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MERGERS AND ACQUISITIONS (Hall II)

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Chaired by

Michael Germershausen

Antal Russia, General Director

May 17, 2012

M&A in Russia 2011



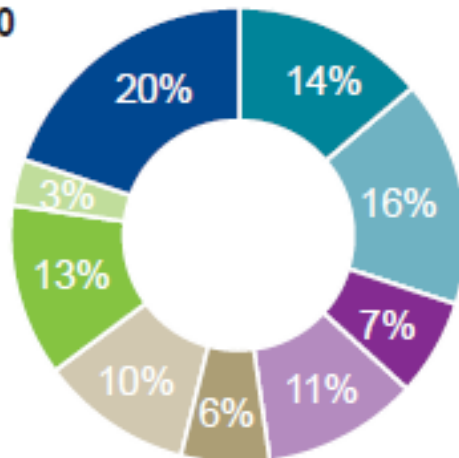
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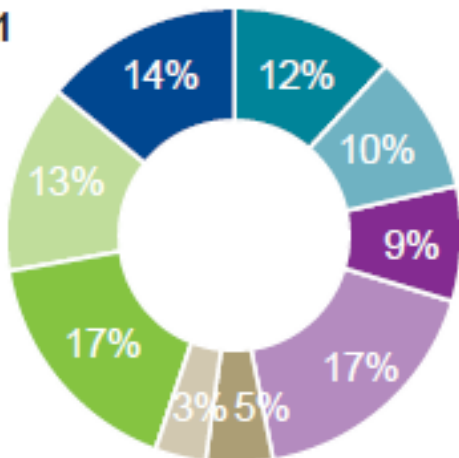
www.antalrussia.com

M&A deal volume by sector in 2010 - 2011

2010



2011



- Communication and media
- Consumer markets, retail and agriculture
- Financial services
- Metals and mining
- Oil and gas
- Power and utilities
- Real estate and construction
- Transport and infrastructure
- Other markets

*With kind permission from KPMG Russia, for further info please call Thomas Dix, Partner Transaction and services

Does M&A cause unanticipated turnover?

47% of top executives in an acquired firm leave within the first year

75% within three years

Within five years **58%** of all managers leave

*according to a study by Walsh and Ellwood

Does M&A cause unanticipated turnover?

- Firms that initiate **reductions** of hourly and/or exempt workers **within two months** of the M&A event are **more likely to experience failures** than those that begin the reductions more than two months after the event
- **Reductions** in the workforce that are undertaken **in more than one step** are **more likely** to be associated with **failure** than when only one cut is made
- In failed events there are most likely to be workforce reductions based on arbitrary criteria and involving more than 10 percent of the target's workforce
- In addition, changes are more likely to have been made to the target's management and physical structure and policies and procedures
- Furthermore, the earlier the change is initiated in the process, the greater is the chance that the event would fail

*Mergers and Acquisitions: The Role of H R M in Success Carolyn Kristjanson Love

Future M&A activity?

- Retail – New entrants?
- Local industrial producers
- Banks – does Russia need 2000+ banks?
- State companies?
- IPOs and Russian's moving abroad

Navigating the people aspects of integration

Tatyana Semenova

*Head of HR, Russia and CIS,
Thomson Reuters*

Natalia Danina

*Human Capital Solutions Director,
Adecco*



REUTERS/Ali Jarekij

AEB HR Committee 2012- Navigating the People Aspects of Integration

Tatiana Semenova
Head of HR, Russia & CIS



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2011: A YEAR OF ACQUISITIONS



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Important deals for Russia/CIS region

2010

- Point Carbon A/C (Ukraine)

2010

- GeneGo (Russia)

2011

- Manatron/ILS (Ukraine)



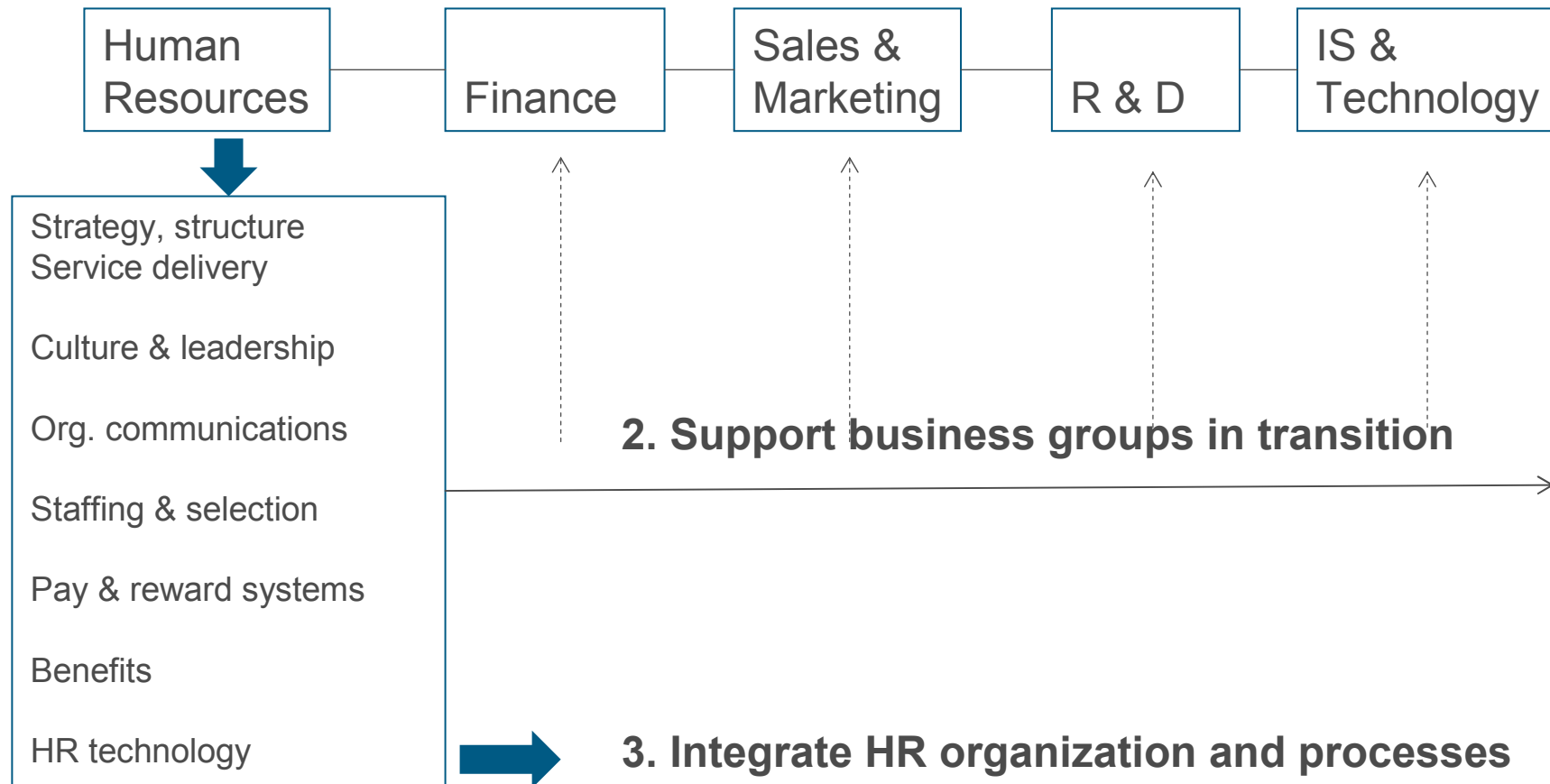
Core people related aspects

- HR function as a full and knowledgeable participant in the M&A process
- Retention of key talents
- Leadership
- Communication
- Cultural integration
- Management change capabilities
- Knowledge Transfer



Integration Roles for HR Function

1. Contribute strategically to enterprise-wide integration

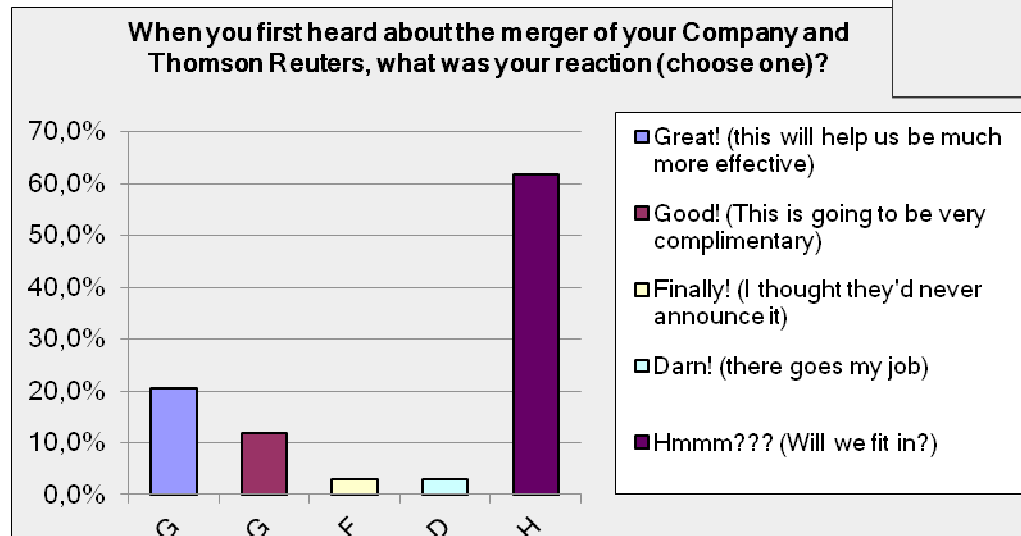
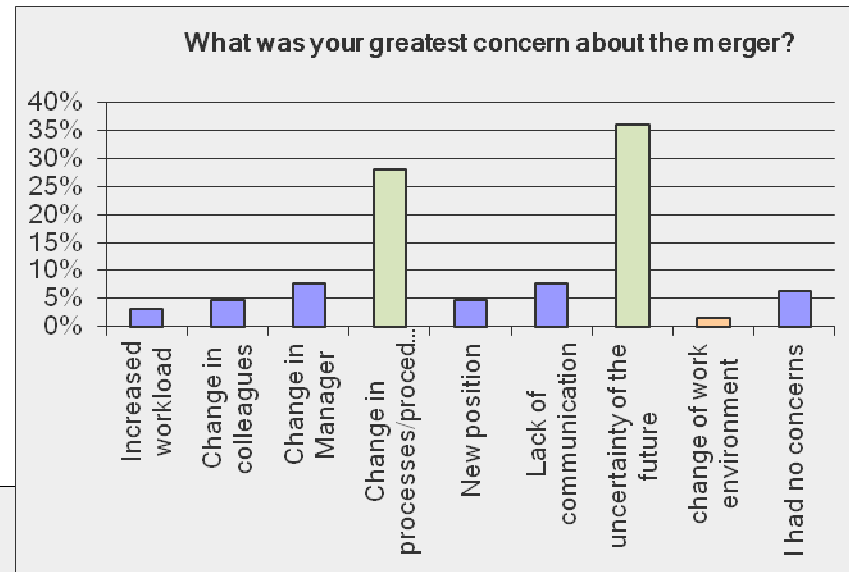
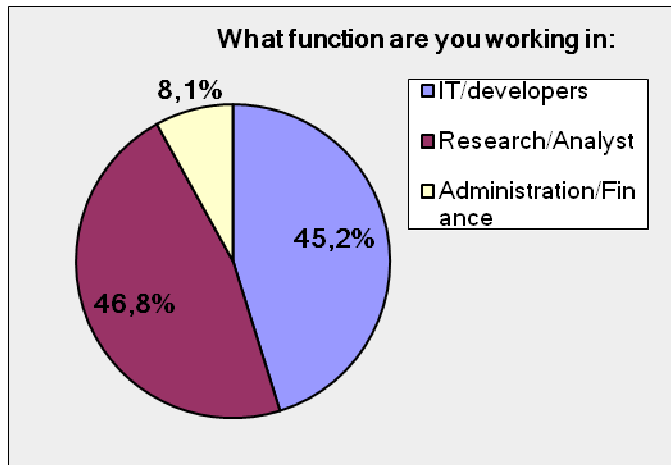


How HR can support the success of an acquisition...

- Get involved in the acquisition process early
- Conduct due diligence to identify human capital risks
- Plan for the human side of integration
- Monitor and respond to human capital barriers
- Measure performance to ensure future improvements



Retention of Key Talents



Retention Matrix

Targets	Impact or Loss	Issues	Retention Strategy
Key employees	Key product delayed	Recognition	Communication
	Leadership lost	Career control	Promotion
	May lure others away	Pay	Pay rise
		Security	Stay bonus
Key groups: R&D, Technology	Customer relationship	Work environment	Enrollment into annual bonus scheme/share plans
	Production lost		Involvement
			T&D opportunities

Understanding Cultures

Company A

Company B

To what extent do you feel TR has understood your culture and working practices before merger?

- Somehow 52%
- Not at all 26%
- Good 23%

- Somehow 50%
- Good 50%

What was the most challenging area to integrate

- Content/Research 52%
- People/culture 31%

- Content/Research 50%
- Products/services 50%

What was the easiest area to integrate

- Technology 38%

- People/culture 68%

Integrating Cultures

Company A

1. Communication
2. Physical environment
3. Compensation/Recognition
4. Rules & Policies
5. Staffing & selection
6. Organizational structure
7. Leadership behavior
8. Goals & measures
9. Training & development
10. Ceremonies & events

Company B

1. Communication
2. Goals & measures
3. Staffing & selection
4. Rules & Policies
5. Training & Development
6. Compensation/Recognition
7. Organizational structure
8. Leadership behavior
9. Ceremonies & events
10. Physical environment

Measure effectiveness of People integration

80% of respondents to Integration survey confirmed that things are better or about the same in terms of productivity

50% of respondents to Integration survey confirmed that all concerns they had when integration started have been removed

79% of employees of acquired company confirmed that they understand how their department/unit contribute to the success of Thomson Reuters

87% employees of acquired company responded to Engagement survey 2011 saying

“I would recommend Thomson Reuters to a friend as a good place to work”



REUTERS/Tobias Schwarz

THANK YOU



THOMSON REUTERS



**Navigating the people aspects of integration:
Lee Hecht Harrison & Drake Beam Morrin**

Natalia Danina, Human Capital Solutions Director

AEB HR Conference

May 17th, 2012

Overview of Lee Hecht Harrison (LHH)/ Drake Beam Morrin (DBM) merger

- **Adecco** Group has acquired DBM (September 2011)
- DBM merged with LHH (part of Adecco Group)



LHH Behavior-Based Change Model



Top-10 Key actions through integration:

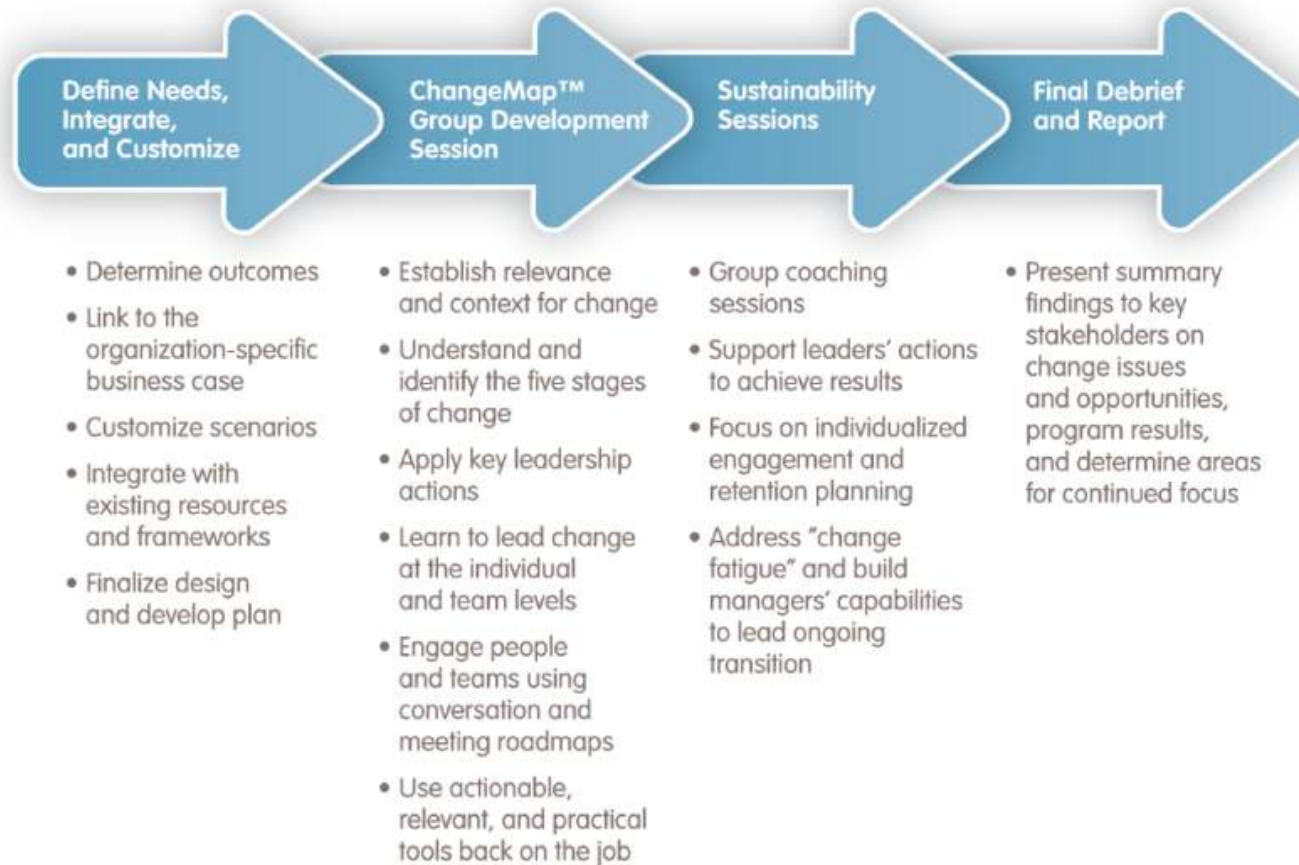
- Communicate Immediately, Impacts Quickly
- Educate Your People Managers
- Offer Support to Associates
- Engage the Engagers
- Focus on Top Talent
- Language Sets the Tone
- Encourage Face-to-Face Meetings
- Preserve the Best of Both Worlds
- Establish Communication Loops
- Create Opportunities for Involvement

Global Change Management approach



LHH ChangeMap

LHH ChangeMap™ Process for Managers



The ChangeMap Process provides a turn-key, scalable solution which may be customized and expanded for full integration and sustainability.



Thank you!
Any questions?



Integrating Russian business into international Group

Tamara Petoyan
HRD, Alliance Healthcare Russia

May 17, 2012

INTEGRATING RUSSIAN BUSINESS INTO INTERNATIONAL GROUP

Tamara Petoyan
HR Director
Alliance Healthcare Russia

Integrating Russian business into International Group



What is important

- Developing Integration strategy & Action plan with key integration milestones
- Assigning Integration team with Integration Leader
- Assessment of existing business processes in acquired Company / developing process integration action plan
- Assessment of acquired Company Org. structure / Management team / identification of key roles / resources
- Designing new Organization structure to support integrated Company business model
- Decision making on key resources in the new structure – change agents
- Introduction of new Corporate culture into business processes of acquired Company

Integrating Russian business into International Group



Key success factors

- Thorough decision making & speed in Actions implementation
- Regular communication from top to bottom – keeping employees constantly informed on upcoming changes
- Consistency in what is declared and what is actually being done
- Regular control on Action plan implementation / deadlines / key milestones
- Regular verification of Strategy & Action plan / update & revision if needed
- Keeping focus on the business!

Integrating Russian business into International Group



Examples

- Coca-Cola Export Corporation
- Renaissance Insurance Group
- Moscow Insurance Group
- Oriola KD
- Alliance Healthcare Russia

HR in mergers

Joe Doering

*Nokia Siemens Networks,
North and East Europe, Russia,
Turkey and Central Asia*

May 17, 2012

Divestment in NSN – HR Impact

Training Pack

Spring 2012

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Divestment in NSN – HR Impact

Objectives and High Level Agenda

Objectives

- Serve as a quick guide on what HR work is typically required in divestments
- Facilitate effective and efficient MoO within HR Community
- Leverage off best practice
- Share guidelines and templates used by M&A Team

Agenda

- High level Overview of divestment process and HR Involvement
- Roles and Responsibilities within HR Community & Typical structure
- Key HR activities during divestment projects
- Backup: Detailed review of key activities, issues to consider and potential solutions

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Definition of Divestment

- For corporations, divestment normally refers to a company selling off a portion of its assets, such as a business line/ unit, to a third party
- The divestment normally reflects best strategic fit for both Seller and Buyer
- Span of divestment varies depending on buyer's and seller's needs but will commonly aim at a partially or fully functioning unit:
 - Product Line
 - Sales and services support for the product
 - Supporting functions to ensure the unit can operate as a stand alone or as an add on unit to Buyer's portfolio

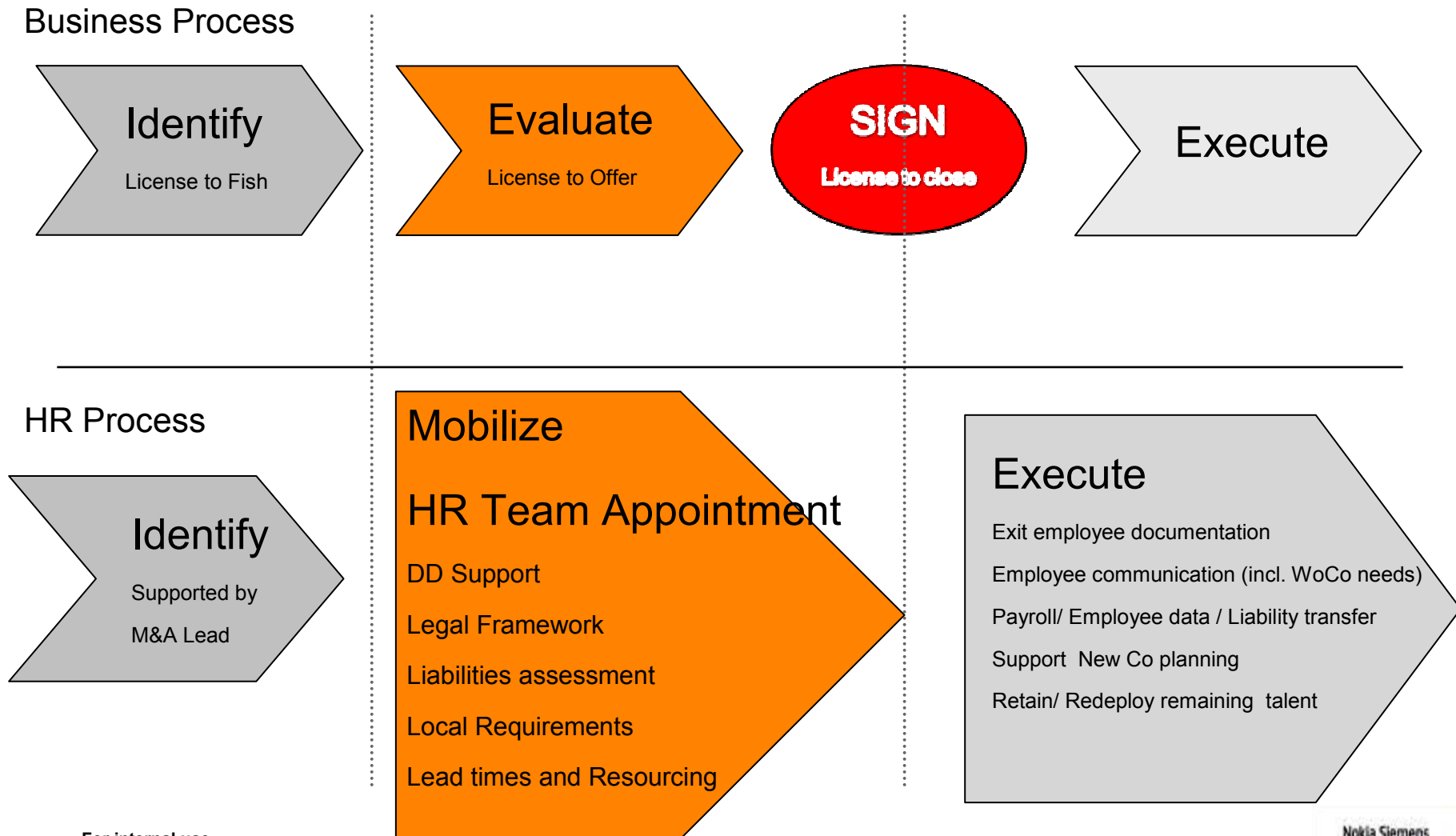
Impacted employees will normally be:

- R&D employees who develop the product
- Sales and services employees who sell, install and maintain the product
- Support (IT, F&C, MCA, HR, RE, etc.) functions

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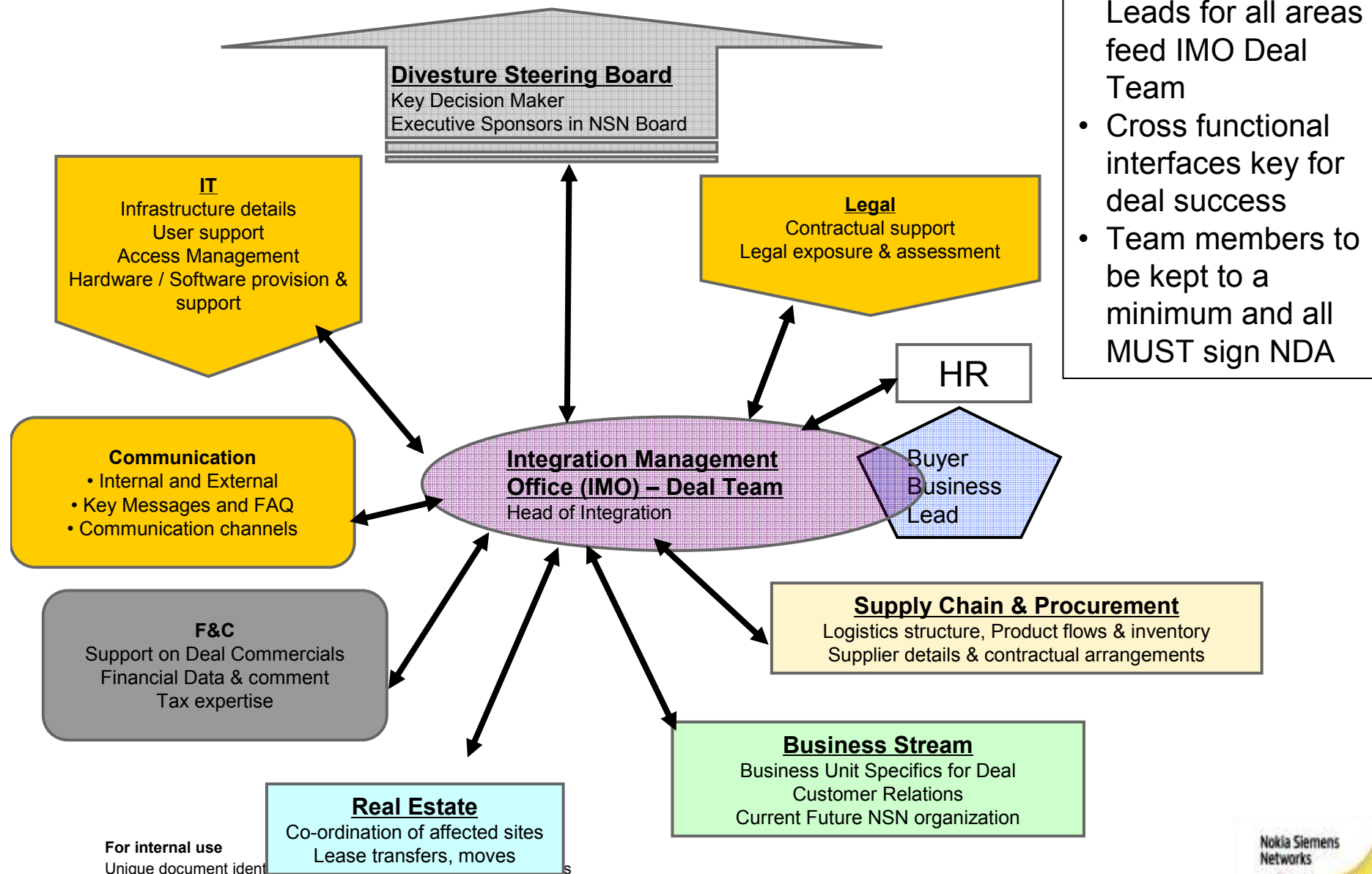
Typical Divestment Process



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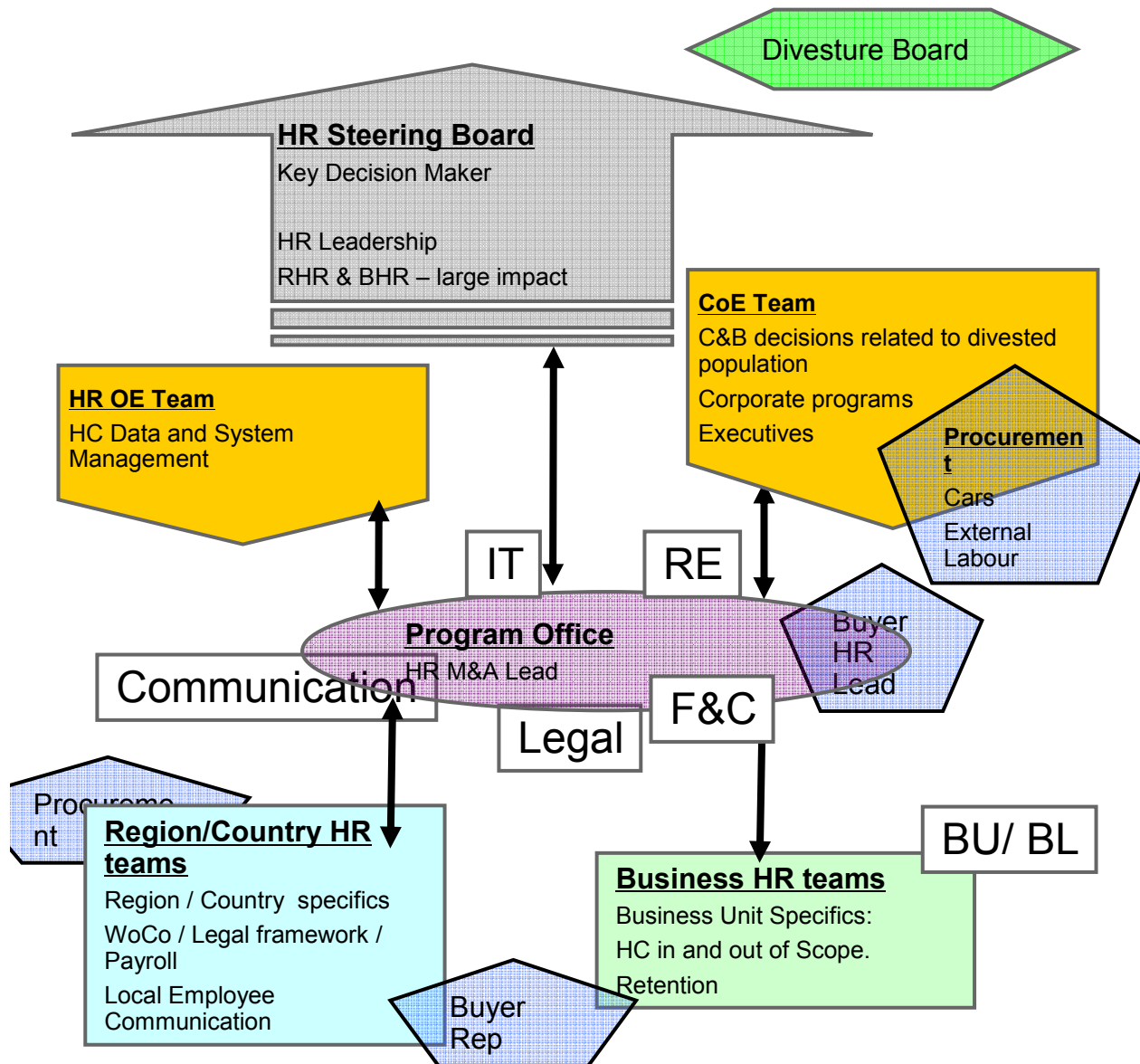
NSN Divestment Team Structure



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Typical Structure for HR Divestment Team

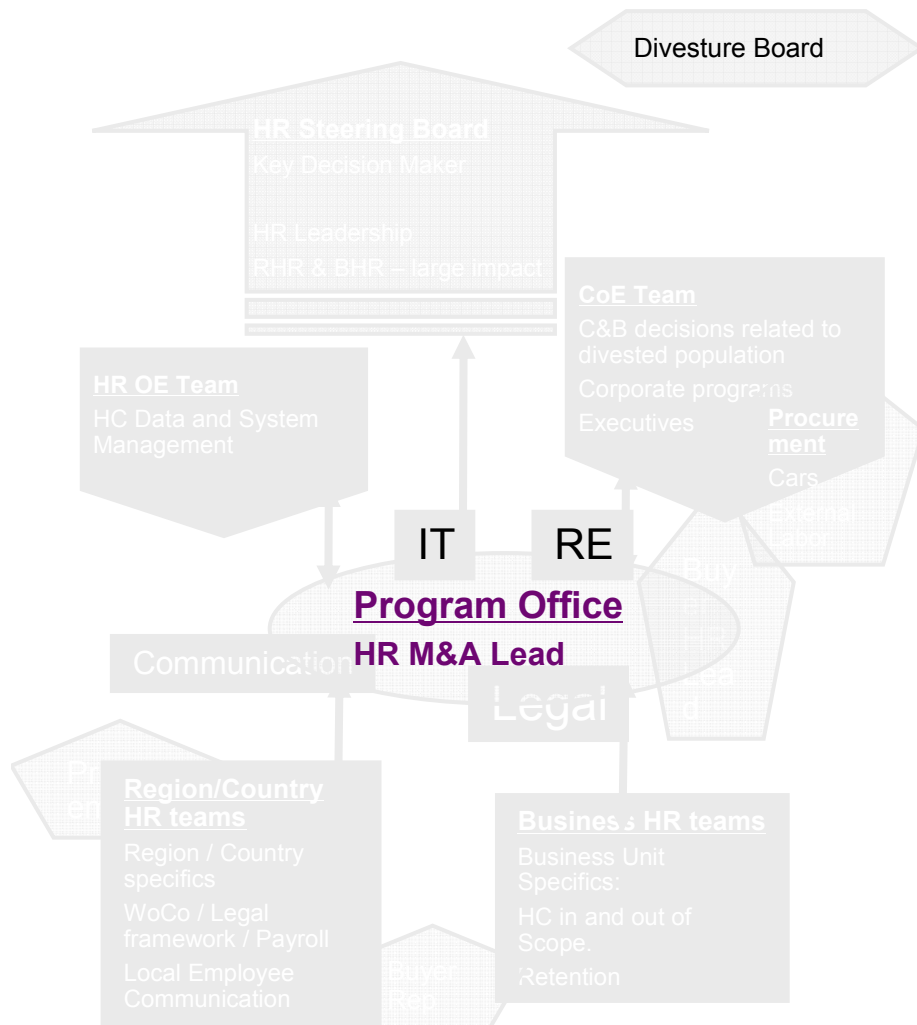


- HRSB and Key RHR/ BHR to be appointed before Signature date
- Remaining RHR/ BHR/ CoE/ OE teams to be nominated prior to and announced at Signature
- Team members to be kept to a minimum and all MUST sign NDA
- Influencing the deal team

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Role of M&A Lead

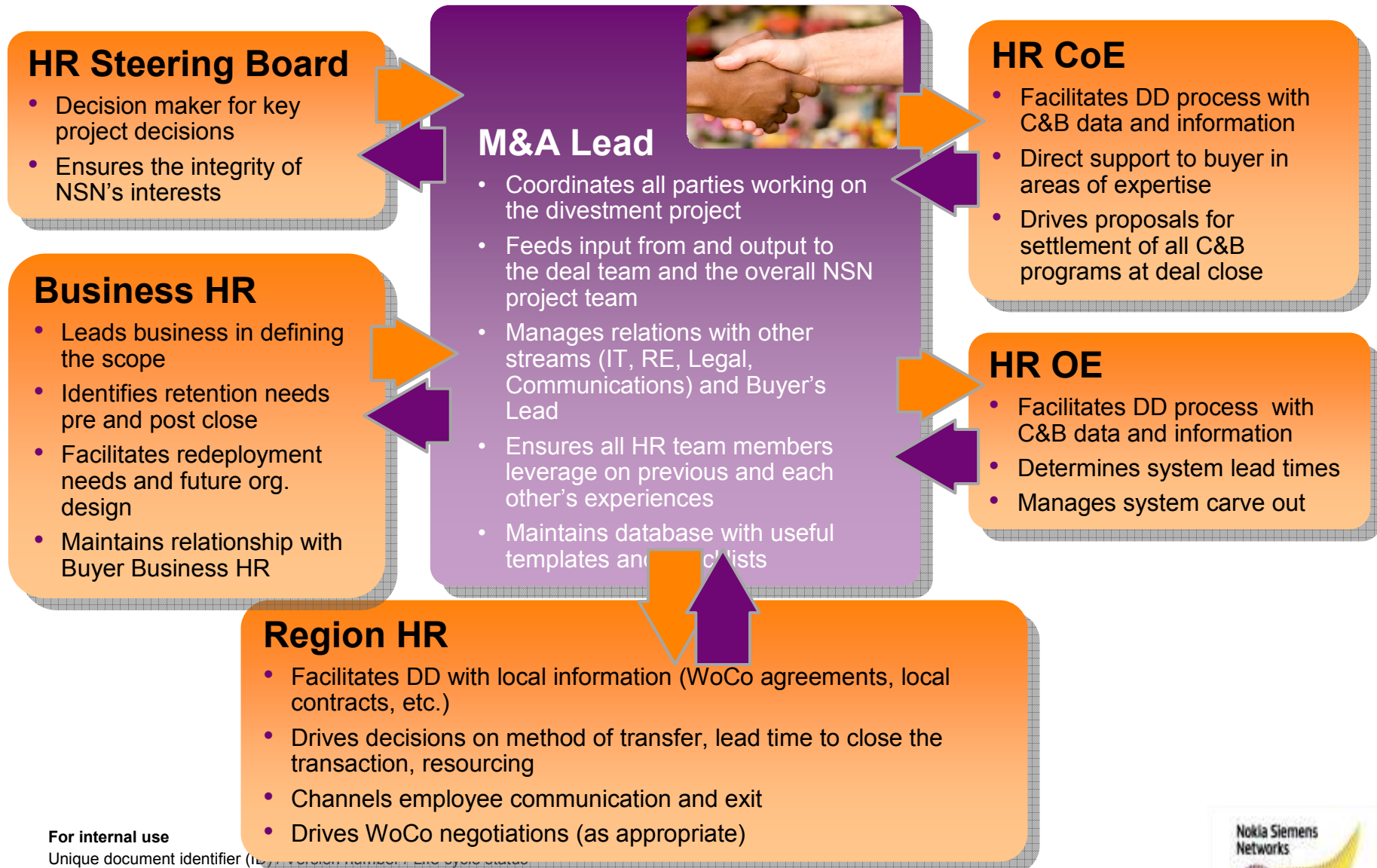


- Runs HR Program Office
 - Appoints additional members to Program Office if required
- Members of Program office
 - Host meetings/calls with HR teams
 - Collect Feedback from HR and related teams
 - Build HR Project timeline
 - Set deliverables for HR teams
 - Develop proposals based on all team input
 - Facilitate resolution of issues and provide an interface with;
 - HR, RE, IT, HSS, Corp. Legal
 - Procurement (external contractors)
 - Manages any external consulting support
- Submit proposals on HR topics to HRSB + Deal Team
- Provides feedback/direction from HRSB + Deal Team to HR teams
- Reports on overall status of project to HR teams
- Reports to HRSB and Deal Team on status of HR project

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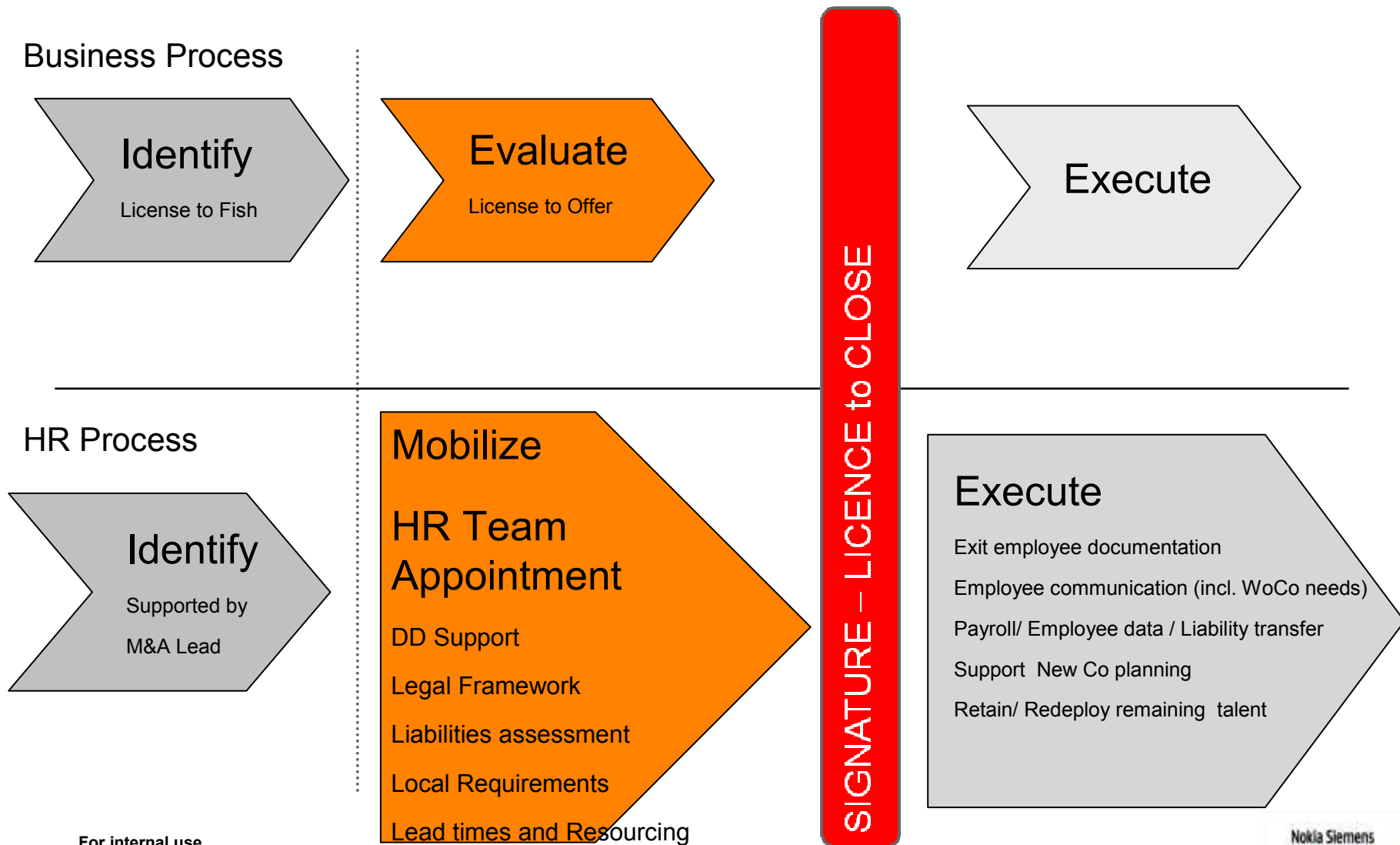
HR Roles & Responsibilities in Divestments



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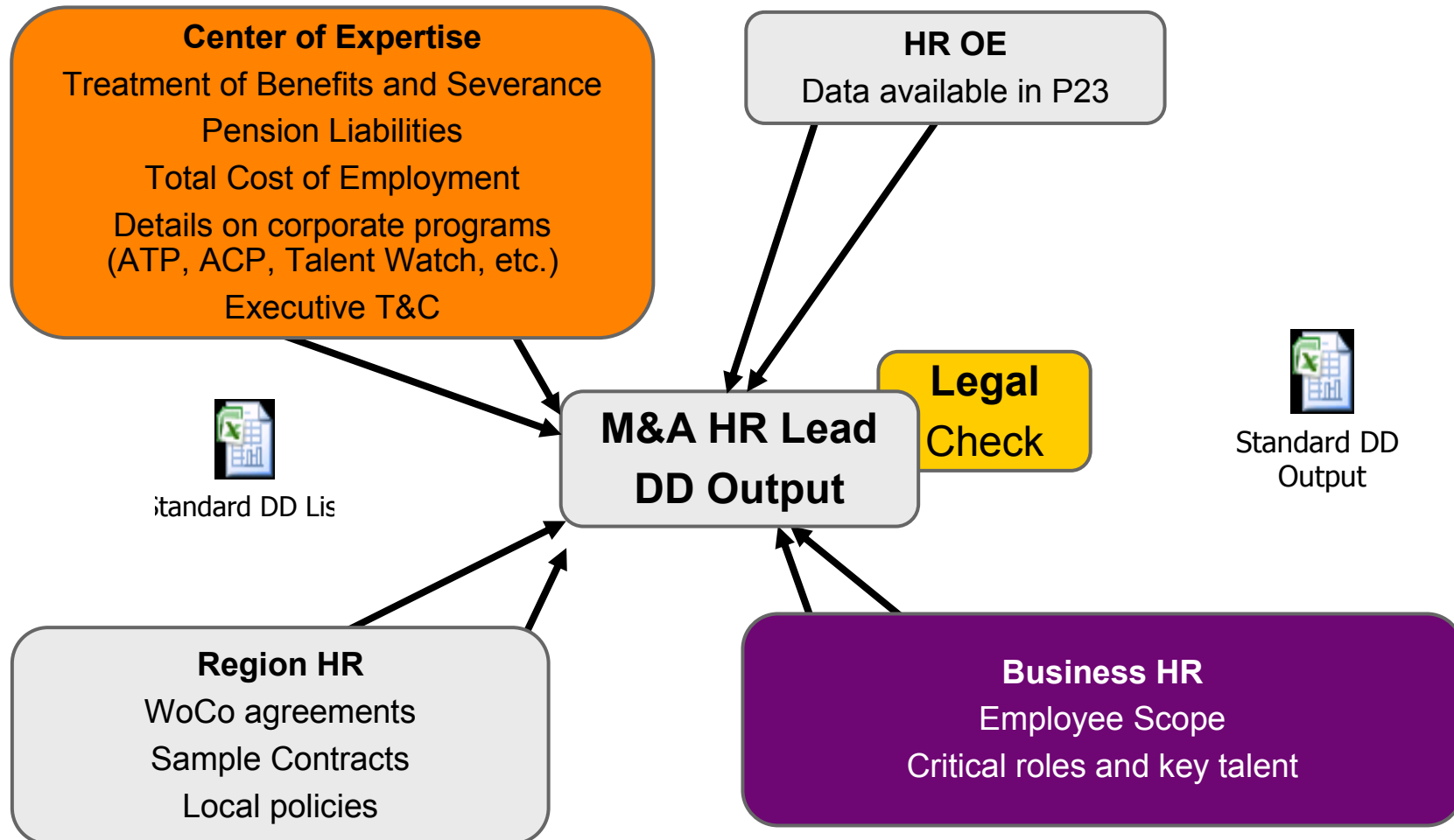
Typical Divestment Process



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Key HR Activities in Divestment DUE DILIGENCE

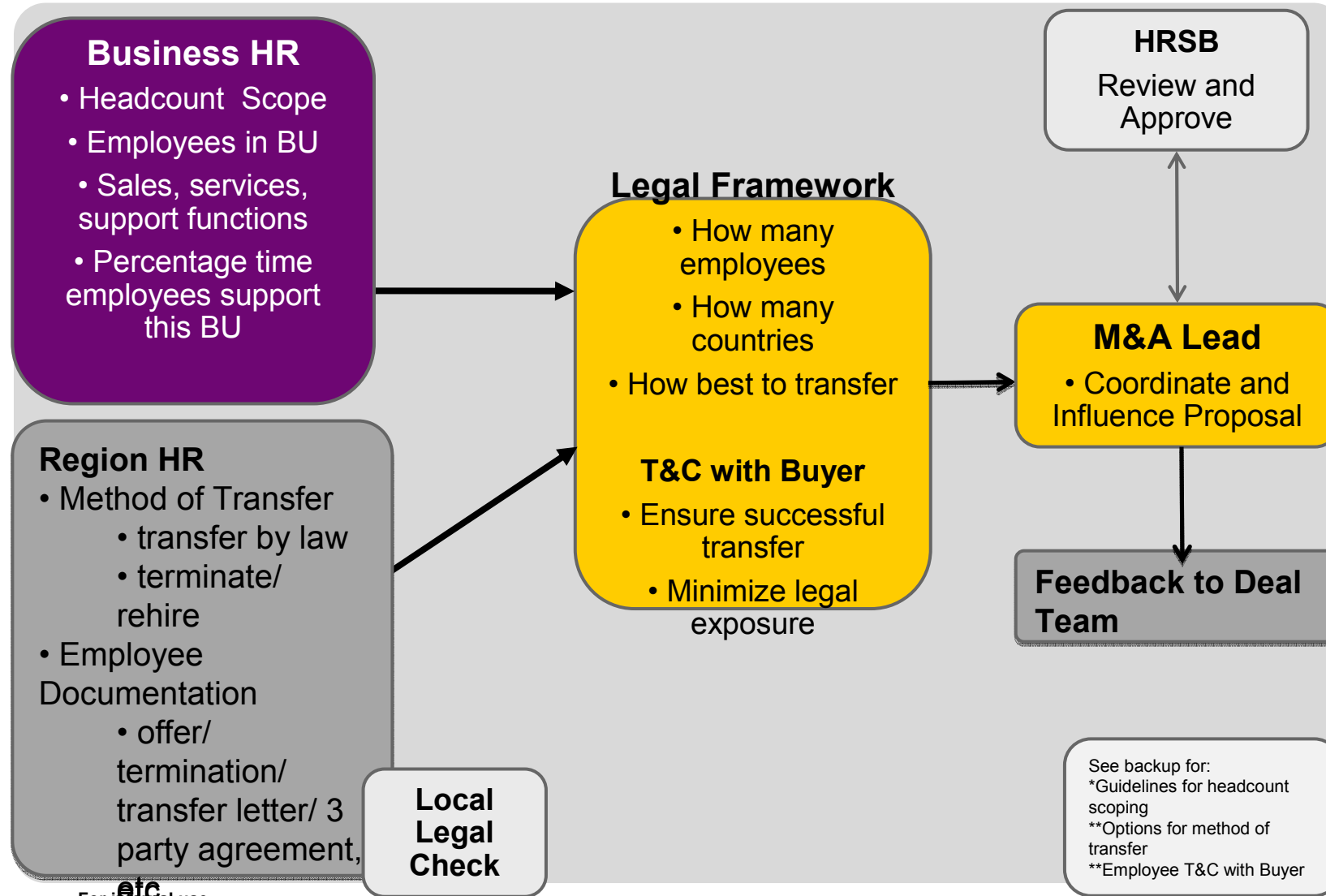


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Key HR Activities in Divestment

LEGAL FRAMEWORK

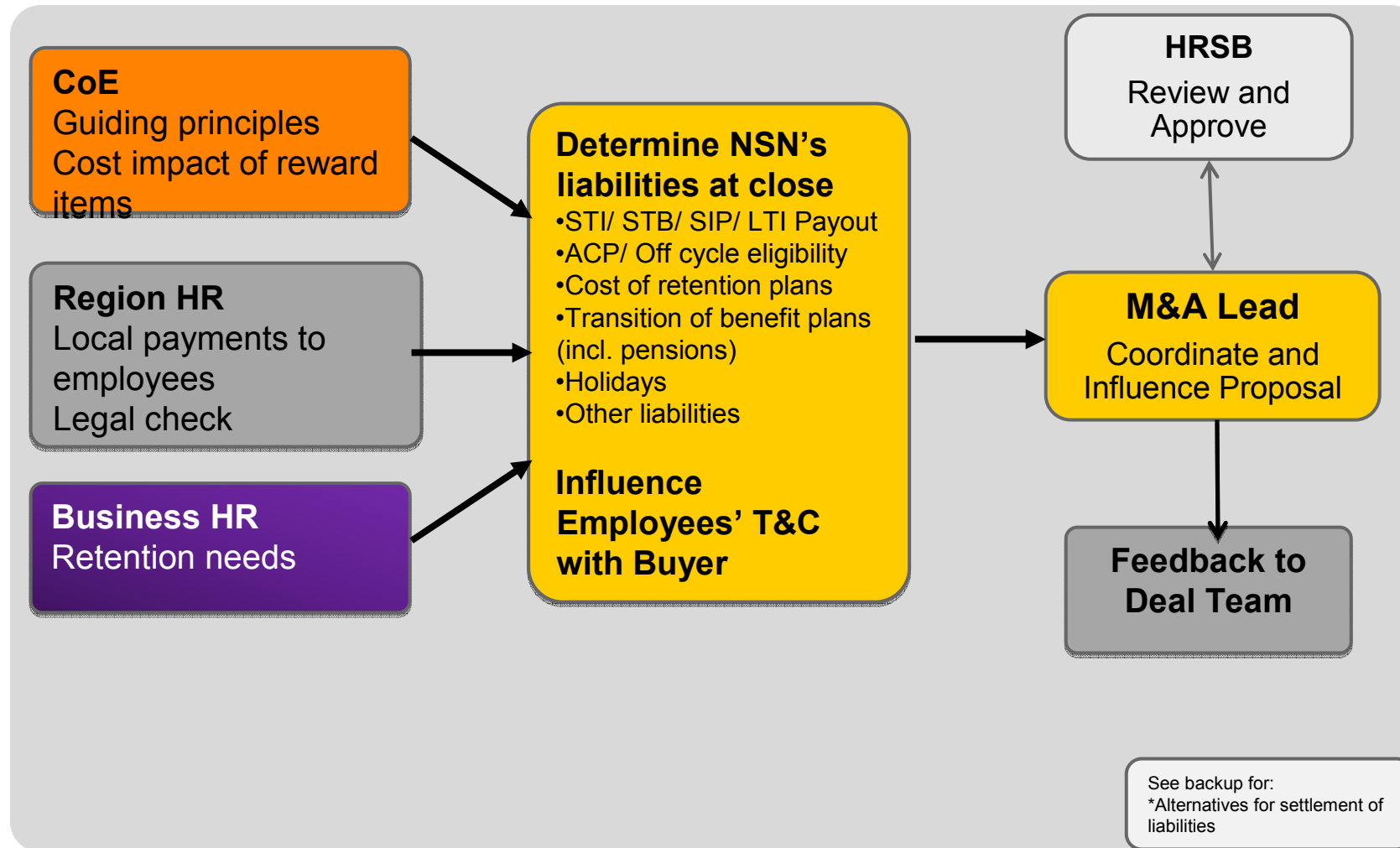


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• Employee T&C with Buyer

Key HR Activities in Divestments

ASSESSMENT of EMPLOYEE LIABILITIES

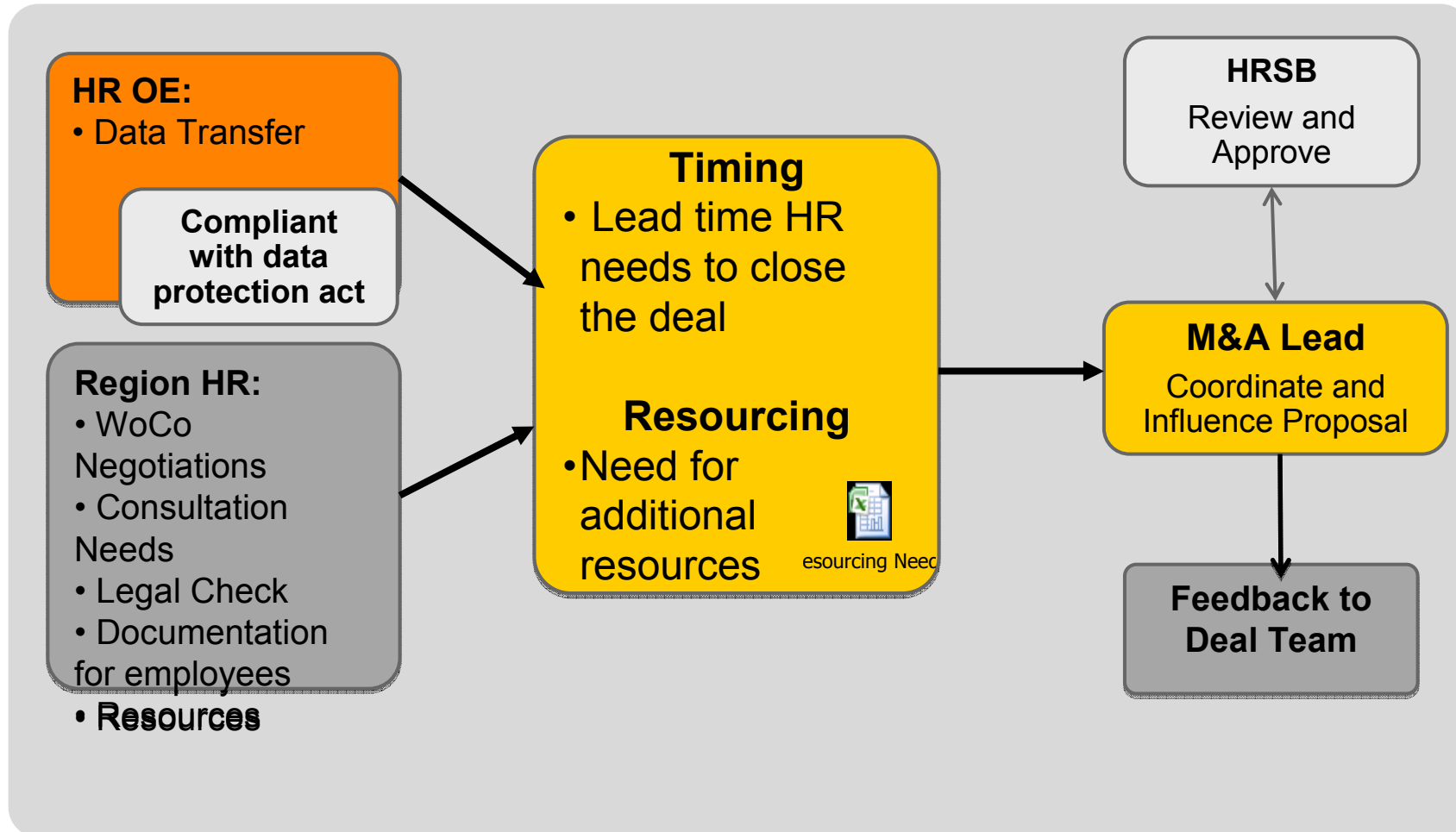


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Key HR Activities in Divestments

TIMING and RESOURCING

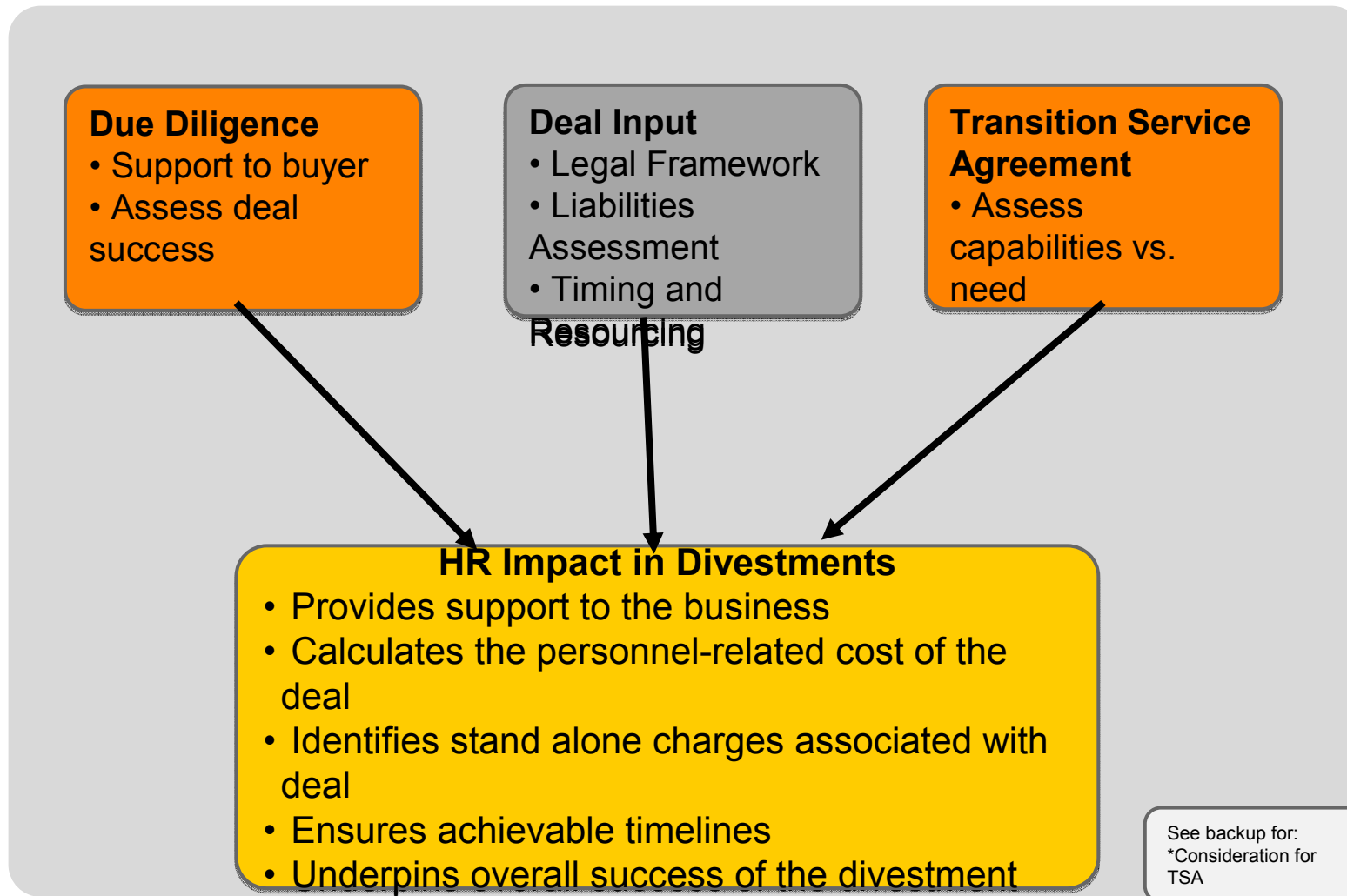


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Key HR Activities in Divestments

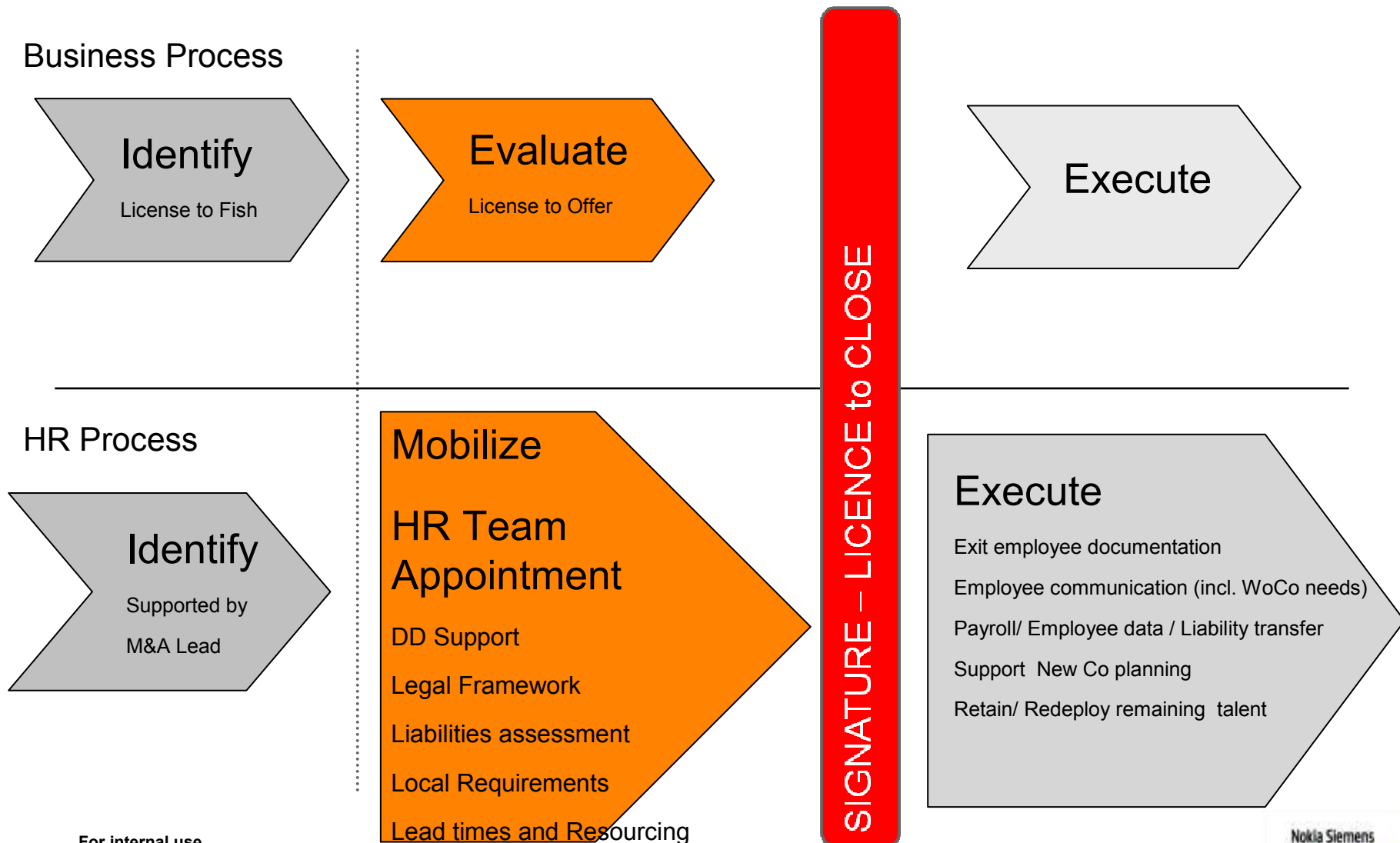
SUMMARY



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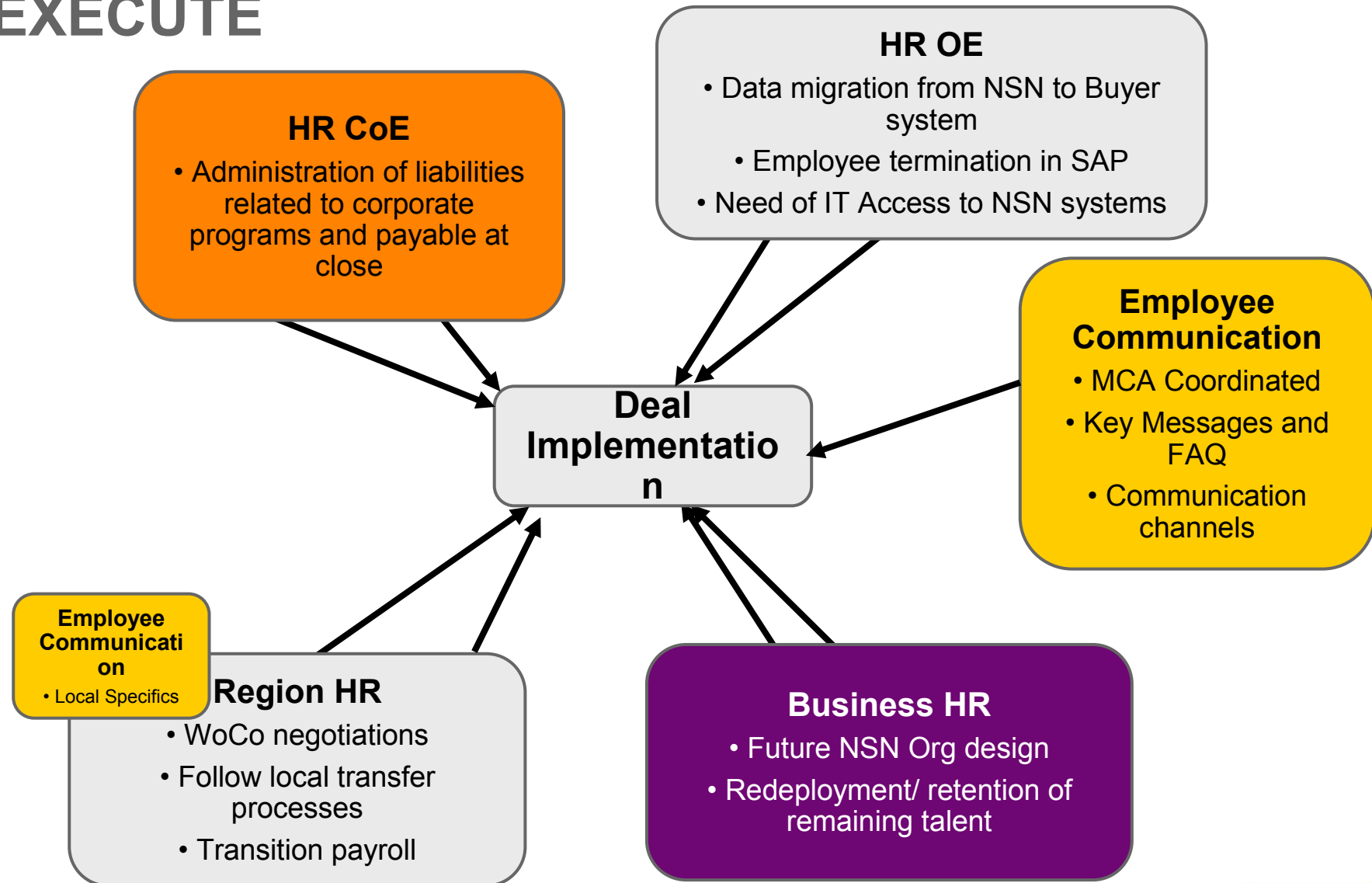
Typical Divestment Process



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Key HR Activities in Divestment EXECUTE



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Divestment in NSN – HR Impact

BACK UP

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Back Up Materials

LEGAL FRAMEWORK

*Headcount Scope
Method of Transfer
Employee T&C with Buyer*

LIABILITIES ASSESSMENT

Alternatives

TRANSITION SERVICE AGREEMENT

HR Impact

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HEADCOUNT SCOPE – KEY DEFINITIONS

Dedicated Headcount - Organizational status: Employees who belong to the organization that is subject to the planned divestment. **Work duties:** Employees who spend more than 50% supporting the divested business. If they spend less than 50%, at least this is the task they spent largest amount of time on (e.g. task split is 35/ 25/ 20/ 20)

Non Dedicated Headcount - Employees who spend as much time supporting this business as any other NSN business (e.g. HR Connection, shared

Do:

1. Headcount should transfer in locations where there is also customer transfer
2. All proposals MUST be reviewed with legal
3. Each function is responsible for evaluating NSN organisation BEFORE and AFTER divestment and propose such carve out as to ensure agile post-divestment structure for NSN

Don't:

1. Sign off to HC carveout recommended by BU heads in scope of transaction themselves – sign off should always be from an NSN business head to avoid conflict of interest

2. Carve out insignificant number of employees in countries where there are no other asset

Deal Team Legal Head MUST sign off on any approach

Inability to transfer the proposed headcount will seriously jeopardize deal success

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HEADCOUNT SCOPE

Possible alternatives for non-dedicated headcount

Nominate candidates and approach after Deal announcement:

- Sign three-party agreement for transfer
- Cost clear to buyer for planning purposes
- If employees are not willing to transfer, can sabotage the deal completion

Agree overall HC number with buyer and advertise internally within NSN:

- Most transparent
- Lengthy process
- Costs unclear
- Might drain NSN's internal employee pool

Nominate candidates and unilaterally propose transfer:

- May carry legal risks
- Pros and Cons should be assessed based on number of population in this group – risk may or may not be worth taking

Carve out only employees who are dedicated to business/divested product:

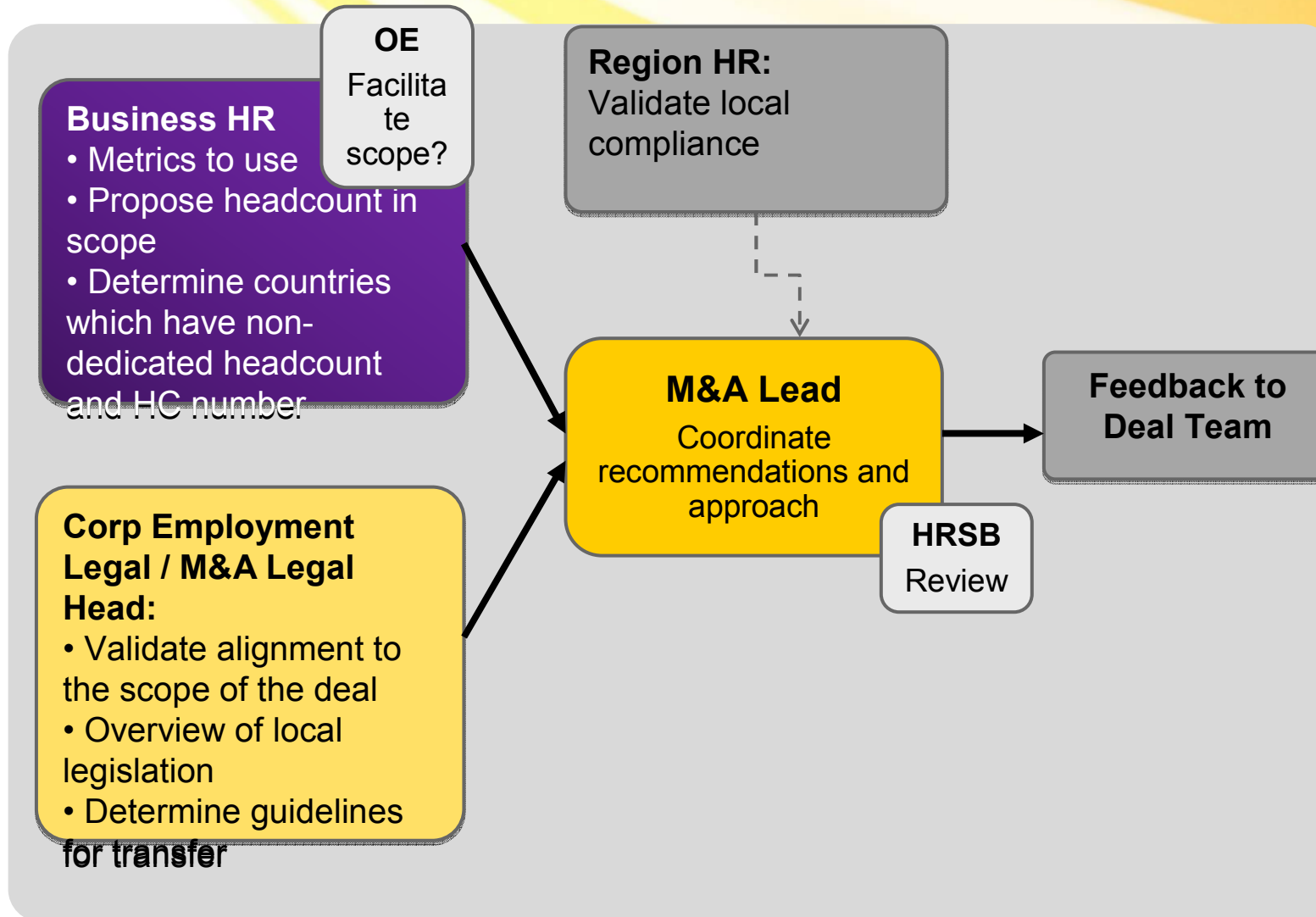
- Less legal risk
- May not satisfy buyer needs
- May leave NSN with excess resources

These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative

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HEADCOUNT SCOPE Process Workflow



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HEADCOUNT SCOPE

Metrics examples (*always align with Legal)

SALES

Revenue per head
for New Co

F&C

Revenues of New
Co vs. revenues
in NSN

REAL ESTATE

Number and size of
locations to be
transferred

HR, MCA:

Number of total
employees to be
serviced

IT

Level of outsourcing
Number of users to
support

SERVICES

Service
revenue per
head

Note:

- **Preferable approach should always be to carve out internally first (i.e. form a fully functioning unit) and then look for a buyer**
- Each function (supported by Business HR) must define a suitable logic (influenced by the set up in New Co and future NSN org design) as to provide as transparent rationale as possible)
- Shared functions must be reviewed with M&A Lead + Legal: in most jurisdictions a company can either transfer whole team or none

These examples are for illustrative purposes. Proposal may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative

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METHOD OF TRANSFER

Decision

Determine method of employment transfer for all in scope employees in each country*

Critical Drivers

1. Local legal requirements on employment transfer
2. Termination cost to NSN
3. Number of employees affected
4. Estimated legal risk where local law allows more than one choice

Additional Considerations

1. Impact on future terms and conditions (comparable or not)

Decision Maker

Activity mainly driven by Region/ Country HR
Where there is choice review and approve with M&A Lead and HRSB

*Very few countries offer choice of method of transfer

Mandatory local legal check to minimize legal exposure

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METHOD OF TRANSFER

Possible alternatives

Transfer by Law

- Preserves business continuity – employees transfer with current T&C
- Liabilities transfer to buyer
- Buyer acknowledges NSN service years for service related entitlements (e.g. benefits, holiday)
- No termination costs for NSN or buyer
- Easier to communicate to employees

employees

Terminate & Rehire

- Terminate at NSN and provide an offer with Buyer
- Settle liabilities on Day 1
- New start date with buyer
- More costly to NSN
- Buyer has more choices to revise future T&C
- Higher risk of offer declines

These examples are for illustrative purposes. Method of transfer is usually dictated by law

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EMPLOYEE T&C with BUYER

Decision

Define T&C that will be most likely to secure deal success

Critical Drivers

1. Local legal requirements
2. Buyer's set up and capabilities
3. Cost differential between NSN and Buyer T&C
4. Impact on employee engagement
5. Business continuity
6. Equal Treatment

Additional Considerations

1. Key Countries / Key population groups

Decision Maker

Activity mainly driven by Local HR, coordinated with local and corporate Legal
HRSB reviews and approves the HR feedback into deal team
Subject to negotiations with buyer

EMPLOYEE T&C with BUYER

Possible alternatives (compared to NSN)

Reduce

- Captures synergies opportunities
- Immediate T&C harmonization
- Engagement issues for both NSN & Buyer
- May lead to legal action by employees against NSN and/ or Buyer

Maintain

- Guarantee Total Target Cash for XX months
- Provide comparable benefit package
- Apply veto on restructuring for XX months
- No cost increase/ decrease for buyer until deal is implemented
- Somewhat positive message for employees
- Reduced risk of non-acceptance or court

Increase

- Likely to happen when Buyer has better reward package
- More costly
- Positive message for employees
- More likely to lead to successful deal implementation and business continuity

Decision on Employee T&C is driven by law regulations and business logic/ continuity
Subject to negotiations between NSN and Buyer

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Back Up Materials

LEGAL FRAMEWORK

Headcount Scope
Method of Transfer
Define employee T&C with Buyer

LIABILITIES ASSESSMENT

Alternatives

TRANSITION SERVICE AGREEMENT

HR Impact

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Short Term Bonus (STB) Short Term Incentive (STI)

Decision

Determine treatment of STI/ STB payout for all in scope employees

Critical Drivers

1. STI/ STB plan rules
2. Local legal requirements
3. Cost of settlement

Additional Considerations

1. Last known & Projected BRM result
2. Timing of deal close
3. Impact on employee engagement

Decision Maker

CoE drives proposal (co-ordinated with Legal)
Reviewed and approved by HRSB

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STI/ STB TRANSITION

Possible alternatives

Follow STI/ STB plan rules on Involuntary Termination

- Payout using last BRM available
- Simple
- Consistent with other Involuntary termination treatment
- Provides clean transition for buyer

- Will not reflect actual

Payout on target at 100%

- Simple
- May cost more to NSN
- Inconsistent with STI/ STB rules
- Provides clean transition for buyer
- Can be paid upon transaction close

Transfer of STI/ STB liability

- No payout at Deal close
- Liability transfer to Buyer
- Objectives will need to be reviewed (not necessarily revised)
- No cash payout for NSN

Payout on actual performance

- Calculate at end of period using correct BRM
- Payout at normal NSN cycle
- Reflects correct performance
- More administration
- May not be perceived as fair by employees

*These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative.

**Different treatment of STI and STB participant may also be relevant, if legally permissible

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LONG TERM INCENTIVES (LTI) TRANSITION

Decision

Determine treatment of long term incentives granted to in-scope employees

Critical Drivers

1. Cost of liability
2. Timing of grants vs. timing of deal
3. Local legal requirements

Additional Considerations

1. Buyer's available LTI vehicles
2. Number of employees affected
3. Impact on employee engagement

Decision Maker

CoE drives proposal (coordinated with Legal)
Reviewed and approved by HRSB

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LTI TRANSITION

Possible alternatives

Cash Out to Employees using achievement for past years and target for future years:

- Simple
- Provides clean transition for buyer

Buyer maintains plan with restated performance objectives:

- NSN transfers prorated liability to buyer
- LTI retained as retention mechanism for impacted employees
- Restating performance objectives may be negatively received or misunderstood by employees
- No clean transition

Target Awards are converted to buyer LTI vehicle:

- NSN transfers prorated liability to buyer
- Aligns employees immediately behind buyer priorities
- No clean transition
- Employees may not understand conversion

*These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative.

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ANNUAL COMP PLANNING (ACP) / OFFCYCLE ELIGIBILITY

Decision

Determine eligibility of employees for ACP/ Off cycle / Promotions until Deal close

If eligible, can they be covered with normal NSN processes

Critical Drivers

1. Business Continuity
2. Local legal legislation

Additional Considerations

1. Number of employees affected
2. Cost of ACP / Promotion increases
3. Impact on employee engagement
4. Buyer's own ACP timing

Decision Maker

CoE drives proposal (coordinated with Legal)

Reviewed and approved by HRSB

ACP / OFFCYCLE ELIGIBILITY

Employees remain eligible for ACP/ Off cycle / Promotions

- Follows regular NSN process
- Allows NSN to manage the business in the event of delay
- May result in under/ overspend as there are no long-term plans for this business

Employees become ineligible for ACP/ Offcycle / Promotions

- Employees will participate in Buyer's ACP/ Off cycle plans
- Limits costs for NSN
- May backfire in the event of delay
- May result in negative impact on employee engagement

*These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative.

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RETENTION

Decision

Determine any necessary retention measures for any in scope employees

Critical Drivers

- Business Continuity and deal success
- Prior retention agreements
- Buyer's consideration for retention
- Cost of retention

Additional Considerations

- Balancing retention and performance

Decision Maker

Proposals driven by CoE (for cost and guidelines) and Business HR (for business needs) – coordinated with Legal
Reviewed and approved by HRSB

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RETENTION

Possible alternatives

No retention

- Relies on buyer to identify and retain key employees
- Difficult to achieve amidst anxiety and uncertainty around the deal
- Cheapest for NSN
- Risk that resources will leave and NSN cannot fulfill obligations

Executive Retention No mainstream retention

- Secures key top positions
- Less costly for NSN
- Risk of attrition for mainstream but key roles for the future organization

Executive and Mainstream retention

- May help reduce attrition before deal close
- Visibility on employee contribution not always clear
- Longer lead time to define eligible roles/employees

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BENEFITS

Decision

Determine treatment of NSN Employee Benefit plans on separation
Define if pension liabilities will transfer or remain with NSN
Estimate need for 'comparable' benefit package

Critical Drivers:

1. Local legal requirements
2. Cost to NSN (for remaining liabilities)
3. Employee engagement

Additional Considerations

1. Number of employees affected
2. Buyer's capability to run comparable benefit package

Decision Maker

Proposals driven by Global Benefits team (cost & guidelines) – coordinated with Legal
Reviewed and submitted to HRSB for approval

BENEFITS TRANSITION

Possible alternatives

Exit NSN plans into buyer's plan. Compensate material differences.

- Simple
- Easy for employees to understand
- Provides clean transition for buyer

Exit from NSN into buyer plan. No compensation for differences

- Employee Engagement issues for both NSN & Buyer
- Possible only where the law does not dictate the treatment

Delay exit from NSN plans for fixed period of time

- Not clean transition for buyer
- Non NSN employees in NSN benefit plans
- Issues with cross charging of benefit plan costs

*These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative.

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HOLIDAYS

Decision

Determine treatment of current and future holiday entitlement

Critical Drivers

1. Local legal requirements
2. Cost of current holiday accrual
3. Timing of transaction

Additional Considerations

1. Number of employees affected
2. NSN & Buyers holiday entitlement
3. Impact on employee engagement

Decision Maker

Proposals driven by CoE (coordinated with Legal)
Reviewed and submitted to HRSB for approval

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HOLIDAYS

Possible alternatives

Move to buyer's policy Transfer carry over

- NSN transfers prorated holiday accrual liability to buyer
- If buyer plan is lower – engagement or legal issues may ensure

Move to buyer's policy Compensate difference

- More costly
- Clean transition for buyer

Grandfather NSN policy for fixed period Transfer to buyer's policy

- Transfer liability to buyer
- Gradual move to buyer's policy
- No cost to both companies

*These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative.

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Back Up Materials

LEGAL FRAMEWORK

Headcount Scope
Method of Transfer
Define employee T&C with Buyer

LIABILITIES ASSESSMENT

Alternatives

TRANSITION SERVICE AGREEMENT

HR Impact

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TRANSITION SERVICE AGREEMENT

Decision

Determine need and cost of HR TSA to offer to buyer

Critical Drivers

1. Need for any transition services
2. Length of time of any transition agreement
3. HR capabilities & levels of resourcing

Additional Considerations

1. HR TSA vs other functions (IT/ Finance, etc.) – might need support from HR

Decision Maker

Proposals driven by OE Stream and Region HR (coordinated with Legal)
Reviewed and submitted to HRSB for approval

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TRANSITION SERVICE AGREEMENT

Possible alternatives

No TSA

- Relies on buyer to ensure all services in place (esp. payroll)
- HR work completed by Day 1

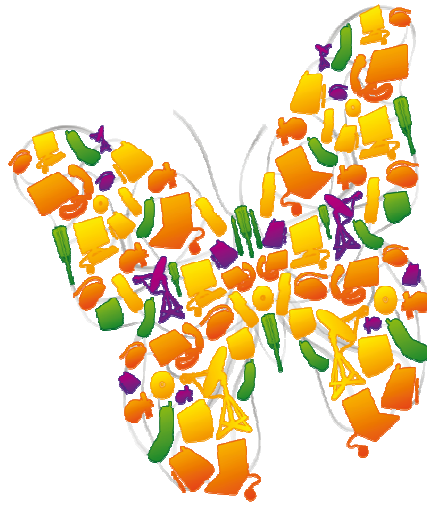
TSA for 6/ 18 months

- Agreement provided for fixed period of time
- Time for buyer to put necessary services in place by a deadline date
- May have capability/resourcing issues for NSN

*These alternatives are for illustrative purposes. Solution may vary from deal to deal and may be a hybrid solution of the above alternatives, or a new alternative.

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Divestments in HNN – HR Impact

July 2011

THANK YOU!

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***Practicum. Non-standard methods in standardization of
systems of motivation***

Elena Yudanova

HR Director, Indesit Rus

Elena Sidorenko

Operations Director, Staffwell

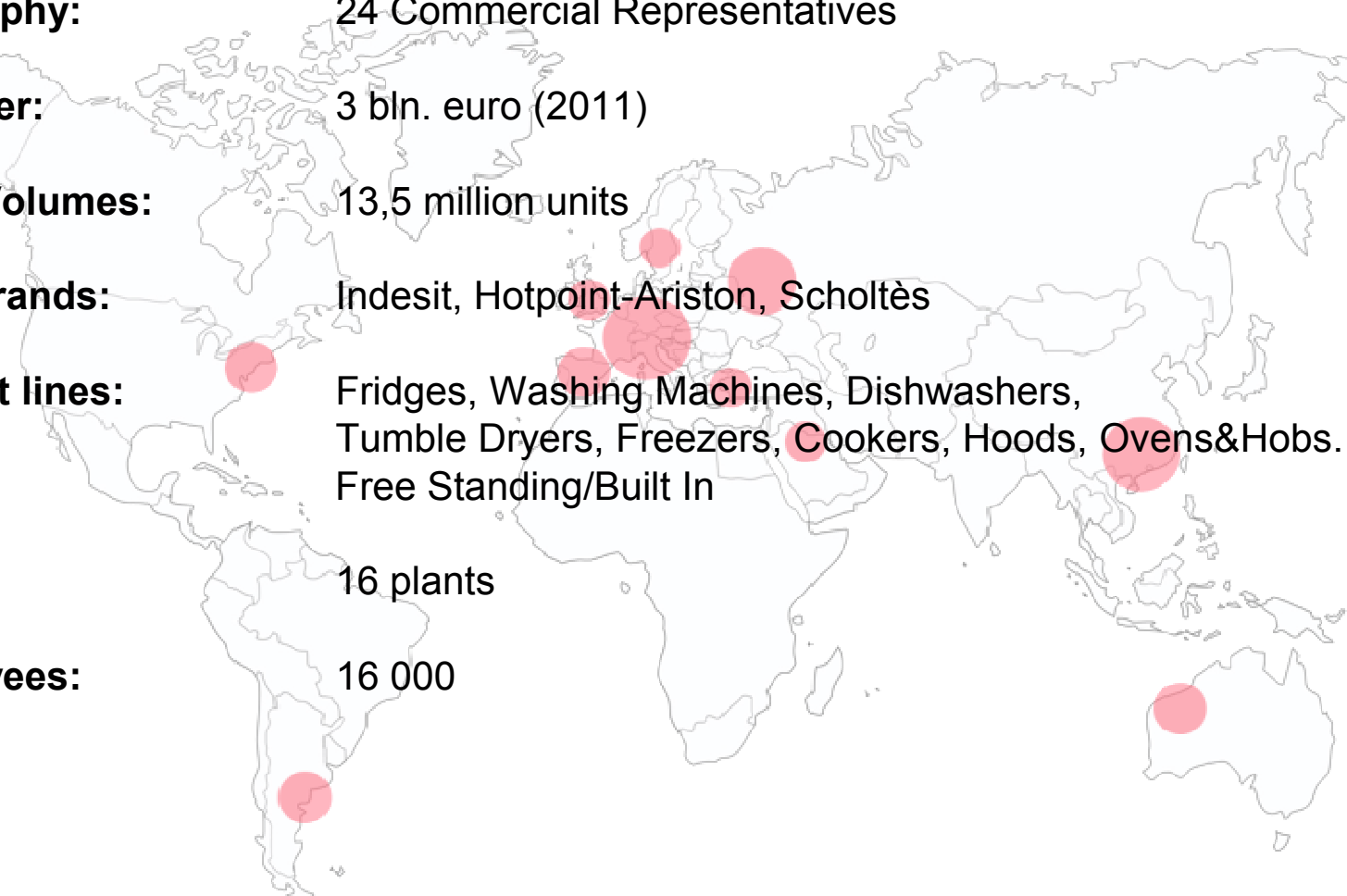


***Practicum.
Non-standard methods
in standardization of systems
of motivation***

Moscow
17, May 2012

Elena Yudanova, HRM

INDESIT WORLD WIDE

- ✓ **Geography:** 24 Commercial Representatives
 - ✓ **Turnover:** 3 bln. euro (2011)
 - ✓ **Sales Volumes:** 13,5 million units
 - ✓ **Main Brands:** Indesit, Hotpoint-Ariston, Scholtès
 - ✓ **Product lines:** Fridges, Washing Machines, Dishwashers, Tumble Dryers, Freezers, Cookers, Hoods, Ovens&Hobs. Free Standing/Built In
 - ✓ **Plants:** 16 plants
 - ✓ **Employees:** 16 000
- 
- A world map with red dots of varying sizes indicating the locations of Indesit's commercial representatives and manufacturing plants. The dots are concentrated in Europe, North America, and Australia, with a few scattered in South America and Asia.

INDESIT IN RUSSIA

- ✓ **Geography:** Moscow, Lipetsk, Yekaterinburg, Saint-Petersburg
- ✓ **Manufactury:** 2 Plants, Warehouse
- ✓ **Overall Production:**
 - Washing Machines – 1,1 million units
 - Fridges – 1,5 million units
- ✓ **Employees:** 6 000 people



NEW TRADING COMPANY - INDESIT RUS LLC

THE MAIN PURPOSE:
THE MAIN PURPOSE:

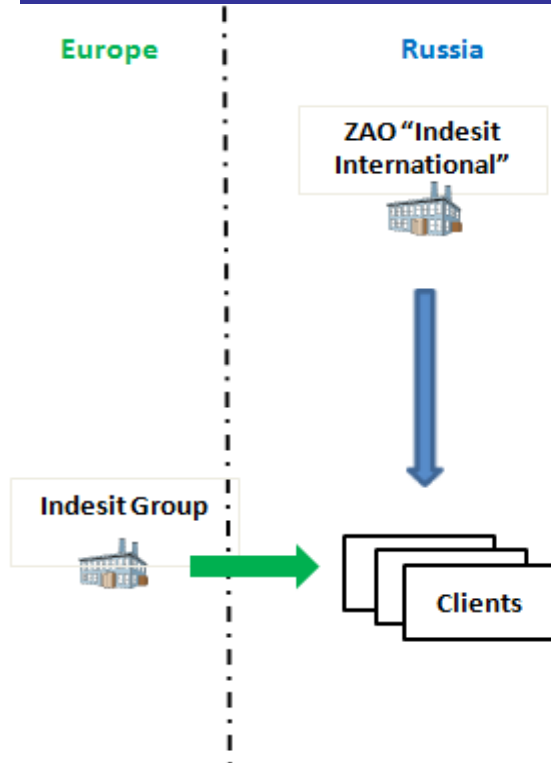
To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS
To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS

THE RESULT TO GET:

- ➡ To change business processes existing earlier without any business interruption or/and any loss of clients
- ➡ To assure full compliance of the newly created Trading Company to Russia legislation (Civil, Tax, Labor)

OPERATING MODELS

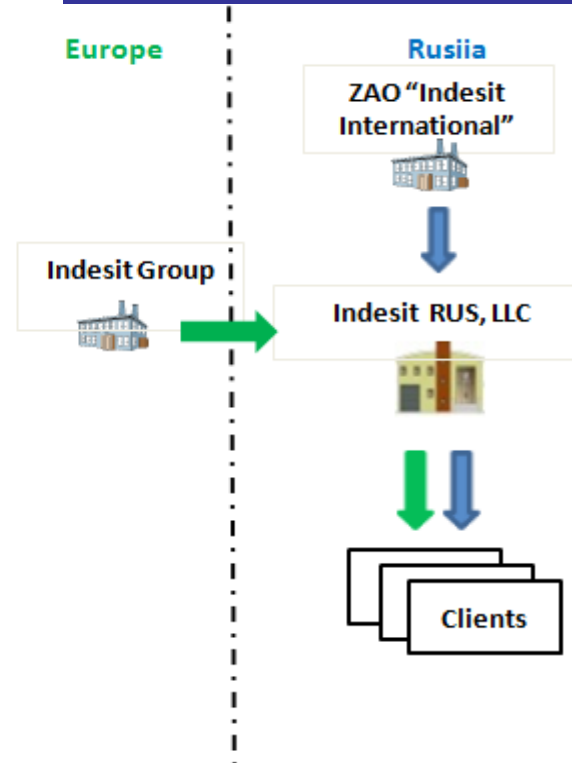
Product flow as it was:



As it was:

*Direct deliveries from Europe to the Clients directly.
Locally produced goods were sold directly by ZAO Indesit International*

Product flow as it is:



As it is:

All product flows both imported and locally produced are sold by new Trading Company Indesit RUS, LLC

Issues to be solved

THE MAIN PURPOSE:

To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS

Should we create a new legal entity or it could be at the basis of current manufactory company ?

Market analysis

Local practice analysis of similar International companies working in Russia

Indesit Group specific issues

☒ SOLUTION :

New Legal Entity is created to split Manufacturing and Commercial Risks

Issues to be solved

THE MAIN PURPOSE:
THE MAIN PURPOSE:

To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS
To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS

■ To define the geographical position of the Head Office and branches
To define the geographical position of the Head Office and branches

- ✓ ✓ Head office closer to key clients
- ✓ ✓ Head office closer to key clients
- ✓ ✓ Lack of qualified staff in Lipetsk Region
- ✓ ✓ Lack of qualified staff in Lipetsk Region
- ✓ ✓ Demographic crisis in Russia
- ✓ ✓ Demographic crisis in Russia
- ✓ ✓ Cost of human resources, cost of relocation, turnover
- ✓ ✓ Cost of human resources, cost of relocation, turnover

☑ SOLUTION:

Head office – Moscow

Issues to be solved

THE MAIN PURPOSE:
THE MAIN PURPOSE:

To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS
To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS

► Organizational Structure optimization in frames of all Indesit in Russia, including manufacturing and commercial structure, without doubling functions and staff

- ✓ To create new business processes based on the cost in Moscow and regions
- ✓ Salary individualization following the main principle "equal salary to equal position"

☒ SOLUTION

Positioning diversification to avoid "a cost gap" for the staff based on individual payment.

Issues to be solved

THE MAIN PURPOSE:
THE MAIN PURPOSE:

To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS
To Create a New Trading Company for All Sales Deals in Russia & Further Export to CIS

➡ Social package optimization without extra cost for the Company
Social package optimization without extra cost for the Company

✓ ✓ Line managers support
✓ Line managers support


✓ ✓ Psychological support and loyalty training for the staff moving to the New Company
✓ Psychological support and loyalty training for the staff moving to the New Company

☒ SOLUTION:

New regulations for Trading Company were created, fixing all social benefits of Collective Agreement in ZAO.



Thank you!

A close-up photograph of a hand moving a glass chess piece on a checkered board. The piece is a white king, and the hand is lifting it from its current position. Other glass chess pieces are visible on the board, including a white pawn, a white knight, and a white rook. The background is dark, and the lighting highlights the transparency and reflections of the glass pieces.

Practicum: Non-standard Methods in Standardization of Motivating Systems

Elena Sidorenko,
Operational Director, Staffwell

Staffwell was established in 2000 by the company's CEO **Teri Lindeberg**, who is an experienced international recruiter.

Staffwell focuses on management selection and executive search, and has team of over 50 professionals working from offices in Moscow and Saint Petersburg. The company's professionals use a highly effective team approach for every assignment they work on resulting in timely, accurate and long-term career placements.



R10

We look forward to having you contact us and to Placing Great People with you!

Sincerely,

STAFFWELL
Placing Great People

Slide 89

R10

Юля, может этот абзац убрать. Очень много текста на этом слайде.

Russle; 14.05.2012

Risks:

❑ Making the strategic decision to enter new regions, some companies underestimate the risks which are related to human resources



population density

local professional higher education institutions, colleges, etc.

competitors with strong HR brands

local engineering personnel in the region

Objectives: Staffwell's role is to search for and place the market's best performers for our Clients' mid to senior level vacancies across Russia and the CIS.

Our Methods: The 5-Factors Analysis

1. To monitor/ study the labor market in the region of each search assignment we are engaged to complete placements on :

- ✓ demographic analysis (structure of the population by age and sex)
- ✓ employment and unemployment rates, the labor force statistics
- ✓ income levels, the average cost of living
- ✓ possible difficulties in searching and placing some categories of professionals
- ✓ relocation schemes
- ✓ educational institutions (university, college, etc.)

2. To analyze the competitive environment in terms of shortages/overages of personnel on the basis of :

- ✓ well-known HR-brands and / or large employers, competitors and potential donors in the labor market
- ✓ attractiveness of the client's HR brand in the local labor market

3. To determine the investment climate of the region on the basis of :

- ✓ transport infrastructure
- ✓ social and cultural infrastructure
- ✓ environments
- ✓ real estate market, prospects for a big business and S&M entrepreneurs

4. To determine our clients' areas of priority with their development in the regions

5. The understand our clients' HR management strategies

Case Study No.1

Our partnership with Sakhalin Energy Investment Company Ltd. :

Staffwell's role within our relationship is to search for and place the market's best performers for their mid to senior level vacancies

Issues:

- ❑ Shortage of native Russian qualified professionals with technical background who speak English or/and other foreign languages
- ❑ Shortage of unique and highly qualified specialists with 10+ years of work experience in the Oil & Gas industry (aged 30-40 y.o.)
- ❑ Russians are not, and have not been, so eager to relocate to Sakhalin, and often are not interested in the option of moving to another region in order to further their careers.

**We have to be (and are) very strong and convincing in order to entice not only candidates, to take their new jobs/careers in Sakhalin, but also their families in order for them to accept and support their decisions as well.*

- ❑ A strong internal recruitment team in the Client's company
- ❑ The Client has contracted with a number of recruitment providers both Russian and overseas providers



What we've done

- ✓ Staffwell became the preferable provider for Sakhalin Energy (their top 3).
- ✓ Direct search, check recommendations from former employers carefully.
- ✓ Global search of professionals who closely match the Client's hiring requirements (ex.: current Russian citizens or immigrants).
- ✓ Screening the markets for candidates in major Oil & Gas regions such as the Middle East, North Africa, North Sea, Mexican Gulf, etc., especially in locations where their offshore projects are being executed.
- ✓ Motivate each candidate personally by promoting our Client's benefits:
 - Their strong HR brand
 - Their large investments into social infrastructure development
 - Their comfortable living and working conditions in Sakhalin (we present to each candidate printed materials and booklets which are provided by the client)



Case Study No.2

Recruitment for our Client in the production industry: to search and place engineering and technical personnel for their mid to senior level vacancies in one of their manufacturing plants

Issues:

- ❑ Inconvenient location of the plant (rural area, 180 km away from a regional center and 50 miles away from a main highway)
- ❑ No social and cultural infrastructure and education institutions
- ❑ The lack of modern accommodation facilities
- ❑ No motivational programs for personnel and lack of strategy for attracting the highly skilled employees they desire
- ❑ Not a very attractive, or competitive, social/compensation package

Results

After analyzing this recruitment project we concluding that it lacked the potential for success. We took the decision to not work on this assignment for our Client.



Case Study No.3

A recruitment project for International Paper (production industry): to search and place administrative staff for the mid to senior level vacancies for their plant in Svetogorsk (Leningrad Region, the North-West of Russia)

Issues:

- ❑ Inconvenient location of the plant (188 km away from St. Petersburg)
- ❑ The employees have to relocate and live in the plant area for 5 days per week
- ❑ Strong selection and assessments of candidates by the employer (proved professional background, knowledge of foreign languages, etc. is a must)
- ❑ A strong internal recruitment team in the Client's company
- ❑ The Client has contracted with a number of recruitment providers both Russian and international

What we've done

Promotion of the employer brand:

- ✓ Their strong HR
- ✓ Their stable work and competitive/attractive compensation packages
- ✓ Their career opportunities and professional growth initiatives
- ✓ Their big investments into the development of social and cultural programs within the plant area (fitness club, ecological program)
- ✓ Their motivational perks:
 - * young and positive team of professionals
 - * excellent opportunities for travelling to Finland and Europe (the nearest town in Finland (Imatra) is situated within 7 km distance from the Russian-Finnish border)
 - * English language classes

Thank you!

Elena Sidorenko
Operational Director, Staffwell
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Fundraising Evening for the Children's' Home for Deafblind in Sergiev Posad

22 May 2012, Restaurant YAR



A deaf 8-months old boy hears
his mom for the first time



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