



**AIFC GREEN FINANCE CENTER LTD  
METHODOLOGY ON PREPARATION  
OF AN EXTERNAL REVIEW**

**FOR COMPLIANCE OF A SUSTAINABLE BOND ISSUE  
TO THE GREEN/SOCIAL BOND PRINCIPLES  
OR SUSTAINABILITY BOND GUIDELINES**

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## FOR COMPLIANCE OF A SUSTAINABLE BOND ISSUE TO THE GREEN/SOCIAL BOND PRINCIPLES OR SUSTAINABILITY BOND GUIDELINES

*April 30, 2021 (as amended on November 20, 2025)*

### INTRODUCTION

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

An External Review is an independent assessment and expresses GFC's opinion on the issuer's approach to project selection and project quality, on the effectiveness of proceeds management, administration and allocation, as well as on the issuer's willingness to provide regular reports and disclosures on green, social and sustainability projects financed by green/social/sustainability bond proceeds, accordingly.

Green bonds are bonds where the proceeds will be exclusively applied to financing or refinancing (full or partial) of new and/or existing green projects of environmental importance, and which comply with the GBP.

Social bonds are any debt instruments where the proceeds will be exclusively applied to financing or refinancing (full or partial) of new and/or existing social projects helping to solve socio-economic issues, and which comply with the SBP.

Sustainability bonds are any debt instruments where the proceeds will be exclusively applied to financing or refinancing (full or partial) of new and/or existing projects that are a combination of green and social projects helping to solve environmental and social issues and consistent with the key four components of both the GBP and SBP, and combined, with the SBG. The Green Bond Principles apply to green projects or the "green" component of projects, and the Social Bond Principles apply to social projects or the "social" component of projects.

The External Review expresses our opinion regarding a Green/Social/Sustainability Bond issue, in particular, the issuer's Green/Social/Sustainability Bond Framework, but not regarding bond issuers. It is our independent opinion on the relative likelihood that the proceeds from the bonds will be invested in supporting environmentally and socially beneficial projects specified by the issuer, and the processes for managing and disclosing information on them are consistent with the GBP, SBP and SBG.

In regards to provision of quality control of work performed within the framework of professional activities for external reviews, GFC is guided by internal documents of the organization concerning professional conduct, and the provisions of international standards, including, but not limited to, the principles of the International Standard on Sustainability Assurance 5000 (ISSA 5000 General Requirements for Sustainability Assurance Engagements)<sup>1</sup> and/or the International Standard ISAE 3000 for assurance engagements other than audits or reviews of historical financial information<sup>2</sup>, the provisions of the International Standard for Quality Management 1, developed by the International Auditing and Assurance Standards Board<sup>3</sup>, in terms of ethical requirements, quality control and management responsibility for the results of external reviews.

This methodology is intended to inform issuers, investors, financial intermediaries and other interested market participants about the process of preparing an External Review and the applicable GFC criteria for assessing and expressing opinions with respect to an issuer's Green/Social/Sustainability Bond Framework, sources of information, key criteria and indicators, as well as how they are evaluated and how an independent opinion is formed.

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<sup>1</sup> International Standard on Sustainability Assurance 5000 (ISSA 5000 General Requirements for Sustainability Assurance Engagements) published by the International Auditing and Assurance Standards Board in November, 2024, is a new standard for practitioners in carrying out sustainability assurance engagements. ISSA 5000 is effective for assurance engagements on sustainability information reported for periods beginning on or after December 15, 2026, or as at a specific date on or after December 15, 2026. This statement of adherence to the principles of the Standard of the International Auditing and Assurance Standards Board is not verified.

<sup>2</sup> International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other Than Audits Or Reviews Of Historical Financial Information. This statement of adherence to the principles of the IFAC standard has not been verified

<sup>3</sup> International Standard on Quality Management 1: Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements. This statement of adherence to the principles of the Standard of the International Auditing and Assurance Standards Board is not verified.

## GENERAL PROVISIONS

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This methodology is applied continuously until GFC approves a new version. The new version of the methodology can be adopted due to changes and additions to the GBP, SBP and SBG, as well as in cases where such a decision is necessitated by ongoing research findings, developments in technology and the green, social and sustainable finance market as a whole, as well as regulatory changes that can have a significant impact on green, social and sustainability projects.

This methodology can be used to evaluate Green/Social/Sustainability bonds issued by various issuers, including (but not limited to) the following categories:

- financial organizations (banks and other financial institutions, insurance companies, leasing companies, microfinance organizations, etc.);
- non-financial companies, including holding companies;
- regional and municipal authorities;
- sovereign issuers and supranational development institutions.

The described approach can also be used to evaluate Green/Social/Sustainability finance instruments, structured and project financing and other debt financial instruments, the essence of which does not contradict the definition of Green/Social/Sustainability bonds, accordingly. Such instruments include all financial instruments mentioned in the GBP and SBP, as well as Green/Social/Sustainability government bonds, Green/Social/Sustainability Islamic bonds (sukuk), Green/Social/Sustainability perpetual bonds, Green/Social/Sustainability convertible bonds, Green/Social/Sustainability mezzanine bonds, etc.

The preparation of the External Review includes the study of the Issuer's relevant documentation, regulatory documents, reports and presentations, if any, as well as other publicly available information that may provide a description, details on and confirmation of the compliance of processes involved in the implementation of the Company's policies for the Green/Social/Sustainability 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.

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 AIFC Green Finance Center Ltd website - <https://gfc.aifc.kz/>, and can also be communicated through a press release via news services and/or relevant web sources.

After the External Review has been published, AIFC Green Finance Center Ltd may periodically update and review it in order to monitor the use of proceeds, progress reports on the initial plans for green/social/sustainability project investments and their environmental/social impact, as well as continued disclosures by the Issuer, if any.

GFC may assign its assessment before and after Green/Social/Sustainability bonds are issued provided that the issuer supplies all the information necessary for analysis.

## STAGES FOR PREPARING AN EXTERNAL REVIEW

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Preparation of the External Review is carried out in several stages that can be outlined as follows:

1. Obtaining information from the Issuer:
  - Green/Social/Sustainability Bond Framework;
  - Policies and reports in the area of environmental, social and sustainable development;
  - Other relevant documents that describe the Issuer's experience in and approach to implementing Green/Social/Sustainability projects.
2. Criteria assessment and preparation of the draft External Review:
  - Use of Proceeds;
  - Process of Project Evaluation and Selection;
  - Management of Proceeds;
  - Disclosure.
3. Clarifications with the Issuer regarding the draft External Review, if necessary.

Presentation of the External Review to the Issuer and its publication on the website <https://gfc.aifc.kz/> (Second Party Opinion).

The main sources of information to be used in the analysis of Green/Social/Sustainability bonds are issuance-related documents and documents containing a detailed description of projects that will be financed from the Green/Social/Sustainability bond proceeds, accordingly. The list of sources of information includes, but is not limited to, the following:

- Issuer's application for the assessment of a Green/Social/Sustainability bond issue to be qualified as a Green/Social/Sustainability bond, respectively;
- bond issue documentation or its draft;
- Green/Social/Sustainability bond framework, which is a document describing the company's principles for the use of proceeds from Green/Social/Sustainability bonds, respectively. This document discloses the issuer's portfolio of green/social/sustainability projects, procedures for selecting green/social/sustainability projects within the organization, priority project areas, planned reporting on the results of project implementation, positive project impacts on the environmental and/or social sphere, as well as on the issuer's goals related to environmental and/or social sustainability, UN Sustainable Development Goals<sup>4</sup> and its contribution to the implementation of republican and regional projects. The

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<sup>4</sup> In 2015, UN member states adopted seventeen goals under the 2030 Agenda for Sustainable Development laying down a 15-year plan to achieve them (<https://www.un.org/sustainabledevelopment/ru/>).

- document also contains information on the external review of the projects' environmental and/or social components and emissions<sup>5</sup>
- detailed materials<sup>6</sup> on the stages of project selection and the intended use of proceeds, including:
    - information describing the Issuer's current or planned approaches<sup>7</sup> to the selection of projects and determination of their compliance with the GBP/SBP/SBG;
    - information describing procedures for monitoring the environmental and/or social risks of planned projects and managing such risks;
    - sustainable finance-related standards and principles adopted by the Issuer's governing bodies, including a document that discloses the Issuer's commitment to the principles of sustainable development or information on the Issuer's strategy in conjunction with sustainable development objectives;
    - the Issuer's internal documents defining the methods for accounting and controlling the expenditure of raised funds, as well as for monitoring project implementation and informing bondholders about the tools for the temporary placement of unused funds;
    - information on the degree of readiness of projects that are already being implemented at the expense of proceeds, and on the intended further use of incoming funds;
    - information on the financial performance of projects financed through Green/Social/Sustainability bond proceeds;
    - state examination conclusion/report on design documentation for construction, reconstruction and/or overhaul of industrial and non-industrial facilities for compliance with sanitary, epidemiological and environmental requirements, and other official documents confirming the possibility of infrastructure construction/operation through issuance of Green/Social/Sustainability bonds;
    - opinions of third parties (auditors, verifiers, etc.) on the conformity of projects financed through the Green/Social/Sustainability bond issue to environmental, social and/or sustainability objectives specified in the GBP/SBP/SBG;
    - data obtained during negotiations with representatives of the Issuer;
  - for project companies - information about the project operators and their experience in the implementation of green/social/sustainability projects;
  - other data and materials that, in the opinion of GFC, are essential for analysis (conclusions of expert assessments, presentations for investors, reports on sustainable development, social and environmental reports, data from the media, etc.).

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<sup>5</sup> This document may draw on the recommendations set out in the Harmonized Framework for Impact Reporting, Handbook, ICMA, June 2019

<sup>6</sup> The materials listed in this section can be either existing, under development or to be developed (depending on their availability at the time of the bond issue).

<sup>7</sup> Hereinafter, the term "Issuer" can refer to, among other things, the project initiator in cases where the bond issuer is a company set up in one form or another to issue the debt instrument

If GFC does not have enough information to provide or confirm an assessment, it has the right to refuse to provide or confirm the assessment. Where signs of material unreliability of information provided by the issuer are detected, or in the event of a fundamental and abrupt change in the project's business model in the absence of representative information needed to assess the risks of non-compliance with the Principles, GFC shall refuse to form/maintain an independent opinion. If, in this case, an independent opinion was issued with respect to the bond issue, GFC shall withdraw it.

## ASSESSMENT CRITERIA

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

1. Opinion on compliance/non-compliance of the Issuer's Green/Social/Sustainability Bond Framework with the GBP/SBP/SBG, accordingly.

*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/Social/Sustainability Bond Framework is in line with the GBP/SBP/SBG.*

2. Opinion on assigning a degree of alignment with 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 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 of Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting and Disclosure.

## CRITERIA-BASED ASSESSMENT ALGORITHM

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Each criterion is graded on a scale of "1" to "5".

Table 1. Matching evaluation criteria and performance degree

<i>Grade</i>	<i>Performance Degree</i>
5	<i>Very High (Excellent)</i>
4	<i>High (Good)</i>

3	Average (Satisfactory)
2	Low (Poor)
1	Very Low (Poor)

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 below for each criterion.

The “Use of Proceeds” criterion is graded as follows: the highest grade of “5” corresponds to the fulfillment of indicator 1, the grade of “3” corresponds to the fulfillment of indicator 2, and so on, according to the table of indicators for the “Use of Proceeds” criterion given below.

*For example, if 100% of the proceeds are allocated to green projects (including related additional costs, such as research and development) that have environmental benefits and are evaluated by the Issuer in terms of qualitative and/or quantitative characteristics (Indicator 1) - then the "Use of Proceeds" criterion will be graded "5".*

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

To express an opinion on the degree of 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>	40%
<i>Process of Project Evaluation and Selection</i>	20%
<i>Management of Proceeds</i>	20%
<i>Reporting and Disclosure</i>	20%

Weighted grades for all criteria are summed up and the degree of alignment with GBP/SBP/SBG is determined in accordance with a threshold grade as shown on the “Grading scale for the level of alignment with GBP/SBP/SBG”.

The assessment of Green/Social/Sustainability bonds in terms of their level of alignment with GBP/SBP/SBG 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/SBP/SBG

<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.
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## CRITERIA AND ASSESSMENT INDICATORS

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### 1. Criterion - Use of Proceeds

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#### Green Bonds

The use of green bond proceeds will be assessed in terms of compliance of the Issuer's Green Bond Framework with the GBP with regard to categories of eligible projects that address problem areas such as climate change, depletion of natural resources, conservation of biodiversity and/or environmental pollution and etc. Our assessment of these and any other categories may also lean on reliable and widely used practices or taxonomies of green bonds that meet the criteria of eligible projects aimed at solving environmental problems and/or climate change adaptation. Furthermore, we take into account which portion of the proceeds the Issuer uses to implement and finance such projects.

In accordance with the GBP, the eligible categories of projects include the following (but not limited to):

- **Renewable energy** (including production, transmission, equipment and products);
- **Energy efficiency** (for example, energy efficiency in new and renovated buildings, energy storage, district heating, smart grids, equipment and products);
- **Pollution prevention and control** (including projects in the field of wastewater treatment, reduction of emissions, control of greenhouse gases, soil restoration, pollution prevention, pollution reduction, waste treatment, efficient processing of waste into electricity, production of value-added products from waste and as a result of processing and environmental monitoring related to these areas of activity)
- **Environmentally sustainable management of living natural resources and land use** (including environmentally sustainable agriculture, environmentally sustainable livestock farming, climate-friendly agricultural technologies, such as crop protection or drip irrigation, environmentally sustainable fisheries and aquaculture, environmentally sustainable forestry, including afforestation or reforestation, conservation or restoration of natural landscapes);
- **Conservation of terrestrial and aquatic biodiversity** (including the protection of coastal, marine and watershed environments);
- **Environmentally friendly transport** (for example, electric, hybrid, public, railway, non-motorised, multimodal transport, infrastructure for environmentally friendly vehicles and reduction of harmful emissions);
- **Sustainable management of water resources and wastewater** (including a sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and regulation of river channels and other flood protection methods);
- **Adaptation to climate change** (including information support systems such as climate monitoring systems and early warning systems);
- **Environmentally efficient and/or adapted products of a non-waste economy, production technologies and processes** (such as the development and implementation of environmentally friendly products, eco-labelling or environmental certification, economical packaging and distribution);

- **Green buildings** that meet regional, national, or internationally recognised standards or certifications.

The above list of categories of projects that can be attributed to green ones is indicative, and can be supplemented and expanded based on an analysis of a project's main parameters, as well as some international and national classifications, taking into account the specific conditions of Kazakhstan's economy. These additional guides and taxonomies, many of which are currently at various stages of development and which GFC can resort to when defining eligible project categories, include the following:

- Taxonomy of the Climate Bonds Initiative;
- ICMA GBP Green Project Mapping;
- EU Taxonomy;
- Green Taxonomy of the Republic of Kazakhstan or official green taxonomies in other jurisdictions;
- Multi-jurisdiction common ground taxonomy (M-CGT);
- ASEAN taxonomy;
- Model Eurasian Economic Union Taxonom.

Since the GBP recognise that Green Enabling Projects may be a necessary component for an eligible Green Project to be developed and/or implemented, Issuers wishing to finance Green Enabling Projects through Green Bonds shall be assessed taking account ICMA's Green Enabling Projects Guidance document (of the latest available edition) in terms of specific criteria for eligible Green Enabling Projects, such as Necessary for an enabled Green Project's value chain, No carbon lock-in, Clear, quantifiable and attributable environmental benefit, Mitigated adverse social or environmental impacts, etc.).

### Transition Bonds

Where Issuers wish to finance projects towards implementing a net zero emissions strategy aligned with the goals of the Paris Agreement by issuing climate transition-labelled bonds, transition projects shall be assessed taking into account ICMA's Climate Transition Finance Handbook and Climate Transition Bond Guidelines or Climate Bond Initiative Guidance: Financing Credible Transitions (of the latest available edition), along with any applicable taxonomies (if required), in terms of climate transition strategies, disclosures, use of proceeds, etc.

### Social Bonds

The use of social bond proceeds will be assessed in terms of compliance of the Issuer's Social Bond Framework with the SBP with regard to categories of eligible projects that are aimed at solving or mitigating a specific social problem and/or attaining another positive social outcome, especially, but not exclusively<sup>8</sup>, for the target population. Our assessment of these and any other categories may also lean on reliable and widely used practices or taxonomies of social bonds that meet the criteria of eligible projects aimed at solving social issues. Furthermore, we take into account which portion of the proceeds the Issuer uses to implement and finance such projects.

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<sup>8</sup> Situations are possible where a positive outcome for a particular social group is achieved by implementing a project for the public as a whole. The specified social group in this case obtains benefits as part of the public

In accordance with the SBP, the eligible categories of projects include the following (but not limited to):

- **Affordable basic infrastructure** (e.g. clean drinking water, sewers, sanitation, transport, energy);
- **Access to essential services** (e.g. health, education and vocational training, healthcare, financing and financial services);
- **Affordable housing**;
- **Employment generation**, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance;
- **Food security and sustainable food systems** (e.g. 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)
- **Socioeconomic advancement and empowerment** (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)
- **Assistance to socially vulnerable groups of the population**, including people living below the poverty line, marginalized groups of the population, groups at risk and victims of natural disasters, people with disabilities, migrants or forcibly displaced people, disadvantaged, unemployed and people with low education;

Social project categories may also include but are not limited to initiatives in the following areas:

- liquidation of the consequences of natural disasters;
- development of medicines and drugs against the most dangerous infections and viruses;
- provision of quarantine and anti-epidemiological measures;
- other areas of activity contributing to the improvement of the quality of life of all categories of citizens.

Social projects may include other related costs (notably research). A project not related to those listed above can be classified by GFC as social based on its nature.

Target populations for social projects include:

- Living below the poverty line;
- Excluded and/or marginalised populations and /or communities;
- People with disabilities;
- Migrants and /or displaced persons ;
- Undereducated;
- Low-income;
- Unemployed.

The above list of categories of projects that can be attributed to social ones is indicative, and can be supplemented and expanded based on an analysis of a project's main parameters, as well as some international and national classifications, taking into account the specific conditions of Kazakhstan's economy. These additional guides and taxonomies, many of which are currently at various stages of development and which GFC can resort to when defining eligible project categories, include taxonomies of multilateral development organizations and leading sustainability assessment and analysis companies, such as the Sustainalytics taxonomy for projects addressing the impact of COVID-19.

## Sustainability bonds

The use of proceeds from Sustainability bonds will be assessed in terms of compliance of the Issuer's Sustainability Bonds Framework with the SBG with regard to categories of eligible projects that are a combination of green and social projects aiming to address or mitigate certain environmental and/or social issues or to achieve other positive environmental and social outcomes.

Certain green projects may also have social co-benefits, while certain social projects may have environmental co-benefits. The classification of a use of proceeds bond as a Green Bond, Social Bond, or Sustainability Bond should be determined by the issuer based on its primary objectives for the underlying projects. It is important to note that Sustainability Bonds should not be considered fungible with bonds that are not aligned with the four core components of the Principles.

The categories of green bonds and social bonds outlined in the GBP and SBP and the sources mentioned above in the area of eligible project classification will also apply to sustainability bonds in cases where green and social projects are combined.

For example, our assessment of eligible social projects or a social component in a sustainability project relies on the categories set forth above in accordance with the SBP and other sound, widely used practices or social bond taxonomy. Likewise, the assessment of eligible green projects or a green component in a sustainability project relies on the categories set forth above in accordance with the GBP and other sound, widely used green bond practices or taxonomies.

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At the first stage of assessing the use of proceeds, GFC qualifies projects to which the Green/Social/Sustainability bond proceeds are directed or will be directed in accordance with the above lists. At the second stage, GFC calculates the portion of bond proceeds which the issuer has used or plans to use to finance green, social and sustainability projects.

In order to obtain the maximum grade for this criterion, the Issuer should allocate over 90% of the Green/Social/Sustainability bond proceeds to financing green and social projects. GFC takes into account the Issuer's past experience in using Green/Social/Sustainability bond proceeds: if the proceeds were not used to finance green and social projects, then

the grade for the “Use of Proceeds” criterion is reduced by 1 point (not lower than the minimum threshold level for this criterion).

**Indicators of the “Use of Proceeds” criterion:**

<i>Indicator</i>	<i>Characteristic of the indicator (permissible, mandatory indicator, not recommended)*</i>	<i>Grade</i>
1. 100% of raised funds are allocated to implementing and financing/refinancing of green/social/sustainability projects that bring environmental and/or social benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP, SBP or SBG with regard to their qualitative and/or quantitative characteristics	Permissible	5
95% - <100% of raised funds are allocated to implementing and financing/refinancing of green/social/sustainability projects that bring environmental and/or social benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP, SBP or SBG with regard to their qualitative and/or quantitative characteristics	The minimum requirement for this criterion	3
50% - <95% of raised funds are allocated to implementing and financing/refinancing of green/social/sustainability projects that bring environmental and/or social benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP, SBP or SBG with regard to their qualitative and/or quantitative characteristics	Not recommended (for Green/Social/Sustainability bond purposes)	2
<50% of raised funds are allocated to implementing and financing/refinancing of green/social/sustainability projects that bring environmental and/or social benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP, SBP or SBG with regard to their qualitative and/or quantitative characteristics	Not recommended (for Green/Social/Sustainability bond purposes)	1

\* -выполнением минимального требования по критерию «Использование средств» является выполнение показателей «обязательный» или допустимый.

When calculating the portion of funds allocated by the Issuer to financing Green/Social/Sustainability projects, GFC factors in costs that are indirectly related to the

implementation of these projects (for example, R&D expenses or support in arranging a bond issue on the stock exchange). GFC considers this approach to cost accounting to be consistent with the Principles.

In the event that all or a proportion of the proceeds are or may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced, and, to the extent relevant, the expected look-back period for refinanced eligible Green/Social/Sustainability Projects.

The “Use of Proceeds” criterion has the heaviest weight in the final grade and is its most important component. Even if for other criteria the grades are high, the weighted grade for the degree of alignment with the Principles as per the "Grading scale for the level of alignment" may end up below 3 (below satisfactory), if the results of annual monitoring reveal that the portion of proceeds directed to Green/Social/Sustainability projects is less than 70%, and the Issuer does not provide convincing evidence that in the future this portion will exceed 70%.

## 2. Criterion – Process of Project Evaluation and Selection

This section covers assessing the process of goal-setting, developing broad strategic policies for using of proceeds from the placement of Green/Social or Sustainability bonds. section; this section also evaluates the clarity and transparency of the selection, evaluation and approval procedures for projects and determines the degree to which projects are focused on achieving improvements in the environmental and/or social environment. This includes the structure of organisation and the decision-making process, the process for determining the acceptability of projects, as well as the process of measuring results in relation to specific objectives at the project level and reporting on environmental and/or social impacts.

Along with this, interaction of the organization or access to it and/or consultation with internal or external experts with experience in supporting Environmental/Social/Sustainability projects.

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

Indicators of the “Process of 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 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	0,5

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	
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	0,5
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

With regard to social bonds and / or sustainable development bonds, the compliance of the selected projects with the standards of quality social projects (QII, state standards in the field of quality infrastructure) or requirements can be confirmed by the presence of a quality certificate of implemented social projects, examination results or other documents. GFC evaluates that the issuer has documents confirming the compliance of the project with national and international social standards or requirements (standards or requirements in the field of sustainable development) at 0.5 points, since this increases the expected benefits of investors from the implementation of the declared social projects.

The final score for this criterion is calculated as the sum of scores assigned to the subfactors. A grade is assigned to this criterion according to the table below matching the sum of scores to grades.

Table 2. Matching the sum of scores to grades

<i>Sum of Scores</i>	<i>Grade</i>
[5,5-7]	5
[4,5-5]	4
4	3
[2 – 3,5]	2
[0-1,5]	1

\*[ - inclusive

### 3. Criterion - Management of Proceeds

The assessment focuses on the methods and procedures applied to the accounting and tracking of proceeds raised from the placement of Green/Social/Sustainable bonds, temporary investment practices pending selection or investment in eligible projects, and the reliability and clarity of the proposed methods of public disclosure of information about these processes. We consider in a positive light any methods of internal monitoring that are reviewed and controlled by the management or verified by an independent party, or by departments in a wider organizational structure.

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

Indicators of the “Management of Proceeds” criterion are listed below:

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

The final score for this criterion is calculated as the sum of scores assigned to the subfactors.

Clear criteria being in place for investing temporarily available funds (for example, specifying a certain project type or financial instrument, independent experts' opinions on the environmental benefits of the project, etc.) are scored by GFC with additional 0.5

points. Temporarily available funds should not be invested in activities that could adversely affect the environment.

GFC assigns a 0.5 score for engaging an external auditor or other third party at the stage of evaluating controls over proceeds management.

A grade is assigned to this criterion according to the table below matching the sum of scores to grades.

Table 3. Matching the sum of scores to grades

<i>Sum of scores</i>	<i>Grade</i>
[4-4,5]	5
3,5	4
3	3
2	2
[0-1,5]	1

\*[ - inclusive

#### 4. Criterion - Reporting and Disclosure

This section covers assessing the quality and transparency of the Issuer's reporting, as well as the frequency of disclosures. In addition, the level of disclosure by the Issuer of information on the project's environmental and/or social impact and information on the use of proceeds raised from the placement of a Green/Social/Sustainable bond is assessed as well.

The indicators listed below feed into our assessment of the "Reporting and Disclosure" criterion.

Indicators of the "Reporting and disclosure" 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/Social/Sustainable 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 funds have been allocated, with a detailed breakdown by area (category), as well as on the environmental and/or social effect and implementation progress of individual projects	0,5
5. Methodologies in effect (or their drafts) and assumptions used to calculate environmental and/or social performance indicators are available	0,5

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
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\* 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

The final score for this criterion is calculated as the sum of scores assigned to the subfactors. A grade is assigned to this criterion according to the table below matching the sum of scores to grades.

Table 4. Matching the sum of scores to grades

<i>Sum of scores</i>	<i>Grade</i>
[4-4,5]	5
3,5	4
3	3
2	2
[0-1,5]	1

\*[ - inclusive

## DISCLAIMERS AND LIMITATIONS

An External Review (Second Party Opinion) reflects our opinion on the expected results from the issuance of Green/Social/Sustainable bonds and on the compliance of the Issuer's Green/Social/Sustainable Development Policy with the GPB/SBP/Sustainable Development Bonds Guidelines, respectively. 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 GFC methodology, it does not disclose the Issuer's confidential information and is not an indication for any investment decisions.

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