



ESG Practices on KASE

*Green Finance and the Debt Capital
Market Conference*

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CEO of KASE



Diversified business profile

services: trading, pre & post-trade services, Data Market Listing, information disclosure

markets: stock market (including private, startups), fixed income, FX, derivatives, money market



25+
years in
capital markets

Frontier

MSCI **FTSE**
(Watch)

S&P DOW JONES
INDICES
McGRAW HILL FINANCIAL



6th place
among FEAS stock exchanges
by domestic market capitalization (2019)

Diversified Investor Base

Local investors
International investors
Retail investors



>170 000
Accounts
of retail investors



2nd place
among CIS exchanges
by traded volume (2019)



50
members
of the exchange

**Strong committed
to ESG**

*with ESG guidance
for issuers and ESG
bonds regulation*

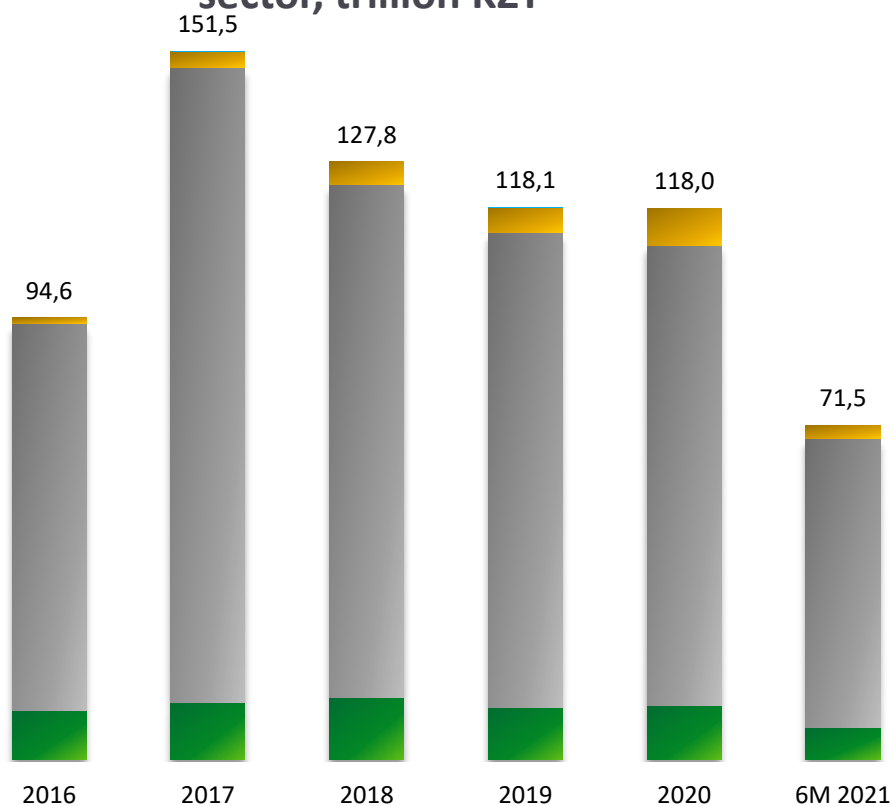
KASE Markets

+16 % trading volume

6M '2021 to 6M '2020



Dynamics of trading volume by sector, trillion KZT



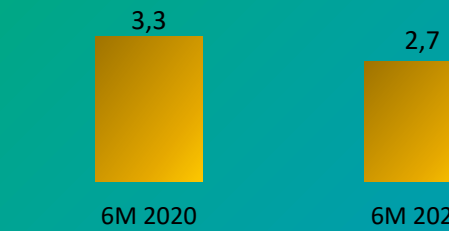
6M'2021 to 6M'2020

Total trading volume



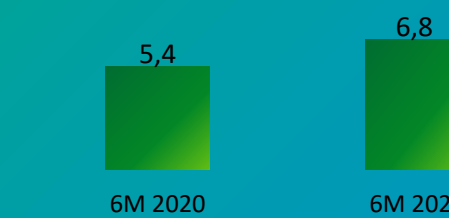
+16%

Securities market



-17%

Foreign exchange market



+26%

Money market



+17%

Structure of trade lists

1,136 instruments, including 795 securities, of which 171 instruments in the T + list*

Stock market			Money market	Currency market	Derivatives
Stocks	Bonds	Other securities	Swap operations	Spot	Futures
IPO / Auctions	Auctions	Secondary market	RUBKZT	RUBKZT	KASE Index
Buyout	Secondary market	Securities of investment funds	USDKZT	USDKZT	USDKZT
Secondary market	GS of MF RK	ETF	CNYKZT	CNYKZT	From 07 July 2021: KZAP HSBK
Large companies	Municipal bonds		EURKZT	EURKZT	
SME	NBRK notes		Autorepo	EURUSD	
Dual listing	GS of foreign states		Stocks		
GDR	Corporate bonds		Bonds		
	IFO** bonds		Basket of GS		
14	157				
128	474	22	319	16	6
Clearing					
T+2	T+2	T+0	от T+1 до T+1Y	T+0	T+1W
T+0 - illiquid securities	T+0 – illiquid securities		от T+0 до T+90	T+1	T+1M
				T+2	T+3M
					T+6M

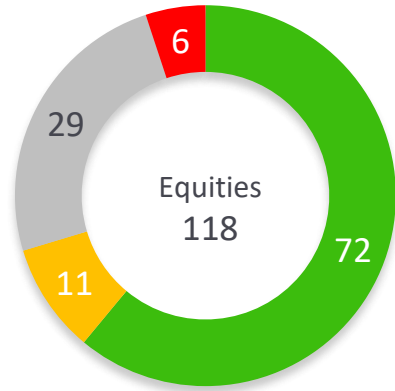
Source: KASE

* as of 01 July 2021

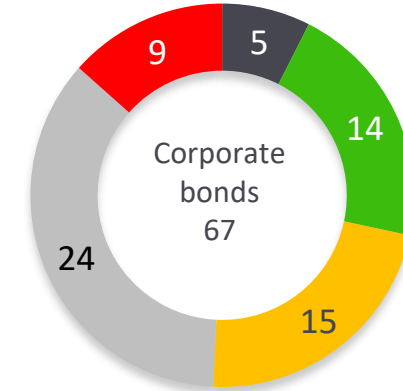
** securities of international financial organizations

KASE official list structure

Structure of issuers in the official list



- Development institutions
- Real private
- Real quasi-public
- Financial private
- Financial quasi-public



Structure of instruments included in the official list

134
stocks

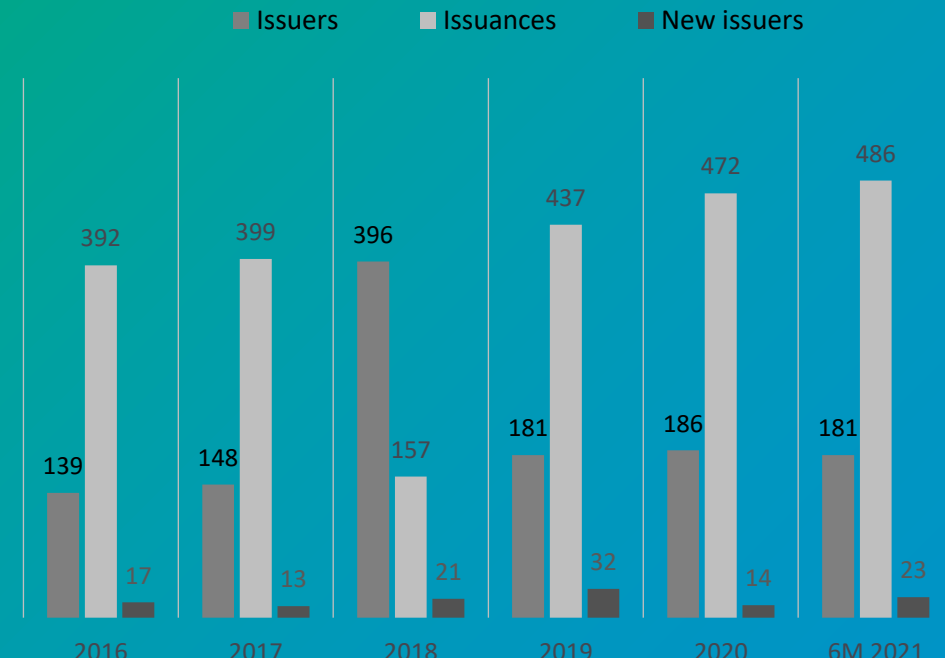
16
investment trusts

4
GDR

256
corporate bond

34
IFI bond

6
ETF



The rating is dedicated to the development of a "green" economy in the countries of the world

The ranking focuses on countries' investments in renewable energy, innovation and green finance, carbon emissions, green society development and climate policy.

Kazakhstan took 33rd place out of 76 countries, gaining 4.94 points.

The top five include: Iceland (6.45), Denmark (6.44), Norway (6.20), France (5.98) and Ireland (5.95).

Further plans for the development of "Green" economy

- By 2030, the share of "green" energy in Kazakhstan will be increased to 15%, Prime Minister Askar Mamin said at the June meeting of the Dialogue on Investment Cooperation between Kazakhstan and the European Union.
- For implementation of the sustainable development tasks in Kazakhstan, a new Environmental Code was adopted, which entered into force on July 1, 2021. Document provides the stimulus for enterprises to modernize production through the use of indicators of the best available technologies based on the experience of the European Union countries.
- Approved by the resolution of the Governments of the Republic of Kazakhstan, the Action Plan for the implementation of the Concept for the transition of the Republic of Kazakhstan to a "green" economy for 2021 - 2030.

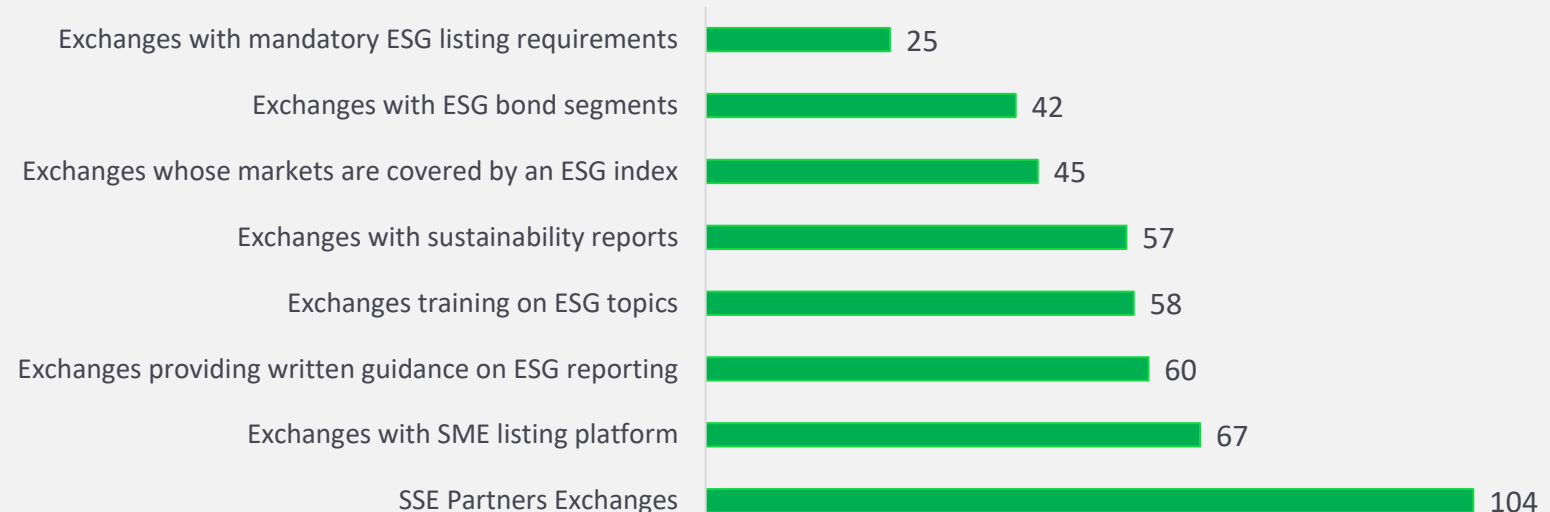
Results

During the process of implementing the concept for Kazakhstan's transition to a "green" economy for 2013-2020, labor productivity in agriculture increased by 4.83 times, the share of renewable energy sources (RES) in electricity generation was increased to 3%, the share of gas-fired power plants - to 20,2%. The share of water users with permanent access to the central drinking water supply system in cities reached 97,5%, in rural areas – 90,1%. The energy intensity of GDP has been reduced by 33,1% from the 2008 figure.

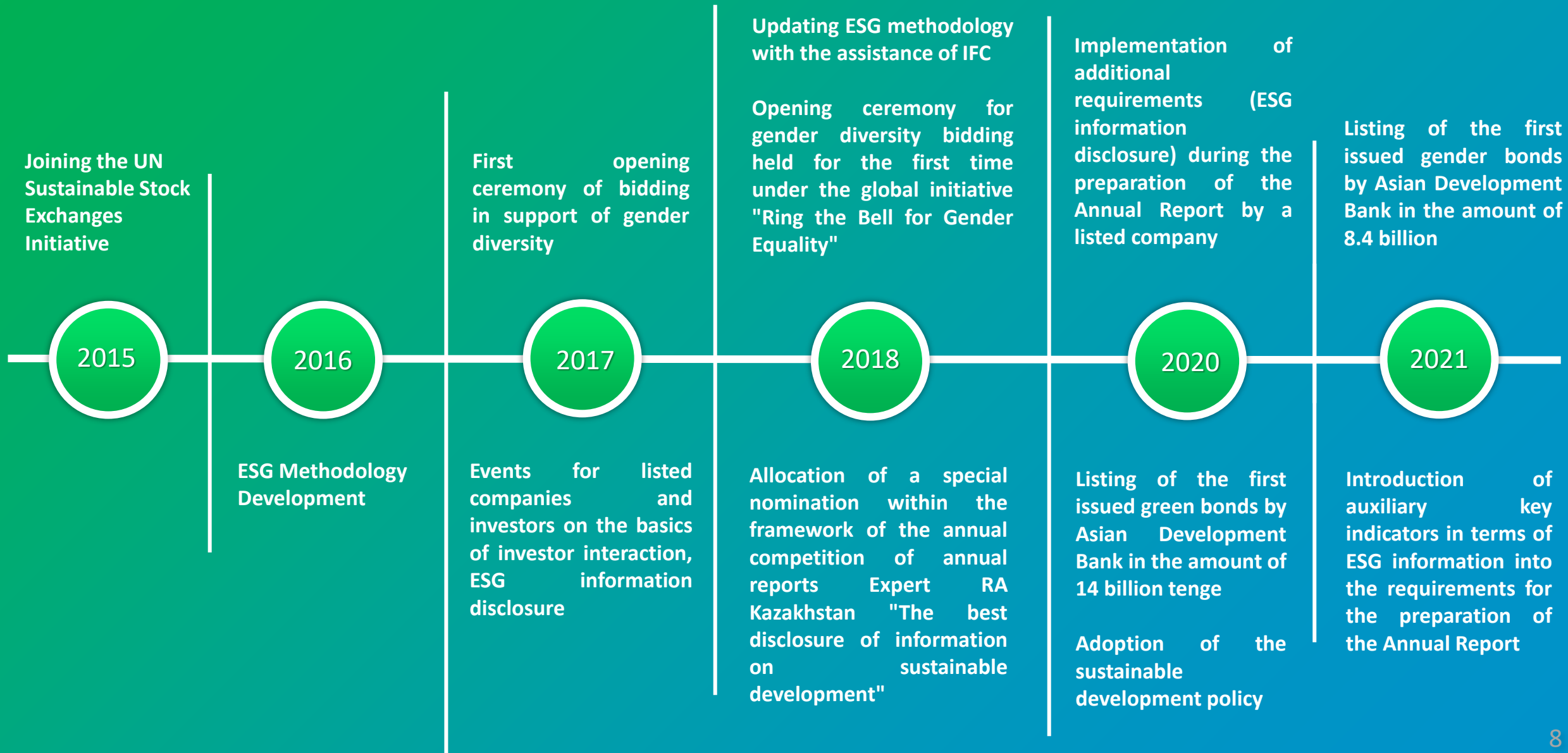


UN Sustainable Stock Exchanges Initiative (SSE)

- Operating since 2009.
- Key objective of the UN SSE Initiative - building the capacity of stock exchanges and securities regulators to foster responsible investment in sustainable development and improve the performance of companies in the environment, social and governance issues.
- 104 exchanges have pledged partnership and commitment to the UN SSE Initiative.
- KASE joined the UN SSE Initiative in 2015.



ESG development on KASE



Annual report requirements



KASE requirements for ESG information disclosure

ENVIRONMENTAL CRITERIA
INFORMATION

SOCIAL RESPONSIBILITY CRITERIA
INFORMATION

CORPORATE GOVERNANCE
INFORMATION

LIST OF KEY PERFORMANCE INDICATORS FOR
GENERAL ENVIRONMENTAL AND SOCIAL
ISSUES

LIST OF CORPORATE GOVERNANCE
KEY PERFORMANCE INDICATORS

ESG INDUSTRIAL SPECIFICATIONS
GUIDE

The annual report on the results of 2019, revealing the elements of ESG information, was presented to KASE by 86 companies.



- Materials used
- Products and services
- Waste management
- Water consumption
- Energy consumption and energy efficiency
- Emergency and irregular discharges of pollutants
- Wastewater discharges
- Emissions of greenhouse gases and other pollutants into the atmosphere
- Environmental protection
- Biological diversity
- Environmental Compliance

Recommendations:

- the importance of comparing indicators and indicating their dynamics;
- the need to follow approved policies and regulations;
- indication of indicators, mechanisms used and activities carried out by financial institutions.

- Employment
- Workplace health and safety
- Preparation and education
- Diversity and Equal Opportunity
- Labor practice
- Anti-corruption
- Compliance with legal requirements
- Product liability

Recommendations:

- an indication of the reasons for staff turnover;
- the need to follow approved policies and regulations;
- the number of complaints regarding the practice of labor relations, their status, filing system;
- internal policies and methods of combating corruption, existing risks.

- Corporate governance system of the organization
- Corporate governance structure of the organization
- Board of directors (supervisory board) of the organization
- Collegial or sole executive body of the organization
- Organizational structure of the organization
- Reward information
- Shareholders (members) of the organization, Subsidiaries and affiliates, Information on dividends
- **Minority Shareholder Rights, Information on Major Transactions, Information Policy**
- Risk Management, Internal Control and Audit, Stakeholder Engagement

Recommendations:

- the most important issues and decisions made by the Management Board and the Board of Directors;
- an indication of the procedure for the nomination and selection of candidates to the Management Board and the Board of Directors, selection criteria, competence of the current composition;
- identified risks based on the results of internal audits and the measures taken, how the audit is carried out in the absence of a control body;
- mechanisms for receiving questions and/or complaints, the procedure for responding to them;
- disclosure of details of concluding major transactions;
- information on remuneration (optionally for each member of the Board of Directors and the Management Board)

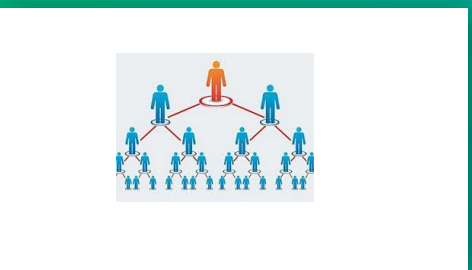
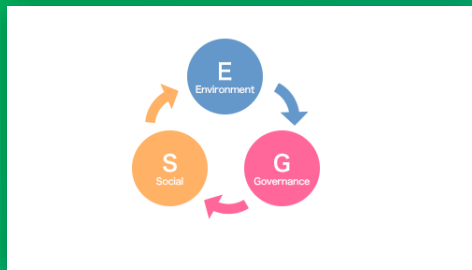
Infrastructure development for ESG tools :

- Development of ESG information disclosure methodology
- Development of listing requirements for green instruments
- Development of institutions of independent verifiers of green and social bonds
- Selection of issuers most fully disclosing ESG informations
- Incentives for issuers to obtain ESG ratings

ESG Index Development

Promoting the issuance of green bonds

Carrying out events to promote ESG criteria and principles for responsible investment





ASIAN DEVELOPMENT BANK

Asian Development Bank carried out **two green bond** issues in the amount of 14 billion tenge, according to the prospectus, the purpose of using the money received from the placement of bonds is to invest in projects aimed at reducing greenhouse gas emissions in atmosphere, removing greenhouse gas emissions from the atmosphere, as well as reducing vulnerability of anthropogenic or natural systems to the impacts of climate change and increased resilience and adaptability.

Asian Development Bank attracted almost 8.4 billion tenge (about \$ 20 million) at KASE by placing the first gender bonds in Kazakhstan. According to the prospectus, the purpose of using the money is to invest in projects aimed at reducing gender inequalities and promoting the empowerment of women and girls.



Entrepreneurship Development Fund “Damu”, within the framework of an agreement with UNDP to reduce the risks of investment in renewable energy sources (RES), registered and issued “green” coupon bonds in the amount of 200 million tenge on AIX.

Green bond is a debt instrument with a fixed income to raise money to finance the implementation of "green" projects (as defined in New Environmental Code of Kazakhstan)

For the listing of green bonds:

- ✓ Common listing requirements:
 - ICMA
 - CBI
 - Wide range of independent appraisals providers
- ✓ At the request of the issuer, conduct an "Issuer Day";
- ✓ Set the minimum fixed listing fees;
- ✓ Consulting on listing and other KASE services;

Criteria and Requirements	Main	Alternative
Operating income (revenue)	at least 3,000,000 MCI for each of the last 3 years	No
Balance sheet currency (the total amount of the balance sheet for the asset or liability)	at least 2,550,000 MCI for each of the last 3 years	No
Issuer's lifetime	at least 3 years	No
Availability of a valid rating score*	not lower than "BB-" on the scale of Standard & Poor's / "Fitch" / "Moody's Investors Service"	No
Unconditional and irrevocable warranty*	Government of the Republic of Kazakhstan or another state with a valid sovereign rating not lower than the rating of the Republic of Kazakhstan	No
Auditing organization	being in the list of audit organizations recognized by KASE at the first level	listed on the list of audit organizations recognized by KASE
Financial reporting standards	IFRS or US GAAP	
Financial statements	at least for the last 3 years in accordance with IFRS	at least for the last 3 years in accordance with IFRS
No restrictions on the free disposal of securities	mandatory	
Accounting/servicing of securities	carried out by the Central Securities Depository	

Thank you for attention!

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FAQ

