

@ mail.ru group

# ESG report

Mail.ru Group  
Limited .....

2019

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# Chief Executive Officer statement

102-14

Our services play a central role in the day-to-day lives and experiences of millions of people in many countries.



**Boris Dobrodeev**  
CEO (Russia) Mail.ru Group

We believe that technological leadership can improve today's environment and increase people's prosperity and well-being. Our mission is to enhance people's lives by making technologies simple and accessible to as many users as possible.

With every passing day, new technologies are replacing the familiar ways we use services, receive training and education, make purchases and communicate with friends, co-workers and communities.

The services we offer make our society more flexible, modern and open to the fast-changing world of digital communication, no matter where people live, work or travel. They help create a comfortable environment for entertainment, communication, education, work and life in general.

Through our investments in technology and cooperation with charities in Russia, we aim to use digital platforms to make our world more open, sustainable and accessible. Over the last two years we have launched services that provide audiences with easier access to charitable institutions, as well as initiatives that expand educational opportunities for anybody willing to enhance their experience in the digital world.

Our corporate social initiatives are overseen directly by our Chief Executive Officer, in close coordination with his deputies, our HR director, our chief legal officer, and each of our business unit leaders. These individuals are supported by teams addressing policy development, strategy, programme management, business integration, and compliance. Our Board oversees the integration of our social responsibility considerations into our business operations and strategy and our progress towards implementing these. One of our primary ESG focus areas is to improve the lives of people and communities, and we work constantly to ensure the security and safety of our users' digital experience. Our ESG strategy is to invest our technology and experience of creating large-scale internet services into developing social projects across the markets where we have a presence. In 2019 we invested efforts in IT education and charity activities, among others, to support this goal.



Early 2020 brought disruption to the lives of billions of people around the world in the form of a global health pandemic, bringing business to a halt, preventing friends and families from communicating face-to-face, and sending economies into decline. For 2020 our ESG goal has been to focus on supporting businesses – small, medium and local players – and communities affected by the consequences of the quarantine and self-isolation imposed due to COVID-19, and helping them overcome these safely with our products, services and technologies. To offer our users a more coherent and integrated product, among other measures we are introducing Group ID and converting our services into an ecosystem, with VK at its centre. As a group, we remain committed to supporting our users and businesses during this challenging time.

Despite all the challenges and uncertainty, we see the current crisis as a trigger for the further digitalisation of broader segments of the Russian economy and its population. The shocks of 2020 will, we expect, accelerate the shift towards covering a broader set of needs through online platforms: from food to medicine delivery, from entertainment to education or work, from socialising to privacy. We therefore believe that current events will serve as a further catalyst for accelerated evolution and give us the potential for further future growth, especially if we use this time to maximise the loyalty of our growing user base through improving our offering as well as our brand perception.

Every big and successful company has its own system of beliefs and values, and ours is based on a constant drive to change for the better. Mail.ru Group has always been a B2C-focused company, recognising (and sometimes predicting) user needs and developing online services that address them. Now we are also expanding our ambitions into B2B.

It used to take decades for people's behavioural patterns to change; now it takes a couple of years. Our ability to grow and become better each day is what has made us the largest company in the Russian segment of the web in terms of user base.

We started out in the late 1990s with an e-mail service, the main online communication tool at the time. As the internet evolved, social connections migrated from the real world into the virtual one, and we were there to lead the way in the new social networking segment. Once we spotted the demand for internet entertainment, we launched our gaming services, which have since evolved into MY.GAMES, one of the world's top 50 games companies, with a presence in more than 190 different countries.

The age of e-commerce and various O2O services has brought new challenges. Although it did not take off properly in Russia until the 2010s, when it did we made sure to get our foot in the door, establishing a presence in all the main verticals (classifieds, foodtech, mobility, and marketplace-based e-commerce) through M&As and our own start-ups. We still prioritise all of these areas and are constantly developing them, both with strategic partners (which have recently been joined by Alibaba and Sberbank) and on our own.

We believe that these activities form an essential building block of a truly comprehensive ecosystem, one that affords new ways to interact with users.

Mail.ru Group now also uses its web capabilities to satisfy offline needs. What starts as a tap on the phone ends up as a real taxi or pizza delivery at your door.

On our way to the top, we laid firm groundwork: our product range covers most user needs online, and can adequately navigate users through their daily digital journey.

While all companies in our sector are facing significant challenges, we have a well-diversified business, with a robust balance sheet and solid FCF generation capacity. Our primary concern therefore remains the welfare of our employees and customers, their families, local communities and local businesses.



# about us



## 102-3, 102-5

Mail.ru Group Limited is incorporated in the British Virgin Islands, with the company's principal office in Limassol, the Republic of Cyprus. We create services to make our users' lives easier and better, we invest in technologies and promote entrepreneurship, we support talented people and develop IT education and research.

## 102-6

As of the end of 2019 we:

- Had 97 million monthly users on VK and 870 million daily video views on OK;
- Had reached a total of 70 million visitors to our media projects;
- Served 100 million active accounts with email services;
- Supported 605 million registered users in games worldwide, with >85% of streamers in Russia using our DonationAlerts service;
- Serviced more than 3mln music subscribers;
- Accounted for >40% of the Russian digital professions online education market through GeekBrains and Skillbox;
- Provided our B2B products to >300,000 companies;
- Helped >27 million people use Youla monthly;
- Had completed AER and O2O JV transactions, forming the largest players in eCommerce, mobility and foodtech in Russia;
- Had >12,000 restaurants listed on the Delivery Club platform, with 3.35mn in monthly orders in December;
- Covered the 17 largest Russian cities with the Citymobil ride-hailing service, with monthly rides in December exceeding 13 mn.

## 102-4, 102-7

We also have offices in Russia (Moscow, St. Petersburg, Voronezh, Nizhny Novgorod), Latvia (Riga), the Netherlands (Amsterdam), and the U.S. (Los Angeles). We use two international data centres: in Amsterdam and in San Jose, California, U.S. They are aimed at serving European and North American users and currently host about 1,550 servers.

## 102-45

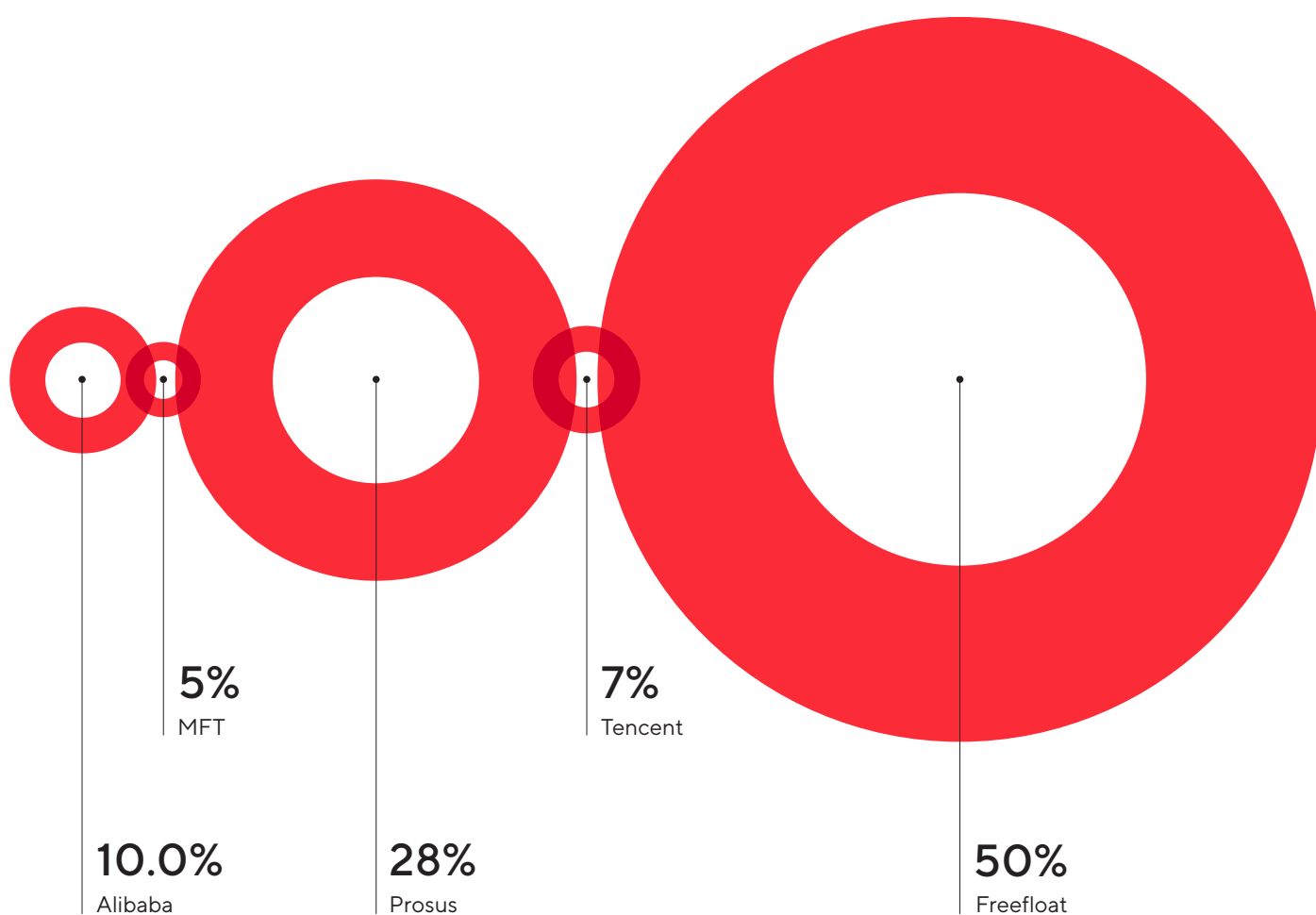
A list of the entities included in the consolidated financial statements and also covered in this report can be found in the "Financial Statements" section of our 2019 Annual Report.

## 102-13

We participate in several professional associations in the industry:

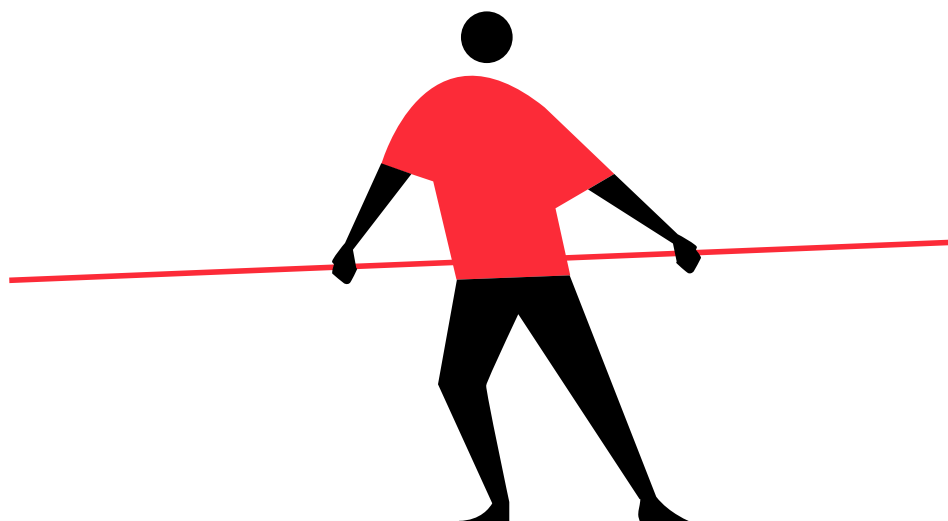
1. Big Data Association: a non-profit organisation which aims to create favourable conditions for technologies and product design in the Big Data market in Russia. The association is engaged in developing common principles and standards for the processing, storage, transmission and use of Big Data.
2. The Russian Association for Electronic Communications (RAEC): is striving to build an information society with its own legal system and codes of professional activity that will be accepted by both users and companies operating on the internet.
3. ANO Digital Economy – a non-profit organisation that provides services for the development of the digital economy, supporting significant initiatives and enabling interaction among the business community, research and development foundations, educational organisations and government authorities.

**As of 31 December, 2019 the shareholders' structure was as follows:**



The Group did not pay dividends in 2017–2019.

More detailed information on shares and share capital, including the options programme, can be found in the “Corporate Governance” section of our 2019 Annual Report.



# sustainable business strategy

**102-16** Our sustainable business strategy is based on our core belief that technology's greatest social benefit comes from its ability to make lives better, provide people with access to more information, connect with others and enhance their life experiences. Our mission is to improve people's lives by making technologies simple and accessible to as many users as possible. We have reflected this principle in our ESG strategy, where we dedicate our efforts, our technology and experience of creating online services to developing social projects, promoting charity, developing IT education and supporting the development of a multimedia culture in Russia.

We aspire to create a more sustainable world through our web capabilities and core services, and we are doing this in a responsible way. We design, offer and support sustainable technologies that make a real difference to our users' lives and follow a responsible approach to the consequences and impact of our products on communities.

**102-19, 102-20, 102-26** Our principal governing ESG bodies are the Board of Directors and the Management Board of Mail.ru Group, whose responsibilities include the approval of ESG strategy and the integration of that strategy into our broader business strategy, as well as supervision of its subsequent efficiency. The planning, consolidation and implementation of the Group's ESG initiatives is carried out by the HR Director, Social Project Director and IR Director.

Based on our analysis of trends and topics, we have defined several goals for our sustainability approach:

- In the social sphere – improving the quality of lives with our products, enhancing opportunities and giving back to society and communities
- Privacy and data security
- High ethical standards and respect for human rights
- Climate change and the sustainable use of natural resources

## Social

In the social sphere we aim to improve the quality of our users' lives, allowing them to enhance their digital experience while interacting with each other and their communities by using our services, including online education and professional courses for both adults and children.

We believe that it is our duty to help society in its transformation from a traditional to a digital one. We invest our resources and efforts in charitable activities and IT education for a wide range of users: pupils, students, teachers, professors and IT professionals. It is our duty to share best practices and our experience with society.

We believe that people are our greatest asset, which is why we offer our employees a variety of training opportunities in both hard and soft skills, as well as a comfortable working environment. We also support many social initiatives proposed by our employees.

## Privacy & data security

Though the digital world brings many benefits to users, we understand the growing concerns around personal data protection and privacy issues, as more and more sensitive personal data becomes digitalised and transmitted via global networks, with millions of new devices and millions of user accounts. As a leading internet company we make data security our top priority.

## High ethical standards

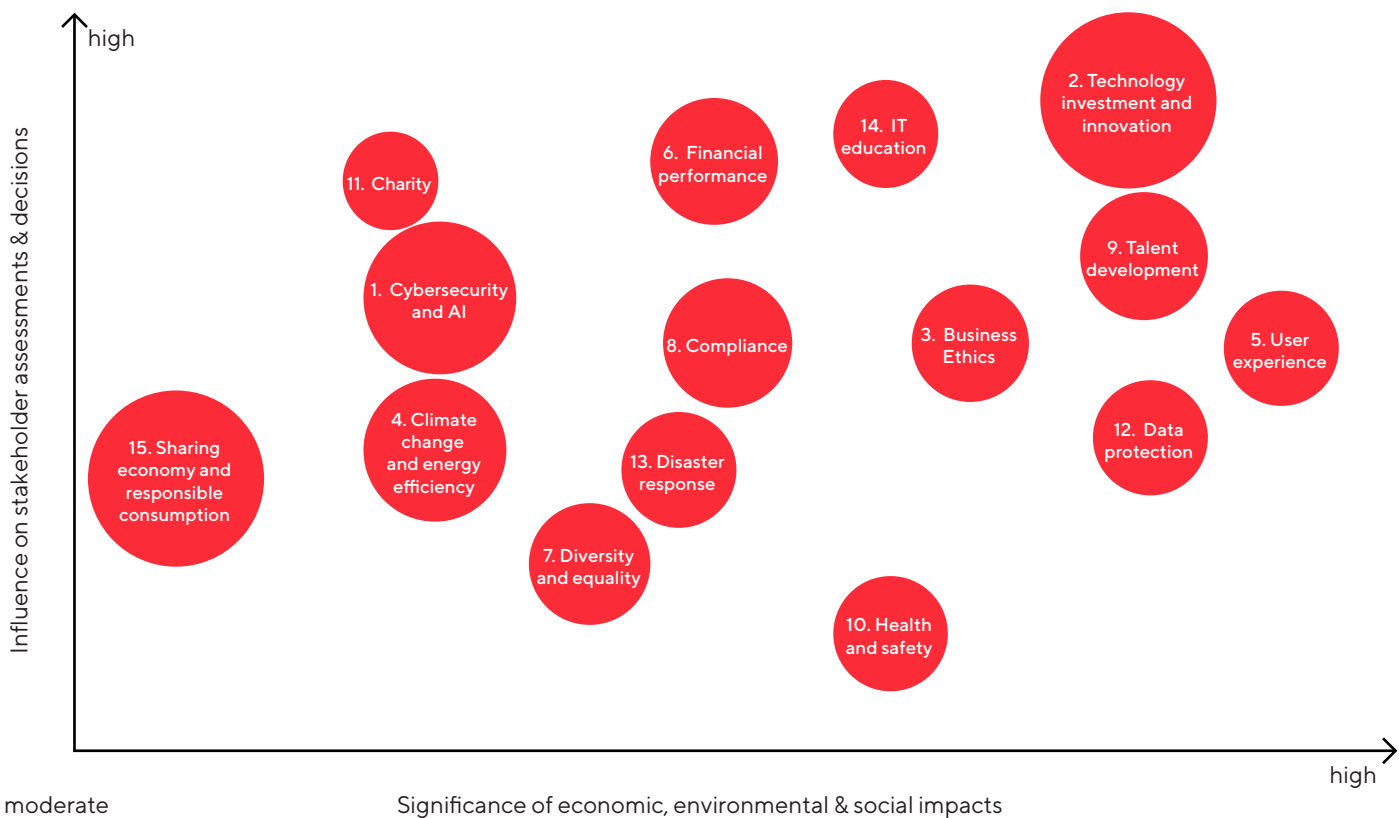
We uphold high ethical standards in our own operations, committing to the principles of fair business practice and compliance with business ethics. We encourage our employees to immediately inform us of any potential unethical issues via an anonymous hotline. We adhere to meaningful transparency in providing users with access to the data we have collected on them and which is stored on our servers.

## Climate change & the environment

Climate change and reducing our carbon footprint are perhaps the most challenging global issues facing the world today, surpassed only by the recent COVID-19 pandemic. The sustainable management of resources, strong supply chains and global economic recovery from crisis are vital for our long-term development as a technology company. Apart from minimising our own impact on the environment, we can help to keep our users well-informed on climate issues, ecological and health initiatives and to combat misinformation on these problems.

**102-46** To make sure our approach to sustainable development is relevant, we undertook an assessment to prioritise certain issues. This involved ongoing discussions our employees, clients, shareholders, and public and industry professionals to understand what we should be focusing on. We conducted a materiality assessment to reflect the topics we believe are of the greatest interest to our stakeholders and our businesses. We are using the outcomes of this assessment to identify material issues and disclose relevant data in our sustainability reports. We created a pool of issues based on media reports, business conditions, global standards, sustainability management initiatives, and expert opinions. Out of the pool of issues, those listed below were selected as material issues through internal discussions with the relevant departments and consultation with experts. These issues were prioritised according to economic/social/environmental matters of interest to stakeholders, as well as the business impacts of the issues (in terms of revenue, costs, and reputation).





#	Topic
1	Cybersecurity and AI
2	Technology investment and innovation
3	Business ethics
4	Climate change and energy efficiency
5	User experience
6	Financial performance of the Group
7	Diversity and equality
8	Compliance

#	Topic
9	Talent development
10	Health and safety
11	Charity
12	Data protection
13	Disaster response
14	IT education
15	Sharing economy and responsible consumption

We address our most material issues in this report, with the exception of financial performance, which is covered in more detail in our annual report.

# corporate governance

## Charters and policies

**102-18** In accordance with the [Memorandum and Articles of Association of the Group](#) and applicable BVI law, our ultimate decision-making body is the shareholders' meeting. This is followed by the Board of Directors; they are responsible for the general management of the Group, including coordinating strategy and general supervision. We also have an Audit Committee and a Remuneration Committee. Senior managers are responsible for the day-to-day running of the Group.

Mail.ru Group Limited, as a BVI-incorporated limited company with a listing of Global Depositary Receipts on the Official List maintained by the UK Listing Authority, which are admitted to trading on the London Stock Exchange, is not subject to any corporate governance code, nor has it voluntarily decided to apply any corporate governance code. However, the Group does apply corporate governance standards, including:

- the appointment of two Independent Directors to its Board of Directors,
- the appointment of Remuneration and Audit committees,
- the periodic re-election of Directors.

These standards are included in the corporate policies (articles of association, relevant committee policies) available on our corporate website. This goes beyond the requirements of national law. The Board of Directors has adopted various policies and charters relating to the Group's governing bodies. These include the [Board Charter](#), the [Code of Ethics and Business Conduct](#), the [Directors' Right to Access Information/ Documents Policy](#), the [Legal Compliance Policy](#), the [Charter of the Audit Committee](#), the [Internal Audit Charter](#), the [Remuneration Committee Charter](#), the [Risk Committee Charter](#), the [Risk Management Policy](#), the [Data Protection Policy](#) and the [Trading Policy for Directors, Senior Managers and Employees](#). These are all followed by the Group in all material respects.

More detailed information on the structure and composition of the Board can be found in the Management section of our [2019 Annual Report](#). See also our corporate website at [corp.mail.ru](#) for copies of all policies and charters (the Corporate Governance section).

## Internal controls

Our internal control system is based on a "Three Lines of Defence" model, to shield us against risks that might threaten the achievement of our goals. This model encompasses daily operational controls, risk management procedures and independent assurance.

The business operations side is fully responsible for all the risks in its area of activity and must ensure that effective controls are in place. In so doing, it ensures that the right controls are conducted in the right way, that self-assessment of the business side is of a sufficiently high standard, that there is adequate awareness of risk and that sufficient priority/capacity is allocated to risk issues.

Independent of the business side, the second-line risk and control functions formulate their own opinion regarding the risks confronting the Group. In this way, they provide an adequate degree of certainty that the first-line control function is keeping these risks under control, without taking over primary responsibility from the first line. In this regard, the second-line functions are tasked with identifying, measuring and reporting risks. The risk function has a veto right to ensure that it is respected. The second-line risk and control functions also support the consistent implementation of the risk policy, the risk framework, etc., throughout the Group, and supervise how they are applied.

As the independent third line of control, internal audit is responsible for the quality control of the existing business processes. It performs risk-based and general audits to ensure that the internal control and risk management system, including the Risk Policy, are effective and efficient, and to ensure that policy measures and processes are in place and consistently applied within the group to guarantee the continuity of operations

# Code of Ethics and Business Conduct

**102-16** We have a [Code of Ethics](#) that is applicable to all our employees, directors and management. We apply our Code of Ethics, not just to our own employees, but also in our daily activities and business dealings with all our external stakeholders. Leadership oversight on ethics and compliance is provided by the Board of Directors through its Remuneration Committee. Compliance management is further supported by the legal, tax and risk management teams.

Our Code of Ethics sets down the key principles and practices of our ethical business approach and provides clear guidance to our employees. The high standards of our Code of Ethics allow us to build and maintain personal integrity across the company and protect our reputation. This can be summarised in the simple principles which run throughout everything we do and define how our employees are expected to behave:

- Obey laws, policies and regulations;
- Be fair and honest;
- Treat each other with respect;
- Declare conflicts of interest;
- Report any concerns promptly and seek advice where necessary.

We are committed to following and upholding the laws and regulations in all our activities. The Code includes basic legal guidance and information on key standards of ethical behaviour to help our employees make the right decisions in a variety of business scenarios they may encounter in their daily work. The Code is supplemented and strengthened with additional internal policies and procedures that address various detailed issues, including the Whistleblowing Policy, that encourages and enables employees to raise serious concerns when they realise that something is wrong or inappropriate.

## Principles

Our corporate governance principles are aimed at:

- the protection of shareholders' rights;
- ethics in business;
- the enhancement of corporate rules for all newly acquired subsidiaries;
- transparency in communication with stakeholders;
- systematic robust controls over management activities.

Our corporate governance principles have a particular focus on anti-corruption and anti-bribery requirements as a significant element of our entity-level controls. We adhere to the following general principles in our compliance framework:

1. **Risk assessment:** We perform a periodic review of our exposure to external bribery risks via our annual mandatory conflict-of-interest reviews. The results are documented and thoroughly analysed. We also have in place an employee-only whistleblowing hotline as a tool for informing us of internal bribery risks. Employees can make anonymous reports.
2. **Top-level commitment:** Senior management is committed to preventing bribery by fostering a culture in which it is seen as unacceptable. Top management leads by example and enforces the following of procedures by lower-level management and employees.
3. **Due diligence:** We perform due diligence procedures with respect to each new prospective business acquisition to assess the risks related to that potential acquisition and for each new counterparty as part of our routine risk mitigation procedures in the purchases/sales cycle.
4. **Clear, practical and accessible policies and procedures:** Our policies are accessible via either the corporate website (the Code of Ethics, Trading Policy, Legal Compliance Policy, etc.) or the internal restricted website (the Conflict of Interest Policy, Purchase Policy, Labour Protection Policy, etc.), which reference our commitment to fair business practices; for each policy there are contact persons available to answer any related questions on adherence and compliance.
5. **Effective implementation:** Policies are available on the external and internal web portals, and are to a certain extent imposed upon employees, such as the mandatory annual conflict of interest update, local labour laws and labour safety updates and the mandatory tender purchases policy for daily operations.
6. **Monitoring and review:** We have in place a process for the regular review and update of policies on at least an annual basis. Additionally, the risk committee meets at least four times a year to discuss major risk-related issues.

As part of our corporate governance development process for 2019-2020 we focused on and plan to further increase our employees' awareness of various aspects of corporate governance by enhancing the online training experience.

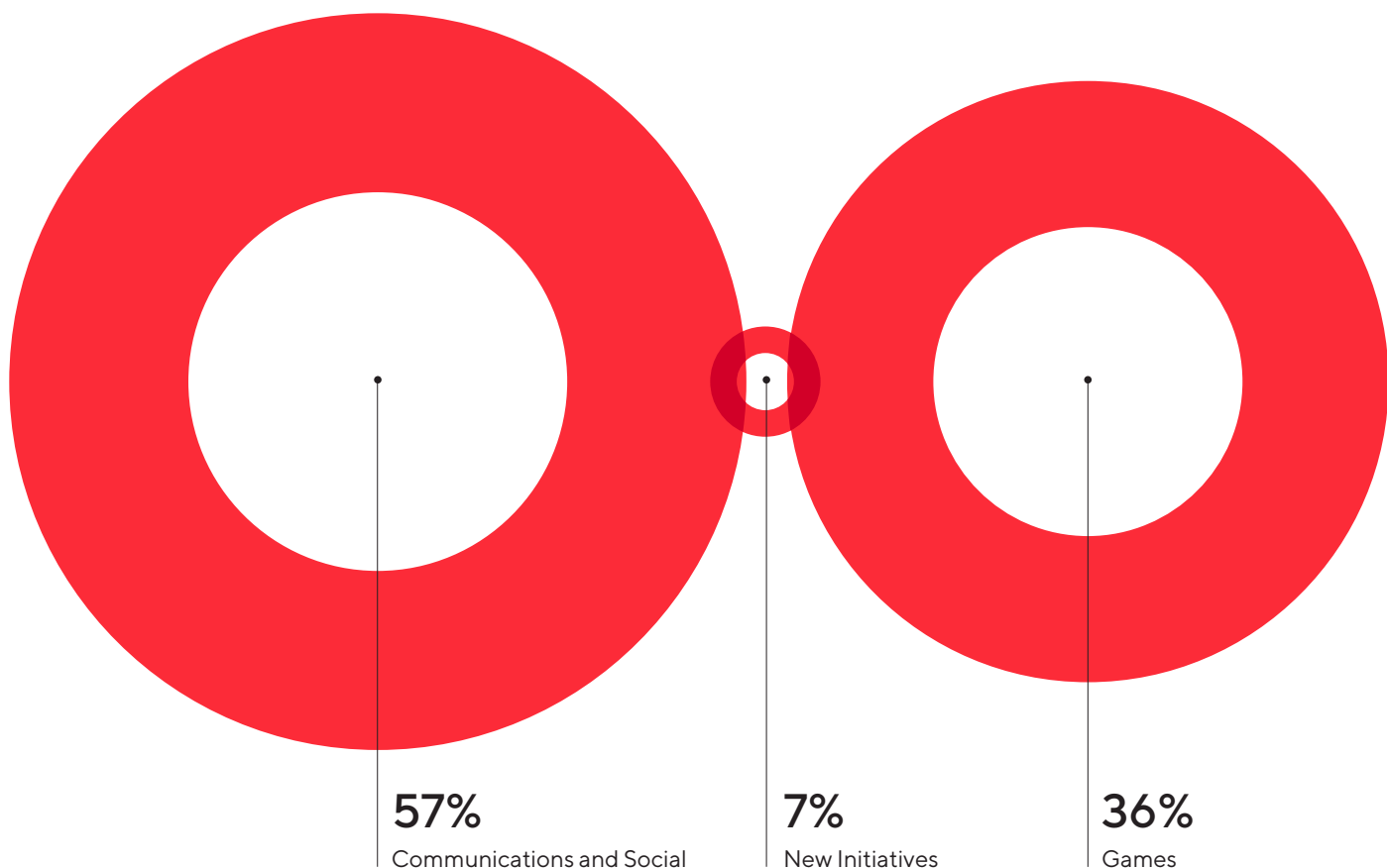


# economic performance

## Financial results

**201-1** Mail.ru Group earns its revenues from the Communications and Social, Games and New Initiatives segments.

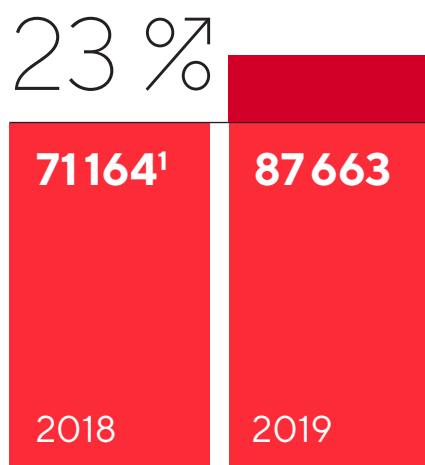
### Consolidated revenue structure management accounts



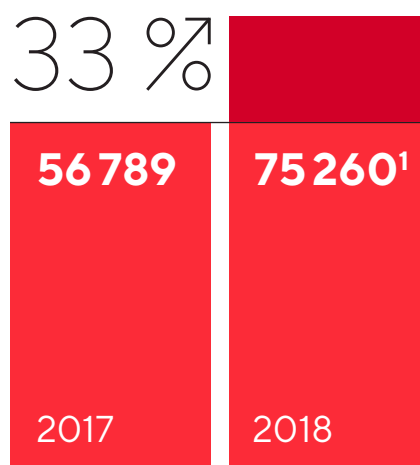
Our revenues demonstrated strong growth throughout 2019 in all key areas, increasing by 23%, while we continued to invest significant resources in a number of our new projects, especially our O2O initiatives, where we see significant potential. Online advertising showed strong growth, driven by growing user engagement, improved advertising technologies and sales execution. Customer budgets continued to shift online, towards mobile and social networks in particular. Our games business continued to produce very strong performance. As in previous periods, new mobile IVAS products (including music subscriptions) continued to grow, driven by the rising number of active paid and trial subscriptions on our platforms and in the integrated BOOM app by UMA.

In reviewing our operational performance and allocating resources, our Chief Operating Decision Maker (CODM) reviews selected items from each segment's income statement, assuming 100% ownership in all of our key operating subsidiaries, based on management reporting. Management reporting is different from IFRS, because it does not include certain IFRS adjustments that are not analysed by the CODM in assessing the business's core operating performance. For more details on management reporting and reconciliation to IFRS data, please refer to the Operating Segment section on p.73 of our 2019 Annual Report.

### Consolidated revenues management accounts, RUB mln



### Consolidated revenues management accounts, RUB mln

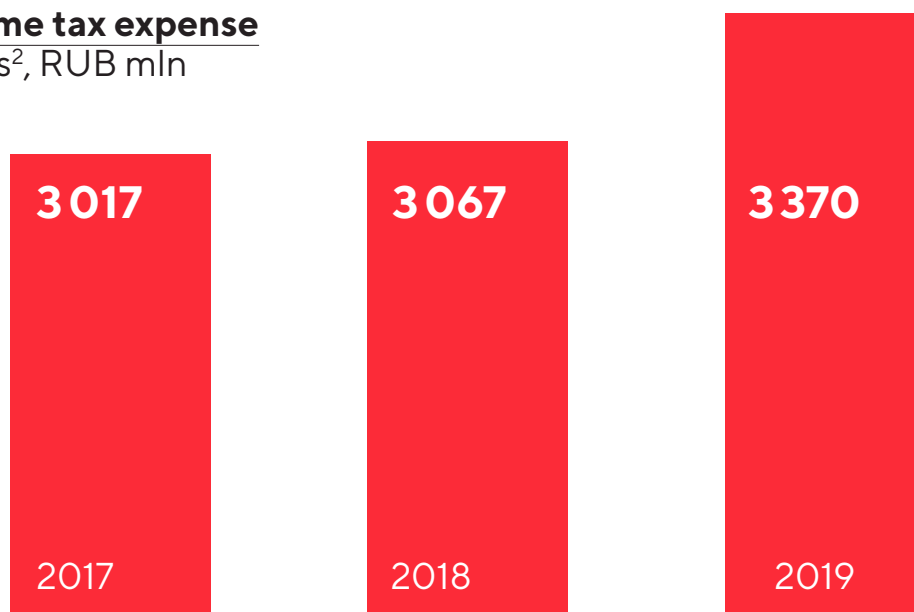


We are a leading internet company and have a significant direct and indirect economic impact on our stakeholders.

The direct economic impact includes our purchasing of goods and services from suppliers, wages and benefits paid to our em-

ployees, as well as financial expenses paid to creditors, income taxes paid to the public sector, and community investments. We contribute indirectly to the economy in a variety of ways, though our greatest indirect impact results from the benefits provided by the ongoing development of technology and services.

### Current income tax expense IFRS accounts<sup>2</sup>, RUB mln



<sup>1</sup> Comparative segment financial information has been retrospectively restated, as applicable, to include the financial information of UMA, NativeRoll, Relap, Skillbox, Panzerdog, Swag Masha, Worki, Beingame and to exclude Pandao, ESforce, and Delivery Club, all starting from 1 January, 2018 (please refer to p.73 of our 2019 Annual Report).

More detailed information on financial results and financial performance can be found in the Financial Review section of our 2019 Annual Report.

<sup>2</sup> Current income tax expense is not separately reviewed by CODM, therefore amounts presented are from IFRS accounts.

# Our products and services

**102-2, 102-6, 102-7** We offer a wide range of services to individual users, small and medium businesses and large corporate clients, and support communities with charity and education activities.

## Communications and Social

Communications and Social includes email, instant messaging and the portal (main page and media projects). It earns substantially all revenues from display and context advertising. This segment also aggregates the social network VK and two other social networks (OK and My World) and earns revenues from (i) commissions from application developers based on the respective applications' revenue, (ii) user payments for virtual gifts, stickers and music subscriptions and (iii) online advertising, including display and context advertising. It also includes the Search and music services (UMA). These businesses have a similar nature and economic characteristics as they are represented by social networks and online communications, their products and services are used by a similar type of customer and are regulated under a similar regulatory environment.

## Games

The Games segment includes online gaming services, including MMO, social and mobile games operated by the Group. It earns substantially all revenues from (i) the sale of virtual in-game items to users, (ii) royalties for games licensed to third-party online game operators and (iii) in-game advertising.

## New Initiatives

The New Initiatives reportable segment represents separate operating segments aggregated into one reportable segment for their similarity: they are all newly acquired or recently started and dynamically developing businesses. This segment primarily consists of the Youla classifieds, which earn revenues from listing and promotion fees as well as advertising, along with MAPS, ME, GeekBrains, and new B2B projects (including Cloud).

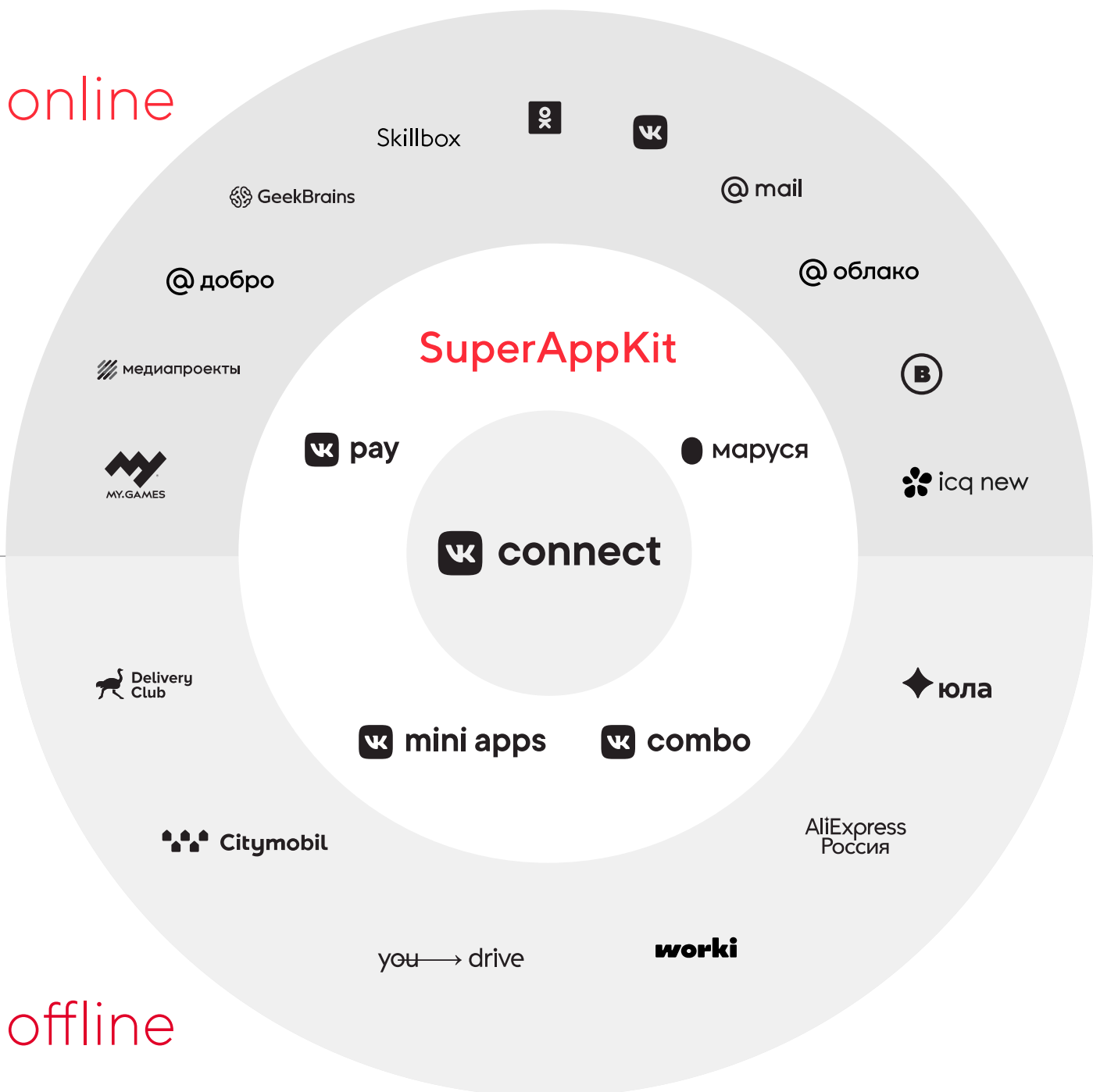


## Supply chain

**102-9** We have a Group-wide procurement policy in place, covering all aspects of the procurement process. The policy provides for a robust process for assessing and admitting new counterparties as its contractors. There is a policy on admission, which prescribes an assessment of the contractor's quality in order to avoid the possibility of non-recoverable payments and possible tax evasion claims should the counterparty be viewed as a "mala fide" taxpayer. All suppliers should be registered via a tender purchases website in accordance with internal compliance procedure. Most IT equipment is purchased via competitive open tenders on our platform. Our purchases consist primarily of IT equipment, marketing expenses and agent and partner fees. To ensure the openness and transparency of purchase procedures, we maintain email channels for communications with our suppliers: the tender committee can be contacted at tender@corp.mail.ru, while internal audit and risk management functions are dealt with directly at risk@corp.mail.ru.

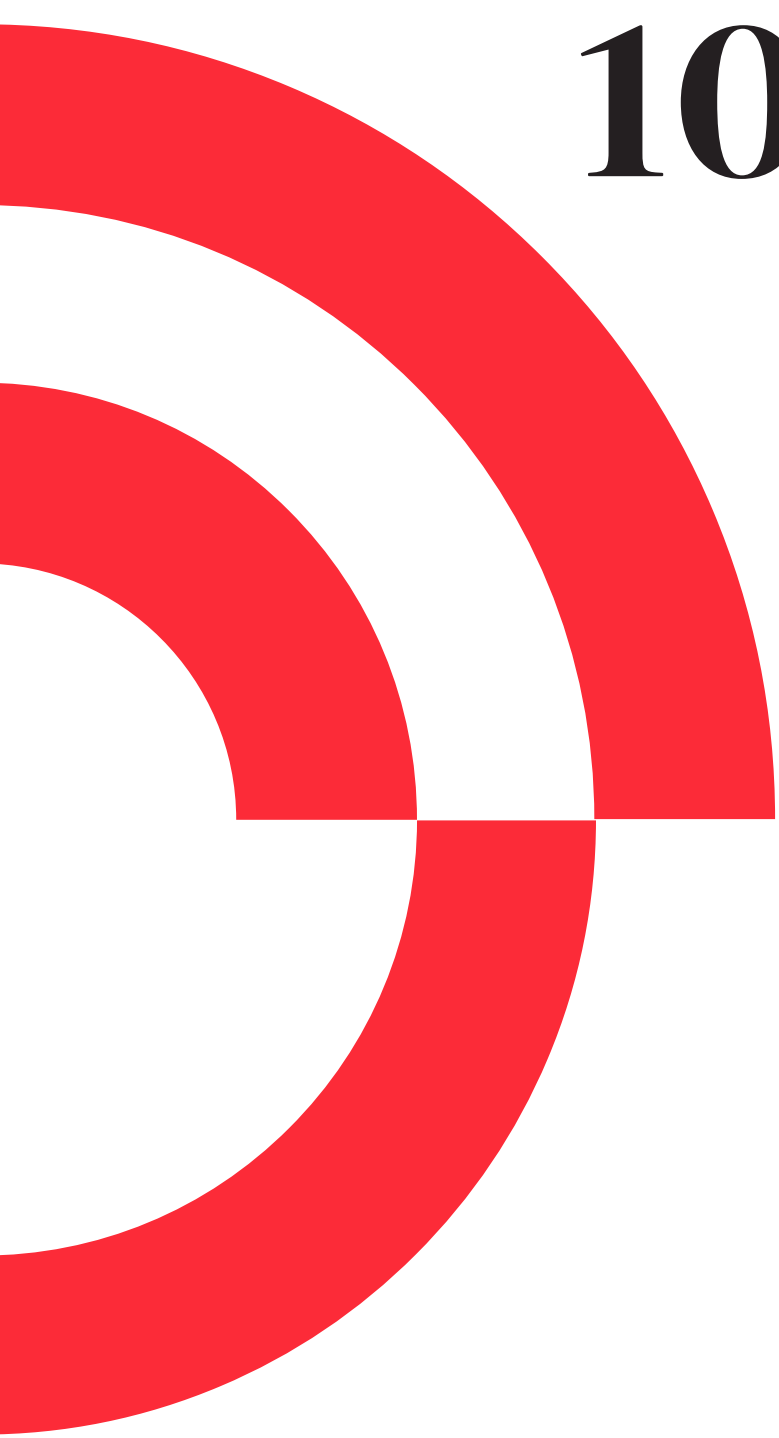
**204-1** We choose our suppliers based on the quality of their products and services, market experience, competitive pricing and warranties. The Group also tries to give preference to local suppliers in each country where it has a presence: 93% of suppliers are local to the purchasing legal entity and pay local taxes respectively.

online



# what we do for our users

We aim for our products to enhance our users' lives and make them more comfortable. To achieve this, we constantly develop, amend and improve our products, while listening to our users and their needs.



**21** years  
the company has been  
on the market  
for the past two decades

**100<sup>+</sup>** mln  
users  
all over  
the world

**100<sup>+</sup>** projects in  
Mail.ru Group's  
portfolio

**6,300<sup>+</sup>**  
employees

 **mail.ru**  
group

**No 1**

**in Russia**

among internet companies  
in terms of daily audience



# Protecting users' safety and privacy

We have always supported a free and safe internet. We believe that people should enjoy freedom of expression, be able to share their opinions, and have easy access to interesting and valuable content. We aim at making this experience safe and controllable for all our users. There are several aspects we focus on to ensure that our users have a safe and enjoyable online experience.

## Cyberbullying

Our survey showed that 58% of Russians have encountered some form of cyberbullying on the internet. We believe that it is highly important not to stay silent and to protect minors and those vulnerable to online attacks. To raise awareness of the issue, we launched an anti-cyberbullying initiative, designating 11 November as an annual Cyberbullying Day in Russia.

We do not tolerate any form of bullying and immediately respond to any complaint by reviewing and assessing the potentially harmful comment or post. A user can opt to block a sender or manage comments on their own page.

Our initiative has been widely supported by many Russian companies, including MegaFon, Veon, MTS, Yota, Livejournal, Kaspersky and others. The funds raised during our first campaign were directed to charities that support victims of bullying.

## Account safety

The simplest and most common requirement for protecting your account is having a complex password, regularly updating it and opting for two-factor authentication. You should also link pages, mailboxes and accounts to up-to-date and valid phone numbers and/or email addresses. We strongly recommend that our users do not use the same password across multiple services and apps, as this may lead to an account being compromised, and to review third-party services where users are logged in using their VK or OK account. Users are always advised not to click on suspicious links and to check their account activity history.

As phishing is an increasing problem in the digital world, we check emails in the Inbox with antivirus software to sort malicious messages from legitimate ones, thereby protecting passwords and accounts.

## The information we process

We collect certain types of information about our users to be able to provide services of the highest level and we do so without invading users' privacy. The type of information we collect about users depends on the particular product or app.

**Personal and other user information and user content.** We process the personal information that users provide upon registering with our services, including transaction data, on some of our apps, as well as certain metadata: the date of creation of content or the geographical location of the photos on some of our services. This information is processed automatically within our systems.

**Usage patterns.** Our systems log information on the duration, timing and frequency of the user's sessions, the types of content users engage with, the preferences they store, the features they use and the people they interact with.

**Connectivity and device information.** Users access our services from various devices. We can collect information about users' contacts to help them find people on social networks or other services, should the service request request (and users opt to provide) such access to their address books. We also use this information to inform users of logins to their accounts from a new or unusual device for security purposes. As a necessary part of providing our services, we collect and process information on:

- device types (PCs, tablets, smartphones), their manufacturers, operating system, hardware and software versions, browser type;
- unique identifiers, device IDs, and other identifiers, e.g. from games, apps or accounts used;
- data on cookies, including settings;
- bluetooth signals and information about nearby Wi-Fi access points;
- voluntarily settings such as GPS location, camera, internal storage space, etc.;

These types of information are necessary to provide increasingly personalised and highly useful services to our users, including personalised content, ads, recommendations, search functions and other features. We believe this approach to data collection provides us with the ability to deliver a tailored, relevant and consistent experience to each and every user. It also allows us to verify accounts and activities and to combat harmful conduct and content.

## Data protection and security

The internet is an open platform, but every user has the right to confidentiality.

We pay special attention to protection of confidential data of our users. Personal data disclosed to us is treated as classified information and is subject to protection in accordance with all applicable laws and regulations. The security, integrity, and confidentiality of users' information are extremely important to us. We have introduced technical, administrative, and physical security measures that are designed to protect submitted information from unauthorised access, disclosure, use, and modification. We regularly review our security procedures to consider appropriate new technology and methods. We are aware that, despite our best efforts, no security measures are perfect or impenetrable. We work hard to safeguard users' data privacy while supporting their right to freedom of expression.

The Group has a personal data protection system: responsible persons have been appointed to ensure secure processing of the personal data. We conduct security audits to review compliance with data safeguarding requirements.

All of our products develop and constantly update effective security systems designed to protect user data from increasingly sophisticated cyber-crime activities like hacking. This includes our email, social media, games, messengers, e-commerce and all other Mail.Ru Group services.

## Data encryption

We use advanced security technologies in our services, including the following:

- To protect our email users against phishing and spam we use DKIM and DMARC.
- We use "Secure" and "HTTPOnly" flags in authentication cookies and offer two-factor authentication for the Mail.Ru Email and Cloud services as well as for VK and OK.
- For the Email services, VK and OK, we use HSTS and Content Security Policy.
- VK Android and IOS apps also use Certificate Pinning.

On some services we can access and store some of the information shared with us by our users for an extended period in order to provide users with an opportunity to regain access to an account after its deletion or when it is required by applicable law (e.g. when it is the subject of a legal request as part of a governmental investigation). For some services we are obliged under the Russian Federal Law "On Information, Information Technologies and Information Protection" to ensure Russian users' data has been stored within a set time limit.

Our VK social network allows users to download a copy of their data at any time to review what types of data and content are stored and processed by the network.

## Information sharing

Users' information can be shared with the public when users opt to make their posts or other information visible to other users, according to their preferences and settings. Some public information, which is marked as such, is available to anyone. Users can change their visibility settings at any time and decide what they share and with whom. We always provide information in a simple and understandable manner in our Privacy settings, so that users receive only relevant notifications, comments on their posts, and invitations.

Many third-party services allow logging in with a VK or OK account, in which case these services gain access to some information about that particular user. Such sharing requires the user's explicit confirmation. However, such services will not receive any redundant information about a user's friends, posts or other actions.

We work with third-party partners who help us provide tailored content and experience to our users. If relevant content and ads form part of a Mail.ru Group service, we provide advertisers with segments consisting of our user categories and preferences and how their advertisements are performing. At no time will we share any piece of information that would personally identify a particular user.

Certain aggregated anonymous statistics are provided to businesses and entrepreneurs to gain an understanding of how their official pages are performing and how their subscribers interact with posts, photos and videos.

## Preventing potential threats

We operate a constant monitoring system for the security of our services as well as the infrastructure they are based upon. We work hard to protect users against spam, phishing, malware, viruses and other threats. In addition to that, in order to constantly test the effectiveness of our systems, in April 2014 we launched a programme to identify vulnerabilities on the HackerOne global platform, which is now the largest in Russia and the third-largest programme in the world by number of reports resolved. Our social networks give users the option to customise the privacy of their data. Our services also allow users to choose the information they are willing to share.

## Internal controls for data security

Our Audit Committee has the primary function of supporting the Board of Directors in its duties pertaining to supervising the effectiveness of the Group's internal control system, including that of internal audit and risk management functions in data protection. The Internal Audit Department performs IT audits, which include assessments of the security and effectiveness of the Group's information systems in relation to the confidentiality, integrity, and availability of data as well as data processing. We have a designated Data Protection Officer who ensures that our products comply with data protection principles. We also periodically and systematically arrange training programmes for our employees related to data processing and data security.

We regularly work with those of our employees who are involved in the processing of personal data in order to confirm their knowledge of the rules and policies and ensure that they follow them strictly. After recruitment, each new employee undergoes a procedure of familiarisation with the rules for personal data processing.

We duly process all complaints received via support channels from the owners of personal data concerning personal data processing, and inform owners on the outcome of our review within the time limits prescribed by the law.

**418-1** We did not experience any major hacker attacks on our services in 2017-2019, and no personal data was stolen.

## Removal of illegal and inappropriate content

While we support the idea of any user having free access to any information available online, we strongly believe that this content should be legal. We have put in place content-removal procedures for very specific cases, which include: violations of rules protecting children from harmful content; child abuse; the distribution of drugs; extremist activity or violation of intellectual property rights.

Any VK and OK user can report content they deem to be inappropriate or offensive using the "Report" button. We consider all complaints and react in reasonable time. If content is deemed to be in violation of the law or rules of the website, it is deleted, and offenders are blocked.

## Responding to government requests

In certain cases, government agencies can legally override users' privacy rights should they need access to protected information to fight serious crimes, including terrorism. We have legal obligations to provide such information upon receipt of a formal request by the authorities. In the various countries where we operate we respond to requests from government agencies for specific data on selected users in accordance with applicable laws. These requests are thoroughly reviewed by our legal teams. We reject requests that do not comply with the applicable legislation or do not follow the set formal request procedure.

We feel it to be our duty to support the fight against crime while still protecting our users' right to privacy. Our processing of the government requests is described below.

We may be held liable for any failure to provide information to courts and law-enforcement authorities in response to an official request, and this liability may extend to criminal prosecution.

**415-1** Mail.ru Group remains politically neutral. At no time do we support, directly or indirectly, any political party or ideology. In the event that we believe certain legislative initiatives should be reconsidered, we are dedicated to providing an evaluation of the issue to the authorities, based upon our expertise.

# Processing government requests in the Russian Federation

In accordance with the law, including legislation relevant to Russian users such as the Federal Law "On Police", "On the Investigative Committee", "On Operational-Search Activities" and others, government organisations and courts have the authority to request information from technology companies about their users. Our team has been following strict rules regarding how government requests are processed.

## Who can apply for the information:

The laws of the Russian Federation provide courts and law enforcement authorities with the power to request information about users at different stages, i.e. in the cause of investigative activities, as part of pre-investigation procedures, during preliminary investigation and during trial. Private messages cannot be given to any government body without an accompanying court decision.

Various government agencies of the Russian Federation have the authority to request data:

- Federal Service for Supervision of Communications, Information Technology, and Mass Media (Roskomnadzor) – according to para. 1 part 3 Art. 23 of the Federal Law "Concerning Personal Data"; para. 6.1. of Government Decree No. 228, dd. 16 March 2009, "Concerning the Federal Service for Supervision of Communications, Information Technology, and Mass Media"
- Federal Antimonopoly Service (FAS) – according to Art. 34 of the Federal Law "Concerning Advertising", Art. 25 of the Federal Law "Concerning the Protection of Competition"
- Courts – according to Art. 57 of the Civil Procedure Code, Art. 66 of the Arbitration Procedure Code, Art. 63 of the Administrative Court Procedure Code, Art. 29, and Art. 86 of the Criminal Procedure Code
- Law enforcement authorities (for example, the bodies of the Ministry of Internal Affairs, the FSB (Federal Security Service), the Investigative Committee of the Russian Federation, the Federal Customs Service, the Prosecutor's Office, etc.) – according to Art. 13 of the Federal Law "Concerning the Federal Security Service", Art. 6 and 8 of the Federal Law "Concerning Investigative Activities", part 4 Art. 21 and Art. 86 of the Criminal Procedure Code, para. 4 part 1 Art. 13 of the Federal Law "Concerning the Police", para. 1 part 3 Art. 7 of the Federal Law "Concerning the Investigative Committee", part 1 Art. 22 of the Federal Law "Concerning the Public Prosecution Service", 06/17 alast etc.

## What kind of information can the government request and how

We review requests that are provided in writing and conform to existing laws. Our specialists carefully verify whether there is a basis for the information request. If the reasons for the requests are unfounded, we will not provide the requested information. Before responding to a request, we also verify that the requested information will be received by an official government body or authorised person.

A request from a government organisation must have an official signature, the seal of the authorised body, a list of specific user data that should be given to them, and the reason for the request. The right to privacy of correspondence is guaranteed in Article 23 of the Constitution of the Russian Federation, therefore private messages cannot, under any circumstances, be given to any government body without a court order.

By law, certain user data can be requested without a court order, for example: personal page address, the time and IP address used when registering the profile, mobile phone number, email address, the history of user name and phone number changes, the time and IP address used when the content specified in the request was published, the history and list of IP addresses used for accessing the page.

Unfortunately, it is forbidden in most countries in the world, including Russia, to notify users that we have received such requests. In Russia, we, along with other services, are limited by Article 12 of Federal Law 144-FZ "On Operational-Search Activities", paragraph 15 of Russian Government Resolution № 759, dd. 31 July, 2014, and Article 161 of the Criminal Procedure Code. The very fact of receiving a request is considered to be confidential information, therefore we do not have the right to disclose it.

There is an understandable logic in this when it applies to serious crime. When the issue concerns potentially dangerous criminals, such as people who have committed murder, are guilty of child exploitation, or are preparing to do something which threatens the life or health of themselves or others, notifying a user of the event may seriously impede the investigation of the crime or the capture of the criminals.

It is also possible to submit a request for the data in writing. Requests can be sent to the legal addresses of our offices in Moscow and St-Petersburg: LLCV Kontakte, located at Prem. 1-N, Bldg. 12-14, Lit. A, Ul. Khersonskaya, St. Petersburg 191024, Russia, or via a special email address, security@corp.vk.com, with a copy of the request, along with the original subsequently provided, to the legal address; and LLC Mail.ru, located at 39 Leningradsky Prospekt, Bldg. 79, Moscow 125167, Russia. The request must have the signature of the requesting official, the stamp of the authorised agency, and allow the sender to be verified to make sure that the response will be received by the authorised person.

## Liability for failure to meet requirements:

We may be held liable for any failure to provide information to the courts and law enforcement authorities in response to an official request, including criminally liable.

At the same time, in the vast majority of cases, the law enforcement authorities do not inform us of the specific circumstances of cases, as the legislation does not contain such a requirement. The fact of the presence or absence of initiated criminal proceedings is immaterial as a matter of law – according to the law "Concerning the Police" and "Concerning Investigative Activities", we are obliged to provide the law enforcement authorities with the information they need for the implementation of the powers vested in them.

As for judicial requests under the Criminal Procedure Code: according to paragraph 1 Art. 294 of the Criminal Code of the Russian Federation (obstruction of a court's lawful activities), failure to satisfy any official request automatically bears a penalty of up to RUB 200,000 or an amount of equal value from the salary or other income of the convicted individual for a period of 18 months, or compulsory community service for up to 2 years, or arrest for a term up to 6 months, or imprisonment for a term up to 2 years.

In the event of the non-performance of a judicial act (for example, concerning the limiting of secrecy of correspondence), criminal liability is provided as follows: Art. 315 of the Criminal Code of the Russian Federation – a penalty of up to RUB 200,000 or an amount of equal value from the salary or other income of the convicted person for a period of 18 months, or deprivation of the right to occupy certain positions or be engaged in certain activities for up to 5 years, or compulsory community service for up to 480 hours, or compulsory community service for a term up to 2 years, or arrest for a term up to 6 months, or imprisonment for a term up to 2 years.

As for the requests of courts law enforcement authorities (for example, the bodies of the Ministry of Internal Affairs, the FSB (Federal Security Service), the Investigative Committee of the Russian Federation, the Federal Customs Service, the Prosecutor's Office, etc.), the liability depends on the particular body or nature of the request. Here we have some examples:

- Art. 19.7 of the Code of Administrative Offences of the Russian Federation (general provision): a penalty from RUB 300 to 500 for officials; from RUB 3,000 to 5,000 for legal entities.
- Art. 17.7 of the Code of Administrative Offences of the Russian Federation (requests by the prosecutor, investigator, interrogating officer or administrative proceedings officer): a penalty from RUB 2,000 to 3,000 or disqualification for a term from 6 months to 1 year for officials; from RUB 50,000 to 100,000 or administrative suspension of activities for up to 90 days for legal entities.
- Para. 1 Art. 294 of the Criminal Code (obstruction of a court's lawful activities): a penalty of up to RUB 200,000 or an amount of equal value from the salary or other income of the convicted person for a period of 18 months, or compulsory community service for up to 2 years, or arrest for a term up to 6 months, or imprisonment for a term up to 2 years.
- Para. 2 Art. 294 of the Criminal Code (interference with the activities of the prosecutor, investigator or interrogating officer): a penalty of up to RUB 80,000 or an amount of equal value from salary or other income of the convicted person for a period of up to 6 months, or compulsory community service for a term up to 480 hours, or arrest for up to 6 months.



## Compliance with laws and regulations

We are committed to complying with the applicable data protection laws. As part of our General Data Protection Regulation (GDPR) preparation process, we have revised and updated all our internal processes and procedures, including data systems, the implementation of the Data Impact Assessment and documentation in order to ensure full compliance with the GDPR. We use technical and organisational measures to ensure data security by default. We have revised our privacy and cookie policies (conditions) for our end users as well as the wording of our consent forms and the independent processes used to obtain direct marketing consent, including clear opt-in mechanisms for marketing subscriptions. We use a clear and transparent notification system with the option to unsubscribe from any of our marketing materials. We always conduct data protection impact assessments whenever processing is large-scale, can result in a high risk to the rights and freedoms of individuals, or includes data of a special category or pertaining to criminal records. In order to carry out impact assessments that comply fully with GDPR requirements, we have developed special assessment procedures that allow us to rate the risk posed by the processing activity and implement mitigating measures to reduce the risk posed to the data subject (s). We neither obtain nor process any special category data purposefully. We notify our users in our privacy policies that they should avoid sharing this kind of information through our products and services. We provide easy access to our support services. Our support agents are always available to help our users exercise their individual rights. We respond to and fulfill requests from data owners with respect to their rights to data portability, access, rectification, and erasure. We also help exercise other data owner rights specified in the GDPR (e.g. the right to object to processing for the purposes of direct marketing where such direct marketing exists).

We follow Russian legislation on the processing of personal data:

- Federal Law No.152-FZ dd. 27 July, 2006, "On Personal Data", including amendments related to the localised processing of the personal data of Russian residents in Russia;
- Enactment of the Government of the Russian Federation No. 1119 dd. 1 November, 2012, "On the Approval of Requirements for Personal Data Protection During Processing in Personal Data Information Systems";
- Enactment of the Government of the Russian Federation No. 687 dd. 15 September, 2008, "On the Approval of the Regulation on the Peculiarities of Personal Data Processing Performed Without the Use of Automation Tools"; The Group's internal policies in each legal entity of the Group.

## Mail services

Our e-mail service Mail.ru serves more than 100 million users in Russia and around the world, helping them with their business and day-to-day activities. This is a multifunctional tool for handling messages, files and documents, making it quick and convenient to find any document and exchange information quickly. Our mail offers unique features, making users' lives easier and more comfortable:

- Payment Centre – mail helps users save their time, plan expenditure and analyse spending. A user can instantly pay up to 8,000 different service providers, subscribe to automatic invoice receipts and monitor payment history via this platform.
- Managing mailing lists – Mail.ru helps to sort messages, navigate through the glut of information and avoid annoying mail. Our service hides mailing lists by sorting them into two folders: one for social media messages and the other for miscellaneous emails. This allows a one-click simple unsubscribe option for unwanted lists.
- Smart Reply – this feature speeds up replying to business or personal messages by using machine learning technology. Our neural network suggests short phrases as replies based on the context of the dialogue. The user can click one of the suggested options without typing.
- Taxi booking – the mail service can recognise addresses in messages, display them on the map and order a taxi. A link to the order is displayed directly in a message to save user's time.
- Mail Safety – to raise awareness among our users we have issued a special checklist on personal data protection with our recommendations and instructions on how to avoid scammers and protect your data.
- Safe Access – to access their mailbox, a user can choose from several options: a password, an SMS code, a QR code or a physical token. A neural network regularly analyses user activity using 100+ parameters – time of access, surfing pattern, IP addresses – thereby creating a behavioural profile. If a scammer obtains access, the network recognises them as having an unusual pattern and blocks the mailbox instantly.
- Anti-spam and anti-phishing protection – our mailing service recognises the logos of popular stores, banks and other brands. These features prevent scammers from sending a phishing message to steal personal and bank data or passwords. All links contained in messages are automatically checked, and if a potential phishing risk is identified the system sends a warning to the user or blocks the link. An anti-spam algorithm uses machine learning technology and learns constantly by analysing the user's patterns to promptly segregate spam messages.



# Advertising technologies

Mail.ru Group products serve more than 93% of Russian internet users. We develop technological and marketing solutions to assist our partners in communicating with the most relevant audiences, and to help bring our users the most interesting offers in suitable formats.

## Strategic partnerships

We actively develop marketing solutions, combining online and offline channels. Our cooperation with major market players and entry to new markets in 2019 made it possible for advertisers to reach our users not only via the internet, but also via outdoor media in 11 major Russian cities, in-store advertising in Perekrestok supermarkets and a Smart TV application. Such cooperation with our partners leads not only to the creation of new products and markets, but also enhances our employees' expertise. In 2019 we launched internship and talent exchange programmes with our key partners, to deepen our mutual understanding of business and develop digital marketing skills. The Unilever team pioneered this programme and participated in various activities within Mail.ru Group, from market analysis to project launches and advertising campaign management.

Our mutual efforts with major players contribute to helping users with their daily pursuits. Our project Pets.Mail.ru has teamed up with the pet food producer Purina to offer relevant information on pets, and even provides pet owners with professional veterinary advice when needed.

## Marketing solutions

We develop solutions for businesses to solve their most complicated tasks and to help our users find the best offers and therefore save money. We feel it is important to ensure seamless integration with other products within our ecosystem, thereby delivering quality and synergy.

In 2018 we launched the Checkback service with VK, in which users get cashback for offline purchases. This allows users to save money on their usual purchases, while providing advertisers with a fast and efficient instrument to evaluate their promotional activities.

We are contributing to the increasing transparency and measurability of digital marketing. In 2016, Mail.ru Group was the first Russian technology company to offer advertisers access to an independent assessment of ad visibility on our platform by Moat, one of the world's most reputable real-time analytics providers. Over the last three years we have significantly enhanced our own analytical instruments, including myTarget, and extended Moat verification to domain level on our own sites and our advertising network, and provided our advertisers with access to an additional visibility assessment by Adloox on the myTarget platform. We will continue developing these tools, as it is important to know that our partners view us as a high-quality and reliable partner.

We welcome new solutions and proposals from AdTech developers. In the autumn of 2019 we launched the myTarget App Marketplace – a marketplace for advertising apps that allows AdTech companies and developers to create and introduce additional functionality for advertisers and monetise their products.

We pay special attention to the training and education of digital marketing specialists. In 2019 the myTarget team re-launched its online course and certification process for advertising platform participants, with extended certification requirements and new targeted advertising features. We believe that communication is vital for effective market development, and we encourage our partners to deliver free offline and online events where advertisers can discuss key trends and essential audience insights and answer important market issues. In November 2019 we held myPerformance Day, a large-scale conference on effective marketing for more than 700 participants. The technological development of our products is one of our priorities. We help our clients to achieve even better results at a lower cost by introducing artificial intelligence solutions for myTarget tools. This has helped us to optimise our lookalike technology, and we are actively developing our targeting and re-marketing instruments for more customised communication between advertisers and users. In 2018 we launched context targeting in myTarget, allowing our advertisers to work with one of the key trends in user behaviour: the increasing use of marketplaces, classifieds and social networks to search for products. The context targeting selects audiences based on user requests on Mail.ru Group websites and navigation by goods category, and serves to deliver the most relevant and customised offers to each user.

The ecosystem of solutions we offer helps any business to cope with the most important tasks – from setting up a corporate page on a social network to launching an integrated O2O campaign. We strive to offer the most relevant and optimal solutions and make the industry more technology-driven, reliable and transparent for all participants.



# VK

## About VK

VK is the most popular social network and messaging service in Russia and the C.I.S. and the first superapp in Russia. We have a daily audience of more than 97 million people, who exchange 10 billion messages and view 9 billion posts every day.

VK unites millions of people, helps them share interesting content and creative work, and opens up new business opportunities. VK's mission is to connect people, services and companies by creating simple and useful communication tools.

## Social activities

We pay special attention to social responsibility and internet safety issues. VK provides full support to non-commercial entities, offers them free access to advertising tools, develops special tools on request, and organises free events. In 2019 we enhanced our support for charity foundations and actively promoted information on social issues to attract new audiences.

Over the last three years, more than 100 charities have received grants to promote their activities on VK. Our advertising professionals help them launch new campaigns with maximum efficiency.

We have also launched annual events for the coordinators of social projects. In 2019 the VK for Good conference had more than 300 participants and gathered some of the world's best employees and speakers.

In 2019 we held our third VK For Good annual auction, with more than 1,950 hours of free labour collected to help seven non-commercial organisations.

## Key social projects in 2019

VK regularly runs special projects on various issues, including blood donation, autism, AIDS, climate change and environmental awareness.

- Charity stickers. We launched two special sticker packs, so that users could donate money to two charity funds.
- Charity gifts. Our users donated a total of RUB 1.5m by purchasing special New Year virtual gifts, raising money for three charity funds.
- #яособенный (#IamSpecial). VK supported World Autism Awareness Day by launching the IamSpecial initiative, in which we asked our users to tell the world what makes them special — unusual habits, looks, achievements or failures. This event helped our users realise that we are all special.



- Sign language sticker pack. We were the first in Russia to launch a sticker pack for users to study words and phrases in Russian sign language and to help people communicate with hearing-impaired people in Russia.
- Donor Day. To mark World Blood Donor Day, we held our annual awareness event where users can become blood donors. We teamed up with DonorSearch to launch an app where users could enter their blood type and share this information with their friends.
- Preventing wildfires. In co-operation with Greenpeace, we launched an awareness event on preventing wildfires: our special chat bot instructed users on fire safety, including tips on safe picnics, how to handle dry grass and what to do if a fire starts.
- VK Fest. In 2019 VK Fest helped three charitable funds to organise their events at the festival and to offer our guests free AIDS testing.

## Protecting users' personal data

We work relentlessly on data safety and protection. To assist our users in managing their information, VK has introduced some important developments.

In 2018 we introduced our Data Protection Principles and Data Management Rules, which meet GDPR requirements. VK reminded its users on how important it is to follow safety principles while sharing information on the internet. We revised our privacy principles and strengthened control over access to users' information.

Users were given the option to make their account completely private by selecting the appropriate settings, and could also choose to share information only among their close friends in order to protect their personal views and space. At the end of 2018 we launched a feature enabling users to download a copy of all data the network stores on them in a readable archive. To add safety to this feature we added an OpenPGP encryption key to the archive.

In 2019 we added an option for the rapid archiving of old posts and photos, to conveniently hide outdated information from users' pages.

## Safety Centre

In 2018 we launched our VK Safety Guidelines (at <https://vk.com/safety>) to provide information on the appropriate steps users can take if they face abuse, threats or inappropriate content. We paid special attention to child safety by adding guidelines for children and parents and by providing information on how to combat bullying at schools and prevent suicide and child exploitation.

We regularly block inappropriate content by using a hybrid moderation approach, fighting spam and abuse to create a positive and safe environment on our social networks. We have added a psychological advice section, specially prepared for teenagers and their parents in cooperation with prominent psychologists.

Our monitoring system uses a neural network to automatically look for and block dangerous content. All hashtags related to these topics automatically appear in this system as soon as they are posted, meaning any calls to violence or any attempt to publish material relating to suicide will be instantly blocked. The monitoring system is constantly learning, and our algorithms are getting better every day.

In 2019, more than 6.7 million pieces of content promoting suicide or encouraging users to inflict self-harm were removed from VK. This includes text publications, videos, photos and audio files. More than 300,000 unique profiles and 2,000 communities were also blocked for distributing such kinds of content.

Also in 2019, more than 290,000 pieces of content promoting school violence were deleted. More than 6,000 unique profiles and 300 communities were blocked for distributing this kind of content.

Any content that is connected with child exploitation, including pornographic material and information regarding child trafficking or prostitution, is quickly deleted. In 2019, more than 545,000 pieces of content, as well as 17,000 unique profiles and 3,000 communities, were blocked for distributing this kind of content.

In a year, our moderation service deletes 7 million pieces of harmful content. This figure might seem large, but on the scale at which VK operates, it is a drop in the ocean. In a year, our users create billions of pieces of content. To automatically process this quantity of data, we use neural networks. The majority of dangerous content is deleted before anyone even sees it. Posts can always be reported manually as well. Usually, we process these reports within a few minutes, if not quicker.

We respond quickly to reports from users, government regulatory agencies and social organisations, as well as blocking the pages of users who use hashtags connected with "death groups". These efforts allow us to minimise the activity of such groups and hashtags. According to experts, frequent mentions of this topic in the media can often have the opposite effect and stoke the interest of teenagers who may be in difficult situations.

The modern technological world requires a certain understanding of basic safety rules, which is just as important to know as rules on road safety or domestic safety. Children must be aware of the dangers of talking to strangers or joining unknown groups, and must be informed of the precautionary measures to take to avoid putting themselves at risk. VK always provides safety settings to prevent unwanted contacts or information sharing.

Our Getting Help section offers useful contacts of crisis hotlines and emergency services for difficult situations. We also offer some advice on helping those who worry about themselves or their friends and relatives having suicidal thoughts and who may be in need of psychological help.

## VK for SMEs

We are the largest social platform for businesses and advertisers in Russia. More than a million companies carry out their everyday activities on the VK social network, receiving millions of requests from their customers. We offer a full range of tools for small and medium businesses: verified company pages, the VK market, the VK Pay financial ecosystem, advertising campaign tutorials, 24/7 support, educational facilities, etc.

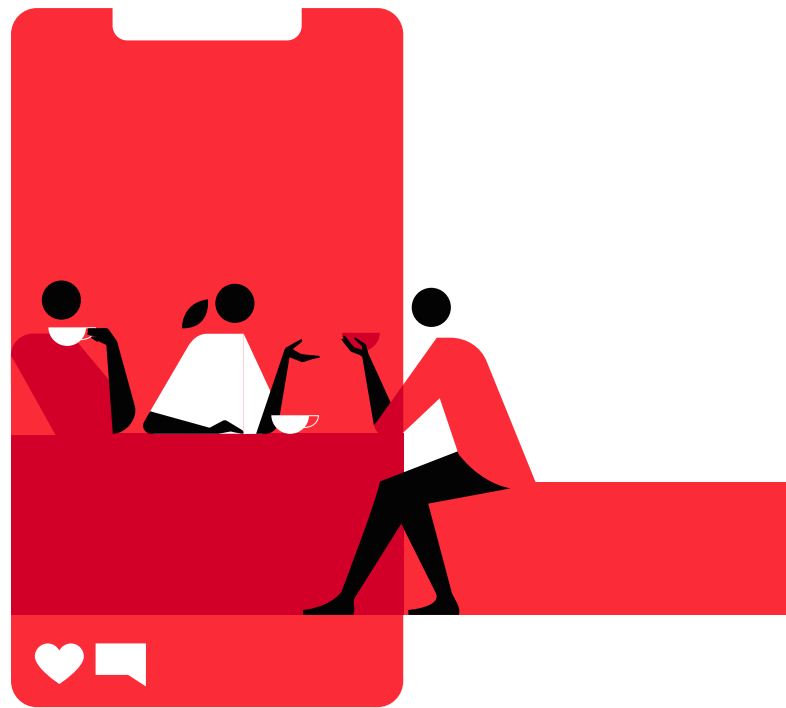
Entrepreneurs may opt to create a business page — a special type of community, offering a "main button" that can be programmed for a particular function — and can add a map to mark the locations of all their branches with addresses and opening times. These pages serve as a replacement for company websites and landings.

For those wishing to start or who are already managing their own business community on VK, we offer a special VK Business section at <https://vk.com/biz> with a wide range of business tools, useful advice on setting up and launching advertising campaigns, new features, online support, a partner search feature and other tools.

We regularly organise VK Digital Days for our partners, advertisers and business representatives, where they can find out about our advertising platform updates and useful features, as well as ask questions.

## Supporting developers and the IT community

We support talented developers and IT professionals by offering contests, championships and educational programmes for pupils and students. See section 4 below on our activities.



# Odnoklassniki

## About OK

Odnoklassniki is one of the two largest social networks in Russia and the C.I.S. It has a monthly audience of about 43 million users in Russia, who socialise with friends and share emotions with people they care about using various services offered by the network: messages, voice and video calls, gifts, cards and stickers. OK is also a content and service platform: users can watch broadcasts of major sporting and cultural events in 4K format, listen to the most popular audio tracks, buy goods and services, make money transfers to 18 countries and promote their own business.

Our video platform is Russia's leader<sup>1</sup> for downloaded videos and views: broadcasts and videos exceed 870 million views each day. OK is constantly increasing the number of professional videos by adding exclusive premieres, introducing face recognition technologies for finding friends in recorded and live videos, monetisation tools for OK live video authors, and an interactive platform for creators of video content: an art studio with polls, quizzes, captions and accompanying text.

## Protecting OK users from negative content

Every day millions of users publish billions of units of content: photos, videos and texts. Our content moderation platform works diligently to review this vast amount of data and fight spammers and bots. Over the last 14 years our team has gained extensive and valuable experience and expertise in this area.

We launched our own content moderation and classification platform in 2017 and used neural network technologies to introduce computer vision and classification of texts and links. Coupled with the hard work done by our moderators, neural networks have contributed to minimising negative content levels – only 3% of users have complained about spam over the last two years.

Odnoklassniki's expertise and moderation platform has been used by other services belonging to the Group since 2017. It includes automatic photo processing in ICQ public chats, moderation of chats in Mail.ru Games, control over websites changing in advertising for myTarget, verification of drivers' documents for Citymobil and moderation of texts and images in Youla ads.

Every internet project that works with user content needs moderation, classification, and image/video/text processing of this content. In the start-up phase these projects lack both the expertise in moderation and the necessary resources to fulfill this task. In 2020 we plan to offer help with such tasks to any type of business and grant access to our moderation platform to third parties, who will be able to moderate their content with the tools and expertise of our professionals.

## Supporting developers and the IT industry

OK is one of the world's highest-loaded Java services. We are proactive in sharing our knowledge with the IT community and educating students. As part of our Technopolis educational initiative with the St. Petersburg Polytechnic University we offer a free course for students, with the best of them being offered an internship with OK.

The Ok.tech project invites OK developers to share their experience with open-source decisions both within Mail.ru Group and externally at national and international conferences, meet-ups, round tables, and in our blog at Habr.ru. In 2019 our teams took part in 58 conferences, organised nine meet-ups at the OK office and published 40 articles on our blog. More than 18,000 people participated in these events, with the recordings viewed by more than 1.5 million people online and related articles enjoying more than 178,000 views.

The OK offers internships to students from technical universities. We currently work with 30 interns from major Moscow and St. Petersburg universities: ITMO, St. Petersburg State University, Moscow State University, the Bauman State Technical University, and the Moscow Engineering Physics Institute. Around a third of all interns join OK from Technopolis@Mail.ru, where we run a two-year programme in Java high-load app development and deliver courses on testing development and automation for more than 150 students, supported by 30 OK team members.

<sup>1</sup> Brand Analytics, April 2019.

## Supporting SMEs

We have dedicated our efforts of the last two years to creating an ecosystem for small businesses, where our services have helped entrepreneurs create efficient sales strategies and build communications with customers. We launched a business profiles platform, allowing users to do business from personal accounts with access to advertising. These advertising accounts help promote the sales activities of small and medium businesses producing clothes, hand-made goods, beauty products, etc. Users, groups and authors can find new audiences for their content. We have made settings for advertising campaigns friendly and simple for users with little experience – the system automatically suggests good rates and an optimal spending scheme to ensure the best results.

To help groups on OK build effective communication with users, we have introduced new features: targeted action buttons ("Buy", "Call", "Follow the link", etc.), comments and likes by groups, and virtual call centres. In 2019, entrepreneurs doing business on OK were given access to detailed statistics on their personal accounts: those marked with a "blue tick" are now able to monitor fluctuations in user numbers, exposure, engagement and other data.

By the end of 2019, more than 1 million entrepreneurs had used this service and launched business profiles. Our revenues from servicing SMEs with our advertising technologies with OK tools grew 2.2 times compared to 2018.

Entrepreneurs often need additional expertise on organising business properly. We are happy to share not only our technical skills, but also practical approaches to doing business on social networks. Our employees regularly deliver lectures and master-classes across Russia on how individuals can promote their own business on OK. In 2019 we re-launched our educational portal OK for Business for companies intending to promote their products and services with OK. The portal lists success SME stories and contains tutorials on initial activities.

## Supporting OK users during COVID-19

In March 2020, amid the COVID-19 outbreak, OK launched several initiatives to help its users get quick and reliable information on the pandemic and protection against the coronavirus, and offered services to help users make the most of their time indoors:

- We launched a coronavirus news feed from verified OK groups. Only news from the Russian Ministry of Health and other official groups and official media was published on this news feed;
- OK and VK made their music subscriptions available to a wider audience – VK offered a three-month subscription for just 1 ruble, and OK offered three months' cashback with its virtual currency OKs;
- Both networks joined their efforts to offer broadcasts of online concerts by both recognised artists and amateurs. In addition, artists performed regularly via OK Live;
- To support and appreciate all those staying at home, MY.GAMES, VK and OK launched the #PlayAtHome campaign;
- Many users enjoyed our #CookAtHome initiative, in which prominent cooks and restaurant chefs shared their recipes via the OK Live streaming service;
- OK users could make virtual online tours of major Russian museums, including the Hermitage, the Pushkin Museum of Fine Arts, the Russian Museum, the Tretyakov Gallery and others which had temporarily closed as a result of the pandemic;
- We offered a list of online services that could be especially helpful to users during the self-isolation period, including distance learning options such as the Online School video service for broadcasting lectures, together with supplementary materials;
- To help small and medium businesses throughout the quarantine period we have offered tutorials for group conference calls of up to 100 participants; and virtual call centres for group administrators.

See more on our social initiatives in the Charity section below.

# MY.GAMES

## About us

MY.GAMES is an international gaming brand and leader of the East European online games market. We are a team of 12 offices in Russia, Europe, the U.S. and Asia, with 1,800 employees and 13 games studios. We develop games for PC, console and mobile, and boast a portfolio of more than 150 game titles. We have developed hits such as War Robots, Hustle Castle, Left to Survive, Skyforge, and Allods Online, and also operate other top titles: Warface, ArcheAge, Perfect World, Revelation, Conqueror's Blade, Lost Ark, and many others. More than 605 million people worldwide are registered users of our games. We are actively developing our own media resources, the MY.GAMES Store and a separate investment division (MRGV), which was connected to 22 different gaming studios at the end of 2019.

We believe that the virtual world should be a healthy and safe environment, and to achieve this we must prevent harassment, bullying and other forms of online abuse. We are launching our own initiatives and joining worldwide ones to make the online gaming experience safe and enjoyable.

To protect our gamers in the online world and to promote fair play, we employ certain barriers to prevent – and eliminate – negative behaviour by some individuals in game environments, clans, game chats, etc.

## Confronting toxicity

Toxicity is a social interaction that includes cyber-bullying, distracting other players, cheating, blaming others, using bad language and other disturbing behaviour. It is one of the biggest problems in the online community both in Russia and the world. My.GAMES provides the community in each of its games with a wide range of instruments to combat unwanted communications. Special teams of community managers respond to gamers' complaints and moderate gaming channels on social networks.

In 2019 we joined the Fair Play Alliance, a global coalition of gaming professionals and companies committed to developing quality games. The Alliance encourages healthy gaming communities that are free of discrimination, abuse and harassment, providing users with a safe environment in which they can express themselves through play.

## Anti-cheating

We take fair play very seriously. Cheaters – gamers using unfair or prohibited methods to gain an advantage over other users – are one of the most malicious problems in any gaming community.

To combat cheating, we established our dedicated MRAC team, who constantly monitor all sites with a reputation for cheating, identify cheaters via complaints, and analyse new programs and scripts, updating our active anti-cheat systems instantly. MRAC got its name from our own in-house anti-cheat software, which is in operation in eight popular online games. Our Warface players were among the first to appreciate the team's efforts. In 2019 we blocked around 200,000 accounts, compared to 340,000 in 2018. The average time from receiving a complaint to the blocking of an account has been reduced from 20 to five minutes, with a decrease in the overall number of complaints relative to the rise in total users.

In 2019 MRAC joined its efforts with the Kaspersky Anti-Cheat team to study the technical aspects of cheating, its market, and malicious software, as well as to inform players about threats related to the use of cheats. These studies will help us to further improve our anti-cheat solutions in gaming and cybersport.

## Supporting gaming communities during COVID-19

Online games, social networks and other online resources have become the only means of communication for millions of people in quarantine around the world. MY.GAMES has joined other gaming companies around the globe to support its users during these tough times.

- On 23 March, 2020, together with VK and OK, we launched the #PlayAtHome initiative to remind users of the importance of staying at home. The units dedicated resources totalling RUB 200m, ensuring 60 million users receive bonuses and daily awards in dozens of games on the Mail.ru platform.
- The international game development community launched the Play Apart Together initiative worldwide to emphasise the importance of social distancing and preventing the spread of disease. We joined more than 60 companies in these efforts. Play Apart Together members, including Activision Blizzard, Microsoft and Sega, provide their users with in-game bonuses, awards and additional activities.
- The MY.GAMES Store introduced new tools for distance communications – we launched Multiprofile, allowing users to connect several accounts if several family members are playing games simultaneously.

## Mail.ru media projects

Our unique media resources include 13 projects: Sport, News, Hi-Tech, Auto, Deti (Children), Lady, Realty, Home, Hi-Chef, Health, Kino (Movies), Pets, and Weather.

Everyday millions of users read news feeds, search for sports results, follow fashion trends, select pet names, look for new gadgets and technology updates, search for flats or houses, cook, watch movies, order medicines and compare car models. Our 13 teams pay close attention to our users' interests in order to promptly inform, surprise, help and please them.

The social mission of our media projects is to meet the information requirements of our society and to launch new useful resources. In 2019 we launched Dom.Mail.ru (Home), a portal dedicated to city life, the home and design, and the culinary service Hi-Chef, with its unique voice navigation feature. In 2018 we launched a special project devoted to pets, Pets Mail.ru.

## Pulse

We realise that users are receiving more and more information every day and find it difficult to pick out useful, interesting and relevant material from the overwhelming glut of information. In order to help them we have launched our recommendation system Pulse, which offers users a personalised feed based on their preferences. We use machine learning technology to find relevant and interesting content from verified sources for each and every user.

## Marusia

Our virtual voice assistant Marusia helps users to study and learn new things, and solves their everyday problems. Marusia plays music and turns on the radio, answers questions, tells fairy tales, plays quizzes, reads weather forecasts, and informs users of cinema times and the price of flights and train tickets. Whether you need to find information from the past or want to learn something new, Marusia will always offer help.

### Options for kids

Marusia is particularly good at communicating with family audiences. We are developing special educational and entertainment options for kids, for example, teaching them to identify birds by sound or play Name the Town.

Mail.ru and Disney Russia & C.I.S. have entered an agreement which will allow our young users to access Radio Disney content.

## Integration with Mail.ru Group's products

We are actively introducing Marusia to our other projects. In addition to News.Mail.ru, our assistant will feature in the Sport and Weather projects, inviting users to listen to the latest sports results or ask about the weather. Marusia also reads the daily news feed, which is updated online.

## Capsule

Capsule is our new smart station, with the Marusia virtual assistant built in. Capsule owners can enjoy all the features of the virtual assistant, including online calls, playlists from their VK page and working with RFID cards.

Capsule offers entertaining and memory-training tools, with Marusia reading quizzes and interesting facts for adults and educational programmes for children of various ages. Marusia uses a neural network, so the virtual assistant is evolving its algorithms to better understand requests and tailor responses, thereby adding new features to Capsule.

One of our key priorities for Capsule is to introduce the technology into smart home systems to operate home appliances, electricity and other connections. Capsule has also been serving as support for users as they navigate through their daily tasks, while spending a lot of time at their homes given the pandemic.

# Mail.ru Cloud

Mail.ru Cloud is one of the most popular cloud services in Russia. With its state-of-the-art data centres, geo-distributed storages and file backup, Cloud offers secure and safe storage for any data uploaded.

Cloud's mission is to save, find and display people's most memorable moments, and our development team has created a number of useful features to help achieve this goal:

- A recognition option for places of interest and tourist sights gives the opportunity to automatically create albums based on computer vision, which recognises the site of interest and either creates a new album or classifies the picture to a pre-existing one.
- Document recognition is another useful and popular feature of the Cloud. Whichever document a user needs – passport, insurance card, personal tax identification number, driving licence – scanned copies are kept safely and reliably in cloud storage both on the user's desktop computer and on the mobile app. Computer vision will automatically recognise the scanned document and allocate it to the appropriate folder.
- Disk-O is our cloud service, aimed at helping users to accumulate all cloud storage services (Dropbox, Google Drive, Yandex Drive, Onedrive, Box and webday) in a single window with instant access from their laptop, smartphone or desktop computer. We are developing this service as an international project for a wide range of clients.
- We respect and value our users and we regularly organise events and collaborations. So we teamed up with Odnoklassniki to give our users the option of sending a Cloud Gift to a friend with 64 GB of storage space. To mark Knowledge Day on 1 September in Russia we offered free storage space to students of several Russian major universities, including Moscow State University, Moscow Politech, MIREA, the Ural Federal University, the Far East Technical University, etc.
- To support users during the COVID-19 outbreak we have offered 64 GB of free storage space to all people working remotely from home.

We want to enhance our users' experience with video and audio content, so we have introduced the new Smotri.Mail.Ru service, offering tailored and personalised recommendations. We plan to develop it over the course of 2020 to give users the opportunity to select movies, music and audio videos according to their preferences.

# Mail.ru for Business

Mail.ru for Business is a communication platform that delivers IT solutions for small and medium businesses. We offer a range of services to both startups and existing companies: built-in email, cloud storage, Teambox, the Sendbox mailing list service, the MyTeam business messenger, the Sitebox site constructor, the Askbox poll service, etc.

The event service Vision is an essential part of the platform as it offers computer recognition for photos taken during events, conferences and meet-ups. Guests receive any photos of them via email immediately after an event. Its vision-based technology has been scaled beyond photo recognition in the past year.

Clients may opt for a single service or for a full range of services from Mail.ru for Business. Our team helps with selecting the most appropriate option based on the client's needs and budgets, and provides advice and help 24/7.

In early 2020, as part of support measures introduced during the coronavirus outbreak, the platform offered its business messenger Myteam as a free-of-charge service and enhanced the free version of Teambox to support SMEs forced to work remotely.

In 2019 our B2B division launched several large-scale and important projects to assist businesses and individuals nationwide.

In February 2019, Mail.ru Group and VEB.RF formed a joint venture to run a digital platform offering financial services to businesses. In November, we announced that the platform was in commercial operation.

The pilot version of the platform included a marketplace of financial products for small, medium-sized and large businesses, an option to apply for a product and receive expert advice, as well as smart product recommendations based on a company's basic data and potential client needs.

The platform offers products from VEB.RF institutes, subsidiaries and other affiliated companies: VEB Ventures, VEB Infrastructure, the DOM.RF Bank, the MSP Bank, the SME Development Corporation, the Russian Export Center, Eximbank of Russia, and the Foundation for the Development of Single-Industry Towns. Later on, other commercial banks and financial organisations will be able to offer their services via the platform.

Since there was clear market demand for this type of service, and realising that we could cover it by working together with our partners, we launched a large-scale project. The platform is already quite powerful: a company only has to enter basic information about its business and needs, and it will receive a selected offer from a full range of financial products to support its business. We

will continue the digitisation of the platform to ensure simple, convenient and interactive access to financial aid for entrepreneurs.

Mail.ru Group has also developed the Russia – Land of Opportunity digital platform, which offers Russian citizens a range of educational programmes, competitions and projects, competency evaluation and an option to create a personal development roadmap. The platform was developed as part of the National Education Project and its "Social Lifts for Everyone" programme. The rsv.ru website now allows anyone to apply to take part in any of its competitions or projects, as well as online classes, webinars, educational events and a mentorship programme (on finding or becoming a mentor).

All of the platform's functions are available to all Russian citizens free of charge. Once a user registers an account, they can evaluate their experience and skills, and find the most suitable professional growth plan.

The platform gives people the chance to improve their soft skills, as well as competencies in conflict resolution, promoting ideas, argumentation, managing projects, companies, human resources, etc. After completing evaluation, the user receives personalised recommendations on self-development and career opportunities with a selection of vacancies.

In 2019, as a part of the Mail.ru Start grant programme, 25 Skolkovo startups received RUB 11.25 million worth of grants towards using Mail.ru's Cloud Solutions infrastructure.

The Mail.ru Start programme is designed to help promising tech startups. The evaluation and selection of startups was held in several stages. Among those to receive grants were Mildsoft and their employee evaluation system StartExam; Intellogic with their Botkin.ai platform for analysing medical information; and K-Sky with their machine-learning powered WEBIOMED clinical decision support system.

Startup heads noted that the grants helped them organise R&D and increase the reliability of their services, as well as reduce spending on low-level infrastructure. They also pointed out that MCS solutions enabled unlimited scalability and represented the highest standard on the Russian market.

We have noted the growing trend among businesses to shift to the cloud, with more and more companies choosing cloud infrastructure solutions. The Mail.ru Start programme was launched to support up-and-coming innovative projects. Our primary criterion during the selection process was the value our solutions were helping to generate: we favoured companies whose transfer to the cloud promised the greatest results.

## Donation Alerts

Created in 2015, Donation Alerts is the largest stream monetisation tool in Russia. Over the last five years it has become extremely popular among streamers in Russia and the C.I.S., and has started to gain audiences in European countries. In 2019 we were recognised as the most widely-used streaming service<sup>1</sup> on the Russian internet (RuNet), with an 85% share.

The majority of the RuNet's most popular streamers use Donation Alerts. But we are also proud that it is not only gamers who are getting involved in streaming, but also celebrities who are not gamers at all: the likes of the singer Yegor Krid, the journalist Leonid Parfyonov, the designer Artemy Lebedev and Gennady Malakhov (from Malakhov+) have been attracted by our media projects and started streaming and collecting donations.

Today streaming is the fastest growing form of UGC. In 2019 we experienced a 22% growth in streamers, with a 42% increase in donations. We expect this growth to continue throughout 2020.

Every month we introduce new features and activities for our users. This winter we partnered with VK and launched the first PixelBattle for streamers with 25,000 participants. We are always in touch with our users – we are online and ready to align with their needs.

Active cooperation with communities is our key priority, as we are positioning ourselves not only as a fundraising tool, but as an innovative partner. These efforts have allowed us to create a dedicated pool of brand ambassadors, who are the first to test our features, provide feedback and discuss our development.

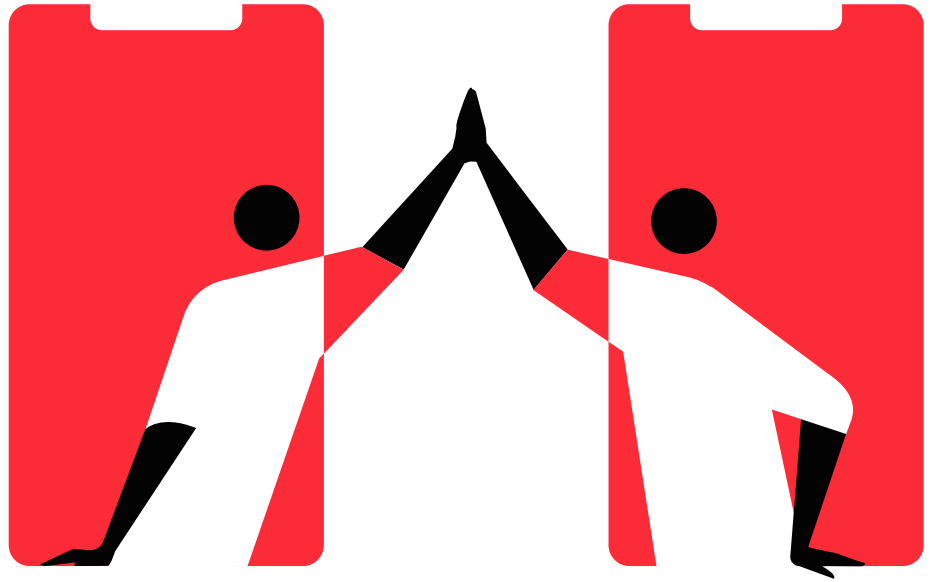
In 2019 we launched Boosty.to, a platform to monetise creative content, and an advertising tool to provide revenue from ads in addition to streaming. Boosty.to has attracted tens of thousands of media creators, including the designer Artemy Lebedev, the graphic novel author Chilik, the writer Yevgeny Shestakov, the cartoonist Sergei Yolkin and the streamer Olyasha. In early 2020 we introduced a sales alert and an advertising personal account for streamers to earn from various brand ads directly via the DonationAlerts dashboard. We plan to further develop this tool during 2020.

We also support the charitable activities of our colleagues at Dobro Mail.ru by organising monthly charity streams with popular streamers and media celebrities. In March 2019, we raised RUB 1.3 million for charity as part of our Kind March marathon. In February 2020 the writer Alexander Tsytkin was the first to run a book reading (his *BesprintsYpnie Chtenia*) as a charity stream. We believe that these activities will not only raise money but will also contribute to raising awareness of social responsibility among streamers and their audiences.

<sup>1</sup> Wanta group report, July 2019.



# Partnerships



The second half of 2019 brought us significant new engagements as we signed several important partnerships with major Russian and international players to further enhance our ecosystem and develop strategic cooperation, gaining new experience and competencies in O2O. We believe that our competencies with online services and our partners' extensive knowledge of offline services will contribute to the happiness and satisfaction of our users.

## Mobility and foodtech partnership (O2O JV)

In December we teamed up with Sberbank to complete the creation of Russia's leading mobility and foodtech platform by forming a partnership focused on digital technologies for the food and transportation markets. This joint venture includes Delivery Club, Citymobil, 100% of the digital platform SberFood (formerly known as Foodplex), including an R-keeper ERP platform, the YouDrive carsharing service, DC Daily, Performance Group, SberMarket and other complementary assets in foodtech and mobility.

## Delivery Club

In today's world, customers want convenience and a wide range of choices at the click of a button. We are happy to participate in transforming the way the people eat and order food with our technologies and products and to deliver tasty and healthy food from local restaurants directly to the home. Ordering takeaway food delivery is no longer just an option for a special occasion, but has become an integral part of daily life. We offer reliable and fast delivery of takeaway meals from the most popular restaurants, with delivery easily tracked at any time via the user's mobile device. We attract the best local restaurants with a wide selection of cuisine to suit the tastes of our audience.

With this in mind, Delivery Club is trying to be of as much use as possible to all parties: users, partner restaurants, and employees of other companies, especially couriers.

Following a phase of active regional expansion, in March 2020 we launched a delivery service in our 50th city in Russia. Over the last year, the service has increased the number of towns and cities where delivery is available by 500% and now leads its competitors in the number of cities where it is active. But we didn't stop there, however: by April, our delivery service was operating in 70 cities, with a total population of over 45 million people.

In December 2019, we launched a new service offering rapid delivery of food items and daily necessities. Bystronom became our first partner in Moscow, and in January 2020, the Samokat service also joined the platform. During the self-isolation period imposed during the COVID-19 outbreak, food delivery was not only a way to save time, but also an opportunity to comply with the preventive measures imposed to limit the spread of the coronavirus.

As for couriers, we try to create the most flexible working conditions for them. They are able to put together their own schedule: they can consider this job their principal form of employment, or use it as an additional source of income. They themselves determine when it is convenient for them to start the working day. In fact, for a certain type of individual in the labour market, this is the form of employment that best suits the rhythm of their life and their needs.

We use our machine-learning technology to manage the logistics process in order to improve the distribution and assignment of orders, based on the location of couriers, restaurants and our customers. We are in the process of automating interaction between couriers and the company. In each zone where we deliver there is a senior courier who is an experienced mentor, helping beginners to adapt, interact with restaurant employees, etc.

As an additional support measure, at the beginning of 2020, it became possible to make cashless tips via the app. Couriers now receive up to RUB 1m in tips from users weekly. In order to support couriers during the period of self-isolation resulting from the COVID-19 outbreak, in April Delivery Club doubled every customer tip via the mobile application, at its own expense.

For restaurants, Delivery Club acts as one of the new distribution channels: not only does it allow them to boost their revenues, but for many establishments it has become the primary source of income since businesses were forced to close their doors due to the coronavirus.

This is evidenced by our collaborative survey with Data Insight. Amid a sharp decline in turnover due to the pandemic, restaurants began to operate a takeaway service. While in February 42% of Russian establishments offered such a service, by the end of March another 18% of restaurants had started delivering food, and 9% plan to do this in the near future.

The interest of the restaurant market in delivery is primarily a result of the experience of those restaurants that are already engaged in it. If in 2019 they received an average of 10% of orders from delivery, in 2020 (as of February), the contribution of delivery to the restaurant business had increased to 15%. Participants in the study named the launch or expansion of a partnership with aggregators as one of the main incentives for business growth last year.

To date, Delivery Club operates with more than 15,000 restaurants, with more than 1,000 of them joining the platform only during the last two weeks of March. On some days, the number of applications from new restaurants was four or five times higher than the pre-crisis rate.

Given that many restaurants have found themselves in a difficult situation because of the coronavirus, we cancelled the commission for new local restaurants and launched a special project as part of a programme to support non-network establishments. On a special landing page, residents of any city can share their favourite restaurants, local coffee places, pastry shops and other places that they miss having access to. Our managers contact these places and invite them to join the platform so they can receive orders from delivery users for free. Users have already submitted more than 1,000 applications.

Delivery Club has also temporarily waved commissions charged to some of its smaller marketplace partners (chains with up to three restaurants, present in one city only, effective until June 30). Moreover, Delivery Club has been offering a 20% discount for orders from small local partners to help ramp up demand from customers for them upon launch on the platform.

Commission for DC delivery sign-ups was temporarily set to 25% (in effect between March 15 and June 30).

Commission for legacy marketplace and DC delivery sign-ups was reduced by 5% for the same period.

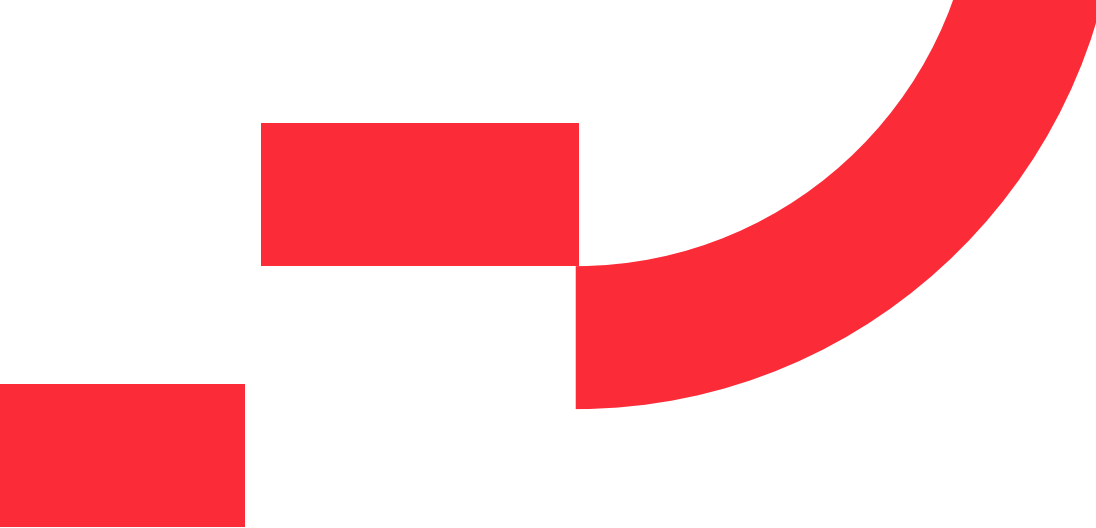
Delivery Club also launched a hotline for restaurants and created a courier reserve in order to meet potentially higher demand while restaurants are closed to walk-ins.

Focusing on the future, we have added a takeaway food ordering option to the app. All restaurants were given the opportunity to work with the platform in this format in the first half of April. We hope that this will help establishments during the post-coronavirus recovery period.

We believe that a company's social responsibility does not extend only to caring for its users, employees and partners. For this reason, we also try to participate in projects that raise awareness of important social problems.

In May 2019, a function allowing users to opt out of plastic cutlery appeared on the Delivery Club application. Before that, the service added it to each order by default. Now, those who still need plastic cutlery can turn on a special filter while ordering and choose the number of items they require.

In 2019, to mark World Animal Protection Day, we joined forces with World Wildlife Fund (WWF) Russia to release a limited collection of backpacks featuring prints of the animals from Russia's Red Book of rare and endangered species. Orders made using a WWF promotional code had 20% of the profits donated to the fund.



In April 2020, we launched a joint charity project with the Anton Tut Ryadom centre, which is dedicated to helping those with autism. On World Autism Awareness Day, the Delivery Club app showed drawings by adult students from Anton Tut Ryadom instead of images of groceries. That day, 20% of each purchase was donated to the centre.

Of course, March and April 2020 was one of the most active periods for us in terms of internal changes. We are trying to respond quickly to changes in the situation with the coronavirus and the preventive measures introduced by the state.

Immediately after the first cases appeared in Russia, logistics companies and couriers were introduced to the basic requirements with which it was necessary to comply to prevent the spread of the infection. In Moscow and St. Petersburg a special drop-in point was arranged for couriers, where they could pick up medical masks, gloves and antiseptic hand products.

On 13 March a contactless delivery function was added to the Delivery Club application. If the customer selects this function, the courier leaves the order on his backpack at the door, retreats at least three metres away and reports the delivery by phone. After the customer picks up the order, the courier returns for the backpack, disinfects it and continues working.

One of the next steps we took to combat the spread of infection was the cancellation of cash payments.

Starting on 6 April, Delivery Club began checking couriers for coronavirus. For this, the service launched mobile teams in Moscow, who monitored the health of couriers working in different parts of the city. If at the time of a medical examination a courier displays symptoms of the disease, they will not be able to work until they have fully recovered. All couriers, regardless of the presence of symptoms during examination by the mobile groups, have been tested for coronavirus during the pandemic. Furthermore, Delivery Club has been compensating usual incomes to those diagnosed with the disease or having been in contact with those at risk.

Our users are now asking us to provide another service, and it is more urgent than ever: the delivery of medicine. We are currently working on ways to introduce this option. We expect this service to go live in 2020, with deliveries potentially made through the Vse Apteki service, to which about 46 percent of all Russian pharmacies are connected, including the largest chains.

Users will be able to order over-the-counter medicines via the Delivery Club app, as well as medical products from the selection offered by the Vse Apteki service. The interface will be the same as the one used for ordering goods and takeaway meals from restaurants.

All these measures allow us to remain the largest food delivery service in Russia and increase not only the number of loyal partners and users, but also our income. This helped Delivery Club revenue reach RUB 4.46bn in the year 2019, which is 2.3 times higher than the figure for 2018 and is a record for the company.

## E-commerce partnership (AliExpress Russia JV)

Another important e-commerce partnership was created in 2019: in June we reached an agreement with Alibaba Group, MegaFon and RDIF to create AliExpress Russia, with the goal of making it the leading e-commerce platform in Russia and the C.I.S. The deal was closed in October 2019.

The modern pattern of consumption centres on selecting and ordering goods online without visiting retail premises. As more and more customers join this online experience, we believe that the technologies and expertise that we and our partners can offer will bring valuable experience to both customers and retailers, contribute to growth in the digital economy and make it easier to do business.

AliExpress is currently one of the largest online platforms in Russia and the C.I.S., offering a wide range of goods from China and other countries. The platform unites tens of millions of merchants

from China, Turkey, Italy, Spain, Russia, etc. It is one of the top 10 most visited websites on the Russian internet and was one of the most downloaded apps on Android and iOS during the first six months of 2019. It also provides services for sellers of internationally recognised premium-category brands. Russian small and medium retailers account for half of all suppliers, with the most popular categories being gadgets, clothes and goods for children).

More than 25 million buyers use our platforms every month, with the total number of queries for 2019 passing 550 million. More than 150,000 sellers from all over the world sell goods on the platforms, with a total of over 100 million items for sale. We offer a secure and reliable service that safeguards our customers' payments: when a purchase is made the seller does not initially receive any payment, but receives a notification to ship the goods, while the money is deposited in an escrow account. Payment is transferred to the seller only after confirmation of receipt and after the 15-day period for disputes has elapsed.

AliExpress delivers goods in cooperation with Russian Post, which processes more than 80% of all parcels. Our logistics efforts have resulted in new delivery routes and faster delivery times. In 2019 AliExpress and Russian Post announced amendments to the parcel-tracking process for a single order – the user gets one tracking number for multiple items delivered in the same parcel. We are currently taking part in a draft scheme by the Federal Customs Service to levy customs duties online so that a user receiving a parcel will no longer need to pay in person at the post office.

Apart from offering global sales to our customers, we also frequently promote local sellers in order to support them. We are happy to support local small and medium businesses alongside corporate ones. Over the last year, the number of local sellers has multiplied by 100 times and passed 10,000 in total. Russian sellers are represented in almost all marketplace categories: fashion, accessories, jewellery, home appliances, household goods, children's goods, sports goods, etc. We introduced new categories in 2019: goods for mothers and children (49% of turnover), health and beauty products (19%) and clothes and shoes (7%) are among the leading categories on the platform. In 2019 a number of major Russian sellers joined AliExpress: the household appliance and electronics vendors Citilink, Polaris, Holodilnik.ru; the health and beauty brands L'Oréal and Svoboda; the children's goods producers Chicco, Cybex and Happy Baby; the sports brand Decathlon; and the jewellery brands Sunlight and Sokolov, among others.

To support local businesses during the coronavirus outbreak, AliExpress has reduced commissions to zero for Russian sellers signing up to the platform from April 1. Russia, which already enjoyed relatively low AliExpress commissions of 5–8%, is the first country in which the platform has introduced such a measure to support local producers. The temporary lifting of commissions applies to all goods categories and is valid for new users for the first 100 orders placed by new users for six months after they enter the marketplace. The offer is valid for all sellers who join the platform after 31 March, 2020. AliExpress has been supporting local sellers by offering 60 days of warehouse storage free of charge during the pandemic. It has also been supporting users by providing free to-the-door delivery to users so that they could avoid going to the local post office for their parcel pick-up and thus reduce health risks.

We support ecological activities for our employees and participate in the Good Cups charity project and a battery recycling initiative.

# Supporting the sharing economy and responsible consumption

Many surveys today show that there has been a rise in sustainability consciousness among consumers over the past several years. Sustainability is especially important for the younger generations (people aged 15–35). These young people are aspiring to create value for society as a whole, and are therefore striving to engage in responsible consumption, thereby minimising the impact of this consumption on nature. Consumers today are increasingly choosing environmentally friendly consumption patterns, such as sharing economy solutions and purchasing recycled, pre-owned or long-lasting products, because these allow them to reduce consumption costs as well as their environmental footprint.

The use of social media has become an integral part of the consumer experience, with the result that other customer reviews and our friends' experience can have a direct effect on our purchase and consumption patterns. These media provide both companies and customers with a huge source of information that has never existed before.

In the sharing economy, customers eschew buying in favour of renting or sharing items like their cars, or use special services that offer such rental opportunities.

We strongly support environmental awareness among our users and offer services to facilitate current consumption patterns through Youla classifieds and the CityMobil ride-hailing and YouDrive car sharing services.

## Youla

We believe that responsible consumption is one of the key approaches to tackling environmental issues and support the re-use and responsible use of goods. Allowing our users to resell or give away used or unwanted goods will minimise waste volumes and create a positive experience.

The whole concept of Youla as a C2C-service is to give users the opportunity to pay less and earn more through the re-use of used goods – as opposed to general e-commerce marketplaces with newly produced goods, which cost more and where every sale increases the buyer's carbon footprint. The challenge with the C2C approach is that people are generally more sceptical about peer-to-peer communications, as it takes a lot of time to learn whom you can trust, and large brands have those connections well established.

Youla is solving these trust issues step by step, by introducing product features that establish connections between users. Since 2018 we have offered a Safe Deal option for buyers and sellers on Youla, which ensures a secure transaction. This option requires the buyer to make an online payment by card, with the sum then being held in Youla's account. The money is then transferred to the seller once the buyer has confirmed receipt of the goods. Safe Deal also enables delivery, and with our partnership delivery service we have established seamless connections between all of Russia's regions – the seller doesn't need to pay for this.

The Youla platform was developed with a mobile-first approach, and its search feature revolves around geolocation, stimulating users to communicate with those who are nearby, thereby reducing the need to travel long distances. We boosted this in 2019 by launching video calls on the Youla app (a global first among classifieds). This allowed users to remotely assess the quality of goods and services, eliminating the need for a physical meeting.

In 2019 we launched P2P calls on the Youla app, meaning users no longer need to disclose their phone numbers and can set a convenient time for calls. This option helps to minimise spam and unwanted calls, and also allows calls at an inconvenient time to be cancelled. We were the first company to pay professional sellers and service providers for publishing stories promoting products on Youla. By the end of 2019 we had reached 1 million views per day with this service.

We do not tolerate certain goods, services and seller behaviour on the platform, so we have a large moderation team, which fights dishonest users day and night to maintain the integrity of the service. During the COVID-19 pandemic, Youla joined forces with its main competitor, Avito, to temporarily ban the sale of medical masks on both platforms, as they had become a lucrative stock for speculators. All misleading ads – like badges claiming to cure coronavirus – were also banned.

Youla also supported its users during the pandemic, by raising the number of free postings from 50 to 200 in certain categories, promoting users' ads for free with bonuses, creating a special option to mark services conducted remotely and giving such ads additional promotion to support the #stayhome movement. Youla wasn't alone in this: as many businesses closed, the Worki job board created a special section to help people find work during quarantine and let users who had recently been made redundant promote their CVs for free.

C2C is not always about reselling – sometimes it is about sharing the good things for free. Youla has vast amount of postings priced at zero or users willing to swap goods. Barter exchange often comes in handy, especially in times of uncertainty and economic instability, and with this in mind, Youla provides an option to post free items and gather such postings under a special category to make them easier to find.

Nevertheless, the C2C category and the benefits of prolonging the lifecycle of consumer goods has yet to be discovered by a large part of our audience. That is why Youla sees its mission in building trust in the category and using marketing instruments not only to boost usage among current users, but to spread the idea of conscious consumption among others. The idea is to change their minds about buying used items, making concepts such as upcycling trendy. To collect the stories of people who share our values and help them to reach a wider audience we have launched our own media, called Drop.

## YouDrive (part of O2O JV)

Carsharing is a modern solution to reducing congestion and pollution in cities by using fewer cars for the same number of people. An example of responsible communal urban living, it envisions a future in which carsharing users outnumber car owners in major cities around the globe.

To support these principles, we are developing our carsharing platform through the O2O JV with Sberbank, with more than 3,000 cars in our fleet and growing. We offer competitive tariffs and comfortable cars for users in Moscow, St. Petersburg, Sochi and Yekaterinburg, allowing our users to travel in comfort whilst reducing the negative collective impact of car emissions and the deficit of parking space in cities. All our users automatically receive life and health and liability insurance, which is valid from the start of the ride.

At the end of 2019 we introduced an option for our subscribers to buy any of our cars that are over three years old at competitive prices.

YouDrive actively participates in charitable activities: in December 2019 we launched our New Year Gift initiative for Vera Foundation hospice patients. Each car received a specially marked box where drivers could leave a gift and send a message to the patients.

To help our users cope with working remotely during COVID-19 we have introduced a special "I'm at the Office" tariff. For a rate of just 1 ruble per minute, a car can be used as a temporary office for conference calls or some quiet work.

We have also offered a reduced daily tariff for RUB 1,800, allowing our clients to use our cars for an extended period of time at an affordable price.

The safety and health of our users is our priority while the world fights against the pandemic. We have taken measures to ensure the safety of our community:

- We have upgraded our car-cleaning service with antiviral and antimicrobial solutions. We have also promoted additional healthy hygiene and safety practices within the technical teams that work to care for our vehicles;
- We offer free antibacterial tissues in every car.

As the service was blocked in cities like Moscow during the harshest phase of the lockdown, YouDrive continued to seek ways to assist users by diversifying into delivery services, among others.

## Citymobil (part of the O2O JV)

We believe that using a taxi instead of a private vehicle is a good way to contribute to reducing air pollution and to promote responsible consumption. We offer our users and drivers a convenient and reliable service and take care of their needs by expanding the Citymobil ride-hailing service together with Sberbank through the O2O joint venture.

Apart from Moscow and the Moscow Region, in 2019 Citymobil expanded to 16 major regional cities with a population of over 1 million (in 2018 it was present in just one) with total rides 3.7 times higher than in 2018. During peak days we provide more than 540,000 rides simultaneously. This resulted in our mobile app becoming the most downloaded in Russia in the travel category in 2019. We are aiming to further expand our presence in Russian cities over the next 12 months.

To make rides safe, comfortable and enjoyable, we offer our users a range of services:

- Child boosters and safety chairs;
- Accident insurance for each passenger and driver for up to RUB 2m. Insurance is automatically valid from the start of the ride;
- Pet transportation;
- Non-smoking cars;
- Mini-bar with beverages and snacks in the car with certain tariff plans;
- Combined tariff with the Aeroexpress airport shuttle trains in Moscow: a user takes a taxi from home to one of the railway stations and then proceeds to the airport by Aeroexpress;

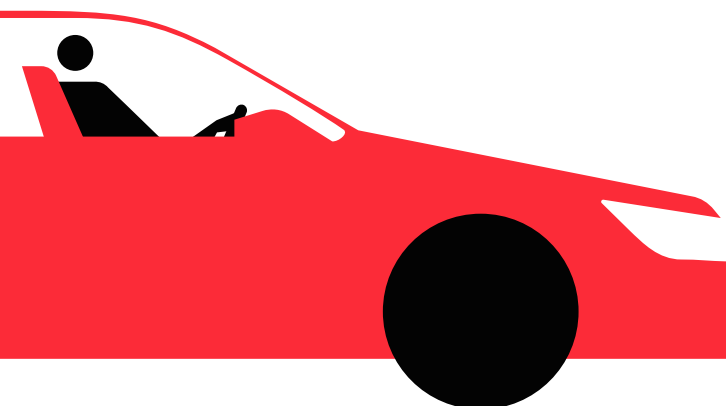
We work with our drivers too, as their hard work powers our growth and our users' satisfaction. In 2017 we launched the Taxi House concept. These are comfortable premises that are open to all taxi drivers 24/7, irrespective of their principal aggregator. Here they can find training materials and support, make use of leisure and hygiene facilities (shower, snacks, board games), or just chat with other drivers. In addition to our four existing Houses in Moscow and the Moscow Region (including ones at the Domodedovo and Sheremetyevo airports) we opened our first regional Taxi House in Samara this year. We expect new Houses to follow in other cities in the near future. We regard this project as an important social contribution to the taxi driver community, as drivers often lack spare time for training or leisure. So we conduct training sessions, offer film screenings and leisure activities not only for drivers, but for their families as well.

We support the Samara Region's environmental initiative to switch city transport to natural gas in order to reduce carbon emissions. We also aim to increase the number of gas-powered cars in our taxi fleet over the next year.

We actively contribute to charity with our Miles of Kindness (see also the Charity section below) to respond to our users' drive to help those in need.

To offer our users an even more comfortable service, we will continue developing new features throughout 2020. These include joining Sberbank's Spasibo bonus programme, integration with VK, etc.

During the 2020 coronavirus outbreak Citymobil introduced additional safety and care measures (see our Response to COVID-19 section below).



# giving back to society

## Supporting charity development in Russia

### Technologies for Charity

**413-1** We are using our technologies and expertise to improve people's lives in Russia through charity empowerment and volunteering. In 2019 we continued to develop Dobro.Mail (Kindness) and our other charity projects, which help charities boost their fundraising efforts through our platform. In 2019 we sealed agreements with payment systems and banks to make donations fee-free for all our users.

We are proud that over the last seven years we have helped raise more than RUB 280m for charity, and increased awareness among millions of people of the importance of making donations to those in need.

We believe that today's innovative technologies make a significant contribution to improving the quality of life, so our priorities are the charitable projects in which our technologies, products and services can help achieve this goal.

We are ready to cooperate with the government authorities, non-profit organisations, and business community representatives in the organisation of joint charitable projects that are compliant with our social policy and charity policy, run on equal partnership terms and subject to the condition that the legislative and other restrictions applicable to the Group are observed.

We are grateful to our users for raising funds:

Year	Donations, mln RUB	Number of donations	Partner charities	Successful projects
2017	54.8	150,894	136	245
2018	69.5	182,392	167	266
2019	76.4	200,578	187	322

### Dobro Mail.ru

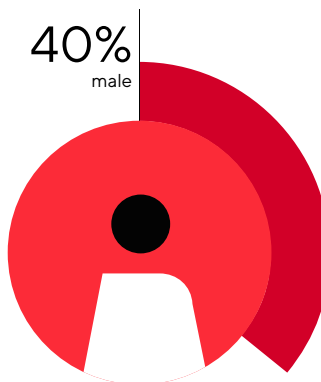
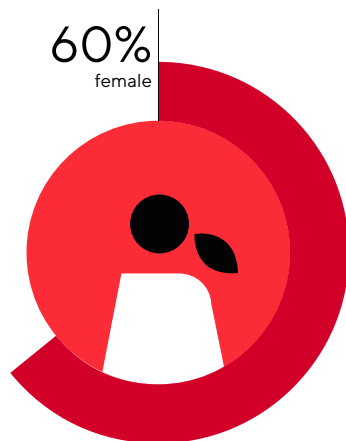
**413-1** Mail.ru Group operates Dobro Mail.ru, a service dedicated to smart charity activities that was launched in 2013. The service makes participating in charitable projects across Russia accessible through one-time or regular donations online.

Its smart search system enables users to make donations to projects across more than 160 local foundations. Every charity foundation is verified by Mail.ru Group and publishes financial reports on the completion of every project.

Although 2019 was a difficult year for the majority of Russians, we were pleased to see that donations grew both in volume and quantity: we experienced 10% growth compared to 2018, with 66% more donors using the auto-payment option and regular donations increasing by 2.5 times. We completed 322 charitable projects, which marked a 21% YoY increase. The number of partner charities expanded by 12% YoY to 187, with an aggregate volume of RUB 76.5m in donations made in 2019, and more than 200,000 in contributions.

In previous years we accepted donations from individuals only, but in 2019 we introduced an option for legal entities to make donations to our special fund Kod Dobra ("Code of Kindness"). By the end of 2019 this fund had raised RUB 1.47m from Ostrovok.ru, an online hotel booking service with properties in 220 countries and territories worldwide, and the VDNKh park and exhibition ground in Moscow, which supported inclusive education for disabled children and sponsored air tickets for medical travel.





In 2019 our donors were:

- 60% female and 40% male
- mainly aged 25-40
- mainly from Moscow, St. Petersburg, and the Republic of Tatarstan
- making most donations from 8 a.m. to 12 a.m. (with Thursday the most popular day),
- donating to child support (61%), adult support (23%), support for the elderly (9%) and animal rescue (7%),
- participating in regular programmes (+283% growth in auto-payments compared to 2018).

Below are some of our initiatives to facilitate charitable activities for our users.

The Dobry Den (Good Day) service allows you to devote your special day to charity by selecting a project to support and inviting your friends to offer congratulations by making a donation. In 2019 Dobry Den united 2,623 users in raising RUB 3.2m.

The Mayak service brings together users in need and organisations that can provide help to those in need. In 2019 we added new categories for which you can find help and support: violence, bullying, Alzheimer's disease, etc. We also added an option for non-commercial organisations to offer help to citizens from the C.I.S. who find themselves in need of help when far from home. A total of 13,256 people found help with Mayak in 2019 (+21% compared to 2018).

Featured projects successfully completed in 2019:

- Emergency help for flood survivors in the Irkutsk Region, with 1,166 people raising a total of RUB 800,003.
- Temporary homes for treatment periods – 929 people raised RUB 884,002 to rent flats near hospitals for non-resident leukemia patients undergoing treatment in Moscow clinics.
- Umbrellas for children's hearts – children with acyanotic heart disease require special "umbrellas" (occluders) to speed up post-surgery recovery. A total of 1,003 of our users offered RUB 601,629 to pay for this life-saving equipment.
- Comfortable shower facilities for disabled elderly people in a care centre in the town of Valdai received RUB 405,780 from 353 people.
- A total of 200 stray dogs and cats in Ivanovo found warmth and food in a shelter thanks to RUB 500,199 donated by 436 of our users.

We provide media support for our charity initiatives via Deti Mail.ru and Lady Mail.ru, where we share stories from our patients. Over In 2019, donations from these sites have helped to finance tutorial classes for orphanages and a legal hotline for women suffering from violence.

Dobroye Radio (Kind Radio), a joint project we launched with the Echo of Moscow radio station in 2015, helps listeners receive assistance from our partner foundations and facilitates fundraising. Over the last year we discussed 152 projects, of which 104 were successfully completed.

Events are very important for increasing awareness among both our employees and the public. In May 2019 we hosted the PechaKucha: Kindness and Technologies event to discuss how technologies can help to solve social issues. Another conference hosted in May 2019, Dobro-2019, brought together corporate participants and was dedicated to improving technologies and content for charities and smart volunteering.

Dobro marked its sixth birthday in September 2019 during a meetup to present our social strategy.

The Dobraya Kazan ("Kind Kazan") event on 2-3 December, 2019 attracted regional charities, business communities and media to discuss local and regional charity strategies and issues.

## Odnoklassniki

**413-1** Odnoklassniki (OK) is a social network where people of different generations and social groups communicate. It is important to OK that all users receive equal opportunities, and that topics of social importance are widely publicised. To do this, OK regularly organises social projects and charitable initiatives in partnership with non-profit organisations and large media companies.

OK pays close attention to social and charity initiatives. We use all our available tools and technologies to inform users about important issues. OK has been working with UN Women since 2017. The same year the social network organised a campaign against gender-based violence (#япротивнасилия) where users could share their stories and thoughts through anonymous streaming. Every year we organise live chats, round tables and online discussions on gender-based violence to keep our audience alert and continue to fight against it.

Since we count people of all ages, religious beliefs and demographics among our users, we support anti-discrimination initiatives and contribute to the fight against stereotypes. In September 2019, we partnered with the Takie Dela publication to launch a project on appropriate vocabulary, aiming at raising awareness on how the choice of vocabulary and particular words affect other people's perception. In November 2019 we teamed up with the So-edinenie foundation to launch an initiative called The Music of Gesture: we introduced a special collection of music tracks to demonstrate to our users how hearing-impaired people perceive music; we also added a special sticker pack in sign language. The social network is also working together with the UNESCO Institute for Information Technologies in Education as part of the UNAIDS programme, as well as the Moscow-based Association of Parents and Children with Dyslexia.

In 2018, as part of our initiative to support hearing-impaired people, OK introduced virtual tours of major Russian museums (#Музейвслух). Guided tours in Russian sign language were broadcast live on our streaming service. The social network uses its targeting technology to offer the service.

We strongly support international environmental organisations in their efforts to save the planet and preserve endangered species. We have been working with the WWF to organise environmental events for several years. In 2013 our "Page 404" was modified to inform users about endangered species from Russia's Red Book. OK users have been participating in the annual Earth Hour since 2016. To mark 2018 Earth Overshoot Day, OK and the WWF launched a joint test, allowing users to calculate their environmental footprint on the planet. And in 2019 our users participated in a WWF quiz on vulnerable and endangered species to commemorate the Fund's 25th anniversary.

OK allows users to make a donation to some of Russia's largest charity foundations, such as Podari Zhizn, the Russian Stroke Foundation ([www.orbifond.ru](http://www.orbifond.ru)), Enjoyable Aging ([www.starikam.org](http://www.starikam.org)), and AIDS.Center ([www.spid.center](http://www.spid.center)). The social network offers over 70 funds to choose from, and users can make donations using the credit card attached to their account.

The social network also works directly with Russia's charitable foundations. In 2019 OK introduced a special virtual gift with the help of the Podari Zhizn fund. The revenue from the sale of these gifts went directly to the fund.

A similar programme was organised with the Vera Hospice Charity Foundation.

## Citymobil

In August 2019, Citymobil and Mail.ru Group's charity service Dobro Mail.ru launched a joint social project called Miles of Kindness.

Miles of Kindness allows every passenger to donate "suspended" rides to charity, which are used by people receiving charity aid from partner funds. The user simply chooses how much they would like to donate at the end of their journey on top of the regular fare. For example, an individual who has come to Moscow to receive treatment will now be able to afford a ride from the railway station to the hospital and back.

As a result, our users have donated more than 531,550 miles to those in need since the launch of the initiative.

## Maps.me

The mobile app Maps.me now shows clothing bins in several Russian cities. Routes to the nearest containers have been mapped with the help of the charitable services Dobro Mail.ru and the Vtoroye Dykhanie fund.

A total of 82 bins have appeared on the maps of Moscow, Kazan, Rostov, Kostroma and Yaroslavl. The maps app now also shows the Vtoroye Dykhanie fund's nearest shops, which also accept donations. The Maps.me app also works offline, which makes it easily accessible to all users who seek to make a donation of clothing items to those in need.

## Promoting smart volunteering among employees

In January 2019, Mail.ru Group launched the CharityTask project: employees from various departments in the company offer their expertise in solving tasks for the benefit of non-profit organisations, and help them pro bono with IT solutions for development, boosting efficiency, and developing strategies to promote projects.

## Granting non-profit organisations access to Mail.ru Group technologies

Mail.ru Group is developing technologies and offering them to non-profit and social organisations either free of charge or under favourable terms.

One of the first projects in this domain was a cloud service for charity foundations, by Mail.ru Cloud Solutions. The company offered free cloud IT infrastructure to non-profit organisations verified by Dobro Mail.ru.

# Promoting IT education

**203-1,413-1** For the last nine years, Mail.ru Group has been supporting and developing IT education in Russia. We enrich standard education programmes by bringing IT expertise to schools and universities and offering free courses for a wide range of IT professions. We regularly invest in people and teams, helping to transform education and make it digital and increasingly accessible, especially in times of crisis.

## Online education and open content

We offer online courses via Coursera, Stepik, YouTube and other platforms that make quality educational content accessible to students and adults. The courses, which are delivered by our employees and well-known IT specialists, offer practical skills, insights from the IT profession and career advice.

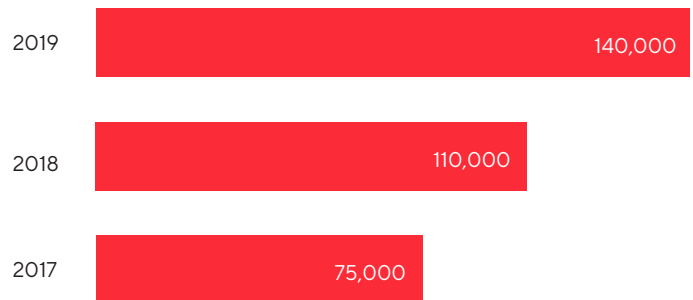
Some of the courses we offer include Stepik platform C/C++ programming, web technologies, Java programming, data algorithms, Hadoop and others.

Coursera offers courses in the most popular programming languages, Python and Go, with a constantly growing number of students: from 21,000 in 2017 to 30,000+ in 2019:

- A UX/UI designer course from 2017 on interface design, trends, platform requirements and modern development tools was delivered by our teams in collaboration with Notamedia, Red Keds and Redmanrobot;
- Python programming from 2018. Python is a simple, flexible and popular programming language for web apps, games, data analytics and many other tasks. The course is comprised of four parts, from introduction level to Data Science;
- In 2020 we launched a Go course.

Our YouTube channel Технострим Mail.Ru Group presents full-scale courses on technology stacks, meetup broadcasts, interviews with developers, programmers and team leads. We have released two seasons of a reality show about IT specialists' lives called Oh, My Code.

Here are the subscribers for our channel:



## Mail.ru Ambassadors programme

Until recently our educational activities focused primarily on Moscow and St. Petersburg, and were largely based on technical skills. Our Ambassadors programme is an example of smart volunteering and aims at a much wider audience of regional higher education institutes and university students, post-graduates and professors, creating a community of IT evangelists across Russia.

Throughout the year our ambassadors act as official representatives of Mail.ru Group in their home city and university, telling students about the Group, the IT industry, new technologies and IT education. In turn, the ambassadors develop skills in communication and management, as well as soft skills and digital skills, and some of them then take part in developing new products. Over the last two years they have taken part in more than 900 events (434 in 2018/2019, more than 470 in 2019/20).

The first ambassadors joined us in 2018 (40 ambassadors), and the second round of enrolment took place in 2019 (70 ambassadors). This means we now have more than 100 ambassadors in 45 universities across Russia. In 2019 we received more than 500 applications from 235 universities in 60 of Russia's regions. The third round of enrolment in March 2020 took place entirely online.



## Educational initiatives for technical students

We have developed a special programme for technical university students. First launched five years ago with the Bauman Moscow State Technical University (MGTU) as TechnoPark, it currently comprises eight major technical universities. During our two-year programme we teach students about full technology stacks, with three-four specialised courses every semester. Each university specialises in a particular set of courses: MGTU (systems architect, C++ Python, Android, IOS), Moscow State University (Big Data, ML, neural networks, C++), the Moscow Institute of Physics and Technology (Python, MySQL, REACT, Android, testing), the Moscow Engineering Physics Institute (Python, Go, testing), the Moscow Aviation Institute (neural networks), St. Petersburg Polytechnic University (Java – developer of high-loaded apps, Android), Voronezh State University (Unity, QA), Penza State University (Unity). Students may also opt to attend open lectures instead of taking a two-year course.

Every year we welcome more than 150 of the best students as our interns and employees.

## Supporting non-technical students

It takes more than just a programmer to create a quality product: the efforts of many people are required, including recruiters, analysts, copywriters, marketers and many more. We want to help non-technical students find their place in the modern IT world.

In 2019 we launched a suite of courses for humanities students. Digital Camp is a free online three-month tutorial where students, with the support of Mail.ru experts, work on practical cases, study tools and acquire new skills that are in high demand. At present we offer three subjects: Media and PR, IT Recruitment, and Digital Marketing, and in 2020 we are extending the programme to UX research. For the first enrolment we selected 93 students from among 934 applicants, and in 2020 we received 3,397 applications.

In 2019, 140 students from the journalism faculty of Moscow State University enrolled in VK's Digital Media course, which studies how digital technologies are affecting and changing modern society.

## Supporting schools

We actively support schoolchildren with a talent for programming and IT. We have teamed up with the Moscow Institute of Physics and Technology and the Bauman Moscow State Technical University to hold TechnoCup, an international programming contest for pupils in the eighth-11th grades. The winners have the chance to become students of major Russian universities without the need to take entrance exams.

TechnoCup helps us to find and support the most talented and dedicated pupils from Russia and the C.I.S., opening up new opportunities and providing them with the best possible education. In 2019/20 we welcomed more than 4,500 participants from 71 regions and 20 countries, adding to the more than 25,000 people who have taken part since the launch of the programme.

We understand that quality education is not possible without qualified and dedicated teachers, and we actively support those who make use of digital technologies in classes. We have launched training events for teachers with Moscow State University's special mathematics and cybernetics department, and award a special prize for the use of digital technologies at the All-Russia Best Teacher annual competition.

We organise weekly tours of our headquarters for pupils and students. Every Friday young future professionals can see a real IT company in operation and ask questions. We invite our acting employees to be tour guides and meet with the children. In 2019 we held more than 500 tours for more than 10,000 pupils and students.



## Education for IT professionals

The IT industry is developing and changing rapidly, and there is a shortage of highly-qualified product managers and data scientists.

We offer free training programmes for IT professionals to help them keep up to date with the most relevant trends and technologies and increase their overall expertise level. In 2019 we launched the MADE Academy for experienced specialists, starting with the Product Managers Academy and the Big Data Academy. Courses are free, but require preliminary testing.

– The Product Managers Academy is a two-month intensive course delivered by our product managers from various business units. It covers the full cycle of product management from market research to testing and market promotion, and also includes soft skills, which are of vital importance for managers: team work, presentation skills and communication skills. We received more than 4,600 applications and 1,700 CVs, from which 72 participants were admitted in 2019.

– The Big Data Academy is a 1.5-year training programme on data analysis with in-class and distance learning options in three specialities – Data Scientist, Machine Learning Engineer and Data Engineer. We offer 23 courses with practical master-classes in data science, machine learning, big data processing, computer vision, voice recognition, etc. More than 9,200 applications were sent in 2019, from which 200 participants were selected.

## Supporting external educational events

We support our friends' and partners' educational efforts and are happy to welcome them at our headquarters, providing space and technical resources for conferences, meet-ups and seminars, with attendance free of charge for all.

We cooperate with initiatives organised by the Russia – Land of Opportunity independent non-profit organization, including the ProeKToria forum, the Digital Breakthrough hackathon, the Career Time forum and others. The final Digital Breakthrough tour in Kazan in 2019 saw more than 200 IT professionals working on a competitive task to develop a VK mini-app for a charitable foundation.

More than 150 of the best graduates of our educational initiatives for technical students are now our interns and employees.

Digital Camp welcomed 93 students, while 140 joined VK's Digital Media course.

The Ambassadors programme has produced more than 100 ambassadors from 45 universities across Russia.

## Labs for universities

Not only do we teach students, but we also support scientific research and technology development in universities. Labs are a useful tool to provide more opportunities for scientific work with the practical aspects of technology.

– The Bauman MGTU's TechnoPark Lab is involved in the development of a learning technology portal for all our educational initiatives;

– The Tarantool Lab at Moscow State University and the Moscow Institute of Physics and Technology (MIPT) engages in database development, particularly Tarantool open-source NoSQL database tasks;

– The VK Lab at MIPT works with artificial intelligence for machine learning for computer vision, multimodal neural networks and recommendation systems;

– The OK Data Science Lab is a virtual lab set up by Odnoklassniki for Big Data research and machine learning. As part of the project, OK opens up part of its data in anonymised formats for researchers to study user behaviour, user-generated content, local and global features of social graphs, anti-spam technology, deep learning and face recognition.



Mail.ru Group  
has hosted 55 IT  
championships  
in total, with 175,000  
entrants from over 100  
countries taking part

## Professional orientation for pupils

We help tens of thousands of pupils to learn something new about modern IT professions and technologies, how they affect our lives and where to study them.

– IT Knowledge Day is an annual international professional orientation day, where our employees and ambassadors, alongside other IT companies, visit schools and meet teenagers to discuss IT professions.

- In 2018 we met with 13,000 pupils in 215 schools in 10 countries, with more than a million online viewers;
- In 2019 more than 185,000 teenagers from 4,000 schools in six countries joined our online lessons via VK and OK broadcasts, and 486 schools welcomed lecturers in person.

– The Digital Lesson initiative started in December 2018 and has been supported by many other IT companies and government authorities, including the Russian Ministry of Education. Each company delivers a series of lessons over a two-week period, inviting prominent IT specialists and local and federal government officials. We are happy to provide our infrastructure and the facilities of the VK network to support the more than 5 million schoolchildren who use Digital Lesson.

– We support many other professional orientation events for schools, including online lessons on Big Data, 15 Rules of Safe Internet and the Digital Heroes professional test.

## IT championships

We first launched our championships back in 2011 and have been enhancing opportunities for professional development for IT specialists from all over the world ever since. We have held 55 championships in total and welcomed 175,000 entrants from over 100 countries, who create smart decisions for business tasks and test them online for a variety of languages and platforms. In 2020 we launched the Cups.Mail.Ru unified platform as an open crowdsourcing and educational platform with practical solution databases for various disciplines.

### Our championships:

**Russian AI Cup** – an annual open championship on artificial intelligence.

**Mini Ai Cups** – a mini-competitions platform for artificial intelligence and game bot championships.

**Russian Code Cup** – the largest annual Russian competitive programming championship, held since 2011.

**ML Boot Camp** – a machine learning competition offering periodical contests in which users have to solve a task and submit a solution within a month.

**HighLoad Cup** – a competition for developers of high-load systems.

**Mail Design Cup** – an international competition for interface designers.



## MADE Academy: In 2019, 72 participants were admitted to the Product Managers Academy and 200 participants were selected for the Big Data Academy

### VK educational initiatives

VK regularly supports talented developers through competitions, contests and educational programmes:

- **VK internship programme**

Enrolment for VK's internship programme takes place on an annual basis. Successful candidates receive the opportunity to work with the VK team for a two-month period to gain new skills and to implement their own ideas. The internship is open to anyone, irrespective of age, background or IT experience, and the sole requirement is that a candidate successfully pass an exam. Interns receive remuneration, a completion certificate and souvenirs. In 2019 we selected one candidate from every 40 applicants, and offered permanent employment to more than half of successful interns.

- **VK Tech**

Our professionals share their experience and practical skills at the VK Tech Talks meet-ups for developers. More than 900 participants visited our 27 events in St. Petersburg and other cities in 2019, and more than 800,000 have viewed them online.

- **VK Hackathon**

The VK Hackathon is one of the largest hackathons in Russia, with RUB 2m of prize money. We have welcomed more than 800 participants, among them not only students, but also IT professionals from other companies, like Yandex, JetBrains, AlfaBank and others. In 2019 we launched regional hackathons in Tyumen and Tomsk.

- **VK Cup**

The VK Cup was launched back in 2012 as a competitive programming championship with the biggest prize money in Russia. In 2019 it expanded into three new areas: machine learning, design and mobile development. We received more than 4,000 applications, of which 1,024 were selected to take part in the final round in summer 2020, with a prize fund of RUB 2.75m.

- **VK Fellowship**

This programme supports schoolteachers across Russia who have developed and teach their own courses in the basics of programming. Every year the VK team selects 15 participants from all regions, with the exception of Moscow and St. Petersburg, to award an annual scholarship of RUB 120,000, accompanied by additional special education sessions.

- **VK Lab – Artificial Intelligence Lab with MIPT**

VK Lab is the first lab to collaborate with the Moscow Institute of Physics and Technology (MIPT) on the study of artificial intelligence and machine learning. We employ five talented students who work on scientific research and publish articles, along with work on practical tasks, where they are guided by experienced VK developers.





## COVID-19 pandemic response

In early 2020, the coronavirus outbreak presented the world with an unprecedented global health issue. The COVID-19 pandemic is affecting countries, industries, businesses, families and individuals. It has brought disruption and other business ramifications to communities and societies and, coupled with oil price volatility, to national economies and financial markets around the world.

We reacted immediately to protect our employees by switching all our offices to remote operations for several weeks (prior to the issuing of official government recommendations) in order to ensure the health and safety of our employees.

As a corporation we understood how hard-hit small and medium businesses would be, and we quickly took the decision to offer support to them both during and after the pandemic. From day one of this new threat, we have been helping the community rebuild – at least partly – in order to return to everyday life, with the help of our products and services. We believe it is our duty today to act preemptively to help SMEs, since they are an essential part of the national economy, providing millions of jobs. We have established a task force to do this, and we are allocating RUB 1bn to support the following categories:

- 1. Companies and entrepreneurs in general:** The VK and OK social networks will double advertising budgets for SMEs' mobile accounts;
- 2. Companies and entrepreneurs providing services remotely and at home:** The Youla classifieds service will promote remote services on its main feed. It will also offer sellers up to 200 free ads a month, and an option of free promotion in exchange for bonuses;
- 3. Companies forced to move their business online:** We will offer a package of free services from the Mail.ru for Business platform;

**4. Restaurants:** Delivery Club is lowering its commission for all newly subscribing partners, and VK will issue grants for first-time promotion for cafes and restaurants; Delivery Club is also supporting popular local restaurants and is ready to deliver food from them without commission.

**5. Real-estate companies:** Our digital real-estate agency 33 Slona will waive its share of commission in favour of real-estate agents and agencies;

**6. Companies facing staffing problems:** The Worki HR service is offering bonus cash support to businesses that are suffering due to the crisis. The company is also extending the duration of pre-paid services with the possibility of using them at a later date;

**7. Taxi drivers:** The Citymobil aggregator will compensate drivers for downtime if they have either been diagnosed with coronavirus or come into contact with COVID-19 positive passengers. The company has also provided drivers with face masks, antiseptics and disinfectants. Citymobil is providing free rides to doctors and blood donors in Moscow.

To help our users cope with quarantine and self-isolation indoors, we have launched a website (<https://home.mail.ru/>) offering various ways for people to study, work, complete routine and business tasks, entertain themselves and their kids, volunteer and stay informed while at home during the COVID-19 outbreak. The list includes more than 40 different MRG marketing, technological and service solutions and will be extended over time, including through partner services. To mark these services, we have launched a special hashtag, #лучшедома (BetterAtHome).

All our services are offering support and services throughout this tough time to tackle the virus and to assist those affected:

## VK

During the COVID-19 pandemic, VK users can sign up for three months of music streaming as a trial subscription for just 1 ruble, while for three months OK users will be given 100% cashback on their music subscription purchase in the form of "OKs", a virtual currency that can be used on OK to purchase games and many other items. Subscription will ensure uninterrupted listening for users, free of ads.

VK has launched a specific news tab dedicated to COVID-19, which not only offers related news content from credible re-sources, but also will offer various discounts for online services as well as ideas about how to spend quarantine productively.

VK has collected some of the platform's services that might be helpful during the lockdown, including food orders through DC, e-commerce purchases through AliExpress or through the VK marketplace, payments through VK Pay, job hunting through Worki, games through VK Play, as well as podcasts, movies, radio, taxi, online education, books and other services.

On 20 March, VK started to host a series of online live concerts by famous and up-and-coming musicians. OK and VK are also hosting a series of orchestral concerts played behind closed doors, which will be streamed online. The first concert streamed on OK received 1.5 million views – 1,000 times more than the physical capacity of the concert hall.

VK has issued an article in cooperation with the WHO about COVID-19, including the symptoms, ways of fighting myths, etc. VK has also launched a coronavirus information centre. Our other services have been informing users of potential COVID-19 risks as well.

Boom and VK music content was accessible at a 50% discount through our Combo loyalty programme for the period until 30 April.

## OK

In March 2020, OK launched several initiatives to help its users get quick and reliable information on the pandemic and protection against it, and offered services to help users make the most of their time indoors.

We launched a coronavirus news feed from verified OK groups. Only news from the Russian Ministry of Health and other official groups and official media is published on this news feed.

OK and VK made their music subscriptions available to a wider audience – VK offered a three-month subscription for just 1 ruble, and OK offered three months' cashback with its virtual currency Oks. Both networks joined their efforts to offer broadcasts of online concerts by both recognised artists and amateurs. In addition, artists performed regularly via OK Live.

To support and appreciate all those staying at home, MY.GAMES, VK and OK launched the #PlayAtHome campaign.

Many users also enjoyed our #CookAtHome initiative, in which prominent cooks and restaurant chefs shared their recipes via the OK Live streaming service.

OK's "My Museum" section allows users to go on virtual online tours of major Russian museums, including the Hermitage, the Pushkin Museum of Fine Arts, the Russian Museum, the Tretyakov Gallery and others, all of which are temporarily closed as a result of the pandemic.

We have offered a list of online services that could be especially helpful to users in quarantine, including distance learning options such as the "Online School" video service for broadcasting lectures, together with supplementary materials.

To help small and medium businesses throughout the quarantine period we have offered tutorials for group conference calls of up to 100 participants; and virtual call centres for group administrators.

OK Live has launched a special face mask template, which users can apply to their image in support of the virus protection movement.

More than **4,5**

## Citymobil

The safety and health of our users is our priority while the world fights the pandemic. Citymobil has introduced a number of additional safety and care measures to protect drivers and customers from the coronavirus.

Citymobil is compensating drivers for downtime if they have either been diagnosed with coronavirus or come into contact with COVID-19-positive passengers. The company has also provided drivers with face masks, antiseptics and disinfectants. Citymobil is providing free rides to doctors and blood donors in Moscow.

## Youla

On 20 March, Youla launched contactless delivery in Moscow and the Moscow Region, which is free for sellers and buyers, depending on distance and other factors.

During the COVID-19 pandemic, Youla joined forces with its main competitor, Avito, to temporarily ban the sale of medical masks on both platforms, as they had become a lucrative stock for speculators. All misleading ads – such as for badges claiming to cure coronavirus – were also banned.

Youla also supported its users during the pandemic by raising the number of free postings from 50 to 200 in certain categories, promoting users' ads for free with bonuses, creating a special option to mark services conducted remotely and giving such ads additional promotion to support the #stayhome movement. Youla wasn't alone in this: as many businesses closed, the Worki job board created a special section to help people find work during quarantine and let users who had recently been made redundant promote their CVs for free.



**000**

new restaurants sign ups in April-May

## Delivery Club

During the self-isolation period imposed during the COVID-19 outbreak, food delivery became not only a way to save time, but also an opportunity to comply with the preventive measures imposed to limit the spread of the coronavirus.

Given that many restaurants have found themselves in a difficult situation because of the coronavirus, we have cancelled commission fees for new local restaurants and launched a special project as part of a programme to support non-network establishments. On a special landing page, residents of any city can share their favourite restaurants, local coffee places, pastry shops and other places that they miss having access to. Our managers contact these places and invite them to join the platform so they can receive orders from delivery users for free. Users have already submitted more than 1,000 applications.

Focusing on the future, we have added a takeaway food ordering option to the app. All restaurants were given the opportunity to work with the platform in this format in the first half of April. We hope that this will help establishments during the post-coronavirus recovery period.

Of course, March and April 2020 was one of the most active periods for us in terms of internal changes. We have been trying to respond quickly to changes in the situation with the coronavirus and the preventive measures introduced by the state.

Immediately after the first cases appeared in Russia, logistics companies and couriers were introduced to the basic requirements with which it was necessary to comply to prevent the spread of the infection. In Moscow and St. Petersburg a special drop-in point was arranged for couriers, where they could pick up medical masks, gloves and antiseptic hand products.

Starting on 6 April, Delivery Club began checking couriers for coronavirus. For this, the service launched mobile teams in Moscow, who monitored the health of couriers working in different parts of the city. If at the time of a medical examination a courier displays symptoms of the disease, they will not be able to work until they have fully recovered. All couriers, regardless of the presence of symptoms during examination by the mobile groups, are being tested for coronavirus.

One of the next steps we took to combat the spread of infection was the cancellation of cash payments. The service has also added a contactless delivery button to its app to better accommodate clients during COVID-19. If the customer selects this function, the courier leaves the order on his backpack at the door, retreats at least three metres away and reports the delivery by phone. After the customer picks up the order, the courier returns for the backpack, disinfects it and continues working.

Users can still tip for the service by using VK Pay. Couriers now receive up to RUB 1m in tips from users weekly. Additionally, in order to give couriers additional support during this difficult period, Delivery Club is doubling every customer tip via the mobile application, at its own expense.

Metro and SberMarket have launched a click-and-collect e-grocery order option, with pilots started at the end of March.

Our users are now asking for us to provide another service that has become more urgent than ever: deliveries of medicine. Following the approval of the online sale of OTC drugs by President Putin on 19 March, Delivery Club may start delivering OTC pharmaceuticals.

Users will be able to order over-the-counter medicines via the Delivery Club app, as well as medical products from the selection offered by MRG's Vse Apteki service, to which about 46% of all Russian pharmacies are connected, including the largest chains. The interface will be the same as the one used for ordering goods and takeaway meals from restaurants.

## Mail.ru for Business

In early 2020, as part of support measures introduced during the coronavirus outbreak, the platform offered its business messenger MyTeam as a free-of-charge service and enhanced the free version of Teambox with a broader set of functions until 14 June in order to support SMEs forced to work remotely.

## Mail.ru Cloud

To help corporates shift to remote work operations during the COVID-19 outbreak, we have offered 64 GB of free storage space to all people working from home.

## MY.GAMES

Online games, social networks and other online resources have become the only means of communication for millions of people in quarantine around the world. MY.GAMES has joined other gaming companies around the globe to support its users during these tough times.

On 23 March, 2020, MRG's games platforms, including those on VK and OK, launched the #PlayAtHome initiative to remind users of the importance of staying at home during COVID-19. The units dedicated resources totalling RUB 200m, ensuring 60 million gamers receive bonuses and daily awards in dozens of games on the Mail.ru platform. The gifts include 600 iPhone 11 handsets. MRG has called on other gaming companies to join the initiative.

Meanwhile, the international game development community has launched the Play Apart Together initiative worldwide to emphasise the importance of social distancing and preventing the spread of disease. We have joined more than 60 companies in these efforts. Play Apart Together members, including Activision Blizzard, Microsoft and Sega, provide their users with in-game bonuses, awards and additional activities.

The MY.GAMES Store has introduced new tools for distance communications – we launched Multiprofile, allowing users to connect several accounts if several family members are playing games simultaneously.

## AliExpress Russia

In order to support local businesses during COVID-19, AliExpress Russia has abolished commission fees for new local sellers after 31 March for six months or until they reach their first 100 orders. Commissions for established Russian sellers currently sit in the 5-8% range. There are 1.5 million SKUs from ~10k local sellers, which account for ~15% of GMV of AER. The disruption to cross-border trade resulting from COVID-19 has seen local sales rise by 20% YoY.

## Supporting communities during COVID-19

Dobro Mail.ru has launched a support campaign for the elderly so that their neighbours can support them by bringing them groceries and other items, and a broad fundraising campaign to provide doctors with personal protective equipment.

Performance Group has also provided 50 free meal kits to Moscow's key infectious diseases hospital to support doctors as they fight COVID-19.

## Supporting education during COVID-19

We have launched a collaboration with the Russian Ministry of Education to help schools and universities make a smooth transition to online education during the coronavirus outbreak, using the various tools that exist within our communication platforms.

These include group and messaging functionality, which allows users to communicate, allocate tasks, broadcast live streams, hold polls, issue notifications, exchange and read files, including Microsoft Office files, without having to make any specific downloads, etc. There is also a way to set up a calendar to manage class routines, with more functionality available through a mini apps platform. OK also has functionality to hold group video calls with up to 100 participants, with audio and video call functionality available on both social networks.

Geekbrains and Skillbox have launched a number of free courses across various disciplines for students throughout the COVID-19 pandemic. The Algoritmika EdTech platform, in which MRG holds a minority stake, has done the same. Additionally, webinars and other tools will be available for teachers and students.

We shall continue to offer our help in tackling the immediate effects of the coronavirus outbreak for communities and society as a whole, as well as the longer-term consequences, both in the business realm and beyond. These may become evident only after the virus fades from the spotlight.

# our people



People are our greatest asset and our success depends on the talent, engagement and professionalism of our teams.

We want every employee to feel they are contributing to common goals, to feel valuable and engaged by sharing their ideas and receiving support. We see value in diversity and aim to provide an inclusive workspace for everyone. We strive to recruit people who are talented, interested in what they do, ready to create new things, curious and open to learning. The share of

women among our employee base has risen from 34% in 2017 to 36% in 2019, with nearly 20% of our top managers being women. A total of 45% of our employees are under 30 years of age. The number of training hours has risen by 15% during this period to 21,632.

102-7, 102-8, 405-1

	2017	2018	2019
<b>Total number of employees</b>	<b>4,458</b>	<b>5,773</b>	<b>6,334</b>
Men	2,949	3,680	4,051
	66%	64%	64%
Women	1,509	2,093	2,283
	34%	36%	36%

	2017	2018	2019
Training hours for employees	18,784	20,160	21,632

Total number of employees by position, age and gender, for 2019:

	Men		Women		Under 30		30-50		50+	
	Number	%	Number	%	Number	%	Number	%	Number	%
Top management	30	81%	7	19%	1	0%	34	1%	2	0%
Management	651	70%	275	30%	237	4%	682	11%	7	0%
Employees	3,370	63%	2,001	37%	2,859	45%	2,482	39%	30	0%
<b>Total employee headcount</b>	<b>4,051</b>	<b>64%</b>	<b>2,283</b>	<b>36%</b>	<b>3,097</b>	<b>49%</b>	<b>3,198</b>	<b>50%</b>	<b>39</b>	<b>1%</b>

As of the end of 2019, approximately 4.7% of our total employees worked part-time. Our employees work on permanent labour contracts in our offices in Amsterdam, Limassol, Moscow, Nizhny Novgorod, Riga, St. Petersburg and Voronezh.

## Our HR policy

The market for professionals in our industry is highly competitive and we expect this competition to intensify, fuelled by the increasing mobility of highly skilled programmers, designers and managers. We believe it is essential for us to create, maintain and improve our corporate culture and a working environment that fosters creativity, quality, achievement and continuous learning, in order to meet the challenges we face.

Core people practices:

- Rewards – we pay competitive salaries and offer high-class benefits to our employees, our incentive programmes reward high performance and focus our people on business results and teamwork;
- Working hours – we take the life/work balance very seriously and provide special activities to help manage this, including a comfortable office and remote work opportunities;
- Non-discrimination – we have zero tolerance for discrimination in any form, and this includes the hiring, promoting, terminating, assessment and development process of our employees;
- Development – we take the development of our people very seriously and invest money and effort to provide our teams with a maximum of useful and efficient training;
- Health and wellbeing – we aim to provide our people with a comfortable, friendly and safe office space and enhance their stay with us with additional benefits such as facilities for fitness, sport and wellbeing.

## Hiring

Our hiring policy is based on the principles of equal opportunity, openness in communication and fair assessment for all candidates:

- We conduct interviews only by qualified employees in person or via teleconference;
- We do not discuss our applicants with other applicants or active employees;
- We provide complete and up-to-date information during the interview process with respect to requirements, the selection process, the terms of employment and the timeline of the selection procedure;
- We obtain legal consent from applicants to process their personal data and other information;
- We do not disclose confidential information to applicants;
- We do not tolerate negative or offensive comments about other employers, previous or current, including our competitors;
- We do not ask applicants questions that are discriminatory or irrelevant to the vacancy.

We operate an Employee Referral Programme, which allows our current employees to invite potential candidates for open positions and receive a special bonus upon the successful completion of a probation period by such candidates.

The IT industry is associated with predominantly men working in programming, designing and testing services, and games and apps. While working with future generations in our educational programmes we strongly encourage female students to take IT classes and join our community. Women represented 36% of new hires in 2019, including 40% among hired top managers.

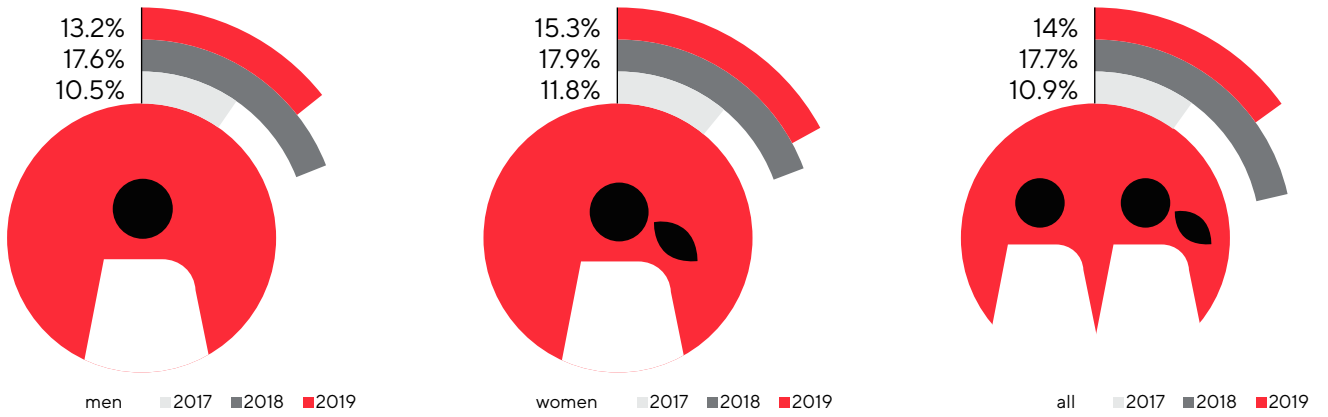
We actively invite students and graduates to become MRG interns or employees. Our partnerships with major technical universities and IT championships allow us to work with bright and talented young people and to offer them competitive employment.

Given all our efforts, turnover in 2019 declined to 14% versus 17.7% in 2018.

**401-1** Total number of new hires by position and gender:

	2017				2018				2019			
	Men		Women		Men		Women		Men		Women	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Top Management	6	86%	1	14%	3	100%	0	0%	3	60%	2	40%
Management	60	61%	38	39%	94	70%	41	30%	134	69%	59	31%
Employees	1,073	65%	576	35%	1,607	59%	1,095	41%	1,371	63%	801	37%
<b>Total employee headcount</b>	<b>1,139</b>	<b>65%</b>	<b>615</b>	<b>35%</b>	<b>1,704</b>	<b>60%</b>	<b>1,136</b>	<b>40%</b>	<b>1,508</b>	<b>64%</b>	<b>862</b>	<b>36%</b>

Employee turnover rates





# Learning and development

We believe that learning is essential to maintain highly motivated and happy teams, so we support our employees' external learning initiatives and organise various internal meet-ups, training sessions, conferences and seminars.

Training sessions include not only professional skills, but also soft skills and foreign languages.

We support training and development not only for IT personnel, but for staff in supporting roles as well. In 2017 we received the status of ACCA (association of Chartered Certified Accountants) Approved Employer to support our finance team, demonstrating our dedication to the development of professional skills.

## 401-1 Number of learning hours by position:

	2017				2018				2019			
	Men		Women		Men		Women		Men		Women	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Top management	139	85%	25	15%	119	88%	17	13%	102	81%	24	19%
Management	1,854	73%	695	27%	2,046	72%	807	28%	2,223	70%	939	30%
Employees	10,433	65%	5,638	35%	10,686	62%	6,485	38%	11,510	63%	6,834	37%
<b>Total employee headcount</b>	<b>12,426</b>	<b>66%</b>	<b>6,358</b>	<b>34%</b>	<b>12,851</b>	<b>64%</b>	<b>7,309</b>	<b>36%</b>	<b>13,835</b>	<b>64%</b>	<b>7,797</b>	<b>36%</b>

## Learning: 2019 Figures and Facts

- We conducted 172 workshops;
- 2,314 people were trained;
- We enhanced internal expert training by adding new lectures, master-classes and workshops conducted by employees within the company: 780 people attended lectures given by their colleagues;
- 792 employees participated in conferences in Russia and abroad;
- 54 minutes – the average daily time spent reading internal training materials over the last quarter;
- 6,350 views of articles;
- More than 100 employees started to learn a foreign language, 445 employees are continuing to learn a foreign language with our help.

# Employee assessment

**404-3** An annual performance assessment is in place for certain teams and employee grades. Assessment procedures are used for annual promotions and bonus programmes.

A total of 55% of MRG personnel receive annual assessment.

# Compensation and benefits

**401-2** We provide significant benefits to all our employees. Our compensation package includes:

- Health insurance for all employees, with a voluntary health insurance plan available for relatives and children at corporate rates;
- International travel insurance;
- Free consultations with a physician, masseur and psychologist at the Moscow office; with a physician at the St. Petersburg office;
- Corporate tariffs for mobile phones;
- Paid annual leave (28 calendar days);
- Maternity leave in accordance with local labour regulations, regardless of the length of service;
- Reimbursement for the costs of professional certificates, licences, and external courses;
- In-house courses in foreign languages;
- Comfortable office kitchens with refrigerators, microwave ovens and coffee machines (biscuits, tea, coffee and milk are free of charge);

- Juice bar with fresh fruit, vegetables and juices;
- Office gym and showers;
- Parking slots for personal cars;
- Laptops, monitors and other IT equipment for employees
- Employee discount programme (education, health and beauty, shops, fitness clubs, dry-cleaning, children's activities, concerts, etc.);
- Corporate parties and events for employees' children, with corporate gifts;
- We provide opportunities for distance work with online IT support.

We have put in place a Restricted Stock Unit (RSU) plan for our employees, which is governed by our Mail Employee Benefit Trust (see also the Board and Management Remuneration section in our 2019 Annual Report).

**401-3** We support our employees while they are on maternity leave and encourage their return to work.

The number of employees returning to work after parental leave is as follows:

	2017	2018	2019
Number	58	37	40
%	73%	64%	65%

## Lifestyle, health and sport

**403-6** We combine hard work with a healthy lifestyle and support sporting initiatives:

- Basketball (men's and women's teams);
- Swimming;
- Triathlon;
- Hockey;
- Table tennis;
- Volleyball;
- Football;
- Mini football;
- Mail.ru Running club.

In 2019, our sports teams improved their results and consistently came first in competitions.

Our Moscow office runs a flu vaccination programme for all employees on an annual basis, as well as first-aid classes. We support the use of bicycles to get to work and provide our employees with storage space for the season.

Our intranet portal has dedicated pages for each sporting activity where results, team news and announcements can be shared.

Our HR team monitors job safety and compliance with labour protection requirements. There have been no job-related injuries or illnesses among our employees over the last three years.

## Listening to our people

**102-43** We are constantly open to feedback from our people on various topics, from office life to charity initiatives. Our HR team responds quickly to requests, ideas, complaints and suggestions. We welcome all ideas, requests and suggestions from our employees via our intranet service and always update the initiator on the status of the request.

Employees can contact the Service of Trust Hotline to solve any issues related to compliance with the Code of Business Conduct and Ethics and corporate conflicts, receive assistance in cases when an employee has suffered from abuse of office, and report violations of the requirements of the Compliance Policy or the Conflict of Interest Management Policy. When contacting the hotline, employees may choose to not submit their data (e-mail) for feedback purposes. Informants benefit from our protection against all forms of persecution. The hotline is operated by a reputable third-party provider that guarantees the anonymity of all messages submitted. The hotline reports we receive generally relate to HR and interpersonal issues and are dealt with appropriately.



# environment

## Environmental impact

Our Group operates core business models that are not particularly carbon-intensive or environmentally damaging. However, we try to reduce our impact to the best of our efforts and take steps to improve our environmental footprint.

Our environmental approach is based on the following principles:

- Compliance with existing laws and regulations in countries where we have a presence;
- Ensuring environmental information about the company is transparent and available;
- Raising awareness among our employees on environmental issues and supporting internal environmental activities;
- Supporting significant external environmental activities.

As part of this approach we have opted to purchase only high-quality IT equipment for our data centres, allowing us to meet high energy efficiency standards and ensure low electricity consumption. We swiftly replace old and used equipment, using service organisations that specialise in recycling IT equipment.

The majority of the data centres we own or rent are of Tier III level. We use uninterruptible power supplies (UPS) for our servers of level 80+ Platinum and above only.

**307-1** We have not received any penalties and sanctions for failure to comply with local environmental laws.

**302-1** Volume of energy resources used:

Consumption	2017	2018	2019	units
<b>Energy consumption:</b>				
I. electricity consumption	171,912	173,071	185,473	MWt*h
II. heating consumption	30,527	30,516	57,140	Gkal
III. cooling consumption	13,540	13,723	11,728	Gkal
IV. steam consumption	-	-	-	-
V. diesel fuel	14,339	16,299	18,572	litres

## Energy

The amounts of data carried across various networks, both national and cross-border, have increased immensely over the last two decades as more and more digital services appear in our lives. This increase will inevitably continue for the foreseeable future as the growth of digital communications speeds up. We will use more energy to meet growing demand from our users as we invest in our infrastructure.

We depend on on-grid power sources for all our energy needs, and most of these generating stations burn fossil fuels to produce electricity for our data centres, office buildings and other premises.

In order to compensate for the growing demand for energy, we are introducing new energy-efficient equipment and implementing energy efficiency programmes. In our efforts to reduce power consumption, we:

- are switching to LED lamps in our office premises;
- regularly replace equipment for more energy efficiency;
- use energy-efficient IT equipment and UPS of at least 80+Platinum level.

Data is presented for core business only and excludes recently created joint ventures.

# Water consumption

**303-3, 306-1** Our operations do not have a direct impact on water intake; water is used for office needs only.

Water consumption	2017	2018	2019	units
I. from natural resources	1,731	1,732	1,579	m <sup>3</sup>
II. from water service companies	36,526	36,530	50,448	m <sup>3</sup>
III. water discharge through service companies	38,186	38,191	52,023	m <sup>3</sup>

# Emissions of greenhouse gases

No substantial emissions of greenhouse gases are produced as a result of our core business, since we have no production of our own. Our direct impact on the environment is limited to the

use of fuel to support our uninterrupted operations with diesel generators. Our indirect emissions result from the consumption of electricity from power grids.

**305-1** EMISSIONS OF GREENHOUSE GASES<sup>1</sup>

Emissions	2017	2018	2019	units
Direct emissions	38	43	49	CO <sub>2</sub> , tonnes
Indirect emissions	119,433	121,384	130,082	CO <sub>2</sub> , tonnes

Data is presented for core business only and excludes recently created joint ventures.

# Waste

**306-1** We have contracts with domestic waste disposal companies, which are responsible for the full cycle of processing waste after it is removed from our offices: sorting and secondary raw material production, recyclable waste management, providing reporting documentation.

Waste	2017	2018	2019	units	Circulation method
Hazardous (luminescent lamps)	430	410	720	Un.	utilisation
Medium-hazardous: used cartridges, batteries, discs	690	730	703	kg	utilisation
Low-hazardous	120	120	150	kg	storage at landfill site
Non-hazardous	1,105	1,100	1,105	m <sup>3</sup>	storage at landfill site
Recycled waste (paper and cardboard)		1,070	1,775	kg	recycling

<sup>1</sup> GHG emissions were calculated based on the requirements of Orders of the Ministry of Natural Resources No. 300, dd. 20 June, 2015 "On the endorsement of the recommendations on methodology and guidelines for quantitative determination of the volume of emissions of greenhouse gases by organisations engaged in economic and other activities in the Russian Federation" and No.330 dd 29 June 2017 "On the endorsement of the recommendations for quantitative determination of the volume of indirect emissions of greenhouse gases."

## Disposal of equipment

When disposing of equipment, we usually either sell the obsolete devices to other companies on a competitive basis or make agreements with specialised recycling companies. These specialised service providers take the equipment from our premises and data centres to dedicated facilities, where it is disassembled and sorted. The final metal scrap is sold by a recycling company, which will take charge of its further recycling. In 2019 we transferred approximately 31 tons of used equipment to such recycling companies and sold 5,453 units to third parties.

## Environmental initiatives

We encourage our employees to use video and audio conferences as the perfect alternative to business travel and face-to-face meetings, thereby minimising our carbon footprint from air travel.

In all our offices we have introduced containers to collect recyclable paper and used batteries and use energy-saving light bulbs.

We are also making efforts to consume less paper in our daily operations: we have launched a project to sign documents confirming updates in labour legislation electronically.

For 2020 we plan to introduce a new system for the accumulation of paper waste in our offices due to increased demand from our employees, as well as initiatives to minimise the use of plastic cups and cutlery.

# about this report

## Reporting principles

**102-46, 102-51, 102-54** This is the first ESG Report for our Group. The purpose of the report is to inform our wide circle of stakeholders of the Group's targets and sustainability efforts. In our reporting, we aim to expand both our transparency and our coverage. To help ensure compatibility with other organisations, our report has been prepared in accordance with the Global Reporting Initiative's GRI Standards, Core Option with industry specifics, as well as best industry practices.

**102-52** The data published in this report has been collected through various internal reporting systems and consolidated on an annual basis for the purposes of sustainability reporting.

**102-46** While writing this Report, we followed the Reporting Principles for defining report content as contained in the GRI Standards by:

- Approaching stakeholders and responding to their interests and expectations in this report
- Disclosing information on the Group's practices in a broad sustainability context
- Covering all the defined material topics
- Providing enough information to reflect the economic, environmental, and social impact of the Group

## Reporting boundaries

**102-50** All information presented in this report, except chapter 9, covers Mail.Ru Group and its subsidiaries as described in the consolidated entities list in the Group's financial statements and covers the period from 1 January, 2019 to 31 December, 2019. Environmental data is presented for core business only and excludes recently created joint ventures.

## Stakeholders

**102-40, 102-42, 102-43** We consider as our stakeholders all parties influencing our Group or being affected by it. We frequently engage with stakeholders in ongoing dialogue, including with employees, counterparties, shareholders, governmental and nongovernmental organisations, and users. We believe that working with stakeholders who represent diverse perspectives enhances our ability to identify opportunities and find solutions to some of our most active challenges, to learn what is important to them and how they would like to see us tomorrow. In March 2019 we held a meeting of the Board of Directors to discuss our interaction with stakeholders and confirm the principal vectors of our ESG approach.

We report on the development of ESG matters to the Board of Directors and its committees.

**102-43, 102-44** The table shows who we view as stakeholders and how each of them influences our decision-making process.



Stakeholder	Key Concerns of Stakeholders	Communication Channel	Our Strategy
Users	Service quality	Email correspondence with user support services	Open communications with our users on various issues
	Personal data security and privacy	Comments on forums and official pages	Prompt responses to requests – addressing users’ voices
	Cost of services		Provision of information on privacy and security via our websites
Shareholders & Investors	Financial results	Investor relations meetings & conference calls	Stable financial results generation
	Risk and opportunity	General shareholder meetings	Regular and prompt information updates via corporate website and mailings
	Information sharing and transparency	One-on-one meetings	
	Sustainability issues	Corporate website	
Employees	Employment, remuneration and social benefits	Internal corporate website	Comfortable work environment
	Training and career development	Newsletters	Open and honest organisational culture
	Workplace health and safety	Reporting systems (conflict of interests, whistleblowing hotline)	Satisfaction surveys
	Labour relations		
Suppliers & Partners	Fair trade	Supplier and partner meetings	Open access to our tender platform
	Transparent procurement procedures	Procurement hotlines	Policies and procedures for suppliers Clear pricing rules for partners
Communities & Society	IT education initiatives	Interaction with schools and universities in person and online	Enhancement of existing and development of new educational projects
	Charity and other benevolent activities	Public announcements and charity newsletters	Charity promotion activities
	Local recruitment		
Government authorities	Financial results and growth	Personal meetings	Compliance with laws and regulations as prescribed by laws of relevant jurisdiction
	Compliance with laws and regulations	Participation in industry meetings	Active participation in industry associations
	Industry initiatives for developing digital initiatives	Membership in industry and related associations	

We interact with all our stakeholders on a regular basis in order to swiftly identify and properly address any issues, initiatives and related consequences.



# Contact information

**102-53** All request with regard to the information contained in this report and related ESG activities should be addressed to Tatiana Volochkovich, director of investor relations, at +7(495)7256357 and [esg@corp.mail.ru](mailto:esg@corp.mail.ru)

## Availability of this report

This report was published in June 2020 and is only available via our corporate website. We have opted not to issue the report in any paper formats.

## GRI Contents Index

The following Index refers to the Global Reporting Initiative's standards, which provide a set of voluntary indicators on the economic, environmental, and governance impacts of a company's performance.

Number of disclosure	Title of disclosure	Location of disclosure	Additional comments
102-1	Name of the organisation	Front page	
102-2	Activities, brands, products, and services	Our products and services	
102-3	Location of headquarters	About us	
102-4	Location of operations	About us	
102-5	Ownership and legal form	About us	
102-6	Markets served	Our products and services	
102-7	Scale of the organisation	People	Find details on financial and operating results in our <a href="#">2019 Annual Report</a>
		Our products and services	
		Financial results	
102-8	Information on employees and other workers	People	
102-9	Supply chain	Supply chain	
102-10	Significant changes to the organisation and its supply chain		There have been no significant changes in the Group's size, structure, ownership, or supply chain within last year
102-11	Precautionary principle or approach	GRI Contents Index	The Group integrates Precautionary approach in its risk management system
102-12	External initiatives		The Group does not participate in any external initiatives related to ESG
102-13	Membership of associations	About us	



Number of disclosure	Title of disclosure	Location of disclosure	Additional comments
102-14	Statement from senior decision-maker	Chief Executive Officer statement	
102-16	Values, principles, standards, and norms of behaviour	Sustainable business strategy	
102-18	Governance structure	Charters and policies	
102-19	Delegating authority	Sustainable business strategy	
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainable business strategy	
102-26	Role of highest governing body in setting purpose, values, and strategy	Sustainable business strategy	
102-40	List of stakeholder groups	Stakeholders	
102-41	Collective bargaining agreements	GRI Contents Index	Company does not have collective agreements
102-42	Identifying and selecting stakeholders	Stakeholders	
102-43	Approach to stakeholder engagement	Listening to our people; Stakeholders	
102-44	Key topics and concerns raised	Stakeholders	
102-45	Entities included in the consolidated financial statements	About us	
102-46	Defining report content and topic boundaries	Sustainable business strategy; Reporting principles	
102-47	List of material topics	Sustainable business strategy	
102-48	Restatements of information	GRI Contents Index	Not applicable for the Group's first ESG Report
102-49	Changes in reporting	GRI Contents Index	Not applicable for the Group's first ESG Report
102-50	Reporting period	Reporting boundaries	
102-51	Date of most recent report	Reporting principles	
102-52	Reporting cycle	Reporting principles	
102-53	Contact point for questions regarding the report	Contact information	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles	
102-55	GRI content index	GRI Contents Index	
102-56	External assurance	GRI Contents Index	Internal quality control performed by the Group. The Report has not been externally assured.

Number of disclosure	Title of disclosure	Location of disclosure	Additional comments
201-1	Direct economic value generated and distributed	Financial results	Find details on financial and operating results in our <a href="#">2019 Annual Report</a>
203-1	Infrastructure investments and services supported	COVID-2019 pandemic Promoting IT education	
204-1	Proportion of spending on local suppliers	Supply chain	
302-1	Energy consumption within the organisation	Energy	
303-3	Water withdrawal	Water consumption	
303-4	Water discharge	Water consumption	
305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions	
305-2	Indirect (Scope 2) GHG emissions	Greenhouse gas emissions	
306-2	Waste by type and disposal method	Waste	
307-1	Non-compliance with environmental laws and regulations	Environmental impact	
401-1	New employee hires and employee turnover	Hiring	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and benefits	Benefits provided to all employees regardless of their employment type
401-3	Parental leave	Compensation and benefits	
403-6	Promotion of worker health	COVID-19 pandemic Lifestyle, health and sport	
404-1	Average hours of training per year per employee	Learning and development	
404-3	Percentage of employees receiving regular performance and career development reviews	Employee assessment	
405-1	Diversity of governing bodies and employees	People	
413-1	Operations with local community engagement, impact assessments, and development programmes	Supporting charity development in Russia Promoting IT education	
415-1	Political contributions	Responding to government requests	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Internal controls for data security	



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