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Ms Beatriz Balbin

Chief
Special Procedures Branch

Office of the United Nations High Commissioner for Human Rights

Dear Madam,

The Eurasian Development Bank's (hereinafter referred to as "the EDB" or "the Bank") mission is to help strengthen the market economies of its member states, foster their sustainable economic growth and expand trade and other economic ties through investment.

EDB pays significant attention to the adherence to the responsible business conduct both internally and regarding the projects it finances. Over the period of our 17-years history and operations the EDB has never been involved in any cases related to the human rights violations either directly or circumstantially, and intends to do anything that it is in its power to avoid and prevent these cases in the future.

The EDB is committed to the best practices of the multilateral development banks and other international financial institutions regarding management of the environmental and social risks within project finance. In its daily activities, the Bank is guided by the Ten Principles of the UN Global Compact, OECD Principles of Corporate Governance, OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and other widely accepted principles, treaties and commitments.

The EDB has an Environmental and Social Responsibility Policy integrated as part of its business procedures and which was developed in line with the Equator Principles and is publicly available on the Bank's website. The Policy sets principles of and approaches to considering and monitoring environmental and social factors in the Bank's investment decisions and activities, and is applied to every perspective and active investment project financed by the Bank. The Policy provides for project categorization based on its potential adverse impacts, and sets safeguards and requirements to the project initiator regarding environmental and social impacts, as well as the influence on the possible affected communities and other stakeholders. The assessment of the project environmental and social risks is performed by a dedicated directorate, and is required by the internal Bank's regulations.

The Bank is consistently improving its risk management procedures and control mechanisms to prevent, minimize, and address environmental and social risks. Furthermore, the Bank monitors the evolution of global sustainability principles and standards and it has recently conducted a comprehensive research of market-based references and peers, performing a gap analysis and identifying areas for ESG risk management improvements, including human rights due diligence procedures and grievance mechanisms in line with the best international practices and taking the above-mentioned case in account in order to ensure zero tolerance to human rights violations at



the earliest stage possible. These measures are expected to be updated and implemented as part of its procedures in the foreseeable future.

On the merits of the Amulsar Gold Project (hereinafter referred to as "the Amulsar Project" or "the Project") implemented by Lydian Armenia CJSC (hereinafter referred to as "Lydian"), the EDB is actively monitoring the ongoing opinions and claims of non-governmental organizations (NGOs), environmental, human rights defenders, experts and activists.

The EDB has examined environmental and social impact assessment that was previously prepared for the Project. Taking into account all the concerns regarding this Project, the Bank plans to engage with an independent Environmental and Social Research Consulting Advisor to perform an in-depth review of the corresponding documentation and information concerning the Project with the objective to obtain a third-party exempt verification and opinion about the material environmental and social risks and controversies of the Project.

The scope of work of the independent consultant includes the communication with the affected communities, NGOs and environmental and human rights defenders as well as the analysis of the Project compliance and Lydian's activities alignment with applicable international standards, including the UN Guiding Principles on Business and Human Rights. Considering this fact, the EDB has not entered into financial relationships or signed any binding provisions with Lydian regarding the Project to date, and is considering its future participation in the Project based on the results of the independent research.

The EDB has also engaged an independent legal advisor to perform due diligence of Lydian on compliance with local legislation. The due diligence report the Bank was provided with has not revealed any incompliance with Armenian law regarding matters of regulatory compliance (including environmental issues), as well as any facts of abuse of defamation lawsuits filed against environmental human rights defenders and journalists.

On July 6, 2023 the EDB has officially approached the Ministry of Justice of the Republic of Armenia for further information and clarification on the matter which will be also taken into consideration while reviewing the possibility of the Bank's participation in financing of the Lydian Armenia CJSC's project.

The Bank expects any project it finances to meet the highest environmental and social standards, contributing to the sustainable development of the Eurasian region and to the prosperity and wellbeing of its population and communities according to the Bank's mandate. The Bank takes seriously any information concerning intimidation and reprisals in the context of all the projects it finances, in line with its zero tolerance policy.

In the spirit of goodwill and cooperation, the Bank is open for sharing with the Office of the United Nations High Commissioner on Human Rights the results of Independent Environmental and Social Research Consulting Advisor's assessment and the response of the Ministry of Justice of the Republic of Armenia, as soon as they are completed.

The EDB remains at your full disposal for any further clarification you may require.

Sincerely yours,

Vice-Chairman

Of the Management Board

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