

APPROVED
By the Minutes (Decision) of the Board of Directors
JSC Microfinance Organization OnlineKazFinance
No. 11 dated 27th of June 2023



**Sustainability Policy
Joint Stock Company Microfinance Organization "OnlineKazFinance"**

Almaty, 2023

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Chapter 1. General provisions

1. The Sustainability Policy (hereinafter - the Policy or ESG Strategy) is the main document of the Microfinance Organization "OnlineKazFinance" Joint Stock Company (hereinafter - the Company or Solva), which systematizes approaches to ESG and sustainability activities, and defines the Company's Sustainability Strategy, its goals and principles.
2. This Policy reflects the commitment of the Company, the Company's management and all employees to the principles of sustainability.
3. The Policy is binding for all Solva employees when planning and performing their activities in terms of interaction with stakeholders, development of internal regulatory documents (policies, regulations, methodologies, technology schemes, standards, etc.), distribution of information and other types of communication.
4. This Policy is a public document available on the Company's official website (<https://solva.kz/>).
5. The data presented in the Policy is relevant at the time of its adoption. The Policy may be updated and revised to reflect changes taking place, as well as when strategic documents are updated. This to be carried out at least once every three years.
6. The Policy takes into account the legislative norms of the Republic of Kazakhstan, regulatory requirements in the field of ESG, international acts, standards and initiatives in the field of sustainability, including:
 - Principles of the UN Global Compact;
 - UN Sustainable Development Goals 2030 (UN General Assembly Resolution of September 25, 2015);
 - International Standard ISO 26000 "Guidance on Social Responsibility";
 - Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI);
 - Sustainability Accounting Standards Board (SASB) for commercial banks and consumer lending;
 - UN Guiding Principles on Business and Human Rights;
 - CERISE + SPTF Client Protection Pathway;
 - Principles for Responsible Banking of the UNEP Finance Initiative.
7. The Company strives to assist the ESG transformation of the financial sector in Kazakhstan through participation in the National ESG Club and other initiatives, speaking at various conferences and round

tables, publishing various materials and articles, etc.

Chapter 2. General principles of the Company's sustainability activities

8. Solva's ESG and sustainability activities are guided by five basic principles:

Principle 1. Responsibility

While strictly adhering to the fundamental principle of prudence in lending exercised through robust risk management, Solva strives for balance between economic success and social and environmental responsibility. In carrying out its daily activities, the Company is guided by the principle of responsibility to all stakeholders. Solva strives to contribute to the development of the economy and people's welfare in Kazakhstan, as well as to protect the environment by minimizing the Company's environmental impact.

Principle 2. Respect for Human Rights

Solva ensures respect for human rights, inclusiveness, diversity, and fair and equal treatment for all in its activities. The Company observes and protects human rights both in its own activities and in its interaction with customers and partners. The Company provides equal opportunities and creates conditions for all employees to realize their potential based on shared values, cultural diversity, gender and racial equality. The Company supports inclusiveness and equal access to financial products and services for all residents of Kazakhstan.

Principle 3: Ethics

Solva follows the principles of ethical business conduct and implements best corporate governance practices. The Company's activities are based on such values as honesty, fairness and integrity. Solva pays the utmost attention to information security and protection of customers' personal data, fighting corruption and preventing fraud. The Company stands for strict adherence to the principles of business ethics at all levels.

Principle 4. Compliance with the law

Solva is guided by recognized national and international laws, principles and standards. The Company is aware of its equality before the law and shall conduct its activities in strict compliance with applicable laws of the Republic of Kazakhstan. The Company maintains awareness of the relevant laws and regulations at all times.

Principle 5: Transparency

Solva shall improve its information disclosure through transparent communication and open dialogue with stakeholders. The Company always strives to be transparent in its decisions and activities that have an impact on society, the economy and the environment. The Company ensures the transparency of the corporate governance structure for internal and external stakeholders. The Company is aware of its responsibility and strives to disclose information in a clear, accurate, timely and reliable manner. The Company generates sustainability reporting based on international standards, and actively engages with stakeholders by providing information through channels that are accessible and tailored to the stakeholders' preferences.

Chapter 3. Strategic goals, directions and tasks of the Company's sustainability activities

9. The Company implements a systematic approach to sustainability activities, which is reflected in its ESG Strategy, in the strategic goals, directions and tasks set forth in this Policy.

10. Strategic goals reflect the main strategic directions set by the Company in the field of sustainability. Directions reflect various areas of sustainability within which the Company operates to achieve its strategic goals and to fulfill its commitments. Tasks define specific guidelines for planning, implementing and reporting sustainability activities.
11. The Company's approach to sustainability (including goals, directions, and tasks) is also reflected in the "Solva ESG Strategy," available on the Company's official website.
12. **Solva's ESG mission** is to promote the development of entrepreneurship in Kazakhstan by providing equal opportunities to access convenient and high-quality financing products and by applying innovative technologies. At the same time, Solva is guided by principles of responsible and ethical business conduct in work with clients, partners and employees, this way contributing to the improvement of people's well-being and economic development as a whole.
13. The Company has the following sustainability strategic goals, directions and tasks:

Goal 1. Inclusive finance	
<i>Direction</i>	<i>Task</i>
1.1 Increasing the availability of financial products for different categories of clients and different business areas	1.1.1 Development and introduction of new products to the market to provide clients with necessary financing, analysis and elaboration of clients' requests
	1.1.2 Non-discrimination and equal access to products and services
	1.1.3 Development of digital and technological solutions to provide clients with improved access to financial products
1.2 Promoting women's entrepreneurship	1.2.1 Implement and expand the "Women in Business" program by launching new training events and attracting more women entrepreneurs to the community
	1.2.2 Provide at least half of the monthly loan issuance in the SME segment to women entrepreneurs
	1.2.3 Attracting investment to finance business projects of women-entrepreneurs in Kazakhstan
Goal 2. Customer care and financial literacy	
2.1 Contributing to improvement the level of financial literacy of the population of Kazakhstan	2.1.1 Holding offline seminars and trainings for various categories of citizens of Kazakhstan
	2.1.2 Holding of online events (release of video tutorials) and publication of online educational materials
	2.1.3 Development of planning and budgeting tool for income and expenses, available to clients through Solva app
2.2 Adherence to the principles of responsible lending and assistance to clients	2.2.1 Ensuring transparency of all lending terms and conditions and implementing measures to avoid excessive debt burdens
	2.2.2 Helping to resolve overdue debts through the internal ombudsman service
	2.2.3 Comprehensive review and investigation of all customer appeals and complaints
	2.2.4 Assisting victims of irresponsible lending through a case-by-case approach to building a positive credit history
	2.2.5 Implementation of an environmental and social assessment process (E&S risk assessment) of the client prior to making a decision on granting a loan

Goal 3. Creating a favorable working environment and support in realizing employees’ potential	
3.1 Ensuring comfortable working conditions and equal opportunities for employees	3.1.1 Ensuring decent working conditions, professional and personal growth
	3.1.2 Promoting health and healthy lifestyles among employees
	3.1.3 Protection of human rights and adherence to high standards of business ethics
3.2 Employee training and development	3.2.1 Improve training programs for employees
	3.2.2 Providing a transparent mechanism for goal setting and performance evaluation along with feedback
	3.2.3 Providing equal opportunities for career development
Goal 4. Protecting the environment and combating climate change	
4.1 Financing "green" projects and “green” technologies aimed at combating climate change and minimizing the negative impact on the environment	4.1.1 Develop and launch a product line to provide funding for “green” projects and “green” technologies
	4.1.2 Promoting the green finance and ESG transformation agenda in Kazakhstan
4.2 Implementation of own environmental projects	4.2.1 Maintaining the status of a carbon neutral Company
	4.2.2 Improving the efficiency of materials, energy, water and waste management
	4.2.3 Increasing employee awareness of green practices and responsible use of natural resources

Chapter 4. Integration of UN Sustainable Development Goals

14. The Company shares the importance and strives to contribute to achieving the UN Sustainable Development Goals (hereinafter the SDGs), adopted at the international level in 2015, which serve as a basis for coordinating the efforts of governments, business and civil society in addressing the most pressing problems of humanity.
15. The Company also expresses its commitment to the 10 principles of the UN Global Compact in the areas of human rights, labor relations, environmental protection, and anti-corruption. The Company makes efforts to promote the Global Compact principles among its stakeholders and to integrate them into its day-to-day operations.
16. In order to improve the effectiveness of its contribution to the achievement of the SDGs, following best practices and the requirements of international standards, Solva conducted an analysis and identified **4 priority SDGs** to which the Company is committed to make the greatest contribution:

Priority SDGs	Targets	Solva’s impact
SDG 4: Quality education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable	Solva provides training and development opportunities to its employees, improving the training system. A separate program "Women in Business" was launched, which increases the level of financial literacy of women in Kazakhstan. The Company also holds free seminars to improve financial literacy for various categories of citizens (including socially vulnerable segments of the population).

	<p>situations.</p> <p>4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.</p>	
SDG 5: Gender equality	<p>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p> <p>5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.</p> <p>5.B Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p>	<p>Solva creates equal opportunities for professional growth, development and leadership of women and adheres to gender equality among employees.</p> <p>The Company also provides women with access to financial products and equal opportunities in financing their business projects, keeping the share of women in the SME loan portfolio at least 50%.</p> <p>The Company also created the “Women in Business” multifunctional platform, which brings together women entrepreneurs, conducts training events and meetings, and it is also a communication platform for disseminating useful information and interaction.</p>
SDG 8: Decent work and economic growth	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p>	<p>Solva creates jobs by providing equal and decent working conditions and opportunities for professional growth, based solely on the professional qualities of the employee, and also ensures safety in the workplace.</p> <p>The Company does not accept discrimination in any form, strictly following the principles of equality, transparency and impartiality in relations with all stakeholders.</p> <p>The Company also contributes to the economic development and prosperity of clients - medium, small and micro businesses, through the development and expansion of the product line and technologies.</p> <p>The Company categorically does not accept forced and child labor, strictly following the laws of Kazakhstan, as well as introducing provisions on its inadmissibility into the loan agreement with customers.</p> <p>Solva uses natural resources responsibly by raising employee awareness and reducing the consumption of paper, water and electricity in its offices.</p>

	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	
SDG 13: Climate action	13.2 Integrate climate change measures into national policies, strategies and planning. 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Solva plans to maintain its carbon neutral status by funding projects to offset its own CO2 emissions. The Company plans to finance "green" projects and green technologies aimed at combating climate change and minimizing the negative impact on the environment.

17. The Company also identified **5 additional SDGs**, to which the Company also plans to make its own contribution:

Additional SDGs	Targets	Solva's impact
SDG 1: No poverty	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.	Solva provides equal access to financial products for different categories of citizens, increases financial literacy, promotes entrepreneurship, increases the well-being of the community and contributes to economic development.
SDG 3: Good health and well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	Solva supports the health of employees and their families by providing an expanded VMI program and implementing preventive measures (including from COVID-19).
SDG 9: Industries, innovation and infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	Solva expands access to quality and convenient financial products and services for SMEs by applying advanced technologies.
SDG 10: Reduced inequalities	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.	Solva expands access to finance and creates safe financial products, and participates in social and charitable projects aimed at reducing social and economic inequality.
SDG 16: Peace, justice and strong institutions	16.5 Substantially reduce corruption and bribery in all their forms.	Solva strictly complies with the requirements of applicable law and international standards, adheres to high standards of corporate governance and business ethics, anti-corruption and anti-fraud.

Chapter 5. Solva's approach to managing sustainability

5.1 Managing the impact on the internal environment and human rights

18. The main factor of the Company's success is its employees. They ensure the achievement of leadership positions in the financial services market. The Company builds relationships with its employees on the principles of mutual respect and long-term cooperation:

- Solva does not tolerate any form of discrimination based on gender, religion, ideology, age, ethnic or national origin, disability, sexual orientation, marital status, political beliefs, origin or other individual characteristics;
- All forms of workplace violence, including verbal, physical, sexual and psychological violence, are strictly prohibited;
- Employees are protected from harassment and discrimination for reporting any form of violence against them;
- The Company respects human rights and directs its efforts to maintain a safe and comfortable work environment by ensuring that all workplaces are organized in a comfortable manner and the necessary sanitary and hygienic working conditions are maintained;
- The Company strictly observes all norms and requirements of labor legislation, does not use child labor and any forms of forced labor;
- The Company undertakes to provide its employees with equal pay for equal work;
- The Company employees have equal opportunities for career growth;
- The Company recognizes the employees' right to conclude collective agreements, freedom of assembly, freedom of association, the right to establish or join organizations representing their interests without fear of any consequences.

19. Human rights matters in the Company are also stipulated in the Human Rights Protection Policy.

5.2 Managing environmental impacts

20. Despite the fact that the Company does not negatively impact the environment in any significant way, the Company implements a number of measures aimed at reducing resource consumption and more effectively managing its own impact on the environment:

- The main resources consumed by the Company are electricity, water and paper;
- The Company strives to minimize its negative environmental impact by introducing energy-saving technologies and electronic document management;
- The Company strives to educate employees about the importance of conserving natural resources and becoming more environmentally responsible;
- The Company disposes of waste in accordance with applicable laws and regulations.

21. The Company takes the issue of climate change and global warming seriously, therefore, as part of its own responsibility in this matter, the Company plans to regularly undergo carbon audits carried out by an independent company and maintain the Company's carbon neutral status by financing projects to offset its own CO₂ emissions.

22. The Company is aware that the activities of customers, suppliers and other stakeholders may have a significant impact on areas of national or international biodiversity value, as well as highly sensitive ecosystems and habitats. The Company expects customers, suppliers and other stakeholders to responsibly manage their activities affecting the aforementioned areas, to assess and mitigate risks, and to mitigate impacts on areas of high biodiversity value.

5.3 Responsible lending

23. The Company's approach to responsible lending is enshrined in Solva's Clients Protection Policy.
24. The Company also implements a number of additional measures to improve the well-being of the population of Kazakhstan:
 - financial literacy training - conducting online and offline training platforms for women entrepreneurs, young people and older people living in urban and rural areas;
 - financing business projects of women entrepreneurs;
 - ensuring equal access to its products for all categories of clients and improving digital and technological solutions to provide clients with enhanced and seamless access to financial products;
 - introduction of green financing tools for clients whose projects are aimed at reducing the negative impact on the environment.
25. The Company also makes efforts to implement measures to counter fraud among employees and inform customers about possible fraudulent schemes.

Chapter 6. Stakeholder engagement

26. Stakeholders means individuals and legal entities or groups of individuals who influence the Company's activities and/or are influenced by the Company.
27. In its work with stakeholders, the Company is guided by the approach defined in the AA1000SES (AccountAbility Stakeholder Engagement Standard):
 - **Materiality:** The Company clearly identifies its stakeholders and understands which stakeholder interests are material;
 - **Inclusivity:** in conducting its activities, the Company pays attention to the concerns of its stakeholders, namely their views, needs and expected activity results, as well as their views on the issues that are significant for them;
 - **Responsiveness:** The Company always strives to consistently respond to all material stakeholder issues.
28. The Company identifies the following stakeholder groups for itself:
 - Employees;
 - Customers/clients;
 - Shareholders and investors;
 - Authorities and relevant communities;
 - Partners and suppliers;
 - The media;
 - Local communities.
29. The Company undertakes to report to stakeholders on material aspects of its activities.
30. The Company undertakes to build relationships with stakeholders guided by the principles of integrity, honesty, professionalism, mutual trust and respect, priority of client interests, inviolability of obligations, and full disclosure of necessary information.

31. The key mechanisms of interaction with stakeholders are the publication of press releases, disclosure of information in accordance with legal requirements, publication of reports, and organization of round tables, conferences and meetings. The format of interaction is chosen depending on the current needs of the Company's stakeholders.

Chapter 7. Sustainability management system

32. The management of ESG and sustainability activities in the Company is carried out as part of the overall management system and is an integral part of it.
33. The Board of Directors is responsible for overall management of the Company's sustainability activities.
34. The ESG Director is the main coordinating body that implements a systematic approach to sustainability management, manages implementation of the action plan based on corporate standards, provides expert support to other units in the field of ESG, and is responsible for monitoring and reporting on this area.
35. The implementation of this Policy and the Company's ESG Strategy is overseen by the Company's General Director.
36. The Company's business units involved in the sustainability agenda are responsible for the areas of the Company's business activities, which implement thematic initiatives in the field of sustainability and provide substantive support to their target audiences. The business units implement the provisions of this Policy within their competence.

Chapter 8: Monitoring and reporting

37. The Company strives for openness and informational transparency and takes into account the interests of stakeholders.
38. In 2022, the Company published its first Sustainability Report and plans to continue publishing it on an annual basis.
39. The reporting process will be built in accordance with internationally recognized reporting guidelines (including GRI and SASB standards).
40. The Solva ESG Director is responsible for the preparation and publication of the Sustainability Report.
41. The Sustainability Report will be published on the Company's website in Russian, Kazakh and English, which will ensure its accessibility to a wide range of stakeholders around the world.

Chapter 9. Closing provisions

42. This Policy shall be communicated to all employees of the Company.
43. The Company has the right to unilaterally amend this Policy by posting the amended version on the Company's website. The relevant changes shall take effect on the date they are published by the Company unless a different term is set forth in the amended version of the Policy.
44. This Policy shall be approved and put into effect by a decision of the Board of Directors.