

# Internal Carbon Price

According to the Action Plan for the low-carbon development of NC KTZ JSC for 2024, the cost amount is (purchase of TEP33A locomotives): 207 597 120 thousand rubles. tons or 207,597,120,000 tenge

According to the technical characteristics, the reduction in the average annual emissions of harmful substances from TEP33A locomotives is 40% (compared to the old ones) - Accordingly, the purchase of locomotives will provide a reduction of 2,023.2 thousand tons.

Calculation of the internal price = 207 597 120 000 / 2 032 200= 102 153 CO2 per tenge/ton

Per dollar (exchange rate of 450 tenge/\$): ≈ 227\$

In terms of low-carbon development of NC KTZ JSC, the main projects are the renovation of rolling stock (locomotives, wagons, special equipment), the introduction of new machinery and equipment that are not directly aimed at reducing CO2 but contribute to its reduction.

The main purpose of the railway industry is to provide transportation of passengers and cargo. We are not producers of energy resources we are consumers of it.

In addition to reducing CO2 emissions, the implementation of these projects ensures:

- improving train safety;
- upgrading equipment and extending the asset lifecycle;
- improving the working conditions of employees;
- improving fire safety;
- reducing accidents and operational risks;
- saving fuel and operating costs is an environmental effect.

Thus, investments are aimed not only at achieving a low-carbon effect, but also at solving a range of industrial, social and environmental challenges to ensure transportation.

At the same time, due to these reasons, the transport industry does not fall into the list of National Quotas for the distribution of greenhouse gases, which makes it impossible to trade carbon quotas.

| Carbon pricing goals   | Greenhouse gas areas covered | The type of domestic carbon price | Price (per metric ton of CO2 equivalent) |
|--|------------------------------|-----------------------------------|--|
| Setting and/or achieving climate-related policies and objectives | Scope 1 and 2                | The implicit carbon price         | 227\$                                    |

Note: GHG emissions are not recorded for scope 3.