



Empowering Sustainable Finance



**INDEPENDENT EXTERNAL
REVIEW
IN THE FORM OF A SECOND
PARTY OPINION
ON THE POST-ISSUANCE
REPORT FOR THE FIRST
SOCIAL BOND ISSUANCE
OF "Industrial
Development Fund" JSC**

Astana, 2025

Independent External Review in
the Form of a Second Party
Opinion on the Report on the First
Issuance of Social Bonds of
Industrial Development Fund JSC

EXECUTIVE SUMMARY

GENERAL INFORMATION

Assessment Parameters for the Preparation of the External Review

Type of financial instrument	Social bonds
Applicable standards	Social Financing Framework of Industrial Development Fund JSC; Social Bond Principles (SBP, ICMA)
Listing venue	Astana International Exchange (AIX)
Bond tenor	From 20 May 2024 to 20 May 2027
Stage	Post-Issuance (first year)
Purpose	Confirmation of the social bond status after issuance

Scope

The Green Investment Group LLP (hereinafter referred to as GIG) has prepared an external review for the purpose of confirming the social bond status of Industrial Development Fund JSC (hereinafter referred to as the Issuer, IDF) following the issuance, in accordance with the Social Financing Framework (hereinafter referred to as the Framework).

The assessment of compliance was conducted based on the analysis of annual financial reporting, sustainability reporting, and interviews with responsible representatives of the Company.



Information on the Issuer

Industrial Development Fund Joint Stock Company is a subsidiary of Development Bank of Kazakhstan JSC and forms part of the structure of National Managing Holding 'Baiterek' JSC. IDF was established pursuant to the instruction of the Head of State, Kassym-Jomart Tokayev, dated 11 May 2020, for the purpose of developing the industrial potential of the national economy, and in accordance with Resolution of the Government of the Republic of Kazakhstan No. 521 dated 18 August 2020 "On the Establishment of the Industrial Development Fund". On 27 December 2021, the Law of the Republic of Kazakhstan "On Industrial Policy" was adopted, which formally defined and secured the objectives, functions, and mandate of IDF.

One of the key principles of IDF's corporate policy is the social orientation of the projects it supports. In line with the principles of social responsibility, IDF does not finance:

- the production of weapons;
- the production of alcoholic beverages;
- the production of narcotic drugs, narcotic substances, and psychotropic substances;
- the production of tobacco products.

At the same time, IDF has approved a Social Financing Framework (dated 26 April 2024, as updated on 26 November 2025). The Framework sets out the general provisions governing the selection of social projects, the use of proceeds from social bonds, and the assurance of procedural transparency, as well as disclosure requirements enabling the assessment of the characteristics of each individual social bond issuance. The categories of eligible social projects established under the Framework are also designed to contribute to the achievement of the United Nations Sustainable Development Goals:

No	Social Project Categories under the SBP	Description and Examples	Examples of Impact Indicators (including, but not limited to)	Contribution to the UN SDGs
1	Provision of Affordable Basic Infrastructure	Support for projects related to the provision of clean drinking water, wastewater treatment, improved sanitation, transport, electricity supply, and other	1) number of residents of settlements using public transport (e.g. buses, trolleybuses, trams, trains, aircraft, etc.) and/or benefiting from the construction of qualitatively new linear transport infrastructure (e.g. paved roads, railway lines, etc.); 2) number of people provided with drinking water meeting higher quality standards; 3) number of households connected to centralized electricity, gas, water, and/or district heating networks.	3, 6, 7, 9, 11
2	Access to Essential Social Services	Support for projects in the fields of healthcare and public safety (renewal of emergency service fleets such as ambulances, police, fire and rescue services), education and vocational training, as well as financing and financial services	1) number of people gaining access to financial services; 2) number of low-income individuals gaining access to affordable microcredit; 3) increase in the number of sanitary transport vehicles; 4) increase in the number of emergency service vehicles; 5) improvement in the coordination of medical care delivery.	1, 3, 4, 8, 10
3	Employment Generation and Alleviation of Unemployment Resulting from	Provision of financing to small and medium-sized enterprises and microfinance	1) number of loans and leasing transactions provided to small and/or micro enterprises; 2) number of loans/leasing transactions/investment	1, 8, 10

	Socio-Economic Crises		<p>projects provided to small and/or micro enterprises in low-income regions or during periods of socio-economic downturn;</p> <p>3) number of low-income individuals gaining access to affordable microcredit/microfinance;</p> <p>4) number/share of persons with disabilities employed;</p> <p>5) number of small and medium size enterprises (SMEs) established in the region;</p> <p>6) number of jobs created as a result of support provided to SMEs.</p>	
4	Food Security and Sustainable Food Systems	Financing of projects aimed at ensuring physical, social, and economic access to safe food in sufficient quantities that meet dietary needs	<p>1) number of people with access to affordable, safe, nutritious, and sufficient food;</p> <p>2) number of people benefiting from agricultural projects applying improved technologies.</p>	1, 2, 3, 12
5	Veterinary Safety and Sustainable Rural Development	Financing of projects aimed at improving the efficiency of veterinary services and the timeliness of response in the implementation of veterinary-preventive, diagnostic, and anti-epizootic measures	<p>1) number of veterinary stations and mobile teams provided with vehicles;</p> <p>2) reduction in response time to outbreaks of infectious animal diseases;</p> <p>3) number of rural settlements covered by veterinary services;</p> <p>4) number of animal disease prevention and eradication measures conducted using acquired vehicles and equipment.</p>	2, 3, 12

Taking the above into account, in the process of evaluating and selecting projects that meet the eligibility criteria, the Issuer adheres to the principle of Do No Significant Harm (DNSH) with respect to the social environment.

Furthermore, in line with the recommendations of the SBP, the Issuer identifies the target population groups to which the social projects are directed, including:

- 1) populations living below the poverty line;
- 2) socially isolated and/or marginalized population groups and/or communities;
- 3) persons with disabilities;
- 4) migrants and/or forcibly displaced persons;
- 5) persons with limited access to education;
- 6) population groups lacking sufficient access to essential goods and services;
- 7) unemployed persons;
- 8) women and/or sexual and gender minorities;
- 9) elderly persons and youth from vulnerable population groups;
- 10) other vulnerable population groups, including persons affected by natural disasters.

In May 2024, the Issuer carried out its debut issuance of social bonds on the Astana International Exchange (AIX) in the total amount of KZT 5 750 000 000. The coupon rate was set at 13.5% per annum.

The proceeds from the issuance were allocated to the implementation of projects in the healthcare sector, specifically for the procurement of ambulance vehicles.

EXECUTIVE SUMMARY

This document provides an opinion on the compliance of the use of proceeds raised through the issuance of social bonds with the objectives set out in the Issuer's Social Financing Framework and the recommendations of the Social Bond Principles and Social Loan Principles, and confirms consistency with the Harmonized Framework for Impact Reporting for Social Bonds (2025 edition) issued by the International Capital Market Association (ICMA). As of the date of preparation of this External Review, the project implemented by the Issuer complies with the stated categories of eligible social projects to be financed through social bonds.

Key Issuance Parameters:

<i>Parameter</i>	<i>Value</i>
<i>Issue size</i>	KZT 5 750 000 000
<i>Tenor</i>	3 years
<i>Purpose of issuance</i>	Procurement of ambulance vehicles

✓ Opinion on Post-Issuance Compliance of the Social Bonds of Industrial Development Fund JSC with the Social Bond Principles

We assess the Social Financing Framework of Industrial Development Fund JSC as being aligned with the Social Bond Principles.

✓ Opinion on the Assigned Level of Alignment (from "Excellent (High)" to "Unsatisfactory (Low)")

Based on the results of the analysis and in accordance with the Alignment Assessment Map, the level of alignment with the Social Bond Principles has been determined as "Excellent (High)".

Industrial Development Fund JSC demonstrates an excellent level of governance, allocation of proceeds, project selection, management of raised funds, reporting, and disclosure of information related to socially significant projects

The Issuer has established and disclosed the following indicators related to the use of proceeds and social impact:

As of 31 December 2024, total expenditures for the financing of eligible social projects amounted to KZT 7,68 billion, of which KZT 5,75 billion was financed through proceeds from social bonds and KZT 1,93 billion was financed using the Issuer's own funds. The Issuer confirmed that the proceeds were fully allocated (with no temporarily unallocated balance remaining).

Allocation of Proceeds from Social Bonds as of 31.12.2024

Indicator	Unit	Value
Number of social bonds issued, total	units	115
Volume of social bonds issued, total	KZT	5 750 000 000
Nominal value of social bonds	KZT	50 000 000
including during the reporting period	KZT	50 000 000
Total volume of social bonds placed (proceeds)	KZT	5 750 000 000
including during the reporting period	KZT	5 750 000 000
TOTAL proceeds from social bonds	KZT	5 750 000 000
Total amount of funds used for eligible projects	KZT	5 750 000 000
including allocated to the project from:		
Social bond proceeds	KZT	5 750 000 000
Balance of unallocated proceeds at the end of the reporting period	KZT	-

Breakdown of Proceeds Allocation by Project

No.	Project Description	Beneficiary (Applicant)	Total Project Amount (KZT bn)	Financed from Social Bond Proceeds (KZT bn)	Financed from Issuer's Own Funds (KZT bn)
1	Procurement of 200 ambulance vehicles	Healthcare Department of the Kyzylorda Region State Institution	4,9	3,28	1,6
2	Procurement of 50 ambulance vehicles	Healthcare Department of the Akmola Region State Institution	2,8	2,47	0,32

Social Impact. Summary of disclosure indicators according to the list of information on the social component of the Issuer's activities in accordance with the Framework.

Within the implementation of eligible social projects, the Issuer procured 250 ambulance vehicles.

In accordance with its impact reporting, the Issuer further discloses that the deployment of new ambulance vehicles has resulted in a 30% improvement in response times, as well as an expansion of healthcare service coverage, including to rural, remote, and previously underserved areas.

It is recommended that the annual verification of social impact indicators be continued throughout the tenor of the social bonds.

Zhanna Tuyenbayeva
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29/12/2025



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1. Work procedure

The External Review represents an independent assessment and expresses GIG's opinion on the governance, administration, and allocation of proceeds from social financial instruments, as well as on the reporting and disclosure of information related to social projects financed through the use of social financial instruments. The External Review also assesses the alignment of such instruments with the Issuer's Social Financing Framework, the absence of any contradiction with the Social Bond Principles and Social Loan Principles, and consistency with the Harmonized Framework for Impact Reporting for Social Bonds.

The preparation of the External Review includes the review of relevant documentation, regulatory and internal governing documents, protocols, opinions, reports, and presentations of the Issuer, where available, as well as other publicly available information that may serve to describe, detail, and substantiate the alignment of processes related to the implementation of the Issuer's framework for social financial instruments. The information used for these purposes is obtained through direct engagement with the Issuer and/or from publicly available sources that GIG considers to be reliable.

The External Review is prepared in compliance with ethical standards and under conditions ensuring GIG's independence from the Issuer.

Assessment Criteria

The opinion is expressed in the following manner:

1. In the preparation of the External Review, an assessment is conducted of the Issuer's business processes against four key criteria:

- Use of Proceeds;
- Project Evaluation and Selection Process;
- Management of Proceeds;
- Reporting and Disclosure.

2. The opinion on the confirmation of the social bond status is expressed based on the reporting and other documentation provided by the Issuer, in accordance with the stated provisions of the Issuer's Social Financing Framework, the recommendations of the Social Bond Principles and Social Loan Principles, and the Harmonized Framework for Impact Reporting. The social bond status is not confirmed if deviations from compliance exceed 10%¹ of the total set of indicators.

The final External Review is submitted to the Issuer and is subsequently subject to public disclosure and distribution to interested parties with the consent of the Issuer.

2. PROJECT DESCRIPTION

In accordance with the stated purpose of the social bond issuance, the Issuer procured 250 ambulance vehicles, including: 200 vehicles based on the request of the Healthcare Department of the Kyzylorda Region State Institution and 50 vehicles based on the request of the Healthcare Department of the Akmola Region State Institution. This eligible social project category is aligned with the Social Bond Principles category relating to Access to Essential Services and implies the expansion of geographical coverage, modernization of medical equipment, and the provision of equal access to healthcare services for the population.

¹ In the event of changes in market conditions, regulatory and legal requirements of the legislation of the Republic of Kazakhstan, or international standards and principles, GIG reserves the right to increase the minimum alignment threshold.

3. POST-ISSUANCE ASSESSMENT OF ALIGNMENT INDICATORS FOR THE ISSUANCE AND CIRCULATION OF SOCIAL BONDS BY CRITERIA

Criterion	Status	Comment / Source of Information
Use of Proceeds		
100% of the funds raised are allocated to the implementation and financing/refinancing of social projects that generate social benefits and are assessed by the Issuer for compliance with the eligible project categories in accordance with the SBP, with respect to their qualitative and/or quantitative characteristics	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024; Annual Report of Industrial Development Fund JSC for 2024.
Project Evaluation and Selection Process	✔	Social Financing Framework dated 26 April 2024, as updated on 26 November 2025.
The Issuer discloses information in the context of its objectives, policies, strategies, and processes related to sustainability in social aspects, including targets for achieving social improvements, as well as participation in various activities and initiatives demonstrating its commitment to sustainable development principles and social progress	✔	Social Financing Framework dated 26 April 2024, as updated on 26 November 2025; Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024; Annual Report for 2024 of Industrial Development Fund JSC for 2024.
The Issuer discloses the objectives of the social bond issuance/projects, including intended use, timelines, and social impact indicators	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024.
The Issuer has established a dedicated unit that, inter alia, oversees the selection and implementation of projects. The staff of this unit generally demonstrate an understanding of their assigned responsibilities, and some members have experience in supporting social projects	✔	Social Financing Framework dated 26 April 2024, as updated on 26 November 2025; Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024; Annual Report of Industrial Development Fund JSC for 2024.
The Issuer has a policy for the identification of social risks, either embedded in project documentation or set out in a dedicated social risk identification policy that discloses qualification criteria for identifying social risks associated with project implementation	✔	Risk Management Policy of Industrial Development Fund JSC dated 9 November 2015, as amended as of 5 September 2025.
Management of Proceeds		
Net proceeds from the issuance of social bonds are credited to a sub-account, transferred to a separate portfolio, or otherwise appropriately tracked by the Issuer	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024.
The method for segregated accounting of proceeds from social bonds is clearly defined in the Issuer's documentation	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024; Clause 22, Chapter 4 "Management of Proceeds" of the Social Financing Framework dated 26 April 2024, as updated on 26 November 2025.
While the social bonds remain outstanding, the Issuer performs ongoing monitoring of the sub-account, and a procedure is in place to remove projects from the portfolio if they become ineligible.	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024; Clause 24, Chapter 4 "Management of Proceeds" of the Social Financing Framework dated 26 April 2024, as updated on 26 November 2025.
The Issuer informs investors about the instruments proposed for the temporary placement of unutilized social bond proceeds	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024; Clause 22, Chapter 4 "Management of Proceeds" of the Social Financing Framework dated 26 April 2024, as updated on 26 November 2025 - temporary placement of unallocated funds is not envisaged.
Clear rules regarding the investment of temporarily unused social bond proceeds are established	✔	Clause 22, Chapter 4 "Management of Proceeds" of the Social Financing Framework dated 26 April 2024, as updated on 26 November 2025 - temporary placement of unallocated funds is not envisaged.

Criterion	Status	Comment / Source of Information
An auditor or another third party is engaged to verify the internal tracking method for the use of proceeds from social bonds	✔	Independent auditors' report on the financial statements for the year ended 31 December 2024.
Reporting		
The Issuer provides a detailed post-issuance report (including a list of projects) and disclosures regarding the use of proceeds from the placement of social bonds	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024.
Reporting includes disclosure of information on the nature of investments and the expected social impact	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024.
The Issuer discloses information on the projects financed, with a detailed breakdown by areas (categories), as well as information on social impact and the implementation status of individual projects	✔	Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024.
The Issuer undertakes to engage independent qualified parties to assess its reporting on the implementation of the Social Financing Framework	✔	External verification report in the form of a Second Party Opinion issued by AIFC Green Finance Centre Ltd., assessing alignment of the Social Financing Framework of Industrial Development Fund JSC with the ICMA Social Bond Principles, dated 29 April 2024.

Assumptions and Limitations

All rights reserved. No part of this External Review may be reproduced, distributed, or published in any form or by any means without the prior written consent of GIG. This External Review reflects our opinion regarding the expected outcomes from the use of green, social and/or sustainable financial instruments and the alignment of the company's Framework on green, social and/or sustainable financial instruments with the Green Bond Principles and Social Bond Principles, the Green Loan Principles and Social Loan Principles, the Sustainability Bond Guidelines, and the Harmonized Framework for Impact Reporting. There is a possibility that the final conclusion may be subject to inaccuracies due to unforeseen changes in the economic environment and financial markets. The External Review constitutes an independent assessment based on information provided by the company and on GIG's assessment methodology for evaluating the alignment of the company's Framework on green, social and/or sustainable financial instruments with the Green Bond Principles and Social Bond Principles, the Green Loan Principles and Social Loan Principles, the Sustainability Bond Guidelines, and the Harmonized Framework for Impact Reporting. It does not disclose any confidential information of the company and does not constitute a recommendation or advice to make any investment decisions. The External Review is provided for informational purposes only, and GIG accepts no responsibility or liability for any losses or damages arising from the use of this External Review and/or the information contained herein. The External Review may be updated after publication, with the reasons for such update duly indicated. More detailed information on the Green Investment Group methodology for the preparation of External Reviews assessing the alignment of an issuer's Framework on green, social and/or sustainable financial instruments with the Green Bond Principles and Social Bond Principles, the Green Loan Principles and Social Loan Principles, the Sustainability Bond Guidelines, and the Harmonized Framework for Impact Reporting is available at www.greeninvest.kz.

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4. Appendix 1. List of Documents and Source Information of Industrial Development Fund JSC

1. Social Financing Framework dated 26 April 2024, as updated on 26 November 2025.
2. Report on the Use of Proceeds from the First Issuance of Social Bonds and the Achieved Social Impact of Industrial Development Fund JSC for 2024.
3. Annual Report of Industrial Development Fund JSC for 2024.
4. Risk Management Policy of Industrial Development Fund JSC dated 9 November 2015, as amended as of 5 September 2025.
5. Independent Auditors' Report on the financial statements for the year ended 31 December 2024.
6. External verification report in the form of a Second Party Opinion issued by AIFC Green Finance Centre Ltd., assessing the alignment of the Social Financing Framework of Industrial Development Fund JSC with the International Capital Market Association (ICMA) Social Bond Principles, dated 29 April 2024.
7. Interviews with responsible representatives of Industrial Development Fund JSC