



# ESG Report 2020



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**Sustainable development is a capability to respond to any challenges amid continual crises, i.e. to ensure the reproduction of all types of capital: financial, productive, intellectual, information, natural, human and social, in the interests of current and future generations.**

Center-invest Bank implements an ESG banking business model. Its activities are guided by principles of social and environmental responsibility and best international practice in corporate governance. The bank also motivates its customers and partners to incorporate the UN Sustainable Development Goals (SGDs) into their business processes.

Structural change and digitalisation of retail banking products and SME services lie at the heart of Center-invest Bank's ESG strategy, accompanied by sustainable financial growth.

Thanks to the continued implementation of its strategy for 2019-2021, Center-invest Bank has leading positions in Russia for financing SME projects, business modernisation, and female, youth and social entrepreneurship. It is also able to support start-ups through its own Accelerator ([acc.centrinvest.ru](http://acc.centrinvest.ru)).

Every year the bank invests in innovation and the digitalisation of its own ecosystem to develop the business and make financial services more accessible for the population in the regions where it operates. Acting within its own capabilities, the bank is implementing a number of projects designed to help address social and environmental issues that are on the global agenda.

Center-invest Bank builds strong relationships with all stakeholders on current sustainability issues, such as responsible consumption and production, sustainable cities and communities, partnership for sustainable development, quality education and financial literacy, and economic growth and well-being.

In 2020 the bank successfully adapted to the new challenges associated with the pandemic. It took steps to prevent the spread of COVID-19 among its employees and customers in its offices and branches. It successfully and very rapidly switched over 30% of its employees to remote working.

Despite the objective difficulties posed by the new rules and restrictions and the slowdown in economic growth in Russia, Center-invest Bank avoided staff redundancies. It continued to pay salaries and meet its obligations to its partners on time.

During the pandemic, the bank played an important role in supporting the functioning of the regional economy. The bank was able to continue the flow of loans to businesses and households in southern Russia. It helped the local population and SMEs stay afloat by launching several of its own programmes and also by acting as a reliable platform for the provision of government support. The bank's own programmes included business transformation loans (preferential loans to help companies switch to remote sales), loan repayment extensions, and mortgage lending and refinancing.

# Report Parameters

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102-48, 102-49, 102-50, 102-51, 102-52<sup>1</sup>

Continuing the practice of annual non-financial corporate disclosure, Center-invest Bank presents its Sustainability Report for 2020. This is the ninth year in a row that the bank has published a Sustainability Report. The ESG effect from Center-invest Bank's activities has increased significantly since the publication of our first Sustainability Report in 2012. We continue to report on the measures and results that have helped to make the bank more sustainable and which reflect our progress in implementing best practice in corporate social responsibility (CSR).

We strive to improve our CSR performance in close dialogue with stakeholders by optimising our processes for gathering reliable data, establishing new objectives, and detailing specific tasks for existing objectives.

Since 2019 the bank's approach to sustainable development has evolved into an ESG strategy, with environmental, social and governance components integrated into reporting.

Drawing on best international experience and its own experience, the bank has integrated the UN SDGs and Russia's National Projects into its reporting so that it can analyse its role in their implementation. This also allows us to evaluate the bank's development as a process of reproducing operational, financial, information, intellectual, human and social capital.

The Sustainability Report is the main channel for informing all stakeholders of Center-invest Bank's progress on the path to sustainability. This Report describes the results achieved by the bank in 2020 by implementing a business model based on ESG principles. It also provides information about the bank's main business areas and key financial indicators. The Report has been produced in line with the core GRI Standards.

In accordance with the bank's policy of openness and transparency, this Report contains information about our strategy and mission, the key events and results of our work, and our approaches to managing the material topics. It also addresses a wide range of issues relating to our social responsibility and sustainable development principles, the economic, social and environmental impacts of our activities, and stakeholder engagement.

The Report uses the terms "Center-invest Bank" and "the bank", both of which refer to Center-invest Public Joint-Stock Commercial Bank. It also uses the word "we", which should be understood as meaning the employees and management of Center-invest Bank.

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<sup>1</sup>The Report has been produced in line with the core GRI Standards. Each section is labeled accordingly. Since 2019 we have integrated the United Nations Sustainable Development Goals into our reporting so that we can fully analyse the bank's role in their implementation. This information is reflected in the Report and has the corresponding SDGs designations.

# Material Topics

102-42, 102-43, 102-44, 102-47

To determine the material aspects for sustainability reporting (topics and indicators), every year the bank compares non-financial reporting by Russian and foreign companies, analyses best international practice, and takes into account key events and trends in the financial and sustainability sectors. We also consult our stakeholders.

In 2020 we conducted stakeholder surveys and looked at communications and feedback received from stakeholders during the reporting year.

In January 2020 the bank conducted a survey of 340 of its employees. They were asked to write about their vision and the extent of their involvement in work based on an ESG banking business model. They also identified material topics relating to the bank's corporate social responsibility. The figures below show the percentage of the responses containing these answers:

## At Center-invest Bank, ESG banking is:

**RESPONSIBILITY:** for the environment (63%), social stability (49%), adherence to rules (46%), financial stability and profitability (38%), in the interests of current and future generations (34%);

**A NEW BUSINESS PARADIGM** based on new values (7%) and mutually beneficial collaboration (win-win, no losers) (33%), in the interests of customers (32%), employees (19%) and partners (9%);

**A CORPORATE CULTURE** (24%) providing work satisfaction (31%) and involvement in global development processes (28%), the country's development (14%) and the region's development (22%);

**COMPETITIVE ADVANTAGES** (21%) based on reputation (26%) and investment attractiveness (19%) in accordance with international standards and best international practice (14%);

**EFFECTIVE RISK MANAGEMENT** (19%) based on experience of identifying and applying strategies to overcome crises (13%), innovative banking (16%) and ESG digitalisation (22%);

**THE BANK'S ESG PRODUCTS AND SERVICES:** to support energy efficiency (28%), SMEs (25%), youth (16%), female (15%) and social (8%) entrepreneurship, loans for the renovation of apartment buildings (8%), agribusiness (7%), the rational use of resources, and retail customers (3%);

**ACCESSIBILITY OF THE BANK'S FINANCIAL SERVICES** thanks to socio-educational projects (38%) and non-financial services for customers (27%).

The survey showed that our employees have a good understanding of ESG banking and that it is an important part of their practical work. It is important to emphasise that at Center-invest Bank all of the aforementioned components of ESG banking are closely interlinked: geared towards long-term development (47%) on the basis of new values (24%), at all levels of management (31%), relating to the availability of banking services and concern for the environment, employees, partners and customers (22% respectively), working in accordance with international standards (20%), on the basis of new technologies (19%) and new products (18%).

Through engagement with external and internal stakeholders and analysing the survey results, we established the following list of material topics for Center-invest Bank in 2020:

1

the bank's work to improve financial literacy

4

risk management

2

the bank's financial performance and product digitalisation

5

developing human capital

3

improving the accessibility and quality of financial services

6

expanding the bank's environmental and social responsibility

## Opinions of internal survey respondents

"ESG is a relatively new term, but it is a natural transformation of the idea of decency in the present day... Today, it is not enough to just be concerned about your reputational footprint... At a time when the world is becoming more complex, there are global problems with trusting one another, and an impending environmental crisis, observance of ESG principles is becoming essential for the cohesion and well-being of society. It is action with an understanding of responsibility to current and future generations, an awareness that the well-being of society depends on your own efforts, effectiveness and ability to exercise restraint. ESG is new wave corporate decency. ESG is the religion of consciousness. ESG is new corporate honesty. ESG is effective responsibility."

"I understand ESG banking as introducing and implementing business development principles based on long-term investment in the future, supporting the environment, and treating employees properly. Long-term investment in the future will help the bank to increase its profits and grow sustainably. ESG factors are used by ratings agencies to assess banks. They influence a bank's reputation and make it attractive for investors. ESG factors allow customers to establish long-term relationships with the bank, as they are confident that it is a reliable and transparent business."

"Being environmentally friendly promotes the transition to international standards. It involves improving the energy efficiency of buildings where employees work and customers are served. It also involves waste recycling (especially wastepaper). It is very relevant for banks. Social responsibility is impossible for a bank without also having environmental responsibility. Social banking involves analysing the environmental impact of our customers' businesses (for example, with regard to financing investment projects designed to develop priority economic sectors, which is not unimportant for the bank and for its customers) and analysing the working conditions established by the bank for its employees. It also involves creating healthy relationships between stakeholders. Responsible governance can create effective management based on systems to obtain feedback from employees (in our bank, this is achieved through various training courses). For customers, responsible governance is important for establishing responsible relationships with customers and partners."

"ESG principles can be seen as the modern whorl of the development spiral of the post-industrial society. There is an awareness of the mistakes and shortcomings of processes at the lower levels in environment (E), social responsibility (S) and governance (G). Mistakes are analysed, processes are transformed and transferred to the upper level, now with different characteristics.

For the bank, this means developing and offering products that support projects with ESG components. Moving into the group of ESG leaders. For customers, it is an opportunity to gain an advantage. For employees, it is an opportunity to participate in a new global process."

"In recent times we have been moving from mindless consumption to conscious consumption, not only of natural resources, but also the rational use of human resources.

ESG banking means a responsible attitude to the environment, society and governance.

Center-invest Bank operates on the basis of these principles. The bank has developed successful loan programmes (for energy efficiency improvements, renovation of apartment buildings, loans under government programmes for SMEs and retail customers).

The application of ESG banking principles and digitalisation allow us to not only protect the environment (albeit indirectly), but also to optimise what I believe is the main human resource: time."

"An ESG approach is needed so that the bank's work is successful and competitive not only at this point in time, but in the long-term also."

«I see ESG development as the social factor for modern, convenient, successful and transparent work. Center-invest Bank provides such an opportunity by, for example, introducing and developing training and skills development processes for staff, which raises the quality of the bank's work overall."

"To establish socially responsible business conduct with the prospect of future benefits, to establish a way of thinking whereby we live and work with a long-term perspective, not just for today, adjusting all business processes to improve quality of life by improving the quality of the products we create (important for both employees and customers)."

" On the one hand, with ESG banking, employees understand that the bank is successfully implementing a sustainable development strategy, and this gives them confidence in the future. At the same time, when you clearly see social responsibility in action, with loan programmes for energy efficiency, agribusiness, start-ups, educational projects and so on, and you understand that you are also involved in this important work and that you can be actively involved in these solutions, you recognise that you have the chance to not only work for a good company, but to also realise your full potential, to find and develop what you are best at, and to be useful not only to your families and friends, and to your company, but to society as a whole."



# The Principles of ESG Banking at a Time of Transformations

**1. Voluntariness.** Center-invest Bank's shareholders, management and employees have voluntarily committed to and act on the basis of ESG principles, which promote sustainable, environmentally friendly, ethical and socially responsible banking. These obligations have become a cornerstone of Center-invest Bank's corporate culture. They inform the bank's customer and partner relationships and provide a mechanism for successful business management even at a time of crisis.

**2. Global Vision.** Although not an official signatory, Center-invest Bank supports the provisions of international agreements and initiatives on sustainability and social responsibility (United Nations Global Compact (UNGC), Sustainable Development Goals (SDGs), Equator Principles (EP), Principles for Responsible Investment (PRI), Environmental, Social and Governance (ESG) principles, and the Triple Bottom Line (3BL) - People, Planet, Profit).

- includes these provisions in its operational and corporate governance procedures;
- offers special products and programmes to address social issues;
- explains the sustainable development provisions to its customers and partners, government bodies and social communities;
- voluntarily reports on its sustainable development activities on the basis of international recommendations (GRI. IR);
- monitors and checks compliance with best international practice;
- helps its partner banks, businesspeople and young people to make contacts internationally.

**3. Social Responsibility and Effectiveness.** For Center-invest Bank, this means increasing profits which:

- are not immediate, but long-term;
- take into account risks and ensure safeguards;
- avoid conflict and do not infringe on the interests of other parties;
- ensure the development of public goods and services;
- promote the growth of social consciousness and effective social transformations.

Center-invest Bank applies best international practice to improve its business performance:

- transparent decision-making procedures;
- a clearly defined corporate culture and unambiguous rules of conduct;
- independent risk management and internal control;
- nurturing its employees;
- transparent and accessible reporting under national and international standards;
- a modern and constantly evolving information system;
- highly responsive liquidity management procedures;
- innovative technology, operations and product development.

**4. Managing risks amid transformations.** Transformations are the new economic reality. This requires management of constant change amid continual crises, and creative, socially responsible solutions in the interests of current and future generations, based on best international practice and technical, financial and social engineering.

ESG banking is not about buying and selling risks, but managing risks, which requires expenditure in the initial stages to avoid large losses.

For Center-invest Bank, ESG banking risk management entails:

- balancing profitability, organic growth and risk;
- a focus on long-term profits;
- knowing the target markets and regional risks so as to avoid excessive risks;
- rejecting speculative transactions and prioritising growth in lending to the real economy;
- nurturing customers and actively managing risks on the basis of detailed analysis of borrowers' businesses;
- regularly re-assessing risks and covering risks with sufficient provisions and capital;
- minimising risks by diversifying sources of funding and prioritising lending to the local population and small business in the regions where the bank operates;

- continually improving the risk management system, combining formal and substantive risk assessment procedures, transparency of deals and transactions;
- stimulating demand for loan products by improving the financial literacy of the population and providing free business advice;
- reducing the level of defaults (fraudulent or due to social and economic factors) by using stimulatory interest rates;
- continuous innovation to tackle new challenges.

Implementation of our ESG risk management strategy is underpinned by Bank of Russia recommendations and requirements, Basel Committee recommendations, best international practice, shareholders' recommendations, the bank's 29 years' experience of managing regional risks, and the lessons drawn from the crises in 1998, 2008, 2014 and 2020.

**5. The bank's ecosystem.** The participants and resources required for the bank's sustainable development (constant reproduction) include, at a minimum:

- stakeholders (shareholders, partners, customers, employees),
- regulatory bodies, public administration and government bodies,
- civil society organisations, social groups and the media.

In developing its ecosystem, the bank considers a long-term vision for the system's main components:

**Economic component - reproduction of all types of capital (financial, productive, natural, intellectual, human and social) on the basis of:**

- a rational combination of pace of growth and proportions,
- risks and returns,
- localisation of best international practice.

**Environmental component:**

- procedures and measures to preserve and restore natural resources,
- reducing carbon footprint,
- reducing harmful emissions and waste,
- maintaining biodiversity,
- using best international practice in technological and organisational solutions to raise the population's standard of living and make customers more competitive.

**Corporate component:**

- professional Board of Directors,
- independent Board of Directors' committees,
- transparent decision-making procedures,
- independent credit committees, ALM Committee and Risk Management Committee.

**Social component:**

- preventing social conflict and inequality,
- supporting effective social differentiation,
- developing public goods and services,
- transforming social structures and relationships,
- the corporate culture and ethics of the ecosystem's participants,
- implementing social and educational projects.

**Information component: the effective analysis of the growing volume of information, based on:**

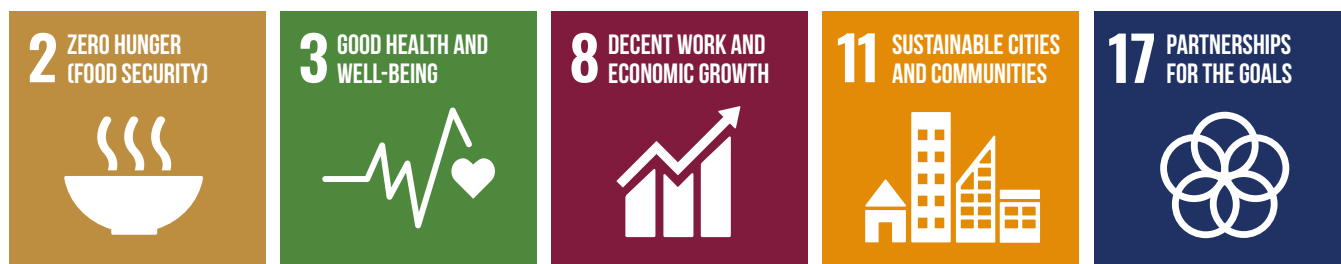
- modern methods and technology,
- management of information risks,
- transparent reporting and information policy,
- information security and data protection,
- new forms and channels for presenting information.

**6. Nurturing staff.** The bank provides continuous staff training on new areas in banking, in line with the ESG banking business model. We have established a positive corporate culture, with a creative atmosphere and employees who take responsibility for, and have confidence in, the successful implementation of the bank's own strategy and its customers' strategies. An important result of this is the high birth rate among our employees' families. We have every reason to be confident that all the members of our team are committed to helping the bank and our customers achieve new sustainable results.

# Sustainable Development

103-2

Center-invest Bank fully supports and recognises the importance of the 17 UN Sustainable Development Goals (SDGs) which are intended to address key environmental, economic and social challenges worldwide. While the bank aims to contribute to implementation of all the SDGs, given the nature of its business and the region in which it operates, the following five SDGs are priorities:



In its management of sustainable development, Center-invest Bank is guided by the following standards and principles:

- the UN Sustainable Development Goals;
- The Membership Standards and Code of the Global Alliance for Banking on Values;
- The Principles for Responsible Banking of the UN Environment Programme Finance Initiative (UNEP FI);
- the international standards of conduct and principles enshrined in the international standards for sustainable development, corporate social activities and environmental protection: ISO 26000, AA1000, ISO 14000;
- the GRI Standards on disclosure of non-financial information.

By using integrated reporting rather than just financial reporting, the bank has been able to assess the following in a new light:

- the impact of the bank's income on the interests of other stakeholders: the local population, employees, shareholders, customers and partners;
- the bank's development as a process of reproducing operational, financial, information, intellectual, human and social capital.

In 2020 Center-invest Bank received international recognition for its leading positions in the sustainability sector.

Center-invest Bank won the category “Central and Eastern Europe’s Best Bank for Corporate Responsibility” in the Euromoney Awards for Excellence 2020. The award was presented to the bank for its transparent reporting under Russian and international standards, its environmental and social responsibility, and its successful localisation of an ESG banking business model.

Measures taken by Center-invest Bank in response to COVID-19 were highlighted as examples of best practice among signatories to the Principles of Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI). As well as ensuring the safety of its employees and customers, Center-invest Bank transformed its operations in response to the new reality. It introduced remote services and products to help SMEs develop online, including preferential loans and free business advice.

The bank considers it extremely important to continually educate and engage with people on ESG issues. It actively collaborates with national and international institutions on ESG issues, and it participates in national and international conferences, business meetings and seminars.

In January 2020 the bank attended the B20 Summit in Riyadh, the capital of Saudi Arabia. The bank participated in discussions on the priority themes: digitalisation; energy; sustainability and climate; finance and infrastructure; the future of work and education; integrity and compliance; and trade and investment.

In February the bank took part in a roundtable organised by the Association of Banks of Russia and the International Finance Corporation (IFC – World Bank Group) on “Developing a System of Responsible (Green) Finance in Russia: the Role of the Banking Sector”. At this event we shared our practical experience of socially responsible lending to SMEs, retail customers and the housing sector. Participants included representatives of the Bank of Russia, the European Institute in St Petersburg, the Moscow Exchange, the World Wildlife Fund, and KfW Bankengruppe.

Alexander Dolganov, Deputy Chairman of Center-invest Bank’s Executive Board, joined the Russian State Duma’s working group responsible for the legislative and regulatory framework to support the creation of a standardisation and verification system for green financial instruments. One of the working group’s immediate tasks is to establish new standards and requirements for assessing sustainable financial instruments. The financial sector and investment institutions are key drivers for achieving crucial social and environmental objectives, as set out in the UN SDGs and Russia’s National Projects.

In summer 2020 Center-invest Bank joined the League of Green Brands, which brings together companies that incorporate sustainability principles in their business models. The members of the League are together promoting sustainability in Russia. They are establishing criteria for “green” goods that will be easily understood by their customers (a basis for future national eco-certification). Environmental responsibility is an integral part of Center-invest Bank’s strategy, on a par with financial indicators, such as financing energy saving technologies, agribusiness, the modernisation of apartment buildings, and support for start-ups and female entrepreneurship.

Experts from the bank are actively involved in developing national taxonomies of green and transition projects, in collaboration with the Russian state development institution VEB.RF. The bank is also in dialogue with partners from the OECD as part of a mission to prepare analyses for the Overview of Municipal Policy of the Russian Federation.

In September 2020 Center-invest Bank presented its unique experience of responsible finance at the Sustainable Investment Forum organised by United Nations' Climate Action. Lidia Simonova, Chairman of Center-invest Bank's Executive Board, was the only Russian speaker at this international event.

The Association of Banks of Russia approved a new ESG Banking Project Team and the Chairman of the Board of Directors of Center-invest Bank, Dr Vasily Vysokov, was appointed its head. The tasks of the new Project Team include implementing the ESG banking measures set out in the Roadmap for Implementation of the Main Areas of Activity of the Association of Banks of Russia for 2020-2022.

Center-invest Bank shares the values of the World Wildlife Fund and every year we support the Earth Hour global movement: for one hour, the external lights and roof advertising are switched off in our offices and branches as a sign that we care about nature and the planet's resources. This year 48 branches participated in the event, representing all the regions where the bank operates, including: Rostov-on-Don, Taganrog, Volgodonsk, Krasnodar, Sochi, Novorossiisk, Gelendzhik, Stavropol, Pyatigorsk, Volgograd, Nizhny Novgorod and Moscow.

In October 2020 Center-invest Bank published its Sustainability Report for 2019. The Report contains information about the bank's corporate social responsibility activities, its ESG achievements, and its role in implementation of the UN SDGs and Russia's National Projects. The report was compiled in accordance with the GRI Standards and reflects the economic, environmental and social performance of the company.

## Key Sustainability Indicators

### Economic performance (IFRS)

As at 31 December, RUBbn	2018	2019	2020
Capital	13.1	14.2	14.8
Assets	112.2	119.5	118.3
Net loans and leasing	88.0	85.1	84.5
Deposits	95.2	99.4	99.2
Profits	1.5	1.8	1.0
ROAA, %	1.4	1.5	0.8
ROAE, %	1.9	13.1	6.8
Cost income ratio, %	47.6	53.6	64.8

### Environmental protection

	2018	2019	2020
Reduction in CO <sub>2</sub> emissions (thousand tonnes a year)	12.6	13.4	14.5
Waste (tonnes per year)	440	348	204
Environmental protection expenditures (RUB thousands)	490	50	50
Waste water collection and treatment (RUB thousands)	185	211	221
Waste disposal (RUB thousands)	502	515	302

### Personnel

	2018	2019	2020
Number of employees	1644	1631	1598
Number of children born to employees	72	72	72
Average wage in the bank, RUB	75052	76682	74 877



## Customer relationships

Indicator, IFRS, at 31 December of the reporting year	2018	2019	2020
Business customer accounts, RUBbn	19.2	19.0	26.0
Retail customer accounts, RUBbn	76.0	80.4	73.3
Retail loan portfolio, RUBbn	55.7	55.6	58.2
SME loan portfolio, RUBbn	31.0	30.7	28.9
Customer base, million people	1.0	1.4	1.5
Number of loan agreements under inclusive loan programmes (start-up loans, loans for women in business and for social entrepreneurs)	276	181	188
Investment in inclusive loan programmes, RUBm	357.3	332.0	551.6
Number of energy efficiency projects	135	139	140
Investment in energy efficiency projects, RUBbn	961.9	854.9	996.1



### Green Deposit Accounts

1288 accounts,  
with deposits totalling RUB615m



### Business Transformation Loans

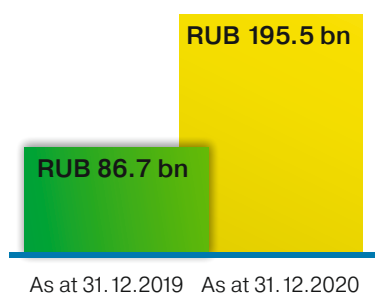
396 customers  
for a total of RUB844m

#### SDG #8

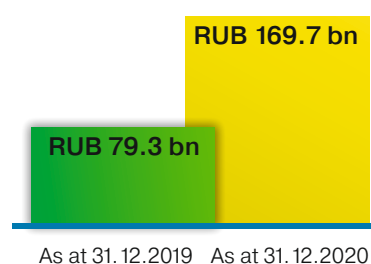
As at 01.01.2021, Center-invest Bank had invested RUB 195.5bn in implementation of the UN SDGs and RUB 169.7bn in Russia's National Projects. The close intertwining of national and global goals in Center-invest Bank's work means: labour productivity, affordable loans for retail customers, support for agriculture, promoting healthy living and responsible consumption, new financial technologies and the digital economy.



### Investments in SDG

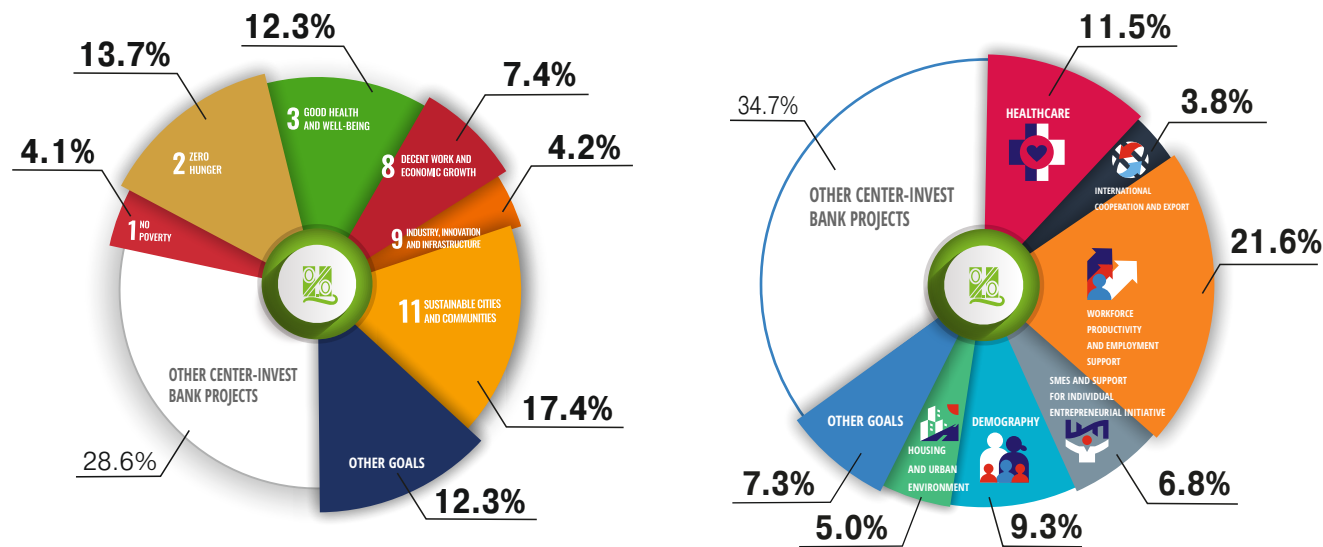


### Investments in National projects



Center-invest Bank provides information about each depositor's contribution to implementation of the SDGs and National Projects. For every 100 rubles deposited with the bank, 73.7 rubles goes towards the SDGs. This includes: 17.4 rubles towards developing sustainable cities and affordable housing, 13.7 rubles on supporting agriculture, 12.3 rubles on health and well-being, and 7.4 rubles on decent work and economic growth. This breakdown clearly shows how every Center-invest Bank depositor is contributing to the sustainable development of the region, the country, and the world.

For every RUB100 in customer deposits as at 01.01.2021



102-12, 102-13  
SDG #17

In 2020 Center-invest Bank continued its membership of the Global Alliance for Banking on Values (GABV). Established in 2009, GABV comprises 63 banks from countries across Asia, Africa, Australia, Latin America, North America and Europe. Collectively, these banks serve more than 70 million customers and have over USD 210 billion in assets.

The mission of the GABV is to use finance to deliver sustainable economic development, and to promote collaboration. For example, the member banks invest over 80% of their funds in lending to the real economy. This is a clear endorsement of the sustainable banking model.

Center-invest Bank’s work is considered an example of international best practice in socially responsible banking. At the GABV annual meeting, the bank was commended for its reference to the UN SDGs and Russia’s National Projects when planning, recording and reporting on its activities. This partnership has given the bank access to the best ESG practice of developing countries and new partners, and the opportunity to work with them.

As an official Signatory of the UN Principles for Responsible Banking (UNEP FI), the bank openly recognises the role of the financial services sector in ensuring the sustainability of our economy and way of life, and it commits to take environmental and social considerations into account in its operations. In its first report to the UNEP FI, the bank demonstrated progress in increasing positive impact, and it set out its tasks for the following year.

Although the bank has not formally signed the following documents, it subscribes to and applies their main principles:

The Ten Principles of the United Nations Global Compact, 2000;  
OECD Guidelines for Multinational Enterprises, 2011;  
United Nations Guiding Principles on Business and Human Rights, implementing the UN “Protect, Respect and Remedy” Framework, 2011.

Center-invest Bank pays membership subscriptions to and participates in the work of the following associations:

- Global Alliance for Banking on Values;
- Association of Banks of Russia (Dr Vysokov is a member of the Association's Presidium and Board);
- Russian Financial Literacy Association (Dr Vysokov is a member of the Association's Supervisory Board);
- National Financial Market Council;
- National Financial Association;
- Association of European Business (AEB);
- Rostov Region Chamber of Commerce and Industry (Dr Vysokov is a Board member), Krasnodar Krai Chamber of Commerce and Industry, Stavropol Krai Chamber of Commerce and Industry;
- Russian-German Chamber of Commerce (Deutsch-Russische Auslandshandelskammer);
- German-Russian Forum (Deutsch-Russische Forum);
- Rostov Region Employers' Union, Russian Union of Industrialists and Entrepreneurs;
- Rostov Region Council of IT Systems Designers (Yuri Bogdanov, member).

Representatives of the bank have been elected to the following:

- the Boards of Trustees of Southern Federal University, Don State Technical University, Southern Russia Technical University, Rostov State Economics University, and Rostov College of Technology and Engineering (Dr Vysokov sits on these boards);
- the Boards of Trustees of the Endowment Fund for Education and Science in the Southern Federal District (Dr Vysokov, chairman; Tatiana Vysokova, board member), the Southern Federal University Endowment Fund (Tatiana Vysokova, chairman), and Don State Technical University Endowment Fund (Dr Vysokov, board member);
- the Administrative Board of the Alliance française-Rostov (Dr Vysokov and Maria Tyndyk).

The bank also works with the following organisations: the Council of Rostov Region Municipal Districts, the Rostov Region Association of Homeowners' Associations, and the Rostov-on-Don Council of Directors.

# Partnership with stakeholders

102-40

Center-invest Bank is the largest private regional bank in southern Russia and a positive example of social responsibility of business based on the ESG-banking business model. The Bank aims at long-term partnership with all stakeholders and sustainable development in the interests of current and future generations. While building relationships with stakeholders, the Bank is guided by the norms of Russian legislation and high standards of business ethics.

Center-invest Bank uses various forms of interaction with stakeholders for the effective implementation of collaborative projects and the achievement of Sustainable Development Goals. The Bank implements partnerships with each of the stakeholders based on the following principles.

## Shareholders and investors

Promoting the interests of investors and shareholders of the Bank, increasing capitalization, transparency of activities and sustainable development are the priorities and parts of corporate responsibility.

- Transparency and timeliness of the disclosure of information about the Bank's activities under IFRS
- Disclosure of information about the management of ESG factors.
- Holding a General Meeting of Shareholders and meetings of the Board of Directors to realize the right of shareholders to participate in the management of the Bank.
- Quarterly reporting on the results of the Bank's work in comparison with the development trends of the Russian financial market and the best international practices.

### Results of 2020:

310.7 million roubles of paid dividends.

A new issue of the Bank's green bonds with a volume of 300 million roubles was placed on the Moscow Exchange in the sustainable development sector.

Subordinated loans in the amount of 10 million US dollars were attracted  
According to the Euromoney business publication, Center-invest Bank is recognized as the "Best Bank in Central and Eastern Europe in the field of corporate responsibility".

## Customers

Our goal is to expand and develop the customer base through the digitalization of products and services, fair rates and training the population financial literacy.

- Development of new products and services based on modern banking technologies and trends.
- Providing services and consultings in the Bank's offices and through digital channels.
- Quality control and expertise of the provided banking products and services.
- Collecting, analyzing and processing customer reviews through all channels.
- 24 hour support service for bank cards and remote services.

### Results of 2020:

1.5 million retail customers.

52,000 entrepreneurs and clients from the SME segment are served by the Bank.

120 offices in 6 regions of Russia.

Leading positions in mortgage lending, consumer loans, startups, women's business, HOA for major maintenance were achieved.

## Staff members

The staff is the most important asset of the Bank and the basis of its competitiveness. The contribution of each staff member to the growth and development of the Bank is important for us.

- Transparency of the Bank's management and the Board of Directors for communication with each staff member.
- Communication with staff members through e-mailing, via social media and at internal corporate events.
- Training and advanced training in the Personnel Training Centre.
- Regular engagement surveys and assessment of the spirit of cooperation in the teams.
- Creating optimal and safe working conditions, as well as expanding voluntary insurance.

### Results of 2020:

74,877 roubles average monthly salary.

657 staff members were trained in corporate programs.

100% of staff members are covered by the voluntary health insurance system.

## Public authorities

The Bank constantly interacts with representatives of the Bank of Russia, cooperates with public authorities, regional and municipal administrations in the regions of its presence, as well as business associations.

- Disclosure of the Bank's activities in accordance with the law, the requirements of the Bank of Russia under RAS and IFRS.
- Monitoring compliance with legal regulations of the Bank of Russia, the Government of the Russian Federation, regional and local authorities.
- Expert examination and professional communication within the working groups with the regulators and authorities, preparation of comments on draft laws and statutory instruments, advisory reports and other analytical materials
- Shaping the Bank's position and interaction with federal authorities, the Bank of Russia and the Banking Association on pressing issues of banking regulation.

### Results of 2020:

1.1 billion roubles – the total amount of taxes, fees and duties paid.

Presence in 6 regions of Russia.

Practical recommendations on the implementation of ESG principles for Russian banks have been developed.

## MASS MEDIA

Ensuring a high level of information transparency, efficiency and reliability are the key priorities in relation to the Bank's interaction with the media

- Active presence in the social media environment, daily monitoring of the media and social media, brand reputation management.
- Publication of information, reports, public positions and response statements on the website and social media accounts.
- Informing the public about the impact of the Bank's activities on the economy, environment and social sphere in all regions of its presence.

### Results of 2020:

More than 200 news and press releases were published, thus provided 7348 publications in the mass media of various levels.

Participation of the Bank's experts in round tables, forums and discussions on sustainable development issues.

Updating of public reporting and information on the Bank's activities in the field of sustainable development.

The Bank has a wide social media presence on Instagram, Facebook, VKontakte, Odnoklassniki, Twitter with a total number of 41,000 subscribers.

## Regions of its presence, local communities and public organizations

Active participation in the development of the social sphere, constructive communication with local communities, non-profit organizations for the development of regions where staff members, customers and partners of the Bank live and work, is an important task for building an effective system of interaction.

- Job creation and participation in the development of the regions of its presence
- Interaction with professional associations and organizations
- Implementation of its own socially significant, environmental and charitable projects (educational, cultural, sports, environmental) in the regions of its presence, as well as in partnership with NPOs, charitable foundations and public organizations.
- Sponsorship and holding of our own business events.

### Results of 2020:

797 staff members in the regions of their presence.

11.5 million roubles were allocated for sponsorship activities and the implementation of CSR projects Support for the annual WWF Earth Hour campaign.

The Bank manages the endowment fund of the largest universities in southern Russia with a total capital of 158 million roubles.

Annually, Center-invest Bank holds meetings with stakeholders in key regions of its activity. The events are held in the format of round tables, seminars, foresight sessions, conferences. Due to the spread of a new coronavirus infection in 2020, all events were held online. Which allowed to expand the audience significantly. Among the participants are representatives of partners and clients, public organizations, educational institutions, mass media, as well as monitoring bodies, executive and municipal authorities. Meeting agenda traditionally includes the following topics: discussion of the Bank's activities and its role in the socio-economic development of the relevant region; discussion of the implementation of the Sustainable Development Goals by the Bank and its clients; discussion and exchange of views with stakeholders. In total, more than 260 round tables were held in the regions of the Bank's activities in 2020. Due to restrictive measures, all events were held online.

## «The Image of a Young Entrepreneur»

In April-May 2020, Center-invest Bank together with the Expert Yug analytical center implemented the project "The Image of a Young Entrepreneur". The task is to form a portrait of the generation that has just begun to show results in business, correlate the results of the current study with the results of a similar project in 2017 and 2019, and also show a gallery of successful young entrepreneurs in southern Russia.

300 young entrepreneurs under the age of 35 from the Rostov Region and Krasnodar Krai took part in the survey. Selection criteria for the young entrepreneurs to participate in the project: age up to 35 years and significant growth potential. The business must operate for at least three years, have a stable revenue, as well as any form of ownership related to conducting commercial activities.

Business spheres do not matter, but the priority is given to industries related to production (especially with the use of unique or rare technologies), digital and medical technologies, agriculture. The main values in entrepreneurship are the quality of life, self-realization and self-expression. The new generation is looking for harmony between work and life. Personal income is necessary for a high quality of life. They are afraid of responsibility, but they want to contribute to society. Mentoring can be a compromise here.

Center-invest Bank has been working with startups and student business projects for a long time, providing them with free training, concessional lending and mentoring assistance through its own Accelerator ([acc.centrinvest.ru](https://acc.centrinvest.ru)). Thanks to such support, more than 1,000 new entrepreneurs are already successfully working in southern Russia. Read more about the project "The Image of a Young Entrepreneur" on the website <https://business.expertsouth.ru/>



## «Business transformation in the remote economy»

From May 1 to May 10, 2020, Center-invest Bank together with public associations of the Rostov Region conducted a survey of entrepreneurs so they would independently assess the potential of their business as a starting point and model a development strategy for the near future.

The survey was conducted on the website [www.centrinvest.ru/transformation](https://www.centrinvest.ru/transformation), which was completed by more than 400 legal entities and individual entrepreneurs.

Almost half of the respondents – 52% of them were representatives of legal entities, 44% of the survey participants were sole proprietors, and another 4% were self-employed. They represent a fairly wide range of activities that reflect the differentiated nature of the economy of southern Russia: trade (33%), agriculture (14%), social services (13%), construction (10%), transport (7%), manufacturing (6%), real estate transactions (4%), etc.



The survey participants realistically assess the difficulties they will have to face in the next 1-2 years. The main ones are: salary budget reduction, staff reduction, an increase in costs, zero profit and minimal revenue growth. However, entrepreneurs are more optimistic about the prospects for development in sight of 3-5 years. They expect an average revenue growth of 6%, remuneration revenue growth of 1.1% and a profit reduction of 1%. Remote economy will change the structure of personnel formation: the number of full-time staff members will grow by 2.7%, staff members on the basis of agency by 5.4%. Costs will also increase — by an average of 6.6%.

The survey revealed that business industry is beginning to understand the growing role of big data and its processing methods for the successful development of projects — this was stated by 6-12% of respondents. 11-18% of business representatives use data in management. 80% of the survey participants consider their own data to be the most important, and 60% consider open sources to be the most important. In the future, about one in four entrepreneurs is ready to pay for useful business information.

Transformation ability is genetically inherent in entrepreneurs. It is important to know global trends, transformations in the client's business, partners and other sectors in order to choose your own transformation trajectory. Remote economy is a global trend that affects all subsystems of the economic mechanism. In each industry, transformations manifest themselves in different ways, each business finds its own combination of capital. The analysis of the questionnaires makes it possible to compare your own transformation strategy with the behaviour of other entrepreneurs, identify the best, come up with the best from solutions and mistakes tested in other sectors, and start searching for such solutions in Open Data.

Detailed results of the study are available on the Bank's website  
[www.centriinvest.ru/transformation](http://www.centriinvest.ru/transformation)



# Business Strategy

102-14

In 2020 Center-invest Bank continued the successful implementation of its 2019-2021 Strategy “ESG Digitalisation of Center-invest Bank's Ecosystem”. The strategy sets out the following main priorities: increasing the bank's revenues; the organisational, technological and digital transformation of business processes based on ESG principles; and implementation of core corporate social responsibility (CSR) projects. The bank's strategy and its main areas are aligned with sustainable development principles, the goals of the national projects, and trends in creating a favourable environment for small business, including youth, female and social entrepreneurship in the regions where the bank operates, accessible finance for retail customers and energy efficiency projects.

In 2020 the bank continued to work on integrating ESG principles into its products and services, and its activities also contributed to implementation of the UN SDGs. The ESG banking business model, based on effective management of social and environmental risks, allows the bank to achieve sustainable long-term profits in the transformations economy (constant change amid continual crises).

## ESG principles mean:

- working to achieve long-term sustainability goals;
- continual analysis of all business processes for compliance with ESG criteria, which informs decisions about whether certain actions should or should not be taken;
- a transparent and sustainable governance system;
- continual innovation based on best practice;
- a responsible approach to financing projects and attracting investment, applying ESG criteria in the interests of all stakeholders.

## Digitalisation means:

- accessibility of financial and digital services for a wide range of customers;
- integration with marketplaces and big data operators;
- solutions based on quantitative assessments and analysis of big data, taking into account a large number of factors, alternatives and risks, so as to coordinate the ecosystem's many elements;
- search and matching algorithms for innovative solutions at a time of transformations;
- accelerated sustainable development and scaling of the best results.

The bank's Strategy is available on its website:

[https://www.centriinvest.ru/files/about/reports/13.02.Strategy%202019-2021\\_English.pdf](https://www.centriinvest.ru/files/about/reports/13.02.Strategy%202019-2021_English.pdf)

102-7, 201-1

Center-invest Bank does not just subscribe to the principles of ESG banking: it demonstrates through its work that ESG banking is effective, as is shown by its financial indicators for 2020:

Center-invest Bank's  
net profits were

RUB **1.0** bn

The bank's  
assets were

RUB **118.0** bn

Capital  
increased to

RUB **14.8** bn

**6.8%**

ROAE was

**18.1%**

Capital adequacy under  
Basel III was

**16.0%**

Tier 1 capital  
adequacy was

102-7

## Center-invest Bank's key financial indicators, IFRS

As at 31 December, RUBbn	2014	2015	2016	2017	2018	2019	2020
Capital	9.6	10.6	11.5	12.6	13.1	14.2	14.8
Assets	91.3	89.6	96.6	102.6	112.2	119.5	118.3
Net loans and leasing	72.0	72.7	73.6	80.1	88.0	85.1	84.5
Deposits	49.2	65.0	80.4	87.2	95.2	99.4	99.2
Profits	1.1	0.5	1.0	1.4	1.5	1.8	1.0
CAR, RAS, % H1.0 ≥ 10.25	10.9	13.0	11.7	11.2	10.7	11.1	13.1
H1.1 ≥ 6.75	7.7	9.5	9.5	9.6	9.5	9.4	9.7
H1.2 ≥ 8.25	7.7	9.5	9.5	9.6	9.5	9.4	9.7
CAR, IFRS, % ≥ 8	14.5	17.1	17.0	16.8	16.7	18.4	21.2
CAR Tier 1, IFRS, % ≥ 4.0	10.3	12.7	13.7	15.0	15.1	16.8	18.8
CAR, Basel 3, % ≥ 10.5	13.0	15.1	14.8	14.6	14.4	15.8	18.1
CAR Tier 1, Basel 3, % ≥ 8.5	9.2	11.2	12.0	13.1	13.0	14.4	16.0
ROAA, %	1.3	0.6	1.1	1.4	1.4	1.6	0.8
ROAE, %	12.1	5.3	9.1	11.8	11.9	13.1	6.8
Cost income ratio, %	43.4	51.1	44.9	48.7	47.6	53.6	64.8

203-2

The bank's main activity - lending to retail customers and SMEs - achieves its aim of having a positive impact on the infrastructure, community and local economy in the regions where the bank operates. In 2020 the bank provided RUB78bn in business loans. A total of 73% of the bank's income is distributed to its suppliers and partners, the population and the state.

204-1

93% of the bank's spending on suppliers is on local suppliers. An ESG bank finances real processes of transformation in its customers' lives and businesses. Retail lending comprises 65% of Center-invest Bank's loan portfolio. The bank's ESG retail lending focuses on traditional secured loans and mortgages. We offer competitive interest rates, and we do not charge additional fees or require customers to take out insurance. These advantages allow the bank to maintain customer confidence and gain new customers, while maintaining the high quality of the lending process.

103-2

The bank maximises the advantages of its strategy (including its risk management strategy): its effective risk management system allows it to offer customers attractive interest rates, ensuring demand for its loan products. This then allows the bank to choose the best customers, maintain high asset quality, and establish a loan portfolio that is highly resilient to external stresses.

ESG risk management requires a bank to consider the specific characteristics of different groups of the population.

For **retail customers**, Center-invest Bank offers over 20 different retail and mortgage loan programmes, including preferential loans under government programmes. Moreover, the bank helps mortgage customers to find the best option for purchasing a property, taking into account incentives under government programmes, the environmental conditions of different locations, and energy efficiency solutions for new homes.

SDG #8

**Small business** is traditionally considered a risky sector for lending. SMEs account for one third of Center-invest Bank's total loan portfolio. To reduce risks, since 1997 the bank has provided entrepreneurs with non-financial services in addition to loans: consulting, audit, outsourced bookkeeping, legal support and tax advice. The modest expenditure on this support reduces the risks of lending to small businesses that are operating legally.

There are various groups within the small business sector. For each group, ESG banking develops special products, reflecting the different lending risks. Together, these loan programmes provide access to finance for customers with different age, gender, business experience and risk profiles.

**Youth enterprise** and start-up projects are expected to implement the creative ideas of the younger generation within the framework of the existing rules and barriers to entrepreneurial activity. To support this process, the bank provides training for new entrepreneurs through its own Business Accelerator ([acc.centrinvest.ru](http://acc.centrinvest.ru)), as well as preferential terms for business bank accounts and loans, and free advice and mentoring.

The bank actively participates in sociological research into the challenges faced by young entrepreneurs, and it implements projects together with university students.

**Lending to female entrepreneurs** promotes the principle of gender equality and benefits from the lower risk appetite of this group. As female entrepreneurs manage risks more carefully, we can lend to them at lower rates, and at the same time, we can focus more on the quality of bank services provided.

**Social enterprise** addresses community needs in a given market on the basis of more effective approaches, cost-recovery and financial sustainability, and it is scalable, while also effectively managing risks. The marketing strategy of social enterprises is to provide services for all, without being ostentatious, in contrast to philanthropy (targeted, discreet), sponsorship (targeted and brash) and show business (for everyone and brash).

SDG #2

**Agribusiness** is considered a risky sector to lend to. Agribusiness accounts for 40% of Center-invest Bank's business loan portfolio, but we are able to manage agribusiness risks effectively. Using longer-term funding when lending to agribusiness not only reduces the risks of poor harvests, but also allows time for the completion of modernisation projects.

# Managing Our Own Environmental Impact

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For Center-invest Bank, the climate agenda continues to be one of the components of the sustainable development concept, or ESG banking, which we view not as an addition or alternative to existing banking practice, but rather a global trend that is gaining popularity among politicians, regulators, investors, customers, and bank management and employees. For optimum risk management and a sustainable and long-term return on investments, the sustainable development concept should have a significant bearing on investment decision-making processes.

Our environmental obligations, on a par with traditional banking products and services, are an integral part of our overall banking strategy, deeply integrated into our business and our long-term priorities of sustainable development, responsible business conduct, and responsible investment. At the same time, our strategy can be rapidly adapted in response to the ever-changing situation throughout the world.

Any financial institution can be involved in environmental protection, even if it is not a source of significant emissions. The bank itself does not have a huge carbon footprint, but some of its customers might.

Center-invest Bank is committed to environmental protection. This includes efficient consumption of resources (electricity, paper, fuel etc). We work hard on developing electronic services, and we also participate in environmental activities. We talk openly about our consumption and our successes in reducing our consumption, thereby setting an example for other companies.

302-4

Center-invest Bank makes considerable efforts to protect the environment. This includes efficient consumption of resources (electricity, paper, fuel, etc), the development of electronic and remote services, and participation in environmental activities.

Despite its steady business growth, the bank is continually reducing its energy consumption. In 2020 the bank used 92 tonnes of paper, 11.5% less than in the previous year. The bank does not use recycled waste or materials. It uses authorised municipal contractors for solid waste disposal.

301-1, 301-2

The bank records its consumption of the following resources:

	2018	2019	2020	2020/2019
Paper (tonnes)	161	104	92	-11.54%
Gas (cubic metres)	321 (10.92 TJ)	303 (10.31 TJ)	320 (10.87 TJ)	5.61%
Electricity (kWh)	4.44 (15.98 TJ)	4.11 (14.81 TJ)	4.16 (14.98 TJ)	1.17%
Gasoline (tonnes)	146 (4.68 TJ)	104 (3.34 TJ)	83 (2.66 TJ)	-20.19%
Waste (tonnes per year)	440	348	204	-41.38%
Environmental protection expenditures (RUB thousands)	490	50	50	0.00%
Waste water collection and treatment (RUB thousands)	185	211	221	4.74%
Waste disposal (RUB thousands)	502	515	302	-41.36%

306-1

In 2020 the bank reduced its waste by 41% (204 tonnes in 2020, compared to 348 tonnes in 2019). Total expenditure on waste disposal, waste water collection and treatment, and environmental protection in 2020 was RUB573,000.

303-1

The bank does not conduct any activities involving: emissions of greenhouse gases, ozone-depleting substances or other pollutants; waste water discharge; spills of liquid waste; transportation of hazardous waste; or a harmful impact on biodiversity.

To reduce its own carbon footprint, the bank installed 44 solar panels on the roof of its head office. The panels have a capacity of 10kW. The daily energy saving thanks to this new green project is equivalent to the electricity used to operate seven ATMs or fifteen payment terminals for a 24-hour period. The anticipated annual power output is 18,250kWh (ultimately dependent on the number of sunny days in the year).

The bank has had an energy efficiency finance programme since 2005. We contribute to environmental protection in Russia by providing businesses and retail customers with loans for the introduction of modern energy saving technologies and measures. To date, we have invested over RUB18.7bn in 22,000 customer projects. The projects financed by the bank have reduced CO2 emissions by 225,000 a year. This is equivalent to:



**Oil - 644,400 barrels**



**Cars - 131,901**



**Trees planted - 9,021,996**



**Rostov-Moscow flights - 2,522,930 people**

The bank aims to continually assess the impact and consequences of environmental, social and project risks. Despite the complexity of the climate agenda and the need for the bank and its customers to adapt their activities in response to climate change, disclosing information about our ESG banking model, and publicly drawing attention to potential risks, helps to raise awareness in society and to identify new opportunities to manage these risks.

The world is undergoing change. In addition to natural disasters caused by climate change, we are seeing new epidemiological challenges connected to these changes. All of this inevitably affects people's way of life, their employment, and their migration. The disruption of established social processes then affects health and demographics.

Notwithstanding the fall in business activity and the various restrictions in 2020, Center-invest Bank continued to provide loans for its customers' energy efficient business transformations. The bank introduced several new "green" projects and it also launched its second issue of green bonds. This was the first time in Russia that officially designated "green" exchange-traded bonds had been issued in compliance with both Russian and international standards for responsible financing. The bonds were placed in the Moscow Exchange's Sustainable Development Sector.

A notable event in 2020 was Center-invest Bank winning the category "Central and Eastern Europe's Best Bank for Corporate Responsibility" in the Euromoney Awards for Excellence 2020. The award was presented to the bank for its transparent reporting under Russian and international standards, its environmental and social responsibility, and its successful localisation of an ESG banking business model.

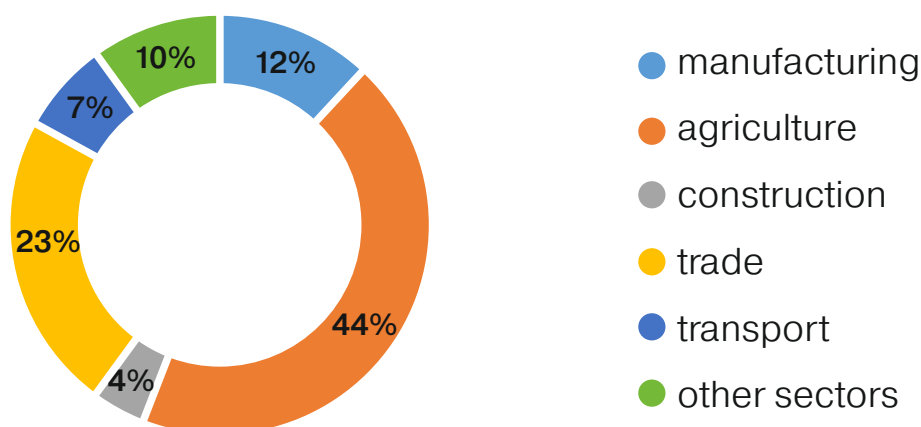
#### Breakdown of business loan portfolio by sector and project risk level as at 1 January 2021:

Sector	Finance amount (RUBm)	% of loan portfolio in sector	Project risk level	Finance amount (RUBm)	Working capital loans	Investment loans	% of loan portfolio in sector
manufacturing	3 995.25	12.1%	низкий	359.82	0.8%	0.3%	1.1%
			средний	3 635.43	8.3%	2.7%	11.0%
			высокий	0	0.0%	0.0%	0.0%
agriculture	14 722.30	44.5%	низкий	5 920.27	9.9%	8.0%	17.9%
			средний	8 251.88	11.8%	13.2%	24.9%
			высокий	550.16	1.7%	0.0%	1.7%
construction	1 310.27	4.0%	низкий	233.57	0.4%	0.3%	0.7%
			средний	1 076.70	1.4%	1.8%	3.3%
			высокий	0	0.0%	0.0%	0.0%
trade	7 626.44	23.1%	низкий	2 863.86	7.1%	1.6%	8.7%
			средний	4 762.58	11.0%	3.4%	14.4%
			высокий	0	0.0%	0.0%	0.0%
transport	2 209.23	6.7%	низкий	281.50	0.4%	0.5%	0.9%
			средний	1 927.73	0.5%	5.3%	5.8%
			высокий	0	0.0%	0.0%	0.0%
other sectors	3 213.30	9.7%	низкий	999.43	1.3%	1.8%	3.0%
			средний	2 213.87	2.1%	4.6%	6.7%
			высокий	0	0.0%	0.0%	0.0%
Total		100.0%		33 076.80	56.6%	43.4%	100.0%



The bank finances energy efficiency projects in the following sectors: agriculture, trade, manufacturing, transport, construction, the service sector, the public sector, utilities, and the private residential sector.

## Breakdown of loan portfolio by sector



## Structure of loan portfolio by level of environmental, social and project risk as at 1 January 2021

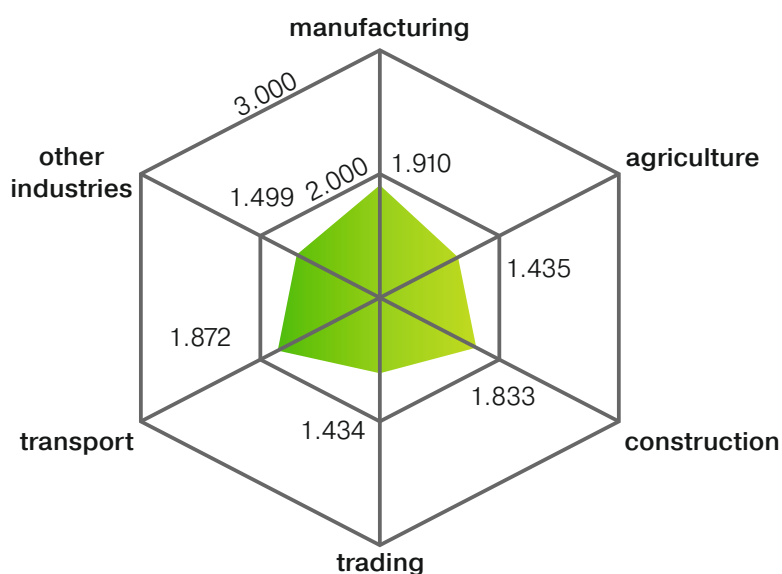
Risk level	Environmental risk, Finance amount (RUBm)	Percentage	Social risk, Finance amount (RUBm)	Percentage	Project risk, Finance amount (RUBm)	Percentage
низкий	23 913.86	72.3%	23 837.32	72.1%	10 658.45	32.2%
средний	7 028.30	21.2%	5 552.36	16.8%	21 868.19	66.1%
высокий	2 134.63	6.5%	3 687.12	11.1%	550.16	1.7%

## Weighted risk level by industry (1 - low, 2 - average, 3 - high)

### Sectors from the top, clockwise:

Manufacturing, agriculture, construction, trade, transport, other industries

In 2020 the bank scaled back its lending to projects with a high level of environmental and/or social risk: there was a 47.8% reduction in the number of projects, and they accounted for just 1.7% of the bank's loan portfolio. By the end of 2020, all of the high-risk projects were for the same customer (a company operating in intensive poultry farming).



## Environmental and social criteria for assessing projects

Center-invest Bank recognises that environmental and social sustainability is fundamentally important to its results. Projects that promote environmental and social sustainability are the bank's highest priority for financing.

The bank's Environmental and Social Policy ("the Policy") sets out its voluntarily assumed obligations to promote "environmentally sound and sustainable development" and cohesive social development. The Policy was agreed with key shareholders and partners of the bank and it was approved by the Board of Directors on 06.09.2010. It was revised on 01.02.2011, 11.09.2012 and 23.04.2014, and in November 2019 the bank adopted a Green Bonds Framework ("Procedures and Principles for Use of Funds Raised by Means of a Green Bond Issue").

The Policy is an integral part of the bank's decision-making process for approving and financing projects. It also applies to the monitoring of project implementation.

The main aim of the Policy is to describe the bank's obligations and procedures supporting the generally accepted principles of environmentally sound and sustainable development throughout its banking operations, investments and technical cooperation, as a cornerstone of rational business conduct.

The Policy defines methods for evaluating and monitoring environmental and social risks and for assessing the impact of projects. It establishes minimum requirements for the management of environmental and social impacts and risks during the lifetime of financed projects. The Policy contains an Exclusion List and sets out the procedure for classifying projects based on the level of environmental and social risk.

The full text of the bank's Environmental and Social Policy is available on the bank's website: <https://www.centriinvest.ru/ru/investors/esg/eco-and-social>

The bank keeps a record of instances when loan applications have been rejected on environmental grounds, for example: the applicant's activities are included in the Exclusion List; non-compliance with health and safety legislation; or existing environmental issues associated with the borrower. It also records instances when bad debts have arisen due to environmental problems. During the reporting period, there were no such instances.

## Energy efficiency finance

In 2020, we provided RUB 1265m in finance for 786 energy efficiency projects.

A breakdown of the energy efficiency projects financed by the bank in the last two years is provided below.

Sector	Number of projects		Total project cost (RUBm)		Finance amount (RUBm)		Percentage	
	2019	2020	2019	2020	2019	2020	2019	2020
agriculture	80	127	711.95	1156.6	607.40	1005.41	54.2%	79.5%
manufacturing, trade	11	2	133.74	16.93	124.07	11.99	11.1%	0.9%
residential	929	637	269.92	194.53	269.92	194.53	24.1%	15.4%
housing and utilities, other	46	20	122.19	53.17	119.08	53.17	10.6%	4.2%
<b>Total</b>	<b>1066</b>	<b>786</b>	<b>1237.80</b>	<b>1421.21</b>	<b>1120.48</b>	<b>1265.11</b>	<b>100.0%</b>	<b>100.0%</b>

Center-invest Bank's success in financing energy efficiency projects is attributable to the proven approach that it developed for its customers in southern Russia: sustainable lending combining technical, financial and social engineering.

The bank's customers can obtain an energy efficiency loan from any of its 120 branches in Russia. The loan can be for various purposes, from purchasing a bakery oven or a combine harvester, to insulating the walls in an apartment building. The bank trains loan officers every year.

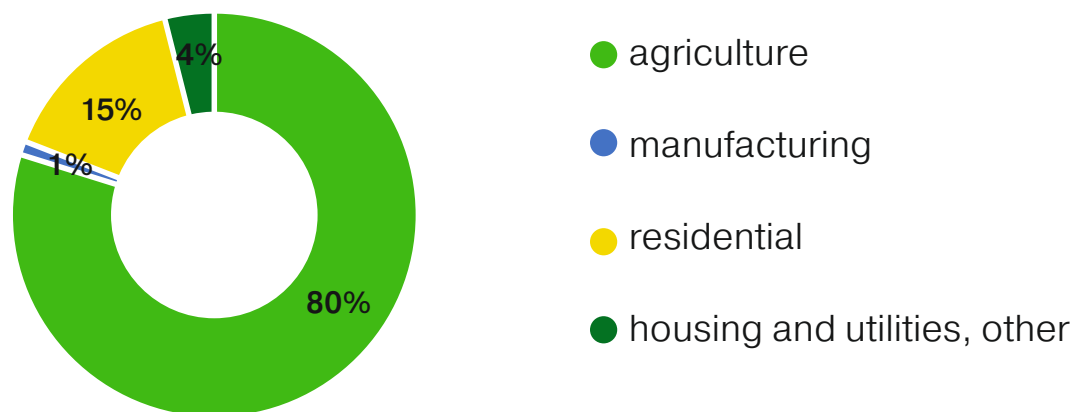
The bank's experts participate in all the main discussions concerning the renovation of apartment buildings, as the bank has unique experience in lending to homeowners' associations and housing management companies for building renovations.

The bank's loan programme for the renovation of apartment buildings continues to be popular. Under Russian law, apartment owners have to pay monthly contributions into a capital repairs fund. This fund is used to carry out renovations in accordance with a regional schedule, meaning that homeowners have to wait until it is their building's turn. However, when a homeowners' association takes out a loan from Center-invest Bank, they can renovate their building straightaway. To date, the bank has made 192 loans to homeowners' associations, for a total of RUB363m. This is the only programme of its kind in Russia.

As well as commercial energy efficiency loans, the bank also provides technical support to help customers calculate the main project parameters in the pre-financing stage.

The bank's 2020 Environmental Report contains information about all the energy efficiency loans made during the year, including data about energy savings (per unit) and reductions in CO<sub>2</sub> emissions (tonnes a year). In 2020, the bank's energy efficiency projects in the housing sector reduced CO<sub>2</sub> emissions by 16,757 tonnes.

## Breakdown by sector of energy efficiency projects financed in 2020



### Bank employees responsible for implementation of environmental and social procedures

**Sergei Smirnov** – Chief Financial Officer, responsible for coordinating the processes used to adopt environmental procedures at Center-invest Bank;

**Olga Fofonova** – manager of Taganrog branch, Secretary for Environmental Protection of Center-invest Bank;

**Alexander Dolganov** – Deputy Chairman of Center-invest Bank's Executive Board, member of the Russian State Duma's working group responsible for the legislative and regulatory framework to support the creation of a standardisation and verification system for green financial instruments.

## Green bonds

Center-invest Bank's activities to reduce environmental harm and to protect or restore natural resources require sufficient finance, the main and largest source of which is the capital markets.

The Moscow Exchange's Sustainable Development Sector was created fairly recently to finance projects in the field of ecology, environmental protection and socially significant projects. It is comprised of three different segments: 1) Green Bonds, 2) Social Bonds, and 3) National Projects.

In 2019 Center-invest Bank's Board of Directors approved a Bonds Programme for a green bond issue. The bank also introduced a Green Bonds Framework (official title, "Procedures and Principles for Use of Funds Raised by Means of a Green Bond Issue") to guide its activities when issuing green bonds.

Center-invest Bank became the first financial institution in Russia to register its green bonds in the Green Bonds segment of the Moscow Exchange's Sustainable Development Sector. This was a landmark event for the Russian economy. For the issuer, Center-invest Bank, this achievement was the logical next step in its responsible financing of environmental measures. Documentary interest non-convertible bearer bonds with mandatory centralised storage were placed by public subscription.

The green bond issue was conducted in accordance with the Green Bond Principles (GBR 2018) of the International Capital Market Association (ICMA), under the bank's Green Bonds Framework, and with an independent external opinion provided by RAEX-Europe.

On 9 December 2020, the placement of a new RUB300m issue of Center-invest Bank green bonds began on the Moscow Exchange in its Sustainable Development Sector. This was the first time in Russia that officially designated "green" exchange-traded bonds had been issued in compliance with both Russian and international standards for responsible financing. The Analytical Credit Rating Agency (ACRA) confirmed that Center-invest Bank's new green bond issue was in line with internationally recognised principles and standards in the field of ecology and / or green financing. The bonds were assigned the highest possible rating, GR1, which means that the issuer's approaches to the selection of projects and management of the funds raised comply with the ICMA's taxonomy and have a positive environmental effect.

#### Green Bonds Issue 2019

ISIN	Issue Code	Date placed	Date included in the Sustainable Development Sector	Maturity date	Nominal value, thousand rubles
<b>RU000A1011P5</b>	<b>BO-001P-06</b>	<b>15.11.2019</b>	<b>12.11.2019</b>	<b>13.11.2020</b>	<b>250 000.00</b>

When Center-invest Bank's first issue of green bonds was redeemed, it was calculated that the environmental impact of the issue was equivalent to a reduction in annual CO2 emissions of 4,600 tonnes (equivalent to planting 187,000 trees). The proceeds from the RUB250m bond issue were used to finance 36 energy efficiency projects, 83% of which were in the agricultural sector and 17% related to manufacturing. The average loan amount was RUB7.1m. The full list of projects financed by this first issue is provided in the bank's 2019 Environmental Report, available below:

[www.centrinvest.ru/files/en-reports/env-report-2019.pdf](http://www.centrinvest.ru/files/en-reports/env-report-2019.pdf)

#### Green Bonds Issue 2020

ISIN	Issue Code	Date placed	Date included in the Sustainable Development Sector	Maturity date	Nominal value, thousand rubles
<b>RU000A102G92</b>	<b>BO-001P-07</b>	<b>09.12.2020</b>	<b>07.12.2020</b>	<b>08.12.2021</b>	<b>300 000.00</b>

The bank's experts forecast that the environmental impact of its second green bond issue will be equivalent to a reduction in CO<sub>2</sub> emissions of 6,408 tonnes.

In every annual Environmental Report, the bank lists all the projects financed in the previous year. The projects financed by the proceeds of the second green bond issue are listed in the 2020 Environmental Report published on the bank's website. The report provides the following information: total project value, amount of finance from the bond issue proceeds, industry of the financed project, reduction in energy consumption, and reduction in CO<sub>2</sub> emissions.

## The bank's own consumption

Despite its steady business growth, the bank continually strives to reduce its use of energy and other resources. 2020 was an exceptional year. At the start of the pandemic, employees were switched to remote working and this proved a positive step in the fight against climate change. Even a partial switch to remote working helped to reduce the air pollution resulting from employee use of private transport to commute to and from work. We also saw a 40% reduction in the bank's solid waste. The implementation of the 2019-2021 Strategy "ESG Digitalisation of Center-invest Bank's Ecosystem", together with the increased demand among both retail and business customers for remote banking services during the pandemic, led to a 28% increase in the total number of retail customers using remote services, and a 52% increase in online applications for business loans compared to 2019.

Given the above, in 2020 the bank managed to reduce its paper consumption by almost 12% and its gasoline consumption by 20%. The bank does not use recycled waste or materials. It uses authorised municipal contractors for solid waste disposal.

At the same time, Center-invest Bank has significant experience, capabilities and a desire to make a positive contribution to sustainable development and the fight against climate change.

The bank is currently working on its new strategy for 2022-2025, "ESG Digitalisation 2.0". The aims and objectives set out in the Strategy will include implementation of the UN SDGs and Russia's National Projects, and also the Paris Agreement, based on regional statistical data for the SDGs.

Our new Strategy will contain quantitative and qualitative indicators for the achievement of sustainability aims and objectives, taking into account Russia's socioeconomic interests. The bank is also examining whether it can become carbon neutral after 2025 to help hold the increase in the global average temperature to below 2°C above pre-industrial levels.

Center-invest Bank aims to continually improve its internal processes for identifying and assessing environmental, social and project risks, to manage these risks in the short and long term, and to introduce best practice in sustainability disclosure.

With Russia's first green bond issues, a green loan portfolio, a green deposit account for responsible investors, and also a small solar power installation, Center-invest Bank is a positive example of a socially responsible business based on an ESG banking business model.

# Impact on society

All Bank units maintain constructive interaction with local administrations and the general public in solving socio-economic and environmental problems, cooperate with non-profit organizations and the expert community at the regional level.

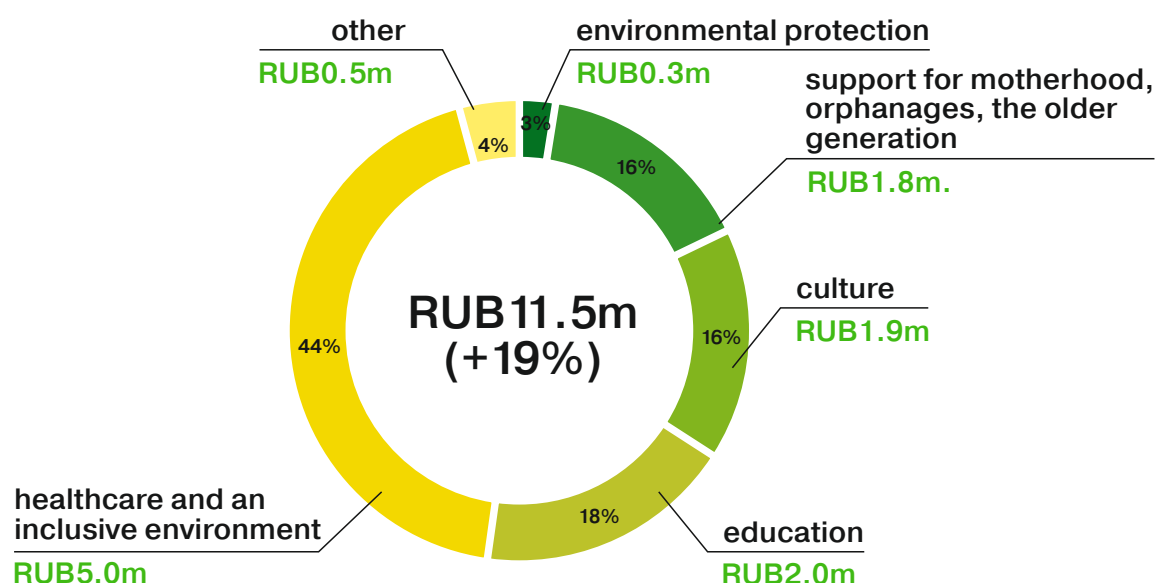
In 2020, Center-invest Bank won the "Corporate Social Responsibility and Charity" nomination at the X Award in public relations activities "Silver Archer"-Yug. The Bank submitted to the competition the project "Financial literacy in sign language", which is being successfully implemented in Krasnodar Krai.

The special project for children and youth in sign language is part of the socio-educational program of Center-invest Bank to improve the level of financial literacy, the purpose of which is to create an accessible environment for financial education of people with hearing impairment. Within the framework of the project, seminars, lectures, games, excursions on the use of finance are held. This project is fully consistent with the Sustainable Development Goals.

All projects of Center-invest Bank in the field of CSR reflect a responsible attitude to the social development of the regions in which it operates, the protection of natural resources, its own rational consumption, improving the financial literacy of the population, the development of entrepreneurship, which together represent the future of the Russian economy.

For many years, Center-invest Bank has received more than 80% of its income from lending to the real sector of the economy and has send the received income (data for 2020): to the population (payment of interest on savings) – 33%, to partners and suppliers – 26%, to staff and the government – 19%, to shareholders (dividends and development) – 22%.

## Charity spending structure in 2020



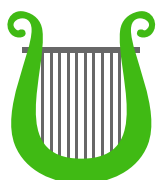
## Areas of corporate social responsibility



Financial literacy  
of the population



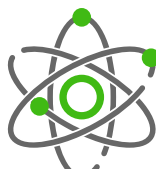
Development of youth,  
women's and social  
entrepreneurship



Culture and the revival  
of spiritual heritage



Care for the elderly, people  
with disabilities, families  
in difficult life situations



Support for education  
and science



Sports, healthy lifestyle  
and environmental  
education

203-1, 203-2  
SDG#4

Center-invest Bank actively interacts with local communities and participates in the development of social, educational, and cultural spheres in the regions of its presence, supports projects in the field of employment and career guidance, improving financial literacy, healthcare, invests in culture, sports, social infrastructure, and helps socially unprotected groups.





## Financial literacy of the population

103-2

In 2020, the Central Bank of the Russian Federation acknowledged the contribution of Center-invest Bank to financial education of the population and thanked Chairman of the Board of Directors, Doctor of Economics, Professor Vasily Vysokov for supporting the activities of the Financial Literacy Development Association.

The team's long-term experience in expanding financial literacy has been summarized by the project "Financial Literacy Centre", which was launched in April 2014 (знания-сила.рф). The main goal of the project is to provide access to free consultations and financial knowledge for residents of southern Russia.

For 6 years, the project has been developed in three regions: the Rostov and Volgograd regions, and Krasnodar Krai. The Bank's main partners in this project were the largest universities in the region: Southern Federal University, Kuban State Technological University, Volgograd Institute of Business. On February 12, 2020, the grand opening of the Center for Youth Entrepreneurship of Center-invest Bank took place in Volgograd at 63 Kachintsev Street.

A new platform for future entrepreneurs is based at Volgograd Institute of Business: now students who want to start their own business will be able to immerse themselves in all the subtleties of business processes without interrupting their studies.

Lectures, seminars and master classes at the Entrepreneurship Support Center will contribute to the development of creative thinking among students, introduce them to the technique of generating ideas, fundamentals of taxation, personnel management, digital marketing, help students to implement their business ideas and launch startup projects already in the last courses of training. For more than 6 years, Financial Literacy Centres (FLCs) of the population have been the basis of the ecosystem of Center-invest Bank, free social and educational projects that reflect a responsible attitude to the development of society, the growth of financial literacy of the population and commitment to ESG principles.

The Centers are actively working in southern Russia: in Rostov-on-Don, Krasnodar, Volgograd, Taganrog and Volgodonsk. And remote communication channels provide equal access to the materials of FLC to everyone, regardless of their location.

The fascinating presentation of the material, real-life examples and professionalism of the FLC lecturers are highly appreciated by the visitors of the centers: schoolchildren, students, the working population and people of the older generation. A unique program has been developed for each category that best meets its interests and needs.

Also, Financial Literacy Centres are implementing the acceleration program of Center-invest Bank, which is created for the successful start of start-up entrepreneurs and new growth of existing businesses ([acc.centrinvest.ru](http://acc.centrinvest.ru)).

FLC specialists are volunteers of the Digital Marathon of Financial Education, they take part in the Financial Literacy Week of regions of Russia on a regular basis.

Center-invest Bank remains the ambassador of financial education of the country and continues to provide expert support for the Financial Literacy Development Association.

#### Specialists and volunteers of the Center:

- organized 4164 events;
- advised 563,800 people on personal finance management;
- trained 2550 volunteers to replicate financial literacy throughout Russia and abroad;
- helped 830 startups start their own business;
- conducted the largest online lesson on financial literacy for schoolchildren, with the participation of 280 educational institutions of Russia.

Date	On 01.01.19	On 01.01.20	On 01.01.21
<b>Total audience of the Center</b>	<b>92 484</b>	<b>256 122</b>	<b>563 818</b>
<b>completed training:</b>	<b>2 170</b>	<b>2 946</b>	<b>3 875</b>
in the Accelerator and are invited on preferential terms	24	103	168
school teachers and university lecturers	563	813	1 154
students who have completed a course in banking	1 583	2 030	2 553
<b>Number of consultations</b>	<b>71 152</b>	<b>110 967</b>	<b>115 009</b>
<b>Participants of seminars and webinars</b>	<b>19 162</b>	<b>142 209</b>	<b>444 934</b>
<b>Total number of events held, including</b>	<b>2 379</b>	<b>3 649</b>	<b>4 164</b>
lectures from the Bank's staff members	1 095	1 511	1 724
lectures and seminars from Center's partners	796	1 187	1 417
external events	488	951	1 023

The consultations of the Financial Literacy Centres (FLC) cover all groups of the population. On a regular basis, the Bank's specialists and partners train students for further volunteer work in key financial areas: private assets management, the basics of business planning, proper loans, online banking, tax treatment and the basics of credit card protection tips.

In 2020, Center-invest Bank and all District Social Service Centres of Rostov-on-Don signed an agreement on cooperation in organizing joint outreach activities for citizens of retirement and pre-retirement age in order to create conditions for preserving and improving their quality of life. Classes are held at the sites of territorial social service centers in all districts of the city, as well as in the "Older Generation" resource center.

During the pandemic, the relevance and significance of online classes has reached its maximum. From April to June 2020, FLC specialists remotely trained 1,027,344 Russian schoolchildren as part of the spring session of the project "Online Financial Literacy Lessons". Online classes introduced schoolchildren to modern financial products and the risks associated with their use, formed important guidance for a competent and responsible approach to making financial decisions.

The Bank participates in federal, regional and city events on financial literacy, which complies with the ESG principles.

Since 2016, Center-invest Bank has been a partner of the Russia's National Financial Literacy Week. In 2020, the Bank held a series of live broadcasts dedicated to financial education and economic security. More than 140,000 people attended the lectures.

Partners, staff members and clients of Center-invest Bank took part in the Russia's National Campaign "Online Financial Literacy Test", organized by the Central Bank of the Russian Federation and the Agency for Strategic Initiatives.

In addition to implementing its own programs, Center-invest Bank joined the initiatives of the Central Bank of the Russian Federation in partnership with the Financial Literacy Development Association. FLC specialists participate in the expert work of the Association, and Chairman of the Board of Directors of Center-invest Bank, Professor V. V. Vysokov is a member of the Supervisory Board, he participates in strategic decision-making. Within the framework of this federal project, the Bank provides financial and organizational support to private and public initiatives in the field of financial education of the population of Russia, as well as promotes the development of the volunteer movement in the field of financial literacy.

In May 2021, the Bank became the first bank of Russia to pass voluntary accreditation of its financial education programs under the Financial Literacy Development Association.



## Development of youth, women's and social entrepreneurship

102-2  
102-3  
203-2  
SDG #8

The Bank invests heavily in small and medium enterprise development, youth, women's and social entrepreneurship through the functionality of its own Accelerator, thereby contributing to the socio-economic development of territories and improving the quality of life of local communities.

The Bank's Accelerator helps at all stages of business development, starting with the development of a strategy, business plan and justification of funding requirements.

More than 6000 startups, social business projects of youth and women's entrepreneurship have already been implemented by the graduates of Accelerator and have received funding under the credit programs of Center-invest Bank.

For financial support of start-up entrepreneurs, as well as projects in the field of youth, women's, and social business, Center-invest Bank has developed special credit programs with a preferential interest rate, as well as an information platform. The Bank's partners under these programs were the Guarantee Funds of the Rostov region, the Volgograd region, and Krasnodar Krai.

In 2020, Center-invest Bank held a business lunch for women entrepreneurs. Businesswomen shared their experience of doing business during the pandemic, and many of them shared success stories in the new reality. The meeting allowed the bank's clients and partners to get acquainted, discuss not only how they had to quickly change their business models this year, master new sales channels, but also look for and find new areas for cooperation.

To promote and replicate successful examples in the field of social entrepreneurship, Center-invest Bank, together with the Russian Union of Journalists and the Public Chamber of the Rostov region, has been holding a competition for the V. V. Smirnov Prize for the mass media since 2015. During this time, journalists from 24 regions of Russia sent more than 900 creative works to the competition commission, the main purpose of which is to identify the best practice of implementing social entrepreneurship projects in the country and tell their readers about them. More than 60 authors became laureates of the competition. The award official website [dobro.centrinvest.ru](https://dobro.centrinvest.ru).

For the fourth year in a row, the Bank has become a partner of the regional Championship "Young Professionals" (World Skills Russia), which aims to attract young people to the production sectors of the economy, the service sector, and improve educational programs taking into account Russian and international requirements for professional competencies. Center-invest Bank has prepared valuable prizes for all the winners.



## Culture and the revival of spiritual heritage

Center-invest Bank contributes to the development of cultural traditions in the regions of its presence. During 2020, the bank's programs in the field of art, theater, music and culture received additional development.

In 2020, the Salsk Art Museum named after People's Artist V.K. Nechitailo has become a new partner of a large cultural and educational program of Center-invest Bank. With the financial support of the bank, the museum has a permanent excursion program "Artists of the Don region".

In 2020, the Stavropol State Museum-Reserve also joined the Bank's program with the project "Growing up in a Museum", which introduces children to cultural life and archeology, history, ethnography, zoology, mineralogy, botany and local history in an interactive format. More than 330 younger viewers have already taken part in the project.

Thematic excursions are also implemented in the branches of the museum: the museum-estate of the academic artist V. I. Smirnov and the art gallery of landscapes of P. M. Grechishkin.

With the support of Center-invest Bank, the Rostov Regional Museum of Fine Arts hosted a unique exhibition of one of the brightest and most talented Russian artists of the late 19th and early 20th centuries, Konstantin Korovin, "A Feast for the Eyes and Soul". The collection of the Rostov Regional Museum of Fine Arts presents unique paintings by K. Korovin, that all world museums want to receive. Due to the pandemic, this exhibition was transferred to an online format, and was visited by more than 3,000 people.

With the financial support of the Bank, after the renovation and repair of the museum, the exhibition "Treasures of the Don Steppes" was reopened at the Rostov Regional Museum of Local Lore, with which the Bank has been working since 2003. In the updated exhibition, the visitors saw jewels that had been hidden from human eyes for thousands of years under the mounds — "steppe pyramids", under the ground of ancient settlements and necropolises.

Since the start of the cultural program with the leading museums of southern Russia in 2003 of Center-invest Bank, more than 420,000 children took part in the program.

The Bank pays for free admission to exhibitions and expositions:

- "Gold of the Don Steppes" in the Rostov Regional Museum of Local Lore
- "The artistic heritage of southern Russia " in the Rostov Regional Museum of Fine Arts
- "And Quiet Flows the Don" in the State Museum Reserve of M. A. Sholokhov in stanitsa Vyoshenskaya, Rostov region and in the "Sholokhov Center" in Rostov-on-Don
- "Artistic heritage for children" in the Krasnodar Regional Art Museum named after F. A. Kovalenko
- "Artists of the Don" in the Salsk Museum named after the folk Artist V. K. Nechitailo
- "The Battle of Stalingrad" in the panorama museum in Volgograd
- "Secrets of the Galaxy" at the planetarium in Volgograd
- "Growing up in a Museum" in the Stavropol State Museum-Reserve.

Center-invest Bank is a permanent partner of the regional theater festival-competition "Melpomene", where a professional jury selects the best productions, roles and theaters based on the results of the past season. In 2020, the award ceremony was postponed from spring to autumn and was held without an audience.

In 2020, the Bank became the general partner of the multimedia project "Live Jazz" together with the publishing house Komsomolskaya Pravda. During the summer months, live on KP radio, on the website [www.rostov.kp.ru](http://www.rostov.kp.ru) and the Youtube channel. The composer and musician Adam Teratsuyan was the expert of each broadcast, he talked about jazz education on Don, trends in the world jazz culture and performed famous hits of the genre live with his students.

Center-invest Bank continued the implementation of the project "Good Theater" for children from large families, orphanages and inclusive classes, jointly with the Rostov State Musical Theater. For three years, the project was attended by 1800 children from large, low-income families, wards of charitable foundations with special needs and inclusive classes who attend performances on a regular basis.

Since 2004, Center-invest Bank has been a partner of the Alliance Française cultural and musical events in Rostov-on-Don.

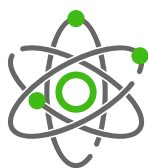
Center-invest Bank is doing a lot to ensure that today southern Russia is famous not only for its wonderful past, but also for its glorious present. We will continue to work on spreading the best cultural achievements.



**Care for the elderly, people with disabilities, families in difficult life situations**

Congratulating veterans on Victory Day has already become a good tradition of Center-invest Bank. For the 75th anniversary of the Great Victory, Center-invest Bank together with the Komsomolskaya Pravda media holding have prepared a unique project. On May 8, 2020, a daily issue of the newspaper was published with an attachment of a reprint (an exact copy) of the victorious issue of Komsomolskaya Pravda newspaper dated May 10, 1945. The circulation of the unique collector's edition was distributed throughout the Rostov region and in the Bank's offices.

For 10 years, together with traditional gifts, Center-invest Bank has been giving a festive concert for all veterans and residents of Rostov-on-Don, in which military musicians take part. In 2020, it was held online, within the framework of which on May 8, at 20.00, jazz singer Oksana Ferenchuk and composer and pianist Anton Svetlichny performed on the official pages of the bank in social networks. In Krasnodar, a charity project "Portraits of Winners" was implemented, timed to May 9, together with the students of the Inva-Studio rehabilitation center for the disabled. The Center's students drew portraits of The Great Patriotic War veterans in various techniques, and an exhibition of these works was held in the Bank's office.



## Support for education and science

SDG#4  
103-3

Support of talented youth is one of the directions of social and educational activities of Center-invest Bank. The bank's projects are aimed at increasing the importance of quality education in modern society, as well as the introduction and development of economic knowledge among schoolchildren and students.

In order to develop distance learning in the interests of the population and business, Center-invest Bank held an online course competition with a prize fund of 1 million roubles. The competition jury has selected 15 best independent and academic distance learning developers to scale their experience in southern Russia, increasing the overall level of educational literacy of the population.

Center-invest Bank became a partner of the first regional track of the all-Russian competition of scientific and technological projects "Big Challenges" in the Rostov region, organized to identify and develop students' creative abilities, interest in design, scientific, engineering, inventive and creative activities, as well as to popularize scientific knowledge and achievements. Staff members of the IT Development Department of Center-invest Bank joined the expert jury, shared their experience and conducted a cross-check of the participants' work online.

In December 2020, Rostov-on-Don hosted the final of the all-Russian student competition – FinCup SFEDU, the partner of which was Center-invest Bank. Center-invest Bank also provided the main prize. This year, the event was held online and was timed to celebrate the 105th anniversary of the Southern Federal University.

Center-invest Bank provided a profile case on topical issues of financial law in changing political and economic conditions, which was worked on by the participating teams. The representative of the bank also joined the professional jury.

In 2007, the shareholders and clients of Center-invest Bank created the first endowment fund in the region - "Education and Science of the Southern Federal District". This is a real and effective financial tool for legal and targeted business support of education and science in southern Russia. As of 01.01.2021, the fund's capital is 110 million roubles. Every year, the Endowment Fund holds a scholarship competition among the best students, issues grants to young scientists, and helps talented inventors.

For 18 years, more than 21,000 students, postgraduates, masters from the largest universities in the regions of the Bank's presence and the Fund's partners have taken part in the Smart Scholarship competition. During this time, 5200 people won the scholarship competition of Center-invest Bank. Every year, the scholarship fund totals more than 9 million roubles.



In 2020, the Smart Scholarship competition continued the vector of digitalization of all stages of organization and implementation. It was held online on the website [smartgrant.ru](http://smartgrant.ru) and on Instagram account @smart\_grant. 872 bachelor's, master's and postgraduate students from 16 leading universities of Krasnodar Krai, the Rostov Region, Volgograd, Astrakhan and Nizhny Novgorod presented their academic achievements, social activities and business projects for consideration by the competition commission. 583 participants who passed the second round presented business ideas in the format of video cards on their social media accounts. As a result, the competition jury selected 200 best contestants who received a personal scholarship in the amount of 40,000 roubles each! The jury traditionally divided the winners' projects into five categories: fintech and information technologies; agro-industrial sector and gastronomy; green economy and medicine; urban environment and production; scientific and educational spheres.

For eleven years, the Bank has been supporting the Science Festival of southern Russia, which brings together all those who are professionally engaged in science and those who have decided to touch the scientific and educational world. Every year, the Bank integrates into the Science Festival with a new interactive program about economics, finance and entrepreneurship, which has been attended by more than 40,000 people for 11 years. In 2020, the Science Festival was held online. The account of Center-invest Bank on a social network Instagram has become one of the venues for the Science Festival.

Center-invest Bank has taken a partnership participation in the educational project of Rostelecom "Digital Education". The Bank provided practical cases for solving current fintech topics and mentoring support to the project participants. The educational content of the course is aimed at both technical and humanitarian students.

Over 3 months, more than 800 students attended lectures on 11 topics relevant to the digital economy. Lectures were held in a special mobile app "Digital RTK". Participants scored points for activity and solving practical problems. Center-invest Bank provided cases for solutions on popular fintech topics: an access control system based on NFC technology, as well as a virtual financial adviser based on Big Data and predictive analytics.

In the spring of 2020, a series of online hackathons was held, the partner was Center-invest Bank. Rostov State University of Economics "RSUE" hosted an online hackathon "Don 2050" on economic modeling of the concepts of the digital economy of the Rostov region in 30 years. The hackathon was attended by 10 teams from among students, the mentors were graduate students of the university. All participants of the online hackathon communicated with each other and provided their works to the jury only through remote communication channels.

The main task of the hackathon is to develop a remote economy design table, for the solution of which the project website was created [don2050.ru](http://don2050.ru), where the online table constructor and lectures of Doctor of Economics, Professor V. Vysokov are located. The participants of the online hackathon created their own design projects for remote economics and proposed new rules of economic behavior. For these rules to work, they must be fundamentally new (creative), include not only strong steps in one area, but also take into account opportunities and threats in other areas (complex) and be ready for the adoption of new laws (constructive).

State Duma Deputies from the Rostov region, who were invited to the awarding of the winners, received the results of the online hackathon in electronic form for the preparation of new laws.

The Bank supported the Forum of Software Developers and allocated a prize fund of 65 thousand roubles for the winners. This year, the "Spring 2020 Hackathon" was timed to the 90th anniversary of Don State Technical University and was held in special format for 48 hours with the possibility of online participation. This allowed to attract 200 participants: 70 people online and 130 - offline in compliance with all security measures.

Center-invest Bank presented 4 cases to the participants, which are aimed at solving urgent problems, including safe banking services during pandemic conditions. Center-invest Bank not only granted the winners with cash prizes for the development of projects, but also invited them to an internship in IT management.

Thematic seminars and workshops have become an important part of the developers' forum. Evgeny Kuznetsov, a development management specialist of the information technology of Center-invest Bank, talked about the features of the process of organizing automated testing of UI web apps using Pytest and Selenium Webdriver, as well as about modern automation tools and the basic principles of working with them.

In May, the Bank became a partner of another online hackathon to develop optimal solutions for society and business for a smooth transition from the pandemic - "Hack COVID-19". The hackathon was held on the initiative of the Ministry of Economic Development of the Rostov Region, the regional "Tochka Kipeniya" and the Rostov Regional Agency for Business Support.

13 teams participating in the hackathon had to develop digital products in 24 hours that would help to reduce the negative consequences of the pandemic for the economy and for every resident of the Rostov region. Specialists of the IT Development Department of Center-invest Bank provided the participants with relevant cases on banking products in the remote economy and according to the results of the hackathon, they evaluated the projects as part of an expert jury.

Team "Crafsed" was the winner. They developed an application cataloging the sights of Rostov-on-Don with augmented reality and the ability to conduct educational quizzes and involve a wide audience.



## **Sports, healthy lifestyle and environmental education**

Specifically for the fans of the Rostov-Don handball club, in August 2020, Center-invest Bank, together with the Mir payment system, presented an exclusive "Fan Card". A loyalty program has been developed for the "Fan Card", which includes cashback, bonuses, discounts that can be obtained by making daily financial transactions on the card.

Center-invest Bank regularly supports modern innovative projects for young people. This meets the strategic objectives for the development of the ecosystem of southern Russia using scientific and technical potential and attracting creative youth.

For the second season, Center-invest Bank has been a partner of the regional stage of the Russian Esports Student League tournament. The Bank provided all participants of the 2019-2020 season with unique gaming equipment, which is rarely found at non-professional competitions. And for those who want to test their knowledge in the financial world of esports, a mini-test on the website [vseobych.pf](http://vseobych.pf) has been developed.

Esports players competed in five disciplines: Dota2, HearthStone, Artifact, CS:Go and Warface. Russia has become the first country in the world to recognize esports as an official sport. This happened in 2001. In 2018 The International Olympic Committee has recognized esports as an official sport, and from 2024 it will be included in the list of the Olympic Games. The participants of the Rostov Esports Student League are actively preparing for international victories with the support of Center-invest Bank.

For Center-invest Bank, environmental responsibility is one of the priority areas along with traditional banking products and services.

Center-invest Bank team makes great efforts to protect the environment, notably through the efficient consumption of resources (electricity, paper, fuel, etc.), the development of electronic and remote services, the team also supports environmental protection measures with its participation. The Bank tries to present the eco-effect for all products and services, where possible.

In November 2020, Center-invest Bank, together with the Krasnodar Regional branch of the Russian Geographical Society, released "Ecological Fairy Tales" and handed over the circulation to schools, libraries and children's centers of Krasnodar Krai.

"Ecological Fairy Tales" is a good guide to the fascinating world of flora and fauna, as one of the forms of environmental education: fairy tales not only entertain, but also educate, introduce children to the surrounding world, teach the basics of environmental knowledge.

Professor Svetlana Litvinskaya - the author of the book is a specialist in the field of ecology, head of the environmental protection commission of the Krasnodar branch of the Russian Geographical Society. The book is intended for a wide range of readers: from kindergarten students, schoolchildren, young ecologists to teachers and all those who are not indifferent to the issues of caring for the environment.

Among the fairy tales included in the book are "The Order of the old Baobab", "The Precepts of the Wise Papai", "The Flower of the Nine Forces", "The Tree of Life" and "The Tale of the 45th Parallel": the memorial sign of the same name symbolizes the unique geographical position of Krasnodar, as a city equidistant from the North Pole and the equator.

The Bank's volunteers regularly take part in environmental actions, subbotniks and garbage collection. Nature conservation, prevention of degradation of the natural environment and the introduction of energy-efficient technologies allowed the bank to reduce CO2 emissions into the atmosphere by 211 thousand tons per year.

#### SDG #11

Center-invest Bank supports the development of children's and youth sports in the regions of its presence and the desire of employees to lead a healthy lifestyle.

Since 2018, Center-invest Bank has been providing regular financial support to the "Nadezhda" Children's Sports club, where more than 50 hearing-impaired boys and girls are engaged in basketball. This is the only children's basketball club working with deaf and hearing-impaired children and adolescents in southern Russia.

Children's chess initiative is developing on Don thanks to the Bank's partnership with the public association "School Chess". This intellectual sport is popular in the region - more than 100 events and online tournaments were held during 2020. Among them are simultaneous display sessions, presentations of new chess literature, mass children's tournaments.

#### 401-2

Optimal conditions for sports activities have been created for the Bank's staff on the territory of the head office. Since 2012, a sports club where you can play ping-pong, kicker, air hockey, darts has been functioning. A weightlifting hall is also equipped. Also, there is a wellness center for yoga, Pilates and fitness in the head office.

The sports tournament traditions at Center-invest Bank began to take shape in 2012, when the first football tournament for the Bank President's Cup was held between the teams of various structural divisions and the branch network, which became an annual event. In 2020, the football tournament was not held due to restrictive measures.

## Volunteering

103-2, 413-1, 413-2

The Bank aims to create a more stable system of corporate volunteering, as this is one of the most important components of the corporate culture.

In 2020, 27% of our staff members were involved in volunteer activities. The main directions of corporate volunteering include assistance to vulnerable segments of the population, services in the field of education, environmental protection and social protection.

The development and support of the corporate volunteering culture not only brings social benefits to society, but also has a positive impact on the development of personal skills of staff members and team building.

In September 2020, at the congress of financial education volunteers, Center-invest Bank presented its experience in organizing work on the dissemination of financial literacy of the population. Online financial education events for volunteers from all over the country are held by the Financial Literacy Development Association in the form of a "Digital Marathon". Within three months, more than 15 regions of the country will become the base platforms for broadcasting the positive experience of organizing the volunteer movement.

The volunteers of Center-invest Bank and Financial Literacy Centres take an active part in events to promote financial literacy, train and advise young people, working citizens, pensioners and representatives of small businesses on financial issues free of charge.

As a member of the Association of European Businesses (AEB), the Bank together with a global agricultural machinery manufacture CLAAS regularly participates in the implementation of the career guidance program of the Ministry of Labour and Social Development of Krasnodar Krai for children from social rehabilitation centers and boarding schools. This program includes visits to various enterprises of the region in order to expand the horizons in the field of diverse professional training and includes lectures on modern banking, on the activities of staff members of the banking sector, on financial security and banking products.

Director of the Financial Literacy Development Association Veniamin Kaganov highly appreciated the systematic, stable and effective work of Financial Literacy Centres of Center-invest Bank and particularly noted the work within the framework of the inclusive project "Financial Literacy in Russian sign language". This is a unique, inclusive project for children, youth and pensioners to improve financial literacy in sign language, which the Bank has been implementing since 2019 with the assistance and in partnership with the Krasnodar regional branch of the All-Russian public organization for the disabled "All-Russian Society of the Deaf", as well as the active participation of the public organization "Deaf Kuban Youth Movement".

Our goal is to continue promoting a culture of volunteerism, increase the percentage of employees involved with an emphasis on the branch network, popularize volunteerism through the involvement of external volunteers from among the clients and partners of the bank's ecosystem. The priorities for the next year are also the preservation of high indicators in the number of volunteer hours and the expansion of social support programs within the framework of corporate volunteering.

## External communications

103-2, 413-1, 413-2

The Bank refrains from any negative impact of its activities on local communities, informs local communities in a timely manner about the impact of external risks, anti-corruption policies and methods, informs law enforcement agencies about the facts of corruption and violations of legislation in accordance with the procedure established by legislation of the Russian Federation.

Following the results of first half-year 2020, Center-invest Bank entered the TOP 10 of the rating of the Best online chats of Russian banks prepared by robank.ru. When compiling the rating, the quality of the consultation, the functionality of the chat and the speed of the response were taken into account.

Center-invest Bank took the 6th place among the "Best online chats of banks". Remote services and consultations of Center-invest Bank were noted as the best in terms of the quality of responses, completeness and accuracy.

The omnichannel platform implemented in Center-invest Bank was launched in 2020 and combined the official website, WhatsApp messenger chat, social networks and a contact center. This is a unified communication environment for the bank and its customers, which allows the bank's contact center operators to freely switch between channels of interaction with customers and allows customers to quickly get the necessary information in a convenient format. The omnichannel platform allows to analyze customer preferences, conduct cross-sales and generate new banking products and services.

Every month, the operators of the contact center of Center-invest Bank process more than 30,000 requests through various channels. The main topics the clients apply for online advice are mortgages, a mobile application and information about the working hours of offices.

The Bank actively promotes all available forms of digital interaction with customers; however, it sees the need and supports the possibilities of offline communication with interested parties in the offices of the bank's branch network.

In 2020, the Bank's Contact Center processed more than 400,000 incoming calls, which is 8% more than in the previous year. The main focus was on expanding the channels of written communications and card sales on incoming and outgoing calls.

An omnichannel platform was introduced and a new channel of interaction with customers was launched in the Whatsapp messenger, the chat on the Bank's website was also modernized. In 2020, the Contact Center staff members served more than 16,000 customers through written channels, which is 10 times higher than in 2019. According to the service quality assessment in messengers conducted by Naumen, Center-invest Bank entered the Top 5 best banks.

In 2020, together with Apexberg, an anonymous survey of staff members of the Bank's contact center about their satisfaction with working conditions was conducted. The average level of satisfaction was 82%, which is a high indicator among contact centers in Russia. The staff members of the Contact Center constantly improve their skills, participate in specialized conferences.

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Due to the transition of the audience to the digital space, great attention is paid to communication with customers, partners and staff members of the bank on social media.

The year 2020 was marked by special attention to social media in connection with the pandemic period. The bank, responding to the challenge of the time, has strengthened its work on the development of the digital space and made it the most important channel of interaction with the client - showing its individuality with the help of unique content, demonstrating loyalty and customer orientation, communicating in the comments, conducting a dialogue with customers and solving their problems in the usual chat format. During the quarantine period, the bank's social media assumed a full-fledged feedback function.

Banking communities on social media are among the TOP 30 largest by the end of 2020; the bank ranks 27th in the overall rating. And also, in the TOP 20 most effective banks on social media at the beginning of 2020 and occupies the 19th position. The audience on the bank's social media as of 01.01.2021 is 41004 subscribers.

In line with current tasks to educate the public and staff members about the news of the Bank (strategic and financial performance, new products, online meetings and events) during 2020 more than 200 press releases were prepared and published, which eventually gave 7348 publications in mass media at various levels (55% - federal sources, 45 – regional sources).

In 2020, the most discussed and replicated information guides were the launch of the first eco-deposit in Russia, the second issue of "green bonds", the recognition of Center-invest Bank as the best bank in Central and Eastern Europe in the field of corporate responsibility according to the Euromoney business publication.

Also, the media widely covered the speech of Chairman of the Board of Directors of Center-invest Bank, Professor, Doctor of Economics V. V. Vysokov at the summit of the "Business Twenty" (B20) in Saudi Arabia, his appointment as the head of the project group "ESG-banking" of the Association of Banks of Russia and, in general, the topic of responsible banking and the ESG concept on the example of Center-invest Bank.

According to the results of 2020, Center-invest Bank entered the TOP 30 banks in Russia by popularity in Yandex search engine. This rating reflects the average number of brand requests per month for the entire year of 2020. The frequency of requests from Center-invest Bank in the search engine increased by 7.6% over the year. The effectiveness of communications is evidenced by the high index of direct speech, which increased from 30% to 43%.

The bank is constantly actively working with key media outlets to integrate news stories into information materials and prepare special PR projects aimed at increasing the recognition of the bank's products and services, as well as forming and consolidating a positive image in the infosphere.

In February, the annual meeting of the bank's TOP managers with representatives of the business media of the region was held, during which the bank presented the results of the year and the development plan. The main information material on the results of this meeting was published in Expert Yug magazine <https://expertsouth.ru/articles/zelyenaya-strategiya-banka-tsentrinvest/>



From January to May, a series of stories of aspiring entrepreneurs within the framework of the Startup Parade project was held in the business newspaper "City N"

<https://www.centrinvest.ru/ru/about/articles/36237/>

Every year the final material is published in this business publication

[https://gorodn.ru/razdel/novosti\\_kompaniy/innovatsii/32782/](https://gorodn.ru/razdel/novosti_kompaniy/innovatsii/32782/)

The autumn issue of the journal of the Chamber of Commerce and Industry of the Russian Federation was published with a foreign material about Center-invest Bank and V. V. Vysokov on the cover

<http://www.iimba.ru/articles/zelenyy-svet/>

At the beginning of the year, the parliamentary newspaper Rossiyskaya Gazeta published an analysis of the region's economy prepared by the bank's specialists <https://rg.ru/2020/04/15/bankovskie-analitiki-podveli-ekonomicheskie-itogi-2019-goda.html>

At the time of the lockdown and the beginning of the economic crisis, the press service specialists conducted a survey of clients <https://www.centrinvest.ru/ru/about/articles/36236/> and as a result, the publication Kommersant-Yug published an analytical interview with Professor Vysokov about the situation and scenarios for overcoming this crisis. <https://www.kommersant.ru/doc/4341339> Throughout 2020, the magazine Bankovskoye Obozreniye published materials on the bank's best practices in the field of working with SMEs, green financing, ESG banking and the development of remote channels and services.

Win-win effect in the ESG model <https://bosfera.ru/bo/effekt-win-win-v-modeli-esg>

The course aims only for online <https://bosfera.ru/bo/kurs-tolko-na-onlayn>

Support from the South <https://bosfera.ru/bo/podderzhka-s-yuga>

The Bank strives for a comfortable grocery availability <https://bosfera.ru/bo/bank-stremitsya-k-komfortnoy-produktovoy-dostupnosti>

Clients see their role in the sustainable development of the region, the country, the world

<https://bosfera.ru/bo/klienty-vidyat-svoyu-rol-v-ustoychivom-razvitii-regiona-strany-mira>

Our business model ensures both responsibility to society and profitability

<https://bosfera.ru/bo/nasha-biznes-model-obespechivaet-i-otvetstvennost-pered-obshchestvom-i-pribylnost>

Together with the business magazine Expert Yug, 2 special projects were implemented during 2020. Analytical study "The image of a young entrepreneur" <https://expertsouth.ru/specprojects/obraz-molodogo-predprinimatelya-novoe-pokolenie/>

As a result, an article and the opinion on this study of V. V. Vysokov were published.

<https://expertsouth.ru/articles/my-nashli-optimalnuyu-formu-vzaimosvyazi-pokoleniy/>



In the second half of 2020, the second special project "Transformation of the Business of the South" was released, within the framework of which a series of interviews with entrepreneurs-clients of the bank about their transformation in the new remote economy was published.

[https://expertsouth.ru/articles/anton-lobintsev-the-bebop-burgers-nado-stat-tsifrovym-chelovekom-eto-vyzov-rynka/?sphrase\\_id=300067](https://expertsouth.ru/articles/anton-lobintsev-the-bebop-burgers-nado-stat-tsifrovym-chelovekom-eto-vyzov-rynka/?sphrase_id=300067)

[https://expertsouth.ru/articles/iz-prodavtsov-v-proizvoditeli/?sphrase\\_id=301668](https://expertsouth.ru/articles/iz-prodavtsov-v-proizvoditeli/?sphrase_id=301668)

In December, an analytical article within the framework of this project was published

[https://expertsouth.ru/articles/pandemiya-uskorila-transformatsiyu-biznesa-/?sphrase\\_id=300067](https://expertsouth.ru/articles/pandemiya-uskorila-transformatsiyu-biznesa-/?sphrase_id=300067)

Also an article by Professor Vysokov with a forecast of the economic development of the region was printed on the pages of the magazine <https://expertsouth.ru/articles/vysokov/>

During 2020, Center-invest Bank and Delovoy Kvartal-Nizhny Novgorod magazine talked about the conditions under which Nizhny Novgorod businesswomen develop business in a special information project. Read all the interviews of the project participants using the hashtag #WomeninBusiness on the website nn.dk.ru.

An important element of the system of interaction with local communities is the system of working with appeals and complaints. All procedures for carrying out this work are regulated by the Bank's internal regulatory documents. All appeals, regardless of whether they are individual or collective, are registered in a special database on the day of receipt and are transferred to the responsible employees for consideration.

Center-invest Bank supports and organizes business events aimed at exchanging experience, developing international cooperation, attracting investors and increasing the investment attractiveness of the regions where the Bank operates. In 2019, Center-invest Bank became a partner and a sponsor of more than 70 business events of various levels.

The Bank refrains from financial support of political parties, advises political and public organizations free of charge, participates in the work of public councils under state authorities and management bodies.

# Human capital development and labour relations management

102-8, 103-1

The main priorities for the Bank are to ensure compliance of all performed actions in the field of personnel management in accordance with Russian legislation, development and updating of relevant local regulations; development of knowledge, skills and potential of staff members and managers of the Bank; improvement of the motivation system.

102-15

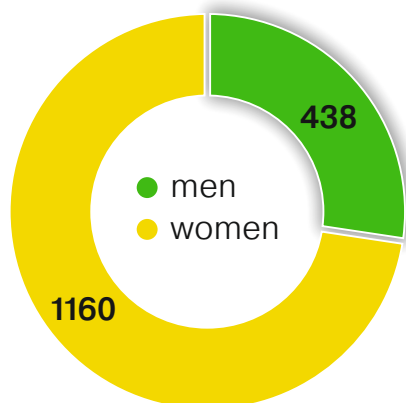
The Bank does not discriminate against staff members on gender, age, national, religious and other grounds. Child labour has never been used in PJSC CB Center-invest Bank.

401-1

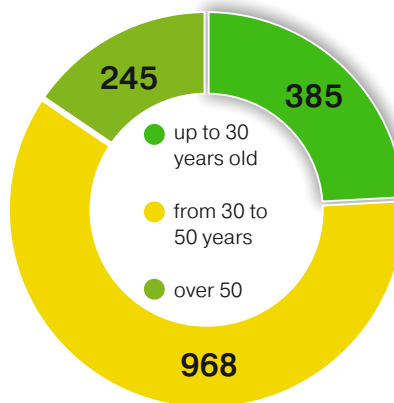
## Total number and percentage of newly hired staff members

	Number of staff members as of 01.01.2021	Number of staff members as of 01.01.2020	Number of newly hired staff members in 2020
<b>Total</b>	1 598	1 645	100
<b>By gender</b>			
men	438	438	36
women	1 160	1 207	64
<b>By age group</b>			
up to 30 years old	385	441	63
from 30 to 50 years	968	985	37
over 50	245	215	-

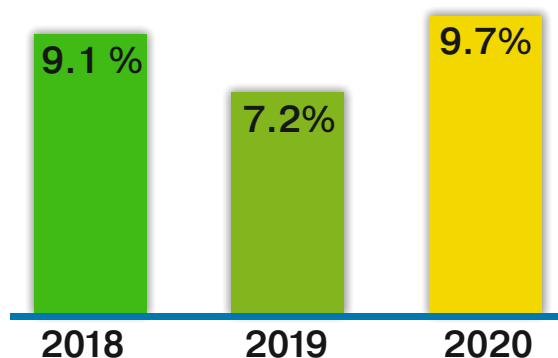
The personnel structure of the Bank according to the gender criterion, people



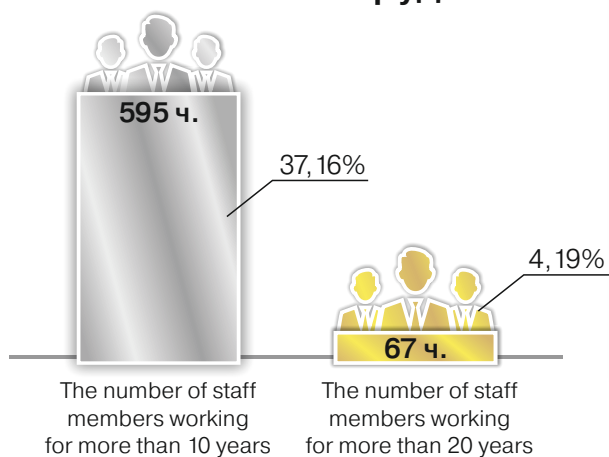
The personnel structure of the Bank according to the age criterion, people



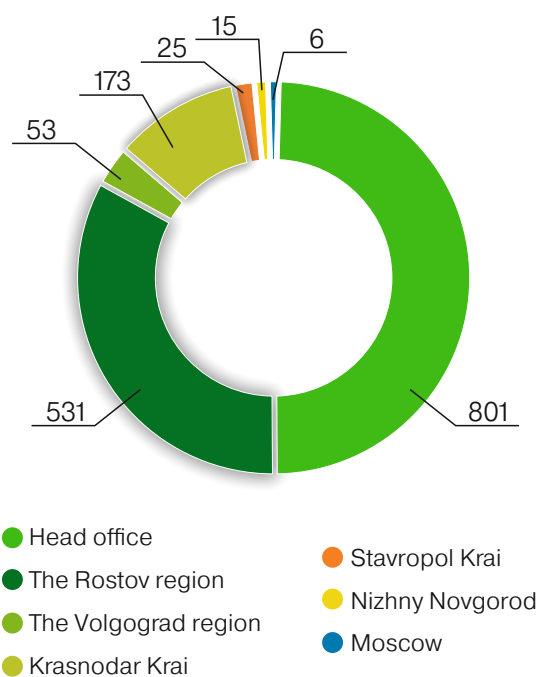
### Staff turnover, %



### Количество сотрудников



### Distribution of staff members by regions of presence as of 01.01.2021



102-41

The Bank's existing standards of corporate conduct and corporate ethics comply with the requirements of Russian legislation, fully protect the interests of staff members and do not require the use of collective labour agreements.

Center-invest Bank pays great attention to the training of the personnel reserve in order to develop, promote and retain staff members with high potential, as well as to ensure effective replacement of vacant or newly created managerial positions.

401-3

In accordance with Russian legislation, national traditions and established practice, all staff members of the Bank have equal rights, equal conditions and equal opportunities for career growth.

405-1

The proportion of women among the Bank's staff members remained almost unchanged and in 2020 amounted to 72.6% (74% in 2019). The proportion of women among managers in the structural divisions and offices of the branch network in the reporting year amounted to 63.6%

Heads of structural divisions/offices	The Rostov region	Krasnodar Krai	Stavropol Krai	The Volgograd region	Nizhny Novgorod	Moscow
women	21	14	2	2	1	0
men	12	2	0	2	0	1

The number of employees who are members of the governing bodies, as of 31.12.2020				
	Total	Up to 30	30-50	Over 50
Board of Directors				
Total	7			7
Including women				1
men				6
Правление				
Total	7		6	1
Including women	3		2	1
men	4		4	

405-2

An annual study of staff members' salary level is conducted, as a result of which the Board of Directors and the Bank's Board make a decision on the possibility of indexation. Most of the Bank's staff members' income is formed from a fixed official salary. The variable part is determined by the management in such a way as to create flexible conditions for increasing motivation, but not generate additional risks for the system.

The variable remuneration policy is reviewed as necessary, and is reported to all staff members. At the same time, the KPI is formed in a balance between personal and team results, gross indicators and qualitative parameters of customer satisfaction (relevant for the front office).

Heads of divisions and branches	The Rostov region	Krasnodar Krai	Stavropol Krai	The Volgograd region	Nizhny Novgorod	Moscow
Average monthly nominal accrued salary in the subjects of the Russian Federation in 2020, roubles	51 083	37 666	35 599	35 563	33 708	35 011
Average monthly salary for the bank's divisions in 2020, roubles	74 877	70 322	58 084	76 092	67 434	87 066
Men	93 137	101 821	87 367	93 231	66 018	58 196
Men under the age of 30	63 880	59 554	0	64 380	54 364	58 196
Women	67 281	67 717	56 131	67 468	67 647	89 287
Women under the age of 30	54 751	49 493	53 476	55 183	54 250	76 158

404-1

The Bank has established a Personnel Training Center, which regularly conducts staff members certification events to assess the level of professional and personal qualities, encourage them to improve their skills, improve the quality and efficiency of work.

The personnel training and development system covers all business areas and categories of staff members in order to maintain the necessary level and develop professional competencies, strengthen the managerial skills of managers, and form a personnel reserve.

Professional tests have been developed for all categories of front office staff members to optimize and standardize the processes of personnel qualification control when hiring, transferring to another position, and annual monitoring of the professional level of full-time staff members.

In 2020, the full digitalization of the training and knowledge control processes of staff members were carried out. 100% of the trainings and certifications were conducted in a remote format.

During 2020, the specialists of the Personnel Training Center conducted 410 certifications, 163 trainings and eventually trained 657 staff members.

In the reporting year, the range of training courses, courses and programs was expanded. The programs are aimed at developing professional and flexible skills.

Among the programs on soft skills, the most popular are the programs for the development of communication skills, sales skills, handling objections and management skills.

**168 people** - Programs for the development of communication skills.

**270 people** - Programs for developing sales skills and handling objections.

**51 people** - Programs for the development of managerial competencies.

## Training and training of personnel (person)

indicator	2018	2019	2020
In total for the year, including by category:	260	854	657
Top managers/heads of structural divisions/offices of the branch network	30	71	93
Specialists	46	157	113
Young specialists (up to 3 years of work experience)	184	626	451

404-2

The Bank strives to develop communication channels with staff members, takes into account the opinion of staff and respects the right of staff members to access the necessary information. The Bank builds loyalty and increases staff members motivation by providing a competitive level of remuneration, comprehensive social support, safe and comfortable working conditions, training and realizing the career potential of staff members.

In 2020, a digital HR tool became available for all staff members of the Bank - the "I want career development" button. This option allows each staff member to declare their desire for development, to receive an individual development plan within the programs available in the Bank's Personnel Training Center.

102-23

The Bank strives to ensure a balance between the implementation of the work function and personal life, maximizing the maximum usefulness and satisfaction of each staff member. The Bank sees great potential in the development of corporate volunteering and charity programs among staff members.

401-3

Care, attention and respect for motherhood are reflected in the fact that the birth rate in the families of the Bank's staff members is 4 times higher than the average for the Russian Federation. In 2020, all 62 employees exercised their right to maternity/paternity leave. All staff members who previously went on maternity leave continued to work at the bank in the same or similar positions.

Every staff member knows about their right to address any question to any level of management and get a full and exhaustive answer. This is not only a rule, but also a culture of relationships in the ESG Bank.

403

The Bank makes all necessary efforts to preserve the life and health of staff members, to ensure their safety at work. There are no jobs associated with injuries or a high risk of morbidity in the Bank, and there were no cases of industrial injuries in 2020.

For many years, the Bank has been voluntarily providing medical insurance to staff members at its own expense, implementing measures to prevent acute respiratory viral infections, including offering to undergo appropriate vaccination on a voluntary basis.

	2018	2019	2020
<b>Number of insured employees</b>	1598	1645	1656
<b>including women</b>	1160	1207	1224
<b>including women</b>	438	438	432

The Bank's staff members are responsible for their own health, the health of their colleagues and customers, so they started the vaccination process against Covid-19 in the reporting year, and individual staff members took part in voluntary clinical trials of the effectiveness, immunogenicity and safety of the Sputnik V vaccine.

## Development of young specialists

404-2

In its personnel policy, the Bank does not use the method of "headhunting", it forms a personnel reserve, attracting and teaching students of local universities for internships in the Bank. For 27 years, Center-invest Bank has been operating an internship program and training of the personnel reserve. The entire course of training of interns and internships is organized in Financial Literacy Centres in Rostov-on-Don, Krasnodar, Volgograd. In 2020, 523 people were trained at the FLC on the "Banking" course, 73 best young specialists of total 523 became staff members of the Bank.

## Interaction with universities and training of young specialists

Indicator	2018	2019	2020
<b>Number of partner universities</b>	16	18	20
<b>Number of interns and students doing practical training</b>	114	97	62
<b>Number of university graduates employed</b>	110	78	73

Center-invest Bank actively develops cooperation with universities in the regions of its presence, creating basic departments, opening joint Financial Literacy Centres, attracting students to participate in the Bank's scholarship program and internships in the Bank's offices.

## Product Responsibility

416-2, 417-3

Center-invest Bank does not sell any banned or disputed goods or any goods that do not comply with regulations, including those on advertising, promotion and sponsorship.

The bank complies in full with legislation on banking secrecy and data protection.

Center-invest Bank:

- does not provide any products or services that have a negative impact on health and safety or that do not comply with regulations;
- voluntarily and intentionally develops and sells products and services that help its customers to raise their standards of living and run sustainable businesses;
- regularly and purposefully informs customers of its products and services through all forms of mass media;
- uses information technologies to enable customers to select for themselves the most suitable terms on which to receive services;
- monitors the compliance of its products and services with regulations and voluntarily assumed obligations, by analysing customer feedback and using mystery shoppers. No significant deviations from regulations or voluntary obligations have been found;
- continually develops its products and services, taking customer views into account;
- regularly responds to customer queries.

206-15

In the reporting year the bank did not receive any penalties for non-compliance with regulatory standards or voluntarily assumed obligations relating to the marketing of financial services and customer communications.

The precautionary principle is included in the bank's risk management procedures and must be applied in decision-making.

In 2020 the bank received the following fines:

- RUB500,000 under a Bank of Russia directive;
- RUB23,500 fine from the Federal Tax Service for late submission of information about customer accounts that were suspended and other information about customers, and other breaches;
- RUB100,000 fine from the Federal Service for Supervision of Natural Resource Use for non-compliance with environmental and sanitary and epidemiological standards for the management of production and consumption waste.



# Corporate Governance

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In 2020 the coronavirus pandemic led to major changes in many areas. The corporate governance system was also affected by these changes, both in terms of procedural aspects and practical decisions.

The bank complies with all the regulatory requirements for the corporate governance of joint-stock companies and credit institutions, and it is committed to implementing best international practice and the recommendations of the national regulator.

The purpose of the bank's corporate governance system is to protect the rights and interests of shareholders and to establish dialogue with all levels of management, the regulator and other stakeholders to deliver sustainable growth in the value of the bank, with due consideration for ESG principles.

102-16, 102-21, 102-29

The bank has long consulted with key stakeholders on corporate governance matters. The International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) were involved in developing Center-invest Bank's first corporate governance documents (Code of Corporate Conduct, 2004, and Code of Ethics, 2005).

The bank currently has over 20 internal documents (byelaws, policies, strategies, etc) covering a wide range of issues relating to corporate management, risk management, human resources management, environmental and social responsibility, partner relationships, information security, and other matters. The full list of documents is available here

(Page 35, <https://www.centrinvest.ru/files/about/reports/annual/Annual-report-2020.pdf>).

Familiarisation with these documents is an essential part of new employee induction, and also required for vertical and horizontal job rotations, depending on the role.

## Corporate governance principles:

**Accountability.** The Code of Corporate Conduct establishes the accountability of the Board of Directors to the bank's shareholders and provides guidance to the Board of Directors when developing the bank's strategy and managing and monitoring the activities of the executive bodies.

**Fairness.** The bank undertakes to protect shareholders' rights and to ensure equal treatment of all shareholders, including minority and foreign shareholders. The Board of Directors shall afford all shareholders effective protection should their rights be infringed.

**Transparency.** The bank shall provide timely and reliable disclosure of information about all material facts relating to its activities, including its financial position, results, ownership and governance structure, as well as free access to such information for all stakeholders.

**Responsibility.** The bank recognises the rights of other stakeholders in accordance with the law and other regulatory requirements.

## Approaches to corporate governance

102-25

The bank, its officials and all its employees are guided in their actions by current legislation and also generally accepted business ethics as defined in the Code of Corporate Conduct and the Code of Corporate Ethics. The bank continually works to avoid conflicts of interest.

The bank complies substantially with the principles and recommendations of the Code of Corporate Governance approved by the Bank of Russia (Bank of Russia letter No. 06-52/2463 of 10.04.2014 on the Code of Corporate Governance).

Center-invest Bank will continue developing and enhancing its corporate governance practices in accordance with the recommendations of the Code of Corporate Governance, based on analysis of scope to apply new practices in the bank.

## Key events

Chairman of the Board of Directors of Center-invest Bank, Dr Vasily Vysokov, headed up a new ESG Banking Project Team for the Association of Banks of Russia.

Center-invest Bank presented its unique experience of responsible finance at the Sustainable Investment Forum organised by United Nations' Climate Action. Lidia Simonova, Chairman of Center-invest Bank's Executive Board, was the only Russian speaker at this international event.

Measures taken by Center-invest Bank in response to COVID-19 were highlighted as examples of best practice among signatories to the Principles of Responsible Banking of the UNEP FI.

The bank raised USD 10m in subordinated loans for its capital.

In light of the epidemiological situation, the Board of Directors adopted a new document to ensure the functioning of the bank: "Center-invest Bank's Business Continuity and Recovery Plan in the Event of Critical Threats to Biological Security".

The Analytical Credit Rating Agency (ACRA) upheld Center-invest Bank's A(RU) national scale rating, outlook stable.

The Euromoney business magazine recognised Center-invest Bank as "Central and Eastern Europe's Best Bank for Corporate Responsibility".

Dr Hans Unterdorfer, member of the Board of Directors and Chairman of its Appointments and Remunerations Committee, was appointed Deputy Chairman of the Board of Directors.

The Annual General Meeting of Shareholders elected the new Board of Directors, agreed dividend payments, and also appointed KPMG as the bank's new auditor.

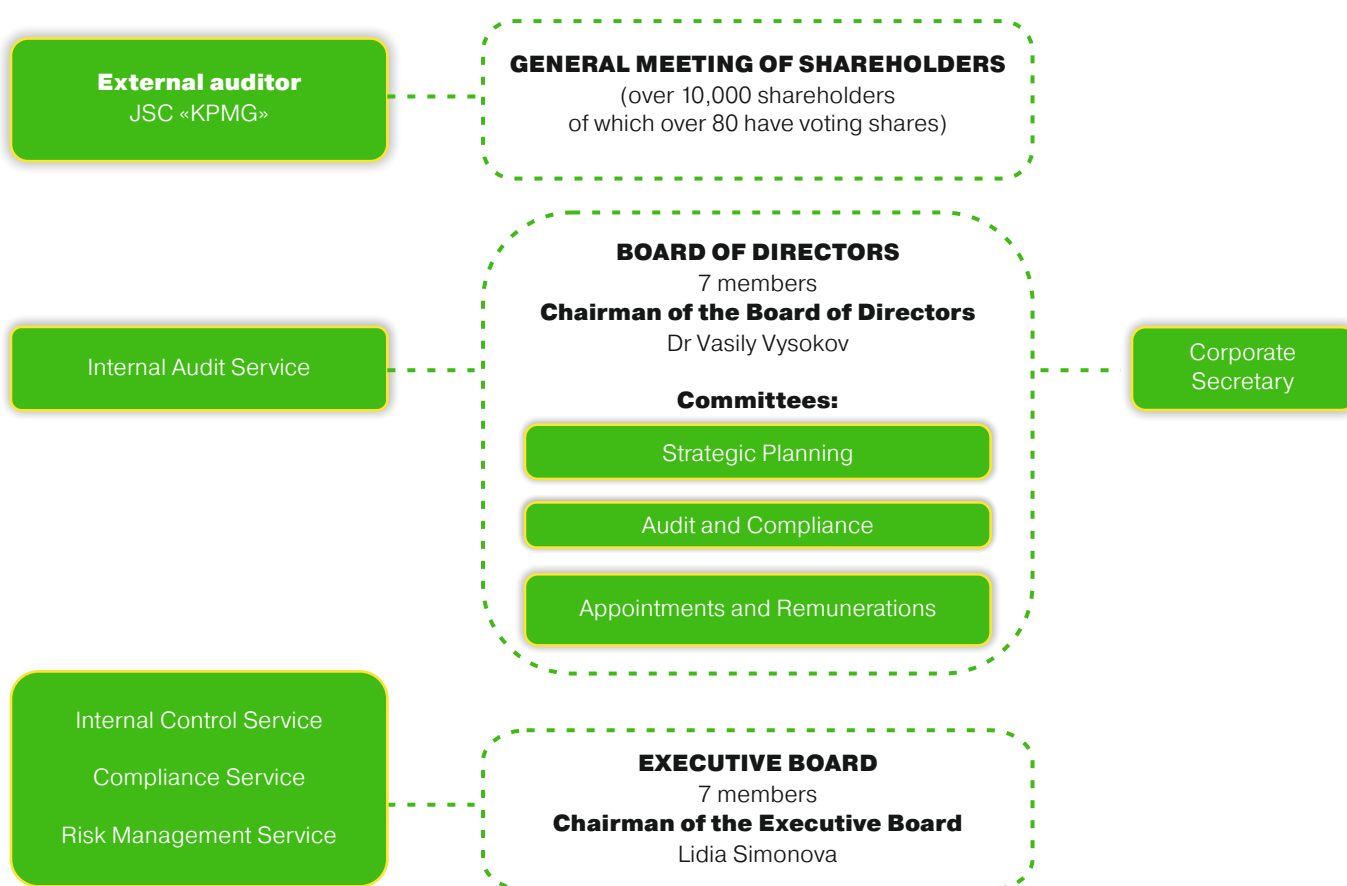
The Board of Directors elected the chairmen and members of its Committees.

The first issue of green bonds placed on the Moscow Exchange was redeemed. A report on the use of the funds was published on 15.12.2020.

Center-invest Bank placed a new RUB300m issue of green bonds on the Moscow Exchange in its Sustainable Development Sector. This is the first issue of green exchange-traded bonds in Russia to comply with both the new version of the Bank of Russia's Issuance Standards and ICMA requirements.

## Center-invest Bank's Corporate Governance Structure

102-18



The General Meeting of Shareholders is the bank's highest governance body. It elects the Board of Directors. The Board of Directors determines the bank's strategy: the main types of activities, permissible level of risk, overall expenditure, anticipated financial results, and performance incentive scheme. It approves the composition of the Executive Board and the single-person executive body, the Chairman of the Executive Board.

The Executive Board manages the bank's day-to-day activities which are intended to achieve the aims and objectives set by the General Meeting of Shareholders and the Board of Directors.

## Shareholders

### Structure of shareholders' equity

Shareholder	equity
Vysokov family, since 1992	22.06
EBRD, since 2004	17.82
DEG, since 2005	14.57
Erste Group Bank AG, since 2008	9.09
responsAbility Investments AG, since 2017	9.05
Rekha Holdings LTD, since 2007	6.77
Firebird funds, since 2007	8.22
Raiffeisenlandesbank Oberösterreich, since 2005	2.98
Other companies and individuals	9.44

More information about the structure of share capital is available on page 35 of the Annual Report.



In the reporting year, the Annual General Meeting of Shareholders decided to allocate RUB310.7m to the payment of dividends for 2019: RUB 18.1m in dividends on preference shares (the dividend rate is specified in the Articles of Association and is 20% of the par value of the shares), and RUB292.6m in dividends on ordinary shares (the dividend rate was 34.7% of par value or 3.47 rubles per share).

## Governance bodies

The General Meeting of Shareholders is the bank's highest governance body. It acts in accordance with current Russian legislation, the bank's Articles of Association, and the Byelaw on the General Meeting of Shareholders of Center-invest Bank.

102-29

The bank actively engages with stakeholders on corporate governance matters and ESG risk management. It was through dialogue with shareholders and the regulator that it was decided to postpone the Annual General Meeting until autumn and to hold the meeting in absentia. This was in full compliance with the Bank of Russia's recommendations, as stated in Letter No. IN-06-28/48 dated 03.04.2020 and Letter No. IN-06-28/54 dated 09.04.2020.

The Annual General Meeting of Shareholders was held on 29.09.2020 using absentee voting. It considered and approved the bank's Annual Report and annual financial statements. It determined the allocation of profits, elected the Board of Directors and approved the bank's auditor. Shareholders holding a total of 99.64% of voting shares participated in the meeting.

For over 20 years, the bank's auditor has been PriceWaterhouseCoopers Audit. The auditor has examined the bank's financial and business activities in accordance with current Russian legislation pertaining to Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS). In 2020, the Annual General Meeting of Shareholders appointed KPMG as the bank's external auditor.

## Board of Directors

102-18, 102-26, 102-27, 102-29, 102-30, 102-31, 102-32

The Board of Directors provides overall management of the bank's activities, with the exception of matters which, under current Russian legislation and the bank's Articles of Association adopted in compliance with this legislation, fall within the remit of the General Meeting of Shareholders.

The Board of Directors has the key role in establishing and monitoring strategic tasks relating to the bank's implementation of the UN SDGs and the implementation of an ESG risk management system and reporting system. The Board of Directors examines and provisionally approves the bank's integrated Annual Report and / or Sustainability Report, applying the materiality principle.

With respect to risk management, the Board of Directors determines the bank's:

- Development Strategy, in accordance with SRI / ESG principles
- Risk Management Policy (including the capital and risk management strategy)
- Risk Appetite Statement (including risk appetite and stress-testing scenarios)
- Liquidity Control Policy
- Credit Policy
- Information Security Policy
- Business Continuity Policy

In terms of the bank's strategy and business plans, the Board of Directors determines the structure and target levels for risks and capital adequacy. The Board of Directors monitors:

- the levels of risks assumed, and capital allocated to cover these risks;
- compliance with mandatory capital adequacy ratios;
- the Risk Appetite Statement;
- the results of stress-testing;
- conformity of the bank's risk profile with its ESG strategy and business plan;
- the effectiveness of methods to assess, manage and cover the risks assumed.

### Byelaw on the Board of Directors



### List of affiliates



102-22, 102-25

On its official website and on the website of the Corporate Information Disclosure Centre, the bank discloses important information about the structure of the Board of Directors and its Committees, information about the members of the Executive Board, as well as meeting agendas and a record of decisions taken. No members of the Board of Directors are members of the highest executive bodies of organisations that are key suppliers of the bank. Members of the bank's Board of Directors may participate in the equivalent body of other organisations provided that said organisation is not a competitor of the bank and also that such participation does not impede the performance of their duties as a member of the bank's Board of Directors. The Chairman of the Board of Directors is notified of any transactions that could cause a conflict of interest. In the event of a conflict of interest, the Board of Directors is notified and the member involved refrains from voting in this instance.

102-26, 102-30, 102-31

Internal regulations specify that meetings of the Board of Directors must be held at least once a quarter. In 2020 the Board of Directors held eight meetings, two of which used remote voting. The meetings considered the quarterly reports from the Executive Board and Internal Control Service and matters relating to the bank's business plan, taking into account ESG risks. In accordance with regulatory requirements, revised versions of the following policies were approved: Internal Control Policy, Liquidity Management Policy, Business Continuity Policy, Risk Management Policy, and Anti-Corruption and Fraud Policy. A Sanctions Policy was approved in accordance with the requirements of international financial institutions regarding compliance with AML rules.

102-22, 102-24

Members of the Board of Directors are elected on the basis of the criteria and in accordance with the procedure specified in the Byelaw on the Board of Directors. All members of the Board of Directors must have the requisite experience, knowledge, qualifications and impeccable reputation in order to perform their duties and organise their work in the interests of the bank and its shareholders. The Board of Directors applies a rotation policy which supports policy consistency and capacity to find effective solutions.

In 2020 there were a number of changes to the composition of the Board of Directors: Franz-Josef Flosbach and Per Fischer stepped down, and Andrzej Tadeusz Witak and Hans Jochum Horn joined the Board.

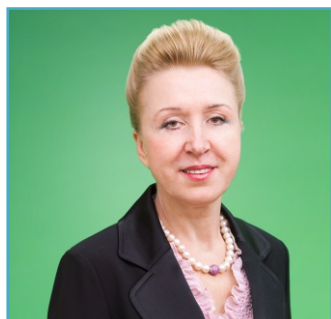
**The Annual General Meeting of Shareholders held on 29.09.2020  
elected the Board of Directors as follows:**



**Dr Vasily V. Vysockov** – Chairman of the Board of Directors, member of its Audit and Compliance Committee, and chairman of its Strategic Planning Committee. Member of the Board of Directors since 1992.

Shareholding: 11.1%.

Percentage of ordinary shares: 12.3%.



**Tatiana N. Vysockova** – Member of the Board of Directors since 1992, chairman of its Audit and Compliance Committee, and member of its Appointments and Remunerations Committee

Shareholding: 10.96%.

Percentage of ordinary shares: 12.13%.



**Dr Andreas Zeisler** – Member of the Board of Directors since 2006, member of its Appointments and Remunerations Committee

No equity stake in the bank.



**Dr Hans Unterdorfer** – Deputy Chairman of the Board of Directors, chairman of its Appointments and Remunerations Committee. On the Board of Directors since 2013.

No equity stake in the bank.





**Eric Blanchetete** – Member of the Board of Directors since 2019, member of its Strategic Planning Committee.

No equity stake in the bank.



**Andrzej Tadeusz Witak** – Member of the Board of Directors since 2020, member of its Strategic Planning Committee.

No equity stake in the bank.



**Hans Jochum Horn** – Member of the Board of Directors since 2020, member of its Audit and Compliance Committee.

No equity stake in the bank.

In accordance with Bank of Russia instruction 3639-Y dated 19.05.2015, information about the qualifications and experience of the members of the Board of Directors is available on Center-invest Bank's website:





## Chairman of the Board of Directors

102-23, 102-24

In the 1980s, Dr Vasily Vysokov, Professor of Economics, was engaged in teaching and academic research. In 1991 he set up and headed the Market Transition Economic Support Centre reporting to the Rostov Region Soviet of People's Deputies. Dr Vysokov was actively involved in the process of reform in southern Russia and in devising privatisation programmes and programmes to support the development of entrepreneurship, a securities market, and modern banking services. In 1992 Dr Vysokov and his wife, Tatiana Vysokova, founded Center-invest Bank, together with the heads of the Rostov region's first privatised enterprises. Dr Vysokov has been Chairman of the Board of Directors since 2002. On 27 June 2019, he was elected Chairman of the Board of Directors for a new term by the General Meeting of Shareholders. Dr Vysokov is not a member of the bank's Executive Board.

In 2020 Dr Vysokov headed up the ESG Banking Project Team of the Association of Banks of Russia. He also published a handbook, "ESG Banking: Made in Russia", the first publication of its kind in Russia. <https://www.centrinvest.ru/ru/about/articles/36319/>

## Board of Directors' Committees

102-22, 102-28

The Board of Directors has the following Committees:

- Audit and Compliance Committee
- Strategic Planning Committee
- Appointments and Remunerations Committee.

The Committees give preliminary, in-depth consideration to issues relating to the bank's activities in order to prepare recommendations for the Board of Directors. In the interests of transparency, the Committee meetings are usually open for any member of the Board of Directors to attend. The chairmen of the Committees regularly report at Board of Directors meetings on the results of their work during the preceding period.

102-28

The Committees' activities are regulated by Byelaws approved by the Board of Directors. The composition of the Committees is determined by an open vote at the first meeting of the Board of Directors following its election at the most recent General Meeting of Shareholders. The Board of Directors evaluates the work of the Committees on a regular basis.

The role of the **Audit and Compliance Committee** is to assist the Board of Directors in meeting its obligations to oversee and monitor the completeness and accuracy of financial reporting, the reliability and effectiveness of the risk management system, internal control and corporate governance, the independence of external and internal audit, and the process of ensuring compliance with legislation.

From 27.06.2019 to 29.09.2020 the chairman of the Committee was the independent member of the Board of Directors, Franz-Josef Flosbach. The other members of the Committee were Tatiana Vysokova and Chairman of the Board of Directors, Dr Vasily Vysokov. From 29.09.2020 to 31.12.2020 the elected chairman of the Committee was Tatiana Vysokova. The other members of the Committee were Dr Vasily Vysokov and Hans Jochum Horn.

In 2020 the Committee met four times. The main issues considered by the Committee were: approving the bank's Accounting Policies for 2020 (for IFRS, RAS and tax accounting) and writing off bad debt on the bank's balance sheet. In addition, the Committee recommended that the Board of Directors provisionally approve the Annual Report for 2019, and that the General Meeting of Shareholders change the external auditor to KPMG (based on the results of a competitive tender).

The role of the **Strategic Planning Committee** is to assist the Board of Directors in determining priority areas, producing a strategy to further improve corporate governance, producing recommendations on the dividend policy, assessing the effectiveness of the bank's activities and monitoring its work.

From 27.06.2019 to 29.09.2020 the chairman of the Committee was the independent member of the Board of Directors, Per Fischer. The other members of the Committee were Eric Blanchetete and chairman of the Board of Directors, Dr Vasily Vysokov. From 29.09.2020 to 31.12.2020 the chairman of the Committee was Dr Vasily Vysokov. The other members of the Committee were Eric Blanchetete and Andrzej Witak.

In 2020 the Committee met five times. The main issues considered by the Committee were: addressing problem loans; the Executive Board's quarterly reports; implementation of the bank's business plan and budget; the business plan for the following year; ESG business transformation in a distance economy; and preliminary distribution of profits for 2019. The Committee also prepared recommendations on the payment of dividends for 2019.

The **Appointments and Remunerations Committee** was established to give preliminary consideration to personnel planning (succession planning), the composition and performance of the bank's Board of Directors and executive bodies, and their transparent remuneration practices. From 27.06.2019 to 31.12.2020 the elected chairman of the Committee was Dr Hans Unterdorfer. The other members of the Committee were Tatiana Vysokova and Dr Andreas Zeisler. In 2020 the Committee met four times. The meetings considered: the remuneration of the bank's executive bodies; personnel policy; and the remuneration of employees working for the bank's Internal Audit Service, Compliance Service and Financial Monitoring Department. It also examined the Report on the Effectiveness of Center-invest Bank's Wage Payment System for 2019. The Committee made recommendations on the Board of Directors' remuneration for submission by the Board of Directors to the General Meeting of Shareholders.

[102-35](#), [102-36](#), [102-37](#)

The remuneration of the Board of Directors is regulated by the Byelaw on the Board of Directors of Center-invest Bank, approved at the Annual General Meeting of Shareholders on 02.06.2016.

## Executive Board

102-19

The Executive Board is the bank's collegial executive body. Led by the single-person executive body, the Chairman of the Executive Board, it organises implementation of the decisions taken by the General Meeting of Shareholders and the Board of Directors.

The Executive Board manages the bank's day-to-day operations, which are intended to implement the bank's ESG Digitalisation Strategy and Business Plan, in the period between General Meetings of Shareholders and meetings of the Board of Directors.

The Chairman of the Executive Board is elected by the bank's Board of Directors and acts on the basis of the bank's Articles of Association and the Byelaw on the Chairman of the Executive Board of Center-invest Bank.

The Board of Directors determines the number of Executive Board members. Its decision is based on the belief that the composition and quality of the Executive Board is more important than the number of members.

102-26

The Executive Board has responsibility for a wide range of issues on the environmental and social agenda: implementation of the ESG Digitalisation Strategy and the practical integration of responsible banking principles across all internal procedures and communications, from the nurturing of employees to the development of financial and non-financial products and services for customers, partners and the government. The Executive Board reports on the results of the implementation of ESG principles to the Board of Directors, investors, regulators, ratings agencies, auditors, not-for-profit organisations and the general public. Progress towards sustainability is one of the criteria on which the remuneration of Executive Board members is based.

In 2020 a document was approved on the "Allocation of Duties Between the Chairman of the Executive Board of Center-invest Bank and Members of the Executive Board of Center-invest Bank". This establishes the areas of responsibility of each member of the Executive Board (the business units supervised and coordinated by them).

**At FYE 2020 the Executive Board had seven members:**



**Lidia Simonova** – Chairman of the Executive Board since December 2019, member of the Executive Board since 2016.

No equity stake in the bank.



**Sergei Smirnov** – Chief Financial Officer, member of the Executive Board since 2013.

Equity stake: 0.001%



**Yuri Bogdanov** – Director of Innovations, member of the Executive Board since 2010.

Equity stake: 0.42%



**Irina Kuznetsova** – Head of the Credit Risk and Monitoring Department, member of the Executive Board since 2014.

Equity stake: 0.001%



**Yevgeny Alyokhin** – Head of the Information Technologies Department, member of the Executive Board since 2020.

No equity stake in the bank.



**Pavel Matveyev** – Head of the Branch Network, member of the Executive Board since 2020.

No equity stake in the bank.



**Anastasia Korotun** – Head of the Business Banking Division, member of the Executive Board since 2020.

No equity stake in the bank.



In accordance with Bank of Russia instruction 3639-Y dated 19.05.2015, information about the qualifications and experience of the members of the Executive Board is available here:

The remuneration of the Executive Board is regulated by the Byelaw on the Executive Board of Center-invest Bank and the Byelaw on the Chairman of the Executive Board of Center-invest Bank, approved at the Annual General Meeting of Shareholders on 02.06.2016.

In light of the COVID-19 pandemic, the Executive Board had the following important tasks: preventing the spread of the virus and ensuring that measures were taken to support those stakeholders who were significantly affected by the pandemic. Although southern Russia found itself in a difficult epidemiological situation later than the central regions (especially the Moscow metropolitan area), as early as 10 March 2020 an order was signed by the Chairman of the Executive Board appointing a senior executive responsible for identifying and coordinating the implementation of infection control and prevention measures in the bank. On 23 March 2020 an Emergency Response Team was established (order No. 229 dated 23.03.2020) comprising all the Executive Board members. The tasks of the Emergency Response Team were:

- formulating urgent measures to prevent the spread of COVID-19;
- engagement with federal public health agencies and organisations, regional government bodies, and other competent bodies.

To achieve these tasks, a COVID-19 Urgent Action Plan was drawn up. This set out actions and persons responsible for monitoring the situation in the regions where the bank operates, preventative measures, and communications with the bank's customers and partners.

The Emergency Response Team took decisions and achieved the following:

**Working patterns for office and branch staff:** The bank took a proactive approach, rapidly transferring approximately 30% of its employees to remote working. All employees over the age of 55, employees with chronic illnesses, and pregnant employees were directed to work remotely. Subsequently, the requirement for employees over the age of 55 to work remotely was removed. However, it remains recommended guidance for managers. The mandatory rotation of employees and remote working for 30% of employees remained in place until the end of 2020. Most meetings were held remotely, all non-essential business trips were cancelled, and staggered break times were introduced to reduce the number of employees in the canteen at any one time.

**Expenditure on preventative measures:** The bank spent in the order of RUB 10m on contactless thermometers, sanitisers and disinfectants, masks, gloves, air disinfectors and purifiers, and other essential items. Equipment purchased to enable a swift transition to remote working will be used in the bank's future work and is not recorded as a COVID-19 item of expenditure.

**Measures to support customers:** The bank expanded its range of remote banking services. It scrapped fees for utility bill payments, delivered bank cards to people over the age of 65 free of charge, and scrapped monthly account fees for customers operating in the worst affected sectors. It also participated in all the government programmes to support businesses and households.

Thanks to the systematic and conscientious work of the Emergency Response Team and all the bank's employees, we were able to reduce the negative effects of the pandemic, support our employees, customers and partners, and ensure the stability of the operating environment, both offline and online.

## Corporate Secretary

The Corporate Secretary ensures that the bank's governance bodies comply with internal and external regulations, facilitates the effective sharing of information between the governance bodies, and acts as an advisor to the members of the Board of Directors and senior managers.

## Remuneration of the Board of Directors and Executive Board

102-35, 102-36, 102-37

The remuneration of the Board of Directors is regulated by the Byelaw on the Board of Directors of Center-invest Bank, approved at the Annual General Meeting of Shareholders on 02.06.2016.

Reporting period	Type of remuneration (salaries, bonuses, commission, benefits and/or reimbursement of expenses, other)	Amount of remuneration, RUB.
Jan - Dec 2020	Salaries	0
	Bonuses	53 852 000
	Expenses incurred in performance of the functions of a member of the Board of Directors, reimbursed by the credit institution - issuer during the reporting period	547 129
	Other	4 975 371

The remuneration of the Executive Board is regulated by the Byelaw on the Executive Board of Center-invest Bank and the Byelaw on the Chairman of the Executive Board of Center-invest Bank, approved at the Annual General Meeting of Shareholders on 02.06.2016.

Reporting period	Type of remuneration (salaries, bonuses, commission, benefits and/or reimbursement of expenses, other)	Amount of remuneration, RUB.
12 месяцев 2020 года	Salaries	24 793 666
	Bonuses	45 100 000
	Expenses incurred in performance of the functions of a member of the Executive Board, reimbursed by the credit institution - issuer during the reporting period	249 951
	Other	0

102-37, 102-38, 102-39

In 2021 the bank plans to revise its regulations on employee remuneration to make the allocation of income more equitable and to ensure the well-being and equal opportunities of employees in all the regions where it operates. During the reporting period, the ratio of the annual compensation of the highest-paid executive to the median annual compensation for all employees was 30:1. The ratio of the increase (%) in the annual compensation of the highest-paid executive to the increase (%) in the median annual compensation for all employees was 1.085.



## Internal Control and Risk Management

The following bodies have important efficiency and risk management monitoring and control functions:

- Internal Audit Service;
- Financial Monitoring Department;
- Compliance Service;
- Risk Management Service.

Information about the functions and tasks of these bodies is available on page 36 of the bank's Annual Report.

## Corporate Ethics

102-16, 102-17

Center-invest Bank's ethical values, which are shared by its Board of Directors, management, employees, customers and partners, are reflected in its codes and policies. These values are part of the bank's corporate culture. In carrying out its activities, the bank observes human rights at all times, and it strives to ensure that human rights are observed in all the geographical areas where it operates. The bank's employees traditionally come from a wide range of ethnic backgrounds. Inclusion and diversity are part of the bank's corporate culture.

102-17, 102-18, 102-20, 102-21, 102-26, 102-29, 102-33

The Board of Directors protects the bank's ethical views and values, leads by example, and diffuses conflicts between individuals. While ensuring compliance with all legal requirements, the Board of Directors is also careful to meet the needs of shareholders and other stakeholders. It also aims to ensure harmonious relations between managers and other employees.

102-19, 102-21

The Chairman of the Board of Directors is the official channel for informing management of matters that are of concern to the Board of Directors. The Chairman encourages the Board members to take maximum responsibility for their decisions on the key issues affecting the bank. The Chairman of the Board of Directors represents the bank in decision-making situations and issues statements and communications to stakeholders on behalf of the Board of Directors, including on economic, environmental and social matters.

102-20

As part of operations management, the Executive Board and its Chairman are responsible to the Board of Directors for the implementation of ESG principles. Acting within their remit, on a continuing basis, they are involved in communications with stakeholders about both financial and non-financial matters.

Middle managers are answerable to the Executive Board and its Chairman for the implementation of the Code of Corporate Ethics in their area and for ensuring that their staff understand and comply with the Code.



The Bank Secretary for ESG Issues is available to assist or advise any employee on matters relating to discrimination, harassment or unethical conduct, with due regard for confidentiality requirements.

The bank organised a series of online meetings (“Thursday Morning meetups”), which helped to increase employee engagement, including that of employees working in more distant branches, on issues relating to implementation of the sustainability agenda. These meetings were an effective forum for discussing internal tasks and relationships with external shareholders.

## Anti-Corruption and Compliance

103-2, 205-1, 205-2, 206-1, 413-1, 415

The bank takes its responsibilities for preventing fraud and corruption very seriously. As part of this, in a timely manner the bank communicates its anti-corruption policy and procedures to local communities and informs them of the impact of external risks.

In accordance with Russian legislation, the bank provides law enforcement agencies with comprehensive information about any incidents of corruption and breaches of the law.



Center-invest Bank has an Anti-Corruption and Anti-Fraud Policy, which must be adhered to by all employees of the bank and its subsidiaries, irrespective of their position and job functions. It is mandatory that all current and new employees of the bank and its subsidiaries be informed of the Policy. The Board of Directors and Executive Board lead by example, with a zero-tolerance approach to corruption and fraud. The bank monitors and examines complaints on any matter in accordance with applicable legislation. The bank guarantees to keep information received from customers confidential, unless otherwise required by law. In accordance with this Policy, the bank and its employees conduct transactions only with reliable suppliers, customers and partners who are engaged in lawful activities and whose funds are obtained from lawful sources. With regard to the supply chain, the bank is guided by principles of competitiveness and transparency and holds tenders. The bank has not been subject to legal proceedings for breach of anti-monopoly laws. The bank does not make any donations to political campaigns, either financial or in kind.

In the event of a conflict of interests, the bank and its employees aim to settle the dispute by means of negotiations, using pre-trial and out-of-court dispute resolution mechanisms, and avoiding public proceedings. With regard to procedures for avoiding conflicts of interest, the Byelaw on Avoiding and Resolving Conflicts of Interest also applies.

406-1, 419-1

The bank has not received any fines or non-monetary sanctions for non-compliance with laws in the social and economic area, including on grounds of discrimination. This confirms that the bank's business processes and governance bodies are functioning effectively on the basis of ESG principles. The complex epidemiological situation has not affected the implementation of compliance procedures. The bank plans to use external organisations to provide further best practice training for its compliance staff, in a COVID-secure way. The bank also intends to do more work on informing its stakeholders about existing compliance requirements.

# Conclusion

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102-50, 102-52

This Sustainability Report produced by Public Joint-Stock Company Commercial Bank “Center-invest” for 2020 presents information about the financial and non-financial (ESG) results of the bank’s activities in an integrated format for the reporting period from 1 January 2020 to 31 December 2020.

102-51

Center-invest Bank’s previous integrated report was published on 26 August 2020 on its website. It can be viewed here:



102-45, 102-46, 102-49

Unless otherwise indicated, the financial data in this report is taken from the IFRS consolidated financial statements. The consolidated financial statements of the Center-invest Bank Group comprise the financial statements of Public Joint-Stock Company Commercial Bank “Center-invest” and its subsidiaries: Center-Leasing Ltd and JSC Belokalitvinsk Poultry Farm. There were no material changes in the approaches and principles used to produce the consolidated financial statements of the Center-invest Bank Group compared to the previous period.

The data on sustainable development is consolidated for all of the bank’s projects that have a significant socioeconomic impact in the regions where the bank operates.

102-50

This report uses data provided by the company’s reporting system to the extent to which the information is of interest to the bank’s current and potential shareholders, partners, customers and employees. The accuracy of the data contained in the report is ensured during the process of collating and consolidating information, and it is confirmed by heads of departments or other persons responsible for preparing specific sections of the report.

The accuracy of the data contained in the report is ensured during the process of collating and consolidating information, and it is confirmed by heads of departments or other persons responsible for preparing specific sections of the report.

102-53, 102-54

We welcome any questions and suggestions concerning the ESG Report.

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