

"REGISTERED"

APPENDIX

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to the Resolution of the Board
of JSCB "Uzpromstroybank"
No. 294
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**The Procedure for Managing Environmental and Social Risks of JSCB
"Uzpromstroybank"
(in the new edition)**

I. General provisions

1. This Procedure was developed on the basis of the Law of the Republic of Uzbekistan "On Banks and Banking Activities", the Regulations "On the requirements of the Central Bank for internal regulatory documents of commercial banks" (reg. No. 916 dated April 5, 2000) and other regulatory documents.

This Procedure defines the procedure for managing environmental and social risks in the system of JSCB Uzpromstroybank (hereinafter referred to as the Bank).

2. Environmental and social risks are managed in accordance with the Environmental and Social Risk Management Policy of JSCB "Uzpromstroybank" in order to determine the compliance of the borrower's planned or ongoing activities with the environmental and social requirements of the Bank and the conditions for providing financial resources.

3. The main objectives of the environmental and social risk management system are:

ensuring compliance of the Borrower's projects (activities) with the environmental and social requirements of the Bank;

identifying and minimizing environmental and social risks associated with the activities of borrowers and developing measures to manage these risks;

monitoring the compliance of the borrower's activities with national environmental and social standards, safety standards of the investment object, as well as best practices and standards;

preparation of recommendations on environmental and social conditions for the Bank's participation in the project.

4. The borrower's production activities must be carried out on the basis of the following principles:

- a) ensuring favorable living conditions for people;
- b) respect for the human right to a pleasant environment;
- c) protection and rational use of natural resources to ensure environmental safety;
- d) the obligation to assess the impact on the environment when making decisions on carrying out economic and other activities;
- e) taking into account the natural and socio-economic characteristics of regions when planning and implementing economic and other types of activities;
- f) priority of preserving the natural ecological system, natural landscapes and natural complexes;

g) ensuring a reduction in the negative impact of economic and other activities on the environment;

h) the obligation to participate in environmental activities;

i) liability for violation of legislation in the field of environmental protection;

j) payment for the use of natural resources and compensation for damage to the environment;

k) the obligation to conduct a state environmental assessment of projects and other documents justifying economic and other activities that may have a negative impact on the environment and threaten the life, health and property of citizens;

l) organization and development of a system of environmental education, upbringing and formation of environmental culture.

5. The Bank requires Borrowers to comply with national and international labor rights standards. The main official body dealing with labor relations is the International Labor Organization. This organization developed the Declaration of Fundamental Principles and Rights at Work, and it included the following fundamental rights:

a) abolition of all forms of forced labor;

b) prohibition of the use of child labor;

c) eliminating discrimination in matters of employment and career choice;

d) actual recognition of freedom of association and the right to negotiate a collective agreement.

6. Economic and other activities of borrowers are carried out in accordance with the Labor Code of the Republic of Uzbekistan and basic social principles, including:

protection of labor resources and public health;

compliance with occupational safety and health regulations and provision of decent working conditions;

preventing violations of the basic rules of the normative documents of the international labor organization, including discrimination in the workplace, the use of child and forced labor, restrictions on the activities of trade unions, etc.;

respect for human and labor rights;

ensuring gender equality;

the Bank's requirements for managing environmental and social risks formulated in the Policy, the national legislation, the performance standards of the International Finance Corporation (hereinafter referred to as the IFC), requirements of the European Bank for Reconstruction and Development (hereinafter referred to as the EBRD), requirements of the "Regulations on the Safeguard Policy of the Asian Development Bank" (hereinafter referred to as ADB) and other principles based on the requirements of environmental and social standards of other international financial institutions (hereinafter referred to as IFIs).

II. Environmental and social risk management system

7. The Bank's environmental and social risk management system covers credit and investment activities, including lending, trade, loan and project financing, guarantees, leasing, factoring, carried out in the segments of microfinance, small and medium-sized businesses, as well as corporate business.