

## Responsible Business Practices

*In its relations with customers and business partners, we are guided by the principle of strict compliance with the business ethics standards set out in Russian laws and best international practices. The Bank seeks to demonstrate the highest standards of responsible business conduct and thereby reinforce mutual trust among financial market players in Russia and in other countries. In 2014, the Bank's priority business lines included a range of measures designed to prevent corruption and other offences and to make procurement procedures more transparent.*

### Anti-Corruption Procedures

*In 2014, Vnesheconombank's Compliance and Conflict of Interest Commission held 5 meetings to examine 31 items*

In 2014, we particularly focused on strengthening measures designed to prevent corruption and other offences. Vnesheconombank's Code of Ethics and Business Conduct adopted in 2014 became an important step in this direction. Under the Code, the Bank's employees must counteract any forms of corruption and take steps to prevent and settle conflicts of interest.

Vnesheconombank's Compliance and Conflict of Interest Commission continued its operation in 2014. To ensure that the Commission's decisions are fair, its members, apart from Vnesheconombank's employees, include representatives of independent organisations such as the Institute of Legislation and Comparative Law under the Government of the Russian Federation and the Russian Presidential Academy of National Economy and Public Administration.

In order to build aversion to corruption, the Bank ran a training course for its employees followed by a test on Liability for Taking and Giving Bribes, and organised a workshop on Preventing and Settling Conflicts of Interest for Vnesheconombank's Employees. We also put anti-corruption information stands and posters on display in the Bank's building, while our official website now features a feedback tool to report any cases of corruption.

Vnesheconombank Group's entities also ran a range of initiatives to prevent corruption. In this connection, in 2014, some entities of the Group reviewed its business units for corruption-related risks and held anti-corruption training courses for their employees, including top managers.

Appendix 5 shows data on the total number and share of Vnesheconombank Group's employees who were trained on anti-corruption policies and procedures broken down by employee category.

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#### Anti-Money Laundering and Counter Terrorist Financing



*637 employees of Vnesheconombank attended AML / CTF trainings in 2014*

Vnesheconombank is fully involved in the efforts of the international banking community related to Anti-Money Laundering and Counter Terrorist Financing (AML / CTF). The Bank's AML / CTF framework is driven by strict compliance with Russian laws and captures recommendations of the Bank of Russia, the Federal Financial Monitoring Service, international financial organisations and hands-on experience of major western and Russian financial institutions.

Internal AML / CTF control policies applied in the Bank comprise procedures that identify customers, customer representatives, beneficiaries and beneficiary owners and assess customer risks and the risk that our services could be used for money laundering and the financing of terrorism. With these procedures, we are also able to identify our customers' activities and transactions that are subject to mandatory control and unusual operations at early stages, document and keep resulting information, and take AML / CTF measures.

These AML / CTF policies are binding on all employees of Vnesheconombank who are engaged in, or support, banking and other transactions whatever their positions are. To maintain a necessary level of knowledge on application of AML / CTF laws, our employees undergo systematic training that includes kick-off and targeted briefings followed by tests.

Those subsidiaries of the Group that are subject to Federal Law No. 115-FZ 'On Anti-Money Laundering and Counter Terrorist Financing' dated 7 August 2011 also apply a range of AML / CTF measures. AML / CTF activities of our foreign subsidiaries are guided by the laws of countries where they are operating.

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#### Transparent Procurement



Procurement by Vnesheconombank and the Group's entities is strictly compliant with Federal Law No. 223-FZ 'On Procurement of Goods, Works and Services by Certain Types of Legal Entities' dated 18 July 2011. The only exception is VEB Innovations Fund that is not covered by the law, and foreign subsidiaries of the Group whose procurement procedures are guided by the laws of countries where they are operating.

In 2014, Vnesheconombank ranked first in the National Procurement Transparency Rating in the High Transparency category among those customers who place their orders under Federal Law No. 223-FZ. The Bank recorded a considerable year-on-year rise in procurement transparency that was achieved, among other things, by building up the share of bidding procedures in total procurement and by substantially increasing the percentage of e-procurement.

### Responsible Practices in Customer and Partner Relations



In their relations with customers and partners, Vnesheconombank and the Group's entities particularly focus on complying with all necessary measures aimed to protect information and keep data confidential.

The information security framework operating across the Group is built in strict compliance with the requirements of Russian laws and international standards. The framework includes a range of organisational and technical information security measures and incorporates tools to identify, stop and investigate unlawful use of confidential data.

In order to assess the quality of services provided, our entities run a systematic analysis of satisfaction among customers and partners using such tools as questionnaires, feedback via corporate sites and hotlines. In 2014, a number of the Group's entities, including Globexbank, BelVEB and Prominvestbank, also ran additional customer satisfaction surveys based on the 'mystery consumer' method.

In general, the results of an integrated assessment across the Group for 2014 showed high satisfaction of customers and partners, which confirms the proper quality of services provided by the Group. The results of the assessment were used by the Group's entities to address existing drawbacks and improve customer-oriented approaches to relations with customers and partners.

### Clients and Partners of Vnesheconombank Group's Entities

Organisation	Legal entities	SMEs' representatives	Individuals
Vnesheconombank	✓		
SME Bank	✓	✓	
Globexbank	✓	✓	✓
Sviaz-Bank	✓	✓	✓
BelVEB	✓	✓	✓
Prominvestbank	✓	✓	✓
VEB-Leasing	✓	✓	
EXIAR	✓	✓	
VEB Engineering	✓		
VEB Capital	✓		
FCPF	✓		
RDIF	✓		
NCDC	✓		
The Far East and Baikal Region Development Fund	✓		
VEB Innovations Fund	✓		
VEB Asia	✓		

*In 2014, Sviaz-Bank and Globexbank issued over 8 thousand loans to their customers for a total of RUB 17.14 bn under the Military Mortgage Loans programme*

Working towards better financial inclusion, our subsidiary commercial banks provide their customers with access to remote banking, including call centre services, online banking, mobile banking and online advisor services. The widest range of remote services is offered by BelVEB that issues loans online or by phone followed by a visit by the bank's employee to execute the document package.

Socially important banking products (primarily under the Military Mortgage Loans programme) offered by our subsidiary commercial banks represent another significant step towards responsible business practices. As at the end of 2014, the share of mortgage loans issued under the programme was 52% in the retail portfolio of Sviaz-Bank, and 21% in Globexbank's portfolio. Moreover, in 2014, to reduce the credit burden on customers, Sviaz-Bank and BelVEB decided to postpone or write off overdue debt under more than 6 thousand retail agreements.