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**JSC Bank CenterCredit “Green” Financing Policy**

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# Chapter 1. General Provisions

1. JSC Bank CenterCredit Green Financing Policy (the Policy) outlines general provisions, directions, basic principles, targets and objectives of JSC Bank CenterCredit (the Bank) when carrying out activities in the field of using proceeds from “green” bonds issue.
2. The Policy has been developed in accordance with the recommendations specified in the Green Bond Principles (GBP) regulated by the International Capital Market Association (ICMA), and with consideration to international principles and documents in the field of sustainable development, including, but not limited to:

* Sustainable Development Goals developed by the UN General Assembly;
* EU Taxonomy for Sustainable Activities;
* Climate Bonds Standard.

The Policy is aligned with the Environmental Code of the Republic of Kazakhstan and other regulatory legal acts of the Republic of Kazakhstan, the Bank’s Corporate Governance Code, as well as other internal documents of the Bank.

1. The purpose of the Policy is to ensure transparency in the Bank’s attraction of investments using sustainable financing instruments. In accordance with the Policy, the Bank shall issue green financing instruments- bonds, the proceeds of which are used exclusively for “green” projects, as described in the table on the use of proceeds below.
2. The Bank shall issue “green” bonds to raise financing in order to stimulate increased investments in eligible projects that meet specified requirements. The issuance of green bonds complements and supports the achievement of the UN Sustainable Development Goals within the framework of the Bank’s existing Sustainability Policy, Environmental and Social Risk Management Policy, and Climate Strategy, which prioritizes the financing of renewable energy, sustainable agriculture, and other green economy sectors identified through market analysis as crucial to Kazakhstan’s transition to a low-carbon economy. The Bank seeks to mobilize capital through green bonds in order to support environmentally sound and sustainable projects, reduce financed emissions across its corporate loan portfolio, and strengthen its leadership in sustainable development, while ensuring a transparent and measurable environmental impact aligned with the Paris Agreement’s 1.5°C goal.
3. As part of this Policy, the Bank shall comply with the GBP principles and provide investors with access to information necessary for assessing the environmental impact of their investments in “green” bonds, including reports on the targeted use of funds and impact statements.
4. When executing any transaction involving green financing instruments Bank shall follow the core components of the GBP, namely:
5. Use of Proceeds;
6. Process for Project Evaluation and Selection;
7. Management of Proceeds;
8. Reporting.
9. 7. The Policy shall be binding on all Bank employees when planning and carrying out activities related to raising funds through “green” bonds and their utilization, preparing and approving internal regulatory documents, developing and implementing business processes, exchanging information, and other types of communication.
10. The Policy is a public document available on the Bank's information resources.

# Chapter 2: Terms and Abbreviations

**ABIS** means Automated Banking Information System

**IRD** means Bank’s internal regulatory document

**ESDD** means assessment of borrower’s operations exposure to climate, environmental and social risks and other ESG factors

**ESG (Environmental, Social, Governance)** mean the Bank's approaches when performing financing, investment and other activities, involving the assessment of the following factors when taking decisions:

* environmental and climate factors, which define the Bank’s role in environmental protection and in the global and national climate agenda;
* social factors, which define approaches to relations with employees, suppliers, customers and society;
* corporate governance factors, which reflect governance approaches in relation to the direction of the Bank, key management compensation, audit, internal control and shareholders’ rights

**Green buildings** mean buildings that are constructed or renovated with the goal of reducing resource consumption and minimizing environmental impact both during construction and throughout their operation. **“Green” bonds** mean bonds whose proceeds are allocated, in whole or in part, to finance or refinance new and/or existing “green” projects.

**LB** means Large corporate business customer.

**RLA** means regulatory legal act.

**United Nations Organisation (UN)** means an international organization whose goal is to maintain and strengthen international peace and security and to promote international cooperation.

**GHG** mean greenhouse gases that pollute the atmosphere and lead to the greenhouse effect.

**CFC** employee means an employee of the corporate finance division responsible for supporting projects of large corporate business customer.

**RoK** means the Republic of Kazakhstan.

**Refinancing** - in the context of this Policy, refinancing is defined as the following operations.

1. replacement of the source of funding/financing under the borrower's existing loan with funds received by the Bank from placement of green bonds;
2. issue of a new loan to the borrower using funds received by the Bank from the placement of green bonds to repay one or more of the borrower's existing loans

**Sustainable financing** refers to the integration of environmental and social risk considerations related to financed projects and customers, establishment of adequate risk management systems, and the provision of financing for social and environmental projects.

**Sustainable Development Goals (SDGs)** mean globally accepted goals aimed at ending poverty and misery, combating inequality and injustice, and protecting the planet and ensuring peace and prosperity for all people.

**E&S risks** mean environmental and social risks.

# Chapter 3: The Bank’s Sustainable Profile

1. Joint Stock Company “Bank CenterCredit” established on September 19, 1988, is one of the largest banks in the Republic of Kazakhstan, offering a full range of high-tech financial services across all regions of the country.

The Bank provides financial services to companies in the real economy sector, thereby indirectly contributing to the decarbonization of the economy. The Bank aims to act in the best long-term interests of society and the government, to make a positive contribution to improve the citizens’ quality of life, socio-economic development, and environmental sustainability.

The Bank has identified the following key focus areas in sustainable financing:

* ensuring comprehensive assessment of climate-related risks and minimizing their impact on the loan portfolio;
* conducting Environmental and Social Due Diligence (ESDD) to minimize potential liabilities and risks for the Bank during the loan issue procedure;
* financing activities and projects that positively contribute to achieving sustainable development goals;
* gradual reduction in financing related to activities and projects contradicting the achievement of sustainable development goals.

1. The Bank has approved and implemented a number of key documents governing various aspects of sustainable development. These documents reflect the Bank’s strategic priorities and confirm its commitment to the principles of corporate responsibility:

* JSC Bank CenterCredit Sustainability Policy;
* JSC Bank CenterCredit Environmental and Social Risk Management Policy;
* JSC Bank CenterCredit Human Rights Policy;
* JSC Bank CenterCredit Anti-Corruption Policy;
* JSC Bank CenterCredit Code of Corporate Ethics;
* Regulations on the Commission on Sustainable Development under JSC Bank CenterCredit Board of Directors;
* Regulations on Interaction with Counterparties, according to ESG rules in JSC Bank CenterCredit.

The Bank’s commitments set forth in the relevant policies shall be binding on all employees in the course of planning and executing activities related to stakeholder engagement or affecting stakeholder interests, as well as during the preparation and approval of internal regulations, development and implementation of business processes, information exchange, and other types of communication.

1. The Bank has developed and approved a long-term Climate Strategy outlining the objectives, measures, and initiatives to achieve carbon neutrality. This Strategy defines interim and long-term targets (through 2030) for reducing the Bank’s carbon footprint both in its own operations and across its financed corporate loan portfolio, along with targets for expanding its green loan portfolio. Starting from 2024, the Bank’s ESG Strategy, which outlines the Bank’s environmental, social, and governance objectives beyond its Climate Strategy, has been integrated into the Bank’s Corporate Long-Term Development Strategy.
2. The Bank has joined the United Nations Global Compact and shall observe principles in the areas of human rights, labor, environment, and anti-corruption, actively promoting these principles among stakeholders and embedding them into its operations.

The Bank participates in joint partner projects with the European Bank for Reconstruction and Development (EBRD) and the United Nations Development Programme (UNDP). As part of these projects, the Bank receives competent advice from international institutions, specialized trainings for employees and customers of the Bank, and audits to ensure that its operations comply with leading international sustainability practices.

In addition, the Bank cooperates with the EBRD under the Green Economy Financing Facility (GEFF) and the Women in Business (WiB) Programme.

1. In pursuing its sustainable development goals, the Bank shall take into account the interests of all stakeholders and interact with them in accordance with the AA1000SES Standard, guided by the following principles:

* Materiality – the Bank clearly identifies its stakeholders and recognizes which of their interests are material.
* Completeness – in the course of its activities, the Bank considers stakeholders’ concerns and seeks to understand their views on significant issues, needs, and expected outcomes.
* Responsiveness – the Bank consistently addresses all material stakeholder issues in the course of its activities.

According to the Sustainability Policy, the Bank has identified 11 stakeholder groups that it affects and that are considered significant to its operations. The Bank shall conduct the annual stakeholder surveys to identify material topics, which are incorporated into the planning and implementation of its sustainability initiatives.

1. The Bank shall ensure a comprehensive approach to disclosing its sustainability performance by providing detailed data on environmental, social, and governance (ESG) aspects. The preparation of the Sustainability Report shall be carried out in alignment with international ESG disclosure standards, including but not limited to:

* Global Reporting Initiative (GRI) Sustainability Reporting Guidelines;
* Sustainability Accounting Standards Board (SASB) Reporting Standards for Commercial Banks and IT Companies;
* Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board;
* International Financial Reporting Standards IFRS S1/S2.

1. In September 2024, the Bank received a score of 61 out of possible 100 in the S&P Global Corporate Sustainability Assessment (S&P Global CSA), marking the highest score among second-tier banks in the Republic of Kazakhstan. The Bank shall intend to maintain and further improve its ESG rating by effectively implementing the strategic objectives of its Sustainability Policy.

# Chapter 4. Use of Proceeds

1. All proceeds from the issuance of “green” bonds shall be exclusively allocated to the financing or refinancing (in whole or in part) of eligible “green” projects of large corporate business customers. In the case of refinancing (full or partial), the Bank shall give preference to eligible green projects that were initially financed no more than three years prior to the refinancing.
2. The proceeds from “green” bond issuance shall be used to finance or refinance projects in the following categories: renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of natural resources and land use, conservation of terrestrial and aquatic biodiversity, clean transportation, sustainable water and wastewater management, climate change adaptation, green buildings, environmentally friendly products, production technologies and processes aligned with the circular economy ( eligible “green” projects), in accordance with the descriptions and criteria outlined in Table 1.

*Table 1. Eligible “green” projects*

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| “Green” Project Categories | Description and Eligibility Criteria |
| Renewable Energy  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in the construction, development, acquisition, maintenance, and operation of renewable energy sources, including:   * Wind and solar energy, provided that the share of electricity from non-renewable sources at the facility does not exceed 15% * Geothermal energy: generation facilities (for electricity and heat supply) with direct emissions below 100 gCO₂/kWh (in cases where electric heat pumps are used, the global warming potential of the refrigerant must not exceed 700). * Hydropower: facilities with a power density (the ratio of the facility’s rated capacity to the surface area of the reservoir) > 10 W/m², or lifecycle direct emissions below the following thresholds: 100 gCO₂e/kWh for facilities commissioned prior to 2020; 50 gCO₂e/kWh for facilities commissioned from 2020 onward. * Bioenergy. Bioenergy. For energy produced from residual biomass, lifecycle GHG emissions must be at least 80% lower than the coal baseline (i.e. emissions from coal-fired power generation or a comparable internationally recognized fossil fuel benchmark). Biofuels must be derived from feedstocks produced using environmentally sustainable practices, in accordance with internationally or nationally recognized standards or certification schemes for biofuels/ biofeedstock, such as ISCC PLUS, RSB Food Security Assessment Guidelines, Forest Stewardship Council (FSC), Sustainable Agriculture Standard (SAS), etc. * Infrastructure for the transmission and distribution of energy from renewable sources, involving the connection of renewable energy generation facilities that fall below the low-carbon threshold (100 gCO₂e/kWh). |
| Energy Efficiency  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in energy and resource efficiency, including:   * Improving energy efficiency across various sectors, such as building restoration involving energy-saving upgrades to heating systems, refrigeration units, lighting equipment, etc., with the goal of achieving at least 30% energy savings or a 30% reduction in GHG emissions compared to the baseline. * Energy efficiency in power transmission and distribution networks, aiming for a reduction in electricity losses of at least 10% compared to the baseline. |
| Pollution Prevention and Control  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in technologies and related services aimed at creating a sustainable environment by reducing environmental pollution, including:   * Elimination or significant mitigation of environmental pollution in water, air, and soil through biological, physical, and chemical methods. * Prevention of waste generation, waste reduction, waste recycling, and the use of energy-efficient waste-to-energy technologies. * For waste-to-energy projects, plant efficiency shall exceed 25%, with slag recovery and metal extraction from residual ash shall exceed 90%. |
| Environmentally Sustainable Management of Natural Resources and Land Use  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in environmental projects in agriculture, production, natural resource management, and land use, including:   * Production of organic agricultural, farming, and fishery products (including construction and operation of facilities) that comply with clean production standards (targeted reduction of methane, nitrous oxide, and carbon dioxide emissions). * Climate-smart agriculture (sustainable pasture and livestock management), including at least a 30% reduction in fresh (natural) water consumption, water reuse, use of renewable energy sources, and at least a 20% reduction in energy consumption or greenhouse gas emissions. * Environmentally sustainable forestry, including afforestation or reforestation, and the preservation or restoration of natural landscapes. |
| Conservation of Terrestrial and Aquatic Biodiversity  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in projects aimed at conserving the biosphere through the protection and/or restoration of degraded ecosystems, including the creation and maintenance of ecological functional zones such as designated wildlife habitats, wetlands, peatlands, and deserts. |
| Green Transport  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments related to the development, construction, acquisition, operation, maintenance, and upgrading of transport assets with zero and low carbon emissions:   * Zero-emission transport: investments in passenger and freight vehicles with zero tailpipe emissions, such as electric cars and electric trains. * Low-carbon transport with direct emissions: for public transport — no more than 50 grams CO2e per passenger-kilometer and for passenger cars — no more than 50 grams CO2e per kilometer until 2027; from 2027 onwards, both public and passenger transport must have zero direct emissions or comply with Euro V or VI standards, for rail freight — direct emissions of 40 grams CO2e per ton-kilometer until 2027, and 25 grams CO2e per ton-kilometer thereafter, with no more than 25% of fossil fuels in the transported cargo. For freight road transport — 25 grams CO2e per ton-kilometer. * Investments in infrastructure supporting the use of zero- and low-carbon emission vehicles. |
| Sustainable Management of Water Resources and Wastewater  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in the efficient management of water resources and wastewater, including the creation of infrastructure (such as sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems, river regulation, and other flood protection measures), including:   * Production, acquisition, and installation of water-saving, storage, and distribution technologies and systems that contribute to reducing the consumption of fresh (natural) water by at least 40% for domestic and drinking needs, 30% for irrigation, and 70% for industrial and technical needs. * Prevention and mitigation of droughts, floods, and mudflows, development of irrigation systems to combat drought. * Equipment or infrastructure for water use, water purification systems, desalination plants, with the average carbon intensity of electricity used for desalination being at or below 100 gCO₂e per kWh, along with proper management of salt disposal and water intake. * Wastewater treatment facilities for subsequent recycling.   The above projects must demonstrate a net reduction or neutral impact on greenhouse gas (GHG) emissions throughout their lifecycle, including minimizing emissions from energy use and decarbonizing water infrastructure. |
| Climate Change Adaptation  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments aimed at increasing asset resilience to climate change throughout their lifecycle, including:   * Improvement of irrigation infrastructure (implementation of drip irrigation, stormwater storage). * Grain storage infrastructure, climate-resilient livestock infrastructure. * Climate -resilient roads. * Relocation of infrastructure located in risk zones. * Climate-smart agriculture using resilient crops.   Sector-specific investments aimed at enhancing the overall system resilience to climate change:   * Water (extreme precipitation, drought): flood protection, wetland conservation, stormwater management, rainwater harvesting, relocation of wastewater treatment, enhanced water distribution systems, desalination, etc. * Buildings (extreme precipitation, extreme temperatures): green roofs and walls, water retention gardens, permeable pavements, etc. * Forestry (extreme temperatures, fire-prone weather): clearing of wild shrubs, species diversification, relocation of species that are more resilient, afforestation and reforestation, conservation and transplantation of mangrove forests, etc. * Energy (hurricanes/typhoons/cyclones): grid resilience, backup power and storage, etc. * Information and communication technologies (extreme precipitation, extreme temperatures, hurricanes/typhoons/cyclones): enhanced data distribution systems, climate monitoring and data collection used to inform and increase community resilience, such as early warning systems, relocation, or social networks, etc. |
| Products, Production Technologies, and Processes Adapted to Circular Economy  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in the development, production, and implementation of ecologically clean and reused products, technologies, and services (including eco-labeling, eco-packaging, certification, etc.) |
| Green Buildings  Изображение выглядит как текст, снимок экрана, логотип, Шрифт  Контент, сгенерированный ИИ, может содержать ошибки. | Investments in the construction of eco-friendly and energy-efficient buildings that comply with regional, national, or internationally recognized standards or certifications, as well as the modernization of existing buildings, including:   * Buildings must meet or exceed emission intensity targets based on the top 15% most efficient buildings in their city and typology. * Possession of recognized green building ratings such as LEED, BREEAM, DGNB, OMIR (at least at the silver level) and/or high energy efficiency labeling. * Reduction of water and/or electricity consumption by at least 15% compared to baseline. * 100% waste recycling without harm to ecosystems and water reuse. |

1. The categories of “green” projects presented in Table 1 are not exhaustive or final. When deciding whether to classify a loan as “green”, the Bank shall take into account a number of international sustainability principles and documents, including:

* EU taxonomy for sustainable economic activities;
* Climate Bonds Standard, as well as the Classification (Taxonomy) of “green” projects eligible for financing through “green” bonds and “green” loans, approved by Resolution of the Government of the Republic of Kazakhstan No. 996 dated December 31, 2021.

## 4.1. Exclusion list

1. The Bank’s Environmental and Social Risk Management Policy defines types of activities and business practices that are ineligible for financing, regardless of the funding source. Consistent with this Policy the Bank shall additionally exclude the following activities from financing under green financing instruments:

* nuclear energy;
* gambling, tobacco production, and alcohol production, regardless of relevant permits and licenses required under the legislation of the Republic of Kazakhstan;
* mining projects;
* projects involving the production of single-use plastic products for consumer purposes (excluding medical use);
* projects that involve forced eviction;
* fossil fuel-based power generation projects (including “clean coal” projects) or loans issued to the oil and gas companies, including any energy efficiency projects directly related to coal or oil extraction, transportation, or power generation;
* oil exploration and development of oil fields;
* activities involving the force-feeding of ducks and geese;
* keeping animals primarily for fur production or any activity related to fur production;
* production, sale, and use of asbestos fibers, as well as products and mixtures intentionally containing such fibers;
* activities prohibited by the laws of the host country or by international conventions on biodiversity or cultural heritage protection;
* ocean fishing using drift nets longer than 2.5 km;
* transportation of oil or other hazardous materials by tanker vessels.

**Chapter 5. Process for Project Evaluation and Selection**

**5.1. Sustainable financing at the Bank**

1. The Bank shall conduct its lending activities in accordance with the six Principles for Responsible Investment (PRI).
2. All potential “green” loans issued by the Bank are subject to the standard credit process stipulated by the Bank’s Lending and Credit Risk Management Policy. This process involves an assessment of the borrower's creditworthiness, the project’s compliance with the Bank’s development strategy, loan repayment security mechanisms (collateral, guarantees, sureties), as well as a comprehensive assessment of climate, environmental, and social risks, along with other ESG factors.
3. The comprehensive assessment of climate, environmental, and social risks, as well as other ESG factors, shall be performed on an individual basis, taking into account the borrower's sector profile and the size of its obligations to the Bank. This assessment provides for:

* checking whether the borrower’s activities and practices are consistent with the list of unacceptable activities, with refusal to finance such activities;
* assessing the borrower’s/project’s activities exposure to climate, environmental, and social risks and other ESG factors. The assessment shall be conducted through the borrower’s completion of a questionnaire, based on which a risk level is determined and categorized as one of the following: low, reduced, medium, increased, or critical.

If medium, increased, or critical levels of environmental and social risks are identified in the borrower’s activities and/or during project implementation, draft conditions or action plans shall be developed to mitigate these risks.

1. The Bank has implemented an ESG segmentation methodology for its loan portfolio, which outlines approaches for assessing the inherent exposure of industries in Kazakhstan to climate, environmental, and social risks, as well as other ESG factors. The level of industry risk exposure is taken into account when setting internal environmental and social risk limits for industries or sectors that are most vulnerable to environmental threats or that exert a heightened negative impact on the environment.
2. The committees responsible for credit decision-making and the automated decision-making system, within the authority limits granted by the Board of Directors, shall make financing decisions, taking into account the results of the borrower’s ESG compliance assessment, in accordance with established materiality thresholds.
3. The Commission on Sustainable Development, acting as an advisory body to the Board of Directors, shall oversee the development and implementation of the Climate Strategy, as well as the identification, assessment, and consideration of climate-related risks and opportunities.

**5.2. Selection of eligible “green” projects**

1. Loans issued to legal entities, individual entrepreneurs, and individuals for investment purposes that meet the criteria of “green” projects, as set out in paragraphs 17 and 18 of this Policy, shall be labeled as “green” loans in the Bank’s automated banking information system (ABIS). The conditions and process for assigning the green label, as well as the roles and responsibilities of process participants, are regulated by the Bank’s internal regulatory documents (IRDs).
2. Experts of the Commission on Sustainable Development shall assess potential “green” loans for compliance with the categories of “green” projects defined in the Policy (as per paragraphs 17 and 18), as well as their environmental benefits. CFC employees shall nominate such loans as eligible for financing or refinancing through the issuance of “green” bonds. Appendix 1 to the Policy contains a template for nominating a project for inclusion in the list of eligible “green” projects under the “green” bond issuance.
3. The final decision on financing or refinancing each project through the issuance of “green” bonds shall be made by the authorized collegial body in accordance with the established authority limits for decisions related to credit risk. If the loans do not meet the eligibility criteria, the authorized collegial body shall decide to exclude such loans from the register of “green” projects financed through “green” financing instruments.

**Chapter 6. Management of Proceeds**

1. Proceeds from the issuance of “green” bonds shall be allocated to a dedicated loan portfolio for separate accounting and control of the proceeds.
2. Accounting for issued loans or approved loan applications associated with “green” projects, as defined in this Policy, whose underlying projects have undergone the evaluation and selection procedure (including refinancing projects), shall be carried out on a monthly basis and included in the Bank’s register of “green” projects. Following the bond issuance, an amount equal to the net proceeds from such transactions shall be allocated to this internal register in the order of disbursement.
3. The Bank’s register of “green” projects must contain information on the environmental characteristics of the project, which serve as the basis for compliance with the eligibility criteria.
4. The Bank shall periodically monitor the use of loan proceeds for “green” projects in accordance with the Bank’s internal regulatory documents. If, based on the results of such monitoring, the Bank concludes that the funds have not been used for their intended purpose; the project shall be excluded from the Bank’s register of “green” projects.
5. If, for any reason, the total amount of projects financed or refinanced through the issuance of “green” bonds is less than the total amount of outstanding “green” bonds, the Bank shall manage the unallocated proceeds in accordance with the Bank’s Liquidity Management Policy by investing them in the Treasury liquidity portfolio, consisting of short-term and liquid instruments. At the same time, the Bank shall undertake measures to promptly allocate the unallocated proceeds from the issuance of green financial instruments to eligible projects.

The Bank shall not use any unallocated proceeds from the issuance of “green” bonds to finance activities listed in paragraph 4.1 of this Policy.

The Bank shall engage an external reviewer to conduct an audit of the management of proceeds in order to confirm that the proceeds from the issuance of “green” bonds have been allocated to eligible projects.

1. The Bank shall take all necessary actions to allocate the proceeds from the issuance of “green” bonds to investments in eligible projects within 24 months from the date the proceeds are received.

# Chapter 7. Reporting

1. To ensure transparency regarding the use of proceeds from the issuance of “green” bonds, the Bank shall disclose the following information by publishing an annual report on the Bank’s corporate website:

* Report on Allocation of Proceeds;
* Environmental and Social Impact Report.

Disclosures shall be made on an annual basis.

1. The Report on Allocation of Proceeds shall include the following information:
2. net proceeds received from the issued “green” bonds;
3. the amount of allocated net proceeds from the issued “green” bonds, broken down by eligible project categories;
4. the allocation of proceeds between refinanced eligible projects and new eligible projects financed after the issuance of the “green” bonds;
5. the balance of unallocated proceeds from the issued “green” bonds at the end of the reporting period.

In addition to the above information, the report on the allocation of proceeds shall also include confirmation that:

* the register of eligible projects is up to date;
* the Bank has managed the proceeds in accordance with the commitments outlined above;
* the proceeds from the issuance of “green” bonds continue to be used for projects that meet the eligibility criteria set out in the Policy, or have been reallocated to other eligible projects.

1. The Environmental and Social Impact Report shall include qualitative and/or quantitative indicators (where feasible) of the expected and/or actual environmental and social impact of the projects. In preparing the report, the Bank takes into account the key principles and recommendations of the ICMA Harmonised Framework for Impact Reporting.
2. The Bank shall provide information either on a project-by-project basis or in an aggregated format based on the overall portfolio by category of eligible projects. The report may be presented in a mixed format, depending on the requirements of confidentiality agreements, competitive considerations, the availability of information, or the large number of projects.
3. Table 2 provides examples of potential impact indicators by category of “green” projects.

*Table 2. Examples of potential impact indicators*

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| “Green” projects categories | Potential impact indicators |
| Renewable Energy | * Reduction/avoidance of GHG emissions in tons of CO2 equivalent per year * Energy production from renewable sources in MWh/GWh (electricity) and GJ/TJ (other energy types) per year * Additional capacity of newly built or rebuilt renewable energy plants in MW |
| Energy Efficiency | • Reduction/avoidance of greenhouse gas (GHG) emissions in tons of CO2 equivalent per year |
| Pollution Prevention and Control |  Volume of waste reduced, minimized, reused, or recycled before and after the project, expressed as a percentage of total waste and/or in absolute terms in tons per year.   Reduction in air pollution levels: particulate matter (PM), sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOC).   Reduction of local pollutants in air, soil, and water, expressed in absolute terms or as a percentage per year. |
| Environmentally Sustainable Management of Natural Resources and Land Use | * Reduction/avoidance of greenhouse gas (GHG) emissions in tons of CO2 equivalent per year and/or energy intensity (e.g., GJ per unit of product) * Water savings (m³ per year) * Area of created or restored forest plantations / natural landscapes / degraded ecosystems |
| Conservation of Terrestrial and Aquatic Biodiversity |
| Green Transport |  Reduction/avoidance of greenhouse gas (GHG) emissions in tons of CO2 equivalent per year   Reduction in air pollutant levels: particulate matter (PM), sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOC) |
| Sustainable Management of Water Resources and Wastewater |  Trend in (gross) water consumption before and after project implementation in m³/year, and percentage reduction in water consumption   Gross volume of wastewater treated, reused, or avoided before and after project implementation in m³ and as a percentage per year |
| Climate Change Adaptation |  Share of renewable energy sources in the energy mix   Reduction/avoidance of water losses (in reservoirs, water pipelines, natural habitats, etc.) in cubic meters (m³)   Area of agricultural land where drought-tolerant crop varieties have been implemented |
| Products, Production Technologies, and Processes Adapted to Circular Economy | •Increase in the percentage of materials, components, and products suitable for reuse or recycling and/or in absolute terms in tons per year.  •Percentage and/or absolute quantity in tons per year of primary raw materials replaced by secondary raw materials and by-products of production processes |
| Green Buildings | • Environmental certification or EPC  • Reduction in energy consumption (MWh) per year  • Reduction in water consumption before and after project implementation in m³/year, and percentage reduction in water consumption  • Number of installed charging stations, capacity of renewable energy installations |

# Chapter 8. External Evaluation

1. External evaluation procedure:
2. Prior to the issuance of “green” bonds, in the form of Second Party Opinion (SPO): The Bank shall engage an external reviewer to conduct an independent evaluation of this Policy to confirm its alignment with the GBP ICMA. The Bank shall regularly review the Policy, including its compliance with updated versions of the above-mentioned principles as they are released, in order to maintain best practices and make changes or additions as necessary.
3. After the issuance of “green” bonds: The Bank shall conduct a “compliance audit” within 1 year from the issuance of the “green” bonds and annually thereafter until all proceeds from the “green” bonds have been fully allocated, with the aim of confirming that the proceeds have been allocated to eligible projects in accordance with the Policy. The annual reports published by the Bank, together with the External Assurance Report, will be made available on the Bank’s website.

# Chapter 9. Final Provisions

1. The Bank’s employees involved in activities governed by this Policy shall be held liable for non-compliance or improper compliance with the provisions of this Policy in the preparation and approval of internal regulatory documents, development and implementation of business processes, information exchange, other forms of communication, as well as in the planning and execution of activities regulated by this Policy.
2. The type of disciplinary action for non-compliance or improper compliance with the provisions of this Policy shall be determined in accordance with the legislation of the Republic of Kazakhstan and the Bank’s internal regulatory documents.
3. Control over compliance with the requirements established by this Policy shall be exercised in accordance with the principles of the Bank’s internal control system.
4. This Policy shall be approved by the Bank’s Board of Directors.
5. Issues not regulated by this Policy shall be resolved in accordance with the legislation of the Republic of Kazakhstan, regulatory legal acts of the Republic of Kazakhstan, the Bank’s Charter, internal regulatory documents of the Bank, as well as decisions of the Bank’s bodies and officials adopted in the prescribed manner within their authority.

## Annex 1

