**“APPROVED”**

**by the decision of the Management Board**

**of “Damu” Entrepreneurship Development Fund” JSC**

**Appendix No. 2**

**to the minutes of the Management Board meeting**

**of “Damu” Entrepreneurship Development Fund” JSC**

**dated February ”22”, 2022,**

**№ 12/2022**

**Changes to**

the Policy of “Damu Entrepreneurship Development Fund” JSC in the field of “green bonds” (Green Bond Framework)

The Policy of “Damu” Entrepreneurship Development Fund” JSC in the field of “green bonds” (Green Bond Framework), approved by the Management Board of “Damu” Entrepreneurship Development Fund” JSC dated July 21, 2020 (Minutes No. 61/2020) (hereinafter referred to as the Policy), shall be amended as follows:

Section 5 of the Policy shall be stated as follows:

«5. Process and evaluation and selection of projects

All projects which will be financed from funds raised through the issuance of green bonds shall comply with Section 4 “Use of Raised Funds” of this Policy, the Unified Program and the Product Passport.

“Damu” Fund, according to this Policy and the Unified Program, places raised funds through the issuance of green bonds for further financing of RES projects SMSME. STB/MFI and UNDP searches for SMSMEs which are planning/implementing RES projects. SMSME applies to the STB/MFI to review the financing of the RES project. After receiving the preliminary decision of the STB/MFI, the STB/MFI sends a package of documents on the RES project to the “Damu” Fund.

Consideration of incoming RES projects for compliance:

- the criteria of “green” projects defined in the framework of this Policy;

- the criteria of the Environmental Policy of “Damu” Entrepreneurship Development Fund” JSC;

- The terms of the Unified Program and Product Passport are carried out by the Working Group created by order of the Chairman of the Board of the “Damu” Fund, which includes the structural divisions of the “Damu” Fund responsible for attracting and placing funds, with the involvement, if necessary, of other structural divisions and external experts.

In accordance with the internal documents of the “Damu” Fund, project parameters and criteria, as well as identification and assessment of significant risks of negative social and environmental impact of projects are subject to consideration by the Working Group.

Within the framework of the Product Passport, projects are supported, as a result of which there is no significant deterioration of the habitat, social working conditions and life of the population; Investment is designed to improve living standards, employment and social security.

The Working Group takes into account the potential environmental and social impacts of projects when deciding on their financing. Taking into account the scale and nature of the environmental and social impact of the project, taking into account the requirements for borrowers to manage such impacts. Monitoring of compliance with these requirements is carried out during their implementation, according to the internal documents of the Fund.

After receiving the conclusion of the Working Group, the interested structural unit of the “Damu” Fund sends to the STB/MFI confirmation of compliance of the project with the terms of the Product Passport.

The procedure for interaction with the STB/MFI and other issues is determined by the internal documents of the “Damu” Fund.