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## SECOND PARTY OPINION

ON THE COMPLIANCE OF **JET GROUP LTD.**'s  
GREEN FINANCE FRAMEWORK AND RELATED GREEN FINANCE  
ISSUANCE WITH THE GREEN BOND PRINCIPLES OF  
THE INTERNATIONAL CAPITAL MARKET ASSOCIATION

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### ON THE COMPLIANCE OF JET GROUP LTD.'s GREEN FINANCE FRAMEWORK AND RELATED GREEN BOND ISSUANCE WITH THE GREEN BOND PRINCIPLES OF THE INTERNATIONAL CAPITAL MARKET ASSOCIATION

14<sup>th</sup> November, 2022

#### EXECUTIVE SUMMARY

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



We believe that the Green Finance Framework of JET Group Ltd. (hereinafter referred to as Jet, or Company) and related green bond issuance complies with the Green Bond Principles of the International Capital Market Association<sup>1</sup>.

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



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 Jet’s Green Finance Framework and related first Green Bond Issue. Jet 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 green projects.

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<sup>1</sup> The Principles are formulated by the International Capital Market Association (hereinafter referred to as ICMA)

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

To assess the compliance of companies' green finance frameworks and related business processes with the Green Bond Principles, the AIFC Green Finance Centre Ltd. (hereinafter referred to as "the GFC") applies a number of approved methodologies as part of its external review activities.

Specifically, GFC employs its Methodology for the preparation of an External Review (Second Party Opinion) for compliance of Green Bonds and other sustainability debt issues, including the Issuer's Green Bond/Finance 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).

With regard to Green Loans, a separate GFC Methodology is employed in providing an independent opinion (Second Party Opinion) regarding the compliance of loans, including the Borrowers' Green Loan/Finance Framework, with the Green Loan Principles (hereinafter referred to as GLP). The GLP are published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association (hereinafter referred to as LMA).

In view of the full alignment of the Green Loan Principles with the Green Bond Principles, GFC's methodologies for external reviews in the format of a Second Party Opinion for green bonds and green loans are also highly mutually harmonized. Accordingly, in order to streamline the process of assessing a Company's green finance framework that covers both bond issuance and loans, GFC applies to these green finance instruments its Methodology for the preparation of an External Review (SPO) for the compliance of Green Bonds and other sustainability debt issues, including the Issuer's Green Finance Framework, with the ICMA Green Bond Principles, given that this Methodology provides for more stringent requirements for compliance with international standards on the issuance of bonds. However, the criterial analysis used by the Methodology will be applied equally to potential loan instruments.

The preparation of an External Review in the form of a Second Party Opinion 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 the Green Bond 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 GFC considers reliable.

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

1. Opinion on the 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 in order 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 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 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 of Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting and Disclosure.

Each criterion is graded on a scale of "1" to "5". For each criterion, there is a number of indicators (subfactors). Each indicator (subfactor) that is assessed as fulfilled is assigned either a "1" score, a "0.5" score, or a "0.25" score, depending on the criterion scoring scale. The final score for each criterion is calculated as a sum of scores assigned to the indicators (subfactors). The tables for criterion scoring, as well as the tables matching a sum of scores to a grade are provided in the Methodology for each criterion.

For a positive opinion to be provided regarding the compliance of the Issuer's Green Bond 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 Bond Framework will comply with the GBP. If these conditions are not met, we shall conclude that the Issuer's Green Bond Framework does not comply with the GBP and issue a respective opinion.

To express an opinion on the degree of alignment with GBP ranging from "Excellent" (High) to "Poor" (Low), the following algorithm for calculating criteria grades shall be used. A weighted criterial grade is calculated by multiplying a criterion grade by its weight (significance). We established that the significance of each criterion corresponds to the following weight in the overall grade:

| <i>Criterion</i>                                   | <i>Weight (significance) in the cumulative assessment:</i> |
|--|--|
| <i>Use of Proceeds</i>                             | 45%  |
| <i>Process of Project Evaluation and Selection</i> | 20%  |
| <i>Management of Proceeds</i>                      | 15%  |
| <i>Reporting and Disclosure</i>                    | 20%  |

The assessment of Green finance frameworks and related Green bond issuances in terms of their level of alignment with 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 GBP in accordance with the Methodology

| <i>Threshold Grade</i> | <i>Degree</i> | <i>Definition</i>  |
|------------------------|---------------|--|
| High<br>>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 and/or social significance   |
| Average<br>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 bond 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 and/or social significance  |
| Satisfactory<br>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 bond 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 and/or social significance. |
| Low<br><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 bond 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 and/or social 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 Centre 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

JET Group Ltd. (Jet) Private Company is a holding company registered on the territory of the Astana International Financial Centre on June 29, 2021. The following subsidiaries are 100% owned by the company: Kolesa Rent LLP (Kazakhstan), Jet Sharing LLP (Kazakhstan), Jet Sharing LLC (Belarus), and Jett Georgia LLC (Georgia). The subsidiaries' main activity is the leasing of electric scooters under the Jet brand. Thus, Jet operates in seven countries: Kazakhstan, Uzbekistan, Azerbaijan, Belarus, Georgia, Armenia, and Mongolia, and it also owns a fleet of over 25,000 electric scooters. It is also planned to launch Jet in South America, the Middle East, and North Africa. Jet is present in 18 cities in Kazakhstan, including three cities of republican significance and 15 large cities – regional centres.

Jet is committed to sustainable development goals, according to the Green Finance Framework of the Company, and its activities are fully aligned with current national, regional, and global agendas for sustainable development and climate change mitigation. The Company emphasises, in particular, that the carbon footprint of the most modern scooters is roughly 23 grammes of CO<sub>2</sub> per kilometre (of which only 10% are accounted for by operation and disposal stages), which is 6 times lower than car emissions. Rides on Jet electric scooters might replace up

to 22-25% of automobile drives, according to the company's estimations. Furthermore, the Jet team's extensive experience in the repair and maintenance of electric scooters enables reportedly a longer service life (on average 5 years), resulting in a 40% reduction in CO<sub>2</sub> emissions compared to the technological model of similar companies on the market. Electric scooters thus serve as full-fledged public transportation. During peak season, over 30 thousand trips are made daily on Jet in Almaty, and over 10 thousand rides are made in Astana, with rides covering at least 90% of the city, according to heat maps. Thus, by promoting micromobility in countries, Jet is assisting cities in improving the balance, modernity, and integration of their transportation networks. Jet, as experts in micromobility, often engages in working groups to set key industry standards, and it also shares heat maps with city authorities in designing bike lanes.

Recognising the significance and relevance of the Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development, Jet is committed to making a corporate contribution to attaining the following five SDGs through its Green Finance Framework:

- **Goal 8** “Decent work and economic growth” – promotion of sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.  
**Tasks:**
  - Ensuring decent employment for all women and men, including young people and people with disabilities, as well as fair compensation for equal labour;
  - Protecting labour rights and fostering dependable and safe working conditions for all employees;
- **Goal 9** “Industry, Innovation, and Infrastructure” – building resilient infrastructure, promoting sustainable industrialisation and fostering innovation.  
**Tasks:**
  - Promoting inclusive and sustainable industrialisation;
  - Promoting the construction of sustainable and safe infrastructure; and
  - Supporting domestic technology development, research, and innovation.
- **Goal 11** “Sustainable Cities and Communities”- Make cities and human settlements inclusive, safe, resilient and sustainable.  
**Tasks:**

Ensure everyone has access to safe, affordable, accessible, and sustainable transportation systems.
- **Goal 12** “Responsible consumption and production” – ensuring a shift to more sustainable consumption and production models.  
**Tasks:**
  - Transitioning to rational consumption and production models;
  - Significantly reduce the volume of wastes by taking measures to prevent, reduce, recycle, and reuse it.
- **Goal 13** “Combating climate change” – taking urgent measures to combat climate change and its consequences.  
**Tasks:**
  - Increasing resilience and ability to adapt to climate hazards and natural disasters;
  - Promoting the creation and promotion of mechanisms to strengthen climate change planning and management capabilities, with increased attention to women, youth, and local and marginalised communities.

The Company's activities are also guided by sustainable development principles, the most important of which are ensuring favourable social conditions, protecting the environment, and ensuring long-term financial sustainability based on best business practices and corporate governance principles. As a result, when implementing projects, the Company has internal procedures for identifying, assessing, and controlling any social and environmental risks.

## ABOUT THE COMPANY'S GREEN FINANCE FRAMEWORK

The Green Finance Framework (hereinafter referred to as GFF) as developed based on worldwide best practises and approaches to raising funds and using them for ecologically sustainable projects using green finance instruments. Green finance encompasses bonds, loans, and other forms of funding used to fund environmental projects:

- green bonds issued in accordance with this GFF and Green Bonds Principles, formulated by the International Capital Market Association (GBP, June 2022);
- green loans issued in accordance with this GFF and Green Loan Principles formulated by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association (GLP, February 2023);
- other financing methods that may be consistent with the principles of green finance and sustainable development.

Green finance can be raised in various currencies, for various terms, and under various conditions, depending on the commercial terms agreed upon by the Company, organisers/underwriters, and investors/lenders.

The Company agrees to observe the four fundamental principles of GBP and GLP specified in the following sections for any transaction involving green finance instruments:

1. Use of proceeds;
2. Project evaluation and selection;
3. Management of proceeds; and
4. Reporting.

## USE OF PROCEEDS

The Company declares that it intends to allocate 100% of proceeds from green finance instruments to finance the implementation of eligible green projects. The categories of eligible green projects described in Table 1 contribute to the achievement of environmental goals such as climate change mitigation and pollution prevention and control. Eligible green projects include assets, investments and other related and supporting expenses such as research and development.

Also, the funds raised can be used in whole or in part to refinance eligible green projects for a period no later than a three-year period (lookback period).

The proceeds from the first green bond / loan are planned to be used to expand the Company's fleet of e-scooters.

**Table No.1 Categories of eligible green projects**

| No. | Categories of eligible green projects  | Compliance with GBP, EU taxonomy, UN SDGs  | Compliance with the Taxonomy of Kazakhstan  | Indicative Examples of Performance Indicators  |
|-----|--|--|---|--|
| 1.  | Purchase of electric scooters. Clean transport infrastructure – public transport infrastructure – infrastructure for the use of e-scooters, unicycles and other personal mobility devices. | <b>GBP:</b> <ul style="list-style-type: none"> <li>• Pollution prevention and control</li> <li>• Environmentally friendly transport</li> </ul> <b>EU Taxonomy:</b> <ul style="list-style-type: none"> <li>• Operation of personal mobility equipment, bicycle logistics</li> </ul> <b>UN SDG:</b> <ul style="list-style-type: none"> <li>• SDG 9. Industrialization, innovation, infrastructure</li> <li>• SDG 11. Sustainable cities and human</li> </ul> | Clean transport – clean transport infrastructure – public transport infrastructure (clause 7.3.1) with a threshold for public transport of direct emissions of 50 grams of CO <sub>2</sub> e / passenger - km; no restrictions for cycling infrastructure | <ul style="list-style-type: none"> <li>• Annual greenhouse gas emissions avoided in tons of CO<sub>2</sub></li> <li>• Number of clean vehicles (scooters) involved</li> </ul> <b>Optionally:</b> <ul style="list-style-type: none"> <li>• Estimated reduction in car/truck use (number of kilometers driven or as a share of total passenger traffic)</li> </ul> |
| 2.  | Providing access to the system for sharing e-scooters, as well as  | <ul style="list-style-type: none"> <li>• SDG 11. Sustainable cities and human</li> </ul>   | Clean transport – clean transport infrastructure – clause 7.3.3 "Low-   | <ul style="list-style-type: none"> <li>• Reduced emissions of air pollutants: particulate matter (PM), sulfur oxides</li> </ul>  |



|  |  |  |  |   |
|--|--|--|--|---|
|  | developing software to provide access to the system for sharing e-scooters, including using a mobile application | settlements <ul style="list-style-type: none"> <li>• SDG 13. Climate action</li> </ul> | carbon transport planning” - integration of transport and planning that is conducive to the reduction in the use of passenger cars, to the multiple utilisation of land (reducing traffic jams, parking space), to moving away from cars and transition to a walking society. Clean transport information and communication technologies - clause 7.4.1 "ICTs that improve asset use, flow and modal improvement, regardless of mode of transport", in particular "car sharing schemes, smart cards, etc." | (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and non-methane volatile organic compounds (NMVOCs)) |
|--|--|--|--|---|

## PROCESS FOR PROJECT EVALUATION AND SELECTION

According to the GFF, the Company has formed a Working Group on Green Finance (hereinafter referred to as the Working Group) to assess and select projects, which is comprised of three experts in various fields, including a technical specialist, who are also permanent members of the Working Group. Furthermore, the Company reserves the right to hire additional independent experts as needed for quality assessment and project selection. The Working Group will assess potential green projects for conformity with the designated categories and thresholds provided in Table No. 1, environmental objectives, and potential risks when reviewing and selecting projects.

Thus, the Working Group is:

- checking the availability, quality, reliability, and completeness of the information provided on the project;
- verifying independent expertise on the project (if available);
- approving annual reports on issued green bonds and attracted green loans;
- supervising the implementation of this GFF;
- decides on inclusion in the list of permissible green projects, revising this list, and excluding projects that no longer meet the categories and criteria of permissible green projects.

In addition, the principle of no significant negative impact on the environment must be followed when reviewing and selecting projects that fit the selection criteria. This principle must be followed when projects conform with national legislation and the regulatory requirements of the country in which they are executed. If projects necessitate an environmental impact study in compliance with national legislation and regulations, the Company agrees to conduct such an environmental impact assessment. Account and assessment of environmental factors when considering projects includes ensuring that the project does not include activities that are illegal under national laws, regulations, or international conventions and treaties and are likely to cause significant degradation of the environment, working conditions, and social status of the population.

## MANAGEMENT OF PROCEEDS

As per GFF, the Company agrees to credit the net proceeds of the placement of green bonds or borrowings, or an amount equal to these net proceeds, to a separate account, form a separate portfolio, or separately account for it in another appropriate method within the framework of analytical management accounting.

At the same time, the Working Group will compare the balance of monitored income from the sale of green bonds/attracted green loan once a quarter during the period when green bonds/loans are in market circulation with the funds invested in the corresponding green projects during this period. If the Working Group concludes that a project does not satisfy the intended purpose based on the results of monitoring the intended use of attracted investments, the project is removed from the special portfolio of projects and, if possible, replaced by another approved project.

The Company also intends to temporarily invest any unused net proceeds from green bonds/loans in liquid and highly dependable financial instruments.

## REPORTING

The company undertakes to prepare a report on issued green bonds/raised green loans after a year from the date of issuance of green bonds/raising a green loan and thereafter annually until full repayment, and to update the reports if there are any major changes. These reports must include up-to-date information on the use of funds, including a list of projects to which green finance funds have been awarded, a brief description of the projects, an indication of the amount of funds granted, and an estimate of the projects' intended impact. If the Company may only offer restricted information for any reason, including confidentially, such information may be supplied in aggregate form (for example, the percentage of total income allocated to various kinds of projects). The Company will utilise qualitative performance indicators and, when possible, quantitative performance indicators to describe the projected impact of projects, as shown in Table 1, and will disclose the essential methodology and/or assumptions used in the quantitative conclusion. Furthermore, the Company shall refer to and use the guidance and impact reporting templates given in the Harmonised Framework for Impact Reporting, June 2023, where relevant.

Each of such annual reports will be reviewed by the Company's management before being published and archived in the public domain on the Company's official website.

## EXTERNAL REVIEW

The Company will engage an external assessment service provider to acquire an impartial opinion on the compliance of the green bond/loan or this GFF with the major components of GBP/GLP prior to the bond issue/loan raising. In this scenario, the Company has the opportunity to select any of the following methods of external assessment: an external consultant's opinion, verification, certification, or rating.

The first annual report of green bonds issued/green loans raised is subject to assessment by a third party or external auditor about the utilisation and distribution of incoming proceeds and funding for conformity with the criteria for green projects. Subsequent annual reports may be audited at the Company's discretion.

External assessments and annual reports will be published on the Company's official website from the moment of placement/raising until their maturity.

## 3. EVALUATION OF THE COMPANY'S GREEN BOND FRAMEWORK

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 Company.

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

The Company confirmed that the proceeds from the first Green Bonds planned to be issued / or Green Loan to be obtained<sup>2</sup> will be used for financing eligible Green Projects. The categories of

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<sup>2</sup> The Company is currently working on the preparation of issuance documentation (prospect) for the first green bond, while the option of a green loan is also on the table in the mid-term

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 projects implemented or to be implemented 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 the compliance / non-compliance of the Issuer's Green Finance Framework with the Green Bond Principles.** We believe that Jet's Green Finance Framework and related green bond issuance complies with the Green Bond Principles of the International Capital Market Association.
2. **Opinion on assigning a degree of alignment with the Green Bond Principles ranging from "Excellent" (High) to "Poor" (Low).** 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 Jet's Green Finance Framework and related first Green Bond Issue. Jet 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 green projects.

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

| <i>Threshold Grade</i> | <i>Degree</i> | <i>Definition</i>   |
|------------------------|---------------|---|
| High<br>=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 and/or social significance |

### EVALUATION OF THE CRITERION – USE OF PROCEEDS

The Company's GFF determines that the proceeds from the Green Bonds to be issued (or Green Loans to be obtained) will be exclusively used for financing eligible Green Projects, which contribute to environmental objectives. Eligible Green Project categories as shown above are consistent with the GBP.

The indicator listed below reflects our assessment of the criterion "Use of Proceeds".

| <i>Indicator</i>   | <i>Characteristic of the indicator (permissible, mandatory indicator, not recommended)*</i> | <i>Grade</i> |
|--|---|--------------|
| 1. 100% of proceeds are allocated to implementing and financing/refinancing of Green Projects that bring environmental benefits and are evaluated by the Issuer/Borrower for compliance with the eligible project categories in line with the GBP with regard to their qualitative and/or quantitative characteristics | Permissible   | 5            |
| <b>Weighted Criterial Grade</b>  |   | <b>2,25</b>  |

The Eligible Projects Categories specified in the GFF correspond to the projects categories set forth in the ICMA GBP, specifically, the following:

- **Clean transportation** (such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions).

The categories of eligible projects established in the GFF are also aligned with the priority UN Sustainable Development Goals to which they contribute, such as SGD 11 « Sustainable Cities and Communities» aimed at ensuring that everyone has access to safe, affordable, accessible and sustainable transport systems.

The Company plans to allocate the proceeds from the first green bond to be issued under the GFF to a project for the deployment of about 7170 e-scooters in Almaty and Astana to enhance the current fleet of e-scooters as part of Jet's services for providing access to the e-scooter sharing system using a mobile application, which will require purchasing, along with 7170 e-scooters, about 9320 rechargeable batteries and 1100 charging devices. These scooters will be part of the scooter infrastructure in Almaty and Astana. In 3 years, Jet is considering moving these e-scooters to other regions of Kazakhstan. The formal accounting depreciation lifetime for the scooters is 3 years, but Jet expects a service life of 5 years.

## ABOUT THE PROJECT EXPECTED TO BE FINANCED AS PART OF THE USE OF PROCEEDS FROM THE FIRST GREEN BOND

**Project:** Enhancement of the current fleet of e-scooters as part of providing access to the e-scooter sharing infrastructure using a mobile application (Kazakhstan)

**Purpose and description of the Project:** Deployment of about 7170 e-scooters in Almaty and Astana to enhance the current fleet of e-scooters as part of Jet's services for providing access to the e-scooter sharing system using a mobile application, which will require purchasing, along with 7170 e-scooters, about 9320 rechargeable batteries and 1100 charging devices. These scooters will be part of the scooter infrastructure in Almaty and Astana. In 3 years, Jet is considering moving these e-scooters to other regions of Kazakhstan. The formal accounting depreciation lifetime for the scooters is 3 years, but Jet expects a service life of 5 years.

**Environmental impact of the project** – annual avoided 220 tons of CO2 emissions.




### **Project review and assessment:**

Consideration and assessment by GFC of environmental factors when evaluating green projects for compliance with green project criteria consists of:

– making sure that the project doesn't include any activities that could result in a significant deterioration of the environment, social and working conditions, and life of the population;

– classification of the project in accordance with the categories of recognized international green finance principles or international and other national classifications given the quantitative threshold values specified in them, as well as assessing the project for positive environmental impacts.

The GFC screened the declared project activities for compliance with the green project taxonomy of the Republic of Kazakhstan and found that the project has sufficient grounds to be recognized as green for green finance purposes.

| Description of project activities  | Criteria established in the Green Taxonomy of Kazakhstan, including thresholds  | Yes/No  | Findings   |
|--|---|---|--|
| Providing access to an e-scooter sharing system using a mobile application   | Subsector 7.3.1 Public transport infrastructure<br>Threshold: For public transport - 50 grams CO <sub>2</sub> e / passenger - km; <b>cycling infrastructure - no threshold requirements</b>   |  | Compliant  |
| Contributing to a reduction in the use of passenger cars, in traffic jams, parking spaces and noise levels in the city | Subsector 7.3.3 Low carbon transport planning<br>Threshold: <b>none</b>   |  | Compliant  |
| Employing a mobile application in the project  | Subsector 7.4.1 ICTs that improve asset utilization, flow and modal improvement, regardless of the mode of transport<br>Threshold: Certificate of compliance with the series of standards ST RK ISO/IEC 30134 "Information technologies. Data centers. Key performance indicators", ST RK ISO 14001 "Environmental management systems. Requirements and guidance for use", ST RK ISO 50001 "Energy management systems. Requirements and guidance for use" |  | Corresponds to the description of the Taxonomy subsector, however, a certificate of conformity to one or more of the specified national/international (ISO) standards of RK is required for ultimate compliance with the subsector requirements. |

The stated project activity, which is providing access to an e-scooter sharing system using a mobile application - can be classified as falling under Subsector 7.3.1 "Public transport infrastructure" of the Green Taxonomy of the Republic of Kazakhstan - given the low-carbon nature of the infrastructure provided. The "Examples" column of the Green Taxonomy is not exhaustive, and projects can be classified under the appropriate subsector if they meet the basic definition (substantive content) of the subsector and related threshold criteria. In this case, the project can be deemed as falling under low-carbon public infrastructure definition, while also helping to reduce the use of traditional vehicles.

On average, a passenger car emits about 1 kg of carbon dioxide every 6 km of travel - that's 118 to 181 grams of CO<sub>2</sub> per kilometer. Meanwhile, the life cycle carbon footprint of the most modern scooters is about 23 grams of CO<sub>2</sub> per km, with only 10% associated with operation and disposal, and up to 90% of CO<sub>2</sub> emissions arising from the production and transportation stage<sup>3</sup>. According to a study by the Center of Excellence for Low Carbon and Fuel Cell Technologies (CENEX), supported by European Union authorities, the carbon footprint (life cycle) of e-scooters has been significantly reduced since they were first introduced by Voi Technology, showing a reduction of 70% to 35 grams of CO<sub>2</sub> per 1 kilometer<sup>4</sup>. According to Voi Technology research from 2022, emissions from new models of e-scooters are 23 grams of CO<sub>2</sub> per 1 km. This is almost 8 times less than car CO<sub>2</sub> emissions. For reference, an average petrol car emits 181g of CO<sub>2</sub> emissions per kilometre from exhaust emissions alone – i.e., without considering any emissions related to production or

<sup>3</sup> <https://www.voi.com/wp-content/uploads/2022/11/socio-economic-benefits-of-voi-s-shared-e-scooters.pdf>

maintenance<sup>4</sup>. In terms of other environmental impacts, cars, on average, emit over 28 times more PM2.5 particles per km travelled than the studied operator's shared e-scooters, according to the above research.

Another research by TIER, a leading European shared micro-mobility provider, with the results of a survey over 8.000 people across different cities, shows that on average 17.3% of TIER rides replace car rides (riding a scooter instead of personal car/taxi), with the share being as high as 22% in cities such as Berlin.

In Jet's operating experience, since the beginning of 2022, electric scooter users have traveled more than 16 million km. Assuming the 17% car ride replacement rate and that 1.2 people use a car on average while commuting to work<sup>5</sup>, it could be estimated that Jet's e-scooters result in about 410 tons of avoided CO2 emissions.

In 2023 the average distance coverage reported by Jet by one e-scooter is 1200 km, and Jet estimates that the e-scooters to be acquired within the project in consideration will result in extra 8,6 million km travelled by e-scooters, potentially yielding extra **220 tons of avoided annual CO2 emissions due to car travel replacement**.

As previously stated, the declared project activity also meets the content of clause 7.3.3 "*Low-carbon transport planning*" of the Green Taxonomy of the Republic of Kazakhstan – as helping to reduce the use of passenger cars, reuse of land (reducing the number of traffic jams, parking space), moving away from cars and switching to walking society, as well as (taking into account the use of a mobile application in the project) - significantly overlaps in content with clause 7.4 "*ICT that improves asset use, flow and modal improvement, regardless of the mode of transport*" of the Green Taxonomy of the Republic of Kazakhstan, in particular "*car sharing schemes, smart cards, etc.*"

As an impartial reference, the GFC examined the project's suitability as a "green" initiative in various international taxonomies, specifically the EU Taxonomy was analysed. Personal mobility aids are classified in the EU Taxonomy's *Clause 6.4. as "Operation of personal mobility equipment, bicycle logistics"*.

The following project activities are included in the EU taxonomy: the sale, purchase, financing, leasing, rental, and operation of personal mobility or transportation devices where movement is provided by the user's physical activity, a zero-emission motor, or a combination of a motor and zero-emission physical activity. This covers freight transportation (cargo) bicycle services.

The following indicators serve as technical screening evaluation criteria:

1. Significant contribution to climate change mitigation:

(1) The movement of personal mobility devices is powered by the user's physical activity, a zero-emission motor, or a combination of zero-emission motor and physical activity.

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<sup>4</sup> 1 BEIS, 2022. Greenhouse gas reporting: conversion factors 2022  
<https://networks.sustainablehealthcare.org.uk/resources/updated-uk-government-beis-greenhouse-gas-conversion-factors-database-2022>

<sup>5</sup> Idem. <https://www.tier.app/en/blog/the-7-myths-about-e-scooters> Occupancy rates by travel purpose in Europe in commuting to/from work is 1.1-1.2 per vehicle  
<https://www.eea.europa.eu/publications/ENVISSUENo12/page029.html>

(2) Personal mobility devices are permitted to be used on the same public infrastructure as bicycles or pedestrian walkways.

2. In accordance with the “Do not cause significant harm” (“DNSH”) criterion

Based on an examination of the Project's components for the presence of activities that could result in a significant deterioration of the environment, social working and living conditions of the population, GFC concludes that the Project does not pose significant harm or risks to the environment or social environment.

In particular, concerns about road safety, especially pedestrian safety, have arisen as the popularity of micro-mobility has grown. One aspect that stands out from crash data is that a considerable number of incidents is accompanied (or even caused) by the rider's incorrect use of the road infrastructure. A review of shared e-scooter services and road safety in six European countries<sup>6</sup> revealed that the largest estimated effects for cities with limited cycling infrastructure, while no effects are detectable in cities with high bike-lane density. This difference suggests that public policy can play a crucial role in mitigating accidents related to e-scooters and, more generally, to changes in urban mobility.

On June 22, 2023, amendments to the regulation of electric scooters in Kazakhstan were approved. In particular, it is determined that drivers of electric scooters must move in a bicycle lane. Where those are not available, e-scooters are allowed to move along the right edge of a roadway, subject to the conditions and prohibitions imposed by law. In particular, among such conditions are being of at least 18 years of age, having a vehicle driver's license, wearing a fastened helmet, and when driving in the dark, wearing clothes with reflective elements. E-scooters are allowed to travel on the sidewalk or pedestrian path at a speed not exceeding 6 km per hour.

**Thus, in terms of environmental consequences, this Project complies with the Republic of Kazakhstan's Green Taxonomy and can be assessed as meeting green project definitions.**

**Conclusion:** The project under consideration falls under the ICMA Green Bond Principles category for Clean transportation. Meanwhile, the project meets the Company's own criteria set out in the GFF and the EU Taxonomy criteria. Activities associated with offering access to the low-carbon transport sharing systems via a mobile application are covered by the Republic of Kazakhstan's Green Taxonomy and fall under the corresponding classifications in international practice, specifically the EU Taxonomy. Thus, the project activities contribute to the development of a low-carbon transportation industry.

However, given the latest regulatory developments as well as the current societal demand for ensuring the safety of road and pedestrian users, the GFC emphasises the importance of adhering to all requirements, permits, and regulations issued by the Republic of Kazakhstan's authorities.

**According to the undertaken analysis, the Project has enough grounds to be designated as green.**

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<sup>6</sup> Cannon Cloud, Simon Heß, Johannes Kasinger. Shared e-scooter services and road safety: Evidence from six European countries. *European Economic Review*, Volume 160, November 2023, 104593. <https://www.sciencedirect.com/science/article/pii/S0014292123002210>

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

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

The Company established a Green Bond Committee responsible for Green Projects evaluation and selection process, that includes finance, technical and strategy specialists as a core team, and other departments, where needed. The selection process for Eligible Projects under the GFF shall comply with the criterion of no significant adverse environmental effects.

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 and indicators of environmental effect.  | 1              |
| 3. The issuer has an internal document defining criteria for the selection of green projects and the procedure of their assessment, selection and coordination with the issuer’s governing bodies.  | 1              |
| 4. Disclosure of complementary information on processes by which the issuer identifies and manages perceived environmental risks associated with the relevant project(s)  | 1 <sup>7</sup> |
| 5. Disclosure of clear qualification criteria used in determining the compliance of projects with the green projects categories and their selection, including exclusion criteria   | 1              |
| 6. The issuer has quality certificates for ongoing green 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 | 0              |
| 7. 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 and / or projects in the field of sustainable development  | 0,5            |
| 8. Engaging an independent qualified party to make a decision on the selection of projects corresponding to the green project categories  | 0              |
| 9. 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              |
| <b>Sum of scores</b>  | <b>5,5</b>     |

<sup>7</sup> The Issuer's commitment to consider environmental risks during project selection and relevant approaches are included in the GFF.



|                           |   |
|---------------------------|---|
| Final Grade for Criterion | 5 |
| Weighted Criterial Grade  | 1 |

## EVALUATION OF THE CRITERION – MANAGEMENT OF PROCEEDS

Proceeds from the green bonds/green loans shall be credited by the Company to a separate account for separate accounting and control of proceeds accounting. Control over the balance of tracked proceeds from the green bonds/loans shall also be carried out. Green bond/loan proceeds that are not allocated to eligible projects will be deposited in or invested in liquid financial instruments.

The indicators listed below reflect our assessment of the criterion “Management of Proceeds”.

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 bond proceeds is clearly defined in the Issuer’s documentation  | 0,5            |
| 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 intended types of instruments for temporary placement of unused Green bond proceeds   | 1              |
| 5. Clear rules in place for investing temporarily unused Green bond proceeds taking into account ESG-factors  | 0 <sup>8</sup> |
| 6. Engaging an auditor or another third party to check the method for internal tracking of the intended use of Green bond proceeds  | 0,5            |
| <b>Sum of scores</b>  | <b>4</b>       |
| <b>Final Grade for Criterion</b>  | <b>5</b>       |
| <b>Weighted Criterial Grade</b>   | <b>0,75</b>    |

## EVALUATION OF THE CRITERION – REPORTING

The Company intends to make available to the public and maintain annual updated reports on the issued green bonds and/or loans from the date of issue until full repayment and in the event of any material changes on the allocation of proceeds to green projects and environmental impact. These reports will be published on the website of the Company.

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 bond* | 1            |

<sup>8</sup> No specific rules established for ESG investments (i.e. incorporation of ESG considerations), however the GFF describes the possible uses for unallocated proceeds

|  |                |
|--|----------------|
| 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 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 <sup>9</sup> |
| 6. The Issuer undertakes to engage independent qualified parties to evaluate its reporting on the implementation of the Green Bonds/ Social bonds and Sustainable Development Bonds Policy                               | 0,5            |
| <b>Sum of scores</b>   | <b>4</b>       |
| <b>Final Grade for Criterion</b>   | <b>5</b>       |
| <b>Weighted Criterial Grade</b>  | <b>1</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

## TOTAL WEIGHTED CRITERIAL GRADE

| Criterion                                   | Weighted grade: |
|---|-----------------|
| Use of Proceeds                             | 2,25            |
| Process of Project Evaluation and Selection | 1               |
| Management of Proceeds                      | 0,75            |
| Reporting and Disclosure                    | 1               |
| <b>TOTAL Weighted Criterial Grade</b>       | <b>5</b>        |

Chairman of the Management Board  
AIFC Green Finance Centre Ltd



NURSULTAN SERIKBAY

14.11.2023

## DISCLAIMERS 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 Bond 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.

<sup>9</sup> No specific methodologies established, however the GFF provides the list of project impact indicators with reference to the ICMA Harmonised Framework for Impact Reporting, published in June 2023

## ABOUT AIFC GREEN FINANCE CENTRE LTD

AIFC Green Finance Centre Ltd. is a legal entity incorporated in the AIFC jurisdiction since Dec 2019. Shareholders of GFC are AIFC Authority (95%) and Eurasian Development Bank (5%). Ultimate shareholder of AIFC Authority is the National Bank of Kazakhstan, with the Ministry of Finance of Kazakhstan responsible for trust management.

AIFC Green Finance Centre (GFC) has been working on the development of green finance market in Kazakhstan since 2016, starting with the Concept of green financial system for Kazakhstan (adopted by AIFC Authority in 2017) and a Strategy of AIFC regional leadership in green finance until 2025 (adopted in 2018), which reflects the main stages of institutional development of green finance in Astana International Financial Centre (AIFC) and Kazakhstan.

GFC's activities have been focused on 3 main directions:

- providing external review services to issuers of sustainable finance;
- setting the legal and regulatory landscape for the sustainable finance market both at AIFC and Kazakh jurisdiction;
- supporting the regional initiatives to uplift development in Central Asia.

GFC holds a licence issued by AIFC Regulator (AFSA) to provide consulting services (described as advisory services in the area of green finance and green economy (No. AFSA-A-LA-2019-0060) <https://publicreg.myafsa.com/details/191240900122/>.

66% green bonds and loans in the Republic of Kazakhstan have been externally reviewed by GFC. It's the only company in Central Asia accredited by the Climate Bonds Initiative and recognised by the International Capital Market Association (ICMA) in its External Review mapping.

GFC provided nearly 20 external review services in the form of a second party opinion to issuers of green and social bonds, as well as green loans (<https://gfc.aifc.kz/en/second-party-opinion>). Among major clients of GFC are large SOEs (Samruk Energy, Damu Fund), banks (Halyk Bank, DBK), financial institutions (MFO OnlineKazFinance) and non-financial corporations.

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