

**APPROVED**

by the Supervisory Board  
JSC "BANK CREDIT DNIPRO"  
minutes of the meeting  
dated September 5, 2024, No. 25

**AGREED**

by the Management Board  
JSC "BANK CREDIT DNIPRO"  
minutes of the meeting  
dated August 23, 2024, No. 97.2

**ENVIRONMENTAL AND SOCIAL POLICY****JSC "BANK CREDIT DNIPRO"**

VERSION 1.0

## TABLE OF CONTENTS

<b>1. GENERAL PROVISIONS</b>	<b>3</b>
<b>2. MAIN PRINCIPLES AND GOALS OF THE ENVIRONMENTAL AND SOCIAL POLICY</b>	<b>5</b>
<b>3. RESPONSIBILITY</b>	<b>5</b>
<b>4. PROJECT IMPLEMENTATION AND RESULT MONITORING</b>	<b>7</b>
<b>5. FINAL PROVISIONS</b>	<b>7</b>
<b>APPENDIX 1: BANK EXCLUSION LIST (EXCLUSION LIST)</b>	<b>9</b>

## 1. GENERAL PROVISIONS

### 1.1. General Information

1.1.1. The Environmental and Social Policy of JSC "BANK CREDIT DNIPRO" (hereinafter referred to as the Environmental and Social Policy or the Policy) is a guiding document that defines the standards, principles, and approaches for achieving the sustainable development goals of JSC "BANK CREDIT DNIPRO" (hereinafter referred to as the Bank). It outlines the main tools for managing environmental and social risks of projects financed by the Bank, general reporting requirements, etc., taking into account the need to address environmental and social problems as well as occupational safety issues.

1.1.2. This Policy is aimed at ensuring the Bank's compliance with the requirements of current national legislation and regulatory acts in the areas of environmental protection, labor protection, and social protection, as well as conventions and treaties ratified by Ukraine. The Bank strives to ensure that its activities conform to the best international industry practices, including the World Bank's Environmental and Social Standards on labor and working conditions, and the main conventions of the International Labour Organization. The Bank ensures compliance with the requirements of this Policy in its operations and continuously improves its activities in aspects related to occupational safety, security, environmental, and social issues. The Bank's regulatory procedures and guidelines ensure adequate measures to protect the public and employees from potential risks, including in wartime conditions.

1.1.3. The Bank's Environmental and Social Policy also aims to integrate environmental and social aspects into the Bank's operations, promoting the development of sustainable business practices, protecting vulnerable communities, and minimizing negative impacts on the environment.

1.1.4. The target audience of this document includes all employees of JSC "BANK CREDIT DNIPRO" and other interested parties.

1.1.5. This Policy is an internal regulatory document, compliance with which is mandatory for employees of all structural and separate divisions of the Bank.

### 1.2. Legal Framework

1.2.1. This Policy is based on a set of national and international legal acts. It takes into account the requirements of national and international standards for environmental protection, social integration, and sustainable development. The Policy is developed in accordance with:

- The Land Code of Ukraine dated 25.10.2001 No. 2768-III (as amended);
- The Water Code of Ukraine dated 06.06.1995 No. 213/95-VR (as amended);
- The Labor Code of Ukraine dated 10.12.1971 No. 322-VIII (as amended);
- The Law of Ukraine "On Environmental Protection" dated 25.06.1991 No. 1264-XII (as amended);
- The Law of Ukraine "On Strategic Environmental Assessment" dated 20.03.2018 No. 2354-VIII (as amended);
- The Law of Ukraine "On Environmental Audit" dated 24.06.2004 No. 1862-IV (as amended);
- The Law of Ukraine "On Environmental Impact Assessment" dated 23.05.2017 No. 2059-VIII (as amended);
- The Law of Ukraine "On the Natural Reserve Fund of Ukraine" dated 16.06.1992 No. 2456-XII (as amended);
- The Law of Ukraine "On Land Protection" dated 19.06.2003 No. 962-IV (as amended);
- The Law of Ukraine "On Air Protection" dated 16.10.1992 No. 2707-XII (as amended);
- The Law of Ukraine "On Waste Management" dated 20.06.2022 No. 2320-IX (as amended);
- The Law of Ukraine "On Pesticides and Agrochemicals" dated 02.03.1995 No. 86/95-VR (as amended);
- The Law of Ukraine "On Plant Protection" dated 14.10.1998 No. 180-XIV (as amended);
- The Law of Ukraine "On Basic Principles and Requirements for the Safety and Quality of Food Products" dated 23.12.1997 No. 771/97-VR (as amended);
- The Law of Ukraine "On the Protection of Cultural Heritage" dated 08.06.2000 No. 1805-III (as amended);
- The Law of Ukraine "On the Protection of Archaeological Heritage" dated 18.03.2004 No. 1626-IV (as amended);
- The Law of Ukraine "On Access to Public Information" dated 13.01.2011 No. 2939-VI (as amended);
- The Law of Ukraine "On Voluntary Association of Territorial Communities" dated 05.02.2015 No. 157-VIII (as amended);
- The Law of Ukraine "On Labor Protection" dated 14.10.1992 No. 2694-XII (as amended);
- The Law of Ukraine "On Child Protection" dated 26.04.2001 No. 2402-III (as amended);
- The Law of Ukraine "On the Public Health System" dated 06.09.2022 No. 2573-IX (as amended);
- The Law of Ukraine "On Citizens' Appeals" dated 02.10.1996 No. 393/96-VR (as amended);

- The Law of Ukraine "On Ensuring Equal Rights and Opportunities for Women and Men" dated 08.09.2005 No. 2866-IV (as amended);
- The Law of Ukraine "On the Organization of Labor Relations under Martial Law" dated 15.03.2022 No. 2136-IX (as amended);
- The Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Regulation on State Sanitary and Epidemiological Supervision in Ukraine" dated 22.06.1999 No. 1109 (as amended);
- Conventions on the protection of flora, fauna, and biodiversity ratified by Ukraine. All conventions of the International Labour Organization (ILO) signed and ratified by Ukraine, including all ILO conventions on fundamental labor rights and all ILO conventions on basic employment conditions.

1.2.2. In its activities, the Bank is guided by the regulatory acts listed above, as well as:

- External Documents:

- The World Bank Environmental and Social Framework<sup>1</sup>;
- The World Bank Environmental, Health, and Safety Guidelines<sup>2</sup> (including general and sector-specific health and safety guidelines) as applicable to the Bank's activities;
- UN Basic Principles and Guidelines on Development-Based Evictions and Displacement (paragraphs 42, 49, 52, 54, and 60) as well as guidelines outlined in the World Bank Resettlement Plans (2002) and the World Bank Involuntary Resettlement Sourcebook<sup>3</sup> (2004);
- The Law of Ukraine "On Banks and Banking Activities" dated 07.12.2000 No. 2121-III (as amended);
- The Law of Ukraine "On Ratification of the Paris Agreement" dated 14.07.2016 No. 1469-VIII;
- Regulations on the Organization of Risk Management Systems in Banks of Ukraine and Banking Groups approved by the Resolution of the Board of the National Bank of Ukraine dated 11.06.2018 No. 64 (as amended);
- Regulations on the Organization of Internal Control Systems in Banks of Ukraine and Banking Groups approved by the Resolution of the Board of the National Bank of Ukraine dated 02.07.2019 No. 88;

- Internal Regulatory Documents of the Bank:

- Bank Exclusion List (Appendix 1 to this Policy, publicly available and published on the Bank's website along with the Policy);
- The Bank's Charter;
- The Bank's Code of corporate ethics;
- The Bank's Credit Policy.

### 1.3. Key Terms, Definitions, and Abbreviations

1.3.1. For the purposes of this Policy, the following terms are used in the following meanings:

**Bank:** JOINT STOCK COMPANY "BANK CREDIT DNIPRO", including structural units of the Head Office and regional and separate divisions, including regional centers and branches;

**Cultural Heritage:** The totality of cultural heritage objects inherited by humanity from previous generations, the result of spiritual and material activities;

**Environmental Risk:** The likelihood of losses, additional expenses, or missed income due to environmental pollution, as well as the creation of hazards to biodiversity, etc.;

**People with Special Needs:** People with disabilities; people with musculoskeletal disorders; people with mobility impairments; people with physical/sensory/mental impairments, etc.;

**Social Risk:** The likelihood of losses, additional expenses, or missed income due to threats to the health and safety of people, negative impacts on local communities, cultural and archaeological heritage;

**Stakeholders:** Individuals and legal entities that have an interest in the Bank's activities, i.e., are somehow dependent on it or can influence its activities or specific operations. They can be both internal (e.g., shareholders, senior management, employees, etc.) and external (creditors, investors, suppliers, borrowers, representatives of state and local authorities, etc.).

1.3.2. Terms, definitions, and abbreviations not defined in this section are used in the meanings provided further in the text of the Policy, and if such definitions are absent, they are used according to legislation and/or the Bank's internal

<sup>1</sup><https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf>

<sup>2</sup><https://documents.worldbank.org/en/publication/documents-reports/documentdetail/157871484635724258/environmental-health-and-safety-general-guidelines>

<sup>3</sup><https://documents1.worldbank.org/curated/en/206671468782373680/text/301180v110PAPE1ettlement0sourcebook.txt>

regulatory documents. If the definitions in the Bank's internal documents differ from those provided in this Policy, for the purposes of interpreting this Policy, the definitions provided in the text of this Policy prevail.

## 2. MAIN PRINCIPLES AND GOALS OF THE ENVIRONMENTAL AND SOCIAL POLICY

2.1. The Bank's environmental and social responsibility, as well as the practices to ensure compliance with these principles, are based on the best international experience in this field and the following principles:

### ➤ **Integration of Sustainable Development into the Bank's Processes**

The Bank systematically analyzes, integrates into its activities, and continuously improves the environmental and social aspects of risk assessment processes<sup>4</sup>, comprehensive checks of potential clients, and decision-making. This includes the implementation of the best international practices and standards in the field of social and environmental responsibility, monitoring the environmental and social impact of the activities of business entities, and identifying potential risks that such activities create for ecosystems, communities, and vulnerable population groups. The Bank considers public opinion in decision-making processes and promotes the idea of environmental and social responsibility in society. The Bank prioritizes projects that pay attention to aspects related to sustainable business development, social integration, as well as climate change mitigation and adaptation to its consequences.

### ➤ **Collaboration and Communication with Stakeholders**

In the implementation of projects, the Bank interacts with relevant stakeholders, including local communities, employees of clients receiving financing, and others. The Bank promotes transparent and open dialogue between stakeholders and gathers feedback on its Environmental and Social Policy and projects. Stakeholder engagement is an integral part of the environmental and social risk assessment process. The Bank has effective communication channels to disseminate information about the Bank's environmental and social activities.

### ➤ **Compliance with Legislative Requirements and Risk Management**

The Bank complies with the requirements of current environmental and social legislation, relevant regulatory acts, and standards, including ensuring respect for human rights, decent working conditions, non-discrimination, environmental protection, and minimizing negative impacts, as well as promoting the preservation of our world's rich diversity—biological, cultural, linguistic, as well as historical and natural heritage. The Bank has reliable mechanisms and principles for risk management to identify, assess, and mitigate potential negative consequences for the environment and communities. Systems for evaluation, monitoring, and reporting have been introduced to track the environmental and social outcomes of projects<sup>5</sup> financed by the Bank. The assessment of environmental and social risks is based on up-to-date information, including an accurate description and definition of the project and any related aspects, as well as environmental and social baseline data with an appropriate level of detail sufficient to identify risks and impacts, as well as measures for their mitigation. The assessment includes identifying potential environmental and social risks and impacts of the project with the aim of applying measures to mitigate negative environmental and social consequences and identifying opportunities to enhance the project's positive impacts.

## 3. RESPONSIBILITY

3.1. The implementation of this Policy is a direct acknowledgment by the Bank that its activities can have a significant impact on each of the fundamental elements of sustainable development: the economy, society, and the environment. Therefore, the Bank strives to ensure the profitability of its business in the long term, aims to ensure long-term economic stability and growth through responsible resource management, innovation, and effective risk management. The Bank promotes responsible corporate governance practices, ensuring transparency, accountability, and ethical behavior at all levels.

### **3.2. Environmental Responsibility**

3.2.1. The Bank recognizes the importance of environmental protection and strives to reduce the impact of its activities on the environment, consistently implementing energy-efficient practices, reducing resource usage, and minimizing waste.

3.2.2. The Bank conducts comprehensive environmental due diligence of potential clients<sup>6</sup> to ensure their compliance with environmental responsibility requirements.

---

<sup>4</sup> Exclusively for projects and programs of non-bank financial institutions (hereinafter referred to as Funds) financed by the World Bank, KfW, and other international financial institutions (IFIs), as well as within the framework of cooperation with other Funds/institutions that have specific requirements for the Environmental and Social Management System (hereinafter referred to as projects with ESMS requirements).

<sup>5</sup> Exclusively for projects with ESMS requirements.

<sup>6</sup> Exclusively for projects with ESMS requirements.

3.2.3. Projects supported by the Bank are encouraged to implement measures that will contribute to climate change adaptation and mitigation, efficient use of natural resources, and environmental protection (considering feasibility and available opportunities). In its activities, the Bank actively promotes and supports the ideas underlying sustainable business practices: ensuring food security, conserving and rationally using natural resources, protecting biodiversity, reducing environmental impact, supporting communities, etc.

3.2.4. The Bank makes every effort to avoid, minimize, and mitigate negative impacts, as well as to enhance the positive impact of its activities on the environment and all stakeholders, including employees and communities affected by the Bank's activities (considering available opportunities and feasibility).

### **3.3. Social Responsibility**

3.3.1. The Bank respects and supports the protection of human rights as provided by the European Convention on Human Rights and the Universal Declaration of Human Rights and aims to conduct business in accordance with these principles.

3.3.2. The Bank promotes fair working conditions, trust, respect for personal freedom, rights, and human dignity, and advocates for providing everyone with equal opportunities regardless of race, skin color, religion, gender, sexual orientation, gender identity, nationality, age, disability, or any other characteristics. The Bank does not tolerate mobbing (bullying)<sup>7</sup> or any other forms of discrimination. The Bank promotes an inclusive culture that respects and values diversity of opinions and experiences.

3.3.3. The Bank strives to contribute to the betterment of society beyond its business activities and takes measures within its capabilities to actively support social initiatives aimed at improving the lives of local communities, etc. The Bank's social responsibility programs include, but are not limited to, charitable projects, volunteer initiatives, and support for education. However, charitable donations and/or initiatives cannot under any circumstances be used as a condition or means of influencing the decision-making of public officials. The Bank encourages its employees to engage in volunteer activities within corporate volunteer programs. The Bank acts in a socially responsible manner that contributes to the long-term well-being of people and companies.

3.3.4. In the process of implementing projects, the Bank considers the potential impact of these projects on local communities, internally displaced persons, and other vulnerable population groups, and encourages clients to do so. During the analysis, aspects such as the livelihoods available to local communities, prospects for preserving cultural heritage, and the level of social cohesion should be assessed. Priority is given to projects that positively impact community well-being.

3.3.5. The Bank respects the rights of local communities and national minorities to land and natural resources. The Bank adheres to national legislation and the best international industry practices to ensure the protection of land use and ownership rights.

3.3.6. The Bank takes the measures provided by the Constitution and laws of Ukraine to protect and uphold the rights and freedoms of internally displaced persons and to encourage investments aimed at meeting the special needs of territories hosting internally displaced persons in the context of the Bank's products and services.

### **3.4. Regulation of Working Conditions**

3.4.1. The Bank promotes fair working conditions and the well-being of employees, creating equal conditions for their professional development, training, career growth, and other opportunities.

3.4.2. The Bank ensures equality for all employees, creates an atmosphere of psychological safety, unites teams of people with diverse experiences, and provides comprehensive support:

- ✓ For military personnel returning to civilian work and for the families of military personnel;
- ✓ For relocated employees returning;
- ✓ For employees who did not relocate;
- ✓ For people with special needs, including by adapting the workspace to their needs.

The Bank creates a work environment where every employee feels accepted, supported, and motivated.

3.4.3. The Bank has developed and continuously updates its personnel policy, taking into account the best international industry practices, particularly the provisions of the World Bank's Environmental and Social Standard on Labor and Working Conditions (ESS 2) and the main principles defined by the International Labour Organization (ILO). The approaches defined in these documents are integrated into the Bank's Environmental and Social Management System (ESMS). To prevent and address social and environmental problems, as well as issues related to occupational safety, the

---

<sup>7</sup> Mobbing (bullying) refers to systematic (repeated), prolonged, intentional actions or inactions by an employer, individual employees, or a group of employees within the workforce, aimed at humiliating the honor and dignity of an employee or damaging their professional reputation, including with the purpose of acquiring, changing, or terminating their employment rights and obligations. This behavior manifests in the form of psychological and/or economic pressure.

Bank has developed and continuously updates its Code of corporate ethics (available on the Bank's official website under ABOUT THE BANK / COMPLIANCE).

3.4.4. Additionally, the Bank has its own emergency response plans, including those related to hostilities, which define the principles for responding to them to effectively address the risks associated with the current situation in the country. This activity includes measures for identifying potential hazards, determining mitigation strategies, ensuring readiness for emergencies, and having response plans in place.

#### **4. PROJECT IMPLEMENTATION AND RESULT MONITORING**

4.1. To ensure the widespread adoption of responsible and sustainable business practices, the Bank demonstrates a firm commitment to effectively implementing and closely monitoring all its initiatives and programs. This section outlines the measures the Bank takes to ensure the implementation of the Environmental and Social Policy into specific actions that benefit both the environment and society.

##### **4.2. Environmental and Social Management System (ESMS)**

4.2.1. The Bank has implemented an Environmental and Social Management System (ESMS), which is applied exclusively to projects and programs of Funds financed by the World Bank, KfW, and other international financial institutions (IFIs), as well as within the framework of cooperation with other Funds/institutions that have specific ESMS requirements.

4.2.2. Based on best international practices and considering factors related to environmental and social management, the Bank has defined the following classification of environmental and social risks:

- High Risk;
- Substantial Risk;
- Moderate Risk;
- Low Risk.

Best international practices suggest that a four-tier risk classification system allows for comprehensive screening and management of environmental and social risks.

4.2.3. The structural units and collegial bodies responsible for the Bank's environmental and social aspects, their duties, and powers in the process of managing environmental and social risk are defined by the Bank's internal regulatory documents. The Bank invests in training and developing the skills of its employees to ensure that the Bank's involved personnel have the necessary knowledge and skills to consider environmental and social aspects affecting their work.

4.2.4. The frequency of monitoring environmental and social risks, including for implemented projects, the responsible units, report formats, etc., are determined by the Bank's internal regulatory documents. To determine the effectiveness of the Bank's policies and work processes, as well as to identify areas that need improvement, regular audits and assessments are conducted.

##### **4.3. Grievance and Complaint Mechanism**

4.3.1. The Bank has a grievance and complaint mechanism published on its official website (ABOUT THE BANK / COMPLIANCE). This mechanism allows stakeholders to address the Bank with issues, including those related to environmental and social problems. The process of submitting complaints and inquiries and receiving responses is simple and transparent, and the dispute resolution procedure is clearly defined. The Bank is committed to addressing complaints and inquiries promptly and impartially.

##### **4.4. Review and Update of this Policy**

4.4.1. Recognizing the dynamic nature of environmental and social challenges, the Bank is committed to reviewing and, if necessary, updating its Environmental and Social Policy to ensure it meets the new requirements of Ukrainian legislation, international standards, and best industry practices. The review of the Policy should take into account stakeholder feedback, changes in the external environment, and experience gained in project implementation.

#### **5. FINAL PROVISIONS**

5.1. This Policy is indefinite, agreed upon by the Bank's Management Board, and approved by the Bank's Supervisory Board. It takes effect from the date specified in the decision of the Bank's Supervisory Board. If the protocol of the Supervisory Board's decision does not specify the effective date of the Policy, it takes effect the next business day after its approval.

5.2. The Bank's Supervisory Board is responsible for ensuring the implementation of this Policy within the Bank.

5.3. The Bank's profile units that participate in the development and approval of this Policy are responsible for the content of the Policy within their competence.

5.4. Amendments and additions to this Policy are approved by the Bank's Supervisory Board and formalized in writing either by issuing a new version of the Policy or by directly amending the Policy (in cases where such changes are not numerous and do not complicate the understanding of their essence). The adoption of a new version of the Policy automatically terminates the previous version/editor of the document.

5.5. In the event that any part of this Policy contradicts the current legislation of Ukraine, the regulatory acts of the National Bank of Ukraine, including due to the adoption of new legislative acts of Ukraine or regulatory acts of the National Bank of Ukraine, this Policy will only be effective in the part that does not conflict with the current legislation of Ukraine and the regulatory acts of the National Bank of Ukraine.



## APPENDIX 1: BANK EXCLUSION LIST (EXCLUSION LIST)

### General list of activities that are not subject to financing<sup>8</sup>

**It is prohibited to establish or maintain business relations with clients engaged in the following activities:**

- 1) Production or activities involving harmful or exploitative forms of forced labor/harmful child labor<sup>9</sup>;
- 2) Prostitution and any other activities directly related to pornography;
- 3) Trade in species of wild flora and fauna regulated by CITES<sup>10</sup> or products made from species of wild flora and fauna;
- 4) Transboundary movement of waste prohibited by international law<sup>11</sup>;
- 5) Production, trade of any products, or activities prohibited by the legislation of Ukraine or the country of activity (i.e., national legislation) or international agreements and treaties, including legislative acts and conventions related to the protection of biodiversity<sup>12</sup> or cultural heritage;
- 6) Activities that may adversely affect sites of cultural or archaeological heritage;
- 7) Activities that may result in forced displacement;
- 8) Financing of activities restricted or prohibited by other internal regulatory documents of the Bank.

When implementing projects and programs of non-bank financial institutions (Funds) financed by the World Bank, KfW, and other international financial institutions (IFIs), as well as within the framework of cooperation with other Funds/institutions, the Exclusion Lists of the respective Funds are taken as the basis.

---

<sup>8</sup> The listed items are indicative. Exclusion Lists for projects and programs of non-bank financial institutions (Funds) financed by the World Bank, KfW, and other international financial institutions (IFIs), as well as in the context of interaction with other Funds/institutions, may differ.

<sup>9</sup> This applies to any activity related to human trafficking. Forced labor means any work or services performed or provided against a person's will under the threat of physical punishment or harm. Harmful child labor refers to child labor that economically exploits children, threatens or hinders their education, or poses a danger to the child's health and their physical, intellectual, spiritual, moral, and social development. For further guidance, see the IFC (Joint Statement by the International Finance Corporation and the Multilateral Investment Guarantee Agency on Forced Labor and Harmful Child Labor); ILO Declaration on Fundamental Principles and Rights at Work, as well as the principles enshrined in the following conventions: ILO Conventions No. 29 and 105 (forced and compulsory labor), 87 (freedom of association), 98 (right to organize and collective bargaining), 100 and 111 (discrimination), 138 (minimum age), 182 (worst forms of child labor); the Universal Declaration of Human Rights.

<sup>10</sup> CITES: The Convention on International Trade in Endangered Species of Wild Fauna and Flora. The list of species protected under this convention can be obtained from IFC or EBRD. To find out which species are listed, visit the website <http://www.cites.org> or access the CITES species database at <http://www.cites.org/eng/resources/species.html>.

<sup>11</sup> The key documents are as follows: Regulation (EC) No. 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001)107/Final of the OECD Council revising Decision C(92)39/Final on the control of transboundary movements of waste destined for recovery operations; the Basel Convention of 22 March 1989 on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. For further information and simplified guidance, refer to the Basel Convention <https://www.basel.int>.

<sup>12</sup> International conventions on biodiversity include, among others: The Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); The Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); The Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); The Convention Concerning the Protection of the World Cultural and Natural Heritage; The Convention on Biological Diversity.