meeting point

ESG Report 2022

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About the Report

In its fourth annual VK ESG Report, the company updates its stakeholders on significant sustainability decisions and results. This Report is one of the tools used internally to assess the efficiency of sustainability management, allowing the company to maintain a high level of competitiveness and adaptation to new challenges. The Report presents consolidated information on the company's key results in accordance with the company's strategic goals and objectives.

Standards

The Report is prepared in accordance with International Reporting Standards (GRI) and the recommendations of the Sustainability Accounting Standards Board (SASB). To disclose ESG risks, VK used the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). The Report is published in Russian and English and has been reviewed and endorsed by VK management and the Board of Directors.

Approach to reporting

The information covers the period from 1 January to 31 December 2022, unless specified otherwise. The terms and categories used in Russian legislation on related topics may not be the same as those used in the Report for the presentation of quantitative data and accounting. Unless otherwise stated, the Report uses the terms and classifications proposed by GRI, TCFD and SASB. The forward-looking statements regarding VK's plans and expected results are based on the information available at the time of writing the Report. Due to the occurrence of situations and risks that were unknown at the time this Report was written, actual results may differ from those projected.

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Survey on the Report

QR code

Questionnaire for readers of the VK ESG Report 2022

Key ESG figures for 2022

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Environmental Responsibility

15%

increase in the energy efficiency of new data centres compared to the average data centre

35 tonnes

of mixed waste collected and sent for recycling during VK Fest 2022

915,000

participants in the online ecology and environment Olympiad on the Uchi.ru platform

Social responsibility

>RUB 106 mn

raised by the VK Dobro service[1]

>325 mn

free VKontakte ad impressions for charitable organisations

80 out of 100 points

of non-visual accessibility of Odnoklassniki (iOS- and Android-based) and Email Mail.ru (Android-based)

Corporate Governance

30%

share of women on the Board of Directors

37 VK projects

entered the Bug Bounty programme

in 2023

VK published its first Sustainable Development Policy

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1   In May 2023, VK announced the renewal of Mail.ru's Dobro charity service. The platform is now called VK Dobro, and the service's name and logo have changed.

Statement of the VK Audit, Risk, Compliance and Sustainable Development Committee

2-22

The Report describes the work that VK has done in several fields of sustainable development. Creating a supportive working environment for employees, developing high-quality and secure digital services, promoting digital transformation, and supporting charitable initiatives are among the most important of these areas.

Team support

In 2022, VK's staff increased by 9% to more than 11,000 employees. Diversity and inclusion are essential factors in team building. Today, 38% of VK employees are women, which is high for the IT sector.

Training, health insurance and sports programmes are available for VK employees. In 2022, the company expanded its VHI programme to include employees' children. VK started to compensate for meals in the office and nearby cafes. VK has an onboarding programme for new team members, and the welcome training includes information about the company's ESG initiatives.

Project development and cyber security

The company's main aim is to create digital products that help users solve their daily tasks. As its audience and the time its users spend on VK services are posting steady growth, the company is forced to place a stronger focus on cybersecurity and data protection.

In 2022, the company launched the Security Management Centre in its VK ID personal account and the VK Protect programme. The programme integrates all the technical solutions that provide protection and security in the VK ecosystem. VK Protect helps users manage their privacy and utilise easy-to-use tools to safeguard their data. The company expanded the use of two-factor authentication – it is now mandatory for the admins of over 140,000 VKontakte communities with an audience of more than 10,000 followers. This will protect the public pages from being compromised and thus from publishing inaccurate and unreliable information.

Promotion of digital transformation

VK is committed to supporting society, industry and government with digital transformation within the framework of sustainable development. This is where the technological competence and expertise that the company shares with the market comes into the picture.

Promotion of social initiatives

In 2022, VK continued its social strategy to provide technology, digital solutions and information support to charitable organisations.

Since the launch of the VK Dobro (formerly Mail.ru Dobro) project in 2013, users have donated more than RUB 605 million to charitable initiatives. Support was given to people of all age groups, assistance was provided to animals and environmental initiatives and cultural projects were implemented.

A holistic approach to implementing ESG projects has a favourable effect on a number of business-related factors, such as attracting and motivating employees, developing appealing digital products, audience building and stimulating their interest in VK services, through tailoring the products for users with various needs and capabilities among other things. We are aware of the benefits of sustainability initiatives, and we will keep carrying them out and reporting on them in the future.

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About us

About the Company

VK is the biggest Russian technology company in terms of user base.

VK digital products help dozens of millions of users with daily chores like communication, education, entertainment, and personal growth.

VK creates tools that help entrepreneurs develop and promote businesses on social networks and content aggregators.

Our offices:

Russia

Moscow	Saint Petersburg	Nizhny Novgorod
Perm	Sochi	

Cyprus

Limassol

Our Projects

Devices

VK Capsula

VK Capsula Mini

VK Capsula Neo

Education

VK Education

All Cups

Skillbox

Skillfactory

Sferum

Algoritmika

GeekBrains

Tetrika

Umschool

Uchi.ru

Social services

VK Dobro

Cloud for charity funds

OK social projects

VK Charity

Finances

PayDay

Goods and services

Youla

AliExpress Russia

App store

RuStore

Games

VK Play

PLAYER ONE

Messengers

ICQ New

TamTam

VK Messenger

For business

Marketing and advertisement

VK Adds

myTarget

VK Customer Experience Hub

VK Business

Innovative Solutions

OK Business

Relap

MyTracker

VK Predict

[kod_dobra:]

MOVIKA

VK Video

VK Music

Cloud

Media projects

Pulse

Atom

VK Clips

VK Dating

Mail.ru

Video calls

VK Calls

VKontakte

Calender

VK Health

Mail

Answers

Tasks

VK combo

VK pay

VK mini apps

VK ID

marusia

OK

Dzen

Digital technologies

VK Cloud

VK Assistant

VK People Hub

VK Teams

Tarantool

VK WorkSpace

VK Tax Compliance

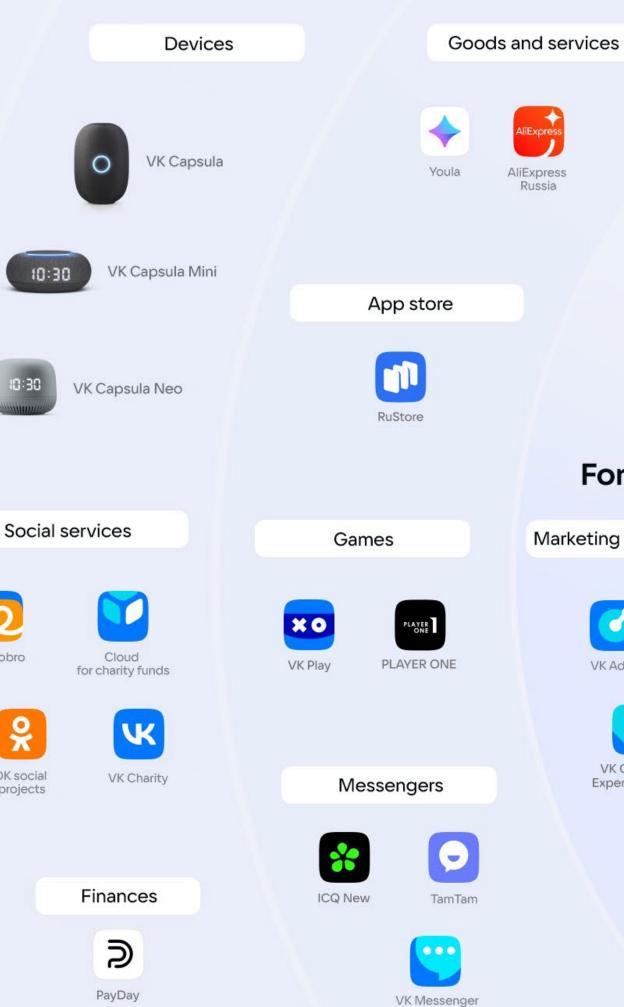VK Process Mining

Segments and Key Products

Social networks and content services

vkontakte

VKontakte is the most popular social network and the first super app in Russia. More than 100 million people from all around the world use the platform monthly. They exchange 15 billion messages and view more than 10 billion posts a day[1]. Advertising and user fees (IVAS[2]) are the main drivers of monetisation for VKontakte.

OK

OK is one of the leading social and content platforms in Russia, where users find interesting content and discuss it with like-minded people, communicate with friends and family, listen to music, play games and watch videos. In Q4 2022, the average MAU[3] of the social network in Russia was 36.6 million and the MAU from mobile devices was 32.6 million users.

Дзен (Dzen)

Dzen is a multi-format content platform that joined VK in September 2022. The dzen.ru portal was also launched at the same time. The site now features content from Dzen authors and the News and Weather services. Dzen formulated a new positioning, selected the 'zoomers' and 'alphas' as its target audience, and added new authors who were well-liked by the younger generation.

mail

Email Mail.ru is Russia's largest mail service, which is used by 18 million people a day and 50 million people a month[4]. The mail brings services together to increase productivity so that users can tackle their daily tasks such as communicating, making plans and storing what matters most.

облако (Cloud Mail.ru)

Cloud Mail.ru is a secure personal storage. By the end of 2022, the Cloud offered the ability to read files in more than 70 various file formats online[5]. Each month, over 22 million users[6] download 1.8 billion files[7] from the service. In addition to selling subscriptions, the Cloud also makes money through running advertisements.

VK Music

The monthly global reach of VK Music in Q4 2022 was 47 million, and its daily reach – 14 million people. VK Music continues to be the top Russian music service in terms of audience metrics.

VK Messenger

VK Messenger is a service within VKontakte and a separate mobile app for communication. VK Messenger had a monthly audience of 66.2 million users in Q4 2022[8]. They exchange 15 billion messages a day[9].

VK Video

VK Video is a platform that integrates horizontal videos and broadcasts from the VK ecosystem: VKontakte, OK, etc. A wide library of professional content and UGC[10] content is available to viewers in the showcase. The platform is monetised through advertisements in rolls and live broadcasts. Average daily views of VK Video (not including VK Clips) reached 1.96 billion per day in Q4 2022.

VK Calls

VK Calls is a platform for personal and business communication via audio and video calls. Calls may be placed both within VKontakte and through a separate VK Calls app, which is available for all devices, and the platform permits conferences with an unlimited number of participants and duration.

VK Clips

VK Clips is Russia's fastest-growing short vertical video service. The service is available both in the separate VK Clips app and in the clips section within the VKontakte app. VK Clips are monetised through targeted advertising between clips and native integration of brands into the service's features. VK Clips has been enjoying vigorous growth since its launch: in Q4 2022, average daily views increased by 127% YoY to 836 million, and in April 2022, the service broke the record of 1 billion views per day. The number of published clips skyrocketed by 346% YoY in Q4 2022, while the number of content creators rose by 133%.

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1   These are averages for Q4 2022.
2   Internet value-added services.
3   Monthly active users refer to the number of unique users in an app or online service per month, excluding repeated sessions.
4   According to Mediascope Cross Web, Q4 2022, Russia 0+, age 12+, desktop and mobile.
5   As of December 2022.

6   According to Mediascope, Q4 2022, Russia 0+, age 12+, desktop and mobile.
7   Internal data, December 2022.
8   Average number of users in Q4 2022.
9   Average in Q4 2022.
10 User-generated content refers to any content that is created, published or sent by an audience.

mini apps

VK Mini Apps is an open mini-application platform with more than 75,000 services available as of the end of 2022. Methods of monetisation on the platform are advertising within the mini-apps and user payments. In December 2022, the number of apps on the VK Mini Apps platform increased by 90% YoY to 75,380 apps. In Q4 2022, the platform's average monthly active audience grew by 8% YoY to 44.6 million.

EdTech

Skillbox
Holding Ltd.

Skillbox Holding Limited (SHL) is a holding company that brings together a number of major education platforms, such as Skillbox (100%), GeekBrains (100%), Skillfactory (63.76%), Mentorama (90%) and Lerna (70%).

Preparing and adapting talented people for the global digitalisation era is the primary goal of Skillbox Holding Limited.

Skillbox is an educational platform that brings together leading experts and market practitioners, methodologists and producers of educational content. The platform offers the largest selection of continuing professional education courses on the Russian market in various fields in asynchronous format (recorded video lectures): design, programming, management, marketing, film-making and music, game development and other comprehensive training programmes for new and in-demand professions, as well as undergraduate, graduate and business education

programmes, together with the country's largest universities and corporate business training. Skillbox also has a Career Centre with employment programmes, a webinar space and a lecture hall. Skillbox operates on its own innovative platform (Learning Management System) designed for online learning.

GeekBrains is a platform that helps start a digital career from scratch or gain new skills to advance it. Practitioner tutors teach programming, marketing, management, design, analytics and production predominantly in a synchronous learning format, i.e., live video lectures.

Skillfactory is an online school for IT occupations, with a focus on asynchronous learning formats. It offers training in data processing, IT products and design (Contented School) and also develops collaborative higher education programmes in partnership with universities.

Operating in Russia and the CIS, Lerna is a portal for choosing and purchasing online courses from major universities. With Lerna B2B solution, the corporate sector can integrate courses from top schools into their employee training programme.

Mentorama is an asynchronous-format online school for digital skills in Brazil that offers courses in Portuguese in web design, database development, 3D modelling and interior design.

A total of 519,000 people were signed up for the paid programmes of the holding companies as of the end of 2022. SHL's consolidated projects offered a combined total of more than 1,600 educational products, including courses in design, programming, marketing, management, game development, multimedia and creative occupations.

The educational programmes for SHL platforms are designed to include the preparation of coursework and theses as part of training and additional mixed formats, such as workshops, offline events, consultations with experts, internal labs (e.g. at Skillbox GameBox and Video Studio), job placement assistance (career centres).

In total, the service checked nearly 2.5 million training assignments in 2022, i.e., on average more than 222,000 assignments every month.

All holding companies monetised their projects in 2022 through one-off sales of educational products (courses and occupations).

сферум (Sferum)

Sferum is a common technical environment for communication between participants of the educational process. Sferum's features allow to arrange online lessons and parent-teacher conferences, make broadcasts, create communities, manage channels and private chats for groups of students and teachers. Software licensing products and cloud services are the main sources of monetisation.

Technology for business (VK Tech)

VK Tech develops software licensing products and cloud services to meet the key needs of large companies, medium and small businesses.

In 2022, VK Tech structured its solution portfolio in four focus areas:

Communication, interaction, productivity
- VK WorkSpace
- VK Teams
- VK WorkMail
- VK WorkDisk

Cloud technology, development solutions and data handling solutions
- VK Cloud
- Tarantool

Financial management and operational management
- VK Tax Compliance
- VK Process Mining

Automation of HR functions
- VK People Hub
- VK HR Tek

New business lines

VK Play

VK Play is a platform for game lovers, developers and content creators, combining all the services demanded by the gaming community: game catalogue, cloud gaming (VK Play Cloud), streaming (VK Play Live), cyber sports and thematic media. The platform graduated out of beta test in October 2022, and at the end of 2022, it had more than 12 million registered accounts. Providing access to premium games and in-game content, as well as attracting users to the cloud gaming service, are the main sources of monetisation.

RuStore

RuStore is the official Russian mobile Android-based app store. Since its launch in May 2022, RuStore's monthly audience in Russia has grown to 7 million people. RuStore had about 3,700 applications from 2,500 developers by the end of December 2022. RuStore offers guaranteed access to necessary services to users and provides developers with technologies (payment SDK[1], push notifications, map-making service) and opportunities to develop their business.

capsula

VK Capsula is a series of VK smart speakers with Marusia voice assistant. The VK Capsula Neo is a brand-new item that was added to the VK smart device lineup in 2022. In 2022, the audience of VK smart device users grew by more than 2.5 times YoY[2].

marusia

Marusia is VK's voice assistant. At the end of 2022, Marusia daily audience grew by more than 1.5 times YoY[3]. DAU[4] as of December 2022 was 10 million users.
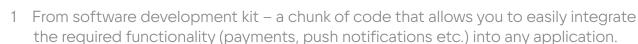
юла (Youla)

Youla is a geolocation-based online classifieds platform. It is monetised through advertising and ad promotion services.

ID

VK ID is a single account that allows for quick registration and authorization both inside and outside of VK. The company is expanding the number of external partners and thus ensures convenient and secure authorisation for the growing number of VK users. Due to growing use of ecosystem products and an increase in the number of external partners, the number of authorisations through VK ID surged by 159% over the course of the year.

pay

VK Pay is a payment service for all VK users. Montalisation of the product is done through a transaction fee. The payment service, based on a single payment window and e-wallets, was integrated into all VK products in 2022 with more than 365 million payments made using it.

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1 From software development kit – a chunk of code that allows you to easily integrate the required functionality (payments, push notifications etc.) into any application.
2 Data for December 2022.
3 Data for December 2022.
4 Daily Active Users, i.e., number of unique users in an application or online service per day.

Financial results

Operating segments

RUB bn, unless otherwise stated	Social networks and content services	EdTech	VK Tech	New business lines	Eliminations of interagroup transactions and non-allocated cost	Group
Revenue	75.1	11.3	5.8	6.3	(0.7)	97.8
YoY, %	**21.8%**	**4.0%**	**82.6%**	**(5.9%)**	**84.2%**	**19.3%**
Operating expenses	(49.8)	(10.9)	(4.6)	(10.6)	(7.0)	(83.0)
Share-based payments	–	–	–	–	5.2	5.2
Adjusted EBITDA	25.3	0.3	1.2	(4.3)	(2.5)	20.0
EBITDA margin, %	**33.6%**	**3.0%**	**20.1%**	**(68.7%)**	**–**	**20.4%**

More details on VK's financial performance

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Approach to Sustainable Development

Sustainable Development Strategy

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VK strives to improve people's lives by making contemporary digital technology user-friendly and available to as many people as possible. VK designs and develops solutions that change users' lives, and takes a responsible approach to the consequences and impact of VK products on communities.

Cybersecurity and user data protection continued to be a top ESG priority for VK in 2022. VK continues to focus on education, social initiatives, and employee welfare.

The Company's Sustainable Development Policy was adopted at the beginning of 2023 and approved by the Audit, Risk, Compliance and Sustainable Development Committee and the VK Board of Directors on March 15, 2023. It describes VK's main ESG principles and approaches in the most comprehensive way.

VK adopted a number of documents regulating the approach to sustainable development, including:
• Code of Conduct
• Social Strategy
• Sustainable Development Policy
• Human Rights Policy

Sustainable Development Management

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The internal Sustainable Development working group has been working in VK since 2022. It includes more than 30 key employees, who act as key stakeholders in driving the ESG agenda forward at the corporate level. Board members are also involved in the working group.

The results of the working group meetings are reported to the Board of Directors. In 2022, the company adopted an updated Charter of the Audit Committee, which was renamed as the Audit, Risk, Compliance and Sustainable Development Committee; it is regularly involved in decision-making and steering VK's sustainable development.

⧉ Charter of the Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors on the VK's corporate website

To enhance the collective knowledge, skills and expertise of the highest governance body in sustainability, we include information on VK's ESG initiatives in reports for Board meetings.

VK Sustainable Development Management System

Board of Directors
• Defines strategic directions for development
• Responsible for improving corporate governance

Audit, Risk, Compliance and Sustainable Development Committee
• Makes recommendations to the Board of Directors on the adoption of best practices in corporate governance and sustainable development
• Supervises the enforcement of compliance and sustainability requirements and policies of the company

Top management
Oversees the implementation of strategic initiatives

Sustainable Development Working Group
Brings forward initiatives related to the company's social responsibility

Stakeholders and Stakeholder Engagement

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VK cares to maintain an open and transparent dialogue with all stakeholders. VK is able to produce new, high-quality products and services as well as improve its present offerings thanks to the input and opinions of its stakeholders. Several departments gather feedback from stakeholders and cultivate connections with them.

Key stakeholders for VK are employees, users, business partners, government authorities, non-profit organisations, local communities and shareholders.

Mutual influence was the main criterion for identifying stakeholders, i.e., how significantly VK's activities affect each of the stakeholder groups, and how much the groups' opinions influence internal business decisions.

For the convenience of stakeholders, VK introduced an ESG-specific section of its corporate website in 2022 at https://vk.company/en/esg/ to post ESG reports, quarterly ESG presentations, thematic policies and codes, news and more. Additionally, VK is creating a unique landing page for involving stakeholders in ESG results, for the second consecutive year.

The list of stakeholders and the approach to stakeholder engagement has not changed since 2021.

⧉ For more details on stakeholder engagement, please see VK's 2021 ESG Report.

Material Topics

3–1

Through a survey, key stakeholders including users, employees, business partners, investors, and NPOs were asked to rate each of the significant topics according to two criteria: the influence of VK on the matter, and the importance of the topic to the stakeholders. This information was used to determine the directions of VK's sustainability agenda and the major topics of the Report, as well as to draw up a matrix of material topics. It turns out that the list and prioritisation of essential topics have changed since 2021.

Changes in Material Topics in 2019–2022

2019 →
- Investment in technology and innovation
- Talent development
- IT training
- User experience

2020 →
- Educational technologies
- Investment in technology and innovation
- Talent development
- User experience

2021 →
- Personal data protection
- Product quality responsibility
- Innovation and digitalisation
- Cybersecurity

2022
- Personal data protection
- Employee training and development
- Product quality responsibility
- Interaction with users and satisfaction of their requests

Content and Boundaries of Material Topics

Material Topic	Content and Boundaries	Type of Impact	GRI Standards	Report Section	Key Performance Indicators	SDG
Reduction of the climate impact of IT infrastructure and improvement of energy efficiency	Implementation of programmes and initiatives aimed at reducing the climate impact of IT and office infrastructure, as well as application of energy-efficient and energy-saving technologies	Direct	302-4 301-1 302-1 303-1	Environmental Impact: VK Data Centres	PUE^1 of VK data centres CO_2 emission intensity Climate risks	13 CLIMATE ACTION
Personal data protection	Confidentiality and protection of personal data of customers, users and employees in accordance with legal requirements and international standards	Direct	418-1	User Privacy	Minimisation of the likelihood of cybersecurity breaches Application of innovative technologies to protect user data	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Cybersecurity	Approach to risk management and ensuring quick action in case of IT system failures Working to prevent any cybersecurity breaches	Direct	418-1	Safe Internet	Minimisation of the likelihood of cybersecurity breaches	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Diversity and inclusion	Gender and cultural diversity, equal and fair opportunities, non-discrimination, including discrimination against people with disabilities, development of digital inclusion services	Direct	203-1 201-1	Social Projects Inclusion Employees	Adaptation of VK services for people with special needs Equal and fair working conditions	10 REDUCED INEQUALITIES 8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY

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1   PUE is a factor that describes how efficiently the data centre uses energy, in particular how much energy is used by the computing equipment. The lower the PUE value, the more efficient the power consumption is. The ideal PUE is considered to be 1, with all energy consumed by the data centre being used for computing.
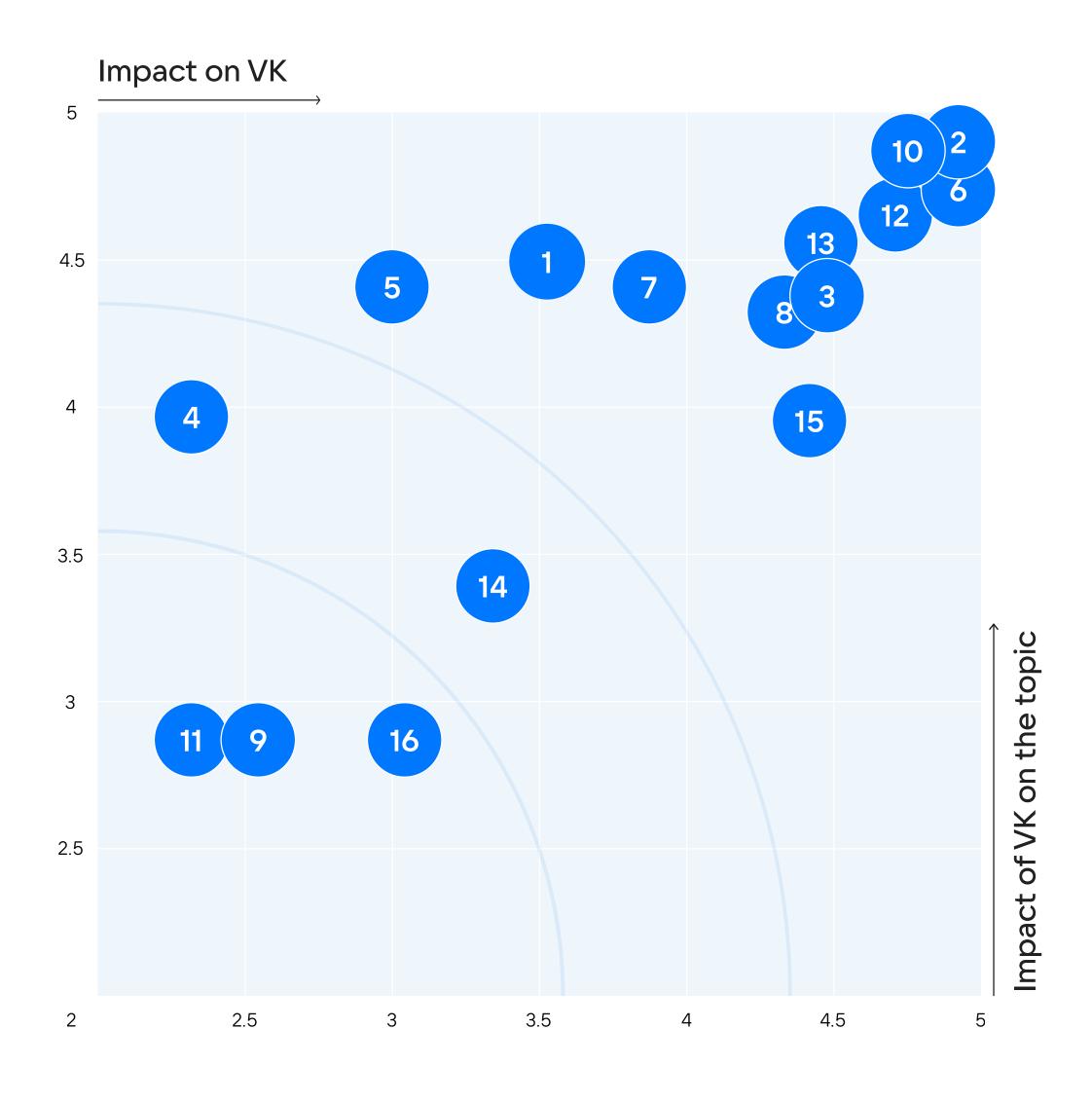
Material Topic	Content and Boundaries	Type of Impact	GRI Standards	Report Section	Key Performance Indicators	SDG
Product quality responsibility	Development of customer-friendly, high-quality, affordable products, responsible marketing and pricing	Direct		Segments and Key Products	Development of services Digital accessibility of VK services	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Fair working conditions and employee welfare	Organisation of working conditions and workplaces in accordance with labour law requirements, and maintenance of an effective dialogue with employees. Provision of fair and decent pay, and work-life balance. Promotion of the company brand to attract candidates and engage employees. Talent development and employee support	Direct	403-6 401-2 401-1	Employees	Availability of social support programmes for employees Availability of educational initiatives for employees Availability of talent development programmes, employee engagement surveys	8 DECENT WORK AND ECONOMIC GROWTH
Initiatives to operate with educational institutions	Development of educational services accessible to wider audience	Direct	203-1	Educational Initiatives	Development of VK education products	4 QUALITY EDUCATION
Assistance to the development of social and charitable organisations	Implementation of charity programmes and projects aimed at the development of local communities in the key regions of operation. Coporate volounteering programmes	Direct	203-1	Social Projects	Charitable collections Availability of charitable projects run by the company Availability of corporate volunteering programmes	2 ZERO HUNGER 10 REDUCED INEQUALITIES 1 NO POVERTY
Measuring employee satisfaction and engagement	Analysis of user needs and requests through various tools (e.g., surveys) to improve services and products	Direct		Users	Personal data protection Surveying Availability of a whistleblowing hotline Improvement of the quality of services	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Materiality Matrix

Impact on VK →

Impact of VK on the topic

1. Reduction of the climate impact of IT infrastructure and improvement of energy efficiency

2. **Personal data protection**

3. Defence of human rights

4. Diversity and inclusion

5. Initiatives to operate with educational institutions

6. **Cybersecurity**

7. Business ethics and anti-corruption

8. Corporate governance

9. Assistance to the development of social and charitable organisations

10. **Employee training and development**

11. Social and cultural diversity of governance bodies and employees

12. **Product quality responsibility**

13. **Measuring employee satisfaction and engagement**

14. Fair working conditions and employee welfare

15. Sutainable and transparent chain of supply

16. Responsible approach to counterparties

The topics highlighted are the most material for VK.

VK Users

Focus on Cybersecurity and Privacy

Cybersecurity

TC-IM-230a.2

The focus of VK in 2022 was on enhancing the practical security of VK services, especially infrastructure security, including incident monitoring and response, application and data security, and incident monitoring.

• VK has begun the transformation of its own VK Security Operation Centre (SOC). It provides 24/7 monitoring and response to cybersecurity incidents across all VK sites, handling more than 15 billion events per day from over 70,000 sources 365 days a year. This allows to quickly identify and eliminate even the most complex violations automatically. In the process, the Security Operation Centre accumulates important metrics such as volumes of data processed, number of suspected cybersecurity incidents, number of investigations conducted by analysts, number of confirmed incidents, average response time.
• Security testing integration automation into every development stage of DevSecOps software (Development, Security Operations), during which information on product composition, SAST (Static Application Security Testing), SCA (Software Composition Analysis) analysis results, e.g., vulnerability and OSS (Operation Support System) component statistics, development stacks, vulnerability occurrence and patch dynamics, their life cycle, attack surfaces, historical data can be obtained promptly.
• An in-house pentesting team (penetration testers, Red Team) that checks and analyses the security of the VK infrastructure and all business units from within.

Cybersecurity statistics

VK has a multi-layered perimeter protection. VK's cybersecurity team successfully copes the intruders' activity:

• More than 12 million attacks on users prevented
• More than 500 incidents prevented by a revamped VK SOC
• >50 penetration tests and security audits conducted
• More than 5 million users strengthened their account security with two-factor authentication
• Over 3.5 million users changed passwords to more complex ones via VK ID
• 1.5 million users received a warning about their passwords being compromised on third-party sites

VK Protect

VK has launched a massive initiative to protect user data – VK Protect. It combines all the technical solutions that ensure cybersecurity in VK projects.

The VK Protect initiative implements technical measures aimed at increasing the level of security of the company's customers and carries out active educational work in social networks and mass media.

VK Protect implemented more than 30 internal security mechanism improvements and launched more than 10 security options for users in 2022:

• Since 2022, two-factor authentication (2FA) became mandatory for administrators of more than 140,000 VKontakte communities with an audience of more than 10,000 subscribers
• Since July 2022, VK has started to warn users about suspicious interlocutors via a special banner in group chats and new conversations. This feature allows users to submit a complaint and add the likelihood of a scammer to the blacklist. The chat or dialogue will be deleted so that other participants cannot click on the dangerous links
• From December 2022, VK offers to activate 'Personal Space', a mode that allows users to be shielded from unwanted attention. The offer to activate 'Personal Space' comes to those users who have received more than three negative comments from people outside of their friend list within an hour. About 2.5 million users have enhanced their account protection with the new feature
• VKontakte Safety community was relaunched, which allowed to increase the engagement of the audience by 47%. The 'VK about Safety' channel on the Dzen platform and the 'Safety is OK' group on the Odnoklassniki were also launched. These platforms explain the basics of cyber hygiene in an easy-to-understand manner, which helps to increase the level of digital culture of the users of VK services. During the year, more than 200 educational materials were released, reaching an aggregate audience of 19.3 million people

Security in VK ID

VK ID is a single account for quick and seamless authentication. It allows users to auto-complete their profile – all information is automatically transferred from their personal VK ID account.

In 2022, VK ID was integrated into Dzen, RuStore, VK Play, and became a separate category in Bug Bounty programmes.

VK removes barriers to user entry into products. Thanks to passwordless authorization, access to all VK services is carried out through an OTP code (One Time Password) in an SMS, a reset call, a push notification, or by scanning a QR code. Browser authorisation confirmation via a provider app (Mweb App) is also available, which can be accessed in one click from a list of saved accounts in the service.

Prevention of potential threats

TC-IM-230a.2

In 2022, the Bug Bounty completed the transition from foreign platforms to domestic platforms – Positive Technologies (8 August) and BI.ZONE (21 November).

In 2022, the VK programme included 37 projects, for which 755 reports were received from 163 independent security researchers. The total amount of payments exceeded RUB 13 million, while the maximum award amounted to RUB 1.2 million.

Certificates

- In 2022, the company was successfully assessed for compliance with GOST 57580.1–2017, as well as Order No. 21 of the FSTEC of Russia.
- VKontakte, Odnoklassniki, Money Mail.ru and VK Cloud gained PCI DSS certification.

Policies

In 2022, VK developed and approved:

- Vulnerability Management Policy governing how cybersecurity vulnerabilities are managed and controlled
- VK's Cybersecurity Management Policy. It regulates the necessary measures to protect assets from accidental or deliberate alteration, disclosure or destruction. The policy also regulates measures to ensure the confidentiality, integrity and availability of information and to ensure automated data processing.

Independent cybersecurity audit

In 2022, VK conducted an independent security assessment with involvement of the external expertise. The security of VK's VPN and AUTH infrastructure was analysed. No critical vulnerabilities were identified. A total of 35 pentests (penetration tests) of VK products were conducted, along with assessments of the security level and potential compromise of the infrastructure, the effectiveness of cybersecurity measures, and their appropriateness.

User Privacy

Information processed by VK

TC-IM-220a.1   TC-SI-220a.1   418-1

VK services are used by more than 90% of the Runet audience. Users may easily contact with each other, post news, and upload images, thus it is crucial for VK to uphold a high degree of trust and take care of their personal information. In order to keep providing VK customers with high-quality and secure services, the company collects and analyses certain information that does not violate users' privacy.

Registration information and user content

All personal data that is provided to the company, i.e., the owner of the service, is always treated as confidential information and subject to protection in accordance with the law and the requirements of the regulator. When users register, VK processes the data they give, including their first and last names, birth dates, gender, mobile phone number, and email address.

In order to make it quicker and simpler for users to find friends on social networks, VK uses information about users' connections provided that they granted VK access to their address book.

Connection and device information

Services from VK may be accessed on any device – from PCs to smartwatches. VK collects and processes the following information to quickly adapt to each device, as well as to ensure user safety:

• Device types and manufacturers, operating systems, software versions and browser types
• Data stored in cookies, including user preferences and settings
• Bluetooth signals and nearby Wi-Fi access points
• Additional features of devices that users allow access to – camera and microphone configurations, internal file storage space

VK always informs users if their account is logged in from a new or atypical device, checking credentials and actions. For example, users of the VKontakte social network can request a copy of their data at any time to see what types of information and content are stored and handled by the social network. In this case, users receive an archived file that can be downloaded for a limited time and only from that profile.

Information storage and sharing

In accordance with the Russian Federal Law on Information, Information Technology and Information Protection, VK is obliged to store certain user data for a set period of time. The platform itself determines how long user information is stored and processed for services not covered by this law, giving account owners the chance to reclaim their accounts in the event that they are deleted.

VK can generate impersonal analytical statistics about users based on the website use data, for example, VK segments the audience by gender, age and other data. This information is presented anonymously and cannot be used to identify a specific user.

Account owners can also share information they have not restricted access to with other users through flexible profile privacy settings, allowing other users to view their photos, giving access to their friends list and geolocation, and enabling to invite them to groups and conversations.

Attitude towards incidents

Ensuring the security of personal data is a priority for all the company's services. VK makes every effort to learn about potential incidents in advance and proactively offers prompt solutions to prevent possible future incidents.

Safe Internet

VK takes its responsibility in keeping users safe from malicious users seriously and tries to ensure a very fair approach to content moderation. VK creates a setting where users can feel secure and get trustworthy information.

VK's team developed a unique neural network that can detect swearing, insults and other negative messages in posts and comments. The social network will identify such activity on users' pages using its own algorithms, alert users to potential danger, and offer to enable 'Personal space' mode, i.e., a special set of settings that allows users to temporarily limit their communication circle, protect themselves from unwanted interlocutors, and take a break from unwanted attention.
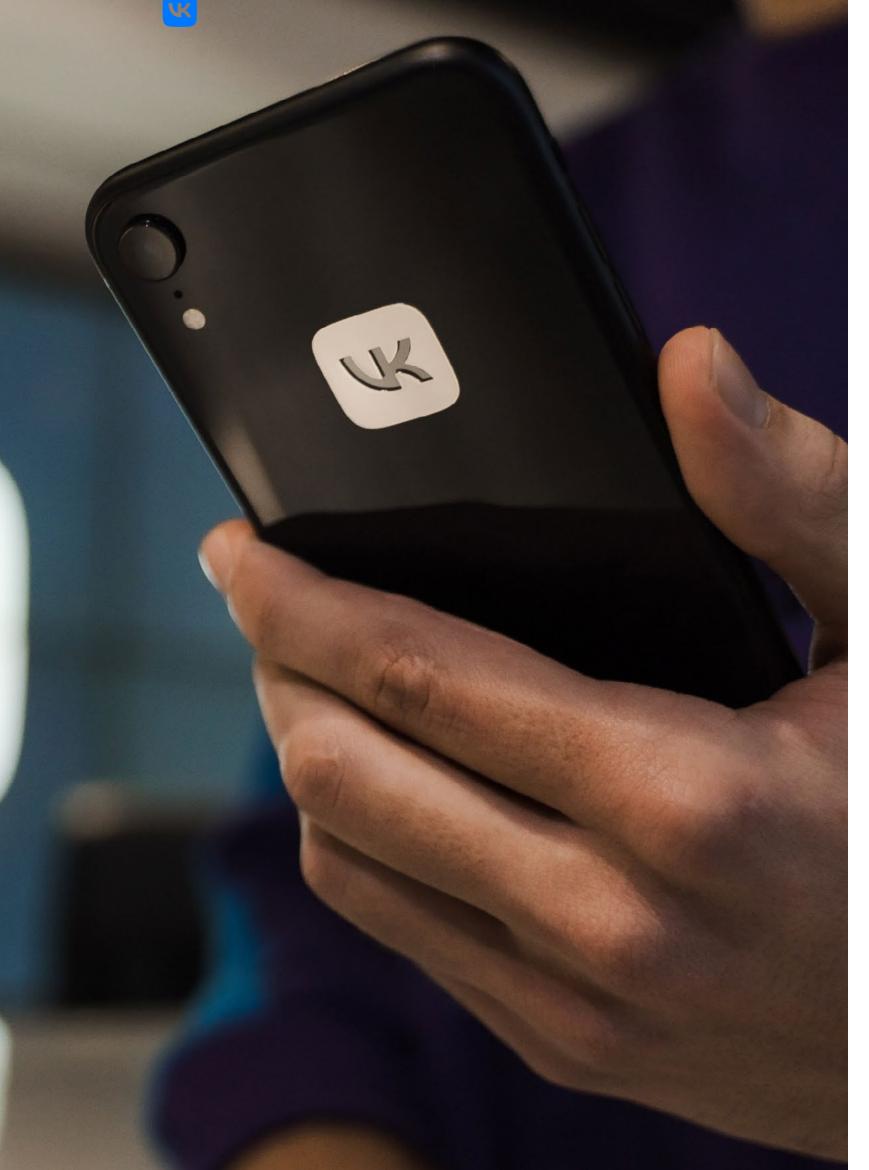
VKontakte moderation

There is no place for bullying, threats of violence, terrorist or drug propaganda, child pornography, or any other material that is against the law or the VKontakte rules. Users have an easy way to express dissatisfaction with information that raised flags on the mobile or website VKontakte app. Each complaint is examined by VKontakte moderation. Most of the time, it takes less than a minute from the time the complaint is submitted to the moderator's decision thereon. The complainant will be notified if VKontakte moderation blocks the profile or community as a result of the complaint.

According to the law, government agencies and courts have the authority to request that technology companies limit access to certain content. For more than 15 years, the VK team has developed strict rules for handling government requests. All requests are carefully reviewed by VK's legal team. Requests that do not comply with applicable Russian Federation law or the established official procedure are rejected. For more details on this process, please see the Data Security section. A company can be held liable for refusing to block content or failing to provide information to regulators in response to their official requests, up to and including legal action. Legislation in some countries provides for penalties for such actions, such as revocable fines or blocking of resources.

VKontakte responds promptly to user complaints and regulatory requests. The social network's moderation team not only reviews incoming requests, but also carries out proactive internal monitoring of malicious content. Most content that violates the platform's standards is blocked before users can see it. Technology helps do this around the clock.

VKontakte uses a hybrid moderation method. It is the most effective set of measures for content platforms, combining the expertise of moderators with modern technological solutions, such as automated search engines and neural networks. Digital footprint technology is used to quickly detect and block republished content. This helps avoid the rapid distribution of illegal or offensive content, as well as content published with copyright violation.
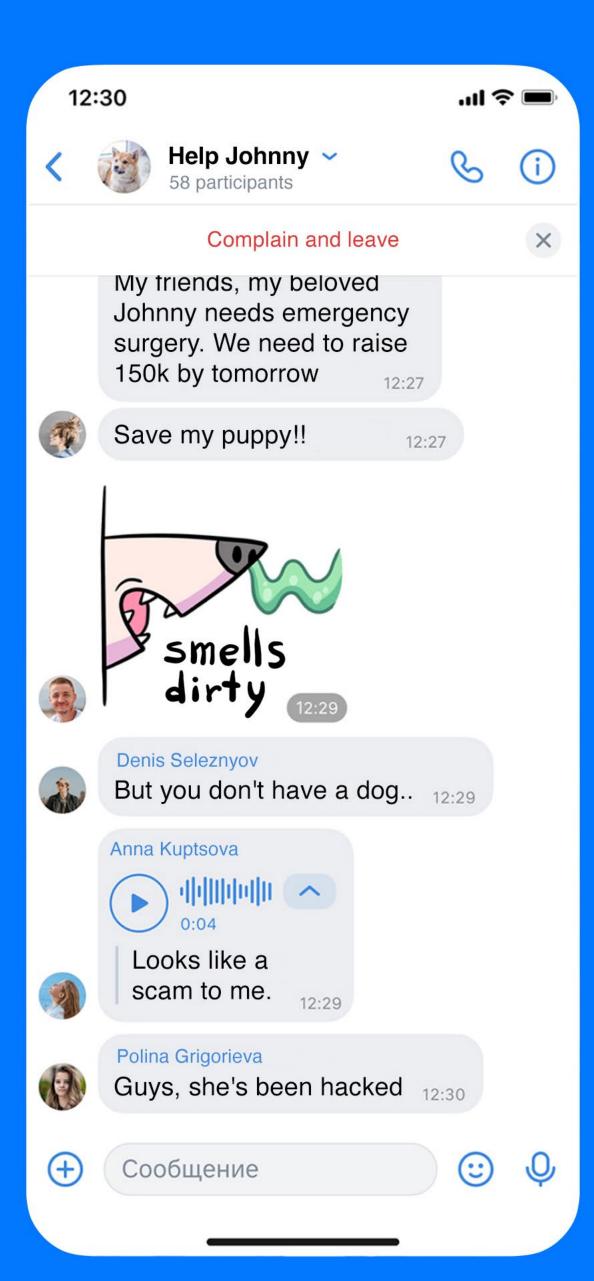
Updates in 2022

From 2022, if algorithms identify suspicious conduct in a new group chat or interaction with a stranger on VKontakte, a potential risk alert will be displayed. Users who encounter the warning banner will be able to instantly send a complaint and add the potential scammer to a blacklist. This makes it harder for scammers to fraudulently get money, passwords and other personal data from users. The chat or dialogue will be deleted so that other participants cannot click on the dangerous links. The feature is available in the VKontakte mobile app and covers both new group chats, including those started by friends, as well as chats with people who are not on your friends list.

VKontakte platform compliance report

Indicator	Blocked on child exploitation and pornography[1]	Blocked on propaganda and distribution of drugs[1]	Blocked on suicide	Blocked on violence in schools	Blocked on animal and human abuse	Blocked on threats and hate speech
Profiles	648,453	1,237,141	175,542	118	360,919	4,064
Communities	3,166	1,074	421	40	301	52
Content units	2,174,326	43,659,709	1,432,859	284,432	17,957,322	81,886
Percentage of total content amount, %	0.030%	0.693%	0.020%	0.004%	0.280%	0.0012%

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1   83% of the total blocked content on these topics are links to third-party messenger apps.

Moderation in Odnoklassniki

The key focus area for the OK team is to improve the quality of the content shown on the social network. The social network is constantly working to ensure that users do not encounter spam, illegal content ads, suspicious contests or job offers. Tens of millions of content units are posted on the social network every day, so OK actively deploys the latest technology to block potentially inappropriate content, such as spam, ads from unlicensed financial institutions, suspicious links, graphic violence and 18+ content. OK protects users with manual and automatic moderation based on machine learning technology. The moderation team scrutinises all complaints and decides whether to block or unblock specific users after carefully considering all the information.

Users can also protect themselves from toxic comments by simply activating a feature in the Publicity Settings. After spotting potentially harmful remarks under posts, the service bot sends users private messages prompting them to change the display of possibly disagreeable comments and hide or block them if they so choose. The OK neural network also automatically detects 18+ content from strangers and hides such images behind a blurred background. All sexually suggestive photos from strangers that might come up in private messages will be hidden and flagged so that users can decide for themselves whether they want to see such content.

The Odnoklassniki social network combats the spread of information that is prohibited in the nations where it operates by working within the law, adhering to regulatory regulations, and operating in accordance with those laws. OK deletes information and data if they violate the rules of the social network or pursuant to a decision of the court or legislative authority.

Odnoklassniki platform compliance report

Indicator	Blocked on child exploitation and pornography	Blocked on propaganda and distribution of drugs	Blocked on suicide	Blocked due to offence
Content units blocked	123,588	5,448	2,199	4,388,706

Mail.ru security

The security and privacy of user data is the No.1 priority for the Mail.ru team.

- Mail.ru security system prevents unauthorised access to mailboxes, detects and warns of suspicious activity, blocks phishing scam letters.
- Users are warned of leaks from other services when their compromised passwords are checked by Mail.ru smart algorithms. Over 1.5 million Mail.ru users changed their passwords in 2022.
- Authorisation in external mail clients (Microsoft Outlook, Apple Mail, etc.) requires a special generated password, which does not grant full access to the account.
- Mail.ru smart algorithms quickly detect suspicious activity in the service and block it – in 2022, the response time reduced to 30 seconds. During DDoS attacks, smart algorithms block the server load.
- Mail.ru continues to improve its anti-spam technologies. In 2022, it managed to improve its anti-spam performance by 6.5% YoY.
- Mail.ru launched Kids' Mail in 2022. It has no adverts and the enhanced anti-spam algorithms do not allow emails with inappropriate content to pass through. Parents can keep an eye on their child's communication and set rules for letters in his or her mailbox.

Day against cyber bullying

In 2022, VK held a key social event – Day against cyber bullying – for the fourth time.

Nearly 20 different VK services launched their special projects: VKontakte, Odnoklassniki, Mail.ru, VK Education, Uchi.ru, Sferum, Skillbox, VK Clips, VK Video, VK Play, Marusia voice assistant, Kids Mail.ru, Health Mail.ru, Hi-Tech Mail.ru, as well as the VK sustainability and cybersecurity teams. Last year, the project was also supported by more than 50 external Russian brands and companies, including Beeline, MTS, Lamoda, Kaspersky, Zigmund. Online, Citidrive, the Alliance to Protect Children in Digital Environment and others. On 11 November 2022, each company and brand launched special projects dedicated to Day against cyber bullying.

Specially for the project, a video was produced on how the support staff at VKontakte, OK and Mail.ru work.

In 2022, the project won BEMA, an annual professional award of the event marketing and integrated communications industry.

> **>67.5** **million people**
>
> outreach of the Day against cyber bullying campaign

Moreover, on 1 June 2022, VK launched the 'Children's Day Online' information initiative as a new phase of the campaign. The aim is to establish a dialogue between adults and teenagers, learn how to discuss cyberthreats, reduce cyberbullying and improve the quality of communication online.

11 November —
Day against cyber bullying

kiberbulling.net

Educational Initiatives

201-1

VK develops education projects at all levels – from school to professional. VK Education is focused on free projects for schoolchildren, students and professionals; it is the company's contribution to the creation and training of IT staff and the future of the industry. For more than 11 years, VK has been paving the way for young people in the IT sphere, helping them improve their skills and learn new professions through educational programmes, digital technologies and VK services.

In October 2022, VK hosted an 'IT Knowledge Day' for schoolchildren that covered 6,700 schools, 350,000 teenagers, and more than 3 million viewers of the broadcast.

> 2.5mn
schoolchildren nationwide took part in VK's 2022 Digital Lesson

>10,000 students
enrol in VK programmes at universities each year

>100 courses
for students in 22 fields launched by VK in 2022

VK won the Russian Knowledge Society Awards in 2022 as the year's best education company.

VK is actively developing its Olympiads and IT competitions. Together with MIPT and Bauman Moscow State Technical University, VK holds the Tekhnokubok Olympiad, with 4,300 school students participating in 2021–2022. Along with the TechnoCup, VK also supported the All-Russian Olympiad in Artificial Intelligence and the All-Russian Physics and Technology Test 'Come Out to Solve' in 2022. These events were held on VK's in-house Olympiad and IT competition platform, All Cups, which has an audience of 300,000 people. In 2022, VK also became the general partner of the Sports Programming Federation.

Students from all over the nation are getting ready to enter the IT industry thanks to VK's educational efforts. The annual IT Knowledge Day and Digital Lesson are organised for this purpose. They help schoolchildren to gain a clear view of technology and to choose their future occupations. In 2022, VK's career guidance initiatives for schoolchildren were dedicated to video technology. In October 2022, more than 350,000 schoolchildren from 6,700 schools in 3,500 localities across the country participated in the IT Knowledge Day campaign.

The Digital Lesson, a project for early career guidance and digital skills development, offers students the opportunity to touch the world of IT through interactive simulators. Between November and December 2022, the VK Digital Lesson project was accessed more than 2.5 million times. Together with its partners, VK held 27 open video technology classes in 25 regions.

In July 2022, VK launched a career guidance app, IT Job Test Drive, based on the VK Mini Apps platform. More than 52,000 school students were able to learn about in-demand IT professions as well as gain basic knowledge and training tips.

Between November and December 2022, Uchi.ru and VK organised a nationwide online Olympiad called Safe Internet, which brought together more than 1.9 million schoolchildren of 1–9 grades.

Additionally, VK Education develops partnership projects with top Russian universities, allowing students to get a sought-after IT specialisation while still studying at university. VK expanded its partnership with universities. Now it already has 18 strategic partners, including the Higher School of Economics, Bauman Moscow State Technical University, Moscow State University, Moscow Institute of Physics and Technology, Moscow Engineering Physics Institute, Peter the Great St. Petersburg Polytechnic University, MISIS University of Science and Technology, Sirius University, Innopolis University, ITMO, St. Petersburg State University, Far Eastern Federal University, etc. In 2022, VK Education launched more than 100 courses in 22 fields with more than 20,000 students trained so far. The opening of the VK Engineering and Mathematics Schools at National Research University "Higher School of Economics" and Innopolis in October 2022 was one of the key launches.

To enable talented students to focus on learning and achieving outstanding academic results, VK introduced scholarships for Russian university students in August 2022. In 2022, the budget of the VK Scholarship Programme was over RUB 30 million, with one monthly scholarship amounting to RUB 15,000.

Additionally, VK kept working on its volunteer VK Ambassador programme. More than 400 events involving supporters of VK ambassadors were held in 2022. VK launched internships for undergraduates in more than 30 IT fields. In 2022, 10,000 applications for internships were received from students across the country.

Throughout 2022, the company actively supported teachers in their IT career guidance efforts, helping them to master VK technologies and services that will be useful to them in the educational process. VK hosted eight nationwide events to train over 12,000 educators on how to use VK communities and tools. As part of the Russian Teacher of the Year competition, VK annually awards teachers in a special category – for excellence in utilising contemporary information and communication technology in the classroom.

Inclusion

VK promotes inclusivity in Russian society.

One of the key objectives is to increase digital accessibility of VK services. In 2022, the mobile apps of the Odnoklassniki social network (iOS and Android-based) and Mail.ru mailing service (Android-based) were tested by the Everland Inclusion Project voluntary certification system 'Accessibility of Retail Spaces, Websites and Mobile Apps'. Each of the applications received more than 80 non-visual accessibility scores out of a possible 100 in the examination performed by the blind testers. The holding of such a certificate confirms that blind users can use most of the features of the applications in Russian and English.
OK became the first social networking application in Russia that is accessible to blind users.

VK also created a glossary of inclusive terms to help staff navigate the terminology related to the topic of digital and physical accessibility.

In April 2022, VK projects traditionally supported Global Autism Awareness Month.

In 2023, VK will keep working to enhance the non-visual accessibility of services that have already received certification. They will also be supplemented by several of the company's key products.

An educational programme for VK employees is planned to be launched to maintain and further increase the high level of non-visual accessibility of VK products. The course will help developers, designers, testers, product managers and others to put accessibility standards into practice and consider them at the design stage of new features and products.

Support for Small and Medium-Sized Businesses

A number of the company's initiatives are aimed at supporting small and medium-sized businesses. In 2022, VK had the following achievements:

- Launched a support programme for small and medium-sized businesses and on March 14, 2022 established the Public Council of Small and Medium-Sized Business Support as a part of the said programme. The Council was composed of entrepreneurs and representatives of OPORA RUSSIA public organisation. The main goal of the council is to help small and medium-sized businesses adapt to the new environment and ensure that their business interests are taken into account as fully as possible

- In the autumn of 2022, VK launched a new training platform for businesses. It features useful video courses, articles and checklists from the VK teams and market experts. In the first months of the platform's existence, over 3 million unique users have already joined the platform

- Last December, VK launched an adaptive block for broadcasting advertising on the sites of partner network members. The format increases revenue from ad impressions by up to 50% on average

- Expanded its small and medium-sized business support programme: from a pilot project in several regions to a federal scale project in My Business centres across the country. Through the programme, entrepreneurs receive not only additional bonuses to promote their VKontakte business but also new knowledge and skills from VK experts

- In December 2022, VK launched a support programme for publishers to help them increase revenue from ad impressions on their websites. After joining this programme, ad network partners were able to generate up to 20% more monetisation revenue. More than 300 websites joined the programme during the month

- In December 2022, VK launched the VKontakte Business Community Quality Index, which helps entrepreneurs consistently upgrade their pages on the social network and receive additional bonuses and benefits. By completing simple tasks and following the prompts, entrepreneurs can increase community engagement, attract more subscribers and receive additional benefits. These include prioritising products in the social media search engine, discounts on advertising and expert help with promotion

- Actively supported app developers in RuStore. In the summer of 2022, VK introduced an assistance programme, allowing developers to earn up to 20% more money from ad impressions in their apps available in the store. Payments made to RuStore apps for ad impressions spiralled by an average of 250% every month between June and December

Social Projects

203-1 201-1

VK invests its technology and expertise in the development of social projects in Russia. Through its services and products, the company engages users in charitable activities and provides cutting-edge technological capabilities to non-profit organisations.

VK Dobro service

VK Dobro enables verified non-profit organisations to find people among the VK audience who are willing to help children, adults, the elderly, homeless animals, nature and culture. Currently, the platform hosts 240 foundations and has successfully completed over 3,200 fundraising projects. In 2022, VK Dobro raised over RUB 106 million.

RUB 82 mn
were raised by the corporate foundation in 2022

>RUB 106 mn
raised by VK Dobro in 2022

In 2022, the VK Dobro service ran two social campaigns called 'We need to talk', which focus on health care (regular preventive check-ups) and pet care. VK Dobro also initiated a special project named 'Everyone Deserves a Job', dedicated to the employment of people with rare diseases. The project creators, together with experts and charitable foundations, found out the reasons why people with rare diseases often struggle, or even fail, to find work.

In December 2022, the VK Dobro service launched a New Year charity campaign, 'Good Gifts Fair'. Users could join the campaign and make a donation to one of the charitable organisations. Thanks to this campaign, VK transferred RUB 4 million to non-profit organisations.

A new section called Volunteering was also added to the VK Dobro service in December 2022 for users who want to contribute not just monetarily but also by doing good actions.

Among its employees, VK is developing a culture of effective charity. Once a quarter, VK transfers charity coins (internal currency) that employees have donated to the Dobro initiative. In 2022, employees donated over RUB 1.1 million to partner funds of VK Dobro.

Every year, VK hosts the VK People Awards, an internal competition between teams. Winning teams are rewarded with cash certificates, which they can donate to charity.

In 2022, VK launched a smart volunteering project – 'Charity Task'. During the year, more than 120 employees shared their knowledge and professional skills to help 47 foundations.

Charity fundraising (2019–2022), RUB mn

Indicator	2019	2020	2021	2022
Funds channelled by VK to NPOs	0.58	26.20	46.60	7.70
Funds raised by users of VKontakte projects	0.95	17.80	31.10	24.08
Funds transferred through the VK Dobro service	76.30	99.80	110.30	106.14
Total	77.83	143.80	188.00	137.92

Support for non-profit organisations

On 1 March 2022, VK launched a 'Keep Helping' awareness campaign to support the non-profit sector. The initiative encourages users to donate, support the work of non-profit organisations, share information about charitable projects on social media and talk about charity in challenging times.

Drugoe Delo service

VK keeps assisting in the development of the Drugoe Delo service, where users receive bonuses for completing useful and educational tasks. Users gain a diverse, interesting and often unique experience by learning about programmers' work, helping nurseries, becoming volunteers and meeting new people.

At the end of 2022, the Drugoe Delo service had more than 2.29 million registered users. The project's audience has more than tripled in 2022. Over 70% of the audience is between the ages of 14 and 25.

2.29 mn users
registered in Drugoe Delo

Each user finds interesting tasks in the app from the following categories: volunteering and good deeds, ecology, culture and art, education, health and sports, and animals. Over the lifetime of Drugoe Delo, users have completed more than 3.45 million useful assignments, including 1.77 million in 2022 alone.

VK regularly launches team events and featured marathons for users, and interacts with a multitude of partners.

For VK, the Drugoe Delo service is an opportunity:

- To support and influence the emergence of a healthy society
- To introduce young audiences to VK's services and features through gamification, short assignments and point-based rewards
- To foster the company's strategic priorities. The project includes assignments and bonuses from all key areas and businesses in VK

Support for creative communities

In 2022, VK launched the creative platform – Prostor project. It brought together five sectors: design, media art, music, sketches and music videos. The project is not only a media outlet for culture and creativity, but also an open educational platform for anyone interested.

The audience for the first stream of Prostor marathons numbers over 30,000 people who completed the free training. Over the four weeks of the marathon, 80 experts gave 135 lectures and webinars, with a combined total of more than 10 million views. VK engaged teams of creators from all over the country as experts, thus contributing to the development of the industry as a whole.

For the participants and finalists, Prostor became a social lift to the creative industries – in addition to theoretical knowledge, the project leaders received grants to shoot music videos for popular artists.

In September 2022, VK launched the VK Creative Talks lecture course, covering Web 3.0, digital art, phygital, immersive formats and metaworlds, as well as VK's experience in the creative industries and these trends. In Q4 2022, more than 1 million people joined the platform and received new knowledge about creative industries.

DreamLab

VK organised the DreamLab for teenagers in Kazan IT Park. The main areas of the lab include ESG and volunteer community management, production of creative content and handling media content and testing youth-targeting services of the Republic of Tatarstan and VK. Seventy teenagers participated in the lab. During the practice-oriented training with VK mentors, lab participants learned how to work with communities, integrate with the Drugoe Delo service, create modern media content, understand marketing promotion tools, learn how to test services from the user's perspective and work in a team.

VKontakte charitable projects

In 2022, VKontakte users made donations via the VK Charity service, purchased charity tickets for VK Fest, topical stickers and gifts, and actively participated in large-scale charity campaigns of the social network, such as Kind Birthday, which commemorated the 16th anniversary of VKontakte, and Snowfall of Gifts in the VK Checkback mini-app. Campaign contributors sent donations to charities, completed special assignments, received gifts and won super prizes, and VKontakte encouraged their activity: the social network made additional money transfers to charities for completed assignments.

In total, VKontakte users managed to raise over RUB 54 million in donations in 2022, and the social network itself allocated over RUB 12 million to support charity funds – for promotion, advertising and partnership projects.

To bring together as many concerned users as possible, VKontakte helped charities to organise and promote social projects free of charge throughout 2022. Since the beginning of the year, more than 325 million free ad impressions for charities have been made on the social network.

>325 mn
free ad impressions for charities on VKontakte in 2022

Even more users are now interested in charitable activity thanks to VKontakte's efforts to develop the Charity service, a tool for fundraising and donations to reputable charity funds, and VKontakte marketing in 2022. By the end of the year, their number was approaching the 5 million mark. These users support various social projects and are members of topic-specific communities.

Charity projects of the Odnoklassniki social network

Throughout 2022, Odnoklassniki actively developed their social projects and charity community.

Since February 2022, the social network has launched grant competitions, the winners of which will receive credits to their OK promo account and may use those to promote raising funds and other initiatives. In 2022, more than 30 verified charity foundations received grant support.

During the year, the OK initiated their social projects and supported the events of the foundations.

On 2 April 2022, OK hosted a campaign by the Naked Heart Children and Youth Charitable Foundation called 'With Autism You Can'. Social network users were able to unpack the myths and truths about autism and put special frames on their avatars with campaign slogans such as 'With autism can make friends' or 'With autism you can work'.

In November 2022, the OK reintroduced an anti-gender discrimination banner on the login page, with a hotline number for women who are victims of domestic violence.

Projects of Skillbox Holding Limited

In 2022, the education platform Skillbox launched a number of projects that make in-demand courses available to a wider audience.

- Skillbox continued work on the 'Unlimited Possibilities' project, a programme of discounts of up to 90% on the platform's courses for employees and sponsees of charity foundations.

Over the one-year life of the programme,

264 applications

from 104 non-profit organisations were approved. The total amount of benefits reached RUB 18 million.

In 2022, Skillbox expanded the project's product portfolio.

- Together with the career guidance service 'Disorientation' and the Dodo pizzeria chain, Skillbox ran a joint #bezkorochki (w/o diploma) campaign aimed at raising money from pizza sales to help the charges of the Solnechny Gorod charitable foundation (which supports graduates of orphanages). The funds raised during the campaign were used to buy laptops and provide career counselling. Skillbox also opened up free access to its courses for the Solnechny Gorod Foundation's charges.

- In partnership with the VK Dobro service, Skillbox started a charity activity for members of the referral programme. Each member received a unique link, which gave a discount for friends on Skillbox products and a cashback to the owner in the amount of 16% of the course purchased. When a participant received a cashback, he or she was requested to donate a small amount to a charity for the Big Change Children's Education Fund.

- The 'Life After' project was launched: Skillbox helps ex-prisoners to get a modern in-demand profession and lead a new life. As of the end of 2022, 98 grant applications were received, 62 of which were approved, and as a result, 49 people started their studies.

- The 'Future without Limits' project, under which Skillbox helps disabled individuals with training and jobs, was summed up as follows.

The total number of project students is

484,

74 of whom are hearing-impaired.

For them, nine courses were subtitled. There were 186 students who reached the end of their studies and defended their final projects, and 70 were successfully employed.

- The annual 'Knowledge Delivery' grant programme for delivery workers continues. In 2022, the project involved not only Skillbox, but also other educational platforms of Skillbox Holding Limited – GeekBrains and Skillfactory. In 2022, 770 delivery workers from all regions of Russia took part in the annual 'Knowledge Delivery' grant programme. A total of 122 training grants were approved.

- Skillbox launched an educational course on global warming, environmental preservation and the prospects of biotechnology.

- Free access was opened to the 'Coping with Worry and Anxiety' course for people who are experiencing panic attacks, anxiety, worry and fear. The programme includes 12 hours of video material.

- Skillbox began training entrepreneurs in the Smolensk and the Smolensk Regions for free. In cooperation with My Business Centre, VK provided small and medium-sized businesses with access to the Crisis Management course for managers.

Social projects of other VK services

Other business units at VK also contributed to charitable and social activities.

- The Sferum team developed and implemented the 'Get to Yourself' project. Free educational and counselling psychological support was organised for education industry employees, in collaboration with the experts of the psychological support service Variant. The project was created to support educators during peak or holiday seasons and is run on the Sphereum platform.

- In 2022, teachers in the country attended a series of educational and therapeutic workshops on the topic of the 'Cyclicity of Change' and also received free, anonymous psychological counselling organised by the Sphereum platform. In just one year, there were more than five self-care enhancement projects and more than 30 thematic webinars and workshops launched under the teacher psychosocial support programme. The project had an audience of over 300,000 teachers. More than 300 teachers received free psychological counselling.

- Mail.ru launched a campaign offering the opportunity to write letters to elderly people in nursing homes. VK also donated VK Capsula Mini smart speakers to 50 nursing homes.

- Youla and VK Dobro opened a store selling charitable merchandise from Russian foundations and non-profit organisations. The site has products from two NPOs, the Arithmetic for Good and the Code of Good funds, on display.

- Mail.ru Cloud and VK Dobro launched a charity campaign for Russian funds and foundations: 25 Russian non-profit organisations received free extra space in Mail.ru Cloud for storing documents, photos and videos.

- Marusia voice assistant learned how to talk about charity. Marusia will now be able to answer the questions like "What is VK Dobro?", "How can I help people?", "How can I make a charitable contribution?", "Is it possible to help by actions?", "How much money should I transfer?", "How will I know where my donations will go?".

50 nursing homes
received VK Capsula Mini smart speakers from the company

>RUB 54 mn
were raised by VKontakte users from the beginning of the year

~5 mn users
concerned about doing good deeds

>180 funds
were backed by VKontakte

15 mn users
received advice on how to deal with cyberbullying

3-3

2-7

VK Employees

Team

TC-IM-330a.3 2-7

More than 11,000 people work at VK to provide millions of users with a welcoming and secure online environment. VK attracts the best talents and gives them an opportunity to reach their potential in a friendly and safe environment by collaborating on products and services that are in demand by a large number of users.

In the year-end 2022, VK achieved Forbes' 'platinum' status as an employer and earned the 'HR-brand' national award.

Goals

VK is one of the best employers in Russia, according to Forbes and hh.ru. The company's primary goal is to strengthen its leadership in the fight for talent and become the number one employer in the country's IT industry. VK places a premium on making employees feel comfortable and taken care of, since such factors will inevitably have a positive impact on productivity. Employee engagement and turnover rates demonstrate that a lot has already been done in this regard. The turnover rate is less than 6%, which may be considered the best indicator both in the industry and in the country.

Staff Structure

TC-IM-330a. 3 2-7 2-8

Total number of employees by employment contract type, gender and region (2019–2022)

Employee category	2019	2020	2021	2022
Russia	**6,178**	**8,604**	**9,624**	**10,837**
Permanent contract employees	**6,142**	**8,604**	**9,506**	**10,796**
Women	2,210	3,257	3,478	4,178
Men	3,932	5,283	6,028	6,618
Temporary contract employees	**36**	**64**	**118**	**41**
Women	12	27	60	19
Men	24	37	58	22
CIS and other countries	**156**	**238**	**768**	**456[1]**
Women	61	93	293	276
Men	95	145	475	180
Total	6,334	8,842	10,392	11,293
Growth, %		40	18	9

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1 The number of VK employees in other countries changed due to the sale of the international gaming business MY.GAMES.

405-1　405-2

Number of employees by gender and position (2019–2022)

Employee category		2019	2020	2021	2022
Top management[1]		37	36	33	34
Women		7	6	6	7
Men		30	30	27	27
Management		926	1,294	1,739	1,896
Women		275	419	494	582
Men		651	875	1,245	1,314
Employees		5,371	7,512	8,620	9,363
Women		2,001	2,952	3,329	3,733
Men		3,370	4,560	5,291	5,630
Total women, %		36	38	37	38
Total men, %		64	62	63	62
Total		6,334	8,842	10,392	11,293

Number of employees by age (2021–2022)

405-1　401-3

Employee category	2021		2022	
	Overall share, %	Number of persons	Overall share, %	Number of persons
Top management	0.3	33	0.3	34
<30 years old	0	0	2.9	1
30–50 years old	93	31	88.2	30
>50 years old	7	2	8.8	3
Management	16.7	1,739	16.8	1,896
<30 years old	27	473	22.2	421
30–50 years old	72	1,246	76.2	1,445
>50 years old	1	20	1.6	30
Employees	82.9	8,620	82.9	9,363
<30 years old	52	4,469	49.4	4,627
30–50 years old	47	4,062	49.5	4,633
>50 years old	1	89	1.1	103

Staff turnover, %

Indicator	2019	2020	2021	2022
Forced turnover	9.0	7.0	8.0	8.7

VK does not tolerate discrimination of any kind. Hiring, performance appraisal, training, advancement, promotion, termination, and other employment conditions are based exclusively on relevant and objective criteria within the framework of recognised business practice, such as experience, job duties, and performance indicators.

As of the end of 2022, VK employed seven employees with disabilities.

In the event of any form of discrimination, employees may contact their supervisor, the Human Resources Department, the Compliance Department, or the helpline (servicetrust.ru). All reports of discrimination are thoroughly checked, and appropriate action is taken.

1　Top management — employees making corporate/strategic decisions (level of directors, vice-presidents, and above); management — employees who occupy managerial positions and are in charge of financial responsibility centres, business units, functional lines, or a group of employees; employees — line personnel.

Recruitment

401-1   CG-ES-330a.2   TR-RO-320a.2

VK is a digital company that develops advanced technologies and implements breakthrough ideas. VK is interested in hiring the best IT experts who can bring new knowledge and ensure continuous business growth.

While evaluating the market for IT specialists, VK understands that candidates want to work on interesting projects, have opportunities for professional growth, get support from colleagues, and enjoy a supportive atmosphere for creativity. VK is the ideal place for those who are looking for a job in an innovative company with prospects for development and stability. VK constantly improves its business processes and takes care of the well-being of its employees.

In 2022, there were more than 4,300 vacancies, and the recruitment volume increased year-on-year by 72%. VK achieved these results largely due to EVP[1] updates as well as the application of new hiring tools: elaborating the 'weekend offers' interview format, launching a referral programme, strengthening interaction with recruitment resources, and activating smart job targeting, including the development of our job search resource, VK Will Employ.

In addition to attracting professionals from outside, VK is actively improving programmes for working with entry-level candidates and developing its educational programmes to adapt high-quality academic education rendered at leading universities to the needs of the business.

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1   Employee Value Proposition, i.e., a set of benefits that a company, as an employer, offers to an applicant or employees.

Total number of new hires by age, gender and country (2019–2022)

Employee category	2019	2020	2021	2022
Russia	**1,039**	**1,431**	**2,561**	**4,397**
<30 years old	441	816	1,499	2,403
Women	199	326	589	945
Men	242	490	910	1,458
30–50 years old	589	610	1,050	1,962
Women	245	197	299	644
Men	344	413	751	1,318
>50 years old	9	5	12	32
Women	4	2	5	16
Men	5	3	7	16
Total women, %	43	37	35	37
Total men, %	57	63	65	63
Other countries	**22**	**28**	**54**	**55**
<30 years old	9	14	29	30
Women	6	6	10	13
Men	3	8	19	17
30–50 years old	13	14	25	24
Women	5	4	13	11
Men	8	10	12	13
>50 years old	0	0	0	1
Women	0	0	0	0
Men	0	0	0	1
Total women, %	50	36	43	44
Total men, %	50	64	57	56

Onboarding of New Employees

401–1 CG-ES-330a.2 TR-RO-320a.2

VK has traditionally paid particular attention to the onboarding process for its employees.

Many independent studies show that the majority of employees who quit their jobs within the first year made the decision to leave within the first month. This is why it is important for VK to not only bring new employees to operational efficiency as quickly as possible but also to support them, help them discover their potential, and give them the confidence that VK will always assist. New employees have access to the maximum possible support tools: welcome training, a mini-app for onboarding, various guides, chatbots, and mentors who accompany employees from day one. VK helps its new employees at every step, including through regular pulse surveys that enable the company to respond immediately to employee sentiments and reactions. As a result, VK demonstrated one of the lowest first-three-month turnover rates.

As of the end of 2022, the percentage of current employees with 1 to 3 years of service was 73%, due to both increased hiring (staffing grew by 9% over the year) and organisational changes brought about by the purchase of Zen and News, as well as the sale of Citimobile, My.Games, and Delivery Club.

Number of current VK employees by length of service

Length of service of current employees	%	Number of employees[1]
1–3 years	73	8,266
3–5 years	12	1,394
5–10 years	10	1,091
>10 years	5	542

1   As of 31 December 2022

Social Package and Comfortable Working Conditions

403-6   401-2

VK always takes care of its employees. Over the years, the company has paid much attention to the well-being of its staff by creating the conditions for them to perform to the best of their ability. In 2022, VK continued to expand its corporate benefits package to provide employees with better conditions for their physical and mental health as well as social well-being.

As part of the physical well-being programme, VK encourages employees to take part in sports and competitions. VK offices operate gyms, provide group and personal training, and promote sports clubs in various areas. VK has renewed the voluntary health insurance (VHI) programme and expanded its options. VK's VHI programme was augmented with planned hospitalisation, face-to-face consultations with a psychotherapist, preventive dental appointments, and other important options. The number of 100%-paid sick leave days was also increased, and VK continues to provide office massage therapists to employees.

VK understands that health includes not only physical well-being but mental well-being as well. Therefore, the company pays special attention to the psychological support of its employees. They can visit corporate psychologists and make use of the online service named 'I UNDERSTAND'. It includes the services of psychologists, lawyers, financial advisers, and healthy lifestyle specialists.

VK takes care of the social well-being of employees and their families. VHI is available for employees' children, and female employees can take advantage of pregnancy and childbirth support programmes.

In addition, VK runs children's and family events, helps employees understand IT-mortgage issues, and provides financial assistance in cases of maternity, childbirth, or the death of a close relative.

Since 2022, VK will compensate employees for meals in the office and nearby cafes and restaurants. This benefit was the most sought-after in an internal survey. As part of the initiative, VK continues to expand its list of connected food outlets and has already launched food delivery to offices in a number of cities.

1   VK employees were vaccinated against COVID-19 between 1 January and 31 May 2022.

Number of employees who availed themselves of VK benefits (2019–2022)

Benefit description	2019	2020	2021	2022
VHI programme	6,334	8,842	10,392	11,293
Life and health insurance programme				11,293
Reimbursement for meals at the office				6,000
Insurance for employees' children			3,100	4,241
Compensation for sports activities				2,915
VHI-supported telemedicine programme			3,020	1,213
Massage in an office	991	365	464	673
COVID-19 vaccination			5,754	588[1]
Consultation of an outside psychologist			615	409
Visiting a psychologist at the VK office	138	251	208	305
Pregnancy and childbirth support programme			44	67

Number of employees on maternity leave in 2022

Employee category	2021	2022
Number of employees on parental leave at the end of the year	228	206
Number of employees on parental leave during the year	78	127
Number of employees who returned to work after parental leave	46	89
Number of employees who continued to work at VK within 12 months after returning from parental leave	21	37

Occupational Health and Safety

403-8 403-4 403-2 403-5 403-9

VK aims to embody a comprehensive approach to safety by building a system of occupational health and safety.

VK creates safe workplace conditions for its employees and constantly develops skills and methods of safety awareness.

The primary documents governing the functioning of the occupational health and safety system at VK are the Occupational Health and Safety Policy, the Regulations on Occupational Health and Safety Management System, the Regulations on Occupational Safety Service, as well as the occupational health and safety instructions. These documents formulate the following key principles and objectives to which VK is committed:

• The priority of preserving the life and health of employees during their work activities and organised recreation
• Guaranteed labour protection rights of employees
• The prevention and avoidance of occupational injuries and work-related ill health
• Compliance with labour protection requirements contained in the legislation of the Russian Federation, industry-related and interindustry labour protection regulations, as well as safety regulations, sanitary and construction codes, state standards, organisational and methodological documents, labour protection instructions, for the sake of a healthy and safe environment
• Availability of qualified managers and specialists involved in the support of the labour protection management system
• Planning of occupational safety measures
• Strict compliance with labour safety requirements by employees

There were no cases of occupational injuries at VK in the reporting year

RUB **5.5** mn
was spent on occupational health and safety measures at VK

Occupational Safety Commission

403-3

VK has three levels of occupational health and safety control:

• Level I — heads of VK business units (projects)
• Level II — persons in charge of occupational safety
• Level III — Managing Director

Regular briefing of employees is one of the elements of occupational safety training. Briefings are conducted in video format, with testing through Stadi's internal training platform. Training for employees to acquire specific professional skills takes place in dedicated training centres.

Employee Training and Development

404-2

In order to create cutting-edge technological solutions, the VK team should have unique competencies and continuously improve their skills. The continuous education of employees is one of the secrets to VK's success.

In 2022, VK managers and employees were discovering their talents, learning a lot, and improving themselves:

• About 4,900 employees took part in one or more training sessions of the coaching team, which is an all-time high for VK
• More than 700 sessions of external courses and training programmes were attended by employees
• Employees participated in conferences almost 800 times
• Employees continued to learn foreign languages and study with coaches
• More than half of VK managers (900 employees) attended internal training sessions, and almost 90% of them completed comprehensive development programmes for managers of various levels
• About 3,500 new employees underwent welcome training after joining the VK team in 2022

Key areas of employee education at VK:

• Mandatory training
• Training and development programmes for managers
• Promotion of personal effectiveness skills
• Advancement of technical skills
• Teamwork and different roles in project teams
• Project methodologies
• Third-party courses
• Provision of access to training platforms and materials
• Conference attendance

VK continues to develop a culture of knowledge sharing and experience transfer among employees. To implement this approach, VK launched Ulta, the school of self-learning teams. The school aims to create a learning space and provide knowledge to enable employees to excel in the following:

• Mentoring — helping less experienced colleagues solve work tasks and sharing their experiences
• Teaching — sharing knowledge with colleagues by creating high-quality courses and lectures
• Conveying technical skills to colleagues, students, and future VK ambassadors
• Being at the forefront of current trends in education

At the Ulta school, VK employees learn:

• Teaching: more than 50 employees already underwent intensive in-house teacher coaching
• Creating their own training courses and educational products: our in-house experts delivered 21 lectures, and 13 more courses will be added to the library of Stadi's training platform
• Mentoring: ten mentors underwent internal certification coaching

To develop a mentoring culture, VK launched an internal portal and mentoring programme, where any employee can seek individual advice from experienced colleagues on technical, leadership, product, and career issues.

In 2022, VK launched Star Lab, a talent development programme. It aims to identify, promote, and retain talented staff. The programme includes building a career track at VK, undergoing a modular development programme for each ability pool that was tailored to the future role to reach employees' full potential, developing a personal professional brand, and internal corporate influence. There are 150 employees at different levels in the first stream, with training programmes delivered in cooperation with the Skolkovo Moscow School of Management and leading global training providers.

Total training hours (2021–2022)

Indicator	2021[1]	2022
Total number of training hours	22,477	30,060
Management	**6,550**	**14,949**
including men	4,061	9,268
including women	2,489	5,681
Employees	**15,927**	**15,111**
including men	9,875	5,742
including women	6,052	9,369

Applications for training from employees

Indicator	2021		2022	
	Number of applications	Overall share, %	Number of applications	Overall share, %
Applications for participation in conferences	4,085	53	4,614	74
Applications for training	1,263	16	1,106	18
Book orders	964	12	96	2
Applications to study a foreign language	448	5	381	6

1　In 2022, figures were updated in view of changes to the counting system.

Employee Engagement Assessment

404-3

VK pays attention to feedback from employees and (in addition to regular pulse surveys, measurements, and focus groups) conducts an ongoing engagement survey, which also includes measurements of loyalty and eNPS, i.e., willingness to recommend the company to friends as a place to work.

The survey is conducted annually through Happy Job (an external platform) and measures the following:

- Loyalty is a commitment to the company. Loyalty influences employees' willingness to be productive and stay with the company now and in the future
- Satisfaction is the state in which employees are content with their jobs, workplace conditions and the working atmosphere in the company. It is measured by five indicators: pay level, interest, conditions, safety, and comfort
- Engagement is the physical, emotional, and mental state in which employees strive to perform their jobs to the best of their abilities

Engagement results are represented by ten key indicators, each of which contains five additional sub-metrics. The surveys are administered anonymously. Employees receive individual links, which are not available to other people, and reports are generated only for those teams where five or more people completed questionaries.

VK's Loyalty, Satisfaction, and Engagement scores (81.3%, 90.6%, and 85.2%, respectively) are above the IT industry average, while eNPS (54.8%), which in recent years has become the main indicator of staff state in a company, shifted into the IT industry's zone of best values (according to Happy Job).

Employee Competence Assessment

In-class (online and offline) training by employee category (2021–2022)

Trainings		2021			2022	
	Number of events	Number of participants	Total training hours[1]	Number of events	Number of participants	Total training hours
For managers	132	838	6,550	138	2,284	14,949
For all employees	157	3,183	15,927	122	5,750	15,111

Self-education programmes by type (2021–2022)

Self-education programme		2021			2022	
	Average duration, hours	Number of completed courses	Training hours	Average duration, hours	Number of completed courses	Training hours
Video	2	1,050	2,100	2	1,237	2,474
Articles	0.5	2,725	1,362	0.5	1,623	811.5
Online courses	1	1,489	1,489	1	19,387	19,387

1   In 2022, figures were updated in view of changes to the counting system.

Environmental Responsibility

Environmental Impact

302-4

VK considers environmental activities to be an integral part of its business and takes the necessary measures to minimize the environmental impact as much as possible. VK's environmental approach is based on the following principles, as reflected in VK's Sustainable Development Policy:

- Responsibility for the impact that VK has on the environment
- Efficient use of electric power, heat and fuel
- Observance of requirements, norms, and obligations established by the legislation of the Russian Federation and ratified international treaties pertaining to environmental protection, rational use of natural resources and environmental safety, as applicable to VK's activities
- Openness and availability of information on VK's environmental impact to all interested parties
- Promotion of the environmental culture of VK's employees

Acting within the framework of such principles, VK integrates the environmental approach into educational and B2B products, cloud storage, the Internet of Things, and other projects that allow systematic reduction of the digital footprint of VK users and partners.

VK is rapidly replacing obsolete and used equipment by contracting the organisations that specialise in the disposal of IT hardware. VK has received no fines or sanctions for non-compliance with environmental laws in the past five years.

VK Data Centres

301-1   TC-SI-130a.2

A data centre, or data processing centre, is a facility with thousands of servers that store information and process user requests.

Data centres run 24/7 and consume megawatts of electric power.

This electric power feeds the servers and auxiliary systems to keep them up. VK's strategy aims to reduce data centre power consumption by improving the energy efficiency of the auxiliary systems, which primarily include the server cooling system.

The data centres under construction use direct free-cooling technology with adiabatic after-cooling during peak heat hours. This technology reduces the annual average PUE[1] to less than 1.15.
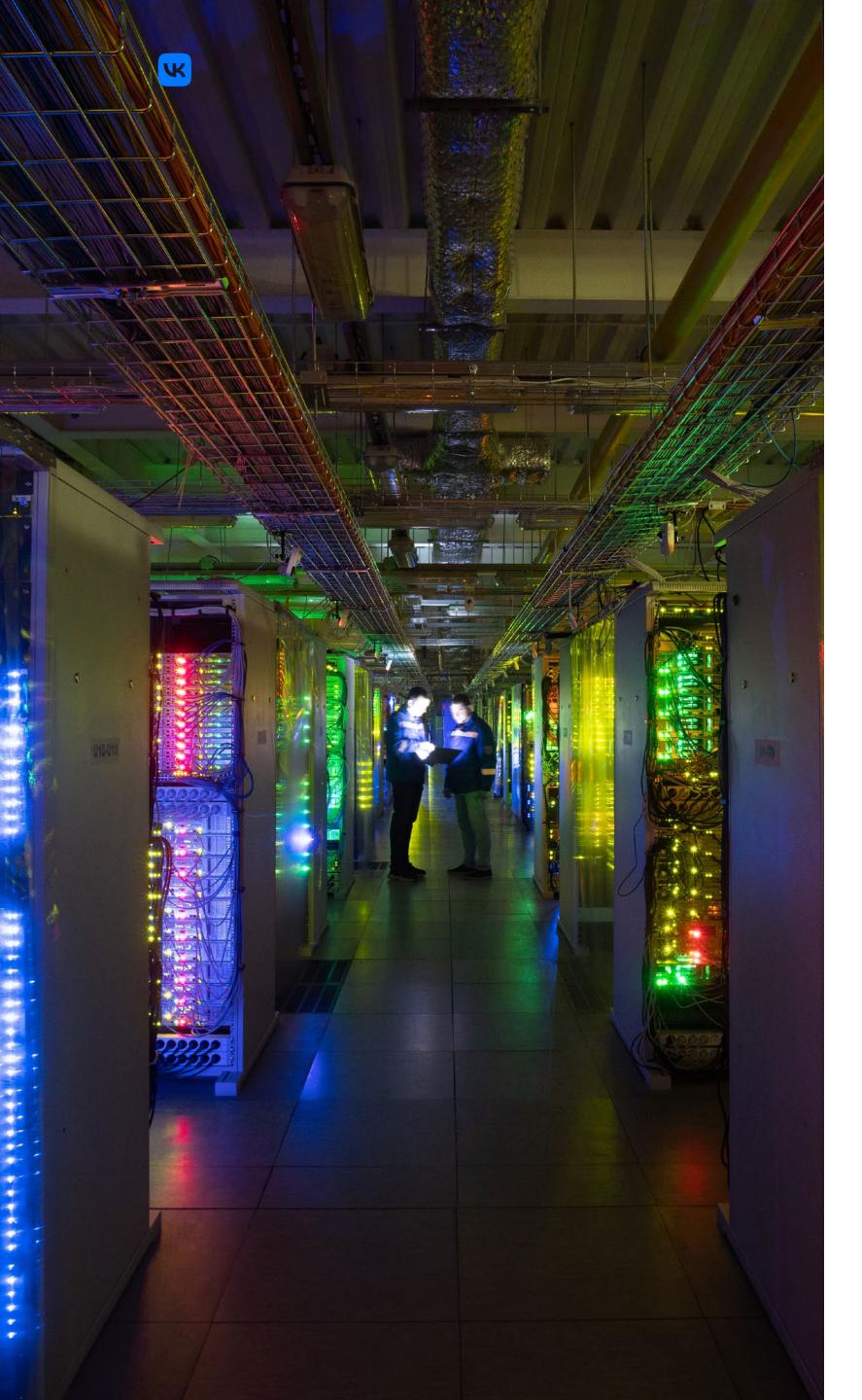
The company uses excess heat from the server rooms to reduce the costs of storage facilities heating.

VK is continuously searching for the most energy-efficient solutions for server room cooling, namely:

- A pilot operation of test racks with liquid CPU/GPU cooling
- Continuous laboratory tests to extend the temperature range of server equipment beyond the ASHRAE standard recommendations
- Tests of precision air-conditioning technology with a closed-circuit cooling system for equipment with higher climatic demand

As of the end of 2022, VK has two data centres: M100 in Moscow and ICVA in Leningrad Oblast. VK is also constructing another data centre in Domodedovo.

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1   A factor that describes how efficiently a data centre uses energy, in particular how much energy is used by computing equipment. The lower the PUE value is, the more efficient the power consumption is. The optimal PUE value is 1, which means that all the energy consumed by the data centre is used for computing.

Designing a new data centre

In 2022, VK completed the elaboration of the design documentation for the first phase of a new data centre in Moscow region. Permission to build the data centre was obtained, and construction and installation work commenced. The design capacity of the first phase will be 5 MW.

The calculated PUE will be up to 1.15, which is significantly lower than that of modern commercial data centres, thus reducing the carbon footprint of VK's core business.

Resources consumption by data centres

Diesel fuel consumption[1], l

Indicator	2019	2020	2021	2022
Diesel fuel	887	1,243	1,772	12,954[2]

Water consumption[3], cubic metres

Indicator	2019	2020	2021	2022
Water	3,075	1,489	1,878	5,506[2]

Electric power[4], mn kWh

Indicator	2019	2020	2021	2022
Electric power	16	18	21	53[2]

Heat energy, Gcal

Indicator	2019	2020	2021	2022
Electric power	128	109	117	426[2]

Waste generated in data centres

For the disposal of mercury lamps, a separate contract has been concluded with Chisty Mir LLC, a specialised company that decontaminates mercury and disposes of lamps. In the case of waste transfer, waste management is subject only to lease agreements (with waste transfer clauses) and disposal agreements. VK also transfers office equipment, hard drives, batteries, and waste paper to specialised contractors for recycling.

1   Conversion rates for diesel fuel, electric power, and heat: 1 tonne of diesel fuel = 42.267 GJ, 1 kWh = 0.003 GJ, and 1 kcal = 4.186 kJ.
2   In 2022, data centre consumption figures increased due to a growth in the number of users of VK services as well as a change in the conversion system.
3   The increase in water consumption is due to the long, hot summer, which caused the constant operation of the sprinkling system of external air-conditioning units. VK does not use natural gas, but the conversion results in 1 m³ = 9.45 kWh = 0.028 kJ, which means that VK would get that much energy in gigajoules if it consumed an appropriate substance (gas, water, electric power, or diesel fuel).
4   The increase in electric power consumption is due to the upgrades to the data centres and the consequently more compact layout of the server equipment. The water supply is entirely on a lessor's balance sheet. VK has no equipment to which additional waste water treatment requirements for discharge into the general sewerage system apply. The main document is the Decree of the Government of the Russian Federation on Approval of the Regulations on Cold Water Supply and Wastewater Disposal (№ 644 dated 29 July 2013, as amended on 30 November 2021). VK also does not withdraw water in water-scarce areas.

VK Offices

Green standards are becoming part of VK's office life.

VK aims to increase the practice of transferring waste for reuse or recycling and to foster rational energy consumption in its offices. The office management company coordinates such activities.

In Q1 2022, VK carried out an environmental audit with the help of Sfera Ecologii, a waste collection and recycling company. Based on the results of the audit and a survey of employees about their readiness to switch to a green office, VK planned measures to reduce non-recyclable waste, switch to separate waste collection, and replace light bulbs with energy-saving ones. Also in 2022, VK launched the HR electronic document management system, which contributes to abandoning the exchange of paper copies.

Electric power consumption (2019–2022), mn kWh

Indicator	2019	2020	2021	2022
Electric power	7	5	7	7

Water consumption

VK uses water only for domestic purposes: for drinking and cooking, after filtration, and for toilets and showers as well. The water is supplied directly by the municipal services. Also, wastewater is of the domestic type only. At the car park, wastewater is collected separately; it is accumulated in special pits and then discharged into the municipal general sewage system. VK does not carry out a specific impact assessment. The company only keeps records of water consumption and does not conduct additional environmental impact analysis. No data on wastewater discharges is available.

Water (2019–2022)[1], cubic metres

Indicator	2019	2020	2021	2022
Water	9,323	19,381	24,383	38,625[2]

Waste

The most common waste generated by VK offices is solid waste (paper, cardboard, plastic, food waste, batteries, electrical equipment, lamps, and hard drives). Some fractions are collected separately in the offices: waste paper, batteries, cardboard, plastic bottles and lids, and electrical items. According to the construction contracts, contractors are responsible for all waste, i.e., they have to dispose of it themselves and at their own expense, according to the legislation. Waste removal and recycling are handled by the office management company and lessors of office premises. They have concluded direct contracts with regional operators, and waste removal is included in the rent. Recycling is handled by specialised contractors.

Separate waste collection was launched at the VK Skylight head office in 2022 in test mode. Containers are now located on five floors. We also relaunched the Sustainability channel in the corporate messenger VK Teams, making it possible for employees to post their questions and comments in it, and started releasing a series of posts about separate waste collection.

An expansion of separate waste collection is scheduled for 2023, and there are plans to commission an appropriate post at VK's head office where employees will be able to separate 16 fractions.

Waste in offices (tonnes)	
Non-hazardous waste	3,249.2

Recycling	
Separate waste collection	4.4 m³
Non-hazardous waste — Skylight waste paper	621 kg

1   The following data is available for 2022: six offices in Moscow, three offices in Sochi, offices in Volgograd and Perm. The following data is available for 2021: five offices in Moscow and three offices in St. Petersburg. Regions: warehouse in Domodedovo; office and warehouse in Nizhny Novgorod; offices in Perm, Belgorod, and Sochi. The following data is available for 2020: three offices in Moscow and three offices in St. Petersburg. Regions: offices in Nizhniy Novgorod, Kazan, Voronezh, Sochi, Perm, and Belgorod. The following data is available for 2019: four offices in Moscow and two offices in St. Petersburg. Regions: offices in Nizhny Novgorod, Kazan, Voronezh, and Belgorod.

2   The increase in water consumption in VK offices in 2022 is due to the growth of staff, the opening of new offices, and the partial switch from remote working to hybrid and in-office working due to the cancellation of COVID-19 restrictions.

General Environmental Performance

Energy

Indicator	Units	2019	2020	2021	2022
Diesel fuel	Litres	11,708.65	12,752.2	15,813.61	12,954
	GJ	0.32	0.35	0.44	0.36
Electric power	kWh	23,223,621	24,262,563	28,234,518	61,480,539
	GJ	107,644	75,583	84,703	184,441
Heat energy	Gcal	42,426	5,641	8,874	7,068
	GJ	177,596	23,616	36,310	29,573

Greenhouse Gas Emissions

305-1 305-2

Indicator	2019	2020	2021	2022
Direct emissions (CO_2), Scope 1	460	473	479	471
Indirect emissioons (CO_2), Scope 2	80,158	82,425	83,041	73,378

VK's carbon footprint is measured according to the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). VK applies the 2015 Corporate Accounting and Reporting Standard for the Greenhouse Gas Protocol (Revised Edition). The Greenhouse Gas Emissions Protocol defines the following scopes:

- Scope 1 (direct emissions from sources owned or controlled by a company)
- Scope 2 (indirect emissions from purchased electric power, heat or steam consumption)

Our core business does not generate significant greenhouse gas emissions as we do not have our own production facilities. Our direct impact on the environment is limited to the use of fuel to keep diesel generators running uninterrupted. Our indirect emissions are the result of electric power consumption from electric grids.

Environmental Initiatives

Dobro Mail.ru

- The sustainability teams at VK and the Dobro Mail.ru service addressed the problem of eco-activist bullying offline and online. Together with Anastasia Kuvshinova, media coordinator of the environmental movement 'RazDelny Sbor' (Separate Waste Collection), and eco-blogger Boris Lorer, VK produced cards that taught users how to respond to passive-aggressive comments.
- In 2022, VK continued to improve awareness of environmental issues and conservation; it conducted an annual survey of Russians' environmental habits and supported the global campaign, Earth Hour. The Dobro Mail.ru service continued to run the foundations, which are engaged in solving and preventing environmental problems.

Education

- In Q2 2022, the online contest in ecology and environmental studies, which was hosted the Uchi.ru platform, engaged

915,000
students
in 1–6 grades (about 100,000 more students than last year)

Most participants already knew the basic rules of outdoor activities to prevent fires and protect the forest. Over 55% of 1–6 grade students did well on these topics.
- More than 700 face-to-face environmental lessons developed by the 'Do it!' environmental volunteer movement took place in the regions of Russia, where teachers and volunteers talked to schoolchildren about reducing the environmental impact of human activity. More than 22,600 children took part in those lessons.

VK Fest

During VK Fest 2022, more than 50 volunteers, together with representatives from the cleaning service, collected

35,000 kg
of mixed waste

which required 70 trips by lorries and 230 kg of recyclables, such as aluminium cans and PET bottles. The festival organisers donated 5,000 kg of raw materials collected for reuse to the Domashny animal shelter and the church parish, which supports people with addictions as well as those with disabilities and elderly people who have had strokes.

The organisations received banners, linoleum, wooden planks, carpeting, decorative cushions for renovating premises, setting up animal enclosures and other purposes.

Also, VK transferred 350 kg of waste paper for recycling. VK installed drinking water fountains in Moscow. In St. Petersburg, there was a ban on handing out promotional prints, and the participation regulations for food outlets strictly specified the material and composition of tableware (polypropylene, one of the safest and most recyclable materials, was chosen). VK refused to launch balloons, which are made of non-recyclable materials or materials with long degradation time.

VK HR Tek

In H1, VK Tek launched the Human Resources Electronic Document Management project (HR EDM). Using this tool, 30 different processes can be carried out electronically rather than in paper form, for example, creating and signing leave documents, hiring and dismissal tickets, applications for change of personal data, and various reference reports.

The HR EDM system is not only being implemented internally at VK; more than 100 other companies and projects, with a total of more than 500,000 employees, started using the tool in 2022. Once all of these companies are fully connected to the HR EDM system, up to 2.2 million documents will be signed electronically instead of on paper. This will save more than 5 million sheets of paper per year and thereby prevent nearly 350 trees from being cut down. VK aims to actively increase the number of companies connected to the HR EDM system in order to scale up this eco-initiative.
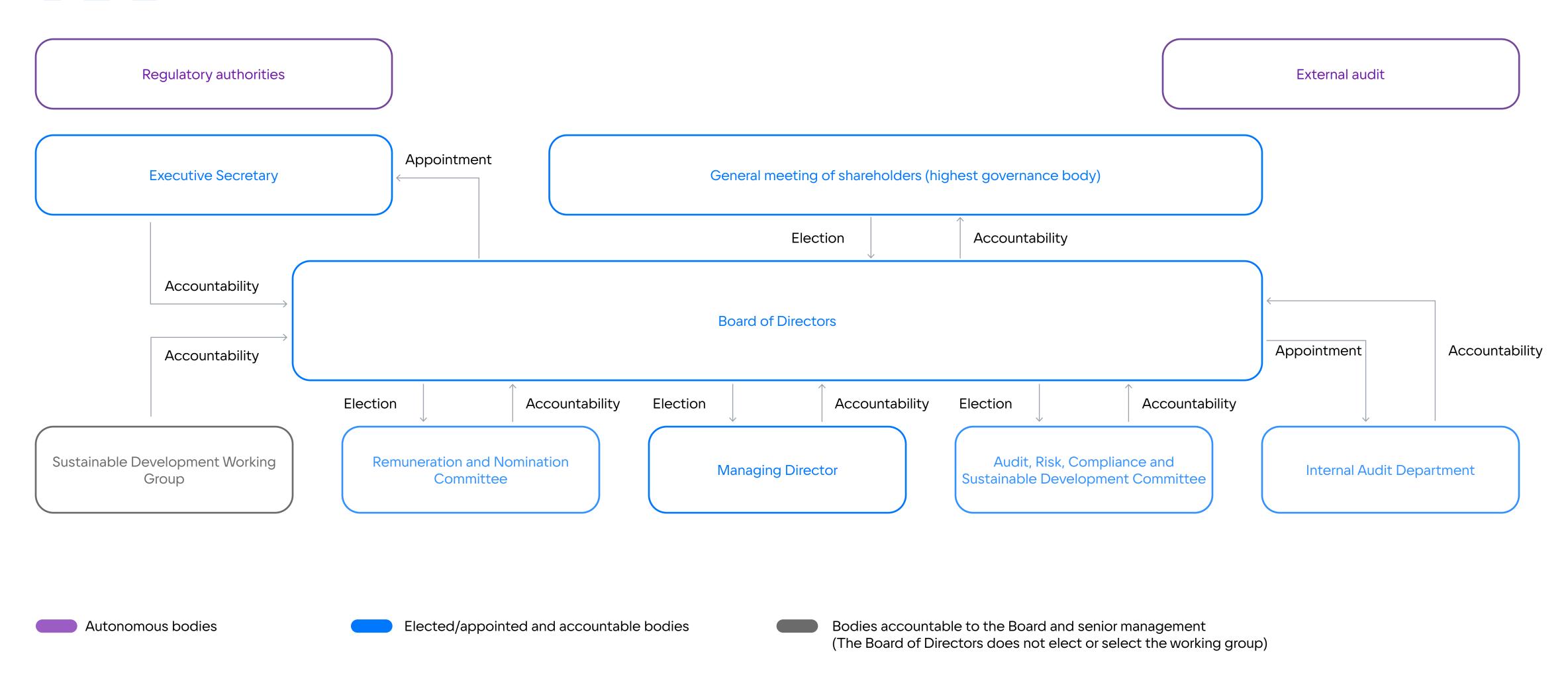
2-9
2-10 2-24

Corporate Governance

Corporate Governance Structure

2-24   102-15   102-17

Regulatory authorities

External audit

Executive Secretary

Appointment

General meeting of shareholders (highest governance body)

Election   Accountability

Accountability

Accountability

Board of Directors

Appointment   Accountability

Election Accountability   Election Accountability   Election Accountability

Sustainable Development Working Group

Remuneration and Nomination Committee

Managing Director

Audit, Risk, Compliance and Sustainable Development Committee

Internal Audit Department

Autonomous bodies

Elected/appointed and accountable bodies

Bodies accountable to the Board and senior management
(The Board of Directors does not elect or select the working group)

Governance Structure

2-9   2-10

In accordance with the Memorandum, the Articles of Association of VK Company Limited and the laws of the British Virgin Islands, the highest decision-making body of VK is the General Meeting of Shareholders.

Board of Directors

The Board of Directors is the backbone of VK's corporate governance system. They represent the interests of shareholders and are responsible for the overall governance and effective management of VK and the Group, including strategic planning and general supervision.

The procedure for the formation of the Board of Directors, their status, membership, functions, goals, objectives and powers, as well as the procedure for their functioning and interaction with other management bodies of VK Company Limited are stipulated in the Memorandum and Articles of Association and the Board Charter. The Board of Directors consists of ten members, eight of whom are elected by shareholders from among the previously nominated candidates (the Elected Directors) and two of whom are Independent Directors and are elected by resolution of the Board of Directors from among the candidates nominated by the Board. The Chairman of the Board of Directors is elected by the members of the Board of Directors from among their members. Any shareholder or group of shareholders holding at least 5% of the votes of the total voting power of the issued and placed share capital or shares representing at least 5% of the total issued and placed share capital must be entitled to nominate candidates for election to the Board as Elected Directors. The nomination notice must be sent to VK Company Limited at least 21 days before the date of the annual General Meeting of Shareholders.

The Board of Directors meets at least 3 times a year. The Audit Committee under the Board – at least once a quarter. Other committees meet on an as-needed basis. Meetings are held in VK Company Limited's principal office or wherever the majority of the Directors agree.

A resolution at a meeting of the Board of Directors or of a committee of Directors is approved by a simple majority vote. A resolution consented to in writing is approved by an absolute majority vote. Should there be a tie vote, the Chairman of the Board of Directors will have a casting vote.

↗ Board Charter

Powers of the Board of Directors

2-9

The Board of Directors has the authority to make decisions relating to, among other things, the following:

- The rights to issue shares and other securities (except as otherwise required by VK's Memorandum and Articles of Association)
- The approval of the annual budget and annual financial statements of VK
- The declaration of any dividend
- Convening of any meeting of shareholders
- The appointment of the Group's auditors
- The establishment of any committee of the Board of Directors
- The approval of any proposal under which VK or any direct subsidiary delegates any substantial management authority to any other entity
- The approval of any transaction that the Managing Director is not empowered to approve under the Memorandum and Articles of Association, but that is not a Substantial Transaction
- The exercise of any rights that the Managing Director is not empowered to exercise under the Memorandum and Articles of Association and that are not covered by the shareholders' competence

Audit, Risk, Compliance and Sustainable Development Committee

The Audit, Risk, Compliance and Sustainable Development Committee (also referred to as the Audit Committee) is appointed by VK's Board of Directors and meets on a regular basis, but at least once every quarter. The purpose of the Audit Committee is to assist the Company's Board of Directors in fulfilling its responsibilities with respect to:

- The quality and integrity of the Group's integrated reporting, including its financial statements
- Group's compliance with key applicable legal and regulatory requirements as relating to financial reporting
- The quality and independence of the Group's external auditors
- The performance of the Group's internal audit function and external auditors
- The adequacy and effectiveness of internal control and risk management measures, compliance system, accounting regulations, inspection, and audit procedures
- The monitoring of adherence to the requirements of applicable law, VK Code of Conduct and VK Compliance and Sustainable Development Policies

⎋ Charter of the Audit, Risk, Compliance and Sustainable Development Committee

Remuneration and Nomination Committee

`2-20`

The Remuneration and Nomination Committee is responsible for approving the terms of appointment and remuneration of the Group's senior managers, as well as for the approval of options or RSU/PSUs to be granted under the VK incentive scheme.

⎋ Charter of the Remuneration and Nomination Committee

Whistleblowing

`2-25` `2-26` `406-1`

Employees are encouraged to report any actual or suspected breaches of the code of conduct or employment law. For this purpose, VK has a whistleblowing hotline (https://www.servicetrust.ru), which is managed by an outside independent contractual agency. When the hotline receives a reports, it initiates an internal review in accordance with the procedures described in the Whistleblowing Policy.

In 2022, no cases of violations of anti-corruption legislation by VK were identified. There were no court rulings declaring VK or any of its employees (to the Company's knowledge) guilty of corrupt behaviour.

Code of Conduct

2-23

VK values each user, customer and partner and builds relationships based on mutual trust and respect. VK has the Code of Corporate Conduct in place (hereinafter referred to as the Code) that clarifies the fundamentals of doing business, describes the responsibility of employees towards the Company, the community and each other, and helps to maintain an atmosphere of trust in the team. The Code was substantially revised in 2022. It contains ten fundamental principles that guide our day-to-day work, including:

- To treat each other with respect and consideration
- To avoid conflicts of interest
- To protect VK's confidential data and intellectual property
- To respect users' rights and freedoms
- To handle insider information
- To make honest advertising
- To compete fairly
- To report transparently
- To establish honest relations with the authorities and adhere to anticorruption laws
- To report misconduct and ask questions

In 2022, VK held various compliance-related activities for employees, such as quizzes and newsletters. Following the Code update, a live webcast was held for the entire team. VK adopted a must-know approach when it comes to the Code and related compliance policies. Development of a training course on the updated Code of Conduct started in the second half of 2022. Training is scheduled for 2023.

The Policy on Human Rights was issued in March 2023; it stipulates and details VK's basic principles and obligations in the field of human rights.

[↗] **Code of Conduct**

Anti-Corruption Policy

The Company is committed to a zero-tolerance approach to corruption in all its forms and manifestations. VK complies with applicable anti-corruption legislation and takes the necessary measures to prevent and counteract corruption. This principle, among others, is expressed in VK Code of Conduct.

Due to the update of the Code of Corporate Conduct in 2022 the Anti-Corruption Policy was elaborated as it sets forth and outlines the basic principles and requirements for anti-corruption action in VK. The Anti-Corruption Policy is on the must-know list of internal documents for all employees.

Anti-corruption training was given under the framework the general compliance communications. Mandatory training for all employees on the VK Code of Conduct, including anti-corruption issues, is scheduled for 2023.

Risk Management

Risk Management System

VK Company Limited is subject to certain risks that affect the Group's ability to operate, serve its clients, and protect its assets. Timely identification, assessment, control, and monitoring of such risks is an integral part of the Group's activities.

VK has a Risk Management Policy that stipulates the roles and responsibilities of the Company's risk management stakeholders, as well as other regulatory documents and methodology affecting the relevant aspects of risk management.

The Company implements a comprehensive approach to risk management, including risk identification, analysis and assessment, monitoring and control; risk management processes are secured using a wide range of best practice tools. Risk management makes the Company more confident in achieving its objectives through an awareness of risk factors and sources, timely implementation of risk-related measures, and a risk allowance when planning activities.

Effective risk management and internal control systems are crucial to the achievement of business strategies. To ensure the effectiveness and efficiency of both these systems, the Group has adopted the 'three lines of defence' model.

The Company's 'three lines of defence' model is implemented on the basis of an internationally recognised methodology that defines approaches to building corporate risk management. The distribution of risk management and internal control roles and responsibilities among VK's divisions ensures consistency, efficiency, and continuity of risk management, thus considering all risks inherent to the business, including external (market, political, regulatory, social, ESG and cyber risks) and internal ones (which include, inter alia, strategic, operational and technological risks).

VK comprehensive approach to risk management

Methodology	Reporting	Risk management		
		Identification		Risk register
		Monitoring	Analysis and evaluation	Indicator framework
		Monitoring		Risk management activities
				Materials for committees

VK's three lines of defence

The first line of defence

The first line of defence involves the operational management as well as the units that run risk management as part of their day-to-day activities.
The managers of business units and functions are responsible for the outcome and effectiveness of their processes, ensuring the efficiency of the risk management and internal control system in their processes through their proper organisation, formalisation, and control. The persons in charge of internal control procedure implementation proceed in accordance with their job descriptions and in compliance with the regulations in force
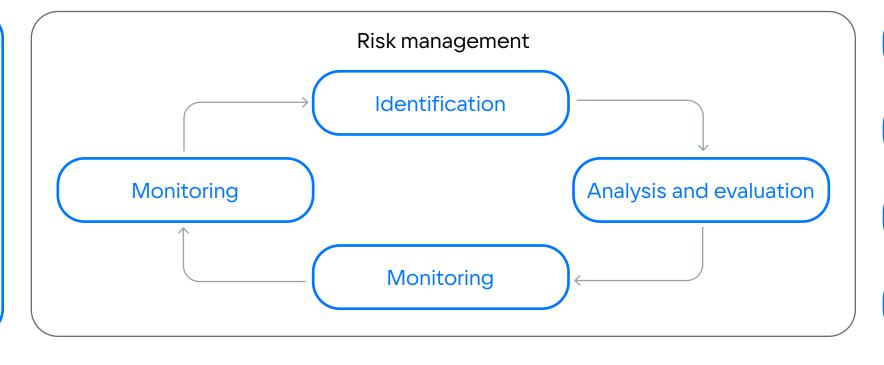
The second line of defence

Secured by the Risk Management Service, which coordinates the risk management process, as well as the units and committees that manage risks through their implementation of such a function within their competence (Compliance Department, Security Service, Cybersecurity Service, etc.)

The third line of defence

The Internal Audit Department conducts an independent assessment of the effectiveness of the risk management and internal control system of the Company, identifies deficiencies in the first and second lines of defence, makes proposals for improvement of the risk management and internal control system, monitors implementation of corrective measures to improve the risk management and internal control system that have been identified during the audit

A characteristic risk for VK's business sector in 2022 was the changing business environment and international and Russian business climate. Under such circumstances, the Company demonstrated sufficient resilience and ability to handle existing and new challenges. In 2022, the Company established an independent Risk Management Service, as well as a unit responsible for cybersecurity risk management, and the Compliance Department.

The existing risk management system operates as follows:

1. **The Board of Directors:**

- Oversees that the Group appropriately manages risks through structured, appropriate and effective risk management systems and processes
- Establishes a risk appetite that is adequate to achieve the Group's strategic objectives
- Ensures that an effective risk-based internal audit is in place

2. **The Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors:**

- Verifies the integrity, accuracy, and validity of the Group's statements and reports, and that of press releases containing material financial information or information pertaining to internal control
- Oversees compliance with legal and regulatory requirements for financial reporting
- Develops recommendations to the Board regarding issues pertaining to the realisation of strategic goals and the progress in sustainable development
- Monitors the quality and independence of the Group's external auditors
- Exercises control over the performance of internal audit function and the external auditors
- Supervises the independence and impartiality of the internal and external audit functions
- Invigilates the sound and effective functioning of the risk management and internal control system
- Assesses the adequacy and effectiveness of internal control and risk management measures, compliance system, accounting regulations, inspection, and audit procedures
- Keeps track of following recommendations for the implementation of the best practices pertaining to audit, risk, compliance, corporate governance and sustainable development

Elements of VK's risk management system

- Watches adherence to the requirements of applicable Russian and international laws, VK Code of Conduct and VK Compliance and Sustainable Development Policies

3. **Managing Director:**

- Informs the Board of Directors about enterprise risk management issues

4. **Risk Management Service:**

- Supports the establishment of VK's risk management system, orchestrates activities of all participants involved in risk management, and contributes to the continuous improvement of the system.

5. **Internal Audit Department:**

- Ensures independent evaluation of the effectiveness of the risk management and internal control system

- Identifies deficiencies of the first and second lines of defence
- Elaborates proposals for improving the risk management and internal control system
- Supervises the implementation of corrective measures to improve the risk management and internal control system, as identified during audits

Further development of the risk management system is planned for 2023, including the introduction of new and updated risk management tools, expansion of the risk monitoring base, and work with risk action plans.

Key risks

To minimise potential risks and mitigate their possible negative impact, the Company defined a list of potential risks. Accordingly, the Company is engaged in comprehensive activities to manage those.

Potential key risks and approaches to manage them

Risk	Description	Management measures
Financial risks		
Market risk	Possible fluctuations in the fair value of future cash flows featured by the Company's financial instruments because of changes in market prices. Those financial instruments include payables, cash and cash equivalents, short-term deposits, financial investments in associates and derivative financial instruments	The Company monitors fluctuations in currency and financial instruments rates, and assesses possible scenarios that affect the value of market assets. If deemed necessary, the Company is able to employ hedging instruments to mitigate foreign exchange risk
Credit risk	Possible financial losses due to the failure of counterparties to fulfil their obligations to the Company under a financial instrument or customer contract	The Company places its cash and cash equivalents with financial institutions featuring adequate stability that are considered to have minimal risk of default. The Company provides credit payment terms to its customers in accordance with market practices and based on a thorough review of the customer's profile and creditworthiness. To minimise credit risk, the Company seeks to operate on a prepayment basis or with a minimum deferral of payment. None of the liabilities to the Company represent more than 10% of revenue. If necessary, the Company handles receivables
Liquidity risk	Possible difficulties in meeting the Company's obligations associated with financial liabilities	The Company undertakes liquidity planning based on predicted and actual cash flow data, analysis of repayment schedules for existing financial assets and liabilities, through following detailed budgeting procedures on an annual basis
Risk of access to capital	Possible losses due to the lack of sources of borrowed capital for financial and economic activities on acceptable terms and conditions	The Company ensures continuous interaction with creditors. Monitoring of market rates for financing, government programmes and projects is run continuously. The goal of risk management is to minimise the cost of the debt portfolio
Business risks		
Risk of changes in the market environment and macroeconomic conditions	Possible losses of the Company due to a significant deterioration in the market environment and macroeconomic conditions	The Company gives high consideration to macroeconomic factors of the business environment under the current conditions. The Company monitors and reacts to significant changes in the market environment; if necessary, adjustments are made to the strategy of development for either an individual product or the Company as a whole
Risk of inconsistency in the quality of the Company's products with users' needs	Potential outflow of users, decrease in attractiveness of the Company's products due to discrepancy between their quality and users' needs	The Company develops products that are in demand from a wide range of users, and strives to meet the current and potential needs of different target audiences. To this end, the Company conducts regular research and surveys to determine user attitudes to the Company's products, identify potential problems and find ways to resolve them
Reputational risk	The potential for damage to the Company's reputation, impairment of its image, including brand value, due to negative perceptions of the Company and its operations among users, regulators, counterparties, and other third parties	The Company maintains a proactive communication policy, promptly informing users and the public of all significant changes. Handling the reputational risk has also been strengthened by establishing a unit that performs online monitoring of the Company's mentions, complaints, and questions from users and the public in all possible channels. Accordingly, the Company promptly responds to those

Risk	Description	Management measures
Operational risks		
Operational risk (risk of process deficiencies)	Possible losses due to internal processes, which were configured incorrectly, and deficiencies in the internal control system	The Company implements operational controls, applies measures to prevent incorrect actions by employees, and monitors internal processes
Risk of disruption in the continuity of operations and functioning of IT infrastructures	The risk of disruption to the smooth operation of the Company's services and products, as well as failures and/or malfunctions of the information systems used by the Company and (or) inconsistencies in their functionality and characteristics with the Company's needs	The Company seeks to ensure uninterrupted 24/7 functioning of services and products, including: maintaining a high level of redundancy of IT services and infrastructure; regular backup of critical information; and monitoring the products and processes. Continuous improvement of IT-related processes and prompt response to a wide range of IT deficiencies and problems are also carried out. The Company is committed to efficient use of IT resources, including planning and securing hardware requirements
Risk of epidemics, man-caused disasters, natural calamities, terrorist attacks, and force majeure	The Company may suffer losses as a result of external factors of natural, man-caused and terrorist nature that are beyond the Company's control	The Company has developed contingency plans; fire drills are conducted on a regular basis; employees undergo mandatory briefings and training when hired. Safety of employees' lives and health is a key priority for the Company
Cybersecurity risk	Occurring of cybersecurity risk events	VK adheres to the practice of ensuring the cybersecurity of its customers and employees. With regard to software development, the volume and quality of testing of software libraries before their use, as well as control over protection and secure configuration of development environments, and security checks of own code have been increased. To improve the detection of threats, the Bug Bounty programme was implemented, thus significantly reducing the level of vulnerabilities in the code of key products. The SOC team reacts promptly 24/7 to cybersecurity events and incidents, the secure application development team is enhanced, and the architecture and some key elements of network protection are streamlined. Particular emphasis is placed on building a cyberculture of VK employees in order to reduce cybersecurity risks aimed at exploiting the human factor. A programme designed to inform VK service users about good digital hygiene is continually updated. The cybersecurity risk management system is switching over to financial modelling of risk damage using factor analysis tools, which allows focusing on business-critical scenarios of cybersecurity risk events and provides VK management with a framework for a well-balanced decision-making system. The Company is actively working to integrate the cybersecurity risk management process into all stages of the life cycle of its projects and products
HR risk	Potential for difficulties in managing the staff	The Company executes a targeted approach to working with each employee and strives to create the most comfortable working conditions possible. The Company offers a wide range of social benefits and bonuses and actively promotes wellness programmes in the areas of health, sport, education, and hobbies

Risk	Description	Management measures
Legal and regulatory risks		
Legal and regulatory risk	The potential for the Company to suffer financial losses and difficulties due to incorrect compliance with the law, as well as due to legal proceedings	The Company strives to strictly comply with the legislation in force, so, it constantly monitors all amendments and ensures cooperation with the regulatory authorities at the stage of discussing draft legislation. Also, the Company makes appropriate efforts to be duly prepared for the introduction of new regulations and requirements
Risk of breach of compliance requirements	Potential breach of applicable laws and Company compliance policies (including those related to anti-corruption, conflict of interest, and human rights)	For more details on compliance measures, see the sections 'Compliance', 'Anti-corruption', 'Managing a conflict of interest', 'Human rights and anti-discrimination'

Risk	Description	Management measures
Tax risk	The risk of unintentional violation of tax legislation due to unfavourable changes of the same, ambiguous interpretation by controlling authorities, and legitimate disputes regarding previously uncontested transactions and approaches. A risk event may result in additional taxation, fines, penalties, and injunctions issued by tax authorities; the effect of such event on the financial statements of the Company may be significant	The Company strives for unconditional compliance with the current legislation by continuous monitoring of changes in the countries it operates in, analysis of regulatory authorities' explanations and court practice, assessment of tax risks before going into transactions and agreements, checking counterparties' good faith, obtaining clarifications from the regulatory authorities on disputable issues and interaction with them in the law-making process. The Company makes appropriate efforts to be duly prepared for the introduction of new regulations and requirements. In the case of tax incentives, the Company takes all necessary steps to ensure that they are compliant with legislation and correctly documented. The annual independent audit process includes a review of the Company's application and interpretation of tax legislation

ESG Risks

205-1   207-2   TC-SI-230a.2   TC-SI-550a.2   102-15   201-2

ESG Criteria	Name of risk	Risk management measures
Environmental criteria	Risk of violation of environmental performance standards	VK put in place strict procedures to monitor compliance with the legislation and requirements in the area of environmental standards. VK field-specific services carry out regular checks of compliance with performance standards.
Environmental criteria	Risk of negative environmental impact	VK has activities which do not have a direct environmental impact. Nevertheless, VK implemented processes to monitor the regulatory framework, including health standards and regulations, in order to ensure that VK's processes comply with environmental performance standards. In 2021, VK designed an energy-efficient data centre that will reduce the environmental impact of the IT infrastructure. The data centres under construction use direct free-cooling technology with adiabatic after-cooling during peak heat hours. This technology reduces the annual average PUE to less than 1.15. VK conducted an environmental audit in the Q1 2022. A survey was also conducted among employees about their willingness to transition to a green office. Based on the results of the audit and the survey, VK planned measures to reduce non-recyclable waste, switch to separate waste collection and replace light bulbs with energy-saving ones. In 2022, VK's head office made a trial run of separate waste collection. Last year, VK introduced an electronic document management system.
Environmental criteria	Risk of negative impact of natural and climatic factors on operations	VK embedded business continuity management processes for the stable operation of VK products and services. VK regularly performs briefings and tests on recovery of key infrastructure elements in case of natural phenomena, as well as devises and tests work plans under different conditions.
Environmental criteria	Risks of inefficient use of energy resources in operations	VK implemented energy efficiency management processes to achieve the lowest possible levels of energy consumption. VK regularly performs briefings and tests on recovery of key infrastructure elements in case of natural phenomena, as well as devises and tests work plans under different conditions. VK offices are actively transitioning to LED lighting: the office in the Alkon business centre made a full transition and the Skylight business centre made a partial transition (we plan to complete the transition by the end of 2024). Offices in the Renaissance business centres in Nizhny Novgorod and St. Petersburg fully switched to LED lighting. In 2021, VK designed an energy-efficient data centre that will reduce the environmental impact of the IT infrastructure.
Social criteria	Risk of shortage of skilled manpower on the labour market	VK implemented staff development and training processes in the most demanded areas for VK in order to improve the skills and expertise of existing employees and train new qualified specialists.
Social criteria	Risk of negative impact on clients' quality of life, interruption of products and services	VK embedded business continuity management processes for the stable operation of VK products and services. VK regularly performs briefings and tests on recovery of key infrastructure elements in case of natural phenomena, as well as devises and tests work plans under different conditions.

ESG Criteria	Name of risk	Risk management measures
Social criteria	Risk of underestimating the importance of society's demand for socially responsible business due to ineffective social responsibility management processes	VK implemented processes for shaping and implementing the social strategy. Since 2013, VK has been developing the VK Dobro (formerly Mail.ru Dobro) project and its own charitable organisation Code of Good.
Social criteria	Risk of VK products not meeting user expectations	VK conducts continuous monitoring of user satisfaction in order to study their needs and expectations. The results of the surveys are used to develop new products and refine existing solutions
Corporate governance criteria	Risk of cyber threats and compromisation of users' personal data	VK conducts regular internal and external audits and adheres to global best practices. Cybersecurity is a key priority for VK. VK implements multi-layered perimeter defence. In 2022, VK's cybersecurity team successfully tackled cyber-criminal activity: over 15 billion events per day handled by the revamped VK SOC; >50 security penetration tests and audits; over 5 million users enhanced account security with two-factor authentication; over 3.5 million users changed passwords to more complex ones via VK ID; 1.5 million users were alerted if their passwords were compromised on a third-party site; about 2 million users were alerted to suspicious interlocutors.
Corporate governance criteria	Risk of conflict of interest	VK implemented processes to detect and monitor conflicts of interest, fraud, and ethics violations by employees in the course of their duties.
Corporate governance criteria	Risk of employee rights violations	VK implemented processes to identify and prevent violations of employee rights, harassment of any kind in the workplace. VK adopted the Human Rights Policy in 2023.
Corporate governance criteria	Risk of infringement of intellectual property rights of third parties	VK put in place the necessary processes to monitor the enforcement of third-party intellectual property rights. In particular, there is a process in place to deal with appeals from rights holders in order to promptly resolve problems, if any. The VK whistleblowing hotline https://www.servicetrust.ru/ is an independent, confidential and anonymous communication channel for complaints about whether VK and its employees are complying with the law and ethics.
Corporate governance criteria	Risk of non-compliance with legal requirements by contractors	VK put in place processes to check counterparties before and after making a contract. As part of the due diligence process, the relevant services carry out a comprehensive check of the counterparty for compliance with legal requirements, negative factors in the counterparty's activities and ethical violations.

Supply Chain

VK has an approved Regulation on Procurement of Goods, Works and Services in LLC VK.

These Regulations were developed to establish uniform rules for organising the procurement function and set out the basic principles of procurement to ensure transparency, optimisation of processes and higher efficiency of procurement procedures in the VK Group of Companies.

These Regulations are external and publicly available, and market participants (suppliers, other customers) can familiarise themselves with VK's procurement rules and assess the maturity of the Group's procurement process.

The Regulations contain, among other things:
• Methods, procedure and peculiarities of procurement procedures
• Procedure for setting requirements to participants of procurement procedures
• Procedure for setting requirements for the products to be purchased
• Procedure for forming procurement documentation
• Procedure for concluding, amending and terminating an agreement

Now, all purchases falling under the Regulations on Procurement of Goods, Works and Services at LLC VK are carried out in two sections of Roseltorg Unified Electronic Trading Facility. The corporate section is used for strategic procurements, and the Roseltorg.Business platform for private business procurement enables small-volume purchases. In this way, VK plans to cover the largest pool of suppliers – both representatives of large businesses and small and medium-sized enterprises.

VK endeavours to make the procurement process as transparent and understandable as possible.

VK cooperates with more than 1,000 suppliers from Russia and abroad. The main types of VK suppliers are wholesalers, retailers, contractors, consultants, vendors and their official representatives. VK mainly pays for IT equipment, consulting services, construction & installation and commissioning works, marketing expenses and agent & partner fees.

VK selects suppliers based on the quality of their products and services, their experience in the market, price competitiveness and guarantees provided by suppliers. VK tries to give preference to local suppliers in the countries where it operates: 94% of suppliers are from the same country where the legal entity making the purchase is registered; accordingly, they pay taxes to the local budget.

VK expects all parties, in particular, consultants, agents and other contractors supplying goods or services to VK, to adhere to the basic principles of business rules and corporate ethics, including the requirements of applicable anti-corruption laws. Suppliers may report suspected violations of business ethics to the VK whistleblowing hotline.

Appendices
and Tables

GRI Standards Index

Indicator number	Description	Report Section	Comments
GRI 2 (2021): General Disclosures			
2-1	Organizational details	About the Company	
2-2	Entities included in the organization's sustainability reporting	GRI Standards Index	The non-financial information presented in this Report covers the consolidated subsidiaries of VK Company Limited. The list of consolidated subsidiaries is presented in Note 10 to the consolidated financial statements of VK Company Limited for the year ended 31 December 2022. The Report does not contain non-financial information relating to associates and joint ventures
2-3	Reporting period, frequency and contact point	About the Report	
2-3-c	Publication date of the report	GRI Standards Index	This Report is published on 17 August 2023
2-6-a	Sector(s) in which the organization is active	About the Company	
2-7	Employees	VK Employees	
2-9	Governance structure and composition	Corporate Governance	
2-10	Nomination and selection of the highest governance body	Corporate Governance	
2-11	Chair of the highest governance body	Corporate Governance	The chair of VK's highest corporate governance body is not a top VK manager
2-12	Role of the highest governance body in overseeing the management of impacts	Approach to Sustainable Development	
2-14	Role of the highest governance body in sustainability reporting	About the Report	
2-17	Collective knowledge of the highest governance body	Sustainable Development Management	
2-19	Remuneration policies	GRI Standards Index	The total monetary remuneration of the members of the Board of Directors is shown in the VK Annual Report
2-20	Process to determine remuneration	Remuneration and Nomination Committee	Regulations on the Charter of the Remuneration and Nomination Committee of the Board of Directors is available on the VK corporate website

Indicator number	Description	Report Section	Comments
2-21-a	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	GRI Standards Index	12% to 19%
2-21-b	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	GRI Standards Index	13.17%
2-21-c	Contextual information necessary to understand the data and how the data has been compiled	GRI Standards Index	The ratio of annual total compensation was calculated using the following formula: annual total compensation for the organization's highest-paid individual / median annual total compensation for all employees (excluding the highest-paid individual) The ratio of the percentage increase in annual total compensation was calculated using the following formula: percentage increase in annual total compensation for the organization's highest-paid individual / median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)
2-22	Statement on sustainable development strategy	Statement from the VK Audit, Risk, Compliance and Sustainable Development Committee	
2-23	Policy commitments	Code of Conduct	
2-24	Embedding policy commitments	Corporate Governance	
2-25	Processes to remediate negative impacts	Code of Conduct	
2-26	Mechanisms for seeking advice and raising concerns	Code of Conduct	
2-27	Compliance with laws and regulations	GRI Standards Index	There were no significant cases of non-compliance with laws and regulations in 2022

Indicator number	Description	Report Section	Comments
2-28	Membership associations	GRI Standards Index	1. Alliance for Digital Child Protection and the Digital Childhood Ethics Charter VK is a member of the Alliance for Digital Child Protection. Its mission is to develop a safe online space for children where, regardless of age and location, they can communicate and make friends, learn and develop, and discover new opportunities and entertainment. The Media Leaders Alliance seeks to establish a dialogue with children and young people to better understand their digital needs and interests in receiving information. This will help to respond more effectively to new challenges and jointly develop clear rules of conduct and moral compasses in the digital environment. VK also participated in the development of the Digital Childhood Ethics Charter with other leading IT and media companies. 2. Artificial Intelligence Alliance and AI Code of Ethics VK is a member of the Artificial Intelligence Alliance, which brings together leading technology companies to jointly develop their competencies and accelerate the use of artificial intelligence in education, research and business practices. The Alliance drafted an AI code of ethics that proclaims a humanistic approach in the development of AI technologies, the principles of non-discrimination, data security and cybersecurity, identification of AI in human communication and respect for human autonomy of will, responsibility for the consequences of the use of AI. Commitment to the Code of Ethics will be a key element of social responsibility for companies that develop and deploy AI technology in Russia. 3. The Big Data Association and the Data Usage Code of Ethics VK is a member of the Big Data Association, which is dedicated to creating common principles and standards for the processing, storage, transmission and use of big data. These developments serve as the basis for the big data policies of each member Company

The priorities of the Association are to develop a business-oriented strategy for big data market development, to improve the technical and operational efficiency of interaction between industry players, and to form a code of ethics for using big data to protect the interests of users.
The Data Usage Ethics Code, which has been developed by data market participants together with the government and members of the public, is a set of industry standards of professional and ethical conduct that participants, acting in good faith and reasonably, voluntarily recognise and undertake to comply with. It sets out the basic principles of stakeholder interaction (government, citizens, businesses), creates the basis for subsequent regulatory initiatives in the field of data, and formulates universal rules defining the boundaries of acceptable behaviour for the entire professional community. The provisions of the Code apply to the circulation of all types of data, from user to industrial, and contain principles of professional ethics in their collection, processing, use and storage.
4. Memorandum on Combating Fakes
   VK, along with other major Russian IT companies and media outlets, signed a memorandum on combating fakes. It aims to systematically combat misinformation on the Internet, create a safe information environment, develop unified rules for checking and labelling misinformation, and establish best practices for countering the spread of fakes.
5. Anti-Piracy Memorandum
   VK, along with other IT companies and rights holders, signed an anti-piracy memorandum that created a register of links to pirated content. Search engines are required to check the register every five minutes and remove links that appear in it within six hours. The registry keeper checks the eligibility of links sent in by rights holders.
6. Memorandum on Digital Market Openness
   The Memorandum on Digital Market Openness was signed by VK, the Federal Antimonopoly Service, and other significant IT businesses. It comprises guidelines for ethical business practices while fostering competition and abiding with Russian law. Principles include treating competitors neutrally, avoiding questionable language in platform rules, ensuring free access to information on how searches are ranked.

Indicator number	Description	Report Section	Comments
2-29	Approach to stakeholder engagement	Stakeholders and Stakeholder Engagement	
2-30	Collective bargaining agreements	GRI Standards Index	There is no practice of collective bargaining with employees in VK

GRI 3 (2021): Material Topics

3-1	Process to determine material topics	Material Topics	
3-2	List of material topics	Matrix of Material Topics	
3-3	Management of material topics	Focus on Cybersecurity and Privacy User Privacy Safe Internet Social Projects Environmental Impact Educational Initiatives VK Employees	

GRI 202 (2016): Market Presence

201-1	Ratios of standard entry level wage by gender compared to local minimum wage	Key Financial Indicators	
201-2	Proportion of senior management hired from the local community	ESG Risks	

GRI 203 (2016): Indirect Economic Impacts

203-1	Infrastructure investments and services supported	Social Projects	

GRI 204 (2016): Procurement Practices

204-1	Proportion of spending on local suppliers	Supply Chain	

GRI 302 (2016): Energy

302-1	Energy consumption within the organization	VK Data Centres VK Offices	
302-4	Reduction of energy consumption	Environmental Responsibility	

Indicator number	Description	Report Section	Comments
GRI 303 (2018): Water and Effluents			
303-1	Interactions with water as a shared resource	Water consumption	
GRI 305 (2016): Emissions			
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	
GRI 306 (2020): Waste			
306-1	Waste generation and significant waste-related impacts	Waste generated in data centres Wastes	
306-2	Management of significant waste-related impacts	VK Offices	
GRI 401 (2016): Employment			
401-1	New employee hires and employee turnover	Recruitment	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Package and Comfortable Working Conditions	
401-3	Parental leave	Staff Structure	
GRI 403 (2018): Occupational Health and Safety			
403-1	Occupational health and safety management system	Social Package and Comfortable Working Conditions	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	
403-3	Occupational health services	Occupational Safety Commission	

Indicator number	Description	Report Section	Comments
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	
403-5	Worker training on occupational health and safety	Occupational Health and Safety	
403-6	Promotion of worker health	Social Package and Comfortable Working Conditions	
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	
403-9	Work-related injuries	Occupational Health and Safety	

GRI 404 (2016): Training and Education

Indicator number	Description	Report Section	Comments
404-1	Average hours of training per year per employee	Employee Training and Development	
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Training and Development	
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Engagement Surveys	

GRI 405 (2016): Diversity and Equal Opportunity

Indicator number	Description	Report Section	Comments
405-1	Diversity of governance bodies and employees	Personnel structure by age	
405-2	Ratio of basic salary and remuneration of women to men		Not disclosed

GRI 406 (2016): Non-discrimination

Indicator number	Description	Report Section	Comments
406-1	Incidents of discrimination and corrective actions taken	GRI Standards Index	There were no cases of discrimination recorded in VK in 2022

Indicator number	Description	Report Section	Comments
GRI 408 (2016): Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	GRI Standards Index	Legislation in the countries where VK operates prohibits the use of child labour. VK conducts due diligence and necessary checks on the reliability of suppliers. VK expects all counterparties to comply with the rules of business and corporate ethics and includes a clause to this effect in contracts
GRI 409 (2016): Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI Standards Index	Legislation in the countries where VK operates prohibits the use of forced labour. VK conducts due diligence and necessary checks on the reliability of suppliers. VK expects all counterparties to comply with the rules of business and corporate ethics and includes a clause to this effect in contracts
GRI 414 (2016): Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	Supply Chain	
GRI 418 (2016): Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI Standards Index	VK was not liable to fines or further penalties in 2022 for violating the laws governing customer privacy

SASB Standards Index

Indicator number	Description	Report Section	Comments
SASB: Internet Media & Services (2018)			
TC-IM-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Power consumption by data centres Power consumption by offices	
TC-IM-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Water consumption	
TC-IM-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	VK Data Centres	
TC-IM-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	Focus on Cybersecurity and Privacy	

Indicator number	Description	Report Section	Comments
TC-IM-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Safe Internet	
TC-IM-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	User Privacy	
TC-IM-230a.2	Description of approach to identifying and addressing data security risks	ESG Risks	
TC-IM-330a.2	Employee engagement as a percentage	Employee Engagement Assessment	
TC-IM-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Staff Structure	
SASB: Software & IT Services (2018)			
TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Power consumption by data centres Power consumption by offices	
TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Water consumption	
TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	VK Data Centres	
TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	Focus on Cybersecurity and Privacy	
TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Safe Internet	
TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	User Privacy	
TC-SI-230a.2	Description of approach to identifying and addressing data security risks	ESG Risks	
TC-SI-330a.2	Employee engagement as a percentage	Employee Engagement Surveys	
TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Staff Structure	
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Power consumption by data centres Power consumption by offices	