Report on Compliance with the Principles and Recommendations of the Corporate Governance Code

1.1 The Company ensures equal and fair treatment of all the shareholders when they exercise their right to participate in the Company’s management.

1.1.1 The Company creates for its shareholders the most favorable conditions possible for participating in a general meeting, working out an evidence-based position on general meeting agenda items and coordinating their activities, and opportunities to express their views on the issues under consideration.

1.1.2 The procedure for notifying about the holding of a general meeting and for providing materials to the general meeting helps shareholders properly prepare for participating in it.

1.1.3 In the course of preparing and holding the general meeting, shareholders were able to receive information about the meeting and its related materials freely and in a timely manner, ask questions of the Company’s executive bodies and members of its board of directors, and communicate with each other.

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by Sberbank’s Supervisory Board at a meeting held on March 17, 2020, Minutes No. 5.

The Supervisory Board confirms that the data presented in this Report contain a complete and reliable information about Sberbank’s compliance with the principles and recommendations of the Corporate Governance Code (hereinafter, the Code) in 2019.
1.1.4 The exercise of the shareholder right to demand convocation of a general meeting, nominate candidates to management bodies, and propose items to be included in the general meeting agenda did not involve unjustified difficulties.

1. During the reporting period, shareholders had the opportunity within at least 60 days following the end of the respective calendar year to propose items to be included in the agenda of the annual general meeting.
2. During the reporting period, the Company did not reject any proposed agenda items or candidates for the Company’s bodies due to typos or other non-material flaws in the shareholder’s proposal.

1.1.5 Each shareholder was able to freely exercise their voting right in a way that is the easiest and most convenient for them.

1. The Company’s internal document (internal policy) contains provisions, which entitle every participant of a general meeting to request a copy of their completed ballot certified by the counting commission before the meeting concludes.

1.1.6 The general meeting procedures established by the Company provide equal opportunity to all persons attending the meeting to express their opinions and ask any questions they want.

1. During the general shareholders meetings held in the reporting period in the form of a meeting (collective attendance of shareholders), sufficient time was provided for reports on agenda items and time to discuss such items.
2. Candidates for the Company’s governance and control bodies were available to answer questions asked by shareholders at the meeting where their nominations were voted upon.
3. The board of directors, when making decisions related to the preparation and holding of general meetings of shareholders, discussed the use of telecommunications facilities to provide shareholders with remote access for participation in the general meetings during the reporting period.

1.2 Shareholders were given an equal and fair opportunity to participate in the Company’s profits by receiving dividends.

1.2.1 The Company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and paying them.

1. The Company’s dividend policy has been developed, approved by the board of directors and disclosed.
2. If the Company’s dividend policy uses indicators from the Company’s reports to determine the amount of dividends, the relevant dividend policy provisions factor in the consolidated indicators of financial statements.
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| 1.2.2 | The Company does not take a decision to pay dividends if such a decision, without constituting a formal violation of the restrictions imposed by law, is economically unreasonable and may result in misconceptions about the Company’s activities. | 1. The Company’s dividend policy explicitly refers to the financial/economic circumstances, in which the Company should not pay dividends. | Partial compliance | The Dividend Policy does not explicitly refer to the circumstances, in which Sberbank should not pay dividends, however, it contains a list of internal and external conditions, which Sberbank should analyze when taking a decision to pay (or not to pay) dividends:  
- availability and amount of net profit and Sberbank's need for capital  
- achieving and maintaining the target level of Sberbank Group CET1 adequacy (Basel III) in the medium term  
- economic conditions  
- other internal and external changes, which (actually or potentially) have a material negative impact on Sberbank's operating activities  
- force majeure circumstances, including natural disasters and wars  
- maintaining the balance of interests of the Bank and its shareholders  
In practice, Sberbank is profitable and it adheres to the policy of regular dividend payments on shares. Since Sberbank went public (in 1991), it has been paying dividends to its shareholders annually: in 1991–1993 and 1996–2019—with money; in 1994 and 1995—with capitalization of due dividends into new shares. Given the profitable nature of Sberbank's activities, its commitment to ensuring unconditional exercise of shareholder right to fair participation in its profit, and Sberbank's intent (set forth in the Dividend Policy) to consistently increase the share of dividend payments within the next three years from 25% to 50% of Sberbank Group net profit (taking into account the above limitations), the approach to compliance with this criterion will not be revised until the expiry of the Dividend Policy (December 2020). |

1.2.3 | The Company does not let the dividend rights of existing shareholders deteriorate. | 1. During the reporting period, the Company did not take any action leading to deterioration of the dividend rights of existing shareholders. | Compliance | |

1.2.4 | The Company is committed to excluding shareholders’ use of other ways to make profit (income) at the expense of the Company besides dividends and liquidation value. | 1. For the purpose of excluding shareholders’ use of other ways to earn profit (income) at the expense of the Company besides dividends and liquidation value, the Company's internal documents establish control mechanisms that ensure timely identification and procedure for approval of transactions with persons affiliated (associated) with substantial shareholders (persons entitled to dispose of votes from voting shares) in cases where the law does not formally recognize such transactions as related party transactions. | Compliance | |

1.3 | The corporate governance system and its practices ensure equal conditions for all shareholders holding shares of one category (type), including minority (small) shareholders and foreign shareholders, as well as their equal treatment by the Company. | |

1.3.1 | The Company has created conditions for fair treatment of each shareholder by the Company's management and control bodies, including conditions that prevent major shareholders from abusing minority shareholders. | 1. During the reporting period, the procedures for managing potential conflicts of interest with substantial shareholders were effective, and the conflicts between shareholders, if any, were given due attention by the board of directors. | Compliance | |

1.3.2 | The Company takes no action that leads or may lead to an artificial redistribution of corporate control. | 1. Quasi-treasury shares are absent or did not vote during the reporting period. | Compliance | |
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<td>1.4</td>
<td>Shareholders are provided with reliable and effective methods of accounting for rights to shares, as well as with the possibility for free and unhindered disposal of the shares they hold.</td>
<td>1. The quality and reliability of the Company registrar’s activities to maintain the register of securities holders meet the needs of the Company and its shareholders.</td>
<td>Compliance</td>
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<td>2.1</td>
<td>The board of directors carries out the Company’s strategic management, defines the basic principles and approaches to the Company’s risk management and internal control system, controls operations of the Company’s executive bodies, and exercises other key functions.</td>
<td>2.1.1 The board of directors is responsible for making decisions related to appointment to and release from executive body offices, inter alia, due to a failure of such bodies to perform their duties properly. The board of directors also supervises to ensure that the Company’s executive bodies act in accordance with the approved development strategy and main lines of the Company’s activity.</td>
<td>Compliance</td>
<td>In 2019 Sberbank’s Charter was amended to delegate the power to elect (and remove from office) the CEO and Chairman of the Executive Board of Sberbank from the remit of the Meeting to that of the Supervisory Board.</td>
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<td>2.1.2</td>
<td>The board of directors establishes the basic guidelines for the company’s activities in the long term, evaluates and approves key performance indicators and core business objectives of the Company, and evaluates and approves the strategy and business plans for the Company’s core activities.</td>
<td>2.1.2 The board of directors establishes the basic guidelines for the company’s activities in the long term, evaluates and approves key performance indicators and core business objectives of the Company, and evaluates and approves the strategy and business plans for the Company’s core activities.</td>
<td>Partial compliance</td>
<td>In general, Sberbank complies with the principle in item 2.1.2 by all the specified criteria. However, approval of Sberbank’s business plan and budget and monitoring their implementation are in the purview of the Executive Board. This has been a natural distribution of powers as Sberbank is a credit institution with multiple branches and its general business plan and budget are developed by consolidating the business plans and budgets of Sberbank’s branches (operating activities) subject to mandatory presentation and defense before the Executive Board of Sberbank. Furthermore, the Executive Board subsequently monitors business plan and budget implementation, in particular using regular reports of heads of Sberbank branches. These functions are assigned to the Executive Board in Sberbank’s internal regulatory document Regulation on the Executive Board. The Supervisory Board, on the other hand, regularly receives information about interim implementation metrics of Sberbank’s Strategy, business plan and budget for supervision purposes.</td>
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<td>2.1.3</td>
<td>The board of directors determines the principles of and approaches to the organization of the risk management and internal control system of the Company.</td>
<td>2. The board of directors has assessed the risk management and internal control system of the Company during the reporting period.</td>
<td>Compliance</td>
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<td>2.1.4</td>
<td>The board of directors determines the Company’s policy on remuneration and/or expense reimbursement (compensations) for members of the board of directors, executive bodies, and other key executives of the Company.</td>
<td>2.1.4 The board of directors determines the Company’s policy on remuneration and/or expense reimbursement (compensations) for members of the board of directors, executive bodies, and other key executives of the Company.</td>
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<td>2.1.5</td>
<td>The board of directors plays a key role in prevention, detection and resolution of internal conflicts between its bodies, shareholders and employees.</td>
<td>1. The board of directors plays a key role in prevention, detection and resolution of internal conflicts. 2. The Company has created a system for identifying transactions associated with conflicts of interest and a system of measures aimed at resolving such conflicts.</td>
<td>Compliance</td>
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<td>2.1.6</td>
<td>The board of directors plays a key role in ensuring the Company’s transparency, the timeliness and completeness of the Company’s disclosure of information, and unhindered shareholder access to the Company’s documents.</td>
<td>1. The board of directors has approved the regulation on information policy.</td>
<td>Compliance</td>
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<td>2.1.7</td>
<td>The board of directors oversees the Company’s corporate governance practice and plays a key role in the Company’s significant corporate events.</td>
<td>1. During the reporting period, the board of directors reviewed the issue of corporate governance practices in the Company.</td>
<td>Compliance</td>
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<td>2.2</td>
<td>The board of directors is accountable to the Company’s shareholders.</td>
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<td>2.2.1</td>
<td>Information about the operations of the board of directors is disclosed and submitted to shareholders.</td>
<td>1. The Company’s annual report for the reporting period includes information on the attendance of board of directors and committee meetings by individual directors.</td>
<td>Compliance</td>
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<td>2.2.2</td>
<td>The chairman of the board of directors is available for communication with the Company’s shareholders.</td>
<td>1. The Company has a transparent procedure for shareholders to submit questions and own opinions about them to the chairperson of the board of directors.</td>
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<td>2.3</td>
<td>The board of directors is an effective and professional management body of the Company capable of making objective independent judgments and decisions in the interests of the Company and its shareholders.</td>
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<td>2.3.1</td>
<td>Only people with impeccable business and personal reputation, as well as the knowledge, skills and experience required to make decisions within the competence of the board of directors and to ensure efficient performance of its functions shall be elected to the board of directors.</td>
<td>1. The Company’s procedure for assessing the board of directors performance includes, inter alia, assessment of professional qualifications of board of directors members. 2. During the reporting period, the board of directors (or its nomination committee) assessed candidates for the board of directors from the perspective of whether or not they had the requisite experience, knowledge, business reputation, as well as conflicts of interest, etc.</td>
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<td>2.3.2</td>
<td>The members of the board of directors are elected using a transparent procedure that allows shareholders to receive candidate-related information sufficient to provide insight into their personal and professional qualities.</td>
<td>1. In all cases of holding a general shareholders meeting in the reporting period where the agenda included the issue of board of directors election, the Company submitted to shareholders biographical data on all candidates to the board of directors, results of the assessment of the candidates conducted by the board of directors (or the nomination committee), information on a candidate’s compliance with the criteria of independence, in accordance with recommendations 102107 of the Code, and the written consent of the candidates for election to the board of directors.</td>
<td>Compliance</td>
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### 2.3.3 The board of directors composition is balanced, inter alia, in terms of the qualifications of its members, their experience, knowledge and business qualities, and enjoys the trust of shareholders.

1. In the course of its performance assessment held in the reporting period, the board of directors analyzed own needs related to professional qualifications, experience and business skills.

Compliance

### 2.3.4 The quantitative composition of the board of directors presents the opportunity to organize its activities in the most efficient manner, including the possibility to form board committees; it also enables substantial minority shareholders of the Company to elect a candidate they vote for to the board of directors.

1. In the course of its performance assessment held in the reporting period, the board of directors examined the issue concerning the quantitative composition of the board of directors meeting the Company's needs and shareholder interests.

Compliance

### 2.4 The board of directors includes an adequate number of independent directors.

#### 2.4.1 An independent director is a person who has enough professionalism, experience and independence to form his or her own opinion and is able to express unbiased and scrupulous judgments that are not affected by the Company's executive bodies, certain groups of shareholders, or other stakeholders. It should be noted that a candidate (elected to the board of directors) normally cannot be considered independent if he or she is associated with the Company, its major shareholder, contractor or competitor, or with the state.

1. During the reporting period, all independent members of the board of directors met all the independence criteria set forth in recommendations 102–107 of the Code or were recognized as independent upon the decision of the board of directors.

Compliance

#### 2.4.2 Candidates to the board of directors are assessed for compliance with independence criteria; independent members of the board of directors are regularly assessed for compliance with independence criteria. When carrying out this assessment, substance shall take precedence over form.

1. During the reporting period, the board of directors (or its nomination committee) formed an opinion on the independence of each candidate to the board of directors and provided shareholders with the corresponding report.

2. During the reporting period, the board of directors (or its nomination committee) reviewed the independence of existing members of the board of directors, whom the Company states in the annual report as independent directors, at least once.

3. The Company has developed procedures determining the necessary actions of a member of the board of directors if he or she stops being independent, including the obligation to promptly report the fact to the board of directors.

Compliance

#### 2.4.3 Independent directors make up at least one-third of the elected board of directors.

1. Independent directors make up at least one-third of the board of directors.

Compliance

#### 2.4.4 Independent directors play a key role in preventing internal conflicts in the Company and carrying out some of the Company's significant corporate actions.

1. Independent directors (having no conflicts of interest) pre-evaluate significant corporate actions related to a possible conflict of interest and provide the board of directors with the results of this pre-evaluation.

Compliance

### 2.5 The chairperson of the board of directors facilitates the most efficient fulfillment of the functions entrusted to the board of directors.
### 2.5.1 The chairperson of the board of directors is an independent director, or a senior independent director is determined from among the selected independent directors, who coordinates the work of the independent directors and cooperates with the chairperson of the board of directors.

1. The chairperson of the board of directors is an independent director, or a senior independent director has been determined from among the independent directors.

2. The role, rights and obligations of the chairperson of the board of directors (or the senior independent director, if applicable) are appropriately established in the Company's internal documents.

### 2.5.2 The chairperson of the board of directors maintains a constructive atmosphere during meetings, ensures free discussion of agenda items, and oversees the execution of resolutions passed by the board of directors.

1. The performance of the chairperson of the board of directors was assessed as part of the board of directors performance assessment in the reporting period.

### 2.5.3 The chairperson of the board of directors takes the necessary steps to provide the members of the board of directors in a timely manner with the necessary information to adopt decisions on agenda items.

1. The Company's internal documents establish the obligation of the chairperson of the board of directors to take steps to provide the board of directors in a timely manner with materials on the agenda items of the meeting of the board of directors.

### 2.6 Members of the board of directors act in the interests of the Company and its shareholders reasonably and in good faith, with due care and discretion, and based on sufficient information.

#### 2.6.1 Members of the board of directors make decisions based on all the available information, having no conflicts of interest, demonstrating equal treatment towards shareholders of the Company, and in line with usual business risks.

1. The Company's internal documents require members of the board of directors to notify the board of directors if they have a conflict of interest regarding any item on the agenda of a board of directors meeting or a board of directors committee meeting before starting discussion on the relevant agenda item.

2. The Company's internal documents require members of the board of directors to abstain from voting on any issue where they have a conflict of interest.

3. The Company has established a procedure allowing the board of directors to obtain professional advice on issues related to its competence at the expense of the Company.

### 2.6.2 The Company's internal documents clearly describe and set forth the rights and obligations of members of the board of directors.

1. The Company has adopted and released an internal document that clearly defines the rights and obligations of members of the board of directors.

### 2.6.3 Members of the board of directors have enough time to perform their duties.

1. Individual attendance of meetings of the board of directors and its committees and the time allocated for preparing for attending the meetings were taken into account in the board of directors performance assessment in the reporting period.

2. The Company's internal documents require members of the board of directors to notify the board of directors of their intention to become a member of the management bodies of other entities (other than the Company's subsidiaries and dependent entities) and of such an assignment.
2.6.4 All members of the board of directors have equal opportunities to access the Company’s documents and information. Newly elected members of the board of directors are provided with sufficient information about the Company and the activities of the board of directors as soon as possible.

1. The Company’s internal documents allow members of the board of directors to obtain access to documents and to make requests concerning the Company and its subsidiaries; the executive bodies of the Company must provide the relevant information and documents.

2. The Company has a formal induction program for newly elected members of the board of directors.

Compliance

2.7 Meetings of the board of directors as well as preparation for and participation in them by board of directors members ensure efficient operation of the board of directors.

2.7.1 Meetings of the board of directors are held as required, taking into account the scale of activities and the challenges the Company faces from time to time.

1. The board of directors held at least six meetings in the reporting year.

Compliance

2.7.2 The Company’s internal documents establish the procedure for preparing and conducting meetings of the board of directors, enabling members of the board of directors to properly prepare for them.

1. The Company has approved an internal document defining the procedure for preparing and conducting meetings of the board of directors, which also establishes that notice of the meeting is given at least five days before the date of the meeting.

Compliance

2.7.3 The form of a board of directors meeting is determined based on the importance of the agenda items. The most important items are reviewed at in-person meetings.

1. The Company’s charter or internal documents stipulate that the most important issues (according to the list provided in recommendation 168 of the Code) must be considered at in-person board of directors meetings.

Compliance

2.7.4 Resolutions on the most important issues of the Company’s activities are adopted at a board of directors meeting by the qualified majority or a majority of votes of all elected members of the board of directors.

1. The Company’s charter stipulates that resolutions on the most important issues stated in recommendation 170 of the Code must be adopted at a board of directors meeting by the qualified majority (no less than three-quarters of the votes) or a majority of votes of all elected members of the board of directors.

Compliance

2.8 The board of directors establishes committees for preliminary consideration of the most important issues of the Company’s activities.

2.8.1 An audit committee consisting of independent directors has been created for preliminary consideration of issues related to control over the Company’s financial and economic activities.

1. The board of directors has established an audit committee consisting solely of independent directors.

2. The Company’s internal documents determine the functions of the audit committee, including those described in recommendation 172 of the Code.

3. At least one member of the audit committee, who is an independent director, has experience and knowledge in the preparation, analysis, assessment and audit of accounting (financial) reports.

4. Meetings of the audit committee were held at least once a quarter during the reporting period.

Partial compliance

1. Partial compliance.

Most members of the Audit Committee (three out of five) are Independent Directors. The other two directors are non-executive (representing the majority shareholder). The Audit Committee is chaired by an Independent Director. The described practice is consistent with the Moscow Exchange Listing Rules. However, Sberbank’s full compliance with this recommendation largely depends on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank as well as its consent in principle for replacing own representatives in the Audit Committee with Independent Directors.

2. Compliance.

3. Compliance.

2.8.2 A remunerations committee consisting of independent directors and chaired by an independent director, who is not the chairperson of the board of directors, has been created for preliminary consideration of issues related to the development of efficient and transparent remuneration practices.

1. The board of directors has established a remunerations committee consisting solely of independent directors.
2. The chairperson of the remunerations committee is an independent director who is not the chairman of the board of directors.
3. The Company’s internal documents determine the functions of the remunerations committee, including those described in recommendation 186 of the Code.

Partial compliance

Partial compliance with criteria 1–2. Under the Supervisory Board there is the HR and Remuneration Committee, the functions of which are described in the Regulation on the Committees of the Supervisory Board, in line with the Code recommendations. It is currently impossible to form the HR and Remuneration Committee solely out of Independent Directors. Most members of the Committee (two out of three) are Independent Directors. The Committee is headed by a Non-Executive Director, who is not the Chairman of the Supervisory Board. The described practice is consistent with the Moscow Exchange Listing Rules. However, Sberbank’s full compliance with this recommendation largely depends on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank as well as its consent in principle for replacing own representatives in the HR and Remuneration Committee with Independent Directors.

3. Compliance

2.8.3 A nomination (HR, appointment) committee with independent directors as the majority of its members has been created for preliminary consideration of issues related to staff planning (succession planning), occupational structure, and the performance of the board of directors.

1. The board of directors has established a nomination committee (or its functions as stated in recommendation 186 of the Code are carried out by another committee)* with independent directors as the majority of its members.
2. The Company’s internal documents determine the functions of the nomination committee (or the respective committee with combined functions), including those described in recommendation 186 of the Code.

Partial compliance

Partial compliance with criteria 1–2. Under the Supervisory Board there is the Remuneration Committee, all members of which are appointed and can be removed by the Supervisory Board on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank as well as its consent in principle for replacing own representatives in the HR and Remuneration Committee with Independent Directors. However, Sberbank’s full compliance with this recommendation largely depends on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank as well as its consent in principle for replacing own representatives in the HR and Remuneration Committee with Independent Directors.

3. Compliance

2.8.4 Given the scale of activities and the risk level, the Company’s board of directors has ascertained that the composition of its committees is fully consistent with the Company’s goals. Additional committees have been either created or deemed unnecessary (strategy committees, corporate management committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).

1. During the reporting period, the Company’s board of directors considered an issue of whether the composition of its committees is consistent with the board of directors objectives and the Company’s goals. Additional committees have been either created or deemed unnecessary.

Compliance

The list of other Committees created under the Supervisory Board: Strategic Planning Committee, Risk Management Committee, Information Technology Committee (created in 2019)

2.8.5 The composition of the committees allows for a holistic discussion on pre-considered issues, taking into account different opinions.

1. The committees of the board of directors are headed by independent directors.
2. The Company’s internal documents (policies) include provisions, which allow persons who are not members of the audit committee, the nomination committee, or the remuneration committee to attend committee meetings only if invited by the chairperson of the relevant committee.

Partial compliance

Partial compliance. Even though Independent Directors are represented in the Supervisory Board in line with the Moscow Exchange Listing Rules and the Code recommendations, it is currently impossible to appoint an Independent Director as Chairman of each Committee (there are few Committees with six Independent Directors in total under the Supervisory Board). Three Committees (the Audit Committee, the Risk Management Committee, and the Information Technology Committee) are chaired by Independent Directors. The HR and Remuneration Committee and the Strategic Planning Committee are chaired by Non-Executive Directors. Sberbank is in favor of having more Independent Directors on the Supervisory Board, however Sberbank’s full compliance with this recommendation largely depends on the majority shareholder’s readiness to nominate and elect more Independent Directors to the Supervisory Board of Sberbank.

2. Compliance

2.8.6 Committee chairpersons regularly inform the board of directors and its chairperson on the activities of their committees.

1. During the reporting period, the committee chairpersons regularly report on the activities of their committees to the board of directors.

Compliance
2.9 The board of directors provides for a performance quality assessment of the board of directors, its committees and members.

2.9.1 The performance quality assessment of the board of directors aims to determine how efficient the board of directors, its committees and members are and whether their activities are consistent with the Company’s developmental needs, intensify the work of the board of directors, and identify areas for improvement.

1. The self-assessment or external assessment of the board of directors conducted during the reporting period included a performance assessment of committees, individual members of the board of directors, and the board of directors as a whole.

Compliance

2.9.2 Performance assessment of the board of directors, its committees and members is carried out regularly at least once a year. An external organization (consultant) is engaged at least once every three years to conduct an independent performance assessment of the board of directors.

1. The company engaged an external organization (consultant) at least once during the last three reporting periods to conduct an independent performance assessment of the board of directors.

Compliance

3.1 The Company’s corporate secretary ensures efficient ongoing communication with shareholders, coordinates the Company’s activities to protect the rights and interests of its shareholders, and supports efficient performance of the board of directors.

3.1.1 The corporate secretary has an impeccable reputation and sufficient knowledge, experience and qualifications to perform his/her duties and enjoys the trust of shareholders.

1. The Company has adopted and disclosed an internal document, the regulation on the corporate secretary.

Compliance

2. The Company’s website and annual report contain the biography of the corporate secretary with the same level of detail as for members of the board of directors and the executive management of the Company.

3.1.2 The corporate secretary has sufficient independence from the Company’s executive bodies and has the powers and resources to perform his/her duties.

1. The board of directors approves the assignment, dismissal and additional remuneration of the corporate secretary.

Compliance

4.1 The amount of remuneration paid by the Company is sufficient to engage, motivate and retain persons with the competences and skills necessary for the Company. Members of the board of directors, executive bodies, and other key executives of the Company are remunerated in accordance with the Company’s remuneration policy.

4.1.1 The amount of remuneration paid by the Company to members of the board of directors, executive bodies and other key executives creates sufficient motivation for their efficient performance, thus allowing the Company to attract and retain competent and qualified specialists. At the same time, the Company avoids excessive remuneration as well as an unreasonably large gap between the remuneration amounts of said officers and the employees of the Company.

1. The Company has adopted an internal document (documents), the remuneration policy (policies), for members of the board of directors, executive bodies and other key executives, which clearly defines approaches to the remuneration of said officers.

Compliance

4.1.2 The Company’s remuneration policy was developed by the remuneration committee and approved by the board of directors. The board of directors together with the remuneration committee, oversees the introduction and implementation of the remuneration policy in the Company and, if needed, reviews and amends it.

1. During the reporting period, the remuneration committee reviewed the remuneration policy (policies) and its (their) implementation practices and submitted appropriate recommendations to the board of directors where applicable.

Compliance
4.1.3 The Company’s remuneration policy contains transparent mechanisms for determining the amount of remuneration for members of the board of directors, executive bodies, and other key executives of the Company and regulates all payments, benefits and privileges provided to the said officers.

1. The Company’s remuneration policies (policy) contain(s) transparent mechanisms for determining the amount of remuneration for members of the board of directors, executive bodies, and other key executives of the Company and also regulate(s) all payments, benefits and privileges provided to the said officers.

4.1.4 The Company defines its expense reimbursement (compensation) policy specifying the list of expenses subject to compensation and the service level to which members of the board of directors, executive bodies, and other key executives of the Company are entitled. This policy may be a part of the Company’s remuneration policy.

1. The Company’s remuneration policy (policies) or other internal documents establish expense compensation rules for members of the board of directors, executive bodies, and other key executives of the Company.

4.2 The system for remunerating members of the board of directors ensures that financial interests of the directors are more aligned with long-term financial interests of the shareholders.

4.2.1 The Company pays fixed annual remuneration to the members of the board of directors. The Company does not pay remuneration for participation in individual meetings of the board of directors or its committees. The Company does not use short-term or additional material incentives with members of the board of directors.

1. Fixed annual remuneration was the only monetary remuneration provided to members of the board of directors for their work during the reporting period.

4.2.2 Long-term possession of the Company’s shares best facilitates alignment of financial interests of the directors with long-term interests of the shareholders. At the same time, the Company does not make the right to sell shares contingent upon achievement of certain performance indicators, and members of the board of directors do not participate in option programs.

1. If the Company’s internal document(s), the remuneration policy (policies), stipulates provision of the Company’s shares to members of the board of directors, the Company sets forth and discloses clear rules for shareholding by members of the board of directors aimed at encouraging long-term possession of such shares.

4.2.3 The Company does not provide any additional payments or compensations in cases where the powers of a member of the board of directors are terminated early due to a change of control over the Company or other circumstances.

1. The Company does not provide any additional payments or compensations in cases where the powers of a member of the board of directors are terminated early due to a change of control over the Company or other circumstances.
4.3 The system for remunerating members of executive bodies and other key executives of the Company makes remuneration dependent on the performance results of the Company and their personal contribution to achieving these results.

4.3.1 Remuneration for members of executive bodies and other key executives is determined in such a way as to ensure a reasonable and justified ratio between the fixed part and the variable part of remuneration, which depends on the Company’s performance and the personal (individual) contribution of the employee to the final result.

1. During the reporting period, annual performance indicators approved by the board of directors were used to determine the amount of variable remuneration for members of executive bodies and other key executives of the Company.
2. In the course of the latest assessment of the system for remunerating members of executive bodies and other key executives, the board of directors (remuneration committee) ascertained that the Company used an efficient ratio between the fixed and the variable parts of remuneration.
3. The Company applies a procedure that enables it to return bonuses wrongly obtained by members of executive bodies and other key executives of the Company.

1. During the reporting period, annual performance indicators approved by the board of directors were used to determine the amount of variable remuneration for members of executive bodies and other key executives of the Company.
2. In the course of the latest assessment of the system for remunerating members of executive bodies and other key executives, the board of directors (remuneration committee) ascertained that the Company used an efficient ratio between the fixed and the variable parts of remuneration.
3. The Company applies a procedure that enables it to return bonuses wrongly obtained by members of executive bodies and other key executives of the Company.

4.3.2 The Company has implemented a long-term incentive program for members of executive bodies and other key executives using Company shares (options or other derivative financial instruments whose underlying asset is Company shares).

1. The Company has implemented a long-term incentive program for members of executive bodies and other key executives using Company shares (financial instruments based on Company shares).
2. The long-term incentive program for members of executive bodies and other key executives stipulates that the right to sell the shares or other financial instruments used in the program may be exercised not sooner than three years after the were provided. At the same time, the right to sell them is contingent upon the Company’s achievement of certain performance indicators.

4.3.3 The amount of compensation (golden parachute) paid by the Company to members of executive bodies or key executives in the case of early termination of their powers at the initiative of the Company, provided the said officers have not committed any unethical acts, does not exceed double the amount of the fixed part of their annual remuneration.

1. The amount of compensation (golden parachute) paid by the Company to members of executive bodies or key executives during the reporting period in the case of early termination of their powers at the initiative of the Company, provided the said officers have not committed any unethical acts, did not exceed double the amount of the fixed part of their annual remuneration.

5.1 The Company has established an efficient risk management and internal control system designed to ensure reasonable confidence in achieving the objectives set before the Company.
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<tr>
<td>5.1.2</td>
<td>The Company's management bodies ensure the creation and maintenance of an efficient risk management and internal control system in the Company.</td>
<td>1. The Company’s management bodies have ensured the distribution of functions and powers concerning risk management and internal control between subordinate managers (heads) of units and departments.</td>
<td>Compliance</td>
</tr>
</tbody>
</table>
| 5.1.3 | The Company’s risk management and internal control system ensures an objective, fair and clear vision of the current condition and perspectives of the Company, integral and transparent reporting, and reasonable and admissible risks accepted by the Company. | 1. The Company has approved an anti-corruption policy.  
2. The Company has established an accessible means of informing the board of directors or its audit committee about violations of the law, internal procedures or the code of ethics of the Company. | Compliance |
| 5.1.4 | The board of directors of the Company takes the measures necessary to ensure that the current risk management and internal control system complies with its organizational principles and approaches defined by the board of directors and functions efficiently. | 1. During the reporting period, the board of directors or its audit committee assessed the efficiency of the Company’s risk management and internal control system. Information on the main results of the assessment was included in the Company’s annual report. | Compliance |
| 5.2 | In order to conduct a systematic independent assessment of the reliability and efficiency of the risk management and internal control system and corporate governance practices, the Company arranges for internal auditing. | | |
| 5.2.1 | In order to conduct internal auditing, the Company has established a separate structural unit or engaged an independent external organization. The functional and administrative accountability of the internal audit unit is clearly delineated. The internal audit unit functionally reports to the board of directors. | 1. In order to conduct internal auditing, the Company has established a separate structural unit functionally reporting to the board of directors or the audit committee or engaged an independent external organization following the same accountability principle. | Compliance |
| 5.2.2 | The internal audit unit assesses the efficiency of the internal control system, the risk management system, and the corporate governance system. The Company applies generally accepted internal auditing standards. | 1. During the reporting period, an internal audit provided an assessment of the efficiency of the internal control and risk management system.  
2. The Company uses generally accepted approaches to internal control and risk management. | Compliance |
| 6.1 | The Company and its activities are transparent to its shareholders, investors and other stakeholders. | | |
| 6.1.1 | The Company has developed and introduced an information policy that ensures efficient exchange of information between the Company, shareholders, investors, and other stakeholders. | 1. The Company’s board of directors has approved an information policy based on the Code recommendations.  
2. The board of directors (or one of its committees) has considered issues related to the Company’s compliance with its information policy at least once during the reporting period. | Compliance |

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### 6.1 Corporate Governance Principles

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<tr>
<td>6.1.2</td>
<td>The Company discloses information on the system and practice of corporate governance, including details of compliance with the principles and recommendations set forth in the Code.</td>
<td>1. The Company discloses information on its corporate governance system and general corporate governance principles applied in the Company, including on its website. 2. The Company discloses information on the membership of executive bodies and the board of directors, the independence of members of the board and their membership in board of directors committees (as defined in the Code). 3. If there is a person who controls the Company, the latter publishes a memorandum of the controlling person on the plans of such person regarding corporate governance in the Company.</td>
<td>Compliance The memorandum will be published if prepared by the controlling person.</td>
</tr>
</tbody>
</table>

### 6.2 The Company discloses full, relevant and reliable information on the Company in a timely manner so that the Company's shareholders and investors can make informed decisions.

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<tr>
<td>6.2.1</td>
<td>The Company discloses information in accordance with the principles of regularity, consistency and promptness, as well as accessibility, reliability, fullness and comparability of disclosed data.</td>
<td>1. The Company’s information policy sets out approaches and criteria for identifying information that can significantly influence the assessment of the Company and the cost of its securities, as well as procedures for ensuring timely disclosure of such information. 2. If the Company’s securities are traded in foreign organized markets, material information is disclosed simultaneously and equivalently in the Russian Federation and in such markets during the reporting year. 3. If foreign shareholders hold a significant number of the Company’s shares, during the reporting period information is disclosed both in Russian and in one of the most widespread foreign languages.</td>
</tr>
<tr>
<td>6.2.2</td>
<td>The Company avoids a formal approach to information disclosure and discloses material information on its activities, even if the disclosure of such information is not stipulated by law.</td>
<td>1. During the reporting period, the Company disclosed annual and semiannual financial statements prepared under IFRS. The Company’s annual report for the reporting period includes annual financial statements under IFRS, along with the auditor’s report. 2. The Company discloses full information on the capital structure as per recommendation 290 of the Code both in the annual report and on its website.</td>
</tr>
<tr>
<td>6.2.3</td>
<td>The annual report, as one of the most important instruments of information exchange with shareholders and other stakeholders, contains information that helps evaluate the Company’s performance during the year.</td>
<td>1. The annual report of the Company contains information about the key aspects of its operating activities and financial results. 2. The annual report of the Company contains information about environmental and social aspects of its activities.</td>
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### 6.3 The Company provides information and documents at the request of shareholders in accordance with the principles of equal and easy access.

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<tr>
<td>6.3.1</td>
<td>Information and documents are provided by the Company at the request of shareholders in accordance with the principles of equal and easy access.</td>
<td>1. The Company’s information policy sets out an easy procedure for providing shareholders with access to information, including information about the Company’s controlled legal entities, at the shareholders’ request.</td>
</tr>
</tbody>
</table>
7.1 Actions which significantly impact or could significantly impact the charter capital structure and financial state of the Company and, consequently, the position of the shareholders (significant corporate actions) are taken in a fair manner, ensuring the observation of the rights and interests of the shareholders and other stakeholders.

7.1.1 Reorganizing the Company, acquiring 30 percent or more of its voting shares (takeover), performing significant transactions, increasing or decreasing the Company’s charter capital, listing or delisting its shares, and other actions that could result in significant changes to the shareholders’ rights or violations of their interests are deemed significant corporate actions. The Company’s articles of association contain a list of transactions or other actions which are significant corporate actions and such matters are reserved to the Company’s board of directors.

1. The Company’s articles of association contain a list of transactions or other actions which are significant corporate actions and the criteria for defining them. Decision-making on significant corporate actions falls within the competence of the board of directors. In cases when such corporate actions are expressly reserved by law to the general meeting of shareholders, the board of directors provides shareholders with appropriate recommendations.

2. The Company’s articles of association recognize at least the following as significant corporate actions: reorganizing the Company, acquiring 30 percent or more of its voting shares (takeover), performing significant transactions, increasing or decreasing the Company’s charter capital, and listing and delisting its shares.

7.1.2 The board of directors plays a key role in making decisions on significant corporate actions. The board of directors relies on the position of the Company’s independent directors.

1. The Company has a procedure for the independent directors to declare their position on significant corporate actions before they are approved.

7.1.3 When performing significant corporate actions related to shareholder rights and legal interests, the Company ensures equal terms for all its shareholders, and if law provides insufficient mechanisms for protecting shareholder rights, the Company takes additional measures to protect shareholder rights and legal interests. In this case, the Company relies both on compliance with the formal requirements of law and the principles of corporate governance set forth in the Code.

1. With due regard to particular aspects of the Company’s activities, the articles of association set minimal criteria for classifying the Company’s transactions as significant corporate actions which are lower than the criteria established by law.

2. During the reporting period, all significant corporate actions underwent the approval procedure before they were taken.

7.1.4 In providing information to shareholders, the Company ensures a reasonable balance between the interests of certain shareholders and the interests of the Company, which is concerned with the confidentiality of important commercial information that could significantly influence its competitiveness.

1. During the reporting period, the Company did not refuse to satisfy shareholders’ information requests or such refusals were reasonable.

2. In cases defined by the Company’s Information Policy, shareholders are warned about the confidential nature of information and undertake to keep it in secret.

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**ITEM CORPORATE GOVERNANCE PRINCIPLES**

**CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

**STATUS OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

**EXPLANATION OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

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**EXPLANATION OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**
7.2 The Company has a procedure for taking significant corporate actions that enables shareholders to obtain full information on such actions in a timely manner and influence them and guarantees that in taking such actions their rights are observed and adequately protected.

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<tr>
<td>7.2.1</td>
<td>Information on significant corporate actions is disclosed together with the reasons, conditions and results of such actions.</td>
<td>1. During the reporting period, the Company promptly disclosed detailed information on its significant corporate actions, including their grounds and timeframes.</td>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>7.2.2</td>
<td>Rules and procedures related to significant corporate actions taken by the Company are defined in its internal documents.</td>
<td>1. The Company’s internal documents stipulate a procedure for engaging an independent appraiser to valuate property alienated or acquired under a major transaction or a related party transaction. 2. The Company’s internal documents stipulate a procedure for engaging an independent appraiser to valuate share acquisition and repurchase. 3. The Company’s internal documents stipulate an extended list of grounds for deeming members of its board of directors and other persons specified by law to be parties interested in the Company’s transactions.</td>
<td>Compliance</td>
<td></td>
</tr>
</tbody>
</table>

1 The status “compliance” is indicated only if the Company meets all the criteria for assessing compliance with the corporate governance principle. Otherwise the status “partial compliance” or “no compliance” is indicated.

2 Specified for each criterion for assessing compliance with corporate governance principles where the Company meets only some of the criteria or none of the criteria for assessing compliance with the principle. If the Company indicates the status “compliance”, no explanation is required.

3 Indicate which of the two alternative approaches permitted by the principle is implemented in the Company and explain why it was chosen.

4 If the nomination committee functions are performed by any other committee, please indicate its name.

5 Please list all the additionally created committees.