

APPROVED

by Resolution of the Board of Directors
of JSC INK-Capital
Minutes No. 117 dated December 9, 2021

REGULATIONS
ON THE SUSTIANABLE DEVELOPMENT AND ESG
COMMITTEE UNDER THE BOARD OF DIRECTORS
OF JSC INK-CAPITAL

Revision 1

Irkutsk

2021

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I. GENERAL PROVISIONS

- 1.1 These Regulations are drafted in accordance with the laws of the Russian Federation, the Charter, the Corporate Governance Code, the Regulations on the Board of Directors of Joint Stock Company INK-Capital, as well as the Corporate Governance Code recommended by the Central Bank of Russia (Letter No. 06-52/2463 dated April 10, 2014); the document governs establishment and working procedure of the Sustainable Development and ESG Committee under the Board of Directors.
- 1.2 The Committee (as defined below) is an advisory body to the Board of Directors and is created by its resolution to preliminary review issues on sustainable development and ESG (Environmental, Social and Governance - environmental impact, social responsibility, corporate government standards).
- The Committee's decisions are of an advisory nature for the Board of Directors.
- 1.3 In its activities, the Committee is governed by the laws of the Russian Federation, the Charter, the Corporate Governance Code of the Company, the Regulations on the Board of Directors of the Company, resolutions of the Board of Directors, the Regulations, and other internal documents of the Company approved by the General Shareholders Meeting and/or the Board of Directors of the Company, as well as by its own decisions.
- 1.4 The Committee reports to the Board of Directors on its activities.
- 1.5 The following terms and abbreviations are used in the Regulations:

Term	Definition
ESG	Environmental, Social and Governance - environmental impact, social responsibility, corporate government standards, corporate social responsibility.
ESG aspects	<ul style="list-style-type: none">– Ecological or environmental aspects: climate change, greenhouse gas emissions, depletion of natural resources (including lack of drinking water), waste and pollution, deforestation;– social aspects: including working conditions (inter alia, forced labor and child labor), supporting local communities and contributing to regional development, health and occupational safety, gender composition; and– governance aspects: including top management remuneration, bribery and corruption, political lobbying and donations, diversification of the board of directors, tax strategy, that may be related to the activities of the company and may affect the achievement of the sustainable development goals

Term	Definition
	established by the 2030 Agenda for Sustainable Development adopted by the UN General Assembly.
Affiliated person	A person recognized as such in accordance with the antimonopoly laws of the Russian Federation.
Group	The Company and companies that constitute one group in accordance with the applicable laws of the Russian Federation or that are controlled by the Company in accordance with the International Financial Reporting Standards.
Green finance	Investments and other financial instruments aimed at the implementation of environmentally friendly, energy efficient and low carbon projects. The main instruments of green finance are green bonds, concessional lending, subsidies for environmental projects, etc.
Committee	The Sustainable Development and ESG Committee under the Board of Directors.
Non-financial reporting	<p>A set of non-financial information and indicators reflecting the strategy, goals, approaches to management, interaction with stakeholders, as well as the results of the Group's activities in terms of corporate social responsibility and Sustainable Development, corruption prevention, including economic, social, environmental aspects considered in their relationship to each other.</p> <p>Non-financial reporting is mainly prepared in the form of a sustainability report, or an environmental report, or a corporate social responsibility report, or in the form of another report on environmental, social and corporate governance aspects related to the activities of the Group. Non-financial reporting may be an integral part of the annual report of the Company, prepared in accordance with the law of the Russian Federation on joint stock companies.</p>
General Shareholders Meeting	The General Shareholders Meeting of the Company.
Company	Joint Stock Company INK-Capital. Any reference to the Company in the Regulations also means any of the Company's Affiliates.
Regulations	These Regulations on the Sustainable Development and ESG Committee under the Board of Directors of the Company.
Board of Directors	The Board of Directors of the Company.
Sustainable Development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Term	Definition
Charter	The Company Charter.
SDGs	UN Sustainable Development Goals are 17 goals and 169 targets to be achieved by all the UN Member States (193) by 2030
Expert of the Committee on a permanent basis	Expert of the Committee elected (appointed) by resolution of the Board of Directors who participates in the Committee's meetings (without a right to vote).

II. COMMITTEE'S FUNCTIONS

2.1 Committee's functions include:

- preliminary review and development of recommendations to the Board of Directors in respect of priority areas, strategy and development plans of the Group on the Sustainable Development, achievement of SDGs and implementation of ESG aspects in the Group's activities;
- review of regular reports on the implementation of the priority areas, strategy and development plans of the Group on the Sustainable Development approved by the Board of Directors, achievement of SDGs and implementation of ESG aspects in the Group's activities;
- providing the Board of Directors with recommendations on determining the criteria and performance indicators of the Group on the Sustainable Development, achievement of SDGs and implementation of ESG aspects in the Group's activities, as well as defining approaches to integration of ESG aspects in the Group's activities; providing the Board of Directors, the General Director of the Company with recommendations based on the results of assessment of the compliance of projects submitted for obtaining funding through the use of Financial instruments for sustainable development (already implemented, current and (or) future) (as this term is defined in the Sustainable Development and ESG Policy of the Company), including the compliance of such projects with the principles specified in Clause 4.1 of the Sustainable Development and ESG Policy of the Company, and (or) criteria (requirements) established by the laws of the Russian Federation, and (or) having a positive effect (impact) on the environment;
- exercising control over the intended use of funds raised through the use of Financial instruments for sustainable development (as this term is defined in the Sustainable Development and ESG Policy of the Company);
- monitoring compliance with the Sustainable Development and ESG Policy of the Company;
- exercising control over the implementation of the Group's projects (portfolio of projects) on Sustainable Development;
- control over preparation, completeness, accuracy and reliability of Non-financial reporting, as well as its preliminary approval;

- approval of an external organization for certification of Non-financial reporting and preliminary review of the results of its certification;
 - providing the Board of Directors with recommendations on the standards of information disclosure, achievement of SDGs and implementation of ESG aspects in the Group's activities, as well as developing proposals for its improvement.
 - providing the Board of Directors with recommendations on identifying key risks associated with Sustainable Development, achievement of SDGs and implementation of ESG aspects, as well as establishing the risk appetite for such risks;
 - providing the Board of Directors with recommendations regarding potential risks on the Sustainable Development, achievement of SDGs and implementation of ESG aspects, that may have an impact on the Group's activities;
 - making a decision on assessing the efficiency of the risk management system on the Sustainable Development, achievement of SDGs and implementation of ESG aspects in the Group's activities;
 - preliminary review and development of recommendations to the Board of Directors regarding the approval of new (as well as assessment of existing) policies, programs, plans, key activities of the Group, taking into account the principles of Sustainable Development, SDGs and ESG;
 - review of the benchmarking results of the Group, taking into account the principles of Sustainable Development, achievement of SDGs and ESG;
 - review of proposals for the implementation of the best national and global practices and initiatives on the Sustainable Development, achievement of SDGs and ESG;
 - preparation of recommendations to the Board of Directors on assessing the Group's interaction with stakeholders on the Sustainable Development, SDGs and ESG;
 - review at the Committee's meeting and (or) recommendation to review at a Board meeting of any issues related to the Sustainable Development, achievement of SDGs and ESG.
- 2.2 By resolution of the Board of Directors (Committee members), the Committee may be assigned to review other issues.

III. RIGHTS AND DUTIES OF THE COMMITTEE

3.1 The Committee members are entitled:

- to request and obtain documents, reports, explanations and other information from the executive body and other officers of the Company and its Affiliates;
- to listen to the reports of the officers of the Company and its Affiliates on implementation of the Committee's recommendations and provide the results of assessment on implementation of the Committee's recommendations to the Board of Directors;

- to invite officers of the Company and its Affiliates to the Committee meetings;
- to bring to the attention of the Board of Directors recommendations on any issues which the Committee believes require resolution by the Board of Directors;
- to initiate reviewing at the Committee meeting of any issues related to Sustainable Development, achievement of SDGs and implementation of ESG aspects in the Group's activities;
- to evaluate the Regulations for the need of their update and submit proposals on introducing amendments/ additions to the Regulations to be reviewed by the Board of Directors.

3.2 The Committee members shall:

- perform the functions assigned to the Committee pursuant to the Regulations, laws of the Russian Federation, the Charter, and internal documents of the Company;
- exercise their rights and perform their duties, acting faithfully and reasonably in the best interests of the Group;
- participate in the Committee's work and attend all its meetings (unless there is a valid reason for absence from a meeting);
- keep confidential all information which they become aware of during performance of their duties, and not use it in the personal interests or interests of third parties;
- inform the Board of Directors of the conflict of interest in respect of the resolutions passed by the Committee or a potential conflict of interest that may arise when reviewing certain issues;
- immediately inform the Chairman of the Committee and the Chairman of the Board of Directors in writing on any personal, commercial, or other interest (direct or indirect) which has an impact on the decision-making (or potential interest);
- bring information regarding violations (inconsistencies) in the Non-financial reporting to the attention of the Board members;
- within their competence and pursuant to the procedure stipulated by the Regulations, perform any other functions which the Committee may be assigned by resolution of the Board of Directors.

IV. COMMITTEE'S ELECTION AND COMMITTEE MEMBERS

- 4.1 The Committee is elected from among the Board members. The number of the Committee members is determined by resolution of the Board of Directors.

- 4.2 The Committee members are elected at the Board meeting from among the current Board members for the period until the next Board of Directors is elected by the General Shareholders Meeting.
- 4.3 The Committee shall be balanced, including in terms of qualifications of its members, their experience, knowledge and business skills, it should also enjoy the confidence of shareholders. Candidates to the Committee shall have sufficient knowledge on the Sustainable Development, SDGs and ESG, as well as knowledge on strategic and investment planning, production management. A candidate for election to the Committee provides a written consent to work in the Committee in the form set out in Appendix No. 1 to the Regulations. Based on the professional and personal qualities of the candidates to the Committee members and taking into account the Board members' own statements, the Chairman of the Board of Directors proposes candidates to the Committee from among the Board members.
- 4.4 A resolution on the election of the Committee members is passed by the simple majority vote of all Board members.
- 4.5 The Committee members may be re-elected an unlimited number of times.
- 4.6 By resolution of the Board of Directors, the powers of all or some members of the Committee may be terminated early.
- 4.7 Powers of a Committee member are terminated early in the following cases:
- resignation; any Committee member is entitled to resign as the Committee member by sending a notice to the Chairman of the Board of Directors 15 (Fifteen) calendar days prior to the date of the resignation;
 - powers of the Committee member as the Board member are terminated;
 - the Board of Directors resolves to terminate the Committee member's powers.
- 4.8 The Committee members may be paid remuneration and/or compensation for expenses associated with the performance of their duties in the amount and manner established by the Regulations on Remuneration and Compensations of the Company approved by the General Shareholders Meeting.

V. CHAIRMAN OF THE COMMITTEE

- 5.1 The Chairman of the Committee is elected from among its members newly elected at the Board meeting. A resolution on the election of the Chairman of the Committee is passed by the simple majority vote of all Board members. The Board of Directors may at any time re-elect the Chairman of the Committee. If the Committee consists of only one Board member, then such member acts as the Chairman of the Committee without any further resolution of the Board of Directors.
- 5.2 The Chairman of the Committee performs the following functions:
- determines the working procedures of the Committee;
 - initiates and convenes the Committee meetings and presides over such meetings;

- determines the date, agenda and form of the Committee meeting;
- resolves on postponing the meeting in case the meeting is not quorate;
- announces the resolution passed in accordance with the voting results at the Committee meeting held in person, or informs in writing all Committee members about the resolution passed in accordance with the voting results at the Committee meeting held as absentee meeting;
- ensures for the minutes to be taken during the Committee meetings and signs the minutes of the Committee meetings;
- determines the need to engage third-party organizations and/ or individuals as independent experts (counsels), who have a special expertise on the issues falling within the competence of the Committee;
- arranges for the discussion of issues at the Committee meetings and for listening to the presentations (opinions) of the invitees of the meeting;
- distributes duties among the Committee members;
- sets priorities in the Committee’s activities, forms the work plan of the Committee;
- facilitates open and constructive discussion of issues on the agenda and development of agreed resolutions and recommendations;
- performs other functions pursuant to the applicable laws of the Russian Federation, the Charter, the Regulations and other internal documents of the Company, resolutions of the Board of Directors or the Chairman of the Board of Directors.

VI. SECRETARY OF THE COMMITTEE

- 6.1 The Secretary of the Committee is elected (appointed) by the majority vote of all members of the Committee, at the first Committee meeting.
- 6.2 The Secretary of the Committee performs the following functions:
- provides organizational and technical support at the Committee meetings, inter alia, in a timely manner, sends notifications of the Committee meetings to the Committee members and invitees to the meetings, sends agenda and materials on the meeting agenda;
 - drafts the Committee’s annual work plan;
 - takes the minutes during the Committee meetings;
 - ensures that a copy of the minutes of the Committee meeting was sent to the Committee members and to the Corporate Secretary of the Company;
 - makes progress reports on the results of implementation of the Committee’s resolutions, brings information on implementation of the Committee’s

resolutions to the attention of the Chairman of the Committee and other Committee members;

- within his/her powers fulfills assignments of the Chairman and Committee members;
- organizes maintenance and storage of the Committee's files;
- exercises control over compliance with the Regulations;
- keeps record of the correspondence (including inquires and requests) addressed to the Committee, and/or its Chairman, or its members; ensures preparation of the respective answers and clarifications;
- performs other functions pursuant to the applicable laws of the Russian Federation, the Charter, the Regulations and other internal acts of the Company, resolutions of the Board of Directors, Chairman of the Board of Directors, or Chairman of the Committee.

VII. PROCEDURE FOR HOLDING THE COMMITTEE MEETINGS

- 7.1 The Committee meetings are convened at the initiative of the Chairman of the Committee, upon request of a Committee member, a Board member, or the Secretary of the Committee.
- 7.2 The Committee meetings may be held in the form of joint presence (meeting in person), including via video conference and telephone (conference-call), and in the form of absentee meeting (through completed voting ballots submitted by the Committee members). The Chairman of the Committee resolves on the form of the meeting. The Committee meeting is held at the Company's location, unless otherwise directed when the meeting was convened.
- 7.3 The Committee meetings shall not be held at a place and time creating significant obstacles for the majority of the Committee members and preventing them from attending the meeting or making such attendance impossible.
- 7.4 All Committee members shall be notified of the Committee meeting not later than 3 (Three) calendar days prior to the meeting. The notification period may be shorter if all current Committee members consent thereto.

A notification of the Committee meeting shall specify the date, time, place of the meeting and the proposed agenda. Copies (drafts) of any documents to be reviewed at the Committee meeting or those required for passing resolutions on the agenda issues shall be enclosed to such notification. Materials on the agenda issues shall contain the required and sufficient amount of information enabling the Committee members to pass a reasonable and objective resolution on the agenda issues.

The Committee members are notified of the meeting by delivery against signature (personally or through representative) or by e-mail.

- 7.5 A Committee meeting has a quorum (is quorate) if more than a half of the Committee members participate in such meeting; and in case of absentee meeting, a meeting is deemed quorate if ballots from more than a half of the elected Committee members

are received by the Chairman of the Committee by the final date for the voting ballots receipt.

In determining a quorum and summarizing the voting results on the agenda issues, a written opinion of an absent Committee member is taken into account.

A written opinion of a Committee member is sent to the Chairman of the Committee in accordance with the procedure set forth for sending completed ballots in the event that a Committee meeting is held as absentee meeting.

For determining a quorum, votes of the Committee members who participated in the meeting by telephone or video conference calls are taken into account.

7.6 A resolution of the Committee may be passed by holding an absentee meeting.

A resolution to hold an absentee meeting shall specify:

- issues put to vote;
- wording and form of the voting ballot;
- list of information (materials) to be provided to the Committee members;
- date of provision of the voting ballots and other information (materials) to the Committee members;
- final date for the voting ballots receipt;
- address for the voting ballots receipt.

Voting ballots shall be sent to the Committee members not later than 3 (Three) calendar days prior to the Committee meeting (final date for the voting ballots receipt). The period for sending the voting ballots may be shorter if all current Committee members consent thereto.

Voting ballots may be drafted in Russian and (or) English, provided that the Russian version prevails.

Voting ballots and other information (materials) are sent to the Committee members by e-mail or by delivery against signature.

In the event of absentee meeting, resolutions of the Committee are passed based on the completed voting ballots submitted to the Chairman of the Committee, including scanned copies thereof sent by e-mail.

In the event of absentee meeting, issues on the agenda may be discussed by telephone or video conference calls or by sending a fax message. A Committee member who did not participate in the telephone or video conference may attach to the completed voting ballot his/her opinion on the agenda issues.

A resolution of the Committee passed at absentee meeting is deemed passed provided that more than a half of the elected Committee members voted “for”.

The date of an absentee Committee meeting is the final date for the voting ballots receipt.

- 7.7 When a voting ballot is filled out by a Committee member, for each issue put to vote only one of the possible voting options (“for”, “against”, “abstained”) shall be left uncrossed.

A completed voting ballot shall be signed by the Committee member, including his/her last name and initials.

A voting ballot with no signature, as well as a voting ballot submitted after the final date for the voting ballots receipt stipulated by the Regulations, is declared invalid and shall not be counted when determining a quorum required for passing resolutions at absentee meeting and summarizing the voting results.

- 7.8 For the purposes of passing resolutions at the Committee meetings each Committee member has one vote. A Committee member shall not transfer his/her vote to other persons, including other Committee members.

- 7.9 If necessary, a Committee meeting may be postponed without passing resolutions on the agenda issues if all present Committee members consent thereto.

- 7.10 Committee members and invitees of the Committee meetings may participate in discussions, make proposals, comment on the discussed issues, and provide information on the agenda issues of the Committee meeting.

- 7.11 A Committee member who has a dissenting opinion on the agenda issue is entitled to send his/her dissenting opinion in writing to the Chairman of the Committee. Such opinion is drafted by the Committee member and delivered to the Secretary of the Committee not later than the next business day following the date of the Committee meeting. The dissenting opinion shall be attached to the minutes of the Committee meeting.

- 7.12 With due regard for the need to ensure protection of confidential and other information protected by the laws and internal documents of the Company, the Chairman of the Committee may, at his/her discretion, allow presence and/or invite to the Committee meetings (without a right to vote) the following persons who are not Committee members or Board members: members of the Internal Audit Committee, other officers of the Company, heads of structural units of the Company, representatives of the Company’s auditor, experts, counsels and other persons. In the absence of any decision on this issue by the Chairman of the Committee, persons who are not employees of the Company may not participate in a Committee meeting. Participation of the invitees is reflected in the minutes of the Committee meeting.

- 7.13 By resolution of the Board of Directors, there may be elected (appointed) an expert of the Committee who participates in the Committee meetings (without a right to vote) for a period until the next election of the Committee (hereinafter referred to as the Committee Expert on a permanent basis). The Committee Expert on a permanent basis may be elected from among the employees of the Group, experts, counsels and other persons.

VIII. MINUTES OF THE COMMITTEE MEETINGS

- 8.1 Minutes are taken during the Committee meetings. The minutes of the Committee meeting are drafted not later than 3 (Three) business days after the meeting.
- 8.2 The minutes of the meeting specify:
- place, date and time of the meeting;
 - persons present at the meeting;
 - meeting agenda;
 - brief summary of the participants’ presentations and names of the presenters on each agenda issue put to vote (except for absentee meetings);
 - issues put to vote and voting results;
 - resolutions passed.
- 8.3 The minutes of the Committee meeting are signed by the Chairperson or the Secretary of the Committee who are responsible for accuracy of the minutes. The minutes are drafted in one original copy which is kept in the Committee’s files at the location of the Company. The Secretary of the Committee sends a copy of the minutes by e-mail to all Committee members and the Corporate Secretary within 3 (Three) business days from the date the minutes of the Committee meeting have been drafted.

IX. INTERACTION WITH THE COMPANY’S BODIES AND OTHER PERSONS

- 9.1 In the course of performance of its duties, the Committee interacts with the Board of Directors and the Audit Committee under the Board of Directors.
- 9.2 Information and documents required for the Committee members to perform their work are requested and provided in writing through the Chairman of the Committee.
- 9.3 If required and upon approval of the Chairman of the Board of Directors, counsels and specialists who have a special expertise on certain issues falling within the competence of the Committee may be engaged in the Committee’s work. The procedure and conditions for engagement of such experts and specialists in the Committee’s work are determined by the agreement entered into between the Company and such persons.
- 9.4 The Board of Directors conducts an annual assessment of performance efficiency of the Committee and its members.
- 9.5 The Committee semi-annually reports to the Board of Directors on the results of the Committee’s activities.

X. FINAL PROVISIONS

- 10.1 The Regulations, as well as all amendments and additions thereto, are approved by resolution of the Board of Directors.
- 10.2 Should some clauses of the Regulations contradict the applicable laws of the Russian Federation or the Charter, such clauses cease to be in force.

Until the relevant amendments are introduced into the Regulations, the Company and its shareholders shall act in accordance with applicable laws of the Russian Federation, the Charter, and the Regulations on the Board of Directors of Company.

**To Joint Stock Company INK-Capital
4 Bolshoy Liteiny Prospekt,
Irkutsk, 664007, Russian Federation**

from _____

Hereby I give my consent to be nominated as a candidate for election (appointment) to the Sustainable Development and ESG Committee under the Board of Directors of JSC INK-Capital.

There are no restrictions provided for by the laws of the Russian Federation, or grounds preventing me from being elected (appointed) to the Sustainable Development and ESG Committee under the Board of Directors of JSC INK-Capital.

_____, _____, 20__