

Guidance

for compiling and publishing reports on sustainability,
social responsibility and corporate governance criteria

Bishkek-2023

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1. GENERAL PROVISIONS

1.1. This Environmental, Social Responsibility and Corporate Governance Reporting Guidelines (hereinafter referred to as the Guidelines) have been developed on the basis of the United Nations (UN) Sustainable Stock Exchanges Initiative, under which the Kyrgyz Stock Exchange CJSC (hereinafter referred to as the Exchange) will make every possible effort to achieve the Sustainable Development Goals.

1.2. In preparing the Guidelines, the model recommendations of the UN Stock Exchange Guidelines Initiative, as well as the best practices for implementing the principles of sustainable development of the member exchanges of the Initiative and existing standards, were used. The fundamentals of the Guidelines are formulated on the basis of the following documents:

- Global Reporting Initiative (GRI) standards;
- Sustainability Accounting Standards Board (SASB);
- Guidance on Key Indicators for Business Reporting on Contribution to the Sustainable Development Goals (UNCTAD).
- International Finance Corporation (IFC) ESG standards, including the IFC Environmental and Social Performance Standards, its Corporate Governance Methodology, and the Disclosure and Transparency Toolkit.

1.3. The Guidelines are the result of the generally accepted standardization of mandatory disclosure of information in accordance with the legislation of the Kyrgyz Republic and the Listing Rules of the Kyrgyz Stock Exchange CJSC, as well as the desire to bring the activities of companies in terms of information disclosure in line with the International requirements for environmental friendliness, social responsibility and corporate governance (Environmental, Social and Governance (ESG)).

1.4. This Guide does not contradict the internal documents of the Exchange, but supplements them in order to promote more conscious / responsible behavior of companies in matters of environmental friendliness, social responsibility and corporate governance, including to improve the investment climate in the Kyrgyz Republic.

1.5. This Guidance supports the adoption by companies and/or (if required) the implementation of the 2020-approved Corporate Governance Code of the Kyrgyz Republic. In doing so, priority should be given to sustainability activities, the adoption and implementation of appropriate ESG policies and the Environmental and Social Risk Management (ESRM) Framework, the application of ESG principles by partners, and the annual publication of ESG reports.

1.6. Those companies for which the current Code of Corporate Governance of the Kyrgyz Republic is mandatory on a “comply or explain” basis are required to apply this Guidance when preparing and publishing their ESG reports. For all other companies, the use of the Guidelines when preparing ESG reports is voluntary and may be recommended by the Board of Directors of Kyrgyz Stock Exchange CJSC for inclusion in the Listing Rules of the Exchange in terms of reporting by listed companies, and can also be used by any other legal entities implementing the principles sustainable development.

2. TERMS AND DEFINITIONS

- 1) **Stakeholders** – natural or legal persons who have a certain interest in the activities of the organization and its successful development. The main stakeholders are shareholders (participants), management, employees, investors, customers, creditors, suppliers, government, local communities and international organizations.
- 2) **UN Initiative "Sustainable Stock Exchanges" (Sustainable Stock Exchanges)** – a UN project to stimulate corporate investment in sustainable development based on the principles of responsible investment.
- 3) **UN Sustainable Development Goals** – The UN plan, approved in 2015, which aims to achieve the goals of sustainable development of member states without negative environmental impact.
- 4) **Integrated report** – a document that provides information about how the strategy, management, performance and prospects of the organization in the context of its external environment create, maintain or reduce value in the short, medium and long term.
- 5) **Principles of Responsible Investment (PRI)** is a set of principles (6 principles), the purpose of which is to reduce the risks from long-term investment by introducing an environmental, social and corporate (ESG) component into investment strategies.
- 6) **ESG report (Environmental, Social and Governance)** – a report published by a company or organization on environmental impact, social responsibility and corporate governance (ESG). This allows the company to be more transparent about the risks and opportunities it faces.
- 7) **ESRM (ESRM)** – Environmental and Social Risk Management) is an approach to risk management that integrates the assessment of environmental and social risks into the overall credit and risk management process of a financial institution/
- 8) **CCG KR** – Corporate Governance Code of the Kyrgyz Republic, approved by the State Service for Regulation and Supervision of the Financial Market under the Government of the Kyrgyz Republic (Order No. 263-P dated December 30, 2020).

3. PURPOSE OF THE ESG REPORT

3.1. In 1987, the International Commission on Environment and Development (WCED) emphasized the need for "sustainable development" in which "meeting the needs of the present does not undermine the ability of future generations to meet their own needs." This formulation of the concept of "sustainable development" is now widely used as the main formulation in many countries.

3.2. One of the main international acts on sustainable development is the document "Transforming our world: the 2030 agenda for sustainable development", adopted in 2015 by the Resolution of the UN General Assembly, which includes an indication of 17 global sustainable development goals. In particular, this document is a call to companies to conduct business responsibly, aimed at sustainable progressive development, taking into account social and environmental factors.

3.3. Against the backdrop of a global trend, the interest of stakeholders in non-financial information of companies has significantly increased, including in terms of making investment decisions. In this regard, the principle of responsible investment comes to the fore, when great importance is attached to the company's commitment to sustainable development, its ability to conduct daily activities, focusing on environmental factors (preservation of the environment, rational use of resources, reduction of emissions and pollution), social factors (social trends, demographic changes, gender issues, community relations, employee relations and health and safety issues), as well as corporate governance factors (internal organization structure, full consideration of shareholder rights, transparency).

3.4. Responsible investing also implies a reasonable ratio of risk and return, since the risks associated with ESG factors are highly likely to transform into financial risks, which can ultimately lead to a decrease in the value of the company's assets. This Guidance has been developed with the aim of minimizing risks in the future and adapting companies of the Kyrgyz Republic to global changes in the field of sustainable development, as well as to understand the scope of disclosure of non-financial information.

3.5. ESG Reporting is also critical for companies in the Kyrgyz Republic to take advantage of emerging sustainable finance mechanisms (including green and sustainability taxonomy) and financial product innovations (e.g. green bonds and loans, bonds and loans for social and sustainable development, as well as bonds and loans related to sustainable development). These mechanisms help companies with more advanced ESG governance and reporting to raise capital directly - and on better terms - from responsible investors and seek sustainable investments.

3.6. The main objectives of disclosure of non-financial information by companies in the Kyrgyz Republic are as follows:

- raising the level of awareness of companies in the Kyrgyz Republic about the importance of preparing ESG reports;
- integration of ESG factors into the composition of information disclosed about the activities of companies;
- increasing the level of stakeholder confidence in the activities of companies through ensuring transparency on issues related to ESG factors;
- increasing the investment attractiveness of companies by attracting the attention of investors who use a responsible approach to investing;
- stimulating the transition of companies to sustainable development using the generally accepted goals of sustainable development;

- encouraging companies to develop their own sustainable development strategies and policies and integrate them into business processes;
- managing ESG risks by receiving feedback on disclosed information, which is then used to improve the company's activities, and understanding and disclosing non-financial public reporting on ESG factors.

4. SUPPORT FOR NATIONAL PRIORITIES

4.1. The purpose of the Guidance on Compiling and Publishing Environmental, Social Responsibility and Corporate Governance Reporting is to prepare the market in the Kyrgyz Republic for increased regulatory pressure on sustainability reporting worldwide, including disclosure standards currently under development such as IFRS." General Requirements for Disclosure of Financial Information Relating to Sustainable Development and Climate Change Disclosures (IFRS S1 and S2), European Sustainability Reporting Standards (ESRS) and standards of the Task Force on Climate Financial Disclosure (TCFD). These standards are in addition to several existing sustainability reporting standards and requirements, from regulations such as the EU Non-Financial Reporting Directive (NFRD) to Exchange listing requirements and voluntary standards such as the Global Reporting Initiative (GRI) standards. , the Sustainable Development Accounting Standards Board (SASB) and the Task Force on Climate Financial Disclosure (TCFD).

4.2. ESG reporting is important for the Kyrgyz Republic to monitor the contribution of the private sector to meeting the country's commitment to climate change mitigation under the Paris Agreement¹. The role of companies is critical to ensure that the Kyrgyz Republic fulfills its obligations under the Paris Agreement, as the country's main climate change mitigation potential lies in sectors such as energy, agriculture, forestry and other land-related sectors.

4.3. Within the framework of the existing regulatory framework, the CCG KR plays an important role. The ESG and ESRM must form an integral part of the company's corporate governance system, and the company must prepare and publish an ESG Report annually. The CCG KR also defines the principles for preparing ESG reporting, includes recommendations on the structure and content of the ESG Report, and also provides guidance on the formation of the company's internal regulatory framework, corporate and organizational structures and corporate governance practices for the formation and maintenance of proper ESG reporting.

4.4. This Guide is a tool to assist companies in implementing the CCG KR in terms of ESG reporting.

4.5. ESG reporting plays a critical role in promoting sustainable finance in Kyrgyzstan and supports key elements of the country's sustainable finance system, including:

- Promoting the integration of ESG as a defense against "green camouflage" (green washing) in reporting.
- A guiding framework for climate and gender reporting.
- Capacity building for financial institutions' annual public reporting on environmental and social risk management and capital allocation to green, socially inclusive and sustainability-oriented assets.

¹ See Nationally Determined Contribution (NDC) of the Kyrgyz Republic

- Guidance on reporting and disclosure to support the development of the green bond market in Kyrgyzstan.
- Integrating ESG aspects into the use of proceeds can also enhance the impact of green bonds.
- Incorporates high quality data collection, reporting and disclosure into the sustainable financing process.

5. ESG REPORT PRINCIPLES

5.1. When compiling the ESG Report, organizations should be guided by the following principles:

legality

The company's corporate decisions and the actions and performance of its directors and managers in relation to ESG reporting must comply with all applicable legal requirements and regulatory standards.

Transparency

The ESG Report must disclose information about the internal processes for collecting and managing ESG data, including how the document was compiled, the methods used, the data collection procedure, as well as information about the persons who participated in the development of the ESG Report.

Reliability

The information provided to users must comply with all principles of documentation in order to create confidence in the ESG Report from stakeholders and shareholders. The ESG Report must disclose information about the internal processes for collecting and managing ESG data, including how the document was compiled, the methods used, the data collection procedure, as well as information about the persons who participated in the development of the ESG Report.

To increase reliability, it is advisable that the information included in the ESG Report be subject to the company's internal control. For listed companies, ESG information may also be independently verified in accordance with international best practice for external validation of ESG information and data.

Comparability

The information in the ESG Report should be presented in such a way as to enable users to analyze the results of activities over time and compare them with the results of other organizations. The comparability of information is facilitated by the use of general ESG indicators, including those commonly used for specific sectors. The methods used to calculate the data must remain unchanged and any changes must be explained.

Stakeholder engagement

In the process of writing an ESG Report, an organization should involve stakeholders in the discussion, whose opinion is an important component for the detailed preparation of the ESG Report, since their participation favorably influences the expression of a common point of view. Stakeholder engagement should also help identify issues that are most significant to the company and its stakeholders (see description of Materiality below).

Materiality

Only material ESG information should be included in the ESG Report. Material ESG information is defined as information about the significant economic, environmental and social impacts that companies have or matters that have a significant impact on the assessments and decisions of stakeholders, including investors. (See Table 1 "The concept of materiality for sustainable development"). It is also recommended to disclose (describe) the process for determining material ESG information.

Objectivity

The preparation of the ESG Report must be accompanied by an impartial attitude to the collection, study and communication of existing information to users in order to provide an objective picture of the company's activities over a certain period of time.

Timeliness

The ESG report should be submitted in a timely manner, as timely submission is seen as one of the qualitative characteristics of reporting, thus providing ready-made forecasts and influencing the future decision of the investor and other users.

Table 1. The concept of materiality for sustainable development

The concept of materiality was originally introduced for corporate financial reporting to provide disclosures that a reasonable investor would consider important in making an informed decision (IFRS). With the advent of sustainability reporting, this concept is also being used to assess disclosure of information about the significant economic, environmental and social impacts that companies have or issues that have a significant impact on the assessments and decisions of stakeholders other than investors (GRI).

The concept of double materiality

Based on these two interrelated objectives, the European Union Non-Financial Reporting Directive (NFRD) and the Draft European Sustainability Reporting Standards have adopted the concept of dual materiality, which has the following two components:

- Financial materiality relating to the "development, results of operations [and] position" of the company,
- Environmental and social materiality, referring to the "impact of the company's activities".



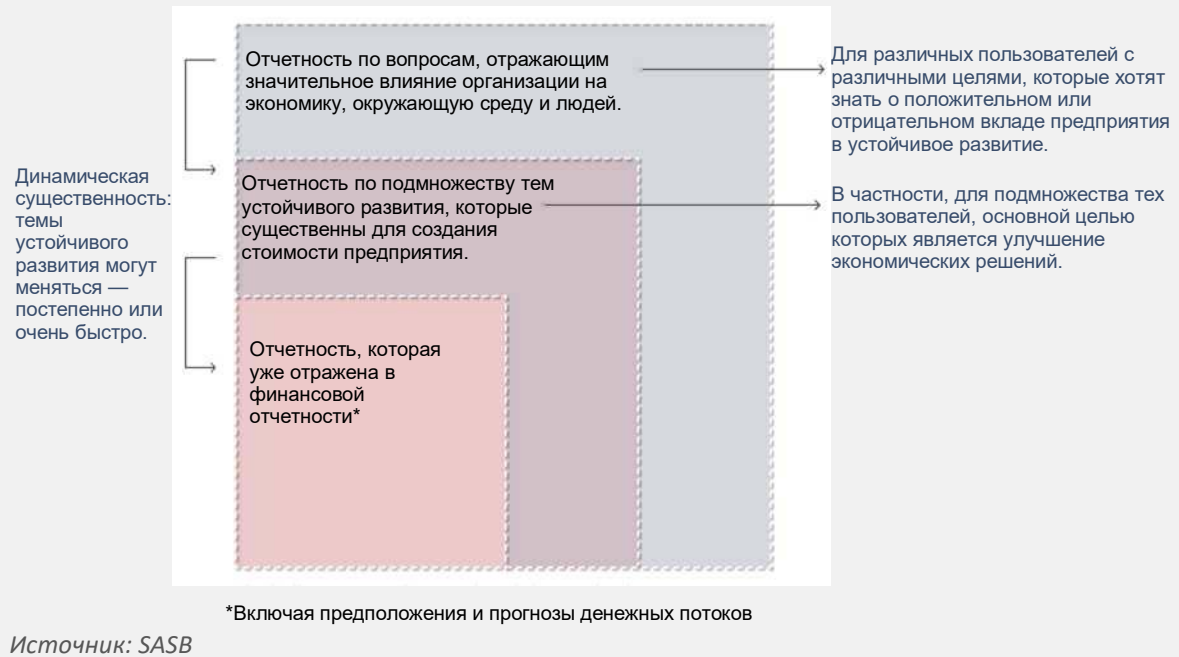
Source:
European Commission

Therefore, when considering which ESG matters should be disclosed, banks and other financial institutions should consider ESG risks and ESG opportunities that could have a material impact on a company's operations and financial results, or have a material impact on the economy, environment and society.

At some level, both components of the concept of dual materiality become linked, as significant stakeholder or environmental impacts can translate into internal impacts on operational performance through reputation, regulation, license to operate, and the availability, accessibility, and quality of capital.

This is what was reflected in the concept of “dynamic materiality”, which was introduced to reflect the changing nature of sustainability issues, the circle of users of this information and the impact on the results of the company's activities.

Table 2. The concept of dynamic materiality



6. ABOUT ESG QUESTION MANAGEMENT

6.1. An important role in the preparation of the ESG Report is played by a reasonable and uniform reflection of the company's operating performance for the reporting period in order to provide a holistic view of the organization as a strategically sustainable economic entity, which will show the organization's significant impacts (direct and indirect) on the environment, social environment and corporate culture.

6.2. The ESG Report should describe the key environmental and social factors that the organization faces in the short and medium term, including an analysis of how a key set of generally accepted environmental and social issues affect the company (see Sections 7 and 8 below), as well as issues specific to a particular industry or business model (see Appendix 2: Industry Guidelines for ESG Reporting).

6.3. The ESG Report should describe a method for assessing key environmental and social factors, including the impact on internal and external stakeholders and how this affects the overall performance of the company, its strategy and risk profile. This includes:

- Large-scale trends (macroeconomic or political) that directly or indirectly affect the organization and its priorities in the field of social and environmental issues;
- Analysis of the impact of national and international standards on environmental and social obligations on the organization, in order to change the development policy of the organization through internal discussion;
- The impact of the organization's activities on stakeholders, by including statistical indicators of its impact on them and the organization's consistent transition to a socially-oriented setting to reduce negative consequences in the future;

- Reflection of events that were important for the organization for the entire reporting period, including the achievement of actual results with the set goals or failure to achieve goals in a certain part, in the process of implementing the company's policy;
- The main challenges that the organization will face next year and ways to solve them, as well as goals for the next 5 years.

6.4. The ESG Report should describe the company's policy, strategy, governance and management system aimed at maximizing the social benefits and minimizing the environmental and social impacts of its activities, products and services, and supply chain, with particular attention to material issues. They should include:

- Organizational structure and capacity to manage ESG factors;
- Existence of ESG policies and procedures for the systematic assessment of environmental and social impacts and the development of appropriate environmental and social measures;
- A method for assessing the sustainability of strategic plans for certain scenarios and using this assessment to determine the strategic stability and resilience of an organization's business to likely environmental and social risks by adjusting internal corporate policies. A process that exists within a company to ensure that the views of stakeholders are taken into account in the management of the company (other than the reporting process);
- Key Performance Indicators (KPIs) and targets set as part of the strategy for evaluating and monitoring ESG performance (see Appendix 1 below for a list of ESG KPIs).

6.5. The ESG Report should also consider the impact of ESG factors on the overall strategy of the company and its operating and financial performance.

7. INFORMATION ON CRITERIA FOR ENVIRONMENTAL RESPONSIBILITY

7.1. The information relating to the criteria for an organization's environmental responsibility specified in the ESG Report is intended to reveal the most important issues in the field of responsible approach to the issue of environmental impact during the reporting period.

7.2. This section of the ESG Report specifies the following criteria:

Energy consumption and energy saving

Describes all types of energy sources (including solid fuels) consumed by the organization during the reporting period, including the possible production and supply of energy to other organizations, while the quantity and volume are prescribed appropriately. It is necessary to indicate the existence of possible strategic projects to increase the role of alternative energy sources and the transition to such development of this industry, and to reduce the use of non-renewable energy sources. The mechanisms and standards of energy consumption adopted by the organization are given.

Greenhouse gas emissions

This section discloses the volume of direct or indirect emissions of greenhouse gases and ozone-depleting substances into the atmosphere, using the international system of units of physical quantities to reflect the full result of the assessment of the impact of activities on the atmosphere for the reporting period. It also indicates the presence of measures taken by the organization to reduce emissions of harmful

substances into the atmosphere, expressed in terms of reducing emissions of greenhouse gases and ozone-depleting substances based on the methods used by the organization.

Water consumption

The following information is indicated: the source from which water is taken, the area of the source and to which group it belongs. The annual volume of water withdrawn should be described, expressed in a system of units of physical quantities. Environment protection

This section describes the impact of the organization on the biodiversity of the area in which the organization operates. In particular, the ESG Report should include information on protected areas and local biota that have been impacted by the organization, and therefore should indicate changes that have occurred in the environment. Describe the measures taken by the organization in terms of policy, the creation of a special committee for biodiversity conservation, biota restoration and reclamation of the territory; In addition to funding for recovery projects, effective funding and recovery processes need to be monitored.

Air pollution

The following should be reported: total amount of pollutants emitted to the atmosphere, including NO_x (excluding N₂O), SO_x, volatile organic compounds (VOC), particulate matter (PM). Emissions of each type of pollution in areas with high population density should be described.

Waste management

The total amount of waste generated during the reporting period should be indicated, followed by their ranking by type of generation and method of disposal. The types of waste processing should be described in detail, or the method of disposal of the resulting waste should be disclosed, as well as the standards of the organization for the processing and neutralization of waste.

Hazardous Materials Management

An assessment should be made of the production, transportation, processing, storage and use of hazardous materials for the company's operations to consider substitutes that are less hazardous, as well as to avoid the production, trade and use of chemicals and hazardous materials that are subject to international prohibition, or to phase out them due to their high toxicity to living organisms, resistance to environmental influences, ability to bioaccumulate; and such measures should be described in the ESG Report.

Changing of the climate

This section examines the compatibility of an organization's business model with changing regulations, consumer preferences and market expectations associated with climate change. The Task Force on Climate-Related Financial Disclosure (TCFD) proposes disclosure of the risks and opportunities for businesses associated with the transition to a low-carbon economy, as well as the risks associated with the physical impacts of climate change.

Table 3. TCFD recommendations on financial disclosures related to climate change

Management	Strategy	Management of risks	Metrics and targets
Disclose information about the organization's management of climate-related risks and opportunities.	Disclose the actual and potential impact of climate-related risks and opportunities on the organization's business, strategy and financial planning, where such information is material.	Disclose how the organization identifies, assesses and manages climate-related risks.	Disclose indicators and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.
Recommended Disclosure			
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities that the organization has identified in the short, medium and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in accordance with its risk management strategy and process.
b) Describe the role of leadership in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose the amount of greenhouse gas (GHG) emissions of Scope 1, Scope 2 and, if applicable, Scope 3, and the associated risks.
	c) Describe the sustainability of the organization's strategy, taking into account various climate-related scenarios, including a 2°C or lower scenario.	c) Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the goals used by the organization to manage climate-related risks and opportunities, and the progress made towards achieving the goals.

Source: TCFD

8. INFORMATION ON THE CRITERIA OF SOCIAL RESPONSIBILITY

8.1. The information relating to the social responsibility of the organization, specified in the ESG Report, is intended to disclose the most important issues, including the necessary aspects for the majority of stakeholders, during the reporting period.

8.2. This section of the ESG Report specifies the following criteria:

Employment

It is necessary to disclose the following information: the total number of employees at the time of the ESG Report, the existing staff turnover and the reasons for its occurrence, new employees hired during the reporting period. Workers should be ranked appropriately by region, age group and gender.

Employee rights, employee relations and treatment of employees

This section refers to steps or efforts taken by the company to maximize the economic well-being of employees, including efforts to support freedom of participation in association and collective bargaining, as well as to ensure equal treatment and non-discrimination of gender, ethnicity or other discrimination and, if applicable, to minimize the risk of forced and child labor in the company's operations and its supply chain.

Occupational health and safety in the workplace

It is necessary to describe the existence of an occupational health and safety system for employees in the workplace. Indicate the total number of employees (including non-staff and workers who were hired on a temporary basis) who were injured at work; describe their types in terms of such indicators as injury rate (RT), occupational morbidity rate (ODC), lost days rate (DPI), absenteeism rate (AOR), including fatal cases. Describe the organization's employee safety policy or program to reduce hazardous events.

Raising the educational and professional technical level, advanced training

Indicate the period, conditions and amount of time spent on employee training for the purpose of professional retraining. Is there a list of programs for advanced training of newly hired employees for the purpose of their personal and professional growth, including additional education. It is necessary to describe the number of employees who have undergone retraining and passed the test in accordance with the performance appraisal.

Diversity, Equal Opportunity and Non-Discrimination

This section is accompanied by a description of existing internal policies or programs aimed at ensuring equal opportunities, indicating the percentage of the total number of employees, which should then be broken down based on age, gender, region of origin. It is necessary to describe the basic wage rate for employees of lower, middle and higher levels, the number of women and men represented in the leadership positions of the organization.

Community Engagement and Complaints Mechanisms

Describe a strategy for effectively managing the company's impact on the area. Indicate the existence of relevant committees established for consultation with representatives of the local population, joint monitoring of environmental impacts, including mechanisms for receiving and addressing complaints, and reviewing the activities of the organization.

It is necessary to describe the procedure for external communications, i.e. methods of receiving and registering external communications from the public; evaluating and solving problems, and reporting the results.

Product Responsibility

This section should indicate the performance indicators of the organization's responsibility for its products and the impact of these products on the health and safety of consumers during the reporting period. It is

necessary to provide the following information: cases when the organization was held liable for non-compliance with state standards in the form of a fine, or received a warning, as well as the total number of complaints received from consumers against the organization due to the poor quality of the goods, and the number of returned goods with defects.

Health, safety and protection of the local population

Risks and impacts on the health and safety of affected communities and related preventive and control measures in line with international best practice (GIIP).

Confidential information

Indicate the measures taken by the organization to prevent leakage and theft of data. The list of information that has the status of confidential should be divided into three types, namely, information constituting a trade secret, confidential information relating to the personal data of employees, and confidential information relating to the personal data of consumers.

Anti-corruption practice

Describes the measures taken by the organization to combat corruption at the system level, including descriptions of the organization's policy. In case of violations in compliance with the anti-corruption policy of the organization by employees, indicate their total number for the reporting period, measures taken in relation to employees and their departments. Specify the procedure for interaction with law enforcement agencies to detain and prosecute persons involved in corrupt activities, both from third parties and from employees of the organization.

Sources and supply chain

This section refers to steps or efforts taken by a company to minimize environmental and social impacts in the supply chain, including by monitoring the working conditions and environmental impacts of direct suppliers, using recycled and renewable raw materials, and limiting sources of critical materials².

9. INFORMATION ON THE CRITERIA OF CORPORATE GOVERNANCE

9.1. The information regarding the corporate governance policy of the company, specified in the ESG Report, is intended to disclose the most important issues of managing the organization in accordance with the CCG KR. The ESG Report should take into account the structure specified in clause 9.2 of this Guide and include all information on corporate governance provided for in the CCG KR.

9.2. This section of the ESG Report specifies the following criteria:

Structure of corporate governance

The ESG Report should describe the structure and governing bodies of the organization, including those responsible for decision-making on environmental and social issues. It is necessary to indicate whether the organization has a Corporate Governance Code.

Composition of the board of directors and committees

² Critical materials are defined as those required for use and those at risk of supply restrictions.

The ESG Report must include the name and professional experience of each member of the board of directors, including its chairman. Information on their participation in committees of the board of directors should also be provided. The ESG Report must indicate the number of company shares held by each member of the board of directors. The ESG Report should also list all active committees of the board of directors and describe their functions (for example, audit committee, risk committee, nomination, remuneration, corporate governance, sustainability committees).

Independent members and evaluation of the work of the board of directors

It is necessary to indicate the number of independent members of the board of directors out of the total number of members, and the number of women on the board of directors. It is necessary to specify how the role and performance of the board of directors is assessed. Is such an assessment considered as an independent performance assessment, or is the board of directors conducting the assessment on its own.

Planning and reporting of the board of directors and its committees

It is necessary to describe the practice and / or requirements / approaches applied in the company to planning the activities of the board of directors and its committees, as well as requirements regarding the content of such plans and control over their implementation. Separately, it should be indicated whether / how the company's internal documents regulate the procedure and scope of submission for consideration by the board of directors, as well as consideration by the board of directors, reports of its committees, in particular, on risk management and internal control, should be submitted for consideration by the Board. It is necessary to specify the procedure for obtaining by the board of directors information about potential risks and opportunities in environmental and social aspects in order to effectively monitor critical situations and take further measures to reduce and manage these risks.

Control environment

The control environment refers to the interrelated system of internal controls and risk management structures, processes and activities that are designed to provide reasonable assurance that an entity can achieve its strategic objectives and operate effectively and efficiently. The control environment should provide a holistic coverage of the entire company, including subsidiaries.

Information about the control environment, which should cover the system of internal control, internal audit, risk management and compliance, must be disclosed in accordance with the requirements of applicable law and listing rules (if applicable) either in the text of the ESG Report or by reference to other publicly available documents.

In addition, the ESG Report must include the following information:

Management of risks

The ESG Report must describe the methodology for identifying, monitoring and controlling risks, including determining the response to risk events. Risk readiness information (including qualitative and quantitative information) should be included. The Report should also describe the responsibility of the board of directors for oversight and control of risk management. The ESG Report should indicate how sustainability risks have been integrated into the risk management framework.

Compliance and controls

The ESG Report must describe the process by which companies demonstrate that they comply with certain requirements of laws, regulations, contracts, strategies and policies. The ESG Report should also describe the scope of internal controls, including: financial accounting and reporting controls, operational controls, including sustainability and stakeholder risks, and compliance controls. The role of the board of directors (including the audit committee) in the company's internal control system should also be considered along with the identity and independence of the company's external auditors. The ESG Report must also specify the term of office, professional qualifications and independence of the external auditor.

Shareholder rights

The ESG Report must disclose the composition of shareholders, including all major shareholders, summarize the practice of observing the rights of minority shareholders, and also provide a description of the company's dividend policy.

Ownership and control

The Statement must list major shareholders (ie, those who own 5 percent or more of the voting shares), the percentage of shares they own, and the percentage of voting rights. Disclosure of information about major shareholders should also include information about both direct and indirect shareholding. Disclosure of indirect controlling interest means disclosure of ultimate beneficial ownership and/or arrangements providing indirect or implied ownership of any shareholding representing 5 percent or more of voting shares, including, but not limited to, any share options, trusts, holding/corporate group structures, shareholder agreements, special voting rights and takeover prevention mechanisms. Any such structure and arrangement creating indirect controlling interest must be clearly described in the Statement.

Respect for shareholder rights

It is necessary to describe the mechanisms for ensuring that the rights of shareholders are observed in the course of various corporate actions, such as large transactions, transactions with related parties, including, but not limited to transactions with an interest.

Rights of minority shareholders

The ESG Report should describe the rights of minority shareholders related to the formation of the board of directors, including nomination and voting (for example, pooling votes to nominate candidates to the board of directors and / or voting, the right to nominate their representatives to the board of directors, the use of cumulative voting etc.), as well as in the event of a change of control or major transactions (for example, the right of a minority shareholder to jointly sell shares, the right to demand that the company buy back shares on fair terms, the obligation of a qualified majority of votes when voting when making relevant decisions at a general meeting of shareholders and etc.).

Related party transactions

The ESG Report should describe the company's policies and systems for managing related party transactions. The ESG Report must also contain details of major transactions with related parties (including but not limited to related-party transactions), including the name of the related party and its relationship with the company, the type of transaction and its terms, and the amount of the transaction at the beginning and the end of the reporting period in accordance with the company's financial statements under IFRS.

Share ownership and dividends

The ESG Report, including but not limited to related-party transactions, must provide information on the number of authorized and issued shares, indicating their type (class), par value, and the number of shares in free float. The Report, including but not limited to related-party transactions, should describe the main elements of the company's dividend policy, indicating information about dividends, and if declared dividends are not paid, the reasons for not paying them.

Stakeholder Relationship Management and Sustainability

The ESG Report should list the groups that have been identified as key stakeholders, including employees, contractors, customers, suppliers, local communities and regulators. The ESG Report should describe the

company's policy and strategy for engaging with stakeholders, including mechanisms for resolving issues and problems. The ESG Report should also indicate how stakeholder concerns are addressed within the governance and management of the company, including oversight of the board of directors. The ESG Report should describe the board's role in overseeing the identification and resolution of significant environmental and social issues. This includes action by the supreme body to reduce the risk of the organization's impact on the environment, ecology, social issues and aspects of corporate governance; possible methods for effective management of potential risks.

10. PROCEDURE FOR SUBMISSION AND PUBLICATION OF THE ESG REPORT

10.1. Disclosure of non-financial information should provide an objective view of the environmental, social and corporate aspects of the company's activities, taking into account the interests and requests of stakeholders, including to understand the impact of ESG factors on the results of the company's financial and economic activities.

10.2. Disclosure of non-financial information must be made on the basis of a selected list of topics material for the company, depending on the nature and scale of activities, taking into account the industry factor. Material topics to be disclosed should be determined individually, taking into account all the circumstances of the company's activities.

Application of standards

For the preparation and publication of non-financial information, companies can be guided by any recognized international standards, including the standards of the Global Reporting Initiative (GRI), as well as industry-specific standards, which can be used as the standards of the Sustainable Accounting Standards Board. development (Sustainable Accounting Standards Board, SASB). The choice of standards should also be based on the specifics of the company's activities and its belonging to a particular sector of the economy. When preparing a non-financial report, it is recommended to indicate in accordance with which international standards the information is disclosed.

Disclosure procedure

Disclosure of non-financial information must be carried out in conjunction with other non-financial information of the Annual Report, disclosed in accordance with the requirements of the legislation of the Kyrgyz Republic, as well as the annual audited financial statements in accordance with IFRS in full (including notes). The ESG report must be approved by the company's board of directors. The data of the ESG report, as well as other disclosed statements, must be comparable and coordinated with the data of the audited IFRS financial statements (where applicable).

The ESG Report may be prepared as a stand-alone report or may be fully or partially integrated into the Company's Annual Report. In the event that certain information is included in the Company's Annual Report, it is not necessary to include such information (the same information) in the ESG Report, the appropriate cross-references in the Annual Report and in the ESG Report will suffice.

In order to achieve maximum public awareness, the ESG Report must be disclosed on several venues, including the stock exchange; in case of disclosure of the report by listed companies in accordance with

the Listing Rules, other public and non-public companies on a voluntary basis - on the official website of the company (if available), as well as using any other resource at the discretion of the company.

Frequency of information disclosure in ESG Reports

The compilation of the ESG Report must be consistent, and the data and figures disclosed therein must be comparable across multiple periods. It is recommended that information be compiled and disclosed in non-financial reports annually for the previous financial year, and for quantitative information, results for the reporting year and the previous two financial years should be included. Disclosure of information in a non-financial report can be made within the time period established by the regulatory legal acts of the Kyrgyz Republic regarding the disclosure of information in the company's annual report.

Confidential information and personal data

As part of preparing the disclosure of non-financial information, the company should properly comply with the requirements of the legislation of the Kyrgyz Republic regarding confidential information, personal data, data related to trade secrets, and other types of data protected by the legislation of the Kyrgyz Republic. Non-financial information disclosed by the company must not contradict the information disclosed by the company in accordance with the requirements of corporate law, including the laws on the securities market, banks and banking activities.

11. ANNEX

ANNEX 1
GUIDELINES FOR COMPILING AND PUBLISHING REPORTS
ACCORDING TO THE CRITERIA OF ENVIRONMENTAL FRIENDLINESS, SOCIAL RESPONSIBILITY
AND CORPORATE GOVERNANCE

LIST OF KEY INDICATORS FOR REPORTING ACCORDING TO ESG CRITERIA

<u>Ecology (GRI 300 and other standards)</u>	
Electricity consumption	- total electricity consumption (kW), including from renewable and non-renewable sources.
Energy saving	- reduction of energy consumption in multiples by type: fuel, electricity.
Greenhouse gas emissions	- volume of emissions of greenhouse gases (CO ₂) (in metric tons); - emission reductions (in metric tons) as a result of various initiatives; - volume of emissions of other gases; - description of measures to reduce greenhouse gas emissions.
Environment protection	- description of the direct or indirect impact of the activities of enterprises on biodiversity; - a description of the policy and measures taken to reduce the impact on the environment.
Air pollution	- total amount of pollutants emitted into the atmosphere, including NO _x (excluding N ₂ O), SO _x , VOCs, particulate matter (PM); - describe the types of pollution in areas with high population density.
Water consumption	- source of water, total water withdrawal (m ³) by source, wastewater volume (m ³).
Waste management	- actions taken to reduce the generation of waste in the course of the organization's activities; - total weight of generated waste (t); - weight of disposed waste (t) and type of disposal.
Hazardous Materials Management	- list hazardous materials used in production; - the volume of hazardous materials by types stored at the site of the enterprise at a time; - a description of measures to prevent or replace the production, trade and use of chemicals and hazardous materials subject to an international ban or phase-out.
Changing of the climate	- risks and opportunities for business as a result of the transition to a low-carbon economy; - risks associated with the physical consequences of climate change.
<u>Social factors (GRI 400 and other standards)</u>	
Employment	- the total number of employees in the organization; - total number of employees hired in the reporting period, broken down by age, gender and regions; - number of freelance and temporary workers

Employee rights, employee relations and treatment of employees	<ul style="list-style-type: none"> - lawsuits, employee complaints or public disputes related to the use of forced and child labor in the company's activities; - availability of a grievance mechanism for employees.
Occupational health and safety in the workplace	<ul style="list-style-type: none"> - availability of a system of labor protection and safety measures for employees at the workplace; - health protection of employees; - the total number of employees who received work-related injuries; - description of approaches to the prevention of negative impact on the health of employees in the course of their activities.
Training and education	<ul style="list-style-type: none"> - the average number of academic hours received by employees during the year; - used professional development programs; - the share of employees by sex and categories for which an assessment of the effectiveness of career growth was carried out.
Diversity, Equal Opportunity	<ul style="list-style-type: none"> - the share of persons in management bodies, as well as among employees of the organization, broken down by categories (age group, gender); - the ratio of the basic wages of men to the basic wages of women for each category of workers.
Issues related to discrimination	<ul style="list-style-type: none"> - the total number of cases of discrimination that took place in the reporting period; - the results of management's handling of cases related to discrimination; - measures taken to eliminate the incident.
Community Engagement and Complaints Mechanisms	<ul style="list-style-type: none"> - related production activities that can have a potential or actual negative impact on local communities; - Presence of committees for interaction with the local population.
Health, safety and protection of the local population	<ul style="list-style-type: none"> - the number of accidents affecting the local population; - Identified risks and developed preventive measures.
Product Responsibility	<ul style="list-style-type: none"> - the impact of products on the health and safety of consumers; - cases of violation of regulatory requirements for the impact of the company's products and services on health and safety.
Client Data Privacy	<ul style="list-style-type: none"> - the number of customer complaints received about violations of confidentiality; - Measures taken to preserve confidential information.
Anti-corruption practice	<ul style="list-style-type: none"> - the total number of detected cases of corruption; - measures that were applied to employees; - the organization's policies and measures taken to prevent corruption.
Sources and supply chain	<ul style="list-style-type: none"> - identifying suppliers and identifying potential social and environmental issues; - corrective measures to minimize environmental and social impacts in the supply chain; - use of recycled and renewable raw materials.
<u>Corporate Governance</u>	
Company management, its role and place in the economy	<ul style="list-style-type: none"> - company bodies; - obligatory application of the CCG KR; - availability of the Corporate Governance Code (when the CCG KR is not applicable);

	<ul style="list-style-type: none"> - - position of the company in the industry and economy; - - management, policies and procedures of the ESG.
Presence of a controlling shareholder	<ul style="list-style-type: none"> - the presence of large shareholders; - beneficial ownership - a description of measures to comply with the rights of minority shareholders; - dividend policy.
Respect for shareholder rights	<ul style="list-style-type: none"> - ensuring the rights of securities holders in the course of corporate actions (including approaches to concluding major transactions and transactions with related parties, transactions with interest).
Independent members of the board of directors, structure and practice of the board of directors	<ul style="list-style-type: none"> - total number of members of the board of directors - number of independent members in the board of directors; - the number of women on the board of directors; - committees of the board of directors; - planning the activities of committees and the board of directors; - reporting of committees and board of directors; - policies and procedures for evaluating the performance of the board of directors.
Risk management and internal control systems, internal audit	<ul style="list-style-type: none"> - approaches to risk management, internal control and internal audit; - Presence of regulatory bodies.
Payment of rewards	<ul style="list-style-type: none"> - approaches and practice of paying remuneration to members of the company's bodies (board of directors and management).
Information disclosure	<ul style="list-style-type: none"> - approaches and applied practices of information disclosure in the field of social and environmental responsibility.

**RECOMMENDATIONS FOR INDUSTRY INDICATORS
TO PREPARE THE ESG REPORT**

POWER INDUSTRY AND POWER GENERATION

The energy sector covers a range of activities, which include the generation (production) of electricity, the creation of a transmission and distribution network of electricity, and the sale of electricity to consumers. In addition to the general criteria, when preparing a non-financial report, energy retail companies of the Kyrgyz Republic are also recommended to summarize industry information, including the following indicators:

(Sustainable Accounting Standards Board (SASB) - Utilities and Electricity)	
Greenhouse gas emissions	<ul style="list-style-type: none"> - the amount of greenhouse gas emissions associated with energy supply (CO₂) in metric tons; - description of short-term and long-term emission management and reduction strategies.
Air quality	<ul style="list-style-type: none"> - air emissions of solid waste and volatile organic compounds (in metric tons); - emissions of each type of pollution in areas with high population density (in % by type of total emissions).
Water management	<ul style="list-style-type: none"> - total water intake (in m³ or other multiple units); - volume of consumed water; - a description of the risks arising in the process of water resources management, and methods for reducing these risks.
Utilization of coal ash	<ul style="list-style-type: none"> - volume of coal slag formed (in metric tons)
Availability of electricity	<ul style="list-style-type: none"> - retail electricity tariff for residential, commercial and industrial consumers; - the number of disconnections of private consumers for non-payment.
Energy efficiency	<ul style="list-style-type: none"> - energy savings for consumers due to efficiency improvement measures taken by the company.
Energy System Sustainability	<ul style="list-style-type: none"> - System Average Interruption Duration Index (SAIDI); - System Average Interruption Frequency Index (SAIFI).
Activity metrics	
Number of residential, commercial and industrial customers served.	
Total electricity supply to residential, commercial and industrial consumers (MW – megawatts).	
Length of power lines (km).	
Total electricity generated (MW).	
Volume of purchased electricity (MW).	

MINING INDUSTRY

The mining industry is represented by various activities, including the extraction of minerals and metals (non-ferrous and ferrous), the extraction of sand and bulk materials, precious metals (stones) and

minerals, which are associated with significant soil and atmospheric pollution, therefore, organizations operating in in this sector, when compiling the ESG Report, they must disclose additional information about their activities:

(SASB – Metallurgy and Mining)	
Greenhouse gas emissions	<ul style="list-style-type: none"> - the amount of greenhouse gas emissions associated with energy supply (CO₂) in metric tons; - description of short-term and long-term emission management and reduction strategies.
Air quality	<ul style="list-style-type: none"> - air emissions of solid waste and volatile organic compounds (in metric tons); - emissions of each type of pollution in areas with high population density (in % by type of total emissions).
Electricity consumption	<ul style="list-style-type: none"> - total amount of electricity consumed (MW); - the ratio of electricity consumed from the network and renewable energy sources (%).
Water management	<ul style="list-style-type: none"> - total fresh water intake (in m³ or other multiple units); - volume of consumed water.
Industrial waste	<ul style="list-style-type: none"> - is the total weight of the sludge (in metric tons) and the percentage of sludge recycled; - the total mass of waste from the processing of minerals (in metric tons) and the percentage of waste processed; - number of tailings dumps by potential hazard (MSHA).
Impact on biodiversity	<ul style="list-style-type: none"> - a description of the policy applied to preserve the environment.
Activity metrics	
Mining of metal ores (in metric tons)	

FINANCIAL SECTOR

Financial institutions in the economy play an important role in channeling capital to various areas of the economy. Against the backdrop of an increase in the number of transactions carried out via the Internet using Internet banking, cybersecurity is an important factor when choosing a financial institution and directly affects the level of confidence on the part of customers regarding the safety of their data. Thus, issues of confidentiality and violations of legislation in the financial area will allow you to form an objective opinion about the company. Transparent disclosure of non-financial industry indicators by financial companies contributes to the growth of customer confidence, therefore it is recommended to additionally disclose the following information:

(Commercial banks - SASB Standard and other standards)	
Data protection	<ul style="list-style-type: none"> - number of data leaks; - the number of affected client accounts; - a description of the approach to identifying and eliminating the risks resulting from data leakage.
Including ESG factors in Credit Analysis	<ul style="list-style-type: none"> - a description of the approach to include ESG factors in credit analysis and decision making.
ESG control system	<ul style="list-style-type: none"> - capacity to manage environmental and social risks (appointment of responsible personnel) and training of personnel;

	- preparation of reporting on environmental and social issues for senior management and the Board of Directors.
Business ethics	- the amount of legal costs and fines as a result of violation of laws or regulations governing the activities of the financial sector.
Activity metrics	
Number of settlement and savings accounts of individuals and legal entities	

(SASB – Consumer lending)	
Client Data Privacy	- the amount of penalties as a result of litigation related to the violation of the confidentiality of customer data.
Data protection	- number of data leaks; - the number of affected client accounts; - a description of the approach to identifying and eliminating the risks resulting from data leakage.

AGRICULTURAL PRODUCTS

The agricultural products sector includes companies that process, trade and supply vegetables and fruits, as well as produce agricultural commodities such as grains, sugar, vegetable oils, corn, soybeans and animal feed. Companies in the industry may purchase agricultural commodities from third parties and therefore must manage and report on sustainability risks in the supply chain. In addition to the general criteria, companies producing agricultural products must disclose the following industry information:

(SASB – Agricultural Products)	
Greenhouse gas emissions	- the amount of greenhouse gas emissions associated with energy supply (CO ₂) in metric tons; - description of short-term and long-term emission management and reduction strategies.
Electricity consumption	- total amount of electricity consumed (MW); - the ratio of electricity consumed from the network and renewable energy sources (%).
Water management	- total water intake (in m ³ or other multiple units); - volume of consumed water; - a description of the risks arising from the management of water resources and ways to reduce these risks; - Percentage of agricultural output derived from regions with high or extremely high initial levels of water scarcity.
Food security	- percentage of agricultural products obtained from suppliers certified in accordance with a recognized food standard; - use of genetically modified organisms (GMOs); - pesticide use and management of pesticide use.
Supply chain	- percentage of agricultural products received from suppliers certified in accordance with environmental and/or social standards of a third party.

Climate change risk	- identification of major crops and a description of the risks and opportunities associated with climate change.
Activity metrics	
Production by major crops	
Number of processing enterprises	
Total area of land used in active production	

TELECOMMUNICATIONS

The telecommunications sector includes companies that provide direct communications via cellular radio networks or wired networks, as well as operate and maintain associated switching and transmission facilities. The wireline segment also provides Internet Protocol (VoIP) voice data transmission, telephony, television and broadband Internet access services.

Companies operating in this industry are increasingly expected to manage the privacy and security of large amounts of data transmitted over their networks. In addition to the general criteria, telecommunications companies must disclose the following industry information.

<u>(SASB - Telecommunication Standards)</u>	
Greenhouse gas emissions	- the amount of greenhouse gas emissions associated with energy supply (CO ₂) in metric tons; - description of short-term and long-term emission management and reduction strategies.
Electricity consumption	- total amount of electricity consumed (MW); - the ratio of electricity consumed from the network and renewable energy sources (%).
Product Lifecycle Management	- materials recovered under recycling programs; - is the percentage of recovered materials that are (a) reused, (b) recycled and (c) landfilled.
Data protection	- number of data leaks; - the number of affected client accounts; - a description of the approach to identifying and eliminating the risks resulting from data leakage.
Activity metrics	
Wireless subscribers, wireless and broadband subscribers	
Network traffic, the percentage of network traffic that is on the cellular network and the percentage of network traffic that is on the fixed network	
Network bandwidth	

GRI – Global Reporting Initiative

The Global Reporting Initiative helps any organization (regardless of size, sector, or location) start reporting on an organization's economic, social, or environmental impacts through guidance on reporting, information, and support.

SASB – Sustainability Accounting Standards Board (Value Reporting Foundation)

The Sustainability Accounting Standards Board sets the standards by which companies must comply when disclosing materiality and sustainability financial information to their investors. SASB is currently part of the "Value Reporting Foundation".

IIRC – International Integrated Reporting Council (Value Reporting Foundation)

The International Integrated Reporting Council helps organizations explain how they create financial and non-financial value through concise and integrated reporting. Currently IIRC is part of the "Value Reporting Foundation".

TCFD - Task Force on Climate-Related Financial Disclosure

The Climate Financial Disclosure Task Force seeks to improve and expand the presentation of climate-related financial information to investors, lenders, insurers and other stakeholders.

TNFD – Taskforce on Nature-related Financial Disclosures (TNFD)

The Nature-Related Financial Disclosure Working Group develops guidelines that organizations can follow when disclosing information about their companies' exposure to natural hazards.

ISSB – International Sustainability Standards Board

The International Sustainability Standards Board was established in 2021 to develop sustainability-related disclosure standards that provide investors and other capital market participants with information on the risks and opportunities of companies related to sustainable development.

European Financial Reporting Advisory Group Sustainability Reporting Council (EFRAG)

The Sustainable Development Reporting Board of the European Financial Reporting Advisory Group (EFRAG) is responsible for all EFRAG positions on sustainability reporting, including the European Commission's technical advice on the draft EU Sustainable Development Reporting Standards (ESRS).

EU NFRD – EU Non-Financial Reporting Directive

The Non-Financial Reporting Directive requires large companies to disclose non-financial and diversity information in their annual reports and on their website. The EU Non-Financial Reporting Directive is currently being revised under the new Corporate Sustainability Reporting Directive (CSRD).

IFC – International Finance Corporation

The International Finance Corporation (IFC) maintains several standards and guidelines related to ESG, including:

- Environmental and social performance standards
- Corporate governance methodology
- Tools for disclosure and transparency