

Brief overview of corporate governance practices

Corporate governance approach

We understand corporate governance as a system of interrelations between shareholders (owners), the Supervisory Board, management and other stakeholders that establishes the rules and procedures for taking corporate decisions and ensures management and control over the Bank's activities.

Sberbank is both a credit institution and a public company, which raises the requirements on the quality of the Bank's corporate governance. That is why we closely monitor corporate laws and corporate governance practices in Russia and abroad. In our activity we comply with the following:

the recommendations of the Basel Committee on Banking Supervision and the Financial Sustainability Council for financial institutions;

the principles and recommendations of the Corporate Governance Code of Bank of Russia and other corporate governance requirements of the regulator (Bank of Russia);

the requirements of the Listing Rules of the Moscow, London, and Frankfurt Stock Exchanges;

the Corporate governance principles of G20/OECD;

the international code of conduct and principles of international standards related to Corporate Social Responsibility and sustainable development: ISO 26000, AA1000, and standards for information disclosure developed by the GRI (Global Reporting Initiative).

Currently, Sberbank complies with the majority of the principles and recommendations of the Corporate Governance Code of the Bank of Russia. For our report on compliance with the Corporate Governance Code of the Bank of Russia see page 308.

Sberbank's NCGR



Assessment of the quality of corporate governance

In 2017 we maintained our National Corporate Governance Rating (NCGR) of 8 “Advanced Corporate Governance Practice”, which is the highest rating among Russian companies that receive an NCGR rating. This means that Sberbank retained its position among the three leaders in the quality of corporate governance among Russian companies that receive this rating.

Based on the scale of the National Corporate Governance Rating, a rating of 8 means that the company duly complies with Russian legislative regulations regarding corporate governance and follows a considerable number of recommendations of the Russian Corporate Governance Code. The risks of losses for owners resulting from the quality of corporate governance are insignificant.

Equality of shareholders' rights

The corporate governance system at Sberbank ensures the equal treatment of shareholders' rights, regardless of the size of their shareholding. The key principles in ensuring the equality of shareholders' rights are:

- compliance with the one share – one vote – one dividend principle;
- lack of protective mechanisms (restrictions):
 - based on the nominal value of shares that can belong to one shareholder;
 - based on the maximum number of votes granted to one shareholder;
 - based on the share of foreign entities in the Bank's charter capital;
- equal treatment of all shareholders as they exercise their right to participate in the Bank's government.

In accordance with international best practice, Sberbank also refrains from actions that could lead to the artificial redistribution of corporate control and creation of unequal terms and conditions for shareholders. In this regard, we make every effort to ensure that the voting shares of controlled legal entities do not take part in voting at the General Shareholders' Meeting of Sberbank.

A balanced and effective Supervisory Board

The composition of the Supervisory Board is balanced in terms of gender, nationality, knowledge and professional experience. The efficiency of the Supervisory Board is achieved thanks to its balanced composition and coordinated work. The composition of the Supervisory Board allows it to take into account the interests of all shareholders and to limit the dominant influence of the key shareholder on the decisions made by the Supervisory Board.

Separation of powers and responsibility in business management

Effective interaction between the Supervisory Board and executive bodies and the clear separation of their powers are some of the key factors ensuring the due implementation of corporate governance practices.

The Supervisory Board, Executive Board, and CEO, Chairman of the Executive Board are granted a significant degree of independence in carrying out their activities. The Supervisory Board does not interfere (without strong reasons to do so) in the daily operations of the executive bodies, nor does it limit their ability to expeditiously solve the Bank's operational issues.

In addition, the executive bodies inform the Supervisory Board on a regular basis of the most important issues and decisions, which are crucial for implementing the Bank's development strategy, business planning and development, as well as of the state of risk management and internal control systems.

To achieve the optimal level of these interactions, the CEO, Chairman of the Executive Board is a member of the Supervisory Board of Sberbank.

Dividend policy

In 2017 we allocated for the payment of dividends 25% of net profit for 2016 according to IFRS. RUB 6 was paid for each ordinary and preferred share. Sberbank updated its Dividend Policy at the end of 2017, setting forth its intention to gradually increase the share of dividend payments in the net profit of the Sberbank Group over the next three years from the current level to 50% of net profit according to IFRS, with due account of the limitations established by the Dividend Policy.

Socially responsible corporate governance model

Corporate social
responsibility policy



Starting in 2010, Sberbank voluntarily prepares sustainability reports in accordance with the international code of conduct and principles set forth in the international standards on corporate social responsibility and sustainability: ISO 26000, AA1000, and the standards on information disclosure developed by the GRI (Global Reporting Initiative).

Corporate ethics

Code of Corporate Ethics



We have introduced a uniform Code of Corporate Ethics for the Sberbank Group, which consolidates the rules of conduct for all team members, regardless of their location. The Code reflects the standards of behavior accepted at the Bank, guaranteeing honest and fair relations with team members, clients, partners, and observance of laws and internal policies. The Code fully complies with the standards placed by the international community on multinational corporations.

Information transparency

As a public company, Sberbank strives to increase the transparency of its operations by supporting an active and open dialog with its shareholders, investors, and other stakeholders. The Bank's information transparency is based on information disclosure made in accordance with the Information Policy approved by the Supervisory Board, which is built on the principles of completeness, accuracy, availability, a balanced nature of disclosed information, and the regularity and timeliness of its disclosure. Access to public information (except for the cases set forth in the legislation of the Russian Federation) is provided by the Bank free of charge and does not require special procedures (the receipt of passwords, registration, or other technical restrictions) to read it.

Sberbank
annual reports



Official website of Sberbank for information disclosure:
www.sberbank.com

In 2017 Sberbank was the winner of the Annual Report Contest of the Moscow Exchange in the nomination “Best Annual Report of a Company with Capitalization of More Than RUB 200 Billion”, and also received the Contest's special prize “For Continued Leadership”.