

Sberbank CIB (UK) Limited

Tax Strategy

This document sets out the tax strategy of Sberbank Group in the UK. It has been approved by the UK Audit Committee, in its capacity as the body responsible for external financial and tax reporting matters of Sberbank CIB (UK) Ltd.

The document's primary purpose is to describe the guidelines and principles of Sberbank CIB (UK) Ltd for the management of tax issues and the risks associated with them. The UK's tax strategy is in line with the same principles employed across Sberbank Group, which define the standards of conduct required of all employees in relation to tax risk management and the main principles of the organisation and operation of the unified tax risk management system within Sberbank Group.

The UK tax strategy of the Sberbank Group applies to Sberbank CIB (UK) Limited ("**CIB UK**") and the London Branch of SIB (Cyprus) Limited ("**SIB London Branch**"), collectively "**Sberbank UK**", which are both wholly owned subsidiaries of Sberbank of Russia. The application of this strategy is consistent with the general rules of the Group both in its approaches to risk and in the values on which it is based.

Sberbank UK regards the publication of this tax strategy as complying with the duty it has under Section 19, Finance Act 2016 to publish its UK tax strategy for the year ending 31 December 2017.

If there are any changes to the Company's business model or, more specifically, its tax risk management and governance framework, that are of sufficient magnitude to represent a material change to that set out in this document, it is Sberbank UK's policy to update and present this document for review on a more frequent basis.

Risk management and governance arrangements

Sberbank UK's tax arrangements are organised within the framework provided by Sberbank Group's Tax Risk Management Policy. The provisions of this policy shall form the basis for organising tax risk management within the Group's subsidiaries, including those located in foreign jurisdictions, although it should be made clear that the subsidiaries' primary responsibility is compliance with local legislative requirements.

The Group policy covers the following aspects:

- purpose and objectives of Tax risk Management within the Group;
- key functions and powers of participants in the tax risk management process;
- tax risk limitation under Risk Appetite of the Group; and
- organization of tax risk management process in the group

It is the responsibility of Sberbank UK's senior management to ensure the above points are clearly defined, plainly articulated within the organisation and managed accordingly.

The primary goals of Sberbank Group's Tax Risk Management that are of particular relevance to the tax strategy of Sberbank UK are to:

- i) prevent any violations of existing tax legislation and maintain the reputation of a 'good faith' taxpayer;
- ii) apply the principle of professional conservatism in the course of tax risk management by exercising caution in assessing tax risks;
- iii) ensure that all employees that are exposed to tax risk are aware of its existence and are able to identify and manage those risks as efficiently as possible. Any new operations exposed to tax risk shall be conducted only after a comprehensive analysis of all possible consequences;
- iv) maintain constructive working relationships with national tax authorities

Tax risk management is carried out within a carefully independent system of risk management, a part of the risk and capital adequacy management system of the Sberbank Group and, accordingly, of the general corporate governance system of the Group. Locally, the Sberbank UK Tax function is a part of the Finance function and works in close cooperation with the Group Tax function on all tax matters.

This includes maintaining open channels of communication between Sberbank UK and Sberbank Group management relating to the level of tax risk that has been accepted in connection with any management or business decision and ensuring that a common understanding exists of the inherent actual and acceptable levels of tax risk. It is the responsibility of the business to consult with Group Tax and Sberbank UK Finance prior to taking any decision that may have an impact on the entities' tax position.

Attitude towards tax planning

Only transactions that support Sberbank UK's business strategy and that have a sound economic rationale are undertaken. Sberbank UK is committed to ensuring full compliance with its UK tax obligations and that any tax planning that is undertaken is consistent not only with UK tax laws but also with the spirit of any relevant UK tax legislation.

Although Sberbank Group and Sberbank UK employ staff who are qualified and experienced in UK tax matters, it is necessary on occasion to engage with external tax advisors to assist with matters of tax planning or tax consequences in respect of new or more complex transactions so as to ensure compliance with applicable legislation.

Sberbank UK and Group Tax recognise that tax risks inevitably arise in the course of normal business activity. It is the goal of Sberbank UK to minimise the adverse impact of these risks (fiscal, reputational, financial and personal risks) by using effective methods and mechanisms of tax risk management in compliance with Sberbank Group requirements, local regulatory requirements and global best practice.

Group tax risk appetite

Sberbank UK maintains a conservative attitude towards tax risk and has no appetite for transactions that lack commercial benefit. It does not participate in any aggressive tax planning or complex structured arrangements. All transactions must have a credible economic benefit that corresponds clearly with a stated business objective.

Given the relatively limited extent of Sberbank UK's business profile and product range, the procedures and controls that are in operation within the organisation ensure that tax risk is maintained at all times at an acceptable level.

Sberbank Group actively monitors tax risks across the Group and Group Tax plays an integral part in the approval process for new business or significant transactions.

Approach to dealings with HMRC

Sberbank UK is fully committed to building positive long term relationships with HMRC and putting transparency and integrity at the centre of those relationships through a genuine and constructive dialogue.

Where uncertainties and queries may arise, Sberbank UK endeavours to cooperate fully to resolve such queries in a constructive and professional approach with external tax advisors if that is deemed necessary and appropriate to expedite a timely and satisfactory conclusion.

The Group is fully committed to meeting all its filing obligations in a timely manner and responding to any correspondence as a matter of high priority.