AIFC GREEN FINANCE CENTRE

- **SHAREHOLDERS:**
  - AIFC Authority
  - Eurasian Development Bank

- **KEY TASKS:**
  - Development and promotion of sustainable finance in Kazakhstan and Central Asia
  - Attracting investments in environmental and social projects of the region
  - Expanding green finance instrument, products and services

- **LICENCES:**
  - Consulting services in green finance, sustainable development, support, research and monitoring of green finance projects
  - Company services, including legal services, in particular verbal and written consultations, explanations and conclusions on various legal issues, including issues related to environmental law
Accompanying the issuance of green and social bonds:
• preparation of internal documents and company policies
• preparation of external review
• financial and legal consulting
• ensuring listing on the AIX
• post-reporting and verification

Strategic and business consulting on the transition to low-carbon development of companies / financial institutions:
• drafting of sustainable development strategies
• implementation of the Green Investment Principles
• development of green finance framework
• introduction of ESG reporting and risk management

Development of conceptual and strategic documents, legal framework on sustainable finance:
• research & analysis
• preparation of necessary materials and presentations
• representation in state agencies

Eurasian Environmental Fund (subsidiary of AIFC GFC):
• improving regulatory framework and carbon trading mechanism using the AIFC platform
• carbon certificates as an exchange instrument

Green Technology Hub (subsidiary of AIFC GFC):
• environmental audit
• technological audit
• examination of technological solutions
• transfer and support of technology implementation in production

AIFC Green Finance Center is a think-tank for developing new financing instruments, creating favourable conditions for investors and implementing sustainable economy projects.
Methodology for preparation of an external review to confirm the compliance of a sustainable bonds issuance with international standards and principles

Methodology on preparation of an external review for compliance of a green/social loan to the green/social loan principles

Support of the first green bond issuance on AIX. Preparation of the first external review for the green bond

Launch of the programme for reimbursement of green bond issuers’ expenses for external review

Introduction of definitions of Green finance, Green projects, Taxonomy, Green bonds and loans in the new Environmental Code of Kazakhstan

Development of the Green Taxonomy of Kazakhstan

Introduction of a mechanism for subsidising green financial instruments in Entrepreneur Code of the Republic of Kazakhstan and Business roadmap 2025

Support of the first green loan. Development of internal documents and the Green finance framework
Astana International Exchange – it is a high-tech stock exchange that provides a full range of financial services, including securities trading, clearing and settlement.

Fintech

It opens the gates for international entrepreneurs, startups, and industry experts, offering modern infrastructure, transparent and flexible regulation to enter the markets of Asia and Europe.

Expat Centre

It was created to ensure the accelerated integration of foreign citizens into the business community of Kazakhstan by providing a wide range of state (more than 500) and social services for foreign clients on the principle of "one window". The entire support system is implemented in English.

PRODUCTS AND SERVICES OF AIFC

Business Connect

Focuses on stimulating the economy of Kazakhstan by identifying suitable projects and structures for potential investment in Kazakhstan through the AIFC platform.

GFC

Green Finance Centre develops policies on green finance, helps Kazakhstan market players on issuing sustainable bonds, attract investment from local and international market, and raises public awareness about green and sustainable finance.

BCPD

Bureau for Continuing Professional Development aims to develop human capital to work in the AIFC eco-system and in the open market by creating a platform for continuing professional development and professional communities, promoting international professional certifications, and organizing events.
ADVANTAGES OF COOPERATION THROUGH AIFC PLATFORM

**SIMPLIFIED CURRENCY REGIME**
Transactions of AIFC participants can be denominated and executed in the currency agreed between them, including US dollars, euros, rubles and tenge.

**INTERNATIONAL SYSTEM OF LAW AND THE AIFC COURT**
The AIFC law is developed by taking into account the experience of legal regulation in common law countries. The AIFC Court is the region’s first independent common law court for the settlement of civil and commercial disputes.

**ENGLISH LANGUAGE**
The official language of the AIFC is English. AIFC acts, court proceedings, protocols, all transactions, and responses to requests must be written in English.

**TAX PRIVILEGES**
Exemption of AIFC participants from paying CIT until January 1, 2066 for financial services, ancillary services provided to licensed participants, as well as dividends and value gains on participants' shares and securities registered on AIX.

**REDOMICILE**
The AIFC has developed acts that allow the transfer of companies from other jurisdictions. On December 24, 2019, Kazakhstan Energy Reinsurance Company Ltd. made a redomicile from Bermuda to the AIFC.

**RECOGNIZED STOCK EXCHANGE**
In 2019, the Ministry of Revenue and Duties of the United Kingdom granted the “Astana” International Stock Exchange the status of a “recognized stock exchange”.

**SPECIAL ORGANIZATIONAL AND LEGAL FORMS**
The AIFC has 15 types of organizational and legal forms for creating new legal entities. A company can be created with a capital of US$ 1.

**VISA SUPPORT**
The AIFC provides visa support to foreign citizens on the principle of “one window”.

**FINANCIAL SUPPORT**
Reimbursement of part of the issuers’ expenses, reduction in the cost of financial and legal consultants' services.
1. **Project financing** with limited recourse to project sponsors;
2. **Investment financing**, including for projects in the field of green economy;
3. **Equity financing**;
4. **Documentary operations** – guarantees and letters of credit;
5. **Technical assistance** in the preparation and evaluation of projects.

<table>
<thead>
<tr>
<th>Amount of financing</th>
<th>Term of project</th>
<th>Rate</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30 mln - $350 mln</td>
<td>3 - 15 years</td>
<td>Fixed or floating</td>
<td>National currencies of the participating States</td>
</tr>
<tr>
<td>▪ The volume of more than $100 million to be approved by the Bank's Board</td>
<td>▪ The term of more than 15 years to be approved by the Bank's Board</td>
<td>▪ As well as US dollars and Euros</td>
<td></td>
</tr>
</tbody>
</table>
SUSTAINABLE FINANCE

ECONOMY
SDG 8, 9, 10, 12

ENVIRONMENT
Climate change mitigation
SDG 13
Climate change adaptation
SDG 6, 14, 15
Other

SOCIAL
Gender equality
SDG 5

GOVERNANCE
SDG 16, 17

Adapted from IFC and UNEP Inquiry 2017
GLOBAL SUSTAINABLE FINANCE ECO-SYSTEM

SUSTAINABLE FINANCE MARKET INFRASTRUCTURE AND REGULATION
- FINANCIAL REGULATORS
- GOVERNMENTS
- FINANCIAL ASSOCIATIONS
- STOCK EXCHANGES
- RATING AGENCIES
- INTERNATIONAL INITIATIVES

FINANCIAL SECTOR
- IFIS / MDBS
- ASSET MANAGERS
- PENSION FUNDS
- INSURANCE COMPANIES
- BANKS / FINANCIAL INSTITUTIONS

REAL SECTOR
- ENERGY
- AGRICULTURE
- WATER & LAND
- CITIES
- TRANSPORT
- MANUFACTURING

COUNTRY NDCS & ROADMAPS
- GREEN FINANCE REGULATION
- TAXONOMIES / STANDARDS
- GUIDELINES
- ESG-BEST PRACTICES

GREEN/SOCIAL/SUSTAINABLE BONDS/LOANS
- GREEN / SUSTAINABLE FUNDS
- GREEN EQUITY

RENEWABLE ENERGY
- ENERGY EFFICIENCY
- WATER & WASTE MANAGEMENT
- GREEN BUILDINGS AND SMART CITIES
- CLEAN TRANSPORT
- CIRCULAR ECONOMY
GLOBAL SUSTAINABLE BOND MARKET

According to the Climate Policy Initiative, $6 trillion per year is required to meet the Paris Agreement objectives.

<table>
<thead>
<tr>
<th></th>
<th>GREEN BONDS</th>
<th>SOCIAL BONDS</th>
<th>SUSTAINABILITY BONDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total volume</strong></td>
<td>$ 1,1 tn</td>
<td>$ 316 bn</td>
<td>$ 317 bn</td>
</tr>
<tr>
<td><strong>Number of issuers</strong></td>
<td>1428</td>
<td>601</td>
<td>178</td>
</tr>
<tr>
<td><strong>Number of instruments</strong></td>
<td>7716</td>
<td>1230</td>
<td>885</td>
</tr>
<tr>
<td><strong>Number of countries</strong></td>
<td>71</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td><strong>Number of currencies</strong></td>
<td>42</td>
<td>25</td>
<td>33</td>
</tr>
</tbody>
</table>

Climate Bonds Initiative, Global State of Market Report 2020
INVESTMENTS NECESSARY FOR TRANSITION TO A GREEN ECONOMY

THE DOCTRINE OF ACHIEVING CARBON NEUTRALITY OF THE REPUBLIC OF KAZAKHSTAN UNTIL 2060

In addition to green technology adoption, net incremental investment to achieve carbon neutrality is estimated at approximately $666.5 billion between 2021 and 2060.

It is expected that GHG emissions over the period between 2021 and 2060 will decrease by 9.3 billion tons of CO2e. As a result, decarbonization will cost $71.5 per ton of CO2e.

THE SUSTAINABLE BOND MARKET REACHED $100 MLN IN KAZAKHSTAN

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Category</th>
<th>Amount</th>
<th>Issue date</th>
<th>Maturity date</th>
<th>Coupon rate, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eurasian Development Bank</td>
<td>Green bond</td>
<td>20 000 000 000 KZT</td>
<td>21.09.21</td>
<td>04.10.24</td>
<td>10,5</td>
</tr>
<tr>
<td>Damu Entrepreneurship Development Fund</td>
<td>Social bond</td>
<td>1 000 000 000 KZT</td>
<td>15.09.21</td>
<td>15.09.26</td>
<td>11,9</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>Social bond</td>
<td>8 400 000 000 KZT</td>
<td>15.02.21</td>
<td>17.12.30</td>
<td>10,15</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>Green bond</td>
<td>3 875 505 000 KZT</td>
<td>19.11.20</td>
<td>22.10.22</td>
<td>10,12</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>Green bond</td>
<td>10 097 018 000 KZT</td>
<td>19.11.20</td>
<td>22.01.23</td>
<td>10,1</td>
</tr>
<tr>
<td>Damu Entrepreneurship Development Fund</td>
<td>Green bond</td>
<td>200 000 000 KZT</td>
<td>10.08.20</td>
<td>11.08.23</td>
<td>11,75</td>
</tr>
</tbody>
</table>
GLOBAL GREEN BOND MARKET

Use of proceeds (2020)

- Energy (35%)
- Transport (23%)
- Land Use (5%)
- Waste (2%)
- Other (3%)
- Buildings (26%)
- Water (6%)

Issuers

- ABS
- Local Government
- Development Bank
- Non-Financial Corporate
- Financial Corporate
- Loan
- Government-Backed Entity
- Sovereign
BENEFITS OF GREEN BONDS

- Diversification of source of financing
- Green Halo effect
- Cheap financing

Financial and non-financial aspects

- Creating a good corporate reputation
- Decrease of environmental costs
- Alignment with international standards
GREEN BOND ISSUANCE ON AIX

ISSUER
- GOVERNMENT (Ministry of Finance, local governments)
- FINANCIAL CORPORATES
- NON-FINANCIAL CORPORATES

AIFC GREEN FINANCE CENTRE
- preparation of internal documents and company policies
- preparation of an external review
- financial and legal consulting
- ensuring listing on AIX
- post-issuance reporting and verification

TRADING PLATFORM
- ASTANA INTERNATIONAL EXCHANGE (AIX)

INVESTOR
- RETAIL INVESTORS
- INSTITUTIONAL INVESTORS
- EBRD
- ADB
- EDB
- REAL SECTOR
- Large subsoil users
Green Bond is any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Green Projects with environmentally sustainable benefits and which are aligned with the Green Bond Principles and/or Climate Bonds Taxonomy of the Climate Bonds Standard.
**REGIONAL CHAPTER OF GREEN INVESTMENT PRINCIPLES FOR BELT AND ROAD INITIATIVE IN CENTRAL ASIA**

## GREEN INVESTMENT PRINCIPLES

### STRATEGY

**PRINCIPLE 1**
Embedding sustainability into corporate governance

**PRINCIPLE 2**
Understanding Environmental, Social and Governance Risks

### OPERATIONS

**PRINCIPLE 3**
Disclosing environmental information

**PRINCIPLE 4**
Enhancing communication with stakeholders

### INNOVATION

**PRINCIPLE 5**
Utilizing green financial instruments

**PRINCIPLE 6**
Adopting green supply chain management

**PRINCIPLE 7**
Building capacity through collective action

[https://gipbr.net](https://gipbr.net)
NEXT STEPS: ESG FRAMEWORK

- 49 AIX listed companies
- 30% financial institutions
- 40% already provide sustainable development report or include it in annual reports
- Introduction of ESG-disclosure on AIX (2022-2024)

PROJECT WITH THE GREEN CLIMATE FUND

- Development of a roadmap for promoting green finance in the financial sector in close coordination with the ARRFM, the NBK and the Kazakhstan Financiers Association
- Pilot testing in selected banks of reporting on green lending and making amendments to the current rules and forms of bank reporting based on its results
- Development of a regulatory document of the ARRF on the implementation of E&S risk management elements in the existing policies of second-tier banks
We would be very grateful for a few minutes of your time to assess the competitiveness of the Astana International Financial Centre (Nur-Sultan city) in green and sustainable finance by filling out the questionnaire of The Global Green Finance Index following the link: https://greenfinanceindex.net/survey/details/

All answers are confidential. We appreciate your opinion.