

How does the bank address stakeholder interests?

Feedback makes up the basis for creating efficient relations between the bank and its stakeholders. We have set up various feedback channels: polls, complaint and proposal analysis, mass media review, hot line with the bank's president, etc. (see the Table below). They allow us to better understand our stakeholders' needs and expectations to be able to make timely changes to the bank's development strategy. Evaluating the bank perception, analyzing problematic issues, reviewing improvement proposals received through feedback channels make up a part of the governance process, and are continuously used by the bank's management to make decisions.

PRINCIPAL FEEDBACK TOOLS

Tool	Description	Principal results	Bank's response
Client voice, Customer Satisfaction Index	<ul style="list-style-type: none"> A system of research designed to evaluate the quality of interaction between clients and the bank: <ul style="list-style-type: none"> client satisfaction and loyalty polls evaluating compliance with service quality standards (Mystery Calling research) evaluating the level of comfort of the bank's systems and processes from client perspective, etc. 	<ul style="list-style-type: none"> Regular and consistent identification of problems in interaction between clients and the bank; developing guidelines to raise interaction effectiveness 	<ul style="list-style-type: none"> Research results are taken into account in developing activity plans for the bank's divisions A number of parameters measured by the Client Voice system is included in the system of motivation
Client complaint management	<ul style="list-style-type: none"> Uniform Complaint Management System (UCMS) Central Automated Client Complaint Management System (CACCMS) Customer Care Service 	<ul style="list-style-type: none"> Over 2.8 million complaints received in 2012 Average period of review reduced nearly twofold — to 6.8 days Complaint handling is structured by principal topics and channels of occurrence 	<ul style="list-style-type: none"> The bank develops system solutions to change processes and technologies including those based on client requests
Internal Client Voice	<ul style="list-style-type: none"> Employee online poll 14,000 employees polled 80 services evaluated 	<ul style="list-style-type: none"> Indicative valuation of key services obtained; service ranking developed Rating of impact on service satisfaction developed 	<ul style="list-style-type: none"> Proposals to improve internal services prepared Satisfaction indicators included in the motivation system (since 2013)
Employee	<ul style="list-style-type: none"> Employee poll 	<ul style="list-style-type: none"> Quantitative valuation 	<ul style="list-style-type: none"> All top managers set targets

Polls	<ul style="list-style-type: none"> 116,000 employees polled 	<ul style="list-style-type: none"> of employee satisfaction and involvement obtained Progress may be evaluated by 13 factors that include over 100 attributes 	<ul style="list-style-type: none"> to raise employee involvement; special improvement programmes developed
Hot line with the President	<ul style="list-style-type: none"> Annual hot line (live videoconference) with Sberbank President & CEO 	<ul style="list-style-type: none"> In 2012: <ul style="list-style-type: none"> Broadcasted in all regions of the bank's operation in Russian and English Broadcast audience exceeded 28,000 people Over 50 questions answered Over 800 questions asked before and over 1000 during the conference 	<ul style="list-style-type: none"> Answers to all questions from employees published on the bank's portal: The President's page, section Hot Line with Sberbank President Herman Gref
Herman Gref's mail box	<ul style="list-style-type: none"> Preparing answers on behalf of the President to questions from employees and clients delivered to Herman Gref's electronic mail box 	<ul style="list-style-type: none"> In 2012 344 mails received, including 206 from former and current employees, 114 from clients 	<ul style="list-style-type: none"> 118 askers received personal response from the CEO and Chairman of the Management Board Herman Gref, 205 from corresponding departments
Mass Media Review	<ul style="list-style-type: none"> Daily/weekly monitoring of the Russian-language mass media (nearly 10,000 sources) and the world wide web (approx. 30,000 sources) Daily monitoring of unfavorable comments in mass media and complaints to supervisors from dissatisfied clients 	<ul style="list-style-type: none"> Daily and weekly analytical report for top managers regarding the bank coverage in Russian and foreign mass media Daily and weekly digest for top managers including effectiveness analysis of PR projects 	<ul style="list-style-type: none"> Weekly briefings Informational Wednesday by top managers Press releases Comments and interviews by top managers for Russian and foreign mass media Monitoring results were taken into account in selecting material issues to included in the Report boundary
Perception study	<ul style="list-style-type: none"> Phone interviews performed by an independent consulting company 32 institutional investors and analytics interviewed 	<ul style="list-style-type: none"> An objective picture of the bank perception by key investors and analytics obtained Progress achieved may be evaluated against previous year 	<ul style="list-style-type: none"> Solutions developed to raise the bank perception



In 2012 the bank set up a new feedback channel based on crowdsourcing technology that allows to involve an unlimited number of participants (clients, employees, experts, etc) in developing critical solutions. The crowdsourcing technology was first tested in 2011 within the Sberbank-21 project.

In August 2012, Sberbank launched the first in Russia crowdsourcing platform <http://sberbank21.ru> that was used to develop such projects as No Queues!, Non-credit Corporate Products, Public Discussion of Corporate Social Responsibility Report 2011, Retail Office: Comfort and Quality Service. Over 20,000 people participated in developing first projects.

“Sberbank is the first Russian corporation that builds its operations on the basis of involving large numbers of people, all corporate employees in the process of creating daily values. Today, we create the environment where all employees generate ideas while key managers support the best of them, and turn them into standards of operation. In other words, we are building a corporation of the

21st century whose success depends on how deep people are involved in creating value and how fast the best innovations are implemented.” — Herman Gref

Public discussion of the CSR Report was rather important for us. It allowed to obtain feedback from our clients, employees, experts and simply socially minded people. Sberbank was the first among major corporations that managed to involve such a large public in discussing its corporate social responsibility. This unique project — even in terms of international practice — proved rather successful.

Now, bank managers and heads of divisions can use the project results in their work. The project was also presented to the Committee for Interaction with Individual Minority Shareholders and received a positive feedback. The outcome of the crowdsourcing project and recommendations of the Committee for Interaction with Individual Minority Shareholders are included in this Report and will be taken into account in developing the bank's CSR strategy.

Sberbank's experiment proved high efficiency of the new approach to handling creative ideas. Crowdsourcing was chosen as a principal management approach, and we plan to use it actively in preparing critical corporate decisions, developing new products/services, optimizing our processes.

Public discussion of the bank's corporate social responsibility report

The project was based on the crowdsourcing format and took place from August 24 to October 24, 2012. A total of 5,368 users registered for the project, 2,447 took part in the discussion. 1,792 proposals were submitted, 35,244 comments were made. The discussion involved our clients, employees, representatives of public organizations, educational institutions, etc.

The project's main objectives were:

- to evaluate Sberbank's CSR Report 2011 including completeness and materiality of disclosures;
- to identify prospective lines for CSR development;
- to prepare guidelines for CSR Report 2012.

Principal results:

- key stakeholder groups massively involved in discussing the report;
- a social network for future discussions created;
- quantitative valuation of the report based on formalized criteria obtained;
- proposals to improve the CSR Report as a document prepared;
- clients and Employees groups' priorities in CSR trends and initiatives identified;
- a bank of initial proposals regarding CSR development and specific initiatives created;
- the project enjoyed great popularity in professional and public communities.

KEY CSR ISSUES IDENTIFIED BY PROJECT PARTICIPANTS

CSR Area	Key Issues
Economy & business	<ul style="list-style-type: none">■ Reducing queues■ Service quality control■ Innovation support■ Banking product safety■ Socially oriented products

- Small business support
- Provision of housing

Social support

- Raising financial literacy
- Supporting sports
- Supporting motherhood
- Employee training and education
- Achieving balance between business and private life

Environment

- Improving urban life environment
- Financing environmental and energy saving projects
- Bank's own efficiency and environmental impact



Development of the crowdsourcing technology is a logical product of the bank's effort to involve employees in developing and implementing innovative solutions. In 2012 our in-house technological platform known as Ideas Exchange was used to file over 43,000 proposals: nearly 7,000 of them were implemented, and total implementation effect in 2009–2012 reached nearly 11 bln RUB. Now we are confident that involving employees in the daily improvement process became an important factor in raising operations efficiency.

The bank's achievements in innovation activity and crowdsourcing development were marked by professional community. In 2012 Sberbank was awarded prestigious international prize The Best Innovator from ATKearney, and a special award from the CEO magazine For Successful Implementation of the Crowdsourcing Idea.

THE MAIN ISSUES DISCUSSED IN 2012 (BASED ON THE ANALYSIS OF MEDIA COVERAGE)

Topic/Issue	Content (in the order of priority)	Comments
1 Sberbank's SPO	Various opinions on the bank's SPO (relevance and venue)	SPO was launched within the exit policy of the government as a major shareholder. Venues (London Stock Exchange and Moscow Exchange) were selected to achieve the highest demand and, hence, the best price for shares. In addition, foreign placement brought a valuable experience of implementing this kind of projects.
2 Acquisition of foreign assets (VBI, DenizBank)	Results of Sberbank's international expansion in 2012	Primary objectives: risk diversification, access to new prospective financial markets, support for international corporate and retail transactions. The bank intends to raise operations efficiency and use this opportunity to create additional value in medium and long-term through implementing best technological solutions developed by the Group member banks.
3 Closing the acquisition of 100% interest in Troika Dialog.	What were Sberbank's purposes and objectives in acquiring Troika Dialog?	Integration of the Troika Dialog business will bring Sberbank to a new level of client relationships and allow the bank to offer new high quality financial advice and selection of investment strategies with a full range of modern financial instruments.
4 IT-system failures at Sberbank	What are the reasons for IT failures?	Sberbank is in the process of active upgrading its IT platform with a purpose to create a modern efficient infrastructure. The scale of this objective knows no equals in the world practice. In a relatively short period of time, we managed to overcome technological lag and lay the

groundwork for achieving leading IT positions. However, the testing phase failed to detect all technological and operational risks which resulted in technological failures affecting our clients. Every failure was thoroughly investigated to prevent similar occurrences in future. In 2013 reliable and failure-free operation of all IT systems will be the main focus of IT infrastructure development.

5 Network reformatting, shutdown of customer service outlets	What is the reason for shutting down customer service outlets? Doesn't it restrict households access to financial services?	The bank has launched a large-scale network reformatting programme. A part of customer service outlets will have to be closed. Every decision to close a customer service outlet is based on thorough analysis and consultations with local authorities. In certain cases, the bank offers an alternative of self-service machines (ATMs, terminals) or mobile customer service outlets. For details, see the Ensuring availability of financial services section.
6 Fraud (including skimming and phishing); employee illegal activities	Concerns about safety of banking transactions	Growing offense in this area is a direct result of growing banking transactions, on the one hand, and deep penetration of innovative technologies in our daily life, on the other hand. Ensuring transaction safety and protecting business interests of our clients is among Sberbank's top priorities. Today, owing to close cooperation with law enforcement agencies, the detection rate of crime connected with Sberbank is coming close to 100%. For details, see the Safety of banking products and transactions section.
7 NPLs handling	A balance between business interests and ethical behavior	Non-performing loans is an inevitable part of banking business. Sberbank always takes the client side and is always prepared to negotiate and find a solution. The most important thing is that the bank has a long positive track record when both sides found solutions to borrowers' problems. If we see that the borrower's business has certain prospects we are always prepared to offer loan restructuring. That said, the bank takes the strictest measures allowed by law to the borrowers suspected of fraud or deliberate problem-making.
8 Top management remuneration	What is the reason for high remuneration?	The bank's HR policy is aimed at recruiting for top manager positions the best professionals available on the market. Therefore, their remuneration, on the one hand, reflects market demand for their professional competencies while, on the other hand, is considerably dependent on the results achieved. Ultimately, top manager remuneration depends on achieving operation efficiency targets that are set on an individual basis within the bank's planning system.