

## Social Risk Management Policy at JSC Altyн Bank (SB of China CITIC Bank Corporation Ltd)

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### CHAPTER 1. GENERAL PROVISIONS.

1. This Social Risk Management Policy at Altyн Bank JSC (SB of China CITIC Bank Corporation Ltd) (hereinafter - the “Policy”) has been developed in accordance with the legislation of the Republic of Kazakhstan, the Internal Revenue Code of Altyн Bank JSC (SB China CITIC Bank Corporation Ltd) (hereinafter - the “Bank”), as well as international standards and the UN Sustainable Development Goals.

2. The Policy, together with other internal regulatory documents and Policies of the Bank, defines the key requirements for forming ESG principles within the Bank.

3. The policy defines the goals, principles and mechanisms for integrating social factors into the Bank’s strategy, processes and corporate culture.

4. The Policy sets out the Bank's vision and mission with respect to social responsibility and contribution to sustainable development, and contains a statement of the Bank's commitment to the principles of respect for human rights, ensuring decent and safe working conditions, non-discrimination, supporting inclusion and equal opportunities, and strengthening positive social impact in the course of its commercial activities and interactions with stakeholders.

5. The Bank recognizes that effective social risk management is an integral part of the corporate governance system and contributes to strengthening the Bank's business reputation, reducing potential social and reputational losses, increasing the sustainability of its operations, and increasing the trust of clients, employees, counterparties, and other stakeholders.

6. The Bank recognizes that its activities have an impact on society, customers, employees, business partners and other stakeholders, and is aware of its responsibility for managing social risks and social impacts associated with its operating, investment and lending activities.

7. The provisions of this Policy are implemented in accordance with the principles of good faith, transparency and responsibility, and taking into account best international practices in the field of ESG.

8. The Bank’s internal documents define the principles and approaches to social risk management as an element of the sustainable development and corporate responsibility system.

9. The Policy applies to all Bank employees and is subject to mandatory compliance and application.

### CHAPTER 2. GOALS, OBJECTIVES AND PRINCIPLES OF POLICY.

**Social risks** are potential threats arising from interactions with society, including customers, suppliers, stakeholders, and the general public. These risks can manifest themselves through various negative consequences, such as reputational damage, customer dissatisfaction, increased regulatory oversight, or failure to meet societal expectations and trends. Examples of social risks for financial institutions include issues related to ethical practices in the banking sector, social responsibility, diversity and inclusion, community investment, and the alignment of the Bank's activities with societal values and expectations.

**10. The main objectives of the Policy are social risk management by:**

- 1) development of corporate culture and social responsibility to prevent and reduce social and reputational risks;
- 2) support for projects and initiatives that promote sustainable social development, including programs for education, healthcare, and support for employees, clients, and contractors;
- 3) promoting initiatives aimed at improving living and working conditions, inclusion and equal opportunities;
- 4) reducing the potential negative social impact of the Bank's activities on employees, clients, counterparties and communities;
- 5) interacting with stakeholders to promote responsible lending practices and financial inclusion.

**11. The main objectives of the Policy are:**

- 1) social risk management in financing and supporting projects and initiatives with potential negative social impacts, including projects related to working conditions, protection of the rights of employees, clients and counterparties;
- 2) promoting responsible lending , including assessing the social impacts of projects and introducing mechanisms to minimize negative impacts on society and the environment;
- 3) ensuring transparency and systematic disclosure of information on social risks and approaches to their management within the framework of the ESG agenda for stakeholders;
- 4) promoting the principles of equal opportunities and inclusion, creating a fair and motivating working environment that takes into account the interests of all employees;
- 5) encouraging employees to participate in social and volunteer initiatives, supporting their involvement in projects with a positive social impact.

**12. The main principles of the Policy are:**

- 1) The principle of sustainable development is the implementation of the Bank's activities taking into account the balance of economic and social interests, aimed at ensuring long-term sustainability, social stability and responsible business conduct.
- 2) The principle of proportionality is the adoption of management and social decisions in a volume proportionate to the nature, scale and degree of social impact of the activity.
- 3) Precautionary principle - the Bank takes into account potential social risks when financing projects, taking measures to prevent them and minimize possible negative impacts.
- 4) The Bank recognizes and respects human rights and freedoms in all aspects of its operations, including labor relations and interactions with clients, counterparties, and the public. Social risk management is aimed at preventing discrimination, forced labor, violations of workers' rights, and other negative social impacts. Particular attention is paid to protecting vulnerable groups and creating a safe, inclusive, and fair work environment.
- 5) The Bank develops partnerships with stakeholders to minimize social risks and enhance social sustainability.

**CHAPTER 3. KEY SOCIAL RISKS.**

**13.** The main social risks relate to employee working conditions, interactions with clients and counterparties, and the potential social impact of transactions financed and serviced by the Bank. These risks may impact the Bank's business reputation, the level of trust among clients and society, and the sustainability of its operations.

**14.** The Bank recognizes its responsibility to its employees, clients, and society as a whole and strives to minimize both direct and indirect social risks, including risks associated with the violation of human rights, labor rights, and principles of non-discrimination, equal opportunities, and social responsibility.

**15.** The Bank takes into account social risks:

- 1) When considering new products and projects;

- 2) In the process of credit and investment analysis;
- 3) In operational activities and personnel management.

**16.** Social risks are considered by the Bank in conjunction with other types of risks and are taken into account when forming management decisions, with the aim of ensuring long-term social sustainability and compliance of the Bank's activities with public expectations.

#### **CHAPTER 4. PROCESSES AND MECHANISMS OF SOCIAL RISK MANAGEMENT.**

**17.** Social risk management at the Bank is carried out on the basis of a systematic and structured approach and includes the identification, assessment, and control of social risks across relevant areas of the Bank's activities.

**18.** Social risk management includes the following:

- 1) regular training and information of the Bank's employees on issues of social risk management, protection of human rights, compliance with labor standards and interaction with society;
- 2) integration of social factors into the principles and directions of making management, credit and investment decisions;
- 3) implementation of measures and initiatives aimed at reducing negative social impacts, including compliance with working conditions and human rights, support for equal opportunities, non-discrimination and promotion of an inclusive culture;
- 4) the implementation of modern technologies and digital solutions aimed at reducing social risks, increasing the availability and quality of banking services, and enhancing the transparency and efficiency of interactions with clients and other stakeholders;
- 5) employee participation in social projects and initiatives, such as volunteer programs, charity events, educational projects, and activities to support local communities.

**19.** When making lending decisions, the Bank takes into account the specifics of the borrower's activities and potential social risks, ensuring responsible management of the loan portfolio and supporting social sustainability.

Lending decisions may be made by the Bank's credit committees within the powers and limits defined by the regulations governing such committees. In such cases, the committees apply a balanced approach, taking into account the specifics of the borrower's activities and potential social risks.

**20.** To effectively implement these areas, participants in the Bank's social risk management system play a key role, ensuring the functioning of relevant processes, compliance with the requirements of the Internal Regulatory Framework, monitoring the level of social risks, and implementing measures to reduce them.

**21.** Participants in the Bank's social risk management system are:

- 1) ESG Department Employees;
- 2) Employees of the Human Resources Department;
- 3) Employees of the Department for work with corporate clients;
- 4) Employees of the Retail Business Department;
- 5) Employees of the Department of Financial and Operational Risks;
- 6) All Bank employees involved in processes related to sustainable development, environmental responsibility, and compliance with this Policy;
- 7) Head of Risk Management;
- 8) Corporate Credit Committee;
- 9) Retail Credit Committee;
- 10) Risk Management Committee;
- 11) Management Board;
- 12) Board of Directors.

**22.** As part of internal control and annual non-financial (ESG) reporting, information on social indicators is reflected in the Bank's relevant reports for authorized collegial bodies and stakeholders.

## **CHAPTER 5. FINAL PROVISIONS.**

**23.** This Policy is subject to approval by the Board of Directors of the Bank and is binding on all employees of the Bank.

**24.** General control over compliance with the Policy by the Bank and its employees is assigned to the Management Board.

**25.** Decisions adopted and other internal regulatory documents of the Bank in the area of social risk management shall comply with this Policy.

**26.** The revision of the Policy is carried out at the initiative of the interested Joint Venture Bank, the Management Board, and the Board of Directors of the Bank.

**27.** In the event of a change in the name and/or functionality of any of the divisions specified in this Policy, the rights and obligations of the reorganized division shall automatically transfer to its successor.

**28.** This Policy shall be subject to review as the legislation of the Republic of Kazakhstan changes and/or as amendments are made to the Bank's internal regulatory documents that relate to this Policy and have a higher position in the document hierarchy.

**29.** In the event that this internal regulatory document does not comply with the requirements of the legislation of the Republic of Kazakhstan due to updates affecting the content requirements of such internal regulatory documents, as well as in matters not regulated by this internal regulatory document, the Bank shall be guided by the legislation of the Republic of Kazakhstan.

*ESG Department*