



The objectives of the Nestro Lead training and development programs for competition winners and finalists are to form an efficient and cohesive team to perform work on 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 an international environment.

The Company seeks to keep pace with the times and apply modern automated HR technologies. Using the WebTutor software program, all assessment, training and development tools are automated and aligned in a single system governed under a single logic. The system's introduction has significantly reduced labor and time spent on preparing and conducting assessment procedures and analyzing the results thereof. It has also increased the number of employees undergoing training simultaneously at the Company through remote training courses. This system is integrated in all but a few of the Company's subsidiaries and makes it possible to ensure the assessment

procedures are implemented online, as well as organize training on a remote basis. A training portal that includes all types of training provided by the Company has been developed to foster employees' professional and personal development. In order to promptly plan and schedule employees' training, the procedure for posting training applications online has been introduced, which has reduced labor costs for creating and analyzing proposals for arranging training activities submitted by employees. In 2020, the WebTutor automated HR management system will be further developed through the introduction of a new training module entitled "Talent Management and Career Development".

ROTATION PROGRAM AND TALENTED PERSONNEL POOL

In order to retain and motivate key employees, develop the necessary expertise and reduce the costs of personnel recruitment and onboarding, the Company has created a Talented Personnel Pool and implemented

an in-house rotation program. The talented personnel pool includes 134 of the Company's most promising employees. Each of them is assigned a mentor from among the top managers.

In 2019, 23 employees from among the talented personnel pool were appointed to management positions, and 59 in-house employee transfers took place across Zarubezhneft Group.

For the purpose of continuously developing the talented personnel pool, the concept of modular training for the talent pool members is being implemented and hosted by the Company's own School of Leadership and Managerial Potential Development. The main tasks of the School are as follows:

- pdeveloping key promising employees;
- improving governance and management culture;
- enhancing professional/business and personal qualities;
- increasing leadership potential and teamwork performance.

During the financial year, the School of Leadership and Managerial Potential Development had 129 talent pool members take part in training events under the programs aimed at developing managerial skills and personal qualities, such as innovation in the Company management system, system thinking, cross-functional management, core leadership values, and performance management. On-the-job programs for developing managerial and corporate expertise were developed to further develop talent pool members and implement individual development plans. An electronic library was also created to provide self-study and self-development opportunities. This library provides users with the ability to download and browse books online.

WORK WITH YOUNG SPECIALISTS AND INTERACTION WITH EDUCATIONAL INSTITUTIONS

In order to implement the innovative development and youth policies program, Zarubezhneft JSC intensively cooperates with the Russian Federation's leading higher education institutions to attract and select the most promising undergraduates, provide these students with work experience internship, and organize employees' retraining and professional development. Cooperation agreements have been concluded with each university partner, and R&D interaction has been organized to promptly address training priorities for Zarubezhneft Group employees and the young specialists selected. The areas of cooperation cover education, research and development, and social and cultural activities..

Top priority is given to graduates of the following universities:

- National University of Oil and Gas "Gubkin University" (priority fields of education: Oil and Gas Engineering, Development and Operation of Oil and Gas Fields, Physical Processes of Oil and Gas Production, Geology,

and Economics and Management in the Oil and Gas Sector);

- Lomonosov Moscow State University (fields of education: Economics, Vietnamese and English translators/ interpreters);
- Moscow State Institute of International Relations (MGIMO University) (field of education: International Economic Relations);
- Tomsk Polytechnic University (fields of education: Development and Operation of Oil and Gas Fields, training at Heriot-Watt);
- Ukhta State Technical University (field of education: Development and Operation of Oil and Gas Fields);
- Samara State Technical University (fields of education: Development and Operation of Oil and Gas Fields, Machinery and Equipment in Oil and Gas Industries, Economics and Management in Fuel & Energy Complex);
- Lomonosov Moscow State University (fields of education: Geology, Law, Economics, Mathematics, Physics)
- Lomonosov Moscow State University of Fine Chemical Technologies (MITHT) (field of education: Chemistry)
- Moscow Institute of Physics and Technology (fields of education: Mathematics, Physics).

The Group regularly attracts students from leading universities for practical training and work experience internships. In 2019, the Group granted work experience internships to 205 students.

In 2018-2019, Zarubezhneft JSC funded training at higher educational institutions in the Russian Federation for 43 children of Russian nationals employed at JV Vietsovpetro.

The priority area of the Company's activities is to work with young specialists employed with the Group. Working with them makes it possible to identify promising young people and encourage their professional development.

In 2019, the Council of Young Specialists, a peer public and professional association of active youth employed with the Company, continued its systematic work. The Council was established in 2013 as one of the tools to implement the Company's youth policies.

The Council of Young Specialists is part of the Company's HR Policies and performs the following functions:

- providing onboarding and involving young employees in the Company's production and social activities;
- shaping a pro-active attitude and loyalty to the Company and its development strategy;
- unifying the employed youth, forming efficient communication among different generations of employees;
- involving employed youth in innovation, R&D and project activities;
- developing and maintaining the Company's corporate culture through cultural and sporting events;
- assisting in creating conditions for developing young employees' managerial and creative potential.

In addition to Zarubezhneft JSC, the Councils of Young Specialists operate in seven companies. They are JC RUSVIETPETRO LLC, ZARUBEZHNEFT-Dobycha Kharyaga LLC, VNIIneft JSC, Giprovostokneft JSC, RMNTK Neftetodacha JSC, Modriča Oil Plant A.D., and OPTIMA Group d.o.o.. There are 95 total members of the Councils of Young Specialists.

The Council's work agenda comprises six areas of activity: corporate communications and organizational improvements, R&D involvement of Young Specialists, intellectual events, development of corporate sports, volunteering, and work with Young Specialists. The working plan is approved annually by the General Director.

In 2019, the Councils of Young Specialists of the Corporate Center and the subsidiaries held over 200 events.

CORPORATE COMMUNICATIONS AND ORGANIZATIONAL IMPROVEMENTS

Within the framework of the area of activity on Corporate Communications and Organizational Improvements, Council members took part in brainstorming sessions, business cases, and meetings of the Youth Council of the Ministry of Energy of the Russian Federation. Every year, a team of Young Specialists visits the Russian Energy Week exhibition. In the second quarter of 2019, the Group's youth team placed second in the inaugural case championship in the city of Almeteyevsk. In 2019, the work of the Council of Young Specialists was first announced at the Board of Directors, where the course for the Group's youth intensive development was set.

R&D INVOLVEMENT

The first event that represents the R&D area is the Competition of R&D Works of Young Specialists, which acts as a tool to enhance performance in technical and process solutions by revealing the young employees' potential through the preparation of their own projects aimed at addressing key production challenges. Furthermore, Young Specialists actively participate in external events organized by the Company's partners and peers in the fuel and energy sector. Among these events, the following deserve special mention: the International Youth Scientific Conference "Oil and Gas – 2019", the All-Russia Competition "New Idea" (Rus.: "Novaya Ideya") regarding the best R&D solution among young people employed at enterprises and organizations in the fuel and energy sector, and the international engineering championship "CASE-IN".



INTELLECTUAL EVENTS

In 2019, there were four corporate "What? Where? When?" tournaments between the teams of the Corporate Center (by DDG blocks) and subsidiaries. Another impressive fact was that Zarubezhneft JSC team won the Spring Intellectual Cup on "What? Where? When?", awarded in the category for "The Most Intellectual Company in the Fuel & Energy, and Oil & Gas Sectors". The team also ranked among the top three teams for the year. The same year, Zarubezhneft JSC's representative team took part in the 19th Russian Championship on "What? Where? When?" for the first time.

In order to maintain team spirit and intellectual promptness, representative team training sessions have been organized on a permanent basis, as well as open training sessions for all comers, with a professional coach and a member of the "What? Where? When?" Elite Club involved.

Among other things, Zarubezhneft JSC teams participate and take prize-winning places every year in Oil Owl (Rus.: "Neftyanyaya Sova"), an intellectual game for youth involved in the oil and gas industry, and E&Y Club's EnergiYa intellectual tournaments.

CORPORATE SPORTS DEVELOPMENT

Each year, training takes place for the corporate football and volleyball teams, and corporate billiard and bowling tournaments are held. In 2019, the corporate volleyball team ranked 3rd in the Brands Cup (Rus.: "Kubok Brendov"), two platoons represented the Company at the Race of Heroes (Rus.: "Gonka Geroev"), and over 80 people went through the Ready for Labor and Defense program (Rus.: "Gotov k Trudu i Oborone"), Russian physical training standard). For the first time in the Council's history, the Athletics Team took part in running competitions organized with support from the Ministry of Energy of the Russian Federation. The corporate football tournament is traditionally considered to be the largest event of the year, as it brings together active young people and all top

management from both the Corporate Center and subsidiaries. This annual event is always capped off with a gala match between the Ministry of Energy and the management of Zarubezhneft JSC.

VOLUNTEERING

The volunteer movement, under the guidance of the Council of Young Specialists, also continues to actively develop. In 2019, young employees from VNIneft JSC, Zarubezhneft JSC and LLC JC RUSVIETPETRO took part in greeting and thanking World War II veterans. The group of activists visited the Gagarinskaya Special Boarding School on Child Protection Day. In collaboration with Company management, a branded container for collecting the Company's employees' unwanted things was installed at Zarubezhneft JSC's office. As the container is filled, the things are sent for further sorting, cleaning and distribution.

Also in the financial year, employees of Zarubezhneft JSC, ZARUBEZHNEFT-Dobycha Kharyaga LLC, and Zarubezhneftstroyontazh LLC took part in the Ecological Volunteer Event at the Lomonosov Moscow State University's Botanical Garden, supported by the Zapovedniki Eco-Center. The group of activists consisting of employees of Zarubezhneft JSC and ZARUBEZHNEFT-Dobycha Kharyaga LLC visited the Gagarinskaya Special Boarding School on New Year's Eve.

BUILDING CORPORATE CULTURE AND ETHICS

The potential for enhancing the Company's performance largely depends on positive growth in production indicators, well-coordinated teamwork, functional interaction, and positive communications between employees both within and outside the structural units, as well as on well-coordinated partnership with the external environment.

The Company pays considerable attention to its corporate ethics. In this regard, 12 principles

of corporate interaction were developed and implemented in 4 areas with 3 principles in each area. They reflect the desired behavioral indicators that affect the positive dynamics of both teamwork and efficient communication and the enhancement of the Company's performance as a whole, as follows:

- Company – Employee: efficient interaction between an employee and the Company ("initiative and pro-active attitude to life", "striving for continuous improvement and professional development", "fair assessment (evaluation) of performance and motivation of employees").
- Company – External Environment: efficient interaction between the Company and its external environment ("overachiever before the government", "honesty and transparency", "tolerance and mutual respect").

