Environmental and social policy of Eldik Bank OJSC

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CONTENT:

I. GENERAL PROVISIONS

1.1 This Environmental and Social Policy of Eldik Bank OJSC (hereinafter referred to as the Policy) has been developed for the purpose of implementing part of the strategy of Eldik Bank OJSC (hereinafter referred to as the Bank) aimed at the sustainable development of an effective system for managing environmental and social risks, reducing the negative environmental and social impact of the Bank's activities and those of its clients on the environment, and maintaining gender equality [1]in the selection of employees and servicing clients.

1.2 The Bank expresses its commitment to the goals and objectives of the National Development Strategy of the Kyrgyz Republic for 2018-2040, supports the United Nations Sustainable Development Goals, the Principles of Responsible Banking approved by the Finance Initiative of the United Nations Environment Programme (UNEP FI). The Bank strives to implement the stated goals and principles in its activities.

1.3 The Bank participates in lending programs financed by international financial organizations, within the framework of which it provides targeted loans that meet environmental and social standards, as well as in targeted government programs.

1.4 The Bank intends to develop cooperation with international organizations whose activities are related to the implementation of projects aimed at reducing (mitigating) the impact of and adapting to the consequences of global climate change.

1.5 In its activities, the Bank is guided by the requirements of legislation, as well as the recommendations of international financial institutions aimed at disseminating the principles of responsible banking and responsible investment.

1.6 The policy has been developed in accordance with the banking legislation of the Kyrgyz Republic and taking into account legislation in the field of environmental protection, including international conventions and resolutions to which the Kyrgyz Republic has acceded **(Appendix 1),** labor protection and social policy, ensuring equal rights and equal access for persons of different genders to banking products and services, as well as best international practices in matters of environmental and social responsibility.

1.7 The owner of this Policy is the Department for Sustainable Development (ESG).

TERMS AND DEFINITIONS

Environmental risks are potential negative consequences for a business that arise as a result of the impact (or perceived impact) of this business on the natural environment (i.e. air, water, soil). **environmental risks** implied any temporary or irreversiblechanges in the landscape, atmosphere, soil, water, flora or fauna as a result of

[1] **Gender equality** is the equal legal status of women and men and equal opportunities for its implementation, allowing individuals, regardless of gender, to freely use their abilities to participate in the political, economic, labor, social, public and cultural spheres of life.

activities Environmental risks can lead to liability, losses, damage to reputation, or other negative consequences for a business as a result of adverse environmental impacts.

Social risks are potential negative consequences for a business that arise from the impact (or perceived impact) of the business on communities of people (e.g. employees, customers, local residents).

– **Social risks** cover the following aspects:

(a) labor standards and conditions hiring;

(b) the impact on the situation of the local population, including its health, safety, gender equality, impact on indigenous peoples peoples and objects cultural heritage, as well as acquisition lands and possible application damage sources funds existence people in the result of designactivities, disproportionate impact on vulnerable groups/gender, forced resettlement, problems with availability of basic services.

– **Total risk** reflects balanced assessment environmental and socialrisks, related with certain regions (species) activities.

– **Sexual exploitation, abuse, and harassment (SEAH) refers** to a range of unacceptable behaviors that include sexual exploitation (the abuse of a position of vulnerability or power for sexual purposes), sexual violence (physical assault of a sexual nature), and sexual harassment (unwanted behavior of a sexual nature), as well as other forms of gender-based violence.

II. POLICY OBJECTIVES

2.1 The Policy defines priorities, standards, principles and methodology aimed at managing the impact of the Bank's activities and the Bank's clients on the environment, public health and safety.

2.2 The Bank's policy for the implementation of environmental and social development goals includes the following areas of activity:

- establishing the basic principles and methods for managing environmental and social risks in Bank financing;
- implementation of financial products aimed at positive impact on the environment;
- implementation of environmental and social standards that will enable monitoring of environmental impacts, improvement of working conditions and health of the Bank's employees, and annual reporting on environmental and social performance of the Bank and its clients;
- Ensuring a consistent and systematic approach to training the Bank's employees in order to:

(a) prepare them to perform functions on environmental and social risk management within the framework of the Bank's unified risk management system,

(b) to raise awareness among employees of the Bank's environmental and social responsibilities and the need to implement appropriate measures and actions related to this responsibility.

2.3 The policy defines the Bank's intentions to foster a culture of sustainable development both within the Bank and in its relationships with clients and partners, through:

- implementation of best international practices and standards in the field of social and environmental management;
- ensuring respect for human rights, non-discrimination, and gender equality in the provision of banking services;
- creation of decent working conditions;
- the introduction of new forms of work with the Bank's clients and partners aimed at raising the level of awareness in society of the importance of environmental and social factors;
- taking into account public opinion in the decision-making process affecting the Bank's environmental and social responsibility;
- supporting and encouraging activities aimed at reducing harmful impacts on the environment;
- prevention of environmentally harmful activities;
- integration of climate aspects (including adaptation to climate change and mitigation of its consequences), environmental, social requirements and principles of gender equality at the initiation and development stage of projects;
- development of economic activity within the reproductive capacity of the natural environment in order to preserve natural and restore damaged ecosystems [2];

[2] National Development Strategy of the Kyrgyz Republic for 2018-2040

- promoting the preservation of the rich diversity inherent in our country: natural, biological, as well as cultural, linguistic and historical.

2.4 The policy is aimed at organizing work in the following areas:
- development of a system for managing environmental and social risks in areas financed by the Bank;
- green financing, i.e. financial support for projects that have, along with financial efficiency, a positive environmental and social impact, for example, projects aimed at resource and energy conservation;
- developing products and services that contribute to positive environmental and social impacts;
- improving approaches to addressing issues of environmentally friendly resource consumption and social responsibility in the organization of the Bank's activities.

III. SUSTAINABLE DEVELOPMENT GOALS

3.1. The Bank subscribes to the 2030 Agenda for Sustainable Development adopted by the UN General Assembly and integrates sustainable development goals into its operations.

3.2. Given the specific nature of its operations, the Bank identifies 14 priority sustainable development goals, the detailed description, implementation methods, and achievement indicators of which are set out in the Bank's Sustainable Development Policy. In the event of discrepancies, the sustainable development goals set out in the Sustainable Development Policy of Eldik Bank OJSC apply.

IV. ENVIRONMENTAL AND SOCIAL FACTORS AND RISKS

4.1. The Bank takes into account the concept [3]that environmental and climatic factors of financial risks are divided into two key categories of environmental risks – physical and transitional climatic risks:
- Physical risks arising from exposure to extreme climate events (such as increased extreme weather events), sea level rise, loss of ecosystem properties (such as desertification, water scarcity, degradation of soil quality or marine ecology), and environmental incidents (such as major chemical spills or oil spills into the air, soil and water/ocean);
- Transitional climate risks associated with the gradual transition to sustainable development and arising as a result of human efforts to address environmental and climate challenges, including changes in government policy, technological breakthroughs, and changes in investor or public sentiment.

4.2. To assess the sources of the Bank’s financial risks, it is necessary to take into account the growing influence of environmental factors on the risks of organizations in various sectors of the economy (Table 1), as well as the channels for transmitting the influence of environmental factors on the risks of financial intermediaries (Diagram 1).

Table 1. Potential impact environmental factors on risks organizations various sectors economy[4]

Type of ecological factors	Risk description	Directions of potential impact of environmental factors
Physical risks	Short-term (extraordinary) risks: ▪ increase destructive force extreme natural phenomena, such How typhoons, floods, mudflows, etc. ▪environmental incidents, such as major chemical spills or oil spills into the air, soil, and water/ocean	▪ Reduction production capacities or violation of normal move production process (closing about production, transport problems, violations in supply and distribution chain, etc.); ▪ negative influence on work management by force and personnel policy (health and safety staff; truancy); ▪ write-off and early withdrawal of equipment and other assets (for example, damage to property and assets occupied in production with high level risk); ▪ increased operating costs (e.g., due to disruptions in water supplies to thermal power
	▪ Chronic risks: ▪ change in the profile of atmospheric precipitation; ▪ increase in unpredictability of weather changesconditions; ▪ increase in average temperatures; ▪ sea level rise;	

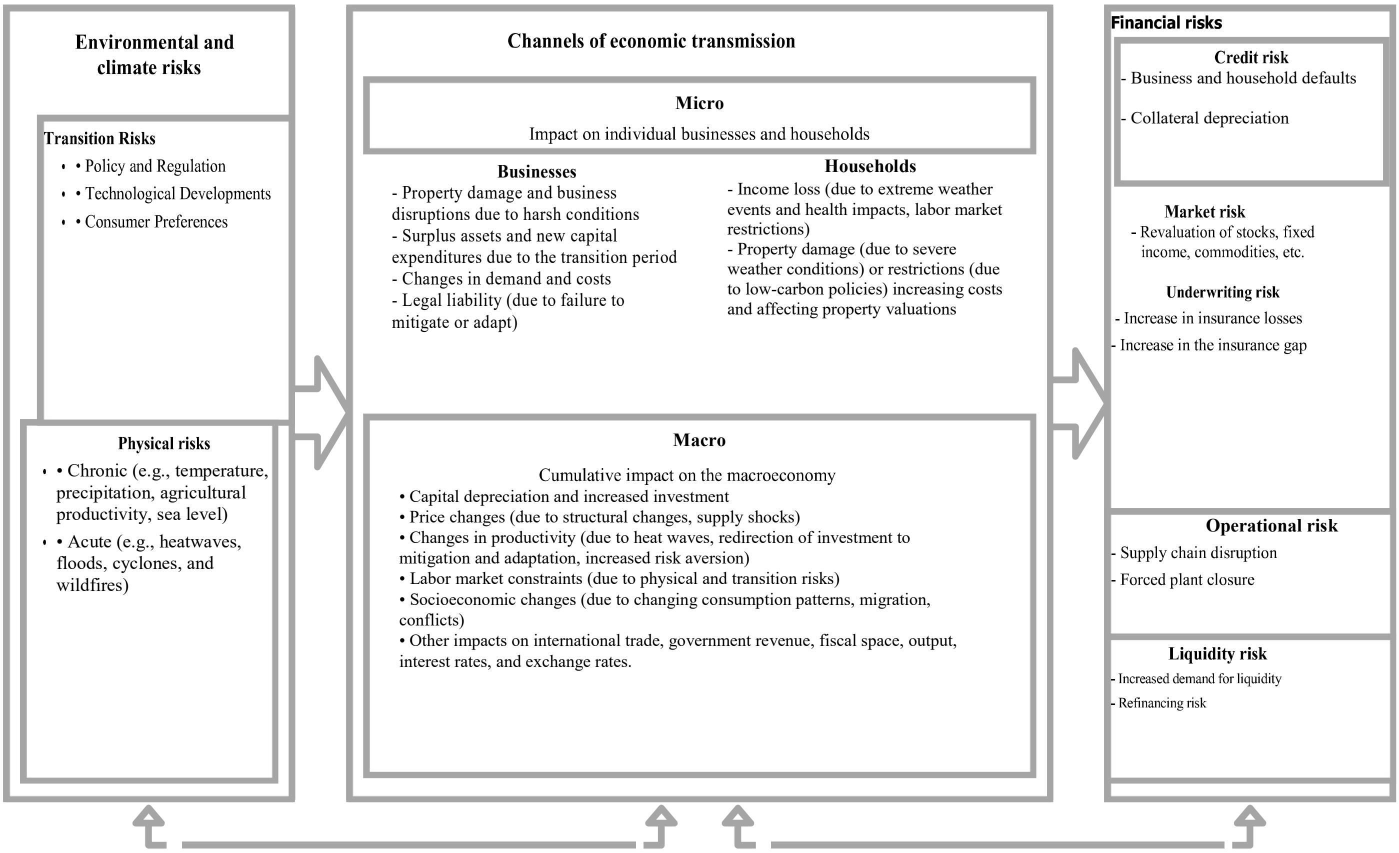
[3]Overview of Environmental Risk Analysis by Financial Institutions, NGFS Report, September 2020

[4] Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), 2017, concept which at present time integrated into the IFRS S2 standard " Disclosure climate - related information » (IFRS S2)

		plants or for cooling reactors at nuclear power plants); ▪ increased capital expenditures (e.g., due to damage to equipment, production buildings, and structures); ▪ decrease in revenue due to reduced production and/or sales volumes; ▪ increased insurance premiums or reduced availability of insurance for assets engaged in high-risk production;
Transitional climate risks, related to the transition to sustainable development	Legal and regulatory risks	
	▪ Increased fees and fines for greenhouse gas emissions; ▪ Tighter requirements for greenhouse gas emissions reporting; ▪ Tighter requirements for manufactured goods and services; ▪ Involvement in legal proceedings.	▪ Increased operating expenses (compliance costs); ▪ Write-off and early decommissioning of equipment and other assets due to changes in regulatory requirements; ▪ Asset impairment; ▪ Increased insurance premiums; ▪ Fines and other costs associated with litigation.
	Technological risks	
	▪ Replacement existing products and services new, providing decrease volumes greenhouse gas emissions; ▪ unsuccessful investments in new technologies; ▪ significant initial costs associated with the transition to new resource-saving technologies;	▪ Write-off and early repayment equipment withdrawal and other assets; ▪ reduction demand on existing products and services; ▪ growth of initial costs of research and development work in connection with necessity developments and implementation alternative technologies ▪ height initial capital investments in development new technologies ▪ height initial expenses on adaptation and accommodation new processes and technologies.
	Market risks	
	▪ Changing consumer behavior; ▪ uncertainty of market signals; ▪ increase cost raw materials;	▪ Reduction in demand for existing products and services due to with changes in consumer preferences; ▪ increase production costs in connection with change prices on raw materials (for example, on water and electricity) and requirements for manufactured products (for example, for waste disposal production); ▪ sudden and unexpected changes in energy costs; ▪ changes in structure and sources of income; ▪ the need for asset revaluation and the frequency of revaluation (e.g. fossil fuel reserves, land, securities papers etc.)
	Reputational risks	
	▪ Changes V consumer preferences; ▪ signs of stagnation in the sector; ▪ increase concerns and (or) negative reaction from partners and other stakeholders.	▪ Reduction in demand for existing products and services; ▪ reduction production capacities or violation normal course of the production process (closure of production facilities, delays in approving decisions, disruptions in supply and distribution chain etc.);

		▪ negative impact on workforce management and personnel policy (for example, on the ratio of new personnel recruitment and care on pension); ▪ decrease in capital liquidity.

Diagram **1. Channels of transition from environmental risks to financial risks**[5]



Environment and climate, and feedback effects in the economy
Feedback effects in the economy and financial system

4.3. The Bank intends to carry out ongoing work on:
- study, definition and classification of environmental factors that lead to financial risks, formation of a database of competent sources of environmental data;
- the study and application of new and effective tools and methods for identifying and assessing environmental and social risks;
- integration of processes, methods and results of environmental and social risk assessment into the Bank's overall risk management system.

V. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM

5.1. In order to implement this Policy, the Bank is developing a system for managing environmental and social risks in lending, within the framework of which a preliminary analysis of the activities of borrowers is carried out, an assessment and classification (categorization) according to the degree of environmental and social impact of their activities on the environment, the preparation of recommendations for reducing harmful impacts and periodic monitoring of the implementation of agreed measures, the environmental and social status of the financed project.

5.2. The methodological basis of the Bank's environmental and social risk management system is determined by international standards and guidelines developed for financial institutions on the organization of an effective environmental and social risk management system, including the current Guidelines for the Application of Performance Standards of the International Finance Corporation.

[5]Overview of Environmental Risk Analysis by Financial Institutions, NGFS Report, September 2020

5.3. When participating in the financing of projects with high environmental and social risks, the Bank is guided by the International Finance Corporation's Performance Standards on Environmental and Social Sustainability [6]:

Standard 1 – Assessing and Managing Environmental and Social Risks and Impacts: Emphasizes the importance of identifying environmental and social risks and impacts and managing environmental and social performance throughout the project life cycle.

Standard 2 – Labor and Working Conditions: Recognizes that the pursuit of economic growth through job creation and income generation must be reconciled with the protection of workers' fundamental rights. Employers, regardless of ownership, are obligated to take measures to ensure that working conditions are equal for individuals of both sexes, with the exception of specific work that may be performed by individuals of a particular sex.

Standard 3 – Resource Efficiency and Pollution Prevention: Recognizes that increased industrial activity and urbanization often result in higher levels of air, water and land pollution and that opportunities exist for efficiency improvements.

Standard 4 – Health, Safety, and the Environment: Recognizes that projects can provide benefits to communities but may also increase potential exposure to the risks and consequences of accidents, structural failures, and exposure to hazardous materials.

Standard 5 – Land Acquisition and Involuntary Resettlement: Applies to physical or economic displacement resulting from land transactions such as expropriation or contractual arrangements.

Standard 6 – Conservation of biodiversity and sustainable management of living natural resources: Promotes the protection of biodiversity and the sustainable management and use of natural resources.

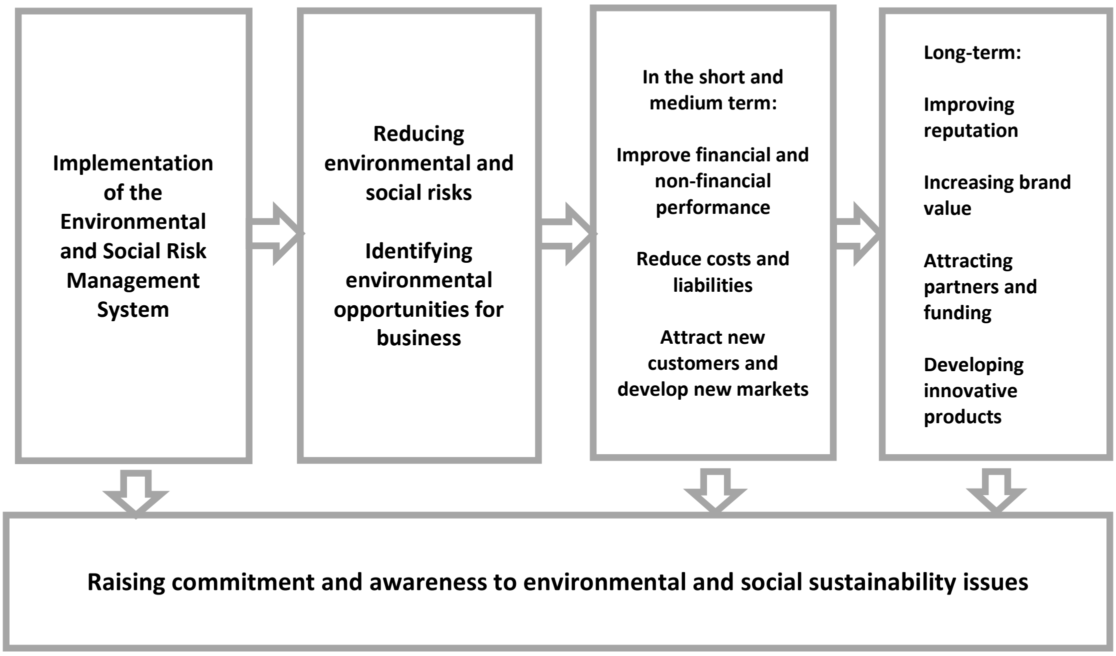
Standard 7 – Indigenous Peoples: Aims to ensure that the development process promotes full respect for the interests of indigenous peoples.

Standard 8 – Cultural Heritage: Aims to protect cultural heritage from the adverse impact of project activities and support its preservation.

5.4. Environmental and social risk management system should contribute to the long-term financial stability of the Bank, reduce its exposure to environmental and social risks, strengthen its competitive position, expand opportunities for development taking into account advanced trends and technologies, and improve the reputation of the Bank, pursuing not only financial results, but also the goals of environmental and social progress (Diagram 2).

[6] https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-ru.pdf

Diagram 2: Building Long-Term Sustainability Through Efficiency environmental and social risk management systems [7]



5.5. The Bank considers the environmental and social risk management system as an integral part of the overall risk management system, as it recognizes the significant impact that environmental and social factors can have on the aggravation of all risks inherent in banking activities, particularly negatively impacting the Bank's reputational risk.

5.6. To prevent negative impacts on the environment and society, the Bank strictly prohibits lending to and financing projects falling under the List of Excluded Activities. This List is an integral part of this Policy and is set out in Appendix 2. If a project is identified as falling under the Excluded Activities during the screening process, the Bank will deny financing, regardless of the financial performance and loan forecasts. For projects implemented under loan agreements, as well as projects financed by international financial institutions (donors), including development associations, the list of excluded activities is determined in accordance with Appendix 3.

5.7. All practical implementation of assessment and control processes is regulated by a separate internal regulatory document—the Methodology for Organizing the Environmental and Social Risk Management System at Eldik Bank. This Methodology establishes detailed regulations and the distribution of responsibilities among the Bank's structural divisions regarding:

- procedures for the initial verification of all incoming applications for compliance with the List of Excluded Activities;
- conducting comprehensive environmental and social audits and categorization of projects;
- application of gender screening mechanisms and risk assessment of sexual exploitation, violence and harassment;
- the procedure for applying the International Finance Corporation Standards to specific projects;
- development, implementation and monitoring of Environmental and Social Risk Management Plans for high-risk projects of the Environmental and Social Risk Management System;
- inclusion of mandatory covenants in loan/leasing documentation and provision of standardized periodic reporting by clients.

5.8. The Bank reserves the right to refuse financing (including when high financial results are projected) if the assessment determines environmental and social risks are critical and cannot be mitigated to an acceptable level. The Bank assists borrowers in preventing negative impacts at the early stages of project implementation and works to ensure their operations comply with legal requirements and state standards in the areas of environmental protection, health, safety, labor, human rights, gender equality, resource conservation, and social responsibility.

[7] https://www.ifc.org/content/dam/ifc/doc/mgrt/esms-handbook-general-2016-russian.pdf

5.9. The environmental and social risk categorization system allows for monitoring and assessing the Bank's exposure to environmental and social risks, aggregated at the loan portfolio level. The Bank may establish internal thresholds for overall risk exposure based on environmental and social risk categories or risk exposure by industry sector or type of transaction.

5.10. By informing Borrowers and imposing environmental and social requirements on them, the Bank facilitates the adoption of timely measures to prevent negative social and environmental impacts before the commencement or early stage of Project implementation. Information on these risks and their changes in the loan portfolio structure is used by the Bank in internal management reporting, and summarized data on environmental and social performance indicators is included in the Bank's annual financial statements.

VI. ORGANIZATIONAL STRUCTURE OF THE ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM

6.1. The implementation of the goals and objectives of the Environmental and Social Policy of Eldik Bank OJSC is ensured through coordinated interaction between the management bodies, specialized committees, structural divisions of the Bank and its subsidiaries.

6.2. The key participants in the organizational structure of the environmental and social risk management system are:

- Governing bodies and collegial bodies:
  - Board of Directors;
  - Risk Management Committee;
  - Committee on Sustainable Development;
  - Board of Directors of the Bank;
  - Credit committees (all levels);
  - Islamic Window Financing Committee;
  - Management Committee of Eldik Leasing LLC.
- Executive structural divisions:
  - Department of Sustainable Development (ESG) (as the owner and methodologist of the system);
  - Credit divisions of the Bank;
  - Risk Management Department;
  - Legal Department;
  - Islamic window;
  - Internal Audit Department;
  - specialists of Eldik Leasing LLC.

6.3. The operational responsibility matrix, clear distribution of functions and limits of authority of collegial bodies for approving Environmental and Social Risk Management Plans for projects of various categories are detailed and regulated by the Methodology for organizing the Environmental and Social Risk Management System at Eldik Bank OJSC.

6.4. All involved divisions and management bodies are responsible for performing their functions within the framework of the environmental and social risk management system in strict accordance with the Methodology for organizing the Environmental and Social Risk Management System at Eldik Bank OJSC, which ensures continuous monitoring of environmental and social risks throughout the life cycle of financed projects.

VII. IMPLEMENTATION OF SUSTAINABLE AND GREEN FINANCING

7.1. The development of green, social and combined financing instruments (including the issuance of sustainable bonds, the attraction of specialized loans and credits) is carried out in strict accordance with the strategic and operational framework established by the Sustainable Financing Policy of Eldik Bank OJSC.

7.2. The Bank defines green finance as the targeted use of funds exclusively for the financing or refinancing (in full or in part) of eligible investment projects that reduce the level of negative impact on the environment, improve energy efficiency, conserve resources, and mitigate and adapt to the consequences of climate change.

7.3. Classification, evaluation and selection of projects applying for the status of "green" or social are carried out on the basis of the criteria, impact targets and principles enshrined in the Sustainable Financing Policy of Eldik Bank OJSC, in conjunction with the requirements of national legislation and the Green Taxonomy of the Kyrgyz Republic.

7.4. Regardless of a project's compliance with green or social acceptability criteria, the Bank explicitly excludes from sustainable financing procedures any activities falling under the List of Excluded Activities established by this Policy. In the event of any discrepancies regarding restrictions, the List of Excluded Activities set forth in this Policy takes precedence.

7.5. The Bank is developing flexible terms for supporting clients and financing pilot projects with the expectation of achieving a confirmed and quantifiable environmental and social impact (Do principle) No Significant Harm), ensuring complete transparency in the distribution of funds and reporting to investors and partners.

VIII. ENVIRONMENTAL AND SOCIAL MANAGEMENT OF THE BANK

8.1. Environmental and social management is a management system that includes the organizational structure, planning, responsibility/accountability, methods and technologies, processes and resources for the development, implementation and analysis of environmental and social aspects of the Bank's activities.

8.2. Environmental and social management is based on international practices of financial institutions' contribution to sustainable development and provides for the implementation of a mechanism for recording and monitoring the Bank's environmental and social performance indicators.

8.3. Human resources policy and gender equality.
Social indicators are an integral part of the Bank's HR policy. To prevent all forms of inequality and discrimination, the Bank is guided by the Gender Equality Policy of Eldik Bank. The Bank's activities as an employer are aimed at:

- ensuring a fair recruitment process and preventing any form of direct or indirect discrimination;
- ensuring equal pay for equal work or work of equal value without distinction between genders;
- ensuring balanced gender representation at all levels of governance and supporting women's leadership;
- adherence to the principle of "zero tolerance" for sexual exploitation, violence and sexual harassment, creating a safe and respectful work environment.

8.4. Mechanisms for considering complaints and reporting violations.
The bank guarantees the availability of transparent, secure, and accessible channels for submitting complaints. These processes are regulated by two key documents:

- Interaction with clients and consideration of their complaints (including reports of sexual exploitation, violence and harassment by Bank employees) is carried out in strict accordance with the “Procedure for consideration of Applicants’ appeals to Eldik Bank OJSC”.
- Eldik Bank OJSC Whistleblower Policy. The Bank maintains strict confidentiality of whistleblowers' identities and guarantees their full protection from any form of retaliation, including dismissal or discrimination.

8.5. Monitoring and transparency.
The results of internal social and environmental performance indicators, data on progress in achieving gender equality, and summarized information on the operation of grievance mechanisms are regularly aggregated and published in the Bank's annual non-financial reporting (ESG report).

IX. ENSURING STAKEHOLDER ENGAGEMENT AND DISCLOSURE

9.1. The Bank intends to implement the practice of developing a stakeholder engagement plan that defines the mechanisms and channels of communication, responsible persons, and covers the following groups: investors, clients, contractors, public associations, government agencies, and individuals.

9.2. A key element of public engagement and the protection of the rights of individuals who may be directly impacted by Bank-financed projects is an effective external complaints mechanism. This process is fully regulated by an internal regulatory document, the "Procedure for Handling Applicants' Complaints at Eldik Bank."

9.3. In accordance with the approved Procedure, the Bank ensures that all individuals and legal entities have access to, secure, and strictly confidential channels for submitting complaints on environmental and social issues, including specialized procedures for reporting risks of sexual exploitation, violence, and harassment, and protection of complainants from any retaliation.

9.4. To ensure market transparency and inform investors, the Bank regularly discloses information on the distribution of funds raised and the environmental and social impact of projects. The procedure for compiling, verifying, and publishing this information is established by Eldik Bank's Sustainable Financing Policy.

9.5. All summary reports on the results of the functioning of the environmental and social risk management system, the implementation of sustainable initiatives and the operation of feedback mechanisms are annually posted in the public domain on the Bank's official website (www.eldik.kg) as part of the Annual ESG Report (Sustainability Report).

9.6. In cooperation with international organizations and climate funds that provide financial support for the implementation of climate change mitigation and adaptation programs (including the Green Climate Fund), the Bank unconditionally fulfills all its obligations to prepare, verify, and disclose specialized information in accordance with the requirements of international agreements.

9.7. Responsible supply chain (Interaction with counterparties).
The Bank integrates its sustainable development principles into its procurement system and supplier relationships. In accordance with the Eldik Bank OJSC Counterparty Business Ethics Code, the Bank expects its partners and suppliers to:

- strict observance of human rights, prevention of child and forced labor;
- compliance with standards in the field of labor protection, industrial safety and environmental legislation;
- renunciation of corrupt practices and unfair competition.

X. FINAL PROVISIONS

10.1. This Policy shall enter into force upon approval by the Board of Directors of the Bank and shall be subject to mandatory implementation by all structural divisions of the Bank and officials of the Bank who are participants in the described process.

10.2. If, as a result of changes in the current legislation of the Kyrgyz Republic, individual clauses of this Policy conflict with them, then until the relevant changes are made to the Policy, the provisions of the legislation of the Kyrgyz Republic shall apply.

10.3. The heads of the Bank's structural divisions are responsible for organizing the timely familiarization, study, application and use of this Policy by employees.

10.4. This Policy is subject to review by the Sustainable Development Department (ESG) at least once a year, as well as unscheduled when new risks or vulnerabilities are identified, based on the results of internal and external audits, based on the results of security incidents and in other cases requiring updating of the Policy.

10.5. When changing the organizational structure of the Bank, the functions of the divisions involved in this document shall be performed by the divisions to which these functions will be transferred in accordance with the new organizational structure.

10.6. Issues not regulated by this Policy are governed by the current legislation of the Kyrgyz Republic and regulatory legal acts, decisions of the Board of Directors of the Bank and other internal documents of the Bank.

10.7. This Policy, as well as all appendices, additions and amendments thereto, shall be approved and declared invalid by the Board of Directors of the Bank.

XI. APPENDICES

Appendix 1. Conventions and resolutions of the United Nations to which the Kyrgyz Republic has acceded[8]

Biological diversity

Law of the Kyrgyz Republic No. 40 dated July 26, 1996 “On the accession of the Kyrgyz Republic to the Convention on Biological Diversity”.

Law of the Kyrgyz Republic No. 140 dated 06.08.2005 “On the accession of the Kyrgyz Republic to the Cartagena Protocol on Biosafety and the UN Convention on Biological Diversity”.

Law of the Kyrgyz Republic No. 42 dated March 2, 2015 “On the accession of the Kyrgyz Republic to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity.”

Management and social relations

Resolution of the Zhogorku Kenesh of the Kyrgyz Republic No. 1402- XII dated 12.01.1994 “On accession to the Convention on the Rights of the Child”.

Resolution of the Zhogorku Kenesh of the Kyrgyz Republic 3 No. 320-1 dated January 25, 1996 "On the accession of the Kyrgyz Republic to the Convention on the Elimination of All Forms of Discrimination against Women"

Law of the Kyrgyz Republic No. 51 dated July 26, 1996 “On the accession of the Kyrgyz Republic to the Slavery Convention and the Protocol amending the Slavery Convention.”

Law of the Kyrgyz Republic No. 53 dated July 26, 1996 “On the accession of the Kyrgyz Republic to the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery.”

Law of the Kyrgyz Republic No. 22 dated March 19, 1998 “On the ratification of Convention No. 105 “On the Abolition of Forced Labor”.

Law of the Kyrgyz Republic No. 48 dated 03.03.2000 “On ratification of the Convention on the Protection of Investor Rights”.

Law of the Kyrgyz Republic No. 244 dated December 30, 2003 “On the ratification of Convention No. 182 of the International Labor Organization concerning the prohibition and immediate action for the elimination of the worst forms of child labor.”

Law of the Kyrgyz Republic No. 128 dated 06.08.2005 “On ratification of the UN Convention against Corruption, signed on December 10, 2003 in Merila (Mexico)”.

Law of the Kyrgyz Republic No. 34 dated March 13, 2019 "On ratification of the UN Convention on the Rights of Persons with Disabilities, adopted by the UN General Assembly on December 13, 2006 and signed on September 21, 2011."

Law of the Kyrgyz Republic No. 72 dated April 23, 2002 “On the accession of the Kyrgyz Republic to the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women.”

Environment and climate change

Law of the Kyrgyz Republic No. 85 dated July 21, 1999 “On the accession of the Kyrgyz Republic to the Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.”

Law of the Kyrgyz Republic No. 11 dated 14.01.2000, Law of the Kyrgyz Republic No. 11 dated 14.01.2000 “On the accession of the Kyrgyz Republic to the UN Framework Convention on Climate Change and the UNECE Convention on Long-Range Transboundary Air Pollution”.

Law of the Kyrgyz Republic No. 16 dated January 15, 2000 “On the ratification of the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer.”

Law of the Kyrgyz Republic No. 5 dated 12.01.2001 "On the accession of the Kyrgyz Republic to the Convention of the United Nations Economic Commission for Europe on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters."

Law of the Kyrgyz Republic No. 6 dated 12.01.2001 “On the accession of the Kyrgyz Republic to the Convention of the United Nations Economic Commission for Europe on Environmental Impact Assessment in a Transboundary Context.”

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[8] https://www.gov.kg/ru/p/conventions_un
https://www.gov.kg/ru/p/resolutions_un

Law of the Kyrgyz Republic No. 9 dated January 15, 2003 “On ratification of the Kyoto Protocol to the UN Framework Convention on Climate Change”.

Law of the Kyrgyz Republic No. 114 dated July 19, 2006 “On ratification of the Stockholm Convention on Persistent Organic Pollutants dated May 22, 2001, signed by the Kyrgyz Republic on May 16, 2002.”

Law of the Kyrgyz Republic No. 195 dated 05.12.2006 “On the accession of the Kyrgyz Republic to the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, signed on September 5, 1997 in Vienna.”

Law of the Kyrgyz Republic No. 7 dated 12.01.2015 "On the accession of the Kyrgyz Republic to the Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques, signed on December 10, 1976 in Geneva."

Law of the Kyrgyz Republic No. 125 dated November 11, 2019 "On ratification of the Paris Agreement under the UN Framework Convention on Climate Change, signed on December 12, 2015 in Paris."

Protection of cultural heritage

Law of the Kyrgyz Republic No. 116 dated July 19, 2006 “On the ratification of the International Convention for the Safeguarding of the Intangible Cultural Heritage, adopted by the General Conference of UNESCO on October 17, 2003 in Paris.”

Sustainable development

The report of the UN Secretary-General is dated 15.01.2016.

Annex IV Final list of proposed indicators for achieving the Sustainable Development Goals.

Resolution adopted by the General Assembly on 27 July 2015 Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda).

Resolution adopted by the General Assembly on 27 July 2012. "The future we want."

The Universal Declaration of Human Rights was adopted by UN General Assembly Resolution 217 A on December 10, 1948.

Resolution 73/232, adopted by the General Assembly on 20 December 2018. Protection of the global climate for present and future generations of humankind.

Resolution 70/1, adopted by the General Assembly on 25 September 2015. Transforming our world: the 2030 Agenda for Sustainable Development.

Resolution 71/313, adopted by the General Assembly on 6 July 2017. Work of the Statistical Commission relating to the implementation of the 2030 Agenda for Sustainable Development.

Resolution 69/283 adopted by the General Assembly on 3 June 2015. Sendai Framework for Disaster Risk Reduction 2015–2030.

Resolution 73/231, adopted by the General Assembly on 20 December 2018. Disaster risk reduction.

Appendix 2. List of excluded activities

The Bank does not knowingly finance, directly or indirectly through financial intermediaries, projects within the framework of which the allocated funds are used for activities that include the following:

a. The production or trade of goods, the provision of services, or the implementation of activities that are classified as illegal in accordance with the laws and regulations of the Kyrgyz Republic, international conventions and treaties, or are subject to withdrawal from international circulation or prohibition. Including:
   i. production or trade of PCB-containing products [9];
   ii. production or trade of [10]ozone-depleting substances;
   iii. production, use or trade of persistent organic pollutants [11];
   iv. trade in CITES-regulated [12]species of wild fauna, production of products from or trade in wild fauna species;
   v. transboundary transportation of waste prohibited by international law [13];
b. Activities prohibited by the legislation of the country where the project is being implemented or by international conventions on the protection of biodiversity or cultural heritage;
c. Manufacture of weapons and ammunition, with the exception of firearms for hunting and sporting purposes;
d. Production of alcoholic beverages (except beer and wine);
e. Growing tobacco, industrial production of tobacco products and trade in them;
f. Gambling, casinos, betting and similar enterprises, including on the Internet (online casinos);
g. Production or trade in radioactive materials. (This prohibition does not apply to the acquisition of medical equipment, quality control equipment, and measurement equipment where the source of radiation is considered insignificant and is adequately shielded);
h. production, sale and use of asbestos fibers, as well as products and mixtures with the deliberate addition of these fibers (not applicable to the purchase and use of asbestos boards where the asbestos content does not exceed 20%) [14].
i. Exploration and production of crude oil;
j. Coal exploration and production, excluding projects aimed at improving energy efficiency and reducing greenhouse gas emissions in the coal mining process.
k. Generation of electrical energy at installations that use (burn) coal, with the exception of projects aimed at increasing energy efficiency and reducing greenhouse gas emissions during the generation of electrical energy at such installations;
l. activities involving harmful or exploitative forms of forced labor [15]or harmful child labor [16].

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[9] PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. From 1950 to 1985, PCBs were commonly used in electrical transformers. with oil insulation, electric capacitors and switching equipment.

[10] Ozone-depleting substances (ODS): chemical compounds that react with stratospheric ozone and destroy it, resulting in the formation of the well-known "ozone hole." The Montreal Protocol on Substances that Deplete the Ozone Layer lists these substances, sets out the quantities and timeframes for their elimination.
The UN Environment Programme provides a list of chemicals contained in the Montreal Protocol, including aerosols, refrigerants, foam blowing agents, solvents, and fire extinguishing agents, along with the countries that are party to the Protocol and the target dates for their phase-out.

[11]Reference document: Stockholm Convention on Persistent Organic Pollutants and all subsequent amendments in force.

[12]CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora): Convention on International Trade in Endangered Species of Wild Fauna and Flora. The list of species included in CITES is available from the CITES Secretariat.

[13]Shipments of waste: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EU) 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste; Organisation for Economic Co-operation and Development Council Decision C(2001)107/ Final.

[14] Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) with regard to asbestos fibres (chrysotile).

[15]Any work or service, performed against one's will, which is exacted from a person under threat of force or punishment (International Labour Organization Conventions No. 29 and No. 105).

[16]Employment of children that is economically exploitative may be hazardous to the child's education or harmful to the child's health, physical, mental, spiritual, moral or social development (International Labour Organization Convention No. 182).

Appendix 3. List of excluded activities

a. The production or trade of goods, the provision of services, or the implementation of activities that are classified as illegal in accordance with the laws and regulations of the Kyrgyz Republic, international conventions and treaties, or are subject to withdrawal from international circulation or prohibition. Including:
   i. production or trade of PCB-containing products [17];
   ii. production of pharmaceutical products, pesticides/herbicides - Ammonium nitrate grade A, used for industry, as well as other hazardous substances, or trade in them [18];
   iii. production or trade of [19]ozone-depleting substances;
   iv. production, use or trade of persistent organic pollutants [20];
   v. trade in CITES-regulated [21]species of wild fauna, production of products from or trade in wild fauna species;
   vi. production and trade of waste prohibited by international law [22];
   vii. the production, distribution or sale of illegal, unregistered or counterfeit pesticides and agrochemicals [23], including the industrial use of Ammonium Nitrate Grade A for other purposes;

b. Activities prohibited by the legislation of the country where the project is being implemented or by international conventions on the protection of biodiversity, natural or cultural heritage;

c. Labor and human health:
   i. Industrial or other activities that knowingly involve causing harm to human health;
   ii. Use of forced labor or violent forms of labor exploitation [24];
   iii. Use of harmful child labor or engaging children in work in violation of national legislation and international standards [25];

d. Manufacture or trade in arms and ammunition, including paramilitary materials;

e. Production of alcoholic beverages. This ban does not apply to the production of beer and wine. The ban also does not apply to retail and service sectors of micro, small, and medium-sized businesses, such as grocery stores, cafes, and restaurants, where alcoholic beverages are ancillary products and do not constitute a significant portion of the primary trading activity [26];

f. Tobacco cultivation, industrial production, and trade in tobacco products. The trade ban does not apply to micro, small, and medium-sized businesses (shops, food service establishments) engaged in retail sales for which tobacco products are ancillary and do not generate a significant portion of revenue [27];

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[17] PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. From 1950 to 1985, PCBs were commonly used in electrical transformers. with oil insulation, electric capacitors and switching equipment.

[18]Reference documents: Regulation (EU) No 649/2012 of the European Parliament and of the Council dated 4 July 2012, as amended, on the export and import of hazardous chemicals; the United Nations Consolidated List of Products whose Consumption and/or Sale is Banned, Withdrawn, Severely Restricted or Not Approved by Governments; the Convention on the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); the World Health Organization Recommended Classification of Pesticides by Hazard.

[19] Ozone-depleting substances (ODS): chemical compounds that react with stratospheric ozone and destroy it, resulting in the formation of the well-known "ozone hole." The Montreal Protocol on Substances that Deplete the Ozone Layer lists these substances, sets out the quantities and timeframes for their elimination.

The UN Environment Programme provides a list of chemicals contained in the Montreal Protocol, including aerosols, refrigerants, foam blowing agents, solvents, and fire extinguishing agents, along with the countries that are party to the Protocol and the target dates for their phase-out.

[20]Reference document: Stockholm Convention on Persistent Organic Pollutants and all subsequent amendments in force.

[21]CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora): Convention on International Trade in Endangered Species of Wild Fauna and Flora. The list of species included in CITES is available from the CITES Secretariat.

[22]Shipments of waste: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EU) 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste; Organisation for Economic Co-operation and Development Council Decision C(2001)107/ Final.

[23]Shipments of waste: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EU) 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste; Organisation for Economic Co-operation and Development Council Decision C(2001)107/ Final.

[24] Means any work or service performed by a person against his will under threat of any punishment or force (in accordance with the Conventions of the International Labour Organization).

[25]Means the use of labor of children who have not reached the minimum age established by the labor legislation of the Kyrgyz Republic, as well as the involvement of minors in dangerous, harmful or hard work in violation of International Labor Organization Convention No. 138 "On Minimum Age for Admission to Employment."

[26]These exemptions apply to sponsors/borrowers for whom the production, distribution or sale of the specified goods is a secondary (additional/ancillary) activity and does not form the core commercial line of business.

[27]These exemptions apply to sponsors/borrowers for whom the production, distribution or sale of the specified goods is a secondary (additional/ancillary) activity and does not form the core commercial line of business.

g. Gambling, casinos, betting shops, bookmakers and similar gambling enterprises, including those operating on the Internet (online casinos);
h. The production or trade of radioactive materials, including nuclear reactors and their components. This prohibition does not apply to the acquisition of medical equipment, quality control equipment, radiographic equipment, and measuring equipment in which the source of radiation exposure is recognized as insignificant, safe, and has adequate protective shielding;
i. Production, marketing and use of asbestos fibres, as well as products, boards and mixtures with the targeted addition of these fibres. Not applicable to the purchase and use of finished asbestos-cement sheets/slabs (e.g. slate), where the total asbestos content does not exceed 20% [28];
j. Exploration, production, transportation and commercial storage of fossil fuels:
   i. Exploration and production of crude oil;
   ii. Coal exploration, production, and transportation. Exception: Projects aimed solely at improving energy efficiency, modernizing safety systems, and significantly reducing greenhouse gas (methane) emissions directly from existing coal mining operations are permitted;
   iii. Organization of industrial or municipal heating and energy supply through local combustion of dirty fossil fuels (coal, fuel oil, waste automobile, tractor and transformer oils) without modern filtration systems;
k. Logging and use of forest resources:
   i. Commercial logging, the cutting of timber for commercial purposes or the acquisition of specialized equipment for logging in virgin tropical rainforests or old-growth (primary) forests;
   ii. Production, import or trade of timber and other forest products, with the exception of products originating from verified and sustainably managed forests;
l. Water Resources Management and Fisheries:
   i. Illegal or unauthorized diversion of irrigation/river water for irrigation of agricultural land or industrial needs;
   ii. Marine, coastal, and river fishing with large- and small-mesh nets that are harmful to vulnerable, endemic, and protected species and that disrupt habitats. This includes driftnet fishing in the marine environment using nets longer than 2.5 km;
m. High social risks and forced alienation:
   i. Activities with potential negative consequences related to the forced seizure, alienation or purchase of land from the population without adequate compensation and resettlement plans;
   ii. Projects with critically high or significant social and environmental risks, as defined in accordance with the IFI Framework of Environmental and Social Standards. These include: large-scale dams and reservoirs, road construction (highways of international importance), the creation of large new chemical or metallurgical industrial zones, large-scale gas and oil production, and projects that could lead to acute ethnic or social conflicts.

[28] Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) with regard to asbestos fibres (chrysotile).