

Annex ____
to minutes of the meeting of the Board of Directors
of JSC Halyk Bank
No. ____ dated ____ 2019

**Corporate Social Responsibility Policy
of JSC Halyk Bank**

Almaty, 2019

Chapter 1. General Provisions

1. Introduction.

The Corporate Social Responsibility Policy of JSC Halyk Bank (the “Policy”) was developed in accordance with the Halyk Group Development Strategy 2019 – 2021, which is focused on development of the Institute of Corporate Social Responsibility in JSC Halyk Bank (the “Bank”) and Halyk Group companies.

The Bank, being aware of the corporate social responsibility, in order to ensure maximum benefits for the people of the Republic of Kazakhstan from its activities, assumes voluntary obligations for socially responsible participation in the Bank's employees well-being, the population in the regions where the Bank runs operations and general public life.

By accepting the Policy, the Bank confirms that the voluntarily assumed obligations:

- are additional to the obligations stipulated by the legislation of the Republic of Kazakhstan;
- addressed both to employees, former employees of the Bank - pensioners of the Bank, shareholders of the Bank, to commercial affiliates, and to the state and civil society;
- do not cancel or substitute the validity of employment agreements concluded between the Bank and its employees;
- are based on commercial considerations confirmed to shareholders of the Bank;
- are meant for joint and several initiative actions and partnering relationships with the state and society;
- are subject to periodic review, taking into account the Bank's financial performance and the level of socio-economic development of the Republic of Kazakhstan.

The Bank is convinced that the social aspect assumes ever greater importance for goodwill, supports this global trend and is among the tools that allow you to:

promote business goodwill, increase capitalization of the Bank, establish effective and balanced relations with all interested parties - the state, shareholders, personnel, partners, customers;

proactively manage non-industrial risks arising in the business process;
ensure the progressive business development through the social development.

The Bank strives for that society had synonymized a branding and trademarks with the socially responsible behavior and specific initiatives and projects.

The Bank seeks to extend the provisions of this Policy to subsidiaries.

2. The purpose of this Policy is to systematize the Bank's approaches to activities in the field of CSR and Sustainable Development. The Policy should help to improve the efficiency and unification of CSR and Sustainable Development management in the Bank and its subsidiaries.

3. The objectives of this Policy:

- 1) establishment of general principles and priority directions of the Bank's activities in the field of CSR and Sustainable Development, which will serve as the basis for setting goals and objectives in the field of CSR and Sustainable Development, as well as assessing the effectiveness of the relevant activities;
- 2) highlighting the main areas of the Bank's activities in the field of CSR and Sustainable Development.

4. Terms, definitions and abbreviations.

The Policy contains the terms, definitions and abbreviations, as follows.

Stakeholder Engagement, the procedures and processes implemented to involve Stakeholders in Bank activities.

The UN Global Compact, a voluntary UN agreement with the business community to encourage implementation of responsible corporate governance practices and ensure participation of business circles in solving key globalization challenges.

Stakeholders, individuals and legal entities whose interests are affected in the course of the Bank's activities, who have or believe that they have legal requirements in relation to certain aspects of the Bank's activities.

Corporate Social Responsibility (CSR), a system of consistent economic, environmental and social measures implemented by the Bank through constant interaction with the Stakeholders, aimed at reducing non-financial risks, long-term improvement of the Bank's image and goodwill, increasing capitalization and competitiveness, which ensure profitability and Sustainable Development.

Sustainable Development Reporting (non-financial reporting), an informational reflection of activities in the field of sustainable development by issuing systematic reports on the range of issues contained in this Policy and other issues of concern to Stakeholders.

GRI Standards, a guideline to report Sustainability Development.

Sustainable Development, a development that meets the needs, goals and objectives of the Bank and the interests of Stakeholders, taking into account the voluntary obligations assumed by the Bank as part of this Policy.

Chapter 2. Stakeholder Engagement

5. The process of interoperability of the Bank with Stakeholders is based on the principles, as follows:

Risk Minimization. The work aimed at reducing the negative consequences of doing business for key Stakeholders, including Bank employees, customers, partners, investors, suppliers and contractors, local communities and other Stakeholders.

Maximizing Benefits. Assistance in social and economic development by investing in projects that generate profit for shareholders and, as a result, other Stakeholders. The maintenance of a strong financial performance is a primary obligation to shareholders.

Consistency. Ensures the effectiveness of the implementation of functions and areas of CSR in the corporate governance system.

Integration. The Bank strives to implement the principles of CSR and Sustainable Development in its daily activities by planning its activities in the field of CSR and Sustainable Development and creating an effective integrated management system based on international standards.

Diversification. Aims at coordinating the Bank's simultaneous activities in three areas of Sustainable Development: economics, ecology and social policy, as well as business ethics.

Sociality. Focus on society as a whole, or on its most important parts and groups.

Openness. Ensures transparency of all the Bank's actions in the field of CSR development and the development of non-financial reporting to raise awareness of the Stakeholders about all aspects of Bank activities and ensure the reliability, thoroughness and efficiency of the information provided to them.

Accountability to Stakeholders and society as a whole, as well as compliance with the assumed obligations.

Interaction with all Stakeholders on a regular, open and dialogue basis.

Responding to assessments, criticisms and expectations of all Stakeholders in all areas of the Bank social responsibility, reflected, including in non-financial reporting.

6. Shareholder Engagement

Relations between the Bank and shareholders are regulated by the Charter, Corporate Governance Code, Corporate Ethics Rules, this Policy and other internal documents of the Bank.

The Bank, realizing its responsibility to shareholders:

1) ensures enjoyment of shareholder rights within the framework of corporate governance principles aimed at the effective adoption of major decisions;

2) provides reliable information on the results of financial activities, in accordance with the requirements of applicable legislation of the Republic of Kazakhstan, the Charter, internal regulatory documents of the Bank;

3) provides additional information about plans, achievements, problems of activity, as well as analytical materials and studies conducted by the Bank.

7. Interaction with the Board of Directors

The Board of Directors approves this Policy, developed and pre-approved by the Management Board.

The Bank's business performance in the field of corporate social responsibility of the Bank is reviewed by the Board of Directors on a periodic basis in the form of consideration and discussion of non-financial reporting prepared by the Management Board, in accordance with the requirements set out in the GRI Standards.

The Management Board carries out activities in the field of the Bank's corporate social responsibility, and also prepares non-financial reporting in the field of CSR and Sustainable Development.

8. Interaction with Employees

The Bank pursues an open, transparent personnel policy aimed at the formation of highly professional, qualified and motivated personnel.

The Bank seeks to provide all employees with equal opportunities to realize their potential in the work activity, an unbiased and fair assessment of the results of their activities, selection and career growth of employees solely on the basis of professional abilities, knowledge and skills.

9. Interaction with partners and customers

Building relationships with partners and customers, the Bank:

- 1) is guided by the principles of openness, honesty, respect for the interests of mutual benefit, understanding of full responsibility for the obligations undertaken;
- 2) complies with all conditions of the contractual relationship;
- 3) shows respect and good faith in relationships in accordance with the Corporate Ethics Rules, Corporate Governance Code of the Bank;
- 4) ensures compliance with generally accepted moral and ethical standards.

10. Interaction with state authorities

The Bank and its employees build relations with state authorities and public servants on the principles of partnership and respect, understanding that all initiatives of state authorities and the Bank should be aimed at developing the country's economy. The Bank is a responsible and conscientious taxpayer.

Chapter 3. Principles for Corporate Social Responsibility

11. Recognizing the principles of the UN Global Compact, observing the rule of law, in order to ensure Sustainable Development, the Bank declares its commitment in its activities to the following principles of the Bank's corporate social responsibility:

1) in the field of human rights:

- providing support and respect for the observance of human rights proclaimed at the international level;
- ensuring non-involvement in human rights violations;

2) in the field of labor relations:

- maintaining freedom of association and real recognition of the right to collective bargaining;
- elimination of all forms of forced labor;
- advocating for the complete elimination of child labor;
- elimination of discrimination in the field of work and employment;
- ensuring the safety and labor protection of workers, and the provision of social support to employees;
- creation of an effective system of motivation and social support for employees, training and professional development of employees;
- formation and development of personnel reserve;
- development of corporate culture;

- implementation of the principle of social partnership;

3) in the field of environmental protection:

- supporting an approach to environmental issues based on the principles of precaution and the prevention of negative environmental impacts;
- adoption of initiatives aimed at increasing environmental responsibility;
- promoting the development, expansion of environmentally friendly technologies, as well as reducing energy consumption and improving energy efficiency;
- periodically informing and maintaining an open dialogue with all interested parties about the Bank's activities in the field of environmental safety;

4) in the field of social support and charity:

- carrying out various activities aimed at supporting socially vulnerable groups;
- ensuring the timeliness, relevance and effectiveness of ongoing social projects;
- providing individuals and non-profit organizations with material, charitable and sponsorship assistance in the prescribed manner;

5) in the field of public relations:

- formation of the Bank's development strategy taking into account the interests of society as a whole;
- maintaining the reputation of a responsible taxpayer contributing to strengthening the financial stability of the Republic of Kazakhstan, timely fulfillment by the Bank of obligations to pay taxes and other mandatory payments to the state budget;
- ensuring the principles of transparency, justice and accessibility of any information to the public, except for confidential;
- dialoguing with all interested parties and effective teamwork based on a balance of interests;

6) in the field of anti-corruption:

- opposition to all forms of corruption and other illegal actions, including extortion and bribery;
- prevention of corrupt practices by the management and employees of the Bank, the anti-corruption measures (in accordance with internal regulatory documents);
- compliance with the principles of fair competition;
- countering the legalization (laundering) of proceeds from crime and the financing of terrorism;

7) in the field of interaction with partners and suppliers:

- compliance with the terms of contracts;
- compliance with the ban from using confidential information.

The key factors for implementing the principles of the Bank's corporate social responsibility are:

- 1) striving to perceive the principles as an integral part of the Bank's development strategy;
- 2) explicit obligations and responsibilities on the part of the Bank's management;
- 3) informing all employees of the obligations assumed by the Bank in order to ensure broad support for the principles;
- 4) creating an environment in the Bank favorable for new ideas and innovative proposals;
- 5) the formulation of specific targets and the creation of a transparent reporting on progress;
- 6) the willingness and ability of everyone to learn and adapt;
- 7) conducting practical activities to implement the principles;
- 8) the Bank and its leadership are always ready for dialogue with interested parties and effective interaction based on a balance of interests.

Chapter 4. Key Areas of Corporate Social Responsibility and Charity

12. In order to ensure Sustainable Development, the Bank pays special attention to the following main areas of the Bank's corporate social responsibility:

- 1) effective regulation of social and labor relations based on the principle of social partnership;
- 2) the formation of training and personnel development system;
- 3) ensuring environmental sustainability and labor safety;
- 4) single policymaking in the implementation of social projects;
- 5) single policymaking in the field of sponsor/ charity support;

13. Effective regulation of social and labor relations based on the principle of social partnership

Purpose: providing opportunities for decent and productive work under the conditions of equality, security and respect for human dignity, pursuing an effective personnel policy.

Main goals:

- 1) given the fundamental nature of the remuneration and incentive policy in relations with employees, the Bank will build it on the following principles:

the single approach in the remuneration and incentive policy in the applicable regulatory documents and mechanisms for remuneration of the Bank employees;

establishment of a guaranteed level of remuneration in the Bank for all professional and qualifying groups of the Bank employees at a level exceeding the statutory minimum wage, based on the need to meet basic living needs and provide a certain income, taking into account local conditions;

establishing and maintaining a fair and competitive level of wages, depending on the knowledge and experience of the employee, the level of his/her responsibility, the complexity and scope of work;

the use of flexible bonus systems in order to keep more precise record of an individual labor contribution of the employee

- 2) maintaining an effective system of assessment and motivation of employees;
- 3) pursuing a social policy consistent with the level of development and capabilities of the Bank;

- 4) strengthening social dialogue, feedback from the labor collective, creating conditions for meaningful cooperation of interested parties on the principles of social partnership;

- 5) developing corporate culture.

The Bank assumes obligation:

- to make fair labor compensation depending on the performance.

14. Formation of training and personnel development system

Purpose: improving the level of qualifications and competitiveness of personnel.

Main goals:

- 1) training and professional development of all employees;
- 2) creating the conditions for innovation;
- 3) creation of a talent pool for taking a position as senior officer in the Bank;
- 4) creation of a personnel rotation program.

The Bank assumes obligations to:

- provide employees with the opportunity to realize their professional and creative potential;

- encourage the professional development of its employees.

15. Ensuring Environmental Sustainability, Operational Health and Safety

Purpose: minimizing the risk of adverse environmental impact, the health care and occupational safety of workers.

Main goals:

- 1) environmental friendliness;
- 2) creating a favorable, healthy and safe work environment for workers;
- 3) compliance with norms and standards in the field of occupational health and safety;
- 4) ensuring financing of measures aimed at protecting the health of employees (voluntary medical insurance, life insurance for employees);

5) exercising control over targeted and specialized protection of the rights of pregnant women, nursing mothers and mothers of many children.

An integrated approach to environmental protection will allow the Bank not only to reduce its negative environmental impact, but also to reduce general administrative expenses.

Particular attention will be paid to enhancing the culture of safe behavior of personnel and occupational health and safety compliance.

The Bank assumes the obligation to create and ensure safe and comfortable working conditions for staff.

All types of personal insurance of employees within the framework of the corporate social package can be provided on a shared basis, with the exception of additional insurance against accidents at work, which is financed at the expense of the employer.

16. Single policymaking in the implementation of social projects

Purpose: Improving the quality and level of ongoing social projects.

Main goals:

1) creating favorable conditions for the sustainable development of the Bank in the long term perspective;

2) cooperation with Stakeholders on the principles of partnership.

The Bank will improve the policy for the implementation of social projects, which will determine the main priorities for providing assistance, eliminate duplication and irrational use of money, and will also help achieve the maximum effect from ongoing social projects and the image of the Bank.

Priorities for the Bank are programs and projects that will position the socially responsible corporate personality of the Bank at local, regional, republican and international levels.

17. Sponsor/Charity Support Single Policymaking

The Bank carries out its activities for the provision of charity and sponsor support, in accordance with the Sponsor and/or Charity Support Policy of JSC Halyk Bank and by the organizations included in the Halyk Group and under the internal documents of the Bank, guided by the principles of openness, dialogue, interaction and partnerships, transparency, financial sustainability, encouraging the participation of workers in charitable activities on a voluntary basis.

The Bank does not provide support to political parties, as well as religious institutions or institutions the activities of which are aimed at supporting any denomination or religion.

Charity support is directed by the Bank solely to solve social problems and (or) support vulnerable social groups, as well as specific people who have their back to the wall.

Chapter 5. Corporate social responsibility, Sustainable Development and Charity Performance Efficiency Review

18. The effectiveness of corporate social responsibility and Sustainable Development depends on careful monitoring, evaluation and verification of actions taken, achievement of the set goals, the resources used and other aspects of the Bank's activities.

The Bank's corporate social responsibility performance is reviewed by the Board of Directors of the Bank.

The Bank's corporate social responsibility performance efficiency indicators are:

1) the degree of involvement and the degree of satisfaction of personnel, which are determined on the basis of a survey of personnel;

2) the number of Bank employees trained;

3) the amount of funds provided for in the Bank's Development Plan for sponsors/charity support;

4) the gross amount spent by the Bank on the provision of sponsor and charity support to external interested parties;

5) the number of employees' calls via the internal hotline regarding issues of non-compliance with the Corporate Ethics Rules of the Bank;

6) the share of Kazakh content in the procurement of the Bank.

Chapter 6. Corporate Social Responsibility and Charity Reporting

19. The report on the Bank's corporate social responsibility is prepared by the PR & Marketing Department together with the HR Department once a year, submitted to the Board of Directors for consideration and approval, and then posted on the Bank's website.

Chapter 7. Final Provisions

20. The heads of the Bank's structural subdivisions are personally liable for non-compliance/improper fulfillment of the requirements of this Policy, in terms of timely and reliable submission of non-financial reporting to the Board of Directors.

21. Issues not covered by this Policy are governed by the relevant internal regulations of the Bank and applicable legislation of the Republic of Kazakhstan.