



## Approval of the Bank joining United Nations Environment Programme Finance Initiative (UNEP FI)

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# Bank's ESG achievements and initiatives



**#1** among Russian banks in ESG ranking of Russian companies by RAEX Europe, March 2021

**top 20** Russian company in National CG Index<sup>(2)</sup>

**#27** among Russian non-state companies in corporate transparency ranking<sup>(3)</sup>

## ESG Highlights

- ✓ **First-in-Russia interbank ESG-linked loan** tied to rating by RAEX Europe
- ✓ Successful experience of arranging **first-in-Russia** issues of perpetual **"green" bonds and social Eurobonds** for RZD
- ✓ Unique **social retail products**
- ✓ Successful **execution of green projects and initiatives**: support for socially and environmentally relevant projects of customers, ESG initiatives (WWF, Arifmetika Dobra, TrashBack, planting forest etc.)

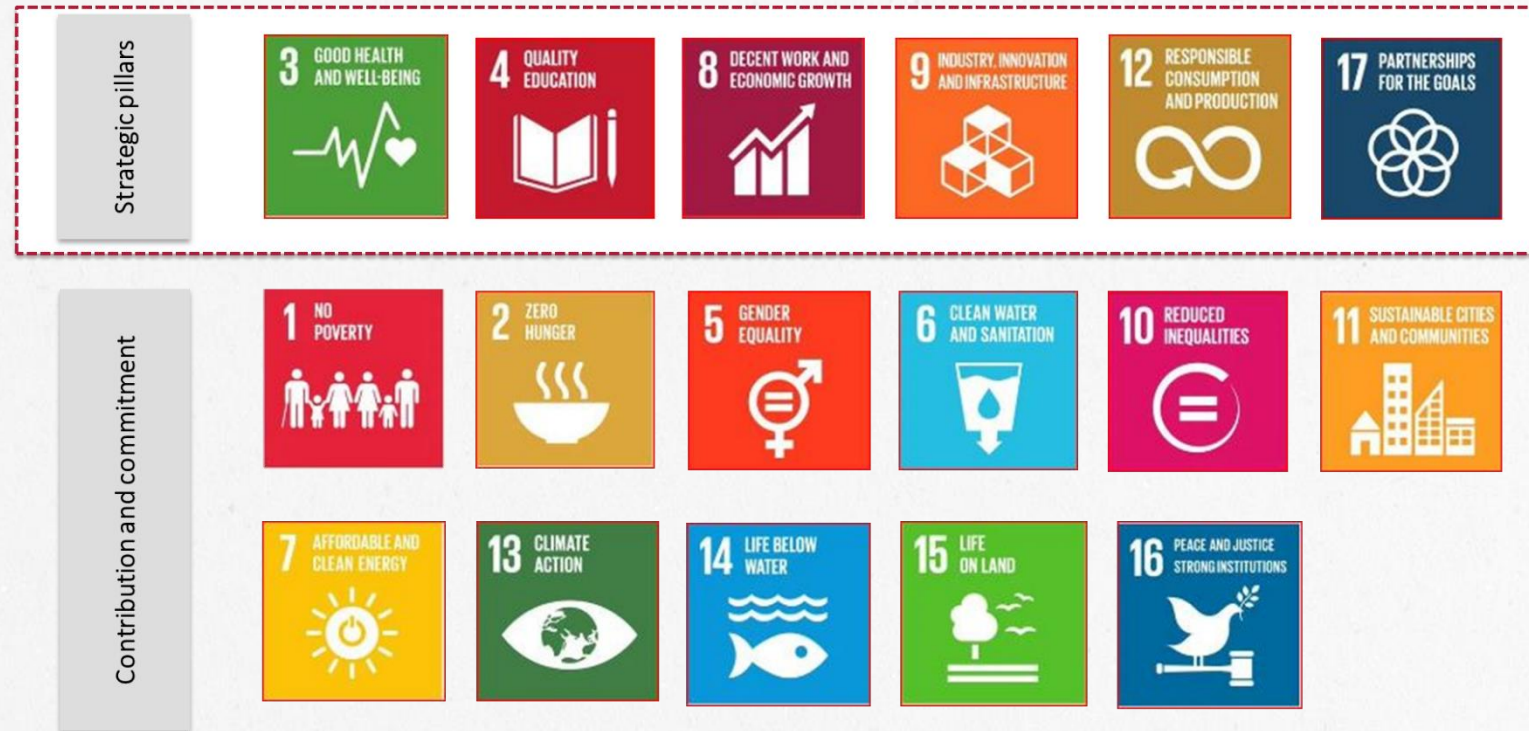




*MKB's ESG mission is to exemplify sustainable development principles for its customers and partners, guided by social and environmental responsibility principles, and based on best national and international corporate governance practices.*

Bank's framework sustainable development strategy already incorporates UN Sustainable Development Goals:

- 6 of them are designated as strategic priorities;
- remaining 11 are endorsed by Bank.



## Bank's ESG commitments



*Doing business responsibly, reducing adverse S&E impacts, improving EE&C, ensuring H&S standards, and contributing more to global sustainability agenda along with achieving strong financial results are key priorities of CREDIT BANK OF MOSCOW\**

Avoid and prevent or, where impossible, mitigate adverse environmental impacts

Adhere to principles of environment protection, rational use of natural and energy resources, and implement applicable best practices in water use and waste management

Reduce its impact at an early stage by designing and procuring products and services improving energy efficiency going forward

Refer to best standards of corporate governance and business ethics, support fair competition and counter corruption

Promote diversity and inclusiveness in its staff, pledge to observe their labour and other rights

Incorporate social and environmental principles into its operations and services, as well as to introduce responsible product offering concept

Seek to service sectors and projects promoting green economy and the transition to sustainable development

Seek to manage S&E profile of its customers, suppliers, contractors and subcontractors

Take active part in solving salient environmental and socio-economic problems through programmes aimed to preserve biodiversity and support certain groups of population

Align with applicable S&E and energy laws and local recommendations, including Bank of Russia's principles of responsible investing

Seek to comply with international agreements and treaties, recommendations of international credit institutions, and best practices and standards

Identify and evaluate potential risks for natural environment, social environment, health and safety; implement hierarchy of risk management and mitigation measures

Identify its stakeholders and promote environmental culture, energy conservation concept, social responsibility and culture of safe work among them

Make available financial, organisational and information resources as needed to implement, maintain and improve system of environmental, social and energy management

Seek to increase quality of its non-financial reports by improving its data collection system, analysing best practices of non-financial disclosure and training its staff





PRINCIPLES FOR  
**RESPONSIBLE  
BANKING**

**> 350**  
FI members

**> 100**  
supporting  
institutions

**United Nations Environment Programme Finance Initiative** (UNEP FI, 1992) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development.

**UN Principles for Responsible Banking** (UN PRB, 2019) are principles designed by UNEP FI and signed by more than 200 banks worldwide (one third of the global banking sector), as sustainable financing framework helping private financial sector to contribute to goals of Paris Climate Agreement and 2030 Agenda for Sustainable Development agreed by governments all over the world in 2015



*UNEP FI membership includes recognised global ESG leaders:*  
**Credit Suisse, ING, Citi, Commerzbank, LBBW, Societe Generale, Natixis and many others**

*Russian UNEP FI members are:*  
**Center-Invest Bank, VEB.RF, Sber, Sovcombank**

## UN PRB: list of principles



### Principle 1. Alignment.



Signatories must align their business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

### Principle 2. Impact & Target Setting.



Signatories undertake to continuously increase their positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from their activities, products and services, as well as set and publish targets where they can have the most significant impacts.

### Principle 3. Clients & Customers.



Signatories must work responsibly with their clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### Principle 4. Stakeholders.



Signatories undertake to proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### Principle 5. Governance & Culture.



Signatories must implement their commitment to these Principles through effective governance and a culture of responsible banking.

### Principle 6. Transparency & Accountability.



Signatories undertake to periodically review their individual and collective implementation of these Principles and be transparent about and accountable for their positive and negative impacts and their contribution to society's goals.



**By joining UNEP FI, Bank publicly subscribes to Principles for Responsible Banking, which have already been incorporated into its operations, and becomes one of international financial institutions making joint effort to create financial sector that serves people and planet**



## Benefits from UNEP FI membership



Joining community of banks committed to advancing together for sustainable development, and getting access to:

- **peer learning**;
- collaborations on green initiatives;
- **expert-supported working groups**;
- **trainings** on preferential basis;
- sustainable development tools;
- international research and **expert advice**.



Better ESG **reputation and credibility** in view of members' commitments to follow Principles.



Higher **ESG rating** after required procedures are put in place as ESG rating agencies look positively at official membership in international initiatives.



**Higher positive impact and lower negative impact** on environment and society.



**Expanding product range** and offering **highest-quality innovative products** based on international experience – allowing Bank to occupy fast growing niche of sustainable financial services.



Building **effective sustainability management system** using UNEP FI members' experience and raising stakeholders' awareness about Bank's progress in sustainable development.





### Analyse its impact

- Analyse positive and negative impacts on society, environment and economy.
- Identify opportunities to maximise positive and minimise negative impacts.
- Analyse, firstly, impacts of services provided to customers and financed projects, rather than Bank's direct impacts.
- Identify key sectors in which Bank operates, its market share in them, and **their social, environmental and economic effects**.



### Set targets and start implementing

- Set at least **2 significant SMART targets** that address identified positive or negative impacts and are aligned with higher-level international goals.
- Prepare detailed action plan.
- Establish means to measure progress, put in place structure responsible for monitoring target implementation and remedial action.



### Demonstrate accountability

- Publish its first reporting and self-assessment on Principles within latest 18 months of signing.
- Publish such reporting annually thereafter.
- Provide third-party assurance.



## Annual membership fees

	2021	2022
	Approved fee	Indicative fee (to be approved at Annual General Meeting in 2021)
Assets (US dollars)	CHF	CHF
Above 100 bln	27,715	31,977
5 to 100 bln	13,858	15,989
1 to 5 bln	5,461	6,304
Below 1 bln	3,328	3,840

Annual membership fee covers January-December of relevant calendar year and is paid annually.  
First fee of member joining in middle of year will be prorated to remaining months in that calendar year.



**It is proposed:**

To approve the Bank joining the United Nations Environment Programme Finance Initiative (UNEP FI).