



**ГАЗПРОМБАНК**

**Gazprombank (Joint Stock Company)**

**Bank GPB (JSC)**

**APPROVED**

by Resolution of the Management

Board of Bank GPB (JSC)

dated February 16, 2021

(Minutes No. 07)

# **Bank GPB (JSC)**

## **Sustainable Development Policy**

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## 1. General Provisions

1.1. This Policy outlines the commitments voluntarily undertaken by the Bank to facilitate balanced and comprehensive application of the economic, social and environmental components of the Sustainable Development concept.

1.2. The list of terms and abbreviations is provided in Attachment No. 1.

1.3. Purpose

1.3.1. This Policy is a top-tier document that defines common approaches used by the Bank in the area of Sustainable Development and Responsible Investment and Financing, including the following:

- setting goals and objectives of the Bank, defining and streamlining the Bank's operating principles in the area of Sustainable Development, Responsible Investment and Financing that will underpin assessment of performance in the relevant activity areas;
- defining main activities of the Bank in the area of Sustainable Development, Responsible Investment and Financing;
- adherence to main generally accepted principles and standards in the area of Sustainable Development, Responsible Investment and Financing;
- establishment of the main principles of Sustainable Development and Responsible Investment and Financing Reporting.

1.3.2. This Policy has been developed in accordance with Russian law, applicable rules of international law that do not contradict Russian legislation, as well as requirements of Russian and international Sustainable Development standards, taking into account the Bank's experience and world best practices in the area of Sustainable Development, Responsible Investment and Financing.

1.3.3. This Policy shall aim to streamline and standardize activities in the area of Sustainable Development, Responsible Investment and Financing across all structural units and subsidiaries of the Bank.

1.3.4. This Policy is a publicly available document.

1.4. Structure and hierarchy of regulatory documents in the area of Sustainable Development

1.4.1. All internal regulatory and directive documents in the area of Sustainable Development are aimed at delivering the Sustainable Development goals, objectives and the Sustainable Development Principles outlined in this Policy.

1.4.2. To deliver the main Sustainable Development Principles outlined in this Policy, the Bank develops internal regulatory and directive documents that govern activities in main Sustainable Development areas and are consistent with this Policy.

1.4.3. In furtherance of this Policy, the Bank may adopt and bring into effect policies on specific areas of Sustainable Development.

## 2. Policy Goals and Objectives

2.1. Top-Priority Sustainable Development Goals for the Bank<sup>1</sup>

The Bank supports all Sustainable Development goals set out in the Declaration styled "Transforming our World: The 2030 Agenda for Sustainable Development" adopted by Resolution No. 70/1 of the United Nations General Assembly on September 25, 2015. The Bank announced the following goals as its top priorities:

Goal 1. End poverty in all its forms everywhere.

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

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

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

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<sup>1</sup> The goal numbering is consistent with the numbering set by the Declaration styled "Transforming our World: The 2030 Agenda for Sustainable Development" adopted by Resolution No. 70/1 of the United Nations General Assembly on September 25, 2015.

Goal 5. Achieve gender equality and empower all women and girls.

Goal 6. Ensure availability and sustainable management of water and sanitation for all.

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (concerning interactions with large businesses).

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

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12. Ensure sustainable consumption and production patterns.

Goal 13. Take urgent action to combat climate change and its impacts.

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

2.2. Sustainable Development objectives for the Bank

2.2.1. Achieve the leadership position in the banking sector; make a positive input in social and economic development of the Russian Federation in line with the environmental safety, corporate governance and social responsibility standards.

2.2.2. Position the Bank on the domestic and global markets as a company actively implementing the Sustainable Development Principles, rendering consulting services in this area, and encouraging its customers to adopt Sustainable Development Principles.

2.2.3. Maintain high standards in governance and social policy of the Bank.

2.2.4. Set up an efficient interaction system that takes into account the interests of all Stakeholders.

2.2.5. Promote social and economic development of the Bank's Regions of Operations, including Special Administrative Regions.

2.2.6. Minimize negative impact of any internal and external Bank activities on the environment.

2.2.7. Foster innovation and implement new technologies at all stages of the Bank activities.

2.2.8. Take part in promoting low-carbon economy and develop 'green' investment and financing tools.

2.2.9. Promote Responsible Investment and Financing tools, including but not limited to Sustainable Development bonds and 'green' lending.

2.2.10. Develop an ESG risk assessment system.

2.2.11. Ensure day-to-day monitoring of changes associated with the Investment Targets, prevent and mitigate potential consequences related to, inter alia, environmental, social and economic factors that have an impact on Investment Projects.

2.2.12. Improve support measures for ESG Projects.

2.2.13. Promote growth in the number of customers adhering to the Sustainable Development Principles as well as ESG Projects and Products.

2.2.14. Define business areas where the Bank shall not be involved or shall significantly reduce the scope of project financing (Attachment No. 2).

2.2.15. Combat money-laundering, terrorism financing and spread of weapons of mass destruction.

### **3. Bank's Operating Principles in the Area of Sustainable Development**

3.1. Ensure consistency of the Bank's activities in the area of Sustainable Development with

the social needs associated with Sustainable Development.

3.2. Pay due regard to the impact of the Bank's operations on the environment, society and humans.

3.3. Promote implementation of Sustainable Development Principles, Responsible Financing and Investment mechanisms and contribute to economic activities to ensure prosperity of the present and future generations.

3.4. Ensure active and responsible consulting, participation and collaboration with the Stakeholders to achieve Sustainable Development goals for the benefit of the society. Ensure open and honest collaboration with the Stakeholders; acknowledge their opinions and interests in the process of decision-making by the Bank.

3.5. Promote governance and corporate culture consistent with the Sustainable Development Principles.

3.6. Ensure compliance with the rules, regulations, standards and commitments undertaken by the Bank.

3.7. Ensure transparency of operations and reporting in the area of Sustainable Development.

3.8. Assume responsibility for risk management in line with the Sustainable Development goals.

#### **4. Sustainable Development Management System and Methods**

4.1. In order to integrate the Sustainable Development Principles and Responsible Financing and Investment mechanisms into the Bank's operations and coordinate activities in the area of Sustainable Development, the Bank has established the Council for Sustainable Development consisting of its chief executives.

4.2. Commissions headed by Deputy Chairmen of the Management Board and a Working Group consisting of the Bank employees were established as part of the Council to address specific focus areas in the field of Sustainable Development.

4.3. Resolutions passed by the Council for Sustainable Development within its powers and terms of reference shall be binding for the Bank's headquarters' autonomous structural units and branches.

4.4. Supervising chief executives and heads of structural units shall oversee employee compliance with the provisions of this Policy.

4.5. Appropriate internal documents are adopted to streamline activities of the Bank in the area of Sustainable Development.

#### **5. Main Participants**

5.1. This Policy shall be binding upon all employees of the Bank. Subsidiary Financial Institutions of the Bank shall be governed by the provisions set out in this Policy. Non-resident subsidiary Financial Institutions of the Bank shall be governed by this Policy as long as its provisions do not contradict the law of their country of incorporation.

5.2. This Policy shall be of non-binding nature for other Bank Group companies.

#### **6. Risks**

Sustainable Development risks are managed as part of the Bank's corporate risk management system.

## **7. Bank's Main Activities in the Area of Sustainable Development**

The Bank commits to the following activities in the area of Sustainable Development:

7.1. Environmental factors:

7.1.1. The Bank follows the best environmental management practices in its internal business activities (including power and resource saving). The Bank strives to deal with suppliers and contractors that adhere to the same high environmental standards.

7.1.2. Focus on financing projects that can deliver additional environmental value. Special focus is given to projects aimed at addressing global, national and regional high priority environmental issues such as mitigating the impact of and adapting to climate change, combating desertification and preservation of biodiversity.

7.1.3. Analysis, record-keeping and monitoring of any changes in the environmental factors related to the Bank investment activities.

7.1.4. System development and delivery of actions to manage environmental (including climate) risks. Encouraging financing of projects aimed at improving the environment including:

- power projects using renewable energy sources (solar and wind power);
- investment projects in various industries and other areas that utilize most recent environmental protection technologies and reduce negative environmental footprint due to deeper conversion of raw materials and associated products in the course of the production process;
- investment projects aimed at sorting and recycling of solid municipal waste;
- gas-powered and electric vehicle leasing.

7.1.5. Promotion of financing and investment tools via available loans and bonds, including 'sustainability', 'green' and other loans and bonds.

7.1.6. Acknowledgment of internal and external environmental review results when making any decisions on project-related Responsible Financing or Investment. Promoting delivery of non-commercial environmental projects.

7.1.7. Encouraging production companies to implement Best Available Technologies.

7.1.8. Focus on the concept of rational and efficient use of natural resources and their saving.

7.1.9. Encouraging compliance with the environmental standards by its customers by using low-impact strategies and technologies with minimum environmental footprint.

7.2. Business interactions:

7.2.1. Implementation of Responsible Financing mechanisms and tools that meet the generally accepted standards, including 'green' bonds, 'social' bonds, 'green' loans, etc.

7.2.2. Rendering financial and rating consulting services in view of the Sustainable Development Principles. Acknowledgment of Sustainable Development factors when arranging financing and financial consulting for Investment Projects, including eco-innovations; participation together with Bank partners in projects aimed at achieving Sustainable Development Goals.

7.2.3. Countering illegal use of insider information and market manipulation.

7.2.4. Ensuring information security of customer data.

7.2.5. Setup and improvement of payment infrastructure enabling the use of the most recent payment tools both in cash and non-cash settlements.

7.2.6. Regular monitoring of the financed projects to ensure their compliance with the agreed environmental and social requirements.

7.2.7. Application of customer-oriented and customer-satisfaction approaches.

7.2.8. Ensuring reliable financial services for the business.

7.3. Society interactions:

7.3.1. Improving accessibility of Bank Products for all social groups across the entire territory of the Russian Federation, including Responsible Financing Tools.

7.3.2. Analysis, delivery and promotion of joint projects with partners aimed at delivering the Bank's core objectives and addressing social and economic development issues in the regions of the Russian Federation.

7.3.3. Participation in charity and sponsor activities focused on supporting nature conservation, educational, academic and sports initiatives as well as preserving cultural heritage. The

Bank may also render financial support for nature conservation initiatives and projects delivered by national and international organizations, including non-governmental organizations.

7.3.4. Development of project financing in the following areas:

- social and transport infrastructure;
- accessibility of modern energy for people;
- housing construction;
- mono-city development;
- participation in social and cultural projects, supporting activities of museums, theaters and exhibition centers;
- support of the scientific, educational and medical programs;
- promotion of physical training, sports and healthy lifestyles;
- assistance to people in difficult circumstances;
- assistance to people in treating serious illnesses.

7.3.5. Countering discrimination of any type.

7.4. Government interactions:

7.4.1. Participation in development and delivery of new principles of interactions with businesses, government and society as part of implementation of major Investment Projects and infrastructure projects. Assistance in development of alternative tools to finance social projects.

7.4.2. Participation in actions to develop and improve legislation and regulatory legal documents that govern Sustainable Development issues.

7.4.3. Participation in the banking community activities to put forward initiatives of professional community in the area of Sustainable Development to the regulator.

7.4.4. Participation in the actions to deliver state policy in the area of Sustainable Development.

7.4.5. Cooperation with state institutions to develop payment infrastructure in the Russian Federation (including development of the national payment system).

7.5. Personnel interactions:

7.5.1. Encouragement of professional and personal growth of Bank employees.

7.5.2. Harmonization of the corporate social policy aligned with the priority government objectives in this area.

7.5.3. Development of internal corporate programs to capture standards and commitments associated with health, safety, environment and social development.

7.5.4. Maintenance of gender equality.

7.5.5. Personnel training and engagement in the practices that take into account Sustainable Development factors.

7.5.6. Stronger focus on training and human capital development in the social policy of the Bank.

7.5.7. Commitment to corporate ethics including environmental and social responsibility norms.

7.5.8. Delivery of actions to improve environmental and social responsibility of personnel.

7.5.9. Participation in the system to support employees in difficult circumstances or requiring medical assistance.

7.5.10. Personnel engagement in corporate culture and creating of non-financial incentives for employees.

7.5.11. Treating people as the most valuable asset, creating favorable working conditions and providing equal opportunities for all employees.

## **8. Sustainable Development Reporting**

8.1. Sustainable Development Reporting

The Bank aims for openness and making the Stakeholders aware of its performance in the area of Sustainable Development with due regard to the legal requirements to protect commercial and other secrets, personal data protection and data confidentiality requirements in compliance with the

agreements made by the Bank.

8.2. Regulation of Sustainable Development Reporting

Annual release of the Sustainable Development Report shall comply with this Policy, meet the requirements set out in the Concept of Development of Public Non-Financial Reporting approved by Resolution No. 876-p of the Russian Government dated May 5, 2017, and take into account international legal regulations.

8.3. Sustainable Development Reporting preparation principles

8.3.1. Preparation and release of the Bank's Sustainable Development Report on the annual basis to inform the Stakeholders.

8.3.2. Timely publication of reporting documents on the Bank's official web-site to ensure access for all Stakeholders.

8.3.3. Commitment to the best world and Russian practices in the area of Sustainable Development in the process of reporting preparation.

8.3.4. Timely and responsible approach to claims and complaints.

## **9. Final Provisions**

This Policy shall come into effect upon the expiry of thirty (30) calendar days after its approval.



**Attachment 1**

to the Policy on Sustainable Development in Bank GPB (JSC), approved by Resolution of the Management Board of Bank GPB (JSC)

dated February 16, 2021 (Minutes No. 07)

**List of Terms and Abbreviations**

**Bank** means Gazprombank (Joint Stock Company), Bank GPB (JSC).

**Bank Product** means the deliverable of the Bank's operations in the form of services available for rendering to customers on the banking market.

**Chief Executive** means a chief executive of the Bank.

**Stakeholders** mean partners and counterparties of the Bank, industry and Russian business communities, non-commercial organizations, Bank employees, population and other persons interested in interaction with the Bank.

**Investments** mean cash, securities and other property, including ownership rights and other monetizable rights invested in the objects of entrepreneur and(or) other business activities.

**Investment Project** means a set of actions (work, services, acquisitions, management operations and decisions) aimed at making Investments, including development of the documents required by Russian law that contain economic feasibility data, investment scope and timelines as well as description of specific investment activities (business plan).

**Best Available Technology** means the technology to manufacture products (goods), deliver work or render services defined on the basis of the latest achievements in science and technology and the best combination of environmental safety criteria given the technical capabilities available (Federal Law No. 7-FZ On Environmental Protection as of January 10, 2002).

**Responsible Investment** means investment based on the investor readiness to promote Sustainable Development of the society, i.e. acknowledge the Sustainable Development factors in investment activities, assess and monitor Investment Targets, ensure fair execution of shareholder rights and interactions with communities and disclosure of information by the investor in respect of the applied approaches and policies in the area of responsible investment.

**Responsible Financing** means the financial institution policy that sets out the requirements to the level of social and environmental risks related to the business activities of the financed companies and their Investment Projects and ensures monitoring of compliance with such requirements.

**Sustainable Development Reporting** means information related to the Bank activities in the area of Sustainable Development.

**Sustainable Development Principles** mean the operating principles aimed at achieving the Sustainable Development goals.

**Region of Operations** means administrative and territorial units where the Bank operates or intends to operate.

**Council for Sustainable Development** means the Council for Implementation of Sustainable Development Principles in the Operations of Bank GPB (JSC) set up by Order No. 89 dated August 20, 2020.

**Special Administrative Regions** mean the territories defined by Federal Law No. 291-FZ On Special Administrative Regions in the Territories of the Kaliningrad Region and Primorye Territory dated August 3, 2018.

**Sustainable Development** means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**Financial Institution** means a business entity that renders financial services.

**Sustainable Development Goals** mean the goals of activities set out in Declaration styled "Transforming Our World: The 2030 Agenda for Sustainable Development" adopted by Resolution No. 70/1 of the United Nations General Assembly on September 25, 2015. Each Sustainable Development

Goal included in this Declaration has its own sequence number.

**ESG** mean the sustainable development factors that are taken into account in the Bank activities: environmental (environmental factors, including climate-related factors), social (social factors) and corporate governance (corporate governance factors).

**ESG Projects and ESG Products** mean Investment Projects and Bank Products that have been developed in view of the Sustainable Development factors.

**ESG Risks** mean risks in the area of Sustainable Development (environmental risks, including climate risks, social risks and corporate governance risks).

**Attachment 2**

to the Policy on Sustainable Development in Bank GPB (JSC), approved by Resolution of the Management Board of Bank GPB (JSC)

dated February 16, 2021 (Minutes No. 07)

**Business areas where the Bank is not involved or significantly reduces the scope of project financing**

1. Production or trade or use of free asbestos fiber or asbestos-containing products.
2. Production of or trade in ozone depleting substances.
3. Production of or trade in medical products, pesticides/herbicides and other toxic substances that are to be taken out of production or prohibited by Russian or international law.
4. Marine fisheries using drift nets over 2.5 km in length.
5. Transportation of oil and other hazardous substances by tankers that have no valid certificates issued by the International Maritime Organization.
6. Trade in wild animals, plants and products derived from them, included in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
7. Production of and trade in products containing polychlorinated biphenyls.
8. Other industries and businesses cooperation with which may have a negative effect on ESG Risks and the Bank's image.