

04

SUSTAINABILITY MANAGEMENT

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5G

NEXT GENERATION NETWORK

FOR YOUR PRESENT



CURRENT ESG PROFILE OF THE COMPANY

GRI 2-13, GRI 2-14, GRI 2-16, GRI 2-24, GRI 2-25

In 2023, Kcell conducted a comprehensive SWOT analysis to assess its current ESG profile. This assessment helped clarify the strategic priorities for the Company’s sustainable development agenda. The findings of the analysis remain relevant in 2024.

The analysis identified several risk areas – investment, regulatory, and reputational – that may affect the Company’s investment appeal and operational resilience within the ESG context.

Specifically, there is a risk of reduced investment attractiveness due to limited transparency in climate risk disclosures, evolving regulatory requirements for ICT services, and increasing pressure related to ESG compliance.

To mitigate these risks, the Company has identified targeted strategies. On the environmental front, Kcell aims to enhance transparency and accountability by implementing a greenhouse gas (GHG) emissions tracking system and adopting an environmental management system aligned with international standards.

Social risks can be addressed through greater investment in human capital, including the development of a human rights risk map and the application of international social responsibility standards.

For governance, the Company is committed to adhering to global frameworks such as GRI, IFRS S1 and S2, and actively participating in the CDP program to disclose its carbon footprint. These measures not only support regulatory compliance but also contribute to improved reputation and long-term investment attractiveness.

SWOT Analysis of Kcell JSC’s ESG Profile



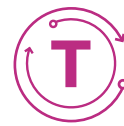
STRENGTHS



WEAKNESSES



OPPORTUNITIES



THREATS

ENVIRONMENTAL ASPECT

<ul style="list-style-type: none"> • Low greenhouse gas emissions • Separate energy consumption accounting in data centers 	<ul style="list-style-type: none"> • No established system for managing climate-related impacts or defining GHG emission reduction pathways • No defined targets for waste utilization or disposal (e.g., recycling, landfill, incineration) • No Environmental Policy currently in place • No products or services currently classified as low-carbon offerings • No procedure in place to monitor the Company’s impact on biodiversity 	<ul style="list-style-type: none"> • Introduction of quantitative targets for environmental performance (e.g., waste reduction, GHG emissions reduction) • Identification of products, activities, and services aligned with the UN Sustainable Development Goals (SDGs) • Assessment of current biodiversity levels in the Company’s operational areas • Consideration and evaluation of transitional climate risks (in line with TCFD recommendations) • Attraction of green investments to finance GHG reduction initiatives 	<ul style="list-style-type: none"> • High cost of low-carbon technologies • Stricter environmental regulations, including those targeting the telecom sector • Extreme weather events potentially damaging infrastructure and harming the Company’s reputation • Reduced investment appeal due to insufficient disclosure of climate-related risks • Missed opportunities resulting from the absence of an institutional and regulatory framework for climate-related projects
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SOCIAL ASPECT

- Industry policy on freedom of expression in the telecommunications sector
- Well-developed occupational health and safety management system
- Robust employee feedback mechanisms
- Comprehensive employee social support system
- Risk register for workforce management with mitigation measures
- Extensive employee training and professional development programs
- Broad accessibility of ICT services across coverage zones
- Established system for individual and team-based performance management
- Company privacy policies ensuring data protection
- No formal process for assessing and managing human rights risks
- Absence of a collective bargaining agreement
- Lack of policies or mechanisms to manage diversity and prevent discrimination
- No initiatives to ensure gender pay equity
- No established policy for engagement with local communities
- Lack of long-term employee incentive programs
- Limited freedom of association
- Insufficient communication on personal data protection and privacy rights
- Advancing digital literacy through ICT
- Strengthening investment in human capital
- Increasing revenue through expanded online service offerings
- Implementing structured human rights risk management
- Deploying new applications and platforms to optimize resource use
- Addressing stakeholder demand with human rights-focused digital tools
- Introducing a human rights risk mapping framework
- Enhancing health and safety outcomes for employees and contractors
- Increasing the proportion of highly qualified personnel
- Supporting employee well-being and improving quality of life
- Macroeconomic factors leading to a decline in real household income
- Operational dependence on a single central communications hub in Almaty
- Tightening regulatory and legal requirements for ICT services

CORPORATE GOVERNANCE

- High proportion of independent directors on the Board of Directors
 - Existence of an Audit and Sustainability Committee under the Board
 - Active participation in projects promoting the digital economy and access to information resources
 - Diversified portfolio of products and services
 - Sustainability principles are integrated into both operational and strategic activities through various corporate documents, including policies, codes, charters, the development strategy, and ESG roadmaps
 - Clearly defined priorities in achieving the Sustainable Development Goals (SDGs)
 - Established ESG goals and defined key performance indicators (KPIs)
 - The Board of Directors and senior management are actively involved in sustainability matters
 - Limited transparency in ESG disclosures
 - Low representation of women on the Management Board and Board of Directors
 - Dependence on government regulation and oversight
 - Absence of a diversity policy for the Board of Directors specifying how diversity factors are considered in appointments
 - Lack of disclosure regarding the CEO's remuneration, the median employee remuneration, and the ratio between them
 - Insufficient transparency in senior management compensation
 - No disclosure of breaches of the company's codes of conduct or ethics (e.g. corruption, discrimination)
 - Absence of a formal ESG risk management system
 - Employee performance evaluations do not include incentives linked to compliance with codes of conduct or reporting corruption
 - Rapid technological change and innovation being successfully adopted by the Company
 - Local economic growth creating a more favorable operating environment
 - Attraction of investment through deeper ESG integration into operations
 - Opportunity to expand market share by growing the customer base and strengthening market position
 - Value creation through the design of new products and services incorporating sustainability principles
 - Potential to achieve a high ESG rating by applying international standards such as GRI, IFRS S1/S2, and disclosing carbon footprint data via CDP
 - Strengthening corporate social responsibility
 - Leveraging international expertise and partnerships to enhance ESG practices and integrate them into business processes
 - Leading by example in implementing an ESG supplier program that identifies and mitigates material ESG risks while offering development opportunities to suppliers
 - Data security breaches due to unauthorized access or leakage of confidential information
 - Geopolitical conflict, political instability, or structural changes in governance that could disrupt operations
 - Increasing ESG-related regulatory pressure and investor scrutiny requiring significant attention and resources
 - Potential international sanctions and trade restrictions
 - Risk of reduced financial stability due to global economic slowdown, inflationary pressures, or liquidity challenges
 - Legal disputes or litigation, particularly related to antitrust issues and data privacy, that may demand significant time and resources
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KCELL'S STRATEGIC PRIORITIES IN SUSTAINABLE DEVELOPMENT

GRI 2-13, GRI 2-14, GRI 2-23, GRI 2-24, GRI 2-25

Based on an assessment of its current ESG profile, Kcell has identified 11 strategic priorities in the area of sustainable development.



KCELL'S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

GRI 2-24

Kcell JSC fully supports the objectives outlined in the United Nations' 2030 Agenda for Sustainable Development, as adopted in UN General Assembly Resolution 70/1 of 15 September 2015, "Transforming our world: the 2030 Agenda for Sustainable Development." The Company recognizes the importance of all 17 Sustainable Development Goals (SDGs) and is committed to contributing to their achievement. Given the nature of Kcell's operations and business model, 9 of the 17 SDGs have been identified as particularly relevant, where the Company makes a direct contribution through its core activities.

The integration of priority SDGs into Kcell's ESG strategy serves as a strategic driver, aligning the Company's sustainability efforts with a globally recognized framework. Covering a broad spectrum of environmental, social, and economic issues, the SDGs offer a holistic approach to sustainable development, enabling Kcell to proactively manage risks and enhance operational effectiveness. By aligning its ESG strategy with the SDGs, Kcell not only supports global sustainable development but also strengthens its long-term competitiveness and better meets the expectations of stakeholders.



TARGETED ESG INITIATIVES

Stakeholders	Kcell Initiatives	Relevant UN SDGs	Number of Initiatives
Customers	Ensuring data privacy and security Consumer health and safety Provision of high-quality services	SDG 11 – Sustainable Cities and Communities SDG 3 – Good Health and Well-being SDG 10 – Reduce Inequalities	
Employees	Fair compensation Occupational health and safety Enabling personal growth and increasing engagement	SDG 8 – Decent Work and Economic Growth SDG 10 – Reduced Inequalities SDG 13 – Climate Action SDG 5 – Gender Equality	
Shareholders	Financial and economic performance Commitment to best practices in corporate governance Sustainable business development	SDG 8 – Decent Work and Economic Growth SDG 9 – Industry, Innovation and Infrastructure SDG 13 – Climate Action	
Partners	Supporting the development of the digital economy Modernization of telecom infrastructure Contributing to public safety Philanthropy and sponsorship Sustainability initiatives	SDG 11 – Sustainable Cities and Communities SDG 3 – Good Health and Well-being SDG 17 – Partnerships for the Goals	> 200 ESG activities
Государство	Supporting the development of the digital economy Modernization of telecom infrastructure Contributing to public safety Philanthropy and sponsorship Sustainability initiatives	SDG 9 – Industry, Innovation and Infrastructure SDG 13 – Climate Action SDG 15 – Life on Land SDG 11 – Sustainable Cities and Communities	
Society	Indirect economic impact Improving quality of life through social investment Expanding access to new technologies	SDG 8 – Decent Work and Economic Growth SDG 10 – Reduced Inequalities SDG 3 – Good Health and Well-being SDG 9 – Industry, Innovation and Infrastructure	

