

CONFIDENTIAL & PROPRIETARY

Sustainable Finance Framework

Uzbek Industrial and Construction Bank Joint- Stock Commercial Bank (JSCB)

07/2024

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1. Introduction

Business Overview

The Uzbek Industrial and Construction Bank Joint-Stock Commercial Bank (“Uzpromstroybank”, the “Bank”) is one of the oldest and the leading universal financial institution in the Republic of Uzbekistan established in 1922 as an industrial bank, and currently is the second largest bank in Uzbekistan in terms of assets and size of loan portfolio. The Bank currently has a nationwide presence, with 91 points through the country, and its head office located in Tashkent. Further, Uzpromstroybank is the first in the country to issue a corporate Eurobond, in the amount of USD 300mn.

In 1991, the bank reformed into a joint-stock commercial, and the trade name of the bank changed into open joint-stock commercial bank “Uzbek Industrial-Construction Bank” in 2009. The Bank operates under license of the Central Bank of Uzbekistan as a state-owned bank to mediate the movement of funds from lenders to borrowers and from sellers to buyers in the country. The main shareholders of the bank are the Ministry of Finance of the Republic Uzbekistan, Fund for Reconstruction and Development of Uzbekistan as well as other legal entities and individuals (individually hold less than 5%). The Bank plays a significant role in financial support of the domestic corporate sector of the country and has a high potential to further strengthening its position as a result of strong public support and growth prospects. The Bank mainly provides financing for large investment and entrepreneurial projects, small and medium sized businesses, while offering wide range of services for retail clients. The Bank’s strategic goal is to transform into a competitive, customer-oriented, market-driven and attractive to clients and investors. The key element of the bank’s development strategy is scaling the business through the ecosystem of banking services with a focus on the development of SMEs and retail banking. Uzpromstroybank is actively cooperating with international financial institutions and leading banks to promote the mechanisms of selection, integration and assessment of investment projects as well as providing advanced trainings for employees.

Sustainability Strategy

Uzbekistan is very susceptible to climate change, with environmental hazards (such as droughts, high temperatures, flooding, landslides and avalanches), which primarily affect the agricultural sector. Ensuring climate change adaptation and mitigation depends on global and regional cooperation, enabling the implementation of institutional and regulatory frameworks, the transfer of green technologies and further improvements.

Uzpromstroybank aims of integrate sustainability into its entire organizational culture with the focus on caring for people and the environment. Being the first Uzbek bank to establish a sustainability strategy, Uzpromstroybank puts emphasis on the Green Banking and Financing of environmental projects to combat climate change and promote and facilitate the funding of businesses and activities that positively impact the environment including reduction of carbon use and adaptation of more climate resilient systems.

In 2018 Uzpromstroybank started its journey in green banking in cooperation with the International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD) to transform the bank into a universal financial institution operating on the basic principles of a market economy. After establishing the Green Banking department in 2019, the Bank started the regulatory process in 2020 by developing ESG policy, procedures, and green products for corporate and retail businesses.

Through its cooperation with EBRD, the Bank signed a USD 25mn credit line under the GEFF program (Green Economy Financing Facility program) in 2020. This credit line implies the provision of technical assistance in the form of consulting support. As a result, for two years in a row (in 2020-2021), Uzpromstroybank was awarded the Deal of the Year “Green Trade 2020-2021” award. In the same period the Bank developed the ESG policy and procedure.

Further, in July 2022, EBRD provided a senior convertible loan of up to USD 50mn to Uzpromstroybank. An equivalent of 20% of the loan has been channeled to Green Economy Transition Loans (refinanced to projects in energy efficiency, renewable energy, climate resilience investments etc.). Later in 2023 the Bank received EBRD Deal of the Year - Green Trade Award for promoting energy efficient technologies in Uzbekistan.

In addition to formulating this framework, Uzpromstroybank adopted substantial improvements across the following four dimensions: corporate governance, strategy, risk management, and reporting and disclosures, based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). These improved climate-related corporate and disclosure practices are expected to have a high demonstration impact for other financial institutions operating in Uzbekistan.

ESG Ratings, External Recognitions, Partnerships and Initiatives

In the relatively short time that Uzpromstroybank started implementing a sustainability strategy, it has already obtained several international awards for its green financing activities:

- TFP Deal of the Year, Green Trade: In 2020, Uzpromstroybank and Erste Bank der Österreichischen Sparkassen, jointly received this award from EBRD for improving the energy efficiency of the retail sector in Uzbekistan, resulting in energy savings equivalent to the energy needed to heat 150 Uzbek households each year.
- Green Finance Award, GFC: In 2021, Uzpromstroybank was awarded the best Green Investment Bank of the year by Astana International Financial Centre (AIFC) as the first bank in Central Asia to introduce financing mechanisms and services under the Green Banking system, especially noting the Bank’s productive contribution to reducing GHG emission, increasing energy savings and efforts on transition to a green economy.
- TFP Deal of the Year, Green Trade: In 2021, Uzpromstroybank and JP Morgan, jointly, received this award for improving the energy efficiency of the retail sector in Uzbekistan, resulting in energy savings equivalent to the energy consumption of more than 24 thousand inhabitants.

Uzpromstroybank has been rated by Fitch Ratings to assess how relevant E, S, and G issues are to the overall credit rating of the bank. The Bank has scored ‘3’ on the Fitch’s ESG Relevance Score,

which means that ESG issues are credit neutral or have only a minimal credit impact on the Bank, either due to their nature or the way in which they are being managed by Uzpromstroybank.

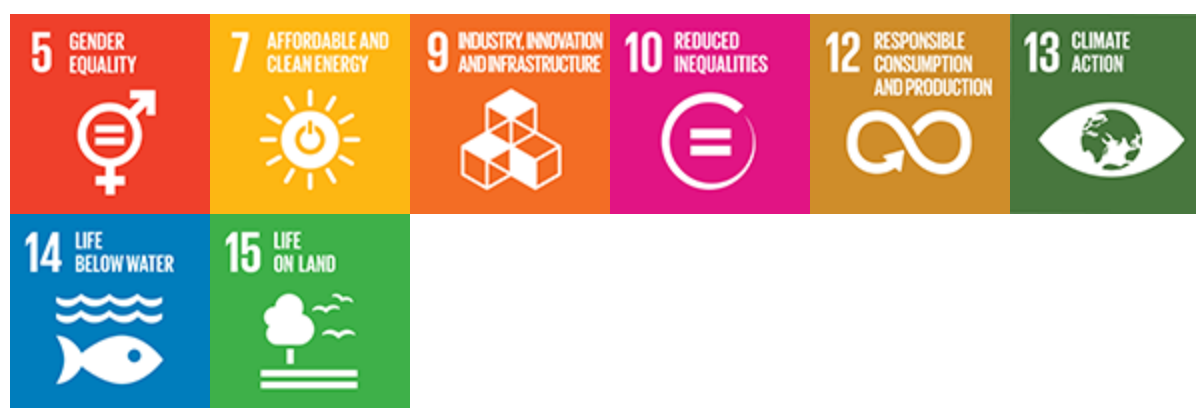
UN Sustainable Development Goals

The banking sector plays a vital role in mobilizing financial resources that contribute to building and sustainably developing the Uzbek society.

Through the nature of our activity, we have undertaken the responsibility of supporting and contributing to the implementation of the 17 Sustainable Development Goals (SDGs) launched by the United Nations (UN) in 2015. The Bank's operations and projects can significantly contribute to meeting the following targets:



Green, Social or Sustainability Bonds, loans or other financial instruments issued by Uzpromstroybank will further particularly support achieving the following targets:



2. Sustainable Finance Framework

Rationale for Establishing a Sustainable Finance Framework

At Uzpromstroybank we are strongly committed to enhancing sustainability in our entire operations and value chain. This Sustainable Finance Framework (the “Framework”) is an important step in aligning our financing strategy with our sustainability commitments. We consider the alignment of our funding strategy with our sustainability objectives to be core and this Framework will offer a further opportunity to communicate with investors and other market participants on our commitments. The aim will also be to diversify Uzpromstroybank’s investor base and engage in a sustainable dialogue with socially responsible investors.

Alignment with Market Principles

The Framework is aligned with the Green Bond Principles (GBP)¹ published in June 2021 (with June 2022 Appendix 1), Social Bond Principles (SBP)² published in June 2023 and Sustainability Bond Guidelines (SBG)³ 2021, all administered by the International Capital Market Association (ICMA), (together, the “ICMA Principles”) and the Green⁴ and Social⁵ Loan Principles published in February 2023 and administered by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) (together, the “LMA/APLMA/LSTA Principles”). These subsequently are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainability bond markets.

Uzpromstroybank’s Sustainable Finance Framework is designed as an umbrella framework that will allow the Bank to issue Green, Social and Sustainability bonds, loans and other financing instruments (together “Sustainable Financing Instruments”), as the case may be. For each Sustainable Financing Instrument issued, Uzpromstroybank asserts that it will adhere to (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting, as set out in this Framework. The Framework also follows the key recommendations of the ICMA Principles and LMA/APLMA/LSTA Principles with regards to External Reviews.

In formulating the Framework care was taken to reflect also the UN SDGs (more details in “Use of Proceeds”).

To accommodate potential changes to voluntary market practices, ICMA and LMA/APLMA/LSTA 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

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

² [ICMA Social Bond Principles \(SBP\) 2023](#)

³ [Sustainability Bond Guidelines \(SBG\) 2021](#)

⁴ [LMA Green Loan Principles 2023](#)

⁵ [LMA Social Bond Principles 2023](#)


external review by an entity which is eligible or accredited under any such prevailing principles or standards.

3. Use of Proceeds

An amount equivalent to the Sustainable Financing Instrument net proceeds will be used to finance and/or re-finance, in part or in full, Eligible Green and/or Social Projects (together “Eligible Projects”) with a positive environmental and/or social impact. Eligible Projects may include projects, loans, investments (and other lending structures) and expenditures to private individuals, legal entities, municipalities and the public sector, as well as equity investments into pure play companies⁶ that meet the Eligibility Criteria specified in this Framework.

Uzpromstroybank intends to allocate the full amount of net proceeds of Sustainable Financing Instrument issuances to projects that have been financed within (i) 3 calendar years prior to issuance (the look-back period), (ii) the calendar year of issuance, and (iii) 3 calendar years following issuance (the look-forward period).

Eligible Green Projects


Eligible Green Category	Eligibility Criteria	UN SDGs
Green Buildings	Financing related to the planning, design, construction, operation, maintenance, renovation, acquisition and ownership of energy-efficient buildings which meet at least one of the following criteria: <ul style="list-style-type: none"> - Building has a recognized international certification (at least applied or pre-certified)⁷ with a minimum certification level of LEED Gold, BREEAM Excellent, or EDGE Certified⁸ or other equivalent or higher level of certification with high level of energy efficiency, selection of sustainable materials and sustainability clauses included in leasing contracts, or - The building belongs to the top 15% of most energy-efficient buildings at national level based on local building codes⁹, building years and Energy Performance Certificate (EPC) (primary energy demand), or 	 <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>

⁶ The dedicated businesses are expected to derive more than 90% of their turnover from environmentally friendly activities, which are in line with the Eligible Green Categories from the Green and Social Framework. Moreover, the part of the turnover that is not classified as “green” is not allowed to be in any of the excluded sectors that are on the Exclusion list of the current framework.



⁷ In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Project Portfolio.

⁸ EDGE Basic buildings achieving minimum energy savings of 30%.




⁹ Ministry of Construction Republic of Uzbekistan, 2019. Green building residential and public buildings Rating system for assessing habitat sustainability. https://mc.uz/uploads/mcuz_273776937135.pdf

Eligible Green Category	Eligibility Criteria	UN SDGs
	<ul style="list-style-type: none"> - In cases where an assessment of the top 15% most energy-efficient buildings is not possible, buildings with a min. level A EPC (primary energy demand) are considered eligible. ▪ In case of financing buildings renovations (via e.g. insulation of walls and roofs, facades, replacement of boilers) leading to the fulfillment of the following criteria: <ul style="list-style-type: none"> - reduction of net primary energy demand or carbon emissions of at least 30% in comparison with the performance of the building before the renovation. <p><i>Note: Buildings that are used for the purpose of occupation by fossil fuel extraction or manufacturing of fossil fuel activities are explicitly excluded.</i></p>	
Renewable Energy	<p>Financing related to equipment purchase, acquisition, development, manufacturing, construction, installation, operation, distribution and maintenance of renewable energy projects including:</p> <ul style="list-style-type: none"> ▪ Wind power ▪ Solar power ▪ Hydropower <ul style="list-style-type: none"> - Run-of-river without artificial reservoir or low storage capacity¹⁰; and - For new projects subject to an Environmental Impact Assessment (EIA), EIA by a credible body is to be carried out with no significant risk or expected negative impact identified. ▪ Geothermal projects (with direct emissions lower than 100gCO₂/kWh according to GHG lifecycle assessment); ▪ Energy from biomass (excluding biomass from sources depleting biomass and carbon pools, sources grown on land with high biodiversity and sources that use land that competes with food sources). 	 <p>Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p>



¹⁰ Alternatively, hydropower facilities should either comply with power density above 5 W/m² or direct GHG emissions below 100gCO₂e/kWh. For hydropower facilities in operation after 2020, power density above 10W/m² or direct emissions below 50 gCO₂e/kWh apply.

Eligible Green Category	Eligibility Criteria	UN SDGs
	<ul style="list-style-type: none"> ▪ Other low-carbon energy sources with lifecycle emissions lower than 100gCO₂e/kWh¹¹. Certain technologies clearly operate below the threshold, for example wind and solar. Other technologies such as geothermal, hydropower and bioenergy have a wider range of emissions intensities (emissions/kWh generated) and will therefore need to show that their emissions fall below the 100g CO₂ e/kWh threshold. Energy storage projects (e.g., fuel cells); ▪ Smart grid solutions for more efficient transmission/distribution of energy as well as monitoring of energy consumption; ▪ Construction, renovation, or refurbishment of electricity grids that partly transmit renewable energy: Only assets aimed at increasing the share of renewables in the national electricity grid are eligible; 	
Energy Efficiency	<p>Financing related to the development, implementation, maintenance or repair of products or technologies that reduce energy consumption or improve resource efficiency. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> ▪ Improving the energy efficiency of an industrial production process in a factory across various sectors, which aim to achieve an at least 20% improvement in energy efficiency; ▪ Energy efficient lighting (e.g., LEDs); ▪ Fiber-optic networks with minimal environmental impact to replace more energy intensive alternative networks. 	  <p>Target 7.3: By 2030, double the global rate of improvement in energy efficiency.</p> <p>Target 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</p>

¹¹ Climate Bonds Initiative 2021, Briefing on the EU technical expert group’s recommendation for the EU taxonomy electricity generation threshold. https://ecostandard.org/wp-content/uploads/2021/12/EUTaxonomy_100g_7points.pdf

Eligible Green Category	Eligibility Criteria	UN SDGs
		<p><i>all countries taking action in accordance with their respective capabilities.</i></p>
<p>Clean Transportation</p>	<p>Financing related to the development, construction, manufacturing, acquisition, operation, upgrade and modernization of zero and low carbon vehicles as well as related infrastructure¹² and development, manufacture or purchase of key components for clean transportation:</p> <ul style="list-style-type: none"> ▪ Zero-carbon transport: investments in public transportation (buses, trains, trams, ferries etc) as well as passenger and freight vehicles with zero tailpipe emissions, such as electric vehicles, hydrogen cars, trucks, etc. and related infrastructure (charging stations for electric vehicles, bicycle paths etc.) ▪ Low-carbon transport: investments in low-carbon public transportation (buses, trains, trams, ferries etc) and passenger vehicles with tailpipe emissions intensity of max. 50g CO2/km until 2025 (from 2026 onwards, only vehicles with emission intensity of 0g CO2/km are eligible) ▪ The use of proceeds excludes vehicles that are used for the purpose of transportation and storage of fossil fuels; eligible infrastructure does not include parking facilities. 	 <p>Target 11.2: <i>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.</i></p>
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use, Agriculture and Forestry</p>	<p>Financing related to environmentally sustainable management of living natural resources and land use including:</p> <p>Environmentally sustainable forestry:</p> <ul style="list-style-type: none"> ▪ Afforestation or reforestation, and preservation or restoration of natural landscape providing compliance or alignment with international forest certification standards such as FSC, PEFC or equivalent standard; 	  <p>Target 5.2: <i>By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and</i></p>

¹² Excluding vehicles that are used for the purpose of transportation of fossil fuels. Eligible infrastructure does not include parking facilities.

Eligible Green Category	Eligibility Criteria	UN SDGs
	<ul style="list-style-type: none"> ▪ Urban greening projects, such as park and green areas development and restoration. <p>Environmentally sustainable agriculture¹³:</p> <ul style="list-style-type: none"> ▪ Acquisition, maintenance and management of certified agricultural practices under sustainable certification schemes, such as EU Organic, Global G.A.P. and/ or equivalent national certification schemes¹⁴, (at least applied or pre-certified)¹⁵. ▪ Support the adoption, promotion, and implementation of conservation agriculture practices^{16,17} meeting the requirements of the Food and Agriculture Organization of the United Nations (FAO) or equivalent national or international standards. ▪ Land rehabilitation and remediation projects. 	<p><i>substantially increase afforestation and reforestation globally.</i></p> <p>Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetland, mountains and drylands in line with obligations under international agreements.</p>
<p>Pollution prevention and control</p>	<p>Financing the development, construction, operation and maintenance of sustainable waste management, sorting, separation and recycling projects, activities, and operations, such as:</p> <ul style="list-style-type: none"> ▪ Waste prevention, waste reduction and waste recycling. This includes the development, operation and upgrade of recycling plants and recycling activities such as for metals, plastic and paper. <p><i>Note: (i) Chemical recycling of plastics will not be financed under the Framework, (ii) recycling of electronic waste will be accompanied by a robust waste management plan to mitigate associated risks, (iii) source segregation of waste will be carried out before waste collection, and (iv) only</i></p>	<div style="display: flex; justify-content: space-around;">   </div> <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>


¹³ Excluded activities: Transformation of rain fed agricultural land into irrigated land; Purchase of agricultural or forest land.

¹⁴ Based on the approval by [control bodies and authorities for equivalency](#) and in compliance with EEC No. 834/2007 which was replaced in Jan 2022 by Regulation (EU) 2018/848.

¹⁵ In case of a denied certification or a not sufficient final certification the loan will be excluded from the Eligible Loan Portfolio.




¹⁶ [Conservation Agriculture](#) (CA) promoted by Food and Agriculture Organization of the United Nations (FAO)' main three principles: minimum tillage and soil disturbance [the disturbed area must be less than 15 cm wide or less than 25% of the cropped area (whichever is lower)], permanent soil cover with crop residues and live mulches [min. 30% cover], crop rotation and intercropping [min. 3 different crops].


¹⁷ Projects constructed on land with high biodiversity [\[link\]](#) and/ or protected land [\[link\]](#) are excluded.

Eligible Green Category	Eligibility Criteria	UN SDGs
	<p><i>zero direct emission waste collection vehicles will be financed.</i></p> <ul style="list-style-type: none"> ▪ Reduction of industrial air emissions and greenhouse gas control: The purchase of new and refurbishment of existing equipment, technologies and facilities that provide at least a 20% reduction in carbon emissions and/or serve as fossil fuel replacements. 	<p>Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p>
<p>Eco-efficient circular economy adapted products, production technologies and processes¹⁸</p>	<p>Financing resource use efficiency and circular and / or recyclable products as well as circular design and production projects, such as:</p> <ul style="list-style-type: none"> ▪ Solutions that extend the product life cycle, such as applying modular design or design for disassembly, take-back schemes and redeploing products (reverse logistic), reuse, repair and/ or products regeneration and refurbishment. ▪ Production technologies and processes that use recycled resources such as bio-based materials (the latter being sustainable sourcing certifications for bio-based materials, such as EU Ecolabel, IEC and RSB scheme¹⁹), are considered eligible. ▪ Products that can be recycled or composted, where the input feedstock derives from recycled / reused waste. 	 <p>Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.</p>




¹⁸ Virgin plastic-based solutions are excluded.

¹⁹ <https://rsb.org/the-rsb-standard/about-the-rsb-standard/>

Eligible Green Category	Eligibility Criteria	UN SDGs
Sustainable Water and Wastewater Management	<p>Financing related to the development, construction, acquisition, installation, operation, maintenance and upgrade of sanitary and sustainable water and wastewater management projects and facilities, such as:</p> <ul style="list-style-type: none"> ▪ Sustainable water and sewage infrastructure and wastewater treatment. ▪ Water treatment facilities, activities and technologies that increase water quality and sanitation facilities. ▪ Upgrades to wastewater treatment plants to remove nutrients and wastewater discharge infrastructure. ▪ Water collection, treatment, and supply systems with improved energy efficiency by either decreasing the net average energy consumption of the system or improving the average leakage, by at least 20% compared to own baseline performance averaged for three years. ▪ Technologies that increase water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering. Construction, extension and operation of wastewater collection and treatment systems. ▪ Flood mitigation infrastructure. 	 <p>Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>
Terrestrial and aquatic biodiversity	<p>Financing related to terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments), focusing on three dimensions: (a) the conservation of biological diversity (genetic diversity, species diversity and habitat diversity); (b) the sustainable use of biological diversity; (c) the fair and equitable sharing of the benefits arising out of the utilization of genetic resources.</p> <p>Examples of projects targeting biodiversity include:</p> <ul style="list-style-type: none"> ▪ Safeguarding and/or developing protected terrestrial and marine natural habitats ▪ Landscape conservation/restoration, including REDD (Reducing Emissions from Deforestation and Forest Degradation) 	  <p>Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p>



Eligible Green Category	Eligibility Criteria	UN SDGs
		<p>Target 14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, [...], and take action for their restoration in order to achieve healthy and productive oceans</p>
<p>Climate change adaptation</p>	<p>Financing adaptation projects focused on enhancing preparedness and resilience to expected changes in climate, as well as any actual changes experienced.</p> <p>Includes projects that:</p> <ul style="list-style-type: none"> ▪ Seek to moderate or avoid potential harmful effects on people, nature and/or economic activities and assets (e.g. infrastructure, buildings) ▪ Investments that provide sustained adaptive solutions and enhance the overall resilience (e.g. fireproof roofs, other building elements to withstand higher temperatures, water-management systems for irrigation, and climate change monitoring systems). <p>Projects, as well as the impact reporting metrics, are organized according to type of climate hazard:</p> <p>Temperature-related: Heatwaves, increasing heat stress, temperature variability.</p> <p>Wind-related: Dust, storms, sandstorms.</p> <p>Water-related: Floods, droughts, heavy precipitation.</p> <p>Land-related: Mudflows, avalanches, landslides, locust invasion.</p>	 <p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>

Eligible Social Projects

Eligible Social Categories	Eligibility Criteria	UN SDGs
Education and vocational training	Financing related to: <ul style="list-style-type: none"> ▪ Access to public and publicly subsidized educational services as well as investments that support childhood development through the provision of loans for construction/upgrading of facilities and/or equipment. <p><i>Example target populations: unemployed individuals, low-income individuals²⁰, children and young adults from underserved communities.</i></p>	 <p>Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>
Access to essential health services and affordable basic infrastructure	Financing related to: <ul style="list-style-type: none"> ▪ Construction, renovation, expansion, modernization, equipment purchases or maintenance of health care facilities for provision of free or subsidized healthcare services. For example: hospitals, diagnostic and other laboratory services, rehabilitation centers, treatment centers, nursing homes, assisted living, homes for the elderly; ▪ Production and distribution of vital medication, medical equipment and medical supplies needed for the prevention and /or treatment of public health emergencies, particularly common amongst a vulnerable group e.g., children, women, the elderly, etc.; ▪ Regional development and/or infrastructure in underserved, underdeveloped regions in Uzbekistan²¹ (e.g., public transport and related infrastructure, sanitation infrastructure, high speed internet, telecommunications and electricity-related infrastructure, firefighting and rescue equipment, access to clean drinking water). Such infrastructure projects will be eligible only in underdeveloped regions where it is currently not present or is inadequate. 	  <p>Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>

²⁰Poverty in Uzbekistan is defined using the international poverty line of US \$1.90 per day in Purchasing Power Parity (PPP). In 2021, the proportion of employed population below \$1.90 PPP a day was 6.5%.

²¹ Underserved, owing to a lack of quality access to essential goods and services in underdeveloped regions (defined in Annex A for social use of proceeds).

Eligible Social Categories	Eligibility Criteria	UN SDGs
	<p><i>Example target populations: low-income individuals, children and young adults from underserved communities, the elderly, vulnerable groups, people with disabilities.</i></p>	
<p>Affordable Housing</p>	<p>Financing related to:</p> <ul style="list-style-type: none"> ▪ Construction, renovation, and maintenance of social and affordable housing through co-operative housing associations, building societies, non-profit organizations, and public utility housing enterprises such as Uzbekistan mortgage refinancing company, with the aim of providing suitable homes for individuals and families. Social and affordable housing is defined as (below market) rents charged in accordance with the relevant regulated rent standards and the regulated consumer standards of housing service. It is highly regulated under national laws and entitled persons must comply with a set of socio-economic criteria to ensure that social and affordable housing is made available to vulnerable persons. If the country does not have such national legislation, 80% of national average income threshold is applied. ▪ Financing the purchase of affordable apartments sold on primary housing market and build both in cities and in rural areas, in line with local regulation in Uzbekistan, which intends to increase demand and availability of mortgages to individuals in both cities and rural regions, and the subsequent development of the mortgage market in Uzbekistan²². <p><i>Example target populations: unemployed individuals, low-income individuals, children and young adults from underserved communities, the elderly, vulnerable groups.</i></p>	 <p>Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p>
<p>Employment generation and protection: Micro-, Small-</p>	<p>Financing related to enterprises that meet all the following criteria:</p>	

²² [Decree of the President of the Republic of Uzbekistan, dated November 28, 2019 No. UP-5886 on the additional measures to improve the mechanism of mortgage lending.](#)

Eligible Social Categories	Eligibility Criteria	UN SDGs
and Medium-size Enterprises (MSME) financing	<ul style="list-style-type: none"> ▪ Meet the definition of Micro-, Small- and Medium-size Enterprises (in line with the European Union’s definition of MSME²³); ▪ Located in underserved, underdeveloped and rural regions in Uzbekistan. <p><i>Example target population: women and/or sexual and gender minorities, underserved groups, young borrowers, unemployed individuals.</i></p>	<p>Target 10.2: <i>By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</i></p>

Exclusionary Criteria

For the avoidance of doubt, Uzpromstroybank will not allocate proceeds from the issuance of Sustainable Financing Instruments to financings related to the following activities:

- The production of or trade in any product or activity deemed illegal under host country (i.e. national) laws or regulations, or international conventions and agreements, or subject to international phase out or bans, such as:
 - (i) Production of or trade in products containing PCBs²⁴.
 - (ii) Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances.
 - (iii) Production of or trade in ozone depleting substances.
 - (iv) Production or use of or trade in persistent organic pollutants.
 - (v) Trade in wildlife or production of or trade in wildlife products regulated under CITES²⁵.
 - (vi) Transboundary movements of waste prohibited under public international law.
- Forced evictions²⁶.
- Thermal coal mining or coal-fired electricity generation capacity.

²³ https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

²⁴ PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

²⁵ CITES: The Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from the CITES secretariat

²⁶ “Forced eviction” refers to the acts and/or omissions involving the coerced or permanent or temporary involuntary displacement of individuals, groups and communities from homes and/or lands and common property resources which they occupy or depend on, thus eliminating or limiting the ability of an individual, group or community to reside or work in a particular dwelling, residence or location, without the provision of, and access to, appropriate forms of legal or other protection.

- Upstream oil exploration.
- Upstream oil development projects.
- Nuclear energy
- Large hydro (>25MW)
- Gambling, tobacco, alcohol, and weapons
- Activities involving force-feeding of ducks and geese.
- The keeping of animals for the primary purpose of fur production or any activities involving fur production.
- The manufacture, placing on the market and use of asbestos fibers, and of articles and mixtures containing these fibers added intentionally.
- The export of mercury and mercury compounds, and the manufacture, export and import of a large range of mercury added products.
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Shipment of oil or other hazardous substances in vessels, which do not comply with IMO requirements.

Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.

4. Process for Project Evaluation and Selection

The evaluation and selection process for Eligible Projects is a key process in ensuring that amounts equivalent to the net proceeds from Sustainable Financing Instruments are allocated to projects which meet the Eligibility Criteria outlined in this Framework.

All potential Eligible Projects are subject to Uzpromstroybank's standard credit process in line with the normal course of business, including:

- Know-Your-Customer (KYC) procedure
- Compliance
- Credit risk analysis
- Relevance assessment (all loans which pass through Uzpromstroybank's approval process)
- Sector policies (Sensitive business areas are regulated in individual sector policies, e.g., war material, nuclear power, coal, gambling)
- Code of conduct.

Only projects that have been approved through Uzpromstroybank's standard regular credit process can be considered eligible for a Sustainable Financing Instrument.

Uzpromstroybank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Projects, it will strive to replace maturing

Eligible Projects with new ones and will provide transparency on the Eligible Project origination timeframe in its annual reporting.

Identification of Eligible Projects

Eligible Projects are sourced from various eligible sectors and result from the application of the Eligibility Criteria outlined in this Framework which is the responsibility of the Credit Committee (“CC”). The CC in Uzpromstroybank is comprised of an extended management and expert team from multiple divisions within the bank, including Treasury, Communication, Sales Management, Risk Controlling, Credit Risk Management and Compliance.

In addition to the CC, the Green Banking department (“GB”) is actively working on reviewing potential eligible projects and implementing Environmental and Social risk management, thus categorizing potential eligible projects based on their environmental and social impact. Based on their thorough assessment, GB will provide the CC with a report summarizing their recommendations and findings on each potential project.

In addition to the various eligible sectors listed above, GB will also perform eligibility checks for potential projects using the following tools:

- Climate Assessment for Financial Institutions (CAFI) platform provided by IFC²⁷;
- Green Technology Selector (GTS) platform from EBRD Green Economy Financing Facility (GEFF)²⁸.

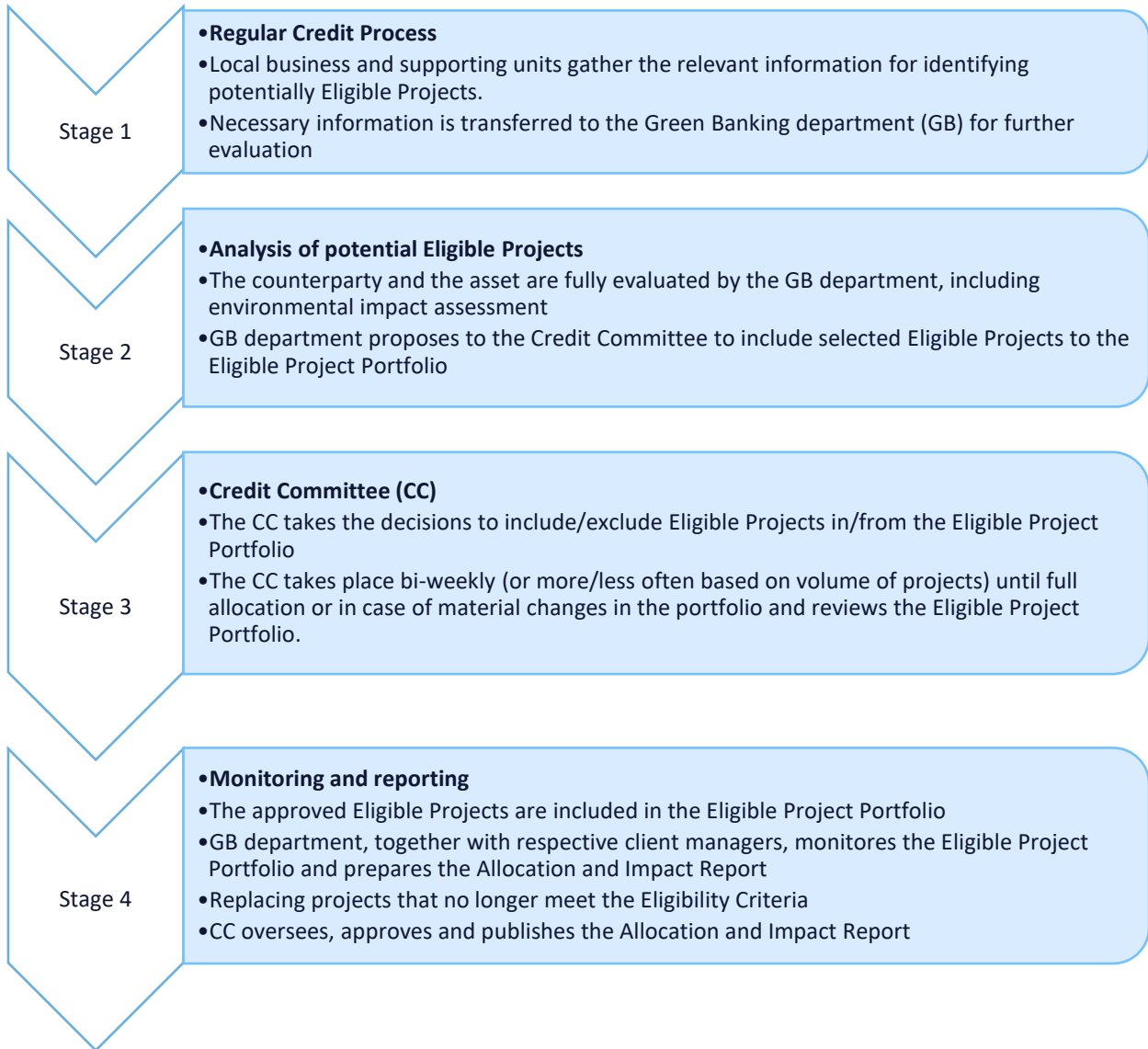
The Credit Committee is responsible for:

- Reviewing, selecting, and validating the Eligible Projects based on the recommendation of the Green Banking department, and ensuring the recommended and potential Eligible Projects are aligned with the categories, Eligibility Criteria and Exclusionary Criteria as specified in the Use of Proceeds section above;
- Annually reviewing and approving any proposed changes to the Eligible Projects Portfolio;
- If a project no longer meets the Eligibility Criteria set forth in this Framework, the project will be removed from the register and replaced as soon as a substitute has been identified;
- Ensuring the proposed allocations are aligned with the relevant general policies and Uzpromstroybank’s ESG strategy;
- Overseeing, approving, and publishing the Allocation and Impact Report, including external assurance statements.

²⁷ [CAFI, a digital, web-based platform](#) developed by the International Finance Corporation (IFC), helps banks to assess the climate eligibility and measure the development impact of the projects they finance.

²⁸ [Green Economy Financing Facility \(GEFF\)](#) provides finance, advice and grant incentives for private sector businesses to improve their competitiveness, through high performance technologies and practices.

Key steps in the evaluation and selection process of Eligible Projects:



Identification and Mitigation of Environmental and Social Risks

Uzpromstroybank has put in place a strong evaluation and selection process, that leverages its existing sustainability and risk management framework, to ensure the mitigation of potential environmental and social risks associated with the Eligible Projects. This is in addition to ensuring that Eligible Projects meet applicable national and international environmental and social standards and regulations.

Uzpromstroybank has undertaken a clear trade-off analysis with regards to the material risk of negative social and environmental impacts from the Eligible Projects. A monitoring process has been established for any risks deemed to be significant.

5. Management of Proceeds

An amount equivalent to the net proceeds of any Uzpromstroybank Green, Social and/or Sustainability financing instrument will be managed by Uzpromstroybank's Finance Department on an aggregated basis for multiple Sustainable Financing Instruments (portfolio basis).

Up until the maturity of the Sustainable Financing Instruments, Uzpromstroybank will strive to maintain a volume of Eligible Projects in the Eligible Projects Portfolio that matches or exceeds the balance of net proceeds of outstanding Sustainable Financing Instruments and will continue to finance and promote new Eligible Projects.

All Eligible Projects included in the Eligible Projects Portfolio will be registered in Uzpromstroybank's Sustainability Portfolio which will be established to manage the allocation process.

Quarterly, the Green Banking Department will review the Sustainability Portfolio to ensure the eligibility of the Eligible Projects selected. If any allocated Eligible Projects are deemed not eligible anymore and are removed from the Sustainability Portfolio, Uzpromstroybank will strive to substitute these with other Eligible Projects on a best-efforts basis, as soon as practicable and within a reasonable time period of 24 months.

Pending full allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of Uzpromstroybank's Sustainable Financing Instruments to Eligible Projects, unallocated net proceeds will be held in the form of temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Uzpromstroybank's treasury management policies.

As this framework may evolve from time to time to consider the evolution of market standards and regulation, the loans must meet the Eligibility Criteria at the time they are flagged as Eligible Projects, but subsequent changes to the Framework will not apply to outstanding Sustainable Financing Instruments (grandfathering). Any new Sustainable Financing Instruments shall be aligned with the most recent version of the Framework.

6. Reporting

Uzpromstroybank commits to publish an Allocation and Impact Report that will provide information on the environmental and social impacts of the Eligible Project Portfolio, highlighting the progress on allocation of net proceeds.

Reports will be published on an annual basis, starting one calendar year after issuance and until full allocation, and in the event of any material changes, until the maturity of the Sustainable Financing Instruments.

Allocation Report

Via the Allocation Report, Uzpromstroybank will disclose information on the allocation of Green and Social net proceeds on its website. The report will contain at least the following details:

- Total volume and net proceeds outstanding of Sustainable Financing Instruments issued;
- Total amount of net proceeds allocated to Eligible Projects as defined in the Use of Proceeds section of this Framework;
- Breakdown of net proceeds allocated by Eligible Category;
- Subject to confidentiality considerations, a list of the Eligible Projects financed through Uzpromstroybank’s Sustainable Financing Instruments, including a description of the projects and their geographic distribution, where feasible;
- The proportional allocation of net proceeds between existing projects (refinancing) and new projects; and
- Balance of unallocated proceeds, if any.

Impact Report

For its Impact Report, Uzpromstroybank intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA’s “Handbook – Harmonized Framework for Impact Reporting (June 2023)”²⁹.

When relevant and feasible, Uzpromstroybank 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 potential impact reporting metrics that could be disclosed:

Eligible Green Categories

Eligible Green Categories	Example of Impact Reporting Metrics
Green Buildings	<ul style="list-style-type: none"> ▪ Certification Standards <ul style="list-style-type: none"> ○ Type of scheme, certification level ▪ Level of Energy Performance Certificate (EPC), if applicable ▪ Annual energy savings (MWh) ▪ Final and/or Primary Energy Use (kWh/m²) ▪ Estimated annual GHG emission reduced/avoided (tCO₂e)
Renewable Energy	<ul style="list-style-type: none"> ▪ Installed renewable energy capacity (MW) ▪ Expected annual renewable energy generation (MWh) ▪ Estimated annual GHG emission avoided (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> ▪ Annual energy savings (MWh)

²⁹ [ICMA Handbook – Harmonized Framework for Impact Reporting \(June 2023\)](#)

Eligible Green Categories	Example of Impact Reporting Metrics
	<ul style="list-style-type: none"> ▪ Estimated annual GHG emission reduced/avoided (tCO₂e) ▪ Number of smart meters installed, if applicable
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of people using public mass transportation ▪ Number of retail and/or public transportation vehicles financed ▪ Number of EV charging stations units installed, if applicable ▪ Estimated annual GHG emission avoided (tCO₂e) ▪ Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonnekilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes ▪ Annual GHG emissions reduced/avoided in tCO₂-e p.a. ▪ Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)
Environmentally Sustainable Management of Living Natural Resources and Land Use, Agriculture and Forestry	<ul style="list-style-type: none"> ▪ Total sustainable agriculture land area certified (e.g. by FSC, PEFC etc.) ▪ Estimated annual GHG emissions avoided (tCO₂e) ▪ Agricultural Certifications <ul style="list-style-type: none"> ○ Type of scheme, certification level ▪ Land areas covered by urban greening projects (hectares) ▪ Land restored (hectares)
Pollution prevention and control	<ul style="list-style-type: none"> ▪ Type and annual amount of recycled waste (tonnes) ▪ Amount of waste that is prevented, minimised, reused or recycled before and after the project in % of total waste and/ or in absolute amount in tonnes p.a. ▪ GHG emissions avoided from waste management activities (tCO₂-e p.a.)
Eco-efficient and / or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> ▪ Annual savings of relevant resources (e.g. tonnes raw material/year) ▪ Estimated annual GHG emissions avoided or reduced (tCO₂e) and/or energy savings (MWh per year), if applicable
Sustainable Water Management and Wastewater Management	<ul style="list-style-type: none"> ▪ Annual water savings (m³) ▪ Volume of wastewater treated, reused or avoided (m³) ▪ Area covered by sustainable land and water resources management practices (hectares)
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced in tCO₂e p.a. ▪ Maintenance/increase of natural landscape area (including forest) in km² and % annual increase (if applicable, certified by benchmark standards for

Eligible Green Categories	Example of Impact Reporting Metrics
	<p>sustainable forest management, e.g. FSC, PEFC, Rainforest Alliance)</p> <ul style="list-style-type: none"> ▪ Maintenance/increase of protected area/habitat in km² ▪ Absolute number of predefined organisms and species per km²/m² before and after the project ▪ Changes in the CO₂, nutrient and/or pH levels for coastal vegetation, and coral reefs in %
Climate change adaptation	<ul style="list-style-type: none"> ▪ Temperature related: Increase in grid resilience, energy generation, transmission/distribution and storage in MWh ▪ Temperature related: Reduction in emergency and unplanned rail and tarmac replacement in km ▪ Water related: Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m³ ▪ Water related: Additional water availability and/or increased water catchment in m³/year ▪ Land related: Reduction in repair costs and/or operating days lost due to landslides ▪ Land related: Increase in area under wetland management in km²

Eligible Social Categories

Eligible Social Categories	Example of Impact Reporting Metrics
Education and vocational training	<ul style="list-style-type: none"> ▪ Number of education facilities ▪ Number of individuals / students enrolled ▪ Number of educational programs or professional development measures ▪ Number of students attaining standard for the targeted education level
Access to essential health services and affordable basic infrastructure	<ul style="list-style-type: none"> ▪ Number of new / renovated / expanded health care facilities ▪ Number of patients reached with improved healthcare
Affordable Housing	<ul style="list-style-type: none"> ▪ Number of individuals benefiting from affordable housing ▪ Number of affordable buildings or dwellings constructed or renovated ▪ m² of affordable living space constructed or renovated ▪ Number of individuals / social housing organizations benefiting from housing mortgages
Employment generation and retention: Micro-, Small- and Medium-size	<ul style="list-style-type: none"> ▪ Number of financed enterprises ▪ Breakdown by region and sector of MSME loans ▪ Number of MSME loans

Eligible Social Categories	Example of Impact Reporting Metrics
Enterprises (MSME) financing	<ul style="list-style-type: none"> ▪ Average amount of the MSME loan ▪ Number of jobs created / supported and split per region, when available

7. External Review

In order to confirm the transparency and robustness of Uzpromstroybank’s Sustainable Finance Framework, Uzpromstroybank has appointed Sustainable Fitch to provide a Second Party Opinion (“SPO”), confirming the alignment with the ICMA Principles and LMA/APLMA/LSTA Principles.

Uzpromstroybank’s external auditor will provide on an annual basis, starting one year after issuance and until full allocation of any Sustainable Financing Instruments, an assurance report on the allocation of net proceeds of any Eligible Projects, as defined in this Framework.

Annex A – Scope of Regions

Regions, eligible for social use of proceeds

Andijan

Bukhara

Djizzak

Fergana

Kashkadarya

Khorezm

Namangan

Navoi

Samarkand

Surkhandarya

Syrdarya

Tashkent

Republic of Karakalpakistan

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