



GR

JSC "Georgian Railway"

On October 10, first train arrived from Tbilisi to Poti. Official establishment date of Georgian Railway.

Construction of the Eifel bridge began, commissioned by Mikheil Romanov to the French engineer-construct or, Alexander Gustav Eiffel.

On August 16, the first electric train travelled from Khashuri to Zestaponi via electrified railway line through the Surami mountain pass.

The first digital equipment was installed on the railway.

Introduction of electronic freight transportation request system.

Pilot train passed via BTK railway line.

New direct feeder service was established between on both, black and caspian seas

JSC Georgian Railway has issued a nominal value of \$500 million green bonds on the London Stock Exchange

WE DELIVER!

SINCE 1872

MISSION

Through the development of transit corridors, the modernization of railway infrastructure and ensuring affordable passenger transportation, the company supports the state's security and sustainable economic development.

VISION

Long-term sustainable development through effective use of the country's transit potential, integration into international railway systems and a flexible and transparent tariff policy.

Introduction of modern standards and the safe and comfortable transportation of passengers within Georgia and abroad.

GOAL

Full modernization of railway infrastructure.

Strengthening leading positions in cargo transportation in the region.

Providing safe and comfortable transportation for passengers.

1872

1897

1902

1890

1932

1967

1996

2001

2006

2015

2017

2018

2019

2021

2022

On September 16, construction of the double-track railway line tunnel of Tsipa ended.

Borjomi-Bakuriani narrow-gauge line put into exploitation with a steam engine train.

Full electrification process of the main railway line completed.

The Kharagauli-Mareli double-track railway line was opened.

The first railway professional education institution, of European standards, was founded – the Railway Transport College. First train arrived from China to Georgia.

Regular block train service between Lianyungang and Istanbul launched on the Middle Corridor.

150th anniversary of JSC "Georgian Railway"

SINCE 1872

GR

The role of the GR in the state



12'400

Employed as of today

One of the largest employers in the country

25'000 beneficiaries **are insured by the GR**

47'560'665 GEL

Paid annually to the state budget

One of the largest payers in the country

200'000'000 GEL

Annual salary fund

One of the largest payrolls in the country

During 2019-2021 there was a **10%** and **24%** increase in salary

0 GEL

Amount received from the state budget during the last **20 years**

ENVIRONMENTALLY-FRIENDLY TRANSPORTATION MODE

- ✓ 97% of Georgian Railway is electrified
- ✓ Both freight and passenger transportation use electric locomotives and EMUs. Diesel locomotives are used only for shunting operations and on non-electrified sidings
- ✓ Realization of strategic green projects, such as Modernisation project, aimed to reduce GR's environmental impact (reduced electricity consumption, lower CO2 emissions) and increase operations safety further
- ✓ Regular conducting environmental audits and monitoring of the railway throughout the country
- ✓ Fully compliant with applicable environmental protection laws and regulations



97%
Fully
electrified



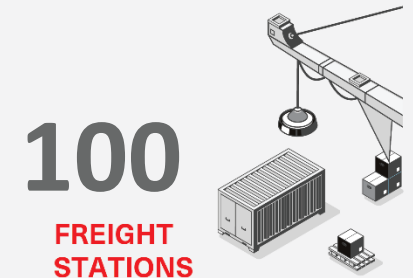
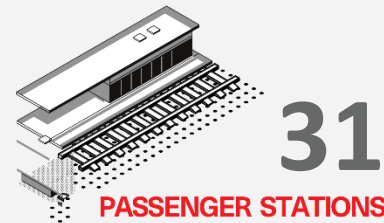
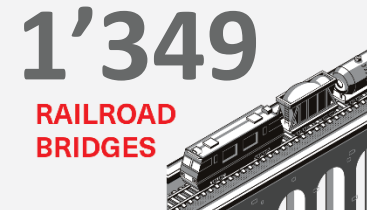
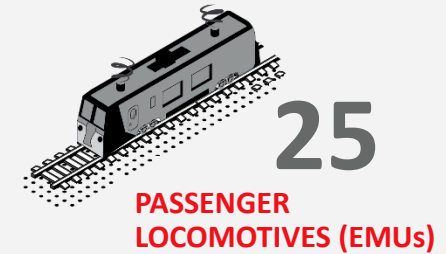
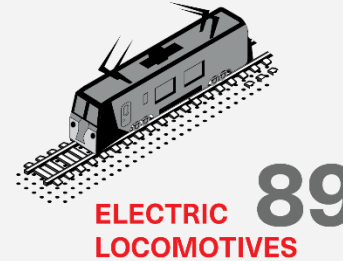
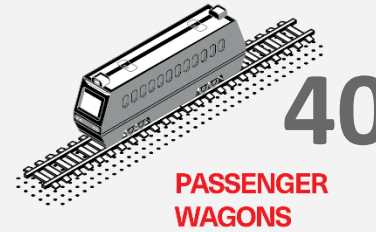
1,411km
Network
length



296km
Double-Track
line length



586
Containers



Railway is one of the most environment-friendly transportation modes. According to International Energy Agency (IEA)¹ achieving the ambitious goals of the Paris Agreement will require a transport modal shift, particularly from road and air transport to rail

STADLER

Stadler Trains perform regular passenger transportations on every day basis with nearly 90% occupation rate.

Quantity – 4 unit

Purchase year - 2016

Budget – 105 mln GEL



Modernization project 2011-2022



The project is supervised and managed by the reputable and experienced Owner's Engineer, international Austrian-German consortium ILF and DB



+ 40 km/hr

Freight
Train Speed

+ 70 km/hr

Passenger
Train Speed

+ 270%

Bandwith

- 50%

Time

0 km

Length

- 10%

Annual Expense



Completion
Status

60%



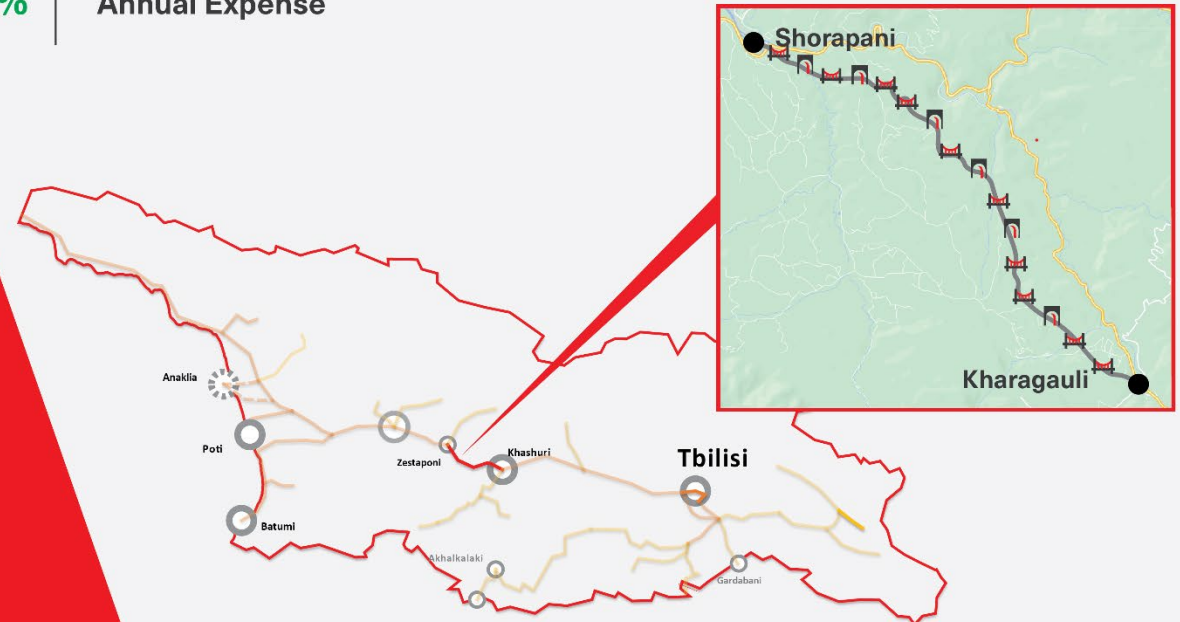
6 tunnels with the length
of 14'510 meters

98%



Artificial structures
(bridges, waterways, canals)

93%



საქართველოს რკინიგზის 500 მლნ აშშ დოლარის მწვანე ბონდები 4.00%-ში



ASIAN DEVELOPMENT BANK



European Bank
for Reconstruction and Development

EURO BONDS

7.75%

10 years 40 mln. USD



GREEN BONDS

4.00%

7 years 20 mln. USD



თიბისი კაპიტალი
TBC CAPITAL



GALT & TAGGART
CREATING OPPORTUNITIES

citibank

J.P.Morgan

**Renaissance
Capital**



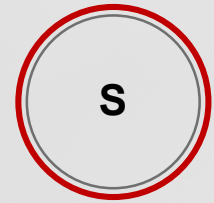
- ✓ Green transportation with low carbon emissions
- 97% of the railway is electrified



- ✓ Responsible waste management:
- All hazardous waste is disposed
- Iron waste (old rolling stock etc.) is sold out to third parties for recycling



- ✓ Commitment to high ESG standards in new CAPEX projects



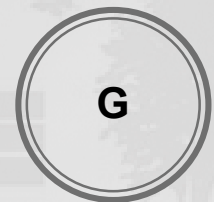
- ✓ Over 12,400 people employed
- ✓ The largest employer in Georgia, providing employment opportunities all over the country
- ✓ Established HSE⁽¹⁾ policy



- ✓ GEL 9.1mn employees' healthcare and insurance expenses in 2021



- ✓ Own Railway transportation college established in 2015



- ✓ Adherence to the best governance standards
- ✓ All BoD members are independent
- ✓ 3 committees established on the BoD



Green Bond Framework is aligned with the ICMA Green Bonds Principles 2018

Use of proceeds

- Finance and/or refinance, in whole or in part, GR's expenditures relating to the Eligible Green Project Categories as detailed below, which provide distinct environmental benefits
- Eligible projects in line with "Clean transportation" category of the Green Bond Principles:
 - Modernization, maintenance and energy efficiency of existing electrified interurban railway lines
 - Investments into new electrified railway line and extensions
 - Acquisition and maintenance of freight and passenger rolling stock
 - Acquisition, modernization and maintenance of trackside infrastructure
- In the case of refinancing Eligible Projects will be limited to a 3-year look back period from the year of issuance of a Green Bond

Project evaluation

- Georgian Railway's Corporate Department, together with the Economic Department will evaluate projects against the eligibility and exclusion criteria on ongoing basis
- Projects that meet the criteria will be eligible for the green bond financing/refinancing
- The Eligible Projects will be tracked using an internal register
- The list of Eligible Projects to be reviewed against the eligibility and exclusionary criteria annually

Management of proceeds

- GR Economic Department, together with Accounting and Corporate Departments, will track expenditure to eligible projects using an internal register
- GR will strive to allocate total net proceeds to eligible projects within 3 years of issuance of each Green Bond
- Pending full allocation of an amount equivalent to the net proceeds of outstanding Green Bonds, the proceeds will be held in temporary investments such as cash, cash equivalent, other liquid marketable investments in line with Georgian Railway's treasury management policies or used to repay portions of outstanding indebtedness

Reporting

- GR commits to publish an annual Green Bond Allocation and Impact Report on the Group's website, until full allocation of the proceeds, and in the event of any material changes until the maturity date of the bond
- The Allocation and Impact Report will include:
 - Details of Eligible Green Projects and allocations
 - Relevant environmental outcomes/impacts
 - The proportional allocation of proceeds between existing projects (refinancing) and new projects
 - Amount of cash or cash equivalents remaining to be allocated

Key highlights

- ✓ Georgian Railway Green Bond Framework is aligned with the four core components of the Green Bond Principles 2018.
- ✓ The objectives of GR's Green Bond Framework correspond to its sustainability commitments of minimizing and mitigating the environmental effects caused by its activities, as well as improving the overall environmental performance of the country's transportation sector. Project financed under the Framework will further support electrification, modernization, and extension of the country's railway infrastructure
- ✓ The Company commits to using an amount equivalent to net proceeds of bonds issued under the framework to finance or refinance eligible green projects under the category "clean transportation"
- ✓ Corporate and economics departments will be responsible for evaluating projects under the eligibility and exclusion criteria, and annual monitoring for continued eligibility
- ✓ Allocation and expenditures for eligible projects will be tracked using internal register
- ✓ The company will publish Green Bond Allocation and Impact report annually on the website until full proceeds allocation and in the event of material change

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Green Framework Alignment Opinion

Proposed Georgian Railway Green Bond Framework

May. 26, 2021

Green Bond Framework Overview

In our view, the proposed Georgian Railway (GR) green bond framework, published May 24, 2021, is aligned with the four components of the Green Bond Principles 2018 (GBP). Georgian Railway, based in Tbilisi, is the country's only railway operator. It provides freight and passenger railway transportation services, terminal services, and railway infrastructure development, and connects to Georgian ports on the Black Sea as well as rail systems in Armenia, Azerbaijan, and Turkey. The objectives of GR's green bond framework correspond to its sustainability commitments of minimizing and mitigating the environmental effects caused by its activities, as well as improving the overall environmental performance of the country's transportation sector. Projects financed under the framework will further support the electrification, modernization, and extension of the country's railway infrastructure.

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Framework Alignment Overview



1. Use of proceeds

The GR green bond framework is aligned with this component of the GBP because the company commits to using an amount equivalent to the net proceeds of bonds issued under the framework to finance or refinance eligible green projects under the category of "clean transportation". This category is recognized by the GBP.



2. Process for project evaluation and selection

The framework is aligned with this component of the GBP because the framework outlines the process used to assess whether the projects considered are eligible under the "clean transportation" category. The company's corporate and economic departments will be responsible for evaluating projects under the eligibility and exclusion criteria, and annual monitoring for continued eligibility.



3. Management of proceeds

The framework is aligned with this component of the GBP because it clearly states that allocation and expenditures for eligible projects will be tracked using an internal register.



4. Reporting

The framework is aligned with this GBP component because the company will publish a Green Bond Allocation and Impact report annually on its website until full-proceeds allocation and in the event of a material change.

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May. 26, 2021 1

Anticipated development impact

- Georgia's infrastructure is one of the country's highest priorities; railway network is a critical part of Georgia's infrastructure
- GR's ongoing investments aim to improve Georgia's transport and logistics infrastructure by increasing overall mobility and connectivity in the country
- Transaction is expected to:
 - ✓ partially finance infrastructure projects
 - ✓ refinance GR's existing debt to improve its liquidity condition
 - ✓ these resources, along with any cash flow benefits, are expected to be used by GR to finance development outputs
- GR will report progress on its development outputs annually

UN SDG alignment



Financing anticipated development outputs

Improve efficiency and speed of freight and passenger trains by:

- Reducing travel time for freight trains in both directions from the Azerbaijani border to the Batumi port
- Improving allowed speed of passenger trains on the mountainous gorge section in Central Georgia to up to 80km/hr
- Increasing annual volume of freight and cargo transported to over 12mt from 11mt in 2020
- Increasing number of railway passengers to over 2mn per year from 0.94mn in 2020

Add onto existing infrastructure to increase volume and capacity by:

- Increasing freight capacity volume to over 40mt annually
- Increasing passenger volume to over 7mn per year
- Lengthening the railway network to over 1,440km

Promote gender diversity and inclusion by:

- Piloting programs to promote women and girls' safety
- Allocating at least 10% of jobs in construction to women
- Implementing a new policy against sexual harassment and supporting procedures

Promote employment by:

- Creating over 20 new jobs during the construction of the Modernisation Project



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for your time
and
interest**

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and Eco-friendly Services