



**TINKOFF**

# OUR **SUSTAINABLE** ECOSYSTEM

2020 SUSTAINABILITY REPORT



# WELCOME

Dear Reader

Welcome to our 2020 Sustainability Report. Demands for increasingly sustainable business practices and positive societal impacts are increasing quickly. All of our stakeholders want to know more about what we are doing in this field. And we are proud to present our most recent progress in this latest report. We firmly believe that we have what it takes to be an example in Russia and beyond of how to build a business that is innovative, customer-centric, investor friendly, with loyal and motivated employees, and that wants to make a positive impact on society and the environment. Our longer term success depends on it.

CONSTANTINOS ECONOMIDES, Chairman of the TCSGH Board of Directors

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# THE FOUNDATION FOR OUR **SUSTAINABLE** ECOSYSTEM IS TO...



## PROMOTE

RESPONSIBLE FINANCE  
THROUGH EDUCATION,  
INCLUSION AND INNOVATION

+ PAGE 12

## CHAMPION

ETHICAL BUSINESS AND  
ENVIRONMENTALLY  
FRIENDLY OPERATIONS  
AND PARTNERSHIPS

+ PAGE 14

## EMPOWER

AND ENGAGE ALL  
OUR PEOPLE

+ PAGE 16

# BUILDING A SUSTAINABLE ECOSYSTEM

102-12 \* 102-14

**TOP 3 BEST  
EMPLOYER**  
IN RUSSIA  
ACCORDING  
TO FORBES

**HIGH-QUALITY  
CUSTOMER  
EXPERIENCE**  
13.3m TOTAL  
CUSTOMERS, WITH  
1.4 PRODUCTS PER  
CUSTOMER

**UN PRINCIPLES  
FOR RESPONSIBLE  
BANKING**  
TINKOFF BECAME  
A SIGNATORY IN  
MAY 2021



\* These figures correspond to their respective GRI Indicators. Please refer to the GRI Content Index of this Report for further information.

Dear Readers

2020 was a challenging year in that it took every one of us into uncharted territory. No business plan could have predicted a global pandemic. And that is why 2020 was a great year to really test the resilience and sustainability of all businesses, in Russia and beyond. For Tinkoff, we think 2020 provided evidence that its business model enables it to weather and even thrive regardless of the economic backdrop, without losing focus on customer centricity, innovation, growth ambitions, and without losing sight on where it can help make positive impacts in society.

### SAFETY AND ENGAGEMENT WITH EMPLOYEES CAME FIRST

In February 2020, additional health and safety measures were launched across all the Group's offices, including regular disinfection of public areas. By the second week of March, over 95% of our office staff moved to remote working. Tinkoff provided online help to employees needing to obtain compulsory health insurance policies. Tinkoff also adopted enhanced security measures for its smart couriers and more broadly in its offices. The Tinkoff hotline and Slack channel were also created, used by over 1,500 employees. All in all, our flexible working structure enabled us to adapt to the health and safety restrictions caused by the pandemic, without suffering any productivity loss.

### WE NEVER LOST SIGHT OF THE NEEDS OF OUR CUSTOMERS

More than ever, we were receptive to the needs and wishes of our customers – both retail and corporate. In light of the difficulties encountered by our retail customers, we restructured more than 270k loans – adding our own proprietary programs to the government sponsored ones. We launched highly relevant services like special cashback offers on online services, products, and subscriptions, launched a prepaid debit card that could be opened remotely, started issuing virtual SIM cards, and much more.

For our SME customers, we waived or reduced fees and helped them move online through services like online acquiring, website builder, cloud call centres, and much more.

### WE CONTINUE TO INVEST IN TALENT SOURCING AND RECRUITMENT

IT talent is a scarce and extremely valuable resource. Being an appealing employer for these talent pools is of paramount importance to the long-term success and sustainability of our business. To acquire talent, we continue to invest heavily in partnerships with leading Russian universities, summer IT schools, mathematics competitions, and more. To retain talent, we continue to provide extensive training programs, flexible work environments, ensure a decentralised and horizontal organisational structure, jealously cultivating our Tinkoff DNA. We are solidly in the top 3 IT employers in the country, which gives a huge advantage to execute on our strategic objectives.

### WE CONTINUED TO GIVE BACK TO THOSE IN NEED

Giving back to our communities for us is a duty as a responsible corporate citizen. Our efforts to support vulnerable and less fortunate groups continue, through both corporate and employee-driven programs. We also enable our customers to give back – having launched our “Cashback for Charity” program where customers can select a charity of their choice.

### COMMITMENT TO IMPROVING GOVERNANCE PRACTICES

Throughout 2020 we set the base for significant corporate governance improvements. Following the end of the reporting period, this trend significantly gained momentum. Our double share class was collapsed, we launched new segmental reporting to better reflect the evolution of the Tinkoff business model, and we added 5 new independent non-executive directors as of the time of writing, while committing to launch two new committees: Risk and Emerging Risk (Sustainability) and Strategy.

### THINKING MORE ABOUT THE ENVIRONMENT

As a digital, new economy focused financial services provider, we believe our carbon footprint is relatively small. This gives us the opportunity to set an example, and this is why we are currently in the process of assessing and addressing our carbon footprint.

So while we demonstrated a lot, we also see 2020 as a starting point. We not only want to disclose more, to make sure that all our stakeholders understand how the Tinkoff DNA is inextricably linked to sustainability. But we also want to do more. In May 2021 we became signatories to the UN Principles for Responsible Banking, and as evidenced in this report, we are assessing Company-wide where we can have the most positive impacts on society and where we can minimise our negative ones. We hope as many of the readers as possible will join us during this journey.



Oliver Hughes  
Chief Executive Officer

# ABOUT TINKOFF

102-1 102-2

## Nº1

### PRIVATELY OWNED FINANCIAL AND LIFESTYLE ECOSYSTEM IN RUSSIA AND LEADING EUROPEAN FINTECH

Tinkoff Group is an innovative provider of online financial and lifestyle services operating in Russia through a high-tech low cost platform.

[+ OUR BUSINESS MODEL PAGE 08](#)

Tinkoff is a fully digital ecosystem offering customers a full range of financial, transactional, and lifestyle services. Through our mobile and internet platforms we offer Tinkoff-branded products – credit products, current accounts, deposits, securities dealing, insurance and mobile solutions, as well as non-Tinkoff products through our lifestyle marketplace. For small businesses, we offer current accounts, transactional services, credit products, salary projects, and both online and offline acquiring. We deliver premium services to mass market, mass affluent, and premium customers in Russia through a unique online, branchless platform.

We offer a diversified set of retail and SME products, through a business model predicated on operating flexibility, robust data and risk management, high quality funding, powerful distribution, premium level service, and aspirational branding.

## 15,369

### TOTAL NUMBER OF FULL-TIME TINKOFF EMPLOYEES

[+ EMPLOYEES PAGE 44](#)

## 56%

### AVERAGE ROE IN 2017-20

A transparent business delivering superior profitability. Our data and customer centric approaches allow us to grow quickly and be highly profitable at the same time.

[+ ANNUAL REPORT 2020 PAGE 24](#)

## >13m

### CUSTOMERS SERVED BY OUR ECOSYSTEM

As a financial and lifestyle ecosystem, Tinkoff enables customers to assess and plan personal spending, invest their savings, earn loyalty programme bonuses, book trips, buy movie tickets, make restaurant reservations and much more.

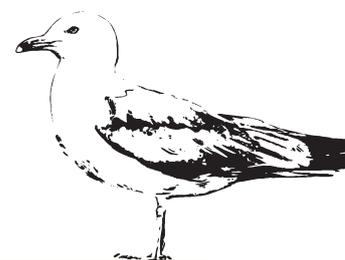
[+ OUR ECOSYSTEM PAGE 06](#)

## 2.8m

### ADDED TINKOFF BLACK CUSTOMERS IN 2020

Highest NPS among Russian financial players, 3x higher than the second highest.

[+ OUR CUSTOMERS PAGE 40](#)



**SUSTAINABILITY HIGHLIGHTS**

**SUSTAINABLE DEVELOPMENT GOALS**

Tinkoff contributes to the achievement of The UN 2030 Agenda For Sustainable Development adopted by the United Nations. We also strive to be an environmentally friendly Company and are currently in the process of assessing our carbon footprint. Tinkoff has identified five goals where it believes it can have the most impact.

+ SUSTAINABLE DEVELOPMENT GOALS PAGE 11



**28 years**

AVERAGE AGE OF OUR 15,369 FULL-TIME EMPLOYEES

RUB

**330.1m**

INVESTMENT IN EMPLOYEE TRAINING

**TOP 4**

RUSSIAN BEST EMPLOYER FOR WOMEN ACCORDING TO FORBES, WITH HIGHEST SCORE FOR CAREER OPPORTUNITIES

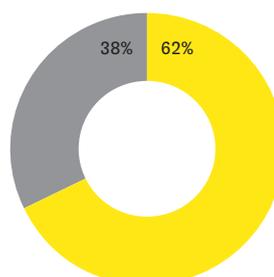
+ EMPLOYEES PAGE 44

DIGITAL, NEW ECONOMY FOCUSED FINANCIAL SERVICES PROVIDER

+ ENVIRONMENT PAGE 54

**62%**

OF EMPLOYEES ARE READY TO RECOMMEND TINKOFF AS AN EMPLOYER AS A 9 OR 10 OUT OF 10



+ EMPLOYEES PAGE 44

# OUR SUSTAINABLE ECOSYSTEM

102-2 | 102-6

## OUR ECOSYSTEM IS DEVELOPED BY LEADING FINTECH INNOVATORS

The Tinkoff ecosystem comprises some of the most technologically advanced fintech solutions in the world, in the field of digital banking, retail brokerage, SME banking, payments, credit underwriting, big data, artificial intelligence, and much more.

Every one of our employees is empowered to be an innovator. Through our test and learn approach, we encourage our employees to try out new ideas, take measured risks, make mistakes. This incredibly entrepreneurial atmosphere rewards everyone of our employees and ultimately Tinkoff as a whole, giving us the ability to continue to innovate, respond to our customer's needs, and maintain our leadership over the competition.

### TEST AND LEARN

We wouldn't be sustainable if not for our innovative capabilities. Encouraging everyone at the Company to try new ideas is of paramount importance. We apply a rigorous approach where risks are taken in a controlled fashion, with in depth analysis of results and conclusions.

### CUSTOMER SERVICE FIRST, ALWAYS

We wouldn't be sustainable if we didn't offer a superior customer service experience. Our cloud based servicing platform is increasingly enhanced with AI capabilities, enabling us to cost-efficiently service all our customers as if they were premium customers.

### DECENTRALISED, HORIZONTAL ORGANISATIONAL STRUCTURE

We wouldn't be sustainable if we weren't able to execute on our ideas. Our organisational structure is conducive to implement cross-divisional and cross-functional projects in record time, which enables us to be the most responsive to customers' needs.

### DEVELOPMENT HUBS

We wouldn't be sustainable if we didn't have the tech talent to execute on our strategy. Tinkoff has 13 development hubs where we employ thousands of software engineers, data scientists, and tech talent. These teams make the Tinkoff ideas come to life.

## AVAILABLE THROUGH OUR SUPER APP

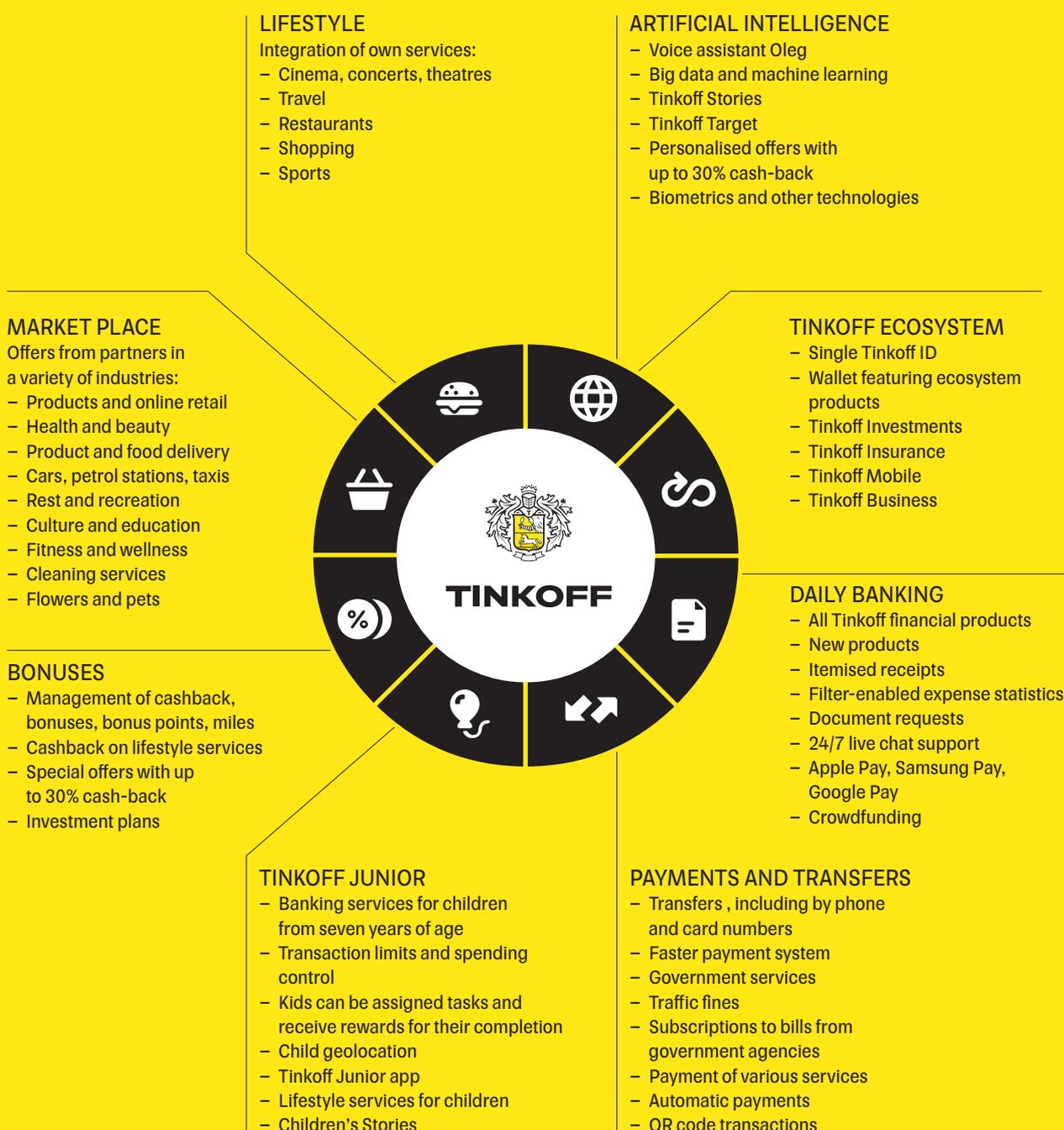
### THE TINKOFF SUPER APP FOR MOBILE AND WEB

Through our super app customers can access all of Tinkoff's financial products as well as a combination of proprietary and partner lifestyle services. This is complemented by interesting and educational content, tailored and targeted offers, and is provided through an incredible UI. Customers enjoy a revolutionary UX.



The Tinkoff financial ecosystem offers a full range of financial and lifestyle services for individuals and businesses via its super app. At the core of the ecosystem is Tinkoff Bank, one of the world’s biggest online banks with over 13 million customers. Each month Tinkoff receives 4 million applications across all products.

**OUR FINANCIAL AND LIFESTYLE SUPER APP IS THE MOST COMPREHENSIVE OF ITS KIND**



# HOW WE CREATE VALUE

102-7

## INPUTS

### TALENT

We hire the brightest and most entrepreneurial employees from top Russian schools and universities

### TECHNOLOGY

We employ highly scalable technological platforms, giving us fast time to market and cost advantages

### BRAND

We are building an aspirational brand inextricably linked to digital innovation

### STRUCTURE

Decentralised, horizontal organisational structure to empower our employees and move quickly

### DIVERSIFICATION

Diversified revenue and profit sources ensure stability of the business and of our profitability

### DATA AND AI

Safely and smartly use big data to provide better user experiences and improve efficiency

### NPV

Analytical approach to marry high growth and superior profitability

## OUR STRATEGY

Grow our customer base profitably by building the most comprehensive, engaging, and innovative financial and lifestyle ecosystem in the world.

## OUR 2023 STRATEGIC TARGETS

### BIGGER CUSTOMER BASE

We want to grow our active customer base to over 16.5m customers, and we want to engage more with each customer, growing the penetration of our products to over 1.7. This means more than 28m revenue generating products.

**>16.5m active customers with >1.7 products per customer**

### HIGH RETURNS

We want to continue to generate returns well in excess of our cost of capital, targeting to maintain our ROE at levels above 30%. This means retaining presence in high margin markets and channel that we can dominate.

**>30% ROE every year**



### INCREASING PROFITS

We want to continue scaling our businesses, improving our monetisation and reaching economies of scale, therefore delivering more than 20% annual net income growth to over RUB 75bn.

**>20% net profit CAGR to over RUB 75bn**

### INCREASING DIVERSIFICATION

We want to continue to diversify our businesses, especially on the non-credit side of our business. We see opportunities to grow the contribution to revenues and profits of our newer business lines.

**Growing share of non-credit revenues and profits**

## ALL IN THE TINKOFF DNA

The Tinkoff DNA is built around five key values that were born from the everyday behaviour and suggestions of our employees. They are not imposed artificially on our workforce.

OUR ENTREPRENEURIAL SPIRIT AND VALUES

+ PAGE 10

We create value by providing online financial and lifestyle services through a high-tech low-cost platform. Our entrepreneurial culture and innovative business practices are the main factors determining long-term sustainability of our business.

**OUR BUSINESS PROCESSES**

**OPERATING FLEXIBILITY**

An advanced, branchless platform that is highly suited for the Russian market operating environment, with a low fixed cost base and high degree of operating flexibility.

**ROBUST DATA AND RISK MANAGEMENT**

A highly scientific, data-driven and conservative risk management approach. All aspects of the customer life cycle are carefully monitored.

**DIVERSIFIED PROVIDER OF RETAIL FINANCIAL, INSURANCE, AND QUASI FINANCIAL SERVICES**

A fully digital advanced online financial and lifestyle ecosystem, providing a wide range of its own retail financial services as well as non-Tinkoff products through its marketplace built-in the superapp.

**PREMIUM-LEVEL SERVICE AND BRAND**

A premium-level service to mass market and mass affluent customers. Our customers enjoy convenient 24 hours a day, 7 days a week access to their accounts and financial transaction services.

**HIGH LIQUIDITY AND DIVERSIFIED FUNDING BASE**

A robust liquidity risk management framework that ensures it maintains sufficient liquidity, including a significant cushion of liquid assets.

**POWERFUL DISTRIBUTION**

Our use of direct marketing channels has revolutionised the way customers are acquired in Russia. Supporting the branchless platform is a “smart courier” network which allows next day delivery and cross-sell.

**CREATING VALUE FOR:**

**CUSTOMERS**

**9.3m**

MONTHLY ACTIVE USERS ACROSS ALL TINKOFF PLATFORMS AT THE END OF 2020

**TOTAL EMPLOYEES**

**>33,000**

**COMMUNITIES**

**>350**

CHARITABLE ORGANISATIONS ADDED TO THE TINKOFF APP FOR CUSTOMERS TO DONATE

**SHAREHOLDERS**

**56%**

AVERAGE ROE FOR 2017-20

**MARKET KNOWLEDGE**

ANNUAL REPORT  
PAGE 08

**ROBUST RISK MANAGEMENT**

ANNUAL REPORT  
PAGE 30

**EFFECTIVE GOVERNANCE**

+ PAGE 22

**RESPONSIBLE FINANCE**

+ PAGE 36

# RESPONSIBILITY IS IN OUR DNA

Our business is growing. However, the Tinkoff spirit remains that of a young, flexible, and innovative Company. We are proud of our culture and values, and it is important for us to work with those who share them.



# OUR STRATEGY AND SUSTAINABILITY OBJECTIVES

In 2020 and early 2021 Tinkoff conducted an analysis to identify the Company's most material impact areas with respect to society, the environment and overall corporate governance and responsible business conduct. Based on the findings of this review, which took into consideration our business operations and strategy, the views of internal and external stakeholders and Russia's priorities for achieving sustainable development, we identified three sustainability objectives, shown below.

These objectives dovetail with our business strategy and commercial growth opportunities related to sustainability, take into consideration the sustainability risks we manage, and are aligned with five UN Sustainable Development Goals, which we regard as priority areas for Tinkoff to support in achieving sustainable development.

Our objectives will be the foundation for the development of our sustainability strategy and targets, as well as support further integration of sustainability principles into our business strategy.

## OUR BUSINESS STRATEGY

GROW OUR CUSTOMER BASE PROFITABLY BY BUILDING THE MOST COMPREHENSIVE, ENGAGING, AND INNOVATIVE FINANCIAL AND LIFESTYLE ECOSYSTEM IN THE WORLD.

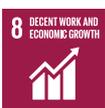
### PRIORITY SDGs



**QUALITY EDUCATION**  
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



**GENDER EQUALITY**  
Achieve gender equality and empower all women and girls



**DECENT WORK AND ECONOMIC GROWTH**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



**INDUSTRY, INNOVATION AND INFRASTRUCTURE**  
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



**CLIMATE ACTION**  
Take urgent action to combat climate change and its impacts

### SUSTAINABILITY OBJECTIVES

PROMOTE RESPONSIBLE FINANCE THROUGH EDUCATION, INCLUSION AND INNOVATION

+ PAGE 12

CHAMPION ETHICAL BUSINESS AND ENVIRONMENTALLY FRIENDLY OPERATIONS AND PARTNERSHIPS

+ PAGE 14

EMPOWER AND ENGAGE ALL OUR PEOPLE

+ PAGE 16

# PROMOTE RESPONSIBLE FINANCE THROUGH EDUCATION, INCLUSION AND INNOVATION

This objective covers areas such as Tinkoff Education and financial literacy initiatives, ethical business practices in terms of lending and other financial services, and the responsible use of innovation and technology to generate new services that provide positive outcomes for the economy and society.

## LAUNCH OF “INVESTMENT BOX”

In 2020 Tinkoff launched Russia’s first service for micro investing offered by a bank. With Investment Box, Tinkoff customers will be able to regularly save small amounts of money when making everyday purchases with debit cards. These savings will be automatically invested in Tinkoff’s All Weather Portfolio. Customers can round up transactions, reinvest cashback or interest, or set up regular payments. This new service is integrated into the Tinkoff ecosystem, enabling customers to start their investment journey.

>80m

UNIQUE READERS OF  
TINKOFF JOURNAL IN 2020

+ READ MORE ON RESPONSIBLE FINANCE ON PAGE 36



## EXPANDING SERVICES FOR SMEs

In response to the pandemic, Tinkoff introduced several information resources, including clarification of legislative measures, help with managing and adapting sales activity, and a blog with coverage of topics relevant to the work of SMEs: [secrets.tinkoff.ru](https://secrets.tinkoff.ru). Tinkoff helped businesses move online thanks to products like its website builder and online acquiring. Tinkoff also provided financial support in the form of lower fees, lower acquiring commissions, as well offered third party support credit lines.

**>20**

NEW TINKOFF JOURNAL MATERIALS PUBLISHED DAILY



**TINKOFF JOURNAL**

The Tinkoff Journal is one example of Tinkoff's significant efforts to increase levels of financial understanding amongst customers. For over five years, 'Tinkoff Journal' has focused on personal finance management, investments, interaction with banks and other consumer issues (such as loans, saving, markets, luxury purchases, taxes, careers, retirement small business finance and real estate). Tinkoff Journal has more than 14 million monthly active users and 650k daily active users, and over 1,000 authors and contributors. In 2020, the number of unique readers rose to over 80 million from 45.5 million in 2019. This content is deeply embedded in our mobile banking app and increasingly tailored to individual customers' needs and circumstances.



+ READ MORE AT [HTTPS://JOURNAL.TINKOFF.RU/](https://journal.tinkoff.ru/)

**RESPONSIBLE POLICIES ON LENDING**

Tinkoff's lending approach is centred around ensuring a long-standing mutually beneficial relationship with its customers. Tinkoff rigorously applies a "low and grow" approach, offering the smallest possible credit limits and increasing them gradually only to borrowers with positive credit history. Debt-restructuring programs are implemented to retain bona fide customers. Margin lending in securities dealing is only offered to qualified investors and turned off by default.

# CHAMPION ETHICAL BUSINESS AND ENVIRONMENTALLY FRIENDLY OPERATIONS AND PARTNERSHIPS

This objective covers areas including promoting high ethical standards of business conduct, responsible marketing, initiatives to mitigate direct and indirect environmental impacts from our operations and partnerships, and promoting responsible consumption.

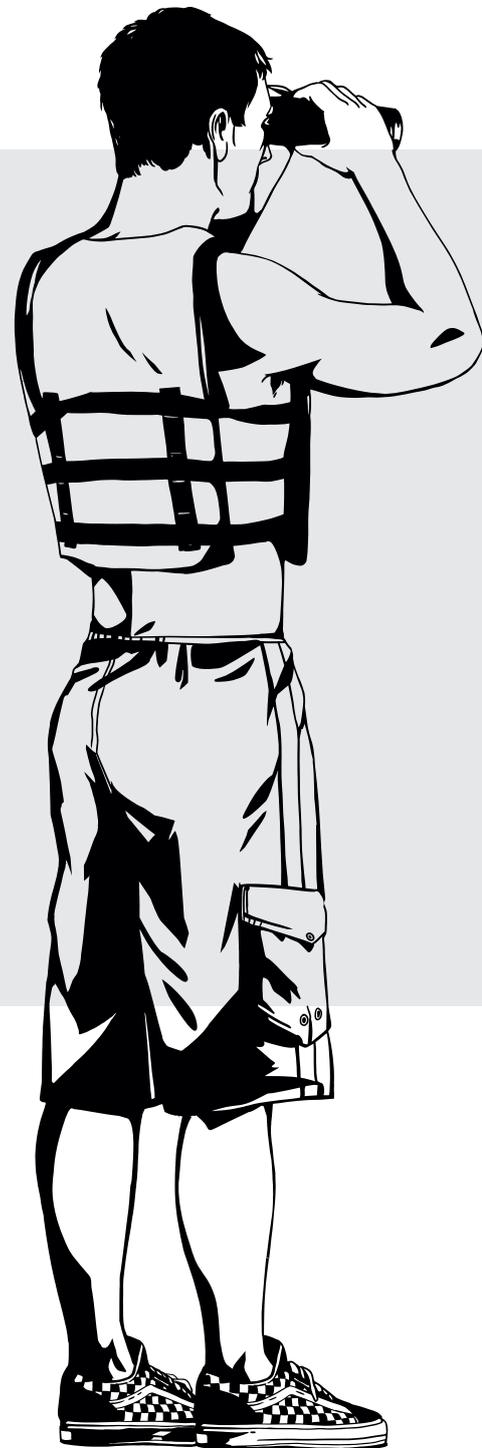
## KEY CHANGES IN CORPORATE GOVERNANCE

2020 and the beginning of 2021 were very eventful times for Tinkoff's corporate governance structures. Tinkoff's dual share structure was collapsed, putting all shareholders on the same footing. Governance structures at the Cyprus level were further enhanced by the addition of five new non-executive independent directors and the inclusion of Tinkoff's CEO as an executive director.

# 1

1 SHARE 1 VOTE

Tinkoff also committed to creating two new Board committees: the Risk and Emerging Risk (Sustainability) Committee, and the Strategy Committee. The goal is not only to further improve the level of oversight that the Board has over the organisation, but also to add new perspectives and know-how to enable Tinkoff to continue growing and adequately deploying capital. Tinkoff's transparency also improved significantly over the same time period, with improved disclosure of segmental financial and operational performance to better reflect the key growth and profitability drivers of the business. This was complemented by more frequent and in-depth engagement with investors, in the form of strategy sessions with Tinkoff's top management and business line leaders.



[+ READ MORE ON THE ENVIRONMENT ON PAGE 54](#)

# ZERO

## SIGNIFICANT CASES OF TINKOFF CUSTOMER DATA BREACHES

### INNOVATIVE SOLUTIONS TO PROTECT AGAINST FRAUD, DATA LOSS

Tinkoff firmly believes that technology can make its ecosystem safer. In 2020, it launched “Call defender” – an integration with largest Russian mobile operators to warn customers of potential scam phone calls. It launched “Caller ID”, the first free service in Russia to protect against unwanted calls. It started implementing verification of transactions by ‘selfie’ as well as increasing the share of confirmation of purchases in the application rather than in SMS. The goal of these types of technologies is to improve the precision, recall, and fraud-to-sales metrics for the organisation. Increasingly, Tinkoff is using machine learning algorithm to steadily improve the quality of its services.



### ENVIRONMENTAL INITIATIVES

Tinkoff has a long standing agreement with the WWF where it produces co-branded cards produced with recyclable materials and where cashback earned can be donated to the WWF. Tinkoff is also constantly working towards increasing environmental awareness both among its employees and its customers. In early 2021, Tinkoff launched a campaign “Goodbye plastic bags – ecochallenge” where it rewarded customers that did not buy plastic bags for 30 days with 5% cashback. As for its office space, Tinkoff regularly evaluates whether new energy efficient measures can be implemented to reduce water and electricity consumption, especially in the context of the construction of its new headquarters.



+ READ MORE ON PAGES 37, 54

# EMPOWER AND ENGAGE ALL OUR PEOPLE

This objective reflects the importance of providing our people with an engaging platform to grow, built on a foundation of fair remuneration and equal opportunities for all, attractive working conditions that protect fundamental rights, and special measures to support the diversity of our workforce.

## T-LIFE PROGRAM

Tinkoff's corporate well-being program T-life covers the five key elements of well-being: physical health (health insurance, vaccinations, COVID-19 testing, corporate sports initiatives, etc) emotional comfort (psychological support, yoga, personal life coaching and mental health programs, etc), professional development (training, career coaching programs, etc), financial support (loyalty programs, legal advice and tax consultants, etc) and social life (charity, volunteering, social projects, environmental initiatives etc). The T-life program enables employees to form social clubs of interest – with 42 clubs currently in place. The T-Life program won first place in the Employee Development and Training nomination at the IT HR Awards. Thanks to T-Life, employees' work-life balance has improved significantly over the year, and employees continue to feel like a team despite the higher prevalence of remote working.

# 37%

OF IT AND ENGINEERING  
PROFESSIONALS ARE WOMEN



## MANAGEMENT INCENTIVE PROGRAMS

Ensuring long-term motivation and alignment between management and other stakeholders is key to achieve Tinkoff's long-term plans. In order to motivate and retain employees, Tinkoff uses two main long-term incentive frameworks to attract and retain employees. The top 83 managers of the Company are incentivised using equity based incentives (Management Long Term Incentive Program, or MLTIP). These managers are either top executives or employees with high potential (HiPo).

[+ READ MORE ON EMPLOYEES ON PAGE 44](#)



# 32%

OF MANAGERS IN THE COMPANY  
ARE <30 YEARS OLD



## TINKOFF TALENT DEVELOPMENT

Tinkoff employs 40 professional trainers who conduct trainings on a daily basis. While historically training has focused on the development of soft skills, hard skills training has also been introduced. In 2020, a department was created to develop matrices of hard competencies for each area of specialisation, to ensure increasingly targeted and effective training practices. New modules are regularly added to the training programs, with positive feedback on part of the trained employees. In 2020, two new modules were added ("Teamwork" and "Cross-team communications"), and in 2021 the plan is to broaden these training programs to include more employees.



[+ READ MORE ON PAGE 50](#)

In 2020, the decision was taken to broaden incentives to middle management. This led to the launch of the Key Employee Retention Program (KERP), which is cash-based but equity-linked. In 2020, this program included about 300 key employees. Plans were announced to add more employees to KERP. The size of the equity component (number of shares) provided to top management depends on the level of their influence on the organisation and on their potential.

102-42

# HOW WE ENGAGE WITH OUR STAKEHOLDERS

We have identified our stakeholders, that is loosely defined, a person or group of people who can affect or be affected by the Tinkoff project, and we consider anyone who may fall into either category. The identification process is done in a methodical and logical way to ensure that very widest range of stakeholders is considered and no key stakeholders are missed.

STAKEHOLDER GROUP	KEY TOPICS FOR ENGAGEMENT RAISED BY STAKEHOLDER GROUP
<b>SHAREHOLDERS AND BONDHOLDERS</b>	<ul style="list-style-type: none"> <li>- Share of credit and non-credit business</li> <li>- Medium and long-term projections for the Company</li> <li>- Regulatory changes, such as those related to consumer lending</li> <li>- The competitive landscape</li> <li>- Economic growth and the impact on Tinkoff</li> <li>- Cybersecurity and data protection</li> <li>- Corporate governance</li> <li>- Financial literacy and the relevance to Tinkoff services, e.g. Tinkoff Investments</li> <li>- Responsible lending practices</li> </ul>
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>- Customers' feedback on Play market and App store</li> <li>- Ideas how to improve the apps, e.g. adding particular widgets, investor's calendar, stock screener, donations in Pulse (Tinkoff Investments social network) etc.</li> <li>- Super App design</li> <li>- Cybersecurity and Data Privacy</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>- Career growth and opportunities</li> <li>- Training</li> <li>- Volunteering</li> <li>- Well-being activities and other initiatives related to COVID-19</li> <li>- Remote working</li> <li>- Eco-friendly initiatives</li> <li>- Diversity and Inclusion practices</li> </ul>
<b>GOVERNMENT BODIES/ REGULATORS</b>	<ul style="list-style-type: none"> <li>- Joint projects with Central bank and Federal Financial Monitoring Service related to anti-money laundering, anti-corruption, anti-terrorism activities</li> <li>- Development of legislation in the realm of compliance, cybersecurity and privacy protection, responsible lending, debt relief measures for COVID-19 etc.</li> <li>- Tinkoff's plans for development and implementation of innovative solutions</li> </ul>
<b>BUSINESS PARTNERS</b>	<ul style="list-style-type: none"> <li>- Activities associated with the Company's plans for building its new HQ</li> <li>- Transparent bid processes and conditions</li> <li>- Anti-corruption processes</li> </ul>
<b>COMMUNITIES/NGOS</b>	<ul style="list-style-type: none"> <li>- Financial support for NGOs</li> <li>- Volunteering initiatives</li> <li>- Partnership programs with WWF</li> <li>- Lectures and other educational events involving top experts</li> <li>- Engagement formats associated with the consequences of COVID-19</li> <li>- Financial literacy and empowerment activities</li> </ul>

Starting from a series of reviews of Tinkoff's business practices and consultations with Tinkoff employees we make a preliminary identification of our internal and external stakeholders. This is then supplemented by initiatives we take to find out more (including surveys, review of mass media, face to face meetings) as well as feedback offered a wide range of external stakeholders.

Tinkoff seeks to provide in this report relevant and comprehensive information in response to all topics and concerns raised by key groups of stakeholders and enhance the Company's existing practices in the areas discussed. [102-40](#) [102-43](#) [102-44](#)

ENGAGEMENT CHANNELS	THE COMPANY'S RESPONSE TO THE TOPICS RAISED
Conferences, one-to-one calls, investor updates, investor presentations, strategy days	Please refer to: <ul style="list-style-type: none"> <li>- The 'Corporate governance' section <b>+ PAGE 22</b></li> <li>- <a href="#">Tinkoff Strategy Day presentation</a></li> </ul>
Customer service lines, Play market and App store platforms, social networks, chat bots, voice assistant, hotline, smart couriers	Please refer to: <ul style="list-style-type: none"> <li>- The 'Customers' section <b>+ PAGE 40</b></li> </ul>
Employee engagement survey, HR-platform, chat bots	Please refer to: <ul style="list-style-type: none"> <li>- The 'Employees' section <b>+ PAGE 44</b></li> </ul>
Monitoring procedures, panels, joint projects	Please refer to: <ul style="list-style-type: none"> <li>- The 'Corporate governance' section <b>+ PAGE 22</b></li> <li>- The 'Continuous innovation' section <b>+ PAGE 32</b></li> </ul>
Bids, meetings with suppliers, training	Please refer to: <ul style="list-style-type: none"> <li>- The 'Corporate governance' section <b>+ PAGE 22</b></li> <li>- The 'Responsible sourcing' section <b>+ PAGE 56</b></li> </ul>
CSR online and offline events, co-branding programs, volunteering activities, pro bono	Please refer to: <ul style="list-style-type: none"> <li>- The 'Society' section <b>+ PAGE 58</b></li> </ul>



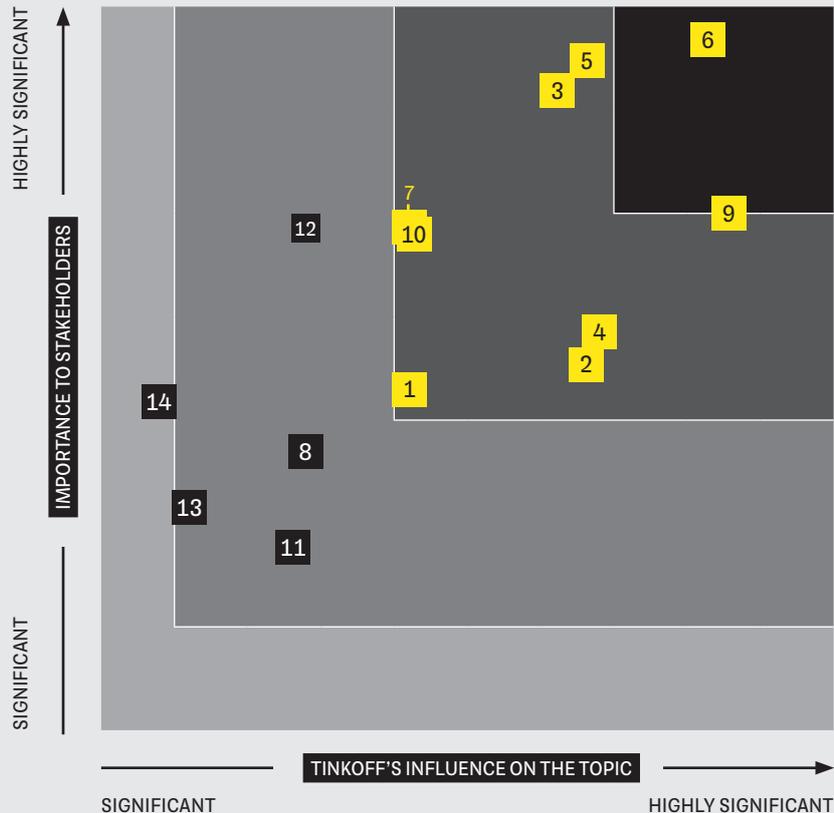
# WHAT MATTERS MOST AND WHY

For the first time Tinkoff undertook an extensive survey of all its stakeholders, gathering over 300 responses. In order to identify material topics of the report, TCS Group conducted a materiality assessment.

## ISSUES MATERIAL TO THE BUSINESS AND OUR STAKEHOLDERS

The resulting materiality matrix revealed that different stakeholders find different topics to be material. For example, our employees more than anything cared about Human Capital and Innovation and Digitalisation. Our investors noted that corporate governance, risk management and transparency, and business ethics are among the most material topics. Our customers care not only about Innovation and digitalisation, but also cybersecurity and human rights. NGOs cared particularly about community engagement and financial inclusion. While all of 14 topics are disclosed in the report, the Company provides more detailed disclosures for the most significant topics.

- 1 Corporate governance
- 2 Risk management and transparency
- 3 Business ethics
- 4 Customer relationship management and privacy protection
- 5 Cybersecurity
- 6 Innovation and digitalisation
- 7 Product responsibility
- 8 Responsible financing
- 9 Human capital
- 10 Human rights
- 11 Diversity and inclusion
- 12 Community engagement and financial inclusion
- 13 Responsible sourcing
- 14 Energy and waste management



### THE BOARD AND MANAGEMENT'S RESPONSE TO STAKEHOLDERS' CONCERNS

Both the Board and management understand that a productive and reciprocal relationship between Tinkoff and its various stakeholders is essential for its long-term success. Yet Tinkoff is looking to bring a more structured approach to this identification and assessment.

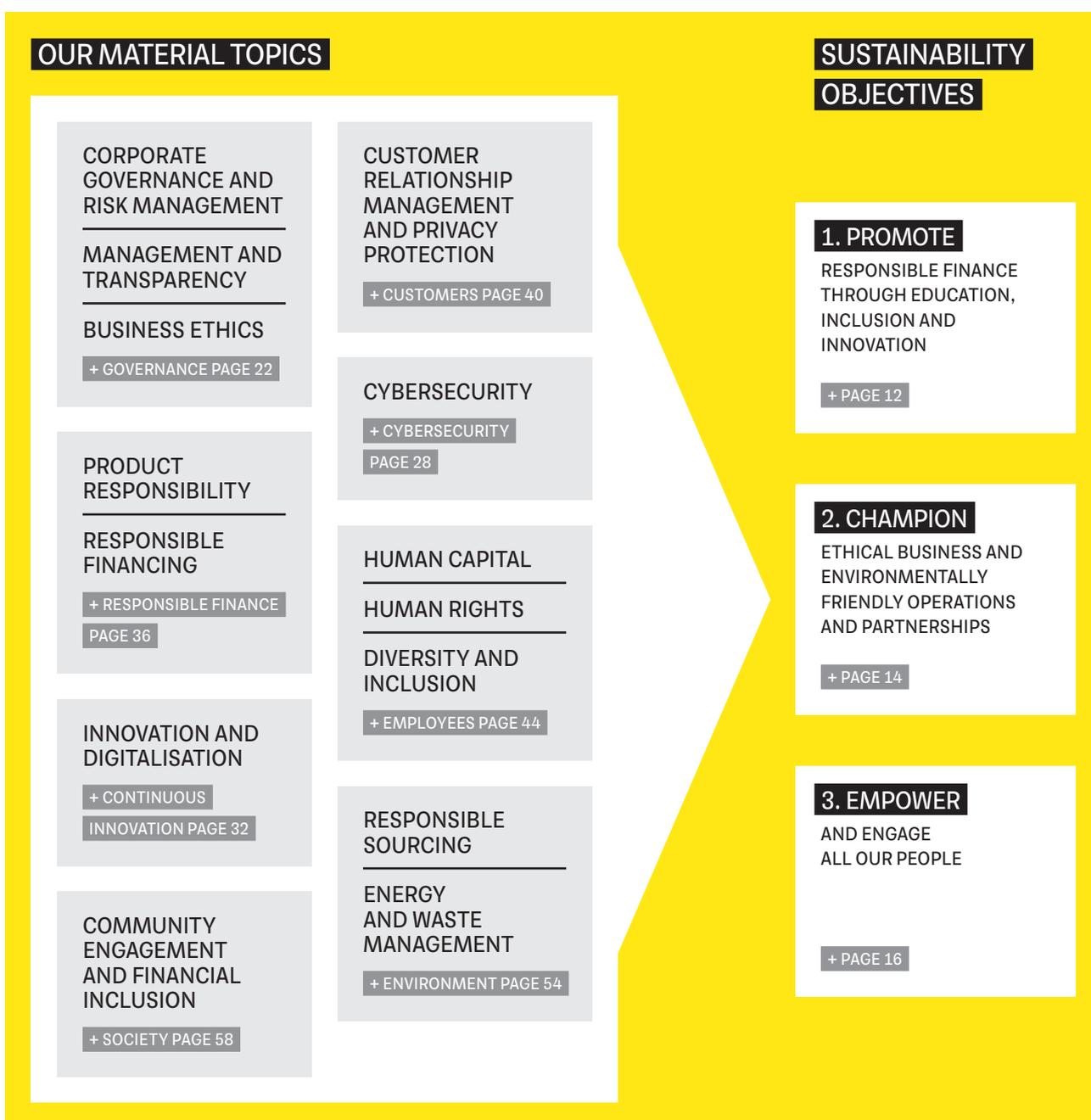
Stakeholder consultation is used to support the board's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities. In 2021, it undertook its first extensive survey of all its stakeholders, and the formation of the Risk and Emerging Risk committee will be instrumental to this aim.

### HOW MATERIAL ISSUES INFORM OUR SUSTAINABILITY STRATEGY AND PRIORITIES

By understanding which issues are most materials to various stakeholders, Tinkoff can prioritise its efforts and resources, making sure it sets relevant sustainability objectives and that its actions towards those objectives are most effective. Such prioritisation is also helpful to create an effective communication channel where the entire organisation can unite behind a well understood sustainability strategy.

In our view, three main sustainability objectives neatly address all of our most material topics:

1. We want to promote responsible finance through education, inclusion, and innovation.
2. We want to champion ethical business and environmentally friendly operations and partnerships.
3. We want to empower and engage all our people.



# ENSURING OUR SUSTAINABLE STRATEGY

Tinkoff is constantly looking for ways to improve its governance structures in order to ensure alignment with its stakeholders, strong oversight, and strategic guidance.

## KEY HIGHLIGHTS

TINKOFF WHISTLEBLOWER HOTLINE AND SLACK CHANNEL WERE CREATED IN MARCH 2020

# 5

INDEPENDENT DIRECTORS JOINED TCS GROUP'S BOARD OF DIRECTORS IN MAY 2021 (2/3 OF DIRECTORS ARE NOW INDEPENDENT) (1 JUNE 2021)

INCREASE IN THE STRENGTH AND DEPTH OF THE BOARD WHILE DIVERSIFYING ITS COMPOSITION

# 1/3

OF THE BOARD DIRECTORS ARE WOMEN (1 JUNE 2021)

ESTABLISHMENT OF THE RISK AND EMERGING RISK ('SUSTAINABILITY') COMMITTEE AND STRATEGY COMMITTEES IN H1 2021

## OUR GOVERNANCE FRAMEWORK

The Group has created global depositary receipts (GDRs) with a standard listing on the London Stock Exchange since 2013; its GDRs are also listed on the Moscow Exchange, and certain of its debt securities are admitted to trading on the Global Exchange Market of the Irish Stock Exchange.

The Group is required to comply and does comply with the UK corporate governance regime to the extent it applies to foreign issuers of GDRs listed on the London Stock Exchange, and well as those relating to its debt securities. No shares of the Group are listed.

The Company's Home State up to and including 2020 was Cyprus.

Further details of the Group's corporate governance regime and where related documents can be found are at 'Corporate Governance-Overview' in the Annual Report each year.

### 102-26

The key management body of the Group is the Board of Directors of the Company which operates under a formal schedule of matters reserved to the Board for its decision, approved by shareholders in 2013.

### TCS Group Holding Plc (Cyprus) Board of Directors:

- Provides leadership and oversight to the Group within a framework of prudent and effective controls which enable risk to be assessed and managed
- Sets the Group's strategic objectives and ensures the necessary financial and human resources are in place for the Group to meet its objectives
- Appoints the Group's external auditors
- Sets the Group's values and standards and ensures its obligations to shareholders/investors and other stakeholders are understood and met
- Reviews management performance
- Decides the Group's remuneration policy
- Approves the Group's credit policies
- Makes the Group's dividend policy and decides the level of dividends.

## OUR GOVERNANCE FRAMEWORK

102-18 102-19 102-22 102-23

### TCS GROUP HOLDING PLC (CYPRUS) BOARD OF DIRECTORS\*

  Denotes Chairman of Committee

Sets the Group's strategic objectives, ensures that the necessary financial and human resources are in place for the Group to meet its objectives. Reviews management's performance. Sets the Group's values and standards and ensures that its obligations towards the Shareholders and other stakeholders are understood and met. Include other sustainability-related responsibilities.



<p><b>CONSTANTINOS ECONOMIDES</b> Chairman of the Board of Directors</p> <p><span style="background-color: yellow; border: 1px solid black; padding: 0 2px;">A</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">R</span></p>	<p><b>MARTIN COCKER</b> Independent Non-Executive Director</p> <p><span style="background-color: yellow; border: 1px solid black; padding: 0 2px;">R</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">S</span></p>	<p><b>ASHLEY DUNSTER</b> Independent Non-Executive Director</p> <p><span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">A</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">C</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">S</span></p>	<p><b>MASHA GORDON</b> Independent Non-Executive Director</p> <p><span style="background-color: yellow; border: 1px solid black; padding: 0 2px;">C</span></p>	<p><b>MARGARITA HADJITOFI</b> Independent Non-Executive Director</p> <p><span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">A</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">C</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">S</span></p>	<p><b>NICK HUBER</b> Independent Non-Executive Director</p> <p><span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">S</span></p>	<p><b>OLIVER HUGHES</b> Executive Director</p> <p><span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">S</span></p>	<p><b>NITIN SAIGAL</b> Independent Non-Executive Director</p> <p><span style="background-color: yellow; border: 1px solid black; padding: 0 2px;">A</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">R</span> <span style="background-color: black; color: white; border: 1px solid black; padding: 0 2px;">S</span></p>	<p><b>MARY TRIMITIOTHOU</b> Member of the Board of Directors</p>
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\*As at 1 June 2021

#### AUDIT

#### COMMITTEE A

Assists the Board to monitor the integrity of the Group's financial statements (a fuller description is at 2020 Annual Report Corporate Governance).

#### REMUNERATION

#### COMMITTEE R

Assists the Board to determine the framework of Group-wide remuneration (a fuller description is at 2020 Annual Report Corporate Governance).

#### SUSTAINABILITY

#### COMMITTEE C

Assists the Board in developing the Group's framework around and aims on ESG issues.

#### THE STRATEGY

#### COMMITTEE S

Assists the Board in assessing strategic development plans, major financing and investment proposals.

### TINKOFF BANK BOARD OF DIRECTORS

Determines strategic priorities of the Bank. Approves capital market operations of the Bank, major related party transactions, risk and capital management strategy, and procedures for preventing conflicts of interest, HR policies, employees compensation policies, management compensation and bonuses policies. Recommends compensation of internal audit board and external auditors, dividends from the Bank subsidiary to the Group.

GEORGE CHESAKOV (CHAIRMAN)  
STANISLAV BLIZNYUK  
SVETLANA USTILOVSKAYA  
SERGEY PIROGOV  
VADIM STASOVSKY

### TINKOFF BANK MANAGEMENT BOARD

Tinkoff Bank Management Board Determines the Bank's asset, liability and risk management operations, policies and procedures include sustainability-related responsibilities.

STANISLAV BLIZNYUK (CHAIRMAN)  
VALERIA PAVLYUKOVA  
ILYA PISEMSKY  
EVGENY IVASHKEVICH  
NATALYA IZUMOVA  
ANATOLY MAKESHIN  
VYACHESLAV TSYGANOV

#### CEO

Overall responsibility for sustainability strategy and performance.

#### OPERATIONAL LEVEL

At the operational level, ESG issues are managed on a day to day basis by those business units and horizontal assets within Tinkoff, like Data protection and cybersecurity, Communications/IR, Evaluation/new products, Finance, Legal/compliance and other functions shared by business units and business lines.

+ SEE OUR 2020 ANNUAL REPORT FOR MORE ON CORPORATE GOVERNANCE AND TO VIEW OUR CURRENT MANAGEMENT BOARD MEMBERS

[WWW.TINKOFFGROUP.COM/CORPORATE-GOVERNANCE/GOVERNANCE-STRUCTURE/](http://WWW.TINKOFFGROUP.COM/CORPORATE-GOVERNANCE/GOVERNANCE-STRUCTURE/)

**Tinkoff Bank Board of Directors:**

- Determines the strategic priorities of the Bank
- Approves capital markets operations of the Bank, major and related party transactions, risk and capital management strategy, procedures for managing conflicts of interest, HR policies, employee and management compensation and bonus policies
- Convenes annual and extraordinary meetings of shareholders, decides on the agenda and the record date for meetings
- Recommends dividends.

**Tinkoff Bank Management Board:**

- Determines the Bank's asset, liability and risk management operations, policies and procedures.
- The Chairman appoints the members of the Finance, Credit, Technology and Business Development committees. The decisions of these committees frame most of the day to day operations of Tinkoff Bank.

**102-19**

The Board delegates specific responsibilities to the Board committees. The Management Team delegates management functions to each of the various decision making and execution bodies within the Bank's management structure.

Decision making is delegated to the levels deep below the management team – discussion, idea generation and exchange and transparency is actively promoted and encouraged and an open leadership style ensures that information can move freely. The Group utilises all types of forums to promote continual dialogue – such as email, online chat rooms, flash meetings, as well as formalised meeting structures.

**102-19 102-20**

The CEO has ultimate oversight of ESG topics, with day-to-day management overseen by members of the executive team, including human resources, cybersecurity, innovation, risk management and other key function leaders.

Tinkoff appointed a full-time sustainability manager in June 2021 with a remit to head up the Group's sustainability initiatives and bring greater coordination to them.

**102-28**

The Board is required to and does undertake a formal and rigorous review annually of its own performance, that of its committees and of its individual directors. All directors complete detailed questionnaires on the Board's, the committees' and individual director's performance. Analysis of the resultant feedback is discussed at the meeting of the Board of Directors and based on the results decisions are made about potential changes in the Board, its committees or individual directors. The 2020 Board performance review was held in-house.

**102-29 102-21**

Stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities. As of this year we have started more structured canvassing of the opinions of our stakeholders, so that the Company can prioritise its efforts in improving relevant economic, environmental, and social practices.

For more information related to stakeholder engagement and material topics:

**+ PAGE 20 RESPONDING TO OUR STAKEHOLDERS**

**+ PAGE 62 ABOUT THIS REPORT**

**KEY EVENTS AFTER THE BALANCE SHEET DATE****102-18**

Ashley Dunster, Masha Gordon, Margarita Hadjitofi, Nick Huber and Nitin Saigal joined the Board in May 2021 and serve as independent, non-executive Directors (INEDs). In parallel, the Company launched two new committees, a Risk and Emerging Risk ('Sustainability') Committee and a Strategy Committee.

The primary responsibility of the Sustainability Committee is to help enable the Group to (a) operate on a sustainable basis for the benefit of current and future generations; (b) embed sustainable practices and adopt best industry practices across the full range of the Group's businesses; (c) to enhance the Company's reputation as a good corporate citizen; (d) drive sustainable growth by maintaining and enhancing the Group's economic, environmental, human, technological and social capital in the long-term; and (e) the effective management of the Group's sustainability risks.

The initial members of the Risk and Emerging Risk ('Sustainability') Committee are Masha Gordon, Nick Huber and Margarita Hadjitofi (Chair), and of the Strategy Committee – Ashley Dunster, Masha Gordon, Oliver Hughes (who joined the Board in March 2021), Nick Huber and chaired by Nitin Saigal. Alexios Ioannides and Jacques Der Megreditchian, who served as Directors for 13 and 8 years respectively, stepped down from the Board in May 2021.

## PURPOSE AND CULTURE

One role of the Board, in addition to providing entrepreneurial leadership, is to set the Group's values and standards and ensure that the Group's obligations to its shareholders and other stakeholders are understood and met. The Group has a clear and coherent corporate strategy to 2023 and beyond informed by ESG issues and looks to the long-term – it has never placed any emphasis on shorter term value maximisation.

102-18 102-36

Certain key issues are a constant focus of the Board and its committees. The Remuneration Committee has been very active in developing new management/employee retention motivation and remuneration programmes with particular emphasis on equity or equity linked programmes aligning management/employee interests with shareholders. The Audit Committee has paid close attention to the risks around new business lines like Tinkoff Business, expanding the internal audit function and capabilities, as well as Treasury portfolio management and cybersecurity. The committees' work is then reviewed by the Board at regular intervals.

Prior to the formation of the Sustainability Committee in 2021, oversight of management and assessment of ESG topics were where required conducted by the overall Board (who for example oversaw the issue of the Group's non-financial information and diversity statements for 2017, 2018 and 2019 and the ESG related disclosures in the annual reports).

In increasing the size of the Board, the Company should be able to provide additional resources to specialised oversight through the committees which now number four (not two as before).

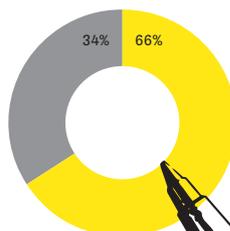


## DIVERSITY AND INCLUSION

The composition of the Board and the management team, showing age gender and background is set out in more detail in the 2020 Annual Report as of 31 December 2020.

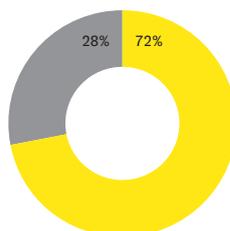
405-1

BOARD OF DIRECTORS  
(1 JUNE 2021)



Male Female

MANAGEMENT TEAM  
(1 JUNE 2021)



**28%**

OF THE MANAGEMENT  
TEAM ARE WOMEN  
(1 JUNE 2021)

406-1

In 2020 there were no reported incidents of employee discrimination at Tinkoff.

## RESPECT FOR HUMAN RIGHTS

Management is committed to respecting human rights.

Management believes it is important that every director, officer and employee follow the following standards of behaviour for which he/she will be held accountable:

1. To protect the Company's property and that of customers and others entrusted to the Company, including physical assets and proprietary, and/or confidential information against loss, theft, misuse and waste.
2. To act in the Company's best interests, act honestly, objectively and effectively, refraining from any activity that might represent or be perceived as representing a conflict of interest between personal interests and those of the Company.
3. To deal honestly, ethically and fairly with the Company's customers, employees and business partners, irrespective of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.
4. To comply with all laws, rules and regulations applicable to the Group wherever it does business.
5. To refrain from giving, accepting or requesting improper gifts, gratuities or other favours.
6. To represent Tinkoff in a manner which enhances the Company's reputation, is law abiding and alert to the reasonable expectations of our customers, our shareholders, fellow employees, and local, national and international communities.

Management of the Group, after enquiry, have not identified any potential severe impacts on human rights to which the Tinkoff Business Model might be susceptible nor have any actual instances of human rights abuses been identified, reported or alleged.

In Q3 2021 the Company expects to publish a new human rights policy consolidating its expected standards into a single more accessible policy.

## UPHOLDING HIGH ETHICAL STANDARDS

102-16 406-1

The Group and its subsidiaries strive to maintain the highest level of general business ethics. Employees uphold the Group's corporate culture, norms of business communication and principles of professional ethics. These are engrained in the Tinkoff DNA (presented earlier). Employees should avoid situations that may cause damage to the business reputation of the Bank, as well as other non-material or material interests of the Group. In particular, all reasonable efforts must be made to minimise any risks the Group's customers and business partners. Minimising the risks of customers and business partners of the Group though should not lead to increased risk to the Group itself. All these norms are explicitly stated in the Corporate Code of Conduct and under employment contracts.

102-17

In March 2020, the Company created Tinkoff whistleblower hotline and Slack channel. There was only one approach made to the hotline that year.

## COMPLIANCE

Creation of a centralised Compliance Department: from 1 March 2021, the Bank has a centralised Compliance Department (CD), which consolidates previously created functions in different units of the operating companies and increasing its resources. In this way the structure of compliance was brought into line with applicable best practices.

Currently, the CD includes the following structures:

- Financial Monitoring Service (compliance with anti-money laundering legislation, development and implementation of control methodology, identification of public Russian and foreign officials, reporting to Russian regulators, detection of illegal drug trafficking, illegal transactions in casinos, cryptocurrencies). Participation in three "pilot projects" with Rosfinmonitoring on early stage detection of proceeds of illegal drug trafficking, terrorist and extremist activity and cryptocurrencies.
- Operational compliance – on line financial monitoring for compliance with anti-money laundering legislation
- Sanction and counter-sanction control, FATCA, CRS
- Methodology (development and updating of internal regulatory documents and regulations)
- Monitoring of regulatory risk, anti-corruption and conflict of interest policies.
- The plans include the development of a broader international compliance function.

## ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

102-25

The Group and its subsidiaries take bribery and corruption issues extremely seriously. The Bank has internal policies mandating that we strive to avoid bribery and corruption at all our operations. Employees of the Bank must not accept, demand or receive any gifts or remuneration in monetary or non-monetary form and help from a third person party directly or indirectly related to the performance of their official duties. In particular, due caution must be taken to avoid any expressions of seeking or accepting any help from a potential or actual business partner of the Bank.



The Bank is actively concerned with customers, partners and third person parties operating under the law of the Russian Federation and outside. In addition to the general standards of behaviour expected of every director, officer and employee of the Group, the Group has adopted certain specific policies in relation to countering corruption and bribery. In addition, the Group has specific rules, policies and guidelines covering:

- Gifts and gratuities; bribes and kickbacks
- Prohibition of fraudulent conduct and misappropriation; disciplinary procedures
- ‘Whistleblowing’ and reporting procedures; insider trading
- Conflicts of interest.

The official means of communications within the Company are corporate slack channels and mailing lists. Each employee is encouraged to report issues to the HR mailing address. All are considered and evaluated individually and promptly. In a difficult or controversial situation, an employee can contact their HR manager directly. The Company also conducts numerous surveys that allow employees, including anonymously, to express their worries. Tinkoff takes extremely seriously the conduct of its employees, stakeholders and counterparties and is committed to rooting out activity that might be considered illegal, unethical, or inappropriate within the Group. While the Group does not have in place an external anonymous whistleblower program, in 2020 the Group did introduce an internal confidential whistleblower hot line. It is structured to maintain confidentiality, prevent conflicts of interest and envisages escalation of unresolved complaints up the levels of management potentially to the very top. A potential whistleblower also can bring allegations to light by contacting a third party outside. Tinkoff is a high profile and highly regulated business; allegations could easily be directed to the media, government agencies, law enforcement or regulatory bodies. In 2020, one approach was made to the whistleblower hotline.

And on the, so far extremely rare, occasions alleged or actual illegal, unethical or inappropriate activity has come to management’s attention, it has been fully investigated and appropriate changes made to our processes, organisation and training to limit the risk of any recurrence. Management is committed to rooting out bad practices, violations of the Company’s policies, of the law or any threat to the public interest.

The Group regularly reviews its various policies to ensure their relevance, consistency with best practices and to take account of ongoing practical experience. These policies are widely published and backed by training programmes.

419-1

No material fines or other sanctions were imposed on the Group in 2020 for improper activities in the social and economic areas.

#### ANTI-MONEY LAUNDERING AND ANTI-TERRORIST

102-13 206-1

Full compliance is essential to maintain the confidence of customers in the Group and its products and of regulators and to protect the Group’s brand and reputation. Tinkoff Bank JSC also operates under Russian law No. 115-FZ “On countering legalisation (laundering) of the proceeds of crime and the financing of

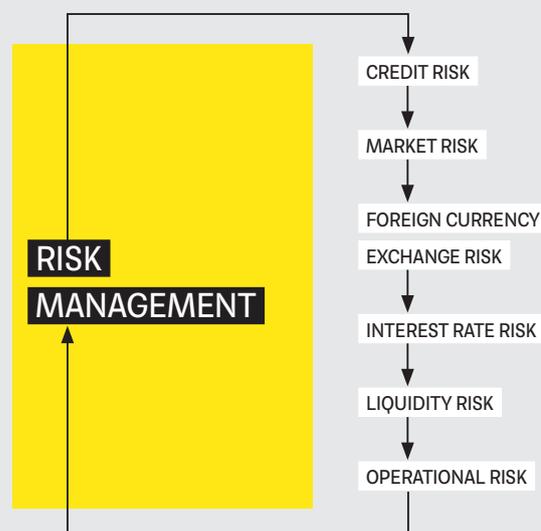
terrorism”. In order to comply with the requirements of this legislation and the Central Bank of Russia regulations, Tinkoff Bank has developed an internal regulation ‘Concerning the Counteraction of the Legitimation (Laundering) of the Proceeds of Crime and the Financing of Terrorism’. Tinkoff is active in anti-money laundering and is a member of all expert groups established under the Central Bank, Rosfinmonitoring, Federation Council and associations. Tinkoff Business (SMEs) has a monitoring department whose specialists ensure that relations are established and transactions carried out only with companies and businesses that act in compliance with the law. The Group monitors transactions and identifies suspicious ones, which may be associated with cash or other illegal activities.

Tinkoff recently approved updated and expanded Internal Control Rules for the purpose of countering the risk of legalisation (laundering) of the proceeds of crime, the financing of terrorism and the financing of weapons of mass destruction.

### KEY SUSTAINABILITY RISKS AND RISK MANAGEMENT

102-15 102-29

In addition to monitoring and managing the principal risks described in our 2020 Annual Report, Tinkoff also monitors sustainability risks, which are considered as part of the category referred to as Operational risks. Please refer to the ‘Asset, liability and risk management’ section of the 2020 Annual Report for discussion of how we manage risks, including those related to sustainability topics, such as the risk of losses resulting from inadequate management and control procedures, cybersecurity, fraud, poor business decisions, system errors relating to employee mistakes and abuse by employees of their positions, technical failures, settlement errors, natural disasters and misuse of the Group’s property.



# PROTECTING OUR CUSTOMERS' DATA



## 2020 KEY HIGHLIGHTS

Since YE 2019 Tinkoff made significant improvements in some key antifraud metrics:

# 100%

INCREASE IN PRECISION  
(HOW EFFECTIVE OUR ANTIFRAUD  
CHECKS ARE) – RECORD HIGH

# 50%

INCREASE IN RECALL (HOW MUCH  
FRAUD IS DETECTED BY ANTIFRAUD  
SYSTEM) – RECORD HIGH

# 30%

DECREASE IN FRAUD-TO-SALES RATIO  
(HOW MUCH FRAUD WE HAVE COMPARED  
TO SALES NUMBERS) – RECORD LOW

Such improvements were made by implementing machine learning algorithms and other innovative tools through the year.

## OUR PRIORITIES

- Ensure continued consumer trust and public confidence
- Protect customer information and Tinkoff's computer systems, networks and databases from unauthorised access
- Further raise awareness of the need for information security within the organisation and among the customer base
- Leverage technology to improve fraud detection and resolution

## RELEVANT UN SDGs



### OUR APPROACH

Cybersecurity is of critical importance to the Group as an online business because it protects all categories of data from theft, unauthorised access and damage. This includes sensitive data, personally identifiable information, protected health information, intellectual property, data, and governmental and industry information systems.

The Group has long had a specialised department focusing on information security. Tinkoff's business is consumer-oriented, one where consumer trust and public confidence are essential. Tinkoff depends on its ability to protect its computer systems, networks and databases from unauthorised access, and commits significant resources to this. Protecting our customers' information is integral to the services we offer and the strength of the Tinkoff reputation and brand.



## THE WORK OF THE INFORMATION SECURITY TEAM AND DEVELOPING A SECURITY CULTURE

103-2

The Information security team (which increased by nearly 40% in 2020) covers four main areas:

- Application security
- Security operations centre
- Internal anti-fraud
- Information security (compliance; infrastructure security; cryptography; change management, control and analysis).

The work of the information security team permeates every part of the Group's business. Tinkoff pays great attention to the continuing development of a safety culture, Tinkoff works hard to boost its information security culture; management at all levels appreciate it's worth.

The start point was first to raise awareness of the need for information security, get universal buy in to the message. Next came creating information security champions, at all levels, with the aim of everyone becoming an information security champion; to implement information security policies and procedures that back up the security message; and last to reward safe behaviours and attitudes, with recognition, rewards, bonuses. These elements are further described below.

This process is embedded with regular training, awareness raising and emphasis on every employee understanding his or her own personal responsibilities in this area (under an employee responsibility matrix). Information security metrics have been introduced. Efficiency has not yet been measured quantitatively but the following trends are noticeable; there is an increase in the flow of phishing messages after mailings, employees are more likely to report suspicious emails, and training of developers results in fewer bugs.

There is a separate project to raise awareness of top management.

Many internal and external information security initiatives have been launched-some more recent ones are discussed below. Information security principles are integrated into all internal processes. Special attention was paid to risks that might be due to the widespread move to remote working in 2020.

Information security specialists meet with the Board and different tiers of top management on a regular basis when the results of the team's work, the threats encountered as well as the future plans and further development of the information security system are discussed, evaluated and information security strategy (inextricably linked with the strategy of the business as a whole) is refined, new targets and KPIs formulated. There are monthly digests of the Security operations centre which explain what the main threats and types of attacks on users exist. Each information security digest advertises the Security operations centre's email address and Slack channel. The addresses are also included in a notice that is sent to all new employees (who are encouraged to report any suspicions).

## KEY INFORMATION SECURITY

### RISKS AND TRENDS

Tinkoff identifies these as the most pressing information security risks:

- Attacks on remote access, remote users
- Bribing employees to sell data.

The Group also notes the following trends in identified risks:

- Encryption (problems with cashing money)
- Extortion of money through cryptocurrency, etc.
- Ransomware attacks
- Supply chain attacks
- Crime as a service.

### PROTECTIONS FOR CUSTOMERS AND OTHER DATA SUBJECTS

The Group operates in full compliance with the legal framework established in Russia, and reports to and is subject to the scrutiny of and audit by the FSB, the Central Bank of the Russian Federation and Roskomnadzor (Roskomnadzor recently inspected the Bank, and the inspection raised no significant concerns). Tinkoff does not see these relationships as merely supervisory; Tinkoff actively interacts with these regulators by participating in joint committees with them and providing training and information support. The Company also provides inputs into the development of legislation in this space alongside other large banks as well as in adoption of new terms.

The Group's [information security, data processing and privacy policies](#) are published on our website. In addition to that policy Tinkoff has an internal policy which regulates how our systems operate, the roles and responsibilities of those working within it and it sets out the principles for dealing with customers, employees, regulators and third parties in case of data security breaches. The internal documents of the Group describe the processes for the collection, processing, and destruction of personal data.

The internal document also includes a roadmap for development; it formulates goals and KPIs. There are quarterly reports on their achievement.

### BUSINESS CONTINUITY

The Group has sophisticated business continuity plans and a recovery plan in accordance with the requirements of the Central Bank of the Russian Federation.

For more information about backup systems and other operational risk mitigants, please refer to the 'Asset Liability and Risk Management-Operational Risk' section of Tinkoff 2020 Annual Report.

### RECENT, AND ONGOING INITIATIVES OF THE TEAM

The work of the information security team is characterised by a process of continuous improvement across a very wide range of areas, including new business lines as the Group grows. Some of these are progressed outside Tinkoff, others internally.

Externally, Tinkoff launched a course on information security at the Higher School of Economics, with tuition delivered by Tinkoff employees.

Within Tinkoff key initiatives pushed forward in 2020 include:

- Development of Tinkoff's own security operation centre (replacing an external centre)
- Application of machine learning in user behaviour (analysis of employee behaviours, predicting and responding to behavioural changes)
- Adding additional protection around remote access of Tinkoff employees to the perimeter
- Progressing the initiative 'active search for threats'
- Transition to new regulatory requirements
- Roll out of the concept of 'security partners' within Tinkoff departments and business lines
- Principle of 'security by design' is actively promoted within Tinkoff
- Technical security-focused and all-user training stepped up, post-phishing training extended
- More regular mailings, alerts to phishing attacks, quarterly security reports, constant exchange of knowledge of threats and risks
- Additional safety measures, such as the Month of Bugs (with prizes for employees finding bugs), and a Month of Data Security (with prizes for those finding system flaws)
- Making the Bug Hunters program year-round.



## DATA PRIVACY AND DATA PROTECTION-3 YEAR PERFORMANCE SUMMARY

TOTAL NUMBER OF CUSTOMERS (AT 31/12)*	2018	2019	2020
<b>TOTAL NUMBER OF FRAUD INCIDENTS (NUMBER OF CARDS AFFECTED)</b>	<b>68,251</b>	<b>100,034</b>	<b>137,245</b>
LOSS TO THE GROUP AS A RESULT OF FRAUD INCIDENTS	RUB 8.3m	RUB 8.6m	RUB 8.8m
ACCOUNT TAKEOVER FRAUD (NUMBER OF CARDS AFFECTED)	16,979	38,294	65,674
CARD-NOT-PRESENT FRAUD (NUMBER OF CARDS AFFECTED)	29,605	32,471	44,774
FRIENDLY FRAUD (NUMBER OF CARDS AFFECTED)	13,367	15,600	15,452
CARD STOLEN FRAUD (NUMBER OF CARDS AFFECTED)	4,162	7,968	7,331
CARD LOST FRAUD (NUMBER OF CARDS AFFECTED)	3,225	4,333	3,376
FRAUDSTER FRAUD (NUMBER OF CARDS AFFECTED)	376	40	435
COUNTERFEIT CARD FRAUD (NUMBER OF CARDS AFFECTED)	436	595	196
OTHER FRAUD (NUMBER OF CARDS AFFECTED)	101	733	7

\* The Company regards the year-over-year growth in the total number of fraud incidents is a function of the growth of the customer base rather than a growing prevalence of fraud.

For more information about fraud monitoring and prevention, please refer to the 'Asset, Liability and Risk Management-Fraud prevention' section of Tinkoff 2020 Annual Report.

## 418-1

In 2020 there were no significant cases of Tinkoff customer data breaches.

The rights of subjects of personal data are fully respected in accordance with Federal Law 'On Personal Data' of 27 July 2006 and are enshrined in the Tinkoff corporate policy on the processing of personal data.

Due to the exceptional results produced in Precision, Recall and Fraud to Sales ratio in 2020 by one-off introduction of machine learning algorithms and other innovative tools, the target for 2021 is to lock in those improvements against the backdrop of a fast expanding business overall, progression of a number of newer business lines and consequential shift in product mix.

## CASE-STUDIES: LATEST DEVELOPMENTS

## Call Defender platform

This is a truly unique solution on the market. Tinkoff is the first and so far only financial institution to carry out the necessary integration with the largest Russian mobile operators. Tinkoff receives the necessary data from the operators and uses anti-fraud measures in its own system.

## Caller ID

The first free service in Russia to protect against unwanted calls, working at the interface of banking and telecoms technologies. The service shows who is calling from an unknown number. The information appears on the smartphone screen at the time of the call, in the call history and when re-dialling the number. At the same time, information about all incoming fraudulent calls, including from spoofed bank numbers, will be transmitted to the bank's security service, thanks to the Tinkoff Call Defender anti fraud platform.

## Selfie

A new factor for identifying a person in the application, for example to confirm a payment. The technology verifies that the person in front of the camera looks like a photo from the customer's profile, and that the person in front of the camera is alive and not a fake or video.

## Confirmation of purchases in the application

Now purchases on the internet can be confirmed without SMS, in the application. Such confirmations are 15% faster, the customer receives more information and Tinkoff increases the use of the application and reduces the cost of SMS. This and 'Selfie' are currently being tested on employees.



# ALWAYS LOOKING TO INNOVATE

## 2020 KEY HIGHLIGHTS

# 115

APPLICATIONS FOR THE IMPLEMENTATION OF INNOVATIVE PRODUCTS WERE SUBMITTED TO THE IDEA INCUBATOR, OF WHICH EIGHT PROJECTS WERE IMPLEMENTED IN 2020

### NEW PRODUCTS LAUNCHED, LIKE:

- TINKOFF PRO SUBSCRIPTION
- VERSION 2.0 OF THE TRAILBLAZING VOICE ASSISTANT 'OLEG'
- BUSINESS SAVINGS BOX
- CALL DEFENDER, WHO IS CALLING?
- TINKOFF CHECKOUT
- INVESTMENT BOX
- MICROINVESTMENT SERVICE
- CASHBACK FOR CHARITY
- DONATION SERVICE

TINKOFF CAPITAL LAUNCHED RUSSIA'S FIRST ETF TRACKING THE NASDAQ(\*) -100 TECHNOLOGY SECTOR INDEX (NDXT)

## OUR PRIORITIES

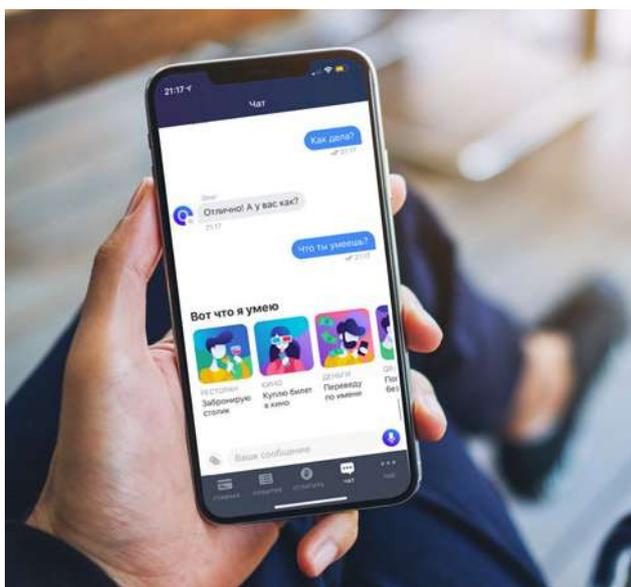
- Anticipate our customers needs and deliver cutting-edge financial and lifestyle products with short time to market
- Focus on providing customers with “jaw-dropping experiences”
- Reduce the barriers to financial inclusion by making it as easy as possible for people to use and be comfortable with digital banking services

## RELEVANT UN SDGs



# OLEG

VOICE ASSISTANT ‘OLEG’ INTEGRATED INTO THE MOBILE APPS OF TINKOFF INVESTMENTS AND TINKOFF MOBILE



“INNOVATION IS EMBEDDED IN OUR CORPORATE CULTURE.” TINKOFF LOOKS AT BUSINESS AS A SCIENCE.

### OUR APPROACH

Tinkoff is always looking to innovate: innovations save time, enhance the customer experience, and in most cases reduce the environmental impact of the business. Tinkoff promotes a corporate culture of experimentation and open communication. We encourage our young employees to innovate and even make mistakes. To us, experimentation and innovation are not merely buzzwords. Each team member looks at problems from different angles and tests a range of possible solutions to find the best way to address the challenges.

At the senior management level, one Tinkoff manager has primary responsibility for innovation management – the Chief Information Officer (VP Business technology and AI).

With the help of the internal IT audit team, a selective assessment of individual elements of the management system is carried out – the efficiency of using resources on the products and services being developed, checking for duplication of functionalities of the services being created.

At Tinkoff, most IT costs are associated with the development of innovative products and services (build vs run) – the largest part of which is spent on Development Centres located in 11 cities of Russia and employing more than 1,000 specialists exclusively engaged in R&D and development of new products, services and platforms. In the reporting period, the size of the staff of Development Centres in 2020 increased to 1,050 employees. 96% of the staff are members of teams for the development of innovative products and services (development, QA, systems and business analysis). In 2020, the focus began to shift from attracting employees to offices to finding and hiring remote employees in the Russian Federation and neighbouring countries. The share of remote employees reached 12% in 2020 and continues to grow steadily.

## OUR ACHIEVEMENTS

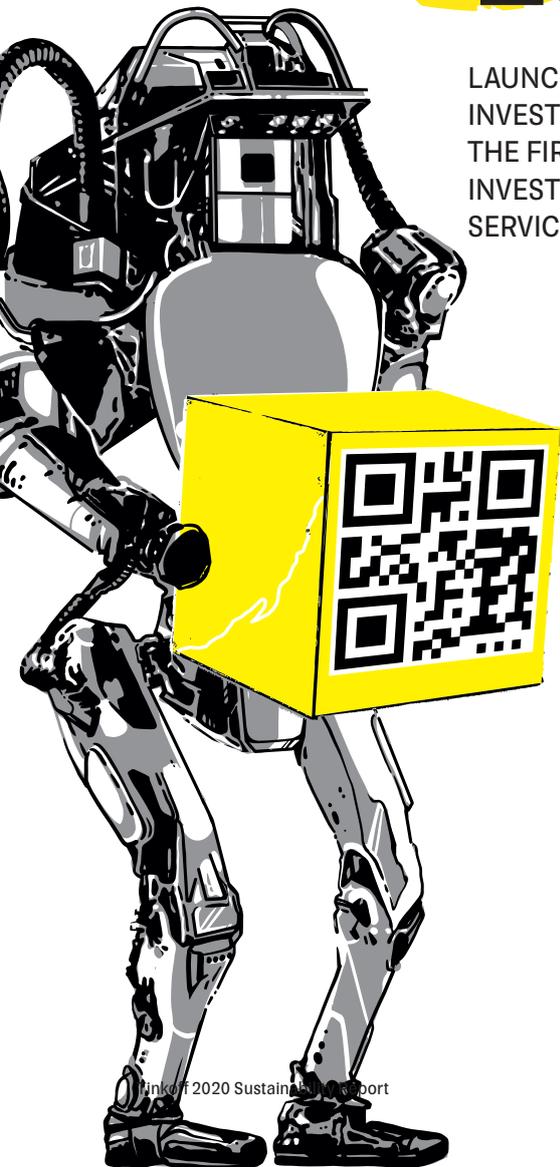
An important tool for maintaining innovation is our Idea Incubator. Within the framework of the program, 115 applications were submitted, of which 8 reached the implementation stage. The Company maintains a culture of open dialogue.

With the "Idea incubator", anyone can submit an idea which might become a business line. This is how the idea of gamification for Tinkoff customers was born, which helps customers learn about new products and maintains a dialogue with customers. In the future, the use of gamification technologies in the development of new products and services should increase.

The Company is seeing an increase in the benefits of developing chatbots: the chatbot responds faster and makes fewer mistakes when it already understands the question. The voice assistant provides a fundamentally new user experience, and is a new way of interacting with the ecosystem. Chatbots allowed Tinkoff to save about RUB 2 billion on payroll costs in 2020.

# 1st

## LAUNCH OF INVESTMENT BOX – THE FIRST MICRO-INVESTMENT BANKING SERVICE IN RUSSIA



## LAUNCH OF CORONAINDEX, TO SHOWCASE HOW TRANSACTIONAL ACTIVITY ACROSS THE TINKOFF CUSTOMER BASE RESPONDED TO THE PANDEMIC

The implementation of an innovative product takes from one to two years. The main innovations introduced during the reporting period were: Investment Box, online maps, products developed jointly with partners (development companies), products using gamification technology, and AI:

- Investment Box (Investment Box is an example of a large innovative project that affected all internal departments (about 300 people participated in the implementation). In total, 724,240 accounts were opened.
- Online cards (at the beginning of the pandemic, online cards appeared on the phone (without a physical card), later you can get a physical card. You can get a card for almost every product in two clicks in the mobile application.) 2,250,779 cards were issued.
- Cashback for Charity
- Tinkoff Junior (Tinkoff Junior – products for children with nearly 1 million customers, with Tinkoff Journal educational media story to improve financial literacy. Tinkoff Generation – support for schoolchildren.) During the reporting period, 298,845 new such accounts were opened.
- At the end of the year, "Subscription" was launched – a service that expands the privileges of customers in the Tinkoff ecosystem
- Development of Open Source products (development of their technologies at the expense of an external community)
- Online posting is a new innovation in 2020
- C2B model paying by QR codes. Tinkoff connected the largest number of stores to this payment system and we view positively its growth potential
- A scoring system for obtaining financial results
- Online hackathons
- Support for AI startups within the SDGs
- Popularisation of ESG in partnership with the Skolkovo Foundation.
- Also in Tinkoff there is a Blockchain laboratory, where testing was carried out in order to be in-line with the entire business.

In autumn 2020, Tinkoff Bank became a sponsor of the Global Challenge – AI for the UN Sustainable Development Goals program, organised by the Skolkovo Foundation. We announced a separate category in which deeptech companies were selected that develop solutions in several areas of interest to us:

- Voice cloning
- Voice mimicry for a person
- Biometric technologies

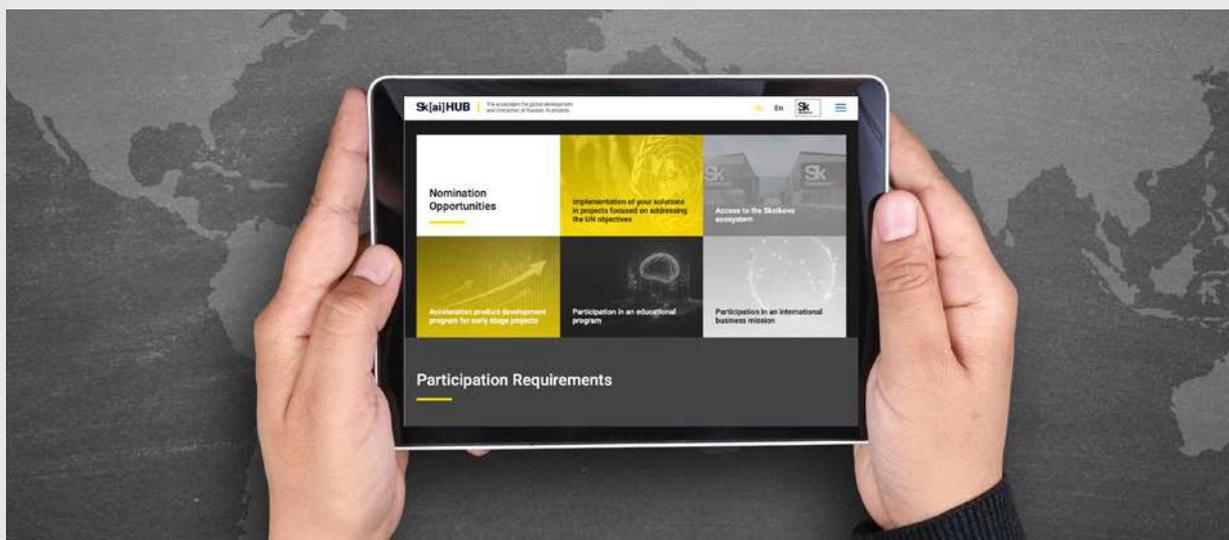
The selected areas correspond to three Sustainable Development Goals: SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure) and SDG 12 (Responsible consumption and production):

- Crowdsourcing tools for machine learning (Computer Vision and Conversation Intelligence),
- Secure multi-party communication for the secure use of information from multiple parties, and
- Recommender systems (including to stimulate responsible consumption).

Within the framework of a competition which was organised by the Skolkovo Foundation, out of several hundred participants, about 75 relevant projects were selected, of which Tinkoff experts formed a short list of 18, and after the pitch session, 7 finalists were selected:

1. Vera Voice
2. ENOT (Expasoft Neural network Optimisation Technology)
3. Aggregation
4. Dasha.AI
5. Andata (customer’s digital passport)
6. Oz Forensics
7. Sol-Gos (SOL Remote Sign Language Interpretation Platform).

The finalists had the opportunity to go through the TechExplorer business acceleration program of the Skolkovo Foundation, and access to grant funding from the Skolkovo Foundation and the Bortnik Foundation, fast-track to the status of a Skolkovo Foundation participant and other opportunities.



RUB

12m

TINKOFF’S INVESTMENT IN THE PROGRAM AMOUNTED TO RUB 12m

TINKOFF BECAME A SPONSOR OF THE “GLOBAL CHALLENGE – AI FOR THE UN SUSTAINABLE DEVELOPMENT GOALS” PROGRAM, ORGANISED BY THE SKOLKOVO FOUNDATION



# A RESPONSIBLE PROVIDER OF FINANCIAL SERVICES

## 2020 KEY HIGHLIGHTS

TINKOFF LAUNCHED A 'FRAUD PROTECTION' GUIDE ON THE TINKOFF JOURNAL PLATFORM

**60%**

TINKOFF INVESTMENTS PROVIDED ACCESS TO CAPITAL MARKETS TO MORE THAN 40% OF TOTAL REGISTERED CUSTOMERS ON MOSCOW EXCHANGE AND SERVICED MORE THAN 60% OF TOTAL ACTIVE BROKERAGE CUSTOMERS IN THE COUNTRY AT THE END OF 2020.

RUB

**6m**

TINKOFF-WWF CARDHOLDERS DONATED RUB 6m IN 2020 THROUGH THEIR PURCHASES MADE USING THE TINKOFF-WWF ECO CREDIT CARD

## OUR PRIORITIES

- Making our product offering more inclusive, focusing on all segments of the population and all regions
- Leverage our high-tech branchless platform to address underserved parts of Russia
- Promote financial literacy to drive consumer adoption of financial services

## RELEVANT UN SDGs



## OUR APPROACH

1. All customers receive equal access to all our services through the mobile app, web portal and customer support service.
2. All customers are equally valuable to us, we don't discriminate based on any criteria.
3. We create a large volume of useful content for our customers (through webinars, articles, help guides, etc.) in order to raise their financial literacy and improve experience with our products, as well as help them succeed in their investments, business or other areas.
4. We train our employees to help our customers not only in relation to our services and products, but also to help them in general business or other matters (for instance, in converting their business activities to online, which proved important during the pandemic).
5. Our processes do not entail the need for offline interactions (except for an initial onboarding meeting required by regulator) or branch visits.
6. Our regular customer procedures do not involve the use of paper as they are carried out remotely in a digital format.

## CONSUMER FINANCE – ENCOURAGING SUSTAINABLE CONSUMPTION

In addition to the consumer protections and safeguards set by the consumer finance regulatory regime, the Company goes further, trying to protect customers from harm. These include borrower education and promoting financial literacy through our 'Tinkoff Journal', and the excellent support available through our highly trained call centre staff.

Our lending approach is centred around ensuring a mutually beneficial relationship with our customers, and can be summarised in the following way:

- The Group uses an approach based on thorough data analysis in the selection of potential customers and portfolio management. The Bank uses credit scoring models (which are regularly updated), ranking potential customers by the likelihood of fraud or default.
- The Group rigorously applies a "low and grow" approach. This means applying a model according to which we assign the smallest possible credit limit, which is then increased gradually over time for borrowers with good internal credit history – supported by estimates of credit history bureaus – and who have shown their creditworthiness over time. This leads to average ticket sizes that are smaller than the market. The Bank applies four main components to the underwriting process: initial selection; credit bureaus; verification; and limit management. This approach provides a low level of first payment defaults and in general overdue debts.
- The Group applies debt-restructuring programs that allow the Group to retain bona fide borrowers who have lost their income due to temporary financial difficulties.



## TINKOFF BUSINESS LAUNCHED A FREE LEGAL HELP SERVICE FOR ENTREPRENEURS AND COMPANIES PARTICIPATING IN STATE PURCHASE CONTRACTS

The Group also calculates the debt burden per borrower (PTI hereafter), according to the rules established by the Central Bank of Russia. The PTI for a loan provided to a customer is calculated as the ratio of the average monthly payments for all loans and borrowings of the specific customer relative to his or her average monthly income. PTI is calculated to complement the decision of issuance of a new loan or for a credit limit increase. It also helps to ensure customers are not overwhelmed with a debt burden.

## INTEGRATING ESG IN OUR FINANCIAL PRODUCTS

In 2018 Tinkoff and the World Wildlife Fund (WWF) created partnership and started offering the Tinkoff-WWF credit card. Both parties share common views on creating resources for nature conservation and animal welfare, as well as values associated with a socially responsible, healthy lifestyle.

The Tinkoff-WWF Eco-Card is made from renewable, environmentally friendly materials, is easy to process and reduces waste. In 2020, Tinkoff-WWF cardholders donated RUB 6m through cashback on their purchases. Every year the WWF reports on the work it has accomplished, with Tinkoff customers having made great contributions to the processes of development and conservation of Russia's biological and forest diversity, the principles of a green economy and climate change prevention.

## SERVICES FOR SMEs – PROMOTING SUSTAINABLE INDUSTRIES AND INCLUSIVE ACCESS TO FINANCIAL SERVICES

Tinkoff Business is an online ecosystem for entrepreneurs and companies across Russia, which helps a wide range of entrepreneurs to start and run their business.

In 2020 our total SME customer base reached 490 thousand enterprises, while active customer base exceeded 300 thousand.

When developing the ecosystem framework, we considered:

- The needs of people with limited mobility, as well as people living in remote and hard-to-reach regions of Russia. Tinkoff Business products are accessible online – through a web browser or a mobile application, and we deliver the documents for opening an account ourselves. We have implemented a service for registration of individual entrepreneurs and companies, when a Tinkoff representative comes to a potential customer.
- The needs of individual entrepreneurs coming from low-income population. We do not have a minimum threshold for business turnover and the first two months of using our services are free. After opening an account, there is an option to avoid a regular account maintenance fee.

Tinkoff has developed a sales manual for its employees, where we explain that it is important for us not to sell something to the customer, but first of all to help him develop the business.

Below we provide some case studies of SME services promoting sustainability:

### Legal help from Tinkoff

Tinkoff Business launched a free legal aid service for entrepreneurs and companies participating in the state purchase contracts. The help is provided on receiving payments under relevant Federal Law. This service is free for customers with accounts in Tinkoff Business.

### Service “Reputation”

Tinkoff Business launched a reputation service, which helps businesses ensure compliance with relevant federal laws. The service shows companies and entrepreneurs how they score in the eyes of banks in the light of their compliance with the anti-money laundering legislation.

### Partnership with MSP Bank

Tinkoff Business in partnership with MSP Bank started to issue financing for salaries to companies from industries negatively affected by the COVID-19 crisis. For the first six months the interest rate for such loans is set at zero.

## COVID-19 RESPONSE

The Group was quick to react to the pandemic with a variety of measures tailored to help our wide range of customers.

- In March Tinkoff Mobile launched a feature that allowed customers to open accounts using virtual SIM cards, and cancelled certain roaming charges for customers who found themselves stranded abroad, unable return to Russia.
- Tinkoff introduced a cash-back offer called “Surviving quarantine”, allowing customers to benefit from significant discounts on online services, products and subscriptions that were particularly in demand during isolation (for example online movie streaming, home fitness gadgets, books, language courses, among many).
- Tinkoff launched its own flexible loan restructuring packages for retail customers in parallel with those promoted by the Russian government to ease the impact of the COVID-19 pandemic. In total, Tinkoff facilitated 4k loan restructurings under state programs and more than 270k loan restructurings under our own restructuring and temporary relief programs.
- Tinkoff also restructured SME loans for all customer who applied, including those from industries that were not designated as negatively affected.
- Tinkoff Business forfeited account fees for companies unable to continue doing business as usual (around 5 thousand), cancelled fees for offline acquiring for 10 thousand customers and lowered online acquiring fees to 0.5% for approximately 2 thousand SME customers.
- Made our customers aware of available support measures and subsidies through our personal managers, mobile app, webinars and other means.

## TINKOFF BUSINESS IN PARTNERSHIP WITH MSP BANK STARTED TO ISSUE FINANCING FOR SALARIES TO COMPANIES FROM INDUSTRIES AFFECTED BY THE COVID-19 CRISIS

## RESPONSIBLE INVESTMENT SERVICES

At the end of 2020, Tinkoff Investments had 3.5m total customers registered on the Moscow Exchange and 1m total active customers across all products and venues. Tinkoff Investments has a significant market presence as the Company provides access to capital markets to more than 40% of total registered customers on Moscow Exchange and services more than 60% of total active brokerage customers in the country.

The Company is aware of the responsibility and growth rates of this area and is doing all it can to minimise the risks for new customers and ensuring scalability and sustainability of its platforms.

The Company has started to assess the ways of implementing ESG-oriented approach within the Tinkoff Investments. Tinkoff is already receiving requests for ESG tools from Tinkoff Investments customers.

Tinkoff has developed investment education guides and integrated them into the Tinkoff Investments app. In addition, Tinkoff limits the use of high-risk instruments (margin lending, financial derivatives) and does not advertise them.

The Company conducts a risk profiling procedure, analyses the risk appetite of its customers and compares this information with their experience (which is also a legal requirement). Tinkoff strives to develop robo-advising schemes which help to diversify customers' assets.

Tinkoff thoroughly analyses various groups of customers (size and frequency of topping up of brokerage accounts, vintage of the account, etc.), the level of diversification of their portfolios and any distortions. In the premium customer segment, there are business development managers who provide advice on portfolio construction and diversification.

Tinkoff Investments has three lines of customer support:

1) 'business as usual' (addressing standard issues, consulting customers on a daily basis); the goal is to answer the majority of calls in two minutes; about 18-20% are answered by the chatbot; 2) calculation of compensation according to an established algorithm and detailed analysis of the customer's check; we strive to compensate for all losses within three days; 3) the most difficult situations, to which we allocate maximum efforts.

While Tinkoff receives many requests from customers to access higher-risk securities readily available from other brokers, we deliberately leave limitations in place in order to protect novice investors from excessive risks and losses.

## ACCESS TO FINANCING FOR UNDERSERVED GROUPS

As noted above, while developing the ecosystem framework, we considered the needs of people with limited mobility, as well as people living in remote and hard-to-reach regions of Russia. Tinkoff products are accessible online – through a web browser or a mobile application. All necessary physical KYC procedures for account opening are delivered by our representatives in any place which the customer chooses.

## PROMOTING FINANCIAL LITERACY

Tinkoff Journal is our media platform for providing our customers and broader community with knowledge about various aspects of their lives, including health, work, security, personal finance, doing business, education, leisure activities, raising children, government services, legal practices, and many others.

The audience of most popular articles has reached more than 10m views. In total, over 3,500 materials were published in 2020. We deliberately do not try monetise this platform through promotion of our own services and products on Tinkoff Journal as we aim to keep it objective and trustworthy for the Russian population.

As an example of one of its socially impactful measures, the magazine released anti-fraud materials, including an Anti-Fraud course, designed to help identify manipulation and resist intruders.

## AWARDS

Tinkoff Business won the silver medal at the Global SME Finance Awards 2020 in the nomination "SME Bank of the Year in Europe". The award is presented to financial institutions and fintech companies for their active work and outstanding achievements in the development of products and services for small and medium-sized businesses.

## FURTHER PLANS

Tinkoff plans to continue promoting responsible approaches to finance and fostering inclusive customer relationships. As part of its product development plan, Tinkoff aims to launch ESG-friendly investment products and services.

**TINKOFF LAUNCHED ITS OWN FLEXIBLE LOAN RESTRUCTURING PACKAGES FOR RETAIL CUSTOMERS IN PARALLEL WITH THOSE PROMOTED BY THE RUSSIAN GOVERNMENT TO EASE THE IMPACT OF COVID-19 PANDEMIC. IN TOTAL, TINKOFF FACILITATED 4k LOAN RESTRUCTURINGS UNDER STATE PROGRAMS AND MORE THAN 270k LOAN RESTRUCTURINGS UNDER OUR OWN RESTRUCTURING AND TEMPORARY RELIEF PROGRAMS**





# ENSURING HIGH-QUALITY CUSTOMER SERVICE

2020 KEY HIGHLIGHTS

**13.3m**

TOTAL CUSTOMERS WITH UTILISED PRODUCTS, OF WHICH 9.1m WERE ACTIVE

**74.9%**

OF ACTIVE CUSTOMERS USING THE MOBILE APP

**56.3m**

CUSTOMER QUERIES PROCESSED

## OUR PRIORITIES

- Drive customer engagement and satisfaction by providing jaw-dropping customer experiences and by regularly seeking feedback
- Encourage an increasing number of digital touchpoints with our customers
- Invest in technology to ensure effective and efficient customer service

## RELEVANT UN SDGs



## OUR APPROACH

Our customers are our most important asset. We have a variety of formal and informal means of soliciting customer feedback including through our call centres as we handled over 4 million customer queries per month on average in 2020. This gives us feedback on a massive scale about our products and services and about the Tinkoff Group as a whole to which we respond with interest and enthusiasm, as well as on the products and services of other financial services providers in Russia.

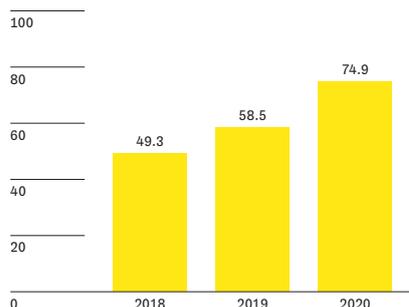


In order to develop better products, the Group regularly applies a 'test and learn' approach, by running small scale tests to gauge customer interest ahead of rolling out, refining or shelving innovations or new products, based on the feedback. The Group's marketing and public relations divisions are highly attuned to the latest consumer and online trends and use a variety of communication channels, including its mobile app, its online platform, Tinkoff.ru, and social networks to monitor these, as well as further enhance the Group's brand recognition.

As a pioneer in digital banking in Russia, we have a digital native and mobile first customer engagement strategy, whereby we look to attract and service our customer primarily through digital and remote channels. While we have rolled out network of our own ATMs across country, we still run branchless model. As such, we treat most of our revenues as generated through digital or remote channels.

We also measure the level of penetration of our mobile app into our active customer base, which reached 75% in 2020.

ACTIVE CUSTOMERS USING OUR MOBILE APP PLATFORM (%)



# 9.3m

MONTHLY ACTIVE USERS (MAU)  
ACROSS ALL OUR PLATFORMS WITH  
3.2m DAILY ACTIVE USERS (DAU)

### INCLUSIVE AND ACCESSIBLE

Tinkoff Investments is democratising access to financial markets. In a year of continuous innovation, Tinkoff Investments – our retail brokerage platform – opened over 1 million new brokerage accounts and became the #1 in Russia by number of active customers on the Moscow Stock Exchange. Features such as easy onboarding, ability to transact directly from the debit card, roboadvisory, offering of both single stock and fund/ETF, a social network providing content and investment ideas and recommendations have contributed to more and more customers having access to financial markets, adding a valuable savings tool to a population that has historically relied on cash and deposit savings.



# 4.9/5

HIGHLY RATED MOBILE APP –  
4.9/5 ON IOS, 4.8/5 ON ANDROID

We consistently monitor our customer satisfaction, and are delighted to see strong results such as:

- The rating of our main mobile app – 4.9/5 on iOS, 4.8/5 on Android
- People's rating on banki.ru (consistently among the top 3 banks in Russia)
- CSAT score for 2020 – 4.4/5

We also monitor our Net Promoter Score, which is calculated using our internal surveys for all our products and customer groups. In 2020 it was 34.9%, down from 44.7% a year ago. In our view, the main reasons for the decline were customers' financial troubles during the pandemic (employment turbulence, loan delinquencies, etc.) and some technical issues resulting from our fast business growth (such as ongoing processes to expand the call centre and technological resources). We take NPS metric seriously and aim to put measures in place, including product quality improvements and enhanced stability mechanisms for IT systems and services, which should result in its improvement, in our view.

### HOW WE LISTEN TO OUR CUSTOMERS

102-43 102-44

Tinkoff carefully analyses customer's feedback and works towards resolving any current and future concerns.

Tinkoff employs a structured and customer-friendly approach to dealing with customer complaints:

- Customer complaints (regarding products and services provided by the Group, as well as other issues) can be submitted to the Group verbally, in writing, or electronically
- Complaints are recorded by the Group's employees in real time upon receipt, and then processed to create action plans with specific timeframes to resolution
- Decisions on the complaints are then communicated by the Group's employees to the customer through remote banking services
- In order to preserve customer loyalty, in case of mistakes Tinkoff employs several compensatory techniques including monetary compensation, gifts, and improved/preferential tariffs.

The Group has other tools available to it to aid borrowers in difficulties. These include:

- Proactive conversion to instalment repayment (if the customer is in a high risk category or utilised over 100% of his/her credit limit)
- Pre-collections
- Remote channel notifications (SMS, mobile app, emails, among others).

Tinkoff also monitors all customer reviews in the App Store and Google Play, as well as on social networks. There is a team that collects innovative customer ideas for improvement and communicates the most relevant ones to Tinkoff developers who aim to implement them.

### DATA ON CUSTOMER TOUCHPOINTS IN 2020 ACROSS DIFFERENT CHANNELS:

- Incoming calls – 33.8m
- Incoming emails – 2.1m
- Incoming chat messages – 27m
- Chat bot queries – 11.3m
- Incoming chat messages – 30.7m
- Voice bot queries – 1.9m
- Outgoing calls – 664.9m
- Meetings – 8.5m
- Reviews on the website banki.ru – 10.7k
- Social networks mentions – 21.15m
- Reviews on website banki.ru – 11.5k
- Social network mentions – 25m

### CUSTOMER FEEDBACK THROUGH THE CALL CENTRE OR CHAT:

- Customer ideas generated – 117k
- Mobile app self-service ideas – 14k
- Ideas implemented – 144
- Ideas to be implemented – 170

### TRANSPARENT INFORMATION AND FAIR ADVICE

417-3

#### The importance of push channels

For the sale of credit products and services, Tinkoff emphasises the use of push channels rather than pull channels. This helps the Company avoid adverse selection, avoid lending to more vulnerable parts of the population, and allows it to underwrite consumers it understands better and that have reasonable credit risk.

Tinkoff is committed to preventing any form of unfair conduct among employees involved in the marketing and sale of products and services. For example, the Company has developed a special guide for Tinkoff Business employees, which describes the principles of small and medium-sized businesses from various industries, united by the common idea that the main goal is not to sell as much as possible, but to help the customer solve his problems as effectively as possible.

In 2020 there were five incidents of non-compliance concerning marketing communications, leading to monetary fines, which were small and immaterial to the business: three marketing calls without preliminary consent from the customer (conclusion of the regulator); one SMS with credit offer without providing full offer details (the offer was sent by a third party); and one TV campaign which did not contain full loan details. Tinkoff has considered feedback from the regulator on these instances and looks to continuously improve its marketing practices to avoid the occurrence of such cases.

### ACCESSIBLE AND INCLUSIVE SERVICES

There were several new initiatives related to inclusive customer service, which were launched in 2020:

- Loan payment deferral program during the pandemic – we issued 275k deferrals
- Active issuance of unembossed cards – delivered 554.5k cards (8% of total)
- Voice bot launch – 1m calls processed (4% of total)

The year 2021 is designated “Year of Customer Service” in Tinkoff, so we plan to actively work on improving all our key customer satisfaction measures, including service level, NPS, CSAT (customer satisfaction score) and technical stability.

### LAUNCHED CUSTOMER SERVICE VOICE BOT



# A YOUNG DYNAMIC TEAM



## 2020 KEY HIGHLIGHTS

RUB

**330.1m**

TINKOFF'S EXPENDITURE ON  
EMPLOYEE TRAINING IN 2020

**#4**

TINKOFF RANKED 4TH IN HEADHUNTER'S  
RATING OF BEST EMPLOYERS IN RUSSIA  
2020. IT ALSO RANKED 5TH IN THE  
SUBRATING MOST POPULAR AMONG  
JOBSEEKERS

**TOP 3**

TINKOFF RANKED IN THE TOP 3  
OF BEST EMPLOYERS IN RUSSIA  
ACCORDING TO FORBES

## OUR PRIORITIES

- Be a progressive, inclusive, and rewarding employer
- Effectively hire, train, retain, reward, and promote our employees
- Empower everyone of our employees and make them feel part of a cohesive and motivated team

## RELEVANT UN SDGs



### OUR APPROACH

103-1 103-2 103-3

Over the last two years, Tinkoff significantly enhanced its HR team and practices, as it developed several centres of expertise. For every centre of expertise, specialists are responsible for managing the processes related to recruitment, support and development of employees. HR business partners, working in cooperation with the specialists in the centres of expertise, adapt these processes for the idiosyncrasies of specific departments.

404-3

The Company has a performance review process that is performed in an automated HR system. As part of this process, feedback on the employee’s work is collected (360-degree method) and the performance is assessed: the manager meets with the employee, gives feedback, which is recorded in the HR system in the form of a comment from the manager and an assessment of the employee’s performance. The manager’s comment and the score are visible to each employee. The assessment serves as the basis for the implementation of the “pay for performance” approach, that is, it affects the revision of wages and the amount of bonuses.

100% of Company employees have smart goals, objectives and key results (OKR) or key performance indicators (KPI). HQ employees and heads of operating units are subject to assessment; line managers are paid monthly/quarterly bonuses based on KPIs met. The new assessment system included goals for 94% of employees, the goals of the rest were recorded in other employee-friendly systems.

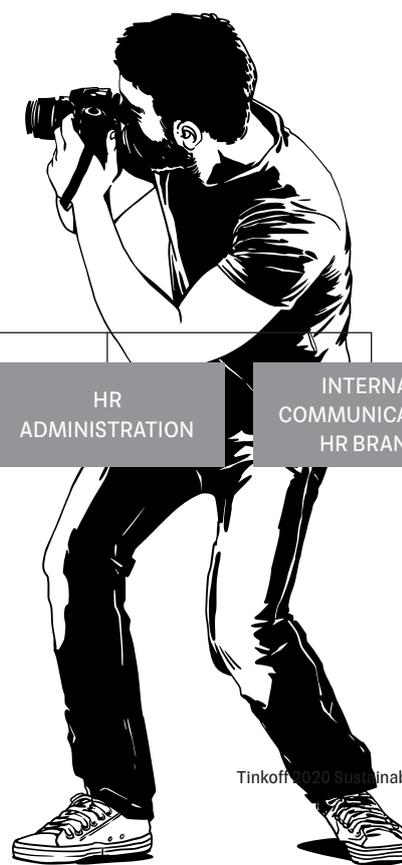
To ensure that executives assess employees fairly, executive assessments are calibrated in three levels (functional, cross-functional, and top management).

Tinkoff is committed to an agile approach to human resources management and uses the most advanced methods in this area. The Company plans to implement VR technologies and gamification technologies, focusing on the portrait of a Company employee.

A 360-degree survey is mandatory annually for all HQ employees and heads of operating units.

Executives, like employees, are assessed as part of a performance review. Executives evaluate the achievement of results, and also evaluates managerial competencies using the “360 degrees” method.

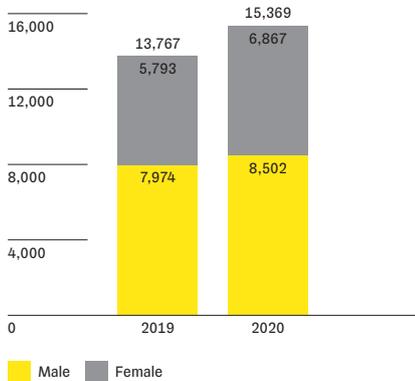
### HR TEAM STRUCTURE



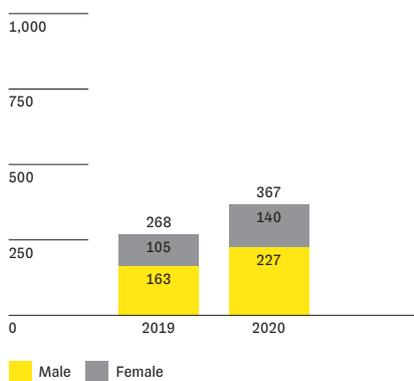
OUR WORKFORCE

102-8 405-1

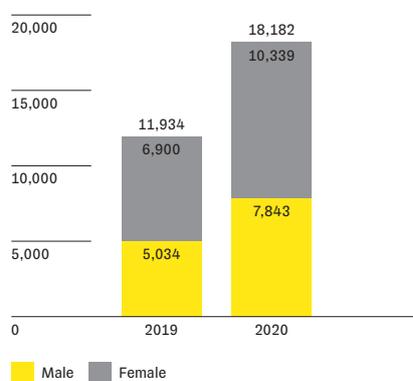
FULL-TIME EMPLOYEES



PART-TIME EMPLOYEES



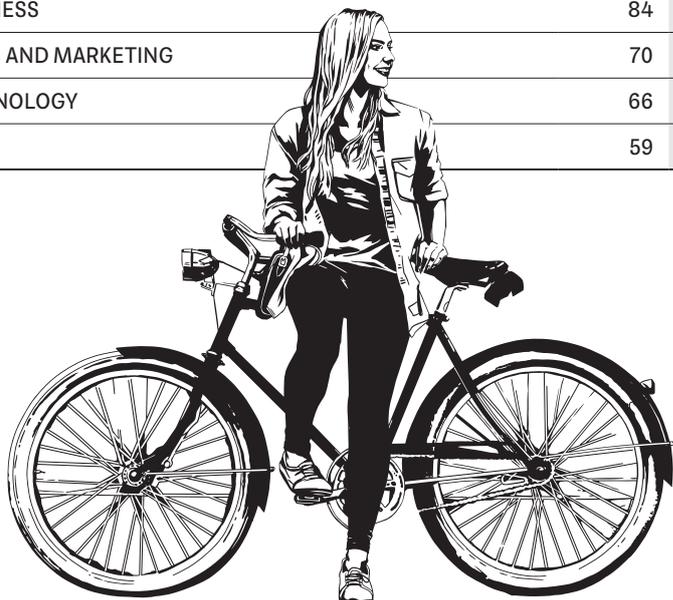
CONTRACTORS



	2019	MALE	FEMALE	2020	MALE	FEMALE
TOTAL MALE:FEMALE RATIO		51%	49%		49%	51%

DISTRIBUTION OF EMPLOYEES BY AGE GROUP, BY DEPARTMENT, %

	<30		30-50		>50	
	2019	2020	2019	2020	2019	2020
MANAGEMENT	40	32	58	66	2	2
OPERATIONS	52	41	48	58	1	1
BUSINESS	29	28	67	67	4	5
SALES AND MARKETING	29	34	71	66	0	0
TECHNOLOGY	23	23	76	77	0	1
G&A	15	10	76	81	9	8
EMPLOYEES (EXCL. MANAGEMENT)	76	71	24	29	0	0
OPERATIONS	79	73	21	26	0	0
BUSINESS	84	86	15	14	0	0
SALES AND MARKETING	70	67	30	33	0	0
TECHNOLOGY	66	61	33	38	0	1
G&A	59	56	37	41	3	3



TOP 4

SHORTLIST OF FORBES WOMEN, INCLUDING HIGHEST SCORE FOR CAREER OPPORTUNITIES FOR WOMEN.

## EMPLOYEE REMUNERATION

102-36

Tinkoff for the most part implements three types of compensation: salary, cash bonus, and long-term incentives. No external consultants are involved in the setting of remuneration.

Cash bonuses are paid in accordance to the achievement of pre-set KPIs.

Tinkoff employs two main long-term incentive frameworks to attract and retain employees. The top 83 managers of the Company are incentivised using equity based incentives (Management Long Term Incentive Program, or MLTIP). These managers are either top executives or employees with high potential (HiPo). In 2020, the decision was taken to broaden incentives to middle management. This led to the launch of the Key Employee Retention Program (KERP), which is cash-based but equity-linked. In 2020, this program included about 300 key employees. Plans were announced to add more employees to KERP. The size of the equity component (number of shares) provided to top management depends on the level of their influence on the organisation and on their potential.



## TINKOFF LAUNCHED A LONG-TERM INCENTIVE PROGRAM FOR MIDDLE MANAGEMENT – KERP – KEY EMPLOYEE RETENTION PROGRAM

### AVERAGE ANNUAL EMPLOYEE COMPENSATION\*

102-38	102-39		
		2019	2020
		RUB 1.269m	RUB 1.526m
			YOY INCREASE
			+20.3%

\*Salary plus cash bonus (HQ and Operations employees)

## REGIONAL COMPARISON OF TINKOFF WAGES

202-1

DEPARTMENT	2019 AVERAGE MONTHLY STARTING WAGE FOR TINKOFF EMPLOYEE	VS. MOSCOW REGION 2019 MINIMUM MONTHLY WAGE*	2020 AVERAGE MONTHLY STARTING WAGE FOR TINKOFF EMPLOYEE	VS. MOSCOW REGION 2020 MINIMUM MONTHLY WAGE*
OPERATIONS	RUB 30,000	1.6x	RUB 30,000	1.5x
BUSINESS, SALES & MARKETING, TECHNOLOGY	RUB 58,000	3.1x	RUB 60,000	3.0x
G&A	RUB 46,000	2.5x	RUB 50,000	2.5x

\*2019 monthly wage of RUB 18,742 per month, 2020 monthly wage of 20,195 per month

## RELATIVE COMPENSATION

102-38 102-39

	TOTAL ANNUAL REMUNERATION OF THE HIGHEST PAID OFFICIAL (RUB)		AVERAGE ANNUAL REMUNERATION OF ALL EMPLOYEES (EXCLUDING THE HIGHEST PAID OFFICIAL) (RUB)		RATIO	
	2019	2020	2019	2020	2019	2020
TCS GROUP	190m	270m	1.269m	1.526m	150	177

## MANAGEMENT AND BOARD REMUNERATION

	CASH SALARY (RUB m)	CASH BONUS (RUB m)	VALUE OF MLTIP SHARES VESTED FOR THE YEAR (RUB m)	TOTAL COMPENSATION (RUB m)	TOTAL # OF SHARES HELD AT YEAR END (GDRs)	TOTAL # OF ALLOCATED BUT UNVESTED MLTIP SHARES AT YEAR END (GDRs)
<b>2019</b>						
TINKOFF BANK MANAGEMENT BOARD	253	293	1,127	1,673	2,207,563	1,336,038
TINKOFF BANK BOARD OF DIRECTORS	209	220	1,165	1,594	2,282,987	1,369,789
TCSGH BOARD OF DIRECTORS	22	–	0	22	0	0
CEO	86	104	ND	ND	ND	ND
<b>2020</b>						
TINKOFF BANK MANAGEMENT BOARD	359	546	694	1,599	3,309,755	2,722,631
TINKOFF BANK BOARD OF DIRECTORS	254	374	621	1,249	2,967,883	1,884,893
TCSGH BOARD OF DIRECTORS	21	–	0	21	0	0
CEO	105	165	ND	ND	ND	ND

**Tinkoff Bank Board of Directors**

2019: Stanislav Bliznyuk; Oliver Hughes; Sergey Pirogov; Vadim Stasovsky; Svetlana Ustilovskaya

2020: Stanislav Bliznyuk; Oliver Hughes; Sergey Pirogov; Vadim Stasovsky; Svetlana Ustilovskaya

**Tinkoff Bank Management Board**

2019: Oliver Hughes (Chairman); Valeriya Pavlyukova; Anatoliy Makeshin; Evgeniy Ivashkevich; Ilya Pisemsky; Natalia Izyumova

2020: Oliver Hughes (Chairman); Valeriya Pavlyukova; Anatoliy Makeshin; Evgeniy Ivashkevich; Ilya Pisemsky; Natalia Izyumova; Viacheslav Tsyganov

**DIVERSITY, EQUAL OPPORTUNITY**

Tinkoff is committed to offering equal opportunity and equal treatment to all current and prospective employees, such that no applicant or employee is discriminated in favour of or against on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation in recruitment, training, promotion or any other aspect of employment. Recruitment, training and promotion are based exclusively on merit, with all Tinkoff employees involved in the recruitment and management of staff responsible for ensuring the policy is fairly applied within their areas of responsibility. The Group applies this approach throughout, at all levels. All these norms are explicitly stated in the Corporate Code of Conduct and employment contracts.

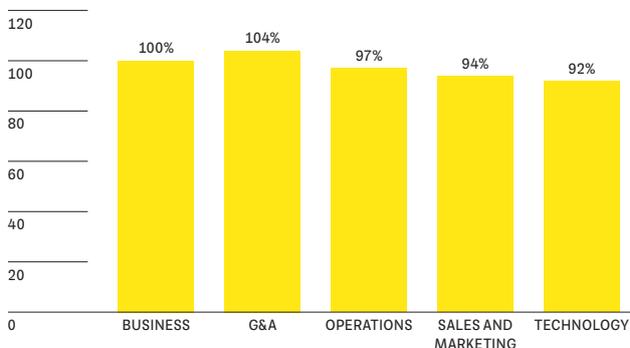
Management of the Group, in its routine oversight of the Group, has not identified any potential severe impacts on human rights to which the Tinkoff Business Model might be susceptible nor have any actual instances of human rights abuses been identified, reported or alleged.

While most of the employees are Russian, in 2019 2.89% of employees were foreigners, and in 2020 2.3%.

The number of disabled people employed by Tinkoff in 2020 was 89. Tinkoff's home call centre has added flexibilities and is suitable for those living in remote areas, limited access to transportation as well as those who can only work remotely.

Tinkoff was in the **top-4 shortlist of Forbes Women** with the highest ranking for career opportunities and for very low gender wage gap. In addition, 37% of IT and engineering professionals in the Company are women.

405-2

**WOMAN AVERAGE WAGE AS % OF MAN AVERAGE WAGE\*, BY DEPARTMENT**

\*Excludes top management.

# 62%

OF HQ EMPLOYEES AND 52% OF ALL DEPARTMENTS WOULD BE READY TO RECOMMEND TINKOFF AS AN EMPLOYER AS A 9 OR 10 OUT OF 10

## EMPLOYEE ENGAGEMENT

102-41 102-42

Tinkoff assesses the level of employee engagement on an annual basis. In 2020, in connection with COVID-19, it was decided to increase the frequency of surveys. The T-mood bot was launched, which collects data on the state of employees on a weekly basis. Also, once every two months, a small survey was organised, reflecting the same questions as the annual survey: “How satisfied am I with my job?”, “How satisfied am I with my manager?”, “How satisfied am I with the leadership style?”, “How is my work-life balance?”

As for NPS, based on the results of these surveys in 2020, 62% of HQ employees and 52% of departments rated their willingness to recommend Tinkoff as an employer at 9 or 10 points out of 10. In December 2020, this figure increased by 2% compared to April.

## TALENT ATTRACTION AND RETENTION

Tinkoff regularly conducts analytics on indicators of turnover, hiring, costs, level of involvement (based on the results of questionnaires).

The on-boarding process was fully automated and transferred to an online format. Bots were launched that suggest various solutions and opportunities for new employees, remind them of completing mandatory trainings, etc.

A tool has been launched that allows employees to obtain information about the management and legal structure of the Company in the most convenient form.

In 2020, a new HR portal was launched, which replaced the old portal and will serve as a communication platform for employees. On the portal it will be possible to communicate online, get acquainted with the latest news and organisational changes; there will also be separate blocks with messages from CEO and shareholders on the portal. On the one hand, this allows new employees to independently and effectively adapt and immerse themselves in what is happening in the Company; on the other hand, it reduces the level of involvement of managers in the adaptation process.

Tinkoff promotes internal talent. Our philosophy is to hire as many young, talented, and motivated employees as possible and help them grow within Tinkoff. To this end, a total of 5,693 vacancies in 2020 were filled by existing employees of Tinkoff – i.e. Not hiring external candidates.

The median tenure of a Tinkoff employee (excluding top management) was 1.4 years in 2019 and 1.9 years in 2020. The average tenure of a Tinkoff employee (excluding top management) was 2 years in 2019 and 2.4 years in 2020. These numbers are affected by the fast paced growth of the Company’s staff. Most of the top management/ Management Board members have been at Tinkoff for 10+ years.

401-1

Tinkoff’s efforts to address turnover resulted in positive dynamics in 2020. Overall turnover declined from 43% in 2019 to 35% in 2020, with improvements across all departments.

## TOTAL TURNOVER

	2019	2020
OPERATIONS	50 %	44%
BUSINESS	28%	20%
SALES AND MARKETING	25%	20%
TECHNOLOGY	22%	16%
G&A	19%	13%
TOTAL	43%	35%

## WELLBEING OF OUR EMPLOYEES

403-1 403-6

Tinkoff regularly analyses the UX portrait of employees and, based on the findings of the analysis, builds a system to support the well-being of employees.

Key elements of employee support:

- Free cafeteria
- Fruits, coffee points and other amenities in offices
- Health insurance (including vaccinations, trauma care, critical illness)
- Free fitness club
- Development of team sports within the Company
- Free parking
- Services for tax, financial, legal advice for employees

In 2020, the program was adapted for remote operation. Sessions of nutritionists, psychologists, online trainings, interactive sessions on the topic of fashion, etc. were organised for the employees. The organisation of events and activities is based on an assessment of the needs and requests of employees.

Within the corporate well-being program T-life:

- There are social clubs of interest, created on the initiative of employees (currently there are about 42 clubs of interest in Tinkoff)
- Financial, legal lectures, lectures from famous psychologists are held

Tinkoff has also adapted to the increasing demand for remote working and flexible working hours. The Company has an internal document “Internal Labour Regulations”. It provides for various modes of work, according to which employees can carry out labour activities. Work schedules are indicated in the employment contracts of employees, in some cases they are individual conditions for a particular employee.

## TALENT DEVELOPMENT

404-2

Until now, the emphasis in training employees has been on the development of soft-skills (leadership program, skills in facilitating discussions, conducting brainstorm sessions). The staff employs 40 professional trainers who conduct trainings on a daily basis. Hard-skills training was also carried out on request with the involvement of external providers.

In 2020, within the framework of the Education and Development centre of expertise, a department was created, which began to develop matrices of hard competencies for each area of specialisation (machine learning, analytics, product). Hard competency training will enable Tinkoff to manage career development, and will also help employees feel like they are growing and developing their expertise, strengthening their resume and career position within the Company.

Training related to the product and providing quality customer service also takes place, though outside the jurisdiction of the HR department. The Company employs about 200 trainers in this area. Measures aimed at improving the professional level of knowledge and skills of employees at the expense of the Company's internal resources, as well as with the involvement of external providers, are carried out individually at the request of the manager.

404-1

In 2020, management received a total 3,145 hours of training, or about 37 hours of training per member of management. Employees received a total of 6,763 hours of training, or about 25 hours of training per employee.

Prior to 2020, which saw a significant amount of remote working, most of the trainings were conducted in the office classrooms. However, in order to maintain the effectiveness of online trainings, where the attention span of students is generally lower, the length of the trainings were reduced – which explains why training hours declined both in absolute and per employee terms.

### TOTAL TRAINING HOURS

	OPERATIONS		HEAD OFFICE		TOTAL	
	2019	2020	2019	2020	2019	2020
MANAGERS	1,607	1,299	1,918	1,846	3,525	3,145
PER MANAGER					60	37
EMPLOYEES	9,408	6,336	953	427	10,361	6,763
PER EMPLOYEE					40	25

In 2020, a total of RUB 330.1m was spent on training programs.

In 2020, 2 new modules of the management school were launched: "Teamwork" and "Cross-team communications". The module "Teamwork" develops the skills necessary for selection of an employee into a team, adaptation of a new employee, manager's actions at each stage of team formation. In 2020, this module was completed by 195 employees. The module "Cross-team communications" develops the skills necessary for effective interaction between leaders of different teams, conflict resolution, effective negotiation. In 2020, this module was completed by 84 people.

According to the results of the evaluation of these modules, 90% of the participants completed the training (the programs lasted up to 3 months and included theory, tasks before and after trainings, with each training lasting 3.5 hours). Participants rated both these modules at 9 out of 10 points, with the assessment of the level of development of a skill in each module increasing by about 2 points for each skill.

In 2021, there are plans to reduce the duration of the above modules, develop new formats for presenting material (video, business games, etc.), and also an increase in the number of group members from 16 to 40 people in each group, in order to implement the Company's strategic objectives and the ability to train more managers.

The process for promoting employees differs depending on the function. But for the majority of employees (IT, analysts, employees of operating departments, etc.) there are prescribed career ladders, where the necessary skills, knowledge, skills, the level of tasks to be solved at a given level of position are prescribed for each level of the position.



## WORKPLACE SAFETY

403-1

The labour protection management system has been implemented in the Company on the basis of the requirements of the Labour Code of the Russian Federation. Tinkoff has several documents outlining the details of this system, including regulations on labour protection management system, procedure for instructing, training, and testing knowledge on labour protection, programs of induction training for employees, and more.

Some of the measures the Company takes to ensure workplace safety include:

- Conducting a special assessment of working conditions
- Training and instructing on labour protection when working with hazardous production factors
- Conducting periodic medical examinations
- Conducting pre-trip and post-trip medical examinations of drivers
- Conducting psychiatric examinations
- Officials responsible for fire and electrical safety have been identified
- Regular testing of security systems is carried out
- During the pandemic, compliance with all sanitary rules and regulations was organised
- Testing for COVID-19.

403-3

In order to minimise averse health and safety impacts directly arising from business relationships, Tinkoff business unit managers, HR, and Health and safety departments regularly create action plans with quantified targets, discuss health issues and documentation, evaluate the progress in reducing/preventing health issues/risks, run internal inspections and consultations with health & safety specialists, obtain independent external verification of health & safety standards, and embed health and safety targets in performance appraisal and remuneration of management.

403-5

Training of employees in the field of health and safety is determined by the requirements of the Labour Code of the Russian Federation, as well as regulatory changes in the field of health and safety. The total number of training hours in the principles and rules in the field of labour protection amounted to 10,568 in 2020.

The main issues considered in the framework of the training on occupational safety and health are the main provisions of labour protection, legal requirements in the field of labour protection, the main harmful and dangerous factors, labour protection requirements before starting, during and at the end of work, actions in dangerous situations.

Leadership training is conducted at a licensed training centre. Briefings for employees are conducted by the head of the labour protection service, a labour protection specialist, as well as direct supervisors. The competence of the instructors is confirmed by documents (protocol, certificate) on the passage of the necessary training in labour protection at the training centre. Training in work at height is carried out in specialised training centres, training for obtaining a group on electrical safety is carried out in specialised training centres.

The training of managers is carried out once every three years or when changing positions. Induction briefings are carried out upon hiring. Periodic briefings are conducted quarterly. Unscheduled briefings are conducted as needed.

Occupational safety training is provided to 100% of the Company's employees. No workers that are not Tinkoff employees are under the supervision of the Company's health and safety system.



403-6

## TINKOFF HEALTH INITIATIVES

MANDATORY/ VOLUNTARY	WHAT DOES THE PROGRAM ADDRESS	PROGRAM DESCRIPTION	HOW THE PROGRAMS ARE ENCOURAGED AMONG EMPLOYEES	NUMBER OF EMPLOYEES WHO PARTICIPATED
<b>VOLUNTARY HEALTH INSURANCE</b>				
Voluntary	Receiving medical and other assistance in the case of acute pain, exacerbation of chronic diseases, and accidents	Outpatient and polyclinic services, dentistry, check-up, planned and emergency hospitalisation, calling a doctor/ ambulance, cancer protection, doctors on duty in the office, telemedicine, psychological assistance, laboratory services, buying drugs in a network of pharmacies with a discount of up to 80%.	Notifications of employees about the possibility of connecting the insurance program by email. Information posted on the internal corporate portal.	8,114
<b>VACCINATION OF EMPLOYEES</b>				
Voluntary	Prevention of influenza, tetanus, and rabies among employees	Vaccination is carried out in offices and/or in health care facilities in accordance with the national vaccine calendar.	Alerting employees about the possibility of vaccination in the office or in a healthcare facility.	266
<b>ACCESS TO GYM ON SITE/ONLINE FITNESS TRAINING</b>				
Voluntary	Healthy lifestyle	Own gym on the territory of the office for all office employees without restrictions on the number of visits (with a certificate from a doctor with permission to play sports). The gym has a cardio area, exercise equipment, a place for martial arts, two halls for yoga, Pilates and aerobics. Online fitness training (dance, yoga, aerobic exercise) is available to all employees.	The information is posted on the internal corporate portal in the public domain for employees.	7,500
<b>TEAM SPORTS WITHIN THE COMPANY</b>				
Voluntary	Healthy lifestyle	Sports teams for football, basketball and volleyball.	The Company financially supports sports teams. Information about the possibility of joining a team and training is located on the internal corporate portal. Anyone can become a participant.	100
<b>ONLINE SESSIONS WITH NUTRITIONISTS AND PSYCHOLOGISTS</b>				
Voluntary	Healthy lifestyle	Online webinars/lectures by psychologists and nutritionists aimed at emotional, psychological and physical health.	Notifying employees about upcoming webinars/lectures in mail or messenger. The information is posted in the calendar of upcoming events on the internal communication portal. All records of the passed webinars/lectures are in the public domain for all employees on the internal portal.	3,000

403-9

In 2020, only one person at the Company was injured with mild severity (LTI, TRI = 1). The number of cases of COVID-19 with mild severity was 335.

In the process of delivering credit and debit cards, Tinkoff recommends using public transportation, though if using a personal car Tinkoff demands its employees comply with driving rules. Any accident that occurs to an employee during working hours is investigated in accordance with the requirements of the legislation of the Russian Federation. Namely, the Employer must:

1. Investigate and take into account industrial accidents and occupational diseases.
2. To insure employees against industrial accidents and occupational diseases.

In the period 2017-2020, there were no cases of injuries using personal vehicles.

### VOLUNTEERING

Volunteering is very common at Tinkoff. Our Tinkoff Life Club has more than 50 volunteer interest clubs. The clubs brought together colleagues with the same interests. Animals, ecology, sports, healthy lifestyles, investments, online games and much more. Employees were given the opportunity to become online volunteers, and the Group became a member of the ProCharity volunteer program. This program is organised by the Friends Charitable Foundation. The program unites several dozen charitable organisations. The employee becomes an intellectual volunteer and can choose tasks according to his competence. Job categories are IT, design, strategic consulting, finance, law, marketing, PR, training, translations. For the active participation of Tinkoff employees in the program, the Group received the Proactive Company 2020 prize.

### 2021 PLANS

TINKOFF WILL ALWAYS STRIVE TO BE A TOP RUSSIAN EMPLOYER. SOME OF THE INITIATIVES PLANNED FOR 2021 INCLUDE:

- IMPLEMENTATION OF NEW METHODS OF PERSONNEL ATTRACTION AND STRENGTHENING OF IT HR BRAND
- AMBITIOUS PLANS FOR THE GROWTH OF THE ORGANISATION
- STRENGTHENING EVP AND WELLBEING INITIATIVES
- DIGITALISATION OF EMPLOYEE EXPERIENCE
- DEVELOPMENT OF LEADERS OF THE ORGANISATION



### TINKOFF'S COVID-19 RESPONSE

An anti-crisis committee was created with the participation of the Company's top managers.

Within two weeks, 100% of employees were transferred to a remote work format. Prevention checklists have been developed. The Company's representatives were provided with protective equipment, and regular testing is organised for them. In the Company's offices, space was allocated for laboratories in which any employee can be tested (for a fee for all employees who wish to undergo testing on a voluntary basis, and free for those employees whose activities involve regular interaction with customers). Tablets were installed that block access at temperatures of 36.8 and above, as well as in the absence of a mask. The Company organised trainings for employees on labour protection (in animated form), and behavioural algorithms and disease prevention reminders were promptly developed.

Thanks to the efforts of the Company and the responsible approach of the employees themselves, the incidence of COVID-19 among Tinkoff employees is less than 1%.



# COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT



## 2020 KEY HIGHLIGHTS

LAUNCHED CARBON FOOTPRINT  
ASSESSMENT IN 2021

**70%**

REDUCTION IN WATER CONSUMPTION

**30%**

REDUCTION IN ELECTRICITY  
CONSUMPTION

## OUR PRIORITIES

- Assess the Company's carbon footprint and evaluate ways to reduce it
- Continue implementing energy efficiency initiatives across its offices
- Make the new HQ an example of an environmentally friendly workplace

## RELEVANT UN SDGs



## OUR APPROACH

103-2

Currently, our key document which covers environmental issues is a technical policy. It is (among others) mostly focused on energy and water efficiency technologies. It is considered a policy for internal use only as it contains strategic objects. The policy also describes the major risk management activities regarding energy and water management, which are developed before design stage.

Tinkoff has a Department of Civil Engineering and Technical Support, headed by a Technical Director, who is responsible for energy and water management. This Technical director reports directly to Tinkoff's Chief Information Officer.

Tinkoff has recently launched a project to assess and calculate its GHG emissions. We strive to develop a better understanding of the potential implications of climate-related risks and opportunities for Tinkoff and take prompt actions to strengthen our resilience. The results of this project should be ready to be disclosed in our 2021 Sustainability Report.

## PROMOTING ENVIRONMENTAL AWARENESS

Tinkoff has ambitious plans to raise awareness of environmental issues within the organisation, but also to the broader community. As for internal awareness, the Company is planning to launch training for employees on waste sorting, to be implemented either internally or with the involvement of external consultants. As an example of the external efforts, Tinkoff launched in May 2021 a campaign "Goodbye plastic bags – ecochallenge", where Tinkoff rewarded customers that did not buy plastic bags for 30 days with 5% cashback for purchases in supermarkets. The campaign was complemented by several educational resources on how to be more environmentally conscious, including resources offered through Tinkoff Journal. More on this on <https://eco.project.tinkoff.ru/>

## WASTE GENERATED AND RECYCLED

306-2

Waste disposal is handled by the landlord/management company in each office, and Tinkoff does not currently keep an independent record of waste and does not independently dispose of it.

Batteries are currently being collected at Tinkoff offices and disposed of through contractors. Tinkoff is also developing a plan to eliminate plastic in the office. In 2020, in test mode, one of the floors of the head office was equipped with dishwashers. The preliminary results were positive, although the test was paused in the context of COVID-19. Such plans have been reinstated in 2021.

As for e-waste, Tinkoff interacts with contractors that have the necessary certificates for disposal of IT equipment. The Company does not directly engage in disposal of e-waste.

Tinkoff oversees contractors for compliance with all legislative standards in the territory of the Russian Federation in the field of waste management. These checks are carried out by internal security resources and through personal inspection of the contractors' operations.

### ENERGY AND WATER EFFICIENCY

302-1 303-5

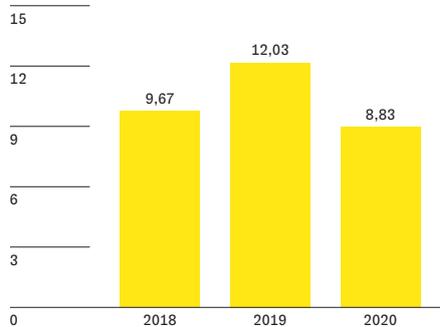
Tinkoff employs a systemic approach to construction and use of energy efficient equipment and technologies in order to provide and efficiently manage 24/7 availability of Tinkoff services, with no harm to IT services when the energy system has to be disconnected and supplied with backup sources. A BMS (Building Management System) is implemented throughout the operational processes.

The key measures that the Company is implementing to improve energy efficiency include:

- Installation of LED lighting
- Use of equipment with low Total harmonic distortion (THD) – i.e. Power peak currents, less heating, lower electromagnetic emissions
- Reduction of the influence of non-linear load on the supply network
- Installation of technological equipment with “rest” functions in low-use modes
- Installation of automated lighting control system
- Installation of ventilation machines with recuperators to recover waste heat
- Use of freecooling mechanisms for refrigeration equipment
- Transfer of employees from local PCs to laptops

In 2020, in light of increasing remote working activity related to the COVID-19 pandemic and the implementation of more energy efficient equipment, electricity consumption declined by 30% YoY, while water consumption declined by 70% YoY\*.

TOTAL ELECTRICITY CONSUMPTION, MILLION KWH



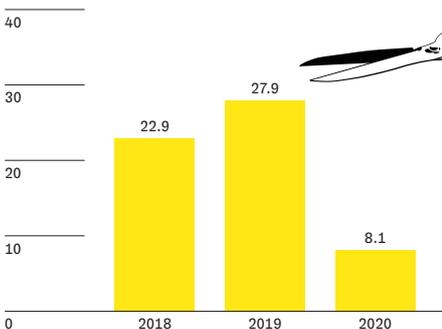
### RESPONSIBLE SOURCING

102-9 204-1

As a rule, Tinkoff works with large suppliers who can guarantee delivery to all regions, although occasionally Tinkoff is supplied by local suppliers who make up 0.5% of the total supplies at Tinkoff. Among our suppliers there are foreign companies that deliver to our offices, subject to similar requirements related to price, quality, commercial terms, reputation, and information security.

Tinkoff complies with legal requirements in terms of taking into account environmental aspects and verifies that the purchased goods have the necessary certificates. The Company also conducts tests when a small batch of products is purchased in order to assess its quality.

WATER CONSUMPTION, THOUSAND M³



\* The values of energy and water consumption in the Sustainable Development Report for 2019 were displayed incorrectly due to a calculation error. The values in this Report have been updated, please consider them as correct.

Tinkoff minimises the risks associated with interactions with unscrupulous suppliers. Tinkoff runs extensive checks on its new suppliers and does not work on prepaid basis with unverified companies.

At the moment, Tinkoff does not perform external audits of suppliers. The Company carries out its own compliance procedure, within which it requests financial statements, legal information, analyses public information about a potential supplier and checks whether the purchased products have the necessary certificates.

Tinkoff understands that an uninterrupted supply of required products and services is of paramount importance to ensure business continuity and superior employee and customer engagement. Tinkoff's key suppliers include:

- Suppliers of stationary
- Provision of office space (cleaning, catering, kitchen equipment, etc)
- Providers of cards

The selection of suppliers is carried out in tender format, which is organised on an annual basis and includes the following stages:

- Holding a tender with full description of our conditions and requirements, depending on the business problem
- Verification of statutory documents, as well as of reviews on the market
- Conclusion of a contract with the supplier
- Test purchase
- Purchase of large volumes

In many fields, the choice of supplier is limited, and Tinkoff has already entered into agreements with all major suppliers that do not require further verification. On that basis, suppliers are then chosen based on most commercially sensible terms.

When choosing a supplier of plastic cards, the Company uses the same principles (price, quality, terms), as well as cross-checking for reliability, as well as checking information security for violations.

Tinkoff does not provide formal training for suppliers. Company employees attend supplier events where the product is showcased. That said, Tinkoff adapts services to the specifics of the business – for example Tinkoff carries out its own training for cleaning service employees.

#### 308-1

As for environmentally friendly supplies, the Company has moved away from purchasing water in plastic containers and switched to glass formats, purchased more environmentally friendly household chemicals, and chose suppliers of recycled office paper. Out of four new suppliers in 2020, one has been tested against environmental criteria.

## OUR CLIMATE STRATEGY

### 102-12

As mentioned earlier, Tinkoff is at the beginning of its journey to assess its climate impact and its development of a climate strategy. However, the commitment is there. Tinkoff continues to introduce new innovative and energy-efficiency equipment, plus it aims to receive a BREEAM ecology certificate of level equal or higher than “Very good” for our new HQ. Yet the aim is to do more. In 2021, Tinkoff joined the United Nations Environment Programme Finance Initiative (UNEP FI), the largest UN partnership with the finance industry or the worldwide community of nearly 400 banks, insurers and investors. More than 220 banks have now signed the Principles for Responsible Banking, a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement. Tinkoff is currently engaged in a project to calculate its Scope 1, 2, and 3 carbon emissions across its functions, including for example data storage, after which it will be able to define realistic and achievable targets to reduce its environmental impact.

### ELECTRONIC CHECKS AT TINKOFF

Tinkoff has developed a new technology that allows various market players to switch to electronic checks and completely eliminate paper ones. Tinkoff's technology is open – any store, OFD, cashier, manufacturer or issuing bank can use it for free. Currently there are no rivals to the standard developed by Tinkoff in the world. In the future, Tinkoff plans to invite the International Organisation for Standardisation (ISO) to supplement world standards with this add-on.

The use of the Tinkoff standard procedure involves the issue of an electronic receipt if the buyer pays by card. For a large retailer, printing costs can total about 0.1% of each transaction. Moving away from paper will allow market players to save several million rubles a year on printing costs, subject to significant adoption of these additions to the standard by other market players. It can also help reduce the disposal cost of receipts that customers do not collect. It is cheaper and better from an environmental and sustainability perspective – retailers are ditching plastic bags and can now ditch paper receipts.

# MAKING A DIFFERENCE FOR SOCIETY

2020 KEY HIGHLIGHTS

RUB

**32.7m**

GENERATED FOR TINKOFF'S CHARITABLE  
AND SOCIALLY-ORIENTED PROJECTS  
IN 2020

**930,000**

REGISTERED SUBSCRIBERS FOR THE  
TINKOFF JOURNAL BY THE END OF 2020

## OUR PRIORITIES

- Provide platforms enabling our stakeholders to easily and effectively support causes that are beneficial to society
- Build strong partnerships with stakeholders that share our goals to make a difference for society

## RELEVANT UN SDGs



## OUR APPROACH

103-1 103-2 103-3

CSR initiatives within Tinkoff are handled by the Corporate Social Responsibility Manager (within the HR department). The CSR manager reports to the head of the HR team, who herself is part of Tinkoff's top management and has overall responsibility for the development of the CSR agenda.

Tinkoff has developed an internal blueprint "CSR Strategy 2020" which is based on the results of a recent survey of employees (over 3,650 employees) and our selected UN Sustainable Development Goals. The employee survey covers an assessment of a variety of factors including employees' readiness to take part in Tinkoff's charitable projects, participation formats, a choice of charitable activities (education, ecology, assistance to the elderly, children, hospices, animals), and types of volunteering. The blueprint also includes a calendar of CSR events in 2020, the results of events and a breakdown of funds allocated for CSR events, as well for as regular support of charitable foundations.

In the process of managing the CSR strategy, the Company uses the following key metrics:

- The number of employees involved
- The amount of funds raised (which is a combination of donations from employees and from the Company).

Tinkoff provides employment opportunities for people with disabilities (further details are in the section 'Employees').

## HOW WE ENGAGE WITH OUR STAKEHOLDERS

Tinkoff has many different ways of engaging with NGOs.

Communication channels:

- Online and offline events
- Regular donations of money
- Donations of equipment
- Eco-Initiative Charity Garage Sale
- New Year fairs
- Visits of employees to homes caring for the elderly and disabled
- Intellectual volunteering on the ProCharity platform with the Friends charity foundation (legal assistance, PR, consulting, translation).

## ASSISTANCE TO NON-PROFIT ORGANISATIONS

Tinkoff conducted an analysis of its interaction with non-profit organisations generally to identify those which were most worth supporting. On the basis of this assessment Tinkoff chose two major expert platforms to help it make a more in-depth comparison of the merits of the various charities Tinkoff had dealings with ("Help is needed" (Tinkoff is a partner) and "Dobro Mail.ru").

Initiatives in which employees took part in 2020:

- Support for the elderly and disabled
- Support for orphans in foster care
- Support for terminally ill adults and children
- Environmental Initiatives with the WWF

# 2,800

IN 2020, ABOUT  
2,800 EMPLOYEES  
GOT INVOLVED IN  
THESE SOCIAL INITIATIVES



## GROWING FINANCIAL AWARENESS IN RUSSIA

Tinkoff Bank was recognised as the most convenient Russian bank for people with disabilities according to the DisQuestion study of the Everland inclusive project. Experts assessed the availability of remote and specialised services, the complexity and consistency of approaches to working with this category of customers, the availability and adaptability of special rates and offers, the internal policies of companies and personnel training.

In 2020, Tinkoff Journal continued to publish information about personal finance, rights, security, investment, business, travel and entertainment as well as health-related issues. In total, over 3,500 articles were published in 2020.

To help Russians through the pandemic, Tinkoff Journal has issued further pandemic-related articles. These detail how individuals and businesses can get support from the state, how to take advantage of credit holidays and how to protect themselves and loved ones from the virus based on the recommendations of doctors. These articles gained 10 million views.

The Journal has published hundreds of articles on interacting with the state, how to benefit from government support (benefits, credit holidays with banks, etc), adopting a health conscious lifestyle and how to combat fraudsters. Some of these topics culminated in courses: 'How to Be an Adult', 'Protection from Fraudsters', 'How to Start Sorting Trash', 'How to Help Others', and 'About Dogs'. Within each course, the user studies a specific subject for 5-10 lessons and 1-2 hours. For example, the course "How to Help Others" guides the student on the path of systematic philanthropy. The course on Protection from Fraudsters helps viewers to recognise fraudulent behaviours and resist criminals.

TINKOFF JOURNAL	2018	2019	2020
NUMBER OF UNIQUE USERS	23,500,000	45,500,000	80,000,000
NUMBER OF REGISTERED USERS	12,000	80,000	930,000
NUMBER OF STUDENTS ON THE ONLINE PLATFORM	0	30,000	500,000
NUMBER OF AUTHORS/CONTRIBUTORS	50+	600	850
NUMBER OF NEW TEXTBOOKS	0	1	12
% GROWTH IN THE NUMBER OF RELEASED MATERIALS	213	27	25

The subject which gained most traction with readers was the payment of loans during a pandemic.

203-1

CSR initiatives in 2020:

- The first social service "Cashback for Charity" appeared
- Donated 290 work computers to charity
- Allocated RUB 10 million and supported two hospitals to purchase protective equipment for doctors
- Allocated RUB 2 million to a charitable foundation to support the affected families with food packages during the pandemic
- Allocated RUB 1.8 million each to four charitable organisations to support the elderly, children with mental illness, as well as for the blind and hard of hearing people

Tinkoff's expenses on charity and other socially oriented initiatives in 2020 amounted to RUB 32.7 million.

# 930k

TINKOFF JOURNAL HAD 930k REGISTERED USERS BY THE END OF 2020



### SPONSOR OF THE PROGRAM “GLOBAL CHALLENGE-AI FOR THE UN SUSTAINABLE DEVELOPMENT GOALS”

In autumn 2020, Tinkoff Bank became a sponsor of the program “Global Challenge-AI for the UN Sustainable Development Goals”, organised by the Skolkovo Foundation. Tinkoff announced a separate nomination, which selects deep-tech companies that develop solutions in several areas of interest for the Company (the selected areas correspond to three priority UN SDGs).

### EDUCATIONAL PROGRAMS:

Tinkoff celebrated its fifth year in 2020 of successful implementation of its educational programs for school pupils and students. Examples include:

#### Tinkoff Fintech (blended learning IT and analytics courses)

- 15 courses
- 16,900+ applications
- 244 students trained
- 24 students taken onto the Tinkoff team

#### Tinkoff Fintech Middle (a new stream for mid-level engineers)

- 1,950+ applications
- 6 courses
- 7 engineers recruited into Tinkoff Fintech Middle

#### Tinkoff Generation (blended learning informatics and mathematics classes for school pupils)

- 11 courses
- 3,800+ applications
- 1,189 schoolchildren participated in the training

#### Tinkoff Academy (educational programs for universities)

- Recruitment for the MIPT master's program
- 16 in the laboratory, 20 people are engaged in research
- 150+ people graduated from Tinkoff sponsored courses at Moscow State University

#### Tinkoff Start

- 8,000+ applications
- 171 trainees
- 45 hired

#### Partnership with educational centre ‘Sirius’ (the leading government-backed project for supporting talented children in Russia)

- Conducted a partnership event with Yandex and Russian Railways, selected 28 people (out of 220 applications) and 3 have already joined the team
- Conducted selection tests for machine learning selected 32 people (out of 668 applications)
- Conducted 2 projects for school pupils.

### “CASHBACK FOR CHARITY”

The “Cashback for Charity” facility allows Tinkoff customers to transfer their cashbacks on a regular basis to some of the largest Russian charitable foundations. The main aim of the facility is to give people who want to help others a convenient and simple tool for regular transfers to reliable charitable organisations. Tinkoff customers will be able to make transfers to more than 350 charitable organisations – partners of the Group – in an amount of up to RUB 9,000 per month.

# 10,000

ALMOST 10,000 CUSTOMERS HAVE CONNECTED TO THE SOCIAL SERVICE “CASHBACK FOR CHARITY”

### CASHBACK ON BABY FOOD

In May 2020, Tinkoff launched a campaign for parents, under which parents were able to receive 50% cashback on baby food with a Tinkoff Black card for three months.

### WWF PARTNERSHIP

Initiatives within the framework of the partnership with WWF include:

- A co-branded eco credit card
- Product training for WWF call centre employees
- Tinkoff became a partner of Earth Hour (an initiative where Tinkoff joined thousands of other buildings around the world all turning off their lights simultaneously)
- A webinar was held for Tinkoff employees with a leading Russian climatologist.

### PARTNERSHIP WITH KIDZANIA

Tinkoff has become a partner of the KidZania children's playground learning park. Under the partnership, Tinkoff opened new thematic zones there and became the first brand to launch non-cash money in KidZania. In KidZania, Tinkoff is opening two thematic zones at once – Tinkoff Bank and Tinkoff Bank Vault. Here children can learn how non-cash transactions work, master new financial skills, etc.



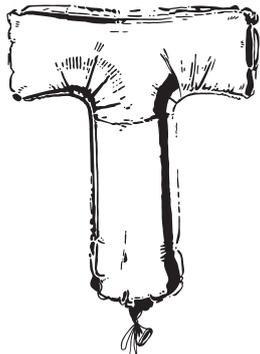
# ABOUT THIS REPORT

102-45 102-46

TCS Group and its subsidiaries, unless indicated otherwise (hereinafter referred to as “the Company”, “the Group”, or “Tinkoff”), has prepared the 2020 Sustainability Report (hereinafter – the report) with the intent to inform all interested parties about the goals, activities and results of the Company in the bounds of sustainable development in 2020.

102-50 102-52

The report contains information on the Company’s practices in the fields of corporate governance, interactions with customers, employees and the broader society, responsible finance, innovation and environmental impacts during the period from January 1 to 31 December 2020. These aspects are reflected in the corresponding sections of the report.



Interaction with stakeholders is carried out by the Company on a regular basis using various communication channels and tools. In preparation of this report, a survey was conducted of key internal stakeholders, such as employees and Company management, as well as representatives of external stakeholders – investors, customers, state officials and NGOs. During the survey, a list of material topics of the Company’s activities was identified as well as an analysis of the topics most relevant to our stakeholders.

102-54

The 2020 Sustainability Report is the first non-financial report prepared by the Company in accordance with GRI Standards: Core option (hereinafter – the GRI), as well as the SASB Standards. The Company seeks to contribute to the achievement of the UN SDGs and plans to integrate the SDGs into its sustainability strategy. TCS Group plans to continue publishing a sustainability report annually in order to create a comprehensive view of the Company’s activities and its strategic decisions, as well as inform stakeholders about the status of its sustainable development agenda.

102-32

The 2020 Sustainability Report was approved by the Board of Directors of TCS Group.

102-48

Some minor restatements were made in the current Report compared to the 2019 Sustainability Report due to improvements in the collection and disclosure of data.

## MATERIAL TOPICS

102-47

According to the GRI Standards, a sustainability report should cover topics that are material to the Company. Such topics meet two conditions: they are important to internal and external stakeholders, and they reflect areas in which the Company has significant economic, environmental and social impacts. In order to identify material topics of the report, TCS Group conducted a materiality assessment.

**+ READ MORE ABOUT OUR MATERIAL TOPICS ON PAGES 20-21**

**+ READ MORE ABOUT OUR MATERIALITY MATRIX ON PAGE 20**

## REPORTING PRINCIPLES

The reporting principles have been based on GRI Standards requirements.

102-46

STAKEHOLDER INCLUSIVENESS	To determine the content of the report, a survey of the views of key stakeholder groups (employees, Company management, investors, customers, NGO and government representatives) was conducted. Material topics have been identified and disclosed, which has also determined the report's structure.
SUSTAINABILITY CONTEXT	The report takes into account the analysis of industry best practices, industry specifics and trends, stakeholder expectations, reporting standards, internal practices and principles of sustainable development.  The report explains how TCS Group formed its sustainable agenda, lists the main areas of impact, and reveals key ESG risks. The report also reflects information on how the Company contributes to the achievement of the UN SDGs. The information presented in the report allows to draw conclusions on the scale of the impact that TCS Group has on the broader society.
MATERIALITY	The material topics in the report reflect the interests of both internal and external stakeholders. The listed topics have a direct impact on opportunities and risks, therefore affecting the Company's activities in 2020. Information for disclosing significant topics was provided by the Company's employees, responsible for their department and impact.
COMPLETENESS	The completeness of information presented in the report is sufficient due to the full disclosure of material topics and the principles of sustainability reporting. The information in the report reflects the impact of the Company in the economic, environmental and social areas. Information in this report has not been misrepresented in order to amend the conclusions about the activities of the Company.

## PRINCIPLES FOR DEFINING THE CONTENT AND ENSURING THE QUALITY OF THE REPORT

In order to maintain the quality of the information provided in this report, the following principles have been used:

ACCURACY	The report provides reliable quantitative and qualitative data that allows stakeholders to assess the results of TCS Group's activities in the field of sustainable development. Possible errors in the data are insignificant and do not affect the objective judgment of the reader. Graphic and textual information does not contradict.
BALANCE	The report reveals positive and negative impacts of the Company. Key changes and results have been additionally explained. The report communicates next steps and future commitments.
CLARITY	The information provided in the report is sufficient to form an objective conclusion and does not include unnecessary details.  The report presents information in an understandable and accessible form, using different formats (graphs, tables, text), based on the convenience of the reader. The report also contains references to external public sources of information available for additional familiarisation, if necessary.  The report uses the terminology and classification proposed by the GRI and SASB standards.
COMPARABILITY	For a qualitative assessment of the Company's activities, the information is comparable with market trends and peers' practices in both banking and technology sectors. Some information in this report can be compared to previous years in order to track the activity dynamics and the fulfilment of commitments.
RELIABILITY	The information published in the report was provided by the direct owners of the data – employees of the relevant TCS Group divisions. In addition, they took part in all stages of the preparation of the report, ensuring the accuracy and reliability of the data presented and their interpretation.
TIMELINESS	The report was published in the second quarter of 2021. The information disclosed in the Report covers the period from 1 January to 31 December, 2020, unless otherwise indicated in the text of the report.

# SASB

We have prepared our 2020 Sustainability Report taking into consideration the recommendations of the Sustainability Accounting Standards Board (SASB). Our disclosures have been prepared drawing on the recommendations of two industry standards: Commercial Banks (FN-CB) and Internet Media & Services (TC-IM).

In this Report we do not disclose all metrics included in the standards but continue to monitor further developments in SASB standards and will evaluate them in the future for potential additional disclosures by the Company.

SASB CODE	TOPIC	ACCOUNTING METRICS	RESPONSE & REFERENCES	SOURCE
<b>COMMERCIAL BANKS</b>				
FN-CB-230a.1.	Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	PROTECTING OUR CUSTOMERS' DATA In 2020 there were no significant cases of breaches of Tinkoff customer data.	Sustainability Report 2020, p. 31
FN-CB-230a.2.	Data Security	Description of approach to identifying and addressing data security risks	PROTECTING OUR CUSTOMERS' DATA	Sustainability Report 2020, p. 30-31
FN-CB-510a.1.	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	ENSURING OUR SUSTAINABLE STRATEGY No material fines or other sanctions were imposed on the Group in 2020 for improper activities in social and economic areas.	Sustainability Report 2020, p. 27
FN-CB-510a.2.	Business Ethics	Description of whistleblower policies and procedures	ENSURING OUR SUSTAINABLE STRATEGY	Sustainability Report 2020, p. 26-27

SASB CODE	TOPIC	ACCOUNTING METRICS	RESPONSE & REFERENCES	SOURCE
<b>INTERNET MEDIA &amp; SERVICES</b>				
TC-IM-130a.1.	Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	Sustainability Report 2020, p. 56
TC-IM-130a.2.	Environmental Footprint of Hardware Infrastructure	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress*  *Tinkoff does not operate in regions with high or extremely high baseline water stress.	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	Sustainability Report 2020, p. 56
TC-IM-220a.1.	Data Privacy, Advertising Standards & Freedom of Expression	Description of policies and practices relating to behavioural advertising and user privacy	PROTECTING OUR CUSTOMERS' DATA	Sustainability Report 2020, p. 30-31
TC-IM-230a.1.	Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	PROTECTING OUR CUSTOMERS' DATA  In 2020 there were no significant cases of breaches of Tinkoff customer data.	Sustainability Report 2020, p. 31
TC-IM-230a.2.	Data Security	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	PROTECTING OUR CUSTOMERS' DATA	Sustainability Report 2020, p. 30-31
TC-IM-330a.1.	Employee Recruitment, Inclusion & Performance	Percentage of employees that are foreign nationals	A YOUNG DYNAMIC TEAM	Sustainability Report 2020, p. 48
TC-IM-330a.2.	Employee Recruitment, Inclusion & Performance	Employee engagement as a percentage	A YOUNG DYNAMIC TEAM	Sustainability Report 2020, p. 49
TC-IM-330a.3.	Employee Recruitment, Inclusion & Performance	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	ENSURING OUR SUSTAINABLE STRATEGY  A YOUNG DYNAMIC TEAM	Sustainability Report 2020, p. 25, 46
TC-IM-520a.1.	Intellectual Property Protection & Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	ENSURING OUR SUSTAINABLE STRATEGY  No material fines or other sanctions were imposed on the Group in 2020 for improper activities in social and economic areas.	Sustainability Report 2020, p. 27

# GRI CONTENT INDEX

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
<b>GRI 102: GENERAL DISCLOSURES 2016</b>				
102-1	Name of the organisation	ABOUT TINKOFF GRI CONTENT INDEX	04, 66	TCS Group Holding Plc
102-2	Activities, brands, products, and services	ABOUT TINKOFF OUR SUSTAINABLE ECOSYSTEM	04-07	
102-3	Location of headquarters	GRI CONTENT INDEX	66	TCS Group Holding Plc is headquartered in Limassol, Cyprus. JSC Tinkoff Bank is headquartered in Moscow, Russian Federation.
102-4	Location of operations	GRI CONTENT INDEX	66	The Group's business operations are carried on almost entirely in Russia though the Group does have offices in Cyprus where the holding company is headquartered and operates home call centre and software development businesses.
102-5	Ownership and legal form	GRI CONTENT INDEX	66	Public limited company (Plc)
102-6	Markets served	OUR SUSTAINABLE ECOSYSTEM GRI CONTENT INDEX	06, 66	The Group's principal activities are mainly undertaken within the Russian Federation and consist of on-line retail banking operations, through its subsidiary JSC "Tinkoff Bank" (the "Bank"), and other operations through its subsidiaries, such as insurance operations through JSC "Tinkoff Insurance" (the "Insurance Company"), mobile services through LLC "Tinkoff Mobile" and asset management through LLC "Tinkoff Capital".
102-7	Scale of the organisation	HOW WE CREATE VALUE	08-09	Further details on scale of the organisation, including financial results and capitalisation, can be found on the Company website: <a href="https://tinkoffgroup.com/capital-markets/share-profile/stock-information/">https://tinkoffgroup.com/capital-markets/share-profile/stock-information/</a> <a href="https://tinkoffgroup.com/financials/quarterly-earnings/">https://tinkoffgroup.com/financials/quarterly-earnings/</a>
102-8	Information on employees and other workers	A YOUNG DYNAMIC TEAM	48	Partially disclosed. The Company does not disclose separately the total number of employees by employment contract (permanent and temporary) by region as the majority of employees are based in Moscow, Russia – the Company's principal country of operations.
102-9	Supply chain	OUR SUSTAINABLE ECOSYSTEM COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	06-07 56-57	

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
102-10	Significant changes to the organisation and its supply chain	GRI CONTENT INDEX	67	<p>Events after the End of the Reporting Period:</p> <p>On 7 January 2021 all 69,914,043 class B shares (35.08% of the total number of issued shares) held by the Rigi Trust and the Bernina Trust were converted to class A shares and on the same date all issued shares were reclassified and redesignated as ordinary shares. Following the conversion, each share carries a single vote, and the total number of votes capable of being exercised are equal to the total number of issued shares (currently 199,305,492 shares following the class B share conversion). As a result of the conversion, Mr. Oleg Tinkov's voting rights in the Group decreased from 84.38% to 35.08%. As a result his control over the Group was ceased.</p> <p>For more detailed information, please refer to <a href="#">TCS Group's 2020 Annual Report</a>.</p>
102-11	Precautionary Principle or approach	GRI CONTENT INDEX	67	The Group considers Precautionary Principle within its risk management approach in order to reduce and avoid its negative impacts on the environment.
102-12	External initiatives	BUILDING A SUSTAINABLE ECOSYSTEM COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	02-03, 57	
102-13	Membership of associations	ENSURING OUR SUSTAINABILITY STRATEGY COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	27, 57	
102-14	Statement from senior decision-maker	BUILDING A SUSTAINABLE ECOSYSTEM	02-03	
102-15	Key impacts, risks, and opportunities	KEY SUSTAINABILITY RISKS AND RISK MANAGEMENT	27	
102-16	Values, principles, standards, and norms of behaviour	ENSURING OUR SUSTAINABILITY STRATEGY	26	
102-17	Mechanisms for advice and concerns about ethics	ENSURING OUR SUSTAINABILITY STRATEGY	26	

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
102-18	Governance structure	ENSURING OUR SUSTAINABILITY STRATEGY	25	<a href="https://tinkoffgroup.com/corporate-governance/tcs-group-holding-plc/">https://tinkoffgroup.com/corporate-governance/tcs-group-holding-plc/</a>
102-19	Delegating authority	ENSURING OUR SUSTAINABILITY STRATEGY	23-24	
102-20	Executive-level responsibility for economic, environmental, and social topics	ENSURING OUR SUSTAINABILITY STRATEGY	24	
102-21	Consulting stakeholders on economic, environmental, and social topics	ENSURING OUR SUSTAINABILITY STRATEGY	24	
102-22	Composition of the highest governance body and its committees	ENSURING OUR SUSTAINABILITY STRATEGY	22-23	
102-23	Chair of the highest governance body	ENSURING OUR SUSTAINABILITY STRATEGY	22-23	
102-24	Nominating and selecting the highest governance body	GRI CONTENT INDEX	68	<p>Nomination and selection processes for the highest governance body and its committees is described in the <a href="#">TCS Group Holding Plc Memorandum of Association and Articles of Association</a>.</p> <p>Further information on the nomination and selection processes can be found in the 2020 Annual Report, page 59: <a href="https://acdn.tinkoff.ru/static/documents/e29a59f8-7316-46c6-830b-b625dd4a6ae7.pdf?_ga=2.45982244.1226923645.1624807534-1647366413.1604998096">https://acdn.tinkoff.ru/static/documents/e29a59f8-7316-46c6-830b-b625dd4a6ae7.pdf?_ga=2.45982244.1226923645.1624807534-1647366413.1604998096</a></p>
102-25	Conflicts of interest	ENSURING OUR SUSTAINABILITY STRATEGY	26	<p>Further details on related party transactions can be found in the 2020 Annual Report, page F-115: <a href="https://acdn.tinkoff.ru/static/documents/e29a59f8-7316-46c6-830b-b625dd4a6ae7.pdf?_ga=2.45982244.1226923645.1624807534-1647366413.1604998096">https://acdn.tinkoff.ru/static/documents/e29a59f8-7316-46c6-830b-b625dd4a6ae7.pdf?_ga=2.45982244.1226923645.1624807534-1647366413.1604998096</a>.</p> <p>The ownership structure can be found on the Company website: <a href="https://tinkoffgroup.com/corporate-governance/ownership-structure/">https://tinkoffgroup.com/corporate-governance/ownership-structure/</a></p>
102-26	Role of highest governance body in setting purpose, values, and strategy	ENSURING OUR SUSTAINABILITY STRATEGY	22-24	
102-27	Collective knowledge of highest governance body	GRI CONTENT INDEX	68	We are currently undertaking a review of the Board to bring in members that can enhance the overall Board knowledge in this field.

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
102-28	Evaluating the highest governance body's performance	ENSURING OUR SUSTAINABILITY STRATEGY	24	
102-29	Identifying and managing economic, environmental, and social impacts	ENSURING OUR SUSTAINABILITY STRATEGY	24	
102-30	Effectiveness of risk management processes	GRI CONTENT INDEX	69	For more detailed information on this disclosure please refer to the ' <a href="#">Asset, Liability and Risk management</a> ' section of 2020 Annual Report.
102-32	Highest governance body's role in sustainability reporting	ABOUT THIS REPORT	62	
102-36	Process for determining remuneration	ENSURING OUR SUSTAINABILITY STRATEGY A YOUNG DYNAMIC TEAM	24 47	
102-38	Annual total compensation ratio	A YOUNG DYNAMIC TEAM	47	
102-39	Percentage increase in annual total compensation ratio	A YOUNG DYNAMIC TEAM	47	In 2020, the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual (CEO) relative to the average percentage increase in annual total compensation for all employees (excluding the highest-paid individual) was 2.1.
102-40	List of stakeholder groups	HOW WE ENGAGE WITH OUR STAKEHOLDERS	18-19	
102-41	Collective bargaining agreements	GRI CONTENT INDEX	69	At present Tinkoff does not have collective bargaining agreements.
102-42	Identifying and selecting stakeholders	HOW WE ENGAGE WITH OUR STAKEHOLDERS	18-19	
102-43	Approach to stakeholder engagement	HOW WE ENGAGE WITH OUR STAKEHOLDERS	18-19	
102-44	Key topics and concerns raised	HOW WE ENGAGE WITH OUR STAKEHOLDERS	18-19	
102-45	Entities included in the consolidated financial statements	ABOUT THIS REPORT	62-63	
102-46	Defining report content and topic boundaries	ABOUT THIS REPORT	62-63	

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
102-47	List of material topics	ABOUT THIS REPORT	62-63	
102-48	Restatements of information	ABOUT THIS REPORT	62-63	Some minor restatements were made in the current Report compared to the 2019 Sustainability Report due to improvements in collection and disclosure of data.
102-49	Changes in reporting	GRI CONTENT INDEX	70	The 2020 Sustainability Report is the first non-financial report prepared in accordance with GRI Standards, therefore there have not been any significant changes in the list of material topics and topic boundaries.
102-50	Reporting period	ABOUT THIS REPORT	62-63	
102-51	Date of most recent report	GRI CONTENT INDEX	70	The 2020 Sustainability Report is the first non-financial report prepared in accordance with GRI Standards. The 2019 Sustainability Report can be found on our <a href="#">website</a> .
102-52	Reporting cycle	ABOUT THIS REPORT	62-63	
102-53	Contact point for questions regarding the report	CONTACTS	80	
102-54	Claims of reporting in accordance with the GRI Standards	ABOUT THIS REPORT	62-63	
102-55	GRI content index	GRI CONTENT INDEX	70	
102-56	External assurance	GRI CONTENT INDEX	70	The report was not independently assured.
<b>GRI 103: MANAGEMENT APPROACH 2016</b>				
103-1	Explanation of the material topic and its Boundary	MANAGEMENT APPROACH	75	
103-2	The management approach and its components	MANAGEMENT APPROACH	75	Partially disclosed. The Company describes in this report its goals with respect to material topics. The Company is analysing the potential to set targets for these material topics.
103-3	Evaluation of the management approach	MANAGEMENT APPROACH	75	
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>				
201-3	Defined benefit plan obligations and other retirement plans	GRI CONTENT INDEX	70	Partially disclosed. Tinkoff does not have any specific liabilities (or separate pension fund), apart from contributions to obligatory pension insurance.

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
<b>GRI 202: MARKET PRESENCE 2016</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	A YOUNG DYNAMIC TEAM	47	Partially disclosed. The Moscow region is considered a significant location of operations for this disclosure. Tinkoff provides equal entry level wages for both men and women within a particular department, hence this Report does not reflect the gender breakdown. The local minimum wage in the Moscow region was equal to RUB 20,195 per month in 2020.
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2018</b>				
203-1	Infrastructure investments and services supported	MAKING A DIFFERENCE TO SOCIETY	60-61	Partially disclosed. The Company is not actively engaged in infrastructure investments. The majority of the Company's social investments are made on a non-commercial basis, some are made in-kind (e.g. donation of computers to charity), and some of them are pro-bono (through the Pro Charity platform). Tinkoff has plans to assess current or expected impacts on communities and local economies in the future.
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>				
204-1	Proportion of spending on local suppliers	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	56	Partially disclosed. For 'local supplier' and 'significant locations of operations' for this disclosure, the Company means supplies made in the Russian Federation from the suppliers based in Russia.
<b>GRI 205: ANTI-CORRUPTION 2016</b>				
205-3	Confirmed incidents of corruption and actions taken	GRI CONTENT INDEX	71	In 2020 there were no confirmed incidents of corruption, including those in which employees were dismissed or disciplined, or contracts with business partners were terminated or not renewed. Also, there were no public legal cases regarding corruption brought against the organisation or its employees during the reporting period.
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016</b>				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	GRI CONTENT INDEX	71	There were no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant.

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
<b>GRI 302: ENERGY</b>				
302-1	Energy consumption within the organisation	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	56	Partially disclosed. For Tinkoff electricity is the only significant form of energy the Company consumes.
<b>GRI 303: WATER</b>				
303-5	Water consumption	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	56	Partially disclosed. Tinkoff does not operate in areas with water stress. Tinkoff does not have water storage and does not have a significant water-related impact on communities.
<b>GRI 306: Waste</b>				
306-2	Management of significant waste-related impacts	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	55	Partially disclosed. At present waste generated by Tinkoff in its own activities is managed by landlords, which manage waste disposal in line with contractual obligations.
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
308-1	New suppliers that were screened using environmental criteria	COMMITTED TO MINIMISING OUR ENVIRONMENTAL FOOTPRINT	54, 57	
<b>GRI 401: EMPLOYMENT</b>				
401-1	New employee hires and employee turnover	A YOUNG DYNAMIC TEAM	48	Partially disclosed. In 2020 the Company hired 6,457 new employees, of which 3,096 were female and 3,361 were male. In 2020 4,772 employees left the company; 1,987 were female and 2,785 were male. Under 30s comprised 78% of new hires. 21% of new hires were aged 30-50, with less than 1% aged over 50. Under 30s comprised 80% of employees to leave the Company. The remaining proportions were 20% aged 30-50, with less than 1% aged over 50. Turnover was on average 36% for women and 34% for men. In terms of age groups, turnover was on average 41% for personnel aged under 30, 23% for ages 30-50 and 14% for over 50s. All data for the figures above refers to operations in Russia.  All employees, with minor exclusions, including for employees on maternity/ paternity leave.

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>				
403-1	Occupational health and safety management system	A YOUNG DYNAMIC TEAM	48, 51	
403-3	Occupational health services	A YOUNG DYNAMIC TEAM	51	
403-5	Worker training on occupational health and safety	A YOUNG DYNAMIC TEAM	51	
403-6	Promotion of worker health	A YOUNG DYNAMIC TEAM	52	
403-9	Work-related injuries	A YOUNG DYNAMIC TEAM	53	
<b>GRI 404: TRAINING AND EDUCATION</b>				
404-1	Average hours of training per year per employee	A YOUNG DYNAMIC TEAM GRI CONTENT INDEX	50, 73	Tinkoff does not at the moment calculate average training hours by gender breakdown.
404-2	Programs for upgrading employee skills and transition assistance programs	A YOUNG DYNAMIC TEAM GRI CONTENT INDEX	50, 73	Partially disclosed. At present Tinkoff does not disclose transition assistance programs as a separate area of development training. Tinkoff provides sabbatical leave for employees (each case is discussed individually). The Company also provides severance pay, which takes into account employee age and years of service. Severance packages are determined on an individual basis.
404-3	Percentage of employees receiving regular performance and career development reviews	A YOUNG DYNAMIC TEAM	45	Partially disclosed. 100% of Tinkoff employees undergo a performance review on a regular basis.
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>				
405-1	Diversity of governance bodies and employees	A YOUNG DYNAMIC TEAM	46	
405-2	Ratio of basic salary and remuneration of women to men	A YOUNG DYNAMIC TEAM	48	Partially disclosed. For 'significant locations of operations' for this disclosure, the Company means Russian Federation.
<b>GRI 406: NON-DISCRIMINATION</b>				
406-1	Incidents of discrimination and corrective actions taken	ENSURING OUR SUSTAINABILITY STRATEGY	25	In 2020 there were no reported incidents of employee discrimination at Tinkoff.

GRI DISCLOSURE	DESCRIPTION	CHAPTER REFERENCE	PAGE	COMMENTS
<b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>				
412-1	Operations that have been subject to human rights reviews or impact assessments	ENSURING OUR SUSTAINABLE STRATEGY	26	Tinkoff is currently developing a process for human rights reviews and impact assessments of its operations.
412-2	Employee training on human rights policies or procedures	GRI CONTENT INDEX	74	Tinkoff has plans to arrange employee training on human rights policy and procedures.
<b>GRI 413: LOCAL COMMUNITIES 2016</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	GRI CONTENT INDEX	74	Partially disclosed. Tinkoff conducts internal assessments of social impacts generated and has plans to arrange external assessments in the future.
413-2	Operations with significant actual and potential negative impacts on local communities	GRI CONTENT INDEX	74	The Company does not conduct activities that could have a negative impact on local communities.
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>				
414-1	New suppliers that were screened using social criteria	GRI CONTENT INDEX	74	Tinkoff does not apply social criteria to screen new suppliers.
<b>GRI 417: MARKETING AND LABELLING</b>				
417-3	Incidents of non-compliance concerning marketing communications	ENSURING HIGH-QUALITY CUSTOMER SERVICE	43	
<b>GRI 418: CUSTOMER PRIVACY</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	PROTECTING OUR CUSTOMERS' DATA	31	There were no substantiated complaints received concerning breaches of customer privacy. No material cases of leaks, thefts, or losses of customer data were identified.
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	ENSURING OUR SUSTAINABILITY STRATEGY	27	No material fines or other sanctions were imposed on the Group in 2020 for improper activities in the social and economic areas.

# MANAGEMENT OF MATERIAL TOPICS

103-1 103-2 103-3

The table below outlines how the Company manages each material topic and the associated impacts, including evaluation of the management approach.

For all material topics shown below, the TCS Group Board of Directors has ultimate oversight of the management performance and conducts reviews of management performance on a regular basis. The Board itself undertakes a formal and rigorous review annually of its own performance, that of its committees and of its individual directors.

In future disclosures the Company plans to provide further information on the Board's oversight of management's implementation the Company's ESG initiatives, primarily led by the newly-created Sustainability Committee on the Board of Directors.

MATERIAL TOPIC	EXPLANATION OF THE MATERIAL TOPIC	GRI INDICATORS FOR THE TOPIC	APPROACH TO MANAGING THE MATERIAL TOPIC	ADDITIONAL INFORMATION ON EVALUATION OF THE MANAGEMENT APPROACH
1. Corporate governance	This material topic reflects Tinkoff's corporate governance system, including important changes that took place happened in 2020-early 2021, e.g. Board expansion and establishment of new Board committees.	<p>GRI 102-18: Corporate governance</p> <p>GRI 102-19: Delegating authority</p> <p>GRI 102-20: Executive-level responsibility for economic, environmental, and social topics</p> <p>GRI 102-21: Consulting stakeholders on economic, environmental, and social topics</p> <p>GRI 102-22: Composition of the highest governance body and its committees</p> <p>GRI 102-23: Chair of the highest governance body</p> <p>GRI 102-24: Nominating and selecting the highest governance body</p> <p>GRI 102-25: Conflicts of interest</p> <p>GRI 102-26: Role of highest governance body in setting purpose, values, and strategy</p> <p>GRI 102-27: Collective knowledge of highest governance body</p> <p>GRI 102-28: Evaluating the highest governance body's performance</p> <p>GRI 102-29: Identifying and managing economic, environmental, and social impacts</p> <p>GRI 102-30: Effectiveness of risk management processes</p> <p>GRI 102-32: Highest governance body's role in sustainability reporting</p> <p>GRI 102-36: Process for determining remuneration</p> <p>GRI 102-38: Annual total compensation ratio</p> <p>GRI 102-39: Percentage increase in annual total compensation ratio</p>	Please refer to the section "Ensuring our sustainable strategy".	For more detailed information, please refer to the section "Ensuring our sustainable strategy".

MATERIAL TOPIC	EXPLANATION OF THE MATERIAL TOPIC	GRI INDICATORS FOR THE TOPIC	APPROACH TO MANAGING THE MATERIAL TOPIC	ADDITIONAL INFORMATION ON EVALUATION OF THE MANAGEMENT APPROACH
2. Risk management and transparency	This material topic reflects the overall approach to risk management, including assessment of potential opportunities, key impacts and effectiveness of risk management processes.	GRI 102-15: Key impacts, risks, and opportunities GRI 102-30: Effectiveness of risk management processes	Please refer to the section "Ensuring our sustainable strategy".	For more detailed information, please refer to the section "Ensuring our sustainable strategy".
3. Business ethics	This material topic reflects Tinkoff's compliance system and how the Company upholds high ethical standards in its operations.	GRI 102-16: Values, principles, standards, and norms of behaviour GRI 102-17: Mechanisms for advice and concerns about ethics GRI 205-3: Confirmed incidents of corruption and actions taken GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices GRI 406-1: Incidents of discrimination and corrective actions taken GRI 419-1: Non-compliance with laws and regulations in the social and economic area	Please refer to the section "Ensuring our sustainable strategy".	For more detailed information, please refer to the section "Ensuring our sustainable strategy".
4. Customer relationship management and privacy protection	This material topic discusses Tinkoff's approach to customer engagement and privacy, and the Company's impacts through its products and services.	GRI 417-3: Incidents of non-compliance concerning marketing communications GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Please refer to the section "Ensuring high-quality customer service" and "Protecting our customers' data".	For more detailed information, please refer to the section "Ensuring high-quality customer service".
5. Cybersecurity	This material topic reflects both cybersecurity and privacy protection topics, discussing security risks and key initiatives undertaken in 2020.	GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Please refer to the section "Protecting our customers' data".	For more detailed information, please refer to the section "Protecting our customer's data".
6. Innovation and digitalisation	This material topic describes how the Company is enhancing the customers' experience through innovation and digitalisation, and the Company's vision of the impact of the innovation process on business performance.	The GRI Standards does not provide relevant disclosures related to innovation and digitalisation.	Please refer to the section "Always looking to innovate".	For more detailed information, please refer to the section "Always looking to innovate".

MATERIAL TOPIC	EXPLANATION OF THE MATERIAL TOPIC	GRI INDICATORS FOR THE TOPIC	APPROACH TO MANAGING THE MATERIAL TOPIC	ADDITIONAL INFORMATION ON EVALUATION OF THE MANAGEMENT APPROACH
7. Product responsibility	This material topic describes the impacts the Company makes through its products and services and also processes related to building ethical marketing communications.	GRI 417-3: Incidents of non-compliance concerning marketing communications	Please refer to the section "Ensuring high-quality customer service".	For more detailed information, please refer to the section "Ensuring high-quality customer service".
8. Responsible financing	This material topic reflects Tinkoff's approach and aspirations associated with responsible finance, i.e. increasing financial literacy and promoting greater access to financial services for all.	The GRI Standards does not provide relevant disclosures related to responsible finance.	Please refer to the section "A responsible provider of financial services".	For more detailed information, please refer to the section "A responsible provider of financial services".
9. Human capital	This material topic reflects the overall approach to managing HR processes in the Company, i.e. how Tinkoff ensures decent working conditions, fair remuneration and equal opportunities for employees, and how it provides opportunities for our personnel's wellbeing, engagement and professional development.	GRI 102-8: Information on employees and other workers GRI 102-41: Collective bargaining agreements GRI 201-3 Defined benefit plan obligations and other retirement plans GRI 401-1: New employee hires and employee turnover GRI 403-1: Occupational health and safety management system GRI 403-3: Occupational health services GRI 403-5: Worker training on occupational health and safety GRI 403-6: Promotion of worker health GRI 403-9: Work-related injuries GRI 404-1: Average hours of training per year per employee GRI 404-2: Programs for upgrading employee skills and transition assistance programs GRI 404-3: Percentage of employees receiving regular performance and career development reviews	Please refer to the section "A young dynamic team".	For more detailed information, please refer to the section "A young dynamic team".
10. Human rights	This material topic reflects the Company's approach to human rights protection.	GRI 412-1: Operations that have been subject to human rights reviews or impact assessments GRI 412-2: Employee training on human rights policies or procedures	Please refer to the sections "Ensuring our sustainable strategy" and "A young dynamic team".	For more detailed information, please refer to the section "A young dynamic team".

MATERIAL TOPIC	EXPLANATION OF THE MATERIAL TOPIC	GRI INDICATORS FOR THE TOPIC	APPROACH TO MANAGING THE MATERIAL TOPIC	ADDITIONAL INFORMATION ON EVALUATION OF THE MANAGEMENT APPROACH
11. Diversity and inclusion	This material topic describes how the Company ensures diversity and equal opportunity for all.	GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage GRI 405-1 Diversity of governance bodies and employees GRI 405-2 Ratio of basic salary and remuneration of women to men GRI 406-1 Incidents of discrimination and corrective actions taken	Please refer to the section "A young dynamic team".	For more detailed information, please refer to the section "A young dynamic team".
12. Community engagement and financial inclusion	This material topic reflects activities related to implementation of our social responsibility strategy and social impacts, i.e. through charity initiatives, engagement with NGOs and other approaches.	GRI 102-44: Key topics and concerns that have been raised through stakeholder engagement GRI 203-1: Infrastructure investments and services supported GRI 413-1: Operations with local community engagement, impact assessments, and development programs GRI 413-2: Operations with significant actual and potential negative impacts on local communities	Please refer to the section "Making a difference to society".	For more detailed information, please refer to the section "Making a difference to society".
13. Responsible sourcing	This material topic reflects the overall approach to supplier engagement, including the discussion of social and environmental criteria applicable for suppliers.	GRI 102-9: Supply chain GRI 102-10: Significant changes to the organisation and its supply chain GRI 204-1 Proportion of spending on local suppliers GRI 308-1: New suppliers that were screened using environmental criteria GRI 414-1 New suppliers that were screened using social criteria	Please refer to the section "Committed to minimising our environmental footprint".	For more detailed information, please refer to the section "Committed to minimising our environmental footprint".
14. Energy and waste management	This material topic reflects the overall approach to managing environmental performance, i.e. energy and water efficiency, waste disposal (including e-waste) and responsible sourcing practices.	GRI 302-1: Energy consumption within the organisation GRI 303-5: Water consumption GRI 306-2: Waste generated and recycled	Please refer to the section "Committed to minimising our environmental footprint".	For more detailed information, please refer to the section "Committed to minimising our environmental footprint".

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# DISCLAIMER

Any financial information referred to in this Non-financial and diversity statement is derived from the consolidated financial statements of TCS Group Holding Plc and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap 113, which are for the year ended 31 December 2020.

Market data used in this Non-financial statement have been extracted from official and industry sources TCS Group Holding Plc believes to be reliable and is sourced where it appears. Such information, data and statistics may be approximations or estimates. Some of the market data contained in this Non-financial statement has been derived from the official data of Russian government agencies, including the CBR, Rosstat and the FSFM. Data published by Russian federal, regional and local governments are substantially less complete or researched than those of Western countries.

Certain statements and/or other information included in this Non-financial statement may not be historical facts and may constitute 'forward looking statements'. The words 'believe', 'expect', 'anticipate', 'intend', 'estimate', 'plan', 'target', 'forecast', 'project', 'will', 'may', 'should' and similar expressions may identify forward looking statements but are not the exclusive means of identifying such statements. Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, operations or performance, capital expenditures, financing needs, our plans or intentions relating to the expansion or contraction of our business as well as specific acquisitions and dispositions, our competitive strengths and weaknesses, our plans or goals relating to forecasted operations, reserves, financial position and future operations and development, our business strategy and the trends we anticipate in the industry and the political, economic, social and legal environment in which we operate, together with the assumptions underlying these forward looking statements. We do not make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved.

Nothing in this Non-financial statement constitutes an invitation to invest in securities of TCS Group.

# CONTACTS

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