

APPROVED BY
the Supervisory Board of
Sberbank
Minutes dated December 14, 2017
No. 50

**SUCCESSION POLICY FOR
MEMBERS OF THE SUPERVISORY BOARD OF SBERBANK**

**Moscow
2017**

TABLE OF CONTENTS

1.	General Provisions	3
2.	Principles of succession of Supervisory Board Members	3
3.	Requirements to the candidates to the Supervisory Board	4
4.	Procedures of ensuring succession of Supervisory Board Members	5
4.1.	Identifying HR needs of the Supervisory Board	5
4.2.	Forming the HR reserve of candidates to the Supervisory Board	6
4.3.	Nominating candidates for election to the Supervisory Board	6
4.4.	Preparing recommendations for the Bank’s Shareholders on voting at the General Meeting of Shareholders of the Bank	7
4.5.	Election of Supervisory Board Members	7
5.	Introductory course and professional development program for Supervisory Board Members...	8
6	Final Provisions	8
	Appendix: Requirements to the candidates to the Supervisory Board of Sberbank	9

1. General Provisions

1.1. The purpose of the Succession Policy for Members of the Supervisory Board of Sberbank (hereinafter the Policy and the Bank respectively) is establishing basic principles and procedures that would guarantee formation and sustenance of professional and efficient membership of the Supervisory Board of the Bank - capable of making independent and unbiased judgments and taking decisions in the long-term interest of the Bank and its shareholders.

1.2. The Policy was developed exclusively to ensure succession of Members of the Supervisory Board (hereinafter also the Board), and it doesn't regulate succession of other governing bodies of the Bank.

1.3. All matters related to ensuring succession of the Bank's Supervisory Board Members shall be first reviewed by its HR and Remuneration Committee (hereinafter the Committee), which, according to the Regulations on the Supervisory Board Committees, is responsible for enhancement of the Board's personnel and working efficiency.

1.4. The Policy governs the following processes:

- identifying HR needs and planning succession of the Board;
- developing and implementing a transparent candidate nomination system for election to the Board;
- assessing candidates to the Board;
- the Bank's communications with shareholders on the matter of nominating candidates to the Board for succession purposes;
- contributing to the performance of the Board by organizing introductory (onboarding) courses for newly elected Board members and professional development.

1.5. This Policy was developed in accordance with the Law of the Russian Federation, the Bank's Charter and internal documents, and with account of the Corporate Governance Code recommended by the Bank of Russia as of April 10, 2014, and the Basel Committee's Corporate Governance Principles for Banks.

2. Principles of succession of Supervisory Board Members

2.1. Succession of the Board shall mean the process of membership formation that would guarantee sustenance of the Board's best practices ensuring its compliance with the Bank's development strategy, as well as formation and retaining of the skills, experience, and qualification required for Board Members to efficiently perform their obligations.

2.2. To ensure continuity of the Supervisory Board's activities, maintain a balanced membership of the Board, and its due competence, as well as ensuring the overall succession level, the Bank deems it expedient to carry out consecutive rotation of the Supervisory Board Members, but not more than 1/3 of the membership at a time.

2.3. Main principles of succession of Supervisory Board Members:

➤ *Principle of balance*

The Supervisory Board shall consist of persons with the knowledge, skills, and experience that in combination are sufficient for the Board to perform its tasks, including:

- strategic management of the Bank's Group;

- establishing main principles and methods of risk management, internal audit, and corporate governance systems of the Bank;
- supervision of the executive bodies' performance;
- performing other functions of general governance over the Bank's Group.

To ensure versatile assessment of key areas of the Bank's activity, the Supervisory Board members shall have a high degree of competence in various professional branches, as well as have sufficient knowledge of macroeconomics, market environment, legislation, and regulation in the countries of the Bank's presence.

➤ ***Principle of transparency***

The process of planning succession of the Board Members must be implemented by means of transparent procedures. The Board shall use a strict and trusted methodology of identifying, assessing, and selecting candidates. Principles of such methodology shall be reviewed on a regular basis.

The Bank supports efficient interaction with shareholders by informing them on the required competencies of candidates to the Supervisory Board and ensuring realization of shareholders' lawful right to nomination of candidates to the Board, and to information on nominees required to get a picture of their business reputation and professionalism.

➤ ***Principle of constant improvement***

To improve its performance, the Supervisory Board conducts (by itself or by employing external experts) assessment of itself and its committees, as well as of the input made by individual Board Members.

To aid Supervisory Board Members in retaining and expanding experience and professional skills, as well as in duly performing their obligations, the Bank prepares onboarding courses and professional development programs using its own and invited specialists.

3. Requirements to the candidates to the Supervisory Board

3.1. Candidates to the Board shall comply with the requirements needed to take reasonable decisions on matters in the remit of the Board, such as:

- have the knowledge, skills, and experience in the areas corresponding to the areas of the Bank's activity (financial analysis, banking transactions and payment systems, information technology, financial stability, banking regulation, strategic planning, corporate governance, risk management, internal audit, etc.);
- have flawless business and personal reputation, and high moral and ethical principles;
- have enough time to fully perform obligations of a Board Member.

3.2. The Supervisory Board shall include independent directors - persons having sufficient qualification, experience and independence to form the own opinion, and able to make objective and bona fide judgements that are not affected by the executive bodies of the Bank, certain groups of shareholders or other stakeholders, and who are not associated with the Bank, government, principal shareholder or any competitor of the Bank.

The number of independent directors in the Board and their various professional competencies and experience must be sufficient and balanced for the purpose of ensuring independent and bona fide objective judgements on the items reviewed by the Board.

Candidates to the Board claiming independence status, in addition to requirements set in clause 3.1. of this Policy, also must:

- avoid conflict of interest and refrain from actions that will or may potentially lead to such conflict;
- act honestly and wisely in the interest of the Bank.

3.3. For efficient implementation of the strategic goals of the Bank, candidates nominated as independent directors must be ready to become members of the Board for the period of at least 3 years.

3.4. Full requirements to candidates to the Supervisory Board are given in the Appendix to this Policy and are used by the Committee when assessing candidates to the Board nominated by the shareholders and forming the list of potential candidates in accordance with section 4.2.

4. Procedures of ensuring succession of Supervisory Board Members

4.1. Identifying HR needs of the Supervisory Board

4.1.1. HR needs of the Board are identified during annual assessment of its performance. This procedure includes assessment of overall performance of the Supervisory Board, performance of its Committees, and personal contribution of Board Members in the achievement of common goals.

Assessment is organized by the Committee. Internal assessment is carried out by the Corporate Secretary in the form of detailed polling of Board Members on the following areas:

- operational model of the Board;
- organization of the Board's work, its composition, analysis of the Boards practices as the sole governing body;
- individual characteristics of Board Members making in totality the needed set of competencies;
- efficiency of internal coordination of Board Members and coordination with Members of the Bank's Executive bodies;
- being informed on the Bank;
- efficiency in exercising authority of the Board and supervising the execution of its resolutions.

Assessment of the Board Chairman's performance is carried out by independent directors coordinated by Senior Independent Director; opinions of all Board Members are considered.

On a periodic basis, but at least once every 3 years, the Bank contracts an external consultant to conduct independent assessment of the Board's performance.

Aggregated results of the assessment are disclosed in the annual report of the Bank.

4.1.2. By instruction of the Committee, the Corporate Secretary every year also conducts a poll of the Supervisory Board Members to identify current competencies and short-term (up to 1 year) and mid-term (2-3 years) HR needs of the Board.

4.1.3. Based on the results of the poll and the assessment, the Committee makes a list of additional competencies of Board Members necessary to successfully implement the Bank’s strategy (Succession Plan), which, among other things, includes:

- overall requirements for the composition of the Supervisory Board and its Committees;
- list of key areas the specialists in which must be added to the Supervisory Board in short- or mid-term (list of competencies).

4.2. Forming the HR reserve of candidates to the Supervisory Board

4.2.1. The Committee organizes the formation of a list of potential candidates to the Board (HR Reserve List) who conform with requirements to candidates to the Board (in accordance with the Appendix to this Policy) and with the Succession Plan. An independent consultant may be contracted for the purpose of forming the list. The list of candidates is accompanied with assessment of their professional qualification and independence carried out based on the information received from the candidate and public sources.

4.2.2. By the Board’s initiative, candidates from the HR Reserve List may be proposed to the shareholders for nomination to the Board in compliance with all required procedures under the acting legislation of the Russian Federation, or they may be nominated by the Board itself in accordance with the procedure under the acting legislation of the Russian Federation.

4.3. Nominating candidates for election to the Supervisory Board

4.3.1. Under Federal Law 208-FZ: “On Joint-Stock Companies” dated December 26, 1995 (hereinafter the Law) and internal documents of the Bank, (a) shareholder(s) owning a total of at least 2 percent of voting shares of the Bank may nominate candidates to the Supervisory Board, the number of which may not exceed the membership of the Board.

Under the Charter, such nominations must be received by the Bank not later than 75 days after the end of the reporting year.

4.3.2. If the matter of electing the Supervisory Board Members is submitted for review by an Extraordinary General Meeting of Shareholders, the procedure of nominating candidates to the Board is carried out in accordance with the Russian Law, and the Bank’s internal documents including the applicable provisions of this Policy.

4.3.3. After the end of the period for nominating candidates to the Board specified in clause 4.3.1. of this Policy, the Committee, aided by the Corporate Secretary, assesses the candidates on their compliance with:

- requirements of the acting legislation of the Russian Federation;
- independence criteria;
- requirements specified in the Appendix to this Policy;
- needs of the Board in additional competencies of candidates (considering current knowledge, skills, and practical experience of candidates nominated by the Central Bank of the Russian Federation).

The Committee, in performing this clause, doesn’t assess candidates to the Board nominated by the Central Bank of the Russian Federation or the candidates from the staff reserve list formed in accordance with clause 4.2.1. of this Policy.

4.3.4. Following the assessment of the candidates, the Committee presents its recommendations to the Board:

- on inclusion of candidates to the list for voting (and providing the results of assessment if conducted), or
- on refusal to include a candidate in the list of candidates in case of non-compliance with the acting legislation of the Russian Federation.

4.3.5. In case of compliance with the acting legislation of Russia, the Board may include candidates satisfying the Bank's HR needs in the list of candidates to the Supervisory Board on its own.

4.3.6. Candidates for election to the Supervisory Board of the Bank must confirm their consent to nomination to the Board in writing, present their short biographical data (fill the candidate's form) and sign the agreement on non-disclosure, during their tenure as Board Members, of confidential information to persons with no access to such information, and non-use of such information in their interest or interest of third parties.

4.3.7. To take an informed decision on their nomination, candidates for election to the Board as independent directors shall acquaint themselves with the history of the Bank, shall have a detailed picture of the current financial business environment and the macroeconomic situation in Russia, as well as evaluate their potential input in its performance.

Consent of such candidates must include a statement of their compliance with independence criteria used by the Bank.

4.4. Preparing recommendations for the Bank's Shareholders on voting at the General Meeting of Shareholders of the Bank

4.4.1. Materials provided for acquaintance to the persons entitled to participate in the General Meeting of Shareholders of the Bank include information on each candidate for election to the Board, and this information shall be sufficient to form an impression of his/her professional and personal traits. Such information is formed by the Corporate Secretary after reconciliation with the candidate.

4.4.2. According to the Corporate Governance Code of the Bank approved by the Supervisory Board on April 20, 2015, in order to raise the validity and relevance of resolutions on electing members of the Supervisory Board, the latter, based on resolution of the Committee, shall make its own recommendation on this matter to the General Meeting of Shareholders and ensure this information is received by the Bank's Shareholders.

4.5. Election of Supervisory Board Members

4.5.1. Members of the Board are elected by cumulative vote of the General Meeting of Shareholders under the Law and the Charter of the Bank for the period until the next Annual General Meeting of Shareholders.

In case after the Supervisory Board includes the candidate in the list of candidates for election to the Board and/or access to General Meeting materials is provided to Shareholders the Bank receives information on a candidate's non-compliance with the requirements set by the acting legislation of Russia and/or which prevents him/her from being elected to the Board, such information shall be delivered to participants of the General Meeting before voting.

4.5.2. The Board shall convene for its first meeting as soon after the new membership of the Supervisory Board is elected as possible (as a rule, on the day of the General Meeting of Shareholders). On this meeting, the Board shall elect its Chairman, two Deputy Chairmen, the Senior Independent Director, and form the Board's Committees.

The Board shall also approve the preliminary work-plan for the period until the next Annual General Meeting of Shareholders.

5. Introductory course and professional development program for Supervisory Board Members

The Bank does its best to adapt newly elected Supervisory Board Members as soon as possible, and to retain and develop the professional skills of the Supervisory Board Members.

In order to do this:

5.1. The Bank develops the onboarding program for newly elected Members of the Board (Introductory course), the content of which is initially discussed with the Board Members.

The purpose of the Program is fast and efficient acquaintance of the first-time Members of the Board with the Bank's activity, as well forming an understanding with the Board Members of their role at the Bank.

During the Introductory course, Members of the Board receive information on the main areas of the Bank's activity, its geographical footprint, key financial performance indicators, corporate governance system, structure and function of the Bank's governing bodies, as well as the main rights and obligations of the Board Members which are set by the acting Russian and applicable international legislation, the Bank's Charter and internal documents.

5.2. As the Board Members can not be expert in all areas of the Bank's activity, one of the key goals of the Bank is expansion and refreshment of knowledge, as well as the development of Board Members' competencies.

For this purpose, the Bank organizes special programs on 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.

5.3. Participation in the Introductory and development programs is considered when assessing the personal input of each Board Member in the overall performance of the Board.

6. Final Provisions

6.1. The Committee annually assesses this Policy in terms of its efficiency and correspondence to the current goals and tasks, and, if necessary, amends the Policy.

Any amendment to the Policy shall be approved by the Supervisory Board.

6.2. The Policy is published on the Bank's website.

Requirements to the candidates to the Supervisory Board of Sberbank

1. Flawless professional and personal reputation, which includes no current or past criminal liability¹;
2. High degree of professional qualification: appropriate education related to the Bank's areas of activity, and work experience which allow for efficient performance of a Board Member's functions. Professional qualification may be confirmed in case one or several of the following criteria is/are satisfied:
 - Membership in Boards of Directors (Supervisory Boards) of similar public companies;
 - Successful activity on a governing position in a comparable company which resulted in good performance of the company;
 - Successful performance on a governing position or as a partner in large international investment, consulting, or auditing companies;
 - Positions held in leading educational institutions with high international ratings, multiple departments and large number of employees, etc.;
 - Top positions in state authorities;
 - Active participation in non-profit organizations including management or membership in boards of trustees of such organizations, etc.
3. Possibility and interest to work in the Board for at least 3 years², including:
 - understanding the financial business and having information on the history of the Bank;
 - sufficient time for complete performance of the Board Member's obligations;
4. Understanding the legal liability associated with the position of Board Member, as well as restrictions and possible liability;
5. Independence of opinions and actions, which is substantiated by the candidate's reputation and recommendations;
6. Simultaneous membership in boards of directors (supervisory boards) of a maximum of 4 other public companies.

¹ detailed requirements to business reputation of the candidates are set forth in Federal Law 395-1: "On Banks and Banking Activity" dated December 02, 1990;

² for a newly elected Member of the Board to reach maximum working performance by going deep into the Bank's business, forming an understanding of the Bank's issues and strategic goals (provided that the requirements of the acting legislation of the Russian Federation are met during election of Board Members).