

Strategic Priorities in Sustainable Development

MKB understands that its activities are inseparably connected with the management of economic, social, and environmental aspects of corporate responsibility; therefore, the general strategy of MKB business is linked with the sustainable development strategy.

The ESG strategy implemented by MKB rests upon our goal to take the lead in promoting the principles of sustainable development among our customers and partners, being guided in our activities by the principles of social and environmental responsibility based on the best national and international corporate governance practice. Implementation of this strategy allows MKB to be one step ahead in business; furthermore, MKB strives to build strong relations with all stakeholders, including customers, employees, and society.

MKB strives to become one of the leading financial institutions in Russia in the sphere of ESG with a high level of independent performance assessment within the frames of the best international standards. MKB's progress has always been inseparably connected with the success of people, societies, and companies we work with.

- **We support up-to-date areas of sustainable development, such as the promotion of a healthy lifestyle, sustainable industrialization and innovations, growth in prosperity, responsible consumption of resources, by evaluating our possibilities and supporting actively the development of financial products and services aimed both at satisfying customers' demands and at solving social and environmental issues of the global agenda.**
- **We keep increasing our professional level and employment opportunities for people and encourage their development and education.**
- **We invest in innovations to offer new opportunities for the business and society.**

By focusing on our products, services, and relations with the stakeholders, we can contribute to sustainable development the most. Stable growth of customer deposits, development of retail and corporate business, and high appreciation by our customers and counterparties prove the attractiveness and high quality of our offers for customers.



MKB supports in its activities 17 Sustainable Development Goals included in the UN global strategic program «Transforming Our World: the 2030 Agenda for Sustainable Development» adopted in September 2015.

The goals are conditionally divided into those integrated with the Bank's activities and those supported at the level of corporate culture and values; there are also six individual goals of strategic priority for MKB within the frames of the general Sustainable Development Goals (SDGs). Strategically priority goals are paid special attention to, and a number of projects and initiatives are being implemented to achieve them.

MKB's strategically priority goals:

Members of the Bank's Strategy and Capital Markets Committee also participated in the assessment of significant aspects of MKB's sustainable development. The goals selected by the Bank were included in the top goals, according to the members of the above-mentioned Committee.

3 GOOD HEALTH AND WELL-BEING



Goal 3. Ensure healthy lives and promote well-being for all at all ages.

4 QUALITY EDUCATION



Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

8 DECENT WORK AND ECONOMIC GROWTH



Goal 8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goal 12. Ensure sustainable consumption and production patterns.

17 PARTNERSHIPS FOR THE GOALS



Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for sustainable development.

MKB is also committed to the following goals:

1 NO POVERTY



2 ZERO HUNGER



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



MKB's successful activities and high appreciation by its customers prove the relevance of the strategic line pursued by the Bank. MKB's contribution to the achievement of the above goals is described in detail below. We will continue to reveal new opportunities for the integration of the UN SDGs with our activities for the benefit of our customers, employees, and society.

Business Digitalization and Implementation of Innovations

In 2019, MKB launched a business digitalization project to mitigate the environmental impact of the Bank. With its internal systems and processes automated and advanced technologies used, MKB can both increase its performance efficiency, user-friendliness, and reliability and have a direct impact on the social and environmental aspects of its business (energy efficiency, reduction of paper document flow, etc.).

Development of remote banking channels reduced paper consumption by customers and the Bank and increased the convenience and efficiency of using services of the Bank. In 2019, MKB implemented additional remote customer services:

- H2H via the NSD system Transit 2.0, exchange of financial messages using the NSD EDMS Transit 2.0
- H2H via the SPFS, exchange of financial messages using the System for Transfer of Financial Messages (SPFS) of the Central Bank
- H2H via the Direct Bank protocol (integration with 1C). Extending support of the existing data patterns in 1C: DirectBank, implementing the ISO 20022 format, including data import/export in the ISO 20022 format in the online banking

MKB pays special attention to online services for MKB customers. It is the key vector for developing corporate services. In 2019, a personal cabinet for customers was implemented to enable remote presentation of documents for opening an account. The service packages connected in the Bank are based on a «multioptional» principle: each package includes a certain set of options by default (foreign economic activity, acquiring, cash-in-transit self-service). The Bank also offers a product line for a new business, which allows starting one's own business with the minimum expenses on the cash management and payment services (without the subscriber fee).

As a result thereof, the Bank managed to reduce the use of documents on paper significantly, both in daily processes and in work with customers.

Implementation and Development of Acceleration Processes

Interaction with the technological cluster and innovation companies is a new direction for the development of MKB. The business conditions in the traditional financial sector are changing and transform their approaches by updating the existing products and services or offering more sophisticated financial solutions. MKB strives to support the companies willing to start or develop their business in different ways by implementing modern technological solutions that may be used, for example, in MKB group companies.

In 2019, MKB made an important step in this direction by joining FinTech Association (FTA). The main goal of the cooperation is to implement advanced digital solutions for the optimization of business processes.



MKB pays much attention to the development of customer service, design of unique products and services based on modern technologies, and their implementation in the everyday life of our customers. We are confident that our cooperation with FinTech Association will promote further technological development of the Bank and improve the quality of the customer service”.



Aleksey V. Kosyakov

Deputy Chairman of the Management Board of MKB

Partnership with FinTech Lab Platform (Acceleration Programs)

- A pilot project Digital Assistant from the startup ARNI.io – this tool is designed to help bank customers receive information in real time on the terms and conditions of the issuance and service of MKB credit cards and promotes financial literacy of customers.
- A pilot project with the service of push notifications Push4site for customers – this tool increases conversions and reduces the number of «lost» requests significantly.
- A pilot project with Fasttrack – testing of communication channels with customers via messengers.
- SmartAn – an expert scoring system designed to analyze legal entities on the basis of semantic technologies and industry-specific algorithms for the evaluation of legal entities.
- Expert online systems – a constructor of chatbots, expert systems, tests, application forms. It enables creation of services without programming and their placement on the websites or in messengers.
- ZIAX – a voice bot with artificial intelligence to improve speed, quality, and efficiency of communications with customers and to reduce costs of the contact center.



Selection of Startups

In 2019, MKB held an in-person meeting with the startup teams within the frames of the accelerator Banktech 3.0 who were ready to offer the Bank new ideas for improving its products and services. Participation in the programs allows studying the innovative services and products, gaining experience of prompt integration with young FinTech teams, creating «fast track» of the project launch, and receiving information on the prospect solutions and technologies.

Among the program participants, there were projects for the optimization of marketing communications, implementation of artificial intelligence in chatbots and the call center, aggregation of big data for scoring and risk management, simplification of document flow, enhancement of business process efficiency, and for new services for retail and corporate customers of the Bank.



Global IT transformation has become part of the modern world long before, and implementation of sophisticated electronic collaborative and data transfer environments and other opportunities ensure safety, high speed, efficiency, and availability of services for bank customers and partners.

As part of the development of the above line of business, in 2019, MKB supported and started implementing a number of innovative programs of FinTech Association.

- **Faster Payments System (FPS):** MKB connected to the Faster Payments System and provided access thereto for its customers. In 2020, the Bank plans to extend its functionality for legal entities.
- **Open API Concept:** in 2019, the development of standards was started; their implementation is scheduled for 2020. At the first stage, API will be implemented to exchange information about corporate customers and accounts, and at the second stage, about retail customers and accounts.
- **KYC Platform:** the system is being designed, and the specification of digital exchange is being developed. At the first stage, verification of both parties to all payments between legal entities will be implemented via the Bank of Russia's centralized system.
- **Remote Identification:** collection of biometric data was implemented in 2019 as part of implementing technologies for the biometric identification of customers.
- **Digital bank guarantee/digital letter of credit:** a Masterchain-based product under development, to be finished in April 2020. In 2019, MKB designed an alternative solution in collaboration with the NSD.

