APPENDIX 1. ACBA BANK GROUP
ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) EXCLUSION LIST

1. The purpose of the ACBA BANK GROUP Environmental, Social, Governance (ESG) Exclusion List is to define activities not subject to financing by the Parent Company and the Subsidiary.

2. The Parent Company and The Subsidiary will not finance the following activities.

1) Production or trade in any product or activity deemed illegal under regulations of the Republic of Armenia or international conventions and agreements, or subject to international bans, such as

- hazardous pharmaceuticals,
- pesticides/herbicides[1] or chemicals,
- ozone depleting substances[2],
- PCBs[3] trade of waste prohibited under international law,
- Production of or trade in or use of unbonded asbestos fibers[4],

2) Trade, production, breeding, or possession of any animal or plant regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)[5],

3) transboundary movements, trade of waste prohibited under international law[6],

4) Any equipment, sector or service subject to economic sanctions issued by the United Nations, the European Union or France, without absolute or relative restriction regarding the amount,

5) Activities in the nuclear fuel production cycle (uranium mining, production, enrichment, storage or transport of nuclear fuels) and production of or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment,

6) Gambling, casinos and equivalent enterprises[7,16],

7) Production of or trade in weapons and munitions. Under this clause, the weapons and military goods are the devices and subjects, envisaged for injuring live or other targets, by their nature,[16]

8) Activities prohibited by Armenian legislation or international conventions relating to the protection of biodiversity resources or cultural heritage, Illicit trade or activities that facilitate the illicit traffic of cultural property[8,]

9) Activities that may have a negative impact on objects of cultural or archaeological heritage sites,

10) Production of or trade in wood or other forestry products other than from sustainably managed forests, commercial deforestation in tropical rainforests,

11) 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,

12) Marine and coastal fishing practices such as drift net fishing in the marine environment using nets in excess of 2.5 km in length, and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitat,

13) Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirements[9],

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[1] Reference documents include 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.

[2] Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicised “ozone holes”. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available from IFOs.

[3] 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.

[4] This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

[5] CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. The lists of CITES protected species are available at www.cites.org/eng/app/index.shtml.

[6] Reference to documents are: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001) 107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal.

[7] Any direct financing of these projects or activities including them (for example, a hotel incorporating a casino). It does not concern urban development plans that could subsequently integrate such projects.

[8] Relevant international conventions include, without limitation: 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. Trade in cultural property is regulated by the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property (1970).

[9] This includes: tankers which do not have all required MARPOL 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 MARPOL regulation 13G. No single hull tanker over 25 years old should be used.

14) Production or activities involving harmful or exploitative forms of forced labour/harmful child labour or trafficking in human beings[10],

15) Pornography and/or prostitution,

16) Racist and/or anti-democratic mass media.

17) Fossil fuel related projects:

a. oil or coal exploration, extraction, processing or distribution,

b. independent exploration and (or) extraction of fossil gas,

c. construction/reconstruction of transport and/or related infrastructure that is mainly[11] used for electricity generation for coal transportation purposes,

d. construction and/or reconstruction of fossil oil pipelines,

e. construction of oil refinery and/or reconstruction of existing refinery,

f. construction of new coal power plant and/or reconstruction of existing coal power plants,

g. construction of any power plant or reconstruction of existing power plants that operate solely on high-temperature fuel (mazut) or solely on diesel fuel, which generate energy for public networks and lead to an increase in absolute CO2 emissions[12],

h. any entrepreneurial activity that plans to expand the use of coal for electricity and/or heat generation[13].

18) Illicit activities involving organs, tissues and products of the human body, or genetic engineering activities banned by the national bioethical standards of France[14] or of the host country, and by relevant applicable European or international standards[15],

19) Production of or trade in alcoholic beverages (excluding beer and wine) and in tobacco [16],

20) Research, purchase, promotion or multiplication of genetically modified seeds[17],

21) Exploitation of diamond mines and marketing of diamonds in countries that have not adhered to the Kimberley Process,

22) Biodiversity:

(i) Any financing in the:

(a) sites of the Alliance for Zero Extinction (AZE),

(b) natural and mixed sites on the UNESCO World Heritage List and

(c) legally protected areas (IUCN categories)[18] and,

(ii) Any operation leading to an adverse and irreversible residual impact on a critical habitat[19],

(iii) Any forest project or agricultural project with broad coverage (>100 ha) that does not implement a methodology[20] ensuring zero-deforestation.

23) Projects whose purpose and/or approach are inconsistent with human rights, and in the case of private sector financing, projects underpinned by rationales that clearly contradict the United Nations Guiding Principles on Business and Human Rights.

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[10] "Forced labour" refers to any work or service performed involuntarily and exacted from an individual by threat of force or punishment as defined in the conventions of the International Labour Organization (ILO). Employees must be at least 14 years of age as defined in the ILO's Declaration on the Fundamental Principles and Rights at Work (C138 – Minimum Age Convention, Article 2), unless local laws require compulsory schooling or a minimum age for admission to employment or work. In such circumstances, the highest age requirement must be used. Council of Europe Convention on Action against Trafficking in Human Beings (2005); Directive 2011/36/EU.

[11] "Mainly" means 50% or more processing tonnage of the infrastructure.

[12] In cases where energy efficiency measures do not compensate for the effects of increased capacity or load.

[13] This does not apply to cases where coal is used to initiate chemical reactions (for example, metallurgical coal which is mixed with iron ore to produce iron and steel) or as a component mixed with other materials, given the absence of viable and commercially acceptable alternatives.

[14] V. AR. 16 à 16-14 of the French Civil Code (mainly as set out in Law No. 94-653 of 29 July 1994 on the respect for the human body and Law No. 2004-800 of 6 August 2004 on bioethics). The Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine: Convention on Human Rights and Biomedicine (Oviedo, 04/04/1997); Council of Europe Convention against Trafficking in Human Organs (Saint-Jacques-de-Compostelle, 25/03/2015).

[15] The Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine: Convention on Human Rights and Biomedicine (Oviedo, 04/04/1997); Council of Europe Convention against Trafficking in Human Organs (Saint-Jacques-de-Compostelle, 25/03/2015).

[16] If these activities represent more than 10% of the turnover of the counterparty financed or these sectors may be financed up to a maximum of 10% of the outstanding balances of the Parent Company and the Subsidiary credit portfolios.

[17] Programming Act No. 2021-1031 of 4 August 2021 on inclusive development and combating global inequalities prohibits financing by AFD of activities involving the purchase, promotion or multiplication of genetically modified seeds (LPDSLI – Cadre de partenariat global [Global Partnership Framework] Part II – B – b / - 3 - paragraph 6). AFD adds research activities to this (Territorial and Ecological Transition Strategy 2020-2024).

[18] Unless the area of influence of the funded activities and their associated facilities does not encroach on zones that effectively meet the criteria for being designated as an AZE site – https://zeroextinction.org/site-identification/aze-site-criteria/ [1] Unless the financing aims to conserve or restore these areas. [1] Unless the financing aims to conserve or restore these areas or complies with the management and spatial planning arrangements for the latter, such as those formalized in plans with international standards relating to the activities being financed – categories I-VI in World Database on Protected Areas | IUCN.

[19] Irreversible impact: permanent conversion or degradation of biodiversity or of the ecological functions or characteristics that warranted the critical habitat designation. Residual impact: a project's measurable impact on a biodiversity value, after implementation of avoidance and mitigation measures, but before implementation of restoration and compensation measures. Critical habitat: within the meaning of the World Bank's Environmental and Social Standard 6 – 2018 or IFC-GN PS6 2019.

[20] Methodology including (i) a reference tool equivalent to the HCS approach, allowing for forest classification, (ii) a guarantee that no high carbon stock forest will be converted under the project and (iii) monitoring of forest cover (field or satellite monitoring).

24) Projects where it is known that a forced eviction within the meaning of the United Nations was carried out on the impact site of the proposed project, and which eviction can be causally linked to the purpose of this project and which is materially impossible to compensate[21].

25) Activities carried out near (or upstream from) areas occupied by indigenous peoples and/or vulnerable groups that are used for livelihood purposes, such as livestock grazing, hunting, or fishing.

26) If by IF request, there are other prohibited activities, the Group will be guided by requirements of IF.

[21] United Nations Sub-Commission on Human Rights Resolution 1993/41: "Forced Eviction". "The term 'forced evictions' […] is defined as the permanent or temporary removal against their will of people, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection (Committee on Economic, Social and Cultural Rights, General Comment No. 7).Due to the project sponsor's refusal or its inability to identify the populations that are victims of forced evictions. Projects for which an effective remedy can be provided for violated rights will not be excluded.