

# CREATING A NEW QUALITY OF LIFE IN RUSSIA

SUSTAINABILITY REPORT OF VEB.RF  
AND VEB.RF ENTITIES

2020



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Dear Reader,

This is the 12th sustainability report of VEB.RF and VEB.RF entities.

Our non-financial reports have been published on an annual basis since 2010 (the first non-financial report was Vnesheconombank's Sustainability Report 2009).



Non-financial and annual (financial) reports are posted on VEB.RF's website.

<https://veb.ru/investoram/otchetnost>

Our non-financial reports traditionally contain information concerning VEB.RF's and VEB.RF entities' activities related to sustainable development and social responsibility and disclose key indicators of economic, social and environmental performance. The publications also outline the main prospects and areas for the development of VEB.RF in the short and medium term, taking into account VEB.RF's objectives and the national goals of development and the improvement of quality of life in Russia.

2020 was a year of important milestones and marked progress for VEB.RF; therefore, we intended that this report would receive special attention.

Firstly, the Russian Government decided in 2020 to pull together development institutions under the umbrella of VEB.RF to maximise their contribution towards the national development goals and enable VEB.RF to become the key partner of public authorities and businesses by providing comprehensive support for strategically important areas of economic development. Therefore, the first special topic of this report is VEB.RF's contribution to achieving the national development goals set for the period up to 2030 and meeting the targets set by the Russian President.<sup>1</sup>

Secondly, the Russian Government approved VEB.RF's status as the methodological centre for green financing in November 2020. In addition, VEB.RF is involved in creating Russia's national infrastructure project assessment and certification system and implements the Principles for Quality Infrastructure Investment. VEB.RF also continued in 2020 to promote impact investing. Our efforts to bring these sustainability mechanisms into use are the second special topic.

And finally, the world was confronted with a global pandemic of COVID-19. As a national development institution, VEB.RF contributes substantially to fighting against the pandemic and coping with its repercussions. Our achievements in this area in 2020 are the third special topic of this report.

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<sup>1</sup> Decree of the President of the Russian Federation No. 474 of 21 July 2020 "On the National Development Goals of the Russian Federation for the Period Until 2030".



## Special Topics of the Report

### 1 VEB.RF's Contribution Towards the National Development Goals

- Disclosed in "Sustainability Mechanisms".
- VEB.RF's activities that are significant for the national goals are marked with the following symbols:



Sustainable birth rate, good health and well-being



Opportunities for personal growth and talent development



Comfortable and safe living environment



Decent, efficient work and successful entrepreneurship



Digital transformation

### 2 Implementation of Sustainability Mechanisms

- Disclosed in "Sustainability Mechanisms"

### 3 Contribution to the Response to the COVID-19 Pandemic and Its Impacts

- Disclosed in "Contribution to the Response to the COVID-19 Pandemic and Its Impacts"

The beginning of each subsection in this report is additionally marked with an SDG icon.<sup>2</sup> Each icon represents one of the 17 SDGs covered by the subsection describing VEB.RF's contribution towards its achievement in 2020.

## SUSTAINABLE DEVELOPMENT GOALS



Detailed information about VEB.RF's contribution towards the UN Sustainable Development Goals is contained in "Sustainability Mechanisms".

<sup>2</sup> <https://www.un.org/sustainabledevelopment/ru/sustainable-development-goals/>

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# CHAIRMAN'S STATEMENT



**Igor Shuvalov**

Chairman, VEB.RF

## Dear Friends,

The publication that you are about to read is a sustainability report of VEB.RF and VEB.RF entities.

The world was confronted with a global pandemic of COVID-19 in 2020. At its peak, the pandemic not only posed a serious challenge to the health system, but also put civil society as a unity to the test. Responses to the economic and social impacts of the pandemic became priorities for national governments. Development banks played a major role in this process by helping to cope with the entrepreneurial downturn and investing in a more sustainable future.

Under the Russian Government's rescue schemes, VEB.RF issued surety bonds to commercial banks for almost 500 billion roubles. This helped many people to keep their jobs and enabled small and medium-sized businesses to resume their operation. We all gained unique experience of working and helping each other in times of crisis.

How to start a new investment cycle is increasingly important now. Following the pandemic, we should have a more sustainable, responsible, environmentally friendly model of economic growth. This is a great responsibility for us. The Russian Government mandated that VEB.RF should act as the methodological centre for sustainable investment (including green financing). We are working with all concerned in this area—commercial banks, investors and experts.

VEB.RF projects related to investing in new infrastructure and production and in city development are consistent with responsible business conduct and take into account their comprehensive social and economic outcomes. In our new business model, we work without competition with commercial banks and do not try to drive their products out of the market. Building partnerships to promote sustainable development is one of the principles that underlie the updated business model.

# FACTS AND FIGURES FOR 2020

## VEB.RF contributes to achieving the national goals

### Our Highlights



“Sustainable birth rate, good health and well-being”

#### February

- Created with financial support from VEB.RF, a dialysis centre opens its doors in Tver.

#### August

- VEB.RF Chairman Igor Shuvalov joins the Pan-European Commission on Health and Sustainable Development.

#### December

- VEB.RF, Russian Post and the Primorie Territory Government sign an agreement to launch projects in the social and healthcare sectors.

### Our Key Achievements

- VEB.RF invests RUB9.43bn in an R-Pharm project to develop a medication for severe cases of COVID-19.
- VEB.RF invests RUB1bn in an initiative to promote telemedicine services.



“Opportunities for personal growth and talent development”

#### July

- Initiated by VEB.RF with support from the Russian Government and in partnership with Moscow School of Management SKOLKOVO, a training programme for management teams is launched for the 100 largest cities in 66 Russian regions.
- VEB.RF and MONOTOWNS.RF (part of the VEB.RF Group) set up the Walk the City Ecological routes project.

#### August

- MONOTOWNS.RF and Moscow School of Management SKOLKOVO initiate a training programme for eight new single-industry municipalities.

- An ongoing SIB project provides individual education plans for 5,000 children from 27 schools in the Republic of Sakha (Yakutia).
- VEB.RF contributes to amending the rules of financing for school construction, making it possible to build new modern schools for more than 647,000 children.





“Comfortable and safe living environment”

#### April

- A syndicate of banks, with VEB.RF’s commitment of 50%, provides the first tranche to AGC-1 under a large-scale investment project to build four energy-from-waste plants for municipal solid waste (MSW) in the Moscow Region.

#### May

- VEB.RF, Rostec and ROSATOM agree to build at least 25 energy-from-waste plants for sorted municipal solid waste (MSW).

#### September

- InfraVEB (part of the VEB.RF Group) and Flagman, an investment company, sign a strategic cooperation agreement to build infrastructure for MSW processing, treatment, disposal and landfilling in ten Russian regions.

#### October

- VEB.RF and the Housing and Utilities Reform Fund agree to work together to develop public utility infrastructure in Russian regions.
- VEB.RF makes a RUB2.5bn bridge loan under a project to build an energy-from-waste plant for municipal solid waste in Kazan.

#### December

- VEB.RF and Rosvodokanal begin the creation of Russia’s largest private water supply and water disposal operator to modernise public utility infrastructure.

- VEB.RF provided over RUB75bn in total to support urban economy development.
- VEB.RF invested more than RUB50bn in single-industry towns.
- With support from VEB.RF as at 31 December 2020:
  - 870 modern buses came into operation in Tver and Perm;
  - financing was provided for 1,432 underground carriages for Moscow, 341 carriages for commuter rail services, and modern railbuses for Sakhalin;
  - financing was provided for the construction of 21 gas tankers at the Zvezda shipyard;
  - 35 SSJ100 aircraft were in service with Russian airlines.
- Projects compliant with the IDFC green finance methodology accounted for 34% of VEB.RF-approved projects.



“Decent, efficient work and successful entrepreneurship”

### January

- VEB.RF and SME Bank enter into an agreement for a credit line of RUB4bn guaranteed by RSMB Corporation.

### February

- X5 Retail Group, VEB.RF, Bank DOM.RF and RSMB Corporation agree to support individual entrepreneurial initiative and small and medium-sized businesses.

### March

- VEB.RF issues initial surety bonds worth 20 billion roubles each to Sberbank and VTB to guarantee loans to small businesses.

### May

- VEB.RF and the National PPP Development Center (part of the VEB.RF Group) begin to implement a crisis response programme to provide fee-free expert and consulting services in relation to preparing and launching PPP projects in Russian regions.

### June

- VEB.RF and the REC Group (part of the VEB.RF Group) partner up with RSMB Corporation and SME Bank to implement a road map for introducing new joint mechanisms to help SMEs to gain entry into foreign markets.

### July

- VEB.RF and REC (part of the VEB.RF Group) establish Beijing Hua Nuo E Xiang (REX) Trading Company Limited to promote Russian exports to China.

### October

- VEB.RF, RSMB Corporation, SME Bank and Bank DOM.RF enter into a cooperation agreement to assist SMEs in the production of building materials and DIY goods.

### November

- REC sets up the One-Stop Shop information system enabling exporters to claim the zero rate of VAT, obtain government support and go through customs formalities.

- VEB.RF issued surety bonds totalling about RUB500bn to commercial banks in 2020 to help businesses to repay their loans.
- VEB.RF completed its surety bond programme helping over 5 million people to keep their jobs and income.
- 2,400 jobs in the Far East and the Arctic and 23,800 jobs in single-industry municipalities were created in total.
- VEB.RF provided a total of RUB127.5bn (loans and trade financing) to support exports, with 10,500 Russian non-resource exporters receiving support from the REC Group.
- The return on VEB.RF's portfolios of pension savings was RUB124.5bn and RUB2.7bn in the case of the Extended Investment Portfolio (EIP) and the Government Securities Investment Portfolio (GSIP) respectively.
- Investment income raised the value of VEB.RF's extended portfolio to over RUB1.9tn.





“Digital transformation”

#### April

- VEB.RF, RSMB Corporation and the Razvivay.rf (Развивай.рф) financial marketplace provide access to crisis response measures to support businesses during the coronavirus pandemic.

#### December

- VEB.RF provides a concessional credit line to MTS to finance a programme for domestic IT products.
- VEB.RF provides a concessional credit line to Rostelecom to support corporate digital transformation.

- VEB.RF signs loan agreements to finance programmes for domestic IT products, services and platform solutions supplied to Rostelecom, MTS, Russian Railways and T Plus in the total amount of about RUB30bn.
- The GeoVEB information system is launched to support the urban economy and create a comfortable urban environment.

## VEB.RF is a competency centre for sustainable development

#### June

- VEB.RF wins in two categories of the ADFIAP Outstanding Development Project Awards 2020: Corporate Social Responsibility and Local Economic Development.

#### September

- Russia’s national infrastructure project assessment and certification system is presented to market participants.
- The national methodology developed by VEB.RF is used to verify the first green bonds issued to finance sustainable projects.

#### October

- VEB.RF’s year-long presidency of the Interbank Association of the Shanghai Cooperation Organisation (SCO IBA) results in signing the SCO IBA Road Map for coping with the repercussions of the pandemic for the organisation’s economies and the SCO IBA Joint Approaches to the wider use of national currencies within the SCO.

#### November

- The Russian Government approves VEB.RF’s status as the methodological centre for sustainable investment (including green financing) and private funding for development projects in Russia.

- The Russian Government decides to pull together the Agency of Technological Development, RSMB Corporation, RUSNANO, the REC Group’s entities, the Skolkovo Foundation, the Russian Foundation for Technological Development, the Foundation for Assistance to Small Innovative Enterprises, the Russian Fund for the Development of Information Technologies, and the Fund for Infrastructure and Educational Programs under the umbrella of VEB.RF and transfer to VEB.RF some functions of the Far East Development Fund, the Agency for the Development of Human Capital in the Far East and the Arctic, and the Far East Investment and Export Agency.

- The development banks of the BRICS member countries sign the VEB.RF-promoted memorandum on the principles of responsible financing.

#### December

- VEB.RF receives a leading mandate within the D20 Long-Term Investors Club (D20-LTIC) to deal with sustainable infrastructure.
- VEB.RF, the Eurasian Development Bank (EDB), the Development Bank of the Republic of Belarus (DBRB) and the Development Bank of Kazakhstan (DBK) sign a memorandum of cooperation among the development banks of the Eurasian Economic Union (EAEU) to stimulate the Eurasian development banks’ investment.





# About VEB.RF





## VEB.RF AND VEB.RF ENTITIES

**VEB.RF** is a government-owned development corporation that contributes to ensuring long-term socio-economic development in the Russian Federation, creating an environment for sustainable economic growth, enhancing investment performance, and expanding investment in the national economy.

**VEB.RF** is of strategic importance for the Russian economy and implements projects designed to improve and support infrastructure, industry, innovation, special economic zones, environmental protection, energy efficiency and exports and expand access to international markets for Russian industrial products.

- Implements strategically significant development projects (financial and non-financial support).
- Coordinates the activities of development institutions<sup>3</sup> (strategy, governance, financial stability, joint projects, approval of major transactions and asset servicing).
- Acts as an agent for the Russian Government and performs the functions of a government-controlled asset manager (legislative proposals, servicing of Russia's external financial assets and debt, pension savings under management).

In 2017–2020, VEB.RF provided financing of about RUB1.8tn for high-priority projects, including about RUB500bn in surety bonds under the Russian Government's rescue programme for the economy. Signed loan agreements totalled over RUB3tn. VEB.RF was successful as an agent for the Russian Government and a government-controlled management company. VEB.RF accomplished a large-scale transformation to increase its efficiency. VEB.RF enhanced its organisational structure, optimised staffing levels in the VEB.RF Group and downsized 3.3-fold (from 11,500 to 3,500 staff members). Overall, we resolved the issue of troubled assets. VEB.RF improved its key business processes and products. VEB.RF's financial stability was enhanced in order to address priorities of development.

<sup>3</sup> With changes made by the Russian Government to the range of VEB.RF-coordinated development institutions [Ordinance No. 3710-r of 31 December 2020].



*"VEB.RF has come a long way of transformation over the past two years to become one of the most transparent development institutions with a clear and understandable strategy. Now these are not only large infrastructural and industrial projects, but also city development. It took VEB.RF two years to solve problems with its capital, restructure its investment process, and optimise its staffing level. I think VEB.RF's transformation model can be used to 'reboot' other development institutions as planned by the Russian Government."*

**Anatoly Artamonov**

Chairman, Budget and Financial Markets Committee, Federation Council of the Russian Federation

### Operational Results of the VEB.RF Group in 2020<sup>4</sup>



#### Key Financials

**RUB8,4bn**

profit

**RUB233,0bn**

operating income

(+71.4% compared with 2019)

**17,0%**

capital adequacy ratio in accordance with RAS as at 1 January 2021

(13.6% as at 1 January 2020)



#### Equity

**RUB689,0bn**

(+62.1% compared with 2019)

<sup>4</sup> According to the consolidated financial statements of State Development Corporation VEB.RF (VEB.RF Group). The VEB.RF Group comprises State Development Corporation VEB.RF, a Russian subsidiary bank, CIS-based banks, and Russian and foreign subsidiaries. The major subsidiaries are listed in Note 3 and the associates and jointly controlled entities are listed in Note 19 to the consolidated financial statements for the year ended 31 December 2020.

As at 31 December 2020

**RUB3406,1bn**

total assets of the VEB.RF Group

**RUB1169,1bn**

lending portfolio of the VEB.RF Group,  
less provision for impairment

VEB.RF's credit ratings were stable in 2020 and corresponded to the sovereign ratings of the Russian Federation.

### VEB.RF's Ratings as at 1 January 2020

	Fitch	S&P	Moody's
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#### Long-term ratings

foreign currency	BBB	BBB-	Baa3
local currency	BBB	BBB	Baa3
outlook	Stable	Stable	Stable

#### Short-term ratings

foreign currency	F2	A-3	P-3
local currency		A-2	P-3
AAA (RU)	<b>National scale credit rating assigned by the Analytical Credit Rating Agency (ACRA)</b>		

### Development Institutions Under Management

Ordinance of the Russian Government No. 3710-r of 31 December 2020 "On Development Institutions" approved the list of development institutions pulled together under the umbrella of VEB.RF and the action plan (road map) to transfer them for management by State Development Corporation VEB.RF.

The reform is to pull together the following development institutions under the umbrella of VEB.RF: Agency of Technological Development, RSMB Corporation, RUSNANO, REC, EXIAR, RUSNANO Management Company, Skolkovo Foundation, Industry Development Fund, Foundation for Assistance to Small Innovative Enterprises, Russian Fund for the

Development of Information Technologies, Fund for Infrastructure and Educational Programs.

VEB.RF's resources will be used to set up a single centre for coordinating the activities of development institutions. This will eliminate the institutions' overlapping functions and will help to resolve the issue of their being in competition with each other and with commercial entities. The ultimate result is to be improved efficiency and a greater contribution to national projects and higher quality of life.

*"For the VEB.RF team, this is a great honour, a major challenge and a huge responsibility. I believe in our team's potential; I believe we'll fulfil the Government's expectations and we'll cope with the ambitious tasks. The optimisation is aimed at ensuring the entire system of development institutions will work to achieve the national development goals set by the presidential decree."*

**Igor Shuvalov**  
Chairman, VEB.RF

Formulating the procedure for joint work on projects and ensuring the comprehensive use of financial and non-financial instruments to support projects, such as government support, will include developing new mechanisms for coordination to enhance the interaction among the development institutions.

VEB.RF is also to provide resources to create a methodological centre for the information-related activities of the development institutions.

Special procedures will ensure a unified approach for communications, improve their effectiveness, will strengthen horizontal ties among the development institutions and streamline communication processes between them and the Russian Presidential Executive Office, the Russian Government and other governmental authorities.

## New Coordination Mechanisms for Development Institutions

### 1 VEB.RF participates in organisational and managerial decision-making (through VEB.RF's representatives on the boards of directors of the coordinated development institutions and through the sectoral coordination councils of VEB.RF's Supervisory Board):

- approving development strategies, determining core activities and priorities;
- approving budgets for the financial year;
- formulating the principles and approaches for risk management, legal support, idle cash management, internal control and internal audit, compliance and financial monitoring, information-related activities;
- determining organisational structures, staffing levels and payroll expenses.

### 2 Each development institution forms the audit, nomination and investment committees (similar to the committees of VEB.RF's Supervisory Board).

### 3 Strategic objectives, KPIs and socio-economic targets are formulated and cascaded; information is consolidated for all the development institutions about how the national development goals are achieved and how VEB.RF's and the development institutions' KPIs are attained.

The development institutions coordinated activities associated with treasury operations, legal issues and risk management for two years. System-wide changes introduced by reform will give VEB.RF

and its partners more opportunities for operations in debt capital markets.

*"As the system of development institutions is reformed, the VEB.RF Investment Committee will decide on key investment projects. We must adjust them to the national development goals set by the President. It's necessary to focus on increasing the share of private funding in projects."*

**Maxim Reshetnikov**









Minister of Economic Development  
of the Russian Federation

## VEB.RF Entities in 2020

The subsidiaries and development institutions controlled by VEB.RF in 2020 and included

in this report are referred to as VEB.RF entities for the purposes of this report.

## VEB.RF Entities in the Report

	
	
 <p><b>VEB Engineering</b></p>	
 <p><b>VEB Infrastructure</b></p>	 <p><b>MONOTOWNS.RF</b></p>





## REC Group<sup>5</sup>

**Head office:** Moscow

**Share capital:** RUB73.687bn<sup>6</sup>

**VEB.RF's share:** 100%

**Number of employees:** 545

Russian Export Center (REC) is a VEB.RF -controlled public development institution supporting non-resource exports and forming a group of companies (REC Group) that offer a wide range of financial and non-financial support measures to Russian exporters. The REC Group includes the Russian Agency for Export Credit and Investment Insurance (EXIAR), EXIMBANK OF RUSSIA, and Russian Export Center's School of Export, which makes it possible to offer products that meet the needs of diverse exporters throughout the export cycle, from conceiving an idea to receiving payment for exported goods and services. REC uses more than 100 financial and non-financial mechanisms to support exports.

The REC Group's strategic goals are contained in the following documents approved by the boards of directors of the Group's entities in 2020:

- Development Strategy of Russian Export Center 2020–2021;
- Development Strategy of EXIAR 2024;
- Development Strategy of EXIMBANK OF RUSSIA 2024.

The REC Group's strategy includes focusing the Group's strategy on enhancing financial stability by using new sources to cover expenses and on creating the conditions for new sources of income, including providing exporters with unique opportunities on a one-stop shop basis as the core of the REC Group's and its partners' system of export support and public-sector services.

## Russian Export Center

REC Group's structure:

**Russian Export Center**  
Government support for exports, export competency centre

**EXIAR**  
Insurance products for export-associated commercial and political risks

**EXIMBANK OF RUSSIA**  
Export credits and guarantees

**REC's School of Export**  
Training and acceleration programmes for foreign trade

REC Group's geographic presence:

16 representative offices in Russia, export support centres in 82 Russian regions



10 foreign-based offices



**Exporter's One-Stop Shop**

Integrated digital ecosystem of public- and private-sector services for exporters

10 private-sector services  
6 public-sector services



EXIAR continued to increase the amount and scope of export support. Its insurance capacity grew to RUB1tn in ten years. New customers accounted for 34% in 2020.

EXIAR offers exporters a flexible product range to meet a broad spectrum of their needs, including tailored solutions for SMEs. EXIAR

launched a special product for SMEs in 2020, namely insurance for deferred payments.

EXIAR reported a profit for the year, which shows high-grade risk management during the pandemic.

<sup>5</sup> Detailed information about the REC Group's activities in 2020 is contained in "Developing the Russian Economy" ("Export Support") and "Contribution to Social Development" ("Helping Customers and Partners to Fulfil Their Potential").

<sup>6</sup> Increased by RUB2.447bn compared with 2019.

In February 2020, the Board of Directors of EXIMBANK OF RUSSIA approved the Development Strategy 2024. The focus of business development at EXIMBANK OF RUSSIA in the new strategic cycle will be on the growth of its performance indicators of a development institution (export support, asset value, credit guarantee portfolio) without detriment to its stable financial indicators of a commercial bank.

In 2020, EXIMBANK OF RUSSIA analysed the products that could be in increased demand due to the pandemic and switched to the provision of digital services online. EXIMBANK OF RUSSIA met the needs of its customers in full and increased its lending portfolio. Exporters were enabled to complete the simplified formalities of a special guarantee, which considerably reduced the time of receiving VAT refunds and the Export Standard loan.

EXIMBANK OF RUSSIA signed agreements to join the Project Financing Factory programme<sup>7</sup> and work together with VEB.RF and other banks to form syndicates to finance large investment projects with high export potential.

One of EXIMBANK OF RUSSIA's priorities in 2020 was to develop the infrastructure necessary for the wider use of national currencies in cross-border transactions. This substantially expanded the geography of such payments.

A landmark in EXIMBANK OF RUSSIA's operation in the reporting year was a rating of AA(RU) (stable outlook) assigned by the Analytical Credit Rating Agency (ACRA).

## VEB.DV<sup>8</sup>

**Head office:** Moscow

**Share capital:** RUB59.476bn<sup>9</sup>

**VEB.RF's share:** 100%

**Number of employees:** 103

VEB.DV<sup>10</sup> is a public development institution and serves as a catalyst for investment progress in the macro-region. VEB.DV works to encourage investment in the Far East and the Arctic by providing concessional (5% p.a. and above in roubles) and long-term financing under priority investment projects in various industries.

In addition, the development agenda includes designing high-technology services for investors, providing support for small and medium-sized enterprises in the Far East, and promoting international cooperation, primarily with leading Asia-Pacific companies and financial institutions.

**VEB.DV's investment portfolio contains 20 projects in various sectors, totalling RUB763.4bn, including RUB69bn in VEB.DV investments.**

<sup>7</sup> See "Developing the Russian Economy" ("Performance Overview").

<sup>8</sup> Detailed information can be found in "Developing the Russian Economy" ("Developing the Far East and the Arctic").

<sup>9</sup> Increased by RUB19.331bn compared with 2019.

<sup>10</sup> The Far East Development Fund was renamed VEB.DV as resolved by its sole shareholder VEB.RF on 16 February 2021.

## VEB Ventures

**Head office:** Moscow  
**Share capital:** RUB5.717bn  
**VEB.RF's share:** 100%  
**Number of employees:** 48

VEB Ventures<sup>11</sup> provides support for high-technology projects by transacting directly or managing venture capital funds. Its priorities include using internal resources or private and public investment to finance high-potential companies and helping Russian start-ups to gain entry into international markets.

VEB Ventures supports the most ambitious projects by helping them to become competitive and successful in the long term in the domestic and foreign markets and contributes to the large-scale transformation of conventional and the creation of new economic sectors under

the National Technology Initiative and Digital Economy programmes.

VEB Ventures ensures liaison between venture capital market participants (development institutions, techpreneurs, investors) and other entities (banks, corporations of any type). The focus of VEB Ventures is on expert support for Russian businesses trying to gain entry into international markets.



## Bank BelVEB<sup>12</sup>

**Head office:** Minsk, Belarus  
**Share capital:** RUB13.566bn<sup>13</sup>  
**VEB.RF's share:** 97,52%  
**Number of employees:** 1,180

Bank BelVEB is a universal credit and financial institution ranking among Belarusian leading commercial banks for international payments and FX transactions, supporting public and corporate foreign economic activities and having

many years of experience and a well-deserved reputation across the foreign and domestic currency markets.

**In the Belarusian banking system at the end of 2020, the Bank ranked third by loan portfolio, fourth by assets, fifth by customer deposits, sixth by equity. Bank BelVEB ranked third in terms of loans to corporate entities, ninth in terms of retail lending, and fifth and seventh in terms of corporate and household deposits respectively.**

**Bank BelVEB won three Bank of the Year 2019 awards and was recognised by SME Banking Club as the best lender for small and medium-sized businesses.**

<sup>11</sup> VEB Innovations was rebranded as VEB Ventures in 2019

<sup>12</sup> Detailed information can be found in "International Cooperation" ("Russian-Belarusian Economic Cooperation").

<sup>13</sup> Decreased by RUB0.33bn compared with 2019.



## National PPP Development Center<sup>14</sup>

**Head office:** Moscow

**Number of employees:** 4

The National PPP Development Center systematically works to search for and select the most promising PPP projects for implementation in Russian regions. The National PPP Development Center assists in attracting investment, searching for potential partners and launching pilot projects in various

infrastructure sectors, is a key competency centre for infrastructure development and provides analytical support for PPP development in Russia.

### Operational Results of the National PPP Development Center

**35** system studies  
for the market and  
public agencies

**12** partner countries

**85** expert reviews  
for regulatory documents

**№1** development institution  
in the Russian PPP sector  
according to the World Bank

**The goal of National PPP Development Center** is to increase the number of new infrastructural projects using PPP mechanisms with due regard to a price-quality relationship by:

- building an integrated digital ecosystem to ensure market development and the effective interaction among market participants;

- setting up a competency centre to provide market participants with high-quality analytics and expertise.

<sup>14</sup> Previously outside the boundaries of the non-financial report of VEB.RF and VEB.RF entities. VEB.RF joined the co-founders of the National PPP Development Center in 2019 to strengthen the role of VEB.RF as the key development institution in the PPP market, contribute to digitalisation in the Russian infrastructure market and promote the PPP agenda within the G20, BRICS and the SCO.

## MONOTOWNS.RF

**Head office:** Moscow

**Sole founder's (VEB.RF's) contribution:** RUB0.016bn

**Number of employees:** 89

The strategic goal of the Monotowns Development Fund (MONOTOWNS.RF) is to create the necessary conditions for new jobs and investment in Russian single-industry municipalities (monotowns), along with

improvements to the urban environment and the enhancement and/or stabilisation of socio-economic conditions in single-industry towns.<sup>15</sup>

<sup>15</sup> Detailed information about MONOTOWNS.RF's activities is contained in "Supporting and Developing Single-Industry Towns (Monotowns)".



## VEB Engineering

**Head office:** Moscow

**Share capital:** RUB0.456bn

**VEB.RF's share:** 100%

**Number of employees:** 39

VEB Engineering is VEB.RF's centre for due diligence in construction. The company's mission is to develop an engineering ecosystem and improve the quality of VEB.RF's projects. As specified in the Quality Policy,<sup>16</sup> VEB Engineering's policy is to increase customer satisfaction by using methods of effective management for all production processes

with due consideration to the content, scope and time of design services, cost control, occupational safety, environmental safety and sustainability.

<sup>16</sup> <https://vebeng.ru/company/quality/>



## InfraVEB

**Head office:** Moscow

**Share capital:** RUB4.928bn

**VEB.RF's share:** 100%

**Number of employees:** 72

VEB Infrastructure (InfraVEB) performs the functions of an institution providing early-stage support for infrastructural and industrial projects, participating in the preparation and fine-tuning of projects eligible for VEB.RF's funding, developing the PPP market and preparing PPP projects for funding by the VEB.RF Group and other financial institutions.

As specified in the Development Strategy 2021–2024, the goal of InfraVEB is to prepare and arrange financing for national infrastructural projects to ensure industrial growth and higher quality of life.

InfraVEB prepares high-quality financial and technical documents for project financing with the involvement of VEB.RF and other financial institutions in the infrastructure, industrial production, urban economy and other sectors.

As at 31 December 2020, InfraVEB's portfolio contained 27 projects and over RUB1.86bn in investments.

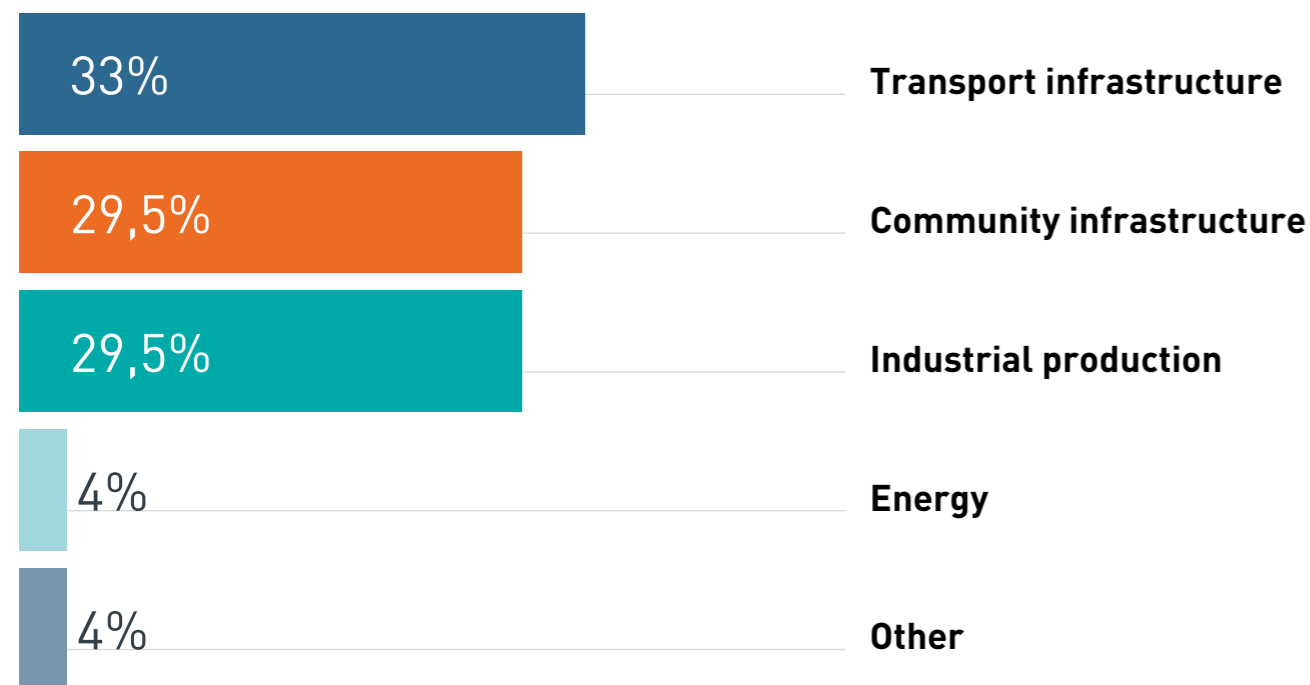
*“When we are faced with difficult, complex tasks, we make use of not only theoretical knowledge but also the practical experience our employees and partners have gained throughout our years of operation. This experience, along with all our customers we have had the honour of working with, is the core values of our company.”*

**Denis Nozdrachev**

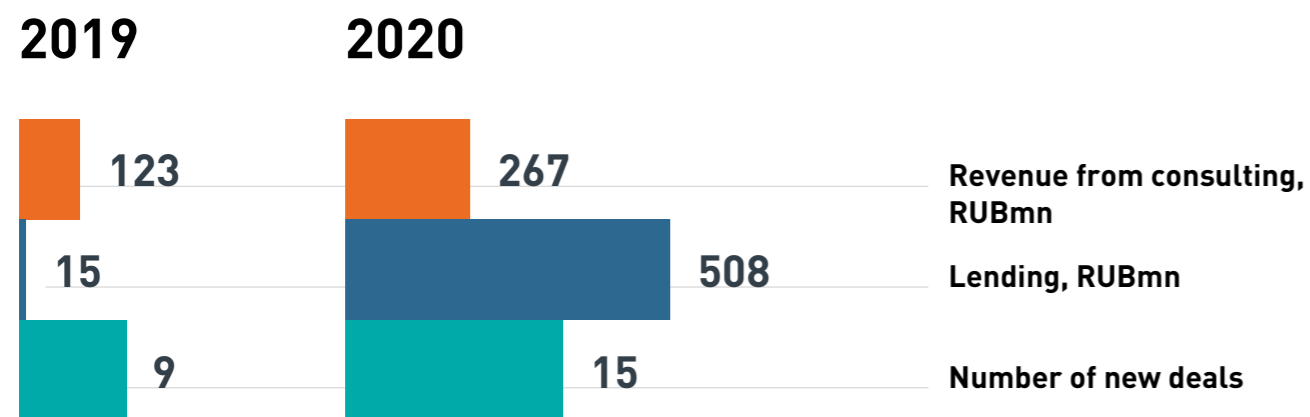
CEO, InfraVEB



## InfraVEB's Portfolio of Projects as at 31 December 2020 by Sector (Number of Projects)



## Increase in InfraVEB's Business in 2020 on 2019



In 2020, InfraVEB participated in the preparation and implementation of 20 projects and closed 11 consulting deals totalling RUB303.2mn.

Transport infrastructure projects made up the largest proportion of InfraVEB's investment portfolio due to the country's high need for transport development, the implementation of Decree of the President of the Russian Federation No. 474 of 21 July 2020 "On the National Development Goals of the Russian

Federation for the Period Until 2030", their appeal among investors and financial institutions, proven mechanisms for their implementation using private investment, and project initiators' desire to engage duly competent consultants to prepare such projects.







# STRATEGIC AREAS AND OBJECTIVES

VEB.RF's main priority is to assist the Russian Government in achieving the national development goals for the period until 2030. VEB.RF works to consolidate public and private investment resources to achieve a breakthrough in Russia's development, improve quality of life for Russian families, ensure adequate living and working conditions in Russian cities, and introduce digital competencies for new technological and digital products that make quality of life as high as possible.

VEB.RF does not intend to be in profit and works without competition with commercial banks. In its activities, VEB.RF maximises the efficiency of using public resources and creates the favourable conditions for private investment that contributes to achieving the government's priorities.

VEB.RF's activities are governed by:

- **Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF".**<sup>17</sup>
- **Memorandum on Financial Policies of Development Corporation VEB.RF** approved by Ordinance of the Government

of the Russian Federation No. 1510-r of 23 July 2018.<sup>18</sup>

- **Development Strategy of VEB.RF.**<sup>19</sup>
- **VEB.RF's 2024 Business Model** approved by VEB.RF's Supervisory Board in December 2018 and updated in December 2020.<sup>20</sup>

### New strategic principles

In late 2020, VEB.RF's Supervisory Board updated the key strategic operation principles of VEB.RF's 2024 Business Model (the "Business Model").<sup>20</sup>

**In 2020, VEB.RF's Supervisory Board resolved that the strategic operation principles of VEB.RF should include introducing the principles of sustainable development into VEB.RF's activities.**

<sup>17</sup> <https://veb.ru/files/?file=716f953ef2db5497242d0c329ff10683.pdf>  
<sup>18</sup> <https://veb.ru/files/?file=ff666364784d3143c3e51969e2e7d52d.pdf>  
<sup>19</sup> <https://veb.ru/o-banke/strategiya-razvitiya/>  
<sup>20</sup> <https://veb.ru/files/?file=06b3a85b417eaba3fd3b20bd0442cdd5.pdf>

The Business Model is based on the Memorandum on Financial Policies of VEB.RF and Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF". The expected outcomes of the Business Model are contained in the Non-financial Report of VEB.RF and VEB.RF Entities 2019.

## Key Strategic Operation Principles of VEB.RF



### Maximising influence on the achievement of national development goals

- Prioritising projects in terms of their impact on targets for national development goals
- Extensively encouraging co-financing from financial institutions



### Working without competition with commercial financial institutions

- Making projects more attractive to commercial banks, including through the use of syndicated lending and guarantee support
- VEB.RF does not intend to offer rival banking products in competition with commercial banks or be in profit
- After projects enter the operational phase and the risk level is lowered, VEB.RF seeks to exit from projects by selling receivables to commercial banks



### Ensuring financial stability

- Aligning financing for nationwide projects with seeking resources for their implementation
- Maintaining the required capital adequacy ratio (11% or above)\*
- Participating in projects that ensure break-even performance over the investment horizon



### Introducing the principles of sustainable development

- VEB.RF is mandated to act as the methodological centre for sustainable investment (including green financing) and private funding for development projects in the Russian Federation
- VEB.RF's project financing is consistent with the environmental and social SDGs

\* Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF", paragraph 4.1; Memorandum on Financial Policies of Development Corporation VEB.RF approved by Ordinance of the Government of the Russian Federation No. 1510-r of 23 July 2018, paragraph 60.

In accordance with the updated strategic principles, VEB.RF is to focus its activities on assisting the Russian Government in achieving the national development goals for the

period until 2030 and meeting the targets set by the Russian President.<sup>21</sup>

<sup>21</sup> Decree No. 474 of 21 July 2020 "On the National Development Goals of the Russian Federation for the Period Until

## VEB.RF's priority is to assist in achieving the national development goals

### Priority

Consolidation of public and private investment resources to achieve a breakthrough in Russia's development, improve quality of life for people and ensure adequate living conditions

#### PRESIDENTIAL DECREE\*

Achieving a breakthrough in Russia's development, improving quality of life for people and ensuring adequate living conditions






### VEB.RF'S Role

<p><b>Implementation of strategically significant development projects</b></p> <p>Financial and non-financial support</p>	<p><b>Coordination of development institutions</b></p> <p>Strategy, governance, financial stability, joint projects, approval of major transactions, and asset servicing</p>	<p><b>Agent for the Russian Government, government-controlled asset manager**</b></p> <p>Legislative proposals, servicing of Russia's external financial assets and debt, pension savings under management</p>
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#### National Development Goals and Areas of Investment

VEB.RF's activities are guided by the national development goals set by the Russian President,\* federal projects of the uniform plan to achieve the national development goals, sectoral strategies, and government programmes.

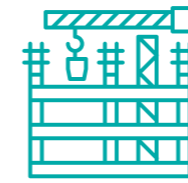
#### Initiatives of the Russian Government, Regions and Businesses

-  Decent, efficient work and successful entrepreneurship
-  Comfortable and safe living environment
-  Digital transformation
-  Sustainable birth rate, good health and well-being
-  Opportunities for personal growth and talent development

\* Decree of the President of the Russian Federation No. 474 of 21 July 2020 "On the National Development Goals of the Russian Federation for the Period Until 2030"

\*\* Government-controlled management company (the "Management Company") for pension savings and pension reserve payouts.

## Areas of Investment



High-technology production and export



Infrastructure



Urban economy

## Giving priority to the national development goals is the basis of the Strategy and Business Model

### Strategic level

# NATIONAL DEVELOPMENT GOALS

#### VEB.RF's KPIs

Focus on achieving the national development goals

#### BUSINESS MODEL STRATEGY

### Operational level

# INVESTMENT PROJECTS

#### ASSESSMENT OF INFLUENCE ON THE NATIONAL DEVELOPMENT GOALS

Due diligence for projects, giving priority to the national development goals

#### DECISION-MAKING

Credit Committee of VEB.RF  
Board of VEB.RF  
Investment Committee of VEB.RF's Supervisory Board  
Supervisory Board

## New Challenges Until 2025

Since the key targets of VEB.RF's 2021 Strategy were met ahead of schedule, the main principles of the Business Model for 2019–2020 were implemented,<sup>22</sup> and the development institutions began to be reformed, VEB.RF's 2025 Strategy and

the strategies for the development institutions pulled together under the umbrella of VEB.RF will be formulated in 2021.

*“VEB.RF is ready to take on more ambitious tasks and participate actively in the implementation of the Government's frontline strategies. VEB.RF's new business model will allow us, if we have adequate capital and liquidity, to implement investment projects for 10 trillion roubles by the end of 2025.”*

**Igor Shuvalov**

Chairman, VEB.RF

VEB.RF faces new challenges, which in combination with the new strategic principles will determine how to work in its main activities.

<sup>22</sup>The achievement of the goals contained in VEB.RF's current Strategy and VEB.RF's KPIs in 2020 is described in the Annual Report of VEB.RF for 2020 (<https://veb.ru/investoram/otchetnost/godovyye-otchety/>).

## Industries with High Export Potential

Developing industries with high export potential raises the growth rates of GDP, household income, capital investment and exports.

### Developing Industries with High Export Potential



#### Benefits for customers and partners

**Government and regions:** increased capital investment, increased non-resource non-energy exports, new jobs, increased tax revenues for budgets at all levels, support for nationwide projects.

**Project initiators/exporters:** government subsidies (including export support subsidies), assistance with project finance structuring (including financial advice), syndicated lending (including the Project Financing Factory).

**Banks, syndicate members:** risk sharing for long-term project financing, eased capital burden for projects financed through the Project Financing Factory.

#### Products and mechanisms

- Syndicated lending (including the Project Financing Factory)
- Guarantees
- Mezzanine financing
- Equity financing
- Export support jointly with REC
- Government subsidies

#### Main areas

- Export-oriented strategic industrial projects
- Financial support for contracts for non-resource non-energy exports



## Infrastructure

Infrastructure investment is essential for economic growth and a comfortable environment.

### Infrastructure Investment



#### Benefits for customers and partners

**Government and regions:** increased capital investment, improved infrastructure quality, new jobs, increased tax revenues for budgets at all levels, removed infrastructural constraints.

**PPP and concession initiators:** assistance with project finance structuring, consultancy services, experience of large-scale project implementation (including syndicated lending), resources of partner construction companies (Natsproektstroy Group).

#### Products and mechanisms

- Syndicated lending (including the Project Financing Factory)
- Guarantees
- Mezzanine financing
- PPP and concession projects
- Consultancy services (InfraVEB, National PPP Development Center)
- Cooperation with partner construction companies

**Banks, syndicate members:** risk sharing for long-term project financing, eased capital burden for projects financed through the Project Financing Factory, VEB.RF guarantees.

**General contractors:** support from VEB.RF, opportunities for expanded business portfolios.

**City dwellers:** improved quality of life.

#### Main areas

- Infrastructural projects (construction of airports, sea and river ports, roads and road junctions; railway infrastructure development; energy infrastructure modernisation and development; logistics and digital infrastructure development)

## Urban Economy

Developing the urban economy will ensure well-being, personal growth, a comfortable living environment and decent work.

### Developing the Urban Economy



#### Benefits for customers and partners

**Municipal governments:** ready-to-use solutions for improved urban environments with budgetary expenditures distributed over a long period.

**PPP and concession initiators:** assistance with project finance structuring, assistance with design, access to scalable products.

#### Products and mechanisms

- Syndicated lending (including the Project Financing Factory)
- Guarantees (including apex guarantees, i.e. support for urban SMEs in the form of partial guarantees issued to commercial banks for loans to SMEs)
- Equity financing
- PPP and concession projects
- Consultancy services (InfraVEB, National PPP Development Center)
- Social impact projects (SIBs/DIBs)

**Banks, syndicate members:** entry into new markets, reduced risks, lower capital requirements.

**Technology partners, suppliers:** expanded markets, access to long-term contracts.

**City dwellers:** improved quality of life.

#### Main areas

- Houses and urban environment
- Education
- Health services
- Transport
- Environmental protection
- Public utility services
- Digital solutions (including urban tech)
- Socio-cultural environment
- Sport
- SMEs
- Tourism and recreation

VEB.RF's important activities until 2025 will also include the functions of an agent for the Russian Government and professional risk management ensuring VEB.RF's financial stability. As specifically mandated by the Russian Government, VEB.RF is to introduce the G20 principles by creating the infrastructure

project assessment and certification system in accordance with the G20 QII Principles and by improving the management system for PPP budget commitments.

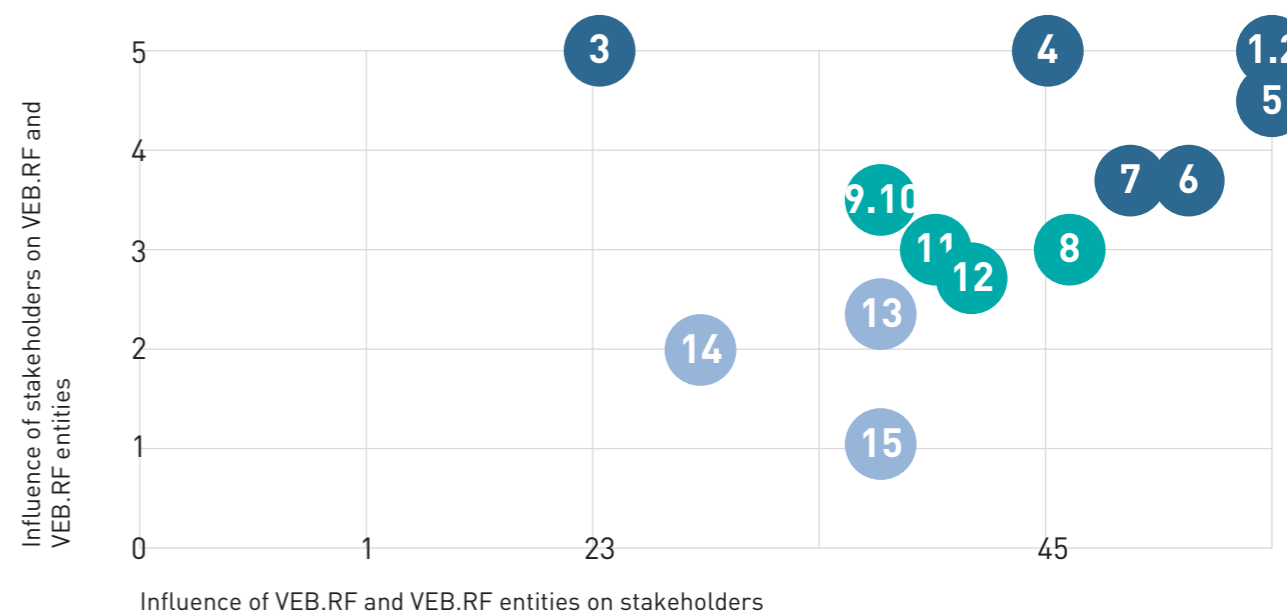


## STAKEHOLDERS

In the reporting year, the ranking map of VEB.RF and VEB.RF entities stakeholders described in the non-financial report for 2019 was updated. The ranking map took account of the influence of stakeholders on VEB.RF and VEB.RF entities and on the influence of VEB.RF and VEB.RF entities on stakeholders. The analysis of the mutual influence used a survey of VEB.RF's and

VEB.RF entities' executives and lead experts, who evaluated the influence of each stakeholder group on a scale of one to five, with 1 and 5 points given to the lowest and highest influence respectively. The stakeholder groups receiving an average of over 4 in any evaluated area were included in "high priority", 3.5 to 4 in "medium priority", and below 3.5 in "low priority".

### Ranking Map of Stakeholders of VEB.RF and VEB.RF Entities



### Stakeholder Groups

#### High priority

1. VEB.RF's Supervisory Board  
Government of the Russian Federation  
Governmental authorities
2. Management of VEB.RF entities
3. Foreign regulators
4. Russian regulators
5. Employees of VEB.RF and VEB.RF entities
6. Customers and borrowers
7. Investors and partners

#### Medium priority

8. Professional and expert community, business associations
9. Mass media
10. Analysts, rating agencies
11. Russian and international financial institutions
12. Suppliers and contractors

#### Low priority

13. Local communities at project locations
14. Educational and academic community
15. Potential employees, students, schoolchildren



## Stakeholder Engagement

Stakeholder groups	Communication channels and mechanisms	Group interests	How VEB.RF meets the interests of stakeholders	Selected events in 2020
VEB.RF's Supervisory Board Government of the Russian Federation Governmental authorities	Meetings of VEB.RF's Supervisory Board Meetings Working bodies Instructions issued directly to VEB.RF Cooperation agreements	<ul style="list-style-type: none"> <li>• VEB.RF's contribution to the implementation of government policy on socio-economic development</li> <li>• COVID-19 response measures</li> <li>• Developing the urban economy</li> <li>• Promoting green financing</li> </ul>	VEB.RF works in direct cooperation with federal, regional and municipal authorities. Each project is discussed and planned with the involvement of authorities. VEB.RF is represented in governmental deliberative and expert bodies.	<p>VEB.RF was involved in the Russian Government's crisis response measures.</p> <p>Igor Shuvalov was included in the Government Commission on the Economic Modernisation and Innovative Development of the Russian Federation and the Government Commission on the Development of Small and Medium-Sized Businesses. Russian President Vladimir Putin instructed VEB.RF and Russian Government to formulate a programme to renew public transport.</p> <p>The Nizhni Novgorod Region and VEB.RF set up a joint project office for the comprehensive development of Nizhni Novgorod. VEB.RF organised a webinar on social impact projects for the Volga, Urals, Siberian and Far Eastern Federal Districts. The event was attended by the Russian Ministry of Finance, the Russian Ministry of Labour and Social Protection, Russian regional financial authorities, and executive authorities in charge of education, social protection and healthcare from 36 regions of six federal districts.</p> <p>VEB.RF, the Irkutsk Region Government and the Baikalsk Administration began to develop the town's master plan.</p> <p>Russian Prime Minister Mikhail Mishustin included VEB.RF Chairman Igor Shuvalov in the Government Commission on Increasing the Stability of Russian Economic Development.</p>
Management of VEB.RF entities (existing and future) and coordinated development institutions	Internal advisory bodies of corporate governance Meetings Cooperation agreements	<ul style="list-style-type: none"> <li>• Practical cooperation within the family of development institutions and consolidation of efforts</li> <li>• Measures to ensure the effectiveness of governance and uniform high operation standards</li> <li>• Measures to safeguard the interests of investors and creditors of development institutions transferred for management by VEB.RF</li> </ul>	VEB.RF works on horizontal communications among functional areas, business units and divisions of VEB.RF; officers and employees of VEB.RF; VEB.RF entities; and development institutions coordinated by VEB.RF to achieve the goals and objectives of VEB.RF and VEB.RF entities.	<p>VEB.RF, RSMB Corporation, Bank DOM.RF and X5 Retail Group agreed on a road map under a cooperation agreement to promote small and medium-sized businesses and support individual entrepreneurial initiative.</p> <p>VEB.RF organised a joint session of development institutions, the Russian Ministry of Communications and Mass Media and Skolkovo resident start-ups for the winners of Sberbank Accelerator and Startups 500 to ensure the coordination of development institutions and adapt their services for the needs of businesses.</p> <p>VEB.RF and the National PPP Development Center came up with a rescue plan to support the regions by providing fee-free expert advice on the preparation and launch of PPP projects. VEB.RF and development institutions created a road map for implementing the Small and Medium-Sized Businesses and Individual Entrepreneurial Initiative Support national project with due consideration to the impact of the COVID-19 pandemic on business activity.</p>

Professional and expert community, business associations	Involvement of VEB.RF and VEB.RF entities in expert events and business associations	Development of the professional environment and improvement of the investment climate	VEB.RF strives to share its expertise and experience, making a substantial contribution to the development of the investment climate and the professional entrepreneurial community in Russia and abroad.  See "International Cooperation", "Contribution to Social Development".	VEB.RF Deputy Chairman Artyom Dovlatov <sup>23</sup> took charge of the sub-committee of the Russian Union of Industrialists and Entrepreneurs on investment in urban public transport.  The Skolkovo Innovation Centre hosted the Open Innovations forum in Moscow in October 2020. The VEB.RF Group, represented by VEB Ventures, was a co-organiser of the major high-technology event in Russia.
Mass media	Websites Media centre	Transparency of VEB.RF and VEB.RF entities	VEB.RF and VEB.RF entities are open for communication with the media. They have media relations departments. Significant events are covered by press conferences and press releases. The VEB.RF website has a media centre at <a href="https://veb.ru/press-tsentr/">https://veb.ru/press-tsentr/</a> .	Due to the pandemic in 2020, VEB.RF and VEB.RF entities did not organise press conferences or press tours. Media events were accessible online (more than 50 in 2020).
Analysts, rating agencies	Replies to inquiries Publicly available information from VEB.RF and VEB.RF entities	Compliance by VEB.RF with rating criteria and performance standards	VEB.RF and VEB.RF entities are open for communication with rating agencies and analysts. Material information is disclosed in annual and quarterly reports, non-financial reports, and on corporate websites. Staff members are always open for inquiries and questions to enable agencies to make a professional experienced judgement about VEB.RF's credit ratings. For this purpose, VEB.RF's executives holds regular meetings with credit rating agencies.	
Russian and international financial institutions	Participation of VEB.RF and VEB.RF entities in activities of international associations and events Direct interaction of VEB.RF's and VEB.RF entities' executives and experts with partner institutions Interaction in joint projects		See: About VEB.RF Developing the Russian Economy International Cooperation Contribution to Social Development	
Suppliers and contractors		Access to VEB.RF's and VEB.RF entities' procurement procedures Equal competitive opportunities, clear selection procedures	VEB.RF and VEB.RF entities ensure equal access to their procurement procedures, providing equal competitive opportunities and uniform rules for all procurement participants. For each procurement process, contact persons are appointed for communication with potential suppliers. Information about all of VEB.RF's purchases is posted on <a href="http://www.zakupki.gov.ru">www.zakupki.gov.ru</a> and on a special page of VEB.RF's website at <a href="https://veb.ru/zakupki/">https://veb.ru/zakupki/</a> .	None.  See also Appendix 10.

<sup>23</sup> Appointed as VEB.RF's Deputy Chairman and Member of the Management Board in February 2021.

Foreign regulators	Replies to inquiries, involvement in independent audits	<ul style="list-style-type: none"> <li>Compliance with international regulations in international activities</li> </ul>	VEB.RF prepares replies to inquiries from regulators and ensures the necessary interaction with them in audits.	
Russian regulators	Replies to inquiries, audits	<ul style="list-style-type: none"> <li>Compliance with Russian regulations</li> </ul>		
Employees of VEB.RF and VEB.RF entities	Feedback channels (corporate website, email) enabling each employee to contact management. Internal surveys designed to assess employee opinions	<ul style="list-style-type: none"> <li>Decent working conditions and equal opportunities for professional growth and development</li> </ul>	Detailed information about internal communications is contained in "Corporate Life" ("Corporate Culture"), Appendix 10.	
Customers and borrowers	Mainly through customer relations departments, along with special events for customers	<ul style="list-style-type: none"> <li>Opportunities for mutually beneficial cooperation</li> <li>Quality of services</li> <li>Confidentiality</li> </ul>	VEB.RF and VEB.RF entities hold events informing customers and borrowers about support offered by development institutions and provide training in methods for the efficient preparation and implementation of investment and export projects etc. In addition, VEB.RF and VEB.RF entities help to prepare projects. Some VEB.RF entities operate customer satisfaction evaluation systems.	<p>Under the Razvivay.rf Business Online project implemented by VEB.DV in cooperation with VEB.RF and Mail.ru Group, training webinars were organised for entrepreneurs on e-commerce and support for small and medium-sized businesses.</p> <p>In 2020, the REC Group used the net promoter score (NPS) methodology to assess customer loyalty. The survey covered more than 3,700 recipients of the REC Group's financial and non-financial services. NPS results: 64% for REC, 66.7% for EXIAR, 60% for EXIMBANK OF RUSSIA. About 20% of customers noted improvements in REC's operations.</p> <p>See also "Contribution to Social Development" ("Helping Customers and Partners to Fulfil Their Potential), Appendix 10.</p>
Investors and partners	Mainly through personal communication with VEB.RF. Information for investors on a special page of VEB.RF's website at <a href="https://veb.ru/investoram/">https://veb.ru/investoram/</a>	<ul style="list-style-type: none"> <li>VEB.RF's high financial results, effective risk management system, transparency and long-term stability</li> <li>Beneficial and clear terms of cooperation</li> </ul>	VEB.RF not only works to create the mutually beneficial conditions for joint activities, but also participates in and organises general discussions on Russian economic development, which makes it possible to find solutions jointly with partners. A special page of VEB.RF's website provides debt investors with up-to-date information (investor calendar, news for investors, available debt instruments, sale of assets).	<p>VEB.RF and the Housing and Utilities Reform Fund agreed to work together to make public utility services more attractive to investors in Russian regions by jointly preparing analytical materials and sharing their experience.</p> <p>VEB.RF held a special session on cooperation between municipal governments and development institutions. VEB.RF discussed urban tech development and the role of technology companies in Russian urban transformation with the Government of Moscow, Sber, Mail.ru, Yandex and Doctor Next Door.</p> <p>See also "Sustainability Mechanisms", "Developing the Russian Economy", "International Cooperation", Appendix 10</p>



# Contribution to the Response to the COVID-19 Pandemic and Its Impacts

VEB.RF was mandated by the Russian Government to be a major participant in a large-scale rescue programme for Russian ailing businesses during the COVID-19 pandemic by issuing surety bonds

to commercial banks for soft loans. The guarantees and surety bonds issued by VEB.RF under the rescue schemes in 2020 totalled over RUB500bn.

- The project was part of the Russian Government's crisis response agenda.
- **More than 5 million** people kept their jobs and income under the surety bond programme.
- **More than 250,000 loans** were given by credit institutions to businesses with the involvement of VEB.RF.
- **About 30,000 businesses** received zero-interest loans to meet their immediate needs and retain their employees.



## ASSISTANCE TO BUSINESSES



VEB.RF, RSMB Corporation, and the Razvivay.rf financial marketplace launched a uniform platform to support businesses at <https://поддержка.вэб.рф/>. The platform contains crisis response measures related to concessional

lending, taxation, softened procurement procedures and lease terms, suspended bankruptcies etc. The platform is designed to provide businesses with guidance about rescue measures and obtain comprehensive support for maintaining and developing their operations.<sup>24</sup>.



VEB.RF and the National PPP Development Center came up with a rescue plan to support the regions by providing fee-free expert advice on the preparation and launch of PPP

projects. The programme is primarily designed to help the regions to avoid suspending their infrastructural initiatives<sup>24</sup>.

<sup>24</sup> Detailed information can be found in "Contribution to Social Development" ("Helping Customers and Partners to Fulfil Their Potential").

Since foreign trade chains were disrupted due to lockdowns in a whole range of countries, REC created a crisis response centre to analyse changes in the export geography and identify potential markets for Russian exports. Held on an ongoing basis, videoconferences brought together Russian regional executive authorities, export support centres and the business community. REC and Russian Export Center's School of Export launched special pages of their websites (<https://www.exportcenter.ru/>, [www.exportedu.ru](http://www.exportedu.ru)) social media outlets with all information relevant for exporters during the pandemic. REC set up a hotline that received inquiries and helped Russian Export Center's School of Export to prepare and publish online information (case studies, recommendations, reviews, fact sheets etc) on how to export goods during the pandemic.

In May–July 2020, Russian Export Center's School of Export and the Russian Ministry of Industry and Trade held a series of seminars for manufacturers of personal protective equipment, healthcare products and medical equipment about the export of such goods during the pandemic. When COVID-19 restrictions were imposed, all in-person training programmes were promptly changed to an online format while the registration procedure was simplified.

REC and the Eurasian Development Bank (EDB) launched a joint lending programme to support the economic stability of companies from the Eurasian Economic Union (EAEU) during the pandemic.

The programme is intended to provide financial support for the export of Russian goods and services to the other EDB member countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan). Concessional loans will be financed by the EDB and REC.



The Russian Ministry of Digital Development, Communications and Mass Media works closely with VEB.RF to implement the initiative to support domestic IT companies during the pandemic by providing soft loans for companies that carry out projects and programmes using domestic IT products, services and platform solutions. The initiative is in accordance with the subsidisation rules approved by Resolution of the Russian Government No. 1598 of 5 December 2019. VEB.RF was among the first to be included on the list of authorised banks (lenders) and signed loan agreements to finance programmes for domestic IT products, services and platform solutions supplied to Rostelecom, MTS, Russian Railways and T Plus in the total amount of about RUB30bn.



## ASSISTANCE TO INDIVIDUALS



### BANK BELVEB

Bank BelVEB developed measures to support pandemic-affected retail borrowers. The Bank considered applications to defer loan repayments for six months, to be followed by principal repayment in instalments, and allow interest to be paid early. If the period from the date of the borrower's deferral application until the loan maturity date is less than two years, loan repayments may be deferred and the loan maturity date may be pushed back for six months.

In 2020, Bank BelVEB paid particular attention to the UP mobile app to provide its customers with remote access to routine transactions. UP was used to develop and put into commercial operation the following online services of the B2C marketplace: Drive & Pay (payments for fuel at filling stations); personal insurance; railway ticket office.

### VEBVENTURES



At the suggestion of VEB Ventures, VEB.RF and the Doctor Next Door chain of clinics launched a joint project to provide telemedicine services

free of charge across Russia, including remote towns and villages. The programme aimed to contribute to fight against the spread of COVID-19. VEB Ventures invested RUB1bn in telemedicine development using Doctor Next Door's resources.

*“As it is now extremely important that lockdown restrictions should be followed to keep people safer from infection, remote clinical services are increasingly in demand. As a development institution, VEB.RF is aiming to make telemedicine more accessible. We are working towards this goal in partnership with Doctor Next Door. As of today, Doctor Next Door health professionals provide free online advice throughout Russia about not only COVID-19 but also other diseases. We hope access to telemedicine services will help to keep people healthy nationwide.”*

**Igor Shuvalov**

Chairman, VEB.RF



**MONOTOWNS.RF**

During the pandemic, the existing social programme to provide free taxi services for war veterans in Russian single-industry towns was extended to COVID-19 response volunteers. The programme for veterans of the Great Patriotic War, homefront workers, and survivors

of the Siege of Leningrad was launched by MONOTOWNS.RF, VEB.RF and Yandex.Taxi in advance of Victory Day in 2019. The first year of the programme saw 24 municipalities join the social initiative.

*“Now, during the coronavirus pandemic, free taxi rides are also available to volunteers who deliver medications and food to veterans. This is a great help and support during the COVID-19 crisis.”*

**Irina Makieva**

Chief Managing Partner  
for Urban Development,  
Urban Solutions and Monotown  
Development





## ASSISTANCE TO THE HEALTH SYSTEM



VEB.RF is involved in financing a project to set up the production of import-substituting pharmaceuticals and finished products in the Yaroslavl Region and financing the R&D programme of R-Pharm. Artlegia (olokizumab)

can be used to treat COVID-19 complications, and RPH-104 is designed to cure a wide range of socially significant and orphan diseases, including COVID-19. The project is carried out under the programme to support Russian-based investment projects using project financing<sup>26</sup> and government guarantee mechanisms. VEB.RF invested in the project a total of RUB10.9bn.

*“This is a unique partnership—Russia’s first project to finance pharmaceutical research programmes on such a large scale. Throughout VEB.RF’s involvement in the project, we have consistently supported the initiatives of our partner, R-Pharm, and we have fulfilled all our obligations to finance the research programme for innovative pharmaceuticals.”*

**Igor Shuvalov**  
Chairman, VEB.RF




As instructed by the Russian Government, VEB.DV financed the purchase of additional personal protective and medical equipment for

COVID-19 hospitals in the Far East. This helped to provide effective and prompt health services and preventive measures for local residents.

<sup>26</sup> Resolution of the Government of the Russian Federation No. 1044 of 11 October 2014 “On the Approval of the Programme to Support Project Finance-Based Investment Projects Implemented in the Russian Federation”.

### Purchased for hospitals in the Far East

 **289,150**  
protective suits

 **408,000**  
air-purifying respirators

 **206,000**  
safety glasses

 **200,000**  
medical gloves

The assistance programme made it possible to increase supplies of protective equipment for Far Eastern health professionals three-

to sixfold and save and cure tens of thousands of people.

## BANK BELVEB

To treat COVID-19 patients in Belarus, Bank BelVEB purchased two ventilators (worth RUB8.86mn in total) for healthcare institutions and paid RUB481,400 for protective suits.







## MONOTOWNS.RF

MONOTOWNS.RF held a series of online meetings with the mayors of single-industry towns to discuss COVID-19 responses. The meetings resulted support measures proposed by the Russian Ministry of Economic Development. The meetings also made it possible to select about 200 manufacturers of healthcare products and personal protective equipment in 86 Russian single-industry

municipalities. This information helped single-industry towns to deal with a shortage of COVID-19 prevention equipment. For instance, the town of Kirovsk, Murmansk Region, bought 150,000 face coverings from a company located in Segezha, Republic of Karelia.



## INTERNATIONAL ENGAGEMENT



The pandemic did not disrupt business or humanitarian cooperation between VEB.RF and foreign partners. VEB.RF organised a delivery of personal protective equipment to China Development Bank (CDB) for hospitals in Wuhan, a cluster of COVID-19 cases in China. CDB's Chairman appreciated VEB.RF's help, saying that it was "not only a symbol of friendship between the peoples of Russia and China, but also a symbol of good relations and close cooperation between VEB.RF and CDB". CDB sent innovative COVID-19 test kits (Real-Time Fluorescent RT-PCR Kit for 2019-nCoV Detection) in return, which were given by VEB.RF to establishments of the Russian Ministry of Health.



The most important event in 2020 was the first global online conference "From Pandemic to Recovery", held by VEB.RF for development banks in partnership with the International Development Finance Club (IDFC) on 9 September 2020. The event was attended by UN Secretary-General António Guterres, OECD Secretary-General Ángel Gurría, and the heads of multilateral and national development institutions. The discussions were centred on infrastructure investment and SME support, which are vital for post-pandemic economic recovery.

*"Development banks can play a significant role in supporting the pandemic response and recovery—by providing financing for infrastructure and other public goods and by promoting financial inclusion. I welcome this conference's focus on financing for micro, small and medium-sized enterprises that have been hit hardest by the pandemic, and on sustainable infrastructure—a critical component of a strong recovery in the areas of health care, transport and digitalisation."*

**António Guterres**

UN Secretary-General





VEB.RF's achievements in the fight against the pandemic received international recognition. VEB.RF Chairman Igor Shuvalov joined the Pan-European Commission on Health and Sustainable Development. The Commission

is to rethink WHO policy priorities in the light of pandemics, draw lessons from the pandemic and formulate investment and reform recommendations to make health and social care systems more resilient.



## CORPORATE RESPONSE MEASURES



VEB.RF and VEB.RF entities maintained continuity in their operations by making wide use of telecommunications, instant messaging and videoconferencing technology.

*“Though some of our partners switched to working from home, this didn't interrupt the interaction within the Project Financing Factory. DataRoom, a single information engine created by VEB.RF, makes it possible to continue to work on projects and interact with our partners in syndicates of banks.”*

**Igor Shuvalov**

Chairman, VEB.RF

VEB.RF and VEB.RF entities traditionally give a sharp focus to caring for the health and well-being of employees. The safe office, disease diagnosis and disease prevention programmes were improved during the coronavirus pandemic.<sup>26</sup>

VEB.RF and VEB.RF entities fulfilled all the regulatory requirements to respond to the pandemic and approved bylaws (orders, instructions) to fight against the spread

of COVID-19. Measures were taken to strictly comply with governmental orders, promptly switch over to remote work, and monitor employees working from home.

<sup>26</sup> Detailed information can be found in “Corporate Life” (“Occupational Health and Safety”).



As resolved by VEB.RF's Board<sup>27</sup> and in accordance with VEB.RF's order,<sup>28</sup> in order to preserve the income of employees (excluding VEB.RF's Chairman and VEB.RF's Board) during their period of temporary disability, their temporary disability benefits (except for maternity pay) were increased to the amount of daily pay for at most 14 working days of temporary disability in the period from 1 January to 31 December 2020.

VEB.RF's social policy provides employees with voluntary health insurance, which allowed the

number of healthcare workers to be increased on the premises in order to organise regular thermometry and the early detection of respiratory diseases, including COVID-19, during the pandemic. Two doctors and nurses regularly took employees' temperature in the workplace at least once every four hours and as part of work authorisation. With the aim of fighting against the spread of COVID-19 among VEB.RF staff members, measures were taken to ensure that employees with symptoms of respiratory diseases were promptly identified.



## Medical Room Statistics

VEB.RF's corporate medical room received 3,001 requests for first aid from employees in 2020.



## COVID-19 Prevention Among Employees of VEB.RF and VEB.RF Entities

VEB.RF	VEB.RF Entities
Personal protective equipment and sanitisers	
Regular thermometry	
Tests for COVID-19	
Room disinfection, including air sanitisation	
Information support (awareness-raising materials, webinars, advice, special events)	
Enabling some employees to work from home	Working from home in rotation
Enhanced cleaning of ventilation and air conditioning system; regular microbiological examination of air	
Special lunch rooms	

100% of VEB.RF employees were tested for COVID-19 in 2020.

VEB.RF offices are all equipped with Tion and Dezar systems for comprehensive air purification and disinfection.

VEB.RF employees who had had COVID-19 were provided with information on how to recover from the disease. Additionally, VEB.RF set up an anonymous helpline.

<sup>27</sup> Minutes of the Meeting of VEB.RF's Board No. 9 of 3 February 2020, Item 7.

<sup>28</sup> VEB.RF's Order No. 30 of 10 February 2020.



# Sustainability Mechanisms

## VEB.RF'S ROLE IN ACHIEVING THE NATIONAL DEVELOPMENT GOALS AND THE UN SUSTAINABLE DEVELOPMENT GOALS

As a national development institution, VEB.RF works to facilitate Russia's economic and social development and has a substantial impact on the achievement of Russia's national development goals for the period until 2030,<sup>29</sup> well-being and environmental protection, primarily through investment projects.<sup>30</sup>

VEB.RF's impact on the national development goals is specified in the updated strategic principles of VEB.RF and detailed in VEB.RF's new 2021 Strategy.<sup>31</sup>



In 2021, VEB.RF is to channel RUB849.6bn into support for projects that have an impact on the achievement of the following national development goals: RUB770.6bn for “Decent, efficient work and successful entrepreneurship”; RUB54.6bn for “Comfortable and safe living environment”; RUB4.3bn for “Digital transformation”; RUB320bn for non-resource non-energy exports.






<sup>29</sup> Approved by Decree of the President of the Russian Federation No. 474 of 21 July 2020.

<sup>30</sup> Detailed information can be found in “Developing the Russian Economy” (“Socio-economic Impacts of Projects”).

<sup>31</sup> Detailed information can be found in “About VEB.RF” (“Strategic Areas and Objectives”).



## Impact of VEB.RF and VEB.RF Entities on the National Development Goals

National development goals	Impact of VEB.RF and VEB.RF entities	Sections/subsections of the report disclosing the key impact
 Sustainable birth rate, good health and well-being	<ul style="list-style-type: none"> <li>• Job creation under projects financially supported by VEB.RF and VEB.RF entities</li> <li>• Financing for health projects</li> </ul>	<ul style="list-style-type: none"> <li>• Developing the Russian Economy</li> <li>• Sustainability Mechanisms/ Impact Investing</li> <li>• Contribution to the Response to the COVID-19 Pandemic and Its Impacts</li> </ul>
 Opportunities for personal growth and talent development	<ul style="list-style-type: none"> <li>• Financing for construction designed for public education and youth development</li> </ul>	<ul style="list-style-type: none"> <li>• Developing the Russian Economy/Developing Infrastructure and PPPs</li> </ul>
 Comfortable and safe living environment	<ul style="list-style-type: none"> <li>• Financing for urban economy projects</li> </ul>	<ul style="list-style-type: none"> <li>• Developing the Russian Economy/Developing the Urban Economy</li> <li>• Developing the Russian Economy/Supporting and Developing Single-Industry Towns (Monotowns)</li> </ul>
 Decent, efficient work and successful entrepreneurship	<ul style="list-style-type: none"> <li>• Commitments and co-investment</li> <li>• Export support</li> <li>• SME support</li> <li>• Pension savings under management as part of the government-controlled asset manager's functions</li> </ul>	<ul style="list-style-type: none"> <li>• Developing the Russian Economy</li> <li>• International Cooperation</li> <li>• Government-Controlled Management Company and Agent for the Russian Government</li> </ul>
 Digital transformation	<ul style="list-style-type: none"> <li>• Financing for domestic IT solutions, including projects specified in Resolution of the Government of the Russian Federation No. 1598 of 5 December 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Developing the Russian Economy</li> <li>• Contribution to Social Development</li> </ul>

VEB.RF's priorities are consistent with several UN Sustainable Development Goals. This was verified by the SDG Financing Lab following an assessment of reports for previous years. According to the SDG Financing Lab report, VEB.RF clearly defined its priorities in two areas—SDG 9 (Industry, Innovation, and Infrastructure) and SDG 8 (Decent Work and Economic Growth)—each representing 17–22% of the total number of mentions. These are followed by SDG 17 (Partnerships for the Goals), accounting for 11–17%, and SDG 16 (Peace, Justice and strong Institutions), accounting for 8–15%. Climate-related SDGs 12–15 remain unchanged, representing about 10% of total mentions in all reports. In social SDGs 1–5, education is the most important.

Changes in VEB.RF's priorities in recent years did not go unnoticed. According to the report, SDG 11 (Sustainable Cities and Communities) was given serious consideration in the 2019 non-financial report, which contains more than twice as many mentions as the 2018 report (7% and 15% respectively). As a reminder, VEB.RF launched an urban economy development programme in 2019 to substantially improve quality of life in large cities other than Moscow and Saint Petersburg. The research used content analysis of texts related to VEB.RF reports (annual and non-financial reports for 2018 and 2019). The same methodology is applied by the OECD to other members of the International Development Finance Club (IDFC).

**VEB.RF joined the United Nations Global Compact in 2011 and became a member of Global Compact Network Russia in 2019.**

VEB.RF is fully aware of its responsibility to the government and society and strongly committed to attaining the UN Sustainable Development Goals (UN SDGs).<sup>32</sup> The working group responsible for the non-financial report






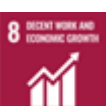
of VEB.RF and VEB.RF entities met in 2019 to agree on the main UN SDGs that were affected by VEB.RF and VEB.RF entities to the greatest extent.<sup>33</sup>

<sup>32</sup> On 25 September 2015, United Nations member states adopted the 2030 Agenda for Sustainable Development, outlining the 17 goals designed to end poverty, conserve the planet's resources and promote well-being for all. Each goal contains specific indicators that should be attained within 15 years.

<sup>33</sup> As mentioned in this report, the SDGs are these main UN SDGs.



## Impact of VEB.RF and VEB.RF Entities on the UN SDGs

UN SDGs	Impact of VEB.RF and VEB.RF entities	Sections/subsections of the report disclosing the key impact
	<ul style="list-style-type: none"> <li>Healthcare development projects are an important area of the investment policies of VEB.RF and some VEB.RF entities. In 2020, VEB.RF played a major role in the large-scale government programme to cope with the COVID-19 pandemic and its repercussions. In addition, VEB.RF continued to use impact investing for the focused implementation of socially significant projects.</li> <li>Corporate charity and sponsorship projects of VEB.RF and VEB.RF entities traditionally include support for the healthcare sector.</li> <li>Care for employees' health is a focus area of the HR policy. This area includes ensuring environmental safety in the workplace, carrying out social programmes for employees and occupational safety.</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to the Response to the COVID-19 Pandemic and Its Impacts</li> <li>Sustainability Mechanisms/Impact Investing</li> <li>Contribution to Social Development/Corporate Charity and Sponsorship</li> <li>Corporate Life/Occupational Health and Safety</li> <li>Corporate Life/Social Support for Employees</li> <li>Corporate Life/Green Office Practices</li> </ul>
	<ul style="list-style-type: none"> <li>Some investment projects of VEB.RF and VEB.RF entities are directly aimed at developing the Russian education using advanced technologies and making high-quality education more accessible in the country.</li> <li>VEB.RF and VEB.RF entities also pay particular attention to improving entrepreneurial literacy and developing competencies among young people under special educational programmes for the target audience.</li> <li>Helping employees to realise their potential, improving their competencies and increasing their value in the job market take place under comprehensive corporate training and development programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Mechanisms/Impact Investing</li> <li>Developing the Russian Economy/Developing Infrastructure and PPPs</li> <li>Contribution to Social Development/Helping Customers and Partners to Fulfil Their Potential</li> <li>Contribution to Social Development/Educational Initiatives for Students and Young People</li> <li>Corporate Life/Human Resource Training and Development</li> </ul>
	<ul style="list-style-type: none"> <li>VEB.RF and VEB.RF entities ensure equal rights for their employees, including gender equality.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Life/Occupational Health and Safety</li> </ul>
	<ul style="list-style-type: none"> <li>Investment projects implemented by VEB.RF and VEB.RF entities to develop a green economy include targeted projects to introduce responsible water management.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Mechanisms/Green Financing</li> </ul>
	<ul style="list-style-type: none"> <li>Facilitating the development of the energy sector and municipal power networks is a focus area of the investment activities of VEB.RF and VEB.RF entities. VEB.RF and VEB.RF entities focus their efforts on supporting best available techniques in this area.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Mechanisms/Green Financing</li> </ul>
	<ul style="list-style-type: none"> <li>A substantial number of investment projects implemented by VEB.RF and VEB.RF entities have a positive impact on the local economy through job creation and additional local tax payments.</li> <li>VEB.RF and VEB.RF entities pay particular attention to improving entrepreneurial literacy and developing competencies among customers and partners under special educational programmes for the target audience.</li> <li>VEB.RF and VEB.RF entities ensure competitive pay and decent working conditions for their employees, putting a strong focus on compliance by their HR policies with legal requirements, international standards and best practices.</li> </ul>	<ul style="list-style-type: none"> <li>Developing the Russian Economy</li> <li>International Cooperation</li> <li>Contribution to Social Development/Helping Customers and Partners to Fulfil Their Potential</li> <li>Corporate Life/Focus Areas of the HR Policy</li> <li>Corporate Life/Remuneration</li> <li>Appendix 8</li> <li>Appendix 12</li> </ul>



- In partnership with commercial banks, VEB.RF and VEB.RF entities provide financing for large-scale projects to develop the country's infrastructure, industrial production and social sphere, strengthen its technological potential and improve the quality of life.
- In 2020, VEB.RF was involved in creating Russia's national infrastructure project assessment and certification system.

- Sustainability Mechanisms/Quality Infrastructure
- Developing the Russian Economy
- International Cooperation



- In 2020, VEB.RF played a major role in the large-scale government programme to cope with the COVID-19 pandemic and its repercussions, which included support for businesses, individuals and the health system.
- VEB.RF and VEB.RF entities contribute to redressing economic and social inequality in Russian regions and different social groups by supporting single-industry towns and territories in the Far East and the Arctic. In addition, support for Russian exports and international cooperation make it possible to establish closer ties with other countries, thus contributing to their economic and social development.
- Corporate volunteering projects are aimed at helping socially vulnerable groups.

- Contribution to the Response to the COVID-19 Pandemic and Its Impacts
- Developing the Russian Economy/Supporting and Developing Single-Industry Towns (Monotowns)
- Developing the Russian Economy/SME Support
- Developing the Russian Economy/Developing the Far East and the Arctic
- Developing the Russian Economy/Export Support
- Corporate Life/Corporate Volunteering



- Developing the urban economy, improving the quality of life in Russian cities and creating urban ecosystems are priorities for VEB.RF, MONOTOWNS.RF and VEB.DV.

- Developing the Russian Economy/Developing the Urban Economy
- Developing the Russian Economy/Supporting and Developing Single-Industry Towns (Monotowns)
- Developing the Russian Economy/Developing the Far East and the Arctic



- All projects carried out by VEB.RF and VEB.RF entities are thoroughly checked for compliance with the environmental and social requirements set forth in Russian legislation and VEB.RF's internal regulations. In addition, most of VEB.RF's projects meet international green finance standards.
- VEB.RF entities provide, inter alia, environmental consulting services, including developing methodologies and procedures for the social and environmental assessment of whether organisations and investment projects adhere to sustainability principles.
- In their administrative practices, VEB.RF and VEB.RF entities are committed to implementing best practices in corporate social responsibility and reducing their own ecological footprint.
- VEB.RF and VEB.RF entities annually publish non-financial reports.

- About VEB.RF/VEB.RF and VEB.RF Entities
- Sustainability Mechanisms/Green Financing
- Sustainability Mechanisms/Quality Infrastructure
- Corporate Life/Green Office Practices
- Appendix 1



- All projects carried out by VEB.RF and VEB.RF entities are thoroughly checked for compliance with the environmental and social requirements set forth in Russian legislation and VEB.RF's internal regulations. In addition, most of VEB.RF's projects meet international green finance standards.
- In their administrative practices, VEB.RF and VEB.RF entities are committed to implementing best practices in corporate social responsibility and reducing their own ecological footprint.

- Sustainability Mechanisms/Green Financing
- Corporate Life/Green Office Practices



- The coordination of Russian development institutions, cooperation with private investors in investment projects, and the development of public-private partnerships are incorporated into the strategy and business model of VEB.RF.
- VEB.RF and VEB.RF entities are traditionally active in cooperating with the international community, primarily with international development institutions.

- About VEB.RF/VEB.RF and VEB.RF Entities/Stakeholders
- Contribution to Social Development/Helping Customers and Partners to Fulfil Their Potential
- Contribution to Social Development/Educational Initiatives for Students and Young People
- International Cooperation

# GREEN FINANCING



VEB.RF's green economy priorities include modernising production facilities (including export-oriented production), enhancing energy efficiency, electrifying transport and implementing urban economy projects.

Environmental responsibility is one of VEB.RF's operation principles contained in the Memorandum on Financial Policies of VEB.RF. VEB.RF is not involved in Russian-based projects that do not meet environmental requirements or standards.

Ordinance of the Russian Government No. 3024-r of 18 November 2020 approved VEB.RF's status as the methodological centre responsible for promoting investment in sustainable (including green) development and attracting private investment in development projects in the Russian Federation.

VEB.RF's new functions include:

- providing methodological support for developing and promoting investment in sustainable (including green) development and attracting private investment in sustainable development projects;
- establishing quantitative and qualitative criteria for sustainable development projects, project verification requirements, and the approaches used to assess the impact of such projects on the environment and climate;
- informing international organisations about financing for sustainable development projects as well as cooperating with international organisations in financing for sustainable development projects.

*“Russia is a party to the Paris Agreement and intends to meet its commitments. Under the Environmental Protection national project, it is intended that about 3.2 trillion roubles in private funding will be raised to improve the environment and make the Russian economy greener. This can't be done without building a fully fledged architecture for the green finance market.”*

**Igor Shuvalov**

Chairman, VEB.RF

## Creating the National Green Finance System

VEB.RF works on the national green finance system in collaboration with ministries, the Bank of Russia, and the expert and business communities. The system consists of key documents, such as the Russian Green Finance Guidelines (the “Guidelines”), the Russian National Taxonomy for Green Projects (the “Taxonomy”) and several clarifying methodologies.

The Guidelines describe the process of recognising financial instruments as green, while the Taxonomy contains a complete list of green projects with their qualitative and quantitative criteria. It is intended that this system will be maximally compliant with international and European systems (CBI, ICMA and IDFC) and the proposed EU Taxonomy.

Green financing involves investment in environmental improvement, climate change

mitigation and more efficient resource management. Companies implementing green projects are enabled to obtain less expensive funding.

In addition to the Taxonomy, VEB.RF released a taxonomy for intermediate projects, such as carbon footprint reduction projects.

The Guidelines aim to promote investment in the Russian Federation and encourage private funding for projects designed to achieve the Russian national development goals and contribute towards the UN Sustainable Development Goals and the Paris Agreement with due consideration to OECD sustainable development standards, including the OECD Guidelines for Multinational Enterprises, and the experience gained by other international organisations and Chinese institutions.





*“The Guidelines will lay the foundations for the Russian national green finance market. We expect this sector will help to speed up economic growth, and investors in green projects will be able to count on the premium both from the market and, in the future, from the government. Russians will get high-performance jobs and a greener environment for themselves and their children.”*

**Alexey Miroshnichenko**

First Deputy Chairman and Member of the Board, VEB.RF

Based on VEB.RF’s methodology, an issue of Russian Railways bonds was verified in September 2020. Expert RA recognised<sup>34</sup> the Russian Railways perpetual bonds as compliant with the ICMA Green Bond Principles and the

VEB.RF Guidelines. This financial instrument was the first to be verified in accordance with the new methodology in the history of the Russian financial market.

*“VEB.RF is ready to provide methodological support for sustainable projects, including green projects. A priority of our development institution is to contribute to improving standards of living in Russia. The new guidelines are fully consistent with the national priorities, the particularities and requirements of the Russian economy. We are ready to develop this system in close cooperation with the government, the market, and the Russian and international scientific and expert communities.”*

**Andrei Klepach**

Chief Economist, VEB.RF

<sup>34</sup> <https://www.raexpert.ru/releases/2020/sep18b/>

**Contributing to the Initiative to Promote the Green Finance Market**



Alexey Miroshnichenko, VEB.RF’s First Deputy Chairman and Member of the Board, spoke to the UN Global Compact Leaders Summit about VEB.RF’s achievements in promoting the sustainability agenda and setting up a green finance system in Russia. He noted that VEB.RF, as the national development institution, gave a sharp focus to developing Russia’s promising market (green finance and sustainable projects).

With the aim of carrying out the Environmental Protection national project and encouraging private investment, VEB.RF works together with ministries and the expert and business communities to create Russia’s green finance architecture.



VEB.RF’s enhanced international reputation was proved by participation in the third Paris Peace Forum. VEB.RF’s project “Architecture of the Green Finance Market in Russia” was selected by the organisers as one of 100 projects from among a total of 850 applications from 113 countries. Developed by VEB.RF as part of the Russian Green Finance Guidelines and the Russian National Taxonomy for Green Projects, the green finance system was presented at the forum.

In the reporting period, VEB.RF made a substantial contribution to the initiative to promote the green finance market by taking part in events such as the Gaidar Forum, a webinar titled “Europe’s Green Deal and Recovery Plan and Their Relevance for Russia” and the OECD Forum on Green Finance.

## Managing VEB.RF's Green Finance System

In 2020, VEB.RF instituted the post of sustainability officer, taken up by Alexey Miroshnichenko, VEB.RF's First Deputy Chairman and Member of the Board, who had been in charge of formulating the Russian Green Finance Guidelines and the Russian National Taxonomy for Green Projects. The new post of sustainability officer shows that VEB.RF is committed to promoting a comprehensive green finance system in Russia to help Russian businesses to switch over to low-carbon development and fulfil the Paris Agreement.

Additionally, VEB.RF formed a special collegial working body. Approved on 27 March 2020, the Regulations for VEB.RF's Green Finance Committee specify that the committee is primarily responsible for carrying out a preliminary review of sustainability documents designed to provide methodological support for public and private investment in Russian-based

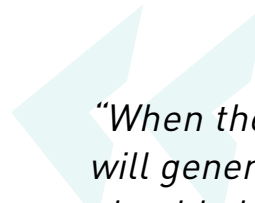
sustainable projects and for the functions of a competency centre for sustainable development.

VEB.RF started forming an expert council on green financing and sustainable infrastructure from among Russian and international experts. It is intended that international experts will work to enhance VEB.RF's methodology and taxonomy, make them consistent with key international initiatives and promote them in the international investor and expert communities.

## VEB.RF Green Projects

Setting up and introducing the green finance system had a significant effect on VEB.RF's lending policies. VEB.RF is ready to give preference to projects compliant with the future taxonomy. For instance, the Project Financing Factory (PFF) mechanism can provide a greenium: VEB.RF's commitment for green

projects through PFF's concessional Tranche A (financed from bonds issued by the PFF special-purpose entity) will be as high as 40%, which will considerably reduce total borrowing costs. There are plans to expand the list of benefits for green projects and incorporate it into the road map for supporting the green economy.



*“When they speak of green financing, this is about lending to a project that will generate cash flow and will be able to pay back the loan. But the project should also use advanced green technology that may require slightly higher costs in the investment phase. Some part of these investments will pay off in the operational phase. The remainder should be paid back through the lower cost of green financing as compared with conventional lending. VEB.RF's guidelines are designed to stimulate such investment and make sure such projects get the greenium.”*

**Alexey Miroshnichenko**

First Deputy Chairman and Member  
of the Board, VEB.RF

**34%**  
**of the projects approved  
by VEB.RF in 2020 are green  
in accordance with the IDFC  
methodology**

## Key Areas of VEB.RF Green Projects



VEB|RF

### Green transport

Railway electrification, modern electric locomotives, environmentally friendly public transport



VEB|RF

### Waste management

25 energy-from-waste plants in Russia



VEB|RF

### Green industrial production

Modern, energy-efficient and environmentally safe production facilities



VEB|RF

### Water supply and water disposal

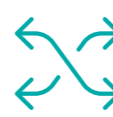
Major project to supply clean water to Russian regions



VEB|RF

### Renewable energy

Solar panel manufacture, hydropower



VEB|RF

### Green construction

Energy-efficient buildings, car-free city areas



**Natural sites, rivers, water bodies and biodiversity**

## Construction of Energy-from-Waste Plants



2020 saw the start of Energy-from-Waste, the largest project under the Environmental Protection national project. Rostec, ROSATOM and VEB.RF agreed to form a consortium to build at least 25 energy-from-waste plants in Russia. The project will cost an estimated RUB600bn, with VEB.RF's planned commitment of about RUB200bn. As estimated by VEB.RF, the facilities in the Moscow Region will recover energy from a total of 2.8 million tonnes of waste per year, and the annual capacity of the plant in Tatarstan will be 550,000 tonnes of waste.

The new plants will make it possible to stop more than 80 landfills from emerging, close down 25 existing dumping sites and save about 60,000 hectares of land. The land of closed landfill sites will be reclaimed. The construction and operation of the plants will create about 3,000 high-performance jobs.

## Construction of Municipal Solid Waste Management Infrastructure



Under the Environmental Protection national project, InfraVEB and Flagman Management Company signed a strategic cooperation agreement to build the necessary infrastructure for the processing, treatment, disposal and landfilling of municipal solid waste (MSW) in 10 Russian regions, using public-private partnership mechanisms. Future investment totals an estimated RUB20bn. Under the agreement, InfraVEB will prepare and update the project's main documents and provide fundraising services.

VEB.RF, InfraVEB and Gazprombank provided support for a transaction to raise funds for Upravleniye Otkhodami in order to finance new investment projects and improve the structure of the company's loan portfolio. In addition, Upravleniye Otkhodami received a credit line of more than RUB10bn. Upravleniye Otkhodami is Russia's largest group of MSW concession companies, operating in Russian regions with a total population of over 7 million. VEB.RF intends to use Upravleniye Otkhodami's extensive experience to organise an efficient MSW management system, which will contribute to improving quality of life and reaching the goal of sorting 100% of MSW and halving the number of landfill sites.



## Disposal of Accumulated Waste at Baikalsk Pulp and Paper Mill



VEB Engineering is involved in the Environmental Protection national project as related to implementing the project to preserve Lake Baikal and fulfilling its obligations under the contract with Rosgeo, including engineering surveys and the public collection and analysis of technological proposals from the professional community in order to develop a concept for the disposal of accumulated waste at Baikalsk Pulp and Paper Mill. The concept is necessary for the development of design estimates and the assessment of environmental impacts.

After repairing environmental damage and changing of the entire production site, VEB.RF is to set up a tourism cluster, educational facilities and eco-farms. There are plans to promote ecotourism, introduce green public transport, use renewable energy sources and renew public utility systems. Baikalsk is expected to become a Russian cultural and recreational centre and a comfortable place for local residents. VEB.RF's and Irkutsk regional authorities' work on the 2040 Master Plan for Baikalsk involves town dwellers, residents of the Irkutsk Region, and region- and national-level businesspeople and experts.

*"It's not a coincidence that we chose Baikalsk for the master plan. The town has an advantageous geographical position, not far from the region's administrative centre, Irkutsk, and several populated places. The local climate and natural landscape can make the town very attractive to tourists. It's safe to say our work will make it a globally unique place not only in terms of its location and services, but also in conceptual terms: we will work together to replace the major source of pollution at Lake Baikal by a site built on the principles of environmentally oriented development."*

**Anton Grigorov**

Senior Vice-President,  
Assets Division

**Integrated urban development is closely connected with being attractive to tourists, especially ecotourists. VEB.RF has Russian tourism-related projects totalling RUB80bn in the pipeline.**



*"Tourism is an important areas of urban economy development. As tourism infrastructure becomes better, urban dwellers can have a higher quality of life. That is why VEB.RF is willing to help cities with such projects. To increase the tourist flow, cities need high-grade infrastructure and professionals. Tourists will not come to a city without modern hotels, comfortable transport or landscaped parks."*

**Irina Makieva**

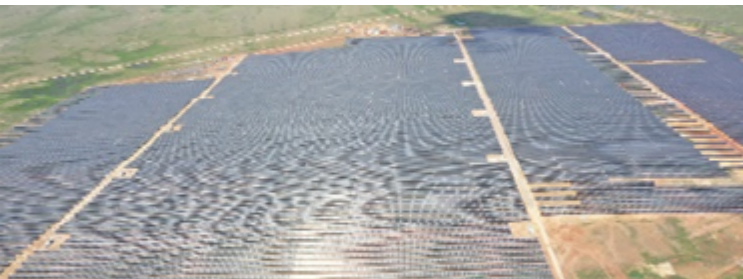
Chief Managing Partner  
for Urban Development, Urban Solutions and  
Monotown Development

## Clean Energy



The REC Group is involved in financing a construction project for solar power stations in Kazakhstan. The project is to result in building five 224 MW solar power stations. The exporter under the project is Hevel Group, Russia. Financing for the project includes

RUB2bn in EXIAR-guaranteed interbank loans from EXIMBANK OF RUSSIA to the Eurasian Development Bank (EDB). Financing is intended for the supply of Russian photovoltaic panels (Hevel).



## Clean Transport



It was announced in 2020 that VEB.RF would provide Central Exurban Passenger Company (CEPC) with a total of RUB6.97bn in lease financing for ten electric multiple units designed

to carry passengers in the CEPC commuter rail system. Clean transport projects are high on VEB.RF's list of priorities.

## Responsible Water Management



In the urban economy area, VEB.RF and Rosvodokanal agreed in 2020 on a joint venture to develop and operate water supply and water

disposal facilities on a concession basis in Russian regions and become involved in the consolidation of the sector.

## IMPACT INVESTING



*“Today we live in a paradigm where everything is around people. Well-being became the primary value. This is a growing trend throughout the world. Quality of life is the main priority.”*

**Svetlana Yachevskaya**

Deputy Chairperson, Member of the Board, and Head of Internal Control, VEB.RF

## Social Impact Bonds

Social impact bonds (SIBs) are a mechanism of pay-for-success financing whereby repayment from the government (commissioner) to private investors (funders) is contingent on the achievement of specified social outcomes. SIBs lead to fundamental changes in the social function of the government. Traditional project financing in the social sector is giving way to the government paying for the social impacts achieved, namely a positive effect on well-being and/or living conditions for a specific group of people. The government will not pay unless the objectives are achieved.

Paragraph 5 of Resolution of the Russian Government No. 1491 of 21 November 2019 “On the Organisation of SIB Pilot Testing in Constituent Entities of the Russian Federation in 2019–2014” recommended that Russian regional government authorities should treat VEB.RF as a SIB operator.

In 2020, VEB.RF was active in promoting the SIB mechanism. This made it possible to involve Russian regions in the preparation and implementation of social impact projects in various areas. As a result, about 40 Russian regions stated that they were interested in SIB projects. Seven regions (Primorie Territory, Khanty-Mansijsk Autonomous District (Yugra), Republic of Sakha (Yakutia), Sverdlovsk Region, Kamchatka Territory, Chelyabinsk Region, Republic of Tatarstan) formed SIB working groups (project teams) with the involvement of VEB.RF. Six social impact projects related to education, assisted living for people with disabilities, sport, and youth policy are in the pipeline.



“These are new technologies in reaching the government’s goals. VEB.RF took on a new role of the SIB project operator under national projects. Fulfilling certain functions of federal authorities, we are aware that VEB.RF is one of the main tools in the SIB project market, but we perform these functions on behalf of the Russian government, on behalf of the Russian president.”

**Igor Shuvalov**  
Chairman, VEB.RF

## Social Protection Projects in the Primorie Territory



On 18 December 2020, VEB.RF, Russian Post and the Primorie Territory Government signed an agreement to launch social impact projects in the social and healthcare sectors. The pilot projects are to be carried out in Primorie from February 2021 to January 2022.

The SIB in the social sector is primarily designed to change the basis of social impact contracts, making them proactively address the needs of service recipients rather than react to requests from beneficiaries. It is intended that mail carriers will be involved in covering 12,000 households, identifying low-income families and helping them to obtain social impact contracts. This will enable low-income families with children to start their businesses, have vocational training and find new jobs.

## Primorie Territory: SIB in the Healthcare Sector

### Goal

- Increase the number of people provided with medical screening and health status information
- Enable people to receive home-delivered prescribed medications, especially in remote areas
- Increase health status information available to healthcare providers about people receiving home-delivered medications

### Social outcome

- Increase the coverage of regular health examinations (65% of people needing medical screening will be provided with routine medical screening)
- Increase the number of people receiving home-delivered medications and increase health status information available to healthcare providers about them (90% of people will receive home-delivered medications and make their health status information available to healthcare providers)



### Project indicators

**5,500** people will receive prescribed medications

**4,000** people were informed about medical screening

**>2,500** people will be provided with medical screening

**01/02/21-31/01/22**

**Project value and payment for success: RUB36.17mn**

### Social outcome

- Russian Post will help as many as 5,500 people among social beneficiaries to receive home-delivered prescribed medications and make their health status information available to healthcare providers.
- All people living in the project’s municipalities and needing medical screening for the duration of the project were informed about medical screening and its advantages (4,000 people).

Commissioner: Ministry of Labour and Social Policy of the Primorie Territory  
Investor/service provider: Russian Post

The SIB in the healthcare sector is designed to increase the coverage of preventive health examinations and provide medical screening. Almost 5,500 people will receive prescribed medications, and more than 2,500 people will be provided with medical screening. As the project

initiator, Russian Post will help to identify and support people needing these services. In the case of remote rural areas (especially during the pandemic), the project is important because mail carriers will be involved in offering home-delivered medications.

## Primorie Territory: SIB in the Social Sector

### Goal

- Help low-income disadvantaged families by providing them with the government’s social assistance under social impact contracts
- Identify low-income families with children unregistered with social protection authorities and potentially entitled to the government’s social assistance under social impact contracts
- Encourage low-income families with children to participate in social integration programmes and perform their obligations under social impact contracts

### Social outcome

- Increase the number of low-income families among social beneficiaries obtaining social impact contracts
- Provide more information to low-income families with children about the availability of the government’s social assistance under social impact contracts, including families potentially entitled to such assistance and identified under the project
- Increase the number of identified low-income families and disadvantaged families



### Project indicators

**270** low-income families with children entered into social impact contracts

**100** disadvantaged families with children were identified

**12,000** families with children were put under monitoring

**01/02/21-31/01/22**

**Project value and payment for success: RUB9.56mn**

### Social outcome

- Russian Post will inform low-income families in the project’s municipalities about potential benefits of social impact contracts.
- A survey of families with children in the project’s municipalities with respect to their socio-economic condition will identify additional families for registration with regional social protection authorities.
- Social impact contracts will individually meet the needs of each family

Commissioner: Ministry of Labour and Social Policy of the Primorie Territory  
Investor/service provider: Russian Post

“It’s of great importance that public health services in the Primorie Territory will use a simple and effective mechanism to bring preventive health examinations to isolated rural areas. Preference will be given to people who have not visited health centres for more than three years. In addition, the project makes it possible to help the most vulnerable members of society, disabled people receiving public financial assistance. For example, they will have their medications delivered to their home. We hope the pilot project will be a success and we expect it to be extended to other areas of Primorie.”

**Anastasia Khudchenko**

Deputy Prime Minister and Minister of Health, Primorie Territory



## Education Project in the Republic of Sakha (Yakutia)



The SIB in education in the Republic of Sakha (Yakutia) is VEB.RF's initiative backed by the republic's government and brought about by the need to make Russian human resources more competitive and provide every child, whether in urban or rural areas, with opportunities for personal growth and talent development. The project aims to improve schoolchildren's academic performance in the Republic of Sakha (Yakutia) by using advanced digital technology, modern methods of organising the school education process, and financial management for an effective mechanism to manage general education institutions.

The project affects all participants in the education process: schoolchildren and their parents, teachers and headteachers.

Main outcomes of the project:

1. The project covers about 5,000 children from 27 schools.
2. Each schoolchild is essentially provided with an individual development plan based on the child's strengths and weaknesses. Underachievers take part in School of Growth activities. Advanced education programmes, including School of Success, are available to motivated high achievers.

3. 11 advanced training programmes for teachers were specially developed and tested. 518 teachers received advanced training; 160 teachers are members of schools' professional learning associations and regularly collaborate in planning, conducting and analysing lessons.
4. In order to improve parental engagement, Parental University was established. Parental engagement events (webinars, in-person meetings) with the participation of subject teachers and educational psychologists teach how to be involved in planning children's educational trajectories, and involve parents in preparing various school projects. In total, Parental University events were attended by more than 600 people in 2019 and 2020.

During the pandemic, the SIB project in the Khangalassky Municipal District enabled local educational establishments to pioneer remote learning in Yakutia quickly and smoothly. This was made possible by successful measures to involve parents and children in improving the quality of education and enhance the interaction between all participants in the education process.

## New Approach to Support for Private Investors in the Social Sphere



Resolution of the Russian Government No. 2390 of 31 December 2020 approved subsidisation mechanisms for loans under projects of social services of the Social Support national programme, which will allow private investors to take out low-interest loans. This subsidisation replaced the previous intergovernmental transfer mechanism reimbursing Russian regions for their expenses in connection with the partial payment of interest on borrowers' loans. Now investors can be directly eligible for low-interest loans (4% p.a. at most), and credit institutions can receive subsidies directly from the federal budget.

The rules provide for subsidies at the key rate of the Bank of Russia and apply to loans with a term of at least 10 years. Loans should be used for the rehabilitation, modernisation or construction of social institutions and for the expansion of inpatient hospitals. Borrowers should provide social services within ten years after facilities are put into operation. The solution will make social infrastructure more accessible, help businesses focused on support for vulnerable groups, expand the geography of such projects and encourage private investment in the social sphere.

*"Social impact projects are globally implemented on a selective basis and initiated by local initiative, but we propose impact investing as part of the government's budgetary policy in the social sphere."*

**Svetlana Yachevskaya**

Deputy Chairperson, Member of the Board, and  
Head of Internal Control, VEB.RF

# QUALITY INFRASTRUCTURE



Russia's national infrastructure project assessment and certification system (Impact and Responsible Investing for Infrastructure Sustainability, IRIIS) is designed to introduce the

Principles for Quality Infrastructure Investment (QII Principles).<sup>35</sup> IRIIS will be the determining factor in long-term sustainable infrastructure development consistent with the QII Principles.<sup>36</sup>

## Developed by:



Goals of integrating the QII Principles into VEB.RF's activities:

- improve the quality, preparation and implementation of infrastructure projects by introducing modern standards;
- increase confidence in Russian projects;
- improve the quality of construction, design, engineering and operator services in the infrastructure sector by establishing new requirements for all market participants;
- build up the professional community competent at sustainability and quality infrastructure investment.

IRIIS innovations:

- compliance with the QII Principles and SDGs;
- ESG due diligence for infrastructure projects;
- illustrative structure of criteria, requirement levels and indicators;
- use of actual data and documentary evidence, which makes it possible to publish the assessment results;
- assessment results recognised by international organisations and institutional investors;
- online self-assessment tools.

*“The national infrastructure project assessment and certification system will help to identify the project’s weaknesses at an embryonic stage. This will allow projects to use global best practices, become more attractive to investors and produce maximal positive economic, environmental, social and other effects. As a consequence, this will have a positive impact on the Russian infrastructure market and attract foreign investment.”*

## Svetlana Yachevskaya

Deputy Chairperson, Member of the Board, and  
Head of Internal Control, VEB.RF

<sup>35</sup> <https://pppcenter.ru/upload/iblock/0fa/0fa0365072223143604c80079e61f1c8.pdf>

<sup>36</sup> Endorsed by the G20 leaders in June 2019.





# Developing the Russian Economy

## PERFORMANCE OVERVIEW

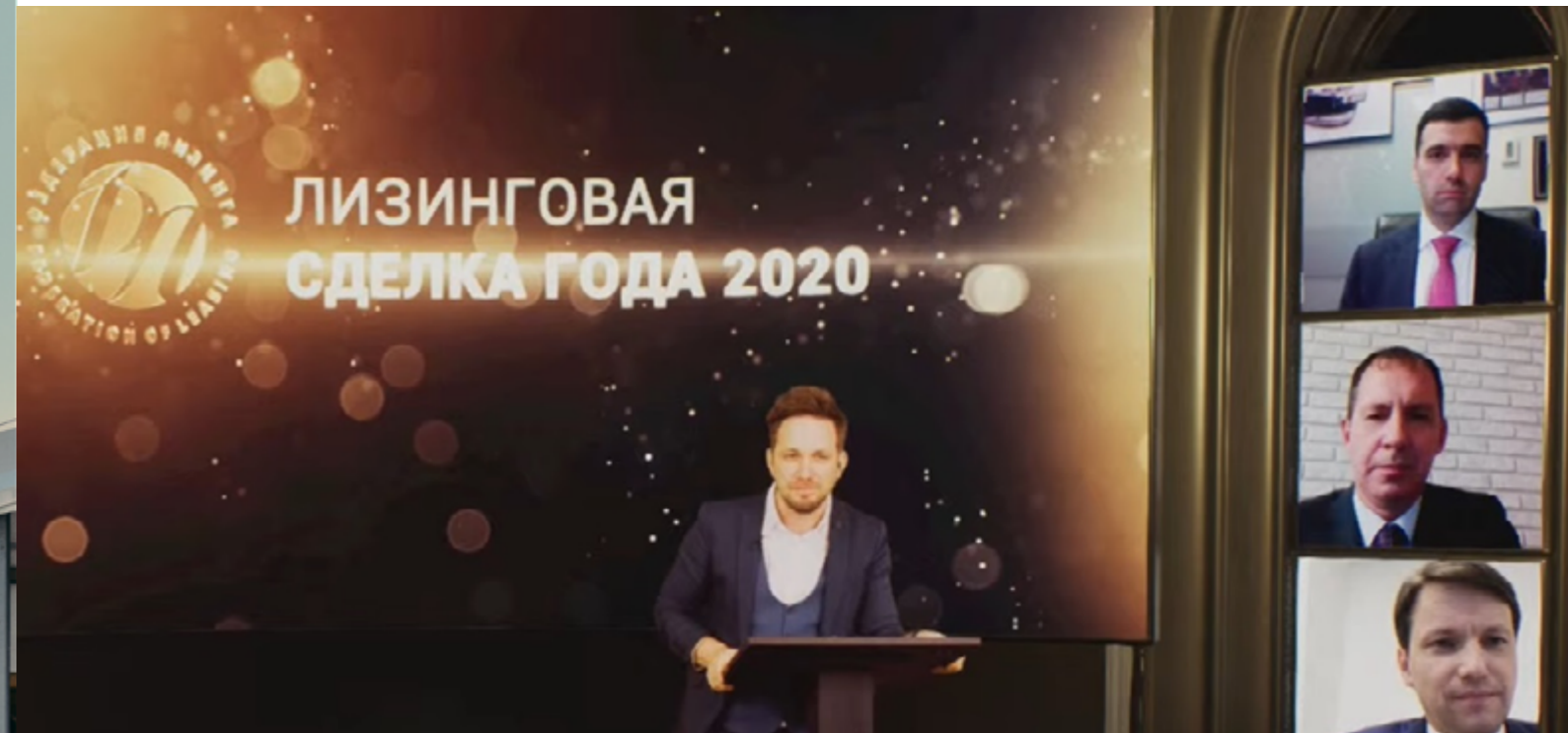


### Portfolio of VEB.RF Investment Projects



In 2020, the key recipients of support were shipbuilding, gas to chemicals, engineering, infrastructure development and airport modernisation, city development and IT, along with SMEs provided with unprecedented support during the COVID-19 pandemic.

The supply of 15 ice-class gas carriers to Arctic LNG 2, one of the largest projects that began to be financed by VEB.RF in 2019, took the top prize of the National Leasing Award “Leasing Deal of the Year 2020”.



*“This is the largest deal in the history of Russian shipbuilding. It has a crucial role in developing the Northern Sea Route and the Arctic, which is why we are glad to see the deal receive praise.”*

**Daniil Algulyan**  
Deputy Chairman and Member of the Board, VEB.RF

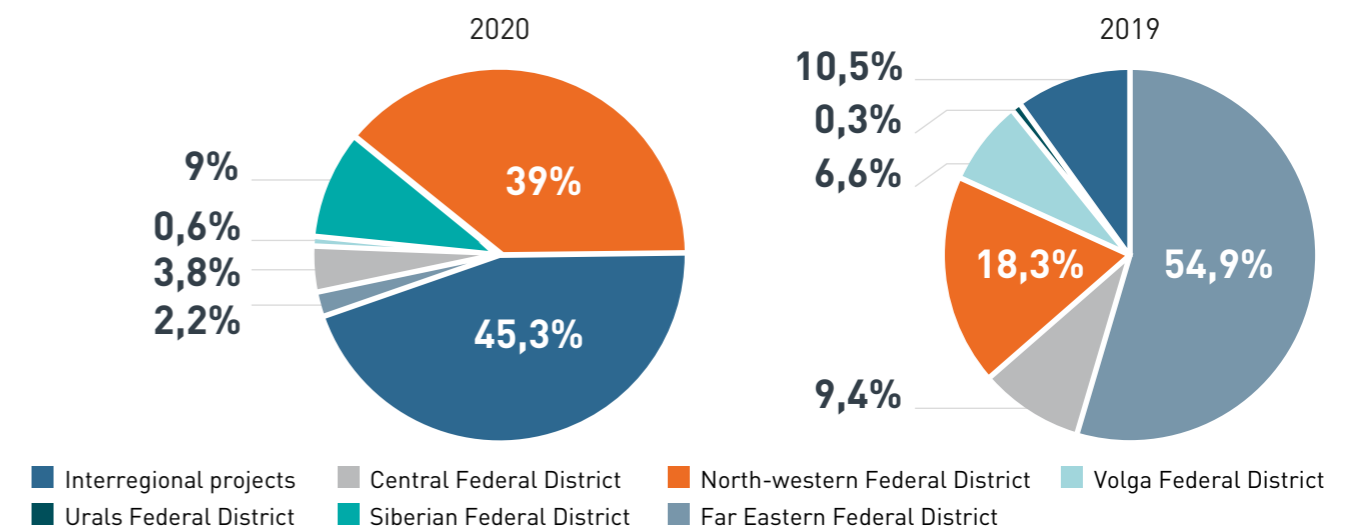


## Financial Support for Investment Projects

As at 01/01/2020	Reporting period	As at 01/01/2021
<b>133</b> projects	Projects launched <b>14</b>	<b>131</b> projects*
	Projects completed <b>16</b>	
<b>1,149.3</b> bn RUB	Investment project financing	<b>1,201.6</b> bn RUB
<b>62.1</b> bn RUB	Equity financing (equity investments)	<b>138.9</b> bn RUB

\* through lending and equity financing

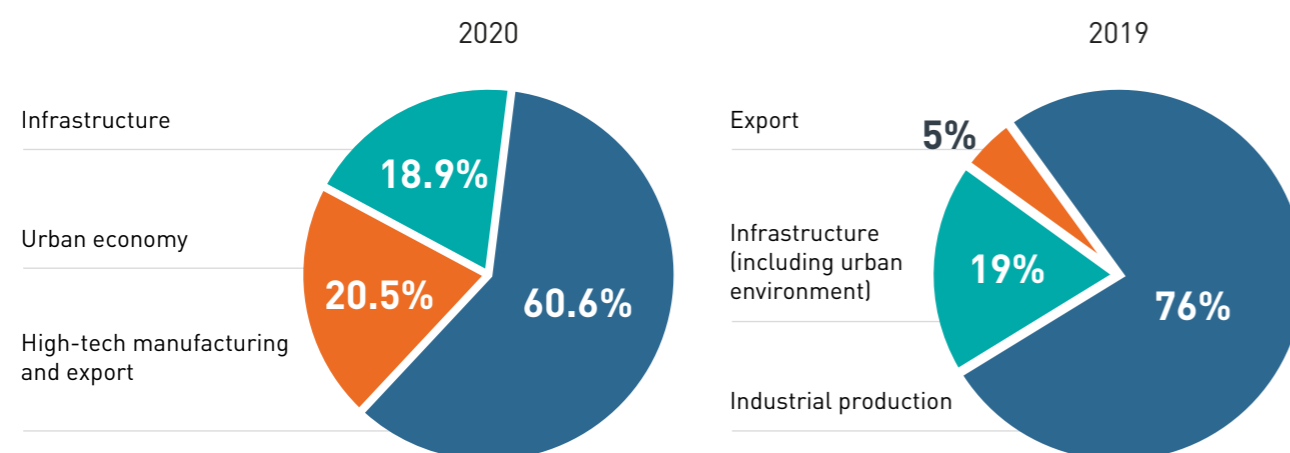
## VEB.RF Projects Approved for Financing in Russia in 2020 by Region (% of VEB.RF's Commitment)



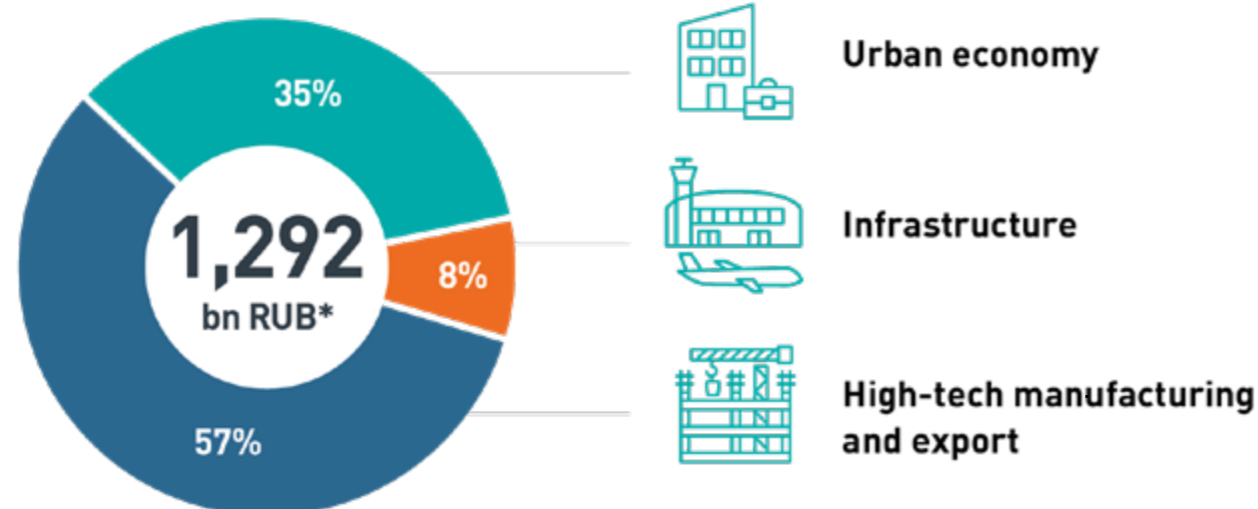
In the reporting year, VEB.RF's governing bodies approved participation in 23 investment projects with a total value of more than RUB532.3bn, including VEB.RF's commitment of RUB109.9bn.

In 2019, VEB.RF approved financing for 53 projects, totalling RUB3155.2bn, including RUB950.1bn provided by VEB.RF.

## VEB.RF Projects Approved for Financing in 2020 by Industry (% of VEB.RF's Commitment)



## Projects in the Pipeline Until 2024



VEB.RF's commitment under projects in the pipeline. Total project value: RUB6,747bn.

VEB.RF used syndication to support projects that would have been rejected by commercial banks or project initiators without its participation: projects at early stages, with regulatory uncertainty, in new industries, with new technologies, and with complex structuring.

VEB.RF took first position in the Cbonds ranking of Russian and CIS syndicate arrangers in 2020,<sup>37</sup> becoming a major market player among foreign and Russian first-class banks. VEB.RF's

*"Syndicated lending is the quintessence of our philosophy of cooperating with commercial banks. VEB.RF's principal partners in our arranged transactions are the largest Russian banks, namely VTB Bank, Gazprombank, Otkritie Bank and Sberbank."*

### Yuriy Korsun

Deputy Chairman and Member of the Board, VEB.RF

## Project Financing Factory

The most successful tool to obtain funding from commercial banks for development projects was the Project Financing Factory (PFF) programme. The programme makes it possible to provide

financing for a longer term, hedge key-rate risks, and give VEB.RF loans for interest payment in the project's investment phase.

<sup>37</sup> The Cbonds ranking includes banks operating as syndicate arrangers in the Russian and CIS corporate debt markets and ranked by the value and number of arranged transactions.

*"The [Project Financing] Factory is now fully operational; it's the best tool the Russian market can offer in terms of risk hedging and return on investment. The mechanism of guarantees and hedging inspires market and customer confidence."*

### Ilya Torosov

Deputy Minister of Economic Development of the Russian Federation

In 2020, VEB.RF's collegial bodies approved three projects using the PFF mechanism in areas such as chemical production, airport infrastructure and non-ferrous metals.

totalling over RUB1tn, with VEB.RF's commitment of more than RUB298bn (3.6 roubles of private funding for 1 rouble of VEB.RF's financing [excluding optional Tranche C]).

As at 31 December 2020, approval was given to a total of 13 projects under the PFF programme,

The key partner banks were Sberbank, Gazprombank, VTB Bank, Otkritie Bank etc.

*"The Project Financing Factory is a PPP mechanism too. We should pave the way for private enterprise."*

### Igor Shuvalov

Chairman, VEB.RF

The following projects were in the operational phase: construction of the coal transshipment facility at the port of Vanino; construction of

KuibyshevAzot's production facility with an annual capacity of 500,000 tonnes of K-grade sulphuric acid and refined oleum.

## Project Financing Factory

as at 31 December 2020

**7** projects in progress

The terms of financing for **16** projects were about to be finalised

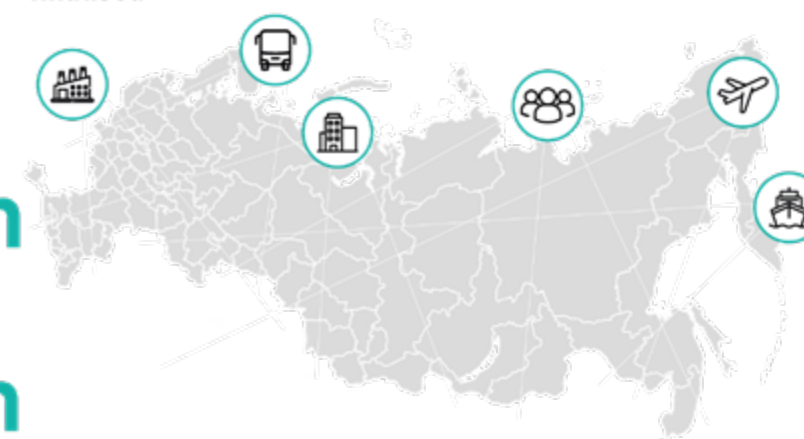
Total project value of **RUB1.4tn**

VEB.RF's approved commitment of

**RUB183.2bn**

Total financing value of

**RUB583.9bn**

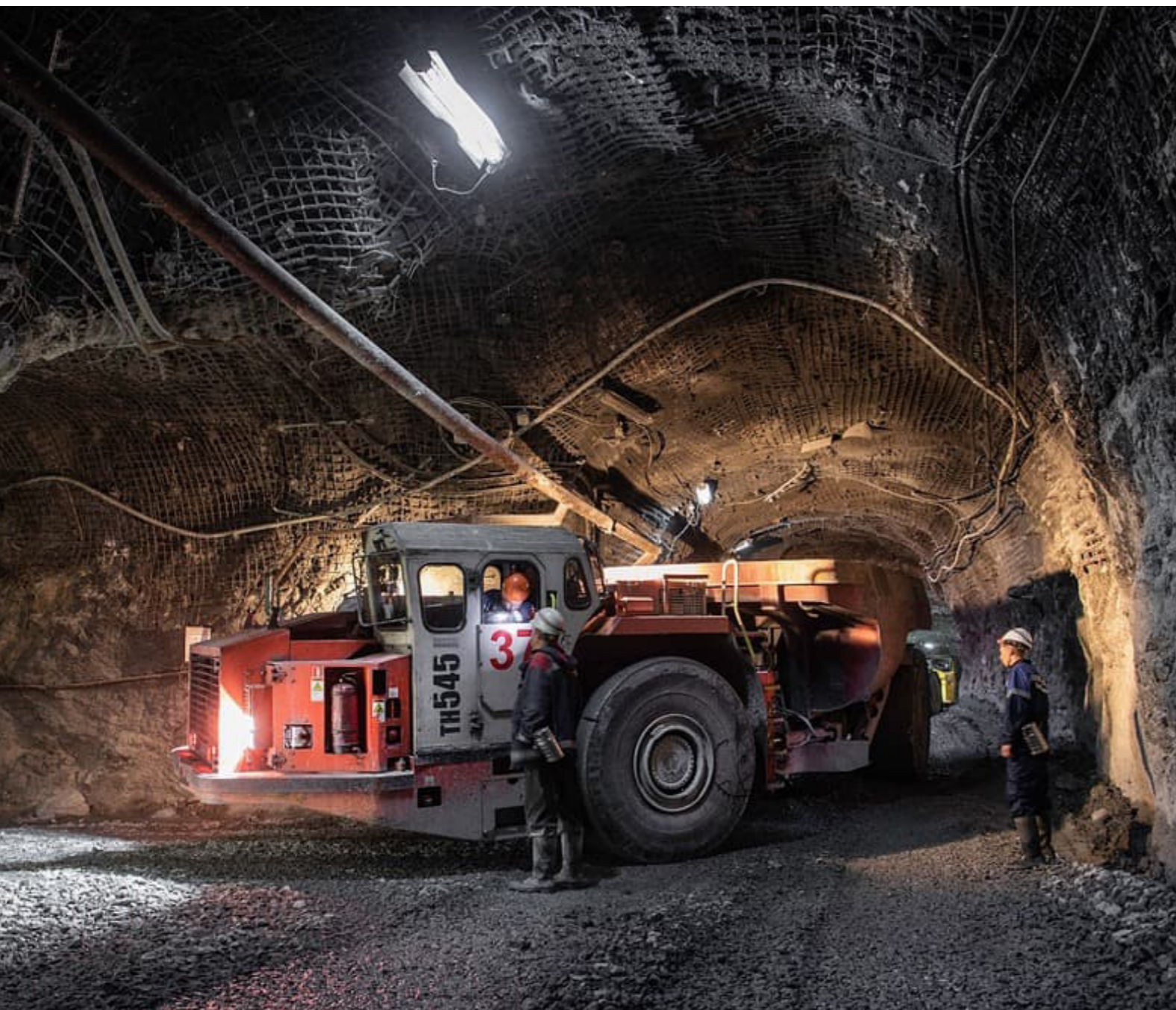




“The present-day world can be confronted with systemic macroeconomic challenges, which require well-conceived economic response measures from governments. At such a point in time, development institutions have a vital role to play by attracting private investment in combination with government support to reach strategic goals. VEB.RF’s business model is based on partnership with commercial banks to implement important and large projects. Financial institutions can work together to produce the biggest multiplying effect on economic growth. Skilful risk sharing has brought private investment into projects which were not attractive to commercial banks without financing from VEB.RF.”

**Nikolay Tsekhomsky**

First Deputy Chairman and Member of the Board, VEB.RF



**Project Financing Factory: Projects**



**Project to build and operate the ammonia and carbamide production facility in Kingisepp**

The project is the second phase of production expansion and involves the construction of the production facility with an annual capacity of 1.1 million tonnes of ammonia and 1.4 million tonnes of carbamide.

- Borrower** EuroChem Northwest-2
- Total project value** RUB124bn
- VEB.RF’s commitment** USD0.6bn (USD0.33bn without the optional tranche)
- Partner bank** Sberbank, Gazprombank, VTB Bank and Otkritie Bank
- Commissioning date** 2024
- Socio-economic impact** At the peak of construction, about 8,000 people will be working at the site. The project will create 354 high-technology, competitively paid jobs. The project is to encourage capital investment and increase Russian non-energy exports by USD0.6bn per year.

**National development goal** Decent, efficient work and successful entrepreneurship

**Project to develop the Korbalkhinskoye polymetallic deposit and rehabilitate the Rubtsovsk concentrator**

The project involves developing the Korbalkhinskoye deposit in the Altai Territory, having reserves of 23 million tonnes of polymetallic ore. The annual capacity of the Rubtsovsk concentrator is to be increased from 0.65 million to 1.5 million tonnes of ore.

- Sibir-polimetally**
- Total project value** RUB42.5bn
- VEB.RF’s commitment** RUB3.9bn (RUB1.8bn without the optional tranche)
- Partner bank** Sberbank
- Commissioning date** In stages, 2022–2025
- Socio-economic impact** The project is designed to replace the decreasing supply of zinc-containing polymetallic ores for Russia’s only zinc producer, namely Chelyabinsk Zinc Plant. The project is to create 610 high-technology, competitively paid jobs.
- National development goal** Decent, efficient work and successful entrepreneurship

**Project to build KuibyshevAzot’s production facility for K-grade sulphuric acid and refined oleum**

The facility uses advanced technology ensuring 3.5-fold emission reduction compared with best available techniques. Equipment has optimal characteristics with respect to feedstock, energy consumption and product quality with guaranteed optimal permissible emissions, effluents and waste

- Volgatechnool**
- Total project value** RUB9.7bn
- VEB.RF’s commitment** RUB3.7bn (RUB0.95bn without the optional tranche)
- Partner bank** Gazprombank
- Socio-economic impact** The project ensured feedstock security and stable operation for KuibyshevAzot throughout its import-substituting process chain. The project reduced environmental risks associated with the transport of sulphuric acid and oleum by setting up an integrated production centre in KuibyshevAzot’s own industrial area. The project created 53 high-technology, competitively paid jobs.
- National development goal** Decent, efficient work and successful entrepreneurship

“With VEB.RF’s support, Kingisepp will have a new industrial cluster: we have already provided financing for the largest gas-to-chemicals project in Russia (the Ust-Luga ethane-containing gas processing facility). We recognise the importance of the projects involving integrated spatial development. I mean the construction of production facilities is accompanied by the construction of houses and community infrastructure.”

**Nikolay Tsekhomsky**

First Deputy Chairman and Member of the Board, VEB.RF





*“[The company] is the largest polymetallic ore producer in the region. As the Project Financing Factory’s operator, VEB.RF not only selects investment projects for inclusion in the programme, but also acts as a syndicate member and the syndicate agent. We are definitely optimistic about the sales potential of the project’s product (zinc concentrate) in both the Russian and global markets. Moreover, the project will enable the company to substitute its own sources of feedstock for outside suppliers, including foreign counterparties. Social aspects are fundamentally important to us too, such as the creation of highly qualified jobs.”*

**Yuriy Korsun**

Deputy Chairman and Member of the Board,  
VEB.RF

*“VEB.RF’s key goal is to maximise investment in projects that contribute towards national goals. We are mandated to inject up to 3 trillion roubles into the economy and work with commercial banks to attract investment of 10 trillion roubles by 2025. The Tolyatti-based company’s project is the first transaction approved under the Project Financing Factory programme. We are satisfied with this partnership: the investors and Gazprombank agreed quickly and started production ahead of schedule.”*

**Igor Shuvalov**

Chairman, VEB.RF

## DEVELOPING INFRASTRUCTURE AND PPPs



### Infrastructure Investment

Infrastructure investment is one of the three priorities of VEB.RF’s business model and an important mechanism to facilitate Russia’s

economic growth and create a comfortable environment.



In 2020, the largest share of the portfolio of InfraVEB, VEB.RF’s major entity preparing and financing infrastructural projects, was investment projects for transport infrastructure. This is due to the country’s high demand for transport development, the necessity of implementing Decree of the President of the Russian Federation No. 474 of 21 July 2020







“On the National Development Goals of the Russian Federation for the Period Until 2030”, the appeal of such capital-intensive projects for investors and financial institutions, tested project implementation mechanisms using private funding, and the fact that project initiators want these projects to be prepared in collaboration with reputable consultants.





## Infrastructure Development: Projects

### Project to build Phase 4 of the Moscow Region's Central Ring Road (CRR-4)

CRR-4 traffic was opened under a concession project.

 <b>Borrower</b>	South-Eastern Highway
 <b>Total project value</b>	RUB89.6bn
 <b>VEB.RF's commitment</b>	RUB6.6bn
 <b>Partner bank</b>	Concession participants: Russian Highways and South-Eastern Highway Syndicate of senior lenders: Sberbank, Gazprombank, Eurasian Development Bank and VEB.RF Junior lenders: Avtoban Group, Eurasian Development Bank, Russian Direct Investment Fund and InfraVEB
 <b>Socio-economic impact</b>	The project decreased traffic in the central Moscow Region by distributing the flows of transit transport (CRR-4 connected the M-7 Volga and M-4 Don federal highways). The Moscow Region road network was integrated into international transport corridors (Western Europe-Western China). The project created more than 450 competitively paid jobs. The project is part of the transport-related section of the Comprehensive Modernisation and Expansion Plan for Trunk Infrastructure until 2024.
 <b>National development goal</b>	Decent, efficient work and successful entrepreneurship

CRR-4 traffic was opened in December 2020, or ten months ahead of the deadline.



InfraVEB is also involved in the following projects included in the transport-related section of the Comprehensive Modernisation and Expansion Plan for Trunk Infrastructure until 2024:

- construction of the Moscow-Saint Petersburg high-speed railway;
- construction and fee-based operation of M-4 Don (km 1024–km 1091 section; bypass route around Aksay);
- construction and fee-based operation of M-4 Don (farther western bypass route around Krasnodar).

## Using PPP Mechanisms to Implement National Projects

VEB.RF considers support for projects to develop social infrastructure and improve mechanisms for social services to be an important area of national projects. Since the government has the key role in carrying out such projects, developing the (public-private partnership) PPP mechanism will ensure that private funding will replace some public investment, which will ease the social burden on the government and increase the effectiveness of measures in this area.

The PPP model means that under a concession/PPP agreement, a private investor uses internal and/or borrowed funds to invest in the construction and subsequent operation of infrastructure, including maintenance, running and overhaul repairs, operational costs and, in some cases, special-purpose operation.

Fundamental features of the PPP model:

- well-balanced and profit-generating financial model of the project;
- reasonable rate of return on invested capital;
- financially and economically stable system of infrastructure operation (high quality of all facilities, market competition, minimal public financing for infrastructure operation; full responsibility of the operator for maintenance and operation, special-purpose operation);
- uniqueness (unique facilities/services for each project, taking into account public-sector needs, market research findings, financial and economic indicators, guaranteed utilisation rates etc).



An example of using PPP mechanisms is the project to create an innovative educational environment (campuses). The project is part of the Information Infrastructure federal project under the Digital Economy of the Russian Federation national programme and the Science and Universities national project. VEB.RF introduces comprehensive measures to build an innovative educational environment (campuses), which will make it possible to create drivers of urban economic growth in the regions using modern campuses with coworking spaces, lecture halls, technology parks, sports facilities, libraries and living accommodation.

“The national projects and social commitments undertaken by the regions and municipalities have not changed in relation to building new roads and community facilities, modernising public utility services and developing the urban environment and IT infrastructure. Public-private partnerships, including concession agreements, in such a situation can provide an optimum solution to avoid postponing the launch of infrastructural projects.”

**Igor Shuvalov**  
Chairman, VEB.RF



The Russian Ministry of Education worked with VEB.RF to amend the rules of financing for school construction, including using PPP mechanisms. This programme will make it

possible to build new modern schools for more than 647,000 children. The programme contributes to achieving the principal goal of the Education national project.

“VEB.RF here acts as socially oriented partners that will be able to bring into these processes everything that is necessary, but for some reason or other hasn't yet been fully available for school infrastructure construction or has been used only occasionally.”

**Sergei Kravtsov**

Minister of Education of the Russian Federation



It is intended that about RUB563bn will be invested in school infrastructure, with an

emphasis on creating an accessible, comfortable environment for children with disabilities.

## DEVELOPING THE URBAN ECONOMY



Urban environments and infrastructure, agglomeration infrastructure and integrated spatial development projects are among high-priority sectors where VEB.RF carries out

projects (transport and community facilities, water disposal, MSW management, lighting modernisation, new urban spaces etc).

### Urban Economy: Projects Supported in 2020

Support from VEB.RF	Key areas of financing
>75 bn RUB	1 MSW management
	2 Urban public transport modernisation
	3 Road infrastructure development

### Developing the Urban Economy: Projects



#### Project to introduce a new business model for public transport into Tver and the Kalininsky District

With support from VEB.RF and in cooperation with Transmashholding, the Tver Region Government and GAZ Group introduced a new business model for public transport into Tver and the Kalininsky District and replaced 438 buses.

Under the project, the operator provides public transport services in Tver and the Kalininsky District, using large-, medium- and small-capacity buses made by the LiAZ and GAZ automotive manufacturers (part of GAZ Group) and meeting the latest requirements for comfort, safety and environmental friendliness.

<b>Borrower</b>	Verkhnevolzhskoye ATP
<b>Total project value</b>	RUB3.03bn
<b>Socio-economic impact</b>	The project allowed the entire public transport system to switch over to flexible pricing, introduce unlimited travel for special-status passengers, and substantially raise the level of comfort and safety.
<b>National development goal</b>	Comfortable and safe living environment

The new business model (Verkhnevolzhye Transport) was recognised as Best Public Transport Solution of the Traffic Formula Awards annually presented during Transport Week.



*“We partnered up with a member company of Transmashholding Group to provide the Tver Region public transport system with new vehicles, as well as introducing the VEB.RF-supported new philosophy of transport management. Modernising passenger transport has a comprehensive effect both on the city’s economy and on the quality of life of real-life people, with significant social outcomes. We are glad the project has received such high-level praise for its efficiency and we are ready to extend this valuable experience to other regions in close cooperation with the Russian Ministry of Transport, commercial banks and manufacturing groups.”*

**Nikolay Tsekhomsky**

First Deputy Chairman and Member  
of the Board, VEB.RF

**Project to introduce a new public transport model into the Tver Region (Phase I: Tver and the Kalininsky District) was recognised as Best Public Transport Solution of the Traffic Formula Awards.**

In 2020, VEB.RF was also involved in switching over to a new business model in Perm and Novokuznetsk. VEB.RF and State Transport

Leasing Company (GTLK) jointly financed the supply of 111 LiAZ vehicles to renew the fleet of buses in Perm.

**VEB.RF’s Urban Economy Project**



As part of its efforts to introduce a project-based approach, VEB.RF works under the Urban Economy project to implement certain measures in the 100 largest cities aimed at developing their infrastructure and improving their socio-cultural environment. The project is divided into two sections: general issues of the urban economy and drivers

of urban economic growth (land development/construction, transport, environmental protection, new educational environment, socio-cultural interactions, SME development, healthcare, public utilities, hospitality industry, digital products and services).



The issues of the urban economy are to be addressed using modern technology and Smart City and Urban Tech solutions.

VEB.RF intends to make Urban Tech services replicable to improve quality of life and raise living standards in cities.

*“The urban economy is a driver of economic growth across the country. We focus our efforts in this area not only on investment goals, but also on the impact of our projects on the improved quality of life of people, real-life families.”*

**Igor Shuvalov**

Chairman, VEB.RF

## GeoVEB



VEB.RF and RSMB Corporation created the GeoVEB information system<sup>38</sup> designed to support the urban economy and create a comfortable urban environment. The system is to automate managerial decision-making related to the selection and performance evaluation of investment projects in the targeted areas (sectors) of the urban economy in 44 cities and fulfil the following functional tasks:

- analyse the current status of city development;
- assess cities' investment potential and make comparisons (rankings) of the cities by area (sector) of the urban economy;
- make comparisons (rankings) of the areas (sectors) of the urban economy by city;
- evaluate investment project implementation by area (sector) of the urban economy and assess the project's impact on urban development forecasts;
- assess the investment project's impact on national projects and national goals.

GeoVEB contains comprehensive qualitative and quantitative assessments of life satisfaction, market capacity, measurements of potential investment niches (shortages) in 17 sectors of the urban economy. GeoVEB provides information on the urban environment quality index for 44 cities (in accordance with the methodology approved by Russian Ministry of Construction, Housing and Utilities).

Using GeoVEB to form a portfolio of projects in the cities will ensure that VEB.RF and VEB.RF entities will work in efficient partnership with regional and municipal governments by making it possible to prepare comprehensive proposals and options for cooperation with due consideration to the needs of various target groups and the constraints of the Russian budget system.

*“GeoVEB is a new service that will make it possible to systematically build up a portfolio of investment projects related to the urban economy with due consideration to the capacity of sector-specific investment niches, their forecasted development, and their impact on national projects and national development goals. The implementation of projects with not only financial but also social outcomes will have a positive effect on city dwellers and the urban economy.”*

**Alexander Braverman**

First Deputy Chairman, VEB.RF

<sup>38</sup> <https://geoveb.ru/>



## Smart City Technology

# VEBVENTURES



Russia's venture capital funds, VEB Ventures and Orbita Capital (ROSATOM's corporate fund) closed a deal to acquire stakes in Alphaopen, a smart city technology developer. The investments will be used to develop the company's core product, Alphalogic, which is Russia's first integrated management software platform designed for buildings and urban environments. The solution is a "single point of access" to the entire utility infrastructure and can be applied to residential buildings, community facilities, shopping and business centres and cities. Alphaopen is to develop IT solutions tailored for the hardest-hit sectors during the pandemic. In addition, the involvement of institutional investors will make the company's projects scalable to nationwide level, which will considerably improve the quality of the urban environment and houses, including in single-industry towns.

The year 2020 also saw further recognition given to the Smart City municipality management platform for the single-industry town of Tutaev, Yaroslavl Region. The system was among ten winning projects of the All-Russian Contest of Best Practices and Initiatives of Socio-economic Development organised by the Agency for Strategic Initiatives. The use of the Tutaev system can be extended to other urban areas across the country. The platform had been launched in Novomichurinsk under MONOTOWNS.RF's Mentorship Project. Smart City is composed of several modules: online processing of inquiries from local residents; management of municipal projects; supervision of public utilities.

## Making Public Utilities Attractive to Investors



VEB.RF and the Housing and Utilities Reform Fund signed a cooperation agreement to develop public utility services and make public utilities more attractive to investors. The development institutions agreed to create a comfortable and safe living environment, encourage the reform of public utility services and modernise

community facilities. The institutions will be able to share information on the current condition of utility systems and community facilities in Russian regions and cooperate in analysing the condition of regional infrastructure and preparing proposals to improve legislation.

## Introducing the SDGs into Single-Industry Municipalities

In the reporting period, VEB.RF set up a unique project, Extending Moscow's Experience of SDG Introduction to Russian Monotowns. The project is designed to organise the introduction of the SDGs into Russia's 12 largest single-industry towns as a new city management instrument and evaluate the attainment of the SDGs.

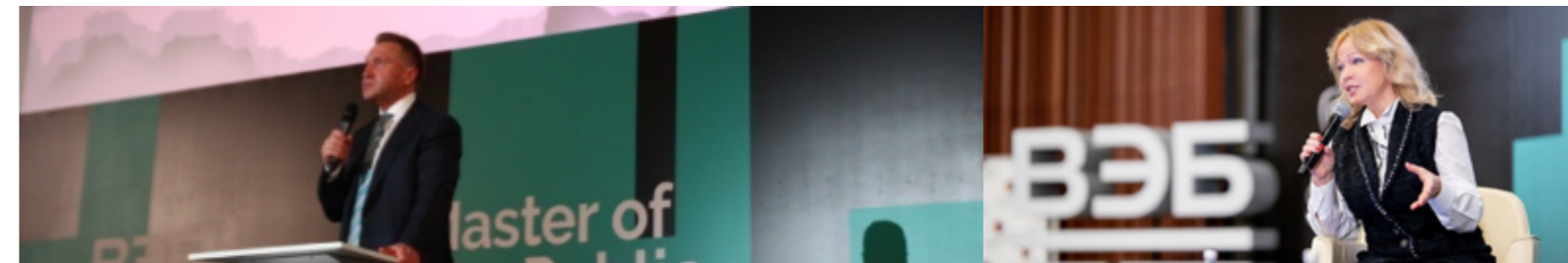
The Government of Moscow is to be a mentor to the single-industry towns. In 2020, project teams were formed in the monotowns, and the necessary documents were prepared in order for the Government of Moscow to organise efficient work in each town.

## Training for City Managers<sup>39</sup>



As mandated by the Russian Government (Instructions No. DM-P16-1320 of 23 February 2019), VEB.RF works with Moscow School of Management SKOLKOVO, the Higher School of Economics, the New Economic School, and Strelka Institute to carry out the training

programme for management teams in the 100 largest Russian cities (excluding Moscow, Saint Petersburg and single-industry towns). The programme is remarkable for its practical focus and its scale and content.



*"No city can develop without people, a team of managers enabling their city to make continuous progress. We've already come a long way in tackling the issue of single-industry towns. We completed a programme to revitalise the most difficult territories. Based on this experience, VEB.RF has launched a more ambitious project for the 100 largest cities. Together we'll reboot the most important areas of the urban economy, we'll find the key to a new quality of life. Each team will return to their city not only with new knowledge, but also with practical experience and specific projects."*

**Irina Makieva**

Chief Managing Partner for Urban Development,  
Urban Solutions and Monotown Development

<sup>39</sup> Detailed information can be found in "Contribution to Social Development" ("Helping Customers and Partners to Fulfil Their Potential").

# SUPPORTING AND DEVELOPING SINGLE-INDUSTRY TOWNS (MONOTOWNS)



## MONOTOWNS.RF: PROJECTS SUPPORTED IN 2020

### Financing for investment projects

**19** agreements to finance investment projects\*  
\*loan agreements

in **13** monotowns

**15** project initiators from among SMEs

### In operation

**15** investment projects

in **12** monotowns

in **10** Russian regions

### Co-financing for government expenditure

**7** agreements for government expenditure in Russian regions and municipalities  
In relation to infrastructure construction and/or rehabilitation under investment projects

**9** infrastructure facilities

in **6** monotowns

in **6** Russian regions

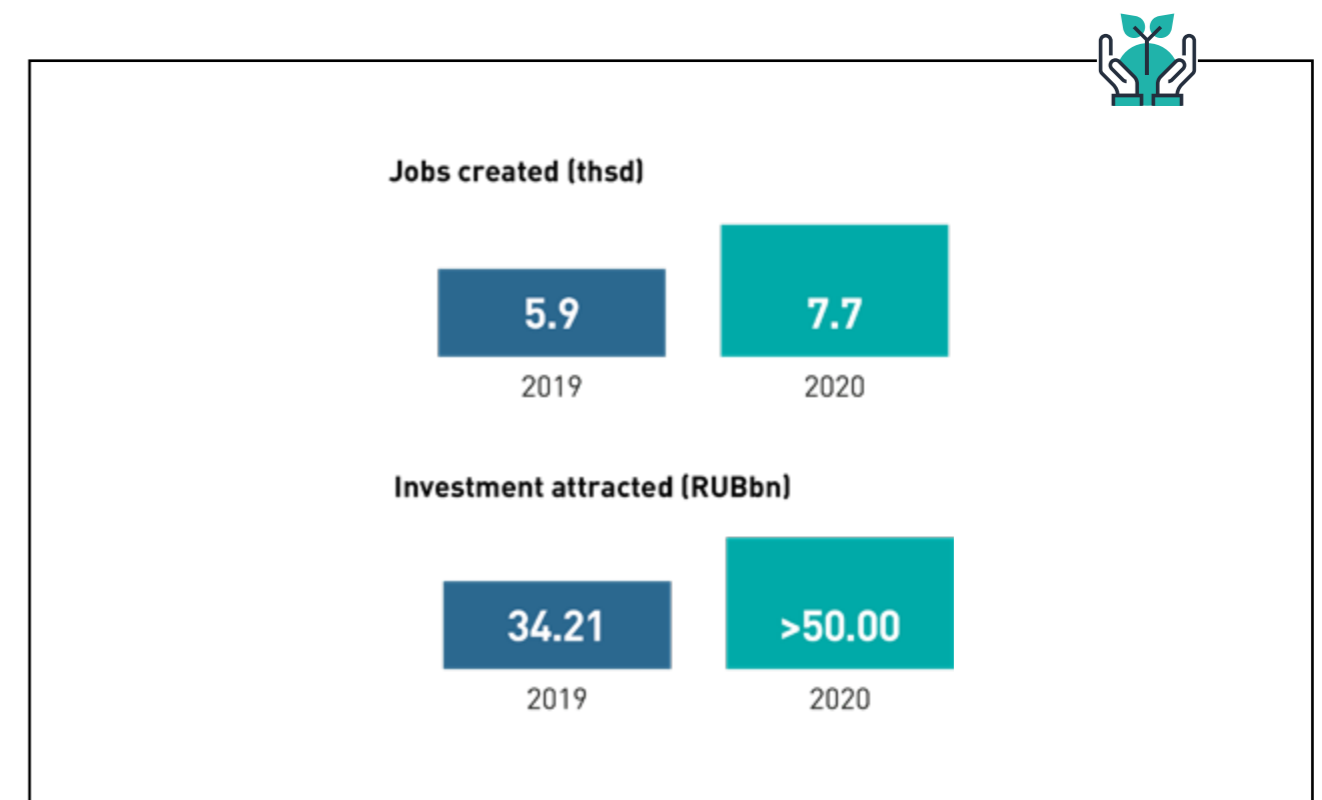


**MONOTOWNS.RF**

MONOTOWNS.RF assessed the socio-economic effects of investment projects in single-industry municipalities. Positive socio-economic

effects are job creation and investment in each assessed town under an investment project.

## MONOTOWNS.RF: SOCIO-ECONOMIC EFFECTS OF INVESTMENT PROJECTS





## Non-financial Support for Single-Industry



### Walk the City

Carried out by MONOTOWNS.RF in cooperation with VEB.RF, Google and Yandex, the Walk the City project aims to make domestic and foreign tourists interested in visiting Russian cities. Visitors are encouraged to take part in team quests and add local tourist attractions and other places of interest to online maps (with photos and reviews).

The project covered 158 single-industry towns in 2020. Timed to coincide with the Year of Commemoration and Glory declared by the Russian President, the Victory Routes online campaign was launched in May as part of Walk the City. The campaign was designed to add WWII-related places to online maps.



*“Due to the pandemic, we decided to relaunch the Walk the City project online. This started a new campaign, Victory Routes.”*

### Irina Makieva

Chief Managing Partner for Urban Development, Urban Solutions and Monotown Development



### The Magnet project involved:

- formulating a concept of creating special-purpose areas (“magnets”) in single-industry towns with favourable conditions for small and medium-sized businesses;
- entering into an agreement with the Russian Franchise Association to enable businesses to begin operation in single-

industry towns under franchise agreements on preferential terms. As at 31 December 2020, 31 franchise options on special terms were available to single-industry towns;

- informing single-industry towns in March 2020 about MONOTOWNS.RF’s work on the book of best practices in creating magnets in single-industry towns;
- releasing the book and publishing it on MONOTOWNS.RF’s website<sup>40</sup>.

The Magnet project won the ADFIAP Award in the category “Local Economic Development”.



### Advice on How to Obtain Funding

MONOTOWNS.RF gives advice to single-industry towns about raising funds from various sources. Three contests organised by the Presidential Grant Foundation in 2020 (including a contest aimed at supporting not-for-profit organisations during the COVID-19 pandemic) resulted in providing a total of over RUB476mn to support 420 projects in 119 single-industry towns.

Some of the projects aimed to promote a healthy lifestyle, provide social support and protection, support families and mothers, protect the natural environment, and support science and education.

<sup>40</sup> <http://моногорода.рф/work/products/franchise/>

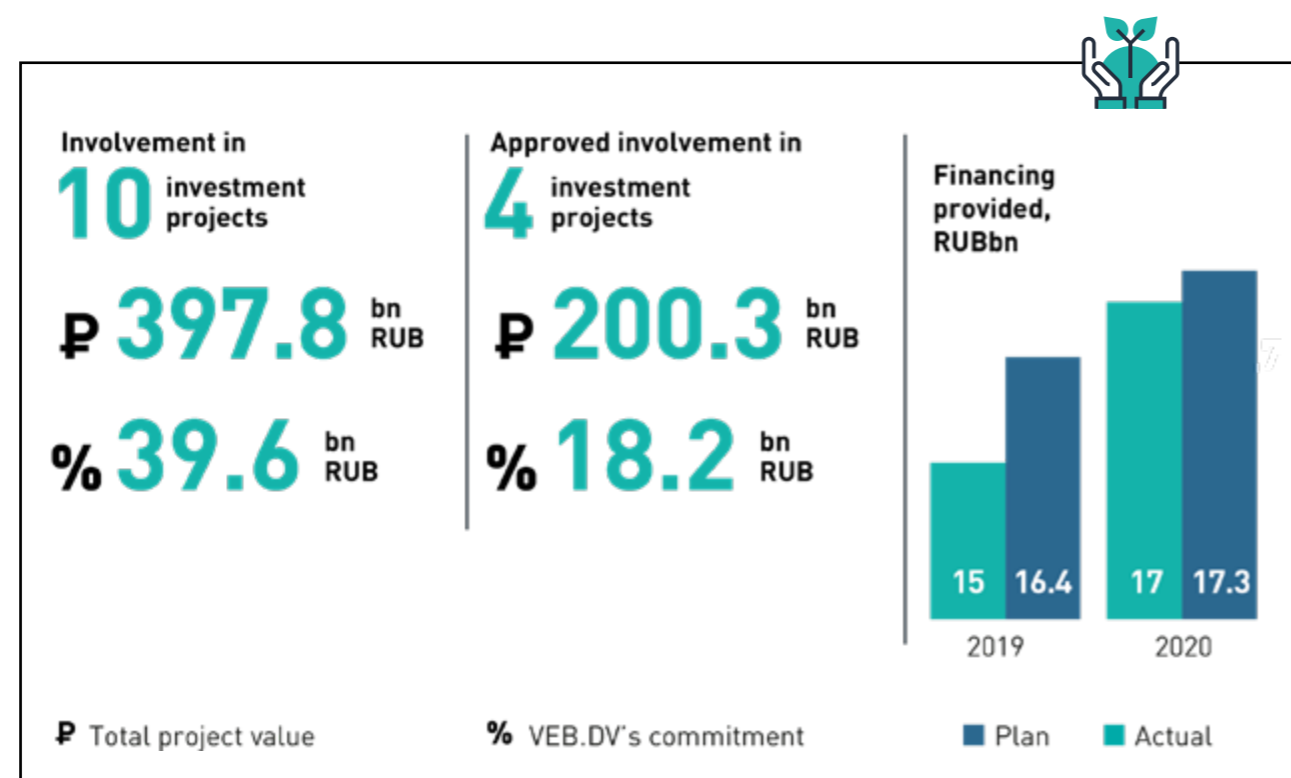
# DEVELOPING THE FAR EAST AND THE ARCTIC



## Support for Investment Projects



## VEB.DV: Projects Supported in 2020<sup>41</sup>



In 2020, VEB.DV started its first Arctic projects:



Kovdorsky GOK development. Investments in the mining project total RUB98.3bn, including RUB2bn borrowed from VEB.DV (potentially raised to RUB8bn if VEB.DV's authorised capital is increased). VEB.DV's involvement in the project will help the main employer with 50% of the local workforce in Kovdor, Murmansk Region, to continue operation and improve performance.



Novy Urengoy airport. Investments in the construction and rehabilitation project total RUB12.1bn, including RUB3.7bn borrowed from VEB.DV.

*"The Arctic needs environmental projects, and VEB.RF could use the green methodology to certify them."*

**Andrei Klepach**  
Chief Economist, VEB.RF



As at 31 December 2020, the total number of jobs created with the involvement of VEB.DV in the Far East and the Arctic was 2392.

<sup>41</sup> The actual amount of financing provided in 2019 is more accurate than the figures contained in the Non-financial Report of VEB.RF and VEB.RF Entities 2019.





Built in Yakutia with support from VEB.DV, the Sayuri year-round greenhouse won the Greenhouses of Russia award for best innovative project. Greenhouses in a severe climate had previously been regarded as economically and financially unviable. However, modern technology and the involvement of development institutions encouraged the construction of greenhouses in the Far East. Food products are supplied to various customers, including childcare centres. Investments in the project total RUB2bn, including RUB0.9bn borrowed from VEB.DV.

Three RA-3 railbuses made by Metrowagonmash were supplied to PK Sakhalin on lease terms in 2020 under the programme to renew Sakhalin railway vehicles. The new comfortable, environmentally friendly railbuses replaced Japanese-made old diesel trains.

The project is the second phase of the renewal programme for local commuter services for over 500,000 people (the supply of the first three railbuses to Sakhalin was financed by VEB.RF in 2019).

*“Projects to improve quality of life in cities are high on VEB.RF’s list of priorities. Fast, high-quality public transport systems, including commuter and long-distance services, are vital for the integrated development of cities. Last year, Sakhalin residents were the first in Russia to use modern rail services for travel on the island. Passenger surveys showed an increase in customer satisfaction from 77 to 96 per cent.”*

### Nikolay Tsekhomsky

First Deputy Chairman and Member of the Board, VEB.RF

*“On a global scale, the best modern solutions make railways a fast and comfortable means of transport. This is what we want it to be in the Far East. The ongoing project is our joint contribution to upgrading Sakhalin’s transport and logistics infrastructure. Most importantly, the operator of the new rolling stock will not charge higher fares.”*

### Alexei Chekunkov

Minister for the Development of the Russian Far East and Arctic

### Digitalisation in the Forest Industry



The Far East was selected for a unique experiment in forest industry digitalisation. The project will be based on Lesvostok.rf

(Лесвосток.рф), a digital service platform developed by VEB.DV to automate the management and control of wood deals and enable wood deals to be made on an electronic exchange. Lesvostok.rf will help the interaction between the private and public sectors to go completely digital.

### Unlocking the Tourism Potential of the Kuril Islands



**INFRAVEB**



InfraVEB and Vasta Discovery agreed to cooperate in the Iturup Resort investment project, creating new jobs and promoting the service sector as a component of the economy of the Kuril Islands with a view to facilitating socio-economic growth in the Sakhalin Region. The total project value is more than RUB20bn,

including RUB9.3bn to be federally and regionally financed for Iturup’s new utility and port infrastructure and for the timely growth of airport capacity proportionate to increased tourist traffic. This is the first integrated project to unlock the tourism potential of the Kuril Islands.

# SME SUPPORT



RUSSIAN  
EXPORT CENTER

EXIAR  
EXIMBANK OF RUSSIA

## Involvement in the National Project



MONOTOWNS.RF



VEB.RF and development institutions created a road map for implementing the Small and Medium-Sized Businesses and Individual Entrepreneurial Initiative Support national project in the aftermath of the COVID-19 pandemic. The road map is to be implemented by RSMB Corporation, DOM.RF, MONOTOWNS.RF, VEB.DV and VEB Ventures, along with OPORA RUSSIA and the Russian

Chamber of Commerce and Industry. The road map includes building up a system of promoting domestic SMEs through the services and infrastructure of large trade and logistics partners. Entrepreneurs will be provided with access to special financial products, online loans through development institutions' subsidiary banks, and acceleration and training programmes.

*“Our goal is to help small businesses with business acceleration by using our competencies, RSMB Corporation’s tools and the resources of the entire VEB.RF Group’s institutions to ensure a short way from a start-up idea to a real company with sustained growth.”*

**Marina Romanova**

Chief Managing Director for SMEs and Procurement, SME Development, VEB.RF



The REC Group actively involved with the Small and Medium-Sized Businesses and Individual Entrepreneurial Initiative Support national project through export support centres, which provide a full range of services to exporting SMEs (under the SME Acceleration federal project).

Measures taken jointly with export support centres in 2020 helped 3,112 small and medium-sized businesses to sign export contracts. In addition, export support centres provided services to 20,860 SMEs in 2020, while export support totalled USD1,005.557mn.

## Financial Support for SMEs



In 2020, VEB.RF and SME Bank provided a joint credit line of RUB4bn for SME projects to develop the urban economy and create a comfortable urban environment. The loans were

guaranteed by RSMB Corporation and given for up to ten years at an interest rate of at most 9.6% p.a.

*“Small businesses form the backbone of the modern urban economy. They ensure comfort and quality of life for people. Development institutions—VEB.RF, RSMB Corporation and SME Bank—join forces with each other in this area. The new line of credit will increase financing for the SME sector and help to implement projects that contribute to the transformation of Russian cities.”*

**Marina Romanova**

Chief Managing Director for SMEs and Procurement, SME Development, VEB.RF





The Affordable SME Loans programme of VEB.DV and partner banks aims to decrease interest rates and extend the borrowing period

for small and medium-sized businesses in the Far East. The programme financed over 870 projects totalling RUB18.9bn.



Bank BelVEB expanded its credit product range for small and medium-sized businesses, enabling companies and individual entrepreneur to take out loans online for working capital financing under the Good Money Online programme. The existing credit product range for SMEs also included Good Guarantor, a programme simplifying the process of applying for bank guarantees. The Bank works to change its offices into modern high-technology facilities, improve products tailored for small

and medium-sized businesses and develop direct banking, thus providing 24/7 access to banking services.

As related to support for small and medium-sized businesses, the new business model of Bank BelVEB is focused on substantially simplifying access to banking products and services. Bank BelVEB intends to make as many as 100% of services accessible online in 2021.

## Combining Forces of Development Institutions and Big Business



VEB.RF and Mail.ru Group launched a programme to support small and medium-sized businesses.

The first project under the programme is Razvivay.rf Business Online.<sup>42</sup> Implemented in cooperation with VEB.DV,<sup>43</sup> the initiative is designed to help businesses to switch over to e-commerce. The project uses the resources of VKontakte (VK) and the Razvivay.rf financial marketplace.



In addition to financial support for e-commerce businesses, potential exporters are provided with access to REC's export e-commerce database, online guidance on marketplace selection, and webinars on foreign e-commerce. The programme brought together several thousand businesspeople across the Far Eastern Federal District.

There are plans to integrate the digital resources of the Razvivay.rf online platform, REC's One-Stop Shop information system, the National Guarantee System information services, and the online business navigator for SMEs. This will help exporting SMEs to obtain comprehensive assistance and support from development institutions.

In the future, cooperation among the development institutions will allow RSMB Corporation, SME Bank and EXIMBANK OF RUSSIA (part of the REC Group) to offer joint products. They focus their efforts on enabling documents to be submitted on a one-stop shop basis and formulating a unified approach to project underwriting, which should substantially reduce the time of providing financial support for exporting SMEs. Offering joint products will make it possible to make support more efficient and attractive by setting up support mechanisms and mitigating the risks associated with all stages of export-oriented projects, from an investment idea to financing for exports.

<sup>42</sup> <https://онлайн.развивай.рф/>

<sup>43</sup> Detailed information can be found in "Contribution to Social Development" ("Helping Customers and Partners to Fulfil Their Potential")

*“Support for exporting SMEs is extremely important to the REC Group. Extensive communication showed small and medium-sized businesses were very interested in access to a wide range of services that would improve their performance throughout the life cycle of an export project, from non-financial services at the stage of choosing the optimal market and analysing the conditions of trade to financial and insurance products at the stage of closing and completing a deal.”*

**Veronika Nikishina**

CEO, REC



Under the cooperation agreements with METRO Cash & Carry (signed in 2019), X5 Retail Group (signed in 2020), Leroy Merlin Vostok (signed in 2020) and Wildberries (signed in 2020), VEB.RF worked with RSMB Corporation and SME Bank to provide support for small and medium-sized businesses.

In collaboration with X5 Retail Group and METRO Cash & Carry, VEB.RF and RSMB Corporation held 15 training workshops in 2020 on how to become a supplier for nationwide retail chains. The events were attended by 486 SMEs from 21 Russian regions.

## EXPORT SUPPORT



VEB.RF continued in 2020 to implement the System Measures of Support for International Cooperation and Export federal project under

the International Cooperation and Export national project.

In 2020, VEB.RF’s total financial support (lending and trade financing) was the equivalent of RUB127.5bn at the Bank of Russia’s exchange rate as at 31 December 2020 (RUB130.1bn in 2019). Export credits (including interbank loans) totalled the equivalent of RUB27.4bn (RUB29.4bn in 2019); VEB.RF issued 85 export guarantees (100 in 2019) totalling an amount equivalent to RUB97.8bn (RUB100.1bn in 2019) and letters of credit totalling an amount equivalent to RUB544.9mn (RUB0.5bn in 2019). VEB.RF had 265 export guarantees as at 31 December 2020 (364 in 2019) totalling an amount equivalent to RUB252.4bn (RUB402.4bn in 2019).

VEB.RF provided support for export contracts totalling an amount equivalent to RUB415bn in 2020, with the multiplier of VEB.RF’s commitments reaching 3.76.

Export support focused on nuclear and conventional power, on heavy, transport and special-purpose machine building, and on the aircraft and aerospace industries.



As at 31 December 2020, the export support portfolio consisted of 20 countries where beneficiaries and borrowers had their registered offices.

In the reporting period, VEB.RF provided export support for 20 companies, including four new recipients of export support services.

### Significant transactions in 2020:

- guarantee issued to secure the obligations related to the supply of 1,300 railway carriages to Egypt;
- guarantee issued to secure the obligations related to the supply of hydrocarbon production equipment to Uzbekistan;
- export letters of credit issued under the projects to supply railway rails to Belarus;
- guarantee issued under the contract between Metrowagonmash and Tashkent Metro Company to supply underground carriages to Uzbekistan

### Export Support: Projects



#### Supply of special-purpose equipment under the Almalyk MMC modernisation programme, Uzbekistan

Financing for the supply of Russian high-technology equipment





 <b>Borrower</b>	Almalyk MMC
 <b>Total project value</b>	USD90mn
 <b>VEB.RF's commitment</b>	USD83.1mn
 <b>National development goal</b>	Decent, efficient work and successful entrepreneurship



### Supply of railway diagnostics products, Belarus



Financing for the supply of an ERA railway diagnostics system designed for automated status monitoring for railway infrastructure.





 <b>Borrower</b>	BelVEBLEasing
 <b>Customer</b>	Belarusian Railway
 <b>VEB.RF's commitment</b>	RUB252mn
 <b>National development goal</b>	Decent, efficient work and successful entrepreneurship



### Supply of mining excavators, Kazakhstan



Financing for the supply of an ERA railway diagnostics system designed for automated status monitoring for railway infrastructure.

 <b>Borrower</b>	BelVEBLEasing
 <b>Customer</b>	Belarusian Railway
 <b>VEB.RF's commitment</b>	RUB252mn
 <b>National development goal</b>	Decent, efficient work and successful entrepreneurship



## REC Group's Contribution to Export Support



As a development institution, REC should offer comprehensive solutions for any stage of the business life cycle, including a deceleration in growth, rather than offer single financial products. The deceleration stage is associated with objective external adverse factors. Russian products remained in demand abroad even during the pandemic, but their sales were considerably dependent for objective reasons on the financial leverage offered by REC. This increased the value of credits and guarantees by more than 30%.

However, the primary focus of REC was not only on favourable terms of financing or on flexibly adapted instruments, but also on methods for interacting with businesses (electronic processing of documents; accelerated processing of applications; digitalised business processes, which is especially important due to COVID-19 restrictions).

### REC Group: Export Support in 2020



## Implementing the System Measures of Support for International Cooperation and Export Federal Project

Under the International Cooperation and Export national project, the REC Group:

- implements the System Measures of Support for International Cooperation and Export federal project (REC is the federal project's supervisor);
- implements specific measures under the federal projects System Measures of Support for International Cooperation and Export, Industrial Export, and Export of Agricultural Products;
- acts as the agent for the Russian Government in relation to government support for export.



Under the System Measures of Support for International Cooperation and Export federal project in 2020, the REC Group achieved all the targets and planned results required under

the federal project for 2020. This information is contained in the report on progress in implementing the federal project for 2020.



## Key results of measures implemented under the System Measures of Support for International Cooperation and Export federal project in 2020

- The One-Stop Shop information system was put into commercial operation.
- Six joint projects received approval under the joint programme of VEB.RF and REC to set up (modernise) export-oriented production.
- Agency services were provided to organisations.
- As related to violations of Russian currency legislation, the system of administrative liability was liberalised and the elements of criminal offences were clarified (Federal Laws No. 73-FZ of 1 April 2020 and No. 218-FZ of 20 July 2020 were adopted).
- Amended after its introduction into 11 Russian regions, the standard for encouraging exports from Russian regions was approved (Regional Export Standard 2.0).
- A considerable number of companies competed for Russia's Exporter of the Year Award.
- 19 accredited laboratories included in the plan to modernise accredited laboratories were authorised to issue test reports using the ILAC MRA Mark.
- Approval was given to documents to increase the number of service sectors with a single market and define the substantive equivalence of service sectors.
- Large-scale joint projects of the EAEU member countries began to be submitted for consideration by the Council of the Eurasian Economic Commission.

**A record 1,724 companies applied for Russia's Exporter of the Year Award.**



In accordance with Decree of the President of the Russian Federation No. 474 of 21 July 2020, the REC Group was involved in amending the charter of the International Cooperation and Export national project in relation to measures to attain the target "Real increase of at least 70 per cent in non-resource non-energy exports compared with 2020" of the national development goal "Decent, efficient work and successful entrepreneurship". The REC Group is directly involved with the following measures (social outcomes) aimed at achieving the above-mentioned target (and included in the Uniform Plan to Achieve the National Development Goals of the Russian Federation for the Period Until 2024 and the Planning Period Until 2030) under the International Cooperation and Export national project:

- create an ecosystem (One-Stop Shop) to prove exporters with services based on REC's digital platform (System Measures of Support for International Cooperation and Export federal project);
- set up an end-to-end system of financial and non-financial support throughout the life cycle of industrial export (Industrial Export federal project) and agricultural export (Export of Agricultural Products federal project);
- implement measures within the REC Group to support exporters and encourage export-oriented entrepreneurship and measures to ensure Russia's legal protection in international commercial disputes.

The new Regional Export Standard 2.0 is to become a major contributor to a substantial increase in the number of exporters and the volume of exports under the International Cooperation and Export national project. The Regional Export Standard 2.0 contains unified approaches to encouraging exports with due consideration to regional particularities, which

will make it possible to comprehensively develop export support in Russian regions. The purpose of the Regional Export Standard 2.0 is to define measures that can be used by regional authorities for the promotion of companies' exports and create an efficient infrastructure for export support.

*“When introduced, the standard will be another step in creating an efficient and flexible export support infrastructure that meets the needs of specific regions, including by involving authorities and the business community in the promotion of export.”*

**Veronika Nikishina**

CEO, REC

The One-Stop Shop information system was put into operation in 2020. It is mainly designed to enable any exporter to use its personal account page on the system to access services provided by all agencies and REC, which will make

the process less bureaucratic and provide a convenient tool accessible at any time. Not only existing but also potential exporters will be able to connect to the One-Stop Shop system.

**The reporting period saw 1,978 new customers and 18 new services for exporters, including 10 services aimed at the target of the System Measures of Support for International Cooperation and Export federal project for 2021.**

In 2020, REC, the Russian Union of Industrialists and Entrepreneurs, the Chamber of Commerce and Industry of the Russian Federation, Business Russia, OPORA RUSSIA, and the Export of Goods and Services Expert Group of the Russian Government's Business Climate Transformation Programme formed the Coordinating Council on Export Support.

The Coordinating Council aims to agree on how to support Russian non-resource non-energy exports and promote such exports in relationships with Russian and foreign public authorities and business associations to set up and maintain an export support system that will make Russian products more competitive globally.

**Export projects supported in 2020:**

- **83,989 queries received;**
- **72,781 services provided.**

Areas of Support	Number of Services
Business acceleration	117
Business matching	1,897
Publicity	54,151
Consulting	660
Credits and guarantees	340
Training	11,562
Early-stage projects	3
Exports	3,727
Insurance	324
<b>Total</b>	<b>72,781</b>

In 2020, REC launched tourism-related acceleration programmes in four regions. Tourism Accelerator is a comprehensive programme to promote the regional tourism

industry and ease market entry for tour operators globally. The project uses the resources of regional export support centres.

**Compliance with International Export Support Standards**



The REC Group operates in accordance with international standards related to export credits, including the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, the OECD Anti-Bribery Convention, and the OECD Arrangement on Officially Supported Export Credits.

**Environmental and Social Due Diligence**

Beginning in 2014, the REC Group's financial support is accompanied by assessing the social and environmental impact of projects and implementing the bylaws based on the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.



Due diligence includes project assessment for compliance with local social and environmental requirements and, depending on the risk level, with the following international standards:

- IFC Performance Standards;
- World Bank Safeguard Policies;
- World Bank Group Environmental, Health, and Safety Guidelines;
- UN Guiding Principles on Business and Human Rights.

### Project Assessment



In 2020, social and environmental risk assessment, including screening and detailed social and environmental due diligence, covered 41 projects and assigned them the relevant impact categories. The projects were assessed in-house.

Category B (medium social and environmental impact)	Category C (low social and environmental impact)	No category
10 projects, including petrochemicals, wind and thermal power, and infrastructure	4 projects	27 projects

General information about projects with high (Category A) and medium (Category B) social and environmental impacts is published on the external websites of EXIAR and EXIMBANK OF RUSSIA.<sup>44</sup>

### Project Monitoring



The monitoring of compliance with the social and environmental covenants of insurance documents and credit guarantees covers projects with high and medium social and environmental impacts.

Category A (high social and environmental impact)	Category B (medium social and environmental impact)
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Monitored with external independent environmental consultants engaged (examining compliance reports and conducting on-site inspections)

Three projects were monitored remotely due to COVID-19 restrictions in 2020:

- Yamal LNG Plant construction, Russia (monitored jointly with consultants, Rina Consulting);
- liquid hydrocarbon facility construction, Uzbekistan (monitored jointly with consultants, Ramboll Environ);
- Amur Gas Processing Plant construction, Russia (monitored jointly with consultants, Rina Consulting).

Monitored without external consultants engaged (examining compliance reports, including the implementation of social and environmental action plans)

The following projects were monitored in 2020:

- thermal power station rehabilitation, Belarus;
- steel mill construction, Belarus;
- smelter construction, Uzbekistan.

### Combating Bribery in Financial Support for Export

The REC Group operates a system for combating bribery and vetting applicants and exporters for their non-involvement in bribery of foreign public officials. The REC Group's Corporate Regulation on Combating Bribery of Foreign Public Officials is based on the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

### Assessing the Terms of Financial Support for Export

The REC Group regularly monitors contractual terms for compliance with international requirements, such as the OECD Arrangement

on Officially Supported Export Credits, and ensures compliance with the provisions of the WTO Agreement on Subsidies and Countervailing Measures.

### Sustainable Development

REC strives for involvement in relevant initiatives and advocates the necessity of establishing additional mechanisms to support sustainable and responsible businesses.

For this purpose, REC became a member of the sustainability expert council of the Russian Ministry of Economic Development in 2020.

<sup>44</sup> <https://eximbank.ru/about/dannye-po-proektam.php> [https://www.exiar.ru/about/international\\_practices\\_and\\_standards/ekologiya-i-sotsialnaya-otvetstvennost/dannye-o-provedennoy-sotsialno-ekologicheskoy-otsenke/](https://www.exiar.ru/about/international_practices_and_standards/ekologiya-i-sotsialnaya-otvetstvennost/dannye-o-provedennoy-sotsialno-ekologicheskoy-otsenke/)

In addition, the focus of the REC Group is on popularising and promoting standards of responsible business conduct in the business community. The REC Group applies the OECD Guidelines for Multinational Enterprises, including competition, anti-corruption, human rights and environment recommendations.

In order to cover more export-oriented companies, the Accelerator of Export Growth training programme of REC's School of Export<sup>45</sup> included a training module designed to help exporters to use international standards of responsible business conduct to increase their export potential. In 2020, 160 exporting companies received training under the programme.

## SOCIO-ECONOMIC IMPACTS OF PROJECTS

The socio-economic impacts of VEB.RF's investment projects are assessed on an annual basis to describe the scale of VEB.RF's activities, define VEB.RF's role in and contribution to supporting and facilitating Russia's economic growth and participate in achieving the targets

of Decree of the President of the Russian Federation No. 474 of 21 July 2020 "On the National Development Goals of the Russian Federation for the Period Until 2030" and the goals of national projects.

### VEB.RF's Activity in 2020

Despite the coronavirus pandemic, VEB.RF considerably increased lending and investment in 2020. VEB.RF's support for the Russian economy (including debt financing and guarantees for export support and investment

project implementation) is estimated to reach 0.45% of the GDP and, with the surety bonds issued under the rescue programmes, exceed 0.9% of the GDP in the reporting year.

### VEB.RF's Role in Lending to the National and Regional Economy

**As at the end of 2020, the VEB.RF loan portfolio represented: more than 6% of all bank loans (more than 6.5% in 2019); about 11% of three-year bank loans (more than 12% in 2019).**

In eight regions, VEB.RF's share in bank loans to local businesses exceeded 20%, while in another

three regions, it was in the range of 10 to 20%.

### VEB.RF's Role in Financing Investment in Fixed Assets

Loans given in 2020 to finance the projects accounted for over 1% of fixed capital investments in the economy as a whole (0.6% in 2019). VEB.RF's share in bank loans for investment in fixed assets exceeded 17% in 2020, which is much higher than in 2019 (about 7.5%<sup>46</sup>). Both indicators grew due to financing

for several new large projects in 2020, including building and supplying ice-class gas carriers and constructing MSW facilities.

In some industries, loans from VEB.RF were among the main sources of financing for capital investment.

<sup>45</sup> Detailed information can be found in "Contribution to Social Development" ("Helping Customers and Partners to Fulfil Their Potential").

<sup>46</sup> The 2019 estimate was adjusted after the Russian Federal Service for State Statistics published an update on bank loans for no investment in fixed assets. The previous estimate was 8.5%.



**More than 22.5% of all investment in fixed assets in the chemical industry (ethanol and mineral fertilisers) came from VEB.RF loans in 2020. VEB.RF borrowers accounted for more than 10.5% of all investment in fixed assets in the waste management industry.**

VEB.RF borrowers also accounted for a considerable share of investment in projects related to metal production and machine building (ice-class gas carriers).

With all sources of financing (internal and borrowed funds, including VEB.RF loans), VEB.RF borrowers accounted for more than 4% of financing for capital investment in the economy as a whole in 2020 (3.5% in 2019).

### Role of VEB.RF's Borrower Companies in Value Added Generation

**Investment phase.** Financing provided for projects in 2020 is estimated at 0.25% of all value added in the economy (0.11% in 2019). VEB.RF loans are chiefly used for design, construction and installation, equipment procurement, and other expenditures for new production, which increases value added in the entire Russian economy.

**Operational phase.** In 2020, VEB.RF borrowers made products with estimated value added of 0.11% of all value added in the economy, adjusted for VEB.RF's participation in financing for borrowers. Unadjusted for VEB.RF's

participation, this indicator is estimated at 0.8%. Both indicators are somewhat lower than in the previous year (0.12 and 0.9%, adjusted and unadjusted for VEB.RF's participation respectively) due to COVID-19 restrictions in 2020.

In some industries, VEB.RF borrowers accounted for a higher share than in the economy as a whole. In 2020, in the pharmaceutical industry, VEB.RF borrowers accounted for more than 5% of the value added in the industry; in the manufacture of other vehicles, 1.5%; in the chemical industry, 1.4%.

### Role of VEB.RF's Borrower Companies in Household Income Generation

VEB.RF's investment projects result in creating a considerable number of high-technology jobs with decent pay in excess of the country's average. According to the Russian Federal Taxation Service<sup>47</sup> the average number of employees of VEB.RF borrowers financed in 2019 and 2020 increased by over 4,000 in two years.

According to annual accounting statements of VEB.RF borrowers, their employees received pay (including wages and social insurance contributions) representing 0.5% of all employee compensation in the economy in 2020, which is comparable to 2019.

### Notes for the Assessed Socio-economic Impacts of Projects

Socio-economic impacts are estimated based on a review of a sample of borrowers from VEB.RF's loan portfolio. The sample does not cover subsidiaries, foreign borrowers, export support transactions, or non-investment projects. Projects with no input data are not included in the sample either.

Value added generated by VEB.RF borrowers in the operational phase is estimated based on their annual accounting statements, adjusted for VEB.RF's participation in financing for borrowers.

Information on the assessment of socio-economic impacts of VEB.RF's projects is disclosed in accordance with the following GRI Standards:

- GRI 203-1 Infrastructure investments and services supported: included in assessments of the socio-economic impact of infrastructure projects (e.g. road construction, airport renovation etc);
- GRI 203-2 Significant indirect economic impacts: VEB.RF's loans given to companies in the real sector increase their fixed capital expenditures and tax payments at all levels;
- GRI 401-1 New employee hires and employee turnover: included in assessments of changes in the average number of employees of VEB.RF borrowers.

<sup>47</sup> Data from the register "Information on the Organisation's Average Number of Employees". The register does not contain information about some companies.



# International Cooperation

International activities were aimed in 2020 at fulfilling the potential of cooperation between VEB.RF and foreign partners to achieve the high-priority goals of national foreign trade policy and strengthen the position of Russia's leading development institution in the global financial community.

VEB.RF proved its status as an advanced development institution whose activities are aimed not only at resolving national issues, but also at dealing with global challenges in

the interests of sustainable development, inclusive growth and a harmonious economic recovery in the world. Despite tough restrictions on international communication during the COVID-19 pandemic, VEB.RF's international ties showed resilience to external shocks. Due to the pandemic, VEB.RF's international agenda was centred around organising international cooperation among development institutions to fight against the spread of COVID-19 and cope with the repercussions of the economic crisis.

## RUSSIAN-BELARUSIAN ECONOMIC COOPERATION



**BANK BELVEB**

The expansion of economic cooperation between the Russian Federation and the Republic of Belarus continued to be the focus of special attention for VEB.RF and Bank BelVEB.

In accordance with its strategic development plans, Bank BelVEB provides the necessary financial assistance to the Belarusian real economy. Support from its principal shareholder, VEB.RF, is a major contribution to Bank BelVEB's market position: the Bank maintains financial stability, has sufficient liquidity and complies with all requirements set by the National Bank of the Republic of Belarus.

Cooperation between VEB.RF and Bank BelVEB is significant for the Belarusian and Russian economies due to the strategic importance of jointly financed integration projects designed to strengthen close economic ties between the countries.

For instance, VEB.RF supports Belarusian exports to Russia and third countries and helps with projects to export Russian goods and services to Belarus. VEB.RF and Bank BelVEB are actively involved with specific projects that contribute to the integration of Belarus and Russia, including projects to set up new production and deepen cooperation. VEB.RF also helps Bank BelVEB through trade financing (irrevocable reimbursement undertakings in favour of confirming banks, additional confirmations for letters of credit, guarantees against counter-guarantees).

### Bank BelVEB: Financing for Russian-Belarusian Cooperation in 2020





- January 2021

EXIMBANK OF RUSSIA and Bank BelVEB launched a new format of financing for Russian exports to Belarus by signing a framework agreement. Bank BelVEB will act as an agent bank searching for projects to buy goods and services from Russia and arranging financing for them under programmes to support Russian high-technology exports. EXIMBANK OF RUSSIA will be a lending bank providing loans for Belarusian buyers of Russian products.

During five years of their cooperation, EXIMBANK OF RUSSIA and Bank BelVEB arranged financing for 36 projects.

## INVOLVEMENT IN INTERNATIONAL DEVELOPMENT INITIATIVES



### Outcomes of VEB.RF's Presidency of the BRICS ICM and the SCO IBA



The Council of the Interbank Association of the Shanghai Cooperation Organisation (SCO IBA) held a meeting discussing VEB.RF's year-long presidency of the association. The principal outcome of the SCO IBA's work in 2020 was the

joint signing of two documents: the SCO IBA Road Map for coping with the repercussions of the pandemic for the organisation's economies and the SCO IBA Joint Approaches to the wider use of national currencies within the SCO.

*"The road map, drawn up for the first time in the SCO IBA's history, should contribute to creating new growth points, stimulate trade and investment, and facilitate the exchange of best practices in coping with the repercussions of the pandemic. We believe it's the urban economy that can become an important factor in growth recovery. VEB.RF is ready to provide methodological support in this area, as well as in green financing and project structuring for public-private partnerships."*

**Igor Shuvalov**

Chairman, VEB.RF

The parties agreed to be active in sharing their experience of crisis-fighting measures and support for companies, industries, small and medium-sized enterprises, and exports (Russian expertise is to be provided by REC), create a base of potential projects for joint investment,

develop a mechanism and instruments for long-term lending to infrastructural projects with substantial outcomes related to the Sustainable Development Goals, and stimulate the green finance market.



*“Within the SCO Interbank Association, we have made significant progress in enhancing the payment infrastructure. Our countries have achieved significant improvement in the use of national currencies in recent years. The document initiated by VEB.RF, namely the Joint Approaches to the wider use of national currencies within the SCO, is of paramount importance in resolving this issue.”*

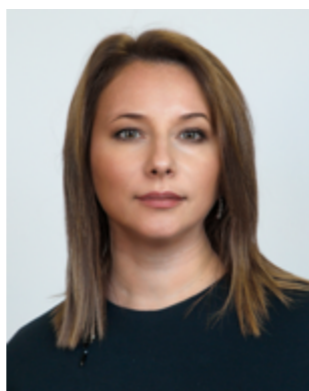
**Alexei Overchuk**

Deputy Prime Minister  
of the Russian Federation

The development banks of the SCO countries consider it reasonable to create the conditions for encouraging payments in national currencies between foreign trade entities of the SCO member states and ensure a gradual transition to payments in national currencies and recognise the importance of the SCO countries studying the interaction between various financial messaging systems and the SWIFT network in order to improve the reliability of payments. EXIMBANK OF RUSSIA began to use the national currency (Uzbekistan soms) for payments between Russia and Uzbekistan.

REC’s measures to switch over to payments between the SCO member states in national currencies included putting the Kazakhstani tenge on the list of currencies used for transactions available for direct trade financing for Russian high-technology non-resource exports. Another mechanism is EXIAR’s insurance for public offerings of rouble-denominated bonds for Russian non-residents. EXIMBANK OF RUSSIA provides financing in roubles for buyers of Russian-made products, including SCO-based companies, opens and maintains accounts for exporters in national currencies, conducts FX transactions in national currencies, and acts as a clearing bank for national currency and commodity exchanges.

*«The chairmanship of VEB.RF participation of the Russian Federation in the BRICS financial associations and the Shanghai Cooperation Organization coincided with one of the most serious challenges for the whole world – the COVID-19 pandemic, however, the use of modern technologies made it possible to hold all events at a high level, and the chairmanship itself deserved flattering reviews from partners. Following the meeting of the SCO IBO Council, two strategic documents were adopted: a roadmap to overcome the consequences of the pandemic and Joint approaches to expanding the use of national currencies. For the first time in the history of international law and standards, the Principles of Responsible Financing of Development Institutions were developed. The memorandum signed by the BRICS development institutions received a positive assessment by the President of the Russian Federation Vladimir Putin during the XII BRICS Summit»*



**Natalya Timakova**

Deputy Chairperson and Member  
of the Board, VEB.RF



The most important result of VEB.RF’s presidency of the BRICS Inter-Bank Cooperation Mechanism (BRICS ICM) in 2020 was the signing of the memorandum on the principles of responsible financing. The VEB.RF-promoted document received praise from the SCO and BRICS leaders at the summits during the Russian presidency. Eight principles of responsible financing were formulated

VEB.RF in consultation with VEB.RF Institute using best practices of the World Bank, the United Nations and OECD. The principles include the commitments to assessing the environmental, social and economic impacts of projects on local communities, promoting inclusive and sustainable development in BRICS, and making projects as transparent as possible.

*“I want to draw attention to the Memorandum on the Principles of Responsible Financing. I believe the Memorandum will help to implement joint projects and ensure that mutual trade and investment will grow.”*

**Vladimir Putin**

President of the Russian Federation

The Memorandum was supported by all the BRICS leaders signing the XII BRICS Summit Moscow Declaration. “We also welcome the activities of the BRICS Interbank Cooperation Mechanism, including

the progress in developing the principles for the BRICS development institutions’ responsible financing and efficient green finance mechanisms,” the Moscow Declaration states.

*“It is a great pleasure for me that our development banks were able to agree on the principles of responsible financing.”*

**Narendra Modi**

Prime Minister of the Republic of India



The parties also approved the VEB.RF-formulated standard of the high-quality preparation of PPP projects for the BRICS ICM.

The BRICS ICM agenda in the reporting period was centred around cooperation during the

pandemic, sustainable development within BRICS, higher standards of living in the BRICS member countries, PPP projects, and human capital investment.

*“The pandemic made the banks take on a special role this year. During the crisis, their help really rescued numerous businesses in BRICS.”*

**Igor Shuvalov**

Chairman, VEB.RF

VEB.RF’s proposal to continue cooperation in green financing received support from the heads of the BRICS development institutions. Cooperation within BRICS in this area will allow the member countries to compare their

approaches to national green finance systems, determine whether they are interested in harmonising their green project methodologies and encourage mutually beneficial investment in green projects.

### New Instruments for Cooperation Among the EAEU Development Banks



An important step in strengthening VEB.RF’s leadership in the Eurasian space was VEB.RF’s initiative resulting in creating a new platform for cooperation among the development banks of the Eurasian Economic Union (EAEU). The memorandum of cooperation was signed during

the First Eurasian Congress organised by the Eurasian Development Bank. The document is intended to stimulate the development banks’ investment, thus strengthening integration processes within the EAEU.



*“The new alliance will let us take a fresh look at cooperation between development institutions and commercial banks. We intend to seek funding for major projects that will bring not only profits to project initiators and investors, but also a new quality of life to both businesses and people in our countries.”*

**Igor Shuvalov**

Chairman, VEB.RF



Large-scale joint projects of the EAEU member countries began to be submitted for consideration by the Council of the Eurasian Economic Commission.

EXIAR was active in cementing cooperation with EAEU export credit agencies in the area of reinsurance for joint cooperation projects in the region and third countries. In 2020, EXIAR proposed an initiative to form a supranational

reinsurance company to build up a system of joint insurance for exports. The reinsurance mechanism will increase insurance support for trade within EAEU and harmonise competitive conditions within the EAEU and in relation to exporters from other regions. It will also facilitate the joint implementation of EAEU projects, including with the participation of exporters from third countries.

## Promoting the Principles for Quality Infrastructure Investment



VEB.RF was active in promoting Russia's foreign trade agenda in several areas within the Group of Twenty (G20) in 2020. For instance, as a member of the G20 Infrastructure Working Group (IWG), VEB.RF participated in formulating recommendations for the G20 general principles and policies for infrastructure investment. In addition, VEB.RF released a methodology for Russia's Impact and Responsible Investing for Infrastructure Sustainability (IRIIS) system, including the relevant guidelines for assessors and verifiers.<sup>48</sup>

International cooperation in creating quality infrastructure an essential prerequisite for sustainable development continued to the focus of attention. At Paris InfraWeek in October 2020, VEB.RF presented the new infrastructure project assessment and certification system and the ROSINFRA infrastructure project support platform.<sup>49</sup>

*“The projects aroused great interest in the French business community. The Russian initiative got a lot of positive feedback from the Paris InfraWeek participants. No doubt foreign investors will appreciate the significance of Russia joining the introduction of best practices at home, setting up an assessment system that meets the requirements of foreign investors, and doing it in close cooperation with the international community and the world's largest infrastructure market participants.”*

### Svetlana Yachevskaya

Deputy Chairperson, Member of the Board,  
and Head of Internal Control, VEB.RF

<sup>48</sup> Detailed information can be found in “Sustainability Mechanisms” (“Quality Infrastructure”).

<sup>49</sup> Detailed information can be found in “Contribution to Social Development” (“Helping Customers and Partners to Fulfil Their Potential”).



At the annual meeting of the D20 Long-Term Investors Club (D20-LTIC), VEB.RF presented initiatives related to sustainable development and quality infrastructure. Apart from its traditional involvement with the D20-LTIC,

VEB.RF also took part for the first time in formulating recommendations as a member of the Business 20 (B20) task forces on finance and infrastructure, energy, sustainable development and climate.

## Important Sustainability Issues Placed at the Centre of IDFC Activities



VEB.RF took part in major initiatives of the International Development Finance Club (IDFC), such as SDG alignment and climate change mitigation. VEB.RF attended regular sherpa meetings and the IDFC Annual Meeting.





In 2020, VEB.RF traditionally took part in an IDFC survey for the Green Finance Mapping Report, using the green project methodologies of IDFC and multilateral development banks (MDBs).



**34% of the projects approved by VEB.RF in 2020 are green in accordance with the IDFC methodology**



The key event in the reporting year was the first global online conference “From Pandemic to Recovery”, organised by VEB.RF for development banks in partnership with IDFC in September 2020. The event brought together high-level speakers (UN Secretary-General António Guterres, OECD Secretary-General Ángel Gurría and others), the heads of leading multilateral and national development institutions, and Russian and foreign political and public figures.

An important political outcome of the Finance in Common Summit was that the joint declaration included the VEB.RF-promoted provisions regarding equal access to international capital markets for all development banks implementing green finance and sustainable projects. For the first time, a political document approved by a community of 450 international, regional and national development banks stated that unilateral sanctions were not acceptable in the area of sustainable financing.

*“To finance sustainable investments, PDBs should also have facilitated and full access to capital markets.”*

**Joint declaration of all Public Development Banks in the World, November 2020**

VEB.RF joined two important international initiatives. One of them is the Letter of Intent for the Launch of a Sport for Development Coalition of Public Development Banks and Partners, which is a starting point for banks and their partners contributing to the global agenda of city development by promoting sport and related infrastructure.

The other initiative includes the Paris Development Banks Statement on Gender Equality and Women’s Empowerment. By signing the declarations, VEB.RF contributed towards the SDGs and demonstrated its commitment to the global development agenda.

**Involvement with UN Institutions**



VEB.RF continued cooperation with the United Nations Industrial Development Organization (UNIDO) and the United Nations Human Settlements Programme (UN-Habitat) in 2020.

(VEB.RF presented the Walk the City project and opportunities for business development and investment in single-industry towns).

Cooperation with UNIDO focused on educational programmes and workshops relating to investment, innovation, electric power and environmental protection, on preparing master plans and carrying out large social impact projects in single-industry towns, and on participating in the project to promote partnership between Russia and UNIDO.

A new area of VEB.RF’s international activities is closely connected with the issue of sustainability: VEB.RF Chairman Igor Shuvalov is the Russian representative on the Pan-European Commission on Health and Sustainable Development. The commission members are reputable scientists, European political and public figures, including former heads of state and government. The commission is mandated to formulate recommendations to reform health and social care systems in the light of the COVID-19 pandemic.

An important area of cooperation with UN-Habitat was participation in the tenth session of the World Urban Forum

*“We believe the Commission and the WHO Regional Office for Europe should focus on devising an effective health system based on PPP mechanisms that combine resources of the public and private sectors, on encouraging innovation in healthcare, and on promoting digital medical services to make advances in medical science responsive to the health needs of people. In this context, our European partners may be interested in our experience of using digital technology during the pandemic to provide remote access to the best clinical services for a lot of people who could stay at home and keep safe.”*

**Igor Shuvalov**

Chairman, VEB.RF

*“I convened the Pan-European Commission on Health and Sustainable Development to rethink policy priorities in the light of pandemics. The Commission is made up of former heads of state and government, distinguished scientists, health and social care supervisors, business leaders and heads of financial institutions in the region. They are to make recommendations on how to enhance resilience in this area. And I’m very proud that Mr Igor Shuvalov, of the Russian Federation, is part of the Commission.”*

**Dr Hans Henri P. Kluge**

WHO Regional Director for Europe

## VEB.RF Projects praised by ADFIAP



The annual meeting of the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) re-elected VEB.RF to the Board for the following four years. At two meetings of the ADFIAP General Assembly, VEB.RF presented Russia’s measures to cope with the pandemic and plans for sustainable recovery.

VEB.RF won in two categories of the ADFIAP Outstanding Development Project Awards 2020: Corporate Social Responsibility (jointly with the Far East Development Fund, for the project to improve schoolchildren’s academic performance in the Republic of Sakha (Yakutia)) and Local Economic Development (jointly with the Monotowns Development Fund, for the Magnet project).

## Involvement with OECD



VEB.RF continued cooperation with the Organisation for Economic Co-operation and Development (OECD), including the OECD Regional Development Policy Committee and



its working bodies, such as the working group on urban policies and territorial indicators, the two-week online marathon under an ongoing Russia-OECD project, Urban Policy Reviews.



The REC Group was involved with the following working parties of OECD:

- practitioners on social and environmental assessment;
- consultations of the Working Party on Export Credits and Export Credit Guarantees with civil society organisations;
- meetings of the Arrangement on Officially Supported Export Credits;
- meetings of the Working Party on Industry and Innovation;
- meeting of the Aircraft Sector Understanding (Arrangement on Officially Supported Export Credits).

### VEB.RF's Expanded Involvement in International Initiatives



VEB.RF took on the presidency of the Greater Tumen Initiative's North-East Asia Export-Import Banks Association.

VEB.RF proposed several projects for possible co-financing in partnership with export-import

banks of China, South Korea and Mongolia. VEB.RF intends during its presidency to foster new initiatives consistent with the sustainability, post-crisis recovery and green finance priorities declared by Russia.



To facilitate impact investing and promote social impact projects in Russia and globally, VEB.RF joined Asian Venture Philanthropy Network (AVPN) in November 2020, whose goals include support for and/or training in the principles and practices of long-term investment and venture models, including advice on and assistance with the better use of available resources.

In November 2020, VEB.RF joined the Policy Advisory Group (PAG) launched by the Government Outcomes Lab, UK, and Ecorys, Netherlands. PAG is designed to undertake a global systematic review to explore whether, when, and where (and if possible, how) outcomes-based contracting approaches deliver improved impact when compared to more conventional funding arrangements. The review is to help organisations responsible for funding social programmes to select the most appropriate form of financing.



In 2020, REC and the Coordinating Committee on Economic Cooperation with Sub-Saharan Africa (Afrocom) signed a cooperation agreement.

In addition, REC signed an agreement with the Association of Economic Cooperation with African States (AECAS).



# BILATERAL PROJECTS WITH FOREIGN PARTNERS



## Intergovernmental Russian-Chinese Commission



In bilateral cooperation, VEB.RF focused on strategic partnership with China. VEB.RF was actively involved with the Intergovernmental Russian-Chinese Commission on Investment Cooperation (IGC). Basically, VEB.RF acted as an expert centre the assessment and monitoring of projects included on the IGC list. The IGC functions include helping Russian and Chinese businesses to implement investment projects.

VEB.RF participated in preparing the 7th IGC meeting. As proposed by VEB.RF, the project Integrated Gas-to-Chemicals and Gas Processing Facilities of the Ust-Luga Ethane-Containing Gas Processing Facility was included on the IGC list of projects.

There are plans to considerably increase the efficiency of cooperation between companies implementing IGC projects and the Russian Ministry of Economic Development and the advisory business committee. An electronic platform developed by VEB.RF jointly with the Department for Analytical Support for Foreign Trade of the Russian Ministry of Economic Development was put into test operation.

VEB.RF has 19 Russian-Chinese investment projects in the pipeline, which are included on the IGC list of projects. Notable progress in financing was made under the following projects in 2020:

- methanol production facility construction, Nakhodka;
- Udokan copper deposit development (Phase I);
- supply of two Aframax oil tankers (deadweight tonnage: 114,000 each);
- supply of three tankers (deadweight tonnage: 51,000 each);
- construction and supply of 15 ice-class gas carriers under the Arctic LNG 2 project.

Participating in and organising events in different formats with the involvement of the international community, including Chinese investors, has an important role in promoting IGC investment projects. For example, VEB.RF organised two online seminars in 2020:

- Development of Financial Instruments for Russian-Chinese Projects, attended by more than 70 people representing 30 organisations from Russia and China. The participants discussed syndicated lending for Russian-Chinese investment projects, the possibility of setting up an international project financing factory, trade financing and export support mechanisms, direct investment and green financing. The speakers included representatives of the VEB.RF group, Gazprombank, Sberbank, the Bank of Russia, the Russia-China Investment Fund, the Moscow Office of China Development Bank, and the Research Centre for Green Finance Development of the Tsinghua University PBC School of Finance;
- Russian-Chinese Investment Cooperation: Mistakes, Challenges and New Prospects, attended by more than 80 people representing Russian federal executive

authorities, IGC project participants and the banking community, including representative offices of Russian banks in China. The participants discussed a mechanism for the investment protection and promotion agreement as related to foreign investors, analysed mistakes in the implementation of a Russian-Chinese investment project as exemplified by an agribusiness park construction project, considered the possibilities of establishing a Russian trade company in China, whose activities included helping Russian companies to enter the Chinese market, and studied the results of the survey (Taking the Pulse of Partnership: How Russian Companies Assess Relationships with China) carried out by VEB.RF among the representatives of projects included on the IGC list of projects.

In order to streamline IGC activities (secretariat, representatives of projects, federal and regional executive authorities in charge of projects) and to ensure the high-quality monitoring of IGC projects, VEB.RF worked with the Russian Ministry of Economic Development to develop and introduce a one-stop shop mechanism for all IGC members in 2020.

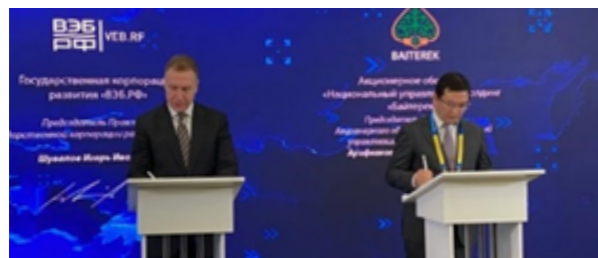
## Bilateral International Projects



In the reporting period, VEB.RF continued to provide financing (including under the Project Financing Factory programme) for several large investment projects. VEB.RF also worked to strengthen cooperation with traditional partner banks (China Development Bank (CDB), China Eximbank, the Bank of China, China Construction Bank, and Harbin Bank). VEB.RF entities (VEB Asia and Russian Export Center) established Beijing Hua Nuo E Xiang (REX) Trading Company Limited to promote Russian

exports to China. When the COVID-19 pandemic broke out, VEB.RF organised a delivery of personal protective equipment to its main partner in China, China Development Bank. The Chinese sent COVID-19 test kits in return, which were given by VEB.RF to establishments of the Russian Ministry of Health.

VEB.RF continued to strengthen bilateral ties within the EAEU. For instance, during the First Eurasian Congress, Baiterek Holding and VEB.RF signed an investment cooperation agreement to carry out joint investment projects, cooperate in trade and export financing and promote syndicated lending in Kazakhstan.



Kazakhstan companies received through a special leasing platform over 5,200 units of railway equipment worth more than RUB11.3bn as well as other equipment worth RUB0.75bn. There are another three projects in the pipeline: rehabilitation of thermal power and cogeneration stations, supply of goods wagons. VEB.RF's potential commitment is about RUB20bn.

In addition to ongoing projects in traditional economic sectors and bilateral trade, VEB.RF continued to search for new areas of cooperation, such as joint investment projects within the EAEU, technological modernisation and digitalisation in the economy.

Important events took place in the rapidly growing partnership between VEB.RF and Uzbekistan in 2020: in September, VEB.RF

organised a high-level Russian business mission to Uzbekistan. VEB.RF's major projects in Uzbekistan include financing for the supply of Russian-made equipment to modernise Uzbekneftegaz and Almalyk MMC production facilities, the export of KAMAZ heavy trucks and special-purpose vehicles, and the supply of electric freight locomotives. VEB.RF went into partnership to set up a large agrilogistics centre for fruit and vegetables supplied to Russia.

*“Uzbekistan is one of our largest partners in export projects. We are working on closer cooperation in diverse areas, including within the Interbank Association of the Shanghai Cooperation Organisation. The purpose of our business mission is to identify where the post-pandemic economies of both countries can develop. Uzbekistan is a huge market for Russian products, our exports and technologies. I'm sure the event will allow us to create a map of projects whose joint financial resources and competencies will add new impetus to economic growth in Greater Eurasia.”*

**Igor Shuvalov**

Chairman, VEB.RF



VEB.RF intends to finance the supply of BelAZ haul trucks to Almalyk MMC, Uzbekistan. The interest rate will be subsidised by the Belarusian Government. Bank BelVEB (part of the VEB.RF

Group) acts as the agent for the Belarusian Government. The project is a landmark in Eurasian industrial cooperation.



*“This project lets us show the successful start of cooperation to support the export of Russo-Belarusian products to third countries in a new format. The project is a logical continuation of long-lasting cooperation between the banks in financing and proves that the governments have a wide range of mechanisms to support the promotion of jointly made products.”*

**Vasily Matyushevsky**

Chairman of the Board, Bank BelVEB



**RUSSIAN  
EXPORT CENTER**

**EXIAR**

**EXIMBANK OF RUSSIA**

EXIAR continued cooperation under existing bilateral reinsurance agreements. For example,

EXIAR and KazakhExport worked together in 2020 to provide insurance for export factoring.

VEB.RF's portfolio of EAEU projects became 50 per cent larger in the reporting year, reaching more than RUB60bn.

# Contribution to Social Development





# HELPING CUSTOMERS AND PARTNERS TO FULFIL THEIR POTENTIAL



VEB.RF and VEB.RF entities possess knowledge, experience, competencies and resources that can have a significant indirect impact on the development of the investment climate and professional business community in Russia.

VEB.RF's and VEB.RF entities' initiatives to help customers and partners, including future ones, to fulfil their potential also make it possible to increase the number of their requests for support and their proposals for cooperation.

## Razvivay.rf Financial Marketplace

# развирай.рф



One of the key partners is Razvivay.rf (Развивай.рф), a financial marketplace operated by Razvitie.ru (<https://развирай.рф/>) and designed to help companies and individual entrepreneurs to obtain project financing, loans, guarantees, export insurance etc. Marketplace users can apply for advice or products provided by the Razvivay.rf partners.

In 2020, Razvivay.rf was optimised by integrating API SPARK data. API SPARK helps to improve the selection of offers by using borrower information, makes intermediate risk assessment and provides partner banks, leasing companies and development institutions with verified information and high-quality applications for financial products.

Razvivay.rf helps Russian small and medium-sized businesses to select and obtain the required services on optimal terms. In 2020, businesses were enabled to apply for crisis response products, including interest-free salary loans (SME Bank, Sberbank, Promsvyazbank and Otkritie Bank).

*“Small and medium-sized businesses were the first to be economically affected by the pandemic. The government is active in implementing rescue measures. VEB.RF is working together with RSMB Corporation on behalf of the government to provide financial support for the rescue measures. It is fundamentally important to rescue small enterprises, as well as working out a strategy for their post-crisis development. Our financial marketplace is designed to help businesses to navigate through a whole stack of information on available support and make effective use of it.”*

**Igor Shuvalov**  
Chairman, VEB.RF

Implemented in cooperation with VEB.DV in 2020, the Razvivay.rf Business Online is designed to help businesses in the Far East and the Arctic to switch over to e-commerce quickly and free

of charge. Training webinars were organised for entrepreneurs on e-commerce and support for small and medium-sized businesses.

## Training for City Managers in the Largest Cities



With support from the Russian Government, VEB.RF and Moscow School of Management SKOLKOVO launched the training programme

for management teams in the 100 largest cities in 66 Russian regions, excluding Moscow, Saint Petersburg and single-industry towns.

**The mission of the program is to create an impetus for the transformation and development of the economy of the largest cities, which can positively affect the country's economy in the short term.**

*“When we met with the mayors of 319 company towns, they were mostly interested in reviving the old main employers with over 20 per cent of the local workforce. But this is not enough for urban transformation, which requires a comprehensive approach. This is what we at VEB.RF do though a great many people misinterpret us as saying we focus our efforts on urban improvement. No, our main focus is on urban transformation, and the urban economy has a crucial role in this process. The President spoke to the Council for [Strategic Development and] National Projects about the need to improve quality of life, and we should follow this agenda. For this purpose, we partnered up with Moscow School of Management SKOLKOVO and the Russian Presidential Academy of National Economy and Public Administration to prepare a training programme for management teams in the 100 largest Russian cities. I am sure the programme will result in urban projects making qualitative changes to local living conditions.”*

**Igor Shuvalov**

Chairman, VEB.RF

The programme is implemented by Moscow School of Management SKOLKOVO in partnership with the Higher School of Economics, the New Economic School, and Strelka Institute.

Built on the Master of Public Administration (MPA) standard, the programme consists of 14 modules (eight in-person modules, four remote modules and two traineeships

abroad). The programme is remarkable for its practical focus. The training process includes VEB.RF Day events for each module, which enables management teams to receive advice from experts of VEB.RF, VEB.RF-coordinated development institutions, VEB.RF entities and partners in the following areas: urban transport; transport infrastructure; public improvements, community facilities; house construction; public utilities; SMEs and exports; waste management.

### Training Programme for Management Teams in the 100 Largest Cities

**14**

training modules

**5**

topics: strategic positioning, city infrastructure assessment, city infrastructure design, urban economy, socio-cultural development

**VEB.RF Day events:**

consultations with experts from VEB.RF, coordinated development institutions, VEB.RF entities and partners

**One-stop shop:**

VEB.RF supervisor for each city (advice, information, guidance)



**Deliverables:**  
urban economy and comfortable environment projects to help cities to reach a new level of development

**City team:**  
mayor [team leader], deputy mayors, regional authorities and officials [urban and architectural policies]

Following the training process, the management teams determine the development areas (strategies) for their cities, formulate modernisation concepts, prepare city development projects and start their implementation, which will substantially improve quality of life and allow Russian cities to reach a new level of development.

In order to ensure the effective interaction with regional and local government authorities, the programme is carried out on a one-stop shop basis: a VEB.RF supervisor is appointed for each city to provide advice, information and guidance for the management team. A total of 500 city managers are to receive training.

*“We will use the MPA standard to prepare projects for urban infrastructure, for municipal solid waste, for modern housing, for a modern urban environment, for a modern economy, including small and medium-sized businesses.”*

**Igor Shuvalov**

Chairman, VEB.RF





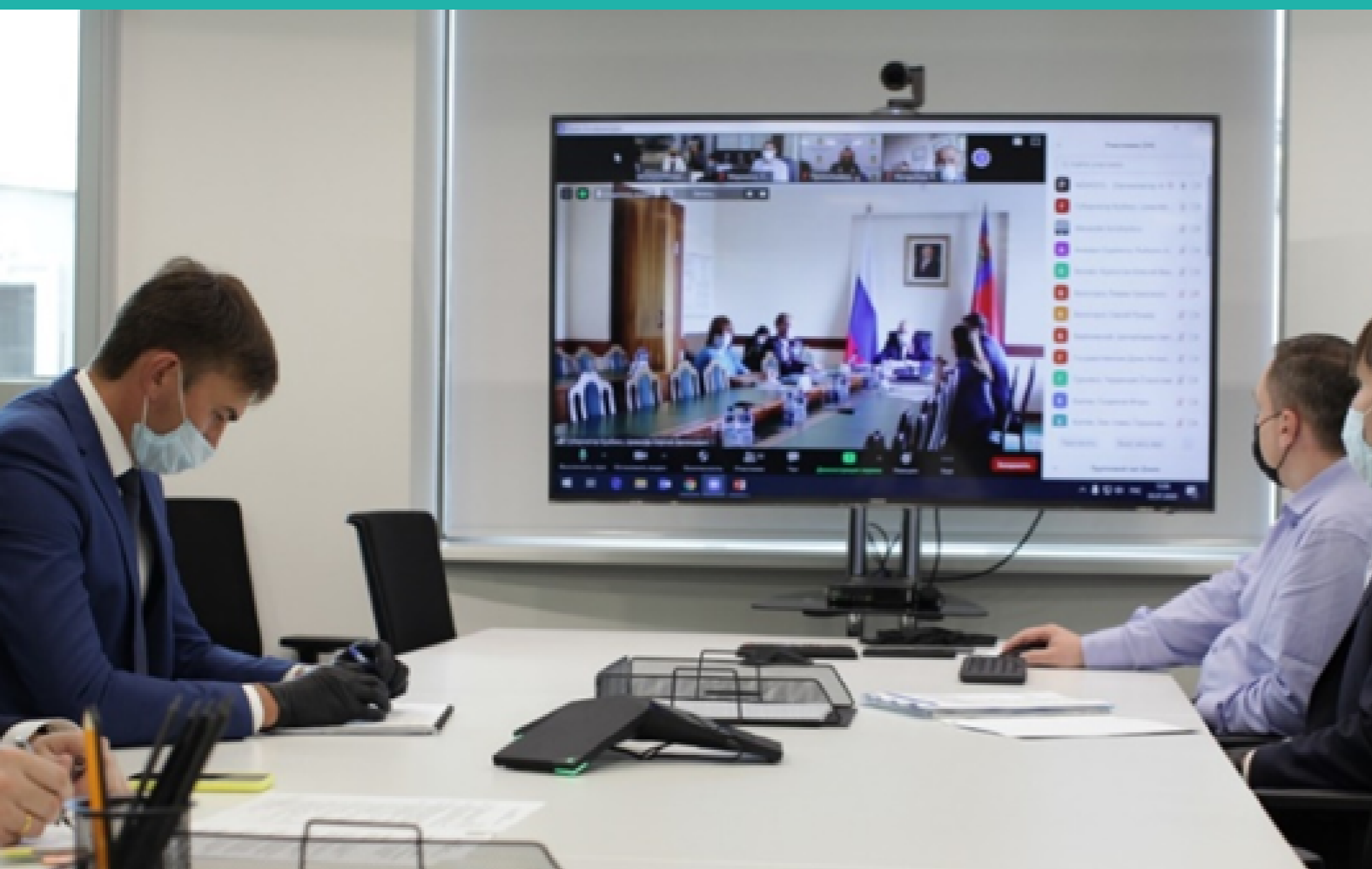
## Training for Single-Industry Municipalities



MONOTOWNS.RF held five training seminars under the Monotowns Development Academy project in 2020 for the Urals Federal District, Siberian Federal District, Volga Federal District, Perm Territory and Kemerovo Region. In total,

representatives of the business community and local governments of 151 monotowns, along with regional government authorities and development institutions, took part in the seminars.

**The Monotowns Development Academy project uses training events to increase the number of applications received by MONOTOWNS.RF for financial and non-financial support instruments.**



The participants were informed about the possibilities of obtaining funding from MONOTOWNS.RF for investment projects and non-financial support. The mayors of monotowns shared their success stories related to the key areas of city development and provided information about their experience of cooperating with MONOTOWNS.RF and about their potential projects using MONOTOWNS.RF's support mechanisms.

Under the Building MONOTOWNS.RF's Partner Network for Monotown Support and Development project, involving OZON, X5 Retail Group and Leroy Merlin, five training webinars were held in 2020 for 160 organisations and entrepreneurs from single-industry towns.

## Developing Competencies in Impact Investing and PPPs



With support from the Russian Ministry of Finance, three interregional seminars were held in the reporting period for federal and regional authorities and non-profit organisations, which were attended by about 400 people. The seminars described project mechanisms, standard projects for possible adaptation and implementation in the regions. Following the events, more than 20 applications were received from non-profit organisations to participate in the testing of projects, including applications sent to a special e-mail address (sib@veb.ru) for project ideas.

VEB.RF organised the international conference "Impact Investing: the Driver of the Human Capital Economy", attended by more than 1,000 representatives of development institutions, international financial and socially oriented non-profit organisations and Russian federal and regional executive authorities as well as experts in education, social protection and healthcare. The conference noted the important role of SIB projects in achieving Russia's national goals and the UN Sustainable Development Goals.



At the suggestion of the National PPP Development Center and with support from VEB.RF Chairman Igor Shuvalov, a PPP support programme for Russian regions (the "Programme") was launched in 2020 to provide fee-free expert advice on the preparation and launch of investment projects using PPP mechanisms in various infrastructure sectors. The results of the pilot implementation

of the Programme in 2020 (assistance to authorities in launching 38 PPP projects totalling RUB240bn) bore out the demand for such assistance among regional authorities. Based on the interim results of the Programme, it was decided that starting from 2021, the Programme should be extended to all 85 Russian regions and to at least 200 municipalities (cities).

“The launched educational module, which we made accessible to regional participants in the programme for PPP-related crisis management, showed that apart from a shortage of industry-specific competencies at local level, the regions also have difficulties with communication with project participants such as banks, private investors and consultants. As our programme addresses this problem too, several major players have already confirmed their intention to take part in projects under the programme. It is important to note we receive a large number of applications from the regions for projects to develop urban infrastructure and improve quality of life.”




**Svetlana Yachevskaya**

Deputy Chairperson, Member of the Board, and Head of Internal Control, VEB.RF

**National PPP Development Center: Assistance to Projects**

### Concession agreement for MSW facilities in the Omsk Region

Integrated solution for the processing and landfilling of municipal solid waste in the Omsk Region

 <p><b>Project initiator/operator</b></p> <p>Ministry of Natural Resources and Environmental Protection of the Omsk Region</p>  <p><b>National development goal</b></p> <ul style="list-style-type: none"> <li>• Comfortable and safe living environment</li> <li>• Decent, efficient work and successful entrepreneurship</li> </ul>	 <p><b>Socio-economic impact</b></p> <ul style="list-style-type: none"> <li>• MSW management in accordance with environmental and public health requirements; improved ecological well-being in the Omsk Region; improved sanitary and ecological conditions in specific municipalities in the Omsk Region</li> <li>• Waste reuse</li> <li>• Job creation</li> </ul>
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**Training for Exporters**



REC’s School of Export<sup>50</sup> uses the resources of Russian Export Center to provides training for export-oriented companies to ease their market entry globally and increase the efficiency of their export. REC’s School of Export implements training programmes for all business segments (small, medium-sized and large businesses). Programmes are available in remote and in-person formats.

The basic training programme for export-oriented companies (export workshops) includes in-person export workshops on 11 topics that cover all stages of preparing an export project. Export workshops are held in person at regional export support centres in the form of business training events and are built on the principle of 60% theory and 40% practice: trainees receive knowledge and use it in practice on-site through problem-solving and case studies. Training and certification for regional trainers is provided by REC’s School of Export strictly in accordance with the approved methodology and standards.

In addition, the website of REC’s School of Export provides remote training for exporters (video lectures) on 13 topics, 11 of which are identical to the in-person programme. Exporters choose the necessary topics and study in the most convenient manner.

Due to the COVID-19 pandemic, in-person training programmes were promptly changed to an online format in the first half of 2020 to ensure continuity and high quality in the training process and provide exporters with the fullest possible access to training products.

At present, REC’s School of Export carries out the programme of export workshops in 68 Russian regions. 4.5 years of the training programme attracted more than 15,000 companies.

REC’s School of Export is an operator of three national projects: Small and Medium-Sized Businesses and Individual Entrepreneurial Initiative Support; Workforce Productivity, International Cooperation and Export.

Under the national projects, REC’s School of Export implements two acceleration programmes:

- Accelerator of Export Growth, designed for medium-sized and large businesses and enabling them within three two-day training modules and two one-month intervals between the modules to develop all practical skills necessary for the efficient structuring of their export projects and use assistance from experts and mentors of REC’s School of Export to prepare up to three export projects for their entry into the international market. The programme is part of the Workforce Productivity national project;
- Export Forsage, designed for small and medium-sized enterprises with inconsiderable experience of export or with plans to gain entry into the international market. The programme consists of six training modules and two-week intervals between the modules. Intensive training and constant contact with mentors allow trainees to successfully prepare for their effective entry into the international market and prepare three export projects (three export markets). The programme is part of the Small and Medium-Sized Businesses and Individual Entrepreneurial Initiative Support national project.

<sup>50</sup> Russian Export Center’s School of Export.



The purpose of the acceleration programmes is to enable the participating companies to sign export contracts.

The two acceleration programmes in 2020 resulted in converting over 20% of projects into export contracts. 2.5 years of the acceleration programmes attracted more than 600 companies.

REC's School of Export also works to promote training programmes in partnership with universities. The following Russian leading

higher education institutions and business schools went into partnership with REC's School of Export in 2020: Far Eastern Federal University, Timiryazev Agricultural Academy, Saint Petersburg Corporate University, Financial University under the Government of the Russian Federation. In addition, REC's School of Export cooperates with governmental agencies (federal and regional executive authorities, development institutions), which helped in 2020 to organise several programmes and events for the Russian Ministry of Economic Development, the Russian Ministry of Industry and Trade, and Agroexport.

## Training Programmes of REC's School of Export in 2020

<p><b>Export workshops</b></p> <p>Export workshops are held at regional export support centres in the form of business training events and are built on the principle of 60% theory and 40% practice: trainees receive knowledge and use it in practice on-site through problem-solving and case studies.</p> <p>More than 650 export workshops were organised in 2020 for over 4,000 unique companies in 68 regions.</p>	<p><b>Accelerator of Export Growth</b></p> <p>The programme helps companies within three two-day training modules and two one-month intervals between the modules to prepare up to three export projects for their entry into the international market.</p> <p>In 2020:</p> <ul style="list-style-type: none"> <li>• seven batches of 160 medium-sized and large businesses received training</li> <li>• 29 participating companies signed 92 export contracts totalling RUB5.56bn</li> </ul>
<p><b>Online training</b></p> <p>Each remote training course covers a specific stage of an export project. Exporters choose the necessary topics and study in the most convenient manner. Training requires only online registration and an application for remote training. Remote training was received by more than 800 unique companies in 2020.</p>	<p><b>Export Forsage</b></p> <p>The programme is designed to help SMEs to adopt a systematic approach to structuring an export project, from selecting the market to determining the optimum logistical route to minimising risks to reducing costs.</p> <p>In 2020:</p> <ul style="list-style-type: none"> <li>• the programme was implemented in 23 Russian regions for over 250 SMEs</li> <li>• 24 participating businesses signed 37 export contracts totalling RUB700mn</li> </ul>

<p><b>REC Group Products</b></p> <p>Regular workshops on the government's export support and its main mechanisms.</p> <p>In 2020:</p> <ul style="list-style-type: none"> <li>• workshops were organised for over 50 federal and municipal servants in the Republic of Tatarstan</li> <li>• workshops were organised for more than 90 manufacturers of personal protective equipment and medical equipment</li> </ul>	<p><b>Acceleration partner programme</b></p> <p>The customised programme for the export team of Citadel Group helped to work on all stages of an export project, gain practical experience of using effective export mechanisms and prepare for their entry into five new export markets.</p>
<p><b>Cooperation with universities</b></p> <p>As at the end of 2020, four training programmes were in progress in partnership with Russian leading higher education institutions, and three new training programmes were under development.</p>	<p><b>Projects of REC's School of Export</b></p> <p>In 2020:</p> <ul style="list-style-type: none"> <li>• a series of three workshops was organised in cooperation with the Russian Ministry of Industry and Trade for manufacturers of personal protective equipment and medical equipment on exports during the COVID-19 pandemic;</li> <li>• a workshop was organised in cooperation with Agroexport on export support provided by Agroexport</li> </ul>



# EDUCATIONAL INITIATIVES FOR ENTREPRENEURS AND YOUNG



VEB.RF and VEB.RF entities traditionally participate in special-purpose educational

events aimed at popularising innovative entrepreneurship and improving financial literacy among young people, carry out educational programmes at universities and organise traineeships and externships.

## Educational Initiatives for Students and Young People in 2020

### Open Innovations Startup Tour

The tour began to be organised by the Skolkovo Foundation across Russia in 2011 and is Russia's largest project to encourage technology entrepreneurship and identify promising innovation projects.

VEB Ventures is a co-organiser of the project.

### Skolkovo Mini MBA

VEB Ventures released a lecture under the programme about the basics of innovative entrepreneurship. The lecture is intended for the general public and designed to improve financial literacy among technology start-ups.

The audience exceeded 200 people in 2020.

### Financial Mechanisms for Export Support

In cooperation with the Russian Foreign Trade Academy under the Russian Ministry of Economic Development, REC's School of Export launched a two-year MBA programme, Financial Mechanisms for Export Support, at the Faculty of International Finance.

### Vocational Traineeships 2.0

Vocational Traineeships 2.0 is a joint project of Russia – a Country of Opportunities and the All-Russia People's Front.

This is a new mechanism for student-employer relations, using student employment and traineeships for social mobility among young people.

The REC Group is a partner of the project.

### Case competitions

In 2020, the REC Group organised two stages of case competitions among universities across Russia. Following the first stage, seven finalists qualified for externships at regional export support centres in the Voronezh, Nizhni Novgorod, Novosibirsk, Orenburg, Tyumen and Yaroslavl Regions.

Additionally, VEB.RF and VEB.RF entities gave lectures, participated in panel discussions at universities and special forums, and judged various youth competitions.

**VEB.RF and VEB.RF entities organised externships and traineeships for 137 students in 2020. Two students subsequently became staff members of the REC Group.**



# SOCIAL IMPACT PROJECTS IN RUSSIAN CITIES

## City Heroes

In commemoration of the 75th anniversary of the victory in the Great Patriotic War, VEB.RF launched the City Heroes online historical project.

The project aims to commemorate the glorious labour of people involved in the post-war reconstruction of the country and cities and enable their relatives to publish information about their contribution to building houses as well as public utility, infrastructure, production and other urban facilities after the Great Victory.

The project's website at <https://geroigorodov.ru/> contains archive material and photographs describing the state of post-war Soviet cities and how they were reconstructed by millions of people.

Any Russian can become a contributor to the online encyclopaedia by adding a story about their family.



Timed to coincide with World Cities Day (31 October), established by the United Nations to promote the international community's interest in urbanisation, the #героигородов2020 project was launched by VEB.RF to enable organisations, communities and regions to tell the whole country about people who cities were proud of at the time, such as

health professionals, volunteers, entrepreneurs, drivers, builders and delivery people, who helped city dwellers, maintained municipal services and designed useful services, which is especially important during the pandemic. The project participants posted their stories with the project's hashtag on social media.



## Free Taxi Services for WWII Veterans



**MONOTOWNS.RF**



The year 2020 saw the first anniversary of the project to provide free taxi services for veterans of the Great Patriotic War. The project was launched by MONOTOWNS.RF jointly with VEB.RF and Yandex.Taxi in advance of Victory Day in 2019. The first year of the programme saw 24

single-industry towns join the social initiative, and the number of taxi rides increased almost twofold after the end of 2019.

The programme provides free taxi services for veterans, homefront workers, and survivors of the Siege of Leningrad. The services are not limited to public holidays, but are available throughout the year. Veterans can book a taxi by contacting a local social service provider.

*“Now, during the coronavirus pandemic, free taxi rides are also available to volunteers who deliver medications and food to veterans. This is a great help and support during the COVID-19 crisis.”*

### **Irina Makieva**

Chief Managing Partner for Urban Development, Urban Solutions and Monotown Development

For example, about 740 free taxi rides were used in Borovichi, Novgorod Region, more than 280 in Vyksa and Zavolzhye, the Nizhni Novgorod Region, and more than 120 in Nevinnomyssk, Stavropol Territory, after the project's launch.

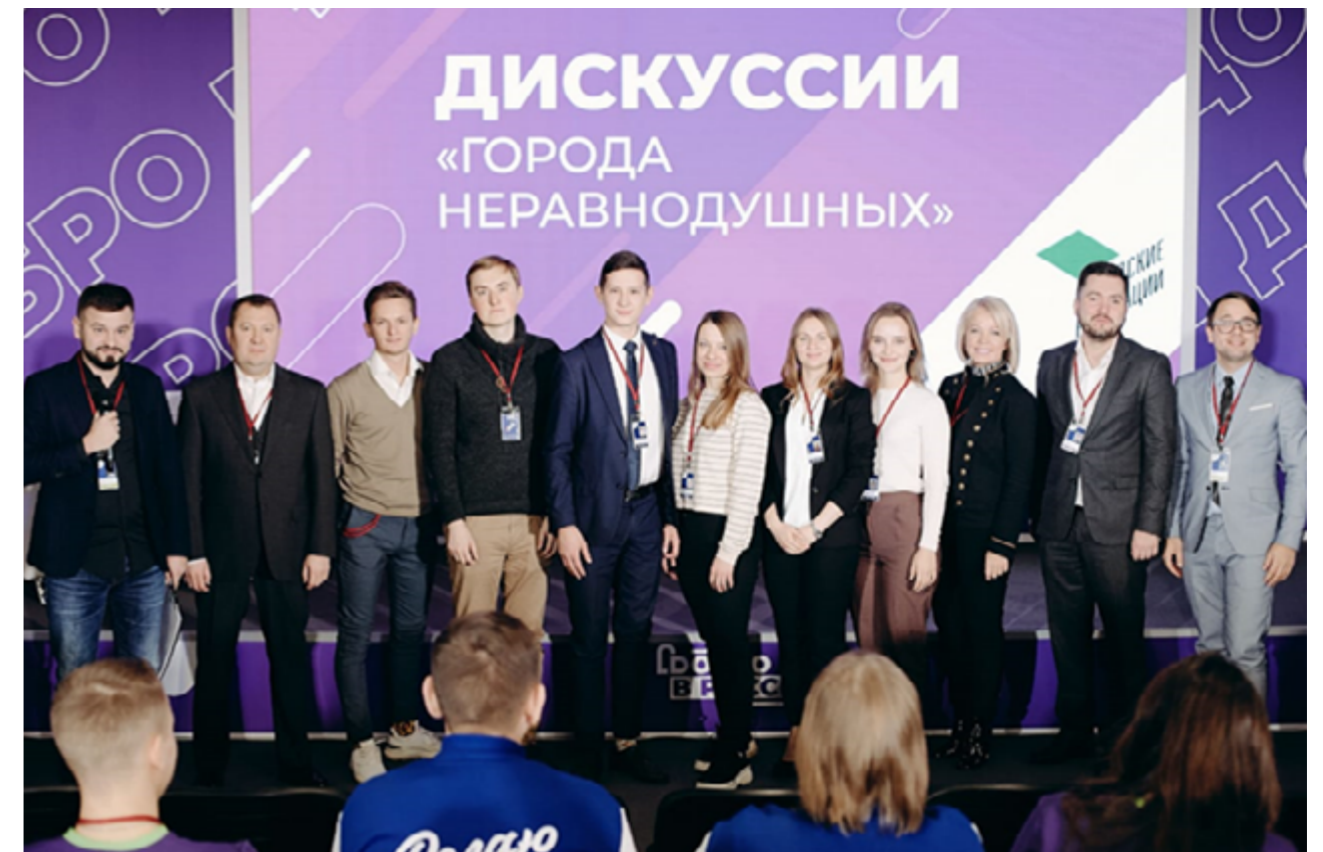
## Support for Volunteering



**MONOTOWNS.RF**

MONOTOWNS.RF promotes volunteering in single-industry towns and contributes to socially significant projects. Irina Makieva, Chief Managing Partner for Urban Development, Urban Solutions and Monotown Development,

became a member of the Organising Committee of the Russian Volunteer 2020 contest and joined the panel of judges in the Hometown category. 122 monotown projects qualified for the semi-final of the contest.



In addition, MONOTOWNS.RF received representation on the Council for Sustainable Development, Corporate Social Responsibility and Volunteering, established by the Russian Chamber of Commerce and Industry in 2020.

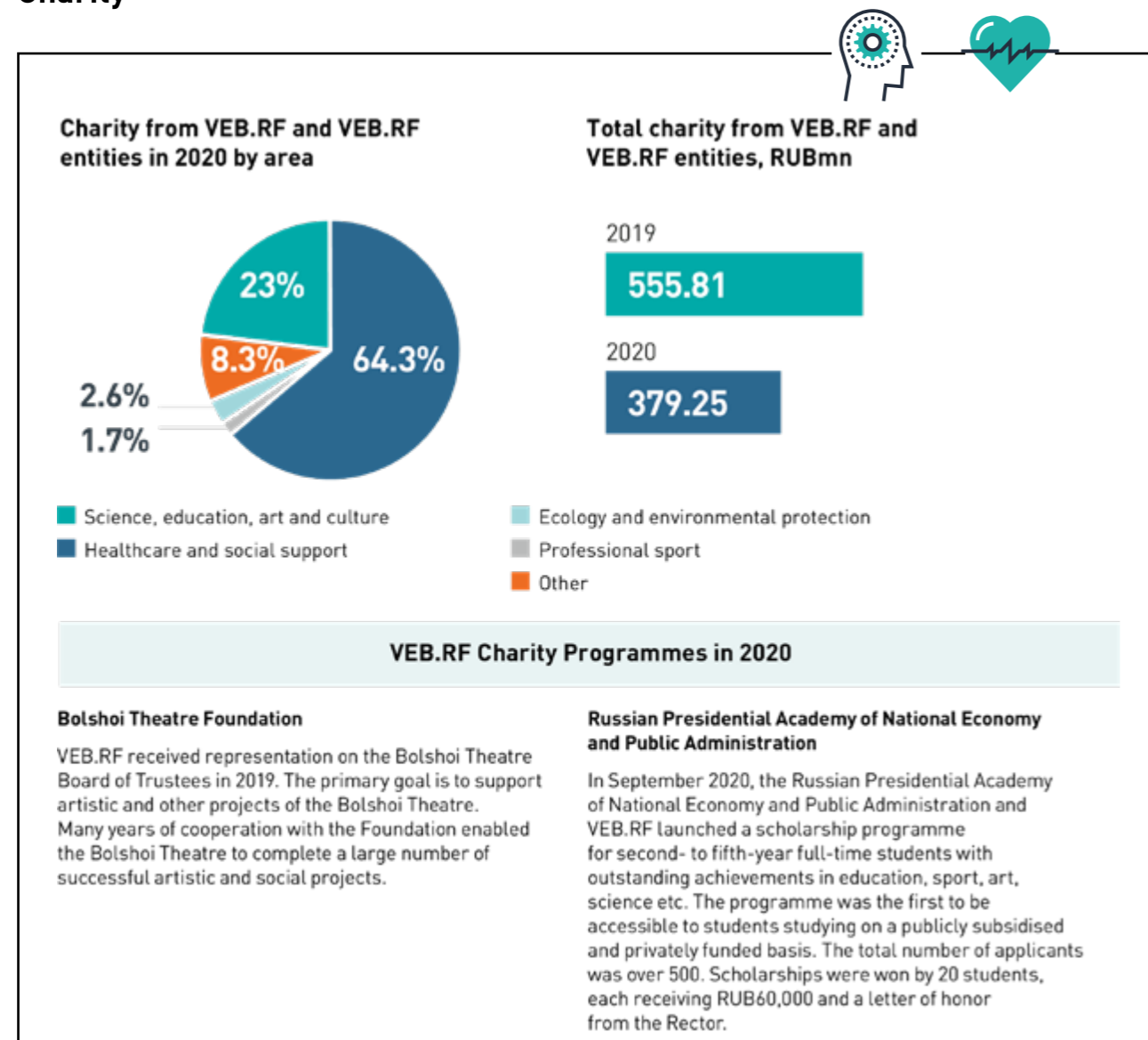
# CORPORATE CHARITY AND SPONSORSHIP



VEB.RF's Supervisory Board approved exceptional charity and sponsorship programmes for VEB.RF in 2020 to support the projects that would

make the most effective contribution to attaining VEB.RF's objectives.

## Charity<sup>51</sup>



## Charity Programmes for COVID-19 Response Measures in the Far East

As instructed by the Russian Government, VEB.DV organised and financed the purchase of additional personal protective and medical equipment for COVID-19 hospitals in the Far East.

Without delay, VEB.DV purchased:

- 289,150 protective suits
- 206,000 safety glasses
- 408,000 air-purifying respirators
- 200,000 medical gloves

The programme increased supplies of protective equipment for Far Eastern health professionals three- to sixfold.

## Bank BelVEB Charity Programmes

Bank BelVEB continued to pursue its corporate social responsibility policy by implementing charity initiatives to support the most important areas in the social and economic spheres:

- RUB11.7mn for healthcare and social support
- RUB7mn for professional sport
- RUB2.1 mn for science, education, art and culture
- RUB6.2mn for agriculture

## Financial Support for the Amur Tiger Center

The Amur Tiger Center was founded by the Russian Geographical Society in 2013 as a project initiated by Russian President Vladimir Putin. Its mission is to preserve Amur tigers in the Far East and increase their population to 700 individuals by 2022.

The organisation received RUB10mn in financing to carry on its nature conservation activities, maintain its operation and provide equipment for squads of federal hunting supervision authorities in the Primorie and Khabarovsk Territories.

Organisations supported by Bank BelVEB:

- Orsha Secondary School No. 3
- Nemerzha Educational Establishment (Childcare Centre and Secondary School)
- Minsk Children's Art School No. 1
- Minsk Special Boarding School No. 1 for Mentally and Physically Disabled Children
- Minsk Surgery, Organ Transplantation and Haematology Centre
- 6th Municipal Clinical Hospital, Vitebsk Regional Clinical Hospital
- Aleksandrov Republican Oncology and Medical Radiology Centre
- Republican Medical Response Centre Drahichyn Central District Hospital
- Belarusian State Museum of the History of the Great Patriotic War
- Yanka Kupala National Academic Theatre
- Mogilev Regional Philharmonic

<sup>51</sup> Information on charitable donations is different from the amounts disclosed in the consolidated financial statements of VEB.RF for the year ended 31 December 2020 due to differences in the report boundaries (the IFRS financial statements include Sibuglemet Group).

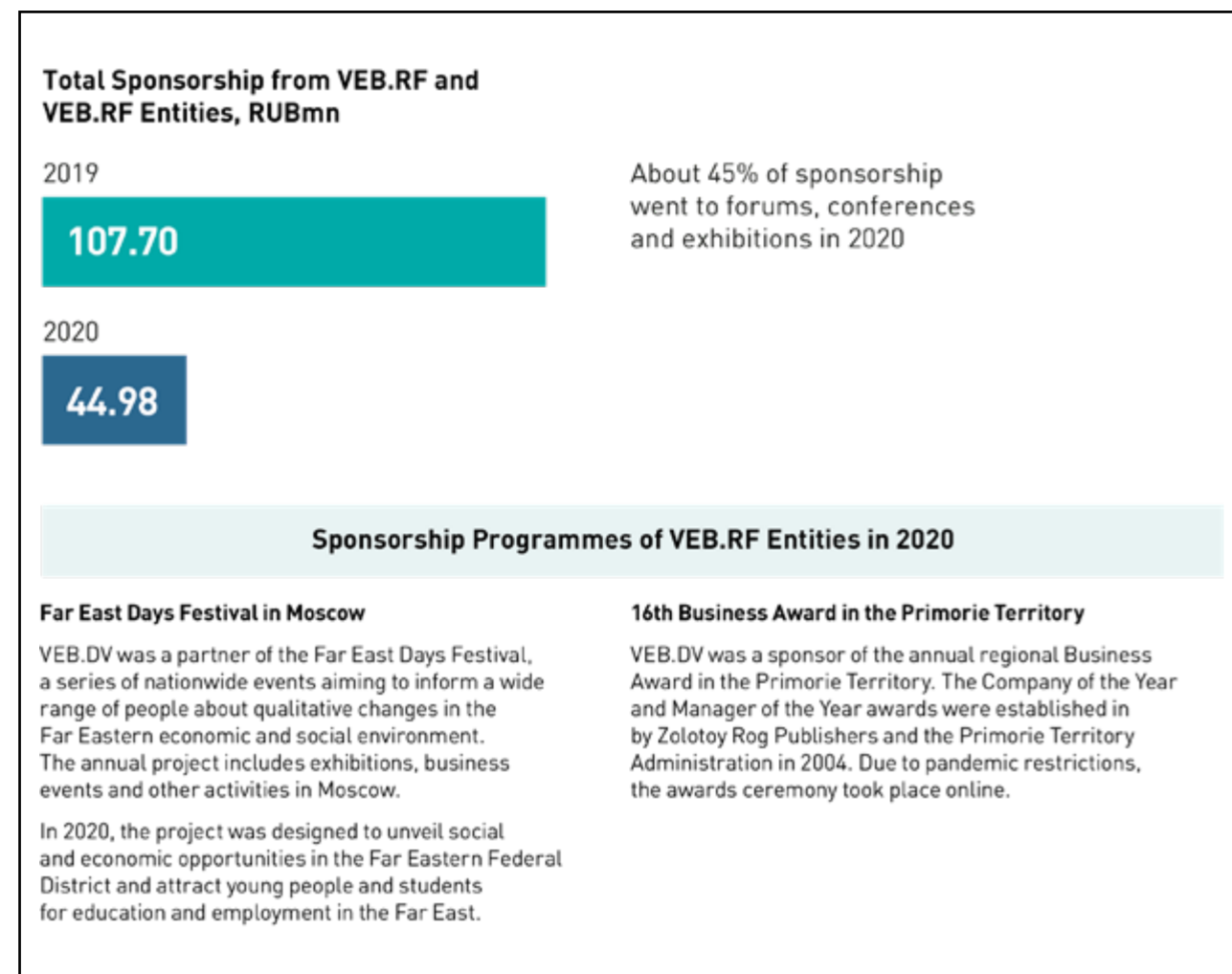


## Sponsorship

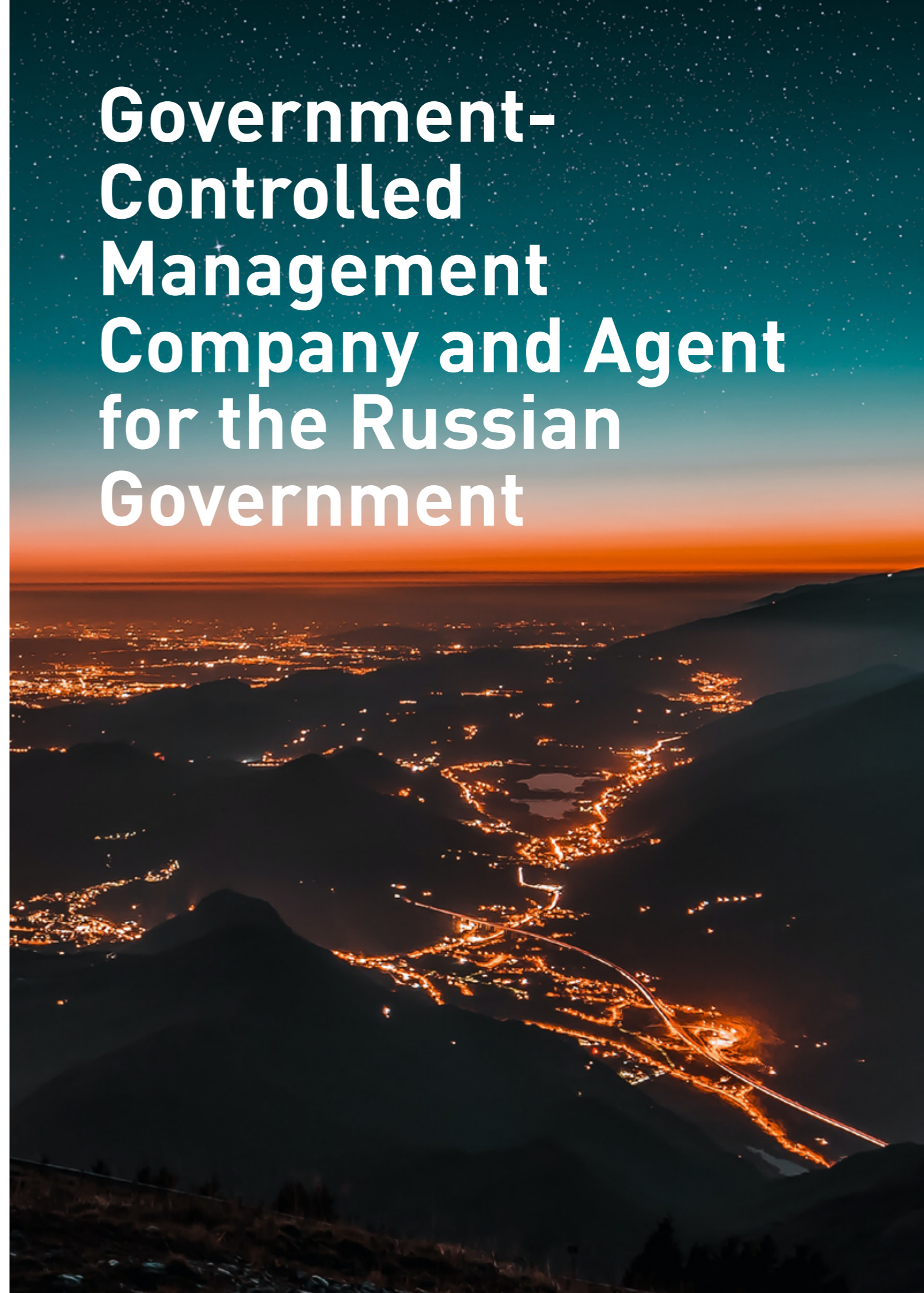
The VEB.RF sponsorship programme was not implemented in full in 2020 due to the coronavirus pandemic and COVID-19 restrictions imposed in Russia, which prevented major forums from being held in the usual format.

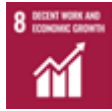
In January 2020, before restrictions, VEB.RF was a sponsor of the 11th Gaidar Forum (Russia and the World). Discussions on the sidelines of the forum focused on the main socio-economic and political trends and the business environment and investment climate in Russia.

## Sponsorship from VEB.RF and VEB.RF Entities, RUBmn



# Government-Controlled Management Company and Agent for the Russian Government





# INVESTMENT OF PENSION SAVINGS



VEB.RF was selected as the government-controlled management company (the "Management Company") for pension savings and pension reserve payouts in 2003 and 2012 respectively.

**VEB.RF is the largest pension savings market participant working for the benefit of over 38 million clients of the Russian Pension Fund.**

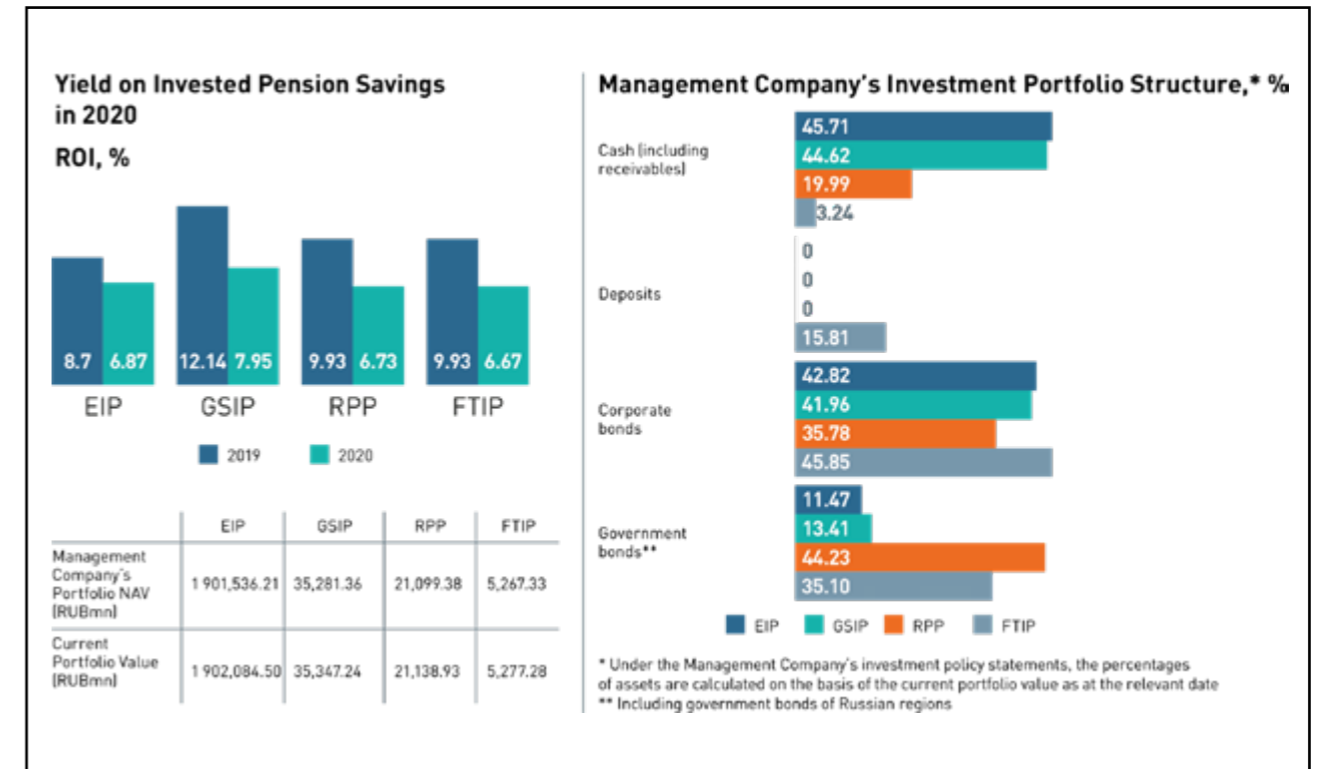
As the government-controlled management company for pension savings, VEB.RF has two portfolios:

- Extended Investment Portfolio (EIP);
- Government Securities Investment Portfolio (GSIP).

As the government-controlled management company for pension reserve payouts, VEB.RF also has two portfolios:

- Reserve Payouts Portfolio (RPP);
- Fixed-Term Investment Portfolio (FTIP) comprising the pension savings of insured persons entitled to fixed-term pension benefits.

All of the Management Company's portfolios are kept separate from any other assets held or owned by VEB.RF. Portfolios are invested in permitted assets (bonds, money market instruments) strictly in accordance with laws and legal regulations.



**EIP and GSIP yielded RUB124.5bn and RUB2.7bn respectively in 2020. EIP, the largest portfolio in the pension savings market, was increased by investment income to more than RUB1.9tn.**

Despite the negative impact of the pandemic, savings were increased by investment income while VEB.RF's portfolios showed resilience to external shocks again. In 2020, VEB.RF was successful in achieving the objective of safeguarding future insured pensions: ROI for people who have not chosen any public or private pension scheme (EIP) was almost 2% above inflation in Russia.

The Management Company's portfolios have demonstrated high ROI for many years. Accumulated ROI in personal accounts for both of the Management Company's portfolios exceeds accumulated inflation for the past 11 years.

The Management Company's successful investments in 2020 not only increased future pensions of Russians, but also helped the Russian economy. By taking out investments, corporate borrowers generate value added in the economy, renew production facilities, and expand their geographies. This played a special role in retaining employees and, in numerous cases, creating new jobs during the COVID-19 pandemic.



**As one of the key investors, the Management Company took part in the first sale of green perpetual bonds in Russia in 2020. The Russian Railways bonds were recognised as compliant with the green bond principles in accordance with international standards and the Russian methodology initiated and supervised by VEB.RF. The Management Company invested a total of RUB100bn in the Russian Railways perpetual bonds in 2020.**

With the aim of safeguarding the rights and interests of insured persons and in order to identify and prevent any conflicts of interest related to pension savings under management, VEB.RF approved the Code of Professional Ethics for State Development Corporation VEB.RF, holding and investing pension savings. The Code contains measures to avoid any potential conflicts of interest and prevent any misuse of confidential information.

To comply with legal and regulatory requirements, VEB.RF set up effective internal controls. Controls apply to all stages of transactions involving pension savings under management.

Detailed information on the system of pension savings, on the procedure applicable to the funded part of occupational pensions, on yields on pension savings invested by funds and management companies, and on how to change the insurer without lost income can be found on a special website about funded pensions.<sup>52</sup> The website was created by VEB.RF with support from the Russian Pension Fund to improve financial literacy in respect of pension savings.

<sup>52</sup> <https://pensiya.veb.ru/nakopitelnaja-pensija/chto-takoe-nakopitelnaja-pensija/>

## **FUNCTIONS OF THE GOVERNMENT-CONTROLLED MANAGEMENT COMPANY FOR MORTGAGES HELD IN TRUST AS COLLATERAL**

In compliance with Article 22(4) of Federal Law No. 152-FZ of 11 November 2003 "On Mortgage-Backed Securities", if a mortgaged asset manager is declared insolvent/bankrupt or if its license is cancelled, then mortgaged assets are transferred for management by a government-controlled management company, whose functions are currently performed by VEB.RF.

As at 31 December 2020, VEB.RF had five mortgage pools under management. Seeking to safeguard the legitimate rights and interests of mortgage participation certificate holders, VEB.RF takes all necessary and available measures to duly perform mortgage obligations, including:

- monitoring mortgaged assets;
- taking out timely insurance for mortgaged assets;
- communicating with mortgagors to settle their debts by having recourse, if necessary, to legal proceedings.

VEB.RF provides mortgage participation certificate holders and other persons with full disclosure about mortgaged asset management on its website<sup>53</sup> in accordance with the procedure and on the terms and conditions specified in the applicable laws and makes specific information available as and when requested by mortgage participation certificate holders.

<sup>53</sup> <https://veb.ru/agent-pravitelstva/upravlenie-ipotechnym-pokrytiem-isu/>

# FUNCTIONS OF THE AGENT FOR THE RUSSIAN GOVERNMENT

In 2020, VEB.RF continued to perform its functions of an agent for the Russian Government under the agency agreement with the Ministry of Finance of the Russian Federation in the following focus areas:

- accounting for, using, servicing and repaying public loans provided by the former USSR and the Russian Federation for foreign borrowers;
- accounting for, servicing and settling the external debt of the former USSR and the Russian Federation;
- monitoring projects implemented in the Russian Federation with the participation of international financial institutions;
- ensuring the repayment (settlement) of debts owed by corporate entities, Russian regions and municipalities to the Russian Federation, including in relation to analytical accounting for debts on monetary obligations to the Russian Federation;
- conducting analysis and providing legislative and regulatory adaptation for global international initiatives, including G20-promoted initiatives in financing for long-term infrastructure investment;

- issuing the Russian Federation's government guarantees, and supporting, administering and performing obligations under the Russian Federation's government guarantees, including in relation to analytical accounting for the Russian Federation's government guarantees, obligations of principals and other entities in connection with the issuance and fulfilment of the Russian Federation's government guarantees; evaluating the financial condition of such persons.

In addition, VEB.RF was mandated in 2020 to act as an agent for the Russian Government in relation to providing government support in accordance with the Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Systemically Important Organisations and Their Subsidiaries to Finance Their Working Capital (approved by Resolution of the Russian Government No. 582 of 24 April 2020).

Based on the overall fulfilment of VEB.RF's functions, the performance of VEB.RF as an agent for the Russian Government was recognised as satisfactory.

## Events After the Reporting Period

Resolution of the Russian Government No. 358 of 12 March 2021 "On the Functions of State Development Corporation VEB.RF as an Agent for the Government of the Russian Federation in Relation to Issue Arising out of the Powers

of a Property Owner, Founder and Shareholder of Development Institutions"<sup>54</sup> specified the development institutions with respect to which VEB.RF should act as the agent.

<sup>54</sup> <http://government.ru/docs/all/133288/>

## Intergovernmental Debt Relations

Key areas of VEB.RF's intergovernmental debt activities in 2020:

- full package of accounting, clearing, payment and banking services throughout the cycle of intergovernmental loans, including in relation to the government-guaranteed export of Russian goods, work and services using export credits issued by the Russian Federation to foreign borrowers;

- expert support provided by VEB.RF for the Russian Ministry of Finance in formulating and negotiating the terms and conditions of intergovernmental debt transactions, takes part in due diligence for credit documentation, and negotiates with the authorised agencies in borrowers'/lenders' countries over settlement procedures.

**VEB.RF's services related to intergovernmental debt transactions between the Russian Federation and foreign countries contributed to stronger foreign economic ties between Russia and other countries as well as to support for exports of Russian high-technology equipment and machinery, including in sectors extremely important for the Russian economy, such as energy and machine building. VEB.RF directly assisted in promoting and implementing large projects run by Russian authorised exporters in foreign countries that have partnership relations with Russia.**

## International Development Assistance

As part of Russia's engagement in international initiatives to provide development aid to the poorest countries, VEB.RF provides settlement services to the recipients of the aid, with funds transferred to repay debt accumulated in special accounts with VEB.RF to be further used to finance projects that contribute to development (including healthcare, education, and environmental protection) in these countries.

Additionally, provided services in relation to booking amounts in accounts with respect to suspended payments for servicing and repaying the debts owed by several debtor states in accordance with the Debt Service Suspension Initiative (DSSI), designed to provide urgent financial assistance to the poorest countries affected by the COVID-19 pandemic.



## Analysis and Adaptation for Global International Initiatives

In 2020, as part of analysis and legislative and regulatory adaptation for global international initiatives, including G20-promoted initiatives in financing for long-term infrastructure investment, VEB.RF:

- studied the relevant documents of international financial institutions, position papers of the G20 member countries on various aspects of infrastructure investment, including mechanisms used to attract private infrastructure investment;
- provided expert support for the Russian Ministry of Finance at meetings of the G20 Infrastructure Working Group and under Russia's presidency of BRICS in 2020, including in respect of developing a digital platform to stimulate infrastructure investment;
- provided expert support for the assessment of fiscal resilience in Russian regions, including carrying out a pilot project to assess local governments' contingent budget commitments under PPP projects;
- began implementing the G20 Principles for Quality Infrastructure Investment by creating Russia's national infrastructure project assessment and certification system.

## Issuing Russia's Sovereign Guarantees

In 2019, VEB.RF continued to perform its functions of an agent for the Russian Government with regard to the issuance of government guarantees of the Russian Federation to principals, as well as supporting, administering and honouring Russia's sovereign guarantees.<sup>55</sup>

Under the agency agreement with the Russian Ministry of Finance, VEB.RF prepares an annual summary of analytical information with respect to the financial condition of evaluated principals and the probability of guarantee events, along with forecasts about potential Russian federal expenditures associated with the execution of government guarantees, as well as effectiveness evaluation for the existing mechanism of government guarantee support.

<sup>55</sup> The mechanism of government guarantee support for 2019 was outlined in the Programmes for Government Guarantees of the Russian Federation in the Currency of the Russian Federation and Foreign Currencies (Appendices 37 and 39 to Federal Law No. 380-FZ of 2 December 2019 "On the Federal Budget for 2020 and the Planning Period of 2021 and 2022"), as well as in the applicable Rules for Providing Government Guarantees of the Russian Federation approved by Resolutions of the Government of the Russian Federation No. 803 of 1 November 2008, No. 549 of 10 May 2017, and No. 753 of 26 May 2020.

## Trends in 2020

- The value of issued government guarantees was much higher than planned. About half of such guarantees were issued under the rescue programme and intended to improve the financial stability and support the economic growth of principals.
- Government support continued to be consolidated at special "support centres" (SME Bank, Project Finance Factory, EXIAR etc).
- The government's rescue programmes were implemented for companies and individual entrepreneur in the ailing sectors.<sup>56</sup>
- Government support shifted from sovereign guarantees of the Russian Federation to subsidies from the federal budget.

**The beneficial effect of government guarantee support is encouraging the development of businesses and healthcare facilities, carrying out important infrastructural projects, modernising production facilities, improving technologies, promoting import substitution, and creating new jobs. In 2020, guarantee support was targeted primarily at businesses under the government's rescue programme and high-priority and promising investment projects.**

<sup>56</sup> Government support programmes:

- Resolution of the Government of the Russian Federation No. 422 of 2 April 2020 "On the Approval of the Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Corporate Entities and Individual Entrepreneurs for Urgent Needs to Support and Retain Their Employees";
- Resolution of the Government of the Russian Federation No. 696 of 16 May 2020 "On the Approval of the Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Corporate Entities and Individual Entrepreneurs to Resume Their Operation";
- Resolution of the Government of the Russian Federation No. 582 of 24 April 2020 "On the Approval of the Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Systemically Important Organisations and Their Subsidiaries to Finance Their Working Capital".

## Government Guarantees for Agribusiness



### Main areas of agribusiness

- Meat and dairy farming [beef, pork, chicken, dairy products]
- Protected cultivation of fruit and vegetables
- Agricultural processing [sugar production, soya processing]

**Facilities under construction in 2020: pig farming facility with a total annual capacity of 79,000 tonnes of live-weight pork; compound feed production facility with a total annual capacity of 240,000 tonnes; grain elevator with a capacity of 120,000 tonnes; cattle slaughtering facility with a capacity of 125 head of cattle an hour; recycling facility and vehicle fleet operator in the Primorie Territory.**

### Government-supported successful projects in operation in 2020:

- Dairy livestock breeding facility (2,800 head of cattle) in the Bobrovsky District, Voronezh Region
- Dairy livestock breeding facility (5,000 head of cattle) in the Anninsky District, Voronezh Region
- Livestock breeding facility (6,000 head of cattle) in the Tver Region
- Greenhouse facility (7 ha, Phase 1; 7.2 ha, Phase 2) in the Stavropol Territory
- Greenhouse facility (21.8 ha, Phase 3) in the Stavropol Territory
- Soya processing facility in the Amur Region
- Sugar mill (8,000 tonnes of beetroot a day) in the Tambov Region
- Greenhouse facility in the Tyumen Region

## Government Guarantees for Transport Infrastructure



Work continued in 2020 on designing and preparing the manufacture of MC-21 airliners and constructing the M-11 Moscow–Saint Petersburg highway (kilometres 15–58) [Phase 1 was completed in 2015].

### The following government guarantee support projects were in operation in 2020:

- New airport terminals in Anapa, Perm and Rostov-on-Don
- Ice-class support vessels Alexander Sannikov and Andrey Vilkitsky
- Bronka multi-purpose transshipment terminal in Saint Petersburg
- Cab frame assembly plant for KAMAZ lorries in Naberezhnye Chelny, Republic of Tatarstan
- Razdolinskaya-Taiga overhead line and Taiga substation in the Severo-Yeniseysky District, Krasnoyarsk Territory
- IP MPLS backbone and regional networks in Siberia and the Far East
- Toll collection facilities on federal public roads for vehicles with a maximum permissible weight exceeding 12 tonnes
- Bridge crossings over the Kama River and the Buy River near Kambarka in the Udmurtian Republic
- Road Syktyvkar–Ukhta–Pechora–Usinsk–Naryan-Mar in the Komi Republic
- Connecting highway from the Moscow Ring Road near the intersection of Molodogvardeyskaya Street to the M-1 “Belarus” Moscow-Minsk federal highway
- Western High-Speed Diameter in Saint Petersburg
- Wheel rim production facility for cars and lorries in Zainsk, Republic of Tatarstan
- Production facilities for tank wagons, special-purpose goods wagons and their sophisticated innovative components in the Leningrad Region

## Government Guarantees for Social Infrastructure Facilities



### In 2020:

- Work continued on the project to build a production facility for import-substituting pharmaceuticals and ready-to-use medications in the Yaroslavl Region
- A high-technology biomedical centre in the Kirov Region continued to successfully make socially significant products

**The social impact of government guarantee support is the stable growth in the number of jobs. An analysis of the staff of principals examined by VEB.RF in 2020 showed an overall increase of 3.8% in the number of employees.**

## Debtor’s debt to the Russian Federation on VEB.RF’s balance sheet

As at 1 January 2020

**192 debtors | RUB259.2bn**

As at 1 January 2021

**175 debtors | RUB291.3bn**

In 2020, the number of the Russian Federation’s debtors decreased, but the total amount of their debts grew.

VEB.RF was mandated in 2020 to act as an agent for the Russian Government in relation to providing subsidies in accordance with the Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Systemically Important Organisations and Their Subsidiaries to Finance Their Working Capital (approved by Resolution of the Russian Government No. 582 of 24 April 2020) (the “Rules”).

As an agent for the Russian Government, VEB.RF promptly considered 30 subsidy applications from Russian credit institutions under the rescue programme for systemically important organisations in 2020, approving 23 applications and entering into subsidy agreements with the approved credit institutions. As at 31 December 2020, 319 loan agreements were signed with systemically important organisations or their subsidiaries under the Rules, totalling RUB238bn, at an average concessional interest rate of 2.6% p.a.





# Corporate Governance

## GOVERNANCE STRUCTURE

The governance structure is determined by the special legal status of VEB.RF as a government-controlled development corporation and regulated primarily by Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF" and the Memorandum on Financial Policies of Development Corporation VEB.RF approved by Ordinance of the Government of the Russian Federation No. 1510-r of 23 July 2018.<sup>57</sup> In addition, VEB.RF's bylaws govern the collegial governing bodies. Striving to improve its corporate governance, VEB.RF also draws on the world's best practices and standards.

VEB.RF's governing bodies consist of VEB.RF's Supervisory Board, VEB.RF's Board and VEB.RF's Chairman, operating within the

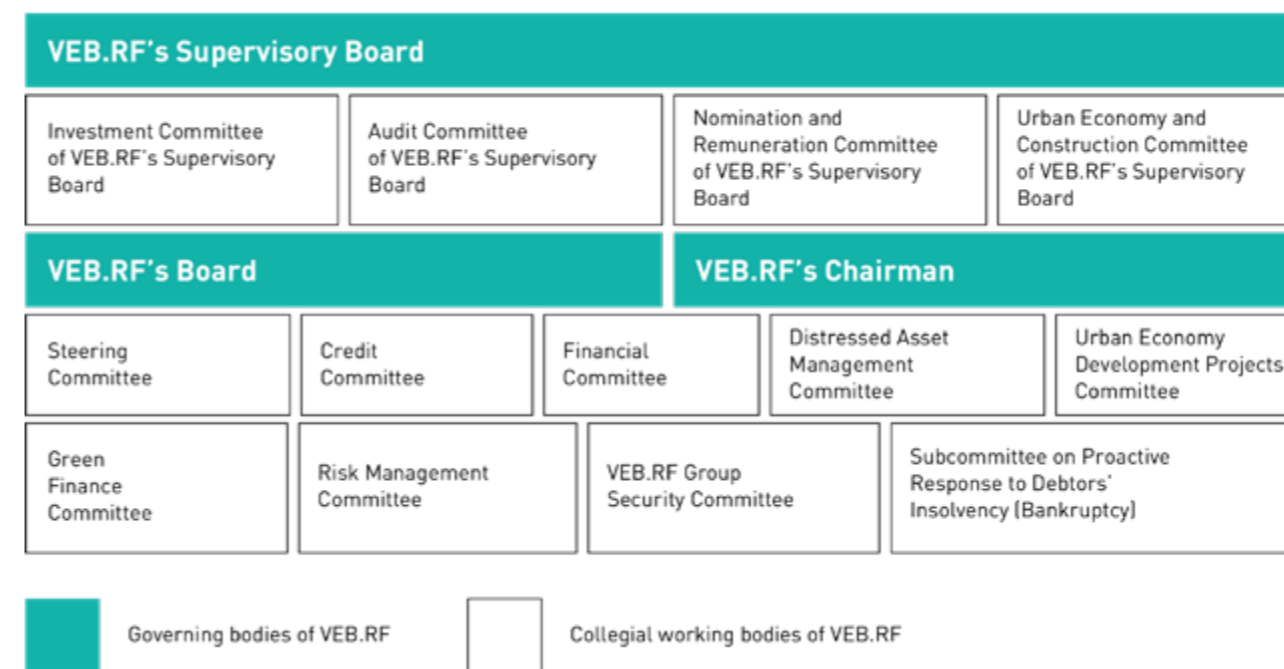
mandate of Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF", along with the regulations approved by the Russian Government for VEB.RF's Supervisory Board and the regulations approved by VEB.RF's Supervisory Board for VEB.RF's governing bodies.

Matters falling within the competence of VEB.RF's Supervisory Board are preliminarily reviewed by VEB.RF's Board and four collegial working bodies (committees).

The operation of VEB.RF's Board is supported by nine collegial working bodies (working groups) responsible for providing recommendations to VEB.RF's Board on relevant matters.

### Corporate Governance System of VEB.RF

#### Governing Bodies of VEB.RF



<sup>57</sup> The bylaws can be found on VEB.RF's website at <https://veb.ru/o-banke/normativno-pravovaya-baza/>

## Supervisory Board

The supreme governing body of VEB.RF is its Supervisory Board consisting of eight members, including VEB.RF's Chairman.

The Chairman and members of VEB.RF's Supervisory Board, except for VEB.RF's Chairman, are appointed by the Russian Government for a five-year term. The Chairman and members of VEB.RF's Supervisory Board, except for VEB.RF's Chairman, are not VEB.RF's permanent employees and may simultaneously

be members of VEB.RF's Supervisory Board and hold public or federal office. The dismissal of a member of VEB.RF's Supervisory Board from public or federal service does not constitute grounds for the termination of his/her membership on VEB.RF's Supervisory Board.

The members of VEB.RF's Supervisory Board who are not in public or federal service are engaged on a contractual basis as provided for by the laws of the Russian Federation.

**In 2020, Federal Law No. 292-FZ of 31 July 2020 "On Amendments to the Federal Law 'On State Development Corporation VEB.RF'" made several amendments, including repealing the provisions that required that VEB.RF's Supervisory Board should be chaired by the Russian Prime Minister, who is a member of VEB.RF's Supervisory Board by virtue of his/her position.**

The powers of any member of VEB.RF's Supervisory Board, except for VEB.RF's Chairman, may be terminated early as resolved by the Government of the Russian Federation. Within two months after the powers of any

member of VEB.RF's Supervisory Board, except for VEB.RF's Chairman, are terminated, the Russian Government appoints a new member of VEB.RF's Supervisory Board.

## Members of VEB.RF's Supervisory Board in 2020

### Chairman of VEB.RF's Supervisory Board

until 16 January 2020	until 4 September 2020	as at 31 December 2020
<b>Dmitry Medvedev</b> Prime Minister of the Russian Federation	<b>Mikhail Mishustin</b> Prime Minister of the Russian Federation	<b>Dmitry Grigorenko</b> <sup>58</sup> Deputy Prime Minister and Chief of Staff of the Government Executive Office of the Russian Federation

<sup>58</sup> Pursuant to Ordinance of the Government of the Russian Federation No. 2245-r of 4 September 2020: <http://static.government.ru/media/files/AkVSmtRhSCuuFGmkS5mwFNUR1vENg37C.pdf>

### Members of VEB.RF's Supervisory Board

until 9 March 2020 <sup>59</sup>	until 4 September 2020 <sup>60</sup>	as at 31 December 2020 <sup>61</sup>
<b>Andrei Belousov</b> Aide to the President of the Russian Federation	<b>Andrei Belousov</b> First Deputy Prime Minister of the Russian Federation	<b>Andrei Belousov</b> First Deputy Prime Minister of the Russian Federation
<b>Maxim Akimov</b> Deputy Prime Minister of the Russian Federation	<b>Dmitry Grigorenko</b> Prime Minister and Chief of Staff of the Government Executive Office of the Russian Federation	
<b>Maxim Oreshkin</b> Minister of Economic Development of the Russian Federation	<b>Maxim Oreshkin</b> Aide to the President of the Russian Federation	<b>Maxim Oreshkin</b> Aide to the President of the Russian Federation
<b>Dmitry Kozak</b> Deputy Prime Minister of the Russian Federation	<b>Yury Borisov</b> Deputy Prime Minister of the Russian Federation	<b>Yury Borisov</b> Deputy Prime Minister of the Russian Federation
<b>Vitaly Mutko</b> Deputy Prime Minister of the Russian Federation	<b>Maxim Reshetnikov</b> Minister of Economic Development of the Russian Federation	<b>Maxim Reshetnikov</b> Minister of Economic Development of the Russian Federation
		<b>Valery Sidorenko</b> First Deputy Chief of Staff of the Government Executive Office of the Russian Federation
<b>Anton Siluanov</b> Minister of Finance of the Russian Federation <sup>62</sup>	<b>Anton Siluanov</b> Minister of Finance of the Russian Federation	<b>Anton Siluanov</b> Minister of Finance of the Russian Federation
<b>Konstantin Chuychenko</b> Deputy Prime Minister and Chief of Staff of the Government Executive Office of the Russian Federation	<b>Marat Khusnullin</b> Deputy Prime Minister of the Russian Federation	<b>Marat Khusnullin</b> Deputy Prime Minister of the Russian Federation
<b>Igor Shuvalov</b> Chairman of VEB.RF	<b>Igor Shuvalov</b> Chairman of VEB.RF	<b>Igor Shuvalov</b> Chairman of VEB.RF

<sup>59</sup> Pursuant to Ordinance of the Government of the Russian Federation No. 1021-r of 29 May 2018: <http://government.ru/docs/all/116754/>

<sup>60</sup> Pursuant to Ordinance of the Government of the Russian Federation No. 582-r of 9 March 2020.

<sup>61</sup> Pursuant to Ordinance of the Government of the Russian Federation No. 2245-r of 4 September 2020: <http://static.government.ru/media/files/AkVSmtRhSCuuFGmkS5mwFNUR1vENg37C.pdf>.

<sup>62</sup> First Deputy Prime Minister and Minister of Finance of the Russian Federation until 21 January 2020.



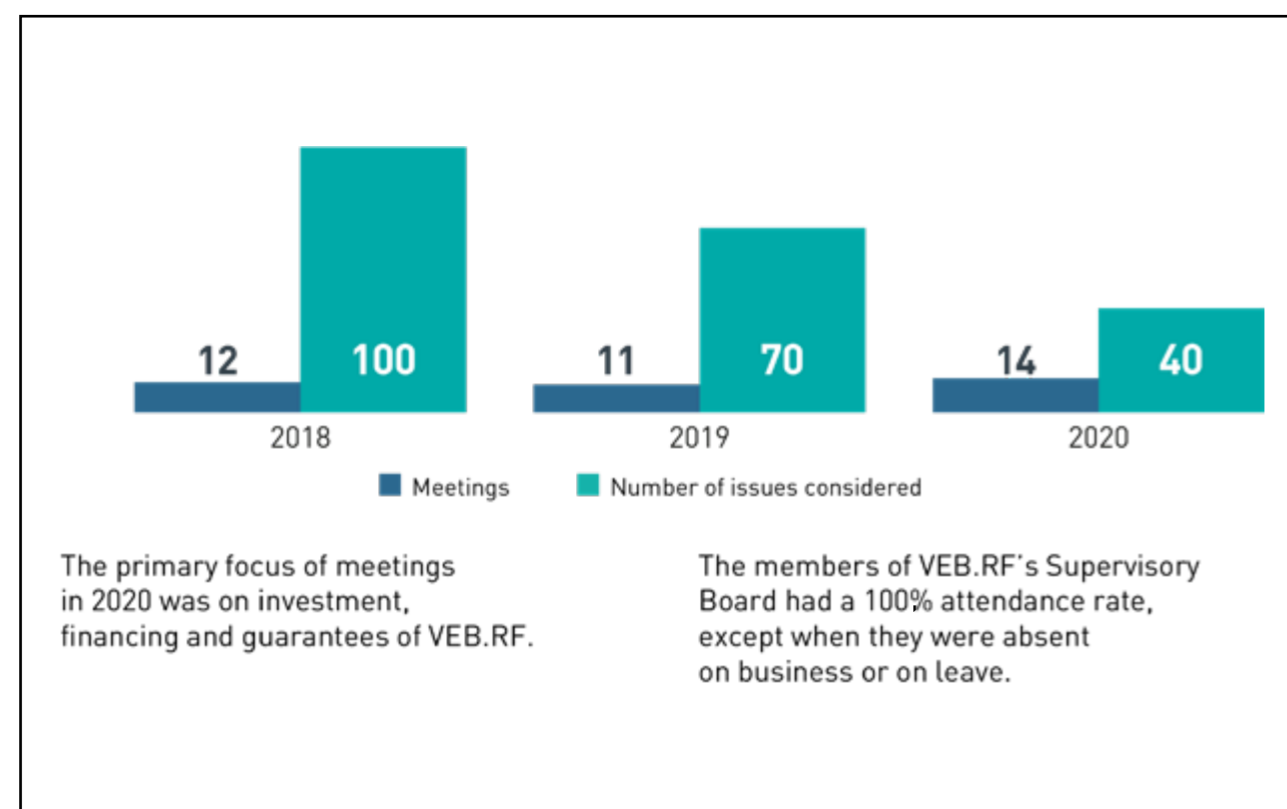
## Significant Events After the Reporting Period

The Russian Government's Ordinance of 4 May 2021 appointed Dmitry Chernyshenko as a member of VEB.RF's Supervisory Board. Valery Sidorenko was dismissed from VEB.RF's Supervisory Board.

VEB.RF's website<sup>63</sup> contains information about the current members of VEB.RF's Supervisory Board, including their biographical data and professional experience. Information about the members of VEB.RF's Supervisory Board who hold public or federal office is also published on the websites of the relevant authorities.

Meetings of VEB.RF's Supervisory Board are called by VEB.RF's Chairman or member authorised by VEB.RF's Chairman as may be necessary, but at least once in each quarter. VEB.RF's Supervisory Board has a quorum of at least half the number of its members. Decisions shall be taken by a simple majority of votes of those present. If votes are equal, the person presiding at a meeting of VEB.RF's Supervisory Board has the casting vote.

## Statistics on Meetings of VEB.RF's Supervisory Board



<sup>63</sup> <https://veb.ru/o-banke/#leadership>

## Chairman of VEB.RF

VEB.RF's Chairman is the sole executive body of VEB.RF in charge of its day-to-day operations.

VEB.RF's Chairman is appointed and dismissed by the President of the Russian Federation. VEB.RF's Chairman is recommended by the Prime Minister of the Russian Federation and appointed for a maximum term of 5 years.

VEB.RF's Chairman is a member of VEB.RF's Supervisory Board and Board by virtue of his/her position and has deputies who are VEB.RF's permanent employees and may also be members of VEB.RF's Board.

Igor Shuvalov was VEB.RF's Chairman in 2020.



### Igor Shuvalov

Chairman, VEB.RF

Born on 4 January 1967 in Bilibino, Magadan Region.

He graduated from the Faculty of Law, Lomonosov Moscow State University, majoring in Jurisprudence, in 1993.

### Professional Background

1984–1985: laboratory technician, Ekos Research Institute.

1985–1987: compulsory military service in the Soviet Army.

1993: attaché, Legal Department, Russian Ministry of Foreign Affairs.

1993–1995: Senior Legal Adviser, ALM Consulting; from 1995, Managing Partner, ALM.

1997: Head of the Department for the State Register of Federal Property, Russian State Committee for State Property Management.

1998: Russian Deputy Minister of State Property.

1998–2000: Chairman of the Russian Federal Property Fund.

2000–2003: Minister of the Russian Federation as the Government Chief of Staff.

2003: Aide to the Russian President.

2003–2004: Deputy Head of the Presidential Executive Office of the Russian Federation.

2004: Aide to the Russian President. From 2005: Russian sherpa for the G8.

From 2008: First Deputy Prime Minister of the Russian Federation.

Appointed as Chairman of Vnesheconombank on 24 May 2018. Chairman of VEB.RF from 9 December 2018.



## Board of VEB.RF

VEB.RF's Board is the collegial executive body of VEB.RF. The members of VEB.RF's Board are appointed and dismissed by VEB.RF's

Supervisory Board as recommended by VEB.RF's Chairman. VEB.RF's Chairman directs the activities of VEB.RF's Board.

## Members of VEB.RF's Board as at 31 December 2020

### Igor Shuvalov

Chairman of VEB.RF

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### Mikhail Kuzovlev

First Deputy Chairman of VEB.RF, member of the Board

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### Nikolay Tsekhomsky

First Deputy Chairman of VEB.RF, member of the Board

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### Yuri Gazaryan

Deputy Chairman of VEB.RF, member of the Board

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### Sergei Lykov

Deputy Chairman of VEB.RF, member of the Board

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### Alexey Miroshnichenko

First Deputy Chairman of VEB.RF, member of the Board<sup>64</sup>

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### Natalya Timakova

Deputy Chairperson of VEB.RF, member of the Board

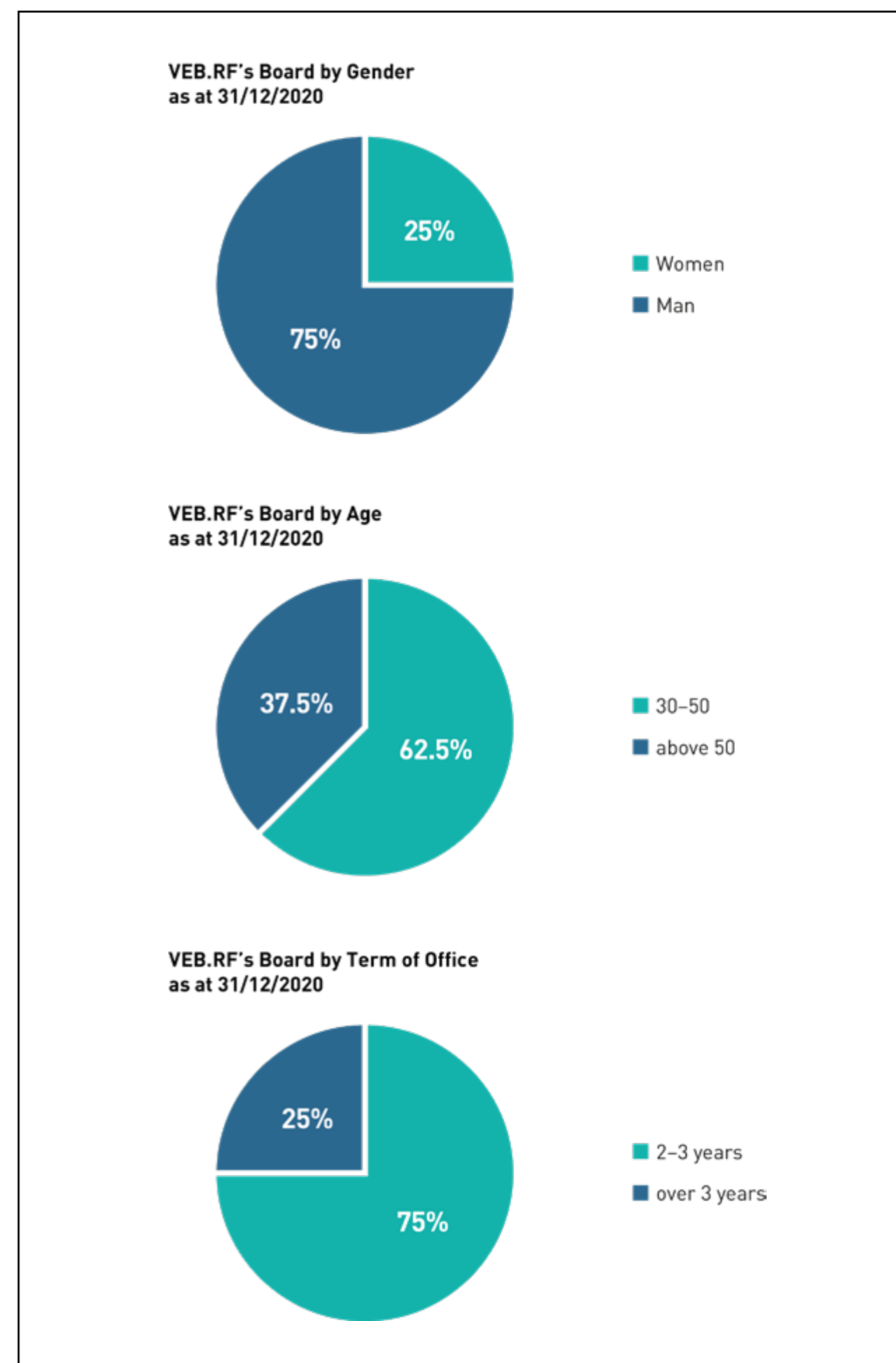
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### Svetlana Yachevskaya

Deputy Chairperson and Head of Internal Control of VEB.RF, member of the Board

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<sup>64</sup> Deputy Chairman of VEB.RF, member of the Board, until 1 April 2021.



## Events After the Reporting Period

VEB.RF's Board was changed, effective from 30 January 2021.<sup>65</sup>

### Igor Shuvalov

Chairman of VEB.RF

### Nikolay Tsekhomsky

First Deputy Chairman of VEB.RF, member of the Board

### Alexey Miroshnichenko

First Deputy Chairman of VEB.RF, member of the Board

### Daniil Algulyan

Deputy Chairman of VEB.RF, member of the Board

### Yuri Gazaryan

Deputy Chairman of VEB.RF, member of the Board

### Oleg Govorun

Deputy Chairman of VEB.RF, member of the Board

### Artyom Dovlatov

Deputy Chairman of VEB.RF, member of the Board

### Yuriy Korsun

Deputy Chairman of VEB.RF, member of the Board

### Natalia Timakova

Deputy Chairperson of VEB.RF, member of the Board

### Svetlana Yachevskaya

Deputy Chairperson of VEB.RF, member of the Board

### Konstantin Vyshkovsky

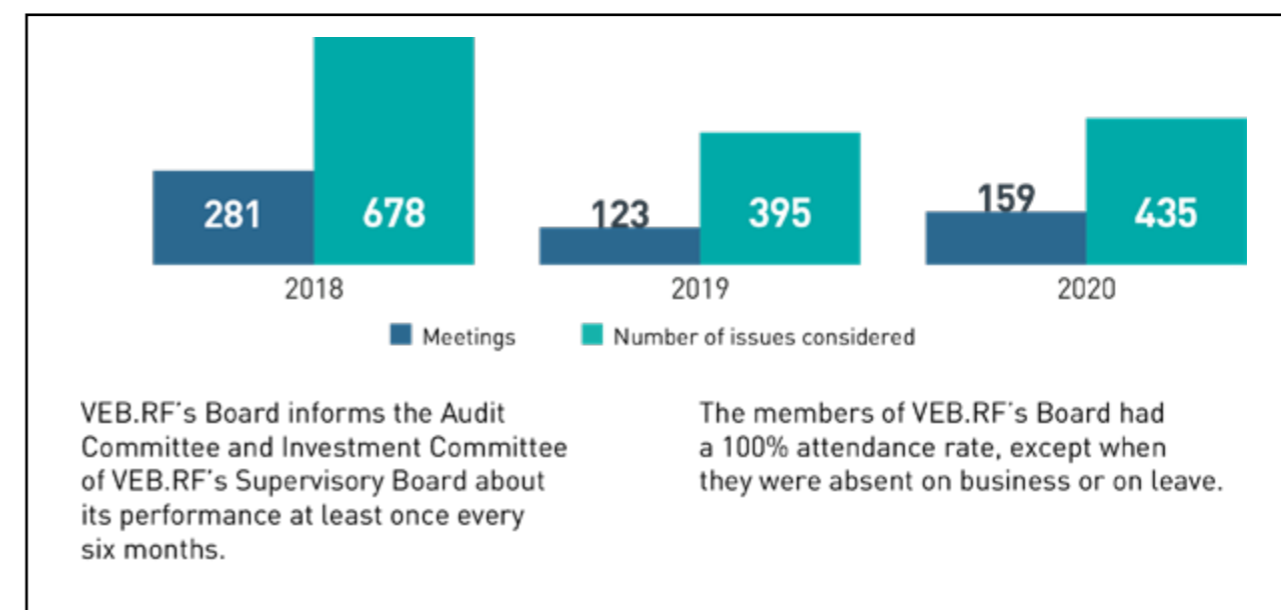
Senior Banker, member of the Board

### Alexander Tarabrin

Head of Property Project Management and Asset Management, member of the Board

<sup>65</sup> The biographical data of the current members of VEB.RF's Board is published on VEB.RF's website at <https://veb.ru/o-banke/#leadership>

## Statistics on Meetings of VEB.RF's Board



## Remuneration for Governance Bodies

In accordance with Article 9 of Chapter 3 of Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF", the amount of remuneration and/or compensation payable

to the members of VEB.RF's Supervisory Board is subject to approval by the Government of the Russian Federation.

**In 2017-2020, remuneration to members of the VEB Supervisory Board.RF was not paid, expenses were not compensated**

In accordance with Article 12 of Chapter 3 of Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF", the amount of remuneration payable to VEB.RF's Chairman is determined by VEB.RF's Supervisory Board.

In accordance with Article 9 of Chapter 3 of Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF", the amount of remuneration and/or compensation payable to the members of VEB.RF's Board is subject to approval by VEB.RF's Supervisory Board.

The attainment of VEB.RF's KPIs is a key element of measuring the personal performance of VEB.RF employees, including VEB.RF's Chairman and the members of VEB.RF's Board, and along with the attainment of VEB.RF employees' personal KPIs, determines bonuses payable to employees for the reporting year.



Information about remuneration paid to the members of the Board is disclosed in VEB.RF's quarterly reports at <https://veb.ru/investoram/otchetnost/kvartalnyye-otchety/>

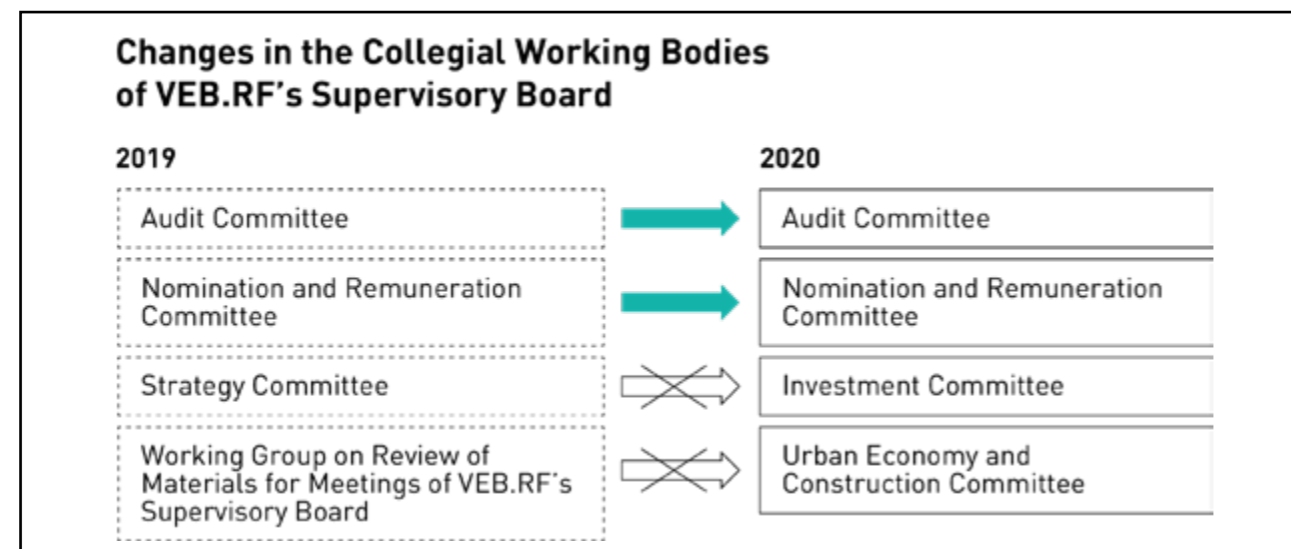
Information about income, expense, property and property obligations of VEB.RF employees is published on the corporate website at <https://veb.ru/o-banke/protivodeystviye-korruptsii/svedeniya-o-dokhodakh-raskhodakh-ob-imushchestve-i-obyazatelstvakh-imushchestvennogo-kharaktera/>

### Collegial Working Bodies of VEB.RF's Supervisory Board

The committees are VEB.RF's collegial deliberative bodies without the authority of governing bodies. The committees provide VEB.RF's Supervisory Board with opinions and recommendations and take any other decisions within their remit. The composition and operating procedures of the committees are determined by VEB.RF's Supervisory Board. The competence of, and operating and decision-making procedures for, a committee shall be set forth in the committee regulations approved by VEB.RF's Supervisory Board.

Federal Law No. 292-FZ of 31 July 2020 "On Amendments to the Federal Law 'On State Development Corporation VEB.RF'" specifies three standing committees of VEB.RF's Supervisory Board: Investment Committee; Audit Committee; Nomination and Remuneration Committee. Other committees may also be formed to preliminarily address the issues related to VEB.RF's performance in specific investment areas.

In this connection, VEB.RF's Supervisory Board formed two new committees and disbanded



Marat Khusnullin, Russian Deputy Prime Minister, and Maxim Reshetnikov, Russian Minister of Economic Development, took charge of the new committees of VEB.RF's Supervisory Board. The committees deal with VEB.RF's involvement in financing for strategic investment projects.

The primary focus of the Urban Economy and Construction Committee is on strategies related to urban economy development and aimed at achieving the national development goals. The Investment Committee provides opinions and recommendations to VEB.RF's Supervisory Board and Board on investment and foreign economic activities and concerning VEB.RF's export support and involvement in projects of importance to the national economy.

*"With the involvement of the heads and members of the new committees of VEB.RF's Supervisory Board, we will work to increase investment in the development of our economy and cities."*

**Igor Shuvalov**

Chairman, VEB.RF

The number of members of each committee is determined by VEB.RF's Supervisory Board but may not be less than three or more than seven, and at least one committee member must be an

employee of VEB.RF. Any committee chairman must be a member of VEB.RF's Supervisory Board.

### Audit Committee

Responsible for providing opinions and recommendations to VEB.RF's Supervisory Board and Board on regulating and supervising VEB.RF's financial and business operations, including ensuring the completeness and reliability of VEB.RF's accounting (financial) statements, the reliability and effectiveness of risk management and internal control, the independence and objectivity of internal and external audit, approving procurement regulations, approving VEB.RF's annual report and profit distribution, and approving VEB.RF's financial plans of income and expenditure (budgets).

Number of meetings: 4  
Issues considered: 24

### Members

**Anton Siluanov**  
Minister of Finance of the Russian Federation  
Committee Chairman

**Polina Badasen**  
Deputy Head of the Presidential Expert  
Directorate of the Russian Federation

**Eldar Muslimov**  
Head of the Secretariat of the First Deputy Prime Minister  
of the Russian Federation

**Irina Okladnikova**  
Deputy Minister of Finance of the Russian Federation

**Ilya Torosov**  
Deputy Minister of Economic Development  
of the Russian Federation

**Igor Shuvalov**  
Chairman of VEB.RF

**Svetlana Yachevskaya**  
Deputy Chairperson and Head of Internal Control of VEB.RF,  
member of the Board

## Nomination and Remuneration Committee

Responsible for providing opinions and recommendations to VEB.RF's Supervisory Board and Board on paying remuneration to VEB.RF's Chairman and the members of VEB.RF's Board VEB.RF, appointing and dismissing the members of VEB.RF's Board, determining the number of members of VEB.RF's Board, defining the basis for and approving the attainment of VEB.RF's key performance indicators in the reporting period, and addressing other issues related to the HR policy in accordance with VEB.RF's bylaws approved by VEB.RF's Supervisory Board and pursuant to decisions adopted by VEB.RF's Supervisory Board.

Number of meetings: 6  
Issues considered: 5

## Members

### Maxim Oreshkin

Aide to the President of the Russian Federation  
Committee Chairman

### Yuri Gazaryan

Deputy Chairman of VEB.RF, member of the Board

### Yelena Kasumova

Chief Managing Director, HR Management and Policy\*

### Eldar Muslimov

Head of the Secretariat of the First Deputy  
Prime Minister of the Russian Federation

### Irina Okladnikova

Deputy Minister of Finance of the Russian Federation

### Ilya Torosov

Deputy Minister of Economic Development  
of the Russian Federation

### Igor Shevchenko

Deputy Chief of Staff of the Government  
Executive Office of the Russian Federation

\* Vice-President, HR Management, until 1 April 2021

## Urban Economy and Construction Committee

Responsible for providing opinions and recommendations to VEB.RF's Supervisory Board on all issues related to projects that are to be implemented in connection with urban economy development by VEB.RF, VEB.RF entities and other corporate entities controlled by VEB.RF and VEB.RF entities (housing, infrastructure, public utilities, urban environments, transport, healthcare, SMEs, safety, sport, culture, tourism and recreation, education, environmental protection), along with issued related to VEB.RF's involvement in formulating and implementing national projects and national and municipal programmes for infrastructure and housing construction.

Number of meetings: none

## Members

### Marat Khusnullin

Deputy Prime Minister of the Russian Federation  
Committee Chairman

### Maxim Oreshkin

Aide to the President of the Russian Federation

### Irina Okladnikova

Deputy Minister of Finance of the Russian Federation

### Maxim Stepanov

Director of the Regional Development and Infrastructure  
Department of the Government of the Russian Federation

### Ilya Torosov

Deputy Minister of Economic Development  
of the Russian Federation

### Irek Faizullin

Minister of Construction, Housing and Utilities  
of the Russian Federation

### Nikolay Tsekhomsky

First Deputy Chairman of VEB.RF,  
member of the Board

## Investment Committee

Responsible for providing opinions and recommendations to VEB.RF's Supervisory Board and Board and taking other decisions on investment and foreign economic activities and concerning VEB.RF's export support and involvement in projects of importance to the national economy, along with other projects of VEB.RF in respect of which VEB.RF's Supervisory Board approves the goals of VEB.RF's involvement, restrictions on VEB.RF's involvement, sources of finances, and concerning VEB.RF's measures to deal with overdue debt and other distressed assets.

Number of meetings: 3  
Issues considered: 8

## Members

### Maxim Reshetnikov

Minister of Economic Development of the Russian Federation  
Committee Chairman

### Polina Badasen

Deputy Head of the Presidential Expert  
Directorate of the Russian Federation

### Eldar Muslimov

Head of the Secretariat of the First Deputy  
Prime Minister of the Russian Federation

### Irina Okladnikova

Deputy Minister of Finance of the Russian Federation

### Valery Sidorenko

First Deputy Chief of Staff of the Government  
Executive Office of the Russian Federation

### Ilya Torosov

Deputy Minister of Economic Development  
of the Russian Federation

### Nikolay Tsekhomsky

First Deputy Chairman of VEB.RF,  
member of the Board

## Collegial Working Bodies Formed by VEB.RF's Board and Chairman

VEB.RF's Board and VEB.RF's Chairman establish committees, commissions and other collegial working bodies in order to preliminary address, gather material for and decide on, the issues falling within the remit of VEB.RF's executive governing bodies. The remit

of VEB.RF's collegial working bodies and their operating, decision-making and appointment procedures are defined by collegial working bodies' regulations approved by VEB.RF's executive governing bodies.

## Collegial Working Bodies Formed by VEB.RF's Board and Chairman

### STEERING COMMITTEE

**Key functions:** Improve VEB.RF's governance efficiency; coordinate activities of VEB.RF's functional areas, separate divisions, officers and entities; ensure appropriate managerial decisions on VEB.RF's strategic and institutional development, business planning, basic business policies and procedures and operational management; assist VEB.RF's governing bodies in taking and implementing decisions on matters that fall within their remit.

### CREDIT COMMITTEE

**Key functions:** Organise systematic and effective measures to implement the Federal Law "On State Development Corporation VEB.RF", the Memorandum on Financial Policies of VEB.RF and the Lending Policy Regulations of VEB.RF by giving preliminary consideration to and preparing materials and taking decisions to provide opinions and recommendations to VEB.RF's governing bodies, by taking decisions regarding the exercise of VEB.RF Chairman's specific authority to finance VEB.RF projects, regarding the exercise by VEB.RF of its authority as an obligee under the VEB.RF projects whose implementation involves changes to credit risk, regarding VEB.RF's credit risk management in VEB.RF's investment, financial and other activities, and regarding the performance and development of VEB.RF entities' investment activities.

### FINANCIAL COMMITTEE

**Key functions:** Give preliminary consideration to and prepare materials; submit opinions and recommendations to VEB.RF's executive bodies; take decisions regarding the financial activities of VEB.RF and VEB.RF entities, such as planning and control, management of assets and liabilities, management of interest rate, currency, market and liquidity risks, and break-even performance.

### DISTRESSED ASSET MANAGEMENT COMMITTEE

**Key functions:** Organise measures to deal with distressed assets of VEB.RF and VEB.RF entities, including bad debts and distressed assets received from the settlement of overdue debts and/or deemed to be bad debts and distressed assets for other reasons; make recommendations to VEB.RF's and VEB.RF entities' governing bodies for managing distressed assets, settling bad debts and administering and owning VEB.RF's and VEB.RF entities' assets; take decisions regarding operations (transactions) aimed at settling bad debts, managing VEB.RF's distressed assets and administering and owning VEB.RF's assets (except for the asset administration issues falling within the purview of the Credit Committee of VEB.RF).

### RISK MANAGEMENT COMMITTEE

**Key functions:** Give preliminary consideration to and prepare materials; submit opinions and recommendations to VEB.RF's executive bodies; take decisions regarding VEB.RF's and VEB.RF entities' risk management and VEB.RF's business continuity management.

### VEB.RF GROUP SECURITY COMMITTEE

**Key functions:** Assist VEB.RF's and VEB.RF entities' governing bodies in ensuring the VEB.RF Group's stable operation and sustained long-term development amid external and internal threats to the VEB.RF Group.

### SUBCOMMITTEE ON PROACTIVE RESPONSE TO DEBTORS' INSOLVENCY (BANKRUPTCY)

**Key functions:** Prepare proposals for the Distressed Asset Management Committee of VEB.RF regarding the list of self-regulatory organisations of official receivers to be used for defining VEB.RF's position on selecting self-regulatory organisations in bankruptcy proceedings against VEB.RF's debtors, defining the position on agenda issues of the creditors' meetings, and ensuring quick response to other urgent issues arising out of insolvency (bankruptcy) proceedings if delayed response or a lack of response may have an adverse effect on VEB.RF.

### GREEN FINANCE COMMITTEE\*

**Key functions:** Give preliminary consideration and prior approval to materials related to sustainable (green) development in the Russian Federation and designed to provide methodological support for developing and promoting investment, attracting private investment in sustainable development projects in the Russian Federation, and acting as a sustainability competency centre in the Russian Federation as mandated by the Russian Government.

### URBAN ECONOMY DEVELOPMENT PROJECTS COMMITTEE\*

**Key functions:** Give preliminary consideration to and prepare materials; submit opinions and recommendations to VEB.RF's executive bodies and/or controlled entities' governing bodies; take decisions regarding VEB.RF's and controlled entities' activities associated with urban economy development in the Russian Federation (urban environments and infrastructure, agglomeration infrastructure, integrated spatial development projects, related issues of high-priority sectors where VEB.RF and VEB.RF entities carry out projects etc).

\* The Green Finance Committee and the Urban Economy Development Projects Committee were formed in the process of enhancing VEB.RF's and VEB.RF entities' corporate governance in 2020.

VEB.RF also adjusted the powers of existing collegial bodies and disbanded the following working bodies:

- VEB.RF's Strategic Development Committee;

- VEB.RF's Process and Technology Management Committee;

- VEB.RF's Working Group for Coordination of Public Borrowings by Subsidiary Banks and Companies;

- VEB.RF's Working Group for Coordination of Liquidity and Risk Management at VEB.RF's Subsidiary Banks and Financial Companies.

Due to the COVID-19 pandemic, VEB.RF's collegial bodies held meetings online in 2020; in the case of in-person meetings, the electronic devices (iPads) distributed to committee members for reading the documents prepared for the meetings of VEB.RF's collegial bodies were additionally disinfected.

## Further Development of Corporate Governance

As part of the ongoing integration of development institutions, it is intended that the following committees will be established in 2021:

- export coordination committee of VEB.RF's Supervisory Board;
- SME coordination committee of VEB.RF's Supervisory Board;

- industrial policy coordination committee of VEB.RF's Supervisory Board;
- innovation and IT coordination committee of VEB.RF's Supervisory Board.

There are plans to formulate the corporate governance policy of VEB.RF entities.



## AUDIT AND INTERNAL CONTROL

Responsibility for VEB.RF's internal audit lies with VEB.RF's internal control function (ICF), a separate unit reporting to VEB.RF's Supervisory Board and directly subordinate to VEB.RF's Chairman. This ensures independent and efficient performance by the ICF of its controlling functions. In 2020, quarterly reports of the ICF were considered by the Audit Committee of VEB.RF's Supervisory Board and by VEB.RF's Supervisory Board.

The activities of the ICF are regulated by VEB.RF's Supervisory Board. The Supervisory Board may decide on an unscheduled audit of VEB.RF's accounting (financial) statements as provided for in the Federal Law "On State Development Corporation VEB.RF".

The head of internal control is appointed by VEB.RF's Supervisory Board. The ICF is currently headed by Svetlana Yachevskaya, VEB.RF's Deputy Chairperson and member of the Board.

The annual statutory audit of the annual accounting (financial) statements of VEB.RF in accordance with Russian Accounting Standards is conducted by independent auditors selected by VEB.RF's Supervisory Board on a competitive bidding basis under Federal Law No. 44-FZ of 5 April 2013. In 2020, the annual accounting statements of VEB.RF were audited by Ernst & Young LLC for a fee of RUB9.6mn, inclusive of VAT.

Every year, VEB.RF selects auditors on a competitive bidding basis to provide professional external assurance for the non-financial reports of VEB.RF and VEB.RF entities by performing a limited assurance engagement on the disclosures made within the non-financial reports of VEB.RF and VEB.RF entities in accordance with the GRI Sustainability Reporting Standards. In 2020, professional external assurance for the non-financial report of VEB.RF and VEB.RF entities was provided by Ernst & Young LLC for a fee of RUB1.92mn, inclusive of VAT.

**VEB.RF completed a project to implement a system designed to analyse transactions in financial markets. The purpose of the project was to comply with Federal Law No. 224-FZ of 13 July 2015 "On Combating Insider Information Misuse and Market Manipulation". The Market Abuse Regulation and Transaction Analysis (MARTA) system automatically downloads data about VEB.RF's transactions in financial markets and other information relating to prices of financial instruments, such as company news and disclosed insider information, and uses an array of criteria to identify suspected market abuse transactions and notify the ICF about them for further investigation.**

## RISK MANAGEMENT

At VEB.RF, risk management is performed through certain measures to help VEB.RF and VEB.RF entities to achieve financial performance and financial stability in uncertain conditions.

Risk management includes risk classification, risk materiality assessment, timely risk identification and response, and measures to ensure that VEB.RF and VEB.RF entities use a unified risk management approach.

The major risk management goals, objectives, methods and approaches for VEB.RF and VEB.RF entities are outlined in the Risk Management Policy of VEB.RF and VEB.RF entities. Approved by VEB.RF's Supervisory Board, the policy defines the risks associated with the activities of VEB.RF and VEB.RF entities and specifies instruments for the management of material risks.

The Memorandum on Financial Policies of Development Corporation VEB.RF contains capital adequacy ratios, sets risk limits on a borrower (group of related borrowers) and specifies the total amount of large risks.

In order to determine the highest tolerable (acceptable) risks, VEB.RF's Board approves risk appetite, which is monitored on a regular basis.

VEB.RF uses a system of indicators, restrictions and limits to limit the level of risks for specific financial instruments and/or transactions (operations) and/or portfolios. The system of indicators, restrictions and limits is based on risk appetite to assess or limit the level of risks for specific financial instruments and/or transactions (operations) and/or portfolios.

In order to simulate the consequences of negative scenarios and formulate an action plan to deal with them, VEB.RF also applies stress testing. The control levels of risk appetite and business development plans take into account the results of stress testing for VEB.RF's capital adequacy and liquidity.

Independent transaction risk assessment includes credit risk assessment and the identification and analysis of related risks, such as interest rate and currency risks. Credit risk mitigation uses quantitative and qualitative risk assessment for credit risk-affected transactions, including verifying whether financing is recoverable, and sets credit risk limits on borrowers (counterparties/issuers) or groups of related borrowers in order to limit the value of credit risk-affected transactions.

With a view to identifying and responding to potential events of default, VEB.RF operates an early warning system that includes a tool to define the individual values of critical early-warning signals.

VEB.RF regularly calculates the necessary liquidity buffer and forecasts a survival horizon for VEB.RF (including VEB.RF entities) and the coordinated development institutions in order to ensure that their liquidity cushion is sufficient in stress circumstances.

In the course of managing market risk, VEB.RF applies the market risk mitigation strategy and tries to mitigate its impact on the financial indicators.

VEB.RF implements measures to manage operational risk, uses an analytical data base of operational risk events, assesses operational risk by VEB.RF's key process/activity, applies business continuity management, analyses the impact of interruptions on VEB.RF's key processes/activities, and has directors and officers (D&O) liability insurance contracts and bankers blanket bond insurance contracts.

Risk assessment is based on formalised methods that are subject to verification and validation.

**2020 was a year of challenges for the entire economy and required the government's prompt rescue measures. VEB.RF was actively involved with the rescue programmes<sup>66</sup> to help companies and individual entrepreneurs to retain their employees and resume their operation (the "Programmes"). VEB.RF issued surety bonds under the Programmes. VEB.RF quickly developed tools to assess expected losses on surety bonds and organised the necessary management accounting process to monitor and control the condition of the lending banks' loan portfolios.**

**Stress testing was used to assess the potential impact of the crisis on VEB.RF (including VEB.RF entities) and the coordinated development institutions.**

**Due to the coronavirus pandemic, VEB.RF took prompt measures to fight against the spread of COVID-19 and ensure its business continuity by adapting its business processes for employees working from home.**

In spite of the new challenges, VEB.RF continued in 2020 to enhance risk management. The priorities in this area were related to the digitalisation and

standardisation of risk management processes and to the improvement of the risk assessment methodology.

<sup>66</sup> Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Corporate Entities and Individual Entrepreneurs for Urgent Needs to Support and Retain Their Employees (approved by Resolution of the Russian Government No. 422 of 2 April 2020); Rules for Providing Federal Budget Subsidies to Russian Credit Institutions as Reimbursement for Lost Income from Loans Given in 2020 to Corporate Entities and Individual Entrepreneurs to Resume Their Operation (approved by Resolution of the Russian Government No. 696 of 16 May 2020).

## Improvements to Risk Management in 2020

### 1. Ensuring integrated risk management

- VEB.RF unified the stress testing methodology and procedure for VEB.RF's and the coordinated development institutions' capital adequacy and liquidity. The uniform stress testing methodology, common macroeconomic and specific scenarios (including the level of default in stress scenarios for different segments of SMEs), and the same set of resulting indicators ensured the consistency of findings.
- VEB.RF built an automated forecasting model for the capital adequacy ratio for different portfolio scenarios (including with new economy support programmes) and different changes in key risk factors.
- VEB.RF put into test operation Management Dashboard as part of efforts to digitalise and improve its management reporting. This electronic platform enables the user to monitor an expanded range of risk indicators grouped in several screens by risk type. The project also involved automating the collection of basic risk metrics, including risk appetite indicators

### 2. Enhancing the methodology and processes of credit risk management

- VEB.RF developed a financial modelling tool to assess credit risk levels and define the individual values of critical early-warning signals. This versatile add-on to financial models makes it possible to bring diverse financial models of customers into a unified format for their subsequent analysis, monitoring and updating, and for the modelling of stress scenarios.
- VEB.RF updated the process of dealing with signs of problems and unconditional probability of default. When any signs of problems are identified, the new process conducts a quick analysis of the debtor/project/asset and examines whether cash flows are sufficient to fulfil obligations to VEB.RF. The findings of the analysis are used to approve the problem zone of the debtor/project/asset and prepare measures to rectify the identified problems.
- The development and testing of credit risk models (PD, LGD) were completed for all main customer segments.
- VEB.RF introduced an automated module to keep records of groups of related borrowers, including the process of forming, updating and identifying such groups.
- VEB.RF automated the process of setting, monitoring and updating credit risk limits on borrowers (issuers/counterparties) and groups of related borrowers, including sub-limits and their required parameters. Independent risk assessment and decision-making related to transactions take account of the credit risk accepted/acceptable for a borrower and/or a group of related borrowers. The level of VEB.RF's collegial body authorised to set a credit risk limit on a borrower and/or a group of related borrowers depends on the credit risk accepted/acceptable for a borrower and/or a group of related borrowers. Setting credit risk limits involves setting preapproved sub-limits, which simplifies the transactional process if transactions meet the parameters of preapproved sub-limits.
- VEB.RF established a mechanism to store and use credit risk information for management accounting in order to systematise the findings of independent project risk assessment.

### 3. Improving market risk management

- The structure of limits on market and systemic risks was approved for VEB.RF entities.
- VEB.RF defined additional restrictions on currency risk, including on the negative financial result of FX transactions.
- VEB.RF formalised the procedure for setting and controlling interest rate risk limits and placed new restrictions on VEB.RF's interest rate risk (including changes in the net present (economic) value of receivables/liabilities in unfavourable stress circumstances of interest rate fluctuations).

### 4. Coordinating the activities of development institutions and VEB.RF entities

- VEB.RF unified stress testing approaches.
- Russian Export Center's resources were used to set up the Consolidated Analysis Centre for Financial Institutions.
- The credit risk models of some VEB.RF entities were validated and refined.

## ANTI-CORRUPTION

### Regulatory Framework and Governance

VEB.RF operates in strict compliance with Russian anti-corruption laws. Furthermore, VEB.RF employees work in accordance with internal regulations on anti-corruption, including codes of ethics and conduct.<sup>67</sup>

The Compliance and Conflict of Interest Commission of VEB.RF is responsible for performing the essential function related to the implementation of VEB.RF's Anti-corruption Policy. Information on the Commission and its meeting minutes are published on VEB.RF's website<sup>68</sup>.

Compliance and Conflict of Interest Commission of VEB.RF in 2020	
<b>Two meetings</b>	
<b>Issues considered</b>	<b>Decisions taken</b>
1. Information received from VEB.RF employees about objective reasons for their failure to disclose income, property and property obligations of their spouses.	1. Reasons for the employees' failure to disclose income, property and property obligations of their spouses were found objective and sufficient.
2. Findings of evaluating compliance by an employee with codes of ethics and conduct.	2. Information provided by the employee about income, property and property obligations was found unreliable and incomplete; the employee was notified of the unacceptability of failure to comply with anti-corruption laws.
3. Findings of evaluating compliance by an employee with codes of ethics and conduct.	3. The employee was found to be in violation of codes of ethics and conduct; it was recommended that VEB.RF's Chairman should reprimand the employee under Article 192 of the Russian Labour Code.

Additionally, VEB.RF regularly prepares anti-corruption plans for a certain period of time.

**VEB.RF carried out a package of measures in 2020 to improve the effectiveness of anti-corruption in accordance with the VEB.RF Anti-Corruption Plan for 2018–2020, which includes 31 measures.**

<sup>67</sup> A complete list of regulatory documents is published on VEB.RF's website at <https://veb.ru/o-banke/protivodeystviye-korruptsii/normativnye-pravovye-i-inye-akty-v-sfere-protivodeystviya-korruptsii/>

<sup>68</sup> Information on the Compliance and Conflict of Interest Commission of VEB.RF can be found on VEB.RF's website at <https://new.veb.ru/about/protivodeystviye-korruptsii/komissiya-po-soblyudeniyu-trebovaniy-k-služhebnomu-povedeniyu-i-u>



## Monitoring and Control in Anti-Corruption

An analysis was conducted to identify conflicts of interest among VEB.RF executives and employees included in the governing and controlling bodies of VEB.RF entities.

Measures were taken to prevent conflicts of interest among VEB.RF employees, including by analysing draft bylaws, orders and other documents in order to identify and deal with potential conflicts of interest and other corruptogenic factors.

## Divisions of VEB.RF and VEB.RF Entities Examined for Corruption Risks\*

	VEB.RF	Bank BelVEB	InfraVEB	PPP Center	VEB Engineering	MONOTOWNS.RF	VEB.DV
2020	91.3%	13%	100%	0%	100%	100%	100%
2019	100%	21,5%	100%	-**	73,3%	100%	100%

**81** total number of VEB.RF's and VEB.RF entities' divisions examined for corruption risks in 2020

\* VEB Ventures is excluded because the company does not have an anti-corruption division. The REC Group is excluded: 13 areas of the Group's activities were audited in 2020 (subsidy administration, procurement, insurance, lending), including for fraud and corruption risks; the Group's divisions examined for corruption risks in 2019 accounted for 53.8%.

\*\* The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.

Work was organised to ensure that VEB.RF employees would use special software (Spravki BK) to report their income, expense, (property and property obligations in certificates of income, expenses, property and property obligations as provided for in the 2018–2020 National Plan of Combating Corruption.<sup>69</sup> The reporting campaign consistent with the new legal requirements was completed according to schedule despite the ongoing pandemic. VEB.RF supervised the meeting of the deadlines for providing information on income, expenses, property and property obligations, analysed such information, and ensured that sufficient data were entered into the automated system designed for primary analysis to identify potential conflicts of interest among VEB.RF employees.

In accordance with the procedure set forth in Russian legal regulations and VEB.RF's bylaws, VEB.RF verified the accuracy and completeness of information submitted by its employees and checked their compliance with restrictions, bans and conflict of interest requirements and their performance of the duties specified in Russian anti-corruption legislation.

<sup>69</sup> Approved by Decree of the President of the Russian Federation No. 376 of 30 June 2018.

**No confirmed cases of corruption or incidents when contracts were terminated or not renewed due to violations related to corruption were identified at VEB.RF in 2020. No public legal cases regarding corruption were brought against VEB.RF or VEB.RF entities or their employees during the reporting period.**

VEB.RF continued in the reporting year to work with VEB.RF entities on:

- unifying anti-corruption measures at VEB.RF and VEB.RF entities;
- implementing organisational measures to prevent corruption at VEB.RF entities;
- providing VEB.RF entities with advisory and methodological assistance with anti-corruption and ensuring that they adopt

bylaws aimed at compliance with Article 13.3 of Federal Law No. 273-FZ of 25 December 2008 "On Combating Corruption" and other Russian legal regulations on anti-corruption.

Measures carried out in 2020 resulted in the REC Group, the City Development Fund and VEB Engineering formulating and approving internal regulatory documents to prevent corruption and organising work in this area.

**The REC Group operates a system for combating bribery and vetting applicants and exporters for their non-involvement in bribery of foreign public officials. The REC Group's Corporate Regulation on Combating Bribery of Foreign Public Officials in International Business Transactions. The websites of REC, EXIAR и EXIMBANK OF RUSSIA contain information on the applicable procedures and requirements.<sup>70</sup>**

<sup>70</sup> <https://www.exportcenter.ru/company/mezhdunarodnye-praktiki-i-standarty.php>;  
[https://www.exiar.ru/about/international\\_practices\\_and\\_standards/bribery\\_of\\_foreign\\_public\\_officials/](https://www.exiar.ru/about/international_practices_and_standards/bribery_of_foreign_public_officials/);  
[https://eximbank.ru/about/borba\\_s\\_podkupom.php](https://eximbank.ru/about/borba_s_podkupom.php)

## Prevention of Corruption

VEB.RF pays particular attention to measures to prevent corruption and other offences, as this makes it possible not only to prevent such offences, but also to identify their causes and eliminate the conditions that may encourage them.

The basis of preventive measures is the formation of a negative attitude to corrupt behavior, explanatory work, advice and training for VEB.RF employees in anti-corruption, their compliance with bans, restrictions and business conduct requirements.

Work on promoting more robust anti-corruption behaviour among employees is done on a constant basis and includes as follows:

- employees are introduced, with a signed acknowledgement, to regulatory documents on preventing and combating corruption;
- employees are promptly informed about changes in anti-corruption legislation and provided with clarification on amendments to anti-corruption laws;
- individual advice is provided for VEB.RF employees about anti-corruption compliance;

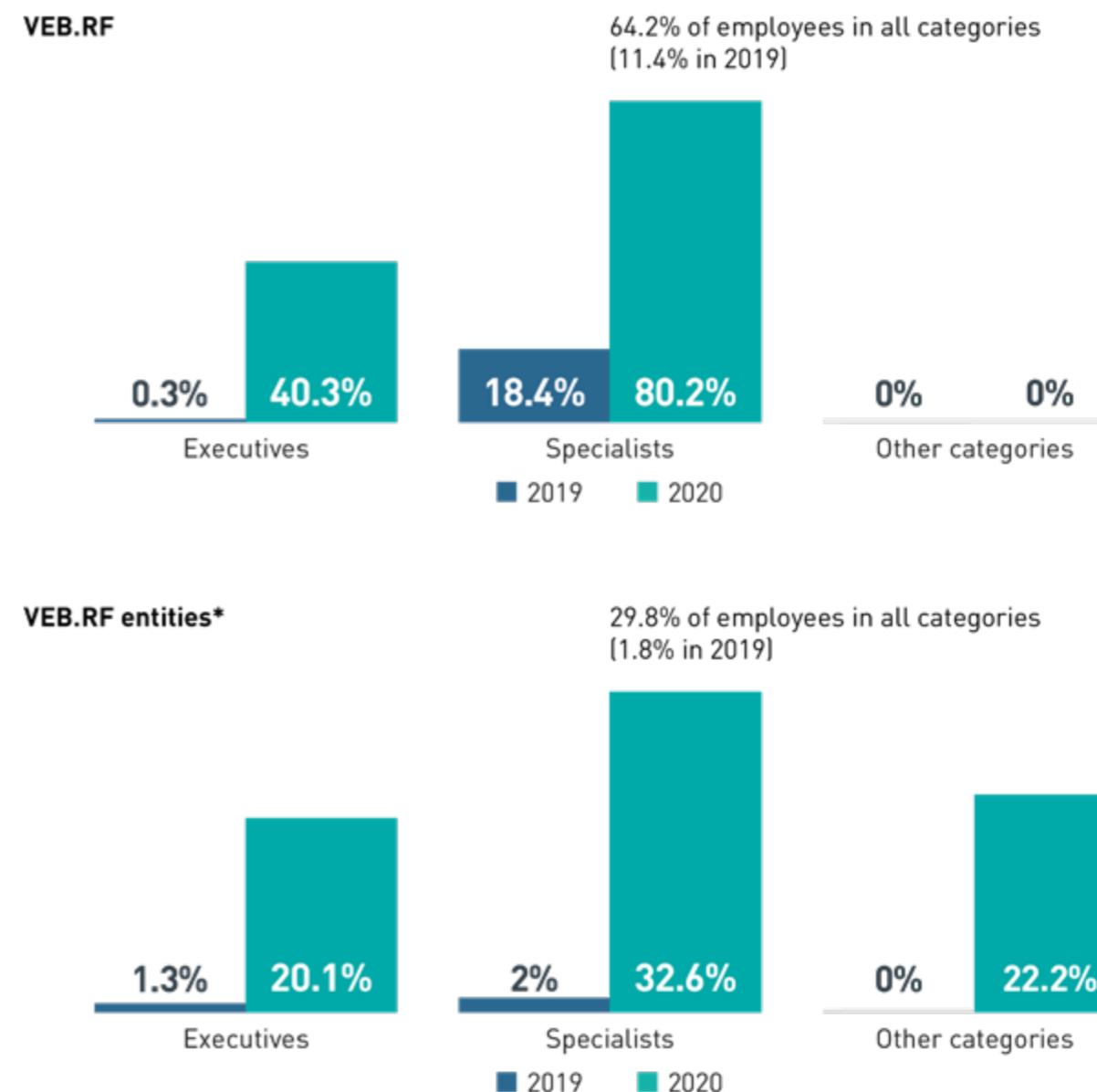
- memorandums are sent to executives and employees to inform them about measures to prevent and resolve conflicts of interest and comply with the existing notification procedure for potential conflicts of interest. VEB.RF's divisions are provided with newsletters explaining the conduct of VEB.RF employees when they give/receive gifts and declare income, including from digital assets and foreign financial instruments, in order to ensure compliance with anti-corruption bans and restrictions;
- methodologies are developed for duties, restrictions and bans prescribed for VEB.RF employees in order to prevent corruption offences.<sup>71</sup>

Briefings and awareness-raising meetings are held for VEB.RF employees assigned to positions that require compliance with anti-corruption bans, restrictions and requirements set out in Russian laws and VEB.RF's bylaws and for applicants to such positions. All new hires are introduced to the provisions of Russian anti-corruption laws and VEB.RF's bylaws.

**In 2020, training was provided for VEB.RF employees in VEB.RF's anti-corruption restrictions, bans, requirements and duties. Employees' knowledge of the fundamentals and requirements of anti-corruption legislation and its applicability in their functions at VEB.RF was also tested.**

<sup>71</sup> <https://veb.ru/o-banke/protivodeystviye-korrupsii/metodicheskie-materialy/>

## Employee Training in Anti-Corruption Policies and Procedures



\* The consolidated information disclosed in this report about VEB.RF entities for 2019 does not include information about the National PPP Development Center, which was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019. The National PPP Development Center accounts for 1.2% of the total number of employees of VEB.RF and VEB.RF entities; therefore, the information relating to the National PPP Development Center is not material

In 2020, the posts and positions at all of VEB.RF's divisions were examined for corruptogenic factors in labour functions and official powers, and adjustments were made to the list of VEB.RF's posts and positions that require the

submission of information about employees' income, property and property obligations, as well as information about income, property and property obligations of their spouses and minor children.

## Anti-corruption Transparency and Reporting

The official website of VEB.RF contains the section "Anti-corruption"<sup>72</sup> with all necessary regulatory and methodological documents related to VEB.RF.<sup>73</sup> Additionally, the section contains such information about employees' income, property and property obligations as required to be disclosed on VEB.RF's website<sup>74</sup>

VEB.RF submits anti-corruption reports to the Russian Ministry of Labour and, within the prescribed period, to the Russian Government. Anti-corruption information is also disclosed in the annual non-financial reports of VEB.RF.<sup>75</sup>

Advice on ethical and legal behaviour is provided by anti-corruption officers in the form of oral consultations for VEB.RF employees using the contact details on VEB.RF's official website and intranet.

Individuals and organisations can use the channels of communication (telephone, post, online forms) specified on VEB.RF's official website<sup>76</sup> to send allegations of corruption at VEB.RF or non-compliance by VEB.RF employees with restrictions, bans or requirements for preventing or resolving conflicts of interest, as well allegations of their failure to fulfil the anti-corruption duties.

In addition, VEB.RF officially states<sup>77</sup> that representatives of public associations that have anti-corruption as the official purpose of their existence can approach VEB.RF to jointly develop proposals on building zero tolerance towards corruption at VEB.RF.

## COMBATING MONEY LAUNDERING AND THE FINANCING OF TERRORISM AND PROLIFERATION

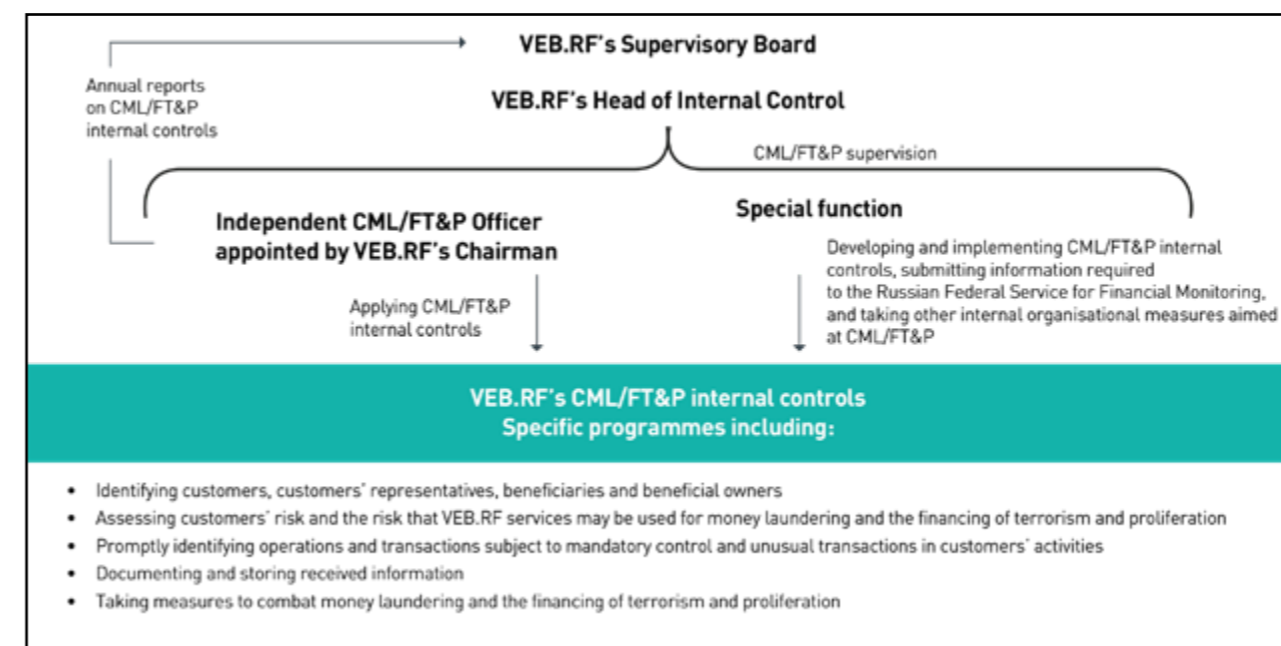
VEB.RF shares the commitment of the international banking community to combating money laundering and the financing of terrorism and proliferation (CML/FT&P).

VEB.RF operates a system designed for combating money laundering and the financing of terrorism and proliferation, complying with Federal Law No. 115-FZ of 7 August 2001 "On Anti-Money Laundering and Combating the Financing of Terrorism", following recommendations of the Central Bank of the Russian Federation and international financial

institutions and using practical experience of Western and leading Russian financial institutions.

The system is based on VEB.RF's internal controls aimed at CML/FT&P (CML/FT&P internal controls), developed as separate documents (programmes) approved by VEB.RF's Chairman, describing VEB.RF's measures, and containing the operating and interaction procedure for functional areas and divisions for CML/FT&P purposes.<sup>78</sup>

### CML/FT&P System



<sup>72</sup> <https://veb.ru/o-banke/protivodeystviye-korrupsii/normativnye-pravovye-i-inye-akty-v-sfere-protivodeystviya-korrupsii/>

<sup>73</sup> In accordance with the requirements for the publication and contents of subsections about anti-corruption and the official websites of federal governmental authorities, the Central Bank of the Russian Federation, the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, the Federal Compulsory Medical Insurance Fund, state corporations (government-owned companies) and other organisations established under federal laws and in accordance with the requirements for posts and positions that require the disclosure of income, expense, property and property obligations as approved by Order of the Ministry of Labour of the Russian Federation No. 530n of 7 October 2013

<sup>74</sup> <https://veb.ru/o-banke/protivodeystviye-korrupsii/svedeniya-o-dokhodakh-raskhodakh-ob-imushchestve-i-obyazatelstvakh-imushchestvennogo-kharaktera/>

<sup>75</sup> <https://veb.ru/ustojchivoe-razvitie/otvetstvennoe-vedenie-biznesa/nefinansovyy-otchyot/>

<sup>76</sup> <https://veb.ru/o-banke/protivodeystviye-korrupsii/obratnaya-svyaz-dlya-soobshcheniy-o-faktakh-korrupsii/>

<sup>77</sup> <https://veb.ru/o-banke/protivodeystviye-korrupsii/vzaimodeystvie-s-obshchestvennymi-obedineniyami/>

<sup>78</sup> <https://veb.ru/files/?file=fdeae206cc5f1d679326d0396134b93a.pdf>



## CML/FT&P Principles

- Protect VEB.RF from money laundering.
- Manage the AML/CFT risk for mitigation purposes.
- Ensure the independence of the CML/FT&P Officer.
- Involve employees of business units, regardless of their positions, within their competencies in identifying operations (transactions) that are subject to mandatory control as well as operations suspected to be conducted for money laundering and the financing of terrorism and proliferation.

In 2020, VEB.RF took measures under CML/FT&P internal controls to identify customers, customer representatives, beneficiaries and beneficial owners and identify organisations and individuals known to be involved in extremism, terrorism or proliferation of weapons of mass destruction or subject to orders to freeze (block) their money or other property. VEB.RF also took measures to identify controlled and suspicious operations and report them to the authorities, provided necessary training, organised an in-depth analysis of customers and their operations and ensured timely replies to inquiries from the authorities.

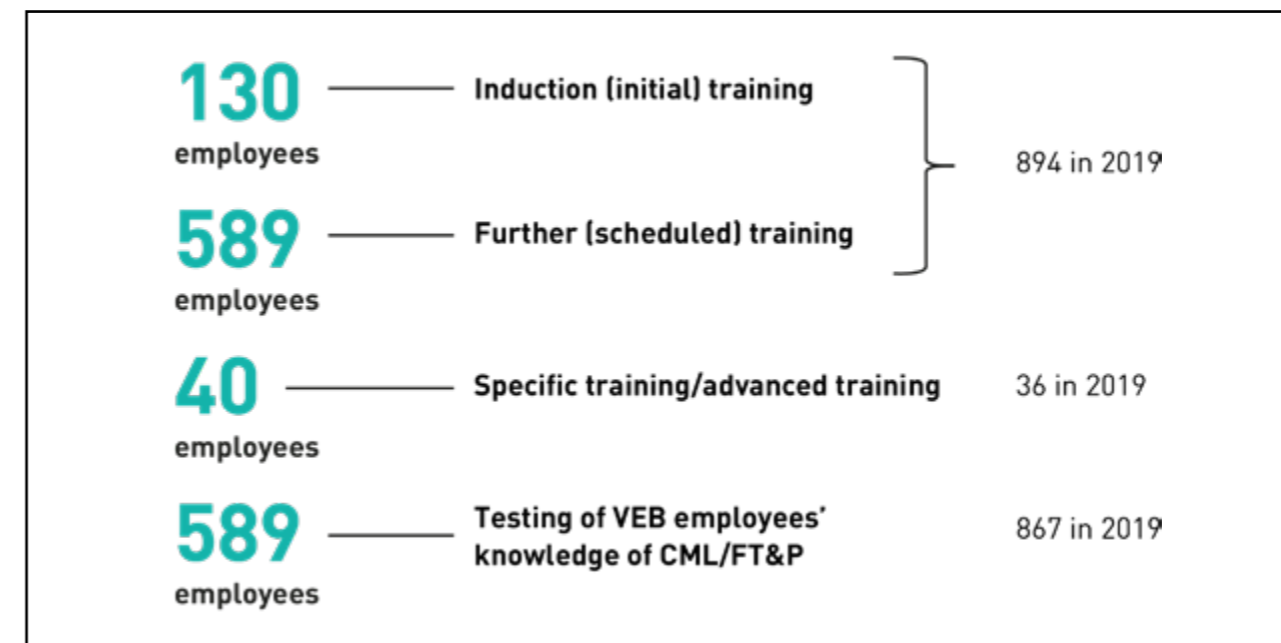
Work was done on automating the interaction between VEB.RF's functional areas and divisions for anti-money laundering purposes.

Since Federal Law No. 115-FZ of 7 August 2001 was amended<sup>79</sup> to strengthen financial control and clarify the list of controlled operations, VEB.RF worked to update and adjust software to identify new operations subject to mandatory control.

**Due to stricter pandemic restrictions, training for VEB.RF employees in CML/FT&P took place remotely, including in the form of online workshops (webinars). To provide scheduled training and subsequently test knowledge, VEB.RF developed an online course.**

<sup>79</sup> Effective from 10 January 2021

## Employee training and education in CML/FT&P in 2020



VEB.RF complies with the requirements of Article 4 of Federal Law No. 115-FZ of 7 August 2001 forbidding CML/FT&P measures from being disclosed to customers and any other persons.

Information on CML/FT&P is published on VEB.RF's website,<sup>80</sup> with VEB.RF's CML/FT&P Questionnaire<sup>81</sup> updated on a regular basis.

<sup>80</sup> <https://veb.ru/o-banke/protivodeystviye-legalizatsii-prestupnykh-dokhodov/>

<sup>81</sup> <https://veb.ru/files/?file=358754d619bd52d518274641251d6273.pdf>

# PROCUREMENT

VEB.RF's procurement is driven by transparency, absence of discrimination and unjustified restrictions to competition, as well as unbiased and unambiguous application of internal standards to bidders and increasing the number of bidders.

VEB.RF and VEB.RF entities<sup>82</sup> (within the boundaries of this Report) carry out procurement in accordance with the requirements of Federal Law No. 223-FZ of 18 July 2011 "On Purchases of Goods, Work, and Services by Certain Types of Corporate Entities". The focus of VEB.RF's procurement practices is on cost effectiveness and cost reduction.

With the aim of streamlining procurement procedures and organising consolidated purchases jointly with VEB.RF entities, unified procurement management standards and approaches were introduced into VEB.RF and VEB.RF entities in 2020. In order for Russian Export Center to accede to the VEB.RF Procurement Regulations,<sup>83</sup> VEB.RF's Supervisory Board approved amendments to the VEB.RF Procurement Regulations to take into account the particularities of Russian Export Center's operations.

The amendments also include:

- shortening the payment deadlines for goods supplied under contracts awarded to SMEs from thirty calendar days to fifteen business days as required under law;
- extending the deadlines for signing contracts awarded to SMEs from twenty calendar days to twenty business days;
- introducing waiver of penalties and the possibility of suspending contracts and adjusting prices in the event of failure by the contractor to fulfil its obligations due to the coronavirus pandemic for the entire period of the COVID-19 pandemic.

## Consolidated (joint) purchases in 2020 helped ordering entities to save RUB2.7mn (over RUB95mn in 2019).

More details about VEB.RF's procurement can be found at <https://вэб.рф/зakupki/>. Information on VEB.RF purchases is also posted at [www.zakupki.gov.ru](http://www.zakupki.gov.ru).

VEB.RF's programme to improve the quality of procurement management and introduce indicators describing the efficiency of procurement of goods, work, services for 2019–2021 (the "Programme") provides for an increase in professional qualifications of persons engaged in procurement. Under the Public and Municipal Procurement Management programme of the Russian Presidential Academy of National Economy and Public Administration, four employees of VEB.RF's functional unit responsible for organising procurement received training in 2020. It is intended that seven employees will be provided with training under the Public and Municipal Procurement Management programme in 2021.

The Programme specifies that it is necessary to raise the level of digitalisation in procurement. Measures were taken in 2020 to maintain continuity in the activities of the VEB.RF's Competitive Procurement Commission during the COVID-19 pandemic. The Commission was able to hold remote meetings using electronic and/or other technical means by conference call and/or videoconferencing.

VEB.RF systematically monitors legislation of the Russian Federation, judicial practice and the practice of the Federal Antimonopoly Service of the Russian Federation in the area of procurement in order to eliminate and minimise the risks that customers may violate the laws.

## In 2020, improvements to VEB.RF's procurement procedures saved a total of about RUB463mn (RUB186.98mn in 2019).

23 subsidiaries of VEB.RF acceded to the VEB.RF Procurement Regulations, and Russian Export Center and EXIAR acceded to the Regulations in early 2021.

VEB.RF and its subsidiaries entered into 15 cooperation agreements to define the procedure for consolidated (joint) purchases.

The organiser of consolidated (joint) purchases, including with respect to determining the method and procedure of procurement, is VEB.RF. Decisions on procurement procedures are taken by VEB.RF's Competitive Procurement Commission, which allows VEB.RF entities to optimise the efforts of their employees in consolidated (joint) purchases.

## The share of competitive purchases increased by 51% in 2020 on 2019 (163 in 2020, 108 in 2019, 106 in 2018).

The VEB.RF procurement policy provides preferential terms to small and medium-sized enterprises. The interaction rules for VEB.RF divisions' procurement contain a list of goods, work and services purchased from SMEs. In addition, procurement notices and/or documents do not establish specific requirements for small and medium-sized enterprises. An exhaustive list of documents is specified for bids submitted by SMEs.

Additionally, notices and/or documents about competitive purchases give priority to Russian-made products in accordance with Resolution of the Government of the Russian Federation No. 925 of 16 September 2016 "On the Priority of Goods of Russian Origin and Work and Services Performed by Russian Persons over Goods of Foreign Origin and Work and Services Performed by Foreign Persons".

<sup>82</sup> Excluding MONOTOWNS.RF, which is outside the purview of Federal Law No. 223-FZ of 18 July 2011, and Bank BelVEB, whose procurement is in accordance with the laws of the Republic of Belarus.

<sup>83</sup> <https://veb.ru/files/?file=55876cf178290c4b71766cd4ca8bb03f.pdf>



In 2020, VEB.RF made six purchases using the environmental characteristics of goods ("green purchases"). The environmental characteristics of goods in procurement procedures are defined:

- in terms of reference (as annexes to draft contracts) in accordance with the legal requirements of the Russian Federation, such as certification to GOST R ISO 14001-2016 Environmental management systems. Requirements with guidance for use;
- as criteria for procurement participant evaluation. Specifically, the criterion

"Environmental characteristics of supplied products" was established, whereby the procurement participant submitted bids to reduce adverse environmental impacts, such as using separate waste collection for catering or using predominantly reusable products.

VEB.RF's commitment to sustainable procurement is consistent with VEB.RF's agenda of developing Russia's national green finance system. It is intended that VEB.RF will increase the share of green purchases in its purchases in the future.

### Procurement in 2020

#### VEB.RF

Share of competitive procedures in total procurement: **57.80%**  
(26.80% in 2019)

Share of purchases from SMEs in total procurement: **49.33%**  
(24,22% в 2019 году)

Share of purchases from local (Russian) suppliers in total procurement: **71.05%\***  
(96.60 in 2019)

#### Group's total (VEB.RF and VEB.RF entities)

Share of competitive procedures in total procurement: **42,41%**  
(26.16% in 2019)

Share of purchases from SMEs in total procurement: **61,45%**  
(34.65% in 2019)

Share of purchases from local (Russian) suppliers in total procurement: **\*\* 74,51%**  
(97.06% in 2019)

Share of Bank BelVEB's purchases from local (Belarusian) suppliers in total procurement: **100%**  
(100% in 2019)

\* With payments under contracts awarded in 2020, excluding contracts for less than RUB100,000. 93.88% with payments made in 2020 under previous contracts, excluding contracts for less than RUB100,000.

\*\* Excluding Bank BelVEB



# Corporate Life





## FOCUS AREAS OF THE HR POLICY

Focus areas of VEB.RF's HR policy in 2020:

- optimising and stabilising the personnel of VEB.RF's functional areas;
- creating an effective employee incentive system;
- maintaining discipline in the workplace, improving employee performance productivity and increasing employee satisfaction;
- creating and improving an employee training and upskilling system;
- promoting corporate culture.

With the aim of updating VEB.RF's bylaws and streamlining employment relationships due to changes in VEB.RF's organisational structure, staffing measures and rightsizing at VEB.RF and VEB.RF entities, several important bylaws related to human resource management were prepared and approved in 2020, including:

- VEB.RF Employee Remuneration Regulations; VEB.RF Employee Evaluation Procedure for VEB.RF Quarterly Bonus Payment (approved by VEB.RF's Board; Meeting Minutes No. 14 of 11 February 2020, Item 1);
- Concept of Private Pension Coverage for VEB.RF Employees (approved by VEB.RF's Board; Meeting Minutes No. 83 of 14 August 2020, Item 5), intended to formulate the general principles and implementation procedure of VEB.RF's private pension schemes in addition to public pensions;

- VEB.RF Internal Regulations (approved by VEB.RF; Order No. 106 of 26 June 2020);
- VEB.RF Job Description Preparation Procedure (approved by VEB.RF; Order No. 85 of 18 May 2020);
- Personal Information Regulations (approved by VEB.RF; Order No. 104 of 29 June 2020);
- COVID-19 Prevention Measures (approved by VEB.RF; Order No. 92 of 29 May 2020);
- VEB.RF Electronic Staff Document Management Procedure (approved by VEB.RF; Order No. 174 of 30 September 2020).

Additionally, adjustments were made to the general interaction rules and the system and structure of VEB.RF's functional areas and positions; approval was given to the procedure for VEB.RF employees' work on legal holidays and/or public holidays, additional leave and monetary benefits; approval was given to student externships at VEB.RF. VEB.RF's Board resolved to increase temporary disability benefits (except for maternity pay) in 2020 for VEB.RF employees (excluding VEB.RF's Chairman and VEB.RF's Board).

## HR Policy Highlights in 2020



- VEB.RF updated the employee incentive system.
- VEB.RF set up transparent standardised mechanisms to determine remuneration based on the value and importance of employee functions and performance.
- VEB.RF formulated the general principles and implementation procedure of VEB.RF's private pension schemes to specify the procedure for forming and paying private pensions to VEB.RF employees in addition to public pensions.
- Regulatory documents were issued in relation to new hires and dismissals; the principal rights, obligations and liability of the parties to the employment contract, working and non-working hours, incentives and penalties for employees, and other issues of employment relations.
- VEB.RF updated employment duties, rights, responsibilities and qualification requirements for employees; the list of matters coming within the purview of an employee; and employee performance indicators.
- VEB.RF introduced the regulation of relationships associated with the processing of personal information (automated or non-automated collection, recording, systematisation, accumulation, storage, clarification, retrieval, use, transfer, depersonalisation, blocking, deletion, destruction of personal information related to VEB.RF employees and job candidates).
- VEB.RF took measures to ensure respect for employees' rights related to work on legal holidays and/or public holidays.
- Temporary disability benefits (except for maternity pay) were increased for VEB.RF employees (excluding VEB.RF's Chairman and VEB.RF's Board) to the amount of daily pay for at most 14 working days of temporary disability during their period of temporary disability.
- Approval was given to the regulations for developing and introducing software to automate HR management processes, including using digital signature technology for staff documents.

*"The recent changes are part of the far-reaching reform of the system of development institutions. The Russian Government sets us the ambitious tasks of contributing towards the national development goals and improving quality of life in Russia. Our team should meet and even set the best standards of efficiency and corporate behaviour in the market."*

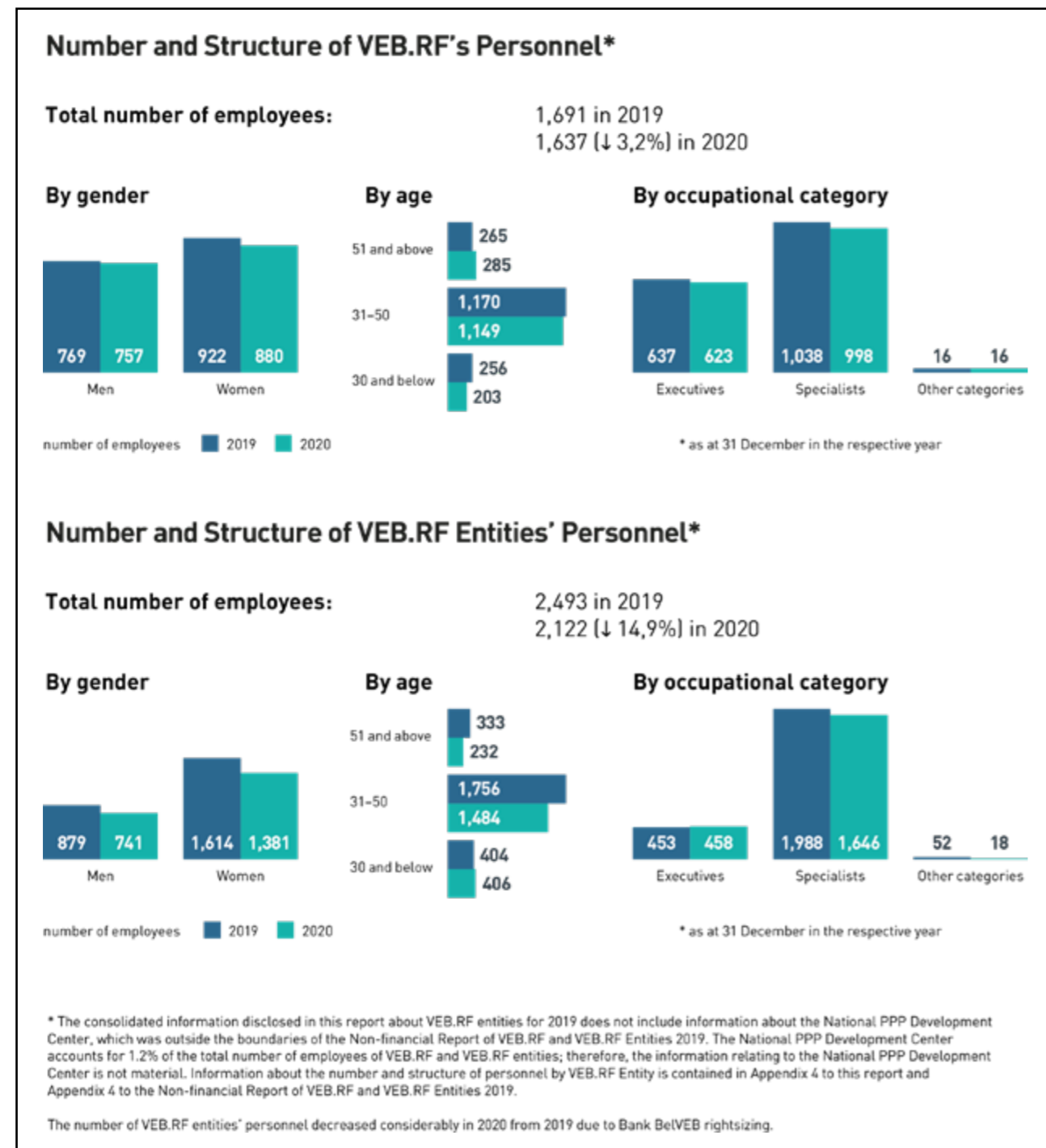
**Igor Shuvalov**

Chairman, VEB.RF

# ORGANISATIONAL STRUCTURE AND NUMBER OF EMPLOYEES

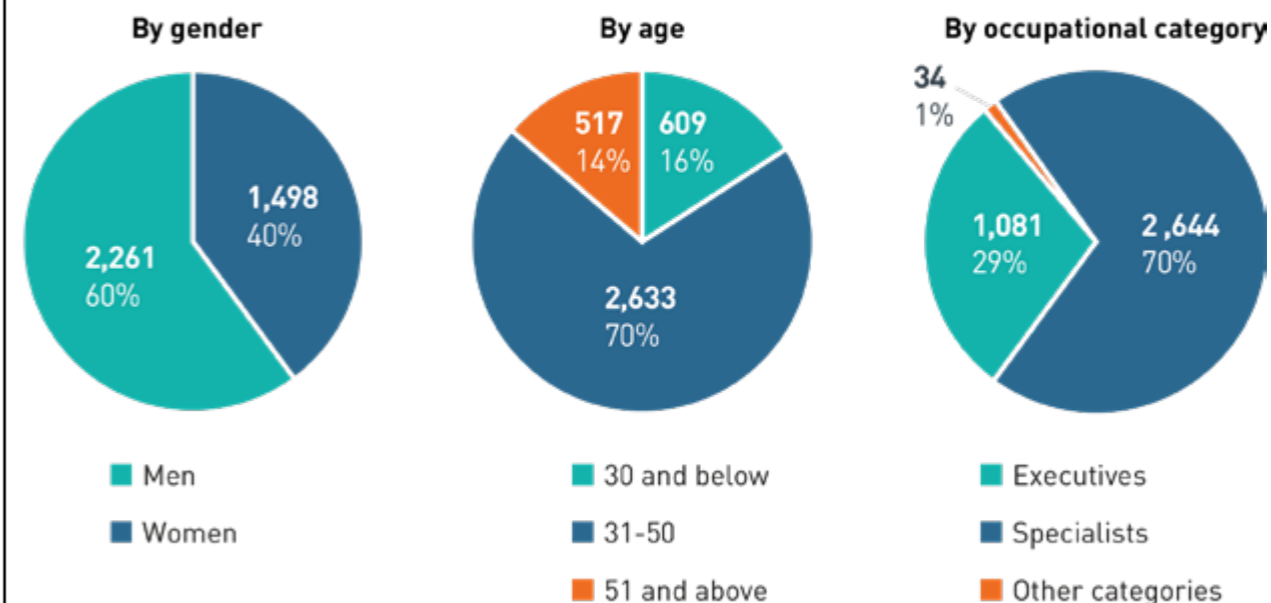
In order to rightsize its operations, VEB.RF implemented certain organisational measures in 2020, decreasing the number of VEB.RF's functional areas and reducing VEB.RF's maximum staffing level. As at 1 January

2021, VEB.RF had an optimised organisational structure including 29 functional units and seven separate divisions (foreign representative offices) (35 functional units and seven separate divisions as at 1 January 2020).



## Total Number and Structure of VEB.RF's and VEB.RF Entities' Personnel in 2020\*

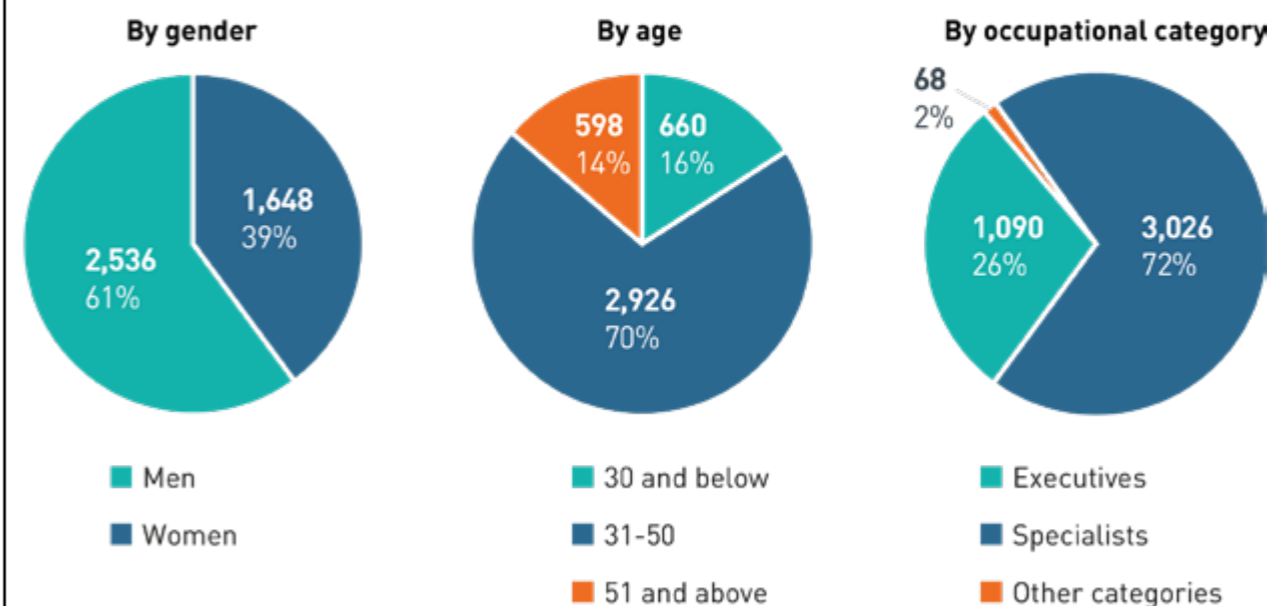
Total number of employees: 3,759



\* as at 31 December 2020

## Total Number and Structure of VEB.RF's and VEB.RF Entities' Personnel in 2019\*

Total number of employees: 4,184



\* as at 31 December 2019



# REMUNERATION

VEB.RF's current remuneration system ensures that remuneration depends on the attainment of VEB.RF's main performance indicators and on personal performance in the reporting period.

The principles of VEB.RF's remuneration system approved by VEB.RF's Supervisory Board<sup>84</sup> were adopted in 2017.<sup>85</sup>

In accordance with these principles and under Russian legislation, VEB.RF's Board determines VEB.RF's remuneration system.<sup>86</sup>

Independent consultants were engaged in 2020 to do considerable work on evaluating job positions. VEB.RF's Board approved a new version of the VEB.RF remuneration regulations.<sup>87</sup>

*"It's now safe to say the new structure and new job positions reflect the functions of all staff members and their individual contribution to the performance of the entire team."*

**Igor Shuvalov**  
Chairman, VEB.RF

## Changes in VEB.RF's Remuneration System in 2020

- The frequency of annual and quarterly bonus payment was established within the short-term bonus system according to job grade.
- Annual bonuses were established for senior and middle management, which are paid in two stages (as preliminary and final payments). Quarterly bonuses are not paid to these employees.
- The criteria for calculating hours worked were clarified for the purpose of bonus payment, and the minimum hours worked in the reporting period were determined for the purpose of bonus payment.
- VEB.RF approved the employee evaluation procedure for the purpose of quarterly bonus payment.

In accordance with the regulations for evaluating VEB.RF employees,<sup>88</sup> employees are evaluated on a regular basis to measure their performance in the reporting period by assessing the attainment of personal targets and/or compliance with the competency model. Employee evaluation is aimed at obtaining regular information on employee performance and compliance with the competency model.

The wage indexation procedure is set forth in the VEB.RF remuneration regulations. Wage indexation did not take place at VEB.RF in 2020.



The average standard entry-level wage to the local minimum wage at VEB.RF and VEB.RF entities was 2.7 in 2020 (2.5 in 2019).<sup>89</sup>

VEB.RF entities develop their own employee incentive and evaluation systems and policies

based on their own goals, targets and best practices.

## New Incentive System of the REC Group



In 2020, the REC Group updated its key performance indicators (KPIs). The special KPIs included the Customer Loyalty Index (a key index that measures the quality of the REC Group's customer service and encourages efforts to keep customer service at a high level). The new incentive system included a quarterly cycle of target-setting and evaluation.

In addition, EXIAR (part of the REC Group) brought into operation a new version of the Remuneration and Incentive Policy, effective from 1 January 2020. The policy was adjusted to increase the motivation of EXIAR's executive and collegial bodies responsible for taking risks. Additional incentives were provided as part of annual bonus payment for employees who make decisions on operations and/or transactions that involve credit risk and on operations and/or transactions that may affect EXIAR's financial result.

<sup>84</sup> In accordance with subparagraph 22 of Part 1 of Article 12 of Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF".

<sup>85</sup> Meeting Minutes No. 1 of 2 March 2017, Item 1 (as amended).

<sup>86</sup> In accordance with subparagraph 13 of Article 14 of Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF".

<sup>87</sup> Minutes of the Meeting of VEB.RF's Board No. 14 of 11 February 2020, Item 1 (as amended).

<sup>88</sup> Approved by VEB.RF's Board in 2017 (Meeting Minutes No. 160 of 20 June 2017, Item 3 (as amended)).

<sup>89</sup> The arithmetic mean of equivalent indicators for each entity, calculated as the ratio of the entry-level wage (minimum grade) for full-time employment to the local minimum wage. Source: Moscow and Primorie Territory regional offices of the Federal Service for State Statistics of the Russian Federation; National Statistical Committee of the Republic of Belarus. More detailed information is contained in Appendix 11.





# OCCUPATIONAL HEALTH AND SAFETY

## Health and Well-being of Employees



Launched in 2019, Health and Well-being of VEB.RF Employees (the "Programme") continued to be implemented.

In early 2020, VEB.RF collaborated with experts in assessing risks that affected the health and well-being of employees, analysing the organisation's infrastructure and examining of the health of team members. The findings were used to prepare comprehensive measures under the Programme to promote a healthy lifestyle among VEB.RF employees, prevent chronic diseases, raise the level of psycho-emotional well-being and, as a consequence, improve the health of VEB.RF employees and workforce productivity.

### Events of Health and Well-being of VEB.RF Employees in 2020

- 14 online health promotion lectures for a total of 259 employees.

Results of the Programme in 2020:

- health ambassadors were appointed to involve employees in the Programme;
- Psychological Aid seminars were held;
- Health Day events were organised, including lectures given by external consultant about various aspects of health;
- awareness-raising materials about health were posted on the intranet;
- Employees of VEB.RF entities took an active part in the Programme.

- 17 Health Day events for a total of 364 employees.

## VEB.RF Health Ambassadors

VEB.RF health ambassadors are employees who are committed to helping to improve the health and well-being of other individuals.

Health ambassadors inspire VEB.RF employees to adopt a healthy lifestyle and involve them in events aimed at promoting. Health ambassadors use the intranet, groups on the corporate messaging system etc for communications.

In 2020, A team of nine health ambassadors was formed in 2020 in such areas as tennis, squash, dance, nutritionology, nutrition, running, CrossFit, ice hockey and volleyball. Under the Programme, health ambassadors are enabled to teach a variety of additional skills, such as motivation. The most active participants receive a certificate for training under the Health Coaching programme based on the Stanford methodology.

At the end of 2020, a survey of VEB.RF employees about the Programme showed a high level of employee involvement in the Programme and the importance of the Programme:

- 90% of VEB.RF employees participated in all events under the Programme;

- 89% of participants in the Programme rated highly the organisation and effectiveness of events under the Programme.

The most common expectations of 100% of respondents were about maintaining and expanding the list of events under the Programme.

## Occupational Safety and Improvement



VEB.RF and VEB.RF entities operate in strict compliance with the Russian (in the case of Bank BelVEB, Belarussian) occupational health and safety laws.

VEB.RF and VEB.RF entities operate occupational safety systems based on the Russian Labour Code (for Russian organisations) and the Belarussian Labour Code (for Bank BelVEB) and covering all employees of VEB.RF and VEB.RF entities. VEB.RF's internal regulatory document governing occupational safety at the end of 2020 was Vnesheconombank's Order No. 118 "On Improving Occupational Safety at Vnesheconombank". As at the date of this report, the process of approving the VEB.RF occupational safety management regulations, which contain VEB.RF's OSH policy and goals, was in the final phase.

At least once every five years, VEB.RF and VEB.RF carry out special workplace assessment (SWA) to measure the factors harmful or hazardous to the health of employees, the severity and intensity of work in the workplace, and the protection of employees from adverse factors.

SWA organisation and VEB.RF's and VEB.RF entities' employee involvement are the responsibility of corporate occupational safety departments/officers (occupational safety engineer at VEB.RF). The findings of SWA are used under Federal Law No. 426-FZ of 28 December 2013 "On Special Workplace Assessment" (in the case of Russian organisations) and Instruction on Workplace

Assessment for Workplace Certification No. 35 of 22 February 2008 (in the case of Bank BelVEB). SWA at VEB.RF is regulated by VEB.RF's Order No. 194 of 9 December 2019 "On Special Workplace Assessment and the Assessment Commission".

In the event of industrial injuries or occupational diseases, thorough investigations are carried out and followed by corrective measures (additional briefings for employees, improvement of working conditions etc). VEB.RF and Russian-based VEB.RF entities investigate occupational incidents in accordance with the Russian Labour Code and the Incident Investigation Regulations approved by Resolution No. 73 of the Russian Ministry of Labour and Social Protection. All incidents are registered on the incident register.

Feedback and requests from employees about occupational health and safety can be in any form (by telephone or by e-mail) and are studied to improve working conditions. Employees can report any situations associated with risk to life and health in any convenient way on the intranet.

SWA covered 1,911 workplaces at VEB.RF and VEB.RF entities in 2020 (115 in 2019).

### VEB.RF Special Workplace Assessment

VEB.RF spent RUB232,500 on special workplace assessment in 2020.

SWA found all workplaces compliant with the requirements.

In order to create the most comfortable working conditions, the VEB.RF office at 10 Vozdvizhenka Street was provided in the reporting year with Tion Eco, a modern, high-technology, energy-efficient bactericidal system for comprehensive air purification and disinfection. Workplaces were fitted with new, ergonomic office chairs; offices received recreation spaces.

The majority of VEB.RF entities (7 of 9) arranged introduction and scheduled briefings, training events and knowledge tests with respect to occupational safety.

Employees receive occupational safety training to the extent of their job functions, which provides them with the necessary knowledge, substantially increases safety and reduces the risk of incidents and injuries.

2,143 employees of VEB.RF and VEB.RF entities took part in occupational health and safety training in 2020 (3,769 in 2019).

All VEB.RF employees completed an online course on occupational safety. An in-person workshop was followed by knowledge tests for VEB.RF executives and specialists, covering 21 employees.

No occupational diseases, including fatalities, were registered at VEB.RF or VEB.RF entities in 2020, as in 2019.<sup>90</sup> One occupational injury was reported by the REC Group: an accident in the office resulted in a slight injury. The REC Group held an extraordinary briefing on the causes and circumstances of the incident.

<sup>90</sup> Information on the occupational injury rate, occupational injury ratio and occupational disease ratio of VEB.RF and VEB.RF entities is contained in Appendix 8.

## Collective Bargaining Agreement and Employment Disputes

75% of employees of VEB.RF and VEB.RF entities are covered by the collective agreement (76% in 2019).

VEB.RF and Bank BelVEB have collective bargaining agreements.

VEB.RF has a trade union that is a member of the Moscow branch of the Russian public-sector and public-service trade union. The VEB.RF trade union represents and protects the rights of VEB.RF employees and ensures compliance with labour legislation.

The relationship between VEB.RF and the trade union as related to respect for employees' rights is governed by:

- Collective bargaining agreement for the period from 28 June 2019 to 27 June 2022;
- Agreement of 26 June 2019 for the interaction between the employer and the primary trade union organisation in the planning, organisation and financing of cultural, sports, recreational and other events for VEB.RF employees.

Members of the VEB.RF trade union are entitled to partial reimbursement for expenses under contracts with companies providing services in relation to recreation and sports, one-time financial assistance, preferential conditions for participation in cultural events.

The trade union participates in negotiations between the employer and employees as related to the optimisation of VEB.RF's organisational structure and deals with applications and requests of employees.

As in 2019, no incidents of discrimination on the grounds of gender, religion or otherwise were identified within VEB.RF or VEB.RF entities in 2020. There were no collective employment disputes.

Seven individual employment disputes were initiated in the reporting period: five within VEB.RF, one within Bank BelVEB and one within InfraVEB. Three disputes within VEB.RF (annual bonus payment, wage indexation, reprimand invalidation) were considered in court, and the claims were rejected.

Two lawsuits over reinstatement are pending. Claims against Bank BelVEB (contested dismissal upon expiry of an employment contract) and InfraVEB (reinstatement) were rejected.



## SOCIAL SUPPORT FOR EMPLOYEES

VEB.RF's social policy approved by the Board of VEB.RF<sup>92</sup> is aimed at implementing specific measures of social support for VEB.RF employees, including former employees (pensioners are members of VEB.RF's Council of Long-Service Employees).

Goals of VEB.RF's social policy: improve employee motivation and engagement; enhance social protection for employees; create a good social climate.

Objectives of VEB.RF's social policy:

- provide social protection for VEB.RF employees through benefits, guarantees and compensation from VEB.RF;
- support VEB.RF employees in different situations;

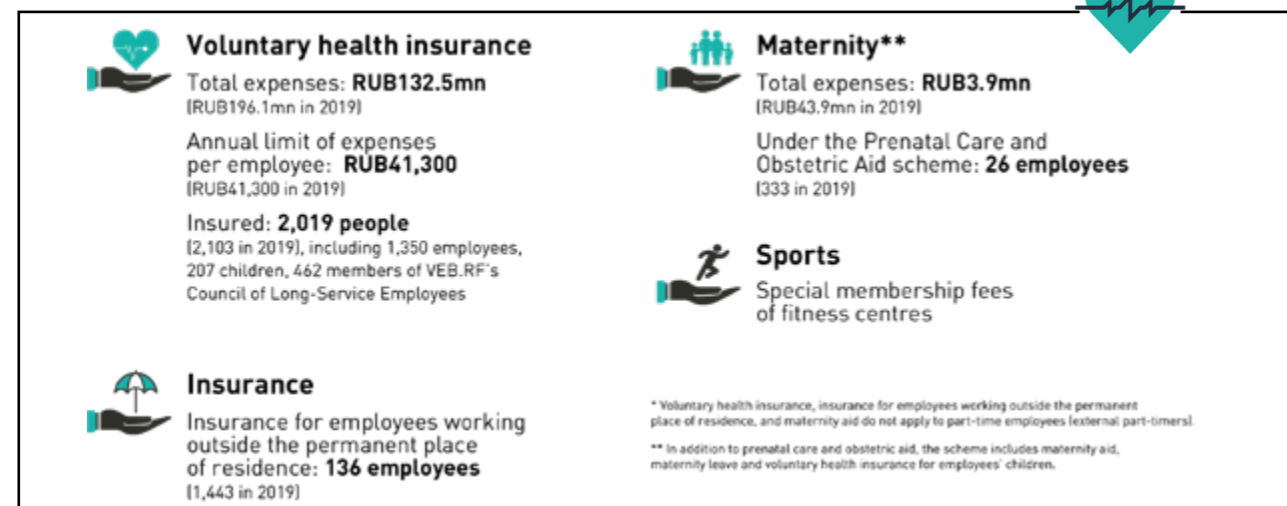
- stabilise VEB.RF's staff, increase employee loyalty and performance related to employee satisfaction.

In accordance with VEB.RF's social policy in 2020, in order to increase employee performance and provide VEB.RF employees with better social protection, VEB.RF introduced measures of social support for VEB.RF employees (additional leave and cash payments (financial assistance)).<sup>92</sup>

### Social Programmes for Employees

In 2020, VEB.RF could use voluntary health insurance plans, which included foreign travel insurance in addition to an expanded list of health services. The social programmes cover part-time employees and fixed-term employees.

### VEB Social Programmes in 2020\*

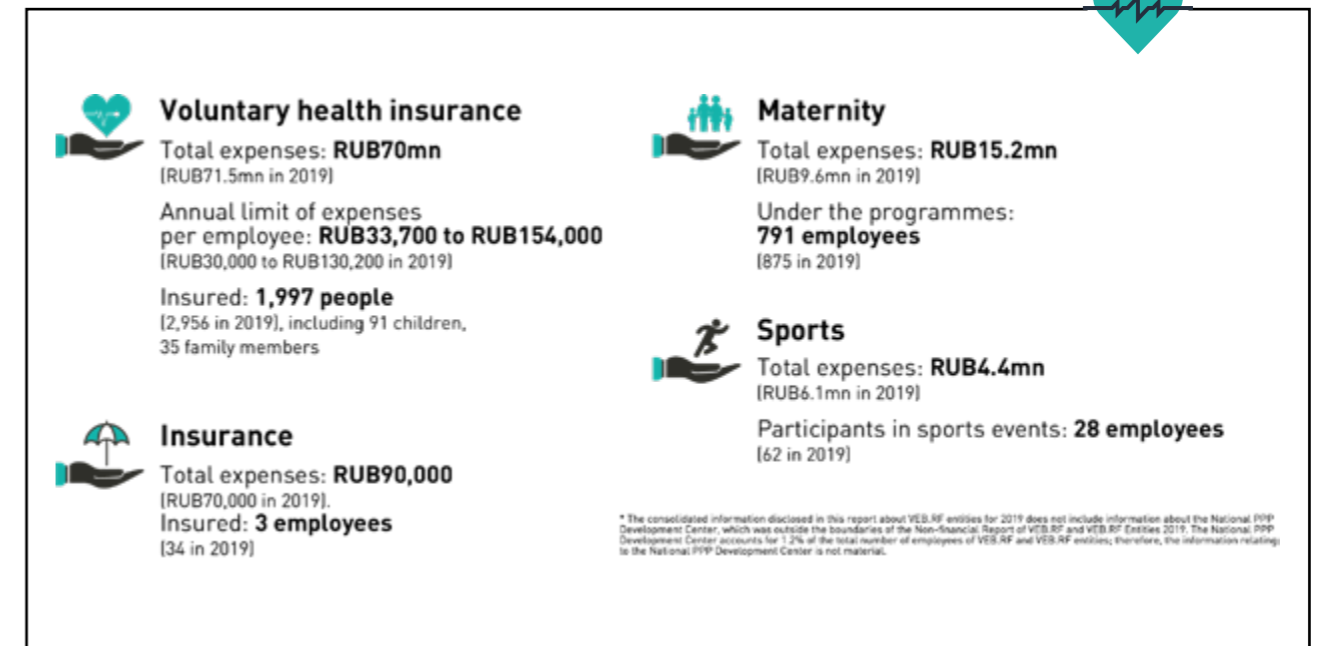


Under the corporate voluntary health insurance plan, VEB.RF employees can have a complete medical examination for the early detection of diseases, disease risks and abnormalities that can indirectly cause diseases.

Most VEB.RF entities also have corporate voluntary health insurance plans. Maternity plans

are available to employees of Bank BelVEB and the REC Group. Apart from health insurance, Bank BelVEB and VEB Ventures have other insurance plans (accident insurance, business travel insurance, property insurance etc). Health resort treatment is available to Bank BelVEB employees. Employees of the REC Group and VEB Ventures can also use corporate sport plans.

### Social Programmes for Employees of VEB.RF Subsidiaries in 2020\*



As is the case with VEB.RF, employees of VEB.RF entities can have additional paid leave, benefit payments in connection with child birth/marriage registration/funeral assistance.

Additionally, all employees of VEB.RF and VEB.RF entities in difficult situations can apply for financial assistance.<sup>93</sup>

### Support for Pensioners and Long-Service Employees

In 2020, VEB.RF's Board approved the Concept of Private Pension Coverage for VEB.RF Employees, intended to formulate the general principles and implementation procedure of VEB.RF's private pension schemes in addition to public pensions.

In 2020, VEB.RF continued to implement the Individual Pension Plan (IPP) and Pay-as-YOU-Go Pension Plan (PAYGP) under the private pension coverage agreement with Vnesheconomfond.

<sup>91</sup> Minutes of the Meeting of VEB.RF's Board No. 276 of 14 December 2018, Item 1.

<sup>92</sup> VEB.RF's Order No. 3 of 15 January 2020.

<sup>93</sup> Information on financial assistance to employees of VEB.RF and VEB.RF entities is confidential.



## VEB.RF Pension Plans in 2020



### Individual Pension Plan

VEB.RF pays monthly contributions to Vnesheconombond into individual pension accounts of employees with at least one year of employment with VEB.RF. To qualify for private pensions, employees should reach retirement age and have at least five years of employment with VEB.RF.

- At the end of 2019 **1,982 people** had individual pension plans (1,999 in 2019),
- A private pension averaged **RUB23,554** (RUB23,368 in 2019)

### Pay-as-You-Go Pension Plan

The pension plan for members of VEB.RF's Council of Long-Service Employees operates under the private pension coverage agreement with Vnesheconombond.

- At the end of 2020, **547 people** had pay-as-you-go pension plans (532 in 2019)
- A private pension averaged **RUB15,793** (RUB15,698 in 2019)

Despite the absence of statutory requirements for social guarantees for employees of pre-retirement and retirement age, VEB.RF takes all possible measures to improve the social protection of such categories of employees.

To provide social and financial assistance to former employees, VEB.RF established a permanent public body, VEB.RF's Council of Long-Service Employees.

## Assistance to Members of VEB.RF's Council of Long-Service Employees in 2020



### Voluntary health insurance

VEB.RF continued in 2020 to provide social and financial assistance to former employees of VEB.RF, who are members of VEB.RF's Council of Long-Service Employees. Under pensioner insurance contracts, VEB.RF pays for voluntary health insurance schemes for members of VEB.RF's Council of Long-Service Employees, including outpatient care, emergency medical services and scheduled and emergency hospital services



### Financial assistance to WWII veterans

In accordance with VEB.RF's Order "On One-off Financial Assistance on the Occasion of Victory Day", 19 veterans of the Great Patriotic War, homefront workers and veterans of combat operations abroad, who are members of VEB.RF's Council of Long-Service Employees, each received RUB5,000 in financial assistance on the occasion of Victory Day.



### Financial assistance for medications

In accordance with VEB.RF's Order "On Financial Assistance to Members of VEB.RF's Council of Long-Service Employees, 473 former employees, who are members of VEB.RF's Council of Long-Service Employees, each received RUB30,000 in one-off financial assistance as partial reimbursement for their expenses related to necessary medications and healthcare products.

Bank BelVEB also implements retiree assistance programmes for its former employees.



**BANK BELVEB**



## Bank BelVEB Pension and Insurance Plans\*

Bank BelVEB pays monthly insurance contributions for employees aged 53 and above (men) and 48 and above (women). To qualify for insurance cover, employees should reach retirement age and have at least three years of employment with Bank BelVEB.

Bank BelVEB's expenses: **RUB22.6mn** (RUB15mn in 2019)

At the end of 2020, **167 people** had pension plans (221 in 2019)

A private pension averaged **RUB11,270,5** (RUB5,678.7 in 2019)

## Financial Assistance to Bank BelVEB Retirees\*

Assistance is provided in accordance with the regulations for financial assistance to retirees as approved by the supervisory board of Bank BelVEB in 2010.

Bank BelVEB's expenses: **RUB44.1mn** (RUB34.9mn in 2019)

At the end of 2020, **446 retirees** were eligible for financial assistance (439 in 2019)

A private pension averaged **RUB8,246** (RUB6,628 in 2019)

\* Expenses and bonuses are in Russian roubles.



# HUMAN RESOURCE TRAINING AND DEVELOPMENT

VEB.RF's personnel training system is governed by Order No. 261 of 1 April 2015 "On the Approval of Vnesheconombank's Personnel Training".

The primary focus of training is on developing the business skills and competencies necessary to achieve the organisation's strategic goals of improving the urban economy, creating a comfortable urban environment, and carrying out PPP projects.

The approaches to personnel training and development at VEB.RF and VEB.RF entities are

focused on forming and maintaining a high level of qualifications and professional and personal competencies, and ensuring that increasingly strict job requirements are met.

Additionally, specific training programmes aim to develop skills that increase employability.

## Training at VEB.RF and VEB.RF Entities in 2020



### VEB.RF

Total training expenses:  
**RUB142.5mn\*** (RUB3.8mn in 2019)

Number of employees trained:  
**1,538\*\*** (291 in 2019)

\*Training expenses and the number of employees trained increased considerably on 2019 due to a large number of corporate training projects completed in 2020 as instructed by VEB.RF's Chairman under comprehensive HR development programmes that included off-the-job training within and outside Russia..

### VEB.RF entities\*\*

Total training expenses:  
**RUB11.9mn** (RUB29.3mn in 2019)

Number of employees trained:  
**1,221** (1,752 in 2019)

\*\* The consolidated information disclosed in this report about VEB.RF entities for 2019 does not include information about the National PPP Development Center, which was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019. The National PPP Development Center accounts for 1.2% of the total number of employees of VEB.RF and VEB.RF entities; therefore, the information relating to the National PPP Development Center is not material.

VEB.RF's training expenses increased considerably in 2020 on 2019 due to a substantial increase in the number of employees trained and in the average number of training hours per employee.



## Average Number of Training Hours per Employee

VEB.RF	VEB.RF entities	VEB.RF Group
<b>Per executive</b>		
<b>42.02 hours</b> (8.1 hours in 2019)	<b>20.59 hours</b> (32.55 hours in 2019)	<b>32.93 hours</b> (18.25 hours in 2019)
<b>42.80 hours</b> per man	<b>19.84 hours</b> per man	<b>33.31 hours</b> per man
<b>40.83 hours</b> per woman	<b>21.60 hours</b> per woman	<b>32.39 hours</b> per woman
<b>Per specialist</b>		
<b>16.93 hours</b> (3.2 hours in 2019)	<b>10.00 hours</b> (17.85 hours in 2019)	<b>12.62 hours</b> (12.82 hours in 2019)
<b>17.74 hours</b> per man	<b>8.05 hours</b> per man	<b>12.32 hours</b> per man
<b>16.45 hours</b> per woman	<b>10.77 hours</b> per woman	<b>12.75 hours</b> per woman
<b>Per technician</b>		
<b>8.06 hours</b> (0 hours in 2019)	<b>0.11 hours</b> (3.11 hours in 2019)	<b>3.85 hours</b> (2.38 hours in 2019)
<b>8.06 hours</b> per man	<b>0 hours</b> per man	<b>4.60 hours</b> per man
<b>0 hours</b> per woman	<b>0.33 hour</b> per woman	<b>0.33 hour</b> per woman



## Average Number of Training Hours per Employee at VEB.RF Entities\*

<b>REC Group: 5.23 hours</b> (14.62 in 2019)	<b>Bank BelVEB: 15.61 hours</b> (22.45 in 2019)	<b>VEB Engineering: 30.31 hours</b> (23.84 in 2019)
per man/woman: <b>5.19/5.26 hours</b>	per man/woman: <b>18.70/14.57 hours</b>	per man/woman: <b>28.16/34.14 hours</b>
per executive: <b>25.33 hours</b>	per executive: <b>21.21 hours</b>	per executive: <b>34.35 hours</b>
per specialist: <b>2.46 hours</b>	per specialist: <b>14.04 hours</b>	per specialist: <b>28.48 hours</b>
per technician: <b>0.00 hours</b>	per technician: <b>0.40 hours</b>	per technician: <b>0.00 hours</b>
<b>VEB Ventures: 33.38 hours</b> (44.11 in 2019)	<b>VEB.DV: 15.10 hours</b> (8.07 in 2019)	<b>InfraVEB: 0.74 hours</b> (0.14 in 2019)
per man/woman: <b>33.33/31.42 hours</b>	per man/woman: <b>6.88/26.11 hours</b>	per man/woman: <b>0.00/1.57 hours</b>
per executive: <b>37.76 hours</b>	per executive: <b>12.17 hours</b>	per executive: <b>1.48 hours</b>
per specialist: <b>28.61 hours</b>	per specialist: <b>17.42 hours</b>	per specialist: <b>0.00 hours</b>
per technician: <b>0.00 hours</b>	per technician: <b>0.00 hours</b>	per technician: <b>0.00 hours</b>
<b>National PPP Development Center**: 5.25 hours</b>		
per man/woman: <b>9.98/1.62 hours</b>		
per executive: <b>17.50 hours</b>		
per specialist: <b>2.82 hours</b>		
на исполнителя: <b>0.00 hours</b>		

**VEB.RF Group's average training hours per employee:**  
**18.38 hours** (14.06 in 2019)  
**21.13 hours** (12.35 in 2019) per man  
**16.56 hours** (15.17 in 2019) per woman

\* MONOTOWNS.RF employees did not receive training in 2020.

\*\* The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.

## Learning English at VEB.RF

Surveys showed that line managers were in favour of English lessons for employees (90% of respondents).

87% of respondents said regular online lessons helped them to develop their language skills.



### Training aimed at increasing employability, people

	Total		VEB.RF		VEB.RF entities	
	2019	2020	2019	2020	2019	2020
Improving personal competencies	1000	1203	1	679	999	524
Learning foreign languages	53	575	0	521	53	54
Improving computer literacy	176	123	0	0	176	133
Receiving higher education, including under MBA	5	1	3	1	2	1
Other	16	34	0	0	16	34

### Programmes of assistance to downsized employees, people

	Total		VEB.RF		VEB.RF entities	
	2019	2020	2019	2020	2019	2020
Assistance with job seeking	189	19	56	0	133	19
Personalised advice	173	23	35	0	138	23

\* The consolidated information disclosed in this report about VEB.RF entities for 2019 does not include information about the National PPP Development Center, which was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019. The National PPP Development Center accounts for 1.2% of the total number of employees of VEB.RF and VEB.RF entities; therefore, the information relating to the National PPP Development Center is not material.

The VEB.RF personnel training system puts a special focus on the Comprehensive Teamwork Development Programme (designed for first-, second- and third-tier executives and employees). Nine training modules were organised in 2020 into three levels for VEB.RF executives and employees:

#### 1. Modern Leadership, Effective Teamwork

- Module 1. Modern leadership, effective teamwork, modern trends in technological advances, personal cybersecurity (37 trainees);
- Module 2. Global economic and social challenges and trends, effective forms of teamwork, group coaching, critical thinking, corporate culture, tools to develop teamwork

competencies, intuition in decision-making (37 trainees);

- Module 3. Transformation, new technology of workflow management, practical skills of mentoring, philosophy of cities and capitalism, change management, leadership (35 trainees).

#### 2. Effective Forms of Teamwork, Corporate Culture, Tools to Develop Teamwork Competencies

- Module 1. Start of project work, team confidence, distribution of team roles, effective teamwork, modern leadership, proactivity (112 trainees);
- Module 2. Conflict management and joint

problem-solving (109 trainees);

- Module 3. Joint decision-making and delineation of responsibilities (106 trainees).

#### 3. Team

- Module 1. Team (453 trainees);
- Module 2. Corporate finance (477 trainees);
- Module 3. Management: goals and feedback (433 trainees).

The programme also included 23 workshops attended by 571 employees on flexible skills.

## Special training course: Economy and City Development

Strelka Institute developed a special course for VEB.RF executives and employees on urban economy development. The course was made up of seven modules:

- City and urban economy
- Comfortable urban environment and houses
- Transport and urban mobility
- Environmental protection
- Community infrastructure
- Urban entrepreneurship
- Urban culture and tourism

*“While we were planning this programme, the urban economy only started to become high on VEB.RF’s list of priorities. We and our partners from Strelka adapted the programme in the process to meet the requirements of the business agenda. We added what was relevant in the here and now. For example, the last module was held as an on-site session in Novosibirsk and Omsk. The programme included such topics as making a city more attractive to tourists, adopting a modern approach to house construction.”*

**Yelena Kasumova**

Chief Managing Director,  
HR Management and Policy

In 2020, VEB.RF launched the Pulse of Development initiative to organise and discuss lectures given by staff members of VEB.RF and development institutions and guest speakers on professional topics. More than 20 lectures took place in 2020, each attended by about 300 employees. Due to the pandemic, the events were held via videoconferencing.

In the reporting year, 199 VEB.RF employees also took the opportunity to receive individual occupational training. As a tool to assess the effectiveness of training activities, organisations use feedback from employees, analysis of changes in their performance, interviews with employees’ superiors. Since corporate training was mostly remote due to the pandemic in 2020, the effectiveness of training was also evaluated online.



## Corporate Personnel Training Standard of VEB Engineering



### VEB ENGINEERING

The process of evaluating the effectiveness of VEB Engineering's training activities is in accordance with Corporate Standard DP-07-01-06 "Skills Improvement and Personnel Training for the Development of Professional Competencies" approved in 2019. All forms of training are preceded by assessing whether the expected results correspond to VEB Engineering's need for personnel competencies, and are followed by assessing the effectiveness of training.

Any failure by an employee to meet the training provider's requirements (such as unauthorized absence from training sessions, negligence, failure to do tests) is considered to be a violation of the company's internal regulations and may entail disciplinary sanctions. On completion of training courses, employees must provide the HR department with information about their training results (training certificates, diplomas etc).

## REC Group's Internal Business Processes Supported by Corporate Training



Due to putting a new system of electronic document management into operation, the REC Group organised a series of employee training sessions in 2020, including more than 35 one-on-one coaching sessions for executives.

In addition, workshops were held for employees on project management approaches "Presentation of the New Project Regulations", "Reporting and Monitoring in Projects", "Projects in the REC Group: All Important Aspects").

## Targeted Personnel Training of the National PPP Development Center



The personnel training programmes of the National PPP Development Center were targeted at its focus areas in 2020:

- responsible financing in PPPs;
- concessions and PPPs;
- financial modelling in PPP projects;
- PPP projects in healthcare;
- PPP investment project management.



# CORPORATE CULTURE

The corporate culture of VEB.RF and VEB.RF entities is based on high standards of ethics and business conduct and unites all employees around the common goal of contributing to ensuring long-term socio-economic development of the Russian Federation and creating an environment for sustainable economic growth, enhancing investment performance, and expanding investment in the national economy.

In general, the corporate culture of VEB.RF and VEB.RF entities is characterised by non-discrimination and effective teamwork, respect for human rights and freedoms, and a constant commitment to improvement.

*“At the current level of development in the country, and in the world as a whole, you can’t achieve considerable success on your own. I believe in strong partnerships. You treat your team as a partner, you treat other people as partners — you’ll get a great result.”*

**Igor Shuvalov**

Chairman, VEB.RF

Each VEB.RF entity has its own corporate values and standards of ethics and business conduct based on best practices, compliant with legal regulations and guided by VEB.RF.

## Internal Communications

In 2020, VEB.RF launched a new intranet containing up-to-date tools for employee communications, including participating and creating groups, and an updated contact book enabling employees to add personal information (hobbies, competencies, skills etc).

Due to the COVID-19 pandemic and enabling some employees to work from home, a corporate

instant messaging service, Myteam, was put into operation to ensure internal communications, maintain a common information space, promptly deal with business issues, and keep up the team’s morale.

In addition, informal communication channels helped to promptly notify and communicate with employees working from home.

*“It is essential we provide VEB.RF employees with a comfortable communication environment, including a robust system of informal communications.”*

**Andrei Samokhin**

Head of Information Policy and Marketing, VEB.RF Group

VEB.RF regularly monitored employee sentiment and gathered feedback to track the team’s emotional state and changes in organisational processes, which was of particular importance when employees worked from home. A survey with 333 respondents took place in late August 2020.

The survey used a scale of one to six, where 1 was “absolutely disagree” and 6 was “absolutely agree”. The respondents rated the statements on this scale in relation to indicators important to corporate culture and the team’s morale.

**System of Bank BelVEB’s Corporate Values**

At a creative strategic session in February 2020, Bank BelVEB’s management formulated the Code of Ethics of Bank BelVEB, which included core corporate values and the principles of a new corporate culture.

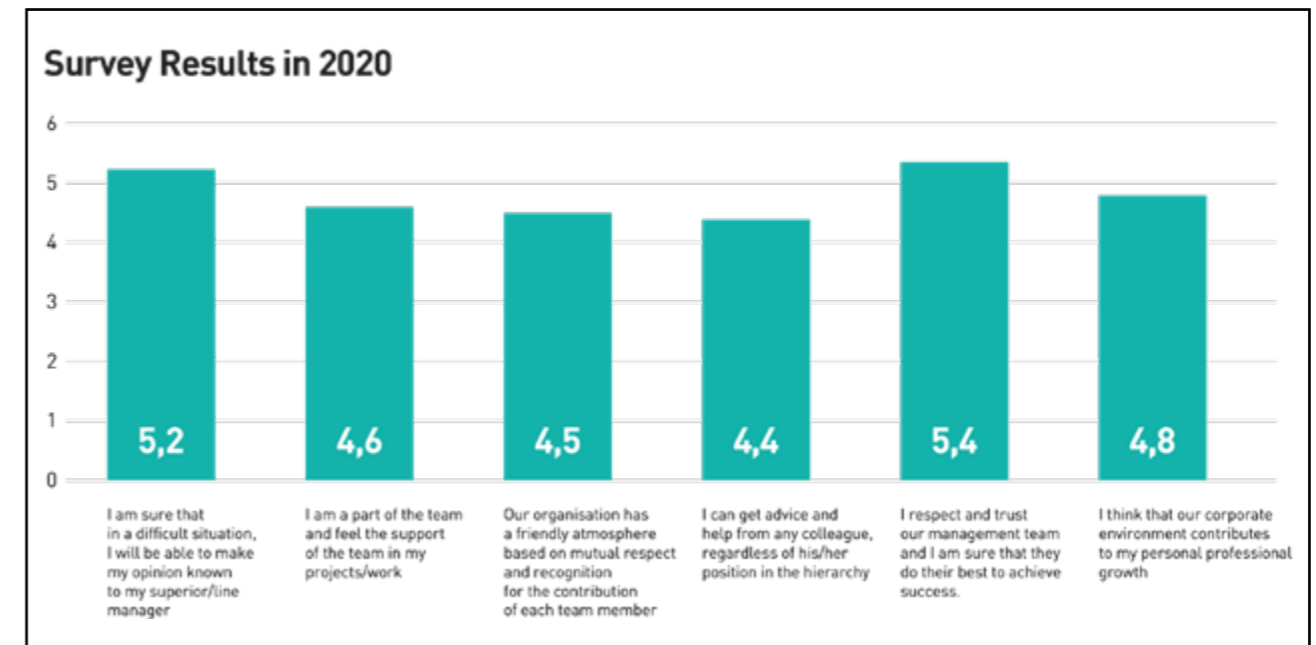
The corporate values of Bank BelVEB were defined by discussions with personnel.

Five online sessions were held for the heads of the head office’s divisions and regional divisions to communicate the new values and principles of corporate culture.

The process of building the system of corporate values also included discussing how the values could be manifested in teamwork, visualising the values etc.

**Corporate values of BelVEB Bank**

- Unity
- Life and its quality
- Responsibility, leadership
- Decency and honesty



VEB.RF set up a platform to gather improvement suggestions from employees and received 27 ideas relating to document management, collegial governing bodies, project-based approaches, corporate communications and new business opportunities for VEB.RF. The suggestions were forwarded to the organisation's management for managerial action.

VEB.RF's corporate instant messaging service Myteam launched the following news channels:

- Daily News (a news digest on politics, economics, development institution);
- VEB Analytics (a review of major trends in Russia and globally);
- VEB Life 24 (the principal new channel about the life of VEB.RF's team);
- VEB Event (information about VEB.RF's external and internal events).

In 2020, VEB.RF gave a particular focus to enhancing teamwork. All stages of the Comprehensive Teamwork Development Programme were provided with information support during the year. VEB.RF launched an initiative to hold open day events enabling VEB.RF employees to learn about the functions of other divisions and ask their colleagues questions.

New employees of VEB.RF take part in regular induction workshops. The workshops are based on the results of a survey of new hires, who provided information about the main difficulties and questions during their first working days. In 2020, ten workshops were attended by over 150 employees. Experienced employees of various departments spoke at the workshops about VEB.RF's strategy and top-level goals, workflows, corporate culture etc.

If necessary, one-on-one meetings are held with new employees undergoing an induction. In addition, an induction section was added to VEB.RF's intranet.

VEB.RF entities have their own corporate communication channels and projects. For instance, the REC Group maintains a common information space by holding a general meeting of all employees and the CEO at least once a year to discuss the REC Group's performance in the reporting period and future plans (three meetings were held online in 2020). A weekly news digest, HR newsletters and other communications are distributed by e-mail; the REC Group operates an intranet.

## Corporate Awards

For honourable and impeccable work and for a substantial contribution to the development and performance of State Development Corporation VEB.RF in 2020:

- nine employees were awarded the VEB.RF Excellence Badge;
- 41 employees were awarded the Letter of Gratitude from VEB.RF's Chairman.

**VEB.RF established the following corporate awards:**

Letter of Gratitude from VEB.RF's Chairman	VEB.RF Excellence Badge	Best Employee of the Year
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The VEB.RF Excellence Badge is a corporate award granted by VEB.RF for meritorious service and entitling the awardee to the honorary title of Labour Veteran.<sup>94</sup>

The VEB.RF Excellence Badge is awarded to VEB.RF employees making a significant contribution to VEB.RF's growth and performance:

- for professionally fulfilled employment duties;
- for great achievements in implementing projects for the long-term socio-economic development of the Russian Federation, facilitating the sustained economic growth, increasing the efficiency of investment and expanding investment in the national economy;

- for the successful introduction of projects to develop infrastructure, industry, innovation and special economic zones, ensure environmental protection and energy efficiency enhancement, support exports and provide Russian industrial products with expanded access to foreign markets;
- for direct participation in the development and implementation of projects that contribute to significant positive financial results in the activities of VEB.RF;
- for efforts to use best practices of Russian and foreign financial institutions to organise VEB.RF's activities contributing to high results in the achievement of goals.



### A VEB.RF employee became a recipient of the Order of Alexander Nevsky

Pursuant to a decree of the Russian President, a VEB.RF employee became a recipient of the Order of Alexander Nevsky for highly professional work and special personal merit to the Fatherland in public service, many years of honourable service, and high results in the fulfilment of employment duties.

## Sport

To promote physical fitness among its employees, VEB.RF organised regular sports events and

competitions for them and their participation in the 2020 Moscow Marathon.

## VEB.RF Circumnavigation

44 teams of ten members each completed a virtual a circumnavigation of Earth in three weeks. They were supposed to travel a total of 40,075 kilometres, or the length of the equator, by walking, running, swimming or cycling. The kilometres travelled were added together.

The competition resulted in 75 employees of VEB.RF and VEB.RF entities travelling:

- 12,984.7 km based on the total time of exercise
- 11,230 km by walking
- 7,775.3 km by running
- 6,219.1 km by cycling
- 1,866.5 km by swimming

<sup>94</sup> VEB.RF's Order No. 162 of 31 October 2019 "On the Approval of the Regulations for the VEB.RF Corporate Badge for Meritorious Service".



## VEB.RF Space Mission

Employees of VEB.RF and VEB.RF entities took part in a three-month virtual space mission with a Moon landing. They were supposed to register any individual sports activities on <http://кругосветкавэб.рф>, and their results were converted into kilometres. The kilometres travelled was to be equal to the lunar distance.

The competition resulted in:

- 472 employees registering for participation
- travelling 384,400 km in individual activities

VEB.RF's corporate sports events in 2020 also included:

- organising Be Young, an event aimed at decreasing physiological age (151 participants);
- holding 14 sports events in cooperation with I Love Super Sport (128 participants);
- setting up a corporate fitness room equipped with up-to-date cardio machines;
- resuming free training sessions of the corporate ice hockey and volleyball teams. VEB.RF's volleyball team won Division C of the Business Champions League in 2020;
- participating in the Moscow Marathon in September 2020 (jointly with the VEB.RF trade union).

## Corporate Volunteering



VEB.RF continued in 2020 to support older people in cooperation with the Enjoyable Aging Charity Foundation.<sup>95</sup> Specifically, VEB.RF employees helped to provide care for the Mikhailov and Vyshny Volochyok retirement and nursing homes in the Ryazan and Tver Regions, having 658 residents and 237 personnel. In the reporting year, the VEB.RF team also collected donations and presents for retirement and nursing homes in Berezayka and Kuzhenkino, Tver Region, with 60 residents and 37 personnel, and a retirement and nursing home in Mosalsk, Kaluga Region.

Traditionally, VEB.RF employees sent greetings to their former colleagues, WWII veterans from VEB.RF's Council of Long-Service Employees (19 people in 2020), and VEB.RF entities organised fundraising campaigns for orphans and disadvantaged children, assistance to animal shelters, and blood donation events. During the COVID-19 pandemic, assistance to health professionals became a new area of corporate volunteering.

<sup>95</sup> <https://starikam.org/>

## Results of Corporate Volunteering at VEB.RF and VEB.RF Entities in 2020

### VEB.RF



- Seven campaigns held.
- ~RUB1.45mn raised for retirement homes and their residents. VEB.RF organised a video concert for residents of the Mikhailov and Vyshny Volochyok retirement and nursing homes.
- The Vyshny Volochyok retirement and nursing home received 10,250 medical face masks, 48 packets of detergents, 1,600 disposable medical gowns, and 100 protective suits during the isolation period.
- ~RUB478,000 donated to the Perspektiva organisation of disabled persons under the Theatre Without Borders social projects for people with disabilities.
- ~RUB1.9mn raised as assistance to health professionals.
- ~RUB2.4mn raised for medical treatment for employees' children.

### VEB Engineering



- ~RUB23,000 raised during the campaign launched by Soglasie Insurance Company to collect school supplies for low-income families (10 sets of school supplies).
- RUB10,000 raised during a charitable event to collect donations for orphans.

### VEB Ventures



- As part of the Giving Joy for Christmas charitable event of the Miloserdie Orthodox Christian assistance service, presents were collected for children with serious diseases: learning games, sports gear, musical instruments.

## InfraVEB



- InfraVEB employees made donations to a retirement home in Mosalsk, Kaluga Region.

- Funds were raised for the Vanechka animal shelter in Kaluga.

## REC



- Joy for Grandmothers on 8 March campaign held.
- 78 books collected and given to the Enjoyable Aging Charity Foundation.
- Electronic devices collected for children as part of the #помогиучитсьядома initiative.
- Things collected for underprivileged people as part of the DobroYashchik initiative.

- Blood Donor Day event held in cooperation with the Russian Federal Medical-Biological Agency.
- Support provided for the Second Life animal welfare foundation.
- Support provided for the SOZIDANIE charity helping underprivileged people.

## VEB.DV



- Toys and learning games were collected and sent to a children's home.



## GREEN OFFICE PRACTICES <sup>96</sup>

VEB.RF and VEB.RF entities strive to make workplaces in their offices as comfortable and environmentally friendly as possible, reducing the adverse environmental impacts of their operations.

The meal rooms use eco-friendly disposable tableware that does not contain harmful or toxic substances adversely affecting health and that is completely biodegradable. Some entities organise the collection of electric batteries and plastic bottle caps, waste sorting, and waste paper recycling.

VEB.RF's procurement policy requires that environmental characteristics should be taken into account in purchasing goods and services, such as the supply of water and computer equipment, construction and installation for overhaul repairs to offices, event management, and indoor cleaning. The environmental characteristics of goods in procurement procedures can be defined:

- in terms of reference (as annexes to draft contracts) in accordance with the legal requirements of the Russian Federation, such as certification to GOST R ISO 14001-2016 Environmental management systems. Requirements with guidance for use;
- as criteria for procurement participant evaluation in bidding documents. Specifically, the criterion "Environmental characteristics of supplied products" was established for event management, whereby the procurement participant should submit bids to reduce adverse environmental impacts:

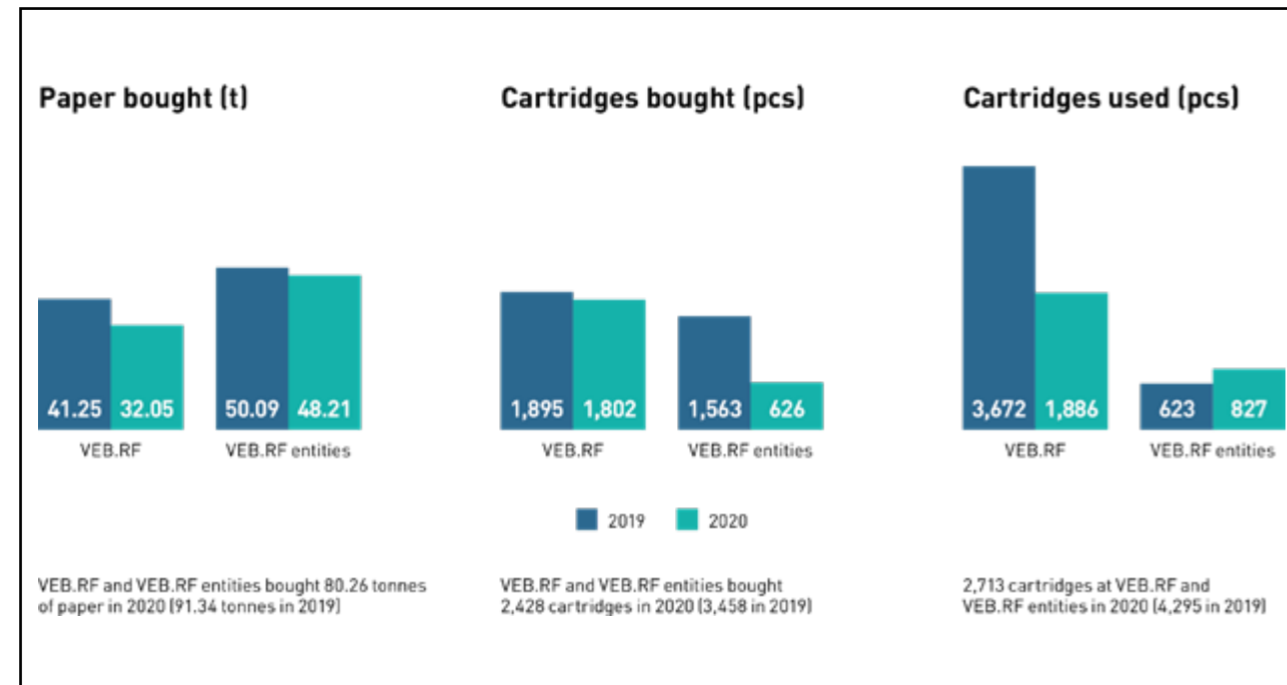
1. using separate waste collection for catering;
2. using predominantly reusable products (tableware, tablecloth) or recyclable products;
3. using recycled or recyclable packaging for food products;
4. using food products free from artificial additives (sweeteners, preservatives, colourings or flavourings);
5. implementing other (additional) measures to reduce the adverse environmental impacts of services.

VEB Engineering's procurement policy also requires that environmental characteristics should be taken into account in purchasing services from subcontractors if VEB Engineering's services contain environmental aspects. In such cases, environmental and other characteristics should be included in terms of reference, and environmental requirements for bidders should be included in bidding documents.

Overall, VEB.RF and VEB.RF entities strive to reduce the excessive consumption of resources and streamline the process of waste disposal in their operations.

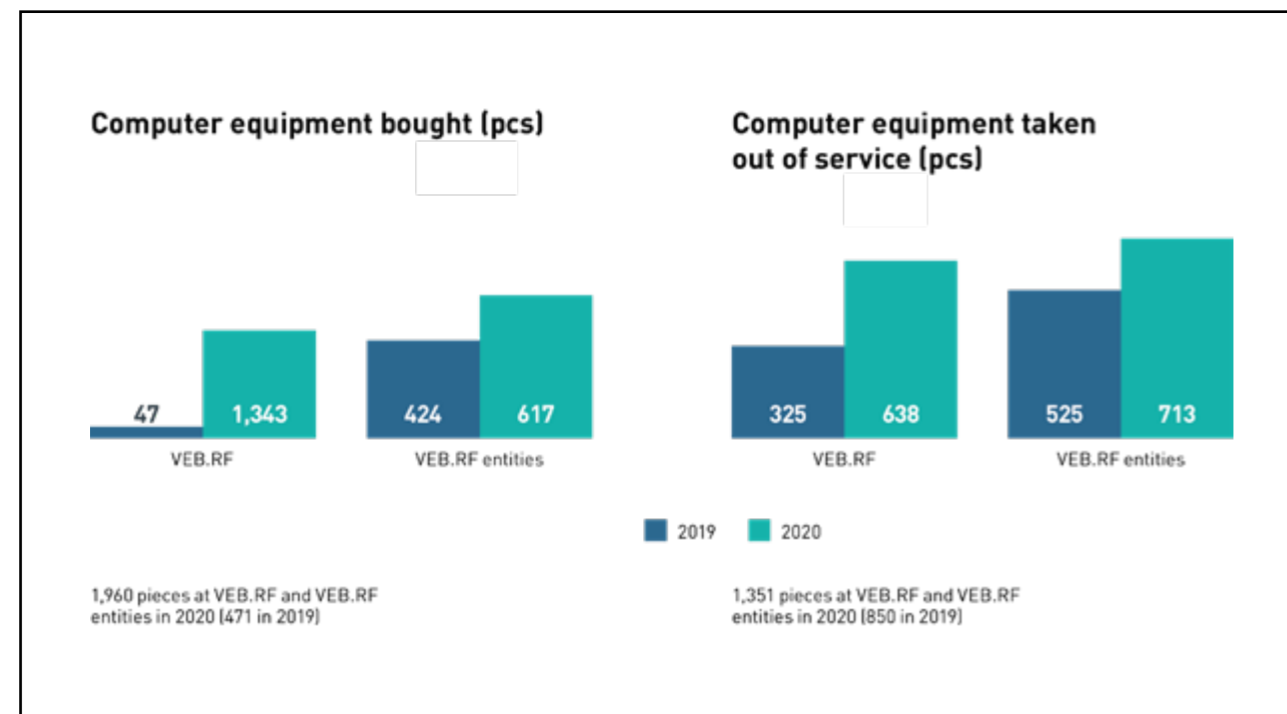
<sup>96</sup> The consolidated information disclosed in this report about VEB.RF entities for 2019 does not include information about the National PPP Development Center, which was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019. The National PPP Development Center accounts for 1.2% of the total number of employees of VEB.RF and VEB.RF entities; therefore, the information relating to the National PPP Development Center is not material.

## Resource Consumption and Recycling<sup>97</sup>



Printer cartridge consumption was reduced due to imposing COVID-19 restrictions and enabling some employees to work from home in 2020. Buying and replacing copier cartridges

are outsourced to the maintenance provider. At some VEB.RF entities, cartridges are refilled. Cartridges are delivered to the third-party contractor or lessor for disposal.

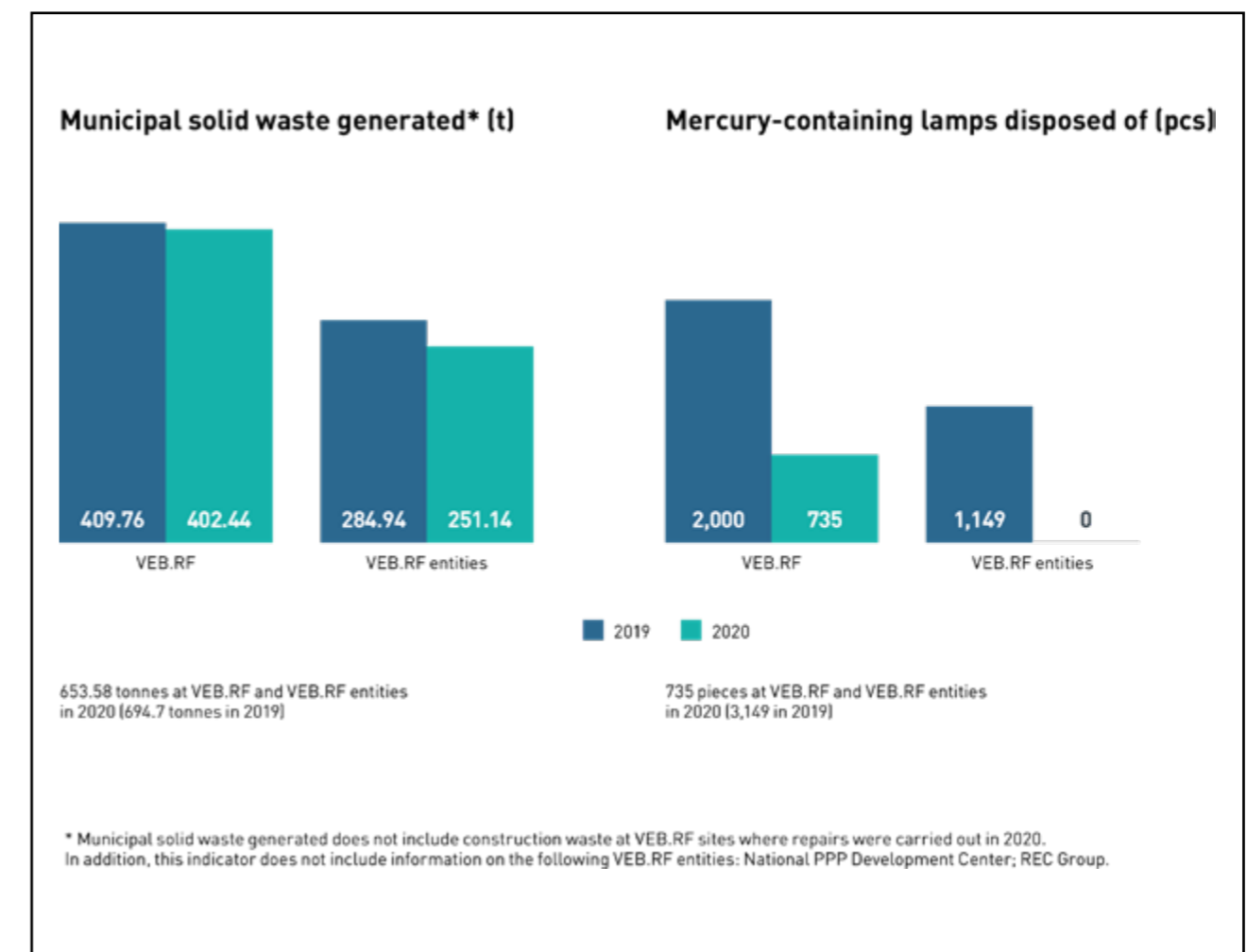


To reduce negative environmental impacts, the VEB.RF Group chooses high-grade energy-saving equipment, runs equipment in saving operation mode, and uses copying equipment shared among employees.

The purchase and disposal of computer equipment is associated with its service cycle and service life, which increased the quantity of equipment bought and taken out of service in 2020 compared with 2019.

All types of waste from VEB.RF's business operations are delivered to specialist organisations duly licenced to recycle and/or dispose of waste on a municipal solid waste site or to the lessor to determine the waste disposal method.

Computer equipment is transferred to a specialist organisation or a supplier for disposal as Hazard Class 4 waste. After taking computer equipment out of service with Bank BelVEB, their motherboards containing precious metals are removed, and equipment is transferred to a specialist organisation for recycling. Bank BelVEB and the REC Group transfer waste paper for recycling.



In lighting, preference is given to energy efficient and the environmentally safest lamps (mostly LED). VEB.RF and VEB.RF entities did not buy fluorescent lamps in 2020. Fluorescent lamps are

delivered as Hazard Class 1 waste to a specialist organisation or to the lessor to determine the waste disposal method.

<sup>97</sup> The quantity of materials used is not substantially different from the quantity of materials bought.

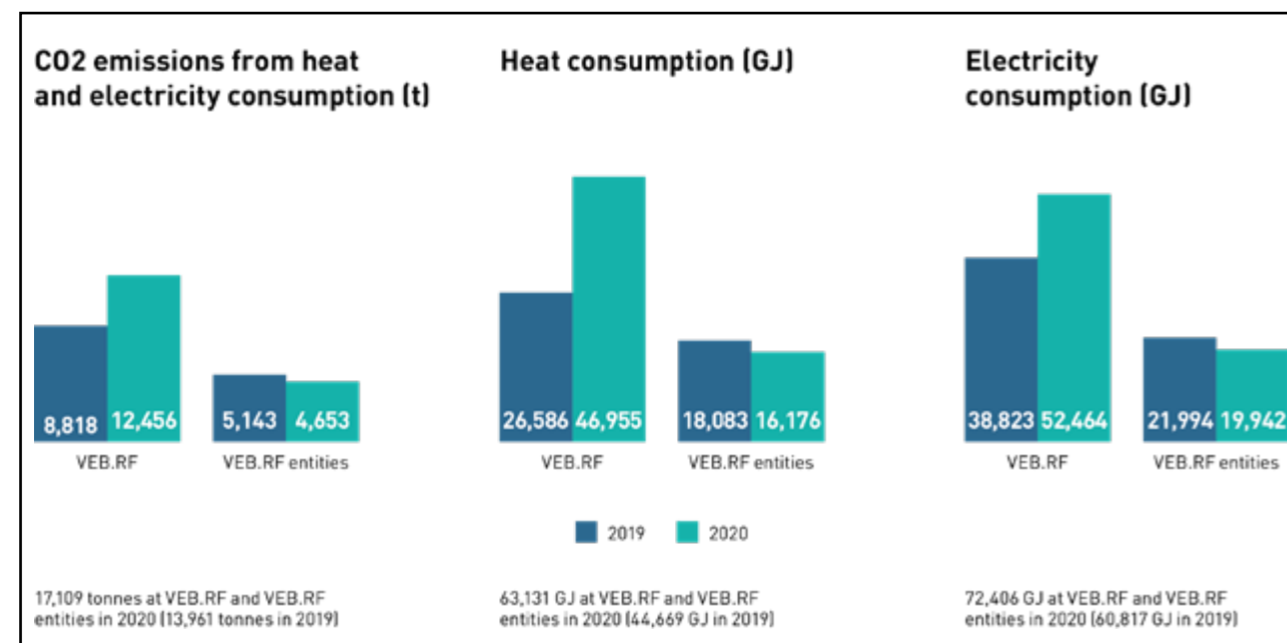


## Total Waste by Hazard Class

	2019	2020
<b>Extremely hazardous (Hazard Class I)</b>		
Mercury-containing waste (fluorescent lamps, pcs)*	3,149	735
<b>Moderately hazardous (Hazard Class III)</b>		
Cartridges used (pcs)*	4,295	2,713
<b>Low hazardous (Hazard Class IV)</b>		
Computers (pcs)*	850	1,351
Municipal solid waste (t)	694.70	653.58
<b>Almost non-hazardous (Hazard Class V)</b>		
Waste paper (t)	49.95	45.32

\* Not expressed in tonnes

## Energy Consumption<sup>98</sup>



VEB.RF's heat and electricity consumption changed considerably in 2020 compared with 2019 due to acquiring title to a complex of

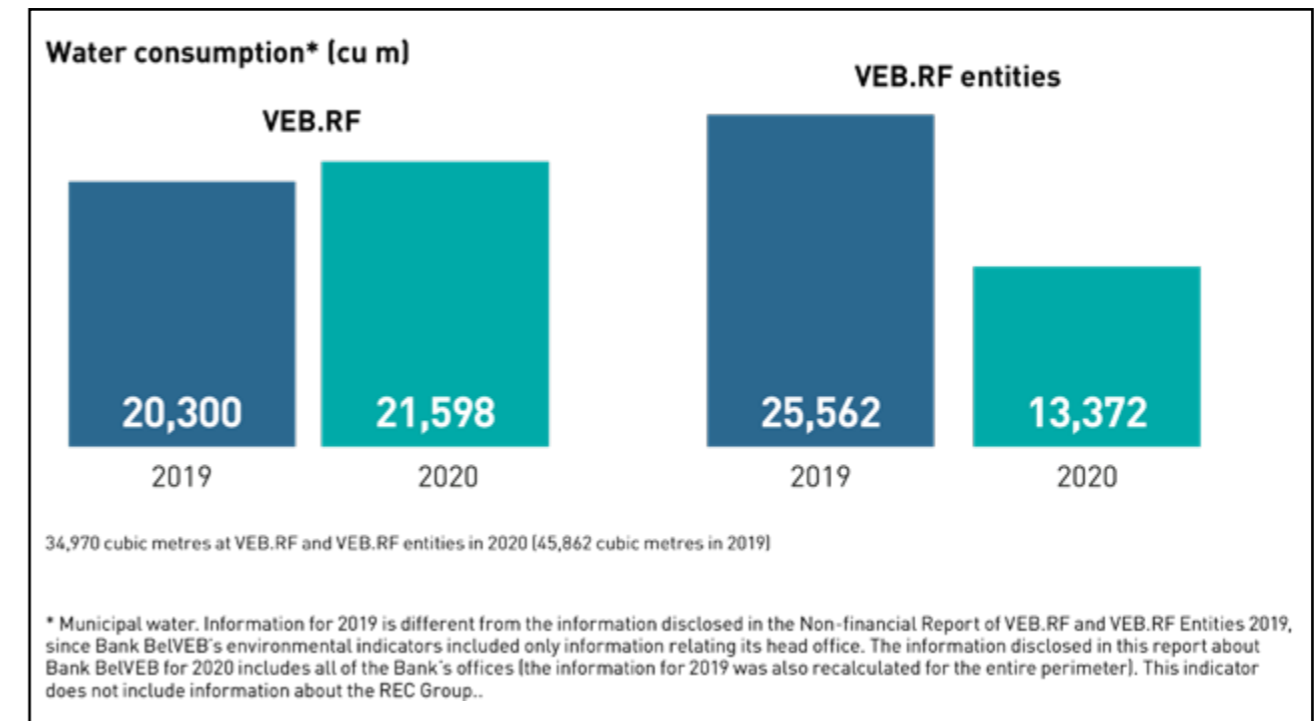
buildings and increasing the area of leased premises.

<sup>98</sup> CO2 emissions are calculated by applying the coefficients contained in the methodology released by the Intergovernmental Panel on Climate Change (Safeguarding the Ozone Layer and the Global Climate System: Issues Related to Hydrofluorocarbons and Perfluorocarbons). Heat and electricity consumption is in Gcal and kWh respectively; conversion into GJ uses the following formulas: 1GJ = 1kWh\*0.0036 and 1GJ = 1Gcal\*4.1868. Heat and electricity consumption is calculated according to metering devices for owned offices; for rented offices, information is specified according to the lessor. Information for 2019 is different from the information disclosed in the Non-financial Report of VEB.RF and VEB.RF Entities 2019, since Bank BelVEB's environmental indicators included only information relating its head office. The information disclosed in this report about Bank BelVEB for 2020 includes all of the Bank's offices (the information for 2019 was also recalculated for the entire perimeter). CO2 emissions and heat consumption do not include information about the REC Group.

## Water Consumption

All water consumed by VEB.RF and VEB.RF entities is supplied by public water supply systems. Water consumption is reduced by carrying out the regular preventive maintenance

and repair of plumbing equipment and waterworks and raising awareness among employees of the need to save resources.



Bottled drinking water consumed by VEB.RF entities in 2020 totalled 44,138.7 litres (36,456.7 litres in 2019).

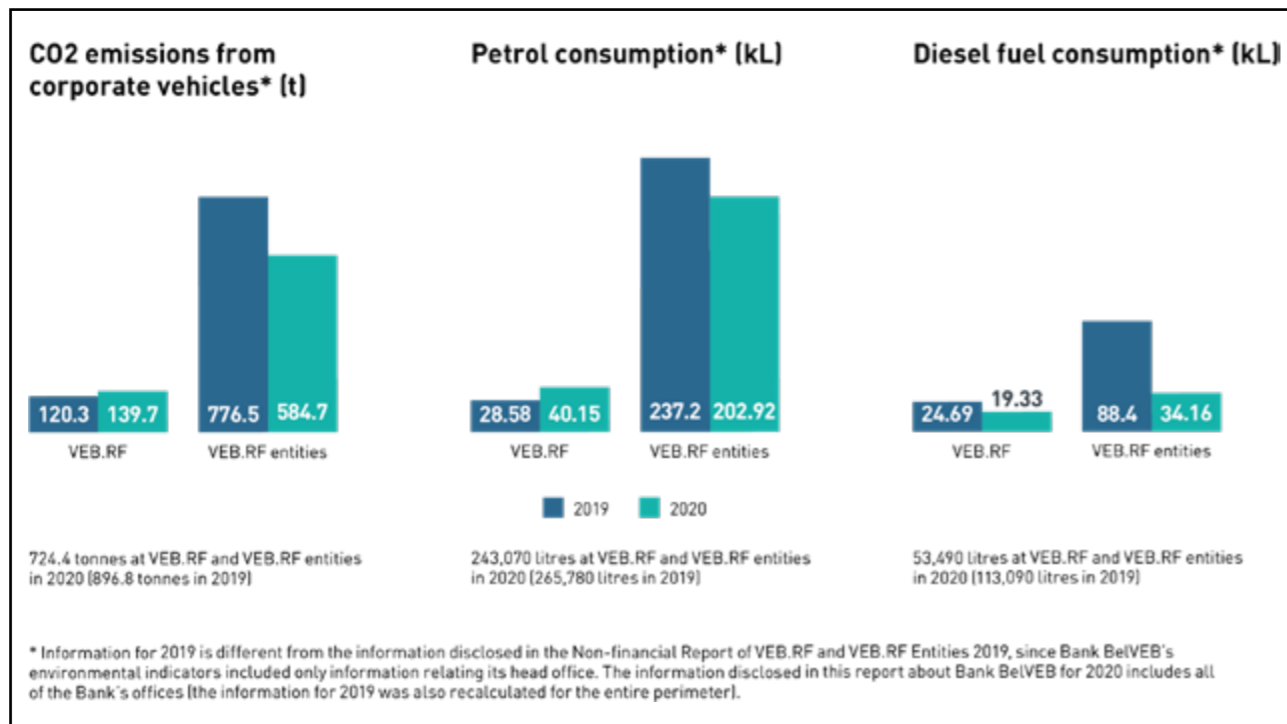
## Use of Corporate Vehicles<sup>99</sup>

Since some employees were enabled to work from home in 2020, motor vehicles were used for the delivery of VEB.RF documents for signature, which contributed to increased mileage and petrol consumption. VEB.DV's fuel consumption

also rose due to the use of motor vehicles to deliver personal protective equipment under the programme to help the Far Eastern Federal District to prevent and fight against the spread of COVID-19.

<sup>99</sup> CO2 emissions are calculated by applying the coefficients contained in the methodology released by the Intergovernmental Panel on Climate Change (Safeguarding the Ozone Layer and the Global Climate System: Issues Related to Hydrofluorocarbons and Perfluorocarbons).





## Environmental Expenses

VEB.RF's and VEB.RF entities' environmental expenses in 2020 totalled RUB11.3mn, including RUB11mn in financial support for the Amur Tiger Center.<sup>100</sup> VEB.RF entities' environmental expenses in 2019 totalled RUB560,300.

<sup>100</sup> Detailed information can be found in "Contribution to Social Development" ("Corporate Charity and Sponsorship").



# Appendices



# Appendix 1. About the Report

The Sustainability Report of VEB.RF and VEB.RF Entities 2020<sup>101</sup> has been prepared in accordance with the GRI Standards: Core option. The Report also discloses VEB.RF's performance in terms of adhering to the UN Global Compact's principles on human rights, labour, environment and anti-corruption and achieving the UN Sustainable Development Goals.<sup>102</sup> Additionally, the Report reflects the Concept of Developing Public Non-financial Reporting in the Russian Federation approved by Ordinance of the Russian Government No. 876-r of 5 May 2017.

The internal regulatory document that governs the preparation of VEB.RF's non-financial reports is the Regulations for the Sustainability Report of VEB.RF and VEB.RF Entities.<sup>103</sup> In compliance with the Regulations, the Report was prepared by the Vnesheconombank Research and Expertise Institute (the "Institute") established in 2017. VEB.RF's officer supervising the Institute's operations is responsible for the Report. The Regulations specify that the Report is subject to external assurance by independent auditors. Assurance engagements are arranged by VEB.RF's internal control function. In accordance with the Regulations, the Report requires approval from VEB.RF's management committee.

To ensure the quality of the Report, VEB.RF applied the principles of disclosing balanced, comparable, accurate, timely, clear and reliable information as defined by the GRI Standards.

The Report contains forward-looking statements, growth outlooks for the economic sectors in which VEB.RF and VEB.RF entities operate, and information about short-, medium- and long-term plans and intentions of VEB.RF and VEB.RF entities. The forward-looking statements, plans and intentions contained in the Report may differ from the actual results of operations in the future for numerous reasons, including certain economic, political and legal factors beyond the control of VEB.RF (global financial, economic and political situation; situation in key markets; changes in tax, customs and environmental legislation; etc).

The Sustainability Report of VEB.RF and VEB.RF Entities 2020 was audited by independent auditors, Ernst & Young LLC (Appendix 12). The Report received approval from VEB.RF's management committee (Minutes No. 10 of 2 July 2021).

## Limited Assurance Engagement on Material Indicators of the Report

VEB.RF organises external assurance for a limited number of disclosures in the Report. Assurance applied to material indicators of the non-financial activities of VEB.RF and VEB.RF entities in the reporting period.

<sup>101</sup> The entirety of data and indicators reflecting the goals, approaches and performance results of entities in all material aspects of social responsibility and sustainability, including the minimal list of indicators for mandatory disclosure.

<sup>102</sup> Approved by Heads of Government, including Russia, at the UN Summit on 25 September 2015.

<sup>103</sup> Approved by VEB.RF's Order No. 90 of 21 May 2021.

## Report Boundaries

### Report Boundaries

State Development Corporation VEB.RF

REC Group:<sup>104</sup> Russian Export Center, Russian Agency for Export Credit and Investment Insurance (EXIAR), Russian Export-Import Bank (EXIMBANK OF RUSSIA)

Far East Development Fund

Monotowns Development Fund (MONOTOWNS.RF)

InfraVEB

VEB Ventures

VEB Engineering

Bank BelVEB

National PPP Development Center

Compared with the previous reporting period, the following material changes were made to the report boundaries:

- This report discloses information about the National PPP Development Center. However, the consolidated information disclosed in this report about VEB.RF entities for 2019 does not include information about the National PPP Development Center, which was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019. The National PPP Development Center accounts for 1.2% of the total number of employees of VEB.RF and VEB.RF entities; therefore, the information relating to the National PPP Development Center is not material.

The indicators disclosed in relation to IFRS financial statements (assets, equity etc) correspond to the boundaries of IFRS financial statements (see Disclosure 102-45).

Information about resource consumption is disclosed only in respect of VEB.RF entities' branches and representative offices with 50 or more employees as at the end of 2020.

The VEB.RF Group-controlled entities not included in the report boundaries are not significant for disclosure purposes.

<sup>104</sup> The Report discloses consolidated information on the REC Group's activities.



## Identifying the Material Topics of the Report

To define the content of the Sustainability Report of VEB.RF and VEB.RF Entities 2020, material topics were identified in accordance with the GRI Standards.

The influence of a particular topic on the assessments and decisions of stakeholders was determined based on a survey of VEB.RF stakeholders.

To identify the materiality of the economic, environmental and social impact of VEB.RF's and VEB.RF entities' activities, a survey of the functional units responsible for preparing the report was conducted.

According to the results of these procedures, a list of material topics was made. The material topics are any topic with an average score of 4 or more based on the stakeholder survey and all the topics found to be material by the functional units in terms of VEB.RF's and VEB.RF entities' economic, environmental and social impact.

### Material Topics of the Sustainability Report of VEB.RF and VEB.RF Entities 2020

Project Financing Factory		
VEB.RF's contribution towards the goals of national projects		
Socio-economic impacts of VEB.RF investments		
Investments in urban economy development projects		
International cooperation		
Contribution towards the green economy	<b>VEB.RF-specific topics</b>	
Contribution to developing Russian export		
Functions of the government-controlled management company and the agent for the Russian Government		
Contribution to the response to the COVID-19 pandemic		
VEB.RF's involvement in achieving the UN Sustainable Development Goals		
Contribution to developing the Far East and the Arctic		
Anti-corruption and resolution of conflicts of interest (GRI 205)		<b>Topic-specific GRI disclosures</b>
Employment (GRI 401)		
Occupational health and safety (GRI 403)		
Personnel training and evaluation (GRI 404)		
Diversity and equal opportunity (GRI 405)		
Procurement practices (GRI 204)		

## Results of Identifying the Material Topics

Influence on the assessments and decisions of stakeholders	0	1	2	3	4	5
Project Financing Factory						●
VEB.RF's contribution towards the goals of national projects						●
Socio-economic impacts of VEB.RF investments					●	
Contribution towards Russian technological leadership					●	
Investments in urban economy development projects					●	
Practical results of the coordination of Russian development institutions					●	
International cooperation					●	
Contribution towards the green economy					●	
Contribution to developing Russian export					●	
Functions of the government-controlled management company and the agent for the Russian Government					●	
Business ethics and no anti-competitive behaviour					●	
Contribution to the response to the COVID-19 pandemic					●	
Tax payment					●	
Social impact bonds					●	
Anti-corruption and resolution of conflicts of interest					●	
Diversity and equal opportunity					●	
Personnel training and evaluation					●	
Environmental compliance					●	
Indirect economic impacts					●	
VEB.RF's involvement in achieving the UN Sustainable Development Goals					●	
Contribution to developing the Far East and the Arctic					●	
Initiatives aimed at increasing the financial literacy of customers and partners; development of the professional community and young people					●	
Socio-economic compliance					●	
Human rights: non-discrimination, freedom of association and collective bargaining, ethical standards implemented into security services					●	
Labour/Management Relations					●	
Employment					●	
Occupational health and safety					●	
Customer health and safety					●	
Supplier environmental assessment					●	
Emissions					●	
Effluents and waste					●	
Materials in use					●	
Procurement practices					●	
Local community engagement and impacts on local communities					●	
Water consumption and water sources affected					●	
Charity and sponsorship					●	
Marketing and labelling					●	
Energy consumption					●	
Local market presence					●	
Impacts on biodiversity					●	
Supplier social assessment					●	
Russian-Belarusian cooperation					●	

Materiality of the Economic, Environmental and Social Impact of VEB.RF's and VEB.RF Entities' Activities

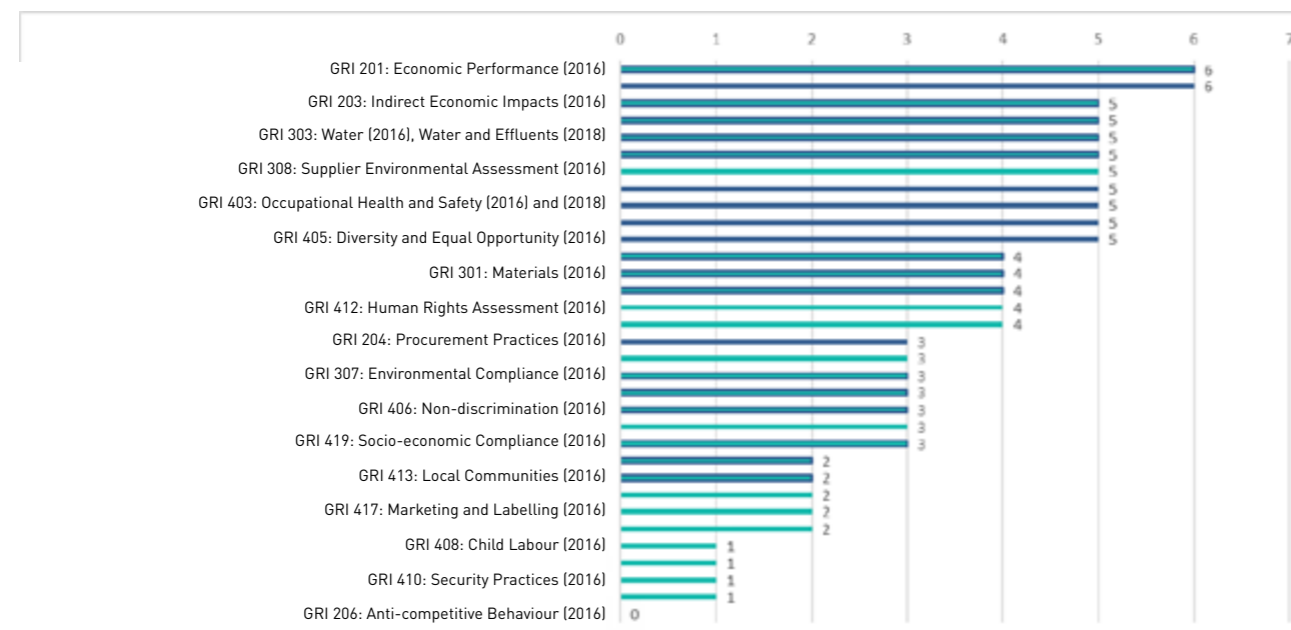
● Material impact

● Non-material impact

The material topics are disclosed in accordance with the GRI Standards (Core option). Some non-material topics are disclosed to the extent necessary to apply the principle of comparability of information in reports for different years and meet the interests of stakeholders.

As part of assessing the necessity of disclosing any topics in the Sustainability Report of VEB.RF and VEB.RF Entities 2020, experts analysed the topic-specific GRI disclosures in annual reports of foreign development institutions whose activities are comparable to those of VEB.RF and VEB.RF entities.

## Results of Analysing the Topic-specific GRI Disclosures in Reports of Foreign Development Institutions



Topics corresponding to the material topics of this report and disclosed in accordance with the GRI Standards	GRI 205: Anti-corruption (2016)
	GRI 401: Employment (2016)
	GRI 403: Occupational Health and Safety (2016) and (2018)
	GRI 404: Training and Education (2016)
	GRI 405: Diversity and Equal Opportunity (2016)
Topics traditionally disclosed in the non-financial reports of VEB.RF and VEB.RF entities and included in this report to apply the principle of comparability of information and meet the interests of stakeholders	GRI 201: Economic Performance (2016)* * The financial performance of VEB.RF and VEB.RF entities is a key topic of VEB.RF's annual (financial) reports ( <a href="https://veb.ru/investoram/otchetnost/godovyye-otchety/">https://veb.ru/investoram/otchetnost/godovyye-otchety/</a> ).
	GRI 202: Market Presence (2016)* * VEB.RF and VEB.RF entities operated primarily within the Russian Federation in 2020.
	GRI 203: Indirect Economic Impacts (2016)* * As a government-owned development corporation, VEB.RF has a direct impact on economic development in the Russian Federation.

Topics not recognized as essential for this report and not disclosed in it	GRI 301: Materials (2016)*	*VEB.RF and VEB.RF entities do not have a material direct environmental impact comparable to those of manufacturing companies or financial institutions with extensive customer networks. The environmental impact of VEB.RF investment projects is disclosed as part of "Socio-economic impacts of VEB.RF investments".
	GRI 302: Energy (2016)*	
	GRI 303: Water (2016), Water and Effluents (2018)*	
	GRI 305: Emissions (2016)*	
	GRI 306: Effluents and Waste (2016)*	
	GRI 307: Environmental Compliance (2016)	
	GRI 402: Labour/Management Relations (2016)	
	GRI 406: Non-discrimination (2016)	
	407: Freedom of Association and Collective Bargaining (2016)	
	GRI 413: Local Communities (2016)	
GRI 419: Socio-economic Compliance (2016)		
Topics not recognized as essential for this report and not disclosed in it	GRI 206: Anti-competitive Behaviour (2016)	
	GRI 304: Biodiversity (2016)	
	GRI 308: Supplier Environmental Assessment (2016)*	* VEB.RF and most VEB.RF entities conduct procurement procedures in accordance with Federal Law No. 44-FZ and Federal Law No. 223-FZ.
	GRI 408: Child Labour (2016)	
	GRI 409: Forced or Compulsory Labour (2016)	
	GRI 410: Security Practices (2016)	
	GRI 411: Rights of Indigenous Peoples (2016)	
	GRI 412: Human Rights Assessment (2016)*	* VEB.RF and VEB.RF entities operate primarily within the Russian Federation, where respect for human rights is an integral part of social requirements.
	GRI 414: Supplier Social Assessment (2016)*	* VEB.RF and most VEB.RF entities conduct procurement procedures in accordance with Federal Law No. 44-FZ and Federal Law No. 223-FZ.
	GRI 415: Public Policy (2016)	
GRI 416: Customer Health and Safety (2016)		
GRI 417: Marketing and Labelling (2016)		
GRI 418: Customer Privacy s (2016)		

<sup>105</sup> CDB, KfW, BNDES, IADB, FMO, Cassa Depositi e Prestiti. The diagram shows the number of institutions disclosing the topic in their annual reports (sustainability reports) for 2018 or 2019.

## Appendix 2. Index of GRI Disclosures in the Report Prepared in Accordance with the GRI Standards<sup>106</sup> and the Principles of the UN Global Compact<sup>107</sup>

Disclosure	UN Global Compact	Section of the Report/Comments	Page
<b>GRI 101: FOUNDATION</b>			
		Appendix 1	260
<b>GRI 102: GENERAL DISCLOSURES</b>			
<b>1. ORGANIZATIONAL PROFILE</b>			
GRI 102-1 Name of the organisation		VEB.RF and VEB.RF Entities	20
GRI 102-2 Activities, brands, products, and services		VEB.RF and VEB.RF Entities Strategic Areas and Objectives	20 38
GRI 102-3 Location of headquarters		Appendix 14	298
GRI 102-4 Location of operations		VEB.RF and VEB.RF Entities Strategic Areas and Objectives International Cooperation	20 38 142
GRI 102-5 Ownership and legal form		VEB.RF and VEB.RF Entities Strategic Areas and Objectives As per the Russian Classification of Property Categories, VEB.RF's legal form is OKFS 61	20 38
GRI 102-6 Markets served		VEB.RF and VEB.RF Entities Strategic Areas and Objectives Developing the Russian Economy International Cooperation	20 38 94 142
GRI 102-7 Scale of the organisation		VEB.RF and VEB.RF Entities Strategic Areas and Objectives Developing the Russian Economy Government-Controlled Management Company and Agent for the Russian Government Appendix 4	20 38 94 181 282
GRI 102-8 Information on employees and other workers	Principle 6	Organisational Structure and Number of Employees Appendix 4 (source: HR records)	228 282

<sup>106</sup> The Report uses the Standards effective as at 31 December 2020.

<sup>107</sup> The ten principles of the UN Global Compact are contained in Appendix 3.

GRI 102-9 Supply chain		Procurement	222
GRI 102-10 Significant changes to the organisation and its supply chain		VEB.RF and VEB.RF Entities Procurement	20 222
GRI 102-11 Precautionary Principle or approach	Principle 7	VEB.RF does not apply the Precautionary Principle directly. However, in making its investment decisions, VEB.RF conducts comprehensive due diligence procedures for projects, including environmental impact assessment	
GRI 102-12 External initiatives		Sustainability Mechanisms Export Support International Cooperation  As at 31 December 2020, VEB.RF was a member of the following organisations: <ul style="list-style-type: none"> <li>• RPRA – Public Relations;</li> <li>• Russian National SWIFT Association (ROSSWIFT);</li> <li>• National Finance Association;</li> <li>• International Capital Market Association;</li> <li>• International Chamber of Commerce;</li> <li>• U.S.-Russia Business Council;</li> <li>• The Latin American Association of Development Financing Institutions (ALIDE);</li> <li>• Development Assistance Association of Moscow School of Management SKOLKOVO;</li> <li>• Association of Development Financing Institutions in Asia and the Pacific (ADFIAP);</li> <li>• Association of Banks of Russia;</li> <li>• UN Global Compact;</li> <li>• BRICS Inter-Bank Cooperation Mechanism;</li> <li>• Interbank Association of the Shanghai Cooperation Organisation.</li> </ul>	68 134 142
<b>2. STRATEGY</b>			
GRI 102-14 Statement from senior decision-maker		Chairman's Statement	8
GRI 102-15 Key impacts, risks, and opportunities	Principles 1-10	VEB.RF and VEB.RF Entities Strategic Areas and Objectives Sustainability Mechanisms Risk Management IFRS consolidated financial statements (Note 35)	20 38 68 209



<b>3. ETHICS AND INTEGRITY</b>			
GRI 102-16 Values, principles, standards, and norms of behaviour	Principles 1, 2, 6, 10	Corporate Culture Anti-corruption	246 213
GRI 102-17 Mechanisms for advice and concerns about ethics	Principles 1, 2, 6, 10	Anti-corruption	218
<b>3. GOVERNANCE</b>			
GRI 102-18 Governance structure		Corporate Governance	193
GRI 102-19 Delegating authority		Corporate Governance	197
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics		Corporate Governance	194 198 197
GRI 102-22 Composition of the highest governance body and its committees		Corporate Governance	194 202
GRI 102-23 Chair of the highest governance body		Corporate Governance	197
GRI 102-24 Nominating and selecting the highest governance body		Corporate Governance	194
GRI 102-26 Role of highest governance body in setting purpose, values, and strategy		The development strategy of VEB.RF is subject to approval by VEB.RF's Supervisory Board.	
GRI 102-29 Identifying and managing economic, environmental, and social impacts		The powers of VEB.RF's Supervisory Board to manage economic, environmental and social impacts are defined by Federal Law No. 82-FZ of 17 May 2007 "On Bank for Development" (as amended), Article 12.	

GRI 102-30 Effectiveness of risk management processes		In accordance with Federal Law No. 82-FZ of 17 May 2007 "On Bank for Development" (as amended), VEB.RF's Supervisory Board approves VEB.RF's and VEB.RF entities' risk management policy and establishes the applicable criteria, restrictions and limits as stipulated by the specified policy and the Federal Law.  The Supervisory Board considers the performance of the risk management system on an annual basis as part of reviewing VEB.RF's annual report. Information about risks, including economic, environmental and other risks, and about related risk management methods is made available to the Supervisory Board as part of considering the approval of major transactions and investment projects.	
GRI 102-31 Review of economic, environmental, and social topics		In accordance with Federal Law No. 82-FZ of 17 May 2017 "On Bank for Development" (as amended), VEB.RF's Supervisory Board holds meetings at least quarterly.	
GRI 102-32 Highest governance body's role in sustainability reporting		Appendix 1 The non-financial report of VEB.RF and VEB.RF entities is subject to approval by VEB.RF's management committee.	260
<b>5. STAKEHOLDER ENGAGEMENT</b>			
GRI 102-40 List of stakeholder groups		Stakeholders	47
GRI 102-41 Collective bargaining agreements	Principles 1, 3	As at 31 December 2020, employees covered by collective bargaining agreements accounted for 75% of VEB.RF's and VEB.RF entities' staff.	
GRI 102-42 Identifying and selecting stakeholders		Stakeholders	47
GRI 102-43 Approach to stakeholder engagement	Principles 1, 2	Stakeholders To define the content of the Sustainability Report of VEB.RF and VEB.RF Entities 2020, a survey of VEB.RF entities' functional units and VEB.RF's stakeholders was conducted.	48
GRI 102-44 Key topics and concerns raised		Appendix 1	262

6. REPORTING PRACTICE			
GRI 102-45 Entities included in the consolidated financial statements		The entities included in the consolidated financial statements of VEB.RF are specified in Note 3. The Sustainability Report of VEB.RF and VEB.RF Entities 2020 covers only the entities specified in information about the report boundaries in Appendix 1.	
GRI 102-46 Defining report content and topic Boundaries		Appendix 1	262-265
GRI 102-47 List of material topics		Appendix 1	262
GRI 102-48 Restatements of information		Developing the Far East and the Arctic Green Office Practices	118 256 257
GRI 102-49 Changes in reporting		<p>Compared with the previous reporting period, the following changes were made to the material topics:</p> <p>1. The topics “Contribution to implementing Presidential Decree No. 204 of 7 May 2018”, “Practical results of the coordination of development institutions”, “Compliance with labour, environmental protection, tax, and other applicable legislation, including laws and regulations related to services”, “Social impact bonds”, “Updating of the strategies of VEB.RF entities”, “Development of risk management”, “Contribution towards the development of regions and local communities (support for education, healthcare, culture, sport, integrated spatial development). Assessment of the impact of VEB.RF’s activities on local communities, presence in local markets”, “Contribution towards Russian technological leadership (innovation, digitalisation, high technology and knowledge-intensive industries)”, “Respect for human rights, non-discrimination”, “BRICS and SCO”, “EAEU and CIS integration”, “Russian-Belarusian cooperation”, “Synergies of VEB.RF entities”, “Investment results and operational performance”, “Relations between employees and management (openness and quality of internal communications, practice of collective bargaining, employee evaluation programmes)” were not included.</p> <p>2. The new material topics are as follows: “VEB.RF’s contribution towards the goals of national projects”, “Contribution to the response to the COVID-19 pandemic”,</p>	

		“Contribution to developing Russian export”, “Anti-corruption and resolution of conflicts of interest”, “Diversity and equal opportunity”.	
		Compared with the previous reporting period, the following material changes were made to the report boundaries: information was included about the National PPP Development Center.	
GRI 102-50 Reporting period		1 January 2020–31 December 2020	
GRI 102-51 Date of most recent report		The Non-financial Report of VEB.RF and VEB.RF Entities 2019 was published in August 2020.	
GRI 102-52 Reporting cycle		The non-financial reports of VEB.RF and VEB.RF entities are published on an annual basis.	
GRI 102-53 Contact point for questions regarding the report		Appendix 13 Appendix 14	297 298
GRI 102-54 Claims of reporting in accordance with the GRI Standards		The Sustainability Report of VEB.RF and VEB.RF Entities 2020 is prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core option).	
GRI 102-55 GRI content index		Appendix 2	266
GRI 102-56 External assurance		Appendix 1 Appendix 12	260 295
		Independent auditors of non-financial reporting are selected by public procurement procedures in accordance with VEB.RF’s order to prepare the non-financial report.	
TOPIC-SPECIFIC DISCLOSURES			
GRI 200: ECONOMIC			
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principle 10	Social Support for Employees	236

GRI 201-3 Defined benefit plan obligations and other retirement plans	Principle 6	Social Programmes for Employees (VEB.RF and Bank BelVEB use private pension schemes with fixed payments)	
GRI 201-4 Financial assistance received from government	Principle 10	Information about the government grants received by VEB.RF and VEB.RF entities in 2020 is contained in the Consolidated Statement of Cash Flows (see the Consolidated Financial Statements of State Development Corporation VEB.RF and Its Subsidiaries for the Year Ended 31 December 2020, pp. 107–110). <sup>108</sup>	
GRI 202: MARKET PRESENCE 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 1, 6	Remuneration	230
GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Principles 1, 6	VEB.RF's and VEB.RF entities' wages are not conditional upon the employee's gender. Appendix 11	294
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach		Sustainability Mechanisms Contribution to Social Development	68 164
GRI 203-1 Infrastructure investments and services supported	Principle 10	Sustainability Mechanisms Developing the Russian Economy Contribution to Social Development Corporate Culture	68 94 164 251
GRI 203-2 Significant indirect economic impacts	Principle 10	Sustainability Mechanisms Developing the Russian Economy Contribution to Social Development	68 94 164

<sup>108</sup> <https://veb.ru/investoram/otchetnost/MCFO/>.

GRI 204: PROCUREMENT PRACTICES 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principle 10	Procurement	222
GRI 204-1 Proportion of spending on local suppliers	Principle 10	Procurement	224
GRI 205: ANTI-CORRUPTION 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principle 10	Anti-corruption	213
GRI 205-1 Operations assessed for risks related to corruption	Principle 10	Anti-corruption	214
GRI 205-2 Communication and training about anti-corruption policies and procedures	Principle 10	Anti-corruption Appendix 9 VEB.RF did not organise anti-corruption training for its governing bodies (Supervisory Board, Board) in 2020 as no material changes were made to anti-corruption legislation.	216-217 292
GRI 205-3 Confirmed incidents of corruption and actions taken	Principle 10	Anti-corruption  No confirmed incidents when contracts were terminated or not renewed due to violations related to corruption in 2020. No public legal cases regarding corruption brought against VEB.RF or VEB.RF entities or VEB.RF employees or VEB.RF offices during the reporting period.	215



<b>GRI 300: ENVIRONMENTAL</b>			
GRI 301: MATERIALS 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 7, 8, 9	Green Office Practices	253
GRI 301-1 Materials used by weight or volume	Principles 7, 8, 9	Green Office Practices	254
GRI 302: ENERGY 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 7, 8, 9	Green Office Practices	253
GRI 302-1 Energy consumption within the organisation	Principles 7, 8, 9	Green Office Practices	256
GRI 306: EFFLUENTS AND WASTE 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 7, 8, 9	Green Office Practices	253

306-2 Waste by type and disposal method	Principles 7, 8, 9	Green Office Practices VEB.RF's and VEB.RF entities' activities do not involve the generation of significant waste. The Report discloses information on the waste types with the largest impact. Waste treatment (disposal) methods are selected by the owners of offices rented by VEB.RF and VEB.RF entities. Most waste is handed over to the office owners.	255-256
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 7, 8, 9	Green Office Practices	253
GRI 307-1 Non-compliance with environmental laws and regulations	Principle 8	No fines imposed on VEB.RF entities due to non-compliance with environmental laws and regulations in 2020. No non-monetary sanctions, such as suspended operations, incurred.	
<b>GRI 400: SOCIAL<sup>109</sup></b>			
GRI 401: EMPLOYMENT 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 1-6	Corporate Life	225
GRI 401-1 New employee hires and employee turnover	Principle 6	Appendix 5	284

<sup>109</sup> VEB.RF entities keep HR records in accordance with the labour regulations and legal requirements of Russia or Belarus.

GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Principle 6	Social Support for Employees  Social benefits are partially provided to part-time and fixed-term employees of VEB.RF and VEB.RF entities.	236
GRI 401-3 Parental leave	Principle 6	Appendix 6	288
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 1, 2, 6	Corporate Life	225
GRI 402-1 Minimum notice periods regarding operational changes	Principles 1, 2, 6	In accordance with the Russian Labour Code, the minimum notice period at VEB.RF and the VEB.RF entities operating in Russia is two months. At Bank BelVEB, the provisions regarding the minimum notice period are included in collective bargaining agreements, and the minimum notice period is three months.	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principle 1	Occupational Health and Safety	232
GRI 403-1 Occupational health and safety management system	Principle 1	Occupational Health and Safety  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	232
GRI 403-2 Hazard identification, risk assessment, and incident investigation	Principle 1	Occupational Health and Safety  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	232

GRI 403-3 Occupational health services	Principle 1	Occupational Health and Safety Social Support for Employees Corporate Response Measures  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	232
GRI 403-4 Health and safety topics covered in formal agreements with trade unions	Principle 1	Occupational Health and Safety  Among the entities included in the boundaries of the Report, VEB.RF and Bank BelVEB have collective bargaining agreements. VEB.RF's collective bargaining agreement specifies the obligation of the employer (VEB.RF) to ensure occupational health and safety. Bank BelVEB's collective bargaining agreement contains the section "Occupational Health and Safety", setting forth the occupational safety obligations of the employer (Bank BelVEB).  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	235
GRI 403-5 Worker training on occupational health and safety	Principle 1	Occupational Health and Safety  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	234
GRI 403-6 Promotion of worker health	Principle 1	Occupational Health and Safety Social Support for Employees  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	232 236
GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Principle 1	VEB.RF's and VEB.RF entities' activities do not have direct significant adverse impacts on health and safety.	
GRI 403-9 Work-related injuries	Principle 1	Occupational Health and Safety Appendix 8  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	234 291
GRI 403-10 Work-related ill health	Principle 1	Occupational Health and Safety Appendix 8  Occupational health and safety management applies only to employees of VEB.RF and VEB.RF entities	234 291

GRI 404: TRAINING AND EDUCATION 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principle 6	Human Resource Training and Development	240
GRI 404-1 Average hours of training per year per employee	Principle 6	Human Resource Training and Development	241
GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes	Principle 6	Human Resource Training and Development	242
GRI 404-3 Percentage of employees receiving regular performance and career development reviews	Principle 2, 6	Appendix 7	290
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach		Remuneration	230
GRI 405-1 Diversity of governance bodies and employees		Corporate Governance Appendix 4	199 282

GRI 406: NON-DISCRIMINATION 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach		Corporate Culture Occupational Health and Safety	246 235
GRI 406-1 Incidents of discrimination and corrective actions taken		All employees of VEB.RF and VEB.RF entities are free from discrimination on the grounds of gender, religion, political opinion, race or age. No incidents of discrimination were identified within VEB.RF or VEB.RF entities in 2020.	
GRI 413: LOCAL COMMUNITIES 2016			
GRI 103-1 Explanation of the material topic and its Boundaries; GRI 103-2 The management approach and its components; GRI 103-3 Evaluation of the management approach	Principles 1, 2	Green Financing Impact Investing Developing the Russian Economy Helping Customers and Partners to Fulfil Their Potential	76 87 94 164
GRI 413-2 Operations with significant actual and potential negative impacts on local communities	Principles 1, 2	No such operations within VEB.RF or VEB.RF entities.	
GRI 419: SOCIO-ECONOMIC COMPLIANCE 2016			
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	Principles 1, 2, 10	No significant fines imposed on VEB.RF or VEB.RF entities in 2020. No non-monetary sanctions, such as suspended operations, incurred.  A fine of RUB100,000 was imposed on MONOTOWNS.RF for a delay in informing the authorised agency of a new employee who was a former civil servant.	



VEB.RF-SPECIFIC TOPICS (GRI Disclosures 103-1, 103-2, 103-3)			
Socio-economic impacts of VEB.RF investments		Sustainability Mechanisms	68
		Socio-economic Impacts of Projects	139
VEB.RF's contribution towards the goals of national projects		VEB.RF's Role in Achieving the National Development Goals and the UN Sustainable Development Goals	69
VEB.RF's involvement in achieving the UN Sustainable Development Goals		VEB.RF's Role in Achieving the National Development Goals and the UN Sustainable Development Goals	69
Investments in urban economy development projects		Developing the Urban Economy	107
		Supporting and Developing Single-Industry Towns (Monotowns)	114
Project Financing Factory		Performance Overview	95
Contribution towards the green economy		Green Financing	76
Functions of the government-controlled management company and the agent for the Russian Government		Government-Controlled Management Company and Agent for the Russian Government	181
Contribution to developing Russian export		Export Support	127
		Russian-Belarusian Economic Cooperation	143
Contribution to the response to the COVID-19 pandemic		Contribution to the Response to the COVID-19 Pandemic and Its Impacts	54
Contribution to developing the Far East and the Arctic		Developing the Far East and the Arctic	118
International cooperation		Quality Infrastructure	92
		Export Support	127
		International Cooperation	142

## Appendix 3. Principles of the UN Global Compact

### Human Rights

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**Principle 1.** Businesses should support and respect the protection of internationally proclaimed human rights

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**Principle 2.** Businesses should make sure that they are not complicit in human rights abuses

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### Labour

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**Principle 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

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**Principle 4.** Businesses should uphold the elimination of all forms of forced and compulsory labour

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**Principle 5.** Businesses should uphold the effective abolition of child labour

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**Principle 6.** Businesses should uphold the elimination of discrimination in respect of employment and occupation

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### Environment

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**Principle 7.** Businesses should support precautionary approach to environmental challenges

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**Principle 8.** Businesses should undertake initiatives to promote greater environmental responsibility

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**Principle 9.** Businesses should encourage the development and diffusion of environmentally friendly technologies

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### Anti-corruption

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**Principle 10.** Businesses should work against corruption in all its forms, including extortion and bribery

## Appendix 4. Personnel of VEB.RF and VEB.RF Entities by Employment Contract, Employment Type, Employee Category and Gender<sup>110</sup>

Item		Russia						Belarus		Total for the Group		
		VEB.RF		VEB.RF entities in Russia		Total for the Group in Russia		men	women	men	women	total
		men	women	men	women	men	women					
Total number of employees	2020	757	880	443	499	1,200	1,379	298	882	<b>1,498</b>	<b>2,261</b>	<b>3,759</b>
	2019	769	922	403	456	1,172	1,378	476	1,158	<b>1,648</b>	<b>2,536</b>	<b>4,184</b>
Executives	2020	375	248	119	71	494	319	145	123	<b>639</b>	<b>442</b>	<b>1,081</b>
	2019	382	255	100	62	482	317	164	127	<b>646</b>	<b>444</b>	<b>1,090</b>
Specialists	2020	366	632	316	423	682	1,055	149	758	<b>831</b>	<b>1,813</b>	<b>2,644</b>
	2019	371	667	296	386	667	1,053	275	1,031	<b>942</b>	<b>2,084</b>	<b>3,026</b>
Other categories	2020	16	0	8	5	24	5	4	1	<b>28</b>	<b>6</b>	<b>34</b>
	2019	16	0	44	7	60	7	0	1	<b>60</b>	<b>8</b>	<b>68</b>
Full-time employees	2020	636	701	413	475	1,049	1,176	296	875	<b>1,345</b>	<b>2,051</b>	<b>3,396</b>
	2019	656	756	382	445	1,038	1,201	476	1,155	<b>1,514</b>	<b>2,356</b>	<b>3,870</b>
Part-time employees	2020	121	179	30	24	151	203	2	7	<b>153</b>	<b>210</b>	<b>363</b>
	2019	113	166	21	11	134	177	0	3	<b>134</b>	<b>180</b>	<b>314</b>
Permanent employees	2020	745	860	424	484	1,169	1,344	284	781	<b>1,453</b>	<b>2,125</b>	<b>3,578</b>
	2019	759	905	372	446	1,131	1,351	0	0	<b>1,131</b>	<b>1,351</b>	<b>2,482</b>
Fixed-term employees	2020	12	20	21	13	33	33	14	101	<b>47</b>	<b>134</b>	<b>181</b>
	2019	10	17	31	10	41	27	476	1,158	<b>517</b>	<b>1,185</b>	<b>1,702</b>
Non-staff workforce	2020	0	0	29	5	5	5	0	0	<b>29</b>	<b>5</b>	<b>34</b>
	2019	0	0	7	4	7	4	0	0	<b>7</b>	<b>4</b>	<b>11</b>

<sup>110</sup>The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this

## Appendix 5. Total Personnel Number and Turnover of VEB.RF and VEB.RF Entities by Gender and Age<sup>111</sup>

Item	Russia				Belarus	Total for the Group					
	VEB.RF	VEB.RF entities in Russia		Total for the Group in Russia							
<b>Total number of new hires</b>											
	2020	2019	2020	2019		2020	2019	2020	2019	2020	2019
<b>Total. including:</b>	<b>203</b>	<b>797</b>	<b>312</b>	<b>245</b>		<b>515</b>	<b>1042</b>	<b>151</b>	<b>269</b>	<b>666</b>	<b>1311</b>
Men	102	399	162	141		264	540	51	128	315	668
30 and below	24	81	55	37		79	118	11	34	90	152
31 to 50	69	254	94	93		163	347	31	79	194	426
51 and above	9	64	13	11		22	75	9	15	31	90
Women	101	398	150	104		251	502	100	141	351	643
30 and below	20	83	56	26		76	109	37	28	113	137
31 to 50	72	275	87	70		159	345	58	99	217	444
51 and above	9	40	7	8		16	48	5	14	21	62
<b>Percentage of new hires</b>											
<b>Total. including:</b>	<b>12.40</b>	<b>47.13</b>	<b>33.12</b>	<b>28.52</b>		<b>19.97</b>	<b>40.86</b>	<b>12.80</b>	<b>16.46</b>	<b>17.72</b>	<b>31.33</b>
Men	13.47	51.89	36.57	34.99		22.00	46.08	17.11	26.89	21.03	40.53
30 and below	25.26	71.05	53.92	49.33		40.10	62.43	28.95	53.13	38.30	60.08
31 to 50	13.24	48.38	31.54	33.70		19.90	43.32	14.35	24.09	18.74	37.73
51 and above	6.38	49.23	30.23	21.15		11.96	41.21	20.45	17.86	13.60	33.83
Women	11.48	43.17	30.06	22.81		18.20	36.43	11.34	12.18	15.52	25.35
30 and below	18.52	58.45	45.16	23.85		32.76	43.43	26.06	17.95	30.21	33.66
31 to 50	11.46	42.64	26.52	23.33		16.63	36.51	9.03	11.62	13.58	24.71
51 and above	6.25	29.63	14.89	17.02		8.38	26.37	5.10	9.33	7.27	18.67

<sup>111</sup> The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF .



Item	Russia				Total for the Group in Russia	Belarus		Total for the Group			
	VEB.RF	VEB.RF entities in Russia				2020	2019	2020	2019		
<b>Total number of dismissals</b>											
	2020	2019	2020	2019		2020	2019	2020	2019	2020	2019
<b>Total. including:</b>	<b>254</b>	<b>260</b>	<b>262</b>	<b>315</b>		<b>516</b>	<b>575</b>	<b>471</b>	<b>705</b>	<b>987</b>	<b>1280</b>
Men	112	125	146	170		258	295	154	248	412	543
30 and below	11	15	19	33		30	48	22	26	52	74
31 to 50	82	81	97	119		179	200	97	148	276	348
51 and above	19	29	30	18		49	47	35	74	84	121
Women	142	135	116	145		258	280	317	457	575	737
30 and below	24	17	25	34		49	51	44	53	93	104
31 to 50	95	85	76	95		171	180	223	312	394	492
51 and above	23	33	15	16		38	49	50	92	88	141
<b>Personnel turnover rate</b>											
<b>Total. including:</b>	<b>15.52</b>	<b>15.38</b>	<b>27.81</b>	<b>36.67</b>		<b>20.01</b>	<b>22.55</b>	<b>39.92</b>	<b>43.15</b>	<b>26.26</b>	<b>30.59</b>
Men	14.80	16.25	32.96	42.18		21.50	25.17	51.68	52.10	27.50	32.95
30 and below	11.58	13.16	18.63	44.00		15.23	25.40	57.89	40.63	22.13	29.25
31 to 50	15.74	15.43	32.55	43.12		21.86	24.97	44.91	45.12	26.67	30.82
51 and above	13.48	22.31	69.77	34.62		26.63	25.82	79.55	88.10	36.84	45.49
Women	16.14	14.64	23.25	31.80		18.71	20.32	35.94	39.46	25.43	29.06
30 and below	22.22	11.97	20.16	31.19		21.12	20.32	30.99	33.97	24.87	25.55
31 to 50	15.13	13.18	23.17	31.67		17.89	19.05	34.74	36.62	24.66	27.38
51 and above	15.97	24.44	31.91	34.04		19.90	26.92	51.02	61.33	30.45	42.47

## Appendix 6. Employees After Maternity and/or Parental Leave and Employees with Unchanged Employment After Maternity and/or Parental Leave, by Gender<sup>112</sup>

Item		VEB.RF		VEB.RF Entities		Total for the Group		
		men		men		men		total
Total number of employees on maternity/parental leave	2020	2	28	2	74	4	102	106
	2019	0	29	2	121	2	150	152
Total number of employees that did return to work after parental leave	2020	2	37	1	44	3	81	84
	2019	1	36	1	77	2	113	115
Total number of employees due to return to work after taking parental leave	2020	2	20	0	64	2	84	86
	2019	4	37	1	66	5	103	108
Return to work rate (%)	2020	100.0	185.0	-	68.8	150.0	96.4	97.7
	2019	25.0	97.3	100	116.7	40	109.7	106.5

Total number of employees retained 12 months after returning to work following a period of parental leave (i.e. with more than one year of employment after maternity/parental leave)	2020	1	22	0	27	1	49	50
	2019	2	18	0	39	2	57	59
Total number of employees returning from parental leave in the prior reporting period(s)	2019	1	36	1	62	2	98	100
	2018	3	50	0	67	3	117	120
Retention rate (%)	2020	100.0	61.1	-	43.5	50.0	50.0	50.0
	2019	66.7	36.0	-	58.2	66.7	48.7	49.2

<sup>112</sup>The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.

## Appendix 7. Percentage of Total Employees by Gender Who Received a Regular Performance and Career Development Review during the Reporting Period<sup>113</sup>

Year	Total		Executives		Specialists		Other (Technicians)	
	men	women	men	women	men	women	men	women
2020	34.5%	32.2%	43.8%	47.7%	34.2%	28.5%	14.3%	16.7%
2019	35.9%	30.6%	42.9%	47.3%	32.8%	27.0%	8.3%	37.5%

## Appendix 8. Work-related Injuries<sup>114</sup> and Ill Health at VEB.RF and VEB.RF Entities

Entity	Total recordable work-related injuries		Occupational Injury Rate		Total Time Worked by Employees (man-hours)	
	2020	2019	2020	2019	2020	2019
VEB.RF	0	1	0.00	0.47	2 424,060	2 116,632
Bank BelVEB	0	0	0.00	0	2 013,021	2 989,626
REC Group	1	0	1.09	0.00	911,028	562,598.4
VEB Engineering	0	0	0.00	0.00	70,417	89,585
InfraVEB	0	0	0.00	0.00	114,254	107,206.5
MONOTOWNS.RF	0	0	0.00	0.00	151,408	141,007
VEB.DV	0	0	0.00	0.00	165,217	144,273.6
National PPP Development Center <sup>115</sup>	0	0	0.00	-	62,298	-
VEB Ventures	0	0	0.00	0.00	82,725	71,603

Work-related fatalities and severe incidents were not incurred by VEB.RF or VEB.RF entities in 2020. No new cases of occupational diseases of VEB.RF's or VEB.RF entities' employees or fatalities caused by occupational diseases occurred in the reporting year.

<sup>113</sup> The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.

<sup>114</sup> The occupational injury rate is calculated in accordance with the GRI Guidelines, applying the ratio of 1,000,000. VEB.RF and VEB.RF entities do not keep records of minor injuries that require only first medical aid.

<sup>115</sup> The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.



## Appendix 9. Total Number and Percentage of Employees that Have Received Training on Anti-corruption Policies and Procedures

Year	Total		including:					
			Executives		Specialists		Other (Technicians)	
	%	people	%	people	%	people	%	people
VEB.RF								
2020	64.2%	1051	40.3%	251	80.2%	800	0%	0
2019	11.4%	193	0.3%	2	18.4%	191	0%	0
Bank BelVEB								
2020	0%	0	0%	0	0%	0	0%	0
2019	0.2%	3	0.7%	2	0.1%	1	0%	0
REC Group								
2020	0%	0	0%	0	0%	0	0%	0
2019	7.8%	40	5.2%	3	8.1%	37	0%	0
VEB Engineering								
2020	100%	39	100%	17	100%	21	100%	1
2019	0%	0	0%	0	0%	0	0%	0
InfraVEB								
2020	0%	0	0%	0	0%	0	0%	0
2019	1,3%	1	3,8%	1	0%	0	0%	0
MONOTOWNS.RF								
2020	0%	0	0%	0	0%	0	0%	0
2019	0%	0	0%	0	0%	0	0%	0
VEB.DV								
2020	1.9%	2	3.4%	1	1.4%	1	0%	0
2019	1.3%	1	0%	0	2%	1	0%	0
National PPP Development Center <sup>116</sup>								
2020	100%	46	100%	8	100%	36	100%	2
2019 <sup>116</sup>	-	-	-	-	-	-	-	-
VEB Ventures								
2020	0%	0	0%	0	0%	0	0%	0
2019	0%	0	0%	0	0%	0	0%	0
<b>Total for VEB.RF and VEB.RF entities</b>								
2020	<b>30.3%</b>	<b>1138</b>	<b>25.6%</b>	<b>277</b>	<b>32.5%</b>	<b>858</b>	<b>8.8%</b>	<b>3</b>
2019	<b>5.7%</b>	<b>238</b>	<b>0.7%</b>	<b>8</b>	<b>7.6%</b>	<b>230</b>	<b>0%</b>	<b>0</b>

<sup>116</sup> The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.

## Appendix 10. Number of Reports, Including Complaints, Received from Employees, Customers and Partners of VEB.RF and VEB.RF Entities and Handled Officially

Entity	Entity Employees		Partners, Customers	
	2020	2019	2020	2019
VEB.RF	3	3	3	3
Bank BelVEB	0	1	339	10
REC Group	0	0	37	43
VEB Engineering	0	0	0	0
InfraVEB	0	0	0	0
MONOTOWNS.RF	0	0	0	0
VEB.DV	0	0	0	0
National PPP Development Center <sup>117</sup>	0	-	0	-
VEB Ventures	0	0	0	0

<sup>117</sup> The National PPP Development Center was outside the boundaries of the Non-financial Report of VEB.RF and VEB.RF Entities 2019; therefore, information about the National PPP Development Center for 2019 is not given consideration in this report.

## Appendix 11. Ratios of the Standard Entry-Level Wage compared to to the Local Minimum Wage as at 31 December in the Reporting Year

Entity/Region	Entry-Level Wage (Minimum Grade) for Full-Time Employment (RUB)		Minimum Wage (Regional Lev-eU119)		Ratios of the Standard Entry-Level Wage to the Local Mini-mum Wage	
	2020	2019	2020	2019	2020	2019
<b>VEB.RF</b>						
Moscow	58,600.00	39,500.00	20,589.00	20,195.00	2.8	2.0
<b>Bank BelVEB</b>						
Minsk	16,056.32	16,446.85	11,138.77	9,693.62	1.4	1.7
<b>REC Group</b>						
Moscow	50,000.00	40,000.00	20,589.00	20,195.00	2.4	2.0
<b>VEB Engineering</b>						
Moscow	63,000.00	63,000.00	20,589.00	20,195.00	3.1	3.1
<b>InfraVEB</b>						
Moscow	70,000.00	45,000.00	20,589.00	20,195.00	3.4	2.2
<b>MONOTOWNS.RF</b>						
Moscow	30,000.00	30,000.00	20,589.00	20,195.00	1.5	1.5
<b>VEB.DV</b>						
Moscow	48,500.00	70,000.00	20,589.00	20,195.00	2.4	3.5
Primorie Territory	50,000.00	46,667.00	12,130.00	12,130.00	4.1	3.8

<sup>118</sup> Source: Moscow and Primorie Territory regional offices of the Federal Service for State Statistics of the Russian Federation; National Statistical Committee of the Republic of Belarus.

## Appendix 12. External Assurance of the Sustainability Report of VEB.RF and VEB.RF Entities 2020



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### Independent Practitioner's Assurance Engagement Report

To the Supervisory Board  
of State Development Corporation VEB.RF

#### Scope

We have been engaged by State Development Corporation VEB.RF to perform a "limited assurance engagement", as defined by International Standards on Assurance Engagements, (the "Engagement") in respect of the accompanying Sustainability Report (the "Report") of VEB.RF and VEB.RF Entities (the "Corporation") for 2020 (the "reporting period").

#### Criteria applied by the Corporation

In preparing the Report, the Corporation applied the Global Reporting Initiative Standards (the "GRI Standards") (Core option) and the Corporation's sustainability reporting principles contained in Appendix 1 (About the Report) to the Report (the "Criteria").

#### Responsibilities of the Corporation

The Corporation's management is responsible for selecting the Criteria and for presenting the Report in accordance with the Criteria in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

#### Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion on the presentation of the Report based on evidence we have obtained.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, ("ISAE 3000"). ISAE 3000 requires that we plan and perform the Engagement to obtain limited assurance about whether, in all material respects, the Report is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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### Our independence and quality control

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

We comply with the requirements of independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and establishing the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ making inquiries of the Corporation's executives and employees responsible for sustainability policies, performance and results and for the preparation of relevant reporting;
- ▶ analysing the Corporation's key documents on sustainability policies, performance and reporting;
- ▶ understanding the Corporation's sustainability reporting process;
- ▶ analysing stakeholder engagement by studying records of meetings, inquiry registers etc;
- ▶ benchmarking the Report against sustainability reports prepared by certain international and Russian financial companies and against a list of sustainability topics specific to the industry and mentioned by stakeholders;

- ▶ studying mass media publications and the Corporation's corporate media publications on the Corporation's sustainability policies, events and performance in the reporting year;
- ▶ analysing material sustainability issues highlighted by the Corporation;
- ▶ identifying sustainability issues deemed by the Corporation to be material in accordance with the above-mentioned procedures and analysing how such issues are disclosed in the Report;
- ▶ analysing selected data on the indicators relating to HR management, environmental protection, industrial safety, occupational safety, and charity for the reporting year to confirm the due collection, preparation and consolidation of such data at the Corporation's level for the inclusion thereof in the Report;
- ▶ collecting evidence to confirm other qualitative and quantitative disclosures in the Report at the Corporation head office's level;
- ▶ assessing whether the Report and the process of its preparation are consistent with the Corporation's principles of sustainability reporting;
- ▶ assessing whether the information and disclosures in the Report are consistent with the Core "in accordance" option of the GRI Standards.

We also performed such other procedures as we considered necessary in the circumstances.

**Conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Report is not presented fairly, in all material respects, in accordance with the Criteria.]

A. V. Sorokin  
Partner  
Ernst & Young LLC

15 June 2021

**Assurance Engagement Client Information**

Name: State Development Corporation VEB.RF  
State Development Corporation VEB.RF was established through a reorganisation in the form of the transformation of the Bank for Foreign Economic Affairs of the USSR pursuant to Russian Federal Law No. 82-FZ of 17 May 2007 "On Bank for Development". Under Russian Federal Law No. 395-1 of 2 December 1990 "On Banks and Banking", State Development Corporation VEB.RF shall have the right to conduct banking operations allowed by Russian Federal Law No. 82-FZ of 17 May 2007 "On State Development Corporation VEB.RF".  
Registered in the Uniform State Register of Legal Entities on 8 June 2007 under State Registration Number 1077711000102.  
Address: 9, Prospekt Akademika Sakharova, Moscow, 107996, Russia

**Independent Practitioner Information**

Name: Ernst & Young LLC  
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Ernst & Young LLC is a member of a self-regulatory organisation of auditors, Association Sodruzhestvo.  
Ernst & Young LLC is included in the control copy of the Register of Auditors and Audit Organisations under main entry registration number 12006020327.

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## Appendix 13. Feedback Form

Dear Reader,

Your opinion is very important to us. We would like to have feedback from you to improve the quality of future reports.

To which group of stakeholders do you belong?

- Governmental authorities
- Customers and borrowers
- Investors and partners
- Suppliers, contractors
- Business associations, professional community
- Employees
- Other (please specify)

Does this report contain answers to your questions?

- Yes
- Yes, partially
- No

What additional information would you like to find in the next report?

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Your general recommendations and comments:

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Please rate this report on the following criteria:

Criteria	Excellent	Good	Satisfactory	Poor
Relevant coverage of issues				
Credibility				
Report structure and ease of reference				
Appearance and format				

If you would like us to respond to your comments, please provide your contact details (name, title, organisation, telephone, email).

Contact:

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Thank you!



## Appendix 14. Contact Details

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