



EXTERNAL REVIEW IN THE FORMAT OF SECOND PARTY OPINION

ON COMPLIANCE OF THE SUSTAINABLE FINANCE
FRAMEWORK OF THE **“UNIBANK Commercial Bank” Open JSC**
WITH THE GREEN BOND PRINCIPLES/SOCIAL BOND PRINCIPLES/
SUSTAINABILITY BOND GUIDELINES OF THE INTERNATIONAL
CAPITAL MARKET ASSOCIATION, AS WELL AS
THE GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES
OF THE LOAN MARKET ASSOCIATION, ASIA PACIFIC LOAN MARKET
ASSOCIATION AND LOAN SYNDICATIONS & TRADING ASSOCIATION

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6 September, 2024

EXECUTIVE SUMMARY

Opinion on compliance / non-compliance of the Issuer’s Sustainable Finance Framework with the GBP, SBP, SBG, GLP and SLP¹



We believe that that the Sustainable Finance Framework of the “UNIBANK Commercial Bank” Open Joint-Stock Company (hereinafter referred to as UNIBANK, or Bank) complies with the Green Bond Principles/Social Bond Principles/Sustainability Bond Guidance of the International Capital Market Association, as well as the Green Loan Principles and Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association.

Opinion on assigning a degree of alignment with the GBP, SBP, SBG, GLP and SLP ranging from “Excellent” (High) to “Poor” (Low)



In accordance with the results of the assessment, as well as in accordance with the Grading Scale for the Level of Alignment with the GBP, SBP, SBG, GLP and SLP we assigned the degree of compliance “Excellent” meaning that UNIBANK demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance.

Scope of External Review

This assessment is intended to evaluate alignment of UNIBANK’s Sustainable Finance Framework (hereinafter referred to as Framework, or SFF) with GBP, SBP, SBG, GLP and SLP along with providing a review of the potential use of proceeds from the Bank’s debut green bond issue tentatively scheduled for September, 2024. This external review by GFC in the form of a Second Party Opinion contains an evaluation of the Bank’s Sustainable Finance Framework as approved on July 19th, 2024, by the Supervisory Board.

The preparation of the Second Party Opinion includes the study of the Issuer’s relevant documentation and inputs provided through direct interaction with the Issuer as per Annex, as well as other publicly available information that may provide a description, details on and confirmation of compliance of processes involved in the implementation of the Bank’s policies for Green/Social/Sustainability Bonds, Green/Social Loans and sustainable financing in general.

¹ See Methodology section below for clarification

AIFC Green Finance Centre Ltd. (GFC) confirmed with the Bank, through document review and interviews held, that the proceeds from sustainable financing instruments will be used to finance and/or refinance, in part or in full, eligible sustainable projects that correspond to the GBP, SBP, SBG, GLP and SLP and contribute to environmental and social objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP, SBP, GLP and SLP. Reporting and disclosure of information on the use of proceeds and on the expected impact of the implemented projects will be provided on an annual basis and published on the official website of the Bank for public access.

USE OF PROCEEDS. GFC considers that investments in the eligible sustainable projects as defined in the Use of Proceeds section of the SFF are aligned with the GBP, SBP, GLP and SLP and can have positive environmental and social impacts.

The projects being considered by the Issuer for inclusion in the Eligible projects pool to be financed through the prospective sustainable bond issuance under the Sustainable Finance Framework, based on GFC's review of the preliminary list of projects, such as providing a green loan for the purchase of up to 200 brand new cars (BYD) with hybrid plug-in engine used as taxi (BYD Destroyer 05 (2024) and BYD QIN PLUS (2024) models), a green loan for importing a modern water-saving irrigation system to plant potatoes, and a green loan for purchasing raw materials for bio-fertilizer (bacteria-based) production and cultivation of paulownia trees, are potentially aligned with GBP, SBP, SBG, GLP and SLP categories for clean transportation, sustainable water and wastewater management, environmentally sustainable management of living natural resources and land use. UNIBANK shall ensure compliance with its own criteria established in the SFF.

PROJECT EVALUATION AND SELECTION. UNIBANK has established a process for green and social project selection and evaluation carried out in accordance with the Bank's internal regulations on review, financing, monitoring and implementation of projects, and its Sustainable Finance Framework, with a separate Sustainable Finance Working Committee responsible to carry out the project evaluation and selection process and decide on the compliance or non-compliance of projects with sustainability project categories and criteria, including cases of bonds seeking certification. GFC considers that the project selection process is aligned with GBP, SBP, SBG, GLP and SLP in terms of establishing, documenting, and maintaining a decision-making process to determine the eligibility of projects and assets.

MANAGEMENT OF PROCEEDS. Allocation of UNIBANK's Sustainable Financing Instruments proceeds is accounted for through a special off-system sub-account (in Excel) for separate accounting and control of Sustainable Financing Instrument use of proceeds. The Bank has identified the Treasury department of the Bank in cooperation with the Financial management and Accounting departments as responsible for organizing, ensuring, and implementing an effective Sustainable Financing Instrument management process to account for the sub-account, as well as to maintain a Register of Green and Social projects tracking projects financed and / or refinanced with proceeds from Sustainable Financing Instruments. GFC considers that the management of proceeds is aligned with the GBP, SBP, GLP and SLP in terms of tracking of proceeds, managing unallocated proceeds, earmarking funds to eligible projects and assets, as well as documenting and disclosing the related processes to the reviewers.

REPORTING. The Issuer adopted a Sustainable Finance Framework and made it available prior to issuance. According to Sustainable Finance Instruments disclosure requirements in the Framework, the Bank intends to provide and keep publicly available annual updated reports on issued instruments, including certified bonds, from the date of issue until full allocation and in case of any significant changes, covering the report on the allocation of proceeds and on the environmental and/or social impact of each project. GFC considers that the reporting processes are aligned with the GBP, SBP, SBG, GLP and SLP in terms of disclosing projects and assets invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

Evaluation Date:
September 6th, 2024

Issuer Location: Baku,
Azerbaijan

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1. METHODOLOGY OF THE AIFC GREEN FINANCE CENTRE LTD. ON PREPARATION OF AN EXTERNAL REVIEW

To assess the compliance of companies' sustainable finance frameworks and the corresponding business processes with the international Green, Social Bond Principles, Sustainability Bond Guidelines and Green, Social Loan Principles, AIFC Green Finance Centre Ltd. (hereinafter referred to as GFC) applies a number of approved methodologies as part of its External Review activity.

Specifically, GFC's Methodology in relation to sustainable bond issues (i.e. green, social and sustainability bonds) is employed for the preparation of External Reviews (Second Party Opinions) for compliance of a Green/Social/Sustainability Bond and other sustainability debt issues, including the Issuer's Green/Social/Sustainability Financing Framework, with the Green Bond Principles (hereinafter referred to as GBP, or Principles), Social Bond Principles ((hereinafter referred to as SBP, or Principles) and Sustainability Bond Guidelines (hereinafter referred to as SBG, or Guidelines). The Principles are formulated by the International Capital Market Association (hereinafter referred to as ICMA).

With regard to green and social loans, a separate methodology is employed by GFC to express an independent opinion (Second Party Opinion) on the compliance of loans, including borrowers' sustainability finance frameworks to raise funds in the form of green/social loans, to the Green Loan Principles and Social Loan Principles (hereinafter referred to as GLP and SLP, respectively). The Principles were formulated by the Loan Market Association (Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association).

Given the full harmonization between the Green/Social Bond Principles and the Green/Social Loan Principles established by the above international standards setters, GFC's external review (Second Party Opinion) methodologies for sustainability bonds and sustainability loans are also aligned to a significant degree. Accordingly, in order to streamline the process of evaluating a company's sustainable finance framework that covers both bonds and loans, GFC applies to these sustainable finance instruments its Methodology on preparation of an external review for compliance of a sustainable bond issue to the green/social bond principles or sustainability bond guidelines, due to said Methodology setting more stringent requirements for compliance with international standards in relation to the issuance of bonds, while the criterial analysis required by the Methodology will be applied equally to possible loan instruments.

The preparation of a report in the form of a Second Party Opinion includes the study of the Issuer's relevant documentation, regulatory documents, reports, and presentations, if any, as well as other publicly available information that may provide a description, details on and confirmation of compliance of processes involved in the implementation of the company's policies for sustainability bonds, sustainability loans and sustainable financing in general. The information used for these purposes is obtained through direct interaction with the Issuer and/or from any open sources that the GFC considers reliable.

In the External Review GFC expresses its opinion according to criteria-based assessments in the following order:

1. Opinion on compliance/non-compliance of the Company's Sustainability Finance Framework with the GBP, SBP, SBG. *Minimum threshold levels for all assessment criteria need to be met all at once for us to confirm that the Issuer's Sustainability Finance Framework is in line with the GBP, SBP, SBG.*
2. Opinion on assigning a degree of alignment with the GBP, SBP, SBG ranging from "Excellent" (High) to "Poor" (Low). *Here, the assessment is carried out by calculating a weighted criterial grade depending on the significance of criteria. This opinion serves as additional information and is aimed at establishing a degree of alignment with the GBP, SBP, SBG. According to this methodology, any degree of alignment other than "Poor" (Low) should be considered consistent with the GBP, SBP, SBG.*

In preparing the External Review, four criteria are assessed:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting.

Each criterion is graded on a scale of "1" to "5". For each criterion, there is a number of indicators (subfactors). Each indicator (subfactor) that is assessed as fulfilled is assigned either a "1" score (for an important indicator that corresponds to a core principle in the GBP or SBP), a "0.5" score, or a "0.25" score (for less significant indicators that correspond to recommendations or encouraged practices in the GBP or SBP), depending on the criterion scoring scale. The final score for each criterion is calculated as a sum of scores assigned to the indicators (subfactors). The tables for criterion scoring, as well as the tables matching a sum of scores to a grade are provided in GFC's Methodology for each criterion.

For a positive opinion to be provided regarding the compliance of the Company's Sustainable Finance Framework with the GBP, SBP, SBG, this methodology establishes a grade threshold for each assessed criterion at "3" at the least. If these requirements are met, in our opinion, the Issuer's Sustainable Finance Framework will comply with the GBP, SBP, SBG. If these conditions are not met, we shall conclude that the Issuer's Sustainable Finance Framework does not comply with the GBP, SBP, SBG and issue a respective opinion.

To express an opinion on the degree of alignment with GBP, SBP, SBG ranging from "Excellent" (High) to "Poor" (Low), the following algorithm for calculating criteria grades shall be used. A weighted criterial grade is calculated by multiplying a criterion grade by its weight (significance). We established that the significance of each criterion corresponds to the following weight in the overall grade:

<i>Criterion</i>	<i>Weight (significance) in the cumulative assessment:</i>
<i>Use of Proceeds</i>	45%
<i>Process of Project Evaluation and Selection</i>	20%

<i>Management of Proceeds</i>	15%
<i>Reporting and Disclosure</i>	20%

Grading Scale for the Level of Alignment with the GBP, SBP, SBG according to GFC's Methodology

<i>Threshold Grade</i>	<i>Degree</i>	<i>Definition</i>
High > 4.5	Excellent	Proceeds from the issuance of Green/Social/Sustainability bonds are most likely to be used for the implementation of Green/Social/Sustainability projects, respectively. The Green/Social/Sustainability bond issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance
Average 3,5 – 4,5	Good	Proceeds from the issuance of Green/Social/Sustainability bonds are very likely to be used for the implementation of Green/Social/Sustainability projects, respectively. The Green/Social/Sustainability bond issuer demonstrates a good level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance
Satisfactory 3 – 3,5	Satisfactory	The likelihood that proceeds from the issuance of Green/Social/Sustainability bonds will be directed to the implementation of Green/Social/Sustainability projects, respectively, is at an average level. The Green/Social/Sustainability bond issuer demonstrates a satisfactory level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance.
Low < 3	Poor	The likelihood that proceeds from the issuance of Green/Social/Sustainability bonds will be directed to the implementation of Green/Social/Sustainability projects, respectively, is at a low level. The Green/Social/Sustainability bond issuer demonstrates a poor level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance.

The prepared External Review is submitted to the Issuer, after which it is to be publicly disclosed. Public disclosure is carried out through the publication of the External Review on [the Issuer's website](#).

GFC's website - <https://gfc.aifc.kz/>, and can also be communicated through a press release via news services and/or relevant web sources.

2. DESCRIPTION OF UNIBANK'S SUSTAINABLE FINANCE FRAMEWORK AND OTHER SUSTAINABILITY-RELATED STRATEGIC DOCUMENTS

BUSINESS OVERVIEW AND SUSTAINABILITY POLICIES

UNIBANK is one of the largest private banks in Azerbaijan established in July 1992 under the name of MBank. In 2002, after the merger of Mbank with PROMTEXBANK, one of the leading banks of Azerbaijan, the bank was renamed into "Unibank" Commercial Bank" Open Joint Stock Company. In 2021, Unibank established Leobank, which is the first branch-free bank in Azerbaijan, i.e. based on the "mobile-only" principle. As of December, 2023, the Bank had 30 branches in Azerbaijan.

The Bank has won a number of awards such as "The Most Actively Developing Bank in Azerbaijan" in 2004, "The Bank of the Year in Azerbaijan" in 2005, 2008 and 2014 (The Banker), "The Most Active Bank in Support of Trade Development Programs" in 2003 (EBRD), "The Best Bank in Azerbaijan" in 2005 (EUROMONEY), "The Deal of the Year" 2008 (TFR).

The Bank positions itself as committed to sustainable development and responsible investment, committed to paying to the impact of its activities on Azerbaijan's economy and increasing its focus on climate and environment within the country's agenda. According to its Sustainable Finance Framework, Unibank declares an intention to contribute to the Government's objectives pertaining to climate change and the related introduction of clean technologies, encouraging the use of clean energy sources, recycling and remediation of contaminated areas. For context, Azerbaijan signed the Paris Agreement on climate change, which set up a goal to reduce greenhouse gas emissions (GHG) by up to 35% by 2030 and 40% by 2050. Towards this end, the country has already started to develop its renewable energy. It is planned to increase the share of renewable energies in total energy production to 30% by 2030. Meanwhile, the Bank is aware that the Central Bank of Azerbaijan is also working on strengthening the role of the financial sector in the sustainable development of the country and has adopted a roadmap for sustainable finance for 2023-2026.

Against this backdrop, Unibank has incorporated sustainability priorities in its core strategy, and, according to its Framework, strives to unravel new opportunities through initiatives that enable a financial ecosystem supporting sustainable activities. Unibank is guided by SDGs, socially responsible and sustainable approaches in conducting its business and is committed to becoming a campaigner of green loans in Azerbaijan, as well as to lead by example in the use of appropriate procedures and processes that ensure compliance with applicable local and international environmental, social and regulatory requirements.

Specifically, the Banks plans on embedding sustainability aspects into its strategy and developing ESG agenda as outlined below:

Unibank's ESG and Sustainable Development Strategy (2024)

Unibank's ESG and Sustainable Development Strategy (hereinafter - Strategy) was developed taking into account the requirements of the UN Global Compact, the UN

Environment Program's Financial Initiative (UNEP) and Sustainable Insurance. According to the Strategy over 2023-2026 the Bank aims to achieve results in three areas:

- Environmental Sustainability,
- Social Responsibility,
- Governance and Ethical Practices.

The KPIs in Environmental Sustainability area include *Reduction of electricity consumption, Number of Green Financial Products Launched, Number of micro clients who participate in environmental risk education programs, Reduction in the number of high-risk environmental loans, Growth in lending to certified green projects or companies* in targeted sectors.

In terms of green financing, the Bank has outlined Key results in its Strategy regarding the launch of green bonds and loans. These initiatives aim to finance environmentally sustainable projects in the country.

Key results	2023	2024	2025	2026	Initiatives
Number of Green Financial Products Launched	1	1	2	3	Improvement of offload products (includes E2E lending, TOPLA digital deposit product)
					Green loan (hybrid car loans etc.)
					Green bonds
Growth in lending to green projects or companies in targeted sectors	7.8 mln. / 4%	6%	8%	10%	

In terms of social financing the Bank plans to set Key results for 2023-2026 regarding the number of unbanked individuals reached credit products.

Environmental and Social Risk Management System

The Bank's review and appraisal of investment projects consider their compliance with environmental standards. Meanwhile, the Bank undertakes to develop and adopt the ESMS (Environmental and Social Risk Management System) guidelines by the end of 2024.

Unibank and the UN SDGs

As per its Framework, the Bank directly or indirectly contributes to the achievement of 14 of the 17 UN Sustainable Development Goals (UN SDGs) in its activities:



The Board of Directors has the overall responsibility for overseeing sustainability initiatives and implementation of ESG principles in the Bank. The Management Board is responsible

for developing, implementing and monitoring ESG strategies and policies, including sustainable financing, at the Bank level.

DESCRIPTION OF UNIBANK'S SUSTAINABLE FINANCE FRAMEWORK

With the aim of ensuring transparency of fundraising processes through green, social and sustainability bonds and loans the Bank adopted a Sustainable Finance Framework in July 2024. The Framework aims to define the general provisions regarding the selection of Green and Social projects, the use and management of Sustainable financing instrument proceeds and related disclosures.

This Framework has been developed based on the guidance specified in the GBP, SBP and SBG administered by the International Capital Market Association and the GLP and SLP administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association, in line with the national environmental legislation of Azerbaijan and the Bank's internal acts.

Under the Framework, Unibank is to earmark the proceeds from Sustainable financing instruments towards financing or re-financing Eligible Projects having environmental and/or social benefits. The Bank can issue three types of Sustainable financing instruments: 1) **Green financing instruments**, with the proceeds to be exclusively allocated to Green Projects as described in the use of proceeds section of the Framework; 2) **Social financing instruments**, with the proceeds to be exclusively allocated to Social Projects; and 3) **Sustainability financing instruments** – the proceeds are allocated to both Green and Social Projects.

For each transaction involving the use of Sustainable financing instruments, the Bank is committed to adhering to the key four elements of the GBP, SBP, SBG, GLP and SLP:

- use of proceeds;
- process for project evaluation and selection;
- management of proceeds;
- reporting.




In addition to the alignment with the GBP, SBP, SBG, GLP and SLP, the Bank may choose to seek certification in compliance with the requirements of the Climate Bonds Initiative ("CBI") Climate Bonds Standard, where relevant sector specific criteria are available.

USE OF PROCEEDS







In its SFF the Bank declares that 100% of the net proceeds from the Bank's Sustainable financing instruments are intended exclusively for Green and/or Social projects financing and/or refinancing (partially or fully), in accordance with the criteria defined below.

Eligible Green Projects include but not limited to:









UN SDGs	Green Project Category	Description and Criteria
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	<p>1. Renewable energy sources</p>	<p>Financing related to the construction, development, acquisition, maintenance, and operation of renewable energy including:</p> <ul style="list-style-type: none"> • Solar power, wind power and waste biomass energy • Geothermal energy and hydropower with direct life cycle emissions of less than 100gCO₂e/kWh • Green Hydrogen production. <p>For waste biomass energy, life cycle GHG emissions must be at least 70% below the coal baseline (i.e. emissions from coal-fired power generation or the level of an internationally recognized fossil fuel comparator); and biofuel must be sourced from a sustainable feedstock.²</p> <p>With regard to renewable energy transmission and distribution infrastructure, dedicated connection to renewable power production facilities are eligible.</p>
	<p>2. Energy efficiency</p>	<p>Financing related to investments in energy and resource efficiency, including:</p> <ul style="list-style-type: none"> • Improvement of energy efficiency in various sectors, such as refurbishments of buildings to include energy-saving retrofit of heating systems, refrigeration systems, lighting equipment etc. • These projects will aim to achieve a minimum of 20% energy savings or 20% GHG emissions avoidance/reduction compared to baseline • With regard to energy efficiency in energy transmission and distribution grids the minimum reduction in electricity losses is 10% compared to the baseline
	<p>3. Pollution prevention and control</p>	<p>Financing related to investments in technology and related services to create a sustainable environment through reduction of environmental pollution, including:</p> <ul style="list-style-type: none"> • Eliminating or significantly mitigating environmental pollutants in water, air, and soil using biological, physical and chemical methods. With regard to projects relating to air purification from industrial pollution and urban air pollution, emissions into the atmosphere are within the emission level ranges (BAT-AELs) established in BAT reference documents (BREFs) • Waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy. These projects and technologies can include: facilities for collection, sorting and material recovery; waste storage facilities; facilities refurbishing or repairing products or cleaning components or products for reuse in their original function; facilities for recycling metals, plastics, glass (except aggregate) and paper; anaerobic digestion facilities (for production of biogas from green waste); Facilities for the production of compost from residual waste with zero measurable methane emissions; Landfill with gas capture >= 75% • Carbon capture and storage projects are eligible is compliant with the requirements of the BAT reference document "Post-combustion carbon dioxide capture: best available techniques" or a BREF for storage emissions as part of integrated pollution prevention and control for waste management and materials use

² Sustainable feedstock is defined as raw materials generated by environmentally sustainable methods (wood can only be represented by wood waste; raw materials obtained from lands with a high level of biodiversity and/or high carbon stocks are excluded, there is an assessment of the impact on soil quality and carbon stocks)

	<p>4. Clean transportation</p>	<p>Financing related to the development, construction, acquisition, operation, maintenance and upgrades of zero-carbon and low-carbon transport assets:</p> <ul style="list-style-type: none"> • Zero-carbon transport: investments in passenger and freight vehicles with zero tailpipe emissions, such as electric cars, hydrogen cars, trains etc. • Low-carbon transport <ul style="list-style-type: none"> – Investments in low-carbon passenger vehicles with tailpipe emissions intensity of max. 50g CO₂/p-km until 2025 (from 2026 onwards, only vehicles with emission intensity of 0g CO₂/p-km are eligible) – Investments in infrastructure to support the use of zero-carbon and low-carbon vehicles <p>Investments in transportation infrastructure for mass transportation (expansion of train/metro networks, projects in relation to capacity improvement, station upgrades).</p> <p>For the avoidance of doubt, no more than 25% of freight of any zero-/low-carbon freight vehicles or of rolling stock will be dedicated to the transport of fossil fuels. Transportation infrastructure dedicated to the storage of fossil fuels is excluded.</p>
	<p>5. Climate change adaptation</p>	<p>Financing related to making infrastructure more resilient to the impacts of climate change, including:</p> <ul style="list-style-type: none"> • Implementation of flood protection, flood prevention and warning systems and storm water management and warning systems <p>Implementation of information support systems, such as climate observation, early warning systems and research and development on adaptation systems and infrastructure</p>
	<p>6. Eco-efficient and/or circular economy adapted products, production technologies and processes</p>	<p>Development, production and introduction of environmentally friendly, reusable products, technologies and services (including eco-labeling, eco-packaging, certification, etc.)</p>
	<p>7. Environmentally sustainable management of living natural resources and land use</p>	<p>Financing related to the acquisition, maintenance and sustainable management of natural resources such as land, water, air, minerals, forests, wild flora and fauna, including:</p> <ul style="list-style-type: none"> • Certified forests (FSC, PEFC or equivalent) and environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes <p>Sustainable agriculture practices, climate smart farming and sustainable animal husbandry</p>
	<p>8. Sustainable water and wastewater management</p>	<p>Financing related to the development, construction, acquisition, installation, operation and upgrades of sustainable water management projects, including:</p> <ul style="list-style-type: none"> • Investments in technologies to reduce overall water demand in stressed areas • Sustainable infrastructure for clean water; wastewater treatment <p>Other water related projects (e.g. freshwater infrastructure, wastewater infrastructure)</p>
	<p>9. Green buildings</p>	<p>Financing related to the construction and acquisition of energy-efficient buildings which either:</p> <ul style="list-style-type: none"> • Obtained a minimum certification for e.g. "BREEAM Excellent" or "LEED Gold" or similar recognized standard, or the "Platinum" or "Gold" certification <p>Have reached at least EPC A level or are within the top 15% of the national or regional building stock Investments and expenditures relating to the renovation of buildings leading to a reduction of primary energy demand of at least 30%</p>

Eligible Social Projects include but not limited to:

UN SDGs	Social Project Category	Description and Criteria	Target Population(s)
  	1. Access to Essential Services	Financing related to projects that provide and promote healthcare, education, vocational training and financial services.	Rural communities, locations where services are not yet easily accessible/available
 	2. Affordable Basic Infrastructure	Financing related to projects that provide and promote infrastructure related to transportation, access to clean drinking water, sewerage, sanitation and energy.	Underserved, Vulnerable groups, Low-income individuals
	3. Employment Generation	Financing related to programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.	Unemployed
	4. Food Security and Sustainable Food Systems	Financing related to projects that provide, promote physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers.	Vulnerable groups, Underserved, Low-income individuals
	5. Socioeconomic Advancement and Empowerment	Financing related to locally-led initiatives with positive social, environmental and business impacts.	Underserved, Under-educated, People with disabilities

For the avoidance of doubt, financing related to the following activities are excluded from the financing by the Bank's Sustainable Financing Instruments (exclusion list):

- Fossil fuel energy
- Investments related to pure Internal Combustion Engines (ICE)
- Large Hydro > 25MW
- Gambling
- Tobacco
- Alcohol
- Weapons.

Examples of target groups for eligible Social Projects include, but are not limited to:

- People living below the poverty line;

- Excluded and/or marginalized populations;
- People with disabilities and those in need of inclusion;
- Migrants and/or displaced persons;
- Poorly educated segments of the population;
- Segments of the population with limited access to essential goods and services;
- Unemployed;
- Women and/or sexual and gender minorities;
- Elderly people and young people at risk;
- Other vulnerable groups, including those affected by natural disasters;
- People living in environmentally unfavorable areas.

PROCESS FOR PROJECT EVALUATION AND SELECTION

For projects that may be eligible for financing through the issuance of Sustainable financing instruments, at the preliminary analysis stage, projects are screened for compliance with the categories, descriptions and thresholds (if any) of Green and/or Social projects specified in the Use of Proceeds section of the SFF. Environmental and social risks are also taken into account as part of the assessment of investment projects' compliance with the principles of environmental, social and corporate governance (ESG).

Eligible Green and/or Social Projects qualify for refinancing as long as they are in use, follow the relevant eligibility criteria at the time of issuance, and are still assessed as making a meaningful impact. The lookback period for refinancing of projects shall be 3 years, while the look-back period for projects where operating expenditures exceed 50% shall be 2 years, and where operating expenditures constitute 100% shall be 1 year.

Unibank will maintain a pool of eligible projects in a Sustainable Finance Projects Portfolio. A Sustainable Finance Working Committee (hereinafter referred to as SFWC) has been established, which is responsible for the project evaluation and selection process. The SFWC comprises, at a minimum, senior representatives from compliance, ESG, risk, and technical functions and reports to the Management Board, which provides oversight for and on behalf of the Board of Directors, in relation to Unibank's overall ESG strategy and activities.

If a positive decision is made on a project's compliance with the criteria of Green or Social projects and its inclusion in the Sustainable Finance Projects Portfolio, the project may be financed and/or refinanced with the proceeds from Sustainable financing instruments, subject to all requirements and procedures established in the Bank's regulations.

A project determined to not meet the criteria for Green or Social projects is not allowed to be financed and/or refinanced with Sustainable Financing Instrument proceeds.

Where necessary, the Bank may engage external consultants for the selection and evaluation of Green and/or Social projects.

In the event that a national official taxonomy of green projects for financing through green bonds and green loans (referred to as the national green taxonomy) and/or social taxonomy is adopted, the evaluation and selection of the projects must adhere not only to the criteria outlined in the Use of Proceeds section of the SFF but also to the national green and/or social taxonomy with regard to corresponding or adjacent project categories and sectors. If the projects evaluated by the Bank fall under subsectors of the national green taxonomy that are explicitly excluded from financing through the Bank's Sustainable financing instruments as

specified in the Use of Proceeds section, or if the emission intensity or energy efficiency thresholds in the Use of Proceeds section are more stringent than those in the national green taxonomy, the criteria in the Use of Proceeds section will take precedence.

MANAGEMENT OF PROCEEDS

As per SFF, the Bank's Treasury department in cooperation with the Financial management and Accounting departments will be responsible for organizing, ensuring and implementing an effective process of management of proceeds from Sustainable financing instruments, as well as accounting of their distribution by maintaining management accounting through a special 'Sustainable Financing Instruments' sub-account (prepared in an Excel spreadsheet), with the results posted in a special section of the Bank's Electronic Document Management System called Vabank.

The structural division responsible for interaction with financial institutions keeps a Register of Green and Social projects (hereinafter – the Register), which accounts for Green and/or Social projects financed and/or refinanced by Sustainable financing instrument proceeds and generates reporting on the sub-account.

The structural division responsible for organizing, ensuring and implementing the proceeds management process shall monitor the sub-account balance and the current state of balances on a quarterly basis and shall identify the deviation of the aggregate amount of Green and/or Social projects and Sustainable financing instrument proceeds.

The proceeds from the said account may be credited to identified Eligible projects' sub-account/s as may be required in an appropriate manner and documented to track the allocation of the proceeds.

All proceeds from Sustainable financing instruments are expected to be allocated to Eligible Green and/or Social Projects in due time and as soon as possible, and Unibank will make the best efforts to allocate proceeds within 24 months from the Sustainable financing instrument issuance.

Unallocated proceeds pending allocation to Eligible Projects, if any, will be temporarily deployed/ invested according to Unibank's internal policy of liquidity management, subject to the Exclusion List given in the Use of Proceeds section.

Green and Social projects included in the Register are subject to review for compliance or non-compliance with the criteria of Green and Social projects, at least once a year. A project that no longer complies with the criteria set out in the Use of Proceeds section of the Framework is removed from the Register and financing from Sustainable financing instrument proceeds for such project is terminated. If possible, each excluded project is replaced by another Green or Social project.

The Bank ensures that an independent external consultant evaluates the Sustainable financing instrument proceeds management process.

REPORTING AND DISCLOSURE

As per SFF, Unibank will prepare reports on the use of proceeds from Sustainable financing instruments, their intended purpose and the impact of Green and/or Social project activities annually or in case of significant changes. Statements shall be published until full allocation of the Sustainable financing instruments, on the official website <https://unibank.az>.

Reports will include, but is not limited to, the following information:

- 1) about the allocation of proceeds from Sustainable financing instruments:
 - net proceeds from each Sustainable financing instruments;
 - amount of proceeds allocated to each Green or Social project;
 - balance of unallocated proceeds at the end of the reporting period;
- 2) on the environmental or social impact of each Green or Social project:
 - progress and status of the Green or Social project³;
 - actual effect, calculated in quantitative and qualitative terms, including but not limited to in terms of the following impact indicator metrics:

Eligible Green Category	Potential Impact Indicators
1. Renewable energy sources	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/a • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Additional capacity of renewable energy plant(s) constructed or rehabilitated in MW • Additional capacity of renewable energy plant(s) to be served by transmission systems (MW)
2. Energy efficiency	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2e
3. Pollution prevention and control	<ul style="list-style-type: none"> • Amount of waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tonnes p.a. • Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs) • Absolute or % reduction in local pollutants to air, land and water
4. Clean transportation	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tCO2-e p.a. • Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)
5. Climate change adaptation	<ul style="list-style-type: none"> • Increase in grid resilience, energy generation, transmission/distribution and storage in MWh • Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m3 • Increased number of people/businesses/acres with secure water supply • Number of kms of road, rail or other infrastructure adapted
6. Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • The % increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes p.a. • The % and/or absolute amount in tonnes p.a. of virgin raw materials that are substituted by secondary raw materials and by-products from manufacturing processes

³ Where confidentiality agreements or a large number of underlying projects limit the amount of detail that can be made available, information shall be presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).

7. Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> Reduction in net GHG emissions, GHG intensity (e.g. tCO2e/unit of output) or energy intensity (e.g. GJ/unit of output) Water savings from improved irrigation, stormwater and rainwater capture, groundwater recharge and/or the reuse of highly treated wastewater (e.g. m3/year)
8. Sustainable water and wastewater management	<ul style="list-style-type: none"> Annual absolute (gross) water use before and after the project in m3/a, reduction in water use in % Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3/a and p.e./a and as % Number of people with access to clean drinking water (or annual volume of clean drinking water in m3/a supplied for human consumption) through infrastructure supporting sustainable and efficient water use (where average consumption per person is consistent with internationally recognized standards for sustainable water use)
9. Green buildings	<ul style="list-style-type: none"> Certification Standards <ul style="list-style-type: none"> Type of scheme, certification level Amount p.a. of waste minimised, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes p.a.

Eligible Social Category	Potential Impact Indicators
1. Access to Essential Services	<ul style="list-style-type: none"> Number of patients benefitting from healthcare or medical treatment Number of hospitals and other healthcare facilities built/upgraded Number of health-related R&D programs funded Students reached (breakdown by gender) Number of people provided with skill development and/or vocational training ideally for in demand subjects (breakdown by gender) Number of people provided with access to financial services Number of low-income people provided with access to affordable microcredit/microfinance
2. Affordable Basic Infrastructure	<ul style="list-style-type: none"> Kilometres of feeder roads rehabilitated/constructed Number of people with access to affordable transport systems Number of water infrastructure projects built/upgraded Number of people provided with adequate and equitable sanitation Number of new household power connections Number of people provided access to clean and affordable energy
3. Employment Generation	<ul style="list-style-type: none"> Number of people trained in new vocational skills Number of people benefitting from improved employment Number of people with upskilled employment resulting from training
4. Food Security and Sustainable Food Systems	<ul style="list-style-type: none"> Number of people provided with access to affordable, safe, nutritious, and sufficient food Farmers provided with training (climate smart training/organic etc) Farmers provided with access to agricultural inputs (financial inputs, equipment, etc) Number of people benefitting from agricultural projects and using improved farming technology
5. Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> Number of women provided with access to equal pay employment opportunities Number of vulnerable people benefitting from measures to mitigate the consequences of climate change such as natural disasters Number of loans granted to low-income households for installations of improvement technologies Number of beneficiaries receiving technology products (such as laptops and tablets) to enable remote learning

Unibank intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2023)"⁴.

⁴ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

EXTERNAL REVIEW

The Bank has appointed an external reviewer to provide a Second Party Opinion on the Sustainable Finance Framework, to confirm alignment with the GBP, SBP, SBG, GLP and SLP. The Second Party Opinion shall be available at <https://unibank.az>.

The Bank will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation and impact of Sustainable Financing Instrument proceeds to Eligible Projects, provided by an external review provider.

3. EVALUATION OF UNIBANK'S SUSTAINABLE FINANCE FRAMEWORK AND OTHER DOCUMENTS

In this section, we describe the assessment of the SFF and other relevant documents of the Bank for compliance with the GBP, SBP, GLP and SLP in accordance with GFC's Methodology for preparing an external assessment. The information used for these purposes was obtained by means of direct interaction with the Bank (see Annex).

GENERAL ASSESSMENT AND DETERMINATION OF THE DEGREE OF COMPLIANCE

GFC confirmed with Unibank, through document review and interviews held, that the proceeds from sustainable financing instruments will be used to finance and/or refinance, in part or in full, eligible sustainable projects. The categories and criteria for eligible sustainable projects correspond to the GBP, SBP, SBG, GLP and SLP and contribute to environmental and social objectives. The project evaluation and selection process and the management of proceeds also correspond to the core components of the GBP, SBP, SBG, GLP and SLP. Reporting and disclosure of information on the use of proceeds and on the expected impact of the implemented projects will be provided on an annual basis and published on the official website of the Bank for public access.

- 1. Opinion on compliance/non-compliance of the Issuer's Sustainable Finance Framework with the GBP, SBP, SBG, GLP and SLP.** Based on the evaluation for meeting the minimum threshold levels for all assessment criteria, we are of the opinion that UNIBANK's Sustainable Finance Framework complies with the Green Bond Principles/Social Bond Principles/Sustainability Bond Guidance of the International Capital Market Association, as well as the Green Loan Principles and Social Loan Principles of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association.
- 2. Opinion on assigning a degree of alignment with the GBP, SBP, SBG, GLP and SLP ranging from "Excellent" (High) to "Poor" (Low).** In accordance with the results of the assessment, as well as in accordance with the Grading Scale for the Level of Alignment with the GBP, SBP, SBG, GLP and SLP **we assigned the degree of compliance "Excellent"** meaning that UNIBANK demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and/or social significance.

Grading Scale for the Level of Alignment with the GBP, SBP, SBG, GLP and SLP

<i>Threshold Grade</i>	<i>Degree</i>	<i>Definition</i>
High 5 > 4.5	Excellent	Proceeds from the issuance of Sustainable Financing Instruments are most likely to be used for the implementation of Green, Social and Sustainability Projects. The Green, Social and Sustainability Bonds Issuer demonstrates an excellent level of proceeds management and allocation, eligible project selection, of quality of proceeds administration, as well as of reporting and disclosure on ongoing projects of environmental and social significance.

EVALUATION OF THE CRITERION – USE OF PROCEEDS

The indicators listed below reflect our assessment of the criterion “Use of Proceeds”.

<i>Indicator</i>	<i>Characteristic of the indicator (permissible, mandatory indicator, not recommended)*</i>	<i>Grade</i>
1. 100% of proceeds are allocated to implementing and financing/refinancing of Green, Social and Sustainability Projects that bring environmental and social benefits and are evaluated by the Issuer for compliance with the eligible project categories in line with the GBP/SBP/SBG with regard to their qualitative and/or quantitative characteristics	Permissible	5
WEIGHTED CRITERIAL GRADE		2,25

The Green Eligible Projects Categories specified in the SFF correspond to the projects categories set forth in the ICMA GBP, specifically, the following:

- **Renewable energy** (including production, transmission, equipment and products);
- **Energy efficiency** (for example, energy efficiency in new and renovated buildings, energy storage, district heating, smart grids, equipment and products);
- **Pollution prevention and control** (including projects in the field of wastewater treatment, reduction of emissions, control of greenhouse gases, soil restoration, pollution prevention, pollution reduction, waste treatment, efficient processing of waste into electricity, production of value-added products from waste and as a result of processing and environmental monitoring related to these areas of activity)
- **Environmentally sustainable management of living natural resources and land use** (including environmentally sustainable agriculture, environmentally sustainable livestock farming, climate-friendly agricultural technologies, such as crop protection or drip irrigation, environmentally sustainable fisheries and aquaculture, environmentally sustainable forestry, including afforestation or reforestation, conservation or restoration of natural landscapes);
- **Environmentally friendly transport** (for example, electric, hybrid, public, railway, non-motorised, multimodal transport, infrastructure for environmentally friendly vehicles and reduction of harmful emissions);

- **Sustainable management of water resources and wastewater** (including a sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and regulation of river channels and other flood protection methods);
- **Adaptation to climate change** (including information support systems such as climate monitoring systems and early warning systems);
- **Environmentally efficient and/or adapted products of a non-waste economy, production technologies and processes** (such as the development and implementation of environmentally friendly products, eco-labelling or environmental certification, economical packaging and distribution);
- **Green buildings** that meet regional, national, or internationally recognised standards or certifications.

With regards to the alignment of green eligibility criteria set in SFF criteria with benchmark taxonomies or peers, the level of ambition can be deemed closely aligned with Climate Bonds Taxonomy and EU Taxonomy for sustainable activities in terms of threshold eCO₂ emission criteria (100gCO₂e/kWh cap) for renewable energy generation projects, ambitious (20%) energy efficiency thresholds, recognised international green building certifications referenced, BAT reference documents (BREFs) referenced, tailpipe emissions intensity for clean transportation (max. 50g CO₂/p-km until 2025), etc.

The Social Eligible Projects Categories specified in the SFF correspond to the projects categories set forth in the ICMA SBP, specifically, the following:

- **Affordable basic infrastructure** (e.g. clean drinking water, sewers, sanitation, transport, energy);
- **Access to essential services** (e.g. health, education and vocational training, healthcare, financing and financial services);
- **Employment generation**, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance;
- **Food security and sustainable food systems** (e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers)
- **Socioeconomic advancement and empowerment** (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality).

The categories of eligible projects established in the SFF are also aligned with the priority UN Sustainable Development Goals to which they contribute as per ICMA's High-Level Mapping to the Sustainable Development Goals Guidance, June 2023⁵.

As per the draft prospectus, UNIBANK intends to apply the net proceeds of the sustainable bonds to finance and/or refinance eligible sustainable projects which meet set eligibility criteria of certain eligible sustainable project categories in accordance with UNIBANK's SFF.

With regard to the debut green bond issuance, planned tentatively for September 2024, UNUBANK intends to direct the proceeds to financing a pipeline of projects currently undergoing internal

⁵ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Green-Social-and-Sustainability-Bonds-A-High-Level-Mapping-to-the-Sustainable-Development-Goals-June-2023-220623.pdf>

assessments for compliance with eligible project criteria, impact assessment and due diligence procedures. GFC obtained from UNIBANK a preliminary list of potential projects to be financed by UNIBANK through prospective green bonds under the SFF, which includes potential green projects, such as indicated in the table below (for illustrative purposes only):

Potential green projects to be financed by debut green bonds issued under SFF

Type of business	Project	KPI	Category (Eligible projects and threshold criteria)	Eligibility under SFF
Auto park connected to the operator UBER, providing the population with taxi and delivery services.	Purchase up to 200 brand new cars (BYD) with hybrid plug-in engine used as taxis. Import directly from China Basically two models of this brand will be purchased: - BYD Destroyer 05 (2024) - BYD QIN PLUS (2024)	As a rule, in addition to the usual internal combustion engine, such cars have an electric motor. Among the advantages of hybrid models are significant fuel savings, reaching 25%, and a reduction in emissions of harmful substances into the atmosphere.	Clean transportation (UN SDG- Sustainable cities and communities)	Project falls under the following SFF criteria: Low-carbon transport: 1. Investments in low-carbon passenger vehicles with tailpipe emissions intensity of max. 50g CO ₂ /p-km until 2025 (from 2026 onwards, only vehicles with emission intensity of 0g CO ₂ /p-km are eligible) 2. Investments in infrastructure to support the use of zero-carbon and low-carbon vehicles. The project in question complies with description 1 above. WLTC Combined Fuel Consumption for the two BYD models considered is 1.58 L/100km, therefore, the CO ₂ e emission factor is 37 g of CO ₂ e per km, which is below the 50g threshold established in SFF.
Planting potatoes and importing a modern irrigation system	Import of irrigation system for use in his own farm, as well as for renting it out	With normal irrigation, per day, consuming 100 liters of water per second, only 1 hectare of land is covered. with modern irrigation system, 15 hectares of land are covered per day, with the same water consumption. that is, a saving of 15 times. Also, the irrigation system irrigates the plant from the top, which has a beneficial effect on the soil and increases the yield by 40%.	Sustainable water and wastewater management (UN SDG- Clean water and sanitation)	Project falls under the following SFF criteria: Financing related to the development, construction, acquisition, installation, operation and upgrades of sustainable water management projects, including: 1. Investments in technologies to reduce overall water demand in stressed areas
Production of bio fertilizers and cultivation of paulownia trees	Purchase of raw materials for fertilizer production	Bio-fertilizers in the form of bacteria help to save about 450-500 AZN per hectare and give a harvest 20%-25% more than conventional fertilizer. Paulownia - strengthens the soil; traps carbon dioxide, dust and noise 4 times more	Environmentally sustainable management of living natural resources and land use (UN SDG- Life on Land)	Project falls under the following SFF criteria: Financing related to Sustainable agriculture practices, climate smart farming and sustainable animal husbandry

The projects under consideration, based on a preliminary review of descriptions, are potentially aligned with the International Capital Markets Association (ICMA) Green Bond Principles categories for clean transportation, sustainable water and wastewater management, environmentally

sustainable management of living natural resources and land use. UNIBANK shall ensure compliance with its own criteria established in the SFF.

EVALUATION OF THE CRITERION – PROCESS FOR PROJECT EVALUATION AND SELECTION

The objectives of eligible green and social projects are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability, which is in alignment with the GBP, SBP, SBG, GLP, SLP, and the Issuer established a decision-making process which it uses to determine the eligibility of projects and assets.

Specifically, the Bank established a responsible working committee (Sustainable Finance Working Committee) responsible for the project evaluation and selection process that decides on the compliance or non-compliance of projects with sustainability project categories and criteria, including cases of bonds seeking certification.

Additionally, the eligible sustainable projects planned for financing and/or refinancing will also undergo other internal evaluation, including environmental and social risk assessment, and more systemic procedures being established in the Bank, such as its ESMS (Environmental and Social Risk Management System), with the related ESMS guidelines to be adopted by Unibank the end of 2024. The draft ESMS guidance has been provided to the external reviewer by the Issuer and can be deemed in line with best practices with proper references to the IFC Performance standards. The related roadmap for the implementation of the ESMS has also been shared with the external reviewer.

The indicators listed below reflect our assessment of the criterion “Process for Project Evaluation and Selection”.

<i>Indicator (Subfactor)</i>	<i>Score</i>	<i>Comment</i>
1. Disclosure by the Issuer of information in the context of its goals, policies, strategies, and processes related to sustainable development in environmental and/or social aspects, including goals to achieve improvements in the ecological and/or social environment, as well as the issuer's participation in various activities and initiatives that indicate commitment to the principles of sustainable development and improvements in the ecological and/or social environment.	1	Compliant, disclosed in SFF, ESG and Sustainable Development Strategy until 2026
2. Disclosure by the issuer of the goals of issuing green/social bonds/projects and/or sustainability bonds/projects with directions and indicators of environmental/social effect.	1	Compliant, disclosed in SFF
3. The issuer has an internal document defining criteria for the selection of projects of environmental and/or social orientation and the procedure of their assessment, selection, and coordination with the issuer's governing bodies.	1	Compliant, disclosed in SFF
4. Disclosure of complementary information on processes by which the Issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)	1	Compliant, disclosed in SFF
5. Disclosure of clear qualification criteria used in determining the compliance of projects with the categories of environmental and/or social projects and their selection, including exclusion criteria	1	Compliant, disclosed in SFF
6. The Issuer has quality certificates for ongoing environmental and / or social projects or conclusions from leading international or independent Kazakhstani verifiers confirming the compliance of projects with the required environmental / social standards, including conclusions on compliance with the current regulatory requirements for infrastructure facilities prepared	0	

within the framework of the project documentation. The leading verifiers are those who have certificates and licenses to conduct expertise or proven experience in assessing environmental / social projects, the quality of social services (for social projects) and / or compliance with investment requirements in the field of sustainable development		
7.The Issuer has created a special subdivision, which, among other things, controls the selection and implementation of projects. The division's employees generally understand the tasks assigned to them, while some of them have experience in supporting green / social projects and / or projects in the field of sustainable development	0,5	Compliant, disclosed in SFF
8.Engaging an independent qualified party to make a decision on the selection of projects corresponding to the categories of environmental projects / social projects	0,5	
9.The Issuer has a policy for determining social and / or environmental risks either in the project documentation or in the policy for determining environmental and / or social risks, which discloses qualification criteria for determining social and / or environmental risks associated with the implementation of projects	0,5	Compliant, disclosed in SFF and draft ESMS guidance ⁶
Sum of scores	6,5	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	1	

EVALUATION OF THE CRITERION – MANAGEMENT OF PROCEEDS

The Issuer's SFF provides that the net proceeds from the issue of Sustainable financing instruments will be accounted for in a special sub-account titled 'Sustainable Financing Instruments', with the results posted in a special section of the Bank's Electronic Document Management System called Vabank. Thus, UNIBANK uses internal financial reporting systems to track and monitor the earmarking and disbursement of proceeds to the nominated eligible projects. GFC confirmed with UNIBANK that this system is in place having examined UNIBANK's working spreadsheets on the tracking of sustainable bond issues and allocation to green and/or social projects.

The Bank will manage the unallocated amount in accordance with the Bank's internal policy of liquidity management until the amount of green and/or social projects financed and / or refinanced equals to the proceeds from the Sustainable financing instruments.

GFC considers that the management of proceeds is aligned with the GBP, SBP, GLP and SLP in terms of tracking of proceeds, managing unallocated proceeds, earmarking funds to eligible projects and assets, as well as documenting and disclosing the related processes to the reviewers.

The indicators listed below reflect our assessment of the "Management of Proceeds" criterion.

<i>Indicator (Subfactor)</i>	<i>Score</i>	<i>Comment</i>
1.The net proceeds from the issuance of Green/Social/Sustainability bonds are credited to a sub-account or moved to a different portfolio or otherwise tracked by the issuer in an appropriate manner	1	Compliant, disclosed in SFF
2.The separate accounting method for the Green/Social/Sustainability bond proceeds is clearly defined in the Issuer's documentation	0,5	Compliant, disclosed in SFF

⁶ Draft ESMS being considered by the Unibank for adoption has been provided to the GFC

3.The Issuer, while the Green/Social/Sustainability bonds are outstanding, monitors the sub-account on an ongoing basis, and there is a procedure in place for excluding projects that become unfit from the portfolio	1	Compliant, disclosed in SFF
4.The Issuer informs investors about the intended types of instruments for temporary placement of unused Green/Social/Sustainability bond proceeds	1	Compliant, disclosed in SFF, Liquidity management policy in place
5.Clear rules in place for investing temporarily unused Green/Social/Sustainability bond proceeds taking into account ESG-factors	0	
6.Engaging an auditor or another third party to check the method for internal tracking of the intended use of Green/Social/Sustainability bond proceeds	0,5	Compliant, disclosed in SFF
Sum of scores	4	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	0.75	

EVALUATION OF THE CRITERION – REPORTING AND DISCLOSURE

The Issuer adopted a Sustainable Finance Framework and made it available prior to issuance. The Bank intends to provide and keep publicly available annual updated reports on use of proceeds and expected impact of projects until full allocation and in the case of any material developments. These reports will be published on the Bank's official website.

Where feasible, the Bank will provide information on the list of projects to which sustainable financing instruments' proceeds will be allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.

GFC considers that the reporting processes are aligned with the GBP, SBP, SBG, GLP and SLP in terms of disclosing projects and assets invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

The indicators listed below reflect our assessment of the "Reporting" criterion.

<i>Indicator (Subfactor)</i>	<i>Score</i>	<i>Comment</i>
1. The Issuer provides a detailed report (with a list of projects) and disclosures after issuance in relation to the use of proceeds from the placement of Green/Social/Sustainability bond*	1	Compliant, specified in SFF
2. Reporting includes the disclosure of information on the nature of investments and the expected environmental and/or social impact	1	Compliant, specified in SFF
3. The disclosed reports are to be issued at least once a year, and there is also a procedure for monitoring data accuracy	1	Compliant, specified in SFF
4. The Issuer discloses information on the projects to which proceeds have been allocated, with a detailed breakdown by area (category), as well as on the environmental and/or social effect and implementation progress of individual projects	0,5	Compliant, specified in SFF

5. Methodologies in effect (or their drafts) and assumptions used to calculate environmental and/or social performance indicators are available	0	
6. The Issuer undertakes to engage independent qualified parties to evaluate its reporting on the implementation of the Green Bonds/ Social bonds and Sustainability Bonds Framework	0,5	Compliant, specified in SFF
Sum of scores	4	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	1	

* Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information may be presented by the Issuer in generic terms or on an aggregated portfolio basis.

FINAL WEIGHTED CRITERIAL GRADE

Criterion	Weighted Grade:
<i>Use of Proceeds</i>	2,25
<i>Process of Project Evaluation and Selection</i>	1
<i>Management of Proceeds</i>	0.75
<i>Reporting and Disclosure</i>	1
FINAL WEIGHTED GRADE FOR CRITERION	5

DISCLOSURE AND LIMITATIONS

An External Review (Second Party Opinion) reflects our opinion on the expected results from the issuance of Green and/or Sustainable Bonds and on the compliance of the Issuer's Sustainable Finance Framework with the GBP, SBP and SBG administered by International Capital Market Association and the GLP and SLP administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association. There is a likelihood of an inaccuracy in the final conclusion due to unforeseen changes in the economic environment and the financial market.

An External Review is an independent assessment carried out based on the information provided by the Issuer in line with the GFC's methodology, it does not disclose the Issuer's confidential information and is not an indication for any investment decisions.

We do not assume any responsibility for the use and implementation of an External Review in making investment decisions.

An External Review may be updated after publication, with the reasons for such an update disclosed.

CEO
AIFC Green Finance Centre Ltd



MANAS GIZHDUANIYEV

September 6^h, 2024

ANNEX. List of Documents Reviewed and Interviews

Review of Documentation

Documents provided by UNIBANK that relate to the prospective Green and Sustainable Bonds under the Sustainable Finance Framework are listed below. These have been used as direct sources of evidence for the SPO conclusions, and are also further checked, as considered appropriate, through interviews with key personnel.

1. Sustainable Finance Framework
2. Draft Prospectus on the debut Green Bond Issue
3. Working spreadsheets on the tracking of UNIBANK's sustainable bond issues and allocation to green projects (excel file titled Sustainable Financing Instruments' for accounting for allocation of proceeds')
4. UNIBANK's draft ESMS guidelines to be adopted in 2024
5. Order on the establishment of the Sustainable Finance Working Committee
6. Preliminary list of potential projects to be financed by UNIBANK through debut Green Bonds under the Sustainable Finance Framework
7. Unibank's ESG and Sustainable Development Strategy (2024)
8. Unibank's Corporate Social Responsibility Policy
9. Unibank's Risk management Policy and Credit Risk Management Policy
10. Unibank's liquidity management policy as of 18 November, 2018
11. Investment operations of securities Procedures
12. Regulations of the "Management of Initiatives" Committee
13. Statute of the Executive Board
14. Statute of the Supervisory Board
15. Investment Policy
16. Organizational structure

Interviews and Information Collected from UNIBANK

GFC primarily communicated with UNIBANK's team to gather information about the Bond and collected information from the issuer.

The following key persons were involved in these communications:

1. Tahir Garibov, Chief Corporate Business Officer, UNIBANK
2. Tural Hasanov, Chief Risk Officer, Management Board Member, UNIBANK
3. Emin Rasulzade, Management Board Member, UNIBANK
4. With top management: 1) Vugar F. Namazov, CEO, UNIBANK.

5. Methodologies in effect (or their drafts) and assumptions used to calculate environmental and/or social performance indicators are available	0	
6. The Issuer undertakes to engage independent qualified parties to evaluate its reporting on the implementation of the Green Bonds/ Social bonds and Sustainability Bonds Framework	0,5	Compliant, specified in SFF
Sum of scores	4	
Final Grade for Criterion	5	
WEIGHTED GRADE FOR CRITERION	1	

* Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the information may be presented by the Issuer in generic terms or on an aggregated portfolio basis.

FINAL WEIGHTED CRITERIAL GRADE

Criterion	Weighted Grade:
<i>Use of Proceeds</i>	2,25
<i>Process of Project Evaluation and Selection</i>	1
<i>Management of Proceeds</i>	0.75
<i>Reporting and Disclosure</i>	1
FINAL WEIGHTED GRADE FOR CRITERION	5

DISCLOSURE AND LIMITATIONS

An External Review (Second Party Opinion) reflects our opinion on the expected results from the issuance of Green and/or Sustainable Bonds and on the compliance of the Issuer's Sustainable Finance Framework with the GBP, SBP and SBG administered by International Capital Market Association and the GLP and SLP administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association. There is a likelihood of an inaccuracy in the final conclusion due to unforeseen changes in the economic environment and the financial market.

An External Review is an independent assessment carried out based on the information provided by the Issuer in line with the GFC's methodology, it does not disclose the Issuer's confidential information and is not an indication for any investment decisions.

We do not assume any responsibility for the use and implementation of an External Review in making investment decisions.

An External Review may be updated after publication, with the reasons for such an update disclosed.

CEO
AIFC Green Finance Centre Ltd



MANAS GIZHDUANIYEV

September 6th, 2024

ANNEX. List of Documents Reviewed and Interviews

Review of Documentation

Documents provided by UNIBANK that relate to the prospective Green and Sustainable Bonds under the Sustainable Finance Framework are listed below. These have been used as direct sources of evidence for the SPO conclusions, and are also further checked, as considered appropriate, through interviews with key personnel.

1. Sustainable Finance Framework
2. Draft Prospectus on the debut Green Bond Issue
3. Working spreadsheets on the tracking of UNIBANK's sustainable bond issues and allocation to green projects (excel file titled Sustainable Financing Instruments' for accounting for allocation of proceeds')
4. UNIBANK's draft ESMS guidelines to be adopted in 2024
5. Order on the establishment of the Sustainable Finance Working Committee
6. Preliminary list of potential projects to be financed by UNIBANK through debut Green Bonds under the Sustainable Finance Framework
7. Unibank's ESG and Sustainable Development Strategy (2024)
8. Unibank's Corporate Social Responsibility Policy
9. Unibank's Risk management Policy and Credit Risk Management Policy
10. Unibank's liquidity management policy as of 18 November, 2018
11. Investment operations of securities Procedures
12. Regulations of the "Management of Initiatives" Committee
13. Statute of the Executive Board
14. Statute of the Supervisory Board
15. Investment Policy
16. Organizational structure

Interviews and Information Collected from UNIBANK

GFC primarily communicated with UNIBANK's team to gather information about the Bond and collected information from the issuer.

The following key persons were involved in these communications:

1. Tahir Garibov, Chief Corporate Business Officer, UNIBANK
2. Tural Hasanov, Chief Risk Officer, Management Board Member, UNIBANK
3. Emin Rasulzade, Management Board Member, UNIBANK
4. With top management: 1) Vugar F. Namazov, CEO, UNIBANK.