

Approved
by Vnesheconombank's Board
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Corporate Social Responsibility
Strategy
of Vnesheconombank
for 2012–2015

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Introduction

The Corporate Social Responsibility Strategy of Vnesheconombank (hereinafter, the “Bank”) for 2012–2015 (hereinafter, the “CSR Strategy”) is a policy document defining priorities for the Bank’s CSR development and containing the Bank’s goals, objectives, measures and projects in the area of CSR. The current importance of formulating the CSR Strategy is driven by the necessity for the Bank to continue to improve the efficiency of the CSR activities and is in full accordance with the best global practices of financial and development institutions.

The Bank interprets CSR as a voluntary contribution to the social, economic, and environmental development of society. Directly associated with the Bank’s core activities, this contribution mainly complements compliance with Russian legal regulations and the international law.

In this regard, CSR is a philosophy of the Bank’s entire activities rather than a separate business line. This philosophy implies that the Bank has responsibility for the social and environmental impacts of its decisions and activities, and this responsibility takes due account of stakeholders’ expectations and contributes to achieving the sustainability goals.

In formulating the CSR Strategy, the Bank was guided by the documents listed below:

- Federal Law No. 82-FZ of May 17, 2007, “On the Bank for Development”;
- Memorandum on Financial Policies of State Corporation “Bank for Development and Foreign Economic Affairs (Vnesheconombank)” approved by Directive of the Government of the Russian Federation No. 1007-r of July 27, 2007;
- Vnesheconombank Development Strategy for 2011–2015 approved by Vnesheconombank’s Supervisory Board on September 27, 2011;
- Concept for the Long-Term Socio-Economic Development of the Russian Federation until 2020 approved by Directive of the Government of the Russian Federation No. 1662-r of November 17, 2008;
- ISO 26000:2010 (Guidance on Social Responsibility);¹
- GRI G3 Sustainability Reporting Guidelines;²
- Regulations on the Corporate Social Responsibility Policy of Vnesheconombank approved by Vnesheconombank’s Order No. 258 of May 19, 2009;
- other internal regulatory documents of the Bank.

The provisions of the CSR Strategy are consistent with the Bank’s strategic goals and priorities set forth in Vnesheconombank’s Development Strategy for 2011–2015. In accordance with the development strategy, the Bank’s mission is to facilitate implementation of the state socio-economic policies, enhance competitiveness of the national economy and drive forward innovation-based modernization. Accomplishing this mission is ensured, among other things, through integration of the CSR principles into the Bank’s activities. The CSR Strategy will also provide a platform for preparing and implementing the relevant

¹ ISO 26000:2010 contains terms and definitions, concepts, and approaches related to socially responsible corporate behavior, including guidance on the core subjects of CSR. ISO 26000:2010 is compatible with the GRI Guidelines and quality, environmental and occupational health and safety management systems (ISO 9000, ISO 14000, OHSAS 18000).

² Released by the Global Reporting Initiative (GRI), the Guidelines provide universally accepted guidance for non-financial reports on the economic, environmental and social impacts of corporate sustainability efforts.

internal regulatory documents applicable to the Bank's CSR priorities as specified in Vnesheconombank's Development Strategy for 2011–2015.

Further integration of CSR principles into the Bank's activities will contribute to:

- increasing the Bank's contribution to social, economic, and environmental sustainability;
- raising the efficiency of managing the social and environmental impacts of the Bank's activities;
- developing the system of corporate governance;
- improving the quality of managing non-financial risks;
- making the Bank more attractive to investors;
- positioning the Bank as a modern development institution of international significance;
- promoting stakeholder relations and increasing stakeholders' confidence in the Bank;
- building up corporate culture and enhancing employee loyalty toward the Bank;
- promoting corporate social responsibility in the business community.

1. Terms and Definitions

As used in the CSR Strategy, the terms listed below are defined as follows:

Charity: voluntary activities of individuals and corporate entities in relation to giving property, including money, to individuals and corporate entities on a gratuitous basis (without compensation or on preferential terms), performing works, providing services, and giving other help on a gratuitous basis.

Stakeholder relations: measures taken to enable dialog between an organization and its stakeholders with the aim of providing an informational basis for decision-making.

Volunteering: fee-free intentional voluntary activities that are socially oriented and aimed at achieving positive changes in society.

Global Reporting Initiative (GRI): a non-profit organization established by the Coalition for Environmentally Responsible Economies with the support of the United Nations Environment Programme (UNEP) in 1997 to promote non-financial reporting among organizations worldwide.

UN Global Compact: the largest global CSR initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anticorruption. The UN Global Compact also serves as an international platform for exchanging CSR experience and best practices and promoting initiatives aimed at achieving the sustainability goals.

Stakeholder dialog: specially organized communications aimed at building up stakeholder relations and optimizing non-financial risks that arise out of differences in an organization's and stakeholders' vision for the future.

Stakeholders: individuals, corporate entities, or groups of persons (employees, clients, customers, businesses, communities, governmental authorities, labor unions, etc.) involved to some or other extent in the activities of an organization, impacting its performance, and/or impacted by the organization.

Green: a term often referring to products and/or activities that prevent or reduce environmental damage or facilitate the efficient use and conservation of natural resources.

International Labour Organization (ILO): the UN specialized agency established in 1919 which seeks the promotion of social justice and internationally recognized human and labor rights.

ISO 26000 (Guidance on Social Responsibility): guidance developed by the International Organization for Standardization on principles relating to CSR, the core subjects and issues of CSR, and the methods for embedding CSR into organizations' practices.

Non-financial report (sustainability report): an instrument for analyzing and evaluating economic, social, and environmental activities of an organization and a method for informing stakeholders of the achieved outcomes.

Non-financial risk: a situation where goals were not reached because any expected event

or state of things may fail to occur due to resistance on the part of stakeholders.

Responsible business practices: a set of ethical principles and standards applied by an organization to its stakeholder relations.

Responsible financing: the assessment by financial institutions of environmental and social risks affecting their activities in connection with the projects and customers financed, development of management systems adequate for such risks and financing of socially and environmentally important projects in many cases at below the average market rates.

Environmental impact assessment (EIA): a formalized procedure for assessing the possible positive or negative impacts that a proposed project may have on the environment.

Human rights: a combination of civil, political, economic, social, and cultural rights to which all human beings are inherently and universally entitled worldwide, including the right to life, the right to liberty, the right to a fair trial, freedom of thought, the right to work, the right to food, the right to the highest attainable standard of health, the right to education and the right to social security.

Equator Principles: a voluntary standard applied to responsible financing and developed by private sector banks and the International Finance Corporation (IFC), a member of the World Bank Group, to reduce social and environmental risks in project financing. The Equator Principles are a framework for managing social and environmental risks in project financing and are applied where total project capital costs exceed US\$10 million globally and across all industry sectors.

Principles for Responsible Investment (PRI): a voluntary framework of environmental, social, and corporate governance commitments applicable to activities of asset managers and other institutional investors. The United Nations-backed Principles for Responsible Investment were developed by the 20 largest institutional investors representing 12 countries. The process was coordinated by UNEP FI and the UN Global Compact. By acceding to the PRI, companies commit themselves to incorporating environmental, social and corporate governance issues into investment decision-making processes in both project financing and securities trading.

Transparency: openness of an organization in respect of its activities and decisions having social, economic, and environmental impacts, and the willingness to communicate information about them to stakeholders.

GRI Sustainability Reporting Guidelines: the most authoritative international non-financial reporting standard developed by the Global Reporting Initiative and containing economic, environmental, and social indicators describing an organization's contribution to sustainable development.

AccountAbility Standards (AA1000): a series of standards applied to various aspects of stakeholder relations and developed by the Institute of Social and Ethical Accountability, UK, to promote transparent and sustainable business practices.

Socially important project: a project whose implementation can have a positive social effect by means of creating jobs, raising living standards, improving social infrastructure, resolving socially important issues, etc.

Social responsibility: an organization's responsibility for the social and environmental impacts of its decisions and activities through transparent and ethical behavior, which is consistent with sustainable development and social wellbeing, gives due consideration to

stakeholder expectations, conforms to international codes of conduct, and is applied throughout the organization.

Sustainable development: the ability to meet the needs of the present while contributing to the future generations' needs.

United Nations Environment Programme Finance Initiative (UNEP FI): a global partnership established between UNEP and the financial sector to facilitate integration by financial institutions of sustainability and environmental protection principles into their activities. UNEP FI seeks to encourage embedding the CSR principles in all the aspects of the financial sector activities. Financial institutions wishing to subscribe to the initiative sign the Statement, confirming their commitment to the sustainability principles laid down by the initiative. UNEP FI members are provided with access to sustainability research, training, and conferences and have an opportunity to share experience with other members.

Environmentally important project: a project whose implementation can have a positive effect or minimize an adverse effect on the environment and the living conditions of people by means of using environmentally efficient technologies, repairing damaged areas and rehabilitating contaminated natural environments, developing alternative energy and green technologies, etc.

Environmental efficiency: production of goods and services in the same quantities but using fewer resources, producing less waste, and causing less pollution to the environment.

2. Procedure for Formulating the CSR Strategy

The development of the CSR Strategy involved the following efforts:

1. Analyzing global and Russian CSR practices

Global and Russian CSR practices were scrutinized in order to evaluate the possibilities of integrating them in the Bank's activities. The practices were analyzed in all of the areas of CSR applied by financial institutions. The analysis covered the practices applied by development banks (Asian Development Bank, Development Bank of Southern Africa, World Bank, China Development Bank, Small Industries Development Bank of India, Inter-American Development Bank, Nordic Investment Bank, Eurasian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, KfW Bankengruppe, Korea Development Bank, Development Bank of the Philippines, Brazilian Development Bank, International Finance Corporation, Royal Bank of Scotland, Royal Bank of Canada); foreign financial institutions (Sumitomo Mitsui Financial Group, Japan; Bank of New York Mellon, USA; Deutsche Bank, Germany; Rabobank, Netherlands; Banca Monte dei Paschi di Siena, Italy; Credit Suisse, Switzerland; HSBC, UK); Russian financial and development institutions (RUSNANO, Russian Venture Company, Sberbank, Alfa-Bank, VTB Bank, VTB 24, UniCredit Bank, URALSIB Financial Corporation).

The results of the analysis were used to assess the Bank's CSR-related risks and opportunities with a view to defining the Bank's principles, goals, and priorities and preparing a list of measures and projects to be implemented in each area of CSR.

2. Analyzing the current status of the Bank's CSR

The current status of the Bank's CSR was analyzed with the aim of evaluating whether the Bank's approaches to CSR conform to Russian and foreign best practices and determining further options for developing the Bank's CSR policies. This stage of formulating the CSR Strategy included analyzing the Bank's management and statistical reporting formats and internal regulatory documents related to economic, environmental and social performance indicators; conducting a questionnaire survey of the Bank's employees; interviewing middle and senior managers; holding focus group sessions attended by the staff of the divisions participating in preparing documents for the Bank's sustainability reports; questioning members of the working group on corporate social responsibility and non-financial reporting; and studying publications in the Russian and foreign media highlighting the Bank's activities.

The analysis results with respect to the current status of the Bank's CSR focus were used to assess the Bank's CSR-related risks and opportunities with a view to defining the Bank's principles, goals and priorities and preparing a list of events and the respective projects to be implemented in these areas.

3. Analyzing major international CSR initiatives

The major international initiatives were analyzed in order to identify the global CSR trends and explore the possibility of integrating them in the Bank's activities. The formulation of the CSR Strategy included analyzing ISO 26000 (Guidance on Social Responsibility), the UN Global Compact and major initiatives in the area of responsible financing: Equator Principles, UNEP FI, Principles for Responsible Investment (PRI). These initiatives are briefly described in the section "Terms and Definitions."

The analysis results were used to assess the Bank's CSR-related risks and opportunities with a view to defining the Bank's principles, goals and priorities and preparing a list of events and projects to be implemented in these areas.

4. Analyzing risks and opportunities

The Bank's risks and opportunities were analyzed in order to evaluate the prospects and craft optimal solutions for developing the Bank's CSR to enhance the efficiency of the Bank's activities in strategically important areas. The analysis of the current status of the Bank's CSR, Russian and international CSR practices applied by financial institutions and the international CSR initiatives served as the information base for analyzing the Bank's CSR-related risks and opportunities. The formulation of the CSR Strategy included analyzing the non-financial risks and opportunities associated with the lending-investment activities of the Bank, the HR management policies, economic and administrative activities and building the corporate image. The analysis included a qualitative assessment of risks and opportunities in terms of 2 criteria: the probability of an event happening and the materiality of its effect should it occur.

The results of the analysis of the Bank's CSR-related risks and opportunities were taken into consideration in defining the CSR goals, business lines and prioritizing the relevant objectives.

5. Defining the Bank's CSR principles and goals

The Bank's CSR principles and goals were defined based on the results of the analysis of the Bank's CSR-related risks and opportunities, CSR best practices and initiatives and the current status of the Bank's CSR. The principles of CSR are the key benchmarks that guide the Bank in achieving its goals and demonstrate its commitment to sustainability values. The CSR status the Bank aspires to achieve by 2015 underlies and underpins all the current CSR goals.

Essentially, the Bank's CSR principles and goals define its CSR priorities.

6. Identifying the CSR priorities

Selection of the CSR priorities was motivated by the need to address the sustainability challenges that are recognized internationally and are of particular importance for the Bank as a financial development institution.

The established priorities fully respond to the Bank's CSR goals and take due account of the outcomes of the analysis of the Bank's CSR risks and opportunities, the current focus of the Bank's CSR commitments and the relevant Russian and international practices and initiatives.

7. Setting the objectives

The Bank's CSR objectives were prioritized on the basis of their current significance for accomplishing the CSR goals. Setting the objectives required due regard for their materiality in terms of unleashing the Bank's potential and reducing the probability of risks.

8. Preparing a list of the Bank's CSR-related events and projects

Selection of events and projects to implement the Bank's CSR Strategy is driven by the CSR objectives. Appropriate consideration was given to a careful scrutiny of the Russian and international practices and initiatives, as well as to the Bank's approaches to the CSR challenges. A list of the Bank's CSR events and projects is attached as an annex to the

Strategy.

Diagram 1. Procedure for Formulating the Bank's CSR Strategy



Международные и российские практики КСО	International and Russian CSR practices
Текущее состояние КСО Банка	Current status of the Bank's CSR
Крупнейшие международные инициативы в области КСО	Major international CSR initiatives
Риски и возможности Банка в области КСО	CSR-related risks and opportunities of the Bank
Принципы и цели Банка в области КСО	CSR principles and goals of the Bank
Приоритетные направления КСО Банка	CSR priorities of the Bank
Задачи Банка в области КСО	CSR objectives of the Bank
Мероприятия и проекты Банка в области КСО	CSR events and projects of the Bank

3. CSR Principles and Goals of Vnesheconombank

3.1. CSR Principles of Vnesheconombank

The following principles underlie the implementation of the Bank's CSR Strategy:

1. Openness and transparency of the Bank's activities

On a regular basis, the Bank communicates to stakeholders in the form comprehensible to them the results of the CSR efforts and the planned decisions. The Bank seeks to engage the key stakeholders (the government, partners, customers and employees) in the decision-making process and the implementation of the Bank's CSR Strategy.

2. Responsibility to stakeholders

The Bank's CSR initiatives aim to deal with the challenges faced by stakeholders and society at large and are implemented on a consistent and regular basis. The Bank's activities are strictly in accordance with Russian and international laws.

3. Participation in socially and environmentally important projects as a priority

Delivery of socially and environmentally important projects aimed at improving environment and the quality of life is a top priority. Social and environmental initiatives are implemented by the Bank in a wide range of areas and deliver considerable effects. In decision making and implementation, the Bank invariably considers their social and environmental impacts and strives to deliver the most positive change and prevent any adverse consequences.

4. Compliance of the Bank's CSR efforts to best practices of national and international financial development institutions

The Bank's activities in the area of sustainability conform to the best practices of national and international financial development institutions. The Bank takes an active part in developing and disseminating the CSR principles in the business community both in Russia and abroad.

3.2. CSR Goals of Vnesheconombank

The goals of implementing the Bank's CSR Strategy are as follows:

1. Improving the efficiency of the Bank's environmental, social and business performance and enhancing business ethics

The unique status of the Bank as a national development institution motivates its particular responsibility for achieving socio-economic wellbeing and improving environment. Environmental, social and business ethics initiatives are implemented by the Bank in a wide range of areas, including developing socially responsible financing practices, supporting projects of high social and environmental significance, developing the PPP mechanisms, managing the environmental impacts of its own economic operations, engaging in charity projects, etc. In pursuit of the CSR goals, the Bank aims to increase its contribution to :

- promoting innovations;
- developing public infrastructure;
- reducing the imbalances and disproportions in the regional socio-economic development;
- creating new jobs;

- enhancing energy efficiency;
- promoting green technologies;
- improving living conditions for socially underprivileged groups of population, etc.

2. Increasing corporate social responsibility of Russian companies and members of VEB Group

The Bank's efforts in the area of CSR serve as a benchmark for the Russian financial sector and the entire business community. The Bank is taking an active part in the international processes and is networking for better CSR practices with leading foreign companies and expert organizations. The Bank will disseminate their best practices in Russia and will continue to advertise its own successful experience in CSR. The CSR principles promoted among Russian companies and members of VEB Group will facilitate further integration of sustainability principles into activities of the business community. That will eventually benefit the resolution of socio-economic and environmental problems of modern society.

3. Raising stakeholder confidence in the Bank

CSR initiatives implemented by the Bank and regularly communicated to stakeholders will contribute to enhancing the Bank's reputation and help roll out its image as a socially responsible institution oriented towards sustainability and conducting operations in the interests of society. By integrating the CSR principles into its day-to-day activities, the Bank will continue to build up long-term stakeholder relations, thereby creating a favorable external and internal environment conducive for accomplishing the Bank's strategic goals.

4. Creating favorable conditions for increasing employee efficiency and realizing the potential of the Bank's staff

The Bank ensures that all staff is well motivated and professionally trained. The Bank provides employees and their family members with various types of social guarantees, takes proper care of occupational safety and health, creates benign recreational conditions, seeks to maintain adequate living standards and ensures that employees' rights and freedoms guaranteed by Russian and international laws are strictly observed. On a regular basis, the Bank's employees participate in training programs that secure their professional and career development. The Bank also undertakes a set of measures to develop corporate culture and provides incentives for employees who have attained high professional success. Practicing responsible approach to HR management will allow the Bank to create the environment enabling achievement of the professional objectives.

4. CSR Areas and Objectives of Vnesheconombank

This section contains description of the Bank's CSR areas that are instrumental in pursuit of the CSR Strategy. With respect to each area, this section describes the Bank's initiatives that are under way, objectives that will be attained in the course of the Strategy implementation and preliminary assessments of the positive change resulting from developing the Bank's CSR priorities.

4.1. Developing Responsible Financing Practices

The Bank's investment activities have a pronounced responsible social and environmental focus since the Bank performs the unique functions of a national development institution. In this connection, the Bank seeks to integrate principles and practices of responsible financing with an emphasis placed on financing environmentally safe and socially important projects. Also, Vnesheconombank aims to mitigate environmental risks in investment decision-making and the subsequent project financing.

Investment projects with the Bank's participation are implemented in areas which have traditionally been regarded as the preserve of the state in view of projects significance for the economic development of a specific region and the entire country. As a rule, these are projects that do not make much commercial sense for the private sector, since these are fraught with high risks, have long payback periods and need complex support instrument.

The priority investment areas include:

- infrastructure development;
- innovations;
- enhanced efficiency of natural resources utilization;
- improved environment protection;
- enhanced energy efficiency, etc.

The due diligence procedure for the Bank's investment projects³ carried out in the Russian Federation includes scrutinizing project compliance with environmental protection requirements. For this purpose, a project should have the permits and authorizations issued by the designated agencies competent in performing environment expertise and state expertise of project documentation.

The Bank may also request that the project initiator arrange for an independent environment expertise if this is the requirement of the project host country and/or if participation of a foreign corporate entity in financing the project is conditional on it. An independent environmental audit of a project is conducted by means of engaging external experts in environmental audits of investment projects and is carried out in accordance with the applicable laws of the project host country and/or with the requirements of international environmental standards.

The Bank's uniform system for monitoring investment projects⁴ secures control over the

³ In accordance with the Regulations on the Due Diligence of Investment Projects approved by Vnesheconombank's Board on September 4, 2008 (Minutes of the Meeting No. 167).

⁴ In accordance with the Concept for Monitoring Investment Projects Implemented with Vnesheconombank's Participation approved by Vnesheconombank's Board on December 10, 2009 (Minutes of the Meeting No. 235).

borrower's day-to-day operations in the course of project implementation, including the appropriate use of funds, an assessment of the socio-economic effects of project implementation such as changes in employment rates in the project host region, an increase in workforce productivity, etc. In addition, the Bank is currently developing a system for monitoring investment projects that is to include assessment of project environmental efficiency.

Nevertheless, the procedures applied by the Bank to assessing and monitoring social and environmental risks of project financing differ from the practices of major foreign financial and development institutions, which use a wider range of mechanisms for managing non-financial risks in their investment activities in relation both to formulating their own responsible financing policies and to acceding to international CSR initiatives.

To deliver the CSR Strategy, the Bank will address the following issues that are instrumental for raising the social and environmental efficiency of the Bank's investment activities:

- embedding responsible financing practices in the due diligence procedure in respect to the Bank's investment projects as part of the Responsible Financing Policy of Vnesheconombank;
- integrating practices of monitoring the socio-economic and environmental efficiency of the Bank's investment projects.

Developing and implementing responsible financing practices that impose stricter social and environmental requirements on projects financed by the Bank and monitoring the socio-economic and environmental efficiency of these projects will enable the Bank to bring its internal procedures in line with global best practices. This approach will encourage engagement of foreign co-investors in financing projects implemented jointly with the Bank in the Russian Federation. That will also improve the efficiency of managing social and environmental risks at all stages of the investment cycle and will add incentives for increased social and environmental responsibility of the Bank's borrowers.

4.2. Creating a Quality Professional Environment in Investment Activities

Promotion of unique experience and expertise gained by the Bank in the business community and provision of advisory support for sectors of economy that are an overriding priority for Vnesheconombank is an important component of the Bank's CSR policies.

As practice shows, insufficient preparation of a project could be the main reason why it would not qualify for the Bank's financing. Primarily, investment project preparation is effort-consuming. Moreover, regions lack specialist with the required competences. The situation is aggravated by the fact that, when there is uncertainty about allocation of funds for project procurement, neither investors nor regions are willing to bear the financial costs associated with project implementation. Recognizing the seriousness of the problem, the Bank not only carries out programs of financial support for development projects⁵ but also provides information and advisory support for initiators of project that meet the Bank's investment priorities.

These activities include:

- providing training for specialists engaged in investment projects delivered by

⁵ On a repayment basis - Vnesheconombank's program "Financing Assistance to Development Projects";

On a non-repayment basis - the Donor Fund of Joint Project of Vnesheconombank and UNDP "Development of Public-Private Partnership in Russia."

- development institutions;
- raising awareness of the PPP market participants of project procurements practices;
- improving qualifications of the PPP market participants;
- intensifying innovation-oriented activities of the youth, etc.

With the expert support of the Bank, the educational project “Training of Specialists Participating in Investment Projects Supported by Development Institutions” was developed and is underway. The purpose of the project is to contribute to creating a high-quality professional environment for implementing investment projects supported by development institutions. The project is designed to provide support for development and arrangement of various training events and programs for investment specialists: businesses executives representing the key economic sectors, investment specialists of line federal and regional ministries and agencies, specialists of regional development institutions, independent experts, and investment consultants.

To take the PPP project market forward, the Bank undertakes a set of measures to accomplish the goal. In order to develop methodological guidance to procure the PPP professional training, the Bank formulates and regularly updates PPP training programs. Special emphasis is placed on establishing PPP training chairs within the higher education institutions. To this end, the Bank participated in establishing the PPP Chair at the Finance University under the RF Government and is currently arranging the respective training activities. The Chair has already launched a number of training programs for PPP project participants.

The Bank is active in working with young people, seeking to raise their educational level, and improve their financial and investment literacy, holds multidisciplinary training events, takes an active part in Russian and international youth education forums, and arranges contests for the best youth projects and R&D projects. Remarkably, the contest winners are offered an opportunity for secondment in the Bank’s key divisions.

Also, the Bank has a special department responsible for relations with the Agency for Strategic Initiatives (ASI). One of ASI’s priorities is to engage young talent in resolving most urgent problems.

The Bank’s CSR Strategy addresses the issues of upgrading the professional environment for investment activities:

- improving professional competencies of specialists participating in investment projects of development institutions (the educational project “Training of Specialists Participating in Investment Projects Supported by Development Institutions”);
- creating favorable conditions for intensifying innovation-oriented activities of young people and developing their professional skills and knowledge;
- improving the professional competencies of PPP project market participants, including building up specialist PPP capabilities of PPP project participants.

The Bank’s dedicated efforts to create a quality professional environment will obviously benefit the national economy and enhance the entrepreneurial culture. Simultaneously, upgrading the qualifications of the Bank’s partners will contribute to both increasing the number of investment projects eligible for the Bank’s financing and to securing their quality preparation, thereby reducing project risks.

4.3. Stakeholder Engagement and Non-financial Reporting

The Bank views stakeholder relations as an essential condition for securing sustainability

and as a key factor in developing and putting in place the CSR system. The Bank is fully aware of the impacts of its activities on a wide range of stakeholders and therefore recognizes its responsibility towards them. In establishing the CSR priorities and devising mechanisms for their attainment, the Bank is oriented towards stakeholder expectations and seeks to give those due considerations.

In the course of meetings, through correspondence, surveys, training programs, various public events, etc., the Bank analyzes the information needs of stakeholders. Networking with key stakeholders is based on the principles of appropriate communication and feedback.

Publishing non-financial reports, holding conferences, roundtables, arranging presentations, and other events highlight of the Bank's contribution to sustainability and serve as instrument for stakeholder communication. The Bank is also active in cooperating with the media and maintains the corporate website.

As part of the efforts to drive forward Russia's PPP project market, the Bank secures PPP capacity and capability building for regional development institutions, helps draft regional PPP regulatory frameworks and arranges seminars informing potential PPP project participants of the PPP toolkit for developing public infrastructure. In addition, the Bank developed and maintains the PPP guidance website "Public-Private Partnership in Russia" (<http://www.pppinrussia.ru>).

The Bank published two non-financial reports prepared in accordance with the GRI Sustainability Reporting Guidelines recommendations. The first report of the Bank for 2009 was presented for public debate during the international conference "Investment in Sustainable Development. Role of State Corporations and Companies with State Participation." The scope of the Bank's report for 2010 was expanded by including information on four subsidiary banks (SME Bank, Eximbank of Russia, Svyaz-Bank, GLOBEX Bank). The Bank's non-financial reports are subject to internal audit by Vnesheconombank's Internal Control Service and to external audit and assurance by an independent auditor, as well as to an independent expert scrutiny with participation of Vnesheconombank's Expert Council.

In pursuit of the CSR Strategy, the Bank will address the tasks of further developing stakeholder relations and improving the quality of non-financial reports:

- introducing an integrated approach to stakeholder engagement based on Vnesheconombank's Stakeholder Engagement Policies that conform to AA1000SES (AccountAbility Stakeholder Engagement Standard) and define the Bank's uniform approach to stakeholder communication in respect of the Bank's economic, environmental, and social activities;
- implementing a set of measures in relation to non-financial assistance for developing the Russian PPP project market as part of methodological guidance to public authorities in developing regional development institutions, participation in developing regional PPP regulatory frameworks in Russia and maintaining the guidance website "Public-Private Partnership in Russia";
- informing stakeholders of the Bank's effectiveness in the area of sustainability, including communication in the course of preparation of annual non-financial reports containing complete, credible and well-balanced information about the Bank's CSR efforts and ensuring that the number of GRI standard indicators disclosed in reports is gradually increased and that the scope of reporting is expanded owing to inclusion of the respective information concerning VEB Group members;
- giving due consideration to stakeholder opinions and proposals in decision-making,

including closer stakeholder engagement in preparing non-financial reports to identify stakeholder expectations of the CSR central themes and performance indicators disclosed by the Bank. That could also include debates on fulfillment by the Bank of commitments specified in the CSR Strategy.

The Bank aims to develop stakeholder engagement through dialog intended to involve stakeholders in the process of joint solution finding regarding the CSR issues materially important for the Bank. That will enable the Bank to take full account of public expectations, improve the CSR efficiency and build up long-term engagement with the key stakeholder groups.

4.4. Promoting the CSR Principles in the Business Community

Promoting the CSR principles in the business community is a new but rapidly evolving line of the Bank's CSR policies. The Bank initiates a whole range of CSR experience-sharing events for Russian and foreign companies, giving particular attention to building up cooperation with financial institutions.

Arrangement of the annual international conference devoted to business contribution to sustainability goals could be viewed as the Bank's most meaningful initiative in promoting the CSR principles in the business community. The first conference took place in 2010. In addition, the Bank continuously works to enhance the CSR corporate practices and encourage non-financial reporting across VEB Group.

The Bank takes part in preparing recommendations and guidance on application of voluntary mechanisms of environmental responsibility in companies with state participation and on the mandatory publication by state corporations (100% state-owned) of non-financial reports on sustainability and environmental responsibility subject to independent audit or assurance.⁶

At the international level, the Bank is actively building up CSR cooperation with its foreign partners. The Bank is involved in implementing experience-sharing programs with the China Development Bank and other member-banks of the SCO IBC⁷ and BRICS⁸ and participates in international roundtables, forums, and meetings discussing CSR issues.

The Bank's CSR Strategy seeks to promote the CSR principles in the business community and expand the Bank's interaction with the CSR Stakeholders (partners, customers, and specialized international organizations) with respect to:

- facilitating the promotion of CSR practices across VEB Group members and the Bank's partners within the framework of the educational project "Training of Specialists Participating in Investment Projects Supported by Development Institutions" and as part of the contest of CSR best practices among partners;

⁶ Recommendations are prepared by the Ministry of Economic Development of the Russian Federation jointly with the ministries concerned pursuant to the list of instructions issued by Dmitry Medvedev, President of the Russian Federation, on June 6, 2010, (No. Pr-1640) according to the results of the May 27, 2010, meeting of the Presidium of the State Council of the Russian Federation; the instructions issued by Prime Minister of the Russian Federation Vladimir Putin on June 12, 2010 (No. VP-P9-3955); and the list of instructions issued by Dmitry Medvedev, President of the Russian Federation, according to the results of the June 27, 2011, meeting of the Commission for Modernization and Technological Development of Russia's Economy.

⁷ Pursuant to Agreement on Cooperation in HR Training and Experience Sharing among the member-banks of the SCO IBC.

⁸ Pursuant to Framework Agreement on Financial Cooperation within the BRICS Interbank Cooperation Mechanism.

- contributing to sharing experience and promoting CSR best practices in the Russian business community, including as part of holding an annual conference on CSR and sustainability;
- building up the Bank's cooperation in CSR with financial institutions and public organizations, including at international level as part of acceding to and participating in initiatives of the UN Global Compact and UNEP FI and cooperating with banks of BRICS states, the SCO IBC, etc.

The Bank's efforts to promote the CSR principles will contribute to attaining positive changes in the business community and to disseminating knowledge and experience on CSR, non-financial reporting, and responsible financing among partners and VEB Group members, etc. This Bank's CSR focus is motivated by the scope of the Vnesheconombank's impacts on the financial sector and its strong international cooperation potential. Emphasis on this particular CSR line will enable the Bank to enhance its image of a development institution of global caliber.

4.5. Responsible Business Practices

Strict compliance with Russian and international laws guides the Bank's activities. Conforming to the anticorruption legislation and professional ethics principles⁹ that protect the interests of the Bank's customers, counterparties and business partners permeates Bank's corporate culture.

The Bank implements a set of measures to counteract money laundering and combat financing of terrorism (AML/CFT).¹⁰ The Bank conducts an anticorruption examination of internal regulatory documents and their drafts, follows procedures aiming to identify and prevent any conflict of interest between the Bank, the staff and executives, and arranges regular training for the Bank's employees in AML/CFT.

As at the end of 2011, the Bank's procurement operations were in compliance with the internal regulations requiring a competitive procedure for selection of external contractors that satisfy appropriate criteria. In 2011, due to the enactment of Federal Law No. 223-FZ "On Purchases of Goods, Works, and Services by Certain Types of Corporate Entities," in order to improve the procurement system and align the Bank's internal regulatory documents governing its procurement operations with the Russian laws, the Bank set up a working group on transition to a new procurement system. The purpose of the Provisions regulating Purchases of Goods, Performance of Works, and Provision of Services for the State Corporation's Needs developed by the working group is to ensure overall transparency of the Bank's procurement operations.

The Bank undertakes to maintain confidentiality in respect of information concerning its borrowers and partners. The Bank operates a security system for storing and transmitting such information and applies mechanisms for identifying and investigating information misuse. At present, the Bank also takes measures to combat insider information misuse and market manipulation.¹¹

In order to develop responsible business practices, the Bank addresses the following issues:

⁹ In accordance with the List of Measures to Prevent Proprietary Information Misuse in Professional Activities in the Securities Market and pursuant to the Code of Corporate Ethics of Vnesheconombank as an entity engaged in activities related to forming and investing pension savings.

¹⁰ In accordance with the Internal Control Rules of Vnesheconombank for the Purposes of AML/CFT.

¹¹ In accordance with Federal Law No. 224-FZ of July 27, 2010, "On Combating Insider Information Misuse and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation."

- formulating uniform ethical principles and rules of business conduct for the Bank's staff as stated in the Bank's Code of Corporate Ethics;
- increasing transparency of the Bank's procurement operations to reduce the probability of any improper/ineffective use of the Bank's funds or of any abuse in the placement of purchase orders;
- enhancing the reliability of the Bank's AML/CFT system and the system for combating insider information misuse and market manipulation.

Further integration of responsible business practices in the Bank's activities will contribute to building up mutual trust between the Bank and financial sector entities. Delivering the agenda of responsible business practices will allow the Bank to reduce the risk of conflicts that may arise in performing employee professional functions. Also, the probability of damaging the Bank's reputation will decrease in the event the Bank or any of the staff abuse the requirements of the Russian or international laws.

4.6. Responsible HR practices

Remarkably, responsible HR policies fully complying with the best Russian and foreign practices are the Bank's most developed CSR agenda lines.

Human resources are of strategic importance since it is on the staff competencies and the team spirit that the Bank's operating efficiency is contingent. With the aim of recruiting and retaining new talent and creating benign conditions for their professional development, the Bank pursues HR policies¹² whose priorities include securing staff social protection and creating conditions for employee career progression, training, and development.

The Bank's HR policies are based on strict compliance with the Labor Code of the Russian Federation, which conforms to the fundamental provisions of the ILO. The Bank has no workplace discrimination of any kind. The Bank grants equal rights and opportunities to all employees and creates favorable conditions for their professional development and seeks to secure maternity and childhood protection.

The Bank operates a compensation and incentive system¹³ that aligns the amount of pay both to achievement of corporate key performance indicators and to evaluation of individual employee performance. On a regular basis, the Bank provides further training for personnel in various areas,¹⁴ including CSR and non-financial reporting. Successful students of financial higher education institutions are offered internships at the Bank, and the best of them are invited to work for the Bank.

The Bank also undertakes a set of measures to secure employee occupational safety and health. The Bank carries out the Labor Inspection Program for compliance with hygiene rules and implements anti-epidemic (preventive) measures. A plan to ensure uninterrupted/continuous operations in case of emergency situations is in place. The Bank has a civil defense staff, an evacuation commission, and a commission on preventing and remedying emergency situations and ensuring fire safety. In order to prevent occupational diseases of employees working in conditions having a detrimental effect on health, the Bank arranges at its own expense mandatory pre-employment and regular medical examinations in accordance with the laws of the Russian Federation.

¹² In accordance with the Personnel Management Strategy for 2008–2012.

¹³ In accordance with the Regulations on Compensation and Incentives for Employees of Vnesheconombank.

¹⁴ In accordance with the Regulations on Arranging Personnel Training in Russia and Abroad.

Social protection of the Bank's employees is an overriding priority of the HR policies. That includes providing a social protection package that invariably encompasses a voluntary health insurance scheme and a non-state pension and additional social benefits.

The voluntary health insurance program is co-funded by the Bank and the employee, whereas insurance for employee family members is paid by the employees themselves.

The Bank has the Council of Labor Veterans of Vnesheconombank whose purpose is to secure beneficial living conditions for the Bank's retirees. Pensioners who are members of the Council of Labor Veterans receive support in the form of non-state pensions paid out from the Non-Governmental Pension Fund, with their health insurance expenses fully paid by the Bank.

Compliance with the terms and conditions of employment contracts and the Bank's internal regulatory documents that govern social, pension, and health coverage and other types of financial incentives and benefits is supervised by the primary labor union organization.

With the aim of improving HR policies, the Bank collects and analyzes feedback data obtained through weekly thematic online questioning and surveys, as well as through "My Bank" job satisfaction revealing interview.

To deliver the Bank's CSR agenda, the Bank will focus on responsible HR practices:

- providing continuous training for the Bank's staff;
- motivating increased employee functional efficiency;
- implementing occupational safety and health measures and providing a positive and accommodating work environment for all staff;
- raising attraction of the employee social package, including the voluntary health insurance and non-state pension programs, creating benign conditions for employee rest and recreation, and securing support for working women with children;
- implementing mechanisms to assess employee job satisfaction and involving the Bank's employees in decision-making on issues of strategic importance;
- providing support for pensioners who are members of the Council of Labor Veterans.

When introduced, an integrated approach to implementing responsible HR practices as envisaged by the CSR Strategy will contribute to building up corporate culture, raising motivation, loyalty, and professionalism of the Bank's employees, decreasing personnel turnover, etc. Additionally, developing the image of an attractive employer will make the Bank more competitive in the market for new talent.

4.7. Managing Vnesheconombank's Own Environmental Impact

Due to the nature of its core business, the Bank does not directly exert substantial impact on the environment. The main resources used by the Bank to maintain its office activities are electricity, heat, and water. At the same time, in pursuing the CSR policies the Bank strives to reduce overconsumption of resources and minimize the existing adverse environmental impacts.

The Bank implements mechanisms for enhancing energy efficiency, decreasing water consumption, rational use of paper by means of double-sided printing of documents and electronic documentation turnover, and reducing air pollution emissions by means of using corporate motor vehicles that conform to Euro 4 or above. All waste is disposed of by specialist organizations.

To accomplish the CSR Strategy, emphasis will be placed on efficient management of the

Bank's own environmental impacts:

- reducing the impact of the Bank's business activities on the environment through practicing an integrated approach to technical/administrative measures in resource conservation, responsible purchases of goods and services for office use, efficient use of corporate motor vehicles, reductions in emissions, proper waste management, etc.

When introduced, an integrated approach to managing the Bank's own environmental impacts will enable it not only to decrease the adverse environmental impacts but also to cut down energy and public utility costs owing to resource-saving efforts.

4.8. Charity and Volunteering

Charity and volunteering are vital elements of the Bank's CSR activities. They demonstrate Vnesheconombank's commitment to improving the life of society.

The Bank's charity efforts are in accordance with Vnesheconombank's Memorandum on Financial Policies and the Provisions on Charity Commission of Vnesheconombank. The charity program is formulated in the fourth quarter of every year and approved by Vnesheconombank's Supervisory Board.

The Bank's charity priorities include providing support for science, education, healthcare, culture and arts, as well as aiding the Russian Orthodox Church and public organizations that support socially underprivileged groups of population.

Corporate volunteering projects carried out by the Bank are governed by the Provisions on Corporate Volunteering. The Bank's employees and their family members participate in regular volunteering actions. The Bank's corporate volunteering priorities include providing aid to orphans, support for the Russian Orthodox Church, blood donations, monetary support for the Bank's employees who find themselves in a predicament.

The Bank offers each employee an annual additional paid vacation day (Volunteer Day) that may be used for participating in a corporate volunteering project.¹⁵

In pursuing the CSR Strategy, the Bank sets the following charity and volunteering goals:

- providing charitable support for socially important programs;
- improving efficiency of employee/family members/ VEB Group members volunteering campaigns by means of engaging them ever more closely in volunteering and expanding the scope of volunteering actions. That will bolster the Bank's corporate culture and encourage employee commitment and dedication to corporate values.

Implementation of the charity and volunteering programs will enable Vnesheconombank to expand its contribution to resolution of most acute social problems and to developing important socio-cultural institutions. In the long run, that could deliver good value for the Bank's image as a socially responsible company.

¹⁵ Pursuant to Vnesheconombank's Order "On the Provision of Additional Paid Vacation Days for Vnesheconombank Employees in 2011."

5. CSR Management and CSR Strategy Implementation

CSR management is an organizational mechanism that allows the Bank to effectively coordinate its environmental and social impacts and business ethics. CSR management implies allocation of competences and responsibilities for decision-making and implementing the CSR priorities and interactions among the Bank's divisions in the course of implementing the respective decisions. That also calls for monitoring the CSR processes and evaluating the efficiency.

The main internal documents governing the Bank's CSR management are as follows:

- Corporate Social Responsibility Strategy of Vnesheconombank for 2012–2015;
- Provision on the Corporate Social Responsibility Policies of Vnesheconombank approved by the Bank's Order No. 258 of May 19, 2009;
- Provision on Social (Non-financial) Reporting of Vnesheconombank approved by the Bank's Order No. 483 of August 27, 2009.

Implementation of the CSR Strategy is supervised by the member of Vnesheconombank's Board (First Deputy Chairman) in charge of the Administrative Directorate (AD).

Responsibility for control and methodological guidance to implement the CSR mandate is delegated to the AD. In performing these functions, the AD comes out with proposals in respect of developing the principal areas of CSR and improving the CSR methodology, devises CSR internal regulatory documents, provides CSR-related methodological guidance for the Bank's divisions and coordinates their CSR activities, arranges preparation of the Bank's non-financial reports, informs Vnesheconombank's Board of progress in implementing the CSR Strategy, etc.

Pursuant to the Bank's Order No. 5 of January 18, 2010, the Bank established a standing working group on CSR and non-financial reporting chaired by the member of Vnesheconombank's Board (First Deputy Chairman) who is in charge of the AD. The working group is composed of representatives of the Bank's divisions. The working group's objectives include:

- coordinating the CSR Strategy;
- preparing proposals with respect to documenting CSR programs and policies and improving their efficiency;
- monitoring the timeliness and quality preparation of the documents to be included in the Bank's non-financial reports;
- submitting drafts of non-financial reports for expert review and approval, etc.

The implementation of the CSR Strategy involves most of the Bank's divisions responsible for developing concrete business lines such as forming the corporate governance system, improving the efficiency of investment banking operations, creating conditions for development of the Bank's external communications and ensuring credibility of the Bank's reputation.

Implementing the CSR Strategy includes the following management stages:

1. Evaluation of the efficiency of implementing the CSR Strategy

The efficiency of implementing the Bank's CSR Strategy will be evaluated by the AD

beginning from 2013 on an annual basis by means of collecting information about the implementation of the measures and projects contained in the annex to the CSR Strategy.

Inquiries relevant to implementation of the measures and projects specified in the CSR Strategy are forwarded by the AD to the Bank's divisions as part of collecting data for preparation of the Bank's sustainability reports.

If any measures or projects fail to be completed by the deadlines stated in the annex to the CSR Strategy, the cause of such delay is analyzed. To identify the cause, the AD may send additional inquiries to the respective divisions of the Bank, arrange interviews with the authorized officers, and engage external consultants.

2. Progress reports on implementing the CSR Strategy

Based on the evaluated efficiency of implementing the CSR Strategy, the AD prepares an annual internal report to be submitted to the member of Vnesheconombank's Board (First Deputy Chairman) in charge of the AD activities on or before August 31 in the year immediately following the reporting period.

The report contains information on the measures and projects specified in the CSR Strategy and completed in the reporting year. The report is submitted in hard copy and in an electronic format.

Information concerning progress in implementing the CSR Strategy and the achieved outcomes are published on an annual basis in the Bank's sustainability reports addressed to the external and internal stakeholders of the Bank.

3. Revision of the CSR Strategy

Based on the results of preparing external and internal reports on progress in implementing the CSR Strategy, the AD collects and analyzes stakeholders' opinions on the efficiency of the Bank's CSR activities. The AD uses feedback data to evaluate the relevance and completeness of the goals and objectives and the list of measures and projects specified in the CSR Strategy. In addition, evaluating the relevance and completeness of the CSR Strategy takes full account of changes in the current state of the internal and external environments.

Based on the results of evaluating the relevance and completeness of the CSR Strategy, the AD may decide that the CSR Strategy needs to be revised and drafts proposals for amendments.

Amendments to the CSR Strategy require the approval of Vnesheconombank's Board.

After the current CSR Strategy expires on December 31, 2015, a draft of the Bank's CSR strategy for 2015–2020 will be developed by the AD and submitted to Vnesheconombank's Board for approval.

Diagram 2. Implementing and Revising the Bank's CSR Strategy

Реализация мероприятий Стратегии КСО	Implementing measures specified in the CSR Strategy
Мониторинг и оценка эффективности реализации Стратегии КСО	Monitoring and evaluating the efficiency of the CSR Strategy implementation
Мероприятия и проекты выполнены	Measures and projects completed

Определение причин, по которым мероприятия и проекты не выполнены	Identifying reasons for the failure to complete measures and projects
Отчетность (внутренняя и внешняя) о ходе реализации Стратегии КСО	Internal and external reporting on progress in the CSR Strategy implementation
Анализ мнений заинтересованных сторон об эффективности деятельности Банка в области КСО	Analyzing stakeholder opinion on the efficiency of the Bank's CSR activities
Оценка актуальности и полноты Стратегии КСО	Evaluating the relevance and completeness of the CSR Strategy
Утвержденная Стратегия КСО	Approved CSR Strategy
Подготовка предложений по изменению Стратегии КСО	Preparing proposals for amendments to the CSR Strategy
Стратегия КСО нуждается в пересмотре	The CSR Strategy needs to be revised
Процесс	Process
Решение	Decision
Документ	Document
Да	yes
Нет	no

Annex. CSR Measures and Projects of Vnesheconombank

Goals	Measures and Projects	Timeline	Responsible Divisions
1. Developing Responsible Financing (RF) Practices			
1.1. Integrating responsible financing practices in the due diligence procedure applying to the Bank's investment projects	Form a working group comprising representatives from the respective divisions of the Bank to introduce RF practices	3Q 2012	Administrative Directorate (AD) and Investment Department (ID)
	Prepare an analytical review of RF best practices demonstrated by financial and development institutions	3Q 2012	AD
	Conduct a series of RF workshops for employees of the Bank's investment division	Within 2012	AD
	Organize a series of secondments for employees of the Bank's investment division at foreign financial institutions that have successful experience in integrating RF principles into their activities	Within 2012	AD
	Establish a division within the Department for Development and Coordination of Investment Activities (DDCIA) in charge of development of RF practices	1Q 2013	AD and DDCIA
	Formulate and approve Vnesheconombank's Responsible Financing Policies	2-3Q 2014	AD and DDCIA

Goals	Measures and Projects	Timeline	Responsible Divisions
1.2. Introducing practices of monitoring the socio-economic and environmental efficiency of the Bank's investment projects	Establish criteria for evaluating the socio-economic efficiency of investment projects and incorporate such criteria into the procedure applying to monitoring and administering of investment projects	1–2Q 2014	DDCIA and AD
	Establish criteria for evaluating the environmental efficiency of investment projects and incorporate such criteria into the procedure applying to monitoring and administering of investment projects	3–4Q 2015	DDCIA and AD
2. Creating a Quality Professional Environment for Investment Operations			
2.1. Improving professional competencies of specialists participating in investment projects of development institutions	Increase efficiency of the educational project "Training of Specialists Participating in Investment Projects Supported by Development Institutions"	Annually	AD
2.2. Creating favorable conditions for intensifying innovation-oriented activities of young people and preparing young specialists for future professional activities	Provide expert support for the Agency for Strategic Initiatives (ASI)	Annually	ASI Relations Department (ASIRD) and AD
	Hold regular contests for the best projects and/or R&D work as part of the youth education forums	Annually	AD
	Offer internships at the Bank to the best students of Moscow's major financial and economic higher education institutions	Annually	AD
	Award the best student grants to students of the financial and economic faculties of Moscow's leading higher education institutions	Annually	External Relations Department (ERD)

Goals	Measures and Projects	Timeline	Responsible Divisions
2.3. Improving professional competencies of PPP project market participants	Arrange public staff training for PPP project participants	Annually	PPP Unit and AD
3. Stakeholder Engagement and Non-financial Reporting			
3.1. Introducing an integrated approach to the Bank's stakeholder engagement	Formulate Vnesheconombank's Stakeholder Engagement Policies	2Q 2013	AD and ERD
	Develop an integrated plan of corporate communication with the Bank's key stakeholders	Annually	AD and ERD
3.2. Implementing a set of measures to ensure non-financial support for the development of Russia's PPP project market	Provide methodological guidance to public authorities in building capacities and capabilities of regional development institutions	Annually	PPP Unit
	Participate in developing the regulatory framework for Russia's PPPs	Annually	PPP Unit
	Maintain the Public-Private Partnership in Russia website (www.pppinrussia.ru)	Annually	PPP Unit
3.3. Informing stakeholders of the Bank's Sustainability Performance Indicators	Prepare the Bank's non-financial reports and forward it for external independent assurance	Annually	AD
	Inform stakeholders of the Bank's compliance with the provisions of the UN Global Compact	Annually	AD
	Ensure that the number of GRI standard indicators disclosed in non-financial reports is increased	4Q 2015	AD
	Expand the scope of the Bank's non-financial reporting by inclusion of information about VEB Group subsidiaries	4Q 2015	AD

Goals	Measures and Projects	Timeline	Responsible Divisions
	Develop the CSR section of the Bank's corporate website	1Q 2013	Information Policy Department (IPD) and AD
3.4. Arranging the process of giving due regard to considering stakeholder opinions and proposals in decision-making	Engage stakeholders in preparation of the Bank's non-financial reports	Annually	AD
	Organize regular assessment of the Bank's key stakeholders' satisfaction	Annually as of 2014	AD
	Create a mechanism ensuring a prompt feedback from the Bank's stakeholders	1Q 2014	IPD
4. Promoting the CSR Principles in the Business Community			
4.1. Facilitating the promotion of CSR practices across VEB Group and the Bank's partners	Develop a CSR training program and incorporate it into the Training of Specialists Participating in Investment Projects Supported by Development Institutions project	4Q 2012	AD
	Prepare guidance and recommendations for VEB Group members in respect of introducing the CSR principles and developing non-financial reporting	Within 2012	AD
	Formulate the Provision on the Contest for CSR Best Practices	2Q 2012	AD
	Arrange annual contest for CSR best practices among the Bank's partners	Annually	AD
	Ensure CSR training for members of the VEB Group	Annually	AD
4.2. Contributing to experience sharing and promoting the best CSR	Arrange an international conference on CSR and sustainability	Annually	AD

Goals	Measures and Projects	Timeline	Responsible Divisions
practices in the Russian business community	Publish documents and guidance relating to CSR and sustainability policies and ensure translation of the relevant papers from foreign languages	Annually	AD
4.3. Building up the Bank's cooperation in CSR with financial institutions and public organizations, including at the international level	Initiate and participate in CSR experience-sharing events involving banks of BRICS, the SCO IBC, etc.	Annually	AD
	Arrange cooperation with WWF-Russia in sustainability	2Q 2012	AD
	Ensure the Bank's participation in the UN Global Compact	4Q 2012	AD
	Ensure the Bank's accession to the UNEP FI and participation in its activities	2Q 2013	AD
5. Responsible Business Practices			
5.1. Formulating uniform ethical principles and rules of business conduct for the Bank's staff	Formulate the Bank's Code of Corporate Ethics	4Q 2012	AD
5.2. Increasing transparency of the Bank's procurement operations	Prepare internal regulatory documents governing the Bank's procurement operations	1Q 2012	AD
	Establish a division responsible for procurement operations	1Q 2012	AD
	Form procurement commissions on awarding contracts	1Q 2012	AD
	Provide the Bank's staff engaged in procurement operations with training in application of the approved internal regulatory documents that govern the Bank's procurement operations	1-2Q 2012	AD

Goals	Measures and Projects	Timeline	Responsible Divisions
5.3. Enhancing the reliability of the Bank's AML/CFT system and the system for combating insider information misuse and market manipulation	Provide training for the Bank's staff in AML/CFT	Annually	Banking Security Directorate (BSD)
	Provide the Bank's staff with training in procedures to combat insider information misuse and market manipulation	Annually	BSD
	Build up cooperation and experience sharing with Russian and foreign financial institutions in AML/CFT	Annually	BSD
6. Responsible HR practices			
6.1. Providing continuous professional training for the Bank's staff	Enhance the list of training events designed to develop personal qualities and characteristics and managerial skills of the Bank's staff	4Q 2015	AD
	Increase the number of the Bank's staff attending training events	Annually	AD
	Evaluate the efficiency of training events for the Bank's staff	Annually	AD
	Take comprehensive measures to help new staff adapt to working practices applied at the Bank	Annually	AD
6.2. Motivating and incentivizing the Bank's staff to improve performance efficiency	Develop and implement a transparent employee career management mechanism	Annually	AD
	Ensure that employee bonuses are individual achievement- and the Bank's overall performance-related	Annually	AD
	Provide non-monetary incentives for the Bank's staff	Annually	AD
6.3. Implementing occupational safety and	Certification of the workstations	4Q 2015	AD

Goals	Measures and Projects	Timeline	Responsible Divisions
health measures for the staff and creating an accommodating working environment	Provide the Bank's staff with an increasingly accommodating working environment	4Q 2015	AD
	Ensure occupational safety and health	Once every two years	AD
	Prevent emergency situations, including fire emergencies, in the Bank's premises	Annually	AD
	Prevent an increase in the disease incidence among the Bank's employees, including occupational diseases	Once every two years	AD
	Designate lunch areas for employee meals on the Bank's premises	4Q 2012	AD
	Hold annual sports events for the Bank's staff	Annually	AD
6.4. improving employee social benefit package	Put in place the voluntary health insurance program for the Bank's staff and family members, including diseases that do not qualify for insurance	Annually	AD
	Put in place the non-state pension program for the Bank's staff	Annually	AD
	Arrange leisure and recreation activities for the staff and family members at the recreation center under the effective agreement	Annually	AD
	Assist the Bank's employees in resolving family problems	Annually	AD
	Increase the pay for employees on maternity leave with children aged 3 and below and for working women with children aged 3 and below	1Q 2012	AD

Goals	Measures and Projects	Timeline	Responsible Divisions
	Put in place the voluntary health insurance program for employees' children (aged 3 and below)	1Q 2012	AD
6.5. Implementing mechanisms for assessing employee job satisfaction and involving the Bank's staff in decision-making on issues of strategic importance	Conduct the annual "My Bank" interview	Annually	AD
	communicate information about events important for the Bank to the staff via the intranet	Annually	AD
	Collect via the intranet employee proposals on issues important for the Bank	4Q 2014	AD
6.6. Providing support for pensioners-members of the Bank's Council of Labor Veterans	Provide monetary support for the Bank's veterans	Annually	AD
	Put in place the voluntary health insurance program for pensioners-members of the Bank's Council of Labor Veterans	Annually	AD
	Arrange festive events and celebrations for the Bank's veterans	Annually	AD
7. Managing the Bank's Own Environmental Impacts			
7.1. Reducing the Bank's environmental impacts	Formulate and implement the Bank's corporate environmental policies	4Q 2012	AD
	Inform the Bank's staff of the obligation to comply with the corporate policies designed to manage the Bank's environmental impacts	Annually	AD
8. Charity and Volunteering			
8.1. Providing charitable support for socially important programs	Provide charitable support for socially important programs	Annually	ERD
8.2. Increasing the efficiency of the employee volunteer program	Expand the range of the Bank's and VEB Group's volunteering campaigns	4Q 2015	AD
	Increase engagement of Bank's and VEB Group's employees in volunteering campaigns	Annually	AD

Goals	Measures and Projects	Timeline	Responsible Divisions
	Develop an incentive mechanism to award the most active volunteers from among employees of the Bank and VEB Group	4Q 2012	AD