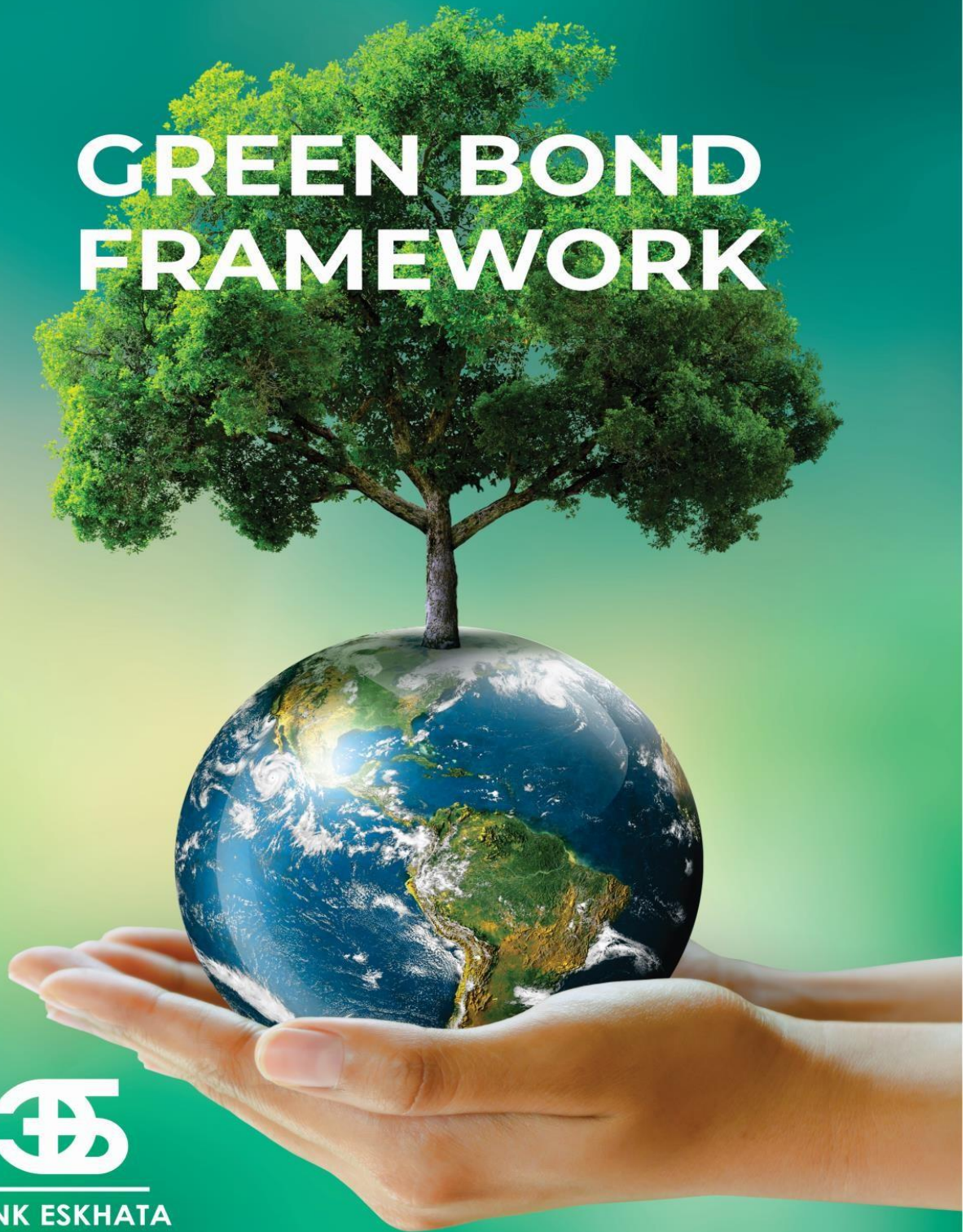


GREEN BOND FRAMEWORK



February 2024

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1. Purpose

Bank Eskhata has decided to issue Tajikistan’s first green bonds in cooperation with the IFC. The main objective of this first green bond issuance is to make funds available for projects that address key environmental issues, such as climate change, natural resources depletion, loss of biodiversity and air, water, or soil pollution.

This Green Bond Framework sets the governing guidelines and principles for issuing green bonds at Bank Eskhata. It reflects the Bank’s strong commitment to advance its sustainable finance agenda and establish itself as a leading example in the banking sector of Republic of Tajikistan.

The Framework has been developed based on international standards and best practices, including:

- The Green Bond Principles¹ (“GBP”), 2021 edition (including the June 2022 Appendix), as issued by the International Capital Market Association (“ICMA”);
- The Common Principles for Climate Mitigation Finance Tracking² and the Joint Methodology for Tracking Climate Change Adaptation Finance³, both developed by the Joint Climate Finance Tracking Group of multilateral development banks (MDBs)⁴ and a group of representatives of the International Development Finance Club (IDFC) member banks.

Bank Eskhata will use this framework as a reference for the issuance of green bonds, in line with its strategic priorities, funding needs and the Bank’s Standard Procedure for ESRM. The Green Bond Framework will be subject to external review by a second party opinion (“SPO”) provider, and will be publicly available on the Bank’s website (<https://eskhata.com>) on the day of the first green bond issuance.

2. Introduction

Bank Eskhata OJSC is one of the largest participants in the banking services market of the Republic of Tajikistan, carrying out all main types of banking operations, playing a major role in the development of the country's economy, and maintaining public confidence in the banking system. A reliable, systemically important bank of Republic of Tajikistan, which has high operational efficiency, developed corporate culture, including a strong focus on gender equality, and a recognizable corporate brand and is the second most profitable among financial institutions in the country.

One of the shareholders of the Bank is the European Bank for Reconstruction and Development (EBRD), a reliable international partner with unique experience in stimulating transformations in the economy, reforming banking systems, developing private and entrepreneurial activities in different countries of the world, which makes Bank Eskhata a financial institution of the Republic of Tajikistan with a foreign shareholder, ensuring high standards of corporate governance, promotion of social and environmental sustainable development, and compliance with high ethical standards.

¹ Available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² Available at: https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf

³ Available at: <https://thedocs.worldbank.org/en/doc/20cd787e947dbf44598741469538a4ab-0020012022/original/20220242-mdbs-jointmethodology-climate-change-adaptation-finance-en.pdf>

⁴ The MDBs involved are the African Development Bank; Asian Development Bank; Asian Infrastructure Investment Bank; European Bank for Reconstruction and Development; European Investment Bank; Inter-American Development Bank Group; Islamic Development Bank; New Development Bank; and the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and Multilateral Investment Guarantee Agency of the World Bank Group.

The Bank started its operations in 1993 and over the years of its existence it has earned the loyalty of its customers, having gone through all the years of change and establishment of a stable financial system in the country together with them. Historically being the leader in the segment of money transfers and currency exchange operations in Republic of Tajikistan, the Bank is now in the process of organizational transformation with the strategic goal of reducing dependence on the transfer business and taking a leading position in the banking market as a full-featured bank for clients in the Micro and SME segment.

The Bank closely cooperates with international rating agencies, which conduct an independent assessment of the Bank's financial performance. Moody's Investors Service agency in recent years has assessed the Bank's performance on the B3 rating scale (2011-2023) with a stable outlook.

For many years the Bank has been a reliable partner for many international financial companies and the investment community, having a stable advantage of participation in various international programs and innovative projects, attracting resources of international financial institutions and investors, such as IFC, KfW, BlueOrchard Microfinance Fund, EBRD, Symbiotics Refinancing Fund, DWM, Incofin, and ADB.

The implementation and protection of the rights of the Bank's shareholders is ensured by the Supervisory Board, all members of which have extensive international experience and industry knowledge necessary to effectively manage and supervise the financial institution in order to achieve the Bank's strategic objectives. The majority of Supervisory Board members are independent directors whose professional expertise ensures that all of the Bank's activities meet the highest standards of integrity in accordance with international best practice.

The Bank is among the three leaders in the country in terms of ATM network infrastructure, being a backbone bank in providing cash to the population, while actively developing non-cash payments and digitalization of the banking business. The Bank actively develops remote services through the mobile application Eskhata Online, which has become the most popular among the application users.

ESG transformation is a priority area of the Bank's activities, raised to the level of a strategic goal approved at the level of the Bank's Supervisory Board.

The Bank makes significant investments in personnel training and development, mechanisms of selection, adaptation and mentoring have been implemented, and a strategic program of personnel reserve is being introduced.

Thanks to its extensive network of 32 branch offices and 113 banking centers, the Bank provides high-end services to a broad spectrum of clients, including retail customers, micro, small and medium-sized ("MSMEs") and corporate enterprises, helping to drive the growth of the Tajik economy.

Approach to Sustainability

Sustainability integration at Bank Eskhata starts at the highest level, with signoff from the Bank's Board of Directors, who are committed to advancing the Bank's governance structures to ensure the integration of Environmental, Social and Governance (ESG) best practices into the Bank's policies and culture.

The Bank's Standard Procedure for ESRM describes how Bank Eskhata ensures effective E&S management practices in all its activities, products and services with a particular focus on the following:

- Ensuring that all projects within the Standard Procedure for ESRM financed by the Bank comply with the applicable requirements;
- Financing projects only when they are expected to be designed, built, operated and maintained in a manner consistent with the applicable requirements;

- Making best efforts to ensure that all projects are operated in compliance with applicable requirements on an ongoing basis, always during the client company's financing;
- Ensuring transparency in all activities;
- Ensuring that management and shareholders of the client companies understand the policy commitments made by Bank Eskhata in this area.

Bank Eskhata ensures due diligence in the identification and evaluation of environmental and social risks when extending finance to its commercial partners. This is done to avoid, mitigate or compensate any negative impact on the environment or the community that can become a risk to the financial institution.

Also, with the support from International Financial Institutions working in Republic of Tajikistan, Bank Eskhata has been one of the pioneers for Green Finance in Republic of Tajikistan. Some of the most notable initiatives developed by the Bank in the climate space included:

CLIMADAPT: The European Bank for Reconstruction and Development (EBRD) on December 2015 launched CLIMADAPT, an innovative financing program directed to minimize effects of climate change. Within this program, Bank Eskhata received a loan from EBRD for financing agro- and industrial sectors, and home improvement projects. Bank Eskhata clients could take loans to install new irrigation systems (trickle irrigation), to plant new fruit gardens and nurseries, well drilling, reconstruction of water pipes, pumps, taps, heating systems and for greenhouse construction.

Enhanced Competitiveness of Tajik Agribusiness Programme (ECTAP): With the aim to contribute to the development of the rural sector and business in Republic of Tajikistan, on December 2016 Bank Eskhata approved the Enhanced Competitiveness of Tajik Agribusiness Programme (ECTAP), financed by the EBRD and the EU. This program provided financing for the purchases of farm machinery and equipment approved by the EBRD. Clients could receive a grant for 20% of the loan principal. This financing scheme helped farmers to conduct agricultural work efficiently and without difficulties.

GEFF Republic of Tajikistan: GEFF Republic of Tajikistan helps businesses and households invest in high-performing technologies that reduce greenhouse gas emissions and/or enhance climate resilience. Since December 2020, Bank Eskhata offers loans under the "GEFF-Republic of Tajikistan" program for the creation of intensive farms with drip irrigation, for the installation of water pumps, the construction of greenhouses and refrigerating chambers. The program includes a grant in the amount of 20-30% of the eligible component of the loan principal for the bank customers.

Reducing the Bank's operational footprint: Bank Eskhata has started working on measuring, reducing, and improving its environmental footprint. By working to regulate emissions and ensure safe waste management and disposal, improving building safety standards and environmental impact, the Bank creates a strong commitment to mitigating negative impacts, preserving the Bank's environment and encouraging employees to do the same.

One example is the alignment of the Bank's information systems to the latest environmental standards, with all new data centers to be energy efficient. Energy Star certification is now being included as a parameter for all data centers' development, which will allow the increased digitalization of the Bank's operation, drastically reducing the amount of paper used by the Bank.

3. Green Bond Framework Overview

Bank Eskhata has established this Green Bond Framework as part of its broader sustainability strategy to focus on assets with a positive environmental impact and support the necessary transition to a more sustainable future. This Green Bond Framework has been developed to achieve the following objectives:

- **Integrity and Transparency:** The framework aims to ensure integrity and transparency in the issuance and use of green bonds. It provides investors with confidence that the funds will be used for environmentally beneficial projects and that there will be proper reporting on the allocation of proceeds.
- **Environmental Impact:** The primary objective of the Green Bond Framework is to finance projects and initiatives that have a positive environmental impact. By setting clear criteria for eligible green projects, the framework ensures that the issued bond contribute to environmental sustainability and climate change mitigation.
- **Investor Confidence:** Green bond investors, who often include environmentally conscious institutional investors and individuals, want assurance that their investments align with their sustainability goals. A robust framework helps build trust and confidence among investors that their money will be channeled into environmentally responsible activities.

The Framework is aligned with the ICMA Green Bond Principles (GBP), as issued in June 2021. These are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market.

In formulating this framework, care was also taken to also reference the United Nations Sustainable Development Goals (SDGs). The SDGs that Bank Eskhata aims to target in this framework are listed in Annex A.

Potential changes of the GBP will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting, and will provide for external review by a reputable entity.

Bank Eskhata's Green Bond Framework is designed as an umbrella framework that will allow Bank Eskhata to issue Green Bonds, as the case may be, hence not limited to the current bond issuance. For each Green Bond issuance, Bank Eskhata asserts that it will adhere to the core pillars of the GBPs:

- Use of Proceeds
- Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework will be publicly available on Bank Eskhata's website (<https://eskhata.com/>) on the day of the first green bond issuance.

4. Use of Proceeds

The use of proceeds forms the cornerstone in classifying a bond instrument as "green". Bank Eskhata will allocate 100% of the net proceeds raised by the issuance of Green Bonds to finance or re-finance⁵, in part or in full, new or existing Eligible Projects providing distinct environmental benefits.

⁵ A maximum of 30% of the total proceeds can be utilized for refinancing of existing projects, with a targeted look-back period of one year.

Eligible Projects can be loans or leases, originated by the Bank, to private individuals, legal entities. They must be located in Republic of Tajikistan, and comply with applicable laws of the Republic of Tajikistan, ICMA's GBPs and the MDB's Common Principles for Climate Mitigation and Adaptation Finance Tracking.

The Bank is also aligning with the Country's NDC. The Republic of Tajikistan has signed and ratified the Paris Climate Agreement and submitted its Third National Communication (TNC) to the UNFCCC in 2014. The Republic of Tajikistan has also submitted its first Nationally Determined Contribution (NDC) to the UNFCCC in 2017. An updated version of the NDC was submitted in October 2021.

According to the 2021 NDC, at least 7% of the national GDP is required for financing climate change activities throughout the decade of 2020-2030. Hence, the overall climate finance required by 2030 could exceed USD 1 billion per year. The Republic of Tajikistan expects that of the total costs for climate change, energy and transport sector should have a 20% of the share each, followed by water supply and sewage with 10%, water irrigation with 15%, biodiversity and natural disasters with 15%, and agriculture with 20%. COVID-19 had a very negative impact on the country's economy, with a corresponding negative effect on the domestic resources available for the NDC implementation. Hence the need for the development of new instruments to be deployed in the fight to climate change.

Some of the priority projects, measures and initiatives included in the updated NDC that are highly relevant to the lending of the Bank to be financed through the net proceeds of the Green Bonds include:

- Improving energy efficiency in industry;
- Use of architectural designs of efficient houses and buildings, from energy efficient appliances and equipment, building practices with aim to reduce the energy consumption, surpass the available standards and meet high energy efficiency certifications or rating;
- Retrofitting of existing buildings: architectural or construction changes that reduce energy consumption;
- Improving energy efficiency in the utilities by installing more efficient lighting or equipment, improving energy consumption, reducing losses or improving resource efficiency;
- Increasing the efficiency of water use, recycling, processing and demand management;
- Use of effective irrigation methods (drip irrigation);
- Promoting efficient irrigation technologies;
- Rehabilitation of irrigation and drainage systems;
- Transition to a modern energy efficient transport, including hybrid and electric vehicles.

At this stage, projects that have been preliminarily flagged for inclusion in the Green Bond Asset Pool include small transactions in the Retail and Micro banking segments, and in the following categories: energy efficiency for homes (double glazing, roof/wall insulation, efficient white goods), cold storage, solar panels for greenhouses and refrigerators, water pipes to reduce water loss, drip irrigation, organic cotton, cotton growing according to the BCI principle.

More generally, Table 1 below provides a summary of the types of assets eligible for finance under Bank Eskhata's green bond framework.

Table 1

Eligible Green Categories

Eligible Category	Eligibility Criteria
Renewable Energy	<p>Eligible Renewable Energy Projects, are defined as the financing for the installation or construction carried out by the Company for investment in fixed assets or for producing or efficiently using such forms of energy as power, heating, cooling and/or any other forms of energy from renewable sources. Only small scale solar projects will be financed. Also eligible are loans for relevant (small scale) transmission projects to support integration of renewable energy into grids.</p>
Energy Efficiency	<p>Eligible Energy Efficiency projects are defined as the measures implemented by an eligible sub-borrower aimed to acquire, replace, redesign or refurbish equipment, systems and/or contracting services/products in order to decrease energy consumption for every unit of service output. This includes utilizing waste energy and any other measure to improve the efficiency of energy use (or reduce specific energy consumption) of the system directly affected by the sub-project based on minimum requirements. In general, an EE project must reduce absolute energy consumption by at least 20%.</p> <p>Examples include, but are not limited to:</p> <ul style="list-style-type: none"> Projects improving the energy efficiency of industrial production processes; Individual renovation measures including installation, maintenance or repair of: Energy efficiency equipment (e.g. LED lighting); Home improvement equipment such as double glazing and roof/wall insulation; Instruments and devices for measuring, regulation and controlling energy performance of buildings (e.g. zoned thermostats, building automation and control systems, smart meters).
Energy Efficient and Renewable Energy Equipment	<p>Eligible sub-projects can include the financing of manufacturers and suppliers of equipment or products intended for EE and RE projects:</p> <p>In the case of EE equipment or products, the eligible sub-project should be directly manufacturing or supplying the energy-efficient technology equipment or appliance. The EE equipment or products should either be verified as energy-efficient based on a reasonable benchmark in the market of the technology or product being sold OR be directly supplied to EE projects (per definition of eligible EE sub-project above).</p> <p>In the case of RE technology equipment, the eligible sub-project should be directly manufacturing or supplying a component that is exclusively for the purpose of producing or supporting RE.</p> <p>Equipment, appliances and lighting that show an energy efficiency assurance label, assuring at least 20% energy savings compared to the baseline are</p>

	<p>automatically accepted. To date equipment, appliances or lighting with the following domestic EE labels can be accounted as eligible projects:</p> <p>Bangladesh EE label with 4 or 5 stars. South African energy efficiency label A+++, A++, A+ Energy Star (IT equipment) White appliances listed in the annual list Most Efficient Energy Star Vietstar 5 or 4 star (Vietnam) FIDE A or B (Mexico) Hong Kong Voluntary Energy Efficiency Labelling Scheme Argentinian Official EE label category A or B Brazilian Etiqueta Nacional de Conservação de Energia (ENCE)</p>
Green Buildings	<p>An eligible Green Building Project should be financing for the construction or mortgage of a building that:</p> <p>Eligible Green Buildings Projects are for the financing the buildings that comply with standards on green buildings with the following certificates: Is certified by IFC’s Excellence in Design for Greater Efficiencies (EDGE) certificate, Environmental Assessment Method (BREEAM) certificate as defined by the Building Research Establishment BREEAM, certificate issued by the German Sustainable Building Council (DGNB), GREEN STAR, Leadership in Energy and Environmental Design (LEED) certificate or an equivalent internationally-recognized green building certification system or a certification validated by IFC Green Building Specialists; <u>AND</u></p> <p>Documents 20% Energy Efficiency improvement compared to a baseline building without energy-efficient design; <u>AND</u></p> <p>Has a measurable impact.</p>
Clean transportation	<p>Finance or refinance purchase, rental, leasing and operation of zero direct emission vehicles (EVs, electric scooters/mopeds and similar), as well as related infrastructure (e.g. electric charging points).⁶ Hybrid vehicles are also included.</p>
Climate Smart Agriculture (CSA)	<p>Sub-projects that are certified under the following agri-certification schemes are automatically eligible:</p> <p>Aquaculture Stewardship Council Standards for Farmed Seafood Roundtable on Sustainable Biomaterials Standard Roundtable on Responsible Soy Association Standard</p>

⁶ Excluding vehicles that are used for the purpose of transportation of fossil fuels. Eligible infrastructure does not include parking facilities.

	<p>Bonsucro Production Standard Fairtrade Standard for Small-Scale Producer Organizations Rainforest Alliance 2020 Sustainable Agriculture Standard</p> <p>Eligible with Conditions: For the following certification, climate eligibility depends on the specific practices adopted, and will require additional review of supporting documentation.</p> <p>Better Cotton Initiative: Confirm if the risk assessment plan prevents deforestation. If and only if this condition is met, then 100% of financing volume can be classified as climate related.</p>
<p>Sustainable Water and Wastewater Management</p>	<p>Loans to (re)finance development, construction, operation and maintenance of sustainable water and wastewater management projects and facilities:</p> <p>Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering; Use of effective irrigation methods (drip irrigation); Promoting efficient irrigation technologies; Rehabilitation of irrigation and drainage systems.</p>

Exclusion List

Bank Eskhata will allocate 100% of the bond proceeds to projects identified in the list above, and will not use any proceeds of the Green Bond for fossil fuel projects, which include refined or alternative coal technologies, gas-to-liquid projects and natural gas projects.

Bank Eskhata will also not allocate any of the Green Bond proceed for projects developed by companies operating in the following sectors:

- Defence and Weapons;
- Nuclear Energy;
- Fossil Fuel Energy;
- Mining;
- Alcohol;
- Tobacco;
- Gambling.

Any activities in support of upstream and midstream activities in the fossil fuel industry, electricity generation from coal or peat, and those that lead to deforestation are excluded: Upstream activities involve exploration or production of fossil fuels and midstream activities include natural gas processing, storage, transportation, liquefaction and regasification, and crude oil refining. Activities that are otherwise eligible but support these activities, such as carbon capture and utilization for enhanced oil recovery, are not eligible.

In addition, the Bank will comply with IFC's exclusion list, available at: <http://www.ifc.org/exclusionlist>

5. Process for Asset Evaluation and Selection

It is essential for Bank Eskhata as a sustainable financial institution to integrate robust environmental and social risk management practices into its green bond policy framework, to ensure that the proceeds from the green bonds are used to finance projects that contribute positively to sustainability goals while minimizing adverse impacts on the environment and society. The evaluation and selection process for Eligible Loans is a key process to ensure that the amount equivalent to the net proceeds from the Green Bonds is allocated to assets and activities that meet the criteria in this Framework.

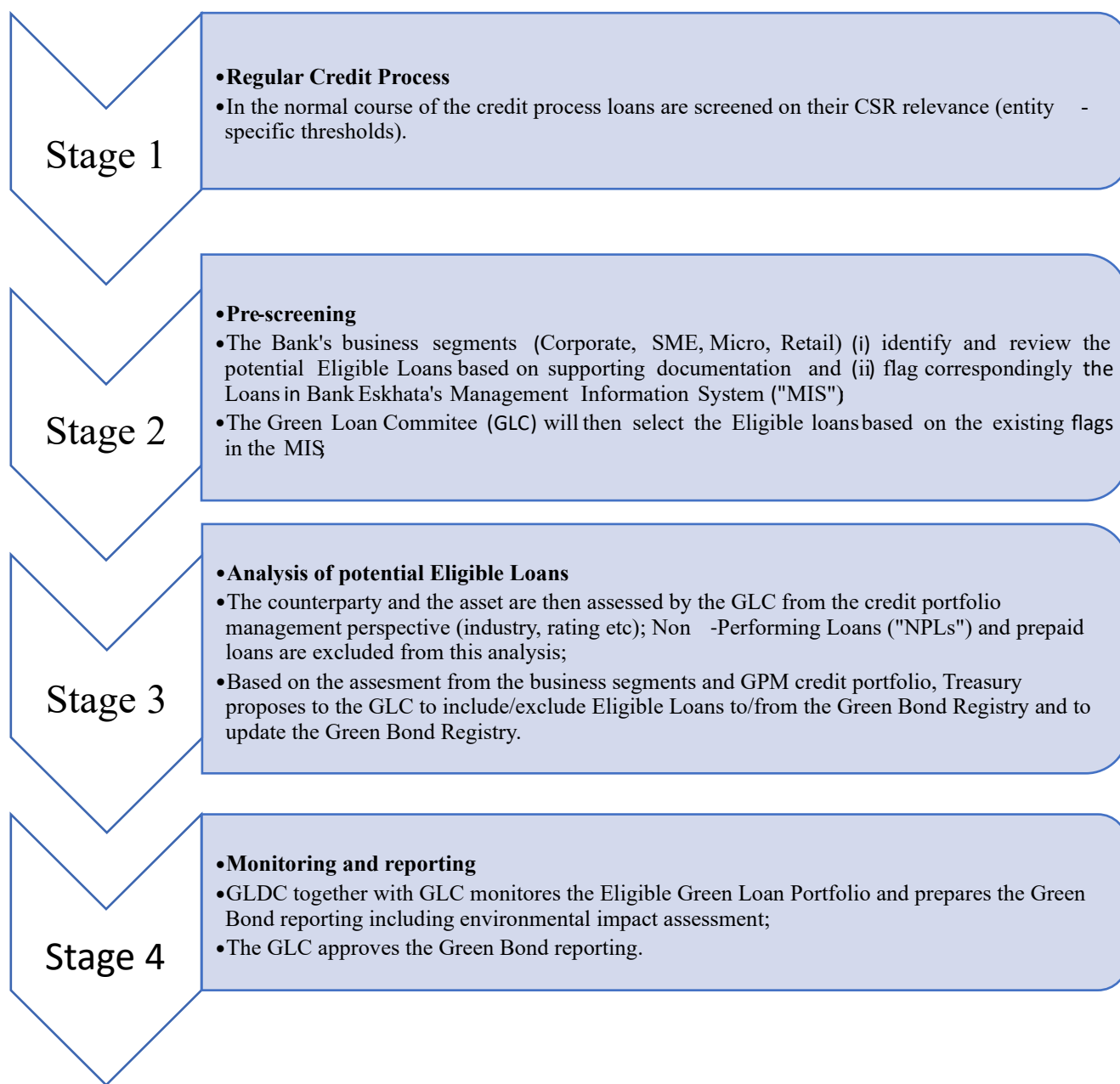
All potential Eligible Loans are subject to the Bank's standard credit process in line with the normal course of business and only loans that have been approved through this process can be considered for Green Bond eligibility. This initial process includes screening for compliance with local regulation requirements and the company's Environmental and Social Risk Management ("ESRM") policy, and the Exclusion List of course.

The Bank Eskhata's Green Loan Committee ("GLC") is then responsible for ensuring that allocations are made to Eligible Loans as specified in the use of proceeds section above. The GLC includes representatives from Banking Risk Department, Small and corporate business department, financial department, ESG unit and a loan officer from the branch.

The Green Loan Committee will be responsible for:

- Ensuring the potential Eligible Loans are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above;
- Ensuring the proposed allocations are aligned with the relevant general company policies and company's ESG strategy, including affordability assessment for loan repayments under the general credit policies of the Bank;
- Approving any proposed changes to the Green Bond Registry in the event that Loans no longer meet the eligibility criteria; and
- Approving the Allocation and Impact report.

The loans are assessed in accordance with their social and environmental impact based on a multistage selection process:



In terms of physical risk, as the bond proceeds will be used for small transactions in the micro enterprises and consumer segments, the long-term impact of climate change is considered to be minimal due to the short tenors (typically less than two years) associated to these loans.

6. Management of Proceeds

An amount equivalent to the net proceeds of the Green Bonds will be managed by the Green Lending Development Coordinator (GLDC) on a portfolio basis. The GLDC is responsible for collecting and monitoring all relevant data for the evaluation and selection of Eligible Loans, which will then be presented to the GLC on regular basis.

Bank Eskhata will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Loans and will strive to replace maturing Eligible Loans with the new ones and will provide transparency on the Eligible Loan origination timeframe in its annual reporting.

Bank Eskhata will strive to regularly add Eligible Loans to the Eligible Loan Portfolio so that a full allocation of an amount at least equal to the proceeds of the Green Bonds is maintained until maturity of the bonds, and at the within 12 months after issuance. All Eligible Loans to be included in the Eligible Loan Portfolio are entered in Bank Eskhata’s Green Bond Register managed by the GLDC. The Green Bond Register assures that the Eligible Loans are not externally refinanced.

On an annually basis the GLDC will check the eligibility and availability of the Eligible Loans in the Green Bond Register. Bank Eskhata will strive to substitute any redeemed or maturing Eligible Loans with other Eligible Loans and/or if any such loans cease to be an Eligible Loan, as soon as practicable once an appropriate substitution option has been identified.

Pending the allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of the Bank’s Green Bonds to the Eligible Loans, the Bank will temporarily keep the balance of the net proceeds as cash or deposits at National Bank of Tajikistan.

7. Reporting

Bank Eskhata has the ambition to publish an annual Allocation and Impact Report on the use of proceeds from any Green Bonds outstanding under this framework, including a description of its Eligible Loan Portfolio. Reporting will be provided on an annual basis until full allocation and thereafter (including any material changes to the Eligible Loan portfolio) until bonds’ maturity on the bank’s website.

Bank Eskhata’s Allocation and Impact Report is expected to disclose the amount of the Green Bond proceeds outstanding, the total amount of the proceeds allocated to Eligible Loans and the unallocated amount. It shall also disclose, qualitative and where possible, quantitative indicators of the Eligible Loan Portfolio, such as:

- Total volume of green bond asset pool;
- Disbursed and outstanding amount of Eligible Loans;
- Number of Eligible Loans;
- Breakdown by Eligible Categories;
- Balance and utilization of unallocated proceeds, if any.

Within its annual Allocation and Impact Report, when relevant and feasible, the Bank will report on several Key Performance Indicators (KPIs) in aggregate form per Green Eligible Category. A list of potential indicators is presented in the Table below.

Green Eligible Categories	Example of Key Performance Indicators
Renewable Energy	Installed renewable energy capacity (MW); Expected annual renewable energy generation (MWh); Estimated annual GHG emission avoided (tCO ₂ e).

Energy Efficiency	Annual energy savings (MWh); or Estimated annual GHG emission avoided (tCO ₂ e).
Green Buildings	Estimated annual energy savings (MWh); Estimated annual reduced and/ or avoided GHG emissions (tCO ₂ e); Type of scheme/certification level, if applicable; Number of financed projects with internationally recognized Green Building certification.
Clean Transportation	Number of electric/hybrid vehicles.
Sustainable Agriculture	Total land area certified; or Estimated annual GHG emissions avoided (tCO ₂ e).
Sustainable Water and Wastewater Management	Annual absolute (gross) water savings (in m ³ or as %); or Annual absolute (gross) amount of wastewater treated, reused or avoided (in m ³ or as %).

In addition, the Allocation and Impact Report will include descriptions of the types of projects financed and a number of case studies to highlight the qualitative impact of some of the Eligible Loans.

8. Second-Party Opinion (pre-issuance)







To confirm the transparency and robustness of Bank Eskhata’s Green Bond Framework, an external second-party opinion (“SPO”) will be required to confirm the alignment of this Framework with ICMA GBP, updated as of June 2021 and including the June 2022 Appendix. The Second Party Opinion will be published on both the Bank’s (www.eskhata.com) and the SPO provider sites on the day of the issuance of the first green bonds.

9. External Audit (post-issuance)

Bank Eskhata’s external auditor will verify on an annual basis (as of end of December of each full year, and until full allocation of any Green Bonds issued under this Framework) that an amount equal to the net proceeds of any Green Bond has been allocated to Eligible Loans as defined in this document. These annual reviews will be received as of the date of receipt of the report from the external auditor.

Appendix A – SDG Alignment

Bank Eskhata’s green bonds’ proceeds will be used in consistence with ICMA’s Green Bond Principles and will also align with several of the UN SDGs that are relevant to the Banks’s strategy, namely:

Eligible Category	Contribution to UN SDGs	UN SDGs specific target(s) ⁷
Renewable Energy		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Energy Efficiency		7.3 Double the global rate of improvement in energy efficiency by 2030. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Green Buildings		11.3 Ensure inclusive and sustainable urbanization, planning and management. 13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.
Clean Transportation		11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Sustainable Agriculture		2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
Sustainable Water and Wastewater Management		11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters.

⁷ The mapping is line with the ICMA document “Green, Social & Sustainability Bonds: A High-Level Mapping To The Sustainable Development Goals”. [Link](#) to the document.

Appendix B – List of Acronyms

BRPCM	Bank Risk Control and Portfolio Management
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
ESRM	Environmental & Social Risk Management
GBF	This Green Bond Framework, also referred to as “the Framework”
GBP	The Green Bond Principles (2021 edition) issued by ICMA
GBR	The Green Bond Registry
GLC	Green Loan Committee
GLDC	Green Lending Development Coordinator
GPM	Green Loan Portfolio Management
GHG	Greenhouse gas emissions from human activities intensifying the greenhouse effect
ICMA	The International Capital Market Association
IFC	The International Finance Corporation, part of the World Bank Group
MIS	Management Information System
MSME	Micro, small and medium-sized enterprises
NPL	Non-Performing Loans
SDG	The United Nations’ Sustainable Development Goals
UN	The United Nations Organization
UoP	Use of Proceeds

Disclaimer

This Green Bond Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information or information based on sources believed to be reliable not separately reviewed, approved or endorsed by Bank Eskhata and accordingly, no representation, warranty, or undertaking, express or implied, is made and no responsibility or liability is accepted by Bank Eskhata as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework may contain statements about future events, procedures and expectations. None of these forward-looking statements in this Framework should be taken as promises or commitments nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this Framework. In particular, no representation or warranty is given by Bank Eskhata as to any actual issue of any “Green Bond” by the Bank.

Bank Eskhata may at any time amend or supplement this Framework. However, Bank Eskhata undertakes no obligation to update, modify or amend this Framework, the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any recipient if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

This Framework is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities, nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority. The information contained herein has no regard to any investment objectives, financial situations or needs of any recipient.

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The first version of this Green Bond Framework was "Approved" by the Supervisory Board of OJSC "Bank Eskhata", as per the minutes of the SB meeting No. 01/2024 dated Jan 9th, 2024.