

Internal environment

We create the technical, organizational, social and cultural work conditions necessary to facilitate the motivation and maximum possible actualization of potential of our employees. The Bank's internal environment includes numerous interrelated components, most importantly corporate culture and comfortable and safe working conditions.

Corporate culture

The Sberbank culture is a unique environment that helps employees to become a better version of themselves, to make the lives of our clients and society better.

The development of corporate culture holds a prominent place in Sberbank's strategy. The quality of corporate culture and its significance when taking decisions on people has increased over the past two years. As the 2017 engagement survey revealed, the number of employees who agree that the Bank's culture has a positive effect on employee behavior jumped by more than 20%. The number of employees who feel that corporate culture and the working environment are a strength of the Bank as an employer also increased by 10%.

These results show that the chosen vector for changing our corporate culture is correct. The implementation of the new Strategy, performance of an Agile transformation, and introduction of turquoise organization principles at client service points require a more open corporate culture and the fostering of an atmosphere of psychological safety within teams, the promotion of teamwork coupled with an increase in personal ownership of (responsibility for) results. This will require considerable efforts on the part of employees and above all managers to promote personal development and improvement of self-management skills. We endeavor to make sure that constant feedback as a source of information for personal development at all levels of interaction becomes a norm of corporate culture.

The further development of corporate culture will continue in the strategy for 2020 through the improvement of the system of communications, emotional intelligence and empathy training, embedding of corporate culture in HR processes, engagement of employees in the achievement of the Bank's social mission, etc.

Holding a dialog with employees

The system of internal corporate communications includes mechanisms for information, cooperation, submitting complaints and comments. For example, the Bank has an internal HR communications channel called “Fast Facts” that addresses such relevant and vital questions as the adaptation of new hires, training, career and development, assessment and remuneration, and others.

If necessary, there are several channels through which employees may submit comments or complaints, including the Crisis Hotline, the e-mails of the HR Services or addressing the Bank’s top-management. All comments received are analyzed by experts at the regional banks and the Corporate Headquarters with the involvement of all interested divisions. The Bank also has a Client Care Office which considered both comments of clients and questions from employees.

We received a total of

774

complaints from employees on labor practices in 2017. All comments were processed and settled.

In 2017 we introduced a special internal automated system called “FACE OF A FRIEND” for working with the comments of employees received by the HR services. This enables us to keep a centralized record of the number and topics of comments, and to control the period needed for their settlement.

One of the channels for feedback from employees on the quality of internal services is the “Voice of the Inner Client” survey. This survey is performed twice a year through an online survey of all Bank employees. More than 100 internal services were assessed in 2017 (for example, the organization of corporate meals, provision of VHI, training and development of employees), with an employee response rate of around 50%. An improvement in the quality of an internal service is the result of the day-to-day work of the division responsible for providing the service.

On December 21, 2017, we held the traditional “Open Dialog” between Sberbank President Herman Gref and employees for the eighth time. This year 2,999 questions were received along various channels: corporate and personal e-mail (57% of questions), the website (20%), the mobile app (14%), and SMS (9%). During the session Herman Gref answered 36 questions on various topics. The answers to all the other questions were posted to the “Open Dialog” website.

The topics of greatest interest to employees during the “Open Dialog” were questions about services and products for clients (31% of questions), personal questions (15%), and services for employees (14%). Our colleagues asked questions about the future development of Sberbank under the Strategy for 2020. “Open Dialog” is an important event for us, which allows employees to make their opinion known to the head of the Bank and to ask questions of interest to them.

The managers of regional banks and functional units also regularly engage in open dialog with employees.

Corporate culture and emotional intelligence training

We provide our managers and employees with corporate culture, emotional intelligence and empathy training.

The following educational projects in this area were performed for managers and employees during the reporting year:

- training segments on competence in the areas “Self-management” and “Team building and cooperation” were prepared for the “Guidelines for Competency Development”;
- the development of awareness, empathy and a mentoring leadership style were included the training program “Internal division manager workshop”;
- an educational documentary on emotional intelligence was made;
- interactive clips on corporate culture were released.

We actively share our experience in developing corporate culture and emotional intelligence with the state authorities, institutions of higher education, our clients and partners. Among other things, Sberbank held master classes in 2017 for participants in the World Festival of Youth and Students in Sochi, which were attended by more than 800 people.

For more details on systematic training of managers see page 139.

Employee engagement survey

Since 2010 we regularly conduct a bank-wide survey of the engagement of all Sberbank employees. The results of this survey allow us to:

- learn the opinion of employees on working conditions at the Bank;
- determine priorities and develop measures to improve the working environment and corporate culture;
- regularly measure and track changes in the level of employee satisfaction.

In 2017 we took a new approach to the survey - addressed links to the survey questionnaire tied to the employees' demographic from the HR system. As a result, we received more valid results and additional capabilities for analysis of the data received.

The results of the 2017 survey show that Sberbank's employee engagement index remains at a high level – 75 percentage points (75.6 in 2015). The Bank's employee engagement is higher than in international banks and companies in Russia; in fact, it is higher than engagement in the most successful companies in the world. An analysis of the survey results showed that, despite a fall in the level of authority of employees, their ability to influence decision-making and uncertainty surrounding the retention of their jobs, the engagement index remains high due to the improvement in the leadership style of managers, the possibilities for employees to receive training and development, corporate culture and the work atmosphere, and the collaborative approach.

We analyze the rate of transformation of the corporate culture, discuss the results in Bank teams at various levels, and formulate future development plans based on the data received from the survey.

Involving employees in the achievement of the Bank's social mission and the initiatives focused on employees is an important area of development of the corporate culture.

For more details, see page 145 (in the section on employee focus), page 146 (in the section on the corporate health program), and page 239 (in the section on corporate volunteering).

Motivation system

Sberbank has a system of financial and non-financial incentives to strengthen our employees' efficiency and desire for development.

Employee remuneration

The bank makes a lot of efforts to improve the working conditions of employees to ensure a competitive salary and the composition of the benefits package. According to the results of the survey of employee engagement in 2017, employees highly appreciate the system of remuneration in the Bank (25 percentage points higher than in successful global companies).

The wages of our employees consist of a base salary and a variable salary. A new version of the "Regulations on Year End Bonuses for Sberbank Employees" was approved in 2017. In it we included changes aimed at simplifying and improving the fairness of the remuneration system.

We conduct annual research into the level of wages of our competitors and increase wages in those divisions where it was found to be below the market level. We reviewed the level of employee wages based on the regional specifics and personal work performance of each employee in 2017. The growth in wages based on this review was at least 6%, and in some regions this figure reached 10%. In all, wage expenses at Sberbank increased by 4.8% in 2017 year on year.

The variable portion of employee wages depends directly on the performance assessment of employees and their compliance with Sberbank's corporate values. We also try to develop additional bonus mechanisms. For example, we approved a method for giving bonuses to employees for participation in the search for personnel to improve the effectiveness of our recruitment system.

The Agile transformation at Sberbank has had an impact on the wage structure at Corporate Headquarters: quarterly bonuses were abolished in a number of divisions and included in salary. This change affected, first and foremost, the employees of the Retail Business, Corporate Business, CIB and Technology units.

Benefits package

In addition to decent wages, we also give our employees a competitive benefits package. The key components of the benefits package are voluntary health insurance and the corporate pension program.

Under the voluntary health insurance program Sberbank personnel receive comprehensive medical services, as well as access to a number of disease prevention programs. The voluntary health insurance program covers all employees that have finished their probation period. The number of participants in the voluntary health insurance program increased by 8% in 2017.

We improve the voluntary health insurance program based on feedback from personnel. The clinics servicing Sberbank personnel were replaced in some cities in 2017, and in remote cities employees were given the opportunity to choose an outpatient clinic close to their work or home.

“My Health”

More than 190 thousand employees registered in the voluntary health insurance personal medical insurance account “My Health” (www.mzdorovie.com) in 2017. This account is an IT platform (ecosystem) for managing the health of Sberbank Group employees launched in 2016. In their personal account, each employee can find details on the terms and conditions of their Insurance Program and useful information on a healthy lifestyle. Of the registered employees, more than 23 thousand applied to undergo preventative screening (targeted screening).

A corporate pension program is also in place for our employees. Employees with a continuous length of service of more than one year are eligible for the corporate pension program. The total number of participants in the corporate pension program in 2017 was 175 thousand people, and the amount of financing equaled RUB 2.4 million.

In July 2017 Sberbank started a new corporate pension program based on equal participation of the Bank and the employee in pension savings. These arrangements increase the potential size of the future private pension and help employees retain the lifestyle they are accustomed to after the end of their work career. Since the launch of the Parity Program, nearly five thousand people have joined and made pension contributions worth more than RUB 28 million.

Number of participants and amount of financing for the voluntary health insurance and corporate pension programs at Sberbank

	2014	2015	2016	2017
Number of participants in the voluntary health insurance program, thousand people	276	271	260	281
Amount of financing of the voluntary health insurance program, RUB million	2,341	2,594	2,745	2,335
Number of participants in the corporate pension program, thousand people	136	155	167	175
Amount of financing of the corporate pension program, RUB million	2,611	2,660	3,600	2,400

Focus on employees

These events were attended by more than 15 thousand employees in more than 60 cities. The program's online services (digests, video lectures, webinars, etc.) were available to all Bank employees.

The Bank is gradually changing its approach to the focus on employees. We strive to make our social initiatives useful for both the personal lives and professional development of employees. For example, in 2017 the Bank decided to implement a value proposition for employees with children. The Sberbank for children and parents program is part of this approach. Events such as the following were held under this program:

- Day of Open Horizons – a professional orientation event for employees who are parents and their teenage children, with a focus in 2017 on teaching the skills for work in a digital environment and interpersonal communications;
- Open House – showing the children of employees the place where their parents work and organizing developmental exercises for them through the efforts of Bank specialists;
- “Family weekends” - organizing family recreational events at the campus of the Corporate University with a wide-ranging developmental program based on the “Learning How to Learn” competence.

We prepare educational New Year's gifts for employees' children together with the "Contribution to the Future" Charitable Foundation. In the run up to 2018 all children of employees from one to 17 years of age received developmental board games and an interactive diary focused on financial literacy. These unique gifts were designed for parents to be actively involved in the game.

In addition to this initiative, we also began to offer more educational content for employees who are young mothers and those just planning to become one. For example, an internet resource was organized and is being actively used, master classes with leading experts on parenting and family psychology are held regularly, we have begun to hold "meetings of future moms".

Another important programme is support of families with multiple children and families raising children with special needs. Under this program we provide free travel vouchers for sanatorium treatment and other benefits.

The Bank operates a system of providing material assistance to employees in special life circumstances.

Employee health

Sberbank offers various initiatives aimed at encouraging employees to lead a healthy lifestyle. In 2017 the program "Health 2.0" was relaunched, aimed at strengthening the physical, emotional and mental health of employees. Under this programme we held informational campaigns dedicated to a healthy diet and express health diagnostics, and is forming a unified knowledge database of a healthy lifestyle. The following can be singled out as the events performed in 2017:

- week of healthy eating at all cafeterias at Sberbank and regional banks, from November 13-17, 2017 (more than 200 thousand participants);
- pilot project of the support service for employees aimed at helping to solve the work-affecting psychological issues from November 27-December 27, 2017 (1,086 employee references);
- stress and energy management lectures throughout the year (more than 50 thousand participants).

Also, the strengthening of a healthy lifestyle is promoted by sports competitions, in which the employees of the Bank take part:

- VII Russian Open Beach Volleyball Tournament for prizes of the Volga Branch of Sberbank, which was held in June 2017 in Samara (120 participants: 23 women's teams and 23 men's teams);
- Russian Hockey Tournament for Sberbank Employees, held in November 2017 in Saint Petersburg (225 participants).

Sberbank Olympics

The XII Summer Sberbank Olympics were held from July 17-23, 2017, in Kazan. They included meetings, training seminars, and sporting competitions in 11 sports, as well as the semifinal of the KVN (Club of the Cheerful and Inventive) Games “Sberbank Constellation” 2017. An additional competition was included in the list – a team quest for Sberbank values and strategy. 1.7 thousand employees from 12 regional banks, the corporate headquarters of Sberbank, subsidiary banks in Belarus, Kazakhstan, Sberbank Europe, DenizBank, Sberbank Technology, Sberbank Leasing, Sberbank Life Insurance, and MRIYA Resort and Spa took part in the competitions.

Occupational health and safety

Sberbank has a system for managing occupational safety that is geared to preventing injuries and maintaining the health of employees. We use a system of indicators to assess the effectiveness of activity in this area. The key indicators of this system are the level of workplace injuries and occupational illnesses.

To reduce workplace injuries, Sberbank has developed preventive and corrective actions and performs a mandatory investigation of all accidents in Sberbank branches. The injury frequency ratio was reduced by 9% in 2017 (from 0.68 to 0.62), but the injury severity ratio increased by 19% (from 36.27 to 42.99).

Unfortunately, despite all Sberbank's efforts to ensure their safety, there were four fatalities among the armored transport employees in 2017. Investigations were performed in all cases, and based on its results the corresponding measures were taken to minimize the threat to the life and health of our employees.

Costs to improve working conditions and reduce injuries at Sberbank amounted to RUB 721.3 (including RUB 291.5 million to reduce injuries and RUB 429.8 million to improve working conditions), remaining at practically the same level as last year (RUB 722 million).

Injury severity and frequency ratios at Sberbank

Ratio	Formula	2014	2015	2016	2017
Injury frequency	$IR=I*1,000/H$	0.86	0.75	0.68	0.62
Injury severity	$SR=D/I$	34.37	37.37	36.27	42.99