

№ 07-21/4140 от 22.10.2021 г.

АО "Казахстанская фондовая биржа"

Настоящим акционерное общество «Фонд развития предпринимательства «Даму» (далее – Фонд), в рамках раскрытия информации, направляет Отчет о выражении независимого заключения о соответствии второго выпуска биржевых облигаций Фонда принципам социальных облигаций, предоставленный рейтинговым агентством «Эксперт РА».

Приложение:

Отчет о выражении независимого заключения о соответствии второго выпуска биржевых облигаций АО «Фонд развития предпринимательства «Даму» принципам социальных облигаций (англ., рус. яз).

**Заместитель
Председателя Правления****Б. Макажанов**

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Согласовано

22.10.2021 10:36 Алихан Нурланович Ятаев

Подписано

22.10.2021 10:42 Бахытжан Нигмеджанович Макажанов



Осы құжат «Электрондық құжат және электрондық цифрлық қолтаңба туралы» Қазақстан Республикасының 2003 жылғы 7 қаңтардағы N 370-ІІ Заңы 7 бабының 1 тармағына сәйкес қағаз тасығыштағы құжатпен бірдей.

Данный документ согласно пункту 1 статьи 7 ЗРК от 7 января 2003 года N370-ІІ «Об электронном документе и электронной цифровой подписи», равнозначен документу на бумажном носителе.

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Second-Party Opinion Report on the Alignment of «Damu» Entrepreneurship Development Fund’s second bond issue with the Social Bond Principles

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Summary

In accordance with its methodology for providing a second-party opinion on the alignment of a bond issue with the Social Bond Principles (the “SBP”), as administered by the International Capital Market Association (ICMA), Expert RA confirms that second issue exchange-traded bonds proposed by Damu Entrepreneurship Development Fund (“Damu Fund”, the “Fund”) are aligned with the SBP.

The Bonds to be issued are fully aligned with the four core components of the SBP, namely.

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

The Fund provided all information necessary for the external review (for shaping up the second-party opinion). In the course of the review, the Agency did not find any evidence of false representations.

The Fund provided documents that regulate its “social” finance activities.

Characteristics of the Issue:

Security type	Unsecured coupon bonds
Issue identification number and assignment date	ISIN KZ2C00008068 dated September 8, 2021
Issue size	KZT 1 billion
Commencing date of placement	15 September 2021
Maturity date	15 September 2026

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Rationale

Use of Proceeds. Damu Fund is a financial operator for the Business Road Map-2025 Government Programme for business support and development, adopted in 2019 by the Government of the Republic of Kazakhstan. In accordance with the laws of the Republic of Kazakhstan, Damu Fund supports the MSME (micro, small and medium enterprises) sector by partially subsidizing interest payments on loans/microloans/leasing liabilities for MSMEs from different sectors, including those hardest hit by the COVID-19 pandemic. The issuer intends to support the MSMEs sector by issuing social bonds as part of its sustainable development policy.

Funds raised with bond issuance will be channeled to second-tier banks, microfinance institutions and leasing companies (“STBs/MFIs/LCs”) in accordance with a loan agreement specifying the required use of proceeds. The loan agreement between the Fund and a STB/MFI/LC is expected to be made within a month after the issuance and submitted for verification by a competent authority for additional appraisal. After the Fund transfers the proceeds to the STBs/MFIs/LCs, they will get down to project selection and issuing loans to MSMEs that are eligible under the loan agreement. The list of eligible MSMEs are retail sales of automobiles and LV cars, automobile parts, minor components and accessories in shopping facilities, automobile maintenance and repair, retail sales of goods other than automobile parts and motor-cycles, road freight transport activities and moving services, activities of air passenger transport, airports, hotels and similar accommodation facilities, restaurants, in software production, film screening, computer programming, letting and management of households in owned or rented accommodation, legal activities, consulting on commercial and management issues, activities of sanitary and epidemiological organizations, travel agencies and operators, preschool, primary and secondary educational institutions, hospitals, health resort institutions, healthcare and dental organizations, concert and theater halls, fitness clubs, laundries and textile/fur dry cleaning units, as well as hairdresser’s and beauty parlours.

In sum, the issuer’s project is aimed at supporting MSMPEs as a business group that is especially vulnerable at the time of the COVID-19 pandemic, and improving welfare by the creation and/ or saving of jobs. This way of using the proceeds is in line with the Social Bond Principles.

Process for Project Evaluation and Selection. The issuer has established a Social Bond Framework, which sets out the process for project evaluation and selection. Under this process, Damu Fund forwards to STBs/MFIs/LCs the terms of fund allocation and MSMPE financing, where upon interested STBs/MFIs/LCs come up with requests for participation. The Fund’s authorized body handles the selection of STBs/MFIs/LCs interested in getting funds, and approves the principal conditions of fund allocation, the financing terms and the loan agreement form. After two parties sign a loan agreement, funds are credited to the STBs/MFIs/LCs, which proceed with MSME selection and financing in accordance with their credit policies and loan agreement. The STBs/MFIs/LCs are responsible and accountable to the Fund for the use of received funds. Subsequently, the Fund monitors MSME projects funded through the STBs/MFIs/LCs to ensure that funds are used for the intended purpose and that the projects are compliant with the loan agreement between the Fund and the STBs/MFIs/LCs based on the Fund’s internal regulations. Damu Fund’s process for Project evaluation and selection is aligned with the Social Bond Principles.

Management of Proceeds. The issuer has established a Social Bond Framework, which sets out the process for managing bond proceeds. Proceeds will be credited to the Fund’s special account and stay there until distribution to applicant STBs/MFIs/LCs, selected by the Fund, whereupon the STBs/MFIs/LCs will use them to finance MSMEs eligible under the loan agreement. The STBs/MFIs/LCs are responsible and accountable to the Fund, on a monthly basis, for the use

of received funds. The Fund, in turn, monitors the loans issued to the STBs/MFIs/LCs throughout the duration of the agreement. Under the Framework, Damu Fund may temporarily (before there is a need to use bond proceeds for the intended purpose) invest available cash in liquid, top-quality financial instruments in conformity with its internal rules and regulations for managing idle funds. Whether the funds raised with the bond issue are used for the intended purpose will be verified by an independent auditor on an annual basis. In sum, Damu Fund's management of proceeds is in line with the Social Bond Principles.

Reporting. The issuer has established a Social Bond Framework, which sets out the process of disclosing information about the use of proceeds. The issuer undertakes to publish an annually updated report on fund allocation, from the bond issuance to the bond maturity date. The report will include information about the distribution of proceeds and impact statements and may include, without limitation, performance figures, such as the amounts of financing, number of supported MSMEs, jobs saved/ created annually on average, income increase, and tax revenues. In sum, Damu Fund's reporting is in line with the Social Bond Principles.

About the Company

“Damu” Entrepreneurship Development Fund is established based on the Decree of the Government of the Republic of Kazakhstan № 665 «On the Establishment of Small Business Development Fund» dated on April 26, 1997.

Its mission is to actively carry out programs that enable MSME sustainable development in Kazakhstan and involve the use of comprehensive and efficient support mechanisms.

The Fund's key strategic objectives include:

1. The support and development of both starting up and existing entrepreneurs, in particular:
 - Development of microloaning and leasing companies;
 - Development of the «Guarantee» instrument;
 - Alternative mechanisms of concessional financing;
 - Increasing the proportion of active MSMEs covered by the Fund's financing programs.
2. Sustainable institutional development of the Fund:
 - Utilizing non-state sources of funding;
 - Moving towards financial performance targets;
 - Business process automation and digital transformation of support tools;
 - Enhancing the corporate governance practices in accordance with the best international practice.

In 2019, the Government of the Republic of Kazakhstan issued a decree endorsing “The Business Road Map-2025” Programme («Programme») for business support and development and aimed primarily to provide for a sustainable and well-balanced growth business activity in the Kazakhstani regions, as well as to support existing and create new permanent jobs. Damu Fund acts as a financial agency for the Programme, tasked with implementing and monitoring the financial support under the Programme.

The performance targets of Programme-2025 are as follows:

1. Bringing the share of SMEs in GDP to at least 33.8%;
2. Making tax revenues from the Programme participants double from the 2017 level;

3. 30,000 new jobs created by the Programme participants;
4. Bringing the share of the manufacturing industry in GDP to at least 13.4%;
5. Bringing the share of the mid-sized entrepreneurship in the economy to at least 13.7%.

Under this Programme, the Fund provides support including MSMPEs representing sectors that have been hardest hit by the COVID-19 pandemic.

Alignment with the Social Bond Principles

Use of Proceeds

Damu Fund is a financial agency for the Business Road Map-2025 Government Programme for business support and development, adopted in 2019 by the Government of the Republic of Kazakhstan. In this capacity it supports, in accordance with the laws of the Republic of Kazakhstan, the MSME sector by partially subsidizing interest payments on loans/microloans/leasing liabilities in sectors that have been hardest hit by the COVID-19 pandemic. The issuer intends to raise additional funds by issuing social bonds.

In sum, the financing of the on-the-table social Projects with Bond proceeds should favour the attainment of the following sustainable development goals:



Decent work and economic growth

Securing economic growth through the MSME financing: provided support will encourage the MSME development by the creation and/ or saving of jobs.



Reducing inequalities

The financing of the Projects is expected to reduce inequalities in the society by raising the well-being of the people.



Partnerships for the goals

Implementation of the eligible Projects will promote partnership between government authorities, banks, private-sector investors and companies.

Funds raised with social bonds will be mixed with own funds and then will be transferred to the STBs/MFIs/LCs in accordance with a loan agreement specifying the required use of proceeds for Programme participants. The loan agreement will be made within one month after the bond issuance and submitted for verification by a competent authority for additional appraisal. After the Fund has credited the participating STBs/MFIs/LCs, they will get down to project selection and issue loans to MSMEs that are eligible under the loan agreement. The list of eligible MSMEs:

- Retail sales of automobiles and LV cars in shopping facilities with a floorspace of less than 2,000 sq.m;
- Retail sales of automobiles and LV cars in shopping facilities with a floorspace of more than 2,000 sq.m (2,000 sq.m and more);
- Automobile maintenance and repair;
- Retail sales of automobile parts, minor components and accessories in shopping facilities with a floorspace of less than 2,000 sq.m;
- Retail sales of automobile parts, minor components and accessories in shopping facilities with a floorspace of more than 2,000 sq.m (2,000 sq.m and more);
- Retail sales of goods other than automobile parts and motor-cycles (with the exception of

- pharmacy goods and retail sales of foodstuff, beverages and tobacco);
- Road freight transport activities and moving services;
 - Air passenger transport activities;
 - Services of hotels and similar accommodation facilities;
 - Restaurant activities and food delivery services;
 - Software production;
 - Film screening;
 - Computer programming;
 - Letting and management of households in owned or rented accommodation (retail chains and stationary shopping facilities, letting and management of households in owned accommodation, letting of commercial premises (malls and shopping facilities) with the exception of pharmacies and retail sales of foodstuff, beverages and tobacco);
 - Legal activities (legal consulting, professional services of notaries, lawyers, private enforcement agents, mediators, including cases, where by force of circumstances an employee is absent and cannot act on their own behalf);
 - Consulting on commercial issues and other management-related consulting;
 - Activities of sanitary and epidemiological organizations;
 - Activities of travel agencies and operators;
 - Preschool (private preschool) education;
 - Primary education (private primary schools, excepting international schools);
 - Activities of health resort institutions;
 - Activities of healthcare and dental (private) organizations;
 - Activities of concert and theater halls;
 - Activities of fitness clubs;
 - Services of laundries and textile/fur dry cleaning units;
 - Services of hairdresser's and beauty parlours.

In sum, the issuer's project is aimed at supporting MSMEs that is especially vulnerable at the time of the COVID-19 pandemic, and improving welfare by the creation and/ or saving of jobs. This way of using the proceeds is in line with the Social Bond Principles.

Process for Project Evaluation and Selection

The Fund has established a Social Bond Framework, which sets out the process for project evaluation and selection.

The project evaluation and selection flow chart includes the following steps:

1. Damu Fund forwards to STBs/MFIs/LCs preliminary terms of fund allocation and MSME financing;
2. Interested STBs/MFIs/LCs come up with requests for participation;
3. The Fund's authorized body selects STBs/MFIs/LCs interested in getting funds and decides whether the loan agreement with STBs/MFIs/LCs should be made;

4. The STBs/MFIs/LCs proceed with MSME selection and financing in accordance with their credit policies and the terms of their agreement with the Fund.

Subsequently, the Fund monitors financed MSME projects to ensure that funds are used for the intended purpose and that the projects are compliant with the loan agreement. In sum, Damu Fund's process for Project evaluation and selection is aligned with the Social Bond Principles.

Management of Proceeds

The Fund has established a Social Bond Framework, which sets out the process for managing funds raised with the Bond issuance.

Bond proceeds will be credited to the Fund's special account and stay there until distribution to applicant STBs/MFIs/LCs, selected by the Fund. Then, the loan agreement is signed, and the proceeds are credited to the STBs/MFIs/LCs. After completing the project selection procedures, the STBs/MFIs/LCs will use the proceeds to finance MSMPEs eligible under the loan agreement. The STBs/MFIs/LCs are responsible and accountable to the Fund, on a monthly basis, for the use of received funds for the intended purpose. The Fund, in turn, monitors the loans issued to the STBs/MFIs/LCs throughout the agreement duration.

Under the Social Bond Framework, the Fund may temporarily (before there is a need to use bond proceeds for the intended purpose) invest available cash in liquid, top-quality financial instruments in conformity with its internal rules and regulations.

Whether the funds raised with the bond issue are used for the intended purpose will be verified by an independent auditor on an annual basis. In sum, Damu Fund's management of proceeds is in line with the Social Bond Principles.

Reporting

The Fund has established a Social Bond Framework, which sets out the process of disclosing information about the use of bond proceeds.

In particular, information will be disclosed annually on the Fund's corporate websites (<https://damu.kz/>) from the bond issuance to the bond maturity date and in the case of any material developments. Annually updated reports on fund allocation may include (without limitation) information about the distribution of proceeds and Impact statements. An Impact statement will contain (where applicable) information concerning the use of funds, including performance figures, such as the amounts of financing, number of supported MSMEs, jobs saved/ created annually on average, income increase, and tax revenues.

In sum, Damu Fund's information disclosure process is in line with the Social Bond Principles.

Appendix

List of documents used to prepare the Second-Party opinion:

- 1. Damu Entrepreneurship Development Fund's Social Bond Framework**
[https://damu.kz/o-fonde/o-nas/korporativnoe-upravlenie-fonda/Политика%20Фонда%20в%20области%20социальных%20облигаций%20\(Social%20Bond%20Framework\).pdf](https://damu.kz/o-fonde/o-nas/korporativnoe-upravlenie-fonda/Политика%20Фонда%20в%20области%20социальных%20облигаций%20(Social%20Bond%20Framework).pdf)
- 2. ICMA's Social Bond Principles**
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>
- 3. Damu Entrepreneurship Development Fund's Sustainable Development Policy**
<https://damu.kz/o-fonde/korporativnoe-upravlenie-fonda/otchet-kso-za-god/08%20%20Политика%20Фонда%20в%20области%20УР.pdf>
- 4. Decree of the Government of the Republic of Kazakhstan № 968 'On the Enactment of the Business Road Map-2025 Government Programme for business support and development' dated 24 Dec 2019.**
<https://adilet.zan.kz/rus/docs/P1900000968>