

**THE SUSTAINABILITY PRINCIPLES
OF THE EURASIAN DEVELOPMENT BANK**

General provisions

The Eurasian Development Bank (hereinafter, the “Bank” or “EDB”) plays a unique integration role in the Member States, supports growth of mutual trade and investments and deeper socio-economic ties between the countries. The EDB acknowledges that a strong commitment to sustainability principles, due respect and attention to sustainability priorities, the implementation of advanced knowledge and best sustainability practices are the indispensable condition to achieve the long-term prosperity of the Eurasian region and wellbeing of its communities.

The Bank’s 2022-2026 Strategy highlights its role in supporting its Member States to achieve the United Nations Sustainable Development Goals (hereinafter, the “UN SDGs”). The Bank assumes that although some priorities could be reconsidered due to changes in macroeconomic environment, in the stakeholders’ vision and due to urgent economic challenges, the social focus on sustainable development should remain active, and its significance for the business landscape should increase.

The Bank acknowledges the interdependency between the sustainable development, long-term economic growth and human prosperity. Thereafter, the Bank establishes the ambition to become Eurasia’s leading sustainable financial institution, creating significant positive impacts on the society and fostering more ethical and environmental-friendly approach to doing business.

When developing its approach to sustainability, the EDB considers the UN-led and other widely accepted principles, treaties and commitments, best practices of the multilateral development banks and other leading financial institutions, demands of the Member States, their economic strategies and approaches to sustainability, goals of the businesses and values of local communities, as well as the Bank’s own experience, track record and responsibility to its stakeholders.

The Sustainability Principles of the Eurasian Development Bank (hereinafter, the “Principles”) formalize the basis for further integration of environmental, climate, social and governance factors into business practices and financial operations spanning its entire value chain, in consistency with its mandate and for the benefits of the sustainable development in the Eurasian region. The outlined Principles are considered in every aspect of the Bank’s operations, actions and decisions of management bodies and employees. The Bank envisions that the Principles will resonate favorably on its broad base of interested parties.

Principle 1. Sustainable governance and responsible investment

The Bank is guided by the task to ensure the proper governance and oversight of the most material sustainability factors and their prioritization in strategic and operational decision-making.

The Bank envisages the enactment of a collegial discussion for the most complex, cross-functional and strategic sustainability issues. The Bank aims to provide its executives with the advanced knowledge and competence corresponding with the ever-evolving dynamics of the sustainable agenda.

The Bank smoothly integrates sustainability principles into the operational procedures of each business division, including its front office directorates and senior management, organizing activities and delineating responsibilities in an efficient way. The Bank aims to provide each employee with the opportunity to acquire the

knowledge and develop the required expertise to undertake proficient and better sustainability-related decisions.

The Bank implements and rigorously complies with the best guiding principles of responsible business conduct based on the strict requirements of accountability, responsibility, transparency and fairness corporate behavior and its underlying practices. The Bank expresses zero-tolerance for any actions and practices that violates or could potentially infringe ethical and moral standards, and expects the same attitude from all of its counterparties and stakeholders.

The Bank improves its internal regulatory framework and associated documents, including those related to project activities in order to align them with the consolidated and emerging sustainability market standards. The Bank systematically enhances the processes of risks identification and mitigation in investment activities as well as explores new projects with a perspective positive impact.

Whenever required, the Bank aims to update its strategy, country strategies as well as revise its industry portfolio priorities also upholding key sustainability aspects and their influence on emerging risks, opportunities and perspectives of the Member States.

Principle 2. ESG risk management as an integral pillar of the Bank's activities

The Bank abides by the legislative requirements of its Member States, considering the best practices of investment activities from leading multilateral development banks and financial institutions in environmental, social, governance (hereinafter, "ESG") risks management, harnessing the latest available scientific knowledge and key market-based approaches, assimilating ESG considerations into its risk management architecture, core business, operational and financing activities, and investment policy.

The Bank intends to undertake a comprehensive approach to assess the exposure of the new projects and business streams to ESG risks. The Bank is guided by the task to provide stringent due diligence and monitoring oversight procedures throughout the lifetime of a project. This framework allows a timely application of possible measures to eliminate the adverse impacts of a project, and the optionality for divestment deliberations to prevent impacts, proactively informing stakeholders about inherent sustainability risks and the corresponding mitigation actions.

The Bank seeks access to ESG-related data in a recurring and ad-hoc fashion for the fulfillment of its risk management and oversight duties throughout the project cycle, thus providing a robust accountability and transparency approach of the impacts of the Bank's investments.

The Bank aims to implement tools that allow ensuring the long-term sustainability of projects including its environmental safety and social well-being contributions in order to maintain the effects of the portfolio well-balanced.

The Bank reserves its right to not knowingly finance either directly or indirectly through financial institutions, nor provide any type of technical and non-financial support for projects, business and economic activities that are not compliance with environmental, ethical, or social requirements and criteria based on the Bank's values. This approach intends to both prevent controversies and mitigating risks with negative consequences, and contribute for an ethical and responsible financing in Eurasia.

Principle 3. Financing a meaningful sustainability impact

The Bank demonstrates adherence to the principles of sustainable development both in its internal processes and in project financing. The Bank contributes to the green and fair transition in the Eurasian region. The EDB aims to maintain dialogue on sustainability-related policy and regulatory frameworks development and enhancement with the key agents at the international, regional and national markets, refine its investment products offer, streamline new and enduring funding sources, attract funds from the international funds and via green, social and other sustainability-labelled debt instruments. The Bank contributes to the growth of climate investments in the region, and aims to constantly increase the share of projects with the net positive environmental and social impacts in its investment portfolio.

The Bank develops and fosters the growth of new sustainable finance instruments and supports creating the conditions to meet the demand of the Eurasian market. The EDB supports the development of climate financial instruments and market-based innovation solutions, as well as provides ready-made offerings, including but not limited to public-private partnerships, grants, loans, among others.

The Bank ensures compliance of the sustainable projects that it finances with the premier global market-driven principles, standards and guidelines of sustainable finance, and the integration with national and regional green taxonomies, avoiding greenwashing risks or any other deliberate misrepresentation of public and non-public information. The Bank considers the climate commitments of its Member States, contributing for the achievement of the nationally determined contributions (NDCs) within the Paris agreement and balancing between the climate transition and socioeconomic priorities towards the achievement of the UN SDGs.

Principle 4. Supporting Member States and clients in their sustainability journey

The Bank provides support for its Member States, clients and stakeholders in advancing long-term climate projects, in improving investment cycle of high-impact green projects, in their consistent progress towards the UN SDGs and Paris agreement provisions. These projects sustained across multiple sectors and business activities in Eurasia will inspire the economy-wide transformation towards an environmentally resilient, climate-neutral and fair future.

The Bank expands its technical and financial assistance for a fast-track execution of projects that contribute to the transition towards greener and more competitive business models. These projects include industrial and infrastructure modernization, resource-based efficiency programs of the main carbon-intensive sectors, which are currently an essential pillar of the Eurasian economy and are highly exposed to the risk of becoming stranded assets due to decarbonization policies. Thereafter, these measures will reduce the risk of expansion of high-carbon industries, extend the applicability of credible decarbonization pathways and science-based approaches to climate action.

The Bank facilitates the growth of investments in technologies, research and development in low-emission and nature-based solutions and projects with sound sustainability effects that can support the Member States to achieve net-zero targets within the declared timeframe. In addition, the EDB performs its own sustainability-related applied research and analytical reviews of the state and opportunities of low-carbon transition and sustainable development in the Eurasian region.

The Bank advances its strategic partnerships with international organizations, including UN-led organizations, financial institutions and development banks, public and private sector organizations, funds and non-governmental organizations, academia and think tanks, and other sustainable development partners. Strengthening bilateral and multilateral cooperation frameworks contributes to the exchange of experiences, capacity building, providing joint analytical research and creating innovations, as well as increasing the mobilization of sustainable resources and advancing sustainable development in Eurasia.

The Bank adheres to the principle of an open dialogue with all the stakeholders in the execution of its financing projects, facilitating an equitable, transparent and inclusive consultations and hearings with government authorities, civil societies and non-governmental organizations, local communities, and other interested parties, contributing for its decision-making process. This pathway includes the enablement of a grievance mechanisms and the responsiveness, tackling shared feedback, concerns and contributions of the related stakeholder representatives, in particular with environmental and social implications.

Principle 5. Managing our own operations and impact

The Bank strives to cultivate a corporate culture built on values and focused on the highest standards of ethical and respectful business conduct and integrity, as well as transparency and accountability at all levels and in all business processes. The Bank encourages the enablement of a vibrant and inclusive working environment that fosters the sense of a strong ownership culture, builds-up an inclusive leadership, increases creativity and innovation for the highest performance and excellence. The EDB creates open channels of communication that stimulate meaningful dialogue and exchange of ideas between stakeholders from different areas and with different viewpoints.

The Bank outlines a comprehensive human capital development strategy, investing its resources in programs and incentives to attract retain and promote the best talented, engaged and productive employees. The Bank acknowledges high value in attracting people with distinguished intellectual backgrounds, qualifications, cultural identities and perspectives, and commits to equity, diversity, inclusion and human rights principles, which together are the basis for long-term competitiveness.

The Bank invests in the continuous development and technical capacitation of its employees, supporting the organization to achieve its strategic goals. In addition, the EDB follows advanced standards of occupational health and safety, as well as creates favorable working conditions to ensure the well-being of its employees.

The Bank aims to raise awareness of the socio-environmental literacy of its employees and executive leadership, providing access to knowledge and educational resources, incentivizing the transformation towards a sustainable mindset. The Bank encourages business and personal actions to reduce environmental and climate footprints, generating a multiplier effect from the positive contributions of each conscious and responsible individual and its influence on the planet and society at large.

The Bank leads by example as a sustainability-led organization, embracing best-in-class practices of green offices and environmentally friendly buildings, aiming to assess its own environmental footprint and become carbon neutral in its operations, exploring the use and availability of more eco-friendly goods, minimizing its reliance on non-recyclable and single-use goods and packaging.

The Bank also fosters sustainable procurement procedures by screening and engaging with a diversified base of responsible suppliers, prioritizing available offerings of locally sourced vendors and products, optimizing business events and travel needs, leveraging the resource of online meetings.

The Bank considers the availability of clean and renewable energy sourcing from utility providers and aims to switch to energy-efficient and saving processes and electrified vehicles. Whenever possible, the Bank uses natural lighting, heating, ventilation and cooling to reduce the energy consumption while providing thermal comfort and air quality for its employees, third-party contractors and visitors.

The Bank also enhances its waste management practices by implementing separate waste collection, recycling, water efficient solutions, managing e-waste in a responsible way, reusing supplies and materials whenever possible, and taking other prospective measures to reduce the amount of waste generated.

Principle 6. Keeping responsible to all the stakeholders

The Bank is guided by the principle of disclosure of its sustainability performance and progress, ensuring that the high quality, objective and understandable information is made publicly available and easily accessible to all stakeholders in a transparent and timely fashion. The Bank ensures open access to all its official means of communication in order to increase the stakeholder engagement and participation, feedback process and sharing of insights.