

ENVIRONMENTAL IMPACT MANAGEMENT

Reducing the environmental footprint is an important part of the VTB Group's new Development Strategy. A high degree of digitalisation and the use of innovative tech solutions across business processes call for the transition to paperless internal and external workflows and to more efficient use of resources by all Group companies.

Year after year VTB continues to increase its energy efficiency, renovating the operated facilities, implementing resource saving technologies and training its employees to use resources rationally. The Group thus strives to minimise its negative environmental footprint through stringent control of all types of resource use.



KEY MEASURES TO MINIMISE VTB BANK'S ENVIRONMENTAL FOOTPRINT IN 2019

Optimisation of energy consumption and renovation of the heating system



- Optimisation of air conditioning system operation
- Replacement of fluorescent lights with LED lamps
- Partial repair of thermal insulation of heating system pipes
- Correction of ventilation systems operations schedule
- Replacement of engineering equipment
- Installation of thermostats and temperature regulators

The total energy saving topped
25,100 kW·h

Waste management optimisation



- Sorting of waste by type on-site and transferring it for recycling
- Organisation of sales of metal-containing waste

All office waste¹ was handed to contractors for recycling

Waste is sorted in Moscow and Saint Petersburg

¹ Luminescent tubes, batteries, used office machines and cartridges.



Car fleet optimisation



- Optimisation of car fleet use
- Reduction of Bank-owned passenger cars by 41% and special-purpose cars by 32%
- Car fleet renewal



Reduction of petrol consumption by **39%** and diesel fuel consumption by **23%** in the reporting period

Optimisation of paper consumption



- Gradual transition to electronic document flow
- Application of duplex printing



346 tonnes of paper passed to recycling

Another important line of VTB's activity is increasing the efficiency of real estate use. To create unified centres of operation, the Bank strives for optimal distribution of infrastructure assets by reducing office area and minimising duplicated

employee functions, thus reducing consumption of resources and environmental footprint. The first outcomes of reduced environmental footprint under this initiative are expected in late 2020.



PROJECT FOR THE GRADUAL TRANSITION TO ELECTRONIC DOCUMENT FLOW

In 2019, the Bank started implementing the Paperless Document Flow initiative. The goal of the initiative is to significantly reduce paper consumption and cut costs by following an end-to-end approach to document management and storage.

By late 2021, all of the Bank's internal workflows will use e-documents while paper documents will only be stored for the purposes of legal compliance. The Bank's corporate environment and infrastructure will be improved, which will enable interactions in digital space with both the Bank's clients and employees.

In order to achieve the required results, the Bank implements the following measures:

- implementing paperless document flow principles in everyday activities;
- coordinating the Bank's activities in the transition to e-document flow along with taking actions to optimise workflows and reject the use of paper for current projects;
- developing technologies to support the implementation of e-workflows;
- identifying sources of paper documents and transformation of relevant business processes;
- optimising logistics, storage, and destruction processes for paper documents.

VTB became one of the first banks to offer such services in 155 offices across Russia. The technology allows clients to sign the required documents online without using paper media. By late 2019, the service was available for 17 types of lending, card, and account transactions. In 2020, the Bank plans to increase the number of transactions, adding those that involve deposits, payments, wire transfers, cash, escrows, and investment products. By late 2020, 40% of transactions across 1,500 offices will be paperless (80% by the end of 2022).

Companies of the Group actively took actions to use resources more efficiently in 2019.

These actions included, among other things, replacement of filament lamps with LED lamps, implementation of e-document flow, transition

to environmentally-friendly means of transport, and optimisation of existing floor spaces.

An important role in these activities is played by lean projects – steps that optimise internal workflows, making for more efficient use of resources.



LEAN PRACTICES AT VTB BANK

In 2019, VTB Bank continued extensive implementation of lean practices across its everyday activities. This approach implies company management based on continuous reduction of all types of loss. Lean operations involve each employee in business optimisation, focusing on clients' needs.

In 2019, the Lean Lab was created. Lab experts developed learning courses based on Lean Six Sigma. Over 130 employees from across VTB Bank's branches passed the training in basic Lean concepts and tools within a year. Furthermore, for the purposes of exchanging best practices, the Bank arranged for a Territory of Lean Leaders conference where over 150 lean production activists attended and participated.

In 2019, the Bank implemented over 200 lean projects that yielded a total economic impact of RUB 200 million.

RUB 200
million
impact from
lean projects
completed
in 2019

Total fuel consumption in the reporting period showed insignificant growth considering new purchased assets. In the last year, fuel consumption decreased by 32%. This achievement was due to the optimised use of the car fleet. Optimised fuel consumption by VTB Group companies (including new assets) had a corresponding effect on direct greenhouse gas emissions. In 2019, total electric energy consumption reached 275,050 kW·h. The year-on-year growth is due to the inclusion of new assets. Without

including the new assets, electric energy consumption and associated indirect greenhouse gas emissions remained approximately at the same level as in 2018.

Paper consumption also grew insignificantly, considering the inclusion of new assets. Paper consumption (excluding that by new assets) decreased by 9%. In the future, the VTB Group plans to significantly decrease this indicator following the implementation of e-document flow.

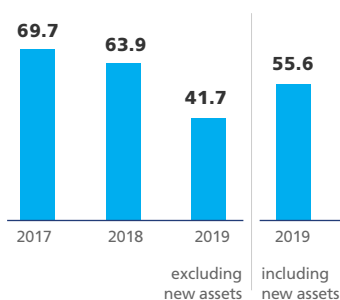
32%
less fuel consumed
by VTB Group
companies in 2019

KEY INDICATORS FOR THE GROUP'S ACTIVITIES TO DECREASE CONSUMPTION OF RESOURCES AND GREENHOUSE GAS (GHG) EMISSIONS IN 2017–2019

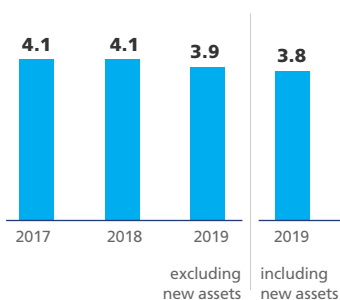
Indicator	2017	2018	2019	2019
	excluding new assets			including new assets
⊕ Total electric energy consumption, kW·h	234,846.1	233,544.5	230,044.8	257,049.4
⊕ Total fuel consumption, thousand litres	4,015.1	3,661.7	2,486.3	3,780.3
⊕ Paper consumption, tonnes	3,238.6	3,305.8	2,993.9	3,437.6
⊕ Direct GHG emissions, in tonnes of CO ₂ equivalent	9,519.0	8,711.2	5,940.3	9,272.4
⊕ Indirect GHG emissions, in tonnes of CO ₂ equivalent	159,393.4	159,644.3	159,191.0	177,878.2

CONSUMPTION OF RESOURCES BY GROUP COMPANIES IN 2017–2019 PER EMPLOYEE

⊕ Fuel (petrol and diesel), litres per person



⊕ Electric energy, MW·h per person



⊕ Paper, kg per person

