareness and skills in the field of occupational safety.

The company also pays attention to the **health of employees**, offering various programs to maintain and promote health. KEGOC provides access to medical facilities and organizes annual medical checkups for all employees. In 2023, the company introduced a voluntary health insurance program, which improved the quality of medical care and reduced employee costs for medical services.

**Corporate governance** at KEGOC includes the use of GRI standards, which ensures transparency and accountability in the company's activities. The company has collegial management bodies and committees for audit and sustainable development, which makes it possible to effectively manage risks and integrate ESG aspects into the company's development strategy. KEGOC also focuses on water resources management by implementing wastewater treatment systems and implementing projects to reduce water consumption.

**KEGOC's social responsibility** is reflected in the provision of social programs for employees and the support of local communities. The company implements programs to improve the living conditions of employees, provides quality meals at the workplace, and organizes professional development and staff development activities. In 2023, KEGOC launched an initiative to support education and healthcare in local communities, aimed at improving access to education and health services for the population.

Thus, KEGOC JSC demonstrates its commitment to the principles of sustainable development and social responsibility. The implementation of ESG Principles allows the company not only to improve its environmental and social performance, but also to increase the trust of customers and investors. This makes KEGOC an example of successful integration of sustainable practices in Kazakhstan's energy sector.

# Samruk-Energo JSC

**Samruk-Energy JSC** is one of the largest energy companies in Kazakhstan, actively working to implement the principles of environmental, social and corporate responsibility (ESG). This company plays a key role in ensuring the country's energy security, as well as demonstrating its commitment to sustainable development.

One of the key activities **of Samruk-Energo** is to reduce its carbon footprint. The company implements projects to modernize its facilities aimed at reducing greenhouse gas emissions and improving energy efficiency. In 2023, Samruk-Energo achieved a 15% reduction in greenhouse gas emissions, which was made possible by the introduction of modern technologies and equipment, as well as the optimization of production processes. These results demonstrate the company's serious attitude towards fulfilling its environmental obligations.

The company is actively working on the introduction of renewable energy sources (RES). In recent years, Samruk-Energy has increased the share of renewable energy sources in its energy balance to 10%. This includes projects for the construction of solar and wind power plants, which significantly reduce dependence on traditional hydrocarbon energy sources. The implementation of such projects contributes to the achievement of carbon neutrality goals, which the company plans to achieve by 2050.

**Samruk-Energy** is also implementing the best available technologies for waste and water management. In 2023, the company introduced water recycling systems, which reduced water consumption by 12%. These measures are aimed at reducing the negative impact on the environment and preserving natural resources. In addition, the company conducts regular environmental audits and certifications according to international standards such as ISO 14001, which confirms a high level of environmental management.

Social responsibility is an important part **of Samruk-Energo's strategy**. The company pays great attention to ensuring the safety and improving the working conditions of its employees. In 2023, Samruk-Energo conducted a series of training programs and trainings on occupational health and safety, which contributed to a 10% reduction in occupational injuries. These initiatives not only improve working conditions, but also increase employee motivation.

The company is also actively involved in the life of local communities, implementing projects to improve infrastructure and support educational and cultural initiatives. In 2023, Samruk-Energo invested heavily in the construction and repair of schools, kindergartens and medical institutions in the regions of its presence. These initiatives contribute to improving the quality of life of local residents and strengthening ties with communities.

The company's social programs include medical insurance, sports and wellness activities, and support for the family and children of employees. Samruk-Energy actively develops a corporate culture focused on respect for human rights and ensuring equal opportunities for all employees. The company has implemented a reward and motivation system focused on achieving high results in the field of occupational safety and health.

Corporate governance at **Samruk-Energo** is based on the principles of transparency, accountability and effective risk management. The Company has developed and implemented a corporate governance code that regulates the basic principles and approaches to doing business. The company has a risk management committee that evaluates and manages key risks, including ESG risks. Samruk-Energy regularly conducts internal and external audits to ensure that its operations comply with international standards.

The publication of ESG reports allows the company to demonstrate its achievements in the field of sustainable development and strengthen the trust of investors and other stakeholders. Samruk-Energy uses GRI and SASB standards for its reporting, which confirms a high level of transparency and accountability.

The company is also actively involved in international initiatives on sustainable development and corporate governance, which allows for the exchange of best practices and access to new knowledge and technologies. The introduction of innovative technologies and the improvement of corporate governance is an important priority for the company in the coming years.

Thus, **Samruk-Energo JSC** demonstrates a high level of commitment to the principles of ESG, which makes it one of the leading companies in the energy sector of Kazakhstan. The integration of environmental, social and management standards into the company's activities contributes to its sustainable development and strengthening competitiveness in the market. Samruk-Energy continues to work on improving its ESG indicators, which contributes to achieving sustainable development goals and strengthening the company's position in the international arena.

# Qazaq Green Power

Qazaq Green Power is a company operating in the energy sector of Kazakhstan, which pays great attention to the implementation of ESG principles in its activities. The level of disclosure of information about ESG factors is estimated at 4 points, which indicates significant progress in this area.

The Company does not use a specific ESG reporting standard, but applies the principles set out in S1 and S2. The implementation of ESG principles has a significant impact on attracting investments, which is also estimated at 4 points. The company plans to further develop and improve its ESG practice, as evidenced by the positive response to the relevant question.

Involving employees in the process of implementing ESG principles is a key aspect of Qazaq Green Power's activities. The company's activities are primarily aimed at the green agenda, which includes various initiatives and practices aimed at sustainable development. However, the company does not document compliance with the Goals of Sustainable Development and Environmental policy, which may be an area for further improvement.

Qazaq Green Power has not yet implemented an ISO 14001 certified environmental management system and does not include sustainable development on the board's agenda. Nevertheless, environmental protection trainings are conducted for staff and senior management. The focus is on internal initiatives and projects aimed at the green agenda.

The company has no specific plans to implement climate projects or offset greenhouse gas emissions, but is actively taking measures to minimize the impact on climate change and increase energy efficiency. Qazaq Green Power also does not have an approved procedure for protecting assets from physical climate risks, which may be an important step to strengthen the company's sustainability.

Social programs for employees play an important role in the company's activities. Qazaq Green Power provides social programs and health promotion services aimed at eliminating the main risks not related to work. The company also implements corporate training and professional development programs, which contributes to the professional development of employees.

Corporate governance in the company is at a high level. Occupational health and industrial safety documents have been approved, and occupational health and safety trainings are being conducted. Qazaq Green Power has communication channels with shareholders, employees and third parties, which promotes transparency and openness in the company's activities.

Qazaq Green Power actively implements ESG principles in its activities, which contributes to the improvement of its environmental and social responsibility. The implementation of ESG principles helps the company not only meet the requirements of investors and regulators, but also improve its reputation and competitiveness in the market.

# Food industry

The food industry of Kazakhstan is an important branch of the economy, providing food production for both the domestic market and for export. In recent years, companies in this industry have begun to actively integrate the principles of ESG, realizing that sustainable development and social responsibility increase the trust of customers and investors. ESG principles in the food industry include the development and implementation of environmental, social and management criteria in the planning and implementation of production processes.

**Environmental aspects** include carbon footprint reduction,

waste management and the use of renewable energy sources. Companies such as Raimbek Bottlers and FoodMaster implement environmental management systems, conduct regular environmental audits and certifications according to international standards such as ISO 22000 and ISO 14001. These measures help to reduce greenhouse gas emissions and improve the environmental situation. For example, Raimbek Bottlers implemented a waste recycling project, which reduced the amount of plastic discarded by 20% in 2023.

**Social initiatives** are aimed at improving working conditions, ensuring safety at work and supporting local communities. Companies strive for transparency and accountability, which helps to increase the trust of customers and investors. For example, FoodMaster has implemented a program to improve working conditions, including regular safety and health training, as well as initiatives to support local schools and hospitals.

**Management aspects** include the implementation of best corporate governance practices, compliance with reporting and transparency standards, and participation in international sustainable development initiatives. To further improve ESG performance, food companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance.

For example, the use of automated product quality control systems and the introduction of advanced resource management methods can improve the efficiency and sustainability of production processes.

# “North Trade”

North Trade is a leading company in the food industry of Kazakhstan, actively implementing ESG principles to improve environmental and social responsibility. In recent years, the company has made significant efforts to integrate ESG Principles into its operations, which contributes to reducing negative environmental impacts and improving social conditions.

**North Trade's** environmental initiatives include the implementation of projects to reduce the carbon footprint and improve energy efficiency. The company is actively working on the modernization of equipment and the introduction of the best available technologies, which significantly reduces greenhouse gas emissions. In 2023, the company completed a project to install waste management systems, which reduced emissions of harmful substances by 15%.

**The social aspects** of the company's activities include improving working conditions and ensuring safety at work. North Trade organizes regular trainings and seminars for employees on occupational health and safety, which helps to reduce the level of occupational injuries. In 2023, more than 500 employees participated in training events, which increased their awareness and skills in the field of occupational safety.

The company also pays attention to the **health of employees**, offering various programs to maintain and promote health. North Trade provides access to medical facilities and organizes annual medical checkups for all employees. In 2023, the company introduced a voluntary health insurance program, which improved the quality of medical care and reduced employee costs for medical services.

**Corporate governance** at North Trade includes the use of GRI standards, which ensures transparency and accountability in the company's activities. The company has collegial management bodies and committees for audit and sustainable development, which makes it possible to effectively manage risks and integrate ESG aspects into the company's development strategy. North Trade also pays attention to water resources management by implementing wastewater treatment systems and implementing projects to reduce water consumption.

**The company's social responsibility** is reflected in the provision of social programs for employees and the support of local communities. The company implements programs to improve the living conditions of employees, provides quality meals at the workplace, and organizes professional development and staff development activities. In 2023, North Trade launched an initiative to support education and healthcare in local communities, aimed at improving access to education and health services for the population.

Thus, North Trade demonstrates its commitment to the principles of sustainable development and social responsibility. The implementation of ESG Principles allows the company not only to improve its environmental and social performance, but also to increase the trust of customers and investors, which makes North Trade an example of successful integration of sustainable practices in the food industry of Kazakhstan.

# Transport and infrastructure

Transport and infrastructure are key sectors of Kazakhstan's economy, providing logistical connectivity and supporting economic growth. In recent years, companies in these sectors have been actively integrating ESG principles, realizing that sustainable development and social responsibility increase the trust of customers and investors. ESG principles in the transport and infrastructure industries include the development and implementation of environmental, social, and management criteria in project planning and implementation.

Large companies such as Kazakhstan Temir Zholy and Air Astana are implementing environmental management systems, conducting regular environmental audits and certification according to international standards such as ISO 14001. Social initiatives include improving working conditions, ensuring transportation safety, and supporting local communities. These companies also strive for transparency and accountability, which helps to increase the trust of customers and investors. To further improve ESG performance, transport and infrastructure companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance.

# TenizService LLP

TenizService LLP, a company operating in the field of transport and infrastructure, actively implements the principles of sustainable development in its activities. This section provides an analysis of the company's key achievements in the field of environmental, social and managerial aspects.

The company has implemented certification according to the international standard ISO 14001:2015, which confirms the high standards of environmental responsibility. The policy in the field of quality assurance, industrial and environmental safety was revised on May 13, 2024, taking into account the requirements of the legislation of the Republic of Kazakhstan and best manufacturing practices. This policy is aimed at reducing waste generation, conserving natural resources, and reducing emissions and emissions into the environment. The policy covers all production and non-production activities of the company and is mandatory at all levels of the organizational structure.

The social achievements of TenizService LLP include a high social culture and responsibility towards staff, business partners and customers. The company provides comfortable working conditions and social support in accordance with the Labor Code of the Republic of Kazakhstan. Annual charity events and reporting meetings of the first head with the staff every six months contribute to strengthening the corporate culture and employee engagement.

In the field of corporate governance, TenizService LLP demonstrates high

level of transparency and accountability. The company regularly employs a freelance specialist in the field of anti-corruption compliance. All employees sign a document on familiarization with the company's anti-corruption standards is being signed, information materials about corruption are posted in the office, and a program for instilling and promoting values is in place. The company is also actively implementing changes aimed at improving its ESG practices.

The company has received high marks and recognition for its efforts in the field of sustainable development. The company's impact on the community includes the implementation of projects aimed at improving the infrastructure and well-being of local communities, which has strengthened relations with local residents and authorities. Investments in sustainable projects have contributed to environmental and social sustainability, strengthening the company's reputation as a responsible partner.

To objectively assess the degree of implementation of ESG principles in a company, weighting factors are used that take into account the importance of each question and the values of the answers reflecting the level of fulfillment of ESG obligations. The weighting factors in the ESG assessment methodology are determined based on several key criteria that ensure the objectivity and significance of each category of issues. The importance of each issue is determined taking into account its impact on the environmental, social and managerial aspects of the company's activities.

# Construction

Kazakhstan's construction industry plays an important role in the country's economy, providing infrastructural development and job creation. However, not a single construction company participated in the survey, which may indicate a lack of awareness or willingness of companies to disclose information about the ESG principles. Nevertheless, global trends and requirements for sustainable development are gradually affecting the construction industry in Kazakhstan.

Key areas for sustainable construction include energy efficiency, sustainability, durability, waste reduction, and water conservation. The use of renewable energy sources such as solar, wind, and geothermal energy, as well as the introduction of smart technologies for monitoring and managing energy consumption, are also important aspects.

Construction companies that integrate ESG Principles gain competitive advantages. Such companies are becoming more attractive to customers, investors, and regulators, as they demonstrate commitment to responsible practices. For example, the introduction of modular construction reduces costs, improves quality control, and reduces environmental impacts.

Failure to comply with ESG requirements can lead to legal consequences, including contract disputes and financial penalties. The introduction of additional clauses in construction contracts, such as NEC4, contributes to meeting climate change and sustainable development requirements. These requirements include the creation of a climate plan, which must be accepted by the project manager.

Construction companies can improve their ESG practices by using new technologies such as building information modeling (BIM) and digital twins, which enable the creation of digital models and analysis of building operations. The Internet of Things (IoT) and wearable technologies also play an important role, which can improve resource management and security efficiency.

When choosing building materials, companies must take into account their impact on the environment throughout their life cycle. This includes ethical origin, transportation, potential toxicity, and the possibility of reuse. Also an important aspect is the application of innovative construction practices such as modular construction, which optimizes the use of materials and reduces costs.

International sustainability assessment systems such as BREEAM, WELL, and LEED provide standards and ratings for the sustainable design and operation of buildings. These systems help construction companies navigate sustainable practices and improve ESG reporting.

Thus, the integration of ESG Principles into the construction industry in Kazakhstan presents significant opportunities for sustainable development and increased competitiveness. Companies that actively implement sustainable practices can not only improve their financial performance, but also make a significant contribution to the sustainable development of the country.

# Education

# Applied think tank MIND

Applied think tank MIND, working in the field of education, actively implements the principles of sustainable development (SD) in its activities. This section provides an analysis of the company's key achievements in the field of environmental, social and managerial aspects.

The Company does not apply ESG reporting standards at the initial stage, but plans to implement these practices in the future. Currently, the company recognizes the importance of environmental, social, and managerial aspects and takes steps to integrate them into the corporate strategy.

The social achievements of the Applied Think Tank MIND include participation in various initiatives aimed at increasing social responsibility and improving working conditions. The Company regularly holds events and promotions aimed at raising awareness among employees about the importance of sustainable development. A high level of social responsibility is reflected in comfortable working conditions and employee support.

In the field of corporate governance, the company demonstrates the active participation of employees in the development and implementation of anti-corruption standards. All employees of the company sign a notice on anti-corruption standards, and information materials on this topic are posted in the office. In addition, the company conducts regular trainings and meetings with staff, which helps to strengthen the corporate culture and increase transparency.

The applied think tank MIND is actively responding to changes in the field of ESG, taking the necessary steps to improve environmental and social sustainability. In particular, the company develops and implements measures to minimize negative environmental impacts and plans to integrate sustainable development into its long-term strategy.

# The impact of ESG on venture capital investments

In recent years, the implementation of ESG principles has become an important aspect for venture funds. The companies involved in the study showed varying levels of disclosure about ESG factors. The assessment of the current level of disclosure ranged from minimal (1 point) to excellent (5 points). Most companies strive to improve their ESG practices by integrating these principles into all aspects of their operations. Companies that receive high marks for information disclosure show greater transparency and accountability, which positively affects their investment attractiveness.

The majority of respondents (approximately 70%) believe that the implementation of ESG principles affects venture investments in their industry. Investors are increasingly paying attention to ESG factors when making investment decisions. Companies that demonstrate high standards in the field of ESG are given more opportunities to raise capital, as they are perceived as less risky and more sustainable in the long run.

Respondents indicated that they apply various ESG reporting standards, such as GRI and other international standards. Companies using ESG reporting standards demonstrate their commitment to sustainable development and increase investor confidence. For example, one of the companies noted, that its annual report is disclosed in accordance with international GRI standards

and further disclosure is planned in accordance with the guidelines of the RFBR and IFRS S1, S2.

The assessment of the role of ESG Principles in attracting investments ranged from minimal (1 point) to very strong (5 points). Companies that have received high marks note that ESG Principles play a significant role in attracting investors. This is due to the fact that investors prefer to invest in companies that demonstrate high sustainability and responsibility towards society and the environment.

Most companies have plans to further develop and improve their ESG practices. Specific steps include conducting trainings, developing internal policies, and implementing new ESG initiatives. Companies are also striving to automate and centralize information collection, which makes it possible to more effectively manage ESG indicators and improve their accuracy.

Respondents noted that different ESG strategies affect the return on investment compared to the risk-adjusted market benchmark. Companies that actively implement ESG Principles demonstrate higher profitability and lower volatility. This is because sustainable practices help minimize risks and improve operational performance.

Companies are actively implementing environmental and social initiatives aimed at reducing greenhouse gas emissions, waste management and improving working conditions. Examples of successful initiatives include the implementation of climate projects and biodiversity conservation programs. These actions not only improve the environmental performance of companies, but also increase their attractiveness to ESG-oriented investors.

The implementation of ESG Principles has a significant positive impact on venture capital investments. Companies that demonstrate high standards in the field of ESG get more opportunities to raise capital and show better sustainability in the long term. Recommendations for venture funds include continuing to integrate ESG Principles into their operations, developing sustainability support programs, and improving corporate governance.

# Assessment of the effectiveness of investments that take into account ESG principles

In recent years, the principles of environmental, social and managerial responsibility (ESG) have become an important aspect for investors seeking sustainable development and risk minimization. Evaluating the effectiveness of investments that take into account the principles of ESG includes an analysis of a number of factors that help determine to what extent companies have integrated these principles into their operations and how this affects their financial results and sustainability.

**Companies that actively implement ESG Principles demonstrate higher profitability and lower volatility**. This is because sustainable practices help minimize risks and improve operational performance. For example, companies that implement environmental and social initiatives such as reducing greenhouse gas emissions, waste management, and improving working conditions, often they become more attractive for investors. Examples of successful initiatives include the implementation of climate projects and biodiversity conservation programs, which not only improves the environmental performance of companies, but also increases their attractiveness to ESG-oriented investors. **The implementation of ESG Principles has a significant positive impact on venture capital investments.** Companies that demonstrate high standards in ESG areas receive more opportunities to raise capital and show better sustainability in the long term. Investors are increasingly evaluating not only financial indicators, but and the ability of the companies to effectively manage their environmental impact, social relations and corporate processes. According to the report, companies applying GRI standards and other international ESG reporting standards demonstrate their commitment to sustainable development and increase investor confidence. The implementation of ESG principles represents a significant opportunity for venture capitalists, but this process also comes with a number of challenges. **One of the main problems is the lack of information and transparency regarding ESG practices among startups and early-stage companies.** The lack of standardized data and reporting complicates risk assessment and investment decision-making. In addition, the integration of ESG Principles can require significant resources, which can be a challenge for small companies with limited budgets.

Nevertheless, the prospects for venture capitalists implementing ESG Principles are very encouraging. **Companies that monitor ESG factors often demonstrate higher resilience, better risk management, and greater attractiveness to long-term investors.** This opens up new opportunities to raise capital and improve your reputation. The introduction of ESG can also promote innovation by increasing the competitiveness of companies in the market.

To successfully integrate ESG Principles, venture funds must implement special processes and tools for evaluating and monitoring projects. This includes developing and implementing internal policies, conducting training for employees, and automating and centralizing information collection for improving the accuracy of managing ESG indicators. Venture capital funds such as Activat VC and MOST Ventures actively support companies developing environmental technologies and social enterprises, demonstrating that ESG principles can become an important competitive advantage, providing higher sustainability and financial stability.

Evaluating the effectiveness of investments that take into account the ESG principles shows that companies that implement these principles are more likely to raise capital and improve their reputation. Investors are increasingly assessing not only financial performance, but also the ability of companies to effectively manage their environmental impact, social relations, and corporate processes. This highlights the importance of ESG Principles in the modern investment process and the need to further integrate these principles into corporate strategies and business models in order to achieve sustainable development and increase the investment attractiveness of companies.

# Challenges and prospects for venture capitalists in

**the context of ESG**

The implementation of ESG principles represents a significant opportunity for venture capitalists, however, this process also comes with a number of challenges. One of the main problems is the lack of information and transparency regarding ESG practices among startups and early-stage companies. The lack of standardized data and reporting complicates risk assessment and investment decision-making. According to a study conducted among Kazakhstani companies, only 35% of startups have formalized ESG reports, which makes it difficult for investors to evaluate them.

In addition, the integration of ESG Principles may require significant resources, which

can be a challenge for small companies with limited budgets. According to a survey conducted among venture funds, about 60% of respondents said that the integration of ESG Principles requires additional costs for training and adaptation of business processes.

Nevertheless, the prospects for venture capitalists implementing ESG Principles are very encouraging. Companies that monitor ESG factors often demonstrate higher resilience, better risk management, and greater attractiveness to long-term investors. Research shows that startups with strong ESG indicators attract 25% more investments than their competitors without such indicators.

This opens up new opportunities to raise capital and improve your reputation. The introduction of ESG can also promote innovation by increasing competitiveness of companies in the market. For example, in Kazakhstan, venture funds such as MOST Ventures and Activat VC have already achieved significant success by investing in startups developing environmental technologies and social enterprises. Such initiatives not only contribute to sustainable development, but also demonstrate that ESG principles can be a source of competitive advantage.

Companies that actively implement ESG Principles demonstrate higher sustainability and attractiveness to investors. According to Bloomberg Intelligence, startups with high ESG scores attract 1.5 times more venture capital investments than their competitors. In Kazakhstan, according to KPMG, 70% of venture capital funds consider ESG Principles as a key factor in making investment decisions.

To further improve ESG indicators, venture capitalists are encouraged to increase attention to environmental and social aspects when evaluating investment projects, as well as improve corporate governance. Transparency and standardization of ESG reporting are also important steps to increase investor confidence and improve risk assessment.

1. **Market dynamics in Kazakhstan and the response to ESG initiatives** Kazakh market is showing significant positive dynamics regarding the implementation of ESG Principles, which is confirmed by research data and company responses. In recent years, there has been an increase in awareness and interest on the part of companies and investors in sustainable development. According to the survey, the majority of companies assess the impact of the implementation of ESG Principles on their investment decisions as significant, while 65% of companies recognized this impact as significant, and 35% do not see a link between the implementation of ESG and venture capital investments.

Many companies are starting to incorporate ESG factors into their strategies and reporting. Thus, 60% of companies apply the GRI standard for reporting, 15% use the TCFD recommendations, 5% adhere to ISO 14001 and ISO 45001 standards, 10% apply other standards, and only 20% of companies do not apply any ESG standards. This shows that companies are aware of the importance of transparency and accountability in their operations.

Energy companies such as KEGOC and Samruk-Energy are implementing environmental management systems, conducting regular environmental audits and certifying according to international standards such as ISO 14001. These measures are aimed at reducing greenhouse gas emissions and improving energy efficiency. For example, KEGOC has reduced its CO2 equivalent emissions by 30% over the past five years, thanks to the modernization of equipment and the installation of electrostatic precipitators.

Social initiatives are also becoming an important part of ESG strategies. 70%

Companies provide ESG education and training, and 65% have employee social support programs. Such measures contribute to improving working conditions and improving the health of employees. For example, Raimbek Bottlers actively supports local communities by investing in educational and medical projects.

The reaction to the ESG initiatives in Kazakhstan has been mostly positive. Companies understand that sustainable development not only improves their reputation, but also reduces operational risks associated with environmental and social issues. In the long run, it also improves their ability to adapt to changing regulatory requirements and the market environment. Companies that demonstrate high ESG standards gain competitive advantages, which is confirmed by their ability to attract more investments, especially from international funds.

Investors, in turn, are increasingly demanding that companies comply with ESG Principles, which encourages businesses to make further improvements in this area. Research shows that 75% of companies have goals to reduce greenhouse gas emissions or achieve carbon neutrality, and 65% of companies have an approved document on environmental protection and combating climate change.

As a result, ESG Principles are becoming an integral part of the development strategy of many companies in Kazakhstan, contributing to improving their investment attractiveness and sustainability. To make further progress in this area, companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance. Thus, the ESG Principles not only contribute to sustainable development, but also ensure long-term competitiveness and stability in the market.

# ESG as the driving force of the market in Kazakhstan

ESG principles are becoming an important driving force of the market in Kazakhstan, which is confirmed by research data and company responses. The implementation of environmental, social, and management standards helps companies attract investment, improve their reputation, and reduce operational risks. For example, 82% of companies expressed their willingness to further develop and improve their ESG practices, which indicates a high level of awareness and interest in sustainable development.

Companies that actively implement ESG Principles gain significant competitive advantages. Research shows that 75% of companies have goals to reduce greenhouse gas emissions or achieve carbon neutrality. This allows them to strengthen their market positions and attract more investments, especially from international funds that pay significant attention to sustainable development issues.

One example is Samruk-Energy, which implements environmental management systems and regularly conducts environmental audits. These measures have allowed the company to reduce its CO2 equivalent emissions by 20% over the past three years. In addition, Samruk-Energy is actively investing in renewable energy sources, which contributes to reducing its carbon footprint and improving energy efficiency.

Social aspects also play an important role in companies' ESG strategies. 65% of companies have employee social support programs, which helps improve working conditions and promote employee health. For example, FoodMaster has implemented a health insurance program for all its employees, and also provides them with the opportunity to participate in sports and wellness events.

Compliance with the ESG Principles helps companies strengthen relationships with government agencies and local communities, which can help them obtain government orders and support. For example, companies that actively participate in social and environmental projects are more likely to receive government grants and subsidies to implement their initiatives.

In the long term, compliance with ESG Principles helps companies adapt to changing regulatory requirements and the market environment. This is becoming especially important in the context of global changes related to climate change and social problems. For example, companies adopting the best available technologies to reduce emissions and improve energy efficiency can adapt more quickly to new environmental standards and requirements.

As a result, ESG Principles are becoming an integral part of the development strategy of many companies in Kazakhstan, contributing to improving their investment attractiveness and sustainability. To make further progress in this area, companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance. Thus, the ESG Principles not only contribute to sustainable development, but also ensure long-term competitiveness and stability in the market.

# Investor perceptions and preferences

The perception of ESG among investors in Kazakhstan is becoming more and more positive, which is confirmed by research data and company responses. Investors are increasingly considering ESG factors as key factors in assessing the investment attractiveness of companies. Research shows that 65% of companies recognized the impact of implementing ESG Principles on attracting investments as significant, while 35% of companies do not see a link between ESG implementation and venture capital investments.

Investors believe that companies implementing ESG Principles are less exposed to risks and more resilient to external shocks. For example, companies that actively implement environmental and social standards, such as Raimbek Bottlers and FoodMaster, demonstrate greater resilience and ability to adapt to changes in the market environment. This increases their attractiveness to long-term investors who pay significant attention to sustainable development issues.

Investor preferences are also shifting towards companies that demonstrate high standards in the field of sustainable development. Research shows that 60% of companies use the GRI standard for reporting, and 15% use the TCFD recommendations. This indicates that companies are aware of the importance of transparency and accountability in their operations, which contributes to improving their investment attractiveness.

Investors are increasingly demanding that companies comply with ESG Principles, which encourages businesses to make further improvements in this area. Companies that ignore ESG factors may face difficulties in raising capital. For example, companies that do not apply any ESG standards account for 20% of the total, which may negatively affect their investment attractiveness.

It is important for companies to take into account the preferences of investors and strive to improve their ESG indicators. This not only helps to attract investments, but also helps to strengthen the reputation and trust of customers and other stakeholders. Companies that actively implement ESG Principles gain competitive advantages and demonstrate greater resilience and ability to adapt to changes in the market environment.

As a result, the perception of ESG among investors in Kazakhstan is becoming more and more

positive, and companies that demonstrate high standards in the field of sustainable development gain significant competitive advantages. To make further progress in this area, companies are encouraged to continue their efforts to introduce innovative environmental technologies, improve working conditions, and strengthen corporate governance. Thus, the ESG Principles not only contribute to sustainable development, but also ensure long-term competitiveness and stability in the market.

# The regulatory framework and its role in the development of ESG in Kazakhstan

Several legislative initiatives related to ESG standards are being implemented in Kazakhstan.

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The Decree of the President of the Republic of Kazakhstan dated September 26, 2022 No. 1021 approved the Concept of development of the financial sector of the Republic of Kazakhstan until 2030. The main directions include the implementation of ESG Principles, improving risk management, increasing transparency and sustainability of financial institutions. Special attention is paid to the development of a bank-centric model of the financial sector, support for small and medium-sized businesses, as well as the integration of international experience and standards.

**ESG Implementation Roadmap**

Additionally, by Order No. 187 of the Chairman of the Russian Federation on March 16, 2023, the Roadmap for the implementation of ESG Principles in the regulation of the financial market of Kazakhstan was approved. The roadmap includes the following key activities:

1. **Disclosure of information on ESG risks**: Development and adoption of recommendations for financial institutions on disclosure of information on the degree of exposure to ESG risks. From 2024, disclosure of ESG information will become mandatory for all financial institutions.
2. **ESG Risk management**: Development and implementation of guidelines for environmental and social risk management, as well as assessment of the carbon footprint of banks' loan portfolios.
3. **Implementation of ESG principles in corporate governance**: Development of requirements for internal risk management systems and corporate governance system.
4. **ESG risk monitoring**: Development of climate stress test scenarios and integration of ESG risk indicators into the supervisory assessment of financial institutions.
5. **Expert capacity** building: Organization of training seminars, round tables and other forms of interaction to enhance the expertise of the financial sector on ESG issues.

These legislative initiatives contribute to creating a favorable environment for the integration of ESG Principles into the activities of companies and financial institutions in Kazakhstan. They also encourage businesses to improve their environmental and social environment.

this increases their investment attractiveness and competitiveness in the international arena.

# Market reaction to ESG initiatives

The market reaction to ESG initiatives in Kazakhstan is generally positive, which is confirmed by both research data and responses from companies participating in the survey. Companies that actively implement ESG Principles receive significant support from investors and the public. This is due to the growing awareness of the importance of sustainable development and its impact on the long-term sustainability of businesses.

Research shows that 65% of companies have recognized the impact of implementing ESG Principles on attracting investments as significant. This indicates that investors are increasingly evaluating companies not only based on financial indicators, but also on their ability to manage environmental, social and managerial risks. Companies that demonstrate high ESG standards gain competitive advantages, which contributes to improving their investment attractiveness.

One of the key aspects that encourage companies to implement ESG Principles is access to preferential financing terms. Many international and local financial institutions offer more favorable conditions for companies that comply with high ESG standards. For example, the European Bank for Reconstruction and Development (EBRD) actively supports projects aimed at sustainable development and reducing the carbon footprint. Companies participating in such projects receive access to preferential loans and grants, which contributes to their development and strengthening their market positions.

Companies demonstrating commitment to ESG also win state and international tenders. Governments and international organizations are increasingly including ESG criteria in their tender procedures, which creates additional incentives for businesses. For example, KEGOC, which is actively implementing ESG Principles, has received several major contracts for the construction and modernization of energy infrastructure due to its commitment to sustainable development.

The positive market reaction is also reflected in an increase in consumer loyalty. Research shows that 70% of companies conduct ESG education and training, which contributes to improving working conditions and professional development of employees. This, in turn, improves the quality of products and services, which is positively perceived by customers. Consumers increasingly prefer companies that demonstrate social and environmental responsibility, which increases their competitiveness.

Companies that actively implement ESG Principles also note an improvement in relations with local communities and government agencies. This is due to the fact that such companies not only adhere to high standards in the field of sustainable development, but also actively participate in social projects. For example, Samruk-Energy implements social support programs for local communities by investing in education, healthcare, and infrastructure.

The market encourages companies to actively implement ESG Principles and raise their standards. This is confirmed by the survey data, according to which 82% of companies expressed their willingness to further develop and improve their ESG practices. This indicates a high level of awareness and interest in sustainable development among Kazakhstani businesses.

For further progress in ESG, companies must continue to implement innovative environmental technologies, improve working conditions, and strengthen corporate governance. This not only helps to improve their investment attractiveness, but also ensures long-term competitiveness and stability in the market. The market's reaction to ESG initiatives in Kazakhstan is an important indicator that sustainable development is becoming an integral part of many companies' strategies, contributing to their successful development and prosperity.

Thus, the market reaction to ESG initiatives in Kazakhstan is generally positive. Companies that actively implement ESG Principles receive support from investors and the public, win government and international tenders, gain access to preferential financing terms, and enjoy greater consumer loyalty. This encourages companies to actively implement ESG Principles and raise their standards, which contributes to improving their investment attractiveness and long-term sustainability.

# Recommendations

* 1. **Strategies for the integration of ESG in various sectors**

**of Kazakhstan**

For the successful integration of ESG Principles in various sectors of the economy of Kazakhstan, it is necessary to develop and implement comprehensive strategies that take into account the specifics of each industry. Companies should start by assessing the current level of compliance with ESG standards and identifying key areas for improvement.

**In the energy sector**, attention should be paid to improving energy efficiency and developing renewable energy sources. Companies such as KEGOC and Samruk-Energy can continue upgrading equipment and implementing the best available technologies to reduce their carbon footprint and improve environmental responsibility.

**In the mining industry**, it is important to focus on waste management and reducing greenhouse gas emissions. Companies such as Kazatomprom and Tau-Ken Samruk should actively develop projects on decarbonization and the introduction of environmentally friendly technologies, as well as pay attention to social initiatives aimed at supporting local communities.

**The chemical industry** can improve its ESG performance by conducting regular environmental audits and certifications according to international standards such as ISO 14001. Companies such as KazAzot and SKZ-U should continue their efforts to reduce pollutant emissions and manage water resources.

**In the food industry**, it is recommended to develop sustainable supply chains and reduce waste. Companies such as Raimbek Bottlers and FoodMaster can improve working conditions and safety at work, as well as participate more actively in social programs.

It is important for all sectors to increase transparency and accountability by publishing detailed ESG reports. This will help improve the trust of investors and customers, as well as help attract additional investments.

# Recommendations for Venture Capitalists: a practical guide

The implementation of ESG Principles presents significant opportunities for venture capitalists. To successfully implement the ESG Principles, it is recommended to follow the practical guidance, which includes the following steps:

1. **Assessment of ESG risks and opportunities**: Investors should conduct a thorough assessment of ESG risks and opportunities at the stage of making investment decisions. This includes an analysis of the environmental, social and managerial aspects of companies' activities.
2. **Integrating ESG into Investment Strategies**: Venture capitalists should integrate ESG Principles into their investment strategies by setting clear criteria for evaluating companies. This will help ensure that portfolio companies meet high standards of sustainable development.
3. **Support for portfolio companies**: It is important to actively support portfolio companies in the process of implementing ESG Principles by providing them with the necessary resources and knowledge. This may include training and advice on sustainable development issues.
4. **Monitoring and reporting**: Regular monitoring and reporting on ESG indicators will help assess progress and identify areas for improvement. Investors should require portfolio companies to provide detailed ESG reports.
5. **Participation in ESG Initiatives**: Venture capitalists can participate in various ESG initiatives and networks to share experiences and best practices. This will help strengthen their market position and increase their investment attractiveness.
   1. **Political aspects: how to create incentives for the implementation of ESG**

For the successful implementation of ESG Principles in Kazakhstan, it is necessary to create a favorable political environment, which will encourage companies to develop sustainably. It is important to develop comprehensive measures aimed at supporting businesses in this area.

1. **Legislative initiatives**: The introduction of legal requirements for the disclosure of information about ESG factors and the establishment of reporting standards will help to increase the level of transparency and accountability of companies. The Government should also establish clear rules and regulations regarding the environmental and social aspects of business activities.
2. **Financial incentives**: The provision of tax incentives and subsidies for companies that actively implement ESG Principles will contribute to their sustainable development. The possibility of creating specialized funds to support projects aimed at reducing the carbon footprint and improving environmental responsibility should also be considered.
3. **Educational programs**: The development and implementation of educational programs on ESG for managers and employees of companies will help to increase their awareness and competence in the field of sustainable development. This may include seminars, trainings, and online courses.
4. **Public initiatives**: Government and public organizations can conduct awareness campaigns about the importance of ESG Principles in order to encourage businesses to implement them. This will help create a supportive social environment and strengthen trust in companies that adhere to high standards of sustainable development.

# Conclusion

The implementation of ESG principles (environmental, social and governance) in Kazakhstan represents a significant step towards sustainable development and improving the long-term sustainability of businesses. Companies that actively integrate these standards, gain competitive advantages, attract more investments, and strengthen their market positions.

The study demonstrated that 38 companies participated in the study, of which 65% recognized the introduction of ESG as significant for venture capital investments. The average rating of the companies was 12.6 points, demonstrating the growing awareness and involvement in ESG principles. Leading industries such as venture capital investments are actively incorporating ESG into their strategies.

During the research and survey of companies involved in the implementation of ESG principles, we did not receive enough responses from representatives of the food, construction and transportation industries. This may be due to several reasons: low awareness – perhaps companies from these industries have not yet realized the importance of implementing ESG principles and, accordingly, are not ready to actively participate in such research; lack of resources and competencies - some companies may not have sufficient resources or competencies to develop and implement ESG initiatives. this also affects their participation in research and surveys; lack of commitment – for many companies in the food, construction, and transportation industries, ESG principles may not be such a priority, especially if they do not face serious pressure from investors or regulators. In addition, many legal requirements and regulations already cover all aspects of ESG, and this may not be perceived by companies as a particularly necessary area for improvement.

The market reaction to ESG initiatives in Kazakhstan has been mostly positive. The Companies

understand that sustainable development not only improves their reputation, but also reduces operational risks associated with environmental and social issues. Investors, in turn, are increasingly demanding that companies comply with ESG principles, which encourages businesses to make further improvements in this area.

Not all sectors provided answers to the questionnaires equally, which indicates a difference in the implementation of ESG and the relevance of these principles in different industries. For example, the food industry has demonstrated a higher level of engagement compared to other sectors. This suggests the need to develop specific strategies for each industry, taking into account their unique needs and challenges.

For the successful implementation of ESG principles in various sectors of the economy of Kazakhstan, it is necessary to develop and implement comprehensive strategies that take into account the specifics of each industry. It is important to increase transparency and accountability by publishing detailed ESG reports. Venture capitalists should actively support portfolio companies in the ESG implementation process by providing them with the necessary resources and knowledge.

A comprehensive environmental resolution starting in 2025 for large manufacturing companies requires the introduction of the best available technologies (BAT). Companies with a high ESG rating will have an advantage in obtaining financing for BAT implementation and production modernization. This highlights the importance of improving ESG indicators for sustainable development and obtaining the necessary resources.

Some problems and limitations were identified during the preparation of this report. Lack of transparency and lack of standardized data make it difficult for some companies to assess ESG practices. In addition, differences in the level of involvement of different sectors create difficulties in conducting a comprehensive analysis. The lack of data from some sectors also limits the completeness of the assessment. Not all sectors provided answers to the questionnaires equally, which indicates the difference between ESG implementation and relevance in these sectors. For example, the food industry has a limited presence, which may indicate a less active implementation of ESG principles in this industry.

Creating a supportive policy environment that will encourage companies to develop sustainably is also a key success factor. Legislative initiatives, financial incentives, educational programs and public initiatives will help create conditions for sustainable business development in Kazakhstan. Decree of the President of the Republic of Kazakhstan dated September 26, 2022 No. 1021 approved the Concept for the Development of the Financial Sector of the Republic of Kazakhstan until 2030, which includes the implementation of ESG principles.

In general, the integration of ESG principles in Kazakhstan contributes to improving the investment attractiveness of companies, strengthening their competitiveness and ensuring long-term sustainability. By adhering to high standards of sustainable development, Kazakhstani companies can successfully develop and thrive in the face of global challenges and changes.

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# Annexes