

**SBERBANK  
OF RUSSIA**

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APPROVED BY

Executive Board of Sberbank  
(Decision No 693§264a dated October 13, 2021)

**Policy  
of Corporate Governance Standards and Principles  
of Sberbank Group**

Moscow, 2021

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## **1. General Provisions**

1.1. This Policy of Corporate Governance Principles and Standards of Sberbank Group (hereinafter referred to as «the Policy») is a public document that defines the key approaches to building corporate governance systems in the companies of Sber Group (hereinafter also referred to as «the Group»).

1.2. It is recommended that the Policy be distributed to Group companies controlled by Sberbank (hereinafter referred to as «the Bank», «Sberbank»), taking into account both the differentiated approach and proportionality principle to be applied. The Bank will promote the adoption and implementation of the Policy in other companies with its own participation, including based on the available scope of corporate rights.

1.3. This Policy has been designed to extend one of Sberbank's corporate governance principles stated in its Corporate Governance Code – «Development of proper corporate governance mechanisms in controlled companies», as well as to extend provisions of the Environmental, Social, Governance and Sustainability Policy in order to cascade the ESG agenda to Sber Group.

1.4. The Policy is intended to become a point of contact that contributes to the increased value (capitalization) of the Bank, controlled companies and the Group as a whole.

1.5. This Policy remains in operation in so far as it does not contradict the legislation and requirements of regulators of the countries where the Group members are located. In the event of a discrepancy between the provisions of this Policy and the standards of applicable national legislation or the requirements of national regulators, the standards of national legislation and the requirements of national regulators shall prevail.

1.6. When adapting the Policy to the practice of their corporate activities, Group Companies should strive to follow the meaning and spirit of the Policy, unconditionally complying with legal regulations.

1.7. The Policy implementation should be accompanied by training and strategic sessions on corporate governance for companies of Sber Group.

## **2. Goals and objectives**

2.1. The goals of this Policy are:

- reasonable differentiated cascading of the Bank's corporate governance standards and practices to Sber Group companies, contributing to their long-term and sustainable development subject to the nature, scale and risks of their activities;
- improved manageability of the Group;
- improved economic, environmental and social performance of Sber Group through the adaptation of the principles and practical recommendations of international reporting standards in the field of sustainable development to the practices used by the Group companies.

2.2. The Policy is aimed at addressing the following issues:

- ensuring the implementation of the rights and legitimate interests of the Bank's shareholders, customers and other stakeholders;
- improved efficiency of coordinating activities and interactions between the Group companies;
- creation of unified principles and approaches to the operation of corporate governance mechanisms of the Group companies;
- reducing risks of management decisions;

- creating an atmosphere of transparency, trust and cooperation in Sber Group.

### **3. Classification of the corporate governance system elements and approaches to their application in Sber Group companies**

3.1. Corporate governance shall mean a system of relations between (elements of the corporate governance system):

- shareholders/participants;
- Board of Directors;
- management (executive bodies) and other stakeholders;
- and a set of rules and standards of conduct (corporate governance mechanisms), in accordance with which the Company's activities are managed and controlled.

Corporate governance efficiency is based on a right balance between entrepreneurship and control, as well as between performance and compliance with standards.

3.2. Upon implementing certain corporate governance mechanisms, the following factors determining the Company's profile are taken into account:

- type of activities (banking/financial, Ecosystem Company or otherwise);
- Company's size (size of assets/revenues, impact on the Group's financial result);
- jurisdiction;
- legal form, subholding/part of subholding;
- ownership structure and level of control;
- listing, licenses;
- business model, strategy and organizational structure in terms of the complexity of organizing activities and impact on the implementation of the Group Strategy;
- risk strategy, risk appetite (impact on the Group's risk appetite) and cybersecurity;
- product complexity, customers (segments), channels;
- IT systems (including those critical to business continuity), integration with the Bank's IT systems.

### **4. General principles for corporate governance of Sber Group**

4.1. Introducing corporate governance mechanisms into the practices of Sber Group companies is based on the following approaches and principles:

- differentiated approach - adoption of specific corporate governance mechanisms depending on the level of control and other factors;
- ensuring balance - making the Company, manageable, on the one hand, and maintaining entrepreneurial freedom, on the other;
- using corporate methods and partnerships, if control is in place - implementation by the Bank's representatives in the management bodies, if there is no control - through agreements with other shareholders / participants of controlled companies;
- principle of proportionality - relevance of the implemented corporate governance mechanisms to the Company's profile (in larger and more complex companies, a more complex corporate governance system shall be built).

4.2. The corporate governance system of Sber Group companies is based on the following principles:

## **1. Respect for rights and interests of all shareholders/participants of the Company.**

In the event of controlling participation of the Bank, the principle of respecting rights and interests of all shareholders/participants of the Company means respecting rights and interests of other shareholders/participants regardless of their share in the Company and exercising the Bank's powers in strict accordance with the legislation and the best practices of corporate governance.

For the Company, the priority of rights and interests of its shareholders/participants means ensuring that they can make critical decisions regarding the Company's activities: approval of the Charter as amended (making amendments and additions) and other documents regulating the management bodies' activities, profit distribution, election of members of the Board of Directors in accordance with the procedures established by the national legislation of the country where the Group member is present, and appointing an audit organization.

## **2. Effective performance of the Board of Directors as a key management body.**

The effectiveness of implementing the key role of the Board of Directors is ensured by its broad competencies, compliance of all its members with the requirements for business and personal reputation, personal experience and qualification, high-quality performance by the Chairman of the Board of Directors of his tasks, professional support provided by the Corporate Secretary, access to modern technological and organizational conditions to ensure activities, as well as an effective incentive scheme for members of the Board of Directors.

## **3. Accountability of executive bodies and balanced incentive scheme.**

Clear delineation of powers of the General Meeting of Shareholders/ Participants, Board of Directors, and executive management bodies is one of the key factors in providing the proper corporate governance practice.

The Company's executive bodies are accountable to the General Meeting of shareholders/participants and the Board of Directors, and their decisions must be implemented by the executive bodies.

The incentive scheme for members of the executive bodies should be focused both on supporting the strategic goals of the Company and the Bank and taking into account individual contribution to the results achieved by the Company, as well as levels and combinations of accepted risks.

## **4. Efficient corporate secretary.**

The Company ensures the establishment of a corporate secretary position to facilitate the implementation of corporate governance rules and procedures in the Company. The Company takes necessary measures and provides conditions to ensure independence and efficient exercise of relevant functions by the Corporate Secretary.

## **5. Balanced and efficient internal control and risk management systems; external and internal audit.**

Effective internal control and risk management systems, as well as internal audit, are important elements of improving the quality of corporate governance. The Board of Directors is responsible for defining the principles and approaches to the organization of internal control and risk management systems and internal audit, as well as ensuring control over the efficiency of these systems and taking action in case of their deficiencies. The executive bodies shall ensure that the effective internal control and risk management systems are created and maintained, they shall be also responsible for implementing resolutions of the Board of Directors related to these areas.

## **6. Balanced information transparency.**

The Company's information transparency is based on the principles of completeness, reliability, availability, balance of disclosed information, as well as regularity and timeliness of its disclosure. The Company provides free-of-charge access to public information, except in cases provided for by Russian law, at no organizational or technological cost for familiarization with it.

## **7. Compliance with standards and principles of sustainable development and ESG.**

The operations of the Group's companies have a significant impact on various areas of the life of society, both in the Russian Federation and abroad. The Group's companies should strive to maximize positive effects from their activities and minimize the negative impact, aiming to achieve better risk management and more sustainable development with the implementation of ESG principles.

## **8. High standards of corporate culture and business ethics.**

The standards of conduct adopted by Sber Group, which guarantee honest and fair treatment of employees, customers, partners, as well as compliance with legislation and internal regulatory documents, are stipulated in the Code of Corporate Ethics of the Bank. Adherence to the established ethical principles by all members of the management bodies and employees of the Company forms an ethically oriented corporate culture, contributing to strengthening the business reputation of an individual Group company and the Bank as a whole, as well as to the development of cooperation with customers and partners.

One of the guarantees of a high corporate culture and interest in the implementation of the planned strategic goals of Sber Group as a whole is the participation of members of the Board of Directors and the Company's management in making corporate decisions critical to the Bank, which can be carried out through the ownership of the Bank's shares.

## **5. Principles and mechanisms of integration of the ESG agenda and sustainable development in Sber Group companies**

### **5.1. Companies' focus on ESG approaches and sustainable development**

5.1.1. Given the importance of the topic of sustainable development and recognizing the need to join forces with other companies and organizations in solving global problems of humanity, the Bank has undertaken voluntary additional commitments and joined the Global Initiatives of the United Nations (UN), primarily including the United Nations Global Compact Principles and the UNEP Finance Initiative Principles for Responsible Banking, encourages the Group companies to rely on the principles and approaches in the field of ESG and sustainable development in conducting their activities.

5.1.2. The Bank approved the Environmental, Social, Governance and Sustainability Policy (hereinafter, the ESG Policy). The ESG Policy is the key document systematizing approaches to activities in the field of ESG and sustainable development. The ESG Policy establishes the unified principles of activities in the field of ESG and for all companies of Sber Group, regardless of their location. Companies of Sber Group may develop their own internal ESG documents based on the provisions of the ESG Policy and subject to the materiality of identified areas and objectives, as well as applicable corporate governance and legal standards.

5.1.3. For each Company recognizing and accepting the sustainable development principles, the ESG transformation should be based on the following:

- the system for management of ESG and sustainable development activities is integrated into the corporate governance system;
- the Company's specific ESG agenda includes the key directions and tasks regarding environmental protection, social responsibility and corporate governance;

- the Board of Directors is an enabler of the integration of the ESG agenda and sustainable development issues into the Company's activities; a ESG & Sustainable Development Curator is appointed from among the members of the Board of directors;
- the Company chooses a ESG and Sustainable Development Curator (separate structural unit and/or ESG & Sustainable Development Curator/Director) within its organizational structure;
- a system for identifying and managing sustainable development risks has been developed.

5.1.4. When formulating an individual ESG agenda, Sber Group companies rely on the fact that any corporate initiatives in this area are designed to contribute to the long-term business sustainability, achievement of significant social and environmental goals, and development of regions of presence, including through creation of new jobs, as well as to contribute to solving the tasks relevant to society.

## **5.2. Mechanisms for integrating ESG approaches and sustainable development issues into the corporate governance system**

5.2.1. To ensure the integration of ESG principles, factors and approaches into the system of relations between shareholders/participants, the Board of Directors, management and other stakeholders, as well as their reflection in the set of rules and standards of conduct under which the activities of Sber Group companies are managed and controlled, and subject to the critical role of the Boards of Directors, it is recommended to use the following mechanisms for integrating ESG approaches and sustainable development matters into the Company's corporate governance system:

1. Choose a ESG and Sustainable Development Curator within the Company's organizational structure by empowering a separate structural unit and/or by appointing a ESG & Sustainable Development Curator/Director.

2. Based on the goal, principles, key directions and objectives of the ESG Policy, conduct an assessment of the materiality of ESG factors, stakeholders, risks and opportunities applicable to the Company's activities and communicate the assessment results to the Board of Directors.

3. Based on the assessment, the Board of Directors should formulate and approve the key directions and objectives of the Company in the field of ESG and sustainable development, as well as the Company's ESG and Sustainable Development Action Plan (hereinafter referred to as «the ESG Action Plan») subject to the integration of ESG activities into the business development strategy, risk management and internal control system, as well as information disclosure standards.

4. Conduct a self-assessment of the Board of Directors in terms of ESG competencies and, if necessary, develop a training and awareness-raising program for members of the Board of Directors.

5. Choose a ESG & Sustainable Development Curator from the members of the Board of Directors.

6. Establish a separate committee for ESG and sustainable development affiliated to the Board of Directors or supplement the functionality of another committee attached to the Board of Directors with ESG and sustainable development responsibilities.

7. Approve the KPI system for ESG and sustainable development at the Company's Board of Directors and integrate it into the executive compensation system by appropriate cascading to all levels of the Company's activities.

8. The Company's Board of Directors should assess the effectiveness of risk management in the field of sustainable development, including climate risks. Assign the responsibility for managing ESG and sustainable development risks to the relevant executives of the Company.

9. The Company's Board of Directors should build a process of regular monitoring and reporting on ESG and sustainable development. Review the results of implementing the ESG Action Plan on a regular basis, but at least twice a year.

10. The Board of Directors of the Company shall supervise the disclosure of information on ESG and sustainable development activities and annually review relevant reports on the basis of international standards recommended by the Bank.

11. The Company's Board of Directors should ensure the preparation and approval of internal regulatory documents required for the ESG management system operation in accordance with the Bank's recommendations, legal regulations and best practices.

## **6. Organizing the integration of corporate governance mechanisms into the practices of the Group companies and the key process participants**

The Bank is aware that it is possible to exercise its powers regarding the comprehensive implementation of corporate governance mechanisms provided for herein into the practices of the Group Company by applying corporate methods (if controlled). In other cases, the Bank will form its opinion regarding the corporate governance mechanisms implemented in the Company's practices on the basis of this Policy, communicate it to other shareholders/participants of the Company and implement it subject to the available scope of rights.

### **6.1. Rights of shareholders / participants**

#### **6.1.1. Shareholders/participants**

6.1.1.1. The Company guarantees equal conditions for all shareholders/participants regardless of their shares/blocks of shares; creation, maintenance and development of conditions for fair treatment of each shareholder/participant by the management bodies, including ensuring the inadmissibility of abuse of minority shareholders/participants by major shareholders/participants.

In turn, shareholders/participants should not abuse the rights granted to them. Shareholders/participants are prohibited to take actions with the intent to harm other shareholders/participants or the Company, including abuse of the right to know (right to receipt of documents) and/or related to the competitive environment.

6.1.1.2. The company complies with the highest standards of information disclosure and strives to ensure the required scope of information about the shareholders/participants.

6.1.1.3. The Company creates the most comfortable conditions for shareholders'/participants' participation in the General Meeting (hereinafter, the Meeting), and favorable conditions for working out an evidence-based position on General Meeting agenda items, coordinating their activities, as well as the actionable opportunity to express their views on the issues under consideration.

6.1.1.4. The procedure for preparing and holding the Meeting is defined in the Regulation on the General Meeting of Shareholders/Participants which stipulates that each shareholder shall have an opportunity to exercise the right to vote in a convenient way.

6.1.1.5. Shareholders/participants have the right to regularly and timely receive information about the Company's activities to the extent sufficient to make informed decisions. In this regard, between the Meetings, shareholders can receive answers to their questions through the Corporate Secretary, as well as through various communication channels, including specialized electronic services.

6.1.1.6. The protection of shareholders'/participants' property rights is ensured, among other things, by the Company's appointment of a registrar with good reputation, who has a set of reliable technologies that provide appropriate accounting of property rights.

6.1.1.7. The protection of interests of minority shareholders/participants will be ensured by electing independent directors to the Board of Directors.



6.1.1.8. The applicability of the above standards is most relevant for companies with multiple shareholders/participants.

## **6.1.2. Dividends**

6.1.2.1. The Company is recommended to maintain the maximum share of dividend payments to its shareholders/participants from net profit determined on the basis of accounting (financial) statements prepared in accordance with the requirements of the national legislation of the country where the Group member is present during the relevant reporting period, taking into account maintaining net positive assets during the year after the payment of dividends, as well as regulatory and approved internal restrictions. Upon making decisions on paying dividends, the Bank's representatives in the Company's management bodies are guided by decisions of the Bank's bodies authorized to manage capital adequacy of the Bank and Sber Group.

6.1.2.2. To establish a transparent and understandable mechanism that helps shareholders/participants to make decisions on paying dividends/profit distribution, determining the amount, procedure and timeframes of paying dividends, the Company may develop and approve the Dividend Policy. The Dividend Policy is based on the Company's development strategy subject to the balance between the Company's interests and the ones of its shareholders/participants.

6.1.2.3. The dividend amount is set as not exceeding the dividend pay-out recommended by the Board of Directors of the Company. A resolution to pay (declare) dividends/ distribute profits must be passed by the General Meeting of Shareholders.

## **6.1.3. Corporate conflicts**

6.1.3.1. The Company attaches great importance to the timely prevention and fair settlement of corporate conflicts.

6.1.3.2. The Company strives to identify corporate conflicts as soon as possible, clearly coordinating actions of all management bodies, officials and employees of the Company aimed at resolving the corporate conflict.

6.1.3.3. When resolving corporate conflicts, the Company strictly complies with the requirements of the legislation and its internal documents.

## **6.2. Building and organizing the work of the Board of Directors**

### **6.2.1. Roles and functions of the Board of Directors**

6.2.1.1. The Board of Directors is the main body allowing the Bank to exercise its powers as a shareholder/participant by supervising executives' activities and controlling safety of its assets.

The Board of Directors is established in all companies controlled by the Bank.

Should a controlled Company form a subholding, the Board's competencies may include issues related to operation of the companies comprising this subholding, while the Board of Directors of the same may not be established across individual companies.

6.2.1.2. The most important functions of the Company's Board of Directors are: control over implementing the strategy and the activities of the executive bodies, generation of a compensation scheme for the executive bodies, supervision of proper organization and effective performance of internal control and risk management systems, including ESG risk management, providing the internal audit function, supervision of assets, implementation of significant corporate actions, as well as ESG transformation.

The competencies of the Board of Directors are determined by Federal Laws and the Company's Charter. Procedural issues related to preparing and holding meetings and making decisions by the Board of Directors, as well as its members' rights, obligations and requirements for them, are formalized in IRDs developed by companies.

6.2.1.3. The Board of Directors independently makes decisions to implement and develop the relevant policies and standards of the Bank, which are communicated to the Group or to certain Group companies.

6.2.1.4. The Bank supports the Company by providing standard IRDs that govern the establishment and operation of Boards of Directors.

## **6.2.2. Formation of the Board of Directors**

### ***6.2.2.1. Board composition***

6.2.2.1.1. The adequate number of members of the Board of Directors is determined subject to the Company's legal form, scope and lines of action. For a Company incorporated as a joint-stock company, the Board of Directors of 5-7 members is appropriate. In some large and complex Companies incorporated as a joint-stock company, the number of members of the Board may be higher than the recommended one subject to the principle of proportionality. For a Company incorporated as a limited liability company, the number of the Board members should be at least 3 people.

6.2.2.1.2. In addition to mandatory consideration of the business and personal reputation of candidates for the Board of Directors, the principle of diversification must be observed when forming such management body.

According to this principle, the composition of the Board of Directors should be diverse and balanced regarding skills, experience and knowledge of its members (collective qualifications) sufficient for ensuring effective management and control over the Company's activities, in terms of proportions of various categories of directors, representation of independent directors, as well as other factors such as age and gender diversity (increased proportion of women on the Board of Directors), etc.

### ***6.2.2.2. Proportions of different categories of directors***

6.2.2.2.1. To protect interests of all categories of the Company's owners and to improve the effectiveness of decisions taken by the Board of Directors, it is advisable to appoint various categories of directors as its members: non-executive, executive and independent directors.

6.2.2.2.2. Subject to the legal requirements determined by the need to ensure that the Board of Directors is independent from the Company's management, the number of executive directors (directors having employment relations with the Company) can not exceed one quarter of the Board membership.

6.2.2.2.3. Non-executive directors are typically representatives (employees) of shareholders/participants of the Company.

6.2.2.2.4. Introducing independent directors in the Board of Directors is aimed at improving the effectiveness of its functionality. One of the advantages of independent directors is the ability to include additional professional competencies and an unconventional view of the Company's operation (its specific aspects) into the activities of the Board of Directors, ultimately contributing to the formation of a more objective (balanced) opinion of the Board of Directors on the issues discussed.

6.2.2.2.5. An independent director should have knowledge and experience that are useful for the Company's activities (in terms of collective qualifications), be able to make independent judgments, which implies the absence of any circumstances that could influence his/her opinion (for

example, when an independent director has a conflict of interest with the Company), as well as have the opportunity and interest in working on the Board for at least 3 years and devote adequate time to it.

6.2.2.2.6. The question of feasibility of appointing independent directors as members of the Board of Directors, as well as determining their adequate number, is decided individually based on the recommendations of the Board of Directors of each Company, taking into account the Company's needs for professional and independent expertise.

**6.2.2.3. «Competence Matrix»: qualifying requirements for the Board members. Nomination of candidates and the principle of succession**

6.2.2.3.1. Under corporate procedures for the establishment of Boards of Directors of controlled companies, the Bank, as a shareholder/participant:

- nominates candidates for the Board of Directors based on the principles of diversification and «collective qualification», being guided by the «competence matrix». Candidates should have sufficient time to prepare and participate in meetings of the Boards of Directors, as well as in organizing the Company's operation and their interaction with the Bank;

- determines the feasibility of involving independent directors and generating request regarding their competences;

- presents the candidate for the Chairman of the Board of Directors.

6.2.2.3.2. Choosing members of the Board of Directors must be based on the mandatory availability of the following core competencies: industry-specific (for example, finance, risks, HR) and additional ones, depending on particular features of the the controlled Company's activities (for example, IT, cybersecurity, etc.).

Core competencies of the Board of Directors may be represented by the Board members being assignees of the Bank. The Bank preliminarily assesses the conflict of interest risk in relation to the Bank's employees appointed to the Boards of Directors of companies.

6.2.2.3.3. Diversified Boards of Directors of companies should contribute to more effective relationships with the executive bodies of the controlled Company. In this regard, to increase the Company's business value drawn from decision-making processes, it is required to include independent directors having necessary professional competences in the Board of Directors.

6.2.2.3.4. In accordance with the principle of «collective qualification», the Board of Directors should be a unified team of professionals. Sufficient qualification of the Board of Directors as a management body will help it to make better professional decisions.

6.2.2.3.5. The HR and Remuneration Committee may be established within the structure of the Board of Directors, whose functions should include conducting an annual analysis, identifying current and expected staffing needs of the Board of Directors, determining relevant competencies required to enhance the Board of Directors in the short (1 year) and medium term (2-3 years). Based on this procedure, a «competence matrix» of the Board of Directors can be designed, containing a list of basic and core competencies, as well as those required subject to the Company's long-term development goals. If there is no HR and Remuneration Committee, the personnel requirements for the Board of Directors may be determined by the Chairman of the Board or by the Corporate Secretary.

6.2.2.3.6. Based on the information specified in the «competence matrix», the Board of Directors (HR and Remuneration Committee) develops a succession plan and organizes searching, evaluating and selecting candidates for the Board of Directors, also adhering to the above-mentioned principle of diversification.

6.2.2.3.7. Companies effectively interact with shareholders/participants, informing them about the required competencies of candidates for the Board of Directors.

6.2.2.3.8. The Board of Directors (HR and Remuneration Committee) may evaluate candidates for the Board of Directors, including for their compliance with the independence criteria. The results of such evaluation are communicated to shareholders/participants.

### **6.2.3. Organizing the work of the Board of Directors**

#### ***6.2.3.1. Planning the meetings of the Board of Directors***

6.2.3.1.1. To ensure an adequate decision-making process and increased efficiency of the Board of Directors, its meetings are held in accordance with a pre-approved plan.

6.2.3.1.2. After the election, the Board of Directors approves a work plan for the corporate year and makes adjustments if required.

6.2.3.1.3. Ensuring the work plan preparation by the Board of Directors and its submission for approval is the responsibility of the Chairman of the Board of Directors. The work plan may be developed subject to proposals of members of the Board of Directors. The Chairman of the Board of Directors must also monitor the implementation of the approved work plan by the Board of Directors.

#### ***6.2.3.2. Periodicity and form of conducting meetings of the Board of Directors***

6.2.3.2.1. The Board of Directors should play an active role in the Company's corporate governance system. To ensure this, its meetings should be held regularly. In-person meeting of the Board of Directors is the best meeting form that provides the Board member with opportunities for a comprehensive discussion of issues on the agenda. However, decisions regarding some issues within the competence of the Board of Directors can be made in absentia.

6.2.3.2.2. The Company's IRDs determine the range of critical issues to be considered at in-person meetings.

6.2.3.2.3. The Board members should meet in person at least quarterly each year.

#### ***6.2.3.3. Principles of forming the agenda of the meeting of the Board of Directors***

6.2.3.3.1. Forming meeting agendas must be based on the required frequency of considering certain questions of competence and on the work plan of the Board of Directors, also taking into account the nature of issues to be considered. The Bank supports the Company by providing a draft standard work plan of the Board of Directors.

6.2.3.3.2. The Chairman of the Board of Directors is responsible for forming the agenda of the meeting of the Board of Directors. Including issues into the agenda of the meeting of the Board of Directors can be initiated by any member of the Board of Directors, members of the executive bodies, as well as by external and internal auditors of the Company. The IRD regarding the Board of Directors of the Company should establish the procedure for including issues into the agenda.

6.2.3.3.3. In addition to scheduled issues, the agenda of the meeting of the Board of Directors may include unscheduled ones initiated by members of the Board of Directors, the General Director of the Company and other persons having the appropriate right. The Bank initiates including issues through its representatives in the Board of Directors according to the relevant corporate procedures of the Company.

6.2.3.3.4. If the Executive Board of the Bank decides to recommend the adoption of a particular practice by a Group company, the relevant issues must be included in the agenda of the meeting of the Board of Directors of the controlled Company, taking into account the Board competences. Including relevant issues in the agenda of the meeting of the Board of Directors is initiated by the Board members being the Bank's representatives.

6.2.3.3.5. If no initiative on extending a particular practice to the Group companies has been submitted for consideration by the Bank's Executive Board, the decision on whether to include the

relevant issue in the agenda of the meeting of the Board of Directors is made in accordance with the Company's corporate procedures after receiving the necessary clarifications from the members of the Board of Directors being representatives of the Bank (dedicated units – initiators).

#### ***6.2.3.4. Preparation of materials for meetings of the Board of Directors, providing information to its members***

6.2.3.4.1. Since it is impossible to make informed and balanced decisions on the issues included in the agenda of the meeting of the Board of Directors without studying relevant materials, members of the Board of Directors should be provided with information in advance so that they could study it and identify problems they would like to discuss at the meeting of the Board of Directors.

6.2.3.4.2. Companies state in their IRDs the obligation to provide each member of the Board of Directors with relevant materials at least 5 business days prior to the meeting.

6.2.3.4.3. In addition, IRDs establish the right of members of the Board of Directors to request necessary information (internal documents, reports, materials) about the Company's activities from its executives, state the procedure for submitting such information, and provide for a corresponding responsibility of the Company's executives. Members of the Board of Directors may initiate working meetings with the executive bodies and managers of the Company.

6.2.3.4.4. In its work, the Board of Directors uses modern IT solutions that ensure efficient and secure communications between members of the Board and the Company. In particular, members of the Board of Directors who are absent from the meeting venue are given the opportunity to participate in the discussion of agenda issues and to vote remotely (through specially designed automated systems (AS) or conference calls and secure video conferencing).

#### **6.2.4. Committees of the Board**

6.2.4.1. Committees may be established within the structure of the Company's Board of Directors. Committees are responsible for preliminary consideration of critical issues within the competence of the Board of Directors and preparation of recommendations to the Board of Directors, increasing the effectiveness of the Board of Directors' performance and contributing to the adoption of professionally prepared, balanced and independent decisions.

6.2.4.2. Being established under the decision of the Board of Directors, committees are accountable to the Board of Directors/ However, they do not constitute structural divisions of the Company, its bodies and therefore are not entitled to act on its behalf. The Bank's opinion on the establishment of the Committee is communicated through the Bank's representative in the Board of Directors in compliance with the required corporate procedures.

6.2.4.3. According to the established practice, the following standing committees are the key ones:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy and Sustainable Development Committee.

If necessary, the Board of Directors may decide to change the structure or establish other committees.

6.2.4.4. The number of members in each Committee is determined by the resolution of the Board of Directors and cannot be fewer than three (3) members. At that, the number of the Board members and the need to involve persons with certain competencies in committees' operation are taken into account.

6.2.4.5. Committees can only consist of members of the Board of Directors. Other persons being employees of the Company's dedicated units or external experts (normally, representatives of

shareholders /participants) may participate in the meeting of the committees attached to the Company's Board of Directors as invited persons having no right to vote and also complying with the requirements of confidentiality policies.

6.2.4.6. Committee meetings are held in accordance with the approved plan (scheduled meetings), as required and upon the request of the Board of Directors (its Chairman) or any member of the committee (extraordinary meetings).

6.2.4.7. Since committees are established by the Board of Directors for a preliminary, more detailed consideration of critical issues of the Company's activities, such consideration is only possible to ensure when holding an in-person meeting. In this regard, Committee meetings are normally held in-person. The Audit Committee (if any) must meet in person at least 4 times a year, other committees (if established) – at least 3 times a year.

The in-person meeting form involves discussion of issues on the agenda and can be held remotely: via conference calls or secure video conferencing. It is advisable to state the provision on remote in-person meetings of the Board of Directors and its committees in the IRD on the Board of Directors of the Company.

6.2.4.8. Committee Chairpersons submit annual progress reports on their Committees to the Board of Directors.

6.2.4.9. To streamline the performance of committees and create the required legal foundations, the Board of Directors approves the IRD governing the competence and organizing the operation of each established Committee.

## **6.2.5. Tools to ensure the operation of the Board of Directors**

### ***6.2.5.1. Remuneration of the members of the Board***

6.2.5.1.1. The conditions for ensuring the effective operation of the Company's Board of Directors include the payment of remuneration to its members.

Remuneration is paid to independent directors and may also be paid by non-executive directors with the consent of the shareholder (participant) whose interests they represent. The decision on the amount and procedure for payment of remuneration is made by the general meeting of shareholders/participants of the Company.

6.2.5.1.2. Remuneration typically consists of two components: basic fixed remuneration for work on the Board of Directors and extra one. Extra remuneration for the members of the Board of Directors, in turn, comprises the following components:

- remuneration for performing functions of the Chairman of the Board of Directors;
- remuneration for being a member of the committee under the Board of Directors (if any);
- remuneration for working as Chairman of the Committee of the Board of Directors (if any committees).

6.2.5.1.3. Members of the Board of Directors may also be compensated for expenses related to the performance of their functions as members of the Board of Directors (travel, accommodation, representation costs, as well as expenses related to obtaining professional advice on issues considered at meetings).

6.2.5.1.4. The amount of basic remuneration paid to members of the Board of Directors should be competitive, i.e. allow attracting sufficiently qualified and professional directors to the Company.

6.2.5.1.5. The key approaches to the remuneration system for members of the Board of Directors must be set out in the Company's IRDs.

### ***6.2.6.1. Performance assessment of the Board of Directors***

6.2.6.1.1. One of the key mechanisms for improving the efficiency of the Board of Directors is the development and implementation of a system to evaluate its performance as a Company management body.

6.2.6.1.2. Evaluation of the Board's performance includes assessing the Board of Directors and the performance of committees (if any). It is carried out as self-assessment, the methodology of which is determined in a way that facilitates, among other things, identifying relevant long-term situational competencies required to complement the collective competence of the Board of Directors.

6.2.6.1.3. Based on the assessment results, proposals are formulated to improve the performance of the Board of Directors and its committees (if any). The assessment results are reviewed at in-person meetings of the Board of Directors, also being taken into account when designing the «competence matrix» of the Board of Directors.

6.2.6.1.4. An independent external assessment of the Board of Directors and its committees is possible by involving an independent external appraiser. Its recommended periodicity is at least once every three years.

## **6.3. Executive bodies**

### **6.3.1. Formation of executive bodies**

6.3.1.1 The current activities of the Company are managed by its General Director/Director or General Director/Director and Executive Board. Designation and termination of powers of the General Director/Director falls within the competence of the Board of Directors of the Company. Appointment of members of the Executive Board (if any) and termination of their powers also is the responsibility of the Company's Board of Directors.

6.3.1.2. For the General Director/Director, the Company must be the principal place of work. Other activities of the CEO/Director outside the Company should not prevent him/her from implementing his/her functions regarding management and representation of the Company's interests. Part-time work (including for another employer) is only possible after obtaining the permission of the Board of Directors.

6.3.1.3. Candidates for the General Director/ Director of the Company are previously considered by the Bank, including for conducting a preliminary assessment of the conflict of interest risk in relation to sole executive bodies (SEB) appointed by the Group Companies.

In addition, the Bank preliminarily assesses the conflict of interest risk in relation to the Bank's employees appointed to the Executive Boards of companies. To avoid a conflict of interest, restrictions may be imposed on the term of office of the SEB/member of the Executive Board of the Company concurrently working for another employer.

6.3.1.4. The Board of Directors of the Company makes the following decisions regarding the executive bodies:

- approves terms and conditions of the employment contract with the SEB;
- approves the IRD regulating the remuneration system for members of the executive bodies and their performance assessment (KPI);
- assesses the effectiveness of members of the executive bodies, including making a decision on the payment of variable remuneration;
- approves transactions exceeding the SEB authority limits;

- makes a decision or submits for consideration by the general meeting of shareholders/participants of the Company the question of transferring the SEB powers to a managing organization (manager).

The members of the Board of Directors of the Company being representatives of the Bank shall ensure that decisions on the executive bodies taken by the Board of Directors in accordance with its competence comply with group-wide standards for personnel policy, HR and finance.

### **6.3.2 Accountability of executive bodies**

6.3.2.1 The Company's executive bodies are accountable to the Board of Directors and the General Meeting of shareholders/participants.

6.3.2.2. The Company's Board of Directors regularly reviews and approves reports submitted by the Company's executive bodies.

### **6.3.3 Competences of executive bodies**

6.3.3.1 The General Director/Director and the Executive Board ensure the implementation of decisions taken by the General Meeting of shareholders/participants and the Board of Directors of the Company.

6.3.3.2. The competence of the Executive Board normally includes the most complicated matters of managing the Company's current activities, e.g. when the question under consideration requires in-depth knowledge in several professional fields and (or) coordination, improved operation of a number of units, implementation of major projects, also providing for other significant changes in the Company's activities.

6.3.3.3. These include solving issues that go beyond the normal business activities of the Company, and ones that can be attributed to such activities, but the results of solving these can have a significant and long-term (e.g. several years) impact on the Company's activities.

6.3.3.4. The competence of the executive bodies is determined by the Company's Charter.

### **6.3.4. Approaches to the remuneration system: structure (fixed and variable components), relationship with long-term goals, information disclosure**

6.3.4.1 Remuneration of executives should ensure a balance between their interests and the ones of the Company. For this purpose, the Company should establish remuneration programs aligned with the results of its activities.

6.3.4.2. A compensation package is required to provide the necessary balance between short-term and long-term performance indicators of the Company. This remuneration scheme primarily applies to members of the executive bodies who are responsible for achieving the Company's strategic goals.

6.3.4.3. The remuneration scheme for members of executive bodies should include fixed and variable components. The variable remuneration should be linked to key performance indicators and fulfillment of a number of key efficiency indicators, including individual and team, financial and non-financial indicators. The basic elements of the variable component of remuneration are bonuses and remuneration depending on performance results for the year.

6.3.4.4. Long-term strategic performance indicators of the Company being the criteria for determining the amount of remuneration for members of the executive bodies and senior managers, should be assessed at least three years in advance.



6.3.4.5. To avoid a conflict of interest, restrictions may be imposed on the amount of remuneration for the executive bodies working simultaneously for another employer, including Sber Group companies.

### **6.3.5 Performance assessment of executive bodies**

6.3.5.1 The effectiveness of the Company's executive bodies is assessed throughout the entire period of activity (on a quarterly basis) by the Company's Board of Directors.

6.3.5.2. The performance of the executive bodies is assessed by the Board of Directors based on the approved key performance indicators. These should include both fundamental performance indicators (ROA, ROE, IRR, EVA) and ones based on benchmarking of peer companies, for example, total shareholder return (TSR), as well as ESG factors indicating a systematic and structured approach to sustainable development activities.

## **6.4. Corporate Secretary**

6.4.1. An important aspect of the Company's corporate governance practice is the presence of a Corporate Secretary, whose main tasks are:

- to ensure adherence by the Company to requirements of applicable legislation, Charter and internal documents guaranteeing exercise of the rights and legitimate interests of shareholders/participants;
- to assist in the development of the Company's corporate governance practice and sustainability.

6.4.2. The Corporate Secretary is appointed by the decision of the Board of Directors and is functionally subordinate to the Board of Directors of the Company. The Corporate Secretary is administratively subordinate to the General Director/ Director/Chairman of the Executive Board of the Company.

The Bank assists the Company in the selection of candidates for the Corporate Secretary based on the request of the Company's Board of Directors and provides the Company with a standard regulation on the Corporate Secretary.

The Company's Board of Directors may decide to assign the functions of Corporate Secretary to one of the Company's employees under the terms of concurrent service.

6.4.3. To regulate the Corporate Secretary's activities, the Company's Board of Directors approves a separate IRD, which, among other things, sets out the requirements to candidates for the Corporate Secretary; a list of the relevant functions and powers, rights, duties and responsibilities; the procedure for designation and termination of powers; subordination.

6.4.4. In practice, the Corporate Secretary may also serve as the secretary of the Board of Directors and the secretary of Committees of the Board of Directors.

6.4.5. The relevance of introducing the Corporate Secretary increases if the Company has several shareholders/participants.

## **6.5. Information disclosure**

6.5.1. The Company provides information transparency of its activities based on the principles of completeness, reliability, availability, balance of disclosed information, as well as regularity and timeliness of its disclosure.

6.5.2. The Company may develop an IRD approved by the Board of Directors - the Regulation

on Information Policy that governs the following aspects:

- disclosure of information about the Company to its clients, partners, creditors and other stakeholders, including on the Company's website (list of disclosed financial and non-financial information, procedure and forms of its disclosure, responsible persons);
- procedure for communications of members of the Board of Directors, officials and employees of the Company with stakeholders and media representatives; responsibility of officials and members of the Board of Directors for disclosure of information about the Company;
- regulation of the use of information constituting a business or trade secret;
- main channels of information disclosure/ tools enabling the Company's communications with all stakeholders (the Company's website, reports, presentations, meetings between executives, clients and counterparties, remote information exchange tools, the Company's presence in social media);
- measure to control compliance with the Company's Information Policy.

6.5.3. Executive bodies of the Company ensure that information about any essential aspects of the Company's activities is disclosed in good time and accurately. The Board of Directors is responsible for supervision of the Company's information policy implementation.

6.5.4. Companies ensure the protection of information constituting a business or trade secret or personal data and approve a list of documents constituting a trade secret.

6.5.5. The Company provides its stakeholders with reasonable access to the decisions taken by the controlling shareholder/participant, as well as to the orders/tasks included in the structure of the Company's tasks based on the results of such decisions.

6.5.6. The Company's annual report is an important channel of communications with stakeholders. Companies should strive to ensure that the prepared annual report complies with legal requirements and contains detailed, up-to-date and reliable information about the results and various aspects of the Company's activities, taking into account their strategic and social significance.

## **6.6. Internal Control and Risk Management System, internal and external audit. Audit Commission**

### **6.6.1. Internal Control and Risk Management System**

6.6.1.1. The Bank takes measures to build an effective system of internal control and risk management in the companies of Sber Group.

6.6.1.2. Risk management is aimed at improving the overall Company's efficiency as a result of the risk management integration with strategic planning, business planning and managerial decision-making processes.

6.6.1.3. The internal control and risk management systems are built with the use of the *Three Lines of Defense*, a principle where:

*first line* is risk level management within the set containments;

*second line* is development of a risk management methodology and risk control;

*third line* is the internal audit that is tasked with an independent evaluation of the effectiveness of internal control and risk management systems.

Internal control system participants are:

- Board of Directors;
- Executive Bodies;

- Chief Accountant (and his/her deputies);
- internal auditor and Internal Audit Service;
- Internal Control Service;
- structural unit (responsible employee) for counteraction of legitimization (laundering) of proceeds from criminal activities and financing of terrorism
- the Controller of Professional Securities Market Participant;
- Authorized Officer for Countering Illegitimate Use of Insider Information and Market Manipulation;
- other business units and employees who exercise internal controls within the scope of their powers as defined by the Charter and internal documents.

6.6.1.4. The competence and powers of the Board of Directors and executive bodies in the field of risk management and internal control are determined by the Company's Charter and internal documents regulating this area.

6.6.1.5. The Board of Directors is responsible for setting forth the principles and approaches for organization of the Company's internal control system, and performs assessment and control of the reliability and efficiency of the internal control system.

6.6.1.6. A special IRD - Regulation on the internal control system -<sup>1</sup> is recommended to govern, among other things, the following aspects:

- Internal control system principles and objectives;
- internal control areas;
- internal control system structure;
- units, participants and the procedure for their interactions.

6.6.1.7. The Company organizes the risk and capital adequacy management process in accordance with the principles defined by the Risk Management Strategy of Sber Group and provides Sber's Risk Management Service with the information required for integrated risk management and controlling material/significant risks. The Company also shall assess risk materiality at the local level if the local regulator and/or the Bank require(s) that.

6.6.1.8. The risk management policy developed in accordance with the Risk Management Strategy of Sber Group must be approved by the Company's Board of Directors, taking into account its relevant competence.

6.6.1.9. The risk management policy is recommended to govern, among other things, the following matters:

- goals and objectives of the risk management system, its operation principles;
- participants of the risk management system, their functions and interaction;
- key processes of the risk management system;
- assessment of the risk management system performance.

6.6.1.10. The candidacy of the Head of the Company's Risk Management Department must be coordinated by the Bank's Risk Management Service and approved by the Company's Board of Directors.

## **6.6.2. Internal audit**

6.6.2.1. Internal audit allows for achieving the Company's goals by using a systematic and consistent approach to assessment and development of recommendations for improving the effectiveness of risk management, internal control and corporate governance, providing independent

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<sup>1</sup>The development is only mandatory for organizations being regulation entities under the Statute of the Bank of Russia No.242-II (242-P) dated 16 December 2003 'On Internal Control Organization in Credit Organizations and Banking Groups'

and objective guarantees and advice aimed at improving the Company's activities.

6.6.2.2. The Internal Audit Service (internal auditor) reports to the Company's Board of Directors and acts under its direct control, submitting to it, among other things, information on discovered flaws in the operation of the internal control and risk management systems, as well as on measures taken to remedy them. The candidacy of the Head of the Internal Audit Service/internal auditor must be agreed with the Internal Audit Service of the Bank and approved by the Board of Directors of the Company.

6.6.2.3. Approaches to organizing internal audit, including the goal, tasks, functions and powers of the Internal Audit Service/internal auditor, are determined by the relevant Regulation approved by the Company's Board of Directors.

6.6.2.4. In companies with no internal audit such function is performed by the Internal Audit Service of the Bank (subject to available resources, the Control Measures Plan and decisions of the Board of Directors). However, the form of such control measures should not contradict the legislation of the Russian Federation and should ensure the objectivity and independence of their results.

### **6.6.3. External Audit**

6.6.3.1. Conducting external audit is one of the mechanisms to ensure the control over the Company's financial and economic activities and the supervision of executives' activities by the owners.

6.6.3.2. The Company must guarantee a sufficient level of independence and objectivity of the external auditor involved by conducting a tender.

### **6.6.4. Audit Commission**

6.6.4.1. To exercise control over the Company's financial and economic activities, the Audit Commission may be established in cases provided for by the legislation of the Russian Federation or the Company's Charter.

6.6.4.2. Members of the Audit Commission are elected by the general meeting of shareholders/participants of the Company.

## **6.7. Counteracting corruption and conflict of interest management Compliance**

The principles and standards of managing conflicts of interest and counteracting corruption are set for all Sber Group companies to ensure a uniform and consistent approach to manage the risk of compliance.

### **6.7.1. Counteracting Corruption**

6.7.1.1. The anti-corruption program has been established by the Bank, including:

- development and execution of fundamental anti-corruption documents, including Anti-Corruption Policy and Conflict of Interest Management Policy, mandatory for all employees regardless of their position;
- building a culture of ethical behavior and intolerance to all manifestations of corruption, including through mandatory training for employees and members of the management bodies;
- integration of anti-corruption principles into strategic and operational management at all

- levels of the Group's activities;
- introduction of additional anti-corruption requirements for areas exposed to increased corruption risks, including procurement, charity and sponsorship activities, exchange of business gifts, interaction with officials;
  - ensuring the operation of a secure and confidential information channel (Compliance Hotline) intended for accepting queries from employees and third parties about intentions or evidence of illegal actions;
  - openness and publicity of the Bank's activities (subject to restrictions related to the dissemination of confidential information);
  - application of responsibility measures for the corruption offense to employees.

## **6.7.2. Management of conflicts of interest**

6.7.2.1. The Group companies should adhere to the principle of preventing conflicts of interest at early stages and treating them carefully.

6.7.2.2. A conflict of interest (actual or potential), in relation to which appropriate regulation measures have not been taken, constitutes a threat to the Bank/Group company in the opinion of the society, its employees, customers, shareholders, counterparties, the State and government bodies, trade union organizations, professional associations, securities market participants, and other persons.

6.7.2.3. Principles of preventing, managing and identifying conflicts of interest in due time, as well as examples of situations which may cause conflicts of interest, can be found in the Conflict of Interest Management Policy and the Standard on Disclosure of Information about Conflicts of Interest.

6.7.2.4. In a situation of a conflict of interest, the Bank and the Group's companies shall prioritize customers' interests. In case a conflict of interest arises between an employee and the Bank/Group's company and it is impossible to eliminate such a conflict of interest, interests of the Bank/Group's company shall prevail over personal interests of its employees.

6.7.2.5. The members of the Board of Directors and executive bodies must promptly inform on a conflict of interest, including a potential one, and on existing or proposed transactions known to them, in which they can be recognized as interested parties; refrain from actions that will or may lead to a conflict of interest; refrain from discussing and voting on issues in relation to which they have a conflict of interest, as well as from other actions that may negatively affect the interests of the Group's company or its shareholders.

6.7.2.6. Members of the Board of Directors must promptly notify the Board by sending a notification to its Chairman through the Corporate Secretary both on the intention to take a position in management bodies of other organizations, in state and municipal bodies, and on the fact of such an appointment.

6.7.2.7. Members of executive bodies shall obtain approval from the Board of Directors for holding positions in other organizations, and also disclose to the Board of Directors information on their commercial activities even if they are not related to the interest of the Group's company.

6.7.2.8. Managing the conflict of interest in relation to transactions with interest is ensured by the procedure for giving consent for their execution/subsequent approval in the manner prescribed by the Bank.

## **7. Aspects of Sberbank's interaction with Group companies**

7.1. According to the Corporate Governance Principles for Banks of the Basel Committee on Banking Supervision, when organizing corporate governance in group structures, «the parent organization bears overall responsibility for the group and for creating a clear corporate governance

concept, adequate structure, activities and risks of the group and its member organizations.» Sberbank fully shares this principle and strives to provide maximum assistance and support to the companies of its Group in building appropriate corporate governance mechanisms.

7.2. The Bank aims at balanced development of its Group companies, taking into account, on the one hand, the benefits from the use of centralized resources, group-wide policies and management approaches of Sber, and, on the other, the specifics of the activities, regulation and business environment of each company in question reflected in the Corporate Governance Code of the Bank.

7.3. By supervising companies, Sberbank strives to introduce modern corporate governance principles into their practices, which contribute to their sustainable operation and achievement of business goals in the long term.

7.4. Sberbank exercises the rights of a shareholder/participant/founder on the basis of corporate law and group policies and standards, separating powers and responsibilities between the Bank, the Board of Directors and executive bodies in the management of the Company. Sberbank informs the members of the Boards of Directors of Companies being the Bank's representatives about its centralized position on the main issues of the Companies' activities falling within the competence of the Boards of Directors in order to improve the manageability of the Group and exercise its shareholder/participant rights through corporate procedures.

7.5. Sberbank monitors its Group operation, giving heads of functional blocks and independent structural divisions of the Bank the authority to monitor activities and to comprehensively assess the overall state of affairs in controlled companies, including monitoring financial results.

7.6. To develop and coordinate the activities of Sber Group companies, establishment of advisory councils is possible to allow the Bank to form an expert opinion, prepare recommendations and provide advice on the development of individual business lines by the Bank and the Group. Decisions of the Advisory Board are not binding but can be taken into account in the course of the Companies' activities.

7.7. The Supervisory Board of the Bank is responsible for strategic control over the operation of Sber Group and has access to complete and up-to-date information about its structure, being aware of the role of companies significant for the Bank and the specifics of their corporate governance systems.

7.8. To assess the corporate governance level of the Group companies subject to the relevant principles and mechanisms set out in this Policy, the Bank has a Corporate Governance Assessment Methodology, on the basis of which appropriate monitoring is carried out and an internal rating/index of companies on corporate governance is generated.

7.9. The Bank monitors the corporate governance level of the Group companies through an automated system that assesses practices applied by such companies, including in terms of their compliance with the goals, performance standards and policies of the Bank.

7.10. Collection, updating, verification and processing of indicators required to monitor (assess) the level of corporate governance, including for compliance with this Policy, as well as calculation of the integral index of corporate governance based on the results of the assessment, are carried out on the CSS AS platform.

## **8. Final Provisions**

Assuming obligations to comply with the additional provisions and principles prescribed by this Policy (other than legal requirements of the Russian Federation), the Company is aware that there may arise some circumstances preventing it from complying with some of the regulations or principles due to the reasons beyond its control. In such cases the Company will actively take all adequate

measures to amend the situation or provide well-founded clarifications in regard to the reasons for such non-compliance with the provisions of this Policy taking into account the best interests of all its shareholders/participants.

## Terms and Definitions

**Sberbank Group (Sber Group, Group, Group companies)** – Sberbank and legal entities controlled or significantly influenced by Sberbank.

**ESG transformation** – systemic changes to a company or organization through integrating environmental, social, managerial and economic factors in accordance with the ESG approach and the sustainable development concept into the assessment and decision-making processes in all fields of activity and at all levels.

**Company (controlled company)** - a legal entity controlled by the Bank.

**Companies controlled by the Bank<sup>2</sup>** – companies in respect of which the Bank:

- has powers (the ability to manage significant activities of the Company, which have an impact on the Company's income);
- has the right to receive income from participation in the Company or is exposed to the risk of changes in such income;
- has the ability to use its powers to influence the amount of income from participation in the company.

**Companies significantly influenced by the Bank<sup>3</sup>** - companies in respect of which at least one of the following conditions is met:

- the Bank directly or indirectly owns at least 20 percent of the voting rights in relation to the Company;
- the Bank's representatives are members of the Board of Directors or a similar management body;
- the Bank participates in policy-making, including in making decisions on the payment of dividends or other distribution of the Company's profits;
- the Bank and the Company execute material transactions;
- there are other signs of significant influence (ownership of securities that, in case of execution or conversion, may provide the Bank with additional voting rights<sup>4</sup>exchange of management personnel between the Bank and the Company; exchange of important technical information between the Bank and the Company).

**Corporate conflict** – a disagreement (contradiction, confrontation) between shareholders/participants of the Company or between the Company and its shareholders/participants, infringing upon corporate and other relations in the Company's activities, as well as disagreements arising between the Company or its shareholders/participants and other persons (members of the Company's management bodies, share register holder, external investor, depository, etc.) aimed at legal relations within the Company,

<sup>2</sup>The definition corresponds to International Financial Reporting Standard (IFRS) 10 «Consolidated financial statements»

<sup>3</sup>The definition corresponds to International Financial Reporting Standard (IFRS) 10 «Consolidated financial statements»

<sup>4</sup>The ownership of securities that, if executed or converted, may provide the Bank with additional voting rights, shall mean the ownership of share warrants, stock options, debt or equity securities of the company that can be converted into ordinary shares, or other similar securities that, if executed or converted, may provide the Bank with additional voting rights in relation to the financial and operational policies of the Company (i.e. potential voting rights).



characterized by opposite colliding goals and interests of the parties to such disagreement targeting to control the behavior of the other party or changing its status or legal status.

**Corporate Secretary** - an employee of a joint-stock company (company) that ensures the interaction with shareholders and the coordination of company activities to protect the rights and interests of its shareholders, as well as performance of the Board of Directors. The Corporate Secretary's activities are aimed at improving the efficiency of managing the Company's development for the benefit of its owners, increasing the business returns, promoting the Company's investment attractiveness.

**The ESG and Sustainable Development Curator in the Board of Directors** is elected from among its members to interact on behalf of the Board of Directors with the Company's executives and external stakeholders on the ESG agenda and sustainable development.

**ESG agenda curators in the Group companies** are determined within the Company's organizational structure (separate structural unit and/or Sustainable Development Director) based on the scope of the Company's activities and the level of the Company's impact on the society and environment; implement uniform corporate principles; develop policies in accordance with the corporate directions and objectives; form substantive initiatives subject to the profile of the company's activities and implement them.

**Management** – a sole executive body (SEB), members of the collegial executive body (Executive Board) (if any), SEB deputies in various fields of the Company's activities.

**Independent director** - a director who 1) has sufficient professional knowledge and expertise, business reputation, experience and independence to form his own opinion, 2) is able to make objective and conscientious judgments independent from the influence of the Company's executive bodies, separate groups of shareholders and other stakeholders, and 3) has not been in an employment relationship with the Bank and/or another member of the Group for 2 years.

**ESG Policy** - the Environmental, Social, Governance and Sustainability Policy of Sberbank (approved by the Supervisory Board on 25/06/2021).

**Company's Action Plan in the field of ESG and Sustainable Development (ESG Action Plan)** - an internal document that includes specific initiatives in the field of ESG and sustainable development selected by the Company to be implemented in the following areas within a certain period of time: minimizing environmental impacts; developing practices for managing climate risks and opportunities; creating conditions for productive work and human capacity development; promoting and protecting human rights, an inclusive environment, and equal access to products and services; supporting local communities and promoting social development; improving corporate governance practices, ensuring security and ESG risk management, including in the supply chain; developing responsible financing practices; promoting economic well-being and prosperity for all.

**ESG and sustainability risks** - risks of losses, reduced profits, capital adequacy or any negative financial impact on the organization from the current or anticipated ESG factors. ESG risks include environmental, social, and corporate governance ones:

**Environmental risks** – risks associated with the environment, arising as a result of direct or indirect human influence on the environment. They take the form of climate changes and the disrupted ability to ensure operation of ecological systems, comfort of human life and preservation of the physical and geographical basis of territorial natural resource structures.

**Social risks** – risks associated with the possibility of human rights violations, threats to well-being and health of people and society, inequality and discrimination of all kinds, violation of labor rights, personal data security, safety and quality of services provided, etc.

**Corporate governance risks** - risks associated with violation of business ethics and rules of interaction with clients and counterparties, lack or violation of an anti-corruption policy, infringement of shareholders' rights, manipulation of reporting on the Company's activities.

**Stakeholders** are shareholders (participants), investors, customers, partners, Company employees, regulatory bodies and the society.

**Subholding** - a group of legal entities and structures comprising the Bank's Group, including one key Company (the subholding's parent company) and one or more legal entities with indirect participation of the Bank being controlled or significantly influenced (on the basis of participation) by the key Company.

**Significant corporate actions** - actions that significantly affect or may significantly affect the Company's share capital structure and financial condition, and, accordingly, shareholders' position (reorganization of the Company, acquisition of at least 30% of the Company's voting shares (takeover), significant transactions, increase or decrease in the Company's authorized capital, as well as other actions that may lead to a significant change in the rights of shareholders or violation of their interests).

**Sustainable development** - a global community development concept invented by the UN according to which the current generation can meet its needs without adversely affecting next generations. (Source: Our Common Future Report, Brundtland Committee, 1987)

**Members of the Board of Directors being representatives of the Bank** – employees of the Bank nominated as candidates and elected to the Board of Directors by the decision of the General Meeting of shareholders/participants of the Company in accordance with the procedure established by law.

### Abbreviations

<b>CSS AS</b>	Corporate Structure of Sberbank Automated System
<b>IRD</b>	Internal Regulatory Document
<b>SEB</b>	Sole executive body
<b>ESG</b>	Environmental, Social, Governance, responsible financing - consideration of environmental, social and governance factors along with financial factors in the investment decision-making process
<b>EVA</b>	Economic value added
<b>HR</b>	Unit/experts in personnel management
<b>IT</b>	Information technologies
<b>IRR</b>	Internal rate of return
<b>KPI</b>	Key Performance Indicators
<b>ROA</b>	Return on assets
<b>ROE</b>	Return on Equity

## References

1. Federal Law No. 395-1 dated 02 December 1990 «On Banks and Banking».
2. Federal Law No. 208-ФЗ (208-FZ) dated 26 December 1995 ‘On Joint-Stock Companies’.
3. Federal Law No. 14-ФЗ (14-FZ) ‘On Limited Liability Companies’ dated 8 February 1998.
4. International Financial Reporting Standard (IFRS) 10 «Consolidated Financial Statements» (in Russia, enacted by Order of the Ministry of Finance of the Russian Federation No. 217Н (217n) dated 28 December 2015).
5. The Corporate Governance Code of Sberbank approved by the Supervisory Board of Sberbank (Minutes No. 42 dated 08 December 2020)
6. The Code of Corporate Ethics of Sberbank approved by the Supervisory Board of Sberbank (Minutes No. 52 dated 29 October 2015).
7. Anti-Corruption Policy of Sberbank approved by the Executive Board of Sberbank (Minutes No. 640 dated 25 July 2018).
8. Conflict of Interest Management Policy of Sberbank Group approved by the Supervisory Board (Minutes No. 4 dated 15 February 2019).
9. Environmental, Social, Governance and Sustainability Policy of Sberbank Group approved by the Supervisory Board (Minutes No.18 dated 25 June 2021).
10. Succession Policy for the members of the Supervisory Board of Sberbank approved by the Supervisory Board (Minutes No. 50 dated 14 December 2017).
11. Policy for managing environmental, social and corporate governance risks of Sberbank Group (Version 1) No. 5429 dated 1 June 2021.