



# SUSTAINABILITY REPORT

Fiscal Year 2023

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freedom

## About Freedom Holding Corp.

GRI 2-1 GRI 2-6 GRI 2-23

Freedom Holding Corp. (hereinafter also referred to as the Company, we, our and us) publishes its first Sustainability Report (hereinafter referred to as the Report).

Together with all its subsidiaries (as defined in the Company's annual Form 10-K filing with the SEC) Freedom Holding Corp. is referred to as the Group.

Freedom Holding Corp. is a corporation organized in the United States of America under the laws of the State of Nevada. Our main executive office is located in Almaty, Republic of Kazakhstan, at the following address: Al-Farabi Avenue, 77/7, Esentai Tower Business Center.

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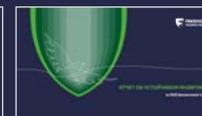
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# ABOUT THE REPORT

## Approach to the Report GRI 2-3

This Sustainability Report is a inaugural report by Freedom Holding Corp. (hereinafter referred to as the Company). It contains information on the Company's sustainability performance for the reporting period from April 1, 2022, to March 31, 2023.

In order to ensure the quality and comparability of disclosed data, the Report has been prepared with reference to the standards of the Global Reporting Initiative (Consolidated Set of the GRI Standards 2021).

In addition, the content of the Report is in line with the provisions of the following initiatives:

- Principles of the United Nations Global Compact (UNGC);
- The Sustainable Development Goals (SDGs) adopted by the UN General Assembly in 2015.

## REPORTING BOUNDARIES

### GRI 2-2

The sustainability data herein has been consolidated in respect of the following subsidiaries of the Company, which are regarded as the subsidiaries with significant impact on the environment, society and the economy:

- Freedom Finance JSC
- Freedom Finance Global PLC
- Bank Freedom Finance Kazakhstan JSC
- Insurance Company Freedom Finance Insurance JSC
- Freedom Finance Life JSC
- Foreign Enterprise LLC Freedom Finance Uzbekistan
- Freedom Finance Europe Ltd
- Prime Executions, Inc.



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# SENIOR MANAGEMENT STATEMENT GRI 2-14

Dear shareholders, partners, investors and colleagues,

Today, ESG principles are fundamental in determining the direction of development of companies that are committed to a responsible approach to the impact of their activities on the environment, society, and economy. Freedom Holding Corp. is among them, and has been working extensively in this direction. We are ready to share the results in our first Sustainability Report, which I believe will open a new chapter in the Company's history.

In our opinion, the implementation of ESG practices and its mechanisms goes beyond the Company's philanthropic activities and contribution to the environment, leading to fundamental changes in management. For Freedom Holding Corp., these changes imply primarily increased sustainability and reduced non-financial risks. The company is viewed positively by investors as a result and may receive additional capitalization. Because a business with a responsible attitude towards society, which builds and permanently increases its social capital, is definitely better positioned to navigate economic turbulence.

Joining the UN Global Compact initiative demonstrates our organization's dedication and commitment to the Sustainable Development Goals. It is well known that an increase in the number of large-scale challenges requires decisive collective action, and the achievement of the Goals is impossible without the deep involvement of the business community. We also joined the National ESG Club in October 2022, which has given an additional impetus to our company's activities in terms of environmental, social and corporate governance.

As a financial market benchmark, Freedom Holding Corp. promotes the principles of green economy and acts as an agent of responsible investment. The Company aims to invest KZT 200 billion in sustainable finance instruments and ESG-aligned projects. At the same time, depositors' interest in sustainable investment instruments is growing, including thanks to the efforts of our Freedom Broker branded business. Over the years, it has not only become the one of the most active players in the government, debt, equity securities and repo sector on the Kazakhstan Stock Exchange but has also gained a position as a reliable source of information on investing, consistently contributing to improving the financial literacy of the population.

By choosing the bold and ambitious goal of building a digital ecosystem, we have become even more technologically advanced through offering new and unique solutions to the market every time. Digitalization is firmly embedded in Freedom Holding Corp.'s DNA, enabling us to make a significant daily contribution to the ESG agenda by reducing the amount of waste produced and the consumption of natural resources, as well as making financial services more accessible to people. Freedom Bank took a leadership position in digital mortgages by being one of the first providers in Kazakhstan to offer such a service, followed by auto and small and medium business lending in a similar format. Our insurance organizations have environmental insurance products, and Freedom Pay is the largest domestic non-bank payment FinTech service. The creation of digital service systems that consolidate various online services is no longer only a trend and a condition



## TIMUR TURLOV

Chief Executive Officer of Freedom Holding Corp.

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for business growth, but also a way to meet the needs of external stakeholders. Especially since we live in such a techno-optimistic country as Kazakhstan, with incredibly broad innovative opportunities.

I firmly believe that with Freedom Holding Corp.'s substantial growth in capitalization, people are the main asset and value of our Company. We have managed to assemble a multinational and diverse team of true professionals and enthusiastic like-minded people who are united by a common vision. Creating a first-class corporate environment and constantly working to improve it allows the company to remain a responsible employer. We care about our team members' wellbeing while also actively contributing to the growth and support of local

communities in Kazakhstan and other regions of our presence. The environmental component of ESG-transformation is of paramount importance to us, and we have already carried out serious work on it. I am confident that the number of our eco-initiatives will only grow in the future.

In 2019, Freedom Holding Corp.'s shares began trading on the world's most technologically advanced stock exchange, Nasdaq, taking on the responsibility to be a public and transparent company. We have a similar commitment to sustainability. We value the trust of the public and our own team, thinking about not only the results but also the consequences of our activities. The ESG trend will undoubtedly grow stronger and have an ever-deeper impact on the lives of each of us. Therefore, our common

task is to meet the challenges of the time while remaining true to the key principles of the Company, including unity, integrity, fairness, innovation and courage.

**With Regards,**  
**Chief Executive Officer**  
**of Freedom Holding Corp.**  
**Timur Turlov**



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# ABOUT FREEDOM HOLDING CORP.

## HISTORY OF THE COMPANY'S DEVELOPMENT


**1981**

- The predecessor to the Company was incorporated in the State of Utah in the US.

**2010**

- Mr. Turlov acquired Belyi Gorod Ltd. in Russia (later renamed to LLC Investment Company Freedom Finance).

**2013**

- LLC Investment Company Freedom Finance acquired a brokerage company in Kazakhstan (which was renamed Freedom Finance JSC).
- A European brokerage company is established.

**2014**

- Freedom Finance JSC opened 14 offices across Kazakhstan.

**2015**

- The Company entered into a reverse acquisition transaction and changed its name from BNB Munai, Inc. to Freedom Holding Corp. and acquired Freedom Finance Europe Ltd., LLC Investment Company Freedom Finance (Russia) and Freedom Finance JSC (Kazakhstan).
- Freedom Finance Europe Ltd. completed its regulatory licensing (CIF 275/15 license issued by Cyprus Securities & Exchange Commission (CySEC) on 20.05.2015).

**2018**

- A brokerage company in Ukraine was opened.<sup>4</sup>

**2019**

- Freedom Holding Corp.'s shares were approved for listing on Nasdaq and the shares began trading on Nasdaq in October 15.

**2020**

- The Company completed the acquisition of a consumer bank in Kazakhstan, which was subsequently renamed to Freedom Finance Bank Kazakhstan JSC.
- The Company completed the acquisition of Prime Executions Inc., a registered agency-only execution broker-dealer on the floor of the NYSE.

**2022**

- The Company completed the acquisition of two insurance companies: Freedom Finance Life JSC and Insurance Company Freedom Finance Insurance.
- Brokerage companies in Armenia and Azerbaijan were opened.

**2023**

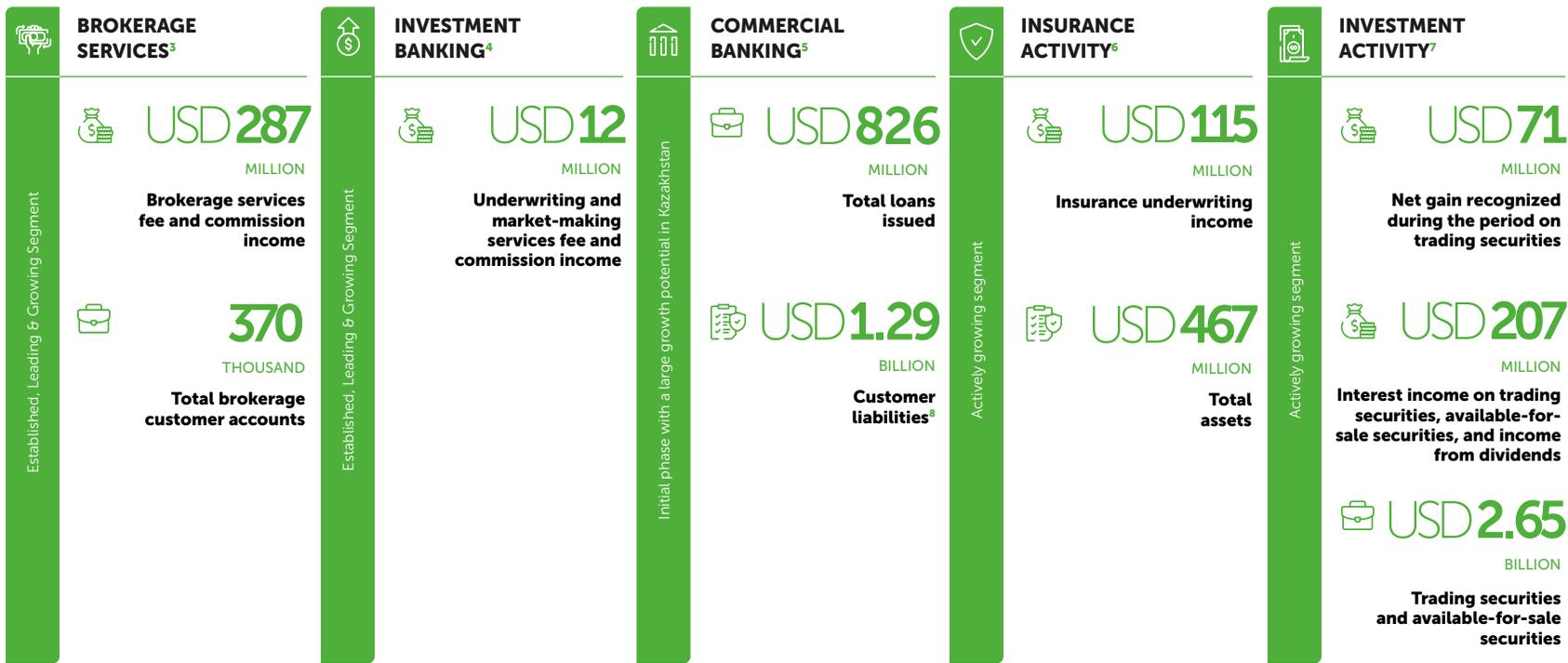
- The Company completed the divestiture of its Russian subsidiaries in February.

<sup>4</sup> The operations in Ukraine are suspended

# THE MAIN ACTIVITIES OF THE COMPANY<sup>2</sup>



We are a holding company that owns and operates internationally through our subsidiaries specializing in providing a wide range of financial services, including securities, market operations, retail securities brokerage, investment banking, underwriting, commercial banking, insurance, investment research and advisory services, and ancillary businesses which complement our core financial services businesses.



<sup>2</sup> Quantitative indicators provided as of and for the fiscal year ended March 31, 2023. All figures are derived from the Form 10-K.

<sup>3</sup> Brokerage services provided by Freedom Finance JSC, Freedom Finance Global PLC, Foreign Enterprise LLC Freedom Finance Uzbekistan, Freedom Finance Europe Ltd. and Prime Executions Inc.

<sup>4</sup> Investment banking services provided by Freedom Finance JSC, Freedom Finance Global PLC and Prime Executions Inc.

<sup>5</sup> Commercial banking services provided by Bank Freedom Finance Kazakhstan JSC.

<sup>6</sup> Insurance services provided by Insurance Company Freedom Finance Insurance JSC and Freedom Finance Life JSC.

<sup>7</sup> Investment activity of Freedom Holding Corp., Freedom Finance JSC, Freedom Finance Global PLC, Bank Freedom Finance Kazakhstan JSC, Insurance Company Freedom Finance Insurance JSC and Freedom Finance Life JSC.

<sup>8</sup> Term deposits and current customer accounts.

## Listing of the Company's shares

Freedom Holding Corp.'s shares are listed on the largest exchanges of Central Asia, Eastern Europe and the United States.

In the reporting period, the shares were listed on the following exchanges:

<b>KAZAKHSTAN STOCK EXCHANGE (KASE)</b>		Ticker: <b>FRHC_US</b>
<b>ASTANA INTERNATIONAL EXCHANGE (AIX)</b>		Ticker: <b>FRHC</b>
<b>UKRAINIAN EXCHANGE (UX)</b>		Ticker: <b>FRHC</b>
<b>NASDAQ STOCK EXCHANGE</b>		Ticker: <b>FRHC</b>

## Our Customers' Profile

Our target retail customers are individuals and small and medium-sized enterprises seeking to diversify their investment portfolio to manage economic risks associated with political, regulatory, currency and banking uncertainty. We also provide brokerage dealer services to other financial institutions.

Additionally, we own a bank and two insurance companies operating in Kazakhstan as well as several ancillary businesses which complement our core financial services businesses.



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## KEY FIGURES



**COMPLETED  
ACQUISITION  
OF NEW BUSINESSES**

2

insurance companies acquired



**NUMBER  
OF CUSTOMER  
BROKERAGE ACCOUNTS**

370

thousand brokerage accounts



**NUMBER OF INVEST  
CARDS ISSUED  
IN 2023 FISCAL YEAR**

26,869

limited invest cards issued

## GEOGRAPHY OF ACTIVITIES<sup>9</sup>

As of March 31, 2023, Freedom Holding Corp. has more than 120 offices and representative offices in 15 countries: Kazakhstan, Kyrgyzstan, Ukraine<sup>10</sup>, Armenia, Uzbekistan, Germany, The United Kingdom, Spain, Greece, France, UAE, Turkey, Azerbaijan, USA and Cyprus, serving customers from more than 30 countries all over the world.

After careful consideration of the needs of our employees, customers and shareholders, it was decided to sell 100% of our Russian subsidiaries in 2022 (on 10 February 2023, the sale was completed).

 Offices and representative offices of the Company

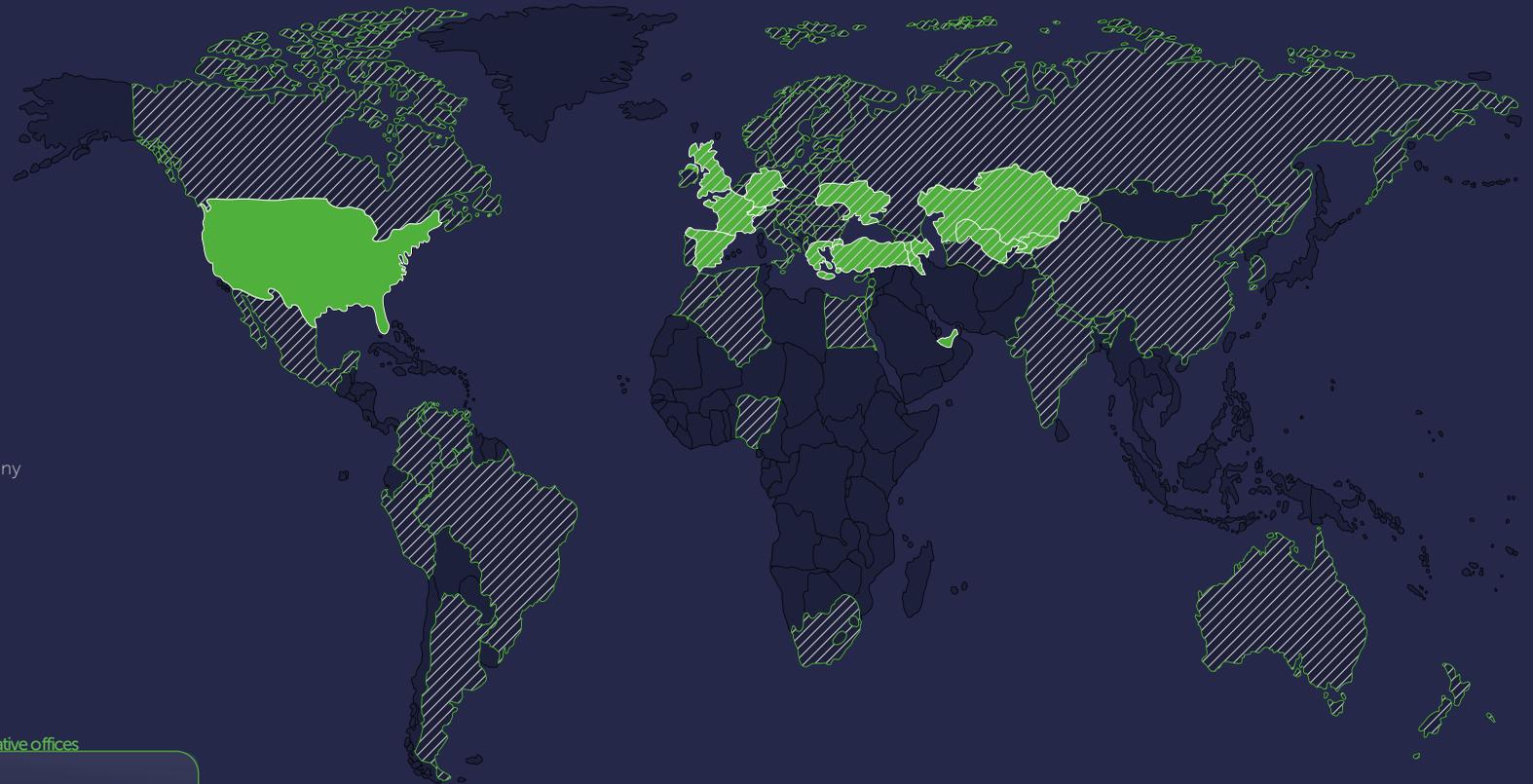
 Geography of the Company's clients

**>120**  
 offices and representative offices

in 15 countries

<sup>9</sup> On the map, the geography of the Company's clients is reflected at the end of the reporting period, taking into account only those countries where the number of Tradernet users who are citizens of these countries accounted for more than 0.01% of the total number of platform users.

<sup>10</sup> The operations in Ukraine are suspended.



# CREATION OF FINTECH DIGITAL ECOSYSTEM

Fostering collaboration among all companies within Freedom Holding Corp. is one of our core objectives. Building a robust digital ecosystem helps us to maintain a competitive edge in the market and accelerate the Company's growth. This is achieved through ongoing expansion of digital operations, streamlined integration with government databases, and leveraging Big Data for informed and forward-thinking decision-making.

Freedom Holding Corp. is committed to staying ahead of current trends in the financial sector. One of our primary objectives is to digitize our products and services, seamlessly integrating them with government and banking services, thereby opening up new opportunities for our clients. We continually enhance our digitalization approach while upholding stringent data privacy standards.

Freedom Holding Corp. plans to expand the innovative integrated financial technologies introduced in Kazakhstan to other markets around the world. The flagship product of our bank and brokerage business in Kazakhstan interacts with over 90 government GovTech<sup>11</sup> databases to provide efficient access to relevant information for customers of government mortgage programs and other lending programs offered by the Company. Our technology platforms combine many of our services into an easy-to-access suite of value-added services, thereby reinforcing brand loyalty.

Our payment system, Freedom Pay, seamlessly integrates with many of our products and services, enabling payments through local and international cards, Apple Pay, Google Pay, electronic wallets, and messaging apps, among others. Freedom Pay offers advantages such as high throughput due to its advanced infrastructure, swift and straightforward integration methods, various user support options, and an in-house anti-fraud solution, enabling all its subsidiaries to process online payments through Freedom Pay.

One of our flagship technology products is Tradernet. It empowers customers to trade across multiple global markets, including major exchanges like NYSE, Nasdaq, and more. With a single account, they can execute electronic trades and manage accounts. We also use Tradernet for customer margin risk evaluation and middle office security transfer requests. Our platform provides seamless access to a wide range of tradable products, making it what we believe to be one of the industry's most effective electronic brokerage platforms.

## Digital ecosystem of Freedom Holding Corp.<sup>12</sup>



**|| Digitalization is firmly embedded in Freedom Holding Corp.'s DNA, enabling us to make a significant daily contribution to the ESG agenda by reducing the amount of waste produced and the consumption of natural resources, as well as making financial services more accessible to people**

**Timur Turlov**  
Chief Executive Officer

<sup>11</sup> GovTech, or Government Technology, is the use of technology and innovation in the public sector to improve government services, increase efficiency, and engage with citizens better. It involves digital transformation, data analytics, e-government, and other tech-driven solutions to enhance government operations and transparency.

<sup>12</sup> The given brand names refer to the following companies: Freedom Broker - Freedom Finance JSC & Freedom Finance Global PLC, Freedom Bank - Bank Freedom Finance Kazakhstan JSC, Freedom Insurance - Insurance Company Freedom Finance Insurance JSC, Freedom Life - Freedom Finance Life JSC, Freedom Pay - Freedom Pay LLP, Ticketon - Ticketon Events LLP, Chocotravel - Internet-Tourism LLP, Aviaata - Aviaata LLP, Arbus -Arbus Group LLP, ReKassa - ReKassa PCI Reader. Freedom Pay, Ticketon, Chocotravel, Aviaata, Arbus and ReKassa are not included in this Report's scope. Chocotravel, Aviaata, Arbus and ReKassa were acquired by Freedom Holding Corp. after the end of 2023 fiscal year.

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# FLAGSHIP DIGITAL PRODUCTS



## Digital Mortgage

In July 2021, Bank Freedom Finance Kazakhstan JSC launched a highly digital mortgage product, which allows obtaining a loan within 24 hours online. Our digital product has enabled the Bank to become one of the most leading mortgage lenders in the Kazakhstan market.

## Digital Auto-loan

In June 2022, Bank Freedom Finance Kazakhstan JSC launched a product, which allows obtaining a car loan online. The platform allows to make the process of buying a car more transparent and streamlined, as well as to create guarantees limiting the risk of financial fraud or identity theft. As of March 31, 2023, more than 130 car dealerships are in partnership with the Bank. Some of them allow the purchase of cars on installments.

## Digital Loans to Small and Medium Enterprises

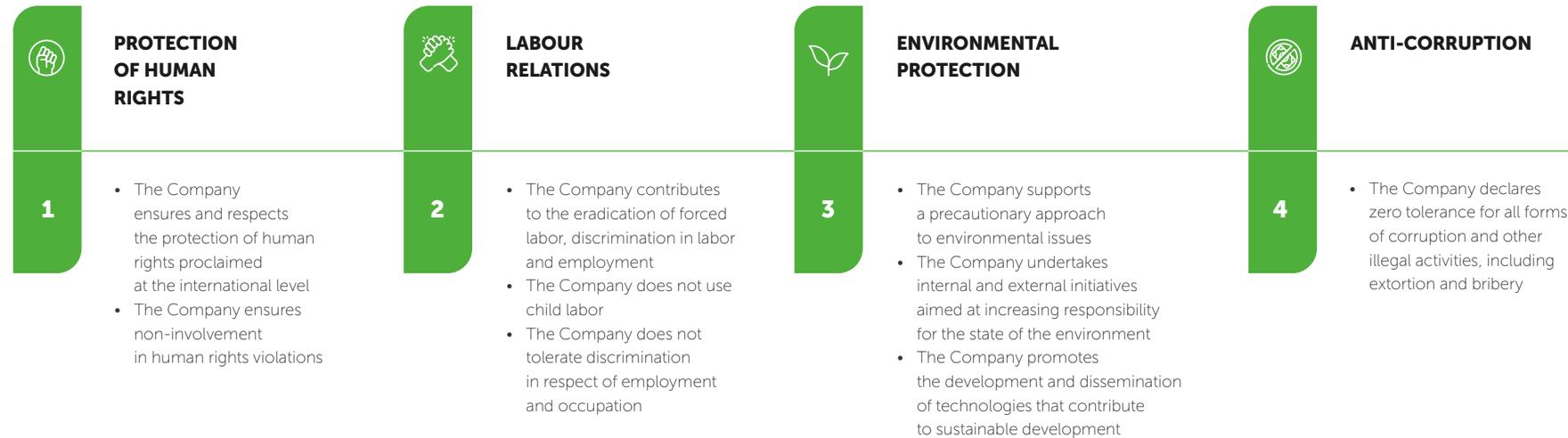
The Company is committed to providing a high level of service to legal entities and supporting business in the market. At the beginning of 2023 calendar year, a digital business loan service was launched, which allows small businesses to obtain a loan in just one day and without physical delivery of documents. The Bank is also a participant in «Damu» Entrepreneurship Development Fund» JSC, Kazakhstan government program, which provides entrepreneurs with an opportunity to obtain a loan for the development of their business at a preferential rate.

# PARTICIPATION IN EXTERNAL INITIATIVES AND MEMBERSHIP IN INDUSTRY ASSOCIATIONS

GRI 2-28

In February 2023, Freedom Holding Corp. became a signatory and declared its commitment to the UN Global Compact and the UN SDGs, a strategic policy initiative for companies that build their activities guided by the ten universal principles in the field of human rights, labor relations, the environment and the anti-corruption.

Recognizing the principles of the UN Global Compact, Freedom Holding Corp. declares its commitment to the following main areas.



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Through active participation in and relations with national and international associations, the Company gains access to an extensive network of industry professionals through which the Company can establish connections and collaborate with key stakeholders, including other corporations, investors, financial experts and regulators, which in turn facilitates knowledge sharing, strategic partnerships and the exchange of best practices.

### Sustainable Finance

Being a responsible participant in the financial market, Freedom Holding Corp. has set a medium-term goal for investing KZT 200 billion in sustainable finance instruments and ESG-aligned projects. Within such goal, projects that meet ESG indicators will be selected. The criteria for financing projects will be determined depending on the requirements of national and international initiatives, i.e. in accordance with the National Taxonomy of Green and Social Projects of the Republic of Kazakhstan, European Taxonomy, International requirements for categories of projects ICMA (International Capital Market Initiative), Climate Bonds Initiative, etc.

#### FREEDOM HOLDING CORP.



UN Global Compact

Signatory since 2023; the Company commits to build its activities in accordance with ten universal principles in the field of human rights, labor relations, environment and anti-corruption.

#### BANK FREEDOM FINANCE KAZAKHSTAN JSC



Kazakhstan Stock Exchange

Professional Participant since 2015; the bank is qualified to conduct currency-related operations.



Astana International Exchange

AIX CSD member since 2023; the bank is qualified to provide custodial services to clients and members of the AIFC.



Kazakhstan Deposit Insurance Fund

Participant since 2021; the membership provides the bank's customers with deposit insurance.



'Damu' Entrepreneurship Development Fund JSC

Operator of the Micro and Small-sized Enterprise Support Program since 2022.



Association of Financiers of Kazakhstan

Association Member since 2013; as a member the company takes part in the public discussion between the industry and its regulator.

#### FREEDOM FINANCE GLOBAL PLC



Kazakhstan Stock Exchange

Professional Participant since 2022.



Astana International Exchange

Professional Participant since 2022.



Astana International Financial Centre

Authorized firm since 2020.



National ESG Club of the Republic of Kazakhstan

Member since 2023; as a member the company takes part in collective advancement of ESG principles in Kazakhstan.

#### FREEDOM FINANCE JSC



Kazakhstan Stock Exchange

Professional Participant since 2007.



Astana International Exchange

Professional Participant since 2018.



Astana International Financial Centre

Recognized non-AIFC Member since 2018.



Association of Financiers of Kazakhstan

Member since 2007; as a member the company takes part in the public discussion between the industry and its regulator.

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**INSURANCE COMPANY FREEDOM FINANCE INSURANCE JSC**


Insurance Payments  
Guarantee Fund JSC

Participant since 2018; the membership provides the company's clients with guaranteed payments for annuity insurance classes and mandatory types of insurance in the event of its liquidation.



Association of Financiers  
of Kazakhstan

Association Member since 2010; as a member the company takes part in the public discussion between the industry and its regulator.



Kazakhstan Auto  
Business Association

Association Member since 2023.

**FREEDOM FINANCE LIFE JSC**


Insurance Payment  
Guarantee Fund JSC

Participant since 2018; the membership provides the company's clients with guaranteed payments for annuity insurance classes and mandatory types of insurance in the event of its liquidation.



Atameken National  
Chamber of Entrepreneurs

Member since 2016; as a member the company takes part in protecting the rights and legitimate interests of businesses in the state bodies of Kazakhstan.



Association of Financiers  
of Kazakhstan

Association member since 2015; as a member the company takes part in the public discussion between the industry and its regulator.

**FOREIGN ENTERPRISE LLC FREEDOM FINANCE UZBEKISTAN**


Tashkent Republican  
Stock Exchange

Professional Participant since 2018.



Uzbek Republican  
Currency Exchange

Professional Participant since 2020.



National Agency  
of Investment Institutions

Member since 2021; as a member the company takes part in determining the strategy for the prospective development of Uzbekistan's capital market.

**FREEDOM FINANCE EUROPE LTD.**


Athens  
Stock Exchange

Remote Trading Member since 2023.



Association for Financial  
Markets in Europe (AFME)

Associate Member since 2021; as a member the company takes part in the interaction with the industry regulator and promotion of the industry members' interests.



Cyprus-Kazakhstan  
Business Association

Member since 2022; as a member the company takes part in fostering and promotion of business relations between Cyprus and Kazakhstan.

**PRIME EXECUTIONS, INC.**


Nasdaq  
Stock Market

Registered Broker Dealer since 2006.



New York  
Stock Exchange (NYSE)

Registered Broker Dealer since 1991.



Securities and Exchange  
Commission (the SEC)

Registered Broker Dealer since 1991.



FINRA

Registered Broker Dealer since 1994.



Securities Investor  
Protection Corporation  
(SIPC)

Registered Broker Dealer since 2007.

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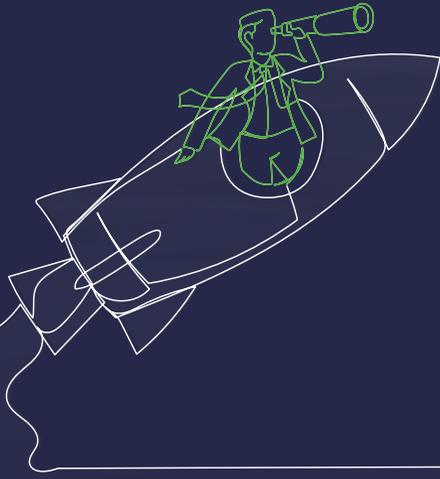
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# 01

# Sustainability Management System

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# KEY SUSTAINABILITY INDICATORS<sup>13</sup>



<sup>13</sup> The financial support amounts are indicated in accordance with the signed contracts, except for the annuity payments to children of employees and officers of the law enforcement agencies, which are determined by the actual payments made by Freedom Finance Life JSC during fiscal year 2023 (for further details refer to Contribution to the development of local communities and regions of operation).

<sup>14</sup> All figures are provided as for the fiscal year 2023.

<sup>15</sup> For further detail refer to Contribution to the development of local communities and regions of operation.

<sup>16</sup> The figure is derived from the Company's Proxy Statement. It includes annual salary (net of all salary-related income taxes, mandatory contributions to the nationally-sponsored pensions programs, social insurance and obligatory medical insurance), bonuses, stock awards and all other compensation (salary-related income taxes, mandatory contributions to the nationally-sponsored pension program, social insurance, obligatory medical insurance) paid in 2023 fiscal year.

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# APPROACH TO SUSTAINABILITY MANAGEMENT

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Freedom Holding Corp. recognizes the importance of its impact on economic development, the environment and society. In 2022, we began work on building a sustainability management system in the Company to minimize and eliminate potential negative impacts. In 2022, the ESG Department was established and started ESG diagnostics of the Company during the reporting period. Key growth areas in the environmental, social and corporate governance areas will be identified based on the results of such diagnostics.

A significant event of the reporting period was the Company's joining to the UN Global Compact initiative and the signing of a framework agreement on cooperation between the AIFC Green Finance Centre and Freedom Finance Global PLC. Thus, Freedom Finance Global PLC announced itself as a new member of the National ESG Club of the Republic of Kazakhstan.

When determining priority areas for Sustainable Development, the Company is guided by the UN SDGs for the period up to 2030, as well as the provisions of other international standards and initiatives in this area.

Priority areas of Freedom Finance Corp. in the field of Sustainable Development:

- Employees career development and support;
- Support for charitable and social projects;
- Effective corporate governance system;
- Ensuring transparency in the disclosure of non-financial information;
- Building a greenhouse gas emissions monitoring and reporting system;
- Supporting diversity and ensuring equal opportunities for all employees.

Sustainability management issues are included in the responsibility at all levels of the Company's corporate governance system. The Company's Board of Directors is involved in environmental, social and economic impact management processes and oversees the results of Sustainable Development activities.

Responsibilities to perform direct management of various aspects of Sustainable Development are distributed among the Company's divisions, which, in accordance with the functional areas, are responsible for the data collection and consolidation, as well as for the implementation of measures that meet the criteria of the modern ESG agenda in the financial sector companies.

Starting from the 2023 fiscal year, the Company plans to introduce the practice of issuing annual sustainability reports with reference to the standards of the Global Reporting Initiative (GRI). The Board's involvement in sustainability reporting includes the review and approval of the Company's Sustainability Report for publication.

The main components of the Company's Sustainability Management System are:

- Continuous improvement and integration of sustainable development issues into the Company's business processes;
- Goal setting and monitoring of the goals implementation related to key aspects of ESG agenda;
- Effective communication with all stakeholder groups;
- Professional development of employees in the field of Sustainable Development;
- Implementation of initiatives in the main ESG areas.



Timur Turlov, CEO of Freedom Holding Corp., took part in the ESG Investment Forum in October 2022.

For information on the Company's documents regulating the sustainability management system, see 'Embedding Policy Commitments'.

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# EMBEDDING POLICY COMMITMENTS

GRI 2-24

The main documents currently regulating the Sustainability Management System at Freedom Holding Corp. are:

- ✦ **The Code of Ethics and Business Conduct** published on the Company's corporate website. The document defines a list of basic principles that guide the Company in its activities, and forms the approach of Freedom Holding Corp. to ensuring high standards of business conduct.
- The Compliance Reporting Policy, which governs the Company's complaint and whistleblowing mechanisms. The Policy applies to Freedom Holding Corp. and its subsidiaries in relation to complaints and communications related to violations in the field of business ethics, corporate policies, fraud in the field of financial audit and accounting, as well as other violations of applicable laws and regulations.

In the next reporting period, comprehensive work is planned to improve processes in the field of sustainable development. In particular, the ESG Department set the goal of developing and implementing the following Policies: Sustainable Development Policy and Human Rights Policy.



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# PROCESS TO DETERMINE MATERIAL TOPICS

 GRI 2-14 3-1 3-2

Freedom Holding Corp. is guided by the principle of materiality in the management of sustainable development and directs efforts to implement ESG initiatives in areas characterized by significant risks and impacts. The materiality assessment is an important step in determining strategic priorities and key topics for disclosure in the Company's first non-financial report.

When determining materiality, the Company is guided by the requirements of the Global Reporting Initiative Standards (GRI 2021). We have assessed the materiality of topics that are important to the Company in terms of economic, environmental or social impact. The assessment consisted of three stages: comparative analysis with similar companies, collecting

the opinions of stakeholders and compiling a list of material topics. Topics presented in the table on the next page are the aspects of our activities in which we strive to improve our performance, as required by the world's leading rating agencies.



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# LIST OF MATERIAL TOPICS

Based on the results of the Company's first materiality assessment, the following material topics were identified in the area of ESG and Sustainability.



- Energy
- Greenhouse Gas Emissions
- Waste



- Labor Relations and Employment
- Human Capital Management
- Contribution to Social Development



- Corporate Governance and Business Ethics
- Risk Management
- Economic Performance
- Cybersecurity
- Tax
- Anti-corruption



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# CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS<sup>17</sup>

As a signatory to the UN Global Compact, we are aware of the importance of the role of business in achieving the UN SDGs. Therefore, we strive to contribute to the socio-economic development of the communities and regions in which we operate by providing access to financial markets and banking services, creating economic value and jobs, developing employees and at the same time conducting responsible business activities. We believe that adherence to the UN SDGs will help us to not only build an effective system of sustainable development framework in the Company, but also to contribute to the stable future of present and future generations.



## GOAL 3 ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

### Our contribution:

- Supporting the projects aimed at supporting health, development of sports and infrastructure.

### Key events during the reporting period:

- In June 2022, an event was organized in Almaty to provide free education for children who want to learn how to play chess.
- KZT 2 million sponsorship for the Oceanman Kazakhstan international open water swimming event.

## GOAL 8 PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

### Our contribution:

- Creation of jobs in the regions where we operate.
- Enabling employment and training of young professionals and talented youth.
- Paying the taxes and fulfilling other obligations to the state budget of the countries where the Company operates.

### Key events during the reporting period:

- Participation in job fairs in partnership with higher educational institutions of the Republic of Kazakhstan.

## GOAL 4 ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG EDUCATION OPPORTUNITIES FOR ALL

### Our contribution:

- Providing free of charge trainings for children on the topic of financial literacy.

### Key events during the reporting period:

- Freedom Finance Life JSC has launched the Freedom Camp project, which is unique in the Republic of Kazakhstan, and includes 40 free online lessons on the basics of financial literacy for children from 10 to 14 years old.

## GOAL 9 BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND INNOVATION

### Our contribution:

- We support entrepreneurs through the creation of services and products for small and medium-sized businesses.
- We are developing digital channels for banking services.

### Key events during the reporting period:

- Freedom Finance Life JSC has launched Freedom Trains, a new product for train accident insurance.

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<sup>17</sup> Sponsorship and charitable projects data is provided as of the end of the reporting period.

**GOAL 11 MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE**
**Our contribution:**

- KZT 102 million - the total amount of financial support for projects launched to ensure the safety and environmental sustainability of cities in the regions of presence
- Implementing measures and sponsoring the projects, which contribute to road safety in cities.

**Key events during the reporting period:**

- In the reporting period, Freedom Finance JSC began financing the Vision Zero social project for KZT 56 million, which principle is "zero tolerance" for deaths on the roads.
- In fiscal year 2023 a project was launched dedicated to installment of 100 reverse vending machines accepting plastic bottles and aluminium cans for further recycling.
- Planting 77 of frost-resistant sakura seedlings worth KZT 950,000 as part of an event dedicated to National Tree Day.

**GOAL 14 CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT**
**Our contribution:**

- KZT 16.6 million - Sponsorship provided for restoration of the Aral Sea ecosystem

**Key events during the reporting period:**

- On January 25, 2023, Freedom Finance JSC and the Executive Directorate of the International Fund for Saving the Aral Sea in the Republic of Kazakhstan (IFAS Publishing House in the Republic of Kazakhstan) signed an agreement on financial assistance to the project "Restoration of ecosystems on the drained bottom of the Aral Sea".

**GOAL 13 TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS**
**Our contribution:**

- Monitoring and calculating greenhouse gas emissions in order to further reducing.

**Key events during the reporting period:**

- An inventory of sources of greenhouse gas (GHG) emissions was carried out by the Company's major subsidiaries.
- A quantitative assessment of GHG emissions in Scopes 1, 2 and 3<sup>18</sup> has been carried out, and a methodological approach has been developed.

**GOAL 17 STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZATION OF THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT**
**Our contribution:**

- Supporting sustainability related initiatives promoted by the international community.

**Key events during the reporting period:**

- The Company has officially joined the international initiative of the UN Global Compact. The Company has formally committed to integrate 10 principles of the Global Compact into its activities.



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<sup>18</sup> For further detail refer to Climate Change

# STAKEHOLDER ENGAGEMENT

GRI 2-29

The Company recognizes the importance of the opinions and expectations of all stakeholders and annually reviews the interaction processes for the purpose of their improvement. The Company's approach is based on the principles of openness, trust and mutual respect.

In the course of its activities, the Company strives to protect the interests of stakeholders by responding to requests and feedback from them. Due to the wide range of services

provided, complex organizational structure and large-scale activities, the Company interacts with a wide range of stakeholders, which include local, government and international organizations.

The Company is aware that identifying key stakeholders and working with them are important tools for improving the business reputation, the capitalization of the Company, and establishing effective and balanced relationships with all

stakeholders. Responsible functional and structural divisions identify the main groups of stakeholders and coordinate interaction with them on an ongoing basis. The key tools of interaction are corporate reporting, the Company's corporate website, participation in working groups on regulatory consultations, as well as visits to forums, exhibitions, meetings, and other events, publications in media and on the Company's official pages on social networks.



**STAKEHOLDER GROUP**



**STAKEHOLDER'S INTEREST IN RELATION TO THE COMPANY**



**MECHANISMS OF INTERACTION**

## Shareholders and investors

- Economic performance, economic profit
- Net Asset Value
- Market share and presence

- Adoption of resolutions of the General Meetings of Shareholders of the Company and the Board of Directors
- Questionnaires and surveys
- Preparation of the annual and quarterly reports and filing with the SEC
- Preparation of presentations for investors
- Audit of consolidated financial statements in accordance with US GAAP

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**STAKEHOLDER'S INTEREST IN RELATION TO THE COMPANY**

**MECHANISMS OF INTERACTION**
**Management & Personnel**

- Employment, employee-management relationships
- Non-discrimination
- Diversity and Equal Opportunity
- Vocational training and education
- Improving the level of corporate culture

- Ensuring fair and transparent conditions for staff remuneration and professional development of employees
- Implementation of measures for social support of employees
- Providing opportunities for professional growth to employees
- Informing employees about the Company's activities, opportunities for professional growth through two-way communications, social networks and the Company's corporate website
- Internal corporate communication channels and the Company's corporate website

**Customers**

- Quality and availability of product and services lines on the market

- Customer service and product delivery, including through digital channels
- Disclosure of information about the Company's financial services and products for various categories of customers
- Net Promoter Score (NPS)
- Communication through call-center, digital channels and social networks
- Corporate press releases
- Implementation of educational initiatives to improve financial literacy
- Operation of hotlines and prompt response to customer complaints and appeals
- Disclosure of financial results and material non-financial information

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 <b>STAKEHOLDER GROUP</b>	 <b>STAKEHOLDER'S INTEREST IN RELATION TO THE COMPANY</b>	 <b>MECHANISMS OF INTERACTION</b>
<b>Government authorities</b>	<ul style="list-style-type: none"> <li>• Business Compliance, Stability, and Resilience</li> <li>• Creating and retaining jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Full and timely disclosure of information on compliance with applicable laws and regulations</li> <li>• Participation public meetings dedicated to the financial sector development</li> <li>• Payment of all fees and taxes required by law</li> <li>• Obtaining the necessary licenses, permits, conclusions, compliance with the law</li> <li>• Disclosure of financial results and material non-financial information</li> </ul>
<b>Stock exchanges</b>	<ul style="list-style-type: none"> <li>• Compliance with listing rules</li> <li>• Timely submission of financial statements and other applicable information</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in regular communications with representatives of stock exchanges</li> <li>• Disclosure of information on the corporate websites of the Company and the exchanges</li> <li>• Preparation and issuance of quarterly and annual reports for the SEC, Nasdaq and regional exchanges</li> </ul>
<b>Mass media</b>	<ul style="list-style-type: none"> <li>• Transparency and honesty</li> <li>• Timely disclosure of information on aspects important to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure of information on the Company's corporate website</li> <li>• Issuance of press releases</li> </ul>
<b>International organizations</b>	<ul style="list-style-type: none"> <li>• The Company's participation in international agreements and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences, forums and annual meetings</li> <li>• Signing of contracts, memorandums, agreements on strategic cooperation</li> <li>• Participation in working groups, meetings, negotiations, questionnaires</li> <li>• Preparation and release of the annual report and posting of information on the Company's corporate website</li> </ul>

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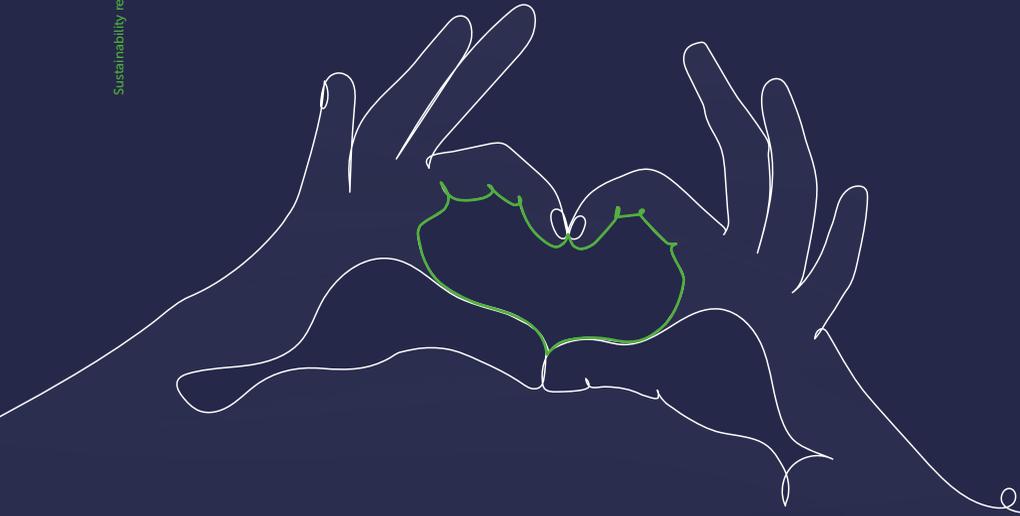
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## Personnel care

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# TALENT MANAGEMENT

Freedom Holding Corp. recognizes that success is inextricably linked to a productive team and well-developed human capital. Special attention is paid attraction of the best experts in their field and development of human resources by means of investment in the enhancement of professional knowledge, skills and abilities of employees at all stages of their careers.

Our international operations, especially in countries with integrated multiethnic cultures, naturally create an ethnically diverse work environment. The Company has a diversified and talented team of experienced employees from 15 countries who adhere to high standards of business conduct and ethics. The Company builds labor relations based on the principle of legality and compliance with recognized labor rights and applicable legislations in the regions where it operates.

The Company recognizes that employees are the most important investment and strives to provide them with:

- A safe and supportive work environment;
- Inclusive growth and equal opportunities;
- Fair compensation and benefits.

Due to the absence of operational activities at the level of Freedom Holding Corp., only executive members of the Board of Directors and named executive officers represent the Company's staff; the HR function is decentralized and organized locally at the level of the Company's subsidiaries. The key documents and policies governing the Company's approach to human capital management at the level of subsidiaries are:

- The Company's By-Laws;
- Code of Ethics and Business Conduct.
- Human Resources Policy<sup>19</sup>;

- Employees Remuneration, Bonuses, Vacation and Benefits Regulations<sup>19</sup>;
- Employees Social Support Regulations<sup>19</sup>;
- Equality and Diversity Policy<sup>20</sup>;

In addition, the Company's subsidiaries have developed and approved their own internal regulations in the field of business and personnel administration specific to the industry of such organizations.

Labor relations at the level of Freedom Holding Corp. subsidiaries are managed in accordance with the labor laws and local regulations applicable in the regions of the Company's operation. As of the end of the reporting period, the Company's subsidiaries<sup>21</sup> conducted operation in Kazakhstan, the EU, the US and Uzbekistan. In compliance with the requirements of the regulatory environment, the Company's subsidiaries assume responsibility for ensuring compliance with labor rights, providing benefits and guarantees to employees.

Considering the dynamic growth of Freedom Holding Corp.'s business, the Company realizes that effective human resources management plays a key role on the way to sustainable development and success in the market. The Company's structural divisions make efforts to create a work environment where human capital is the main value. Due to the decentralization of the HR management business function at the local level, internal regulatory documents describing and regulating the Human Resources management activities of subsidiaries<sup>23</sup> have been developed and approved. These documents, among other things, reflect the values and key principles of attracting, developing and retaining the best professionals<sup>24</sup>:

## Key Achievement



Personnel costs are an investment in the development of an organization

Company Team Spirit



<sup>19</sup>Applicable to all of the Company's subsidiaries except Prime Executions, Inc.

<sup>20</sup>Only applicable to Freedom Finance Europe Ltd.

<sup>21</sup>Subsidiaries as defined in Reporting boundaries.

<sup>22</sup> <https://www.greatplacetowork.com.cy/best-workplace-cat/best-workplaces-in-cyprus/2023-best-workplaces-in-cyprus/>

<sup>23</sup>Except for Prime Executions Inc..

<sup>24</sup>Human Resources Policy of Freedom Finance Europe Ltd reflects other principles for attracting, developing and retaining staff.

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During the reporting period, Freedom Finance Europe Ltd was awarded with the prestigious Great Place to Work, which recognizes companies with the highest levels of employee satisfaction and motivation. The nomination is awarded annually by Great Place to Work Institute, the global research company, based on employee feedback.

Human resources matters in the Company's subsidiaries are regulated by HR Departments, which are responsible for recruitment, adaptation and development of human

resources, including employee training, performance management, development of corporate culture and remuneration management.

<sup>25</sup> An HR Department exists in Freedom Finance JSC, Freedom Finance Global PLC, Freedom Finance Life JSC, Insurance Company Freedom Finance Insurance JSC, Freedom Finance Europe Ltd, Bank Freedom Finance Kazakhstan JSC. At Prime Executions, Inc., the matters of personnel management, including recruitment of employees, are entrusted to a subcontractor organization.

### KEY GOALS AND FUNCTIONS OF THE HUMAN RESOURCES DEPARTMENT IN THE COMPANY'S SUBSIDIARIES<sup>25</sup>

- Providing the Company with qualified personnel;
- Formation and implementation of the Company's Human Resources Policy;
- Shaping the organizational structure and staffing table;
- Organization of the personnel motivation system;
- Formation and implementation of the personnel adaptation and development system;
- Organization of work with the personnel reserve;
- Arranging corporate events aimed at team building and developing skills for solving common tasks in a team;
- Development of personnel recruitment strategy and analysis of its efficiency;
- Development and implementation of measures to reduce staff turnover, create favorable working conditions, and improve the personnel management system;
- Planning of personnel needs;
- Preparation and management of the personnel expenses budget.

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# EQUAL OPPORTUNITIES, HUMAN RIGHTS AND NON-DISCRIMINATION

We believe that diversity of perspectives, experiences and talents amongst employees of the Company and its subsidiaries promotes innovation and growth. Promoting diversity cultivates an inclusive culture that empowers employees to express their unique perspectives and contribute to the collective success of the organization.

In accordance with the legal regulations of the regions where we operate, none of employees may be subjected to any discrimination in the workplace on the grounds of origin, gender, race, nationality, age, language, religion, beliefs, place of residence, social or official status, or membership in public associations. Freedom Holding Corp. and its subsidiaries do not use child, forced labor, and recognizes equal rights of all employees.

The Company is committed to respecting Human Rights in all regions and sectors of its subsidiaries operation. In order to substantiate its adherence, Freedom Holding Corp. is planning to develop a group-wide Human Rights policy. Thus, we expect to establish a solid foundation for further development of our Human Rights enforcement.

# SOCIAL SUPPORT, MOTIVATION AND REMUNERATION

## Social Support

GRI **401-2** **401-3**

Social support is provided to the employees in order to create favorable conditions, retain and attract highly qualified employees. The implemented support mechanisms contribute to improving work efficiency and are an integral part of the Human Resources management system. The following benefits are provided to employees of Freedom Holding Corp.'s subsidiaries:

- Special bonuses or awards for outstanding service to the Company and before retirement<sup>26</sup>;
- Partial coverage of health insurance<sup>27</sup>;

- Celebration of public holidays, organization of corporate events at the expense of the subsidiary<sup>28</sup>;
- Sending employees for training (professional development, courses, trainings, seminars) at the expense of the subsidiary<sup>29</sup>;
- Payment of medical allowances for health improvement in the amount of one official salary for a certain group of employees<sup>30</sup>;
- Reimbursement of mobile communication services for employees of functional divisions working directly with customers<sup>31</sup>;
- Preferential terms for the "Preferential Mortgage" and "Preferential Insurance" Company's products<sup>32</sup>.

Financial aid is provided to an employee of a subsidiary on the basis of their application and a copy of the supporting document by issuing an order.

Grounds for provision of the financial aid to employees are as follows<sup>33</sup>:

- Due to the birth of a child, or adoption of newborn children in all subsidiaries;
- Due to the death of the Company's employee, or his/her close relatives;
- Due to marriages in all subsidiaries;
- In case of property damage to employee due to unlawful acts committed against him/her (robbery, theft, etc.), as well as emergencies and natural disasters (housing accidents, fires,

<sup>26</sup> Pre-retirement payments are made at Freedom Finance JSC, Freedom Finance Global PLC, Insurance Company Freedom Finance Insurance JSC.

<sup>27</sup> Partial voluntary health insurance coverage is provided to employees working in the Republic of Uzbekistan, Cyprus and the USA. Freedom Finance Europe Ltd also offers medical insurance for work visa and visa family support at the expense of the employer.

<sup>28</sup> As stipulated by corporate policies of Freedom Finance JSC and Freedom Finance Global PLC.

<sup>29</sup> Except for Prime Executions, Inc.

<sup>30</sup> Medical benefits are provided to all employees of the Company in the Republic of Kazakhstan working in the Abay, East Kazakhstan and Kyzylorda regions of the Republic of Kazakhstan.

<sup>31</sup> Provided at Freedom Finance JSC, Bank Freedom Finance Kazakhstan JSC, Freedom Finance Life JSC, Insurance Company Freedom Finance Insurance JSC and Freedom Finance Global PLC.

<sup>32</sup> Provided to all employees of the Company's subsidiaries in the Republic of Kazakhstan.

<sup>33</sup> Except for Prime Executions, Inc.

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earthquakes, floods, etc.)<sup>34</sup>;

- Payment of medical treatment of employee (by decision of the Management Board of subsidiary)<sup>35</sup>.

In accordance with the applicable law and regulations, every employee is entitled to parental leave. In the reporting period, 362 employees were entitled to parental leave, of which 127 used this opportunity.

#### NUMBER OF EMPLOYEES WHO HAVE TAKEN PARENTAL LEAVE THROUGHOUT THE COMPANY'S SUBSIDIARIES

Indicator	FY 2021	FY 2022	FY 2023
Number of employees entitled to maternity/paternity leave	256	332	<b>362</b>
Number of employees who have taken maternity/paternity leave	137	139	<b>127</b>
Number of employees expected to return to work at the end of maternity/paternity leave	25	23	<b>37</b>
Number of employees who returned to work at the end of maternity/paternity leave	20	24	<b>23</b>
Number of employees who returned to work at the end of maternity/paternity leave and continued to work for 12 months after returning to work	11	15	<b>19</b>
Return-to-work ratio at the end of maternity/paternity leave, %	-	104	<b>62</b>
Employee retention rate upon return to work at the end of maternity/paternity leave, %	-	75	<b>79</b>

### Personnel Recruitment

By creating new jobs in the labor market, the subsidiaries of Freedom Holding Corp. are contributing to regional economic growth by providing people with opportunities for personal and professional development. Through investing in employees and creating a diverse and inclusive work environment, the Company's subsidiaries positively affect local communities in the regions where they operate and contribute to their long-term prosperity and economic growth.

### Onboarding of New Employees

The implementation of an onboarding system helps new employees get accustomed to the work environment faster and ensures an effective transition to their immediate job responsibilities. The head of the department appoints a mentor who supports the newly hired employee, facilitates his or her integration into the team and provides professional assistance. The Company strives to ensure that the best experience and professional knowledge of personnel is transferred to new team members.

Onboarding of a new employee includes the following stages:

- Recruitment and signing of an employment contract in accordance with the procedure established by law;
- Familiarization with job descriptions, newcomer booklets, introductory e-learning, safety briefing and key internal Company regulations;
- Assigning a mentor to a new employee for a certain period, if necessary.

### Evaluation of Employee Performance

Within the framework of the annual cycle of employee performance management, depending on the position held and functional responsibilities, 3 consecutive stages are distinguished in all subsidiaries of the Company:



When performing additional tasks that are not part of the job description, participating in project activities, fulfilling individual assignments of the manager, achieving outstanding results in work, the employee is entitled to receive an additional percentage to the bonus.

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<sup>34</sup> Provided at Freedom Finance JSC, Freedom Finance Global PLC, Bank Freedom Finance Kazakhstan JSC, Freedom Finance Life JSC and Insurance Company Freedom Finance Insurance JSC.

<sup>35</sup> Provided at Freedom Finance JSC, Bank Freedom Finance Kazakhstan JSC, Freedom Finance Life JSC, Insurance Company Freedom Insurance JSC and Freedom Finance Global PLC.



## Motivation and Remuneration

GRI [202-1](#)

All subsidiaries of Freedom Holding Corp. implemented a motivation and remuneration system. The Company strives to provide fair remuneration to its employees in accordance with their contribution to the success of the organization. The terms and conditions of remuneration are determined in accordance with the staffing table, salary scheme, position and are reflected in employment contracts. Encouraging and rewarding high performing employees is critical to maintaining a high level of motivation. The Company's subsidiaries strive to pay their employees at or above the market median. Based on available data, we believe that, on average, the standard salary for entry-level employees of the Company's subsidiaries is 67% higher than the minimum wage in the regions where they operate.

# PLANS FOR THE NEXT REPORTING PERIOD (FY 2024)



**Development of the Human Rights Policy and approval at the level of the Company and subsidiaries within its organizational structure**



**Automation of personnel management in the Company's<sup>36</sup> subsidiaries through the WSS Docs electronic document management system**



**Automation of the new resume submission system through HR-portal of Freedom Finance JSC and Freedom Finance Global PLC**



**Implementing partial compensation for employees' medical insurance<sup>37</sup>**

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<sup>36</sup> This refers to subsidiaries in the Republic of Kazakhstan

<sup>37</sup> This refers to employees of subsidiaries in the Republic of Kazakhstan



## 03

# Contribution to the Development of Local Communities and Regions of Operation

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# CONTRIBUTION TO THE DEVELOPMENT OF LOCAL COMMUNITIES AND REGIONS OF OPERATION

GRI **203-1** **413-1**

Freedom Holding Corp. places special emphasis on creating conditions for supporting socially responsible projects, including those implemented by charitable foundations and public non-profit organizations. The selected activities have a positive long-term impact on the economic, social and cultural aspects of regional development. Sponsorship and charitable activities are one of the main tools aimed at improving the quality of life and well-being of local communities. Through strategic investments and partnerships with various organizations, the Company not only strengthens its position as a socially responsible organization, but also makes a significant contribution to the development of local communities. In the reporting period, the main geographical focus of charitable and sponsorship activities was the Republic of Kazakhstan as the main operating region and Ukraine due to recent geopolitical events.

The principles guiding the Company's charitable and sponsorship activities are as follows:

- Legitimacy – all sponsorship, philanthropic and patronage activities of the Company are carried out in accordance with local laws<sup>38</sup>;
- Transparency and openness of such activities;
- Control over the provided support, including analysis and verification of executors, final beneficiaries, as well as obtaining reports on the targeted use of funds.

The priority areas of charitable and sponsorship support of the Company were as follows:

- Supporting educational initiatives for children and students;

- Enhancement of public amenities of cities and towns;
- Promotion of physical culture and sports;
- Infrastructure development;
- Supporting the communities in addressing the consequences of natural disasters and adverse civil actions;
- Environmental protection.

For information regarding the contribution of Freedom Holding Corp.'s principal shareholder, refer to Annex 2.

## Key Figures



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<sup>38</sup> Law of the Republic of Kazakhstan dated November 16, 2015 No. 402-V "On Charitable Activities"

<sup>39</sup> The figure refers to the amount meant to be paid under the contracts for charitable assistance and service agreements concluded during the reporting period, and the data on actual payments under the Freedom Support program (for more details, see page 36). Thus, it does not reflect the actual amount paid by the Company and its subsidiaries during the reporting period.

## Fostering Educational Initiatives, Culture and Sports

### IMPROVING FINANCIAL LITERACY OF THE POPULATION

In the reporting period, two main projects aimed to improve financial literacy Freedom Camp and Freedom Academy were in operation. To complement this, Freedom Finance Life JSC and Freedom Finance JSC conducted seminars and trainings to improve financial literacy of the population of the Republic of Kazakhstan. The aim of these initiatives is to provide the knowledge and skills necessary to make informed financial decisions, effectively manage resources and, ultimately, improve financial well-being.

#### FREEDOM CAMP

One of the flagship charity projects is Freedom Camp. The main goal of the initiative is to teach children of different ages and university students how to handle money correctly and achieve their financial goals. To date, the project is being implemented in cooperation with 15 schools in the Republic of Kazakhstan. In addition to basic concepts of financial literacy, cybersecurity lectures are organized for schoolchildren. Schoolchildren are taught about the main types of online fraud, information security rules and ways to protect their data when using payment cards and social networks. Since the initiative was founded in 2019, the project has graduated more than 5,000 schoolchildren. The applications for participation in the Freedom Camp are collected through social networks; duration of education is 15 academic hours. During the reporting period, 1,200 children were trained within the project's program.

During the reporting period, a number of seminars for more than 700 students were additionally held within the project in Kazakhstani higher educational institutions (IITU, KazATU, KazNU, Turan, Satbayev University, ETU, Academy of the National



Security Committee of the Republic of Kazakhstan) in collaboration with the Agency for Regulation and Development of Financial Market (ARDFM). The training program included the following courses: Fundamentals of Financial and Digital Literacy, Financial Institutions, Digital Literacy Skills, Information Search and Use Skills, Building a Culture of Online Behavior and Public Services.

#### FREEDOM ACADEMY

**Freedom Academy's mission is to promote community development by helping people to gain investment skills and grow their wealth.**

Freedom Finance Global PLC is running Freedom Academy, an educational center with a multi-level system of courses aimed at improving the financial literacy of a wider range of participants. Training materials on trading, equity investments and related financial topics are available on the website of the educational platform. The suite of free classes offered equips users with the basic knowledge and tools they need to understand how financial markets work. In addition to the courses, Freedom



Academy extends its educational reach through its YouTube channel. The channel provides users with U.S. trading market overviews, market trend analysis and opinions from experienced professionals. By utilizing digital platforms, the project aims to widely distribute educational content, allowing people to expand their understanding of trading and investing at their convenience.

#### OCEANMAN KAZAKHSTAN

During the reporting period, Freedom Finance Global PLC provided KZT 2 million sponsorship for Oceanman Kazakhstan, an international competition held in July 2022. The event was held in Kazakhstan for the first time, and more than 1,200 people from 11 countries took part therein. The swimming competition was conducted at the Kapchagai reservoir, offering participants a choice of four distances ranging from 1.5 to 10 kilometers. According to the organizers, the community in Kazakhstan responded enthusiastically, making Oceanman Kazakhstan the largest event in the series over the past three years.

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#### PHILANTHROPY IN CULTURE DEVELOPMENT

As part of the closing of the “Shertpe Kyy” Kazakhstan festival of traditional music in December 2022 in Almaty, the Chief Executive Officer of Freedom Holding Corp, Mr. Timur Turlov, on behalf of Freedom Finance JSC awarded new dombras to the concertmasters of the Kazakh State Academic Folklore and Ethnographic Orchestra of National Instruments named after N. Tlندیyev and the Kazakh National Folk Instruments Orchestra named after Kurmangazy. Freedom Finance JSC facilitated the event to the tune of KZT 20 million.

The awarded instruments were made of Tian Shan spruce, Canadian oak and birch by the famous Kazakh master Zholaushy Turdugulov. This initiative reflects the Company’s commitment to cultural development and preservation of Kazakhstan’s musical heritage. The awarding of dombras was an important event contributing to strengthening the relationship between the Company and outstanding musicians. The new instruments will be an important contribution to the preservation and continuity of the traditions of Kazakh culture, as well as to the development of musical art in Kazakhstan.



#### FREEDOM GALA BALLET

In March 2023, Freedom Finance Global PLC funded the Freedom Gala Ballet held in Astana and Almaty in the amount of KZT 153 million. The event featured exciting performances by world-renowned ballet groups, choreographers and dancers. By providing financial assistance and resources, the Company played a key role in making this grand event a reality allowing the audience to witness outstanding performances by world-class ballet professionals.

#### “JULDYZAI” INTERNATIONAL FESTIVAL

Freedom Finance JSC provided KZT 1 million to support a festival for children with disabilities, offer financial and other aid, and contribute to the medical rehabilitation of children with psychoneurological profiles. The “Juldzyai” festival of children’s creativity was organized in multiple stages, the gala concert took place in June 2022. The contestants competed in four categories: vocals, choreography, instrumental performance, and singing. Participants were children with disabilities aged 10 to 18 years.

#### LOCAL COMMUNITIES SUPPORT

Recognizing the importance of supporting local communities in times of social upheaval, the company provides support and promotes positive change and well-being in the communities in which it operates. Freedom Finance Life JSC makes annuity payments to children of employees and officers of the law enforcement agencies who died on the January events in Kazakhstan. Annuity payments to families began in January 2022 and continued throughout the reporting period. In order to aid, the “Voluntary immediate annuity insurance under the Freedom Support program” product was developed. According to the terms and conditions, Freedom Finance Life JSC will provide monthly monetary aid in favor of children of deceased law enforcement officers.



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## Investments in Local Infrastructure

### VISION ZERO

In February 2023, Freedom Finance JSC signed a sponsorship agreement for KZT 56 million to support the Vision Zero initiative in the city of Almaty. The Vision Zero initiative is a globally recognized road safety improvement program aimed at preventing fatalities and serious injuries resulting from road accidents. Implementation tools include the creation of strategies to improve transportation infrastructure, including educational campaigns and increased enforcement of traffic rules.

Within the project, urbanists and architects with active involvement of a wide range of transport infrastructure experts will conduct a comprehensive analysis of the most dangerous accident sites and streets, and develop proposals to improve road safety measures around social facilities such as schools and kindergartens.

The commitment to the Vision Zero initiative goes beyond financial support. The Company also intends to cooperate with local authorities, road safety experts and other stakeholders to identify areas where improvements can be made and ensure effective implementation of the sponsored project. By utilizing its experience and resources, Freedom Holding Corp. aims to actively contribute to the overall success of the Vision Zero campaign and make a lasting positive impact on road safety in Almaty.



Vision Zero Roundtable held in November 2022

### FREEDOM FINANCE ALLEY

In May 2022, the Company supported an environmental initiative of the youth association "The Earth Foundation Sustainable Development". During the event commemorating National Forest Planting Day, volunteers and JSC Freedom Finance representatives



planted 77 frost-resistant Sakura seedlings. The campaign's key objectives included enhancing urban greenery, nurturing the environmental legacy, preserving historical heritage, and aligning with President Kassym-Jomart Tokayev's message to the people of Kazakhstan – "Kazakhstan in a new reality: time for action."



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## Charitable Support to Ukrainian Foundations

During the reporting period, the Company's subsidiary, Freedom Finance Europe, Ltd donated EUR 10.4 million to local charities in Ukraine. The Company's efforts are aimed at providing vital humanitarian aid, supporting community development projects and strengthening social cohesion in the face of difficulties. The amount was distributed among the following foundations, which now serve the strategic needs of the state and the population:

- EUR 3 million was donated to the Freedom Space project aimed at creating safe and comfortable spaces that will allow children to return to school. 69 schools in 12 regions of Ukraine were selected for the project. The premises will be equipped with all the necessary equipment to ensure safety and meet children's educational needs. An important feature of Freedom Space is the use of hibuki therapy, an Israeli method of helping children manage stress using specially designed stuffed toys;
- EUR 2 million was transferred to the Ukraine House DC Foundation for the purchase of ambulance cars and a further EUR 259,000 was allocated for the purchase of ambulances;
- EUR 300,000 was allocated to the Your Support Foundation for the purchase of equipment for emergency medical care in children's hospitals in three regions of Ukraine that receive wounded children from the front line.
- EUR 300,000 was transferred to the Let's Help Together charitable fund. The funds were used to purchase humanitarian aid for displaced people;
- EUR 2.4 million was transferred to the Help Ukraine charitable foundation in Poland for the purchase of medicine, food, animal feed, hygiene products and other essential goods;
- EUR 103,000 was transferred to the account of Soborna Ukraine international charity fund. The funds were used to restore the central water supply system in the city of Mykolaiv, which was destroyed by shelling;

- EUR 1.03 million was transferred to the Children of Heroes Foundation to support children who have lost one or both parents;
- EUR 650,000 was allocated to the health care initiative Superhumans, created by Andrei Stavnitser. The aim of this initiative is to provide free prosthetics, facial reconstruction and rehabilitation to victims of the Russian-Ukrainian conflict. The initiative rented a hospital in Lviv region from the state for further renovation;
- EUR 400,000 was donated for a project to help citizens who

were injured with loss of limbs. The "Let's Help Together" Foundation entered into cooperation with the German company Ottoblock SE & Co, which is a world leader in the production of prosthetic and orthopedic devices and rehabilitation equipment;

- EUR 20,000 was donated to support the conference "Sikorski Challenge Ukraine: Innovative Transformation of Ukraine" at the Ihor Sikorsky Kyiv National Polytechnic Institute in October 2023.



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## Environmental Projects

Freedom Holding Corp. not only takes steps to minimize its environmental impact, but also recognizes the importance of preserving nature. By promoting sustainable practices, the Company pursues rational use of resources, greenhouse gas emission reduction and seeks to contribute to the overall well-being of the environment. During the reporting period, funding for projects on waste minimization and recycling, biodiversity conservation and restoration of natural habitats was provided.

### RESTORATION OF ECOSYSTEMS ON THE DRIED ARAL SEABED

In fiscal year 2023, Freedom Finance JSC took significant steps to support the restoration and preservation of the Aral Sea, a once thriving body of water that has been facing serious environmental challenges for many years. Realizing the devastating consequences of the shrinking and degradation of the Aral Sea, the company is actively investing in a project aimed at revitalizing the Aral Sea region, preserving biodiversity and addressing socio-economic challenges. In 2023, Freedom Finance JSC and the Executive Directorate of the International Fund for Saving the Aral Sea in the Republic of Kazakhstan signed an agreement on financial assistance to the project of "Restoration of ecosystems on the dried bed of the Aral Sea" for the amount of KZT 16.6 million.

Cooperation with the Executive Directorate of the International Fund for Saving the Aral Sea in Kazakhstan is aimed at funding forest plantations on a territory of 500 hectares. An oasis of green spaces will be created 50 kilometers west of Karateren village in Aral district of Kyzylorda region.

The International Fund for Saving the Aral Sea is a partner of the USAID project "Restoration of ecosystems on the dried bed of the Aral Sea". On 30 pilot plots of 5 hectares each, 200 000 seedlings of black saxaul will be planted, fences and irrigation system will be constructed. In early 2023, the drilling of a well for irrigation of plantings and organization of watering for wild and domestic animals was started.



*According to the International Fund for Saving the Aral Sea, more than 5.4 million hectares of the Aral Sea have turned into a salt desert, which is a source of carrying salt aerosols into the Earth's atmosphere.*



### INSTALLATION OF REVERSE VENDING MACHINES IN THE REPUBLIC OF KAZAKHSTAN

Recognizing the need to address the problem of plastic waste recycling and promote the principles of circular economy, the Company actively promotes the creation of urban infrastructure for recycling. During the reporting period, preparation for the installation of reverse vending machines in the cities of Astana and Almaty was launched. Implementation of innovative solutions is a key component of the waste management system, ensuring efficient collection, processing and recycling of plastic waste. As of today, fdomats offer a practical solution to reduce plastic waste and minimize its negative impact on the environment.



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# Corporate Governance

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# CORPORATE GOVERNANCE SYSTEM

Freedom Holding Corp. adheres to high standards of corporate governance in alignment with the best global practices. The Company does so in order to ensure the best protection of its shareholders' interests and to adequately live up to their expectations.

The Company's system of corporate governance aligns with the Nevada Revised Statutes, requirements of the Nasdaq

Stock Exchange, the U.S. Securities and Exchange Commission (SEC), and the Financial Industry Regulatory Authority (FINRA) (for details refer to Annex 3).

Much of the key policies and procedures regulating the Company's system of corporate governance derived from the following Company's documents:

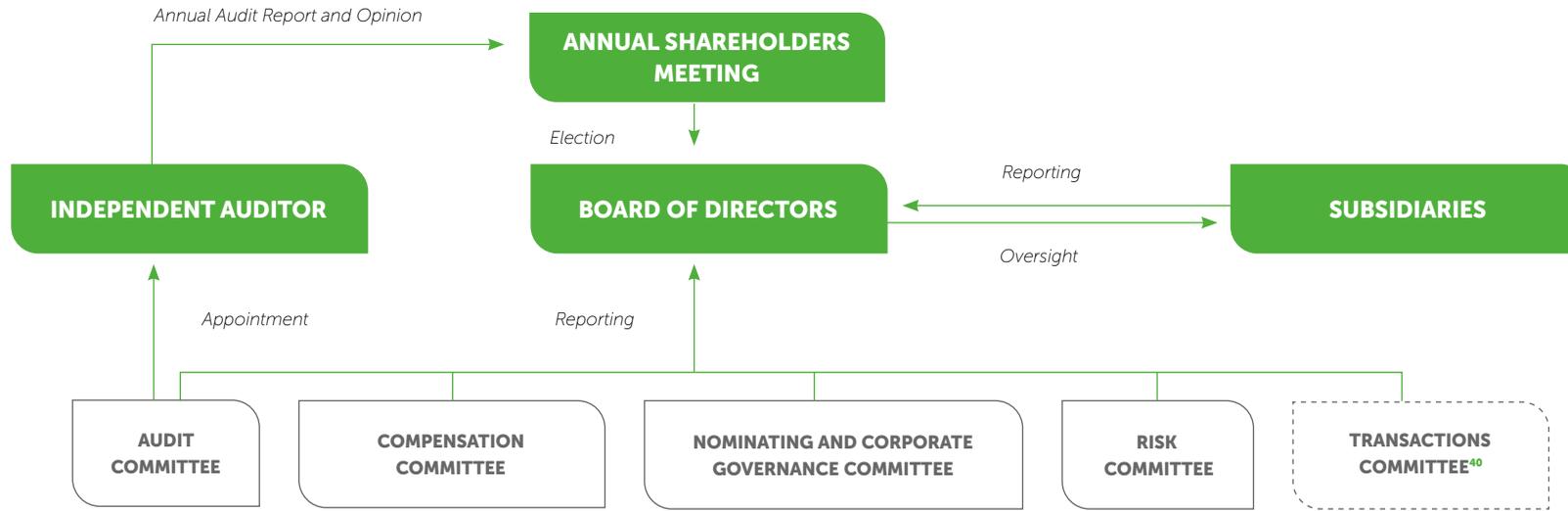
- Restated Articles of Incorporation of the Company and Company's By-Laws;
- Freedom Holding Corp. Code of Ethics and Business Conduct;
- Statement of Company Policy Regarding Securities Trades (Insider Trading Policy);

- The Sanctions Compliance Policies & Procedures;
- Compliance Reporting Policy (Whistleblower & Non-retaliation Policy).

Freedom Holding Corp. is a controlled company within the meaning of the Nasdaq corporate governance standards. Mr. Turlov controls a majority of the voting power of Freedom Holding Corp.'s outstanding common stock.

## STRUCTURE AND BODIES OF CORPORATE GOVERNANCE

GRI 2-9 2-11 2-12 2-16 2-17 2-18



<sup>40</sup> During the reporting year the Board made the decision to establish the Transactions Committee.

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## Annual Shareholders Meeting

Shareholders comprise the highest governance body of the Company and the Company organizes a meeting of its shareholders at least annually (hereinafter – the Meeting or the Annual Meeting). The Company's By-Laws stipulate provisions regarding the calling and conduct of the Annual Meetings.

The Meeting's agenda usually includes the election of members of the Board of Directors and shareholder ratification of the Audit Committee's appointment of an independent auditor. The Annual Meeting has been historically held in September, but this year the shareholders convened in November due to delays in the completion of the annual audit report.

## The Board of Directors (Board)

The Board is the primary supervisory and strategic governance body of the Company. The Board's duties include management of the Company's property and affairs, excluding those instances when decision making exclusively lies with the Annual



**TIMUR  
TURLOV**

**Chairman of the Board, CEO;  
he is a director since 2015**

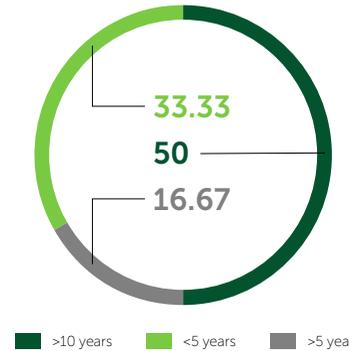
Shareholders Meeting by the applicable law, the Company's By-Laws and its Restated Articles of Incorporation. In particular, the Board is responsible for the oversight and management of ESG-related issues.

As of the end of the reporting period, there were six directors on the Board divided into three classes (for more details refer to Appointment of members of the Board of Directors): Class I, Class II and Class III. Four of the six directors are deemed independent. The two non-independent directors are Timur Turlov and Askar Tashtitov. Mr. Turlov is the Chair of the Board and the Chief Executive Officer of the Company. Mr. Tashtitov is a member of the Board as well as the President of the Company. At the Annual Shareholders Meeting, one-third of the directors are elected for a three-year term. Half of the directors have been serving on the Board for more than ten years. One director have been serving for more than five years. And two of the six directors have been on the Board less than five years.

Timur Turlov graduated from the Russian State Technological University in 2009 with a Bachelor of Science degree in Economics and Management.

Mr. Turlov has more than 10 years of experience in various areas of the international securities industry. Since late 2008 he has been developing business for the Group. From 2013 to 2017, Mr. Turlov served as the Advisor to the Chairman of the Board of Freedom Finance JSC. In that capacity, Mr. Turlov was primarily responsible for strategic management, public and investor relations events, investment and sales strategy, and government relations.

## FREEDOM HOLDING CORP.'S BOARD MEMBERS TENURE, %



In July 2017, Mr. Turlov became Chairman of the Board of Freedom Finance JSC.

Since 2015, Timur Turlov has been a member and the Chairman of the Board in Freedom Holding Corp. Apart from that, he serves on the boards of directors in Freedom Finance Insurance and Freedom Finance Life insurance companies, Bank Freedom Finance Kazakhstan JSC and Kcell JSC. Mr. Turlov owns interests in other businesses, including other securities brokerage firms.

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**ASKAR  
TASHTITOV**

**President, Executive  
Director; he is a director  
since 2008**

Mr. Tashtitov earned a Bachelor of Arts degree from Yale University majoring in Economics and History in 2002. He has more than 10 years of experience in senior management in the oil & gas industry and more than 5 years in the financial sector. Mr. Tashtitov was employed with BMB Munai, the predecessor of the Company, from 2004 through 2015, and served as the president from 2006 to 2015.



**JASON  
KERR**

**Independent Director  
since 2008**

Mr. Kerr earned his Bachelor of Science degree in economics in 1995 and a Juris Doctorate in 1998 from the University of Utah, where he was named the William H. Leary Scholar. In 2011, Mr. Kerr founded the law firm Price, Parkinson & Kerr, where he practices commercial litigation. From 2006 to 2011, Mr. Kerr was the associate general counsel of Basic Research, LLC, concentrating in intellectual property litigation. Before joining Basic Research, Mr. Kerr was a partner with the law firm of Plant, Christensen & Kanell in Salt Lake City, Utah. Mr. Kerr was employed with Plant, Christensen & Kanell from 1996 through 2001 and from 2004 to 2006. From 2001 through 2004, Mr. Kerr was employed as a commercial litigator with the Las Vegas office of Lewis and Roca.



**LEONARD  
STILLMAN**

**Independent Director  
since 2006**

Mr. Stillman earned his Bachelor of Science degree in mathematics from Brigham Young University and Master of Business Administration from the University of Utah. He spent many years as a designer and teacher of computer language classes at Brigham Young University. During that time, he was also a vice-president of Research and Development for Automated Industrial Data Systems Inc. and the owner of World Data Systems Company. Mr. Stillman has over 45 years of extensive business expertise, including strategic planning, venture capital financing, budgeting, manufacturing planning, cost controls, personnel management, quality planning and management, and the development of standards, policies, and procedures. He is currently employed by Business Plan Tools.

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**AMBER  
WILLIAMS**

**Independent Director  
since 2020**

Ms. Williams earned a Bachelor of Science degree in accounting from the University of Utah in 2004, and a Master of Accounting degree from the University of Utah in 2005. She has over 15 years of experience in accounting and auditing. Since 2012, Ms. Williams has provided accounting and CFO consulting services to companies. Ms. Williams is a Certified Public Accountant. From 2018 to 2019, she was employed as a Manager with Brixey & Meyer. In that position she managed a team of accountants assisting companies complete monthly, quarterly and yearly financial statements and improving clients' internal controls. From 2004 to 2012, Ms. Williams was employed in various accounting and finance positions with Grant Thornton, Basic Research, Goldman Sachs and PricewaterhouseCoopers, where her responsibilities included: planning and managing audit functions, including audit planning, fieldwork and internal control testing; assisting with product launch; serving as a member of a management team in conjunction with the sale of a business unit; and co-managing an initiative to improve processes surrounding tracking, monitoring and reporting internal/external errors that helped enhance reporting, improved transparency and decrease errors.



**BORIS  
CHERDABAYEV**

**Independent Director  
since 2019**

Mr. Cherdabayev graduated from Ufa Oil Institute in 1976. In 2011, he completed the Advanced Management Program offered by Harvard Business School. In 2002 he completed the Columbia Senior Executive Program at Columbia University and in 2000 he completed the Chevron Advanced Management Program at Chevron Company in San Francisco, California. From 1994 to 1997 Mr. Cherdabayev was employed with MangistauMunaiGaz JSC, as a Member of the Managing Board and Vice President. From June 1998 to March 2000, he was employed with KazakhOil National Oil and Gas Company where he was a member of the Managing Board and Vice President for Exploration and Production. During the same period, he also served as the Chairman of the Board for KazakhOil subsidiaries UzenMunaiGaz, KazakhOil-Emba, and KazakhstanCaspishelf, as chairman of the Joint Operating Committee for the Karachaganak Project, and as a member of the JV TengizChevroil LLP Partnership Council. From March 2000 to March 2003, Mr. Cherdabayev was the General Manager of JV TengizChevroil LLP. From November 2003 to November 2015, he served as the chairman of the board of directors of BMB Munai, Inc. He also served as chief executive officer of BMB Munai from November 2003 through August 2007. In 2006, BMB Munai became the first Kazakh and CIS company listed on the NYSE American Stock Exchange. From October 2012 to the present time, he has served as a Counsellor to the Chairman of the management board of Weatherford-CER JV. From May 2022 to the present time, he has also served as an independent member of the board of directors of Kazakhstan Qazaq Gas JSC.

## The Board's diversity

GRI 405-1

The Company believes that diversity in the composition of the governance bodies enables it to improve quality of the decision-making process, the Company's flexibility, and its resilience against erratic external factors. Our aspiration to promote the principles of diversity is reflected in the composition of the Company's Board. One third of our directors self-identify as Asian, whereas half of the Board members are classified as white and one is undisclosed. The gender composition of the Board is distributed as follows: one female and four male directors and one undisclosed.

### GENDER STRUCTURE OF THE BOARD OF FREEDOM HOLDING CORP. %



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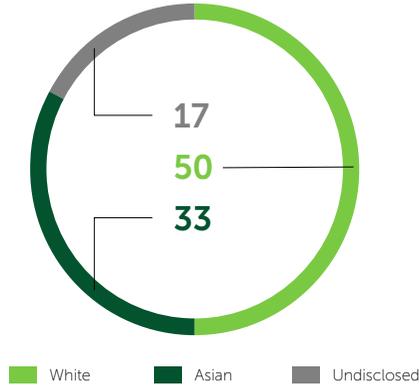
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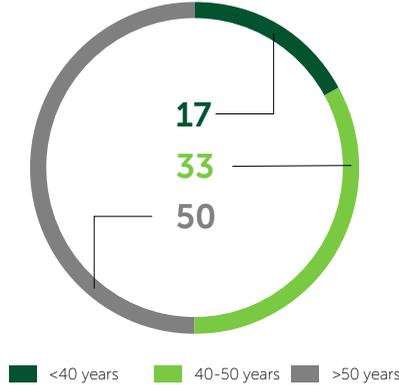
The ethnic structure of the Board's composition is depicted below:

#### THE ETHNIC STRUCTURE OF THE BOARD'S COMPOSITION, %



The Company's Board is represented by a diversity of ages among its directors. One Board member is younger than 40, one third of the directors are aged in the range between 40 and 50 and the remaining half of the directors are aged older than 50.

#### THE AGE STRUCTURE OF THE BOARD'S COMPOSITION, %



During the reporting period, the Board of Freedom Holding Corp. held 14 meetings. In addition, 5 actions were taken by written consent. Each director attended at least 75% of the meetings of the Board. In addition to participation in Board meetings, our directors discharged their responsibilities throughout the year through personal meeting and other communications, including in-person, email and telephone contact on any matters of interest and concern.

The Company does not have a formal policy requiring members of the Board to attend the annual meeting, although all directors are encouraged to attend if available, and all directors attending the 2023 Annual Meeting.

Certain key items on the Board's agenda during the reporting period included: selection of new independent auditing firm; the disposal of the Company's Russian subsidiaries; reduction of the number of related parties' transactions; sanction policy compliance; issues related to M&A activity, the restatements of the Company's financial statements.

## Evaluation of the performance of the Board

For the sake of continuous improvement of corporate governance practices, the Company's Board underwent its first formalized self-evaluation procedure in the reporting period.

## Improvement of skills and competencies of the Board members

During the reporting period, the Company provided each director with annual membership in the National Association of Corporate Directors (NACD). It is a non-profit organization for corporate directors, which focuses on the development of their skills, knowledge and potential. The Association offers its members educational activities and programs for board members. The programs are tailored to meet the needs of business representatives. ESG and business sustainability development courses are included among the NACD list of educational courses available to NACD members.

## Involvement of the Board in the management of ESG

The Board of Freedom Holding Corp. oversees the Company's management of ESG-related risks via a Risk Committee. The Committee determines the Company's approach to risk management and formulates recommendation for the Board accordingly. Also, the Board is responsible for the oversight of the Company's due diligence practices and related reporting, which are implemented and prepared by the management of Freedom Holding Corp. or independent third parties.

In addition, it remains the Board's duty to determine strategic goals and approve the ESG-related policies and procedures.

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## Board Committees

There are four active committees at the Board level. They are:

- Audit Committee;
- Compensation Committee;
- Nomination and Corporate Governance Committee (N&G Committee);
- Risk Committee.

During the reporting period, Freedom Holding Corp. was in the process of creating a new Board committee: the Transactions Committee. The Board expects implementation of its new Transactions Committee to be completed during 2024 fiscal year. In accordance with the committees' charters, each committee undergoes a self-evaluation procedure on an annual basis. The results of the evaluations are reported to the Board of the Company. Each Board committee is organized and conducted in accordance with their respective committee charter, and the Board determines which director(s) serve on which Board committee, taking into consideration directors skills and expertise.

## Audit Committee

### COMPOSITION OF THE AUDIT COMMITTEE

- Amber Williams**, Chair
- Leonard Stillman**, Member
- Boris Cherdabayev**, Member

The purpose of the Audit Committee is to oversee the Company's accounting and financial reporting processes and the audit of the Company's financial statements including the appointment of the Company's external independent auditor as well as the internal audit plan and the review and approval of related party

transactions. The key provisions regarding the Audit Committee's responsibilities, duties and rules of procedure are formulated in the Charter of the Audit Committee of Freedom Holding Corp.

The Audit Committee consists of three members. In accordance with the U.S. Securities Exchange Act of 1934 and the Nasdaq Listing Rules, all Audit Committee members are required to qualify as independent. No director serving on the Audit Committee are employees of the Company, and none of them are responsible for conducting the audit or preparing the Company's or any of its subsidiaries' financial statements.

## Compensation Committee

### COMPOSITION OF THE COMPENSATION COMMITTEE

- Jason Kerr**, Chair
- Boris Cherdabayev**, Member
- Leonard Stillman**, Member

The purpose of the Compensation Committee is to carry out the responsibilities delegated to it by the Board relating to the review and determination of executive compensation. The key provisions regarding the Committee's responsibilities, duties and rules of procedure are formulated in the Charter of the Compensation Committee of Freedom Holding Corp.

The Compensation Committee consists of three members. Although the Nasdaq Listing Rules allow for non-independent directors to sit on compensation committees of issuers that qualify as a 'Controlled' company, Freedom Holding Corp. has taken the approach to comply with the higher standard by placing only independent directors on its Compensation Committee.

## Nominating and Corporate Governance Committee (N&G Committee)

### COMPOSITION OF THE CORPORATE GOVERNANCE COMMITTEE

- Timur Turlov**, Chair
- Amber Williams**, Member
- Leonard Stillman**, Member

The purpose of the N&G Committee is to carry out the responsibilities delegated to it by the Board relating to the Company's director nominations process and procedures, developing and maintaining the Company's corporate governance policies and any related matters required by applicable regulations and regulators. The key provisions regarding the Committee's responsibilities, duties and rules of procedure are formulated in the Charter of the Nominating and Corporate Governance Committee of Freedom Holding Corp.

The N&G Committee consists of three members. In accordance with the Nasdaq Listing Rules and the Company's independence guidelines for members of committees, two members of the N&G Committee are independent directors.

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## Risk Committee

### COMPOSITION OF THE RISK COMMITTEE

**Jason Kerr**, Chair

**Amber Williams**, Member

**Timur Turlov**, Member

The purpose of Risk Committee is to assist the Board in its oversight and monitoring of the Company's senior management and risk managers relating to their risk management activities.

This includes the following responsibilities:

- The financial management of the Company and its subsidiaries;
- Defining the risk profile of the Company, including identifying and assessing the risks of the Company and its subsidiaries;
- Managing the financial risk and return of the Company;
- Compliance with legal and regulatory requirements;
- The Company's strategic planning, including reviewing material strategic transaction and potential material investments by the Company in, or in the Company by, third parties.

The key provisions regarding the Risk Committee's responsibilities, duties and rules of procedure are formulated in the Freedom Holding Corp. Risk Committee Charter.

The Risk Committee consists of three members. Two of them are independent in alignment with the standards of Nasdaq and the Company. The Risk Committee reports to the Board regularly, and not less than quarterly.

The reports contain recommendations or flag issues that arise with respect to the Company's financial affairs, including:

- Risk management;
- Capital adequacy;
- Risk profile;
- Potential material strategic transactions or significant investments;
- Dispositions of tangible assets;
- Third-parties related investments;
- Any other matter that the Committee deems appropriate or is requested to be included by the Board.

### Directors' Independence

The Company has adopted the rules for establishing director independence set forth in the Nasdaq Continued Listing Guide. These are summarized as follows relating to each Company director:

- is not an executive officer or an employee of the Company;
- does not have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.



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A director may not be qualified as independent if such director:

- Is, or at any time during the past three years was, employed by the Company;
- Accepted or immediate family member of such director accepted any compensation from the Company in excess of USD 120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than compensation stipulated by the Nasdaq Corporate Governance Requirements;
- Is or an immediate family member of such director is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or USD 200,000, whichever is more, other than instances stipulated by the Nasdaq Rules;
- Is or an immediate family member of such director is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serve on the compensation committee of such other entity;
- Is, or an immediate family member of such director is, a current partner of the Company's external auditor, or was a partner or employee the Company's external auditor who worked on the Company's audit at any time during any of the past three years.

During the reporting period, two thirds of the directors were deemed independent.

In the reporting year, the Board established a position of the Lead Independent Director.



### INDEPENDENCE OF THE BOARD OF FREEDOM HOLDING CORP. %



- Independent directors
- Non-independent directors

### Nomination of the Board Members

GRI 2-10

The Board is divided into three classes (Class I, Class II & Class III), with directorship classes staggered in such a way that one third of directorships are elected each year for a three year term. Currently there are two directors per each directorship class.

The Company implements the Nasdaq criteria for nomination of the Board members in Freedom Holding Corp. N&G Committee and the shareholders, through the N&G Committee, have the right to nominate director candidates. The N&G Committee will consider qualified candidates recommended by shareholders when such recommendations are submitted in accordance with applicable SEC requirements, Company By-Laws, Nevada Revised Statutes and any other applicable law, rules or regulations regarding director nominations. To date there have been no shareholders candidate nominations for Company directorships.

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The N&G Committee recommends director nominees to the Board and the Board subsequently makes a recommendation to shareholders.

Nominees are then identified in the annual proxy statement and directors are elected at the Annual Shareholder Meeting.

When selecting the nominees, the N&G Committee identifies the candidates who would satisfy the existing needs of the Board. In particular, the N&G Committee takes into consideration the nominee's business experience, judgement, background, potential conflict of interest, integrity, ethics, and adherence to 'to increase the Company value'. Nominees should also have several of the following skills and qualifications:

- Experience in the financial services industry;
- Experience in international business;
- Financial expertise;
- Accounting skills;
- Human resource management;
- Public company management;
- Legal expertise.

The Company has not formulated a formal policy in relation to the Board's diversity. However, as a listed issuer on Nasdaq, Freedom Holding Corp. discloses information related to the Board's diversity in accordance with Nasdaq Rules. The Company discloses such information in its Proxy Statement annually.

## Remuneration of the Board Members and Senior Executives

GRI 2-19 2-20

### APPROACH TO DETERMINING REMUNERATION

The Compensation Committee is responsible for compiling the compensation plan for the Board members and senior executives of the Company. In exercise of its powers, the Committee prepares recommendations in relation to compensation. The recommendations are subjected to review by the Board. The Board has exclusive right to approve the compensation plan proposed. The key policy forming the basis to the formation of the compensation plan for the Board members and senior executives is the Charter of the Compensation Committee Regulations. Subsequent to the reporting period, there have been many significant changes to both director and executive compensation plan and implementation aimed to bring the Company's Board and executive compensation practices closer to market practices.

Every third year, the Company's shareholders are able to submit an advisory vote, or say on pay, in the annual shareholder meeting. However, it should be noted that the say-on-pay vote is non-binding and is used to guide the Board and Compensation Committee in determining executive' compensation. The last Say-on-Pay vote was adopted in 2021 and is expected to take place again at the 2024 Annual Meeting.

The Compensation Committee, as is common practice among public issuers, retains the services of independent remuneration advisors. It conducts a benchmark analysis of the Company's peers in order to determine the appropriate boundaries of the potential remuneration range.

Currently, the Company does not implement any ESG-isolated KPIs while determining remuneration of the Board members and its senior executives.

### REMUNERATION OF BOARD MEMBERS

The Board members in Freedom Holding Corp., who are not the Company's employees, receive their financial compensation in quarterly installments. During the reporting period the directors did not receive any extra fees for their work in the Board committees, including work in the capacity of the committee's chairman. In addition, the directors do not receive any additional fees for the attendance of the meetings of the Board, its committees, or the Annual Shareholders Meeting.

Non-employee directors qualify to participate in the Company's incentive stock plan. However, current non-employee directors have not received awards under this plan. The Company currently does not have any adopted plan to award non-executive directors with shares of Freedom Holding Corp. However, this remains in the discretion of the Compensation Committee and the Board, since they have the power to take such a decision.

### REMUNERATION OF SENIOR EXECUTIVES

The principles underlying the remuneration of senior executives are in alignment with the Company's ambition to achieve market leadership, revenue growth and increased shareholders value and return. The Company's compensation program links remuneration to a mixture of performance indicators, including general performance, time of service and other measures. The remuneration strategy seeks to maintain balance between short and long-term financial and business goals. Thereby, the Company aims to balance the interests of senior executives and shareholders.

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The Company's compensation program for senior executives generally contains two components: financial reward and stock reward. Currently the program does not provide for any payments in case of termination of the contract of employment with a senior executive. Freedom Holding Corp. does not offer its senior executives corporate pension plans or retirement benefits. The Company does not guarantee any automatic increase of the base salary. The senior executives' wages are subject to an annual review. However, such decision are made with the assistance of independent compensation consultants and

## DELEGATION OF RESPONSIBILITY FOR THE OVERSIGHT OF ESG MANAGEMENT

GRI 2-13 2-14

In the reporting period, the Company established the ESG Department in Freedom Finance Global PLC, a wholly-owned subsidiary of the Company. The director of the Department is subordinated directly to



**Identification of the Company's priorities regarding corporate governance, social and environmental aspects**



**Integration and completion of the Company's ESG-goals in accordance with international requirement and standards**

The annual non-financial reporting prepared by the Department is subject to review and agreeing by the heads of the functional divisions of the Company and its subsidiaries, which fall

the market data they collect and compare the data of the Company and its peers. Three components form the remuneration of senior executives: base salary, annual bonus, and long-term incentive rewards. The achievement of financial, strategic, and operational objectives, together with individual performance of senior executives, are some of the main components guiding determination of annual bonuses. The long-term incentive compensation, usually in the form of stock reward, depends on the value of the Company's shares over a multi-year period.

the President of Freedom Finance Global PLC. who, at the same time, is the Chairman of the Board and the CEO of Freedom Holding Corp. The major tasks of the Department 'are:



**Planning, organization and promotion of various ESG initiatives aimed at improving ESG-indicators of Freedom Holding Corp. This includes timely disclosure of non-financial information in accordance with norms and regulations**



**Preparation and submission of the annual Sustainability Report of the Company to the Board**

within the scope of the Report. The Board is responsible for the adoption of the Report.



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# INTERNAL CONTROLS AND RISK MANAGEMENT

GRI 2-12 2-16

In order to ensure high economic performance and meet the expectations of its stakeholders, Freedom Holding Corp. actively develops its risk management system.

In Freedom Holding Corp. and its subsidiaries, risk management is an integral part of processes related to strategic planning, investment decision-making, budgeting, and operational activity. Risk management is the key component of the corporate governance system. It is aimed at timely identification of all material risks, their assessment and monitoring, as well as the implementation of adequate risk mitigation measures.

As of the end of the reporting period, the Company's risk management function was decentralized and delegated to the subsidiary organizations. Such an approach is due to the specific regulatory requirements to risk management, which vary in the geographic regions the Company and its subsidiaries operate.

The risk management and internal control systems of subsidiaries are subject to continuous improvement. It is done on the grounds of constant monitoring and effectiveness evaluation.

In all subsidiaries of the Company, which conduct operational activity, there are adopted risk management policies and procedures. They describe the organizations' approach to risk management and regulate business-processes. The Company's approach to risk management is implemented on three levels:

- Department risk-owners and management;
- Risk management and compliance control departments;
- Internal audit corporate function<sup>41</sup>.

The process of risk management in the subsidiaries of Freedom Holding Corp. consists of multiple steps:

1. Formulation of strategic goals and risk appetite adoption at the level of an entity;
2. Identification of risks;
3. Risk analysis with the purpose of defining its nature and characteristics, as well as risk levels;
4. Risk assessment in order to enable decision-making;
5. Development and implementation of risk management measures;
6. Follow-up monitoring of the risk management plan implementation and its efficiency evaluation, complemented by an efficiency evaluation of the overall risk management system;
7. Reporting about risk management activities and their results.

The risk management and internal control departments of subsidiaries prepare risk reports for their respective governing bodies on a monthly, quarterly, and annual basis. The boards, or other similar governing bodies, of the subsidiaries conduct monitoring of the risk management system's functioning by the means of the mentioned above reporting. The governing bodies also implement measures necessary to improve the internal control systems. Thus, they enable the systems' effective functioning under the influence of constantly changing internal and external factors.

Each risk management and internal control system at the subsidiary level is regulated by risk management policies, procedures, and methodologies. The risk management departments prepare risk registers annually. The registers are reviewed and affirmed by the highest governing bodies of each subsidiary.

## Information Security Risk Management<sup>42</sup>

The realization of information security risks may disrupt the continuity of the Company's business, incur financial and reputational costs, and compromise the confidentiality of data of customers, business partners and employees of Freedom Holding Corp. and subsidiaries. Freedom Holding Corp.'s subsidiaries are actively pursuing digitalization of their products and services. This, in turn, makes the organizations' operations especially vulnerable to information security and information technology risks. In this regard, information security risk management is one of the Company's risk management priorities. Since Freedom Holding Corp. does not conduct operational activities, information security risk management is performed at the level of subsidiaries and is integrated into local risk management and internal control systems.

During the reporting period, the development of Freedom Holding Corp.'s Technology Strategy to 2025 was launched, which includes a particular focus on the development of information security risk management.

Our audit procedures include testing of IT controls to ensure financial performance reliability under U.S. regulatory requirements. This audit is performed at all the Company's subsidiaries the results of which are included in regulatory reporting.

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<sup>41</sup> Some subsidiaries outsource the internal audit function to an independent contractor.

<sup>42</sup> Due to the SEC disclosure requirements on information security risks, this topic is disclosed separately.

At Freedom Holding Corp. subsidiaries, information security and information technology risk management is integrated into the overall risk management and internal control system.

In general, the distribution of responsibility for information security risk management in the Company's subsidiaries is as follows:

#### BODY/DEPARTMENT/ OFFICER DUTIES

Highest governance bodies and senior executives	Approval of internal IT and IS risk management regulations, amendments and alternations thereto;  Ensuring effective IT and IS risk management.
IT and IS risk management department or officer	Implementation and development of an effective IT and IS risk management system;  Establishing procedures for interaction between its participants and reporting on IT and IS risks.
Companies' departments	Compliance with requirements to mitigate IT and IS risks in day-to-day operations.

Responsibility for the management of cybersecurity risks in the day-to-day activities is assigned to the heads of departments responsible for general risk management in the organization.

Specialized departments or officials are responsible for assisting, coordinating, and managing the risk management functions

in the area of information security. These departments and officials perform categorization of information assets and subsequent risk assessment for critical information assets. Based on the results of such assessment, a register and information technology and information security risk map are formulated, as well as an action plan for handling the identified risks are prepared.

The highest governance bodies and senior executives are responsible for approving internal regulatory documents, including business processes methodologies and regulations, and supervising the efficiency of the information security risk management function.

Internal regulatory documents in the area of information security risk management have been developed and approved in all Freedom Holding Corp. subsidiaries and are subject to continuous review to ensure they are updated in accordance with current challenges and threats, as well as information security requirements of regulators.

### Internal Audit

The function of internal audit is decentralized in Freedom Holding Corp. The responsibility for the function is assigned to the Company's subsidiaries conducting operational activity. Dedicated internal audit departments are established at the subsidiary level, or the function is outsourced to an external independent contractor.

In addition, Freedom Holding Corp. has established a separate SOX-compliance audit business function. There is a dedicated structural unit responsible for the exercise of the function – the Department of controlling. Functionally it is subordinated directly to the Company's Audit Committee and the board of directors of Freedom Finance Global PLC. Thus, it ensures independence of the business function, its objectivity and risk-oriented approach. The department's director is assigned by decisions of the N&G Committee of Freedom Holding Corp.

The Company's internal audit process is governed by three key internal documents:

- The Controlling Department Regulations;
- Guidelines for the Internal Audit Department;
- A Practical Guide to Internal Control Compliance with SOX Requirements.

The responsibilities of the department employees include:

- Forming risk control matrices and conducting internal control testing in accordance with the plan approved by the Audit Committee;
- Control over compliance by the departments of the subsidiaries of Freedom Holding Corp. with the financial reporting deadlines, including those established by the U.S. Securities and Exchange Commission, and proper execution of control procedures in the financial reporting process, as well as the legality of the transactions performed;
- Reviewing and analyzing the testing of internal controls of Freedom Holding Corp.'s subsidiaries;
- Reviewing the activities of Freedom Holding Corp.'s subsidiaries for ineffective controls and/or lack thereof and making recommendations to eliminate the identified deficiencies based on the results of the review;
- Monitoring the timely elimination of deficiencies identified during the audit and analysis of the internal control systems of Freedom Holding Corp.'s subsidiaries;
- Advising the employees of Freedom Holding Corp.'s subsidiaries on the issues related to the internal control system, including risk minimization, improvement of the control procedures in accordance with the international professional standards of internal audit.

In the reporting period, the Controlling Department carried out an audit of the Company's internal control systems and prepared recommendations to eliminate the identified deficiencies and to mitigate risks in business processes.

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# BUSINESS ETHICS AND COMPLIANCE

GRI 2-23 2-24

Freedom Holding Corp. acknowledges the importance of adherence to the principles of business ethics and compliance. The Company highly values its stakeholders' trust. Hence, Freedom Holding Corp. aims to maximize its efforts to maintain its reputation as a trustworthy, responsible, and ethical business partner.

The corporate Code of Ethics and Business Conduct is the primary document which regulates the matters of business conduct and ethics in the Company. It is published on the Company's website. The Code defines the key principles which guide the Company in its business activities and formulates the approach to maintaining high standards of business conduct.



- Fair and ethical conduct of business, including responsible management of potential or probable conflicts of interest



- Compliance with applicable laws, rules and regulatory requirements

## PRINCIPLES OF ETHICS OF FREEDOM HOLDING CORP.



- Complete, trustworthy, transparent, timely and accessible disclosure in corporate reporting and other documents the Company files to regulators or discloses publicly



- Compliance with applicable laws, rules and regulatory requirements



- Protection of corporate assets, confidential information and emerging opportunities for the Company

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## Conflicts of Interest

GRI 2-11 2-15 2-23 2-24

The Company pays significant attention to the prevention and resolution of conflicts of interest. The Code of Ethics and Business Conduct (Code of Ethics) establishes the approach to the management of conflicts of interest at the level of Freedom Holding Corp. The Code of Ethics provisions are compulsory for all directors and employees of the Company and its subsidiaries.

In accordance with the Code of Ethics, Freedom Holding Corp. defines conflict of interest as an actual or perceived interference of personal interest of an individual, or their family members, with the interests of the Company. A conflict of interest can arise when an employee, officer or director (or a member of their family) takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when an employee, officer or director (or a member of their family) receives improper personal benefits as a result of his or her position in the Company.

Loans by the Company and its subsidiaries to, or guarantees by the Company and its subsidiaries of obligations of, employees or their family members are of special concern and could constitute improper personal benefits to the recipients of such loans or guarantees, depending on the facts and circumstances. Loans by the Company to, or guarantees by the Company of obligations of, any director or executive officer or their family members are expressly prohibited by the Code of Ethics.

The Code of Ethics establishes the order of actions necessary to be taken should an actual or perceived conflict of interest occur. Persons, who become aware of such information or wish to obtain advice, should apply to the Chief Compliance Officer. If such official is not appointed in a subsidiary, the applicants' immediate supervisors or the head of the organization are responsible for such issues. According to the provisions of the Code of Ethics, an authorized official is responsible

for identifying the fact of the actual or potential existence of a conflict of interest, as well as agreeing on or issuing permission to perform an action potentially related to a conflict of interest.

The Audit committee has exclusive power to render determinations and provide prior authorizations or approvals of potential conflicts of interest for the Company's directors and executive officers.

## Anticorruption

Incidents of corruption can cause significant economic and reputational damage to the Company. They can undermine its stakeholders' trust and investor interest. Thus, the subsidiaries of Freedom Holding Corp. have adopted a 'zero-tolerance' principle in relation to any manifestation of corruption. Since the Company does not conduct any operational activity, the management of anticorruption efforts is delegated to local departments and officers at the subsidiary level.

The key policies regarding corruption prevention at the subsidiary-level are anticorruption policies<sup>43</sup>. Compliance with the principles and provisions of the policies is compulsory for all employees, as well as compliance with the applicable law related to corruption. The policies' provisions are mandatory for business partners and other individuals, acting on behalf of the Company's subsidiaries.

## Compliance Control System

The group-wide compliance department is led by the Company's Vice President of Compliance who reports directly to the President of Freedom Holding Corp. In every Company's subsidiary, a local specialized department or officer is designated to exercise compliance control in coordination with Company's Vice President of Compliance. Their powers and duties differ in alignment with distinct internal policies and procedures, as well as the operational specifics of the entities.

The key laws and regulations related to the operation of Freedom Holding Corp., its subsidiaries are depicted in the Annex 3.



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<sup>43</sup> As of the end of 2023 fiscal year anticorruption policies are adopted in Freedom Finance JSC, Freedom Finance Global PLC, Insurance Company Freedom Finance Insurance JSC and Freedom Finance Europe Ltd.

The business function of compliance control in Freedom Holding Corp. is governed by the following policies and procedures: Code of Ethics and Business Conduct, U.S. Sanctions Compliance Policies & Procedures, Statement of Company Policy Regarding Securities Trades, Compliance Reporting Policy (Whistleblower/Non-retaliation). These documents form the foundation of the group-wide compliance control system and guide the Company's subsidiaries across the Group in terms of compliance control implementation at the local level. The list of policies and procedures adopted by the Company's subsidiaries as defined under Reporting Boundaries is below:

#### KEY COMPLIANCE CONTROL POLICIES AND PROCEDURES

Freedom Finance JSC	Freedom Finance Global PLC	Bank Freedom Finance Kazakhstan JSC	Insurance Company Freedom Finance Insurance JSC	Freedom Finance Life JSC	Freedom Finance Europe Ltd	Prime Executions, Inc.
Anticorruption and Antifraud Policy	Anticorruption and Antifraud Policy	Anticorruption Policy <sup>44</sup>	Anticorruption Policy	Compliance Risk Management Policy	Anticorruption and Anti-Bribery Policy	Written Compliance Supervisory Provisions
Methodology on Compliance Risk Management and Money Laundering, the Financing of Terrorism	Compliance risk Management Methodology	Compliance Risk Management Policy	Compliance Risk Management Policy	Anti-Money Laundering Internal Control Rules	Compliance Management Policy	
Freedom Finance JSC Subsidiaries Anti-Money Laundering, Combating the Financing of Terrorism Internal Control Rules	Conflict of Interest Policy	Conflict of Interest Policy	Whistleblowing and Complaints Review Guideline	Whistleblowing and Complaints Reporting Rules	Conflict of Interest Policy	
Customer Due Diligence Procedure for Establishing Non-Face to Face Business Relations	Rules for Conducting Personal Transactions/ Deals by Employees of Freedom Finance Global PLC	Whistleblowing Policy	Sanctions Policy <sup>44</sup>		Anti Money-Laundry Guidance	

<sup>44</sup> Was approved after the end of the reporting period.

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<b>Freedom Finance JSC</b>	<b>Freedom Finance Global PLC</b>	<b>Bank Freedom Finance Kazakhstan JSC</b>	<b>Insurance Company Freedom Finance Insurance JSC</b>	<b>Freedom Finance Life JSC</b>	<b>Freedom Finance Europe Ltd</b>	<b>Prime Executions, Inc.</b>
	Employees' Interaction with the Regulator (AFSA) Rules	Money Laundering and Financing of Terrorism Risk Management Policy			Sanctions Policy	
	Anti-Money Laundering, Combating the Financing of Terrorism Internal Control Rules	International Acts Tax Compliance Rules			Customer Assets and Funds Protection Policy	
	Customer Due Diligence Procedure for Establishing Non-Face to Face Business Relations	International Economic Sanctions Practice Rules			Customers Categorization Policy	
		Insider Information Control Rules			Complaints Management Policy	
					Whistleblowing and Communications	
					Management Policy	
					Personal Transactions Policy	
					Marketing Communication Policy	
					ClF's Services Promotion Policy	

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## COMPLIANCE CONTROL SYSTEM IN BANK FREEDOM FINANCE KAZAKHSTAN JSC

In accordance with the requirements of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan, Bank Freedom Finance Kazakhstan JSC has developed its own system of regulatory compliance assessment. The local system of compliance-control enables financial sustainability and stability of Bank Freedom Finance Kazakhstan JSC. It allows to minimize fines, sanctions and other measures of regulatory control, as well as prevents the Bank Freedom Finance Kazakhstan JSC from losing its license. Bank Freedom Finance Kazakhstan JSC's system is aligned with the best global practices. Because of that, Bank Freedom Finance Kazakhstan JSC maintains its reputation of a trustworthy business partner. Thus, it can build successful business relations with foreign banks and financial institutions.

The compliance-control department is responsible for:

- Monitoring all internal operations to filter for suspicious transactions and operations;
- Clients' due diligence prior to providing them with services;
- Compliance with international sanctions.

Apart from that, the Compliance Control Department is tasked to provide the employees with trainings regarding compliance, conflict of interest and anticorruption; to perform product pre-launch assessments and form corresponding recommendations necessary to mitigate compliance risks.

Two types of technological solutions are used to automate compliance checks procedures:

1) a specialized complex for automation of financial

monitoring and risk management processes in accordance with the Kazakhstan's legislation on combating money laundering and terrorism financing;

2) international and regional databases and compliance monitoring services.

In order to improve the efficiency and quality of inspections for compliance with the applicable AML/CFT legislation, the Bank uses Prime Source software. This technological solution provides:

- Automatic screening against international sanctions, terrorist and extremist lists;
- Calculation of risk level and assigning risk ratings to customers;
- Identification and timely response to threshold and suspicious transactions;
- Interaction with the authorized body via a secure communication channel – reporting of suspicious transactions, exchange of additional requests and data;
- Formation of management and regulatory reporting.

The Bank uses information from the following sources to monitor sanctions lists, identify politically exposed persons, terrorists and extremists, as well as high-risk individuals:

- Dow Jones international risk management and compliance service;
- WorldCheck international database of individuals;
- Contur.Prisma, a Russian entities verification service;
- Kompra, a service for checking counterparties in Kazakhstan, CIS and other countries.



# COMPLAINTS AND WHISTLEBLOWING MECHANISMS

GRI [2-16](#) [2-23](#) [2-24](#) [2-25](#) [2-26](#)

The Compliance Reporting Policy is the key document regulating the functioning of the corporate complaints and whistleblowing mechanisms in the Company. The policy is applicable to Freedom Holding Corp. and its subsidiaries. The scope of the policy encompasses complaints and reports related to violations of business ethics, corporate policies, financial audit and accounting fraud, and other violations of applicable laws and regulations.

The corporate complaints and whistleblowing mechanisms consist of the following channels of communication:

- Reports to the manager of the respective subsidiary;
- Reports to the Corporate Secretary, Vice President of Compliance, Chief Financial Officer or appropriate legal officer, in each case of the subsidiary.

Additionally, there are anonymous channels of communication:

- Via the Company's ethics and reporting hotline by phone 801-355-2227 or 888-996-3742 (toll free in the U.S.) and
- Via e-mail at [compliancemonitor@freedomholdingcorp.com](mailto:compliancemonitor@freedomholdingcorp.com).

According to the provisions stipulated in the Policy, all information obtained during the course of an investigation remains confidential. The Policy also grants a guarantee of non-retaliation against the reporting individual.

All reports related to financial audit and accounting are reviewed separately by an appropriate officer. Then such

information, if found to be substantiated, is escalated further to the Audit Committee.

The rest of the reports are reviewed by employees of the legal department of the respective subsidiary, who forward them to the appropriate officers and heads of divisions for further investigations.

At the level of the Company's subsidiaries, there are local complaints and whistleblowing channels set up in accordance with respective policies, established by the subsidiary entities. They are administered by local functional departments of the subsidiaries of Freedom Holding Corp.

In addition to corporate channels there is a private hotline of the Chairman of the Board and the Chief Executive Officer of the Company – "Timur Turlov's Hotline". This mechanism is designed for external stakeholders. It is available online at the web-site of Freedom Broker:

<https://ffin.kz/hotline>.

In the reporting period, the Company and its subsidiaries received four reports via the corporate channels of complaints communication and whistleblowing. The reports were submitted by employees and related to the issues of conflict of interest, unethical conduct, health insurance (COVID-19) and corporate education.



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# 05

## Environment

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Despite a lack of direct significant environmental impact being generated by the financial industry, Freedom Holding Corp. incorporates the precautionary principle<sup>45</sup> into its day-to-day operations.

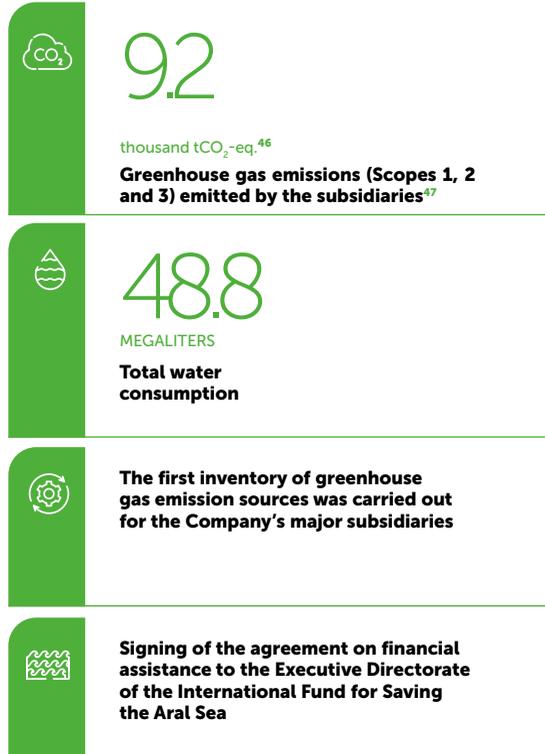
The approach of Freedom Holding Corp. to the management of environmental principles rests upon three priorities:

- Reduction of negative impact on climate by the means of energy-efficiency improvement;
- Responsible use of water resources;
- Minimization of generated waste.

In pursuit of reducing negative environmental impact, the Company has taken part in multiple environmental initiatives. In particular, Freedom Finance Global PLC began to introduce the "green office" principles. In November 2020, a regional office of Freedom Finance Global PLC, located in the city of Almaty, joined the 'Green Office' project. It was designed to introduce environmental standards, promote the culture of responsible consumption and waste recycling. As a result, in December 2022, the Almaty office of Freedom Finance Global PLC made it to the finals of the 4th Republican Contest. The contest's organizers were the 'Coalition for Green Economy' and GreenKaz, with support of the Ministry of environment, geology and natural resources of the Republic of Kazakhstan, together with the OSCE's Programs Office. The main idea behind the Contest was to promote principles of environment-friendly lifestyle, 'green' and low-carbon technologies, improvement of comfortability and ergonomics of public buildings.

The Company intends to gradually strengthen its focus on assessing the environmental impact of its assets, internal and external financial operations, and lending activities in future.

## Key indicators of the reporting period



<sup>45</sup> Principle №15, stipulated by the 1992 Rio Declaration on environment and development.

<sup>46</sup> The calculation includes emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

<sup>47</sup> For further details refer to Climate Change.

## The Company's goals in the area of environmental responsibility

- Improvement of natural resources efficiency;
- Support to and development of the initiatives, aimed to promote the principles of circular economy.



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# CLIMATE CHANGE

GRI 305-1 305-2 305-4

In the reporting period, an initial inventory of greenhouse gas emission sources was carried out for major subsidiaries of the Company. At the end of the reporting period, Freedom Holding Corp. was in the process of organizing a data collection and accounting system. As a next step, the Company expects to build a system for monitoring gross greenhouse gas emissions of Freedom Holding Corp. under Scope 1 and Scope 2, in accordance with international and local methodological approaches and requirements.

Within the operational boundaries for quantifying GHG emissions direct GHG emissions (Scope 1), indirect energy emissions (Scope 2) and other indirect emissions associated with leased offices (Scope 3, Category 8) were defined according to the international GHG Protocol A Corporate Accounting and Reporting Standard. The following emission source categories were identified in the Scope 1:

- Stationary fossil fuel combustion;
- Mobile fossil fuel combustion.

The following emission source categories were identified in the Scope 2:

- Emissions from the generation of electricity imported by the Company's subsidiaries from external sources to support the operations of owned facilities;
- Emissions from the generation of thermal energy imported by the Company's subsidiaries from external sources to support the operations of owned facilities.

The following emission source categories were identified in the Scope 3:

- Emissions from electricity generation imported by the Company's subsidiaries from external sources to support the operations of leased facilities;
- Emissions from the generation of thermal energy imported by the Company's from external sources to support the operations of leased facilities.

In the reporting period, gross greenhouse gas emissions amounted to:

- Direct greenhouse gas emissions (Scope 1) – 174 tCO<sub>2</sub>-eq.;
- Indirect energy emissions by property owned by the subsidiaries (Scope 2) – 3,693 tCO<sub>2</sub>-eq.;
- Other indirect emissions by property leased by subsidiaries of Freedom Holding Corp. (Scope 3<sup>48</sup>) – 5,401 tCO<sub>2</sub>-eq.;
- The emissions intensity per employee (Scope 1, Scope 2 and Scope 3) – 2.48 tCO<sub>2</sub>-eq. /employee.

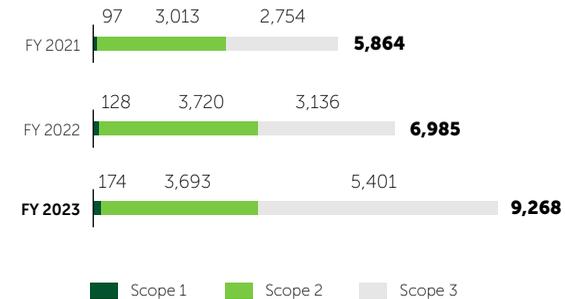
The gross emissions value has shown a positive trend over the last three years. The relative growth in emissions in fiscal year 2023 relative to 2021 was just under 58%. This is due to the rapid expansion of the Company's business during this period, including the increase in the number of offices of Freedom Holding Corp.'s subsidiaries.

The management of Freedom Holding Corp. recognizes the importance of combating climate change. In the future, it is planned to increase the detail, completeness, and accuracy

of disclosed data on greenhouse gas emissions under Scope 1, Scope 2, and Scope 3 (Category 8 under the Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions), as well as to develop a methodology for assessing climate risks and estimating emissions of other Scope 3 categories. The implementation of these tasks will enable Freedom Holding Corp. to improve risk management and identify and capitalize on opportunities related to climate change.

The following table shows the total GHG Emissions of the Company's subsidiaries for fiscal years 2021, 2022 and 2023:

**GHG EMISSIONS BY SCOPES, tCO<sub>2</sub>-eq.**



<sup>48</sup> Category 8 according to categorization by the Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions.

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## DIRECT EMISSIONS (SCOPE 1)

In the reporting period, the main sources of direct greenhouse gas emissions were stationary and mobile combustion of fossil fuels. Stationary combustion is only used in the operation of energy generating equipment of Bank Freedom Finance Kazakhstan JSC. Natural gas and diesel fuel were used as fuel in the reporting period. In other subsidiaries energy generating equipment was not used. In fiscal year 2023, stationary combustion accounted for 59.15 tCO<sub>2</sub>-eq., an increase in emissions in the reporting period relative to fiscal year 2021 of 205%.

### STATIONARY COMBUSTION GHG EMISSIONS, tCO<sub>2</sub>-eq.



Greenhouse gas emissions due to mobile fossil fuel combustion are associated with the operation of vehicles on the balance sheet of Freedom Holding Corp. and some of subsidiaries as defined under Reporting Boundaries above (see table on the right). Diesel fuel and motor gasoline were used as fuel. In the reporting period, the volume of greenhouse gas emissions from mobile combustion amounted to 114.5 tCO<sub>2</sub>-eq., with a 47.7% increase in emissions in fiscal year 2023 compared to 2021.

### MOBILE COMBUSTION GHG EMISSIONS, tCO<sub>2</sub>-eq.



### GHG EMISSIONS: STATIONARY COMBUSTION OF FREEDOM HOLDING CORP.'S SUBSIDIARIES, tCO<sub>2</sub>-eq.

Fuel	Metrics	FY 2021	FY 2022	FY 2023
Diesel	tCO <sub>2</sub> -eq.	0.79	2.63	<b>10.52</b>
Natural gas	tCO <sub>2</sub> -eq.	18.62	24.22	<b>48.63</b>
<b>Total</b>	<b>tCO<sub>2</sub>-eq.</b>	<b>19.40</b>	<b>26.85</b>	<b>59.15</b>

### GHG EMISSIONS: MOBILE COMBUSTION OF FREEDOM HOLDING CORP.'S SUBSIDIARIES, tCO<sub>2</sub>-eq.

Fuel	Metrics	FY 2021	FY 2022	FY 2023
Gasoline	tCO <sub>2</sub> -eq.	74.15	91.53	<b>99.69</b>
Diesel	tCO <sub>2</sub> -eq.	3.46	9.62	<b>14.92</b>
<b>Total</b>	<b>tCO<sub>2</sub>-eq.</b>	<b>77.61</b>	<b>101.15</b>	<b>114.61</b>

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## INDIRECT ENERGY EMISSIONS (SCOPE 2)

The source of indirect energy emissions is the generation of electricity and heat imported to meet the own needs of the offices of Freedom Holding Corp.'s subsidiaries. In the reporting period, total emissions amounted to 3,693 tCO<sub>2</sub>-eq. Most of the emissions come from the consumption of electric power, at 3,257 tCO<sub>2</sub>-eq. This

is almost 30% higher than the value of the same in FY 2021. Slightly less than 437 tCO<sub>2</sub>-eq. is attributable to heat energy consumption by Freedom Holding Corp.'s subsidiaries' own facilities. Compared to the same figure for fiscal year 2021, this value decreased by 13%. The relatively small share of emissions related to heat energy consumption in Scope 2 is explained by the fact that some offices owned by Bank Freedom Finance Kazakhstan JSC use equipment powered by electric energy for heating during the winter period.

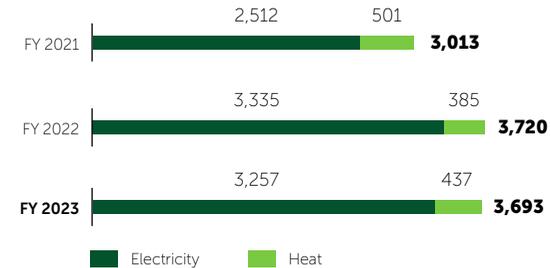
## OTHER INDIRECT EMISSIONS (SCOPE 3)

The source of other indirect emissions is the generation of electricity and heat imported to meet the needs of leased offices of Freedom Holding Corp.'s subsidiaries. In the reporting period, emissions amounted to approximately 5,401 tCO<sub>2</sub>-eq. Most of the emissions come from electricity consumption, at 3,799 tCO<sub>2</sub>-eq. The increase in emissions in FY 2023 relative to FY 2021 was 95%. Thermal energy consumption accounts for 1,601 tCO<sub>2</sub>-eq. in the reporting period, an increase of 99% in FY 2023 relative to 2021. The more even distribution

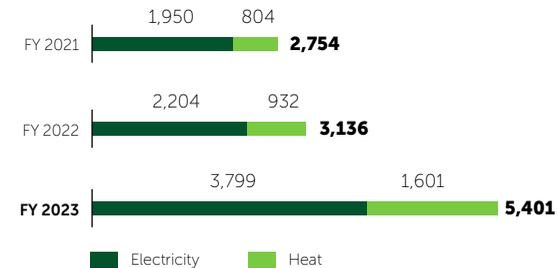
of emissions by source is due to the significant number of leased facilities located in regions with cold winters, which explains the greater need for heating.

Since the Company does not manage data on energy consumption at leased facilities, the calculation of greenhouse gas emissions used data obtained through indirect calculations (see energy consumption and energy efficiency). Thus, the results of quantitative assessment of this category of emissions are characterized by a greater degree of error. In the future, the Company intends to improve the accuracy of calculations by improving the data recording system.

### INDIRECT ENERGY EMISSIONS (SCOPE 2), tCO<sub>2</sub>-eq.



### OTHER INDIRECT EMISSIONS (SCOPE 3, CATEGORY 8), tCO<sub>2</sub>-eq.



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# ENERGY CONSUMPTION AND ENERGY EFFICIENCY

GRI **302-1** **302-3**

Since the operational processes of Freedom Holding Corp. and its subsidiaries do not involve significant consumption of energy resources, the bulk of energy consumption is for the operation of the extensive network of offices and branches. The largest amount of electricity and heat is consumed in offices and branches dedicated to customer service.

In the reporting period, total energy consumption by the subsidiaries amounted to 45,736 GJ. This value includes the total volume of consumed electric and thermal energy provided by utility service providers, stationary combustion of natural gas and diesel fuel, mobile combustion of diesel fuel and motor gasoline. The specific value of energy intensity per employee in the reporting year amounted to 12.2 GJ/employee.



# 45,736

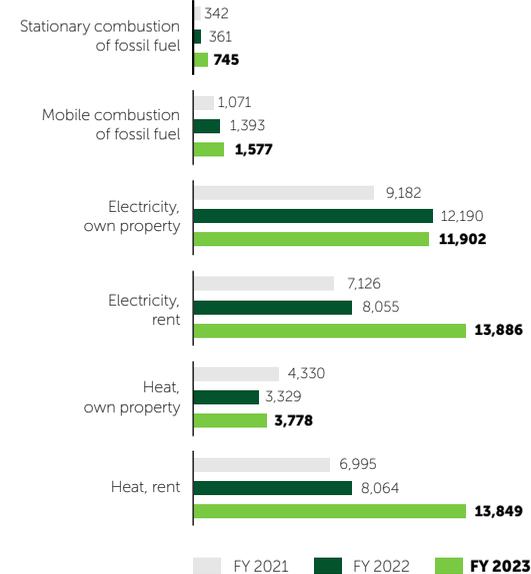
GJ

**Total energy consumption**

## CONSUMPTION OF FUEL AND ENERGY RESOURCES OF THE COMPANY'S SUBSIDIARIES

Metrics	FY 2021	FY 2022	FY 2023
<b>Electricity:</b>			
kWh	4,530,050	5,623,685	<b>7,163,391</b>
GJ	16,308	20,245	<b>25,788</b>
<b>Heat:</b>			
Gcal	2,695	2,722	<b>4,211</b>
GJ	11,285	11,394	<b>17,627</b>
<b>Diesel fuel:</b>			
Megaliters	1.7	4.2	<b>7.3</b>
GJ (stationary combustion)	10.57	10	<b>42</b>
GJ (mobile combustion)	45.87	128	<b>198</b>
<b>Gasoline:</b>			
Megaliters	31.9	39.1	<b>42.4</b>
GJ (mobile combustion)	1,025	1,266	<b>1,379</b>
<b>Natural gas:</b>			
Thousand, m <sup>3</sup>	9.7	10.2	<b>20.6</b>
GJ (stationary combustion)	331.50	350.24	<b>703.26</b>
<b>Total energy consumption, GJ</b>	<b>29,006</b>	<b>33,393</b>	<b>45,736</b>

## ENERGY CONSUMPTION, GJ



In the reporting period, the total electricity consumption of the offices of Freedom Holding Corp.'s subsidiaries in the reporting period amounted to 7,163,391 kWh. The increase in the value of this indicator in fiscal year 2023 relative to 2021 amounted to 58%.

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In the reporting period, 3,306,106 kWh accounted for electricity consumption by facilities owned by the Company's subsidiaries. The value of this indicator increased by 30% compared to FY 2021.

Most of the electricity consumed in the reporting period is attributable to facilities leased by the subsidiaries of Freedom Holding Corp. – 3,857,285 kWh. The increase in the value of this indicator in fiscal year 2023 relative to fiscal year 2021 was approximately 94%.

In the reporting period, the total heat consumption by the offices of Freedom Holding Corp.'s subsidiaries in the reporting period amounted to 4,211 Gcal. The increase in the value of this indicator in fiscal year 2023 relative to 2021 amounted to about 56%. Heat consumption by own facilities of the Company's subsidiaries accounted for 903 Gcal. The reduction in the value of this indicator in fiscal year 2023 relative to 2021 amounted to 13%.

## WATER RESOURCES CONSUMPTION

GRI 303-5

Water is one of the main resources required by the subsidiaries. As such, the Company is committed to the efficient use of water resources in its offices and other facilities. The subsidiaries of Freedom Holding Corp. do not draw water from surface or underground sources. The cold and hot water used at the subsidiaries' facilities comes from centralized water supply systems.

The volume of water consumption is monitored based on data obtained from commercial water meters or by conservative approximation by area in cases where water service payments

Most of the heat energy consumed is from facilities leased by the subsidiaries of Freedom Holding Corp. – 3,308 Gcal. The increase in the value of this indicator in fiscal year 2023 relative to 2021 amounted to 99%.

The overall increase in energy consumption is due to the rapid expansion of Freedom Holding Corp.'s business, which led to an increase in the value of office space and the number of employees. Additionally, this period was due to the recovery from the COVID-19 pandemic and the return of employees to the traditional office format.

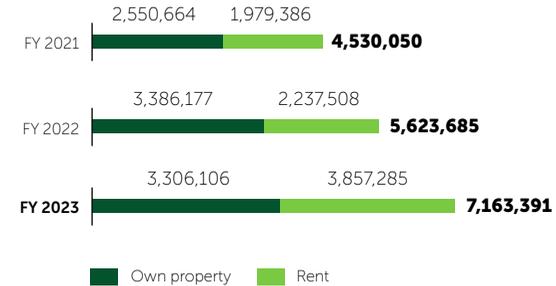
Energy consumption at leased facilities was calculated based on indirect calculations<sup>49</sup> due to the specifics of the metering system and the lack of actual data from landlords.

The calculations are characterized by a higher degree of error; in the future, the Company also plans to improve the accuracy of calculations by improving the data recording system.

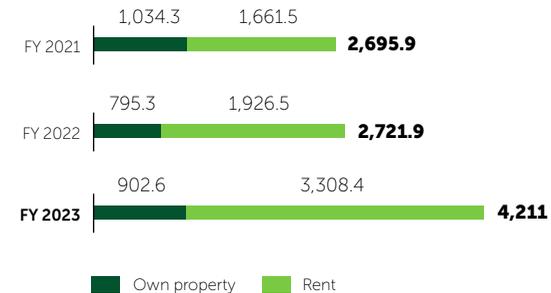
are made under a lease agreement without regard to actual water consumption.

Water consumption by the subsidiaries' offices amounted to 48.8 Ml in the reporting period, of which 41.4 Ml was consumed by leased facilities. The increase in the value of this indicator in fiscal year 2023 relative to 2021 was approximately 91.9%. Facilities owned by subsidiaries of Freedom Holding Corp. accounted for 7.3 Ml during the reporting period. The increase in the value of this indicator in FY 2023 relative to 2021 was approximately 80%.

### ELECTRICITY CONSUMPTION, kWh



### HEAT CONSUMPTION, Gcal



<sup>49</sup> In the absence of actual data on consumption of energy resources, recalculation of utility costs in monetary terms was performed based on tariff data provided by the service provider. The calculation implements the following unit values of heat intensity: 0.17 Gcal/m<sup>2</sup> for the North of Kazakhstan, 0.23 Gcal/m<sup>2</sup> for the Central Kazakhstan and 0.16 Gcal/m<sup>2</sup> for the South of Kazakhstan.

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The cumulative increase in water consumption over the past three years is due to the scaling of Freedom Holding Corp.'s business and an increase in the number of employees working from the office since the end of the COVID-19 pandemic.

Water consumption at leased facilities was calculated based on indirect calculations due to the specifics of the metering system and the lack of actual data from lessors<sup>50</sup>. In the future, the Company intends to improve the accuracy of calculations by improving the data recording system.

#### WATER CONSUMPTION, megaliters



#### WATER CONSUMPTION OF FREEDOM HOLDING CORP.'S SUBSIDIARIES

Type of property	Metrics	FY 2021	FY 2022	FY 2023
Rent	M <sup>3</sup>	21,605	16,042	41,469
Own property	M <sup>3</sup>	4,082	5,330	7,334

All offices and branches of the subsidiaries are supplied with cold water through centralized water supply systems. Offices and branches can be supplied with hot water either through

centralized water supply systems or by means of their own boilers and water heaters.

## WASTE MANAGEMENT

GRI 306-2 306-3

The activities of Freedom Holding Corp. and its subsidiaries do not involve the generation of hazardous waste. The main types of waste generated by the Company's operations are paper, discarded office equipment and consumables.

Freedom Holding Corp. maintains records of the paper waste generated by its subsidiaries. During the reporting period,

23 thousand kilograms of paper waste was generated, which is comparable to the value of the same for fiscal year 2021.

With the rapid expansion of the Company's business, containment of the growth of paper waste generated is ensured through digitalization and automation of document management by the subsidiaries of Freedom Holding Corp.

<sup>50</sup> In the absence of actual water consumption data, the monetary value of utility costs are recalculated based on tariff data provided by the service provider.



#### PAPER WASTE GENERATION, t



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# ANNEX 1: DEVELOPMENTS AFTER THE REPORTING PERIOD

The preparation of the Sustainability Report represents the first but crucial stage in the Company's practice of non-financial reporting. We have conducted an analysis of the completed work and consequentially identified areas with the potential for further improvement. Following the reporting period, the Company actively implements measures to optimize its activities in the identified areas, emphasizing enhanced efficiency and transparency in our sustainability performance.

Thus, shortly after the end of the reporting period, Freedom Holding Corp. conducted its first maturity analysis with respect to the subsidiaries within the scope of the Report (see Reporting boundaries). The current practices associated with ESG performance were compared against the best practices of the industries associated with operations of the Company's subsidiaries. The results of the analysis were communicated to the top management of Freedom Holding Corp. and its subsidiaries.

In addition, after the reporting period, the Company's subsidiaries continued their work on expanding their lists of rules and regulations related to the governance of our material ESG topics. Thus, in the first half of 2024 fiscal year, Bank Freedom Finance Kazakhstan JSC adopted its Anticorruption Policy, and Insurance Company Freedom Finance Insurance JSC adopted its Sanction Policy. These measures constituted another step in strengthening the Company's compliance control system.

Another milestone achieved after the reporting period is the formal establishment of the Transactions Committee of the Board of Freedom Holding Corp. This achievement constitutes another step towards improvement of the overall Board's oversight of the management of material topics.

These developments have been accompanied by the Company's ongoing efforts to improve its sustainability practices. They include:

1. Periodic benchmarking of industry best ESG practices, diagnosing and identifying the company's strengths and weaknesses in terms of ESG performance.
2. Analysis of stakeholders' requirements and expectations.
3. Continuous training for ESG department staff and top management of the Company. This includes participation in seminars and conferences conducted by financial regulators, industry associations, and international initiatives in the field of sustainable development.
4. Communication with top management of the Company regarding the Company's sustainability goals and progress towards achieving them, providing updates on the current state of ESG indicators compared to peer group companies.
5. Preparation of annual sustainability reports, improving the system for collecting, consolidating, and processing ESG data obtained from data owners on-site.
6. Optimizing data collection processes, including the calculation of both qualitative and quantitative indicators, is a primary objective. In the environmental domain, there is a specific focus on enhancing the calculation model for systematic monitoring and estimating greenhouse gas emissions across Scopes 1, 2, and 3.

## Sustainable financing

The Company continues to explore opportunities for sustainable financing and has set a goal to invest KZT 200 billion in sustainable finance instruments and ESG-aligned projects. In June 2023, Freedom Finance JSC acted as the lead underwriter for the placement of two-year gender bonds of Microfinance Organization OnlineKazFinance JSC (Solva) totaling 6.3 billion tenge on KASE to support women's entrepreneurship.



## HR Recognition

The work of HR specialists of Freedom Holding Corp.'s subsidiaries<sup>54</sup> was acknowledged at the HUMAN CAPITAL FORUM 2023, an event held by the Association of HR Managers of Kazakhstan in September in Astana. At the award ceremony, the Company was awarded the Certificate of Recognition "HR Integration".

It was the first time when the Company's subsidiaries<sup>1</sup> took part in the competition. Several projects developed and successfully implemented in our companies by HR specialists were submitted for evaluation. There were 20 participants in total, and the prize was awarded to the parental company – Freedom Holding Corp. The award signifies advanced practices of consistent and systematic integration of employees within their activities and the realization of their potential.

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<sup>54</sup> The following subsidiaries of Freedom Holding Corp. participated in the contest: Freedom Finance JSC, Freedom Finance Global PLC, Bank Freedom Finance Kazakhstan JSC, Insurance Company Freedom Finance Insurance JSC, Freedom Finance Life JSC, Freedom Pay LLP, Ticketon Events LLP, Aviata LLP, Arbus Group LLP, ReKassa PCI Reader, Internet-Tourism LLP, Mobilnyy Mir LLP, Freedom Drive LLP, Chocofamily Holding Ltd, Naimi.kz LLP, Cerebra.AI Ltd, Med365 LLP, Citix Ltd, CTOgram LLP, Expo Capital Ltd, EasyTap Ltd, QAZTRACKER LLP.



## Freedom Shapagat Corporate Fund

The Freedom Shapagat Corporate Fund (hereinafter – the Fund) was established on August 8, 2023, with a core focus on environmental, social, and governance factors as primary criteria for project selection and investment.

The objectives of the fund are:

- Managing the portfolio of projects, including green bonds and investments, aligning with the UN Sustainable Development Goals and financial parameters.
- Centralizing the sponsorship and philanthropic activities of Freedom Holding Corp.

As of the date of issuing this Report, the Corporate Fund has financed 4 projects aimed at supporting education, sports and relief aid, totaling more than KZT 480,000 million.

### SUPPORT FOR FAMILIES OF DECEASED MINERS

In the year 2023, the Foundation extended charitable aid to the families of miners who tragically lost their lives during the emergency incident at the Kostenko Mine in the Karaganda region. The total amount of support provided amounted to over KZT 470 million.

### ESTABLISHMENT OF SCHOLARSHIPS FOR STUDENTS

The Corporate Fund "Freedom Shapagat" has established annual scholarships for ten undergraduate and college students at L.N. Gumilyov Eurasian National University aimed at supporting students in socially vulnerable positions and ensuring equal opportunities for acquiring quality education. The selection process involved students specializing in economics



and information technology fields. Recipients of the scholarships were determined based on the assessment of academic research, academic performance, a motivational letter, and a self-presentation in video format.

### ASSISTANCE TO A YOUTH ICE HOCKEY TEAM IN PARTICIPATING IN AN INTERNATIONAL TOURNAMENT

The Foundation provided sponsorship and financial support totaling KZT 5 million for the "Strizhi" team's participation in the ALGA CUP Open Ice Hockey Tournament among children's teams born in 2009, held in Kazan, Russia.

### SUPPORT FOR YOUTH FOOTBALL TOURNAMENTS IN ALMATY

The Foundation provided financial support amounting to KZT 1.7 million to the Prestigious Football League of Almaty to organize youth football tournaments in the city.

The fund continues its work on 18 projects totaling KZT 14 billion. These encompass various areas such as:

1. Educational initiatives, including infrastructure development for educational institutions, collaborations with educational funds, among others.

2. Environmental programs, focusing on urban infrastructure development, eco-awareness campaigns, waste segregation projects, among others.
3. Support for sports, involving the construction of sports centers, sponsorship for football and hockey teams, and the promotion of junior chess.
4. Additionally, the fund extends support to projects dedicated to enhancing road safety.

The Company aims to lead the ESG practices industry by directing efforts towards enhancing sustainability and supporting projects aligned with the UN SDGs. The emphasis extends beyond regulatory compliance and financial performance to fostering a positive impact on society and the environment. Additionally, the Company actively promotes ESG principles through the projects supported by the Corporate Fund, advancing towards a more responsible future.

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## ANNEX 2: CONTRIBUTION OF THE PRINCIPAL SHAREHOLDER

In addition to the sustainability activities within the Freedom Holding Corp. group of companies itself, Freedom Holding Corp. also has an interest in the sustainability activities and projects which its controlling shareholder, Timur Turlov, conducts separately from the Company. It is contemplated that certain of these activities or projects may be acquired by the Company on an opportunistic basis from time to time in the future.

Mr. Turlov achieves this by investing in innovative startups, enriching his investment portfolio with teams of top-tier professionals, breakthrough technologies and customer databases. Mr. Turlov is a prominent strategic investor in high-tech projects. When selecting startups for acquisition, a strong emphasis is placed on the positive impact of the project implementation. Preference is given to projects aimed at addressing social, environmental, economic challenges on a global and local scale.

Mr. Turlov also funds a wide range of social, environmental, and infrastructure projects through Turlov Private Holding. This devotion underscores his dedication to advancing sustainable growth and positive community impact.

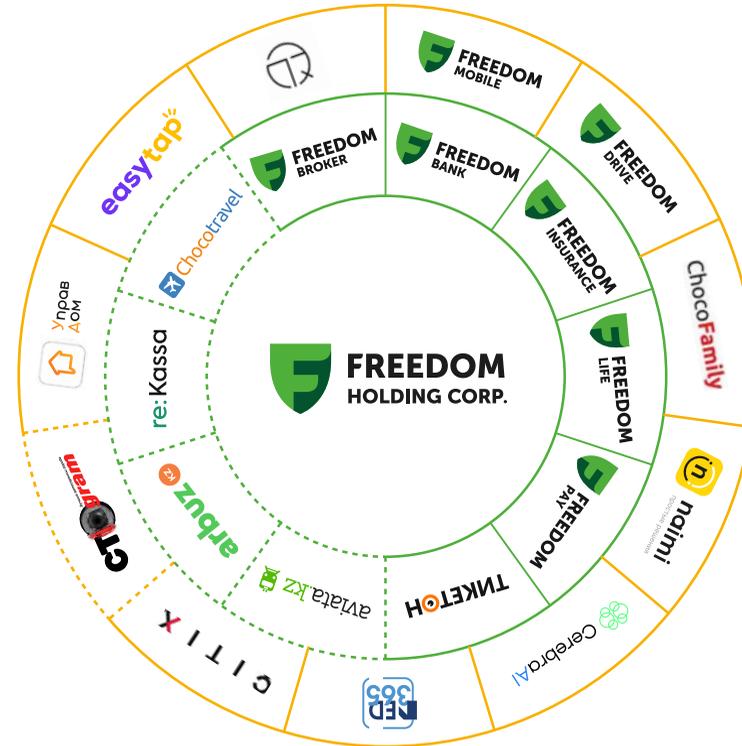
### Key Figures



<sup>52</sup> The given brand names refer to the following companies: Freedom Broker – Freedom Finance JSC and Freedom Finance Global PLC, Freedom Bank – Bank Freedom Finance Kazakhstan JSC, Freedom Insurance – Insurance Company Freedom Finance Insurance JSC, Freedom Life – Freedom Finance Life JSC, Freedom Pay – Freedom Pay LLP, Ticketon – Ticketon Events LLP, AviaTa – AviaTa LLP, Arbuz – Arbuz Group LLP, ReKassa – ReKassa PCI Reader, Chocotravel – Internet-Tourism LLP, Freedom Mobile – Mobilyn Mir LLP, Freedom Drive – Freedom Drive LLP, ChocoFamily – Chocofamily Holding Ltd, Naimi – Naimi.kz LLP, Cerebra AI – Cerebra AI Ltd, Med365 – Med365 LLP, CITIX – Citix Ltd, CTogram – CTogram LLP, Upravdom – Expo Capital Ltd., EasyTap – EasyTap Ltd, QazTracker – QAZTRACKER LLP.

<sup>53</sup> The amount was calculated based on the contracts for charitable assistance, service agreements concluded during the reporting period.

### Digital Ecosystem<sup>52</sup> of Freedom Holding Corp. and its Principal Shareholder



#### COMPANIES OWNED BY FREEDOM HOLDING CORP.

Within the Report's scope: Freedom Broker, Freedom Bank, Freedom Insurance, Freedom Life.

Outside the Report's scope: Freedom Pay, Ticketon, AviaTa, Arbuz, ReKassa, Chocotravel.

#### COMPANIES SHARES OF WHICH ARE ACQUIRED BY THE PRINCIPLE SHAREHOLDER OF FREEDOM HOLDING CORP.

Freedom Mobile, Freedom Drive, ChocoFamily, Naimi, Cerebra AI, Med365, CITIX, Relog, CTogram, Upravdom, EasyTap, QazTracker.

Acquired after the end of the reporting period.

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## Fostering Educational Initiatives, Culture and Sports

### CONSTRUCTION OF THE NEW CAMPUS OF IQANAT SCHOOL

In March 2023, a sponsorship support worth of KZT 1.5 billion was provided for the construction of a new IQanat school campus that will be named Freedom House.

The project will be implemented along the shore of Shchuchye Lake. According to the construction plan, the campus will have an amphitheater with 420 seats, a planetarium, a modern science classroom equipped with innovative equipment, a library with a collection of 7,000 books and an outdoor terrace. As a result of the construction, it is planned that the capacity of the school will increase by 120 student places.

### SUPPORT OF TEACH FOR QAZAQSTAN EDUCATIONAL FOUNDATION

During the reporting period, a partnership with the Teach for Qazaqstan Educational Foundation was established. The Foundation is part of the global initiative Teach for All. The mission of this public organization, which is currently implemented in 60 countries of the world, is to attract specialists from various fields of activity for their further conversion into school teachers and their assigning to regions with staff shortages. The main goal of the fund is to reduce educational inequality due to many socio-economic factors, such as geo-distance of regions, low staffing levels in schools and shortage of teachers. KZT 450 million sponsorship will be used to launch and implement an extensive educational program to retrain teaching staff, specifically designed to improve teaching and introduce modern teaching methods throughout the country. As part of this initiative, teachers will have access to master classes, seminars and specialized training modules aimed at creating an engaging and supportive learning environment.



Groundbreaking Ceremony for IQanat's New Campus



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## POPULARIZATION OF CHESS

In January 2023, the Chief Executive Officer of Freedom Holding Corp., Mr. Timur Turlov, was elected as the President of the Kazakhstan Chess Federation. One of the main goals of the organization is to double the number of chess sections from 7,000 to 14,000, to continue popularization of chess contributing to the formation of an intellectual nation. In June 2022, Freedom Finance JSC in cooperation with the Kazakhstan Chess School launched a charity event for children aged 5 to 16 years old in the city of Almaty. This initiative provides an opportunity for professional training and coaching by experienced chess masters to all aspiring chess players. Using its unique training methodology, the Kazakhstan Chess School has brought up the 2018 World Champion in the under-11 category.

In March 2023, the prestigious KazChessAwards award was established under the financial support from Mr. Turlov. The annual award event is designated to recognize

and encourage the best representatives of the chess community of the Republic of Kazakhstan. By investing in such projects, the Company creates a platform for talented chess players that recognizes their exceptional skills and talent.

During the reporting period, funding of approximately KZT 2.36 billion was provided for organization of the World Chess Championship in Astana in April 2023.

## DEVELOPMENT OF SPORTS

In September 2022, a memorandum of cooperation with the Kazakhstan Football Federation was signed. The partnership is aimed at the development of children's, youth and mass sports, as well as sports infrastructure, including construction of playing fields in the regions of Kazakhstan. As part of support of the Kaspi Football Club, during the reporting period KZT 270 million was allocated for the purchase of inventory and sports equipment.



In the reporting period, funding of KZT 490 million to the Super Bol sports reality show was provided. The project participants were young people aged 16 to 25. At the time of filming, the best participants of the project were given the opportunity to train at a full-fledged soccer base under the guidance of famous coaches with subsequent potential execution of professional contracts.



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## Environmental Projects

### SOLVING PROBLEMS WITH FRESH WATER SHORTAGE IN MANGISTAU REGION

Mr. Turlov recognizes that access to clean and reliable water resources is important for the well-being of the population and sustainable development of the regions where it operates. One of the most arid regions of Kazakhstan with a high level of water stress is the Mangistau region, where the deficit of drinking water per day is 50 thousand m<sup>3</sup>. To address the issue of water supply in cooperation with the Akimat of Mangistau region, on October 28, 2022, a memorandum was signed to finance the construction of a pumping station and water supply networks from the desalination plant to the central water supply hub in Aktau. The total amount of sponsorship amounted to approximately KZT 2.1 billion. As a result of the construction of engineering structures, 230,000 people in Aktau city and Akshukur and Saina Shapagatov villages will be provided with uninterrupted supply of quality drinking water.



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# ANNEX 3: KEY LAWS AND REGULATIONS APPLICABLE TO THE OPERATION OF FREEDOM HOLDING CORP., ITS SUBSIDIARIES

	THE UNITED STATES		THE EUROPEAN UNION		KAZAKHSTAN		UZBEKISTAN
Nevada Revised Statutes	Markets in Financial Instruments Directive 2014 (2014/65/EU)	The Republic of Kazakhstan Joint Stock Companies Law dated 13 May 2003 No.415-II	Uniform rules (standards) of depository accounting and reporting	U.S. Securities and Exchange Commission requirements	Regulation (EU) No 600 2014 of the European Parliament and of the Council on markets in financial instruments and certain local member state laws	The Republic of Kazakhstan Securities Market Law dated 2 July 2003 No. 461-II	The Republic of Uzbekistan Anti-Money Laundering, Combating the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction Law
U.S. Securities Exchange Act of 1934	Cyprus CySEC Directive for the Prevention and Suppression of Money Laundering and Terrorist Financing 158(1)/2018	The Republic of Kazakhstan Banks and Banking Activities in the Republic of Kazakhstan Law dated 31 August 1995 No 2444	Order of the Director General of the Center for Coordination and Control over the Functioning of the Securities Market under the State Property Committee of the Republic of Uzbekistan "On Approval of the Regulation on the Activity of Investment Intermediary on the Securities Market"	The Sarbanes-Oxley Act	Prevention and Suppression of Money Laundering Activities Law of 2007	The Republic of Kazakhstan Law dated 18 December 2000 No. 126 on Insurance Activities	Law of the Republic of Uzbekistan "On Introduction of Amendments and Additions to the Law of the Republic of Uzbekistan "On Securities Market"
FINRA's rules and regulations	CySEC Circular №: C418, Subject: Enhancement of Procedures Regarding Safeguarding of Client Funds Held by CIFs	The Republic of Kazakhstan Anti-Money Laundering and Combating the Financing of Terrorism Law dated 28 August 2009 No. 191-IV	Law of the Republic of Uzbekistan "On Introduction of Amendments and Additions to the Law of the Republic of Uzbekistan "On Securities Market"				

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 THE UNITED STATES	 THE EUROPEAN UNION	 KAZAKHSTAN	 UZBEKISTAN
Foreign Corrupt Practices Act	Directive DI87-01(A) for the Safeguarding of Financial Instruments and Funds belonging to Clients	The Republic of Kazakhstan Anti-Money Laundering and Combating the Financing of Terrorism Law dated 28 August 2009 No. 191-IV	Law of the Republic of Uzbekistan "On Introduction of Amendments and Additions to the Law of the Republic of Uzbekistan" On Securities Market"
OFAC's Anti-Money Laundering, Anti-Terrorism Funding and Economic Sanctions Laws and Regulations	ESMA Guidelines on MiFID II Product Governance Requirements	Astana Financial Services Authority (AFSA) General Rules	
Foreign Account Tax Compliance Act		Astana Financial Services Authority (AFSA) Conduct of Business Rules	
		Astana Financial Services Authority (AFSA) Anti-Money Laundering and Counter-Terrorist Financing and Sanctions Rules	
		Resolution of the Management Board of the National Bank of the Republic of Kazakhstan dated February 3, 2014 №9 On Approval of the Brokerage and (or) Dealer Activities in the Securities Market Rules, Brokerage and (or) Dealer Banking Operations Procedure	
		Resolution of the Management Board of the National Bank of the Republic of Kazakhstan dated February 3, 2014 №10 On Approval of the Investment Portfolio Management Rules	
		The Republic of Kazakhstan Payments and Payment Systems Law (as amended)	

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## ANNEX 4: GRI INDICATORS TABLE

Statement of use	Freedom Holding Corp. has prepared the Report with reference to GRI Standards for the reporting period April 1, 2022 – March, 31 2023.
Used GRI 1	GRI 1: Foundation 2021
Applicable Industry GRI Standards	Non-applicable

GRI Standard	Disclosure	Report pages	Report section	Comments
<b>General Disclosures</b>				
<b>GRI 2: General Disclosures 2021</b>	<b>2-1</b> Organizational details	p. 2	About Freedom Holding Corp.	
	<b>2-2</b> Entities included in the organization's sustainability reporting	p. 3	About the Report	
	<b>2-3</b> Reporting period, frequency and contact point	p. 3	About the Report	Contact details are provided on the last page of the Report
	<b>2-4</b> Restatements of information	p. 76	Annex 4. GRI Indicators Table	This Sustainability Report is the first one for Freedom Holding Corp. There are no significant changes in the information for the reporting period.
	<b>2-5</b> External assurance	p. 76	Annex 4. GRI Indicators Table	This Sustainability Report did not undergo an external assurance

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**GRI 2: General Disclosures 2021**

<p><b>2-6</b></p> <p>Activities, value chain and other business relationships</p>	p. 2	About Freedom Holding Corp.	2-6-d. This Sustainability Report is the first one for Freedom Holding Corp. There are no significant changes in the information for the reporting period.
<p><b>2-9</b></p> <p>Governance structure and composition</p>	p. 41	Corporate Governance System	2-9-c.vi. The Company does not disclose information of its directors' affiliation to underrepresented social groups due to confidentiality considerations.
<p><b>2-10</b></p> <p>Nomination and selection of the highest governance body</p>	p. 48	Corporate Governance System	
<p><b>2-11</b></p> <p>Chair of the highest governance body</p>	p. 41, 54	Corporate Governance System; Business Ethics and Compliance	
<p><b>2-12</b></p> <p>Role of the highest governance body in overseeing the management of impacts</p>	p. 41, 51	Corporate Governance System	<p>2-12-b. The Company has not adopted a specific ESG due diligence procedure. Instead, the Board oversees the potential negative impacts via oversight of the risk management, internal controls and internal audit business functions.</p> <p>2-12-c. Risk management and internal controls departments present their reports to the Board annually.</p>
<p><b>2-13</b></p> <p>Delegation of responsibility for managing impacts</p>	p. 50	Corporate Governance System	
<p><b>2-14</b></p> <p>Role of the highest governance body in sustainability reporting</p>	p. 4, 18, 20, 50	Senior management statement Approach to sustainability management Corporate Governance System	

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**GRI 2: General Disclosures 2021**

2-15	p. 54	Business Ethics and compliance	The first evaluation procedure was carried out in the reporting period. As a result, no need to take any remedy action was identified.
Conflicts of interest			
2-16	p. 41, 51, 58	Corporate Governance System Internal Controls and Risk Management Complaints and Whistleblowing Mechanisms	
Communication of critical concerns			
2-17	p. 41	Corporate Governance System	
Collective knowledge of the highest governance body			
2-18	p. 41	Corporate Governance System	In the reporting period, the first assessment of the effectiveness of the Company's Board of Directors' work was conducted. As a result of the assessment, no grounds for taking any significant corrective actions were identified.
Evaluation of the performance of the highest governance body			
2-19	p. 49	Corporate Governance System	
Remuneration policies			
2-20	p. 49	Corporate Governance System	
Process to determine remuneration			
2-21	p. 78	Annex 4. GRI Indicators Table	The Company does not disclose this information due to confidentiality considerations.
Annual total compensation ratio			
2-22	p. 78	Annex 4. GRI Indicators Table	By the end of the reporting period the Company has not adopted a Sustainability policy.
Statement on sustainable development strategy			

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**GRI 2: General Disclosures 2021**

2-23	p. 2, 18, 53, 58	Approach to Sustainability Management; Business Ethics and Compliance; Complaints and Whistleblowing Mechanisms	Policy commitments
2-24	p. 19, 53, 58	Embedding policy commitments; Business Ethics and Compliance; Complaints and Whistleblowing Mechanisms	Embedding policy commitments
2-25	p. 58	Complaints and Whistleblowing Mechanisms	Processes to remediate negative impacts
			<p>2-25-d. The Company does not implement any specific channels dedicated to the existing mechanisms feedback, aside from those disclosed under 2-25-b.</p> <p>2-25-e. The Company has not adopted a process of evaluation of its corporate whistleblowing and complaints mechanisms' effectiveness.</p>
2-26	p. 58	Complaints and Whistleblowing Mechanisms	Mechanisms for seeking advice and raising concerns
2-27	p. 79	Annex 4. GRI Indicators Table	Compliance with laws and regulations
			The Company discloses this information in its annual Form 10-K filing with the SEC.
2-28	p.1 3	Participation in External Initiatives and Membership in Industry Associations	Membership associations
2-29	p. 24	Stakeholder Engagement	Stakeholders engagement

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**GRI 2: General Disclosures 2021**

2-30

Collective bargaining agreements

p. 80

Annex 4. GRI Indicators Table

Freedom Holding Corp. does not have a collective bargaining practice.

**Material Topics**
**GRI 3: Material Topics 2021**

3-1

Process to determine material topics

p. 20

Process to Determine Material Topics

3-2

List of material topics

p. 20

Process to Determine Material Topics

**Energy**
**GRI 302: Energy 2016**

302-1

Energy consumption within the organization

p. 64

Energy Consumption and Energy Efficiency

302-3

Energy intensity

p. 64

Energy Consumption and Energy Efficiency

**Greenhouse Gas Emissions**
**GRI 305: Emissions 2016**

305-1

Direct (Scope 1) GHG emissions

p. 61

Climate

305-2

Energy indirect (Scope 2) GHG emissions

p. 61

Climate

305-4

GHG emissions intensity

p. 61

Climate

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## Waste Management

<b>GRI 306: Waste 2020</b>	<b>306-2</b>	p. 66	Waste Management
Management of significant wasterelated impacts			
	<b>306-3</b>	p. 66	Waste Management
Waste generated			

## Labor Relations and Employment

<b>GRI 401: Employment 2016</b>	<b>401-2</b>	p. 30	Social Support, Motivation and Remuneration
Benefits provided to full-time employees that are not provided to temporary or part-time employees			
	<b>401-3</b>	p. 30	Social Support, Motivation and Remuneration
Parental leave			

## Human Capital Development

<b>GRI 405: Diversity and Equal Opportunity 2016</b>	<b>405-1</b>	p. 44	Corporate Governance
Diversity of governance bodies and employees			

## Contribution to Social Development

<b>GRI 203: Indirect Economic Impacts 2016</b>	<b>203-1</b>	p. 34	Contribution to the Development of Local Communities and Regions of Operation
Infrastructure investments and services supported			

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<b>GRI 303: Water and Effluents 2018</b>	<b>303-2</b> Management of water discharge related impacts	p. 82	Annex 4. GRI Indicators Table	Used water withdrawal is performed via centralized municipal sewage systems.
	<b>303-5</b> Water consumption	p. 65	Water Consumption	
<b>GRI 413: Local Communities 2016</b>	<b>413-1</b> Operations with local community engagement, impact assessments, and development programs	p. 34	Contribution to the Development of Local Communities and Regions of Operation	
<b>Business Ethics</b>				
<b>GRI 415: Public Policy 2016</b>	<b>415-1</b> Political contributions	p. 82	Annex 4. GRI Indicators Table	Freedom Holding Corp. does not make financial contributions to political parties, actors or their representatives.
<b>Cybersecurity</b>				
<b>GRI 418: Customer Privacy 2016</b>	<b>418-1</b> Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 82	Annex 4. GRI Indicators Table	During the reporting period no incidents of breaches of customers' privacy or losses of customer data were identified.

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## Economic Performance

<b>GRI 201: Economic Performance 2016</b>	<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	p. 83	Annex 4. GRI Indicators Table	In the reporting period, the Company did not have a system in place to calculate financial impacts or costs, or to forecast climate change-related revenues. The Company is considering this possibility in the medium-term event horizon (3-5 years).
	<b>201-3</b>	Defined benefit plan obligations and other retirement plans	p. 83	Annex 4. GRI Indicators Table	There are no special pension funds or programs for employees that are not stipulated by the legislation in the regions where the Company operates. The Company's subsidiaries pays mandatory social contributions in accordance with local law: Republic of Kazakhstan – 10%; Republic of Uzbekistan – 8%; Republic of Cyprus – 8.5%; The U.S. – 7.65%.
	<b>201-4</b>	Financial assistance received from government	p. 83	Annex 4. GRI Indicators Table	During the reporting period, the Company did not receive any financial assistance from the government as stipulated by this indicator.

## Taxes

<b>GRI 207: Tax 2019</b>	<b>207-1</b>	Approach to tax	p. 83	Annex 4. GRI Indicators Table	The Company discloses this information in its annual Form 10-K filing with the SEC.
	<b>207-2</b>	Tax governance, control, and risk management	p. 83	Annex 4. GRI Indicators Table	The Company discloses this information in its annual Form 10-K filing with the SEC.

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## ANNEX 5: ABBREVIATIONS AND ACRONYMS

Abbreviations/ Acronyms	Full designation
<b>AIX</b>	Astana International Exchange
<b>AFSA</b>	Astana Financial Services Authority
<b>AML/CFT</b>	Anti-Money Laundering/Counter Financing Terrorism
<b>ARDFM</b>	Agency for Regulation and Development of Financial Market
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CH<sub>4</sub></b>	Methane
<b>CIF</b>	Cypriot Investment Firm
<b>CIS</b>	Commonwealth of Independent States
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>COVID-19</b>	Coronavirus disease
<b>ESG</b>	Environmental Social Governance
<b>EU</b>	European Union
<b>FINRA</b>	Financial Industry Regulatory Authority
<b>FY</b>	Fiscal year
<b>Gcal</b>	Gigacalorie
<b>GHG</b>	Greenhouse gas

Abbreviations/ Acronyms	Full designation
<b>GJ</b>	Gigajoule
<b>GRI</b>	Global Reporting Initiative
<b>HR</b>	Human Resources
<b>IFAS</b>	International Fund for Saving the Aral Sea
<b>Inc.</b>	Incorporated Company
<b>IS</b>	Information Security
<b>IT</b>	Information Technology
<b>JSC</b>	Joint Stock Company
<b>KASE</b>	Kazakhstan Stock Exchange
<b>KPI</b>	Key Performance Indicator
<b>kWh</b>	Kilowatt-hour
<b>KZT</b>	Kazakhstani tenge
<b>Ltd.</b>	Limited Company
<b>LLC</b>	Limited Liability Company
<b>LLP</b>	Limited Liability Partnership
<b>M&amp;A</b>	Merger and Acquisition
<b>ML</b>	Megaliters
<b>NYSE</b>	New York Stock Exchange

Abbreviations/ Acronyms	Full designation
<b>N<sub>2</sub>O</b>	Nitrous Oxide
<b>OSCE</b>	Organization for Security and Co-Operation in Europe
<b>PLC</b>	Public Limited Company
<b>SDG</b>	Sustainable Development Goal
<b>SEC</b>	Securities and Exchanges Commission
<b>SOX</b>	Sarbanes-Oxley Act
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNGC</b>	United Nations Global Compact
<b>US GAAP</b>	United States Generally Accepted Accounting Principles
<b>USA</b>	United States of America
<b>USD</b>	United States Dollar
<b>UX</b>	Ukrainian Exchange
<b>UZCE</b>	Uzbek Republican Currency Exchange
<b>UZSE</b>	Republican Stock Exchange of Tashkent

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