

INTERNAL CONTROL AND BUSINESS ETHICS

Ensuring the highest business ethics standards and transparency of the VTB Group's operations is an integral part of the Group's corporate culture. Strict adherence to legal requirements and financial transaction security are achieved by operating an efficient internal (compliance) control system².

As part of the joint effort to prevent involvement in questionable transactions related to money laundering, terrorist financing, and WMD proliferation, VTB Group companies are following a single approach to creating and enhancing an associated internal control system.

To standardise its approaches to maintaining an internal control system that prevents money laundering, terrorist financing, and WMD proliferation, the Group's principal bank, VTB, took a series of steps and recommended expanding them across Group companies:

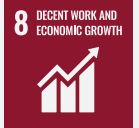
- As part of improving identification procedures (including those increasing the Bank's attractiveness and client loyalty), the Bank put a simplified procedure in place to accept new clients. It includes using remote channels to provide services and obtain client data from publicly accessible governmental sources;
- To upgrade qualifications and learn about new legal regulations on internal control procedures related to preventing money laundering, terrorist financing, and WMD proliferation, employees received remote training at intra-Group seminars and at dedicated events that involved representatives of banking supervisory agencies.

ANTI-CORRUPTION AND BUSINESS ETHICS

A key challenge for the internal control system is the mitigation of corruption risk. In 2019, the Bank updated its anti-corruption policy³, which stipulates the basic rules and steps to prevent corruption. Mandatory basic training was developed for new employees in order to provide them with information about key provisions of this document. Current Bank employees also receive anti-corruption training. A total of 11,300 of the Bank's employees received this training in 2019.

The Bank also implemented the Code of Ethics⁴, which stipulates business conduct and ethics principles and regulations that are mandatory for all employees and members of the Supervisory Council, including principles to prevent corruption in the course of duty performance. Adhering to the Bank's Code of Ethics is mandatory and unconditional for all employees. If standards of ethics stipulated by the Code of Ethics are higher than those defined by business practice and applicable legislation, the Bank shall adhere to the standards set in the Code of Ethics.

The Bank signed the Russian Anti-Corruption Charter for Business in 2013. According to the National Anti-Corruption Plan for 2018–2020⁵, the Bank implemented an Anti-Corruption Plan for 2018–2020.



² Implementing measures to ensure compliance with the laws, regulations, and standards of self-regulated organisations adopted in the country of registration (if these rules or standards are mandatory for the Bank), as well as mitigating the risk of damages associated with sanctions and/or any other enforcement actions by supervisory agencies.

³ The Anti-Corruption Policy is available on the Bank's official website at <https://www.vtb.ru/akcionery-i-investory/raskrytie-informacii/ustav-i-vnutrennie-dokumenty>.

⁴ The Code of Ethics is available on the Bank's official website at <https://www.vtb.ru/akcionery-i-investory/raskrytie-informacii/ustav-i-vnutrennie-dokumenty>.

⁵ Approved by Presidential Decree No. 378 on the national anti-corruption plan for 2018–2020, dated 29 June 2018.

WHISTLEBLOWER HOTLINE

The Bank's employees may report violations of the Russian legislation or the Bank's regulatory/ executive documentation, including corruption instances, to the whistleblower hotline. A new edition of the Whistleblower Hotline Policy was implemented in 2019 to update and provide structure for the procedure for collaboration between dedicated Bank units that take part in examining the reports made to the whistleblower hotline.

A total of 50 reports were made by employees to the whistleblower hotline in 2019; each report was investigated and resolved.

INTERNAL CONTROL AND BUSINESS ETHICS TRAINING OF PERSONNEL

To maintain the highest ethical standards of Bank and VTB Group operations, mandatory training has been arranged for all employees. All newly hired employees are obligated to familiarise themselves with the internal regulations that stipulate principles and standards of ethical conduct and terms of employment with the Bank or any other company of the VTB Group. Employee adaptation includes required introductory training courses that explain the Code of Ethics to all categories of new employees. Training programmes are available as remote learning sessions on the Bank's employee education portal and on VTB Group companies' internal corporate platforms.

The mandatory training system ensures corporate policies are followed consistently across the Group. The system provides general information about internal (compliance) control and internal control related to preventing money laundering, terrorist financing, and WMD proliferation.