



APPROVED
by the Foundation Board
Approved by the decision of the Foundation
Board
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**THE VLADIMIR POTANIN FOUNDATION
ENDOWMENT MANAGEMENT PRINCIPLES AND GUIDELINES
(THE INVESTMENT POLICY)**

Moscow, 2023

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TERMS AND DEFINITIONS USED IN THE INVESTMENT POLICY

Anti-Corruption policy	The Anti-Corruption policy of the Vladimir Potanin Foundation as approved by the Foundation's General Director and published on the official website of the Foundation at http://www.fondpotanin.ru/
Charitable programs	Charitable programs approved by the Foundation Board in the area of culture, higher education, social sports and philanthropy complying with the Foundation's statutory goals
Long-term strategic investments	Investments in securities or other assets that ensure a sustainable long-term income to the Foundation and that are not considered liquid assets due to significant operational costs of selling
Income from asset management	The amount defined as a gain in the net asset value generated through the management of the assets that constitute the endowment in the reporting period
Endowment income	Income generated by the management of the endowment assets as well as part of the assets constituting the endowment as defined under Federal Law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations", which is due to the recipient of the endowment income
Investment declaration	Terms of the endowment management contract that stipulates investment objectives, lists of the investments, requirements to the setup of the endowment management and the structure of the investment portfolio, type of deals to be concluded and limitations guiding investment companies in their implementation of the contract
Cash flow gap	A situation whereby cash balances on the Foundation's current accounts fall below the acceptable minimum calculated as the average amount required to cover the Foundation's expenditure for the two forthcoming months
Conflict of interests	A situation where there emerges or may emerge a conflict between a personal interest and the rights and legitimate interests of the Foundation which may harm the rights and legitimate interests, assets and/or business reputation of the Foundation
Responsible investment	Investment based, among other things, on the desire to promote sustainable development for the purpose of increasing the return on the Foundation's investments within an acceptable level of risk and taking into account

factors of sustainable development in the course of investment activities, evaluation and monitoring of investments, good governance and disclosure of implemented approaches and responsible investment policies

Block of shares in ROSBANK PJSC

The donated block of shares in ROSBANK PJSC which are transferred to the Foundation's endowments in order to support the Foundation's operations and help it achieve its charitable objectives as reflected in the Foundation's Articles of Association and provided for in Article 3, para 1, of Federal Law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations"

Risk Management Policy

The Risk Management Policy of the Vladimir Potanin Foundation as approved by the Foundation's General Director

Portfolio of endowments (Portfolio)

The totality of all assets in the Foundation's endowments given in trust to asset managers

Principles and Guidelines for Conducting Charitable Activities and Risk Management

The Principles and Guidelines for Conducting Charitable Activities and Risk Management of the Vladimir Potanin Foundation approved by the Foundation's General Director and published on the official website of the Foundation at <http://www.fondpotanin.ru/>

Risk

The effect of uncertainty for the Foundation's objectives

Market investments

Investments to publicly traded securities excluding strategic investments

Council for the Endowment Use

A collective body of the Foundation set up in line with Federal law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations"

The Foundation Board

The supreme collective body of the Foundation whose main function is to ensure the compliance by the Foundation with the purposes for which it was established

Asset Managers

Legal entities set up under the legislation of the Russian Federation and licensed to manage securities or be engaged in the management of investment funds, mutual funds and non-government pension funds, contracted by the Foundation to manage its endowment assets in trust.

Financial plan

The document that records the key items of the Foundation's income and expenditure for the calendar year: overall expenditures of the Foundation, sources of coverage of the Foundation's expenditure, data on assets and income of the endowments, use of income, remunerations and expenses of the management

companies as agreed upon by the Council for the Endowment Use and approved by the Foundation Board

Foundation

The Vladimir Potanin Foundation

Endowment

Part of the Foundation's assets which is established and enlarged through donations made in the way and for the purposes stipulated by Federal law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations" and/or with the legacies as well as from unused income from the management of the said assets, and which is given by the Foundation in trust to the management company for the purpose of generating income to be used to fund the statutory activities of the Foundation in line with Federal law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations"

1. GENERAL TERMS

The Endowment Management Principles and Guidelines (The Investment Policy) is a local regulatory act of the Foundation (The Investment Policy henceforth) which shall define the objectives for the management of the Foundation's endowments, formulate requirements to such management and stipulate the key principles and procedures for the Foundation's endowments management.

The Investment Policy have been elaborated pursuant to Federal law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations", other regulatory acts, the Foundation's Articles of Association, Principles and Guidelines for Conducting Charitable Activities and Risk Management and the Anti-Corruption Policies of the Foundation.

2. FOUNDATION'S MISSION

We develop a philanthropy culture, uniting creative professionals who play a key role in solving current public issues and achieve sustainable social change. We provide opportunities for new ideas and create a favorable environment to make them come true.

3. MANAGEMENT OBJECTIVES

The management of the Foundation's endowments shall pursue the following objectives:

- 3.1. ensure stable and adequate financial resources for a long-term implementation of the Foundation's mission and the progressive advance of its charitable programs;
- 3.2. obtain sufficient investment income from the endowments that will guarantee uninterrupted funding to the current operations of the Foundation and implementation of its charitable programs;
- 3.3. ensure sustainable gains in the portfolio with the goal of effective capital appreciation and preservation of a fair amount of funds for future generations.

4. KEY PRINCIPLES OF THE WORK WITH ENDOWMENTS

- 4.1. The work with endowments shall be based on the principle of legality in strict compliance with the Russian legislation including Federal law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations".
- 4.2. Endowments shall be managed by professional asset managers licensed to manage securities or be engaged in the management of investment funds, mutual funds and non-government pension funds.
- 4.3. The work with endowments shall be built on the principles of reliability, safety, liquidity and profitability.
- 4.4. The Foundation shall be guided by the principles of prudence, integrity, transparency, information openness and a professional approach to management.
- 4.5. Also, the Foundation shall rely on high ethical standards, including avoidance of any perceived or real conflict of interests.
- 4.6. To ensure quality work with endowments, the Foundation shall perform a thorough selection of partners. The key factors underlying this selection shall include a good track record and level of professionalism, reliability and quality of services offered and information openness. The criteria of and procedures for the selection of management companies shall be governed by the internal documents of the Foundation.

4.7. The strategy of maintaining and increasing the portfolio shall proceed from the principle of risk control in income generation ensuring the funding of the Foundation's charitable activities and growth of portfolio capital.

4.8. When justifying and evaluating any investment decisions investment risks shall be taken into account in all measurements and projections.

4.9. The rate of return on investments may be influenced by a broad spectrum of factors, including the decisions on the allocation of assets and the choice of the management companies.

4.10. The results of investment activity shall be subjected to a regular and consistent evaluation taking into account endowments servicing expenses and remuneration of the management companies. The endowment investment costs should not be excessive.

4.11. In its investment activities, the Foundation shall consider responsible investment factors.

4.12. Current calendar year expenditures must be funded from prior periods' endowment income.

4.13. The income from endowments, the amount and schedules of disbursement must ensure the continuity of the Foundation's activities.

5. STRUCTURE OF THE FOUNDATION'S ASSETS

5.1. The Foundation portfolio is composed of two blocks:

- market investments – securities, cash and deposits
- long-term strategic investments – shares in ROSBANK PJSC.

5.2. The Foundation shall seek to achieve the following portfolio structure by 2028:

- 80% – long-term strategic investments (shares in ROSBANK PJSC),
- 20% – other assets.

5.3. The target portfolio structure implies that market investments should provide investment income the amount of which is up to 50% of the Foundation's expenses in the current calendar year.

5.4. To reach the portfolio structure targets the Foundation shall be gradually disposing of some of the shares in ROSBANK PJSC and partially capitalizing the annual income in market investments.

5.5. The Foundation may set additional restrictions to the structure and composition of assets related to compliance with ethical standards of responsible investment.

6. MARKET INVESTMENTS

6.1. The assets of endowments shall be invested in strict compliance with the Russian legislation, including Federal law No 275-FZ of 30.12.2006 "On the Formation and Use of the Endowment for Non-profit Organizations" in line with the stipulated requirements and restrictions.

6.2. Requirements to investments shall be stipulated in investment declarations to asset management contracts. The Foundation shall take into account the soundness of securities.

6.3. The Foundation shall aim at achieving an average cyclical net investment gain of at least 2% above the inflation rate.

6.4. At the end of any calendar year, assets invested in market-traded securities together with the accrued investment income for the year must bear a minimum of market risks.

7. LONG-TERM STRATEGIC INVESTMENTS

7.1. The block of shares in ROSBANK PJSC is a long-term strategic investment of the Foundation. Long-term strategic investments should generate passive income through dividend payments. The dividend income depends on the quantity of securities in each endowment.

7.2. The market value of shares, and the payment and size of dividends may change under the influence of many factors, including political, macroeconomic, banking industry development prospects, demand for and the scope of services offered, management efficiency, changes in legislation and others. The payout and size of dividends are beyond the control of the Foundation and management companies.

8. LIQUIDITY

8.1. The portfolio must have sufficient cash and short-term financial investments to meet the current liquidity needs of the Foundation.

8.2. The Fund shall consider all available sources of liquidity in the investment activities of management companies.

8.3. A part of the portfolio may at times require liquidation in order to support the Foundation's operational needs or long-term strategic investments.

8.4. Assets invested in market securities shall support the following functions ensuring:

8.4.1. funding of the ongoing charitable programs of the Foundation;

8.4.2. a two-year coverage of the Foundation's expenses with liquid assets at any point in time;

8.4.3. a guarantee of a contingency source of withdrawal of liquid funds to finance the Foundation expenses, among other things, by disbursing funds from the portfolio.

9. TARGETS

9.1. With the Foundation seeking to provide stable funding for its expenditures from endowments, one of the important financial targets shall be the "break-even point".

9.2. At the break-even point, the Foundation shall:

- cover fully all its costs from the income generated by endowments management in the past reporting periods;
- have accumulated unused income of above zero.

9.3. Breaking even means that the Foundation only spends its endowments income, part of which can be capitalized. Without breaking even endowments will start to decline at a growing pace, making it impossible for the Foundation to continue without additional charitable contributions.

10. RISK MANAGEMENT

10.1. The level of assumed risk together with aims and methods of management of all types of risks shall be governed by the Risk Management Policy of the Foundation.

10.2. The Foundation shall monitor the compliance of assets management companies with the objectives of the Investment Policy by agreeing investment declarations to asset management contracts for each endowment and the investment universe with allocation limits per issuer adopted at management companies.

10.3. The Foundation shall not invest in high-risk assets. The Foundation's asset structure shall include government securities, corporate bonds, cash placed, among other things, on deposit, and equity.

10.4. The Foundation shall perform monthly checks on the state of the portfolio monitoring the compliance of its structure with investment objectives stipulated in the Investment Policy.

10.5. The portfolio may have exposure to the risk of negative asset revaluation. Increasing the number of shares in ROSBANK PJSC traded on the stock market will entail the risk of significant volatility in the value of ROSBANK shares, thus affecting the portfolio rate of return for the calendar year. The Foundation shall monitor fluctuations in the portfolio's rate of return. Should there be a risk that the portfolio may decrease in value by 50% during one year or 30% during three years, the Foundation may decide on a preemptive restructuring of the portfolio, among other things, by disposing of the problem assets. In the absence of investment income as a result of a "paper" loss, the Foundation shall allocate towards its income up to 10% of the book value of the assets constituting the endowment for the reporting year.

10.6. Failure to achieve the break-even point in the funding of the Foundation through endowments shall constitute the key and critical risk for the long-term functioning of the Foundation. Therefore, the Foundation shall undertake to minimize the impact of this risk on its financial plan.

11. WITHDRAWAL OF FUNDS FROM ENDOWMENTS, FINANCIAL PLAN

11.1. The Foundation shall divest income from endowments on a regular basis depending on its financial needs and the restrictions set in the Russian legislation.

11.2. The amount of income divested from endowments shall be agreed in advance by the Council for the Endowment Use and approved by the Foundation Board in the form of a financial plan.

11.3. The financial plan with regard to endowments shall contain the following information:

- the amount of divested income from endowments broken down to each endowment;
- areas where the income is to be used.

11.4. Taking into account all available sources of liquidity, the Foundation shall formulate its financial plan for one year ahead and a forecast for three years ahead.

11.5. The Foundation may use the following sources of funding at the account of endowments:

- divestiture of investment income from previous years (income from asset management);
- divestiture of a part of assets that compose endowments income. In the event of insufficient investment income, the Foundation may withdraw up to 10% of the book value of the assets constituting the endowment during the reporting year.

11.6. To counter the risk of cash flow gaps, the Foundation shall set up current reserves in the form of a minimum balance amounting to two months' worth of average monthly expenses and also an additional stabilization fund in the same amount. The stabilization fund shall be placed with a credit institution different from the one holding the main current account for the Foundation.

12. EVALUATION OF INVESTMENT PERFORMANCE

12.1. The main evaluation of the work of management companies shall be based on the results for the calendar year.

12.2. The work of the management companies shall be monitored based on:

- monthly progress reports;
- quarterly asset management reports.

12.3. The report on the management results, asset structure, expenses and remuneration of asset managers shall be published on the Foundation's website.

13. SOCIAL RESPONSIBILITY IN THE INVESTMENT ACTIVITY OF MANAGEMENT COMPANIES

13.1. The Foundation shall seek to apply principles of social responsibility at the same time as maintain the requirements to its portfolio's rate of return. For that purpose, the Foundation shall develop a methodology for socially responsible investment as applied to the investment of its endowments. This methodology shall be governed by the socially responsible investment guidelines, recommendations of the Bank of Russia for the implementation of socially responsible investment guidelines, *ABC Impact Framework* standards and best practices in the area.

13.2. The Foundation will also have to develop tools for ensuring compliance with socially responsible investment by asset managers.

14. COMPLIANCE WITH INVESTMENT POLICY

14.1. The Investment Policy shall be applicable to the members of the Foundation Board, the Council for the Endowment Use, Foundation employees whose job duties include working with endowments.

14.2. The Foundation shall brief asset managers about the Investment Policy to be used vis-a-vis endowments.

15. FINAL PROVISIONS

15.1. The Foundation shall evaluate the Investment Policy regularly and no less frequently than once every two years for its compliance with the Russian legislation and management objectives. The Investment Policy may be updated in line with the changes in the Russian legislation, applicable standards and best practices.

15.2. The Investment Policy shall be amended in the same manner as it is adopted. Individual aspects of the Investment Policy may be detailed further by elaborating other local regulatory acts of the Foundation.