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# Green Bond Framework

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# 1. Introduction

## 1.1 Background

**Ameriabank CJSC** (“Ameriabank” or the “Bank”) is a universal bank offering corporate, investment and retail banking services. It is one of the oldest banks operating in the Republic of Armenia (“Armenia”), and the most rapidly growing financial institution in the region. The Bank was established in 1910 as a branch of Caucasian Trade Bank.

**Ameriabank** – the leading financial institution in the country – is an integrated part of society and therefore acknowledges its responsibility and the key role it plays in advancing Armenia’s transition towards a sustainable future. Ameriabank recognizes that climate change is one of society’s major challenges which poses substantial environmental, economic and social risks, disrupting growth and prosperity.

As reported by the UN’s Intergovernmental Panel on Climate Change (“IPCC”), anthropogenic processes have already caused approximately 1.0°C of global warming above pre-industrial levels, with a high likelihood to reach 1.5°C in the coming decades. The threats created by climate change will exacerbate existing risks and cause new risks to emerge for both human and natural systems.

**Ameriabank** has a commitment to become the leading regional green bank through implementation of the relevant banking processes and products tailored for its ultimate clients. This goal is perfectly in line with the Bank’s commitment to help society transition to a resource-efficient, low carbon and environmentally sustainable economy.

The Bank understands that climate change related risks will affect both customers and the business, thus, Ameriabank carefully considers its own investment and lending decisions as crucial means through which positive development of the economy of the Republic of Armenia should be driven.

Since 2009 Ameriabank has financed more than USD 200 million renewable energy and energy efficiency projects, including in solar PV and wind with the support of various international financial institutions and impact investors such as the Dutch Entrepreneurial Development Bank (FMO), responsAbility Investments AG, European Bank for Reconstruction and Development (EBRD), French Development Financial Institution (PROPARCO), International Finance Corporation (IFC), Development Bank of Austria (OeEB), German Investment Corporation (DEG), Global Climate Partnership Fund (GCPF), etc.

Ameriabank has successfully embedded thorough sustainability, environmental and social risk management policies into its business processes to ensure that the financial services provided do not cause excessive negative environmental and social impacts. Ameriabank actively pursues a balance of social, environmental, and economic factors by adhering to international best practice on environmental and social risk management.

## 1.2 Ameriabank Green Bonds

Considerable amounts of capital are required to foster transition to a low carbon, resilient and environmentally sustainable economy. This Framework has an aim to support debt capital mobilization for the purposes mentioned above.

Moreover, Ameriabank seeks to contribute to the long-term development of sustainable solutions through financing relevant services and innovations. The Green Bonds issued by Ameriabank are to be in line with the UN Sustainable Development Goals (SDGs) and promote the following goals: SDG7 Affordable and Clean Energy, SDG9 Industry, innovation and infrastructure, SDG11 Sustainable Cities and Communities, and SDG13 Climate Action.

The loans and investments eligible to be funded by the Green Bond (and other future green financing) proceeds are defined within this Framework.

Ameriabank's Green Bond Framework is consistent with the International Capital Market Association's ("ICMA") current Green Bond Principles ("GBP"). As both the Green Bond Principles and green financing market evolve, Ameriabank's Green Bond Framework is subject to further updates and expansion.

Ameriabank is considering issuing Green Bonds under this Framework, as described herein. Based on the core components of ICMA's Green Bond Principles, Ameriabank's Green Bond Framework will be further elaborated in this document:

- **Use of Proceeds** – the list of Eligible Green Assets, by reference to the relevant banking products, in the form of project categories, asset type and specifics as well as descriptions of eligibility criteria of each project.
- **Project Evaluation and Selection Process** – a core process used to document and maintain a decision-making process to determine the Eligible Green Assets.
- **Management of Proceeds** – documentation and disclosure of the systems, policies and processes used for the management of the underlying assets.
- **Reporting** – Annual Green Bond Report consisting of both allocation and impact metrics.
- **External Review** – a second party opinion to confirm the validity of Ameriabank's Green Bond Framework.

This Framework provides a unified methodology for all green financing, meaning that for each Green Finance Instrument – including but not limited to project bonds, securitized bonds, loans (syndicated, bilateral etc.) – issued in the future, the above core components will be adopted in accordance with this Framework together with the specific requirements of a credit facility to be utilized.

## 2. Use of proceeds

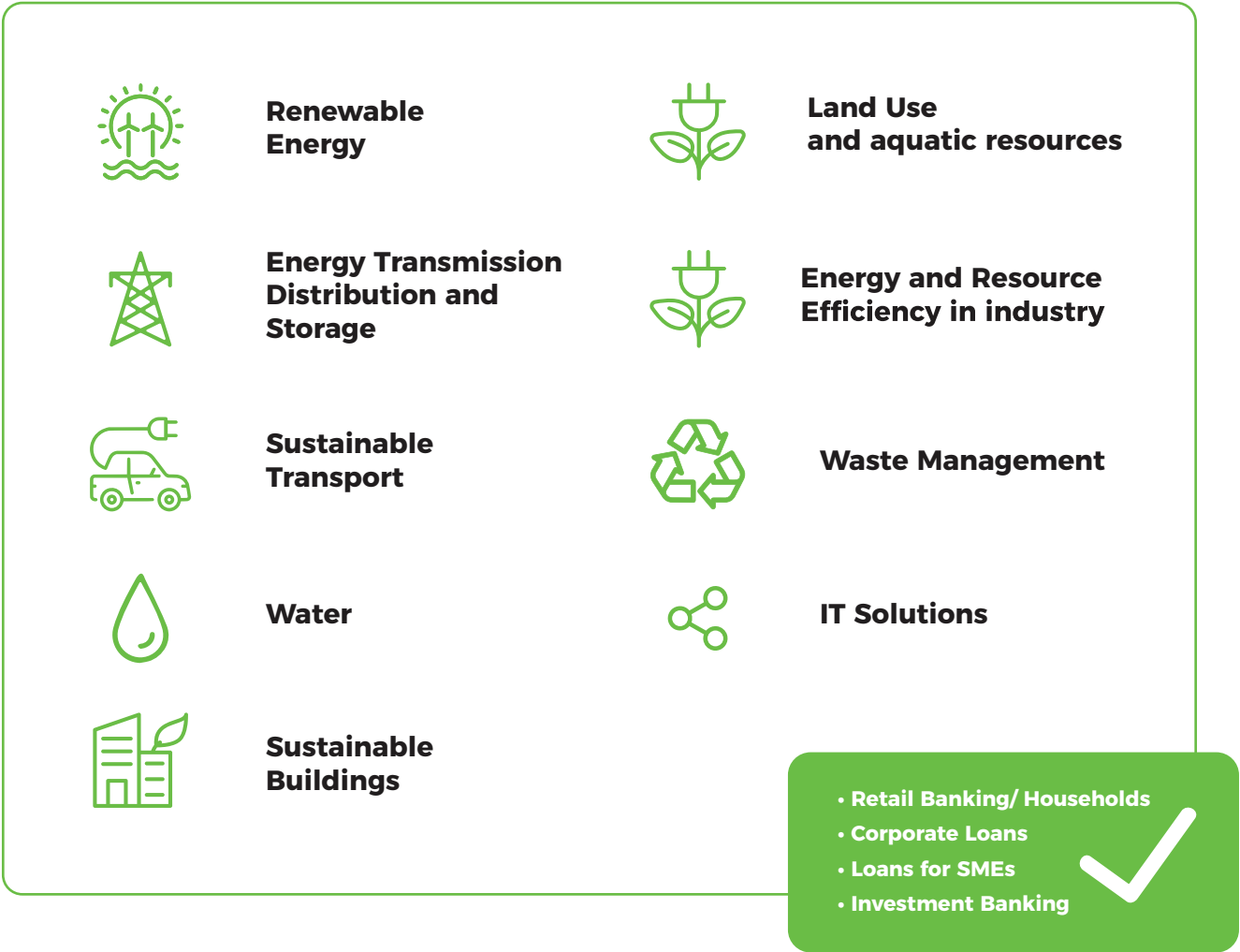
Ameriabank recognizes that climate change has a major environmental, economic and social impact both at local and international levels. The Bank believes that climate change implies both risks and opportunities, and that as a financial intermediary it can play a leading role in addressing climate change issues in Armenia.

In order to mitigate the climate change related risks and create opportunities for the local economy and based on the existing provisions of its internal Environmental and Social Risk Management Policy, Ameriabank has made a corporate commitment for a low carbon Green Assets Portfolio.



The Green Assets Portfolio covers a wide range of low carbon categories (renewable energy, energy transmission, distribution and storage, sustainable transport, water, sustainable buildings, land use and aquatic resources, energy and resource efficiency in industry waste management, IT solutions) across Ameriabank’s business segments.

The proceeds of the Green Bonds issued in line with this Framework will be allocated exclusively to finance or refinance, in whole or in part, “Eligible Green Assets” which refers to the relevant banking products (loans and/or investments made by Ameriabank in conformity with different categories of customers) that provide clear environmental benefits and promote the transition to low-carbon, climate resilient and sustainable economies. Eligible Green Assets covered by this Framework refer to projects of Ameriabank’s Green Assets Portfolio in the following categories:



### Structure of Ameriabank’s Green Bond proceeds and business segments

Ameriabank will exercise its professional judgement, discretion and sustainability expertise in the process of defining the eligibility of sub-loans. The Eligible Green Assets will be located in Armenia and fulfil the criteria (Eligibility Criteria) as outlined in the table below.

# Ameriabank Green Assets Portfolio Eligibility Criteria

Eligibility Category	Asset Type and Specifics	Eligibility Criteria
Renewable Energy	Solar Photovoltaic and Solar Water Heating Installations	Stand-alone Solar PV and Solar Water Heating installations
	Wind	Stand-alone Wind electricity generation installations
	Geothermal and Heat Pumps	Electricity and heat generation geothermal facilities having direct emissions less than equal to 100gCO <sub>2</sub> /kWh
	Bioenergy	
	Small Hydropower Installations	Sustainable biofuel production and biofuel electricity and heat generation facilities causing 80% GHG emissions reduction comparing with fossil fuel baseline meeting an emissions threshold of 100g CO <sub>2</sub> /kWh
	Manufacturing facilities wholly dedicated to Solar Photovoltaic (such as PV cells and components), Wind (such as Wind turbines) or Small Hydropower (such as hydro turbines and components)	Retrofits or capacity increasing of existing Solar PV, Solar Water Heating, Geothermal and Heat Pumps, biofuel installations
		Small Hydropower installations with nominal capacity less than 20 MW and in case of reservoirs power density more than 4 W/m <sup>2</sup>
Energy Transmission, Distribution and Storage		Manufacturing facilities of renewable energy related components are eligible if facilities and are wholly dedicated to components for renewables or proceeds should be allocated on a pro-rata basis – % of annual turnover shall be generated from renewable energy related components.
		Hydropower facility products should be applicable for the small-scale hydropower plants with a capacity less than 20 MW
	Infrastructure for integration of renewables	Electricity transmission and distribution infrastructure to connect renewables
	Improvement of efficiency of transmission and distribution electrical infrastructure	Electrical infrastructure to support EV charging infrastructure
	Smart grid and smart metering	Electrical grid retrofits causing 20% efficiency improvement in terms of electricity losses or GHG footprint reduction . If grid is less than 90% renewable electricity but percentage of renewables is expected to increase, a pro-rata approach will be applied to determine green allocation to grid development/maintenance.
	Storage assets	Energy storage facilities what will be charged by renewable energy

# Ameriabank Green Assets Portfolio Eligibility Criteria

Eligibility Category	Asset Type and Specifics	Eligibility Criteria
Sustainable Transport	Private Passenger transport	All types of Electric Vehicles
	Public Passenger transport	<p>Passenger Hybrid Vehicles with CO2 emission threshold of &lt; 75gCO2/p-km:</p> <ul style="list-style-type: none"> <li>• HEV (Hybrid Electric Vehicles)</li> <li>• PHEV (Plug-in Hybrid Electric Vehicles)</li> </ul>
	Cross Cutting infrastructural initiatives	<p>New passenger buses that will cause substitution of the old fleet:</p> <ul style="list-style-type: none"> <li>• From Euro I, II, III, IV to Euro V, VI or higher</li> <li>• From Euro V to Euro VI and higher</li> </ul>
		Transport infrastructural solution will cause 20% efficiency gain (fuel consumption and/or relevant GHG or particulate matter emissions reduction)
Water	Water distribution and storage	Water distribution infrastructural retrofits causing 20% of efficiency gain in terms of losses reduction, improvement of energy efficiency, decreasing of GHG footprint
	Flood defenses	
	Nature based solutions	Construction of gravity-based infrastructural solutions, water recovery, rainwater harvesting, groundwater recharge systems
	Infrastructure for agriculture - irrigation	Water treatment facilities construction or retrofits causing 100% recovering of treated water or 20% energy efficiency improvement or GHG footprint decreasing
	Water treatment Products	Installation of water efficient or WaterSense certified taps
Sustainable Buildings	Residential Buildings	Existing residential and commercial building retrofits causing 20% energy efficiency and GHG emissions reduction gain (overall energy consumption: heating, lighting, HVAC etc.)
	Commercial Buildings	
	Built Environment	
	Urban Planning	<p>New construction of residential and commercial buildings with obtaining of the Green Building standard (LEED Gold or Platinum level; IFC EDGE) with post completion check</p> <p>Installation of residential and commercial heat pumps</p> <p>Infrastructural solutions causing 20% energy efficiency improvement or GHG footprint decreasing - Energy and Carbon-efficient solutions for living areas - street lighting, central heat transformation substations (DH system), smart home</p>

# Ameriabank Green Assets Portfolio Eligibility Criteria

Eligibility Category	Asset Type and Specifics	Eligibility Criteria
		<p>Energy efficient appliances/equipment:</p> <ul style="list-style-type: none"> <li>• Replacing of old appliance (10 years old for refrigerators, coolers and freezers and 7 years old for TV's and Monitors) with new A-efficiency class models</li> <li>• Conversion from traditional cookers and ovens to induction technology</li> </ul>
Land use and aquatic resources	Agricultural production	<p>Financing of sustainable agriculture, (excluding livestock), forestry and fishery initiatives</p> <p>The list of eligible certifications includes:</p>
	<p>Forests &amp; timber production</p> <p>Land</p> <p>Fisheries</p> <p>Infrastructure</p>	<p><b>Agriculture</b></p> <ul style="list-style-type: none"> <li>• Bonsucro</li> <li>• ISCC PLUS (Food, Feed, Bio-based products, Energy, Biofuels outside EU)</li> <li>• ISCC EU (Biofuels only within EU)</li> <li>• Rainforest Alliance Standard</li> <li>• Roundtable on Responsible Soy (RTRS)</li> <li>• Roundtable on Sustainable Biomass (RSB)</li> <li>• EU Organic</li> </ul> <p><b>Forestry</b></p> <ul style="list-style-type: none"> <li>• Forest Stewardship Council (FSC)</li> <li>• Program for the Endorsement of Forest Certification (PEFC)</li> </ul> <p><b>Fisheries</b></p> <ul style="list-style-type: none"> <li>• Marine Stewardship Council (MSC)</li> <li>• Aquaculture Stewardship Council (ASC)</li> </ul> <p>Land use related projects causing 20% of GHG emissions decreasing (including usage of organic instead of nitrogen fertilizers, no-tillage systems)</p>
Energy and Resource Efficiency in Industry	<p>Primary energy and resource efficiency</p> <p>Decreasing of supply chain GHG footprint</p>	<p>Implementation of the energy and resource efficiency initiatives causing:</p> <ul style="list-style-type: none"> <li>• Installation of industrial heat pumps using absorption technology</li> <li>• Using of recycled plastic, switching from virgin to recycled material inputs</li> </ul> <p>Financing technologies that result in at least a 20% improvement in energy efficiency, excluding fossil-fuel powered technology</p>



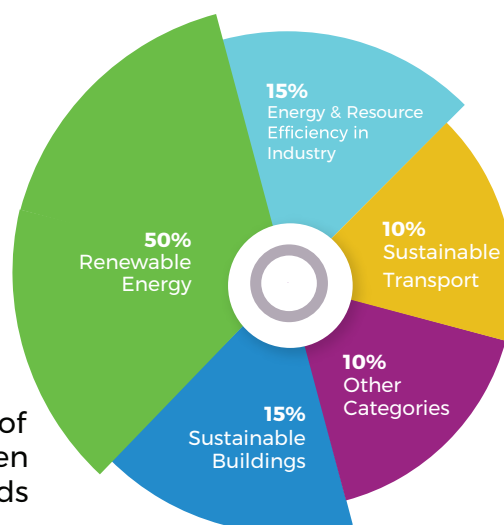
# Ameriabank Green Assets Portfolio Eligibility Criteria

Eligibility Category	Asset Type and Specifics	Eligibility Criteria
Waste management	Re-use of materials	Waste management projects that will be the core activity of the client and significantly improve municipal/local conditions of waste management and processing
	Re-cycling of materials	
	Waste to energy plants	Facilities for collection, sorting, material recovery, re-use or recycling of materials
	Utilization of solid waste landfill gas	Waste management projects using best available technologies and techniques
		Utilization of solid waste landfill gas (Projects to add gas capture to existing, closed landfill facilities, gas capture of at least 75% for the purpose of electricity generation), anaerobic digestion, composting
		Waste to energy plants (recyclable components should be separated before burning)

IT Solutions	Communication and conferencing technologies and software	Projects causing direct or indirect 20% energy efficiency improvement or GHG footprint decreasing
	Data hubs/ centers	Power Usage Effectiveness (PUE) of Data hubs/ centers has to be less than 1.5
	Infrastructural and software solutions for remote power management	

Ameriabank is expecting that 50% of the total proceeds from the Green Bonds issued in line with this Green Bond Framework will be disbursed to finance Renewable Energy initiatives. Detailed estimation of the disbursement shares per relevant Eligibility Category is presented below.

**Expected shares of Ameriabank's Green Bond proceeds**



Ameriabank Taxonomy Exclusionary Criteria for the purposes of current Green Bonds consist of the following categories:

- Combined renewable and fossil fuel electricity generation installations (e.g. Solar PV and diesel or natural gas fueled engines)
- Large Hydrogeneration facilities (more than 20 MW of the installed capacity and power density needs less than 4W/m<sup>2</sup> in case of reservoir facilities)
- Natural Gas-Powered Generation facilities – different scale gas turbines, combined heat and power installations (CHP)
- Nuclear Generation facilities, nuclear waste treatment and waste disposal projects
- Land use projects on non-certified commercial scale agriculture operations

In addition to these excluded criteria for Ameriabank's Green Bonds it is noted that there is a separate list of Prohibited Activities not financed by Ameriabank under its agreements with partner IFIs listed in the Annex I of this Framework.

### 3. Project Evaluation and Selection Process

Project Evaluation and Selection Process guarantees the use of Green Bond Proceeds in conformity with the relevant criteria specified in Section 2 of this Framework. Ameriabank requires compliance of loans with national and international social, environmental standards, as well as laws and regulations. As with all Ameriabank lending activities, all potential Green Assets are subject to the Bank's standard credit process, from an approval prospective. However, as with all of Ameriabank's lending activities, also each Green Lending Facility is subject to specific credit underwriting process relevant to these loan types and in line with Ameriabank's Environmental and Social Risk Management policy.

Three approaches (methods) will be adopted for the Bank's Project Evaluation and Selection Process:

**Product based selection:** under this approach the Bank defines specific products which are designed to meet the Bank's Green Assets Portfolio Eligibility Criteria. Each loan/asset issued under this approach will be automatically classified as a green asset per product definition. Green products shall be reviewed and assessed during their launch or modification by Environmental and Social Risk Management unit to verify their compliance with the Bank's green assets portfolio eligibility criteria.

**Standard Criteria based selection:** under this approach each Eligible Green Asset should meet the Bank's Green Assets Portfolio standard Eligibility Criteria. These criteria shall be elaborated and specified the way to allow doing checklist based classification of the asset as green by frontline staff (Loan officers) without further involvement of Environmental and Social Risk Management unit. This approach will be applied for all eligible assets issued to individuals except for ones selected according to Product based approach, as well as will be applied to eligible assets issued to legal entities not exceeding the threshold defined by the Bank's Management Board. Environmental and Social Risk Management unit is responsible for defining and updating the checklist for assessments as well as for providing guidelines and consulting to frontline staff.

**Assessment based selection.** In order to be included in the Green Assets Portfolio, each Eligible Green Asset should be reviewed and assessed by Environmental and Social Risk Management unit to assure meeting the Bank's Green Assets Portfolio standard Eligibility Criteria and compliance with the Bank's Environmental and Social Risk Management (ESRM) policy and Environmental and Social Risk Rating Methodology. This selection approach is applied to eligible green assets issued to legal entities exceeding the threshold defined by the Bank's Management Board.

The following objectives are considered during Ameriabank's Project Evaluation and Selection Process:

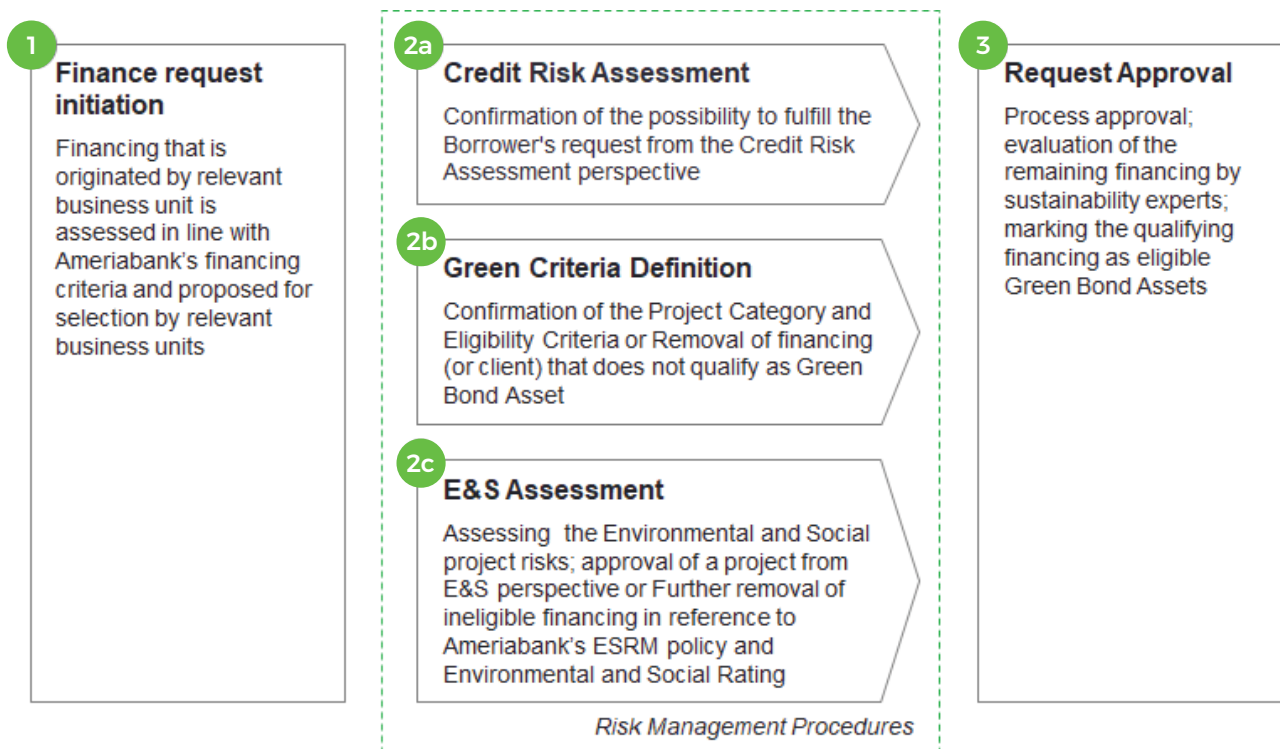
- To be included in the Green Assets Portfolio, each Eligible Green Asset should meet Ameriabank's Green Assets Portfolio Eligibility Criteria
- Eligible Green Assets should be reviewed and assessed to ensure compliance with Ameriabank's Environmental and Social Risk Management (ESRM) policy and Environmental and Social Risk Rating Methodology

## Project Evaluation and Selection Process overview:

### 1. Evaluation using Standard Criteria



## 2. Evaluation using Assessment based selection



## 4. Management of Proceeds

All Eligible Green Assets will be recorded in Green Bond Register established by Ameriabank. The recording of the allocation of the Green Bonds net proceeds to Eligible Green Assets will be done through a Green Bond Register. In accordance with this GBF, Ameriabank will try to achieve a level of allocation for Eligible Green Assets that matches or exceeds the balance of net proceeds from its outstanding Green Bonds.

Ameriabank will seek to allocate the proceeds of the specific Green Bond at the time of issuance. Nevertheless, it is possible that as a result of changes to Green Assets Portfolio composition, or additional Green Bond issuance, there may be intervals when a sufficient aggregate amount of Green Assets Portfolio has not yet been allocated to the Register to fully cover the Green Bond proceeds. Ameriabank's normal liquidity management policy will take effect if such an event occurs.

The general funding accounts will be used to deposit an amount equal to the net proceeds of the Green Bonds issued by Ameriabank and earmarked for further allocation in the Green Bond Register in line with this Framework.

While the Bond remains outstanding, the balance of the tracked net proceeds will be reduced by amounts allocated to Green Assets Portfolio. Pending such allocations, the balance of unallocated proceeds will be:

- Held in temporary investment instruments that are cash, or cash equivalent instruments, within a Treasury function;
- Held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or

The Use of Proceeds of the Green Bonds issued will be tracked by Ameriabank's internal information systems. In order to book each Ameriabank Green Bond, an earmarked position will be set up for each Green Bond specifically. Ameriabank's established register will record each specific facility ID allocated as Use of Proceeds for a Green Bond via a unique position identifier.

## 5. Reporting

Ameriabank will prepare and publish an Annual Green Bond Report on its website. The Report will be renewed annually for the entire duration of the project. Annual Green Bond Report will consist both of allocation and impact metrics as detailed below.

The Green Bond Report will specify the total amount of assets in the applicable product categories (Green Assets Portfolio) and the total outstanding amount raised by their Green Bond issuances. Furthermore, information regarding impact metrics will be disclosed.

The following metrics will be used for the Green Bond reporting purposes:

### 5.1 Allocation reporting

Ameriabank will provide information on the allocation of the net proceeds of its Green Bond portfolio. The information will contain at least the following details:

1. Green Bond proceeds allocated per each Eligibility Category;
2. Green Bond total allocations made within reporting period including proportions of new vs. refinanced assets;
3. The geographic distribution of Eligible Green Assets;
4. The remaining balance of unallocated proceeds; and
5. Wherever material and possible, the share of Ameriabank Green Bond financing, wherever a project requires more financing than the allocation received.

### 5.2 Impact reporting

Within the scope of impact reporting, Ameriabank will disclose the following information:

1. A qualitative description of the Eligible Green Assets by each of Project Categories;
2. A breakdown of Eligible Green Assets by the nature of products (loans and/or investments made by Ameriabank for different categories of customers);
3. Potential key impact indicators (as specified in the table below) by each of the Eligibility Category;
4. Information on the methodological implications and assumptions used to evaluate the impact of Eligible Green Assets;
5. Green Bond Framework Development Outcome Indicators – the list of integrated environmental and socio-economic indicators resulting Ameriabank Green Bond program operation



Disclosure of information related to the use of proceeds, impact reporting, borrowers and projects financed will be made subject to Ameriabank's confidentiality obligations, the local Laws and Regulations on subject matter and, of course, the availability of information.

## Ameriabank Impact Reporting Metrics

Eligibility Category	Asset Type and Specifics	By-project reporting indicators	By-category reporting indicators
Renewable Energy	Solar Photovoltaic and Solar Water Heating Installations	<ul style="list-style-type: none"> <li>• Installed capacity, kW or MW</li> <li>• Annual electricity or thermal energy production, kWh or MWh and/or MJ</li> <li>• Solar PV installation performance Ratio (PR), % (only medium and large size commercial PV equipped with meteorological station)</li> <li>• Fossil fuel consumption substitution (only for Solar thermal installations), e.g. m<sup>3</sup> of natural gas</li> <li>• Small Hydropower station Capacity Factor (CF), %</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual production, MWh</li> <li>• Fossil fuel consumption substitution (only for Solar thermal installations), e.g. m<sup>3</sup> of natural gas</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq</li> </ul>
	Wind		
	Geothermal and Heat Pumps		
	Bioenergy		
	Small Hydropower Installations		
	Manufacturing facilities wholly dedicated to Solar Photovoltaic (such as PV cells and components) or Small Hydropower (such as hydro turbines and components)	<ul style="list-style-type: none"> <li>• Annual production by type</li> <li>• Produced technology efficiency criteria (overall efficiency, %; level of losses, %; specific efficiency indicator)</li> <li>• GHG emissions that will be avoided by using of the products produced (Indirect Scope 3 emissions), ton CO<sub>2</sub>-eq.</li> </ul>	
Sustainable Transport	Private Passenger transport	<ul style="list-style-type: none"> <li>• Number and type of vehicles, motor's power, kW</li> <li>• Combined (motorway and city) energy consumption, kWh/100 km</li> <li>• Fossil fuel consumption substitution, liters of diesel fuel or gasoline</li> <li>• Vehicle emissions data: NOx, g/km; PM, g/km (Public Passenger transport only)</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> <li>• Other air emissions avoided (NOx, PM), ton (Public Passenger transport only)</li> </ul>	<ul style="list-style-type: none"> <li>• Annual fossil fuel consumption substitution/savings, liters of diesel fuel, gasoline or CNG</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> <li>• Other air emissions avoided (NOx, PM), ton (Public Passenger transport only)</li> </ul>
	Public Passenger transport		
	Cross Cutting infrastructural initiatives	<ul style="list-style-type: none"> <li>• Key solution efficiency index, e.g. gCO<sub>2</sub>/p-km (passengerkilometer)</li> <li>• Fossil fuel consumption savings, liters of diesel fuel or CNG</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>	

# Ameriabank Impact Reporting Metrics

Eligibility Category	Asset Type and Specifics	By-project reporting indicators	By-category reporting indicators
Sustainable Buildings	Residential Buildings	<ul style="list-style-type: none"> <li>• Building Energy Efficiency class - baseline and after providing of retrofits (only for the whole building – not applicable for individual dwellings)</li> <li>• Annual thermal energy consumption - baseline and after providing of retrofits, GJ or GCal</li> <li>• Annual electricity consumption - baseline and after providing of retrofits, kWh or MWh</li> <li>• Insulation and windows thermal resistance index, m<sup>2</sup>·°C/W</li> <li>• Fossil fuel consumption savings, e.g. m<sup>3</sup> of natural gas</li> <li>• Annual consumption of electricity produced from renewables, kWh or MWh</li> <li>• Green Building certification status</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual energy savings, MWh and/or GJ</li> <li>• Fossil fuel consumption savings, e.g. m<sup>3</sup> of natural gas</li> <li>• Annual consumption of electricity produced from renewables, MWh</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>
	Commercial Buildings		
Energy and Resource Efficiency in Industry	Primary energy and resource efficiency	<ul style="list-style-type: none"> <li>• Specific energy consumption – baseline and after project implementation, GJ/ton of product</li> <li>• Fossil fuel consumption savings, m<sup>3</sup> of natural gas</li> <li>• Annual savings of electricity consumption, kWh or MWh</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>	<ul style="list-style-type: none"> <li>• Fossil fuel consumption savings, e.g. m<sup>3</sup> of natural gas</li> <li>• Annual savings of electricity consumption, MWh</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>
	Decreasing of supply chain GHG footprint	<ul style="list-style-type: none"> <li>• Annual manufacturing by type of product</li> <li>• Produced technology efficiency criteria (overall efficiency, %; level of losses, %; specific efficiency indicator)</li> <li>• GHG emissions that will be avoided by using of the products produced (Scope 3), ton CO<sub>2</sub>-eq.</li> </ul>	
Other categories	All other applicable categories	<ul style="list-style-type: none"> <li>• Project specific metrics</li> <li>• Annual volume of avoided water losses, water savings, m<sup>3</sup></li> <li>• Annual savings of electricity consumption, MWh</li> <li>• Access to clean electricity, MWh</li> <li>• Fossil fuel consumption savings, e.g. m<sup>3</sup> of natural gas</li> <li>• Annual savings of electricity consumption, MWh</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual volume of avoided water losses, water savings, m<sup>3</sup></li> <li>• Annual savings of electricity consumption, MWh</li> <li>• Access to clean electricity, MWh</li> <li>• Fossil fuel consumption savings, e.g. m<sup>3</sup> of natural gas</li> <li>• Annual savings of electricity consumption, MWh</li> <li>• GHG emissions avoided, ton CO<sub>2</sub>-eq.</li> </ul>

## 5.3 Green Bond Framework Development Outcome Indicators

In order to monitor complex socio-economic contribution of the GBF, Ameriabank will disclose the following program-level indicators on an annual basis:

- Overall proceeds in respective currencies
- Support of the Small and Medium Enterprises (SME) – proceeds for SMEs in respective currencies
- Fossil fuel consumption substitution (saving), e.g. liters of diesel or gasoline use or m<sup>3</sup> of natural gas
- New employment opportunities created as a result of Eligible Green Assets finance: average number
- Annual savings of electricity consumption: MWh
- Access to clean electricity: MWh
- GHG emissions avoided: ton CO<sub>2</sub>-eq.

The mentioned indicators will be used upon applicability for each of provided final loans. For the purposes of preventing of double counting GHG emissions avoided, index could be separated from other related metrics (fossil fuels substitution or saving, savings of electricity consumption, access to clean electricity).

## 6. External Review

### 6.1 Second Party Opinion

To confirm the validity of Ameriabank's GBF, Ameriabank will obtain a second party opinion from a reputable provider. The report produced by the second party opinion provider will be published on Ameriabank's webpage.

Sustainalytics, an independent provider of sustainability research, analysis, and services to investors and other financial institutions globally, will be appointed to provide a second party opinion on this framework, which will be made available on Sustainalytics' website. Second party opinion by Sustainalytics intends to provide an assessment of Green Bond Framework's alignment with the transparency and reporting requirements of the Green Bond Principles, as well as assess Ameriabank's overall sustainability performance and its alignment with the framework.

### 6.2 Assurance

For Green Bonds issuance under Ameriabank's GBF, an appropriate external assurance provider will be engaged to produce Ameriabank Independent Assurance Report on an annual basis to confirm its compliance with the Bank's Green Bond Framework and assure that the funds are not invested in assets as defined by the Exclusionary Criteria.

External assurance provider will review that the aggregate amount in the Green Assets Portfolio is equal to or greater than the aggregate amount raised by Ameriabank Green Bonds and to the extent the total amount of the outstanding bonds is less than the aggregate amount in Green Assets Portfolio, the difference will be held in cash, cash equivalents and/or other liquid marketable instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy.

# Terms and Abbreviations

**Annual Green Bond Report** – Annual reporting with public disclosure

**CF – Capacity Factor:** the actual electricity production divided by the maximum possible electricity output over a period of time

**CHP – Combined Heat and Power:** an energy efficient technology that generates electricity and captures the heat that would otherwise be wasted to provide useful thermal energy

**CNG – Compressed Natural Gas:** natural gas mainly comprised of methane that is stored under high pressures

**CO<sub>2</sub>-eq/CDE – Carbon Dioxide equivalent:** a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

**Development Outcome Indicators** – Effective outcome quantitative indicators describing the wide benefitting from GBF and the nature of those benefits

**Eligible Green Assets** - physical assets or projects owned by the issuer, and/or; debt or other financing arrangements provided by the issuer to finance projects or physical assets, and/or; related and supporting expenditures for projects or physical assets, where the projects or physical assets meet the relevant sector Eligibility Criteria.

**Eligibility Criteria** - a set of criteria to confirm a loan as 'green'

**Exclusionary Criteria** - a set of criteria excluded from Ameriabank's Green Bond Taxonomy.

**External Assurance Provider** - An appropriate external assurance provider engaged by Ameriabank to produce Ameriabank Independent Assurance Report on an annual basis

**GBP** - Green Bond Principles: the Green Bond Principles (GBP) formulated by International Capital Market Association (or ICMA), are voluntary process guidelines that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market

**GHG** – Greenhouse gases: gases that absorb and emit radiant energy within the thermal infrared range

**Green Assets Portfolio** – Green Assets Portfolio covers a wide range of low carbon categories (renewable energy and energy innovations; sustainable transport, water, residential and commercial buildings implications; sustainable land use and marine resources; energy and resource efficiency in industry; waste and pollution control; IT and communication technologies) across Ameriabank's business segments.

**GBF** – Green Bond Framework: The Framework sets out how the Company proposes to use the proceeds of Green Bonds for the construction of eligible green projects in a manner consistent with the company's sustainable values and provide the transparency and disclosures investors need to make investment decisions.



# Terms and Abbreviations

**Green Bond Proceeds** - The money paid to the issuer by the purchaser for a new issue of Green Bonds, used to finance a project or purpose for which the bonds were issued.

**Green Bond Register** - A register established by Ameriabank to record all Eligible Green Assets credited to a sub-account

**HEV** - Hybrid Electric Vehicles: vehicles which combine the power of an internal combustion engine with one or more electric motors for traction.

**ICMA** - International Capital Market Association

**Net Proceeds** - The amount equal to the gross proceeds of the bonds, loans or other debt instruments minus issuance costs

**PR** - Performance Ratio. Percentage index that describes the relationship between the actual and theoretical energy outputs of the Solar PV installation.

**Project Categories** - Project categories defined in this document

**Solar PV** - Solar Photovoltaic Installation

**Sustainability Expert(s)** - a dedicated group of banking experts within the risk management department of the Bank who will be responsible for green assets portfolio eligibility and screening

**PHEV** - Plug-in Hybrid Electric Vehicles: a hybrid electric vehicle whose battery can be recharged by plugging it into an external source of electric power, as well as by its on-board engine and generator.

**SME** - Small and Medium Enterprises

# Annex I – List of activities not financed by Ameriabank

1. The Bank does not finance the production or use of, or trade in any product or activity deemed illegal under the laws and regulations of the Republic of Armenia or international conventions and agreements.
2. Without limiting the generality of the above, the Bank does not finance or approve loans for the following activities:
  - a) Activities involving harmful or exploitative forms of forced labour<sup>1</sup>/harmful<sup>2</sup> child labour, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining
  - b) Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs and other hazardous chemicals, and wildlife or products regulated under CITES<sup>3</sup>
  - c) Transboundary movements of waste or trade in waste and waste products prohibited under international law
  - d) Production or trade in weapons and munitions, including paramilitary materials, alcoholic beverages (excluding beer and wine), or tobacco<sup>4</sup>
  - e) Gambling, casinos and equivalent enterprises<sup>4</sup>
  - f) Production of or trade in radioactive materials<sup>5</sup>
  - g) Production of or trade in or use of unbounded asbestos fibres<sup>6</sup>
  - h) Activities prohibited by national legislation or international conventions related to protection of biodiversity resources or activities contributing to significant conversion or degradation of Critical Habitat or critical cultural heritage<sup>3</sup>
  - i) Commercial logging operations for use in primary tropical moist forest or old-growth forests
  - j) Production of or trade in wood or other forestry products, other than from sustainably managed forests
  - k) Trade in wildlife or wildlife products regulated under CITES Convention<sup>3</sup>
  - l) Drift net fishing in the marine environment using nets in excess of 2.5 km in length
  - m) Shipment of oil or other hazardous substances in tankers which do not comply with International Marine Organization's (IMO) requirements
  - n) Trade in goods without required export or import licenses or other evidence of authorization of transit from respective countries of export, import and, if applicable, transit
  - o) Any business related to pornography or prostitution
  - p) Production and dissemination of racist and anti-democratic media
  - q) Relocation of Indigenous Peoples from traditional or customary lands

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<sup>1</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty

<sup>2</sup> 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.

<sup>3</sup> CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. The list of wildlife species covered by CITES convention can be obtained from the Ministry of Nature Protection of the Republic of Armenia.

<sup>4</sup> 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.

<sup>5</sup> This does not apply to purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source in IFC's opinion is considered trivial and/or adequately shielded.

<sup>6</sup> Except for bonded asbestos cement sheeting where the asbestos content is below 20%





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