



SUSTAINABILITY BOND REPORT

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TABLE OF CONTENTS

Purpose of the report	4
Strategic sectors	4
Sustainability financing framework	5
Issuance Summary	5
Allocation report.....	6
a. Process of selection and evaluation	6
b. Allocation to eligible categories/projects	7
Impact report	7
Impact report of USD tranche	8
Impact report of UZS tranche	9
a. Examples	10
b. Methodology	10
External review	11

PURPOSE OF THE REPORT

SQB aims to disclose information on the allocation of Green and Social net proceeds raised through the sustainable bond to comply with its transparency standards. This report will present the selection criteria and evaluation for eligible projects, the total allocation per category, and the impact this project has on the sustainability of Uzbekistan.

OVERVIEW OF THE BANK

The Uzbek Industrial and Construction Bank, also known as SQB, is one of the oldest and leading universal financial institutions in the Republic of Uzbekistan. Established in 1922 as an industrial bank, it is currently the second largest bank in Uzbekistan in terms of assets and loan portfolio size. The bank has a nationwide presence with 39 branches across the country, and its head office is located in Tashkent. In 1991, the bank reformed into a joint-stock commercial, and the trade name of the bank changed into open joint-stock commercial bank “Uzbek Industrial-Construction Bank” in 2009. The Bank operates under license of the Central Bank of Uzbekistan as a state-owned bank to mediate the movement of funds from lenders to borrowers and from sellers to buyers in the country. The main shareholders of the bank are the Ministry of Finance of the Republic Uzbekistan, Fund for Reconstruction and Development of Uzbekistan as well as other legal entities and individuals (individually hold less than 5%).



STRATEGIC SECTORS

SQB is seeking to develop and scale business with a focus on the development of SMEs and retail banking. The Bank plays a significant role in financial support of the domestic corporate sector of the country and has a high potential to further strengthening its position as a result of strong public support and growth prospects. The Bank mainly provides financing for large investment and entrepreneurial projects, small and medium sized businesses, while offering wide range of services for retail clients. The Bank's strategic goal is to transform into a competitive, customer-oriented, market-driven and attractive to clients and investors. The key element of the bank's development strategy is scaling the business through the ecosystem of banking services with a focus on the development of SMEs and retail banking. SQB is actively cooperating with international financial institutions and leading banks to promote the mechanisms of selection, integration and assessment of investment projects as well as providing advanced trainings for employees.

SUSTAINABILITY FINANCING FRAMEWORK

SQB's Sustainability financing framework is aligned with International Capital Market Association's ("ICMA") Green Bond Principles (GBP) published in June 2021 (with June 2022 Appendix 1), Social Bond Principles (SBP) published in June 2021 (with June 2022 Appendix 1), and the Sustainability Bond Guidelines (SBG) 2021. Additionally, with the Green and Social Loan Principles published in February 2023 and administered by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) (together, the "LMA/APLMA/LSTA Principles").

The Framework identifies ten eligible green categories, and four eligible social categories aligned with ICMA's Principles and international best practices.

GREEN AND SOCIAL CATEGORIES

1. Green Buildings
2. Renewable Energy
3. Energy Efficiency
4. Clean Transportation
5. Environmentally Sustainable Management
6. Pollution prevention and control
7. Eco-efficient circular economy
8. Sustainable Water and Wastewater Management
9. Terrestrial and aquatic biodiversity
10. Climate change adaptation

SOCIAL CATEGORY

1. Education and vocational training
2. Access to essential services
3. Affordable Housing
4. Employment generation and protection



ISSUANCE SUMMARY

On the 25th of July 2024, SQB, issued an internationally verified Sustainability Bond on the London Stock Exchange. The value of the issuance was equivalent to USD 400 million 5-year tranche and UZS 2.25 trillion 3-year tranche.

ISIN	CURRENCY	ISSUE SIZE	COUPON	ISSUE DATE	MATURITY DATE
US917935AA60	USD	400M	8.95%	25 JULY 2024	24 JULY 2029
US917935AB44	UZS	2.25TRN	21%	25 JULY 2024	24 JULY 2027

ALLOCATION REPORT

A. PROCESS OF SELECTION AND EVALUATION

In line with the provisions outlined in the Sustainability Financing Framework, SQB ensures that amounts equivalent to the net proceeds are allocated to projects which meet the Eligibility Criteria.





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B.ALLOCATION TO ELIGIBLE CATEGORIES/PROJECTS

The sustainability bond allocated 29% of the proceeds to 18 projects in energy efficiency, clean transportation and water efficiency categories. 87% was allocated for energy efficiency projects, showing the growing interest in upgrading technologies to achieve energy savings in the country.

PROJECT CATEGORY	PROJECTS	PURPOSE	ALLOCATED AMOUNT(USD)	ALLOCATION %
ENERGY EFFICIENCY	11	ACQUISITION OF ENERGY EFFICIENT TECHNOLOGY	102 679 622	25,7%
CLEAN TRANSPORTATION	6	ACQUISITION OF MACHINERY, EQUIPMENT, AND VEHICLES IN THE SMALL BUSINESS SECTOR	10 371 165	2,6%
WATER EFFICIENCY	1	ACQUISITION OF WATER EFFICIENT TECHNOLOGIES	4 400 000	1,10%
TOTAL			117 450 787	29%



The allocation of the sustainability bond issued in local currency was 52% distributed in 12 projects in energy efficiency, green building, and renewable energies. Green building was the use of proceeds with a higher participation (86%), underscoring the increasing significance of this sector within the local economy.

PROJECT CATEGORY	PROJECTS	PURPOSE	ALLOCATED AMOUNT(UZD)	ALLOCATION %
ENERGY EFFICIENCY	4	ACQUISITION OF ENERGY EFFICIENT TECHNOLOGY	161 090 000 000	7,2%
GREEN BUILDING	1	ACQUISITION OF CERTIFIED GREEN BUILDING	1 007 516 384 000	44,8%
RENEWABLE ENERGY	7	ACQUISITION OF SOLAR PANELS	800 000 000	0,03%
TOTAL			1 169 406 384 000	52%



IMPACT REPORT

The sustainable bond issued in July 2024 during its first year financed 30 projects under five uses of proceeds, achieving annual energy savings of 121,431.91 MWhe, reducing carbon dioxide emissions by 16,237.16 tones, serving 5,821,200 passengers annually, generating 220.43 MWh of solar energy, and enhancing energy monitoring through the installation of 800,603 smart meters. This supports the Uzbekistan contribution to the United Nations Sustainable Development Goals (SDGs) 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action).

ANNUAL ENERGY SAVED MWHE/YR	ANNUAL CO2 REDUCED (TCO ₂ E/YR)	NUMBER OF ANNUAL PASSENGERS	RE GENERATED MWH/YR	NUMBER OF SMART METERS INSTALLED
121 431,91	16 237,16	5 821 200,00	220,43	800 603,00

IMPACT REPORT OF USD TRANCHE

ENERGY EFFICIENCY

PROJECTS	ALLOCATED AMOUNT	ANNUAL ENERGY SAVINGS (MWHE/YR)	ESTIMATED ANNUAL GHG EMISSION REDUCED/AVOIDED (TCO2E/YR)
AZIA METALL PROF	50 000 000	28 032	5 666,59
TEXNOPARK	10 995 375	403,20	204,00
BEAUTY GLASS COVER	3 325 565	1 555,20	524,60
DIP PLASTUZ	10 000 000	466,25	235,92
DIP PLASTUZ	5 000 000	54	27,32
UZBEKISTAN HYDROGEN PEROXIDE	956 004	7 020,54	2 136,58
QARSHI KAPITAL QURILISH	147 500	122,93	30,78
PROM TEXTILE	1 990 000	289,08	146,27
ZHONGTIAN CHEMICAL	3 450 000	80 000	40,48
ADM JIZZAKH	7 431 886	383,30	193,95
BMB GLOBAL SAVDO	8 000 000	-	24,79
ADM JIZZAKH	4 708 856	263,50	133,33

CLEAN TRANSPORTATION

PROJECTS	ALLOCATED AMOUNT	ESTIMATED ANNUAL GHG EMISSION REDUCED/AVOIDED (TCO2E/YR)	NUMBER OF ANNUAL PASSENGERS
QODIR INVEST SERVIS	134 000	1,40	-
MMM CRUSHER GROUP	1 646 000	622,00	-
TOSHAHARTRANSXIZMAT	2 250 000	2 979,82	5 821 200
RAYYONA SIFAT GRAND	3 000 000	539,64	-
MILLIY MAZZALI TAOMLAR 555	15 600	3,08	-

WATER EFFICIENCY

PROJECTS	ALLOCATED AMOUNT	ESTIMATED ANNUAL GHG EMISSION REDUCED/AVOIDED (TCO2E/YR)
BMB-SHIFO	4 400 000	1 155,00

IMPACT REPORT OF UZS TRANCHE

RENEWABLE ENERGY

PROJECTS	ALLOCATED AMOUNT	ESTIMATED ANNUAL GHG EMISSION REDUCED/AVOIDED (TCO2E/YR)	RE GENERATED MWH/YR
HAMKOR-BEST- INTERNATIONAL	100 000 000	10,82	17,74
MILLIYON KUNGRAD	100 000 000	30,42	49,88
RAMETOVA ZUMRAD EGAMBERDIYEVNA	100 000 000	17,13	28,08
IZZATBEK-JUMANIYOZOV	100 000 000	26,15	42,87
DIYORA-NDA	200 000 000	28,77	47,17
DIYORA-NDA	100 000 000	14,39	23,59
OMAD NEFT	100 000 000	6,78	11,12

ENERGY EFFICIENCY

RENEWABLE ENERGY

PROJECTS	ALLOCATED AMOUNT	ANNUAL ENERGY SAVINGS (MWHE/YR)	ESTIMATED ANNUAL GHG EMISSION REDUCED/AVOIDED (TCO2E/YR)	NUMBER OF SMART METERS INSTALLED
PAYTEZ	10 000 000 000	560,00	283,36	-
SARDORBЕК TEXNO-PANEL	100 000 000	3,31	1,67	-
FAXRLI QURILISH	990 000 000	1 572,81	794,99	-
HUDUDIY ELEKTR TARMOQLARI	150 000 000 000	-	-	800 603,00

GREEN BUILDING

PROJECTS	ALLOCATED AMOUNT	ANNUAL ENERGY SAVINGS (MWHE/YR)	ESTIMATED ANNUAL GHG EMISSION REDUCED/AVOIDED (TCO2E/YR)
UZTELECOM	1 007 516 384 000	705,79	357,13

EXAMPLES

“TOSHAHARTRANSXIZMAT” CLIENT:

Deployment of Electric Buses and Charging Infrastructure in Tashkent

To accelerate the shift to sustainable urban mobility, Tashkent is undertaking a major electrification initiative involving the procurement of 200 electric buses and the installation of 100 dedicated charging stations across bus depots in the city. Each charger will serve two buses, ensuring efficient operational coverage of the electric fleet.

The newly acquired electric buses feature a minimum driving range of 350 km per full charge, even under full passenger load and with climate control systems in use. This range supports uninterrupted operations across city routes, reducing downtime and improving service reliability.

The project aims to modernize the public transport fleet, address growing passenger demand, and enhance the quality, safety, and comfort of services. By replacing diesel-powered buses with electric ones, the initiative contributes to a cleaner urban environment and reduces dependency on fossil fuels, while also lowering operational costs.

- 200 electric buses to be introduced;
- 100 charging stations installed across Tashkent bus depots;
- 2,979.82 tCO₂e estimated annual GHG emissions avoided;
- 5,821,200 annual passengers benefiting from cleaner mobility.

METHODOLOGY

“TOSHAHARTRANSXIZMAT” CLIENT:

The bank uses an advanced IFC platform called Climate Assessment for Financial Institutions (CAFI). CAFI is a standardized platform for estimating greenhouse gas (GHG) emissions avoided as a result of green investments. It operates by comparing emissions in a baseline (business-as-usual) scenario with those in a project scenario, applying the formula:

$$\text{Avoided CO}_2 = \text{Baseline Emissions} - \text{Project Emissions}$$

CAFI uses project-level input data such as energy saved or generated, fuel replaced, or waste processed. These are combined with emission factors drawn from authoritative sources like the IPCC, IEA, and national inventories. When possible, CAFI prioritizes country-specific data, while default values are used for consistency where local data is unavailable. This enables accurate and conservative estimation of CO₂ reductions across sectors.

The CAFI tool encompasses a broad spectrum of climate-relevant technologies, including renewable energy systems (e.g., solar photovoltaics, wind turbines), energy efficiency improvements in industrial and commercial operations, green building design and retrofitting, waste management interventions, and low-emission transport solutions. It provides detailed estimates of both annual and lifetime greenhouse gas emissions avoided, ensuring that the results are proportionally attributed to the financial institution's share in the total investment.

In addition to emissions, the platform quantifies other key environmental performance indicators across the project lifecycle, such as annual renewable energy generation, energy savings, and water savings. For the purposes of this report, the analysis focuses on five primary metrics: annual saved energy, greenhouse gas emissions, RE generated and number of smart meters installed and number of annual passengers, which are critical indicators for evaluating the climate mitigation impact of financed activities.

Widely used by development banks and commercial lenders alike, CAFI's methodology aligns with the GHG Protocol, the joint MDB climate tracking methodology, and IFC's internal climate metrics. Its credibility is supported by transparent assumptions, version-controlled methodology updates, and integration with ESG and green finance frameworks, making it a trusted tool for assessing and reporting the climate impact of investments.

Annual energy savings shows the amount of energy saved over the course of one year, usually as a result of implementing energy-efficient measures, technologies, or behavior changes.

Annual greenhouse gas emissions reductions refer to the amount of greenhouse gases (GHGs) — measured in carbon dioxide equivalent (CO₂e) — that are prevented from being released into the atmosphere over the course of a year due to specific actions or interventions.

Renewable energy generated refers to the amount of energy produced from renewable sources such as solar, wind, hydro, geothermal, and biomass. This energy is produced without depleting natural resources and typically has a much lower environmental impact compared to fossil fuels.

Smart meters are an advanced energy meter that records electricity (or gas/water) consumption in real-time or near real-time and communicates this data back to the utility company automatically.



THANK YOU