

evocaBANK	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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Code PRD20-0001-11 INT		Edition 03	
Executed by	Accepted by		Approved by
Risk Management Department Business Processes Management Division	Management Board on 04/05/2021 Protocol No 17-2 Chairman of the Management Board Karen Yeghiazaryan_____		Supervisory Board on 13/05/2021 Protocol No 08 Chairman of the Supervisory Board Vazgen Gevorkyan_____
Field of application		All unites of the Bank	
Unit responsible for reviewing		Risk Management Department	
Date of entering into force		17/05/2021	
Expiry date			

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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1. Purpose

The Environmental and Social Risk Management Procedure ensures that the EVOCABANK CJSC's activities comply with its environmental and social standards.

The purpose of this Procedure is to determine environmental and social potential risks as a result of transactions financed by the Bank, their management, monitoring, principles and standards applicable to the protection of the environment, the Bank's obligations to the social and environmental protection, as well as subdivisions, responsible for social and environmental risk management.

The Environmental and Social Risk Management Procedure is a framework that integrates environmental and social risk management into the Bank's business processes. It is a set of actions and measures that are implemented concurrently with the Bank's existing risk management procedures. This procedure will help the Bank to avoid and manage loans with potential environmental and social risks by conducting environmental and social due-diligence prior to loan disbursement and adequate supervision of projects during the term of the loan agreement.

2. Definitions and Abbreviations

- Bank - "EVOCABANK" CJSC,
- AMD- Armenian Dram
- E&S - Environment and Social,
- ESMS - Environment and Social Management System,
- Procedure – Environmental and Social Risk Management Procedure,
- CS- Credit specialists of the Bank,
- Environmental and Social Requirements - Legislation of the Republic of Armenia on environmental, health, social, labor and safety legislation and environmental and social security requirements to be met by customers,
- Exclusion List - A list of activities that have a very high negative impact on the E&S, the financing of which is prohibited by the Bank (Annex [PRD20-0001-11_1](#)),
- Customer - A legal entity, sole proprietor or individual who uses the services offered by the Bank or has applied for the latter or has not applied, but is a potential borrower for the Bank,
- Loans - Loans defined by the Bank's Credit Policy, as well as documentary letters of credit and financing in exchange for the assignment of a monetary claim (factoring),

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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- Project – Credit applications from Customers which reviewed by the Bank,
- Environmental and Social Aspects Screening Checklist – Checklist which is filled by Credit Specialist and describes the project and its impact on the E&S (Annex [PRD20-0001-11_3](#)),
- Financing organization – an institution (public or private) or fund, which provides resources to the Bank for financing business activities.

3. Annexes


Annex PRD20-0001-11_1	Exclusion List
Annex PRD20-0001-11_2	E&S Risk Assessment
Annex PRD20-0001-11_3	Environmental and Social Assessment Checklist
Annex PRD20-0001-11_4	Monitoring Report on E&S Risks
Annex PRD20-0001-11_5	Classification list of sectors of the economy by the Environmental Risk Category

4. General provisions

- 4.1. Knowledge of this procedure is mandatory for all employees of the Bank involved in the credit sector and related to it.
- 4.2. The scope of application of the ESMS is all business loans provided by the Bank.
- 4.3. Responsibility for the ESMS execution lies with the Risk Management Department.
- 4.4. During the implementation of lending activities, the Bank's employees must be strictly guided by this Procedure, in case of violation of it, depending on the degree of violation, will be held liable, up to compensation for the caused damage and dismissal. The process of holding compensation and penalties is out of the scope of this procedure and is regulated by another procedure implemented by the Bank.
- 4.5. The Bank appoints a position of ESMS Officer.
- 4.6. The Bank also appoints a position of ESMS Coordinator at Supervisory Board level. ESMS Coordinator at Supervisory board level must have appropriate qualification in the field E&S risk management. For that, Coordinator should successfully pass the course “Sustainability Training and E-learning Program (STEP)”. The certificates awarded by The Open Learning Campus of World Bank Group¹.

¹ For details, follow the link:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/tools+for+clients#STEP

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

4.7. The Bank's employees involved in the credit sector and related to it (these are Credit Specialists, Risk Management Specialists, Legal Division's, and Credit Monitoring Division's Specialists, ESMS Officer) must have appropriate qualification in the field E&S risk management. For that, employees should successfully pass the course "Sustainability Training and E-learning Program (STEP)".

4.8. The Bank, if necessary, independently or by instructing its customer, organizes discussions with stakeholders or with the public in general on environmental and social protection issues.

4.9. The Bank promotes such activities aimed at protecting the social and environmental protection. The Bank encourages Customers to take measures to reduce energy intensity, promotes the use of alternative energy sources.


4.10. The Bank ensures that its activities are at least environmentally neutral. The Bank pays special attention to the preservation of natural conditions, such as groundwater, coastal areas, natural gardens, forest resources, fish farms, and the prevention of wildlife pollution.

4.11. The main objectives of the Bank within the framework of this Procedure are:

- Not to finance activities that carry significant risks of negative impact on the E&S,
- Screening projects, accurately assessing the E&S risks, assigning environmental risk category, and conducting due-diligence projects under consideration,
- Monitoring and record keeping,
- ESMS review and continuous improvement,
- External reporting (preparing for financing organization reports of incident/accidents related to Customer's activities, reports on assessment of the environmental and social performance of projects),
- Defining exactly roles and responsibilities for implementing the ESMS,
- Allocating resources for ESMS budget and trainings.

4.12. The Bank studies the Customer's social policy, in particular:

- The Customer must ensure that there is no discrimination between employees (including age, sex, racial discrimination, citizenship, nationality, religion, disability, sexual orientation, if they are not related to specific working conditions and requirements) and the existence of equal conditions,
- The Customer must ensure the safety and health of employees by creating working conditions that take into account the specific work risks in the field (including the risk of physical, chemical, biological and radiation). The customer must take steps to prevent accidents,

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

- The Customer must act in accordance with the Labor Code of RA, which defines the main labor standards and normative (including the observance of maximum working hours, minimum wage, and prohibition of the use of child or forced labor).
- Loan agreements contain appropriate covenants requiring that projects are in compliance with the Bank's environmental and social requirements.

5. Classification and assessment process of E&S risks

5.1. At an initial stage of inquiry, the activities of a project under consideration are assessed and:

- If a project involves an excluded activity as listed in the Exclusion List (Annex [PRD20-0001-11_1](#)), it will not be considered for financing.
- If a project has a history of environmental and social incidents, it will not be considered for financing.
- If a project involves an activity which is not allowed by the legislation of the Republic of Armenia, then it will not be considered for financing.

5.2. After these 3 initial steps, if the project meets all the requirements above, then it will be assessed. Assessment described below, applies only on the:

- loans amounting more than 20 million AMD or equivalent foreign currency,
- loans amounting more than 10 million AMD or equivalent foreign currency in case of which the amount of the Customer's all loans in the Bank exceeds 20 million AMD or equivalent foreign currency.

5.2.1. Loans to Microfinance are automatically assigned as a low-risk loans (Category C) and are out of scope of assessment described above.

5.3. The projects are classified into risk categories according to impacts of risks on the social environment. The final risk level of project depends on the following four factors:

- Risk category of project, which is connected to the areas of entity's activities,
- Loan amount,
- Loan line,
- Type of collateral.

5.4. If the Customer has more than one loan in the Bank, as the amount of loan shall be taken the total amount of Customer's all loans and as the loan line shall be taken the maximum term of the existing loans of the Customer.

5.5. E&S risks categories are:

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

Category A: These are areas of activity that are likely to have significant adverse impacts, most of which are irreversible (e.g., lead to loss of a major natural habitat), may affect vulnerable groups or ethnic minorities, involve involuntary displacement and resettlement, or influence on significant cultural heritage sites.

Category B: These are areas of activity that have a negative impact on E&S, but those impacts are not large and few of the consequences are irreversible. The project may result in specific environmental impacts, but these impacts are site specific and few if any of them are irreversible. Compared with Category C, the potential for adverse effects are greater in Category B, but they can be reduced mainly through well-designed measures. Potential adverse environmental impacts on human populations or environmentally important areas are less adverse than those of Category A projects. There is no forced resettlement in these areas of activity.

Category C: The project is likely to have minimal or no adverse environmental impacts. In these areas of activity there is no forced resettlement or a negative impact on the natives. No further environmental assessment is required.

5.6. Examples of activities classified into risk categories are listed in Annex [PRD20-0001-11_5](#). In case the customer activity area is missing in the list of areas defined in Annex PRD20-0001-11_5, in order to determine the level of risk, the risk assessor must fill in complete information about the customer (customer name, loan amount, loan type, term, project brief description, activities, type of collateral and etc.) and Submit to the Risk Management Department to determine the risk class. According to the information provided, the Risk Management Department classifies the client's activity into other low-risk, other medium-risk or other high-risk spheres.

5.7. After determining the appropriate project risk category, it should be an appropriate risk assessment of the E&S with the help of the table in Annex [PRD20-0001-11_5](#) and with the help of Environmental and Social Aspects Screening Checklist in Annex [PRD20-0001-11_3](#).

5.8. Checklist bears conducive nature for assessing riskiness of project. It is a kind of informative tool and helps the Bank understand the aspects of Customer's activities. The main assessment is the table represented in Annex [PRD20-0001-11_2](#).

5.9. In the case of a low-risk, there is no need for an in-depth study of the E&S. The Bank takes the following steps:

	<p>Social and Environmental Risk Management Procedure</p>	<p>PRD20-0001-11 INT Edition: 03 00/00/2021</p>
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5.9.1. Finds out whether criminal convictions, fines, prosecutions, sanctions, etc. have been applied to the Customer during the last three years (according to the legislation of the RA on health, safety, work, and environmental protection),²

5.9.2. Requires permits issued by the environmental fire service, if available,

5.9.3. The received information is filled in the analytical forms compiled during the financial-economic analysis (if available).

5.10. In case of middle-risk, the Bank takes the steps described in the point 5.9 and the following steps:

5.10.1 Carries out the studies at a more in-depth level,

5.10.2 During the visit to the customer (if it is necessary), discusses the issues of the E&S, raises the customer's awareness, gives consultation,

5.10.3 Takes measures to find out whether the inspections have been carried out by insurance companies and external auditors, if any, requests the reports based on the latter, and keeps the copies in the credit package. These reports may include research on issues about the condition of the building, land, equipment, or health and safety, fire protection systems or environmental issues. The reports may contain information if the Customer has filed a lawsuit against the insurance company.

5.11. In case of high-risk projects:

5.11.1 The CS carries out the steps in points 5.8 and 5.9 of this Procedure at a more in-depth level. This is considering that the Bank involves an E&S qualified external expert. An E&S impact assessment may be required in the event of major new changes or changes to existing facilities. As well as a resettlement plan may be required for resettlement activities.

5.11.2 If in cases of low-risk and middle-risk projects the site visit is desirable, in case of high-risk projects it is necessary. Site visit may require a technically qualified consultant.

5.11.3 In addition to the research, the Bank conducts a full-scale environmental and social impact review with a technically qualified consultant,

5.11.4 The Bank informs financing organization that the project was categorized as high-risk.

² <http://www.irtek.am/views/act.aspx?aid=150003>
<http://mnp.am/am/pages/40>

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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6. Monitoring and Record Keeping

6.1. To ensure on-going compliance with the applicable requirements the environmental and social performance of the projects will be monitored and evaluated at least once a year.

6.2. Monitoring carries out only on the Customers which total amount of loans in the Bank exceeds 20 million AMD or equivalent foreign currency.

6.3. Monitoring is carried out (including the status of corrective actions) by the Credit Monitoring Division.

6.4. For each project, a record of supporting documentation of environmental and social reviews will be maintained. This includes the initial evaluation of environmental and social risks at the time a project is considered for investment as well as records of on-going compliance.

6.5. Monitoring also considers that an ESMS needs to be reviewed periodically to ensure that it remains relevant and effective over time and incorporates the Bank's evolving needs. This involves identifying potential difficulties with operational aspects of ESMS implementation and making changes as necessary; reviewing the scope of ESMS procedures to ensure that emerging environmental and social risks of projects are detected and identified during the due-diligence process; and updating ESMS to reflect revisions in applicable Environmental and Social Requirements.

6.6. The monitoring is carried out in the following directions:

- Environmental protection control,
- Health and safety control,
- Control of working conditions,
- Discussion with persons residing or operating in the adjacent area.

6.7. Credit Monitoring Specialist composes reports that are represented in Annex [PRD20-0001-11.4](#) on an annual basis. The report then will be submitted to the Supervisory Board and ESMS Officer. Composing the report helps the Bank to ensure whether E&S risks are assessed appropriately and in the cases of issues to take measures to mitigate the risks.

6.8. If during the monitoring it turns out that because of the changes of circumstances, there were unfavorable effects of the E&S and/or violations of the legislation of the Republic of Armenia on the E&S, the Credit Monitoring Division informs the ESMS Officer. The ESMS Officer informs the financing organization about it. A program of measures to curb the negative effects of E&S risks will be developed, which must be implemented by the Customer.

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

7. Roles and Responsibilities

7.1 In ESMS it is initial to determine the roles and responsibilities of each department and employees related to E&S projects.

7.2. In ESMS the following eight groups of specialists play significant role:

- Credit Specialist
- Risk Management Specialist
- ESMS Officer
- Legal Specialist
- Credit Monitoring Specialist
- Credit Committee
- ESMS Coordinator at Supervisory Board level
- Management Board

7.3. ESMS Officer is the Head of Risk Management Department.

7.4. ESMS Coordinator at Board level is one of the members of the Bank's Supervisory Board. The election, appointment, and the form of activities of Board members are defined by the Bank.

7.5. Credit Specialist's responsibilities in the field of E&S risks are:

- Accepting the projects and the documents related to it from Customer,
- Screening project against the Exclusion List (Annex [PRD20-0001-11_1](#)),
- Reviewing project's history of environmental and social incidents,
- Reviewing industry sector and technical aspects of project,
- Assigning an E&S risk category to the project (Annex [PRD20-0001-11_2](#)),
- Fulfilling Environmental and Social Aspects Screening Checklist (Annex [PRD20-0001-11_3](#)),
- Submitting to the Credit Committee, Risk Management Department and Legal Division the whole package of the project with the own conclusion and fulfilled Checklist within 5 days since accepting the project from Customer,
- In cases of middle-risk (if necessary) and high-risk projects conducting site visiting of Customer place of activity, with technical specialists if necessary,
- Providing communication with the Customer,
- Notifying Customer about Credit Committee's decision of financing on project within 1 working day since the decision have made,

7.6. Risk Management Specialist's responsibilities in the field of E&S risks are:

- Studying the whole package of the project,

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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- Checking if CS defines E&S risk category to the project appropriate within 10 working days since accepting the project from Credit Specialist,
- Checking if CS fulfill the Environmental and Social Aspects Screening Checklist right and appropriate,
- Conducting due-diligence of project to evaluate environmental and social risks,
- Conducting training on E&S.

7.7. Credit Monitoring Specialist's responsibilities in the field of E&S risks are:

- Following up with projects to ensure that plans for corrective actions to address potential environmental and social risks are effectively implemented (as required in the terms of the loan agreement) with help from consultants as necessary,
- Preparing reports on assessment of the environmental and social performance of on-going projects to the Board of the Bank annually,
- Requesting and reviewing periodic reports of projects, including reports of incidents and accidents,
- Reviewing of industry sector and technical aspects,
- Reporting within 3 working days Loan Committee if clients experience major accidents or incidents that have received media attention,
- In cases if loans are provided by the resources of financing organization, informing the financing organization if clients experience major accidents or incidents that have received media attention,
- Keeping records for each project.

7.8. Legal Division's responsibilities in the field of E&S risks are:

- Checks the existence of confirmation from the customer that their actions does not contradict the environmental, health, social, labor and safety legislation of RA and environmental and social security requirements.
- Ensuring that all loan agreements are in compliance with applicable national laws on environment, health and safety,
- Within the framework of environmental and social risk management, the Bank's Legal Division may give an opinion on the loans to be provided, based on the information provided by the Customer (without visit and additional documents / requesting confirmation, guarantee on the authenticity of the information provided by the Customer).

7.9. Credit Committee's responsibilities in the field of E&S risks are:

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

- Accepting the whole package of project with the conclusions of departments involved in the process of assessing risk categories of the project,
- Studying about whether the risk level is acceptable,
- Making decisions about project and whether to finance the project or no,
- Informing all departments about decision on financing project,

7.10. ESMS Officer's responsibilities in the field of E&S risks are:

- Coordinating the process of E&S risk assessment and management,
- Notifying the financing organization about high-risk projects within 3 working days since the project has been categorized prior to loan decision,
- In the cases the loans are provided by the resources of financing organization, reporting to the financing organization on accidents/incidents and on an annual basis,
- Following that all the processes related to E&S assessment and management are strongly carrying out within the periods and in the manner determined by this Procedure,
- Participating in the Credit Committee's meetings to make decision on loan disbursement,
- Keep Senior Management informed on challenges, successes and other important issues associated with ESMS implementation,
- Reports directly to the Supervisory Board,
- Cooperating with other units of the Bank on the E&S issues and processes.

7.11. ESMS Coordinator's responsibilities at Supervisory Board level in the field of E&S risks are:

- Discussing and approving Banks' policy and strategy in E&S field,
- Defining institutional appetite for E&S risk,
- Reviewing E&S performance regularly,
- Providing regular communication to Bank's stakeholders on E&S issues.

7.12. Management Board's responsibilities in the field of E&S risks are:

- Providing to financing organization information about ESMS Officer (name, surname, work experience and other information if necessary),
- Defining the size of the resources from budget and other funds which will be spent on E&S training and E&S issues (e.g. for involving external technical specialists, for site visiting).

7.13. Decisions on loans disbursement are made by the Credit Committee's (Senior Management) members in the manner and within the framework of the Bank's procedure on

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

loan disbursements. In the cases of high-risk projects, the Bank finances the project if all members of the Credit Committee vote in favor of the project.

8. ESMS Budget and Trainings


8.1. The Bank provides from its annual budget and funds resources for ESMS. The resources should spend on trainings on ESMS procedures, staff time for performing ESMS duties and responsibilities, ESMS documentation and materials.

8.2. The Bank organizes ESMS trainings for staff, using consultants as needed, to explain to staff purpose and ESMS overview, overview of investment portfolio by industry sector including environmental and social aspects of industry sectors, ESMS procedures and specific staff expectations during implementation, updates/revisions to ESMS, as necessary.

8.3. Periodicity, training dates, participants and process of trainings are defined by Risk Management Department.

8.4. Participating in ESMS trainings is mandatory for all new employees of the Bank related to E&S projects.

8.5. The Bank provides resources to obtain approval and sign-off from Risk Management to ensure that the ESMS meets all necessary criteria.

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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Annex [PRD20-0001-11_1](#): Exclusion List

Bank does not finance the following projects:

- Production or trade in any product or activity deemed illegal under laws or regulations of the Republic of Armenia or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions³.
- Production or trade in alcoholic beverages (excluding beer and wine)³.
- Production or trade in tobacco³.
- Gambling, casinos and equivalent enterprises³.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where Bank/Financing organization considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor⁴/harmful child labor⁵.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

³This 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.

⁴ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁵ 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.

Annex [PRD20-0001-11_2](#): E&S Risk Assessment

Risk factors for E&S	Risk level (Y)	Risk weight (Z)	(Y) x (Z)
Sphere of activity	(Category C) = 1 (Category B) = 2 (Category A) = 3	40	
Loan amount (AMD) ⁶	- (20 000 001- 70 000 000) = 1 (70 000 001- 350 000 000) = 2 (>350 000 000) = 3	20	
Loan line ⁷	(< -2 years) = 1 (from -2 years to -5 years) = 2 (> -5 years) = 3	20	
Type of collateral ⁸	(Commodities in circulation, movable property, monetary assets, types of non-collateral security (Credit guarantee)) =1 (Apartment, land) = 2: (Building, industrial area, other large real estate) = 3	20	
		Total (Y) x (Z)	
Preliminary assessment of the level of risk		Low-risk	100-149
		Middle-risk	150-249
		High-risk	250-300

⁶ If the Customer has more than one loan in the Bank, as the amount of loan shall be taken the total amount of Customer's all loans.

⁷ If the Customer has more than one loan in the Bank, as the loan term shall be taken the maximum term of the existing loans of the Customer.

⁸ In case of two or more pledges at the same time, the pledge with the highest value in this table is taken as a basis

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

Annex [PRD20-0001-11_3](#): Environmental and Social Assessment Checklist

Environmental and Social Aspects Screening Checklist		
Project name:		Location:
Lending amount (AMD) and financial purpose:		
Industry sector:	Brief project description:	
E&S Category:		
Site visit date:		Additional technical review required: <ul style="list-style-type: none"> • Yes • No
Reviewed by Risk Management Specialist:		
Compliance with applicable requirements—check all that apply:		
<ul style="list-style-type: none"> • Exclusion list • National regulatory requirements • Environmental, health and safety permits granted • Injuries and fatalities have occurred (how and when: _____) • Labor-related fines (when and why: _____) • Environmental incidents and fines (when and why: _____) 		
Management systems—check all that apply:		
<ul style="list-style-type: none"> • No written environmental and social policy • No written human resources policy (e.g., employee rights/non-discrimination) • No written fire/safety plan or emergency prevention/preparedness/response plan • No environmental, health and safety training for employees • No procedures for managing environmental and social risks • No designated person in charge of environmental and social issues • No internal process for sharing information 		
Project site—check all that apply:		
<ul style="list-style-type: none"> • Non-urban/undeveloped land • Proximity to river/stream/pond/lake/sea • Proximity to protected area (e.g., forest/endangered species)/ecologically sensitive area (e.g., wetland/breeding grounds) • Proximity to culturally sensitive/indigenous area 		

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Environmental issues—check all that apply:
Air emissions

- Generators
- Vehicles and equipment
- Furnaces and incinerators
- Welding and soldering
- Evaporation of chemicals
- Use of exhaust ventilation

Waste water

- Waste water discharged to _____
- Foul sewers

Solid and hazardous wastes

- Waste generated
- Types of waste:

- Hazardous waste (e.g., waste oils, pesticide washings, solvents, clinical waste, asbestos)
- Waste disposed to

Hazardous chemicals, fuels, and pesticides

- On-site chemicals or fuels storage
- Protective measures against leaks/spills
- Signs of leaks/spills
- Protective measures against rain
- Signs of corrosion on tanks/containers
- Pesticide use and management

Resource consumption

- Materials used:

- Use of renewable natural resources
- Use of tools and equipment
- Water source:

- Energy source:

Nuisance

- Dust
- Noise
- Odors
- Fumes
- Vibrations
- Traffic congestion and obstructions

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

-Social issues—check all that apply:	
<ul style="list-style-type: none"> • Displacement/resettlement of local settlements • Impact on local settlements/livelihood • Complaints from neighbors/communities • On or adjacent to site of cultural/archaeological importance 	
Labor issues—check all that apply:	
<ul style="list-style-type: none"> • No Personal Protective Equipment provided (e.g., safety goggle/hard hat/protective glove) • Inadequate employee health and safety measures (e.g., fall prevention/ventilation) • Inadequate working conditions (e.g., air quality/lighting/confined spaces/on-site hygiene) • Inadequate terms of employment (e.g., working hours/rest breaks/time off/overtime pay) • Unequal employment opportunities (e.g., discrimination against gender/ethnic group/age) • Payment below minimum wage • Employees below minimum age • Child or forced labor • No process for employees to voice complaints • No recognition of employee organizations/labor unions 	
Additional comments	
Credit Specialist (Name, Surname)	
Signature	
Date	


Annex [PRD20-0001-11_4](#): Monitoring Report on E&S Risks

Customer	
Production sector	
Loan amount	
Loan Line	
Risk Category	

E&S monitoring	
Brief project description:	
Site visit date:	
Obvious environmental issues during the review	(what environmental issues are raised by the project) <ul style="list-style-type: none"> • <i>Air emissions</i> • <i>Wastewater</i> • <i>Solid and hazardous wastes</i> • <i>Hazardous chemicals, fuels, and pesticides</i> • <i>Resource consumption</i> • <i>Nuisance</i>
Obvious social issues	<ul style="list-style-type: none"> • Land acquisition required • Displacement/resettlement of local settlements • Impact on local settlements/livelihood • Impact on indigenous peoples • Complaints from neighbors/communities • On or adjacent to site of cultural/archaeological importance • No Personal Protective Equipment provided (e.g., safety goggle/hard hat/protective glove) • Inadequate employee health and safety measures (e.g., fall prevention/ventilation) • Inadequate working conditions (e.g., air quality/lighting/confined spaces/on-site hygiene) • Inadequate terms of employment (e.g., working hours/rest breaks/time off/overtime pay)

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
---	---	--

	<ul style="list-style-type: none"> • Unequal employment opportunities (e.g., discrimination against gender/ethnic group/age) • Payment below minimum wage • Employees below minimum age • Child or forced labor • No process for employees to voice complaints • No recognition of employee organizations/labor unions
Environmental and social incidents/accidents	(if they have occurred)
Proposed mitigation and monitoring measures	(indicate measures to address the environmental issues raised by the Beneficiary / sub-project, how they can be included in the sub-project, and possible consequences for the implementation of those measures and those responsible for monitoring)
Technical task of environmental research to be carried out	(if necessary, submit the required environmental analysis subject, deadlines, and related costs)
Community Participation Requirements	if necessary, indicate the requirements set by the legislation of the Republic of Armenia for the purpose of informing, consulting, or involving the public, non-governmental organizations, other entities, and the IBRD regulations)
Additional comments	

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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**Annex [PRD20-0001-11_5](#): Classification list of sectors of the economy by the
Environmental Risk Category**

Category A sectors

- Large dams and reservoirs, mining and quarrying
- Forestry and logging (large scale)
- Agro-industries, industrial plants (large scale)
- Major new industrial estates, major oil and gas developments, including major pipelines
- Large ferrous and non-ferrous metal operations, large-scale pulp and paper industries
- Large port and harbor developments, large thermal or hydropower development
- Manufacture, use or disposal of large quantities of pesticides/herbicides and mineral fertilizers
- Manufacture, transportation and use of hazardous and/or toxic materials
- Domestic and hazardous waste disposal operations
- Large-scale tourism developments
- Large-scale textile industries involving wet processes
- Large-scale transportation projects (airports, highways, motorways, railroads)
- Projects in or near to highly sensitive and high value ecosystems
- Projects with large resettlement components and all projects with potentially major impacts on human populations
- Projects affecting indigenous or tribal populations
- Projects which impose serious occupational or health risks
- Projects which pose serious socioeconomic concerns

Category B Sectors

- Agribusiness (small scale), city hotels, small scales tourism, general manufacturing
- Chemical industries, without any bulk storage of inflammable, explosive or hazardous substances, manufacture of plastic products

	Social and Environmental Risk Management Procedure	PRD20-0001-11 INT Edition: 03 00/00/2021
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- Processing and preservation of fruit and vegetable, fish, meat, vegetable/animal oil production and processing
- Manufacture of wines and other fermented beverages, dairy products manufacture
- Manufacture of leather products (except tanning and dyeing)
- Repair and maintenance shops
- Spinning, weaving, and finishing of natural and synthetic fabric, printing
- Manufacturing of wood products, saw milling
- Manufacture of veneer, plywood, and other wood-based materials
- Small power plants
- Construction field of activity

Category C Sectors

- Establishment of business services industries (business advisors, accountancy auditors, etc.)
- Establishment of restaurants and other food premises
- Education and training
- Broadcasting (TV, radio, satellite)
- Health and family planning
- Purchase of computer equipment
- Establishment and equipment of art, design, telecommunications studios
- Spinning, weaving and finishing of natural and synthetic fabric
- Tailoring and dress-making shops
- Manufacture of leather products and clothing (except where tanning or dyeing is involved)
- Advisory assignment
- Life insurance companies
- Real estate rental activities
- Commercial activity is classified by the category of the field to which the trade relates