



JOINT-STOCK FINANCIAL CORPORATION  
**SISTEMA**

Approved  
by the resolution of the Board of  
Directors of Sistema PJSFC  
on May 14, 2021

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## Environmental Policy

This Environmental Policy is a public document and defines the approaches of Sistema PJSFC (“the Corporation” or “Sistema”, together with its portfolio companies – “Sistema Group” or “the Group”) in environmental protection and environmental risk and impact management.

Despite the relatively small direct environmental and climate footprint of financial sector companies, the Corporation, as a responsible investor, recognises the importance of global challenges and the significance of indirect environmental impact through its portfolio companies and intends to make efforts to ensure effective management of such impact.

The main approaches and principles of the Corporation in the field of sustainability and responsible investment are determined by the [Sustainability Policy](#), the [Corporate Governance Code](#), the [Code of Ethics](#), the Risk Management Policy and internal regulations based on them.

This Policy contributes to the implementation of the key corporate responsibility principles set out in Sistema’s Corporate Governance Code and Sustainability Policy, including the principle of respect for the environment.

### *Scope*

This Policy applies to Sistema PJSFC and is recommended for adoption and compliance by Sistema Group companies (“the Group companies”) taking into account their profile, size and geography. The principles of the Policy apply to each employee as part of the performance of their duties.

The Corporation strives with due diligence to ensure that the Group companies adhere to comparable standards of environmental responsibility in their operations and makes reasonable efforts to encourage them to consider introducing relevant principles into their operations.

The Corporation expects that the Group’s suppliers, contractors and other business partners will also adhere to the high standards of environmental responsibility set out in this Policy. The Corporation also encourages its counterparties to communicate these requirements throughout their supply chains.

### *Key objectives*

This Policy lays the foundation for the achievement of the following objectives:

- observing the right of employees, local residents and future generations to a healthy environment, and respect for the natural and cultural heritage in the regions of the Group’s operations;
- complying with the environmental requirements, rules and obligations, sustainable use of natural resources, and environmental and climate safety, as established by the laws of the regions of operations and by ratified international treaties;
- reducing the negative impact and ensuring the environmental safety of operational processes, products and services of the Group companies;
- striving for continuous improvement of environmental management practices and performance;
- managing the climate change risks and opportunities, and assessing and reducing the carbon footprint;
- developing stakeholder engagement and raising awareness on global and local environmental and climate challenges;
- maximising the Group’s contribution to the achievement of the UN Sustainable Development Goals, national priorities for environmental development and the creation of a healthy environment in the regions of operations.

## *Implementation mechanisms*

To achieve the above objectives, the Corporation:

- considers environmental and climate issues as part of its strategy in accordance with the distribution of roles and responsibilities set out in Sistema's Sustainability Policy;
- implements the principles of responsible investment through the integration of environmental criteria as part of an ESG due diligence of investment projects, and through the monitoring of environmental and climate risks and the performance of portfolio companies;
- welcomes and encourages environmentally responsible behaviour of its employees in and outside the workplace, including participation in eco-friendly volunteering initiatives.

In line with established corporate governance procedures, the Corporation also promotes:

- adopting, maintaining and improving environmental management systems commensurate with the scale of operations and the industry-specific profile of environmental risks of the Group companies, including distribution of responsibilities and approval of relevant corporate documents;
- implementing the precautionary principle for proactive management of risks of negative impact on humans and the environment at all stages of operations and the life cycle of products and services of the Group companies;
- integrating environmental and climate risks and opportunities into corporate risk management systems;
- setting appropriate monitoring indicators, targets and KPIs for responsible units and members of governing bodies, where applicable, in order to track the effectiveness and efficiency of measures and to identify areas for improvement;
- adopting innovation, best available technology and environmental certification, where applicable;
- implementing programmes and measures aimed at reducing the negative impact of operations and preservation of natural capital, including:
  - rational use of resources and responsible handling of hazardous substances, where applicable,
  - reducing and effectively managing emissions, discharges and waste. Increasing the share of reused and recycled waste, and looking for opportunities to move to a circular model of production and consumption,
  - reducing water consumption, increasing the share of recycled water and managing risks associated with a shortage of water resources in the regions of operations,
  - improving energy efficiency, looking for opportunities to switch to alternative and renewable energy sources and taking into account risks associated with a capacity shortage in the regions of operations,
  - reducing the carbon footprint and adapting to natural, regulatory, economic and other changes associated with climate change,
  - monitoring the impact on ecosystems and biodiversity, minimising and avoiding negative consequences, and implementing compensatory, remediation and recultivation measures in case of damage,
  - reducing transport-related impact;
- developing a culture of environmental safety and awareness among the Group's employees;
- introducing green office practices to ensure comfortable and healthy conditions for employees and reduce the negative impact on the environment through the sustainable use of materials and energy;

- increasing emergency preparedness to prevent and minimise negative impacts, promptly responding to, investigating and preventing environmental incidents, and eliminating and compensating for possible damage;
- participation of the Group companies in global and local environmental and climate programmes, projects and initiatives, and growing cooperation between the Group Companies;
- developing relationships with partners, suppliers and contractors who share the Group's environmental aspirations and help reduce the Group's environmental and climate footprint throughout the supply and value creation chain;
- openly interacting with stakeholders and publicly disclosing information on activities and results in the area of environmental protection in accordance with recognised local and international standards and guidelines for sustainability reporting, such as GRI, SASB, CDP, TCFD<sup>1</sup>, etc.

### *Engagement, monitoring and reporting*

Sistema builds productive relations with federal and regional authorities, industrial and professional associations, non-profit organisations, residents of the regions of operations and other stakeholders in order to:

- understand mutual interests and goals of the parties involved,
- coordinate positions and joining efforts to resolve issues related to environmental protection,
- contribute to the definition of a global, national and regional environmental agenda,
- raise awareness on environmental and climate issues,
- increase transparency and disclose information on activities in the area of environmental and climate protection.

Adhering to the principles of integrity and transparency, Sistema discloses information on the Group's activities and results in the area of environmental protection in its [annual reports](#) and [sustainability reports](#).

Sistema discloses information on climate-related impacts through the CDP platform and takes into account stakeholder feedback, independent assessments and ESG ratings to identify areas for improvement.

The Corporation monitors the environmental performance of its portfolio companies as part of the regular collection of sustainability information, provides relevant expert support, where applicable, and also encourages independent disclosure of environmental information by the Group companies.

The Corporation's management is committed to implementing the principles and achieving the objectives set out in this Policy.

The Policy is subject to regular review and, if necessary, update in accordance with the priorities of the Corporation and the Group companies, as well as the expectations of stakeholders.

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<sup>1</sup> GRI stands for Global Reporting Initiative; SASB stands for Sustainability Accounting Standards Board; CDP (formerly Carbon Disclosure Project) is an environmental disclosure project; TCFD stands for Task Force on Climate-related Financial Disclosures.