



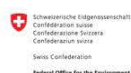
Is Kazakhstan ready for nature-related financial disclosures?

A Policy and Market Assessment of
Nature-related Disclosure Trends

Policy Brief



This project is co-funded by
the European Union







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УДК 338(574)
ББК 65.05(5Каз.)

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The Biodiversity Finance Initiative (BIOFIN) is a global partnership, led by the UNDP working with over 130 countries to develop and implement finance solutions for nature. BIOFIN helps governments identify, mobilize, and align public and private financial flows to close the biodiversity finance gap and integrate biodiversity into national planning, budgeting, and economic policy.

UNDP and Global BIOFIN Team would like to thank our partners and donor, the Government of the United Kingdom of Great Britain and Northern Ireland, for their support in making this publication possible.

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ISBN 978-601-7251-64-2

Suggested citation:

UNDP (2025). Is Kazakhstan ready for nature-related financial disclosures? A Policy and Market Assessment of Nature-related Disclosure Trends. Policy Brief. United Nations Development Programme in Kazakhstan.

Available at www.biofin.org and www.undp.org/kazakhstan.

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ISBN 978-601-7251-64-2

УДК 338(574)
ББК 65.05(5Каз.)

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ACKNOWLEDGEMENTS

The United Nations Development Programme (UNDP) in Kazakhstan gratefully acknowledges the valuable contributions, collaboration, and support received from its partners throughout the preparation of this report.

We extend our sincere appreciation to the following institutions and organizations whose expertise, data, and engagement were essential in shaping the outcomes of this work:

Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market

Association of Financiers of the Republic of Kazakhstan

Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Entrepreneurship Development Fund ‘DAMU’ JSC

Freedom Holding Corp.

“Kazakhstan Stock Exchange” JSC

Ministry of Agriculture of the Republic of Kazakhstan

Ministry of Ecology and Natural Resources of the Republic of Kazakhstan

Ministry of Finance of the Republic of Kazakhstan

Ministry of National Economy of the Republic of Kazakhstan

National Chamber of Entrepreneurs “Atameken”

“National Managing Holding Baiterek” JSC

“Samruk-Kazyna” JSC.

Abbreviations and Acronyms

AIFC	International Financial Center Astana
AIX	Astana International Exchange
ARDFM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
BIOFIN	Biodiversity Finance Initiative of the United Nations Development Programme (UNDP)
BNS	Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
CBD	Convention on Biological Diversity
CDP	The Carbon Disclosure Project
CSRD	Corporate Sustainability Reporting Directive
EECCA	Countries of Eastern Europe, Caucasus and Central Asia
ESG	Environmental, social, and governance
GBF	Kunming-Montreal Global Biodiversity Framework
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
ICMM	International Council on Mining and Metals
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
JSC	Joint Stock Company
LEAP	Locate, Evaluate, Assess, Prepare
MA	Ministry of Agriculture
ME	Ministry of Energy
MENR	Ministry of Ecology and Natural Resources
MF	Ministry of Finance
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SEEA	System of Environmental-Economic Accounting
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNECE	United Nations Economic Commission for Europe
USD	United States Dollar

Chapter 1. Introduction and motivation

Ecosystem health depends on the diversity of life at all levels, but this diversity is being increasingly degraded by human activitiesⁱ such as land use change, pollution, overexploitation of natural resources, and climate change. Reversing biodiversity loss is urgent and demands coordinated action across all sectors. The Kunming-Montreal Global Biodiversity Framework (GBF), adopted in 2022ⁱⁱ, sets ambitious goals and targets to drive transformational change by 2030. As the crisis intensifies, both public and private sectors are recognizing their dependence on nature and the financial risks of inaction. While public finance currently covers the majority of investment in nature-based solutions, private sector engagement remains insufficient. Businesses and financial institutions must transition to nature-positive practices, transparently disclose their environmental impactsⁱⁱⁱ, and leverage global standards and frameworks like Taskforce on Nature-related Financial Disclosures (TNFD), International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI), and Corporate Sustainability Reporting Directive (CSRD) to assess risks and dependencies – aligning financial performance with ecological sustainability. Consumer expectations are also evolving, with people making more conscious choices that push markets toward responsible and sustainable practices^{iv}.

GBF Target 15

Businesses assess, disclose and reduce biodiversity-related risks and negative impacts.

Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

- (a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios;
- (b) Provide information needed to consumers to promote sustainable consumption patterns;
- (c) Report on compliance with access and benefit-sharing regulations and measures, as applicable;

in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.

BIOFIN in Kazakhstan

BIOFIN^v, the Biodiversity Finance Initiative, is dedicated to addressing the challenge of financing biodiversity. It focuses on two fundamental questions: how to finance biodiversity conservation and prevent financial flows from harming biodiversity. BIOFIN began its work in Kazakhstan in 2013, starting with a review of political and institutional arrangements affecting biodiversity, assessing national biodiversity expenditures and financing needs. Based on these findings, BIOFIN develops a biodiversity finance plan to channel sustainable financial resources into conservation efforts. The initiative operates through policy improvements, legislative reforms, capacity-building, and piloting financial solutions to unlock finance towards biodiversity.

One part of the BIOFIN process is assessing how ready countries are at the policy and market level for nature-related financial disclosures. Such assessments have been conducted in multiple countries, providing actionable recommendations and identifying entry points for early interventions. BIOFIN's readiness assessment in Kazakhstan explored the current state of nature-related financial disclosures, identifying existing practices, challenges, and areas for improvement. The 2024 study engaged more than 90 stakeholders, including regulators, financial institutions, and businesses, through interviews and surveys. The assessment focused on key economic sectors, including finance, food production (agriculture, forestry, fisheries), mining, infrastructure (ports, roads, railways, airports), transport (air, rail, road), and energy. Coverage of the financial sector is critical for understanding business readiness to implement the natural capital disclosure recommendations. The remaining industries were selected based on the possible impact they have on nature and their dependence on natural factors.



Photo: Natalya Premina

Chapter 2. Importance of natural capital and ecosystem services for Kazakhstan

Kazakhstan is undergoing a significant transformation in state policy to achieve sustainable development and environmental conservation. The Strategy-2050, the Carbon Neutrality Strategy to 2060, the Environmental Code, and other strategic documents set ambitious goals requiring a shift in the country's economic trajectory. The revised Concept for Transition to a Green Economy (2024) aligns with Sustainable Development Goals (SDGs) while emphasizing biodiversity protection, ecosystem restoration, and the sustainable use of natural resources. By 2050, Kazakhstan aims to achieve sustainable management of water and land resources and improve natural capital efficiency to match the performance of the Organisation for Economic Co-operation and Development (OECD) countries^{vi}.

Kazakhstan's biodiversity and ecosystems hold significant economic value across multiple sectors and stakeholders. Diverse landscapes that include forests, mountains, pastures, and meadows, along with rich flora and fauna, soil erosion prevention, and carbon sequestration, contribute substantially to the local economy, often on par with direct-use resources.

According to the Bureau of National Statistics of Kazakhstan, the agriculture, forestry, and fisheries sectors contributed 4% to the country's GDP in 2024.

A 2012 UNDP study estimated the ecosystem value of Karkaraly National Park at over 12.9 billion tenge (USD 86.2 million at the 2012 exchange rate)^{vii}, though the true value is far greater and difficult to quantify fully. In Kazakhstan, forests like saxaul play a key role in preventing desertification. UNDP's Targeted Scenario Analysis (TSA) found that expanding saxaul cover to 219,500 hectares could help avoid up to USD 12.65 million in land degradation costs compared to a business-as-usual scenario. Kazakhstan's economy remains heavily dependent on natural resource extraction (oil, gas, mining, agriculture, and forestry), yet natural capital is rarely accounted for in economic decision-making^{viii, ix}. This lack of recognition contributes to unsustainable practices and long-term ecological and financial risks.

To ensure economic resilience and sustainable development, Kazakhstan must adopt a robust nature-related disclosure system that reflects the true value and risks associated with its natural capital.

Nature-related dependencies, impacts, risks and opportunities

The TNFD, established in 2021, has been taking steps to integrate nature considerations into financial and business decision-making. In September 2023, TNFD released its Recommendations for nature-related financial disclosures, along with a series of supporting guidance documents. These recommendations and guidelines outline key approaches for understanding, identifying, measuring, and disclosing potential impacts, dependencies, risks, and opportunities related to the use of natural capital (see Figure 1)^x.

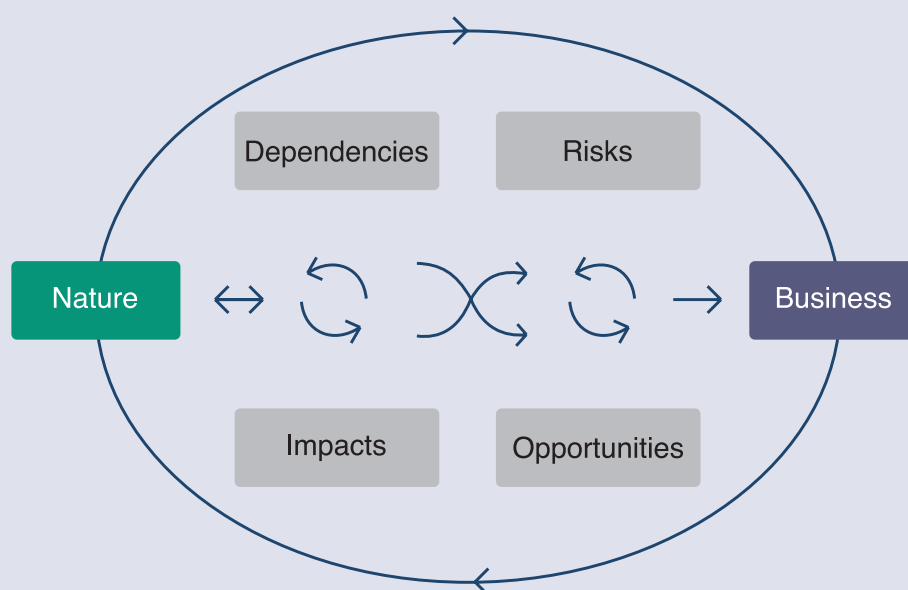


Figure 1. Nature-related dependencies, impacts, risks and opportunities (adapted from: TNFD)

Figure 1 shows that businesses both depend on and impact nature, creating a two-way relationship. These interactions generate risks (e.g., resource depletion) and opportunities (e.g., nature-positive innovation) that affect business operations and value. Understanding and managing these dependencies, impacts, risks, and opportunities is crucial for building resilient, sustainable businesses.

TNFD recommends that organizations disclose how they govern, identify, assess, and manage nature-related dependencies, impacts, risks, and opportunities—along with their strategy, resilience, metrics, and performance targets. This includes oversight by the board and management, the integration of nature-related considerations into business models and risk management processes, and the use of clear metrics and targets to track progress and guide decision-making.

Chapter 3. The role of Kazakhstan's financial system and policy in sustainability and nature reporting

Kazakhstan has centralized regulatory control over the financial market, which is maintained by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (ARDFM) and is

directly subordinated to the country's President (see Figure 2). However, sustainability and nature-related financial oversight are fragmented across multiple institutions.

KEY ACTORS INCLUDE:

<i>Institution</i>	<i>Mandate / Role</i>
Ministry of National Economy	Leads economic policy; responsible for economic regulations and sustainability initiatives
Ministry of Finance	Regulates financial reporting standards
ARDFM	Influences financial disclosure practices but primarily within the banking sector
National Bank	Responsible for the monetary policy in the country
KASE & AIX Stock Exchanges	Sets ESG reporting requirements for securities issuers
Ministry of Ecology and Natural Resources	Oversees environmental impact assessments but lacks authority over financial disclosures
Ministry of Agriculture	Regulates land use, agricultural development, and the terms of subsidising priority branches in agriculture
Ministry of Water Resources and Irrigation	Regulates water accounting, use and monitoring, as well as maintaining the state water cadastre

As of 2024, in Kazakhstan, there is no designated state authority with comprehensive powers to regulate the collection, storage, processing, methodological guidance, monitoring, and disclosure of information related to businesses' use of natural capital and associated risks and opportunities. The ARDFM holds the broadest mandate in financial information disclosure linked to nature-related risks, but its jurisdiction is limited to the financial sector. Several other government

bodies and state-owned organizations possess partial mandates related to natural capital, ranging from its use and financing to economic regulation and data disclosure. However, their responsibilities remain siloed.

Below is an overview of the powers and functions of individual state-authorized bodies and organizations involved in the issues of natural capital use and disclosure of information on its use (see Figure 2).

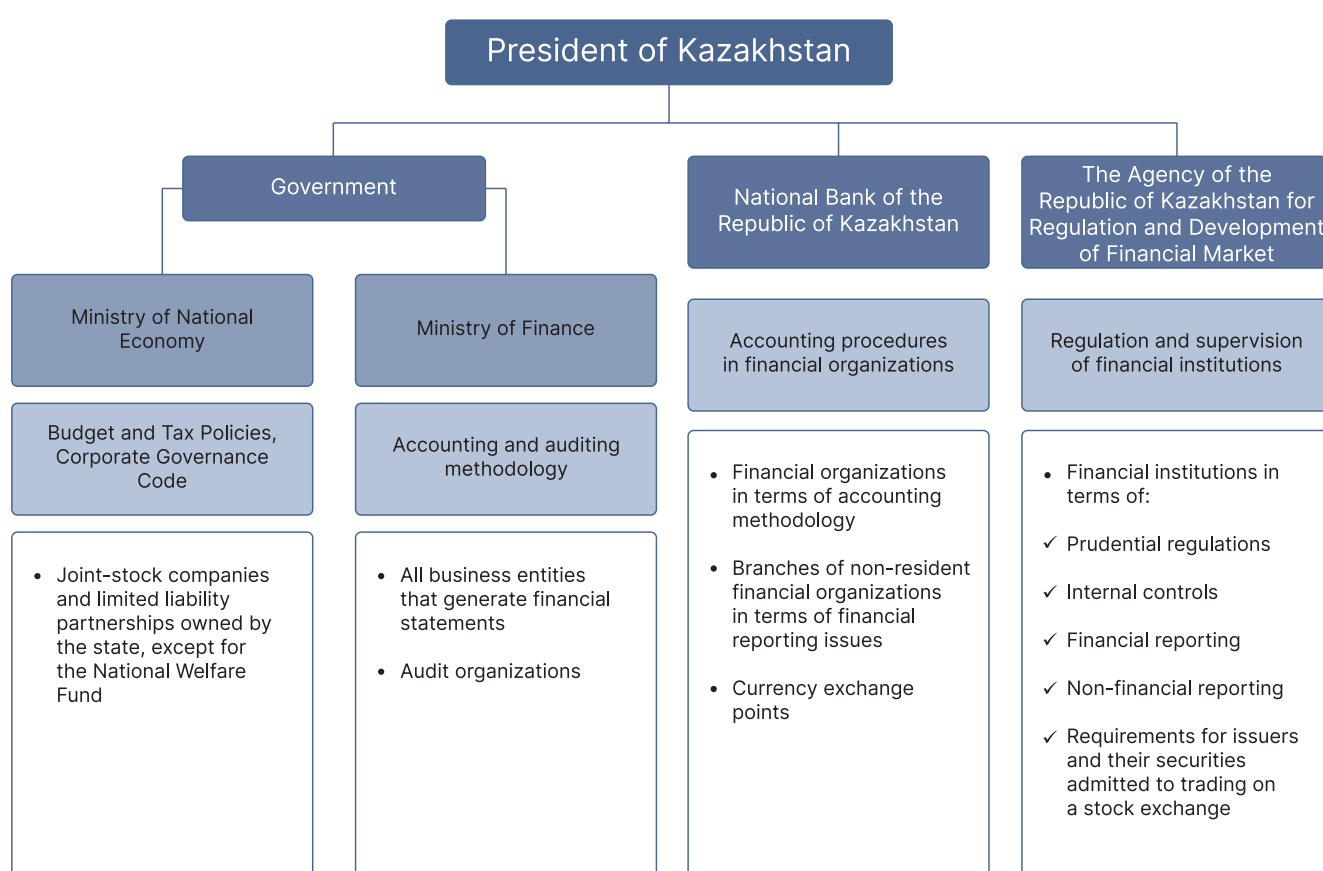


Figure 2. The financial system in the context of financial reporting

A more integrated approach across government agencies, financial institutions, and businesses would facilitate efforts to align and standardise natural capital reporting.

Natural capital metrics and Indicators

In Kazakhstan, natural capital accounting at the national level is carried out in several areas:

The National Development Plan of the Republic of Kazakhstan until 2029^{xi}	<ul style="list-style-type: none"> • «Agro-industrial complex» includes two priorities which are of great importance for issues of sustainable use of natural capital: <ul style="list-style-type: none"> ✓ improving the efficiency of the use of agricultural land; ✓ improving the efficiency of water use. • «Improving Environmental Sustainability» includes five priorities, crucial for issues of sustainable use of natural capital and disclosure of information: <ul style="list-style-type: none"> ✓ improving air quality; ✓ minimizing the threat of water shortages; ✓ increasing the level of waste recycling; ✓ preserving biodiversity; ✓ reducing greenhouse gas emissions.
The Concept for the transition of the Republic of Kazakhstan to a "green economy"	<p>It also sets goals related to natural capital at the national level. Currently, the Concept has the goals for each sectoral area up to 2050:</p> <ol style="list-style-type: none"> 1. water resources; 2. agriculture; 3. energy saving and increasing energy efficiency; 4. electric power industry; 5. reducing air pollution; 6. waste management; 7. conservation and effective management of ecosystems; 8. formation of environmental culture among the population and business; 9. green financing.
The System of Environmental-Economic Accounting (SEEA)	<p>It has been in effect since 2019. At the moment, according to the Statistical Work Plan, three accounts are published:</p> <ul style="list-style-type: none"> ✓ air emissions account; ✓ environmental protection expenditure account; ✓ environmental tax bill.

Additionally, as part of its environmental statistics, the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (BNS) publishes information from administrative sources in the "Biodiversity" category^{xii}, following the United Nations Economic Commission for Europe (UNECE) guidelines for the countries of Eastern Europe, the Caucasus, and Central Asia (EECCA)^{xiii}.

Institutional, policy and regulatory readiness for disclosure of information on financing and risks associated with natural capital

Kazakhstan's legal and institutional framework lacks a unified approach to defining and regulating natural capital. There is no term "Natural Capital" in Kazakhstan's legislation. At the same time, until 2021, in Kazakhstan, there was an official term "natural resource user", which was regulated by the Environmental Code. The review showed that the most important document regulating the issues of natural capital is the Environmental Code of the Republic of Kazakhstan. This document defines not only the use of natural capital but also the mechanisms of economic regulation of environmental protection, and the issues of mandatory provision and information disclosure by business entities. At the same time, the Ecological Code can fully function only if there are laws and bylaws supporting it. This is necessary to ensure consistency of the regulatory framework and create conditions for a systematic approach to the management of natural resources as an economic asset.

Current legislation regulates the issues of natural capital utilization in sufficient detail, which are stipulated in the Environmental Code, the Land Code, the Water Code, the Forest Code, and the Code on Subsoil and Subsoil Use.

Issues of financial and/or economic regulation of the use of natural capital are covered by the current legislation in a fragmented manner in certain areas, such as fees for the use of natural resources (land, water, wildlife, etc.), as well as subsidization of costs and rates of remuneration.

"Natural capital" is defined by the Natural Capital Protocol as the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) that together provide a flow of benefits to people (adapted from Atkinson and Pearce 1995; Jansson et al. 1994).

Climate and Biodiversity Commitments Driving Corporate Disclosure in Kazakhstan

In 2016, Kazakhstan ratified the Paris Climate Agreement. Later, in 2020, the President of Kazakhstan announced a new goal of achieving carbon neutrality by 2060, reaffirming Kazakhstan's commitment to the Paris Agreement to prevent global temperature increase by more than 1.5-2 °C. This event was the starting point in corporate reporting on greenhouse gas emissions. Additional climate-related disclosures were added to the practice of non-financial reporting under the recommendations of GHG, CDP, and TCFD.

The Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan, adopted in February 2023, intensified this trend. At the same time, the Kunming-Montreal Global Biodiversity Framework adopted by the UN in 2022 has significantly increased the relevance of business disclosure of biodiversity-related issues.

Kazakhstan has extensive experience in using subsidies as a tool for the economic motivation of business entities. Subsidies in Kazakhstan are regulated chiefly by two main documents:

- Entrepreneurial Code of the Republic of Kazakhstan;
- Law of the Republic of Kazakhstan "On state regulation of the development of the agro-industrial complex and rural areas".

Regulation of Green Finance issues is now at the initial stage in Kazakhstan. A **GREEN TAXONOMY** was developed, consisting of eight categories which include "renewable energy (wind, solar, geothermal, hydro, bioenergy, supply chain and supporting infrastructure for renewable energy, hydrogen production)", "prevention and control of pollution (air quality, soil)", "sustainable use of water, waste (sustainable use of water and water conservation, waste and wastewater, conservation and recovery of resources)" and sustainable agriculture, land use, forestry, biodiversity conservation and

ecotourism (sustainable agriculture, sustainable forest management and conservation of biodiversity and ecosystems, sustainable tourism). The Green Taxonomy is an important document defining approaches to application of green financing instruments. However, it could be expanded or revised in terms of natural-positive economy issues.

The **TAXATION SYSTEM** is insignificantly related to natural capital utilization and covers taxes (subsoil users' taxes, land tax) and fees for using certain elements of natural capital.

Nature-related disclosure is regulated mainly in the context of financial and non-financial reporting of securities issuers and public interest organizations. At the same time, separate decrees of the financial market regulator recommend that financial organizations disclose information on sustainable development and climate risks. At the end of 2024, this provision was not obligatory.



Photo: Smatulla Jumanov

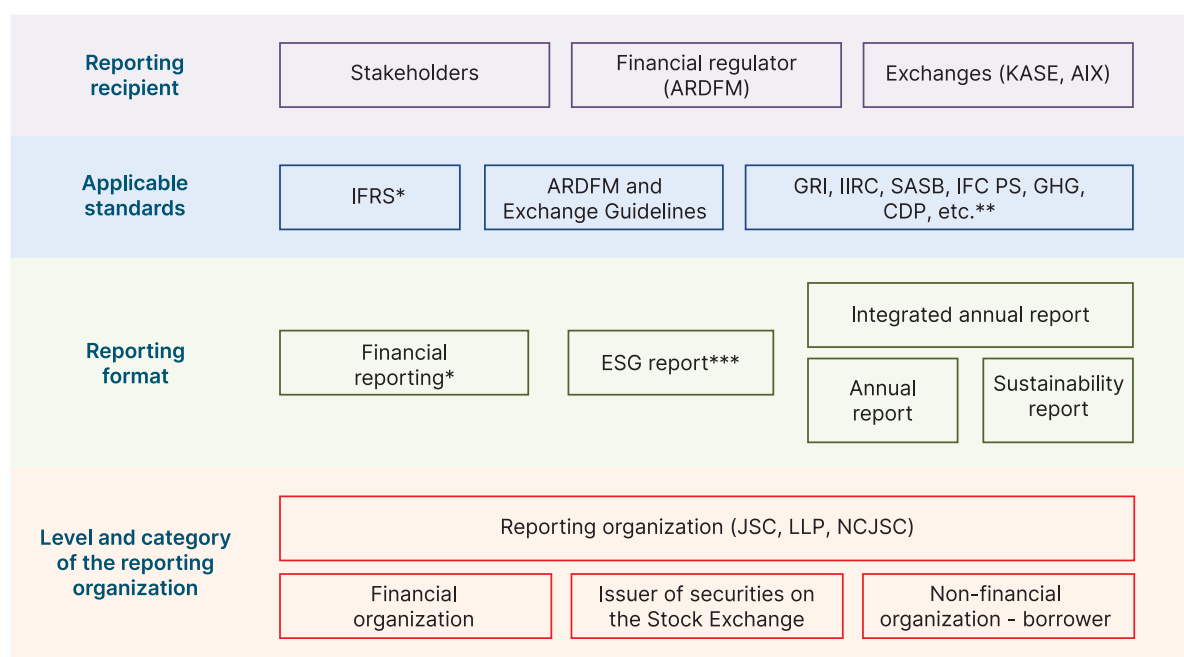
Decrees, directly regulating nature-related disclosure:

- **Environmental, Social and Governance Disclosure Guidelines for banks and other financial organizations**, approved by the order of the Chairman of the ARDFM serve as an important regulatory tool outlining methodological approaches for disclosing information related to the use of natural capital by financial sector entities;
- **Methodological Guide for Banks and Other Financial Institutions on "Environmental and Social Risk Management"**, approved by the Order of the Chairman of the ARDFM – approved in 2024, this guide helps financial institutions assess and manage environmental and social risks, including climate and resource use. It covers due diligence, portfolio risk assessments, and corrective action planning. While not yet mandatory, it is expected to become part of Kazakhstan's financial regulations in 2025;
- **The rules for disclosure of information by initiators of securities admission**, approved by the decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) – regulate issues of disclosure of information on the use of natural capital (in terms of biodiversity, water consumption, etc.). However, this document does not regulate issues of disclosure of information on risks associated with natural capital;
- **The methodology for preparing a report on environmental sustainability, social responsibility and corporate governance criteria**, approved by the decision of the Board of KASE – while not mandatory, it encourages transparency on environmental, social, and governance performance. Chapter 3 outlines disclosure approaches for environmental criteria, including water and energy use, pollutant discharges, and biodiversity;
- **Astana International Exchange (AIX) Market Disclosure Rules (MDR)** provide for annual voluntary disclosure of information on environmental, social and governance factors (ESG) in accordance with the Guidelines for Voluntary Disclosure of Information for Environmental, Social and Governance Reporting, approved in May 2022. At the same time, this guideline includes a group of such environmental indicators as "climate risk management" and "risks associated with biodiversity loss".
- **The policy document on the Concept for the transition of the Republic of Kazakhstan to a "green economy" sets**, among the many priorities, the "Formation of an environmental culture among the population and businesses". This includes a requirement for the "Top-50" pollutant companies to publish ESG reports on the rational use of resources. This list of companies is based on **the Order on the Approval of the List of Fifty Category I Entities with the Largest Aggregate Pollutant Emissions as of January 1, 2021**.

The most relevant to the issues of disclosure of information on natural capital were the documents, developed by the ARDFM and the Kazakhstan Stock Exchange. These organizations have issued guidelines and methodologies on information disclosure and reporting in environmental, social and corporate governance. However, the scope of these documents is limited to financial organizations and issuers of Exchange securities.

Two corporate governance codes – a model code for state-owned joint-stock companies and limited liability partnerships, and a national code for business entities – are the main corporate-level guideline documents on sustainability for non-financial organizations (except for Samruk-Kazyna Joint Stock Company). Both contain sections defining sustainability requirements in organizations and have great potential to advance disclosure principles for nature-related risk disclosures.

The structure of nature-related reporting in Kazakhstan has its own peculiarities (see Figure 3). In particular, the basis for nature-related disclosures is currently the annual non-financial reporting of public interest companies. This reporting has the form of sustainability reports or integrated annual reports. The introduction of International Financial Reporting Standards (IFRS) S1 and S2 is changing this situation and more companies from financial sector are being engaged in nature-related reporting. While adoption of these standards remains voluntary at this stage in Kazakhstan, there is growing momentum toward their integration, supported by regulatory discussions and capacity-building efforts. Today, business entities in Kazakhstan report on the following areas related to sustainable development and natural capital.



* IFRS S1 and S2 standards come into effect in 2025.

** Detailed practice of applying these standards is disclosed separately.

*** A report that combines data from a sustainability report or integrated annual report prepared in accordance with regulatory or stock exchange requirements.

Figure 3. Structure of corporate reporting on issues related to sustainable development and natural capital in Kazakhstan

The following standards for disclosure of non-financial reporting and information on natural capital are among the most frequently used in Kazakhstan:



Photo: UNDP Kazakhstan

Global Reporting Initiative (GRI) Standards^{xiv}

GRI Standards provide comprehensive guidance on sustainability reporting, including general company information, stakeholder engagement, and materiality. They also cover economic, social, and detailed environmental indicators such as resource use, emissions, biodiversity, and supply chain sustainability, significant aspects of the organization's influence and the procedure for identifying them.

Sustainability Accounting Standards Board (SASB) Standards^{xv}

SASB standards are industry-specific standards that identify sustainability-related risks and opportunities that may affect a reporting entity's financial statements. SASB standards are available for 77 industries. As part of the IFRS Foundation, SASB and its standards are an important source of guidance for companies applying IFRS S1 and S2.

Disclosure Criteria According to CDP Questionnaires^{xvi}

Carbon The Disclosure Project (CDP) is an independent, non-profit organization that conducts a project to collect information on the activities of the world's major organizations and cities to mitigate and adapt to climate change. The latest versions of the CDP questionnaires are no longer limited to climate issues. CDP collects data through voluntary completion of standard questionnaires by initiators, which are then processed, ranked, and made available to a wide range of stakeholders, including for analytical and comparative purposes.

Recently, the **European Sustainability Reporting Standards (ESRS)^{xvii}** have become more widely used among Kazakhstani companies exporting to Europe or which have headquarters there.

Chapter 4. Current Capacity of Firms and Financial Institutions to Report on Nature Risk in Kazakhstan

The current state of nature-related disclosure practices among businesses and financial institutions in Kazakhstan reveals a heterogeneous level of maturity across different sectors. While some organizations

have established sustainability reporting processes, others remain at a nascent stage, particularly in relation to natural capital and nature-related risks.

Methodology Overview

As part of the national assessment on market readiness for nature-related financial disclosures, several industries and enterprise groups were analysed through interviews, desk reviews and dedicated surveys.

Stakeholder engagement included:

- 18 open-ended survey responses from enterprise group representatives and industry associations;
- 70 survey responses from financial institutions and private businesses;
- 6 survey responses from auditing firms.

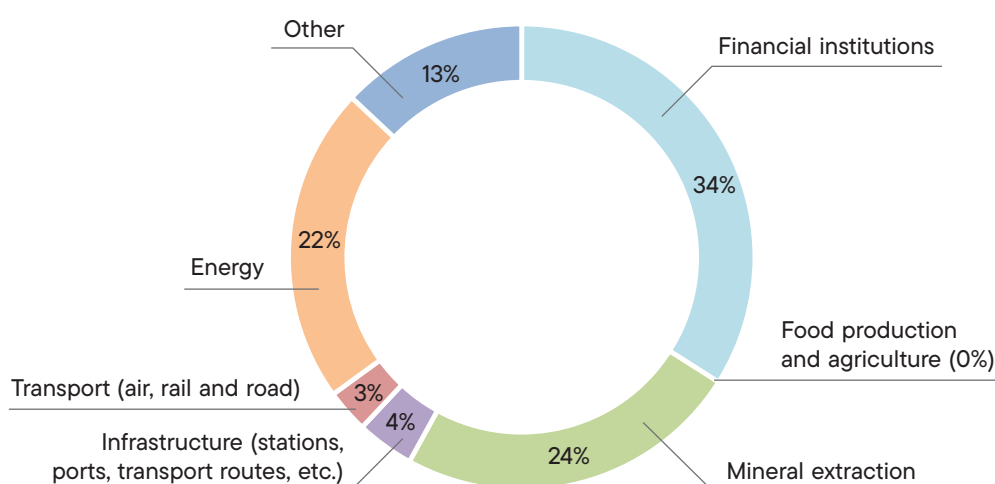
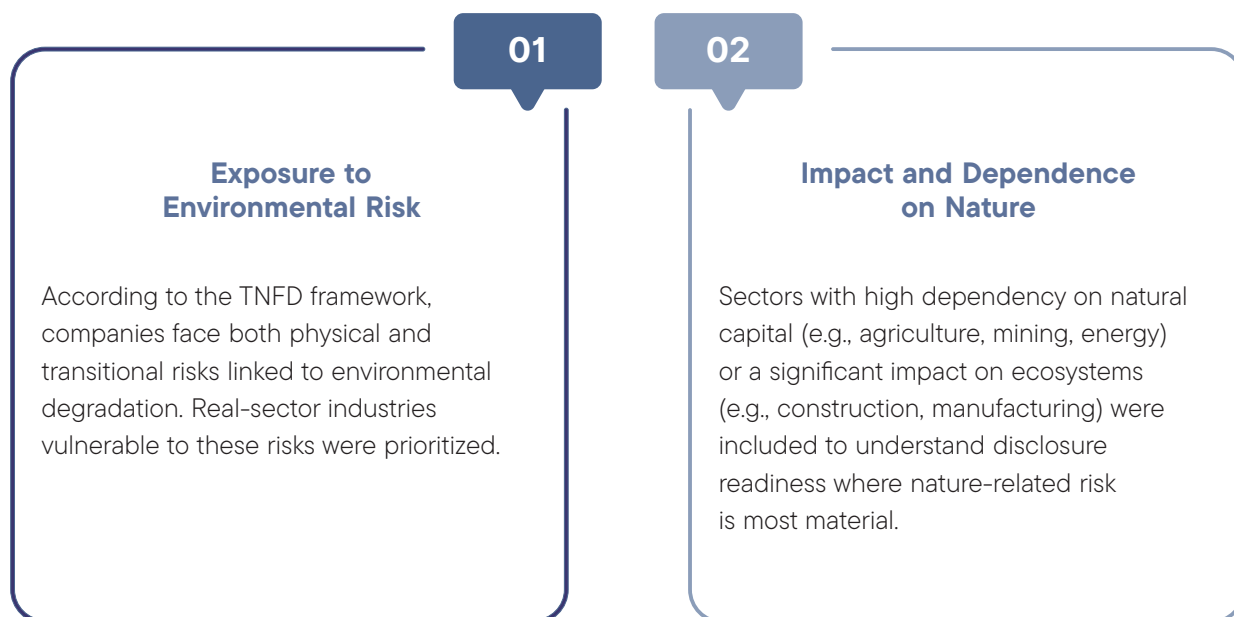


Figure 4. Structure of respondents by sector.

Source: author, based on market survey analysis

In addition, a selection of industries for the assessment was based on two key considerations:



Market survey main takeaways

The results revealed gaps in awareness, institutional preparedness, and reporting practices.

While the majority of organizations recognize direct and indirect dependencies on nature (Question 5), a

large number of companies and financial institutions still fail to recognize dependencies of their activities on ecosystem services, thus calling for the need to increase awareness and understanding of the materiality of nature-related issues.

5. Do the Organization's income or fixed assets depend directly or indirectly (through suppliers/clients/consumers, etc.) on natural factors (climate, water, soil, flora/fauna, pollution, etc.)

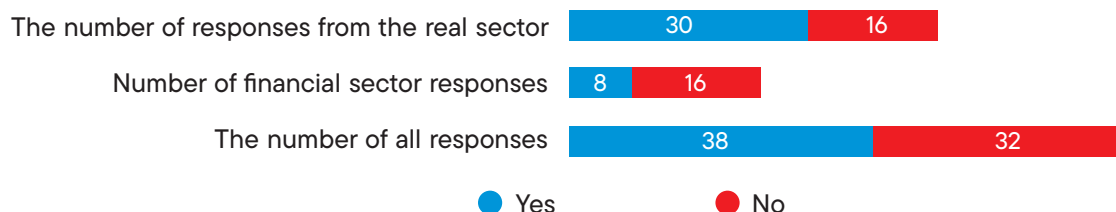


Figure 5. Survey question.

Source: author, based on market survey analysis

In addition, the application of international reporting practices by respondent organizations for disclosure of information was also explored. 29% of surveyed organizations stated that they publish annual integrated reports, while 26% publish dedicated sustainability

reports, revealing widespread disclosure practices in Kazakhstan. Findings revealed that surveyed organizations apply mostly GRI standards, SDGs, and the provisions of the Model Corporate Governance Code more than other reporting standards and frameworks.

14. What standards/guidelines/initiatives does the Organization apply to disclose sustainability information to stakeholders?	Total number of answers	Number of responses from the financial sector	Number of answers real sector
A) Model Code of Corporate Governance, approved by the Ministry of National Economy of the Republic of Kazakhstan	24	14	10
B) UN Sustainable Development Goals (SDGs)	30	16	14
C) UN Global Compact	18	11	7
D) UN Principles for Responsible Investment	10	8	2
E) Principles of the Equator	3	3	0
F) International Sustainability Standards Board (ISSB) standards – IFRS S1, S2	8	6	2
G) Global Reporting Initiative (GRI)	36	16	20
H) Carbon Disclosure Project (CDP) – Climate	7	0	7
I) Carbon Disclosure Project (CDP) – Water	4	0	4
J) Carbon Disclosure Project (CDP) – Forests	3	0	3
K) Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	12	7	5
L) Recommendations of the Task Force on Environmentally Related Financial Disclosures (TNFD)	2	2	0
M) Sustainability Accounting Standards Board (SASB) Standards	10	6	4
N) General Environmental, Health and Safety (EHS) Guidelines of the International Finance Corporation	6	0	6
O) International Finance Corporation Performance Standards on Environmental and Social Sustainability (PS)	6	2	4
P) Other	19	6	13

Figure 6. Survey question. Source: author, based on market survey analysis

The extent to which organizations use geographic information systems of spatial data (digital technologies) when accounting for elements of natural capital (land, water, flora and fauna, etc.) was also explored, to the potential application of technologies for the purposes of identifying nature-

related dependencies, impacts and risks. The majority of respondents revealed a low level of application of such technologies, demonstrating the need for building additional capacity on the use and application of these tools.

15. What geographic information systems does the Organization use for corporate purposes to account for spatial (geological, climatic, biological, etc.) data, and does it use them?

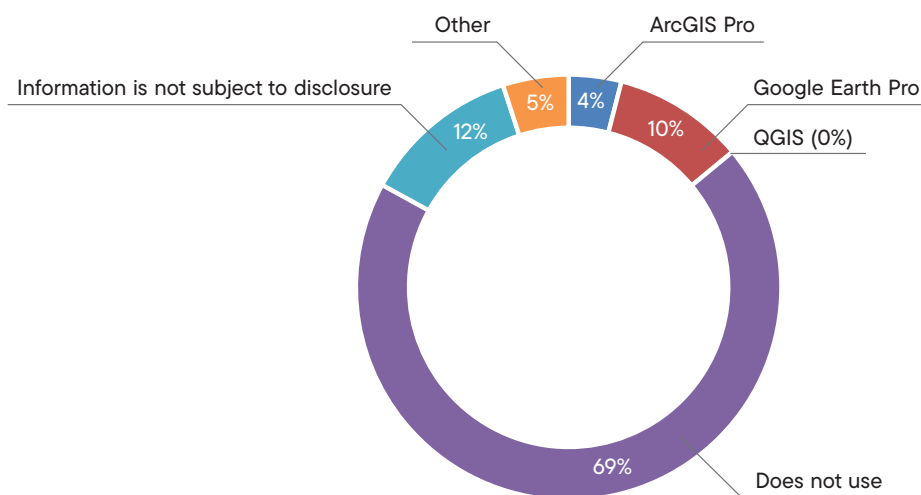


Figure 7. Survey question.

Source: author, based on market survey analysis

The preferred measures aimed at supporting the development disclosure practices related to natural capital were also explored. Most of the surveyed organizations indicated as preferred measures: Training

of businesses and key stakeholders on this topic and Development of national methods/guidelines/instructions by authorized bodies.

17. What measures do you think could help improve the disclosure of natural capital-related information by business?

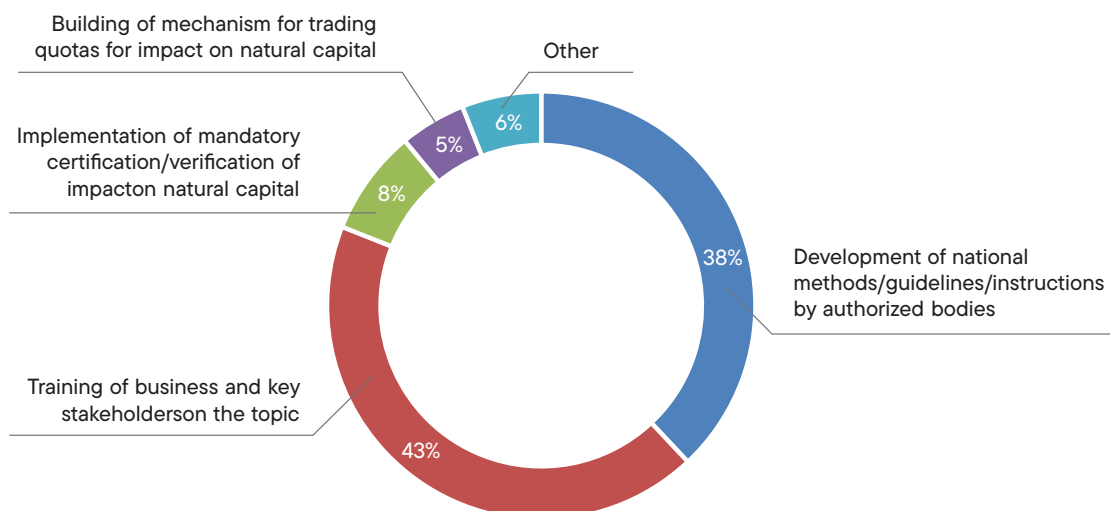


Figure 8. Survey question.

Source: author, based on market survey analysis

The majority of surveyed organizations (55%) indicated that the Ministry of Ecology and Natural Resources is best positioned to take on the role of a lead government agency responsible for collecting and consolidating data on sustainability and natural capital disclosures. Other responses included the Ministry of National Economy (16%), the Agency for Regulation and Development of the Financial Market (15%), the Ministry of Finance (7%), and other entities (7%).

Overall, results indicated an uneven level of preparedness among sectors and highlighted the need for further alignment, technical capacity-building, and policy guidance to improve consistency in nature-related disclosures. While some sectors, particularly those with international exposure or regulatory obligations, have made progress in integrating environmental considerations into corporate reporting, many others remain at early stages, lacking standardized approaches and necessary expertise.



Photo: UNDP Kazakhstan/Nikolay Novikov

Industry Associations and Representation

Kazakhstan hosts a broad landscape of industry-level coordination platforms:

- As of 2024, 184 accredited associations of legal entities are officially registered with the National Chamber of Entrepreneurs “Atameken”, representing all major sectors of the economy.
- In addition, industry-leading associations, such as those representing oil and gas, metallurgy, agribusiness, construction, and energy, play a key role in shaping disclosure norms and practices within their respective fields (see Figure 9).

These associations may serve as effective channels for scaling capacity-building programs, aligning reporting practices with international standards, and promoting the adoption of TNFD-aligned disclosure across sectors.

As part of the assessment of nature-related financial disclosure readiness in Kazakhstan, two major state-owned holding companies — JSC Samruk-Kazyna and JSC NMH Baiterek — were selected as case studies due to their national importance, portfolio size, and demonstrated experience in non-financial reporting.



Figure 9. Large associations operating in Kazakhstan that are leaders in their industries

State Holdings Samruk-Kazyna and Baiterek

1. Samruk-Kazyna JSC: Pioneering GRI-Based Reporting in Kazakhstan

Corporate sustainability reporting in Kazakhstan began in the 2000s, with a major leap forward following the establishment of Samruk-Kazyna National Welfare Fund JSC in 2009. With support from international consultants, the holding initiated wide-reaching reforms to strengthen corporate governance and transparency across its portfolio. Samruk-Kazyna adopted the GRI Guidelines as its principal reporting standard, starting with version 3.0 and progressively updating to versions 3.1, G4, and eventually the GRI Standards launched in 2016. A centralized approach to promoting GRI adoption across its major subsidiaries, such as KazMunayGas, Kazakhstan Temir Zholy, Kazatomprom, and others, enabled rapid scaling and consolidation of sustainability reporting practices. Mandatory third-party assurance and stakeholder-driven materiality topics helped embed sustainability reporting into Samruk-Kazyna's governance framework. Most subsidiaries now publish annual GRI-aligned sustainability or integrated reports, publicly available on their websites.

2. Baiterek NMH JSC: Emerging Commitment to ESG Transparency

The Baiterek National Management Holding JSC created in 2013 to consolidate Kazakhstan's development institutions, has also made significant progress in ESG transparency. Although its sustainability reporting practices evolved more gradually, its subsidiaries now regularly publish annual reports using GRI Standards, with some also applying SASB guidelines. Since 2024, several Baiterek subsidiaries regulated by financial authorities have voluntarily started disclosing climate-related risks, reflecting early alignment with emerging international frameworks.

International oil companies operating in Kazakhstan

International oil companies active in Kazakhstan have long supported the practice of reporting on sustainability and natural capital. Most of the reports reviewed^{xviii} include information on environmental topics and highlight numerous positive contributions to nature.

At the same time, most international standards, such as GRI, recommend following the principle of balance while preparing reports. This principle implies disclosing not only positive events but also negative impacts of the reporting company's activities on natural factors and/or stakeholders. Not all reports follow this principle.

Mining sector

The mining sector in Kazakhstan has traditionally been rather transparent in terms of sustainable development issues. Due to the increased need for external long-term financing, it is forced to comply with best practices for information disclosure. At the same time, despite

the international financial institutions' requirements and recommendations of the International Council on Mining and Metals (ICMM), the information provided by leading mining companies is not always available and transparent and sometimes is not structured.

Financial sector

Since 2023, many financial organizations in Kazakhstan have begun publishing sustainability reports (ESG reports) under the Guidelines of the ARDFM and the Exchanges (KASE, AIX).

The top ten banks and ten insurance (reinsurance) companies by total assets were selected for the analysis. The analysis shows that the top ten **banks** studied by asset size accumulate assets of about USD 103 billion, which is 90% of the value of assets of all banks in the Republic of Kazakhstan.

Table 1. Review of sustainability disclosure practices in the top 10 banks by asset size.

Source: author's analysis

No.	Bank name	Availability of an annual report	Availability of a sustainability report	Declared use of international standards	Greenhouse gas/carbon footprint reporting (including on the website or in a separate report)	Verification of greenhouse gas/carbon footprint reporting
1	JSC "Halyk Bank of Kazakhstan"	✓	✓	GRI, TCFD***	✓	✓
2	JSC " Kaspi" Bank »	✓	✓	GRI	✓	-
3	JSC Bank Center Credit	✓	✓	GRI, SASB	✓	✓
4	JSC " Otbasys Bank"	✓	✓	GRI, SASB	✓	-
5	JSC " ForteBank "	✓	-	GRI	-	-
6	JSC "First Heartland Jusan Bank"	✓	-	-	-	-
7	JSC Eurasian Bank	✓	✓	-	✓	-
8	JSC Bank Freedom Finance Kazakhstan"	**	**	GRI***	**	-
9	JSC " Bereke " Bank »	✓	-	-	-	-
10	JSC "Bank " Bank RBK"	-	-	-	-	-

** - data disclosed within the consolidated Freedom Holding Group report

*** - The Report was also prepared in accordance with the recommendations on information disclosure and preparation of ESG reports of the financial regulator and the Kazakhstan Stock Exchange

Five out of ten banks provide sustainability reporting (in the form of a separate report or information on the corporate website or as a section of the annual report). The total assets of these banks constitute 72.69% of the assets of all analysed banks. All sustainability reporting banks report on greenhouse gases consumed directly or indirectly (Scope 1, Scope 2) and mediated (Scope 3).

Another bank, Freedom Finance Kazakhstan JSC, discloses its sustainability reporting, including on greenhouse gases, in the consolidated reporting of its shareholder, Freedom Holding Group.

The only two banks, Halyk Bank JSC and Bank Center Credit JSC, reported Scope 3 data on greenhouse gases. These banks ensured verification of their sustainability reporting.

Analysis of **insurance (reinsurance) companies** shows that the top ten insurance (reinsurance) companies accumulate assets of USD 4.43 billion, which is 80.68% of the total assets of all insurance (reinsurance) companies in the Republic of Kazakhstan.

Table 2. Review of the practice of disclosing information on sustainable development in the top 10 insurance (reinsurance) organizations by asset size. Source: author's analysis

No.	Name of the insurance (reinsurance) company	Availability of an annual report	Availability of a sustainability report	Greenhouse gas/ carbon footprint reporting (including on the website or in a separate report)	Verification of greenhouse gas/ carbon footprint reporting
1	JSC "SK "Eurasia"	-	-	-	-
2	JSC "Subsidiary Company of the People's Bank of Kazakhstan for Life Insurance " Halyk- Life "	-	✓	✓	-
3	JSC "Life Insurance Company" Nomad Life"	-	-	-	-
4	JSC "Subsidiary Organization of the People's Bank of Kazakhstan "Insurance Company" Halyk "	-	**	**	-
5	JSC "Export Insurance Company "KazakhExport"	✓	-	-	-
6	JSC LIC " Freedom Finance Life"	✓	***	***	-
7	JSC "SK "Victoria"	-	-	-	-
8	JSC IC Freedom Finance Insurance	-	***	***	-
9	JSC "Life Insurance Company "KM Life "	-	-	-	-
10	JSC "Insurance Company "Eurasia"	-	✓	-	-

* - data from the National Bank of the Republic of Kazakhstan

** - the presented sustainability report is presented in a shortened format of 6 pages and does not actually correspond to a full-fledged sustainability report

*** - data disclosed within the consolidated Freedom report Holding Group, using GSI standards

Five out of ten insurance (reinsurance) companies provide sustainability reports. It is noteworthy that the industry leader in terms of assets, Insurance company Eurasia JSC, does not file sustainability reports. Only one company, Halyk Life Insurance JSC (A subsidiary of

Halyk Bank Kazakhstan), discloses information on greenhouse gases as part of its sustainability report.

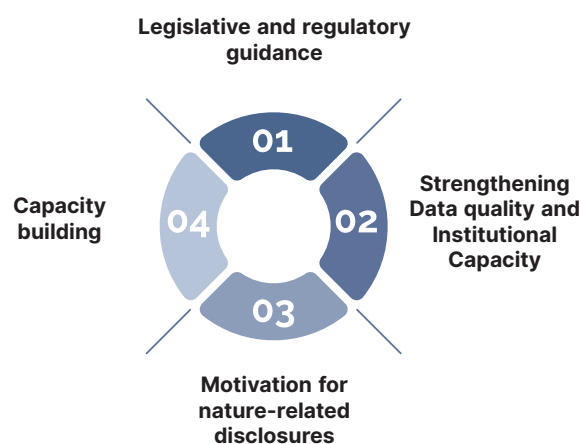
Thus, the practice of disclosing information on sustainable development in insurance (reinsurance) organizations is inferior to the practice of banks.



Photo: UNDP Kazakhstan/Sergey Nokhrin

Chapter 5. Pathways Forward: Strengthening Nature-Related Disclosure in Kazakhstan

The assessment of institutional frameworks, sectoral readiness, and existing practices by businesses and financial institutions revealed challenges and opportunities for advancing nature-related financial disclosure in Kazakhstan. While foundational elements, such as sustainability reporting standards, green finance tools, and industry engagement, are in place, gaps remain in integrating natural capital into decision-making and risk disclosure frameworks. The following entry points and actions to further advance nature-related financial disclosure practices in Kazakhstan can be considered:



1. Legislative and Regulatory Guidance

Kazakhstan's major policy documents – the National Development Plan to 2029 and the Concept for Transition to a Green Economy – set important high-level environmental targets that determine the need to regulate the issues of natural capital use. These documents cover topics such as sustainable agriculture, water use, and partly biodiversity.

The National Development Plan currently includes 17 development studies grouped into 4 blocks based on the commonality of planned results and implementation. The plan can consider further introducing a new priority to improve natural capital management and transparency by developing methodologies for recording impacts and dependencies on nature,

establishing natural footprint calculation methods and "nature-positive" metrics, creating financial incentives and certification mechanisms for nature-positive activities and enhancing cadastres of flora and fauna through alternative data sources and digitalization. The National Development Plan also currently includes 5 priorities, all of which are of importance for issues of sustainable use of natural capital.

The **Concept for Transition to a "green economy"** defines 9 economy sectors and goals on each sector for the development of green economy in Kazakhstan. Almost all sectoral directions of the Concept are related to natural capital. The Concept can have a significant mandate on business obligations for the sustainable

use of water, land, and biodiversity resources, as well as strengthening provisions on ecosystem management, including natural footprint accounting and disclosure. It could be recommended to require all large listed companies, in addition to the “Top-50” pollutants currently required, to publish ESG reports in line with international standards and frameworks, subject to mandatory verification.

Natural capital and other nature-related terms should be defined in several key codes and laws, as well as industry regulations. “Natural capital,” “nature-positive result,” and “disclosure of information” should be defined and legally captured in the Environmental

Code, the Forest Code, the Land Code, the Water Code and the Entrepreneur Code

Corporate disclosure requirements (ESG reporting, Annual and Sustainability Reporting) based on international standards and frameworks such as TNFD and GRI can be proposed for implementation in regulations by the financial regulator (ARDFM) to issuers of securities on stock exchanges and financial institutions. Targeted disclosure requirements related to nature-related risks and opportunities could be applied to business entities receiving favorable financing or subsidies.

2. Strengthening Data Quality and Institutional Capacity

Accurate and structured data is fundamental for embedding natural capital into Kazakhstan’s governance and financial systems.

Institutional Mandates should be clarified and stipulated in the current regulation as well. It is proposed that the Ministry of Ecology and Natural Resources take a leading role and authority for legal, methodological, and organizational regulation of natural capital use. While other ministries (e.g., National Economy, Agriculture, Water Resources) could be assigned responsible for systematically collecting and transferring data on natural capital to the authorized body.

Methodological and Data System Improvements could be reached by development of methodologies for assessing natural capital risks, calculating the natural footprint, and certifying activities. Expanding and digitalizing cadastres of flora, fauna, soil, water bodies, and other ecosystem components, and linking them to geospatial data systems could help to obtain a generalised natural capital data base.

Capacity Building is an important step in development of natural capital practices. Creating a national knowledge hub for natural capital and ecosystem services, organizing regular training, piloting projects, and providing technical support for government agencies on natural capital accounting and disclosure could help in strengthening the quality of disclosure practices.



Photo: Valery Grunberg

3. Motivation for nature capital use-related disclosures

Incorporating the natural capital context into green finance mechanisms will allow financing instruments to be tailored to the projects exposed to nature-related risks. It would be beneficial to revise the current legislation on green financing and subsidies in terms of including nature-positive indicators of financed projects, as well as the implementation of mandatory certification tools for nature positive products, services or projects.

Tax incentives could be introduced by means of stipulating the measures of tax incentives for nature-positive products, services or projects in the Tax Code.

Certification and verification tools could significantly help all stakeholders by providing a minimum level of assurance to disclose data. Legislation mechanisms for mandatory certification/verification of impact on natural capital for selected categories of natural capital users (e.g. recipients of government subsidies, issuers of “green” bonds, recipients of government loans or guarantees, etc.) should be considered.

4. Capacity building of financial institutions and businesses to disclose financial information related to the use of natural capital

Supporting businesses and financial institutions in piloting natural-related financial disclosure through the adoption of frameworks such as TNFD can help develop case studies to set a precedent and examples for market players.

Development and integrating training materials on nature-related risks and opportunities into ESG awareness roadmaps under the ARDFM and business associations could help a wide range of financial and non-financial organisations, as well as the regulator and the exchanges.

Development and implementing a Roadmap for raising awareness of business entities on ESG and sustainable finance in collaboration with Atameken Entrepreneurs Chamber or other Non-Governmental Organizations could significantly enhance in-house expertise and help in promoting best practices based on international standards and frameworks, such as the TNFD recommendations.

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