HR management

MegaFon's HR policy aims to attract the most talented people and support their professional growth. The Company has built a framework of relationships supporting the achievement of MegaFon's strategic goals.
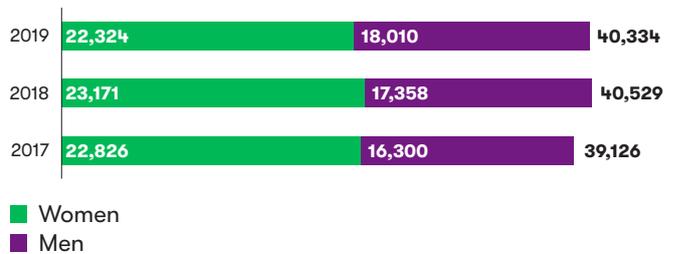
Our team at a glance

As at 31 December 2019, MegaFon's headcount was 40,334 people. We have a very age-diverse talent pool, with close to 50% of our employees aged 26 to 35. Due to our focus on technology and innovation, most of our employees have higher education qualifications.
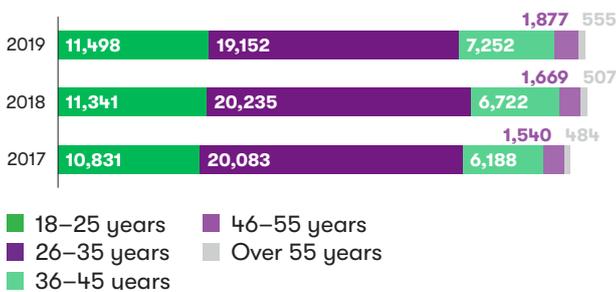
MegaFon provides equal opportunities for both men and women. Our key selection criteria in hiring and promotion decisions include professionalism, leadership skills, commitment to achieving results, and the ability to work in a team. Women account for 55.3% of MegaFon's total headcount.
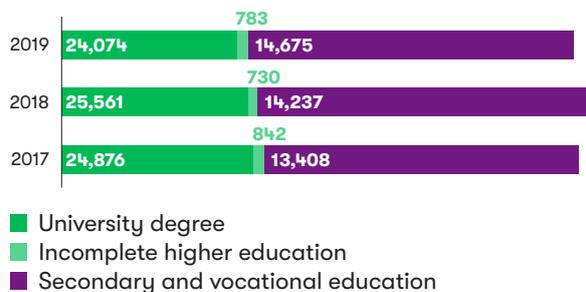
40,334 people

MegaFon's headcount

Headcount by gender in 2017–2019, people

	Women	Men	Total
2019	22,324	18,010	40,334
2018	23,171	17,358	40,529
2017	22,826	16,300	39,126

■ Women
■ Men

Headcount by age in 2017–2019, people

	18–25 years	26–35 years	36–45 years	46–55 years	Over 55 years
2019	11,498	19,152	7,252	1,877	555
2018	11,341	20,235	6,722	1,669	507
2017	10,831	20,083	6,188	1,540	484

■ 18–25 years   ■ 46–55 years
■ 26–35 years   ■ Over 55 years
■ 36–45 uears

Headcount by education level in 2017–2019, people

	University degree	Incomplete higher education	Secondary and vocational education
2019	24,074	783	14,675
2018	25,561	730	14,237
2017	24,876	842	13,408

■ University degree
■ Incomplete higher education
■ Secondary and vocational education

SFera project

In 2019, MegaFon continued automating its HR function and developing its SFera system to accelerate internal HR processes and make them even more convenient and transparent.

The entire training planning and organisation process went online in 2019. Now every employee can use their account to prepare individual training plans, register for programmes and recommend them to their colleagues, and assess the quality of training and provide feedback.

A performance-based goal-setting and bonus calculation process was launched within SFera in 2019.

Analytics

Onboarding

Career planning, capability assessment, individual development plans

Training and developing employees (planning, delivering, and tracking learning)

SFera Project

Managing compensation (performance-driven compensation, review of the fixed part)

Corporate knowledge base, social networking (project collaboration, internal corporate communications)

Performance assessment (monitoring performance against targets, assessing performance quality)

Goal-setting and KPIs (cascading and evaluating targets)

Talent acquisition

MegaFon's highly professional team is our key asset and main competitive advantage. We are focused on attracting and retaining the best talent by creating unique opportunities for career advancement and personal development while identifying resources and capabilities the Company will need in the future.

In the Universum rankings, IT professionals and young talents selected MegaFon

as the second

most attractive employer in the Russian telecommunications industry in 2019.

Digital talent

MegaFon is extensively involved in building a national pool of technology talent. MegaFon's digital talent development strategy aims to seek out and promote high-potential candidates, develop their digital skills, and create an environment for continuous improvement in coding, machine learning, development, and design.

In 2019, MegaFon continued implementing its comprehensive programme to promote IT careers in Russia by providing support to leading technical universities, running joint digital excellence projects, and opening up new opportunities for young talent.

## Key educational projects in 2019:

5GDreamLab

In September 2019, MegaFon launched its Digital Laboratory located on the campus of the Graduate School of Management of Saint Petersburg State University. Fitted out with a 5G trial zone, the laboratory has become a platform for developing new 5G services. Its training course has two focus areas: designing digital solutions and managing their integration. Developers learn the key features of 5G technology while working with actual developmental frameworks, environments and tools, as well as acquiring knowledge and skills in user interface (UI), automated quality control and other aspects of sophisticated software solutions. Managers learn to develop and launch high-tech products, manage the development process and communicate integration solutions to customers. Over 150 students completed online training at the laboratory, including 60 students who, following the tests, were invited to start the second module of classroom training in project teams. The first minimum viable products (MVPs) are expected to be presented in mid-2020.

MegaFon's experts and faculty at Saint Petersburg State University have designed educational programmes and set up a dedicated, branded digital workspace inside the university's building, fitted out with all necessary classroom training and distance learning tools, as well as a social and project collaboration space. The total investment in the project stands at RUB 20m.
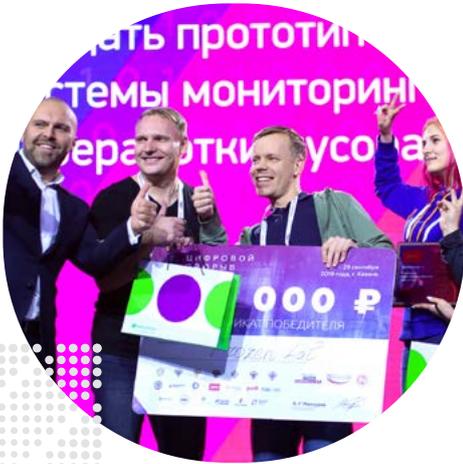
Digital Breakthrough

A nationwide competition for IT experts, designers and digital economy managers conducted in autumn 2019 became the world's largest hackathon according to the Guinness World Records. MegaFon was the project's digital partner, while its experts provided mentoring support to participants from 40 Russian cities. The finals held in Kazan brought together over 3,000 regional winners. The assignment offered by MegaFon for the finals was selected by 29 teams — more than any other assignment. The best talents identified among the winners were offered internships at MegaFon.

BigDataCamp

In 2019, we launched a five-day classroom training programme on the use of Big Data technology, inviting all young people willing to enrol to enter our competition. Almost 1,710 young applicants from across Russia took part in the competition, with 20 winners being offered training opportunities at MegaFon. The best students were later employed by the Company. The entire training programme was designed by MegaFon's experts.

In 2019, the Best Company Award by Changellenge named MegaFon

as the best

Telecommunications Company with the Highest Potential.

MF QA DAY in Nizhny Novgorod

In 2019, Nizhny Novgorod hosted the first educational crash course offered by MegaFon's experts on IT community development for quick immersion in the job of being a tester responsible for the quality of software development and deployment. The project involved over 100 participants, with the best talents among them being offered an internship at MegaFon.

According to the Universum rankings, MegaFon's attractiveness as an employer for students of industry-related universities majoring in Applied Mathematics and Software Development

increased significantly

in 2019.

Career website for recruitment

In 2019, MegaFon launched a corporate career website at https://job.megafon.ru/ to promote its employer brand and source new talent.

During the year, the number of applications increased eightfold, with the share of positions filled online tripling.

Engaging school students

In 2019, MegaFon continued its educational projects that introduce high-school students to a number of topics such as IT technology, design, and the IoT, to help them make choices for personal development. In 2019, MegaFon partnered with Russia's best additional education providers to offer its offices as a platform for children's educational projects. The educational programme also involved MegaFon's experts, who offered students assignments that are as close as possible to the actual business challenges faced by the Company in order to introduce them to the universe of IT professions. In 2019, MegaFon hosted training sessions for more than 200 school students on coding, design, website creation, game development and many other topics.

During the year, MegaFon held

over **150**

events for high-school and university students as well as for professionals in Moscow, Saint Petersburg, Yekaterinburg, Novosibirsk, Nizhny Novgorod and other cities in various formats, including: 49 hackathons, 30 career forums, 21 meetups, 15 tours, and 7 case competitions in partnership with Changellenge. We also partnered with Mail.Ru Group to hold joint courses, online hackathons on Big Data analytics, and an IT Knowledge Day for high-school students.

The programme reached a total of

17,000

digital talents across the country. A total of 113 university students completed apprenticeship and internships programmes at the Company, with 43% of them later being employed by MegaFon. Over one-quarter of the interns came from one of the Top 10 IT universities.

Talent retention and motivation

MegaFon seeks to create an environment which encourages the professional and personal development of its employees. We provide fair pay and ensure that every employee has all the support they need to find the opportunities that best utilise their knowledge and talents.

MegaFon's motivation system includes both monetary and non-monetary rewards, ranging from bonuses and social benefit payments, to development programmes, as well as awards and rewards to recognise professional excellence.

Remuneration

Our approach to remuneration is guided by our commitment to offer competitive salaries based on market and internal benchmarks. In addition to regular remuneration, our employees work on significant corporate projects and receive bonuses based on achievement of project goals.

In 2019, new motivation systems were piloted in a number of MegaFon's units which focused on near-term performance and stretching targets. This practice has proved successful, and MegaFon is planning to continue rolling the systems out to other units.

In 2019, MegaFon updated the eligibility criteria for its long-term incentive plan. In addition to top management, the programme now covers digital talents who can become involved in new business initiatives which focus on consumer needs and create new markets.

Recognition

We value our employees and do our best to recognise their success so as to inspire them to new achievements. Since 2018, the Company has operated a one-stop website, Pro PRIZnaniye, where every employee can learn about all current competitions and awards, ratings, and the eventual winners.

Key elements of the recognition framework include:
- Rewards during the year. Every manager is authorised to reward his or her employees for excellent project results, producing attractive proposals, and the implementation of interesting ideas which are beneficial for the business
- Awards from the Ministry of Digital Development, Communications and Mass Media of the Russian Federation for employees who have worked for more than ten years in the telecommunications industry and made a valuable contribution to the Company
- Annual competitions for employees, including MegaConsultant for sales assistants and MegaFon-Styled Life for employees who most clearly embody the Company's values in their work. Other awards include the Project of the Year award, which aims to select the best project across the Company's key functions, and the Best Business Idea award for employees who propose the best digital ideas to drive business growth.
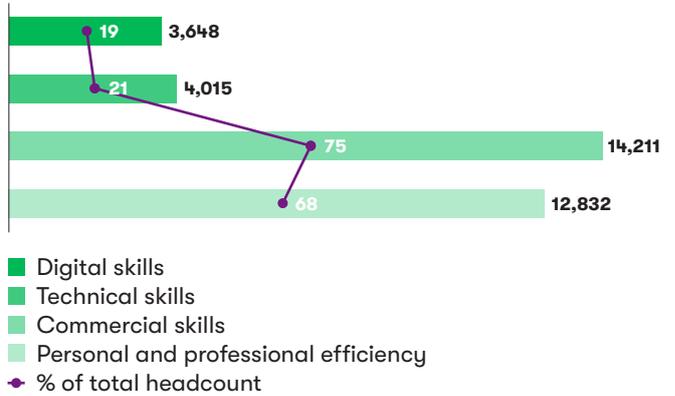
Training and professional development

During 2019, employee training and development at MegaFon, including MegaAcademy, focused on building digital capabilities and embedding a concept of continuous improvement which enables every employee to create his or her own individual training plan, have it reviewed and then initiate the actual training. Employee training costs in 2019 amounted to RUB 110.6m.
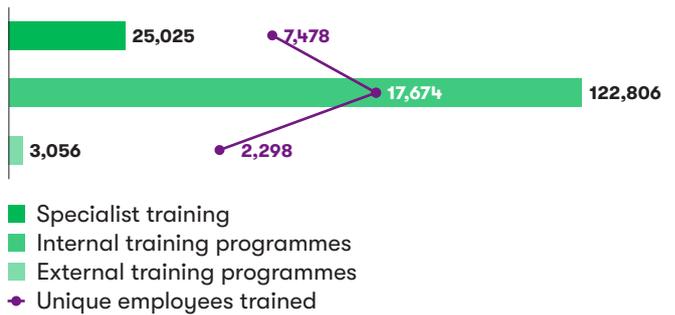
Training was focused on building four key skill groups:
- **Digital skills** – coding, developing digital solutions, online marketing, and Big Data
- **Technical skills** – engineering skills, development and maintenance of networks and equipment
- **Commercial skills** – knowledge of corporate products and services, promotion, customer relations
- **Personal and professional efficiency** – general skills such as communication, public presentation, time management, and stress management skills, as well as targeted upskilling programmes

17,797
employees trained in one or more focus areas

94%
people of total headcount trained

150,887
total number of man-courses

Employee training by focus area in 2019

Digital skills	19 — 3,648
Technical skills	21 — 4,015
Commercial skills	75 — 14,211
Personal and professional efficiency	68 — 12,832

- ■ Digital skills
- ■ Technical skills
- ■ Commercial skills
- ■ Personal and professional efficiency
- ◆ % of total headcount

Number of man-courses and employees trained in 2019

Specialist training	25,025	7,478
Internal training programmes	122,806	17,674
External training programmes	3,056	2,298

- ■ Specialist training
- ■ Internal training programmes
- ■ External training programmes
- ◆ Unique employees trained

MegaAcademy

is MegaFon's corporate university offering training and development opportunities for the Company's employees and partners. It operates seven nationwide centres of excellence for employee training. MegaAcademy designs and runs proprietary programmes, organises training by external providers, and develops specialist training and mentoring systems. MegaAcademy is also responsible for managing online development and training systems such as SFera.Training and MegaFon.Drive.

Developing flexible approaches to management and personal and professional efficiency

In 2019, our efforts to develop national and regional team leaders focused on enhancing their knowledge of digital technology, improving their team management skills, emphasing Big Data-driven management and incorporating digital tools into leadership practices. Assessment tools such as 360° feedback and individual development plans were also included in the regular leadership training activities.

The rollout of a national digital onboarding system was another important highlight in 2019. SFera will now automatically assign an onboarding programme to every new employee of the Company while their supervisor will set targets and objectives for the employee's probationary period. During their first month of employment, new hires are requested to take an onboarding course to learn more about the Company, and its culture, values, and Development Strategy.

In 2019, we continued rolling out our specialist training programmes. During the year, 296 employees shared their expertise in areas such as information security, communications technology, digital innovation, finance, legal, HR management, and many other topics. Specialist training programmes have been successfully integrated into general educational formats for both our employees and external customers (for example, our 5G Dream Lab programme includes both theory and specialist training courses on technology offered by the Company's technical specialists).

Key management development programmes in 2019:

Digital Director

Part of the Digital Economy project – upgrading knowledge of and skills on sophisticated integration communications solutions

Big Data ABC

Building skills in data-driven decision making and using Big Data in management reporting

Unlocking Opportunities. Leader as a Coach

Developing relationships between leaders and their teams (about 50 new directors trained in 2019)

The Path of the Chosen. Mission Possible

An online programme to build basic management and cross-functional collaboration skills.

Projects to build commercial skills

In 2019, the rollout of SFera enabled us to automate the onboarding and training management process for call centre staff and digitise entry-level training. As a result, we were able to deploy the latest training approaches (flipped learning, interactive digital learning, experience labs, etc.) and customise training even for large-scale recruitment campaigns. These advances have led to higher satisfaction with training and a threefold reduction in student churn rates.

MegaFon.Drive

In 2019, we launched MegaFon.Drive, a training, motivation and business communication platform for employees from our own and our partners' retail businesses. Serving as a convenient one-stop HR management tool, this platform helped us migrate many business processes to smartphones:

- **Training:**
  courses, tests, surveys, events, skills;
- **Gamification:**
  rankings, awards, a privilege club;
- **Awareness:**
  knowledge base, video library, news;
- **Communication:**
  newsfeed, comments, feedback;
- **Analytics:**
  business metrics, KPIs, reporting, statistics.

Projects to build digital and technical skills

During the year, our digital skills building focused on Big Data and IT security. In 2019, we established partnerships with the Coursera and Otus platforms, which offer a wide range of online IT courses. We also offer multiple training courses on major programming languages (Python, JAVA, etc.).

To build technical skills, we engage with the world's best training centres, with a particular focus on the use of equipment and software from Nokia, Huawei, Cisco, Oracle, Juniper, Red Hat, and PostgreSQL.

over **22,000**
active users of MegaFon.Drive
at the end of 2019

over **379,000**
training sessions completed by users

over **60**
events organised via the platform

Currently, the system offers 221 courses, 17 training programmes, 140 tests, 23 surveys, and 811 training materials, with more than 200 events created on the platform.

Corporate culture and internal communications

Our internal communications system is a key part of MegaFon's development. It is important for us to provide every member of our team across all regions of operation with a clear view of all key projects being undertaken by MegaFon. We use tools that demonstrate MegaFon's digital capabilities and help our employees to develop.

Seeking to establish MegaFon as a vibrant and dynamic company for both customers and employees, we have dramatically changed the style, tone, and speed of our communications by making them more innovative and bold.

The launch of MegaFon's new internal digital ecosystem comprising the SFera and Jam corporate portals marked a major milestone for our internal communications in 2019. Deployment of these new tools enabled MegaFon to create a more open and friendly corporate culture. The tone of our communications has also been changed — now we speak a language that engages and resonates with our digital audience: we address that audience by using the informal singular 'you'; we employ expressive and popular images, smileys, and memes; and we are more willing to laugh at ourselves and take advantage of the hype caused by global events.

At MegaFon, we have created a 'barrier-free', two-way communication environment shared by managers and employees: our CEO now regularly visits an online chatroom where he communicates with employees and answers their questions; our team leaders maintain blogs, play interactive learning games with other employees and appear in our internal talk show where they have to answer hard questions and talk about their lives.

In November 2019, we surveyed a focus group of 650 employees, asking them to evaluate our new portal for content quality, functionality, and user-friendliness, as well as their interest in using the portal. The survey revealed a total average score of 5 out of 7, with MegaFon's news releases most often receiving the maximum score for their content quality, functionality, and interest to users.

This first-ever internal customer satisfaction survey also showed a score of 4.8 out of 5, well above the target of 4.5.

In 2020, we will continue to improve our procedures for enhancing employee loyalty and driving further digitisation of our communication environment. We are committed to further promoting a culture of innovation and teamwork that combines a flat organisation with strong leadership, tolerance for failure and intolerance for incompetence, as well as collaboration and frankness, willingness to experiment, and rigorous discipline in delivering on commitments.

The Jam project

Jam is MegaFon's internal social media for employees; in 2019, it became a single access point for 22,000 people. Jam can be accessed via a mobile phone, which enables users to stay in touch with their geographically distributed team virtually around the clock.

By promoting imaginative user content, such as personal blogs, and enabling every employee to express themselves, Jam has simplified access to useful information and the sharing of ideas. In addition, function-wide and private groups, as well as sharing news about various business units, have enhanced cross-functional collaboration within MegaFon.

The new social media portal has increased the amount of our multimedia content (such as videos, photos, and online event streams) and provided us with a choice of digital channels to engage various target audiences.

The Jam social media portal is visited by 92% of our connected users, with each post generating an average of 1,000 views, which is triple the number generated by our previous web portal in 2018. Extensive discussion threads testify to the levels of employee engagement with the Company and their willingness to engage in an open sharing of ideas, including expressing frank opinions.

Social support

MegaFon not only guarantees all legally required social support to employees but always goes the extra mile to provide a wide range of additional programmes focused on providing the best work environment and professional growth opportunities for its employees.

Key benefits and guarantees offered by MegaFon to its employees:

- Voluntary health insurance (VHI) for employees; employee family members are offered health insurance at a discounted price
- Employees' accident insurance
- Partial reimbursement for employees' expenses on fitness programmes
- Temporary disability pay above the statutory minimum
- Lump sum allowances to employees and their family members in difficult life situations
- Compensation for employees' mobile phone expenses within established monthly limits
- Reimbursement for relocation expenses when moving to a new place of work in a different region, and a fixed lump sum to help employees settle in at their new place of residence.

Expenses on social programmes and benefits, RUB m

839

44 27 19
112
434
203

- VHI and accident insurance
- Reimbursement for mobile phone expenses
- Reimbursement for expenses on fitness programmes
- Additional sick pay
- Financial aid
- Reimbursement for relocation