



**National development
institution**

uniting for growth

Approved by

Decision of the Supervisory Board of the
National Development Institution
No. 25 dated June 23, 2026

Considered by

Management Board of the
National Development Institution
No. 29/2026 dated May 29, 2026

Sustainable Development Policy of the National Development Institution



Related internal documents of NDI

Code of Conduct
Environmental and Social Policy
Investment Policy
Compliance Policy
Risk Management Policy
Impact Assessment Policy
Whistleblowing Policy

Document approval:

Chief Compliance Manager
Strategy Development and Impact Assessment Unit
Human Resources Manager
Legal Unit
International Programs Unit

Table of Contents

Section 1. General Provisions	4
Part 1. Scope of Application	4
Part 2. Goals and objectives of NDI in the field of sustainable development	8
Part 3. NDI Sustainable Development Principles	9
Part 4. Interaction with stakeholders	9
Section 2. Areas of NDI's activities in the field of sustainable development	14
Part 5. Promoting sustainable development of the national economy	14
Part 6. Managing its own environmental impact	15
Part 7. Responsible labor practices	15
Part 8. Responsible Business Practices	16
Section 3. Policy implementation framework	18
Part 9. Distribution of responsibilities	18
Part 10. Integration of sustainable development principles into key processes	19
Decision-making processes	19
Development Strategy and Planning	19
Corporate governance	20
Operational activities	20
Risk management and internal control	20
Financial support	21
Disclosure of information in the field of sustainable development	22
Section 4. Final provisions	23

Section 1. General Provisions

Part 1. Scope of Application

1.1. This Sustainable Development Policy of the National Development Institution (hereinafter referred to as the Policy) has been developed in accordance with the Decree of the President of Ukraine "On Sustainable Development Goals of Ukraine for the Period up to 2030", the White Paper of the NBU on Environmental, Social and Governance (ESG) Risk Management in the Financial Sector, the Charter of the National Development Institution (hereinafter referred to as the Charter, the National Development Institution, respectively), other internal documents regulating the activities of the National Development Institution, as well as taking into account the requirements of the UN Global Compact, Principles A1 26000:2010 "Guidelines on Social Responsibility", and the Sustainable Development Reporting Standards of the Global Reporting Initiative (GRI Standards).

1.2. The purpose of this Policy is to determine the basic norms, principles, rules and approaches that the National Development Institution must adhere to in building a management system in the field of sustainable development.

1.3. The objectives of this Policy are:

- 1) to determine the principles and directions of the NDI's activities in the field of sustainable development, including in terms of creating an effective and transparent system of interaction with stakeholders;
- 2) to establish the roles, competencies, and responsibilities of each body and all NDI employees for the implementation of the principles of sustainable development;
- 3) to determine the relationship between sustainable development and key processes of the NDI.

1.4. In solving tasks in the field of sustainable development, the NDI relies on its mission, the provisions of the NDI Development Strategy, and also uses international norms of conduct and principles enshrined in international standards in the field of sustainable development.

1.5. The NDI considers the use of international standards in the field of sustainable development as a necessary condition for ensuring the compliance of its activities with the best international practice and achieving the goals and objectives in the field of sustainable development.

1.6. The provisions of this Policy must be observed by all employees of NDI in the part related to interaction with stakeholders, when planning and implementing their activities,

developing internal regulatory documents, disseminating information and other types of communication.

1.7. This document uses the following main terms and definitions:

- 1) **UN Global Compact** – the largest international initiative in the field of sustainable development, the purpose of which is to implement ten basic principles in the field of human rights, labor relations, environmental protection and anti-corruption in the activities of the business community;
- 2) **Shareholder** – the State of Ukraine represented by the Ministry of Finance;
- 3) **Interested party (stakeholder)** – individuals and legal entities or groups of persons who influence NDI and its activities and/or feel influenced by NDI (employees, clients, contractors, etc.);
- 4) **Stakeholder Map** – a tool that allows you to systematize and visualize information about NDI's environment in order to develop a strategy for working with each of the stakeholders;
- 5) **Competitors** – individuals or legal entities whose field of activity, interests and goals are identical in the field of activity, interests and goals of NDI;
- 6) **Counterparties** – individuals or legal entities that have undertaken certain obligations under the contract (for example, suppliers, partners);
- 7) **The concept of "green office"** – a comprehensive approach that includes both technical and motivational and educational measures aimed at increasing the level of environmental awareness of employees;
- 8) international standard ISO 26000:2010 "Guide to Social Responsibility" - a standard that defines the principles of social responsibility, the main topics and issues related to social responsibility and ways to integrate socially responsible behavior into the strategies, systems, practices and processes of the organization;
- 9) **Management** – the Chairman and members of the Board, the chief accountant of NDI;
- 10) **Management body** – the Supervisory Board;
- 11) **UN PRI Principles** – a set of principles based on the consideration of environmental, social and corporate governance factors (ESG factors) at all stages of investment activity;
- 12) **Precautionary principle** – the principle provides for the adoption of effective measures to prevent environmental degradation, preventive actions to prevent environmental disasters, even in the absence of full scientific justification;
- 13) **Equator principles** – a set of norms developed and adopted by financial organizations to assess environmental and social risks within the framework of project financing, based on environmental and social standards applied by the International Finance Corporation (IFC);
- 14) **Project** – a potential or concluded transaction that involves the provision of financial support by the NDI:
 - to the final recipient (with direct support);
 - to financial institutions and other legal entities in the form of targeted loans for the purpose of further directing financing to the final recipient (with indirect support);

- to venture capital, investment funds and private equity funds in the form of capital contributions for the purpose of further directing financial support to the final recipient (with indirect support);
 - subject to compliance with the provisions of the NDI Investment Policy, other internal acts of the NDI in the field of investments (if any), statutory goals, strategies and missions of the NDI through equity and debt financing instruments, provision of guarantee and insurance support, as well as subsidies;
- 15) **AA1000 series of standards** – a set of tools and standards for managing non-financial reporting and ensuring its quality, developed by the AccountAbility Institute (Institute of Social and Ethical Reporting). The AA1000 series of standards includes:
- AA1000 Accountability Principles Standard ([AA1000AP](#));
 - AA1000 Verification Standard ([AA1000AS](#));
 - AA1000 Stakeholder Engagement Standard ([AA1000SES](#));
- 16) **Global Reporting Initiative Sustainability Reporting Standards ([GRI Standards](#))** – a set of standards that includes 3 universal standards that apply to all organizations and include principles and requirements for reporting, common disclosure elements and information about the management approach and 31 thematic standards that comprise the series of standards.
- 17) **[SASB Sustainability Reporting Standards](#)** (hereinafter SASB), supported by the International Sustainability Standards Board ([ISSB](#)). SASB standards provide information on risks and opportunities related to sustainability that is likely to be useful to investors in making decisions.
- 18) **[ESRS Sustainability Reporting Standards](#)** – The purpose of the European Sustainability Reporting Standards (ESRS) is to specify the sustainability information that an enterprise must disclose in accordance with Directive 2013/34/EU of the European Parliament and of the Council.
- 19) Sustainability – focusing on business strategies that create long-term value for all stakeholders. Sustainability encompasses three ESG pillars. Emerging issues related to climate change, human rights, financial inclusion and accessibility, community investment, privacy and data security, corporate governance, and systemic and climate risk management, among others, form the ESG pillars: environmental, social and governance factors;
- 20) Sustainable finance is the process of incorporating environmental, social and governance (ESG) considerations into financial decision-making;
- 21) ESG factors are a set of principles of environmental performance and environmental protection, social focus and good corporate governance, based on standards recognized by the international community;
- 22) **[UN Sustainable Development Goals](#)** are 17 goals adopted as part of the 2030 Agenda for Sustainable Development aimed at eradicating poverty, conserving the planet's resources and ensuring well-being for all.

1.8. The following abbreviations are used in this document:

KPI – key performance indicators;

UN – United Nations;

Development Strategy – NDI Development Strategy for 2025-2030;

ESG – Environmental, Social and Governance;

GRI – Global Reporting Initiative;

SASB – Sustainability Accounting Standards Board;

ESRS – European Sustainable Development Reporting Standards;

IFRS – International Financial Reporting Standards.

Part 2. Goals and objectives of NDI in the field of sustainable development

2.1. Sustainable development of NDI is a set of principles and obligations that guide NDI in carrying out its activities, in terms of:

- 1) managing relationships with stakeholders;
- 2) assessing and managing the impact on the national economy, social sphere and ecology.

2.2. NDI ensures the consistency of its economic, environmental and social goals for sustainable development in the long term.

2.3. The economic component of sustainable development of the NDI includes the following objectives:

- 1) ensuring the break-even of the NDI's activities;
- 2) ensuring the interests of the Shareholder and investors;
- 3) increasing the efficiency of processes;
- 4) promoting the development of the country's infrastructure;
- 5) increasing labor productivity;
- 6) maintaining sustainable employment and creating new jobs;
- 7) developing industries with high added value;
- 8) investing in training, advanced training and education of employees;
- 9) expanding global partnerships for the exchange of knowledge and experience in the field of sustainable development.

2.4. The environmental component of sustainable development of the NDI includes the following objectives:

- 1) minimizing the impact of the NDI's credit/donor programs on biological and physical natural systems;
- 2) responsible consumption and optimal use of natural resources;
- 3) application of environmental, energy and material-saving technologies;
- 4) increasing the level of transparency and reporting in its environmental practices;
- 5) increasing environmental awareness among NDI employees.

2.5. The social component of NDI's sustainable development includes the following goals:

- 1) implementation of projects with a high socio-economic effect;
- 2) adherence to ethical principles in its activities, including in relation to employees;
- 3) formation of an inclusive and sustainable working environment;
- 4) ensuring transparent competitive procedures and equal opportunities when hiring;
- 5) fair remuneration and observance of employees' rights on the basis of inclusiveness;
- 6) ensuring occupational safety and preserving the health of employees;
- 7) training and professional development of employees;
- 8) implementation of internal and external social programs.

2.6. The tasks of the NDI in the field of sustainable development are:

- 1) integration of sustainable development principles into the activities of the NDI;
- 2) conducting an analysis of activities and risk control in terms of the three components of sustainable development;
- 3) improving the quality of sustainable development management by organizing systematic work;
- 4) creating mechanisms for effective interaction of the NDI with stakeholders, including regular reporting on the results of activities in the field of sustainable development.

Part 3. NDI Sustainable Development Principles

3.1. NDI is guided by the following principles of sustainable development in its activities: openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance of corruption, inadmissibility of conflicts of interest.

3.1. NDI also declares its commitment in its activities to the principles of the UN Global Compact:

- 1) **in the field of human rights protection:**
 - NDI ensures and respects the protection of human rights proclaimed at the international level;
 - NDI ensures non-complicity in human rights violations;
- 2) **in the field of labor relations:**
 - In order to facilitate the regulation of labor relations and socio-economic interests of employees in the NDI, a collective agreement is concluded.;
 - NDI advocates for the complete eradication of child labor and any discrimination in the field of labor and employment;
 - NDI supports and recognizes the right to internships and training for students, graduates of higher education institutions or other specialists.
- 3) **in the field of environmental protection:**
 - NDI supports an approach to environmental issues based on the precautionary principle;
 - NDI takes initiatives aimed at increasing responsibility for the state of the environment.
- 4) **in the field of combating corruption:** – NDI declares its intolerance to all forms of corruption and other illegal actions, including extortion and bribery.

Part 4. Interaction with stakeholders

4.1. In order to implement a successful and effective sustainable development policy, NDI pays due attention to interaction with stakeholders. In order to determine the list of stakeholders, the degree of their influence and spheres of influence on the interests of NDI, a NDI stakeholder card has been developed.

4.2. NDI defines three groups of stakeholders depending on the sphere of influence:

- sphere of authority and responsibility (Shareholder, governing body, management and personnel);
- sphere of direct influence (state bodies, investors, financial institutions, suppliers, partners, clients, consumers, auditors and consulting organizations);
- sphere of indirect influence (population, public organizations, mass media and competitors).

4.3. When assessing the significance of NDI stakeholders, such parties are ranked according to two factors: the degree of support/opposition of the stakeholder, and the assessment of the strength of its influence on NDI.

4.4. Based on the obtained assessment of the significance of stakeholders, NDI structural units determine the areas of interaction depending on the specifics of the activity.

4.5. The main forms of interaction with stakeholders are: joint programs and projects, memorandums of cooperation, joint working groups, activity reports, meetings, conferences, publications, interviews, etc.

4.6. The main areas of interaction with stakeholders: strategic planning, financial activities, supply of goods, works and services, lawmaking, operational activities, interaction with the media.

4.7. NDI plans to annually send questionnaires to key stakeholders, determined by the structural unit overseeing the direction of activities in the field of sustainable development, in order to determine the degree of interest of stakeholders, including in sustainable development issues.

4.8. The process of organizing NDI's interaction with stakeholders is based on the principle of engagement, which involves taking into account the interests of stakeholders at all stages of the NDI's activity management process and involving stakeholders in discussing significant topics and important issues, potential risks and limits of responsibility.

4.9. In turn, engagement is achieved by adhering to the following three principles:

- 1) materiality. NDI clearly identifies its stakeholders and is aware of which stakeholders' interests are material.
- 2) completeness. In the course of its activities, NDI pays attention to the concerns of stakeholders, namely, understands their views, needs and expected results of activities, as well as opinions on significant issues.
- 3) responsiveness. NDI consistently responds to all significant issues of stakeholders.

4.10. In order to organize the management of relationships with stakeholders, NDI focuses its activities on the following basic principles:

- respects and takes into account the interests of all stakeholders;
- seeks to actively inform target audiences about its activities;
- ensures objectivity, reliability, independence and a high level of information transparency regarding the implementation of state programs, programs of International Financial Organizations, certain internal procedures (procurement, competitive selection among external candidates for employment, provision of financial services), as well as the use of financial funds;
- ensures open and productive cooperation with all stakeholders;
- fulfills commitments made to stakeholders;
- receives feedback from stakeholders on a regular basis.

4.11. When formalizing approaches to managing the impact on stakeholders, NDI proceeds from the need to comply with the requirements specified below.

4.12. When interacting with the Shareholder and state authorities:

- 1) NDI provides reliable information on the results of financial and economic activities in accordance with the requirements of the legislation of Ukraine, the Charter and internal documents of NDI;
- 2) NDI ensures the exercise of Shareholder rights within the framework of corporate governance principles aimed at effective adoption of key decisions;
- 3) NDI discloses to the Shareholder and the Supervisory Board information on NDI's activities in accordance with the Law on NDI, the Charter of NDI and ensures transparency of NDI's activities before stakeholders. NDI ensures that the Shareholder is provided with complete and reliable information about its activities upon request, unless otherwise provided for by the legislation of Ukraine.

4.13. NDI will undergo a sustainable development rating procedure.

4.14. When interacting with investors and counterparties:

- 1) NDI sufficiently discloses current information about its financial condition, dividend policy and credit history, as well as development prospects;
- 2) NDI's financial and management reporting is prepared and provided in a timely manner in accordance with legislative and regulatory requirements, with the financial reporting being audited by independent auditors;
- 3) information about the influence of the Shareholder and other stakeholders (state, local authorities), as well as the procedure for controlling and approving transactions with stakeholders is known, transparent and accessible;

- 4) NDI maintains an effective dialogue with the aim of creating a positive environment around NDI's activities;
- 5) NDI faithfully fulfills its contractual obligations to business partners;
- 6) NDI ensures information transparency, openness, equality, fairness, absence of discrimination and unjustified restrictions of competition in strict accordance with the legislation of Ukraine;
- 7) NDI adheres to the principles of corporate governance and improvement of the corporate governance system in accordance with leading world practice.

4.15. When interacting with institutions and contractors:

- 1) NDI services are accessible to institutions;
- 2) NDI ensures the security of data and commercial information in order to protect their leakage and unauthorized use;
- 3) NDI provides services of the same quality and the same level of service without discrimination to all groups of institutions;
- 4) NDI contributes to improving the quality of service;
- 5) NDI brings information about new tools and principles of work to institutions on a regular basis;
- 6) NDI plans to conduct an assessment of the satisfaction of institutions/contractors on a regular basis.

4.16. When interacting with employees:

- 1) NDI ensures an open, transparent, personnel policy aimed at the formation of qualified and motivated personnel;
- 2) NDI provides all employees with equal opportunities to realize their potential in the process of work, impartial and fair assessment of their activities;
- 3) selection and career growth of employees in NDI is carried out exclusively on the basis of professional abilities, knowledge and skills;
- 4) effective communication and interaction of employees is ensured by organizing internal corporate sources of regular information of employees and communication channels, including through the work of the internal portal (IT platform), regular study of opinions and proposals of employees, organization of activities of working groups.

4.17. When interacting with the public:

- 1) NDI effectively and promptly interacts with the public;
- 2) NDI takes an active part in the implementation of projects with a high socio-economic effect;
- 3) responses to requests sent to NDI are provided in a timely manner and in full;
- 4) NDI organizes regular meetings with the public (round tables, briefings, posting information in open access) to discuss the implementation of programs, exchange views;
- 5) NDI has the status of a non-profit organization, therefore it does not carry out sponsorship and charitable activities.

Section 2. Areas of NDI's activities in the field of sustainable development

Part 5. Promoting sustainable development of the national economy

5.1. This Policy is based on the concepts of the social role and obligations arising from the mission and Development Strategy, ethical principles and corporate values.

5.2. NDI, as one of the key financial institutions of the country, participates in the implementation of state programs in the field of agricultural, industrial and infrastructure development.

5.3. NDI, adhering to the principles of additionality, does not perform functions that are implemented in the private sector to a sufficient extent and level.

5.4. Within the framework of its activities, NDI significantly affects the development of regions, in connection with which NDI periodically provides information on the indicators of impact achieved by projects on economic development, on population employment through the number of personnel of enterprises and the number of new jobs created.

5.5. NDI is actively working to attract investments and promote financial instruments both in domestic and foreign markets, recognizing the importance of disclosing non-financial information to investors.

5.6. NDI adheres to international best practices in environmental and social issues, as well as in corporate governance issues (ESG factors) in order to develop responsible investment practices in accordance with the main international standards in this area - the UN Principles for Responsible Investment and the Equator Principles.

5.7. NDI seeks to implement and integrate ESG factors into the decision-making process for providing financial support, including by familiarizing NDI counterparties with ESG factors.

5.8. NDI expects its counterparties to:

- apply an environmental risk management system to identify, assess actual and potential impacts on the environment and society, define and effectively implement appropriate management measures, control and level of environmental risks;
- apply a human resources management system and ensure (preserve) the health of employees, which should be based on respect for employees' rights, including freedom of association and the right to conclude collective agreements. This system should ensure fair treatment of employees, the creation of safe and healthy working conditions for them, and the prevention and control of adverse impacts on the health and safety of population groups and consumers;
- apply a system of good corporate governance based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. Good

corporate governance involves respecting the rights and interests of all stakeholders in the organization's activities and contributes to its successful activities, including increasing its market value, maintaining financial stability and profitability.

Part 6. Managing its own environmental impact

6.1. Due to the nature of its activities, NDI does not directly significantly affect the environment. The main resources consumed by NDI are electricity, thermal energy and water.

6.2. NDI will apply the principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts, including the installation of meters, rationing the use of consumables.

6.3. In its activities, NDI seeks to reduce excessive consumption of resources and minimize the existing negative environmental impact by implementing energy-efficient technologies, reducing water consumption, reducing paper consumption for office needs through digitalization and the implementation of an electronic document management system (Paperless) and the practice of double-sided printing.

6.4. NDI will implement the concept of "green office", an important component of which is an information campaign aimed at increasing the level of environmental awareness of employees.

Part 7. Responsible labor practices

7.1. Employees are the main value and the main resource, the results of NDI's activities directly depend on the level of their professionalism and safety.

7.2. NDI builds labor relations with its employees based on the principle of legality and compliance with generally recognized labor rights of employees.

7.3. In carrying out its activities, NDI is guided by the principle of providing equal opportunities and does not allow discrimination in hiring, remuneration, providing access to training, promotion, dismissal on such grounds as gender, race, language, religious, political and other beliefs, citizenship, national or social origin.

7.3. The structural unit of NDI, responsible for personnel selection, uses a wide range of channels for searching and selecting personnel to attract the most qualified candidates.

7.4. NDI operates a system of continuous training and development of personnel using modern technologies and information management systems.

7.5. NDI uses advanced forms of training – internships, coaching, cases, brainstorming, etc.

7.6. Training and professional development of NDI employees is based on the following principles:

- 1) compliance of the topic and content of training activities with the needs determined in accordance with the employee's job duties, the results of the assessment of his performance, the goals and objectives set for the employee;
- 2) the focus of training activities on solving specific tasks that ensure increasing the efficiency of NDI's activities, studying the best corporate practices and standards;
- 3) the systematic, applied, planned nature of training and professional development;
- 4) coverage of the maximum possible number of NDI employees with training and professional development programs.

7.7. The training process at NDI is based on the annual assessment of employees by competencies and review of job requirements.

7.8. Increasing the level of employee productivity is carried out through fair and systematic performance evaluation, personnel certification and motivational measures.

7.9. In order to ensure fair and competitive remuneration for work, NDI has introduced a grading system, conducts regular reviews of salaries in the market and in comparison with the industry, and conducts motivational studies.

7.10. NDI takes measures to ensure the proper organization of employees' work at workplaces and strives to create safe working conditions that meet the requirements of the legislation of Ukraine in this area.

7.11. NDI documents and investigates all incidents and problems related to occupational safety and health in order to minimize the consequences or eliminate the causes of their occurrence.

7.11. NDI documents and investigates all incidents and problems related to occupational safety and health, in order to minimize the consequences or eliminate the causes of their occurrence.

7.12. NDI provides the necessary training for employees in the field of occupational safety and health, including training and advanced training of employees in this area.

Part 8. Responsible Business Practices

8.1. NDI identifies corruption risks, implements and supports policies and practices that counteract corruption.

8.2. Managers at all levels of NDI set an example of anti-corruption behavior for their subordinates, and also demonstrate commitment, encouragement and supervision of the implementation of the anti-corruption policy.

8.3. NDI raises awareness of its officials, employees, contractors on corruption issues and combating it.

8.4. NDI regularly conducts training for employees on combating corruption.

8.5. NDI has feedback mechanisms through which officials, employees and contractors of NDI, as well as individuals and legal entities, can provide information about possible corruption offenses committed by any official, employee of NDI, official, employee, representative of a contractor of NDI.

8.6. Officials and employees of NDI are responsible for making transparent, timely and adequate decisions, free from conflict of interest.

Section 3. Policy implementation framework

Part 9. Distribution of responsibilities

9.1. Sustainable development management in NDI is carried out within the framework of the general management system of NDI activities and is its integral part.

9.2. The Supervisory Board of NDI provides strategic guidance and control over the implementation of sustainable development.

9.3. The NDI Board approves the relevant action plan in the field of sustainable development within the framework of the action plan for the implementation of the NDI Development Strategy.

9.4. The NDI Risk Committee is responsible for coordinating actions in the field of sustainable development.

9.5. The head of the NDI structural unit engaged in the area of activity in the field of sustainable development is responsible for ensuring the management of this Policy, within the frames of functional duties and competencies.

9.6. The NDI structural units implement actions in the field of sustainable development that ensure the achievement of the sustainable development goals established in the NDI Development Strategy.

9.7. The heads of the relevant NDI structural units are personally responsible for the implementation of actions in the field of sustainable development within the framework of their competences and job responsibilities.

9.10. Structural units of the NDI provide information on the results of the implementation of measures in the field of sustainable development, as well as information for inclusion in the annual report of the NDI at the request of the structural unit that is engaged in directing activities in the field of sustainable development of the NDI, if necessary, make proposals for improving the activities of the NDI in this area.

9.11. The structural unit that oversees the direction of activities in the field of sustainable development of the NDI performs the following functions:

- 1) carries out planning of activities in the field of sustainable development - analysis of the internal and external situation, determination of goals, as well as target indicators in the field of sustainable development, measures to improve and perfect activities for the three components of sustainable development, responsible persons, necessary resources and deadlines;
- 2) coordinates the activities of the structural units of the NDI aimed at achieving the goals and objectives of this Policy;

- 3) prepares a report on the implementation of the action plan and efficiency in the field of sustainable development.
- 4) prepares the annual report of the NDI with the inclusion of a section on sustainable development;
- 5) interacts with international organizations, institutes, agencies on sustainable development issues.
- 6) assesses the impact of NDI programs and projects on achieving sustainable development goals in accordance with the NDI Program Impact Assessment Policy

Part 10. Integration of sustainable development principles into key processes

10.1. NDI integrates sustainable development principles into the NDI Development Strategy and key NDI processes, including planning, reporting, risk management, investments, operational activities and others, as well as into decision-making processes at all levels, starting from the authorized bodies of NDI (Shareholder, General Meeting, Supervisory Board, Management Board) and ending with heads of units.

Decision-making processes

10.2. The decision-making process for NDI is built on the basis of the following:

- 1) commitment to the principles of sustainable development is established by the authorized bodies of NDI;
- 2) the decision-making process contributes to the effective use of financial, natural and human resources;
- 3) NDI provides equal gender opportunities, equal opportunities for people with disabilities and does not allow discrimination on the basis of nationality for all job positions;
- 4) NDI has established processes for two-way information exchange with stakeholders, which will help identify areas for improving interaction;
- 5) NDI periodically analyzes and evaluates management processes, if necessary, adjusts processes and communicates relevant information to all stakeholders.

Development Strategy and Planning

10.3. Strategic integration provides for updating the NDI Development Strategy taking into account the goals and objectives of NDI in the field of sustainable development.

10.4. Sustainable development measures are included in the action plan for the implementation of the NDI Development Strategy.

Corporate governance

10.5. The NDI Sustainable Development Management System is inextricably linked to the corporate governance system.

10.2. All employees and officials at all levels contribute to sustainable development, according to their knowledge and functions.

Operational activities

10.3. The selection of suppliers of goods, works and services is carried out by NDI in accordance with the requirements of the legislation of Ukraine and internal acts, and is based on the openness and transparency of the procurement process with respect for the rights and (or) legitimate interests of suppliers to commercial secrets, as well as providing potential suppliers with equal opportunities to participate in the procurement procedure.

10.4. NDI is considering the possibility of including sustainable development principles in relevant contracts (agreements, contracts) with partners to increase consistency with sustainable development goals.

Risk management and internal control

10.5. NDI's actions affect the interests of stakeholders and may be subject to criticism from them. NDI views criticism from stakeholders as a source of possible negative impact on its reputation, but also an incentive for improvement for the enhancement of processes and development of business model.

10.6. NDI's main type of risk in the field of sustainable development is reputational and ESG risks associated with a decrease in the level of trust of the target audience in NDI's activities and the adverse impact of NDI on the environment as a result of its activities.

10.7. The main tools for managing reputational and ESG risks are:

- conducting an ongoing dialogue with stakeholders, including monitoring the media, considering appeals, conducting surveys and meetings with stakeholders;
- rational consumption of resources, environmental education of employees, provision of equal opportunities, protection of employees' rights, proper organization of work in the workplace;
- making transparent decisions, free from conflict of interest, in compliance with the principles of gender equality, highlighting the activities of the NDI to a wide range of stakeholders.

10.8. Other risks affecting the sustainable development of the NDI in the long term are determined by the internal acts of the NDI.

10.9. In order to manage risks in the field of sustainable development, the NDI conducts an analysis of both internal and external factors influencing risks and takes measures to minimize them.

10.10. The procedure for monitoring, controlling and managing reputational and ESG risks is determined by the internal documents of the NDI.

Financial support

10.11. The NDI is prohibited from financing investment/credit projects in the following industries:

- production of weapons of mass destruction;
- production of alcoholic beverages (excluding beer and wine);
- production of drugs, narcotics and psychotropic substances;
- production of tobacco products;
- projects at the stage of geological exploration;
- gambling business;
- activities prohibited by the legislation of Ukraine;
- in the case of implementation of joint projects with international financial organizations – industries prohibited by these international financial organizations.

10.12. The detailed list of excluded activities is given in the Environmental and Social Policy of the National Research and Development Fund. When forming a portfolio of programs and projects, the National Research and Development Fund gives preference to projects that comply with the Investment Policy of the National Research and Development Fund and other internal acts of the National Research and Development Fund and have a significant impact on the sustainable socio-economic development of Ukraine.

10.13. In determining prohibited activities for financing, the National Research and Development Fund proceeds from the priority of national security interests.

10.14. The National Research and Development Fund strives to apply advanced international practices in the field of environmental protection and social impact of financed projects and other activities.

10.15. Depending on the scale and nature of the impact of financed projects on the environment and society, the National Research and Development Fund may engage consulting, auditing, research organizations, as well as individual experts on a contractual basis to assess and monitor environmental and social risks of projects.

10.16. In the event of involving other international and national financial institutions in co-financing projects, NDI is guided by the relevant provisions of the documents provided by these organizations, provided that such documents are available.

10.17. NDI intends to consistently expand participation in international initiatives in the field of sustainable development, including by joining initiatives to apply responsible investment practices.

10.18. Assessment and monitoring of results in the field of sustainable development NDI systematically monitors and assesses the results of its activities in the field of sustainable development in accordance with the Policy for assessing the impact of NDI programs. Key performance indicators in the field of sustainable development are determined in accordance with the NDI Development Strategy and international reporting standards GRI, SASB and ESRS.

Disclosure of information in the field of sustainable development

10.19. This NDI Policy is open to the general public and is posted on the corporate website.

10.20. NDI regularly discloses to stakeholders the results of the implementation of this Policy in the relevant section of the corporate website, as well as in the NDI annual report.

10.21. NDI's approaches to the formation of the annual report are based on international disclosure standards - GRI, SASB, ESRS Standards.

Section 4. Final provisions

11.1. This Policy comes into force from the date of its approval.

11.2. NDI will improve this Policy taking into account changes in the legislation of Ukraine and the emergence of new / changes in standards in the field of sustainable development in international and national practice, guided by the interests of the Shareholder and other stakeholders.