



EXTERNAL REVIEW IN THE FORMAT OF SECOND PARTY OPINION

ON COMPLIANCE OF THE GREEN AND SUSTAINABLE
FINANCING FRAMEWORK
OF THE **DEVELOPMENT BANK OF KAZAKHSTAN** JSC
WITH THE GREEN BOND PRINCIPLES/SOCIAL BOND PRINCIPLES/
SUSTAINABILITY BOND GUIDELINES OF THE INTERNATIONAL
CAPITAL MARKET ASSOCIATION, AS WELL AS
THE GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES
OF THE LOAN MARKET ASSOCIATION, ASIA PACIFIC LOAN MARKET
ASSOCIATION AND LOAN SYNDICATIONS & TRADING ASSOCIATION

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1 April, 2024

EXECUTIVE SUMMARY

Opinion on compliance / non-compliance of the Issuer's Green and Sustainable Financing Framework with the GBP, SBP, SBG, GLP and SLP¹



We believe that that the Green and Sustainable Financing Framework of the Development Bank of Kazakhstan JSC complies with the Green Bond Principles/Social Bond Principles/Sustainability Bond Guidance of the International Capital Market Association, as well as the Green Loan Principles and Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association.

Opinion on assigning a degree of alignment with the GBP, SBP, SBG, GLP and SLP 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 GBP, SBP, SBG, GLP and SLP we assigned the degree of compliance "Excellent" meaning that Development Bank of Kazakhstan JSC 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.

Scope of External Review

This assessment is intended to evaluate alignment of the Development Bank of Kazakhstan JSC's Green and Sustainable Financing Framework with GBP, SBP, SBG, GLP and SLP along with providing a general review of the potential use of proceeds from the Bank's third sustainable bond issue tentatively scheduled for April/May, 2024. This external review by GFC in the form of Second Party Opinion contains an evaluation of the Bank's Green and Sustainable Financing Framework as revised in March, 2024, by Management Board, to extend its coverage from green bonds to a broader spectrum of Green, Social and Sustainability Financing Instruments with the goal of ensuring transparency in the Bank's raising of investments through sustainable financing instruments with clear environmental and social characteristics, while also ensuring better alignment of the Framework with best international benchmarks (such as EU Taxonomy for sustainable activities, CBI taxonomy) as well as the national Green Taxonomy.

The preparation of the Second Party Opinion includes the study of the Issuer's relevant documentation and inputs provided through direct interaction with the Issuer as per Annex, as well as other publicly available information that may provide a description, details on and confirmation of compliance of processes involved in

¹ See Methodology section below for clarification

the implementation of the Bank's policies for Green/Social Bonds, Green/Social Loans and sustainable financing in general.

AIFC Green Finance Centre Ltd. (GFC) confirmed with the Bank, through document review and interviews held, that the proceeds from sustainable financing instruments will be used to finance and/or refinance, in part or in full, eligible sustainable projects that correspond to the GBP, SBP, SBG, GLP and SLP and contribute to environmental and social objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP, SBP, GLP and SLP. 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 published on the official website of the Bank for public access.

USE OF PROCEEDS. GFC considers that investments in the eligible sustainable projects as defined in the Use of Proceeds section of the GSFF are aligned with the GBP, SBP, GLP and SLP and can have positive environmental and social impacts.

The projects being considered by the Issuer for possible inclusion in the Eligible projects pool to be financed through the prospective sustainable bond issuance under the Green and Sustainable Financing Framework, based on GFC's review of the preliminary list of potential projects, such as a multidisciplinary hospital in Akmola Region (Kazakhstan), construction/reconstruction of roads of republican significance, 6 renewable energy projects, and others, are potentially aligned with GBP, SBP, SBG, GLP and SLP categories for renewable energy, affordable basic infrastructure (e.g. transport), access to essential services (e.g. health, education). DBK shall ensure compliance with its own criteria established in the GSFF.

PROJECT EVALUATION AND SELECTION. DBK has established a process for green and social project selection and evaluation carried out in accordance with the Bank's internal regulations on review, financing, monitoring and implementation of investment projects, and its Green and Sustainable Financing Framework, with responsible structural units submitting to the Credit Committee materials on the compliance or non-compliance of an investment project with sustainability project categories and criteria, including cases of bonds seeking certification. GFC considers that the project selection process is aligned with GBP, SBP, SBG, GLP and SLP in terms of establishing, documenting, and maintaining a decision-making process to determine the eligibility of projects and assets.

MANAGEMENT OF PROCEEDS. Allocation of DBK's Sustainable Financing Instruments proceeds is accounted for through a special off-system sub-account (in Excel) for separate accounting and control of Sustainable Financing Instrument use of proceeds. The Bank has identified a structural unit responsible for organizing, ensuring, and implementing an effective Sustainable Financing Instrument management process to account for the sub-account, as well as to maintain a Registry of sustainable projects tracking projects financed and / or refinanced and purchased sustainable bonds (if any) with proceeds from Sustainable Financing Instruments. GFC considers that the management of proceeds is aligned with the GBP, SBP, GLP and SLP in terms of tracking of proceeds, managing unallocated proceeds, earmarking funds to eligible projects and assets, as well as documenting and disclosing the related processes to the reviewers.

REPORTING. The Issuer adopted a Green and Sustainable Financing Framework and made it available prior to issuance. According to Sustainable Finance Instruments disclosure requirements in the Framework, the Bank intends to provide and keep publicly available annual updated reports on issued instruments, including certified bonds, from the date of issue until full allocation and in case of any significant changes, covering the report on the allocation of proceeds and on the environmental and/or social impact of each project. GFC considers that the reporting processes are aligned with the GBP, SBP, SBG, GLP and SLP in terms of disclosing projects and assets invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

Evaluation Date: April 1, 2024

Issuer Location: Astana, Kazakhstan

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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' sustainable finance frameworks and the corresponding business processes with the international Green, Social Bond Principles, Sustainability Bond Guidelines and Green, Social Loan Principles, AIFC Green Finance Centre Ltd. (hereinafter referred to as GFC) applies a number of approved methodologies as part of its External Review activity.

Specifically, GFC's Methodology in relation to sustainable bond issues (i.e. green, social and sustainability bonds) is employed for the preparation of External Reviews (Second Party Opinions) for compliance of a Green/Social/Sustainability Bond and other sustainability debt issues, including the Issuer's Green/Social/Sustainability Financing 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 (hereinafter referred to as ICMA).

With regard to green and social loans, a separate methodology is employed by GFC to express an independent opinion (Second Party Opinion) on the compliance of loans, including borrowers' sustainability finance frameworks to raise funds in the form of green/social loans, to the Green Loan Principles and Social Loan Principles (hereinafter referred to as GLP and SLP, respectively). The Principles were formulated by the Loan Market Association (Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association).

Given the full harmonization between the Green/Social Bond Principles and the Green/Social Loan Principles established by the above international standards setters, GFC's external review (Second Party Opinion) methodologies for sustainability bonds and sustainability loans are also aligned to a significant degree. Accordingly, in order to streamline the process of evaluating a company's sustainable finance framework that covers both bonds and loans, GFC applies to these sustainable finance instruments its Methodology on preparation of an external review for compliance of a sustainable bond issue to the green/social bond principles or sustainability bond guidelines, due to said Methodology setting more stringent requirements for compliance with international standards in relation to the issuance of bonds, while the criterial analysis required by the Methodology will be applied equally to possible loan instruments.

The preparation of a report 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 compliance of processes involved in the implementation of the company's policies for sustainability bonds, sustainability loans and sustainable financing 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 GFC expresses its opinion according to criteria-based assessments in the following order:

1. Opinion on compliance/non-compliance of the Company's Sustainability Finance Framework with the GBP, SBP, SBG. *Minimum threshold levels for all assessment criteria need to be met all at once for us to confirm that the Issuer's Sustainability Finance Framework is in line with the GBP, SBP, SBG.*
2. Opinion on assigning a degree of alignment with the GBP, SBP, SBG 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, SBP, SBG. According to this methodology, any degree of alignment other than "Poor" (Low) should be considered consistent with the GBP, SBP, SBG.*

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.

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 (for an important indicator that corresponds to a core principle in the GBP or SBP), a "0.5" score, or a "0.25" score (for less significant indicators that correspond to recommendations or encouraged practices in the GBP or SBP), 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 GFC's Methodology for each criterion.

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

To express an opinion on the degree of alignment with GBP, SBP, SBG 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% |

Grading Scale for the Level of Alignment with the GBP, SBP, SBG according to GFC's Methodology

| <i>Threshold Grade</i> | <i>Degree</i> | <i>Definition</i> |
|-------------------------|---------------|---|
| High > 4.5 | Excellent | Proceeds from the issuance of Green/Social/Sustainability bonds are most likely to be used for the implementation of Green/Social/Sustainability projects, respectively. The Green/Social/Sustainability 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 3,5 – 4,5 | Good | Proceeds from the issuance of Green/Social/Sustainability bonds are very likely to be used for the implementation of Green/Social/Sustainability projects, respectively. The Green/Social/Sustainability 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 3 – 3,5 | Satisfactory | The likelihood that proceeds from the issuance of Green/Social/Sustainability bonds will be directed to the implementation of Green/Social/Sustainability projects, respectively, is at an average level. The Green/Social/Sustainability 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 < 3 | Poor | The likelihood that proceeds from the issuance of Green/Social/Sustainability bonds will be directed to the implementation of Green/Social/Sustainability projects, respectively, is at a low level. The Green/Social/Sustainability 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

GFC's website - <https://gfc.aifc.kz/>, and can also be communicated through a press release via news services and/or relevant web sources.

2. DESCRIPTION OF THE BANK'S GREEN AND SUSTAINABLE FINANCING FRAMEWORK AND OTHER SUSTAINABILITY-RELATED STRATEGIC DOCUMENTS

BUSINESS OVERVIEW AND SUSTAINABILITY POLICIES

Development Bank of Kazakhstan JSC (hereinafter referred to as DBK, or Bank) is a national development institution and a bank authorized to implement the state investment policy and state support for industrial and innovative activities. The sole shareholder of the Development Bank is Baiterek National Managing Holding JSC. DBK has 2 subsidiaries: Industrial Development Fund JSC and DBK Capital Structure Fund B.V.

As one of the key institutions supporting the development of a non-resource economy DBK adheres to its strategic objective and mission to diversify the country's economy. The Bank's objectives are to improve and increase the efficiency of government investment activities, development of production infrastructure and manufacturing industry, assistance in attracting foreign and domestic investments into the economy of the Republic of Kazakhstan. A dedicated Law on the Bank sets out its objectives, functions, and powers.

As of December 31, 2022, the volume of DBK's loan portfolio in terms of direct lending amounted to KZT 1,774 billion (~ USD 3,93 billion), which, comparatively, is equivalent to 68% of the total long-term lending from commercial banks to non-primary sectors of the economy². However, DBK does not compete with commercial banks.

The Bank positions itself as committed to sustainable development and responsible investment, paying significant attention to the impact of its activities on Kazakhstan's economy, society, and the environment, as well as balancing the interests of its stakeholders. The Bank's activities directly or indirectly contribute to 14 of the 17 UN Sustainable Development Goals (the SDGs). For this purpose, the Bank adopted a Sustainable Development Policy in 2019.

The Bank's review and appraisal of investment projects mandatorily consider their compliance with environmental standards. In January 2023, the Bank adopted a policy titled 'Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles' that was developed in accordance with its Memorandum on Credit Policy, the Bank's Development Strategy for 2014–2023, Sustainable Development Policy, the Bank's Corporate Governance Code and other internal regulations taking into account the requirements of the UN Global Compact, the UN Principles for Responsible Investment, Sustainable Development Reporting Standards Global Reporting Initiative, as well as UN Sustainable Development Goals. As per DBK reports, 7 projects in renewables sector and 25 borrowers from different sectors have been assessed on compliance with ESG principles in line with the said Criteria for ESG assessment of project applicants.

² According to DBK's Annual report for 2022 with references to the data of the National Bank of the Republic of Kazakhstan

Moreover, according to the Green and Sustainable Financing Framework (and GFC confirmed with DBK through document review and interviews), DBK is committed to complying with the Guidance on ESG information disclosure for financial institutions approved by the Order of the Chairman of the Agency for Regulation and Development of the Financial Market #291 from 28 April 2023..

As per DBK's Development Strategy for 2024–2033 adopted in January 2024, which outlines the strategic stages of its implementation, in the short term, the Bank will focus on financing mainly mid- and upstream projects and projects aimed at import substitution. In the medium term, the Bank will focus on building a high-quality loan portfolio with an emphasis on financing projects that meet ESG criteria. In the long term, the Bank will diversify its loan portfolio and take measures to encourage emission reductions by the Bank's borrowers.

As per Annual report for 2022, the Bank financed 9 projects in the renewable energy sector and energy efficiency, including the 100 MW Astana EXPO-2017 Wind Power Plant; 100 MW Solar Power Plant in Kapshagay district of Almaty region; 20 MW Zhylga Solar Power Plant in Turkestan region; Turgusun-1 hydropower plant in East Kazakhstan region with 24.9 MW capacity; Construction of small hydropower plants in Sarkand district of Almaty region with a total capacity of 14.59 MW; Construction of Kaskelen 50 MW solar power plant (Mistral Energy Ltd.); Construction of a wind power plant with total capacity of 150 MW (incl. 100 MW WPP in Ayagoz district of East Kazakhstan region); Construction of wind farm "Ybyray" with a capacity of 50 MW in Kostanay district of Kostanay region; Construction of the Balkhash solar power plant with a capacity of 50 MW (Stage I) in Karaganda region.

As per the Green & Sustainable Financing Framework, the Bank plans on implementing and integrating ESG factors in its activities progressively in the coming years by determining "ESG rating" KPI and analytical KPI for the share of green projects in the loan portfolio (at least 10% annually) as indicators for successful implementation.

On March 29, 2023, the Bank had its debut issue of green bonds at the Kazakhstan Stock Exchange (KASE) in the amount of 10 billion tenge (~22,1M USD). Later that year, on December 25, 2023, the Bank placed its second green bond in the amount of 6,8 billion tenge (~15M USD) on the Astana International Exchange (AIX), obtaining the first Climate Bonds Initiative certification in Central Asia, with the AIFC Green Finance Centre as an approved verifier for compliance with CBI Standard criteria.

In April 2023, DBK approved a Roadmap for the implementation of ESG in its activities to demonstrate its commitment to ESG principles both in internal processes and in project financing. The Bank annually publishes Global Reporting Initiative (GRI)-compliant non-financial reports. In December 2023, the international agency Sustainable Fitch assigned the Bank an ESG rating of "3" with an overall score of 60.

In other aspects, the Bank intends to continue improving the level of corporate governance (including consideration of the inclusion of climate and ESG oversight competencies in the functionality of the Board of Directors) and human potential development, carrying on sponsorships, charitable and sustainability initiatives. In its operations, the Bank adopted the Green Office concept to manage the impact of everyday activities on the environment and has completely switched to electronic documentation, which reduced paper use almost by half.

DESCRIPTION OF THE BANK'S GREEN AND SUSTAINABLE FINANCING FRAMEWORK

With the aim of ensuring transparency of fundraising processes through green bonds the Bank adopted a Green Bond Framework (hereinafter referred to as GBF, or Framework) back in February, 2022, in accordance with the GBP and GLP, which was revised later in February, 2023, to include the Bank's purchasing of green bonds issued by Kazakhstani companies on the Kazakhstan Stock Exchange and (or) Astana International Exchange (AIX) in order to promote and support the development of a sustainable green finance market of Kazakhstan as additional use of proceeds area, and in December 2023 to allow for CBI standard certified bond issues.

This time, with the goal of ensuring transparency in the Bank's raising of investments through sustainable financing instruments with clear environmental and social characteristics, while also ensuring better alignment of the Framework with best international benchmarks (such as EU Taxonomy for sustainable activities, CBI taxonomy) as well as the national Green Taxonomy, Bank made a decision to extend GBF's coverage from green bonds to a broader spectrum of Green, Social and Sustainability bonds, loans and other financing instruments and thus, to revise the document and re-adopt it in the form of a Green and Sustainable financing Framework (hereinafter referred to GSFF, or Framework) in March, 2024, through the Management Board approval.

The GSFF is based on the four core components of the GBP and the SBP:

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

Under this Framework, the Bank can issue three types of sustainable financing instruments which may include bonds, loans and other types of financing instruments:

- Green Financing Instruments – the proceeds of which are exclusively allocated to Green Projects as described in the use of proceeds table below;
- Social Financing Instruments – the proceeds of which are exclusively allocated to Social Projects as described in the use of proceeds table below; and
- Sustainability Financing Instruments – the proceeds of which are allocated to both Green and Social Projects as described in the use of proceeds table below.




In addition to alignment with the GBP, SBP, SBG, GLP and SLP, the Bank may choose to seek certification in compliance with the requirements of the Climate Bonds Initiative ("CBI") Climate Bonds Standard (hereinafter referred to as the CBI Standard), where relevant sector specific criteria are available.

USE OF PROCEEDS






In the GSFF the Bank declares that 100% of the net proceeds from the Bank's Sustainable Financing Instruments are intended exclusively for green and/or social projects


financing and/or refinancing (partially or fully) and Purchased Sustainable Bonds, in accordance with the criteria and clauses defined below:

Eligible Green Projects:









| UN SDGs | Green Project Category | Description and Criteria |
|---|-------------------------------------|---|
|  | 1. Renewable energy sources | <p>Financing related to the construction, development, acquisition, maintenance, and operation of renewable energy including:</p> <p>Solar power, wind power and waste biomass energy</p> <p>Geothermal energy and hydropower with direct life cycle emissions of less than 100gCO₂e/kWh, declining to net-0gCO₂e/kWh by 2050.</p> <p>For waste biomass energy, life cycle GHG emissions must be at least 70% below the coal baseline (i.e. emissions from coal-fired power generation or the level of an internationally recognized fossil fuel comparator); and biofuel must be sourced from a sustainable feedstock.³</p> <p>With regard to renewable energy transmission and distribution infrastructure, dedicated connection to renewable power production facilities falling under the low carbon power threshold (100gCO₂e/kWh) are eligible.</p> |
|  | 2. Energy efficiency | <p>Financing related to investments in energy and resource efficiency, including:</p> <p>Improvement of energy efficiency in various sectors, such as refurbishments of buildings to include energy-saving retrofit of heating systems, refrigeration systems, lighting equipment etc.</p> <p>These projects will aim to achieve a minimum of 20% energy savings or 20% GHG emissions avoidance/reduction compared to baseline</p> <p>With regard to energy efficiency in energy transmission and distribution grids the minimum reduction in electricity losses is 10% compared to the baseline</p> |
|  | 3. Pollution prevention and control | <p>Financing related to investments in technology and related services to create a sustainable environment through reduction of environmental pollution, including:</p> <p>Eliminating or significantly mitigating environmental pollutants in water, air, and soil using biological, physical and chemical methods</p> <p>Waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy</p> |

³ Sustainable feedstock is defined as raw materials generated by environmentally sustainable methods (wood can only be represented by wood waste; raw materials obtained from lands with a high level of biodiversity and/or high carbon stocks are excluded, there is an assessment of the impact on soil quality and carbon stocks)

| | | |
|---|---|---|
|  | <p>4. Clean transportation</p> | <p>Financing related to the development, construction, acquisition, operation, maintenance and upgrades of zero-carbon and low-carbon transport assets:</p> <p>Zero-carbon transport: investments in passenger and freight vehicles with zero tailpipe emissions, such as electric cars, hydrogen cars, trains etc.</p> <p>Low-carbon transport</p> <ul style="list-style-type: none"> – Investments in low-carbon passenger vehicles with tailpipe emissions intensity of max. 50g CO₂/p-km until 2025 (from 2026 onwards, only vehicles with emission intensity of 0g CO₂/p-km are eligible) – Investments in infrastructure to support the use of zero-carbon and low-carbon vehicles <p>Investments in transportation infrastructure for mass transportation (expansion of train/metro networks, projects in relation to capacity improvement, station upgrades).</p> <p>For the avoidance of doubt, no more than 25% of freight of any zero-/low-carbon freight vehicles or of rolling stock will be dedicated to the transport of fossil fuels. Transportation infrastructure dedicated to the storage of fossil fuels is excluded.</p> |
|  | <p>5. Climate change adaptation</p> | <p>Financing related to making infrastructure more resilient to the impacts of climate change, including:</p> <p>Implementation of flood protection, flood prevention and warning systems and storm water management and warning systems</p> <p>Implementation of information support systems, such as climate observation, early warning systems and research and development on adaptation systems and infrastructure</p> |
|  | <p>6. Eco-efficient and/or circular economy adapted products, production technologies and processes</p> | <p>Development, production and introduction of environmentally friendly, reusable products, technologies and services (including eco-labeling, eco-packaging, certification, etc.)</p> |
|  | <p>7. Environmentally sustainable management of living natural resources and land use</p> | <p>Financing related to the acquisition, maintenance and sustainable management of natural resources such as land, water, air, minerals, forests, wild flora and fauna, including:</p> <p>Certified forests (FSC, PEFC or equivalent) and environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes</p> <p>Sustainable agriculture practices, climate smart farming and sustainable animal husbandry</p> |
|  | <p>8. Sustainable water and wastewater management</p> | <p>Financing related to the development, construction, acquisition, installation, operation and upgrades of sustainable water management projects, including:</p> <p>Investments in technologies to reduce overall water demand in stressed areas</p> <p>Sustainable infrastructure for clean water; wastewater treatment</p> <p>Other water related projects (e.g. freshwater infrastructure, wastewater infrastructure)</p> |

| | | |
|---|---------------------------|--|
|  | <p>9. Green buildings</p> | <p>Financing related to the construction and acquisition of energy-efficient buildings which either:</p> <p>Obtained a minimum certification for e.g. “BREEAM Excellent” or “LEED Gold” or similar recognized standard, or the “Platinum” or “Gold” certification under the national OMIR standard</p> <p>Have a primary energy demand at least 10% lower than the one resulting from the local Nearly Zero-Energy Buildings (NZEB) (for buildings built after December 31, 2020)</p> <p>Have reached at least EPC A level or are within the top 15% of the national or regional building stock (for buildings built before December 31, 2020)</p> <p>Investments and expenditures relating to the renovation of buildings leading to a reduction of primary energy demand of at least 30%</p> |
|---|---------------------------|--|

Eligible Social Projects

| UN SDGs | Social Project Category | Description and Criteria | Target Population(s) |
|--|--|--|--|
|    | <p>1. Access to Essential Services</p> | <p>Financing related to projects that provide and promote healthcare, education, vocational training and financial services.</p> | <p>Rural communities, locations where services are not yet easily accessible/available</p> |
|   | <p>2. Affordable Basic Infrastructure</p> | <p>Financing related to projects that provide and promote infrastructure related to transportation, access to clean drinking water, sewerage, sanitation and energy.</p> | <p>Underserved, Vulnerable groups, Low-income individuals</p> |
|  | <p>3. Employment Generation</p> | <p>Financing related to programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.</p> | <p>Unemployed</p> |
|  | <p>4. Food Security and Sustainable Food Systems</p> | <p>Financing related to projects that provide, promote physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers.</p> | <p>Vulnerable groups, Underserved, Low-income individuals</p> |
|  | <p>5. Socioeconomic Advancement and Empowerment</p> | <p>Financing related to locally-led initiatives with positive social, environmental and business impacts.</p> | <p>Underserved, Under-educated, People with disabilities</p> |

Net proceeds raised through the issuance of green, social and sustainability bonds can also be used to purchase green, social and sustainability bonds issued by Kazakhstani companies in order to promote and support the development of the sustainable finance market in the country. Purchased sustainable bonds must be aligned with the ICMA GBP,

SBP and/or SBG and their Use of Proceeds will adhere to the criteria and exclusions set out in the Framework. The proportion of net proceeds of any sustainable bond issuance used for purchased bonds will be limited to 15% of the Bank's issuance.

When issuing green bonds for which the Bank expects to be certified under the CBI Standard, the nominated green projects eligible for financing and/or refinancing with green bond proceeds are determined in accordance with the CBI Industry Criteria Standard, taking into account all the requirements of the CBI Standard.

In terms of exclusion criteria, aside from the exclusion lists adopted by the Bank in its environmental and social risk assessment policies, according to the GSFF, financing related to the following activities are excluded from the financing and/or refinancing by the Bank's Sustainable Financing Instruments:

- Fossil fuel energy
- Nuclear energy
- Large Hydro > 25MW
- Gambling
- Tobacco
- Alcohol
- Weapons.

PROCESS FOR PROJECT EVALUATION AND SELECTION

For projects that may be eligible for financing from the issuance of Sustainable Financing Instruments, at the stage of preliminary analysis the Bank screens projects for compliance with the categories of green and social projects specified above in the Use of Proceeds section, as well as for compliance with the Bank's mission and strategic goals. Environmental and social risks are also taken into account, including it as part of the assessment of investment projects' compliance with the principles of environmental, social and corporate governance (ESG). These risks are identified by the Credit Committee at the stage of approving projects for financing through the issuance of Sustainable Financing Instruments.

The process of selecting and evaluating green and social projects is carried out in accordance with the internal act governing the procedures for considering, financing, monitoring and implementing investment projects in the Bank, this Framework and other internal acts of the Bank.

Evaluation and selection of green projects, in addition to following eligible project criteria set out above (hereinafter referred to as eligible sustainable project criteria), are also carried out according to the taxonomy of green projects to be financed through green bonds and green loans, approved by Decree of the Government of the Republic of Kazakhstan dated December 31, 2021, No. 996 (hereinafter referred to as Green Taxonomy) with regard to corresponding or adjacent project categories and sectors. In cases where projects being evaluated by the Bank fall under the Green Taxonomy subsectors explicitly excluded from financing through Sustainable Financing Instruments as set out above, and/or where threshold criteria in terms of emission intensity or energy efficiency percentages indicated in the eligible sustainability project criteria are more stringent than the ones established in the

Green Taxonomy for the corresponding subsectors, the criteria for eligible sustainability projects prevail.

Responsible structural divisions provide the Credit Committee with materials on the compliance or non-compliance of the investment projects with the categories and criteria of eligible sustainability projects. If necessary, the Bank may engage external consultants for the selection and evaluation of green and/or social projects.

The Credit Committee decides whether the project meets the categories and criteria of eligible green and/or social projects or not. A project that receives a decision that it does not meet the categories and criteria for green or social projects is not allowed to be financed and/or refinanced with Sustainable Financing Instrument proceeds.

The process described for selecting and evaluating green and social projects applies to the selection and evaluation of Purchased Sustainable Bonds for potential financing by Sustainable Financing Instruments, in relation to the assessment of their alignment with the ICMA GBP, SBP and/or SBG (including the need for an external review confirming this alignment), and the alignment of their use of proceeds with the Use of Proceeds criteria and exclusion list as well.

MANAGEMENT OF PROCEEDS

As per GSFF, the department of Funding and International Cooperation of the Bank in cooperation with the Accounting and Reporting department will be responsible for organizing, ensuring and implementing an effective process of management of proceeds from Sustainable Financing Instruments, as well as accounting of their distribution by maintaining management accounting through a dedicated off-system sub-account (prepared in an Excel spreadsheet), with the results posted in a special section of the Bank's reporting on Electronic Document Management System.

The structural division responsible for customer engagement and development of customer relationship and interaction with financial institutions keeps a register of green and/or social projects and Purchased Sustainable Bonds (if any) (hereinafter – the Register), which accounts for green and/or social projects and Purchased Sustainable Bonds (if any) financed and/or refinanced by Sustainable Financing Instrument proceeds and generates reporting on the sub-account. Sub-account reporting is designed to inform stakeholders, counterparties, and the public about the appropriate use of Sustainable Financing Instrument proceeds.

The structural division responsible for organizing, ensuring and implementing an effective Sustainable Financing Instrument proceeds management process shall monitor the sub-account balance and the current state of balances on a quarterly basis and shall identify the deviation of the aggregate amount of green and/or social projects and Purchased Sustainable Bonds (if any) and Sustainable Financing Instrument proceeds.

If, for any reason, the aggregate amount of the financed green and/or social projects and Purchased Sustainable Bonds (if any) in the sub-account is less than the total net proceeds of outstanding Sustainable Financing Instruments, the Bank will manage the unallocated amount in accordance with the Bank's Investment Portfolio Management Policy

until the amount of green and/or social project financing and Purchased Sustainable Bonds (if any) and/or refinancing is equal to the proceeds from the Sustainable Financing Instruments.

Green and/or social projects and Purchased Sustainable Bonds (if any) included in the Register are subject to monitoring for compliance or non-compliance with the criteria and exclusion list identified in the Use of Proceeds, at least once a year.

A project that does not comply with the criteria set out in the Use of Proceeds section of the Framework or, in the case of a project being considered for financing by green bonds certified according to the CBI Industry Criteria Standard, does not comply with the relevant CBI Criteria, is removed from the Register and financing from Sustainable Financing Instrument proceeds for such project and/or Purchased Sustainable Bonds is terminated. If possible, each excluded project is replaced by another green or social project and/or Purchased Sustainable Bonds.

The Bank ensures that an independent external consultant evaluates the Sustainable Financing Instrument proceeds management process.

REPORTING AND DISCLOSURE

The Bank undertakes to issue annual reports on the use of proceeds from Sustainable Financing Instruments, their intended purpose and the impact of green and/or social projects and Purchased Sustainable Bonds (if any) by December 25 of each year. Statements shall be published annually until full allocation of the Sustainable Financing Instruments, on the official website <https://www.kdb.kz> in accordance with the procedure specified in the Bank's Information Disclosure Rules.

Reporting will include, but is not limited to, the following information:

- 1) about the distribution of proceeds from Sustainable Financing Instruments:
 - net proceeds received from each Sustainable Financing Instrument;
 - amount of proceeds allocated to each green or social project;
 - balance of unallocated proceeds at the end of the reporting period;
- 2) on the environmental or social impact of each green or social project:
 - progress and status of the green or social project;
 - actual effect, calculated in quantitative and qualitative terms, including but not limited to in terms of the following impact indicator metrics:

| Eligible Green Category | Potential Impact Indicators |
|------------------------------------|---|
| 1. Renewable energy sources | Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/a Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) Additional capacity of renewable energy plant(s) constructed or rehabilitated in MW |
| 2. Energy efficiency | Annual GHG emissions reduced/avoided in tonnes of CO2e |

| | |
|---|--|
| 3. Pollution prevention and control | <p>Amount of waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tonnes p.a.</p> <p>Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)</p> <p>Absolute or % reduction in local pollutants to air, land and water</p> |
| 4. Clean transportation | <p>Annual GHG emissions reduced/avoided in tCO₂-e p.a.</p> <p>Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)</p> |
| 5. Climate change adaptation | <p>Increase in grid resilience, energy generation, transmission/distribution and storage in MWh</p> <p>Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m³</p> <p>Increased number of people/businesses/acres with secure water supply</p> <p>Number of kms of road, rail or other infrastructure adapted</p> |
| 6. Eco-efficient and/or circular economy adapted products, production technologies and processes | <p>The % increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes p.a.</p> <p>The % and/or absolute amount in tonnes p.a. of virgin raw materials that are substituted by secondary raw materials and by-products from manufacturing processes</p> |
| 7. Environmentally sustainable management of living natural resources and land use | <p>Reduction in net GHG emissions, GHG intensity (e.g. tCO₂e/unit of output) or energy intensity (e.g. GJ/unit of output)</p> <p>Water savings from improved irrigation, stormwater and rainwater capture, groundwater recharge and/or the reuse of highly treated wastewater (e.g. m³/year)</p> |
| 8. Sustainable water and wastewater management | <p>Annual absolute (gross) water use before and after the project in m³/a, reduction in water use in %</p> <p>Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³/a and p.e./a and as %</p> <p>Number of people with access to clean drinking water (or annual volume of clean drinking water in m³/a supplied for human consumption) through infrastructure supporting sustainable and efficient water use (where average consumption per person is consistent with internationally recognized standards for sustainable water use)</p> |
| 9. Green buildings | <p>Certification Standards</p> <ul style="list-style-type: none"> – Type of scheme, certification level <p>Amount p.a. of waste minimised, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes p.a.</p> |
| Eligible Social Category | Potential Impact Indicators |
| 1. Access to Essential Services | <p>Number of patients benefitting from healthcare or medical treatment</p> <p>Number of hospitals and other healthcare facilities built/upgraded</p> <p>Number of health-related R&D programs funded</p> <p>Number of education facilities and/or initiatives</p> |
| 2. Affordable Basic Infrastructure | <p>Kilometres of feeder roads rehabilitated/constructed</p> <p>Number of people with access to affordable transport systems</p> <p>Number of water infrastructure projects built/upgraded</p> <p>Number of new household power connections</p> <p>Number of people provided access to clean and affordable energy</p> |
| 3. Employment Generation | <p>Number of people trained in new vocational skills</p> <p>Number of people benefitting from improved employment</p> <p>Number of people with upskilled employment resulting from training</p> |
| 4. Food Security and Sustainable Food Systems | <p>Number of people benefitting from agricultural projects and using improved farming technology</p> |
| 5. Socioeconomic Advancement and Empowerment | <p>Number of women provided with access to equal pay employment opportunities</p> <p>Number of vulnerable people benefitting from measures to mitigate the consequences of climate change such as natural disasters</p> |

The Bank intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA’s “Handbook – Harmonized Framework for Impact Reporting (June 2023) and Harmonised Framework for Impact Reporting for Social Bonds (2023).

With regard to net proceeds used for purchased sustainable bonds, the Bank will include into the reporting the details of the purchased bonds (such as the issuer name, issuance date, principal amount, maturity, use of proceeds categories and criteria, external review, confirmation of alignment to the ICMA GBP, SBP and/or SBG etc. for each Purchased bond) as well as the expected impact for each Purchased bond.

EXTERNAL REVIEW

The Bank has appointed Sustainable Fitch and AIFC Green Finance Centre to provide Second Party Opinions on the Green & Sustainable Financing Framework, to confirm alignment with the GBP, SBP, SBG, GLP and SLP. The Second Party Opinions are available at <https://www.kdb.kz>.

The Bank will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation and impact of Sustainable Financing Instrument proceeds to eligible projects, provided by an external review provider.

If a green bond is to be certified according to the CBI Standard, the AIFC Green Finance Centre will provide an external assessment of the compliance of the bonds and Framework with the specified standard in a verification format. The Climate Bond Initiative reviews each green bond issue seeking CBI Standard certification and the associated approved verifier's report against its certification requirements.

3. EVALUATION OF THE BANK’S GREEN AND SUSTAINABLE FINANCING FRAMEWORK AND OTHER DOCUMENTS

In this section, we describe the assessment of the GSFF and other relevant documents of the Bank for compliance with the GBP, SBP, GLP and SLP in accordance with GFC’s Methodology for preparing an external assessment. The information used for these purposes was obtained by means of direct interaction with the Bank (see Annex).

GENERAL ASSESSMENT AND DETERMINATION OF THE DEGREE OF COMPLIANCE

GFC confirmed with the Bank, through document review and interviews held, that the proceeds from sustainable financing instruments will be used to finance and/or refinance, in part on in full, eligible sustainable projects, including those financed through Purchased Sustainable Bonds (if any). The categories and criteria for eligible sustainable projects correspond to the GBP, SBP, SBG, GLP and SLP and contribute to environmental and social objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP, SBP, SBG, GLP and SLP. 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 published on the official website of the Bank for public access.

1. Opinion on compliance/non-compliance of the Issuer's Green and Sustainable Financing Framework with the GBP, SBP, SBG, GLP and SLP. Based on the

evaluation for meeting the minimum threshold levels for all assessment criteria, we are of the opinion that the Issuer's GSFF meets the mandatory and partially additional values of the criteria, and, accordingly, **we are of the opinion that the Green and Sustainable Financing Framework of the Development Bank of Kazakhstan JSC complies with the Green Bond Principles/Social Bond Principles/Sustainability Bond Guidelines of the International Capital Market Association, as well as the Green Loan Principles and Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association.**

2. **Opinion on assigning a degree of alignment with the GBP, SBP, SBG, GLP and SLP 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 GBP, SBP, SBG, GLP and SLP **we assigned the degree of compliance "Excellent"** meaning that Development Bank of Kazakhstan JSC 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 social significance.

Grading Scale for the Level of Alignment with the GBP, SBP, SBG, GLP and SLP

| <i>Threshold Grade</i> | <i>Degree</i> | <i>Definition</i> |
|------------------------|---------------|---|
| High > 4.5 | Excellent | Proceeds from the issuance of Sustainable Financing Instruments are most likely to be used for the implementation of Green, Social and Sustainability Projects The Green, Social and Sustainability 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 and social significance. |

EVALUATION OF THE CRITERION – USE OF PROCEEDS

The indicators listed below reflect 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, Social and Sustainability Projects that bring environmental and social benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP/SBP/SBG with regard to their qualitative and/or quantitative characteristics | Permissible | 5 |
| WEIGHTED CRITERIAL GRADE | | 2,25 |

Historically, the Bank listed and placed 2 green bonds under the previous Green Bond Framework in March 2023, on Kazakhstan Stock Exchange in the amount of KZT 10 billion and in December 2023 on Astana International Exchange (AIX) in the amount of USD 15 million.

This current assessment specifically focuses on DBK's updated Green and Sustainable Financing Framework and planned *third* sustainable bond issue ("Sustainable Notes" as per draft drawdown prospectus) tentatively scheduled for April-May, 2024, (a sustainable tranche within a wider bond programme ("Medium term note programme")), and contains an evaluation of the Bank's Framework as revised in March, 2024, by Management Board, to extend its coverage from green bonds to a broader spectrum of Green, Social and Sustainability bonds and loans with the goal of ensuring transparency in the Bank's raising of investments through sustainable financing instruments with clear environmental and social characteristics, while also ensuring better alignment of the Framework with best international benchmarks (such as EU Taxonomy for sustainable activities, CBI taxonomy) as well as the national Green Taxonomy.

As per the draft drawdown prospectus, DBK intends to apply the net proceeds of the sustainable bonds to finance and/or refinance eligible sustainable projects which meet set eligibility criteria of certain eligible sustainable project categories in accordance with DBK's GSFF. With regard to this particular third sustainable bond issuance, the Bank intends to direct the proceeds to financing (through its lending operations mostly) a pipeline of projects currently undergoing internal assessments for compliance with eligible project criteria, impact assessment and due diligence procedures. GFC obtained from DBK a preliminary list of potential projects to be financed by DBK through prospective sustainable bonds under the GSFF, which includes potential green and social projects, such as (for illustrative purposes only) a multidisciplinary hospital in Akmola Region (Kazakhstan), construction/reconstruction of roads of republican significance, 6 renewable energy projects, and others.

The projects under consideration, based on a preliminary review of descriptions, are potentially aligned with the International Capital Markets Association (ICMA) Green Bond and Social Bond Principles categories for renewable energy, affordable basic infrastructure (e.g. transport), access to essential services (e.g. health, education). DBK shall ensure compliance with its own criteria established in the GSFF.

EVALUATION OF THE CRITERION – PROCESS FOR PROJECT EVALUATION AND SELECTION

The objectives of eligible green and social projects are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability, which is in alignment with the GBP, SBP, SBG, GLP, SLP, and the Issuer established a decision-making process which it uses to determine the eligibility of projects and assets.

Specifically, the Bank established responsible divisions for eligible sustainable projects screening, evaluation and selection process which consist of members of corresponding structural units depending on the project needs. Responsible units prepare materials and recommendations that are subject to final approval by the authorized body of the Bank (Credit Committee).

Additionally, the eligible sustainable projects planned for financing and/or refinancing will also undergo other internal evaluation, including environmental and social risk assessment, procedures established in the Bank, such as its Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles.

GFC obtained from the Bank sample evidence of the processes described in the previous Green Bond Framework's versions (for previous green bond issues), such as the so called Nominations (i.e recommendation for the Credit Committee signed by Managing Director of Customer Department) of a green project for inclusion in the list of eligible green projects as part of the CBI certified green bond issuance, that are further considered and approved by the Credit Committee.

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

| <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 and/or social aspects, including goals to achieve improvements in the ecological and/or social 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 and/or social environment. | 1 |
| 2. Disclosure by the issuer of the goals of issuing green/social bonds/projects and/or sustainability bonds/projects with directions and indicators of environmental/social effect. | 1 |
| 3. The issuer has an internal document defining criteria for the selection of projects of environmental and/or social orientation 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 social and environmental risks associated with the relevant project(s) | 1 |
| 5. Disclosure of clear qualification criteria used in determining the compliance of projects with the categories of environmental and/or social projects and their selection, including exclusion criteria | 1 |
| 6. The issuer has quality certificates for ongoing environmental and / or social projects or conclusions from leading international or independent Kazakhstani verifiers confirming the compliance of projects with the required environmental / social 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 / social projects, the quality of social services (for social projects) and / or compliance with investment requirements in the field of sustainable development | 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 / social projects and / or projects in the field of sustainable development | 0 |
| 8. Engaging an independent qualified party to make a decision on the selection of projects corresponding to the categories of environmental projects / social projects | 0,5 |

| | |
|---|----------|
| 9.The issuer has a policy for determining social and / or environmental risks either in the project documentation or in the policy for determining environmental and / or social risks, which discloses qualification criteria for determining social and / or environmental risks associated with the implementation of projects | 0,5 |
| Sum of scores | 6 |
| Final Grade for Criterion | 5 |
| WEIGHTED GRADE FOR CRITERION | 1 |

EVALUATION OF THE CRITERION – MANAGEMENT OF PROCEEDS

The Issuer’s GSFF provides that the net proceeds from the issue of Sustainable Financing Instruments will be accounted for in a special off-system sub-account and labelled as Green/Social/Sustainability Bonds. Thus, DBK uses internal financial reporting systems to track and monitor the earmarking and disbursement of proceeds to the nominated eligible projects and to the purchase of sustainable bonds (if any). GFC confirmed with DBK that this system is in place having examined DBK’s working spreadsheets on the tracking of sustainable bond issues and allocation to green and/or social projects, including those financed by means of Purchased Sustainable Bonds (if any) (excel file). For instance, this tracking via “Special off-system sub-account for allocation accounting “Green Bonds” is in place with regard to the Bank’s debut green bonds issued at the Kazakhstan Stock Exchange in March 2023, and second (CBI certified) green bond issued on AIX in December 2023.

The Bank will manage the unallocated amount in accordance with the Bank’s Investment Portfolio Management Policy until the amount of green and/or social projects financed and / or refinanced and Purchased Sustainable Bonds (if any) equals to the proceeds from the Sustainable Financing Instruments.

GFC considers that the management of proceeds is aligned with the GBP, SBP, GLP and SLP in terms of tracking of proceeds, managing unallocated proceeds, earmarking funds to eligible projects and assets, as well as documenting and disclosing the related processes to the reviewers.

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

| <i>Indicator (Subfactor)</i> | <i>Score</i> |
|--|--------------|
| 1.The net proceeds from the issuance of Green/Social/Sustainability 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/Social/Sustainability bond proceeds is clearly defined in the Issuer’s documentation | 0,5 |
| 3.The issuer, while the Green/Social/Sustainability 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/Social/Sustainability bond proceeds | 1 |
| 5.Clear rules in place for investing temporarily unused Green/Social/Sustainability bond proceeds taking into account ESG-factors | 0 |
| 6.Engaging an auditor or another third party to check the method for internal tracking of the intended use of Green/Social/Sustainability bond proceeds | 0,5 |

| | |
|-------------------------------------|-------------|
| Sum of scores | 4 |
| Final Grade for Criterion | 5 |
| WEIGHTED GRADE FOR CRITERION | 0,75 |

EVALUATION OF THE CRITERION – REPORTING AND DISCLOSURE

The Disclosure Rules of Development Bank of Kazakhstan JSC (hereinafter referred to as “Rules”) are approved by the decision of the Board of Directors dated May 28, 2010 (Minutes No. 113), as amended by the decision of the Board of Directors of Development Bank of Kazakhstan JSC dated May 31, 2019 (Minutes Np. 218-2019-11) to maintain the reputation of the Bank as a transparent financial institution, increase confidence in the activities of the Issuer, strengthen trust between the Issuer and stakeholders, create and improve the investment attractiveness of the Issuer by increasing its information transparency. Thus, the Issuer confirms its unfailing readiness to follow the best corporate governance standards in disclosures, adhering to such principles as reliability, objectivity, openness, completeness, materiality, regularity, promptness, and confidentiality of the information, accessibility, and equality.

Adhering to its Rules, as well as in accordance with the GSFF, the Issuer intends to provide and keep publicly available annual updated reports on use of proceeds and expected impact of projects until full allocation and in the case of any material developments. These reports will be published on the official website of the Bank <https://www.kdb.kz/kz/>.

Where feasible, the Bank will provide information on the list of projects to which sustainable financing instruments’ proceeds will be allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.

Importantly, information on proceeds allocated to finance sustainable projects through the purchase of sustainable bonds of other companies (with the aim of supporting the national sustainable finance market) will be provided separately in order to comply with ICMA Guidance Handbook in terms of transparency.

GFC considers that the reporting processes are aligned with the GBP, SBP, SBG, GLP and SLP in terms of disclosing projects and assets invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

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

| <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/Social/Sustainability bond* | 1 |
| 2. Reporting includes the disclosure of information on the nature of investments and the expected environmental and/or social 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 proceeds have been allocated, with a detailed breakdown by area (category), as well as on | 0,5 |

| | |
|--|----------|
| the environmental and/or social effect and implementation progress of individual projects | |
| 5. Methodologies in effect (or their drafts) and assumptions used to calculate environmental and/or social performance indicators are available | 0 |
| 6. The issuer undertakes to engage independent qualified parties to evaluate its reporting on the implementation of the Green Bonds/ Social bonds and Sustainability Bonds Framework | 0,5 |
| Sum of scores | 4 |
| Final Grade for Criterion | 5 |
| WEIGHTED GRADE FOR CRITERION | 1 |

* 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.

FINAL WEIGHTED CRITERIAL GRADE

| Criterion | Weighted Grade: |
|--|-----------------|
| <i>Use of Proceeds</i> | 2,25 |
| <i>Process of Project Evaluation and Selection</i> | 1 |
| <i>Management of Proceeds</i> | 0,75 |
| <i>Reporting and Disclosure</i> | 1 |
| FINAL WEIGHTED GRADE FOR CRITERION | 5 |

DISCLOSURE AND LIMITATIONS

An External Review (Second Party Opinion) reflects our opinion on the expected results from the issuance of Green and/or Sustainable Bonds and on the compliance of the Issuer's Green and Sustainable Financing Framework with the GBP, SBP and SBG administered by International Capital Market Association and the GLP and SLP administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association. 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.

Chairman of the Management Board
AIFC Green Finance Centre Ltd



NURSULTAN SERIKBAY

April 1st, 2024

ANNEX. List of Documents Reviewed and Interviews

Review of Documentation

Documents provided by DBK that relate to the prospective Green and Sustainable Bonds under the Green and Sustainable Financing Framework are listed below. These have been used as direct sources of evidence for the SPO conclusions, and are also further checked, as considered appropriate, through interviews with key personnel.

1. Green and Sustainable Financing Framework
2. Draft Prospectus on the Bond Issue (draft Base Prospectus and Drawdown Prospectus in relation to the Medium Term Note Programme)
3. DBK's Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles as approved by the Credit Committee of Development Bank of Kazakhstan JSC in January 2023
4. Working spreadsheets on the tracking of DBK's sustainable bond issues and allocation to green projects (excel file titled 'Dedicated off-system sub-account for accounting for allocation of Green Bond proceeds')
5. Information on DBK's previous green bond issues and a sample of related project documentation:
 - 5.1. DBK's previous Green Bond Frameworks (as of February 1, 2022, and later revisions)
 - 5.2. Nomination #1 (i.e recommendation for the Credit Committee by Managing Director of Customer Department) of a green project for inclusion in the list of eligible green projects as part of the CBI certified green bond issuance (Construction and commissioning of a 150 MW wind power plant located near the city of Khromtau, Aktobe region)
 - 5.3. Nomination #2 (i.e recommendation for the Credit Committee signed by Managing Director of Customer Department) of a green project for inclusion in the list of eligible green projects as part of the CBI certified green bond issuance (Modernization of a 220.95 MW wind farm in the Akmola region" consisting of 5 different wind power plants (Borey wind farm 100 MW, EnergoTrust wind farm 50 MW, Sofievskaya wind farm 40 MW, Arkalykskaya wind farm 15 MW and Jasil Jel Energy wind farm 15 MW)
 - 5.4. Nomination #3 (i.e recommendation for the Credit Committee signed by Managing Director of Customer Department) of a green project for inclusion in the list of eligible green projects as part of the CBI certified green bond issuance (Construction of a solar power station Balkhash 50 MW near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP))
 - 5.5. Verification report for pre-issuance certification for the Green Bond of the Development Bank of Kazakhstan, issued by GFC (as CBI approved verifier) on December 15, 2023
 - 5.6. SPO issued earlier by GFC on 13 June, 2022, re: the compliance of a green loan to be obtained by ERG (i.e. parent company of JSC "Kazakhstan Electrolysis Plant", DBK's borrower re: the Khromtau WPP project), which includes project assessment for compliance with Kazakhstan's Green Taxonomy
 - 5.7. Prospectuses for previous green bond issues (for KZT 10 billion issuance and USD 15 million CBI certified issuance)
6. Preliminary list of potential projects to be financed by DBK through Green and Sustainable Bonds under the Green and Sustainable Financing Framework
7. Bank's Development Strategy for 2024–2033 (approved in Jan 2024)

8. Bank's Development Strategy for 2014–2023
9. Sustainable Development Policy
10. Memorandum on Credit Policy
11. Corporate Governance Code
12. Annual reports of DBK for 2022 and 2021
13. Roadmap for the implementation of ESG in its activities (approved in April 2023)
14. Risk management policy of Development Bank of Kazakhstan JSC
15. Information on the risk management and internal control system
16. Corporate social responsibility strategy
17. Principles of corporate social responsibility of DBK
18. Information disclosure rules of DBK
19. Organizational structure

Interviews and Information Collected from DBK

GFC primarily communicated with DBK's team of Funding and International Relations Department to gather information about the Bond and collected information from the issuer.

The following key persons were involved in these communications:

1. Adina Berikkyzy, Director, Funding and International Relations, DBK
2. Malika Rakhymzhanova, Specialist, Funding and International Relations, DBK
3. Anna Zagoskina, Funding and Investor Relations, DBK
4. With top management: 1) Dina Zhanadil, Managing Director; 2) Botagoz Abisheva, Deputy Chairman of the Management Board, Financial Management.