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the Supervisory Board of Sberbank
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Corporate Governance Code of Sberbank

2015

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1. Preamble

Recognizing the importance of adherence to high standards of corporate governance with a view to achieving sustainable development of business as well as realizing the importance of respecting and ensuring the rights and legitimate interests of the shareholders, in this Code of Corporate Governance of Sberbank of Russia (hereafter Sberbank or Bank) lays out the main approaches, requirements and principles of corporate governance system (CGS).

As we sought to describe the existent CGS and devise a mechanism for its further improvement to assure the rights and interests of shareholders, enhance business performance, increase transparency and investment appeal of the Bank, and maintain and multiply share capital, it emerged as the main objective behind the Code. Corporate governance being evolutionary by nature, its improvement relies on achievements and best practices already in place. As the same are elaborated and implemented, the provisions of this Code may be subject to revision and clarification from time to time.

We, the team of the Bank, are committed to taking steps to ensure sustainable improvement of the system and practice of the Bank corporate governance and will continue the consistent development of our CGS with due regard for the interests of the Bank's shareholders, employees and partners, taking into account Russian and international standards of corporate governance as amended.

This Code is a publicly available document, which is a body of principles. Specific procedures and practices of corporate governance are set out in more detail and regulated by the Charter and the internal documents of the Bank, including:

- *Regulations on the General Shareholders' Meeting;*
- *Regulations on the Supervisory Board;*
- *Regulations on the Executive Board;*

All these documents have been developed in accordance with Russian law and with due regard for the Corporate Governance Code recommended by the Bank of Russia and are made available at our [web-site](#).

2. About Sberbank

The Bank is the largest bank in the Russian Federation, one of the systemically important companies of the country. The Bank holds the leading position by assets, capital and infrastructure scale.

Sberbank is a parent company of the international banking group. We have a strong presence on both the Russian and international market of banking products and services – a truly universal bank operating in 22 countries of the world.

Sberbank has existed for over 170 years, with another milestone in our history passed in 1991, when the Bank was transformed from a state-owned institution into a joint-stock company. This was also the time when the current corporate governance system started to take shape.

3. Commitment to Corporate Governance Principles

By corporate governance we refer to the system of interrelations between the shareholders (owners), Supervisory Board, management and other stakeholders, which sets out the rules and procedures to take corporate actions and ensures due governance and control of the Banks' activities.

3.1. Mission, Vision and Values

Our Mission defines the meaning and the scope of Sberbank's activities with the focus on its critical role in Russian economy. Our customers, their needs, dreams and goals are what underlie all of the Bank's activities as an organization. Following our mission, we want to be one of the best financial companies of the world.

Lofty goals are achieved by a team of like-minded people united by a uniform value system. Our values make the basis of our approach to life and work, they are our inner compass that helps to make decisions in complex situations. We take guidance from the following principles:

- I am a leader*
- We are a team*
- All for the customer*

We want these principles to be filled with a real content and every-day relevance to all Sberbank employees.

3.2. Principles of Sberbank's CGS

The existing CGS of the Bank is in full compliance with the legislation of the Russian Federation, Russian governing bodies, the Moscow Stock Exchange, the London Stock Exchange and the Frankfurt Stock Exchange guidelines (in accordance with listing terms and criteria), recommendations of the Basel Committee on Banking Supervision and the Financial Stability Board for financial institutions, as well as takes guidance from the recommendation of the Corporate Governance Code, approved by the Bank of Russia and the world's best standards and practices of corporate governance.

Our CGS aims at sustainable long-term increase in equity capital value with due regard to financial, microeconomic, social and environmental aspects of the Bank's activities in a decision-making process.

We are furthering CGS based on the following principles:

- Priority of rights and interests of shareholders*
- Ensuring long-term sustainable business development*
- Division of powers and responsibilities in business management*
- Conformity of competence and qualification with the scale of activities*
- Full accountability of management bodies to shareholders*
- Balanced and efficient internal control and risk management systems*
- Information transparency*

Consistent improvement of CGS is a part of the Bank Development Strategy.

4. Securing Shareholders' Rights

Respecting legal interests of the Bank shareholders, ensuring parity for all shareholders owning a similar class (type) of shares regardless of the size of the stake as well as equal treatment to them by the Bank is one of the major objectives faced by corporate governance.

The Bank's GGS ensures equal and fair treatment of all shareholders in their exercising of the right to take part in governance of the Bank and creates the most favorable opportunities possible for exercising these rights.

The Bank provides its shareholders with an equal and fair opportunity to participate in the Bank's profit through receiving dividends and the relevant information on the Bank's activities.

4.1. Ownership Structure

Being a public company, the Bank ensures free trading of its securities on the financial markets, enabling shareholders and investors to purchase and sell shares at the market price.

Sberbank authorized capital exists in two categories of shares: common shares (95.6%) and preference shares (4.4%) of equal par value, Ordinary shares, in quantity not exceeding 25% of the total number of placed ordinary shares, can be in circulation outside Russia as depositary receipts. A feature of the Bank's authorized capital is the existence of the controlling shareholder which is the Central Bank of the Russian Federation, whose stake in the authorized capital amounts to 50% +1 voting share.

Ordinary shares entitle to vote on all matters on the agenda of the general meeting of shareholders.

Preference shares bear no voting rights at the shareholders' meeting, except for the cases stipulated by the Russian law, but entitle to the right stipulated by the Charter to receive dividend of not less than 15 per cent of the nominal value of the shares.

4.2. General Meeting of Shareholders

The priority of rights and interests of shareholders includes the possibility for the shareholders of adopting important decisions on the activities of the Bank, such as approval of documents, regulating the work of management bodies of the Bank, profit allocation, as well as the election of the members of the Supervisory Board (SB).

All information regarding general shareholders meeting preparation and holding procedures is provided in the [Regulations on General Shareholders' Meeting](#) which stipulates that each shareholder of the Bank have an opportunity to exercise their right to vote in a manner as he or she deems fit. The Bank will make all reasonable effort so that voting shares owned by corporate entities controlled by the Bank (quasi-treasury stock) do not take part in voting at shareholders' meetings.

Any shareholder in person or by proxy present at a meeting shall have the right to express their opinion and ask the Chairman of the meeting, present members and candidate members of the Supervisory Board and the Audit

Commission, the auditor's representative, and members of executive bodies of the Bank any questions they are concerned with.

Internet broadcasting of general shareholders meetings at the Bank's web-site in the Russian and English languages is our regular practice.

The questions arising in between the meetings may be referred by the shareholders to the [corporate secretary of the Bank](#).

4.3. Protection of Rights of Shareholders / Fiduciary Responsibility

The extent of our responsibility to shareholders is not dependent on the stake of shares held by them. It is securing interests of shareholders entrusting us with making decision on their capital management that is our main priority; however, we make every effort to consider interests of other stakeholders and social responsibility in elaborating the Bank development strategy and in current activities.

Acting under Russian law, our controlling shareholder proposes its candidates to the Supervisory Board of the Bank on an annual basis, and the interests of minority shareholders are represented primarily by independent members of the Supervisory Board (independent from executive bodies, shareholder groups and other stakeholders; unassociated with the Bank or the state, its controlling shareholder or competitors); however, each of the members of the Supervisory Board represents interests of all shareholders of the Bank, and not only interests of those who nominated directly such member.

4.4. Dividend Policy

In order to establish a transparent and comprehensible mechanism of decision making on dividend payment, determination of the size, procedure and time of dividend payment, the Supervisory Board reviews and approves [the Dividend Policy of the Bank](#) for the mid-term (at least 3 years). The Supervisory Board advises the General Shareholders' Meeting on the size of dividends payable in accordance with the Dividend Policy. The decision to approve the size and payment of dividend is approved by the General Shareholders' Meeting.

4.5. Significant Corporate Actions

We consider the following as significant corporate actions: Bank reorganization; acquisition of 30 or more percent of voting shares by a single shareholder; major transactions (mergers and acquisitions including); share capital increase or reduction; listing and delisting of shares; and other actions that may result in a considerable change of rights of shareholders or violation of their interests.

In determining the order of acquisition of the shares of the Bank by the entities, controlled by the Bank, it will seek to ensure equal opportunity for all of its shareholders who own shares of the relevant category (type), to sell their shares in proportion to their stake on equal terms to such controlled entities, except when Bank shares are acquired by controlled entities in the course of trade activities on the stock market.

No action capable of causing forced delisting of the Bank's securities, is acceptable for the Bank

Where decisions are made in respect of significant corporate actions, the management bodies of the Bank may, realizing the extent of their responsibility:

- establish dedicated task force at the level of the Executive Board of the Bank;
- to establish a provisional Committee at the Supervisory Board
- put the matter related to a significant corporate action to the vote by the General Shareholders' Meeting.

We disclose any information concerning significant corporate events in good time in accordance with Russian law and the [Information Policy](#) of the Bank.

4.6. Approval of Transactions with Interest

Pursuant to statutory requirements and best corporate governance practices, we consider transactions with interested parties in the following manner:

- making preliminary interested party check in respect of members of the Supervisory Board and executive bodies involved in decision-making;
- interested parties are not allowed to take part in transaction discussion and decision making on such transaction.

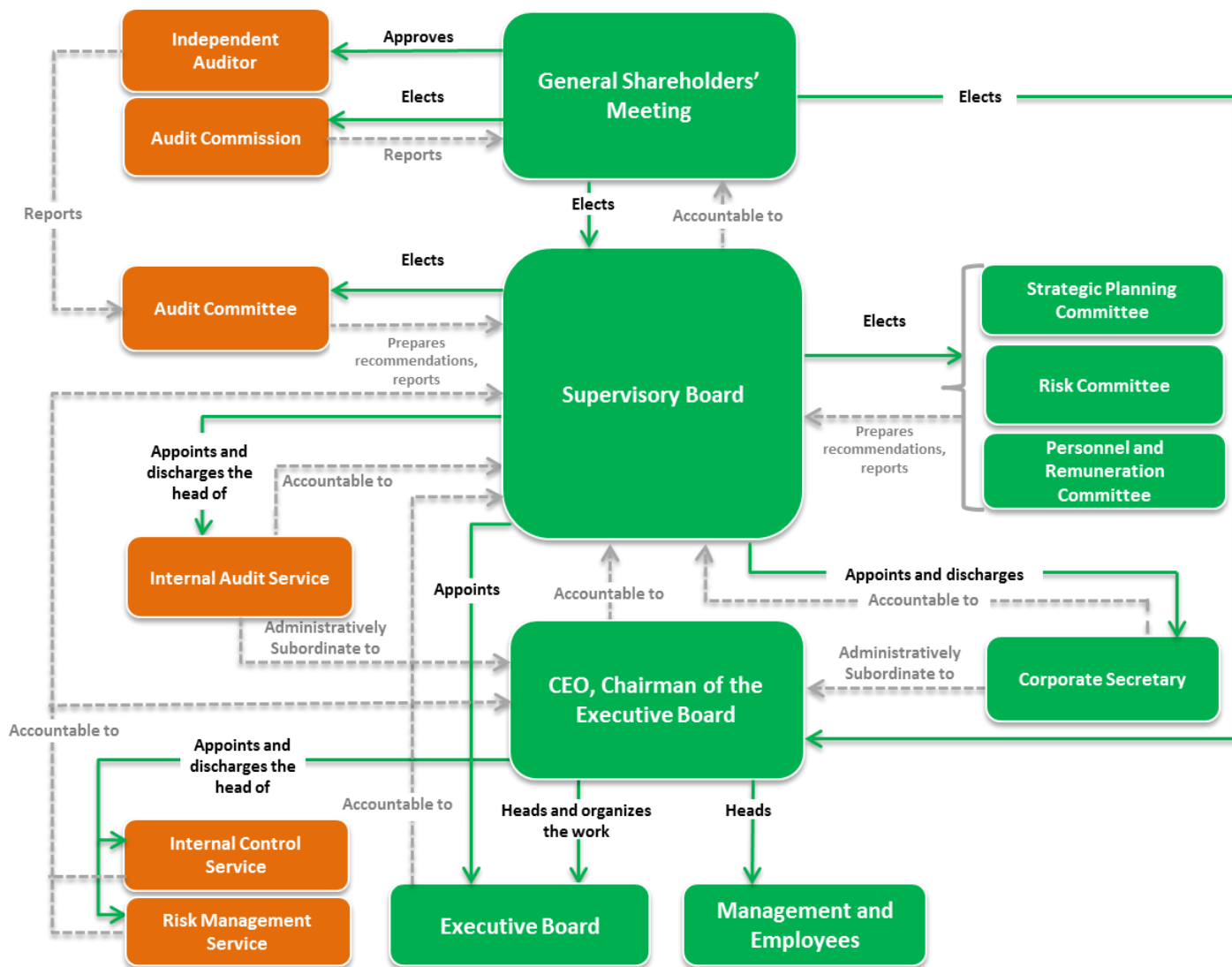
We disclose any information concerning interested party transactions in good time in accordance with Russian law.

5. Structure of Sberbank's Corporate Governance System (CGS)

The main components of the Corporate Governance System comprise:

- General Meeting of Shareholders – the supreme governance body of the Bank, through which shareholders implement their right of governance.
- Supervisory Board – the collegial governance body determining strategic management and general direction of the Bank's activities, defining the philosophy and approaches to CGS in the Bank including risk management and internal control systems, and providing guidance to and exercising control of activities of the executive bodies.
- CEO, Chairman of the Executive Board – the sole executive management body that heads the Executive Board and manages current activities of the Bank.
- Executive Board of the Bank – the collegial executive management body that manages current activities of the Bank and implements strategies determined by the Supervisory Board.

Graphically, Corporate Governance System of the Bank may be represented as follows:



5.1. Supervisory Board is the Key Component of the Corporate Governance System of Sberbank

We realize that an efficient and professional Supervisory Board is the principal condition to ensure efficient corporate governance. The Supervisory Board determines the principles and approaches applied to arrange the corporate governance system in the Bank.

In order to ensure sustainable and systematic development of the Bank, the members of the Supervisory Board shall perform, prudently and in good faith with proper care and diligence, their obligations to the benefit of the Bank and its shareholders, and shall bear personal responsibility for the decisions made.

Effective operation of the Supervisory Board of the Bank is determined by:

- Understanding of business needs and role of the Supervisory Board in the Bank development
- Ability to engage high-grade experts in the Supervisory Board
- Balanced system of Incentives and remuneration of members of the Supervisory Board

- *Provision of the technologically and organizationally up-to-date conditions for their productive work*
- *Opportunities for further professional growth for members of the Supervisory Board*
- *Self-control of activities carried out by the Supervisory Board through annual assessment and identification of opportunities for improvement*
- *Effective communications both within the Supervisory Board, and with shareholders and management of the Bank and other key stakeholders.*

The Supervisory Board (hereinafter also SB) determines the general rules and principles of the Corporate Governance System of Sberbank by adopting internal regulatory documents that institute principles and procedures of operation of certain CGS components, and through control of functional efficiency of each element and CGS on the whole.

The Supervisory Board is accountable to the General Shareholders' Meeting of the Bank, and information concerning its operation over the accounting period is disclosed in the annual report.

Main Functions of the Supervisory Board

The Supervisory Board, being the central component of the Corporate Governance System, is responsible for development of the three key functions:

- *Management*
- *Control*
- *Communications*

Subject to the role assigned, the Supervisory Board:

- *determines the strategic goals and development directions of the Bank*
- *exercises control of activities carried out by executive bodies of the Bank including compliance of such activities with the development strategy approved by the Supervisory Board*
- *forms CGS, monitors its efficiency and ensures its development*
- *develops the key principles and approaches to the arrangement of risk management and internal control system*
- *determines the incentives and remuneration policy of the Bank for members of the Supervisory Board, executive bodies, and other key managers of the Bank*
- *promotes the development of talent management system and the building the succession pool for the executive bodies in the Bank*
- *controls provision of transparency of the Bank and its activities by ensuring timely and complete disclosure of information*
- *takes decisions related to the appointment and early termination of office of the members of the Management Board of the Bank*

The competence of the Supervisory Board is established by the [Charter](#) of the Bank.

Election of the Supervisory Board

Elected to the Supervisory Board persons shall have unblemished business and personal reputation and expertise, skills and experience required to take decisions within the competence of the Supervisory Board, and who are determined to contribute to achievement of the overall result.

The Supervisory Board is elected annually by shareholders at the General Shareholders' Meeting. Shareholders having two (2 %) or more percent of voting shares may nominate candidates for members of the Supervisory Board within 75 days of termination of the calendar year.

In order to improve efficiency of decision-making by shareholders of the Bank when the Supervisory Board is elected, the Personnel and Remuneration Committee prepares voting recommendations to be included in the materials for the General Shareholders' Meeting.

The composition of the Supervisory Board and the Status of its Members

The Supervisory Board consists of executive, non-executive and independent directors.

Executive directors are members of the Supervisory Board, who are in employment relations with the Bank.

Non-executive directors are members of the Supervisory Board, who are not in employment relations with the Bank and, at the same time, are not independent directors.

In order to ensure efficiency of decisions made, and to maintain the balance of interests of various groups of shareholders, the Supervisory Board shall comprise independent directors.

An independent director is the member of the Supervisory Board having sufficient qualification, experience and independence to form the own opinion, and able to make objective and bona fide judgments that are not affected by the executive bodies of the Bank, certain groups of shareholders or other stakeholders, and who is not associated with the Bank, government, principal shareholder or any competitor of the Bank.

The Supervisory Board evaluates the status of independence of candidates. The Supervisory Board may recognize the candidate (director) independent although such candidate may have any formal criteria testifying otherwise if such criteria do not affect the director's ability to make independent and objective judgments. In case of circumstances, due to which the director ceases to be independent, such director must duly notify the Supervisory Board and Corporate Secretary immediately. An independent director shall refrain from any action that could lead to a loss of his/her status of an independent director.

Independent directors shall make at least one third of membership of the Supervisory Board.

The Supervisory Board may appoint the Senior independent director from amongst independent directors; main tasks of such senior independent director include: assistance to the Chairman of the Supervisory Board,

arranging assessment of SB Chairman performance, coordination of interaction among independent directors and, as required, generation of the consolidated opinion of independent directors in respect of the matter in question.

Chairman of the Supervisory Board

The Supervisory Board is headed by the Chairman, who is elected from among the members of SB at the first meeting of SB after their election by the General Meeting of Shareholders. The Chairman directs the activities of SB, organizes development of SB work plan and control execution of SB decisions, the formation of the agenda of SB meetings, preparation of informed decisions on the items on the agenda of the meetings, free discussion of these items, productive atmosphere of the meetings, as well as proper and timely taking of the minutes of the SB meetings.

The Procedure of the Operation of the Supervisory Board

Our goal is to find the right balance between unity of interest and variety of opinions, and to create appropriate conditions so that each member of the Supervisory Board would be active about matters reviewed by the SB.

The Supervisory Board meets in keeping with the plan drawn up at the beginning of its incumbency term which ensures proper performance of its responsibilities. Extraordinary meetings of the Supervisory Board can be held when necessary.

Meetings of the Supervisory Board may be held in praesentia and in absentia and shall be convened by the Chairman of the Supervisory Board at his/her own initiative or at the request of the external auditor of the Bank, a member of the Supervisory Board, the Review Commission, the Board and the CEO, Chairman of the Executive Board of the Bank.

A meeting of the Supervisory Board is qualified if at least half of the elected members are participating.

Each member of the Supervisory Board shall have one vote. In case of a tie, the casting vote is that of the Chairman of the Supervisory Board. The decisions on the agenda of the SB shall be taken by the majority vote of the directors taking part in the voting, except in cases provided by the legislation of the Russian Federation and the Bank's Charter when a greater number of votes is required to make such decisions.

An SB member may participate in a meeting through a video conferencing system or by telephone.

Performance Assessment and Succession Planning

In order to identify additional opportunities for better efficiency of SB and its committees, identification of areas for improvement and development, as well as for the purpose of following the best corporate governance practices, SB conducts an annual self-assessment of itself, its committees, the performance of the Chairman and the members of the Supervisory Board. SB periodically (once in 3 years) engages an independent external consultant to conduct such assessment. The results of SB performance assessment are submitted to the Chairman of the SB, who organizes a discussion of the results with SB members. The performance of SB

Chairman is assessed by the independent directors who take into account the opinions of all the members of the Supervisory Board. The summary of the results of the assessment is disclosed in the annual report of the Bank. The assessment of the Supervisory Board performance serves to determine its staffing needs, identify its strengths and the areas for improvement in its work. The Personnel and Remuneration Committee at the Supervisory Board shall use the results of the assessment to compile a list of additional competencies of SB members which are required to improve the efficiency of SB, and prepares its recommendations in respect of the candidacies to SB.

The Supervisory Board, the Personnel and Remuneration Committee can also engage third party company to seek candidates who meet the competence requirements of the Supervisory Board.

Personnel and Remuneration Committee at the Supervisory Board prepares recommendations for the voting at the general meeting of shareholders of the Bank in accordance with the well-grounded position of the Supervisory Board in respect of the candidates. In this case, the Supervisory Board provides maximum transparency of the candidate assessment and recommendations procedure.

Professional Development of the Members of the Supervisory Board

The members of the SB must have all necessary knowledge and experience, but they cannot be experts in all the areas of activity. In this regard, there is a need to enrich and update the knowledge of the members of the Supervisory Board and develop their competences. The Bank organizes special programs for the introduction of the newly elected members of the SB, their advanced training, sharing of experience and gaining knowledge, both in specific areas of the Bank's activities and on such issues as macroeconomics, management, strategy and finance.

Functions of the Committees at the Supervisory Board and their Interaction

The Supervisory Board composes committees from among its members; the committees are advisory and consultative bodies created for preliminary consideration of the most important aspects of the Bank's activities falling within competence of the Supervisory Board, and make recommendations to the Supervisory Board for decision making on such issues.

The Committees are subsidiary bodies of the Supervisory Board and are not entitled to act on behalf of the Bank or SB, and in their activities the committees are fully accountable to SB.

The Supervisory Board established the following standing committees:

- *Audit Committee*
- *Personnel and Remuneration Committee*
- *Strategic Planning Committee*
- *Risk Management Committee*

If necessary, SB may decide to establish other committees.

The Audit Committee and the Personnel and Remuneration Committee include only independent directors, and if this is not possible for objective reasons, independent directors make up the majority of these committees, other members being members of the Supervisory Board who do not hold any positions in the Bank's executive bodies.

[The Regulations on the Committees](#) is subject to approval by the Supervisory Board.

The main objectives of the Audit Committee are enhancement of internal control and corporate governance systems, support of administration and control of the Supervisory Board as regards functioning of these systems, control over accuracy of the accounting (financial) statements, as well as the performance of the external auditor and the Internal Audit Service.

The main objectives of the Personnel and Remuneration Committee are the reinforcement of the executive bodies of the Bank and succession planning in respect of executives and members of the Supervisory Board, preparation of proposals on effective system of remuneration for the members of the Supervisory Board, the executive bodies of the Bank and other key executives.

The purpose of the Strategic Planning Committee is preparation and presentation of recommendations on the strategic development of the Bank to the Supervisory Board.

The Risk Management Committee conducts a preliminary review of the risk management strategy of the Bank and its Group, the risk appetite and monitors implementation of risk management strategies in line with risk appetite.

The heads of the committees annually submit their reports to the Supervisory Board on the work of their committees, as well as reports on the issues reviewed by the committee pursuant on SB assignment.

5.2. The Executive Board

The Executive Board is a collegiate executive body chaired by the CEO and Chairman of the Executive Board; it is responsible for general management of the current operations of the Bank. They report to the Supervisory Board and the General Meeting of Shareholders. The Executive Board shall submit a report to the SB on the implementation of the Bank's strategy and SB decisions (at least once a year), and, on a quarterly basis, on the results of the financial and economic performance of the Bank and the level of risk accepted by the Bank.

The main principles of Executive Board's activities are professionalism, prudence, integrity, diligence and timeliness.

When making decisions, the members of the Executive Board must recognize their responsibility to shareholders, customers, employees and faithfully perform their duties in respect of management of the Bank.

Election, Term of Office and Termination of Powers

Executive Board members are appointed and dismissed by resolutions of the Supervisory Board. Candidates to the Executive Board membership must meet requirements of the legislation of the Russian Federation to the holders of such positions (qualification requirements and the established professional track record and

personal reputation), as well as enjoy trust of the members of the Supervisory Board. The term of office of the Board members is unlimited.

Succession Planning

Insuring continuity of the Board membership is one of the primary tasks of CGS. The Personnel and Remuneration Committee, together with the HR management is directly responsible for the timely succession planning, accurate assessment of the personnel needs of the management, development of the existing competencies, search and recruitment of the most appropriate candidates, primarily by internal promotion, and building personnel reserve for this purpose.

In its succession planning activities the Committee on Personnel and Remuneration takes into account the results of the regular performance assessment of each member of the Board, with due regard for the results of work of the Bank as a whole.

5.3. CEO, Chairman of the Executive Board

CEO, Chairman of the Executive Board of the Bank heads and directs the work of the Board, exercises operational management of the Bank, ensures implementation of resolutions of the Supervisory Board and the General Meeting of Shareholders, organizes the work of the Board, assigns responsibilities among the members of the Board, presides at the meetings of the Board.

CEO, Chairman of the Executive Board is responsible for the general arrangement and accuracy of accounting (financial) reports of the Bank, and timely disclosure of information and providing information concerning activities of the Bank to shareholders, clients of the Bank and any other stakeholders.

5.4. Division of Powers and Interaction of the Supervisory Board and Executive Bodies of Sberbank

Effective interaction between the Supervisory Board and executive management bodies and clear-cut division of their powers is one of the key factors of proper corporate governance practice.

The Supervisory Board, Executive Board and CEO, Chairman of the Executive Board are vested with sufficient independence in their work. The Supervisory Board shall not interfere (for no good reason) with day-to-day activities of executive bodies limiting their capacity to resolve effectively matters concerning day-to-day business of the Bank. Executive bodies of the Bank shall inform the Supervisory Board regularly of all issues that are relevant for implementing the development strategy, business planning and development, and the status of risk and internal control management system.

In order to ensure a deeper insight in the specifics of the Bank's business, members of the Supervisory Board may, on their own initiative, arrange for working meetings with members of the executive bodies and other key employees of the Bank, and discuss, outside the meetings of the Supervisory Board, any matters concerning future development and current activity of the Bank.

Members of the Supervisory Board interact with executive bodies and officers of the Bank to obtain information

that is complete and reliable to the maximum extent and is required for decision making by the Supervisory Board.

To achieve an optimum level of their interaction, CEO, Chairman of the Executive Board shall be a member of the Supervisory Board of the Bank.

To ensure proper discharge of their responsibilities, members of the Supervisory Board have the right:

- *to request information from the Bank, and to receive prompt responses to their requests;*
- *to require additional information;*
- *to have equal access to documents of the Bank and its associated companies.*

5.5. Corporate Secretary

In order to ensure that management bodies and officers of the Bank follow corporate governance procedures, effective legislation, Charter, this Code and other internal documents of the Bank that warrant exercise of rights and legitimate interests of shareholders, the Bank provides the position of Corporate Secretary.

Corporate Secretary is appointed by the decision of, is accountable to and controlled by the Supervisory Board and is administratively subordinate to the Chairman of the Board and CEO of the Bank. The proceedings of the Corporate Secretary are regulated by the [Corporate Secretary Regulations](#) approved by the Supervisory Board.

Corporate Secretary's main responsibility is implementation the corporate governance policy of the Bank, and coordinating the Bank's practice of corporate governance procedures and processes and their improvement, which implies methodology, control and monitoring to ensure conformity of processes to such policy.

The Bank takes necessary measures to ensure independence of Corporate Secretary, and provides appropriate conditions to ensure that Corporate Secretary exercises relevant functions.

5.6. Incentives and Remuneration of Members of the Supervisory Board and Sberbank Executives

The philosophy that is the basis for the Bank's remuneration system comprises its transparency, openness and conformity of individual remuneration with the results, and nature and scale of transactions closed by the Bank, results of its activities, level and combination of accepted risks.

We improve the motivation system, and create long-term motivation mechanisms within this risk-adjusted system, covering the key executives of the Bank.

Remuneration of Members of the Supervisory Board

Remuneration of members of the Supervisory Board shall meet market conditions, and shall be established by the General Shareholders' Meeting to ensure engagement and active participation in the Bank's activities of highly knowledgeable specialists, and to motivate them to perform their activities fairly and effectively. The Bank makes public the information regarding remuneration of members of the Supervisory Board in accordance with the [Regulations on Remuneration and Compensation](#) paid to Members of the Supervisory Board of the Bank.

In its approach to the motivation of members of the Supervisory Board, the Bank endeavors to take into account the level of their shared responsibility, individual workload and professional expertise of each of the members of the Supervisory Board.

Remuneration of Members of the Executive Board

The system of remuneration of CEO, Chairman of the Executive Board and members of the Executive Board is determined by the remuneration and incentive policy for the key employees of the Bank. Remuneration consists of fixed and variable parts.

Our philosophy is seeking to align interests of the Management and shareholders of the Bank to the maximum extent. This is achieved through the rigorous linking of the size of the variable part of remuneration to individual performance of each member of the Executive Board.

The Personnel and Remuneration Committee is responsible for adequacy and on-going updating of the system of Executive Board remuneration, it agrees upon the set of personal targets, and monitors success of their achievement by analyzing personal contribution made by each Executive, his/her potential for development, and team synergism impact.

Remuneration related information disclosure

We treat responsibly the matter of disclosure of information concerning remuneration of the top Executives of the Bank.

Information on each collegiate governance body with the size of remuneration, including salary, bonuses, commissions, compensations, paid for participation in the respective governance body, other forms of remuneration that were paid by the Bank during the reporting year, with indication of the expenses associated with the performance of the functions of members of the governance bodies of the Bank, are published in the annual report of the Bank.

5.7. Insurance of Professional Liability of Members of the Supervisory and Executive Board

Taking into account that managing the Bank is a complex undertaking bearing the risk associated with the fact that decisions made by members of the governance/management bodies of the Bank may appear to be wrong and involve negative consequences for the Bank, the liability of members of the governance/management bodies of the Bank is subject to insurance.

Liability of the members of the governance bodies of the Bank and officers making key management decisions is insured at the expense of the Bank.

6. Corporate Conduct and Business Ethics

6.1. Adherence to the principles of business ethics and countering corruption

We are sure that strict adherence to the ethical principles stipulated by the Bank's internal documents by all the members of the management bodies is a good basis for corporate culture oriented at ethical principles; it contributes to the Bank's business reputation and developing business cooperation with the Bank's clients and partners.

All members of the Bank's management bodies must comply with the highest standards of professional and business ethics as prescribed by the Bank's internal documents; they should also have zero-tolerance for any kinds and forms of corruption and comply with the requirements of applicable law in the countries of the Bank's business presence and/or public circulation of its shares and regularly undergo trainings on ethics and corruption countering.

In more detail the principles of preventing and combating corruption are also set out in the [Policy on countering corruption](#).

6.2. Policy on Potential and Existing Conflict of Interest

Acting in a reasonable manner and in good faith in the best interests of the Bank and its shareholders, the members of the management bodies must timely inform on their interest or conflict of interest in the course of decision-making and they also must refrain from any actions that will or may potentially cause a conflict of interest, settle any conflicts in the best interest of the Bank and its shareholders, and to abstain in voting on resolutions relating to the matters that they are personally interested in. A conflict of interest means a situation when a management body member has their personal interest in a decision, in engaging in an action or omitting to act, which may prejudice the interests of the Bank or its shareholders. Should any member of the management bodies have a conflict of interest (even a potential one) including cases of personal interest in a transaction with the Bank, such a member should duly inform the Supervisory Board via its Chairman or Corporate Secretary. In case it is not evident for a Supervisory Board member whether or not any particular situation causes a conflict of interests, such a member must consult with the Corporate Secretary to take relevant action.

Members of the Supervisory Board shall timely notify the Chairman and Corporate Secretary both on their intention to hold a position in management bodies of any other organizations and/or any Government and municipal bodies, the Bank of Russia, and of the fact of such appointment.

Concurrent holding positions by members of the executive bodies in any other organizations shall be subject to approval by the Supervisory Board of the Bank under Russian law.

With a view to avert any possible negative effect for the Bank, members of executive bodies shall notify the Bank of any their business activities having no relation to the Bank's interests.

In more detail the principles of prevention and timely management of conflict of interest in the Bank are also set out in the [Policy on Conflict of Interest Management](#).

6.3. Policy on Confidential and Insider Information

Neither members of the Supervisory Board nor members of any other executive bodies shall disclose or use any of the Bank's confidential, insider and/or proprietary information for their own purposes.

Disclosure of information about the Bank, its scope, content and ways of distribution shall comply with the requirements applicable to keeping the bank and/or business secret or any other confidential information protected by law as well as with the requirements applicable to the Bank's information security.

All members of the management bodies must comply with the requirements of the Bank's internal documents on countering abuse of the insider information and market manipulations; such members shall also comply with restrictions related to the insider information and meet their obligations to send notifications on the transactions effected.

7. Internal Control and Risk Management Systems. External auditor

The Internal Control System is an ensemble of internal control bodies and functions ensuring compliance with the procedures aimed at achieving the targets as prescribed by the laws of the Russian Federation and the Bank's incorporation and internal documents.

The Supervisory Board is responsible for defining principles and approaches to the internal control and risk management systems in the Bank.

The executive bodies shall ensure that the effective internal control and risk management systems are created and maintained in the Bank, and such bodies shall be responsible for implementing the Supervisory Board resolutions covering these issues.

The construction of internal control and risk management systems at the Bank is governed by the 'three lines of defense' model, namely:

Line 1: Departments responsible for efficient day-to-day internal controlling. They take current action to manage any risks related to their activities. Being part of the daily activities of these departments, these actions help to deliver an ongoing process for risk identification, evaluation and control.

Line 2: Departments responsible for developing and enacting internal control rules and procedures. They determine risk management standards, principles, limits and restrictions; monitor risk levels; generate reports; check whether or not risk levels match the risk appetite; consult; model; and aggregate the overall risk profile.

Line 3: Internal audit, for the purposes of an independent assessment of internal control and risk management systems.

7.1. Structure of the Internal Control System

Internal control at the Bank is effected by:

- *The Bank's Management bodies*
- *Audit Commission*
- *Chief Accountant / Deputy Chief Accountants of the Bank*

- *Head Managers and Chief Accountants / Deputy Chief Accountants of the Bank's branches*
- *Internal Audit Service*
- *Internal Control Service*
- *A function / individual responsible for anti-money-laundering and terrorism financing*
- *Controller of a professional securities market participant*
- *Any other units and employees exercising internal control within their scope as prescribed by the Bank's internal documents*

7.2. Risk management process arrangement

The risk management system implemented by the Bank is based on the standards and tools recommended by the Basel Commission on Banking Supervision, and it meets the standards set out in the best international practices. The main objectives of an integrated risk management system (which is part of the overall Bank management) include: implementing risk management standards, principles, limits and restrictions; monitoring the level of risks and generating risk reports; arranging that the level of accepted risk matches the accepted risk appetite; modelling and establishing the overall risk profile. For the purposes of efficient risk planning and control, the function of risk management has been split amongst the Supervisory Board, the Chairman of the Board and CEO, the Board, the Risks Unit Supervisor (Head of Risk Management Service), dedicated committees of the Board, Risks Unit departments and other departments of the Bank and Group members. Such a split meets the requirements and recommendations of the Bank of Russia and international financial organizations.

7.3. Internal Control Service

For the purposes of internal control, assisting the Bank's management bodies in their efforts to ensure that the Bank operates in accordance with the law, regulation and the best practices, establishing and applying efficient methods and mechanisms for managing the risk of loss from non-compliance with the legal and regulatory requirements of the Russian Federation or internal regulations of the Bank or standards of self-regulated organizations and/or the Bank's exposure to potential sanctions and/or any other enforcement actions by the supervisory bodies, the Bank has established an Internal Control Service comprising a number of structural departments and employees operating under the Internal Control Service Regulations. The Internal Control Service is guided by the principles of independence, continuity, objectivity, integrity and professional competence.

In the course of exercising internal control and its functions the Internal Control interacts with all the units, collective and executive bodies of the Bank on any matters within its scope.

7.4. Internal Audit Service

The Internal Audit cooperates with the Bank's management bodies to achieve the targets set, to ensure efficiency and high performance of the Bank; such Function acts basing on the principles of business continuity, independence, impartiality, fairness, objectivity and professional competence.

The Internal Audit is an independent structural unit, which carries out audit throughout the system of internal control and is accountable to the Board of Directors of the Bank and reports to the Supervisory Board and administratively it is accountable to the CEO, Chairman of the Executive Board.

The Bank takes all the necessary steps to ensure independence and objectivity of the Internal Audit, creating no-hindrance environment for the Internal Audit to perform its functions in an efficient and effective way.

The Internal Audit conducts audit of all the areas of the Bank's activities (any unit or any employee of the Bank or the member-organization of the Group), it also controls efficiency of the measures taken by the units and management bodies following up the audits with a view to decrease the level of the identified risk.

In the course of its activities, the Internal Audit adheres to the best practices of internal audit, including the international standards of internal audit professional practice.

7.5. Independent Auditor

We involve an internationally recognized external auditor to review and confirm reliability of the financial (accounting) statements prepared under the Russian and/or international standards.

The external auditor is selected annually through open tender, and is agreed on with the Board, the Audit Committee and the Supervisory Board, and is further approved by the Annual General Shareholders' Meeting.

7.6. Internal and External Risk-Related Communication Policy

Taking guidance from the recommendations of the Basel Commission on Banking Supervision we pay special attention to the internal communication and analysis of risks inherent in the Bank's activities. We strive not only to give timely information to the Supervisory Board, executive bodies and units in charge of risk management but also to cultivate responsible risk culture and responsible decision-making under uncertainty.

Taking into account the role played by the Bank in the global financial infrastructure, we strive to build a system allowing the Supervisory Board and executive bodies to promptly take informed decisions on risk management, and to be able to exert operational control over implementation of such decisions.

7.7. Approaches to corporate governance of controlled companies

In interacting with its controlled companies, the Bank aims at ensuring their balanced development; the Bank also tries to foster up-to-date corporate governance principles in the controlled companies facilitating efficient supervision of the controlled companies taking into account the type, scale and complexity of the risks taken by the Bank and the controlled companies.

8. Communications and Transparency

Being a listed company, Sberbank seeks to improve its reputation through active and open dialogue with its investors and shareholders, and other key stakeholders.

Information Policy of the Bank is the core document that determines the following:

- *disclosure principles*
- *scope of information subject to mandatory disclosure*
- *CGS information subject to disclosure*
- *information on the practice of corporate governance*
- *additional information on Sberbank activities*
- *disclosure ways and methods*
- *business units and persons with the responsibility for disclosure*

We believe that CGS openness, accessibility of the Bank management, and active approach to market communications are the key factors enhancing trust in the Bank.

8.1. General principles of disclosing Information on Sberbank Activities

The Bank makes its disclosures under the Information Policy approved by the Supervisory Board, and based on the principles of completeness, reliability, availability, balance of the information disclosed; the disclosures are made on regular and timely basis.

The Information Policy is implemented under the oversight of the Supervisory Board.

Executive management bodies of the Bank ensure that in all material aspects the information on the Bank activities is disclosed timely and accurately in the form of:

- *annual report*
- *issue documentation*
- *any other information subject for disclosure by securities issuers;*
- *annual and interim consolidated and separate financial statements;*
- *any additional information (details of the Bank Development Strategy etc.)*

Information channels are selected so as to ensure stakeholders free access to the disclosed information. The official websites www.sberbank.ru and www.sberbank.com are the main disclosure channels. Information is disclosed on the Bank's web-sites in both Russian and English languages.

Quarterly, Sberbank holds conference calls on publication of its IFRS financial statements, arranges meetings of Sberbank management with its investors, shareholders, analysts and the media and publishes press releases on these topics.

To ensure early notification of stakeholders, the dates of the core regular publications, record dates and the schedule of the general shareholders' meetings shall be published on the Bank's web-site on the [Investor Calendar](#) page.

8.2. Communication with investors and shareholders

Sberbank has a system in place to communicate with its investors and shareholders. To that end, we have established an investor relations function to manage and coordinate these communication processes.

The key channels to communicate with investors and shareholders include: official websites (www.sberbank.ru and www.sberbank.com), general shareholders meetings, a hotline for shareholder, the Minority Shareholders Committee, road shows, regular meetings of top managers with shareholders and investors who can contact the Bank on any channel, including written enquiries in the post or via email. Sberbank lays special emphasis on developing and implementing up-to-date technology solutions to improve efficiency, accessibility and convenience of communication channels.

The Bank has contributed to the establishment of the Committee for [Minority Shareholder Relations](#), an advisory body that considers whenever necessary the shareholders' proposals on improving the CGS of the Bank and provides the executive bodies and Supervisory Board with its recommendations on exercising and protecting legal rights and interests of minority shareholders of the Bank.

The Bank's senior managers are closely involved in working with investors and shareholders, reviewing their proposals, recommendations, reasonable concerns as well as any feedback from investors and shareholders, including when a management decision has to be made.

8.3. Feedback

The Bank advocates zero tolerance to abuse of rights vested by the Bank shares through any action or omission intended to cause damage to other shareholders, the Bank or its clients, including the right to obtain information (documents) of confidential and/or market sensitive nature.

For its part, Sberbank expects its shareholders to strictly comply with the actual legislative regulations and to provide a timely and high-quality feedback; the Bank also expects that its shareholders take an active part in taking the decisions that, as prescribed by the Charter, fall within the scope of the General Shareholders' Meeting.

If approached by its shareholders, the Bank commits to immediately review such applications and reply to the shareholders informing them on the results of the request (complaint) review.

9. Final Provisions

The Supervisory Board Strategy Planning Committee reviews the provisions of this Code on annual basis and assesses adequacy and completeness thereof. Whenever necessary, the Committee, taking into account business

needs, drafts suggestions to amend certain provisions of this Code being subject to consideration and approval by the Supervisory Board of the Bank.

Assuming obligations to comply with the additional provisions and principles prescribed by this Code (other than legal requirements), the Bank is aware that there may arise some circumstances preventing the Bank from complying with some of the regulations or principles due to the reasons beyond its control. In such cases the Bank management bodies will actively take all adequate measures to amend the situation or they will have to provide well-founded clarifications in regard to the reasons for such non-compliance with the provisions of this Code taking into account the best interests of all the shareholders.