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The Bank corporate governance system conforms to the best Russian and international corporate governance standards and practices, and its main principles are outlined in the Corporate Governance Code of Sberbank. In 2016, following the results of the assessment of the corporate governance practices applied by the Bank carried out by the Russian Institute of Directors, the Bank was assigned a National Corporate Management Rating (NCMR) of 8, or “Advanced Corporate Management Practice”, the highest value of any Russian company ever rated.

Bella Zlatkis

Deputy Chairman of the Executive Board

Sberbank corporate governance practice

Corporate Governance System

The corporate governance system is based on the Corporate Governance Principles developed by Sberbank.

Sberbank’s Corporate Governance Principles:

Priority of shareholder rights and interests

The principle of the priority of shareholder rights and interests means the ability of shareholders to make decisions important for Bank operations, such as the approval of documents regulating the Bank’s control bodies, profit distribution, as well as the election of members of the Supervisory Board

Provision of long-term sustainable business development

The history of Sberbank spans over 175 years, and during this period Sberbank has become the leader of the Russian banking sector and one of the largest financial institutions in the world. Nowadays, Sberbank is a modern universal bank offering the widest range of services for all groups of clients and actively participating in social and economic life. Aware of the fact that further sustainable bank development is impossible without effective governance, Sberbank orients itself on the implementation and development of the best practices of corporate governance as well as on the building of a well-balanced and transparent corporate governance system serving the interests of its clients, shareholders, and investors.

Separation of powers and responsibility in business management

Effective interaction between the Supervisory Board and executive bodies as well as the clear separation of their powers are the key factors ensuring the due implementation of corporate government 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 Bank operations issues. In addition, the executive bodies inform the Supervisory Board on a regular basis on the most important issues and decisions, which are crucial for implementing Sberbank’s Development Strategy, business planning, and development, as well as on 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

Compliance of the competencies and qualifications of the Supervisory Board members with the scope of Sberbank's activities

The members of the Supervisory Board possess considerable knowledge and experience sufficient to accomplish the long-term strategic tasks of Sberbank's development. However, they are not able to be experts in all areas. In some situations, the members of the Supervisory Board must receive additional knowledge regarding certain aspects of the Supervisory Board's operations.

In this connection, Sberbank organizes special programs to increase qualifications, exchange experience, and obtain the required knowledge while taking into consideration the individual needs of each member of the Supervisory Board. A particularly important role in the formation and implementation of these programs belongs to the HR and Remunerations Committee.

Complete accountability of control bodies before shareholders

This principle means the complete accountability of Sberbank before shareholders by timely and fully providing to them only true and accurate information regarding Sberbank's current financial standing, achieved economic results, operations results, and management structure, which enables shareholders and investors to make well-grounded and effective decisions. Moreover, this principle is implemented through the separation of accountability among Sberbank's control bodies: the Supervisory Board is accountable to Sberbank's shareholders; the executive bodies, to the Supervisory Board; and Sberbank officials, to Sberbank's executive bodies.

Equilibrium and efficiency of the internal control and risk management systems

Sberbank as a credit organization places special importance on building effective internal control and risk management systems designed to adhere to the best international established concepts and practices in this area as well as to meet the requirements of the regulator in full.

The responsibility for determining the principles and approaches of internal control and risk management system organization as well as supervision over the efficiency of these systems and taking measures in case of any drawbacks is vested upon the Supervisory Board. Sberbank's executive bodies provide for the establishment and support of effective internal control and risk management systems as well as hold responsibility for the fulfillment of Supervisory Board decisions in these areas.

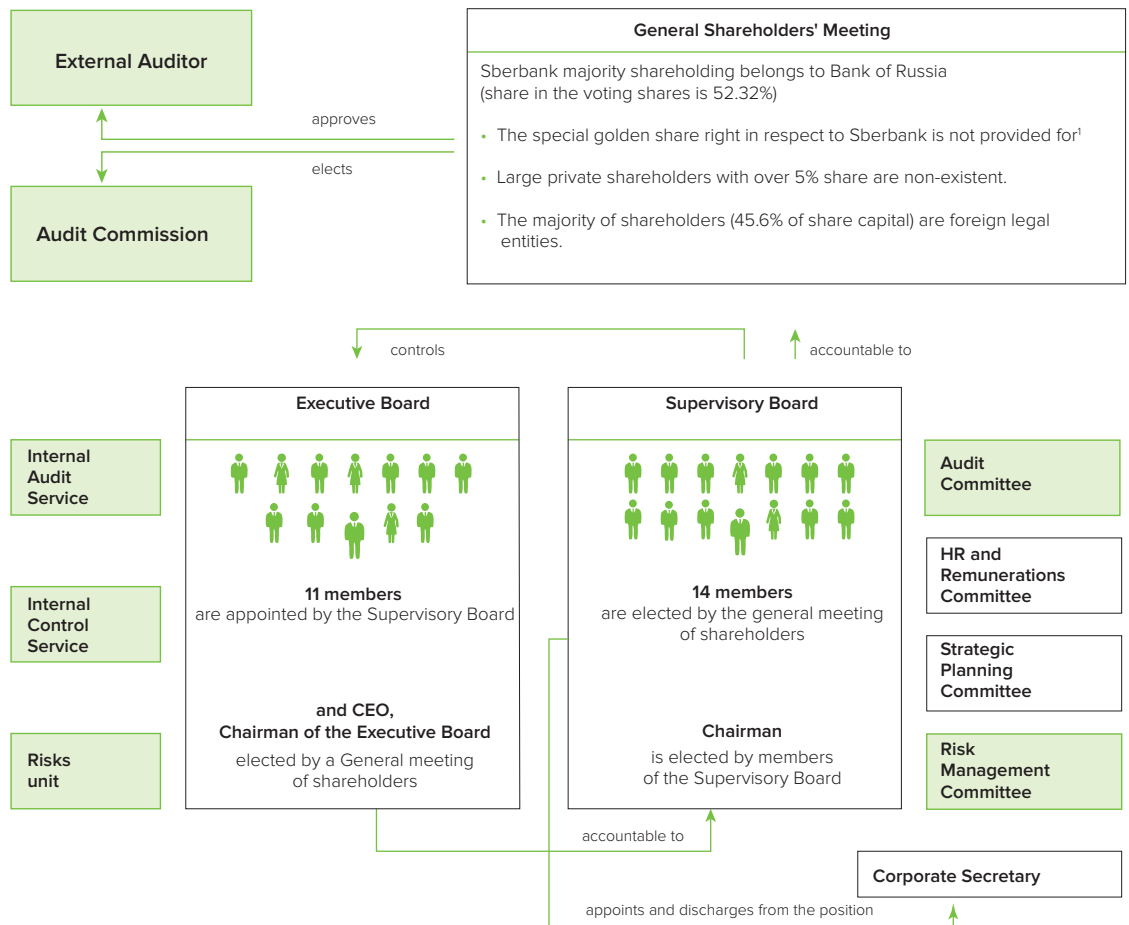
Information transparency

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

» The Code of Corporate Governance and Information Policy of Sberbank are published on Sberbank's corporate website: www.sberbank.com/investor-relations/disclosure/regulative-documents

Sberbank's corporate governance system is based on an organizational model designed to regulate relations between Sberbank managers, the Supervisory Board, and shareholders, which puts forth corporate decision-making rules and procedures and ensures management and control over Sberbank's activities.

Sberbank Corporate Governance System elements (Members of the Supervisory Board and the Executive Board as of January 1, 2017)



– Internal and external control and risk management vertical

¹Golden share is a conventional name for the corporate right belonging to the Russian Federation, government or municipal entity which is a shareholder of the joint-stock company. Serves the purposes of government control over the joint-stock company.