

Approved

by the Board of Directors of Sistema
PJSFC

on 26 June 2021

Minutes No 08-21 dated 28 June 2021

**TERMS OF REFERENCE
OF THE SUSTAINABILITY AND INVESTOR RELATIONS
COMMITTEE OF THE BOARD OF DIRECTORS**
of Sistema Public Joint Stock Financial Corporation



Moscow, 2021

1. GENERAL

- 1.1. These Terms of Reference were developed in accordance with the applicable legislation, the Charter of Sistema PJSC (hereinafter, "Sistema" or "the Company"), the Corporate Governance Code and other internal regulations of the Company.
- 1.2. These Terms of Reference determine the status, procedure for appointing members, scope, functions, working procedures and decision-making procedures of the Sustainability and Investor Relations Committee (hereinafter, the "Committee") of the Board of Directors of Sistema.
- 1.3. The Committee is a body reporting to the Board of Directors and serving the purposes of:
 - a) facilitating the building of a system aimed at maintaining efficient relations with the financial community and government agencies, integration of sustainability principles, and increasing the appeal of Sistema's shares for investors;
 - б) facilitating the shaping and maintaining of a transparent and stable dividend policy of Sistema.The Committee's work shall also aim at increasing the Company's market capitalisation and protecting the rights and interests of its shareholders as well as the development of the Company corporate culture based on the ESG principles and the integration of ESG into the Company strategy in order to increase the investment portfolio sustainability.
- 1.4. The Committee shall not be considered a body of the Company, and the Company shall assume no civil rights or obligations via the Committee.
- 1.5. The Committee's activities shall be governed by Russian law, recommendations of the Corporate Governance Code, the Company's Charter, the Code of Ethics and other internal regulations of the Company.

2. FUNCTIONS OF THE COMMITTEE

- 2.1. The key functions of the Sustainability and Investor Relations Committee are:
 - a) facilitating the formulation, development and implementation of the Company's investor relations strategy ("IR"), dividend policy and sustainability strategy ("ESG"¹);
 - б) assisting in organising the work of the Company's IR and ESG division;
 - в) developing recommendations on improving the IR strategy of the Company;
 - г) support in the strategy development and transformation of the Company's business processes in line with the sustainability and responsible investment principles;
 - д) oversight of the Company's compliance with the principles of ethical and responsible business conduct and transparency, as well as implementation of best sustainability practices;
 - е) developing recommendations on improving the ESG strategy of the Company and Sistema Group companies;
 - ж) preliminary review of ESG-related corporate documents submitted to the Board of Directors for approval;
 - з) review of items related to sustainability risk management, including climate change risks;
 - и) assisting in disclosure of information and communications with the investor community;
 - к) assisting in shaping the Company's dividend policy and regularly assessing its efficiency;
 - л) monitoring execution of the Company's dividend policy;

¹ ESG (environmental, social and corporate governance) – sustainability factors and risks that the Company takes into account when making management and investment decisions.

- m) formulating the Company's information policy with regard to formats, methods, and volumes of information disclosures and organising the preparation of the Company's Annual Reports;
 - n) organising communications between the Company's Board of Directors and the investment community to improve the investment appeal of the Company's shares and publicise its dividend policy;
 - o) assisting in shaping, developing and implementing the Company's strategy in the sphere of government relations ("GR");
 - п) assisting in organising the work of the Company's GR division;
 - p) developing recommendations on improving the GR strategy of the Company;
 - c) assisting in shaping, developing and implementing the Company's strategy in the sphere of public relations ("PR");
 - т) assisting in organising the work of the Company's PR division;
 - y) developing recommendations on improving the PR strategy of the Company;
 - ф) preliminary review and approval of the Sistema's strategy in the field of charitable activities.
- 2.2. The Committee's resolutions shall have the status of recommendations issued to the Company's Board of Directors.
- 2.3. The Committee may give assignments to the Company's management within its remit.

3. MEMBERS OF THE COMMITTEE

- 3.1. Members of the Committee shall be elected at the first meeting of the Company's Board of Directors following the annual general meeting of the Company's shareholders.
- 3.2. The powers of Committee members shall terminate at the time of opening of the annual general meeting of the Company's shareholders.
- 3.3. The Committee shall be formed predominantly of members of the Board of Directors of the Company.
- 3.4. The Committee shall have at least 3 (three) members.
- 3.5. Members of the Committee shall be approved by a resolution of the Company's Board of Directors. Committee members shall be nominated by members of the Company's Board of Directors.
- 3.6. The Company's Board of Directors shall appoint the Committee Chairman who is responsible for administration of the Committee's activities.
- 3.7. The powers of any member of the Committee may be terminated at any time on decision of the Board of Directors of the Company.
- 3.8. For the purposes of organisation of the Committee's work, the Company's Board shall appoint a Committee Secretary from among the Company's employees or the Committee's members.
- 3.9. In the event the Board of Directors takes no decision on the appointment of a Committee Secretary, or the previously appointed Committee Secretary can no longer fulfil his/her responsibilities for any reason, the Committee Chairman shall appoint another Committee Secretary from among the Company's employees or the Committee's members.

4. RIGHTS AND RESPONSIBILITIES OF COMMITTEE MEMBERS

- 4.1. The Committee members shall have the right to:

- a) request and receive any of the Company's documents within the Committee's scope of authority;
 - б) request officers of the Company to provide information and explanations on any matters within the Committee's scope of authority;
 - в) participate in working meetings, negotiations, or sessions of commissions and task committees dedicated to any matters related to the Committee's remit and participate in business trips and visits as members of delegations of the Company;
 - г) for the purposes of exercising their functions and subject to approval by the Committee Chairman, use the services of external advisors, with the costs to be covered by the Company;
 - д) request that Committee meetings be held and particular items be included in agendas for consideration by the Committee;
 - е) request that their dissenting written opinion be recorded in the Minutes of the Committee's meeting.
- 4.2. The Committee members shall:
- a) attend and take an active part in preparation and discussion of agenda items to be reviewed at the Committee meetings;
 - б) take part in the Committee's decision-making process by voting on agenda items;
 - в) take informed decisions by studying all the necessary data (materials), conducting investigations and updating all the Committee members on the information concerning decisions taken;
 - г) notify the Committee Chairman of their inability to attend any particular meeting specifying the reason for such inability;
 - д) act reasonably and in good faith when taking decisions in order to promote the interests of the Company's shareholders in compliance with the guidelines of the Corporate Governance Code of the Bank of Russia and best corporate governance practices;
 - е) fulfil assignments issued by the Committee Chairman.
- 4.3. Should the Committee deem it necessary to hire external consultants, the Committee should propose amendments to the Company's budget.

5. PROCEDURES OF THE COMMITTEE

- 5.1. The work of the Committee shall be led by the Committee Chairman who shall be personally responsible for the performance of the Committee and for the accomplishment of its objectives.
- 5.2. The Committee Chairman shall:
- a) organise the preparation of the Committee's work plan and submit it for the Committee's approval;
 - б) convene Committee meetings and preside over them;
 - в) determine the format of Committee meetings and approve their agendas;
 - г) make lists of invitees to Committee meetings;
 - д) organise keeping of minutes of Committee meetings and sign minutes of such meetings;
 - е) distribute responsibilities among Committee members and give them instructions with regard to in-depth research of particular matters and preparation of documents to be reviewed at Committee meetings;
 - ж) report the Committee's performance results to the Company's Board of Directors;
 - з) supervise execution of decisions taken;
 - и) use resources available to the Company, including external expertise, to achieve the Committee's goals;
 - к) perform other functions arising from the Committee's goals and objectives.

- 5.3. The Committee Secretary shall:
- a) draw up work plans for the Committee;
 - б) send out notices of forthcoming meetings and documents related to specific agenda items to Committee members;
 - в) prepare minutes of Committee meetings;
 - г) safekeep minutes of Committee meetings, prepare abstracts from minutes of Committee meetings and get them signed;
 - д) fulfil any assignments received from the Committee Chairman.
- 5.4. The Committee shall work in accordance with its work plans. Committee meetings shall be held as necessary, but at least 4 (four) times a year.
- 5.5. Work plans of the Committee shall be made for one calendar year.
- 5.6. Work plans of the Committee may include the following items:
- a) approval of the Committee's work plan;
 - б) preliminary review of the Company's IR strategy;
 - в) review of the system of organising the IR work at the Company and recommendations on its improvement;
 - г) reports on implementation of Sistema's IR strategy;
 - д) preliminary review of the Company's ESG strategy;
 - е) reports on implementation of Sistema's ESG strategy and preliminary approval of the Company's non-financial reports;
 - ж) preliminary review of the Company's GR strategy;
 - з) review of the system of organising the GR work at the Company and recommendations on its improvement;
 - и) reports on implementation of the Company's GR strategy;
 - к) preliminary review and approval of the Sistema's strategy in the field of charitable activities.
 - л) disclosure of material information about the Company;
 - м) preliminary review of new versions of the Company's Dividend Policy;
 - н) assessment of effectiveness of the Company's existing dividend policy;
 - о) approval of the Committee's reports before Board meetings.
- 5.7. Work plans of Sistema's Board of Directors may also include agenda items that should be first reviewed by the Committee. The Committee shall include such items in its work plans accordingly.
- 5.8. The Committee may hold additional meetings as necessary to discuss what the Committee deems necessary within its scope of authority.
- 5.9. The Committee may suspend any person (persons) from participating in meetings or from discussing a specific agenda item if the Committee believes that there is a conflict of interest involved.
- 5.10. Persons not being Committee members may be invited to participate in Committee meetings on decision of the the Committee Chairman.
- 5.11. The Committee shall perform its activities by reviewing agenda items at Committee meetings. The dates and procedures of meetings shall be established by the Committee Chairman. A meeting shall be considered quorate if attended by at least 50% of Committee members. Decisions shall be passed by simple majority vote. In the event of a tie vote, the Committee Chairman shall have a casting vote.
- 5.12. It is allowed to hold Committee meetings in the form of letter ballots or teleconferences, or to take into account written opinions of absent members of the Committee on the agenda items considered. If a written opinion of an absent Committee member on all agenda items is available, it shall be taken into account when determining the quorum of the meeting.
- 5.13. Agendas of Committee meetings shall be approved by the Committee Chairman. Agendas of Committee meetings shall contain full subjects of all items specifying persons in charge of preparation and provision of related documents (speakers).

- 5.14. Speakers shall submit documents covering their respective agenda items to the Committee Secretary in advance.
- 5.15. Notices of forthcoming Committee meetings shall be e-mailed to Committee members by the Committee Secretary at least 3 (three) days before the meeting, with documents covering agenda items attached.
- 5.16. Following Committee meetings, the Secretary shall draw up minutes of these meetings. Minutes of Committee meetings shall include the following:
 - a) the date, time and venue of the meeting;
 - b) attendees, including Committee members and invitees;
 - c) agenda of the meeting;
 - d) proposals and remarks made in the course of discussion of items considered;
 - e) voting results and decisions taken on items considered.
- 5.17. Minutes of Committee meetings shall be drawn up within 2 (two) working days from the dates of such meetings.
- 5.18. The minutes of joint meetings of the Committee and other Committees of the Board of Directors of the Company shall be drawn up in accordance with the Terms of Reference of the Board of Directors and the Company's standard business practices.

6. FINAL PROVISIONS

- 6.1. These Terms of Reference, as well as amendments hereto, are subject to approval by a simple majority vote of the Company's Board of Directors.
- 6.2. The Committee shall report the results of its work to the Board of Directors on an annual basis.
- 6.3. The Committee Secretary shall make the Terms of Reference of the Committee and the names of Committee members available on the Company's website.