

Rotation program and talent pool

One of the strategic tasks of the Group's HR Policy is to retain and motivate key employees. To accomplish this, the Group has put together and annually updates its staff structure, while also actively using a program of internal staff rotation.

At present, the Group's talent pool includes 114 high-potential employees, each of whom has been assigned a mentor from among senior and middle management (deputy General Directors, department heads).

In 2020:

- ▶ 26 employees from the talent pool were appointed to managerial positions
- ▶ 47 internal rotations were carried out between Zarubezhneft enterprises
- ▶ 75% of key positions at the Group were filled by internal candidates

In an effort to continuously develop the talent pool, modular training is carried out annually at the Company's School of Leadership and Management Potential

Development. The school's training programs aim to develop managerial, business, and personal skills as well as improve leadership potential and teamwork. During the reporting year, the School of Leadership and Management Potential Development held courses for 122 people in the following programs: 'Fundamentals of digital transformation in the oil and gas industry', 'Building relationships and influence', 'Team and personal leadership', 'Openness to new things and innovativeness', 'Planning and organization of work', 'Decision-making', 'Results orientation', 'CPP: Working with a succession candidate', 'Effective feedback/meeting on performance and development', and 'Effective delegation'.

Programs for the development of managerial and corporate expertise in the workplace were prepared for the additional development of succession candidates and the fulfillment of individual development plans, and an e-library was set up with the ability to view and download books online in an effort to get employees to study and develop skills independently.

Motivation

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One of the key focuses of Zarubezhneft's HR Policy is to attract, retain, and motivate employees with the skills and performance level that are needed to successfully implement the Group's strategic tasks with minimal costs. For this purpose, a differentiated approach is used when determining remuneration based on the extent of an employee's involvement in achieving overall results.

Zarubezhneft implements programs with both financial and non-financial incentives for employees.

Financial

Since 2013, the Group has employed the Unified Labor Remuneration System (ULRS). The ULRS is based on a single range of grades based on which official salaries are established, and also stipulates the extent to which an employee's annual remuneration depends on the position level and the achievement of KPIs. The requirements of the ULRS are set out in the Standard Regulation on the Remuneration and Motivation of Employees. New subsidiaries join this system and develop their own regulatory documents taking into account the standard requirements.

The amount of the fixed portion of an employee's remuneration depends on the level (grade) of the position as well as the level of the employee's professional skills and performance, which is determined with the establishment of a certain professional status for the employee. The amount of the variable portion of an employee's remuneration depends on work efficiency and the achievement of the goals set for a reporting period.

Total remuneration for employees of ZARUBEZHNEFT GROUP is maintained at a level no lower than the average for comparable positions on the labor market in the respective region. To this end, the Group is carrying out systematic work to improve the system of remuneration and employee motivation as well as to develop an integrated headcount planning system.

Since 2019, the Group has employed a Staff Relocation Policy, which was drawn up in response to the active expansion of operations and entry into new projects. The main components of the Staff Relocation Policy are: travel compensation, a relocation allowance, visa support, housing, payment for daycare and school, and voluntary health insurance for employees and their family members. The key guarantees of the Staff Relocation Policy are: the employment of the Group's employees upon completion of a project or the payment of monetary compensation if there are no employment opportunities available.