



Eurasian Development Bank

# The 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

**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 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 Institution, FI** Bank or other financial institution registered and operating in accordance with the national legislation of member states applicable to the Bank and having all necessary permits, approvals and licenses (if needed)

## 1.3. Terms and definitions used exclusively in this Internal Regulatory Document

<b>Project Initiator</b>	A legal entity that has applied to the Bank for project financing, for which the Bank is taking measures to consider the possibility of financing
<b>Project</b>	A set of activities carried out over a certain 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
<b>Environmental Impact Assessment (EIA)</b>	The procedure established by the laws of the participating States to identify, predict, assess and mitigate environmental, social and other impacts of the project prior to the decision to proceed with its implementation and to make related commitments
<b>Sub-Borrower</b>	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
<b>Sub-Project</b>	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
<b>Sustainable development</b>	The development of a society in which meeting current needs does not undermine the ability of future generations to meet their own needs
<b>Financial agreements</b>	Agreements entered into by the Bank within the framework of project financing, including a framework agreement on granting a credit line, loan agreement, collateral agreements, agreements with the account bank and other agreements
<b>Environmental and social analysis</b>	The Bank's procedure for analysing and assessing the project proposed for Bank financing in terms of its possible environmental and social impact and environmental and social contributions
<b>Baseline scenario</b>	The hypothetical state of the world and environmental and social indicators if 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/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 the environment and/or society compared to the baseline scenario in which the project is not implemented

**Environmental and social contributions**

Positive impact of the project on the environment, society, governance quality (if applicable and possible to assess) compared to the baseline scenario if the project is not implemented

**Indigenous people and vulnerable population groups**

People with a 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**

Areas where 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**

A 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 the gravity, urgency and scope of risks or impacts they are intended to address

## 2. INTENDED USE AND SCOPE

### 2.1. Intended Use

This Framework 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 Revision

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 IRD (Internal Regulatory Document) governing environmental and social aspects of the EFSD' activities in due course.

2.2.2. The owner of this Framework is the Directorate of Sustainability. The co-owners of this Framework are the project Directorates and project directorates of the EFSD.

2.2.3. These Regulations shall be revised as necessary, as well as analysed for the necessity of changes or invalidation 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, at improving living standards of the population, employment and social security, as well as promoting more efficient use of natural resources and improving the environment.

### 3.2. Framework Purposes and Applicable Standards

3.2.1. The Framework serves the following purposes:

- to mitigate the potential adverse and enhance the potential positive environmental and social impact of the Bank's investment activities;
- to incentivize Borrowers to duly develop and maintain environmental and social risk management systems and to promote their use of best sustainability practices;
- to factor in public opinion as regards the environmental and social impact of a project when making decisions to finance and implement projects;
- to assess environmental and social risks of projects and to take them into account in the Bank's investment activities;
- to align the Bank's approach with the best practices of multilateral development banks and promote co-operation within the region of operations, and to define the roles and responsibilities of both the Bank and Borrowers when financing projects in accordance with the Framework;
- to ensure that Borrowers take timely actions to prevent adverse environmental and social impacts prior to, or at least in the early stages of the project.

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

- [The Bank's Strategy for 2022–2026](#);
- The Bank's Country Strategy for 2022–2026 in the Republic of Armenia;
- The Bank's Country Strategy for 2022–2026 in the Kyrgyz Republic;
- The Bank's Country Strategy for 2022–2026 in the Republic of Belarus;
- The Bank's Country Strategy for 2022–2026 in the Republic of Kazakhstan;
- The Bank's Country Strategy for 2022–2026 in the Russian Federation;
- The Bank's Country Strategy for 2022–2026 in the Republic of Tajikistan;
- [The Bank's Sustainability Principles](#).

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



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. In that case, the environmental and social requirements of the Financial Institution that has the more stringent requirements are 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. In accordance with the Regulation on Investment Activities, the Bank reserves the right to limit the financing of activities that may have an adverse impact on the environment and/or society.

3.2.5. The Framework was 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.

3.2.6. The Bank takes into account regional and international best standards and practices utilized by development financial institutions for management of key social and environmental risks and challenges specific to the member states. 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 the International Labour Organisation 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 environmental and social aspects, the analysis is subject to the Framework for the corporate governance aspect, the analysis is subject to [the Compliance Policy](#).

The Bank analyses the environmental and social impacts and risks of the project, the adequacy of mitigation measures taken or planned 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 analysis is to prevent or mitigate environmental and social adverse impacts of Projects financed or planned to be financed, and to enhance the positive environmental, social and governance impacts of the Bank and its Projects.

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

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

1. Preliminary assessment
2. Environmental and social effects assessment
3. Categorisation and memorandum preparation
4. Regular monitoring of environmental and social 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

In the client search stage, the Bank screens the project proposed for financing against the Exclusion List contained in [Annex I](#). Projects corresponding to the excluded types of activities are not eligible for financing, except for cases specified in [Section 3 of Annex I](#).

### 4.2. Assessment of Environmental and Social Effects

4.2.1. If the project is at an early stage of implementation, does not have sufficient documentation and is preliminarily compliant with the Environmental and Social 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 project analysis, the Environmental and Social Contributions Data Collection Questionnaire. The Borrower completes the Questionnaire within the timeframe specified individually, but no later than when the project is released for the Bank Credit Committee's review, and submits the completed questionnaire to the Bank.

4.2.2. 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 II](#), 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 ([Annex III](#)). 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 for review. If necessary, the Borrower may return to the Bank with additional documents, information, or to ask further questions.

4.2.4. In accordance with the project Cycle Regulations, the Bank:

- assesses the project’s compliance with the EDB’s Environmental and Social Safeguards in accordance with [Clause 4.2.5](#) 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 4.2.5.4](#).

4.2.5. **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 assesses compliance with Safeguards on its own or engages third-party experts when it is economically feasible to do so on a case-by-case basis.

4.2.5.1. 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.

4.2.5.2. 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. For projects within the Agro-industrial sector, Mining industry, Transport, Chemical industry, Energy, Machinery industry, Metallurgy, and Construction, Safeguards were developed that reflect the most significant risks to the relevant industries.

4.2.5.3. If there is insufficient data to conduct the Safeguards assessment of the selected most significant risks and the Borrower fails to provide documentation and data to definitively determine compliance with the Safeguards, the Bank considers the absence of such data as a risk factor for adverse environmental and/or social impacts.

4.2.5.4. If confirmable negative environmental and/or social impacts or insufficient measures taken or to be taken on the project are identified, the expert opinion in accordance with [Clause 4.3.4](#) shall include:

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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.

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

4.2.5.5. Compliance with the Safeguards is assessed using a specially designed checklist. Questions in the checklist address environmental and social impacts that either should not occur in project activities or adequate measures should be in place to mitigate and prevent them.

## 4.3. Project Categorisation 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 categorisation depending on the social and environmental footprint<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, and leasing of property to Sub-borrowers.

4.3.3. All projects, irrespective of their category, must comply with the Bank's above-mentioned environmental and social requirements and commitments.

4.3.4. The Bank's Directorate of Sustainability prepares a memorandum summarizing assignment of the category to the project and the 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 a 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.

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

## 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 the final decision to provide financing, the Bank conducts regular monitoring of the environmental and social impacts of the project, the terms and frequency of which is determined by the Bank's internal decision. In order to monitor environmental effects, the Bank's experts may request a site visit and engage an external consultant.

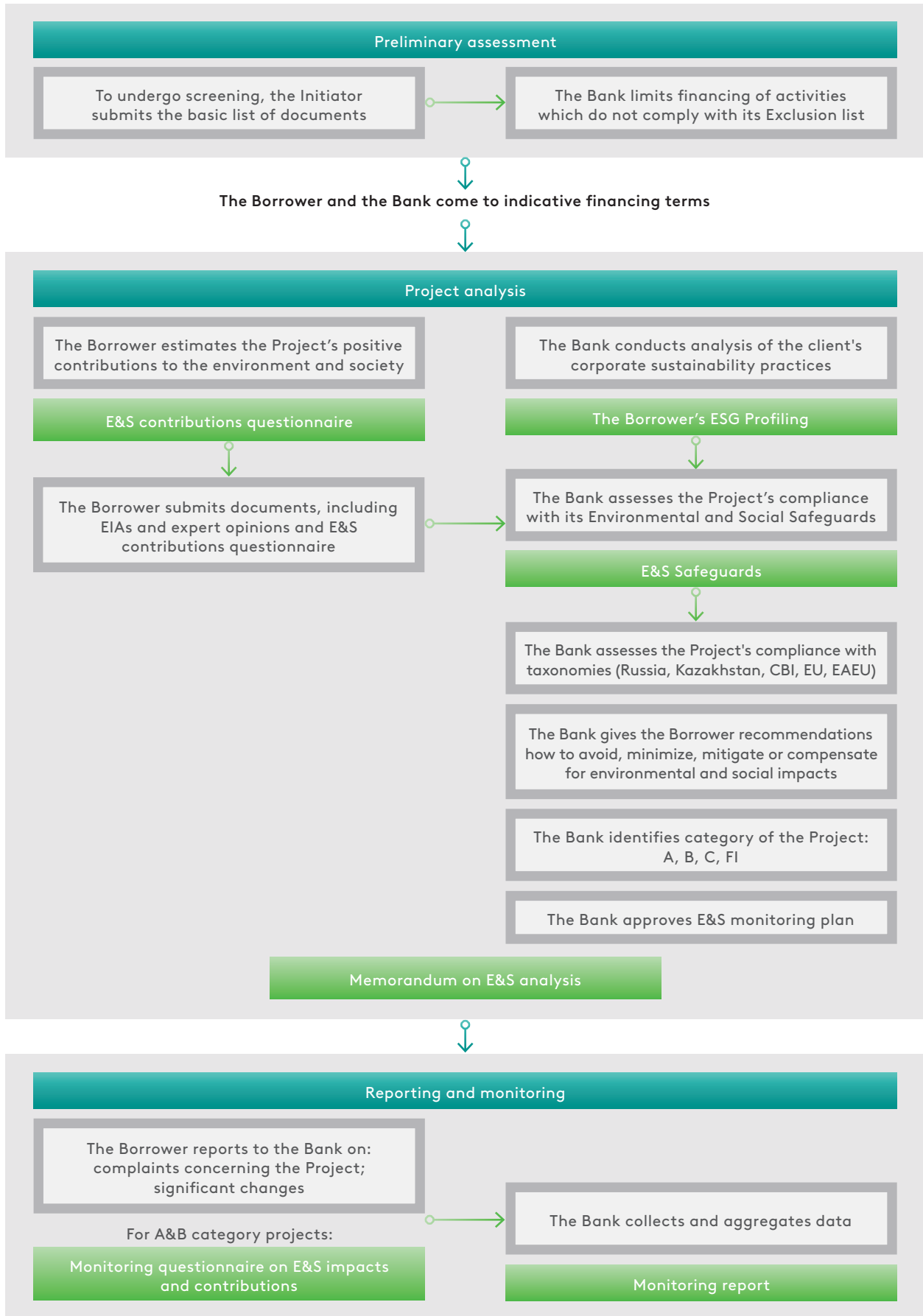
4.4.2. The Borrower provides the Bank with information on environmental and social impacts and contributions resulting from the projects of "A" & "B" category on a regular basis by submitting the completed EDB Monitoring Questionnaire on environmental and social effects in accordance with [Annex V](#).

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;
- 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 the monitoring procedure of the Framework and prepares a 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. For the projects included in Category A, the Initiator/Borrower shall conduct an EIA.

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:

- description of the project and its objectives;
- description of reasonable alternatives to the project, including a 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;
- 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. To provide, given the scale and terms of project implementation, information and documents stating the following:

- objectives, main organisational 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;
- significant environmental and social impact of Project-related activities;
- measures undertaken and proposed to prevent, mitigate, or compensate for the most significant adverse impacts;
- methods used or planned 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;
- 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, to provide the Bank's employees with access to the proposed project site;

5.2.2.3. To 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 the 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:

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

- preventing the financing of activities listed in [Annex I](#), including the provision of machinery and equipment for lease for the conduct of the activities listed in [Annex I](#);
- 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;

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

5.4.1.3. Confirming on a regular (annual) basis that this Framework is complied with, when Sub-projects are being considered and financed using 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 significant sustainability risks and provides expert opinion on the project's compliance with the Bank's goals and commitments in accordance with the directive 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 categorisation;
- prescribes recommendations;
- conducts monitoring on a regular basis;
- maintains and updates the Framework as necessary in accordance with [Clause 2.2.3](#) of this 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.

# ANNEX I. ENVIRONMENTAL AND SOCIAL EXCLUSION LIST OF THE EURASIAN DEVELOPMENT BANK

## 1. Activities prohibited by legal and regulatory systems and other observable applicable standards

The EDB will not knowingly finance certain projects where the Bank's proceeds are used directly or indirectly 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 labour, child labour, systematic/discriminatory labour law violations, or human trafficking.
- 1.2. Ozone-depleting substances.
- 1.3. Persistent Organic Pollutants.
- 1.4. Unbonded asbestos fibres or asbestos-containing products and materials.
- 1.5. Pharmaceuticals banned by the World Health Organisation, pesticides, herbicides, and other toxic, hazardous products or substances.
- 1.6. Wildlife products (animals and/or plants) in violation of the law or 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 by ratified international conventions and agreements relating to the protection/conservation of biodiversity, ecosystems, natural habits or cultural 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 requirements of the International Maritime Organisation.
- 1.10. Illicit activities involving human organs, tissues or derived products of the human body, or genetically modified organisms.
- 1.11. Illicit trade or activities that facilitate the unlawful trafficking of cultural property.

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

The EDB will not provide financing to Projects involved with the production, exploration, manufacture, supply and/or trade of products whose purposes are inconsistent with and do not contribute to 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 activities, 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. These activities or products include:

### 2.1. Defence industry:

- weapons, small arms and ammunitions;
- goods, systems, materials, components, vehicles and/or other military equipment, including infrastructure and/or research and technology.

2.2. Production or trade in radioactive materials, extraction and production of uranium for use in the nuclear industry.

2.3. Thermal coal mining 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, that are enormously harmful to vulnerable and protected species and damaging to marine biodiversity and natural 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. Creation of pornography.

2.10. Gambling establishments, casinos and enterprises related to them.

2.11. Discriminatory, racist and/or anti-democratic media and content<sup>4</sup>.

2.12. Projects contrary to human rights.

2.13. Projects affecting the ownership of territory or land, or claimed for adjudication by indigenous peoples that do not consider the provision of documented Free, Prior, and Informed Consent.

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

2.14. Forced resettlement (UN Declaration of Human Rights) that may occur on the site of the project or be linked to the purpose of the project, thereby making it impossible to provide material remediation/compensation.

2.15. Exploitation of diamond mines and marketing of diamonds in countries that have not adhered to the Kimberley Process.

### 3. Permissible exceptions

3.1. The Bank allows financing of the activities specified in [Clause 1.4](#) and reserves the right to assess them individually for each Project, on a case-by-case basis, and will prioritise safer, non-fibre, low-hazard materials, economically and technologically viable substitutes, alternatives that could entirely replace the use of asbestos.

3.2. The Bank is not obliged, but allows financing of activities in [Clause 1.5](#) and reserves the right, but not the obligation, to consider additional exclusions, according to each Project, on a case-by-case basis, based on the most current information available at website of the Rotterdam Convention.

3.3. The Bank allows financing of activities in [Clause 1.7](#) if the project is focused on solutions for environmental restoration, conservation and protection.

3.4. [Clause 1.9](#) shall be most applicable to the Russian Federation, but is also taken into account for projects and operations in other land-locked member states, as those countries might provide transit routes, infrastructure for the transportation of resources and goods from neighbouring countries as well.

3.5. The Bank allows financing of activities in [Clause 1.10](#) and reserves the right to consider the financing of GMOs (Genetically Modified Organisms) for each Project, balancing the potential socio-environmental risks and benefits, on a case-by-case basis, in the absence of any legislation in member states that explicitly prohibits 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 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 [Clause 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, including the absence of feasible sustainable alternatives, the expertise of the project, the contribution to improving the environmental characteristics of the project, economic viability and/or alignment with the national priorities of the country where the project is being implemented. The Bank will give preference to Projects in areas and/or facilities that have been previously used for economic activities and are not undisturbed natural areas, including Projects to modernize facilities and introduce more efficient technologies.

3.8. The Bank allows financing of activities in [Clause 2.5](#) and reserves the right to consider financing of the production or trade in wood or other forestry products that are produced

by rationally (sustainably) managed forests/activities (standards, certifications, etc.) or that are in the process of achieving this status, according to each Project, on a case-by-case basis, 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. That said, the preference and priority for the Bank would be essentially weighted in favour of rationally (sustainably) managed, proven/certified, sustainable alternatives and the support of new/advanced technologies. The EDB welcomes brownfield projects that would aim at transitioning from non-sustainably managed forests/activities to sustainably managed alternatives.

3.9. The Bank allows financing of activities in [Clause 2.6](#) and reserves the right to consider the financing of new landfill sites/related infrastructure according to each Project, on a case-by-case basis, primarily in exceptional circumstances in the absence of viable sustainable alternatives, given a 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 favour of greener waste disposal alternatives and emerging, advanced technologies. The EDB welcomes brownfield projects with solutions that would aim at transitioning landfills to more sustainable and renewable alternatives, contributing to the landfills' orderly and environmentally safe phase-out.

3.10. The Bank reserves the right, but not the obligation, to consider additional exceptions, according to each Project, on a case-by-case basis.

# ANNEX II. TEMPLATE FOR ENVIRONMENTAL AND SOCIAL CONTRIBUTIONS QUESTIONNAIRE

	Contribution	Unit of measurement	Approximate contribution
	<b>1. Environmental and climate contributions</b>		
<b>1.1</b>	<b>Cutting greenhouse gases (GHG) emissions</b>		
	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	
<b>1.2</b>	<b>Energy efficiency</b>		
	Annual fuel savings	Gigajoules/year	
	Annual heat and electricity savings	Gigajoules/year	
<b>1.3</b>	<b>Land use</b>		
	Area of recovered farmland	ha	
	Area of recovered forests	ha	
<b>1.4</b>	<b>Renewable energy</b>		
	Annual production of renewable energy	MWh/year	
	Annual use of renewable energy	MWh/year	
<b>1.5</b>	<b>Reducing pollution</b>		
	Annual reduction of effluence discharged into water bodies	t/year	
	Annual reduction of emissions discharged into the air	t/year	
	Area of soil remediation at the project site	ha	
<b>1.6</b>	<b>Resource efficiency</b>		
	Annual water saving	m <sup>3</sup> / year	
	Annual materials saving and reduction of waste generation	m <sup>3</sup> / year	
<b>1.7</b>	<b>Waste management</b>		
	Annual volume of waste disposal	t/year	
<b>1.8</b>	<b>Any other impact</b>		



	Contribution	Unit of measurement	Approximate contribution
<b>2. Social contributions of the project</b>			
<b>2.1</b>	<b>Safe labour conditions</b>		
	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 OHSAS 18001 and/or ISO45001	units	
	Number of employees who received health & safety, anti-corruption training	people	
<b>2.2</b>	<b>Creation of jobs</b>		
	Number of jobs created at the investment stage (assessment of direct and indirect impact)	units	
	Number of jobs created at the operational stage (assessment of direct and indirect impact)	units	
	Share of jobs for local residents in the total number of jobs created at the investment stage	%	
	Share of jobs for local residents in the total number of jobs created at the operational stage	%	
	Turnover rate last year (number of workers who left / average number of workers)	%	
<b>2.3</b>	<b>Benefits for society</b>		
	Number of people who will gain access to social facilities (healthcare / education / sport / culture)	people	
	Reconstruction/modernisation of public facilities, to infrastructure (roads, bridges, crosswalks, etc.)	m <sup>3</sup>	
<b>2.4</b>	<b>Local engagement</b>		
	Share of procurement from local suppliers at the investment stage	%	
	Share of procurement from local suppliers at the operational stage	%	
<b>2.5</b>	<b>Diversity within staff</b>		
	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	

	Contribution	Unit of measurement	Approximate contribution
<b>2.6</b>	<b>Related country- &amp; regional-level contributions</b>		
	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	\$	
<b>2.7</b>	<b>Any other impact</b>		
	<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 labour 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	

# ANNEX III.

## QUESTIONS FOR THE BORROWER'S ESG PROFILING

### 1. The company's commitment to sustainable development

Identify which of the following initiatives in sustainable development the company supports:

- UN Global Compact
- National development goals and UN SDGs
- ISO 9000 Quality management system
- ISO 14001 Environmental management
- ISO 45000 Occupational health and safety
- National initiatives in sustainable development (please specify in comment section)
- International initiatives in sustainable development (e.g. UN, OECD, etc; please specify in comment section)
- Other

Does the company participate in any external working groups related to sustainability, climate change?

### 2. The company's ESG reporting and performance

Which of the following rating agencies rate the company's ESG performance?

- Sustainalytics
- MSCI
- RepRisk
- S&P Global
- Moody's
- ISS ESG
- Carbon Disclosure Project
- Other

Does the company publish a sustainability report or disclose sustainability information within its annual report?

Choose the applicable standards of non-financial reporting that the company uses:

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Carbon Disclosure project (CDP)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Other (please specify in comment section)

### 3. The company's ESG strategy and targets

Has the company developed an ESG/Sustainability Strategy?

Does the company set ESG targets?

Does the executive remuneration scheme of the company involve achievement of ESG KPIs?

Other

### 4. The company's climate action

Does the company have a climate-related strategy?

Has the company implemented a climate-related risk assessment system?

Does the company have projects aimed at reducing greenhouse gas emissions?

Does the company compensate for its greenhouse gas emissions through offsets?

Does the company publicly report emissions?

Does the company report on climate risks in accordance with the TCFD?

Other

### 5. Corporate governance quality

Does the company have an elected Board of Directors?

What committees under the Board of Directors are established in the company?

- An Audit Committee
- An Audit Committee headed by an independent member of the Board of Directors
- A nomination and/or remuneration committee
- Other

Check the documents related to ethics and compliance in force within the company:

- Principles of Responsible Business Conduct / Code of Conduct
- Action plan aimed at business continuity and (or) restoration of the organisation's operations in the event of abnormal and emergency situations
- Regulations on management bodies
- Anti-corruption policy
- Supplier Code of Conduct
- Other relevant document

## 6. Sustainability governance

Specify a position of a designated full-time employee responsible for sustainable development within the company.

What organisational unit in the company is responsible for sustainable development?

What collegial governance body in the company is responsible for sustainable development?

Has the company developed an ESG/sustainability policy?

Does the company have a policy on environmental, social and/or climate-related risk management?

Other

## 7. Approach to decent working conditions

Which document sets out the policy on non-discrimination based on gender, origin, religious and other views?

Does the company have an inclusion program for minorities?

Specify the company's target percentages of women and minorities.

Does the company have its own online training portal?

List the company's occupational health and safety policies and standards.

## 8. Participation in the sustainable finance market

Has the company ever used sustainable finance instruments?

- Green / climate bonds or loans
- Social / gender bonds or loans
- Sustainability bonds or loans
- Sustainability-linked bonds or loans
- Other

## **ANNEX IV.**

# **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 and to 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. Human resources and working conditions.**

- The project has designated measures to ensure safety in the workplace, in particular in the case of work 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 the affected population.
- The project does not overload the social infrastructure and does not hinder community access 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 the natural habitats of any species, including red-listed species, its activities do not result in significant conversion or degradation of ecosystems; otherwise, required measures are taken to prevent this.

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

- If indigenous people or and vulnerable population groups 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 the project.

## **Safeguard 8. Preservation of cultural heritage.**

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



# ANNEX V. MONITORING QUESTIONNAIRE ON ENVIRONMENTAL AND SOCIAL EFFECTS

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

All tables in the questionnaire should be filled in. If there are no 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 to be filled in for the last year for which information is available (right column) and for the year preceding it (left column).

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

## 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
		202_	202_		
1					
2					
...					

\* a 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.	Type of emission	Total amount of emissions, tons per year		Source of emissions	Established limit of permissible emissions	Measures taken to reduce emissions	Comments	Link to the normative document according to which the data are filled in
		202_	202_					
1	Nitrogen oxides (NOx)							
2	Sulphur oxides (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	Link to the regulatory document according to which the data are filled in
202_							
1							
2							
...							
202_							
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	Link to the regulatory document according to which the data are filled in
202_							
1							
2							
...							
202_							
1							
2							
...							

### 3.3 Water resources

No.	Type of emissions	Total amount of discharges*		Source of emissions	Established limit of permissible emissions	Measures taken to manage water resources	Comments	Link 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.	Type of waste	Total amount of waste	Name of temporary waste storage site	Waste management and/or recycling measures (activities)	Comments	Link to the regulatory document according to which the data are filled in
1	(List the main types of waste generated)					
2						
...						

## 4. Monitoring of impacts on land resources

No.	Type of impact (if applicable)	Source of emissions	Measures to address negative impacts	Comments	Link 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

No.	Social aspect	Indicators		Measures taken to prevent/ reduce and/or eliminate social impact / increase social contribution	Comments	Link to the regulatory document according to which the data are filled in
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	women			
5	Senior management structure by age:	men	women			
	Under 30					
	30-40					
	40-50					
	Over 50					



No.	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 past 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?			If the company does not have a corporate social policy, put «-»
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 decarbonisation strategy or other similar documents?
5. Have inspections by 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 Name, Last Name, Position)

**Date:** ..... **202\_**

**Signature:** .....



Eurasian Development Bank

**DIRECTORATE OF SUSTAINABILITY  
EURASIAN DEVELOPMENT BANK**

This document is the official translation. Original document has been approved in Russian by the Management Board of the Eurasian Development Bank (Minutes 1102 dated 12 January 2024).

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For more information on sustainability activities of the Bank, as well as a monthly ESG news digest in Eurasia, please visit the Eurasian Development Bank Telegram channel: [t.me/eabr\\_bank](https://t.me/eabr_bank).

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