



## INVESTING IN HUMAN CAPITAL

One of Sberbank's five development priorities is Team and Culture. We are striving to make bank employees and corporate culture one of our competitive advantages. We are implementing an active policy to this end, developing both the professional skills of managers and employees required for implementation of strategic goals, and their competencies related to corporate values.

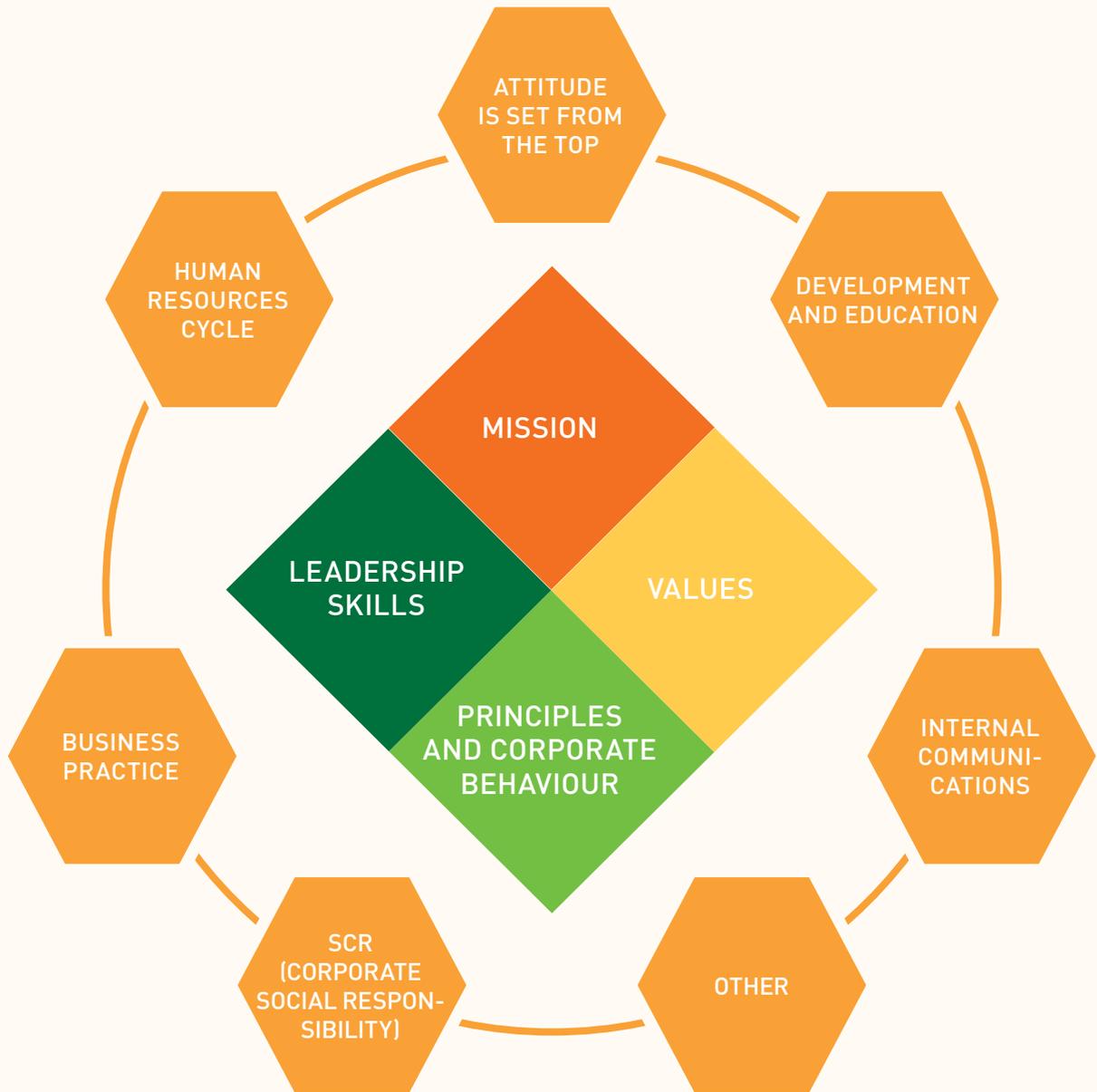
### CORPORATE CULTURE DEVELOPMENT

Sberbank's corporate culture is a special environment that helps employees to become a better version of themselves in order to make their customers' lives and communities better. Our culture is based on three simple but important values, which are:

- ✓ I am a leader
- ✓ We are a team
- ✓ Everything for our customer

In 2015 we commenced a corporate culture development project aimed at strengthening the competitive advantage of the bank in the long term. We are focused on developing priority areas such as: "Responsibility and Self-Development," "Trust and Openness," "One Bank Team," and "Customer Interests at the Centre of Attention." Implementation of this task involves almost all elements of the corporate culture ecosystem of Sberbank.

| ECOSYSTEM OF SBERBANK'S CORPORATE CULTURE



In 2015, we focused our efforts on the development of a systemic approach to corporate culture management. We are confident that the transformation of culture should start at the top. For this reason we held top management meetings where we framed the key priorities for development, timeline of project implementation, and tools for changing our corporate culture.

before 2015 Uncontrolled process	2015 Systemic approach to management	2018 Culture is a part of the business model
Goal: build a culture of change	Goal: integrate the culture in all bank processes	Goal: build an environment to make employees better versions of themselves
<ul style="list-style-type: none"> <li>✓ No common goal or motivation</li> <li>✓ Strong sub-cultures and lack of continuity: each territorial unit acts as an individual principality</li> <li>✓ No customer focus</li> <li>✓ Strong hierarchy and red tape</li> <li>✓ Diverse approaches to HR management business processes</li> <li>✓ Mission and 16 values on paper only</li> </ul>	<ul style="list-style-type: none"> <li>✓ Manager is a role model for employees</li> <li>✓ Book of Values is a tool and reference point</li> <li>✓ Employee involvement survey is a corporate culture metric</li> <li>✓ Management and employee training in corporate culture and emotional intelligence</li> <li>✓ Integration of values in all HR management business processes</li> <li>✓ Implementation of social projects and engagement of employees as volunteers in such projects</li> </ul>	<ul style="list-style-type: none"> <li>✓ Manager is a leader and mentor who leads by example</li> <li>✓ All employees live and act based on common values</li> <li>✓ Cross-functional interaction and common culture with the entire Bank a single team</li> <li>✓ Customer focus in everything we do</li> <li>✓ Continuous feedback</li> <li>✓ Development of risk culture and compliance with the rules</li> </ul>

We verified the above mentioned selected tools using our crowdsourcing platform in July 2015 to understand whether Sberbank employees share the same corporate culture. Employees submitted 1,400 proposals, 10,000 reviews, and 15,500 comments on the crowdsourcing platform. The following matters received the support of the majority of them:

- ✓ emotional intelligence trainings for managers and employees;
- ✓ teaching managers to recognise their employees and to motivate positively;
- ✓ improving transparency of corporate awards;
- ✓ developing corporate volunteering services;
- ✓ online training in corporate culture and values.

We carried out the following actions in 2015 to develop our corporate culture using the outlined approach.

#### | KEY CORPORATE CULTURE DEVELOPMENT EVENTS IMPLEMENTED IN 2015

Area	Events
Role models	<ul style="list-style-type: none"> <li>✓ Coaching for top management in Sberbank's corporate culture</li> <li>✓ Launch of the "Team" feedback system for evaluating the quality of cooperation within the team (in 2015 at the level of top management)</li> <li>✓ Organising a survey of employee involvement, during which managers' leadership styles were evaluated for the first time</li> </ul>
Communications	<ul style="list-style-type: none"> <li>✓ Cross-functional cascading of the project for developing the corporate culture, Book of Values and the client-centred model</li> <li>✓ Launch of the corporate culture hotline as part of the Code of Ethics</li> <li>✓ Monthly leader meetings in the central office to discuss corporate culture</li> </ul>
Changes in HR management	<ul style="list-style-type: none"> <li>✓ Launch of an updated corporate value compliance assessment ("5+" Rating<sup>1</sup>), including expanded recommendations for managers regarding communication about top performers in the team</li> </ul>
Training	<ul style="list-style-type: none"> <li>✓ First wave training in corporate culture and emotional intelligence for managers at Sberbank's Corporate University</li> </ul>
Social projects	<ul style="list-style-type: none"> <li>✓ Launch of the Contribution to the Future Charity Fund at Sberbank</li> <li>✓ Launch of the Teacher for Russia project</li> <li>✓ First bank-wide "Open Doors Day for Children of Employees"</li> </ul>

<sup>1</sup> More details about the "5+" Rating are provided in the Employee Performance Assessment and Incentives section.

## **SBERBANK'S BOOK OF VALUES**

One of the corporate culture development tools is Sberbank's Book of Values, which aims to demonstrate the correct use of our values to employees. The Book is easy to read and user-friendly. All rules are grouped in a three-level structure of Values, Principles, and Actions. The Actions category includes necessary rules of conduct that our employees may check to assess if their decisions and actions are right.

The Book is based on real success stories of employees who are living examples of the right behaviours and guidelines for action. Over 60,000 employees took part in the preparation of the book. We also introduced symbols as icons to highlight the key ideas in each section.

We would like the Book of Values to become a real tool in shaping our employees' behaviour, and in 2015 we developed it in Sberbank's subdivisions for that purpose, together with the project for cascading corporate culture.

## **OPEN DOORS DAY FOR CHILDREN OF EMPLOYEES**

In 2015 we started a new tradition: holding an Open Doors Day at bank branches. During this event we invite the children of employees to see where their mother and father work, and also find out more about how Sberbank works. Such events were held in various bank branches throughout the country. Just at head office more than 1,200 children aged between 3 and 17 participated during one day. The children were able to have a look at their parents' workplace, go to the museum, visit a cashing-in machine, participate in the bank's competition or get their hands on the bank's coinage.

We are continuing to hold similar events within the "Sberbank for Children and Parents" programme and, in future, we will assist employees in their parenting roles because we have seen their great interest on the themes of raising children and development.

## **EMPLOYEE INVOLVEMENT SURVEYS**

We measure our corporate culture development results based on employee involvement surveys. We streamlined the survey process in 2015 and the survey was fully conducted online for the first time in history. This way we were able to invite more employees to participate and expand the geography to 346 cities. A total of 194,000 people participated in the survey in 2015, including the employees of ten subsidiaries (Sberbank Technologies, Sberbank Private Pension Fund, Sberbank's Corporate University, Sberbank Insurance, etc.).

The 2015 survey evaluation of factors that affect inclusion also included evaluation of corporate culture and risk culture, as well as managers' leadership styles. For the first time, employees were able to give open comments within the survey as enabled by the online survey method. As a result, around 30,000 open comments served as additional information in the analysis of employee opinions.

The involvement index in 2015 increased by 6.7% in comparison with the last year and reached 75.6%. Absolute numbers of the survey results are high at all values. We understand that, in addition to our contribution to building a comfortable environment, the survey results were impacted by the prevailing economic situation, which made people even more loyal to their employers. Therefore, we focus not only on the final score but on the quality components of the indicator. The most powerful drivers that impact Sberbank employee involvement are:

- ✓ quality of change management in the Bank (including the quality of change communications);
- ✓ top management style (open communications with employees, conditions for efficient interaction, compliance with corporate values);
- ✓ opportunities for high performance (fast decision-making, easy approval process, possibility to influence decisions, professional compliance with the employees' values).

The survey results helped us to frame a set of practical recommendations to develop Sberbank's corporate culture. We will further process involvement result surveys in 2016 as follows: improved quality of communications during change management, use of value ratings throughout the HR cycle during HR decision-making, unlocking the mentoring potential of leaders in everyday work, etc.