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## SECOND PARTY OPINION

ON THE COMPLIANCE OF GREEN BONDS ISSUANCE  
BY ERG  
TO THE GREEN BOND PRINCIPLES OF THE INTERNATIONAL  
CAPITAL MARKET ASSOCIATION

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# EXTERNAL REVIEW IN THE FORMAT OF SECOND PARTY OPINION ON COMPLIANCE OF GREEN BONDS ISSUANCE BY ERG TO THE GREEN BOND PRINCIPLES OF THE INTERNATIONAL CAPITAL MARKET ASSOCIATION

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31 March 2022

## EXECUTIVE SUMMARY

Opinion on compliance / non-compliance of the Issuer's Green Finance Framework with the Green Bond Principles

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We believe that the Green Finance Framework of ERG complies with the Green Bond Principles of the International Capital Market Association.

Opinion on assigning a degree of alignment with the Green Bond Principles ranging from "Excellent" (High) to "Poor" (Low).

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In accordance with the results of the assessment, as well as in accordance with the Grading Scale for the Level of Alignment with the Green Bond Principles, we assigned the degree of compliance "Excellent" to the ERG Green Bonds issues. ERG demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance.

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## 1. METHODOLOGY OF THE AIFC GREEN FINANCE CENTRE LTD. ON PREPARATION OF AN EXTERNAL REVIEW

The AIFC Green Finance Center Ltd. (hereinafter referred to as “the GFC”) employs its Methodology for the preparation of an External Review (Second Party Opinion) for compliance of Green/Social/Sustainability Bonds and other sustainability debt issues, including the Issuer's Green/Social/Sustainability Bond Framework, with the Green Bond Principles (hereinafter referred to as GBP, or Principles), Social Bond Principles ((hereinafter referred to as SBP, or Principles) and Sustainability Bond Guidelines (hereinafter referred to as SBG, or Guidelines). The Principles are formulated by the International Capital Market Association (ICMA).

The preparation of an External Review includes the study of the Issuer’s relevant documentation, regulatory documents, reports and presentations, if any, as well as other publicly available information that may provide a description, details on and confirmation of the compliance of processes involved in the implementation of the Company's policies for Green Bonds, Green loans and environmental, social and sustainability issues in general. The information used for these purposes is obtained through direct interaction with the Issuer and/or from any open sources that the GFC considers reliable.

In the External Review the GFC expresses its opinion according to criteria-based assessments in the following order:

1. Opinion on compliance/non-compliance of the Issuer's Green Finance Framework with the GBP. *Minimum threshold levels for all assessment criteria need to be met all at once for us to confirm that the Issuer's Green Finance Framework is in line with the GBP.*
2. Opinion on assigning a degree of alignment with the GBP ranging from “Excellent” (High) to “Poor” (Low). *Here, the assessment is carried out by calculating a weighted criterial grade depending on the significance of criteria. This opinion serves as additional information and is aimed at establishing a degree of alignment with the GBP. According to this methodology, any degree of alignment other than “Poor” (Low) should be considered consistent with the GBP.*

In preparing the External Review, four criteria are assessed:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting and Disclosure.

For a positive opinion to be provided regarding the compliance of the Issuer's Green Finance Framework with the GBP, this methodology establishes a grade threshold for each assessed criterion at “3” at the least. If these requirements are met, in our opinion, the Issuer's Green Finance Framework will comply with the GBP. If these conditions are not met, we shall conclude that the Issuer's Green Finance Framework does not comply with the GBP and issue a respective opinion.

The assessment of Green bonds in terms of their level of alignment with the GBP can vary from "Excellent" (High) to "Poor" (Low). If minimum grade conditions are not met for the criteria, the grade is set as "Poor" (Low).

#### Grading scale for the level of alignment with the GBP

<i>Threshold Grade</i>	<i>Degree</i>	<i>Definition</i>
High > 4.5	Excellent	Proceeds from the issuance of Green Bonds are most likely to be used for the implementation of Green Projects. The Green Bonds Issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance
Average 3,5 – 4,5	Good	Proceeds from the issuance of Green Bonds are very likely to be used for the implementation of Green Projects. The Green Bonds Issuer demonstrates a good level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance
Satisfactory 3 – 3,5	Satisfactory	The likelihood that proceeds from the issuance of Green Bonds will be directed to the implementation of Green Projects, is at an average level. The Green Bonds Issuer demonstrates a satisfactory level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance
Low < 3	Poor	The likelihood that proceeds from the issuance of Green Bonds will be directed to the implementation of Green Projects, is at a low level. The Green Bonds Issuer demonstrates a poor level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance

The prepared External Review is submitted to the Issuer, after which it is to be publicly disclosed. Public disclosure is carried out through the publication of the External Review on the website of the AIFC Green Finance Center Ltd. - <https://gfc.aifc.kz/>, and can also be communicated through a press release via news services and/or relevant web sources.

## 2. BRIEF DESCRIPTION OF THE GREEN FINANCE FRAMEWORK AND OTHER STRATEGIC DOCUMENTS OF THE COMPANY

### BUSINESS AND SUSTAINABILITY STRATEGY OVERVIEW

Eurasian Resources Group (ERG) is an international diversified Group with over 67 000 employees comprised of integrated mining, processing, energy, logistics and marketing enterprises located mostly in Kazakhstan, Africa and Brazil. ERG operates in 15 countries across four continents.

ERG accounts for a third of Kazakhstan's mining sector and is the world's leading producer of high-carbon ferrochromium in terms of chromium content, a major supplier of iron ore, aluminum and alumina in Eurasia, as well as an electricity producer and railway operator. Metalkol RTR in Africa is the world's second largest producer of cobalt. In Africa, ERG is

also a major copper producer with projects in manganese, platinum, bauxite and fluorite mining. In Brazil, ERG is developing an integrated iron ore and logistics enterprise, BAMIN.

The Group presents itself as being fully aware of the importance of responsible governance in the areas of environmental impact, social development and corporate governance. ERG is publicly committed to supporting and benefiting from the global transition to a green economy by defining a vision for itself as an international, sustainable, socially responsible and efficient natural resource company.

In its Green Finance Framework, the ERG emphasises that its products will enable it to support and benefit from the energy transition. As cobalt, copper and aluminum are expected to play a central role in the decarbonization of the global economy, ERG strives to have an increasingly significant strategic influence in this regard.

Overall, sustainability is an integral part of ERG's business model and is increasingly being integrated into core business processes in all areas of activity, including ensuring safe working conditions, responsible environmental management, supporting local communities, and responsible supply chain management. In 2019, ERG declared its commitment to the ten principles of the UN Global Compact. ERG also supports the Extractive Industries Transparency Initiative (EITI).

In 2021, the Group established an Environment, Social Development and Corporate Governance (ESG) Committee to act as the main decision-making body on ESG policies and objectives, to review the Group's ESG projects and ensure proper accountability.

The Committee initiated the process of developing long-term ESG goals until 2030, including goals for the use of electricity from renewable sources and the reduction of greenhouse gas emissions, the rational use of water, the reduction of pollutant emissions into the atmosphere and the reduction of waste, to ensure the safety and development of personnel, and the well-being of the regions of presence. ESG goals until 2030 takes into account the UN Sustainable Development Goals, which are priority for the Group.

The Group is working to reduce its carbon footprint through the implementation of the Energy Efficiency Improvement Program. ERG's environmental strategy until 2030 includes investments in the implementation of an environmental program of about 1.6 billion US dollars. The implementation of the strategy is expected to deliver the following results:

- Reducing particulate emissions - by 56%,
- Reducing pollutant discharges - by 30%,
- Reducing water consumption - 33%,
- The share of recycled hazardous and non-hazardous waste, except for overburden - 23%,
- Share of recovered host and overburden rocks – 43%.

Although ERG's operations in Kazakhstan are heavily dependent on electricity from coal, the Company is working to increase the share of electricity from alternative sources, including the planned implementation of wind power development projects with a total

installed capacity of about 150 MW. In particular, two potential sites for wind farms in Aktobe and Pavlodar regions were selected, with the feasibility studies being finalized.

In addition, work is underway to reduce the Group's carbon footprint through an Energy Efficiency Program. The implementation of the Program in 2016–2020 resulted in the reduction of energy consumption by more than 284 TJ in 2020. Under the renewed Program until 2025, ERG plans to achieve savings in the amount of about 6,360 TJ.

## ABOUT THE COMPANY'S GREEN FINANCE FRAMEWORK

With the aim of ensuring transparency of investment raising processes through green financing instruments, such as green bonds and green loans the Company developed and approved a Green Finance Framework (hereinafter referred to as “the GFF”) in line with the GBP and GLP (CEO resolution as of 25 Feb, 2022).

The GFF is based on the four core components of the GBP and the GLP:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting.

The GFF also maps the use of proceeds segment to the relevant United Nations Sustainable Development Goals (SDGs) that the financed projects contribute to.

## USE OF PROCEEDS

The Company declares that the proceeds from green bonds or green loans will be exclusively applied to finance or re-finance projects that contribute to the achievement of the Group's environmental and climate goals in areas such as renewable energy, energy efficiency, pollution prevention and control, sustainable use of water and waste, clean transport, sustainable management of forests and conservation of biodiversity and ecosystems, climate change adaptation, and green buildings (“Eligible Projects”).

The use of proceeds financing instruments may be issued by Eurasian Group LLP or any of ERG subsidiaries or project companies in Kazakhstan. In the future, it is planned to expand the scope of the framework to all regions where ERG operates.

Proceeds can be allocated to:

- to finance Eligible Projects scheduled for implementation after the issue of the green finance instrument;
- to refinance Eligible Projects initiated no earlier than 36 months prior to the issuance date of any green finance instrument.

Below are the eligible Green Projects categories as described in the GFF, which are correctly mapped to the corresponding ICMA Green Bond Principles categories and SDGs.

Category	Subcategory	Description	Eligibility Criteria
Renewable energy	a. Wind b. Solar c. Hydropower d. Geothermal e. Bioenergy f. Transmission and distribution networks	Energy production and transmission, facilities and supporting infrastructure for production, storage systems	a. No additional thresholds b. No additional thresholds c. Life cycle CO <sub>2</sub> emissions not higher than 100gCO <sub>2</sub> e/kWh, or specific power (the ratio of the nominal power of the facility to the surface area of the reservoir) > 5Wt/m <sup>2</sup> d. No additional thresholds e. 1) A minimum 80% reduction of greenhouse gas life cycle emissions compared to the coal baseline, and 2) biofuels must be obtained from raw materials formed by environmentally sustainable methods (wood must be represented by wood waste; high (over 50%) minimum share of waste, etc.). And also for installations over 50 MW – compliance with the requirements of BREF1/ best available technologies of the country of implementation in terms of waste management, use of materials, emissions of SO <sub>2</sub> , NO <sub>x</sub> and CO f. No additional thresholds
Green hydrogen		Plants for the production of hydrogen using renewable energy (green hydrogen)	The maximum direct CO <sub>2</sub> emissions from hydrogen production are 3 tonnes CO <sub>2</sub> e/tonne hydrogen; electricity consumption in the production of hydrogen by electrolysis is no more than 58 MWh/ton of hydrogen; average specific emissions from the production of electricity used in the production of hydrogen do not exceed 100 grams of CO <sub>2</sub> e/kWh.
Energy efficiency	a. Modernization (reduction of the basic level of energy consumption) at generation facilities, infrastructure for the transmission of electricity and heat b. Energy-saving lighting or equipment for non-industrial facilities c. Energy efficient products	Modernization or replacement of existing generation facilities that contribute to a significant increase in energy efficiency, installation of more efficient equipment, reduction of heat losses, installation of CHP/co-generation or trigeneration equipment, modernization of transmission lines or construction of new distribution systems, smart grids, modernization of district heating, production, purchase and use of more energy efficient products, replacing of carbon fuels with hydrogen in industrial processes	a. 20% reduction in energy consumption, or direct greenhouse gas emissions generate less than 100 g CO <sub>2</sub> e/kWh b. 45% reduction in energy consumption c. Top class energy efficiency label
Pollution prevention and control	a. Air cleaning b. Carbon capture and storage c. Reduced soil pollution d. Soil restoration	Wastewater treatment plants, equipment for air recirculation, equipment/technologies for reducing air emissions, carbon capture and storage plants, equipment and technologies for soil restoration, phytomelioration	a. Compliance with the best available technologies of the country of implementation (in relation to industrial pollution) b. Compliance with the best available technologies of the country of implementation in terms of waste management and use of materials c. No additional thresholds d. No additional thresholds
Sustainable water and wastewater management	a. Water conservation, storage and distribution of water	Production, acquisition and implementation of technologies and systems for water conservation, storage and distribution; technologies and equipment for drinking water treatment;	a. Reducing the consumption of natural water by at least 40% for household and drinking needs, 30% for irrigation and 70% for industrial and technical needs



	<ul style="list-style-type: none"> <li>b. Water treatment facilities</li> <li>c. Wastewater treatment for recycling</li> <li>d. Recycling</li> <li>e. Industrial waste</li> <li>f. Waste water treatment</li> </ul>	<p>groundwater reservoirs for collecting melted snow or floods, as well as for regulating the water level in the river, industrial water-saving technologies and measuring equipment; monitoring and measuring the quality or quantity of water; smart networks for water monitoring; wastewater treatment equipment; wastewater treatment plants; reuse and recycling of secondary raw materials, infrastructure for recycling and reuse of waste; equipment for the collection, sorting, recovery, reuse, processing and disposal of industrial and hazardous waste; networks for the collection, storage, treatment and disposal of wastewater; wastewater treatment plants; sludge treatment facilities</p>	<ul style="list-style-type: none"> <li>b. Drinking water - compliance with sanitary requirements</li> <li>c. Intended use</li> <li>d. Not less than 80%</li> <li>e. Compliance with BREF / best available technologies of the country of implementation in terms of waste and by-products, hazardous industrial waste management</li> <li>f. 1) compliance with the established requirements and norms of the country where the project is being implemented; 2) Compliance with the BREF/Best Available Techniques of the country of implementation for anaerobic waste treatment (if applicable); 3) compliance with the best available technologies of the country of implementation (if applicable)</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>a. Low carbon vehicles</li> <li>b. Clean transport infrastructure</li> </ul>	<p>Manufacture or purchase of low-carbon vehicles, including electric vehicles, hydrogen vehicles, hybrid vehicles, batteries for them, charging stations</p>	<ul style="list-style-type: none"> <li>a. For passenger road transport, public transport &lt;50 g CO<sub>2</sub>e/passenger-km; for road freight transport – with emissions below 45 g CO<sub>2</sub>e/tonne-km</li> <li>b. No additional thresholds</li> </ul>
Sustainable forest management and conservation of biodiversity and ecosystems	<ul style="list-style-type: none"> <li>a. Afforestation and reforestation, sustainable forest management, creation of green areas</li> <li>b. Preservation of biodiversity and ecosystems</li> </ul>	<p>Planting forest crops, creating green areas around settlements, in sanitary protection zones, projects to preserve ecosystems and natural complexes, protection, protection and / or restoration of degraded ecosystems Support and development of national parks, nature reserves Stocking of reservoirs, cleaning of reservoirs, etc.</p>	<p>a,b No additional thresholds</p>
Climate change adaptation	<p>Climate Observing and Early Warning Systems</p>	<p>Monitoring, early warning systems for storms, droughts, floods or dam failures; processes for monitoring and measuring water quality or quantity; smart grids for monitoring</p>	<p>Automated and smart systems</p>
Green buildings	<ul style="list-style-type: none"> <li>a. Building</li> <li>b. Construction materials</li> <li>c. Infrastructure</li> </ul>	<p>Use of high-performance architectural designs, energy-efficient equipment, construction methods that reduce the energy consumption of the building, water-saving fixtures, use of building material that minimizes the number of components, green areas</p>	<p>a,b,c Meet LEED, EDGE, BREEAM, DGNB</p>

In case Green Projects fall under eligible categories, but are not included explicitly in the GFF project subcategories or descriptions, an additional Second Party Opinion for such Green Projects will be provided, if necessary. Additional categories of eligible Green Projects and eligibility criteria can be described in the legal documentation of the security as well as in finance documents.

In assessing and factoring in environmental factors for Eligible Projects under consideration the Company will check if they include activities that could result in a significant deterioration of the habitat, social working conditions and life of the population that are deemed illegal by national legislation and regulatory requirements of the country of project implementation or international conventions and treaties, or are to be removed from international circulation, or banned.

## PROCESS FOR PROJECT EVALUATION AND SELECTION

To determine whether a project meets the criteria set out in the Framework, ERG established a Green Finance Working Group (ESG Committee resolution, meeting minutes dated 15 Feb, 2022, No.1/2022). The Working Group includes representatives of departments responsible for corporate finance, sustainable development, risk management, production, energy supply and environmental protection, logistics, design, construction, representatives of other departments and enterprises of the Group may be additionally invited.

The selection process for Eligible Projects must comply with the criterion of no significant adverse environmental effects. This do-no-harm principle is met when the projects comply with the requirements of the national legislation and regulatory requirements of the country where the project is being implemented.

Potentially eligible projects are proposed by the initiator, which can be the technical management (technologist, process and production manager, project manager, etc.) at an enterprise in the country of project implementation.

The list of eligible green projects may be reviewed periodically with the addition of new projects or the exclusion of projects that no longer meet the specified criteria.

The company may have a single portfolio of eligible projects under a green bond or in green loan portfolio.

In addition to selecting eligible projects, the tasks of the Green Finance Working Group include:

- preparation, verification and approval of annual reporting on green projects;
- supervision over the implementation of this Framework;
- revising the Framework to reflect any changes to ERG's sustainability strategies and initiatives.

## MANAGEMENT OF PROCEEDS

Proceeds from green bonds or green loans will be credited by ERG to a special account for separate accounting and control of proceeds accounting. All eligible projects will be labeled Green Bonds and Green Loans in a separate portfolio, and proceeds from the issuance of Green Bonds or received Green Loans will be tracked in ERG's management reporting system.

Proceeds from a loan or bond issue must be allocated to Eligible Projects within 24 months of the date the loan or bond is issued. Proceeds can be allocated to additional financing of previously launched projects and to refinancing of projects.

The Working Group will monitor the total assets in the Group's Green Bonds and Green Loans portfolio on a quarterly basis to ensure that it equals or exceeds the total proceeds from the issuance of green bonds and green loans obtained.

If, for any reason, the total amount in the Green Bonds and Green Loans portfolio is less than the total outstanding green bonds issued or green loans obtained, ERG will manage the unallocated amount in accordance with the Group's Funding and Treasury Policy approved by the Board of Managers 06/06/2018, until the amount is transferred to the Green Bonds and Green Loans portfolio.

The Company will seek to engage external auditors to oversee revenue management at the annual reporting stage.

## REPORTING

The Company intends to provide and keep publicly available annual reports on issued green bonds and green loans raised from the moment of issuance/borrowing until full redemption and in case of any significant changes. These reports will be published on the official ERG website <https://www.eurasianresources.lu/> and may include, but are not be limited to:

### Allocation report

- Net proceeds from the Group's each green bond or loan;
- The cumulative amounts of funds allocated to each of the Eligible Categories;
- Balance of unallocated proceeds at the end of the reporting period.

### Impact Report

- Where possible, ERG will provide additional information on projects financed or refinanced through green bonds and/or green loans, including quantitative performance indicators, as described in the table below.

### Impact metrics

Eligible categories	Potential quantitative performance indicators
1. Renewable energy and green hydrogen	Total installed capacity (MW) Electricity generation (thousand kWh) GHG emission reduction (tCO <sub>2</sub> E)
2. Energy efficiency	Expected energy savings per year (MWh) GHG emission reduction (tCO <sub>2</sub> E) Additionally: Reduced water use (m <sup>3</sup> /year)
3. Pollution prevention and control	Reduction of fine particulate matter (PM 2.5) and/or other contaminants Additionally: Reduced water use (m <sup>3</sup> /year)
4. Sustainable use of water and waste	Volume of water loss reduction Annual volume of treated or prevented wastewater Amount of prevented, recycled, neutralized or liquidated waste before and after the project in % of total waste and/or in absolute volumes in tons
5. Clean transport	GHG emission reduction (tCO <sub>2</sub> E)
6. Sustainable forest management and conservation of biodiversity and ecosystems	Maintaining/protecting/increasing the area of natural landscape and green spaces (including forest) in km <sup>2</sup> and in % of growth Absolute abundance of native species of flora and fauna restored under the project Additionally: Reducing or avoiding annual greenhouse gas emissions (CO <sub>2</sub> equivalent)
7. Adaptation to climate change	Increasing the number of households/population/businesses with access to sustainable water and energy systems Amount of prevented damage, etc.
8. Green buildings	Number of properties that comply with local green building regulations, if applicable, or with internationally recognized green building certifications such as LEED, EDGE, BREEAM, energy certifications such as US Energy Star, and energy labeling schemes such as EU energy performance certifications Additionally: Decrease in water use, Reducing the number of involved equipment

The first annual use of proceeds and proceeds management report will be reviewed and signed off by an external review provider to confirm the green status of the bond/loan. This may be in the form of a letter signed by an independent auditor and may also include a financial auditor's statement regarding the use of proceeds. Subsequent annual reports on the use and management of proceeds may be reviewed by an independent reviewer at ERG's discretion.

### 3. EVALUATION OF THE COMPANY'S GREEN FINANCE FRAMEWORK AND OTHER DOCUMENTS

In this section, we describe the assessment of the GFF and other relevant documents of the Company for compliance with the GBP in accordance with the Methodology for preparing an external assessment of the AIFC Green Finance Centre Ltd. The information used for these purposes was obtained by means of direct interaction with the Issuer.

#### GENERAL ASSESSMENT AND DETERMINATION OF THE DEGREE OF COMPLIANCE

The Issuer confirmed that the funds raised from the Green Bonds will be used for financing or refinancing eligible Green Projects. The categories of eligible Green Projects correspond to the GBP and contribute to environmental objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP. Reporting and disclosure of information on the use of proceeds and on the expected impact of the implemented projects will be provided on an annual basis and are to be published on the official website of the Company for public access.

1. *Opinion on compliance/non-compliance of the Issuer's Green Finance Framework with the GBP.* Based on the evaluation for meeting the minimum threshold levels for all assessment criteria, we determined that the Issuer's GFF meets the mandatory and partially additional values of the criteria, and, accordingly, **we believe that ERG's Green Finance Framework complies with the Green Bond Principles of the International Capital Market Association.**
2. *Opinion on assigning a degree of alignment with the GBP ranging from "Excellent" (High) to "Poor" (Low).* Based on the results of the assessment, as well as in accordance with the Grading Scale for the Level of Alignment with the GBP **we assigned the degree of compliance "Excellent" – i.e. ERG demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance.**

#### Grading Scale for the Level of Alignment with the GBP

Threshold Grade	Degree	Definition
High > 4.5	Excellent	Proceeds from the issuance of Green Bonds are most likely to be used for the implementation of Green Projects. The Green Bond Issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance

## EVALUATION OF THE CRITERION – USE OF PROCEEDS

The Company's GFF determines that Green Bond proceeds will be used for financing or refinancing eligible Green Projects, which contribute to environmental objectives. Eligible Green Project categories as shown above are consistent with the GBP.

The indicators listed below reflect our assessment of the criterion "Use of Proceeds".

Indicators of the "Use of Proceeds" criterion:

<i>Indicator</i>	<i>Characteristic of the indicator (permissible, mandatory indicator, not recommended)*</i>	<i>Grade</i>
1. 100% of raised funds are allocated to implementing and financing/refinancing of Green Projects that bring environmental benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP with regard to their qualitative and/or quantitative characteristics	Permissible	5

\* - the fulfillment of the minimum requirement for the criterion "Use of Proceeds" is the fulfillment of the indicators "mandatory" or permissible.

Specifically, the Company intends to direct the first Green Bond proceeds to wind power development projects with a total installed capacity of about 150 MW, selecting potential sites for wind farms in Aktobe (Khromtau Wind Power Plant) and Pavlodar (Ekibastuz Wind Power Plant) regions. According to feasibility studies and Environmental and Social Impact Assessments for the wind farm construction, a number of alternative scenarios are considered: a combined 100 MW Khromtau and 50 MW Ekibastuz Wind Power Project; a project that includes only one the above options (either Khromtau or Ekibastuz), or only the 150 MW Khromtau Wind Power Project.

The main environmental benefit will be in reducing Kazakhstan's contribution to climate change and air pollution. This reduction has been calculated in the feasibility study. The P90<sup>1</sup> factor was used to correlate the annual output. Annual output is expected to be 592 757MWh x 0.9 = 533 481 MWh. The national GHG emission factor for grid electricity generation (EFgrid) is 844gCO<sub>2</sub>/kWh<sup>2</sup> or 0.844tCO<sub>2</sub>/MWh. The annual reduction is therefore expected to be 533 481 MWh x 0.844 tCO<sub>2</sub>/MWh = 450 258tCO<sub>2</sub>.

However, according to IPCC, average life-cycle CO<sub>2</sub> equivalent emissions for onshore wind power is 0,011t CO<sub>2</sub> equivalent/MWh, therefore, with this correction in mind, the **annual GHG emissions avoided** are expected to be 533 481 MWh x (0.844- 0,011tCO<sub>2</sub>)/MWh = 433 856tCO<sub>2</sub>.

<sup>1</sup> So called exceedance probability P90, which denotes the level of annual wind-driven electricity generation that is forecasted to be exceeded 90% of the year

<sup>2</sup> Green Economy Transition Handbook, EBRD, 2018 page 51 based on a study carried out by Lahmayer International in 2012, which is still subject to approval. Alternatively, the baseline level of coal in terms of greenhouse gas emissions could be set equal to the carbon dioxide equivalent emission factor of 985 g/kWh (Order of the Minister of Energy of the Republic of Kazakhstan dated June 28, 2017 № 222).

When burning 1t of coal in Kazakhstan grid electricity generation network, 13-25kg of SO<sub>2</sub> and 7-11kg of NO<sub>x</sub> are thought to be released<sup>3</sup> (the lower values of 13 and 7kg are accepted for this calculation). The total annual reduction of SO<sub>2</sub> and NO<sub>x</sub> emission is expected to be 948.4t and 509.8t respectively.

According to ESIA, the area environmental sensitivity is thought to be low and in line with a Category B project defined to have typically site-specific, and/or readily identified impacts that can be reduced to acceptable levels with effective mitigation measures.

Based on the above factors, GFC concludes that the planned 100-150 MW Wind Power Plant Project is in line with the Company's Green Finance Framework.

## EVALUATION OF THE CRITERION – PROCESS FOR PROJECT EVALUATION AND SELECTION

The strategy, policies and objectives of the Issuer corresponds to the GBP and allow assessing the decision-making process in the Company.

The Company created a Working Group responsible for Green Projects evaluation and selection process, that includes representatives of corporate finance, sustainable development, risk management, production, energy supply and environmental protection, and other departments. The selection process for Eligible Projects must comply with the criterion of no significant adverse environmental effects. Additionally, the Green Projects planned for financing will also undergo other internal evaluation and selection procedures established in the Company. ERG has implemented a risk management system that ensures the identification, assessment and management of risks affecting business sustainability and the most significant sustainability issues. The risk management process is integrated into all planning and decision-making processes.

The indicators listed below reflect our assessment of the criterion “Process for Project Evaluation and Selection”.

Indicators of the “Process for Project Evaluation and Selection” criterion are listed below:

<i>Indicator (Subfactor)</i>	<i>Score</i>
1. Disclosure by the issuer of information in the context of its goals, policies, strategies and processes related to sustainable development in environmental aspects, including goals to achieve improvements in the ecological environment, as well as the issuer’s participation in various activities and initiatives that indicate commitment to the principles of sustainable development and improvements in the ecological environment	1
2. Disclosure by the issuer of the goals of issuing green bonds/projects with directions, terms, indicators of environmental effect	1
3. The issuer has an internal document defining criteria for the selection of projects of environmental orientation and the procedure of their assessment, selection and coordination with the issuer’s governing bodies	1

<sup>3</sup> [https://forbes.kz/process/probing/pyil\\_vekov](https://forbes.kz/process/probing/pyil_vekov)

4. Disclosure of the main methodologies and assumptions used in determining the compliance of projects with the categories of environmental projects, clear qualification criteria for selection, exclusion criteria or other procedures for identifying and managing significant environmental and social risks	0
5. The issuer has quality certificates for ongoing environmental projects or conclusions from leading international or independent Kazakhstani verifiers confirming the compliance of projects with the required environmental standards, including conclusions on compliance with the current regulatory requirements for infrastructure facilities prepared within the framework of the project documentation. The leading verifiers are those who have certificates and licenses to conduct expertise or proven experience in assessing environmental projects and / or compliance with investment requirements in the field of sustainable development	0,5
6. The Issuer has created a special subdivision, which, among other things, controls the selection and implementation of projects. The division's employees generally understand the tasks assigned to them, while some of them have experience in supporting green projects	0,5
7. Engaging an independent qualified party to make a decision on the selection of projects corresponding to the categories of environmental projects	0
8. The issuer has a policy for determining environmental risks either in the project documentation or in the policy for determining environmental risks, which discloses qualification criteria for determining environmental risks associated with the implementation of projects	0,5
<b>Sum of scores</b>	<b>4,5</b>
<b>Final Grade for Criterion</b>	<b>5</b>

## EVALUATION OF THE CRITERION – MANAGEMENT OF PROCEEDS

The Issuer's GFF provides that the management of Green Bonds proceeds issuance will be carried out following the GBP.

This implies that Proceeds from green bonds or green loans will be credited by ERG to a special account for separate accounting and control of proceeds accounting. All eligible projects will be labeled Green Bonds and Green Loans in a separate portfolio, and proceeds from the issuance of Green Bonds or received Green Loans will be tracked in ERG's management reporting system.

In addition, the management of unallocated funds will be carried out in accordance with the Group's Funding and Treasury Policy approved by the Board of Managers 06/06/2018, until the amount is transferred to the Green Bonds and Green Loans portfolio.

The indicators listed below feed into our assessment of the "Management of Proceeds" criterion.

Indicators of the "Management of Proceeds" criterion are listed below:

<i>Indicator (subfactor)</i>	<i>Score</i>
1. The net proceeds from the issuance of Green Bonds are credited to a sub-account or moved to a different portfolio or otherwise tracked by the issuer in an appropriate manner	1
2. The separate accounting method for the Green Bonds proceeds is clearly defined in the issuer's documentation	1

3. The issuer, while the Green Bonds are outstanding, monitors the sub-account on an ongoing basis, and there is a procedure in place for excluding projects that become unfit from the portfolio	1
4. The issuer informs investors about the suggested instruments for temporary placement of unused Green Bonds proceeds	0,5
5. Clear rules in place for investing temporarily unused Green Bonds proceeds	0,5
6. Engaging an auditor or another third party to check the method for internal tracking of the intended use of Green Bonds proceeds	0,5
<b>Sum of scores</b>	<b>4,5</b>
<b>Final Grade for Criterion</b>	<b>5</b>

## EVALUATION OF THE CRITERION – REPORTING

The Company confirming its continued readiness to follow the best standards of corporate governance in the field of information disclosure, adheres to such principles as reliability, openness, completeness, materiality, efficiency, responsiveness, regularity, confidentiality of information, accessibility and equality.

As per ERG's GFF and overall disclosure policy, as well as in accordance with the GBP, the Issuer intends to provide and keep publicly available annual updated reports on issued green bonds and green loans raised from the moment of issue or borrowing until full redemption and in case of any significant changes. These reports will be published on the ERG official website <https://www.eurasianresources.lu/>.

Where feasible, the Company will provide information on list of the projects to which Green Bond proceeds will be allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.

The indicators listed below feed into our assessment of the “Reporting” criterion.

Indicators of the “Reporting” criterion are listed below:

<i>Indicator (subfactor)</i>	<i>Score</i>
1. The issuer provides a detailed report (with a list of projects) and disclosures after issuance in relation to the use of proceeds from the placement of Green Bonds*	1
2. Reporting includes the disclosure of information on the nature of investments and the expected environmental impact	1
3. The disclosed reports are to be issued at least once a year, and there is also a procedure for monitoring data accuracy	1
4. The issuer discloses information on the projects to which funds have been allocated, with a detailed breakdown by area (category), as well as on the environmental effect and implementation progress of individual projects	0,5
5. Methodologies in effect (or their drafts) and assumptions used to calculate environmental performance indicators are available	0
6. The issuer undertakes to engage independent qualified parties to evaluate its reporting on the implementation of the Green Bond Framework	0,5
<b>Sum of scores</b>	<b>4</b>
<b>Final Grade for Criterion</b>	<b>5</b>



\* Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information may be presented by the Issuer in generic terms or on an aggregated portfolio basis

## OPINION OF THE AIFC GREEN FINANCE CENTRE LTD.

1. We believe that ERG’s Green Finance Framework corresponds to the Green Bond Principles of the International Capital Market Association.
2. In accordance with the results of the assessment (the final weighted grade at the level of “5”), as well as the Grading Scale for the Level of Alignment with the GBP we assigned the degree of compliance “Excellent” – ERG demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance.

### Grading Scale for the Level of Alignment with the GBP

Threshold Grade	Degree	Definition
High > 4.5	Excellent	Proceeds from the issuance of Green Bonds are most likely to be used for the implementation of Green Projects. The Green Bond Issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental significance

## DISCLOSURE AND LIMITATIONS

An External Review (Second Party Opinion) reflects our opinion on the expected results from the issuance of Green Bonds and on the compliance of the Issuer’s Green Finance Framework with the GBP. There is a likelihood of an inaccuracy in the final conclusion due to unforeseen changes in the economic environment and the financial market.

An External Review is an independent assessment carried out based on the information provided by the Issuer in line with the GFC’s methodology, it does not disclose the Issuer’s confidential information and is not an indication for any investment decisions.

We do not assume any responsibility for the use and implementation of an External Review in making investment decisions.

An External Review may be updated after publication, with the reasons for such an update disclosed.

AIDAR KAZYBAYEV  
CEO  
AIFC Green Finance Centre Ltd



31.03.2022