

People review

Key highlights

Headcount

250,874

2017

196,128

2016

Male/female

26%/74%

2017

26%/74%

2016

Investments in training

RUB 139.3 million

2017

RUB 84.6 million

2016

Number of training participants

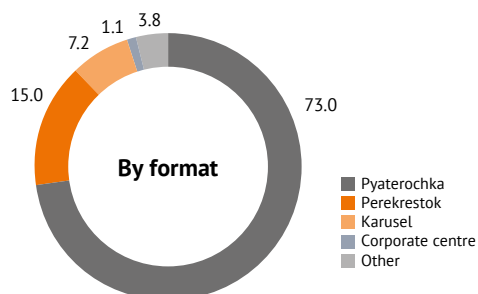
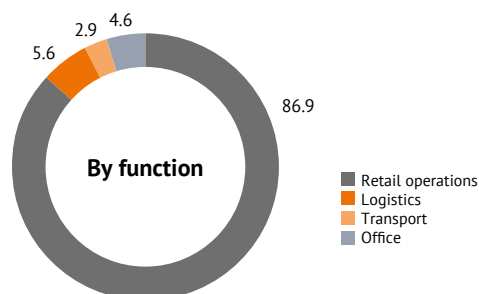
234,899

2017

44,626

2016

Personnel breakdown in 2017, %





Our key objective

X5 Retail Group's key priorities in HR management are attracting people in the quantity and of the quality required to support the Company's goals, identifying and developing talented people with high potential, as well as retaining and motivating our best-performing employees. We added nearly 3,000 new stores in 2017 alone, and having an efficient and effective HR function for our growing business is critical to our success.

HOW WE MAINTAIN OUR HR BRAND

In 2017, the X5 Corporate Centre ran its first summer internship programme, with 37 interns selected from over 380 students and six hired after the programme completion.

In order to attract young talent, Pyaterochka developed the Give Me Five! internship programme for final-year students (one-year training for future store managers) that it will be rolling out in eight cities with populations over 1 million during 2018. Perekrestok brought its Fresh Start internship programme to remote regions where it operates.

To strengthen its HR brand, Pyaterochka is also developing corporate groups in social media, with over 12,000 subscribers in VKontakte (a two-fold increase over 2016) and over 3,000 in Odnoklassniki.

Our commitment and approach

- **Human rights.** We support the four fundamental principles outlined in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We do not discriminate on the basis of gender, colour, ethnicity, religion, sexual orientation or disability. We ensure that employment with us is freely chosen. We prohibit the use of forced and child labour throughout our operations and supply chain.
- **Government requirements.** We align all of our people policies with Russian Labour Law, providing the appropriate rights, benefits and reimbursements to all employees across Company.
- **Labour safety and working conditions.** We aim to create a comfortable working environment for our people through an integrated safety programme, continuous monitoring and improvement of labour conditions, as well as by accelerating efforts to upgrade work processes.
- **Effective motivation and fair remuneration.** X5's performance management system and remuneration policy aim to attract, motivate and retain the best talents on a sustainable basis in order to support the Company's strategic and operational objectives. Our processes are designed to uphold a fair, consistent and transparent remuneration and motivation system related to individual performance and team results, and they comply with market practice.
- **People development.** Our employees are central to the Company's success, and therefore our development programmes are aimed at strengthening our performance and accelerating growth in our strategic capabilities. Various training programmes are offered to different groups of employees, from key managers to retail staff, based on job requirements, employee assessments and specific business needs. At the same time, we focus on identifying talented individuals with high potential, and providing them relevant career and development opportunities to strengthen our future.
- **Corporate culture.** X5's top corporate priorities are teamwork, constant improvement, customer orientation and leadership.
- **HR Brand.** We reinforce our internal and external employer brand in order to send a clear message about our value proposition as an employer and to attract people with the skills our business needs. In order to increase our HR brand recognition among young specialists, X5 partners with universities and colleges, organising various internships, career fairs and student competitions. Special attention is given to cooperation with youth groups like World Skills and general consumer organisations.
- **Common purpose.** Our people have a shared vision of how to achieve the Company's strategic goals. Effective regular communications and special events support overall awareness, with top-down target setting and setting the tone at the top level of management. We run comprehensive functional and strategic planning conferences for our managers to discuss plans, results and priorities for business and people development.





System highlights

- X5 Retail Group's HR team engages in the full cycle of work with staff: from understanding business needs and building an organisational structure that meets those needs, to attracting the necessary talent, and providing for staff motivation, long-term career development and forming an external and internal staff reserve.
- X5's Head of Human Resources is responsible for the Company's management of people matters at the Corporate Centre level. The internal HR function's responsibilities include ensuring that effective management systems are in place, as well as establishing corporate HR standards and HR management tools that support achieving X5's strategic goals.
- Each of the retail formats runs their own human resources department, which are responsible for developing people and implementing HR processes in line with that format's strategy and unique CVP, as well as X5's overall HR priorities.
- The responsibilities of each format's HR team include promoting and monitoring the Company's approach to diversity and equal opportunities across the business.
- In order to ensure that employees are informed about all aspects of X5's business, including strategic goals, key events and projects, we use internal communications including email lists, news digests, a corporate intranet, X5 TV and a variety of corporate events.
- The fast-growing and dynamic character of our business requires employees to be efficient and constantly refine their management and communication skills. We therefore devote significant time and resource to staff development: a selection of training and development programmes are available to all staff. These are tailored according to the needs of each individual and their roles. Programmes are provided in various forms and concepts: internal and external courses, lectures, business simulations, online training and video classes.
- We revised our remuneration policy and have established unified compensation and benefits guidelines, with a compliance toolkit that can be applied Company-wide.
- We expanded X5's benefits and special activities programmes to promote well-being, which include improved health insurance coverage, special events, medical diagnostics, as well as sports and fitness activities.

X5 professional competitions



Pyaterochka
**Cashier
of the Year**



Pyaterochka
Captains
competition for store
managers



Perekrestok
**Checkout
Win**



Perekrestok
**The Face of
Perekrestok**

- During the year, we established an HR data quality control system, and implemented a group-wide KPI dashboard to monitor key HR processes and to create a framework for data-driven decision-making.
- We extended the talent pool programme to cover all formats and business units. The talent pool is built for the Corporate Centre and each format based on the Company's strategy and the format's priorities.
- An integrated programme for retention and development of key managers continued in 2017: the average tenure of top managers at X5 increased by 41% year-on-year.
- Launched large-scale research aimed at predicting X5's demand for personnel and the labour market's ability to supply that personnel, which was used to develop our key strategic priorities for hiring and retaining people at X5 Retail Group.
- Total investments into personnel development increased by 65% year-on-year, with over 235,000 training participants in 2017, which represents 120% of total average headcount during the year.
- Pyaterochka launched a shared HR service centre to centralise recruitment of retail personnel and HR document flow. The centre performs around 300,000 operations per month.
- The year's key trend were the competitions for different groups of employees, including shop assistants, drivers, bakers, cashiers and DC employees. These events support the strategic objectives of each, help recognise the best-performing employees and teams and create a positive perception regarding retain jobs and careers offered by X5.
- As part of its efforts to promote its new concept, Karusel launched a number of I'm a Customer of Karusel! incentive initiatives to establish a strong focus on being client-oriented.
- 2017 was the fifth year when we ran the X-Friday project, with office employees working on the sales floor in December to support store staff during the peak holiday season, while also receiving hands-on experience and a practical understanding of our operations and business processes.



Pyaterochka

Best DC Employee

competition for electric forklift drivers and warehouse operators



Perekrestok

Food Feud

competition for bakers and cooks



Pyaterochka

Best Area Security Manager

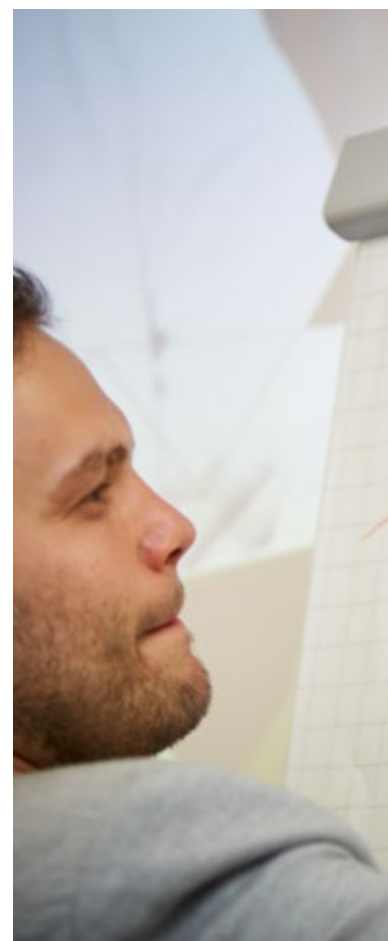
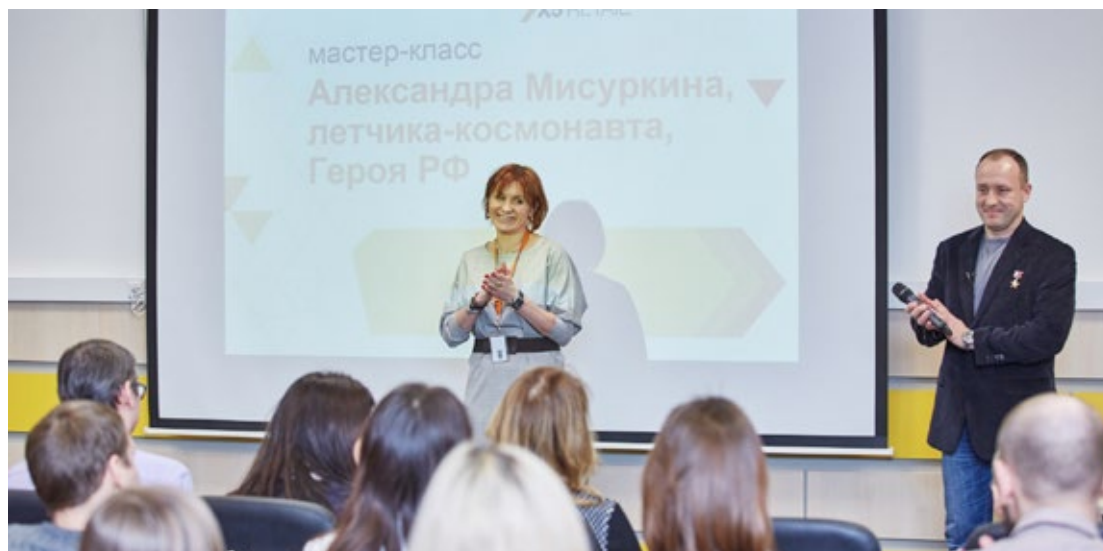


X5 Logistics

Professional Driver League

Development of the Special Wednesday project to increase X5's brand value for employees and job seekers.

Special Wednesday is an open corporate forum where X5 employees can share their experience and ideas and keep developing. It underpins our commitment to providing professional growth opportunities, while also creating additional value for our people. The project features face-to-face interactive workshops held by outstanding individuals in various fields, e.g. music, sports, marketing, psychology, space travel, etc. The forum also serves to support X5's corporate projects, such as Like for Like.



Special Wednesday



Highlights for 2017

>1,700
participants
of face-to-face meetings

>3,150
participants of distant
learning programmes

14
events

9.1
average score
in feedback forms

70%
ENPS

