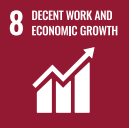


## EMPLOYEE MOTIVATION AND REMUNERATION

An effective remuneration framework is a must for ensuring loyalty and high performance among employees. That is why Group companies are making continued efforts to improve the workplace environment and enhance employee motivation.

They annually run detailed salary surveys to make sure they provide competitive pay. The VTB Group uses findings from those surveys to adjust its pay scale with current economic opportunities and market conditions in mind.

In 2019, VTB Bank developed a grading system whose principal purpose is to make the Bank's employee remuneration system fairer and more competitive. This system allows the Bank to more flexibly and quickly respond to market changes identified through regular monitoring of the labour market and to make more informed decisions in establishing competitive wages.



### VTB'S SOCIAL BENEFITS FOR EMPLOYEES



#### HEALTH

- Voluntary health insurance, including pregnancy coverage
- Accident and sickness insurance



#### FAMILY

- Payment in addition to maternity benefit
- One-off payments for family emergencies
- Paid compassionate leave



#### FINANCIAL STABILITY

- Corporate pension programme
- Financial aid in the event of exceptional circumstances
- Payment in addition to the statutory amount of temporary disability benefits



#### IMPROVING STANDARDS OF LIVING

- Partial reimbursement of tuition fees under job-related higher-education programmes
- Retirement and jubilee benefits
- Reimbursement of relocation expenses, including the costs of relocating to Extreme North regions
- Corporate discounts and special offers from VTB partners

In 2019, VTB Bank spent about RUB 2.4 billion on a variety of community programmes, of which the voluntary medical insurance programme accounted for 60% (RUB 1.5 billion). The programme covers all employees, including those on maternity leave and those who retired before 29 December 2017.

The Bank also offered employees two non-state pension plans in 2019:

- A programme to support employees of pre-retirement and retirement age: participants are entitled to a double contribution from the Bank, receiving a monthly pension increase of up to RUB 3,500 if the employee has participated in the programme for at least five years;
- A vesting programme to support employees with at least five years of service: participants are entitled to a monthly<sup>3</sup> pension increase of at least RUB 8,000 if the employee has participated in the programme for at least ten years.

To recognise employees for personal contributions to the Bank's performance in 2019, we held an annual ceremony to award outstanding employees with VTB Top Performer badges and letters of appreciation from the President and Chairman of the Management Board and other Bank executives.

## EMPLOYEE EVALUATION

Employee evaluation is an integral part of VTB's personnel management system. Employee evaluation is not only an important component of an employee's professional development but also a tool that makes employee promotion objective.

In 2019, VTB Bank continued to operate a performance management system, setting individual annual goals for employees early in the year that focused on their activities and on developing their behavioural competency. The results were assessed by management at the end of the year.

Performance management helps employees engage in dialogue with management to receive feedback, outline development plans, and identify priorities in implementing the VTB Group Development Strategy, criteria to evaluate the results, and the need to develop behavioural competencies. An automated performance management system stores employees' goals and expected results, making the process transparent and providing a clear understanding of what is expected from each employee.

In 2019, 39,700 employees – about 80% of the total headcount – took part in performance management procedures.

**RUB 2.4 billion**  
spent  
in 2019 on a variety  
of community  
programmes  
for employees

<sup>1</sup> Vesting is to give a deferred right to the pension reserve formed by the employer in the employee's registered pension account.