

SALARY SURVEY OVERVIEW

Quality Information | Effective Lobbying | Valuable Networking

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*Overview of the last market trends
based on the 2012 Salary Survey in
Financial Sector*

Ekaterina Ukhova

*Partner Ernst and Young
Oil and Gas sector and enhancement
of HR efficiency*



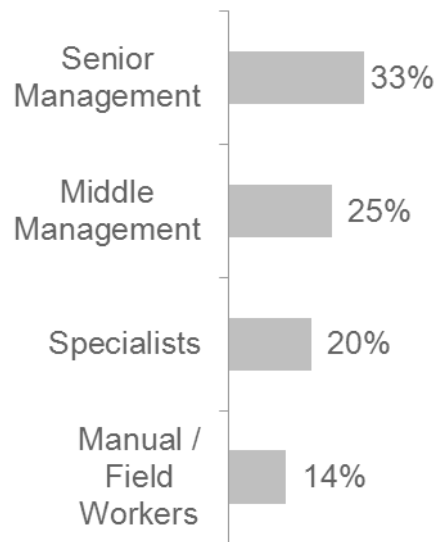
Ernst & Young Compensation and Benefits Survey 2012

Oil & Gas sector

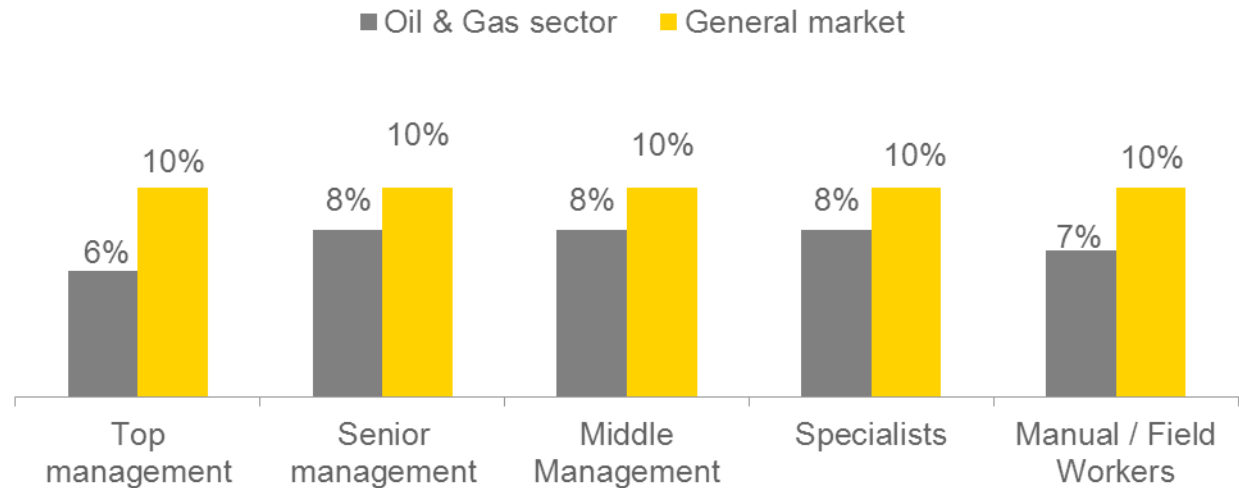
November 8, 2012

Salary changes in 2012 and actual bonus for 2011

Actual size of performance-related bonuses in 2011 in Oil & Gas sector



Salary changes for the period from July 2011 to June 2012



In comparison with other sectors Oil & Gas industry is traditionally a highly paid segment of the Russian market, though salary growth forecasts are more modest within the sector

Average growth rate in Oil & Gas sector is 8% across Russia, while in Eastern Siberia, Sakhalin, Center and Yamalo-Nenets autonomous areas the average growth reached 10%.

Benefits package

Benefits, % of companies

Sanatorium-resort therapy	60%
Pension plans	42%
Disability/accident insurance	74%
Company cars	68%
Sponsored meals	68%
Reimbursing mobile services costs	97%
Sponsored sport activities	45%
Housing program	25%
Other work/life benefits	71%

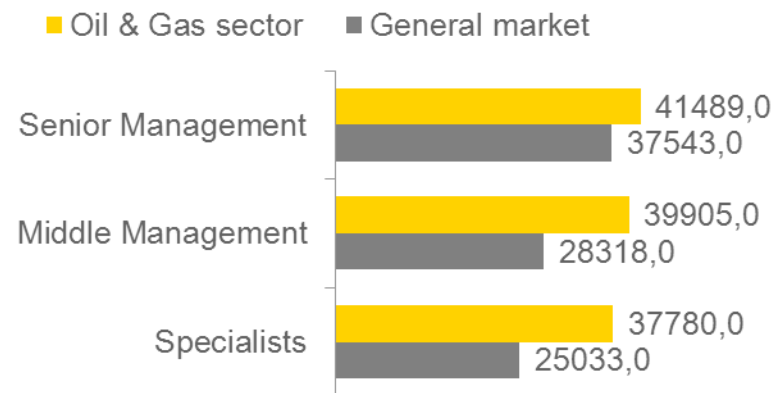
Medical insurance

100% of Oil & Gas companies offer medical insurance to their employees

77% of companies provide medical insurance coverage to family members (spouse, children)

Average number of family members covered by corporate plan is 3

Average annual insurance cost per employee (RUR)



HR function efficiency

Areas for improvement of HR efficiency:

- 1.Key HR business processes optimization
- 2.IT optimization, automation of HR processes
- 3.Search for internal resources
- 4.Optimization of talent management processes

HR efficiency is measured by:

Regular Employees' opinion surveys
HR metrics monitoring
HR business process controls

58% of companies measuring HR function efficiency

19% of Oil & Gas companies measuring HR function efficiency



HR metrics monitoring

Frequently used HR metrics collected within salary surveys:

1. Share of personnel costs in total expenses
2. Annual cost of social benefits package per employee
3. Number of employees per HR specialist
4. HR module in ERP system
5. Regular conduction of employees' opinion surveys
6. Exit interviews
7. Performance appraisal and talent management program
8. Number of vacancies per recruitment specialist

Some market indicators:

Average number of employees per HR specialist	135
Average number of vacancies per internal recruitment specialist per month	11
% of companies using HR module in ERP system	36%
% of companies that have practice of exit interviews with employees	71%

Employers monitor HR metrics on regular basis. Employers benchmark HR metrics with applicable market data.

HR business processes reengineering

Steps

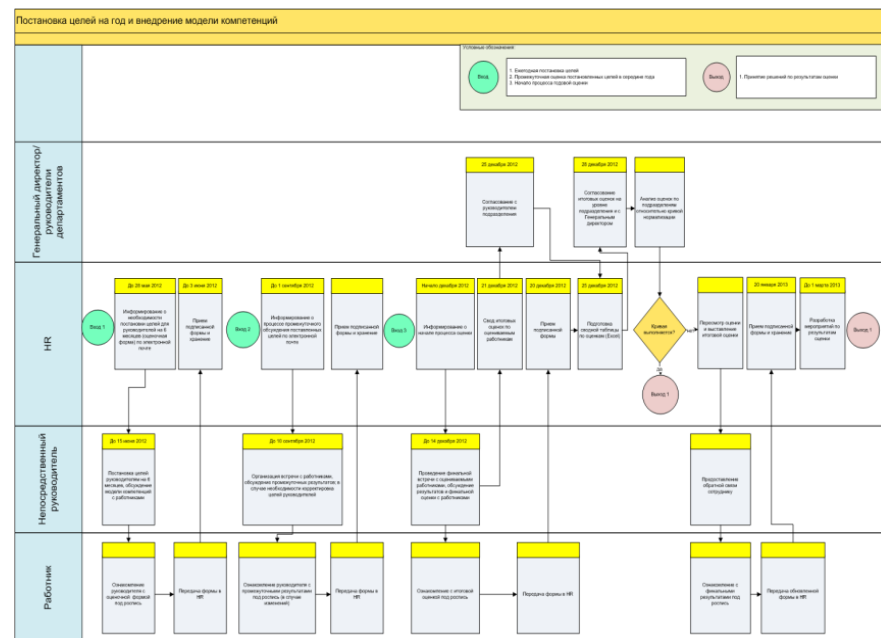


Solutions



Results

- Reduction of financial, time and labor expenses;
- Increase of employees' satisfaction;
- Strengthening of HR management platform;
- Standardization and unification of business processes;
- Work load reduction;
- Provision of high level of service.



Anna Babushkina

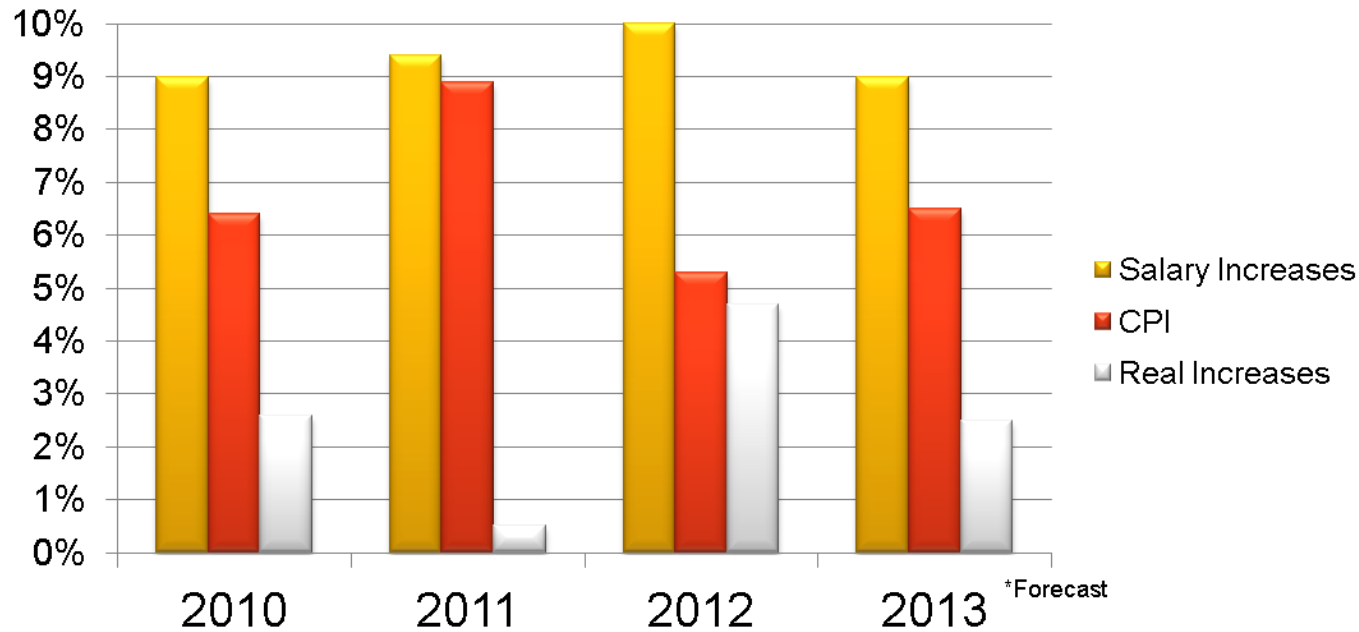
*Consultant, Towers Watson
General Industry: 2012 key findings,
Benefits in Russia*



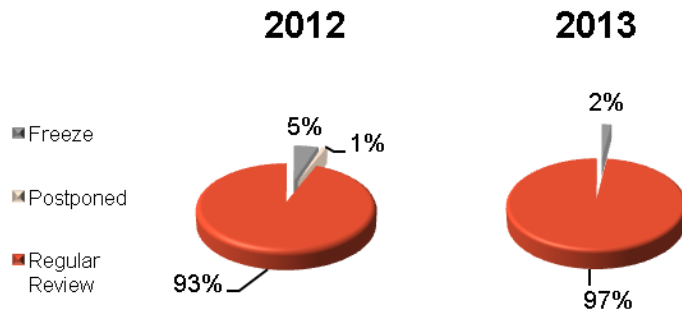
2012 General Industry Russia

Russian Benefits Trends

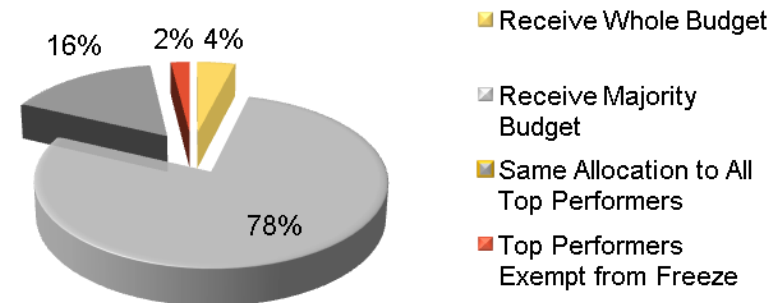
Salary Trends: 2010 - 2013



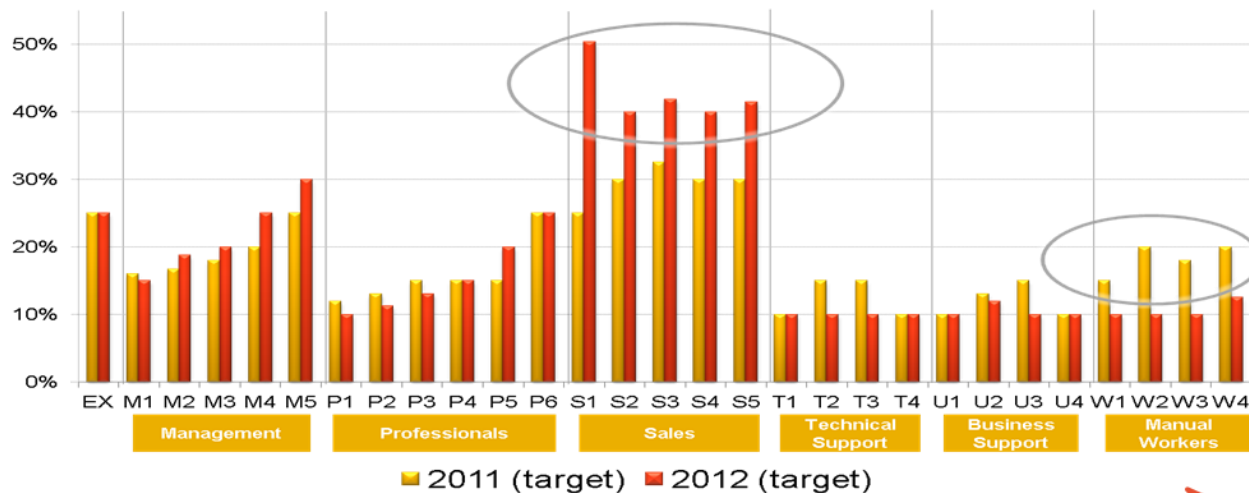
Salary Review Status



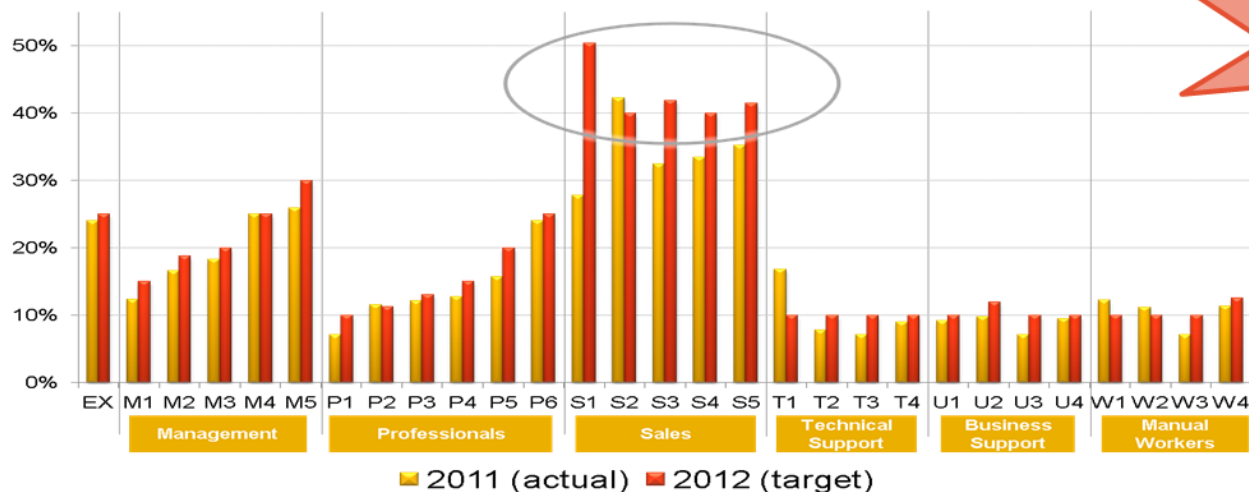
2013 Budget Allocation (All Industry)



2011 Target vs 2012 Target



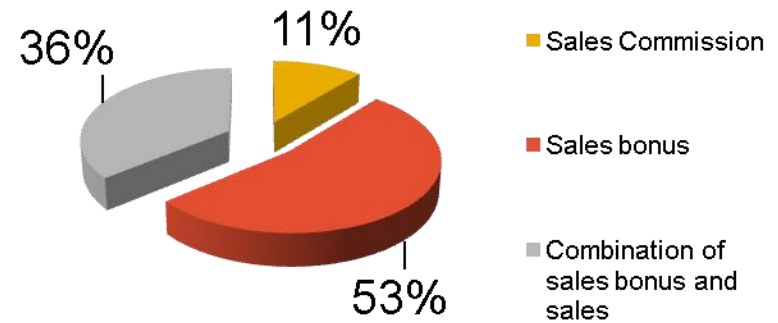
2011 Actual vs 2012 Target



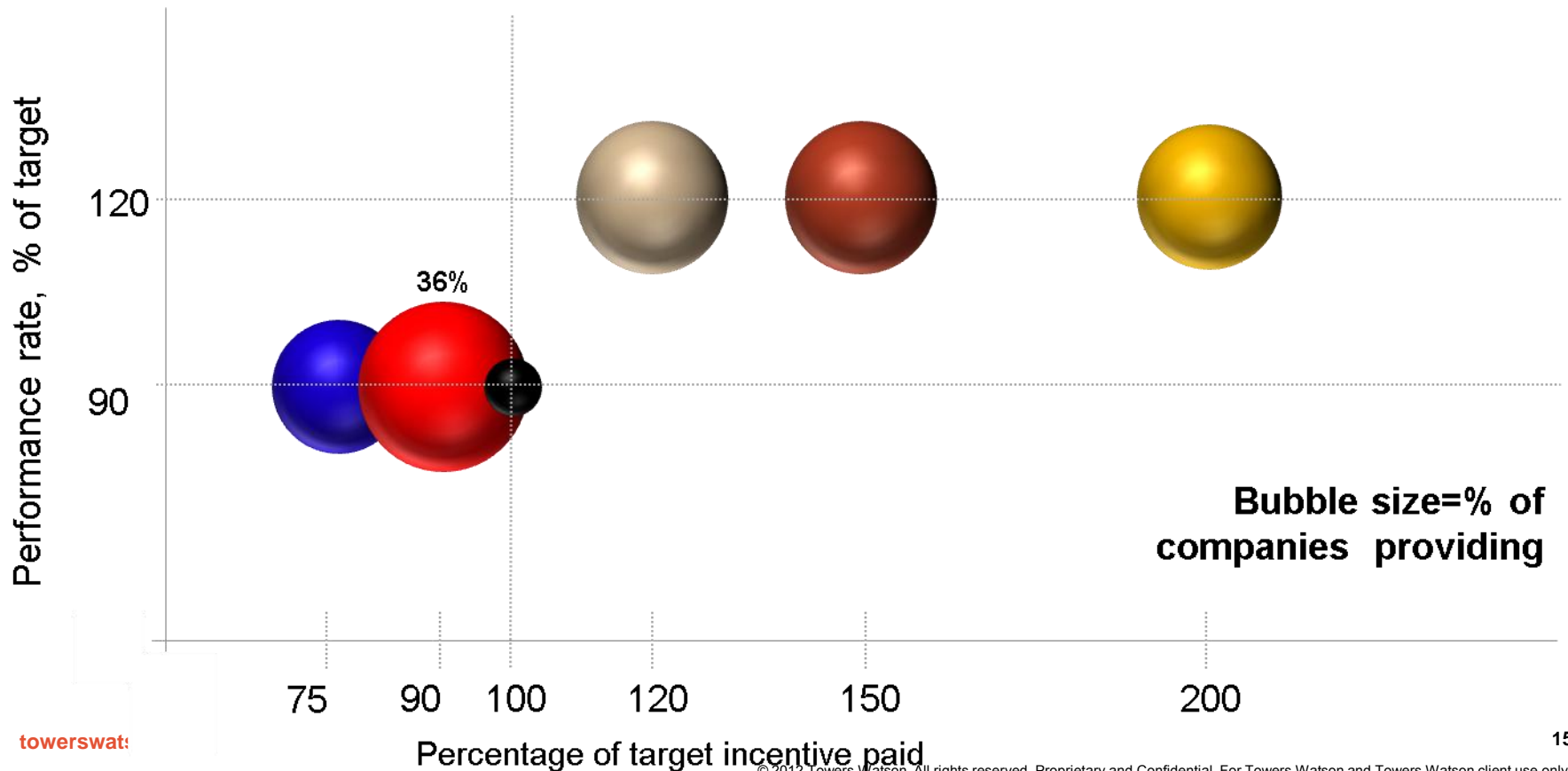
Sales
roles are
in focus!

Sales Incentives

Type of sales incentives



Size of sales incentives payments for Sales Professionals



Compensation Structure in Russia

Fixed Cash Component:

- Basic Salary
- Car Allowance
- Food Coupons/ Lunch Allowance
- Any Other Monthly Allowance(s)
- Transportation Allowance
- Any Other Annual Allowance(s)
- Fixed/Guaranteed Bonus

Variable Cash Component:

- Performance Bonus
- Sales Incentive/ Commissions
- Profit Sharing
- LTI
- Other Variable Bonuses

Retirement Benefits:

- Pension plans

Risk and Health Benefits:

- Term Life
- Personal Accident/ Disability
- Medical
- Dental
- Vision
- Maternity Benefits

Communication:

- Mobile Phones

Company Car Benefits:

- Company Car (Model/Price)
- Repairs and Maintenance Allowance
- Insurance
- Fuel/Petrol Costs
- Parking Allowance

Loans:

- Housing Loan
- Car Loan
- Other Loans (Personal/Emergency)

Paid Time Off:

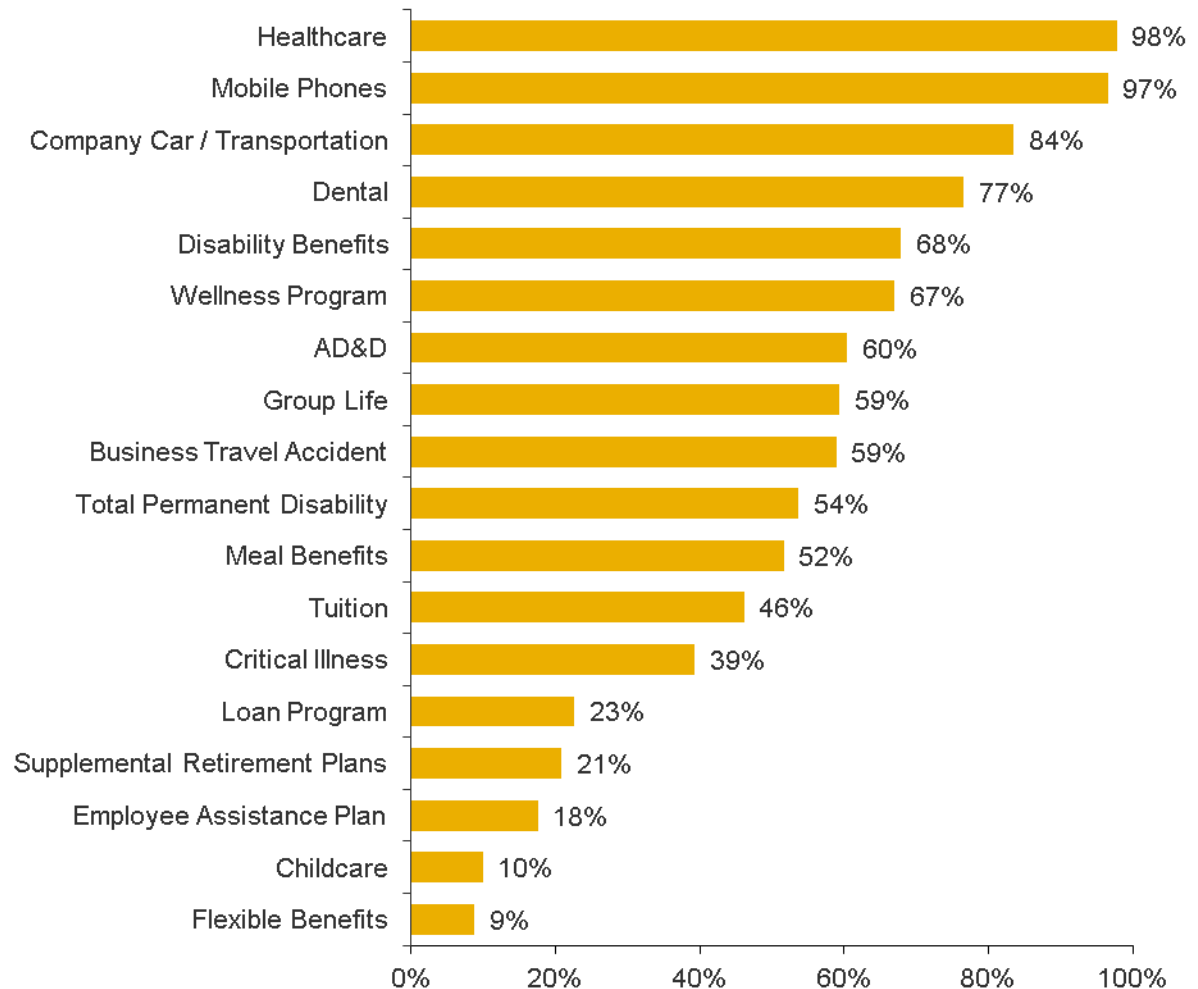
- Vacation days
- Marriage leave
- Maternity leave
- Paternity leave
- Sick leave
- Bereavement leave

Others:

- Company provided Transport
- Club memberships
- Professional subscription
- Business travel

Prevalence of non-statutory benefits in Russia

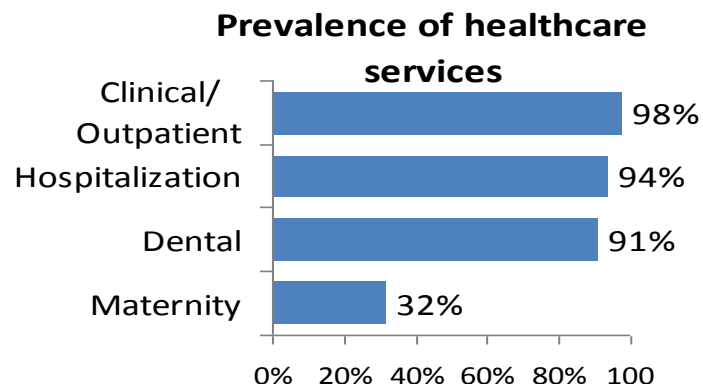
- Healthcare top of the pile
- Mobile phones and company cars/transportation quite prevalent too
- Flexible benefits is a new opportunity in Russia. The number of companies operating such plans is increasing



Source: BDS 2012 Russia

Healthcare. Deep dive into structure

- Almost 100% of employers in Russia provide private medical insurance.

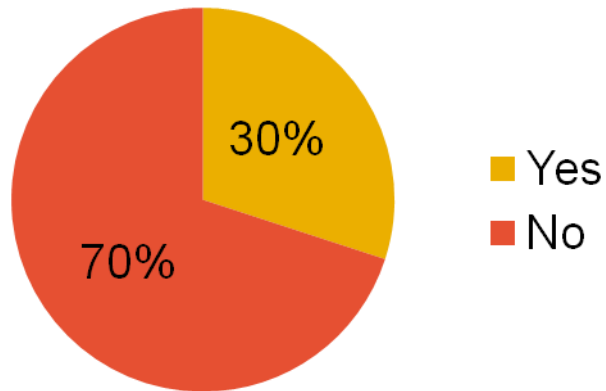


Employee Category	Top-3 Polyclinics	Top-3 Dental Clinics
Technical and business support	<ol style="list-style-type: none"> 1. ЗАО "ГК МЕДСИ" 2. ФГЛПУ "Поликлиника №2 Минэкономразвития России" 3. ОАО «Лечебный центр» 	<ol style="list-style-type: none"> 1. ООО «ДентаВита Сеть» 2. «Центр Эстетической Стоматологии 3. «Нормодент»
Top management	<ol style="list-style-type: none"> 1. ФГУП "МЕДИНЦЕНТР" Глав УпДК при МИД РФФГУ 2. ОАО "Моситалмед" 3. ЗАО "ГК МЕДСИ" 	<ol style="list-style-type: none"> 1. ООО «ДентаВита Сеть» 2. «Центр Эстетической Стоматологии» 3. «Нормодент»
Top management (>1000 eyes)	<ol style="list-style-type: none"> 1. ФГУП "МЕДИНЦЕНТР" Глав УпДК при МИД РФФГУ 2. ЗАО "ГК МЕДСИ" 3. ОАО «Лечебный центр» 	<ol style="list-style-type: none"> 1. ООО «ДентаВита Сеть» 2. «Нормодент» 3. «Центр Эстетической Стоматологии»

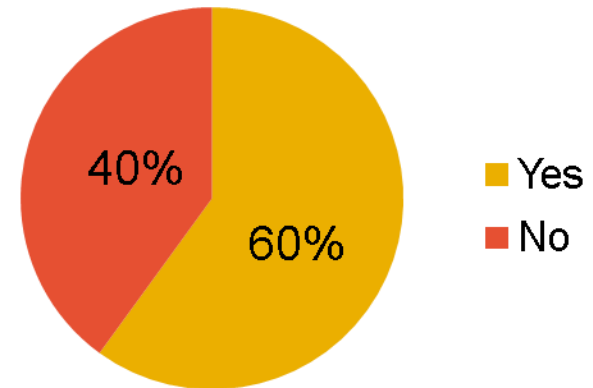
New working world

(BDS Report Russia 2012)

Flexible working arrangements



Documented in a formal policy



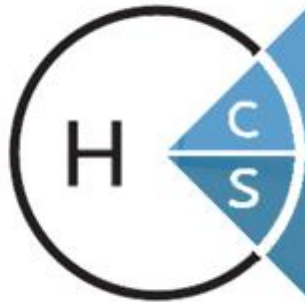
- Flexible working arrangements are provided by around 37% of High Tech sector companies and by nearly 19% of Pharmaceutical companies.
- Frequently flexible working arrangements take the form of flexible working hours, for example 8 a.m. – 5 p.m., 9 a.m. – 6 p.m., 10 a.m. – 7 p.m.
- Some companies allow employees to use a flexible working schedule for a fixed number of days during the business week; sometimes flexible working hours are implemented during certain periods of the year.
- Growing number of companies providing working from home arrangements.

Alyona Leonova

Human Capital Solutions FMCG Industry - Trends and Developments

November 8, 2012

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**HUMAN
CAPITAL
SOLUTIONS**

FMCG Industry

Trends and Developments

Salary Increases

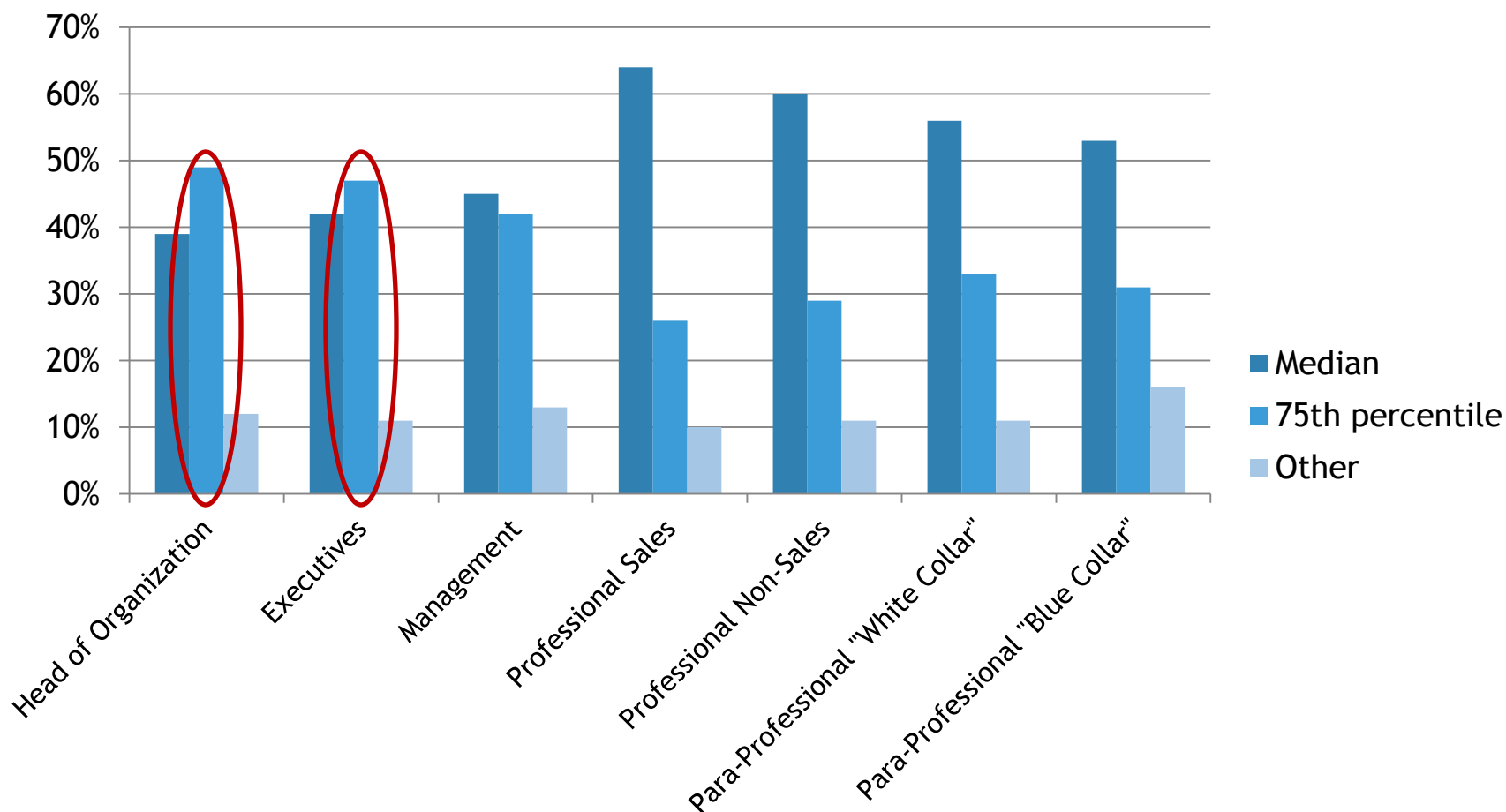
FMCG vs. General Industry - Russia (Median)

	FMCG		General Industry	
	2012 Actual	2013 Forecast	2012 Actual	2013 Forecast
Head of Organisation	9.0%	9.0%	9.0%	10.0%
Executives	9.0%	9.0%	9.0%	9.8%
Management	9.0%	9.0%	9.0%	10.0%
Professional Sales	8.9%	9.0%	9.0%	10.0%
Professional Non-Sales	8.0%	9.0%	9.0%	10.0%
White Collar	7.9%	9.0%	8.6%	10.0%
Blue Collar	8.9%	9.0%	8.8%	9.3%

Sources: Russia Total Remuneration Survey 2012
Central and Eastern European Compensation and Benefits Forum 2012

Target market pay level in 2012

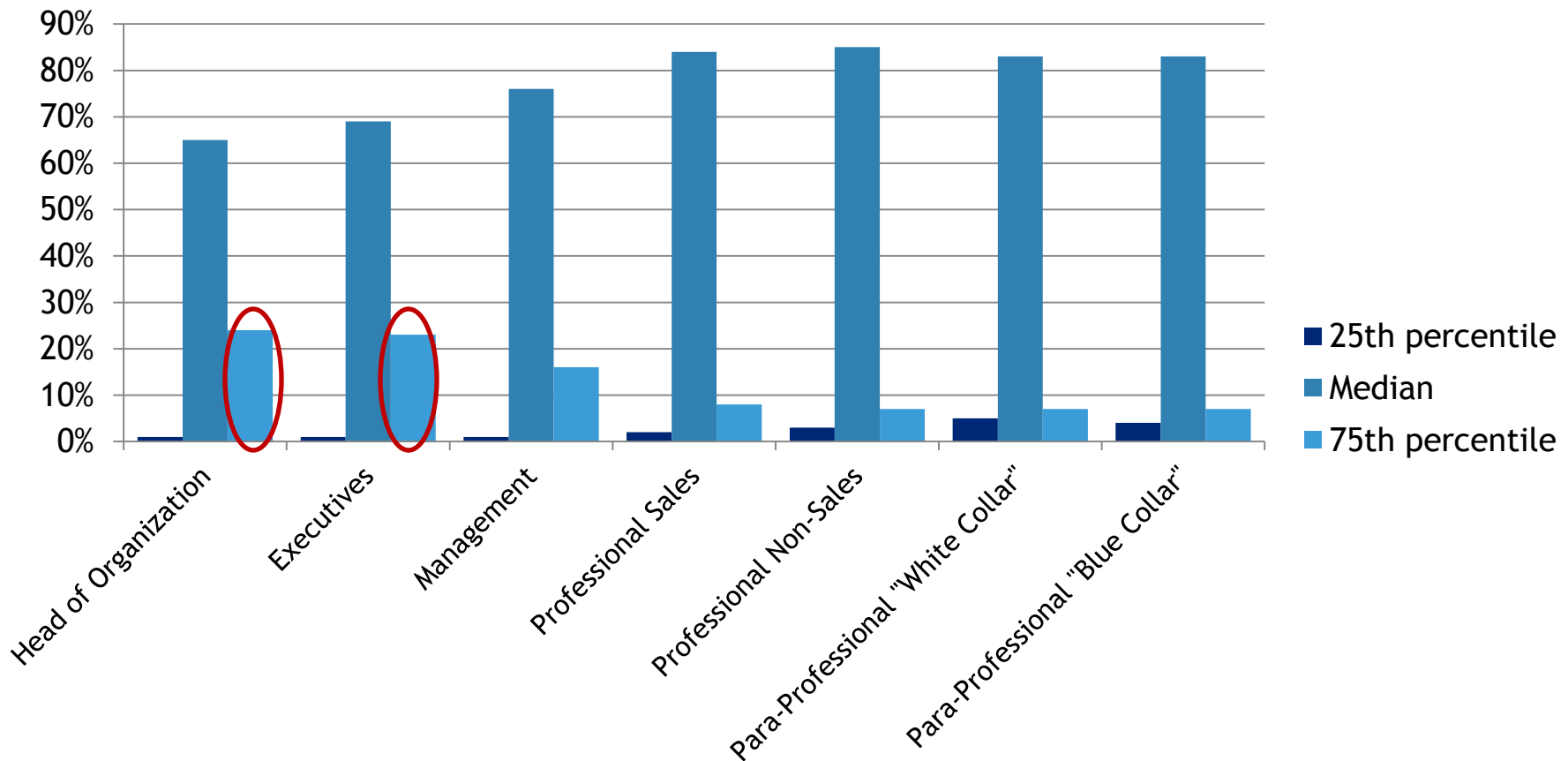
FMCG Industry



Target market pay level in 2012

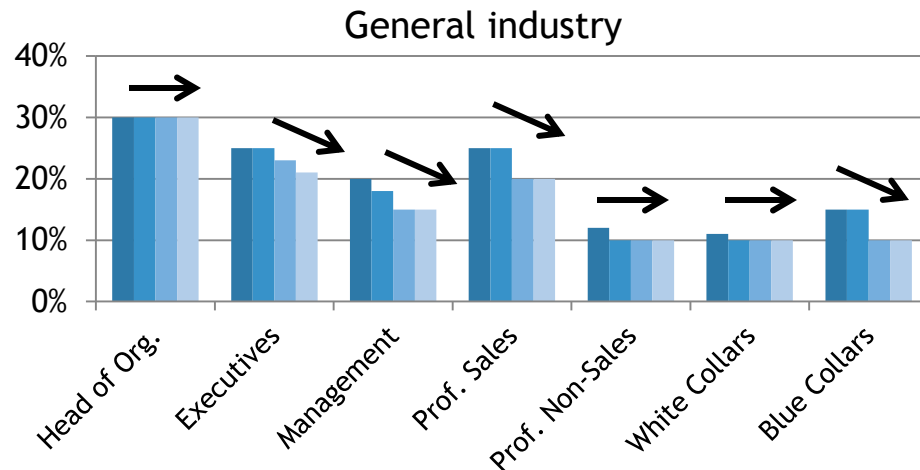
General Industry

The majority of companies on the general market uses median as a target market pay level even for high level positions. Around 25% of companies use 75th percentile for executive and management in comparison to 50% on FMCG market.

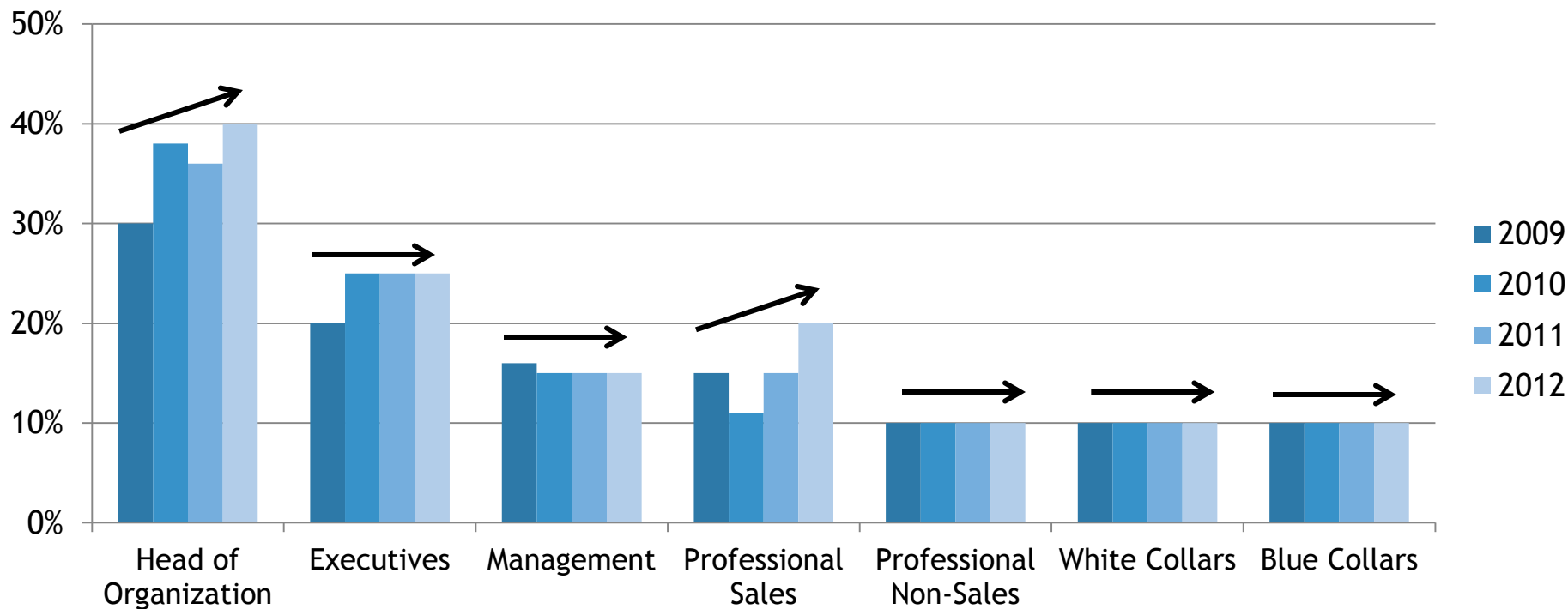


Source: Russia Total Remuneration Survey 2012

Target Bonus Trends



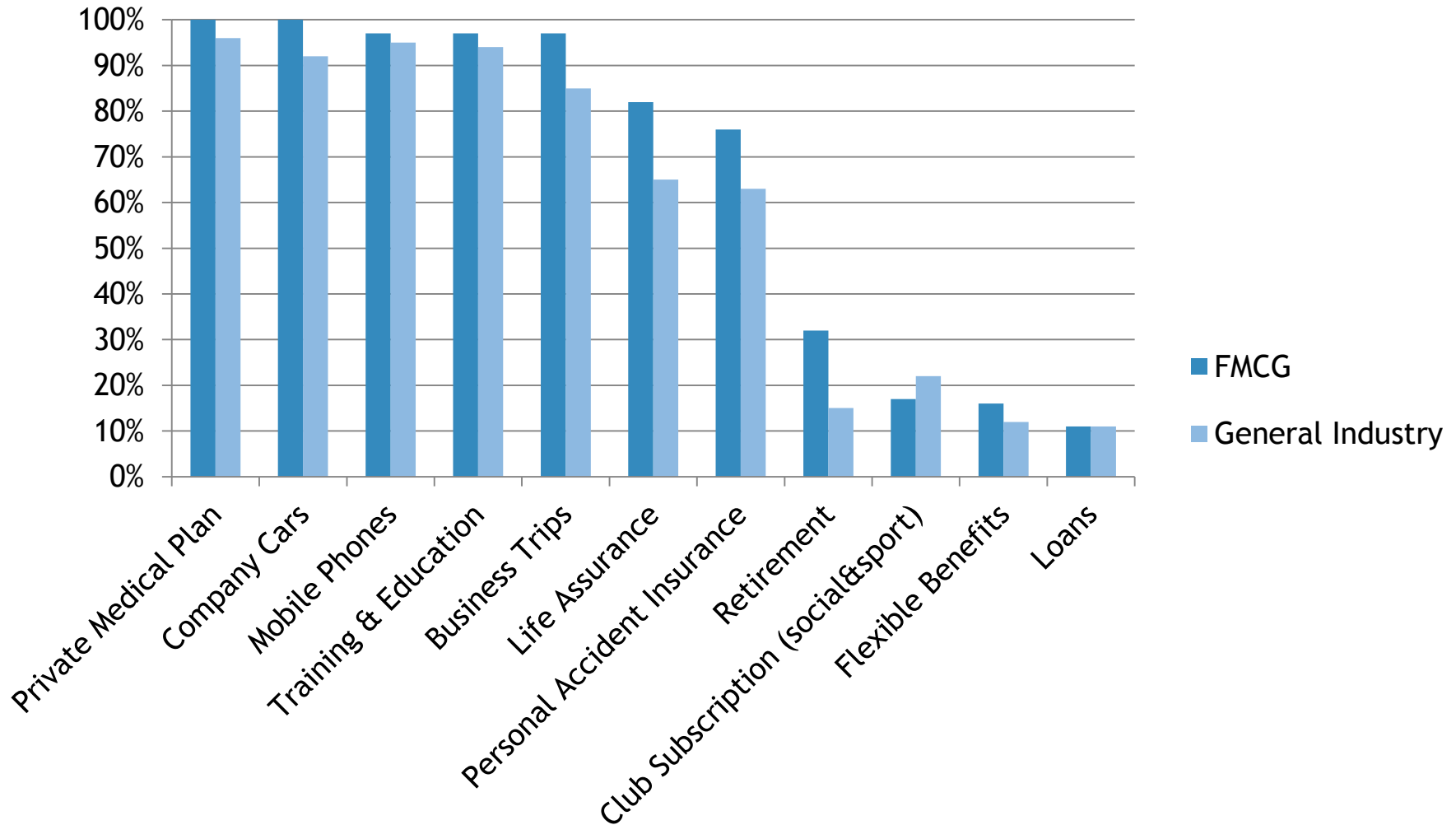
FMCG industry



Sources: Russia Total Remuneration Survey 2012
Central and Eastern European Compensation and Benefits Forum 2012

Benefits Prevalence

FMCG vs. General Industry



Sources: Russia Total Remuneration Survey 2012
Central and Eastern European Compensation and Benefits Forum 2012

Private Medical Insurance

FMCG Trends 2011-2012

Who is covered by the private medical plan?

Private medical plan coverage	Employee only		Employee and Spouse		Employee and all Dependants	
	2011	2012	2011	2012	2011	2012
Executive plan	34%	29%	3%	5%	63%	66%
Management plan	42%	40%	3%	5%	55%	55%
Professional/ Para-Professional plan	45%	45%	3%	3%	52%	52%

Source: Central and Eastern European Compensation and Benefits Forum 2012

Private Medical Insurance

FMCG Trends 2011-2012

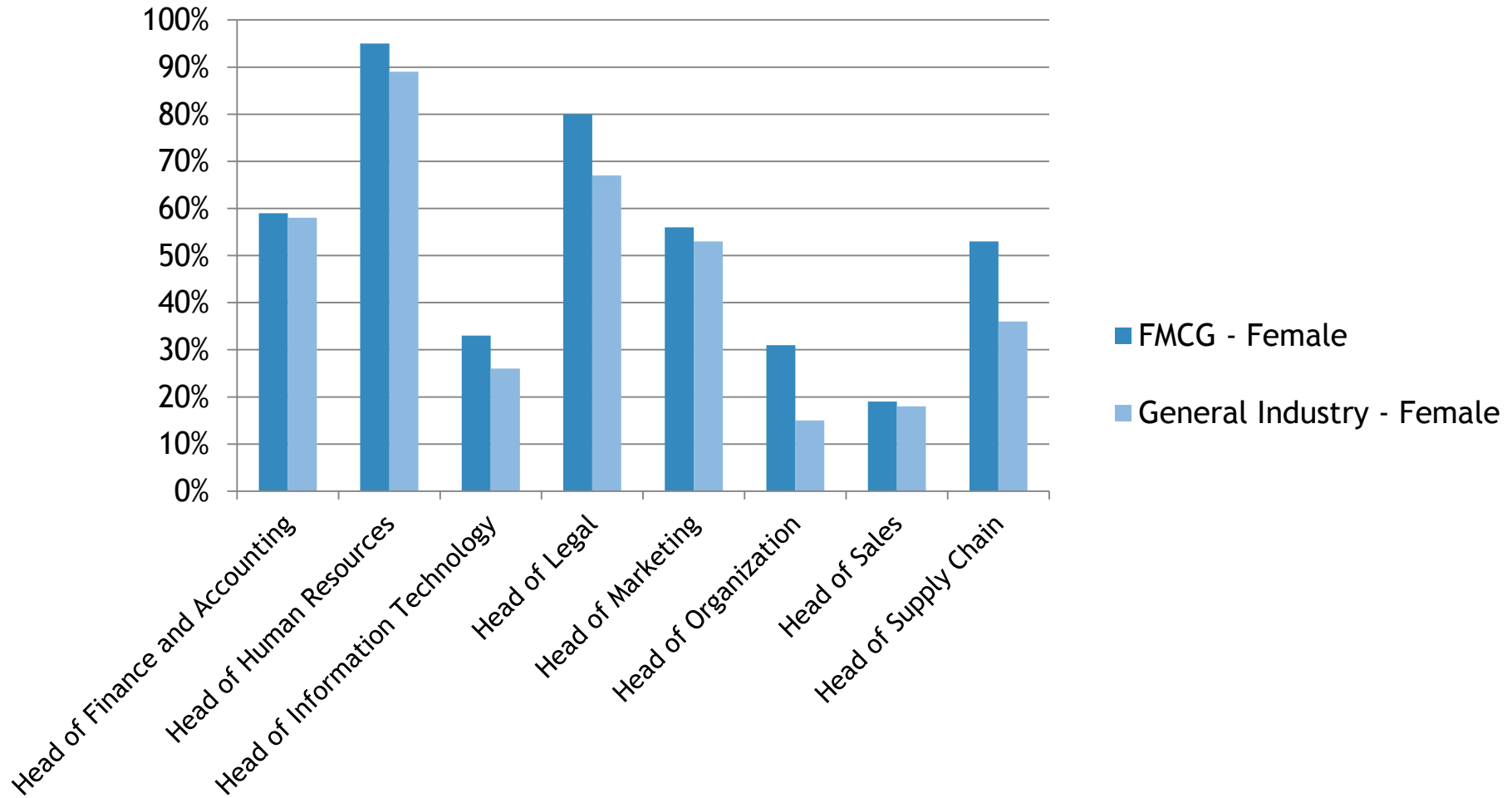
What percentage of the insurance premium do employees contribute?

Private medical plan coverage	Employee Coverage (median)		Spouse coverage (median)		Child coverage (median)	
	2011	2012	2011	2012	2011	2012
Executive plan	10%	0%	50%	20%	40%	0%
Management plan	10%	0%	50%	50%	50%	50%
Professional/ Para-Professional plan	10%	0%	50%	50%	50%	50%

Source: Central and Eastern European Compensation and Benefits Forum 2012

Female - General Industry vs. FMCG

Top Management

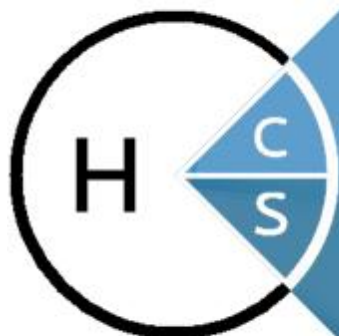


Source: Central and Eastern European Compensation and Benefits Forum 2012

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