

ROTATION PROGRAM AND EMPLOYEE POOL

To retain and motivate key employees, as well as to develop necessary competencies and reduce the expenditures for recruiting and adapting personnel, the Company has formed the Employee Pool. It also actively implements an internal rotations program.

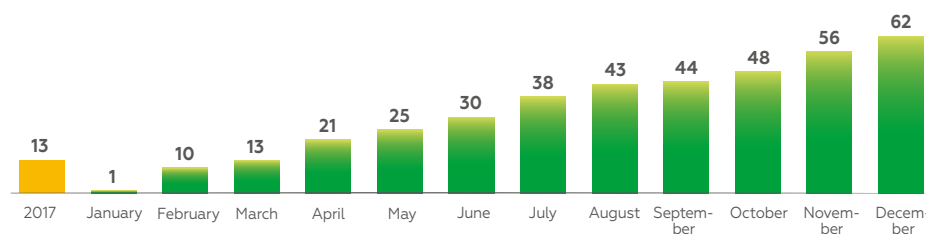
To promptly set up teams for new international and Russian projects, Zarubezhneft JSC has formed a mobile employee pool. This employee pool has more than two hundred employees

of the Group on key positions of Zarubezhneft JSC; a mentor-supervisor from among the managers is assigned to each personnel reserve member. Throughout the year, the personnel reserve is trained as per the approved Individual Development Plans (IDPs) for the development of professional and managerial competencies. To assess the dynamics of development of the personnel reserve members, semi-annual monitoring of IDP implementation is carried out. The degree of the personnel reserve's readiness for appointment is determined at Expert Groups led by the Company's top management and revised based on the results of enrichment activities and implementation of tasks that are important for the Company.

To continuously develop the structure and composition of its personnel reserve, the concept of modular training of personnel reserve members is implemented under the Company's own Leadership and Management Capacity Development School. The school's main objectives are:

- development of key high-potential employees;
- enhancing the management culture and management;
- improvement of business and personal qualities;
- enhancing leadership capacity and teamwork.

Dynamics of rotations 2017-2018 via cumulative result, people



In the reporting year, 62 internal staff shifts were carried out, incl. on the Company's international projects.

In the reporting year, under the Leadership and Management Capacity Development School, 117 personnel reserve members have taken part in the following training programs:

- innovation in the company management system,
- systems thinking,
- cross-functional management,
- leader's core values,
- performance management aimed at developing management skills and personal qualities.

For the additional development of personnel reserve members and the implementation of individual development plans, programs for the local development of managerial and corporate competencies have been elaborated; an electronic library has been created to facilitate self-education and self-development through viewing books online and having the opportunity to download materials of interest.

WORK WITH YOUNG EXPERTS AND INTERACTION WITH EDUCATIONAL INSTITUTIONS

To implement the Program for Innovation Development and a policy for young experts, Zarubezhneft JSC is

actively interacting with the Russian Federation's leading higher education institutions in terms of recruiting and selecting high-potential students, moving students into production practice and organizing employee retraining and advanced training. The Company has concluded cooperation agreements and organized scientific and technical interaction with each higher-education institution, thus enabling to quickly resolve issues to do with the training of Zarubezhneft JSC Group's employees and young experts. This cooperation is implemented across various fields of activity, including professional training, scientific and technical, as well as social and cultural.

Graduates of the following universities are top requested:

- Gubkin Oil and Gas Russian State University (fields: oil and gas engineering, oil and gas field development and operation, oil and gas production physical processes, geology, economics and management at oil and gas sector enterprises);
- Lomonosov Moscow State University (field: economics, Vietnamese and English translators);