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по регулированию и развитию
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KASE

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International
Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

PRESS RELEASE

city of Almaty

November 16, 2022

KASE conducted the International Conference "ESG – a new paradigm for the financial market development"

On November 16, 2022, Kazakhstan Stock Exchange JSC (hereinafter – the Exchange, or KASE) conducted the international conference "ESG – a new paradigm for the financial market development" which took place as part of the X Congress of Financiers of Kazakhstan.

The International Finance Corporation (IFC) and the United Nations Environment Program (UNEP) were the co-organizers of the Conference.

At the Conference, which became a meeting ground, experts of Kazakhstan's financial market and from near and far abroad discussed the implementation of ESG principles: global trends in financing sustainable development projects, development of the regulation, corporate ESG strategies and business transformation, as well as best practices in the field of ESG disclosure, available green finance tools, ESG projects in Central Asia and Kazakhstan and other acute topics.

"The global practice shows that these days compliance with the ESG principles plays an increasingly important role in the sustainable development of businesses and their ability to diversify funding sources. A growing number of investors prefer projects that comply with the ESG requirements and principles. In particular, according to Climate Bonds Initiative, the global volume of issued ESG debt and transition bonds exceeded \$3.5 trillion by the end of the third quarter of this year, – said Alina Aldambergen, Chairperson of KASE's Management Board, – the implementation of sustainable development goals and the introduction of ESG criteria is one of the strategic tasks in Kazakhstan. The Exchange has consistently promoted the ESG agenda in Kazakhstan's exchange market, for more than 8 years being one of several dozen exchanges around the world that have joined the UN initiative "Sustainable Exchanges". We organized today's event as a meeting ground for a dialogue between business, financial institutions and experts. We hope that it will become a platform for achieving a synergy of business ideas and financial resources in the development of sustainable projects in our country."

The program of the event featured a plenary session, panel discussions and practical workshops, where more than 40 prominent speakers shared their expert opinions on the ESG agenda at the global level. The Conference was attended by heads of government and quasi-government structures, representatives of the corporate sector, development institutions and international experts.

Welcome speeches at the Conference were delivered by: Chairman of the Agency for Regulation and Development of the Financial Market Madina Abylkassymova, Member of the Board, EEC Minister in charge of Economy and Financial Policy on behalf of the Republic of Kazakhstan Bakytzhan Sagintayev, First Deputy Chairman of the Council of the Association of Financiers of Kazakhstan Irina Kushnareva and Deputy CEO, Head of Sustainable Finance, ICMA – Nicholas Pfaff.

The conference started with a plenary discussion on the topic "ESG – the agenda of the future", during which the speakers discussed relevant tools and indicators of sustainable business development, the benefits and features of attracting "green" financing and responsible investment practices. They also noted that the growing interest in ESG investments is an opportunity for emerging markets to create expanded and more mature sustainable financing ecosystems.

The participants also shared information that all the necessary legal framework for "green" financing in Kazakhstan was formed last year: a new Environmental Code was adopted, within which a Taxonomy of "green" projects was introduced aimed at increasing the efficiency of using existing natural resources, reducing the level

of negative impact on the environment, increasing energy efficiency, energy saving, climate change mitigation and adaptation to climate change.

Concepts of "green" financing have been established at the legislative level, including "green" bonds, "green" loans and other financial instruments. Aspects of issuing and verifying ESG bonds have been legally sorted out this year. KASE, which joined the UN Sustainable Stock Exchange Initiative back in 2015, today considers this one of the priority development areas. The Exchange, following the ESG principles in its own activities, comprehensively promotes them across the country's economy.

Participants of the panel discussion "ESG business transformation" raised questions about the need for such a transformation, as well as the effectiveness of implementing an ESG strategy for a company. The attendees learnt which particular ESG support initiatives for business development were in place today.

The speakers of the next panel discussion "Responsible Investing: A New ESG Paradigm in the Investment Strategy" urged the participants to reconsider their views on business. The participants learned why it was necessary to encourage the introduction of the responsible investment principles in the financial market, how financial institutions could take part in its promotion, what exactly was the criterion for responsible investment for investors. And this process will be evaluated and controlled by the National Rating ESG Agency, which is going to be created in the near future.

Issues of implementing ESG principles in bank financing, assigning ratings and assessing the level of trust, as well as practical approaches to ESG financing with a demonstration of several successful projects were discussed at the panel discussion "ESG financing".

The participants of the fourth panel discussion assessed the readiness to perceive the ESG agenda in Central Asia and Kazakhstan, got acquainted with the possibilities of ESG tools for business funding, discussed current issues and problems in the implementation of sustainable projects in Kazakhstan and the region, as well as opportunities and sources of project financing.

The event finished with two workshops. The first one was about "Promoting green finance for SMEs". The speakers talked about how to attract entrepreneurs while implementing sustainable development goals, what "green" financing tools could be effective for SMEs, and touched upon the problems of SMEs' access to "green" financing.

The second workshop on "ESG Information Disclosure: Striving for International Standards" was the logical conclusion of the international conference "ESG – a new paradigm for the financial market development". Participants discussed the regulatory process influencing the green agenda, how to interpret ESG ratings and respond to market challenges and "green laundering". They talked about the methodology for disclosing ESG information and non-financial information.

The conference was conducted in a hybrid format – off and online – and was broadcast in three languages: Kazakh, Russian and English to reach as large an audience as possible.

More than 800 people took part in the Conference, including representatives of state companies, financial, energy and IT sectors, entrepreneurs, experts, representatives of auditing and consulting companies.

For reference

Kazakhstan Stock Exchange (KASE) is a leading stock exchange in the Central Asian region. KASE occupies the second place among the CIS exchanges in terms of securities trading volume, and the fifth place in terms of the equity market capitalization among the FEAS exchanges. It is a universal trading platform for corporate and government securities, bonds of international financial institutions, foreign currencies, transactions of the money market – repo and swap, as well as derivatives. KASE is a member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations, as well as a participant of the UN's "Sustainable Stock Exchanges" initiative.

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