

Second-Party Opinion

Republic of Uzbekistan SDG Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Republic of Uzbekistan SDG Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Access to Education, Sustainable Water and Wastewater Management and Flood Defense Systems, Access to Essential Health Services, Delivery of Essential and Clean Transportation Services, Pollution Prevention and Control, Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic), Clean and Efficient Energy Production and Consumption – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 9, 11, 13 and 15.



PROJECT EVALUATION / SELECTION The process for evaluation and selection will be overseen by the Public Debt Department (the “PDD”) of Uzbekistan’s Ministry of Finance (the “MoF”). Ultimately, final approval of projects will be provided by the SDG Coordination Council which was set up as part of Uzbekistan’s Agenda 2030 and is led by the country’s Deputy Prime Minister. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Uzbekistan’s MoF will be responsible for managing the proceeds via an SDG Bond Register. Uzbekistan intends to fully allocate proceeds within 24 months following each bond issuance. Pending full allocation, proceeds will be deposited in the Treasury. This is in line with market practice.



REPORTING Uzbekistan intends to report on allocation of proceeds via an Allocation Report on the MoF’s website annually while bonds remain outstanding. In addition, the Issuer may report on relevant impact metrics via an Impact Report. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Evaluation date July 06, 2021

Issuer Location Tashkent, Uzbekistan

Report Sections

Introduction.....	2
Sustainalytics’ Opinion	3
Appendices	13

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Introduction

The Republic of Uzbekistan (“Uzbekistan”, the “Country” or the “Issuer”) is a sovereign democratic republic located in Central Asia with a population of 34.6 million inhabitants across an area of 447,400 km². The Country’s capital is Tashkent.

Uzbekistan has developed the Republic of Uzbekistan SDG Bond Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds (“SDG Bonds”) and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects and programmes that are expected to contribute to the environmental and social sustainable development of the Country. The Framework defines eligibility criteria in seven areas:

1. Access to Education
2. Sustainable Water and Wastewater Management and Flood Defense Systems
3. Access to Essential Health Services
4. Delivery of Essential and Clean Transportation Services
5. Pollution Prevention and Control
6. Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)
7. Clean and Efficient Energy Production and Consumption

Uzbekistan engaged Sustainalytics to review the Republic of Uzbekistan SDG Bond Framework, dated July 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2021 (SBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Uzbekistan’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Uzbekistan representatives have confirmed (1) they understand it is the sole responsibility of Uzbekistan to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² The Republic of Uzbekistan SDG Bond Framework is available on Republic of Uzbekistan’s website at: https://www.mf.uz/media/file_en/dmo/SDG_Bond_Framework.pdf

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Uzbekistan.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Uzbekistan has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Republic of Uzbekistan SDG Bond Framework

Sustainalytics is of the opinion that the Republic of Uzbekistan SDG Bond Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of Uzbekistan's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Access to Education, Sustainable Water and Wastewater Management and Flood Defense Systems, Access to Essential Health Services, Delivery of Essential and Clean Transportation Services, Pollution Prevention and Control, Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic), Clean and Efficient Energy Production and Consumption – are aligned with those recognized by the SBG, GBP and SBP.
 - Within the Access to Education category, Uzbekistan may finance the construction, reconstruction, maintenance and/or operation of public primary and secondary schools, public kindergartens and early childhood development facilities as well as public and national libraries. In addition, the Issuer's expenditures may include public education facilities that cater to children with special needs and/or disabilities. Sustainalytics welcomes the targeting of a vulnerable population within this category. Given that the Framework will finance free and publicly accessible services and the related infrastructure necessary for such activities, Sustainalytics views the projects as aligned with market practice.
 - Under the Sustainable Water Supply and Waste-Water Management and Flood Defense Systems category, the Issuer intends to finance and/or refinance a range of projects targeted at sustainable management of water and wastewater. This may include:
 - Investments that improve quality water and wastewater such as sewage networks and sewage treatment plants.
 - Construction and upgrade projects that minimize the occurrence and impact of floods including diversion canals, floodplains and groundwater replenishment as well as river defenses such as levees, bunds to prevent soil erosion, and retention ponds.
 - Irrigation projects that enable efficient water management, targeting small farmers. Examples of these activities include the development of irrigation networks and upgrades to water pumping stations.
 - Noting the importance of initiatives that improve water access, quality and management, Sustainalytics views the expenditures under this category as aligned with market practice.
 - Access to Essential Health Services expenditures relate to the activities that increase access to safe and affordable healthcare as a means to improve life expectancy of the population. This

- may include the construction, reconstruction, maintenance and/or operation of public healthcare facilities. The Framework also contemplates the financing of public vaccination programmes. Uzbekistan has confirmed that these services are free and accessible to all regardless of ability to pay, which Sustainalytics views as aligned with market practice. Expenditures in this category can be expected to contribute to the Uzbekistan's national health plan to increase access to healthcare across the Country (please refer to Section 3 on the impact of these proceeds).
- Delivery of Essential and Clean Transportation Services investments relate to the construction, maintenance and/or operation of public transportation assets with zero direct carbon emissions including electrified railway and metro infrastructure such as carriages, signalling equipment and systems that facilitate direct passenger access. Sustainalytics considers infrastructure and installations dedicated to electric public transport as being in line with market practice.
 - Within the Pollution Prevention and Control category, the Issuer intends to finance waste collection projects that promote the sorting and segregation of waste. Although not currently undertaken, Uzbekistan has indicated future plans to enhance treatment centers to enable recycling and material recovery.
 - As part of this category, the Issuer may finance waste collection vehicles which meet at least one of the following eligibility criteria: (i) Electric Vehicles; (ii) Light duty hybrid trucks with emissions threshold of <50 gCO₂e/p-km; and (iii) Heavy duty hybrid trucks with emissions threshold of <25gCO₂/t-km. Sustainalytics considers these thresholds as aligned with market practice and encourages Uzbekistan to disclose the methodology for computing emissions as at an individual vehicle level for greater transparency.
 - For the Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic), the Framework defines as eligible the financing of projects for the protection, conservation and/or restoration of protective trees. Additionally, Uzbekistan is considering expenditures related to the sustainable management and maintenance of national parks. The Issuer has confirmed that this will not contemplate commercial activities and reforestation. As it relates to land restoration and biodiversity, Sustainalytics notes the importance of initiatives that guarantee long-term conservation and considers these activities to be in line with market practice.
 - Under the Clean and Efficient Energy Production and Consumption category, Uzbekistan contemplates financing the construction, reconstruction, maintenance and operation of renewable energy power plants from solar, wind and hydropower sources.
 - For hydropower projects, the Framework defines a threshold for life-cycle emissions of less than 100g CO₂e/kWh, which the Issuer intends to reduce to 0g CO₂e/kWh by 2030. Sustainalytics considers the threshold as aligned with market practice and notes positively the commitment to an emissions intensity reduction trajectory. In addition, Uzbekistan has confirmed to Sustainalytics that all new hydroelectric projects will be subject to an environmental and social risk assessment with no significant controversies identified. This is in line with market practice.
 - As part of this category, Uzbekistan may also finance the storage, transmission and distribution network infrastructure and equipment that increase renewable energy supply into the electricity grid. Sustainalytics views positively, investments in projects that increase renewable energy capacity.
 - Uzbekistan specifies that issuances under the Framework will exclude all activities associated with the exploration, production or transportation of fossil fuel, weapons, child labor or forced labor and deforestation, amongst others.⁴ Sustainalytics considers that the exclusionary criteria strengthens the Framework.
 - Project Evaluation and Selection:
 - The process for evaluation and selection will be overseen by the Public Debt Department (the "PDD") of Uzbekistan's Ministry of Finance (the "MoF") and integrated as part of its budget planning. As a first step, various technical Ministries and other public entities submit potential

⁴ The Framework excludes the following additional activities; generation of nuclear power, alcohol, tobacco, palm oil, cattle/beef production, conflicted minerals or adult entertainment industries, degradation of biodiversity, breach of anti-corruption laws, policies and procedures.

- eligible projects, assets and expenditures to the MoF.⁵ Towards thorough governance of evaluating eligible projects, the Issuer may involve the United Nations Development Programme (UNDP) and other international organizations such as research institutes as observers and partners. Ultimately, final approval of projects in accordance with the criteria outlined in the Framework will be provided by the SDG Coordination Council which set up as part of Uzbekistan's Agenda 2030 and is led by the country's Deputy Prime Minister.
- Based on the establishment of this governance structure, Sustainalytics considers this process to be in line with market practice.
 - **Management of Proceeds:**
 - Net proceeds from the issuances will be deposited in general funding accounts and earmarked for allocation. Acting on behalf of the Republic of Uzbekistan, the MoF will be responsible for managing the proceeds under the Framework and overseeing the allocation to eligible projects. This will be implemented via an SDG Bond Register which is subject to annual review by the MoF.
 - Uzbekistan is targeting full allocation of proceeds within 24 months after each SDG Bond issuance which is in line with market practice. Pending allocation, proceeds will be managed by the MoF in the Treasury and in accordance with the Republic of Uzbekistan's regulatory framework and treasury policies.
 - Based on the formal systems and disclosure around management of proceeds, Sustainalytics considers this process to be in line with market practice.
 - **Reporting:**
 - The Republic of Uzbekistan is committed to reporting on the allocation and impact of SDG Bond proceeds under the Framework via Allocation and Impact Reports. These will be available on the Ministry of Finance's website annually as long as bonds remain outstanding. The allocation reporting will include details such as total amount allocated to eligible project categories, share of financing vs refinancing activities as well as the balance of unallocated proceeds.
 - The Impact Report will include relevant quantitative and/or qualitative metrics such as number of beneficiaries impacted, reduction in water consumption, number of healthcare facilities built and/or upgraded, installed renewable energy capacity (MW), GHG emissions reduced/avoided, as well as the volume of waste collected and processed
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Republic of Uzbekistan SDG Bond Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Uzbekistan

Contribution of Framework to Republic of Uzbekistan's sustainability mandate

Since 2017, the Republic of Uzbekistan has undergone an unprecedented social, political, and economic transformation. The new leadership has initiated reforms with the vision of transforming Uzbekistan into an industrialized, upper-middle-income country by 2030.⁶ Rich in natural resources, the country actively attracts international investments and implements large infrastructure projects. Furthermore, its ranking in the World

⁵ The SDD will draw on representatives from the following public entities: Ministry of Finance; Ministry of Economic development and poverty reduction; Ministry of Public Health; Ministry of Preschool Education; Ministry of Public Education; Ministry of Higher and Secondary Special Education; Ministry of Energy; Ministry of Transport; Ministry for Support of Makhalla and Family; Ministry of Water Resources; Ministry of Agriculture; Ministry of Construction; Ministry of Innovative Development; State Committee on Ecology and Environmental Protection and the State Statistics Committee

⁶ World Bank, "Uzbekistan: On the Path to High-Middle-Income Status by 2030" (2016), at: <https://www.worldbank.org/en/results/2016/04/13/uzbekistan-on-the-path-to-high-middle-income-status-by-2050>

Bank's Ease of Doing Business has improved to 69th out of 190 countries globally in 2020, up from ranking 166th in 2011.^{7,8}

Uzbekistan's development model can be characterized by active social policy. Between 2014-2016, social sectors constituted over 55% of total public expenditures according to UNICEF.⁹ In the period of 2016-2018, Sustainable Development Goals (SDGs) were embraced by Uzbekistan as overarching goals in its main development policy objectives, resulting in the adoption of 16 national SDGs and 125 corresponding targets.¹⁰ The National Action Strategy (2017-2021) targets a vibrant market economy and transformation of the government's role.¹¹ The strategy outlines five priority areas of reforms, namely (i) Improving state and public administration; (ii) Strengthening the rule of law, and further reform of the judicial system; (iii) Economic development and liberalization; (iv) The development of the social sphere; and (v) Ensuring security, inter-ethnic harmony and religious tolerance. In order to ensure adequate implementation and monitoring of the national goals an SDG Coordination Council headed by the Deputy Prime Minister was developed. Furthermore, Uzbekistan aspires to play a stronger and more cooperative role in the international landscape. The forthcoming United Nations (UN) Sustainable Development Cooperation Framework 2021-2025¹² articulates the UN's collective response to supporting Uzbekistan's implementation of the SDGs, prioritizing inclusive economic development, quality health and education, environmental protection, and effective governance. Additionally, in early 2021, Uzbekistan published its first ESG report to measure the country's progress towards achieving the SDGs.¹³ The report focused on three pillars, namely (i) Infrastructure for Growth; (ii) Growth, Active Governance and Strong Civil Society; and (iii) Sustainable Livelihoods, and is expected to serve as a reference for the region/Central Asia.¹⁴ Furthermore, the report incorporated third-party country rankings and external verification of its progress with information accessible on a dedicated ESG website.¹⁵

In 2017, Uzbekistan signed the Paris Agreement and subsequently articulated its Nationally Determined Contributions "to decrease specific emissions of greenhouse gases per unit of GDP by 10% by 2030 from level of 2010" and "to continue its efforts for adaptation capacity building to reduce risk of climate change adverse impact on various sectors of economy, social sector and Priaralie (Aral Sea coastal zone)".¹⁶ Considering the arid climate, drought-prone environment and the projected growth of the population, it is anticipated that overall GHG emissions and climate change impacts will increase significantly in the Country.¹⁷ These realities are being incorporated into sectoral legislation and strategic documents. The government has further elaborated on the direction of the reforms through various legislative acts, such as the Reform Roadmap (2019–2021) which addresses five focus areas, including the preservation of "environmental sustainability".¹⁸ Commitments towards the environment are articulated in several long-term policy documents such as the Concept on Environmental Protection (until 2030), the Strategy for Transition to Green Economy (2019–2030), the Strategy on Solid Waste Management (2019–2028), and Strategy for the Conservation of Biological Diversity for the period 2019–2028.¹⁹ Furthermore, the government is in the process of drafting new laws including an environmental code which will outline opportunities to mainstream environmental protection.

The global COVID-19 pandemic has disrupted the pace of Uzbekistan's economic growth, severely impacting the poorest and most vulnerable populations as well as slowing down the Country's sustainable development

⁷ World Bank, "Doing Business 2020", at:

<https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf?sequence=24&isAllowed=y>

⁸ World Bank, "Doing Business 2011", at: <https://www.doingbusiness.org/en/reports/global-reports/doing-business-2011>

⁹ UNICEF Country Office in Uzbekistan, "The pattern of public investment in children in Uzbekistan: current status and development prospects" (2018), at: <https://www.unicef.org/uzbekistan/media/3331/file/The%20pattern%20of%20public%20investment%20in%20children%20in%20Uzbekistan:%20current%20status%20and%20development%20prospects.pdf>

¹⁰ United Nations Sustainable Development, "Implementation of National SDGs and Voluntary National Review of the Republic of Uzbekistan" (2020), at: https://sustainabledevelopment.un.org/content/documents/26424VNR_2020_Uzbekistan_Report_English.pdf

¹¹ Government of Uzbekistan, "The State Program for Implementation of the National Action Strategy 2017-2021", at:

https://president.uz/en/pages/view/strategy?menu_id=144

¹² United Nations, "Sustainable Development Cooperation Framework 2021-2025 Uzbekistan", at: <https://unsdg.un.org/sites/default/files/2020-11/Uzbekistan-UNSDCF-2021-2025.pdf>

¹³ Government of Uzbekistan, "Progress in Uzbekistan – Environment, Social and Governance Report 2020", (2020), at:

<https://uzbekembassy.com.my/files/economy/bfd99d35a00424842d21e635cccd4d8b.pdf>

¹⁴ Accesswire, "Uzbekistan Publishes First-Ever Sovereign ESG Report" (2021), at: <https://www.accesswire.com/626836/Uzbekistan-Publishes-First-Ever-Sovereign-ESG-Report>

¹⁵ Government of Uzbekistan, "Journey of Change – Uzbekistan's Dramatic Reforms", at: <https://changeinuzbekistan.com/>

¹⁶ UNFCCC, "Intended Nationally Determined Contributions of the Republic of Uzbekistan (INDC)", (2017), at:

https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Uzbekistan%20First/INDC%20Uzbekistan%2018-04-2017_Eng.pdf

¹⁷ Climatelinks, "Climate Risk Profile – Uzbekistan", (2018), at: <https://www.climatelinks.org/resources/climate-risk-profile-uzbekistan>

¹⁸ UZ Daily, "Uzbekistan develops reform roadmap for 2019-2021" (2018), at: <https://www.uzdaily.uz/en/post/46760>

¹⁹ United Nations Economic Commission for Europe (UNECE), "3rd Environmental Performance Review of Uzbekistan" (2020), at:

https://unece.org/DAM/env/epr/epr_studies/Leaflet/Booklet_3rdEPR_Uzbekistan.pdf

efforts.²⁰ Despite facing effects of the pandemic, the government launched an Anti-Crisis Program along with a US\$ 1 billion Fund to support businesses, generate employment and expand social assistance to the vulnerable, reaffirming the importance of all the above priorities.²¹

Sustainalytics is of the opinion that the Uzbekistan SDG Bond Framework is aligned with the National Action Strategy 2017-2021, the UN Cooperation Framework, the ESG Report 2020, and other government environmental policies. The Framework may assist the country in meeting targets by leveraging financing towards social and environmental projects. In view of the above, Sustainalytics considers Uzbekistan to be well positioned to issue social and/or green bonds.

Well-positioned to address common environmental and social risks associated with the projects

Bonds issued by the Republic of Uzbekistan under its SDG Bond Framework will finance projects that are anticipated to have positive social and environmental impacts. However, Sustainalytics recognizes that, as with any large initiative, such eligible projects may lead to some negative environmental and social outcomes. Key risks associated with the eligible projects could include (i) land use and biodiversity loss associated with large-scale infrastructure development, (ii) risks of increasing inequalities if social programmes are not appropriately targeted to beneficiaries or if universal access is not ensured, (iii) human and labour rights issues (including occupational health and safety risks) and (iv) risks related to bribery and corruption which could undermine the achievement of key objectives.

Sustainalytics is of the opinion that the Republic of Uzbekistan is able to manage and/or mitigate potential risks through the following policies:

- Uzbekistan is a signatory to the 1992 Convention on Biological Diversity (CBD) since 1995.²² The State Committee on Ecology and Environmental Protection (SCEEP) is the authority responsible for the Country's commitments related to the CBD. In accordance with CBD requirements, Uzbekistan has prepared national reports on the state of biodiversity as well as a thematic report on protected areas. Since 2010, there have been no significant changes to some of the country's key laws on environmental issues, including the laws on Nature Protection (1992), Ecological Expertise (2000), Water and Water Use (1993) and Ambient Air Protection (1996).²³ Among recent amendments, the new edition of the 1999 Law on Forests was adopted in 2018. Furthermore, recent policy documents envisage the development of an environmental code to harmonize environmental legislations. The 2013 Law on Environmental Control provides an overarching legal framework regulating various types and forms of control of the environment. Uzbekistan does not yet apply the strategic environmental assessment (SEA) tool to evaluate environmental impacts of future sectoral strategic documents. Uzbekistan is working to improve the State Ecological Expertise (SEE) and environmental impact assessment procedures, demonstrated by the recent adoption of the Law on Environmental Audit in March 2021.²⁴ There are no concrete examples of environmental audits used towards environmental compliance as of March 2019, according to the United Nations Economic Commission for Europe (UNECE) Environmental Performance Review. Sustainalytics considers the existing laws and amendments a commitment to create a favorable legal framework for environmental protection in Uzbekistan.
- Concerning the risks of increasing inequalities for social projects, Uzbekistan's Constitution expressly refers to Social Protection as a basic human right. The country is a signatory to a number of relevant international human rights mechanisms that enshrine the right to social protection and relevant ancillary services. This is reflected in a series of laws, decrees and resolutions that outline the right to social security and social services such as the "Allocation and Payment of Social Benefits and Material Support to Low-Income Families", "Social Services for Elderly, Disabled, and Other Socially Vulnerable Categories of the Population" or "Guarantee of the Rights of the Child".²⁵ According to the human development index, Uzbekistan is a high human development country, with

²⁰ International Monetary Fund (IMF), "Republic of Uzbekistan – Article IV Consultation" (2021), at: <file:///C:/Users/NDJINNI/Downloads/1UZBEA2021001.pdf>

²¹ United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), "Uzbekistan COVID-19 Country Profile" (2021), at:

https://www.unescap.org/sites/default/d8files/2021-03/Uzbekistan_COVID%20Country%20profile%20230321.pdf

²² Convention on Biological Diversity, "Country Profile – Uzbekistan", at: <https://www.cbd.int/countries/?country=uz>

²³ The United Nations Economic Commission for Europe (UNECE), "3rd Environmental Performance Review of Uzbekistan" (2020), at: https://unece.org/DAM/env/epr/epr_studies/ECE.CEP.188.Eng.pdf

²⁴ JDSUPRA, "Uzbekistan enacts Law on Environmental Audit" (2021), at: <https://www.jdsupra.com/legalnews/uzbekistan-enacts-law-on-environmental-5089779/>

²⁵ ILO, UNICEF and the World Bank, "An assessment of the social protection system in Uzbekistan Based on the Core Diagnostic instrument (CODI)", at: https://www.ilo.org/moscow/information-resources/publications/WCMS_760153/lang-en/index.htm

an index equal to 0.720 in 2019 (ranked 106th out of 189 countries)²⁶. As it relates to healthcare, the country's system is undergoing reform and development of a mandatory healthcare insurance scheme is underway.²⁷ Amid the COVID-19 pandemic, Uzbekistan established the State Health Insurance Fund under the Cabinet of Ministers and has commenced a pilot project for a new model of healthcare delivery with universal state insurance and the creation of "electronic polyclinics".²⁸ The Country is also taking steps to establish a system of inclusive education.²⁹ Furthermore, Uzbekistan is witnessing significant formal institutional changes that aim to realize the constitutional guarantee of equal rights for women and men towards gender equality. The National Development Strategy (2017-2021) notably aims to increase the socio-political activity of women and strengthen women's representation, training, employment, and entrepreneurship. The COVID-19 pandemic has added a new layer of challenges for the health, physical safety, and economic security of women across the country³⁰, therefore the success of measures will depend on the systemic and systematic implementation by the Government.

- Uzbekistan has been a member of the International Labor Organization (ILO) since 1992.³¹ The Country has ratified all eight fundamental ILO Conventions including the Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105). Additionally, it has ratified the Protocol of 2014 to the Forced Labour Convention, 1930. Article 37 of the Constitution of the Republic of Uzbekistan prohibits forced labour. Forced labour is also clearly prohibited by Article 7 of the Labour Code. The national legislation of Uzbekistan has established penalties for the use of forced labour (articles 51 and 491 of the Administrative Code, articles 135, 138, 148 of the Criminal Code). Working conditions at enterprise levels are regulated by more than 93,000 collective agreements, which cover 96% of all legal entities employing workers. In 2019, Uzbekistan ratified the two Governance Conventions on Labour Inspection³², and introduced further changes to the regulatory framework related to child labour and forced labour. However, despite the efforts, the Government of Uzbekistan has not fully implemented adequate measures to prosecute perpetrators and protect victims.³³ Furthermore, challenges persist with regard to gender equality. The National Strategy for the Development of Statistics 2020-2025 (NSDS), currently implemented by the Government, has identified and is seeking to address gaps in relation to labour and gender statistics, including the non-systematic adherence to ILO statistical standards.³⁴
- Uzbekistan ratified the United Nations Convention against Corruption (UNCAC) in 2008³⁵ and joined the Istanbul Anti-Corruption Action Plan (IAP) of the Anti-Corruption Network for Eastern Europe and Central Asia (ACN) in 2010.³⁶ While there have been historical accusations of widespread corruption, the fight against corruption has become a priority area of state policy in Uzbekistan as seen in the regulatory acts adopted in recent years and OECD's 4th round of monitoring of the IAP³⁷. In particular, the adopted Law on Anti-Corruption established the legal framework for the activities in this area and mechanisms for the implementation of anti-corruption measures and the National Action Strategy (2017-2021) demonstrates commitment to ensuring the rule of law. Despite significant improvements, Uzbekistan ranked 146 out of 180 countries on Transparency International's

²⁶ UNDP, "The Next Frontier: Human Development and the Anthropocene Briefing note for countries on the 2020 Human Development Report Uzbekistan" (2020), at: http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/UZB.pdf

²⁷ WHO, "Uzbekistan strengthens its health system in the midst of COVID-19 crisis" (2021), at: <https://www.who.int/news-room/feature-stories/detail/uzbekistan-strengthens-its-health-system-in-the-midst-of-covid-19-crisis>

²⁸ Social Health Protection Network, "State Health Insurance Fund of Uzbekistan has announced piloting state health insurance for the first time in the nation" (2021), at: <https://p4h.world/en/news/state-health-insurance-fund-uzbekistan-has-announced-piloting-state-health-insurance-first>

²⁹ UNICEF, "Legislation and Policy Review of Inclusive Education in Uzbekistan" (2018), at: <https://www.unicef.org/uzbekistan/media/3566/file/inclusive%20policy%20brief%20eng.pdf>

³⁰ World Bank, "Women Must Play a Central Role in Uzbekistan's Recovery from the Pandemic" (2021), at:

<https://www.worldbank.org/en/news/feature/2021/03/08/women-must-play-a-central-role-in-uzbekistans-recovery-from-the-pandemic>

³¹ International Labour Organization, "NORMLEX – Uzbekistan", at:

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11110:0::NO::P11110_COUNTRY_ID:103538

³² ILO, "Uzbekistan ratifies the two Governance Conventions on Labour Inspection" (2019), at: https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/labour-inspection/WCMS_731567/lang-en/index.htm

³³ International Labor Rights Forum (ILRF), "Comments on Ranking of Uzbekistan by U.S. Dept of State in 2020 Trafficking in Persons Report" (2020), at: <https://laborrights.org/publications/comments-ranking-uzbekistan-us-dept-state-2020-trafficking-persons-report>

³⁴ ILO, "Women and the World of Work in Uzbekistan Towards Gender Equality and Decent Work for All" (2020), at:

https://www.ilo.org/wcmsp5/groups/public/--europe/--ro-geneva/--sro-moscow/documents/publication/wcms_776476.pdf

³⁵ UNCAC, "Signature and Ratification Status" (2020), at: <https://www.unodc.org/unodc/en/corruption/ratification-status.html>

³⁶ UNODC, "Commitment to Comply with the International Anti-Corruption Standards", at: <https://www.unodc.org/centralasia/en/news/commitment-to-comply-with-the-international-anti-corruption-standards.html>

³⁷ OECD, "Anti-corruption reforms in Uzbekistan" (2019), at: https://www.oecd.org/corruption/acn/OECD-ACN-Uzbekistan-4th-Round_Monitoring-Report-2019-ENG.pdf

Corruption Perception Index in 2020.³⁸ Furthermore, in 2020, Uzbekistan established a new Anti-Corruption Agency to guide and coordinate anti-corruption efforts in the country.³⁹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the Republic of Uzbekistan has implemented adequate measures and is able to manage and mitigate environmental and social risks commonly associated with the eligible categories. As a commitment to transparency under the Framework, Sustainalytics encourages the Issuer to implement comprehensive due diligence assessment on risks and provide robust reporting on the impacts of issuances.

Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Impact of expanded access to education

Uzbekistan is Central Asia's most populous country with its 34.6 million people accounting for over one-half of the region's total population.⁴⁰ Uzbekistan's working-age population has risen by about 50% between 2000 and 2018, mostly attributable to an increasing age 0 to 7 demography, indicating that the country is poised to have a large youth population in the future.⁴¹ The fast-growing young population represents both positive and negative consequences for economic transformation and has created a challenge in that youth lack adequate education and skills to drive economic growth. Despite significant levels of public investment in education as well as free education up to secondary levels, only 30% of Uzbeks are enrolled in preschool due to inadequate infrastructure to provide conducive learning conditions.⁴² In response, the government of Uzbekistan has identified education as a driver of transformation in the country's society and economy. By 2021, the Country is targeting 100% enrollment in preschool while revamping general secondary education and offering multiple pathways to enter the labor market or pursue higher education. While these reforms have significant implications for improving student learning outcomes, they also pose relevant challenges for implementation and resource allocation.

The Country's spending on public education has been consistently around 30% of its budget over the 10 years up to 2018, which is higher than average government spending in the Europe and Central Asia region which is approximately 11%.^{43,41} Sustainalytics notes the Country's education reform program as a positive development for strengthening human capital in future generations and is of the opinion that any subsequent capital allocation towards education initiatives will support the ambition of expanded access to quality education.

Impact of expanded access to essential health services

Although Uzbekistan has a universal healthcare system which is free and accessible to all, public medical institutions do not have sufficient capacity to serve the population from inadequate equipment to lack of skilled medical staff.⁴⁴ Staff shortages have historically been driven by difficult working conditions, low quality of medical education and poor remuneration.⁴⁴ However, the number of medical institutions in the country has only increased by about 5% since the 1980s and there isn't sufficient geographical distribution of healthcare services with the rural population remaining underserved and in need of government intervention. **Error! Bookmark not defined.**

Amid the COVID-19 pandemic the government of Uzbekistan has taken steps towards healthcare reform comprising development of the State Health Insurance Fund for a transition to universal state insurance and

³⁸ Transparency International, "Uzbekistan", (2020), at: <https://www.transparency.org/en/countries/uzbekistan>

³⁹ UNODC, "UNODC and Anti-Corruption Agency Sign Action Plan to Cooperate on Fight Against Corruption in Uzbekistan", (2020), at: <https://www.unodc.org/centralasia/en/news/unodc-and-anti-corruption-agency-sign-action-plan-to-cooperate-on-fight-against-corruption-in-uzbekistan.html>

⁴⁰ World Bank, "Uzbekistan - Education Sector Analysis", (2018), at: <http://documents.worldbank.org/curated/en/379211551844192053/Uzbekistan-Education-Sector-Analysis>

⁴¹ World Bank, "Uzbekistan - Education Sector Analysis", (2018), at: <http://documents.worldbank.org/curated/en/379211551844192053/Uzbekistan-Education-Sector-Analysis>

⁴² World Bank, "New Project Aims to Strengthen Access to and Quality of Early Childhood Education in Uzbekistan", (2019), at: <https://www.worldbank.org/en/news/press-release/2019/05/29/new-project-aims-to-strengthen-the-quality-and-access-to-early-childhood-education-in-uzbekistan>

⁴³ Ministry of Finance of the Republic of Uzbekistan, "2018 Budget", at: https://www.mf.uz/media/file/state-budget/pub/byudjetnoe_poslanie.pdf

⁴⁴ International Partnership for Human Rights, "Reforming healthcare in Uzbekistan: What role for the international community?", (2020), at: <https://www.iphronline.org/wp-content/uploads/2020/12/UZB-report-3.12-1.pdf>

integrating technology to improve accessibility.⁴⁵ This is in addition to the Country’s national public health policy and strategy which are aimed at: (i) Promoting, preserving and improving the health of citizens, leading to an increase in healthy life expectancy, especially by focusing on major preventable health problems; (ii) Increasing equity in health regardless of differences in gender, socio-economic status, geographical location; (iii) Re-orienting the public health infrastructure from a medical top-down approach to a more widely spread responsibility for health, fostering health promotion, inter-sectoral co-operation, community involvement and individual responsibility; and (iv) Achieving conformity with international standards and policies in public health.⁴⁶

Sustainalytics notes the positive objectives of the national public health reform efforts and is of the opinion that further investment towards the healthcare sector will assist the government of Uzbekistan with expanding access to essential health services for the citizens.

Impact of sustainable water supply and waste-water management and flood defense systems

The Republic of Uzbekistan is characterized by high water resource dependency and scarcity of locally available freshwater, with over 80% of the country’s water originating in neighboring countries.⁴⁷ Given the current trends in water usage and population growth, it is projected the Country will reach water scarcity levels by 2030.⁴⁸ In addition, climate change continues to adversely impact the formation, volume and quality of water resources in the region. The most severe risks in Uzbekistan arising from climate impact are aridity and drought risks catalyzed by water scarcity, heat waves and increased frequency of high heat days (Max T>39°C) and are likely to increase in frequency and magnitude.⁴⁹ Poor water sanitation and hygiene conditions have significant direct and indirect economic, fiscal, health and overall welfare implications.

With intermittent water supplies, pressure and quality problems, connected households typically use multiple sources of water to meet their needs. Consumers often purchase more expensive water from tanker deliveries or obtain untreated water from private shallow wells and /or irrigation canals. However, lower-income households have fewer affordable options and are often forced to use irrigation canals, rivers or ponds, and hand pumps in the yards. Compared to water supply, sewerage services are even more substantially less developed and highly vulnerable to the anticipated impacts of climate change. Wastewater treatment facilities are also highly degraded and in many cases non-functioning, resulting in pollution of surface water resources.

The government of Uzbekistan is addressing this challenge through regional cooperation via the Central Asia Energy and Water Development Program, which was initiated in 2009 to support the Central Asia countries to build energy and water security through regional cooperation. Sustainalytics notes the effort of the Country in expanding access to water and wastewater management and is of the opinion that further funding towards this challenge will assist with achieving the objective of expanded access to water.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Republic of Uzbekistan SDG Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Education	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education.

⁴⁵ Social Health Protection Network, “State Health Insurance Fund of Uzbekistan has announced piloting state health insurance for the first time in the nation” (2021), at: <https://p4h.world/en/news/state-health-insurance-fund-uzbekistan-has-announced-piloting-state-health-insurance-first>

⁴⁶ WHO, “Public health strategy of the republic of Uzbekistan for the period 2010-2020”, at: <https://extranet.who.int/nutrition/gina/sites/default/filesstore/UZB%202010%20Public%20Health%20Strategy%202010-2020.pdf>

⁴⁷ The World Bank, “Water Services and Institutional Support Project-The Republic of Uzbekistan, (2020)”, at: <http://documents1.worldbank.org/curated/en/802111584324088462/pdf/Uzbekistan-Water-Services-and-Institutional-Support-Project.pdf>

⁴⁸ The World Bank, “Uzbekistan - Systematic country diagnostic”, (2016), at: <http://documents1.worldbank.org/curated/en/304791468184434621/pdf/106454-REVISED-PUBLIC-SecM2016-0167-1.pdf>

⁴⁹ The World Bank Climate Knowledge Portal at: <https://climateknowledgeportal.worldbank.org/country/uzbekistan/vulnerability>

Sustainable Water and Wastewater Management and Flood Defense Systems	6. Clean Water and Sanitation	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>
Access to Essential Health Services	3. Good Health & Well Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Delivery of Essential and Clean Transportation Services	<p>9. Industry, Innovation and Infrastructure</p> <p>11. Sustainable Cities and Communities</p>	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic)	<p>13. Climate Action</p> <p>15. Life on Land</p>	<p>13.2 Integrate climate change measures into national policies, strategies and planning</p> <p>15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems</p>
Clean and Efficient Energy Production and Consumption	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

Conclusion

Uzbekistan has developed the Republic of Uzbekistan SDG Bond under which it may issue green, social and sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects and programmes that are expected to contribute to the environmental and social sustainable development of the Country.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Republic of Uzbekistan SDG Bond Framework is aligned with the overall sustainability strategy of the Country and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals specifically SDG 3, 4, 6, 9, 11, 13 and 15. Additionally, Sustainalytics is of the opinion that Uzbekistan has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Uzbekistan is well-positioned to issue green, social and sustainability bonds and the Republic of Uzbekistan SDG Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021) and Social Bond Principles (2021).

Appendices

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Republic of Uzbekistan
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Republic of Uzbekistan SDG Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 06, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Access to Education, Sustainable Water and Wastewater Management and Flood Defense Systems, Access to Essential Health Services, Delivery of Essential and Clean Transportation Services, Pollution Prevention and Control, Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic), Clean and Efficient Energy Production and Consumption – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 9, 11, 13 and 15.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): Delivery of Essential and Clean Transportation Services; Sustainable Management of Living Natural Resources and Land Use (Terrestrial and Aquatic); Clean and Efficient Energy Production and Consumption |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): Access to Education; Access to Essential Health Services |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The process for evaluation and selection will be overseen by the -Public Debt Department (the “PDD”) of Uzbekistan’s Ministry of Finance (the “MoF”). Ultimately, final approval of projects will be provided by the SDG Coordination Council which was set up as part of Uzbekistan’s Agenda 2030 and is led by the country’s Deputy Prime Minister. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Uzbekistan’s MoF will be responsible for managing the proceeds via an SDG Bond Register. Uzbekistan intends to fully allocate proceeds within 24 months following each bond issuance. Pending full allocation, proceeds will be deposited in the Treasury. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- | | |
|--|--|
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Uzbekistan intends to report on allocation of proceeds via an Allocation Report on the MoF's website annually while bonds remain outstanding. In addition, the Issuer may report on relevant impact metrics via an Impact Report. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input type="checkbox"/> Other ESG indicators (please specify): reduction in water consumption; number of healthcare facilities built and/or upgraded; installed renewable energy capacity; the volume of waste collected and processed |

Frequency:

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines

specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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