



**“Approved”**

Under resolution of Directorate  
of JSC “BasisBank” on March 23, 2018  
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**“Amended”**

Under resolution of Directorate  
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Under decision of Directorate (the Board of Director)  
of JSC “BasisBank” on October 10, 2024  
N11.10/04-24

Joint-Stock Company “BasisBank”

# INSTRUCTION

Environmental and Social Risk Management Procedures

## Article 1. Introductory provisions

1.1 The present Environmental and Social Risk Management instruction (hereinafter referred to as the “ESRM Instruction”) establishes processes for identifying, assessing, managing, mitigating and reporting material environmental and social risks across JSC Basisbank’s businesses. Environmental and social risk issues covered by the ESRM Instruction include labor and employment practices, human rights, resource efficiency, pollution prevention, biodiversity and cultural heritage.

1.2. The present ESRM instruction is drawn up on the basis of the statute of Joint-Stock Company “BasisBank” (hereinafter referred to as the “Bank”), effective Georgian legislation and other legal acts, including:

1.3. Documents and laws related to the Instruction are as follows:

- Law of Georgia on Environmental Protection -
- Law of Georgia on Environmental Liability
- Law of Georgia on Environmental Assessment Code
- Law of Georgia on Licenses and Permits
- Law of Georgia on Promotion and Guarantees of Investment Activity
- Law of Georgia on Planning and Coordination of the National Security Policy
- Law of Georgia On Ambient Air Protection
- Law of Georgia – Air Code of Georgia
- Law of Georgia on Soil Protection
- Law of Georgia on Subsoil
- Law of Georgia on Soil Conservation and Restoration-Improvement of Soil Fertility
- Law of Georgia on Pesticides and Agrochemicals
- Law of Georgia on Water
- The Law of Georgia on Water Resources (Draft Version)
- Forest Code of Georgia
- On Living Genetically Modified Organisms -
- The Law on Biological Diversity (Draft Version)
- Law of Georgia on License and Permit Fees -
- State Tax Service of the Republic of Georgia regarding the instruction "On the method of calculation and payment of tax for the use of natural resources" -
- On the approval of the "Technical Regulation - the rule of monetary compensation for damage caused to the environment"
- Waste Management Code
- Law of Georgia on Import, Export and Transit of Waste
- Law of Georgia on Radioactive Waste
- Law of Georgia on Oil and Gas
- Law of Georgia on Electricity and Natural Gas -
- Law of Georgia on Tourism and Resorts -
- Law of Georgia on Nuclear and Radiation Safety -
- Law of Georgia on Requirements for genetically modified food and animal feed -
- Law of Georgia on Labeling of Genetically Modified Organisms Designated for Food Products/Fodder and Genetically Modified Products Produced from them
- Constitution of Georgia - Article 34 – General principles for ensuring fundamental human rights
- Law of Georgia on the Elimination of All Forms of Discrimination
- Law of Georgia on Gender Equality
- Law of Georgia on the Rights of Persons with Disabilities
- The Code of the Rights of the Child
- Law of Georgia on Health Care -
- Organic Law of Georgia – Labor Code of Georgia

- Organic Law of Georgia on Labor Safety and Minimum Requirements for Safety and Health Protection in the Workplace
- Law of Georgia on State Pensions
- Law of Georgia – Tax Code of Georgia
- Law of Georgia on Competition
- Law of Georgia on Introduction of anti-dumping measures in trade
- Law of Georgia on Promotion and Guarantees of Investment Activity
- Law of Georgia On the Protection of Consumer Rights
- Law of Georgia on Advertising

1.4. The ESRM Instruction is the guidance document for the Bank. The Bank ensures that its business activities comply with all of the above stated laws.

1.5. The purpose of the ESRM Instruction is to introduce the environmental and social protection related rules.

## **Article 2. Environmental and Social Policy**

2.1 The bank's commitments to environmental and social protection are reflected in the following policies and duties:

2.1.1 The Bank acknowledges its commitment in conducting its own business in an environmentally and socially responsible manner.

2.1.2. The Bank financed projects must be environmentally sound and sustainable.

2.1.3. The bank supports the protection, maintenance and rehabilitation of natural habitats and doesn't finance projects that involve the significant conversion or degradation of critical natural habitats.

2.1.4 The Bank finances projects with due consideration of prohibited activities list, specified in (Annexes 1-2).

2.1.5. The Bank conducts its activities with due regard to environmental factors and with the principles of environmentally sound and sustainable development.

2.1.6. The bank screens loan applications with due consideration of the environmental and social protection issues.

2.1.7. The Bank maintains documentation on the environmental due diligence process for each loan that is deemed environmentally or socially sensitive.

## **Article 3. Environmental and Social Responsibilities**

3.1 In order to ensure that appropriate environmental and social risk assessment is applied to its commercial lending activities, the Bank has appointed an Environmental and Social Risk Management (ESRM) Officer with management responsibility for ensuring proper operation and maintenance of the Environmental and Social Risk Management process within the Bank.

3.2. ESRM Officer is responsible for:

- Oversight of E&S risk management and ESRM instruction implementation
- Management of resources (budget and staff) for E&S risk management and training
- Coordination and integration of E&S risk management procedures with the Bank's internal credit process
- Review and verification of E&S risks assessment results
- Reporting any major E&S issues to senior management and secure the support for and approval of E&S risk management issues by senior management
- Reporting any accidents/incidents reported by the borrowers to IFC within 3 days of becoming aware
- Preparing annual E&S performance report to stakeholders, including the Annual Environmental Performance Report to IFC, to be sent within 90 days after the end of financial year.

3.3. ESRM Officer will ensure that these instructions are applied to each loan application and that ESRM records are maintained properly. ESRM officer will ensure that all investment decisions are

supported by appropriate risk assessment documentation (including, completed E&S risk assessment form, corrective actions etc.).

3.4. Credit appraisal staff (the staff of the Small and Micro Business Lending Division as well as the Corporate Business Lending Division) are responsible for:

- Assessing the viability of granting the loan; forwarding the credit application with recommendations and their findings together with the Risk Department conclusion to Credit Committee
- Screening of the proposals/loan applications against Excluded Activity List and Bank's E&S policies
- If required, call for any additional information from the client/loan applicant pertaining to E&S risk evaluation.
- Perform desk review, site visit for medium or high E&S categorized borrowers/projects and record E&S risk assessment results at the E&S Assessment Form – Annex 4
- Use EBRD E&S Risk Categorization list and assign the relevant risk category of a particular loan/activity.
- Inform the Clients/Loan applicants of the decisions based on the initial screening and initial risk categorization.

3.5. Credit appraisal staff (the staff of the Small and Micro Business Lending Division as well as the Corporate Business Lending Division) and ESRM Officer are responsible for E&S monitoring.

For Category 'C' projects routing monitoring for E&S issues is not required. Monitoring would be done only for Category A and major B projects<sup>1</sup> and in case of any significant events (incident, complaint).

ESRM Officer has to monitor the Environmental and Social Performance of Category A and major category B projects annually. The results of this monitoring should be fed back to the overall reporting system.

ESRM Officer is responsible for visiting the site for follow up monitoring and preparing Annual Monitoring of E&S compliances for category 'A' Projects.

In addition to the standard performance reporting, clients are also requested to report any major incidents and/or accidents instantly. This condition is an explicit requirement in the loan covenants for Category A and B projects.

3.6. The Management Board is responsible for overall oversight that the BasisBank follows its commitments on environmental and social issues.

3.7. ESRM Officer and all the staff engaged into ESRM implementation will be trained to conduct Environmental and Social Risk Assessment and the relevant E&S trainings should be held by the Bank regularly.

## **Article 4. Environmental and Social Risks Assessment Procedures**

### **4.1. Environmental and Social Screening and Categorization**

4.1.1. The Bank's Environmental and Social procedures include transaction screening and the categorization, identification and appropriate assessment, mitigation and control, and monitoring and reporting of Environmental and Social risks.

4.1.2. Loans are screened to determine the nature of environmental and social issues compliance that are required under National legislation and under IFC and EBRD standards.

4.1.3. Environmental and Social screening is to verify that the proposed loan does not relate to activities which are regulated or prohibited under international agreements, local legislation, and are filtered according to Annexes 1 and 2 integrated in the ESRM Instruction. These Annexes include

<sup>1</sup> Major Category B projects mean long-term loans (more than 2 years) provided to borrowers, those conduct construction activities and /or have heavy manufacturing operations and/or have ESAP agreed during a loan review process.

activities which may give rise to significant environmental and social concerns or lead to significantly adverse public reaction.

4.1.3.1. If a project involves activity which falls under general exclusion list category described in the respective list of Annex 1, it will not be further considered for financing.

4.1.3.2 If a project involves any activity which falls under specific activities exclusion list as given in Annex 1 and Annex 2 it will be further considered for financing according to the specific limitations as described in the exclusion list (SME segment and IFI portfolio of loans are typically excluded from such type of financing)

4.1.4. Credit appraisal staff (the staff of the Small and Micro Business Lending Division as well as the Corporate Business Lending Division) should make a preliminary assessment of environmental and social risks for new transactions in order to judge how much subsequent environmental and social appraisal may be necessary. Credit appraisal staff (the staff of the Small and Micro Business Lending Division as well as the Corporate Business Lending Division) should determine the relative level of environmental and social risks associated with the customer's business activity and provide a project's categorization:

- **High-Risk (Category A):** Business activities with potential significant adverse environmental or social risks and/or impacts that is diverse, irreversible, or unprecedented.
- **Medium-Risk (Category B):** Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
- **Low-Risk (Category C):** Business activities with minimal or no adverse environmental or social risks and/or impacts.

4.1.5. Projects' categorization is based on the nature of customer's activity and is assigned by using EBRD's Environmental and Social Risk Categorization List (*Annex 3 – “EBRD E&S Risk Categorization List – Revised 2014”*).

4.1.6. Further assessment of E&S risks is conducted as per the project category that is specified in the next section.

## **4.2. Identification and Evaluation of Environmental and Social Impacts and Risks**

4.2.1. During examination, the Bank staff gathers information on the potential borrower's environmental and social performance and its implications for financial, legal and reputational risk to the borrower and to the Bank. 'Environmental and social risk' can be defined as the likelihood of an adverse environmental or social event occurring.

4.2.2 Credit staff should investigate the following issues, and note their findings on the credit file:

4.2.2.1. Status of environmental, health, safety and sanitary and labor standards compliance in the borrower's enterprise.

4.2.2.2. Possession of valid environmental and other permits or approvals required in relation to the loan.

4.2.2.3. Whether the project/activity that the loan would support requires an environmental assessment. For the construction of new enterprises, an environmental impact assessment may be required in accordance with local legislation and guidelines. Expansion to an existing enterprise or modification of process technology may also be subject to similar or more limited environmental assessment which addresses the key environmental issues.

4.2.3. For potential borrowers categorized as low environmental and social risk at screening and for small or short-term loans/working capital (less than 6 months) or trade finance guarantees, the Bank should obtain satisfactory assurance that the borrower's business and operations meet regulatory requirements, for example by requiring that the borrower provide a representation/warranty to this effect. Typically no further work is required.

4.2.4. Depending on the complexity of the project, the industry sector environmental and social risks of all potential borrowers categorized as medium or high environmental and social risk with long terms

loan (6 month or longer) should be evaluated through a desk review, a site visit or may require a full-scale review conducted by a technically qualified consultant. The Bank staff should conduct:

4.2.4.1. A site visit to identify problems areas, such as excessive emissions and contamination, by their own observations and by discussions with company staff.

4.2.4.2. A compliance check, to ensure that the borrower meets applicable health, safety and environmental laws and regulations standards, in particular that all company sites have the relevant permits and are currently complying with the conditions of these permits.

4.2.5. In addition, for transactions categorized as high environmental and social risk, credit appraisal staff (the staff of the Small and Micro Business Lending Division as well as the Corporate Business Lending Division) will determine whether the customer has any third party E&S assessments required by national law (e.g., Environmental Impact Assessment) or by the regulatory authorities, and review the key findings from such assessments. Credit appraisal staff (the staff of the Small and Micro Business Lending Division as well as the Corporate Business Lending Division) shall also determine whether public disclosure requirements have been met by the customer (if required by the national legislation), whether parties potentially affected by the project have been appropriately engaged, and whether or not the customer is required to implement any mitigating measures, and, if so, has a plan in place to do so in an acceptable time frame.

4.2.6. E&S risks assessment results should be recorded at the “*Environmental and Social Assessment Form*”(Annex 4)

4.2.7. From the point of view of environmental and social impact, sensitive projects and ecological risks will be assessed during the credit application approval, by the credit committee and/or credit decision making group.

#### **4.3. Risks Identification:**

Financial –environmental and social risks may involve:

4.3.1. Potential liabilities resulting, e.g. from clean-up up of soil contamination;

4.3.2. Fees and penalties for environmental or social non-compliance;

4.3.3. Reduced asset or collateral value due to site contamination;

4.3.5. Lost time, medical expenses or compensation claims for worker health and safety impacts;

4.3.6. Project delays due to project approval difficulties and/or public opposition;

#### **4.4. Risks control and prevention:**

4.4.1. The Bank will need to consider what actions are required to reduce exposure to financial/environmental and social risks associated with the loan and, where possible, to maximize environmental benefits.

4.4.2. A risk control strategy may include the following:

4.4.2.1. Agreement with the borrower to incorporate specific environmental investments or an Environmental and Social Action Plan into the project.

4.4.2.2. Environmental conditions in the loan agreement to require regulatory compliance or improvement measures to be undertaken by the borrower; (*Annex 6 – “Indicative ES Covenants for Clients”*)

4.4.2.3. Environmental performance monitoring

4.4.2.4. Making changes in the loan (volume, duration, interest rate).

4.4.3. The Bank must ensure that conditions of regulatory compliance and associated implementation schedules are appropriately defined and negotiated with the borrower and, where appropriate, incorporated into the loan agreement.

#### **4.5. Environmental and Social monitoring**

4.5.1. During the lifetime of the loan the Bank is obliged to monitor the compliance with the environmental and social covenants, especially the compliance with the recommendations from the E&S risks assessment report, and the borrower’s ability to meet changing regulatory requirements. ESRM Officer should prepare E&S Monitoring Reports (Annex 5) for Category A and major Category B<sup>2</sup> projects once per year based on a site visit observations.

4.5.2. The Credit Officers, in accordance with the internal policies and procedures of the Bank, will keep copies of all necessary documents and permits of the borrower, concerning the compliance with

<sup>2</sup> Major Category B projects mean long-term loans (more than 2 years) provided to borrowers, those conduct construction activities and/ or have heavy manufacturing operations and /or have ESAP agreed during a loan review process.



the national social and environmental regulations as part of the borrowers loan file, together with Annex 3.

4.5.3. The borrower will be obliged to deliver to the Bank any new permits or documents acquired, that are connected with the environmental and social performance.

4.5.4. The borrower will immediately inform the Bank in case of non-compliance on environmental and social grounds. This commitment will be obligatory for the borrower and it will be regulated with relevant covenants in the loan agreements.

## **Article 5 – External Communication Mechanism and Complaint Discussion**

5.1. Persons who have been adversely affected by the bank financed projects can file a grievance at the bank;

5.2. At least two people acting as a group with a common interest can make a complaint about a Bank-financed project. The group must live in an area that is affected by the project.

5.3. The representative can be a group member, as well as third party and must be familiar with the area.

5.4. While filing a grievance they can make a request for their details to be kept confidential. Anonymous complaints neither are nor accepted.

5.5. The grievance must be in writing and include the following information:

- Name and address of each member of the affected group.
- Evidence of your authority to represent the group.
- A summary of BasisBank-financed project, the reasons of a grievance and details of how it adversely affects the group.
- A description of the efforts made to resolve the problem.
- Copies of correspondence with Bank staff and other relevant parties about the problem that has given rise to the complaint, and any other supporting information (if available).

5.6. Complaints may be submitted:

- Email complaints directly to [info@basisbank.ge](mailto:info@basisbank.ge)
- Submit the complaint in writing to the following address:

1 Ketevan Tsamebuli Ave.

Tbilisi, 0103

Georgia

Tel: (995 32) 922 922

Email: [info@basisbank.ge](mailto:info@basisbank.ge) or [incidents@basisbank.ge](mailto:incidents@basisbank.ge)

- Submit the complaint through the website of the Bank <https://bb.ge>

5.7. During 1 (one) banking day the complaint will be submitted to the Bank's ESRM Officer for discussion, who then assesses the eligibility of the complaint during 5(five) banking days. In case the complaint is eligible, the review of the complaint will be conducted in accordance with the regulation of the bank's whistleblowing policy.

## **Article 6. Emergency Preparedness and Response plan**

6.1. The Bank has separate procedures in place regulating emergency preparedness and fire safety within its premises to protect the health and safety of its employees as well as that of visitors, including:

- Fire safety instructions, adopted by Management Board as of 23.03.2018, #23.03/05-18

6.2. These procedures identify responsibilities and procedures for communicating different types of emergencies (e.g., fire, earthquake or robbery) to the appropriate authorities and for safe evacuation. Fire safety instruction also include provisions on specific training and practice requirements (i.e., evacuation and fire drills).

## Article 7. Obligations related to the program of the LEPL “Enterprise Georgia”

E&S risks related to projects financed by the LEPL EG under the state program “Relief and Recovery for Micro, Small and Medium Enterprises Project”, with the support of the International Bank for Reconstruction and Development (IBRD), have to be reviewed and assessed in line with the *Environmental and Social Management System Under the World Bank Financed Relief and Recovery for Micro, Small and Medium Enterprises Project* adopted by the Directorate of the Bank.

## Article 7<sup>1</sup>. Obligations related to the Asian Development Bank Investment Agreement

In regards with the Asian Development Bank ("ADB") Investment Agreement (the "ADB Investment Agreement"), the Bank has made additional commitments regarding projects funded using ADB resources (the "ADB subproject"). ADB subproject financing and risk assessment shall be carried out in compliance with this instruction and the document approved by the Bank Directorate "Environmental and Social Management System for Sub-Projects Using ADB Proceeds".

## Article 8. Transitional provisions

8.1. The Bank is authorized to finance projects with due consideration of “Prohibited Activities” according to Annex 1 and Annex 2 of the current ESRM Instruction, being indivisible part of it.

8.2. Matters not presented in the instruction, are regulated in accordance with the Georgian legislation.

8.3. Any amendments and changes to the present instruction are made solely by the decision of the Executive Management.

8.4. The present instruction will enter into force as soon as it is approved by the Executive Management and is not limited in time.

## Annex 1 – A List of Prohibited Activities

The following list of prohibited activities for the loans financed under the Bank and its International Partners’ mutual projects may, from time to time, be revised and modified.

### A list of generally prohibited activities:

1	Force Labor/Child Labor
2	Weapons and munitions/paramilitary materials in BB credit policy
3	Goods for Gambling, Casino facilities
4	Radioactive materials
5	Asbestos fiber materials
6	Drift net fishing
7	Illegal Goods:
(i)	Product/trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
(ii)	Pharmaceuticals, Pesticides & Herbicides – certain types prohibited by National and International regulations
(iii)	Ozone depleting substances – certain types
(iv)	Polychlorinated biphenyls, and other hazardous chemicals
(v)	Endangered species of wildlife Flora & Fauna
(vi)	Transboundary trade in waste or waste products (Defined by Basel Convention)
8	Significant alteration/damage or removal of any archeological or cultural site.
9	Activities affecting Involuntary resettlement



10	Illegal drugs
11	Activities that impinge native people
12	Pornography or any product of similar nature
13	Persons, companies and / or other organizations being in the international black list for having business, which operates or is connected with terrorism, money-laundering and other criminal activities;
14	Business, which operates or is connected with the uncontrolled by the government (the occupied, according to the Georgian legislation) territories and / or terrorists with uncertain political and criminal status;
15	Start –up business funding, if a borrower does not have experience in similar business or does not have an alternative source of income
16	Transactions which are completely outside Georgia

**1. Forced labor or child labor. Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.**

- Forced labor means all work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty. Reference documents: ILO conventions 29 and 105.
- 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.
- Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" ([www.ilo.org](http://www.ilo.org))
- Reference documents are the ILO Declaration on Fundamental Principles and Rights at Work, and the principles enshrined in the following conventions: ILO conventions 29 and 105 (forced and bonded labor), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination), 138 (minimum age) 182 (worst forms of child labor); Universal Declaration of Human Rights.
- Persons may only be employed if they are at least 14 years old, unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply. Reference documents: ILO conventions 138 and 182.

**2. Weapons and munitions, including paramilitary materials**

- Goods that may be directly used for military purposes.
- 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.

**3. Goods for Gambling, Casinos, Casino Facilities and equivalent enterprises.**

- Sub-borrower may not be companies engaged in production, marketing, distribution (or similar activity) gambling or arms.

**4. Radioactive materials, including nuclear reactors and components thereof**

- Radioactive Waste
- Trans-boundary movement of wastes ;
- Production or trade in radioactive materials.
- Production or trade of radioactive materials including storage and treatment of radioactive wastes
- This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFI's consider (IFC, ADB, EBRD) the radioactive source to be trivial and/or adequately shielded
- This includes: tankers which do not have all required MARPOL and SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under regulations 13G and 13H of Annex I of MARPOL. No single hull tanker over 25 years old should be used

**5. Goods that contain unbounded asbestos fibers**

- This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.
- Production or trade in unbonded asbestos fibers.
- Asbestos-containing products.

**6. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.(ADB, EBRD,IFC, BSTD, BO)**

- Goods for marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

- b. Activities within, adjacent to, or upstream of designated protected areas under national law or international conventions, sites of scientific interest, habitats of rare/endangered species, fisheries of economic importance, and primary/old growth forests of ecological significance

**7. Goods deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase outs or bans, such as:**

- a. Pharmaceuticals, Pesticides and herbicides (List is at <http://www.who.int>)
- b. Ozone-depleting substances
- i. A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phase-out dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>
  - ii. Ozone Depleting Substances (ODS): 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
- c. Polychlorinated biphenyls, and other hazardous chemicals.
- i. 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.
  - ii. Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements.
  - iii. Reference documents are EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard
  - iv. Energy generation using nuclear fuels uranium mining, production, enrichment, storage or transport of nuclear fuels.
- d. Wildlife or wildlife products regulated under the convention on international Trade in Endangered Species of Wild Fauna and Flora.
- i. Reference documents: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity
  - ii. Cited from Convention on International Trade in Endangered Species of Wild Fauna and Flora.
- e. Transboundary trade in waste or waste products (Defined by Basel Convention).
- i. Trans-boundary movement of wastes
  - ii. Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements. tankers which do not have all required MARPOL and SOLAS certificates tankers blacklisted by the European Union or banned by the Paris Memorandum of

Understanding on Port State Control (Paris MOU), and tankers due for phase out under regulations 13G and 13H of Annex I of MARPOL. No single hull tanker over 25 years old should be used

8. **Activities which may affect adversely sites of cultural or archaeological significance (EBRD, BSTD) ADB, IFC, BO**
  - a. Biodiversity resources or cultural heritage
9. **Activities involving involuntary resettlement (EBRD) ADB, IFC, BSTD, BO**
10. **Businesses involved in the production, processing or distribution of illegal drugs (BO, ADB, EBRD, IFC, BSTD)**
11. **Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples (EBRD, BO)**
  - a. Including: lands and watercourses used for subsistence activities such as livestock grazing, hunting, or fishing
12. **Pornography or the provision of products or services of a substantially similar nature (BO) ADB, EBRD, IFC, BSTD**

#### A list of specific prohibited activities

1. Alcohol Beverages (Excl. beer and wine) – applicable only for SME segment<sup>i</sup> and projects financed through IFIs' sources
  2. Tobacco & Tobacco products- applicable only for SME segment and projects financed through IFIs' sources
  3. Logging equipment/commercial logging operations- applicable only for SME segment and projects financed through IFIs' sources
  4. Production or trade in wood/forestry- applicable only for SME segment and projects financed through IFIs' sources
1. **Alcoholic beverages, excluding beer and wine; (ADB, EBRD, IFC, BSTD, BO)**
    - a. Sub-borrower may not be companies engaged in production, marketing, distribution (or similar activity), hard liquor, alcohol (other than breweries, wineries and other companies manufacturing low/medium alcohol beverages.
    - b. Alcoholic beverages (content in excess of 20%)
    - c. 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.
  2. **Tobacco and tobacco products (ADB, EBRD, IFC, BSTD, BO)**
    - a. Sub-borrower may not be companies engaged in production, marketing, distribution (or similar activity) of tobacco products.
    - b. Production or trade in Tobacco
    - c. 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.
  3. **Logging equipment for use in primary tropical moist forests or old-growth forests (ADB, IFC, BO) EBRD, BSTD**  
Commercial logging operations

Annex 2 – EBRD Referral list: Environmentally or socially sensitive activities which, if financed from EBRD resources, must not be financed by the Basis Bank without the prior written approval of EBRD

The financing by the Basis Bank with the EBRD financial resources of the following environmentally or socially sensitive business activities is subject to referral to EBRD.

The principal Performance Requirement that proposed transactions will be expected to meet is indicated in italics.

- a) Activities involving involuntary resettlement - *EBRD Performance Requirement 5*
- b) Activities within, adjacent to, or upstream of designated protected areas under national law or international conventions, sites of scientific interest, habitats of rare/endangered species, fisheries of economic importance, and primary/old growth forests of ecological significance - *EBRD Performance Requirement 6*
- c) Activities within, adjacent to, or upstream of land occupied by Indigenous Peoples and/or vulnerable groups including lands and watercourses used for subsistence activities such as livestock grazing, hunting, or fishing - *EBRD Performance Requirement 7*
- d) Activities which may affect adversely sites of cultural or archaeological significance - *EBRD Performance Requirement 8*
- e) Activities in the nuclear fuel production cycle (uranium mining, production, enrichment, storage or transport of nuclear fuels)<sup>3</sup>
- f) Energy generation using nuclear fuels (excluding electricity import/export)<sup>4</sup>
- g) Activities involving the release of GMOs into the natural environment - *EBRD Performance Requirement 6*
- h) Construction of mini-hydro cascades – EBRD Eligibility Criteria for Small Hydro Projects

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<sup>i</sup> Definition per IFC (small or medium enterprise that meets at least two of the following three criteria: (A) has annual sales of less than fifteen million Dollars (\$15,000,000) equivalent; (B) has total assets of less than ten million Dollars (\$10,000,000) equivalent; and (C) employs fewer than 500 employees;

David Tsaava  
General Director

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<sup>3</sup> In compliance with the EBRD's Energy Policy, the Bank is permitted to use its funding (directly or indirectly through FIs) in relation to nuclear safety improvements, or for the safe and secure management of radioactive waste and spent nuclear fuel, as well as for decommissioning, without a direct link to the closure of high risk reactors. Any other activities in the nuclear fuel production cycle are therefore excluded from FI financing.

<sup>4</sup> In compliance with the EBRD's Energy Policy, the Bank is permitted to use its funding (directly or indirectly through FIs) in relation to nuclear safety improvements, or for the safe and secure management of radioactive waste and spent nuclear fuel, as well as for decommissioning, without a direct link to the closure of high risk reactors. Any other activities in the nuclear fuel production cycle are therefore excluded from FI financing.

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