Approved by

Resolution of the Supervisory Board of “Ukreximbank” JSC

dated 03.11.2025(Minutes No. 20, item 14)

Agreed by

the Resolution of the Management Board of “Ukreximbank” JSC

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CORE PROVISIONS OF THE SUSTAINABLE DEVELOPMENT POLICY OF “UKREXIMBANK” JSC

Kyiv-2025

Content

1. GENERAL PROVISIONS

1.1. This Sustainable Development Policy of "Ukreximbank" JSC (hereinafter – the Policy) defines, in particular, the plans of "Ukreximbank" JSC (hereinafter – the Bank) for interaction with the environment, taking into account potential environment-related risks. The Policy is aimed at promoting sustainable development by reducing the impact of environmental, social, and governance (hereinafter – ESG) risks on the activities of the Bank and the financial sector as a whole in order to maintain financial stability.

The Policy establishes the key principles of the Bank's ESG responsibility, ensuring support for economic resilience and recovery based on enhanced efficiency and sustainability. The Policy determines the Bank's material impacts, risks, and opportunities in the field of sustainable development, particularly in the ESG context, and introduces measures for preventing, identifying, mitigating, and eliminating actual and potential significant ESG-related consequences and/or utilizing material ESG opportunities by creating an adequate, transparent, and effective governance system that ensures compliance with the Sustainable Development Goals during the transition to a low-carbon economy model and minimizes bribery, fraud, conflicts of interest, and other risks.

Sustainable development aims to conduct economic activities without harming the health and well-being of future generations. The main goal of sustainable development is economic and social progress without depleting the planet's limited resources or destroying the natural environment. Sustainable development is focused on promoting human well-being and building a healthier and more equitable society.

The Bank treats the environment responsibly and acts in good faith, ensuring the responsible use of resources to achieve the Sustainable Development Goals.

The Bank is aware of best practices regarding Sustainable Development and strives to integrate such practices into its current business activities, while complying with the requirements of the applicable legislation of Ukraine aimed at promoting Sustainable Development.

1.2. The Policy has been developed in compliance with the requirements of the current legislation of Ukraine, in particular:

- Regulation on Disclosure of Information by Securities Issuers and by Persons Providing Guarantees for Such Securities, approved by the decision of the National Securities and Stock Market Commission (hereinafter – the NSSMC) No. 608 dated 06.06.2023;
- Corporate Governance Code: Key Requirements and Recommendations, approved by the decision of the NSSMC No. 118 dated 12.03.2020.

1.3. The Policy takes into account:

- White Paper on the Managing Environmental, Social, and Governance (ESG) Risks in the Financial Sector, approved by the National Bank of Ukraine;
- Decree of the President of Ukraine No. 722/2019 dated 30.09.2019 "On the Sustainable Development Goals of Ukraine until 2030";
- Resolution of the Cabinet of Ministers of Ukraine No. 179 dated 03.03.2021 "On Approval of the National Economic Strategy until 2030";
- Order of the Cabinet of Ministers of Ukraine No. 1190-p dated 29.11.2024 "On Certain Issues of Ensuring the Achievement of Sustainable Development Goals in Ukraine";
- Strategy for the Implementation of Sustainability Development Reporting by Enterprises, approved by the Order of the Cabinet of Ministers of Ukraine No. 1015-p dated 18.10.2024;
- requirements of international financial organizations and the Entrepreneurship Development Fund regarding the implementation by partner banks of an environmental and social management system.

1.4. The Policy was developed taking into account:

No.	Document	Abbreviated title of the document
1.	Environmental and Social Framework (hereinafter – ESF) of the World Bank, which comprises a vision for sustainable development, ten environmental and social standards, and an environmental and social policy for financing investment projects.	ESF
2.	Specific categories of voluntary international non-financial reporting standards (Global Reporting Initiative)[1], particularly: • Standard No. 405 "Diversity and Equal Opportunity"; • Standard No. 404 "Training and Education"; • Standard No. 302-1 "Energy consumption within the organization"; • Standard No. 306 "Waste"; • Standard No. 308 "Supplier Environmental Assessment".	GRI
3.	European Sustainability Reporting Standards[2], which where developed by EFRAG at the request of the EC within the framework of implementation of the Corporate Sustainability Reporting Directive of the European Parliament and EU Council (CSRD dated December 14, 2022).	ESRS

2. TERMS, ABBREVIATIONS AND DEFINITIONS

2.1. Terms, abbreviations and their definitions used in the Policy:

Term/abbreviation	Definition
Environmental and social (E&S) risks / impacts[3]	For the purposes of the Policy – potential negative risks/impacts arising from the activities of the Client, the Credit Transaction, or the Client's decisions, which may cause harm to the environment and society. These risks/impacts may include: a) Environmental risks and impacts: a. those identified in the Environmental, Health, and Safety General Guidelines (EHSG) of the IFC[4], including, but not limited to, air pollution, water quality and discharges, waste management, noise and vibration, land use and biodiversity, chemicals and hazardous materials; b. those related to community safety (including dam safety and the safe use of pesticides); c. those related to climate change and other transboundary or global risks and impacts; d. any significant threat to the protection, conservation, maintenance, and restoration of natural habitats and biodiversity;

[1] The aforementioned categories of GRI standards were used to analyze resource consumption and diversity and inclusion policies in order to develop directions for improving existing practices. The research results are not subject to official reporting.
[2] ESRS Standard was used to assess the Double Materiality of ESG risks and impact matters in accordance with the recommendations of the National Bank of Ukraine, in particular those set out in the White Paper on the Managing Environmental, Social, and Governance (ESG) Risks in the Financial Sector, approved by the National Bank of Ukraine.
[3] Term definition is provided in accordance with clause 28 of Section `B. Environmental and social assessment` of the first standard in the Environmental and Social Framework (ESF) system of the World Bank.
[4] IFC – International Finance Corporation.

	e. those related to ecosystem services[5] and the use of living natural resources, such as fisheries and forests. b) Social risks and impacts: a. threats to human security through the escalation of personal, communal, or interstate conflict, crime or violence; b. risks that the impact of a project financed through a Credit Transaction may fall disproportionately on individuals and groups who, due to their particular circumstances, may be disadvantaged or vulnerable; c. any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits financed through a Credit Transaction, especially in the case of those who may be disadvantaged or vulnerable; d. negative economic and social consequences relating to the involuntary taking of land or restrictions on land use.
Environmental and Social (E&S) aspects	For the purposes of the Policy – environmental and social (E&S) aspects are understood as a set of environmental and social requirements: a) Environmental aspects include: a. Compliance with the applicable legislation of Ukraine in the field of environmental protection, including international treaties of Ukraine (agreements, conventions, covenants, protocols, etc.) ratified by the Verkhovna Rada of Ukraine; b. Alignment with European Union legislation — to the extent that it has been implemented in the current legislation of Ukraine; b) Social aspects include: c. Compliance with the labor legislation of Ukraine including legislation in the field of healthcare, occupational safety, human rights, and the protection of vulnerable groups, as well as international treaties of Ukraine (agreements, conventions, covenants, protocols, etc.) ratified by the Verkhovna Rada of Ukraine; d. Adherence to the norms and standards established by the applicable legislation of Ukraine. E&S aspects also include compliance with the Environmental and Social Standards (hereinafter – ESS) set out in the World Bank's ESF, which the Bank has adopted as a basis for building its system of environmental and social assessment of Credit Transactions: 1. ESS1 – Assessment and Management of Environmental and Social Risks and Impacts; 2. ESS2 – Labor and Working Conditions;

[5] Ecosystem services are the benefits that people obtain from ecosystems. They are divided into four categories: (i) provisioning services, which are products obtained from ecosystems and may include food, fresh water, timber, fiber, and medicinal plants; (ii) regulating services, which are the benefits obtained from the regulation of ecosystem processes and may include surface water purification, carbon storage and sequestration, climate regulation, and protection from natural hazards; (iii) cultural services, which are the non-material benefits obtained from ecosystems and may include natural areas that are sacred sites or areas of importance for recreation and aesthetic enjoyment; and (iv) supporting services, which are natural processes that support other services and may include soil formation, nutrient cycling, and primary production.

	3. ESS3 – Resource Efficiency and Pollution Prevention and Management; 4. ESS4 – Community Health and Safety; 5. ESS5 – Land Acquisition, Restrictions on Land Use and Involuntary Resettlement; 6. ESS6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources; 7. ESS7 – Indigenous Peoples/Historically Underserved Traditional Local Communities; 8. ESS8 – Cultural Heritage; 9. ESS9 – Financial Intermediaries; 10. ESS10 – Stakeholder Engagement and Information Disclosure.
Environmental, Social, and Governance (ESG) Risks of the Bank	Environmental, social, and governance risks, as defined in the White Paper on the Managing Environmental, Social, and Governance (ESG) Risks in the Financial Sector, approved by the National Bank of Ukraine, are understood as risks of any negative financial impact on the Bank arising from the current or potential influence of ESG factors on the Bank, its counterparties, or its assets. On the one hand, ESG risks may directly affect the Bank's operations (for example, damage to the Bank's building as a result of war or a natural disaster). On the other hand, risks are also inherent in the activities of Clients (market changes, disruptions in the provision of banking products or services), which may lead to the realization of more traditional risks, such as credit and market risks. At the same time, the Bank's influence on the development of ESG factors is also twofold: through the Bank's own economic activities, and through the activities of its Clients. The consequences of the realization of ESG risks for the Bank are as follows: a) **environmental**: a. <u>physical:</u> loss of assets due to natural disasters; disruption of business continuity and reputational risks, increase in financial risks due to adverse events affecting Clients, increase in insurance payouts due to the occurrence of insured events (for insurers), disruption of the supply chain; b. <u>transition-related</u>: inability to operate due to non-compliance with new conditions; loss of income from business operations, deterioration in quality, depreciation, loss of economic benefits due to the impossibility / reduced capacity to use assets; additional expenses; changes in demand and supply for financial products; legislative impact within the framework of sustainable development implementation or control over activities that harm the environment and society; b) **social**: loss of jobs; loss of income or profitability of operations; staff turnover due to inadequate working conditions; loss of market position/Clients and revenue by the creditor due to inadequate remuneration, working conditions, or failure to comply with principles of inclusive service provision (equal access); c) risks of liquidity and capital loss, threats to solvency and asset quality, reputational losses. **Governance risks** (corporate governance risks) in the financial sector are addressed through the Bank's existing management processes and

	internal documents, ensuring their proper identification, control, and mitigation.
Energy efficiency measures / Energy efficiency	Technical, organizational, economic, informational actions, or a combination thereof, the implementation of which results in improved energy efficiency (reduction of specific energy consumption), measurable or calculable.
European Green Deal	The European Union strategy aimed at achieving climate neutrality by 2050 through energy decarbonization, the development of renewable energy sources (RES), improving energy efficiency, and digitalizing energy systems.
Client	Any individual or legal entity using the Bank's services.
Credit Transaction	Transactions referred to in paragraph 3 of part three of Article 47 of the Law of Ukraine "On Banks and Banking", namely the provision of funds and banking metals on credit using funds attracted from deposits (including current accounts), as well as funds and banking metals in the Bank's own name, on its own terms, and at its own risk, and also transactions referred to in Article 49 of the aforementioned law[6].
Credit units	Structural units of the Bank responsible for lending to Clients of the Bank.
List of exclusions	List of types of economic activities not subject to lending by the Bank, either in general or within specific areas, or when participating in lending support programs. The list of exclusions is provided in Annex 2 to the Policy.
E&S Action Plan (ESAP)	A plan that defines the measures and actions to be taken by the Client to achieve E&S compliance of the project financed under the Credit Transaction within a specified period. The ESAP must be approved by the Authorized Collegial Body and form an integral part of the loan agreement with the Client. The ESAP shall take into account the results of the E&S assessment and include a list of specific measures and actions necessary to avoid, minimize, reduce, or mitigate potential E&S risks and impacts of the project financed with credit funds under the Credit Transaction. The ESAP must specify the final completion date for each measure/action. Monitoring of the Client's ESAP implementation, as well as the application of relevant measures in case of non-implementation, shall be carried out in accordance with the Bank's internal regulations governing Credit Transactions.
Double materiality	Double materiality has two dimensions: impact materiality and financial materiality. Impact materiality refers to material information about the Bank's impact on people and/or the environment related to sustainable development matters. Financial materiality refers to material information about sustainability-related risks and opportunities that could affect the Bank's financial position. The terms "material" and "materiality" are used in ESRS to denote double materiality unless otherwise specified (also referred to in this document simply as "materiality")[7].
Material Sustainability Matters	Environmental, social, or governance factors defined based on topical ESRS, which have or may have significant actual or potential impacts

[6] For the purposes of this Policy, the definition does not include the provision of guarantees, sureties, or other obligations by third parties that entail their fulfillment in monetary form.
[7] Definition provided in accordance with ESRS and the EFRAG ESRS Implementation Guidance: (EFRAG ESRS Implementation Guidance, 2024)

	on people or the environment, or create material risks or opportunities for the Bank, considering its operations and value chain.
Authorized Collegial Bodies	Collegial bodies of the Bank, empowered to make decisions regarding the implementation of Credit Transactions.
Sustainable Development Goals	– global goals adopted by the United Nations in 2015 under the 2030 Agenda for Sustainable Development (Agenda 2030), covering a wide range of issues – from no poverty and zero hunger to quality education, gender equality, climate action, and partnerships for the Goals. Ukraine joined the Sustainable Development Goals in September 2015. In 2016, Ukraine launched a national adaptation process for the Sustainable Development Goals, engaging over 800 experts, government representatives, civil society, academia, and international partners. As a result, Sustainable Development Goals were localized to reflect Ukraine's specific development context.
EU	European Union
EC	European Commission – the EU's executive body responsible for EU policies and programs development and implementation.
ILO	International Labour Organization
EIA	Procedure defined by the Law of Ukraine "On Environmental Impact Assessment" No. 2059-VII dated 23.05.2017 concerning the analysis and consideration of the impact of the planned economic activity on the state of the environment and public health in accordance with the legislation of Ukraine, which is harmonized with the EU Directives.
ESMS	Environmental and Social Management System, a set of processes and procedures for identifying, assessing, managing, and monitoring environmental and social risks and impacts associated with the Bank's operations or projects.
CSRD	Corporate Sustainability Reporting Directive – Directive (EU) 2022/2464 of the European Parliament and EU Council dated December 14, 2022 on the corporate sustainability reporting establishing mandatory non-financial information disclosure requirements subject to the EU legislation.
EDIS	European Defence Industrial Strategy adopted in March 2024 defining EU priorities and tools for supporting the competitiveness and resilience of the defense industry.
EFRAG	European Financial Reporting Advisory Group providing technical advice to the European Commission on: a) financial reporting (e.g., IFRS), b) non-financial reporting, particularly, ESRS (European Sustainability Reporting Standards), which are part of CSRD (Corporate Sustainability Reporting Directive).
ESG Office	The Bank's unit responsible for implementing environmental, social and corporate governance principles.

2.2. The definitions of the terms and abbreviations listed above shall have the same meaning when used in the singular or plural form, and whether written in uppercase or lowercase letters.

2.3. Other terms shall be understood as having the meanings defined by the applicable laws of Ukraine and the Bank's internal documents.

3. PURPOSE, OBJECTIVES AND SCOPE OF APPLICATION

3.1. The main purpose of this Policy is to ensure the integration of sustainable development principles into the Bank's ongoing business activities by implementing systematic approaches to managing the Bank's environmental, social, and governance (ESG) risks in accordance with the applicable laws of Ukraine, World Bank standards (ESF), European Sustainability Reporting Standards (ESRS), GRI standards, and best international practices.

3.2. The main objectives of the Policy are as follows:

3.2.1. To establish an appropriate and effective management system within the Bank that, in particular, promotes the implementation of Environmental (responsible environmental stewardship, sustainable use of resources, environmental protection aimed at reducing climate impact), Social (establishing ethical relationships with society: Bank employees, Clients, business partners, and local communities; ensuring proper working conditions and fair remuneration, inclusivity for employees and Clients, engagement with communities, meeting consumer needs and protecting consumer rights, fair competition and market conduct; occupational health and safety) components.

3.2.2. To develop specific approaches for the Bank to conduct E&S analysis of Credit Transactions in order to manage the Bank's E&S impacts through financing and investments, taking into account the Bank's strategic role in supporting sectors critical to the state.

3.2.3. To establish approaches for environmental and social management in lending, including through the implementation of the Bank's ESMS, which ensures the integration of environmental and social project assessments in accordance with World Bank and EU standards, as well as the requirements of applicable Ukrainian legislation and the Bank's internal documents.

3.2.4. To define approaches for integrating sustainable development principles into the Bank's ongoing business activities, including infrastructure management, procurement, and ensuring equality, inclusion, and diversity. The Policy aims to ensure high standards of ethics, non-discrimination, and the engagement (within their competence) of all Bank employee groups in the decision-making process.

3.3. The provisions of this Policy are mandatory for all sustainable development management entities specified in clause 4.2.1, as well as for all Bank employees. The Bank's governing bodies, collegial bodies, executives and employees shall comply with the provisions of the Policy when performing their functions/official duties and making decisions within their powers.

4. BANK'S SUSTAINABLE DEVELOPMENT MANAGEMENT

4.1. **Institutional Principles of the Bank's Sustainable Development.** The Bank adheres to international standards in the areas of human rights, corporate responsibility, and environmental and social governance, including the principles set out in the World Bank Standards (ESF), European Environmental and Social Principles, Sustainable Development Goals, and key ILO conventions. Measures related to the implementation of the Bank's ESG risk management system are based on balancing sustainable development objectives with the priority of strengthening the country's defense capacity, following the key institutional principles outlined below:

4.1.1. **Responsibility:** The Bank integrates adherence to the Sustainable Development Goals, reflecting its strategic role in the recovery, transformation, and strengthening of Ukraine's economy. As a financial institution, the Bank performs the functions of a state financial agent, including creating favorable conditions for economic development, servicing export-import operations, and providing credit and financial support to critical sectors of the economy. All environmental and social standards are integrated with consideration of the challenges arising from the martial law situation in Ukraine, as well as the needs of entities operating under constant threat, recovery, and survival conditions.

4.1.2. **Integrity:** The Bank's approach to sustainable development is based on transparency, accountability, responsible resource management, communication in considering grievances from stakeholders, respect for human rights, promotion of gender equality, and support for a just energy transition that takes into account the interests of vulnerable groups. The Bank seeks open communication with Clients, partners, and the public, adhering to a fair and ethical approach to decision-making even under complex socio-economic conditions.

4.1.3. **Systematic Approach:** The Bank aligns international sustainable development standards with national priorities of economic security, post-war recovery, and state resilience. Sustainability is integrated into all key processes: financial decision-making, risk management, ongoing operations, and partnership relations, fostering trust, long-term value, and reputational reliability.

4.2. **Participants in the Bank's Sustainable Development Management Process.** Sustainable development management in the Bank is carried out based on the principles of integrity, clear allocation of responsibilities, and integration into key business processes.

4.2.1. Entities responsible for sustainable development management in the Bank are:

- governing bodies: ensure the establishment of a comprehensive and effective sustainable development management system, are responsible for overall sustainable development management, and monitor the effectiveness of the sustainable development system, take ESG risks into account when approving the Bank's overall business strategy, business objectives, and policies;
- Authorized collegial bodies: consider E&S risks when making decisions on Credit Transactions, ensuring that such decisions comply with the Bank's internal documents;
- ESG Office: develops and coordinates the implementation of the Policy, performs control and monitoring functions for the Bank's ESG risks;
- units of the first line of defense:
  - Credit units and support units: are responsible for establishing dialogue with Clients regarding their level of E&S risk and the alignment of Credit Transactions with the objectives of this Policy;
  - Bank's ongoing operations support units: are responsible for considering the requirements of this Policy in the Bank's ongoing operations;
- units of the second line of defense:
  - risk management units ensure the integration of ESG risk into the Bank's overall risk management system;
  - compliance units monitor the consistency of the Bank's internal documents with the requirements of this Policy;
- unit of the third line of defense (internal audit): ensures the assessment of effectiveness of the internal control system and compliance with the requirements established for ESG components; verifies that the procedures defined by the ESG Office are sufficient to achieve the Policy's objectives; and assesses compliance with these procedures by the first line of defense units.

5. ASSESSMENT OF THE BANK'S FINANCIAL IMPACT AND APPROACHES TO ITS MANAGEMENT

5.1. **Assessment of the Bank's financial impact.** Guided by the provisions of the SFDR[8], the EU Commission Delegated Regulation No. 2022/1288[9], as well as leading international sustainable development practices, the Bank has carried out an assessment of its environmental and social impact through the analysis of its credit portfolio and investment activities. As a result of this analysis, high-impact sectors were identified, which have the following characteristics:

- have the highest concentration of the Bank's financing;
- classified under the EU Commission Delegated Regulation No. 2022/1288 as sectors with a significant impact on climate and social factors;
- demonstrate a high level of environmental and social risks in accordance with the environmental and social management standards of international financial institutions.

[8] SFDR (Sustainable Finance Disclosure Regulation) — regulation (EU) 2019/2088 of the European Parliament and of the Council dated 27 November 2019 on sustainability-related disclosures in the financial services sector.

[9] Commission Delegated Regulation (EU) 2022/1288 dated 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details and presentation of information on the "do no significant harm" principle, sustainable indicators, adverse sustainability impacts, and information on environmental and social characteristics and sustainable investment objectives in pre-contractual documents, on websites, and in periodic reports.

5.2. **Objective assessment of the Bank`s impact.** The Bank carries out an objective assessment based on a combination of strategic priorities, regulatory requirements, internal policies, and the current socio-economic context. This assessment takes into account risks, potential impacts on sustainable development, the resilience of the state, and alignment with the Sustainable Development Goals. In making decisions regarding Credit Transactions, the Bank is guided by the principles of transparency, responsibility, and balance, ensuring support for sectors that are critical for national resilience and recovery and comply with the following Sustainable Development Goals: 1 "No Poverty," 2 "Zero Hunger," 7 "Affordable and Clean Energy", 8 "Decent Work and Economic Growth", 9 "Industry, Innovation and Infrastructure", 10 "Reduced Inequalities", 11 "Sustainable Cities and Communities", 16 "Peace, Justice and Strong Institutions", 17 "Partnerships for the Goals".

5.3. **The Bank's Commitments Regarding its own financial impact.** In order to achieve a balance between the urgent needs of the state under martial law and the principles of sustainable development, including the "building back better" approach and the concept of a "just transition", the Bank undertakes to:

- give priority to financing projects that demonstrate a reduction of negative environmental and social impacts;
- adhere to the "do no significant harm" principle when making financial decisions in relation to its own financial impact;
- for the period of martial law, apply separate approaches to the assessment and prioritization of individual categories of Credit Transactions, taking into account the strategic importance of economic sectors and the current context.

6. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) IN FINANCING AND INVESTMENTS.

6.1. **Bank's ESMS Basics.**

6.1.1. The consequences of the unprovoked armed aggression of the Russian Federation have led to large-scale and irreparable destruction of Ukraine's environment and social fabric: the annihilation of natural ecosystems, mining of agricultural lands, massive emissions of toxic substances, including as a result of systematic shelling across the entire territory of Ukraine, the destruction of cultural heritage, persecution based on national identity in the occupied territories, as well as systematic human rights violations, including executions, torture, and the forced deportation of children.

6.1.2. The Bank recognizes that verifying Clients' compliance with international E&S standards, when those Clients themselves are affected by environmental and social losses while conducting business under wartime conditions, is a complex yet necessary task to ensure responsible resource use and the preservation of the remaining cultural heritage. Therefore, the Bank is building a prudent, adaptive ESMS based on high professional training standards for its staff, ESG experts' qualification requirements, and systematic training for all Bank employees involved in decision-making at every level. This system shall not serve as a barrier for business, but rather as a support mechanism that promotes sustainable development and expands access to finance by strengthening trust from international partners, including international financial institutions.

6.1.3. The Bank develops and implements its own ESMS based on the principles of the World Bank (hereinafter – the WB) set out in the Environmental and Social Framework (ESF), while retaining the right to deviate from certain ESF standards in cases justified by an overriding public interest, provided that adequate mitigation measures are in place to minimize adverse impacts on other stakeholders, including human rights, the environment, social stability, and other Sustainable Development Goals.

6.1.4. The Bank assumes responsibility for:

- integrating E&S criteria into all decision-making processes related to Credit Transactions;
- supporting projects that contribute to recovery, climate adaptation, Energy Efficiency, conservation of natural resources, and social cohesion;
- applying environmental assessment tools such as Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA) to ensure project alignment with sustainability principles[10];
- raising awareness among Clients, partners, and Bank employees regarding the importance of environmental and social responsibility;
- monitoring and controlling compliance with environmental standards in financed projects.

6.2. **Components of the ESMS.**

6.2.1. The Bank's ESMS covers a consistent process of assessment, decision-making, and monitoring of Credit Transactions with due consideration of E&S risks. The E&S assessment applies to all Clients implementing Credit Transactions.

6.2.2. The key components of the ESMS include:

Exclusion of unacceptable activities from financing	E&S risk assessment begins with verifying whether the Credit Transaction and/or the Client's business activity falls under categories prohibited from financing due to E&S responsibility considerations. The Exclusion List is compiled in line with the standards of the Bank's key financial partner institutions. If the intended use of the Credit Transaction / Client's activity falls under the Exclusion List, further consideration of the Credit Transaction and E&S assessment shall not be conducted.
Verification of compliance with the Bank's internal documents, in particular policies	Simultaneously, verification is performed to ensure that the Credit Transaction complies with the conditions of the relevant programs/products under which the Credit Transaction is planned, as well as with the Bank's Credit Policy, Credit Risk Management Policy, and this Policy, which is a mandatory prerequisite for further analysis.
Risk Categorization	Credit Transactions are preliminarily classified according to their potential environmental and social impact, based on the categories defined in Annex 2 to this Policy, taking into account the Client's main economic activity, the purpose of financing, the type, location, sensitivity, and scale of the Credit Transaction.
E&S Compliance Assessment of the Credit Transaction	Analyses compliance with E&S aspects requirements.
Assessment of E&S Risks of the Credit Transaction	The nature, scale, and significance of risks are determined, along with the Client's capacity to manage them. Where necessary, the ESAP shall be developed.
Assignment of E&S Risk Category to the Credit Transaction	The Bank classifies all Credit Transactions by the level of E&S risk, according to the categories set forth in Annex 2 to this Policy.
Stakeholder Engagement	The Bank requires Clients to ensure transparency, access to information, and the organization of consultations with stakeholders potentially affected by the project. This component is a key element of the ESF and aims to promote inclusiveness and social equity. In line with the World Bank Standard 10 (ESS10) "Stakeholder Engagement", project-related information must be disclosed in a timely manner and persons that may be affected

[10] Where required under Ukrainian law.

	must be engaged in the process where appropriate. Consultations must be transparent and inclusive, taking into account the positions of local communities, trade unions, environmental organizations, etc. Where required by law (e.g., decisions on large-scale construction), public hearings shall be conducted and EIA reports disclosed. Meetings with communities, hearings, and other consultation formats must be properly documented, and the feedback received must be duly considered in project refinement.
Monitoring and Reporting	The Bank conducts monitoring of projects financed under a Credit Transaction in accordance with their E&S risk level, following the timelines defined in the ESAP (if applicable), as well as through re-assessment of the E&S risk of the Credit Transaction. Monitoring is carried out through the collection of reports and/or documentation from the Client, on-site verifications, and, where necessary, obtaining an independent audit report from the Client. The purpose of monitoring is to ensure the project's compliance with E&S commitments throughout its entire life cycle.

6.3. **Assessment and Classification of the Credit Transaction by E&S Risk Level**.

6.3.1. E&S risk assessment is a key stage in the preparation of each Credit Transaction. Its objective is to determine:

- compliance with E&S requirements;
- the relevant World Bank standards (ESS1–ESS10), to be applied when preparing the ESAP (if required);
- the number and level of E&S risks that may arise as a result of the implementation of the project financed under the Credit Transaction.

6.3.2. The Bank classifies all Credit Transactions under one of the following four E&S risk levels: high risk, significant risk, moderate risk or low risk, as described in Annex 3 to this Policy. When determining the appropriate E&S risk classification, the Bank takes into account the following factors:

- the type of main economic activity in accordance with the NACE classification;
- the purpose of the Credit Transaction, its type, implementation site, location, nature, and scale;
- the nature and scale of potential E&S risks and impacts (significance of potential effects on the natural environment, cultural heritage, and the safety and health of the population);
- the Client's capacity and commitment (including any other organization responsible for implementing the project financed under the Credit Transaction) to manage such risks and impacts, based on the level of E&S integration.

6.3.3. The Bank reviews and finances projects of all categories: high risk, significant risk, moderate risk, low risk (as described in Annex 3 to this Policy). For projects classified as high risk, the Client must demonstrate that E&S risks are adequately assessed and managed.

6.3.4. In addition to E&S risks, other types of risks may also be relevant for ensuring the proper implementation of E&S mitigation measures and achievement of expected outcomes. These may include:

- legal and institutional aspects;
- the nature of the proposed mitigation measures and technologies;
- the governance structure and legal framework.

6.3.5. The E&S risk category of a Credit Transaction determines the scope of subsequent assessment, in accordance with the principle of proportionality established in the ESF, which means that the depth, scope, and complexity of the E&S assessment of the project financed under the Credit Transaction (hereinafter – project) must correspond to the level of risk and potential impact of that project. The higher the potential E&S risk of the project, the more detailed and comprehensive the assessment, management, and monitoring of the Credit Transaction should be.

6.3.6. Depending on the E&S risk category, the Bank applies the following levels of project analysis:

- for low and moderate risk level – a simplified ESMS, which includes verification of compliance with E&S requirements, a general review of the Client's activities, and may not require the preparation of an ESAP;
- for significant and high risk transactions – a detailed management system is implemented, including a comprehensive E&S assessment, stakeholder consultations, preparation of an ESAP, monitoring, and grievance mechanisms.

6.3.7. The outcome of the E&S assessment of a Credit Transaction is the assigned E&S risk category, which must be taken into account when making a decision on the implementation of the Credit Transaction and be reflected in the decision of the Authorized Collegial Body and recorded in the Bank's information systems to ensure full traceability of the decision-making process.

6.3.8. Reassessment of the E&S risk category of a Credit Transaction shall be carried out periodically, in accordance with the Bank's internal documents regulating the implementation of Credit Transactions.

6.3.9. The system of E&S risk categorization and the related environmental and social management procedures form an integral part of the Bank's credit decision-making process. They ensure the proportionality of assessment, effective risk management, and alignment with international sustainable finance standards.

6.4. Monitoring and Reporting.

6.4.1. The Bank conducts an E&S assessment of the Credit Transaction based on information obtained from the Client, competent authorities, and publicly available sources. During the due diligence process, the Client must provide all necessary and adequate information to enable the Bank to conduct the E&S assessment in accordance with this Policy. If the assessment identifies discrepancies between the Client's business practices or project implementation (financed under the Credit Transaction) and E&S requirements, the Bank and the Client shall jointly develop the ESAP to eliminate such gaps, with clearly defined deadlines subject to further monitoring in accordance with the Bank's established procedures.

6.4.2. The Authorized Collegial Bodies shall take into account the E&S risk level of the Credit Transaction when making a decision on its approval, the information on which must be duly reflected in the decision-making minutes.

6.4.3. The Bank independently verifies E&S aspects during its supervisory visits and based on documentation provided by the Client. The Bank's oversight ensures continuous monitoring of E&S risks throughout all stages of implementation and servicing of the Credit Transaction.

6.4.4. In case any non-compliance or new E&S risks are identified, the Bank may require corrective actions or amendments to the lending terms. Supervision is carried out in proportion to the level of risk: the higher the E&S risk category, the more detailed the monitoring and control.

6.5. Organizational Structure of the ESMS.

6.5.1. The organizational structure of the ESMS is integrated into the existing lending process and constitutes its integral part, which ensures a clear allocation of functions, responsibilities, and authorities for E&S risk management among the Bank's staff involved in the ESMS, and establishes their accountability in line with this allocation across all three lines of defense.

6.5.2. The ESMS organizational structure is also an integral component of the Bank's overall sustainability management process, as described in clause 4.2 of this Policy.

7. IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS FROM OWN OPERATIONS

7.1. **Assessment of the Bank's Material Impacts from Own Operations.**

7.1.1. The Bank conducts an assessment of sustainability matters arising from its own operations in accordance with the Double Materiality principles defined under the ESRS, adopted by the European Commission within the framework of the CSRD, with the aim to understand its own impacts and to ensure effective management of its ESG risks.

7.1.2. To ensure transparency, substantiation, and alignment with stakeholder expectations, the Bank applies the official EFRAG ESRS Implementation Guidance (EFRAG ESRS Implementation Guidance, 2024) in assessing material matters related to its own operations.

7.1.3. When determining materiality, the Bank applies the materiality information filter principle, in accordance with the ESRS requirements.

7.1.4. The identified material sustainability matters form the foundation for defining the Bank's sustainability goals, action areas, and priorities, all of which are covered by this Policy.

7.2. **Assessment of the Material Adverse Impacts of ESG Risks on the Bank.**

7.2.1. The Bank assesses ESG risks that may affect its operations in the short-, medium-, and long-term perspectives.

7.2.2. The Bank analyses financial sector-specific risks, consequences of ESG risk materialization for the Bank, in order to develop and implement compensation measures and resources[11].

7.2.3. ESG risks to which the Bank is exposed over various time horizons can be effectively mitigated through the implementation of measures envisaged by this Policy. For instance, the risk of increased financial losses resulting from adverse events affecting Clients, for example, in the agro-industrial sector, may be reduced through the implementation of an effective Environmental and Social Management System (ESMS) in Credit Transactions. This includes the assessment of E&S aspects and E&S risks during decision-making and ongoing monitoring, which will help increase the share of Clients undertaking climate adaptation measures. Similarly, transition and social risks, identified during the materiality assessment, can be significantly mitigated through the implementation of measures outlined in this Policy. In particular:

- strengthening a corporate culture of diversity, equity, and inclusion;
- developing training programs on ESG risk management;
- adapting to the needs of vulnerable population groups;
- and other measures in line with this Policy.

7.2.4. All measures approved under this Policy are aimed at strengthening the Bank's resilience to ESG risks in the medium- and long-term perspective.

7.2.5. The Bank shall conduct a reassessment of the materiality of ESG risks in the event of significant changes in the external environment or in the Bank's internal structure.

8. RESPONSIBLE RESOURCE CONSUMPTION IN OWN OPERATIONS

8.1. **Key Measures for Responsible Resource Consumption.**

8.1.1. To reduce its environmental impact and enhance Energy Efficiency, the Bank aims to implement measures for infrastructure modernization, optimization of climate control systems, and transition to renewable energy sources.

8.1.2. The Bank pays particular attention to the rational use of material resources. The Bank recognizes its responsibility for the prudent use of natural resources and commits to applying the principles of responsible energy and paper consumption across all aspects of its operations.

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[11] Thus, even in the event of ESG risk realization, its impact is expected to be minimized or neutralized through existing response mechanisms.

8.1.3. The Bank strives to contribute to environmental preservation and Energy Efficiency improvement by committing to the implementation of a set of measures aimed at responsible consumption of energy and paper.

8.1.4. The Bank views responsible resource consumption as an integral part of its operational practices, fostering a culture of environmental responsibility among its employees and counterparties.

9. ENSURING DIVERSITY, EQUALITY AND INCLUSION.

9.1. **Ethical principles of equality and respect for diversity.**

9.1.1. In full respect of the constitutional rights and freedoms of individuals and citizens and in compliance with the Law of Ukraine "On the Principles of Prevention and Combating Discrimination in Ukraine", the Bank recognizes the value of diversity as a source of innovation, resilience, and social responsibility, and is committed to creating an inclusive working environment in which every employee – regardless of gender, age, disability, ethnic origin, gender identity, or other characteristics – has equal opportunities for development, realization of potential, and fair remuneration.

9.1.2. The Bank adheres to the principle of absolute respect for every individual as a fundamental norm of interaction within the team. This means that respect for dignity, identity, beliefs, personal boundaries, and cultural context of each employee is the default standard of workplace behavior.

9.1.3. The Bank maintains a zero-tolerance policy toward any form of harassment, including:

- discrimination based on gender, age, disability, race, nationality, sexual orientation, religion, political beliefs[12] , or social status;
- psychological pressure, mobbing, bullying, harassment, or body-shaming;
- abuse of power or humiliation of dignity.

9.2. **Gender equality and equal pay for work of equal value.**

9.2.1. In alignment with Sustainable Development Goal No. 5 "Gender Equality" and recognizing the ongoing challenge of underrepresentation of women in leadership positions in Ukraine, the Bank is committed to promoting women's leadership.

9.3. **Inclusive Environment and Promotion of Diversity.**

9.3.1. The Bank adheres to the principles of inclusion, recognizing the uniqueness of every employee and fostering a sense of belonging by creating a barrier-free environment for persons with disabilities, enabling them to fully realize their potential.

9.3.2. The Bank recognizes that accessibility of the physical environment and digital services is a fundamental condition for ensuring equal access to financial services for all Clients and employees, including persons with disabilities, veterans, the elderly, and other groups with limited mobility.

9.3.3. Employees with disabilities have the right to safe, convenient, and equal working conditions.

9.3.4. The Bank employs professionals with the relevant competences regardless of age and demonstrates its commitment to the principles of age inclusion, actively supporting professional development and engagement of employees across different age groups.

[12] The Bank respects employees' right to political opinion, but does not tolerate any expressions that contradict the sovereignty and territorial integrity of Ukraine. Public denial of state independence, support of the aggressor state, or discrediting of the Armed Forces of Ukraine is strictly prohibited and considered a violation of national law (Articles 110 and 436-2 of the Criminal Code of Ukraine).

9.3.5. The Bank seeks to combine professional experience with new ideas and innovative thinking characteristic of different generations, as a foundation for sustainable development, adaptability, and competitiveness in the modern financial environment.

10. ANTI-CORRUPTION, ANTI-FRAUD MEASURES

10.1. The Bank adheres to the principles of integrity, transparency, and zero tolerance for corruption and fraud, recognizing that effective anti-corruption measures are a prerequisite for the trust of Clients, partners, and society. The Bank's measures are aimed at preventing, detecting, and responding to any manifestations of misconduct within the Bank's operations, supported by the internal control system, which includes:

- Code of Conduct (Ethics) of "Ukreximbank" JSC;
- Policy on Prevention, Detection, and Management of Conflicts of Interest in "Ukreximbank" JSC;
- Whistleblowing Policy of "Ukreximbank" JSC;
- anti-corruption and fraud prevention measures (the Bank's Anti-Corruption Program);
- active participation in national cybersecurity and anti-fraud initiatives;
- Business Continuity Plan (BCP), which includes response protocols for cyber threats and fraud incidents.

10.2. The Bank follows a systematic approach to managing integrity and security by combining ethical standards (through the Code of Conduct (Ethics) of "Ukreximbank" JSC), regulatory compliance (through internal control policies), technical and educational measures (through participation in awareness campaigns and cybersecurity initiatives), and anti-corruption and prevention efforts (through the Anti-Corruption Program).

10.3. The Bank's management demonstrates personal commitment to integrity and ensures appropriate level of awareness on anti-corruption legislation and ethics.

11. STAKEHOLDER ENGAGEMENT AND GRIEVANCE MECHANISM

11.1. The Bank recognizes the importance of systematic engagement with stakeholders. Stakeholders are understood as all interested parties that may directly or indirectly influence the Bank's activities or be affected by them – including the State, Clients, employees, international partners, communities, civil society organizations, suppliers, and other groups.

11.2. The Bank adheres to the principles of transparency, openness to dialogue, timely disclosure of information with due regard for confidentiality requirements, and consideration of the positions of all interested parties, including vulnerable groups.

11.3. To ensure feedback and effective response to communications, requests, suggestions, or complaints (hereinafter jointly – grievances) from stakeholders, the Bank maintains an established grievance mechanism accessible to Clients and the general public through online channels, email, postal mail, in-person submissions, and official forms available on the Bank's external website.

11.4. The Bank operates an anonymous reporting channel the "Trust Line", which enables the reporting of any actual or potential fraudulent, corrupt, or unethical behavior. The Bank confirms that no person shall be subject to retaliation, discrimination, or adverse consequences for making a good-faith report of a violation. All grievances are reviewed impartially, in accordance with the principles of confidentiality, fairness, and protection of the reporting individual.

11.5. The Bank follows a responsible engagement approach through internal grievance mechanisms related to Credit Transactions or projects financed with loan funds under such Credit Transactions. The Bank expects Clients to ensure an open, prior, and informed consultation process with stakeholders, and in the event of grievances concerning the implementation of a project financed with loan funds, the Bank responds in accordance with its internal regulations, with the possibility of initiating corrective actions, the implementation of which depends on the Client. This approach to grievance processing under Credit Transactions ensures good-faith interaction with Clients aimed at finding constructive solutions.

Annexes

Annex number	Annex title
1	List of exclusions
2	Risk category of a Credit Transaction