



REPORT ON SUSTAINABLE DEVELOPMENT (ESG) 2024

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ALMATY) JSC



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MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

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Dear Colleagues, Partners and Stakeholders,

ICBC Almaty Bank remains steadfast in its commitment to sustainable development (ESG), integrating ESG principles—environmental, social, and governance aspects—into all areas of its operations.

The year 2024 marked a significant milestone in our journey toward building a more sustainable, inclusive, and responsible financial system.

We continued to enhance our green financing practices, strengthened internal ESG risk management processes, developed a plan for assessing climate impact, and significantly improved the transparency of our reporting.

We firmly believe that stable economic growth is unachievable without respectful attitude towards the environment, social responsibility, and effective corporate governance.

Sustainable development is not just a strategic direction—it is our duty to society, our clients, and future generations.

Sincerely,
Lyu Honghai
Chairman of the Management Board

Our ESG agenda aligns with the sustainable development (ESG) priorities of the Republic of Kazakhstan, international reporting standards, and ICBC Group's internal commitments to achieving climate neutrality and supporting the transition to a green economy.

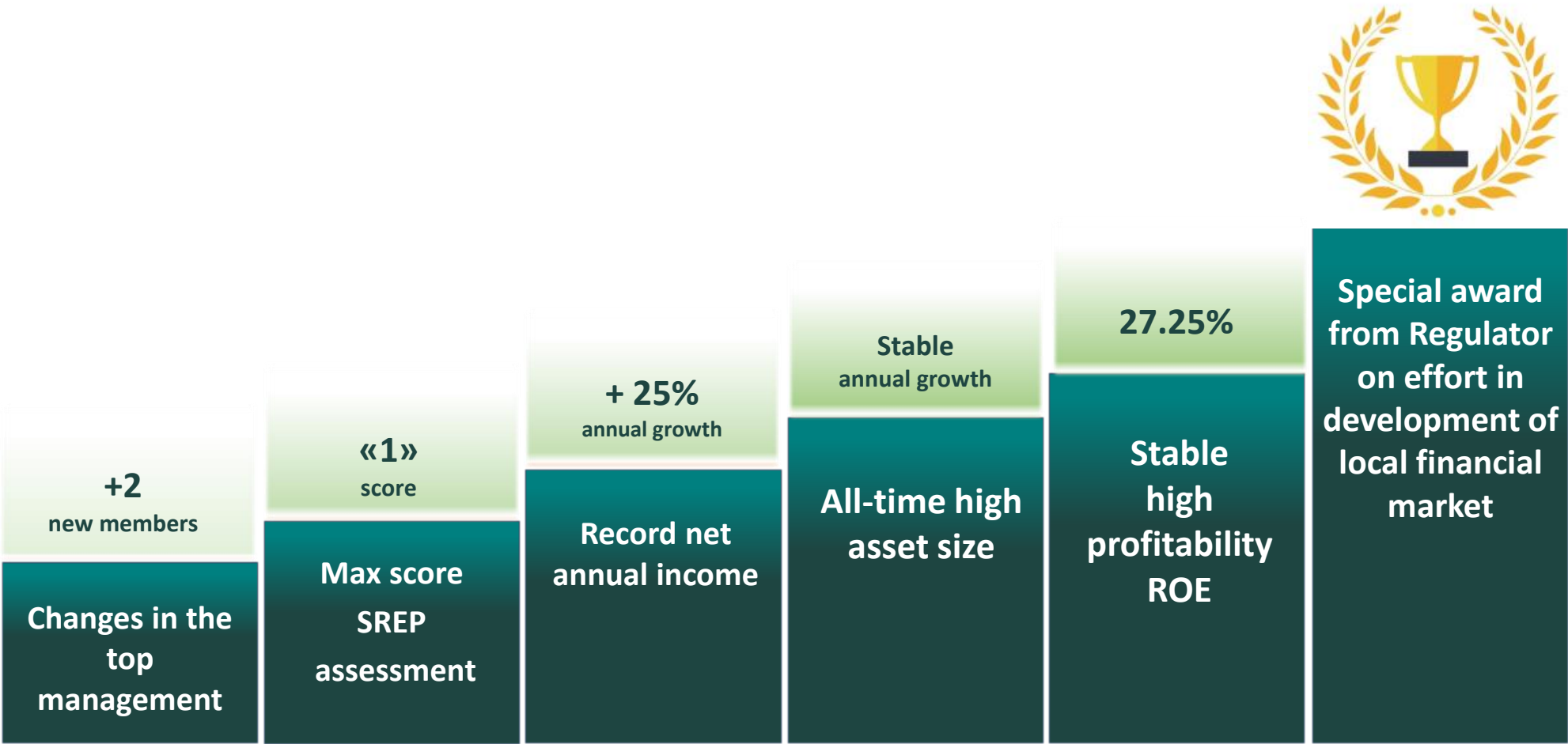
We will continue to advance initiatives aimed at reducing our carbon footprint, improving the quality of life for employees and clients, promoting financial inclusivity, and enhancing responsible corporate governance practices.

This report reflects our dedication to transparency, open dialogue, and a sustainable future.

We extend our gratitude to all those who support us on this path—our Clients, Partners, Employees, and the Regulator.

Together, we create value beyond financial indicators, shaping a sustainable future despite the challenges and constraints along the way.







CORPORATE GOVERNANCE





**LYU
HONGHAI**

CHAIRMAN
Management
Board
CEO



**BAI
MING**

**DEPUTY
CHAIRMAN**
Management
Board



**YANG
XIAOGUANG**

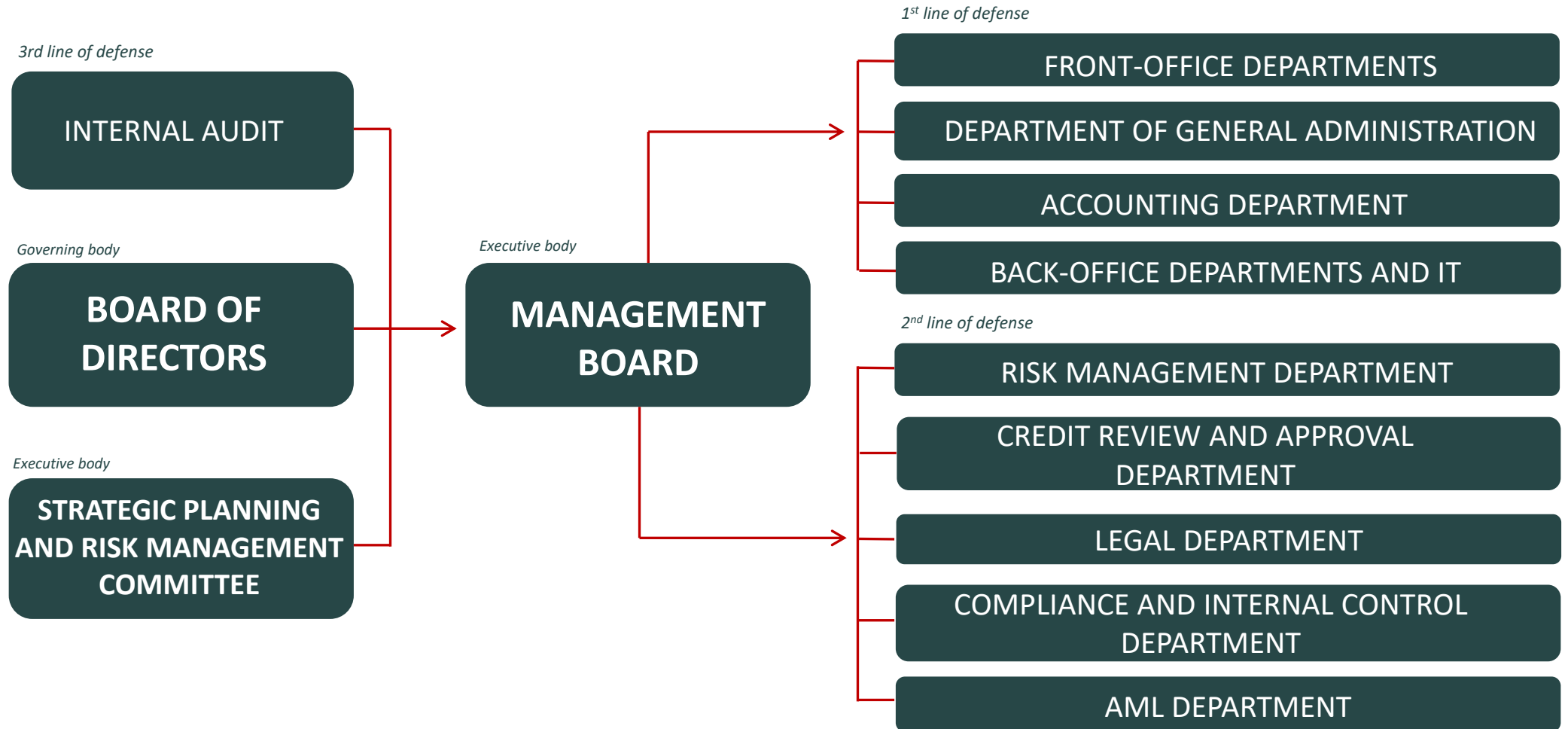
MEMBER
Management Board



**DANAT
MURATKHANOV**

MEMBER
Management Board
CRO | CCO





Role and Responsibilities of the Board of Directors in ESG (Sustainable Development)

The Board of Directors plays a key role in shaping, overseeing, and ensuring the effective functioning of the Bank's sustainable development (ESG) system, in line with global best practices and regulatory requirements, including the guidance of the Agency for Regulation and Development of the Financial Market

By adopting a systematic approach to ESG governance, the Board of Directors ensures the Bank's sustainable development (ESG) strategy aligns with both local and international standards

1. Approval of the Bank's ESG strategy and policies:

- Approves the long-term sustainable development strategy and key ESG priorities
- Endorses environmental, social, and corporate governance policies
- Ensures the integration of ESG factors into the Bank's strategic and operational planning

2. Establishing the ESG governance framework:

- Approves the internal ESG governance structure, defining roles and responsibilities of key departments
- Ensures sufficient resources and expertise are available for effective ESG policy implementation

3. Supervising ESG initiatives:

- Reviews regular reports on the implementation of ESG initiatives, sustainability goals, and key performance indicators
- Monitors ESG performance, including progress toward ESG-related KPIs

4. Assessing and managing ESG risks:

- Establishes risk limits for industries with high environmental and social impact
- Defines acceptable risk exposure levels for environmentally sensitive sectors
- Receives reports from the CSO during Board meetings on key sustainability matters
- Supports the development and implementation of ESG risk assessment systems in lending and investment activities

5. Reviewing key ESG Events and Incidents:

- Analyzes internal audit reports on ESG policy implementation and internal control effectiveness
- Reviews reports on major ESG-related incidents, complaints, and legal claims

6. Ensuring high-quality ESG disclosure and reporting:

- Approves the annual sustainability report (ESG report)
- Ensures completeness, transparency, and accuracy in ESG disclosures for stakeholders
- Guarantees timely publication of ESG reports as required by Kazakhstan's regulation

7. Promoting sustainable finance and investments:

- Supports the development of green and social financial instruments (e.g., green loans, bonds)
- Establishes internal limits for financing environmentally friendly projects and sustainable industries



COMMITTEE FOR STRATEGIC PLANNING AND RISK MANAGEMENT

Role and Responsibilities of the Committee for Strategic Planning and Risk Management in ESG

The Committee for Strategic Planning and Risk Management plays a key role in shaping and implementing the Bank's sustainable development (ESG) strategy.

The Committee adheres to a well-founded and strategically balanced decision-making approach, ensuring the Bank's long-term sustainability and efficiency

It follows best international practices as well as national regulatory requirements in Kazakhstan

1. Ensuring strategic ESG integration into corporate governance:

- Reviews and provides recommendations on the Bank's strategic directions with regards to ESG priorities
- Ensures the alignment of the Bank's strategic goals with sustainable development (ESG) principles and responsible resource consumption
- Facilitates the achievement of targets aimed at reducing the environmental and social impact of the Bank's activities

2. Reviewing the Bank's strategic ESG documentation:

- Conducts preliminary reviews and approvals of reports on the Bank's strategy execution and ESG disclosures before submission to the Board of Directors
- Analyzes the ESG strategy, progress of ESG initiatives, climate-related targets, and compliance with environmental and social commitments
- Ensures ESG metrics are aligned with the Bank's overall strategy

3. Monitoring and controlling ESG goal implementation:

- Assesses the achievement of key ESG indicators and the effectiveness of green and sustainable financing
- Supervises the implementation of policies for managing climate and social risks
- Reviews progress on ESG initiatives and recommends corrective measures in case of deviations

4. Facilitating coordination with the Board of Directors:

- Provides well-grounded recommendations to the Board of Directors on ESG and sustainable development issues
- Ensures the accurate transmission of ESG-related information from Bank management to regulatory authorities and shareholders
- Contributes to the establishment of a unified ESG communication and reporting system within the Bank

5. Supporting green finance development:

- Reviews the strategy for green finance development, including credit and investment products
- Facilitates the implementation of sustainable finance instruments (green and social bonds, ESG loans)
- Defines priority areas for supporting projects that contribute to achieving climate and social goals



Role and Responsibilities of the Bank Management Board in ESG (Sustainable Development)

The Bank Management Board plays a key executive role in ensuring the effective implementation of the ESG strategy and managing associated risks. In line with best international practices and regulatory requirements, the Board is responsible for the practical execution of ESG policies and sustainable development (ESG) mechanisms at all levels of operational activity.

Thus, the Management Board holds primary responsibility for implementing the ESG agenda in practice, ensuring the systematic integration of sustainable development into the Bank's business model and effective management of environmental and social risks.

1. Decision-Making on ESG risk management in high-risk projects:

- Assesses whether ESG risks in critical and capital-intensive projects are acceptable in terms of the Bank's overall risk exposure
- If risk levels exceed acceptable limits, the Chairman of the Board has the authority to suspend or decline project implementation if it may negatively impact the Bank's sustainability and reputation

2. Developing and enhancing ESG risk management systems:

- Establishes internal procedures and processes for identifying, monitoring, and managing environmental and social risks at all stages of the credit and investment process
- Implements early warning mechanisms and corrective actions when deviations in ESG performance indicators are identified

3. Organizing ESG training and professional development:

- Ensures a systematic approach to hiring, training, and developing employees responsible for managing environmental and social risks
- Initiates regular upskilling and involvement of specialists in international ESG initiatives and professional networks

4. Collecting ESG data and ensuring statistical reporting:

- Establishes systems for collecting and processing ESG risk data, including key sustainability indicators (KPIs)
- Guarantees the preparation of accurate and timely ESG reports for submission to Regulator and other stakeholders

5. Implementing strategic sustainable development (ESG) initiatives:

- Ensures the achievement of ESG goals approved by the Board of Directors and the Committee for Strategic Planning and Risk Management
- Supports the introduction of green finance, energy efficiency, and social responsibility projects
- Oversees the integration of ESG principles into the Bank's daily operations and procedures

6. Fostering a corporate culture of sustainability:

- Promotes ESG principles among the Bank's employees and clients
- Encourages staff participation in corporate volunteering programs and social projects



Role and Responsibilities of the Chief Sustainability Officer (CSO)

The CSO plays a key role in coordinating, implementing, and monitoring the Bank's ESG agenda. In accordance with national and international sustainability standards, the CSO ensures the strategic and operational integration of ESG policies into all aspects of the Bank's activities

Thus, the Chief Sustainability Officer serves both a strategic and operational function in promoting the ESG agenda and fostering a responsible business approach aligned with the Bank's sustainability goals

1. Oversees ESG strategy implementation in the Bank's operations:

- Monitors the integration of ESG policies and sustainability goals into lending and investment activities
- Coordinates interactions between business units, branches, and second-line defense functions to ensure ESG compliance
- Ensures the inclusion of ESG covenants in loan documentation and integrates ESG compliance monitoring systems

2. Organizes ESG training and professional development:

- Develops and implements regular employee training programs on ESG topics and tracks their effectiveness

3. Provides methodological support for ESG project analysis:

- Oversees technical expertise for projects financed through corporate lending or project financing
- Provides recommendations on impact assessment and identification of key ESG risks

Through these responsibilities, the CSO ensures the Bank's commitment to sustainable development and strengthens its role as a responsible financial institution

4. Develops and maintains ESG procedures and policies:

- Supervises ESG strategy implementation and ESG credit policy
- Prepares and updates internal policies and procedures, including ESG risk classification, assessment process descriptions, and role allocation among process participants

5. Ensures executive management awareness:

- Regularly informs senior management about the ESG portfolio status, key issues, and achievements
- Prepares analytical materials and ESG reports for review by authorized governing bodies
- Provides well-founded recommendations on high- and medium-risk projects, including risk management strategies

6. Supports decision-making and ESG governance:

- Assists in decision-making processes when ESG-related issues or compliance breaches are identified
- Oversees project classification as "green" in accordance with the Bank's credit policy
- Provides support for ESG initiative implementation and risk management

7. Monitors ESG initiative implementation in the Bank's activities:

- Ensures the integration of ESG principles into credit policy and operational activities
- Assesses the impact of business operations on the Bank's sustainability and develops recommendations for improving ESG performance
- Participates in ESG reporting, communication with regulators, partners, and clients
- Ensures transparency and compliance with ESG disclosure standards



Role and Responsibilities of Front-Office Departments in ESG

Front-office departments and first-line defense employees play a crucial role in identifying and managing environmental, social, and governance (ESG) risks at the early stages of client interactions. Their functions are aimed at integrating ESG principles into daily credit and investment activities in accordance with the Bank's internal ESG policy.

Thus, the first line of defense acts as the primary ESG control layer, ensuring the implementation of sustainability policies and risk management at the credit and investment process stages.

1. Identifying ESG Risks and Initial Project Assessment:

- Conducts primary identification of environmental and social risks based on project documentation analysis, client interviews, and consultations with relevant officials
- Performs site visits for visual inspections and gathers additional information on potential ESG risks
- Sends requests to specialized Bank divisions to obtain technical assessments related to the project

2. Collecting and Providing ESG Classification Information:

- Ensures that the client submits all necessary documentation confirming the intended use of funds and compliance with sustainability criteria
- Transfers all gathered information to the Bank's departments responsible for analyzing and classifying the transaction from an ESG perspective
- Assists in preparing a comprehensive report for senior management on the project's ESG compliance

3. Evaluating "Green" Financing Criteria:

- Possesses full knowledge of the Bank's internal criteria for defining projects as "green" or sustainable
- Conducts initial client interviews to identify ESG risks
- Ensures compliance with all established ESG classification parameters when structuring a transaction

4. Developing and Approving ESG Covenants:

- Agrees with the client on ESG covenants or action plans if medium or high ESG risks are present
- If necessary, negotiates with the client to adjust and approve relevant commitments

5. Monitoring Client ESG Compliance:

- Ensures ongoing control over the client's adherence to conditions and requirements set within financing agreements
- Secures timely receipt of reports and supporting documents on ESG compliance
- Initiates escalation procedures upon detecting violations or deviations from agreed ESG commitments

6. Client Communication and Support:

- Maintains an open dialogue with the client on ESG requirements, regulatory changes, and transaction support
- Facilitates the agreement of additional conditions when ESG criteria revisions or action plan adjustments are needed



Role and Responsibilities of the Second Line of Defense in ESG

The second line of defense plays a crucial role in ensuring control, independent monitoring, and oversight of the Bank's ESG strategy implementation. These units ensure compliance with environmental, social, and corporate responsibility standards while managing compliance and regulatory risks within the framework of sustainable development (ESG)

1. ESG risk assessment and verification:

- Conducts an in-depth analysis of ESG risk assessments, including risk categorization and verification of compliance with internal standards and regulatory requirements
- Reviews the completeness and accuracy of documentary evidence for ESG indicators provided by clients
- Ensures quality control over ESG assessment procedures at all stages of the credit and investment process

2. Monitoring the implementation of ESG action plans:

- Works alongside the front office to track clients' fulfillment of agreed-upon environmental and social action plans after financing is provided
- Identifies deviations in a timely manner and initiates corrective actions when necessary
- Ensures that critical ESG issues are not left unaddressed by the Bank

3. Reviewing projects with medium and high ESG risks:

- Escalates high-risk ESG projects for review by the Chief Sustainability Officer (CSO) and senior Bank leadership for final decision-making
- Conducts detailed analysis of projects financed through "green" loans, ensuring compliance with internal procedures and client-submitted documentation

4. Integrating ESG conditions into contractual agreements:

- Ensures the inclusion of the Bank's ESG requirements in all legal agreements associated with each project
- Participates in developing appropriate ESG covenants and monitoring conditions that comply with Kazakhstan legislation and international standards
- Notifies senior management when a client's ESG non-compliance qualifies as a "default event," necessitating action

5. Regulatory compliance and ESG governance:

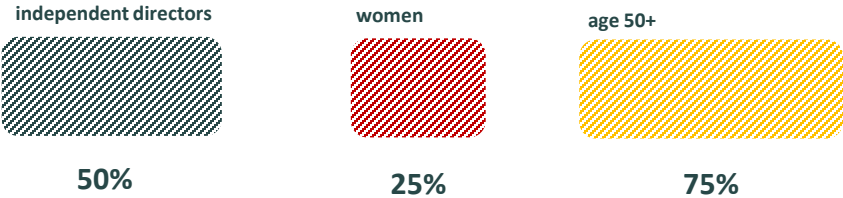
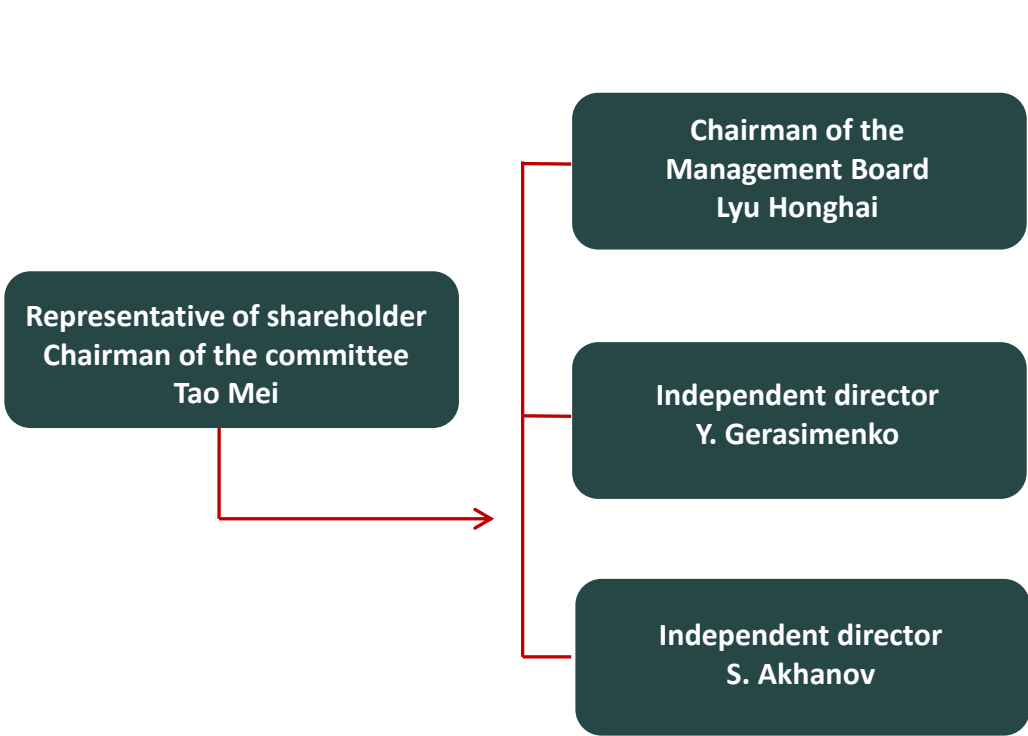
- Ensures adherence to regulatory (compliance) risk management requirements, conflict-of-interest prevention, and business ethics standards
- Provides methodological support to the Bank's business units in navigating ESG-related regulatory requirements
- Contributes to the development and implementation of anti-corruption measures, internal control policies, and operational risk management strategies

6. Anti-money laundering (AML) and counter-terrorist financing (CFT):

- Maintains an AML/CFT system based on "Know Your Customer" (KYC) principles, identifying transactions subject to mandatory control and suspicious activities
- Organizes training programs for employees on AML/CFT compliance, ensuring alignment with legal requirements
- Enforces a unified AML/CFT policy across employees, clients, and partners to ensure transparency in business processes

Through independent expertise, regulatory oversight, and systematic ESG support, the second line of defense plays a critical role in strengthening the Bank's sustainable development framework





- Chairman of the committee | Representative of shareholder**
Tao Mei

 - 35+ years of international experience on financial markets of Asia, Eastern and Western Europe, South America and New Zealand
 - Diverse work experience, including corporate governance, finance, risk management and other
- Member of the committee | Chairman of the Management Board**
Lyu Honghai

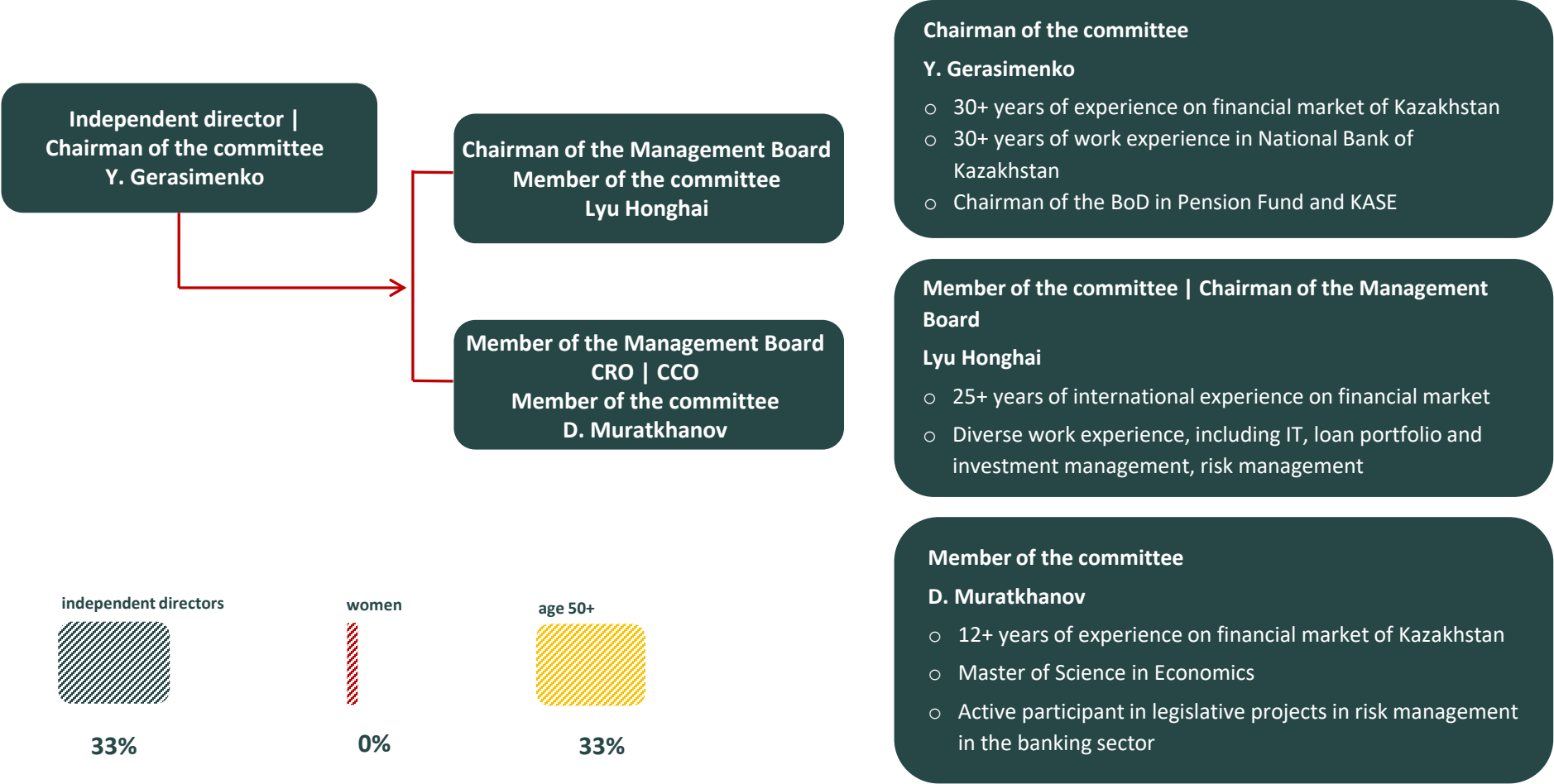
 - 25+ years of international experience on financial market
 - Diverse work experience, including IT, loan portfolio and investment management, risk management
- Member of the committee | Independent director**
Y. Gerasimenko

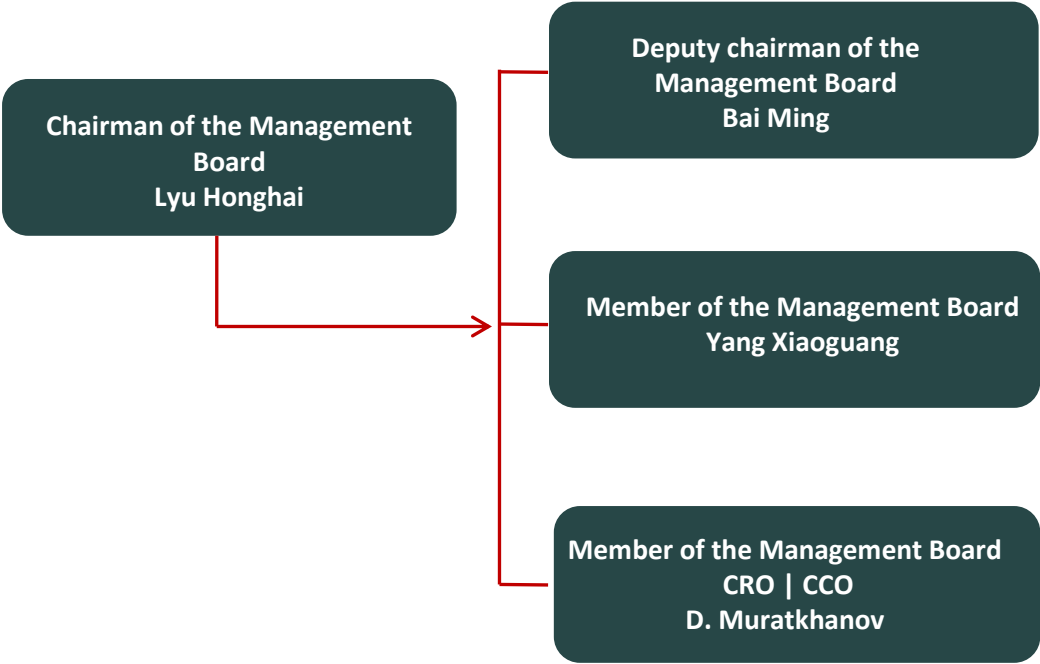
 - 30+ years of experience on financial market of Kazakhstan
 - 30+ years of work experience in National Bank of Kazakhstan
 - Chairman of the BoD in Pension Fund and KASE
- Member of the committee | Independent director**
S. Akhanov

 - 40+ years of experience on financial market of Kazakhstan
 - Awarded with government medal “Qurmet”
 - Author of numerous publications and books-best sellers



COMMITTEE FOR STRATEGIC PLANNING AND RISK MANAGEMENT





Chairman of the committee

Lyu Honghai

- 25+ years of international experience on financial market
- Diverse work experience, including IT, loan portfolio and investment management, risk management

Deputy Chairman of the committee

Bai Ming

- 20+ years of international experience on financial market
- Diverse work experience, including management of financial and operational blocks

Member of the committee

Yang Xiaoguang

- 25+ years of international experience on financial market
- Diverse work experience, including management of treasury and operational block

Member of the committee

D. Muratkhanov

- 12+ years of experience on financial market of Kazakhstan
- Master of Science in Economics
- Active participant in legislative projects in risk management in the banking sector





BUSINESS MODEL



The Bank's business model is designed to ensure sustainable and balanced growth while adhering to environmental, social, and corporate governance (ESG) principles. Our core activities focus on providing universal banking services, supporting the real economy, developing digital financial solutions, and promoting ESG financing in Kazakhstan.

1. Purpose and principles of the business model

The Bank offers a wide range of services to corporate clients, with a particular emphasis on supporting the real economy.

The business model is centered around:

- creating sustainable economic value
- maintaining financial stability and inclusivity
- integrating ESG principles into core operational processes

5. Impact of the business model on sustainable development (ESG)

Sustainability is embedded within the Bank's business model through:

- Advancing ESG financing as a strategic priority
- Integrating climate, social, and governance criteria into daily operations
- Supporting fiscal consolidation, digitalization, and financial sector innovation
- Enhancing transparency and accountability via high-quality ESG reporting



4. Interaction with the stakeholders

- The Bank actively engages with key stakeholders, including clients, regulators, investors, employees, and society at large
- Feedback from both external and internal stakeholders is leveraged to refine ESG strategies, allowing for a more resilient and adaptable business model

2. ESG Integration into the business model

ESG factors play a central role in shaping the Bank's strategy and operational framework.

Key ESG integration areas include:

- Implementing ESG analysis in credit decision-making
- Prioritizing green projects in financing activities
- Developing sustainable financing tools
- Incorporating ESG risk management in investment and credit portfolios
- Monitoring and enforcing ESG commitments from clients

3. Creating sustainable value

Our business model is designed to generate long-term sustainable value for all stakeholders by:

- supporting industries with a low carbon footprint
- minimizing negative environmental impact by restricting financing for environmentally harmful projects
- increasing access to banking products for socially significant groups
- upholding ethical standards, transparency, and responsible business practices



3 GOOD HEALTH
AND WELL-BEING



**construction of socially significant facilities for the region
(hospitals, schools, etc.)**

6 CLEAN WATER
AND SANITATION



rural and urban water supply projects:

- engineering projects for drinking water safety
- water saving projects
- urban water saving projects
- water management services

7 AFFORDABLE AND
CLEAN ENERGY



renewable and clean energy projects:

- solar energy projects
- wind projects
- projects for generating electricity from biomass

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



eco transportation projects:

- railway transport projects
- waterway and ship procurement projects
- urban public transport projects
- transport projects for environmental protection

11 SUSTAINABLE CITIES
AND COMMUNITIES



energy saving or green building projects

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



energy saving or green building:

- green transformation
- green building, development, operation and maintenance projects

13 CLIMATE
ACTION



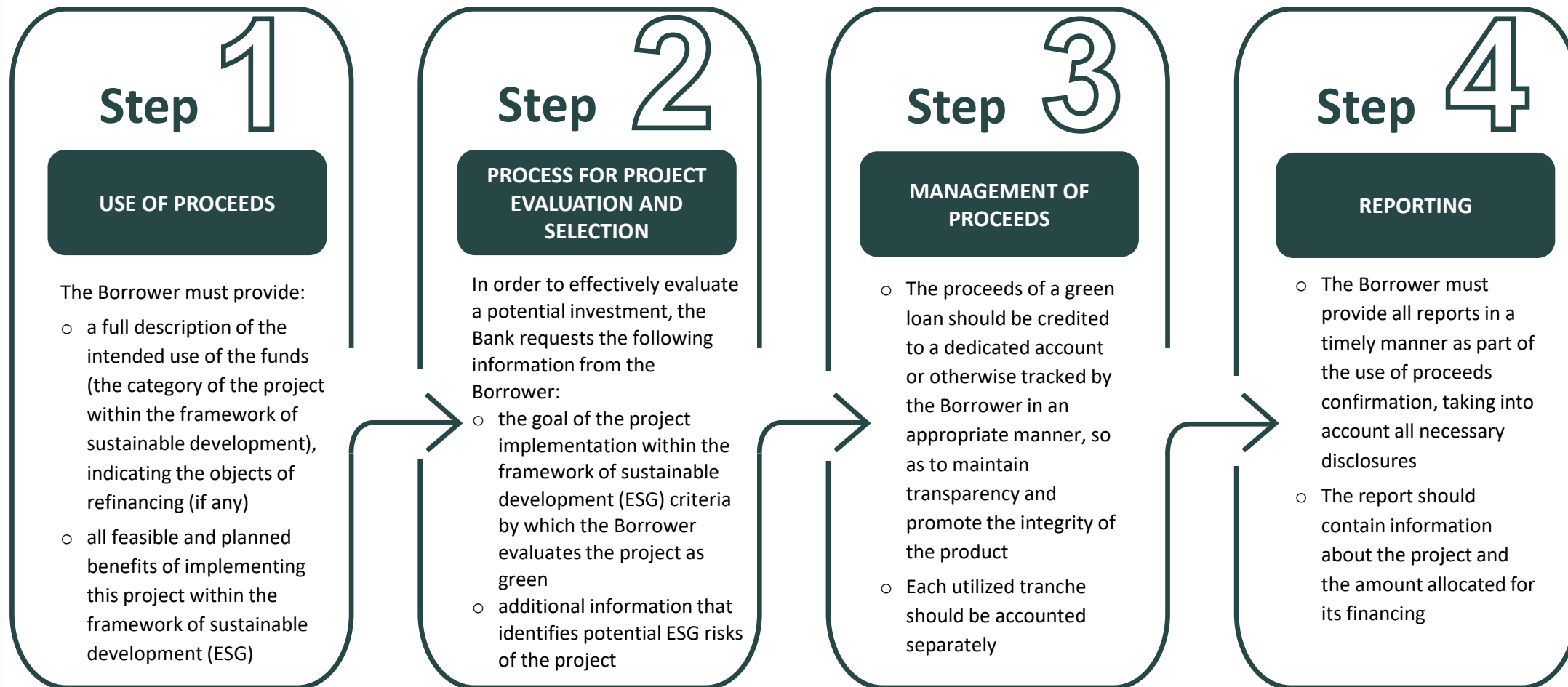
**nature protection, eco-restoration and disaster
prevention or recovery projects**

15 LIFE
ON LAND



- cyclical economy services
- recycling projects
- environmental protection service
- waste management and pollution prevention projects





Principles of green financing

The Bank adheres to international Green Loan Principles (GLP) and the provisions of the Green Taxonomy of the Republic of Kazakhstan in its sustainable financing activities, ensuring compliance with environmental goals and transparency in lending processes

Green lending principles form the foundation of responsible financing, help reduce climate and environmental risks, and contribute to the sustainable development (ESG) of Kazakhstan's economy

Below are the key principles underlying the provision of green loans:

1. Purpose of financing | Use of proceeds

Green loans are provided exclusively to finance projects that generate positive environmental impacts

Priority areas include:

- Energy efficiency
- Renewable energy
- Sustainable water resource management
- Clean transportation
- Environmentally safe construction
- Sustainable agriculture and forestry
- Greenhouse gas emission reduction and climate change adaptation

2. Project evaluation and selection

Projects undergo a preliminary environmental and social assessment, including:

- Analysis of compliance with green project criteria
- ESG scoring and risk classification
- Evaluation of potential environmental impact
- Compliance with national and international sustainability standards

3. Management of proceeds

Ensuring transparency and traceability of fund allocation:

- Maintaining separate accounting for management of the proceeds for target areas of financing
- Internal control over fund distribution and management
- Documenting all transactions within the green loan framework

4. Reporting and disclosure

The borrower is required to regularly submit reports on:

- Allocation of loan funds across project categories
- Achieved environmental results (CO₂ emission reductions, resource savings, etc.)
- Measurement methodologies and confirmation of sustainable effects
- Compliance with legal and taxonomy requirements





STRATEGY



As part of its sustainable development (ESG) strategy and in line with national decarbonization priorities, the Bank aims to achieve the following goals in promoting green business and expanding sustainable financing practices:

1. Integration of modern sustainable development trends

- Incorporating global trends in energy, clean production, zero-waste economy, and circular consumption models
- Facilitating technological innovations in green financing

2. Supporting a low-carbon economy and green lifestyles

- Strengthening support for businesses implementing emission reduction and energy efficiency projects
- Promoting sustainable production processes and environmentally responsible consumption

3. Encouraging clients to transition to sustainability

- Providing consulting and information services on ESG and green transition
- Using ESG analysis, sustainability ratings, green covenants, and financial incentives to motivate clients to adopt low-carbon strategies

4. Strengthening partnerships & international cooperation

- Expanding collaboration with international financial institutions and organizations to exchange experience and promote ESG initiatives

5. Increasing the volume of green financing

- Gradually expanding the share of green investments and loans in the Bank's total financing portfolio
- Actively implementing financial instruments aligned with Kazakhstan's Green Taxonomy and international standards

6. Controlling financing for high-carbon projects

- Effectively monitoring financing levels for projects with high emissions
- Supporting transitional (transformational) financing and encouraging business model greening

7. Financial support for decarbonization

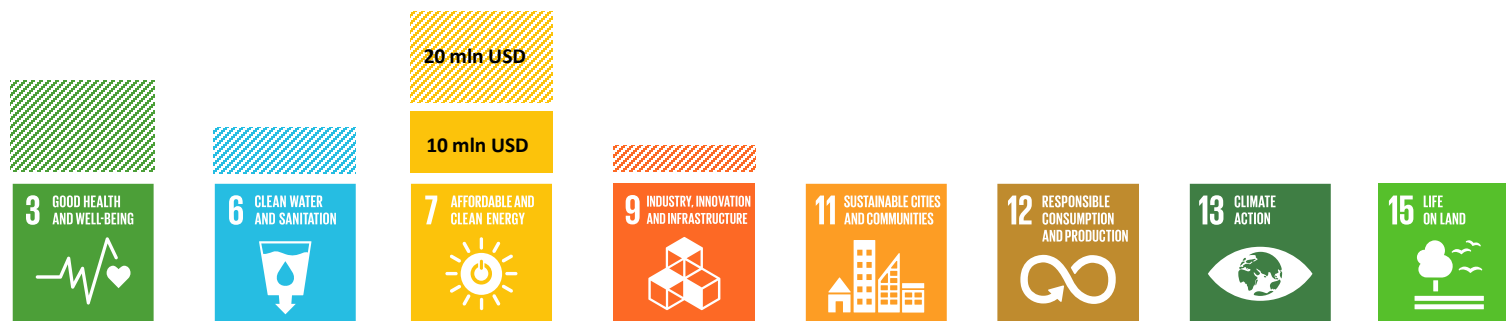
- Providing funding for industrial modernization and projects aimed at resource efficiency and reducing carbon intensity

8. Developing an ESG-focused product line

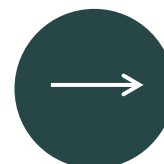
- Introducing green loans, social credits, sustainable bonds, ESG leasing, and other tailored financial products
- Offering financial incentives for clients implementing sustainability programs

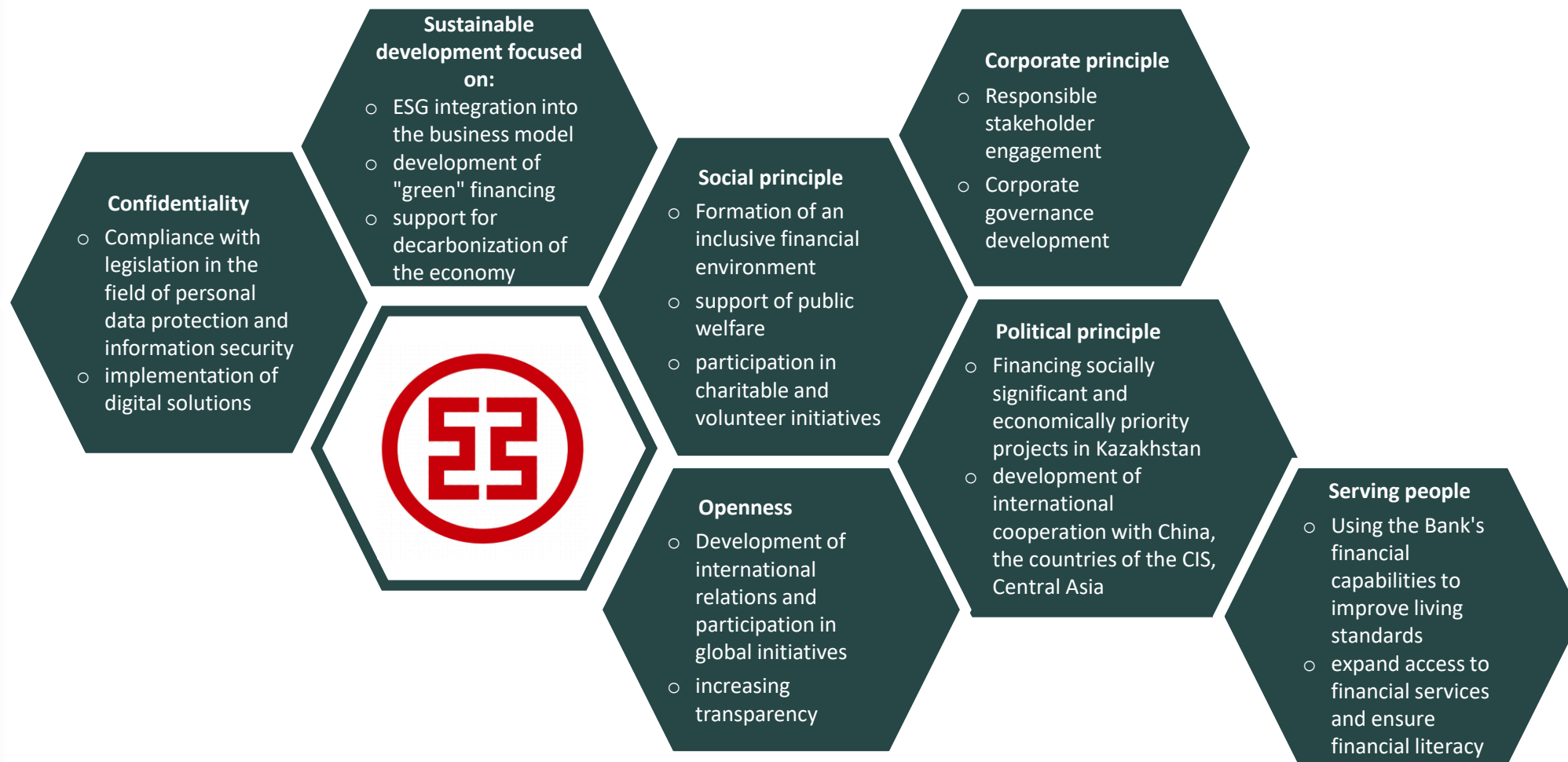
9. Facilitating emission reduction & carbon neutrality

- Promoting greenhouse gas reduction projects
- Integrating carbon neutrality goals into financial planning, credit assessments, and risk management



ESG projects in the Bank's current loan portfolio and the Bank's ambitions for 2025







ENVIRONMENTAL

Sustainable growth

- financing of the real sector of technological innovations
- national priority projects

Development of green financing

- Increasing the share of green and low-carbon projects, reducing support for carbon-intensive industries

Client-orientation and inclusivity

- Improving the availability and quality of financial services for all categories of clients

Environmental efficiency

- Reducing our own carbon footprint, improving resource efficiency and supplier standards



SOCIAL

Corporate responsibility

- Compliance with ethics, protection of clients' rights, information security and data privacy

Operational sustainability

- Improving process efficiency and creating long-term value for stakeholders

Personnel development

- Favorable working environment, equal opportunities, training and career development of employees

Social support and volunteering

- Participation in charity and promotion of corporate volunteering



GOVERNANCE

Integration of ESG-risks

- Taking into account environmental, social and governance factors in the risk management system

AML/CFT compliance and compliance

- Compliance with anti-money laundering and prevention of illegal activities requirements

Environmental Risk Management

- Development of a system for assessing and accounting the impact on climate and the environment

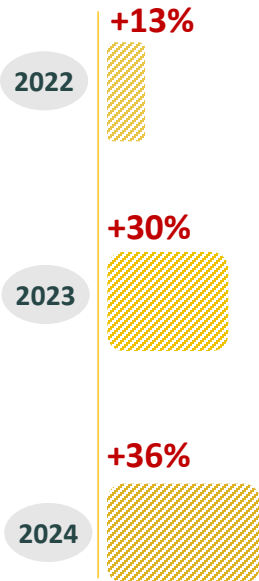
Transparent reporting

- Regular disclosure of information on ESG activities in accordance with international standards

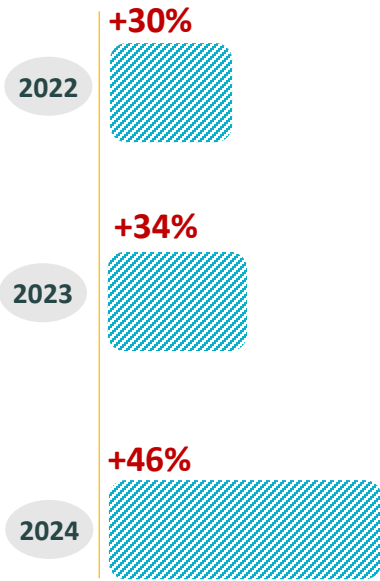




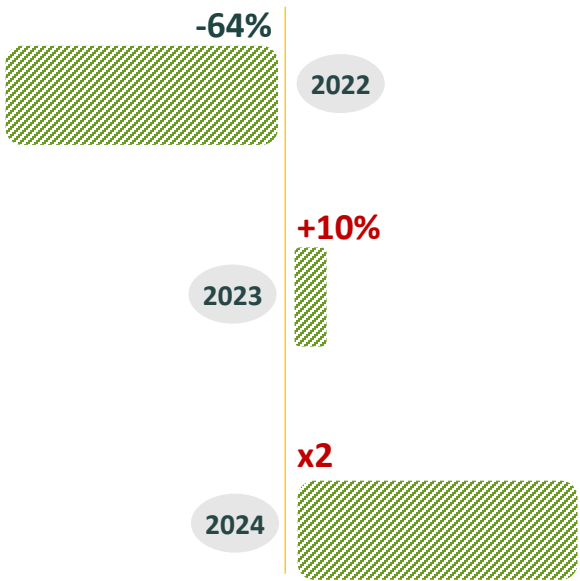
ELECTRICITY



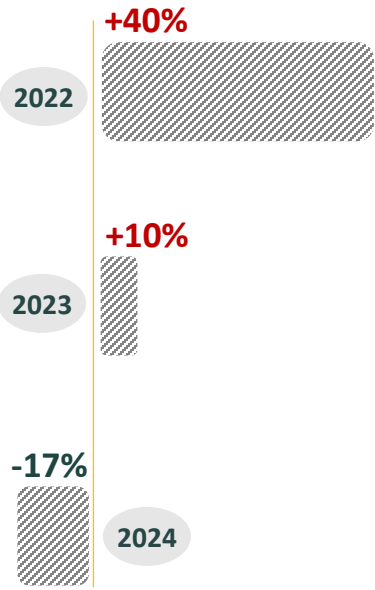
WATER



PAPER



CO₂



Information on electricity and water consumption is presented as costs per employee
Information on A4 paper consumption is presented as number of sheets per employee
Information on CO2 emissions is based on carbon dioxide emissions from vehicles on the Bank's balance sheet



Sustainable energy financing

- Key achievements include the Bank's participation in financing the construction of a wind power plant
- This project not only contributes to the development of renewable energy sources in the country, but has also become an important source of new jobs in the construction region, contributing to the socio-economic development of the territories
- The Bank views participation in such projects as a strategic element of sustainable growth and the transition to a low-carbon economy



Rational consumption of materials and increased environmental responsibility

- Stationery is issued strictly upon request from employees and is subject to internal control, which contributes to their more rational use
- Employees are regularly informed about resource-saving opportunities and are involved in activities to increase environmental awareness



Reducing carbon footprint and transport accessibility

- Bank employees are encouraged to use public transport
- The Bank's office is located in a business center with high transport accessibility: a bus stop, a metro station, and a dedicated public transport lane along the avenue are within walking distance
- This ensures sustainable mobility of personnel and helps reduce emissions from personal vehicles



Transition to electronic document management and reduction of paper consumption

- The bank is consistently implementing the transition to digital formats: electronic minutes of meetings and sessions are being introduced
- Increasing the share of processes that do not require physical approval
- These measures allow not only to increase the efficiency of business processes, but also to reduce paper consumption



Improving energy efficiency and energy saving

- The Bank's office is equipped with energy-saving lighting, automatic power-off during non-working hours, and equipment with a high energy efficiency class (A+)
- These measures ensure energy savings at the organizational level and reduce overall energy consumption



Responsible waste management

- A waste sorting system has been implemented in the Bank's office - specialized bins have been installed for each type of waste
- The Bank actively develops an environmental culture among employees, encouraging behavior that contributes to waste reduction and recycling
- This practice can be scaled up to the family and society as a whole



Social welfare and working conditions

- The Bank is actively working to improve working conditions and ensure the physical and psychological safety of employees
- The Bank pays special attention to creating a favorable and healthy atmosphere within the team, providing a respectful and inclusive workspace
- The bank is preparing to move to a new modern office that meets all the needs of employees with recreation areas, soundproofed meeting rooms and a

Corporate governance and transparency

- The Bank's corporate governance is based on the principles of transparency, accountability and compliance with the law
- The Bank ensures full disclosure of financial statements in accordance with the requirements of the Regulator

Ethics, Anti-Corruption Measures and Legal Integrity

- The Bank is actively improving internal processes and procedures aimed at combating corruption, fraud and other illegal activities
- These measures help to strengthen the trust of stakeholders

Equality, inclusion and respect for human rights

- The Bank's HR policy is based on the principles of equality and non-discrimination on any grounds - gender, nationality, age or other
- The Bank consistently strives to maintain gender balance in the team and ensures equal opportunities for all employees

Corporate Culture and ESG Training

- To strengthen the understanding of the concept of sustainable development (ESG), the Bank has developed and implemented a specialized training program on ESG risks
- The program covers key areas: managing environmental, social and climate risks, promoting green business and reducing its own impact in accordance with the Bank's Sustainable Development Goals

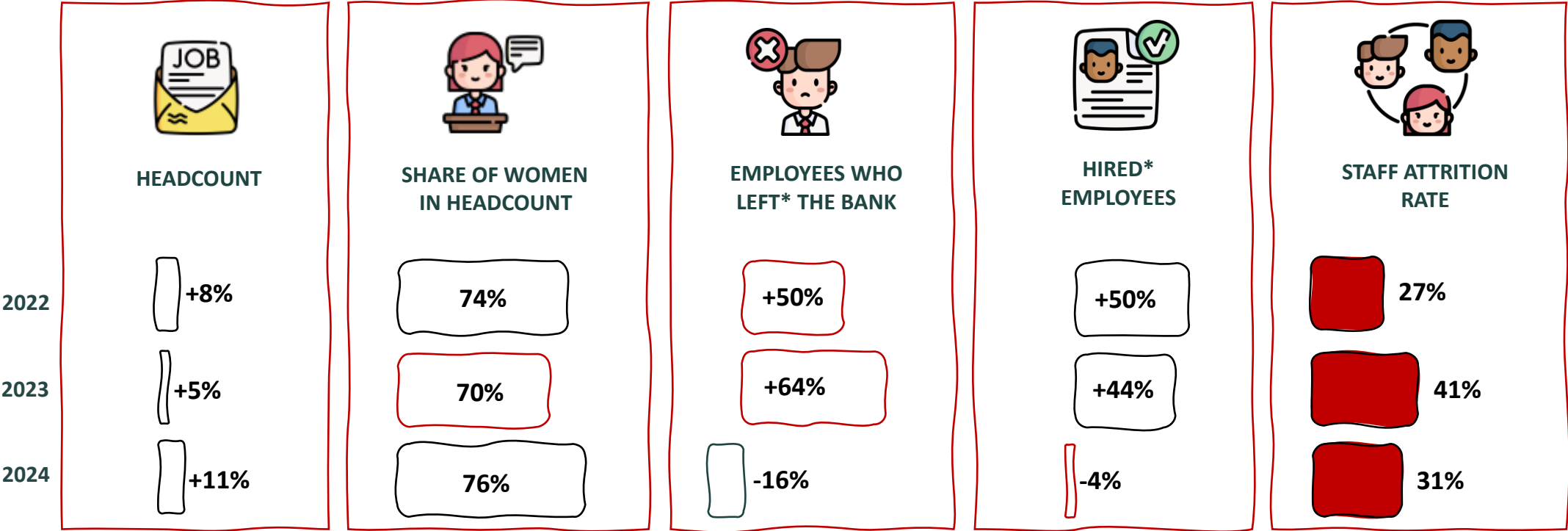
Prevention of labor rights violations and conflict management

- The Bank strictly suppresses any manifestations of discrimination, bullying, dissemination of false information and other forms of violation of the personal rights of employees
- Internal mechanisms allow for prompt resolution of conflict situations, ensuring fair and ethical interaction within the team

Social support and motivation of staff

- The Bank provides a competitive level of remuneration, conducts annual indexation of wages and pays annual bonuses
- It also implements a comprehensive system of social benefits and support programs that help improve the quality of life of employees and their involvement in corporate goals





0 workplace injuries recorded in 2024



60%+ of middle managers are women

*Year-to-year comparison





Professional development and training

- The Bank provides coverage for the costs of employee training to improve skills, develop professional knowledge, unlock potential and motivate staff
- Regular participation of employees in international conferences and experience exchange programs within the ICBC Group



Motivation and bonus payments

- Payment of semi-annual bonuses based on the Bank's financial KPIs
- Additional bonuses on significant holidays: public holidays in Kazakhstan and China, as well as professional holidays
- Intra-corporate achievement competitions with the opportunity for each employee to participate both at the Bank level and the entire ICBC Group



Social guarantees and health protection

- Medical insurance for employees
- Daily appointment with a general practitioner in the office
- Organization of sanitary and hygienic measures: daily wet cleaning, ventilation of premises, quartz treatment, if necessary, organization of general breaks from work
- Bactericidal air recirculators are installed, which helps prevent diseases and reduce the allergen load



Nutrition and wellbeing

- Employees are provided with meals in the office: the diet is prepared by a professional nutritionist, is balanced and excludes potentially allergenic foods



Occupational safety and awareness

- Regular training and briefings on safety measures
- Involvement of external expert practitioners to improve the level of personnel training in the field of labor protection and safety



SUCCESS IN IMPLEMENTING THE ESG AGENDA | ICBC GROUP EXPERIENCE



Industrial and Commercial Bank of China Limited

2024 INTERIM

SPECIAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE FINANCE

55 Fuxingmennei Avenue, Xicheng District, Beijing, China Post Code:100140

www.icbc.com.cn, www.icbc-ltd.com

Corporate governance and risk management

- Key climate risks are integrated into the risk management system; stress tests based on NGFS scenarios are applied
- ESG risks are identified using big data and are embedded in lending and investment processes

Green and Sustainable Finance

- Green loan portfolio exceeded 6 trillion yuan, the highest among banks
- Green bonds worth \$21.7 billion issued overseas and 80 billion yuan issued domestically
- A comprehensive ESG governance system was established: a green financing committee and specialized committees under the Board of Directors

Inclusive finance

- Inclusive loan volume reached 2.7 trillion yuan, covering 1.93 million customers
- Actively developing rural finance and digital inclusive products (e.g. Breeding e-Loan)
- Expanding financial inclusion for the elderly, rural residents and small businesses

Digital Finance and Innovation

- Development of digital ecosystems: ICBC e-Life, intelligent platforms, fintech integration
- 10 corporate technology platforms created to support digital transformation

Social responsibility

- Improving financial literacy, friendly banking services for seniors, volunteering (e.g. ICBC Sharing Stations)
- Funding projects in education, culture, tourism and healthcare

Greening Operations

- Green office practices implemented: energy-saving lighting, online meetings, eco-friendly transport
- Carbon footprint monitoring, green office development and use of eco-friendly building materials
- Support for green procurement and infrastructure modernization

Data protection and cybersecurity

- Strengthened protection of clients' personal data: multi-level security, encryption, depersonalization systems and control over the use of information
- Developed a cybersecurity system at the level of branches and subsidiaries

Participation in the global ESG agenda

- Active participation in international ESG initiatives (BRICS, GIP, TCFD, AIIB)
- Publishing analytical reports on the development of green financing, bringing reporting into compliance with the requirements of TCFD and ICMA





**RISK
MANAGEMENT
SYSTEM**



Control mechanisms

Environmental risks

- Integrating environmental factors into credit analysis
- Considering environmental impacts when implementing internal and client projects
- Supporting sustainable initiatives and environmentally oriented business

Social risks

- Respect for labor rights and ensuring equality
- Staff training and development
- Support for employee well-being and motivation programs
- Monitoring the internal climate and preventing discrimination

Governance risks

- Internal control system and anti-corruption measures
- Compliance with regulatory requirements and international standards
- Increasing transparency of reporting and effective management of business processes

Integration of ESG into risk management

- Inclusion of ESG factors in the credit risk assessment methodology
- Monitoring ESG regulation
- Adaptation of internal procedures to ESG standards
- Regular training of employees on ESG risks

Implementation

- Financing the construction of a wind power plant
- Transition to electronic document management
- Use of energy-efficient equipment
- Sorting waste and reducing paper consumption

- Health insurance program
- Bonus system and achievement competitions
- ESG training of personnel
- Support for gender and age balance

- Implementation of anti-corruption policies and compliance procedures
- Optimization of internal processes and regulations
- Strict compliance with legal requirements and reporting

- Updating the Bank's regulations taking into account ESG requirements
- Development of methods for assessing the borrower's ESG profile
- Organization of internal trainings and seminars



Implementation of climate risk management mechanisms

- development of procedures for assessing and monitoring risks associated with climate change, including physical and transition risks

Analysis of the exposure of the credit portfolio to ESG risks

- regular assessment of the current loan portfolio taking into account ESG factors and conducting a prospective analysis of new loans based on the criteria of "green" and sustainable financial instruments

Developing partnerships with professional and regulatory bodies

- deepening cooperation with national and international institutions on the implementation of best ESG practices

Full integration of ESG risks into the risk management system

- inclusion of ESG factors in the processes of identification, assessment, monitoring and risk management at all levels

Evaluation of the effectiveness of the risk management methods used

- creation of a system for assessing the effectiveness of existing approaches, including regular validation of models for quantitative assessment of ESG risks

Development and implementation of a strategy for energy saving and reduction of CO₂ emissions

- large-scale implementation of energy-saving technologies and environmental initiatives in operational activities

Considering ESG factors when classifying the significance of risks

- implementation of a systematic approach to taking into account sustainable factors when determining the significance of risks within the framework of an integrated management system

Considering ESG risks in assessing economic capital

- recognition of ESG risks as significant factors in calculating capital requirements and modeling future financial scenarios

Development of a risk appetite system for ESG risks

- establishing benchmarks and restrictions on ESG risks, including possible restrictions on lending to clients who do not meet ESG criteria

Development of a methodology for assessing ESG risks

- development of methodological approaches and tools for quantitative and qualitative assessment of ESG risks, adapted to the specifics of the Bank's activities

Increasing the share of digital and paperless processes

- expansion of online services, digitalization of transactions and transition to a "paperless office" concept to reduce environmental impact

Responsible sourcing

- strengthening ESG criteria when selecting counterparties, stimulating the transition of suppliers to sustainable practices and compliance with ESG standards

Integrating ESG factors into stress testing

- gradual inclusion of ESG risk scenarios in the stress testing system aimed at increasing the Bank's resilience

Promoting clean and low-carbon operations

- stimulating the transition to sustainable practices within internal and client processes

Minimizing the Bank's own ecological footprint

- implementation of internal initiatives to reduce resource consumption, improve energy efficiency and sustainable waste management



RISK MANAGEMENT IS THE BASIS OF SUSTAINABLE DEVELOPMENT (ESG)

1. Estimation of financed greenhouse gas emissions (Scope 1, 2, 3):

- The Bank plans to estimate financed greenhouse gas emissions in all categories (Scope 1, 2 and 3), including emissions associated with the lending and investment portfolio
- Particular attention is paid to the analysis of the deviation of current volumes of financed emissions from the trajectory to achieve a zero-carbon balance (net-zero), in line with the goals of the Paris Agreement

2. Portfolio exposure to carbon-intensive assets:

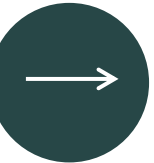
- The Bank will regularly monitor the level of exposure of the loan portfolio to the influence of the world's largest companies with high carbon intensity
- Particular attention is paid to the top 3 borrowers by emissions level, taking into account their impact on the Bank's climate and reputational risks

3. Assessing the climate impact of a loan portfolio

- The Bank plans to introduce an analysis of the gross book value of loans, as well as debt securities and equity instruments, provided to non-financial companies operating in sectors that significantly contribute to climate change and carbon emissions
- These industries include, but are not limited to, energy, transportation, manufacturing, and mining. This analysis does not cover investments in portfolios of securities held for trading or sale

4. Loans secured by real estate and energy efficiency of facilities

- As part of the ESG assessment, the Bank plans to take into account the volume of loans issued secured by commercial and residential real estate, taking into account the energy efficiency characteristics of such properties
- The goal is to gradually increase the share of collateral with a high level of energy efficiency and reduce the environmental footprint of the loan portfolio



	Goals	Description
Formulating the Bank's climate agenda	<ul style="list-style-type: none"> Development and approval of the Climate Strategy 	<ul style="list-style-type: none"> Creation and integration of a climate risk management strategy into the Bank's overall risk management system and ESG strategy
Identifying climate risks	<ul style="list-style-type: none"> Identification of climate risks in operating and lending activities 	<ul style="list-style-type: none"> Classification of risks into physical (weather disasters, rising temperatures, droughts) and transitional (new regulations, technologies, changes in consumer demand)
Integration of climate factors into risk management processes	<ul style="list-style-type: none"> Incorporating climate factors into credit and investment analysis 	<ul style="list-style-type: none"> Developing a methodology for assessing the impact of climate risks on borrowers and investment projects. Taking these factors into account when making decisions on lending and capital allocation
Developing approaches to climate stress testing	<ul style="list-style-type: none"> Conducting a scenario analysis of the impact of climate risks 	<ul style="list-style-type: none"> Modelling climate change scenarios (e.g. 1.5°C, 2°C scenarios) and their impact on the loan portfolio, profitability and capital adequacy
Implementation of a climate risk reporting system	<ul style="list-style-type: none"> Building a system of internal and external reporting on climate risks 	<ul style="list-style-type: none"> Gradual approach to TCFD (Task Force on Climate-related Financial Disclosures) standards Preparation of regular climate reporting for the shareholder and the Regulator
Raising awareness and competence	<ul style="list-style-type: none"> Educating employees on climate risks 	<ul style="list-style-type: none"> Organizing regular trainings and seminars on climate risk management for employees, including risk managers and credit analysts
Development of a system of climate indicators (KPI)	<ul style="list-style-type: none"> Introduction of climate KPIs and control metrics 	<ul style="list-style-type: none"> Implementation of a system for quantitative assessment of the impact of climate factors: portfolio carbon footprint level, share of "green" projects, reduction of CO₂ emissions, etc.
Development of internal policies and procedures	<ul style="list-style-type: none"> Creation of internal regulatory documents on climate risk management 	<ul style="list-style-type: none"> Development of climate risk management policies, regulations for taking climate factors into account in lending, investments and operational activities.
Assessing the climate vulnerability of clients	<ul style="list-style-type: none"> Conducting climate screening of borrowers 	<ul style="list-style-type: none"> Development of criteria for assessing the climate resilience of clients, identification of sectors with increased climate risk (energy, transport, agriculture, etc.).





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