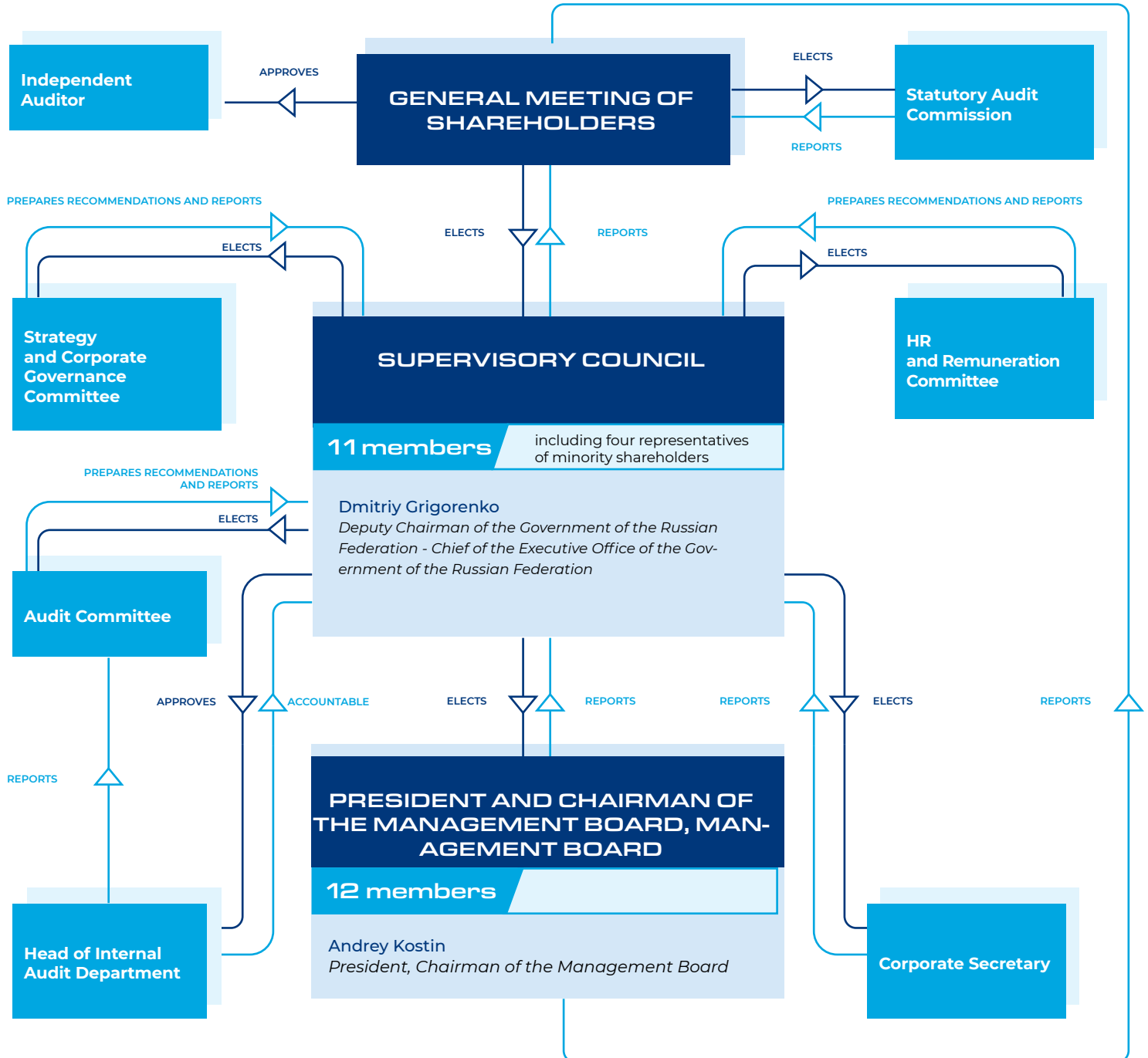


Corporate Governance

VTB has built an effective corporate governance system that ensures the transparency of management decision-making and is aimed at achieving our long-term objective of embedding responsible banking principles into all aspects of the Group's business.

Structure of VTB Bank's (PJSC) corporate governance bodies



VTB's corporate governance system goals



General Meeting of Shareholders

The General Shareholders Meeting is the supreme governing body of VTB Bank. Any shareholder with ordinary shares may exercise his/her right to participate in the management of the Bank by voting on issues on the agenda of the General Meeting of Shareholders.

The General Meeting of Shareholders reviews and approves the Annual Report. At the same time, shareholders are involved in shaping the content of the Group's Sustainability Report, which details the economic, environmental and social impacts, risks and opportunities.

The Bank and its minority shareholders have established the Shareholders' Consultative Council, an independent expert and advisory body comprised of minority shareholders,

whose meetings are attended by members of the Supervisory Council and the Bank's executive bodies. Members of the Shareholders' Consultative Council participate in VTB Bank's activities by discussing the most pressing and important issues affecting the interests of shareholders, including the sustainable development of the VTB Group, the development and implementation of the Group's strategy and the improvement of corporate governance practices.

VTB'S CORPORATE GOVERNANCE SYSTEM IS BASED ON THE BEST RUSSIAN AND INTERNATIONAL PRACTICES AND IS CONSTANTLY BEING IMPROVED TAKING INTO ACCOUNT THE NEEDS OF SHAREHOLDERS AND OTHER STAKEHOLDERS, ENSURING A CONSISTENT APPROACH TO MANAGING THE GROUP'S SUSTAINABLE DEVELOPMENT.

Supervisory Council

The Bank's Supervisory Council, elected by and accountable to the shareholders, provides strategic management and control over the activities of the executive bodies: the President - Chairman of the Management Board and the Management Board.

The Supervisory Council approves the Group's Strategy and Long-Term Development Programme, including sustainable development issues, policy for remuneration and reimbursement of executive bodies and other key executives, plays a key role in significant corporate events. An important function of the Supervisory Council is to ensure that the Group's risk management and internal control system works as a whole.

At the Annual General Meeting of Shareholders held on 24 September 2020, a new composition of the Bank's Supervisory Council was elected. The Bank believes that the current composition of the Supervisory Council is as independent as possible in its activities, which allows it to represent the interests of a wide range of shareholders.

The Audit Committee and the HR and Remuneration Committee formed in 2020 under the Bank's Supervisory Council consist exclusively of independent directors.

The following Committees are established and actively operate under the Supervisory Council:

- **The HR and Remuneration Committee**, which prepares recommendations on the key issues of appointments and motivation of the members of the Supervisory Council, executive bodies and control bodies;
- **The Audit Committee**, whose main activities are the analysis and maintenance of an effective and adequate internal control system;
- **Strategy and Corporate Governance Committee**, which reviews and prepares recommendations on issues of strategic development, including sustainable development, improvement of corporate governance quality and enhancement of the Bank's equity management.

The new members of the Bank's Supervisory Council include:



directors who are not related to the major shareholder



independent directors



representatives of minority shareholders

Sustainability-related matters reviewed by the Bank's Supervisory Council in 2020

1

Assessment of the implementation of VTB Bank's Long-Term Development Programme and the fulfilment of key performance indicators.

2

Approval of a new version of the VTB Bank Code of Ethics.

3

Approval of a new version of the VTB Bank Regulations on the Procurement of Goods, Works, and Services.

4

Consideration of the report on sponsorship and charity activities of VTB Bank for 2019.

5

Consideration of VTB Bank's sponsorship and charity expenses in 2021.

6

Approval of the plan for counteracting the negative consequences of the COVID-19 epidemic, including measures to protect VTB Bank employees from the spread of coronavirus infection and to ensure the stability of their work.

7

Consideration of the report on the results of implementation in 2019 of the Internal Control Rules to prevent money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction (AML/CFT and FPWMD) and recommended measures to improve the AML/CFT and FPWMD system.



Raising the position in the National Corporate Governance Rating to Level 8

Based on annual independent monitoring results, the Russian Institute of Directors raised VTB Bank's National Corporate Governance Rating to Level 8 in 2020, which corresponds to the Best Corporate Governance Practices indicator.

Over the past year, experts saw a number of qualitative changes in the Bank's corporate governance system. Thus, at the 24 September 2020 Annual General Meeting of Shareholders, a new composition of the Bank's Supervisory Council was elected, which included five directors who were not related to the major shareholder. At the same time, three of the five directors are independent and four are representatives of minority shareholders. Shareholders also elected a new Statutory Audit Commission, which included Vadim Soskov, a representative of minority shareholders.

The rating of "8" is assigned to a company which, in the opinion of experts, complies with the requirements of Russian corporate governance legislation, follows an essential part of the Corporate Governance Code and is characterised by insignificant risks of owners' losses related to the quality of corporate governance.

Positive changes in the corporate governance system:

Consideration by the Bank's Supervisory Council of the results of the external evaluation of the Supervisory Council's performance, which was conducted for the first time with the involvement of an independent consultant;

Approval of a new version of the VTB Code of Ethics, which, among other things, contains new provisions on comprehensive regulation of conflicts of interests of the Bank's employees and members of the Supervisory Council;

The Audit Committee and the HR and Remuneration Committee under the Bank Supervisory Council are comprised exclusively of independent directors.

Management Board

The executive bodies, the President - Chairman of the Management Board and the Management Board, carry out day-to-day management and implement the tasks assigned to them by the shareholders and the Supervisory Council. Among other things, they are responsible for implementing the management decisions of the Supervisory Council in the economic, environmental and social sector.

The Management Board has a number of standing collegial working bodies, commissions and committees involved in making management decisions on sustainable development issues. These Committees and commissions report to the executive bodies of the Bank - the Management Board and the President - Chairman of the Management Board.

Statutory Audit Commission

Monitoring over the financial and economic activities of the Bank is carried out by the Statutory Audit Commission, as well as the Internal Audit Department - an independent structural division accountable to the Supervisory Council. The Department monitors and evaluates the efficiency of the Bank's internal control system, management of banking risks, verifies the accuracy, completeness, objectivity and timeliness of accounting and management reporting. It also forms unified approaches to the organisation of internal control systems in companies under the Bank's control, collects information on their condition and develops recommendations for their improvement. The Supervisory Council approves the work plans of the Internal Audit Department and monitors their implementation.

The composition of the Statutory Audit Committee is approved by the Bank's General Shareholders Meeting. Among other things, since 2014, it includes a representative of minority shareholders.



Key committees of the VTB Bank Management Board responsible for managing sustainability aspects

- Retail Business Development Committee;
- Medium and Small Business Development Committee;
- Loan Committee;
- Operational and Compliance Risk Management Committee;
- Commissions for Procurement of Goods, Works and Services;
- Personnel Committee;
- Sponsorship and Charity Committee.