ANNUAL REPORT
JSC “ZHASYL DAMU”
FOR 2023

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Principal Activities of JSC “Zhasyl damu”

JSC “Zhasyl damu” was established in accordance with Resolution No. 978 of the Government of the Republic of Kazakhstan dated July 26, 2012, “On the Reorganization of the Republican State Enterprise with the Right of Economic Management ‘Kazakh Scientific Research Institute of Ecology and Climate’ of the Ministry of Environmental Protection of the Republic of Kazakhstan.”



Technical and advisory support for the activities of the Ministry of Ecology and Natural Resources (MENR) in coordinating and implementing the Kyoto Protocol to the UN Framework Convention on Climate Change.



Implementation of the Extended Producer (Importer) Responsibility Principle since 2022



Research and development in the field of climate change and GHG (Greenhouse Gas) emissions regulated by the Kyoto Protocol to the UN Framework Convention on Climate Change, and hazardous waste management.



Management of Ownerless Hazardous Waste (OHW) transferred to state ownership by court decision

Address by the Chairman of the Board of Directors



Chairman of the Board of Directors of JSC “Zhasyl damu”, Vice-Minister of Ecology and Natural Resources of the Republic of Kazakhstan N. Sharbiev

Ladies and Gentlemen,

On behalf of the Shareholder and the Board of Directors of Zhasyl damu, I welcome you and am pleased to present the Annual Report for 2023.

The past year can be characterized as a continuation of the transformation of Zhasyl damu, which began in 2022.

In 2023, a large number of legislative and regulatory acts were analyzed, and as a result, a package of proposals was developed for further improvement of the legislative framework.

It should be noted that the EPR (Extended Producer Responsibility) direction, operated by the Company, is an environmental mechanism that allows, among other things, to improve the sphere of waste processing and recycling. Thus, thanks to the EPR principle in Kazakhstan, starting from 2016, the share of MSW (Municipal Solid Waste) recycling has increased from 2% to 24% - due to the introduction of separate collection in the regions, the purchase of containers, the development of waste processing infrastructure, promotion, and raising environmental awareness among the population.

The development of MSW processing with the production of finished products requires high-quality secondary raw materials. To this end, it is necessary to establish all preceding technological operations: organize the collection, transportation, and in-depth sorting of MSW.

The government has approved a mechanism for preferential financing of projects in the field of waste management — this includes the acquisition of garbage trucks, sorting lines, and processing facilities. Financing is provided through the Industry Development Fund with a remuneration rate of 3% and a loan term of 3 to 15 years. The total amount of allocated funds is about 200 billion tenge for 3 years.

Overall, the Shareholder, represented by the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan, positively assesses the results of Zhasyl damu’s activities in terms of meeting the set key performance indicators, including financial ones. At the end of 2023, net profit exceeded 28 billion tenge, corporate income tax of more than 29 billion tenge was paid to the national budget, and dividends of more than 19.6 billion tenge were paid to the state.

At the same time, Zhasyl damu is focused on further transforming its activities. Taking into account current realities, the Development Strategy for 2023-2027 was developed and approved by the Board of Directors, which is aimed at improving the waste management system and fostering an environmental culture in society.

I am confident that the transformation that is now taking place in Zhasyl damu will increase efficiency in addressing environmental issues, create conditions for improving environmental quality and developing the waste management system.

In conclusion, I would like to wish the Zhasyl damu team, partners, and colleagues successful implementation of all goals set for the benefit of sustainable development of the economy of Kazakhstan.

Address by the Chairman of the Management Board



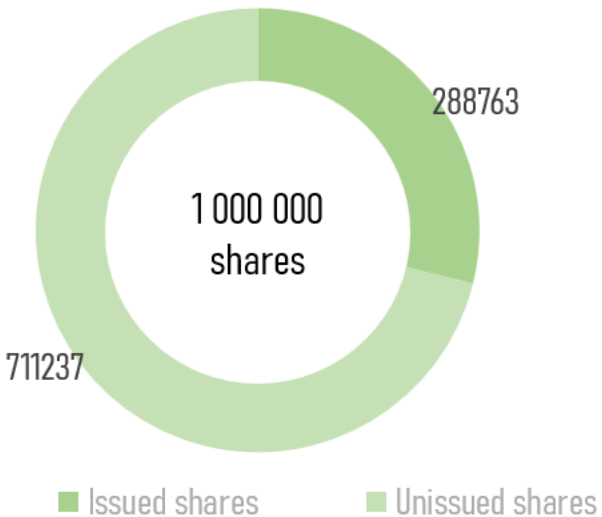
Chairman of the Management
Board JSC “Zhasyl damu”
E. Sarsenbay

Ladies and Gentlemen,
In this report, we want to share our achievements with you.
In 2023, our company continued to work in areas such as:
•Fulfilling Kazakhstan’s international obligations to reduce greenhouse gas emissions;
•Preparing the annual National Report submitted by Kazakhstan to the Secretariat of the UN Framework Convention on Climate Change;
•Managing hazardous waste, within the framework of which more than 120 types of waste were removed in the Mangystau Region.
The total amount of money allocated for financing projects on a revolving basis through the Industry Development Fund JSC (a subsidiary of the Baiterek National Management Holding) is 470 billion tenge.
One of the significant results that will be implemented in 2024 is the allocation of funds to address pressing issues in municipal solid waste management, which will positively impact the environment. The government has defined a mechanism for preferential financing of projects aimed primarily at the construction and modernization of plants and sorting lines, and the purchase of necessary equipment for the regions of Kazakhstan. Meetings were held with local executive bodies and entrepreneurs initiating investment projects in the field of waste management. As a result, a pool of the most promising projects in this area was identified. Their implementation will begin in 2024.
Also, I would like to note that thanks to recycling fees, more than 13,300 Kazakhstani families purchased new domestic cars, and agricultural enterprises and road carriers were able to purchase more than 1,600 units of domestic agricultural machinery and 225 buses on preferential terms.
Thank you for your interest in the activities of our company. We are confident that by working together, we can continue to improve the state of the environment and contribute to the implementation of the state environmental policy.

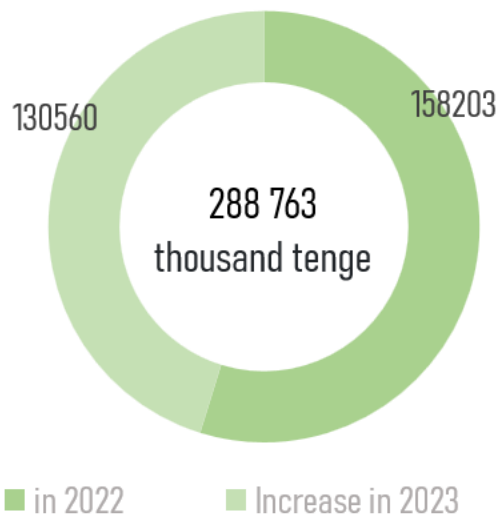
About the Company

The sole shareholder of the Company is the State, represented by the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan.

On **December 15, 2022**, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market carried out the state registration of the issue of the Company's declared shares in the amount of **1,000,000 ordinary shares** with a nominal value of 1,000 tenge (registration certificate No. 0000408 series C, ISIN code – KZT1C00006980).



On **January 6, 2023,** Order No. 9 of the Committee on State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan announced an increase in **share capital of 130,560 thousand tenge**. As part of this order, 100 percent of the equity stake in LLP "EPR Operator" was transferred as payment for the Company's shares.



Mission, Vision, and Strategic Directions

The Company's Development **Strategy** for 2023-2027 was **approved by decision of the Board of Directors** on November 24, 2023.

01 **Mission**:

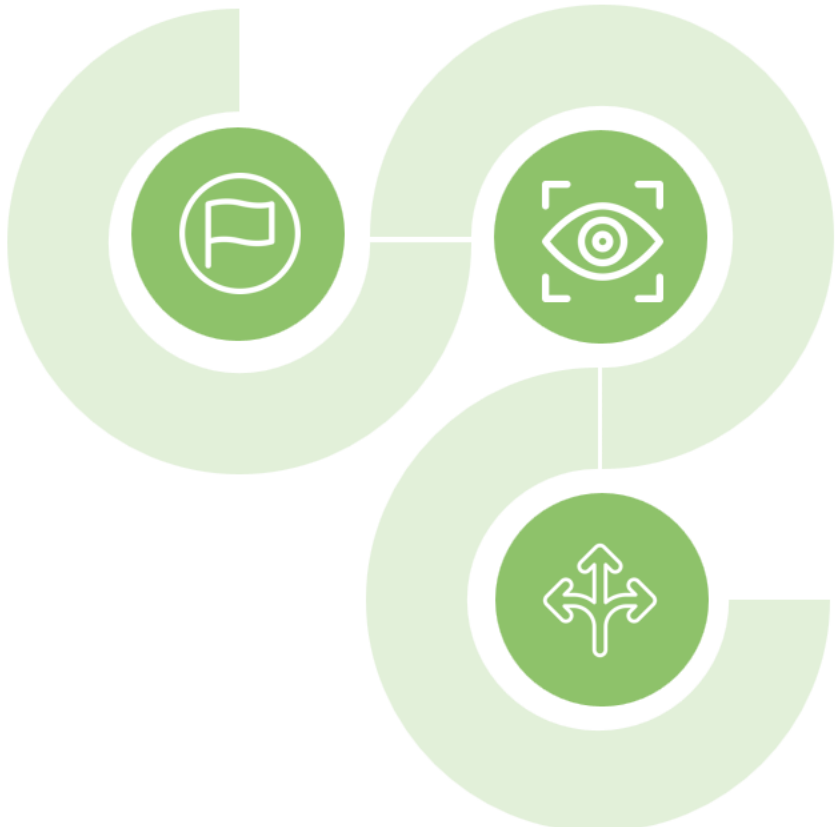
To promote the implementation of the state environmental policy aimed at creating conditions for the development of a comprehensive waste management system, including those related to the development of a circular economy.

02 **Vision**:

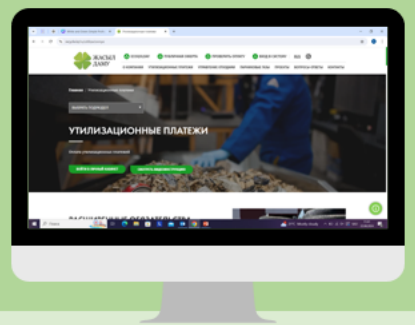
An organization open to society, ensuring an accelerated transition to environmentally sustainable methods of production, distribution, and consumption.

03 **Strategic Directions:**

- Improving the waste management system for products (goods) subject to EPR (Extended Producer Responsibility)
- Fostering an environmental culture in society
- Improving the Company's operational efficiency



Vehicles and agricultural machinery for which the disposal payment was made in 2023, units.



In 2023, all applications were submitted in the app.recycle.kz information system. The Operator issued 292,043 certificates for the payment of disposal payments for vehicles and agricultural machinery imported and manufactured in the country, which is 123,970 certificates or 73% more than the same indicator in 2022.

Category	Production	Import	Total
M1	128 102	111 750	239 852
M1G	238	11 848	12 086
M2	806	393	1 199
M2G	111	34	145
M3	2 458	1 156	3 614
M3G	131	20	151
N1	3 341	2 037	5 378
N1G	2 209	3 998	6 207
N2	770	850	1 620
N2G	64	80	144
N3	431	10 376	10 807
N3G	1 098	2 638	3 736
COMBAIN	744	249	993
TRACTOR	4 515	1 596	6 111

Products for which a disposal payment was paid in 2023

ЖАСЫЛ ДАМУ

In 2023, **26,258 certificates** were issued for the payment of disposal payments for products (goods) subject to EPR, totaling 300,842 items with a total mass of approximately 368,000 tons.

Product Groups	Mass, tons
Rubber, synthetic rubber, and articles thereof	91 247,49
Electric batteries, including separators for them	7 882,60
Oils and petroleum products (other than crude) obtained from bituminous minerals, and products not elsewhere specified or included, containing 70% or more by weight of oils or petroleum products obtained from bituminous minerals, these being the basic constituents of the products, excluding those containing biodiesel and waste oils.	85 276,42
Other chemical products	15 206,13
Polymeric (plastic), glass, paper, cardboard, metal packaging, packaging made of composite materials.	136 229,41
Tableware and kitchenware, cutlery and kitchen utensils, other household items and hygiene or toiletry items made of plastics	952,84
Newspapers, magazines, and other periodical publications, illustrated or unillustrated, containing or not containing advertising material	0,06
Handmade paper and cardboard, uncoated, used for writing, printing, or other graphic purposes	960,15
Primary cells and primary batteries	5,49
Incandescent electric lamps or gas discharge lamps, including sealed directed light lamps, as well as ultraviolet or infrared lamps; mercury-containing arc lamps	12,47
Mercury-containing medical or veterinary thermometers	2,77
Large-size electrical and electronic equipment	8 617,43
Electrical and electronic equipment containing heat transfer fluids.	10 553,66
Electrical and electronic equipment equipped with screens and monitors	3 202,82
Small-sized electrical and electronic equipment	7 648,96
Small electrical and electronic information equipment	191,45
Total	367 990,15

Greenhouse Gas Emission Trading System in Kazakhstan



The Republic of Kazakhstan signed the Paris Agreement on August 2, 2016, and ratified it on November 4 of the same year.
All Parties to the Paris Agreement have their own commitments to reduce greenhouse gas emissions.
Kazakhstan has set an ambitious unconditional target to reduce greenhouse gas emissions by 15% below 1990 levels by 2030.

In 2023, the following activities were carried out to support the Greenhouse Gas Emission Trading System in Kazakhstan:

- Proposals and recommendations were prepared for improving Kazakhstan's legislation regarding government regulation in the area of greenhouse gas emissions and removals, approval of carbon offsets and provision of offset units, validation and verification procedures, and carbon unit trading.
- Calculations were performed for the withdrawal of carbon quota units and an analysis was conducted of the production volumes of installations subject to quotas in 2022 for the purpose of withdrawing carbon quota units.
- Proposals were prepared for amending the National Carbon Quota Plan for 2022-2025.
- Carbon quota volumes for 2024–2025 were recalculated. Based on carbon quotas issued by the Committee for Environmental Regulation and Control of the Ministry of Ecology and Natural Resources of Kazakhstan to entities transitioning into the category of entities subject to quotas, these enterprises were included in the National Carbon Quota Plan starting in 2024. Currently, the number of installations included in the National Carbon Quota Plan for 2024-2025 is 21.
- Information and awareness-raising activities were conducted with the public, and hybrid seminars were held on "The Greenhouse Gas Emission Trading System in Kazakhstan: Kazakhstan's Legislation on the Emission Trading System" and "The Greenhouse Gas Emission Trading System in Kazakhstan: Carbon Quota Issues."
- Analytical information on the allocation of carbon quota units for 2022 within the framework of the National Carbon Quota Plan for 2022-2025 was prepared, and information on issued additional quotas was published on the Company's website.

Establishment and maintenance of the National Registry of Carbon Units

The main functions of the national registry of carbon units are to ensure accurate accounting of carbon units that are placed into circulation, held in accounts, transferred, acquired, reserved, blocked, cancelled, retired, withdrawn from circulation, as well as data exchange with other national registries.

One carbon unit is equal to 1 tone of CO2 equivalent.

The following operations related to the establishment and maintenance of the National Registry of Carbon Units were carried out during 2023:

- Additional volumes of carbon quotas were credited to the accounts of installation operators: to 66 installation operators.
- Accounts were opened for new installations and carbon quota units were credited: opened for 8 new installations.
- Carbon quotas (carbon units) were retired by entities subject to quotas for 2022. During the reporting period, the Registry processed operations to withdraw carbon units from circulation by debiting them from the corresponding account of the entity subject to quotas and crediting them to the quota retirement account in the Registry. These operations were carried out taking into account the receipt of additional carbon quotas, the redistribution of carbon quotas between their own installations, and the acquisition of carbon quotas on the secondary carbon market. The total number of carbon quotas transferred for retirement was 154,743,826 units.
- Carbon units were transferred between the accounts of installation operators following trading activity: 49 transactions were concluded.
- A transfer of carbon units between installations was carried out.
- Procedures were carried out to withdraw carbon quotas from 119 installation operators.
- Consultation support was provided to users of the National Registry.

Management of ownerless hazardous waste

According to paragraph 5 of Article 340 of the Environmental Code of the Republic of Kazakhstan, the management of ownerless hazardous waste (OHW) that has become state property by court decision is carried out by a subordinate organization of the authorized body in the field of environmental protection.

In 2023, within the framework of budget program 037 “Stabilization and Improvement of Environmental Quality,” subprogram 103 “Elimination of Natural and Man-Made Pollution,” an agreement on public procurement for the utilization and/or disposal of ownerless hazardous waste (chemical waste, materials, reagents, raw materials) located on the territory of the former Aktau Plastics Plant in Aktau, Mangystau Region, was concluded between the Ministry of Ecology and Natural Resources of Kazakhstan and the Company.







As a result of the services provided by the Company, 121 ownerless hazardous waste items (chemical waste, materials, reagents, raw materials) located on the territory of the Aktau Plastics Plant in Aktau, Mangystau Region, were utilized and/or disposed of.

Operational and Financial Performance

Based on the results of 2023

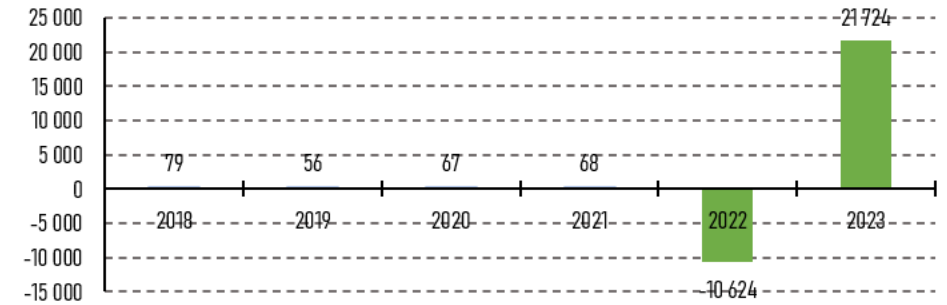
- Net profit reached over 28 billion tenge, an increase of 200% compared to the previous year.
- Corporate income tax (CIT) of over 29 billion tenge was paid to the national budget, and dividends of over 19.6 billion tenge were paid.

Trends in Assets and Liabilities (millions of tenge)



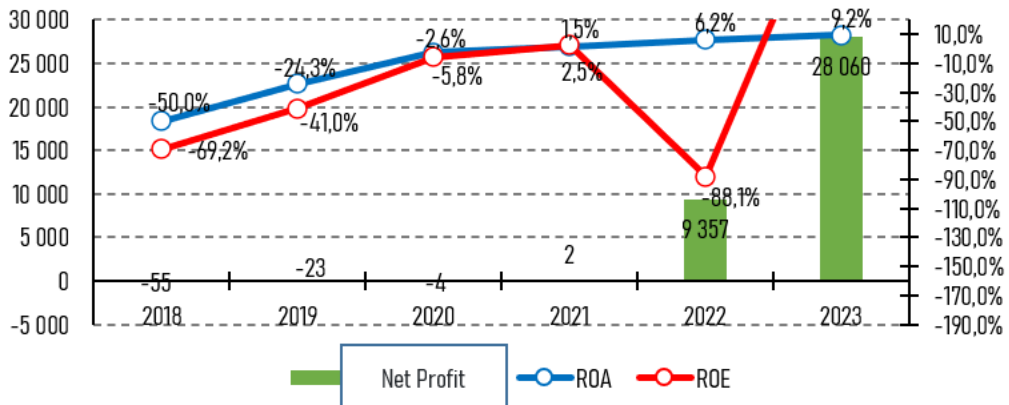
As of December 31, 2023, the Company's consolidated assets totaled 305,530 million tenge, an increase of 102% compared to the previous year. At the end of the reporting period, the Company's consolidated liabilities totaled 283,806 million tenge, an increase of 76% compared to 2022.

Dynamics of Changes in Equity, mln KZT



As of December 31, 2023, the consolidated equity of the Company exceeded KZT 21,724 million, which is higher than the corresponding figure for 2022.
The negative equity of the Company in 2022 arose due to the total amount of liabilities transferred to LLP "EPR Operator" exceeding its assets.

Trends in Net Profit, ROA, and ROE



The ROA (Return on Assets) indicator, which reflects the amount of profit per unit of asset value, was 9.2%, which is 1.5 times higher than the 2022 figure. The ROE (Return on Equity) indicator reflects the amount of profit per unit of equity, i.e., how effectively the invested capital was used. At year-end 2023, the ROE was 129.2%, which also exceeds the 2022 figures.

Key Significant Events and Achievements

Through use disposal payments, over 13,300 Kazakhstani families purchased new domestically produced cars, and agricultural enterprises and road carriers were able to acquire over 1,600 units of domestic agricultural machinery and 225 buses on preferential terms.

January
Transfer of 100% of the equity interest in the charter capital of LLP "EPR Operator" to the Company.

May
Inclusion in the Registry of a special right to operate in the management of historical waste.
Issuance of the annual financial statements for 2022.

July
Elimination of incentives for the production of cable and wire products.

October
Execution of a loan agreement with JSC "FRP" for KZT 20 billion.

November
Approval of the Development Strategy for 2023-2027.

Approval of the Rules for Directing Funds by Operator ROP to Organize the Collection, Transportation, Preparation for Reuse, Sorting, Processing, Recycling, Neutralization, and/or Disposal of Waste Within and Outside the Republic of Kazakhstan.
Approval of the Payment Amounts for the Collection, Transportation, Preparation for Reuse, Sorting, Processing, Recycling, Neutralization, and/or Disposal of Waste.

December

Goals and Plans for Future Periods

Work will be organized to analyze the needs for waste recycling, attract investment, and transfer technologies to this sector. Priority will be given to recycling those types of waste for which recycling capacity is currently lacking or insufficient in Kazakhstan.

01 Resumption of the disposal program for end-of-life vehicles (ELVs) and end-of-life agricultural machinery (ELAM), including the issuance of discount certificates to owners of ELVs and/or ELAM for surrendering old vehicles and machinery for disposal.

02 Launch of an automated information system for organizing the collection, transportation, preparation for reuse, sorting, processing, recycling, and/or disposal of packaging waste. This system will also incorporate new types of waste, including auto component waste (used tires, oils, and batteries).

03 Implementation of the integration of the Company's information systems with the information systems of state authorities, second-tier banks, and automobile manufacturers to ensure control over the accurate calculation, completeness, and timeliness of the disposal payment remitted by producers (importers).

04 Resumption of payments to enterprises, collectors, processors, and disposers of waste from products (goods) and their packaging subject to EPR, as well as the organization of collection, transportation, preparation for reuse, sorting, treatment, processing, neutralization, and/or disposal of waste generated after the products (goods) have lost their consumer properties.

05 Funding on a Revolving Basis (Returnable Funding) in the Amount of:

•185 billion tenge: This will be used to construct new waste recycling plants and sorting lines throughout Kazakhstan, modernize existing companies engaged in waste collection, sorting, and recycling, and purchase specialized equipment for waste removal in the regions. This includes:

- Introducing 21 waste sorting lines with a capacity of 3 million tons per year.
- Establishing 45 recycling plants with a capacity of 1.2 million tons per year.
- Purchasing 223 units of specialized equipment.
- These projects are expected to attract over 46 billion tenge in private investment and create over 4,500 new jobs.

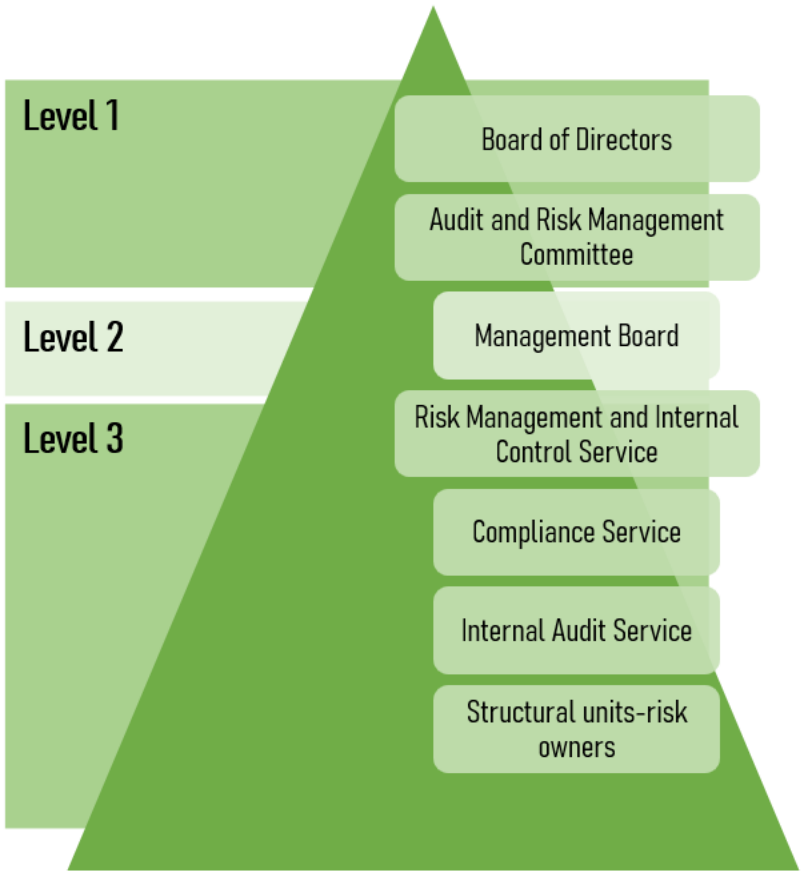
•50 billion tenge: For the purchase of specialized equipment for organizations reporting to the Ministries of Emergency Situations and Water Resources and Irrigation for flood control measures.

•15 billion tenge: For the purchase of approximately 350 new, environmentally friendly buses of domestic production for the regions of Kazakhstan. This will allow for the transport of over 10 million passengers per year.

•40 billion tenge: For forestry organizations. As a result, firefighters will receive new vehicles (replacing old GAZ and URAL vehicles from the 1970s-1990s) to ensure the prompt suppression of forest fires and the implementation of other special measures.

Risk management system

- The Company's risk management process is an integral part of its corporate culture and plays an important role in strategic, managerial, and investment decision-making.



The risk register consists of 23 identified risks, including:

-**6 Strategic Risks:** These are defined as risks of losses arising from changes or errors (shortcomings) in the determination and implementation of the Company's development strategy, changes in the political environment, regional market conditions, industry downturns, and other systemic external factors.

-**2 Environmental Risks:** These are related to the probability of failure to achieve the Company's core objectives, loss of income, or losses arising from adverse changes in the environment.

-**5 Financial Risks:** These include risks related to the Company's capital structure, financial condition, fluctuations in exchange rates, and fluctuations in interest rates, etc.

-**7 Operational Risks:** These include risks of losses arising from deficiencies or errors in the implementation of internal processes, committed by employees (including personnel risks), the functioning of information systems and technologies (technological risks), as well as due to external events.

-**3 Legal Risks:** These reflect the probability of losses of income or the occurrence of losses and lawsuits due to non-compliance by the Company or a counterparty with the requirements of the legislation of the Republic of Kazakhstan, and in relations with a non-resident of the Republic of Kazakhstan, the legislation of the country of origin, as well as the terms of concluded contracts.

BOARD OF DIRECTORS



SHARBIEV N.K.

Chairman of the Board of Directors of JSC "Zhasyl damu", First Vice Minister of the Ministry of Ecology, and Natural Resources of the Republic of Kazakhstan



TASHENEV B.KH.

Chairman of the Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan



SARSENBAI E.N.

Chairman of the Management Board JSC "Zhasyl damu



SHAEKIN R.M.

Independent Director, Chairman of the Strategic Planning Committee



OMAROV K.T.

Independent Director, Chairman of the Audit and Risk Management Committee



SHILDEBAYEVA A.D.

Independent Director, Chairperson of the Human Resources, Remuneration and Social Affairs Committee

The Company's Board of Directors held **14 in-person meetings and 2 absentee meetings**, at which 114 issues were considered.

- Strategic Planning Committee: **12 meetings**
- Audit and Risk Management Committee: **11 meetings**
- Human Resources, Remuneration, and Social Issues Committee: **10 meetings**

"The powers of the following members of the Board of Directors were terminated by the decision of the Sole Shareholder of the Company on:
- February 13, 2023 – Zulfia Bolatovna Suleimenova, Sole Shareholder's representative, Chairperson of the Board of Directors (early termination);
- February 16, 2023 – Seitsultan Suleimenovich Aimbetov, Member of the Board of Directors (early termination);
- June 8, 2023 – Dosbol Botashevich Bekmagambetov, Sole Shareholder's representative, Chairperson of the Board of Directors (early termination)."

MANAGEMENT BOARD



SARSENBAI Yerzhan Nurlanuly

Chairman of the Management Board, JSC "Zhasyl damu"

Born: 1980, citizen of the Republic of Kazakhstan
Education: Higher education in Economics and Law
Work experience: Over 22 years in public administration and the quasi-public sector
Areas of supervision:

- Chairs the Management Board and convenes its meetings;
- Organizes implementation of decisions of the Sole Shareholder and the Board of Directors;
- Acts on behalf of the Company without a power of attorney in relations with third parties, including executing transactions and operations on behalf of the Company, and representing the Company with state, international, financial, and other organizations;
- Issues powers of attorney granting the right to represent the Company in relations with third parties;
- Allocates powers and areas of responsibility among Management Board members and employees performing organizational, administrative, and economic functions.

Number and share of affiliated company shares owned: does not own any.

The Management Board is authorized to make decisions on any matter relating to the Company's activities that is not assigned by the Law of the Republic of Kazakhstan "On Joint Stock Companies," other legislative acts of the Republic of Kazakhstan, and the Company's Charter to the competence of other bodies and officials of the Company.

The following individuals' powers as Members of the Management Board were terminated:

- May 2023: Tokseitov N.A. - Deputy Chairman of the Management Board
- October 2023: Abaidildin A.A. - Deputy Chairman of the Management Board

In 2023, the Management Board held **67 meetings and considered 310 issues**.

MANAGEMENT BOARD



Nurzhan Kenesbaevich Kabdoldanov
Deputy Chairman of the Management Board, JSC «Zhasyl damu»

Born in 1978, citizen of the Republic of Kazakhstan.
Education: Higher education in Law and Economics.
Work experience: Over 25 years in public administration, quasi-state sector, and commercial organizations.
Areas of responsibility: Oversees the general organization, coordination, and control of the Company's activities in matters related to:
•Management of ownerless hazardous waste transferred to state ownership by court decision;
•Extended producer (importer) responsibility;
•Climate change and regulation of greenhouse gas emissions.
Number and share of affiliated company shares owned: does not own any.



Daniyar Kuttybekovich Dosymbekov
Deputy Chairman of the Management Board, JSC «Zhasyl damu»

Born in 1981, citizen of the Republic of Kazakhstan.
Education: Higher legal education, Master of Public Administration.
Work experience: Over 20 years in various positions in the public service.
Areas of responsibility:
•Overall organization and coordination of legal support for the activities of the Company;
•Management of the Company's claims and litigation work;
•Human resources management of the Company.
Ownership of affiliated organizations' shares: does not own any.

MANAGEMENT BOARD



Malika Zhan-Kozyevna Dikanbayeva
Deputy Chairman of the Management Board, JSC «Zhasyl damu»

Born in 1986, citizen of the Republic of Kazakhstan.
Education: Higher technical education, Master's degree in Information Systems and Technology in Business Analytics.
Work experience: Over 16 years in the quasi-state sector.
Areas of responsibility:

- Collection of the disposal payment transferred by producers (importers) to the EPR Operator's bank account;
- Organization of collection, transportation, preparation for reuse, sorting, treatment, recycling, neutralization and/or disposal of waste (ELVs and agricultural machinery);
- Organization of IT operations, automated information systems of the Company, and related activities.

Number and share of affiliated company shares owned: does not own any.



ERNAZAR Shynasyl Zhenisovich
Deputy Chairman of the Management Board, JSC «Zhasyl damu»

Born in 1992, citizen of the Republic of Kazakhstan.
Education: Higher education in Finance, Master of Business Administration.
Work experience: Over 10 years of experience in the quasi-public sector.
Areas of responsibility:

- Economics, finance, accounting, preparation of financial and tax reports, and liquidity management.
- Financing of activities related to the implementation of the EPR operator's functions.
- Development of the Company's Development Strategy and monitoring of its implementation.

·**Number and share of affiliated organizations' owned shares**: does not own any.

Internal Audit Service



The mission of the Company's Internal Audit Service (IAS) is to preserve and enhance the Company's value by conducting objective internal audits based on a risk-oriented approach, providing recommendations, and sharing knowledge.

To ensure the independence and objectivity of internal audit, the IAS is a body of the Company directly subordinate to the Board of Directors and its Audit and Risk Management Committee, and reports to them on its work.

In accordance with the requirements of the legislation of the Republic of Kazakhstan, the norms of the Company's Charter, the IAS Regulation, and the Rules for the Organization of Internal Audit in the Company, the IAS, in carrying out its activities, is guided by the International Professional Practices Framework (IPPF), recommended by the global Institute of Internal Auditors.

Internal audit planning and the prioritization of audit assignments are carried out on the basis of a risk-oriented approach. All audit assignments were completed in accordance with the International Standards for the Professional Practice of Internal Auditing and the Company's Rules for the Organization of Internal Audit. Based on the results of the audit, the IAS developed appropriate recommendations aimed at improving the systems of internal control, risk management, and corporate governance. The audit objects developed corrective/preventive action plans to eliminate the identified violations.

The IAS conducts quarterly monitoring of the implementation of recommendations based on the results of internal audit, external audit, and external controlling bodies. The results of internal audit and information on the implementation of recommendations are reflected in quarterly and annual reports, which are reviewed and approved by the Company's Board of Directors. The reporting is preliminarily reviewed by the Audit and Risk Management Committee of the Board of Directors.

Sustainable Development of the Company

- In its operations, the Company is guided by the following principles of sustainable development: openness, accountability, transparency, ethical behavior, consideration of stakeholders' interests, legality, respect for human rights, zero tolerance for corruption, and avoidance of conflicts of interest.
- The Company also declares its commitment to the principles of the United Nations Global Compact in its operations

The Company ensures the alignment of its economic, environmental, and social objectives to achieve sustainable development over the long term.

Principles of Economic Component of Sustainable Development	Principles of Environmental Component of Sustainable Development	Principles of Social Component of Sustainable Development
·Ensuring the interests of the Sole Shareholder ·Improving the efficiency of business processes ·Allocating funds for the development of advanced technologies in waste management and related industries ·Promoting the creation of new jobs in waste management and related industries	·Minimizing impact on biological and physical natural systems ·Reducing the use of natural resources ·Applying environmentally friendly, energy- and material-saving technologies ·Minimizing waste and promoting waste recycling	·Ensuring transparent recruitment procedures and equal opportunities for employment ·Fair remuneration and protection of employee rights ·Ensuring occupational safety and preserving employee health ·Individual and professional development of employees ·Implementation of social programs for staff ·Conducting environmental and educational campaigns

Effectiveness of HR Management

From December 22, 2023, to December 26, 2023, final surveys were conducted using an external platform to assess the level of engagement and satisfaction of the Company's employees.
The final surveys included:
•Engagement assessment - 112 Company employees (85% of the actual total number of employees).
•Satisfaction assessment - 111 Company employees (84% of the actual total number of employees).

The employee engagement index for 2023 is 84%.

According to the interpretation of results in Appendix 3 to the Guide, a score of 80–100% is considered a high level of employee engagement. Employees in this category typically feel a strong commitment to the company, are motivated to achieve goals, and derive satisfaction from their work. They actively participate in the company's activities, are willing to propose ideas, and strive for better results.

The employee satisfaction index for 2023 is 82%.

According to the interpretation of results in Appendix 3 to the Guide, a score of 80–100% is considered a high level of employee satisfaction. Employees are fully satisfied with their work and the conditions in which they perform it. This may indicate a strong corporate culture, high motivation, and a good level of trust within the team.

In 2023, as instructed by the Board of Directors, a project to grade positions was implemented. Furthermore, to ensure internal equity and external competitiveness, the Company's management conducted work to implement a new compensation system based on position grading.
In this regard, in 2023, in order to assist in achieving the strategic goals and objectives of the Company by improving the existing system of remuneration and bonuses, internal regulations governing remuneration, performance evaluation, bonuses, and social support for management employees and employees accountable to the Board of Directors and the Management Board of the Company were updated.
Furthermore, to support talent development and the successful implementation of strategic goals and objectives, the Company developed and approved the Talent Management Policy of JSC *Zhasyl damu*.
The Company's personnel policy is aimed at attracting, unlocking the potential of, and retaining promising, talented specialists, as well as creating an appropriate environment in which employees strive for self-development, adherence to corporate values, the acquisition of new competencies required by the Company for successful operation.

Anti-Corruption Measures

- The Company's Compliance Service was established by decision of the Board of Directors in July 2022 to organize and oversee the system for combating fraud and corruption. Throughout 2023, the Service underwent changes in leadership, including the appointment of a new head and strengthening of the team composition.
- The Regulations on the Company's Compliance Service fully comply with the Model Regulations on Anti-Corruption Compliance Services in Quasi-Public Sector Entities, approved by Order No. 112 of the Chairman of the Agency of the Republic of Kazakhstan on Combating Corruption dated March 31, 2023, adopted in accordance with the Law of the Republic of Kazakhstan "On Combating Corruption."

As part of the strategy to improve corporate culture, the following activities were carried out:

1. The organization, in conjunction with representatives from the Agency of the Republic of Kazakhstan for Combating Corruption and the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan, conducted a seminar on "Corruption Prevention and the Formation of an Anti-Corruption Culture" for managers and employees of the Company.
2. Quarterly training is conducted on the settlement of corporate conflicts and conflicts of interest, on the anti-corruption instructions for employees, on combating fraud, and on proactive reporting.
3. Development and publication of training materials on the internal portal with employee testing to increase awareness and knowledge of existing internal regulatory acts in the area of compliance.
4. Throughout 2023, the Compliance Service continuously monitored changes in anti-corruption legislation to ensure timely response and adherence to requirements.

Based on the results of 2023, no cases of corruption offenses committed by the Company's officials or employees were recorded.

Hotline:



Phone: +7 (7172) 62 06 71
Website: recycle.kz
E-mail: compliance@recycle.kz

Auditor's Report

- The auditor's report of the independent auditor LLP "SFAI Kazakhstan" dated March 18, 2024, is reflected in the Company's financial statements for 2023.
- The full version of the 2023 financial statements is available on the Company's website: recycle.kz

SFAI SANTA FE ASSOCIATES INTERNATIONAL

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Аудиторский отчет независимого аудитора

Акционеру и Руководству АО «Жасыл даму»

Мнение

Мы провели аудит прилагаемой консолидированной финансовой отчетности АО «Жасыл даму» и его дочерних организаций - (далее – «Группа»), состоящей из консолидированного отчета о финансовом положении по состоянию на 31 декабря 2023 года, консолидированного отчета о прибыли или убытке и прочем совокупном доходе, консолидированного отчета об изменениях в капитале и консолидированного отчета о движении денежных средств за год, закончившийся на указанную дату, а также примечаний, состоящих из основных положений учетной политики и прочих пояснительных примечаний.

По нашему мнению, прилагаемая консолидированная финансовая отчетность во всех существенных аспектах достоверно отражает консолидированное финансовое положение Группы по состоянию на 31 декабря 2023 года, а также консолидированные финансовые результаты ее деятельности и консолидированное движение денежных средств за год, закончившийся на указанную дату, в соответствии с Международными стандартами финансовой отчетности (далее – «МСФО»).

Мы также предоставляем лицам, отвечающим за корпоративное управление, заявление о том, что мы соблюдали все соответствующие этические требования в отношении независимости и информировали этих лиц обо всех взаимоотношениях и прочих вопросах, которые можно обоснованно считать оказывающими влияние на независимость аудитора, а в необходимых случаях – о соответствующих мерах предосторожности.

Олжас Кунишбеков
Генеральный директор/Аудитор

Государственная лицензия на занятие аудиторской деятельностью на территории Республики Казахстан № 22001146, выданная Министерством Финансов Республики Казахстан 25 января 2022 года

Квалификационное свидетельство аудитора № МФ0000516 от «12» января 2018 года

Бостандыкский район, проспект Аль-Фараби 13, БЦ «Нурлы-тау», блок 2В, офис 801, г. Алматы, Республика Казахстан

«18» марта 2024 года

Glossary

ЖАСЫЛ ДАМУ

ATV –Vehicles (Automotive Transport Vehicles)
EOL-SPAM – End-of-Life Self-Propelled Agricultural Machinery
EOL-V – End-of-Life Vehicles
MENR RK – Ministry of Ecology and Natural Resources of the Republic of Kazakhstan
Company – JSC “Zhasyl damu”
RK – Republic of Kazakhstan
EPR – Extended Producer (Importer) Responsibility
Stockholm Convention – Stockholm Convention on Persistent Organic Pollutants (Stockholm, May 22, 2001), ratified by the Law of the Republic of Kazakhstan No. 259 dated June 7, 2007
SPAM – Self-Propelled Agricultural Machinery
MSW – Municipal Solid Waste
V – Vehicles
EVCS – Electric Vehicle Charging Station
EC RK – Environmental Code of the Republic of Kazakhstan