

**Annex 3**

to Minutes 1102 of the Meeting of the Management Board  
of the Eurasian Development Bank  
dated 12 January 2024

APPROVED BY  
the Management Board of the Eurasian Development Bank  
(Minutes 1102 dated 12 January 2024)

**THE REGULATIONS ON  
ENVIRONMENTAL AND SOCIAL FRAMEWORK  
OF THE EURASIAN DEVELOPMENT BANK**

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## 1. Abbreviations and definitions

This Environmental and Social Framework (hereinafter, "the Framework") of the Eurasian Development Bank uses the terms, abbreviations of the terms, as well as abbreviations of the independent structural units and divisions of the Bank defined in the Bank's Glossary.

### 1.1. Abbreviations

Abbreviation	Transcript
SDGs	The United Nations (UN) Sustainable Development Goals
ESG	Environmental, Social and Governance

### 1.2. Terms and definitions

The following terms and definitions are used in this Framework:

The term	Definition
Bank, EDB	Eurasian Development Bank, its Head Office and territorial divisions
Member States	The Russian Federation and the Republic of Kazakhstan, as well as the states which acceded to the Agreement between the Russian Federation and the Republic of Kazakhstan on Establishing the Eurasian Development Bank dated January 12, 2006, and the states that are participants in the Eurasian Fund for Stabilization and Development (hereinafter, the "EFSD") in accordance with the Treaty Establishing the Eurasian Fund for Stabilization and Development dated June 09, 2009
Borrower	A legal entity or a state or local government agency to which the Bank has provided financing under the terms and conditions specified in the financing agreements. Depending on the financing instrument, the Borrower means the Applicant, the Principal, the Issuer, and other participants of the Project who have received Bank financing
Public	Groups of individuals and/or legal entities whose interests may be directly or indirectly affected by the environmental and/or social effects of the Project.
Project Directorates	Directorate for Energy, Directorate for Natural Resources and Agriculture, Directorate for Industry, Directorate for Transport and Infrastructure, Project Support Department, Financial Institutions Lending Division, Directorate for Digital Initiatives
Financial Institute (FI)	Bank or other financial institution registered and operating in accordance with the applicable national legislation of member states to the Bank and having all necessary permits, approvals and licenses for credit activities (if needed)

### 1.3. Terms and definitions used exclusively in this IRD

The term	Definition
Project Initiator	A legal entity that has applied to the Bank for Project financing, in respect of which the Bank is taking measures to consider the possibility of financing

Project	A set of activities carried out over a period of time by the Project Initiator and/or the Borrower and/or other Project Participants to establish and/or expand and/or upgrade the existing production/business, infrastructure facilities, expand trade and investment between the Participating States, using the Borrower's own funds and financing provided by the Bank
Environmental Impact Assessment (EIA)	The procedure established by the laws of the participating States to identify, predict, assess and mitigate environmental and social impacts of the Project prior to the decision to proceed with its implementation and to make related commitments
Sub-Borrower	A legal entity or an individual engaged in entrepreneurial activities without forming a legal entity whose Sub-Project is financed by the Borrower at the expense of the Bank, including in the form of a guarantee, standby letter of credit or reimbursable obligation issued by the Bank to secure or confirm the Borrower's obligations
Sub-Project	Cumulative activities carried out over a period of time by the Project Initiator and/or Sub-Borrower and/or other participants of the Sub-Project, involving the establishment and/or expansion and/or renovation of existing production/businesses, infrastructure facilities, expansion of trade and investment between Participating States at the Sub-Borrower's own expense and financing provided by the Borrower to the Sub-Borrower partially or fully from the loan funds to finance Sub-projects of the Sub-Borrower
Sustainable development	The development of a society in which meeting current needs does not undermine the ability of future generations to meet their own needs
Financial agreements	Agreements entered into by the Bank within the framework of Project financing, including the framework agreement on granting a credit line, loan agreement, collateral agreements, agreements with the account bank and other agreements
Environmental and Social Analysis	The Bank's procedure for analysing and assessing the acceptability of a Project proposed for Bank financing in terms of its environmental and social impact, exposure to risk of such impacts and environmental and social contributions
Basic scenario	Hypothetical state of the world and environmental and social indicators in case the Project is not implemented and there are no environmental and social impacts or contributions. The baseline scenario is characterised by conditions that are most likely to occur in absence of the Project
Environmental and social requirements of the Bank	Requirements for the Borrower and/or Project to comply with the applicable laws of the country of Project implementation or introduce specific measures to mitigate environmental and social risks as set forth in the Bank's internal documents
Environmental and social impacts/risks	Adverse impact or the exposure to risk of such impact of the Project on environment and/or society compared to the basic scenario in absence of the Project

Environmental and social contributions	Positive impact of the Project on environment, society, governance quality (if applicable and possible to assess) compared to the basic scenario in absence of the Project
Indigenous people and vulnerable population	People with social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development and other population groups that are beneficiaries of welfare payments
Natural habitat	Land and water areas where the ecosystems biological communities are formed largely by native plant and animal species and human activity has not essentially modified the area's primary ecological functions
Biodiversity	Measure of the variety of living organisms from all sources, including, but not limited to, terrestrial, marine and freshwater ecosystems and the ecological complexes of which they are a part
Diversity	A workforce of diverse backgrounds, views, religions and cultures, and guarantee of non-discrimination on any grounds
Insufficient measures	Measures taken or planned that do not match gravity, urgency and scope of risks or impacts they are intended to address

## **2. Intended Use and Scope**

### **2.1. Intended Use**

This Environmental and Social Framework of the Eurasian Development Bank defines the principles and approaches to consideration and monitoring of environmental and social factors in the Bank's investment activities.

### **2.2. Scope, Owner, and Revisions**

2.2.1. This Framework applies to the Projects proposed for financing and financed using the Bank's funds, including Projects (Sub-projects) using funds extended by the Bank through Financial Institutions, as well as when the Bank, as the Manager, provides financing from the EFSD, if the application of this Framework is stipulated in the relevant decision of the Council of the EFSD when considering the issue of providing financing to an EFSD member state. The Framework shall be applied to the EFSD projects until the Council of the EFSD approves the relevant IRD of the EFSR in due course.

2.2.2. The Directorate of Sustainability has the ownership of this Framework. The co-owners of this Framework are the Project Directorates and project directorates of EFSD.

2.2.3. These Regulations shall be revised as deemed necessary, as well as shall be analysed for the necessity to make changes or to declare invalid due to irrelevance, in the cases and in the manner prescribed by the Regulations on internal regulatory documents of the Eurasian Development Bank.

2.2.4. No later than three years after the Framework comes into effect, the Bank will conduct a detailed internal review of the Framework, including the application of the EDB's Environmental and Social Safeguards, the compliance assessment procedure described in Section 4.2.5. and environmental and social analysis tools, in order to address gaps, enhance the effect of preventing environmental and social risks and optimise the environmental and social analysis procedure.

2.2.5. The Framework is a public document and may be published on both internal and external resources of the Bank, including the Internet.

### **3. General Provisions**

#### **3.1. The Bank's mandate**

3.1.1. The Bank promotes the development of a market economy in its Member States, their long-term economic growth, and the expansion of trade and other economic ties through investment.

3.1.2. The Bank finances projects that do not result in actual deterioration of the environment, social, labour and living conditions of the population.

3.1.3. The Bank's investment activities are aimed, *inter alia*, at improving living standards of the population, employment and social security as well as promoting more efficient use of natural resources and protecting the environment.

#### **3.2. Framework purposes and commitments**

3.2.1. The Framework serves purposes:

- mitigate potential adverse, and enhance potential positive, environmental and social impact of the Bank's investment activities;
- incentivize Borrowers to duly develop and maintain environmental and social risk management systems and enlighten them on best sustainability practices;
- factor in interests of Public as regards the environmental and social impact of a Project when making decisions to finance Projects;
- assess environmental and social risks of the Projects and take them into account in the Bank's investment activities establish robust structure to address operational and reputational risks related to environmental and social safeguards matters;
- align the Bank's approach with the best practices of multilateral development banks and promote co-operation within region of operations and define the roles and responsibilities of both the Bank and the Borrowers when financing projects in accordance with the Framework;
- ensure that Borrowers take timely measures to prevent adverse environmental and social impacts prior to, or at least in early stages of the Project.

3.2.2. The Framework is designed in accordance with and considers the following strategic internal documents<sup>1</sup>:

- The Bank's Strategy for 2022-2026;
- The Bank's Country Strategy for 2022-2026 in Republic of Armenia;
- The Bank's Country Strategy for 2022-2026 in Kyrgyz Republic;
- The Bank's Country Strategy for 2022-2026 in Republic of Belarus;
- The Bank's Country Strategy for 2022-2026 in Republic of Kazakhstan;
- The Bank's Country Strategy for 2022-2026 in Russian Federation;
- The Bank's Country Strategy for 2022-2026 in Republic of Tajikistan;
- The Bank's Sustainability Principles.

3.2.3. If the Bank takes part in syndicated financing, the procedure for applying this Framework and the selection of prevailing requirements for managing environmental and social impacts of a Project may be altered in accordance with the general terms of financing. The requirements of the Financial Institute that has the more stringent ones are then applied. When taking part in syndicated financing, the Project's (Sub-Project's) activities shall comply with the Exclusion list contained in Annex I

#### **3.2.4. Environmental and Social Exclusion List.**

3.2.5. In accordance with the Regulation on Investment Activities, the Bank reserves the right to limit the financing of activities that may have an adverse negative impact on the environment and/or society.

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<sup>1</sup> In case the Bank amends the IRDs after the Framework comes into effect, the Framework will be applied in accordance with the updated IRDs

3.2.6. The Framework is developed with reference to the sustainable transition strategies of member countries, as well as their existing legislation and taxonomies. When updating the Policy, most recent regulations on sustainable development in the countries of operations will be taken into account.

3.2.7. The Bank will take into account regional and international best practices and leading frameworks utilized by development financial institutions for management of key social and environmental risks and challenges prevalent in the region. The Framework considers the provisions of agreements and guidelines including but not limited to:

- UN Sustainable Development Goals;
- UN Global Compact Principles;
- UN Principles of Responsible Investment;
- UN Framework Convention on Climate Change;
- UN Universal Declaration of Human Rights;
- The Equator Principles;
- The Declaration of International Labour Organization on Fundamental Principles and Rights at Work;
- The World Heritage Convention.



## 4. Environmental and social analysis

The Bank's analysis addresses all ESG aspects of Project activities. For the environmental and social aspects, the Framework governs the analysis. For the corporate governance aspects, the Compliance Policy governs the analysis.

The Bank analyses the environmental and social impacts and risks of the Project, the adequacy of mitigation measures taken or to be taken during the Project implementation phase, and the potential positive environmental, social and governance contributions of the Project. The objective of environmental and social analyses is to prevent or mitigate environmental and social adverse impacts of projects financed or planned for financing, and to increase the positive environmental, social and governance impacts of the Bank and projects.

The Bank assesses environmental and social risks and impacts throughout all stages of all the Projects financed or to be financed by the Bank in accordance with the Eurasian Development Bank's Project Cycle Regulations and Regulation on the Bank's investment policy.

Stages of the Environmental and social analysis of the Bank (see Figure):

1. Preliminary assessment
2. Project effects assessment
3. Project categorization and memorandum preparation
4. Project regular monitoring of performance

For the environmental and social assessment of the Project, the Bank may additionally request documents from the Borrower and use open source and third party public information, including company data, specialised databases, fee-based data platforms, government/industry sources, non-governmental/civil society organisations, media, etc.

### 4.1. Preliminary assessment

4.1.1. In the client search stage, the Bank screens the Project proposed for financing against the Exclusion List contained in Annex I

4.1.2. **Environmental and Social Exclusion List.** Projects of the excluded activities are not eligible for financing, except for cases specified in Section 3 of Annex I

4.1.3. **Environmental and Social Exclusion List.**

### 4.2. Environmental and social effects assessment

4.2.1. If the Project is at an early stage of implementation, does not have sufficient documentation and is preliminarily compliant with the Exclusion List, environmental and social analysis is allowed upon receipt of the relevant documentation, but no later than one year after the Bank has entered into the loan agreement, subject to the decision of the Bank's expert body.

At the preliminary analysis stage, The Project Directorates forward to the Borrower, together with the rest of the documents required for the Project analysis, the Environmental and Social Contributions Data Collection Questionnaire. The Borrower completes the Environmental and Social Contribution Data Collection Questionnaire within the timeframe specified individually, but no later than when the Project is released for the Bank's Credit Committee's review, and submits the completed questionnaire to the Bank.

4.2.2. The The Borrower indicates in the Environmental and Social Contributions Data Collection Questionnaire the fullest extent of available information on the positive impacts of the Project, including but not limited to the information set forth in Annex 2, based on the specific characteristics of the Project.

4.2.3. The Bank conducts add-on ESG profiling of the Borrower (hereinafter, "ESG profiling") for its commitment to best practices in corporate behaviour, management of ESG factors and implementation of sustainability initiatives in accordance with the

questionnaire on corporate behaviour with regard to environmental, social and governance factors, management of own impact, organisation of decent working conditions and implementation of sustainability initiatives in accordance with the questionnaire (Annex III

4.2.4. **List of Questions for the Borrower's ESG Profiling**). The Bank conducts ESG profiling based on data and open sources, including the Internet. The result of the ESG profiling is sent to the Borrower to familiarize oneself. If necessary, the Borrower may return to the Bank with additional documents, information or ask further questions.

4.2.5. In accordance with the Regulations on Project Cycle, the Bank:

- assesses the Project's compliance with the EDB's Environmental and Social Safeguards in accordance with Clause 4.2.6 to identify environmental and social risks and poor environmental and social risk management at each stage of the Project from initiation to closure;

- assesses the Project's compliance with the applicable taxonomies<sup>2</sup>;

- prepares recommendations to the Borrower on how to avoid, minimize, mitigate, offset or compensate environmental and social impacts of the Project in accordance with Clause 4.2.6.4.

4.2.6. **Environmental and Social Safeguards** (hereinafter, "Safeguards") is a set of best practices for responsible management of environmental and social impacts that could potentially occur as a result of Project activities or related activities. Safeguards include both activities that do not create environmental and social impacts and adequate measures to mitigate or avoid such impacts. A list of Safeguards is provided in Annex IV. The Bank shall assess compliance with Safeguards on its own or engage third-party experts when it is economically feasible to do so on a case-by-case basis.

4.2.6.1. If the Project fails to comply with the Safeguards, it is a signal to the Bank that there is a risk that Project activities may result in environmental or social impacts, or that the Project has not taken adequate measures to mitigate or prevent such impacts.

4.2.6.2. Safeguards are tailored to address the most pressing environmental and social issues in Member States, as well as the industry-specific nature of the projects and associated risks. The Safeguards take into account industry-specific aspects of Projects and associated risks. For projects within Agro-industrial sector, Mining industry, Transport, Chemical industry, Energy, Machinery industry, Metallurgy, Construction most material questions are highlighted.

4.2.6.3. If there is insufficient data to conduct the Safeguards assessment on highlighted questions and the Borrower fails to provide documentation and data to definitively determine compliance with Safeguards, the Bank considers the criteria as a risk factor for adverse environmental and/or social impacts.

4.2.6.4. If confirmable negative environmental and/or social impacts or insufficient measures taken or to be taken on the Project are identified, the Bank concludes according to the clause 4.3.4 about:

- set of recommendations for measures to avoid, minimise, mitigate, offset or compensate environmental and social vulnerabilities of the Project;

- set of environmental and social risks indicators for regular monitoring throughout the loan tenure and further request such information from the Borrower in accordance with the monitoring plan.

4.2.6.5. Compliance with the Safeguards is assessed using a specially designed checklist. Questions in the checklist contain address environmental and social impacts that

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<sup>2</sup> Including The Green Projects Taxonomy of the Republic of Kazakhstan; The Green and Adaptation Projects Taxonomy of Russian Federation; The EU Taxonomy; The ECE Model Taxonomy; The Project Taxonomy of the Climate Bond Initiative; and other taxonomies applied in countries in the region of operations.

should not occur in Project activities or adequate measures should be in place to mitigate and prevent them.

#### **4.3. Project categorization and memorandum preparation**

4.3.1. The Bank categorizes the Project with respect to its environmental and social impacts in accordance with the EDB Methodology for Project categorization<sup>3</sup>;

4.3.2. The Bank assigns four categories of Projects:

- Category A. Projects with potentially significant, multifaceted, and irreversible adverse environmental and social impact;
- Category B. Projects with potentially significant adverse local environmental and social impact that is usually reversible and/or preventable;
- Category C. Projects with minimal or no adverse environmental and social impact;
- Category FI. Projects involving debt and/or equity financing from Financial Institutions to lend to or otherwise finance Sub-borrowers, or to provide property to Subborrowers on the terms of lease.

4.3.3. All Projects, irrespective of their category, shall comply with the Bank's environmental and social requirements and commitments.

4.3.4. The Directorate of Sustainability of the Bank prepares a memorandum summarizing assignment of the category to the Project and results of the environmental and social analysis, including information on assessed environmental and social impacts, risks, contributions and mitigation measures, ESG profiling results, compliance with the applied taxonomies, Safeguards and the Bank's recommendations for mitigation measures and monitoring indicators.

4.3.5. When considering and financing the Project involving the Bank's equity participation (50% equity interest +1 vote) or other significant participation by the Bank in operations that form part of the Project and where the Bank acquires control over the Project, all the procedures for environmental and social analysis shall be conducted and environmental and social requirements shall be determined according to the Project category.

#### **4.4. Regular monitoring of the Project's environmental and social effects**

4.4.1. Throughout the financing cycle of the Project for which the Bank has made final decision to provide financing, the Bank conducts regular monitoring of the environmental and social impacts of the Project, terms and frequency of which is determined by the Bank's internal decision. In order to perform environmental effects monitoring, the Bank's experts may request a site visit and engage an external consultant.

4.4.2. The Borrower provides the Bank with information on environmental and social impacts and contributions resulting from the Projects of "A" & "B" category on regular basis by submitting the completed EDB Monitoring questionnaire on environmental and social effects in accordance with Annex V.

4.4.3. The Borrower shall inform the Bank during loan tenure when additional circumstances and events arise, irrespective of the category of the Project. Such circumstances and events include:

- grievances concerning the Project submitted by representatives of the Public via the Borrower's grievance mechanism, competent government bodies, public media including on the Internet and other communication channels;
- significant changes in technology used in the Project that affect the environmental and social effects created by the Project;

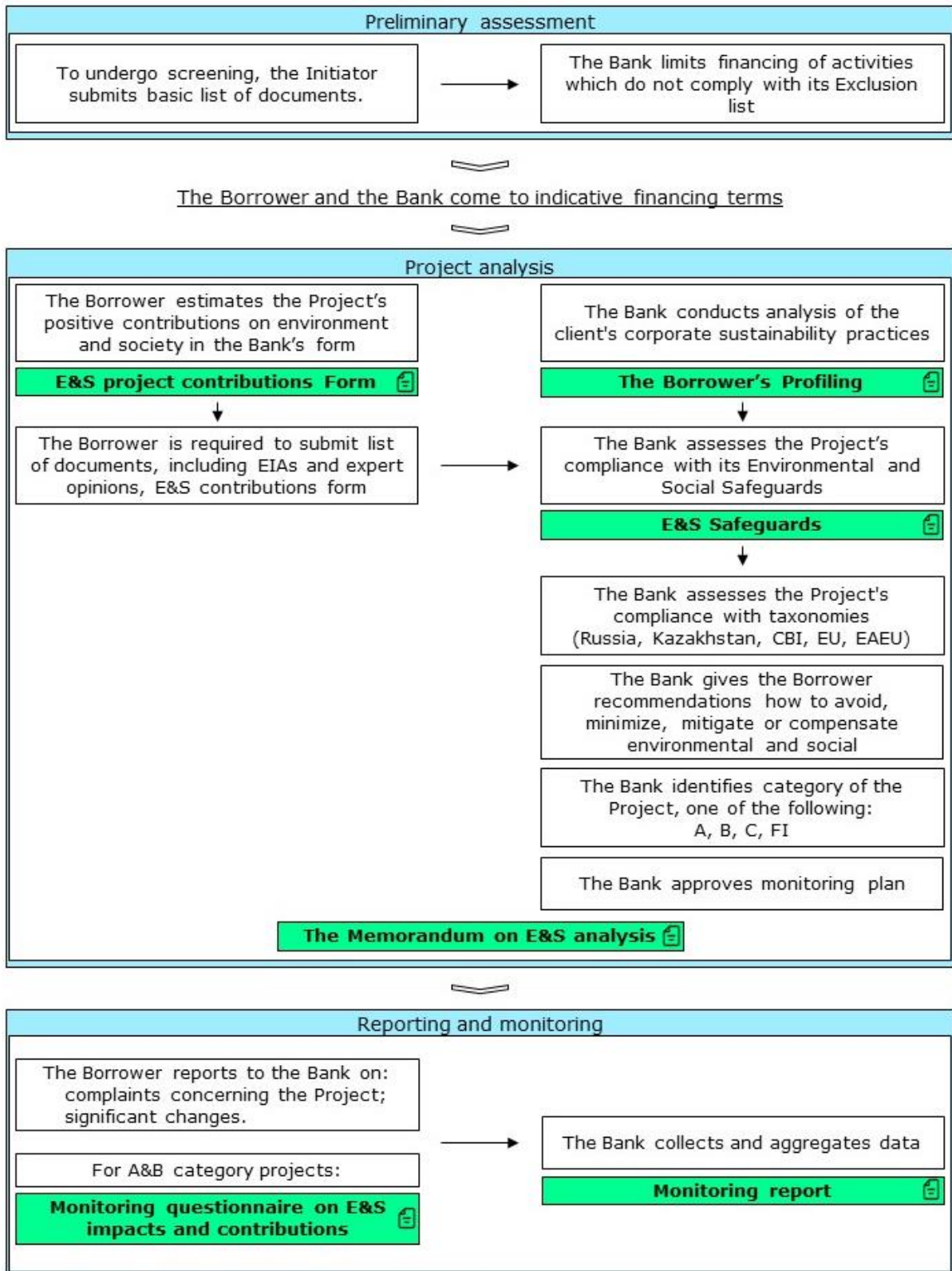
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<sup>3</sup> The EDB Methodology for project categorization depending on social and environmental footprint has been developed in alignment with the Equator Principles and Standards of the International Finance Corporation.

– other circumstances and events affecting implementation of the Project relating to environmental and social effects.

4.4.4. The Bank compiles all available information about the Project collected in accordance with monitoring procedure of the Framework and prepares Monitoring report.

**Figure 1. The EDB's environmental and social risk assessment process**



## **5. Environmental and Social Requirements for Projects**

### **5.1. Procedures and Requirements for Category A Projects**

5.1.1. The Project Initiator/Borrower shall conduct an EIA for Projects included in Category A.

5.1.2. An EIA shall be conducted in accordance with applicable provisions of current laws of the country where the Project is implemented.

5.1.3. An EIA report usually includes the following information:

- Project description and objectives;
- description of reasonable alternatives to the Project, including baseline scenario in which the Project is not implemented;
- description of the components of the environment and communities that may be significantly affected by the Project or its alternatives;
- description of possible environmental and social impacts of the Project and assessment of their scale for all alternatives;
- description of proposed measures to prevent, mitigate, or compensate for the most significant adverse impacts;
- substantiation of the selected Project option;
- specific references to: methods used to forecast impact; underlying baseline premises; and relevant environmental data used;
- description of knowledge gaps and uncertainties identified when assembling the required information;
- if necessary, a brief description of environmental and social impact monitoring and management programmes;
- information about procedures to take note of public opinion and its scope, as well as comments and proposals received and how they were considered during the EIA; and
- a non-technical summary of EIA results for the public and decision makers.

5.1.4. The Project Initiator shall make the EIA report available to the Public and ensure that public opinion is taken into account during the EIA, in accordance with the current laws of the country where the Project is implemented.

### **5.2. Procedures and Requirements for Category B Projects**

5.2.1. The Bank shall conduct an environmental and social review of the Projects included in Category B.

5.2.2. To conduct an environmental and social review, the Project Initiator/Borrower shall:

5.2.2.1. Provide, given the scale and terms of Project implementation, information and documents stating the following:

- objectives, main organizational and technical solutions, and Project indicators;
- the environmental and social impact management system for Project-related and/or planned activities;
- components of the environment, categories of residents and communities that are materially affected by Project-related activities conducted by the Project Initiator and/or that will probably be materially affected by the Project;
- material environmental and social impact of Project-related activities;
- undertaken and proposed measures to prevent, mitigate, or compensate for the most significant adverse impacts;
- used or planned methods and the periodicity of Project environmental and social impact reviews;
- public inquiries into environmental and social impacts of Project-related activities and/or the Project;



- available permits and approvals, as well as correspondence with state authorised bodies with respect to Project-related activities and the Project on the issues of environmental protection, health, and industrial safety; and
- a draft plan of actions to be taken by the Project Initiator/Borrower to ensure that Project-related activities and/or the Project comply with the Bank’s environmental and social requirements, if Project-related activities or the Project fail to do so;

5.2.2.2. Where necessary, provide the Bank’s employees with access to the proposed Project site; and

5.2.2.3. Provide the Bank’s employees with the possibility to interview managers and specialists in charge of managing the environmental and social impact of Project related and/or planned activities, to an extent corresponding to the scale and terms of Project implementation.

### **5.3. Procedures and Requirements for Category C Projects**

5.3.1. No additional environmental and social assessment procedures shall extend to the Projects included in Category C.

5.3.2. The Bank reserves the right to consult with the Project Initiator and/or Borrower concerning the Project’s impact on environment and society.

### **5.4. Procedures and Requirements for Category FI Projects**

5.4.1. The Bank shall ensure that the following commitments of Financial Institutions are included in its Financial Agreements with Financial Institutions:

5.4.2. Ensuring compliance with this Framework when considering and financing Sub-projects using the funds extended by the Bank, namely:

- preventing the financing of the activities listed in Annex I
- **Environmental and Social Exclusion List**, including the provision of machinery and equipment for lease for the conduct of the activities listed in Annex I
- **Environmental and Social Exclusion List**;
- ensuring that Sub-borrowers comply with the environmental and social laws of the country where the Sub-Project is implemented and the environmental and social requirements of the Bank set forth in Section 5 of this Framework;

5.4.3. Ensuring that Financial Agreements with Sub-borrowers contain an obligation to comply with this Framework; and

5.4.4. Confirming on a regular (annual) basis that this Framework is complied with when Sub-projects are being considered and financed using the funds extended by the Bank, and that Sub-projects comply with the Bank’s environmental and social requirements.

## **6. Roles and responsibilities**

### **6.1. The Bank's Sustainability Committee**

Reviews projects for potential material sustainability risks and provides expert opinion on the Project's compliance with the Bank's goals and commitments in accordance with the order on the Sustainability Committee.

### **6.2. Directorate of Sustainability**

- takes action to ensure that this Framework is complied with when Projects are being implemented;
- conducts the Borrower's add-on ESG profiling;
- conducts the Safeguards assessment;
- conducts the Project categorization;
- prescribes recommendations;
- conducts monitoring on a regular basis;
- maintains and updates the Framework as necessary in accordance with Clause 2.2.3 of the Framework.

### **6.3. Project Directorates**

- take action to ensure that this Framework is complied with when Projects are being implemented;
- oversees grievances concerning the Project and the Project's significant changes in technology;
- hire consultants when needed to assess environmental and social risks of the Project according to procedures of the Project Cycle Regulations.

## Environmental and Social Exclusion List

### 1. Activities prohibited by the legal and regulatory systems and other observable ordainments

The EDB will not knowingly finance certain projects where the Bank's proceeds are used or involved with counterparties engaged with business practices deemed illegal under the host country (i.e. national) laws or regulations, have been banned, withdrawn severely restricted or not approved by governments, or violating ratified regional or international laws, regulations, treaties, conventions and agreements, or subject to international phase-out or bans. The Bank reserves the right to apply the provisions of other international agreements, conventions and standards, irrespective of the ratification status of the country where the Project is implemented. The Bank will not finance activities that meet these descriptions and that are related to:

- 1.1. Harmful or exploitative forms of forced or compulsory labor, child labor, systematic/discriminatory labor law violations, or human trafficking
- 1.2. Ozone depleting substances
- 1.3. Persistent Organic Pollutants
- 1.4. Unbonded asbestos fibers or asbestos-containing products and materials
- 1.5. Banned by World Health Organization pharmaceuticals, pesticides, herbicides, and other toxic, hazardous products or substances
- 1.6. Wildlife products (animals and/or plants) in breach or the provisions and the regulation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora
- 1.7. Activities prohibited by legislation and regulations of the member country in whose territory the Project is located or ratified international conventions and agreements relating to the protection/conservation of biodiversity, ecosystems, natural habits or cultural resources and heritage
- 1.8. Transboundary movements/trade in waste or waste products and their disposal, except for non-hazardous waste destined for recycling and consistent with the Basel Convention and its underlying regulations
- 1.9. Shipment of oil or other hazardous substances in tankers which do not comply with the International Maritime Organization (IMO) requirements
- 1.10. Illicit activities involving human organs, tissues or derived products of the human body, or genetically engineered organisms
- 1.11. Illicit trade or activities that facilitate the unlawful trafficking of cultural property

### 2. Activities not aligned with EDB's mandate and sustainable development principles

Projects involved with the production, exploration, manufacture, supply and/or trade of activities which purposes are inconsistent and not contributive with the EDB's sustainable mandate, its prominent support for the transition of member states' economies, the global goals of the sustainability agenda. The excluded activities, including controversial business cases, have observable/proven or may generate significant direct/indirect harm, negative and adverse impacts on the natural environment, biodiversity, and climate and/or on humans, not beneficial to the progress of a more sustainable society. These activities or products include:

- 2.1. Defense industry: weapons, small arms and ammunitions, goods, systems, materials, components, vehicles and/or other military, paramilitary/police-focused equipment, products, infrastructure and/or research and technology, inter alia
- 2.2. Production or trade in radioactive materials, extraction of uranium and manufacturing within the nuclear industry



- 2.3. Extraction of thermal coal or coal-fired power plants
- 2.4. Destructive fishing techniques or other marine and coastal fishing practices such as large-scale pelagic drift nets (in excess of 2.5 km in length) and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats
- 2.5. Production or trade in wood or other forestry products other than from sustainably managed forests/activities, in old-growth forests or involving deforestation
- 2.6. Waste disposal projects
- 2.7. Tobacco
- 2.8. Alcoholic beverages
- 2.9. Adult entertainment
- 2.10. Gambling establishments, casinos and equivalent enterprises
- 2.11. Discriminatory, racist and/or anti-democratic media and content<sup>4</sup>
- 2.12. Projects in contradiction with established human rights
- 2.13. Projects affecting the ownership of the territory or land, or claimed for adjudication by indigenous peoples that not consider the provision of documented Free, Prior, and Informed Consent (FPIC)
- 2.14. Forced eviction (within the understanding of the United Nations) occurred on the impact site of the Project, and which eviction can be causally linked to the purpose of the Project, thereby making it materially impossible to provide remediation/compensation
- 2.15. Exploitation of diamond mines and marketing of diamonds in countries that have not adhered to the Kimberley Process

### **3. Conceivable exceptions**

3.1. The Bank allows financing of activities in Clause 1.4 and the Bank reserves the right to assess them individually for each Project, on a case-by-case basis/with a selective approach, and will be in favor for safer, non-fiber low hazard materials, economically and technologically viable substitutes, alternatives that could replace the use of asbestos in its entirety.

3.2. The Bank allows financing of activities in Clause 1.5 and the Bank reserves the right, but not the obligation to consider additional exclusions, according to each Project, on a case-by-case basis/with a selective approach based on the most updated information available at website of the Rotterdam Convention.

3.3. The Bank allows financing of activities in Clause 1.7 in case the Project is focused in solutions for restoration, conservation and protection.

3.4. The Clause 1.9 shall be most applicable to the Russian Federation, but not disregarded for projects and operations in other land-locked member states of the Bank as those countries might provide transit routes, infrastructure for the transportation of resources and goods and from neighboring countries.

3.5. The Bank allows financing of activities in Clause 1.10 and the Bank reserves the right to consider the financing of GMOs (Genetically Modified Organisms) according to each Project, balancing the potential socio-environmental risks and benefits, on a case-by-case basis/with a selective approach, in the absence of any legislations in its member countries that explicitly ban it.

3.6. The Bank allows financing of activities in Clause 2.2 and reserves the right to consider financing projects related to processing of nuclear fuel/spent fuel reprocessing, irradiated fuel processing, uranium enrichment, nuclear reactor operation/maintenance, nuclear material transportation/storage, etc. The Bank will decide on each Project on a case-by-case basis, primarily on the basis of exceptional circumstances, in the absence of

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<sup>4</sup> Counterparties that are exposed/engaged in such activities against a particular segment of the society/group, as well as recent involvement in news and related factual and/or claimed, alleged controversies that are in the public domain

feasible sustainable alternatives; Project appraisal and economic viability; and/or in conjunction with the priority national interests of the Project country.

3.7. The Bank will allow financing of activities from paragraph 2.3 and reserves the right to consider financing of projects functionally related to coal, deciding on a case-by-case basis for each Project. First and foremost, the Bank will proceed on the basis of the exceptional circumstances of the Project. This will include consideration of absence of feasible sustainable alternatives, the expertise of the Project, contribution to improving environmental performance, economic viability and/or alignment with the national priorities of the country where the Project is being implemented. The Bank will give preference and priority to Projects that are implemented in areas and/or facilities that have been previously used for economic activities and are not undisturbed natural areas, including Projects to modernise facilities and introduce more efficient technologies. This applies in the first instance to Projects implemented in undeveloped areas.

3.8. The Bank allows financing of activities in Clause 2.5 and the Bank reserves the right to consider financing of the production or trade in wood or other forestry products that do not currently comply with sustainably managed forests/activities (standards, certifications, etc.) or that in the process of achieving this status, according to each Project, on a case-by-case basis/with a selective approach, primarily based in exceptional circumstances, in the absence of viable sustainable alternatives, Project expertise, and economic viability, and/or coupled with a paramount national interest of the host country. The preference and priority for the Bank would be essentially weighted in favor of sustainably managed, proven/certified, sustainable alternatives and the support of their (emerging/advanced) technologies. The EDB welcomes *brownfield* projects with projects that would target to transition non-sustainably managed forests/activities to sustainably managed alternatives

3.9. The Bank allows financing of activities in Clause 2.6 and the Bank reserves the right to consider the financing of new landfill sites/related infrastructure according to each Project, on a case-by-case basis/with a selective approach, primarily based in exceptional circumstances, in the absence of viable sustainable alternatives, Project expertise, and economic viability, and/or coupled with a paramount national interest of the host country. The preference and priority for the Bank would be essentially weighted in favor of other more sanitary sustainable disposal alternatives and emerging, advanced technologies. The EDB welcomes brownfield projects with solutions that would target to transition landfills to more circular and sustainable alternatives, contributing to its orderly and environmentally safe phase-out.

3.10. The Bank reserves the right, but not the obligation to consider additional exclusions, according to each Project, on a case-by-case basis/with a selective approach.

## Template for Environmental and Social Contributions Form

	Contribution	Unit of measurement	Approximate contribution
<b>1. Environmental and climate contributions</b>			
1.1	Cutting greenhouse gases (GHG) emissions		
	Annual GHG emissions reduction	t CO <sub>2</sub> -eq/year	
	Annual CO <sub>2</sub> uptake (capture, disposal or burial)	t CO <sub>2</sub> /year	
	Annual avoided GHG emissions	t CO <sub>2</sub> -eq/year	
1.2	Energy efficiency		
	Annual fuel savings	Gigajoules/year	
	Annual heat and electricity savings	Gigajoules/year	
1.3	Land use		
	Square of recovered farmland	ha	
	Square of recovered forests	ha	
1.4	Renewable energy		
	Annual production of renewable energy	MWh/year	
	Annual use of renewable energy	MWh/year	
1.5	Reducing pollution		
	Annual cutting of effluence discharged into water bodies	t/year	
	Annual cutting of emissions discharged into the air	t/year	
	Size of area of soil remediation at the Project site	ha	
1.6	Resource efficiency		
	Annual water saving	m <sup>3</sup> / year	
	Annual materials saving and reduction of waste generation	m <sup>3</sup> / year	
1.7	Waste management		
	Annual volume of waste disposal	t/year	
-/-	Any other impact:		
<b>2. Social contributions of the Project</b>			
2.1	Safe labour		
	Percentage of employees who are covered by the occupational health and safety management system	%	
	Number of production facilities certified or planned to get certified in accordance with the OHSAS 18001 and/or ISO45001	units	
	Number of employees who received health & safety, anti-corruption trainings	people	
2.2	Job creation		

	Number of jobs created at the investment stage (assessment of direct and indirect attention)	units	
	Number of jobs created at the operational stage (assessment of direct and indirect attention)	units	
	Share of jobs for locals in the total amount of jobs created at the investment stage	%	
	Share of jobs for locals in the total amount of jobs created at the operational stage	%	
	Turnover rate last year (number of left workers / the average number of workers)	%	
2.3	Benefits for society		
	Number of people who will gain access to social facilities (healthcare / education / sport / culture)	people	
	Reconstruction/modernization of public facilities, to infrastructure (roads, bridges, crosswalks, etc)	m <sup>3</sup>	
2.4	Local engagement		
	Share of procurement from local suppliers at the investment stage	%	
	Share of procurement from local suppliers at the operational stage	%	
2.5	Diversity and inclusion		
	Share of women in the total number of staff	%	
	Share of staff engaged in diversity initiatives	%	
	Number of employees with disabilities	people	
	Number of students who participated in internships	people	
2.6	Related country- & regional-level contributions		
	Contribution to GDP (regional / national), per year	mIn \$	
	Contribution to fiscal income (regional / national) based on tax declaration, per year	mIn \$	
	Difference between the average salary of an employee within the Project and the average salary in the region	\$	
-/-	Any other impact		
<b>3. Project alignment with taxonomy</b>			

		Units of measurement	Approximate value
<b>4. Penalties and violations</b>			
4.1	Number of accidents with fatal outcome in last 3 years	units	
4.2	LTIFR (Lost Time Injury Frequency Rate) coefficient in last 3 years	%	

4.3	Number of claims from employees regarding violation of labor law last 12 months	units	
4.4	Amount of fines for environmental violations since the first year after start of Project implementation	\$	
4.5	Amount of fines for health and safety violations since the first year after start of the Project	\$	

Describe what responses and preventive measures were taken after occurrence of the violations described in Section 4. Penalties and violations.

4.1	
4.2	
4.3	
4.4	
4.5	

## List of Questions for the Borrower's ESG Profiling

<b>1. The company's commitment to sustainable development</b>
<p>Identify which of the following initiatives in sustainable development the company supports:</p> <ul style="list-style-type: none"> <li>– UN Global Compact</li> <li>– National development goals and UN SDGs</li> <li>– ISO 9000 family Quality management</li> <li>– ISO 14001 family Environmental management</li> <li>– ISO 45000 family Occupational health and safety</li> <li>– National initiatives in sustainable development (please specify in comment section)</li> <li>– International initiatives in sustainable development (e.g. UN, OECD, etc; please specify in comment section)</li> <li>– Other</li> </ul>
Does the company participate in any external working groups related to sustainability, climate change?
<b>2. The company's ESG reporting and performance</b>
<p>Which of the following rating agencies rate the company's ESG performance?</p> <ul style="list-style-type: none"> <li>– Sustainalytics</li> <li>– MSCI</li> <li>– RepRisk</li> <li>– S&amp;P Global</li> <li>– Moody's</li> <li>– ISS ESG</li> <li>– Carbon Disclosure Project</li> <li>– Other</li> </ul>
Does the company publish sustainability report or disclose sustainability information within its annual report?
<p>Choose the applicable standards of non-financial reporting that the company uses:</p> <ul style="list-style-type: none"> <li>– Global Reporting Initiative (GRI)</li> <li>– Sustainability Accounting Standards Board (SASB)</li> <li>– Carbon Disclosure Project (CDP)</li> <li>– Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>– Other (please specify in comment section)</li> </ul>
<b>3. The company's ESG strategy and targets</b>
Has the company developed ESG/Sustainability Strategy?
Does the company set ESG targets?
Does executive remuneration scheme of the company involve achievement of ESG KPIs?
Other
<b>4. The company's climate action</b>
Does the company have climate related strategy?
Has the company implemented a climate-related risk assessment framework?
Does the company have projects aimed at reducing GHG emissions?
Does the company compensate for its emissions through offsets?
Does the company publicly report emissions?

Does the company report on climate risks in accordance with the TCFD?
Other
<b>5. Corporate governance quality</b>
Does the company have an elected Board of Directors?
What committees under the Board of Directors are established in the company? <ul style="list-style-type: none"> <li>– An audit committee</li> <li>– An Audit Committee headed by an independent member of the Board of Directors</li> <li>– A nomination and/or remuneration committee</li> <li>– Other</li> </ul>
Check the documents related to ethics and compliance in force within the company: <ul style="list-style-type: none"> <li>– Principles of Responsible Business Conduct / Code of Conduct</li> <li>– Action plan aimed at business continuity and (or) rehabilitation of the organisation's operations in case of abnormal and emergency situations</li> <li>– Regulations on management bodies</li> <li>– Anti-corruption policy</li> <li>– Supplier Code of Conduct</li> <li>– Other relevant document</li> </ul>
<b>6. Sustainability governance</b>
Specify a position of a designated full-time employee responsible for sustainable development within the company
What is an organizational unit in the company, responsible for sustainable development?
What is a collegial governance body in the company, responsible for sustainable development?
Has the company developed ESG/Sustainability Framework?
Does the company have policy on environmental, social and/or climate-related risk management?
Other
<b>7. Approach to decent work organization</b>
Which document sets out the policy on non-discrimination based on gender, origin, religious and other views?
Does the company have inclusion programs for minorities?
Specify what target percentages of women and minorities does the company have
Does the company have its own online training portal?
List the company's occupational health and safety policies and standards.
<b>8. Participation in the sustainable finance market</b>
Has the company ever used sustainable finance instruments? <ul style="list-style-type: none"> <li>– Green / climate bonds or loans</li> <li>– Social / gender bonds or loans</li> <li>– Sustainability bonds or loans</li> <li>– Sustainability-linked bonds or loans</li> <li>– Other</li> </ul>

## Environmental and Social Safeguards

### **Safeguard 1. Assessment and Management of Environmental and Social Risks and Impacts.**

- The Borrower applies measures to prevent negative environmental and social impacts of the Project activities and control environmental and social risks.
- The Project complies with national and international regulations and standards for sustainable development, environmental protection and decent conditions for people affected by the Project activities.

### **Safeguard 2. Labour and working conditions.**

- The Project has designated measures to ensure safety in the workplace, in particular in case of working in hazardous conditions and/or with hazardous substances.
- Project activities do not entail negative impacts on certain groups of people.

### **Safeguard 3. Resource efficiency and pollution prevention.**

- The Project does not increase the risk of water, air, soil pollution and destruction of natural ecosystems.
- Project activities do not entail risks associated with handling hazardous substances and wastes.
- The Borrower takes measures to mitigate negative impacts on natural ecosystems.

### **Safeguard 4. Community health, safety and security.**

- Project activities do not increase the risk of diseases of affected population.
- The Project does not overload the social infrastructure and does not hinder the access of community to it.

### **Safeguard 5. Land acquisition and involuntary resettlement.**

- Project-related land acquisition does not cause physical displacement (relocation, loss of land or shelter), and/or economic displacement (loss of land or assets, or restrictions on land use, assets and natural resources leading to loss of income sources or other means of livelihood).

### **Safeguard 6. Biodiversity conservation and sustainable management of natural resources.**

- If the Project must be implemented in an area of natural habitats, its activities do not result in significant conversion or degradation, otherwise required measures are taken.

### **Safeguard 7. Indigenous peoples and vulnerable population.**

- If indigenous people or and vulnerable population are present in or have a collective attachment to the proposed area of the Project and are likely to be affected by the Project, the Project is implemented so that indigenous people do not suffer adverse impacts as a result of Projects.

### **Safeguard 8. Cultural heritage.**

- The Project does not cause loss or damage to archaeological and/or historical and/or cultural values.



## Monitoring questionnaire on environmental and social effects

The questionnaire is filled in and submitted by the Eurasian Development Bank Borrower carrying out economic and (or) other activities at facilities of categories A and B annually until the end of the Project financing period.

All tables contained in the questionnaire should be filled in. In case of absence of established limits or actual emissions in the corresponding columns indicate "0" (zero) or "-" (dash). Section "7. Additional information on ESG and other factors" of the questionnaire should be disclosed in any order.

Indicators for the time period are filled in for the last year for which information is available (right column) and for the year preceding it (left column).

<b>Borrower/ Issuer</b>	
<b>Name of the Project</b>	
<b>Project Contact Person</b>	
<b>Submission of an EIA (taking into account changes to the operations of the facility for which an EIA was previously conducted) or other document containing environmental and social information to the Bank (if applicable)</b>	
<b>Information about the Project</b>	

### 1. General information

Nº	Name of production facility (location)	Brief technical characteristics of the production process, including capacity (productivity) of the facility, size, area	Presence of inspections by the bodies carrying out State environmental control in accordance with the legislation of the Project country
1			
2			
...			

### 2. Investments and environmental costs

Nº	Name of the measure	Cost indicators (in country currency)		Expected environmental effect from the measure*	Comments
1		202_	202_		
2					
...					

\* quantitative indicator is specified to reduce the impact on atmosphere, water resources and waste generation

### 3. Emissions monitoring

#### 3.1 Atmosphere

##### Emissions into the atmosphere

Nº	Name of emissions	Total amount of emissions, tons per year	Source of emissions	Established limit of permissible emissions	Measures taken to reduce emissions	Comments	Reference to the normative document according to which

								the data are filled in
		202_	202_					
1	NOx							
2	SOx							
3	Volatile organic compounds							
4	Particulate matter							
5	Other emissions not mentioned above							

### 3.2 Greenhouse gas emissions Scope 1 (Direct emissions)

Nº	Name of installation (facility)	Name of source (stationary or mobile)	Carbon dioxide emissions (CO <sub>2</sub> ), tCO <sub>2</sub> -eq.	Methane emissions (CH <sub>4</sub> ), tCO <sub>2</sub> -eq.	Nitrous oxide emissions (N <sub>2</sub> O), tCO <sub>2</sub> -eq.	Comments	Reference to the regulatory document according to which the data are filled in
<b>202_</b>							
1							
2							
...							
<b>202_</b>							
1							
2							
...							

### Scope 2 (Indirect emissions)

Nº	Name of installation (facility)	Name of source	Carbon dioxide emissions (CO <sub>2</sub> ), tCO <sub>2</sub> -eq.	Methane emissions (CH <sub>4</sub> ), tCO <sub>2</sub> -eq.	Nitrous oxide emissions (N <sub>2</sub> O), tCO <sub>2</sub> -eq.	Comments	Reference to the regulatory document according to which the data are filled in
<b>202_</b>							
1							
2							
...							
<b>202_</b>							
1							
2							
...							

### 3.3 Water resources

Nº	Name of emissions	Total amount of discharges*		Source of emissions	Established limit of permissible emissions	Measures taken to manage water resources	Comments	Reference to the regulatory document according to which the data are filled in
		202_	202_					
1	Water use (surface water, groundwater)							
2	Wastewater generation							

3	Wastewater treatment							
4	Wastewater discharge							

\* the amount of permissible discharges is calculated on the basis of the regulatory legal act of the Project country

### 3.4 Production and consumption waste

Nº	Name of waste	Total amount of waste	Name of temporary waste storage site	Waste management and/or recycling measures (activities)	Comments	Reference to the regulatory document according to which the data are filled in
1	(List the main types of waste generated)					
2						
...						

### 4. Monitoring impacts on land resources

Nº	Name of impact (if applicable)	Source of emissions	Measures to address negative impacts	Comments	Reference to the regulatory document according to which the data are filled in
1	Soil pollution				
2	Groundwater pollution				
3	Leakage of gas, condensate, hydrocarbons				
4	Chemical spills				
5	Noise				
6	Vibration				

### 5. Monitoring impacts on biodiversity

Nº	Protected species of flora/fauna (list)	Habitat	Measures to preserve species diversity (If there is a developed Biodiversity Conservation Plan, attach it to the Questionnaire)	Comments	Reference to the regulatory document according to which the data are filled in
1					
2					
...					

### 6. Social effects

#### 6.1. Stakeholder engagement

№	Social aspect	Indicators		Measures taken to prevent/reduce and/or eliminate social impact // increase the social contribution	Comments	Reference to the regulatory document according to which the data are filled in
		Project start date	202_			
1	Number of jobs created since the beginning of the Project (with EDB borrowing) as of 31.12 202_	Project start date	202_			
2	Number of employees by gender					
3	Dynamics of the total number of employees (202_/202_)	202_	202_			
4	Management structure by gender(%):	men	woman			
5	Senior management structure by age :	men	woman			
	Under 30					
	30-40 years					
	40-50 years					
	Over 50 years old					

№	Question	Yes/No	Measures taken to prevent/reduce and/or eliminate social impacts (relevant to questions 6, 8, 9, 11)	Comments (if available, describe changes/other information and attach supporting documents/press releases to the Questionnaire)
6	Have there been any grievances from the staff over the last year, including litigation, strikes, infringement of rights?			
7	Have there been any changes/updates to the Company's corporate social policy over the last year?			<i>If the company does not have a corporate social policy, put "-"</i>
8	Have any activities from the Stakeholder Engagement Plan been carried out over the last year?			
9	Have there been any activities to ensure the safety and health of the population in the vicinity of the Project site over the last year?			
10	Has environmental information about the Project been made available to stakeholders in an accessible form?			
11	Have there been any complaints from the local community, affected people, non-profit organisations, etc. during the Project implementation? Have such grievances been adequately addressed through the grievance mechanism implemented by the Project company?			

## 7. Additional information on ESG and other factors

1. Disclosure of non-financial reporting (please send if available)
2. ESG risk disclosure and ratings (please send if available)

3. Does the Borrower/ Issuer have adopted emission reduction targets, carbon neutrality targets in accordance with country commitments?
4. Does the company have a Decarbonization Strategy or other similar documents?
5. Have inspections of the State environmental control bodies been carried out during the operation of the facility/facilities and have violations of environmental legislation been detected during the inspection?
6. Are there projects to reduce greenhouse gases?
7. Is the company offsetting its emissions?
8. Availability of an Environmental Action Plan and its implementation (please send indicators for 202\_ (plan and actual) and 202\_ (plan and actual)).

**Responsible:** \_\_\_\_\_

(First, Last Name, Position)

**Date:** «\_\_\_\_» \_\_\_\_\_ **2023**

**Signature:**