



Green Finance Framework

Joint-Stock Commercial Bank Agrobank (JSCB Agrobank)

August 2024



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1. Introduction

Overview

Agrobank, officially known as the Joint-Stock Commercial Bank Agrobank (the “Bank”) was established in 1988 based on the State Bank of Uzbekistan as a division of the USSR Agroprombank. In line with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan 294 of July 27, 1995 on the basis of the closed joint stock commercial bank ‘Uzagroprombank’, a new public joint stock commercial bank ‘Agrobank’ was established. As of today, a majority (54.1%) of the Bank’s total shares is owned by the Ministry of Finance of the Republic of Uzbekistan.

Agrobank is headquartered in Tashkent, the capital city of Uzbekistan. As a state-owned bank, Agrobank aims to provide comprehensive financial services to support the growth and sustainability of the agricultural sector, thereby contributing to the overall economic development of Uzbekistan.

Shareholders

- **54,1 %** Ministry of Finance of the Republic of Uzbekistan
- **44,5%** Fund for Reconstruction and Development of Uzbekistan
- **1,4 %** Others (individuals, legal entities)

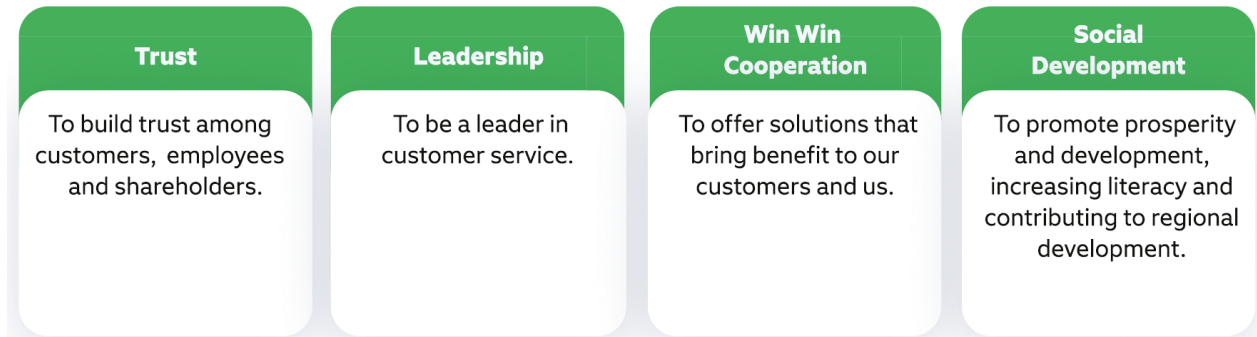


Agrobank ranks third in the country's banking sector in terms of assets (~\$5.8 bn. with 11% share of total assets of all 35 banks active in Uzbekistan) and second in terms of capital (~\$950 mn. with 11% share of total capital of all banks)¹. Today the Bank serves more than 4 million clients, which confirms its significant presence in the banking services market. The Bank has 171 branches, 597 self-service points operating 24 hours a day, 7 days a week, as well as 14 regional departments and 95 banking service centers, providing convenience and accessibility to customers throughout Uzbekistan.

An extensive network of branches and an extensive presence provide the Bank with competitive advantages and opportunities to cooperate with other organizations as an agent. The Bank owns one of the largest networks of ATMs and terminals, actively developing remote service channels and introducing new channels. The Bank is the government's financial agent for financing the cotton and grain harvests.

¹ <https://cbu.uz/ru/statistics/bankstats/1785939/>, as of 01.07.2024

Our values



Agrobank envisions becoming the leading state-owned financial institution in promoting sustainable agricultural practices and enhancing the livelihood of the farming community through innovative financial solutions. The Bank offers a wide range of financial products and services tailored to meet the needs of the agricultural sector and beyond. These include the following:

Agricultural Loans:

Short-term and long-term loans for crop production, livestock farming, and agricultural machinery purchase. Special loan programs of seasonal farm activities and specific crops.

Corporate Banking:

Financial solutions for agribusinesses, including working capital financing, trade finance, and investment loans. Customized banking services for small and medium-sized enterprises (SMEs) in the agricultural value chain.

Retail Banking:

Savings accounts, deposit products, and personal loans for individual customers. Payment services, including domestic and international money transfers, and card services.

Investment Services:

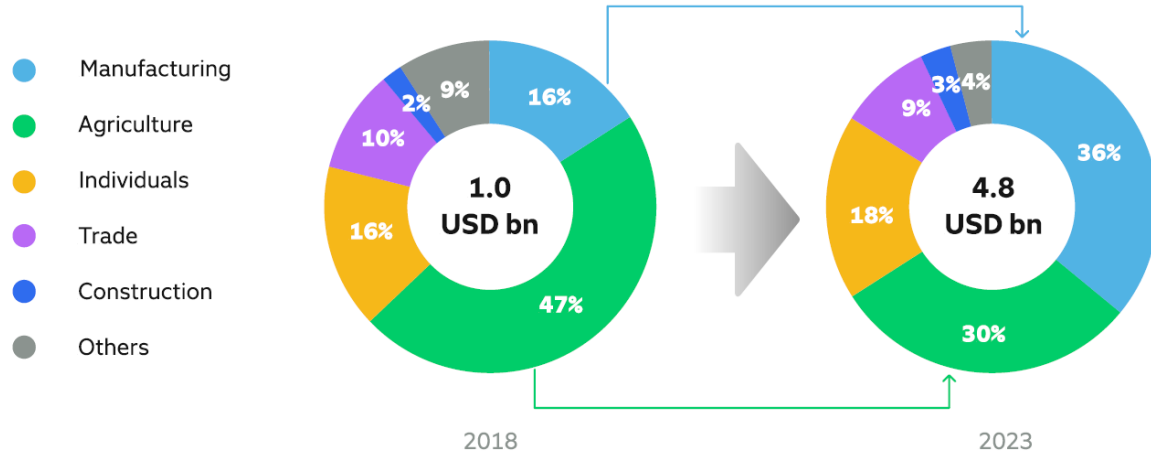
Advisory services for agricultural investments and project financing. Support for public-private partnership projects in the agricultural sector.

Digital Banking:

Online and mobile banking services to provide convenient access to banking services for rural and urban customers. Digital platforms for efficient management of accounts, payments, and transactions.

Gross Loan Portfolio by Sector

%



Agrobank is actively involved in several strategic initiatives to enhance the agricultural sector and promote sustainable practices:

Sustainable Agriculture

- Promoting the adoption of environmentally friendly farming techniques.
- Supporting projects that reduce the environmental impact of agricultural activities.

Rural Development

- Providing financial services to rural areas to improve infrastructure and living standards.
- Empowering rural communities through financial literacy programs and entrepreneurship support.

Innovation and Technology

- Investing in modern agricultural technologies and practices to increase productivity and efficiency.
- Collaborating with technology providers and research institutions to introduce innovative solutions in agriculture.

International Collaboration

- Partnering with international financial institutions and development agencies to access funding and expertise.
- Participating in global initiatives aimed at sustainable agricultural development.

Governance and Leadership

Agrobank operates under a robust governance framework, ensuring transparency, accountability, and adherence to regulatory standards. The Bank is managed by Management Board and an executive management team comprising experienced professionals in banking and agriculture.

The assessment of the corporate governance system based on the results of 2023 was carried out in April 2024 in accordance with the Decree of the President of the Republic of Uzbekistan dated April 24, 2015 No. UP-4720 "On measures to introduce modern methods of corporate governance in joint-stock companies." Silk LLC Capital " conducted a study of the Bank's corporate governance system based on the information provided.

According to the results of the assessment of the corporate governance system, the performance efficiency of JSCB Agrobank scored 1027 points, which is high and amounts to 86% on a percentage scale. The assessment of the corporate governance system is carried out annually in accordance with the legislation of the Republic of Uzbekistan. The composition of the Bank's Management Board includes nine members, including a Chairman of the Board, First Deputy Chairman as well as additional Deputy Chairmen, a Financial Director and a Director of the Legal Department.

Anti-corruption policy was approved by the decision of the minutes of the meeting of the Bank's Supervisory Board dated November 2, 2022 No. 21/1, which is aimed at ensuring the integrity policy in the Bank's system, i.e. compliance with high standards of behavior to improve the culture of anti-corruption among employees and society as a whole, and also represents a position on preventing corrupt acts on the part of Bank employees in the performance of official duties.

This Policy was developed in accordance with the requirements of the Law of the Republic of Uzbekistan "On Anti-Corruption" and other resolutions of the President of the Republic of Uzbekistan² and recommendations from the international organizations³.

Agrobank strives for active and effective interaction with all stakeholders to ensure joint success and satisfaction of the needs of each participant. The Bank's employees are key assets, and the Bank provides them with support and opportunities for professional and personal development, ensuring safety and fair working conditions.

Agrobank strives to establish long-term relationships with clients by providing them with high-quality financial services and solutions that meet their needs and expectations. The Bank also

² Resolutions of the President of the Republic of Uzbekistan:

1. UP-6013 "On improving the anti-corruption system in the Republic of Uzbekistan" dated June 29, 2020
2. UP-6247 "On additional measures to ensure transparency activities of government bodies and organizations, as well as the effective implementation of public control" dated June 16, 2021,
3. UP-5729 "On measures to further improve the anti-corruption system in the Uzbekistan" dated May 27, 2019
4. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 62 "On government bodies" dated March 2, 2016

³ ISO 37001:2016 "Anti-corruption management system. Requirements and their implementation. Recommendations for use"

interacts with suppliers, collaborating with them to ensure efficient procurement and high-quality standards.

As part of its interaction with local communities, Agrobank actively participates in various social initiatives to improve the lives of residents and the development of society as a whole. The Bank also maintains an open dialogue with investors and lenders by providing them with transparent financial information and reporting to maintain trust and confidence in the Bank as a leading financial institution.

Risk Management

As Agrobank faces various risks, including credit, liquidity, market (interest rate and currency), operational, country, strategic, and reputational risks, risk management at JSCB Agrobank is an integral part of the corporate culture, ensuring the Bank's financial reliability to achieve strategic goals. The Bank's risk management system is based on the requirements of the Central Bank of Uzbekistan, Basel Committee recommendations, and international banking practices.

The risk management system adheres to several key principles:

Awareness: The Bank recognizes all major risks in banking activities. Decisions on operations are made after a thorough risk analysis, with every employee aware of and participating in the risk management process.

Adequacy: The organizational structure, procedures, and risk management tools are adequate for the scale and complexity of the Bank's operations.

In the context of applying best practices (Basel recommendations) and strict compliance with the regulations of the Central Bank of the Republic of Uzbekistan, Agrobank has built and is constantly improving a risk management system (credit, market, operational and liquidity risks). The following regulations and policies have been developed, adopted and are implemented by Agrobank: Risk Appetite Statement, Risk Management Policy, Credit Risk Management Policy, Liquidity Risk Management Policy, Market Risk Management Policy and Regulation on Operational Risk Management. These documents are approved by the Supervisory Board of the Bank, and these documents are updated/revised annually by the Risk Management Department

Risk management generally follows the "three lines of defense" model:

First line: Operational units responsible for risks generated during their activities.

Second line: Units developing risk management policies and monitoring compliance.

Third line: Internal audit units assess the risk management system's effectiveness and report to management.

Authorized bodies continuously participate in risk management, clearly distributing responsibilities among the Supervisory Board, various committees, the Management Board, and other officials and units. This structure ensures coordination and the elimination of conflicts of interest.

The Bank's risk management process involves continuous identification, assessment, monitoring, limitation, and control of risks, with detailed methodologies specified in regulatory documents. Emphasis is placed on developing a risk culture through the involvement of all divisions and automation of risk management processes.

ESG Strategy

Uzbekistan is highly vulnerable to climate change and is experiencing environmental hazards such as droughts, high temperatures, flooding, landslides, and avalanches that predominantly impact the agricultural sector. Effective climate change adaptation and mitigation require global and regional cooperation to implement institutional and regulatory frameworks, facilitate the transfer of green technologies, and drive continuous improvements.

As such, Agrobank is committed to reducing its environmental impact and improving its performance. The Bank develops and implements several initiatives aimed at reducing energy consumption, monitoring the reduction of greenhouse gas emissions among its clients (Scope 3), and efficient water use and waste management. In addition, the Bank is actively seeking to expand its funding base by attracting direct investment and preferential (grant) funds for green projects. To achieve this expansion, the following steps are planned:

- ✓ Conducting energy audits and audits in the field of waste management in the buildings of Agrobank branches
- ✓ Gradual replacement of the Bank's vehicle fleet with all-electric vehicles
- ✓ Increasing the share of suppliers and contractors of goods and/or services with a significant element of positive environmental impact
- ✓ Increase the portfolio of the existing "green" products
- ✓ Development and adoption of new "green" products for its clients, which would correspond to the priorities of international development partners.
- ✓ Submitting applications and negotiating with international partners to finance Agrobank projects through accredited structures.
- ✓ Carrying out preparatory work for a pilot placement of thematic (priority – "green") bonds.

1. Reduction in Agrobank's Own Operations

Energy Consumption Reduction and Future Initiatives

Installation of On-Site Solar Panels: Agrobank has installed solar panels on its branch buildings, which have reduced electricity consumption by 70% from 2022 levels. This significant decrease in

traditional energy use has helped reduce greenhouse gas emissions, showcasing Agrobank's commitment to decreasing its carbon footprint.

Water-Saving Faucets: The bank plans to install water-saving faucets in its facilities. This initiative aims to conserve water resources and reduce the overall environmental impact of its operations.

Transition to Electric Vehicles: Agrobank plans to switch its vehicle fleet to electric vehicles. This transition will further reduce greenhouse gas emissions and the bank's reliance on fossil fuels.

Electronic Document Management: Agrobank is transitioning to electronic document management to reduce paper usage. This shift is expected to decrease resource consumption significantly and lower the environmental impact associated with paper production and waste.

The bank also helps in installing and maintaining solar panels on social facilities, including schools, kindergartens, and hospitals. Agrobank has installed solar energy units with a total capacity of 40MW, contributing to renewable energy infrastructure and reducing carbon emissions in community settings as part of corporate ESG activities.

Lending Activities and Investments

Agrobank issues green loans to support the installation of solar panels. These loans promote the development of renewable energy and encourage the sustainable use of resources, aligning with global efforts to combat climate change.

As for green investments, Agrobank has invested 66.7 billion soums (approximately \$5.2 million, which is 19% of its total capital) into the equity of the "Yashil (green) energy" enterprise. This investment is part of a government initiative to promote green energy in Uzbekistan.

To assess the effectiveness of ESG initiatives, Agrobank uses several key performance indicators (KPIs) and metrics to regularly assess progress toward achieving goals. Below are key data:

Category	KPIs	2022 (Million Soums)	2023 (Million Soums)
Energy Consumption	Reduce overall energy consumption by 20%	8.89	13.631
Water Consumption	Reduce water consumption by 25%	833	1189
Use of Renewable Energy	Increase renewable energy use to 40%	7.531	9.413

Agrobank is currently prioritizing environmental responsibility and sustainable development. The Bank's top ESG goal is to minimize its environmental impact and enhance sustainability by cutting energy consumption, monitoring the reduction of greenhouse gas emissions by its clients (Scope 3), optimizing water resource use, improving waste management, and increasing the use of renewable energy sources.

Agrobank plans to further integrate ESG principles into its strategy to achieve these objectives, expand and refine existing programs and initiatives, and develop new projects that address contemporary challenges and societal needs. Additionally, the Bank aims to establish standards and metrics to measure its contributions to social, environmental, and economic development, striving to create a more sustainable and responsible future for all stakeholders.

In its ESG strategy, Agrobank is considering joining the following global initiatives: The United Nations Global Compact (UNGC), UNEP Finance Initiative and UN Principles for Responsible Banking

Joining those initiatives would ensure that Agrobank gets:

- **Enhanced Reputation:** through improving public trust and enhancing the bank's image as a responsible institution
- **Risk Management:** through help in identifying and mitigating environmental, social, and governance (ESG) risks
- **Market Opportunities:** through opening up new business opportunities aligned with sustainability goals.
- **Regulatory compliance:** through aligning with the global regulatory expectations and standards.
- **Stakeholder trust:** through building stronger relationships with stakeholders, including clients, investors and lenders, and the regulator.

Environmental and Social Management System

Agrobank is on the verge of adopting a new, comprehensive framework of evaluating climate change, environmental and social risks (ESMS) in its core activities. The framework consists of

i) **ESMS policy**, which outlines the fundamental principles, E&S policy statement, integration with existing bank policies and compliance with national and international standards, reference to risk assessment criteria and categories of E&S risk, as well as capacity building, governance and oversight;

ii) **ESMS procedures**, including potential applicant due diligence and screening for E&S risks, methodologies and templates for risk assessment, description of decision-making and loan approval process, role of E&S risk in credit approval, escalation procedures for high-risk cases and monitoring and reporting procedures;

2. Green Finance Framework

Rationale

Agrobank established its Green Finance Framework (the “Framework”) with the aim to mobilize debt capital markets for climate change solutions and offer investors and lenders good insight into the Bank's sustainability strategy in line with its commitments.

The Framework is intended to accommodate the issuance of secured or unsecured bond transactions (public and/or private placements) as well as loans in various formats and currencies (together, “Green Finance Instruments”). Green Bonds issued under secured transactions shall be, as a case may be, "Secured Green Standard Bond" as defined in the 2021 Green Bond Principles issued by ICMA as updated in June 2022. Further details will be provided in the applicable announcements and in the applicable legal documentation.

The documentation for any Green Finance Instrument issued shall include a reference to this Framework. We refer to the terms and conditions contained in the underlying documentation for each issued Green Finance Instrument which specify the actual terms of the instrument.

Alignment with ICMA Green Bond Principles and LMA/LSTA/APLMA Green Loan Principles

The Framework is aligned with the Green Bond Principles (GBP)⁴ published in June 2021 (with June 2022 Appendix 1) and administered by the International Capital Market Association (ICMA), as well as the Green Loan Principles (GLP)⁵ published in February 2023 administered by the Loan Market Association (LMA), the Asia Pacific LMA (APLMA) and the Loan Syndications and Trading Association (LSTA), thereby heightening transparency and disclosure and promoting integrity in developing the green bond and loan markets. Agrobank will adhere to the four core components of the GBP and GLP:

(1) Use of Proceeds

(2) Process for Project Evaluation and Selection

(3) Management of Proceeds

(4) Reporting

⁴ [ICMA Green Bond Principles \(GBP\) 2021 \(with June 2022 Appendix 1\)](#)

⁵ [LMA Green Loan Principles \(GLP\) 2023](#)

The Framework also follows the key recommendations of the GBP and GLP with regards to External Reviews. Eligible Green Project categories as defined under this Framework also contribute to a number of UN SDGs.

To accommodate potential changes to voluntary market practices, updated ICMA Green Bond Principles and updated LMA/LSTA/APLMA Green Loan Principles will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting disclosures and will provide for external review by an entity that is eligible or accredited under any such prevailing principles or standards.

Use of Proceeds




The net proceeds of Green Financing Instruments will **exclusively** be used to finance and/or refinance, in part or in full, Eligible Green Projects. Eligible Green Projects may include project financing and lending activities of Agrobank to its clients, as well as internal capital expenditure or operating expenditures that adhere to the Use of Proceeds criteria defined below. Total refinancing will not exceed 50% of the total net proceeds being allocated.

The distribution of allocated Eligible Green Projects by Eligible Category will be shared with investors and lenders in the relevant Annual Green Finance Allocation and Impact Report, to be made available in Agrobank's Investor Relations section on the Bank's website.

Agrobank intends to allocate the total amount of net proceeds of Green Finance Instrument issuances to projects financed within 2 years before issuance (i.e., "look-back period").


The Bank will also ensure that all the Eligible Green Projects follow the Uzbekistan National Green Economy Taxonomy⁶.

Eligible Green Projects

Eligible Green Category	Eligibility Criteria	UN SDGs
Renewable Energy	Financing related to: Solar Energy <ul style="list-style-type: none"> - Purchasing of solar power sets, including solar panels, controllers, inverters, - Use of the services of professional companies for their installation and maintenance. 	 
Clean Transportation	Financing related to the purchase of zero-carbon vehicles only . ⁷ <ul style="list-style-type: none"> ▪ Zero-carbon vehicles: investments in passenger vehicles with zero tailpipe emissions, such as all-electric (non-hybrid) vehicles and trucks. 	

⁶ "On measures to increase the effectiveness of reforms aimed at the transition of the Republic of Uzbekistan to a "green" economy by 2030" dated December 2, 2022 No. PQ-436. <https://lex.uz/docs/6303233>

⁷ The transport solutions may not be dedicated to the transport or storage of fossil fuels.

Eligible Green Category	Eligibility Criteria	UN SDGs
	<ul style="list-style-type: none"> ▪ The use of proceeds includes vehicles that are used for passenger transportation only. 	
Climate Change Adaptation	<p>Financing related to adaptation projects focused on enhancing preparedness and resilience to the effects of climate change, as well as any actual changes experienced.</p> <ul style="list-style-type: none"> ▪ Investments that provide sustained adaptive solutions and enhance the overall resilience - of water-management systems for irrigation (i.e. drip irrigation) <ol style="list-style-type: none"> 1. Acquisition of drip irrigation kits (emitters, tubes, connectors, pressure regulators) 2. Installation of water storage tanks 3. Purchase of pumps and filters 4. Purchase of automated controllers 5. Use of related Installation services 	

For the avoidance of doubt, Agrobank will not allocate proceeds from the issuance of Green Bonds and/or loan borrowings to financings related to the following activities outlined in **Annexure I – Exclusion List**.

Process for Project Evaluation and Selection

Agrobank has set up a Green Finance Working Group, bringing together various departments within the Bank to supervise the issuance of the Green Finance Instruments, the selection and monitoring of the portfolio of the Eligible Green Projects, and to ensure the compliance of the Green Finance Instruments with the best practices.

More specifically, the role of the Green Finance Working Group is:

- i) To review and update the Framework to reflect changes in corporate strategy, market evolution, or regulatory developments;
- ii) To review the selection criteria for the Eligible Green Projects, including possible updates linked to external frameworks such as the National Green Taxonomy;
- iii) To review and validate the portfolio of Eligible Green Projects (in line Use of Proceeds criteria and with Exclusion List);
- iv) To validate the annual allocation and impact reporting for investors and lenders;
- v) To review the appropriate external independent auditors' report and address any issues arising; and
- vi) To monitor any ongoing evolution related to the Green Finance Instrument market practices regarding disclosure/reporting.

The Green Finance Working Group meets every month and is chaired by the Deputy Chairman of Agrobank. Members of the Green Finance Working Group include the following departments:

1. Treasury Team

- i) To provide a loan database to monitor the portfolio of Eligible Green Projects, producing an amortization loan maturity schedule, flagging the Eligible Green Projects in the internal system for auditing and reporting purposes
- ii) To invest the balance of the net proceeds of the Green Bonds and Green Loans not yet allocated, at its discretion, through the Bank's internal money management policies, in cash, cash equivalent, and/or other liquid marketable instruments.

2. Loan Origination and Approval Team (business lines – Credit officers at regional branch level, Credit Underwriting at HQ, Credit committee at HQ)

- i) To identify viable eligible sub-projects through scrupulous screening of both creditworthiness of potential applicants and the adherence of the proposed sub-projects to the Eligible Green Project criteria and exclusion list. Credit officers do this at the regional branch level

- ii) To perform a detailed due diligence and appraisal of the loan application to ensure full compliance with the Eligible Green Project criteria, minimizing the credit risk (risk of non-performance), and endorse the application for final approval. This is done at the Credit underwriting level, involving officers-analysts from credit underwriting, respective credit department, legal department, and collateral appraisal departments, functioning at the HQ
 - iii) To approve (or turn down) loan applications for disbursement. This is done at the Credit committee level, functioning at the HQ
3. Sustainability Team (consisting of Head of Credit Specialist, Head of Legal and Head of Collateral Appraiser)
- i) To be responsible for screening of the Eligible Green Projects and preparing the reporting for investors and lenders
 - ii) To be responsible for providing agreed-upon information on the Eligible Green Projects, communicating the events that may occur on the Eligible Green Projects at deal level
 - iii) To be responsible for drafting and updating the Green Finance Framework
 - iv) To be responsible for liaising with external third parties, including independent Second Party Opinion (SPO) providers and the appropriate external independent auditors for post-issuance reporting

Any other teams deemed necessary to be represented may also be included.

Management of Proceeds

An amount equivalent to the net proceeds of Agrobank Green Finance Instrument(s) will be managed by Agrobank's Treasury Department on a portfolio basis. Agrobank intends to accrue over time a single portfolio of Eligible Green Projects subject to internal selection. A maximum period till full allocation of proceeds is 24 months from each Green Finance Instrument issuance date.

The amount equivalent to the net proceeds from the issuance of any Green Finance Instrument under this Framework will be credited to a new, dedicated (ring-fenced from regular bond issue) bank account (i.e. "Green Account") and will be directly managed and overseen by the Treasury Team. A purpose of creating the Green Account is to deposit the bond proceeds, and subsequently, debit such account, as green projects that require funding. Under this account, there will be labelled sub-accounts for each green bond. The Bank's internal Information Technology system will periodically monitor the use of the net proceeds of the Green Finance Instrument(s).

An amount equivalent to the net proceeds will be wholly allocated to finance and/or refinance new or existing Eligible Green Projects as outlined in this Framework. On a best-efforts basis, the Treasury team will ensure that the portfolio of Eligible Green Projects exceeds, or at least is equal to, the amount of outstanding Green Finance Instrument net

proceeds raised under this Framework. Semi-annually, the Green Finance Working Group will review the Green Project portfolio to ensure the eligibility of the Eligible Green Projects selected.

Agrobank will use its best efforts to substitute any redeemed loans or other financing forms that cease to be Eligible Green Projects, as soon as practicable and once an appropriate substitution option has been identified so long as Green Finance Instrument(s) are outstanding.

Agrobank will invest the unallocated balance of the net proceeds, at its own discretion and through the Bank's internal money management policies, in cash, cash equivalent, and/or other liquid marketable instruments. Temporary holdings will not be made in entities with a business plan focused on fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco in line with Agrobank's exclusion list.

Reporting

Agrobank commits to publish a Green Finance Instrument Allocation and Impact Report annually that will provide information on the environmental and social impacts of the Eligible Green Project Portfolio, highlighting the progress on the allocation of net proceeds.

Reports will be published annually, starting one calendar year after issuance and until full allocation, and in the event of any material changes, until the maturity of the Green Finance Instrument(s).

Allocation Report

Agrobank will disclose information on the allocation of net proceeds on an aggregate basis for the green bond or loan portfolio via its website. The report will contain at least the following details:

- Total volume and net proceeds outstanding of Green Finance Instruments issued
- Total amount of net proceeds allocated to Eligible Green Projects as defined in the Use of Proceeds section of this Framework
- Breakdown of net proceeds allocated by Eligible Green Category
- A list of the Eligible Green Projects financed through Agrobank's Green Finance Instruments, including a description of the projects, where feasible
- The ratio of allocation of net proceeds between existing projects (refinancing) and new projects
- Balance of unallocated proceeds, if any

Impact Report

Agrobank will align, on a best-effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2024)"⁸.

When relevant and feasible, Agrobank will provide impact reporting in aggregate at the Eligible Category level, as well as project-level information and case studies to highlight qualitative impacts. The following table below summarizes examples of *indicative* impact reporting metrics that could be disclosed:

Eligible Green Categories

Eligible Green Categories	Examples of Indicative Impact Reporting Metrics
Renewable Energy	<ul style="list-style-type: none"> ▪ Installed renewable energy capacity (MW) ▪ Estimated annual renewable energy generation (MWh) ▪ Estimated annual GHG emission avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of retail and/or public transportation vehicles financed ▪ Share of assets funded by Agrobank in total country's clean transportation in the same period (To measure contribution to national strategies of promoting clean transportation) ▪ Estimated annual GHG emission avoided (tCO₂e)
Climate change adaptation	<ul style="list-style-type: none"> ▪ Water-related: Reduced/avoided water loss (i.e. reduction in water extraction - the decrease in water extracted from natural sources such as reservoirs and waterways) in m³ ▪ Area Covered: The total area (in hectares) covered by drip irrigation systems. ▪ Cost Savings: Financial savings for farmers due to reduced water and energy use. ▪ Number of Beneficiaries: The number of smallholder farms and farming units benefiting from the implementation of drip irrigation systems.

3. External Review

To confirm the robustness of Agrobank's Green Finance Framework, Agrobank has appointed Sustainable Fitch to provide a Second Party Opinion ("SPO"), thereby establishing the alignment with the GBP and GLP.

Agrobank will also appoint an independent third-party verifier to provide, on an annual basis, starting one year after issuance and until the total allocation of any Green Finance Instrument net proceeds, an assurance report on the allocation of net proceeds of any Eligible Green Projects, as defined in this Framework.

⁸ [ICMA Handbook – Harmonized Framework for Impact Reporting \(June 2024\)](#)

Annexure I – Agrobank’s Exclusion List (with reference to IFC Exclusion List)

This list defines the projects that Agrobank does not and will not finance. The Bank will not finance the following projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production or trade in weapons and munitions.ⁱ
- Production or trade in alcoholic beverages (excluding beer and wine).ⁱ
- Production or trade in tobacco.ⁱ
- Thermal coal mining or coal-fired electricity generation capacity
- Upstream oil exploration & Upstream oil development projects
- Nuclear energy
- Large hydropower (>25MW)
- Gambling, casinos and equivalent enterprises.ⁱ
- Trade in wildlife or wildlife products regulated under CITES.ⁱⁱ
- Production or trade in radioactive materials.ⁱⁱⁱ
- Production or trade in or use of unbonded asbestos fibers.^{iv}
- Purchase of logging equipment for use in primary tropical moist forest.
- Production or trade in pharmaceuticals subject to international phase outs or bans.
- Production or trade in pesticides/herbicides subject to international phase outs or bans.
- Drift net fishing in the marine environment using nets more than 2.5 km. in length.

All financial intermediaries (FIs), except those engaged in activities specified below*, must apply the following exclusions, in addition to IFC's Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor^v/harmful child labor.^{vi}
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in products containing PCBs.^{vii}
- Production or trade in ozone depleting substances subject to international phase out.^{viii}

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals.^{ix}
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

Footnotes

ⁱ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

ⁱⁱ CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from the Environment Division.

ⁱⁱⁱ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.

^{iv} This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

^v Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

^{vi} Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

^{vii} PCBs: Polychlorinated biphenyls - a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

^{viii} Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available from the Environment Division.

^{ix} A list of hazardous chemicals is available from the Environment Division. Hazardous chemicals include gasoline, kerosene and other petroleum products.

Disclaimer

This Green Finance Framework has been prepared by JSCB Agrobank (hereinafter - the Bank) and does not constitute an offer to sell or issue, purchase, subscribe, guarantee placement or otherwise acquire any shares of the Bank or its securities.

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By their nature, these statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

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