

## CSR MANAGEMENT

Along with being focused on financial performance and business success, the VTB Group also takes responsibility for the economic, social, and environmental footprint of its operations. The VTB Group strives to implement sustainability standards uniformly and universally in all areas of its work.

The VTB Group's activities related to corporate social responsibility (CSR) support the top priorities of the Group's Development Strategy for 2019–2022.

According to the new strategy, the VTB Group aims to become a bank of choice for all categories of consumers of financial services. To address this challenge, special attention was paid in 2019 to the quality of products and services offered, client satisfaction and loyalty indicators, and to ensuring high availability of financial services for underprivileged sections of the community and residents of distant regions.

As part of implementing the new development strategy in 2019, we paid considerable attention to environmental protection, in particular to reducing the Group's environmental impact due to accelerated digitalisation of the Group's business and transition to paperless document flow.

Another important aspect of the VTB Group's new development strategy involves shaping the Bank's position with regard to green financing and the closure of major deals. These included placement of *Russian Railways'* green bonds, with VTB Capital being a co-organiser, and financing of major Russian projects in solar and wind power engineering.

Among the new development strategy's goals achieved in 2019 was improved management of charity and sponsorship activities. In particular, the procedure for the Committee for sponsorship and charity was updated in the reporting period.



**Green financing is a top priority in the VTB Group's CSR efforts**



VTB Bank's CSR Policy is a core document that sets out the bank's principles and activities in sustainable development. With this policy in place, the Group can structure its CSR activities and work more effectively with stakeholders. The policy applies to all divisions

of VTB Bank and covers issues related to managing the bank's corporate behaviour and the bank's influence on the corporate, market, social, and natural environment.

#### KEY AREAS OF VTB BANK'S CSR ACTIVITIES

 <p><b>Market environment</b> Responsible financing, enhanced access to services, and upgrading the quality of service</p>	 <p><b>Internal environment</b> Development of workforce capacity, creating a safe working environment</p>	 <p><b>Natural environment</b> Reduced resource consumption, environment protection projects, and green financing</p>
 <p><b>Social environment</b> Implementation of charitable and sponsorship projects in the regions of operation</p>	 <p><b>Corporate governance</b> Creating a transparent and efficient corporate governance system</p>	



## PRIMARY CSR DOCUMENTS OF VTB BANK

- CSR Policy (2012)
- Code of Ethics (2020)
- Anti-Corruption Policy (2019)
- Corporate Governance Code (2015)
- Information Policy (2017)
- Conflict-of-Interest Policy (2020)
- Insider Information and Market Manipulation Policy (2019)
- Insider Information Confidentiality Policy (2019)
- Whistleblower Hotline Policy (2020)
- Sponsorship and Charity Committee Policy (2019)
- Charity Policy (2019)
- Sponsorship Policy (2019)

### NON-FINANCIAL RISK MANAGEMENT

Non-financial risk management is another important component of managing VTB's CSR activities.

Approaches to managing non-financial risks are defined in the Group's internal regulations, and focused work to control and mitigate risks ultimately helps boost the Bank's capitalisation and bolsters its status internationally.

The VTB Group has established procedures to identify, assess, aggregate, control, and monitor risks, including non-financial ones, in line with the Bank's Risk and Capital Management Strategy approved by the Supervisory Council in November 2019.

The Group defines non-financial risks to include operational, reputational, strategic, legal, regulatory (compliance), and model<sup>1</sup> risks.

Environmental risks are also managed, with Group banks verifying clients' legal compliance and analysing the environmental footprint of pledged properties (real estate and asset groups). The VTB Group provides complete and reliable risk information in both external and internal reporting in accordance with the legislative requirements of the countries where the Group operates.

<sup>1</sup> VTB Bank and its branches assess corruption risks as part of enacting Regulations on the Procedures to Manage Regulatory (Compliance) Risk Adopted by VTB Bank, made effective by Executive Order No. 366 dated 2 June 2015; Regulations on the Procedure for Self-Assessment of Operational and Regulatory (Compliance) Risks, made effective by Executive Order No. 336 dated 10 May 2016; and Regulations on Collecting Information about Events Associated with Operational and Regulatory Risks and their Consequences, made effective by Executive Order No. 12 dated 18 January 2016.



## CLIMATE RISK MANAGEMENT

The VTB Group manages climate risk as part of managing credit, concentration, reputational, operational, and strategic risks.

VTB Bank assesses the transition and physical risks associated with global climate change as follows:

- Transition risk is assessed together with credit risk as part of assessing borrower creditworthiness and credit ratings. Transition risk is also assessed as part of industry analysis, factoring in political, legal, and technological changes taking place in the industry;
- Physical risk assessment mainly takes place as part of operational risk analysis. The scenario-based analysis may also be performed, including assessment of the consequences of potential unfavourable conditions, and self-assessment of actually incurred loss due to operational risk, including in connection with emergency situations. Moreover, risks associated with emergency situations are also assessed as part of pledged property assessment.

The VTB Group intends to continue developing its climate risk management system in 2020 and take part in topical events arranged by the *Bank of Russia*.