

CASPY COMMODITY EXCHANGE JSC



SUSTAINABILITY REPORT

2023





ADDRESS BY THE PRESIDENT OF CASPY COMMODITY EXCHANGE JSC

GRI 2-22

Caspy Commodity Exchange JSC presents to your attention the first Sustainability Report that was prepared in accordance with internationally recognized standards to disclose non-financial information.

As one of the largest and most innovative commodity exchanges in the Republic of Kazakhstan and Central Asia, we consider transparent business conduct as a priority. Non-financial reporting, issued annually, will become a key tool for practical interaction between the Exchange and stakeholders and an important element of the ongoing corporate ESG transformation in this context.

The Report reflects the focus of our corporate philosophy on the proper consideration of social and environmental factors, as well as the high efficiency of corporate governance. In the Report, we tried to demonstrate to you the most important corporate ESG events and processes for 2023.

The Exchange's management supports the strategic need to take into account the UN Sustainable Development Goals in planning and decision-making. We have made voluntary commitments that are enshrined in the sustainable development and human rights Code of Business Ethics, a key public document regulating corporate ESG positioning.

I would like to note that Caspy Commodity Exchange JSC is a participant in the UN Global Compact, and adherence to its fundamental principles is our long-term priority. We intend to improve the sustainability management system in our company to ensure compliance with the 10 principles of the UN Global Compact, advanced international standards and approaches to responsible business. We support the development of international industry

partnerships, for example, by becoming an associate member of the Association of European Energy Exchanges Europex.

Contributing to the stability of energy supplies and raw materials, the Exchange fully understands the importance of efficient and uninterrupted operations for our counterparties and the national economy as a whole. We are responsible to a wide range of stakeholders. At the same time, the Exchange focuses not only on ensuring its own sustainable development but also seeks to involve its clients and other counterparties in the agenda.

We continue to develop a client-centric business that focuses on the high quality of services provided and the development of in-demand digital services. The corporate governance and risk management system is being improved taking into account best practices. To improve communications with stakeholders, a single hotline has been launched that additionally allows for a proper understanding of the interests of our clients, partners and other stakeholders.

I am convinced that the labor collective, my colleagues, is the main long-term asset for the Exchange. Therefore, one of the significant areas of our activities is the formation of a comfortable and equal work environment that meets the expectations of employees. We strive to provide motivating working conditions, including in terms of remuneration, training, and strict compliance with labor legislation. Among the important achievements in the area is the conclusion of a Collective Agreement between Caspy Commodity Exchange JSC and employees that certainly has a positive impact on the well-being of the workforce. Taking into account consistent deeds to strengthen the employer brand, the level of employee engagement is high – 87.6% in the reporting period.

Despite the minimal direct risks to the environment associated with our activities, the Exchange has created a system for managing the impact on the environment and adaptation to climate change with the involvement of the Board of Directors and

executive management. Greenhouse gas emissions are assessed and verified annually, and climate-related risks and opportunities have been identified and assessed. In the near future we plan to develop a Climate Strategy.

The Exchange's main activity in the low-carbon economy area is carbon emission trading. We associate this area with key long-term climate opportunities for the Exchange, taking into account the declared transition of the Republic of Kazakhstan to carbon neutrality by 2060.

I would like to thank clients, shareholders, employees and other stakeholders for their contribution to the stable progress of Caspy Commodity Exchange JSC. We intend to continue to follow the best sustainability practices.

Erik Tanayev,
President of Caspy Commodity Exchange JSC

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ABOUT THE EXCHANGE

GRI 2-1, 2-6, 201-4

Caspy Commodity Exchange JSC was founded in November 2011 and is currently one of the leading exchanges in the Republic of Kazakhstan in terms of trading volume and development dynamics, including in the field of electronic commerce.

At the time of preparing the Report, the Exchange operates in the Republic of Kazakhstan under State License No. 24016891. The headquarters are in Astana, Republic of Kazakhstan. Ownership type: private.

As of December 31, 2023, the subsidiaries included Caspy Tender LLP (100% ownership), Kazenergy Consult LLP (100% ownership), and FSD LLP (51% ownership). Together with its subsidiaries the Exchange provides legal entities with a full cycle of pre-trading, trading and post-trading services in the commodity market, ensuring reliable risk management and financial guarantees for the execution of transactions, using a reliable trading and clearing software and hardware platform.

The business model is based on the B2B2B model, where suppliers and trading participants carry out transactions through accredited brokers or directly as dealers. This is an effective sales channel for real commodities, as well as a place to purchase them at the established market price. Trading is carried out remotely, based on a specialized IT platform, through the personal accounts of trading participants. In 2023, the total trading volume in the commodity market amounted to 305 billion tenge. The total number of Exchange clients, brokers and dealers that are members of the Exchange, was 54 brokers and dealers as of the end of the reporting period.

Among the participants of the trades are large companies of the Republic of Kazakhstan, including Kazakhmys Holding LLP, Petrosun LLP, Karazhyra JSC, Central Asia Cement JSC, Kazphosphate LLP, Zhambyl Cement Production Company LLP, Maker LLP, Vertex Holding, Artel Starateley Gornyyak LLP, BM Factory Project LLP, as well as various companies of the quasi-public sector. The Exchange provides non-discriminatory, equal and unimpeded access to services and products to the participants of the trades. As a customer-centric business, the Exchange focuses on high quality of service delivery to customers and interaction with stakeholders. The level of customer satisfaction according to the CSAT methodology in the reporting period was 95% with a target of at least 80%.

The Exchange ensures the functioning of an independent, permanent arbitration for dispute resolution. The Exchange has a clearing center that

guarantees compliance with the exchange terms of the contract at the stage of cash settlements and delivery of real commodities.

As of December 31, 2023, the declared and paid share capital of the Caspy Commodity Exchange was 1.316 billion tenge. The number of declared and placed common shares KZ1C00005560 was 4,112,500 pieces (1 share = 1 vote). Preferred shares: 1,000,000 declared and 0 placed.

The government is not among the shareholders of the Caspy Commodity Exchange. During the reporting period, the government did not provide direct financial support to the Exchange, including in the form of subsidies and grants.

The authorized body in terms of state regulation of the activities of commodity exchanges is the Ministry of Trade and Integration of the Republic of Kazakhstan, and in terms of implementing state control and licensing of activities of commodity exchanges is the Agency for the Protection and Development of Competition of the Republic of Kazakhstan.

SHAREHOLDERS AS OF DECEMBER 31, 2023

Shareholder	Shares, pieces
Iskakov Azamat Ryskanovich	1,645,000
Matzhanova Aigul Kolganatkyzy	822,500
Sarsenov Askhat Kublakhatovich	822,500
Nadyrgaliev Yelnar Temirgalievich	822,500



CASPY COMMODITY EXCHANGE

KEY BUSINESS AREAS

1

Trading in exchange commodities including coal, cement, agricultural products and carbon emissions.

2

Trading in petroleum products including bitumen, gasoline, diesel and jet fuel.

3

Purchases of commodities and goods for subsoil users, including solid minerals, hydrocarbons and uranium.

4

Sale of illiquid property and fixed assets, excluding buildings, structures and land.

5

Purchases of commodities and goods for the state, quasi-state sectors, natural monopolies, systemically important enterprises and commercial organisations.

PARTICIPATION IN ASSOCIATIONS AND UNIONS

GRI 2-28

Caspy Commodity Exchange participates in the activities of unions and associations, as well as the stock exchange, aimed at developing industry cooperation and mutually beneficial partnerships in the field of sustainable development.



**Kazakhstan
Stock Exchange**



<https://kase.kz/en/issuers/EXCS/>



**United Nations
Global Compact**

**UN Global
Compact**



<https://unglobalcompact.org/what-is-gc/participants/163577-JSC-Caspy-Commodity-Exchange->



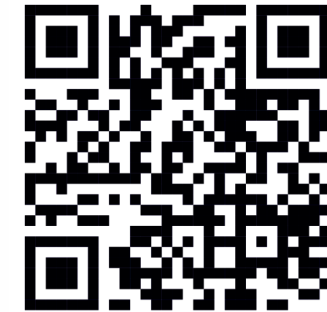
**Europex – Association
of European
Energy Exchanges**



<https://www.europex.org/members/ccx/>



**International Association
of CIS Exchanges**



<https://mab-sng.org/members/tovarnaya-birzha-kaspij/>

KEY ESG INDICATORS IN 2023

GRI 201-1





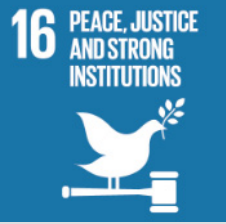
ECONOMIC VALUE FOR STAKEHOLDERS, MILLION TENGE	
Direct Economic Value Generated	433.5
Revenue	433.5
Direct Economic Value Distributed	599.5
General and administrative expenses	573.4
<i>payroll costs</i>	171.7
Income tax	26.1*
Dividends declared	0
Direct Economic Value Retained	0
* <i>deferred liabilities</i>	

CONTRIBUTION TO ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

GRI 2-22

We take into account the UN Sustainable Development Goals and the principles of the UN Global Compact in our strategic priorities and focus on implementing ESG in our operations. The Exchange has identified six priority UN Sustainable Development Goals, to the achievement of which the most tangible and long-term contribution can be made.

	UN SDG	TARGET WITHIN THE GOAL	EXCHANGE CONTRIBUTION
	<p>QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> 4.4 Substantially increase the number of youth and adults with relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. 	<ul style="list-style-type: none"> Training and competencies development of employees.
	<p>DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.5. Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. 	<ul style="list-style-type: none"> Supporting economic growth through the effective organization of commodity trading by the Exchange. Compliance with the labour legislation of the Republic of Kazakhstan. Fulfilment of obligations under the current Collective Agreement. Ensuring equal and non-discriminatory opportunities in the labor area for men and women. Implementation by the Exchange of measures in the field of labor protection and safety.

	UN SDG	TARGET WITHIN THE GOAL	EXCHANGE CONTRIBUTION
	<p>INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. 	<ul style="list-style-type: none"> Supporting economic growth through the effective organization of commodity trading by the Exchange. Purchase of goods and services from SMEs.
	<p>CLIMATE ACTION Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 	<ul style="list-style-type: none"> Organization of carbon emissions trading by the Exchange. Consideration by the Exchange (as part of strategic planning) of priorities and commitments of the Republic of Kazakhstan in the area of achieving carbon neutrality. Implementation of climate impact management practices by the Exchange in accordance with international standards, including regular assessment of greenhouse gas emissions; identification and assessment of climate-related risks and opportunities, their integration into its activities. Plans for approval of the corporate Climate Strategy.
	<p>PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> 16.4 Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. 16.5 Substantially reduce corruption and bribery in all their forms. 	<ul style="list-style-type: none"> Implementation of systemic measures in the field of AML/CFT by the Exchange. Compliance with anti-corruption legislation. Implementation of policies and measures to combat corruption at the corporate level based on the principle of zero tolerance by the Exchange. Availability of a permanent exchange arbitration by the Exchange for the purpose of comprehensive consideration of disputes between trading participants.

	UN SDG	TARGET WITHIN THE GOAL	EXCHANGE CONTRIBUTION
	<p>PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	<ul style="list-style-type: none"> • 17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries. • 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. 	<ul style="list-style-type: none"> • Participation in national and international sustainable development initiatives, as well as building a dialogue with other companies and government agencies. • Providing stakeholders with timely and complete information on the activities of the Exchange.



CORPORATE GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-17, 2-18, 2-19, 2-20, 2-21, 2-23, 2-27, 202-2, 207-1, 207-2, 207-3, 405-1

Material Topics: Quality of corporate governance | Risk management

The corporate governance system of the Caspy Commodity Exchange ensures effective management of its activities, risk and sustainable development aspects management, considering the interests of shareholders and other stakeholders. We strive to continue to improve the corporate governance system and adhere to Kazakhstani and international standards in the areas of corporate governance, transparency, and disclosure of information that apply to public companies.

The corporate governance system of the Exchange is formed by the following management bodies:

- General Meeting of Shareholders.
- Board of Directors.
- President.

The main internal documents of the Exchange that regulate the corporate governance system are the Charter and the Corporate Governance Code.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body that operates in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Exchange.

The Annual General Meeting of Shareholders is convened and held annually to approve the annual financial statements and the procedure for distributing the Exchange's net income for the past financial year, making decisions on payment of dividends on shares, approving the amount of dividend per share. As necessary, based on considerations of rationality, efficiency, and effectiveness, extraordinary General Meetings of Shareholders are convened and held. Two General Meetings of Shareholders were held during the reporting period.

The Exchange ensures fair treatment of all shareholders and effective participation of shareholders in key corporate governance decisions, such as the appointment and election of members of the Board of Directors.

All shareholders of the Exchange have equal rights to participate in the General Meeting of Shareholders. Shareholders' votes cast by them when voting on the agenda items of the General Meeting of Shareholders have equal force.

Shareholders are provided with reliable information on the results of the financial and economic activities of the Company and the procedure for providing information is regulated by the legislation of the Republic of Kazakhstan and the Charter. The President of the Exchange is obliged to justify the planned change in its activities and provide specific implementation prospects and mechanisms for protecting shareholders.

In the dividend policy sphere, conditions for dividend payment are the Company's net profit for the reporting period or retained earnings; the absence of restrictions on dividend payment stipulated by the legislation of the Republic of Kazakhstan, as well as a decision of the General Meeting of Shareholders. No dividends were paid in the reporting period.

PRINCIPLES OF CORPORATE GOVERNANCE

- Principle of protecting the rights and interests of shareholders.
- Principle of effective management of the Company by the General Meeting of Shareholders, the Board of Directors and the President.
- Principles of transparency, timeliness and objectivity of disclosure of information on the Company's activities.
- Principle of legality and ethics.
- Principle of an effective dividend policy.
- Principle of responsibility.

BOARD OF DIRECTORS

The Board of Directors carries out general management of the activities and strategic management of the Caspy Commodity Exchange, including approval of key internal documents. The activities of the Board of Directors are regulated by the legislation of the Republic of Kazakhstan, the Charter and the Regulation on the Board of Directors of the Exchange that was approved by the General Meeting of Shareholders. The competencies of the Board of Directors are clearly delineated from the competencies of the executive body of the Exchange.

The Board of Directors pays special attention to strengthening the Exchange's position in the market, ensuring the rights of shareholders, interaction with stakeholders, as well as sustainability issues.

Election of members of the Board of Directors is carried out by the General Meeting of Shareholders by cumulative voting. Members of the Board of Directors are elected individually for a term of 3 years.

The Chairman of the Board of Directors is elected from among its members by a majority of votes of the total number of members of the Board of Directors by open voting. The Board of Directors has the right to re-elect the Chairman of the Board of Directors at any time. The Chairman of the Board of Directors and the President of the Exchange must not be the same person.

The Chairman of the Board of Directors is responsible for the management of the Board of Directors, ensures its effective operation in all

aspects of its area of responsibility and prepares the agenda of the meeting in accordance with the established procedure that is approved by the Board of Directors. Together with the Corporate Secretary the Chairman of the Board of Directors also ensures that the directors receive reliable and clear information in a timely manner and ensures effective communication with shareholders.

As of the end of the reporting period, the Board of Directors included 3 people, all of them are men in the age category from 30 to 50 years. All members of the Board of Directors are citizens of the Republic of Kazakhstan. The average term of service of the members of the Board of Directors is 1 year. None of the members of the Board of Directors served on the governing bodies of more than three other public joint-stock companies.

In accordance with the international classification Global Industry Classification Standard, two members of the Board of Directors had qualifications corresponding to the core activities of the Exchange. Members of the Board of Directors regularly undergo training on ESG-related issues.

At least 30% of the Board of Directors must be independent directors. As of the end of the reporting period, 2 members of the Board of Directors were independent directors, including the Chairman – 66% of the total number of directors. One member of the Board of Directors was an executive director.

COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023

Azamat Zhumabaevich Aituyev	Yevgeniy Bronislavovich Yugay	Erik Maratovich Tanayev*
Born in 1981. Citizen of the Republic of Kazakhstan. Election to the Board of Directors - July 28, 2022.	Born in 1987. Citizen of the Republic of Kazakhstan. Election to the Board of Directors - February 12, 2021.	Born in 1982. Citizen of the Republic of Kazakhstan. Election to the Board of Directors - December 30, 2022.

* In March 2024, he left the Board of Directors. In March 2024, Sergey Klimentovich Tsoy joined the Board of Directors as an independent director.

The Exchange determines an independent director in accordance with the independence criteria established by the Law of the Republic of Kazakhstan «On Joint-Stock Companies».

An independent director:

- Is not an affiliate of the Company and has not been one for three years preceding the election to the Board of Directors (except for the case of his holding the position of an independent director of the Company).
- Is not affiliated with affiliates of the Company.
- Is not related to officials of the Company or affiliated organizations of the Company and has not been related to these entities for three years preceding the election to the Board of Directors.
- Is not a civil servant.
- Is not a representative of a shareholder at meetings of the Company's bodies and has not been the one for three years preceding the election to the Board of Directors.
- Does not participate in the audit of the Company as an auditor working as part of an audit organization and has not participated in such an audit for three years preceding the election to the Board of Directors.

During the reporting period, 10 meetings of the Board of Directors were held, all of them in person. It should be noted that the Board of Directors has the right to make decisions both at in-person meetings and by absentee voting, but in the latter case is except for issues that must be considered in person. In 2023, the average attendance at Board of Directors meetings was 100%. The Company sets a requirement for members of the Board of Directors to attend all meetings of the Board of Directors that are held during the corporate year.

In accordance with the Law of the Republic of Kazakhstan «On Joint-Stock Companies», three committees of the Board of Directors of the Exchange operate on a permanent basis, namely the Risk Committee, the Internal Audit Committee, the Social Affairs, Human Resources and Remuneration Committee. The committees of the Board of Directors perform an advisory function including preliminary consideration and preparation of recommendations for the Board of Directors to make decisions on the most important issues. The activities of the committees of the Board of Directors are regulated by the relevant provisions.

The performance of the Board of Directors and its individual members is assessed by the General Meeting of Shareholders that has the

right to use the following levers of influence for these purposes:

- The right to elect any person as a member of the Board of Directors an unlimited number of times.
- The right to early terminate the powers of all or individual members of the Board of Directors.
- If necessary, the right to determine the amount and terms of payment of remuneration to members of the Board of Directors.

At the same time, as part of the ESG transformation, the Exchange has introduced a practice of Board of Directors performance evaluation that covers the assessment of the work of the Board of Directors as a governing body and the assessment of members of the Board of Directors (individual assessment, 360 questionnaire). The practice is regulated by the Regulation of Caspy Commodity Exchange JSC on Board of Directors Performance Evaluation.

In the reporting period, there were no cases of inappropriate behaviour of members of the Board of Directors, as well as the President of the Exchange.

PRESIDENT

The President is accountable to the Board of Directors and shareholders and is the executive management body. The President manages the current activities of the Caspy Commodity Exchange, is responsible for the implementation of strategies, goals and objectives, as well as decisions taken by the Board of Directors and the General Meeting of Shareholders in compliance with the legislation of the Republic of Kazakhstan. The President may be elected to the Board of Directors but may not hold the post of Chairman of the Board of Directors.

As of December 31, 2023, the President of the Exchange was Erik Maratovich Tanayev.

The assessment of the effectiveness of the President's activities, as well as the determination of the terms and amount of his bonus, is carried out by the Board of Directors.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE PRESIDENT

By decision of the General Meeting of Shareholders, members of the Board of Directors may be paid remuneration and/or compensated for expenses related to the performance of their functions during the period

of their duties. The amounts of such remuneration and compensation shall be established by decision of the General Meeting of Shareholders. Payment of remuneration to the President is established by decision of the Board of Directors. Non-fixed remuneration of members of the Board of Directors and the President may be paid in the form of bonuses based on the results of the financial year, depending on the achieved goals and the financial condition of the Company. If necessary, members of the Board of Directors are provided with reimbursement of travel, accommodation, and training expenses when performing their duties. Consultants are not involved in determining the amount of remuneration of members of the management bodies.

In 2023, the total annual remuneration of members of the Exchange's management bodies amounted to 43.3 million tenge, excluding social taxes and payments. In the reporting period, cash remuneration, bonuses, remuneration in the form of shares and other payments to members of the Board of Directors were not paid. The ratio of the President's total annual remuneration to the average annual remuneration of the rest of the Company's employees (excluding the President) is 3.8.

As of the end of the reporting period, the members of the Board of Directors and the President did not own shares of the Exchange.

EXTERNAL AUDIT

Based on the decision of the General Meeting of Shareholders, the Exchange engages an independent auditor on an annual basis, that is not associated with the Exchange, its shareholders and affiliates by property and financial interests, to audit the financial statements based on International Auditing Standards. The fee for the services of the audit company is determined by the Board of Directors.

In 2023, the external auditor was Auditing Company TrustFinAudit LLP that has a license to carry out audit activities. The audit organization did not provide the Exchange with consulting services not related to the audit of financial statements.

RISK MANAGEMENT

The Company implemented a risk management system in accordance with the requirements of the legislation of the Republic of Kazakhstan. The continuous process of risk identification allows us to identify potential factors and events that may affect our activities and promptly develop measures to reduce the negative impact of their possible implementation.

We adhere to the principle of independence of any decision to accept a risk from the risk assessment and control over it, taking into account the three lines of defence model. The top management and employees of the Exchange at all levels are constantly involved in risk management and perform the relevant duties. The regulatory document is the Rules for the organization of the risk management system of Caspy Commodity Exchange JSC.

The Exchange's significant risks include operational risk (including information security risk), political and legal risks, and commercial risk. These risks are assessed annually. The Company regularly monitors changes in the market environment and the regulatory framework to assess their potential impact on achieving the set operational and strategic corporate goals. Climate risks that have been identified and assessed by the Exchange are not considered a significant risk category in the short term. It should be noted that the impact of a risk is based primarily on an assessment of the probability of its occurrence and the potential financial damage from its implementation. The significant risk category includes risks that have a high probability of occurrence and significant potential financial damage. The Exchange carefully monitors and manages its financial position and liquidity risk, tracking projected results to ensure access to sufficient funds to meet projected needs.

The execution of transactions within the framework of exchange operations is covered by the risk management system, which includes the Exchange clearing centre, as well as the insurance and guarantee funds. A truly functioning arbitration allows for sanctions to be applied to violators of exchange trading.

The Exchange regularly conducts training for employees to improve their risk management competencies. We are considering the possibility of including risk management-related KPIs in the employee performance assessment criteria.

Employees are required to promptly report all risk incidents and assist in investigating the causes and circumstances of such incidents.

TAX MANAGEMENT

The Exchange operates in accordance with the tax legislation of the Republic of Kazakhstan and international treaties on taxation issues to which the Republic of Kazakhstan is a party.

We maintain a reputation as a conscientious taxpayer and do not participate in illegal tax transactions. We also do not use the practice of aggressive tax planning and tax evasion including not using tax jurisdictions

for tax purposes that do not cooperate with the authorized tax authorities of the Republic of Kazakhstan. The Exchange does not use any international offshore schemes and countries with a preferential tax regime (tax havens) for the purpose of tax optimization.

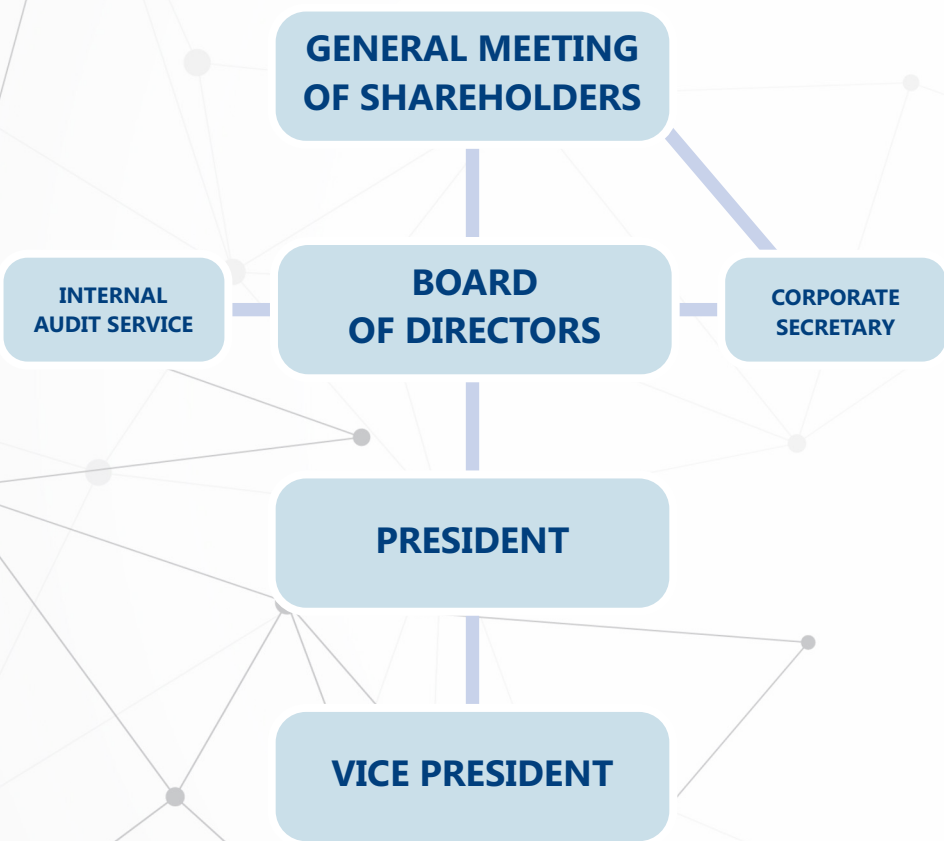
The fulfilment of tax obligations, in particular tax payments, is controlled by the Board of Directors as part of the periodic monitoring of the Exchange's financial performance. There were no cases of non-compliance with tax legislation by the Exchange in the reporting period.

Information and data on the fulfilment of tax obligations are annually audited and disclosed in the Company's audited financial statements. The bulk of our tax expenses are related to the income tax. In 2023, the income tax amounted to 26 million tenge according to the Exchange's audited separate financial statements. Taxes and other payments to the budget amounted to 51 million tenge in the reporting period, according to the Cash Flow Statement.

THE RISK MANAGEMENT SYSTEM IS BASED ON THE "THREE LINES OF DEFENSE" MODEL

- **First line.** Structural units performing business functions and employees of operational units acting as risk owners that identify and assess risks.
- **Second line.** The Compliance and Risk Management Service that continuously monitors and manages risks including compliance risks, assesses the significance of risks, and prepares specialized reports for management bodies.
- **Third line.** The Internal Audit Service that monitors the results of the financial and economic activities of the Exchange, and the effectiveness of the risk management system. Internal audit in risk management is carried out on an annual basis. Strategic management and control over the risk management system, approval of main principles and approaches to risk management is carried out by the Board of Directors, within the structure of which the Risk Committee operates on a permanent basis.
- The Board of Directors has ultimate responsibility for maintaining the smooth operation of the risk management and internal control system.

CORPORATE GOVERNANCE FRAMEWORK



SUSTAINABILITY MANAGEMENT SYSTEM

GRI 2-12, 2-13, 2-23

Material Topics: Quality of corporate governance | Risk management

The Exchange’s approach to sustainable development implies consistent integration of ESG principles and the UN Sustainable Development Goals into all aspects of the business including planning and decision-making, operations and corporate culture. We focus on creating value for all stakeholders, as well as proper management of risks associated with sustainability to improve long-term predictability and overall business resilience including against the backdrop of tightening regulatory requirements and increasing significance of climate risks.

The Board of Directors exercises general management of the Exchange in the sustainability area including the adoption of necessary corporate documents, monitoring achievement of the Exchange’s strategic goals related to ESG and climate. Since 2024, the sustainability area is supervised by an independent director at the level of the Board of Directors.

The Risk Committee of the Board of Directors is involved in monitoring risks related to sustainability and climate including from the point of view of developing proposals for improving the risk management system in this context. The Audit Committee is responsible for improving the effectiveness of control over the financial and economic activities of the Exchange, ensuring effective communication with auditors. The Social Affairs, Human Resources and Remuneration Committee considers issues related to the formation of an effective and transparent remuneration system and the main directions of human resources policy.

At the operational level, sustainability management is carried out by the President who manages the current activities of the Exchange, organizes the implementation of Board of Directors decisions and is responsible for the implementation of corporate sustainable development goals, ensures the distribution of responsibilities related to sustainability aspects between structural units, controls the activities of structural units and responsible employees including preparation of non-financial reporting and assessment of greenhouse gas emissions. The President is responsible for providing recommendations to the Board of Directors on ESG aspects and climate change integration into the business processes and development strategy of the Exchange.

It should be noted that the Board of Directors and the President are involved in the management of ESG risks as participants in the

risk management system, primarily regarding monitoring and control procedures.

The Sustainability Working Group, led by the President of the Exchange, coordinates the process of agreeing on and cross-functionally implementing measures and initiatives in the sustainable development area, with the involvement of subsidiaries of the Exchange and external experts. The Working Group directly coordinates the preparation of the annual report on sustainability and climate.

The Compliance and Risk Management Service coordinates the process of identification, assessment of ESG and climate risks, integration of ESG and climate risks into the Exchange's risk management system (in case of material risks), as well as coordination of the Exchange's activities in fulfilling the requirements of the legislation of the Republic of Kazakhstan and regulators in the area of ESG risk management, including in cooperation with the involved structural units of the Exchange (information security, etc.).

To integrate ESG principles into all aspects of its activities, the Exchange has approved internal documents in the sustainability area including:

- Corporate Governance Code.
- Code of Business Ethics.
- Code of Broker (Dealer) Ethics for Members of Caspy Commodity Exchange JSC.
- Anti-Corruption Policy.
- Standards for the Prevention of Corruption (for Exchange Members).
- Policy on the Processing and Protection of Personal Data.
- Internal Control Rules to Counter the Legalization (Laundering) of Proceeds from Crime, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction.

Such documents as the Code of Business Ethics, Anti-Corruption Policy and Policy on the Processing and Protection of Personal Data are recommended for implementation and compliance in the Exchange's subsidiaries, considering the specifics of their business profile.

We intend to continue improving the system of internal regulatory documents including the development and updating of policies, regulations and standards on significant aspects of activities in the sustainability area.

BUSINESS ETHICS

GRI 2-16, 2-23, 2-24, 2-25, 2-26, 2-27, 206-1, 415-1

Material Topics: Business ethics

The Exchange values its reputation and strives to adhere to high standards of business ethics. Focusing on responsible business conduct, we follow all applicable norms of the legislation of the Republic of Kazakhstan and our internal documents, build a compliance system and develop a corporate culture that prioritizes zero tolerance for violations. Relations between participants in corporate relations are based on mutual trust and respect.

Ethical business conduct and interaction with stakeholders are regulated, first of all, by:

- The Code of Business Ethics of Caspy Commodity Exchange JSC that applies to all employees, regardless of their position and the length of their employment in the performance of their official duties or representation of the interests of the Exchange. Each employee is obliged to familiarize themselves with the Code and confirm in writing the obligation to observe it in good faith. The principles and requirements of the Code also apply to the Exchange's counterparties including suppliers, agents, consultants, representatives and other persons, in cases where the relevant obligations are set out in contracts with them, or directly follow from applicable legislation or business interactions. The Code is recommended for adoption by the Exchange's subsidiaries, taking into account the specifics of their activities.
- The Code of Brokerage (Dealer) Ethics of the Members of Caspy Commodity Exchange JSC that is mandatory for all Exchange members, regardless of the trading section in which they operate.

The Board of Directors ensures strategic management in the business ethics and anti-corruption area, and approves the Code of Business Ethics of Caspy Commodity Exchange JSC and other internal documents regulating the area in question. The President is responsible for monitoring the implementation of business ethics and anti-corruption requirements and provisions at the Exchange. The Compliance and Risk Management Service reviews various issues related to business ethics and conflicts of interest, identifies cases of business ethics violations, collects information on signs of corruption in the business processes of structural units, and conducts internal investigations if necessary. This structural unit also organizes training on compliance and business ethics.

There were no confirmed violations of the Code of Business Ethics of Caspy Commodity Exchange JSC recorded in the reporting period.

We strictly adhere to the principle of compliance with contractual and other obligations arising from business relationships or caused by them. Our priority is to ensure excellent customer experience and implement a customer-centric approach in all business processes. The Exchange strives to improve the quality of its services and digital services, complying with the requirements of relevant standards, building trusting relationships with clients and trading participants, regularly training its employees and involving them in quality management processes. Trading participants are served 24/7 with a personal manager assigned from the brokerage company.

The Exchange supports free and fair competition, complies with the antimonopoly legislation of the Republic of Kazakhstan, avoiding unfair competition practices, including refusing to enter into any anticompetitive agreements with competitors, either verbally or in writing. Members of the Exchange are prohibited from making deals by prior agreement with other members of the Exchange or any third parties, with the purpose of manipulating prices of commodities sold in exchange trades, as well as illegally influencing the pricing of commodities sold on the electronic trading platform of the Exchange, as well as using affiliated or front brokerage companies to participate in exchange trades, and other methods of unfair competition. There have been no confirmed cases of violation of antimonopoly legislation by the Caspy Commodity Exchange over the past three years.

At the same time, the Exchange team strives to understand business needs and resolve pressing issues much faster than the Company's competitors, and interacts with partners to increase long-term value for stakeholders and meet clients' needs.

The Exchange respects the intellectual property rights of third parties, not using in its activities unlicensed or unauthorized trademarks, unregistered patents, unauthorized materials protected by copyright, unauthorized software, proprietary information and commercial secrets of third parties.

In accordance with the Code of Business Ethics, the Caspy Commodity Exchange does not participate in any political activity and does not finance political organizations directly or indirectly. We do not allocate funds for charitable and sponsorship projects that are implemented to obtain illegal advantages in business activities. At the same time, the Exchange does not impose any restrictions on the participation of employees in political and religious activities as individuals. Also, we did not finance or provide other assistance to lobbying organizations in the reporting year.

Employees are required to report any violations of the Code of Business Ethics, with information describing the relevant violations, to their immediate supervisor or any Exchange official they trust, or via the hotline. Other Exchange stakeholders also have the opportunity to submit requests and report various business ethics violations via existing communication channels including the public hotline.

Caspy Commodity Exchange will not take action against employees who have reported a potential violation of the Code of Business Ethics in good faith and will not allow their dismissal, harassment, discrimination or other deterioration of their situation. At the same time, we encourage employees to openly discuss the Code of Business Ethics and positively treat any constructive suggestions for its improvement.

HOTLINE

There is a hotline ethics@ccx.kz that allows all interested parties to inform the Exchange, including anonymously, about suspicions of business ethics and anti-corruption legislation violations, the presence of a conflict of interest and other illegal or unethical practices.

We focus on registering and reviewing all requests on issues of business ethics, human rights, illegal practices that are received on the hotline.

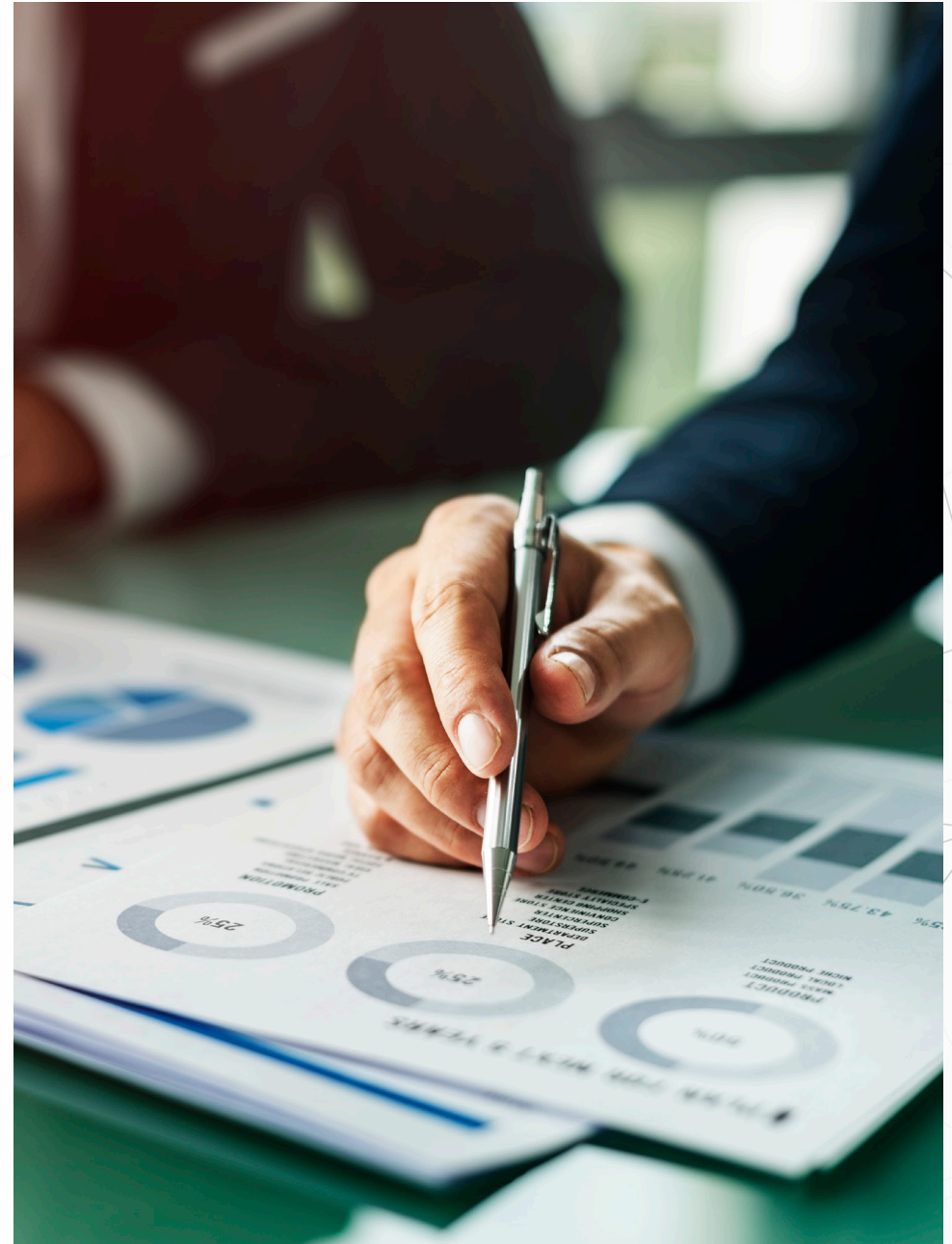
We take seriously all reports of possible business ethics violations, if the applicant has provided sufficient information for an internal investigation. The official investigation is conducted in compliance with the requirements for confidentiality of consideration of information on business ethics violations and only in the manner determined by the current legislation of the Republic of Kazakhstan and the internal documents of the Exchange.

The Exchange also has the right to conduct internal investigations in relation to the Exchange members based on statements from exchange trading participants and third parties, as well as on its own initiative if it identifies a gross violation by them of the requirements of the exchange trading legislation of the Republic of Kazakhstan, the Code of Broker

(Dealer) Ethics and other internal regulatory documents of the Exchange and its clearing organization.

If there are legal grounds, disciplinary measures may be applied to employees who fail to fulfil their obligations to comply with the provisions of the Code of Business Ethics in the manner prescribed by labor legislation and internal documents of the Exchange. Failure to comply with the requirements of the law, including combating corruption and other areas, may entail liability up to and including criminal liability. In turn, violation of the provisions of the Code of Broker (Dealer) Ethics and corrupt practices along with other types of possible violations committed by members of the Exchange may lead to sanctions against them including the imposition of fines, suspension of accreditation on the Exchange for a period of six months or termination of accreditation as a member of the Exchange.

Caspy Commodity Exchange is a supporter of peaceful settlement of any kind of disputes. During the reporting period, there were no legal proceedings between the Exchange and other entities.



COUNTERING CORRUPTION AND ILLEGAL PRACTICES

GRI 2-15, 2-23, 2-25, 2-27, 205-2, 205-3

Material Topics: Countering corruption and illegal practices | Business ethics

We are guided by the principle of zero tolerance for corruption that means the rejection of corruption in any form and manifestation, including mediation in bribery or commercial bribery, during the Exchange's activities. The Exchange has internal documents regulating anti-corruption activities that are updated on a regular basis. First of all, it is the Anti-Corruption Policy that is mandatory for all employees of the Exchange, as well as the Corruption Prevention Standards that apply to members of the Exchange. The corporate anti-corruption management system complies with the requirements of the legislation of the Republic of Kazakhstan.

The Board of Directors approves the anti-corruption policy documents and is also informed by the President about the results of measures taken to ensure that the Exchange's activities comply with the requirements of the anti-corruption legislation of the Republic of Kazakhstan, the principles and requirements of the current Anti-Corruption Policy. The President of the Exchange exercises general control over compliance with the provisions of internal documents in the area of countering corruption. The structural unit that ensures compliance with anti-corruption standards is the Compliance and Risk Management Service that is responsible for the organizational and methodological support for the creation and operation of the management system, control, monitoring and development of proposals for its improvement. The Compliance and Risk Management Service, among other things, accepts requests from employees and other interested parties, and initiates internal investigations if necessary.

In accordance with the internal documents of the Exchange, the following actions are recognized as corrupt actions:

- Provision or promise to provide any financial, property and/or other benefit/advantage, including the offer, promise or performance of a bribe, with the purpose of inducing a decision in favour of the person or entity providing such benefit/advantage or an associated person or entity.
- Receipt, agreement to receive, demand or request to provide a financial, property and/or other benefit/advantage with the purpose

of inducing a decision in favour of a person or entity providing such benefit/advantage or an associated person or entity.

- Fraud, illegal use of official position contrary to the legitimate interests of the Exchange to obtain a financial, property or other benefit/advantage.
 - Any other actions that violate the applicable legislation of the Republic of Kazakhstan in the area of combating corruption.
- In addition, employees are obliged to refuse business gifts and other signs of special attention that put the receiving party in a dependent position.

Employees are required to identify corruption risks specific to their areas of activity and to interact with the Compliance and Risk Management Service on anti-corruption issues.

If employees have any evidence or reasonable suspicion that a corruption offence, a conflict of interest, or that the services provided by the Exchange to its clients are used or are intended to be used for corrupt purposes, they are required to report this no later than the next working day after they became aware of the corruption offence or suspicion thereof, with information describing the relevant violations attached. In this case, employees are required to inform either the head of the Compliance and Risk Management Service or their immediate supervisor, except in cases where the relevant suspicions arise in relation to that supervisor. Heads of structural units are prohibited to prevent employees from reporting evidence and reasonable suspicions of corruption in the Exchange, as well as to apply disciplinary and other measures to employees in connection with the requests they submit.

We also provide other interested parties with the opportunity to report, including anonymously, through available communication channels and the existing hotline ethics@ccx.kz about the presence of a corruption risk and suspicions of corruption offenses.

If a corruption violation or prerequisites for its commission are detected, objective official investigations are conducted in accordance with the procedure stipulated by the legislation of the Republic of Kazakhstan. In case of confirmation of illegal actions based on the results of the official investigation, the Exchange has the right, if there are legal grounds, to make a decision to apply disciplinary measures to employees involved in illegal actions, and also undertakes to inform law enforcement and other government agencies that may use administrative and criminal measures against the violator in accordance with the legislation of the Republic of Kazakhstan.

We guarantee that those employees who refused to participate in corrupt actions will not be held liable, even if as a result of such refusal the Exchange missed commercial or competitive advantages or suffered losses, the avoidance of which was possible only through violation of the anti-corruption legislation of the Republic of Kazakhstan or internal corporate documents in the area of combating corruption.

The Exchange ensures that members of management bodies and employees are familiar with the corporate policy and procedures to combat corruption. When hired, new employees must familiarize themselves with the Anti-Corruption Policy of Caspy Commodity Exchange JSC through the Compliance and Risk Management Service and sign a personal Commitment to comply with it. Members of the Board of Directors who are not employees of the Exchange are familiarized with internal documents regulating the process of combating corruption during the review and approval of such internal documents. During the reporting period, all employees of the Exchange underwent training in combating corruption.

We expect that members of the management bodies and employees prioritize the interests of the Exchange and its shareholders over their personal interests in the performance of their official duties. At the same time, we position a conflict of interest as one of the factors in the manifestation of corrupt behaviour.

Taking this into account, the Board of Directors and employees, when performing their official duties, are obliged to:

- Avoid situations leading to a conflict of interest, and when making decisions in good faith and reasonably, be guided exclusively by the interests of the Exchange.
- Do not use their official position, as well as information to which they have access, for personal interests or in the interests of affiliated persons or entities.
- Notify of a conflict of interest, promptly disclose information about personal circumstances that may lead to a real or potential conflict of interest, including when hiring or when assigning to a new position.

The Exchange strives to maintain a balance between corporate interests and the interests of the employee, and approaches each case of a conflict of interest individually, while protecting conscientious employees from persecution. The Board of Directors is involved in the prevention, detection and resolution of corporate conflicts. In the event that an employee fails to take measures to prevent or resolve a conflict of interest to which he or she or an immediate subordinate is a party, or fails to fulfil the obligation to inform about the occurrence (possibility of occurrence) of a conflict of

interest, disciplinary measures may be applied to such employee. The Exchange strives to strictly comply with the current legislation of the Republic of Kazakhstan on combating the legalization of proceeds from crime.

To effectively combat the legalization (laundering) of proceeds from crime and the financing of terrorism, we ensure the functioning of the internal control system in relation to AML/CFT/FPWMD that is regulated by the Internal Control Rules to Counter the Legalization (Laundering) of Proceeds from Crime, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction.

The responsible employee in the AML/CFT/FPWMD area is the Vice President of the Exchange. The functions of such a responsible employee are not combined with the functions of the internal audit service, as well as with the functions of the units carrying out the operational (current) activities of the Exchange.

The Exchange, among other things, has implemented the following AML/CFT/FPWMD procedures:

- Identification of clients (their representatives) and beneficial owners.
- Classification of clients taking into account the degree of AML/CFT/FPWMD risk.
- Use of automated information systems and software, including for the implementation of direct exchange of information with the Financial Monitoring Agency.

The Exchange and its members from among brokers and dealers are prohibited from interacting with counterparties included in the lists stipulated by the regulations governing issues of combating the legalization (laundering) of proceeds from crime and the financing of terrorism, including counterparties of persons involved in terrorist activities, as well as lists of organizations and persons associated with the financing of the proliferation of weapons of mass destruction, the financing of terrorism and extremism. Interaction with counterparties and their beneficial owners, against whom international sanctions are applied in accordance with the UN Security Council resolutions, is prohibited. The Exchange does not participate in fraudulent activities and does not provide any assistance to third parties in committing fraudulent activities.

If, when interacting with a counterparty, an employee of the Exchange has any suspicions related to money laundering or other AML/CFT/FPWMD risks, the employee is obliged to report it to the immediate supervisor.

HUMAN RIGHTS

GRI 406-1

Material Topics: Human rights | Business ethics | Personnel management

Respect for human rights is a fundamental value for the Exchange in the process of ensuring its sustainability and compliance with the principles of responsible business conduct.

The Exchange strives to respect human rights in accordance with the legislation of the Republic of Kazakhstan, international norms and standards that are enshrined in the Universal Declaration of Human Rights of the United Nations of December 10, 1948, the United Nations Global Compact of July 26, 2000, the International Covenant on Economic, Social and Cultural Rights of December 16, 1966, the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work of June 18, 1998, and the Guiding Principles on Business and Human Rights of June 16, 2011.

As part of the improvement of corporate documents in approaches and procedures for observing human rights, the Code of Business Ethics has been developed and approved that, among other things, sets out clear requirements and obligations of the Exchange in the area of human rights, equal opportunities, and combating any form of discrimination.

The Board of Directors monitors human rights compliance issues. At the operational level, the Exchange's activities in the human rights area are the responsibility of the President.

We believe that human rights violations are unacceptable and may have a negative impact on the Company's reputation, loss of trust from clients and employees, and lead to legal proceedings and sanctions from government agencies. There were no cases of human rights violations by the Company registered during the reporting period.

Caspy Commodity Exchange prohibits any actions that may humiliate human dignity. Regardless of their official position, employees should not be subjected to any physical, verbal, sexual or psychological harassment, bullying, oppression or persecution, intimidation, abuse or threats from top managers and colleagues. Employees are required to show respect for cultures, opinions and lifestyles that differ from their own, and to consider how others will perceive them and react to their behaviour and manner of communication. Employees are prohibited from participating in any actions that could contribute to the creation of an atmosphere of intimidation, hostility, insult or humiliation of human dignity in the workplace, as well as tolerating such actions.

The Exchange prohibits any discrimination against employees, clients, contractors on any individual grounds, such as gender, nationality and religion, social status, age, disability and other distinctive characteristics. Caspy Commodity Exchange complies with the requirements of the legislation of the Republic of Kazakhstan on the minimum working age, and does not use child labor, as well as any forms of modern slavery, forced or compulsory labor.

We expect that members of the Exchange, as well as our counterparties who provide or seek to provide any goods, works or services to the Exchange, will respect human rights, including promoting similar principles and requirements in their own supply chains. The Exchange welcomes members and counterparties of the Exchange to have a clearly formulated corporate position on human rights. At the same time, we reserve the right to request information from members and counterparties of the Exchange regarding their observance of human rights, prevention of discrimination of workers, use of forced and child labor, and other risks related to human rights.

Any interested parties can inform us about potential violations of human rights and any types of discrimination via the operating hotline ethics@ccx.kz. Upon receipt of such information, the Exchange conducts an objective and impartial official investigation, respecting the protection of the applicant's confidentiality, based on the results of which, if necessary, corrective measures are developed and implemented to prevent such violations in the future. Employees who violate the human rights and non-discriminatory behaviour requirements of the Exchange may be subject to disciplinary measures if there are legal grounds.

INFORMATION SECURITY

GRI 2-23, 418-1

Material Topics: Information security

We take into account that the information security management system requires constant improvement and attention in connection with the growing number of information security incidents and cyber-attacks on the IT infrastructure in the financial sector.

The key internal document in the area of information security is the Information Security Policy that also applies to the Exchange's subsidiaries. The Rules for Conducting an Internal Audit of Information Security, the Methodology for Analysis and Assessment of Information Security Risks and other «specialized» internal documents are also in effect.

The President of the Exchange exercises general control over the information security system. The Information Technology Division is responsible for the operation of the information security system in the Company and its main functions include identifying and analyzing information security threats, determining the data protection regime, implementing information security tools and systems and monitoring their operation, as well as monitoring compliance with the information confidentiality regime.

The Exchange's information security management system is classified as a critical information and communication infrastructure facility and complies with the requirements of the Order of the Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan dated June 30, 2023. In accordance with it, we are certified for compliance with the requirements established by the following standards, among others:

- ST RK ISO/IEC 27001 – the standard establishes requirements for creation, implementation, maintenance and continuous improvement of the information security management system, taking into account the organization's environment.
- ST RK ISO/IEC 27002 – the standard applies to information security management tools including guidance on their implementation.

The Exchange strives to ensure prompt response to any threats or realized information security incidents, including leaks of confidential information, and continuous improvement of its systems. An Action Plan for Ensuring Continuous Operation and Restoration of Asset Performance, including Emergency Recovery of IT Systems, has been developed and approved and is tested at least once a year. Scenarios for responding to cyber

threats and information security incidents have been implemented. For all identified violations, the Exchange conducts checks in accordance with the procedure for planning and implementing relevant measures, during which responsible employees carefully analyse the causes of the violations and then take technical and disciplinary measures to prevent such situations in the future.

In the reporting period, there were no significant information security violations, such as data leaks, unauthorized access to internal networks, applications, devices, protected systems and data, bypass of security mechanisms by malicious applications to access restricted information. The clients and employees of the Exchange were not affected by any information security incidents, and there were no substantiated complaints regarding data privacy breaches from the said stakeholders. In 2023, no cases were recorded that led to the suspension of trading as a result of the implementation of information threats. As a result, the Exchange did not experience any financial losses due to failures in the information security and cybersecurity systems.

It should be noted that in accordance with the regulatory requirements in force in the Republic of Kazakhstan, the Company's information systems are included in the list of critically important informatization objects. In this regard, the Exchange is required to conduct an annual external audit in the information security area. During the reporting period, the audit of information security did not reveal any critical problems or vulnerabilities in our systems and procedures. The Exchange also organizes an annual internal audit of the information security management system.

The Exchange ensures the protection of confidential and material non-public (insider) information including by restricting access to such information, reflecting restrictions on its distribution, disclosure or use in employment contracts concluded with employees, civil and business contracts concluded with counterparties, confidentiality agreements and other means.

Employees assume that any information received by them in connection with the performance of their work duties is confidential and is not subject to disclosure unless the Exchange directly notifies the public availability of the information or publishes it.

Employees are strictly prohibited from using the Exchange's information technology, internal communications systems, equipment or communications facilities for illegal or immoral activities or purposes, committing cybercrimes, participating in gambling or conducting their own business activities. Potential unauthorized actions such as

unauthorized copying of information to removable media or cloud services, installation of unauthorized software, and use of Internet access for personal purposes are strictly monitored and suppressed.

Upon employment, employees must sign an employment contract, which, among other things, establishes their responsibility for compliance with information security requirements. Employees are also familiarized with the requirements of internal documents in information security, rules and instructions for ensuring information security, with the mandatory signing of a familiarization sheet, in order to raise awareness, inform about incident response procedures and their prevention. In addition, employees and representatives of third-party organizations using the Exchange's information processing facilities are required to sign an agreement on compliance with the Exchange's information security requirements.

Employees, primarily the personnel of the structural unit responsible for information security, undergo regular training on issues related to information security. All employees also participate in specialized briefings and periodically familiarize themselves with various information materials on priority aspects of information security, which are distributed through the Exchange's internal communication channels.

Internal documents of the Caspy Commodity Exchange oblige employees to report any violations of the information security management system that they discover. It is envisaged that incentive measures will be applied to employees who discover and conscientiously report vulnerabilities in the system for protecting confidential information from unauthorized access that they have discovered.

Any interested person may notify the Exchange of violations in the operation of the information security system through available communication channels, including the operating hotline, on the unlawful dissemination, disclosure or use of confidential or material non-public (insider) information. Violators represented by employees may be subject to, depending on the specific case, disciplinary, administrative, criminal liability in the manner established by the legislation of the Republic of Kazakhstan and the internal documents of the Exchange.

Employees of the Exchange and its subsidiaries regularly participate in various forums, seminars and conferences on IT transformation, ensuring information security, and provide training to specialists on changing trends and requirements in this area.

PROTECTION OF PERSONAL DATA

GRI 2-23, 418-1

Material Topics: Personal data protection | Information security | Human rights

«Caspy Commodity Exchange ensures the confidentiality of information about personal data subjects (clients, employees and other persons).

For the proper regulation of activities in the area under consideration, the Board of Directors approved the Policy of Caspy Commodity Exchange JSC on the Processing and Protection of Personal Data, in addition to the Code of Business Ethics.

The issues of processing and protecting personal data are handled by the Information Technology Division that main functions in this context include ensuring continuous monitoring of the level of protection of personal data, implementing measures to prevent unauthorized access to personal data or their transfer to persons who do not have the right to access such information, and timely detection of unauthorized access to personal data.

In the reporting period, there were no cases of violation of the confidentiality of personal data or their illegal transfer to third parties. The Exchange collects, uses and stores personal data for legitimate purposes and within reasonable limits necessary for its activities. Personal data are processed with the consent of the personal data subject to the processing of his/her personal data, unless otherwise provided by the legislation of the Republic of Kazakhstan in the area of personal data. To ensure the confidentiality of data, actions performed with personal data are recorded in corporate information systems.

At the same time, personal data subjects, including the Exchange clients, have the right to revoke consent to the collection and processing of personal data, except in cases where it contradicts the legislation of the Republic of Kazakhstan, or in the presence of an unfulfilled obligation to the Exchange. Personal data subjects also have the right to demand changes and additions to their personal data if there are grounds confirmed by relevant documents. The Exchange does not disclose to third parties or distribute personal data without the consent of the personal data subject, unless otherwise provided by the legislation of the Republic of Kazakhstan in the area of personal data.

Employees who have access to the personal data of clients, contractors, colleagues and other persons are obliged to maintain their confidentiality, observing the relevant legislation of the Republic of Kazakhstan and the requirements of the Exchange regarding the collection, use and disclosure of such data.

DIGITALIZATION

Material Topics: Digitalization

Innovation and digital transformation are the focus of our strategy, as the Exchange views innovation and digitalization as a key competitive advantage, integral elements of sustainable development and drivers of corporate economic performance. The electronic trading system is constantly being modernized and optimized, with information security and customer focus at the forefront. General control over corporate activities in the area of innovation and digitalization is carried out by the President of the Exchange.

The Company implements automation and digitalization projects in various areas. We offer the Exchange members as our main clients, as well as trading participants, safe and reliable information and digital services and technology services, which include the provision of market data in real time. To optimize and automate servicing of trading participants, we offer the possibility of using an application processing system that integrates with their ERP systems and allows them to simplify and systematize the process of submitting applications for the purchase and sale of commodities, as well as the exchange of documents and exchange reports.

Since 2020, the Exchange has transferred almost all internal and external document flow with counterparties to electronic format. For example, contracts, acts, letters and other documentation are maintained and exchanged only in electronic format to reduce the use of paper resources. Since one of the main types of trade is trading in petroleum products, the Exchange trading system is synchronized with the state unified system for managing subsoil use in terms of hydrocarbon raw materials, where all information on the conducted trades in petroleum products is uploaded after each trading day. Synchronization was carried out through a single e-government gateway that once again confirms the reliability of the Exchange's IT systems.

The Exchange's priority on an ongoing basis is to ensure the smooth operation of trading and information systems, as well as prompt response to possible negative situations if necessary. We take into account that the digitalization of procedures and business processes allows us to make an additional contribution to the low-carbon development of the Exchange, its clients and counterparties.

Among the digital solutions implemented on the Exchange, it is worth noting the unique electronic trading platform, which allows for the efficient procurement of commodities, works and services. The trading platform provides information interaction (synchronization) with the state-owned registry platform NADLoC.

To provide prompt assistance to clients, the Exchange has its own call centre to support trading participants and secure technical support. To effectively manage innovations and digitalization, the Exchange attracts its subsidiaries that develop and support digital trading and other systems including individual systems for different business entities.

In particular, one of the subsidiaries, FSD LLC, is a developer of electronic trading systems and their software that support all types of trading including auctions with open and closed forms of submitting price offers to increase or decrease the price, competitions, public offers, requests for quotations and exchange trading. These electronic trading platforms allow integration with a number of corporate systems, such as SharePoint, 1C, SAP.

To automate and manage the procurement activities of commercial companies, the Smart Procurement cloud service has been publicly launched. In addition, our testing laboratory accredited by the National Accreditation Centre LLC operates to verify the compliance of information technology facilities with information security requirements.

LABOR TEAM

GRI 2-7, 2-19, 2-20, 2-30, 401-1, 401-3, 403-6, 404-1, 404-2, 405-1, 405-2, 406-1

Material Topics: Personnel management | Human rights

Labor relations within the Exchange are built in full compliance with the legislation of the Republic of Kazakhstan. While implementing the HR policy, we focus both on creating conditions for attracting and retaining highly qualified employees and on providing a favourable environment for their development.

At the highest level, HR issues are considered at meetings of the Board of Directors and its Social Affairs, Human Resources and Remuneration Committee. At the executive level, the President of the Exchange is responsible for personnel management and internal social policy.

Demonstrating intolerance to discrimination in any of its forms and manifestations, the Exchange provides equal working conditions to all employees regardless of their gender, origin, nationality, religion and other characteristics. In terms of maintaining gender equality, the Exchange relies solely on the professional skills of candidates when hiring them and ensures equal working conditions and professional development for men and women. There were no cases of gender discrimination in the Company recorded during the reporting period.

When filling vacancies, the Exchange strives to give preference to internal candidates, thereby expanding opportunities for career and professional growth of its employees.

We recognize the right of employees to conclude collective agreements and to freedom of assembly and association, as well as the right to create organizations representing their interests and join them, without fear of consequences. A Collective Agreement has been concluded between the Exchange as an employer and its employees, which provides for additional preferences and a favourable treatment for our employees. At the time of preparation of the Report, all employees of the Exchange were participants in the Collective Agreement.

Caspy Commodity Exchange provides employees with a package of social support measures that includes, for example, financial support in various life situations (in the event of a death of a close relative, a birth of a child, retirement, etc.), the provision of refundable financial assistance for the purchase of real estate, payment for mobile communications and other measures. Subject to agreement with the Exchange management, employees have the right to work remotely, as well as use a flexible work schedule. We focus on the principle of standardized labor that allows employees to combine professional and personal life.

Exchange employees are guaranteed all types of leave stipulated by the legislation of the Republic of Kazakhstan, including childcare leave. In the reporting period and in 2022, none of the employees used the right to childcare leave.

The average salary of employees in the reporting period, including bonuses, was at the level of 950 thousand tenge per month, or 11.4 million tenge per annum (except the President and his annual remuneration). The gender gap in the average salary of male employees and the salary of female employees is 57%. However, this significant gap is mainly due to the fact that men are significantly more represented in managerial and highly paid positions. The exchange adheres to the principle of equal pay for equal work within the framework of similar job responsibilities of employees.

The average increase in employee remuneration was 12% in 2023. There is no provision for variable remuneration in the form of the Company shares for employees.

To maintain a high level of qualification and professionalism of the workforce, we strive to improve employee training opportunities, aimed at developing business, professional and universal competencies of employees. In 2023, the total number of training hours for the Company's employees reached 669 hours including 458 hours for senior, middle and junior managers, and 211 hours for specialists. The number of training hours per one employee in the reporting period was 56 hours including 76 hours for senior, middle and junior managers, and 35 hours for specialists.

The Exchange has introduced the practice of measuring the level of employee engagement for more effective management of HR issues and staff motivation. According to the results of 2023 survey, the level of employee engagement was 87.6% with a planned indicator of at least 70%. The measurements were taken by dividing respondents by age group and gender. The lowest engagement rate was recorded among employees under 30 (85%) and women (84.7%).

We support the workforce's desire for a healthy and active lifestyle. In particular, the Exchange provides opportunities for sports activities by regularly renting sports grounds for its employees.

STAFF AS OF DECEMBER 31, 2023 (NOT INCLUDING MEMBERS OF THE BOARD OF DIRECTORS AND EMPLOYEES OF THE EXCHANGE'S SUBSIDIARIES)	
TOTAL NUMBER OF EMPLOYEES	12
<i>including senior, middle and junior managers</i>	6
<i>including specialists</i>	5
<i>including administrative personnel</i>	1
BREAKDOWN OF EMPLOYEES BY GENDER	
Women	4
Men	8
BREAKDOWN OF WORKERS BY AGE	
Under 30 years	2
<i>including women</i>	1
<i>including men</i>	1
30–50 years	8
<i>including women</i>	3
<i>including men</i>	5
Over 50 years	2
<i>including men</i>	2
AGE OF THE YOUNGEST EMPLOYEE	25
BREAKDOWN OF EMPLOYEES BY EMPLOYMENT CONTRACT	
Fixed-term employment contract	12
<i>including women</i>	4
<i>including men</i>	8
Full-time employees	12
<i>including women</i>	4
<i>including men</i>	8
BREAKDOWN OF EMPLOYEES BY NATIONALITY	
Kazakhs	83%
Russians	17%
ABSENTEE RATE	0,2%

EMPLOYEES BY JOB POSITION AND GENDER AS OF DECEMBER 31, 2023	
SENIOR, MIDDLE AND JUNIOR MANAGERS	
Women	2
Men	4
SPECIALISTS	
Women	1
Men	4
ADMINISTRATIVE PERSONNEL	
Women	1
Share of women in all management positions, including junior, middle and senior management positions, as % of total management positions	33%
Share of women in management positions in the Company's revenue-generating areas of activity, as % of all management positions in the Company's revenue-generating areas of activity	50%
Share of women in senior management positions that at most two levels below the President of the Exchange, as % of the total number of senior management positions	33%
Share of women in STEM positions, as % of total STEM positions	0%

EMPLOYEES BY JOB POSITION AND AGE AS OF DECEMBER 31, 2023	
SENIOR, MIDDLE AND JUNIOR MANAGERS	
30–50 years	5
Over 50 years	1
SPECIALISTS	
Under 30 years	2
30–50 years	2
Over 50 years	1
ADMINISTRATIVE PERSONNEL	
30–50 years	1

PERSONNEL TURNOVER IN THE REPORTING PERIOD

OVERALL TURNOVER RATE	33%
Employee turnover by gender	
Women	25%
Men	38%
Employee turnover by age	
Under 30 years	50%
30–50 years	38%
Over 50 years	0%
Employee turnover due to discrimination and human rights violations, including in the labor rights area	0
New employees hired	4

OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Material Topics: Safe labor conditions

As a responsible employer, the Company strives to ensure safe working conditions by implementing measures to prevent accidents, injuries and occupational diseases.

The labor protection system covers all employees of the Exchange. The Exchange has an approved Instruction in the labor protection area that sets out the labor safety and professional health requirements, mandatory for employees. For violation of the labor safety and professional health requirements, the Exchange employees may be subject to disciplinary liability if there are legal grounds. Contracting organizations that are involved in the performance of work or the provision of services at the Exchange's facilities are also required to comply with safety requirements in the workplace.

During the reporting period, there were no incidents recorded during the Exchange's activities that resulted in injuries and occupational diseases of employees. The LTIFR indicator was 0 in 2023. The Exchange conducts internal inspections and audits annually to identify occupational safety and health risks and hazards.

In the event of a situation that poses a danger to health and safety, employees must immediately report it to their immediate supervisor. At the same time, employees have the right to refuse work if their life and health are threatened by a reasonable danger due to a violation of occupational health and safety requirements.

On the territory and facilities of the Exchange or when carrying out activities on behalf of the Exchange, employees are prohibited from consuming alcohol and drugs, as well as being in the workplace while intoxicated or under the influence of drugs.

Caspy Commodity Exchange consults with employees and supports the involvement of employees in the process of preventive identification of risks and hazards associated with the performance of work duties. Employees can make reasonable proposals for the development, implementation and evaluation of the occupational safety management system.

The Exchange ensures a thorough investigation of accidents related to work activities including the registration, recording and analysis of

accidents and occupational diseases related to work activities. Investigation of accidents related to work activities is carried out by a commission headed by the President of the Exchange.

All new employees of the Company undergo mandatory introductory briefings on labor safety and fire safety.

CLIMATE IMPACT MANAGEMENT

GRI 2-25, 201-2, 305-1, 305-2, 305-3, 305-4

Material Topics: Climate agenda | Risk management

The Code of Business Ethics of the Exchange defines that minimizing the impact on the environment and improving the quality of the environment are corporate sustainability priorities. We recognize that climate change is a serious long-term problem that has a large-scale impact on the state of the global economy, the environment and human well-being.

In this context, we position assistance in fulfilling the international obligations of the Republic of Kazakhstan in the area of decarbonization and implementation of the Strategy for achieving carbon neutrality of the Republic of Kazakhstan until 2060, managing our own climate risks and opportunities related to the climate, reducing the negative impact of the Exchange and its activities on the climate as an important task that is implemented through measures and initiatives in the following areas:

- Organization of a system for monitoring and managing greenhouse gas emissions in accordance with international and national standards.
- Implementation of annual reporting practices in accordance with international standards and recommendations in climate information disclosure, such as IFRS Standard S2 "Climate-related Disclosures" and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Reforming the corporate governance system to properly manage significant climate-related risks and opportunities.
- Increasing awareness and competencies of employees on issues related to the climate agenda.
- Realization of opportunities to reduce greenhouse gas emissions.

The Exchange plans to achieve net zero emissions by 2030, with 2023 chosen as the base year. We are developing a Climate Strategy that is expected to define main areas of corporate climate policy for the medium term.

The climate impact management system covers all levels of the organizational structure.

The Board of Directors is responsible for approving and monitoring the implementation of strategic climate change related objectives including the approval of strategic documents. With the support of the Sustainable Development Working Group, the President, assesses the effectiveness of environmental management in the Company and monitors compliance with legislation, ensures achievement of goals and implementation of measures to manage the climate agenda, climate risks in particular. The risk management unit is responsible for coordinating the risk management process, assessing climate risks, and submitting risk reports to the Board of Directors and the President. The heads of structural units are responsible for implementation of environmental protection and climate risk management measures.

To prepare for tighter carbon regulations, develop corporate carbon neutrality targets and enhance our understanding of potential corporate financial costs of greenhouse gas emissions, we have initiated the practice of a shadow carbon price. The shadow carbon price is a theoretical price for carbon and is voluntarily used by us to assess the sensitivity of the Exchange to possible future regulatory carbon prices and the impact of such prices on the sustainability of the Exchange's operations and its financial performance. The target value of the internal carbon price is 50 US dollars per 1 tonne of CO₂-eq, in line with the target value of the carbon tax recommended by the International Monetary Fund for introduction in middle-income countries by 2030. The shadow carbon price introduced covers greenhouse gas emissions of categories Scope 1 and Scope 2.

CARBON EMISSION TRADING

The Exchange proceeds from the fact that the functioning of the carbon units market acts as an important element and economic incentive to fulfil obligations by the Republic of Kazakhstan and national business in accordance with the Paris Climate Agreement.

Caspy Commodity Exchange organizes carbon emissions trades within the framework of the quota and trading system operating in the Republic of Kazakhstan. In accordance with national legislation, the following types of carbon units are defined: a quota for greenhouse gas emissions distributed by the state in accordance with the adopted National Quota Distribution Plan, and a reduction unit issued within the framework of the implementation of the offset project. These carbon units are recognized as a commodity, and, in this regard, they are admitted to trading on commodity exchanges of the Republic of Kazakhstan.

To organize trade, two trading instruments were approved on the Exchange, namely KZQ (for trading quotas) and KCR (for trading reduction units). The size of one lot for these trades was equal to 1 ton of CO₂-eq. Trades are held daily.

Sellers and buyers are natural resource users-operators of installations, project investors, a third party specified by the project investor, a new operator of an installation. In this case, it is mandatory to have an open account in the state register of carbon units. To participate in an auction, a buyer and a seller must enter into an agreement with a brokerage organization to represent their interests on the Exchange, taking into account the Law of the Republic of Kazakhstan «On Commodity Exchanges». If a buyer or a seller decides to participate in an auction on their own behalf, it is necessary to obtain a license for brokerage/dealer activities and be accredited on the Exchange in accordance with the membership regulations.

GREENHOUSE GAS EMISSIONS

Since 2021, the Exchange has been conducting an annual quantitative assessment of greenhouse gas emissions for Scope 1, Scope 2 and Scope 3 using the GHG Protocol methodology. The assessment of greenhouse gas emissions for 2022 and 2023 has undergone independent external verification. The accredited verifier is SSDC LLP (Republic of Kazakhstan).

In the reporting period, the assessment covers emissions of the following greenhouse gases:

- CO₂ – 42.4 tons of carbon dioxide equivalent.
- CH₄ – 0.03 tons of carbon dioxide equivalent.
- N₂O – 0.45 tons of carbon dioxide equivalent.
- HFC_s – 0.11 tons of carbon dioxide equivalent.

Scope 2 emissions were calculated using the location-based method. Scope 3 emissions were calculated based on the Technical Guidance for Calculating Scope 3 Emissions of the Greenhouse Gas Protocol (GHG Protocol. Technical Guidance for Calculating Scope 3 Emissions) for the categories «Purchased Goods and Services», «Employee Commuting», «Business Travel».

In 2023, the Exchange’s carbon footprint for the total volume of emissions for Scope 1 and Scope 2 amounted to a total of 2.86 tons of carbon dioxide equivalent per 1 employee. The specific value of the total Scope 1 and Scope 2 greenhouse gas emissions, normalized to revenue for the reporting period (tons of carbon dioxide equivalent per revenue in million US dollars), is 36.1.

GREENHOUSE GAS EMISSIONS IN 2023	GREENHOUSE GAS EMISSIONS IN 2022	GREENHOUSE GAS EMISSIONS IN 2021
Scope 1	Scope 1	Scope 1
17.06 tons of carbon dioxide equivalent.	4.45 tons of carbon dioxide equivalent.	12.0 tons of carbon dioxide equivalent.
Scope 2	Scope 2	Scope 2
17.24 tons of carbon dioxide equivalent.	10.12 tons of carbon dioxide equivalent.	19.0 tonnes of carbon dioxide equivalent.
Scope 3	Scope 3	Scope 3
8.69 tons of carbon dioxide equivalent.	8.04 tons of carbon dioxide equivalent.	7.0 tons of carbon dioxide equivalent.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Exchange has completed the identification and pilot assessment of physical and transition climate-related risks in the short-, medium- and long-term horizons (0-3 years, 3-10 years and 10-30 years, respectively) and has begun integrating them into the corporate risk management system. We will assess physical and transition climate-related risks annually.

For the purpose of climate modelling and climate-related risk analysis, the Exchange, with the support of external experts, used three climate scenarios from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, namely SSP1-2.6, SSP2-4.5 (baseline scenario) and SSP5-8.5. The Exchange takes into account that the TCFD recommendations provide for the use of at least two scenarios, one of which should be consistent with the goals of the Paris Climate Agreement (global temperature increase will not exceed 2°C by the end of this century). To identify and analyse transition risks, in addition to the opinion of external experts, long-term national commitments in the area of low-carbon development in accordance with the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060, as well as processes in the area of climate regulation, international initiatives and corporate climate commitments of exchange and financial organizations in advanced countries and interstate associations of the world were used. It is important to note that the Republic of Kazakhstan is a full participant in international climate initiatives including a signatory to the Paris Climate Agreement.

The results of the conducted climate-related risk assessment show that climate change does not pose a significant impact on the activities of the Exchange in the short term (~next three years). As a result, now we are focused primarily on continuous monitoring of the relevant risk factors.

The Exchange's exposure to potential physical risks in the short and medium term is generally assessed as minimal/insignificant, regardless of the selected scenario, including the absence of offices and other facilities owned by the Company, and considering a limited geographic presence of the Exchange – its operations and personnel are concentrated in Astana, Republic of Kazakhstan. The main emergency physical risks typical for Astana in the forecast period are floods and high waters (mainly in the spring and summer); severe frost, extremely low temperatures; strong winds, hurricanes.

Unlike other sectors of the economy, indirect risks associated with the activities and assets of Exchange members, sellers and buyers

of commodities, as well as directly with trading operations with (carbon-intensive) raw materials are of increased importance for exchange organizations.

Given our high dependence on trading operations with carbon-intensive commodities (e.g. coal, cement, oil products), the Exchange may be predominantly exposed to the impact of transition climate-related risks, especially in the medium and long term. Among the transition risks, the main ones in terms of potential impact on the business model, activities and assets of the Exchange will be regulatory and legal risks and market risks including those associated with possible regulatory restrictive measures of the government in relation to carbon-intensive activities and commodities as part of the decarbonization of the national and global economy, requirements for disclosure of non-financial information, as well as those associated with changes in the market situation and demand for products of carbon-intensive sectors of the economy.

The measures to mitigate physical risks and transition risks envisaged by the Exchange for implementation in the short term include:

- Developing the competencies of the members of the Board of Directors and employees of the Exchange on climate change issues.
- Annual assessment of climate-related risks.
- Regular monitoring and analysis of climate data and the impact of climate risk factors on the Exchange's activities.
- Development and implementation of the Exchange's climate strategy.
- Monitoring legislative climate and decarbonization initiatives in the Republic of Kazakhstan and foreign jurisdictions, monitoring the requirements of international climate standards.
- Monitoring market preferences and taking into account the requirements of trading participants.
- Monitoring meteorological, hydrological and other conditions, adjusting operating activities in the event of certain extreme conditions.
- Timely frequency of internal and external reporting, including providing the Board of Directors and the management of the Exchange with up-to-date information on exposure to climate-related risks.
- Monitoring the working conditions of personnel to change them in a timely manner.
- Annual assessment and verification of greenhouse gas emissions Scope 1, Scope 2, Scope 3 in accordance with the GHG Protocol.
- Insurance of activities and assets of the Exchange (if necessary).

- Purchase of renewable energy certificates (iREC) and use of offsets to compensate for the Exchange’s carbon footprint (if necessary).
- Use of the internal carbon price practice.

As part of assessment of our [climate-related opportunities](#), we suggest that the key opportunities for the Exchange in the long term are:

- Enhancement of exchange trading in carbon units including through the voluntary market.
- Increasing the competitiveness of the Exchange through the development of trading in commodities with a low carbon footprint or positive climate impact.

ABOUT THE REPORT

GRI 2-1, 2-2, 2-3, 2-4, 2-5, 2-14, 3-1, 3-2

The 2023 Sustainability Report of Caspy Commodity Exchange JSC is addressed to various stakeholders to inform them about the goals, results and prospects of the Exchange’s activities in the sustainability area.

In the Report, the terms «the Exchange», «Caspy Commodity Exchange», «we», «the Company» in various forms are equivalent to Caspy Commodity Exchange JSC, without covering subsidiaries.

Unless otherwise stated, the information presented in the Report reflects the position of the Exchange for the period from January 1, 2023 to December 31, 2023 that is the reporting period. In some cases, material events that occurred by the time of publication of the Report are disclosed. The Report has been prepared in accordance with the following standards and recommendations:

- Standards of the Global Reporting Initiative (GRI).
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Rules for disclosure of information by initiators of securities admission, approved by Kazakhstan Stock Exchange JSC on March 10, 2021.

The Report discloses information on activities in the sustainability area within the framework of achieving the UN Sustainable Development Goals. In addition, other information and data that are significant for stakeholders and the business of the Exchange are disclosed.

We provide balanced, clear, complete, reliable and accurate information in the Report. The Exchange does not avoid disclosing information on negative impacts on stakeholders if such information is material to our stakeholders.

Since the Exchange is issuing a non-financial reporting for the first time, the Report does not contain adjustments to data for previous years. Some totals in tables and other places in the Report have been rounded and may not correspond to the sum of individual indicators.

The collection and consolidation of information was carried out by structural units under the supervision of the President of the Exchange. To improve the quality of the Report, external consultants were involved in its preparation. The Report has not undergone external limited assurance, except for data on greenhouse gas emissions that are verified by an independent external verifier.

Information on the financial results of the Exchange for the year ended December 31, 2023, is presented in the audited separate financial statements prepared in accordance with International Financial Reporting Standards. The financial reporting period is annual, coinciding with the non-financial reporting cycle. The financial indicators in the Report are disclosed based on the separate financial statements of the Exchange. The financial indicators in the Report are presented mainly in tenge.

The Report was approved by the Board of Directors of the Exchange on October 15, 2024. The publication of the Report on the official website of the Exchange will be carried out in Kazakh, Russian and English versions.



DETERMINATION OF MATERIAL TOPICS OF THE REPORT

GRI 2-14, 3-1, 3-2

MATERIAL TOPICS FOR 2023

PRIORITY 1	PRIORITY 2	PRIORITY 3
Quality of corporate governance	Human rights	Climate agenda
Business ethics	Risk management	Safe labor condition
Countering corruption and illegal practices	Digitalization	
Personnel management	Personal data protection	
Information security		

We determine the material topics of the Report in four interrelated stages.

1 Conducting an analysis of applicable standards for disclosing non-financial information, requirements of international ESG ratings, information disclosure practices of peer companies, and the Exchange's internal documentation that regulates sustainability aspects. Analysis of the Exchange's business activities by external experts. The result of the stage is formation of a preliminary (extended) list of material topics.

2 Conducting a stakeholder survey using a questionnaire, based on the results of which topics that are material for different groups of stakeholders are determined.

3 Forming the final list of material topics and dividing them into three priority groups based on the principle of double materiality. Topics of the first priority are defined as the most material.

4 Review and approval of the final list of material topics by the Exchange's Board of Directors.

Based on the results of these stages, 11 material topics were identified, information on which is disclosed in detail in the Report. With a view to subsequent reporting periods, the Exchange's management has decided to carry out an annual analysis and review of material topics based on the principle of double materiality.

STAKEHOLDER ENGAGEMENT

GRI 2-29

KEY STAKEHOLDERS	STAKEHOLDER INTERESTS AND EXPECTATIONS	EXAMPLES OF INTERACTION WAYS
Shareholders	<ul style="list-style-type: none"> • Business expansion and increase in its profitability. • Long-term sustainability of the business model. 	<ul style="list-style-type: none"> • Holding a General Meeting of Shareholders. • Disclosure of financial and non-financial information. • Regular communication, including through electronic means of communication. • Provision of necessary data upon request.
Clients and trading participant	<ul style="list-style-type: none"> • High quality and reliability of the Exchange’s services and digital systems. • Stability and predictability of the Exchange’s development. • Transparency of the Exchange’s activities. 	<ul style="list-style-type: none"> • Monitoring activities and prompt decision-making on emerging issues. • Implementation of information security measures. • Development and launch of new digital solutions. • Responding to requests. • Providing information upon request. • Surveys to assess satisfaction. • Disclosure of financial and non-financial information.
Employees	<ul style="list-style-type: none"> • Compliance with labor laws. • Professional and career growth. • Comfortable and safe workplaces. 	<ul style="list-style-type: none"> • Regular open discussions with participation of the Exchange’s management. • Informing and collecting feedback through communication channels. • Training and development of employees. • Collective agreement, measures of additional social support for employees. • Annual measurement of employee engagement level.

<p>Suppliers</p>	<ul style="list-style-type: none"> • Compliance with contract terms and procurement procedure rules. • Accessibility and transparency of procurement procedures. • Effective feedback. 	<ul style="list-style-type: none"> • Carrying out purchases in accordance with legal requirements. • Holding business meetings, negotiations, consultations. • Implementation of measures to combat corruption.
<p>Government authorities, regulators</p>	<ul style="list-style-type: none"> • Compliance with legislation and regulatory requirements. • Transparent business management. • Fulfilment of tax obligations. • Interaction with government agencies on issues of the Exchange development. 	<ul style="list-style-type: none"> • Disclosure of financial and non-financial information. • Providing access and necessary information to regulators and supervisory authorities. • Timely and complete provision of mandatory reporting. • Timely and complete payment of taxes and other payments to the budget. • Availability of internal documents ensuring compliance of the Exchange's activities with legal requirements.
<p>Stock exchange</p>	<ul style="list-style-type: none"> • Compliance by issuers with securities listing rules. • Transparent business conduct. 	<ul style="list-style-type: none"> • Disclosure of financial and non-financial information. • Provision of information upon request. • Control of the process of compliance with stock exchange requirements by the Company's management.

GRI CONTENT INDEX

The 2023 Sustainability Report of Caspy Commodity Exchange JSC was prepared in accordance with the GRI Standards as of 2021, including the GRI 1: Foundation 2021 standard.

TOPIC DISCLOSURE	INDICATOR	SECTION TITLE OF THE REPORT AND COMMENTS
GRI 2 GENERAL DISCLOSURES 2021		
1. THE ORGANIZATION AND ITS REPORTING PRACTICES		
2-1	Organizational details	Section «About the Exchange». Section «About the Report». Section «Contact Information».
2-2	Entities included in the organization's sustainability reporting	Section «About the Report» The perimeter of non-financial reporting does not include the subsidiaries of the Exchange.
2-3	Reporting period, frequency and contact point	Section «About the Report». Section «Contact Information».
2-4	Restatements of information	Section «About the Report». The Exchange prepared the sustainability reporting for the first time.
2-5	External assurance	Section «About the Report». No external assurance has been provided. External verification of the greenhouse gas emissions assessment has been performed.
2. ACTIVITIES AND WORKERS		
2-6	Activities, value chain and other business relationships	Section "About the Exchange".
2-7	Employees	Section "Labor Team".
2-8	Workers who are not employees	There were no such employees in the reporting period.

3. GOVERNANCE

2-9	Governance structure and composition	Section "Corporate Governance".
2-10	Nomination and selection of the highest governance body	Section "Corporate Governance".
2-11	Chair of the highest governance body	Section "Corporate Governance".
2-12	Role of the highest governance body in overseeing the management of impacts	Section «Corporate Governance». Section «Sustainability Management System».
2-13	Delegation of responsibility for managing impacts	Section «Corporate Governance». Section «Sustainability Management System».
2-14	Role of the highest governance body in sustainability reporting	Section «About the Report». Section «Determination of Material Topics of the Report».
2-15	Conflicts of interest	Section "Countering Corruption and Illegal Practices".
2-16	Communication of critical concerns	Section "Business Ethics".
2-17	Collective knowledge of the highest governance body	Section "Corporate Governance".
2-18	Evaluation of the performance of the highest governance body	Section "Corporate Governance".
2-19	Remuneration policies	Section «Corporate Governance». Section «Labor Team».
2-20	Process to determine remuneration	Section «Corporate Governance». Section «Labor Team».
2-21	Annual total compensation ratio	Section «Corporate Governance».

4. STRATEGY, POLICIES AND PRACTICES

2-22	Statement on sustainable development strategy	Section «Address by the President of Caspy Commodity Exchange JSC». Section «Contribution to achievement of the UN Sustainable Development Goals».
2-23	Policy commitments	Section «Corporate Governance». Section «Sustainability Management System». Section «Business Ethics». Section «Countering Corruption and Illegal Practices». Section «Information Security». Section «Protection of Personal Data».
2-24	Embedding policy commitments	Section «Business Ethics».
2-25	Processes to remediate negative impacts	Section «Business Ethics». Section «Countering Corruption and Illegal Practices». Section «Climate Impact Management».
2-26	Mechanisms for seeking advice and raising concerns	Section «Business Ethics».
2-27	Compliance with laws and regulations	Section «Corporate Governance». Section «Business Ethics». Section «Countering Corruption and Illegal Practices».
2-28	Membership associations	Section «Participation in Associations and Unions».

5. STAKEHOLDER ENGAGEMENT

2-29	Approach to stakeholder engagement	Section "Stakeholder Engagement".
2-30	Collective bargaining agreements	Section "Labor Team".

GRI 3 MATERIAL TOPICS 2021

3-1	Process to determine material topics	Section "Determination of Material Topics of the Report".
3-2	List of material topics	Section "Determination of Material Topics of the Report".
3-3	Management of material topics	Management of material topics is disclosed in relevant sections of the Report.

GRI 200: ECONOMIC CATEGORY

GRI-201: ECONOMIC PERFORMANCE 2016

201-1	Direct economic value generated and distributed	Section "Key ESG Indicators in 2023".
201-2	Financial implications and other risks and opportunities due to climate change	Section "Climate Impact Management".
201-4	Financial assistance received from government	Section "About the Exchange".

GRI 202: MARKET PRESENCE 2016

202-2	Proportion of senior management hired from the local community	Section "Corporate Governance".
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GRI 204: 3 PROCUREMENT PRACTICES 2016

204-1	Proportion of spending on local suppliers	100% of the Exchange budget for the purchase of goods, services and work in the reporting period. Local suppliers are understood to be individual entrepreneurs and legal entities registered in the Republic of Kazakhstan.
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GRI 205: ANTI-CORRUPTION 2016

205-1	Operations assessed for risks related to corruption	No evaluation was conducted.
205-2	Communication and training about anti-corruption policies and procedures	Section "Countering Corruption and Illegal Practices".
205-3	Confirmed incidents of corruption and actions taken	Section "Countering Corruption and Illegal Practices".».

GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Section "Business Ethics".
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GRI 207: TAX 2019

207-1	Approach to tax	Section "Corporate Governance".
207-2	Tax governance, control, and risk management	Section "Corporate Governance".
207-4	Country-by-country reporting	Section "Corporate Governance".

GRI 300: ENVIRONMENT

GRI 302: ENERGY 2016

302-2	Energy consumption outside of the organization	There is no consumption of fuel and energy resources outside organizational boundaries.
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GRI 303: WATER AND EFFLUENTS 2018

303-5	Water consumption	<p>In the reporting period, water consumption totalled 35.4 thousand litres (the calculation method based on 246 working days in 2023). Bottled water consumption was 1,520 litres.</p> <p>Water is collected only through the centralized water supply system, in addition to the use of bottled water. Wastewater is discharged only into the centralized sewerage system, where it is purified to the standard level.</p>
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GRI 304: BIODIVERSITY 2016

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	The Exchange does not have such operating sites.
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GRI 305: EMISSIONS 2016

305-1	Direct (Scope 1) GHG emissions	Section "Climate Impact Management".
305-2	Energy indirect (Scope 2) GHG emissions	Section "Climate Impact Management".
305-3	Other indirect (Scope 3) GHG emissions	Section "Climate Impact Management".
305-4	GHG emissions intensity	Section "Climate Impact Management".
305-5	Reduction of GHG emissions	The Exchange plans to develop a climate strategy.
305-6	Emissions of ozone-depleting substances (ODS)	The Exchange's activities do not involve significant emissions of ozone-depleting substances.

GRI 306: WASTE 2020

306-3	Waste generated	Considering the facilities lease agreements terms, the Company cannot provide accurate data on the total weight of generated waste for objective reasons at the time of preparing the Report. The Exchange does not handle waste independently. Waste removal from the Exchange's facilities is carried out under agreements concluded by lessors with specialized organizations. In 2023, the use of office paper amounted to 120 kilograms.
306-4	Waste diverted from disposal	In 2023, 160 kilograms of paper waste were sent for recycling. The Company implements electronic document management to reduce the generation of paper waste.

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

308-1	New suppliers that were screened using environmental criteria	No screening was conducted.
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GRI 400: SOCIAL CATEGORY

GRI 401: EMPLOYMENT 2016

401-1	New employee hires and employee turnover	Section "Labor Team".
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	There are no such benefits provided.
401-3	Parental leave	Section "Labor Team".

GRI 402 LABOR/MANAGEMENT RELATIONS 2016

402-1	Minimum notice periods regarding operational changes	The Exchange is obliged to notify employees of significant changes in activities no later than the deadlines established by the labor legislation of the Republic of Kazakhstan.
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

403-1	Occupational health and safety management system	Section "Occupational Health and Safety".
403-2	Hazard identification, risk assessment, and incident investigation	Section "Occupational Health and Safety".
403-4	Worker participation, consultation, and communication on occupational health and safety	Section "Occupational Health and Safety".
403-5	Worker training on occupational health and safety	Section "Occupational Health and Safety".
403-6	Promotion of worker health	Section «Labor Team». Section «Occupational Health and Safety».
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section "Occupational Health and Safety".
403-8	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section "Occupational Health and Safety".
403-9	Work-related injuries	Section "Occupational Health and Safety".
403-10	Work-related ill health	Section "Occupational Health and Safety".

GRI 404: TRAINING AND EDUCATION 2016

404-1	Average hours of training per year per employee	Section "Labor Team".
404-2	Programs for upgrading employee skills and transition assistance programs	Section "Labor Team".

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

405-1	Diversity of governance bodies and employees	Section «Corporate Governance». Section «Labor Team».
405-2	Ratio of basic salary and remuneration of women to men	Section «Labor Team».

GRI 406: NON-DISCRIMINATION 2016

406-1	Incidents of discrimination and corrective actions taken	Section «Human Rights». Section «Labor Team».
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GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There are no such operations. No risk assessment has been conducted for suppliers.
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GRI 408: CHILD LABOR 2016

408-1	Operations and suppliers at significant risk for incidents of child labor	There are no such operations. No risk assessment has been conducted for suppliers.
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GRI 409: FORCED OR COMPULSORY LABOR 2016

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There are no such operations. No risk assessment has been conducted for suppliers.
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GRI 410 SECURITY PRACTICES 2016

410-1	Security personnel trained in human rights policies or procedures	The security service is not involved in human rights training.
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GRI 413: LOCAL COMMUNITIES 2016		
413-2	Operations with significant actual and potential negative impacts on local communities	During the reporting period, there were no cases where the Exchange's activities had a direct negative impact on local communities.
GRI 415 PUBLIC POLICY 2016		
415-1	Political contributions	Section "Business Ethics".
GRI 416: CUSTOMER HEALTH AND SAFETY 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no cases of non-compliance with regulatory requirements regarding the health and safety impacts of products and services.
GRI 417: MARKETING AND LABELING 2016		
417-3	Incidents of non-compliance concerning marketing communications	No such cases were recorded during the reporting year.
GRI 418: CUSTOMER PRIVACY 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Section «Information Security». Section «Protection of Personal Data». During the reporting period, no complaints were recorded regarding violation of consumer privacy and loss of consumer data.

TCFD CONFORMANCE TABLE

The Exchange is in the process of integrating TCFD recommendations into its operations.

RECOMMENDATIONS	REPORTING ELEMENT	RELEVANT SECTION OF THE REPORT
GOVERNANCE		
DISCLOSE THE ORGANIZATION’S GOVERNANCE AROUND CLIMATE-RELATED RISKS AND OPPORTUNITIES.	a. Describe the board’s oversight of climate-related risks and opportunities.	Section «Climate Impact Management». Section «Sustainability Management System».
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	Section «Climate Impact Management». Section «Sustainability Management System».
STRATEGY		
DISCLOSE THE ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANIZATION’S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING WHERE SUCH INFORMATION IS MATERIAL.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Section "Climate Impact Management".
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Section "Climate Impact Management".
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Section "Climate Impact Management".

RISK MANAGEMENT		
DISCLOSE HOW THE ORGANIZATION IDENTIFIES, ASSESSES, AND MANAGES CLIMATE-RELATED RISKS.	a. Describe the organization’s processes for identifying and assessing climate-related risks.	Section "Climate Impact Management".
	b. Describe the organization’s processes for managing climate-related risks.	Section "Climate Impact Management".
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Section "Climate Impact Management".
METRICS AND TARGETS		
DISCLOSE THE METRICS AND TARGETS USED TO ASSESS AND MANAGE RELEVANT CLIMATE-RELATED RISKS AND OPPORTUNITIES WHERE SUCH INFORMATION IS MATERIAL.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Section "Climate Impact Management".
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Section "Climate Impact Management".
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Comment: The objectives for managing climate-related risks and opportunities are still being finalized at the time of preparation of the Report.

GLOSSARY

- AML/CFT/FPWMD – Anti-Money Laundering and Combating Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction.

- Business ethics – a set of ethical principles, values and norms of business conduct that Caspy Commodity Exchange JSC and the employees of Caspy Commodity Exchange JSC are guided by in their activities.

- Carbon unit – verified result of the implementation of a climate project, expressed in the mass of greenhouse gases equivalent to one ton of carbon dioxide.

- Climate-related risks – potential risks that may arise as a result of climate change (physical risks) or measures to minimize its consequences (transition risks).

- CO₂ – carbon dioxide.

- Counterparty – any legal entity with which Caspy Commodity Exchange JSC enters into contractual relations, or any individual with whom Caspy Commodity Exchange JSC enters into contractual relations, with the exception of labor relations.

- Discrimination – illegal restriction or infringement of human rights and freedoms based on individual characteristics, as well as the provision of any advantages depending on circumstances not related to the business qualities of a person.

- Employees – persons who work on the basis of an employment contract concluded with Caspy Commodity Exchange JSC.

- ESG – sustainable development factors that are taken into account by Caspy Commodity Exchange JSC in carrying out its activities, namely environmental factors, including climate factors, social factors and corporate governance factors.

- Exchange – Caspy Commodity Exchange JSC.

- GRI – Global Reporting Initiative.

- HR – Human Resources.

- Human rights – inalienable rights of every person, which are based on the recognition of the dignity inherent in the human person, as well as the freedom and equality of all people.

- IFRS – International Financial Reporting Standards.

- Interested parties – individuals and legal entities, as well as groups of such individuals, involved to varying degrees in interaction with Caspy Commodity Exchange JSC that influence the activities of Caspy Commodity Exchange JSC and/or are influenced in their decisions and activities by Caspy Commodity Exchange JSC.

- LLP – limited liability partnership.

- LTIFR – Lost Time Injury Frequency Rate.

- Personal data – information related to a subject of personal data determined or determinable on their basis, recorded on electronic, paper and (or) other tangible media.

- Report – the 2023 Sustainability Report of Caspy Commodity Exchange JSC.

- Responsible business conduct – systematic consideration by Caspy Commodity Exchange JSC of the UN Sustainable Development Goals, social and environmental aspects in the decision-making and strategic planning process, promotion of ethical and sustainable approaches for effective response to strategic and long-term challenges and problems of economic, environmental and social nature, implementation of advanced practices of corporate governance and risk management, as well as positioning by Caspy Commodity Exchange JSC of the long-term well-being of its stakeholders and taking into account their interests as a more significant value compared to short-term corporate financial performance.

- Risk management – a set of procedures for identifying inherent and potential risks, determining significant risks, their assessment, monitoring, control and reporting, as well as measures to minimize risk.

- Risk mitigation – implementation of measures to reduce exposure to potential risks and reduce the likelihood of risk recurrence

- SME – small and medium-sized businesses.

- Sustainable development – the development in which Caspy Commodity Exchange JSC manages the impact of its activities on the environment, economy, society and makes decisions taking into account the interests of stakeholders. Sustainable development should meet the needs of the present without compromising the ability of future generations to meet their own needs.

- TCFD – Task Force on Climate-Related Financial Disclosures.
- UN – United Nations.
- UN SDG – UN Sustainable Development Goals.
- UN Sustainable Development Goals – global development goals defined in the Declaration “Transforming Our World: the 2030 Agenda for Sustainable Development”, adopted by the United Nations General Assembly Resolution No. 70/1 on September 25, 2015.



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