

About the Report

This 2019 VTB Group Sustainability Report is the 12th non-financial report issued by VTB Bank. The Report is published annually and forms an integral part of the Group's annual reporting. It is for employees, clients, shareholders, investors, local communities, and non-profit organisations. The Report is intended to inform stakeholders of the VTB Group's CSR and sustainability activities in the reporting period. This Report is published in Russian and in English. In the case of any conflict, the Russian version will prevail.

SCOPE OF THE REPORT

Entities falling within the scope of the Report were determined based on two criteria: control over the entities' activities (more than 50% of voting shares held by VTB Bank) and/or importance in terms of the entities' economic, social, and environmental aspects.

VTB GROUP COMPANIES FALLING WITHIN THE SCOPE OF THE REPORT

Country	Full name	Type of business	VTB Bank's ownership interest as on 31 December 2019 (percent-age)
Russia	VTB Bank (PJSC)	Bank	–
	Holding VTB Capital JSC ¹	Finance	100.00
	Vozrozhdenie Bank PJSC	Bank	100.00
	Sarovbusinessbank PJSC	Bank	84.36
	Zapsibkombank PJSC	Bank	100.00
	HALS Development PJSC	Real estate	99.76
	UK Dinamo JSC	Real estate	75.00
	VB Service LLC	Facility operation and maintenance	100.00
	VTB Factoring LLC	Factoring	100.00
	VTB Leasing JSC	Leasing	100.00
	VTB Specialised Depository JSC	Non-bank custodial institution	100.00
	VTB Pension Fund	Pension fund	100.00
	VTB DC LLC	Finance	100.00
	VTB Registrar JSC	Registrar	100.00
CIS and Georgia	VTB Bank (Armenia) CJSC	Bank	100.00
	VTB Bank (Belarus) CJSC	Bank	100.00
	VTB Bank (Azerbaijan) OJSC	Bank	100.00
	VTB Bank (Georgia) JSC	Bank	97.38
	VTB Bank (Kazakhstan) JSCbranch office	Bank	100.00
Europe	VTB Bank (Europe) CE	Bank	99.39

Unless otherwise indicated, the financial information on the VTB Group is presented as stated in VTB Bank's consolidated financial statements as of 31 December

2019, prepared in accordance with International Financial Reporting Standards.

¹ Including the subsidiaries VTB Capital JSC and VTB Capital PLC.

APPROACH TO DETERMINING MATERIAL TOPICS

This Report presents information on Group companies' sustainable development and CSR activities. Because the Group's reporting systems differ, some of the quantitative indicators presented in this report refer only to the Bank's performance.

This Report has been prepared in accordance with the GRI Standards: Core Option. To comply with GRI Standards, we identified material topics to be covered in the Report.

IDENTIFYING MATERIAL TOPICS TO BE INCLUDED IN THE 2019 SUSTAINABILITY REPORT

Step 1. Identifying all material topics	Material topics were identified through interviews with heads of relevant business units, reviews of non-financial reports issued by domestic and foreign peer companies, and analysis of internal regulations and media coverage.
Step 2. Prioritising material topics	To identify how important each material topic was to stakeholders, we surveyed employees, top managers, non-profit organisations, investors, and partners.
Step 3. Building a materiality matrix	We built a materiality matrix to highlight the most significant sustainability topics based on their influence on both stakeholders and corporate strategic goals.
Step 4. Validating material topics	We had the identified material topics expertly evaluated for completeness and balanced presentation and determined limits of coverage for each topic.

This Report covers all material topics, including results for the reporting period and performance assessment findings. Topics that are not considered relevant are not subject to disclosure according to GRI Standards. This Report, however, addresses some of them since they may be important to stakeholders.

To ensure the quality of the Report, the Group followed the principles of balance, comparability, accuracy, timeliness, reliability, and clarity, as defined in the GRI Standards.

Information for this Report was collected and consolidated by relevant functional divisions of VTB Group companies.

ENGAGEMENT TO OBTAIN LIMITED ASSURANCE ON THE MATERIAL INDICATORS DISCLOSED IN THE REPORT

The Bank engaged external experts to gain independent assurance of selected performance indicators presented in the Report. The assessment focused on material indicators of the VTB Group's CSR activities in the reporting period.

VTB GROUP'S MATERIAL INDICATORS SUBJECT TO INDEPENDENT ASSURANCE

Indicator	Description
Charitable donations made, RUB billion	These refer to charitable contributions made by Group companies (within the scope of the Group's consolidated financial statements) in the reporting period. Where charitable donations were made in foreign currencies, they were converted into roubles using the average exchange rate of the Bank of Russia for the year.
Number of sales offices, including number of sales offices in underpopulated and economically underdeveloped regions of Russia	The number of sales offices is determined by summing the offices of Group banks, excluding retail desks and POS terminals. Sales offices in underpopulated and economically underdeveloped regions are those located in regions with lower population density (less than 50% of Russia's average) and lower income per capita (less than 65% of Russia's average), according to state statistics.
Electric energy consumed, kW-h	This refers to the reporting period's electricity consumption by all Group companies (within the scope of this Report, excluding UK Dinamo and HALS Development, whose electricity consumption was negligible).
Paper consumed, tonnes	This refers to the reporting period's paper consumption by all Group companies (within the scope of this Report, excluding UK Dinamo and HALS Development, whose paper consumption was negligible). The amount of paper consumed was determined by converting the number of paper packs used into metric tonnes. Where there was no information on the weight of an A4 or A3 sheet pack, average values were used (2.5 kg and 4.8 kg, respectively).
Fuel (petrol and diesel) consumed, thousand litres	This refers to the reporting period's fuel consumption by all Group companies (within the scope of this Report, excluding UK Dinamo and HALS Development, whose fuel consumption was negligible), which was limited to the fuel consumed by vehicles held in inventory.
Direct and indirect GHG emissions, in tonnes of CO2 equivalent	This refers to the reporting period's direct (Scope 1) and indirect (Scope 2) energy GHG emissions by all Group companies (within the scope of this Report, excluding UK Dinamo and HALS Development, whose emissions were negligible). Direct GHG emissions were determined based on the amount of fuel (gasoline and diesel) consumed. Indirect GHG emissions were determined based on the amount of electricity consumed.
Average headcount	The average headcount is the sum of Group companies' employees for each calendar day of a given month in the reporting period (including weekends and holidays) divided by the number of calendar days in that month. The average headcount for the reporting period is the sum of Group companies' employees for all months in the reporting period (including weekends and holidays) divided by the number of months in the reporting period. Part-time employees as defined by their employment contracts are counted proportionally to the number of hours they worked. The average headcount does not include: <ul style="list-style-type: none"> women who were on maternity leave or extended child-care leave; employees who were on unpaid leave to undertake a course of study at an educational institution or to take entrance exams to be admitted to an educational institution.
Accident frequency rate	This refers to the accident frequency rate across all Group companies (within the scope of the Report) in the reporting period. The accident frequency rate is calculated as the number of accidents per 1,000 employees.
Headcount by gender and employee category	This refers to the number of full-time employees, excluding external part-time employees and independent contractors at the end of the reporting period. A part-time employee on an employment contract counts as one employee in the actual headcount. The data are broken down by the employee category (full-time/part-time) and by gender.
Average hours of training per year per employee	This refers to the total academic hours of employee training divided by the average headcount for the period (within the scope of this Report, excluding UK Dinamo, HALS Development, VB Service, and Sarovbusinessbank).
Total employee turnover (outflow of staff)	This indicator is calculated as the ratio of the total of employees who left the company of their own accord, were terminated for other reasons, retired, or died as an employee of the company to the average headcount.



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Translation of the original Russian version

Independent Assurance Report on selected indicators disclosed in the VTB Group Sustainability Report for 2019

To the Supervisory Council of PJSC VTB Bank

Subject matter

At the request of PJSC VTB Bank (hereinafter "the Bank") we have obtained a limited level assurance on the following eleven material sustainability performance indicators included in the 2019 VTB Group Sustainability Report (hereinafter "the Report") and identified there by the symbol  (hereinafter "the Indicators"):

- ▶ Number of sales offices including number of sales offices in under-populated and economically under-developed regions of Russia (pages 10, 58 of the Report);
- ▶ Average headcount (pages 10, 65 of the Report);
- ▶ Headcount by gender and employee category (page 65 of the Report);
- ▶ Average hours of training per year per employee (pages 10, 69 of the Report);
- ▶ Total employee turnover (outflow of staff) (page 65 of the Report);
- ▶ Charitable donations made (pages 10, 99 of the Report);
- ▶ Accident frequency rate (page 79 of the Report);
- ▶ Electric energy consumed (page 92 of the Report);
- ▶ Direct and indirect GHG emissions (page 92 of the Report);
- ▶ Fuel (petrol and diesel) consumed (page 92 of the Report);
- ▶ Paper consumed (page 92 of the Report).

The Indicators have been selected and prepared by the Bank management based on the relevant sustainability reporting principles, scope and methods.

Applicable criteria

The criteria of our engagement are disclosed in the chapter About the Report on pages 116-119 of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of the Bank is responsible for the preparation of the Report and for the Indicators for the year ended 31 December 2019 included in the Report are disclosed fairly in all material respects and in compliance with the criteria that are disclosed in the chapter About the Report on pages 116-119 of the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the Indicators that are free of material misstatements. The management of the Bank is also responsible for selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusion that the Indicators have been fairly stated in all material respects.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



Translation of the original Russian version

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and accordingly included the following procedures:

- ▶ Interviews with representatives of the Bank management and specialists responsible for sustainability policies, activities and sustainability performance relevant to the Indicators and preparation of relevant reporting;
- ▶ Analysis of key documents related to sustainability policies, performance and sustainability reporting of VTB Group;
- ▶ Obtaining understanding of the process of reporting on the Indicators and other engagement circumstances by reviewing the reporting process used for reporting on sustainability issues;
- ▶ Review of data samples and its collection process regarding the Indicators at the Bank and its subsidiaries including review on a sample basis of documentation evidence of the Indicators value for the year ended 31 December 2019 to assess whether these data have been collected, prepared, collated and reported appropriately.

Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators are not represented fairly, in all material respects, in accordance with the criteria that are disclosed in the chapter About the Report on pages 116-119 of the Report.

P.P. TSEBERNYAK
Partner
Ernst & Young LLC

22 June 2020

Details of the audited entity

Name: VTB Bank
Entered in the Unified state register of legal entities 22 November 2002 and assigned state registration number 1027739609391.
Address: 29 Bolshaya Morskaya, Saint-Petersburg, 190000, Russia.

Details of the auditor

Name: Ernst & Young LLC
Entered in the Unified state register of legal entities 5 December 2002 and assigned state registration number 1027739707203.
Address: Sadovnicheskaya naberezhnaya, 77, building 1, Moscow, 115035, Russia.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.