

Our Employees



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corporate social responsibility report 2010

Today Sberbank employs more than 240,000 people. The professionalism and motivation of each and every one of them is essential if we are to achieve our ultimate goal of becoming one of the world's leading financial institutions. We constantly strive to improve the benefits of working for Sberbank, complementing a decent salary, stability and respect for the rights of our employees with comprehensive opportunities for personal and professional development and the chance to build a successful career while working to benefit society.

The strategic transformation of the Bank's business relies heavily on its employees. The expansion of product lines and improvements in service quality require new knowledge and skills, greater efficiency and a more customer-orientated approach. We recognise that we cannot transform the whole team in one day; instead we are gradually developing a corporate culture that fosters an environment of change for our employees in their work practice and in education, sport and creativity. The key objective of our employee policy is to encourage a new work philosophy that fuels the drive for constant improvement and strengthens each and every employee's personal commitment to shared success.

We also consider it critically important to create modern, comfortable and safe working conditions for our employees, to ensure their social protection and support in difficult circumstances and to provide opportunities for them to acquire new knowledge and realise their potential.

We view the health of our employees as a significant priority. We view our expenditures on providing employees with quality and timely healthcare services and promoting a healthy lifestyle as a well-justified investment.

Our vision: What is Sberbank to its employees?

- A bank that values its employees and cares for them.
 - A place where employees can grow personally and professionally.
 - A banking employer of choice.
 - A place where employees are not simply cogs in a machine but are actively involved in every process.
 - A bank that offers its employees fair compensation and a decent social status.
 - An exciting place to work.
 - An employer to be proud of, a respected institution where employees are confident about their future.
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A NEW WORK PHILOSOPHY

In 2009, Sberbank embarked on a new project to radically change the entire ideology and philosophy behind how people work at the Bank. We called it the Sberbank Production System (SPS). The concept of the SPS is based on the philosophy of continuous improvement and lean manufacturing. Relying on this concept, we seek to achieve qualitative changes in three main areas: process optimisation, improving the management system and changing employee mindset and values. The latter objective is the most important and the most difficult, since it requires the engagement of every employee at the Bank.

In 2010, we completed the SPS roll-out phase in our retail and small business segments. Initial results were very promising, demonstrating that the system is highly effective. We paid significant attention to developing our SPS infrastructure, by creating competency centres and pilot customer service outlets. The approaches developed over the course of SPS roll-out formed the foundations for a number of major corporate projects, including

the re-formatting of our branch network and the development of quality and service standards.

New Development Areas

Roll-out of the Sberbank Production System began at outlets serving individuals within our retail network. Having recorded strong results in the initial roll-out, we continued to expand the approach across the whole system. To date, the SPS has been adopted at 8,000 large offices.

As a result of SPS roll-out in the Bank's retail segment, average customer waiting times decreased by 36% in 2010. Due to improved efficiency, there were some personnel changes, with employees whose positions were eliminated being retrained and assuming new roles as consultants, customer floor administrators and account managers. Sales of key banking products in the retail segment increased threefold and we noted an increase in customer satisfaction.

Looking at the results of 2010, we can say with confidence that the SPS has become an integral component of the Bank's transformation process, giving us a competitive edge that will help make the Bank a truly modern organisation while bringing the quality of our customer service up to international standards. In 2011, we plan to implement the SPS in more than 15 divisions of the Central Head Office and regional banks.

We also began to roll out the SPS across other Bank divisions such as accounting, internal control and IT. In 2011, we will actively roll out the SPS in other support divisions including cash collection, administration, legal and security. All divisions in which we have begun to implement the SPS have already started to show a significant increase in labour productivity of about 20–30%. We expect similar results from the remaining divisions.

We analyse and communicate progress on the roll-out of the SPS to all of the Bank's divisions on a regular basis. In our efforts to foster a new corporate culture, we have set up professional networks within the Bank. We run training workshops about the SPS and there are special sections on the system in Good Morning

Sberbank, our daily electronic newsletter, and in My Sberbank, our corporate newspaper. Changes in employee mindset and behaviour have already begun to manifest themselves through an increase in the number of suggestions on how to improve systems and processes with the Bank. In order to collect, discuss and evaluate employee suggestions, we created a special information resource, the Ideas Exchange. Engaging employees and encouraging constructive contributions to the reorganisation and development of the Bank are among the key objectives behind the promotion of our new ideology and work culture.

The Ideas Exchange

The Ideas Exchange is an integrated platform to manage innovative employee suggestions to improve the Bank's activities. It is now in its second year of successful operation and continues to attract large-scale involvement from our employees, demonstrating its significance and popularity. In 2010:

- the number of users increased 15-fold, exceeding 50% of the total workforce;
- the total number of suggestions increased 36 times;
- over 12% of suggestions submitted were accepted for implementation;
- the overall financial benefit from the implementation of suggestions exceeded RUB 1 billion.

The opportunity to contribute towards improving the Bank's systems and processes is open not only to employees but also to those we work for – our customers and shareholders. To open up the suggestion forum to the public, we launched a new service on our website on December 31, 2010. The service allows users to submit suggestions on improving the Bank's work, receive consultations, learn about the views of other participants and discuss issues of interest in the general forum.

REALISING EMPLOYEE POTENTIAL

The professional development of our staff is inseparably linked to the new approach and attitude to work. The Bank has developed and implemented a broad range of corporate training programmes

aimed at managerial and specialised professional training and the development of necessary skills. The new personnel development and training programme has affected absolutely every level of our organisational structure from bank teller to senior manager.

In 2010, we continued to consolidate corporate training and professional development through our Corporate University, an entity with truly huge and unique objectives. The uniqueness of the University's objectives stems from the sheer scale of Sberbank's operations and from the breakthrough in the level of professional development we all have to make in the next few years.

A new concept for our corporate training system was developed within the Corporate University project, which aims to ensure continuous professional and personal development for our employees and support corporate transformation and modernisation projects. We developed highly innovative training programmes, such as the Sberbank Production System and High-Quality Service, which aim to foster a new corporate culture within the Bank. Employees not only participate in training sessions, work placements and business games but are also encouraged to study independently.

New Manager Training and Development Programme

Sberbank pays enormous attention to the development and training of its management. All senior and mid-level managers are evaluated against our corporate managerial competency model. Our objective is to ensure that we involve our management in development programmes as much as possible, giving them the opportunity to realise their potential and maximize their efficiency. To achieve this objective, the Bank uses modern training approaches such as business games, case studies and business simulations. In 2010, more than 15,000 Sberbank managers received training through various managerial training programmes.

We invite the best international coaches and teachers to train and develop our managers. In September 2010, Donald Sull, a Professor of Management Practice in Strategic and International Management at the London Business School delivered a workshop on Successful Implementation of a Bank's Strategy: How to Improve

the Agility of an Organisation while Preserving Its Sustainability. In October, Robin Sharma visited Sberbank and gave a lecture titled Leadership for Everyone; while Steven Spear ran a workshop on High Velocity Organisations: Leadership, Innovation and Lean Production. Anthony Hourihan and Stephen Covey also gave presentations to Sberbank managers.

In order to ensure high quality training and re-training, the Bank needs highly skilled business trainers and state-of-the-art infrastructure. Since 2009, we have been actively assembling a nationwide team of internal trainers, which should become the main driving force of the Sberbank Corporate University. Employee training and development activities are carried out at corporate training centres and regional training sites according to training programmes standardised across Sberbank.

The Bank is actively implementing a number of projects to modernise existing training centres and construct new facilities in Moscow and various other regions. At the moment a huge campus for our Corporate University is being designed, which will be built in the Moscow region. The campus will be capable of receiving 200 students from various regions simultaneously. A recently modernised training centre in Odintsovo is now ready to receive students. Training centres in St. Petersburg, Novosibirsk, Rostov-on-Don and other cities are also being actively developed.

Sberbank is now working keenly to develop distance learning infrastructure based on state-of-the-art technologies. For example, the video conferencing system rolled out at branches across the country is an essential instrument that plays an important role in every major personnel training project. The Bank has in place well-tested technologies to rapidly spread knowledge throughout the whole learning system by means of video lectures, business games, master classes for trainers, e-learning courses and tests. It is advanced technologies such as video conferencing and IP telephony that help us provide equal opportunities for the development of key managers in any region despite the huge scale of our operations and the enormous distances between our offices.

Sberbank 2020

Sberbank 2020 unites four organisations around a common goal: to facilitate the development of young talented employees at the Bank. Participants in the initiative include the Corporate Student Union, the Youth Union, the League of Talent and the 2020 Board. Sberbank 2020 forms a shared information, communication, innovation, education, culture and project space. Participation in this space gives young employees the opportunity to design and implement their own projects, accelerating their personal, professional and career growth. The motto of the young employees board of Sberbank 2020 is Your Chance To Achieve More.

Starting in 2011, the Corporate Student Union will pay particular attention to the search for talented students. Early identification of the most promising students at colleges and universities and subsequent professional training will help lay the foundations for the Bank's team of the future.

It is important to us that absolutely every Sberbank employee receives some form of training each year. We strive to make continuous professional and personal development an integral part of our corporate culture, involving our staff in various development programmes. The training requirements of each employee are identified as part of the process to create personalised development plans. Our corporate Intranet portal has a special training section, where each employee can obtain all the necessary information about available training programmes and register and complete e-learning courses.

In order to assess the effectiveness of training, the Bank has introduced an online system to test the knowledge and skills of employees after training. In addition, after completing a course, employees are asked to fill out an electronic questionnaire and over a certain period of time, feedback is provided by managers in the respective units.

Sberbank actively engages with the best providers of personnel development services. Wherever necessary, the Bank contracts specialised training centres, audit and consulting companies and leading Russian and foreign business schools, as well as

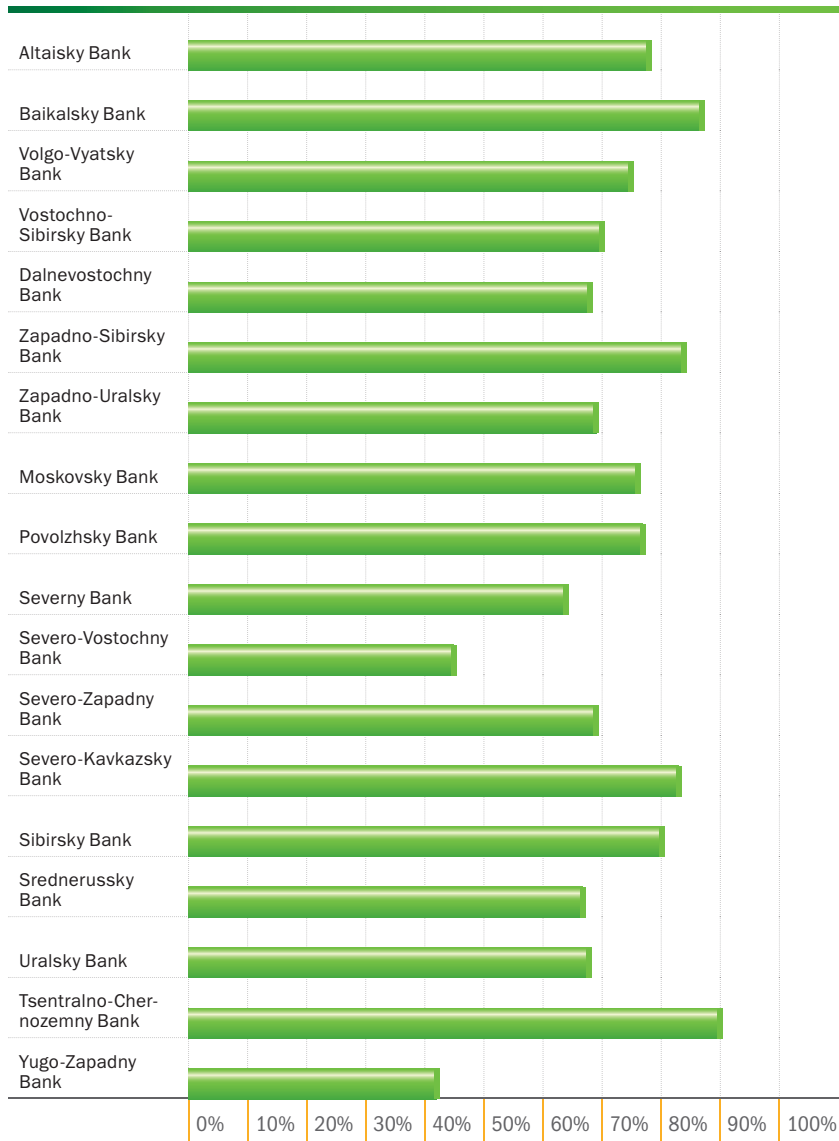
business consultants, to provide training for its employees. A major competitive tender intended to create a pool of the best Russian business trainers for further cooperation with the Bank is close to completion.

We encourage partnerships between Russian universities and Western business schools, concluding agreements on skills training and further education. Within our employee incentive programme, we reimburse half the costs of such programmes to our employees. In 2010, we held a joint Sberbank-Skolkovo contest for employees of the Central Head Office, regional branches and subsidiary banks. The three winners were awarded places on the Executive MBA programme at the Skolkovo School of Management at the Bank's expense. At the same time, Sberbank initiated negotiations with a number of regional universities, which were invited to provide their premises and training infrastructure for delivering training programmes developed by the Bank to its employees. It is expected that in the future, some of these programmes will be handed over to the universities, which will be able to use them in their general training process.

In 2010, a total of some 165,000 employees from regional branches and 2,700 employees from the Central Head Office (about 70% of the total number of employees) received some form of training, while the Bank's expenditures on employee training amounted to around RUB 515 million. The average amount of time spent on training per employee in 2010 was 6 work days (48 hours).

AVERAGE EXPENDITURES ON EMPLOYEE TRAINING IN 2010, RUB



PERCENTAGE OF EMPLOYEES TRAINED IN 2010, %


To enable easy access for our employees to international best practice in the field of modern management, leadership, personal development and time management, in 2009 we launched the Corporate Library. Within this project, the Bank publishes modern business and personal development literature and distributes it among employees. In 2010, 11 books were published in the series, including, among others: A Complaint Is a Gift: Recovering Customer Loyalty When Things Go Wrong by Janelle Barlow and Claus Moller; Good to Great by Jim Collins; The Toyota Way by Jeffrey K. Liker; Leading the Leaders: How to Enrich Your Style of Management and Handle People Whose Style is Different from Yours by Ichak Adizes; and The 7 Habits of Highly Effective People by Stephen R. Covey.

The corporate Intranet portal has an online bookstore, where each employee is able to order a book directly from his or her workplace, while enjoying corporate discounts. This service is particularly helpful to those working in remote and rural areas where it is difficult to buy recently published business literature.

MOTIVATION FOR SUCCESS

Motivating our employees is a critical factor in achieving our shared corporate goals. The Bank pays significant attention to the development of corporate motivation programmes involving both tangible and intangible rewards and to the creation of incentives for effective work. Sberbank's main remuneration principle is pay for results, not procedures.

In seeking to attract and retain highly-skilled staff, we strive to offer our employees a competitive level of remuneration. We rely on specialised and general sector surveys to benchmark the salaries we offer against the employment market. We use a system of salary grades and determine base salary brackets for each grade taking into account salaries for similar jobs offered on the employment market. In 2010, the average monthly salary for Sberbank employees (including all payments in the reporting year such as annual performance bonuses and rewards for the length of service) increased by 28.4% compared to 2009, reaching RUB 44,000.

It is our belief that employees should have the opportunity to influence the size of their remuneration and in 2010 we began a reform of our corporate employee motivation programme. A new system based on modern approaches towards the evaluation of staff performance is already in place at the Central Head Office, and we are working towards introducing it at our regional banks. The personnel evaluation tools used in the system (evaluation centres, business games, conferences and guided interviews) rely on a model of key competencies.

The performance of managers from department heads to senior management is evaluated according to the Priority Projects system. This includes setting objectives for managers, monitoring their progress and evaluating their performance on completion. One of the key principles in this system is the notion of cascading objectives. This implies that objectives aligned with the Bank's strategy are first established for senior management. These objectives are then cascaded down through the organisational hierarchy, determining objectives for numerous local sub-projects. In the future, the Bank plans to develop professional tests to assess managers, the results of which may be used when making appointment and rotation decisions. We also plan to undertake an assessment of division teams and to prepare recommendations on the optimisation of their performance.

The evaluation of non-management staff is based on the 5+ personal efficiency evaluation system. Through this system, staff are assessed against five criteria: personal performance; improvement in professional knowledge and skills; innovation and process optimisation; team work; and customer orientation. The evaluation results are used for distributing among individual employees a bonus fund allocated to a particular division while the overall size of the bonus depends on the overall performance of the division.

In order to replicate this approach at our regional banks, we are actively working to form regional personal evaluation centres, develop distance evaluation methods and roll out staff training and assessment programmes. The Bank also has specific motivation systems tailored for certain categories of staff, such as front-office workers. The system launched in 2010 directly links additional rewards and bonuses to sales of specific products. Our corporate

programme to create a staff evaluation and career management system has been classified as a strategic programme and is overseen by Sberbank's senior management.

We strive to provide our top employees with the best possible opportunities for career growth and to realise their potential. The Bank already had in place a system to create a succession pool, but in 2010 we started a radical reform of the existing format. The new version of the corporate regulations on the succession pool will incorporate international and proprietary best practices with regards to forming and maintaining a succession pool. Our succession pool programme, like the staff evaluation system, is based on the development of key competencies. Career development experts are tasked with preparing personalised development plans for promising employees, helping them to fully realise their potential and to find positions best suited to their personal strengths and interests.

League of Talent and Galaxy

Succession pool projects are a key component of the Bank's personnel development system. The promotion of promising employees not only helps the Bank meet its need for a highly skilled workforce by using internal resources, but vividly demonstrates to other staff members the opportunities available for career and professional growth.

The League of Talent corporate project allows the best young employees to join teams working on priority business projects. The Galaxy and Galaxy-2 projects exist to select and train successors for positions on the Management Board or as heads of branches at our regional banks. The State programme prepares candidates to be heads of customer service outlets.

All employees selected for the project receive a comprehensive assessment. Based on the results of this assessment, we develop personalised competency development programmes, which include mentoring and relevant training courses. All employees are given specific recommendations on how they can improve their work, taking into account their strengths and weaknesses. High-potential employees are offered development plans on an individual basis.

In 2010, following the launch of these projects, we formed succession plans for key positions at the Central Head Office and identified operating and strategic succession pools.

In addition to salaries and bonuses, the Bank offers its employees a package of social benefits, such as a financial allowance for significant events and special circumstances, additional payments for non-working pensioners and various extra allowances for those working in the Far North of the country. Important additions to the corporate social package include a special voluntary medical insurance programme which is jointly funded by the Bank and its employees, an injury and serious illness insurance programme fully funded by the Bank³ and subsidised loans for employees. Certain regional banks provide additional benefits such as meal allowances.

We consider it important to help our employees maintain their financial stability after retirement. In order to improve the level of its employees' social protection, the Bank is developing a Corporate Pension Programme which is to be launched in 2011. The Bank will make annual contributions to programme participants' personal accounts in Sberbank's occupational pension fund; the size of this contribution will depend on the length of service with the Bank. After retirement, programme participants, in addition to regular state pensions, will be paid occupational pensions, the value of which will depend on previous payments made into their personal pension accounts.

We encourage our employees to strive for professional growth and excellence in their work. In addition to financial rewards, we pay significant attention to public recognition of their achievements. The Bank has in place a system for rewarding individual employees and teams for outstanding performance. Each year we conduct a traditional competition based on performance among our regional banks and also a Best in the Profession competition for a number of employee categories. Competition winners are offered various professional development opportunities, including work placements at the best divisions of regional banks and the Central Head Office, participation in experience sharing conferences and opportunities for additional professional education and training.

³For more details see "Working Conditions and Promoting a Healthy Lifestyle."

The corporate award system is another component of the Bank's approach towards intangible rewards. These awards include: acknowledgment by the CEO of the Bank, badges of honour, corporate medals, certificates of merit and inclusion in the corporate Book of Merit. For the most outstanding achievements, the Bank nominates its employees for government awards and recognition.

Best in Profession

In 2010, the Best in Profession competition was held for the second time. Representatives from the most common lines of work in the banking sector took part in the competition, as it is their efforts that make the largest contribution to the overall quality of our work. Contest categories included such positions as head of customer service outlet, corporate customer service specialist, retail customer service specialist and cash collection specialist. According to our corporate tradition, winners and runners-up were awarded diplomas, ribbons and financial rewards from our CEO.



Best Corporate Customer Service Specialist

Evgenia Gudayeva,
a corporate customer service specialist
at the Irkutsk branch of the Baikalsky
Regional Bank.

Has worked at Sberbank since 2006. Actively participates in corporate events and training sessions. Served as a mentor in the Alternative Channels and Active Sales corporate processes.

By taking part in the competition Evgenia wanted to test herself and assess her skills and professional level. Evgenia's co-workers were eager to support her.

Evgenia sets herself ambitious goals, strives for career growth and is not afraid to face challenges. She is interested in trying other areas of work in the banking industry.

Hobbies: Swimming and piano.



Best Microbusiness Specialist

Natalia Samoylova,
leading inspector in the corporate loan
department at the Sormovo branch of the
Volgo-Vyatsky Regional Bank.

Has worked at the Bank since 2007. A natural leader, Natalia looks for every opportunity to participate in federal and regional small business support programmes and invariably stands out as one of the best.

It was active support from her co-workers and husband that helped Natalia win the competition. During the competition she was able to demonstrate her organisation skills, as well as her ability to negotiate, manage a resource portfolio and achieve defined objectives in the most efficient manner.

Natalia strives for professional growth and development. She is convinced that she is ready to take on a position that would allow her to use her organisation and leadership skills as much as possible, while sharing her extensive experience.

Hobbies: Russian billiards and archaeology.



Best Retail Customer Service Specialist

Tatyana Rykova,
senior teller controller in the operations department of the Tsentralno-Chernozemny Regional Bank.

Has worked at Sberbank since 2006. Participates in corporate events and SPS roll-out, serves as a mentor and has delivered a number of training courses.

Tatyana saw the competition as an opportunity to test herself and to use her knowledge, skills and experience while competing with peers from other regional banks. The support of her co-workers, friends and relatives helped her fully realise her potential and emerge victorious in the competition.

But Tatyana is not going to rest on her laurels. She now works in the corporate loan segment and is committed to achieving significant success in this new field.

Hobbies: Travel and reading biographies and books on history.



Best Cash Collection Specialist

Igor Osokin,
senior cash collection specialist in the cash collection and valuables transportation department of the Central Head Office.

Has worked at Sberbank since 1999. Fulfills his duties conscientiously. Ably uses knowledge and skills acquired for securing transportation of cash and valuables as well as handling the service weapon.

In 2010, Igor won a professional skill competition and became the best cash collection specialist of the Central Head Office. Therefore, he was put forward to participation in the Best in Profession competition.

Igor is an open and sociable person. He steps up as a leader and takes the responsibility to supervise a team. Igor is committed to his job, he is goal-oriented and a real team player. This is what brought him the victory.

Hobbies: sports, namely gymnastics, mountain skiing and kick-boxing (candidate master). Currently finalising his studies in Moscow State Open University.

THE SENSE OF A COMMON CAUSE

Without a feeling of belonging, it is impossible to build a cohesive team. We make every effort to help our employees feel like they belong by fostering a corporate culture that supports the Bank's values, while at the same time ensuring conditions in which employees can develop their professional skills and fulfil their ambitions. As such, we aim to create a shared space for corporate communication. Employees in each and every division of the Bank should feel this sense of unity and be aware that they are working for a common cause.

The common values and regulations of Sberbank's corporate culture are laid out in the Code of Corporate Conduct, which defines the rules of behaviour that apply to all Bank employees. Each new employee is informed about these rules and asked to sign a Declaration of Consent to Apply with the Ethical Standards of Sberbank of Russia. The Bank has in place a system of measures and practices intended to make it easier for new employees to adapt to their new job and the new corporate culture. One instrument that assists this process is the Newcomer's Guide, an interactive multimedia publication, which contains all the key information a new hire may need. Some regional banks provide special orientation programmes for new hires. Furthermore, we assign personal mentors with extensive experience of working in the Bank to new employees during their trial employment period.

The main instrument used in the Bank's internal communications is our corporate Intranet portal. This contains a special section on the Sberbank Production System and sections on structural divisions and regional banks, as well as corporate standards, regulations and useful documents. The portal is the key channel for employees to provide feedback to the Bank's management. We have plans to further develop the portal that include the creation of virtual offices.

All employees receive Good Morning Sberbank, our daily newsletter, as well as Sberbank Day by Day, a weekly newsletter that provides a brief review of key events relating to the Bank over the past week. Other internal communications instruments include My Sberbank, a monthly newspaper, and information boards. The Bank also maintains a telephone hotline for employee feedback and inquiries.

Each month Bank employees receive a letter from the CEO and are able to submit their comments and suggestions in response. Reports summarising employee feedback are prepared and circulated among the management. Employees are also able to write directly to the CEO; in 2010 Herman Gref conducted his first hotline session with employees via video conference.

Not all employees have reliable and regular access to our Intranet portal and their email accounts; this is a particular problem in remote rural areas and some small internal divisions of the Bank. Therefore we use a broad range of communications instruments to ensure that we reach every employee. We currently plan to resume publishing a printed corporate newspaper and to launch our revamped corporate magazine.

In 2010, Sberbank carried out a study to gauge employee satisfaction with the quantity and quality of our corporate communications. The results of the survey will help us choose the right communications channel depending on the message and intended target audience.

At Sberbank, we hold various corporate celebrations on a regular basis. Such events help maintain corporate spirit and traditions, foster an atmosphere of mutual trust and understanding within the Bank, reinforce informal ties between staff members, enhance employee loyalty and create a sense of working towards common goals. Important dates traditionally celebrated at the Bank include International Women's Day, New Year, Victory Day and Sberbank Worker Day. Each year we also organise various events for children, such as New Year parties, active holidays and art competitions.

The Big Sberbank Race

In October 2010, the Vostochno-Sibirsky Regional Bank organised an employee forum called the Big Sberbank Race. As part of the forum, Herman Gref, Sberbank CEO and Chairman of the Management Board, held a meeting with branch heads. The forum also saw a roundtable with young employees and a ceremony in which various SPS qualification grades were awarded to employees. More than 1,300 people took part in the forum and 54 initiatives were submitted and subsequently posted on the Ideas Exchange.

The forum closed with a multi-sport competition that involved car races, a ropes course and other challenging contests. The winning team was awarded the grand prize of a group parachute jump.

In recognition of the need for employee feedback and its importance in the effective development of our HR policy, we carry out employee satisfaction surveys on a regular basis. In 2010, we conducted a large-scale series of studies that covered a substantial portion of the Bank's workforce. The results of these studies helped us determine plans to further improve our corporate culture.

WORKING CONDITIONS AND PROMOTING A HEALTHY LIFESTYLE

For our employees to be happy and productive in their work, we need to ensure decent working conditions. This has been highlighted as a priority objective.

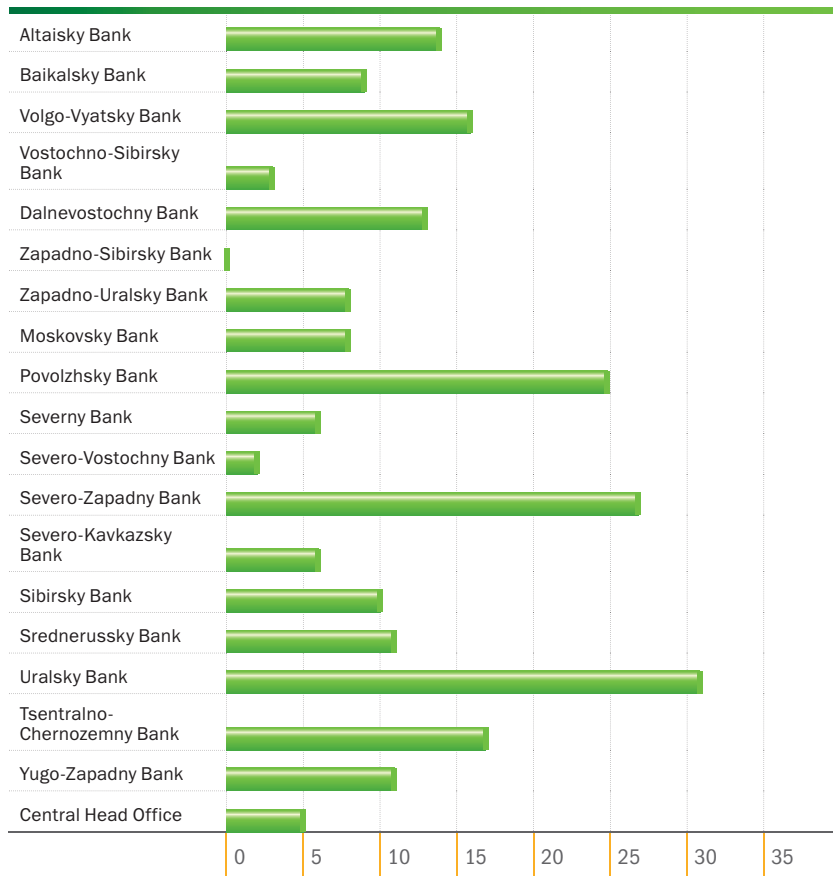
All Sberbank assessments of employee working conditions are performed with the involvement of representatives from trade unions. These assessments are usually associated with internal monitoring procedures or workplace certification and are based on a number of indicators, such as lighting conditions, the office microclimate and non-ionising radiation. They also involve an evaluation of stress and exertion levels. If any non-conformance issues are identified, then we immediately develop and implement measures to rectify them and improve working conditions. No work-related health issues were diagnosed among Bank employees.

One goal of our branch re-formatting programme is to improve productivity and employee satisfaction. To achieve this we need to optimise work processes and techniques, while also improving office ergonomics and working conditions as a whole. In 2010 we developed new requirements for our offices that lay out how workspaces should be arranged ergonomically to ensure high functionality. The requirements also stipulate that a room for relaxation and meal breaks be made available.

The Central Head Office and Sberbank branches have in place joint health and safety commissions comprising representatives from the Bank and the trade union. Members are allotted time to serve

within the commissions and to undergo training in occupational health and safety (OHS). Employees responsible for OHS are trained and tested both internally within the commissions and by third-party organisations.

The work of certain staff categories (such as those tasked with cash collection and security guards) involves increased risks. Sberbank has in place a special mechanism that covers such employees and their families. All employees that have the right to carry, store and use firearms are covered by life and health insurance against any incidents that occur during the course of their work. Sberbank concludes additional agreements with employees in its cash collection and security divisions that determine compensation to be paid by the Bank in the event of any harm to their life or health resulting from performance of their duties in the event of a robbery. We have in place a system of measures that allow us to ensure that the safety of such staff meets the required level.

THE NUMBER OF OCCUPATIONAL INJURIES, cases


Sberbank investigates and logs any occupational injuries. We analyse the causes of any injuries and develop measures to prevent them. In 2010, the lost workday rate for Sberbank as a whole was 3.7 days per 100 employees.

In 2010, there were three fatalities at the Bank. A teller controller at an additional office of the Irkutsk City Branch of Sberbank was killed in an attempted robbery; two employees from the Nevinnomyssk Branch were killed in a car accident on their way

home from a Personnel Training Centre. Both incidents are being investigated.

We are particularly proud of our new system of medical benefits, which was launched in 2010. It is a unique initiative. We were the first company in Russia to offer its employees a package of health care benefits on such scale and on such terms. In believing that caring for employee health is first and foremost an investment in our human capital, we implement a range of corporate health-related programmes in addition to compulsory health insurance. These programmes include voluntary medical insurance, injury and serious illness insurance, a system of regular medical check-ups and the Office Doctor programme.

The new voluntary medical insurance programme is based on a co-funding scheme: 50% of the insurance premium is paid by the Bank, while the remaining 50% is paid by the employees themselves. As of the end of 2010, more than 85,000 people or 35% of the Bank's total workforce had joined the programme. The corporate injury and serious illness insurance programme provides for payment in the case of an injury, serious illness, disability or death. All Bank employees are included in the programme, which offers global coverage.

All Bank employees are invited to undergo regular medical check-ups and are granted leave for this purpose when necessary. This measure is aimed at preventing illnesses and identifying diseases at their early stages. The Bank launched its new system of medical benefits in July 2010 and in-depth medical check-ups for employees began in October. Within three months, more than 95,000 Bank employees or 39% of the total workforce had been given check-ups.

The aim of the Office Doctor programme is to create a corporate sickness prevention system and a network of first aid centres at the Bank's offices. One of the functions of the Office Doctor is to promote a healthy lifestyle among employees; the Bank also actively uses its corporate media for this purpose. For instance, the 9th Value section of our corporate Intranet portal contains recommendations on how to avoid the most common conditions (such as flu and eyesight and posture problems). The Office Doctor programme is financed by the Bank.

A healthy lifestyle forms the foundation for development and harmony in our employee teams. Sport is one way to foster team spirit and encourage positivity while helping our employees keep healthy. Sberbank is one of the most sporting companies in Russia; we hold tournaments and competitions in various disciplines all year round at different levels and throughout the country. The largest corporate sports event is the All Russia Sberbank Olympics, a multi-sport team-based tournament held twice a year in the summer and winter. Teams from regional banks are selected to compete in our Olympics through regional tournaments. To encourage our employees to play sport and keep fit, we also rent sports facilities and have set up sports and fitness centres at our sites.

The All Russia Summer Sberbank Olympics

The 9th All Russia Summer Sberbank Olympics were held in autumn 2010 in Sochi. Some 2,000 Sberbank employees from all regions of Russia, Kazakhstan, Ukraine and Belarus took part in the event. A total of 937 competitions in 15 sporting disciplines were held. But the real highlight of the tournament was competitions in special banking sports, such as a medley relay that included running with a bag of money, counting the money in the bag and a race on inflatable skis. At the end of our Olympics, we held a friendly football match between teams from Sberbank and the Sochi 2014 Olympics Organising Committee. We also ran a traditional arts festival alongside the Sberbank Olympics to showcase the creative talents of our employees.

IN PARTNERSHIP WITH THE SBERBANK TRADE UNION

The Sberbank trade union was created in accordance with employees' rights to freedom of association and collective bargaining. As of the end of 2010, 193,478 employees, or some 80% of the Bank's total workforce, were union members. Overall, 2010 saw the strengthening of the union's role within the Bank. Currently local union representations meet regularly with representatives from the employer to discuss benefits and compensation, personnel motivation and other significant issues. The trade union plans to launch its own website and telephone hotline.

We see the trade union as an organisation capable of facilitating constructive dialogue and being an effective intermediary between the Bank's management and employees.

HERMAN GREF

*at a meeting with representatives
from regional and local union groups.*

In October 2010, Sberbank signed a collective bargaining agreement for 2010–2013 with the trade union. The agreement aims to further develop stable, transparent and friendly relations to protect the social and working rights of Bank personnel. The agreement will be further amended as the Bank launches new social programmes currently being planned. The new collective agreement does not simply reiterate compulsory requirements in current labour legislation, instead focusing on the benefits and guarantees provided to employees in addition to those required by law. What makes it different from the previous document is the high level of detail and employees' broad engagement in drafting the agreement. The provisions of the agreement apply to all Bank employees.

The agreement provides for the trade union to play an active role in relations between Bank employees and management. For instance, the heads of trade union committees at Sberbank and its regional banks are invited to participate in meetings of the respective Management Boards at which issues concerning working conditions and social benefits and guarantees available to employees are discussed. We also plan to establish a Labour Dispute Commission.

The new agreement requires that the Bank's management and the trade union annually consider the need to change the remuneration level and range of benefits and compensation available to employees. Specific amounts of funding are allocated for this purpose. This discussion should take into account changes in the labour market, inflation and the Bank's financial standing. In 2011, we also intend to carry out a survey to gauge employee satisfaction with existing remuneration and benefit packages.