

APPROVED  
by VTB Bank Supervisory Council  
Minutes No.6 dated 22.05.2019

## **REGULATION**

### **on VTB Bank Supervisory Council HR and Remuneration Committee**

#### **1. General Provisions**

- 1.1. This Regulation on VTB Bank Supervisory Council HR and Remuneration Committee (the "Regulation") is based on the applicable Russian legislation, VTB Bank Charter and VTB Bank Corporate Governance Code approved by VTB Bank Supervisory Council (Minutes No.27 dated 11.12.2015), and other by-laws of VTB Bank (the "Bank").
- 1.2. The Regulation shall set forth the status and competence of VTB Bank Supervisory Council HR and Remuneration Committee (the "Committee"), principles of its formation and activities, as well as its interaction with the management bodies and divisions of the Bank.
- 1.3. The Committee shall submit to the Bank's Supervisory Council its annual Performance Report.

#### **2. Aim and Functions**

- 2.1. The Committee is aimed at assisting the Supervisory Council in addressing the issues of appointment and remuneration of the members of the Bank's management bodies and Statutory Audit Commission.
- 2.2. Major tasks of the Committee are as follows:
  - 2.2.1. to ensure succession and continuity of activity of the Bank's management bodies and the Statutory Audit Commission;
  - 2.2.2. to ensure involvement of high-profile managers in the operation of the Bank's management bodies and the Statutory Audit Commission, and appointment of such managers to the Corporate Secretary position;
  - 2.2.3. to arrange interaction with independent directors;
  - 2.2.4. to arrange assessment of the Bank's management bodies and the Statutory Audit Commission;
  - 2.2.5. to develop/ regularly review/ update proposals as to the form, methods, principles, amounts and schedule of remuneration and compensation (remuneration policy) for the members of the Bank's management bodies, the Statutory Audit Commission and the Bank's Corporate Secretary;
  - 2.2.6. to review issues related to organization, monitoring and control of the remuneration system, assessment of its compliance with the Bank's strategy, nature and scope of operations, performance, level and combination of the risks assumed;

- 2.2.7. to review the Bank's HR policy, including its salary part, and to monitor its implementation;
- 2.2.8. to review proposals as to key performance indicators for assessment of the management's performance, which should be taken into account for making remuneration and HR-related decisions;
- 2.2.9. to review the Regulation on Remuneration of the executive bodies and their Key Performance Indicators;
- 2.2.10. to perform preliminary review of proposals on the Bank's payroll budget;
- 2.2.11. to assist in ensuring compliance with legislation requirements regulating the activity of members of the Bank's management bodies and the Statutory Audit Commission.

### **3. Functions**

- 3.1. To ensure succession and continuity of the activities of the Bank's management bodies and the Statutory Audit Commission, the Committee shall:
  - 3.1.1. ensure availability and efficiency of continuity policy and rotation procedures in the Bank's management bodies and the Statutory Audit Commission;
  - 3.1.2. discuss, at its own initiative, at the initiative of the Bank's shareholders or executive bodies, of any scheduled or potential personnel changes in the Bank's management bodies or the Statutory Audit Commission, and generate a relative position.
- 3.2. To ensure involvement of high-profile managers in the operation of the Bank's management bodies and the Statutory Audit Commission, and appoint such managers to the Corporate Secretary position, the Committee shall:
  - 3.2.1. propose the criteria to select candidates to be elected members of the Supervisory Council, Management Board, and Statutory Audit Commission, as well as President-Chairman of the Management Board and arrange preliminary assessment thereof;
  - 3.2.2. interact with the Bank's shareholders, but not limited to major ones, to make recommendations thereto as to voting for the candidates to be elected members of the Supervisory Council;
  - 3.2.3. plan personnel appointments and draft proposals to select candidates to be elected President-Chairman of the Management Board, members of the Management Board, the Bank's Corporate Secretary and other top managers of the Bank and make respective recommendations to the Bank's Supervisory Council;
  - 3.2.4. draft proposals to the Bank's Supervisory Council to terminate powers of President-Chairman of the Management Board and members of the Management Board;
  - 3.2.5. ensure availability and updating of the information program for the newly elected members of the Supervisory Council to get familiar with the key lines and aspects of the Bank's activities when elected to the Supervisory Council, and supervise its practical implementation.
- 3.3. To arrange interaction with independent directors, the Committee shall:
  - 3.3.1. participate in the search and recruiting of independent directors, as well as in

- addressing the issues related to getting independent directors involved in the activities of the Bank's Supervisory Council;
- 3.3.2. prepare conclusions based on the relative monitoring to allow the Bank to offer its independent directors adequate remuneration with no reason for concern that such remuneration might affect the independence of such Supervisory Council members.
- 3.4. To arrange assessment of the Bank's management bodies and the Statutory Audit Commission, the Committee shall:
    - 3.4.1. develop the criteria to assess performance of the Bank's Supervisory Council and Statutory Audit Commission, as well as indicators to assess qualification and performance of the members of the Bank's Supervisory Council and Statutory Audit Commission;
    - 3.4.2. set out common standards and the system of assessment of performance of the Bank's management bodies and members of the Statutory Audit Commission;
    - 3.4.3. arrange preliminary assessment of the annual activities of the Bank's executive bodies in compliance with the Bank's by-laws regulating remuneration policy;
    - 3.4.4. arrange the annual self-assessment or external assessment of the performance of the Supervisory Council itself and its members, as well as members of the Supervisory Council committees, determining priority lines to strengthen the membership.
  - 3.5. To develop/ regularly review/ update proposals regarding the form, methods, principles, amounts and schedule of remuneration and compensation (remuneration policy) for the members of the Bank's management bodies, the Statutory Audit Commission and the Bank's Corporate Secretary:
    - 3.5.1. review the Regulation on Remuneration payable to the executive bodies and their Key Performance Indicators, and supervise its introduction and implementation;
    - 3.5.2. make recommendations as to the policy and structure of remuneration and compensation in compliance with the Bank's by-laws including restatement thereof from time to time and monitoring of its introduction and implementation;
    - 3.5.3. make recommendations as to the principles of awarding bonuses in compliance with the Bank's by-laws;
    - 3.5.4. make recommendations as to individual remuneration in compliance with the Bank's by-laws;
    - 3.5.5. submit proposals for the Supervisory Council as to amending the remuneration amount;
    - 3.5.6. draft proposals as to the amount of compensation payable to the members of the Supervisory Council and Management Board in the case of early termination of their powers.
  - 3.6. To assist in ensuring compliance with the legislation regulating the activities of members of the Bank's management bodies and the Statutory Audit Commission, the Committee shall:
    - 3.6.1. draft recommendations as to the terms and conditions of the agreements to be entered into with members of the executive bodies, and President-Chairman of the

Management Board;

- 3.6.2. make proposals to the Supervisory Council as to nominating a person authorized to sign on behalf of the Bank the agreements to be entered into with the members of the Bank's executive bodies and President-Chairman of the Management Board;
- 3.6.3. review the information submitted by the Supervisory Council members to identify their interest in the transactions performed by the Bank,
- 3.6.4. or any events impacting efficient performance thereof or loss of an independent director status by any Supervisory Council member.

#### **4. Powers and Duties**

- 4.1. The Committee shall have the following powers related to the matters falling within its competence as set out herein:
  - 4.1.1. to request documents and other information from the executive bodies and heads of the Bank's divisions;
  - 4.1.2. to invite members of the Bank's executive bodies and heads of the Bank's divisions to attend its meetings;
  - 4.1.3. to submit proposals to President-Chairman of the Bank's Management Board as to outsourcing external experts and consultants on the matters falling within its competence.
- 4.2. The Committee members shall be obliged:
  - 4.2.1. to pro-actively participate in the Committee's activities;
  - 4.2.2. to keep confidential all information they become aware of when performing their obligations as the Committee members;
  - 4.2.3. to inform the Supervisory Council of any change in their status or of a conflict of interest, which might affect the decision-making process.

#### **5. Establishment and Membership**

- 5.1. The Committee is formed out of the members of the Bank's Supervisory Council having professional knowledge and experience of working in the Committee's areas.
- 5.2. There shall be at least three members of the Committee, who are elected by the Supervisory Council.
- 5.3. Terms of powers of the Committee members shall be the same as terms of their powers as members of the Supervisory Council. Upon a relative resolution of the Supervisory Council, powers of all or any of the Committee members may be terminated earlier.
- 5.4. The Committee is run by the Committee Chairman. The Committee Chairman shall be elected out of the Committee members. Under the Committee's decision any Committee member may preside at the meeting if the Committee Chairman is absent therefrom.
- 5.5. The Supervisory Council Chairman may not act as the Committee Chairman. Nor the Committee Chairman can be a chairman of other committees.

5.6. The Committee Chairman shall:

- - call the Committee meetings (either in person, or by absentee ballot), preside thereon and arrange discussion of the agenda items;
- - approve the Agenda of the Committee (to be held in person, or by absentee ballot);
- - arrange the schedule of the Committee meeting (to be held in person, or by absentee ballot) for the current year with due account of the Action Plan of the Bank's Supervisory Council and proposals of the Committee members;
- - arrange the preparation of the Committee report and presents the results of the Committee performance to the Bank's Supervisory Council;
- - ensure the Committee activities in-between its meetings;
- - represent the Committee in relations with the Bank's executive bodies, Supervisory Council and its committees, as well as the Bank's divisions to obtain complete and true information needed for its activities, and also with the institutions engaged in the Committee activities within the Committee competence;
- - be liable for arranging the Committee activities.

5.7. The Committee Secretary is not a member of the Committee and is in charge of solving technical and procedural issues related to the Committee activities and its interaction with the Bank's management bodies and divisions. The Committee Secretary shall be appointed by President-Chairman of the Bank's Management Board.

## **6. Meeting Holding and Decision Making**

6.1. The Committee shall hold its meetings as often as required.

6.2. The Committee meetings may be held in person - by joint presence of all of the Committee members - or by absentee ballot.

6.3. The Committee meetings (in person, or by absentee ballot) shall be called by the Committee Chairman at its own initiative, upon request of a Committee member or upon the respective resolution of the Supervisory Council.

6.4. The Committee meetings may be attended by such members of the Bank's Supervisory Council, who are not members of the Committee, President-Chairman of the Management Board, Board members, members of the Statutory Audit Commission, representatives of the Bank's Auditor, and other employees of the Bank.

6.5. Members of the Bank's Supervisory Council, who are not members of the Committee, President-Chairman of the Management Board, Board members, Chairman of the Statutory Audit Commission or the Bank's Auditor may submit a proposal to the Committee Chairman to consider any matter falling within the Committee's competence. Such matters may be considered either at the earliest meeting planned or, being of utmost importance and urgency, at an extraordinary meeting of the Committee.

6.6. The notice of the meeting and all the documents required shall be delivered to the Committee members, at least, five (5) Business Days before the meeting date in the manner agreed by the Committee members. This period may be reduced by the decision of the majority of the Committee members.

6.7. The meeting (in person, or by absentee ballot) agenda is determined by the Committee Chairman. Any Committee member may initiate any additional item to be included on the agenda if it falls within the Committee's competence. The agenda may be changed or amended as agreed by the Committee members. If required, the Committee may refuse to

discuss the current agenda items in favor of other top priority items, as decided by the majority of the Committee members.

- 6.8. To hold its meetings, the Committee may hold its meeting as conference calls. The persons invited to attend a meeting, including the Committee members, may submit their written opinions as to the agenda items.
- 6.9. The Committee meeting shall be deemed authorized (or having a quorum) if attended by the majority of the Committee members (written opinions are submitted before the meeting starts). In the event of a quorum not being present, the meeting shall be adjourned.
- 6.10. If a Committee member is personally interested in any item to be considered on the Committee's agenda, such information shall be disclosed at the meeting.
- 6.11. Any Committee meeting is run by the Chairman. Opinions of the Committee members and the persons invited as to the agenda items are aired and heard during the meeting.
- 6.12. The Committee shall make its decisions by a majority of votes cast by the attending members, and each Committee member is entitled to one vote.
- 6.13. No Committee member may transfer its voting right to another Committee member. In the event of a tie, the Committee Chairman shall have the casting vote.
- 6.14. When deciding on remuneration and/or compensation amount to be paid to a member of the Supervisory Council who is a member of the Committee, such member shall not participate in the voting under this item.
- 6.15. Following the results of the meeting (absentee ballot) the Committee Secretary prepares and signs the Minutes of the meeting (absentee ballot). The Minutes are also signed by the Committee Chairman.  
The Minutes of the Committee meeting (in person, or by absentee ballot) shall include the following:
  - - date, time and place of the meeting in person (date and time of the meeting to be held by absentee ballot);
  - - meeting form – in person, or by absentee ballot;
  - - list of persons attending the meeting or voting by absentee ballot;
  - - agenda;
  - - motions put to the vote;
  - - voting results;
  - - resolutions adopted.

The Minutes are kept by the Committee Secretary, who shall provide all members of the Committee and the Supervisory Council with access to the documents and materials reviewed at the Committee meetings.