



Capacity building for Sustainable Financing

FIRST

Sustainability report of Damu
Entrepreneurship Development
Fund joint stock company

2023



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About the report

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The Sustainability Report for 2023 (hereinafter referred to as the Report) is the **first report** of the "Damu" Entrepreneurship Development Fund" Joint Stock Company, which consolidates the achievements and reflects the main results of activities in the field of sustainable development. The Report discloses information on approaches to managing ESG issues, interaction with stakeholders, significant events of the Fund for the period from January 1 to December 31, 2023¹ and plans for the short and medium term.

¹ Unless otherwise stated.

This Report is published in Kazakh, Russian and English. The electronic version of the Report is available on the official website in the section "Sustainable Development (ESG)". Electronic versions of the annual reports of the Damu Foundation for 2023 and previous years are available on the official website in the "Reporting" section.

The process of preparing the Report was supervised by the Department of Strategic Analysis and Corporate Development with the participation of all structural divisions of the Damu Fund. The information contained in the Report was confirmed by the heads of the relevant divisions. This Report was reviewed and approved by the Board of the Damu Fund. When preparing the Report, recommendations of national and international standards were taken into account.

International standards

- ◆ Global Reporting Initiative Standards for Sustainability Reporting (GRI Standards 2021)
- ◆ Task Force on Climate-related Financial Disclosures (TCFD)

National standards

- ◆ Recommendations of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (hereinafter—ADFM)



Principles of report preparation

Clarity

The report is prepared in Russian. The information is presented in an accessible and understandable language using visual tools such as tables, maps, infographics and more.

Balance

The results of the activities are presented without intentional distortions: the data are presented impartially, reflecting both the positive aspects of the impact of the activities of the Damu Fund and the negative ones

Accuracy

The Report specifies the methods of collecting quantitative data, calculation methods, as well as all assumptions and possible errors. The findings presented do not affect the completeness and accuracy of the information presented.

Comparability

Quantitative data is presented in units of measurement provided by the GRI standards. For indicators that allow tracking dynamics, comparable data for previous periods is presented. To analyze changes in the Fund's impact over time and compare these impacts with the results of other organizations

Completeness

The Report provides information on key areas of activity, significant initiatives in the field of sustainable development, as well as plans for the next reporting period and the medium term, which may affect the implementation of the Fund's Development Strategy.

Context of sustainable development

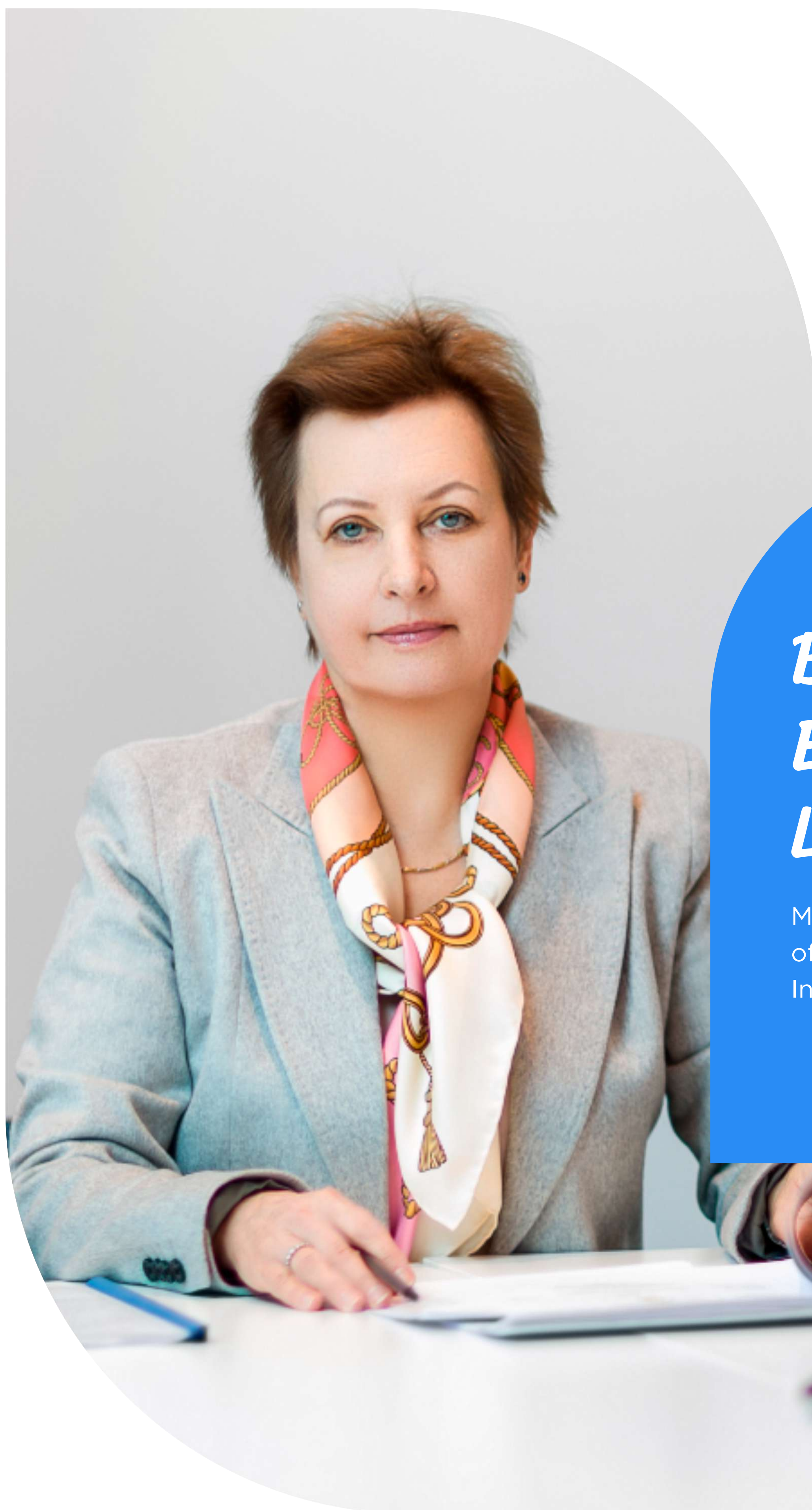
The information presented in the Report reflects the current sustainable development agenda and the topics defined in authoritative international and local documents, such as the UN Sustainable Development Goals, the National Development Plan of the Republic of Kazakhstan until 2025 and the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060

Timeliness

The report has been prepared in accordance with the annual reporting schedule of the Damu Fund for use by stakeholders to form an idea of the current state of internal practices.

Reliability

All information contained in the Report has been verified by responsible persons of the structural divisions of the Damu Fund in accordance with the requirements of the GRI standard: the data presented is sufficiently detailed to assess the impact of the organization's activities.



Message from the Board of Directors

Bakhmutova Elena Leonidovna

Member of the Board of Directors, Independent Director

Dear ladies and gentlemen!

Let me present to your attention the First Sustainability Report of «Damu» Entrepreneurship Development Fund JSC, a subsidiary of «Baiterek» National Management Holding JSC.

Our country, like the whole world, lives and works in conditions of complex political, economic and climatic changes. However, the past year has shown steady growth in many areas of development in the Republic, which, among other things, is the result of an effective and balanced development strategy adopted by the state.

The main contribution of the Damu Fund to the creation of a sustainable socio-economic platform is the development of the MSME sector. Through innovative programs and government support measures, the Fund contributes to the development of competitive and effective entrepreneurship. The report provides data on the amount of funding provided to the sector through various instruments, including the result, which we are proud of: 23.9 thousand projects of entrepreneurs received support in 2023.

At the same time, we recognize the importance of solving the problems of preserving and strengthening the potential of our country for future generations. In its activities, the Fund is guided by the principles of responsible environmental management, fair business conduct and social responsibility to our clients, employees and social groups,

which the Fund influences in the course of its activities. The First Report presents not only the practices and results of the Fund's work in the areas of ESG, but also highlights the issues of managing these aspects.

As a financial institution that is a conductor of state programs, the Damu Fund supports international obligations and country initiatives of the Republic of Kazakhstan, including the Paris Agreement on Climate Change, the UN SDGs, the Carbon Neutrality Strategy of the Republic of Kazakhstan until 2060, and is committed to the principles of the UN Global Compact.

To this end, the Fund develops sustainable financing instruments and seeks to stimulate its clients and partners in the person of banks, microfinance organizations and leasing companies to pay attention to environmental and social responsibility issues and reduce the risks associated with these factors - in this part we still have a lot of work in the coming years.

On behalf of the Board of Directors, I express my sincere gratitude and gratitude to all employees, clients and partners of the Fund for the joint efforts and results achieved towards building a fair and happy future for us and our children and invite you to continue the work you have begun.

I recommend this First Sustainability Report for reading by all interested parties.



Message from the Chairman of the Board

Buribaeva Gaukhar Asylbekovna

Chairman of the Board "Damu" Entrepreneurship Development Fund" JSC

*Dear ladies and gentlemen!
Dear colleagues and friends!*

I am pleased to welcome you and summarize the work of "Damu" Entrepreneurship Development Fund" JSC for 2023 on sustainable development issues. In this report, we present the results that were achieved thanks to the country's entrepreneurs, our partners and, of course, the Fund's team, who made efforts to implement the declared initiatives. Each of you is a key part of the history, and your success is the success of all of Kazakhstan.

We understand that sustainable development is not just a trend, but a necessity for creating an economically efficient, socially just and environmentally friendly economy. The report reflects our desire for harmony in the ecosystem of business, society and the environment, represents the result of our work over the past year and the determination to build **a sustainable future for business and society.**

At the beginning of our journey, it was important for us not only to provide financial support to the country's entrepreneurs, but also to make sure that every step we take has a positive impact on our planet and the people we work with. Last year, we managed to achieve significant results, supporting **23.9 thousand** MSME projects for a loan amount of **1.57 trillion tenge**. A significant socio-economic effect was achieved in the form of manufactured products for a total of **21,500.5 billion tenge**, taxes were paid to the

budget in the amount of **1,566.2 billion tenge** and **9,088 new jobs** were created.

This confirms that we are on the right track and that supporting entrepreneurship is an important tool for achieving sustainable economic growth.

Let me remind of the three main financial instruments that we actively developed in 2023:

12,339 projects

were supported under the "interest rate subsidy" instrument. In the changing financial environment, the Fund continues to provide confident support to entrepreneurs, reducing the cost of attracting borrowed funds. This not only facilitates access to financing, but also creates a sustainable platform for new business initiatives, thereby promoting economic growth and innovation.

8,183 projects

were supported under the “loan guarantee” instrument. We understand how important it is to build banks’ trust in small and medium-sized enterprises. The Damu Fund works to reduce lending risks, thereby opening up new horizons for entrepreneurs who offer innovative solutions, create jobs and make a significant contribution to the country’s economic ecosystem.

3,330 projects

benefited from preferential financing. We strive to create conditions under which every entrepreneur, regardless of the scale of their business, can gain access to financial resources on favorable terms.



This integrated approach promotes the development of sustainable business models, strengthens Kazakhstan’s competitiveness in the international arena and supports social justice.

In 2023, a new Development Strategy of the Damu Fund for 2024 was adopted-2033. The new directions of the Strategy involve ensuring long-term growth and stability of MSME entities by introducing responsible financial instruments that support environmental, social and economic aspects. The Fund intends to further improve the efficiency of business processes and customer service by introducing digital technologies into all aspects of the Damu Fund’s activities and strengthening the management system to ensure transparency, accountability and effective decision-making.



It is important to mention our aspiration and the task set to create a Guarantee Fund for the support of MSMEs, which will simplify the access of private entrepreneurship entities to credit and other financial resources. The implementation of this task will allow the Fund to expand its participation in supporting small and medium-sized businesses, as well as to build an effective support system in the form of a Guarantee Fund. Our goal is to create strong and transparent conditions for business growth, relying on the best international practices and experience of cooperation with leading financial organizations.

Despite our achievements, we understand that the path to sustainability has no end point. Many challenges lie ahead. That is why we continue to strive to improve and find new solutions that will help us cope with climate change, social inequality and other problems that our society faces.

Today, I encourage all of you to continue to actively participate in this important process. Together, we can create a better future not only for business, but also for generations to come.

Thank you for your attention and for your invaluable support!



Key ESG results of "Damu" Fund for 2023



E

Environmental

22 "green" projects supported under the UNDP program for a total of **1.7 billion tenge**

25 "green" projects supported by the Fund's internal financial instruments in the amount of **6.1 billion tenge**

> 117 thousand tons of CO_{2-eq.} indicator of CO₂ emission reduction over the life cycle of projects within the UNDP programme launched in 2023

1 495,2 t CO_{2-eq.} the total volume of emissions of the Fund for Scope 1 and Scope 2

89 employees completed training on the topic of "Green Office" in 2023

80 seedlings were planted by the employees of the Damu Fund as part of the citywide clean-up day "Zhana Kazakhstan. Taza Tabigat"

S

Social

1 701 social projects were supported by the Fund's financial instruments in the amount of **198.5 billion tenge**

10,8 thousand women's entrepreneurship projects received loans worth **2.4 trillion tenge** in 2023

45% the share of women entrepreneurs among those who received support under the Damu Fund programs in 2023

87,2 % the degree of confidence and satisfaction of the MSMEs in the activities of the «Damu» Fund

74,2% aggregated value of the level of employee engagement and satisfaction

418 payroll number of employees at the end of the year

56,2% the share of women in the total number of employees

G

Governance

100% of the Board of Directors members are local representatives

29% the share of women on the Board of Directors, the share of men was 71%.

20% the share of women among the members of the Board

90% purchases from local suppliers

15% is the effective tax rate of the Damu Fund

100% of the Fund's employees have been trained in the provisions of the Code of Business Ethics

0 cases of violation of the provisions of the Code of Business Ethics by employees

0 corruption cases and corruption related court cases



About the Fund

[2-1] [2-6] [201-4]

“Damu” Entrepreneurship Development Fund” JSC²— a financial agency of the Republic of Kazakhstan implementing state support measures to promote the sustainable development of micro, small and medium-sized businesses (hereinafter referred to as MSMEs).

² Joint Stock Company “Damu Entrepreneurship Development Fund,” hereinafter referred to as “Damu” Fund, Fund. For more information on the Business Model and Development History, see the chapter “On the Fund” of the Annual report of the Damu Fund for 2023.

Mission

The mission of the Fund is to play an active role in the sustainable development of micro, small and medium entrepreneurship in Kazakhstan through the implementation of comprehensive and effective support tools.

Vision

The Fund is a national development institute, the initiator and implementer of programs to support and develop micro, small and medium-sized businesses

Key corporate values of the Damu Fund³

- ◆ Competence and professionalism
- ◆ Team
- ◆ Transparency
- ◆ Responsibility and integrity
- ◆ Honesty and integrity
- ◆ Patriotism
- ◆ Respect for the human person



The Damu Fund is represented throughout Kazakhstan, its regional network consists of 20 branches located in all regional centers of the country, as well as in the cities of Astana, Almaty and Shymkent. The Head Office of the Fund⁴.

³ For more information on the corporate values of the Damu Fund, see the chapter "About the Fund" or the Annual report of the Damu Fund for 2023.
⁴ For more information on the geography of the Damu Foundation's activities, see the chapter "About the Foundation" of the Annual report of the Damu Fund for 2023.

Products and services of the Damu Fund for MSMEs

- 1 Preferential lending through the Fund's partners, including second-tier banks (hereinafter referred to as STBs), microfinance organizations (hereinafter referred to as MFOs), leasing companies and other legal entities
- 2 Raising awareness among MSMEs through dissemination of information materials
- 3 Subsidizing interest rates on loans/microloans/leasing transactions
- 4 Guaranteeing loans
- 5 Consulting support

The "Damu" Fund provides financial support to MSMEs through the implementation of state programs and attracts additional sources of funding in cooperation with global organizations, including private and international investments⁵.

The fund improves the competencies of aspiring and existing entrepreneurs by launching training events and providing consulting support in all regions of the Republic of Kazakhstan. Digital tools are being introduced to improve the quality of customer service and speed up business processes⁶.

JSC "Damu" Entrepreneurship Development Fund" was established on the basis of the Decree of the Government of the Republic of Kazakhstan dated 26.04.1997 No. 665.

The sole shareholder of the Fund is JSC "National Management Holding "Baiterek", the sole shareholder of JSC "NMH "Baiterek" is the Government of the Republic of Kazakhstan.

In 1997, when the Damu Fund was established, funds in the amount of 47.5 million tenge were allocated. From 2004 to 2007, the Fund was allocated funds for capitalization in the total amount of 37.1 billion tenge. In 2008 and 2012, funds for capitalization in the amount of 7.8 billion tenge and 28 billion tenge, respectively, were allocated to JSC National Welfare Fund Samruk-Kazyna for the development of entrepreneurship under conditional placement programs. In 2020, funds in the amount of 30 billion tenge were allocated for the capitalization of the Fund.

⁵ For more details, see the Sustainable Finance chapter of this report.
⁶ For more details, please see the Customer Care chapter, Digitalization section of this report.

Development Strategy of the Damu Fund

[3-3] [203-2]

In its activities, the Damu Fund is guided by the Development Strategy approved by the Board of Directors for the period 2014-2023⁷, which is aimed at the development of MSME entities in the Republic of Kazakhstan and includes the implementation of the Development Plan of the Fund Shareholder and programs of the state planning system on issues of financial support for entrepreneurs in the country.



In 2023, the Board of Directors of the Damu Fund approved a new Development strategy for the coming ten-year period (hereinafter referred to as the Development Strategy 2024-2033), which has been updated taking into account state programs of financial support for MSMEs and is aimed at developing priority sectors of the economy in accordance with the President's Address to the People of Kazakhstan⁸.

The Fund has a regulatory framework that governs current and operational activities to achieve established goals and in accordance with internal documents and directions of state economic policy.



Strategic Directions of the Damu Fund

Support and development of aspiring and existing entrepreneurs

- ✦ expansion of micro-business lending, development and implementation of support instruments for microfinance organizations and credit unions;
- ✦ increasing the share of coverage of existing MSMEs by the Fund's financial support programs;
- ✦ increasing the economic efficiency of MSME entities

Sustainable Institutional Development of the Damu Fund

- ✦ attracting additional funding;
- ✦ achieving the planned level of financial performance results;
- ✦ digitalization of business processes;
- ✦ improving the level of corporate governance

⁷ In 2023, the Board of Directors approved a new Development Strategy for the Damu Fund for the period 2024-2033. The results of the implementation of the new Strategy will be disclosed in the following reporting periods.

⁸ For more information on the provisions of the Address of the Head of State Kassym-Zhomart Tokayev to the people of Kazakhstan, see on the website of the President of the Republic of Kazakhstan.

Key documents in the field of support and development of MSMEs

Internal documents of the Damu Fund

- ✦ Development Strategy and Action Plan for its implementation;
- ✦ Development plan;
- ✦ Internal programs and products of the Fund

National regulations

- ✦ Messages of the President of the Republic of Kazakhstan to the people on the national situation and the main directions of domestic and foreign policy;
- ✦ Concept for the development of small and medium-sized businesses in the Republic of Kazakhstan until 2030;
- ✦ National Development Plan of the Republic of Kazakhstan until 2025;
- ✦ decrees of the President, resolutions of the Government and orders of ministers of the Republic of Kazakhstan on approval of state support programs.

In order to monitor progress in two areas of the Development Strategy - support for MSME entities and sustainable institutional development of the Fund - key performance indicators have been introduced for all levels of management, which are developed taking into account the KPI of the Sole Shareholder and approved by the Board of Directors (for members of the Management Board, as well as employees of services directly subordinate to the Board of Directors) or the Management Board (for all other employees).

The strategic goals are decomposed and reflected in the KPI Maps of the Board members. Responsibility for their implementation is assigned to all structural divisions and regional branches of the Damu Fund in accordance with their competencies and area of responsibility.

The KPI charts of the Fund's executives are approved by the Board of Directors on an annual basis. Monitoring of the KPI charts of

the Fund's executives is carried out at several management levels: the Management Board reviews and evaluates the interim results of achieving the established goals on a quarterly basis, and the Board of Directors reviews and approves the performance report annually. KPI charts of the Chief of Staff—The Chairman of the Board, Managing Directors, Directors of Structural Divisions and employees of the Fund are approved by the Board of the Fund on a quarterly basis.

The multi-level control of the Damu Fund ensures timely adjustment of work plans, coordinating them with changes in market conditions and the needs of the state and MSME entities.



Key results of KPI implementation in 2023⁹

Name of efficiency	Plan	Results of 2023
STRATEGIC DIRECTION 1. Support and development of aspiring and existing entrepreneurs. Expansion of micro-business lending, development and implementation of support instruments for microfinance organizations and credit unions		
The share of conditional placement of funds by microfinance organizations and leasing companies	14%	23.36%
The share of micro and small entrepreneurs from the total number of supported entrepreneurs	87.5%	96.1%
Increasing the share of coverage of existing MSMEs by the Fund's financial programs		
The share of MSMEs covered by financial support instruments to the total number operating on the market	8.17%	9.39%
Number of new projects, including modernization and expansion of existing production facilities, taking into account increased labor productivity and expansion of sales markets at the end of the year	190,695 units	187,939 units
Share of the private sector in the Fund's loan portfolio	95%	100%
The volume of revenue of enterprises that received support from the Fund for the year	6,500 billion tg	21,500.5 billion tg ¹⁰
Ensuring increased economic efficiency of supported MSMEs		
Increase in taxes paid by business entities that received support from the Fund	60 billion tg	277.7 billion tg ¹¹

Name of efficiency	Plan	Results of 2023
STRATEGIC DIRECTION 2. Sustainable institutional development of the Fund. Attracting additional sources of funding		
The share of non-state sources of borrowing in the total borrowing structure for the reporting year	10%	11.5%
Debt / Equity	1.56%	1.10%
Achieving the planned level of financial performance		
ROA ¹²	1.36%	9.08%
Share of loan portfolio in total assets	30.76%	53.38%
Business Process Automation		
Digitalization of the Fund's core business processes	100%	100%
Improving the level of corporate governance		
Evaluation of trust and satisfaction of MSME entities with the activities of JSC "Damu" Entrepreneurship Development Fund"	≥80%	87.2%

⁹ The results of the implementation of the KPI in accordance with the Development Strategy can be found in the chapter "Development Strategy of the Fund", section "Key Performance Indicators" of Annual report of the Damu Fund for 2023.

¹⁰ According to preliminary data received from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.

¹¹ According to preliminary data received from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.

¹² The ratio of net profit to average assets for the reporting period.

Principles of MSME support

[203-2]

The “Damu” Fund, as an institution of state support, assumes responsibility for the development of financial accessibility and sustainable development of micro, small and medium-sized businesses in the Republic of Kazakhstan. By providing loan guarantees and opportunities for subsidizing interest rates, the Fund promotes inclusion and reduces the financial burden on entrepreneurs. Through specialized programs, the “Damu” Fund promotes the development of women’s entrepreneurship in the country¹³.

The Fund is the financial agency for the implementation of the National Project for the Development of Entrepreneurship for 2021–2025 (hereinafter referred to as the National Project 2021–2025)¹⁵ and the Economy of Simple Things which aims to stimulate entrepreneurs to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing.

According to the results of the reporting year, with the participation of the Fund,

23,852 projects

of Kazakhstani entrepreneurs were supported by the state

and received credit funds in the amount of

1,566.4 billion tg

which were used to develop or expand their own business¹⁴.

Target indicators of the National Project 2021–2025 and results achieved in 2023

Target indicator	Established planned indicators		Results of 2023
	2023	2025	
The share of MSMEs in the GDP of the Republic of Kazakhstan	33.6%	≥35%	36.5% (104% of the 2023 figure)
Job creation	1,200 jobs	127.8 thousand jobs	8,148 jobs (which is 6.8 times higher than the planned figure)

12 "Green" projects



for a loan amount of 8.9 billion tenge under guarantee and subsidy instruments were provided with support within the framework of the National Project 2021–2025 in 2023

In 2023, a working group was formed, which included specialists from the Ministry of National Economy and the Damu Fund, to integrate programs and evaluate the effectiveness of the projects of the Government of the Republic of Kazakhstan: **National Project 2021–2025** and **Economy of Simple Things**. Based on the monitoring results, duplicate functions were identified, the most effective tools for supporting entrepreneurship were determined, and a Unified Comprehensive Program was developed that combines the goals and objectives of the two state programs. Information on the results of the projects implemented within the framework of the Unified Comprehensive Program will be disclosed in the following reporting periods.

In 2023, the “Damu” Fund assumed obligations to implement the measures of the Government of the Republic of Kazakhstan within the framework of the Unified Comprehensive Program¹⁶. The purpose of the Program is to implement state support programs by subsidizing the interest rate and providing partial guarantees under bank loan agreements and/or financial leasing in the event of insufficient collateral. The “Damu” Fund accepts applications from entrepreneurs to participate in the Unified Comprehensive Program (hereinafter referred to as the UCP) in priority sectors of the economy of the Republic of Kazakhstan: manufacturing, small and medium-sized businesses in single-industry, small towns and rural areas, social entrepreneurship and stock market development¹⁷.



¹³ For more information on supporting women’s entrepreneurship, see the chapter “Caring for Society” in the section “Social Impact of the Fund” of this report.
¹⁴ For more information on the National Project for Entrepreneurship Development for 2021–2025, see the Programs section on website of Damu Fund.
¹⁵ For more information on the National Project for Entrepreneurship Development for 2021–2025, see the Programs section on website of Damu Fund.

¹⁶ The program was previously called Business Roadmap.
¹⁷ A single comprehensive program has been in effect since February 2024. For more information on the SCP, see the Shareholder website and the Damu Foundation website.

6 areas of the Unified comprehensive program for support and development of MSMEs

1 Microentrepreneurship

CCEA
no restrictions, except for trading (Food trade is allowed)

Subsidies and Guarantees

Credit
Investment - up to 20 million tenge
Replenishment of working capital - up to 5 million tenge

The size of the guarantee
up to 85% of the loan amount

The rate for MSMEs
7%-8%

2 Small and medium-sized businesses

CCEA
priority sectors of the economy

Loan
Investment - up to 3 billion tenge
Replenishment of working capital - up to 500 million tenge

The rate for MSMEs
manufacturing industry 8%- 10%
Services - 9%

Guarantee

Loan
investment - up to 1.5 billion tenge
replenishment of working capital - up to 500 million tenge

The size of the guarantee
up to 50% of the loan amount
up to 1.5 billion tenge

3 Small, medium and large businesses

CCEA
priority sectors of the economy

Subsidies

Credit
Investment - up to 15 billion tenge
Replenishment of working capital - up to 5 billion tenge

The rate for MSMEs
manufacturing industry 8%- 10%
services - 9%

Guarantee

Loan
Investment - up to 3.5 billion tenge
Replenishment of working capital - up to 1 billion tenge

The size of the guarantee
up to 50% of the loan amount
up to 3.5 billion tenge

4 Mono- and small towns, rural settlements

CCEA
no restrictions, except for forbidden industries

Subsidies

Credit
Investment - up to 1.5 billion tenge
Replenishment of working capital - up to 500 million tenge

The rate for MSMEs
manufacturing industry 7%
services, trading - 10%

Guarantee

Loan
investment - up to 1.5 billion tenge
replenishment of working capital - up to 500 million tenge

The size of the guarantee
up to 50% of the loan amount
up to 1.5 billion tenge

5 Social entrepreneurship

CCEA
no restrictions

Subsidies

Credit
Investment - up to 1.5 billion tenge
Replenishment of working capital - up to 500 million tenge

The rate for MSMEs
7%

Guarantee

Loan
investment - up to 1 billion tenge
replenishment of working capital - up to 500 million tenge

The size of the guarantee
up to 50% of the loan amount
up to 1 billion tenge

6 Stock exchange

CCEA
priority sectors of the economy

Subsidies and Guarantees

Nominal value of the bond issue:
up to 5 billion tenge

The size of the guarantee
50% of the bond issue amount

The rate for MSMEs
6%

Criteria for the effectiveness of the MSME project to obtain government support within the framework of the Unified Comprehensive Program

According to the rules for providing subsidies and guarantees of the Fund, "Damu" MSME business entities must fulfill counter obligations, including an increase in the amount of taxes paid (corporate, individual income taxes), as well as an increase in the wage fund with the preservation of jobs or an increase in the average annual number of jobs. Loans in the amount of more than 500 million tenge require a ban on the payment of dividends during the subsidy period

The key requirements for business categories are¹⁸:

- ◆ for micro and small businesses¹⁹ - the creation of at least one job within two years;
- ◆ for small, medium and large businesses - Having positive dynamics in tax deductions and (or) growth of the wage fund and (or) growth of income for the previous 2 (two) financial years before the entrepreneur submits an application to the financial agency, - the criteria do not apply to entrepreneurs whose registration period is less than 3 (three) years

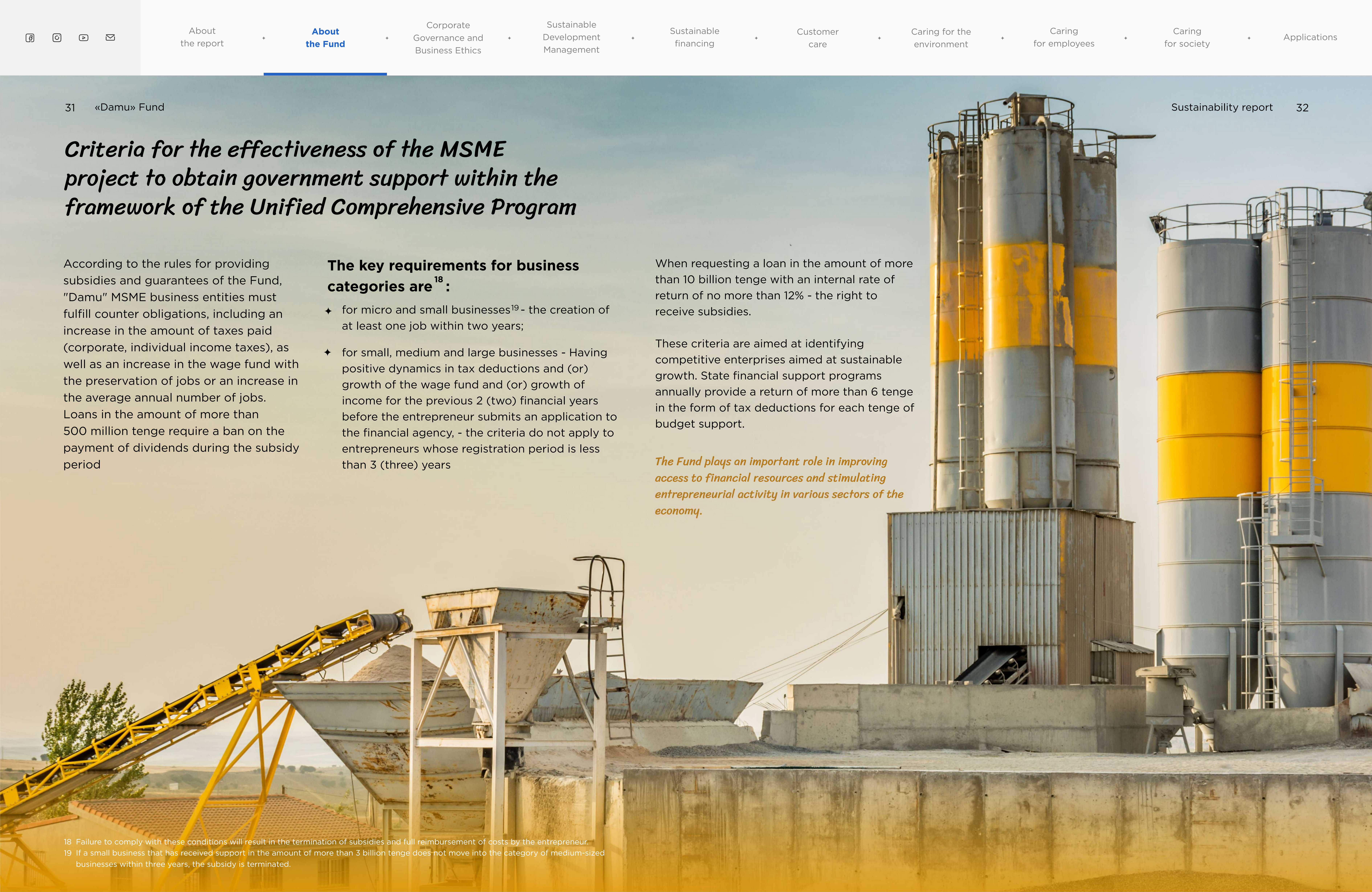
When requesting a loan in the amount of more than 10 billion tenge with an internal rate of return of no more than 12% - the right to receive subsidies.

These criteria are aimed at identifying competitive enterprises aimed at sustainable growth. State financial support programs annually provide a return of more than 6 tenge in the form of tax deductions for each tenge of budget support.

The Fund plays an important role in improving access to financial resources and stimulating entrepreneurial activity in various sectors of the economy.

¹⁸ Failure to comply with these conditions will result in the termination of subsidies and full reimbursement of costs by the entrepreneur.

¹⁹ If a small business that has received support in the amount of more than 3 billion tenge does not move into the category of medium-sized businesses within three years, the subsidy is terminated.



Damu Fund activities to increase financial inclusion and support for MSMEs in 2023

Event/Program Title	Description	Results of 2023
Ulttyq Ónim Exhibition	VII Exhibition of Kazakhstani manufacturers who received state support	<ul style="list-style-type: none"> • 320 MSMEs took part • 22 thousand people visited the exhibition, the sales amounted to 74.1 million tenge
Attracting budgetary and extra-budgetary funds in financial markets	attracting state and non-state sources of borrowing for the implementation of the product "Regional financing of small private and medium-sized private entrepreneurship entities"	<p>Taking into account the funds allocated by the Fund in the amount of 5,900 million tenge, the total amount of funds allocated for regional financing amounted to 9,850 million tenge, including:</p> <ul style="list-style-type: none"> • 3,850 billion tenge raised from local executive bodies²⁰; • 500 million tenge from JSC Transnational Company Kazchrome for participation on co-financing terms in the regional program for the city of Khromtau, Aktobe region
Financing of entrepreneurs through conditional placement of funds in STB/MFI/LC	Providing financial support to MSME entities on preferential terms, taking into account the priorities of the socio-economic development of each region of the Republic of Kazakhstan by attracting funding from the Fund	3,330 supported projects for a loan amount of 197.9 billion tenge
Subsidizing the remuneration rate	a financial support instrument used by the state to partially reimburse an entrepreneur's expenses for paying interest on a loan, microloan, leasing transactions on a gratuitous and non-refundable basis. This instrument is being implemented within the framework of the "Economy of Simple Things" program, and also since 2022 within the framework of the National Project for the Development of Entrepreneurship 2021-2025	12,339 supported projects for a loan amount of 1,005.2 billion tenge
Guaranteeing loans	a financial support instrument used by the state to ensure that entrepreneurs fulfill their obligations under bank loan/financial leasing agreements in the event of insufficient collateral, implemented by the Fund within the framework of state support programs National Project for Entrepreneurship Development 2021-2025 and "Economy of Simple Things"	8,183 supported projects , for a loan amount of 363.2 billion tenge.

20 At the same time, funds in the amount of 400 million tenge, attracted from the Shymkent city municipal government, were returned.

Economic efficiency

Management approach

[3-3] [2-1] [2-6] [201-1] [201-2]

In order to achieve state goals to ensure sustainable development, financial stability and long-term growth, the Damu Fund adheres to an integrated approach to managing economic and financial issues. Financial accounting activities are carried out in accordance with international financial reporting standards, the legislation of the Republic of Kazakhstan, the Accounting Policy and Tax Accounting Policy of the Damu Fund (hereinafter referred to as the TAP). For all stakeholders, audited financial statements are posted annually on the Fund's website ²¹.

The system of economic management and financial planning of the Damu Fund provides for the delineation of powers and responsibilities, as well as monitoring and accountability of all financial processes. The Board of Directors and the Management Board implement strategic management in terms of economic performance and financial planning of the Damu Fund.



The role of the Board of Directors and the Management Board of the Damu Fund in terms of financial planning

Board of Directors

- ◆ approval and control of the implementation of strategic development plans of the “Damu” Fund;
- ◆ approval of the projected results of the “Damu” Fund for a five-year period and monitoring of their implementation;
- ◆ holding meetings to discuss strategic issues and assess management effectiveness;
- ◆ review and approval of annual reports;
- ◆ appointment and control of the activities of external auditors
- ◆ other issues related to the competence of the Board of Directors

Management Board

- ◆ development of strategic plans for the development of the Damu Fund, taking into account economic conditions and market opportunities;
- ◆ approval of the annual budget and monitoring its implementation;
- ◆ overseeing the efficient allocation of resources and participating in the development and approval of financial plans and forecasts;
- ◆ control of financial indicators and key performance indicators (KPI), ensuring compliance with financial discipline
- ◆ other issues related to the competence of the Board

To develop long-term goals and strategic planning, the Fund conducts an analysis of the regional market situation. The Damu Fund adheres to an integrated approach to economic and financial management to achieve the goals set by the state and maintain sustainable stability. The employees of the “Damu: Fund form forecast values of financial flows, income, expenses and other indicators. These forecasts form the basis for the development of the Development Plan for a five-year period. The quality of the execution of forecast values is assessed monthly based on the actual results obtained. The Fund has also approved the Rules for the formation, execution, monitoring and adjustment of the Fund's Development Plan, which regulate the terms and forms of reporting of the Development Plan, and determine the methodology for filling in the data.

The Department of Strategic Planning is responsible for developing the economic and financial strategy. The Fund also regularly assesses financial risks and forecasts possible losses for the next five years. The Risk Management Department is responsible for risk management.

²¹ The audited annual financial report of the Fund is approved by the Sole Shareholder, after approval the document is posted on the website of the Damu Fund in the section “Annual reports of the Fund”.

Risk management in the field of economics and financial planning

The Fund identifies several key economic risks:

Credit risk

for direct financing of borrowers and guarantors

Credit risk

as a result of the deterioration of the financial position of issuers and counterparty banks (deposits, securities and other obligations to second-tier banks and legal entities). This also includes the risk of default of counterparty banks, issuers of securities and partners

Risk of deterioration

of the country's macroeconomic indicators

Currency risk

based on funds raised in foreign currency



To manage these risks, the Fund has approved an Action Plan, including preventive and reactive actions, and has defined risk tolerance and risk appetite in accordance with the Risk Management Policy. In addition, limits have been set for counterparty banks and other financial institutions.

Results in the field of economics and financial planning 2023

In 2023, in the field of economics and financial planning, the Fund focused on optimizing cash flows, timely fulfillment of financial obligations, and the implementation of government projects. The amount of budget funds is limited to the amount provided for in the Development Plan for a five-year period. The projected values of budget funds for the reporting period have been fulfilled. The Fund ended the year with a net profit and paid dividends to the Sole Shareholder in the amount established by the Procedure for determining the amount of dividends paid by subsidiaries of the Holding, approved by the decision of the Board of JSC NMH "Baiterek".



In the reporting period, the main focus in planning the Damu Fund budget for 2023 is achieving the strategic values reflected in the Fund's Strategy and approved by the Board of Directors, such as:

- ◆ expansion of micro-business lending, development and implementation of support instruments for microfinance organizations and credit unions;
- ◆ increasing the share of coverage of existing MSMEs by the Fund's financial programs;
- ◆ increasing the economic efficiency of supported MSMEs;
- ◆ attracting funds from additional sources of financing;
- ◆ achieving the planned level of financial performance results;
- ◆ digitalization of business processes;
- ◆ improving the level of corporate governance.

Plans for 2024 and the medium term in the field of economics and financial planning

- adjustment of the indicators of the Development Plan of the “Damu” Fund and the budget in order to achieve the strategic indicators of the Fund and the Sole Shareholder

- ensuring financial stability and preventing budget deficits

- support for MSMEs to improve access to financing and adapt to new economic challenges

Created and distributed economic value, million tenge

Indicator	Stakeholder group	2021	2022	2023
Economic value created (operating income)		54,575	89,551	83,114
Including	A wide range of stakeholders			
Revenue		45,219	69,693	65,063
Financial income		9,356	19,858	18,051
Distributed economic value	–	20,906	44,008	36,834
Including				
Operating expenses	Suppliers and contractors	2,607	3,183	3,432
Personnel costs	Workers	3,103	3,054	4,595
Payments to capital providers (dividends to the Sole Shareholder)	Sole shareholder, financial institutions, local community	5,236	19,547	14,856
Tax payments, million tenge	State	5,656	12,590	8,815
Retained economic value, million tenge	–	27,349	61,788	86,964



Taxation

[207-1] [207-2] [207-3]

Management approach

The Damu Fund is a significant taxpayer that maintains transparent tax records and adheres to the Tax Accounting Policy, which ensures an optimal balance of interests of the state budget and the Fund. All obligations are fulfilled in a timely manner in accordance with the legislation of the Republic of Kazakhstan, as well as international tax agreements.



Monitoring of compliance with the tax control system is carried out through internal control measures and the organization of an external audit. Tax risks are identified, managed and controlled in accordance with internal processes.

15%

is the effective tax rate of the Damu Fund in 2023

Tax Risk Management

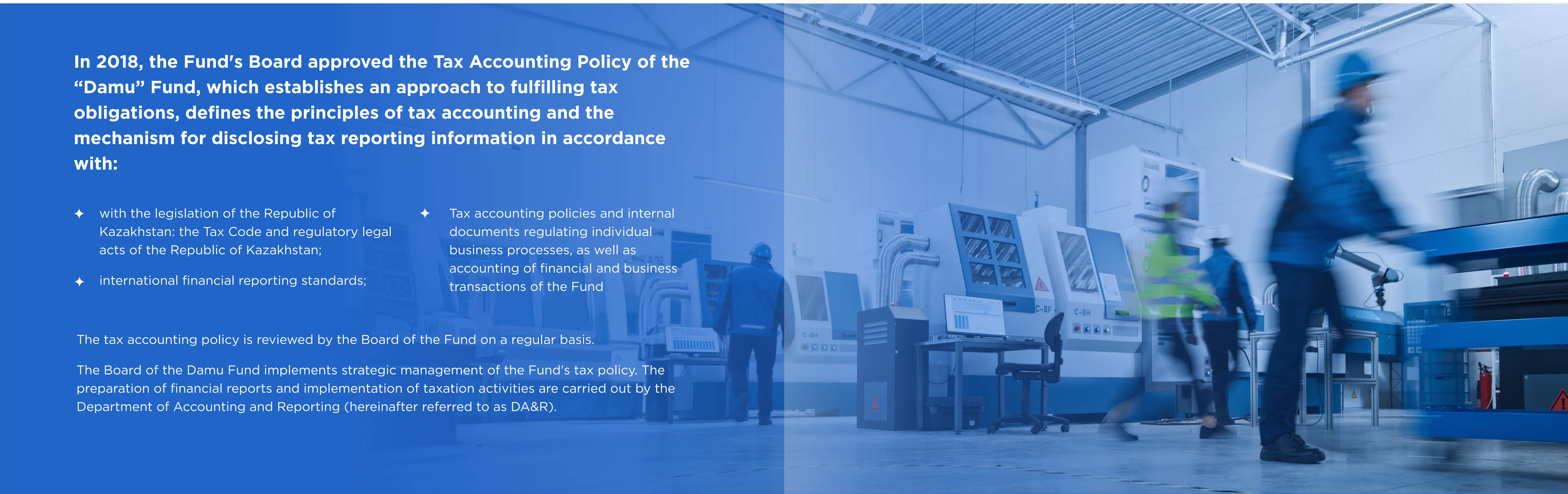
The Damu Fund systematically assesses tax risks, including determining their level when creating new products, performing transactions, making management decisions and coordinating non-standard contracts and transactions. To this end, the Fund regularly prepares and verifies tax reporting using internal procedures and control methods.

In 2018, the Fund's Board approved the Tax Accounting Policy of the "Damu" Fund, which establishes an approach to fulfilling tax obligations, defines the principles of tax accounting and the mechanism for disclosing tax reporting information in accordance with:

- with the legislation of the Republic of Kazakhstan: the Tax Code and regulatory legal acts of the Republic of Kazakhstan;
- international financial reporting standards;
- Tax accounting policies and internal documents regulating individual business processes, as well as accounting of financial and business transactions of the Fund

The tax accounting policy is reviewed by the Board of the Fund on a regular basis.

The Board of the Damu Fund implements strategic management of the Fund's tax policy. The preparation of financial reports and implementation of taxation activities are carried out by the Department of Accounting and Reporting (hereinafter referred to as DA&R).



Principles of the Damu Fund in terms of taxation

- ◆ Improving the qualifications of DA&R employees and conducting internal seminars on taxation issues
- ◆ Succession planning for tax personnel
- ◆ Implementation of a key performance indicator for those responsible for implementing tax strategy in the overall remuneration system
- ◆ Implementation of active public activities and promotion of state policy for the development of the tax system of Kazakhstan



The Risk Management Department of the Damu Fund monitors and assesses tax risks. This structural unit ensures the continuity and consistency of the risk management process, which is based on the timely identification, assessment, analysis, monitoring, and control of tax risks. The Risk Management Department provides information on the absence or facts of identification of tax risks to the Risk Management Department on a quarterly basis. When a tax risk is identified, the specialists of the Risk Management Department add information about the incident to the Electronic Document Management System in the Operational Risks window to ensure accountability and transparency.

To confirm the final conclusions in case of ambiguous interpretation of tax legislation, external consultants and lawyers are involved.

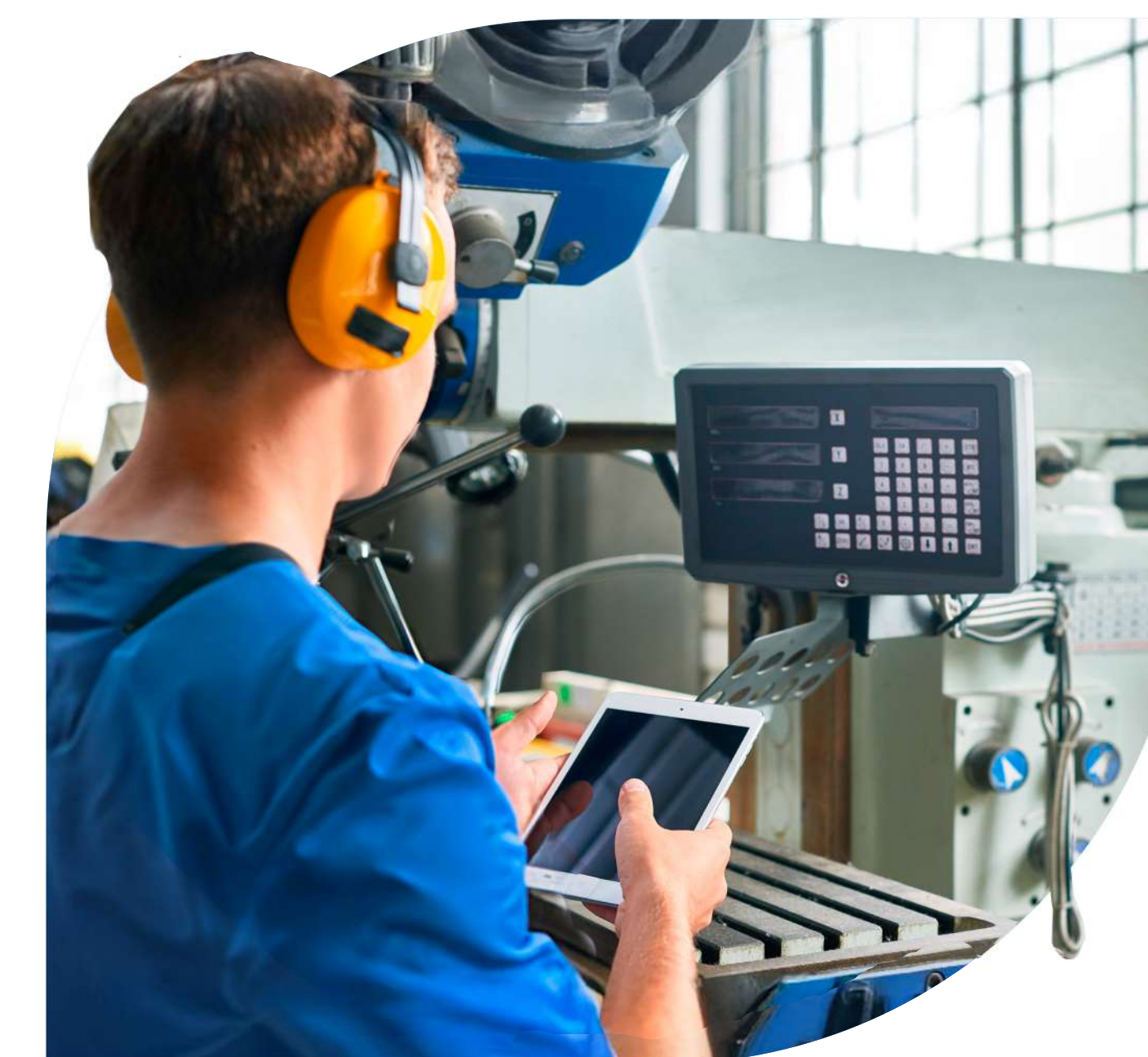
No risks in the area of taxation were registered in the reporting year.

Interaction with stakeholders in tax matters

The Damu Fund interacts with tax authorities and government regulators, ensuring proper fulfillment of tax obligations and timely provision of necessary information. The Fund is in continuous communication with the Ministry of National Economy of the Republic of Kazakhstan, the State Revenue Committee of the Ministry of Finance regarding tax legislation and amendments to the Tax Code.

The company provides support and actively participates in state policy on taxation issues. The Damu Fund is a member of:

- ◆ National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken";
- ◆ Association of Financiers of Kazakhstan;
- ◆ Association of Taxpayers of New Kazakhstan.



The activities of these organizations are aimed at protecting the rights and interests of business, as well as ensuring broad coverage and involvement of all entrepreneurs in the process of forming legislative and other regulatory rules of work²³.

23 For more details, please see the chapter "Sustainability Management" in this report.

*Corporate
Governance
and Business
Ethics*



Approach to corporate governance

[2-9] [2-16] [2-18] [2-20] [2-21] [202-2] [405-1]

The corporate governance system of the Damu Fund is aimed at ensuring sustainable development, protecting the interests of the Sole Shareholder, the effective work of the Board of Directors and the Management Board, as well as risk management and maintaining relationships with employees and other stakeholders²⁴.

The Fund supports and develops the corporate governance system, ensuring its compliance with international and national standards, regulator recommendations and best industry practices. Internal corporate standards are enshrined in the Charter of the Damu Fund²⁵, which in 2023 was amended in terms of document flow, improving the efficiency of financial activities, clarifying the rights of shareholders and the composition, powers, election and remuneration of members of the Board of Directors.

²⁴ For more details, see the chapter "Corporate Governance", section "Corporate Governance System" of Annual report of the Damu Fund for 2023.

²⁵ With amendments and additions as of May 22, 2023.

²⁶ With amendments and additions as of July 3, 2023.

²⁷ For more details see in website the section "Documents of the Damu Fund".

²⁸ Approved in November 2023.



In the Codes of Corporate Governance and the Code of Business Ethics²⁶ the principles are reflected, which all officials and employees are guided in their activities when making strategic decisions and performing daily work tasks. Other internal documents²⁷, which reflect information about the corporate values of the Damu Fund, include:

- ◆ Unified personnel policy;
- ◆ Methodology for diagnosing corporate governance in the Fund;
- ◆ Sustainable Development Policy;
- ◆ Corporate Information Policy;
- ◆ Policy for the resolution of corporate conflicts and conflicts of interest;
- ◆ Policy on combating corporate fraud and corruption;
- ◆ A policy for reporting suspected violations and regulating mechanisms for collecting complaints and confidentially reviewing cases of violations of standards and policies;
- ◆ Regulations on the Ombudsman;
- ◆ Regulations on the assessment of the activities of the Board of Directors;
- ◆ Regulations on committees;
- ◆ Regulations on the Nomination, Remuneration and Social Issues Committee of the Board of Directors;
- ◆ Regulations on the Strategic Planning and Corporate Development Committee of the Board of Directors;
- ◆ Regulations on the Audit and Risk Management Committee;
- ◆ Action plan for improving the corporate governance system;
- ◆ Rules for the provision of sponsorship and charitable assistance;
- ◆ Development Strategy for 2024–2033²⁸.

Corporate governance structure

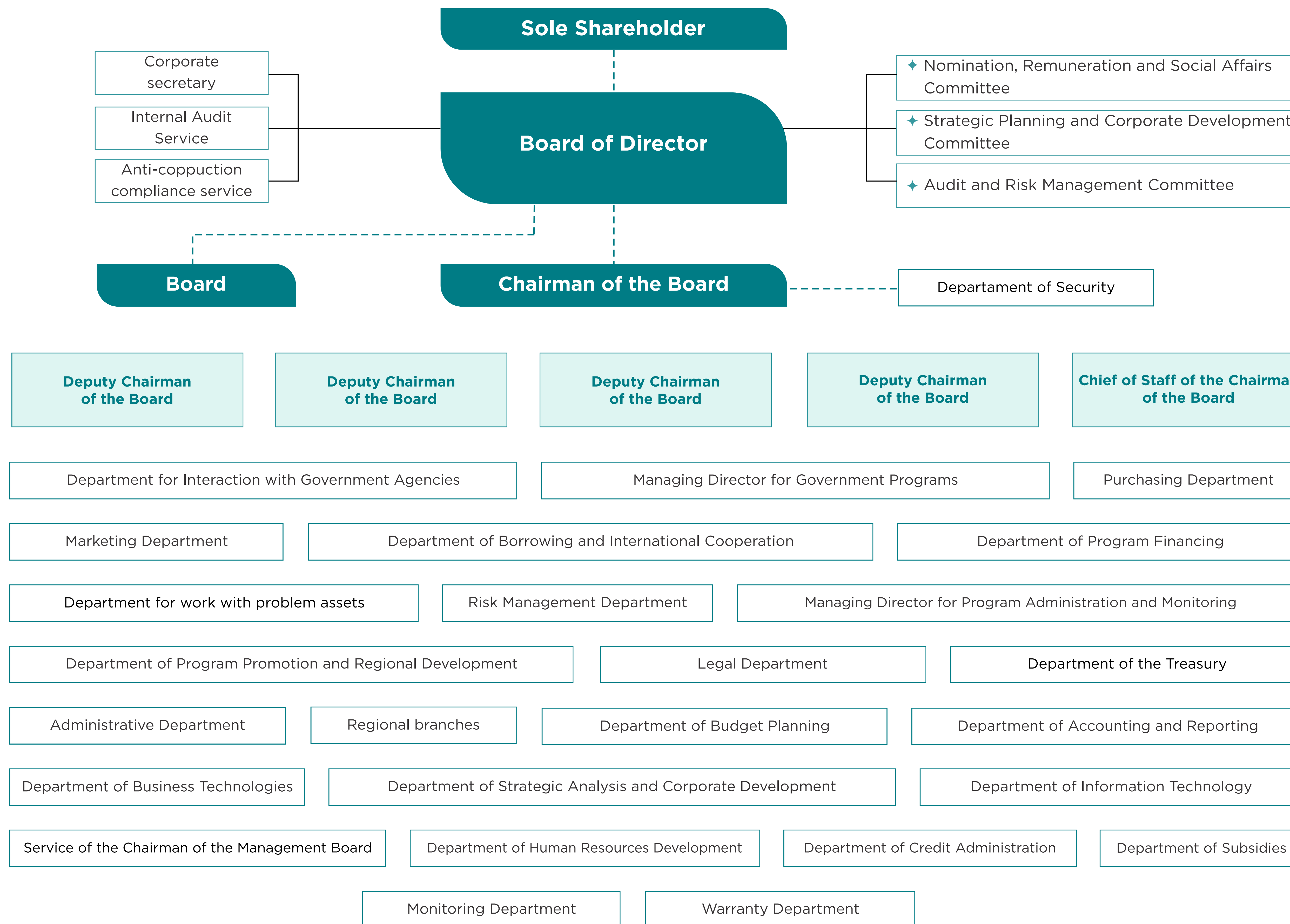
The corporate governance structure of JSC "Damu Entrepreneurship Development Fund" ensures effective management, transparency, responsibility and accountability at all levels, which contributes to the achievement of the Fund's strategic goals and improving its performance. The highest governing body is the Sole Shareholder—JSC National Management Holding Baiterek²⁹.

The Board of Directors and its subordinate committees implement the strategic management of the Damu Fund. The current activities are managed by the Fund's Management Board, which is headed by the Chairman and supported by auxiliary committees.

To prepare advisory decisions for the Chairman and members of the Management Board in certain areas of the Fund's activities, as well as to prepare and pre-examine issues within the competence of the Management Board, collegial working bodies - Committees - operate under the Management Board of the Fund.

- ◆ Budget Committee
- ◆ Change Management Committee
- ◆ Problem Asset Management Committee
- ◆ Asset and Liability Management Committee
- ◆ HR Policy Committee
- ◆ Credit Committee on Guarantee Issues
- ◆ Credit Committee on Subsidies Issues

— Administrative Subordination
 - - - - - Accountability



29 For more information on the Sole Shareholder, see the chapter "Corporate Governance", section "Sole Shareholder" of Annual report of the Damu Fund for 2023.

Board of Directors

The Board of Directors is a collegial management body that implements general management of the activities of the Damu Fund in accordance with the current legislation of the Republic of Kazakhstan and the Charter of the Fund.

The core competencies of the Board of Directors include ensuring proper corporate governance, monitoring the activities of the Management Board, protecting and implementing the rights of the Sole Shareholder, employees and other stakeholders, approving budgets and supervising financial reporting. The Board of Directors determines priority areas of activity and sets key performance indicators (hereinafter referred to as KPIs) for the Fund's Management Board, approves key strategic documents, including the Strategy and Development Plan of the Damu Fund for ten-year and five-year periods, respectively.



Audit and Risk Management Committee of the Board of Directors

The Board of Directors is responsible for, among other things, overseeing the effective functioning of the risk management, internal control and audit systems. Critical information and issues are communicated to the Board of Directors through reports from the Internal Audit Service and the Risk Management Department.

The Audit and Risk Management Committee advises the Board of Directors of Damu Fund on key issues, including the assessment and development of internal control, risk management and corporate governance systems based on the reports of the Internal Audit Service. The Committee meets regularly with the external auditor to review the results of the independent assessment and implement the recommendations made.

In 2023, meetings of the Board of Directors were held,

11

at which issues related

75

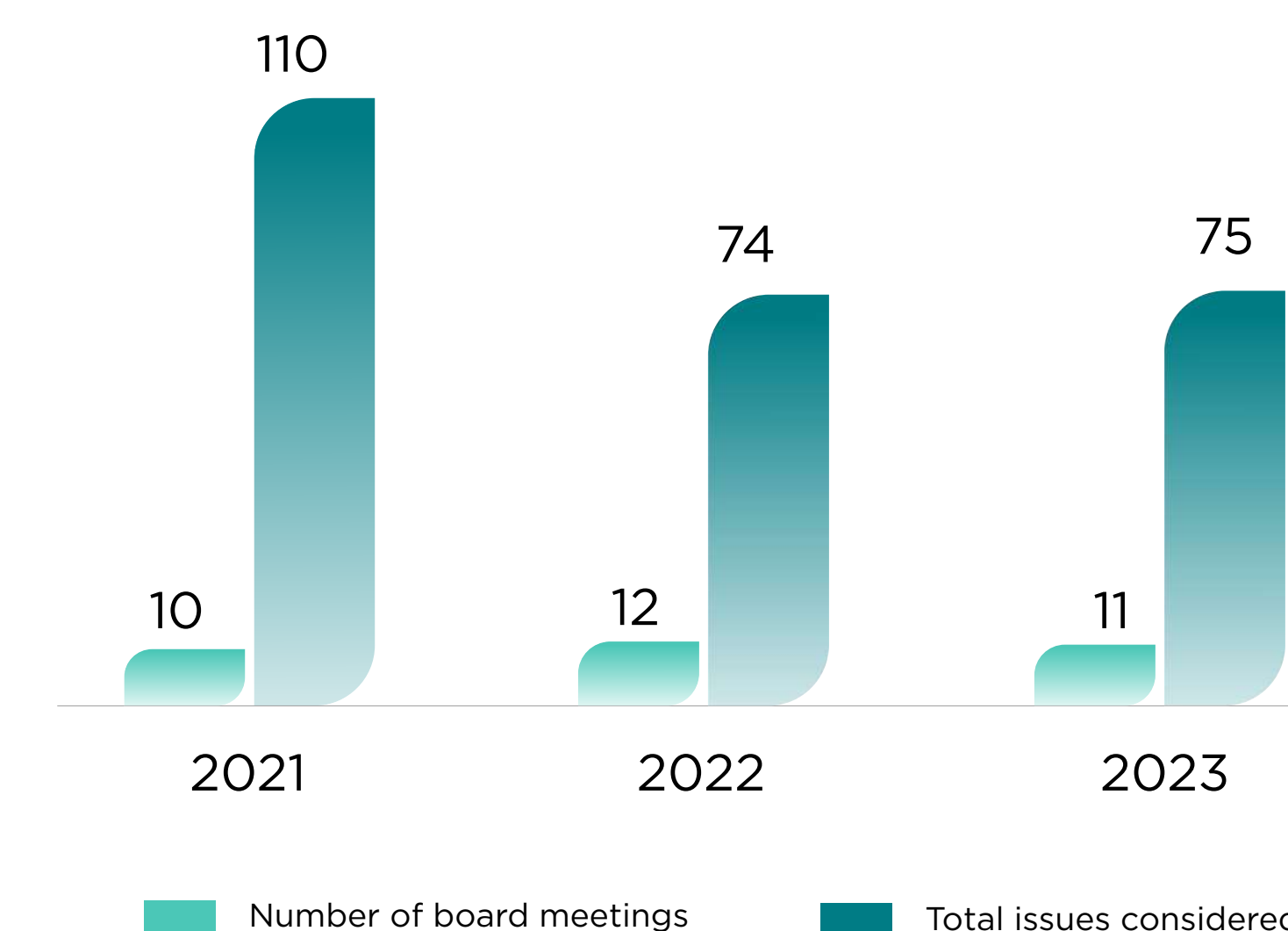
to the approval of internal documents, budgeting and priority areas of the Fund's activities, including aspects of sustainable development, were considered³⁰. During the reporting period, no critical issues were referred to the Board of Directors for consideration. Mechanisms for referring such issues include regular meetings and reports of the Damu Fund management.

In 2023, the Board of Directors approved changes to the Code of Business Ethics and the Sustainable Development Policy. The following documents were also put into effect:

- ◆ Development Strategy of the Damu Fund for 2024-2033;
- ◆ Corporate Communications Policy;
- ◆ Action plan for improving corporate governance and a report on its implementation.

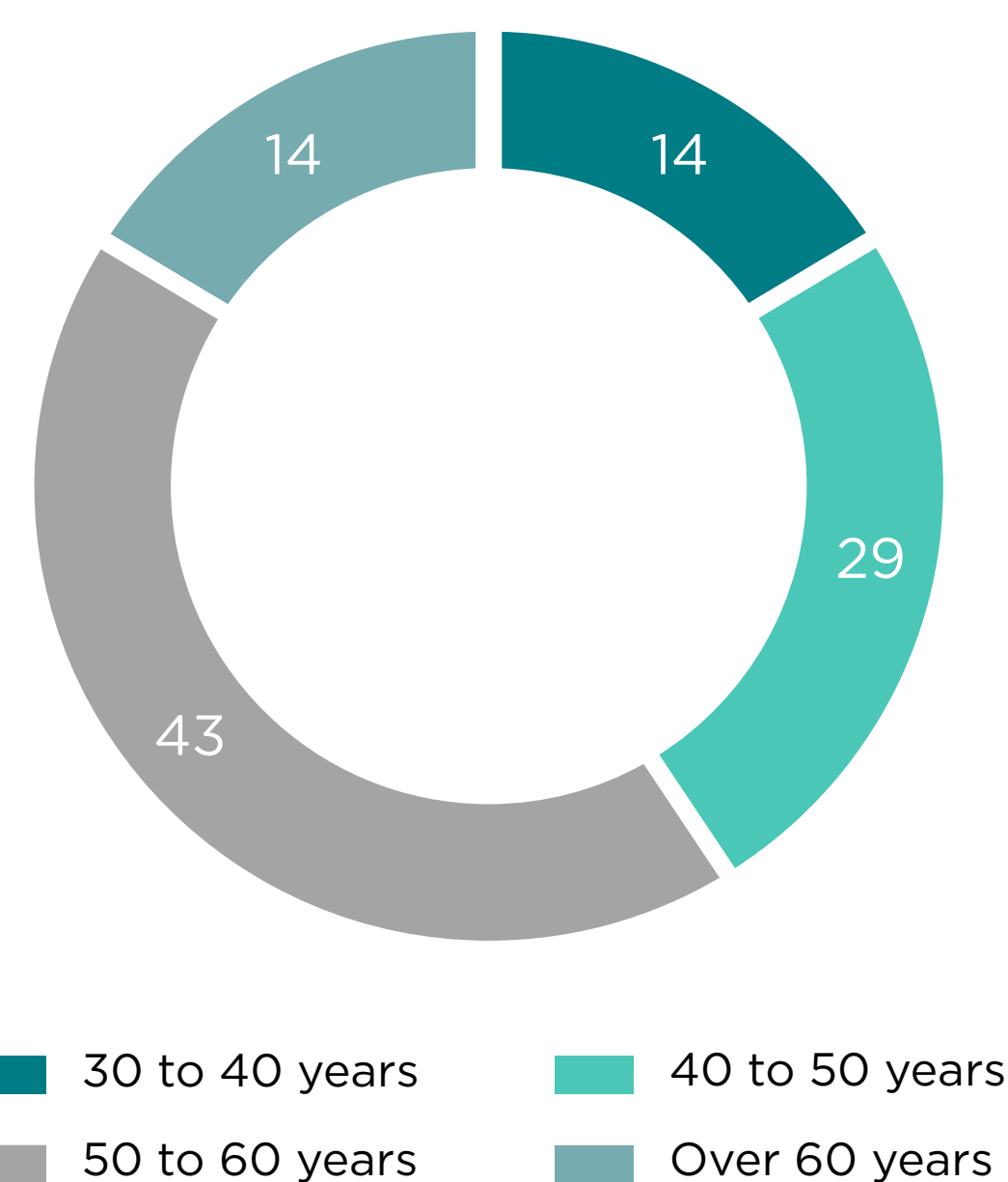
Number of meetings of the Board of Directors

The members of the Board of Directors are elected annually by the Sole Shareholder in accordance with the current legislation, the Regulation on the Board of Directors and the Corporate Governance Code. During the reporting period, seven members joined the Fund's Board of Directors, three of whom are independent directors³¹.



³⁰ For more information on the key issues considered by the Board of Directors in 2023, see the chapter "Corporate Governance", section "Board of Directors" of Annual report of the Damu Fund for 2023.
³¹ For more information on the composition of the Board of Directors of the Damu Fund, see the chapter "Corporate Governance", section "Board of Directors" of Annual report of the Damu Fund for 2023.

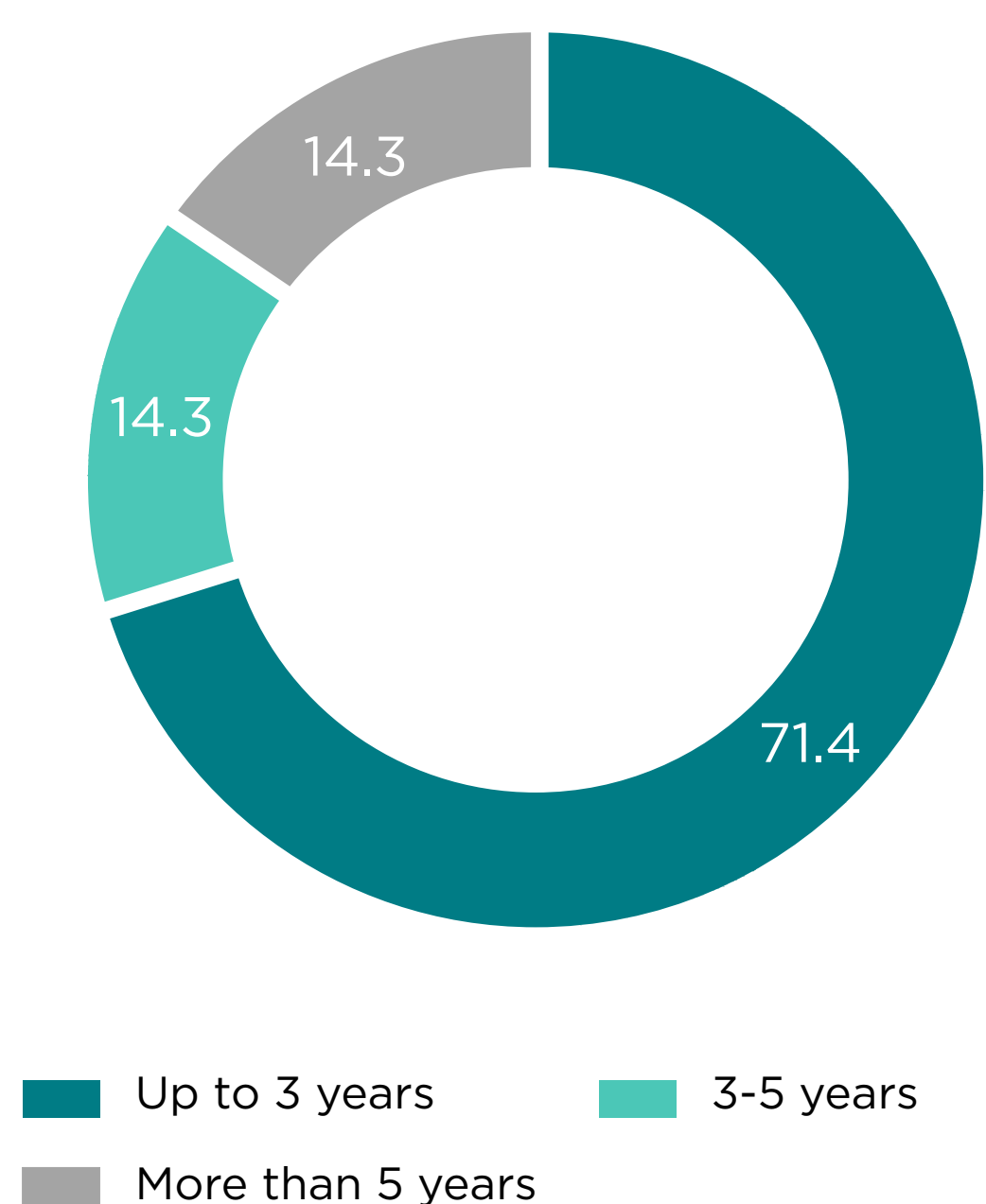
Age of members of the Board of Directors, %



The composition of the Board of Directors of the Damu Fund is balanced, including in terms of the combination of professional skills, competencies and accumulated experience, which ensures the effective performance of functional duties. In 2023, members of the Board of Directors received additional professional knowledge in the field of sustainable development:

- Chairman of the Board of Directors Erulan Zhamaubayev took part in an event on sustainable development and finance – the Second Economic Forum “European Union – Central Asia” in Almaty.
- Gaukhar Buribayeva received a certificate of completion of the training course “Sustainable Development in Unstable Conditions: Intensive Course for ESG Leaders” and confirmed her experience in the field of “green” finance.
- Elena Bakhmutova received a certificate in strategic risk management with an emphasis on sustainable development; took part in the conference of the Astana International Financial Center—Astana Finance Days 2023 and at a meeting of the National Chamber of Entrepreneurs “Atameken” to discuss issues of developing conditions for doing business and protecting the interests of MSMEs in Kazakhstan.

Length of service of members of the Board of Directors, %

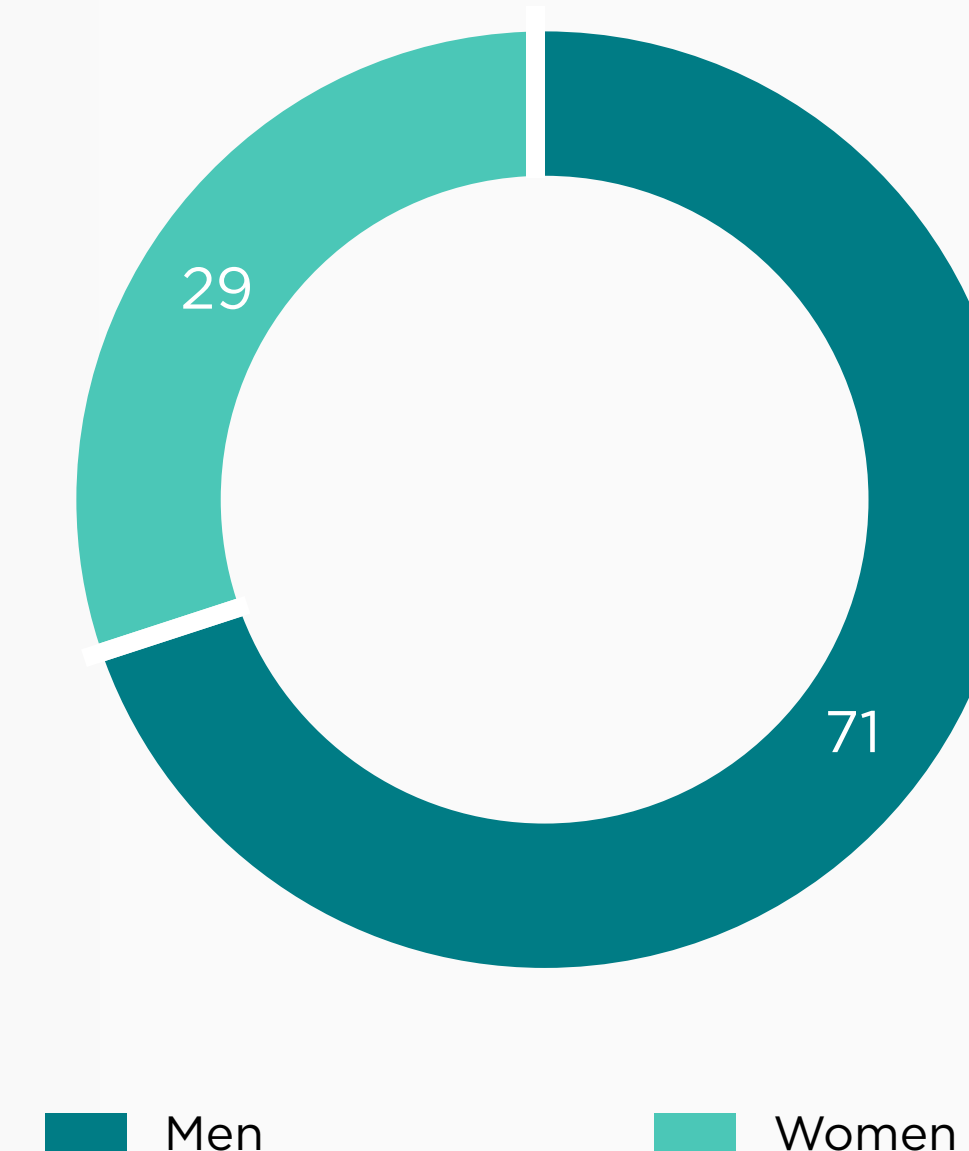


Representation of the Board of Directors

The Damu Fund Gender Policy consolidates the approach to diversity at all levels of management, recognizing gender equality as a fundamental principle of sustainable development and social justice. The policy ensures equal opportunities for men and women, and also provides for the inclusion of the gender factor as a criterion in the selection of members of the Board of Directors in order to increase the representation of women and ensure diverse perspectives in management.



Gender composition of the Board of Directors, %



The share of women of the Board of Directors was

29%

the share of men was

71%

in 2023

Remuneration of members of the Board of Directors

In accordance with the legislation of the Republic of Kazakhstan and the internal documents of the Damu Fund, members of the Board of Directors may be paid remuneration and (or) may be reimbursed for expenses during the period of performance of official duties³².

Members of the Board of Directors who are representatives of the Sole Shareholder, the Chairman of the Management Board (if he/she is a member of the Board of Directors of the Fund) do not receive remuneration for participation in the work of the Board of Directors of the Fund.

Independent members of the Board of Directors of the Damu Fund receive fixed payments, which consist of remuneration:



When determining the amount of remuneration for members of the Board of Directors, the job responsibilities and complexity of the issues under consideration, the scale of activities and long-term goals of the Fund, as well as modern trends in the salaries of senior management in the Republic of Kazakhstan are taken into account.



³² For more information on the remuneration of the Board of Directors of Damu, see the chapter "Corporate Governance", section "Remuneration System of the Board of Directors and the Management Board of the Fund" of Annual report of the Damu Fund for 2023.

Board of the Fund

The current activities are managed by the Management Board of the Damu Fund, which reports to the Board of Directors and the Sole Shareholder. In 2023, the Management Board of the Damu Fund consisted of 5 people³³.

38 years

is the average age of the members of the Board of the Damu Fund in 2023

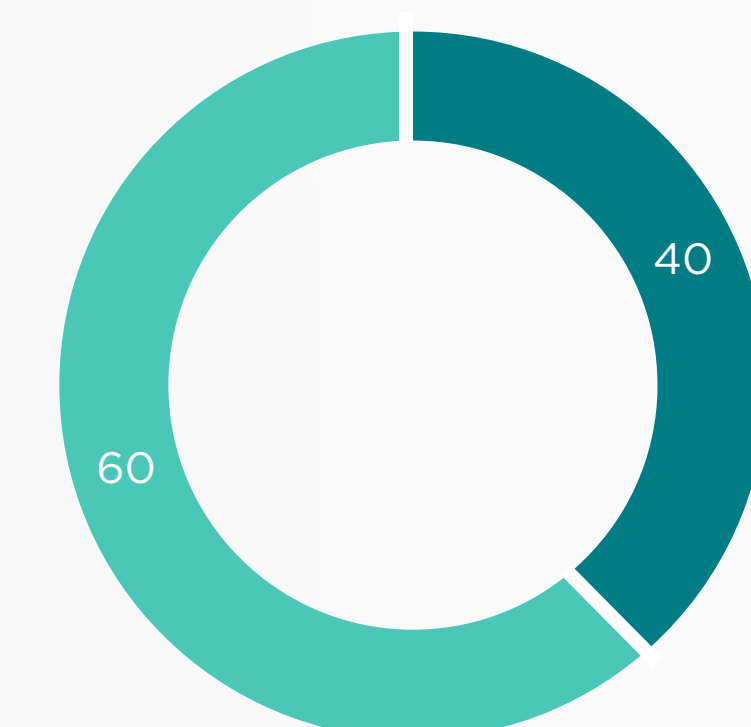
2.4 years

is the average length of service of the members of the Board of the Damu Fund in 2023

20%

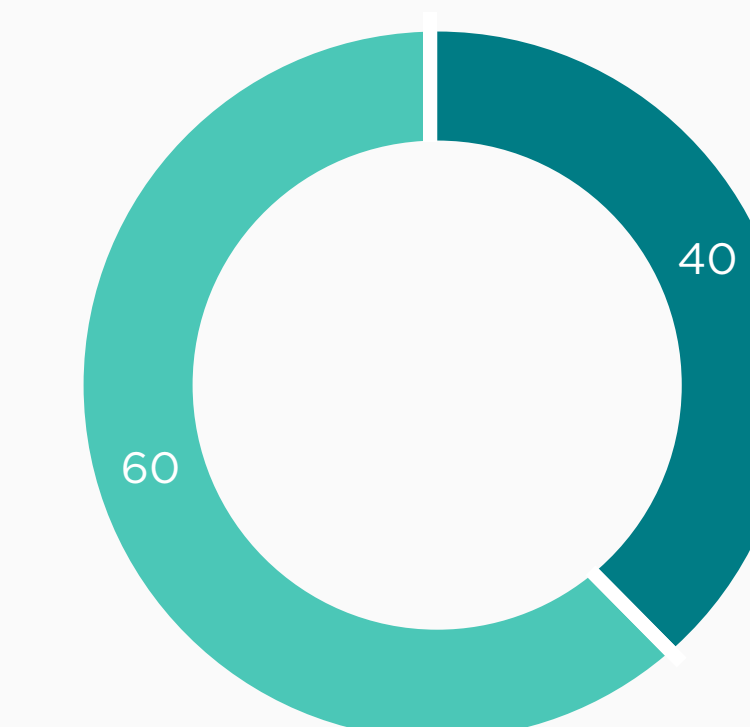
the share of women among the members of the Board of the Damu Fund in 2023

Age of Board members, %



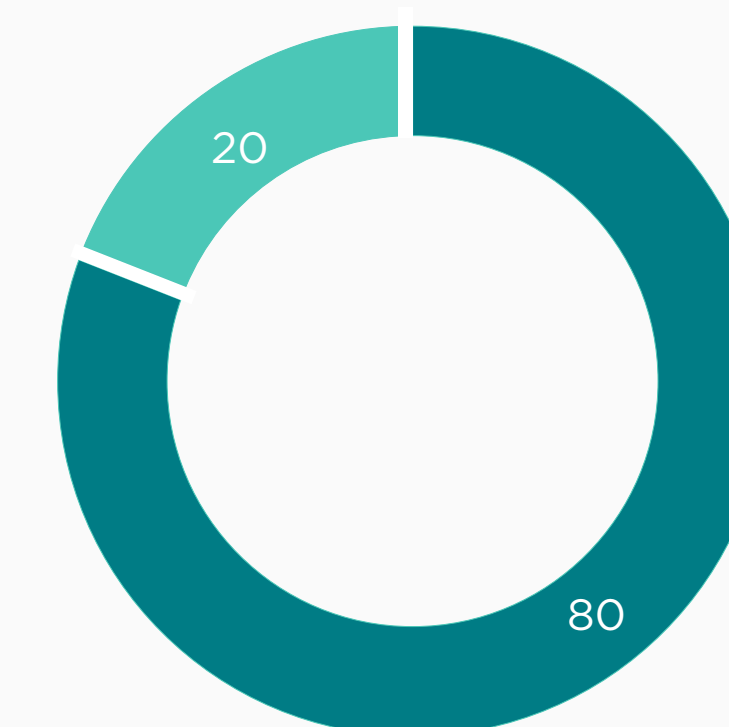
30 to 40 years 40 to 50 years

Length of service of Board members, %



Up to 3 years 3-5 years

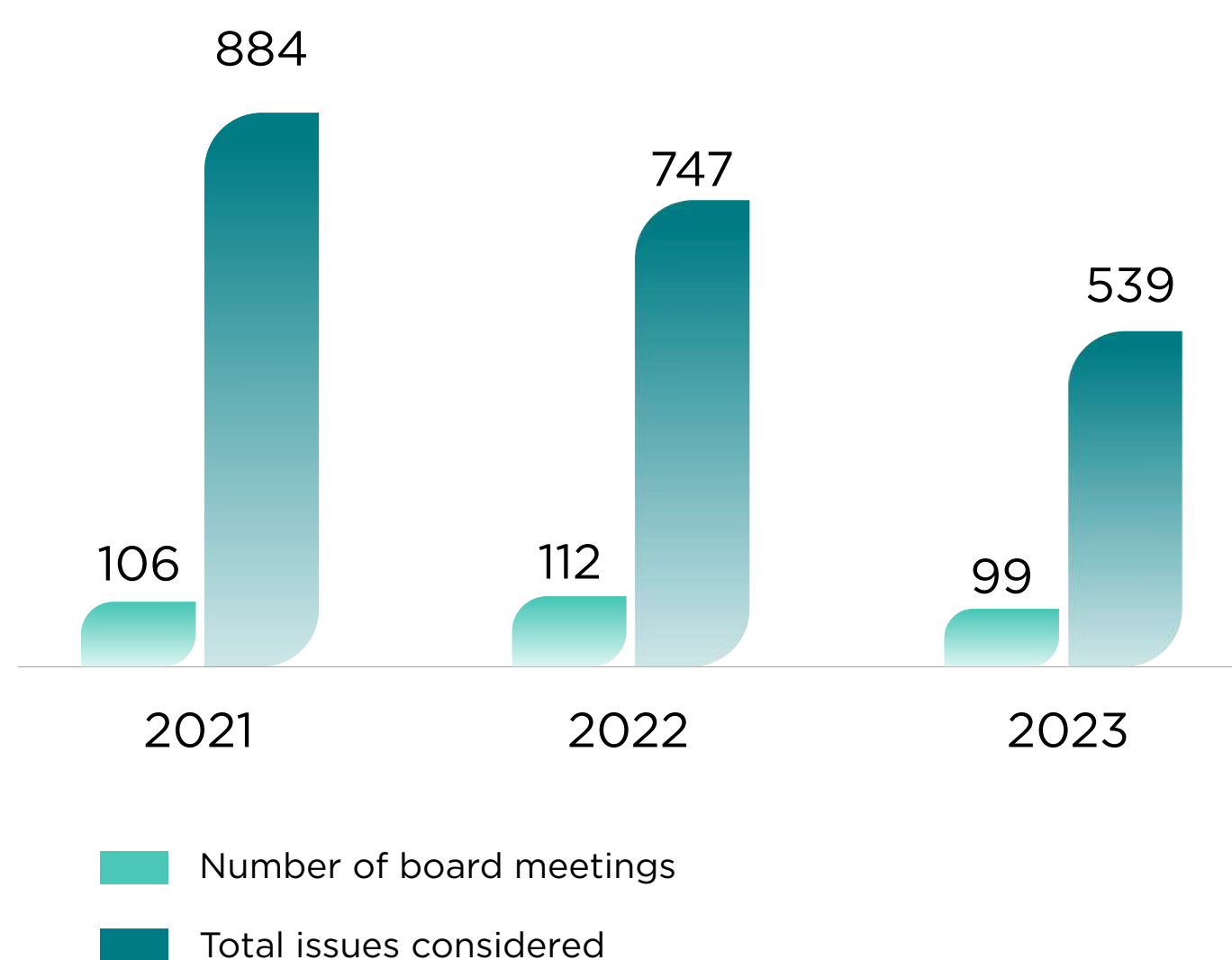
Gender composition of the Board, %



Men Women

³³ For more information on the composition of the Board of Directors of the Damu Fund, see the chapter "Corporate Governance", section "Board of Directors" of Annual report of the Damu Fund for 2023.

Number of Board meetings



During the reporting period, meetings of the Board were held, **99**

at which issues related **539**

to the operational management of the Fund were considered³⁴.

Every year, the Fund's Board approves key economic, social and environmental indicators, which are set out in the internal document "Target values of indicators for assessing the effectiveness of activities in the field of sustainable development". Then, key performance indicators are cascaded across the Fund's structural divisions according to their competencies and areas of responsibility.



Remuneration of the members of the Management Board

The Damu Fund strives to reduce the pay gap and ensure fair remuneration at all levels. On the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Fund, key performance indicators (hereinafter referred to as KPIs) are approved for members of the Management Board, which are directly related to the remuneration of structural units for achieving the established goals within the framework of the strategic direction "Sustainable Institutional Development":

In 2023, the monthly remuneration of the Chairman of the Management Board did not exceed 23% of the average salary of an employee of the Head Office of the Fund.

- 1 voluntary staff turnover;
- 2 Sustainable Development Rating of the Fund;
- 3 assessment of the trust and satisfaction of MSME entities with the activities of the Fund.

Plans for 2024 and the medium term

To ensure long-term growth in the following reporting periods, Damu Fund plans to focus its efforts on strengthening corporate governance and sustainable development practices. Key activities that planned for implementation in 2024 include decisions approved by the Board of Directors and the Management Board in the reporting period, including:

- 1 achievement of target values of performance indicators for sustainable development activities for 2024;
- 2 preparation and public posting on the website of the Report on compliance/violation of the principles of the Fund's Corporate Governance Code;
- 3 implementation of the ESG Initiatives Roadmap;
- 4 implementation of the Action Plan to improve the Fund's corporate governance system for 2022-2024;
- 5 implementation of the Sustainable Development Action Plan for 2024-2026;
- 6 implementation of the Fund's Development Plan for 2024-2028.

³⁴ For more information on the results of the activities of the Board of Directors of the Damu Fund, see the chapter "Corporate Governance", section "Remuneration System of the Board of Directors and the Board of Directors of the Fund" of Annual report of the Damu Fund for 2023.

Risk management

Management approach

The Damu Fund has an effective risk management system that allows it to respond quickly to changes occurring in the world, ensure the stability of the financial position, continuity of operations and the achievement of strategic goals.

Regulatory documents of the Fund in the field of risk management

- ◆ Risk management policy;
- ◆ Operational Risk Management Policy;
- ◆ Policy on risk hedging;
- ◆ Risk Map and Key Risk Indicators Dashboard (KRI) for 2023;
- ◆ Methodology for identifying business processes, their inherent risks and key risk indicators;
- ◆ Regulations of the consolidated risk management system;
- ◆ Risk register and action plan for critical risk management;
- ◆ Rules for maintaining a risk register.

The Fund's risk management system has implemented the "Three Lines of Defense" model, which involves defining a balanced approach to risk management.

First line of defense

- Identification, analysis and control of risks by structural divisions within the framework of their business processes:**
- ◆ business process owners develop, implement and control internal procedures in functional areas;
 - ◆ Heads of structural divisions monitor work efficiency and implement work control tools, as well as coordinate communications with the second line of defense.

Third line of defense

- Control and independent verification of the effectiveness of the internal control system is being carried out by the Internal Audit Service, namely:**
- ◆ carries out an independent assessment of performance, as well as the formation and submission of relevant reports to the Audit Committee and the Board of Directors;
 - ◆ ensures the development and formation of an annual audit plan in accordance with the approved internal document regulating the organization of internal audit in the Fund;
 - ◆ develops testing plans and carries out an assessment of the effectiveness of control procedures for identified business processes.

Second line of defense

- Risk management is carried out:**
- ◆ Risk Management Department;
 - ◆ Legal Department;
 - ◆ Department of Human Resources Development;
 - ◆ Department of Security;
 - ◆ Anti-corruption compliance service³⁵;
 - ◆ other structural divisions of the Fund that carry out control functions.

The listed divisions implement control functions, including:

- ◆ risk management, which monitors compliance, provides support to business process owners and manages risk assessment;
- ◆ legal support that identifies and advises on legal risks, ensuring communication across all lines of defense;
- ◆ information and cyber security professionals who manage information technology risks and physical security, provide risk management advice and coordinate information sharing.

35 For more details, see the chapter "Corporate Governance and Business Ethics", in the section "Business Ethics and Compliance" of this report.

In accordance with the consolidated risk management system regulations, the Board of Directors annually reviews and approves the risk appetite³⁶ in accordance with the Fund's Strategy, business conditions and stakeholder requirements.

Components of the Damu Fund's risk appetite

Component name	Metrics
Capital adequacy	<ul style="list-style-type: none"> the Fund's external debt rating, which reflects the risk profile and should not be lowered below the sovereign's; risk acceptance capacity³⁷, which reflects the ratio of available financial resources to the amount of the Fund's internal capital.
Profitability	<ul style="list-style-type: none"> loss absorption ratio, which reflects estimates of the impact of expected losses on the Fund's profit³⁸.
Liquidity	<ul style="list-style-type: none"> liquidity and net stable funding ratios used in accordance with the Basel III recommendations³⁹.
Amount of payments under guarantees / Portfolio of guarantees	<ul style="list-style-type: none"> indicator of the quality of the guarantee portfolio.

³⁶ Risk appetite is the amount and type of risk an organization is willing to take to achieve its goals.

³⁷ Risk capacity taking.

³⁸ Loss absorption capacity.

³⁹ A document of the Basel Committee on Banking Supervision containing methodological recommendations in the field of banking regulation.

Maintaining continuous operations and promptly restoring critical business processes are key functions of the Risk Management Department of the Damu Fund. To effectively respond to risks, the Business Continuity Management Rules have been developed. Regular testing and updating of the Business Recovery Plans with the involvement of external partners are the most important condition for achieving these goals. Also, to ensure the continuity of business processes, the Fund annually implements fixed asset insurance activities and provides medical insurance for all employees.

Control system

The risk management system of the Damu Fund is built taking into account the international risk management standard COSO ERM⁴⁰, every three years it undergoes an independent compliance assessment and covers all levels of management of the Fund. The Board of the Fund is responsible for ensuring an effective risk management system with a clear distribution of responsibilities, as well as for the formation and development of a culture of "risk awareness," in accordance with the approved Risk Management Policy of the Fund.

The heads and employees of all structural divisions and regional branches of the Fund are responsible for detecting and reporting to the relevant risk coordinator within one to three working days from the date of detection of information about operational risk events or potential operational risk events. Each year, the Fund's senior management identifies three outstanding risk coordinators who have identified or prevented significant risks⁴¹.

⁴⁰ Damu's risk management system undergoes an independent assessment of compliance with the COSO ERM standard every three years.

⁴¹ For more information on the Fund's risk management system, see the chapter "Risk Management and Internal Control", section "Risk Management System" of Annual report of the Damu Fund for 2023.



Risk Management Framework

Division of the Fund

Tasks and functions

1 Board of Directors

- ◆ Supporting a risk-oriented approach to management decision-making.
- ◆ Overseeing the corporate risk management system and coordinating the activities of the reporting committees.

2 Management

- ◆ Organizing and maintaining an effective risk management system, including a culture of “risk awareness”.
- ◆ Manage risks to ensure compliance with and adherence to corporate policies.

3 Risk Management Department

- ◆ Timely identification and assessment of market risks, credit risks, counterparty risks and liquidity risks.
- ◆ Timely identification and assessment of operational risks.
- ◆ Formulation of proposals for establishing and changing limits on counterparties.
- ◆ Preparation of proposals for the formation of provisions/reserves for the assets and contingent liabilities of the Fund.
- ◆ Ensuring conditions for the implementation in the Fund of a comprehensive risk management system to which the Fund’s activities are exposed.

Division of the Fund

Tasks and functions

4 Heads of structural divisions

- ◆ Coordination of the process of identifying events that may cause risks on an organization-wide scale, in accordance with the internal regulatory documents approved by the Fund.
- ◆ Assessing the consequences of the implementation of management decisions and defining risk management tasks in situations that are sources of serious changes in the Fund.
- ◆ Construction of the Fund’s risk map, formation of the Matrix of business processes, risks and control, the Risk Register and the risk management action plan, the Panel of key risk indicators.
- ◆ Implementation of the principles of a systematic approach to risk assessment and management.
- ◆ Monitoring a set of measures to improve the efficiency of the Fund’s risk management system.
- ◆ Integrating risk management activities into daily work.
- ◆ Risk analysis when making management decisions (in accordance with the Risk Management Policy).

The effectiveness of the risk management system is assessed by the Internal Audit Service, including:

- ◆ conducting an audit of risk management procedures and assessment methods with the provision of recommendations for improvement;
- ◆ accountability for the effectiveness of the risk management system to the Board of Directors;
- ◆ control over the implementation by the Management Board of decisions of the Board of Directors.

Key results for 2023

In 2023, an analysis of the corporate risk management system was carried out in accordance with the internal Methodology for assessing the effectiveness of the risk management system of the Damu Fund⁴², the final score was

93/100

Based on the results of the assessment, recommendations were sent regarding the approval of the Work Plan of the Risk Management Department and the introduction of structural divisions for risk management into the Regulation.

In the reporting period, a model for calculating forecast data on the probability of default based on the best international practice established by IFRS was introduced. Modern assessment and forecasting tools were also introduced, including the Monte Carlo method, regression analysis and stress testing.

Risk Management Training

The Damu Fund conducts risk management training for employees to improve their skills and work efficiency and reduce risks of detail. In 2023, the following employees underwent risk management training:

- ◆ all Head Office employees took part in the intensive course “Sustainable Development in Unstable Conditions for ESG Leaders”;
- ◆ 40 employees of structural divisions and regional branches completed the training “Risk Management and Internal Control”;
- ◆ Five employees of the Risk Management Department have completed training in risk management, systems analysis and modeling programs, and one employee has completed training in the Financial Risk Manager program and received an international Financial Risk Manager certificate;
- ◆ Deputy Chairman of the Board completed the training “Risk Management”.

Key ESG risks of the Damu Fund

In implementing its activities, the Damu Fund takes into account environmental, social and governance aspects in the risk management system. The Fund conducts a comprehensive analysis to identify and categorize significant risks, including those related to sustainable development. ESG risks⁴³ are integrated into the overall risk map and include environmental, climate, social (labour practices and human rights) risks, as well as corporate and ethical risks.

⁴² The Internal Assessment Methodology was developed taking into account the international risk management standard COSO and the recommendations of the Sole Shareholder—JSC National Management Holding Baiterek.

⁴³ ESG risks are integrated into the Damu Fund Risk Map in 2024.



Risk

Tightening regulatory requirements in the field of climate change

Support for projects with a high degree of dependence on climate conditions

Risk mitigation measures

Climate risks

- 1 Formation of a database of ESG projects, broken down by sectors, volume of support provided, environmental and social effects. Publication of the report on the Fund's website, provision of the report to the Holding (upon request) for the purpose of posting a single database on the Holding's corporate website.
- 2 Taking into account procurement requirements, work out the issue of purchasing office IT equipment certified according to international standards and/or purchasing electricity obtained from renewable energy sources, and/or installing such equipment and/or other, as well as disclosing this information in non-financial reporting and/or on the Fund's corporate website in three languages (Kazakh, Russian, English).
- 1 Accreditation in the Green Climate Fund.
- 2 Consideration of the application of environmental and social guidelines and recommendations applicable to Fund partners and/or MSMEs and/or establishing reciprocal commitments to Fund partners to disclose information on carbon emissions (Scope 1 and 2)⁴⁴ and publication of information on the Fund's corporate website in three languages (Kazakh, Russian, English).
- 3 Disclosure of information on the impact of climate change on the Fund's activities in the annual report and/or the Fund's sustainable development report.
- 4 Conducting an analysis of the guarantee portfolio, calculating the risk appetite separately for projects in the context of industries with a high degree of risk, determining the limitation of the share of projects within certain industries.

⁴⁴ Scope 1, 2 are direct and indirect greenhouse gas emissions associated with the company's activities.

Risk

Risks of the staff, associated with ineffective distribution of responsibilities and duties (staff turnover, excessive workload, key employee risk)

Risk mitigation measures

Risks in the field of personnel management and labor protection

- 1 The Fund has a remuneration system consisting of a fixed part of remuneration (official salary) and a variable part of remuneration (bonus). The amount of official salary is determined based on the grade structure and is set in accordance with the salary scheme and staffing table approved by the Fund's Board. A remuneration range is set for each grade, determining the minimum, average and maximum remuneration for each grade. The salary scheme reflects the value from the minimum to the maximum value of the remuneration level in the grade. The salary scheme is formed taking into account the principle of internal fairness (payment for positions similar in value for the organization in a given range) and external competitiveness (sufficient level of basic remuneration to attract and retain Fund employees). The amount of an employee's salary is set in accordance with the staffing table and the salary scheme for the grade corresponding to the position occupied by the employee.
- 2 The HR Policy Committee exercises control over the quality of preparation of HR documents, including KPIs; the list of corporate KPIs includes the indicator on personnel satisfaction/engagement. The purpose of the Committee's activities is to ensure the implementation of HR policy, development and implementation of professional standards establishing requirements for the content and conditions of work, qualifications and competencies of employees, development of a comprehensive system of HR planning taking into account the needs of business areas, their rational placement and effective use, improving the professionalism of employees at all management levels based on the development of a corporate system of continuous education, ensuring social protection and improving working conditions for employees, planning work in accordance with the Fund's Development Strategy, organizing control over the implementation of planned activities by the Fund's structural divisions.

Risk

Risk mitigation measures

Risks in the field of personnel management and labor protection

- 3 Implementation of a performance management system based on KPI, where performance indicators are set for each employee, goals are set for the reporting period, and through this system it is possible to regulate the workload of employees and track the performance of each employee.
- 4 The procedure for training personnel and evaluating the effectiveness of the training program has been formalized, work is being carried out with verified suppliers, and in the event of complaints from students, feedback is provided to the supplier.
- 5 Automation of personnel records management.
- 6 The procedure for adapting employees, familiarization upon hiring with the main documents regulating their activities.
- 7 Organization of events aimed at team building.
- 8 Familiarization with the Fund's Code of Business Ethics.
- 9 Regular analysis of changes in the level of salaries of the Fund's employees based on a review of salaries on the market, taking into account the economic situation, the level of inflation, etc.
- 10 Development of the Human Rights Policy by the Fund.
- 11 Survey of staff satisfaction (engagement), identification of areas for improvement based on survey results.
- 12 It is planned to update the Policy on Occupational Health and Safety in accordance with international standards.

Risk

Risk mitigation measures

Risks in the field of personnel management and labor protection

- 1 Working out the issue (if possible) of undergoing international certification (ISO 45001 or a similar standard for health and safety management systems) and disclosing information in non-financial reporting and on the Fund's corporate website.
- 2 Development by the Fund of a Human Rights Policy or the introduction of principles similar to the Holding's Human Rights Policy into the Fund's current documents.
- 3 Disclosure on the corporate website of the Fund in three languages (Kazakh, Russian, English) and in the non-financial reporting of the Fund of information on the topic of interaction with personnel, including competitive working conditions, reliable and safe conditions for all employees, gender equality, etc., as well as information on the provision of sponsorship and charitable assistance by the Fund.

Corporate risks

- 1 Working out the issue of creating a committee on Sustainable Development/ESG.
- 2 Conducting an analysis of the fund's portfolio in accordance with the principles of "greening" the portfolio.
- 3 Development and approval of the climate strategy and climate policy of the Fund.
- 4 Developing/making changes to our own programs and working on the issue of making changes to state programs, regulatory documents governing the activities of the front block (regulations, etc.), in terms of strengthening support for ESG projects (including "green" ones) and strengthening ESG principles.

4 Declining living standards and increasing social tension in the regions

5 Insufficiently effective implementation of the Fund's portfolio "greening"

Risk

Risk mitigation measures

Corporate risks

- 5 Working out the issue of developing mechanisms for “green” financing and the possibility of co-financing with international institutions (ADB, EBRD, etc.), attracting funding at low rates from international financial institutions to finance ESG projects (including “green” ones).
- 6 Conducting training sessions and seminars for the Fund’s employees for the purpose of professional development: on the ESG concept, “green” financing, on issues of bonds issued and planned for issue by the Fund in the field of sustainable development (possibly with the invitation of AIFC/KASE specialists).
- 7 Formation of a database of ESG projects, broken down by sectors, volume of support provided, environmental and social effects.

Insufficiently effective implementation of ESG issues in the Fund's activities: obtaining a low ESG rating / scoring

Implementation by the Fund’s structural divisions of the activities and goals provided for in the Fund’s ESG Initiatives Roadmap, the Sustainable Development Action Plan for 2024-2026, the Target Values of Performance Indicators for Sustainable Development for 2024, and other Fund IRRs related to sustainable development issues. Disclosure on an ongoing basis by all structural divisions of the Fund of information on the activities carried out as envisaged by the Fund’s ESG Initiatives Roadmap and the Sustainable Development Action Plan for 2024-2026, Target values of performance indicators for sustainable development for 2024 and other IRRs of the Fund related to sustainable development issues, on the corporate website of the Fund. Providing high-quality information when filling out questionnaires/surveys, when undergoing assessment/rating, in accordance with the requirements (expectations) of the assessing company.

Plans for 2024 and the medium term

Damu Fund's risk management plans:

- ✦ Participation in training on ESG risks and approval of an ESG risk map, including climate risks, as well as areas of work with climate risks.
- ✦ Analysis of the current financial portfolio of the Damu Fund from the point of view of ESG risks.
- ✦ Development and approval of a methodology for assessing ESG risks of counterparties and borrowers.



Business Ethics and Compliance

[3-3] [2-15] [2-16] [2-25] [2-27]

Management approach

Compliance with current legislation and adherence to high business standards are key elements of the corporate culture of the Damu Fund. Commitment to the principles of business ethics and the prevention of corruption in any form strengthens the Fund’s reputation and the trust of its clients, employees and other stakeholders⁴⁵.

The fundamental document is the Code of Business Ethics (hereinafter— Code)⁴⁶, which applies to all employees and serves as an internal guide for informed decisions in accordance with the principles of fairness, trust and respect.

The Fund’s documents that establish internal principles in the area of ethics, compliance and anti-corruption include:

- ◆ Anti-Corporate Fraud and Corruption Policy;
- ◆ Policy for the settlement of corporate conflicts and conflicts of interest;
- ◆ Corporate information policy.

To monitor compliance with the Code, the Fund has implemented a comprehensive management system. The Board of Directors approves the Code of Business Ethics, participates in the settlement of corporate conflicts with the assistance of the Corporate Secretary and the Ombudsman on issues within their competence. The Fund’s Board is responsible for creating an atmosphere of openness and responsibility, in which employees not only refrain from committing illegal actions, but also actively respond against the conduct of questionable transactions and deals.



Within the framework of the Rules of Business Conduct established by the Fund’s Code, the Anti-Corruption Compliance Service (further—ACS) and the Security Department, responsible for ensuring internal security in the Fund, is entrusted with control and responsibility for compliance with the provisions governing issues of corruption and other illegal actions, as well as conflicts of interest. In the event of a conflict of interest or corruption violations, the ACS is authorized to consider appeals from officials, employees, business partners and interested parties of the Damu Fund.

Officials and employees of the Fund are personally responsible for compliance with internal standards of business ethics. The heads of structural divisions of the Fund are responsible for monitoring compliance with established ethical standards among employees. In the event of a violation of the Code’s requirements by employees, materials for decision-making are sent to the Fund’s Human Resources Policy Committee for consideration.

100%

of Damu Fund employees were trained on the provisions of the Code of Business Ethics in 2023

0 cases

of violation of the provisions of the Code of Business Ethics by employees of the Damu Fund in 2023

45 For more details see on website of Damu Foundation.

46 With amendments and additions as of July 3, 2023.

Institute of Ombudsman

Within the framework of initiatives, measures and actions taken by the Sole Shareholder, the Board of Directors and the Management Board, the Institute of Ombudsman⁴⁷ operates in the Damu Fund., whose activities are aimed at:

- ◆ strengthening the internal control system;
- ◆ taking measures to prevent and resolve corporate conflicts and conflicts of interest;
- ◆ compliance by employees with the principles of business ethics;
- ◆ optimal regulation of social and labor disputes arising in the Fund;
- ◆ improving the image of the Fund.

The activities of the Ombudsman are regulated by the legislation of the Republic of Kazakhstan, and the Regulations on the Ombudsman of JSC "Entrepreneurship Development Fund "Damu", approved by the decision of the Board. The Ombudsman implements measures to assist the bodies and officials of the Damu Fund:

- ◆ in the area of compliance with the Code of Business Ethics and, if necessary, clarification of its provisions;
- ◆ when working with requests regarding illegal/incorrect actions that violate the legislation of the Republic of Kazakhstan and/or the internal documents of the Fund;
- ◆ in preventing or resolving corporate conflicts and conflicts of interest.



The Ombudsman shall, at least once a year, submit a report on the results of the work performed to the Nomination, Remuneration and Social Issues Committee under the Board of Directors of the Fund. The Board of Directors shall evaluate the results of the Ombudsman's activities and make a decision on the extension or termination of the powers of the person holding the position of Ombudsman.

In order to eliminate a conflict of interest, the Board of Directors of the Fund considered and elected an employee of the Sole Shareholder of JSC NMH Baiterek as the Ombudsman.

The Fund implements the principle of due diligence⁴⁸, which involves checking the reliability of partners and the absence of conflicts of interest. An analysis of information about reputation is carried out each time a decision is made to start or continue business relations. Purchase agreements and property sale agreements, as well as a number of other documents concluded by the Damu Fund, contain an anti-corruption clause.

47 For more details see from website in the section "Fund Ombudsman".

48 Due diligence is the steps a company takes to check a partner, supplier or customer before entering into a contract with them.

Preventing conflicts of interest

Officials and employees undertake to act in the interests of the Damu Fund and its Sole Shareholder, adhering to legal and ethical standards. The Fund promptly resolves conflicts, ensuring early identification and attention to potential conflicts, as well as prompt resolution and communication with the Sole Shareholder.

In order to prevent conflicts of interest, officials and employees of the Damu Fund are obliged to:

- ◆ avoid any actions and relationships that could potentially create a conflict of interest or the appearance of such a conflict;
- ◆ refrain from providing benefits to legal entities and individuals that are managed by family members or related to them;
- ◆ immediately report any commercial or other interest (direct or indirect) in transactions, agreements, projects related to the Fund, or in connection with other issues in the manner prescribed by internal regulatory documents;
- ◆ provide timely notification about the performance of work and/or holding of a position(s) in other organizations, about a change in permanent (main) place of work (service, entrepreneurial activity, etc.);
- ◆ before giving their consent to work or to hold a position in a third-party organization, employees of the Fund whose appointment or approval of appointment does not fall within the competence of the Board of Directors are required to notify the Chairman of the Board of Directors of this in writing and obtain his permission;
- ◆ before giving their consent to take up a position in a third-party organization, members of the Management Board and other employees of the Fund, whose appointment or approval of appointment is carried out by the Board of Directors, are required to obtain the appropriate consent of the Board of Directors;
- ◆ not to participate in discussions and voting on issues in the resolution of which there is a personal interest;
- ◆ not to use the Fund's resources, intellectual property, equipment and communications (including corporate mail and computer programs) for personal purposes;
- ◆ If the employee is not sure about the right decision, consult with the immediate management.

0 requests

from employees were received by the Anti-Corruption Compliance Service regarding conflicts of interest in 2023

Compliance risk management

Compliance control is an integral part of the Fund's activities and is carried out on an ongoing basis. Identification, measurement, monitoring and control of compliance risks covers all internal business processes.

To effectively manage and reduce industry risks, the Fund has a Compliance Risk Management Policy, according to which the compliance risk management system is based on three lines of defense.

All employees of the Fund, regardless of their position, strictly comply with compliance requirements. The Board of Directors is responsible for organizing and assessing the effectiveness of the Fund's compliance system management, and takes measures to improve it. The Fund's Management Board maintains ongoing and effective compliance control in the Fund.



The Anti-Corruption Compliance Service is directly subordinate to the Fund's Board of Directors. The ACS prepares and submits quarterly reports to the Management Board and the Board of Directors, which include information on:

on the analysis of the anti-corruption system and assessment of exposure to compliance risks;

on identified compliance risks and recommendations for eliminating deficiencies;

on the results of investigations into violations of legislation or internal policies;

on measures to eliminate the problems and significant limitations identified by the Internal Audit Service that affect the effectiveness of the performance of the duties of the compliance controller.

Three lines of defense of the Damu Fund

Employees of structural divisions are responsible for:

- ♦ for timely communication to the ACS of information about violations (deficiencies, events, transactions) that may lead to the emergence of compliance risks for the Fund.

The heads of structural and separate divisions of the Fund are responsible for:

- ♦ for organizing and implementing compliance risk management in a structural unit, including eliminating identified violations and deficiencies;
- ♦ timely and high-quality consideration and preparation of responses to requests from individuals and legal entities, authorized bodies related to violations of regulatory legal acts of the Republic of Kazakhstan and internal documents of the Fund.

Identifies, measures, monitors and controls compliance risk, which includes, but is not limited to, the following:

- ♦ conducting inspections (investigations) independently or jointly with structural divisions and (or) officials of the Fund on facts of violation by employees of the legislation of the Republic of Kazakhstan and internal policies;
- ♦ development of internal documents on compliance risk management issues, including corruption risks;
- ♦ development and analysis of quantitative and qualitative indicators characterizing the degree of the Fund's exposure to compliance risks;
- ♦ providing consultations on compliance risk management issues;
- ♦ collection of data on compliance risk events; monitoring the Fund and its employees' compliance with compliance risk management procedures.

- ♦ Independent assessment of the effectiveness of the compliance risk management system.

⁴⁹ Individual functions of the second line of defense in accordance with the internal documents of the Fund may be delegated to other structural divisions of the Fund, provided there is no conflict of interest. For more information on the work of the Anti-Corruption Compliance Service, see the chapter "Corporate Governance and Business Ethics", section "Anti-Corruption" of this report.

Anti-corruption

[3-3] [205-1] [205-2] [205-3] [206-1]

Zero tolerance for corruption, fraud and dishonest actions by managers, employees and third parties is a fundamental principle of the Fund's activities. The key document in this area is the Policy on Combating Corporate Fraud and Corruption⁵⁰, the provisions of which apply to all employees of the Fund. Managers at all levels of the Fund's management are responsible for monitoring business conduct standards among employees and building trusting relationships with stakeholders.

0 corruption

0 fines

cases and corruption related court cases

paid by the Damu Fund in connection with corruption violations in 2023

The Fund has a multi-level system to combat corporate fraud and corruption. The Board of Directors approves internal documents defining priority areas of the Fund's activities and development strategies, creates anti-corruption compliance service, which provides compliance by the Fund and its employees with the legislation of the Republic of Kazakhstan on combating corruption. Board of the Fund approves the Policy on Combating Corporate Fraud and Corruption. The Internal Audit Service evaluates the effectiveness of business processes and information systems, including procedures for combating corruption, fraud and dishonest actions of employees and any third parties.



Anti-corruption management system of the Damu Fund

Board of Directors

- ◆ approval of the Code of Business Ethics;
- ◆ approval, coordination and supervision of the activities of the ACS;
- ◆ establishing the term of office of the ACS;
- ◆ review and approval of quarterly reports on the activities of the ACS;
- ◆ approval of the annual Anti-Corruption Compliance Program;
- ◆ assessment of the activities of the ACS, determination of key performance indicators of ACS employees;
- ◆ review of internal documents regulating the procedure for the activities of the ACS, plans for ACS inspections.

Board of Directors

- ◆ approval of the Anti-Corruption Policy;
- ◆ coordination of organizational and technical support for the activities of the ACS⁵¹;
- ◆ providing ACS employees with opportunities for training and certification, advanced training, social and communication skills and competencies;
- ◆ creation of an effective environment for the implementation of ACS activities;
- ◆ review of quarterly reports on the activities of the ACS.

Anti-corruption compliance service

- ◆ collects, processes, summarizes, analyzes and evaluates information on anti-corruption policy in the Fund;
- ◆ coordinates the internal analysis of corruption risks of the Fund in accordance with the legislation of the Republic of Kazakhstan;
- ◆ participates in the external analysis of corruption risks of the Fund by decision of the highest authorized bodies;
- ◆ monitors identified corruption risks and measures taken to mitigate and eliminate them;
- ◆ conducts explanatory activities on issues of combating corruption and the formation of an anti-corruption culture in the Fund;
- ◆ organizes anti-corruption training seminars for the Fund's employees;

⁵¹ Capabilities, assets and resources, including information systems and applications (access to the necessary databases) and other goods, works, services for the implementation of the relevant control and compliance checks. In accordance with the established procedure, the head of the ACS is provided with training and certification opportunities in accordance with the area of responsibility, advanced training on the Fund's activities, social and communication skills and competencies, as well as reimbursement of business travel expenses.

Anti-corruption compliance service

- ◆ ensures control over the compliance of the Fund’s employees with the anti-corruption policy;
- ◆ ensures compliance by persons authorized to perform state functions with financial control measures and anti-corruption restrictions established by the laws of the Republic of Kazakhstan, within the competence of the ACS;
- ◆ develops and monitors the implementation by the Fund’s structural divisions of the internal plan of measures on anti-corruption issues;
- ◆ takes measures to identify, monitor and resolve conflicts of interest, including in matters of employment, procurement and business processes of the Fund;
- ◆ takes measures to regulate issues of gift giving and receiving gifts in the Fund;
- ◆ conducts official investigations based on requests (complaints) regarding facts of corruption in the Fund;
- ◆ monitors and analyzes changes in anti-corruption legislation and judicial practice in cases related to corruption in the Fund;
- ◆ evaluates the effectiveness of the implementation of anti-corruption measures by structural divisions and employees of the Fund;
- ◆ reviews information from the Fund’s divisions and employees on issues related to combating corruption;
- ◆ makes recommendations for eliminating identified corruption risks and improving the efficiency of internal processes for consideration by the Board of Directors of the Fund;
- ◆ carries out compliance functions if they do not affect independence and do not create a conflict of interest;
- ◆ interacts with the authorized body for combating corruption and government agencies, entities of the quasi-public sector, public associations, as well as other individuals and legal entities.

Department of Security

- ◆ interaction with structural divisions and stakeholders of the Fund on security issues, including the prevention, detection and warning of corruption;
- ◆ implementation of preventive measures to prevent corruption;
- ◆ identification and prevention of corrupt actions among employees.

The Damu Fund regularly monitors corruption risks, which are assessed taking into account their probability and impact on the Fund’s activities and are divided into categories: low, medium, high. In the event of identifying a high or medium level of risk, plans are developed to eliminate, reduce and control. Low-level risks are managed by the heads of the Fund’s structural divisions.

Risk management in terms of combating corruption

Stage	Description
Monitoring	<p>Identification, analysis and assessment of risks in the Fund’s activities that may lead to fraudulent actions or corruption on the part of employees, including:</p> <ul style="list-style-type: none"> ◆ analysis of internal areas of activity that carry risks of fraud and corruption, including an examination of the Fund’s documents; ◆ monitoring compliance by the Fund’s employees with the provisions of this Policy, anti-corruption standards and restrictions; ◆ analysis of requests from employees and contractors of the Fund, third parties to identify instances of fraud and corruption in the activities of the Fund; ◆ media analysis, etc. <p>Monitoring the risk of fraud and corruption should serve as a source for taking appropriate measures.</p>
Detection (identification)	<p>Determining the Fund’s exposure to risks that may cause fraudulent and corrupt practices. Identified events and risks of fraud and corruption are systematized in the form of a compliance risk register and supplemented with relevant activities (measures) aimed at preventing/reducing them.</p>
Analysis and evaluation	<p>The Fund identifies, assesses (self-assesses) and periodically reassesses the risks of fraud and corruption inherent in its potentially vulnerable business processes. When identifying and assessing risks, the Fund takes into account the full range of internal information on activities and plans, including investment and strategic ones, available at the time of the assessment and reassessment.</p>
Developing measures to eliminate risks	<p>Identifying the measures for each fraud and corruption risk that are necessary to reduce the likelihood of the risk occurring and its consequences.</p>

Anti-corruption compliance service

The Fund has an Anti-Corruption Compliance Service, which was established in 2022 by a decision of the Board of Directors. In accordance with the Regulation on the Anti-Corruption Compliance Service, the main task of the structural units is to ensure that the Fund and its employees comply with the legislation of the Republic of Kazakhstan on combating corruption. The ACS carries out compliance functions if such functions do not affect independence and do not create a conflict of interest.

In 2023, the ACS conducted an internal analysis of corruption and compliance risks of the structural divisions of the Damu Fund in terms of the program to support small and medium-sized businesses operating in the manufacturing industry, implemented using funds from the National Fund of the Republic of Kazakhstan⁵². Based on the internal analysis conducted, the Fund's relevant departments were given recommendations for elimination and improvement.

Anti-corruption compliance program of the Damu Fund in 2023

Every year, the Fund approves an Anti-Corruption Compliance Program, which includes activities aimed at identifying, monitoring and preventing anti-corruption and compliance risks, as well as raising the level of anti-corruption culture among employees.

In 2023, the Fund completed all established activities, the key ones of which include:

- ◆ quarterly monitoring of corruption risks and inspection of the Fund's regional offices;
- ◆ quarterly training on anti-corruption policies and testing of employees;
- ◆ regular inspections of the Fund's officials for compliance with anti-corruption standards and of counterparties for affiliation;
- ◆ sending a report on the work done to the Anti-Corruption Agency of the Republic of Kazakhstan;
- ◆ conducting due diligence checks upon employment, as well as training in the Anti-Corruption Policy and signing commitments to comply with the Fund's requirements;
- ◆ disclosure of information about fraud and corruption with the possibility of maintaining confidentiality⁵³.

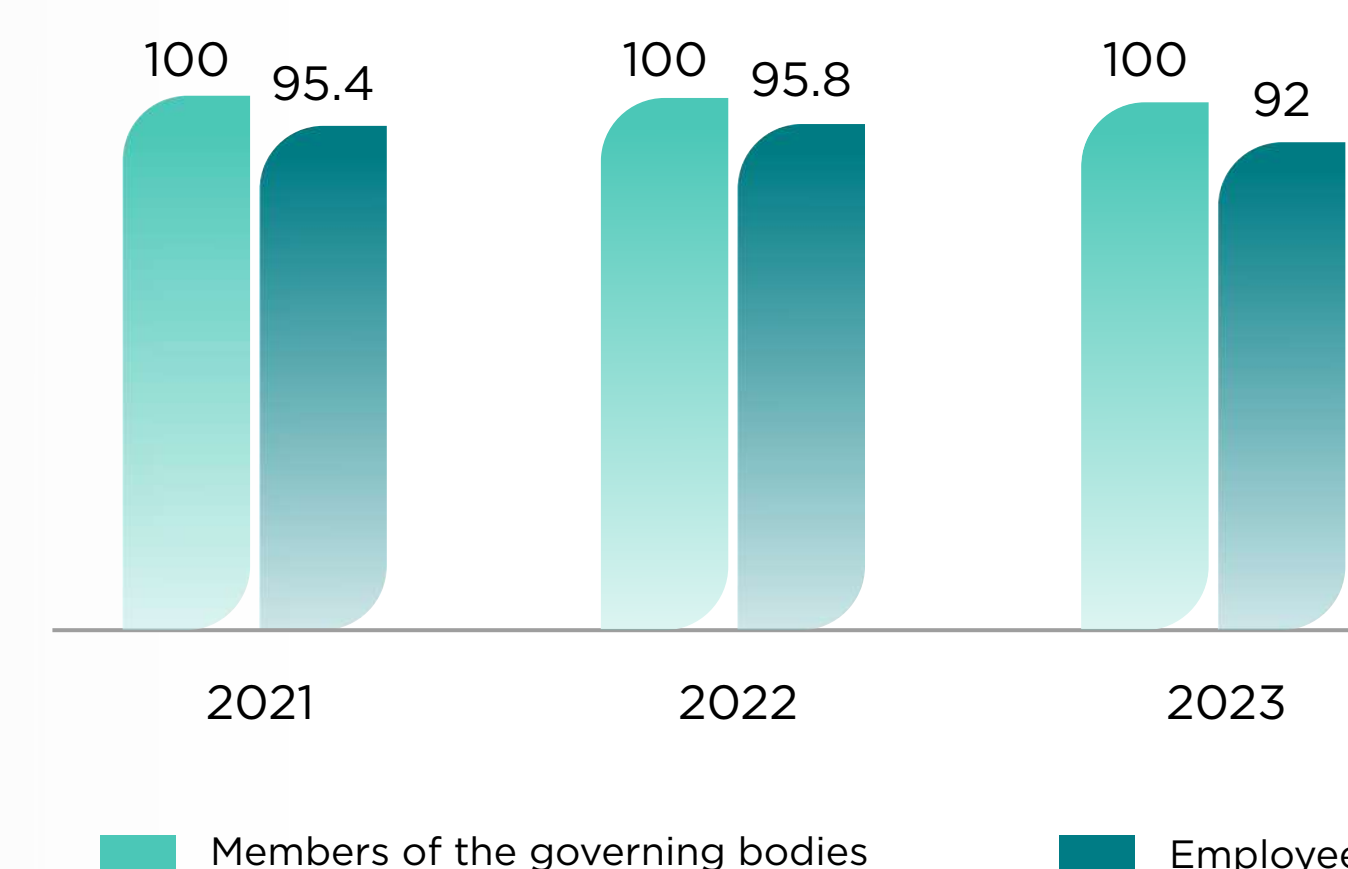
Information and training

In accordance with the approved Anti-Corruption Compliance Program, the Fund informs employees and partners about the need to comply with anti-corruption standards and conducts training for personnel in methods of combating corruption.

In 2021–2023, employee training was conducted on a quarterly basis with

subsequent testing. Training materials include questions on identifying corrupt actions by employees and third parties, basic principles of combating corruption, possible measures to minimize or eliminate the consequences of corruption offenses, the procedure for reporting corrupt actions, as well as liability for non-compliance with the principles and requirements of the Fund's internal documents.

Share of Damu Fund employees who received anti-corruption training in 2021–2023, %



All employees of the Damu Fund exposed to corruption risk, including members of the governing bodies and employees, are annually informed on issues of corruption and fraud.



⁵² The assessment of corruption and compliance risks was carried out for the business processes "Implementation of conditional placement programs" and "Monitoring of projects financed under entrepreneurship support programs".

⁵³ For more information, please see the Customer Care chapter, Data Privacy and Cybersecurity section of this report.

Anti-Corruption Training Programs 2023

Training programs	Number of participants
Law of the Republic of Kazakhstan "On Combating Corruption"	522
Submission of income and property declarations to tax authorities for employees of the quasi-public sector	416
Accounting for affiliated persons and the procedure for concluding transactions in which there is an interest	516
Policy on Combating Corporate Fraud and Corruption Adopted by the Damu Fund	509

100%
of employees

including members of the Fund's highest bodies, are informed about methods of combating corruption

100%
of workers

are familiar with the Corporate Fraud and Corruption Prevention Policy

In order to prevent, minimize corruption risks and increase anti-corruption awareness, the Fund implemented the following initiatives in 2023:

- ◆ Posting posters and brochures on combating corruption in the operating rooms of regional branches;
- ◆ development and distribution of video material on the topic of combating corruption;
- ◆ Setting up desktop wallpaper with information about corruption offenses and associated punishments.

Internal Audit Service

For the purpose of improving the efficiency of risk management, control and corporate governance processes, The Fund has an Internal Audit Service (hereinafter— IAS), which carries out activities in accordance with the legislation of the Republic of Kazakhstan and internal documents, as well as the principles of independence, impartiality and professional competence.

Based on the Regulation "On the Internal Audit Service", the Internal Audit Service has the right to unlimited and unimpeded access to all assets, documents, records and confidential information of the Damu Fund⁵⁴. The IAS provides support to the Board of Directors and the Management Board in fulfilling their responsibilities to achieve the Fund's strategic goals through monitoring the financial and economic activities and providing independent and objective guarantees and consultations aimed at improving the work of the organization.



In 2023, the IAS conducted a sustainability assessment of the Fund, which covered ESG aspects⁵⁵ :

- ◆ principles, innovations and initiatives in the field of ecology;
- ◆ social and charitable investments, safe working conditions, human resource management practices and human rights protection, financial performance;
- ◆ fighting corruption, investing in the green economy and responsible procurement.

⁵⁴ The internal audit service has the right to unimpeded and full access to information databases and software in passive viewing mode, without the right to enter or correct data.

⁵⁵ For more details, please see the chapter "Sustainability Management" in this report.

Evaluation of the effectiveness of the internal control system of the Damu Fund

The Fund has an Audit and Risk Management Committee, whose responsibilities include:

- analysis and evaluation of internal control systems;
- development of plans for corrective and preventive actions based on the results of the conducted audit of the effectiveness of internal control systems, risk management, corporate governance, information technology and cybersecurity audit, which are subsequently approved by the Board of Directors;
- analysis of the results of the assessment and quality of implementation of the developed activities;
- analysis of diagnostic reports on improving internal control systems, risk management, corporate governance and audit of information technology and cybersecurity.

External auditor

In order to verify and confirm the reliability of financial statements, the Damu Fund engages an independent audit organization on the basis of a competitive selection⁵⁶. In accordance with the Fund's Policy on Organizing External Audit, the Audit and Risk Management Committee reviews information for the previous reporting period, including the volume of other services by category provided by the external auditor, as well as the remuneration paid by the Fund to the external auditor for providing such services. The IAS monitors and reports on the implementation of the auditors' recommendations on a

quarterly basis, and also submits reports to the Audit and Risk Management Committee and the Board of Directors.

The choice of an audit organization, in accordance with the Fund Charter, is the exclusive competence of the Sole Shareholder of the Damu Fund. In 2023, the audit of the financial statements was carried out by PricewaterhouseCoopers LLC. According to the decision taken by the Fund Shareholder, the audit of the financial statements for 2024-2026 will also be carried out with the involvement of the services of this contractor.

Feedback mechanisms

[2-25] [2-26] [205-3]

In order to maintain transparency of processes, eliminate negative consequences and promptly resolve emerging issues of violation of the law, the Damu Fund has a hotline for informing, where Fund employees, as well as interested parties, can contact on a wide range of issues.

Feedback channels of the Damu Fund



Hotline

Cases of fraud, corruption or other compliance violations can be reported to the hotline:

- feedback
- senim@fund.kz
- +7(727) 244 82 71
- AO5C9Y3, Republic of Kazakhstan, Almaty city, Gogol street, 111.

The Fund's employees and stakeholders may inform the ACS through any of the hotline channels, which ensure the confidentiality and anonymity of the message.



Institute of Ombudsman

For questions regarding violations of the legislation of the Republic of Kazakhstan, the Code of Business Ethics and other documents of the Fund, including corrupt and illegal actions, employees and interested parties may contact the Ombudsman:

- +7 (717) 291 91 20
- ombudsmen@baiterek.gov.kz



Internal Audit Service

For questions related to financial irregularities and accounting, employees and stakeholders may contact the Head of Internal Audit:

- +7 (7272) 244 55 66 (BH. 2601)
- Aigul.Bassymbekova@fund.kz

56 For more details see on the website in the 2023 Annual Report in the External Audit section.

The above-mentioned authorized persons of the Damu Fund register and review applications, requesting additional information if necessary. The Fund's officials are reviewed by the Audit and Risk Management Committee, and the other entities by the Human Resources Policy Committee.

If the facts stated in the application are found to be confirmed and the application concerns an entity that is an official of the Fund, the Audit and Risk Management Committee recommends that the Board of Directors of the Fund take legal measures that the Board of Directors of the Fund deems appropriate and that will prevent similar improper behavior from occurring in the future. In the case of appeals from other entities, the decision to apply legal measures is approved by the Management Board of the Damu Fund.



If the fact of corruption or other violations is confirmed, legal measures and preventive measures are implemented. Based on the results of the review of applications, a written report is prepared.

If the facts stated in the application are recognized as knowingly false and/or the application is considered as a means of settling personal scores, the Human Resources Policy Committee is obliged to stop considering the application. The Committee sends recommendations to the Board of the Fund on holding the applicant accountable in accordance with the established procedure for filing a knowingly false application.

In 2023, the compliance hotline received 269 calls. An analysis of incoming calls showed that none of the calls were related to the activities of the Damu Fund. All incoming calls were mistakenly sent to the Fund's internal services instead of the national anti-corruption service.

0 registered cases indicating corruption by officials and employees of the Fund in 2023

Plans for 2024

In 2024, the Damu Fund plans to implement the following activities in the area of compliance with legislation, business ethics and anti-corruption:

- ◆ conducting anti-corruption monitoring in accordance with the legislation of the Republic of Kazakhstan;
- ◆ conducting quarterly anti-corruption seminars for employees;
- ◆ improving the qualifications of the employees of the Anti-Corruption Compliance Service by conducting external trainings;
- ◆ assessment of the Fund's counterparties to identify affiliation risks;
- ◆ maintaining and updating records of the Fund's affiliates on information platforms (the Fund's corporate website, the Internet resource of the Financial Statements Depository, the stock exchange, etc.);
- ◆ coordinating projects and updating internal documents to minimize compliance risks and prevent corruption;
- ◆ checking compliance with requirements and conducting anti-corruption training in regional branches.



Relationships with suppliers

[3-3] [2-6] [204-1]

Approach to procurement management

An important part of the Fund's activities is improving the processes of interaction with suppliers, including improving the sustainability of these processes. The Fund carries out procurement in accordance with the principles of optimal use of financial resources, paying particular attention to providing equal opportunities for all potential suppliers to participate in tenders, as well as improving the efficiency of processes, ensuring transparency and reducing corruption risks.



The Procurement Law of the Republic of Kazakhstan and the Rules regulate the provision of free access of all potential suppliers to information on planned purchases. Also, agreements with partners and suppliers include norms on the mandatory principle of compliance with the provisions of the Sustainable Development Policy and the Law "On Combating Corruption".⁵⁹ The structural unit responsible for procurement is the Procurement Department. Purchase of goods, works and services (hereinafter referred to as GWS) are carried out on web portal of purchases, with its help communication with potential suppliers is also carried out through applications for participation in purchases and signing of purchase agreements by the parties. The tender for the purchase of goods is carried out among individuals and legal entities included in the register of domestic producers of goods, works and services.

The effectiveness of procurement procedures is assessed on a quarterly basis for consideration by the Fund's Budget Committee.

It is important for the Fund to modernize and improve the supply chain, adhering to new standards and trends, in connection with which internal training seminars are held for employees, during which representatives of the Procurement Department explain the rules for conducting procurement to employees involved in the procurement process of GWS. In 2023, employees underwent training on the topic "Procurement by quasi-public sector entities with amendments for 2023", organized by the International Center for Financial and Economic Development (Kazakhstan).

In its activities, the Fund relies on external regulatory documents:

- ◆ Law of the Republic of Kazakhstan "On procurement of individual entities of the quasi-public sector".
- ◆ Rules for the implementation of procurement by individual entities of the quasi-public sector⁵⁷.

And the internal documents of the Fund:

- ◆ Code of Business Ethics. Instructions for organizing and conducting procurement of goods, works, services⁵⁸.
- ◆ Annual plan for the procurement of goods, works and services of JSC "Entrepreneurship Development Fund "Damu".
- ◆ Sustainable Development Action Plan 2022-2023.

To control the risks of poor quality procurement, the Damu Fund carried out the following activities in 2023:

- ◆ monitoring prices of purchased goods, works and services;
- ◆ coordination of technical specifications of purchased GWS;
- ◆ Coordination of documents for conducting purchases by means of a request for price proposals and an open tender.



⁵⁷ With the exception of the National Welfare Fund and the National Welfare Fund organizations approved by Order No. 1253 of the Minister of Finance of the Republic of Kazakhstan dated November 30, 2021.

⁵⁸ Approved by the decision of the Board of JSC "Damu Entrepreneurship Development Fund" dated March 29, 2022, minutes No. 25/2022.

⁵⁹ In accordance with the Rules for the implementation of procurement by certain entities of the quasi-public sector, with the exception of the National Welfare Fund and organizations of the National Welfare Fund, approved by Order No. 1253 of the Minister of Finance of the Republic of Kazakhstan dated November 30, 2021, the standard procurement contracts provide for a section "Anti-corruption".

The Fund attaches particular importance to the implementation of digital technologies⁶⁰ into work processes, including automation of procurement procedures. As part of this strategy, the Fund has implemented the following technologies:

- 1 Automate the preparation of technical specifications for various procurement methods, including request for quotation, use of an e-shop and direct contracting with a single source.
- 2 Automation of processing of memos concerning changes in procurement deadlines and coordination of procurement with relevant structural divisions.
- 3 Automation of repeat purchase requests submitted by initiators from among employees.

It is important for the Fund to maintain and develop cooperation with local suppliers, as this contributes to the increased efficiency of solving local problems and a deeper understanding of the specific needs of the local community.

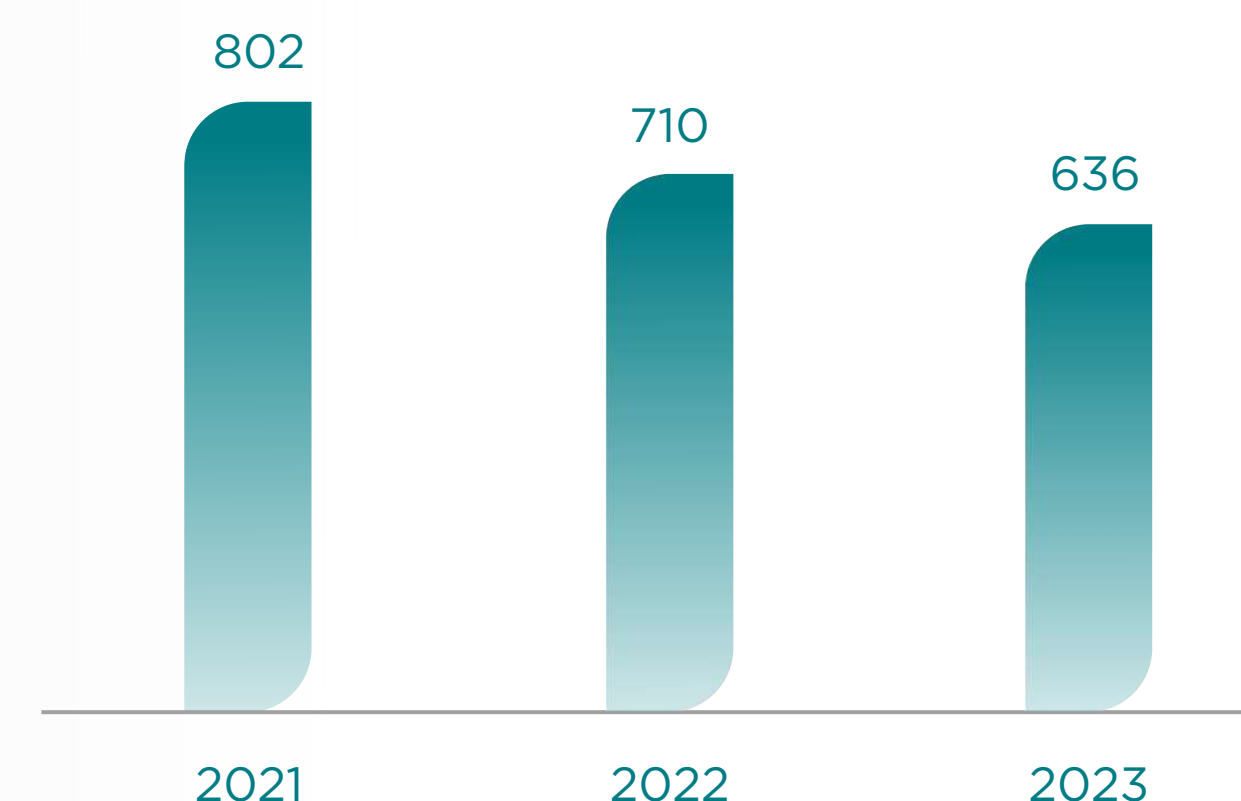
Working with local suppliers not only improves the quality of services and goods provided, but also strengthens ties with local businesses, supports the economic development of the region and contributes to the creation of jobs.

Share of local suppliers in the procurement budget, %

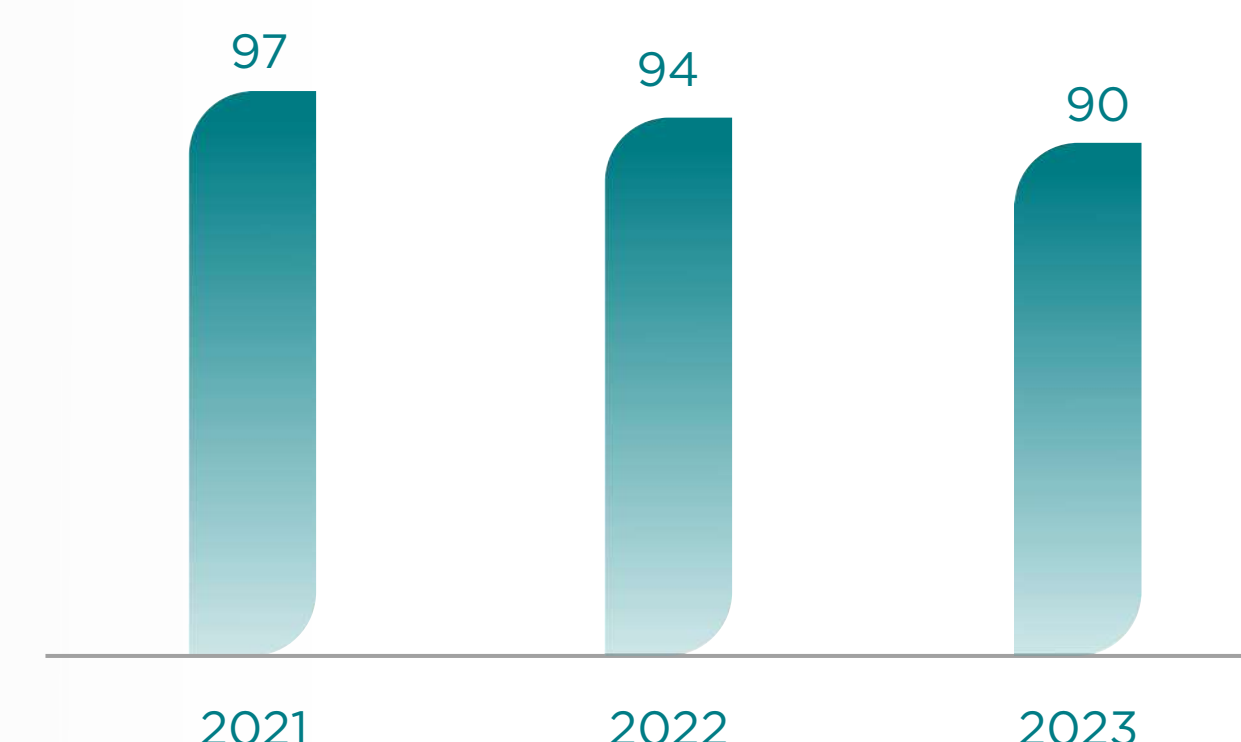
	2021 year	2022 year	2023 year	Dynamics 2023 to 2022, %
Total number of suppliers	802	710	636	-10.4⁶¹
% of purchases from local suppliers	97%	94%	90%	-4

⁶⁰ For more details, please see the Customer Care chapter, Digitalization section of this report.
⁶¹ The dynamics are caused by the use of the practice of combining lots. Several lots were declared as one purchase and contracts were concluded with one supplier.

Total number of suppliers



Share of local suppliers in the procurement budget, %



Plans for 2024

In support of local suppliers, the Fund plans to increase the share of purchases from domestic suppliers to 93% by the end of 2024.

Also, in order to ensure optimal and efficient spending of funds, it is planned to send to the authorized body proposals for inclusion in regulatory legal acts governing procurement in the quasi-public sector, regarding the acquisition by customers of goods, works, and services used for procurement, throughout their entire life cycle.

In the event of amendments to the current regulatory legal acts concerning sustainable development, the Fund plans to apply these sustainable development criteria when assessing and selecting suppliers.



*Sustainable
Development
Management*

Approach to Sustainable Development Management

[3-3] [2-12] [2-13] [2-14] [2-22] [2-23]

The Damu Fund plays a key role in the development of entrepreneurship in the Republic of Kazakhstan, focusing on providing support to MSME entities.

According to the Fund's Development Strategy⁶² Sustainable institutional development is a strategic direction for the implementation of the mission, vision and long-term goals, including:

- 1 ensuring access of MSMEs to the Fund's financial programs;
- 2 assistance in increasing the economic efficiency of supported MSMEs;
- 3 increasing the level of sustainable development;
- 4 improving the level of corporate governance.

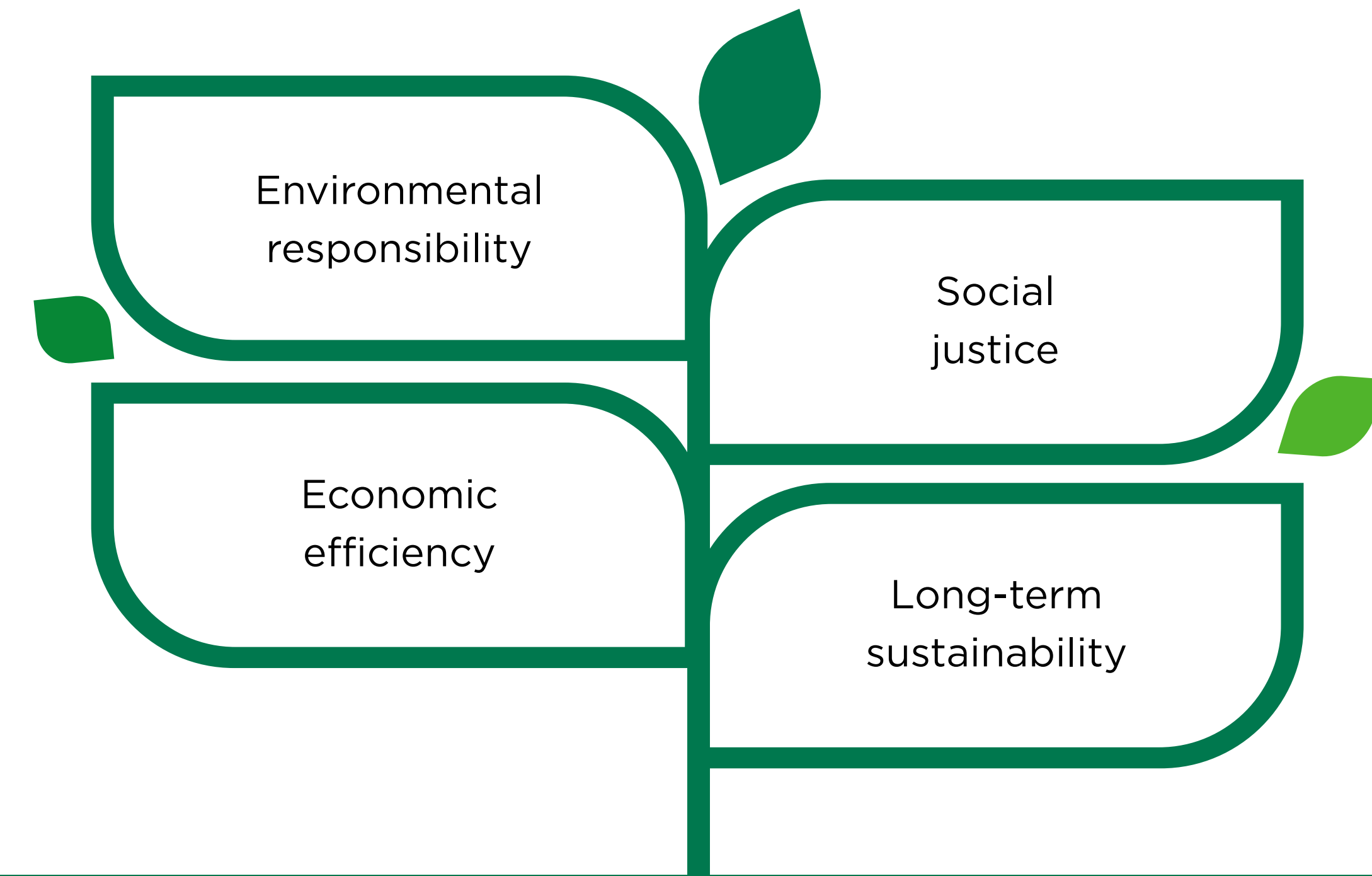
The Fund's activities are based on the principles of the UN Global Compact in the areas of human rights, labor relations, environmental protection and anti-corruption, as well as the implementation of steps to achieve the UN Sustainable Development Goals (hereinafter referred to as the UN SDGs).

The Damu Fund consistently expands the availability of financial resources and expert support for MSMEs in the regions of the Republic of Kazakhstan in order to promote sustainable business development, create new jobs, and support women's

entrepreneurship, increasing "green" projects and developing the market and the economy as a whole.

In 2023, the Damu Fund's Sustainable Development Policy was updated, which sets out internal principles for responsible business conduct. Key documents, including the Charter, the Corporate Governance Code and the Code of Business Ethics, also reflect sustainable development values that apply to all employees and cover all aspects of operations, reflecting the Fund's commitment to long-term social and environmental responsibility.

Principles of Sustainable Development of the Damu Fund



The Damu Fund's Sustainable Development Approach

Components of the approach	Description
Comprehensive support tools	Programs and initiatives for the development of entrepreneurship using financial instruments of state support, aimed at increasing the profitability of MSMEs, as well as promoting sustainable practices that minimize the impact on the environment.
Education and training	Training and consulting support programs for entrepreneurs to develop sustainable management skills, implement innovative solutions and conduct responsible business.
Innovations and technologies	Expanding access and simplifying the process of receiving state support for entrepreneurs via the internal Internet portal Online Damu ⁶³ and consulting centersbgov.kz ⁶⁴ .
Cooperation with government agencies and international organizations	Developing partnerships with national institutions, including the Ministries of National Economy, Finance, Trade and Integration, Information and Communications, the Agency for Strategic Planning and Reforms, the Chamber of Auditors and local executive bodies of the Republic of Kazakhstan, as well as international organizations.

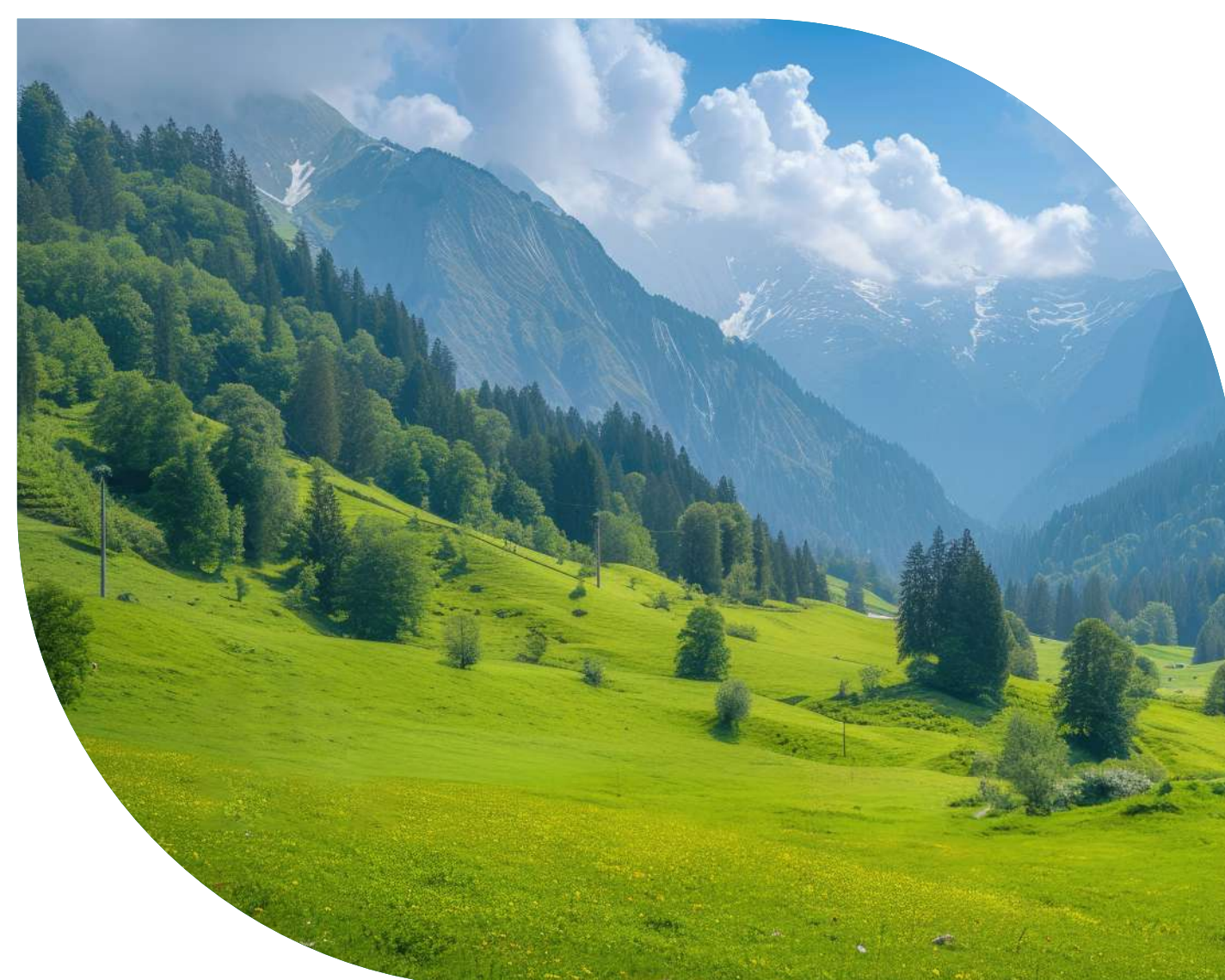
⁶³ For more details, please see the Customer Care chapter, Digitalization section of this report.

⁶⁴ To apply for government support, go to the Damu Fund Internet portal via government websites Electronic government of the Republic of Kazakhstan and Unified business support portal. For more information on the interaction channels of the Damu Fund, see the chapter "Sustainable Development Management", section "Interaction with Stakeholders" of this report.

⁶² For more details, see the chapter "About the Fund", section "Fund Development Strategy" of this report.

In the reporting period, in order to more accurately distribute responsibility for the implementation of sustainable development goals between structural divisions, the Damu Fund implemented the ESG Initiatives Roadmap. The Map formulates key tasks, distributes responsibilities and sets deadlines for the implementation of ESG practices in the Fund’s activities. Monitoring of the implemented activities of the ESG Initiatives Roadmap will be carried out on a regular basis, its results will also be reviewed and approved by the Fund’s Board⁶⁵.

Detailed information on the implementation of ESG initiatives and programs for the future period is set out in the internal Sustainable Development Action Plan for 2022–2023⁶⁶. The document contains a list of activities, goals and objectives for the implementation of sustainable practices, indicating deadlines, responsible persons and reporting forms. The formation of the Action Plan in the field of sustainable development falls within the competence of the Department of Strategic Analysis and Corporate Development of the Damu Fund.



Every year, the Fund approves the KPI in three key areas of sustainable development - environmental, economic and social, which are reflected in the document "Target values of indicators for assessing the effectiveness of activities in the field of sustainable development". In addition, the document defines the key performance indicators of structural divisions according to ESG criteria and the methodology for their calculation, setting benchmarks for achieving sustainable results for the Fund and structural divisions. In the reporting period, the approved Target values of the indicators for 2023 were largely implemented.

Based on the results of the annual work of the structural divisions, the Board of the Fund approves the Report on the implementation of the Action Plan for Sustainable Development, Report on the implementation of the Target Values of the indicators for assessing the effectiveness of activities in the field of sustainable development and the Report on the implementation of the ESG Initiatives Maps⁶⁷.

65 For more information on the ESG Roadmap, please see the chapter on Sustainability Management, section on Sustainability Plans for 2024 and the Medium Term, and on website of Damu Foundation.
 66 In November 2023, the Sustainable Development Action Plan for the upcoming period 2024-2026 was approved.
 67 For more details, see the chapter "Sustainable Development Governance" in the section "Contribution to the achievement of the UN SDGs" of this report.

The effectiveness of financial instruments to support the Damu Fund

The Damu Fund evaluates the effectiveness of its programs by collecting data on the impact of government support provided on sustainable development of entrepreneurship, as well as the economic situation in the regions of the Republic of Kazakhstan.

According to the results of 2023, enterprises that received state support achieved a significant socio-economic effect in the form

of manufactured products for a total of

21,500.5 billion tg

taxes paid to the budget in the amount of

1,566.2 billion tg

In 2024, the Fund expects the above indicators to grow by

more than 10%



Internal regulatory documents of the Damu Fund on sustainable development

E

- ◆ Environmental and social policy⁶⁸

S

- ◆ Gender policy
- ◆ Regulations on the Ombudsman
- ◆ Rules for the provision of sponsorship and charitable assistance
- ◆ Rules for the provision of social support
- ◆ Policy of the Human Rights Fund

G

- ◆ Corporate Governance Code
- ◆ Risk Management Policy
- ◆ Policy for the settlement of corporate conflicts and conflicts of interest
- ◆ Policy for reporting suspected violations and governing mechanisms for collecting complaints and confidentially reviewing cases of violations of standards and policies
- ◆ Report of the Management Board on the effectiveness of the corporate governance system
- ◆ Action plan for improving corporate governance for 2024-2026⁶⁹

Sustainable Development Management System

Sustainable development management is integrated into the overall management system of the Damu Fund⁷⁰. The highest governing body is the Sole Shareholder, who sets strategic goals and priorities in the field of sustainable development, defining the key areas on which the Fund should focus its efforts. The Board of Directors exercises general management of activities in the field of sustainable development, resolving key issues and conducting an annual analysis of the results, and also oversees the management of the ESG transformation of the Damu Fund.

The executive body is the Board of the Damu Fund. Based on the Order on the distribution of duties between the members of the Board, Managing Directors and the Head of the Office of the Chairman of the Board, responsibility for various aspects of sustainable development is distributed. Officials are issued a power of attorney, providing the authority to coordinate and control the activities of structural divisions and granting the right to sign documents established by the power of attorney.

The Management Board promotes the integration of sustainable development principles into business processes, emphasizing their importance for the long-term competitiveness of the Damu Fund, and approves the Sustainability Report for 2023.

Department directors, following the principles and implementing tasks in the field of sustainable development within the framework of the responsibility of the structural unit of the Fund, report directly to the supervising Deputy Chairmen of the Management Board or the Head of the Office of the Chairman of the Management Board. The Fund's employees are responsible for the implementation of sustainable development tasks to the head of the structural unit.



Sustainable Development Management Framework

Sole shareholder

The highest body responsible for determining the strategic direction of the Damu Fund, including on issues of sustainable development

Board of Directors

The governing body implementing the general management of the Damu Fund's activities, including sustainable development issues, and responsible for planning and monitoring the implementation of long-term sustainable development goals.

Management Board

The executive body coordinating the integration of ESG principles into operational activities and implementing supervision over the implementation of the established goals of the Development Strategy of the Damu Fund by structural divisions

Key structural units responsible for sustainable development issues

Department of Strategic Analysis and Corporate Development

Department of Borrowing and International Cooperation

Administrative Department

Department of Human Resources Development

Risk Management Department

⁶⁸ The Department of Programme Financing supervises the implementation of the Environmental and Social Policy. Updated in 2023.

⁶⁹ Updated in 2023.

⁷⁰ No structural changes were made in 2023.

By order of the Chairman of the Board⁷¹ a Working Group has been formed to implement ESG principles in the Fund's activities, which includes directors and senior managers of departments at the Head Office and regional branches. The key tasks of the working group include:

1 regular assessment of the Fund's compliance with ESG principles: reporting on the achievements of established KPIs in the area of sustainable development to the Board of the Fund;

2 development of plans and priorities for the implementation of ESG practices in business processes: integrating ESG principles into the Fund's plans in the areas of supply chain, corporate culture and management processes;

3 training and awareness raising: organizing training programs and initiatives for employees aimed at increasing awareness and engagement in sustainable development and ESG issues;

4 reporting and communication: preparation of sustainability reports to ensure transparency in the ESG area.

Evaluation of the activities of the Damu Fund in the field of sustainable development

In accordance with the Target Values of Performance Indicators for Sustainable Development, the Damu Fund has implemented KPIs at all management levels. The KPIs of the Board members are directly linked to their remuneration and are distributed to the responsible structural divisions of the Fund.

In 2023, in addition to other KPIs, the following were established for the members of the Management Board in the area of sustainable development:

1 assessment of trust and satisfaction of MSME entities with the Fund's activities;

2 voluntary staff turnover (level of stability of the staff);

3 organization and holding of an exhibition of Kazakhstani manufacturers Ulttyq Onim;

4 assessment of stakeholders' awareness of the activities of the Damu Fund.

Key performance indicators of the structural divisions of the Damu Fund in the field of sustainable development

Direction in the field of DM	Target values for 2023 / responsible structural unit	Results 2023
Economic indicators	≥ 80% — index of trust in the activities of the Damu Fund Marketing Department	87.2%
	three state databases integrated into the Damu Fund system Department of Business Technologies	Pilot projects were launched in 2023, the main integration of the internal databases of the Damu Fund with state ones will take place in 2024
	0 facts of corruption and fraud Anti-corruption compliance service	0
Social indicators	≤ 7 employee appeals to the Fund's Ombudsman regarding non-compliance with the Code of Business Ethics Ombudsman of the Damu Fund	0
	0 cases of injury Department of Security / Department of Personnel Development	0
	Average level of employee engagement Department of Human Resources Development	74.2%
	≥ 15 young professionals who have completed an internship or internship at the Fund Department of Human Resources Development	15 people
	0 cases of discrimination on any grounds Department of Human Resources Development	0
	380 people - average headcount Department of Human Resources Development	454 people - the staff number 422 people - average headcount
Environmental indicators	Maintaining the Fund's electricity consumption level at 2021 levels Administrative Department	Implementation of energy-saving technologies.

71 In accordance with the Order of February 8, 2024.




In 2023, an input ESG audit of the Fund's systems and practices was carried out by the independent contracting organization Sustainability Solutions (Consulting for Sustainable Development LLP), as a result of which areas for development were identified, recommendations and a roadmap were formed aimed at increasing the sustainability of the Fund, strengthening trust from stakeholders, improving the assessment of the Fund's practices by ESG rating agencies.





Contribution to achieving the UN SDGs

Through its activities, Damu Fund contributes to the achievement of 15 of the 17 UN SDGs, supporting the Plan for a Better, More Sustainable Future developed in 2015.

The Damu Fund's Sustainable Development Goals

UN SDGs	Damu Fund's activities to achieve the UN SDGs	Damu Fund's Contribution to Achieving the UN SDGs in 2023
 	Charitable activities	<p>Provision of financial assistance:</p> <ul style="list-style-type: none"> 36 children with special needs in Atyrau region—for New Year gifts to provide first-graders with stationery; for victims of fires in the Abay region; as part of the "Stop Trapping" campaign, which helps homeless animals in Astana
	<p>Creating safe working conditions for workers</p> <p>Providing assistance</p>	<ul style="list-style-type: none"> 0 cases of injury; 0 requests were received from employees of the Damu Fund on issues of labor protection and safety; 100% of employees confirmed that they had completed training on fire safety measures at the workplace; 137 new employees received occupational safety training; 422 employees took part in preventive measures involving a simulated fire with the assistance of rescuers from Fire Station No. 9 in Almaty; about 118 million tenge was allocated for occupational safety measures <ul style="list-style-type: none"> 100% of the Fund's employees are included in the voluntary health insurance program; medical examinations and seasonal vaccinations are carried out annually to prevent acute respiratory viral infections and influenza.

UN SDGs	Damu Fund's activities to achieve the UN SDGs	Damu Fund's Contribution to Achieving the UN SDGs in 2023
	<p>Employee training</p> <p>Non-financial support for entrepreneurs, including the organization of training programs</p>	<ul style="list-style-type: none"> 27 training events were held for the Fund's employees; 8,303 — total number of training hours 8,761 people registered on the Fund's distance learning platform; 5,656 people completed training on the Fund's distance learning platform
	<p>Creating equal working conditions and career opportunities</p> <p>Supporting Women's Entrepreneurship</p>	<ul style="list-style-type: none"> dissemination of the provisions of the Gender Policy to all employees; 56.2% - the share of women in the total number of employees, women managers - 41.5% 10.8 thousand women's entrepreneurship projects were supported by the Fund's financial products in the amount of 2.4 trillion tenge in 2023; 145 women entrepreneurs supported by Damu Fund as part of cooperation with EBRD in the amount of 14.1 billion tenge in 2023
	<p>Rational use of water resources</p> <p>Green Office Practices</p>	<ul style="list-style-type: none"> use of sanitary equipment with different water drainage modes in sanitary facilities; at installation of aerators on taps; posting signs with recommendations for saving water 89 employees of the Fund have completed training in the field of "green" office

The Damu Fund's Sustainable Development Goals

UN SDGs	Damu Fund's activities to achieve the UN SDGs	Damu Fund's Contribution to Achieving the UN SDGs in 2023
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Financing development projects renewable energy sources	<ul style="list-style-type: none"> ♦ 1.7 billion tenge—the amount realized within the framework of projects jointly with UNDP for MSMEs in Renewable Energy Development
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent and comfortable working conditions</p> <p>Implementation of initiatives aimed at increasing customer focus of services</p>	<ul style="list-style-type: none"> ♦ 9.5% - the level of voluntary staff turnover; ♦ 28 employees were included in the personnel reserve ♦ 100% — the level of digitalization of the Fund's services, online application submission for government support and remote consulting assistance from the Fund; ♦ 1,065 materials on programs and types of support of the Damu Fund have been posted in the media and on Internet resources
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Promotion of Kazakhstani producers of non-raw materials and service providers in foreign markets and strengthening their competitiveness. As well as support for projects aimed at increasing labor productivity in the manufacturing industry	<ul style="list-style-type: none"> ♦ 320 enterprises took part in the exhibition of manufacturers of the Republic of Kazakhstan Ulttyq Onim, the sales amounted to 74.1 million tenge, the number of visitors exceeded 22 thousand people; ♦ The fund provides support to priority sectors of the economy, including in the areas of processing, manufacturing, medicine, education, tourism, etc.

UN SDGs	Damu Fund's activities to achieve the UN SDGs	Damu Fund's Contribution to Achieving the UN SDGs in 2023
 <p>10 REDUCED INEQUALITIES</p>	<p>Support for people with disabilities in the regions of presence through the implementation of charitable projects</p> <p>Supporting projects that reduce gender inequality</p>	<ul style="list-style-type: none"> ♦ six employees with mobility limitations, including disabilities or mental disabilities, were part of the total staff of the Fund; ♦ ensuring accessibility of work facilities for people with disabilities of the musculoskeletal system and visual impairments ♦ 45% is the share of women from the total number of entrepreneurs who received financial support within the framework of all the Fund's programs
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Comprehensive support for MSMEs	<ul style="list-style-type: none"> ♦ 87.2% - index of trust and satisfaction of micro, small and medium-sized businesses with the activities of the Damu Fund; ♦ 23,852 MSME projects supported by the Fund's financial instruments
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Application of resource-saving technologies in the office of "Damu"	<ul style="list-style-type: none"> ♦ application of energy-saving technologies: in the head office has been equipped with LED lighting, which is more efficient and harmless, and automatic lighting control systems have been installed in the head office's sanitary facilities.; ♦ optimization of paper and expansion of electronic document flow; ♦ Posting of the Annual Report and the Sustainable Development Report on the Damu Fund website

UN SDGs	Damu Fund's activities to achieve the UN SDGs	Damu Fund's Contribution to Achieving the UN SDGs in 2023
	Formation of a database of "green" projects	♦ 147 projects are marked as "green" ⁷²
13 CLIMATE ACTION 	Renewable Energy Projects	<ul style="list-style-type: none"> ♦ 5 projects worth 215.4 million tenge, with subsidies paid in the amount of 41.9 million tenge implemented in cooperation with UNDP-RES ♦ 17 projects worth 1.4 billion tenge, with subsidies paid in the amount of 492.6 million tenge implemented within the framework of cooperation with UNDP-GEF ♦ Scope 1 and Scope 2 emissions decreased by 3.4% in 2023
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Integrating sustainable development principles in the long term	♦ A new Development Strategy for 2024-2033 has been approved, where sustainable development goals are integrated into the Fund's main strategic directions
17 PARTNERSHIPS FOR THE GOALS 	<p>Participation in conferences, forums, round tables on the promotion of SDGs in Kazakhstan</p> <p>Cooperation with international institutions and financial organizations on sustainable development issues</p>	<ul style="list-style-type: none"> ♦ co-founder of the ESG Club of Kazakhstan; ♦ participation in round tables and seminars of the Sole Shareholder on sustainable development issues ♦ participation in the UN initiative Women Empowerment Principles⁷³; ♦ participation in the Green Investment Principles for Belt and Road initiative in Central Asia.

72 For more information on green projects, see the Sustainable Finance chapter of this report.
73 WEP is a guide to women's empowerment.

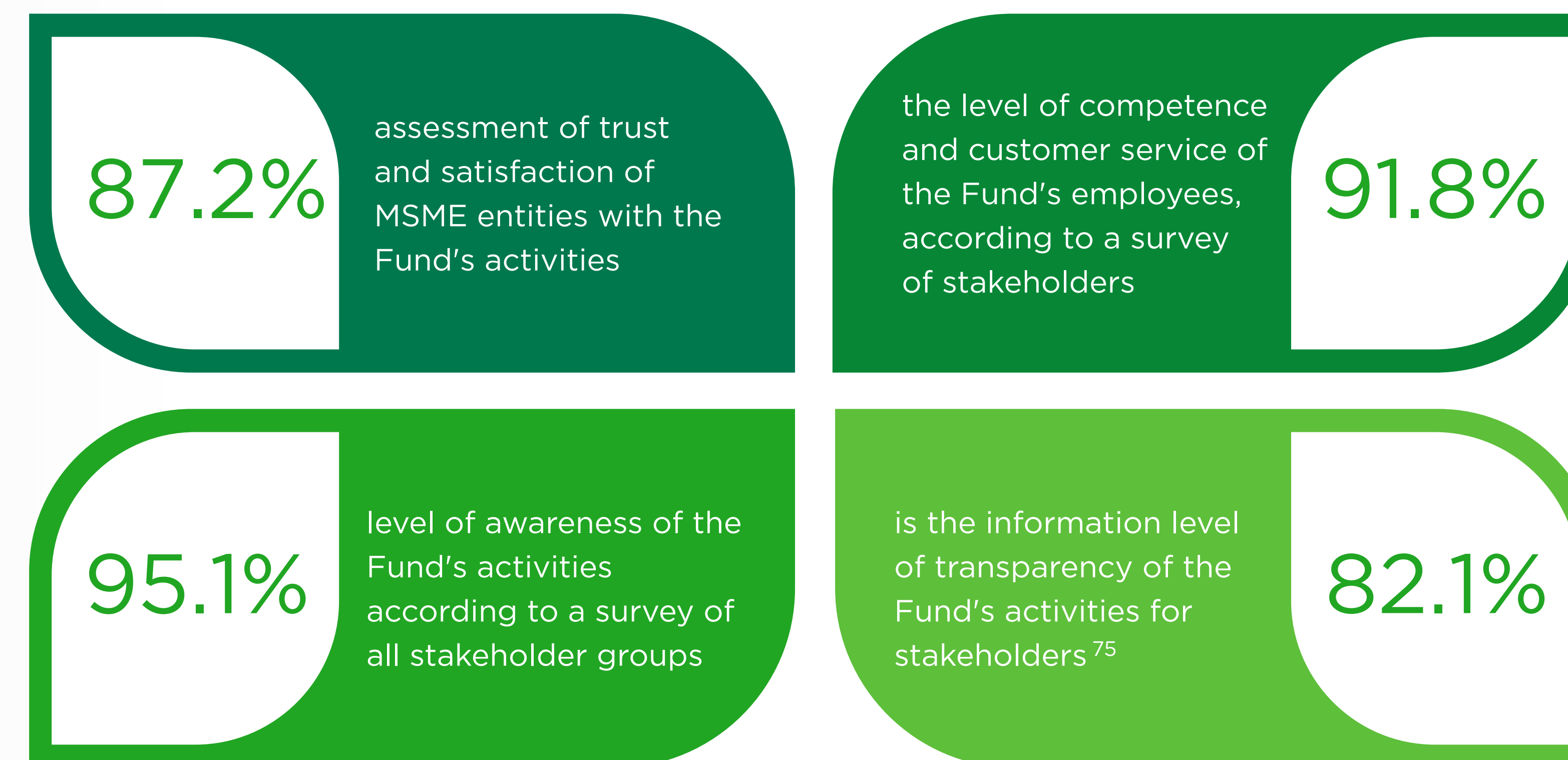
Interaction with stakeholders

[2-24] [2-29]

The Damu Fund ensures a high level of openness and transparency in its activities, implementing the principle of active dialogue with stakeholders based on respect and responsible fulfillment of mutual obligations. In order to maintain a balance between the economic, social and environmental aspects

of its activities, the Fund annually discloses information on all material aspects of the Company's work. The principles, mechanisms and procedures for interaction with stakeholders are enshrined in the Code of Business Ethics, the Sustainable Development Policy and the Stakeholder Map⁷⁴.

Key indicators of Damu Fund stakeholders' awareness in 2023



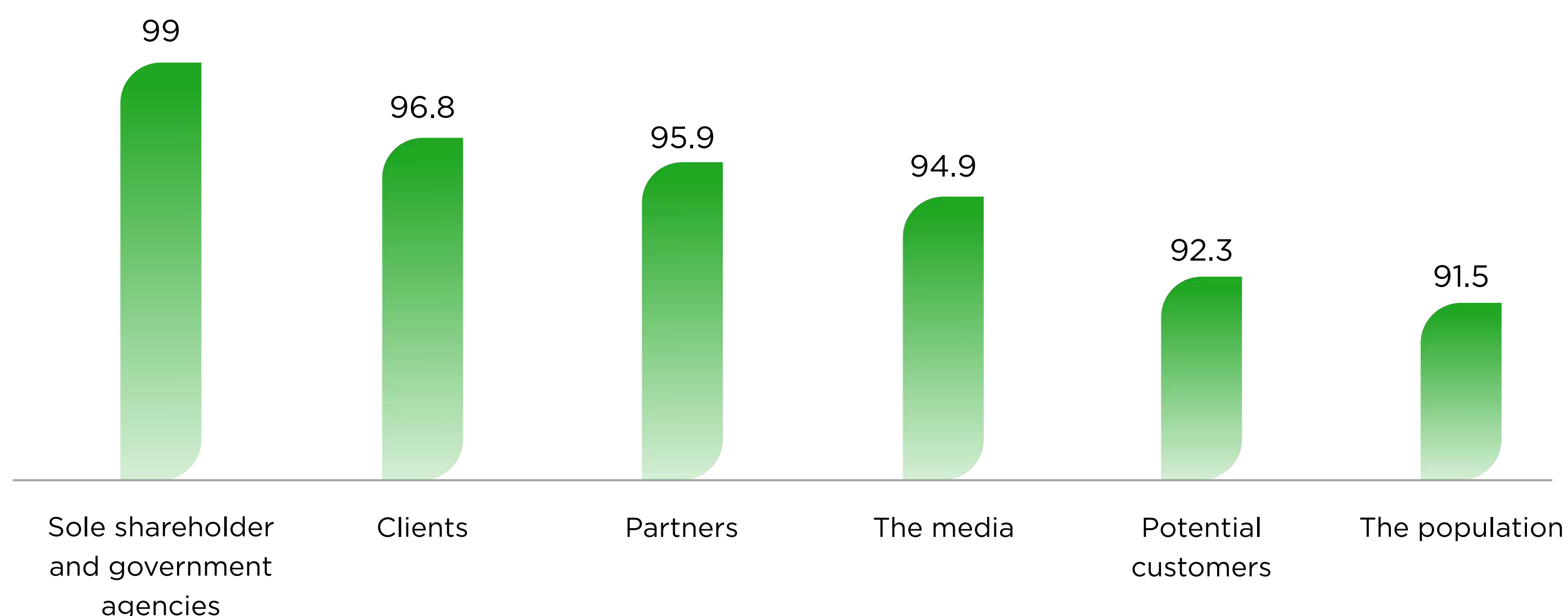
The Fund divides stakeholders into three groups depending on their area of influence: area of authority (responsibility), area of direct influence, area of indirect influence.

74 For more information on the areas of influence of stakeholders on internal interests, see the Stakeholder Map at website Damu Foundation.
75 The analysis of the target audience included government agencies, MSME entities, the banking sector, the media, non-profit organizations and the population of the Republic of Kazakhstan.

Stakeholders of the Damu Fund

The Fund's Impact	Stakeholder groups	Mechanisms of interaction	Key results for 2023
Area of authority/responsibility	<ul style="list-style-type: none"> Sole shareholder 	<ul style="list-style-type: none"> meeting of the Sole Shareholder 	<ul style="list-style-type: none"> 8 issues were considered at the meetings of the Sole Shareholder
	<ul style="list-style-type: none"> Governing body 	<ul style="list-style-type: none"> meetings of the Board of Directors; meetings of the Board; disclosure of financial and non-financial information 	<ul style="list-style-type: none"> 11 meetings of the Board of Directors; 99 Board meetings
	<ul style="list-style-type: none"> Management Staff 	<ul style="list-style-type: none"> hotline; training and advanced training programs; assessment of the level of staff involvement 	<ul style="list-style-type: none"> 43,302 incoming calls to the hotline were processed by the Fund's employees; The Fund's employees have passed training at 27 training events; 74.2%—aggregated value of the level of employee engagement and satisfaction
Direct Impact Area	<ul style="list-style-type: none"> Government agencies Financial institutions Investors Auditors Consulting organizations Clients Suppliers Partners 	<ul style="list-style-type: none"> Damu Fund website; disclosure of financial and non-financial information consultation meetings and specialized events; participation in ratings and competitions in the field of sustainable development; competitive procedures and contracts; specialized events, consultations and conferences; assessment of the index of trust in the activity 	<ul style="list-style-type: none"> 1,065 materials on the Fund's programs were published in regional media and on Internet resources 18 press tours were conducted in the regions of the Republic of Kazakhstan; 3,414 requests were received through the form "Feedback» site and processed by the Fund's specialists; 90% — share of domestic suppliers; 87.2% - index of trust and satisfaction of MSME entities with the Fund's activities; «Level 22» — the Fund's assessment in S&P Global Corporate Sustainability Assessment; annual participation in the annual report competitions of the Kazakhstan Stock Exchange and the ESG Disclosure Rating of PwC Kazakhstan
Area of indirect influence	<ul style="list-style-type: none"> Population Public organizations Media Competitors 	<ul style="list-style-type: none"> Damu Fund website; social media; disclosure of financial and non-financial information; assessment of awareness of the activities of the Damu Fund; partnership projects and cooperation agreements; events of industry associations and public organizations 	<ul style="list-style-type: none"> 95.1% — level of awareness of the Fund's activities according to a survey of all stakeholder groups; 8,761 people registered on the Damu Fund's distance learning platform in 2023, 5,656 people completed training; 520 posts on Facebook and Instagram; 635 publications in the Telegram channel; the Online Damu mobile application for entrepreneurs was introduced, with 13,107 users registering for the first time in 2023

Stakeholder awareness of the Damu Fund's activities in 2023, %



Channels of interaction between the Damu Fund and stakeholders

<p>Website of Damu Fund</p>	<p>Form «Feedback»</p>	<p>Annual reports Sustainability Report</p>	<p>Contact center +7 (800) 080 18 90 / 1408 info@fund.kz</p>
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4 995 requests

from citizens were received in 2023 through the “Feedback” form on the Fund’s website to receive advisory support

All incoming requests were processed by responsible employees of the relevant structural divisions within the established timeframes.

ESG Collaboration and Ratings

[2-28]

Every year the Damu Fund takes part in annual report competitions of the Kazakhstan Stock Exchange and the ESG Disclosure Rating of PwC Kazakhstan ⁷⁶. The fund is a co-founder of the ESG Club of Kazakhstan, which was created to actively promote the principles of sustainable development in the country and the ESG transformation of entrepreneurship.



ESG events to enhance the skills of key employees on sustainable development in 2023

To successfully implement sustainable development practices, participate in discussions on strategic issues, and maintain cooperation with national and international partners, Damu Fund strives to raise awareness among key workers in the field of sustainable development.

In 2023, participation of employees in the V International Forum on Energy Saving was organized with the support of the Ministry of Industry and Construction of the Republic of Kazakhstan at the invitation of JSC “Institute for Development of Electric Power Industry and Energy Saving”, as well as in training seminars:

1 at the invitation of the UN—“Key aspects of cooperation between the United Nations Development Programme and the Government of the Republic of Kazakhstan”;

2 at the invitation of the German Society GIZ ⁷⁷ within the framework of the Eastern Partnership and Central Asia Felicity II program.

⁷⁶ For more details on the results, see the websites of Kazakhstan Stock Exchange and PwC Kazakhstan.

⁷⁷ GIZ (German: Gesellschaft für Internationale Zusammenarbeit) is a German society working in the field of consulting on issues of learning and change.

To obtain an expert assessment of financial stability and progress in corporate sustainability indicators, the Damu Fund participates in international ratings:

since 2013 —
S&P Global Ratings

since 2017 —
Moody's Investors Service

from 2022 —
S&P Global Corporate Sustainability Assessment

During the reporting period, the following steps were taken to improve corporate sustainability indicators:

- ◆ a working group for the implementation of ESG principles has been created;
- ◆ the activities of the approved Roadmap of ESG initiatives have been implemented;
- ◆ the database of internal regulatory documents was updated and new regulations in the area of sustainable development were developed.



Sustainable Development Plans

In the upcoming reporting periods, the Damu Fund plans to expand its influence as a development institution to increase the sustainability of the MSME sector, developing sustainable financing instruments and stimulating the implementation of ESG practices in the business activities of the Republic of Kazakhstan.

To achieve the set goals for the medium term, the Fund plans to develop a Sustainable Development Strategy and allocate a structural unit to address sustainable development issues. As part of continuing work in the field of sustainable development, the Fund’s Board of Directors approved a roadmap of ESG initiatives in 2023, which includes a list of activities until 2026.

Planned events of the Roadmap of ESG initiatives of the Damu Fund about the end of 2024

Training of the staff of the Head Office and regional branches of the Fund in the field of sustainable development

- ◆ course “Implementation of ESG principles in the Fund’s activities”;
- ◆ training “Working with ESG risks and opportunities, including: issues of identification, classification and minimization of ESG risks; assessment of ESG opportunities, review of approaches to working with ESG risks of the CDP (TCFD) initiative, ARRFRR guidelines for managing environmental and social risks”;
- ◆ training “Corporate innovations for sustainable development, mechanisms for stimulating and involving employees in work to achieve target ESG indicators”;
- ◆ training “Application of ISO 14001, 31000, 37001 standards in the ESG transformation of a company”;
- ◆ Seminar “Implementation of climate commitments and “green” finance, including: key principles and instruments of responsible finance, an overview of the country climate strategy and country climate programs, GCF requirements for participation in climate finance”

78 Entrepreneurship Development Fund SIF (success in finance).

79 KOSME (The Korea small and medium-sized enterprise & Startups Agency) is a non-profit government-funded organization created to implement government policies and programs for the sustainable growth and development of Korean small and medium-sized enterprises.

80 French Development Agency.

Improving staff qualifications with the involvement of international partners

- ◆ webinar of the Entrepreneurship Development Fund of the Republic of Azerbaijan “Exchange of experience⁷⁸ on mechanisms for supporting enterprises using alternative energy sources, digitalization and ensuring environmental balance and the impact of investments (ESG)”, training and internship to exchange experience in the application of the ESG scoring model;
- ◆ Internship at the Korea Small and Medium Enterprises and Startups Agency KOSME⁷⁹ in Seoul.

Attracting and/or co-financing social projects

- ◆ development of Human Rights Policy;
- ◆ development of a Policy on equal opportunities, inclusion and diversity;
- ◆ creation of a Volunteer Group and approval of the Rules of Corporate Volunteering;
- ◆ approval of the program to support women’s entrepreneurship “Umit”;
- ◆ discussion of the rate of attraction of funds for women’s entrepreneurship projects from international institutions such as European Investment Bank, World Bank, Agence Française de Développement⁸⁰

Development of “green” projects, including within the framework of cooperation

- ◆ development of a data collection system for calculating CO₂ emissions according to Scope 1, 2. Analysis of emission sources according to Scope 3;
- ◆ Disclosure of information on the impact of climate change on activities, taking into account the recommendations Working Group on Climate-related Financial Disclosures⁸¹;
- ◆ Applying for Green Climate Fund Accreditation⁸²;
- ◆ increasing support for ESG projects (including “green” ones) within the framework of state and the Fund’s own programs

Strengthening positions in international rankings in the field of sustainable development

- ◆ development of an ESG risk matrix;
- ◆ disclosure of information in the field of sustainable development in the Sustainability Report and/or the Annual Report of the Damu Fund;
- ◆ disclosure of information on the Damu Fund website about implemented ESG initiatives in three languages: Kazakh, Russian, English

81 TCFD (Task Force on Climate-related Financial Disclosures).

82 Green Climate Fund.

Sustainable financing



Supporting MSMEs in the transition to a low-carbon economy

[3-3] [203-2]

In his Address to the Nation on September 1, 2023, "The Economic Course of a Fair Kazakhstan", the Head of State Kassym-Jomart Tokayev emphasized the growing role of "green" finance and noted that over the past seven years, industry investments have grown by 2.5 trillion US dollars. JSC "Damu" Entrepreneurship Development Fund", as a key participant in the financial sector of the Republic of

Kazakhstan, supports the national transition to a low-carbon economy, offering entrepreneurs a variety of government support instruments. The Fund pays special attention to the development of "green" financing among MSMEs with an emphasis on improving energy efficiency and developing renewable energy sources.

Areas of work of the Fund to promote low-carbon transition of MSMEs

Direction	Description
Support for "green" projects	✦ Financing projects for environmental protection and the introduction of green technologies, including initiatives on energy efficiency and the use of renewable energy sources (hereinafter referred to as RES) ⁸³
Subsidies	✦ Subsidizing interest rates on loans for MSMEs ⁸⁴
Guarantee	✦ Expanding the guarantee of "green" loans, including renewable energy projects
Unified comprehensive program	✦ Implementation of the program of state financial support for MSME projects in accordance with the national Classification (taxonomy) of "green" projects of the Republic of Kazakhstan in priority sectors of the economy
Partnership with international organizations	<ul style="list-style-type: none"> ✦ Financing green projects jointly with the United Nations Development Programme (hereinafter referred to as UNDP) and the Global Environment Facility (hereinafter referred to as GEF)⁸⁵ ✦ Development of women's entrepreneurship in the Republic of Kazakhstan jointly with the European Bank for Reconstruction and Development (hereinafter referred to as EBRD)⁸⁶
Improving business expertise	✦ Training and consulting for MSMEs in the field of sustainable development and green economy in cooperation with UNDP and other international organizations.

83 For more details, see the Sustainable Finance chapter, Sustainable Finance Programmes section of this report.
 84 A subsidy is a gratuitous financial assistance from the state budget or funds.
 85 For more details, see the Sustainable Finance chapter, Sustainable Development Programs section of this report.
 86 For more details, see the chapter "Caring for Society", section "The Foundation's Social Impact" of this report.

The combination of government support instruments, such as interest rate subsidies and loan guarantees, allows the Fund to support green projects that would otherwise be difficult to implement due to the potentially high risks for banks, despite the environmental, social and economic benefits.

In 2023, in accordance with the joint decision of the ministries of the Republic of Kazakhstan, by combining the National Project for the Development of Entrepreneurship for 2021-2025⁸⁷ and the state initiative "Economy of Simple Things" approved the Unified Comprehensive Program (hereinafter - UCP), which also includes support for "green" projects. Within the framework of the program, "green"

entrepreneurs can reduce the interest rate on loans and take advantage of the partial guarantee of the Damu Fund, following the Classification (taxonomy) of "green" projects of the Republic of Kazakhstan⁸⁸. To confirm the status of a "green" project, MSME representatives must undergo verification by an independent third party.

In accordance with the Unified State Budget, the Damu Fund annually submits reports to the Ministry of National Economy of the Republic of Kazakhstan by August 1 of the following reporting period, which includes information on the results in terms of regional development and socio-economic impact.

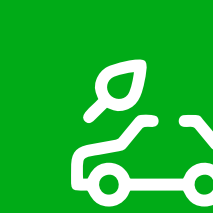
Classification (taxonomy) of "green" projects of the Republic of Kazakhstan

The Classification (taxonomy) of "green" projects, approved by the Government of the Republic of Kazakhstan in 2021, is a comprehensive system for financing projects through "green" bonds and loans. Together with UNDP and the Astana International Financial Center, the Damu Fund has made a significant contribution to the development of the basic legislative and regulatory framework for the development of the sustainable financing market, supporting "green" projects before their official classification.

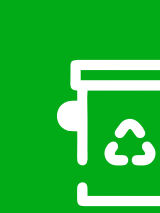
According to the Classification (taxonomy) of "green" projects, the key sectors of the economy include:



Renewable energy sources and increasing energy efficiency;



"green" construction and environmentally friendly transport.



responsible use of natural resources and rational waste disposal;



sustainable agriculture and forestry, biodiversity conservation and ecotourism;



prevention and control of air and soil pollution;

87 For more information on the National Project for 2021-2025, see the chapter "Customer Care", section "Customer Relationships" of this report.
 88 The classification (taxonomy) of "green" projects of the Republic of Kazakhstan in priority sectors of the economy was approved by the Order of the Acting Minister of National Economy of the Republic of Kazakhstan dated 01.02.2024 No. 31 "On approval of the register of social entrepreneurship entities (with changes from 01.04.2024) and is available at website of formation and legal system of regulatory legal acts.

The national taxonomy sets out the following key criteria for “green” projects:

- ◆ threshold value - the maximum values of quantitative and qualitative criteria of types of economic activity, assets and projects, the achievement of which is necessary for the classification of projects as “green”⁸⁹
- ◆ GCEA codes - codes from the General Classifier of Economic Activities for the purpose of simplifying the use of taxonomy by MSME entities, including for the purpose of voluntary disclosure of information on the share of the corresponding taxonomy of turnover from economic activity⁹⁰
- ◆ compliance with national, international standards and/or rating systems (e.g. BREEAM, LEED, EDGE, DGNB)

Sustainable Finance Management

The Fund’s principles in the field of sustainable financing are enshrined in internal documents:

- 1 Sustainable Development Policy;
- 2 Green Bond Policy;
- 3 Environmental and social policy.

Sustainable finance management is integrated into the overall management system of the Damu Fund. The Board of Directors approves annual reports, which, among other things, include information on the results of achieving the goals for the development of green finance and makes decisions when attracting financing from a

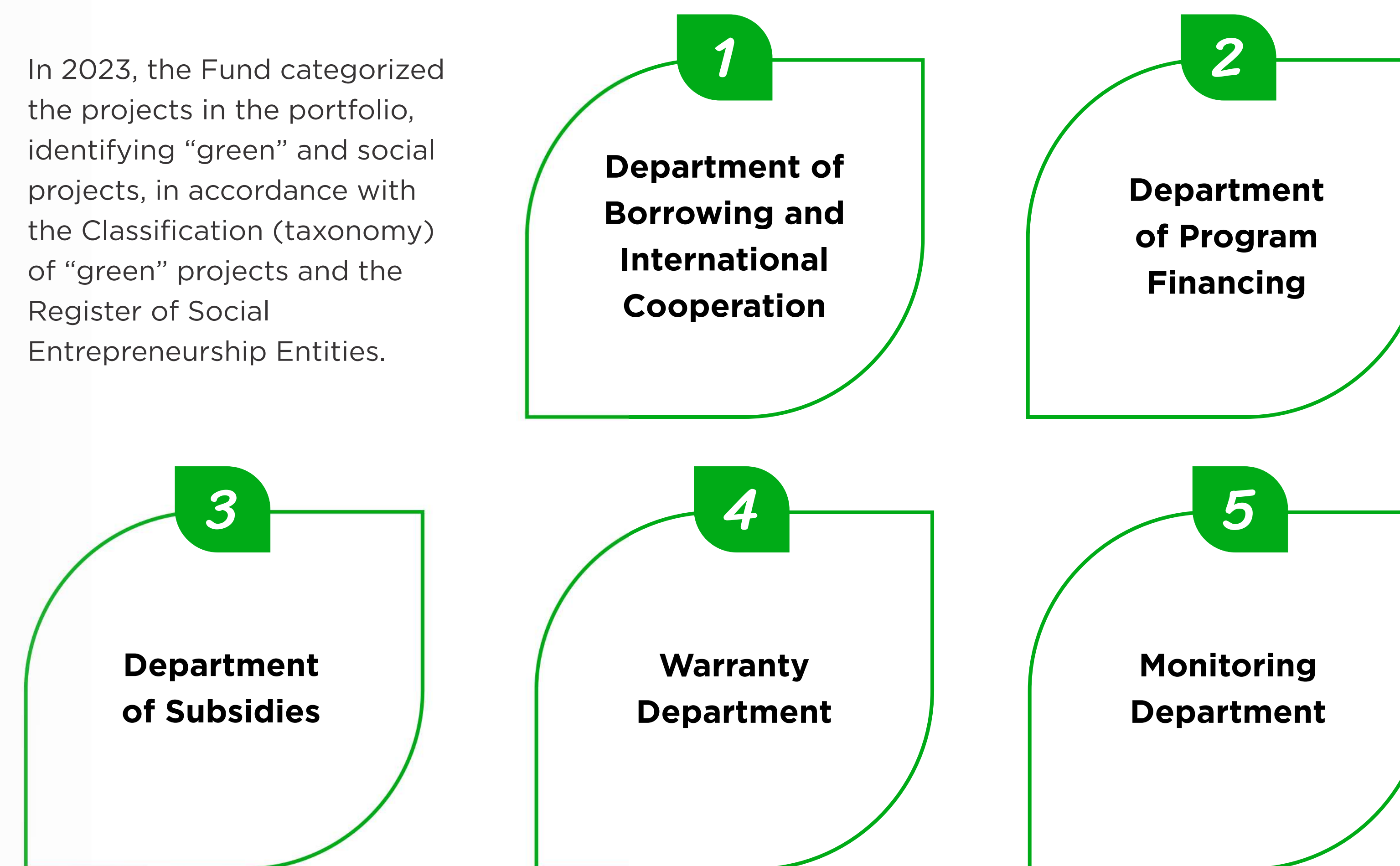
creditor, the funds of which can be used to support sustainable projects. The Fund’s Management Board implements general management and oversight of industry results, implements support programs for green projects, and oversees the activities of responsible departments in accordance with their functional areas.

⁸⁹ The threshold value may be expressed in the requirement for certification/labelling (confirmation of compliance with the requirements of the standards specified in the taxonomy or the presence of labels in relation to individual subsectors).

⁹⁰ GCEA codes are not an independent criterion for classifying projects as “green” projects.

Responsible structural units of the Damu Fund for sustainable financing

In 2023, the Fund categorized the projects in the portfolio, identifying “green” and social projects, in accordance with the Classification (taxonomy) of “green” projects and the Register of Social Entrepreneurship Entities.



Green and social projects financed by the Damu Fund by economic sectors

“Green” projects

- ◆ sustainable energy: construction and operation of hydro, wind and solar power plants;
- ◆ heat-saving technologies and energy-efficient air conditioning and ventilation systems;
- ◆ sustainable urban transport ⁹¹

Social projects

- ◆ social services for vulnerable groups of the population;
- ◆ health care;
- ◆ sport;
- ◆ education

⁹¹ Including the production of electric scooters.

✦ 22 «green» projects

supported under the UNDP program for a total of

✦ 1.7 billion tg

✦ 25 «green» projects

supported by the Fund's internal financial instruments in the amount of

✦ 6.1 billion tg

in 2023

✦ 1701

social projects supported by the Fund's financial instruments in the amount of

✦ 198.5 billion tg

in 2023

During the reporting period, the Fund paid significant attention to supporting "green" and social projects. The number of "green" projects in the loan portfolio amounted to **47** for a total of more than **7.7 billion tenge**, or **0.5%** of the total funding for all projects in 2023.

According to the internal classification, education and healthcare were classified as social projects. In total, there were about **1,701** such projects for a total of **198.5 billion tenge**, or **12.6%** of the total funding for all projects. In addition, the Fund provided support to **12 social** entrepreneurship entities provided for in Article 232-1 of the Entrepreneurial Code of the Republic of Kazakhstan, the register of which is maintained by the Ministry of National Economy of the Republic of Kazakhstan.

Damu Fund is aware of its responsibility for the indirect negative environmental impact associated with its financial portfolio. In this regard, a comprehensive portfolio assessment was carried out, which allowed identifying projects in carbon-intensive industries with a significant environmental impact. In 2023, the share of such projects was **1.1%**. The main financing sectors include mining, chemicals and metallurgy. In the long term, Damu Fund aims to reduce the share of such projects in the portfolio structure.

Sustainable Financing Programs

[3-3] [203-1]

The Damu Fund is actively involved in the preparation of industry and government strategies in the field of sustainable financing. At the request of the International Center for Green Technologies and Investment Projects, the Fund provided its recommendations and proposals within the framework of the development of the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060 (hereinafter referred to as Strategy 2060), which was approved by the Government of the Republic of Kazakhstan⁹².

During the reporting period, Damu Fund joined a working group to discuss key issues within the framework of the development and implementation of the Action Plan to achieve carbon neutrality of Strategy 2060, the members of which also include the Ministry of Ecology and Natural Resources, UNDP and the Institute of Economic Research.

92 For more information on the Strategy for achieving carbon neutrality in the Republic of Kazakhstan until 2060, see in website at Information and legal system of regulatory legal acts of the Republic of Kazakhstan.



UNDP Energy Efficiency and Emission Reduction Projects

Since 2017, the Damu Fund has been cooperating with UNDP to implement initiatives on environmental protection and ecological development of MSME entities in the Republic of Kazakhstan, as well as financial support instruments in the areas of increasing the energy efficiency of urban infrastructure, reducing emissions CO₂ and reducing the risks of investing in renewable energy sources.

UNDP and Damu Fund cooperation projects

Project name / year of agreement	Project goal	Loan amount	Results 2023
Reducing the risks of investing in renewable energy sources (hereinafter referred to as UNDP-RES) 2020 year	support and development of renewable energy projects by subsidizing the interest rate and part of the principal debt on loans to MSMEs	2 million US dollars	5 projects worth 215.4 million tenge , with subsidies paid in the amount of 41.9 million tenge
Sustainable Cities for Low Carbon Development (hereinafter referred to as UNDP-GEF) ⁹³ 2017 year	support and development of energy efficiency of urban infrastructure and reduction of CO ₂ emissions by subsidizing the interest rate and part of the principal debt on loans to MSMEs	3 million US dollars	17 projects worth 1.4 billion tenge , with subsidies paid in the amount of 492.6 million tenge

Support mechanisms within the framework of cooperation projects between UNDP and the Damu Fund

up to **85%**

is the amount of the guarantee from the loan amount for projects in the areas of renewable energy and energy efficiency

40%

investment premium of the principal portion of the debt for energy efficiency projects

35%

investment premium on the principal portion of the debt for renewable energy projects

88 projects

worth **6.8 billion tenge** have been financed since the launch of the UNDP and Damu Fund cooperation programs, and **1.4 billion tenge** in subsidies have been paid out

All UNDP-GEF and UNDP-RES projects undergo compliance checks for UNDP Social and Environmental Standards⁹⁴. In order to receive financial support under the UNDP programme, entrepreneurs must comply with social and environmental risk management measures. The conditions also provide for the verification of risk management measures during the project implementation and / or when it is put into operation by UNDP

technical experts. Projects co-financed with UNDP have a significant positive impact on reducing greenhouse gas emissions in the Republic of Kazakhstan. During the implementation of projects, an assessment of the reduction of CO₂-eq emissions is carried out⁹⁵, which allows us to measure our contribution to reducing our carbon footprint and achieving low-carbon strategy goals.

Project financing can last from 3 to 5 years. Monitoring of GHG emission reduction results is carried out after commissioning. In 2023, monitoring was carried out on the UNDP projects that confirmed compliance with the UNDP criteria for energy efficiency and reduction of greenhouse gas emissions per year.

22 projects
under the UNDP-GEF and UNDP-RES programs supported in 2023



⁹³ A joint project of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan, UNDP and the Damu Fund with financial support from the Global Environment Facility.

⁹⁴ For more information on UNDP requirements, see at website of United Nations Development Programme.

⁹⁵ CO₂-eq, or carbon dioxide equivalent, is an industry unit used to measure greenhouse gas emissions and their impact on climate.

Results of CO₂ emission reductions in UNDP-GEF ⁹⁶ projects in 2023

Project information and location	Estimation of GHG emission reductions		
	year ⁹⁷ , t CO ₂ -equiv.	life cycle, t CO ₂ -equiv.	
Astana city	1 Installation of energy-saving double-glazed windows	668	26,724
	2 Installation of energy-saving double-glazed windows	192	3,832
Atyrau region, Atyrau	3 Installation of street city lighting	631	12,611
Karaganda region, Karaganda	4 Energy modernization of the production base	89	2,676
	5 Implementation of a ventilation system with heat recovery	64	515
	6 Installation of energy-saving double-glazed windows	305	12,182
	7 Replacing existing equipment with an air conditioning system based on Virtual routing and forwarding technology ⁹⁸	117	1,168
North Kazakhstan region	8 Installation of an autonomous modular boiler house on wood chips	1,233	30,825
Kostanay region, Kostanay	9 Energy modernization of heating stations of telecommunications company facilities	134	1,334
	10 Energy modernization of a heating station	13	132
	11 Implementation of weather control software package ⁹⁹	1,077	10,767
Pavlodar region, Pavlodar	12- Modernization of a commercial building: replacement of windows, lighting and roofing - projects for 2023;	43	858
	14 Thermal modernization of the building and installation of automated heating points - projects for 2024 ¹⁰⁰		
	15 Replacement of transformers	314	7,845
TOTAL		4,880	111,469

Results of CO₂ emission reduction in UNDP-RES projects¹⁰¹ in 2023

Project information and location	Estimation of GHG emission reductions	
	year	life cycle, t CO ₂ -equiv.
Almaty city	1 Electricity production by solar power plants	356
Aktau city	2 Electricity production by solar power plants	3,523
Shymkent city	3 Electricity production by solar power plants	1,207
Turkestan region	4 Electricity production by solar power plants	1,672
TOTAL		6,758

> 111 thousand t CO₂-eq.

CO₂ emission reduction indicator for life cycle of UNDP-GEF projects launched in 2023

> 6 thousand t CO₂-eq.

CO₂ emission reduction indicator for life cycle of UNDP-RES projects launched in 2023

⁹⁶ The projects are scheduled to be commissioned in 2023.

⁹⁷ For the calculation, the approved order of the Minister of Ecology and Natural Resources of the Republic of Kazakhstan was used the Methodology for calculating emissions and absorption of greenhouse gases.

⁹⁸ Virtual routing and forwarding is a technology that allows multiple instances of a routing table to coexist on a single router, providing segmentation and isolation of network traffic. This means that different virtual networks can use the same physical infrastructure while maintaining separate and independent routing paths.

⁹⁹ A heating system designed to automatically maintain a comfortable temperature in buildings.

¹⁰⁰ These emission reduction estimates are for projects in 2023 and 2024.

¹⁰¹ The projects are scheduled to be commissioned in 2023.

Support for social projects with the European Bank for Reconstruction and Development

In 2023, EBRD bonds were successfully issued on the local securities market, aimed at developing national business, in which the Damu Fund acted as an investor. The funds in the amount of USD 50 million received under the first and second issues were directed through the second-tier banks to develop entrepreneurship, of which USD 30 million was allocated to support women's businesses. Cooperation within the framework of the Women in Business program played a significant role in this direction¹⁰², which gave a powerful impetus to the growth of women entrepreneurs and their financial literacy.

The EBRD provided support to the Damu Fund in attracting external expertise to diagnose the effectiveness of current activities and internal processes in the person of specialists from the Korean Fund for Guarantee and Credits (KODIT)¹⁰³. In 2024, business trips to KODIT for key employees of the Damu Fund are planned to study experience, improve competencies in strategic areas and consult on the implementation of a new internal guarantee instrument.

Plans for 2024 and the medium term

In order to develop sustainable financing and increase the attractiveness of green and social projects in the following reporting periods, the Damu Fund plans to improve the instruments for subsidizing and guaranteeing green projects, including within the framework of cooperation with UNDP, EBRD and the UN Green Climate Fund¹⁰⁴.

Accreditation to the UN Green Climate Fund

In 2024, the Damu Fund plans to begin the process of obtaining accreditation from the UN Green Climate Fund¹⁰⁵. In cooperation with the UN Green Climate Fund, it is planned to develop and implement a systematic approach to assessing the sustainability of borrowers and clients in order to conduct a comprehensive analysis of their environmental sustainability.

The Fund's specialists also plan to develop a Program for the targeted placement of funds to support MSME entities in the field of "green" financing, taking into account the priority areas of the Carbon Neutrality Strategy of the Republic of Kazakhstan until 2060.

¹⁰² For more information about the program, see the chapter "Caring for Society", section "Social Impact of the Foundation" of this report.

¹⁰³ English: Korea Credit Guarantee Fund. For more information about the organization, see the official website.

¹⁰⁴ The Green Climate Fund is the main financial mechanism of the United Nations Framework Convention on Climate Change for low-emission projects.

¹⁰⁵ Green Climate Fund.

Damu Fund's plans for developing sustainable financing instruments and approaches

Direction	Planned events
Development of sustainable financial products and instruments	<ul style="list-style-type: none"> increasing the total number of sustainable projects in the financial portfolio of the Damu Fund to 2%; implementation of practices for assessing the sustainability of borrowers and clients, including assessment of ESG risks; expansion of the guarantee instrument, including to provide support for "green" projects; issuance of green bonds under the ECP to increase support for sustainable projects
Development of internal and participation in the development of external regulatory documents	<ul style="list-style-type: none"> Sustainable Finance Policy; Environmental and Social Risk Management Policy¹⁰⁶; Rules for guaranteeing support for "green" projects for approval by the Ministry of National Economy of the Republic of Kazakhstan¹⁰⁷
Joining global initiatives	<ul style="list-style-type: none"> Principles of Responsible Investment¹⁰⁸; Principles of Responsible Banking¹⁰⁹; UN Global Compact



¹⁰⁶ ESRM (Environmental and Social Risk Management) is a system of approaches and processes aimed at identifying, assessing and managing risks associated with environmental and social aspects of the activities of borrowers and projects.

¹⁰⁷ The Damu Foundation is taking part in the development Draft amendments and additions to the Order "On approval of the rules, forms of state financial support, sectors of the economy in which private entrepreneurship entities subject to state support operate", registered in the Register of state registration of regulatory legal acts under No. 33681 dated November 27, 2023. The amendments are planned for approval in 2024.

¹⁰⁸ PRI (Principles for Responsible Investment).

¹⁰⁹ PRB (Principles for Responsible Banking).

Customer care



Interaction with clients

[3-3]

In 2023, a comprehensive assessment of the level of trust and satisfaction of micro, small and medium enterprises with the activities of the Damu Fund was conducted, the results of which revealed the overall satisfaction and trust of entrepreneurs in relation to the financial support instruments of the Fund. Based on the results of the study, recommendations for improvement were given, which were sent to the work of the responsible structural units.

Customer Satisfaction and Trust: Key Results for 2023 ¹¹⁰

95.3%

of respondents express confidence in the activities of the Damu Fund, the average score—**6.58 out of 7**

92.6%

of clients are satisfied with the services of the Damu Fund, rating them at **5-7 points out of 7**

83.4%

of applications for funding were reviewed by the Damu Fund in **less than 45 days**

77.4%

of respondents are micro-entrepreneurship entities with fewer than 15 employees

In addition to implementing state programs and joint projects with partners, the Fund develops internal financial mechanisms to support MSME entities in the Republic of Kazakhstan.

Damu Fund's programs for support and development of MSME entities

Program name	Description	Results 2023
"Damu Optima"	Providing access to bank financing for small and medium-sized businesses that do not have sufficient collateral and do not meet the conditions of government programs	The Fund provided support to 222 entrepreneurs' projects in the amount of 24.6 billion tenge in loans
"Damu-Regions»	Conditional placement of funds in commercial banks for subsequent financing of entrepreneurs	The Fund provided support to 47 borrowers in the amount of 5.8 billion tenge
"Damu-Micro»	Conditional placement of funds in MFOs for subsequent microfinancing	The Fund provided support to 2,126 borrowers in the amount of 13.7 billion tenge
"Damu-Leasing»	Provision of a condition for payment of the principal amount of the lease payments after receipt of the leased item ¹¹¹	The Fund provided support to 164 borrowers in the amount of 14 billion tenge
"Damu-Factoring»	Placement of funds in commercial banks and other organizations for subsequent lending to MSMEs using factoring instruments	The Fund provided support to 16 borrowers in the amount of 1.9 billion tenge

Damu Fund's Tools for Developing Financial Inclusion of MSMEs

Customer focus and expansion of financial accessibility are the basis of the Damu Fund's activities. To simplify interactions with clients, speed up processes and increase transparency, the Fund actively implements digital solutions and provides consulting support to entrepreneurs and clients in all regions of the Republic of Kazakhstan.

¹¹⁰ The results of the assessment of satisfaction of MSME entities with the activities of the Damu Fund in 2023 were published in 2024.

¹¹¹ In order to reduce the risks of accepting illiquid and rapidly depreciating collateral, minimum requirements have been developed for leased assets provided by leasing companies as collateral to the Fund.



Web platform for distance learning of the Damu Fund

Since 2016, the Fund has been running distance learning for aspiring and existing entrepreneurs, financed from its own funds, including courses with presentations by successful Kazakhstani and international businessmen. Since the launch of the program, **more than 29,400 participants** have registered on the video platform.



The content of the web platform contains 4 blocks:

- ✦ business model;
- ✦ operational management;
- ✦ marketing;
- ✦ sales.

3,414 requests

for a call back were sent via the corporate website of Fund in 2023

4,532 clients

were consulted on state support programs for MSMEs in regional branches of the Damu Fund in 2023

Plans for 2024 and the medium term

For the next reporting periods, the Damu Fund has set goals for the implementation of both state and internal programs to promote the sustainable development of entrepreneurs in the Republic of Kazakhstan. The Fund also plans to continue cooperation with international organizations, including the United Nations Development Program, the Green Climate Fund and others¹¹², on the development of “green” and social business initiatives.

8,761 people

registered on the Damu Fund's distance learning platform in 2023

5,656 people

people have been trained

In order to increase the financial inclusion of MSMEs, the Damu Fund conducts consultations in all regions of the country. The Fund is developing internal services, including a call center and online customer support. In 2023, Damu Fund specialists processed **43,302 incoming calls** and **11,786 online requests**.



¹¹² For more information on cooperation with international organizations, see the chapter “Sustainable Finance”, section “Sustainable Finance Programs” of this report.



“Umit” program

In 2024, the Damu Fund will launch a new program for the development of women's entrepreneurship, "Umit", within the framework of which women entrepreneurs will be able to receive state financial support from partner banks.

The Umit program will provide participants with preferential lending terms, as well as training opportunities to acquire additional knowledge and tools for running a successful business in the Republic of Kazakhstan. Participants in the Umit program will have access to free courses and training provided in cooperation with the EBRD.

The planned main conditions of the Umit program:

- ✦ up to 100 million tenge- With loan amount;
- ✦ up to 7 years for investment purposes and up to 3 years for replenishment of working capital- With lending period;
- ✦ $\geq 16.5\%$ - With reward rate.

Support for women's entrepreneurship is one of the key factors in the sustainable development of the national economy. State programs such as "Umit" play an important role in providing women with access to financing, training and mentoring, which helps achieve this goal. Successful examples of women entrepreneurs inspire others and create a more favorable entrepreneurial environment. Investments in the development of women's businesses are an investment in the future of the country.

The Fund also organizes trainings for women entrepreneurs, actively participates in associations that support women entrepreneurship, provides training for women entrepreneurs and takes part in meetings organized by the Association of Business Women of Kazakhstan.

Digitalization and innovation

In today's rapidly changing digital landscape, alignment of digitalization and innovation initiatives with strategic business goals is essential to achieving sustainable development of the Damu Fund, improving customer service and business competitiveness.

Priorities of the Damu Fund in the field of digitalization and innovation

1

Improving the efficiency of business processes

2

Reducing risks associated with human factors

3

Reducing the time for providing government support measures

4

Ensuring the security of systems and data

5

Training employees in new digital skills and technologies

To achieve the established priorities, the Fund has approved the Strategy for the Development of Information Technologies and the Regulations on Project Management, which consolidate the approaches and target indicators of the Fund in this area.

Components of the approach of Damu Fund in the field of digitalization and innovation

Planning	Data management	IT infrastructure	Monitoring and evaluation
<ul style="list-style-type: none"> assessment of current processes, systems and technologies; development of an automation plan indicating stages and deadlines 	<ul style="list-style-type: none"> using data to inform decisions; automation of internal processes 	<ul style="list-style-type: none"> implementation of new technologies and their integration with existing information systems; Ensuring data and systems security 	<ul style="list-style-type: none"> monitoring the implementation of the approved automation plan and adjusting it if necessary; evaluation of achieved results

Control system

Managing Questions on Innovative development and digital transformation is carried out at the strategic and operational levels of the Damu Fund. The top management approves plans and sets goals in the field of innovation and digitalization.

The main tasks of the departments responsible for digitalization in the Damu Fund

Department of Information Technology	Department of Business Technologies	Department of Security
<ul style="list-style-type: none"> development of documents in the area of strategic development of the Fund's information technologies; development and implementation of tactical plans for the creation, development and modernization of corporate information systems, computing equipment and telecommunications of the Fund 	<ul style="list-style-type: none"> optimization of business processes; collection, storage and quality assurance of data; development and support of information systems; ensuring interaction between various information systems and platforms and developing interfaces for integration with external systems 	<ul style="list-style-type: none"> ensuring the internal, economic and information security of the Fund. Coordination of the work of regional branches on these issues; collection, accumulation and analysis of information with the aim of identifying and preventing attempts to undermine the financial and economic stability of the Fund and its image

Damu Fund Amendment Committee

The analysis of industry issues and the formation of a portfolio of initiatives are collectively considered at meetings of the Damu Fund Change Committee. The functions of the Committee include developing proposals for the Board of Directors and the Management Board on new and introduced products, taking into account the analysis of expert opinions from the Fund's structural divisions.

The committee is conducting update and approval passports of information systems and technical specifications for the automation of business processes, considers industry documents and approves the Automation Plan. Coordination of the activities of working groups, promotion of innovative solutions and employee proposals are also the responsibility of the Change Committee.

The key results of the Change Committee’s work in 2023 were:

- ◆ development of a mobile application for signing documents using biometric data;
- ◆ creation of showcases and dashboards for the Fund’s structural divisions using Power BI data visualization for strategic indicators to increase transparency and accessibility of management;
- ◆ implementation of a service for signing electronic applications and consents of legal entities and individual entrepreneurs in the Doculite system¹¹³.

To ensure business continuity, the Information Technology Department and the Business Technology Department of the Damu Fund regularly conduct risk assessments in the area of digital transformation and innovation. Information on identified incidents is sent to the Risk Management Department on a quarterly basis¹¹⁴.

Key risks in the field of digitalization and innovation

Risk name	Prevention activities
The risk of failure of information technology (hereinafter referred to as IT) equipment, failure or malfunction of information systems	<ul style="list-style-type: none"> ◆ engaging an external expert organization to manage network server resources; ◆ engaging an external expert organization to restore the operation of information systems
Poor quality or incompleteness of data used for analysis and decision making	<ul style="list-style-type: none"> ◆ DWH system integration¹¹⁵ in order to improve data quality through the gradual development of the data warehouse; ◆ conducting an IT audit twice a year, based on the recommendations of which the Fund implements measures to improve the IT infrastructure and information security systems
Cyber threats including hacks, viruses and data leaks ¹¹⁶	<ul style="list-style-type: none"> ◆ Application of DLP system¹¹⁷ and Fortinet security factories in the implementation of activities
Risk of non-performance Strategies for the development of information technologies of the Fund	<ul style="list-style-type: none"> ◆ timely implementation of comprehensive measures in accordance with the requirements of the Fund; ◆ regular monitoring of the technical condition of equipment, checking of system logs, timely repair of equipment, carrying out routine preventive maintenance; ◆ creation of backup storage facilities taking into account business continuity requirements, as well as periodic testing of the continuity of the information system

In order to develop a risk management system in terms of digital transformation and innovation in 2024 and in the medium term, the following is planned for implementation:

- 1 Obtaining ITIL certification¹¹⁸, as well as training on the topics: Project management, Data management, Administration of information systems BPM¹¹⁹, “1C”¹²⁰, “Documentologist”;
- 2 engaging the services of an information security operations center to integrate the Fund’s internal databases with government databases;
- 3 implementation of Master Data Management and Data Quality tools¹²¹ to improve data quality

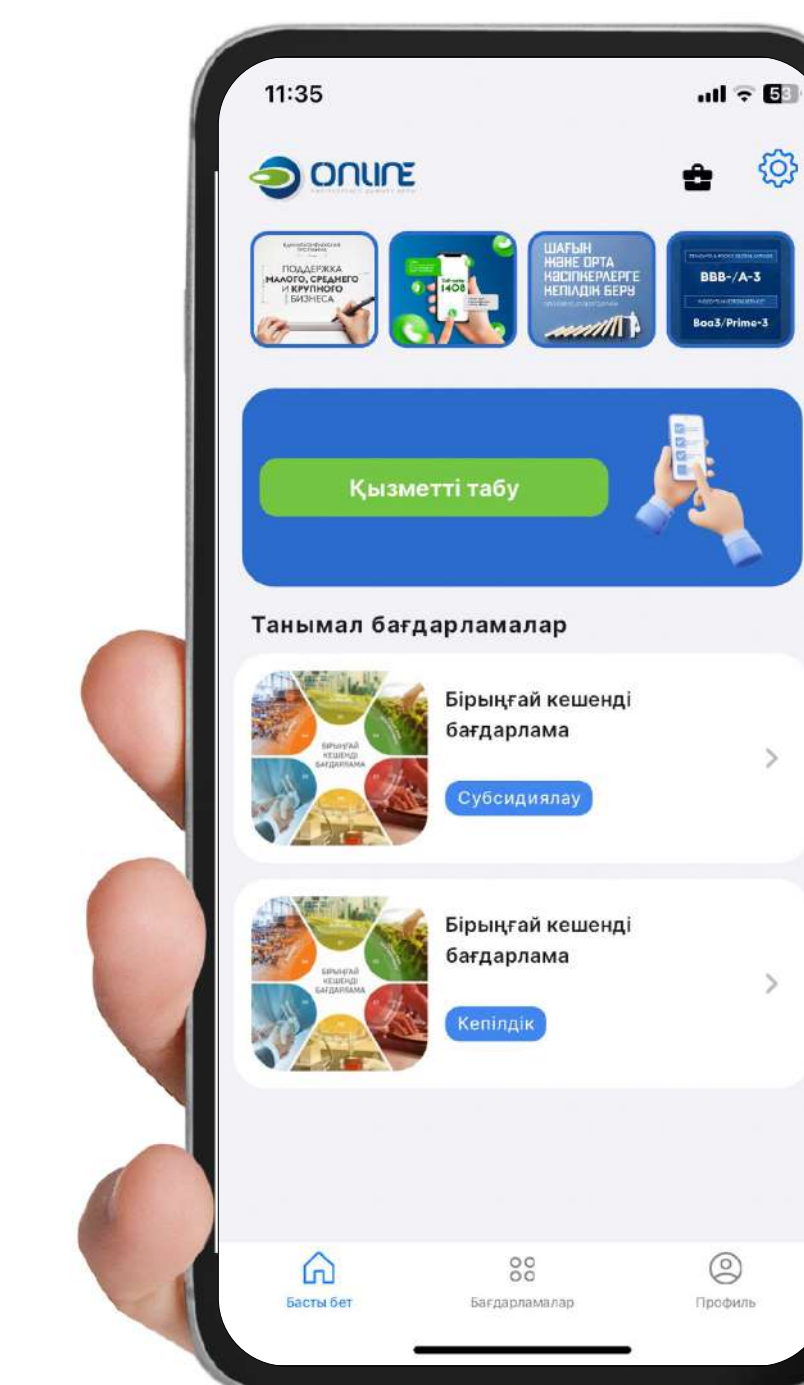
Digitalization and Innovation Results in 2023

The key event of the reporting period in the development of digital technologies of the Damu Fund was the holding of a strategic meeting with National Information Technologies JSC and the State Revenue Committee of the Republic of Kazakhstan, based on the results of which the integration of the Fund’s internal databases with state databases is planned by the end of 2024.

OnlineDamu Mobile App

To simplify the submission of applications for subsidies, guarantees and other government support measures, mobile application and a new design for the Internet portal of the Damu Fund was developed. The total number of application users is **more than 45,000**.

13,107 users



registered on the OnlineDamu internet portal for the first time in 2023

¹¹³ In order to obtain data from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. In 2024, it is planned to receive at least 80 thousand electronic consents through the created service.
¹¹⁴ For more details, see the chapter “Corporate Governance and Business Ethics”, section “Risk Management” of this report.
¹¹⁵ DWH (Data Warehouse) is a single repository of archived data from various corporate sources.
¹¹⁶ For more information, please see the Customer Care chapter, Data Privacy and Cybersecurity section of this report.
¹¹⁷ DLP (Data Loss Prevention) is specialized software designed to protect a company from information leakage.

¹¹⁸ ITIL (Information Technology Infrastructure Library) is a library of information technology infrastructure - education on the assessment of provided services, their analysis and search for ways to continuously improve the quality of service.
¹¹⁹ BPM (Business Process Management) is business process management.
¹²⁰ “1C” is a group of programs for automating business processes.
¹²¹ Master Data Management – “Master Data Management” and Data Quality – “Data quality”.



In order to optimize the internal processes of the Damu Fund, a report on the implementation of the Performance Criteria was prepared in the reporting period, and solutions storage services were implemented authorized body with the function of notifying the contractor about the onset of deadlines and accounting for provisions on subsidy accounts. To control the available funds of the Fund, a visualization of the subsidy budget in the information system was created and a calculation of the final points of the borrower's rating for guarantee applications up to 100 million tenge was developed.

In order to reduce paper document flow, digitalization of internal documents and business processes was carried out in the reporting year, including automation initiatives:

- unloading the warranty obligation in information system BPM' online¹²² as well as templates for statements and protocols in the state language;
- quarterly report on repayment schedules contracts of conditional attraction;
- downloading the exchange certificate for repo transactions¹²³;
- the process of returning the contract performance security and advance payment security in terms of finalizing the notification and creating a service note on the return;
- processes of planning the volume of allocated funds contracts for conditional placement, indicators of the guarantee instrument;
- the process of planning forecast indicators for the current portfolio of acquired securities and for securities issued into circulation;
- the process of calculating employees' salaries;
- technical specifications for procurement methods;
- accounting and control of projects with violations of the subsidy instrument in terms of fulfilling the Fund's requirements;
- accounting for the write-off of cancelled guarantees under the National Project program of the Republic of Kazakhstan.

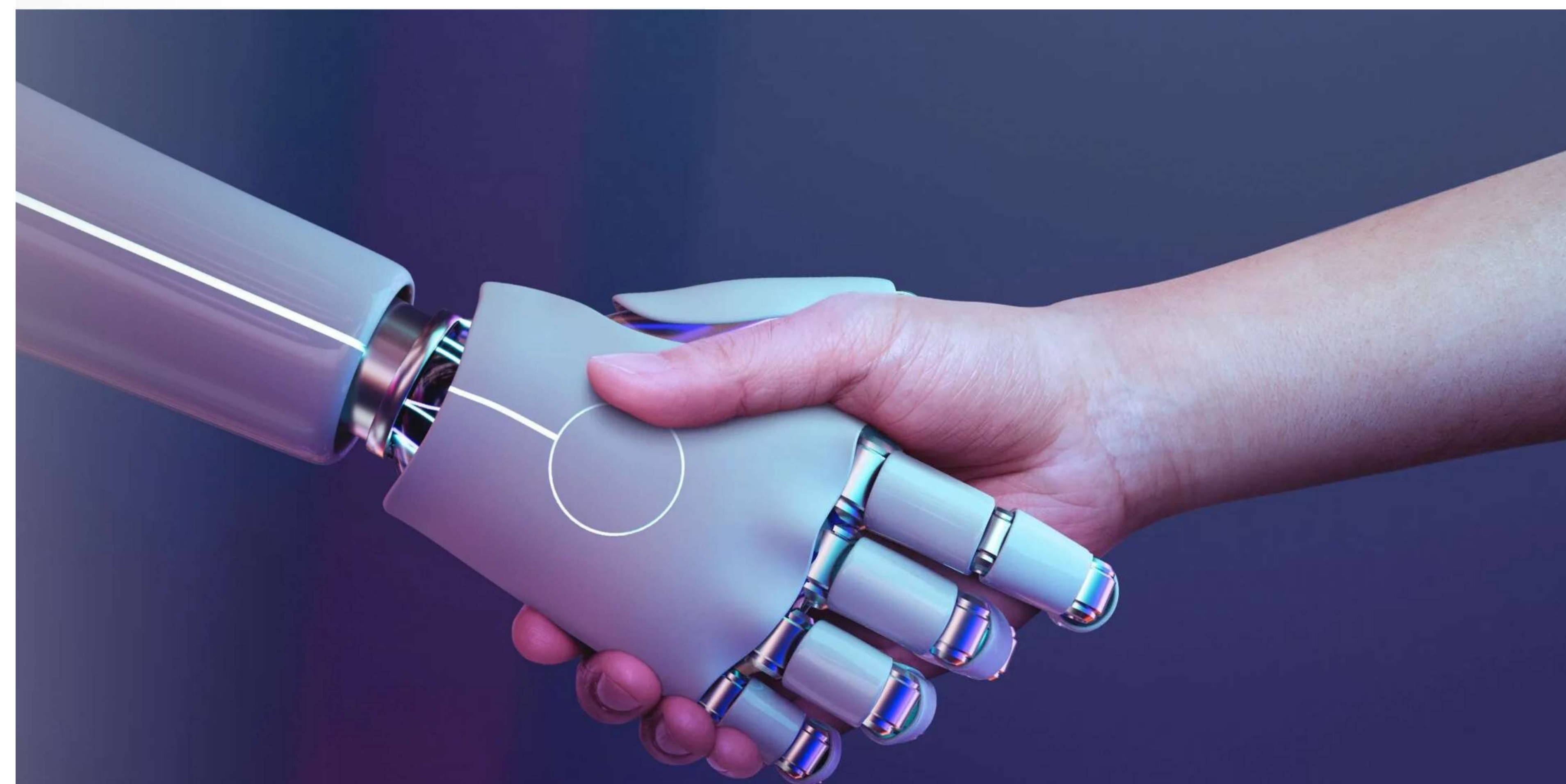
¹²² BPM' online is an application software for organizations designed to automate processes.
¹²³ REPO (repurchase agreement) is a transaction for the purchase (sale) of a security with the obligation to sell (purchase) it back after a certain period of time at a price previously determined in this agreement.

Plans for 2024

Digitalization of business processes is one of the three strategic goals of the Fund and is enshrined in the Development Strategy of the Joint-Stock Company "Entrepreneurship Development Fund "Damu" for 2024-2033 years¹²⁴.

In order to achieve this goal, the following activities are planned for 2024:

- ◆ Integration of internal databases of the Damu Fund with government databases.
- ◆ Implementation of a direct channel for data exchange with second-tier banks and microfinance organizations of the Republic of Kazakhstan.
- ◆ Robotization of processes: creation of an electronic credit file, preparation of a security service report, verification and loading of subsidy schedules.
- ◆ Call center automation using artificial intelligence technologies.



¹²⁴ For more details, see the chapter "About the Fund", section "Fund Development Strategy" of this report.

Data privacy and cybersecurity

[418-1]

Management approach

The widespread use of IT technologies in modern activities and growing threats to information infrastructure require a systematic approach to cybersecurity and personal data protection. JSC "Damu" Entrepreneurship Development Fund" implements this approach in its activities, observing the Law "On Informatization" and the Uniform Requirements in the Field of Information and Communication Technologies and Information Security of the Republic of Kazakhstan.



Information security management is part of the Fund's overall management system and strategy. To ensure transparency and accountability, the Fund has approved a List of Persons Responsible for Compliance with Information Security Requirements¹³⁰. The Board of Directors and the Management Board of the Fund implement general management and coordinate the work of departments to maintain an appropriate

level of information security. Strategic planning and incident management in the field of information security, including emergency situations, are the joint responsibility of the Security Department and the Information Technology Department. In 2023, there were no changes in the structure of information security management.

Information security system of the Damu Fund

The storage and use of personal data of clients is carried out in accordance with the Regulation on the protection of personal data. In the document, the Fund openly explains the purposes of using and storing personal data, and describes the methods of protecting it.

To detect unauthorized access and prevent leakage of confidential information, the Damu Fund annually updates the DLP system¹³¹, and also uses Fortinet Security Fabric, an integrated cybersecurity platform for comprehensive protection of the digital landscape. These tools allow for effective investigation and detection of information security incidents.

The principles and tools in the field of cybersecurity and personal data protection are established in the internal regulatory documents of the Fund¹²⁵:

- ✦ Information Security Policy¹²⁶;
- ✦ Policy for reporting suspected violations and governing mechanisms for collecting complaints and confidentially reviewing cases of violations of standards and policies;
- ✦ Privacy Policy¹²⁷;
- ✦ Personal data protection regulations;
- ✦ Disclosure Policy;
- ✦ Rules of internal control of access to insider information;
- ✦ Rules for the use and disposal of electronic storage media¹²⁸;
- ✦ Instructions for using an electronic digital signature¹²⁹.

Tools for Fortinet Security Fabric platforms

FortiGate	Next-Generation Firewall with Advanced Threat Protection, VPN ¹³² and application control
FortiClient	Endpoint protection with antivirus, VPN and web filtering
FortiMail	Secure email gateway that protects against phishing, spam and malware
FortiManager	Centralized management for deploying and managing Security Policies
FortiAnalyzer	A tool for logging, analyzing and reporting security events
FortiSIEM	Hardware and software complex for monitoring and managing incidents in real time

¹²⁵ For more details, see the section "Documents of the Damu Fund" on the website.

¹²⁶ With amendments and additions as of July 27, 2023.

¹²⁷ With amendments and additions as of May 31, 2024.

¹²⁸ With amendments and additions as of June 27, 2023.

¹²⁹ With amendments and additions as of July 5, 2024.

¹³⁰ Order of the Board No. 389-p dated September 25, 2018 on the appointment of a person responsible for compliance with information security requirements at JSC Entrepreneurship Development Fund Damu.

¹³¹ DLP (Data Loss Prevention) – preventing data loss.

¹³² VPN (Virtual Private Network) is a generalized name for technologies that allow one or more network connections to be provided over someone else's network.



In 2023, the Fund updated the FortiGate firewalls of the Head Office and regional branches to the latest current version, and also carried out measures to update the antivirus solution.

In 2023, an external information security audit was conducted by a third party organization¹³³. Based on the results of the assessment, recommendations were sent to the Damu Fund, according to which next year it is planned to improve the qualifications of responsible employees in accordance with the information technology and cybersecurity standards ISO/IEC 27005 “Information Security Risk Management”.

Cybersecurity and Personal Data Protection Risk Management

The Damu Fund conducts an assessment of risks in the field of information security and personal data leakage, taking into account the overall business strategy and goals¹³⁴. Identification and mitigation of data security risks is governed by the Risk Management Policy. Information on identified incidents is sent to the Risk Management Department on a quarterly basis. In 2023, no cases of leakage of personal data of clients and counterparties were identified.

¹³³ The external audit on information security was conducted by Cerebro Innovatoin Technologies LLC.

¹³⁴ For more details, see the chapter “Corporate Governance and Business Ethics”, section “Risk Management” of this report.

Damu Fund's Key Cybersecurity Risks and Preventive Measures in 2023

Risk name

Prevention activities

1

Risk of information security threat (including information leakage, human factor, hacker attacks, malware, unauthorized access)

- ◆ annual revision of the list of potential threats, taking into account the list of threats published by government and international organizations involved in information security;
- ◆ analysis of the identified incident and monitoring of significant threats in the field of information security in the industry segment;
- ◆ backup of information on a permanent basis and development of internal documents¹³⁵;
- ◆ regular monitoring of information security compliance using software¹³⁶ and control over compliance with the requirements of internal regulatory documents;
- ◆ consulting clients and training staff on risk management in the field of information security on a regular basis;
- ◆ control of the granted access rights to the Fund's information systems

2

Risk of system and software failure

- ◆ regulation of the activities of employees by internal documents of the Fund, including User Instructions for the operation of computer equipment and software on the use of electronic digital signature¹³⁷ and to secure the functions and powers of the Information System server administrator, as well as the Rules for the preservation and backup of information, internal control of access to insider information and on the use and disposal of electronic storage media¹³⁸;
- ◆ creation of backup storage facilities taking into account business continuity requirements, as well as periodic testing of the continuity of IT systems

3

Risk of IT equipment failure

- ◆ regular monitoring of the technical condition of equipment, checking of system logs, timely replacement/repair of equipment, carrying out preventive maintenance;
- ◆ periodic testing of the continuity of the information system

4

The risk of choosing an unscrupulous contractor is dependence on the supplier's information technology

- ◆ conducting an audit of a contractor to confirm the good faith and legal capacity when concluding contractual relations

¹³⁵ Including internal instructions: Rules for using e-mail and Internet services on workstations, instructions on password protection and organizing anti-virus protection, etc.
¹³⁶ Including systems for preventing leakage of confidential information DLP, monitoring the actions of PC users "Office Control" and anti-virus security.
¹³⁷ With amendments and additions as of July 5, 2024.
¹³⁸ With amendments and additions as of June 27, 2023.

Key Results for 2023 in Cybersecurity and Personal Data Protection

0 incidents

of data leakage, theft or loss in 2023

0 complaints

about violation of confidentiality of client and counterparty data in 2023

When incidents are detected or complaints are received regarding security violations by the Fund an official investigation is provided to determine whether the facts stated in the complaint are true and to take appropriate measures. In 2023, the Security Department staff conducted pilot projects to implement the Trend Micro antivirus solution, as well as DLP Safetica confidential information leakage prevention systems¹³⁹ and GTB DLP¹⁴⁰. In the reporting year, 41,426 DLP system activations were recorded in accordance with configured policies¹⁴¹. Each incident was studied in detail and no actual cases of data compromise were recorded.



Main types of prevented incidents of confidential information leakage in 2023

1 Email attachments

All files sent via SMTP (email) are analyzed to identify potential incidents.

2 Files sent over the Internet.

All files sent via HTTP/HTTPS channels (anything sent over the internet) are analyzed to prevent data leaks.

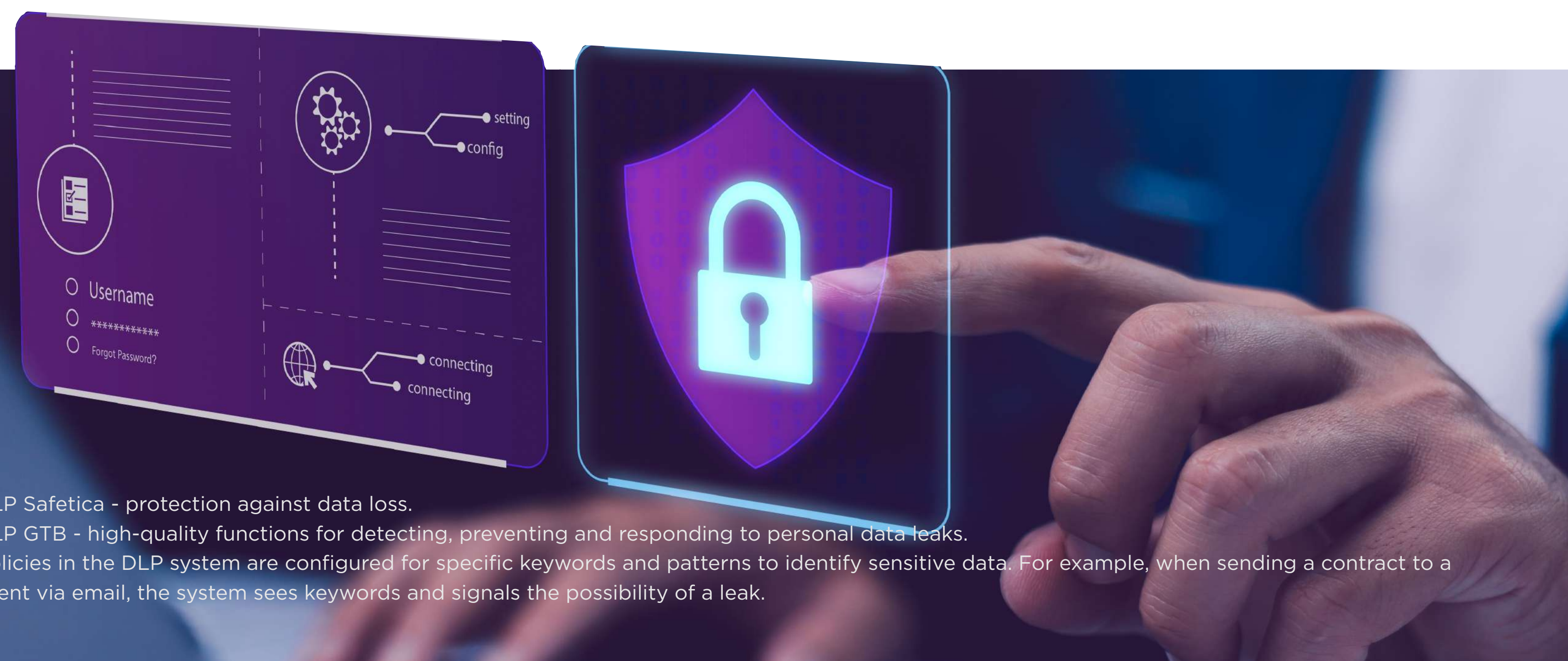
3 Blocking functions

The DLP system is configured to monitor interactions with specific applications. If an employee attempts to download a file through an unauthorized cloud application, the DLP analyzes what kind of data it is and takes action based on the policy.

4 Intensive protection policy

Intensive protection policy settings help detect and prevent attacks before they reach your system using artificial intelligence powered by Symantec's global threat intelligence network.

The Fund employs a team of information security specialists who ensure the protection of clients' personal data and the Fund's data from leakage and theft. In the reporting year, cybersecurity personnel were trained in information security in accordance with the Kaspersky Automated Security Awareness Platform license.



139 DLP Safetica - protection against data loss.

140 DLP GTB - high-quality functions for detecting, preventing and responding to personal data leaks.

141 Policies in the DLP system are configured for specific keywords and patterns to identify sensitive data. For example, when sending a contract to a client via email, the system sees keywords and signals the possibility of a leak.

This training for the Fund's employees contributed to raising the level of information security in the following areas:

- ♦ reducing vulnerability to cyber-attacks;
- ♦ reducing the risk of corporate account hacking and data loss;
- ♦ preventing compromise of personal and corporate email accounts;
- ♦ protection of confidential data of the Fund's employees;
- ♦ minimizing the risk of infection by malicious software;
- ♦ preventing leakage of confidential information;
- ♦ reducing the likelihood of successful targeted attacks on the company.

Plans for 2024 and the medium term

As part of the integration of the Fund with state databases, in the next reporting period, testing will be conducted for compliance with information security requirements of the method for assessing the security of computer systems and networks by means of simulating an intruder attack. For vulnerability scanning purposes¹⁴² in 2024, software for analyzing information infrastructure will be implemented. The implementation of the GTB DLP system into business processes will also continue.

¹⁴² An automated, tool-based process that helps detect and classify weaknesses in an organization's networks and systems



*Caring for the
environment*

Climate Impact Management

[305-1] [305-2] [305-4]

The Damu Fund is aware of its significant position in the financial sector and its responsibility for contributing to sustainable development. The Fund is committed to the goals of the Paris Climate Agreement, the UN Sustainable Development Goals and the National Strategy for Achieving Carbon Neutrality. One of the Fund's strategic objectives is to minimize the negative impact of its activities on climate change.



The Damu Fund's main areas of climate impact reduction are:

- 1 reducing the consumption of resources, including electricity, paper, glass, water and the introduction of energy-efficient technologies;
- 2 sustainable waste management: recycling of batteries, computer components, furniture;
- 3 reduction of direct and indirect greenhouse gas emissions from own activities;
- 4 encouraging MSMEs and Fund partners to develop measures to reduce harmful impacts on the climate; reducing the share of carbon-intensive projects financed.

Responsibility for climate change impact management issues lies with the Fund's ESG Implementation Working Group.

During the reporting period, the Fund began for the first time to calculate and assess greenhouse gas emissions from its activities, which will allow it to set emission targets and develop initiatives to reduce them.

Strategy for achieving carbon neutrality of the Republic of Kazakhstan until 2060

Strategy for achieving carbon neutrality of the Republic of Kazakhstan until 2060 (hereinafter- Strategy), approved by the President of the Republic of Kazakhstan in 2023, is a plan for implementing decarbonization in the country. According to the Strategy plan, the medium-term goal is to reduce GHG emissions by 15% by 2030 relative to the 1990 emission level and achieving a 25% reduction on condition of receiving international support for decarbonising the economy.



The implementation of the Strategy will be achieved through a number of initiatives, which include:

- 1 decarbonization of fossil fuel and non-fossil fuel industries and processes;
- 2 increasing natural sources of emission absorption and introducing industrial solutions for capture, use, long-term storage, and deposition¹⁴³ carbon.

As one of the key financial institutions supporting entrepreneurship in the country, including green and social projects in Kazakhstan, the Damu Fund takes part in the legislative process. Including in the process of coordinating and developing the Strategy for Achieving Carbon Neutrality and related documents:

- 1 together with the International Centre for Green Technologies and Investment Projects, the Fund submitted proposals to the Strategy;
- 2 at the invitation of UNDP and the Institute of Economic Research, the Damu Fund was included in the working group for discussions and development of proposals.

¹⁴³ Sequestration is the process of storing carbon in the form of carbon dioxide to prevent its release into the atmosphere and reduce the greenhouse effect.

Approach to climate governance

Calculating greenhouse gas emissions is an important step in a comprehensive assessment of direct and indirect emissions associated with the Fund's activities. During the reporting period, the Fund carried out calculations¹⁴⁴:

- ♦ direct GHG emissions (Scope 1), which are produced directly by sources owned or controlled by the Fund, and include emissions from fuel combustion at the Fund's facilities (generators, boilers) and from mobile sources (diesel and gasoline vehicles);
- ♦ indirect GHG emissions (Scope 2) associated with the consumption of purchased electricity and thermal energy and associated with the activities of the Fund, but originating from sources not controlled by the Fund (power plants and thermal power plants producing energy).

The methodology used to calculate emissions is based on the following standards and regulations:

- ♦ GHG Protocol Corporate Standard;¹⁴⁵
- ♦ IPCC Guidelines for National Greenhouse Gas Inventories;¹⁴⁶
- ♦ ISO 14064-1:2018 Greenhouse gases – Part 1: Requirements with guidance for quantification and reporting of greenhouse gas emissions and removals at the organization level.
- ♦ **National regulations of the Republic of Kazakhstan:**
 - 1) Order of the Minister of Ecology and Natural Resources of the Republic of Kazakhstan dated January 17, 2023 No. 9: "On approval of methods for calculating emissions and absorption of greenhouse gases";
 - 2) Order of the Acting Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan dated July 19, 2021 No. 260: "On approval of the list of benchmarks in regulated sectors of the economy."

Verification of GHG emissions was not carried out in the reporting year; plans for verification have been postponed to future reporting periods.

¹⁴⁴ The base year for calculation is 2021.
¹⁴⁵ International standard for accounting of greenhouse gas emissions.
¹⁴⁶ IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change.

The Fund's Scope 1 Greenhouse Gas Emissions Assessment Results for 2023¹⁴⁷, t CO_{2-eq}

	2021 year	2022 year	2023 year	Dynamics of 2023 to 2022, %
Scope 1, t CO _{2-eq}	210.5	200.4	194.8	-2.8

The Fund's Scope 2 greenhouse gas emissions assessment results for 2023¹⁴⁸, t CO_{2-eq}

	2021 year	2022 year	2023 year	Dynamics of 2023 to 2022, %
Scope 2, t CO _{2-eq}	1,408.08	1,347.3	1,300.3	-3.5

The total amount of emissions under Scope 1 and Scope 2 in 2023 amounted to 1,495.12 t CO_{2-eq}, which is 3.4% lower than the 2022 figures. Specific greenhouse gas emissions (Scope 1 and Scope 2) in 2023 per unit of personnel amounted to 5.2 t CO_{2-eq}/person. The calculation took into account the average headcount for 2023 - **422 employees.**

Scope 1 and Scope 2 emissions reduced by

3.4%

in 2023

¹⁴⁷ The GHG emissions results are calculated based on the internal Methodology for calculating CO₂ emissions (Scope 1, 2), developed by Sustainability Solutions (LLP "Consulting for Sustainable Development"). The table takes into account data for the head office and all 20 regional branches.
¹⁴⁸ The GHG emissions results are calculated based on the internal Methodology for calculating CO₂ emissions (Scope 1, 2) developed by Solutions (LLP "Consulting for Sustainable Development"). The table takes into account data on the Head Office and 9 regional branches out of 20, except for the branches: Almaty, Astana, Shymkent, Abay, Almaty, Aktobe, Karaganda, Kostanay, Ulytau, Mangistau, Turkestan regions. The occupied areas are leased and, according to the current lease agreements, the consumption of heat and electricity is not allocated from the total consumption of the tenant. These emissions will be attributed to Scope 3.

Climate Change Awareness Raising Events in 2023

The Fund believes it is important to be involved in the environment and climate change agenda and to participate in relevant events on sustainable development issues.

During the reporting period, the managers took part in events dedicated to this topic:

- 1 The Chairmen of the Management Board, the Deputy Chairman of the Management Board and the Managing Director of the Borrowing and International Cooperation Department took part in events within the framework of the **28th session of the Conference of the Parties** to the UN Framework Convention on Climate Change (Dubai, UAE).
- 2 At the conference, the Fund became a signatory to the Green Investment Principles for Belt and Road¹⁴⁹ in Central Asia.
- 3 The Director of the Department of Borrowing and International Cooperation spoke at the session **“Investments in Sustainable Development and Climate Resilience”**, where the role of the Fund in “green” financing of entrepreneurship in Kazakhstan was presented.

Damu Fund Climate Impact Management Plans for 2024 and the Medium Term

- ◆ Development and approval of the Damu Fund Climate Policy in 2024.
- ◆ Assigning responsibility for the implementation of climate policy and targets for reducing climate impact in 2024.
- ◆ Implementation of the Fund’s ESG Initiatives Roadmap in terms of reducing climate impact.
- ◆ Training of the Fund’s managers and staff on climate responsibility and climate risk management.
- ◆ Approval of strategic goals to reduce direct and indirect impacts on climate change.

Improving energy efficiency

[302-1] [302-4]

The Damu Fund’s efforts to improve energy efficiency are an important part of caring for the environment and minimizing the impact on the climate.

Responsibility for managing energy efficiency issues, as well as water consumption and waste in the Fund is assigned to the Administrative Department. Key performance indicators for the Administrative Department are established annually by the Fund’s Board.

The main documents regulating the activities of the Fund in the area of reducing the negative impact on the environment are the Environmental and Social Policy.

The description of the main strategic goals and plans for 2023 was approved in the documents:

- ◆ Target values of performance indicators for sustainable development activities for 2023 of JSC Damu Entrepreneurship Development Fund.
- ◆ Action plan for sustainable development of JSC “Damu Entrepreneurship Development Fund” for 2022-2023.



To organize its activities, the Fund purchases from external suppliers and consumes fuel and energy resources, including: electricity, heat energy, gasoline, diesel fuel and natural gas. The Fund’s divisions make efforts to consume resources rationally.

Energy (fuel) consumption from non-renewable sources by branch, 2021–2023 ¹⁵⁰

Indicator	Unit of measurement	2021 year	2022 year	2023 year
Non-renewable energy sources (fuels) purchased by the Fund				
Head office, Almaty				
Diesel fuel	T	1.4	1.21	0.1
Petrol	T	1.9	1.7	2.04
Regional branches:				
Astana city				
Diesel fuel	T	0.07	0	0
Petrol	T	3.71	3.31	2.66
Almaty city				
Diesel fuel	T	0	0	0
Petrol	T	2.81	3.41	2.77
Akmola region				
Diesel fuel	T	0	0	0
Petrol	T	5.55	5.51	4.81
Aktobe region				
Diesel fuel	T	0.07	0	0
Petrol	T	3.63	3.76	3.08
Zhetysu region				
Diesel fuel	T	0	0	0
Petrol	T	0	1.04	3.21

150 The table presents data for the Head Office and all 20 regional branches.

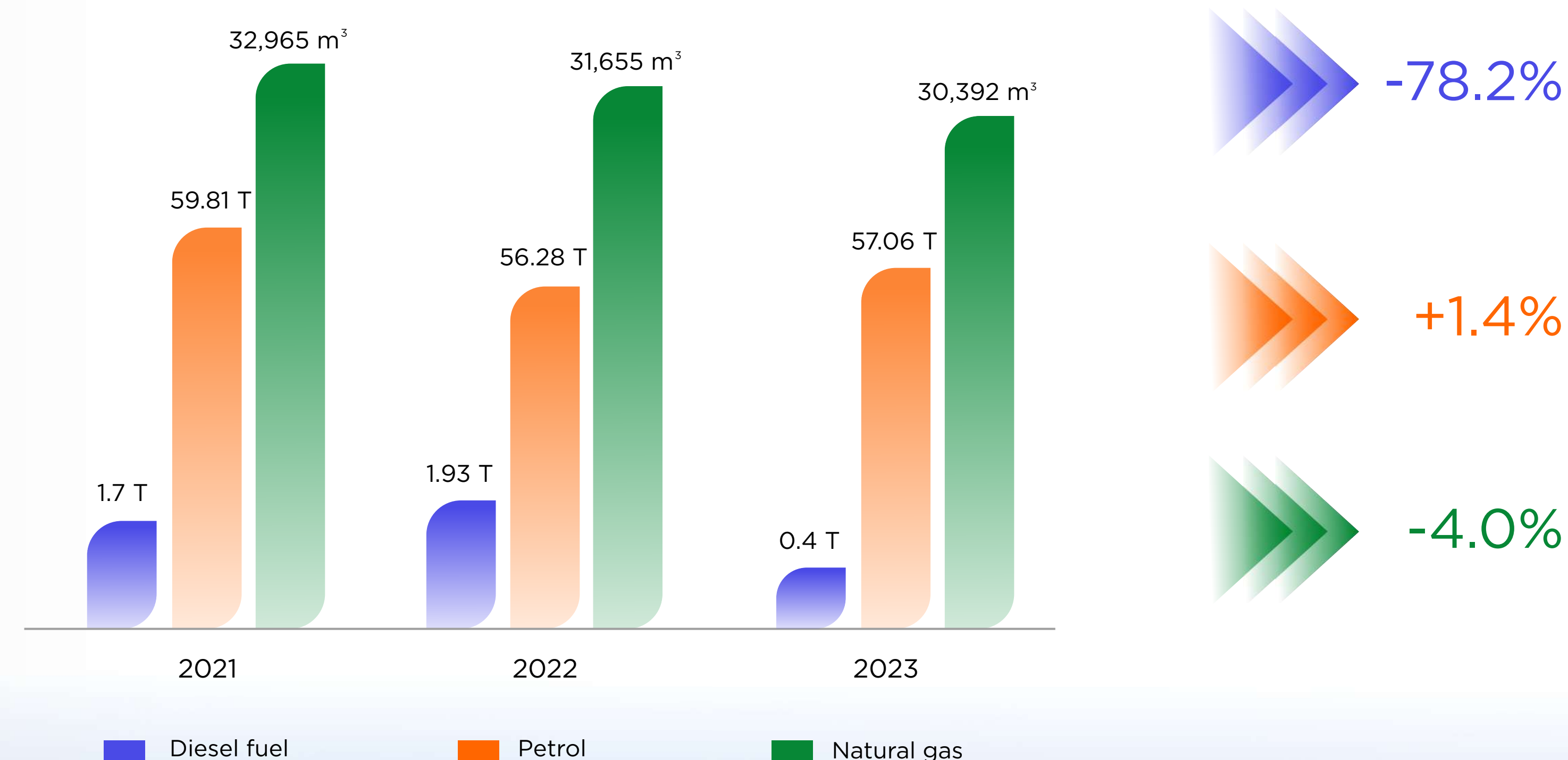
Indicator	Unit of measurement	2021 year	2022 year	2023 year
Atyrau region				
Diesel fuel	T	0.04	0.10	0.06
Petrol	T	3.29	4.15	3.21
East Kazakhstan region				
Diesel fuel	T	0	0	0
Petrol	T	6.04	5.89	3.98
Zhambyl region				
Diesel fuel	T	0.06	0.24	0.1
Petrol	T	2.47	2.13	2.13
Natural gas	m ³	8,201	7,699	7,338
Karaganda region				
Diesel fuel	T	0	0	0
Petrol	T	2.5	2.73	2.31
West Kazakhstan region				
Diesel fuel	T	0	0	0
Petrol	T	3.26	4.08	3.07
Kostanay region				
Diesel fuel	T	0	0	0
Petrol	T	3.27	2.58	2.76
Kyzylorda region				
Diesel fuel	T	0.05	0.2	0.15
Petrol	T	4.01	1.44	1.12
Natural gas	m ³	24,764	23,956	23,054

Indicator	Unit of measurement	2021 year	2022 year	2023 year
Mangistau region				
Diesel fuel	T	0	0	0
Petrol	T	2.61	1.21	1.3
Pavlodar region				
Diesel fuel	T	0	0	0
Petrol	T	3.67	4.36	3.99
North Kazakhstan region				
Diesel fuel	T	0	0.18	0.01
Petrol	T	2.9	2.86	3.48
Shymkent city				
Diesel fuel	T	0	0	1
Petrol	T	4.24	3.34	2.26
Turkestan region				
Diesel fuel	T	0	0	0
Petrol	T	0	0	3.07
Abay region				
Diesel fuel	T	0	0	0
Petrol	T	0	0.29	2.18
Ulytau region				
Diesel fuel	T	0	0	0
Petrol	T	0	0	1.64
Almaty region				
Diesel fuel	T	0	0	0
Petrol	T	3.93	2.52	1.99

Total energy (fuel) consumption from non-renewable sources of the Damu Fund, 2021–2023¹⁵¹

Non-renewable energy sources (fuels) purchased by the Fund

Dynamics of 2023 to 2022, %



The 78.2% reduction in overall diesel fuel consumption was due to the refusal to use diesel-powered vehicles and their subsequent sale.

151 The table presents data for the Head Office and all 20 regional branches.

Electricity and heat energy consumption by branches, 2021–2023¹⁵²

Indicator	Unit of measurement	2021 year	2022 year	2023 year
The amount of energy purchased for the Fund's own consumption				
Head office, Almaty				
Electricity	kWh	280,424	306,716	326,536
Thermal energy	Gcal	630.6	530.7	536.4
Regional branches:				
Akmola region				
Electricity	kWh	25,820	26,823	25,713
Thermal energy	Gcal	80.6	81.4	75
Zhetysu region				
Electricity	kWh	25,940	24,880	18,940
Thermal energy	Gcal	35.3	34.4	37.7
Atyrau region				
Electricity	kWh	44,954	44,469	42,743
Thermal energy	Gcal	87.3	88.7	97
East Kazakhstan region				
Electricity	kWh	36,852	34,290	24,880
Thermal energy	Gcal	256.4	243.3	218.3
Zhambyl region¹⁵³				
Electricity	kWh	15,784	16,419	20,219

¹⁵² The table includes data on the Head Office and 9 regional branches out of 20, excluding branches in Almaty, Astana, Shymkent, Abay, Almaty, Aktobe, Karaganda, Kostanay, Ulytau, Mangistau, Turkestan regions. The occupied areas are leased and, according to the current lease agreements, the consumption of heat and electricity is not allocated from the total consumption of the tenant. These emissions will be attributed to Scope 3.

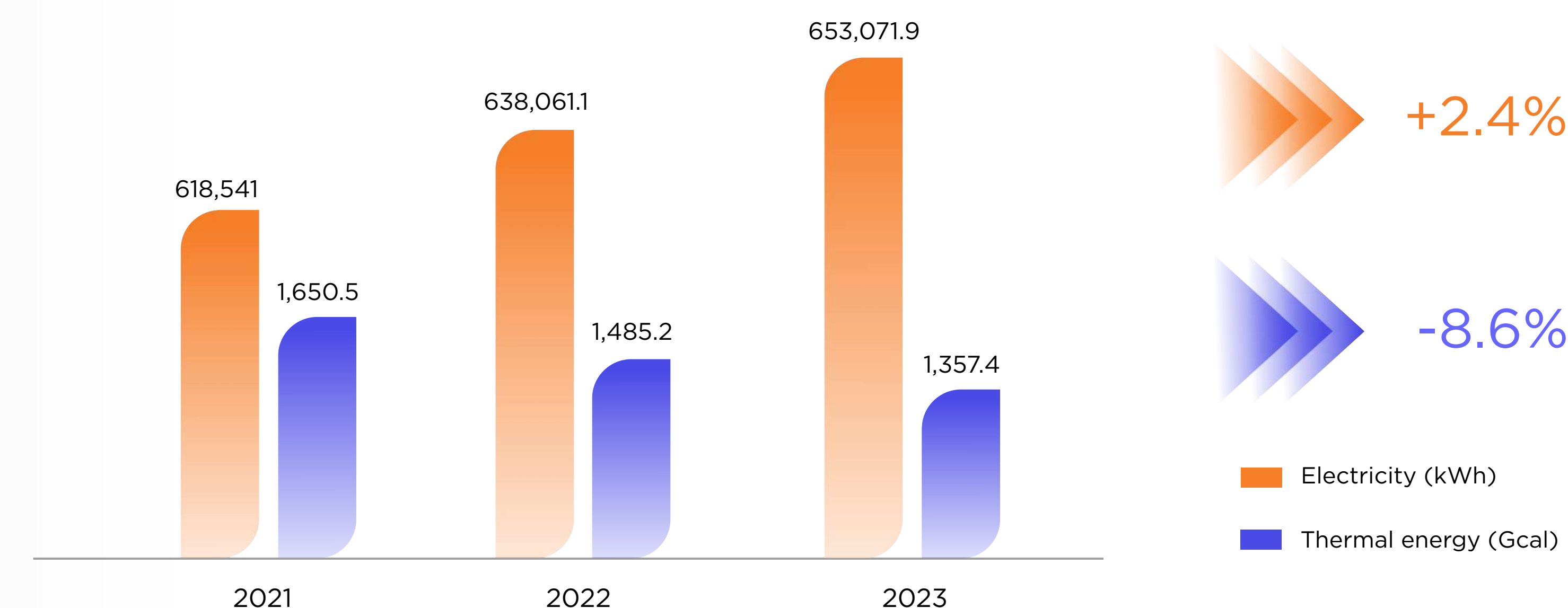
¹⁵³ The Zhambyl region branch does not have purchased thermal energy, since gas heating is used.

Indicator	Unit of measurement	2021 year	2022 year	2023 year
West Kazakhstan region				
Electricity	kWh	70,541	69,318	67,625
Thermal energy	Gcal	174.2	155.5	61.6
Kyzylorda region¹⁵⁴				
Electricity	kWh	48,125	46,360	40,414.1
Pavlodar region				
Electricity	kWh	36,845	37,277	37,614.8
Thermal energy	Gcal	140.6	138.8	137.8
North Kazakhstan region				
Electricity	kWh	33,256	31,509.1	48,387
Thermal energy	Gcal	245.7	212.5	193.6

Total consumption of electricity and heat energy by branches, 2021–2023¹⁵⁵

The amount of energy purchased for the Fund's own consumption

Dynamics of 2023 to 2022, %



¹⁵⁴ The Kyzylorda region branch does not have purchased thermal energy, as gas heating is used.

¹⁵⁵ The table includes data on the head office and 9 regional branches out of 20, except for branches in Almaty, Astana, Shymkent, Abay, Almaty, Aktobe, Karaganda, Kostanay, Ulytau, Mangistau, Turkestan regions. The occupied areas are leased and, according to the current lease agreements, the consumption of heat and electricity is not allocated from the total consumption of the tenant. These emissions are not included in Scope 2.

In 2023, the amount of electricity used increased by 2.4% compared to 2022, despite resource-saving measures. This increase is due to the increased load on the air conditioning system due to extremely high temperatures in the summer. Thermal energy consumption decreased by 8.6%, which has a positive impact on the environment.

In order to reduce energy consumption, the Fund uses energy-efficient practices. The Head Office has installed LED lighting, which is more efficient and also safer due to the absence of mercury and other toxic gases compared to incandescent and fluorescent lamps. Automatic lighting control systems have been installed in the sanitary facilities of the Head Office of the Damu Fund; such lighting is planned to be installed in regional branches in 2025.



Waste and water management

[303-5] [306-1] [306-2] [306-3]

Waste management

The Damu Fund strives to implement the principles of rational consumption and sustainable waste management in its daily activities. The main focus is on minimizing waste generation, recycling individual waste fractions (furniture, computer equipment).

In addition to proper waste collection and disposal, the Fund also implements initiatives to prevent waste generation. Thus, in 2023, the Damu Fund completely switched to electronic document management, storing in paper form only documents whose storage in this format is regulated by the legislation of the Republic of Kazakhstan.



Since 2017, the Fund has stopped using plastic bottles in order to reduce the volume of plastic waste generated. Instead, water is purchased in glass containers.

Damu Fund's Energy Efficiency Plans for 2024-2025 and the Medium Term

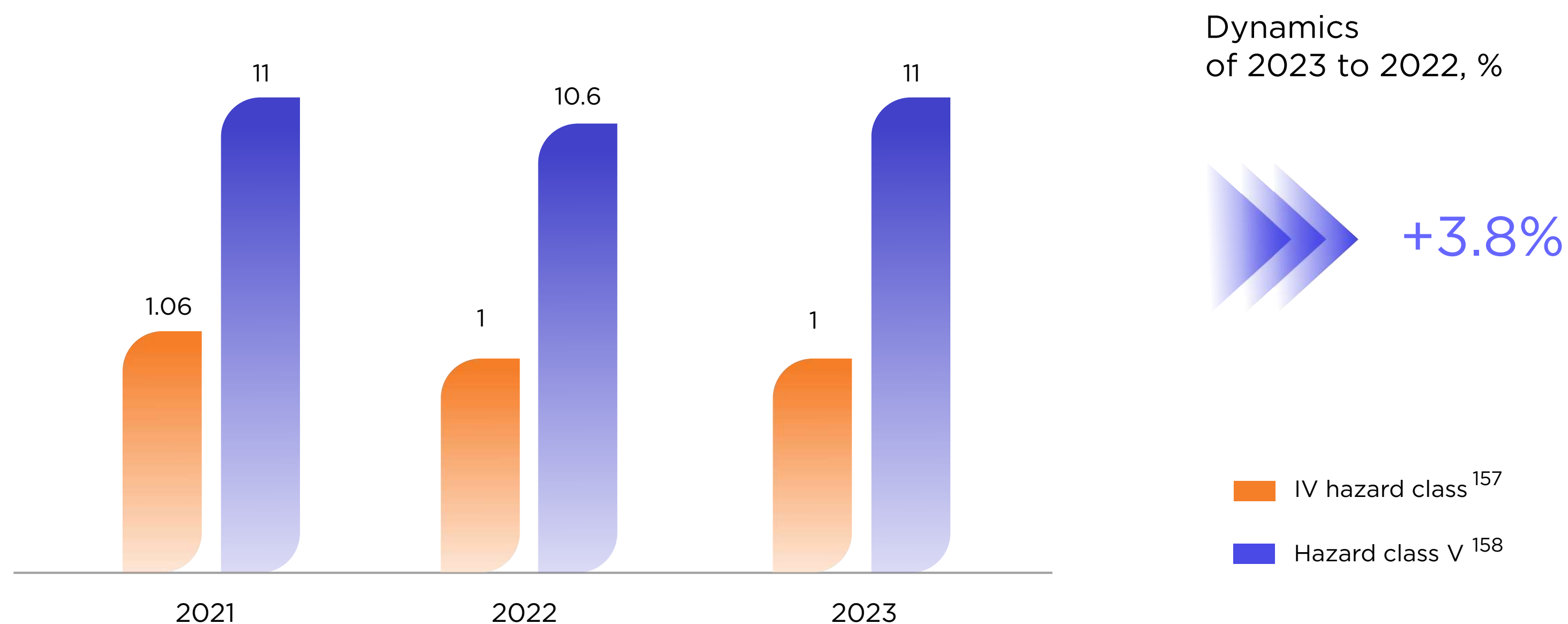
1 complete replacement of the heating system for the Fund's offices with the installation of equipment for manual regulation of central heating radiators;

2 gradual equipping of the Fund's offices with modern air conditioners with an eco-friendly mode and automatic control function.

The following practices have been implemented, among others:

- ◆ A tool for centralized management and rational use of printing equipment has been integrated.
- ◆ The practice of using documents in electronic form without the need to print them is permitted and supported.
- ◆ The practice of demonstrating documents on electronic media, including screens, monitors and tablets, has been introduced.
- ◆ Archival storage of documents is carried out in electronic format.
- ◆ Placement of signs reminding about waste separation.

Volume of waste generation, tons¹⁵⁶



Power elements are hazardous waste generated during the course of activities. For their disposal, the Fund plans to install special containers for collecting batteries by 2025. In addition, separate waste collection with subsequent disposal will be organized at the Head Office and regional branches of the Damu Fund. This will reduce the negative impact on the environment and reduce the volume of waste sent for disposal.

Water consumption management

The Damu Foundation strives to implement the principles of rational consumption and sustainable waste management in its daily activities. The main focus is on minimizing waste generation, processing of individual waste fractions (furniture, computer equipment).

The introduction of modern water-saving technologies and control of water consumption help to minimize the impact on the environment and contribute to sustainable development.

Examples of such measures implemented in the Fund include:

- 1 installation of aerators on taps¹⁵⁹
- 2 use of plumbing fixtures with different water drainage modes;
- 3 Posting signs with recommendations for saving water.

¹⁵⁶ The table shows data for the Head Office.

¹⁵⁷ Waste removal is handled by Green Generation Industries.

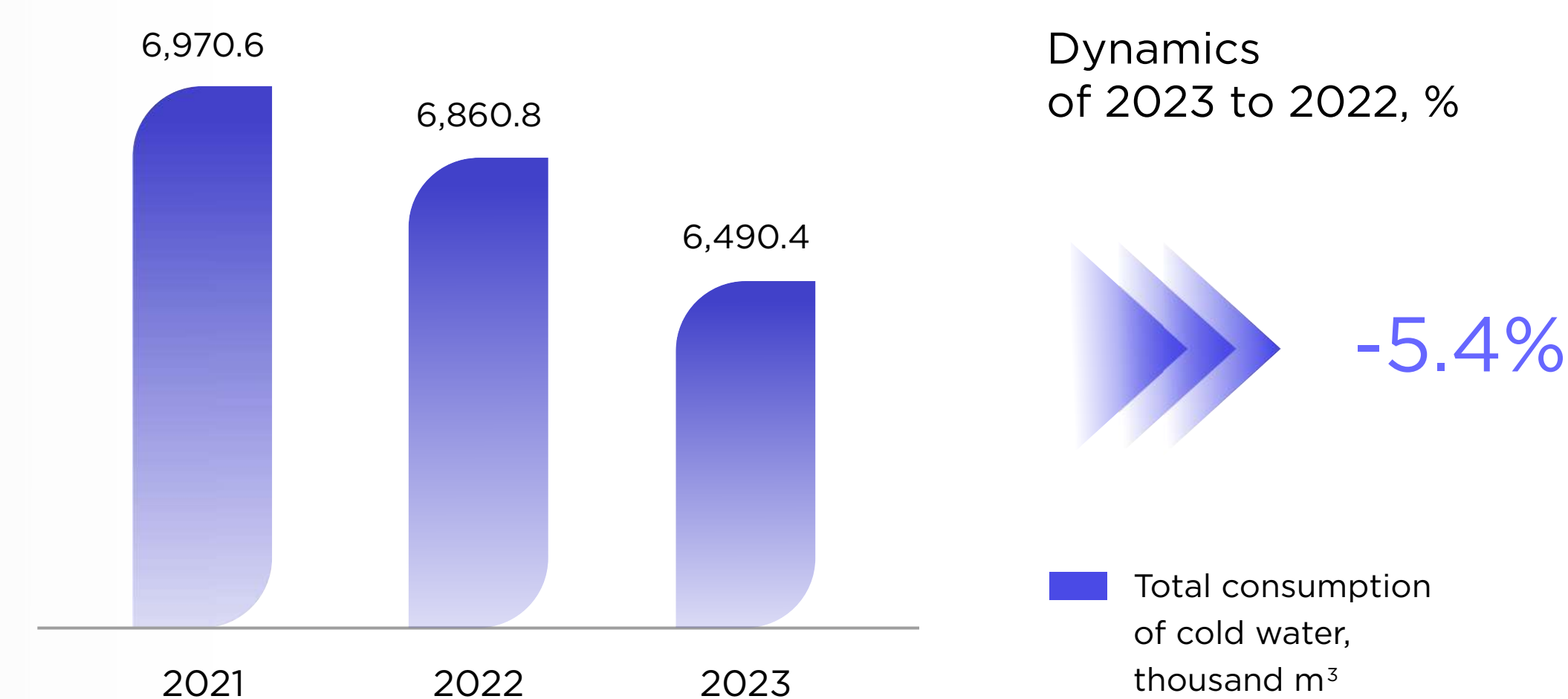
¹⁵⁸ Waste removal is handled by the company "Ak tartyp".

¹⁵⁹ The benefits of implementing aerators: they mix water with air, creating a flow that seems stronger with less actual water consumption. This allows you to reduce water consumption without compromising comfort, contributing to significant savings in water resources.

Volume of cold water consumption by branches, m³

	2021 year	2022 year	2023 year
Head office:			
Almaty city	4,293	3,392	3,504
Regional branches:			
Akmola region	203.3	416	551.7
Zhetysu region	196	438	186
Atyrau region	367.6	687.8	313
East Kazakhstan region	269	197	105
Zhambyl region	249.8	138	188
West Kazakhstan region	321	324	528
Kyzylorda region	475	764	546.7
Pavlodar region	490	410	408
North Kazakhstan region	106	94	160

Total volume of cold-water consumption of the Damu Fund, m³



Plans for 2025 include: installation of push-button faucets in sanitary facilities to save water.

Damu Fund's plans for resource conservation and resource efficiency in 2024–2026

Title of the Fund's internal document

Description of environmental protection indicators

Target values for performance indicators in the field of sustainable development for 2024

Action Plan for Sustainable Development of JSC "Damu" Entrepreneurship Development Fund" for 2024-2026

- ♦ reducing the level of electricity consumption by the Fund;
- ♦ separate waste collection at the Head Office and branches

- ♦ familiarization of new employees of the Fund with the requirements of the Environmental Policy and the Fund's Policy in the field of sustainable development;
- ♦ efficient use of energy-saving technologies and reduction of electricity consumption;
- ♦ filling out an application for participation in the republican competition "Greenoffice" until 2026;
- ♦ as part of the implementation of the "Green Office" concept, continue activities to monitor waste sorting in the Head Office and regional branch offices;
- ♦ Vaccouting and reporting on transferred waste paper;
- ♦ conducting promotional activities to increase environmental awareness among workers;
- ♦ obtaining a certificate of passing training for employees of the Fund according to the requirements of standards ST RK ISO14001-2016 "Environmental management systems. Requirements and guidance for use»;
- ♦ conclusion of a contract for the purchase of products made from environmentally friendly materials;
- ♦ planting trees together with akimats;
- ♦ consideration of the possibility of switching to official electric vehicles and installing charging stations in the Fund's parking spaces

Voluntary environmental initiatives

One of the Fund's key environmental initiatives is the Green Office concept. The Fund's commitment to implementing the concept is reflected in the Fund's Sustainable Development Policy. The initiative includes creating an environmentally friendly and sustainable workplace environment.

89 employees

completed training on the topic of "Green Office" in 2023

One of the Fund's key initiatives in the field of environmental protection is the Green Office concept. The Foundation's commitment to implementing the concept is reflected in the Foundation's Sustainable Development Policy. The initiative includes creating an environmentally friendly and sustainable workplace environment.

The Fund aims to support environmental initiatives in Kazakhstan. To this end, it takes part in urban environmental events:

- ♦ the staff of the Head Office of the Fund took part in a large-scale citywide clean-up day "Zhana Kazakhstan. Taza Tabigat" on the initiative of the Almaty city environmental community and deputies of the city Maslikhat. As part of the event, the city territory was cleaned, recreation areas, parks, squares, and courtyards were cleaned;
- ♦ Head Office employees held a clean-up day in the foothills of the Almaarasan gorge and collected 231 kg of garbage, 107 kg of which can be recycled;
- ♦ Employees of the Head Office and the regional branch in Almaty cleaned the territory of the Dostyk Park and planted about 80 seedlings.



*Taking care
of employees*



Management approach

[3-3]

The HR management system is aimed at ensuring sustainable development and achieving the strategic goals of the “Damu” Fund. Key attention is paid to issues of improving the qualifications of employees and forming a personnel reserve, preventing labor conflicts and managing risks associated with the retention of key specialists. Responsibility for HR management issues is divided between the highest management bodies and structural divisions of the Fund in accordance with their competencies.

Strategic issues on the implementation of the personnel and social policy of the “Damu” Fund in relation to employees, including members of the Management Board, are approved at meetings of the Board of Directors and the Management Board. The Nomination, Remuneration and Social Issues Committee sends recommendations to the Board of Directors on personnel policy, the remuneration system, the assessment of the activities of members of the Management Board, the management of the personnel reserve and compliance with corporate standards.

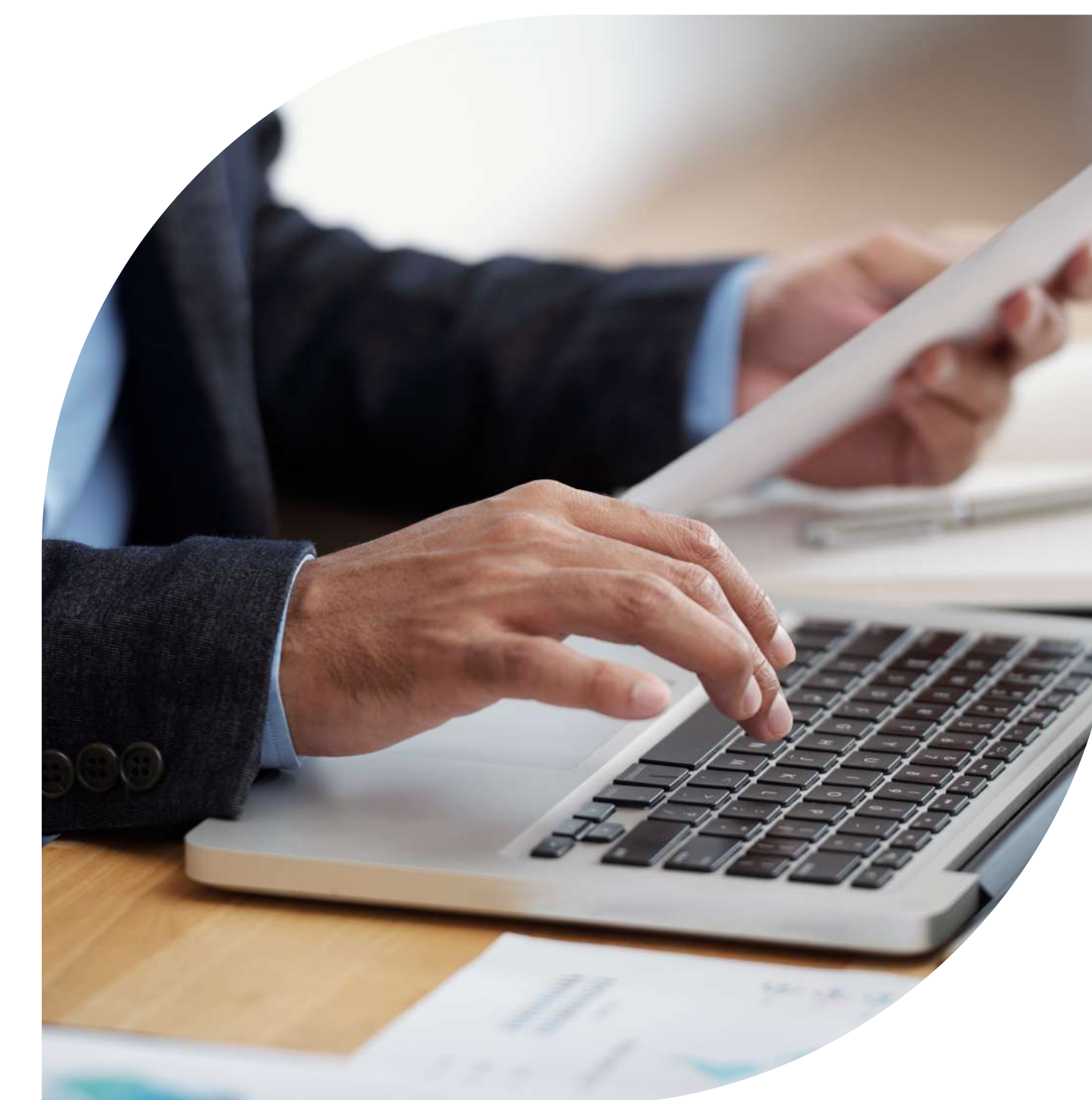
Control and coordination of work with employees is the responsibility of the Board of the “Damu” Fund. At meetings of the HR Policy Committee under the Board, new areas of activity are developed, current ones are updated, and annual results in the field of interaction with employees are considered. Decisions of the HR Policy Committee, including in the area of training and development, social and material support for employees, moral encouragement are submitted for consideration to the Board of the Fund, at whose meetings, among other things, internal documents are approved that regulate the remuneration system and the assessment of employee performance.

In accordance with the labor legislation of the Republic of Kazakhstan and the internal documents of the “Damu” Fund, the Personnel Development Department implements the decisions of the Management Board and the Board of Directors.

The key areas of work of the Personnel Development Department include:

- ♦ ensuring compliance with the labor legislation of the Republic of Kazakhstan;
- ♦ assessment of staff performance;
- ♦ building a grading system and establishing a structure of job categories;
- ♦ development and monitoring of the implementation of efficiency coefficients;
- ♦ selection, hiring and adaptation of new employees;
- ♦ training and development of employees;
- ♦ moral encouragement

In 2023, no changes were made to the Fund’s personnel management structure.



According to the Unified Personnel Policy, the key areas of the Fund in the field of personnel management are:

- 1 planning of human resources through open competitive selection and formation of the Fund’s personnel reserve¹⁶⁰;
- 2 increasing the level of labor productivity by conducting annual events: assessing the effectiveness of activities, applying efficiency indicators, certifying personnel, and implementing motivational programs;
- 3 conducting training, development programs for employees and introducing digital tools into the work process;
- 4 ensuring fair and competitive remuneration based on a grade classification system.



¹⁶⁰ Employees of the Damu Fund included in the personnel reserve are considered first for open vacant positions.

Internal documents

The Shareholder's Unified Personnel Policy is a key internal document in the field of personnel management¹⁶¹. The main objective of the Policy is to strengthen the positions of the Damu Fund by creating comfortable working conditions for attracting, retaining and revealing the potential of the best specialists in the labor market of the Republic of Kazakhstan.

Other key documents of the Fund include¹⁶²:

- ✦ Code of Business Ethics;
- ✦ Regulations on employee certification;
- ✦ Regulations on the organization of professional practice of students of higher educational institutions in the Fund;
- ✦ Regulations on the Department of Personnel Development;
- ✦ Regulation on non-material incentives for employees;
- ✦ Regulations on the Employee Representative;
- ✦ Regulations on rotation and succession of employees;
- ✦ Rules for the training and professional development of employees;
- ✦ Rules for providing assistance in resolving housing issues for employees;
- ✦ Rules for providing social support to employees (updated in 2023);
- ✦ Rules for remuneration and bonuses for employees (updated in 2023);
- ✦ Rules for the admission and adaptation of employees;
- ✦ Rules on the procedure for granting vacations and additional days off to employees;
- ✦ Rules for the process of searching and attracting employees;
- ✦ Rules on business trips;
- ✦ Rules for the selection of candidates for vacant positions;
- ✦ Rules for the evaluation of positions of the Fund;
- ✦ Rules for attracting workers in the outsourcing (outstaffing) sector;
- ✦ Rules for internships of employees abroad and representatives of foreign organizations in the Fund;
- ✦ Rules for the formation and organization of work with a personnel reserve;
- ✦ Rules for assessing the performance of employees (updated in 2023);
- ✦ Instructions on the procedure for applying disciplinary sanctions to employees;
- ✦ Instructions on the procedure for terminating employment contracts with employees;
- ✦ Rules for moral encouragement of employees.

In 2023, the Rules of Labor Regulations were developed.

¹⁶¹ For more information on the provisions of the Unified Personnel Policy of the Shareholder of the Damu Fund, see on website of JSC NMH Baiterek.

¹⁶² The provisions of the internal documents apply to all employees reporting to the Board of Directors, including the governing bodies, as well as employees of the Internal Audit Service, the Anti-Corruption Compliance Service and the Corporate Secretary reporting to the Board of Directors.

Our employees

[2-7] [2-8] [405-1]

Engaged, highly qualified employees are the basis for achieving the strategic goals of the Damu Fund. Attract and retain talent, ensure their well-being and comfortable working conditions—These are all key internal priorities of the Fund. As a responsible employer, the Fund respects the rights of its employees, provides opportunities for training and development, as well as a decent level of wages and social support.

Personnel structure

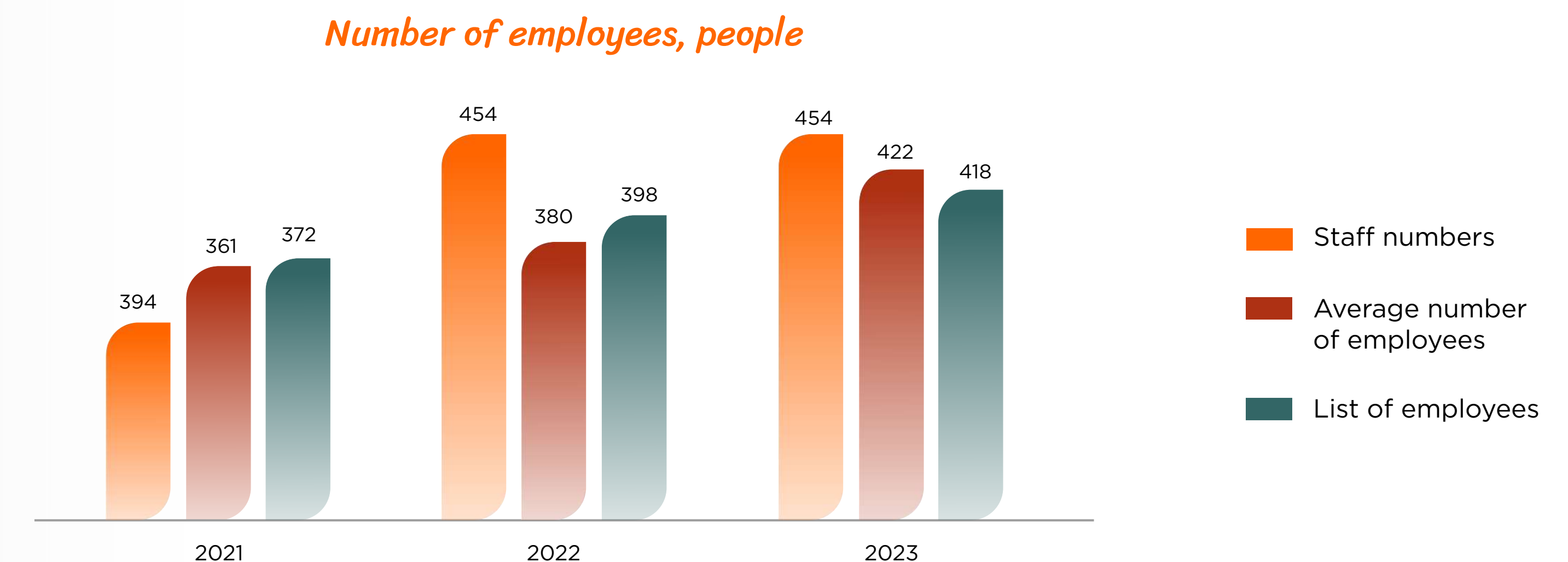
The Damu Fund operates in the Republic of Kazakhstan. The majority (38.2%) of the staff is concentrated in the Head Office in Almaty. Employees of the regional branches of the Fund work in all cities and regions of the country. The headcount at the end of 2023 was 418 people. The average headcount was 422 people, which shows an increase of 10% compared to the previous year. Changes in the number of personnel are due to the closing of vacant positions of the Damu Fund.

10%

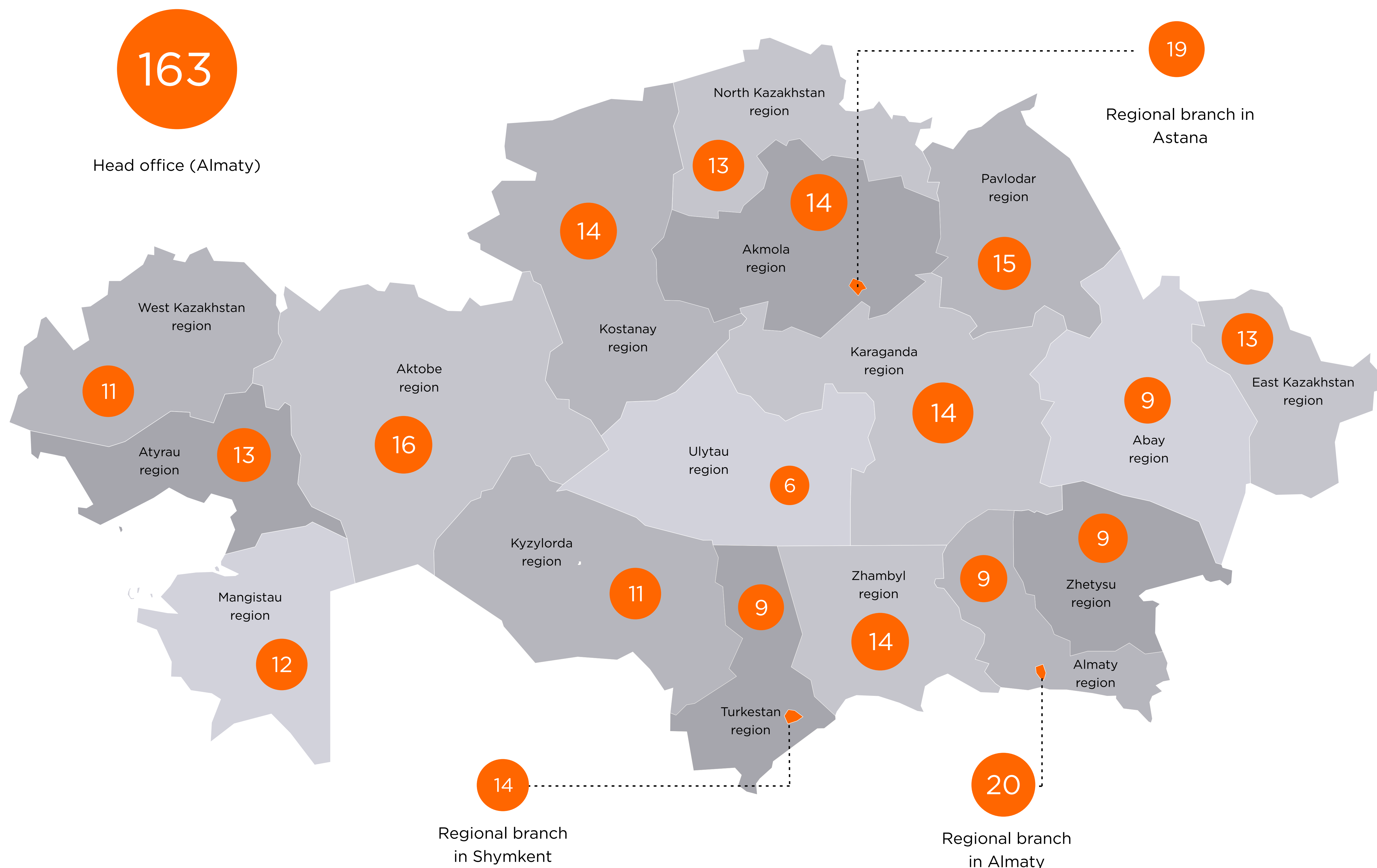
growth in the number of employees of the Damu Fund in 2023 compared to the figures for the previous period

160 employees

worked at the Head Office of the Damu Fund in Almaty in 2023



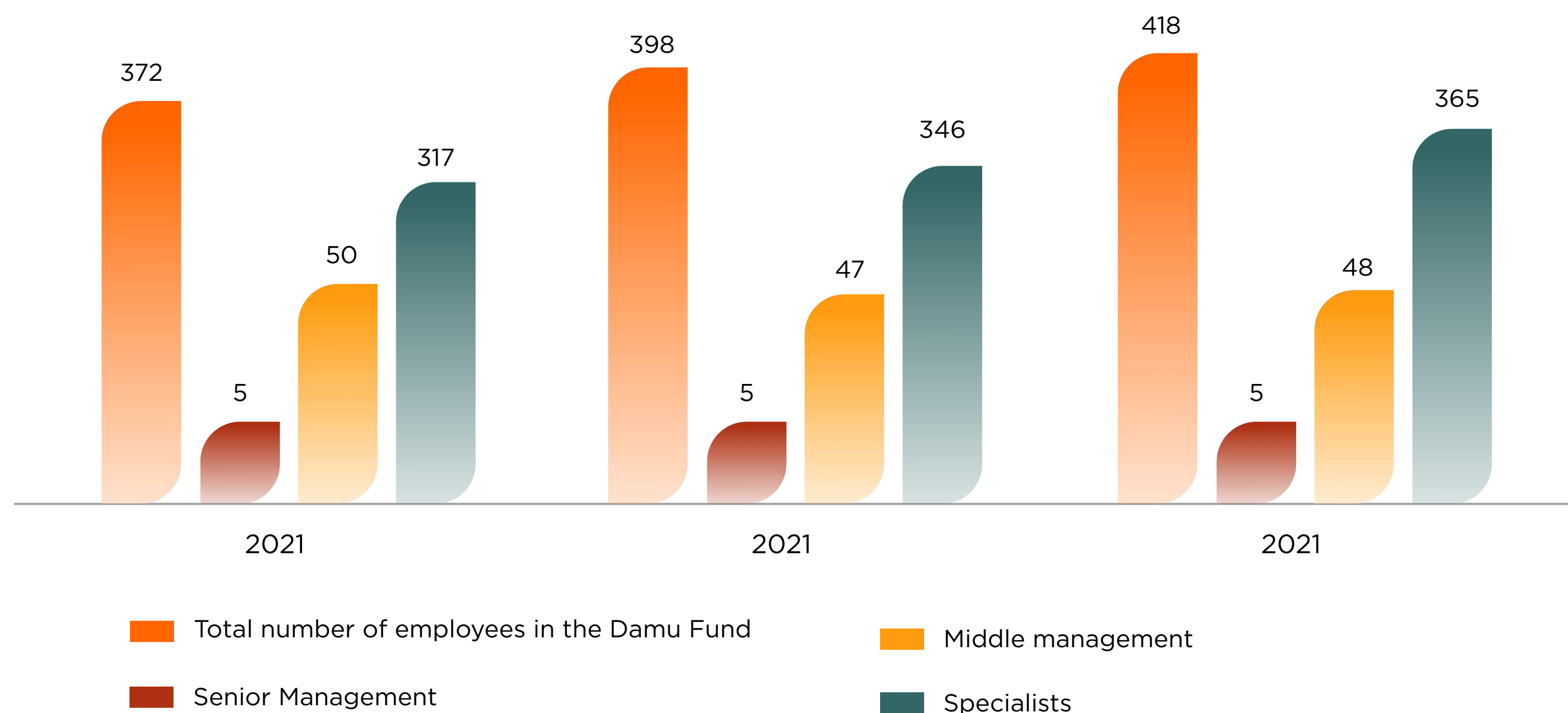
Personnel structure by region, people



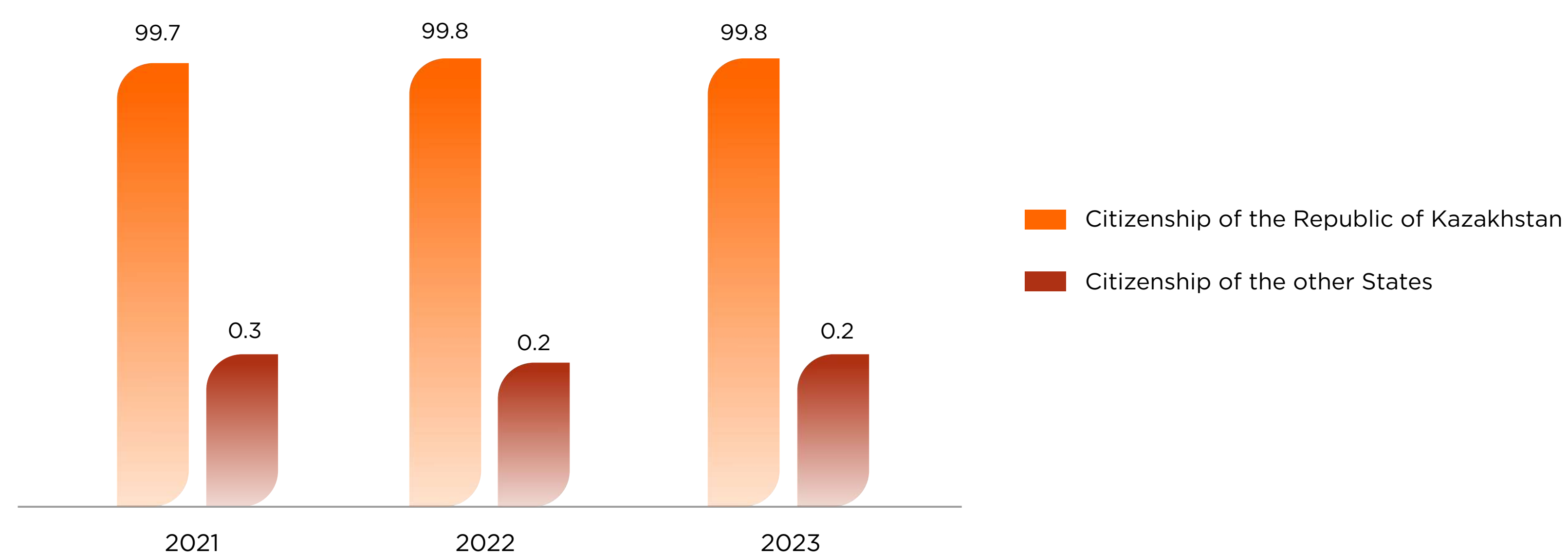
Indicators	2023
Total number of employees in the Damu Fund	418
Head office (Almaty)	163
Almaty city	20
Astana city	19
Shymkent city	14
Akmola region	14
Aktobe region	16
Almaty region	9
Atyrau region	13
Turkestan region	9
East Kazakhstan region	13
Zhambyl region	14
West Kazakhstan region	11
Karaganda region	14
Kostanay region	14
Kyzylorda region	11
Mangistau region	12
Abay region	9
Zhetysu region	9
Ulytau region	6
Pavlodar region	15
North Kazakhstan region	13

In 2023, according to the breakdown by job categories of the Damu Fund, 87.3% were employees in specialist positions. The share of middle managers in the reporting period was 11.5%, senior management - 1.2%.

Structure of personnel broken down by employee categories, people



Employee structure by citizenship, %

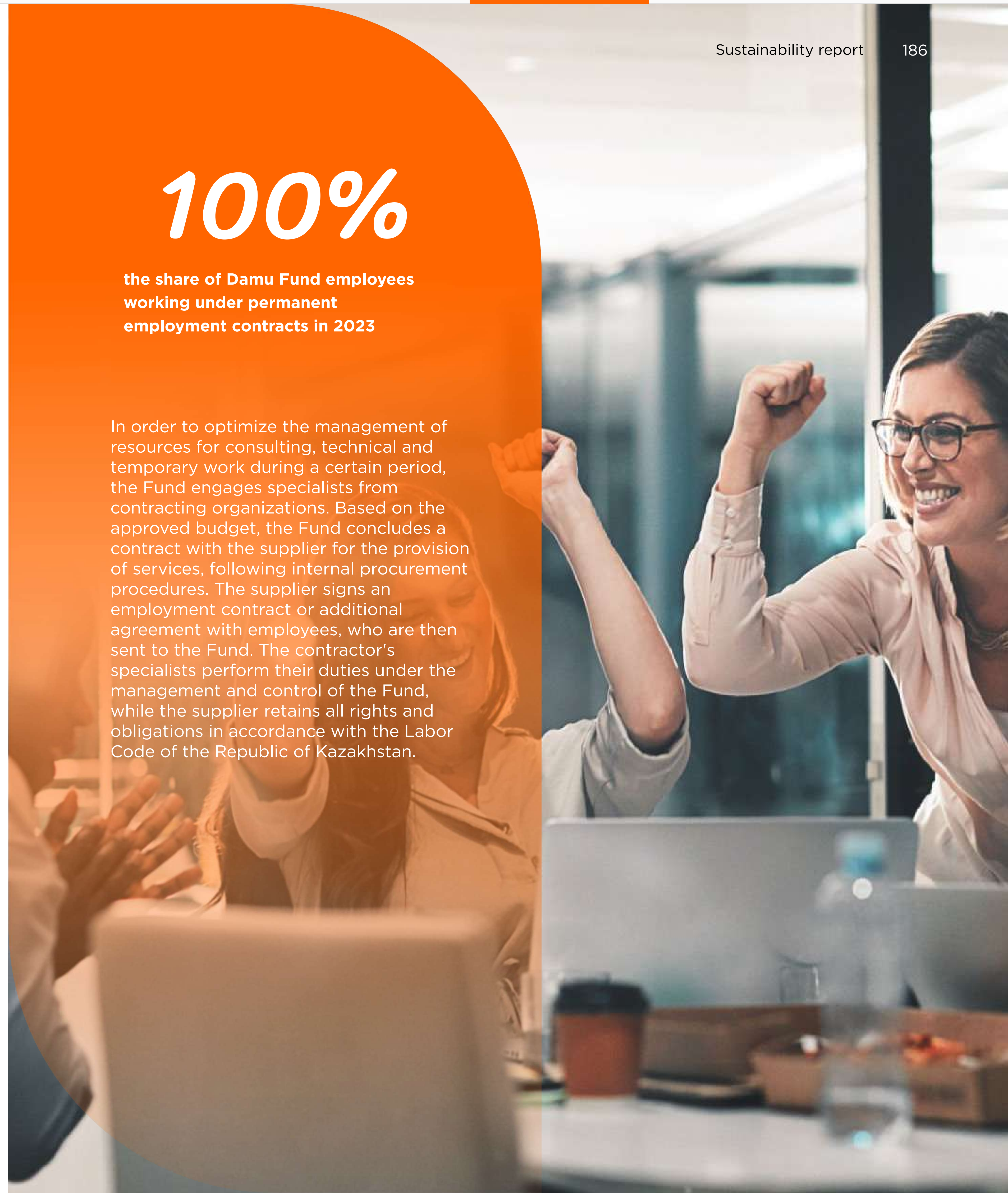


All employees of the Fund work full-time under an employment contract. During the reporting period, the voluntary turnover rate at the Damu Fund decreased by **0.5%** from the previous year's level and amounted to **9.5%**.

100%

the share of Damu Fund employees working under permanent employment contracts in 2023

In order to optimize the management of resources for consulting, technical and temporary work during a certain period, the Fund engages specialists from contracting organizations. Based on the approved budget, the Fund concludes a contract with the supplier for the provision of services, following internal procurement procedures. The supplier signs an employment contract or additional agreement with employees, who are then sent to the Fund. The contractor's specialists perform their duties under the management and control of the Fund, while the supplier retains all rights and obligations in accordance with the Labor Code of the Republic of Kazakhstan.



Ensuring equality

In its work, the Damu Fund takes into account only efforts, skills, competencies and knowledge and provides all employees with equal opportunities at any management level, regardless of gender and other characteristics¹⁶³.

In 2023, women predominated in the Fund's personnel structure and made up **56.2%** of the Damu Fund's employees. The share of women managers was **41.5%**¹⁶⁴ and increased by **3%** compared to the previous year.

Personnel structure by gender of employees in 2021–2023, people

Indicators	2021 year		2022 year		2023 year	
	person	%	person	%	person	%
Total number of employees in the Damu Fund	372	100	398	100	418	100
Men	190	51.1	172	43.2	183	43.8
Women	182	48.9	226	56.8	235	56.2

Gender diversity in governing bodies, people

Indicators	2021 year	2022 year	2023 year
Total	55	52	53
Women	20	20	22
Men	35	32	31
Share of women in leadership positions, %	36.4	38.5	41.5

The Damu Fund's personnel structure is balanced by age categories of employees. The majority are concentrated in the age group from 30 to 40 years, which reflects the maturity and experience of the team. The Fund invests in the development of young specialists: in 2023, the share of employees aged 18 to 30 was **12.4%**.

The management team is dominated by employees aged between 35 and 40, highlighting the presence of qualified and experienced leaders in key positions.

Personnel structure by age in 2023, people

Indicators	2023 year	
	Human	%
Total number of employees in the Damu Fund	418	100
From 18 to 30 years old	52	12.4
From 30 to 35 years old	91	21.8
From 35 to 40 years old	186	44.5
From 40 to 50 years old	81	19.4
From 50 to 60 years old	8	1.9

Diversity of governing bodies by age

Indicators	2023 year	
	Human	%
Total	53	100
From 30 to 35 years old	6	11.4
From 35 to 40 years old	35	66
From 40 to 50 years old	12	22.6

¹⁶³ For more information on the Foundation's approach to diversity and equal opportunity, please see the Caring for Employees chapter in the Human Rights and Diversity section of this report.

¹⁶⁴ For more information on the gender composition of senior management bodies, see the chapter "Corporate Governance and Business Ethics", section "Approach to Corporate Governance" of this report.

Reward and motivation

[404-3]

The Damu Fund offers competitive salaries, as well as other forms of material and non-material remuneration. The Fund's approach is enshrined in the Rules of remuneration and bonuses of employees, Rules of moral encouragement, as well as determined by current market trends, the Unified Personnel Policy and the Fund's internal strategy.

The Fund has implemented a system of job classification based on Korn Fery grades. According to the salary scheme and the structure of the Fund's administrative employees' grades, each position is assigned a range that includes minimum, average and maximum levels of pay, which helps ensure fairness¹⁶⁵ and competitive¹⁶⁶ reward.

Employee remuneration consists of a fixed (official salary) and variable part of remuneration. The bonus amount is determined based on the results of the reporting period.

Bonuses are paid:

- 1 for the implementation of the KPI based on the results of the performance assessment at the end of the reporting period¹⁶⁷;
- 2 for the development and implementation of measures aimed at cost savings, increasing profitability, as well as introducing innovative solutions and rationalization proposals.

Employees are also given a one-time bonus for the national holiday.

Evaluation of labor efficiency

For professional and personal development, all employees undergo annual performance evaluations to ensure they meet their goals.

In 2023, the Rules for Assessing the Performance of Damu Foundation Employees were updated in terms of bringing the current Rules in line with the standard regulations of the The sole shareholder of the "Damu" Fund, including clarifying the purpose of these Rules and key performance indicators.

Performance evaluation is conducted quarterly for all employees and depends on the fulfillment of established KPIs. Based on the evaluation results, the employees' compliance with the positions they hold and the degree of achievement of the set goals are determined, and feedback is sent from immediate supervisors and colleagues.



The motivation system of the Damu Fund

Financial incentives

- ✦ increase in wages;
- ✦ bonus based on the results of achieving the KPI;
- ✦ one-time bonus for a national holiday;
- ✦ Award for the development and implementation of measures aimed at cost savings, increasing profitability, as well as introducing innovative solutions and rationalization proposals

Non-financial incentives

- ✦ trainings, sports competitions;
- ✦ training and international internships for employees;
- ✦ moral encouragement of employees on significant dates (the Fund's birthday, Financiers' Day, etc.);
- ✦ formation of a personnel reserve;
- ✦ career advancement

The most significant results of the evaluation system development in the reporting year were:

- ✦ approval of the Development Strategy for 2024–2033;
- ✦ implementation of activities in accordance with a single comprehensive program;
- ✦ subsidizing the coupon rate;
- ✦ confirmation of sustainability ratings;
- ✦ participation in the exhibition of Kazakhstani manufacturers Ul'tyq Onim 2023.

¹⁶⁵ Payment for positions of similar value to the organization within a given range.

¹⁶⁶ Sufficient level of base compensation to attract and retain Fund employees.

¹⁶⁷ This type of bonus is a variable payment, the amount of which may be the same for most or all employees of the Fund, or different depending on the assessment of the individual result (KPI) obtained in the course of the employee's activities.

Job description

The Damu Fund takes measures to minimize risks associated with personnel management and staff turnover. These risks are recorded in the corporate register¹⁶⁸. In order to reduce these risks, in 2023, measures were continued to improve the quality of social services and medical care, form a personnel reserve and attract employees to the regions of presence¹⁶⁹.

An important area for risk control is training and investment in the development of personal and professional growth, social and material support for employees at the expense of the Fund. Thanks to the implemented measures, the level of risks in the field of personnel management has not changed since last year.

In order to reduce the risk of improper performance of official duties, a Job Description has been developed, which establishes the rights and obligations of the parties within the framework of the employment contract of the Damu Fund.

When hired, each employee is familiarized with the Job Description. The Fund has the right to apply disciplinary action against an employee for improper performance of job duties, failure to comply with labor discipline, and committing a disciplinary offense that contradicts corporate principles.

Interaction with employees

[3-3] [401-1]

Attracting and retaining qualified employees, as well as creating comfortable working conditions, are the priorities of the Damu Fund in the area of interaction with personnel. The Fund provides employees with competitive salaries, a social package, and training opportunities to realize their personal and professional potential.

Principles of interaction with personnel

1

A unified approach to managing employee performance

3

Coordination of the internal goals of the Damu Fund with the goals of structural divisions and employees

5

Assigning authority, delegating responsibility and rewarding for achieving results

2

Training, development of personal and professional potential

4

Assistance in changing positions, working conditions and bonus amounts

6

A unified approach to rewarding employees based on assessment results

To interact with employees, managers use personal meetings, committee meetings, and information materials from the Damu Fund published in corporate media¹⁷⁰.

Mechanisms for interaction with staff



Corporate mail



SED "Documentologist"¹⁷¹



@funddamu



Corporate portal "Bitrix"¹⁷²



Zoom¹⁷³



@funddamu



@FundDamu



@damu.fund

¹⁶⁸ For more information on risk management at Damu Fund, see the chapter "Corporate Governance and Business Ethics", section "Risk Management" of this report.

¹⁶⁹ For more information on managing and assessing human rights risks, see the chapter on Caring for Employees in the Health and Safety section of this report.

¹⁷⁰ For more information on the stakeholder engagement channels of the Damu Fund, see the chapter "Sustainable Development Management", section "Stakeholder Engagement" of this report.

¹⁷¹ Electronic document management system (EDMS) is an information system for working with corporate documents in electronic form throughout their entire life cycle. For more information, see in website Documentolog developer company.

¹⁷² CRM system based on cloud service. For more details see in website of companies.

¹⁷³ Communication platform. For more information, see in website of company.

Engagement

Every year, the Sole Shareholder conducts a study of employee engagement among subsidiaries.

In 2023, the employee satisfaction index of the Damu Fund for the year was

74.2%

Assessment of the satisfaction of the staff of the Damu Fund in 2023, %

Emotional involvement	Active involvement	Support from the employer	Staff satisfaction	Aggregated assessment
65.9	77.8	76.5	76.6	74.2

Based on the results of the assessment, an Action Plan was approved aimed at increasing the level of involvement, within the framework of which initiatives are planned aimed at:

- to automate business processes in order to improve employee efficiency;
- rewarding the best employees by publishing information about their achievements on the Fund’s website and social networks;
- improving the internal corporate portal “Bitrix” and updating the training materials database;
- promoting the 70:20:10 principle¹⁷⁴ in employee training;
- development of young specialists through interaction with universities in terms of attracting students to undertake practical training and/or internships at the Fund;
- supporting corporate social responsibility and employee volunteering programs to enhance team spirit and employee cohesion.

In the next reporting period, it is traditionally planned to conduct an assessment of staff engagement within the framework of a unified monitoring of the level of staff satisfaction at Baiterek Group of Companies, a shareholder of the Damu Fund.

¹⁷⁴ The 70:20:10 principle states that learning comes from multiple sources: 70% on-the-job training, 20% communication, and 10% formal instruction.

Attracting and adapting new employees

In accordance with the approved Rules on Admission and Adaptation, the personnel selection system of the Damu Fund ensures equal opportunities for all candidates. The Personnel Development Department is a

structural unit responsible for personnel selection. To clarify personnel needs, the Department conducts quarterly interviews with heads of structural units.

When searching for new employees, various communication channels are used, including:

- personnel reserve of the Damu Fund;
- Unified personnel reserve of the Shareholder of the Damu Fund
- Presidential Youth Personnel Reserve;
- online recruitment platform HeadHunter;
- The Fund’s website damu.kz.

In 2023, the Departments for Personnel Development and Business Technologies carried out work on the digitalization of internal HR processes, including personnel administration, which will be continued in the following reporting periods¹⁷⁵.



¹⁷⁵ For more information on the practices implemented jointly with the Business Technology Department, see the chapter “Caring for Employees”, section “Social Support” of this report.

Adaptation of new employees

The process of selection and adaptation of employees of the Damu Fund is automated and unified for all candidates.

An introductory program has been developed for new employees, available on the Bitrix portal and including blocks of corporate information that are mandatory for each employee to read:

- about the Fund;
- Address by the Chairman of the Board;
- strategic directions of activity;
- organizational structure;
- details of the work of collegial advisory bodies;
- internal information systems and regulatory documents.

In case of successful completion of the competitive selection, compliance of the candidate with the qualification requirements for the vacant position, as well as a positive decision of the HR Policy Committee, the candidate is sent an offer to conclude an employment contract for the open vacant

position. In order to immerse themselves in the work processes, after familiarization with corporate information, testing is carried out on knowledge of internal documents, rules and other details of work in the Damu Fund.

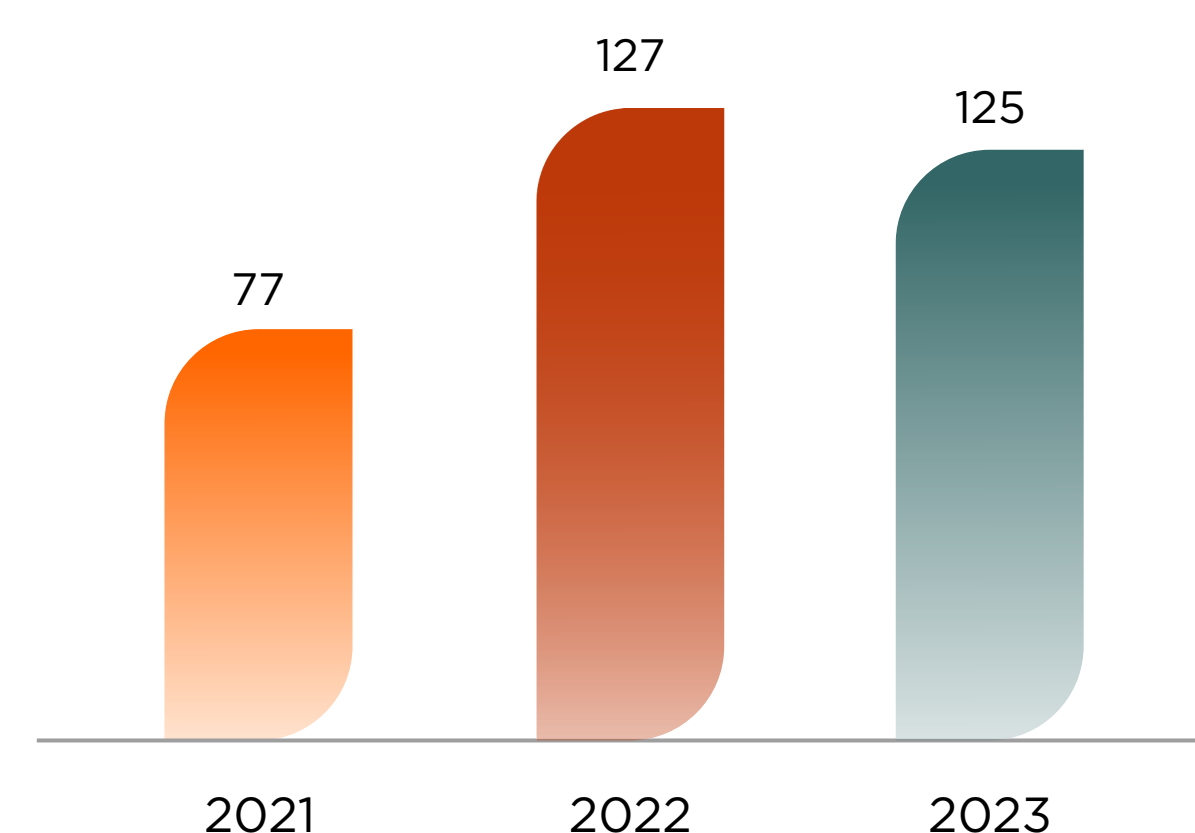
In 2023, new employees were hired

125

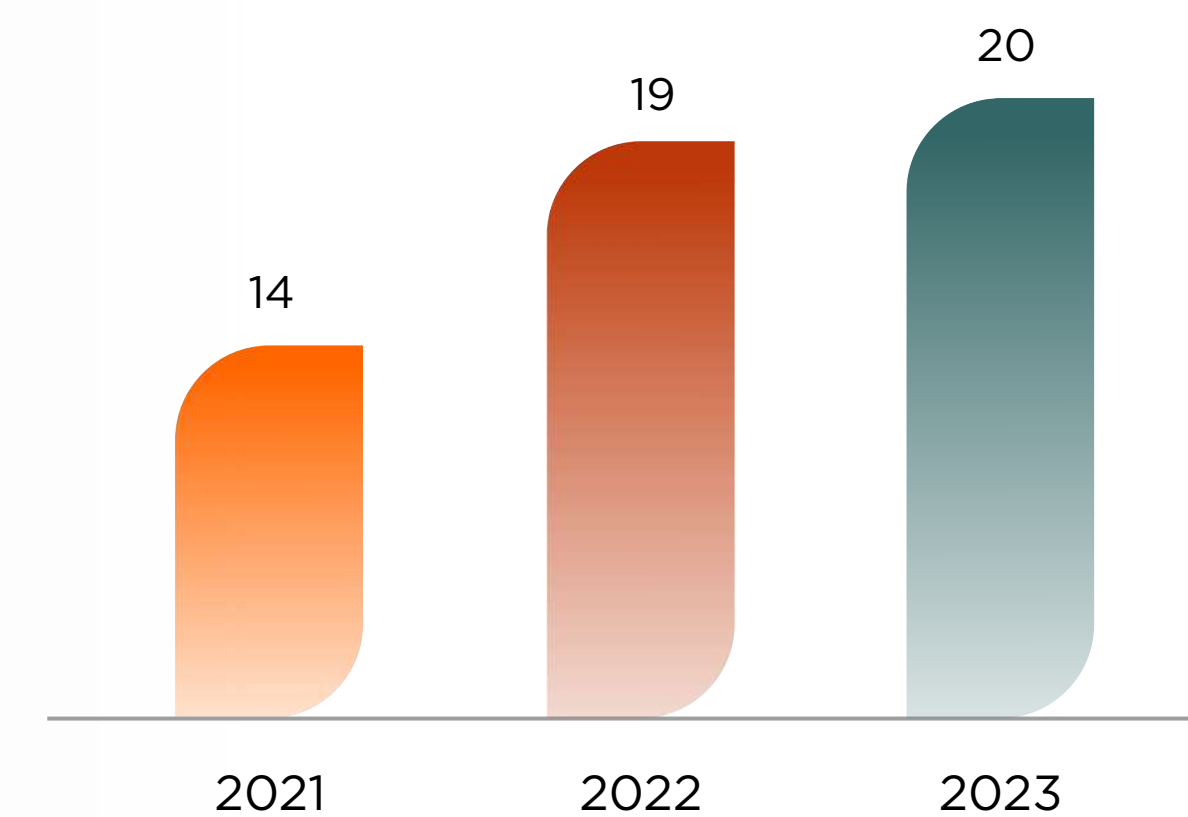
Voluntary employee turnover was

9.5%

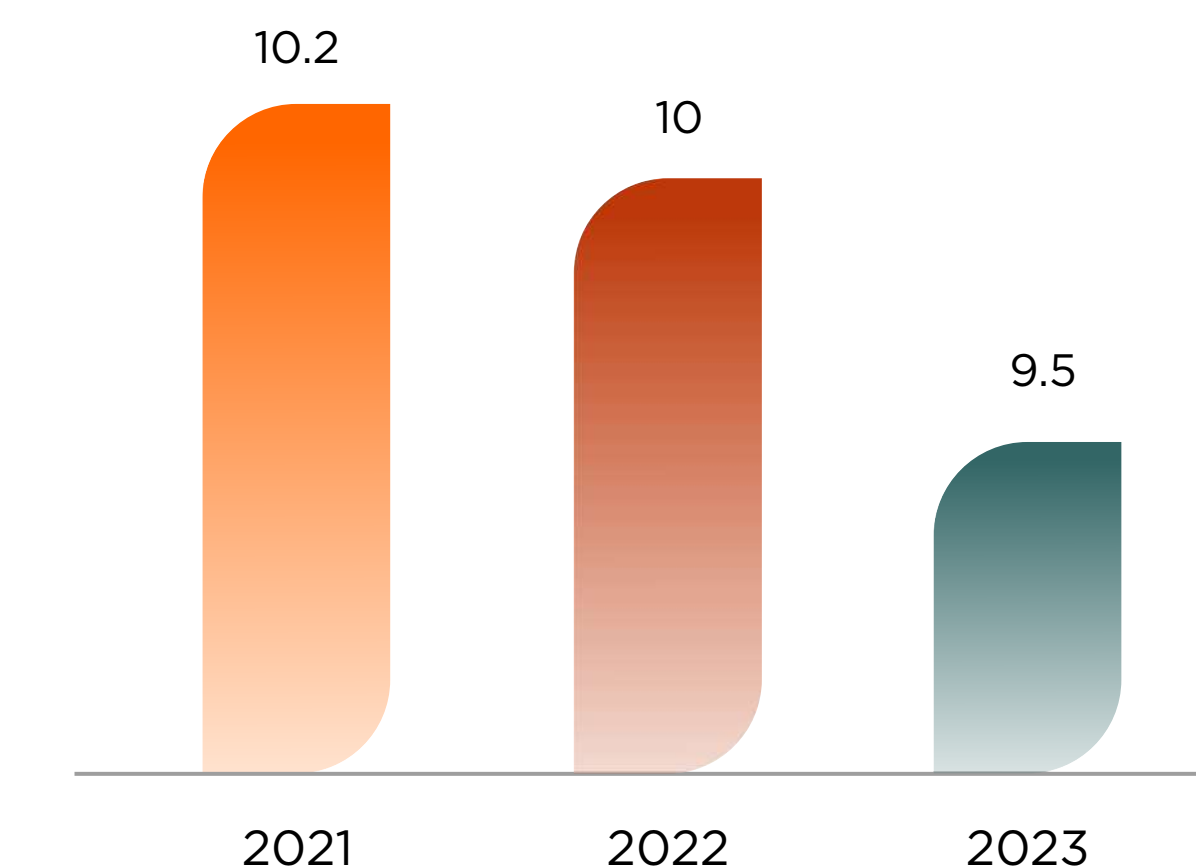
Number of new employees, people



Average cost of hiring one employee, thousand tenge



Voluntary turnover of the Damu Fund staff, %



Development of young professionals

The Fund supports initiatives to develop young specialists. Every year, at least 15 students of 3-5 years of higher education institutions undergo professional practice at the Fund.

In accordance with the Regulation on the organization of professional practice of students of higher educational institutions of the Damu Fund, after successfully completing the practice based on the results of the entrance assessment, candidates are invited to join the team for vacant positions. In 2023, after completing the practice, two young specialists were hired for the positions of managers (administrator of financial support instruments).

Interns in the fields of "economics", "finance", "information technology" come from different universities:

- Al-Farabi Kazakh National University;
- Almaty Management University;
- Kazakhstan Institute of Management, Economics and Forecasting;
- Suleyman Demirel University;
- International University of Information Technology;
- Kazakhstan branch of Moscow State University;
- University of National Economy.

The Fund participates in exhibitions, open days, and job fairs held by universities. In 2023, the Fund took part in job fairs organized by the University of National Economy, Al-Farabi Kazakh National University, and Almaty Management University. Among the students of the named universities, great interest was noted in the activities of the Damu Fund and the functional responsibilities performed by its employees.

Training and development

[3-3] [404-2]

The Fund provides ample opportunities for career and personal growth of employees, consistently expanding and deepening their professional competencies. In accordance with the Rules of Training and Professional Development of the Damu Fund, the Training Plan for 2023 has been approved. Also, an individual development plan in the

KPI format is developed quarterly for each employee. For employees included in the personnel reserve, the reservist's manager forms an individual development plan, taking into account his initiatives, and coordinates it with the responsible department.

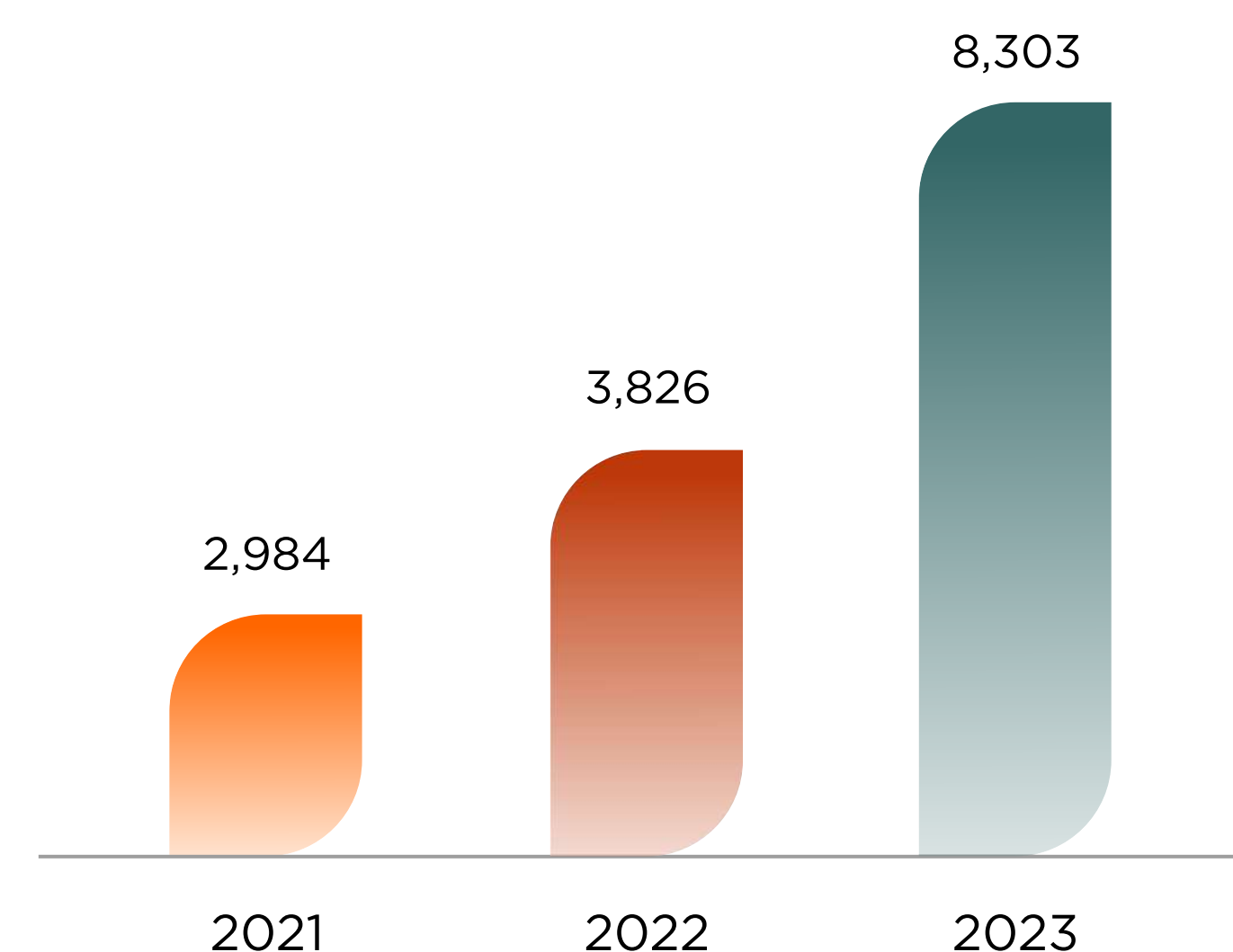
In 2023, staff training programs will focus on the in-person format, as well as:

1 group training to reach more employees;

2 improving the qualifications of personnel reserve staff.



Total hours of training in 2021–2023, hours



Mandatory professional training for specialists

- 8 educational events**
- 1 Legislation, Rules of the Republic of Kazakhstan in the field of procurement
 - 2 Financial Analysis I, financial analysis tools and an example of their application; Financial Analysis II, evaluation of the company's performance
 - 3 Tax consultant
 - 4 Risk management and internal control
 - 5 Risk management
 - 6 Purchases taking into account changes for 2023
 - 7 Working with problem debt
 - 8 Training of monitoring managers

Functional training

- 17 educational events**
- 1 Providing first aid
 - 2 "Green Office"
 - 3 Audit according to international standards
 - 4 Project Management
 - 5 Labor disputes. Training of conciliation commission members on the application of labor legislation of the Republic of Kazakhstan, the ability to negotiate and achieve consensus in labor disputes
 - 6 Power BI PRO
 - 7 Sustainable Development in Unstable Conditions: Intensive Course for ESG Leaders
 - 8 Kazakh language
 - 9 Analysis of investment projects. Personal and team effectiveness
 - 10 Effective communication and PR tools
 - 11 Advanced training courses for security service employees under the program "Information Security Management System" (ISMS)
 - 12 Master of Sales. Working with Objections. Techniques of Influence and Persuasion for Client Attraction Managers
 - 13 Online game on the topic "Counteracting corruption and fraud"
 - 14 Accounting of securities
 - 15 PR Director School
 - 16 Mobile Photography Master Class
 - 17 Kaspersky Automated Security Awareness Platform (ASAP)

2 training events

- 1 Training new managers
- 2 Building communications, behavior in stressful situations, leadership

Management training

The Fund's employees are provided with the opportunity to find employment in another structural division. The availability of a vacant position and the start of an internal competition are announced via the internal corporate portal, in which any employee can submit their candidacy for consideration in another division. Transfers of employees from one branch to another, or from a branch to the Head Office and vice versa, are often practiced.

Opportunities for development

The Damu Fund creates a comfortable environment for work and leisure, and provides each employee with opportunities to realize their personal and professional potential. The Fund takes a responsible approach to developing competencies, corporate culture, and team cohesion. The Fund's employee development activities are aimed at ensuring qualified security, increasing expertise, and forming a personnel reserve.

Internal documents on remuneration, social support and non-material incentives are regularly updated. The Fund allocates funds for training and retraining of personnel, and also actively participates in the corporate life of the Holding.

In order to study and implement international corporate practices, as well as exchange experience and motivate personnel, the Fund sends employees on internships abroad. Internships are aimed at deepening the competencies and knowledge of employees to improve the efficiency of the Fund in accordance with the Development Strategy.



These programs are open to employees with at least one year of experience whose duties are consistent with the internship objectives. Knowledge of the language of the host organization may be required. Internships of at least five calendar days are funded by the Fund. Employees on probation or with active disciplinary action are not eligible to participate in the program.

Participation of the Fund's employees in internships abroad is carried out at the expense of the Fund's budget. Internships of employees abroad are not subject to work-off at the Fund. In addition, it may happen

that the costs of the internship (flight, accommodation) are covered by the inviting party.

In accordance with the Rules for the formation and organization of work with the personnel reserve, the Damu Fund develops a talent management system and forms a personnel reserve from the best employees. An individual development plan is formed for each reserve member and relevant training events are organized. The Damu Fund assists in the promotion of the best employees who demonstrate significant results in their position, including in the Unified Personnel Reserve of JSC Baiterek.



Directions of the personnel reserve

Reserve category	Description	Results 2023
Reserve of specialists and workers	Consideration of specialists and employees of the Damu Fund for mid-level management positions (director and deputy director of a structural unit or regional branch)	Of the 28 reservists, five employees were appointed to mid-level management positions
Management reserve	Consideration of candidates of senior executives for senior positions (managing director, chief of staff of the Chairman of the Management Board, deputy chairman of the Management Board, chairman of the Management Board)	Of the five management reservists, one employee was appointed to a senior management position
Unified personnel reserve	Review of the best employees of JSC "Baiterek" ¹⁷⁶ for appointment to positions within the Holding and subsidiaries	16 employees of the Fund are members of the Unified Personnel Reserve, including <ul style="list-style-type: none"> three employees in the top 20 group; seven employees in the top 50 group; six employees in the top 100 group

Social support

[401-2] [401-3]

In order to create favorable conditions for the effective work of employees, as well as to retain and attract highly qualified personnel, the Fund provides its employees with a social package, including financial assistance in difficult and new life situations, as well as health insurance¹⁷⁷.

Financial assistance is paid to the Fund's employees in the established manner in the following cases:

- for health improvement in the amount of two established official salaries (upon provision of paid annual leave);
- in connection with marriage;
- in connection with maternity leave;
- leave granted to a parent who has adopted a newborn child (newborn children);
- in connection with the birth of a child/adoption of children;
- in connection with the treatment or operation of the employee or persons who are members of his family;
- in connection with the death of an employee, his spouse, children, parents.

In 2023, **545.85 million tenge** were allocated for social programs, of which **74%** was invested in the treatment and health improvement of workers.

Expenses on social programs for employees, thousand tenge

Indicator	2021 year	2022 year	2023 year
Total	431,774	583,426	545,851
Treatment and rehabilitation of workers, including spa treatment and financial assistance for vacations	293,566	417,739	404,270
Financial assistance	250	27,400	31,985
Accident insurance for production workers	2,815	2,815	2,109
Voluntary health insurance	96,000	96,000	67,617
Reimbursement of housing rent for rotating workers	36,000	36,000	36,000
Corporate gifts for children for the New Year	3,143	3,471.9	3,870

176 The sole shareholder of the Damu Fund

177 For more information on the voluntary health insurance program and other measures taken by the Damu Fund to care for the health of its employees, see the chapter "Care for Employees", section "Care and Safety" of this report.

The Damu Fund supports employees in matters of starting a family and caring for children. In 2023, 19 women went on maternity leave, of which 11 returned to work. The total number of women who had to return to work was 36 people, and the return rate was 31%. The average duration of maternity leave is 24 months.

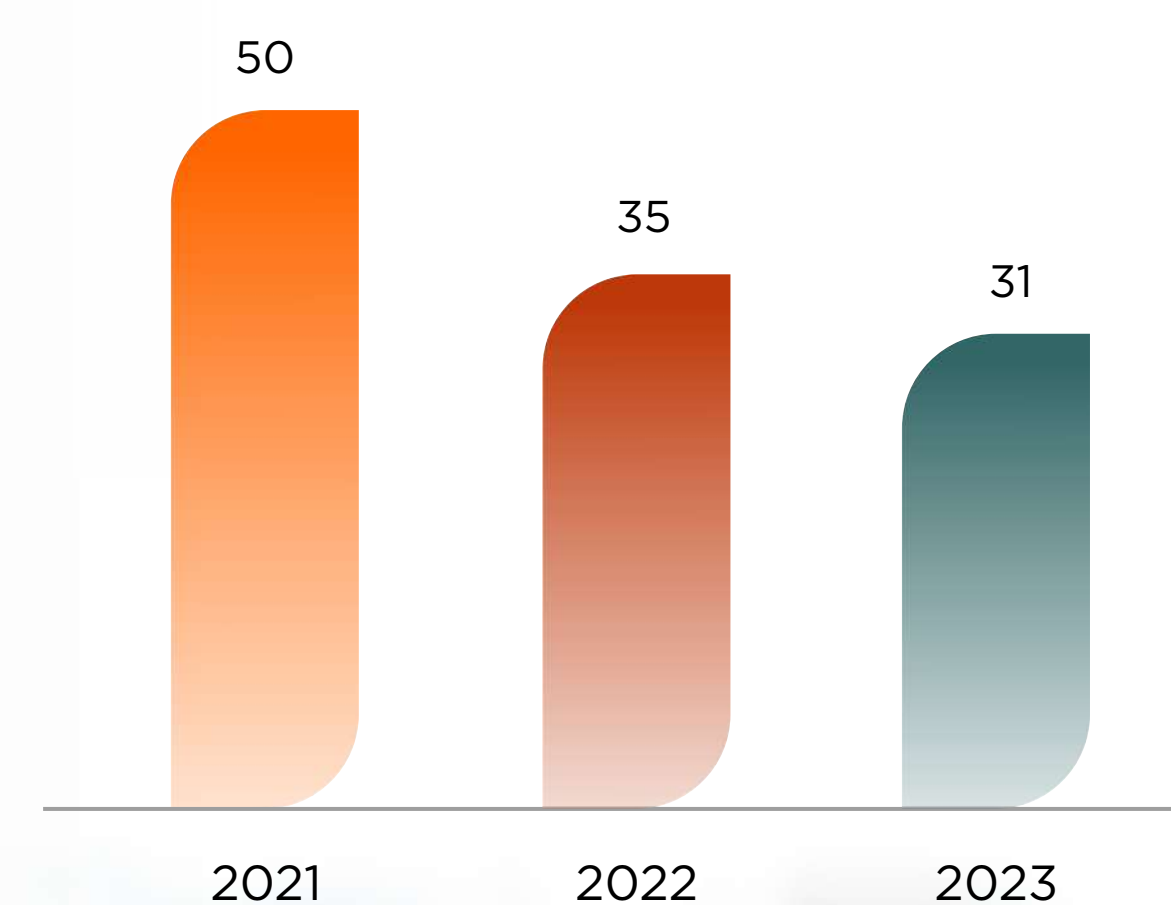
The Damu Fund pays for maternity leave with the retention of average wages minus the amount of social payment in case of loss of income due to pregnancy and childbirth. The retention rate of women who have gone on maternity leave over the past three years has been 100%.



Parental leave, persons ¹⁷⁸

Indicator	2021 year	2022 year	2023 year
Number of women who went on maternity leave	8	23	19
Number of women returning to work after maternity leave	12	8	11
Number of women who returned to work after maternity leave and continued working 12 months after returning	12	8	11
Number of women who had to return to work in the reporting year after the end of maternity leave	24	23	36

Rate of return to work of women who went on maternity leave, %



The Fund supports a healthy lifestyle for its employees. Much attention is paid to sports events, promoting a healthy lifestyle and ensuring a good social and psychological climate in the team. In 2023, the Fund's employees took part in sports events, including city marathons and regional tournaments.



178 Over the past three years, only women have taken maternity leave at the Fund.

Sports events 2023

Project name	Description	Results 2023
Almaty city marathon	An annual city running competition with distances of 10 and 21 km	The participants of the races were awarded medals of this marathon.
Chess tournament	Chess tournament held for all employees of JSC Baiterek Group ¹⁷⁹	Three employees of the Fund took part
Football tournament	Football tournament held for all employees of JSC Baiterek Group	The Fund team took 3rd place
Table Tennis Tournament	Table tennis tournament held for all employees of JSC Baiterek Group	The Fund's employees were awarded letters of gratitude for their participation.
Cyber tournament Counter Strike: Global Offensive	Organized JSC "KazAgroFinance" cyberscompetition between teams	
Carcassonne Board Game Tournament	Tournament organized by JSC Bereke Bank for subsidiaries of the Shareholder Fund Damu	

In March 2023, the Fund's employees celebrated their professional holiday - Financier's Day, and families with children received corporate gifts for children for the New Year.

Plans for 2024 and the medium term

The Damu Fund's plans for 2024 and the medium term include continuing to work on improving the efficiency of personnel management, as well as expanding the use of digital technologies to automate work tasks.



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During the reporting period, the Department of Personnel Development began active joint work with the Department of Business Technologies on the digitalization of HR processes; in 2024, the implementation of tasks in the following areas will continue:

- maintaining and submitting operational data on personnel to the Fund's management once a quarter for review for making management decisions (HR metrics, quantitative and qualitative composition, turnover, absenteeism rate, information on employee development);
- raising the level of corporate culture through the creation of a Council of creative specialists and volunteers, together with which a plan of corporate events was developed for implementation in 2024;
- implementation of the position of HR business partner to develop employee potential and create motivation in accordance with the goals of the Fund.

To develop corporate culture and implement creative ideas of employees, the Department of Personnel Development approved the Council of Creative Specialists and Volunteers of the Damu Fund in three areas.

Directions of the Council of Creative Specialists and Volunteers of the Damu Fund

Creative ideas	Corporate events	Mentoring
Providing organizational support and assistance in implementing creative initiatives of employees	Initiation and participation in the organization of cultural and mass events of the Fund, including sports, charity events, and employee leisure activities ¹⁸⁰	Organization and holding of conferences, round tables and briefings, business breakfasts for young specialists and employees of the Fund in order to transfer experience and accelerate the process of professional and social adaptation

The Council does not limit the directions and is open to proposals for the creation of other groups in accordance with the suggestions of employees. In the next reporting period, the Damu Fund will present the first results of the work of the established Council.

180 Conducting film days at the Foundation's Head Office, quizzes on various topics, intellectual competitions, sports tournaments, an English language club, trips to nature, and the creation of interest groups.

Human Rights and Diversity

Management approach

[3-3] [2-26] [402-1] [406-1]

Respect for human rights, zero tolerance for all forms of discrimination and ensuring equal opportunities are fundamental corporate principles that apply to all employees, including senior management, and are enshrined in the Damu Fund Human Rights Policy¹⁸¹.

Other key documents include:

- ✦ Charter;
- ✦ Regulations on the Department of Personnel Development;
- ✦ Corporate Governance Code;
- ✦ Code of Business Ethics;
- ✦ Unified personnel policy.

The Fund's key commitments to human rights, inclusion and diversity



Strategic goals in the field of human rights and equal opportunities are established by the Board of Directors of the Damu Fund. Responsibility for compliance with human rights, principles of inclusion and diversity is assigned to the executive body — the Board of the Damu Fund. Operational management of these issues is carried out by the Department of Personnel Development.

The Fund has an Ombudsman Institute, whose activities are aimed at assisting bodies and officials in implementing decisions approved by the Sole Shareholder, the Board of Directors and the Management Board of the Fund¹⁸².

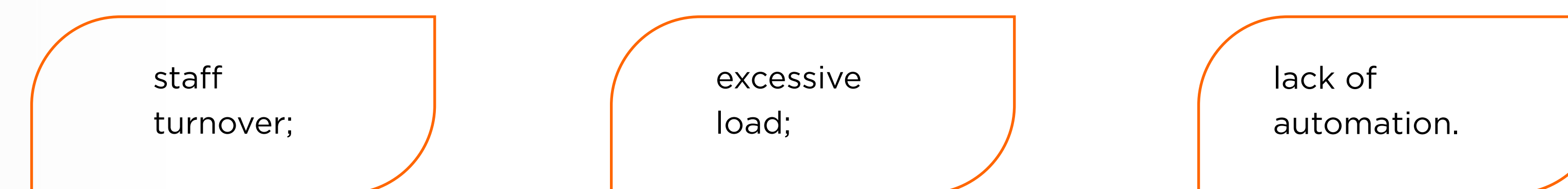
Key priority of the Damu Fund—ensuring equal opportunities for professional growth and development of employees. The Fund respects the rights of employees, providing competitive wages and comfortable working

conditions, social guarantees and equal career opportunities, confidentiality of personal data and mutual respect in the team.

The remuneration of each employee of the Fund is based on the recognition of the results of work and the achievement of key performance indicators, the level of qualifications and competencies, the complexity and quality of the work performed. In accordance with the legislation of the Republic of Kazakhstan, the Damu Fund notifies employees of changes in working conditions no later than 15 calendar days in advance and no less than one month in advance in case of termination of the employment contract. In order to protect rights and interests, the employment contract of the Damu Fund stipulates the employee's right to join associations and unions.

Human Rights Compliance Assessment

In the Damu Fund Risk Map¹⁸³ include risks associated with the observance of human rights:



Following the Risk Map, the Fund fairly distributes duties and responsibilities, eliminating excessive workloads and preventing any manifestations of discrimination and infringement of human rights in the course of the work activities of the Fund's employees.

During the reporting period, an annual audit and assessment of compliance with human rights was conducted by the Ombudsman, including such aspects as the even distribution of workload, the establishment of comfortable conditions of remuneration and work schedule.

¹⁸¹ Approved by the Board of the Damu Fund in 2024 and posted on the website of Damu Foundation.

¹⁸² For more information on the activities of the Damu Fund Ombudsman Institute, see the chapter "Corporate Governance and Business Ethics", section "Business Ethics and Compliance" of this report.

¹⁸³ For more details, see the chapter "Corporate Governance and Business Ethics", section "Risk Management" of this report.

According to the results of the 2023 assessment, no violations of human rights or infringement of equal opportunities were found in the Damu Fund and the reports of the responsible structural units.

In the next reporting period, the Ombudsman and structural divisions of the Damu Fund will prepare and submit for consideration by the Board of Directors annual reports for 2023 on violations in the field of human rights and infringement of equal opportunities.

In order to familiarize employees with their rights and responsibilities in the workplace, the Department of Personnel Development holds informational meetings every six months on the topic of “Changes in the Labor Code of the Republic of Kazakhstan”, including:

1 equal conditions of work, training and development, fair remuneration and equal distribution of workload;

2 proper performance of work functional duties and work discipline.



Feedback mechanisms

The Damu Fund supports employees, partners and other stakeholders in controversial situations and actively promotes interaction mechanisms for processing feedback.

The Fund has developed and operates a number of tools for appeals on issues of human rights violations, including on issues of discrimination and business ethics¹⁸⁴, which are regulated by the provisions of internal documents: Code of Business Ethics, Regulation on the Ombudsman, Instructions for documentary support of activities.



Employees and other interested parties of the Damu Fund have the opportunity to contact the Ombudsman Institute, the ACS and other responsible structural units through available communication channels¹⁸⁵:

- ◆ hotline;
- ◆ corporate email;
- ◆ electronic document management system “Documentologist”;
- ◆ system E-Otinish, which allows you to track and control the progress of requests and, in the event of an unsatisfactory response, appeal it¹⁸⁶

The Anti-Corruption Compliance Service conducts quarterly monitoring of requests from employees and other interested parties of the Fund. When filing a complaint through any feedback mechanism, the applicant is guaranteed confidentiality and the absence of any sanctions from the Damu Fund.

0 requests

on human rights issues, including equal opportunities, were received through the Damu Fund’s feedback mechanisms in 2023

¹⁸⁴ For more information on feedback mechanisms for corruption violations, see the chapter “Corporate Governance and Business Ethics”, section “Anti-Corruption” of this report.

¹⁸⁵ For more information on the interaction channels of the Damu Fund, see the chapter “Corporate governance and business ethics”, section “Feedback mechanisms” of this report.

¹⁸⁶ E-Otinish is a unified information system for all citizen requests that are considered within the framework of the Administrative Procedure Code (APPC) that has entered into force.

Settlement of labor disputes

The Damu Fund provides opportunities for the settlement of labor conflicts and controversial situations, in accordance with the Labor Code of the Republic of Kazakhstan. The Conciliation Commission, a structural subdivision of the Damu Fund, which includes an equal number of representatives from the employer and employees on a parity basis, is entrusted with

the execution of this function. Assistance in the settlement of social and labor disputes and corporate conflicts lies within the area of responsibility of the Ombudsman of the Damu Fund. In addition to processing appeals about human rights violations, the Ombudsman Institute regularly prepares a report on the results of the work¹⁸⁷.

The Conciliation Commission considers employee disputes related to the application of labor legislation, collective agreements, agreements and other internal documents of the Fund, including:

- ✦ transfer to another job and relocation to another workplace;
- ✦ remuneration, including when combining positions, temporarily replacing an absent employee, working part-time, for overtime work, at night, on weekends and holidays;
- ✦ the right to receive and the amount of remuneration due to the employee, as provided for by the current remuneration system;
- ✦ payment of compensation and provision of guarantees;
- ✦ return of amounts of money withheld from the employee's salary;
- ✦ granting leave;
- ✦ payment of wages for the period of forced absence from work or the difference in earnings for the period of performing lower-paid work in connection with an illegal transfer;
- ✦ collection of wages, including allowances provided for by the wage system;
- ✦ application of disciplinary sanctions;
- ✦ incorrect or inaccurate entries in the work record book regarding information on the conclusion or amendment of an employment contract, if these entries do not correspond to the order (instruction) or other documents provided for by law;
- ✦ reinstatement at work, change of date and wording of the reason for dismissal;
- ✦ compensation for material damage caused;
- ✦ compliance with working hours and rest time.

In accordance with the legislation of the Republic of Kazakhstan, a mandatory stage of consideration of labor disputes by the Conciliation Commission is provided, which establishes the following requirements:

- ✦ mandatory registration by the Conciliation Commission of an application previously submitted by an interested party;
- ✦ consideration of a labor dispute within 15 working days in the presence of the applicant himself or an authorized representative.

All interested parties of the Damu Fund may apply to the Conciliation Commission within one year from the moment when the party became aware or should have become aware of the violation of its rights. An employee may apply to the Conciliation Commission within one month from the date of delivery of a copy of the act on termination of the employment contract with the Fund if he considers the dismissal to be illegal.

After considering the labor dispute, the Conciliation Commission sends a copy of the decision to both parties within three days. The decision of the Conciliation Commission is subject to execution within the established period, with the exception of a dispute over reinstatement at work¹⁸⁸. Failure of the conciliation commission to make a decision on the dispute within the established time period is grounds for filing an appeal to the court¹⁸⁹.



In 2023, there were no appeals to the Conciliation Commission for the consideration of individual labor disputes.

Improving the qualifications of members of the Conciliation Commission of the Damu Fund

The Damu Fund regularly trains members of the Conciliation Commission for the consideration of individual labor disputes. In 2023, four members of the Conciliation Commission for the consideration of individual labor disputes underwent 16 hours of training on the application of the labor legislation of the Republic of Kazakhstan, the ability to negotiate and achieve consensus in labor disputes.

¹⁸⁷ For more information on the duties of the Ombudsman at the Damu Fund, see the chapter "Corporate Governance and Business Ethics", section "Business Ethics and Compliance" of this report.

¹⁸⁸ When reinstating an employee to his previous position, the employer must pay the employee the average salary for the entire period of suspension from work or the difference in salary for the period of the employee's transfer to a lower-paid position, but not more than for 6 months.

¹⁸⁹ With the exception of small business entities and heads of the executive body of a legal entity.

Principles for stakeholder engagement

Respect for human rights, including ensuring equal opportunities, is an absolute priority for the Damu Fund when building long-term relationships with both employees and government agencies, partners, MSMEs, and other stakeholders¹⁹⁰.

Principles of the Damu Fund in the field of human rights

- 1 Respect for human rights of all stakeholders
- 2 Communicating corporate principles and conducting awareness training
- 3 Engaging with stakeholders through communication channels to assess the Fund's human rights impact
- 4 Development of a feedback system for objective assessment and response to requests from stakeholders
- 5 Regular monitoring of the human rights situation within the Fund and updating of regulatory documents
- 6 Taking action to address human rights violations and enhancing the effectiveness of the response tool

The Damu Fund interacts with stakeholders on the basis of mutual benefit and transparency, and does not allow the provision of unjustified benefits and privileges. In compliance with the terms of contractual obligations, the Damu Fund expects the fulfillment of counterclaims.

In 2023, there were no complaints from interested parties about human rights violations and other types of discrimination.

¹⁹⁰ For a full list of Damu Fund stakeholders, see the chapter "Sustainable Development Management", section "Stakeholder Engagement" of this report.

Diversity and equal opportunity

The Damu Fund does not accept any form of discrimination based on race, skin color, gender, religion, political beliefs, nationality or social origin. Corporate commitments are enshrined in the Gender Policy and the Code of Business Ethics, which apply to all employees, including the top management of the Fund.

Respect for the human person is the main principle that guides the employee of the Damu Fund in the performance of official duties, regardless of his position and place of work. When identifying a violation, each identified case is considered individually in accordance with the internal process for resolving labor conflicts.

0 cases

of discrimination based on race, colour, gender, religion, political opinion, nationality or social origin were recorded by the Damu Fund in 2023

In order to create a comfortable and favorable working environment that reveals the potential of each employee, the Damu Fund has approved key performance indicators in the field of diversity and equal opportunities, according to which the number of women in senior management in 2023 should be **at least 15%**¹⁹¹.

56.2%

the share of women in the list of employees

41.5%

women managers in 2023

20%

the share of women among the members of the Management Board and the Board of Directors of the Damu Fund in 2023

¹⁹¹ For more information on the diversity of the Damu Fund's highest governance bodies, see the chapter "Corporate Governance and Business Ethics", section "Approach to Corporate Governance" of this report.

Integration of people with disabilities

In accordance with national legislation, the Damu Fund provides jobs for people with disabilities. In 2023, six employees with mobility limitations, including disabilities or mental disabilities, were on the Fund's total staff ¹⁹².

The Damu Fund monitors and supports the accessibility of work facilities for people with disabilities and visual impairments.



Plans for 2024 and the medium term

Recognition, respect and protection of human rights, as well as ensuring equal opportunities are among the key areas of activity of the Damu Fund in the field of sustainable development. In order to increase positive and mitigate adverse impacts in these areas, the Fund plans to maintain and develop feedback mechanisms, internal regulatory framework and a corporate culture of mutual respect among employees.

In the following reporting periods, the Department of Personnel Development of the Damu Fund plans to implement the following activities:

- ✦ creation of a Council of creative specialists and volunteers and development of the corresponding Regulations¹⁹³;
- ✦ development of an Action Plan for the development of corporate culture.

¹⁹² All employees with disabilities at the Damu Foundation in 2023 are men.

¹⁹³ For more information on developing corporate culture, see the chapter "Caring for Employees", section "Social Support" of this report.

Health and Safety

[403-1] [403-3] [403-4] [403-5] [403-6] [403-8] [403-9]

Occupational safety system

Providing safe and comfortable working conditions for employees is one of the priorities of the Damu Fund. Occupational safety management is implemented in accordance with the legislation of the Republic of Kazakhstan and applies to all employees of the Fund.

Responsibility for the management of the occupational health and safety system of the Damu Fund is assigned to the Security Department, which is directly subordinate to the Chairman of the Board. In each regional branch, directors are appointed responsible for ensuring fire safety and labor protection; in the Head Office of the Fund, a person responsible is appointed in the person of the chief manager, who is responsible for safety, including fire safety, and labor protection.

His responsibilities include:

- ✦ conducting introductory training on occupational safety for new employees;
- ✦ conducting initial and repeated briefings with recording in a log against signature;
- ✦ taking into account statistical indicators for monitoring the effectiveness of the occupational safety system.

Data on the briefings and consultations conducted are recorded in a log (register), which notes the procedures, deadlines and results of information processing.

100%

of Damu Fund's full-time employees will be subject to the Occupational Health and Safety Management System requirements in 2023

The Damu Fund has a regulatory framework that establishes the approach, principles and requirements for the Fund in the area of occupational health and safety.



External regulatory documents governing occupational health and safety management activities:

- ✦ Law of the Republic of Kazakhstan No. 528-II “On Occupational Safety and Health”, Art. 19, p. 4;
- ✦ Law of the Republic of Kazakhstan “On Civil Defense” No. 188-V;
- ✦ Order of the Minister of Health and Social Development of the Republic of Kazakhstan No. 1019 “On approval of the Rules and terms for conducting training, instruction and testing of knowledge on issues of safety and labor protection of workers”;
- ✦ Order of the Minister of Health and Social Development of the Republic of Kazakhstan No. 927 “On approval of the Rules for the development, approval and revision of instructions on labor safety and health by the employer”;
- ✦ Order of the Minister of Emergency Situations of the Republic of Kazakhstan No. 55 On approval of the Fire Safety Rules.

To maintain safety at the workplace, improve working conditions and health of employees, the Fund’s Management Board annually approves a Safety Action Plan and a Fire and Occupational Safety Plan. Other internal documents of the Damu Foundation in the field of labor protection include¹⁹⁴ :

- ✦ Charter;
- ✦ Regulations on the Security Department;
- ✦ Job description of the chief manager for labor protection;
- ✦ Instructions on labor protection for employees when performing official duties.

In the reporting period, the Damu Fund allocated about 105 million tenge for labor protection measures. A significant part of the expenses is directed to providing employees with voluntary health insurance (hereinafter referred to as VHI) in case of illness, in 2023 this amount was 98 million tenge, and insurance of employees against accidents in the performance of their official (labor) duties in the amount of 7 million tenge, training

employees in first aid—in the amount of 894,880 tenge for 38 employees of the Fund. As part of voluntary health insurance in case of illness, the Fund conducts medical examinations by specialists on an annual basis, which maintains a healthy microclimate in the workplace and control of other factors affecting the health and general condition of a person.

105 million tg
 tenge was the cost of measures to protect the labor and health of the Fund's employees in 2023

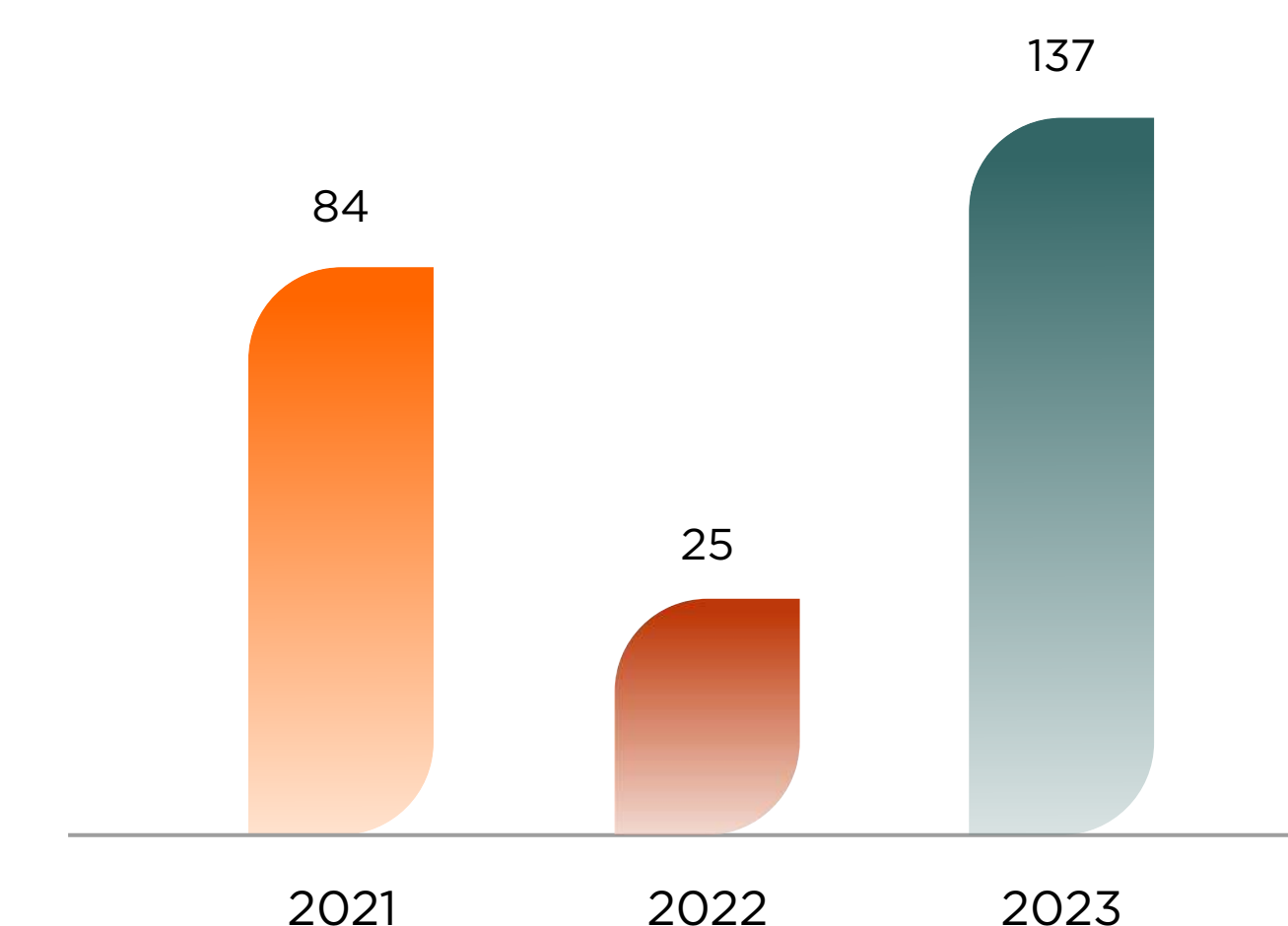
The main risks in the field of occupational health and safety are related to motor transport and the fire hazard of substances and materials stored in warehouses. The employees of the Security Department strive to identify potential risks in advance and promptly take measures to eliminate them. During the reporting period, there was not a single event that would lead to risks.

Safety Culture and Injury Prevention

The work of the specialists of the Security Department of the Damu Fund is aimed at early prevention of professional risks and timely response to emerging dangers, as well as ensuring safe working conditions for personnel.

In addition to complying with all legal requirements, the Damu Fund implements best practices and additional initiatives to minimize potential risks. In accordance with the plan of measures for safety, improvement of conditions in the field of labor protection and health of workers in 2023, an introductory briefing on fire safety and safety measures in the workplace was conducted for new employees of the Fund.

Number of employees who have undergone fire safety training, people



137 new employees of the Damu Fund received fire safety training in 2023

¹⁹⁴ In 2023, no changes were made to the Damu Fund’s regulatory documents on labor protection and safety.

Initial instruction is conducted with each employee individually at the workplace: instruction on safety and labor protection, fire safety instruction with practical training: how to use primary fire extinguishing equipment, act in case of fire, evacuate and provide assistance to victims. Instruction on safety measures at the workplace is repeated every year for all employees of the Fund, the results are recorded in the internal journals of the Security Department.

The Fund has a practice for identifying professional risks, hazardous and harmful production factors that affect the health of the Fund’s employees, and certification of workers has been carried out by places according to working conditions in the Head Office. Taking into account the identity of working conditions (offices, desks), 15 workplaces were identified for employees.

During the certification period, seven offices were inspected and studies were conducted on the following:

- ✦ harmful production factors;
- ✦ the severity of the work process;
- ✦ intensity of the work process;
- ✦ provision of special clothing, special footwear and PPE;
- ✦ injury hazard;
- ✦ illumination (artificial and natural);
- ✦ meteorological factors;
- ✦ electromagnetic radiation intensity.

Based on the results, a report was prepared for each employee of the Head Office and corresponding protocols were drawn up.

After their determination, depending on the level of acceptability of professional risks, recommendations were proposed for their minimization:

- ✦ replace computer equipment or install metal mesh made of radio-absorbing materials, or use protective glasses;
- ✦ conduct preliminary and periodic medical examinations of employees;
- ✦ establish scheduled breaks: every 1.5–2 hours—duration 20 minutes each or every hour of work—each lasting 15 minutes;
- ✦ introduce into practice a set of special exercises for the eyes and body muscles;
- ✦ assign persons responsible for conducting the necessary exercises against fatigue and following instructions when working on a computer and copying equipment.

In the reporting year, in order to improve the safety culture for the employees of the Head Office and regional branches of the Damu Fund, training events were organized with the participation of invited specialists from the Labor Inspection Department of the Republic of Kazakhstan. The training topics included:

1 safety measures when using equipment running on natural gas;

2 actions in case of fire at facilities with large numbers of people.

This program is aimed at improving employees’ knowledge of key safety aspects and ensuring their readiness to act in emergency situations.

Also in 2023, 12 hour education on the topic “Providing first aid”, in which one person from each department took part.

The Fund has a process in place to collect feedback from employees during the workplace briefings and fire-tactical exercises, as well as when the employee himself/herself contacts them. When identifying a hazard, employees can contact their manager, the Security Department, or other communication channels of the Damu Fund¹⁹⁵. In accordance with the current Labor Code of the Republic of Kazakhstan, as well as the employment contract concluded between employees and the Fund, employees the Fund has the right, by notifying their immediate supervisor in writing or orally, to refuse to perform work that directly threatens their life and health. During the period of refusal to work, the employee retains all rights provided for by labor legislation.



0 requests

were received from Damu Fund employees on occupational health and safety issues in 2023

195 For more details, see the chapter “Sustainable Development Management”, section “Stakeholder Engagement” of this report.

There have been no accidents recorded at the Damu Fund over the past three years. In accordance with the Labor Protection Instructions, a commission for the distribution and recording of accidents and other injuries to the health of workers related to work activities is created on an ad hoc basis to investigate incidents related to danger in the workplace.

Emergency preparedness

In case of an emergency, the Fund building has a loudspeaker system on all floors that automatically alerts employees when a fire alarm is triggered. Lighted "Exit" signs and evacuation plans approved by the Fund's management are provided for the safe exit of employees from the building.

In order to improve emergency preparedness and safety culture among employees, in the reporting period, a practical lesson was held with simulating a simulated fire, with the assistance of the personnel and equipment of the fire department No. 9 of the Main Directorate of the Joint Venture and the Emergency Situations Department of Almaty, in which 160 employees of the Damu Foundation took part.



0 accidents

and injuries among the Fund's employees in 2023

100%

of Damu Fund employees confirmed that they had completed training on fire safety measures at the workplace in 2023.

Taking care of the health of employees

The Damu Fund cares for the emotional and psychological health of its employees and supports working conditions for a healthy lifestyle for its employees. Every year, the Fund provides for:

- ✦ voluntary health insurance;
- ✦ flu vaccination;
- ✦ free provision of bottled drinking water;
- ✦ medical examination within the framework of voluntary health insurance of employees by highly specialized medical specialists, including an ENT specialist, surgeon, dentist, neurologist, therapist, and gynecologist.

Sports events organized by the Damu Fund to improve the health of workers:

- ✦ Table tennis tournament. Held in two stages, winners are awarded cups and valuable prizes.
- ✦ Football competitions organized by the National Bank of the Republic of Kazakhstan in the regions, in which employees of the regional branches of the Fund participate, and the Kazakhstan Stock Exchange KASE in Almaty, in which employees of the head office and regional branches participate.
- ✦ Chess tournament held by subsidiaries of the Sole Shareholder—JSC "NUH Baiterek";
- ✦ City sports marathons. In 2023, the participation of the employees of the Fund and subsidiaries of the Sole Shareholder was organized at the expense of the Fund.
- ✦ Sports sections for employees with a 50% discount.



Plans for 2024 and the medium term

The priority of the Damu Fund in the field of occupational health and safety in the following reporting periods is:

- ◆ Increase safety culture;
- ◆ prevention of accidents, emergencies and fires;
- ◆ development of a risk matrix in the field of occupational health and safety, safety engineering and fire safety in the workplace, as well as its integration into the overall Risk Map of the Damu Fund;
- ◆ organizing and conducting lectures and practical classes on providing first aid to the Fund's employees (with the involvement of specialists from medical organizations).

Occupational Health and Safety Risks

In the performance of their official duties, employees of the Damu Fund face a number of typical occupational safety risks, including possible injuries on stairs and slippery surfaces, road accidents, electric shock, deterioration of vision due to insufficient lighting, deterioration of the cardiovascular system due to sedentary work and stress.





*Caring
for society*

Social Impact of the Fund

[203-2]

Social Impact Management Approach

Building trusting relationships with local communities is one of the most important factors in the sustainability of the Damu Fund. In accordance with its Development Strategy, the Fund supports social and charitable projects in the regions where it operates that affect the improvement of the population's standard of living.

Social initiatives are closely linked to the established strategic directions of sustainable development and are implemented in accordance with the Sponsorship and Charitable Assistance Policy of the Damu

Foundation. The Fund also pays special attention to the involvement of employees in these projects.

The Board of Directors takes part in the consideration of issues and approval of decisions on supporting local communities and developing the regions of presence. As the executive body of the Fund, the Management Board is responsible for the preliminary consideration of these issues and making decisions on the allocation of the necessary funds for the provision of sponsorship and charitable assistance.

Responsibility for interaction with the regions of presence and the implementation of socially significant initiatives is distributed among the structural divisions of the Fund:

- ◆ The Marketing Department, which is responsible for implementing sponsorship assistance;
- ◆ The Department of Human Resources Development, which is responsible for the implementation of charitable assistance.

In 2023, no changes were made to the social impact management structure of the Damu Fund.

In accordance with the Rules for the Provision of Sponsorship and Charitable Assistance by the Damu Fund, approved by the Board, a procedure for considering appeals has been established. According to the procedure, the responsible departments, within 30 calendar days from the date of receipt of the appeal, form materials for consideration at a meeting of the Board¹⁹⁶.

The Board of the Damu Fund makes decisions on the provision of sponsorship and/or charitable assistance based on a request from a person who has applied or needs assistance,

and taking into account the established Rules. If the Board of the Fund makes a decision to provide sponsorship and/or charitable assistance, a corresponding agreement is concluded with the recipient¹⁹⁷.

All activities for concluding the agreement are carried out by the responsible structural unit in accordance with the direction of assistance - charitable or sponsorship. If a negative decision is made, the responsible unit must inform the applicant about it within five working days from the date of the decision by the Board of the Fund.

Social projects and charity

Volunteer group of the Damu Fund

The development of volunteering is an important part of the corporate culture of the Damu Foundation. In accordance with the Action Plan to increase the level of employee engagement, the Fund has a volunteer group that is engaged in the search and analysis of various approaches to increasing inclusiveness and gender equality. A volunteer group is an association of employees who together develop initiatives in the field of charitable and social activities and propose for consideration to the responsible departments.

In 2023, the volunteer group organized financial assistance together with the employees of the Damu Fund:

- ◆ 36 children with special needs were given gifts for the New Year;
- ◆ 10 first-graders from low-income families were given backpacks and stationery accessories;
- ◆ victims of wildfires in the Abay region;
- ◆ as part of the "Stop Trapping" campaign, which helps homeless animals in Astana.

¹⁹⁶ Unless other deadlines are specified in the resolution to the appeal.

¹⁹⁷ In some cases, it is not necessary to conclude an agreement with the recipient of charitable assistance if there is a decision to this effect by the Board of the Foundation.



In 2023, the Board approved the Action Plan, according to which the Damu Fund implements socially significant projects aimed at improving the quality of life of local residents.

Focusing on the needs of employees, the Fund annually implements initiatives aimed at forming common values and strengthening corporate culture¹⁹⁸, and all children of employees receive corporate gifts.

Annual social initiatives of the Damu Fund

Event	Description	Results 2023
Donor Day	<p>A day dedicated to donors who voluntarily and freely donate blood needed to save human lives, and to medical personnel who are responsible for monitoring and safety of blood donation.</p> <p>The Department of Personnel Development organizes collective blood donation by the Fund's employees. Through the internal corporate portal, the Fund conducts educational work on the importance of voluntary donation and its invaluable role in saving patients' lives.</p> <p>On this day, the Fund's employees are served without a queue at the blood donation center. According to the law, on this day, the employee who donated blood is given a day off or paid leave on another day if he so desires.</p>	35 employees became donors
Job Fair	An event held by educational institutions where the Fund presents its vacancies for young professionals	The Fund took part in three job fairs organized by the University of National Economy, the Al-Farabi Kazakh National University, at the job fair at the digital bridge 2023 forum

Event	Description	Results 2023
Day of Older Persons	World Day, established to draw public attention to the problems of the elderly, on which events are held in all regions of the republic dedicated to caring for older people	A distribution of food baskets was organized for the Day of the Older Persons.
Car Free Day	World Car Free Day, on which all motorists are invited to give up their usual means of transport for at least one day in exchange for more environmentally friendly modes of transportation	All employees were sent information about Car Free Day via corporate mailing list and were offered the opportunity to get to the office by bicycle, scooter or on foot.
Thanksgiving Day	Day of mercy, friendship and understanding for all peoples of the Republic of Kazakhstan. The Fund's employees are open to communication, express mutual respect and goodwill in their daily activities. The Fund's team is multinational, it has adopted mutual respect and a desire to understand the peculiarities of the mentality of the colleagues.	All employees were sent information about the Appreciation Day via corporate mailing list.
Earth Hour campaign	A global annual international action of the World Wildlife Fund: at a designated time, people in different countries of the world turn off lights and electrical appliances for one hour	On the day of the event, the lights were turned off at the Fund for one hour - from 20:30 to 21:30 - to draw attention to the environmental problems of our planet.



198 Including Defender of the Fatherland Day, March 8, Day of Unity of the Peoples of Kazakhstan, Victory Day, etc.

169 employees
of the head office and

285 employees
of regional branches took part in the annual social initiatives of the Damu Fund

To clean up urban and national territories, clean up recreation areas, parks, squares, courtyards, and to plant trees collectively, the staff of the Damu Fund annually takes part in clean-up days. In 2023, the Fund's employees took part in a clean-up day in the Butakovsk Gorge, during which about 80 bags of garbage were transferred to the Ile-Alatau National Park for disposal.

Participation of the Fund in the citywide cleanup event "Zhana Kazakhstan. Taza tabigat"

In the reporting year, employees took part in the citywide clean-up event "Zhana Kazakhstan. Taza Tabigat", within the framework of which the territory of Almaty was cleaned, including park and courtyard areas. During the cleanup, about 10 thousand seedlings were planted. Employees of the Head Office and the regional branch of the Damu Fund in Almaty cleaned the territory of Dostyk Park and planted about 80 seedlings.

80 seedlings

were planted by the employees of the Damu Fund as part of the citywide clean-up day "Zhana Kazakhstan. Taza Tabigat"



Supporting Women's Entrepreneurship

The Damu Fund strives to ensure equal opportunities for all employees and MSME entities. The Fund implements its own initiatives and cooperates with government organizations¹⁹⁹, local governments and international organisations (the European Bank for Reconstruction and Development, the European Investment Bank, UNDP and the French Development Agency) to develop women's entrepreneurship. This allows for the integration of best international practices and resources in support of local businesses. Strengthening women's economic independence reduces gender inequality and increases the resilience of local communities, which has a positive impact on the country's socio-economic development.

In 2023, the Fund acted as an investor, buying EBRD bonds in the amount of **23 billion tenge**. The funds were placed in Bank Center Credit.

145 women entrepreneurs

supported by Damu Fund as part of cooperation with EBRD in the amount of

14.1 billion tenge

in 2023

In 2023, in order to develop women's entrepreneurship, the Damu Fund took part in the work of the Council of Business Women of Kazakhstan and the Center for the Development of Women's Entrepreneurship under the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken".

Since 2014, the Damu Fund, together with the European Bank for Reconstruction and Development, has been supporting projects of women entrepreneurs within the framework of the Women in Business Program. To support entrepreneurs, funds are allocated through partner banks²⁰⁰, including projects by women entrepreneurs. Over the entire period of cooperation between the EBRD and the Fund, about 10 agreements have been concluded for a total of USD 247 million.



¹⁹⁹ Including the Ministries of National Economy, Finance, Trade and Integration, Information and Communications, the Agency for Strategic Planning and Reforms and the Chamber of Auditors.

²⁰⁰ Including Bank CenterCredit, Forte Bank, MFO KMF.

Women in Business Forum

In 2023, the annual Women in Business forum for women’s entrepreneurship was held in Almaty, which was attended by more than 100 successful women entrepreneurs, public figures, heads of large companies, banks and development institutions.

At the Forum, the Chairman of the Board of the Fund, Gaukhar Buribayeva, gave a motivational speech and presented statistics on the development of entrepreneurship among the female population of the Republic of Kazakhstan:

- 45% is the share of women entrepreneurs who received support under the Damu Fund programs in 2023;
- The Fund’s female clients dominate in the fields of education (69%), real estate transactions (59%), accommodation and food services (55%), trade (55%) and healthcare (54%);
- The target audience includes business owners aged 39–40 with an average annual revenue of 65 million tenge and a team of at least 3 people.

The Chairperson also told the participants about the current support tools of the Damu Fund.

In 2023, **23.9 thousand projects** were supported for a total of **1.57 trillion tenge** within the framework of state support measures such as subsidies, credit guarantees and preferential loans. Of these, **10.8 thousand projects** of women entrepreneurs received loans in the amount of **2.4 trillion tenge**

10.8 thousand

women’s entrepreneurship projects received loans worth **2.4 trillion tenge** in 2023

45%

the share of women entrepreneurs among those who received support under the Damu Fund programs in 2023

Plans for 2024 and the medium term

The Damu Fund plans to develop in the following main areas:

- Expanding the geography of social projects and the program of events in the field of social and charitable activities, including strengthening partnerships with local communities, developing new formats of corporate volunteering. The implementation of these tasks is aimed at improving the quality of life of the population, reducing social inequality and strengthening the positive image of the Damu Fund.
- Interaction with young professionals. In order to form a personnel reserve and increase the number of MSMEs in the regions of Kazakhstan, the Damu Fund annually organizes job fairs and other initiatives aimed at attracting talented youth.
- In 2024, it is planned to launch a new program for the development of women’s entrepreneurship “Umit”, within the framework of which women entrepreneurs will be able to receive state financial support through partner banks²⁰¹ Fund.

The Fund intends to systematically develop an approach to organizing sponsorship and charitable assistance, including by conducting:

- analysis of current social problems in the regions of the RK Fund;
- selection of a partner NGO with experience working with a given social problem;
- planning of expected social effects.

²⁰¹ For more information, please see the Customer Care chapter, Customer Relationships section of this report.

Applications



Table of GRI indicators

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
GRI 2: Common Disclosure Elements				
2-1	Organizational details	About the Fund	17	-
		Economic efficiency Damu Fund Annual Report 2023: About the Fund Financial results	35	
2-2	Entities included in the organization's sustainability reporting	Report Boundaries Identification of essential topics	252 250	-
2-3	Reporting period, frequency and contact person	About the Report Contact information	5 255	-
2-4	Republishing information	-	-	The Damu Fund Sustainability Report for 2023 is published for the first time in 2024
2-5	External assurance	-	-	The sustainability report has not undergone an external assurance process
2-6	Activities, value chain and other business relationships	About the Fund	17	-
		Economic efficiency Interaction with suppliers Damu Fund Annual Report 2023: About the Fund Financial results	35	
2-7	Employees	Our employees	182	-
2-8	Workers who are not employees	Our employees	182	-

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
2-9	Structure and composition of management	Approach to corporate governance Damu Fund Annual Report 2023: Corporate governance system	47	-
2-10	Appointment and election of the highest governing body	Damu Fund Annual Report 2023: Board of Directors	-	-
2-11	Chairman of the highest governing body	Damu Fund Annual Report 2023: Board of Directors	-	The Chairman of the Board of the Fund is not Chairman of the Board of Directors
2-12	The role of the highest governance body in overseeing impact management	Approach to Sustainable Development Management	95	-
2-13	Delegation of responsibility for impact management	Approach to Sustainable Development Management	95	-
2-14	The role of the highest governance body in sustainability reporting	Approach to Sustainable Development Management	95	The Sustainable Development Report of JSC Damu Entrepreneurship Development Fund in 2023 was approved by the Fund's Board
2-15	Conflicts of interest	Business Ethics and Compliance	73	-
2-16	Communication/informing on critical issues	Approach to corporate governance	47	-
		Business Ethics and Compliance	73	
2-17	Collective knowledge of the highest governing body	-	-	All members of the highest governance body have balanced effective management of the Fund with knowledge and skills, including from the point of view of the sustainable development agenda

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
2-18	Evaluation of the activities of the highest governing body	Approach to corporate governance Damu Fund Annual Report 2023: Board of Directors	47	–
2-19	Remuneration Policy	Damu Fund Annual Report 2023: Remuneration system for members of the Board of Directors and the Management Board of the Fund	–	–
2-20	The process of determining remuneration	Approach to corporate governance Damu Fund Annual Report 2023: Remuneration system for members of the Board of Directors and the Management Board of the Fund	47	–
2-21	Annual Total Compensation Ratio	Approach to corporate governance	47	–
2-22	Statement of Sustainable Development Strategy	Approach to Sustainable Development Management	95	–
2-23	Policy Commitments	Approach to Sustainable Development Management	95	–
2-24	Implementing Policy Commitments	Interaction with stakeholders	112	–
2-25	Processes for eliminating negative impacts	Business Ethics and Compliance Feedback mechanisms	73 210	–
2-26	Mechanisms for consultation and expression of concerns	Feedback mechanisms Human Rights and Diversity	210 207	–
2-27	Compliance with laws and regulations	Business Ethics and Compliance	73	No cases of corruption were recorded.

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
2-28	Membership associations	ESG Collaboration and Ratings	116	–
2-29	Stakeholder Engagement Approach	Interaction with stakeholders	112	–
2-30	Collective agreements	–	–	The Fund does not use the practice of concluding collective labor agreements.
GRI 3: Material Topics				
3-1	The process of identifying essential topics	Identification of essential topics	250	–
3-2	List of essential topics	About the report Identification of essential topics	5 250	–
3-3	Management of essential topics	Development Strategy of the Damu Fund Economic efficiency Business Ethics and Compliance Anti-corruption Relationships with suppliers Approach to Sustainable Development Management Supporting MSMEs in the transition to a low-carbon economy Sustainable Financing Programs Customer Relationships Management approach (Employee care) Interaction with employees Training and development Human Rights and Diversity	21 35 73 79 91-94 95 123 128 137 177 192 197 207	–

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
GRI 201: Economic Performance (2016)				
201-1	Direct economic value created and distributed	Economic efficiency	35	–
201-3	Stated obligations related to employer benefit plans and other retirement plans	–	–	All workers are covered by the state pension system and pay mandatory pension contributions.
201-4	Financial assistance received from the state	About the Fund	17	–
GRI 202: Market Presence (2016)				
202-2	Proportion of senior managers hired from local communities	Approach to corporate governance	47	–
GRI 203 Indirect Economic Impacts (2016)				
203-1	Investments in infrastructure and free services	Sustainable Financing Programs	128	–
203-2	Significant indirect economic impacts	Development Strategy of the Damu Fund	21	–
		Principles of MSME support	27	
		Supporting MSMEs in the transition to a low-carbon economy	123	
		Social Impact of the Fund	226	
GRI 204: Procurement Practices (2016)				
204-1	Share of spending on local suppliers	Relationships with suppliers	91-94	–

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
GRI 205 Anti-corruption (2016)				
205-1	Units subject to corruption risk assessments	Anti-corruption	79	–
205-2	Information and training on anti-corruption policies and methods	Anti-corruption	79	No training was provided to business partners on combating corruption
205-3	Confirmed cases of corruption and measures taken	Anti-corruption	79	In 2023, there were no cases of corruption recorded in the Fund
GRI 206: Hindering Competition (2016)				
206-1	Total number of cases of legal actions against an organization in connection with the obstruction of competition and violation of antitrust legislation and their results	Anti-corruption	79	0 facts of bringing the Fund to responsibility for violations of antitrust laws in 2023
GRI 207: Taxation (2019)				
207-1	Tax Policy	Taxation	41	–
207-2	Corporate Tax Management and Control and Risk Management Systems	Taxation	41	–
207-3	Stakeholder engagement and tax management	Taxation	41	–
GRI 302 Energy (2016)				
302-1	Energy consumption within the organization	Improving energy efficiency	164	–
302-4	Reducing overall energy consumption	Improving energy efficiency	164	–

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
GRI 303: Water and Effluents (2018)				
303-5	Water consumption	Waste and water management	172	–
GRI 305 Emissions (2016)				
305-1	Direct greenhouse gas emissions (Scope 1)	Climate Impact Management	159	–
305-2	Indirect greenhouse gas emissions (Scope 2)	Climate Impact Management	159	–
305-4	Greenhouse gas emission intensity	Climate Impact Management	159	–
GRI 306: Waste (2020)				
306-1	Waste generation and significant impacts associated with its generation	Waste and water management	172	–
306-2	Managing impacts associated with waste generation	Waste and water management	172	–
306-3	Generated waste	Waste and water management	172	–
GRI 401 Employment (2016)				
401-1	Total number of new employees, staff turnover	Interaction with employees	192	–
401-2	Benefits for full-time employees that are not available to temporary or part-time employees	Social support	202	–
401-3	Parental leave	Social support	202	–

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
GRI 402 Employee-Management Relations (2016)				
402-1	Minimum notice period for significant changes in the organization's activities	Human Rights and Diversity	207	In accordance with the labor legislation of the Republic of Kazakhstan, when changing working conditions (changes in the organization of production, changes in economic, technological conditions, conditions of labor organization and (or) reduction of the volume of work at the employer), the employee must be notified 15 calendar days in advance, unless a longer period is established by the labor or collective agreement. When terminating an employment contract on the grounds specified in paragraph 1 of Article 52 of the Labor Code of the Republic of Kazakhstan, the employee must be notified at least one month in advance, unless another period is provided.
GRI 403: Occupational Health and Safety (2018)				
403-1	Occupational Health and Safety Management System	Health and Safety	216	–
403-3	Occupational safety activities	Health and Safety	216	–
403-4	Employee participation, consultation and provision of information on occupational health and safety issues	Health and Safety	216	–
403-5	Training of employees in the field of labor protection	Health and Safety	216	–

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
403-6	Maintaining the health of workers	Health and Safety	216	–
403-8	Employees covered by the occupational health and safety management system	Health and Safety	216	–
403-9	Industrial injuries	Health and Safety	216	–
GRI 404 Training and Education (2016)				
404-2	Employee development and continuous professional growth programs	Training and development	197	–
404-3	Percentage of employees receiving regular performance and career development feedback during the reporting period	Reward and motivation	189	–
GRI 405: Diversity and Equal Opportunity (2016)				
405-1	Sociocultural diversity of management and staff	Approach to corporate governance Our employees	47 182	–
GRI 406 Non-discrimination (2016)				
406-1	Total number of cases of discrimination and measures taken	Human Rights and Diversity	207	No cases of discrimination were recorded in 2023

Number	Decoding the indicator	Chapter reference of the Report	Page number	Comments
GRI 415 Public Policy (2016)				
415-1	Donations to the organization for political purposes	–	–	The Fund does not make financial contributions or donations to political organizations.
GRI 418 Consumer Privacy (2016)				
418-1	Valid complaints regarding consumer privacy violations and loss of consumer data	Data privacy and cybersecurity	149	There were no cases of confidential information leaks recorded in 2023

Glossary

APC	Administrative procedural code.
ARDFM	Agency for Regulation and Development of the Financial Market.
STB	second-tier banks.
RES	renewable energy sources.
GEF	Global Economic Facility.
VHI	voluntary health insurance.
SCP	single comprehensive program.
Efficiency	key performance indicators.
MSME	micro, small and medium-sized businesses.
IFRS	International financial reporting standards.
MFO	microfinance organizations.
TAPF	Tax accounting policy of the Fund.
GHG	greenhouse gases.
REPO	(English repurchase agreement) - a transaction for the purchase (sale) of a security with the obligation to resell (purchase) it after a certain period of time at a price previously determined in this agreement.
ISMS	Information security management system.
SED	an information system for working with corporate documents in electronic form throughout their entire life cycle.
UN SDGs	UN Sustainable Development Goals.
BPM	(Business Process Management) - business process management.
DLP	(Data Loss Prevention) - preventing data loss.
DPR PDL	high-quality functions for detecting, preventing and responding to personal data leaks.
DLP Safetica	protection against data loss.
DWH	(Data Warehouse) is a single repository of archived data from various corporate sources.
ESG	(Environmental, Social, and Corporate Governance) - environmental, social and corporate governance.
GIZ	(German: Gesellschaft für Internationale Zusammenarbeit) is a German society working in the field of consulting on issues of learning and change.
GRI	(Global Reporting Initiative) - Global Reporting Initiative.
ITIL	(Information Technology Infrastructure Library) - library of information technology infrastructure - education on the assessment of provided services, their analysis and search for ways to continuously improve the quality of service.

KODIT	Korea Credit Guarantee Fund
KOSME	(The Korea small and medium-sized enterprise & Startups Agency) is a non-profit government-funded organization created to implement government policies and programs for the sustainable growth and development of Korean small and medium-sized enterprises.
ROA	(Return on Assets) is an indicator of the ratio of net profit to the average value of assets for the reporting period.
SIF	SIF(Success in Finance) - Entrepreneurship Development Fund of Azerbaijan.
TCFD	TCFD(Task Force on Climate-related Financial Disclosures) - Working group on issues of disclosure of information related to climate change.
VPN	VPN(Virtual Private Network) - a virtual private network, a general name for technologies that allow one or more network connections to be provided over someone else's network.

Identification of essential topics

[2-2] [3-1] [3-2]

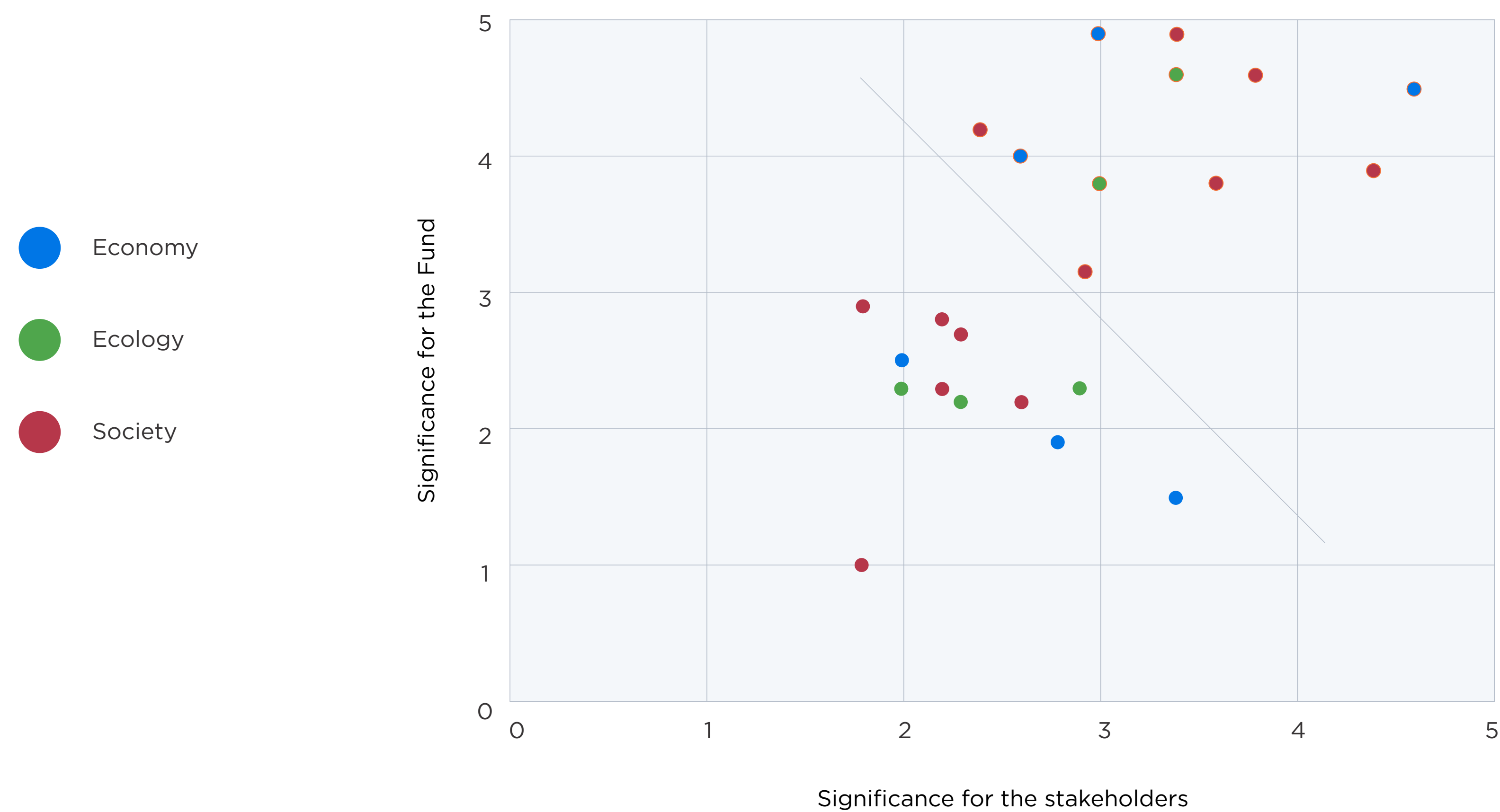
In identifying significant topics, the Damu Fund conducted an impact assessment of its activities in the field of sustainable development. As part of the analysis, a questionnaire was sent to internal and external stakeholders, including significant topics of the Fund. All topics presented in the questionnaire are divided into three groups - economic, environmental and social.

The summary assessments based on the survey results were entered into the Materiality Matrix. The topics included in the upper right corner of the matrix were recognized as the most significant and are reflected in this Report.

The materiality matrix

In total, the Report included 23 significant topics, ranked according to their degree of priority for the Damu Fund, 11 of which were recognized as the most significant and highlighted in gold.

The materiality matrix



Decoding the map

Economy

- 1 Procurement Practice
- 2 Indirect economic impacts
- 3 Presence in the markets
- 4 Anti-corruption
- 5 Obstacle to competition
- 6 Economic efficiency

Ecology

- 7 Environmental assessment of suppliers
- 8 Compliance with environmental legislation
- 9 Waste (volume of paper, office equipment, etc. transferred for recycling)
- 10 Water
- 11 Energy

Society

- 12 Local communities
- 13 Supplier Impact Assessment on Society
- 14 Relations between employees and management
- 15 Health and Safety at Work
- 16 Freedom of association and collective bargaining
- 17 Training and education
- 18 Diversity and equal opportunity
- 19 Employment
- 20 Compliance with legal requirements
- 21 Non-discrimination
- 22 State policy
- 23 Human Rights Compliance Assessment

Report Boundaries

[2-2]

The organizational structure of the Damu Fund includes the Head Office and 20 regional branches. The non-financial information presented in the Report covers the activities of the Joint Stock Company "Damu Entrepreneurship Development Fund". If the boundaries of disclosure of individual indicators differ from those given below, an explanation is given in the text of the Report or in the footnotes.

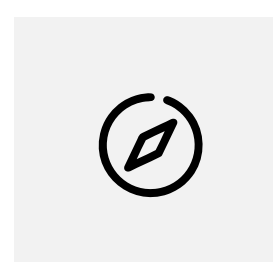
Enterprises within the reporting boundaries

	Title of the Report Chapter					
	About the Fund Corporate Governance and Business Ethics Sustainable Development Management Sustainable financing Customer care Taking care of employees Caring for society	Climate Impact Management (Scope 1)	Climate Impact Management (Scope 2)	Improving energy efficiency	Waste management	Water consumption management
Head office (Almaty)	+	+	+	+	+	+
Regional branch in Almaty	+	+				
Regional branch in Astana	+	+				
Regional branch in Shymkent	+	+				
Regional branch for Akmola region	+	+	+	+		+
Regional branch for Aktobe region	+	+				
Regional branch for Almaty region	+	+				
Regional branch for Atyrau region	+	+	+	+		+
Regional branch for Turkestan region	+	+				
Regional branch for East Kazakhstan region	+	+	+	+		+
Regional branch for Zhambyl region	+	+	+	+		+
Regional branch for West Kazakhstan region	+	+	+	+		+
Regional branch for Karaganda region	+	+				
Regional branch for Kostanay region	+	+				
Regional branch for Kyzylorda region	+	+	+	+		+
Regional branch for Mangistau region	+	+				
Regional branch for Abay region	+	+				
Regional branch for Zhetysu region	+	+	+	+		+
Regional branch for Ulytau region	+	+				
Regional branch for Pavlodar region	+	+	+	+		+
Regional branch for North Kazakhstan region	+	+	+	+		+

Contact information

[2-3]

Legal address/ Head Office Address



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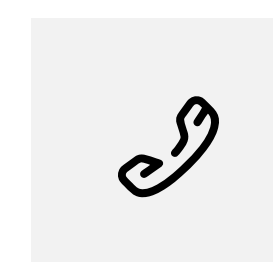


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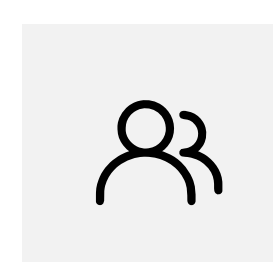
Sustainable development



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