

Interview



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What does CSR mean for the bank?

CSR means that the company decides — and undertakes — to conduct business subject to social and ecological impact both on itself and on its stakeholders. In other words, a modern company doesn't think only of the profits it can make, it also thinks of how to do business in such a way that would ensure long-term sustainability of the company itself, of its clients, and of the entire

society.

In practice, CSR means target and liability management in three areas — economy, social life, and environment. All three areas are interconnected. Lacking any of them, the company will not reach sustainability.

For us, CSR means first of all proper management of stakeholder relations. We seek to do business in such a way that would bring benefits to all our stakeholders: client must receive affordable and quality service, employees must have the company they were dreaming of, shareholders must obtain a long-term, sustainable and profitable business that would attract investors, and ultimately the entire society must derive new ways for development and prosperity.

Why CSR is so important for the bank's long-term sustainability?

There are a few reasons why the bank is continuously committed to corporate social responsibility. Firstly, Sberbank has been traditionally deeply involved in social life and has always been a truly "popular" institution. We have always been aware of our social responsibility and commitments. In this sense, CSR is not a novelty for us. Rather, our objective is to determine right priorities and turn this traditional Sberbank's feature into a powerful competitive advantage.

Secondly, CSR is becoming a focal point for investors — international investors above all. They are keen to evaluate management quality including the bank's ability to control environmental and social risks. They think that these factors have a considerable impact on business sustainability. In view of expanding our international presence, we feel the growing importance of recognizing international market issues and global risks in our policies. Unfortunately, environmental and social risks do not get enough public attention in Russian domestic policy yet. We can see though that the situation is changing along with growing public welfare and social awareness. Recent experience of international banks which faced a serious problem of public confidence tells us that these are

not the issues to ignore.

Thirdly, we see changes in the client confidence “formula”. In the past our client confidence was based on the assumption that “Sberbank won’t cheat or run away,” now it becomes more and more important for us to build personal client relationships, to advance confidence on the basis of mutual values. This mission would be impossible unless the bank has its own “social” face.

What risks and opportunities arise from the growing importance of sustainability?

Looking ahead, we see quite a few factors that will affect our activity in the long term. Lack of energy resources, water and food will support volatility of market prices, may result in national protectionism and bring stricter market regulation. Demographic problems, ageing population affect living standards, social security, and long-term financial planning. Climate changes, urbanization, industrial activity bring environmental impact and, consequently, raise a wide range of risks that affect successful implementation of various projects.

That said, we see a host of opportunities that arise in response to those factors. For example, there is a considerable potential in higher efficiency of resource utilization. This includes both own operations of the bank and the financing of client projects. Developing CSR projects meets positive response from our clients and employees, which, in turn, brings higher loyalty and willingness to cooperate with the bank. Active CSR position will attract investors’ attention and open new sources to raise funds.

Finally, we see a good potential in developing responsible investment vehicles in terms of both risk management and creating new sources for fund raising. This is the issue we plan to focus on in the nearest future.

What are the bank’s CSR objectives for the nearest future and its development strategy till 2019?

In the coming year, we plan to prepare CSR development strategy and include it in the bank’s general development strategy till 2019. At this stage, it is important to determine priorities, formulate targets, and develop tools to control their achievement.