



**APPROVED BY**  
**Supervisory Board**  
**MFO Asian Credit Fund LLP**

**dated 20 March 2024**

**SUSTAINABLE DEVELOPMENT POLICY**  
**Microfinance Organization Asian Credit Fund LLP**

**Revision No. 1.0**

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## 1. General Provisions

- 1.1. The Policy in the field of sustainable development of Microfinance Organization Asian Credit Fund LLP (hereinafter referred to as the Policy) has been developed in accordance with the legislation of the Republic of Kazakhstan, regulatory requirements in the field of ESG, taking into account the main international acts, standards, initiatives in the field of ESG.
- 1.2. The Policy is the main document systematizing the Company's approaches to ESG and sustainable development activities, and also establishes the main principles, goals, directions and objectives of ACF activities in the field of ESG and sustainable development.
- 1.3. The Policy is binding on all ACF employees when planning and carrying out their activities in the field of ESG and sustainable development in terms of interaction with the stakeholders, development of the internal regulatory documents (policies, regulations, methods, process flow diagrams, standards, etc.), dissemination of the information and other types of communication.
- 1.4. The Policy is a public document available on the ACF corporate website.
- 1.5. The following concepts and definitions are used in the Policy:

ACF, Company	Microfinance Organization Asian Credit Fund LLP
Impact	The impact on people and local communities, the environment and the economy that occurs as a result of an action or inaction, activity, project, program or policy
UN Global Compact	The largest international sustainable development initiative that aims to implement the ten core principles of the human rights, labour relationships, environment protection and anti-corruption in the business community activity. Incorporating the principles of the UN Global Compact into the business and commercial strategies and publicly affirming the commitment are widely recognized indicators of responsible corporate practice and good business reputation, as well as important elements of the long-term business sustainability.



Stakeholders	Individuals, legal entities, groups of the individuals or legal entities that influence or may be influenced by ACF activities, products or services and related actions by virtue of the legislation, agreements (contracts) or indirectly (indirectly); the stakeholders include Company members, employees, clients, suppliers, government authorities, creditors, investors, public organizations, population of the regions where ACF operates.
Sustainable Development	Organizational principle of achieving the Company's business goals, whereby the needs of the Company and its stakeholders are met while preserving and developing the human and natural resources necessary to meet the needs of the future generations.
UN Sustainable Development Goals	17 goals and 169 objectives adopted within the framework of the UN 2030 Agenda for Sustainable Development and aimed at eradicating poverty, conserving the planet's resources and ensuring well-being for all
ESG (Environmental, Social, Governance)	Environmental, social and corporate governance
ESG-risk (Environmental, Social and Governance)	Type of risk driving sustainable business development within the environmental, social and corporate governance risks

## 2. Goal Statement

- 2.1. ACF recognizes that long-term sustainable business development depends on addressing the global social, environmental and economic objectives and transitioning to a new, more sustainable economy model that is possible through ESG transformation.
- 2.2. ACF shares a commitment to international and national goals, standards and principles in the field of ESG and sustainable development, including the UN Sustainable Development Goals, the RK Investment Policy Concept, the RK Carbon Neutrality Strategy and other global and local initiatives.



The main goal of the ACF activities in the field of ESG and sustainable development is: to become a participant of the systemic changes in the field of ESG to preserve the environment, create social equality and prosperous economy on the basis of interest, co-operation and development of the employees, clients, investors, partners and the state.

### **3. Principles of the ACF activities in the field of ESG and sustainable development**

3.1. Based on the ACF Development Strategy, corporate governance principles, guided by the standards in the field of sustainable development and international principles in the field of responsible financing, ACF is guided by five principles in its ESG and sustainable development activities:

#### **Principle 1. Economic Value Creation**

ACF contributes to creation of an economy in which the finances help business to grow and business development contributes to the well-being of the society and environment. ACF contributes to development of the regions in which it operates, where it creates the jobs and, through lending and charity, contributes to solving the social and environmental problems.

#### **Principle 2. Respect for Human Rights, Fair and Equal Attitude to All**

ACF complies with this principle and sets the appropriate requirements for the counterparties, clients and business partners. ACF ensures the equal opportunities and creates the conditions for all employees to realize their potential on the basis of the common values, cultural diversity, gender, national and other equality.

#### **Principle 3. Careful Attitude to Environment**

ACF minimizes its own negative impact on the climate and other components of the environment by implementing the measures to increase efficiency in use of the materials, energy and water and to manage waste in a sustainable manner. ACF provides the Housing Energy Efficiency Loans that reduce the environmental impact and promote adoption of the best available energy efficient technologies.

#### **Principle 4. Ethics**




ACF follows the ethical business approaches and implements the best corporate governance practices. ACF is committed to conducting and promoting the fair, open and honest business practice, including ethical marketing and sales practices. ACF gives primary attention to the information security and protection of the clients' personal data, anti-corruption and prevention of the financial crimes.


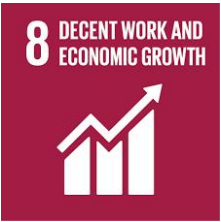
**Principle 5. Openness and Transparency.**

ACF strives to disclose in its annual sustainable development report clear, accurate and reliable information about its activities in terms of impact on society, economy, environment and generates the ESG and sustainable development reporting based on the international standards. ACF is open to interaction with the stakeholders and is willing to provide the information on its practices and finances in the channels that are accessible and tailored to the stakeholders’ preferences.

**4. Priority Sustainable Development Goals**

- 4.1. ACF fully shares the importance of and expresses its commitment to the Sustainable Development Goals adopted by all UN member countries in 2015. These goals represent a call to action to end poverty, protect the planet and improve the life and prospects of everyone and everywhere.
- 4.2. ACF has prioritized the following Sustainable Development Goals (SDG) to which the Company undertakes to make the greatest contribution:

<p><b>SDG 1 &amp; SDG 2</b></p>  	<p><b>ACF Contribution</b></p> <ul style="list-style-type: none"> <li>➤ Improved financial literacy and personal finance management;</li> <li>➤ Equal access to microfinancing for different categories of population;</li> <li>➤ Provision of microfinancing in the rural areas.</li> </ul>
<p><b>SDG 4</b></p> 	<p><b>ACF Contribution</b></p> <ul style="list-style-type: none"> <li>➤ Establishment of the internal training academy for the employees;</li> <li>➤ Access of the employees to the internal (through training platform) and external training (online and offline training, conferences, round tables, etc.);</li> <li>➤ Access to a digital library for all employees.</li> </ul>

<p><b>SDG 5</b></p> 	<p><b>ACF Contribution</b></p> <ul style="list-style-type: none"> <li>➤ Availability of women in both senior management (Chairman of the Board and Supervisory Board member(s)) and other management positions;</li> <li>➤ Creating the equal career opportunities, ensuring a fair recruitment, performance evaluation and remuneration system.</li> </ul>
<p><b>SDG 8</b></p> 	<p><b>ACF Contribution</b></p> <ul style="list-style-type: none"> <li>➤ Employment of over 400 people, most of whom are from the rural regions of Kazakhstan;</li> <li>➤ Creation of the jobs;</li> <li>➤ Maintaining the decent working conditions and providing development opportunities for the employees</li> <li>➤ Providing the financial and non-financial services for development of SME, micro-businesses and the self-employed.</li> </ul>

## 5. ACF Sustainable Development Directions

5.1. ACF's main directions in the field of sustainable development were formulated taking into account the balance between corporate sustainability, society, environment and the Company's strategic goals. The main directions of ACF's sustainable development are given below:

### Direction No. 1. Responsible financing:

- Increasing accessibility of the financial products for different categories of the clients and different business spheres;
- Ensuring equal access to its products;
- Developing the digital channels to provide the clients with improved access to the financial products;
- Promoting financial literacy among ACF's employees and clients, as well as raising awareness of climate change, sustainable consumption and promoting a "low carbon" culture and lifestyle;
- Adhering to the principles of responsible lending;
- Incorporating the ESG criteria into project financing decision-making processes.

**Direction No. 2. Creating a favourable working environment and realizing the potential of the employees.**

- Compliance with the standards and requirements of labour legislation and respect for human rights;
- Ensuring decent working conditions, professional and personal growth;
- Advanced training of the employees by providing internal and external training;
- Monitoring employee satisfaction and ensuring fair remuneration (financial and non-financial) through the regular satisfaction surveys;
- Ensuring equal opportunities and respecting gender, national, ethnic and other equality, including in remuneration and career progression;
- Ensuring healthy and safe working conditions in order to prevent any forms of violence, discrimination, accidents in the course of labour activity.

**Direction No. 3. Community support.**

- Supporting micro, small and medium-sized businesses in the rural areas;
- Support of the households as a unit of society in the villages;
- Support of the women's entrepreneurship;
- Support and assistance to the vulnerable groups of population through the charitable projects.

**Direction No. 4. Environmental protection.**

- Provision of "green" housing and energy-efficient loans;
- Consideration of the environmental aspects when assessing solvency of business, evaluation of the projects depending on the clients' industry;
- Control of ACF's environmental impact, as well as taking the measures to improve efficiency in use of the key resources: electricity, water and paper;
- Educating the ACF employees and borrowers about importance of careful attitude to the natural resources and increasing environmental responsibility.

**Direction No. 5. Corporate sustainability management:**

Integration of the ESG principles into ACF's corporate governance system to ensure alignment of the Company's economic, environmental and social goals for sustainable development in the long term.

## **6. ESG System and Sustainable Development Management**

6.1. The ESG and sustainable development management system is carried out within the framework of the general management system and is an integral part thereof.



- 6.2. The ESG and sustainable development management system includes the strategic and operational planning processes, a system of the objectives and indicators for monitoring and performance evaluation.
- 6.3. To implement this Policy, ACF develops and annually updates the ESG and Sustainability Action Plan, which ensures implementation of the principles in all business processes and implies monitoring of the Policy provisions implementation by the Company's Management Board and the Supervisory Board. The Action Plan contains specific targets, programs, projects and initiatives aimed at addressing the ESG and sustainable development objectives reflected in the Policy.
- 6.4. The mechanisms of the management system in the field of ESG and sustainable development of ACF are:
- Strategic and operational planning: development and implementation of this Policy and the Action Plan, corresponding to the goals and principles of this Policy;
  - Determination of the target indicators and deadlines for their achievement by the areas and tasks of the activity;
  - Formation of the internal regulations and procedures necessary for implementation of the Policy and Action Plan;
  - Determination of the resources required for implementation of the tasks;
  - Defining the roles and assigning responsibility for ESG and sustainable development activities in the independent structural subdivisions and branches of the Company. Making changes to the organizational structure, if necessary;
  - Monitoring, control and evaluation of implementation of the Action Plan and achievement of the target indicators;
  - Preparation of the reports at all levels in accordance with the approved standards and requirements;
  - Organizing regular communication and promotion of the ESG agenda;
  - Organizing regular interaction with the stakeholders;
  - Developing and conducting the educational programs for the stakeholders;
  - Making the adjustments and improvements to improve performance in the light of accumulated experience and in response to changing conditions;
  - Expansion of knowledge, competences and practical skills of ACF Supervisory Board and Management Board members, heads of the independent structural subdivisions on ESG and sustainable development issues.
- 6.5. In accordance with the best practices and provisions of the international standards, ACF develops a multi-level structure of ESG and sustainable development management:

- 1) The Supervisory Board approves and controls implementation of the ACF Strategy, which defines approaches to integration of sustainable development factors and promotes implementation of the relevant ESG procedures and practices. In accordance with the ACF Charter, the Supervisory Board is responsible for approving top-level documents, including this Policy;
- 2) The Company's Management Board reviews implementation of the ESG strategy and manages the ESG risks;
- 3) The ACF Management Board shall approve the ESG and Sustainable Development Action Plan, including implementation of the ESG agenda, as well as operational control over its implementation;
- 4) The Risk Manager coordinates the ESG risk management process, develops and provides the proposals for ESG risk identification and assessment within the framework of this Policy;
- 5) The Sustainable Development Director/Manager is the main coordinating body that manages implementation of the Sustainable Development Action Plan, provides expert support to other subdivisions in the field of ESG, is responsible for monitoring and reporting in this area;
- 6) The structural units participating in the ESG agenda, implementing thematic ESG initiatives, providing substantive support to their target audiences, and reporting on this direction.

## 7. Stakeholders Interaction

7.1. ACF defines for itself the following groups of the stakeholders:

Internal:

- Participants (shareholders);
- Supervisory Board members;
- Employees.

External:

- Regulator (National Bank);
- Clients;
- Investors;
- Lenders;
- Partners and suppliers;



- Government authorities;
- Specialized communities;
- Local communities.

7.2. ACF undertakes to report to its stakeholders on the material aspects of its activities based on the principles of transparency, honesty, professionalism, inviolability of the obligations, mutual trust, respect and full disclosure of the necessary information.

## **8. Monitoring and reporting**

- 8.1. In pursuit of openness and information transparency, and taking into account the interests of the stakeholders, ACF recognizes the importance of monitoring and making the reports describing the various aspects and results of ESG and sustainable development activities.
- 8.2. ACF's Annual ESG and Sustainable Development Report is published on the corporate website in Kazakh, Russian and English, which ensures its accessibility to a wide range of the stakeholders around the world.
- 8.3. The Sustainable Development Director/Manager shall be responsible for preparation and publication of the Sustainable Development Report.
- 8.4. The external environment, regulatory requirements and stakeholders' requests may change over time. Accordingly, the Company will monitor and, if necessary, adjust individual ESG and Sustainable Development aspects and objectives, adapting this Policy in accordance with the current situation and taking into account the changes that occur.

## **9. Final Provisions**

- 9.1. The Policy is subject to approval by the Supervisory Board of ACF.
- 9.2. This Policy shall be communicated to all ACF employees.
- 9.3. The data provided in the Policy are valid at the time of approval hereof. The Policy may be updated and revised in the light of ongoing changes and when the strategic documents are updated.
- 9.4. If one or more clauses of this Policy become ineffective/invalid due to the changes in the legislation and/or internal regulatory documents of the Company regulating the standards and principles of corporate governance, this does not affect the remaining clauses of this Policy, and they are valid to the extent that they do not contradict the legislation of the Republic of Kazakhstan, internal regulatory documents governing the standards and principles of corporate governance.