

## Public Information Summary

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### Host Country(ies)

Ukraine

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### Name of Counterparty / Issuer

Private Joint Stock Company Ukrainian Insurance Company Kniazha (“Kniazha”), a subsidiary of Vienna Insurance Group

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### Project Description

The provision of war risk insurance to businesses and homeowners in Ukraine through a reinsurance facility provided by DFC to Kniazha (the “Project”).

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### DFC Product Type

Political Risk Insurance

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### DFC Insured Amount

\$25,000,000

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### Total Project Costs

Coverage of a portfolio up to \$100,000,000

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### U.S. Involvement

N/A

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### Insurance Specific

#### Private Insurer Participation

N/A

#### Investment Type

Covered Property

#### Foreign Enterprise

Kniazha

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### Fund Specific N/A

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### Equity Specific N/A

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### Policy Review

#### U.S. Economic Impact

The Project is not expected to have a negative impact on the U.S. economy.

### **Developmental Objectives**

Russian attacks on Ukrainian businesses and infrastructure have exacerbated the need for foreign investment and political risk insurance (specifically, war risk insurance) which remains limited due to the risks of ongoing violence. The war has left the country in economic distress, with the Russian invasion causing an initial GDP contraction of nearly 30% in 2022, with reconstruction estimated to cost upwards of \$750 billion. In response to these challenges, the Project will bolster the political risk insurance market in Ukraine through the provision of a \$25 million reinsurance facility, providing DFC reinsurance coverage on a portfolio of war risk insurance policies up to \$100 million. This reinsurance will allow primary insurers to offer more comprehensive coverage to their policyholders, which include a range of small and medium enterprises (SMEs) and a small share of homeowners, thereby attracting further investment and contributing to Ukraine's reconstruction and recovery. Given the Project's characteristics, it is categorized as "Highly Impactful" per DFC's Impact Quotient (IQ).

### **Environment and Social Assessment**

#### **Screening:**

The Project has been reviewed against the DFC's 2024 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC insurance coverage for insurance providers who issue policies covering damage to SME and corporate assets due to political violence, specifically war risk coverage, are classified as Financial Intermediary B (FI-B) for environmental and social assessment.

#### **Applicable Standards:**

Under the DFC's ESPP, the Facility is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support for an insurance provider to issue policy coverage for SME and corporate assets damaged by wartime activity in Ukraine, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered. The Facility does not have an environmental and social management system as described in IFC PS 1 or adequate human resources policies and labor risk mitigation strategies as described in IFC PS 2. As a result, the Facility will be required to develop an IFC PS 1 compliant environmental and social management system and IFC PS 2 compliant human resources and labor policy or equivalent, consistent with DFC's 2024 Environmental Policy and Procedures.

#### **Environmental and Social Risk and Mitigation:**

Based on DFC's due diligence, the Facility's downstream investments are anticipated to pose environmental and social risks that are site specific and can be readily mitigated through the application of sound environmental and social management practices. To ensure that the Facility's investments are consistent with the DFC's statutory and policy requirements, the DFC insurance will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Management System ("ESMS") that meets the 2012 IFC Performance Standards.