

The effective performance of the Supervisory Board relies on an understanding of business needs and the Supervisory Board's role in the Group's development, its ability to engage the best professionals, a well-balanced system of motivation and remuneration of the Supervisory Board members, possibilities for their further professional growth, efficient communications both within the Supervisory Board and with Sberbank's shareholders, top managers, and other key stakeholders.

The Supervisory Board determines the rules for the bank's corporate governance system by approval of internal regulations governing the principles and procedures of operation of its individual elements and by implementing control of each element and the corporate governance system performance as a whole.

The Supervisory Board is accountable to the General Shareholders' Meeting, and information regarding its operations is disclosed as part of the annual report.

CHAIRMAN OF THE SUPERVISORY BOARD

The Bank's Supervisory Board is headed by the Chairman who is to be elected from among Supervisory Board members at the first board's meeting (following the election at the General Shareholders' Meeting). The Chairman of the Supervisory Board may not simultaneously act as CEO or Chairman of the Executive Board of the Bank.

The Chairman directs the work of the Supervisory Board, organises the development of its work plan, approves the agenda of board meetings, and presides over the General Shareholders' Meeting of the Sberbank.

During meetings of the Supervisory Board, the Chairman ensures the free discussion of issues on the agenda, promotes the development of informed decisions, and maintains a constructive and friendly atmosphere.

INDEPENDENT DIRECTORS AND THEIR ROLE. SENIOR INDEPENDENT DIRECTOR

To ensure the effectiveness of decisions made and to support an equilibrium of interests of different shareholder groups, independent directors are included as part of the Supervisory Board's membership.

In accordance with the Regulation on the Supervisory Board, the number of independent directors shall be not less than 1/3 of the elected members of the Supervisory Board.

An independent director is a Supervisory Board member possessing enough professionalism, experience, and independence to form their own opinion, who is able to express unbiased and conscientious judgments that do not depend on the influence of the executive bodies of the Bank, certain groups of shareholders, or other interested parties.

The Supervisory Board will evaluate the independent status of candidates and is entitled to recognise a candidate (director) as independent even if they formally meet criteria for nonindependence if the presence of such criteria does not affect the director's ability to express independent and unbiased judgments.

Pursuant to the decision of the Supervisory Board, a senior independent director is appointed from among independent directors whose main tasks will be to assist the Chairman of the Supervisory Board, arrange the assessment of its work, coordinate interaction between independent directors, and develop a consolidated opinion of independent directors on the issue under consideration, when necessary. For the first time, a senior independent director was elected to Sberbank's Supervisory Board in 2015.

THE EFFICIENCY OF THE SUPERVISORY BOARD

The make-up of the Supervisory Board is balanced in terms of skills, experience, and independence, which allows board members to effectively perform their functions.

Supervisory Board members meet qualification and business reputation requirements as established by applicable laws, have an excellent professional and business reputation, ample knowledge and experience in the areas appropriate to Sberbank's main activities (finance, banking operations, regulation of banking activities, corporate governance, risk management, internal control, audit, and compliance).

Supervisory Board members also have the knowledge of the functional specifics of working at various positions in different companies and an understanding of the specifics of international markets and the way business is done in foreign cultures and are of different ages, genders, and nationalities.

The Supervisory Board of the Bank consists of executive (bound by employment relations with the bank), nonexecutive (not bound by employment relations with the bank) and independent directors (directors not bound to the bank who are able to make independent judgments without bias and in good faith and independent of other groups or persons).

To enhance performance, the Supervisory Board (as proposed by the HR and Remunerations Committee) shall draw up the list of candidates recommended to shareholders in advance. Upon expiry of the nomination period (75 days from the end of the financial year), the Supervisory Board (as proposed by the HR and Remunerations Committee) shall approve the list of candidates for election at the regular shareholders' meeting, review their professional qualifications and reputation, assess the independent status of candidates, develop recommendations for voting, and disclose information related to persons proposing each candidate and details on each such person (work experience, competencies, relations with Sberbank, etc.).