

Environmental Stewardship and Energy Efficiency Projects

Among our other investment priorities, we provide support to green projects that promote stronger environmental stewardship and higher energy efficiency. By placing a special emphasis on supporting green growth of the Russian economy, the Bank contributes to addressing the global challenges caused by climate changes, lower biodiversity and the mounting manmade impacts on environment.

Environmentally sensitive projects of Vnesheconombank

As of late 2013, the share of green projects in Vnesheconombank's loan portfolio accounted for 17.8%.

In 2013, Vnesheconombank's management approved its engagement in 8 green projects with a total cost of RUB 266.4 bn and the Bank's commitment totalling RUB 136.5 bn.

The government policy for environmental development of the Russian Federation until 2030 aims, among other things, to build an efficient, competitive and green economy growth model whose maximum efficiency hinges on robust environmental stewardship and minimised environmental impact. The policy is also intended for promoting international cooperation on conservancy and environmental safety.

Vnesheconombank addresses the policy's objectives by providing focused financing to environmentally oriented projects designed to introduce innovative, resource saving, environmentally safe and efficient technologies. Additionally, in 2013, Vnesheconombank, supported by the International Financial Corporation (IFC), engaged in building a mechanism for assessing energy efficiency of the Bank's investment projects and preparing a portfolio of energy efficient projects for potential financing by international development institutions.

Since the Development Bank's inception, Vnesheconombank's management approved its engagement in 47 environmental stewardship and energy efficiency projects with a total value of RUB 1.2 tn and with Vnesheconombank's commitment standing at RUB 779.5 bn.

As of late 2013, Vnesheconombank financed 31 environmental stewardship and energy efficiency projects through opening credit facilities with a total value of RUB 581.5 bn and Vnesheconombank's commitment — RUB 399.4 bn.

We are also financing, through equity investment, another project with a total value of RUB 92.4 bn and Vnesheconombank's commitment standing at RUB 43.4 bn.

Success story



Construction of a 600 t/d Float Glass Factory

Project initiator/Borrower: Caspian Flat Glass OJSC

Total project value: RUB 10.5 bn

Vnesheconombank's commitment: RUB 7.5 bn

The project is planned to bring 392 new jobs

The project's budgetary effect is expected to be RUB 1.9 bn

The project provides for constructing a knowledge-intensive facility for the production of transparent, tinted and reflective float glass in the village of Tyube (Republic of Dagestan), with a nominal capacity of 600 tonnes per day. The facility's

The facility's products will offer unique energy saving properties due to its selective light transmission and flash-proof capabilities, and ability to dynamically regulate the glass colour. They will help reduce indoor heat losses by 30% in winter and sunlight penetration by 35 — 40% in summer. The technologies applied in the facility take into account the developments of major international market-leading glass manufacturers.

In November 2013, the project's operator obtained an authorisation to commission the facility. The factory is currently operating in test mode. It is planned to reach its full capacity in 2014.

products will be used to supply high quality glass to construction businesses in the North Caucasian, Southern, Central and Volga Federal Districts of Russia, and to CIS and other foreign countries. The project is being implemented as part of the South of Russia federal target programme.

Implementation of measures intended to secure the sustainable development of Baikalsk single-industry town and address the issues related to closing the Baikalsk Pulp and Paper Mills (BPPM) and diminishing the negative environmental impact of waste resulting from operations of the mills

Project is implemented by Vnesheconombank in cooperation with LLC VEB Engineering

Based on the results of the conducted technical and economic research, the Russian Government resolved to terminate business operations of BPPM in order to stop the negative environmental impact and preserve Russia's natural heritage — Lake Baikal.

Pursuant to the government's resolution, Vnesheconombank implemented a set of measures aimed at ensuring the sustainable development of Baikalsk single-industry town. The Bank financed the BPPM's operations during the closing period, including the payoffs of dismissal compensation and other social benefits to employees due at employment termination, as well as funded Baikalsk infrastructure facilities.

Implementing the Government Contract with the Russian Ministry of Natural Resources and Environment, VEB Engineering ran an engineering survey, developed the technical concept and design documents to address the negative environmental impact of waste resulting from BPPM's operations with a total weight over 6.2 million tonnes. The work was conducted in compliance with the Federal Target Programme named "Protection of Lake Baikal and Social and Economic Development of Baikal Natural Area for 2012-2020".



Engineering solutions proposed by VEB Engineering to address the negative impact of the waste disposal sites are compliant with the requirements of environmental laws, are environmentally safe and efficient. Their implementation will require engagement of 428 persons, which will solve a part of issues related to employment of BPPM's staff dismissed as a result of BPPM's shutdown. Moreover, the company is planning to take a number of measures seeking to renovate BPPM's and Baikalsk's infrastructure so as to handle social issues related to BPPM's shutdown and support the social and economic development of the single-industry town of Baikalsk and the Slyudyanskiy District.

The environmental impact assessment materials have already undergone public hearings, while the design documents are currently under state environmental expert evaluation by the Division of the Federal Service for Supervision of Natural Resources for the Irkutsk Region.

Environmentally sensitive projects of Prominvestbank

Prominvestbank is fully involved in implementing the government policy of Ukraine related to the development of alternative energy, which contributes to the efficient consumption of conventional fuel/energy resources, higher energy efficiency and lower adverse environmental impact. In 2013, Prominvestbank was engaged in 2 major projects for the construction of wind power plants in Ukraine.

Success story



Lugansk Wind Farms (Ukraine)

Project initiator: Lutuginskiy Wind Farm LLC,
Krasnodonskiy Wind Farm LLC

Total project value: RUB 4,470 mn

Prominvestbank's commitment: RUB 2,878 mn

In 2013, Prominvestbank's management made the decision to finance the Lugansk Wind Farms project. The project provides for the construction of 2 wind power plants with a total capacity of 50 MW (25 MW each). Each wind power plant will consist of 20 wind turbines.



The project will facilitate further development of the alternative energy industry. Alternative energy is highly environmentally-friendly, which is achieved through using renewable energy sources and minimum air pollutant emissions. Moreover, the project offers high return rates, while creating new jobs and increasing tax and similar receipts to the budget.

Environmentally sensitive projects of Bank BelVEB

Financing of environmental stewardship and energy efficiency projects is at the heart of Bank BelVEB's investment operations. The Bank's track record already counts tens of projects that were supported by the Bank and currently manufacture energy efficient home appliances and extremely green motor vehicles, introduce energy saving technologies and promote sustainable land use practices.

In 2013, this area was further supported by a EUR 10 mn 5-year credit facility agreement signed with the European Bank for Reconstruction and Development (EBRD) as part of the Belarus Sustainable Energy Finance Facility (BelSEFF). The financing under the Facility will be available to private enterprises that meet EBRD requirements and run energy efficiency and renewable energy projects.

Success story



Financing of day-to-day operations of Minsk Automobile Plant (MAZ)

Bank BelVEB's commitment: RUB 1,037.8 mn

In 2013, Bank BelVEB took part in the financing of MAZ's day-to-day operations for commercial release of Euro-4 motor vehicles. The money was granted to acquire manufacturing materials and components, with the bulk of it used to purchase engines and materials from Russia. In 2013, the company released over 9 thousand vehicles equipped with Euro-4 engines, for a total of RUB 15.19 mn.

The transition by the company to the manufacturing of advanced environmental class vehicles conforming to Euro-4 standard introduced by the United Nations Economic Commission for Europe contributed to a better environmental situation as vehicles of this category have considerable advantages over their predecessors, Euro-3 vehicles, including:

- ✓ 70% pollutant emission cut-down;
- ✓ 5% fuel consumption cut-down;
- ✓ lower unladen engine weight;
- ✓ lower vehicle noise.