



## **VERIFICATION REPORT FOR PRE-ISSUANCE CERTIFICATION**

**For the Green Bond of the Development Bank of Kazakhstan**

## Assessment Summary

AIFC Green Finance Centre Ltd. (GFC), based on the limited assurance procedures conducted and evidence obtained, has provided an assurance opinion that nothing has come to its attention that causes GFC to believe that, in all material respects the Development Bank of Kazakhstan JSC's (DBK, Bank) Green Bond seeking certification is not in conformance with the Climate Bonds Standard Version 4.0 and the sector-specific Wind and Solar Sector Eligibility Criteria. This assurance opinion is based on the following:

**UTILISATION OF PROCEEDS.** The Nominated Eligible Assets and Projects for the use of proceeds:

- Construction of a 15 MW Wind power plant Jasil Jel Energy project in Akmola region, Kazakhstan,
- Construction of a 153 MW Wind power plant Khromtau project, Aktobe region, Kazakhstan
- Construction of a 50 MW Solar power station Balkhash, Karaganda region, Kazakhstan

– are aligned with the Climate Bonds Standard Version 4.0 and the sector-specific Wind and Solar Sector Eligibility Criteria. GFC considers that investments in the eligible Nominated projects will lead to positive environmental impacts and help in reducing Kazakhstan's contribution to climate change.

**PROJECT EVALUATION AND SELECTION.** DBK has established a process for green 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 Bond Framework, with responsible structural units submitting to the Credit Committee materials on the compliance or non-compliance of an investment project with green project categories and criteria, including cases of bonds seeking certification. GFC considers that the project selection process is aligned with the Climate Bonds Standard Version 4.0 in terms of establishing, documenting, and maintaining a decision-making process to determine the eligibility of the Nominated projects and assets.

**MANAGEMENT OF PROCEEDS.** Allocation of DBK's Green Bond proceeds is accounted for through a special off-system sub-account "Green Bonds" (in Excel) for separate accounting and control of Green Bond use of proceeds. The Bank has identified a structural unit responsible for organizing, ensuring, and implementing an effective Green Bond management process to account for the sub-account, as well as to maintain a Registry of green projects tracking projects financed and / or refinanced with green bond proceeds. GFC considers that the management of proceeds is aligned with the Climate Bonds Standard Version 4.0 in terms of tracking of proceeds, Managing unallocated proceeds, Earmarking funds to Nominated projects and assets, as well as documenting and disclosing the related processes to the verifier.

**REPORTING.** The Issuer adopted a Green Bond Framework and made it available prior to issuance. According to green bond disclosure requirements in the Green Bond Framework, the Bank intends to provide and keep publicly available annual updated reports on issued Green Bonds, including certified bonds, from the date of issue until full repayment and in case of any significant changes, covering the report on the allocation of proceeds and on the environmental impact of each project. The nominated project identified for the green bond seeking certification shall be disclosed in the Bond Prospectus and the pre-issuance Assurance report. GFC considers that the reporting processes are aligned with the Climate Bonds Standard Version 4.0 in terms of disclosing Nominated Projects invested in, the intended approach to providing update reports to reaffirm conformance with the Green Bond Framework, as well as external review aspects.

**Evaluation Date:** 15 December, 2023

**Issuer Location:** Astana, Kazakhstan

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## 2. Scope

Issuing Entity	Development Bank of Kazakhstan JSC
Issuer Group (if different from above)	
Date of Green Bond Framework of Issuer	Adopted on February 1 <sup>st</sup> , 2022 (#5/22) by Management Board, as amended on November 21 <sup>st</sup> , 2022, (#85/23)
Approved Verifier Firm	AIFC Green Finance Centre Ltd. (GFC)
Signatory of the audit opinion	Nursultan Serikbay, CEO
Email address in relation to this report	Greenfinance@aifc.kz; M.Takhanova@aifc.kz
Debt Instrument Type(s)	bond
Debt Instrument(s)/Program Name	Green Bond
Refinancing/Financing new projects	100 % of allocation of proceeds to financing new projects
Expected period over which proceeds will be allocated	1 year
Expected Size of Debt Issuance (if known)	15 mln USD
Expected Debt Issuance Date (if known)	20-22 December 2023
Sector Criteria governing the Project/Assets to be financed	Wind Sector Eligibility Criteria of the Climate Bonds Standard & Certification Scheme Solar Sector Eligibility Criteria of the Climate Bonds Standard
Adaptation & Resilience Requirements	N/A
Project/Assets to be financed	Bank loan transactions to finance: <ol style="list-style-type: none"> <li>1) Construction of a Wind power plant Jasil Jel Energy with a capacity of 15 MW in Akmola region, Kazakhstan. The project in question is part of a larger mid-term wind power project titled “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 <b>Jasil Jel Energy wind farm 15 MW</b>)</li> <li>2) Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW, near the city of Khromtau, Aktobe region, Kazakhstan (Khromtau Wind Power Plant)</li> <li>3) Construction of a stage 2 solar power station Balkhash 50 MW near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP)</li> </ol>
Assurance Opinion	Limited
Assurance Standard	ISAE3000
Period over which the verification work was conducted	1 month
Date of Issuance of Verification Report	December 15 <sup>th</sup> , 2023



AIFC Green Finance Centre Ltd. (hereinafter referred to as GFC) was engaged by the Development Bank of Kazakhstan JSC (hereinafter referred to as DBK, or Bank) to undertake a limited assurance engagement, in relation to a 15 MW Wind power development project in Akmola region, Kazakhstan, a 153 MW Wind power development project in Khromtau, Aktobe region, Kazakhstan, and a Balkhash 50 MW solar power station near town Balkhash, Karaganda, Kazakhstan, and the corresponding Green Bond seeking certification. This includes confirming the eligibility of the Green Bond and the 2 WPP and 1 SPP development projects against the Climate Bonds Initiative Standard Version 4.0 Pre-issuance Requirements and the technical requirements of the applicable Sector Criteria.

### 3. Subject matter and criteria

- The subject matter for this limited assurance engagement includes The Climate Bonds Standard Version 4.0, and the relevant sector criteria as follows:

Detailed list of Project/Assets to be financed	(1) Sector Criteria Document; (2) Page number(s) and paragraphs/references used to confirm the project/asset eligibility.
<p>Bank loan transactions to finance:</p> <ol style="list-style-type: none"> <li>Construction of a Wind power plant <i>Jasil Jel Energy</i> with a capacity of 15 MW in Akmola region. The project in question is part of a larger mid-term wind power project titled “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 <b>Jasil Jel Energy wind farm 15 MW</b>)</li> <li>Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW, near the city of Khromtau, Aktobe region (<b>Khromtau Wind Power Plant</b>)</li> </ol>	<p>(1) The Wind Sector Eligibility Criteria (Rev. 1.3 as of 13 April 2023; (2) Page 5, “Onshore wind energy generation facilities” - Automatically eligible</p>
<p>Bank loan transaction to finance:</p> <ol style="list-style-type: none"> <li>Construction of a stage 2 solar power station <b>Balkhash 50 MW</b> near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP)</li> </ol>	<p>(1) The Solar Sector Eligibility Criteria (Rev 2.3 as of 13 April 2023; (2) Page 5, “Onshore solar energy generation facilities” – Eligible if a minimum of 85% of electricity is generated from solar energy resources</p>

### 4. Work performed

The assurance procedures performed included, but were not limited to:

- Assessing the Green Bond Framework against the Climate Bonds Standard Version 4.0
- Assessing technical information on the two wind and 1 solar power development projects in consideration  
(a) 15 MW *Jasil Jel Energy Wind Power Plant*, b) 153 MW *Khromtau Wind Power Plant*; c) 50 MW *Balkhash*

*Solar Power Station, Karaganda region, against the technical requirements of the Wind and Solar Sector Eligibility Criteria*

- Documentation reviewed supporting assertions made in the Subject Matter (provide details in Appendix)
- Interviews with Issuer representatives, experts
- Seeking management representation on key assertions.

## **5. Responsibility of Issuer**

The management of GFC is responsible for the preparation and fair presentation of the Subject Matter. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making reasonable estimates under the current circumstances.

## **6. Assurance opinion**

GFC conducted the pre-issuance verification in accordance with the International Standard on Assurance Engagements 3000 (Assurance Engagements other than Audits or Reviews of Historical Information). GFC's verification approach draws on an understanding of the risks associated with conforming to the Climate Bond Standard Version 4.0 and the controls in place to mitigate these. GFC planned and performed the verification by obtaining evidence and other information and explanations that GFC considers necessary to give assurance that the Debt Instrument meets the requirements of the Climate Bond Standard Version 4.0.

### **Limited Assurance**

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's Green Bond seeking certification is not in conformance with the Climate Bonds Standard Version 4.0 and the sector-specific Wind and Solar Sector Eligibility Criteria. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

### **Our independence and quality control**

We have complied with the independence and other ethical requirements of GFC's Code of Ethics and Professional Conduct based on the Code of Business Ethics and Standards of Professional Conduct<sup>1</sup> developed by the CFA Institute and the Extended Materials of the Code of Business Ethics and Standards of Professional Conduct, taking into account the requirements of the Code of Ethics of Professional Accountants that are members of the Association "Chamber of Professional Accountants of the Republic of Kazakhstan", which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

GFC applies International Standard for Quality Control 1 (ISQC 1)<sup>2</sup> and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **7. GFC Disclaimer**

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<sup>1</sup> This statement of adherence to the principles of the CFA Institute Code of Conduct is not verified by the CFA Institute.

<sup>2</sup> International Standard on Quality Control 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 IFAC standard has not been verified

Our responsibility in performing our assurance activities is only to DBK and to the Climate Bonds Initiative in accordance with the terms of reference for this engagement. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance that any such third-party places on this report is done so entirely at its own risk.

#### **APPENDICES:**

- I. Completed Pre-Issuance Verification Checklist
- II. List of Documents Reviewed
- III. Detailed Assurance Procedures and Findings

#### **8. About GFC**

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

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

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

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

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

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

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

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**Chairman of the Management Board**  
**AIFC Green Finance Centre Ltd**



**NURSULTAN SERIKBAY**

**15 December 2023**



Appendix I. Completed Pre-Issuance Verification Checklist

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
1.1 The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer must establish a list of Nominated Projects & Assets which must be kept up-to-date during the term of the Bond.	B, C.1.1., C.1.4., C.2.1., C.2.5	Document review, Interview	<p>The proposed green bond (hereinafter referred to as Bond) to be issued by DBK is to finance 3 bank loan transactions associated with the following wind and solar power development projects:</p> <ul style="list-style-type: none"> <li>Construction of a Wind power plant Jasil Jel Energy with a capacity of 15 MW in Akmola region. The project in question is part of a larger mid-term wind power project titled “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)</li> <li>Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW, near the city of Khromtau, Aktobe region (Khromtau Wind Power Plant)</li> <li>Construction of a second stage Solar power station Balkhash 50 MW near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP)</li> </ul> <p>The nominated projects were recommended by DBK's project managers (responsible for initial ESG screening) for inclusion in the list of nominated projects eligible for financing through issuance of certified green bonds in accordance with the Green Bond Framework. GFC reviewed these internal recommendations for the inclusion of the projects to the list of nominated projects eligible for financing through issuance of certified green bonds, and also confirmed with DBK that for Project #2 (Khromtau Wind Power Plant) there's a Credit Committee approval (reviewed by GFC), while Projects #1 (Jasil Jel WPP) and #3 (Balkhash SPP) are undergoing internal bank credit assessment as of the time of report preparation.</p> <p>Thus, the proposed Bond is for new loans and no subsequent use of proceeds is proposed, the documented decision-making process used is covered by the written documentation for the nominated projects. The specific project will be identified in the bond issuance prospectus.</p> <p>DBK issues other green bonds, however the environmental objectives associated with the Bond seeking certification have been clearly defined by and limited to the project that complies with the Wind and Solar Energy Technical Criteria of the Climate Bond Standard.</p>	Compliant with the requirement
1.2 The expected Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.	Credit Committee decisions, A, B		<p>According to DBK's Green Bond Framework, 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 Technical Eligibility Criteria, taking into account all the requirements of the of the Climate Bond Standard CBI Standard. In particular, the expected net proceeds from the issuance of such green bond will not exceed the Bank's total investment in the nominated green projects or the Bank's financing share of the total market value of the nominated green projects.</p> <p>As per information obtained from the Issuer, the Green Bonds will be issued in USD.</p> <p>GFC, through the review of the current eligible project summary, verified that DBK's expected exposure to the nominated projects, i.e the expected aggregate loan amount is USD 187,309,000 in total for all 3 projects (of which at least USD 15,000,000 is the smallest loan transaction), which is greater than the bond issuance value (USD 15,000,000).</p> <p>Overall, in its GBF the Bank declares that 100% of the proceeds from green bonds will be used to finance and / or refinance green projects that have specific environmental benefits and can be measured by quantitatively and qualitatively.</p>	Compliant with the requirement
1.3 Nominated Projects & Assets shall not be nominated to other Certified Debt	A, C.1.1., C.1.4.,		According to DBK's Green Bond Framework, when issuing green bonds for which the Bank expects to be certified under the CBI Standard, the nominated green projects cannot be attributed to other	Compliant with the requirement



Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
instruments unless it is demonstrated by the Issuer that:	C.2.1., C.2 .5		<p>CBI certified green bonds unless the Bank demonstrates that different parts of the nominated green projects are financed by different certified bonds, or the certified bonds are being refinanced by issuing other certified bonds.</p> <p>The nominated projects have not been earmarked or otherwise nominated in other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Bonds, green bonds, green loans or other labelled Bonds.</p> <p>No previous Climate Bond has been issued in respect to the nominated project as confirmed with DBK representatives.</p>	
1.3.1 Distinct portions of the Nominated Projects & Assets are being funded by different Certified Debt instruments; or,		Cross-checking	Not Applicable.	
1.3.2 The existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument			Not Applicable.	
2.1 The Issuer must establish a document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process includes, without limitation:	A, B, Credit Committee decision		DBK's Green Bond Framework sets forth the decision-making process for the selection of nominated projects. DBK issues other bonds, however the environmental objectives associated with the bond seeking certification have been clearly defined in DBK's internal decision-making documents and are limited to the projects that comply with the applicable Technical Criteria of the Climate Bond Standard.	Compliant with the requirement
2.1.1 A statement on the environmental or climate-related objectives of the Bond;	A, B, C.1.1., C.1.4., C.2.1., C.2 .5		DBK has included a statement of the environmental objectives of its green bond issuances in the Green Bond Framework specifying Renewable Energy (Wind, Solar) in the Use of Proceeds segment. With regard to certified green bond issues the Green Bond Framework stipulates that nominated green projects eligible for financing and/or refinancing with green bonds seeking certification shall be determined in accordance with the Sector Criteria of the CBI standard, in compliance with all the requirements of the CBS. The environmental objectives of this particular bond seeking certification are clarified in the Issuer's issuance documentation and internal documentation.	Compliant with the requirement
2.1.2 How the climate-related objectives of the Bond are positioned within the context of the Issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability;	D, E, G, H, I, J, K, L, M, N, O, P, Q, R		The environmental objectives of the Bond were verified to be in line with the Sustainable Development Policy. GFC confirmed through document and annual reporting review that DBK is 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 review and appraisal of investment projects mandatorily consider their compliance with environmental standards. In January, 2023, the Bank adopted Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles that were 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. DBK's draft Development Strategy for 2024–2033 to be officially adopted shortly by end of 2023, states among 3 of its main strategic goals the implementation of ESG principles in the Bank's activities with the objective of reducing the carbon footprint in the Bank's loan portfolio, and with an ESG rating indicated as a strategic KPI for the Bank. The Bank's loan portfolio so far consists of 8 projects in the renewable energy sector and energy efficiency, including the 100 MW Astana EXPO-2017 Wind Power Plant; 100 MW Solar Power	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			Plant in Kapshagay district of Almaty region, etc.  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 (21,5K US). On April 4, 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 non-financial reports in accordance with the international standard of the Global Reporting Initiative (GRI)	
2.1.3 The Issuer's rationale for issuing the Bond;	A, B		DBK has provided a statement of the environmental objectives of the issuance in the Green Bond Framework for the financing and support of Renewable Energy. This is further clarified in paragraphs of the Green Bond Framework referring to the CBI standard and Bond prospectus.	Compliant with the requirement
2.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in the Sustainability Bond Framework.	A		DBK has set out in its Green Bond Framework the requirements under which Nominated Projects may be qualified for inclusion including compliance with Climate Bonds Standard Sector Criteria.	Compliant with the requirement
2.2 The Issuer should include under Clause 2.1 further aspects of the decision-making process, including:	A, C.1.1., C.1.4., C.2.1., C.2.5		DBK's Green Bond Framework states that the process of green project selection and evaluation is carried out in accordance with the Bank's internal regulations on review, financing, monitoring and implementation of investment projects, its GBF and other internal acts. The Bank's responsible structural units submit to the Credit Committee materials on the compliance or non-compliance of an investment project with green project categories and criteria, including cases of bonds seeking certification. If necessary, the Bank may engage external consultants for the selection and evaluation of green projects. The Credit Committee makes a decision on the compliance or non-compliance of the project with green project categories and criteria.	Compliant with the requirement
2.2.1 related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.	A, C.1.1., C.1.4., C.2.1., C.2.5		DBK, in its Green Bond Framework, has set out the conditions under which Projects and Assets may be included in the issuance of green bonds. As mentioned above, with regard to certified green bond issues the Green Bond Framework stipulates that nominated green projects eligible for financing and/or refinancing with green bonds seeking certification are to be determined in accordance with the Sector Criteria of the CBI standard.  For projects that may be eligible for financing from green bond proceeds, at the stage of preliminary analysis the Bank screens projects for compliance with the categories of green projects specified in the Use of Proceeds Chapter, as well as for compliance with the Bank's mission and strategic goals, taking into account environmental risks, including as part of the Bank's assessment of investment projects for compliance with the principles of environmental, social and corporate governance (ESG). DBK has assessed the proposed nominated project against the requirements under clause 2.1.1 and the relevant sector criteria for compliance with the Climate Bonds Standard. This includes the conclusions of an SPO regarding the nominated project provided by GFC previously.	Compliant with the requirement
2.2.2 any green standards or certifications referenced in the selection of Nominated Projects & Assets.			N/A	
3.1 The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and must include arrangements for the following activities:	A, E		DBK has set out the commitments for internal tracking of proceeds in Chapter 6 (Management of Proceeds) of its Green Bond Framework. DBK states:  "Allocation of Green Bond proceeds is accounted for through a special off-system sub-account "Green Bonds" (sub-account in Excel) for separate accounting and control of the use of proceeds from Green Bonds. The Bank has identified a structural unit responsible for organizing, ensuring, and implementing an effective Green Bond management process to account for the sub-account and a structural unit accountable for attracting and developing customer relationships and liaising with financial institutions, as well as to maintain a Registry of green projects (hereinafter referred to as registry) that keeps track of projects financed and / or refinanced with green bond proceeds.	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			Reports on the sub-account are intended to inform stakeholders, counterparties and the public about the intended use of green bond proceeds	
3.1.1. Tracking of proceeds: The Net Proceeds of the Bond can be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.	A, E		As per the Green Bond Framework, DBK uses internal financial reporting systems to track and monitor the earmarking and disbursement of proceeds to the nominated projects. 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 projects (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	Compliant with the requirement
3.1.2 Managing unallocated proceeds: The balance of unallocated Net Proceeds can be managed as per Clause 7.3 (the following requirements: While the debt instrument remains outstanding, the balance of the tracked Net Proceeds must be reduced by amounts allocated to Nominated projects and assets. Pending such allocations to Nominated projects and assets, the balance of unallocated Net Proceeds must be: i. Held in temporary investment instruments that are cash, money-market instruments or other liquid, short-term cash equivalent instruments within a Treasury function; and/or ii. Held in temporary investment instruments that do not relate to greenhouse gas intensive projects or any projects which are inconsistent with the delivery of a low carbon and climate resilient economy; and/or iii. Applied to temporarily reduce the indebtedness of a revolving nature before being redrawn for investments in or disbursements to Nominated projects and assets.)	A		As per the Green Bond Framework, the structural unit responsible for organizing, ensuring, and implementing an efficient Green Bond cash management process monitors the sub-account balance quarterly to identify deviations in the total amount of Green Projects and Green Bond proceeds. If, for any reason, the total amount of green projects financed in the sub-account is less than the total amount of outstanding green bonds, the Bank will manage the unallocated amount in accordance with the Bank's Investment Portfolio Management Policy until the amount of green projects financed and / or refinanced equals the green bond amount.	Compliant with the requirement
3.1.3 Earmarking funds to Nominated Projects & Assets: An earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	A, B		As per Chapter 6 (Management of Proceeds) of the Green Bond Framework, DBK has committed to earmark 100% Green Bond proceeds raised to green projects included in the green projects register. Green projects included in the register are to be monitored for compliance or non-compliance with the green project criteria and categories, at least once a year. A non-green project is removed from the register and funding for such a project from green bond proceeds is terminated. If possible, the excluded project is replaced by another green project.  As per prospectus DBK has committed to earmark 100% proceeds raised from Green Bond seeking certification to the loan to finance the nominated wind and solar power projects.	Compliant with the requirement



Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
3.1.4. Where the prospectus requires the proceeds to be ring-fenced, they must be credited to designated bank accounts that can only fund the specified Nominated projects and assets. The Issuer must track and monitor all payments from the designated bank accounts			N/A	
4.1 The Issuer must prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:	A		DBK has provided a Green Bond Framework for the issuance of Green Bonds, which is available on its website.	Compliant with the requirement
4.1.1 Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.;	A		As per the Green Bond Framework, in the case of raising funds through green bonds seeking certification under the Climate Bonds Standard, the Bank shall follow the requirements of the CBI Standard in relation to use-of-proceeds instruments in addition to compliance with those provided for in the Green Bond Framework in relation to each of the four core elements of the ICMA GBP and GLP (LMA/ALSTA/APLMA).	Compliant with the requirement
4.1.2. A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.	A, B		DBK has set out a summary of potential use of proceeds in Chapter 4 (Use of Proceeds) of the Green Bond Framework. This includes Energy generation from renewable sources: waste, biomass, wind, solar, hydro (including generation, transmission, equipment and products). In the case of the use of proceeds from the particular green bond issue seeking certification the Sector Criteria of the CBI standard for the Wind and Solar Power sector are applied. The wind and solar power projects in question are identified in the bond prospectus with the corresponding climate mitigation impact indicators identified	Compliant with the requirement
4.1.3. A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.	A, C.1.1., C.1.4., C.2.1., C.2 .5		As per the Chapter 5 (Selection of Eligible Projects and Assets) of the Green Bond Framework, DBK has set out the process for Selection of Eligible Projects, including bond issues seeking certification under CBS. The relevant decision-making process on nominated project selection (The wind and solar power projects in question) is documented by the Bank	Compliant with the requirement
4.1.4. A description of the Issuer's processes for managing the proceeds	A		As per the Chapter 6 (Management of Proceeds) of the Green Bond Framework, DBK has set out the process for the management of proceeds, including issues seeking certification under CBS	Compliant with the requirement
4.1.5. A description of the Issuer's processes for reporting and external review or verification	A, E		The proceeds of the Bond are to be fully and immediately allocated to finance the loans for the nominated projects through a special off-system sub-account "Green Bonds" (sub-account in Excel) for separate accounting and control of the use of proceeds from Green Bonds, including certified Bonds. The Bank has identified a structural unit responsible for organizing, ensuring, and implementing an effective Green Bond management process to account for the sub-account and a structural unit accountable for attracting and developing customer relationships and liaising with financial institutions, as well as to maintain a Registry of green projects that keeps track of projects financed with green bond proceeds. Reports on the sub-account are intended to inform stakeholders, counterparties and the public about the intended use of certified green bond proceeds. The Bank ensures that the green bond management process is evaluated by an independent external consultant	Compliant with the requirement
4.2. The Green Bond Framework should also include, without limitation:	A		DBK has confirmed to GFC with regard to the Reporting chapter of the Green Bond Framework that the requirements of the Climate Bond Standard reporting will be undertaken to maintain	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			certification if required.	
4.2.1. Information on the methodology and assumptions to be used for confirming that the characteristics or performance of the Nominated projects and assets conform to the relevant Sector Criteria, where required, and any other additional impact metrics that the Issuer will define.	A, B		DBK has identified the nominated projects as per Appendix II of this Assurance report, with reference to CBI Sector Eligibility Criteria, and as detailed in Prospectus. The GBF includes a reference to CBI Sector Eligibility Criteria as a basis for project assessment with regard to potential certified green bonds, indicating GHG reduction and RES capacities installed as impact metrics for RES projects	Compliant with the requirement
4.2.2. A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1.2;	A		The proposed issuance is for 100% financing for bank loans for the nominated wind and solar power projects	Compliant with the requirement
4.2.3. The intended approach to providing Update Reports to reaffirm conformance with the Green Bond Framework while the Bond remains outstanding;	A		DBK has set out required on green bond disclosures in its Green Bond Framework. The Bank intends to provide and keep publicly available annual updated reports on issued Green Bonds, including certified bonds, from the date of issue or attraction until full repayment and in case of any significant changes. These reports will be published on the official website of the Bank: <a href="https://www.kdb.kz/kz/">https://www.kdb.kz/kz/</a> and may include but not limited to the following reports: 1. On the allocation of Green Bond proceeds: - the net proceeds received from each Green Bond; - the amount of proceeds allocated to each Green Project; - balance of unallocated proceeds at the end of the reporting period. 2. On the environmental impact of each project: - progress and status of project implementation; - the actual effect, quantitative and qualitative, but not limited to, e.g., volume of electricity generated; reduction of greenhouse gas emissions, etc.; - deviation from projected quantitative and qualitative environmental impacts.	Compliant with the requirement
4.2.4. The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into and the Issuer shall provide an explanation of why detail on Nominated Projects & Assets is limited;	A, B		The Green Bond Framework, made publicly available, discloses the eligible categories for the nominated projects (including wind and solar). The nominated projects identified for the green bond seeking certification shall be disclosed in the Bond Prospectus and the pre-issuance Assurance report. GFC confirmed with DBK that the post-issuance reporting will show the amount of certified bond proceeds allocated to the nominated green projects, as well as climate mitigation impact indicators (GHG emissions avoided)	Compliant with the requirement
4.2.5. Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look- back period for refinanced Nominated Projects & Assets.	B		N/A. Proceeds from the Bond seeking certification will not be used for re-financing	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
4.3. Issuers are encouraged to disclose as much information as possible with respect to Nominated projects and assets. However, in many cases it is not possible for the Issuer to disclose detailed information about specific projects and assets prior to the issuance of the Bond. This limitation may be due to confidentiality arrangements with owners of projects and assets, the dynamic nature of the project portfolio, competitive considerations, or other legal provisions which limit the disclosure of detailed information	A, B		Information with respect to Nominated projects and assets shall be disclosed in the Prospectus. DBK discloses the engagement of GFC for the verification of the bond issuance seeking certification, and shall share the GFC Pre-Issuance Assurance Statement to prospective and current investors on their website and through sustainability reporting.	Compliant with the requirement
4.4. The Issuer shall include in the Disclosure Documentation:	A		The proposed reporting to investors and stakeholders as set out in the Green Bond Framework will be disclosed to current and prospective investors.	Compliant with the requirement
4.4.1. The investment areas into which the Nominated Projects & Assets fall;	A		Covered by the Green Bond Framework’s reporting chapter	Compliant with the requirement
4.4.2. The intended types of temporary investment Bonds for the management of unallocated Net Proceeds in accordance with Clause 3.1.2;	A		Covered by the Green Bond Framework’s management of proceeds chapter	Compliant with the requirement
4.4.3. The Verifier engaged by the Issuer for the mandatory verification engagements;	A		Identification of GFC as verifier for the verification engagements is covered in the External review section of the Green Bond Framework	Compliant with the requirement
4.4.4. The intended approach to providing Update Reports to reaffirm conformance with the Green Bond Framework while the Bond remains outstanding, including the location of the published documents;	A		Covered by the Green Bond Framework’s reporting chapter	Compliant with the requirement
4.2.5 The CBI Disclaimer provided in the Certification Agreement	B		DBK has confirmed its intention to include the CBI disclaimer in the Bond Prospectus and Pre-issuance Assurance report.	Compliant with the requirement

Table 3.

NOMINATED PROJECTS AND ASSETS<sup>3</sup>

No.	Projects and Assets	Project description	Location	Verified Exposure USD	Project value (est.)
1	Bank loan to finance the Construction of a Wind Power Plant Jasil Jel Energy with a capacity of 15 MW	Construction of a Wind Power Plant Jasil Jel Energy with a capacity of 15 MW in Akmola region, Kazakhstan. The project in question is part of a larger mid-term wind power project titled “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	Arshaly district, Akmola region, Kazakhstan.	CONFIDENTIAL (expected loan amount, Credit Committee decision is pending)	USD 15 mln for 15 MW Wind farm. USD 311 mln for the total 221 MW WWP project (mid-term)

<sup>3</sup> The Issuer intends to allocate Green Bond proceeds to any of the Nominated assets and projects indicated herein depending on which one requires disbursement sooner.



		wind farm 40 MW, Arkalykskaya wind farm 15 MW and Jasil Jel Energy wind farm 15 MW)			
2	Bank loan to finance the Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW (Khromtau Wind Power Plant)	Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW (Khromtau Wind Power Plant)	Near the city of Khromtau, Aktobe region, Kazakhstan	CONFIDENTIAL (loan amount as per Credit Committee approval)	USD 178 mln
3	Project #3. Bank loan to finance the Construction of a second stage Solar power station Balkhash 50 MW near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP)	Construction and commissioning of the stage 2 solar power station Balkhash 50 MW near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP), consisting of photovoltaic modules and inverters	Near town Balkhash, Karaganda region, Kazakhstan	CONFIDENTIAL (No Credit Committee decision yet, borrower assessment ongoing)	USD 37,885,600
	<b>TOTAL</b>			<b>Approx. USD 187,309,000</b>	

1.1. Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
1.1. Nominated projects and assets must meet the eligibility requirements provided in the relevant Sector Criteria documents applicable at the time of certification.	C.1.1., C.1.2., C.1.3., C.1.4., C.2.1., C.2.2., C.2.3., C.2.4., C.2.5., C.3.2., C.3.3	Document review, Interview	<p><b>Project #1. Bank loan to finance the Construction of a Wind Power Plant Jasil Jel Energy with a capacity of 15 MW.</b></p> <p>The project in question is part of a larger mid-term wind power project titled “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) with an estimated potential effect of 483K tonnes of GHG annual emissions avoided.</p> <p>The Jasil Jel 15 MW project includes several wind turbines of the WD172-5000 type, on-site cable power collection lines, on-site fiber optic lines, transformer substations, technological driveways to each wind power installation.</p> <p>According to the Environmental Code of Kazakhstan, industrial installations for the production of electrical energy, including renewable energy sources, with a capacity of up to 50 megawatts (MW) are not subject to mandatory complex environmental impact assessment, with the environmental assessment to be carried out according to a simplified procedure. As per the Conclusion of the state examination on the project, the facilities of the “Wind power station of Jasil Jel Energy LLP to be constructed in the Arshaly district of the Akmola region (WPP-7 and WPP-8)” with a total installed capacity of 15 MW fall under category III facilities and are allowed for installment. During the construction period, imported water will be used as a source of water supply, and water protection measures will be implemented during operation. There will be no impact on the species composition, number of fauna, gene pools, habitat, breeding conditions, migration routes and places of concentration of animals during construction, installation and operation of the facility in question. During the implementation of the project and after its completion, global changes in the vegetation cover of the area at the construction site are not expected.</p> <p><b>The environmental effect</b> of Project #1 is annual prevented greenhouse gas emissions in the amount of <b>32 976 tCO2 per year.</b></p> <p>The main environmental benefit will be in reducing Kazakhstan’s contribution to climate change and air pollution. Annual output for the 15 MW Jasil Jel WPP project is estimated to range from 48 000 to 53 000 MWh /year. Given the more conservative forecast electricity generation of 48 000 MWh /year and based on the national Combined Margin Grid Emission Factor of 698 g CO2/kWh, or 0,698 tCO2/ MWh (for Kazakhstan<sup>4</sup>), the annual greenhouse gas (GHG) emissions avoided can be expected to be 48 000</p>	Compliant with the requirement

<sup>4</sup> According to the IFI Dataset of Default Grid Factors table, version 3.2 (used by IFIs as a basis for accounting for greenhouse gas emissions), Combined Margin Grid Emission Factor for Kazakhstan in relation to wind and solar energy projects is set at 0,698 tCO2/ MWh

			<p>MWh x 0,698 tCO<sub>2</sub>/MWh = 33 504 tCO<sub>2</sub>. However, according to IPCC, average life-cycle CO<sub>2</sub> equivalent emissions for onshore wind power is 0,011t CO<sub>2</sub> equivalent/MWh, therefore, with this correction in mind, the <b>annual GHG emissions avoided</b> are expected to be 48 000 MWh x (0,698- 0,011tCO<sub>2</sub>)/MWh = <b>32 976 tCO<sub>2</sub></b>.</p> <p>Meanwhile, for the context, as per ESIAs and environmental assessments available on the other 4 related projects within the larger (aggregate) mid-term 221 MW project in Akmola region, 3 projects (50MW Energo Trust WPP, 15 MW Arkalyk WPP and 40 MW Sofiyevskaya WPP) were categorized as Category 3 as per Environmental Code, and 1 project was categorized in respective ESIA as “B” for environmental and social aspects (WPP Borey 100MW), with no critical environmental and social issues identified and impacts judged to be site specific with a potential to be brought to acceptable level through the implementation of mitigation measures established and approved in ESAP. Construction for the Borey (100 MW) and Energo Trust (50 MW) projects were completed in December 2022. Also a separate ESIA commissioned by EBRD and conducted for combined 4 projects (100 MW Borey WPP, 50 MW Energo Trust WPP, as well as two projects under development, 40 MW Sofievskaya WPP and 15 MW Arkalyk WPP) in Nov 2023 determined that the project is commensurate with a Category B project although the overhead power line, with voltage of 110 kV and length &gt;40 km is likely to fall under Category A. Consideration has also been given to all relevant direct and indirect E&amp;S impacts, the company’s current operations and management capacity and their proposed plans to implement the project including their procedures and practices and also during the full project cycle stages. The recommendations are incorporated into a corporate level Environmental and Social Action Plan (ESAP) to ensure compliance with the relevant standards.</p> <p><b>Project #2. Bank loan to finance the Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW (Khromtau Wind Power Plant)</b></p> <p>As per Feasibility Study, a 3000 ha site for a 100 or 150MW wind power plant is selected 9 km northeast of Khromtau town in Don Rural Area, Khromtau District, Aktobe Region. At the stage of this report preparation, the 34 Goldwind GW155-4.5 and 25 Vestas V162-6.0 turbines were considered.</p> <p>Four meter-wide internal roads will connect the turbines. The 35kV alternate current cables will be laid 2m deep in the ground between the turbines to connect them to the internal substation from where a 110kV overhead line will run 21km to the area set for a planned 220kV substation.</p> <p>Based on the outcomes of the project risk assessment using GFC’s Environmental and Social Risk Assessment Generic Checklist for Eligible Projects Financed under the Issue of Sustainability Bonds/Loans, Project # 2 in question was assigned a MEDIUM (CATEGORY B) E&amp;S risk rating. As per preliminary ESIA, the project was categorized as “B” for environmental and social aspects and the assessment has not identified any issues that would warrant a review of this categorization. No critical environmental and social issues have been identified and impacts are judged to be site specific with a potential to be brought to acceptable by the stakeholders level and in compliance with the Bank’s Performance Requirements with the mitigation measures.</p> <p><b>The environmental effect</b> of Project #2 is annual prevented greenhouse gas emissions in the amount of <b>366,501 tCO<sub>2</sub></b> per year.</p> <p>The P90<sup>5</sup> factor was used to correlate the annual output. Annual output is expected to be 592 757MWh x 0.9 = 533 481 MWh.</p> <p>Given the forecast electricity generation by the Khromtau WPP of 533 481 MWh /year and based on the national Combined Margin Grid Emission Factor of 698 g CO<sub>2</sub>/kWh, or 0,698 tCO<sub>2</sub>/ MWh (for Kazakhstan<sup>6</sup>), the annual greenhouse gas (GHG) emissions avoided can be expected to be 533 481 MWh x 0,698 tCO<sub>2</sub>/MWh = 372 370 tCO<sub>2</sub>.</p> <p>Since, according to IPCC, average life-cycle CO<sub>2</sub> equivalent emissions for onshore wind power is 0,011t CO<sub>2</sub></p>	
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<sup>5</sup> So called exceedance probability P90, which denotes the level of annual wind-driven electricity generation that is forecasted to be exceeded 90% of the year  
<sup>6</sup> According to the IFI Dataset of Default Grid Factors table, version 3.2 (used by IFIs as a basis for accounting for greenhouse gas emissions), Combined Margin Grid Emission Factor for Kazakhstan in relation to wind and solar energy projects is set at 0,698 tCO<sub>2</sub>/ MWh

		<p>equivalent/MWh, the <b>annual GHG emissions avoided</b> are expected to be 533 481 MWh x (0,698-0,011tCO<sub>2</sub>)/MWh = <b>366 501 tCO<sub>2</sub></b>.</p> <p><b>Note:</b> According to an SPO issued to the borrower’s parent company in June, 2022, for this project and related green loan, which referred to the national GHG emission factor for grid electricity generation (EFgrid) equal to 844gCO<sub>2</sub>/kWh<sup>7</sup>, the <b>annual reduction</b> was estimated at <b>433 856 tCO<sub>2</sub></b>. However, for the purposes of this Assurance Report, GFC employs a more conservative approach with reference to the IFI Dataset of Default Grid Factors table.</p> <p>When burning 1t of coal in Kazakhstan grid electricity generation network, 13-25kg of SO<sub>2</sub> and 7-11kg of NO<sub>x</sub> are thought to be released<sup>8</sup> (the lower values of 13 and 7kg are accepted for this calculation). The total annual reduction of SO<sub>2</sub> and NO<sub>x</sub> emission is expected to be 948.4t and 509.8t respectively.</p> <p><b>Project #3. Bank loan to finance the Construction of a stage 2 solar power station Balkhash 50 MW near town Balkhash, Karaganda region</b> (2nd stage of an aggregate 100 MW Balkhash SPP) The site of the 100 MW SPP is located 8 km north from the town of Balkhash and consists of photovoltaic modules and inverters. The area of SPP construction land plot is 400.0 hectares. The solar panel site occupies the main part of the site and is divided into 16 solar panel fields with transformers. Service and support area buildings are located in the northern part of the site and consist of service premises. The 220/35 kV substation site is also located in the northern part of the SPP site.</p> <p>As per ESIA (as of 2020), during the construction period, the impact is assessed as temporary and does not cause irreversible natural processes and phenomena. Proposed design solutions, including organizational and technical approaches to operation and environmental protection measures, ensure high industrial and environmental safety of the planned reconstruction, rendering significant environmental disturbances unlikely. For possible emergency situations, the facility has an action plan of mitigatory measures. The project's environmental assessment complies with the Environmental Code of Kazakhstan.</p> <p><b>The environmental effect</b> of Project #3 is annual prevented greenhouse gas emissions in the amount of <b>53 165 tCO<sub>2</sub></b> per year. Given the forecast electricity generation by the <b>Balkhash 50 MW SPP</b> of 81 792 MWh /year and based on the national Combined Margin Grid Emission Factor of 698 g CO<sub>2</sub>/kWh, or 0,698 tCO<sub>2</sub>/ MWh (for Kazakhstan), the annual greenhouse gas (GHG) emissions avoided can be expected to be 81 792 MWh x 0,698 tCO<sub>2</sub>/MWh = 57 090 tCO<sub>2</sub>. Since, according to IPCC, average life-cycle CO<sub>2</sub> equivalent emissions for solar power utilities is 0,048t CO<sub>2</sub> equivalent/MWh, the <b>annual GHG emissions avoided</b> are expected to be 81 792 MWh x (0,698-0,048tCO<sub>2</sub>)/MWh = <b>53 165 tCO<sub>2</sub></b>.</p> <p><b>Combined environmental effect of all projects to be financed is 452 642 tCO<sub>2</sub> in annual avoided emissions.</b></p> <p>GFC notes that the Green Bond Framework has been prepared and structured to include Renewable energy (Wind), referring to CBS Sector Eligibility Criteria as selection criteria for cases seeking CBI certification. The Prospectus for the green bond seeking certification sets forth the use of proceeds and provides the description of the wind power projects in question.</p> <p>The issuer has described the decision-making process for the selection of nominated projects in the Green Bond Framework.</p> <p>DBK issues other green bonds, however the environmental objectives associated with the bond seeking</p>	
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<sup>7</sup> Green Economy Transition Handbook, EBRD, 2018 page 51 based on a study carried out by Lahmayer International in 2012, which is still subject to approval. Alternatively, the baseline level of coal in terms of greenhouse gas emissions could be set equal to the carbon dioxide equivalent emission factor of 985 g/kWh (Order of the Minister of Energy of the Republic of Kazakhstan dated June 28, 2017 № 222).

<sup>8</sup> [https://forbes.kz/process/probing/pyil\\_vekov](https://forbes.kz/process/probing/pyil_vekov)



			certification have been clearly defined by the Issuer in the Prospectus and limited to the loan transactions financing the wind power projects that comply with the applicable Technical Criteria of the Climate Bond Standard.	
<p><b>WIND SECTOR ELIGIBILITY CRITERIA of the Climate Bonds Standard Version 1.2)</b></p> <p>Wind energy assets relate to:</p> <ul style="list-style-type: none"> <li>• The establishment, acquisition, expansion, and/ or ongoing management of a specified onshore wind energy facility.</li> <li>• The establishment, acquisition, expansion and/ or ongoing management of related inputs and infrastructure to support these facilities.</li> </ul> <p>These assets are eligible for inclusion in a Certified Climate Bond if they meet:</p> <p>Onshore wind energy generation facilities are <b>Automatically eligible</b></p>	<p>C.1.1., C.1.2., C.1.3., C.1.4., C.2.1., C.2.2., C.2.3., C.2.4., C.2.5.</p>		<p>GFC verified the procedure used by DBK to identify, check, review and include loans on the basis of their use of proceeds.</p> <p>GFC confirmed the procedure for selecting the eligible assets:</p> <ul style="list-style-type: none"> <li>• Bank loan to finance the Construction of a Wind Power Plant Jasil Jel Energy with a capacity of 15 MW</li> <li>• Bank loan to finance the Construction and commissioning of a Wind power development project with a total installed capacity of about 153 MW (Khromtau Wind Power Plant)</li> </ul> <p>GFC confirmed that based on the verification procedures undertaken, the use of proceeds is compliant with the CBI Wind Sector Criteria, and the onshore wind energy generation facilities considered are <b>Automatically eligible</b>.</p>	
<p><b>SOLAR SECTOR ELIGIBILITY CRITERIA of the Climate Bonds Standard &amp; Certification Scheme (April 2023, Rev 2.3)</b></p> <p>Solar energy assets relate to:</p> <ul style="list-style-type: none"> <li>• Onshore solar electricity generation facilities</li> <li>• Wholly dedicated transmission infrastructure, grid connections and other supporting infrastructure for onshore solar electricity generation facilities including inverters, transformers, energy storage systems and control systems.</li> <li>• etc.</li> </ul> <p>Onshore solar electricity generation facilities are eligible if they meet the following criterion:</p> <p>A minimum of 85% of electricity is generated from solar energy resources</p>	<p>C.3.2., C.3.3</p>		<p>GFC verified the procedure used by DBK to identify, check, review and include loans on the basis of their use of proceeds.</p> <p>GFC confirmed the procedure for selecting the eligible assets:</p> <ul style="list-style-type: none"> <li>• Bank loan to finance the Construction of a stage 2 solar power station Balkhash 50 MW near town Balkhash, Karaganda region (2nd stage of an aggregate 100 MW Balkhash SPP)</li> </ul> <p>GFC confirmed that based on the verification procedures undertaken, the use of proceeds is compliant with the CBI Solar Sector Criteria, and Onshore solar electricity generation facilities, as well as supporting infrastructure such as inverters and transformers, considered are <b>eligible, since they meet the following requirement:</b> A minimum of 85% of electricity is generated from solar energy resources. The Balkhash 50 MW SPP consists of photovoltaic modules and inverters and 100% of electricity is to be generated from solar energy resources.</p>	

## **Appendix II. List of Documents Reviewed**

### **Review of Documentation**

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

- A. Green Bond Framework
- B. Draft Prospectus on the Bond Issue
- C. Project Information:
  - C.1.1. Questionnaire filled in on Project #1 (15 MW WPP Jasil Jel Energy in Akmola Region)
  - C.1.2. Conclusion of the government (state) environmental assessment as of 07.06.2023 on project “Construction of WPP Jasil Jel Energy in Arshaly district, Akmola Region” (for wind farm equipment, inc. wind generator, with a total capacity of 10 MW)
  - C.1.3. Conclusion of the government (state) environmental assessment as of 07.06.2023 on project “Construction of WPP Jasil Jel Energy in Arshaly district, Akmola Region” (for wind farm equipment, inc. wind generator, with a total capacity of 5 MW)
  - C.1.4. Credit Committee decision on inclusion of the project # 1 to the pool of green projects and recommendation for Credit Committee for nomination
  - C.1.5. Environmental assessments (including ESIA on other related projects within the larger 221 MW project (Conclusion of the government (state) environmental assessment on project “Construction of 50 MW WPP Energo Trust”, 15 MW Arkalyk WPP and 40 MW Sofiyevskaya WPP, ESIA for Borey 100 MW WPP)
  - C.2.1. Questionnaire filled in on Project #2 (153 MW WPP Khromtau, Aktobe Region)
  - C.2.2. Preliminary ESIA and Feasibility study for project: «Wind Farm Construction (WFP)”, including 154 WPP in Khromtau, date of approval 17.05.2021
  - C.2.3. SPO issued earlier by GFC on 13 June, 2022, re: the compliance of a green loan to be obtained by the parent company of DBK’s borrower re: the Khromtau WPP project), which includes project assessment for compliance with Kazakhstan’s Green Taxonomy
  - C.2.4. Positive conclusion of an independent examination No. KAREXP-0023/23 dated September 18, 2023 for the project: Construction of a wind power plant (WPP) Khromtau. Service and production complex (SPC) of wind farms, technological passages, installation sites”
  - C.2.5. Credit Committee decision on inclusion of the project # 2 to the pool of green projects and recommendation for Credit Committee for nomination
  - C.3.1. Questionnaire filled in on Project #3
  - C.3.2. ESIA for Balkhash SPP 100MW (stage 1 (50MW) and 2 (50MW)
  - C.3.3. Conclusion on comprehensive non-departmental examination for Balkhash SPP 100MW project as of 12.10.2020.
- D. 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
- E. Working spreadsheets on the tracking of DBK’s sustainable bond issues and allocation to green projects (excel file)
- F. Bank’s Development Strategy for 2014–2023
- G. Development Strategy for 2024–2033
- H. Sustainable Development Policy
- I. Memorandum on Credit Policy
- J. Corporate Governance Code
- K. Annual reports of DBK for 2022 and 2021
- L. Draft Roadmap for the implementation of ESG in its activities
- M. Risk management policy of Development Bank of Kazakhstan JSC
- N. Information on the risk management and internal control system
- O. Corporate social responsibility strategy

- P. Principles of corporate social responsibility of DBK
- Q. Information disclosure rules of DBK
- R. Organizational structure

*Background documents related to the Green Bond:*

1. Climate Bond Standard version 4.0, April 2023.
2. Climate Bonds Initiative Wind Sector Eligibility Criteria (Rev. 1.3 as of 13 April 2023).

**Interviews with and Information Collected from Bond issuer stakeholders**

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. Anna Zagorskina, Funding and Investor Relations, DBK
3. Malika Rakhymzhanova, Specialist, Funding and International Relations, DBK

**Appendix III. Assurance Procedures and Findings**

**Resolution of issues raised**

The objective of this phase of the verification is to resolve any outstanding issues, which need be clarified prior to GFC's conclusion on the Bond. No corrective action issues, where DBK might have deficient processes and procedures that will influence its ability to meet the requirements of the Climate Bond Standard were raised. A clarification issue was raised where information was insufficient or not clear enough to determine whether the applicable Climate Bond Standard requirements have been met (see below). No material follow-up control issues were raised during verification to highlight issues related to the Bond issuer's implementation of the requirements of the Climate Bond Standard that require review during a subsequent verification.

**Corrective action issues raised**

No.	Corrective action issue raised	Action taken by Bond issuer	GFC's assessment of action taken by Bond issuer
1	None raised		

**Clarification issues raised**

No.	Clarification issue raised	Action taken by Bond issuer	GFC's assessment of action taken by Bond issuer
1	Possible lack of internal expertise during the identification and selection of eligible projects and related E&S risk assessment. Bank adopted Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG)	In its GBF, Bank states that, if necessary, the Bank may engage external consultants for the selection and evaluation of green projects. GFC confirmed with Client that the Bank plans on assigning appropriate	Action sufficient. GFC confirmed with Client that the Bank has conducted its assessment re: projects to be financed against its Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles, that have been carried out by dedicated internal staff for E&S risk assessment procedures.



	principles, and is planning on implementing in mid-term the Financial Regulator's (ARDFM) Guidance on ESMS. Given that the Bank is at the start of its journey to fully implement ESMS procedures, the Bank may not have the necessary resources to conduct in-depth Due Diligence and follow-up and monitor thoroughly the implementation of any project-related mitigation plans.	responsibilities to dedicated internal staff for E&S risk assessment procedures and follow-up monitoring (Appointment of internal ESG officer with primary responsibility of E&S risk assessment of projects)	
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#### **Follow-up control issues raised**

<b>No.</b>	<b>Follow-up control issue raised</b>	<b>Action taken by Bond issuer</b>	<b>GFC's assessment of action taken by Bond issuer</b>
1	None Raised		

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