

# HUMAN RESOURCES MANAGEMENT

Human capital development is one of the four strategic objectives for Rusagro. The Company creates decent working conditions, provides competitive compensations and social guarantees, and maintains a particular focus on personal and professional development of its employees. Rusagro considers its employees as a key asset of inherent value and encourages them to fulfil their potential, improve their knowledge and skills, and participate in challenging innovative projects.

## PERSONNEL STRUCTURE

### HEADCOUNT

In 2020, the Company's average headcount decreased by 1.6% (-314 people) year-on-year and totalled 19.3 thousand employees. The most of layoffs were witnessed by the Oil and Fats Business, where the number of employees was cut down by 15% (-840 people) in 2020 due to automation, amplification of positions, and outsourcing of low-skilled jobs. At the same time, the average headcount of the Meat Business in 2020 went up by 10% (+591 people) as a result of the expansion of production in the Tambov Region and the development of business in the Primorye Territory. The number of employees in the United Service Centres (USC) increased by another 90 people (+28%) with the opening of a second USC in Saratov and the transfer of support functions from businesses to the USC (information security, administration of benefits, HR administration). At the end of 2020, Rusagro had 20.1 thousand employees (-2%, or -402 people).

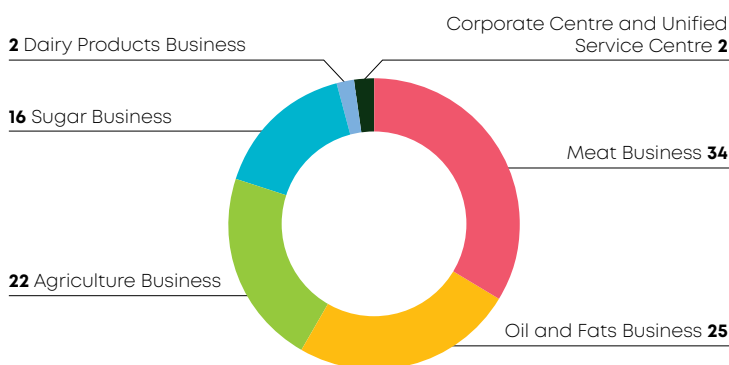
↙ - 2%

19.3

ths people

Average headcount of employees in 2020

### Breakdown of the average headcount by businesses in 2020, %



### Rusagro's average headcount, employees

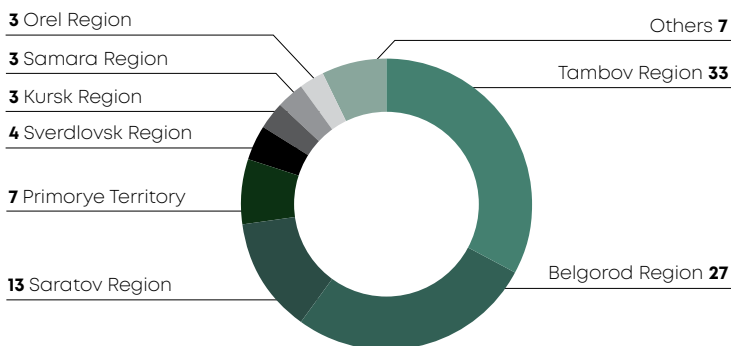
| Business                                    | 2016          | 2017          | 2018          | 2019          | 2020          |
|---|---------------|---------------|---------------|---------------|---------------|
| Meat Business                               | 3,789         | 4,186         | 5,300         | 5,919         | 6,510         |
| Oil and Fats Business                       | 2,042         | 1,969         | 2,025         | 5,590         | 4,750         |
| Agriculture Business                        | 4,292         | 4,478         | 4,443         | 4,340         | 4,191         |
| Sugar Business                              | 3,095         | 3,248         | 3,149         | 3,044         | 3,005         |
| Dairy Products Business                     |               |               | 3             | 446           | 479           |
| Corporate Centre and Unified Service Centre | 144           | 157           | 298           | 319           | 409           |
| <b>Total</b>                                | <b>13,362</b> | <b>14,038</b> | <b>15,218</b> | <b>19,658</b> | <b>19,344</b> |

↙ - 2%

- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

The bulk of jobs (94%) are distributed between eight regions of Russia, where Rusagro's key production assets are located. The Tambov Region accommodate the most of employees (33%, or 6,291 people in total), further go the Belgorod and Saratov Regions (27 and 13% or 5,265 and 2,599 people, respectively). With the rightsizing the businesses, most of key regions of presence, except for the Primorye Territory (+39%, to 1,342) and the Tambov and Voronezh Regions (+3% in total), where the Company were ramping up the production, experienced the drop in the number of jobs as at the year-end.

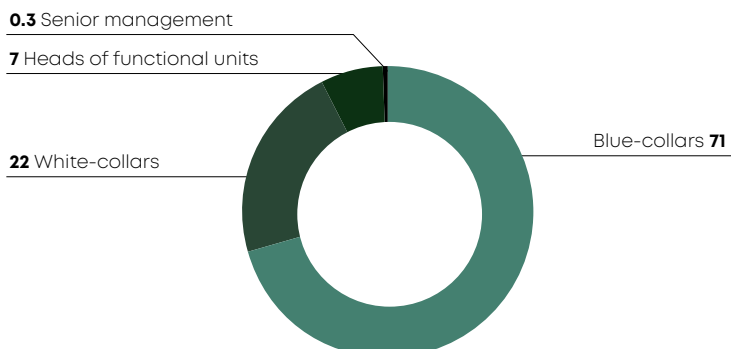
**Jobs in the regions of Rusagro's presence in 2020 (average headcount), %**



The majority of Rusagro's employees (71%) are qualified as blue collar staff. Twenty two per cent of the Company's employees work at the white collar level, and only 8% are heads of functional departments and senior managers. This distribution of employees between the levels of job complexity is typical for all Russian production companies, and the increased number of blue collars and white collars in 2016–2020 (from 49 and 15%, respectively, in 2016) was associated with the expansion of production capacities and a higher need for employees of these job categories. On top of that, the vast majority of Rusagro's employees obtained a full-time job (92%).

↑1.3 p.p.  
**71%**  
of blue collar employees in 2020

**Rusagro's workforce structure by job complexity level in 2020, %**



<sup>1</sup> For the calculation of the indicator, full-time employees do not include seasonal employees

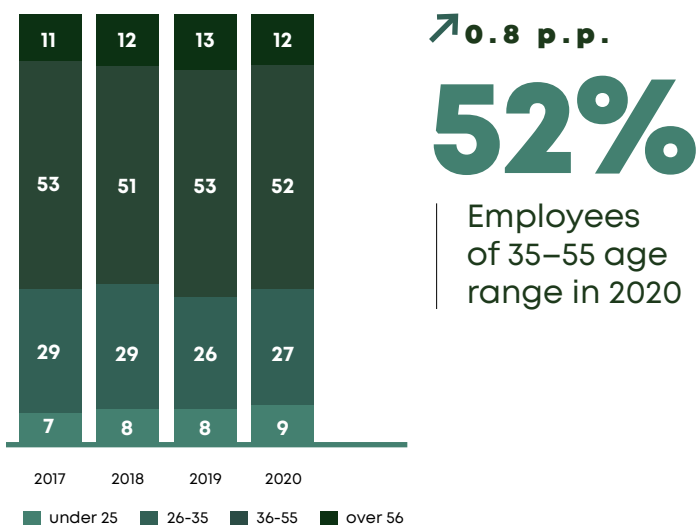
In 2020, employees with secondary vocational education (36%) and higher education (32%) were prevalent at the Company – these two categories of personnel make up the nucleus of the Company. At the same time, their total share has decreased over the past five years, while the share of personnel with secondary education has grown from 5 to 21%, which is explained by the increasing need for production personnel.

**Rusagro's workforce structure by education level, %**

|                         | 2017 | 2018 | 2019 | 2020 | 2020/2019 change |
|-------------------------|------|------|------|------|------------------|
| Post-secondary          | 37   | 29   | 33   | 32   | -1.2 p.p         |
| Vocational secondary    | 41   | 39   | 37   | 36   | -0.9 p.p         |
| Initial vocational      | 1    | 8    | 8    | 6    | -1.8 p.p         |
| Complete secondary      | 5    | 17   | 18   | 21   | 3.4 p.p          |
| Basic general education | 18   | 8    | 4    | 5    | 0.9 p.p          |

Most of the Company's employees (52% in 2020) are aged 36 to 55 years old. The next largest category comprises employees aged 26 to 35 years old (27% in the reporting period). The "youngest" business is the Meat Business, where the total share of employees aged 35 and less is 44%. And the Agriculture Business comprises the most (19%) of older employees (aged 56 and over).

**Rusagro's workforce structure by age, %**

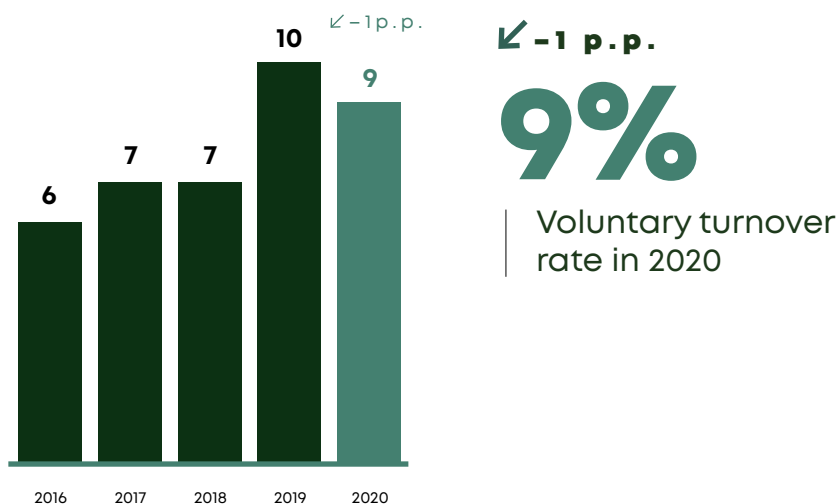


- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

## TURNOVER

Voluntary staff turnover in 2020 went down by 1 p.p. – from 10 to 9% compared to a year earlier, which is below the market average of 13%. The improvement in the turnover rate in the Company resulted from the successful outcome of consistent work with this indicator and from the arising pandemic – employees began to value their jobs in a stable industry. At the same time, the highest voluntary turnover was recorded in the Meat Business (12%), the lowest – in the Dairy Products Business (2%). Rusagro's target is 7% – to achieve this, the Company is developing programmes to speed up career advancement, to provide social assistance for personnel, and to increase engagement.

**Voluntary staff turnover in the strategic segment<sup>1</sup>, %**



<sup>1</sup> Strategic segment comprises of 11,513 employees

## EQUAL CONDITIONS

### SUPPORTING WOMEN

Rusagro creates equal working conditions and career opportunities for all of its employees, regardless of gender. At the end of 2020, the average share of women in the Company was 33% (6,077 people), which is above the average for production companies in Russia. The share of women varies across the Businesses: the Agriculture Business has the smallest proportion of women – 22% (936 people), the Meat Business and Oil and Fats Businesses have the largest proportion – 39% (2,551 or 1,704 people, respectively). In the United Service Centre and the Corporate Centre where office work is required, the proportion of women is even higher – 98 and 56%, respectively.

In the largest category of employees – blue collars (71% of all employees of the Company) – the proportion of women in 2020 stood at 28% (+3.2 p.p.). The variability of this indicator across business segments is explained by the peculiarities of production activities. Thus, the smallest proportion of women among blue collars is recorded in the Sugar Business (7%) due to the high risk of this production, and the largest proportion is in the Dairy Products Business (69%) and then in the Oil and Fats and Meat Businesses (31 and 30%, respectively). The Agriculture Business of the Company has a 20% share of women.

Most women at Rusagro (51%) belonged to the white collar category. The share of women among the heads of functional units is 36% (+3.0 p.p.), while the share of women among senior managers is 18% (-3.6 p.p.), which is higher than the average for Russian production companies. Moreover, the proportion of women among the heads of functional units is greatest in the Meat Business (44%), and among top managers – in the Oil and Fats Business (27%).

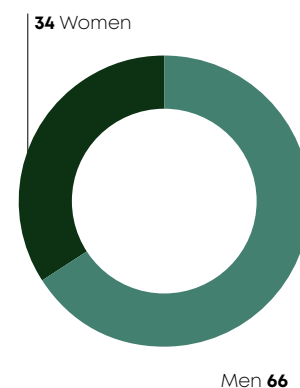
The pay difference between women and men is negligible. The fixed part of the remuneration of female employees is 1% less than that of men.

↙ - 0.3 p.p.

# 34%

of women among employees in 2020

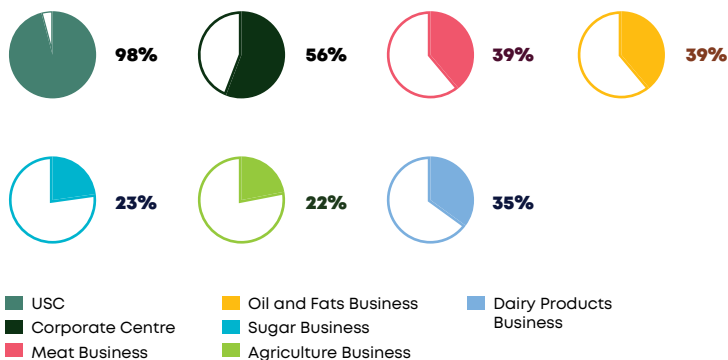
#### Rusagro's workforce structure by gender in 2020, %



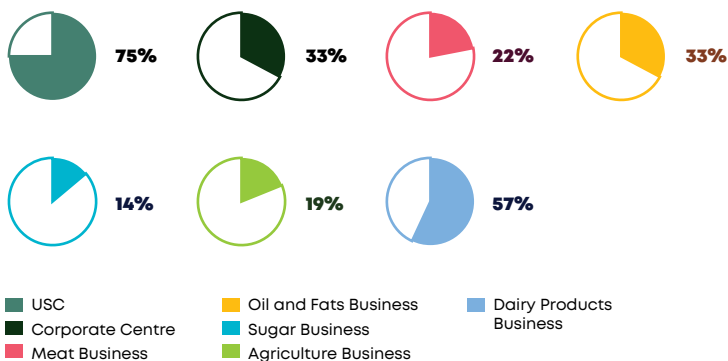
#### Percentage of women among Rusagro's employees of different levels, %

|                           | 2018 | 2019 | 2020 |
|---------------------------|------|------|------|
| Senior management         | 0    | 22   | 18   |
| Heads of functional units | 10   | 33   | 36   |
| White-collars             | 36   | 57   | 51   |
| Blue-collars              | 54   | 25   | 28   |

**Proportion of women in Rusagro's businesses in 2020, %**



**Percentage of women among senior managers in Rusagro's business segments in 2020, %**



**RECRUITING YOUTH**

Rusagro is interested in attracting and retaining young people who bring a new perspective on technologies and processes. At the same time, 80% of Rusagro's production sites are located in rural areas experiencing a shortage of staff, especially in the Agriculture Business. Therefore, the Company makes consistent efforts in attracting young people.

The Company has internship programmes and dual training programmes with regional educational institutions. In 2020, 24 educational institutions were involved in the on-the-job training project, and a total of 380 people participated in on-the-job training (in 2019, there were 291 participants).

Due to COVID-19 related restrictions, 2020 Career Day for students of vocational colleges was held online for the first time. More than 300 undergraduate students from 46 educational institutions across Russia learned about employment and internships at Rusagro from top managers of the Company.

Moreover, under the sponsorship of Rusagro, a new demanded specialty. Introducing automation equipment into technical processes and production will be opened in September 2021 at the Zherdevsky College of the Sugar Industry. The newly enrolled students will be taught by qualified teachers, including the employees of Rusagro's Sugar Business. Also, agreements have already been reached on the on-the-job training of college teachers at the Zherdevsky sugar plant.

# FINANCIAL INCENTIVE AND SOCIAL ASSISTANCE

## COMPETITIVE EMPLOYEE COMPENSATION

Rusagro's incentives and compensation policy is aimed at maintaining a competitive salary level. During 2020, the average monthly salary in the Company increased by 8% – up to RUB 49 thousand. The largest growth (+14%) was recorded in the Oil and Fats Business, where it amounted to RUB 57 thousand. The salaries were pushed up by inflation, the amplification of positions and outsourcing of secondary low-skilled positions. The average salary varies across the business segments due to presence of the Company in different regions, and each business and region has different working conditions and other business-related features.

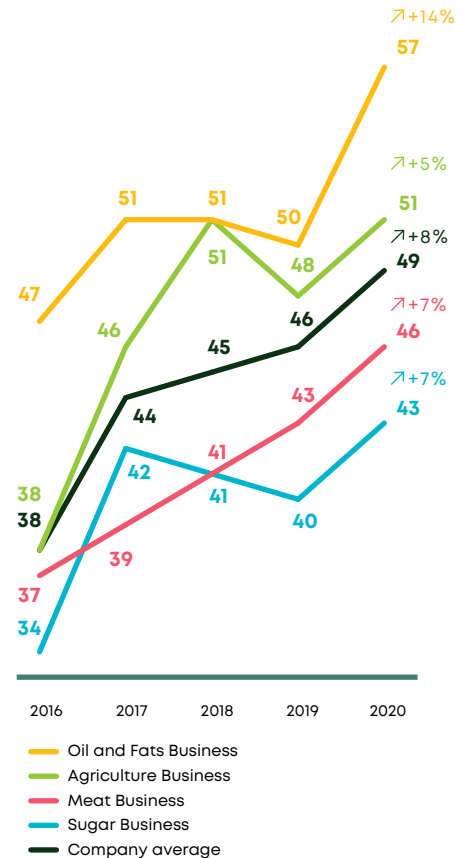
## SOCIAL BENEFITS AND GUARANTEES

In addition to competitive salaries, Rusagro offers its employees a comfortable and safe working environment and a generous benefits package that includes meals, employee shuttles, voluntary health insurance schemes, sanatorium-resort care, and good-quality workwear. Young professionals working in rural areas may qualify for home-buying assistance from the Company. Students doing internships and receiving on-the-job training are given rooms in the Company dormitories.

In case of accidents and special family circumstances, employees of the Company receive financial help. Rusagro compensates for food expenses or provides home-raised product, as well as compensates for the purchase of medicines and health resort treatment. All employees who have passed the probationary period are provided with voluntary medical insurance (VMI). In addition, all employees have the opportunity to insure their relatives under voluntary health insurance on preferential terms, and certain categories of benefits are provided free of charge.

In 2020, a project of the Taking Care of Everyone well-being programme was piloted in the Tambov and Saratov Regions. This programme involved the development of a comprehensive programme of activities focused on the health of employees: training lectures, health days, competitions, on-the-job doctors' appointments, and the opening of medical offices at production sites. In 2021, the programme will be rolled out at other assets of the Company to cover around 5,000 employees.

Average monthly salaries at Rusagro's enterprises, RUB ths



- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

# TRAINING AND CAREER ADVANCEMENT

## CAREER GROWTH

All employees of the Company have opportunities for career growth through the developed career paths in major functional directions. The employees can also share their career aspirations, including those that involve a transfer to other businesses within Rusagro.

The Company strives to maintain high level of internal hires, gradually increasing this level by internal pool of candidates. The share of internal recruitment increased year-on-year by 7 p.p. – to 68%, which is associated with an improvement in the succession training system. The Company increased its succession coverage by 7 p.p. – up to 87%, and the operating reserve by 10 p.p. – up to 41%.

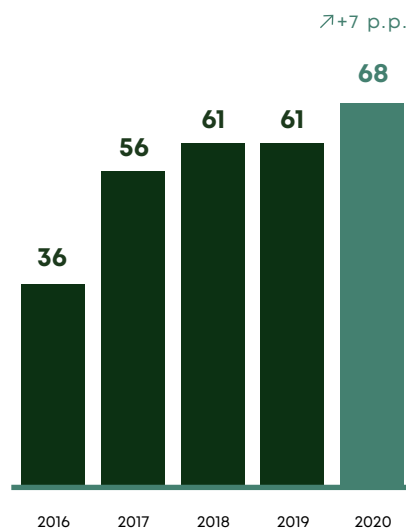
## TRAINING AND DEVELOPMENT

With HR-processes of Rusagro, each employee can continuously improve his/her own professional, managerial and communication competencies. All employees have access to the distance learning system (DLS) – in 2020, there were 456 courses passed (+23%). The Company also has an internal mentoring and coaching institute; the number of mentors and coaches in 2020 amounted to 918 (+8%) and 516 (+23%) people.

Thanks to the efforts of Rusagro to support the development of its employees, as well as the promotion of online training formats amid the coronavirus pandemic, the number of person-courses taken in 2020 quadrupled and reached 42,808.

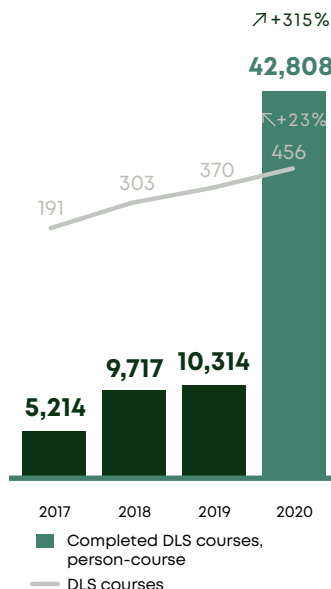
Rusagro educational system is primarily focused on the improvement of employees' qualifications and skills. In 2020, the Company paid special attention to enhance the quality of industrial training, and the common skills qualification upgraded year-on-year by 7 p.p. and stood at 57%.

Rusagro's share of internal recruitment, %

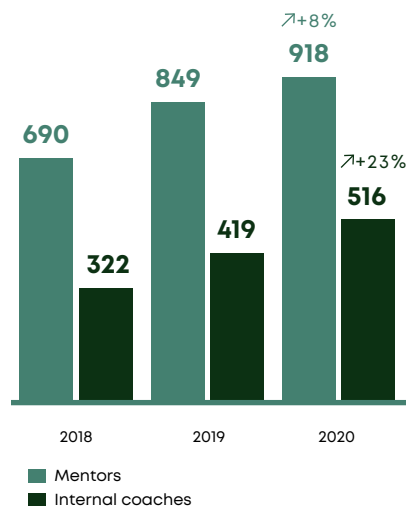


**76%**  
of employees completed at least one training course in 2020

Distance Learning System Training results



Mentors and coaches





# CORPORATE CULTURE AND ENGAGEMENT

## EMPLOYER BRAND

The Net Promoter Score (NPS) among Rusagro’s employees increased from 16 p.p. in 2017 to 26 p.p. in 2020, which reflects positively on the Company’s employer brand. At the same time, according to the Randstad Award international independent study, the attractiveness of Rusagro among the external audience and brand awareness in 2020 in comparison to the previous year showed a slight decrease (by 3 and 9%, respectively), although the places in the attractiveness and awareness ranking remained the same (2nd in awareness, 3rd in attractiveness). The decline in the Company’s attractiveness is explained by the fact that integration in the Oil and Fats Business, as well as transformation in the Agriculture Business, caused a decrease in engagement rate at the time of the study (January 2020).

In December 2020, Rusagro conducted its own study of the attractiveness and brand awareness of employers among students (56 universities and colleges). This study showed that the attractiveness of Rusagro stood at 64%, awareness – at 53%. The Company was ranked first in terms of attractiveness in the industry and second in terms of awareness.

In 2020, Rusagro launched the Brand Ambassadors project to improve its brand as an employer. Training was given to 66 ambassadors, the Instagram-marathon competition was started, resulting in 342 posts about the Company, 47 thousand likes and comments. The number of subscribers in Rusagro’s offices in social networks grew by 75% to 17.7 thousand (Instagram and Vkontakte). There was also a social media advertising campaign for young people with 1.3 million ad impressions that generated 4,300 clicks and 138 on-the-job training applications. In 2020, a recruiting commercial was shot for a student audience, and over 170 publications about employment at Rusagro were made, attracting more than 110 thousand views in total.

## RUSAGRO GROUP IS INCLUDED IN THE TOP 200 BEST EMPLOYERS IN RUSSIA

In 2020, HeadHunter Group and RBC Publishing House presented the annual Rating of Russia’s Best Employers, where Rusagro Group of Companies was enlisted for the first time, taking 31st place in the TOP-200 Russian employers. In total, about 900 applications were submitted for participation in the rating.

Rusagro Group also entered the Most Popular among Applicants’ sub-rating, taking 33rd place and outstripping such well-known employers as SAP, Volvo, Nornickel, IC, X5 Retail Group, etc. Rusagro came second in the Food production industry rating, having received 18% of the applicants votes.

### Employer brand awareness and attractiveness, %

|  | 2016 | 2017 | 2018 | 2019 | 2020                  |
|--|------|------|------|------|-----------------------|
| Net Promoter Score (NPS) among employees | 16   | 23   | —    | 24   | 26                    |
| Rusagro’s Employer Brand awareness       | —    | 38   | 60   | 60   | 51 (RA)/ 53 (Rusagro) |
| Rusagro’s Employer Brand attractiveness  | —    | 41   | 47   | 52   | 49 (RA)/ 64 (Rusagro) |

Source: International Randstad Award Research and Rusagro’s Engagement Survey

<sup>1</sup> Since 2017, the Company has been referring to the Randstad Award assessment – an independent study conducted in a limited sample of regions – to estimate Rusagro’s employer brand appeal. Inasmuch as these regions do not include all regions of within Rusagro’s footprint and cover regions that are of no interest to the Company, it was decided to additionally conduct our own survey. The 2020 respondents were presented by students from key universities and secondary schools in the target regions of presence; the 2021 sample will additionally include blue collars, white collars and managers in the sample

## EMPLOYEE ENGAGEMENT

In June 2020, RUSAGRO Group of Companies held an express survey across all business areas. This is a new prompt tool for measuring employee opinions on what else can be improved in their work. An invitation to take part in a express survey was sent to 30% of employees who were randomly selected by an external independent provider. This allowed to quickly collect reliable data for research without taking up the time of most employees.

The results of the survey, which covered 6,400 people, showed that employee engagement increased by 6 p.p. compared to last year and reached 72%, which is above the Russian average (69%) and the average for production companies (65%). Engagement was on an upward trend in most of businesses, except the Agriculture one; the largest growth was posted by the Meat Business (+9%). Engagement among young people (aged under 25) increased by 4 p.p. – up to 74%.

A successful result suggests that in a turbulent environment, employees higher appreciated good work in a stable industry. Nevertheless, the Company is intent on improving the engagement in order to enter the high performance zone, which stood at 77% and higher in Russia in 2020.

# 72%

Rusagro's  
engagement rate  
in 2020

### Employee engagement at Rusagro, %

|  | 2016 | 2017 | 2019 | 2020 |
|--|------|------|------|------|
| Rusagro's engagement rate              | 67   | 73   | 66   | 72   |
| Average Russian engagement rate        | 62   | 68   | 66   | 69   |
| Engagement rate of producing companies | 57   | 63   | 69   | 65   |
| FMCG engagement rate                   | 63   | 69   | 66   | N/A  |
| High performance zone for engagement   | 69   | 75   | 77   | 77   |

## CORPORATE CULTURE

A single corporate culture that is based on the Company values shared by all of the employees plays a key role in ensuring Rusagro's effective operation. To support its corporate culture, Rusagro annually holds multiple teambuilding events.

The communication quality in the Company was upgraded in 2020 by 8 p.p. to 67%, and the information awareness level – by 6 p.p. to 70%. The most popular communication channels included mailings, a corporate portal (visits and unique views increased by 39 and 40%, respectively) and the Rusagro's Vestnik corporate newspaper. A new communication channel was launched for the first time in 2020 – television question-and-answer sessions with General Directors, which were attended by more than 3.9 thousand participants, and 67% of employees rated this channel as excellent. The Meat Business was actively developing a new communications channel, Corporate TV, and the Agriculture Business launched a new news channel in the Viber messenger.

**MISSION OF RUSAGRO:  
LET'S MAKE PEOPLE'S  
LIVES LONGER  
AND BETTER**

In 2020, Rusagro held a Week of Values for the second year in a row, during which General Directors of business segments shared their vision of the Company's values and mission. As a result, the mission of the Company was called a worthy work goal by 79% of respondents (vs 66% in 2019).

Last year, the Company also held the first online festival of sports and family values Fair Games (21 days, 115 live broadcasts). The total number of participants exceeded 6,400. This event was recognised as the best corporate online event of the year in Russia according to the Golden Puzzle award. In addition, the Company held the first online strategic conference – Intellect. Evolution, which was watched by more than 800 participants (+400 year-on-year).

## COMPANY'S VALUES:



### RESULT

We set ambitious goals and achieve results

Rusagro employee:

- continuously sets ambitious goals
- plans and analyze scenarios
- achieves results with minimum cost
- find solutions in any situation



### CONTINUOUS IMPROVEMENT

We do our job better every day and become better every day

Rusagro employee:

- learns and gains new skills
- suggests improvements
- implements improvements
- analyzes results
- shares experience



### TEAM WORK AND COOPERATION

We achieve goals together and value the contribution of every team member

Rusagro employee:

- values knowledge and contribution of team members
- offers solutions, shares and defends opinions
- follows team work rules and decisions
- helps others to archive the goals
- resolves conflicts constructively



### OUR PEOPLE

Our success is in successful people. We respect identity, value professionalism and fulfill our dreams together

Rusagro employee:

- recognizes colleagues' achievements and dignity
- educates others and share knowledge
- respects others
- evaluates results fairly and gives a feedback
- builds relationships
- offers development opportunities



### INTEGRITY

We value trust and rely on everyone's integrity. Honesty is more important than profit

Rusagro employee:

- speaks out a problem when sees it
- doesn't make impossible promises
- follows rules
- tells the truth
- doesn't steal and doesn't allow others to steal

## FAIR GAMES WERE RECOGNISED AS THE BEST CORPORATE ONLINE EVENT OF THE YEAR

Rusagro Fair Games 2020, which took place in September 2020, was named the best corporate online event of the year and won the Golden Puzzle award. The competition programme covered more than 130 projects implemented from May 2019 to October 2020. The jury evaluated the stylistic solution of the event, the general implementation level of a project, including the level of equipment capability of the platform, interactive with project participants, the degree of audience involvement, the availability of a live broadcast, and a number of other parameters.

The 2020 Fair Games project was well clear of its rivals:

- 21 days of active programme;
- 6,476 participants;
- 88 teams in 8 disciplines;
- 115 live broadcasts;
- 3,000 downloaded creative assignments;
- 106 thousand video views on the games portal.

- Agriculture Business
- Oil and Fats Business
- Meat Business
- Sugar Business
- Dairy Products Business

# AUTOMATION

In 2020, Rusagro finally introduced one of the most advanced and high-performance systems in the human resources management – SAP Success Factors (SF). Through the implementation of the SAP Success Factors, all stages of the employees' life in the Company can be recorded and controlled in one system, which offers an intuitive interface and high capacity.

In 2020, a video interview robot was used to fill 40% of vacancies at Rusagro. Audiobots were also used for exit-interviews and for a onboarding survey.



## The system's output for 2020:

the system covers

# 19,000

employees

among them 67% – blue collars

# 87%

of unique visitors during the year

# 26%

sign in from mobile devices

# 5,000

mobile users

## SOCIAL INVESTMENT

Rusagro Group is a strategic investor with long-term interests, seeking for social development and raising the living standards in the regions of its operation. In December 2015, the Board of Directors of the Company adopted a Charity Programme oriented to helping schools, preschool educational institutions, as well as district administrations for the construction of playgrounds. Most of the targeted assistance goes to the regions where Rusagro's employees live and work. The programme's budget is calculated as 0.5% of the payroll budget for the producing facilities in Rusagro's presence regions.

In 2020, the charity programme was tailored to meet the COVID-19 pandemic requirements. The funds in the amount of RUB 42 million (+23% year-on-year) were used to help medical institutions in the regions of presence (RUB 34 million) and to implement the Sprouts of the Future educational initiative (RUB 8 million). The latter aims towards giving equal opportunities to children from various socioeconomic backgrounds, supporting their personal development and Soft Skills. In 2020, the Sprouts of the Future initiative, in addition to the traditional regions (Tambov, Belgorod, Orel, Kursk Regions), for the first time covered rural schools in the Primorye Territory and Saratov Region.

During November–December, schools hosted competition games in immersive online format among school students of 8–9 grades. In total, 6,647 students from 125 schools took part in such classes, up 30% year-on-year. The next stage of the initiative involved students in 7–11 grades, participating in the competition for children's research projects. A total of 287 projects was received on the following themes: Livestock Husbandry, Crop Production, Agriproduct Processing Production And Processing Technology and Mechanisation (vs 120 projects in 2019). Award-winning schools and authors of the best research projects will receive grants from the Company.

In 2020 Rusagro also expanded its philanthropy programme to support schools in Moscow Region (RUB 200 million).

### PLANS FOR 2021

In 2021, Rusagro plans to focus on the following tasks concerning the HR management:

- to ensure the rise in labour productivity based on world benchmarks by changing the structures of business segments, as well as introducing the digital tracking of working hours and the WFM performance management system;
- to provide adequate manpower by expanding staff recruitment channels, internal rotation of personnel between business segments and cooperation with the best universities;
- build an agile organisation that cares for employees through the amplification of the employee well-being project and through brand appeal strengthening projects;
- deliver on the HR transformation plan through the adaptation of digital tools in HR processes and through data- and analytics-driven process management.

**Rusagro's Philanthropy Programme budget, RUB mn**

