

# L IMPACT



## Green Financing

Recognising the importance of financial institutions' involvement in the creation of a low-carbon economy, VTB actively implements the principles of responsible financing in its operations and provides financial support to projects that meet the Bank's environmental requirements.

As part of green financing, the Bank strives to provide loans to implement projects improving environmental indicators, reducing natural resource consumption, and promoting the use of renewable energy sources. In addition, VTB engages its retail customers in environmental initiatives.

### Financing green industries

One of the key areas of VTB's green financing is its strategy for financing innovative projects in the Russian energy sector aimed at reducing carbon emissions and supporting the implementation of modern technology solutions.

#### A WIND POWER PLANT IN THE ROSTOV REGION

In 2020, VTB provided syndicated financing for the project company of the Wind Power Development Fund, a joint investment fund created by Fortum PJCS and ROSNANO JSC on a parity basis.

The project will result in construction of a wind power plant with total capacity of 100 MW. The project is implemented on the principles of project financing and assumes the provision of credit funds against a guarantee of future cash flows under contracts for the provision of capacity of generating facilities operating on the basis of the use of renewable energy sources.

#### UPGRADE OF A HYDROELECTRIC PLANT IN THE REPUBLIC OF TATARSTAN

In 2019, VTB Bank and Tatenergo JSC signed the largest credit agreement in the history of the company for a total amount of RUB 36 billion for a period of 16 years. The financing will be used to implement a project to upgrade the Zainskaya hydroelectric power plant, a key facility of the energy infrastructure of the Republic of Tatarstan.

**366**  
billion RUB

allocated for the upgrade of one of the largest hydroelectric power plants in Russia

The Zainskaya hydroelectric power plant will be renovated through the construction of the most powerful combined-cycle plant in Russia, manufactured by General Electric, with a total capacity of 858 MW and unprecedented operational efficiency - the efficiency factor will be 65%.

#### GARBAGE COLLECTION AND RECYCLING IN ST. PETERSBURG AND THE LENINGRAD REGION

In 2019 VTB Group, the Government of St. Petersburg, the Government of the Leningrad Region and Inter RAO PJSC entered into an agreement of intent to jointly address the issue of waste management and recycling in the two constituent entities of the Russian Federation.

Joint actions of the parties under the agreement will be aimed at implementing the concept of organising waste collection, transportation and recycling with the use of modern technologies in waste recycling. The project implementation meets the requirements of the national *Ecology* project and will help to improve the ecological situation on the territory of the regions.

## Making environmental claims in project financing

«VTB Group adheres to principles of managerial, social and environmental responsibility in the implementation of infrastructure projects, which reflect our commitment to our customers, partners and society. The principles of responsible investments oriented towards achieving sustainability goals have been firmly embedded in the infrastructure market since this approach was adopted in our projects in the early 2010s».

**Oleg Pankratov**

*CEO of VTB Infrastructure Holding*

During the concept creation stage, we study environmental impact mitigation issues and assess not only the direct effects of a project, but also the indirect ones, such as projected tax revenues, job creation, improved quality of life, territorial development and improved environmental standards.

Obligations of project companies to hold public hearings and regularly monitor and report on environmental and social issues are an important condition for the financing of VTB infrastructure projects.

### ENVIRONMENTAL IMPACT OF VTB'S INFRASTRUCTURE PROJECTS

## Pulkovo Airport



Separate waste collection at the passenger terminal and offices since 2012

Weekly waste paper collection:

**119 tonnes** of waste paper collected and sent for recycling in 2014-2019;

**2,023** trees saved;

**5 million kW** of electricity savings;

**3.million litres** of water savings;

**3 tonnes** of pollutant emissions prevented

Upgrade of treatment plants to treat surface airfield runoff, totaling **RUB 1.5 billion**

## Western High-Speed Diameter in St. Petersburg



Regular greenspace expansion and garbage removal

Compensation measures:

**~150 thousand** small fries released for reproduction of aquatic biological resources, tree planting on Yelagin island;

**82** treatment plants of different configurations, noise protection screens;

**>75 thousands per day** – reduction in fuel use;

**>170 tonnes per day** – reduction of CO<sub>2</sub> emissions

Annual industrial ecological monitoring of the negative environmental impact of the facility

Annual hydromorphometric observation of water bodies and their water conservation zones

Monitoring of wildlife (avifauna and ichthyofauna) and aquatic biological resources

## Eastern exit from Ufa



Natural air monitoring involving accredited laboratories

Laboratory studies of surface water bodies, drainage mine drainage water, waste water

Reproduction of aquatic bioresources:

**~400 thousand** fry of red-listed sterlet were released into the Belaya River in the Republic of Bashkortostan in 2020

Installation of moistureproof storage tanks to collect storm water from the surface of the designed road after it has been treated

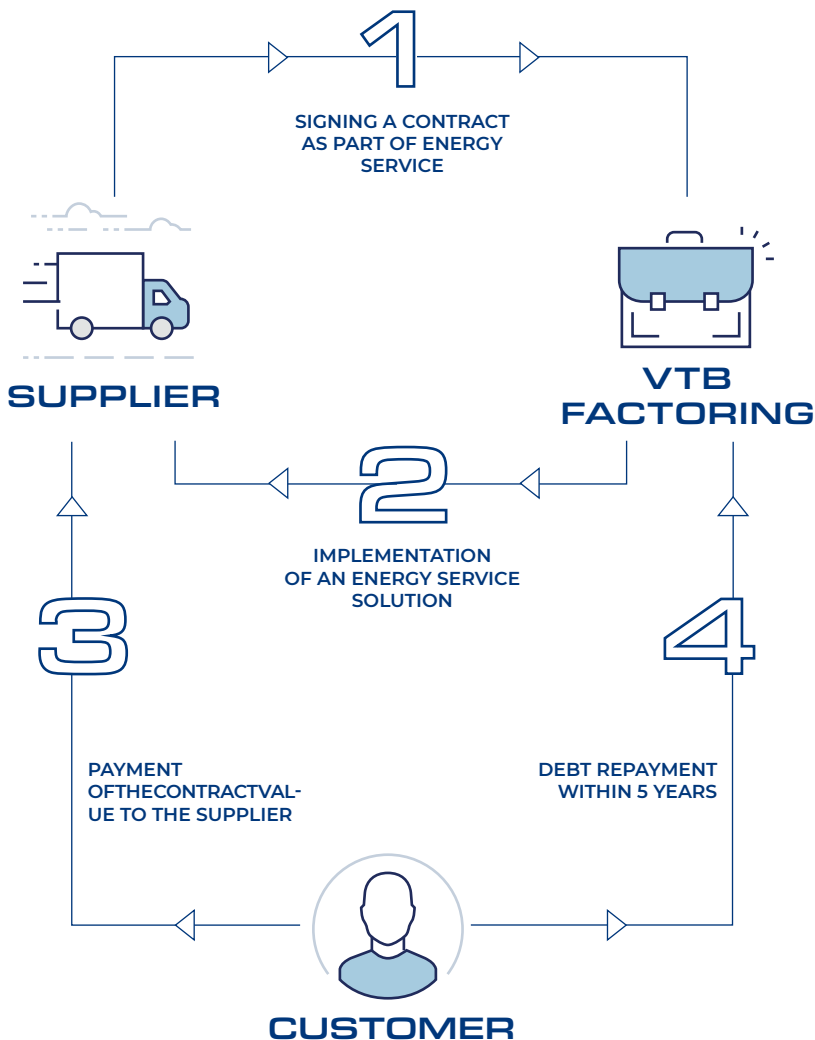
Measures to reduce the generation of waste during construction and waste recycling

The project has achieved viable infrastructure projects certification (IRIIS) developed by the Bank for Development and Foreign Economic Affairs of the Russian Federation together with the National Centre for Public Private Partnership Development and AICOM international company with the support of the Ministry of Finance of the Russian Federation

## Funding for energy efficiency projects

One of the VTB Group's activities aimed at improving energy efficiency is the factoring of energy service contracts. This type of financial product represents an alternative non-collateralised source of investment resources for developing enterprises with the aim of improving their energy efficiency. Factoring of energy service contracts does not require an initial investment by the customer, and the projects implemented on its basis produce an economic effect from the date of commissioning.

Introduction of modern energy efficient technologies under the energy service contract allows to reduce expenses on fuel and energy resources by 30-50%, thereby proportionally reducing greenhouse gas emissions and increasing environmental friendliness of production.



**6.3**  
billion RUB

total amount of financing for energy service contracts in 2020

An example of such a project in 2020 was the signing of a contract worth more than RUB 500 million by one of Russia's leading tube-rolling mills for the delivery of innovative energy-saving equipment for heating pipe stock with high-frequency currents. The equipment reduces electricity consumption by several times, thereby preventing emissions during production. With the financial support of VTB Factoring LLC, the customer will be able to pay for the equipment in instalments over a period of five years.

Another area for financing projects promoting energy efficiency is the leasing of energy-efficient equipment. Thus, in 2020 VTB Leasing signed a contract with IDGC of Centre PJSC for the leasing of a comprehensive automated electricity metering system worth RUB 1.2 billion. Under the terms of the contract, VTB Leasing will finance the turnkey manufacturing of an integrated automated electricity metering and telemechanics system with remote data collection. Implementation of the project will reduce electricity transmission losses and increase the reliability and overall environmental friendliness of the enterprise in the long-term.

VTB IS CURRENTLY NUMBER ONE IN ENERGY SERVICE FACTORING IN RUSSIA.

## Environmental initiatives for retail customers

Given the growing interest of its customers in the preservation of natural wealth and sharing personal responsibility for environmental quality, in 2020 VTB implemented several retail eco-projects based on the *Multi-Bonus* loyalty programme.

# RESULTS



### EcoCard

A bank card made of polylactide, an environmentally friendly biomaterial that can be easily recycled and does not pollute the environment

~13

thousand EcoMulticards

issued

>2

million views

of the video about VTB Mastercard ecocard on Instagram



### Mission: Clean Water eco-project

An opportunity to donate part of the accumulated rewards from one's own bonus account to the fund of the All-Russian Society of Nature Conservation to help clean up water bodies

146

bodies of water

in eight federal districts of the Russian Federation cleaned



### Give a Forest to a Friend! project

Participation in the restoration of forests in national parks of the Russian Federation by paying for the planting of seedlings with bonus currency or roubles

>4

million trees

planted over the six years of the programme launched by Post Bank

## RENUNCIATION OF PLASTIC CARDS

Another important retail project benefiting the environment was the switch from plastic to digital debit and credit cards. The renunciation of plastic cards was launched in late 2019 and is one possible option to reduce the environmental impact of banking institutions. In addition, VTB considers the issuance of digital cards as an important step towards developing a digital experience in the design, receipt and use of card products.

By the end of 2020 the share of virtual cards made up 5% of issue and the turnover was around RUB 8 billion. A total of 342 thousand digital cards and 5 million cards with paperless PIN envelopes were issued in 2020 (45% of total card issue). By 2023, VTB plans to increase the share of digital cards in its total card issuance to 40%.