

2ND PARTY OPINION



GEOSTEEL SUSTAINABILITY- DATED JANUARY 2023

Prepared by: DNV Business Assurance Dubai

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Disclaimer

Our assessment relies on the premise that the data and information provided by Geosteel to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

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DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available on the DNV website (www.dnv.com)

GEOSTEEL SUSTAINABILITY-LINKED BOND FRAMEWORK

PRE-ISSUANCE 2ND PARTY OPINION

Scope and objectives

DNV Business Assurance Dubai AS (henceforth referred to as "DNV") has been commissioned by Geosteel (henceforth referred to as "Geosteel" or "ISSUER") to provide a 2nd party opinion on Geosteel's LLC Sustainability-Linked Bond Framework dated January 2023 (the "Framework").

Geosteel is a prominent manufacturer of thermo-mechanically treated construction steel rebars and plain bars. The company utilizes state-of-the-art technology, including a fully automated oxygen plant, electric arc furnace, ladle refining facilities, continuous caster machine, modern laboratory facilities, and precision control rolling mill, to ensure the high quality of products.

As one of the largest direct foreign industrial investments in Georgia, Geosteel is dedicated to fostering the growth and development of local human resources and committed to expanding the business processes while adopting environmentally friendly and safe practices.

Geosteel will assess its Sustainability Performance Targets (SPT) including for the period 2024-2027, providing a trajectory towards:

- Reduce product carbon intensity CO₂ emissions intensity, calculated as tonnes CO₂ per tonne of crude steel produced (Scopes 1 and 2) based on 90%+ postconsumer scrap utilization by increasing efficiency of the production process with a focused strategy for enhancing the currently inefficient production process
- Reduce HSE Loss Time Injury (LTI) frequency rate by 10 % yearly by increasing employee engagement and awareness

Geosteel has chosen to measure performance against the SPT through two Key Performance Indicators (KPI):

- Reducing product CO₂ emissions intensity, calculated as tonnes CO₂ per tonne of crude steel produced (tCO₂/tcs) (Scopes 1 and 2) to 0.14154 tCO₂/tcs in 2023; 0.13000 tCO₂/tcs in 2025; 0.12115 tCO₂/tcs in 2027 compared to 0.14933 tCO₂/tcs in 2022
- Reducing Loss Time Injury (LTI) to 18.4 hours in 2023, 16.5 hours in 2024, 14.9 hours in 2025, 13.4 hours in 2026 and 12.05 hours in 2027 compared to 20.04 hours in 2022.

Our objective has been to provide an assessment on whether the Sustainability-Linked Securities to be issued under the Framework meet the criteria established on the basis set out below. The scope of this DNV opinion is limited to the Sustainability-Linked Bond Principles June 2020 (SLBP) set out by the International Capital Market Association (ICMA). Our methodology to achieve this is described under 'Work Undertaken'.

Responsibilities of the Management of Geosteel and DNV

The management of Geosteel has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Geosteel management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by Geosteel. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Geosteel's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our Sustainability-Linked Bond Principles methodology, which incorporates the requirements of the SLBP, to create an Geosteel-specific Sustainability-Linked Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a Sustainability-Linked Bond should "provide an investment opportunity with transparent sustainability credentials". As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the five Principles:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The ISSUER of a sustainability-linked bond should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs. The KPI should be reliable, material to the ISSUER's core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Bond Characteristics.** The bond will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The bond documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** ISSUER should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the bond's financial and/or structural characteristics, with such information to be provided to those investors participating in the bond at least once per annum.
- **Principle Five: Verification (Post-issuance).** The ISSUER should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Geosteel in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. We have used DNV's experts working with the steel industry. The work undertaken to form our opinion included:

- Creation of an Geosteel-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule 2 to this 2nd Party Opinion;
- Assessment of documentary evidence provided by Geosteel on the BOND and supplemented by a high-level desktop research. The checks refer to current assessment practices and standards methodology;
- Discussions with Geosteel management, and review of relevant documentation and evidence related to the criteria of the Protocol, including the Annual GHG emission reports and "Business Strategy Document" and "Energy Efficiency Projects", "Direct Rolling Gas Savings", "Waste Management Plan 2021-2023", Environmental Impact Assessment 2022 and "Supplier Code of Conduct" questionnaires;
- Discussions with GHG emission reporting independent consultant and Geosteel representatives;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV conducted the external review engagement in accordance with the Sustainability-Linked Bond Principles (SLBP). The review included i) checking whether the provisions of the SLBP were consistently and appropriately applied and ii) the collection of evidence supporting the review. DNV's findings are listed below:

- 1. Principle One: Selection of Key Performance Indicators (KPIs).** DNV confirms that Geosteel's sustainability KPIs are material to the company's overarching sustainability strategy. The rationale and process for KPIs selection, as well as its definition, measurability and verifiability, are deemed to be robust, reliable and in accordance with the SLBP.

DNV has reviewed the material items of Geosteel's strategy and conclude that ISSUER has set ambitious strategic targets outside of the Framework KPIs.

ISSUER demonstrated, that the selected KPIs is addressing a relevant challenge of the heavy industry sector.

The Framework does not capture all the possible KPIs that are material to the ISSUER, however, the broader sustainability context is addressed in the Framework.

- 2. Principle Two: Calibration of Sustainability Performance Targets (SPTs).** DNV concludes that the SPTs are meaningful and relevant in the context of Geosteel's broader sustainability and business strategy and represent a material improvement over a predefined timeline.

Due to the nature of selected KPI 1, it remains challenging to benchmark the ISSUER directly to the peers in Georgia, however, DNV conducted a global peer review and concludes that Geosteel's target of product GHG emissions reduction, corresponds to ~19% reduction, compared to the baseline, and is ambitious.

Selected KPI 2 with LTI data, including EUROFER (the European Steel Association) and Worldsteel (the World Steel Association). These organizations provide benchmarks for LTI rates based on regional and global data, allowing individual steel companies to compare their safety performance to industry standards. DNV conducted a review and concludes that Geosteel's target of LTI, corresponds to ~10% reduction, compared to the baseline, is ambitious.

DNV did not review any science-based document that would indicate a full roadmap to decarbonization. To effectively reduce GHG footprint on a short, medium, and long-term basis, the roadmap should prioritize actions that can deliver the greatest reductions in the short term, while also considering longer-term opportunities for deeper decarbonization. It should also include monitoring and reporting mechanisms to track progress towards the targets and make adjustments as needed.

- 3. Principle Three: Bond Characteristics.** DNV confirms that the financial characteristics of bond issued under the framework are impacted based on KPIs performance under SPTs, in line with SLBP. This impact can include, but is not limited to, margin adjustment, coupon adjustment or re-payment amount adjustment. The specific bond documentation for an instrument issued under the framework will determine relevant target observation dates for specified trigger events. The framework has also put in place appropriate fallback mechanisms.
- 4. Principle Four: Reporting.** DNV concludes that the framework will ensure that the required information, as outlined in SLBP, will be published at an appropriate interval and kept publicly available.
- 5. Principle Five: Verification.** DNV confirms that Geosteel will have its performance against each SPT independently verified annually – and at a more frequent interval if required by the specific terms of an issued bond under the framework.

On the basis of the information provided by Geosteel and the work undertaken, it is DNV's opinion that the Geosteel Sustainability-Linked Bond Framework meets the criteria established in the Protocol and that

it is aligned with the stated definition of Sustainability-Linked Bonds within the SLBP, which is to "incentivize the issuer's achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified sustainability (ESG) objectives through KPIs and SPTs", thereby providing "an investment opportunity with transparent sustainability credentials".

for DNV Business Assurance Dubai

Dubai, 17th of March 2023



Olga Rudkovskaya
Reviewer

Anirban Chatterjee
Technical reviewer

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF GEOSTEEL'S KEY PERFORMANCE INDICATOR (KPI) AND SUSTAINABILITY PERFORMANCE TARGET (SPT)

KPI 1

CO2 EMISSIONS INTENSITY, CALCULATED AS TONNES CO2 PER TONNE OF CRUDE STEEL PRODUCED (TCO2/TCS) (SCOPES 1 AND 2)

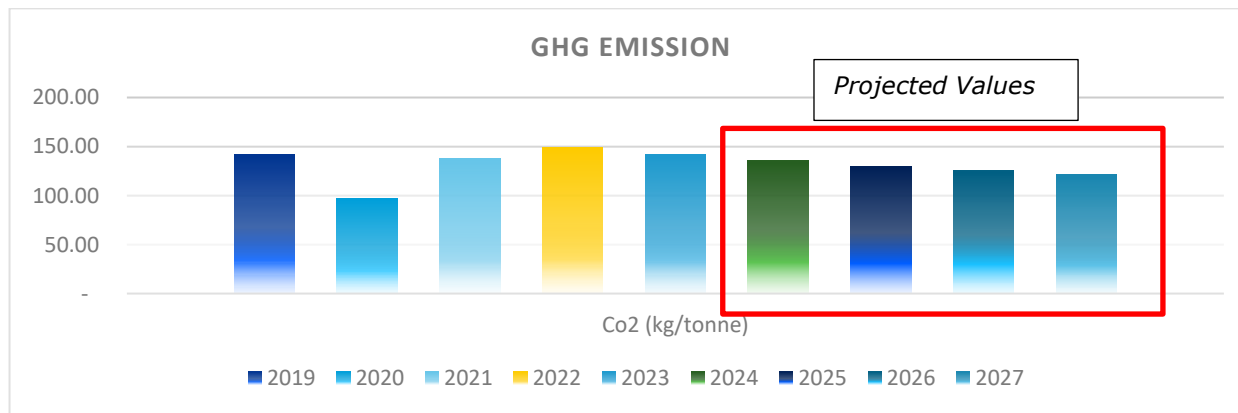
Geosteel has chosen to measure performance through KPI defined as CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced in tCO2 per ton of product (Scopes 1 and 2) based on 90 %+ of post-consumer scrap utilisation. The product carbon footprint is reaching the 0.12 tCO2 by 31st of December 2027 compared to the baseline calculation date in 2022.

The rationale for using product carbon footprint in CO2 per tonne of crude steel produced is directly connected to the environmental impact due to extraction of raw materials, processing, transportation, and manufacturing. The production of steel is a significant contributor to global greenhouse gas emissions, which contribute to climate change. According to the International Energy Agency (IEA), the production of steel is responsible for approximately 7% of global carbon dioxide (CO2) emissions. This makes steel production one of the largest industrial contributors to greenhouse gas emissions. Reducing the carbon footprint of steel can help to mitigate the impact of climate change and reduce the environmental impact of steel production.

Utilizing existing technologies available for steel manufacturing remains challenging to reduce emissions. At the Geosteel, rebar is made by rolling billets into rebar. First, the billets are placed into a Natural Gas Based Reheating Furnace which elevated the billet temperature, in order to prepare it for the rolling process. As average product Carbon footprint of steel is 1.4 tons per produced ton of steel according to IEA, and 1.85 according the World Steel Association. The Natural Gas Based Reheating Furnace envisions completely bypassing this process and directly rolling the billets into rebar. To cope with high carbon intensity of this upgrade and process aims to save 6,000,000m3 of Natural Gas per year and further reducing carbon footprint.

Together with the new technology installation and scrap utilisation Geosteel decreases the product carbon footprint to 0.12115 tonne CO2 per tonne of crude steel and will contribute to further reduce global emissions in hard to abate sectors.

Year	The projected number of product carbon footprint, CO2 emission intensity, calculated in tonne of crude steel produced in tCO2/tCS
2023	0.14154
2024	0.13538
2025	0.13000
2026	0.12538
2027, SPT	0.12115



KPI 2

LOST TIME INJURY IN HOURS LOST IN A YEAR AND RELATED TO WORK SPECIFIC INJURIES

Geosteel has chosen to measure performance through KPI defined as Lost Time Injuries (LTIs) and measured in hours lost in a year and refer to work-related injuries that result in time lost from work beyond the day or shift on which the injury occurred. The rate is reaching the 12.05 hours by 31st of December 2027 compared to the baseline calculation date in 2022.

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The rationale for using Lost Time Injuries is directly connected to Employee Safety: The LTI rate is a key indicator of employee safety, and a high rate can indicate that there are significant risks to worker health and safety in the workplace. The steel manufacturing industry can be considered a high-risk industry when it comes to lost time injuries (LTIs). According to data from various sources, including the International Iron and Steel Institute, the Bureau of Labor Statistics, and OSHA (Occupational Safety and Health Administration), the steel industry consistently ranks among the top industries with the highest rates of workplace injuries and illnesses, including LTIs.

It's crucial for companies in the steel industry to prioritize workplace safety and implement effective safety management systems to minimize the risk of LTIs and ensure the well-being of their employees. This can include providing proper training, enforcing safety regulations, conducting regular safety audits, and maintaining equipment in good condition, among other measures.

To cope with high injury rate major HSE program will include training, enforcing safety regulations, conducting regular safety audits, and maintaining equipment in good condition, among other.

Together with the new assigned HSE manager Geosteel decreases the LTI in hours to 12.05 hours in 2027 and will contribute to further reduce global HSE challenges in steel industry.

Year	The projected LTI, calculated in hours per year
2023	18.4
2024	16.5
2025	14.9
2026	13.4
2027, SPT	12.05

SPT

CO2 EMISSIONS INTENSITY, CALCULATED AS TONNES CO2 PER TONNE OF CRUDE STEEL PRODUCED

Geosteel has chosen to decrease product carbon footprint to 0.12115 tCO2 by 31st of December 2027 (the “Target Observation Date”)

compared to the baseline calculation in 2022. This corresponds to ~19 % decrease from the baseline calculation date December 31st 2022 of 0.14933 t CO₂.

In the period of 2019 to 2022, Geosteel had 0.14189 tCO₂ to 0.14933 tCO₂ product carbon footprint.

Historical performance

Year	Historical value, product carbon footprint, CO ₂ emission intensity, calculated in tonne of crude steel produced in tCO ₂ /tCS	% of scrap utilisation with respect to the Billet production
2019	0.14189	119%
2020	0.9729	100%
2021	0.13797	100%
2022	0.14933	117%

Geosteel's fiscal year starting on January 1st and ending on December 31st. The Target Observation Date 2027 will therefore be on December 31st 2027

LOST TIME INJURY IN HOURS LOST IN A YEAR AND RELATED TO WORK SPECIFIC INJURIES

Geosteel has chosen to decrease Lost Time Injury (LTI) to 12.05 hours by 31st of December 2027 (the "Target Observation Date") compared to the baseline calculations in 2022. This corresponds to ~10 % annual decrease from the baseline calculation date December 31st 2022 of 20.04 hours.

Historical performance

Year	Historical value, LTI, calculated in hours per year
2019	38.9
2020	30.5
2021	28.5
2022	20.4

SCHEDULE 2: SUSTAINABILITY-LINKED BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer’s sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the issuer’s current and/or future operations;</p> <p>It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Environmental Impact Assessment (EIA) 2022 <p>Discussion with Galt & Taggart with Geosteel’s management</p>	<p>KPI 1. CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced.</p> <p>DNV has reviewed Geosteel’s 17 focus areas and can confirm that the chosen product GHG emission reduction KPI is material and relevant to the industry’s core sustainability and priorities areas.</p> <p>According to Geosteel’s business strategy is offering a steel product for several geographical markets.</p> <p>Core to Geosteel’s focus is to produce product with low carbon footprint. By 2027, reduce by over 19 % of the product GHG emissions.</p> <p>We have verified 90%+ postconsumer scrap utilisation to derive to GHG intensity reduction calculations.</p> <p>This is clearly communicated in the sustainability-linked bond framework.</p> <p>The chosen KPI is outlined in Schedule 1, and entails:</p> <p>The CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced to 0.12115 tCO2 from 2022 until 2027, that should</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>correspond to ~19 % decrease or approximately decrease of 0.02818 t CO₂.</p> <p>DNV didn't not review any science-based document that would indicate a full roadmap to decarbonisation. To effectively reduce GHG footprint on a short, medium, and long-term basis, the roadmap should prioritize actions that can deliver the greatest reductions in the short term, while also considering longer-term opportunities for deeper decarbonization. It should also include monitoring and reporting mechanisms to track progress towards the targets and make adjustments as needed.</p> <p>KPI 2. Lost Time Injury in hours lost in a year and related to work specific injuries.</p> <p>DNV has reviewed Geosteel's 17 focus areas and can confirm that the chosen HSE LTI is material and relevant to the industry's core sustainability and priorities areas.</p> <p>Core to Geosteel's focus is to operate with reduced work-related injuries that result in time lost. By 2027, reduce by over 50 % LTI in operations.</p> <p>This is clearly communicated in the sustainability-linked bond framework.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>The number of LTI in hours is a widely used metric. The KPI is of high strategic relevance for the ISSUER and for the foreseeable future to measure the impact of HSE risks in steel production process.</p> <p>The chosen KPI is outlined in Schedule 1, and entails:</p> <p>The Lost Time Injury (LTI), calculated in hours per year to 12.05 hours from 2022 until 2027, that should correspond to ~50 % decrease or approximately decrease of 8.35 hours.</p>
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition.</p> <p>Issuers are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been</p>	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Quarterly Emission Reports - Geosteel Annual HSE reports <p>Discussion with Galt & Taggart with Geosteel's management</p>	<p>KPI 1. CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced.</p> <p>DNV concludes that the Geosteel's CO2 emissions intensity per tonne of crude steel produced KPI is measurable on a consistent methodological basis, externally verifiable. DNV concludes that it is a robust and reliable metric that has a strong correlation with a goal of reducing CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced by 0.12115 tCO2 in tonne of crude steel by 2027.</p> <p>The current numbers of the Geosteel CO2 emissions intensity per tonne of crude steel produced of Geosteel give a basis for benchmarking.</p> <p>Information related to the selected KPIs has been mentioned in previous Emission Reports submitted to Ministry of Environmental Protection and Agriculture of Georgia.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>previously disclosed, issuers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>		<p>KPI 2. Lost Time Injury in hours lost in a year and related to work specific injuries.</p> <p>DNV concludes that the Geosteel’s Life Time Injury in hours annually KPI is measurable on a consistent methodological basis, externally verifiable. DNV concludes that it is a robust and reliable metric that has a strong correlation with a goal of reducing Life Time Injury in hours by 12.05 hours annually by 2027.</p> <p>The current numbers of installations of the Geosteel Life Time Injury in hours annually of Geosteel give a basis for benchmarking.</p> <p>Information related to the selected KPIs has been mentioned in previous annual HSE reports.</p>
1c	KPI – Clear definition	<p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology</p>	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Quarterly Emission Reports - Geosteel Annual HSE reports <p>Discussion with Galt & Taggart with Geosteel’s management</p>	<p>DNV confirms that the KPIs chosen by Geosteel provides a clear scope and calculation methodology.</p>

2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the issuer's business and be consistent with the issuers' overall strategic sustainability/ESG strategy	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Quarterly Emission Report - Direct Rolling Gas Savings - Geosteel Annual HSE report <p>Discussion with Galt & Taggart with Geosteel's management</p> <p>Interviews with Geosteel's specialists.</p>	<p>KPI 1. CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced.</p> <p>DNV considers the SPT to be ambitious; the SPT is based on the benchmark performed by Geosteel and internal DNV industry knowledge.</p> <p>The CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced from 2022 until 2027, that should correspond to ~19 % decrease or approximately decrease to 0.12115 t CO2 from the baseline calculation date December 31st 2022 of 0.14933 tonnes CO2 per tonne of crude steel produced.</p> <p>DNV notes, that Geosteel's CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced is substantially lower than in other countries.</p> <p>CO2 emissions intensity, in amount of CO2 emitted per unit of output, is difficult to reduce in the steel industry for several reasons, including</p> <ul style="list-style-type: none"> • Challenge due to technological process is inherently carbon-intensive. This process relies on the use of coal and coke as fuel and reducing agents, which generate large amounts of CO2 as a byproduct. • Limited availability and cost of low-carbon inputs, such as renewable electricity, hydrogen, or biomass. • Low Carbon Technologies cost. <p>Geosteel intends to further decrease CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced - meaning that the already installed technologies and low-carbon inputs will be served and maintained in addition to the</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>and retrofitting existing production facilities with low-carbon technologies.</p> <p>Despite the challenges to reduce product CO2 intensity in the steel industry, Geosteel intends to meet the SPT demonstrating it by completely bypassing the Natural Gas Based Reheating Furnace and directly rolling the billets into rebar.</p> <p>DNV confirms that the SPT is consistent with the Issuer’s overall strategic quality and sustainability strategy, as it is aligned with one of Geosteel’s strategic focus points. This target is meaningful to the ISSUER’s business, as it addresses the challenge of CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced clearly defined in the quarterly emission reports.</p> <p>DNV concludes that the SPT is realistic and that the plan is viable and possible to meeting the SPT target outlined in the framework.</p> <p>KPI 2. Lost Time Injury in hours lost in a year and related to work specific injuries.</p> <p>DNV considers the SPT to be ambitious; the SPT is based on and internal DNV industry knowledge.</p> <p>The Lost Time Injury, calculated in hours lost in a year to 12.05 hours from 2022 until 2027, that should correspond to ~50 % decrease or approximately decrease to 8.35 hours from the baseline calculation date December 31st 2022.</p> <p>LTI in hours lost in a year is an important metrics because they provide insight into the safety culture and practices of a steel production facility. A high LTI rate indicates that there are significant safety risks in the workplace, which can result in</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>production disruptions, increased healthcare costs, and damage to the company's reputation. Furthermore, work-specific injuries are particularly important to track because they can be indicative of systemic safety issues within a particular area of the production process. Reducing LTI and work-specific injuries is critical for the health and safety of employees, as well as for the efficiency and profitability of the company.</p> <p>Geosteel intends to further decrease LTIs by further implementing safety measures and awareness sessions that will help prevent accidents and injuries, improve employee morale, and reduce lost productivity due to employee absences.</p> <p>DNV confirms that the SPT is consistent with the Issuer's overall strategic quality and sustainability strategy, as it is aligned with one of Geosteel's strategic focus points. This target is meaningful to the ISSUER's business, as it addresses the challenge of workplace safety in steel production clearly defined in the HSE reports.</p> <p>DNV concludes that the SPT is realistic and that the plan is viable and possible to meeting the SPT target outlined in the framework.</p>
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined	Review of: <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Quarterly Emission Reports - Geosteel Annual HSE reports 	<p>KPI 1. CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced.</p> <p>DNV confirms that the chosen SPT represents a material improvement of the KPI, being a ~19% decrease the CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced by 2027 vs. 2022 baseline (as also noted in 2a). The decrease goes beyond "business as usual",</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>timeline, set before (or concurrently with) the issuance of the bond.</p>	<p>Discussion with Galt & Taggart with Geosteel’s management</p>	<p>as Geosteel intends to make maximum impact in the challenging topic of hard to abate sector where, according “Our World in Data” Iron and Steel contribute 7.2% (in 2019) to global GHG emissions annually.</p> <p>KPI 2. Lost Time Injury in hours lost in a year and related to work specific injuries</p> <p>DNV confirms that the chosen SPT represents a material improvement of the KPI, being a ~50% decrease the Lost Time Injury in hours in a year by 2027 vs. 2022 baseline (as also noted in 2a).</p> <p>The decrease goes beyond “business as usual”, as Geosteel intends to prioritize workplace safety and reducing LTIs and creating a safer workplace for their employees.</p>
2c	<p>Target Setting – benchmarks</p>	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> 1. The issuer’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI 2. The SPTs relative positioning versus the issuer’s peers where comparable or available, or 	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Quarterly Emission Reports - Geosteel Annual HSE reports <p>Discussion with Galt & Taggart with Geosteel’s management</p>	<p>KPI 1. CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced.</p> <p>DNV admits that the SPT target is commonly used among the peers in the market.</p> <ol style="list-style-type: none"> 1. DNV confirms that the framework provides a KPI performance track-record going back to 2019, and provides forward year-on-year guidance leading up to 2027 – in accordance with the ICMA principles. 2. DNV concludes that the SPT outlined go beyond that of the selected benchmarking with peers.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>versus industry or sector standards</p> <p>3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies</p>		<p>3.DNV concludes that the SPT is put in an appropriate context of absolute levels of product emission intensity as of the selected benchmarking with peers.</p> <p>KPI 2. Lost Time Injury in hours lost in a year and related to work specific injuries</p> <p>DNV admits that the SPT target is commonly used among the peers in the market.</p> <p>1. DNV confirms that the framework provides a KPI performance track-record going back to 2019, and provides forward year-on-year guidance leading up to 2027 – in accordance with the ICMA principles.</p>
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs 2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used 3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place 4. Where possible and taking into account competition and confidentiality 	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Quarterly Emission Reports - Geosteel Annual HSE reports <p>Discussion with Galt & Taggart with Geosteel’s management</p>	<p>KPI 1. CO2 emissions intensity, calculated as tonnes CO2 per tonne of crude steel produced.</p> <p>DNV confirms that the relevant disclosures on target setting are appropriately referenced and are mentioned in quarterly emission reports of the ISSUER.</p> <ol style="list-style-type: none"> 1. The timeline and trigger event is clearly described in the framework. 2. The baseline, reference points and selection rationale are clearly described. 3. The barriers for reaching the goal are described and clearly addressed. Up-to-date information on ISSUER’s performance related to the selected KPI and SPT, compared to the baseline and information about any recalculations will be communicated annually. 4. Strategy to achieve the SPT and closing the access gap is described in the framework. <p>KPI 2. Lost Time Injury in hours lost in a year</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		considerations, how the issuers intend to reach such SPTs		<p>and related to work specific injuries</p> <p>DNV confirms that the relevant disclosures on target setting are appropriately referenced and are mentioned in quarterly emission reports of the ISSUER.</p> <ol style="list-style-type: none"> 1. The timeline and trigger event is clearly described in the framework. 2. The baseline, reference points and selection rationale are clearly described. 3. The barriers for reaching the goal are described and clearly addressed. Up-to-date information on ISSUER's performance related to the selected KPI and SPT, compared to the baseline and information about any recalculations will be communicated annually. 4. Strategy to achieve the SPT and closing the access gap is described in the framework.

3. Bond Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond Characteristics – SPT Financial/structural impact	The SLB will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Draft Prospectus <p>Discussion with Galt & Taggart Discussions with Geosteel management</p>	<p>DNV can confirm that the inclusion of trigger event(s) under the framework is in line with the requirements outlined by ICMA's SLBP.</p> <p>DNV concludes that the framework explains fallback mechanism approach – the concrete details will be substantiated in single released bonds.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3b	Bond Characteristics – Fallback mechanism	<p>Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained.</p> <p>Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events</p>	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework - Geosteel Draft Prospectus <p>Discussion with Galt & Taggart with Geosteel’s management</p>	<p>The selected KPI by nature is not complex to observe and calculate. DNV concludes that the framework explains fallback mechanism approach.</p>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>Issuers of SLBs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> 1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant 2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics 3. Any information enabling investors to monitor the level of ambition of the SPTs <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework <p>Discussion with Galt & Taggart with Geosteel's management</p>	<p>DNV concludes that the framework will ensure that required information, as required by the SLBP, will be published in a timely manner and kept publicly available.</p> <ol style="list-style-type: none"> 1. Up-to-date information on ISSUER's performance related to the selected KPI and SPT, compared to the baseline and information about any recalculations will be communicated annually. 2. Verification certificate will be published on ISSUER's website. 3. Relevant information for investors will be communicated annually through website.

5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Issuers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year and for each SPT trigger event.	Review of: <ul style="list-style-type: none"> - Geosteel sustainability-linked Bond framework Discussion with Galt & Taggart with Geosteel's management	DNV confirms that Geosteel has committed in their Sustainability-Linked Bond Framework to obtain external and independent verification of its annual KPIs performance relative to the SPT and in connection with any trigger event as specified in specific security documentation.

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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.