

November 29, 2024

GENERAL INFORMATION

Evaluation parameters for the preparation of the External Review

Type of financial instrument	Green bonds
Compliance Standards	Green, Social and Sustainable Financial Instruments Framework of BLACK BIOTECHNOLOGY LLP
Circulation period of the bonds	17.11.2023-17.11.2026
Stage	Post-issuance
Application	Confirmation of green bond status after issuance

Coverage

BLACK BIOTECHNOLOGY LLP (the 'Issuer' or the 'Company') has engaged Green Investment Group LLP (the 'GIG') to conduct an External Review to validate the classification of green bonds upon issuance, in alignment with the Green, Social, and Sustainable Financial Instruments Framework.

Liability of the Issuer

To facilitate the preparation of the external review, the Company shall provide GIG with the following documents:

- The Company's Green, Social, and Sustainable Financial Instruments Framework, along with other internal regulatory documents related to green bonds.
- Documentation demonstrating compliance with the procedures for the evaluation and selection of eligible projects.
- Detailed project information.
- Reports on use and accounting of proceeds, and environmental impact.

BRIEF SUMMARY

This document provides an independent opinion on the alignment of proceeds raised through the issuance of green bonds with the stated objectives and recommendations outlined in the Green Bond and Loan Principles. It also confirms that the use of proceeds does not conflict with the International Capital Market Association's (ICMA) Harmonized Impact Reporting Framework. Furthermore, as of the preparation date of this External Review, the implementation of the Company's stated project complies with the currently approved taxonomy for green projects eligible for financing through green bonds and green loans in the Republic of Kazakhstan, specifically paragraph 4.2 'Soil,' item 4: 'Pollution Prevention and Control.'

Key Release Parameters:

<i>Parameter</i>	<i>Value</i>
<i>Output volume</i>	KZT2,000,000,000
<i>Circulation period</i>	3 years
<i>Purpose of release</i>	Financing of an environmentally significant project

Opinion on compliance with the terms of circulation of green bonds of BLACK BIOTECHNOLOGY LLP after issuance in accordance with the Green Bond Principles.



Based on our review of the documentation provided, we believe that the use of the proceeds from the Company's November 2023 green bonds is consistent with BLACK BIOTECHNOLOGY LLP's adopted Green, Social and Sustainable Financial Instruments Framework.



During our review of the documentation provided by the Company, we did not identify any deviation from the stated terms of BLACK BIOTECHNOLOGY LLP's 2023 green bond issuance in accordance with the Company's Green, Social and Sustainable Financial Instruments Framework, nor did we identify any conflict with the Green Bond Principles and the Harmonized Impact Reporting Framework.

The Company has established and disclosed the following use of proceeds and environmental impact indicators:

The project costs amounted to KZT1.85 billion out of KZT2 billion raised.

Unallocated proceeds received from the sale of green bonds in the amount of KZT155,566,531 are temporarily managed in full compliance with the BLACK BIOTECHNOLOGY LLP Green, Social and Sustainable Financial Instruments Framework. In the near future, in accordance with the construction schedule, these proceeds will be used to complete the construction of the plant and put it into operation.

Progress and status of the project "Construction of a plant for the production of innovative biofeed additives and fertilizers for the development of organic agriculture" as of 30.09.2024:

The project on construction of the plant is realized in the territory of the Industrial Zone of Almaty. At the moment, construction works are 83% complete, and commissioning of the facility and achievement of the design production capacity are scheduled for the **end of 2025**.

Allocation of green bond proceeds

Name of indicator	Unit	Value
Number of green bonds issued, total	pcs.	2 000 000
Volume of green bonds issue, total	KZT	2 000 000 000
Nominal value of green bonds	KZT	1000
including for the reporting period	KZT	2 000 000 000
Volume of green bonds sold total (proceeds)	KZT	2 005 953 059
including for the reporting period	KZT	2 005 953 059
TOTAL green bond proceeds	KZT	2 005 953 059
Total amount of proceeds used for Eligible Project, KZT	KZT	1 850 386 528
including that allocated to the project:		
Construction of a plant for the production of innovative biofeed additives and fertilizers for the development of organic agriculture	KZT	1 850 386 528
Balance of unallocated proceeds at the end of the reporting period	KZT	155 566 531

Environmental Impact. The ESG Disclosure Policy provides a concise overview of the disclosed indicators related to the environmental aspects of the Company's activities, along with a summarized analysis.

The Company actively implements initiatives to reduce its environmental footprint:

- Waste disposal: 70.81 tons recycled.
- Reduction of industrial waste: up to 0.3 tons for each ton of production.
- Increase in the area of organically certified soils: +1 thousand ha.
- Increase in the number of sustainable farms: +10 units.
- Bioculture protection: 50 thousand ha were treated.

The project is subject to annual monitoring during the Post-Issuance phases following final plant commissioning, among other things, to ensure bond status is monitored and milestones are met.

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29/11/2024



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Information about the Issuer

The Green, Social, and Sustainable Financial Instruments Framework of BLACK BIOTECHNOLOGY LLP ('the Framework'), which establishes the primary criteria for identifying eligible green projects, was formally adopted on July 17, 2023, by the order of the Company's Director.

On November 27, 2023, the Company executed its debut green bond issuance through public subscription on the Kazakhstan Stock Exchange JSC, raising a total of KZT 2,000,000,000 (two billion) with a coupon rate of 21.5% per annum and have maturity of 3 years.

The proceeds of the offering were used to finance green eligible projects that comply with the International Capital Markets Association (ICMA) Green Bond Principles (GBP).

BLACK BIOTECHNOLOGY LLP ('the Company') was established on May 18, 2021, with its core activities encompassing the production of innovative dietary supplements for pets, organic fertilizers for agricultural purposes, biofeed additives, and veterinary pharmaceuticals for livestock and poultry farming.

The participants of BLACK BIOTECHNOLOGY LLP are:

Kurmanbayev Kenzhebek, citizen of the Republic of Kazakhstan - 95%;

Kenzhebeyeva Aigul Toleukhanovna, citizen of the Republic of Kazakhstan - 4%;

Kaliyeva Zhanar Ganiyevna, citizen of the Republic of Kazakhstan - 1%.

The Company's operations are guided by its commitment to achieving the following key results and benefits:

- Promoting organic agriculture within the Republic of Kazakhstan (RoK);
- Enhancing the yield and productivity of Kazakhstan's agro-industrial complexes;
- Contributing to the health improvement of the population in alignment with the national strategy for human capital development;
- Advancing environmental protection through zero-waste production practices;
- Expanding the Company's production capacity and market presence within Kazakhstan;
- Increasing exports to Arab countries, Europe, CIS nations, and Turkey.

The Framework governs the implementation of projects aligned with, but is not limited to, the Company's core business activities. All projects financed under this framework must meet the eligibility criteria for green projects, as defined by the Principles.

The Company's Framework mandates annual public disclosure of information regarding the allocation and use of proceeds from applicable financial instruments, investment directions and the environmental and social impact of operations on the Company's official website <https://alkaral.kz/>.

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1. Work order

The External Review represents an independent evaluation conducted by GIG, providing an assessment and opinion regarding the management, administration, allocation, reporting, and disclosure practices associated with green finance-funded projects and their compliance with the issuer's Green Finance Framework and lack of conflict with the Green Bond and Green Loan Principles, the International Capital Markets Association's Harmonized Framework for Impact Reporting.

The preparation of the External Review encompasses a thorough examination of relevant documentation, regulatory materials, protocols, minutes, report conclusions, and presentations provided by the issuer, as well as other publicly available information deemed reliable and relevant for evaluating adherence to processes related to the issuer's Green Financial Instruments Framework. Information for this purpose is acquired through direct engagement with the issuer and/or from any public sources GIG considers credible.

The External Review is conducted in accordance with GIG's ethical standards, ensuring the independence and impartiality with respect to the issuer.

Evaluation criteria

The Opinion is structured as follows:

1. During the preparation of the External Review, the issuer's business processes are evaluated for compliance with four core criteria:

- Use of Proceeds,
- Project evaluation and selection process,
- Management of Proceeds,
- Reporting and Disclosure.

2. An opinion on the confirmation of the green bond status is rendered based on the reports and other documentation provided by the issuer in accordance with the stated terms of the issuer's Green Finance Framework, as well as recommendations of the Green Bond and Green Loan Principles. The green bond status is not confirmed if deviations exceed 10%¹ of the total indicators assessed.

Upon completion, the final External Review will be submitted to the issuer and subsequently, with the issuer's consent, the review will be publicly disclosed and made accessible to all interested parties.

¹ In the event of changes in market conditions, regulatory requirements under the legislation of the Republic of Kazakhstan, or updates to international standards and principles, GIG reserves the right to adjust the minimum compliance threshold upward as deemed necessary.

2. PROJECT DESCRIPTION

BLACK BIOTECHNOLOGY LLP is a developer and manufacturer of organic feed additives, new generation fertilizer - Al Karal. The products contain humic and fulvic substances - this is the real natural growth stimulator. There is no toxicity in these products. The usual chemical detoxification and disinfection are not used in the project. This means that these products become a link in a "clean" ecological chain. The Construction of a Plant for the Production of Organic Feed Additives and Fertilizers Based on Humic Substances offers significant environmental, economic, and social benefits. Its implementation is expected to contribute meaningfully to the transition toward sustainable and responsibly managed agricultural practices, promoting resource conservation and enhancing quality of life. The project underscores a commitment to sustainable agriculture by delivering solutions that are environmentally, economically, and socially advantageous.

Environmental benefits:

- Elimination of conventional chemical detoxification methods.
- Support for organic farming practices.
- Adoption of environmentally friendly technologies.
- Company and project goals and objectives.

The primary goal of the project is to establish a high-tech biotechnological production of new generation products tailored for livestock and poultry farming:


- Human and animal supplements;
- Organic fertilizers;
- Biofeed additives;
- Veterinary medications.


The Company's and the project's objectives are as follows:

- Development and implementation of innovative products.
- Ensuring high standards of quality and safety.
- Promoting sustainable agriculture and environmental security.
- Expanding the market and strengthening the company's position.
- Contributions to health and quality of life.

These objectives are aimed at creating a competitive biotechnology company dedicated to offering innovative, sustainable, and safe solutions for health, agriculture, and environmental stewardship.

3. ASSESSMENT OF COMPLIANCE INDICATORS FOR GREEN BOND ISSUANCE AND POST-ISSUANCE CIRCULATION BASED ON ESTABLISHED CRITERIA

Criterion	Status	Commentary/source of information
Use of Proceeds		
100% of the raised funds are exclusively allocated to the implementation, financing, and/or refinancing of green projects that deliver measurable environmental benefits. These projects are		Reports on the Intended Use of roceeds Allocated to the Green Bonds Sub-Account approved by the Director of BLACK BIOTECHNOLOGY LLP January 23, 2023, April 22, 2024, July 23, 2024, and November 18, 2024.

Criterion	Status	Commentary/source of information
evaluated by the Issuer to ensure alignment with the categories of eligible projects as defined by the Green Bond Principles (GBP), based on their qualitative and/or quantitative characteristics		
Project evaluation and selection process		Conclusions on admissibility/inadmissibility of the project dated 20.11.2023, Ecologist's Conclusion dated 09.11.2023 according to the Regulations on selection and evaluation of eligible projects BLACK BIOTECHNOLOGY LTD.
Disclosure by the issuer of information in the context of its goals, policies, strategies and processes related to sustainable development in environmental aspects, including goals to achieve improvements in the environmental environment, as well as the issuer's participation in various activities and initiatives that demonstrate commitment to sustainable development and improvements in the environmental environment		Green, Social and Sustainable Financial Instruments Framework dated 17.07.2023, ESG Disclosure Policy dated 17.07.2023 and the Issuer's reporting on the results of the first year of the project (2023-2024) as of November 2024.
Disclosure by the issuer of the objectives of green bonds/projects with indication of directions, terms, indicators of environmental effect		Issuer's reporting on the results of the first year of the project (2023-2024) as of November 2024.
The Issuer has established a special unit which, among other things, oversees the selection and implementation of projects. The staff of the unit generally understand the tasks assigned to them and some of them have experience in supporting green projects		BLACK BIOTECHNOLOGY LLP Working Group Order OD № 136 dated July 17, 2023.
The Issuer has an environmental risk identification policy either in project documentation or in an environmental risk identification policy disclosing qualifying criteria for environmental risks associated with project implementation		Risk analysis and response measures of BLACK BIOTECHNOLOGY LLP for the 4 th quarter of 2023 and 1-3 quarters of 2024 according to the Regulations on Selection and Evaluation of eligible projects dated 07/17/2023.
Management of Proceeds		
Net proceeds from the issuance of green bonds are credited to a sub-account, transferred to another portfolio, or otherwise tracked appropriately by the issuer		Sub-account statement for Q3 2023 and Q1-3 2024.
The method for separately accounting for green bond proceeds is clearly defined in the issuer's documentation		Internal report on record keeping of the Sub-account in accordance with the Regulations on Accounting of Funds for Green, Social and

Criterion	Status	Commentary/source of information
		Sustainable Financial Instruments of BLACK BIOTECHNOLOGY LLP dated 17.07.2023.
The issuer, while the green bonds are outstanding, continuously monitors the sub-account and there is a procedure for removing projects from the portfolio that become unacceptable.	✓	Internal report on record keeping of the Sub-account in accordance with the Regulations on Accounting of Funds for Green, Social and Sustainable Financial Instruments of BLACK BIOTECHNOLOGY LLP dated 17.07.2023.
The Issuer informs investors about the offered instruments for temporary placement of unused proceeds of green bonds	✓	Green, Social and Sustainable Financial Instruments Framework approved by the order of the Director of BLACK BIOTECHNOLOGY LLP dated 17.07.2023, Internal report on accounting on the Sub-account according to the Regulations on accounting of funds on green, social and sustainable financial instruments of BLACK BIOTECHNOLOGY LLP dated 17.07.2023, Reporting of the Issuer on the results of the first year of the project (2023-2027) as of November 2024.
Clear rules for investing temporarily unused green bond proceeds	✓	Regulations on accounting of funds for green, social and sustainable financial instruments of BLACK BIOTECHNOLOGY LLP dated 17.07.2023.
Engaging an auditor or other third party to review the method of internal tracking of the intended use of green bond proceeds	✓	Independent Auditor's Report on the final accounts of BLACK BIOTECHNOLOGY LLP for the year ended December 31, 2023.
Reporting		
The issuer provides a detailed report (with a list of projects) and post-issuance disclosure regarding the use of the proceeds from the green bond offering	✓	Issuer's reporting on the results of the first year of the project (2023-2024) as of November 2024.
Reporting includes disclosure of the nature of the investment and expected environmental impact	✓	Issuer's reporting on the results of the first year of the project (2023-2024 as of November 2024).
The Issuer discloses information about the projects for which proceeds have been allocated, with a detailed breakdown by areas (categories), as well as the environmental effect and progress of individual projects	✓	Issuer's reporting on the results of the first year of the project (2023-2024) as of November 2024.
The Issuer is committed to engaging independent qualified parties to evaluate its reporting on the implementation of the Green Bond Framework	✓	GIG's external review on the Green, Social and Sustainable Financial Instruments Framework dated 10.08.2023.

Assumptions and limitations

All rights reserved. No part of this External Review may be reproduced, transmitted or published in any form or by any means without the prior written permission of GIG.

The External Review reflects GIG's independent opinion regarding the anticipated outcomes associated with the use of green, social, and/or sustainable financial instruments, as well as the compliance of the issuer's Green, Social, and/or Sustainable Financial Instruments Framework with the Green Bond Principles (GBP), Social Bond Principles (SBP), Green and Social Loan Principles, Sustainability Bond Guidelines (SBG), and the Harmonized Impact Reporting Framework. While every effort is made to ensure accuracy, unforeseen changes in the economic environment and financial markets may introduce the possibility of inaccuracies in the final conclusions. The External Review is conducted as an independent assessment, utilizing information provided by the issuer and applying GIG's proprietary assessment methodology of the compliance of the company's Green, Social and/or Sustainable Financial Instruments Framework with the Green and Social Bond Principles, the Green and Social Loan Principles, the Sustainability Bond Guidelines and the Harmonized Impact Reporting Framework, does not disclose any confidential information of the company and does not constitute an indication for any investment decisions. The External Review is for informational purposes only and GIG does not accept any form of liability for damages arising from the use of this External Review and/or the information provided therein. The External Review may be updated after publication, with the reasons for such updates clearly stated. To learn more about Green Investment Group's External Review Methodology for the compliance of an issuer's Green, Social and/or Sustainable Financial Instruments Policy with the Green and Social Bond Principles, the Green and Social Lending Principles, the Sustainability Bond Guidelines and the Harmonized Impact Reporting Framework, please visit www.greeninvest.kz.

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