

The Company regularly hosts corporate events aimed at improving the loyalty and motivation of personnel and the establishment of intra-corporate communications not only within the Corporate Center but also among the enterprises of the Zarubezhneft Group of Companies.

The main change in 2018 was the distribution of the corporate culture development process and the corporate interaction principles to the subsidiaries. Principles that had

already been proof-tested within the Corporate Center were now being actively introduced at the enterprises.

PERSONNEL HEADCOUNT AND STRUCTURE

In 2018, the headcount within the Zarubezhneft Group of Companies of Companies was 12,681 people, which was 4% less than in 2017. The personnel headcount decreased due to the headcount optimization

measures being carried out: in Russia – by 1.5%, in the Socialist Republic of Vietnam – by 6.3% in the Republic of Srpska (Bosnia and Herzegovina) – by 2.1%.

Company headcount dynamics by countries of presence, persons

Country of presence	Actual			
	2015	2016	2017	2018
Total for the Group of Companies	14,531	13,846	13,245	12,681
Russia	3,302	3,627	3,909	3,851
Socialist Republic of Vietnam ¹	8,857	8,079	7,252	6,790
Republic of Srpska (Bosnia and Herzegovina)	2,356	2,127	2,073	2,029
Republic of Cuba	16	13	11	11

In general, the average headcount of the Group of Companies has a tendency for decrease, which is due to the ongoing headcount optimization measures within the Group of Companies: headcount decrease was

5.5% in the "Service and other assets" segment, 4.5% in the Upstream segment and 2.1% in the Downstream segment.

Company headcount dynamics by the areas of activities, persons

Area of activities	Actual			
	2015	2016	2017	2018
Total for the Group of Companies	14,531	13,846	13,245	12,681
Managing company	320	322	326	317
Zarubezhneft JSC branches and representative offices	30	26	25	24
Upstream ²	9,972	9,402	8,813	8,415
Downstream	2,356	2,127	2,073	2,029
Services	1,853	1,969	2,008	1,896

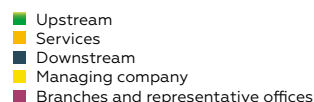
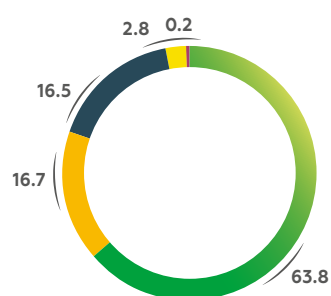
At this, the Upstream segment, which comprises 66% of all personnel, continues to be the priority area of the Group of Companies'

development. The headcount of downstream and services and other assets amounted to 34%.

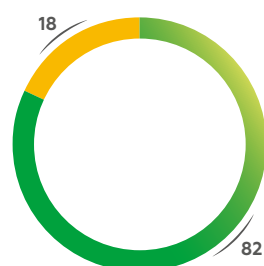
¹ The personnel of JV "Vietsovpetro" was previously accounted for in the headcount in the Socialist Republic of Vietnam.

² Due to the headcount reporting expansion starting 2018, the current version of the Reports accounts for all personnel of other Blocks and Service projects of "Vietsovpetro".

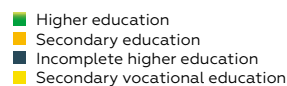
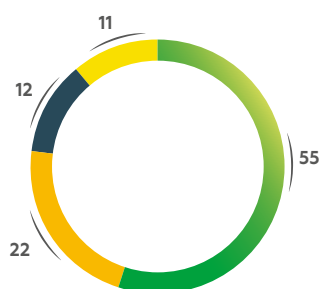
Personnel structure by areas of activities, %



Gender balance, %



Personnel structure by education level (as of December 31, 2018), %



Dynamics of changes in the personnel structure by the categories of positions, %

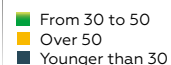
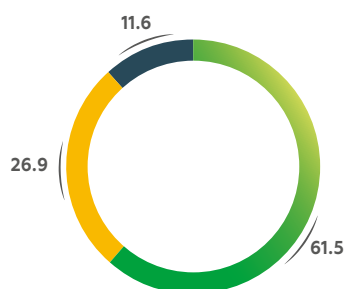
Name	as of 31.12.2016	as of 31.12.2017	as of 31.12.2018
Managers	19.0	16.0	16.0
Experts	33.0	41.1	40.9
Clerks	2.0	0.2	0.3
Workers	46.0	42.7	42.8

The personnel of the Zarubezhneft Group of Companies is predominantly men, who make up 82% of the headcount. This is because oil production requires working at remote fields (including on a rotational basis), and involves a significant share of physical labor, including at the drilling rigs (particularly at the JV "Vietsovpetro" facilities in Vietnam).

Personnel structure by categories of positions is formed to ensure balance between the managers, experts and workers.

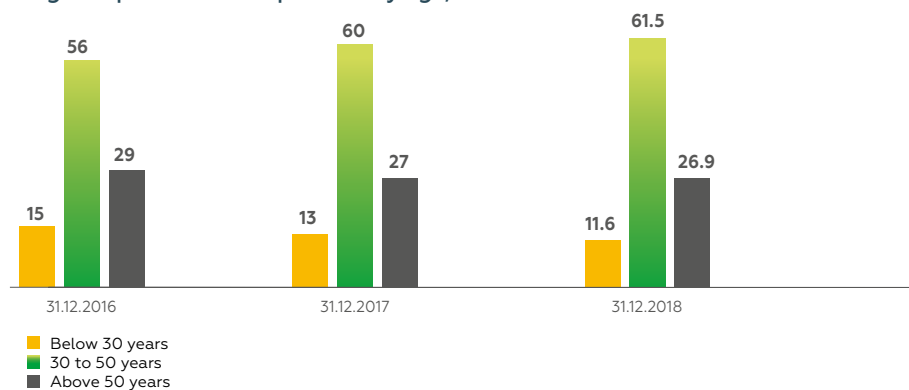
More than half of the Group of Companies' employees have higher education. However, considering the large number of workers, a significant part comprises employees with secondary and vocational secondary education.

Personnel composition by age (as of December 31, 2018), %



The age structure of personnel is traditionally formed in such a way that two thirds of it belong to the age category of 30-50 years. Such a strategy ensures the best balance of the qualities that are critical for a production company: physical capabilities and work experience. Traditionally, the significant specific weight is accounted for by the younger employees – 11.6 %, which establishes a sustainable basis for the development of new projects. Considering these factors, the Group maintains its average personnel age at the level of 42 years.

Changes in personnel composition by age, %



Acting within the International Labor Organization Conventions No. 138 – Concerning the Minimum Age of Work and the Russian Labor Law, Zarubezhneft JSC takes a tough stance against hiring workers under the age of 18 to work at its production facilities, regardless of the legislative framework of the country where the Company is implementing the project.

full-time basis. The Company does not employ part-time or seasonal workers.

PERSONNEL TURNOVER

The Company's active personnel turnover rate for 2018 decreased and amounted to 4.0% (5.5% in 2017).

loyalty, ensure a decent level of income and provide reasonable employment benefits and social packages.

In 2018, the personnel turnover rate decreased and amounted to 8.2 % (16.6 % in 2017), which was mainly due to the dismissal of the personnel of JV Vietsovetpetro.

Permanent employment contracts are concluded with the Company's employees. Fixed-term employment contracts are concluded only for key employees' parental leaves. All the Company's employees work on a

However, the average turnover rate is low enough, which indicates personnel stability. This is the result of ongoing activities to establish a corporate culture, increase personnel

Personnel turnover rate by country of presence, %

Country of presence	2016		2017		2018	
	Active	Full	Active	Full	Active	Full
Total for the Group of Companies	3.7	11.2	5.5	16.6	4.0	8.2
Russia	9.4	16	14.3	20.5	9.3	15.9
Socialist Republic of Vietnam	1.3	10.2	1.7	18.5	1.8	4.1
Republic of Srpska (Bosnia and Herzegovina)	1.2	5.5	2.1	6.8	1.6	6.7
Republic of Cuba	0	46.7	0	27.3	0	54.5

The growth of full turnover in the Republic of Cuba is associated with the expiry of labor contracts; at this, there were no dismissals caused by reasons covered by active turnover.