



Environmental, Social, Governance and Sustainability Policy

Table of Contents

1.	Address by Herman Gref	3
2.	Introduction	5
3.	General provisions	7
3.1.	Scope of the Policy	8
3.2.	Conceptual framework of the Policy	9
4.	Architecture of Sber’s ESG and sustainability activity	11
4.1.	Three spheres of activity	13
4.2.	Four impact levels and roles	14
5.	Purpose statement	18
6.	Sber’s ESG and sustainability principles	21
7.	Integration of the UN Sustainable Development Goals	27
8.	Key ESG and sustainability action lines and targets	31
9.	Stakeholder engagement	37
10.	ESG and sustainability management system	41
10.1.	Function and mechanisms of the ESG and sustainability management system	43
10.2.	Organizational structure of ESG and sustainability management	45
11.	Monitoring and reporting	49
	Appendix 1. List of terms and definitions	50
	Appendix 2. List of abbreviations	52
	Appendix 3. Sources used during the drafting of the Policy	53
	Appendix 4. Approach to Policy discussions with stakeholders	55



Herman Gref
CEO and Chairman of the
Executive Board of PJSC
Sberbank

1. Address by Herman Gref

Today a company's success on the global market is contingent on compliance with ESG criteria.

At Sber we intend to develop the social and environmental agenda and improve governance practices in order to manage ESG factors effectively.

When business strategies are driven by the creation of long-term value for a wide range of stakeholders, organizations report the best financial performance results, attract and retain the best employees and obtain long-term competitive advantages.

Aware of its unique role and potential, Sber aims to become the leader in ESG and sustainability in the country and its financial sector. To this end, Sber adheres to the principles adopted at a global level, international and national standards, introduces new ESG approaches and mechanisms, considers, applies and promotes best global and industry practices.

Our new Environmental, Social, Governance and Sustainability Policy builds on Sber's longstanding successes in this area and **creates the foundation for the next important step in our development –**

to take leading ESG positions in Russia and globally.

2. Introduction

PJSC Sberbank (hereinafter Sber, Sberbank, Bank) is the largest bank in Russia, Central and Eastern Europe, and also one of the leading financial institutions worldwide. The Sber ecosystem, which unites the Bank and the companies of its group, offers clients financial, non-financial and new technology products and services. Today Sber has branches in almost every part of Russia, provides services to more than 100 million corporate and retail clients and is a systemically important institution for the Russian economy.

Developing its corporate social responsibility practice over a number of years, in tandem with increasing recognition of the leading role played by financial institutions in ensuring the transition to sustainable development, and also responding to the requests and expectations of its investors, shareholders, clients, employees and society at large, Sber embarked on its systemic ESG transformation in 2020. This transformation is a strategic choice for Sber and is essential for long-term sustainability and competitiveness of the business given the global challenges of energy transformation and transition to low-carbon development, increasing social problems and human rights agenda.

In this regard, the ESG (Environmental, Social, Governance) Strategy was approved in 2020 as part of Sber's development Strategy 2023. It implied the integration of social, environmental – including climate – and corporate governance responsibility into all areas of Sber's work.

3. General provisions

This Social, Environmental, Governance and Sustainability Policy (hereinafter the Policy) is the fundamental document of Sber, systematizing its approaches to ESG and sustainable development.

The Policy has been tailored to the mission of Sberbank, Sber's development Strategy 2023, the Code of Corporate Governance and Code of Corporate Ethics, as well as other internal regulations of Sberbank governing different aspects related to ESG and sustainable development, including the management of ESG risks.

The Policy fully complies with Sberbank's core values: "I am a leader", "We are a team", "All for the customer", and facilitates the achievement of the Bank's mission: "We instill confidence, provide reliability and make people's lives better by helping them fulfill their aspirations and dreams", and also the attainment of the key goal of Sber's Strategy 2023, i.e. **to become a reliable assistant and guide in a rapidly changing word, helping people, businesses and the country to develop sustainably.**

ESG Strategy 2023 includes high-level business benchmarks for ESG transformation of business, support of customers' transformation, and improvement of industry and international standards in ESG and sustainability.

The Policy ensures the attainment of goals of the business strategy of Sber group up to 2023, sets out the underlying principles and specifies action lines and targets in ESG and sustainability.

3.1. Scope of the Policy

The Policy must be observed by all the employees of Sber when planning and involving in stakeholder communication, drafting internal regulatory documents (policies, regulations, methodologies, flow charts, standards, etc.), disseminating information and using other types of communication.

The Policy establishes goals, principles, action lines and targets of ESG and sustainability activity. The Policy establishes uniform principles of ESG activity for all Sber group companies, regardless of their location. Sber group companies may draft their own internal documents in ESG based on the unified provisions of this Policy, duly assessing the materiality of identified action lines and targets and applicable corporate governance standards and legislation.

This Policy is a public document available on Sber's information resources. The data presented in the Policy are up to date at the time of its approval. The Policy may be updated and revised to reflect changes and when updating strategic documents, but at least once every three years.

3.2. Conceptual framework of the Policy

The Policy has been developed based on a holistic methodological approach, with due account of the results of an analysis of several authoritative sources enshrining the underlying ESG and sustainability principles, requirements and provisions applicable to Sber, including the global initiatives that Sber has joined, assuming additional voluntary commitments. These include, first and foremost, the UN Global Compact Principles and the UNEP FI Principles for Responsible Banking.

The Policy takes account of Russian and applicable foreign legislation, and regulatory requirements in the ESG sphere, and does not contravene them. When drafting the Policy due consideration was taken of recommendations and requirements in effect at the time of its drafting, based on three groups of sources:

1. **10 international sustainability documents, standards and initiatives;**
2. **3 guidelines** on international principles for responsible finance;
3. **3 ESG ratings** requirements¹.

The main provisions of the Policy were clarified through consultations with stakeholders. (Approach to the Policy discussions with stakeholders is described in Appendix 4).

¹ Please see Appendix 3 for a full list of sources.

4. Architecture of Sber's ESG and sustainability activity

Sber's systemic approach to the integration of ESG factors and sustainability aspects in all operating areas is reflected in a multi-tier architecture covering all the components required for the effective attainment of the goals and commitments in long-term sustainability and improvement in the ESG aspects (See Diagram 4.1).

The architecture reflects Sber's approach to defining socially significant purpose; integration of social, environmental and governance aspects into all business lines; implementation of the global sustainable development goals; cascading material topics through the action lines to the targets. Sber's activity is based on a bedrock of the principles that transpire all activities of Sber. The ESG governance system binds the architecture together and ensures achievement of the purpose and the targets (See Diagram 8.1).

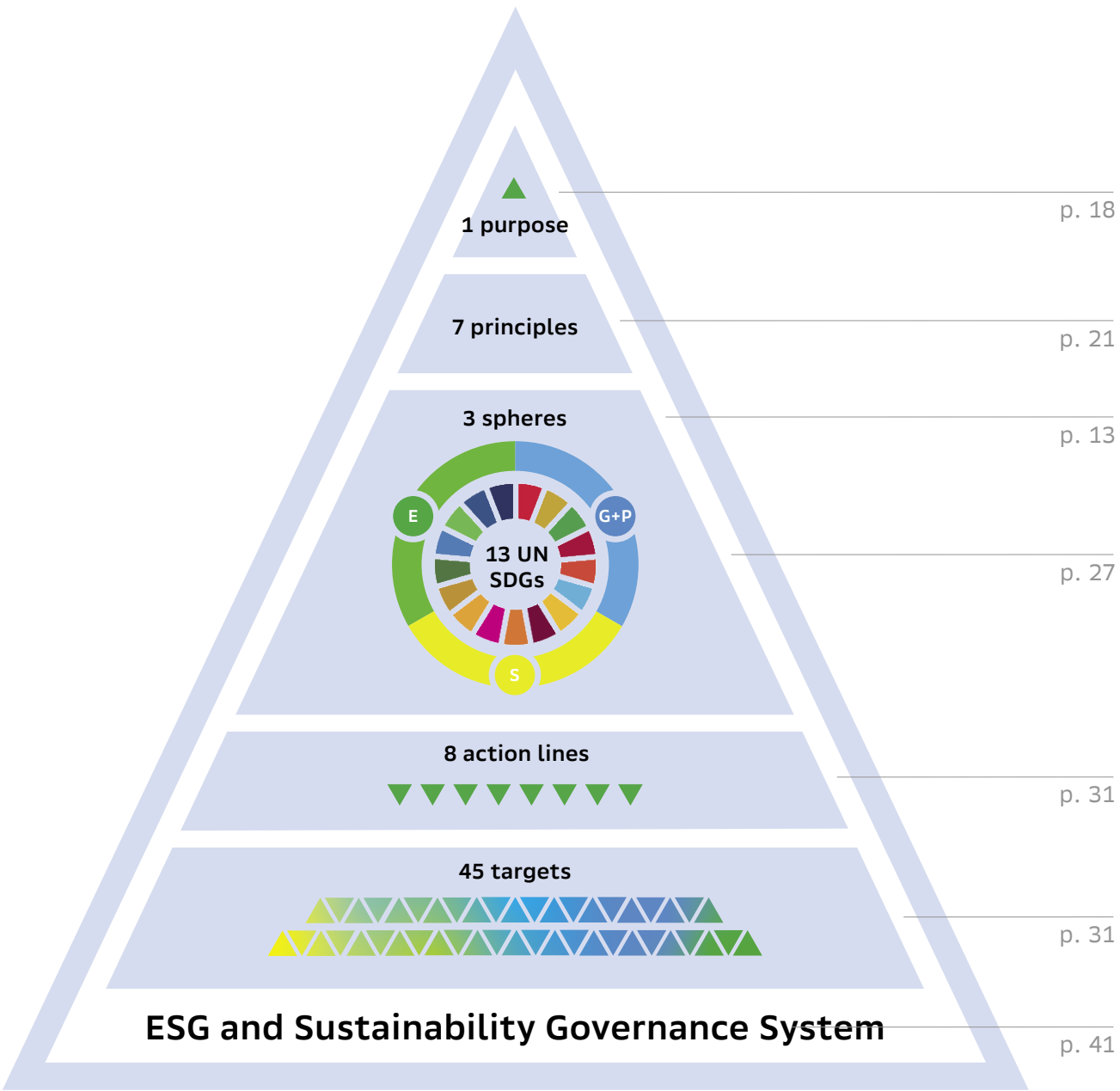


Diagram 4.1. Architecture of Sber’s ESG and sustainability activity

4.1. Three spheres of activity

To structure its activity, Sber assigns three spheres which comply with the sustainable development and ESG framework:

- 1. Environmental
- 2. Social
- 3. Governance and Prosperity

Sber’s approach is based on the concept of ESG that includes Environmental, Social and Governance groups of factors. This structure is completed by the Prosperity category in alliance with the sustainable development concept². The proposed approach is based on the understanding of sustainable finance in accordance with the United Nations Environment Program Finance Initiative and the ISO 32200 standard technical documents. The World Economic Forum uses a similar approach of the four pillars: People, Planet, Prosperity, Principles of Governance³.

Given Sber’s role in the Russian economy, adding Prosperity to Governance, the third domain of ESG, reflects the close link between the quality of corporate governance and activities aimed at long-term economic prosperity, not only for the company, but also for external stakeholders.

² This approach to the designation of sustainable development is contained in the preamble of the international document “Transforming Our World: The 2030 Agenda for Sustainable Development” (UN General Assembly Resolution of 25 September 2015) and other UN documents.

³ Recommendations of the World Economic Forum on ESG metrics (“Measuring Stakeholder Capitalism. Towards Common Metrics and Consistent Reporting of Sustainable Value Creation”).

4.2. Four impact levels and roles

Sber has identified four levels of impact and roles in which it operates from the perspective of ESG and sustainability (See Diagram 4.2):

Role 1.

Sberbank as an organization

Sberbank is a responsible company that implements the principles of sustainable development, follows ethical business practices, cares about the environment, and minimizes its adverse environmental impact, treats employees with care, and consistently improves corporate governance practices.

In this role, Sber has limited impact and full control.

Role 2.

Sber as a fintech group

Traditionally, Sber operates as a financial asset, an investor, and a lender, playing a significant role in the financial sector. As a result of the wide-ranging technological transformation and growth of the segment of non-financial products and services provided by Sber, the group's fintech direction of development was formed.

In this role, Sber is seeking to integrate ESG factors in client and product business processes (for example, lending and investing), comply with the requirements of the investment community and international principles of responsible financing, and facilitate the ESG transformation of its clients.

In this role, Sber has medium-scale impact and significant control.

Role 3.

Sber as a systemically important institution of the Russian economy

Sber leverages its unique potential to accelerate the ESG transformation of the Russian economy. At national level, Sber participates in the formation and dissemination of high standards in human rights, corporate governance, care for employees and the environment; facilitates the formation of a national climate risk management system; contributes to the development and adoption of innovation, accessibility of healthcare and educational services, promotion of health and longevity, development of local communities, increase in the financial literacy of the population.

In this role, Sber has strong impact and weak control.

Role 4.

Sber as a participant in the international market and global initiatives

Sberbank is a company whose services are used by clients in many countries, including the CIS, Central and Eastern Europe, India, and China. An international business and participant in global initiatives, Sber promotes principles of ESG and facilitates implementation of the ESG approach at all its foreign companies, branches and representative offices.

In this role, Sber is a signatory of international ESG and sustainable development initiatives, fulfilling the commitments that it has made and contributing to the achievement of goals adopted at a global level, while representing Russia in the international arena.

The role is characterized by maximum impact and minimum control.

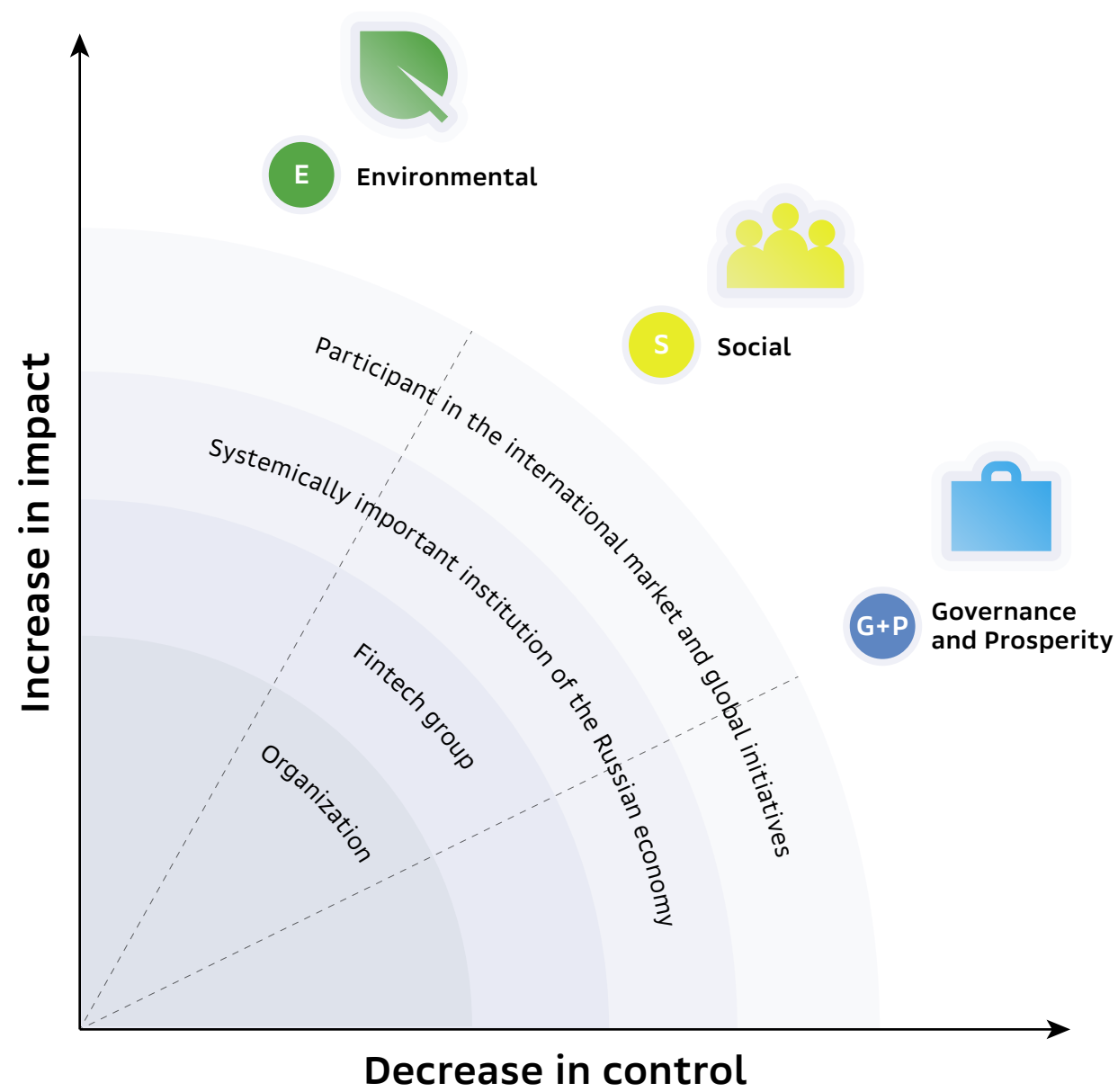


Diagram 4.2. Impact levels and roles of Sber



5. Purpose statement

Sber recognizes, that long-term sustainable business development depends on the achievement of global social, environmental and economic objectives and the transition to a new, more sustainable economic model that is possible through ESG transformation.

Sber maintains a contemporary understanding of the need to make the transition from the creation of present value for the shareholders to the creation of long-term value for a broader range of stakeholders, including shareholders, investors, employees, clients, suppliers, local communities, and the government.

Sber recognizes the role of fintech companies in the transition to a more sustainable economy and development models. This requires the integration of the latest technology, environmental and social aspects to all lines of business, an effective corporate governance, management of ESG risks and promotion of responsible financing practices.

Sber understands its significance in the Russian economy, being its systemically important institution, and takes into account the unique opportunities and responsibilities associated therewith, striving to best realize its potential and exploit opportunities for ESG transformation of business and the country.

Sber adheres to international and national ESG and sustainable development goals, standards and principles, including the UN Sustainable Development Goals, the UN Global Compact Principles, the UNEP FI Principles for Responsible Banking and other global initiatives that Sber has joined.

Taking the above into account, the key purpose of Sber group's ESG and sustainable development activity is:

to become the leader of systemic ESG changes at the national and international level in order to create an economy of prosperity which is effective for society and environment, based on the interest, cooperation and creativity of our employees, clients, investors, shareholders, partners, and the state.

6. Sber's ESG and sustainability principles

Building upon the values and the mission of Sberbank, Sber's development Strategy 2023, the Code of Corporate Governance, the Code of Corporate Ethics, and complying with sustainable development standards and international principles for responsible financing, Sber adheres to seven principles in its ESG and sustainability operations.

Principle 1.

Sber is guided by the priority of creating long-term economic value for all stakeholders.

Sber facilitates the creation of an economy in which finance helps the business develop, and business development contributes to the well-being of society and the environment. Sber improves its own efficiency and meets economic commitments to shareholders, investors and the state; supports the sustainable development of the business of its clients and the Russian economy as a whole; and facilitates the development of small, medium and micro-sized businesses, including by incorporating them in its supply chain. Sber contributes to the development of regions of presence where it creates jobs, participates in infrastructure modernization, and promotes the achievement of social and environmental objectives. To this end, Sber supports innovative collaboration and joint creativity involving all regions, sectors and communities.

Principle 2.

Sber ensures respect for human rights, inclusivity, diversity, fair and equitable treatment of everyone.

Sber respects and protects human rights in its own business and along the supply chain, imposes relevant requirements on suppliers and business partners, reviews their performance and raises human rights awareness. Sber supports inclusivity, develops barrier-free environments, and increases the accessibility of socially significant financial and non-financial products and services to vulnerable groups. Sber ensures equal opportunities and creates an environment where all employees can realize their potential based on shared values, cultural diversity, gender, race and other equality. At the national level, Sber is involved in setting standards and best practices in the area of inclusivity, respect and protection of human rights.

Principle 3.

Sber takes care of the environment.

Sber prevents, minimizes, or compensates for its own negative impacts on climate and other components of the environment by improving environmental and climate risk management practices, implementing carbon neutrality, material, energy and water efficiency, and waste management programs. Sber actively facilitates the transition to a low-carbon economy and reduction of the environmental – including carbon – footprint of its clients, especially in the energy, mining sectors, and along the supply chain. Sber is involved in the development of a green and circular economy, financing projects to reduce environmental impact and implement the best available technologies.

Principle 4.

Sber develops responsible financing practices and effectively manages ESG risks.

Sber is implementing an integrated business model that aims to ensure positive social and environmental impacts while ensuring high financial performance. Sber improves its long-term sustainability and competitiveness through ESG transformation, development of responsible financing, integrated and systematic ESG risk management. Sber facilitates ESG transformation of clients' businesses, develops financial solutions for low-carbon transition projects; through collaboration, training, consultation and other support, and is also involved in setting standards for responsible financing and ESG risk management nationally and internationally.

Principle 5.

Sber is responsible for its impact, complies with all applicable laws and meets commitments.

Sber operates in strict compliance with Russian and applicable international legislation and the regulatory environment and is involved in the development of the regulatory framework to promote responsible financing and sustainable development. Sber, being part of larger economic, natural, and social systems, is responsible for its impact on their condition – to individuals, to society and to its investors and shareholders. Sber assesses and monitors impacts, develops and implements measures to reduce negative and maximize positive impacts. As a participant in sectoral, national and international initiatives, Sber is committed voluntarily and responsible for the implications of its social, economic and environmental decisions and activities.

Principle 6.

Sber follows ethical business approaches and introduces best corporate governance practices.

Sber is committed to engaging in and disseminating fair, open, and honest business practices, including ethical practices in sales and marketing. Sber pays priority attention to information security and protection of clients' personal data, combating corruption and preventing financial crime. Sber develops and implements uniform corporate governance standards in the group companies based on ESG factors and leading-edge approaches.

Principle 7.

Sber improves information openness and transparency.

Sber strives to disclose clear, accurate, timely and reliable information about its decisions, actions and their implications affecting society, the economy and the environment and prepares ESG and sustainability reporting based on international standards. Sber actively interacts with stakeholders, providing information in channels accessible and tailored to stakeholder preferences in a variety of formats.



7. Integration of the UN Sustainable Development Goals

Sber acknowledges the importance of and seeks to contribute to the achievement of the UN Sustainable Development Goals (hereinafter SDGs) which were adopted at international level in 2015 and serve as the framework for the coordination of the efforts of governments, businesses and civil society to resolve the most urgent challenges facing mankind.

In accordance with the best practices and requirements of international standards, Sber performed an analysis to improve the effectiveness of its contribution to the SDGs and highlighted 13 priority goals which are most relevant for Sber (See Diagram 7.1).

Sber's ESG and sustainable development targets have been articulated, with due account of the recommendations and indicators proposed for the integration of SDGs in business practice in the SDG Compass Guide, developed jointly by the UN Global Compact, the Global Reporting Initiative and the World Business Council for Sustainable Development (hereinafter Guide).

Based on a thorough analysis, those priority SDGs relevant to Sber's action lines were selected for inclusion in the Policy, which Sber could measurably influence and for which the applicable indicators of the Guide were determined.

Moreover, as a large-scale lender, Sberbank can also have an indirect influence on other topics of importance to society and the environment. For example, by providing financing to a wide range of industries and companies, Sber may have some impact on slowing environmental degradation, biodiversity conservation, sustainable use of marine resources, sustainable agriculture, and other issues (e.g. SDGs 2, 6, 14, 15). Sber may also report on such impact in non-financial reporting by providing information on projects and initiatives that have contributed to one or another SDG.



SDG 1 – No Poverty



Sber expands access to financial services for vulnerable groups, increases financial literacy, supports service channels in remote areas, develops socially significant products and services, increases inclusivity along its entire supply chain and among clients, supports the effective long-term development of business and the prosperity of clients and contributes to the economic development of Russian regions.



SDG 3 – Good Health and Well-being



Sber supports the health and promotes a healthy lifestyle among its employees and their families; contributes to healthcare services accessibility by developing and implementing technologies; contributes to the spread of a healthy lifestyle and strengthening the health and longevity of general population.



SDG 4 – Quality Education



Sber provides its employees with extensive opportunities for professional and personal growth; contributes to the promotion of inclusive and quality education; develops technologies which increase the accessibility of a professional education for the communities.



SDG 5 – Gender Equality



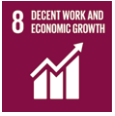
Inclusivity is one of Sber’s operating principles. The company creates equal opportunities, seeks to ensure an equitable attitude to everyone, and strives to achieve gender equality among employees and in management bodies.



SDG 7 – Affordable and Clean Energy



Sber finances renewable energy development projects, and also increases green energy procurements for its own needs.



SDG 8 – Decent Work and Economic Growth



The creation of jobs, support of decent working conditions for employees and the provision of development opportunities are priorities for Sber. The company also facilitates the economic development and prosperity of clients, big business, small and medium-sized enterprises, microbusinesses and the self-employed, helps to expand the economic opportunities of the communities and facilitates the economic development of Russia’s regions.



SDG 9 – Industry, Innovation and Infrastructure



Sber develops and supports best-practice R&D, among others, artificial intelligence to achieve significant sustainable development objectives. The financing of green projects and facilitation of the development of regional transport and engineering infrastructure also contribute to SDG 9.

Diagram 7.1 (1). Integration of the UN SDGs and targets set by Sber to contribute to the achievement of the global goals. For a full list of targets, see Diagram 8.1.



SDG 10 – Reduced Inequalities



Expansion of access to financing and the creation of socially significant and sound financial products and services, as well as the implementation of social and charitable projects are aimed at reducing socio-economic inequalities and are Sber’s important strategic objectives.



SDG 11 – Sustainable Cities and Communities



Sber’s activity contributes to modernization of infrastructure in the regions to reduce its environmental impact, increase the accessibility of clean energy for the local communities.



SDG 12 – Responsible Consumption and Production



Sber implements programs to increase the effective use of materials, energy and water, and also sustainable waste management, provides funding to reduce environmental impact to its clients.



SDG 13 – Climate Action



Sber drafts and implements its own climate action strategy, contributes to the dissemination of renewable sources of energy, finances projects for the transition to a low-carbon economy, and participates in the creation of a national climate risk management system and adaptation to climate change. Sber actively engages in cooperation on the climate agenda with Russian and foreign market participants.



SDG 16 – Peace, Justice and Strong Institutions



Sber complies stringently with the requirements of applicable legislation and international norms, adheres to high standards of corporate governance and business ethics, combats corruption and financial crimes.



SDG 17 – Partnership for the Goals



Sber implements ESG and sustainable development activity in close cooperation with stakeholders, develops partnerships with the government, businesses and international institutions.

Diagram 7.1 (2). Integration of the UN SDGs and targets set by Sber to contribute to the achievement of the global goals. For a full list of targets, see Diagram 8.1.

8. Key ESG and sustainability action lines and targets

Sber implements a systemic approach to ESG and sustainability, which is reflected in the structure of the action lines and targets enshrined in this Policy. The action lines reflect the specific ESG and sustainability areas where Sber is operating to achieve the strategic goals and fulfill its commitments. The targets determine the specific attitudes being used in ESG and sustainability planning, implementation, and reporting.

Implementation of the Policy implies activity in eight key action lines focused on the resolution of 45 targets (See Diagram 8.1) and using three cross-cutting approaches (See Section “ESG and Sustainability Management System”). The targets in each activity line relate to one of Sber’s four roles (See Subsection 4.2). Sber’s roles of a systemically important institution of the Russian economy and of a participant in the international market and global initiatives are closely linked, and Sber’s presence in the international arena takes place through the implementation of large-scale initiatives of national importance. In this regard, the targets of Sber’s external role in the international arena are integrated with the targets of Sber as a systemically important institution of the Russian economy.



Diagram 8.1 (1). Key ESG and sustainability action lines and targets



Diagram 8.1 (2). Key ESG and sustainability action lines and targets



Diagram 8.1 (3). Key ESG and sustainability action lines and targets

9. Stakeholder engagement

Engagement with stakeholders is indispensable to the execution of this Policy by Sber. Sber believes that achieving sustainable development goals is impossible without partnerships. Sber's ESG and sustainability activities duly consider the interests of all stakeholders and focus on the creation of long-term value. To this end, Sber maintains open dialog with all stakeholders while determining the most convenient forms of engagement and communication channels for stakeholder groups.

In its work with stakeholders, Sber is governed by an approach determined in the international standard AA1000SES (AccountAbility Stakeholder Engagement Standard):

- **Inclusivity:** Sber provides opportunities for stakeholder participation in the development and implementation of ESG and sustainability initiatives. Sber accepts its accountability to those on whom it has an impact and who have an impact on it.
- **Materiality:** Sber determines the significance of ESG aspects and topics and focuses on resolving challenges which influence or will significantly influence the possibility and results of its activities.
- **Responsiveness:** Sber responds consistently to the issues and objectives of stakeholders related to its activity through decisions, actions and performance, as well as communication with stakeholders.

Based on Sber's current approaches and practices and regarding the materials of the International Organization for Standardization Technical Committee ISO/TC 322 Sustainable Finance, Sber identifies 11 stakeholder groups which are significant for Sber and are affected by Sber (See Table 9.1).

Table 9.1. Description of Sber’s main stakeholder groups

Stakeholder group	Description
1. Shareholders and investors	Sberbank is a public joint stock company listed on Russian and foreign exchanges. The system of interaction with Sber’s shareholders and investors is aimed at supporting information transparency, in line with global best practices, expanding accessible communication channels and promoting the investment appeal of the group.
2. Clients	Corporate and retail clients are the consumers of Sber’s financial and non-financial products. Sber’s sustainability is dependent on the needs of its clients, while Sber is capable of interacting with clients and facilitating their development and ESG transformation. Sber’s clients are represented by approximately 100 million individuals and companies. Sberbank is the bank for several enterprises and organizations that play a significant role in the country’s economic stability. At the same time, Sber facilitates the development of small and medium-sized enterprises, micro-businesses and the self-employed.
3. Employees	Sber group is a major employer in Russia and other countries of presence. Care for employees is a key objective for Sber, as employees are a core asset of Sber, who directly interact with clients and form Sber’s reputation. In addition, employees ensure the execution of strategic goals and objectives.
4. Suppliers and contractors	Suppliers and contractors represent Sber’s supply chain, through which Sber has an indirect impact as an organization.
5. Government executive authorities of the Russian Federation at regional and federal level	Sber is a major taxpayer and a partner of the government in vital state projects, as well as federal and regional programs. Considering that the Russian Federation is the controlling shareholder of the Bank, dividend payments of Sberbank represent a significant source of government budget revenues. In addition, many government bodies are Sberbank’s clients.
6. Regulators	The regulatory authorities supervising activity on the markets for financial and non-financial products and services, including Sber’s compliance with the regulatory requirements, set the framework for Sber’s operations, which are stringently observed by it.

7. Local communities and non-profit organizations	Sberbank’s extensive branch network and the distribution of the products and services of Sber group companies cover all regions of presence. Sber interacts proactively with local residents – including vulnerable groups – many of which are Sber’s clients. Sber also cooperates with non-profit organizations that work to address social and environmental issues locally.
8. The media	The mass media help cover Sber’s activity in the media, facilitate effective stakeholder communication and the dissemination of the information required for the successful implementation of ESG and sustainable development programs and projects.
9. Participants on the financial market	Sber is closely connected with participants on the financial market – other companies of the financial sector, stock exchanges, insurance companies, intermediaries (consultants, brokers, advisors), financial and ESG analysts. This collaboration enables the development of responsible finance practices and the effective realization of the potential of financial institutions to promote sustainable development.
10. International ESG and sustainable development organizations	International ESG and sustainable development organizations and initiatives, including their representative offices in Russia, influence the current agenda in this sector, are Sber’s partners and the drivers behind Sber’s progress in this domain.
11. The professional community	Sber engages ESG and responsible financing experts, as well as experts in other areas, when establishing and running its programs and projects. The opinions of experts are taken into account and set the general ESG and sustainable development agenda in the sector and the country.

10. ESG and sustainability management system

Sber established its ESG and sustainability management system as an organizational mechanism for implementing the Policy. The system includes strategic and operational planning processes, as well as a set of tools: a system of goals and KPIs, including KPIs for managers, monitoring, performance assessment, adjustment process, and reporting. The successful operation of ESG and sustainability management system also involves the continued operation of three cross-cutting approaches:

- **Constant engagement with stakeholders.** Sber engages a wide range of stakeholders, including vulnerable groups and people with special needs, in all stages of ESG and sustainability planning and management to address public objectives and improve decision-making. Interaction is performed through open dialogue in a way convenient for representatives of stakeholders and through participation in joint projects⁴.
- **Providing communications support and carrying out the awareness campaigns.** In line with the group's information policy and based on the principle of information openness, Sber regularly communicates its plans and results to all target audiences, actively interacts with the media, conducts communications campaigns, and regularly reports on progress in ESG and sustainable development at the regional, national and global level.
- **Conducting educational and outreach programs on ESG and sustainability issues, sharing experience with other market participants.** Sber promotes awareness, knowledge and competencies of its employees, clients, and partners on ESG and sustainability matters. Through educational and outreach programs, Sber not only increases the general level of awareness, but also provides the opportunity to obtain special skills and abilities for the ESG transformation at various levels.

⁴ See "Stakeholder Engagement" section for more details.

To implement this Policy, Sberbank develops and will update annually the ESG and Sustainability Action Plan, which ensures the integration of the principles into all business processes and includes monitoring the implementation of the provisions of the Policy. The Action Plan contains specific target indicators, programs, projects, and initiatives to address the ESG and sustainability objectives set out in the Policy. Progress in the implementation of the Plan will be assessed regularly and reflected in the KPI system and non-financial reporting.

As part of the provisions of this Policy, companies of the group and divisions of the Bank responsible for subsidiaries and associates shall, within their authority, initiate the development and approval of relevant internal ESG and sustainability regulatory documents, control their application and provide the Bank with data for monitoring and consolidated reporting.

10.1. Function and mechanisms of the ESG and sustainability management system

Sber has the following function of the ESG and sustainability management system:

1. Ensuring the sustainable development of Sber group, i.e. balanced long-term development, with due account of environmental, social, governance and economic parameters. This development is aimed at minimizing the adverse impact, effective ESG risk management and identification of growth points and new opportunities for the group when interacting with society and the environment.
2. Compliance with regulatory requirements and fulfilment of commitments, including legislative requirements and voluntary undertakings set forth in national and international treaties and documents.
3. Development of Sber's potential to create the greatest possible value for all groups of stakeholders through the execution of this Policy.
4. Strengthening stakeholder relationships and partnerships for the sustainable development at all levels.

Sber has the following ESG and sustainable development mechanisms:

1. Strategic and operational planning: the drafting and execution of the Policy and the respective Action Plan intended for its implementation, including the drafting of and improvements to the ESG initiatives assessment and selection methodologies.
2. Identification of key targets and timeframes for achieving them set against activity areas and objectives.
3. Establishment of internal regulations and procedures required for the implementation of the Policy and Action Plan.



4. Identification of the resources required for the attainment of objectives.
5. Identification of roles and assignment of responsibilities for ESG and sustainable development activity in the businesses of units, regional divisions, and companies of Sber group. Necessary amendments to the organizational structure.
6. Monitoring, control and assessment of the implementation of the Action Plan and the attainment of target indicators.
7. Reporting at all levels in accordance with approved standards and requirements.
8. Organization of regular communication and promotion of the ESG agenda.
9. Organization of regular interaction with stakeholders.
10. Drafting and delivery of educational programs for stakeholders.
11. Introduction of adjustments and improvements to enhance the effectiveness of performance based on accumulated experience and amid changing conditions.
12. Expansion of knowledge, competencies, and practical skills of members of executive bodies, heads of structural divisions and the Supervisory Board of the Bank, as well as companies of Sber group on ESG issues, sustainable development, including climate management.

10.2. Organizational structure of ESG and sustainability management

Sberbank has an effective corporate governance system that covers all areas of activity. In accordance with the best practices and provisions of international standards, ESG and sustainable development management functions are integrated in the overarching corporate architecture. Sber is developing a multi-tier ESG and sustainable development management structure (See Diagram 10.1).

The Supervisory Board of the Bank determines approaches to the integration of sustainability factors into Sber's strategy, formalizes and facilitates the implementation of the relevant procedures and practices in the work of the Supervisory Board, determines the obligations of the committees of the Supervisory Board on sustainability issues in the relevant functional areas, and the mechanisms for determining and monitoring the relevant key performance indicators of Sberbank. In accordance with the Bank's Charter, the Supervisory Board shall be competent to approve the documents of the highest level, including this Policy. An ESG and Sustainability Supervisor is appointed from the Supervisory Board. In addition, the Committee of the Supervisory Board for Strategic Planning and Sustainable Development operates, and responsibilities of the Supervisory Board's Risk Management Committee include ESG risk management functions.

The Executive Board of the Bank supervises the implementation of the ESG Strategy. A member of the Executive Board is responsible for the ESG agenda.

The ESG Committee of the Bank ensures adherence to sustainable development and ESG principles at the group. The ESG Committee includes members of the Executive Board, heads of functional units and regional banks of Sberbank. At regular meetings in theme working groups, members of the ESG Committee consider topical ESG and sustainable development issues and projects.

The ESG Directorate of the Bank is the main coordinating unit which implements a systemic approach to management of ESG and sustainable development, manages execution of the action plan based on corporate standards, provides expert support to other ESG units, is responsible for the monitoring and submission of reporting in this line of work.

The Risk Management Service determines and assesses the materiality of ESG risks, develops and submits proposals on architecture and limit values for consideration by the Risk Committee, independently assesses the actual level of ESG risks taken, and agrees and monitors measures aimed at eliminating identified violations. The Service ensures the development of valuation models and participates in the approval of the group’s documents on ESG risk management, organizes procedures for stress testing the Bank and the group’s exposure to ESG risks, and prepares reports within the framework of the required forms of public and internal reporting.

Units in business divisions of the Bank, participating in the ESG agenda, are responsible for Sber’s business areas that run thematic ESG initiatives and provide objective support to their target audiences.

Units in regional banks, participating in the ESG agenda, provide support and implement ESG initiatives, including pilot projects, in regions.

ESG curators in group’s companies are determined based on the scope of activity and the level of impact the company has on society and environment. They implement unified general corporate principles, develop policies in accordance with corporate action lines and targets, participate in their execution, and draft thematic initiatives based on the operating profile of the company. At an initial stage, responsibility for the implementation of the Policy within companies of the group may be assigned to a single-person executive body or a member of the company’s Board of Directors.

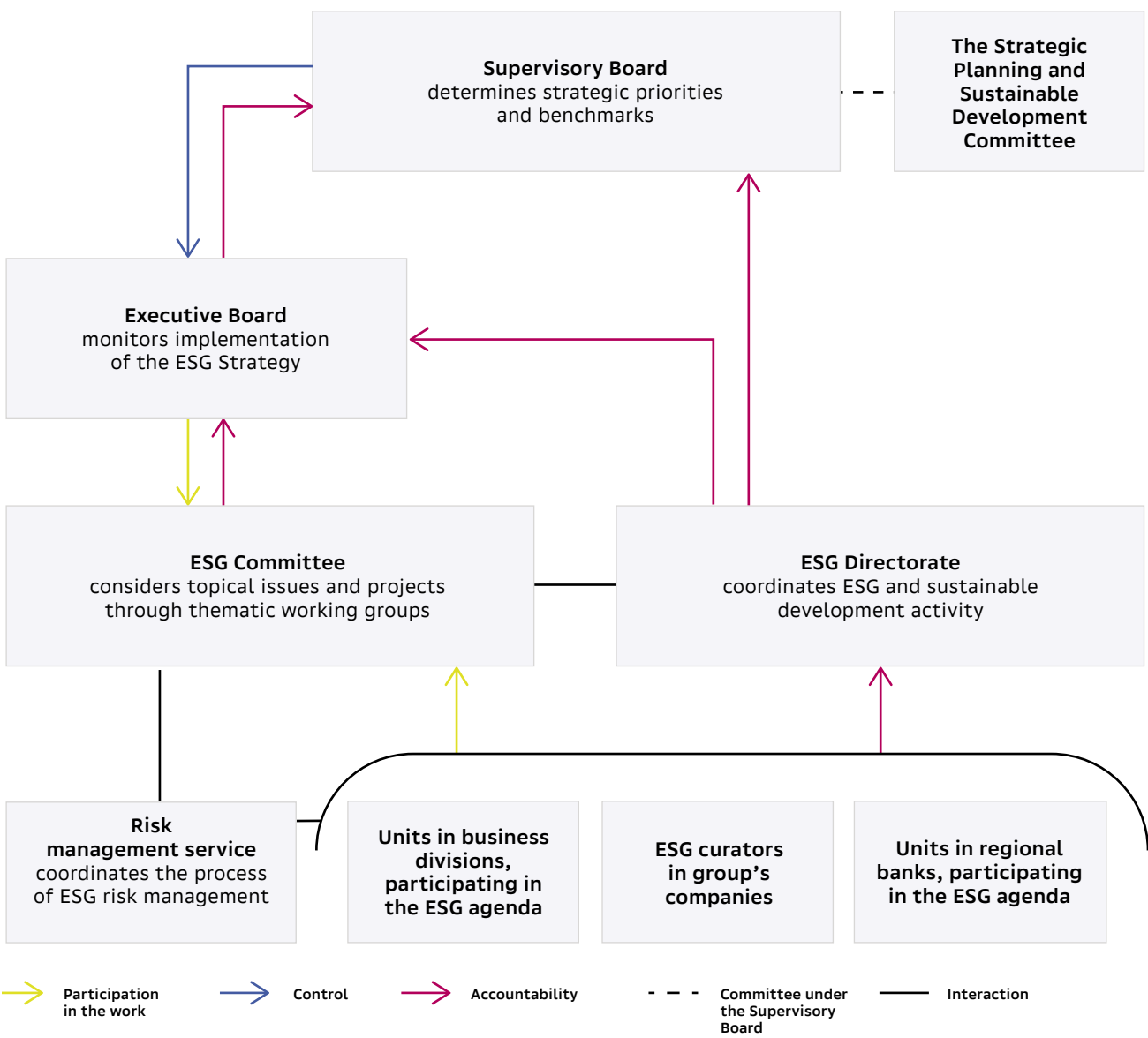


Diagram 10.1. Organizational ESG and sustainable development management structure



11. Monitoring and reporting

Seeking to be open and transparent in its communications and considering stakeholder interests, Sber recognizes the importance of monitoring and reporting which describe different aspects and performance in ESG and sustainable development. The reporting process will be structured in accordance with internationally recognized reporting guidelines⁵.

Information on progress with the implementation of the Policy will be updated regularly on the websites www.sberbank.ru and www.sberbank.com. An annual ESG and sustainable development report of Sber group will be published as part of the Bank’s Annual Report in English and Russian, which will ensure its accessibility to a wide range of stakeholders globally.

The external environment, regulatory requirements and stakeholder requests may over time undergo changes. Accordingly, Sber will monitor and adjust ESG and sustainable development aspects and objectives when necessary, adapting the Policy to the current situation and with due account of developments, and also when updating strategic documents.

⁵ Including GRI, SASB, TCFD standards. See Appendix 3 for more sources.

Appendix 1

List of terms and definitions

ESG (Environmental, Social, Governance, responsible financing) – consideration of environment, social and governance factors, as well as financial factors, when adopting investment decisions. *(Source: MSCI).*

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

Sber’s internal ESG and sustainability regulatory documents are re-use documents developed in a specific form that govern a process or aspect of Sber’s environmental, social, economic or management activities.

Impact – this is the impact on people and local communities, the environment and economy, which is the result of action or inaction, operations, a project, program or policy. *(Source: GRI).*

Stakeholders – individuals or legal entities or groups involved to differing degrees in the operations of the organization, which affect the financial performance of the organization and/or whose decisions and activity are affected by the group. *(Source: GRI).*

Corporate governance – system of mutual relations between shareholders/ participants, the Board of Directors, management, and other stakeholders, as well as a set of rules and standards of conduct under which companies are managed and controlled. The effectiveness of corporate governance is ensured by striking the right balance between entrepreneurship and control and between performance and compliance. From the ESG perspective, corporate governance aspects include issues on the diversity of the management bodies, including gender and other sociocultural diversity; collective knowledge and experience of members of the management bodies; remuneration practices of management bodies; shareholder rights issues; disclosure practices; anti-corruption mechanisms; business ethics; internal control and risk management issues; cyber security issues; the assignment of responsibilities for social, environmental and economic issues in the context of ESG and sustainable development by participants of the corporate

governance system, etc. *(Based on the definition from the Corporate Governance Code of the Bank, taking into account the requirements of international standards).*

PJSC Sberbank, Sber, Sberbank, Bank is the largest bank in Russia, Central and Eastern Europe and one of the leading international financial institutions.

Human rights are the inalienable rights of each individual, regardless of color, ethnic, national or social origin, sex, disability, age, attitude to religion, political or other convictions, well-being, social status, sexual orientation, or due to any other difference. *(Definition based on sources: International Covenant on Civil and Political Rights, Universal Declaration of Human Rights, Constitution of the Russian Federation).*

Material topic – operating aspect of the group which reflects the significant impacts of the company (organization) on the economy, the environment and society and/or are significant for stakeholders and affect their operations or decision-making processes. *(Source: GRI).*

Sustainable development – development framework of the global community created by the UN, whereby the requirements of the current generation are satisfied without adversely affecting future generations. *(Source: Our Common Future, Brundtland Commission, 1987).*

Vulnerable groups are groups with a higher risk of discrimination, violence, exposure to natural disasters or economic crises than other groups or society as a whole. Vulnerable groups include children, youth, women, the poor, indigenous people, the elderly and people with special health needs. Attention to the needs of vulnerable groups is essential for sustainable development. The aim of protecting vulnerable groups is to enable them to fully develop their abilities, including their health, physical, mental and spiritual development. *(Definition based on sources: UN Agenda 21, 2030 Agenda for Sustainable Development).*

Appendix 2

List of abbreviations

- ESG** – Environmental, Social, Governance
- GRI** – Global Reporting Initiative
- ISO** – International Organization for Standardization
- SDG** – Sustainable Development Goals
- UNEP FI** – United Nations Environmental Programme Financial Initiative
- WBCSD** – World Business Council for Sustainable Development
- KPI** – Key Performance Indicator
- UN** – United Nations
- CIS** – Commonwealth of Independent States
- UNEP** – United Nations Environmental Programme

Appendix 3

Sources used during the drafting of the Policy

- 1. Russian legislation, strategic documents and regulations, including but not limited to:**
- 1.1. National Projects of the Russian Federation.
 - 1.2. Executive Order on Russia’s national development goals through 2030.
 - 1.3. Environmental Security Strategy of the Russian Federation until 2025 (Executive Order of the President of Russia dated 19 April 2017 No. 176).
 - 1.4. Draft Law No. 1116605-7 On State Regulation of GHG Emissions.
 - 1.5. Draft Long-term Development Strategy with Low Greenhouse Gas Emissions to 2050.
 - 1.6. Bank of Russia Information Letter No. IN-06-28/111 dated 15 July 2020 On Recommendations on the Implementation of Principles of Responsible Investment.
 - 1.7. Recommendations of the Bank of Russia and VEB.RF on the development of green financial instruments and responsible financing projects:
 - 1.7.1. Russian Green Finance Guidelines.
 - 1.7.2. Russian National Green Projects Taxonomy.
- 2. International sustainable development instruments, standards, and initiatives:**
- 2.1. Principles of the United Nations Global Compact.
 - 2.2. Sustainable Development Goals/Transforming World: The 2030 Agenda for Sustainable Development (Resolution of the UN General Assembly dated 25 September 2015).
 - 2.3. International Standard ISO 26000 Guidance on Social Responsibility.
 - 2.4. International standards of the AccountAbility AA1000 series, including the AA1000 AccountAbility Stakeholder Engagement Standard (2015) and the standard AA1000 Accountability Principles (2018).

- 2.5. Sustainability Reporting Guidelines (Global Reporting Initiative, GRI).
- 2.6. The reporting standards of Sustainability Accounting Standards Board (SASB) for commercial banks and IT sector companies.
- 2.7. Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- 2.8. Recommendations of the Global Economic Forum on ESG metrics (Measuring Stakeholder Capitalism. Towards Common Metrics and Consistent Reporting of Sustainable Value Creation).
- 2.9. Nasdaq ESG Reporting Guide (ESG Reporting Guide 2.0. A Support Resource for Companies).
- 2.10. UN Guiding Principles on Business and Human Rights.

3. International Principles of Responsible Financing:

- 3.1. Principles for Responsible Banking of UNEP FI.
- 3.2. Principles of Responsible Investment of UNEP FI and the UN Global Compact.
- 3.3. The Equator Principles (EPs) administered by The Equator Principles Association.

4. ESG ratings requirements:

- 4.1. S&P Global ESG Evaluation, S&P Global Corporate Sustainability Assessment.
- 4.2. MSCI ESG Ratings.
- 4.3. Sustainalytics ESG Risk Rating.

Appendix 4

Approach to Policy discussions with stakeholders

Discussions with stakeholders were held to confirm the selected priorities and reflect stakeholder interests and expectations⁶. Here, different forms of engagement were deployed: online and offline consultations, questionnaires, circular letters, voting on online apps, and on other online platforms, etc. (See Table 1).

Feedback was scrutinized and implemented in the text of the Policy, with due account of compliance with the declared principles, norms, and requirements, added value, both for stakeholders and the Company, and also feasibility.

⁶ For more information on Sber’s stakeholder approach, see “Stakeholder Engagement” section.

Table 1.
Discussion of the Policy with stakeholders

Policy discussion format	Stakeholder groups
<p>Online survey of institutional investors by focus group:</p> <p>1) survey of individual funds with a focus on ESG investment to collect high-quality expert feedback in the form of recommendations to the Policy document;</p> <p>2) survey of investors on the mailing list of the Investor Relations Center to obtain quantitative feedback.</p> <p>Survey of retail shareholders via the online application “Sber Shareholder” to obtain quantitative feedback.</p>	<ul style="list-style-type: none"> Shareholders and investors
<p>Distribution of the questionnaire via e-mail, online platforms, Sber apps</p>	<ul style="list-style-type: none"> Corporate clients Retail clients Employees Local communities and non-profit organizations
<p>Distribution of materials for study, holding of a round table, receipt of expanded feedback</p>	<ul style="list-style-type: none"> Participants on the financial market Professional community International ESG and sustainability organizations
<p>Official correspondence, receipt of written comments and feedback</p>	<ul style="list-style-type: none"> The government authorities of the Russian Federation (federal ministries and departments) The regulatory authorities (the Bank of Russia)

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 The Supervisory Board of SberBank
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