



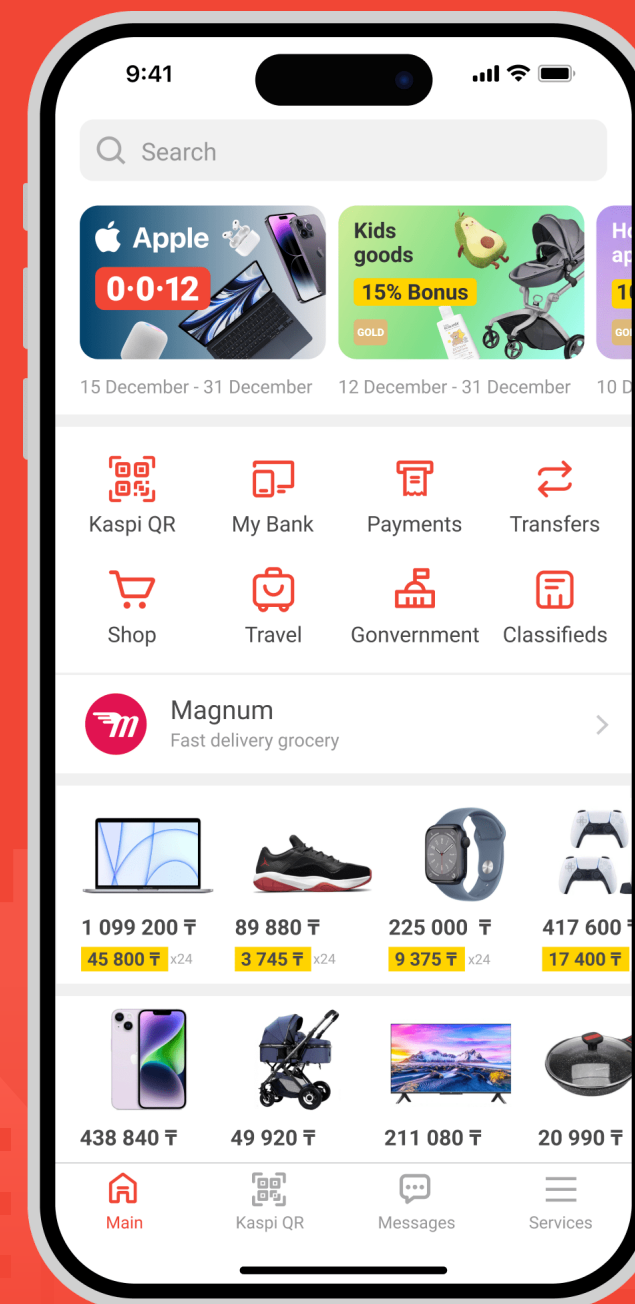
2022



Kaspi.kz

# ESG Report

2022 Kaspi.kz





# Contents

1	Cover Letter .....	4
2	Social Innovation .....	6
3	Employees & Culture .....	18
4	Environmental Sustainability .....	26
5	Responsible Business Practices .....	32
6	Other Information .....	44

# Cover Letter

## Mikheil Lomtadze on Kaspi.kz and social responsibility

From the very beginning, Kaspi.kz's central purpose has been to develop modern digital products that improve everyday life. To achieve this, we first and foremost must continue to deliver growth, increased competitive advantage and strengthen our position as Kazakhstan's leading Super App for consumers and merchants. We will also work to advance the needs of a broad group of stakeholders, namely our employees and the community in which we live and operate, whilst striving to reduce the environmental impact of our growing operations.

In recent years Kazakhstan's government has committed to significant social and economic reforms, aimed at improving living standards and achieving more equal prosperity. We believe the government's modernisation agenda is entirely aligned with our mission. We are excited about the potential for change and the role Kaspi.kz can play.

This is our first detailed Social Impact Report and covers our activities carried out between January 1 to December 31, 2022. Going forward we will now update you annually on the progress that we make across four key pillars - social innovation, employees and culture, environmental sustainability and responsible business practices. Your thoughts and feedback on this and all aspects of our corporate governance and ESG disclosures are always welcome. Some of our most important Environmental, Social and Governance (ESG) initiatives in 2022, included:

### Social innovation

Kaspi.kz's most important stakeholders are our customers, both consumers and merchants.

Every transaction we facilitate, deepens our relationship with our customers and leads to a bigger multiplier effect across society.

### Merchants

We promote inclusion and the formalisation of payments and commerce. With Kaspi Pay Super App for merchants the basis of our day-to-day relationship, we served 485K merchants and across our entire Payments Platform carried out around 3 billion RTPV secure transactions in 2022.

With a focus on domestic Kazakh merchants and brands, including entrepreneurs and SMEs our Super Apps play an important role helping local businesses to participate in the modern digital economy and operate efficiently.

We will aim to continually launch new products and services for merchants around their business needs. Over the last 18 months, just some of the most important Kaspi Pay merchant focussed products that we have increasingly scaled include Kaspi B2B Payments, Instant Invoicing, merchant financing and Kaspi Delivery.

### Consumers

Consumers faced a challenging economic environment in 2022. Whether times are good or more difficult, we're a trusted, reliable partner and the Kaspi.kz's Super App makes a difference.

We help our consumers buy a broad selection of products and services, at the best possible prices from a wide range of merchants. By the end of 2022, consumers could choose from around 2.8 million SKUs on our e-Commerce platform, a substantial increase compared with the previous year.

At the same time, we help consumers save for everyday purchases and fulfil their long-term financial goals. Kaspi Deposit is Kazakhstan's most popular savings account. In 2022, 3.8 million deposit consumers, were able to save, earn competitive rates of interest and immediately access their money, without losing interest.

With Kaspi Delivery, consumers can purchase and merchants can sell nationwide. In 2022 we delivered 8.2 million orders, with 46% delivered in ≤2 days. Increasing scale and advances in our technology are transforming the mobile shopping experience and helping narrow socioeconomic differences across Kazakhstan's regions.

### Government

Digitalisation drives GDP growth. We also believe that mobile digital technology not only enables commerce but makes many aspects of life easier and we strive to enable digital modernisation.

As part of Kaspi GovTech, we work hand in hand with Kazakhstan's Ministry of Digital Development and other government agencies to help digitalise important public services.

In 2022, 9.6 million users visited the Kaspi.kz Super App GovTech Platform. Digital documents, car ownership registration, driver's license issuance and new business registration were our most widely used government services.

We participate in both President Tokayev's IT Committee and National Investor Committee. This enables us to share our experience and work to remove obstacles to digitalisation in Kazakhstan.

### Employees and culture

Fostering an engaged, diverse and resilient workforce is critical to achieving our mission. Lessons learnt from the Covid-19 pandemic, mean we now offer a more flexible approach to work and can hire people located in all regions of Kazakhstan.

We continue to hire the best professionals on the market to support both our existing products and future plans. Our Kaspi Lab's corporate university program is specifically designed to recruit Kazakhstan's top University graduates and is just one example. Kaspi Labs received over 3 thousand applications in 2022.

Our internal culture promotes long-term learning and development. The combination of the career progression we offer, education and training and our approach to financial rewards is helping us to not only deliver on all aspects of our strategy but play a major role in ensuring that Kazakhstan has right human capital for the evolving digital future.

### Environmental sustainability

As part of our environmental strategy, we work to mitigate our footprint by carefully considering how we consume resources and integrating the best environmentally focused technology into our business. For the first time we're disclosing scope 1 and scope 2 emissions. Despite rapid growth, our carbon footprint has been broadly stable over the last three years. Going forward, this measurement will better enable us to take steps to reduce our carbon intensity, even as our business continues to expand.

### Responsible Business Practices

Safeguarding customer trust and operating in a consistent and ethical manner is fundamental to achieving our long-term business strategy. These efforts are underpinned by our approach to risk management and oversight, including policies and standards to protect our customers and platform.

We're proud of the role we play in Kazakhstan but can always strive to do more, ensuring that our actions today will contribute to better future outcomes for all.

## Mikheil Lomtadze

Kaspi.kz CEO & co-founder  
18/07/2023

# Social Innovation

Kaspi.kz only grows by contributing to the progress and prosperity of our consumers, merchants and broader society in Kazakhstan. Our Super Apps and technology are the starting point and with our mission to improve everyday lives the goal, this influences the products and services we create.

We are transforming the digital payments and shopping experience for all types of merchants, especially by giving entrepreneurs and SMEs the digital tools to grow their businesses, across Kazakhstan, narrowing regional inequality. With our technology, more women can participate in the economy, closing the gender and socioeconomic gap. For the millions of consumers we reach, they can find the products and services they use every day, at the best possible prices from local merchants, as well as more easily manage their day-to-day finances.

We also recognise the importance of charities for creating a fairer society and the Kaspi.kz Super App is one of the main platforms for

charitable giving in Kazakhstan. In 2022 the scale and impact of charitable donations with Kaspi.kz was significantly greater than ever before.

Going forward, we will continue to introduce and enhance our products to ensure we keep giving merchants, entrepreneurs, consumers and charities the tools they need to thrive in the digital economy.

## In this section

- With 12.6 million MAUs we're advancing consumer convenience & financial health across Kazakhstan
- Promoting economic opportunity for SMEs & Entrepreneurs
- GovTech is another channel for us to digitalise everyday life
- Kaspi.kz as a tool for charitable giving

- ✓ With 12.6 million MAUs we're advancing consumer convenience & financial health across Kazakhstan

Irrespective of whether times are good or more challenging, world class, highly relevant digital products and services, ensure the Kaspi.kz and Kaspi Pay Super Apps remain integral to day-to-day life in Kazakhstan. During 2022 engagement hit all-time highs as new and existing users discovered more reasons to use more of our services. The ratio of daily to monthly users is 63%, which is amongst the highest of any Super App globally. Average monthly transactions per active consumer reached 60 per month. With our products everyone can thrive, especially those traditionally underserved in the formal economy.

We're using our Super Apps to support financial flexibility. Consumers can easily and efficiently save, make flexible payments and more conveniently make purchases.

- **To help consumers more easily purchase the larger items they need, Kaspi.kz Buy-Now-Pay-Later enables (BNPL) payments to be extended over weeks or months with no late fees. Our loan portfolio is mainly represented by small ticket, short-duration loans.**
- To help consumers save for everyday purchases, Kaspi Deposit is the most popular savings product on the market. We finished 2022, with 3.8 million deposit consumers, with an average balance of KZT 940 thousand, equivalent to just over USD2,000. Kaspi Deposit can be opened through our Super App, pays highly competitive rates of interest and allow instant access, without losing interest.

- Real-time, responsible & personalized decision-making

Responsible products and marketing are an important part of our approach to lending. We adhere to a transparent pricing policy; at the application stage consumers can see their monthly repayment, a clear repayment schedule and the total amount to be repaid.

As part of our credit approval process, we have developed a comprehensive proprietary scoring model which allows us to analyse not only current solvency, but also predict the risk to future income. To prevent excessive borrowing, we have strict mechanisms in place to set an appropriate loan amount upper limit. To account for increased macro-economic volatility, in 2022 we introduced a crisis factor into our scoring model, which helps us understand how our consumer will be impacted by a major economic shock.

We have long established practices to recover loans when consumers become overdue. Kaspi.kz does not sell problem loans to collection agencies but continues to work with overdue consumers. We were the first financial institution in Kazakhstan to stop accruing penalties or fines and we remain the only bank that does not accrue interest after a loan is 90 days in arrears, which, fixes the outstanding amount and increases the likelihood of repayment.

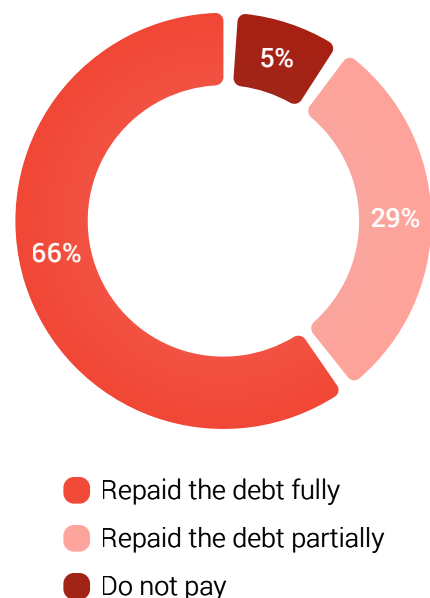
## SDGs reflected in this section





Recovery at Kaspi.kz is one of the highest in the market: 95% of borrowers who are overdue by more than 90 days return to their payment schedule, and rehabilitated borrowers can once again apply for a new loan.

Recovery of Kaspi.kz customers with 90+ days overdue



### Kaspi Deposit is helping consumers save and reach their financial goals faster

Consumers faced a challenging economic environment in 2022. At Kaspi.kz we're working to help them save for everyday purchases and advance long- term financial goals.

- Kaspi Deposit is Kazakhstan's most popular savings account. With Kaspi Deposit consumers can save, earn competitive rates of interest and immediately access their money, without losing interest. Deposits are guaranteed by the Kazakhstan Deposit Insurance Fund. In 2022 our deposit base experienced substantial growth with deposit consumers up 35% year-over-year to reach 3.6 trillion and average savings up by 28% year-over-year to KZT3.2 trillion.

- Kaspi Bonus enables consumers to earn points when making transactions, that they can then apply at checkout when making everyday purchases.

### Kaspi.kz promotes financial education

Kaspi Guide, available via our Super App, provides consumers with easy-to-understand product information. In 2022 we launched Kaspi Guide Chat, which allows customers to ask us their questions and receive answers in real time.

To improve the financial education of our customers, we also use popular social networks - including [Instagram](#) and [Facebook](#) and Youtube. Topics covered range from deposit and loan features to good financial habits and ways to detect fraud.

In 2020 we launched Kaspi Kids aimed at children 6 years and older which we hope will introduce future generations to basic financial education. Our young consumers receive a digital Kaspi Gold account to which money can be transferred from another account and can make payments with Kaspi QR codes. To date, more than 1 million Kaspi Kids accounts have been opened.

Our Super Apps enable all consumers to use our services fully digitally. For consumers with disabilities, we have introduced several initiatives to improve how we interact when they visit our Kaspi.kz retail outlets and use our nationwide ATM network:

- Braille stickers and audio settings for all Kaspi ATMs;
- Ensuring ATMs are easily accessible;
- Online sign language interpretation service in 25 Kaspi.kz retail outlets.

### Kaspi.kz is working to improve the accessibility of services for people with disabilities

#### Initiatives to increase accessibility for people with reduced mobility (PROM) 2022

Braille signs installed, contrasting markings on stairs	102 outlets
Mobile lifts for wheelchair access	47 outlets
Equipped with " Surdo-online " -online sign language interpretation service	25 outlets
Ramp access	18 outlets
ATMs for access by wheelchair users	80 ATMs

### ✓ Promoting economic opportunity for SMEs & entrepreneurs

Our Super App products and services are designed to support the growth of entrepreneurs and SMEs. We launched our merchant focussed Kaspi Pay Super App in summer 2020 and have been rapidly onboarding merchants ever since.

After a break- out year in 2021, Kaspi Pay went from strength-to- strength in 2022. Merchant take-up has been phenomenal and going forward Kaspi Pay is a game changer in terms of the role we can play in helping entrepreneurs and SMEs in Kazakhstan grow their businesses.

Kaspi Pay includes an integrated suite of services and products that allow merchants to seamlessly accept payments through Kaspi QR, issue invoices instantly, pay B2B suppliers and wholesalers, receive merchant financing, open and manage dedicated business accounts, amongst other services. Products like Kaspi QR, m-Commerce and Instant Invoicing all facilitate merchant acquisition. In turn, with a large and highly engaged merchant base, we can now grow earlier stage merchant services including financing for merchants and SMEs, e-Commerce, Kaspi Delivery and Kaspi Marketing. These products all help our merchants invest in their businesses, increase their sales, reach new customers and the growth opportunity ahead is substantial.

In 2022 Kaspi Pay continued to scale fast, significantly increasing the number of merchants. Active merchants increased 101% year-over-year to reach 485K. This is a dramatic increase in our merchant base, compared to end of 2020 when we had just 53K merchants.

In 2022 digital payments, accounted for 83% of payments in Kazakhstan's economy, with cash payments only accounting for 17%. This is a dramatic change in a short period, with cash as high as 66% back as recently as 2018. With Kaspi Pay, the country's the leading payments platform, along with supportive government initiatives, we have been the major driving force behind this transition to non-cash payments. With digital payments comes improved transparency, greater convenience for consumers and merchants and higher economic growth.

Inspired by the success of the Kaspi.kz Super App strategy for consumers, we aim to continually launch new products and services for merchants around their business needs. With merchant penetration across our full range of Kaspi Pay Super App services still low, here too the opportunity ahead remains significant.

In 2022 we supported SMEs and entrepreneurs:

- 485K Kaspi Pay Super App merchants, Marketplace merchant base up to 317K
- KZT 560 billion loans to entrepreneurs
- KZT 970 billion was the total volume of transactions of our partners using the Kaspi Marketplace

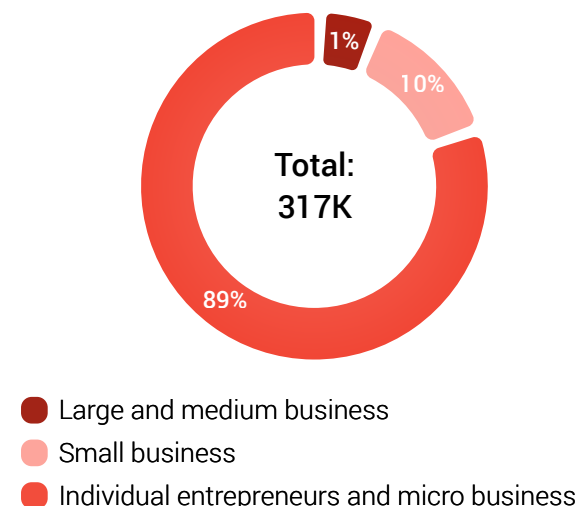
### Kaspi Marketplace supports small businesses across Kazakhstan

Our Marketplace Platform connects both online and offline merchants with consumers, enabling merchants to increase their sales using an omnichannel strategy and consumers to buy a broad selection of products and services from a wide range of merchants.

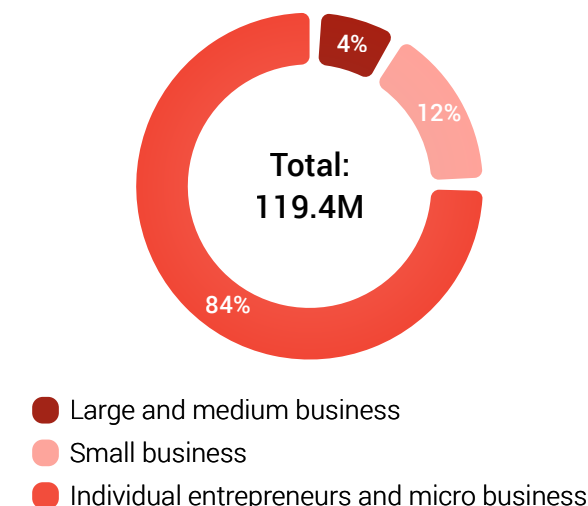
Marketplace is fully integrated into the Kaspi.kz Super App and Kaspi Pay Super Apps, which means merchants benefit from 12.6 million consumers and functionality including our payments, financing, Kaspi Classifieds and Kaspi Delivery solutions.

Merchants include the largest domestic and international retailers in Kazakhstan. However, we have strategically positioned Kaspi Marketplace as the champion for domestic Kazakh brands and merchants. As a result, Marketplace merchants come from a wide range of socio groups, from every region of the country with multiple different types of businesses.

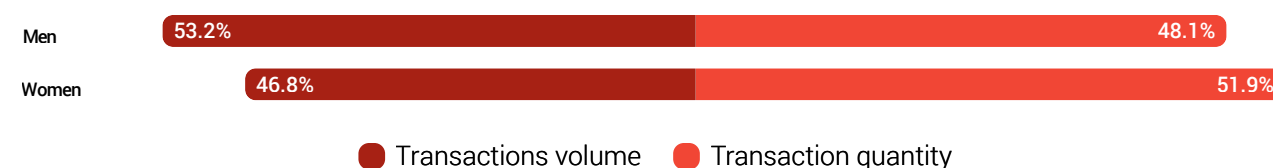
Kaspi.kz Marketplace Merchants 2022



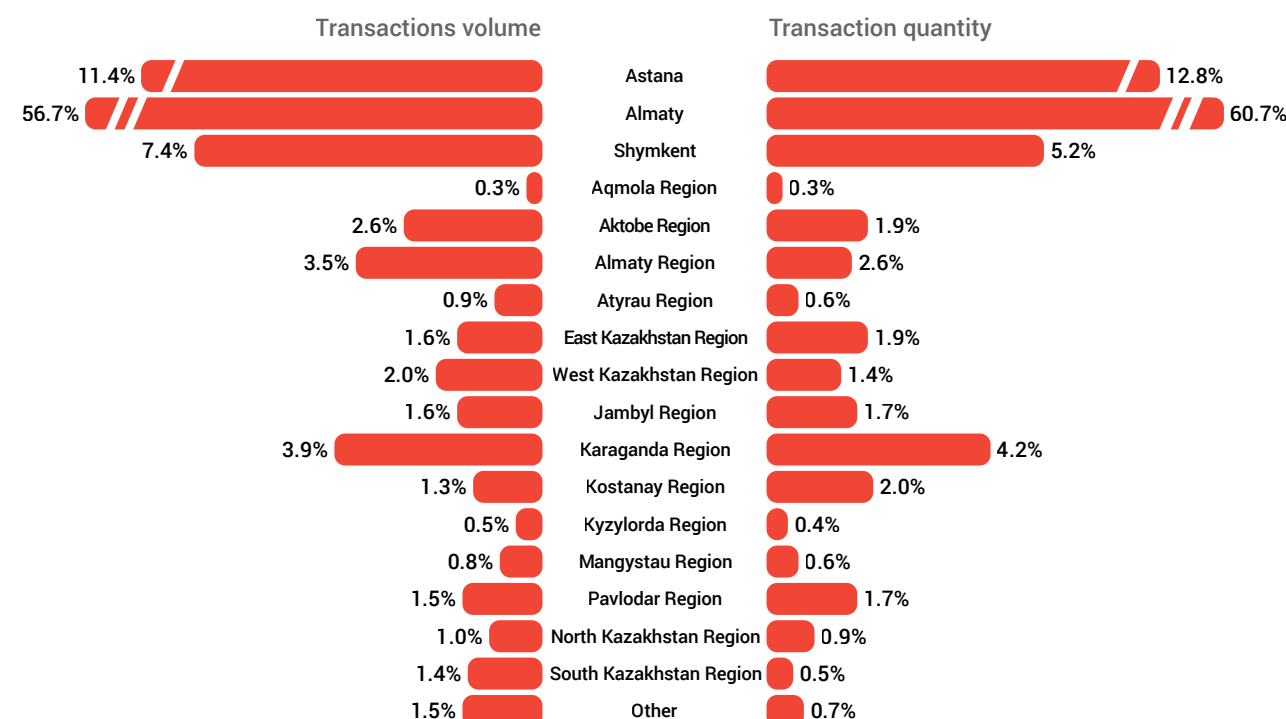
Kaspi.kz Marketplace transactions in 2022



IE and micro-businesses by gender



Kaspi.kz IE partners by region in 2022



### Our merchant finance is transformative for previously underserved SME & entrepreneurs

Our Merchant Finance products are becoming more important and in 2022 accounted for 12% of our total Fintech origination (TFV). This included over 1 million loans to SMEs and entrepreneurs. We expect the share of lending to merchants to step up again in 2023.

Lending is linked to transaction activity through our Super App, in this case a merchant's turnover through Kaspi.kz Pay or Kaspi Marketplace.

With many merchants, especially SMEs and individual entrepreneurs, still to experience the benefits that can come from having convenient access to affordable funding, with which they can invest and grow, there is a lot we can do to make this product more widely available over the next few years.

Merchant financing is also low risk, with repayments taken directly from the merchant's sales transacted through Kaspi.kz.

### Kaspi B2B Payments is our latest innovation for merchants

Kaspi B2B, born out of the data and learnings from Kaspi Pay, is an example of how we can transform the payments experience in a completely new segment. Kaspi B2B Payments accelerates the flow of money in the retail value chain by enabling invoices between retailers, distributors and suppliers to be settled seamlessly.

For businesses this is more efficient, results in cost savings and improved working capital. With many aspects of wholesalers, distributors and manufacturers businesses in Kazakhstan still to experience the benefits of digitalisation, Kaspi B2B payments is just the start of a long list of innovative merchant focussed services from us.



### Kaspi Delivery enables local merchants to sell nationwide

To help retailers grow their businesses, Kaspi Delivery provides free consumer nationwide delivery. Kaspi Delivery is a service, that allows the reliable delivery of any product on our Marketplace to more than 100 towns and cities in Kazakhstan. We use our scale to negotiate better delivery terms on behalf of merchants and currently subsidize delivery costs. We're very happy with our investment in free delivery, which is giving our consumers a superior shopping experience, helps local merchants to sell nationwide and is helping us build a differentiated e-Commerce offering vs other digital shopping platforms.

With Kaspi Delivery we're supporting not only merchants, but also logistics companies and couriers throughout the country. Today we cooperate with more than 30 local logistics companies, with around 2 thousand couriers, mainly small and medium-sized businesses that employ around 3.5 thousand delivery personnel.

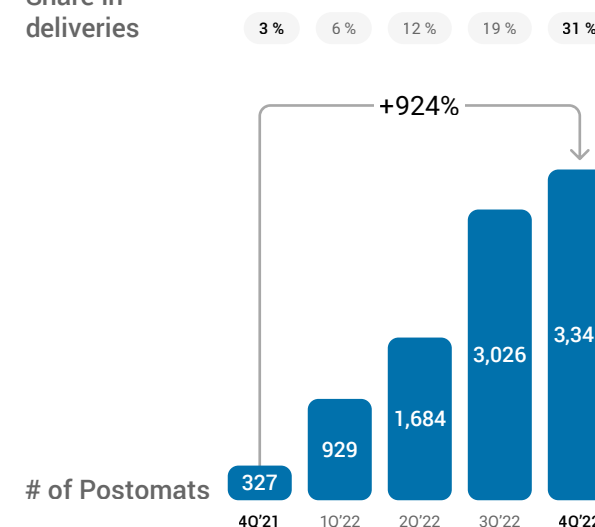
At the end of 2022, delivery accounted for 94% of orders, was free for the consumer for orders over KZT5,000 on 97% of orders, with 46% of orders delivered within 48 hours.

### Our investment in Kaspi Postomats is reducing the cost of delivery

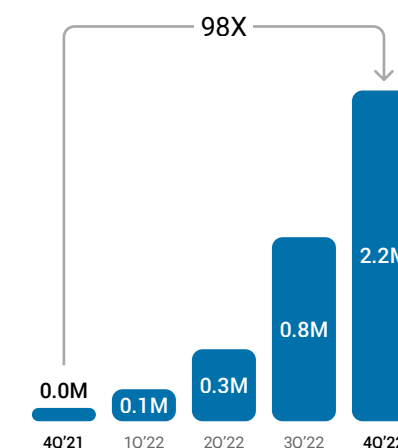
We started to roll out Kaspi Postomat in late-2021. Our investment in Postomat's is significantly enhancing e-Commerce's value proposition for consumers, merchants and delivery partners and gives Marketplace another long-term competitive advantage. Postomats increase the share of successful 1st time deliveries and with increased density, lower the cost of last-mile-delivery for consumers and merchants.



#### Share in deliveries

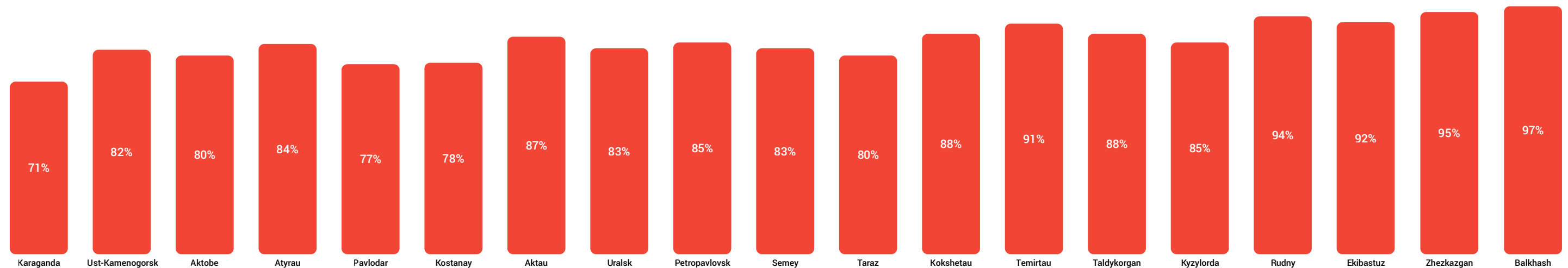


#### # of Postomat deliveries



**Kaspi Delivery enables local merchants to deliver nationwide**

**The share of long-distance delivery of goods from the Kaspi.kz Marketplace using Kaspi Delivery in Kazakhstan**



**GovTech is another channel for us to digitalise everyday life**

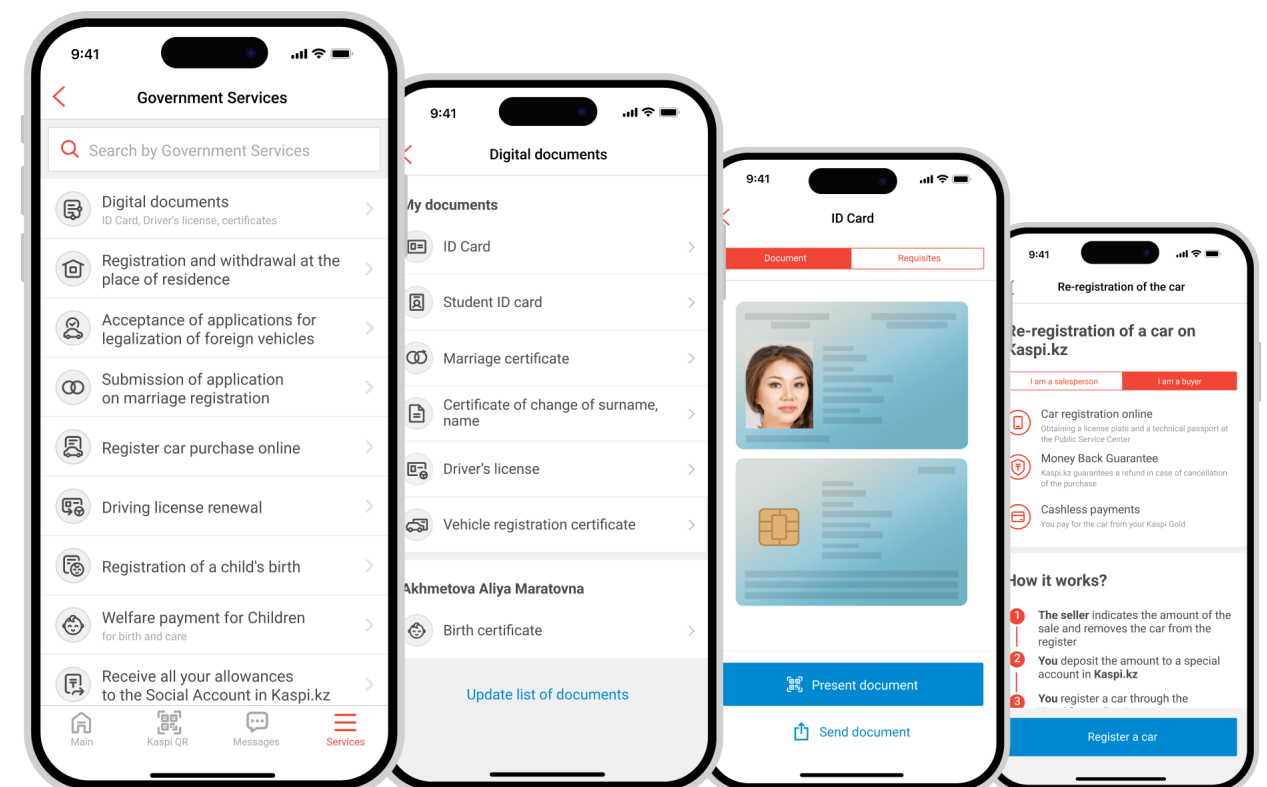
- 9.6 million Kazakhstanis visit the Super App Kaspi.kz GovTech Platform
- Every second car in Kazakhstan is re-registered using Kaspi.kz
- To date KZT 933 billion in taxes have been paid through the Super App Kaspi.kz

In recent years we have worked hand in hand with various government agencies including the Ministry of Digitalisation to prioritize the addition of high frequency GovTech services to the Kaspi.kz and Kaspi Pay Super Apps. Across GovTech, services for both consumers and merchants continue to grow in popularity.

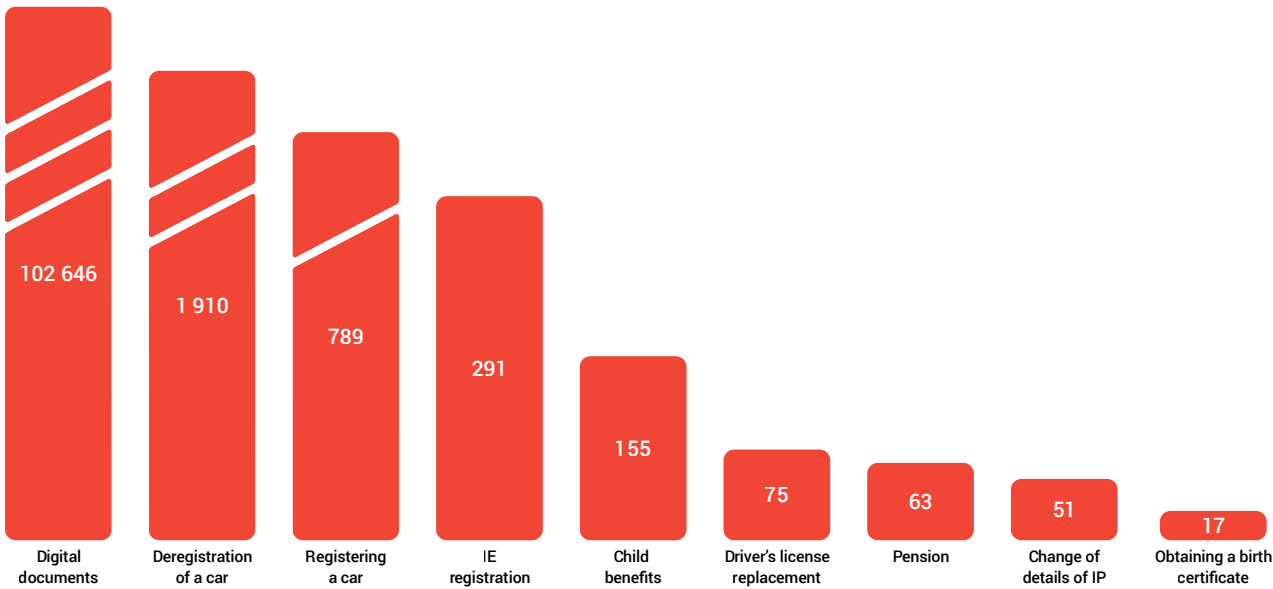
Digital documents, car ownership registration, driver's license issuance and new business registration were our most widely used government services in 2022. Earlier this year, we introduced Tax Reports, which are designed to simplify the tax return process and should be highly relevant for merchants.

All services are fully digital, eliminating the need to visit physical government offices. We immediately make our new GovTech products available via open platform, so that other popular online platforms can quickly adopt them and make them available to as many users as possible.

We will continue to look for opportunities to work in partnership with government and jointly develop digital products that make everyday life easier for citizens and businesses.



Popular Kaspi.kz GovTech services in 2022 (thousands)



Kaspi.kz as a tool for charitable giving

Using the Kaspi.kz Super App more than 300 thousand Kazakhstanis donated almost KZT1 billion, following earthquakes in Turkey and Syria

We leverage our technology and scale to enable users to make donations to the charitable projects they care about throughout Kazakhstan and elsewhere. With the Kaspi.kz Super App we have made the process of donating as easy and safe as possible. In 2022 we enabled almost 9 million Kazakhstanis to donate KZT8.8 billion, supporting 68 non-profit and other causes. Some of the main causes helped included the victims of earthquakes in Turkey and Syria, humanitarian aid to Ukraine and those effected by a major state of emergency in the Ekibastuz region of Kazakhstan at the end of 2022.

Kaspi.kz supports major charitable and social projects in Kazakhstan

The main areas of focus for us are health, social inclusion, ecology and sports.

Kazakhstan Khalkyna - For the People of Kazakhstan fund

We were the first company to step-up and voluntarily donated KZT 10 billion. This initiative is designed to boost investment into health care, education and social services and we are proud to have made a sizeable contribution.

Heart Center

The "Heart Center" public foundation is committed to developing cardiac surgery in Kazakhstan. We allocated KZT 730 million to sponsor the fund in 2022

Courage to be the first

For more than 6 years, we have sponsored the "Courage to be the first" foundation, whose mission is to make sport accessible to all. Events include the Almaty Marathon, of which we became a title sponsor in 2022.

"DOM"

Kaspi.kz sponsors "DOM", whose mission is to help children in challenging situations. The foundation organizes the treatment of seriously ill children abroad, the exchange of experience between local and international medical specialists and support for orphans and children with autism.

Other projects

Over the past year, we donated equipment worth KZT 4.5 million to the "Meyirimdi el" Society for the Disabled. The project helps prepare underprivileged children for school, provides uniforms, stationery, sportswear and shoes.

Our head office participated in the Wish Tree initiative which aims to fulfill the New Year's dreams of children in orphanages.



# Employees & Culture

Our employees are another group of important stakeholders, sustained investment in whom is critical to our long-term success. Frequent engagement, a proactive approach to talent management, a strong focus on employee welfare and an ongoing commitment to diversity are all fundamental to the way we manage our people. The result is a close-knit community of professionals, united by values such as creativity, teamwork, integrity, continuous learning, innovation and responsibility. We are proud that the innovative solutions and products our people develop, contribute day-in, day-out to the development of Kazakhstan's society and economy.

## In this section

- Directly responsibility is fundamental to the way we work
- Our approach to talent acquisition
- Engaging with and listening to our employees
- Encouraging learning and development
- Employee performance, motivation & remuneration
- Leading with diversity and inclusion
- Employee wellbeing

## SDGs reflected in this section



## ✓ Direct responsibility is fundamental to the way we work

The concept of directly responsible individuals is the most important way by which we organize ourselves and refers to the person, with whom accountability for any given product sits. Each team has a leader, or product head, who is usually appointed from within the business and is accountable for a specific product. Product leaders can draw upon shared company-wide resources, in areas like data security, risk management and legal. This form of direct responsibility helps us make decisions quickly and achieve a customer centric culture. For employees the benefits are increased responsibility, clear expectations and accelerated career growth.

We have created a strong team capable of solving strategic problems and ensuring the long-term development of the company, amidst a rapidly changing technological backdrop. In Kazakhstan, Kaspi.kz is widely respected for training and developing some of the country's most highly skilled IT professionals.

## ✓ Engaging with & listening to our employees

Employee feedback plays an important role in the ongoing development of our HR initiatives. Our main tool for collecting feedback is eNPS. Employees are asked if they would recommend Kaspi.kz as an employer and the reasons for their answer. Feedback on topics such as working conditions, compensation and quality of leadership is collected. Suggestions to improve our HR processes are collected through the HR NPS survey. In 2022, more than 320 respondents participated and in 2022 we launched Kaspi People, as a direct result of this process.

## ✓ Our approach to talent acquisition

We have designed and built a consistent, efficient, end-to-end hiring process. By standardizing our processes, we ensure that recruitment is fair and the best talent from diverse backgrounds, joins and stays at Kaspi.kz.

One of our main recruitment priorities is entry level IT positions. We take responsibility for all necessary training, including professional qualifications. For many of our employees, this is the start of a long and successful career with us. For experienced professionals, we have developed a special platform for assessing programming skills.

To promote internal mobility all vacancies are published on our internal career hub.

Following the Covid-19 pandemic, we introduced hybrid working. By offering a more flexible approach to work, we're able to hire people located in all regions of Kazakhstan. One example of this is at Kaspi Allo, our dedicated customer support team. Kaspi Allo employs 827 people, from 15 cities, aged 18 to 57 years, 78% of whom are women.

## Kaspi People

Kaspi People digitalises key HR services. The need for this system arose during the 2020 pandemic, when remote working became more common. With Kaspi People, our employees can access the HR services they need anytime, regardless of their location.

We survey employees leaving the company, also using the NPS framework. Questions such as willingness to recommend Kaspi.kz as an employer, reasons for departure, work life balance, compensation and the conditions under which an employee would return are explored.

## ✓ Encouraging learning & development

- In 2022 the average amount of training was 20 hours per employee, 16 hours for men and 22 hours for women.

Some of our most important training and development initiatives in 2022 included:

### TechTalks

We launched TechTalks to enhance the exchange of experiences and professional development. As part of the program, meetings are dedicated to a technical area, with employees sharing the solutions they applied to solve IT challenges. Employees gain knowledge and network with different teams from across the company.

### Corporate Academy

For continuous training and development, we have the Kaspi.kz Corporate Academy. The Academy develops and implements programs, with classes held in our corporate university.

We use both corporate and technical trainers. In the case of technical trainers, we are increasingly using our own employees, who share their specialist expertise. Employees complete a Trainers Orientation Course and we then progressively hand the course over to them.

A significant part of training uses e-courses developed by the Corporate Academy, available on our internal training portal.

### External training

An extensive internal training program is complemented by external training. In 2022 we allocated KZT224 million for certification and external training, including IT training for product specialists, training and certification in The Association of Chartered Certified Accountants (ACCA) for finance employees.

### Kaspi Lab

Kaspi Lab is a non-profit education project, launched in 2014. Students and graduates from technical universities are invited to pass a technical selection test. Successful applicants have the opportunity to master applied skills in 7 areas over 3 months: Big data, UX design, UX analysis, Oracle, MS SQL, Testing, in addition, this year Accounting was added.

In 2022, 3,030 people completed the technical assessment, of which 167 were selected. The best participants receive an invitation to join us, with 37 people becoming part of our team.

For us Kaspi Labs is another opportunity to shape the highly skilled labor market in Kazakhstan as well as develop new talent to meet our business needs.

### Kaspi Manager

Kaspi Manager aims to create opportunities for professional leadership development, through a mix of theory and practical based training. In 2022, 294 of our employees participated.

### Harvard Business School

We regularly send members of our senior management team to Harvard Business School (HBS) to participate in their executive education program.

## ✓ Employee performance, motivation and remuneration

It is important for us to accelerate career growth and unlock the potential of our employees. All employees receive regular performance appraisals. Evaluations are not only based on the opinion of the employee and manager, but also third-party feedback, usually a customer or an internal client. Participants discuss video and audio examples of working with clients or internal customers join the discussion.

Following the results of the performance assessment process in 2022, in which 1,122 employees participated, 112 people were promoted to management positions, of which 63% were women.

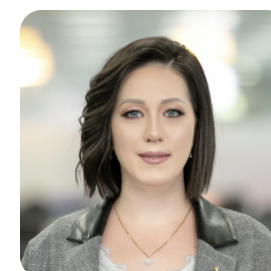
### Case study: Career Growth and Mobility

Every Kaspi.kz employee has an opportunity to develop their career and become an expert in their field. There are countless cases of career progression and internal mobility, of which here are some examples:



### Zhomart Kapanov Head of Risk

Joined Kaspi.kz in 2007. Having built extensive experience across lending origination and collection, Zhomart now oversees our core risk management function.



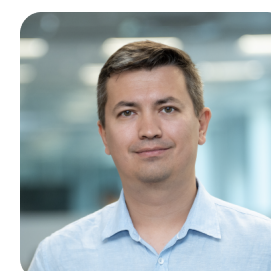
### Oksana Ageeva Head of Operations

Joined Kaspi.kz in 2003. Oksana joined Kaspi.kz's predecessor company Bank Caspian as a loan expert. Having held multiple roles across our retail network, she has overseen all operations at Kaspi.kz since 2018.



### Saltanat -Zhumabay Head of Fintech Products

Joined Kaspi.kz in 2004. Saltanat joined Bank Caspian as a loan expert and subsequently pursued various lending related roles. Today Saltanat is responsible for our entire Fintech product suite.



### Vladislav Uashev Head of Data Center Support

Joined Kaspi.kz in 2006. Having started as just one of five tech support specialists, Vladislav has witnessed Kaspi.kz's transition to advanced hardware and technology.

## LTIP

Following our IPO in 2020 we introduced an LTIP designed to retain and motivate key employees and drive sustainable performance, consistent with the shareholder value creation. Participants receive awards in the form of equity options. This program is long-term in nature, vesting over a period of up to five years. In 2022 we extended the LTIP program to include 110 key employees and Board of Directors. Over the medium-term we expect to increase participation further.

Total currently outstanding share options under the LTIP program are 2,266,166 GDRs.

## Reward approach

We offer highly competitive wages and bonus payments.

The ratio of the annual remuneration of our highest paid employee to the median annual total remuneration for all employees except the highest paid employee in 2022 was 33x, down 31% from 2021. The compensation of the highest paid employee remained constant for three years.

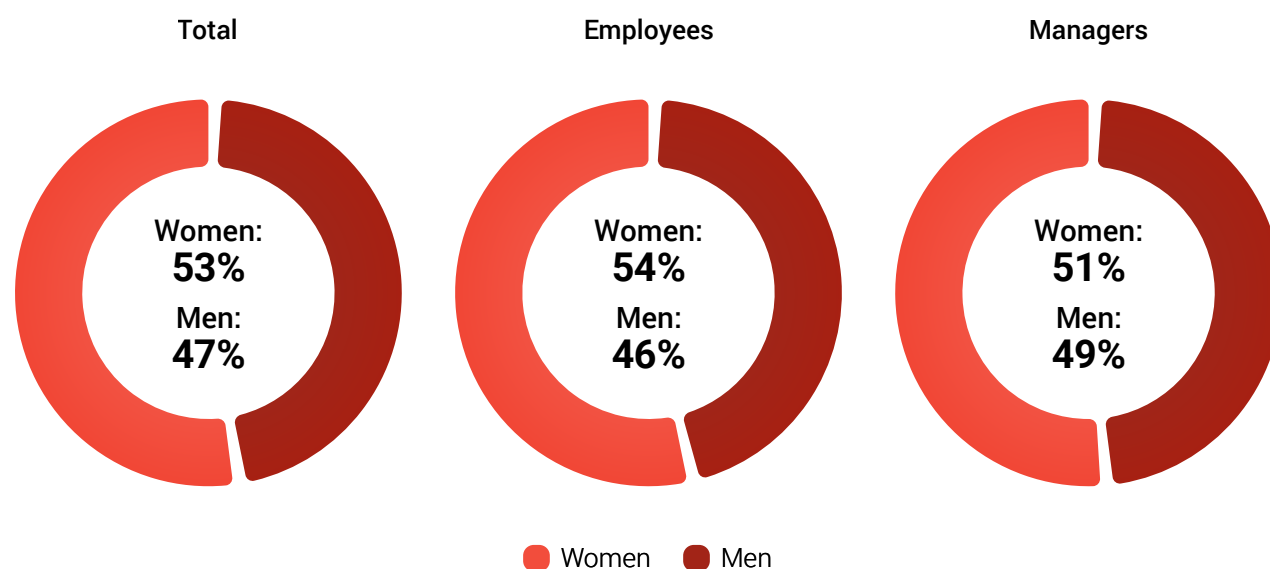
## Leading with Diversity and Inclusion

We are enriched by our diverse perspectives, backgrounds and experiences. Inclusivity, diversity and zero tolerance of discrimination are core values.

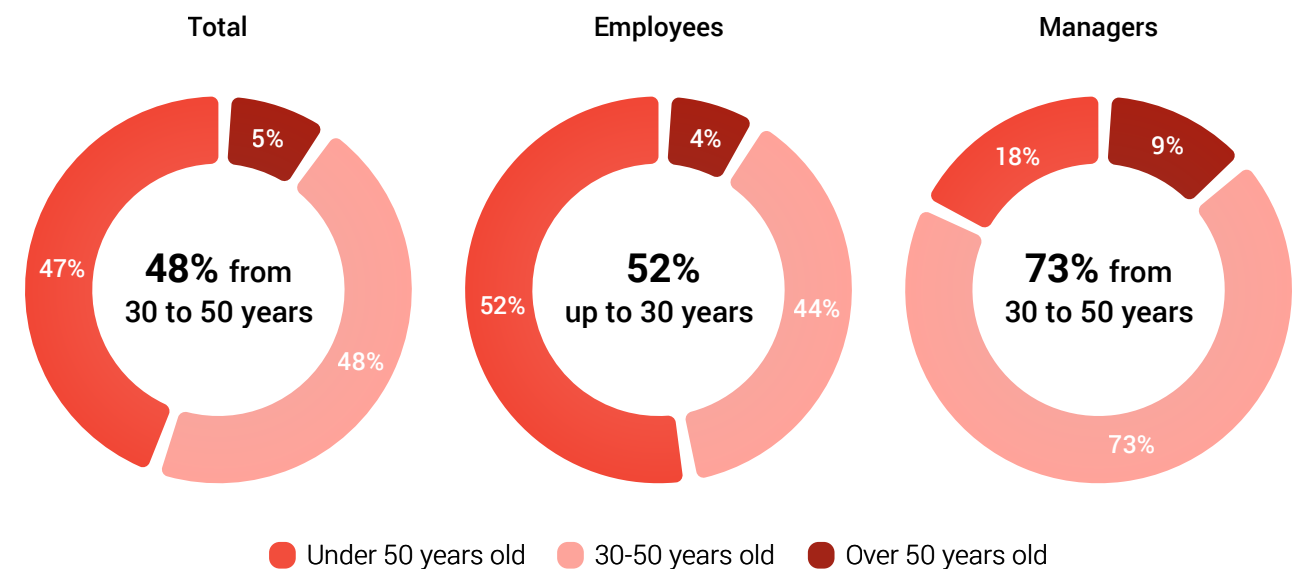
We track career progression, to address the risk of discrimination, ensure diversity and create equal career opportunities for all.

As at 31 December 2022, the number of [employees](#) was 7,802.

Kaspi.kz employees by gender (2022)



Kaspi.kz employees by age (2022)



Our offices are equipped with ramps, special elevators and specially designed doorways for wheelchairs and our technical capabilities allow employees with special needs to work remotely. In 2022 we employed 58 employees with special needs.

In 2022 we significantly reduced employee turnover to 21.9% from 25.4% in 2021.

Kaspi.kz does not use child or forced labor and recognizes the rights of workers to freedom of association.

## Prioritising employee wellbeing

We seek to create a flexible, balanced work culture and take a holistic approach to employee benefits.

### Parental leave

In 2022 613 employees went on parental leave, 607 of whom were women. The return-to-work rate is 46% and the job retention rate<sup>1</sup> is 73%.

## Hybrid format work

To ensure continuous operations during the pandemic, significant work was undertaken to our internal IT systems. This enabled us to permanently introduce hybrid working and although many employees chose to return to the office, for those wishing to work from home we provide this flexibility.

<sup>1</sup> Metric that measures the percentage of employees who remain employed over a specific period



## Convenient office

We opened a new head office building in 2022. Facilities include spacious meeting rooms, open workspaces, cafeterias and lounges.

We have opened a new fitness center in the office campus and arrange employee discounts at leading local fitness centers.

In 2023 we will introduce classes in yoga and visual arts around the office.

## Sports events

We invite the 50 best runners from our employees throughout Kazakhstan to participate in the Almaty Marathon. We reward employees with sports equipment and have sent runners to major marathons in Istanbul, Venice and Amsterdam.

We support many other sports initiatives including football, tennis, table tennis and e-sports, with many ideas coming from employees themselves.

## Health and safety policies and procedures

Kaspi.kz strives to create and maintain a safe and supportive work environment by ensuring the safety of our work processes.

In 2022 no accident and no incidents were registered. Over this period, 147 employees were trained in health and safety issues, 78 of which are in senior positions.





# Environmental Sustainability

As part of our environmental strategy, we work to mitigate our footprint by carefully considering how we consume resources and integrating the best environmentally focused technology into our business. For the first time as part of this report, we're disclosing scope 1 and scope 2 emissions. Despite rapid growth, our carbon footprint has been broadly stable over the last three years. Going forward, this measurement will better enable us to take steps to reduce our carbon intensity, even as our business continues to expand.

### In this section

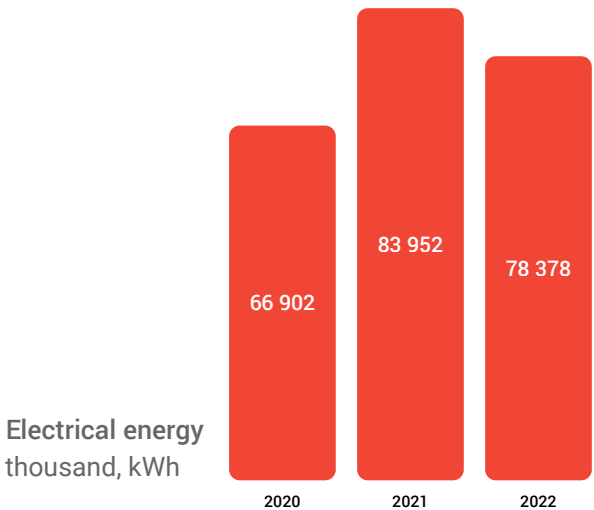
- 2022 energy and fuel consumption trends
- Digitalisation is significantly reducing paper consumption
- With QR we are reducing the use of plastic cards
- Kaspi e-Commerce and Kaspi Postomats are making shopping more sustainable
- Water consumption down >35% YoY
- We always take steps to improve our ecology
- Measuring our carbon footprint is now a central part of our environmental strategy

### SDGs reflected in this section

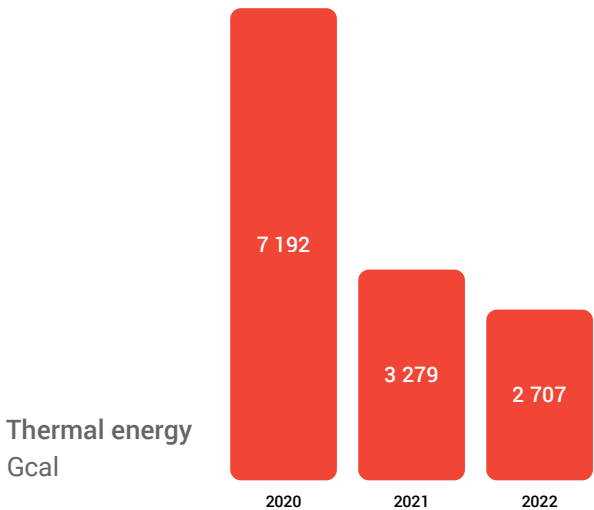


### ✓ 2022 energy and fuel consumption trends

In 2022 our consumption of fuel and energy resources declined year-over-year. This was due to our investments in renewable energy, data center efficiencies and ongoing initiatives aimed at heating automation, the use of more efficient heating materials and replacing fluorescent lamps with LED lighting at our head office.



Heat consumption has declined for three consecutive years and although power consumption increased in 2021, this was temporary due to the extension of our head office and employees returning to in-person working.



### ✓ Digitalisation is significantly reducing paper consumption

Our Super Apps reduce the consumption of paper by our customers. In 2022 more than 37 million documents were not physically signed, saving more than 1 thousand tonnes of paper.

At our ATMs and self-service-kiosks (SSKs) we encourage paperless transactions. In 2022, consumers printed checks for only 11% and 26% of ATMs and SSK transactions, reducing paper consumption by 67 tons and 14.7 tons, respectively.

We have introduced POS devices without the ability to print checks. To date this has resulted in a 125 tons reduction in paper consumption.

Electronic receipts are available when the customer provides the business with their phone number or email. This allowed us to reduce paper consumption by 235 tons in 2022.

[To reduce the use of paper in our offices](#), we have introduced electronic document management with other banks and digitally sign internal HR documents, amongst other measures. The total weight of wastepaper sent for recycling in 2022 was 17,383 reams of paper, equivalent to 43 tons or 32% of the total amount of office paper we consumed.



✓ **With QR we are reducing the use of plastic payments cards**

We consume plastic mainly by issuing payment cards. In 2022 to produce 4.6 million cards, we used 23,120 kg of recyclable PVC.

Mobile payments and the use of Kaspi Pay QR technology has significantly reduced our use of plastic, with plastic cards lasting longer.

In 2022, Kaspi Red became QR only having previously been card based.

To reduce the use of plastic in our head office, water bottles have been replaced with purifiers and vending machines use paper cups.

For payments companies a significant amount of IT waste relates to POS devices. In 2022, we upgraded 18.5K POS terminals, to optimize charging and extend battery life. In 2023, we will upgrade our entire network of POS terminals. At the end of their life, we arrange for our POS devices to be recycled.

[We classify and dispose of waste](#) in accordance with Kazakhstan legislation. Our waste is mainly classified as 'low-hazardous' and is transferred for processing to a specialized organization. Hazardous waste such as office batteries, are separated and rechargeable batteries are transferred to a third-party supplier.

✓ **Kaspi e-Commerce and Kaspi Postomats are making delivery more sustainable**

Postomat delivery improves courier efficiency driven by parcel drop density, which in turn significantly reduces the cost and distance of last mile delivery. Instead of making multiple delivery trips to individual homes, couriers only need to make one trip to Postomat and are able to deliver multiple parcels successfully in one trip. By doing that, Postomat delivery is also able to significantly reduce the costs associated with failed delivery, which forms a meaningful part of the delivery costs for merchants.

With Kaspi e-Commerce consumers no longer need to travel to physical stores and merchants no longer need to maintain the same physical footprint.

We started to roll out Kaspi Postomat in late-2021 and had over 3,000 lockers by the end of 2022.

As well as being a key part of our plan to improve the delivery experience in Kazakhstan, Postomats make commerce more environmentally sustainable. The carbon footprint of using Postomats, is on average around 1/3 less, compared to courier to-door delivery, with the last mile distance travelled significantly lower and the courier leaving multiple packages in the same location. By the end of 2023, we are aiming to have rolled out around 6,000 lockers in total.

In 2022 we estimate customers avoided 13.2 million trips by using Postomats and delivery, equivalent to reducing CO2 emissions by 11.5 million tons.

We encourage our merchants to use ecofriendly packaging for delivery and we are including more recyclable or materials as part of our packaging. At Kaspi Postomats, customers can usually find recycle stations where they can leave their opened packaging.

✓ **[Water consumption](#) down >35% YoY**

Due to digital nature of our business, we consume relatively low volumes of water. Nevertheless, we continuously look for water efficiency opportunities. We have installed water meters to determine and monitor optimal water use, low flow faucets and fixtures and automated irrigation systems.



We have installed water meters to determine and monitor optimal water use, low flow faucets and fixtures and automated irrigation systems.



✓ **We always take steps to improve our ecology**

In 2022 we held environmental clean-up days in 5 cities of Kazakhstan and planted green spaces - 52 trees and 260 shrubs. We also planted 25 trees and 100 shrubs at our head office.

To make sustainable modes of transport more popular and affordable, parking at our head office includes around 100 spaces for scooters and bicycles.

We sponsor the non-profit organization Qazaq Geography, whose focus is the sustainable development of protected natural reserves, namely the Charyn and Altyn-Emel national parks. At the end of 2021, we allocated KZT 3.8 billion for the period of sponsorship. Since then, progress made includes an environmental impact assessment, improvements to existing infrastructure, construction of visitor centers, new routes for tourists and training programs.

Project completion is scheduled for 2023.

✓ **Measuring our [carbon footprint](#) is now a central part of our environmental strategy**

The main sources of GHG emissions from Kaspi.kz are motor vehicles and power equipment such as boilers and generators in our offices. For the first time we're disclosing greenhouse gas emissions Scope 1 and Scope 2. Going forward, this is the basis by which we can measure and take steps to reduce our carbon footprint as our business continues to expand. We follow the measurement guidelines of the Greenhouse Gas Protocol (GHG) standard.





# Responsible Business Practices

Safeguarding customer trust and operating in a consistent and ethical manner are vital to achieving Kaspi.kz's long-term business strategy. These efforts are underpinned by our approach to risk management and oversight, including policies and standards to protect our customers and platform.

Across our enterprise, we are committed to the goal of responsibly managing our infrastructure, protecting customer data and advocating for policies that promote the interests of our customers, employees and communities.

## In this section

- Managing risk & compliance
- Enabling effective cybersecurity management
- Enriching data management & privacy oversight
- Upholding business ethics

## SDGs reflected in this section



## ✓ Managing risk & compliance

The main objectives of risk management is to ensure the safe and sustainable growth of our business with a systematic approach to identification, measuring, managing and monitoring all risks we are exposed to. The risk appetite of the company is set in a way to ensure our solvency in the event of expected losses and losses from unexpected but plausible negative events.

The risk level is subject to regular bottom-up and top-down stress tests that are performed internally and as part of the Supervisory Review Process. Material risk arises mainly from: credit risk, liquidity risk, market risks, operational risks and IT and information security risks.

## Credit Risk

In the course of our operations, we are exposed to credit risk, namely the risk that one party to a financial instrument fails to discharge its obligations, causing the other party to incur a financial loss. Our credit risk exposure arises primarily in our Fintech Platform. To this end, we have developed a comprehensive data-driven risk management framework.

To manage credit risk during loan origination, we have centralised all processes related to decision making, verification and accounting. We have developed an automated, centralised and big data driven proprietary loan approval process that enables us to make instant credit decisions. Our centralised risk management function is responsible for maintaining scoring models and the decision-making process.

The quality of approved loans is monitored by the risk management unit on a day-to-day basis with periodic validation of risk management strategies and models. In terms of credit risk, the risk management function comprises independent modelling, anti-fraud, monitoring and provisioning divisions.

Our data-driven decision making process is based on (i) data engineering (we constantly enrich our proprietary customer data using multiple touchpoints including transactional data, behavioral data and shopping information); (ii) data preparation (we structure collected data for use in risk management and do not share with third parties unless required by law); (iii) data analysis (we employ our proprietary risk algorithms, sophisticated predictive scoring models and machine learning for the analysis of structured data, after which each customer is assigned to one of over 1,000 decision scenarios based on multiple factors); and (iv) implementation (our credit decisions are based on real time strategies which may be modified within 15 minutes with no involvement of IT specialists).

We monitor our exposure on a regular basis to ensure that the credit limits and creditworthiness guidelines established by our risk management policy are not breached.

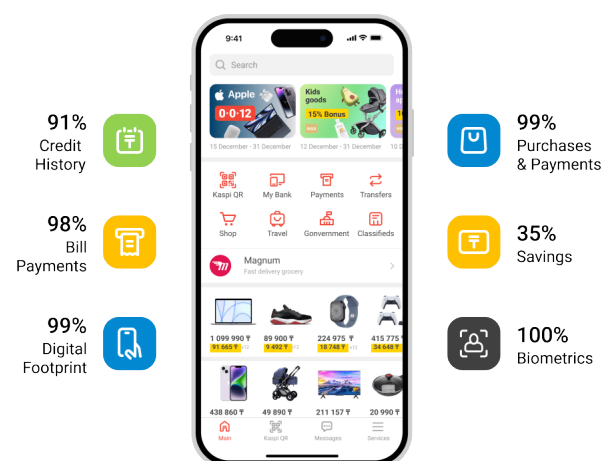
## ▮ Credit approval

We have developed a highly automated, centralised and big data-driven proprietary loan approval process that enables us to make high-quality credit decisions in real time within seconds.

During this process we extensively use our data mining, machine learning and big data analytical capabilities. In 2022, our systems allowed us to make 99.9% of consumer loan approvals within six seconds. During the credit decision process, our platforms use proprietary risk algorithms and sophisticated predictive scoring models to evaluate the risks of potential borrowers using statistical modelling based on (i) a wealth of proprietary internal data such as application, transactional, behavioral, shopping and payment history information, which is supplemented by (ii) external data such as data received from credit bureaus (First Credit Bureau LLP and State Credit Bureau JSC) and the Pension Centre.

Our scoring models and decision-making process are assessed and analyzed on a continuous basis for effectiveness and validity. The additional proprietary data constantly accumulated around our customer's activity across our Platforms enables us to continuously improve our credit decision-making process, thereby managing our risk at acceptable levels.

The chart sets out the share of Kaspi.kz's consumer finance applicants with the corresponding proprietary data records in 2022:



Share of users with the relevant type of data

## Collection

We divide the loan collection process into two stages: before and after 90 days past due. Collection of loans less than 90 days past due is performed internally, whereas collection of loans more than 90 days past due is outsourced to 42 external debt collection companies, whose activities are regulated and supervised by the FMRDA and the NBRK.

### Less than 90 days past due

We use various forms of communication to remind consumers of how and when to pay. Automated calls, operator calls, SMS reminders and reminders through the Kaspi Message service of the Kaspi.kz Super App are sent to consumers shortly prior to the loan payment date. If a consumer cannot be reached, we reach out to alternative contact persons whose information we have received as part of the loan application process, where we require loan applicants to provide at least two such contacts.

At the early stages of the process, our primary objective is to understand and assess the reasons why a consumer missed his or her payment in order to develop an appropriate course of action during the later stages of collection. The collection process is supported by a dedicated call centre business unit and by automated tools and specific collection campaigns. We use data mining and machine learning capabilities extensively, while developing specific collection strategies to ensure the most effective collection result.

We do not accrue any interest or penalties beyond 90 days of past due.

Borrowers who are over 90 day's past due cannot obtain any further financing from us.

We typically collect 97% of loans that are less than 90 days past due.

### More than 90 past due

After 90 days of delinquency, we engage a large number of licensed debt collection companies with different capabilities.

Some debt collection companies are primarily focused on contacting consumers by phone while others visit the consumer at their home in order to find a way to recover the amounts owed.

We provide collection companies with technologies and tools to enhance collection effectiveness. We have a dedicated business unit that constantly monitors the work of collection companies and allocates delinquent portfolios across companies.

### Write offs

Loans to customers are written off against the allowance for impairment losses. The decision to write off is taken by the Credit Committee for loans overdue more than 1,080 days, which is in line with the Group's collection procedures and statistics. However, the write off of a loan does not indicate that no further action will be taken to collect the loan. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of profit or loss in the period of recovery.

## Liquidity risk

We are exposed to liquidity risk arising out of potential mismatches between the maturities of our assets and liabilities, which could result in us being unable to meet our obligations in a timely manner without incurring substantial losses. Our liquidity risk exposure arises primarily from potentially significant and unexpected withdrawals of deposits.

A major part of our liabilities consists of retail customer accounts with an average contractual maturity of less than two years. Individuals have the right to withdraw their term deposits prior to maturity. However, the actual duration of a customer account deposit is on average more than five years, which ensures a reliable and long-term funding base. In 2022, the average balance of our retail customer accounts was around KZT 940 thousand and 95% of deposits that matured in 2022 were extended, which illustrates the diverse and stable nature of our funding base. As at 31 December 2022, approximately 80% of our deposits by individuals were under the insurance cap by KDIF (Kazakhstan Deposit Insurance Fund).

To support our liquidity position, we maintain a significant amount of high-quality liquid assets which comprise mainly cash and cash equivalents, as well as debt securities issued by the Government of Kazakhstan.

## Market risks

Market risk management covers interest rate risk, currency risk and securities portfolio risk to which the Group is exposed.

## Interest rate risk

We have exposure to interest rate risk resulting from movements in interest rates that affect income, expense or the value of financial instruments. The contractual maturities of the company's assets and liabilities have modest gaps, which provides the option of instant reaction to changes in market interest rates.

We have significant amounts of high-quality liquid assets with short maturity, which helps us to minimise the company's sensitivity to sharp increases in interest rates in case of a liquidity shortfall on the market. As at 31 December 2022 all debt securities are accounted as financial assets at FVTOCI.

## Price risk

Our securities portfolio risk arises from fluctuations in the value of financial instruments because of changes in market prices whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. We have established various limits on our operations with securities, including instrument specific limits, in order to balance profit and risk in the securities portfolio.

## Currency risk

Our assets and liabilities are denominated in several currencies, with the substantial majority of assets (loans) denominated in tenge and a portion of deposits denominated in foreign currencies. Foreign currency risk arises when the actual or contingent assets in a foreign currency are either greater or less than the actual or contingent liabilities in that currency.

We manage our currency risk by maintaining a modest open currency position as well as entering into currency derivative contracts with high quality counterparties. We issue loans to customers exclusively in tenge, which protects us from hidden currency risk in the event of currency devaluation.

## Operational risk

The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. All-around automatization and centralization of our processes minimises operational risk, and provides instant and well described data on operational risk events. Nevertheless, we have a well developed operational risk framework, that ensures sound management of risk.

We have developed big data-driven advanced anti-fraud models, that detect fraudulent behavior with high certainty, and helps us to manage operational risk with minimal impact to the customer experience. We also have in place risk identification and its instant log process, that ensures well-timed escalation, allowing balanced and prudent decision making at early stages of risk development.

To ensure proactive risk control and minimization, all processes are constantly reviewed, covering the lifecycle of the products involving product office, risk management, compliance, accounting and the management of the company. The review of processes can be internally driven or based on external cases, that arise from all available data sources. On a systematic basis we conduct self-assessment processes to get in-depth insight into plausible risks of poor processes and take timely actions to prevent loss or minimize severity.

## ✓ Enabling effective cybersecurity management

Key elements of cybersecurity management at Kaspi.kz are:

- Security operation center - centralized monitoring of all services 24/7 enabling timely decision-making to prevent cybersecurity incidents;
- Architecture and network security management, where system analysis of services and business processes is carried out and effective security solutions developed;
- Red Team ethical hackers. Kaspi.kz has an active team of ethical hackers that operate both inside and outside our infrastructure, simulate possible cyber-attacks and regularly perform penetration testing to identify system weaknesses and make improvements;
- Internal and external audits. Kaspi.kz regularly audits information security system, including those that comply with international standards of requirements for the protection of personal data (SWIFT CSP, GDPR, PCI DSS , ISO 27001–5).

Cyber security system's at Kaspi.kz comply with international SWIFT standards, GDPR, PCI DSS, ISO 27001–5 in Information Security.

In 2022 no single cybersecurity incidents was registered.

## ✓ Enriching global data management & privacy oversight

We strive to promote good habits to safeguard customer data through education and resources. With new threats emerging daily, we are focused on empowering consumers to manage their data and protect themselves from fraudulent activity.

### Our approach to customer data management and data security

Customer awareness and involvement in managing the protection of their data also plays a very important role for us. Information about data management and personal data protection measures are available in the Kaspi.kz Customer Guide. Privacy policies and the processing of personal data are published on our [website](#).

All employees annually undergo mandatory information security training and testing. Annually, as part of our security program awareness, we hold a week dedicated to information security, during which issues arising throughout the year are discussed, as well as the main types of information security violations.

We comply with the laws of the Republic of Kazakhstan, primarily the Law “On Personal Data and Their Protection”, which defines the basic principles for managing Kaspi.kz’s customer data. Data confidentiality and information security are controlled directly by the Deputy Chairman of the Board, COO of Kaspi.kz Pavel Mironov.

In 2022 no data leakage incidents were reported.



## Our approach to fraud prevention

We maintain a system of controls designed to keep fraud risk at or below acceptable levels. In order to prevent fraud, we leverage comprehensive real-time monitoring and analysis technology to monitor suspicious transactions. This allows us to detect suspicious transactions, as well as to decline such transactions at the authorisation stage. In order to prevent fraud, we also leverage big data, machine learning and face recognition capabilities, which we have integrated into our loan approval and risk assessment process.

When we first contact a consumer to provide one of our consumer financial services products, including deposits, Kaspi Gold or membership in Kaspi Red shopping club, we take the consumer’s photograph and scan their ID documents, which are then additionally cross-verified as part of the decision-making process for granting such products and linked to one phone number and one Super App. At the later stages of using our products and services, we leverage our state-of-art face recognition technology to enable transactions, which prevents fraud and provides extra security and peace of mind to our consumers. Face recognition technology enables transactions in our Super App and at our ATMs.

## Upholding business ethics

We are committed to maintaining the highest standards of corporate governance and constantly strive to improve our practices. The company’s corporate governance system is built in accordance with the norms and requirements of legislation in the Republic of Kazakhstan. However, we also aim for the best international practices into our approach.

Most of our transactions are also accompanied by an authentication process, whereby a transaction must be confirmed by a unique code, which is delivered to a consumer’s smartphone.

To ensure security of clients’ transactions in our Super App and website, certain documents in particular, relating to consumer finance products should be confirmed and signed through Kaspi e-Sign, an electronic signature that is required to confirm the identity of the borrower. The consumer receives e-Sign following face recognition identification and confirmation via a unique code.

We have reduced the percentage of transactions that get cancelled due to the suspicion of fraud to less than 0.1%.

As a preventive measure, we regularly inform and educate our customers through our Super App Kaspi.kz, the Kaspi Guide Q&A section and social networks such as [Instagram](#) and [Facebook](#).

## Tax policy

We diligently follow the requirements of the tax authorities of the countries in which we operate. In accordance with the current tax legislation of the Republic of Kazakhstan, Kaspi.kz has developed and approved by the Board of Directors its own Tax Accounting Policy, according to which the entire process of tax compliance takes place.

We have a separate authorized body, the Tax Accounting Division within the Accounting Department, responsible for the timely calculation of taxes and compliance with tax policy.

In addition to the requirements of the tax legislation of the Republic of Kazakhstan, financial reporting, including tax accounting, is carried out in accordance with International Financial Reporting Standards (IFRS). Tax reporting includes tax declarations, tax registers, annexes to them, subject to preparation and submission by types of taxes, other mandatory payments to the budget, mandatory pension contributions and social contributions, social health insurance contributions, as well as monitoring reports submitted.

In 2022, the total amount of corporate income tax paid by Kaspi.kz, amounted to KZT 133,420 million.

## Board of Directors

The Board of Directors is the primary supervisory body of the Company committed to the highest standards of corporate governance. The Board of Directors, among other functions, approves appointments to the Management Board of the Company, approves material acquisitions and disposals by the Company, and forms the audit and remuneration and strategic review committee.

## Principles of Corporate Governance

The Corporate Governance Code is a set of rules and recommendations that regulate the relations between the shareholders, Company’s internal bodies and other parties. The Corporate Governance of the Company is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. An effective corporate governance structure implies respect for the rights and interests of all persons interested in the activities of the Company and contributes to our successful operation in accordance with international norms, standards and legislation of the Republic of Kazakhstan, maintaining the financial stability and profitability.

Corporate governance related as well as investor relations related materials can also be found on the [website](#).

The Company has implemented corporate governance measures under which it has appointed three independent non-executive directors, two non-executive directors, one executive director, and has established two committees of the Board of Directors (the audit committee and the remuneration and strategic review committee), in each case chaired by nonexecutive independent directors.

All of the committees of the Board of Directors perform their duties on behalf of the Board of Directors, and the Board of Directors is responsible for constituting, assigning, co-opting and fixing the terms of service for the committee members.



**Vyacheslav Kim**  
**Chairman of the Board of Directors**

Vyacheslav is a co-founder of Kaspi.kz, with the company since its inception and currently serves as the Chairman of the Board of Directors. Vyacheslav is a prominent businessman with extensive experience in retail. He currently serves as a Member of the Board of Directors of Magnum, the largest hypermarket chain in Kazakhstan. He is also on the Board of Governors of the Physics and Mathematics School, the leading and most recognised high school in Kazakhstan. Vyacheslav is a Member of the National Investor's Council chaired by the President of the Republic of Kazakhstan. He graduated from Almaty State University, majoring in Finance.



**Mikheil Lomtadze**  
**Member of the Board of Directors and CEO**

Mikheil is a co-founder of Kaspi.kz and currently serves as CEO. He joined the company in 2007. From 1995 to 2000, Mikheil founded and managed GCG Audit, the leading strategy consulting and auditing firm in Georgia, which later became part of the Ernst & Young. In 2017, 2018, 2019, 2020, 2021 and 2022, he was named the best CEO in Kazakhstan according to the survey carried out by Forbes and PwC. Mikheil received a Bachelor's degree from the European School of Management (Georgia) and an MBA degree from Harvard Business School (2002). He is currently a member of Harvard Business School's Middle East & North Africa Advisory Board.



**Nikolai Zinoviev**  
**Non-Executive Director**

Nikolai serves as a Non-Executive Director of the Company. Nikolai was previously CEO and founder of Europlan, the largest car leasing company in Russia. Prior to that, he was Vice-President at the US-Russia Investment Fund, established by the United States government to provide equity and debt financing to small and medium size enterprises in Russia. Currently, Nikolai is founder and CEO of the leading B2B online marketplace Superbrands.ru.



**Douglas Gardner**  
**Independent Non-Executive Director**

Douglas (Doug) serves as an Independent Non-Executive Director of the Company. Doug has previously held Board and Audit Committee Chairman positions for retail companies, financial institutions, real estate development firms and family offices. He has provided advisory services to companies, focusing on their corporate governance and financial reporting processes. Prior to that, Doug held the post of Managing Partner for Ernst & Young Russia, Kazakhstan and CIS. He is a Certified Public Accountant. Doug graduated from the University of Oklahoma with a Bachelor's of Business Administration in Accounting.



**Alina Prawdzik**  
**Independent Non-Executive Director**

Alina serves as an Independent Non-Executive Director of the Company. Alina was previously Business Director for Meta, with responsibility for the its operations in Poland. Prior to that Alina was a Managing Partner at Innogy Innovation Hub, where she was responsible for operations in Central Eastern Europe and was a Head of its "Smart & Connected Buildings" investment focus. Earlier in her career, Alina worked at e-Bay.com as a Regional Manager responsible for European Emerging Markets and as a General Manager responsible for International Expansion Europe. Alina graduated from the University of Gdansk (Poland), majoring in International Trade.



**Szymon Gutkowski**  
**Independent Non-Executive Director**

Szymon serves as an Independent Non-Executive Director of the Company. Szymon is a Managing Partner of DDB Poland, the leading marketing strategy company in Poland. From 2014 to 2018, Szymon was President of the Polish Marketing Communication Association, and since 2017, he has been a Member of the Client Advisory Board of Facebook in Poland. Szymon is decorated with the Knights Cross of Polonia Restituta Order. He received a degree from Warsaw University in Theoretical Mathematics and an executive MBA from the joint program of the University of Illinois Urbana-Champaign and the International Management Centre of Warsaw University.

**Audit committee**

The audit committee comprises three directors, two of whom are independent, and meets at least four times a year. The audit committee is chaired by an independent director.

The audit committee is responsible for, among other matters: (i) overseeing the integrity of the Group’s consolidated financial statements, systems of internal control and compliance with legal and regulatory requirements; (ii) reviewing of the terms of appointment and remuneration of the independent auditors; and (iii) reviewing and approving the annual audit plan.

The audit committee is chaired by Mr. Douglas Gardner, with Mr. Nikolai Zinovyev and Mr. Szymon Gutkowski are the other committee members.

**Remuneration & strategic review committee**

The remuneration and strategic review committee comprises three directors, one of whom is independent, and meets at least four times a year. The remuneration and strategic review committee is chaired by an independent director.

The remuneration and strategic review committee is responsible for determining and reviewing, among other matters, the Company’s remuneration policies, compensation and benefits plans, including incentive compensation and equity-based plans. The remuneration and strategic review committee determines and reviews the remuneration of members of the Board of Directors and the Management Board.

The remuneration and strategic review committee is chaired by Mr. Szymon Gutkowski, with Mrs. Alina Prawdzik and Mr. Mikheil Lomtadze are the other committee members.

**Anti-corruption**

We understand the importance of integrity and transparency in everything we do. Corruption poses a serious threat to the stability and growth of both our business and the broader economic and social well-being of society. We are committed to promoting a culture of ethics and accountability and implementing robust anti-corruption measures to prevent, detect and respond to potential corruption and corruption risks.

**Anti-corruption measures**

The Company has an Anti-Corruption Policy approved by the Board of Directors. The Anti-Corruption Officer is the Chairman of the Board. He is responsible for organizing all activities aimed at meeting the requirements of the Anti-Corruption Policy, including the development of internal regulations preventing corruption, their implementation and control over their execution, as well as coordination and overall management of the activities to implement such measures. The responsible business area considers and assesses corruption risks specific to the activity in general and for certain areas, based on notifications received of alleged violations, as well as internal investigations.

**Anti-Corruption Training**

During the year, we actively conduct anti-corruption training.

Category	Number of people trained	Coverage of the total number of employees by category (%)
Board of Directors	6	100%
Governing body	4	100%
Management team	all employees	99.9%
Employees	all employees	99.9%

On our internal website, the Anti-Corruption Policy is available for review to all employees.

At the end of 2022, there are no confirmed cases of corruption. We regularly assess bribery risks and corruption risk. In 2022 based on our assessment, no corruption risks were identified.

# Other Information

Kaspi.kz Joint Stock Company was incorporated in the Republic of Kazakhstan in 2008. The Company is regulated by the National Bank of the Republic of Kazakhstan (“NBRK”) and the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (“the FMRDA”). The registered address of the Company is 154A, Nauryzbai Batyr street, Almaty, 050013, the Republic of Kazakhstan.

As at 31 Decembr 2022, Kaspi.kz Joint Stock Company is the parent of the following directly and indirectly held subsidiaries:

Subsidiary	Type of operation	Country of operation	Ownership as at 31 December 2022
Kaspi Pay LLC	Payment processing services	Kazakhstan	Directly (100%)
Kaspi Shop LLC	E-commerce	Kazakhstan	Directly (100%)
Kaspi Travel LLC	Online travel	Kazakhstan	Directly (100%)
Kaspi Bank JSC	Banking	Kazakhstan	Indirectly (98.95%)
ARK Balance LLC	Distressed asset management	Kazakhstan	Indirectly (100%)
Kaspi Office LLC	Real estate	Kazakhstan	Directly (100%)
Kaspi Group JSC	Holding Company	Kazakhstan	Directly (100%)
Digital Classifieds LLC	E-commerce	Azerbaijan	Indirectly (100%)
Portmone Group	Payment processing services	Ukraine	Indirectly (100%)
Kaspi Cloud LLC	Storage and processing of information	Kazakhstan	Indirectly (100%)
Kaspi Office 2 LLC	Real estate	Kazakhstan	Indirectly (100%)

For investor information, including our audited financial statements, company presentation, news and upcoming events please visit our investor relations website <https://ir.kaspi.kz/> or contact David Ferguson, Head of Investor Relations, [ir@kaspi.kz](mailto:ir@kaspi.kz).

## GRI content index

Appendix 1

Statement of use	JSC Kaspi.kz has reported in accordance with the GRI Standards for the period ended 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

## ESG Index

GRI Standard	Requirement	Link to the Report
2-1 ( Organizational details)	a) report its legal name; b) report its nature of ownership and legal form; c) report the location of its headquarters; d) report its countries of operation	<a href="#">p.44</a>
2-2 (Entities included in the organization’s sustainability reporting)	a) list all its entities included in its sustainability reporting  i. whether the approach involves adjustments to information for minority interests; ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; iii. whether and how the approach differs across the disclosures in this Standard and across material topics.	<a href="#">p.44</a>



GRI Standard	Requirement	Link to the Report
2-3 (Entities included in the organization's sustainability reporting)	a) specify the reporting period for, and the frequency of, its sustainability reporting;	<a href="#">p.4</a>
	c) report the publication date of the report or reported information;	<a href="#">p.5</a>
	d) specify the contact point for questions about the report or reported information	<a href="#">p.44</a>
2-5 (External assurance)	<p>a) describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved;</p> <p>b) if the organization's sustainability reporting has been externally assured:</p> <p>i) provide a link or reference to the external assurance report(s) or assurance statement(s);</p> <p>ii) describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</p> <p>iii) describe the relationship between the organization and the assurance provider.</p>	No external verification has been performed.

GRI Standard	Requirement	Link to the Report
Disclosure 2-7 Employees	<p>report the total number of employees and a breakdown of this total by gender and by region;</p> <p>permanent temporary non-guaranteed part time full time</p>	<a href="#">p.22</a>
GRI 103: MANAGEMENT APPROACH	<p>103-1 Explanation of the material topic and its Boundary</p> <p>103-2 The management approach and its components</p> <p>103-3 Evaluation of the management approach</p>	<a href="#">p.4</a>
GRI 201: ECONOMIC PERFORMANCE	<p>201-1 Direct economic value generated and distributed</p> <p>201-2 Financial implications and other risks and opportunities due to climate change</p> <p>201-3 Defined benefit plan obligations and other retirement plans</p>	<a href="#">p.6</a>
GRI 203: INDIRECT ECONOMIC IMPACTS	<p>203-1 Infrastructure investments and services supported</p> <p>203-2 Significant indirect economic impacts</p>	<a href="#">p.6</a>



GRI Standard	Requirement	Link to the Report
GRI 205: ANTI-CORRUPTION	205-1 Operations assessed for risks related to corruption	<a href="#">p.42</a>
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
207: TAX	207-1 Approach to tax	<a href="#">p.38</a>
	207-2 Tax governance, control, and risk management	
	207-3 Stakeholder engagement and management of concerns related to tax	
	207-4 Country-by-country reporting	
GRI 301: MATERIAL	301-2 Recycled input materials used	<a href="#">p.26, Appendix 2, section C</a>
GRI 302: ENERGY	302-1 Energy consumption within the organization	<a href="#">p.26, Appendix 2, section C</a>
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
GRI 303: WATER AND EFFLUENTS	303-5 Water consumption	<a href="#">p.26, Appendix 2, section C</a>

GRI Standard	Requirement	Link to the Report
GRI 305: EMISSIONS	305-1 Direct (Scope 1) GHG emissions	<a href="#">p.26, Appendix 2, section C</a>
	305-2 Energy indirect (Scope 2) GHG emissions	
GRI 306: EFFLUENTS AND WASTE	306-5 Waste directed to disposal	<a href="#">p.26, Appendix 2, section C</a>
GRI 401: EMPLOYMENT	401-1 New employee hires and employee turnover	<a href="#">p.18, Appendix 2, section B</a>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-1 Occupational health and safety management system	<a href="#">p.23</a>
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	

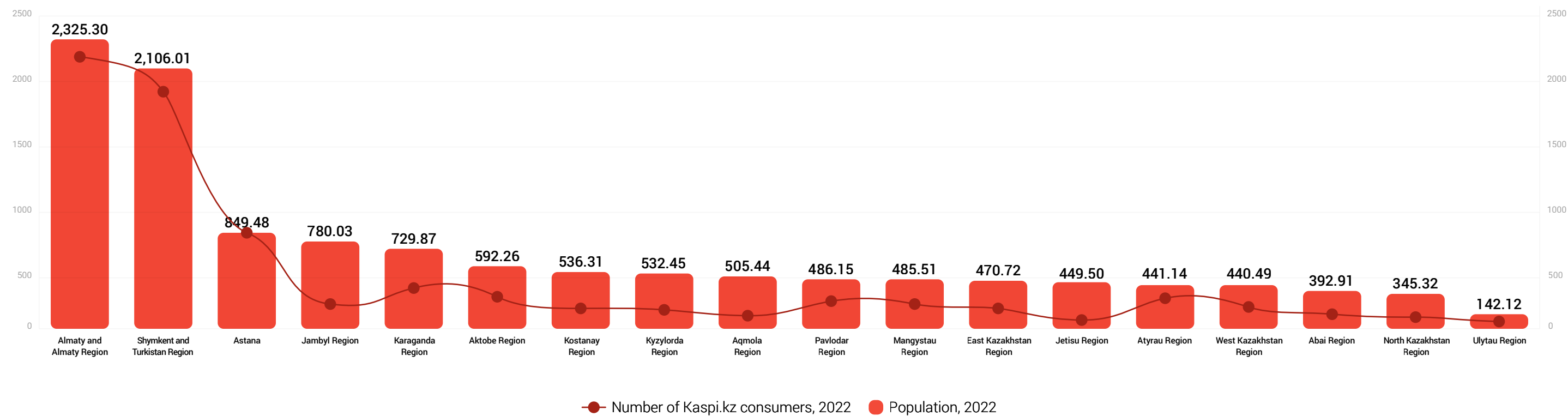
GRI Standard	Requirement	Link to the Report
GRI 404: TRAINING AND EDUCATION	404-1 Average hours of training per year per employee	<a href="#">p.24</a>
	404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">p.20, Appendix 2, section B</a>
	404-3 Percentage of employees receiving regular performance and career development reviews	<a href="#">p.21</a>
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	405-1 Diversity of governance bodies and employees	<a href="#">p.39, Appendix 2, section D</a>
GRI 406: NON-DISCRIMINATION	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination in 2022, 2021, 2020
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">p.23</a>
GRI 408: CHILD LABOR	408-1 Operations and suppliers at significant risk for incidents of child labor	<a href="#">p.23</a>
GRI 409: FORCED OR COMPULSORY LABOR	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">p.23</a>
GRI 418: CUSTOMER PRIVACY	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">p.37</a>

# A. Social innovation

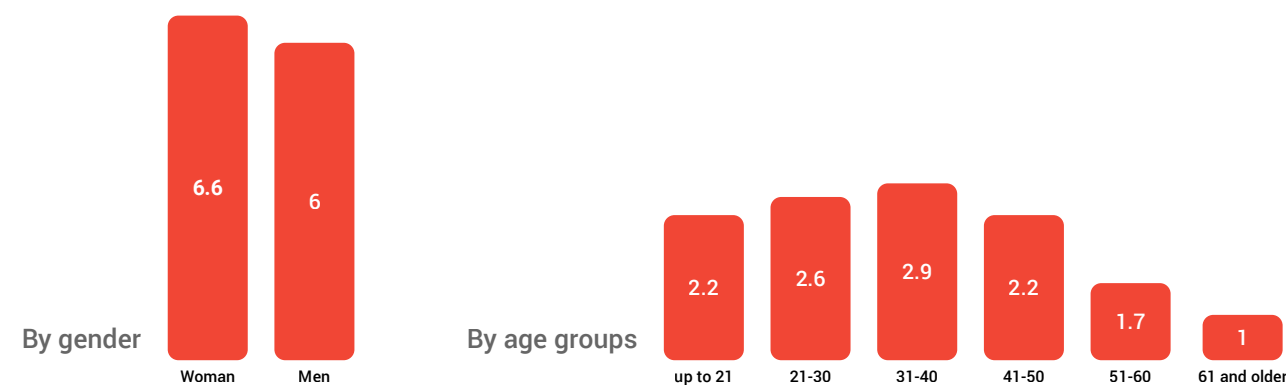
## Appendix 2

Promoting economic opportunity for SMEs & entrepreneurs

Kaspi.kz consumers by regions



Kaspi.kz consumers by gender and age groups (mn)



Kaspi.kz as a tool for charitable giving

Charity volume of Kaspi.kz consumers

Index	2020	2021	2022
Number of organizations that received support through Kaspi.kz	29	53	68
Number of benefactors	1,130,465	2,965,352	8,844,185
Volume of donations, KZT	1,492,822,876	3,459,518,828	8,784,349,044

## B. Employees and culture

### Employees

Index	Total	Including by gender groups				including by age group		
		men		women		Up to 30 years old	30–50 years old	Over 50 years old
Total headcount	7,802	3,627	46%	4,175	54%	3,686	3,731	385
in leadership positions	1,051	520	49%	531	51%	187	768	96
In non-managerial positions	6,751	3,107	46%	3,644	54%	3,499	2,963	289

Employee composition at the end of 2022 by regions	2020	2021	2022
	<b>9,310</b>		<b>7,802</b>
Headquarter + Almaty	4,933	4,695	5,151
Aktau	256	182	144
Aktobe	292	195	151
Astana	509	388	400
Atyrau	233	188	154
Jezkazgan	122	1	42
Karaganda	365	320	226
Kokshetau	129	82	63
Kyzylorda	214	159	134
Pavlodar	231	153	116
Petropavl	203	176	151
Semey	116	86	61
Taldykorgan	169	102	49
Taraz	210	169	63
Turkistan	195	176	160
Oral	71	46	40
Oskemen	211	149	123
Shymkent	206	249	146
Other	645	307	428

### Parental leave

Index	Total	Including	
		men	women
Number of employees eligible for parental leave in 2022	2,349	577	1,772
Number of employees who took parental leave in 2022	613	6	607
Number of employees who returned to work in the reporting period (2022) after the end of parental leave	338	2	336
Number of employees expected to return to work in 2022 after the end of parental leave	738	5	733
Number of employees who returned to work in the previous period (2021) after the end of parental leave	493	2	491
Number of employees who returned to work after the end of parental leave in the previous reporting period who were still working through 12 months after they returned to work	360	2	358
Return to work rate	46%	40%	46%
Job retention rate	73%	100%	73%

Training and development

Learning outcomes by group at the end of 2022	For all employees		By gender		By category		
	Number of people	Number of hours	Men	Women	Top management	Management positions	Non-management positions
					Number of hours		
Internal remote	8,374	66,992	25,368	41,624	56	7,240	59,696
Internal full-time	3,514	56,224	18,160	38,064	-	14,816	41,408
External remote	423	13,536	7,616	5,920	96	2,656	10,784
External full-time	626	10,016	6,400	3,616	160	3,408	6,448
Total	9,061	146,768	57,544	89,224	312	28,120	118,336
Average number of hours of training	-	20	-	-	15.6 hours (20 employees)	23.5 hours (1,199 employees)	15,1 hours (7,842 employees)

Index	2020	2021	2022
The ratio of the annual remuneration of the organization's highest paid employee to the median annual total remuneration for all employees except the highest paid employee	56	48	33
Percentage growth in annual remuneration of the highest paid employee	-	0%	0%
Percentage growth in median annual total remuneration for all employees	-	17%	44%
Growth percentage ratio	-	0	0

C. Environmental Sustainability

Office Paper Consumption Dynamics

Paper consumption	2020	2021	2022
Reams of A4 paper, pieces	204,848	113,531	54,001
A4 paper weight, tons	512	284	135
Reduction YoY		52%	45%

Materials submitted for recycling in 2022

Materials	2022
Wastepaper	43K.kg
Metal	21K.kg
Furniture	26K.kg
Fluorescent lamps	960 pcs.
Batteries	156 kg
Tires	2K.kg



## Volume of greenhouse gas emissions (Scope 1 and Scope 2)

	2020	2021	2022
<b>Scope 1</b>			
<b>Stationary sources</b>			
CO <sub>2</sub> ( gigagram CO <sub>2</sub> )	212.51636	59.47282	60.84987
CH <sub>4</sub> (tons CH <sub>4</sub> )	0.0086	0.0024	0.0025
N <sub>2</sub> O ( gigagram N <sub>2</sub> O )	0.0017	0.0005	0.0005
<b>CO<sub>2</sub>e(tonnes CO<sub>2</sub>e)</b>	<b>212.76</b>	<b>59.5</b>	<b>60.9</b>
<b>Mobile sources</b>			
CO <sub>2</sub> ( gigagram CO <sub>2</sub> )	64,760.6	121,727.3	56,687.9
CH <sub>4</sub> (tons CH <sub>4</sub> )	4.495	8.454	3.935
N <sub>2</sub> O ( gigagram N <sub>2</sub> O )	4.495	8.454	3.935
<b>CO<sub>2</sub>e(tonnes CO<sub>2</sub>e)</b>	<b>64,886.5</b>	<b>121,964.0</b>	<b>56,798.1</b>
<b>Scope 2</b>			
<b>Electric Energy</b>			
CO <sub>2</sub> ( tonnes CO <sub>2</sub> )	53,320.9	66,909.7	62,467.3
<b>Thermal energy</b>			
CO <sub>2</sub> ( tonnes CO <sub>2</sub> )	3,480.7	1,586.9	1,310.2
<b>Total (Scope 1.2)</b>			
<b>CO<sub>2</sub> ( tonnes CO<sub>2</sub> )</b>	<b>121,900.84</b>	<b>190,520.22</b>	<b>120,636.46</b>

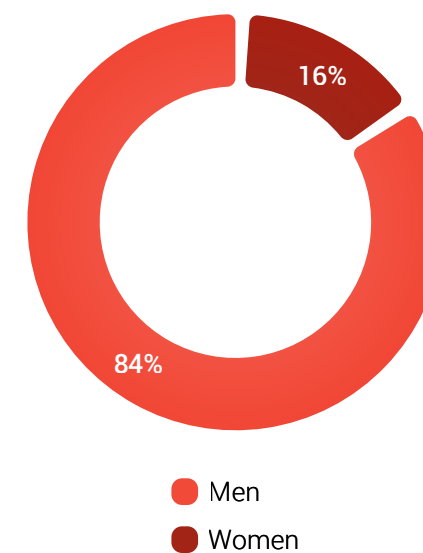
## Volume of greenhouse gas emissions (Scope 1 and Scope 2)

Type of fuel	2020	2021	2022
Diesel fuel, l	86,732	24,272	24,834
Gasoline, l	223,955	289,271	202,655
Gas, thousand m3	34,475	59,952	27,844

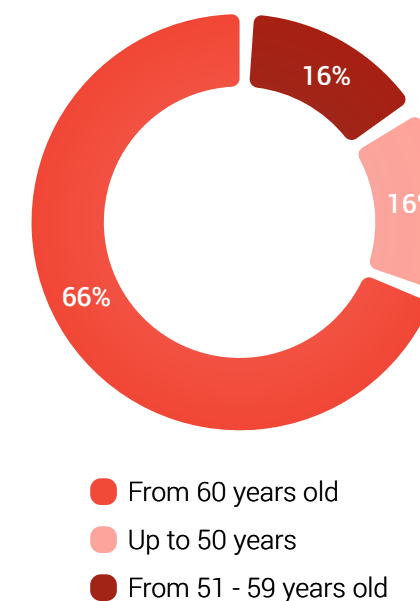
## D. Responsible business practices

### Board of Directors

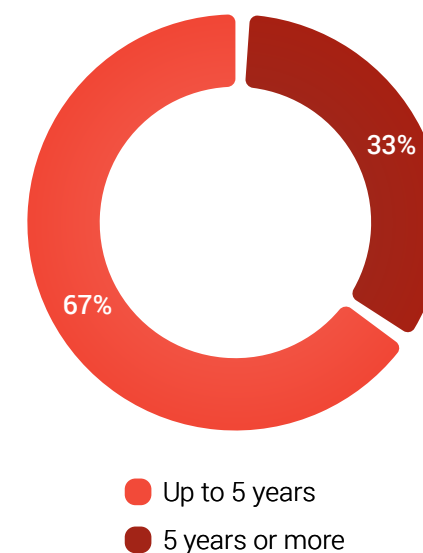
Gender Structure of the Board of Directors



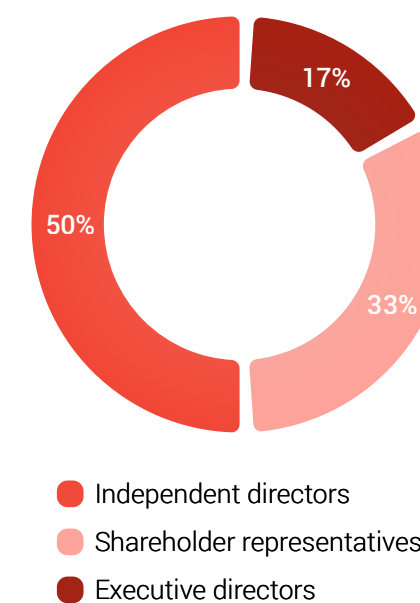
Structure of the Board of Directors by age



Term of service on the Board of Directors of the Company



Structure of the Board of Directors



Skills and experience	V. Kim	M. Lomtadze	N. Zinovyev	D. Gardner	A. Prawdzik	S. Gutkowski
Business strategy	✓	✓	✓	✓	✓	✓
Corporate governance	✓	✓	✓	✓	✓	✓
Financial services	✓	✓	✓	✓		
Risk Management	✓	✓	✓	✓	✓	✓
Marketplace		✓	✓		✓	
Payments		✓	✓			
Innovations and Technology		✓	✓		✓	✓
Audit				✓		✓
Marketing	✓	✓				✓
ESG	✓					✓

