

## Staff training

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ZARUBEZHNEFT GROUP has built an effective system of employee training and development, which not only ensures growth in the required level of professional and technical expertise among employees, but also the fulfilment of mandatory state requirements for the level of staff training in the oil and gas industry complex on such issues as industrial and occupational safety as well as combating corruption and fraud. The Company uses all modern types, forms, and methods of training, which are conducted based on the best practices of Russian and foreign organizations and corporate training centers that carry out educational activities in various advanced training and retraining programs. The learning process involves such types of training as long-term and short-term training as well as full-time and distance learning, including specialized courses based on the WebTutor automated system.

In Zarubezhneft's development strategy, the key focuses of staff training and development in 2020 were:

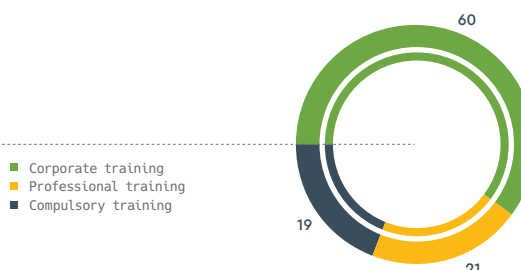
- ▶ Individual training programs that aim to improve the professional skills of employees in accordance with current and strategic objectives and changing legislative requirements
- ▶ A corporate training and development program for high-potential employees that aims to improve their knowledge in management potential development
- ▶ A corporate training program on the Lean Six Sigma production system and lean manufacturing
- ▶ Programs for international projects teams
- ▶ A corporate English language training program
- ▶ Corporate training and development programs for the Group's key technical specialists

The Company provides training in the following areas: corporate, vocational, and compulsory:

- ▶ Corporate training is designed in accordance with the Company's priority goals and objectives and aims to develop corporate, managerial, and professional skills among employees
- ▶ Vocational training aims to develop the knowledge, skills, and abilities required to properly perform job duties
- ▶ Compulsory training is provided in accordance with the requirements of state bodies and the legislation of the Russian Federation and is confirmed by the relevant documents

A single menu of corporate programs for senior managers, middle managers, and specialists, the talent pool, and young professionals, which include programs for strategic management, ancillary management, technical, distance learning, and English language training, has been compiled and is used for the planning and implementation of corporate training.

### CORRELATION OF AREAS OF TRAINING AT THE GROUP, %



The epidemiological situation in 2020 considerably expanded the use of the distance learning system. In addition, the Company purchased 23 videos and 27 e-courses and obtained access to online conferences. As a result, online education at the Group made up 80% of training during the reporting year, while full-time education accounted for 20%.

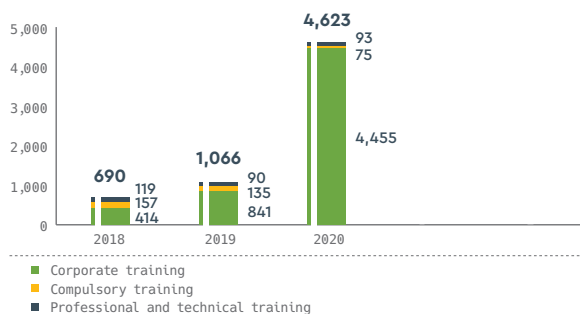
A priority area of the employee training system is the development of key professional and technical expertise in geology, development, drilling, oil and gas production, and project management.

Vocational training is conducted at the Company's School of Petroleum Engineering. ZARUBEZHNEFT GROUP's external and internal lecturers both teach at the School of Petroleum Engineering.

The School of Petroleum Engineering held 17 courses for 256 persons to be trained in 2020. Employees from the Corporate Center, subsidiaries, and JV Vietsovpetro took part in the training, and the corporate knowledge database is regularly filled with materials from past courses.

The winners of the Nestro Lead contest, the first open competition for employees of ZARUBEZHNEFT GROUP, which marked the start of a general corporate staff development program, continued their training under the comprehensive program Executive Master of Business Administration for Energy Business Management at the Gubkin International Business School and Skolkovo Moscow School of Management. The program aims to improve the professional, managerial, personal, and business skills that are needed to ensure a high level of performance in professional activities, develop flexible skills (soft skills, such as communication, self-management, effective thinking, time management, leadership qualities, personal growth, and creativity when solving tasks) and utilize professional experience (hard skills).

## STUDENTS IN THE CORPORATE CENTER, people courses

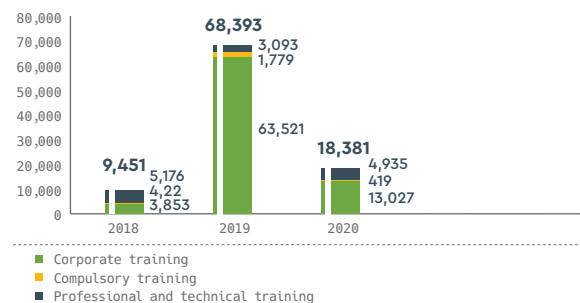


The Company devotes special attention to developing talented specialists with a high level of professional and managerial expertise as well as working on the Company's new and existing projects.

The program expands the horizon of skills that have already been acquired and shapes a global vision of leading trends in the world energy industry and how a company should function in a turbulent business environment. Such training will serve as a kind of bridge that connects the educational process as well as the career and further professional growth of trainees.

In the first module, project teams actively work with moderators. Groups present their graduation projects and receive EMBA professional retraining diplomas during the final module in 2021. The course instructors include leading Russian lecturers and honored teachers from Gubkin Russian State University as well as foreign speakers.

## STRUCTURE OF EXPENSES ON TRAINING IN THE CORPORATE CENTER, thousand RUB<sup>1</sup>



The goal of the training and development programs for the winners and finalists of Nestro Lead is to form an effective and cohesive team to work at foreign assets, taking into account the Company's strategic interests, to assess and develop the personal potential of each team member, and to improve communication skills in the international environment.

In addition, during the period of remote work, the competition winners were assigned online training on the Eduson platform with access to 1,000 e-courses and business cases to develop their professional and leadership skills.

The process of submitting applications for online training was introduced for the operational planning of employee training, which made it possible to reduce labor costs on preparing and analyzing proposals submitted by employees to organize training events. In 2021, the Company plans to further develop the WebTutor automated staff management system in order to introduce a new module called Talent Management and Career Development.

## Staff assessment

The Group employs a flexible and transparent system of employee performance management that aims to promptly and thoroughly achieve strategic objectives.

The annual staff assessment:

- ▶ Systematically and objectively assesses the performance indicators of employees
- ▶ Identifies high-potential employees and motivates them to produce positive work results and display a high level of professionalism
- ▶ Determines focuses for both the professional and personal development of employees

The staff assessment is conducted based on the following indicators:

- ▶ An employee's achievement of individual goals/objectives for the preceding year
- ▶ The level of development of professional skills
- ▶ The level of development of corporate and managerial skills
- ▶ The fulfillment of the development map/individual development plan for the preceding year
- ▶ The level of an employee's potential for further career growth and development

Based on these indicators, the ultimate efficiency of an employee's activities for the reporting year is determined.

<sup>1</sup>. In 2019, the training the winners of the Nestro Lead competition accounted for a substantial amount of spending on corporate training.