“RUSVIETPETRO”, ZARUBEZHNEFT-Dobycha Kharyaga LLC, VNIIneft JSC, Giprovozoktnok JSC, RMNTK Nefteotdacha JSC, Modrica Motor Oil A.D., OPTIMA Grupa d.o.o. The total number of members of Young Experts Councils is 113 people.

The General Director approves the Council Work Plan on an annual basis. All events are grouped into six categories:
- Corporate communications and organizational improvements;
- Scientific and technical development of young experts;
- Intellectual activities;
- Corporate sports development;
- Voluntary movement;
- Work with young experts;

In 2018, members of the Council held many events, including the traditional ones that are held every year and have become the Board’s hallmark and the new ones.

As part of “Corporate Communications and Organizational Improvements” field, members of the Board took part in brainstorming, business case decisions, preparing the materials for the Youth technological forecasting of the Fuel & Energy Complex and meetings of the Youth Board under the Russian Ministry of Energy.

The Scientific and Technical Field is primarily presented by the Competition of young specialists’ scientific and technological work, which is described in detail in the “Innovation Activity” block.

Last year became a year of explosive growth for the intellectual events of the Company:
- Six tournaments were held on the game “What? Where? When?” at the in-house level;
- Three tournaments on “Brain Ring” game were organized;
- The “Jeopardy” tournament was held;
- The Zarubezhneft Team began to play in the top corporate league of Moscow in the game “60 seconds”;
- The corporate team hit the podium in the intellectual game among the youth of the oil and gas industry.

In 2018, corporate sport reached a new level. Every employee of the Company received the opportunity to attend volleyball and football training on a regular basis. The training process under professional trainers could not go unnoticed, and the results were not long in coming. A cross-functional team of young professionals of the Zarubezhneft Group of Companies showed excellent results in the Spartakiad among the enterprises of the Oil Refining and Sales segment in the Republic of Srpska (Bosnia and Herzegovina), taking the first place in women’s volleyball and second place in football.

In the reporting year, billiard, beach volleyball and curling tournaments were held, which became a good tradition in the Company. The young people also came forward with an initiative to collectively pass the GTO standards and participate in the extreme race “Race of Heroes”.

Athletes defended the Company’s honor at the track-and-field events organized by the Ministry of Energy of Russia.

The most striking sporting event in 2018 was the corporate mini-football tournament dedicated to the anniversary of LLC “JC “RUSVIETPETRO”, which was held on July 21 at the Cherenkov Academy of FC Spartak Moscow.

In the reporting year, the volunteer movement continued its development as part of the work of the Young Experts Council. During 2018, as part of the youth initiative, charity events were held with the involvement of the entire Company’s staff.

In March, a charity event was organized at the Odoyevsky Nursing Home (Tver Region).

In May, the Young Professionals Board joined employees of the subsidiaries of VNIIneft JSC and LLC “JC “RUSVIETPETRO” to congratulate veterans on Victory Day.

In July, the Company’s youth carried out an Environmental Campaign, as part of which the work was carried out on restoration of a playground in the history-themed natural park of Bitsevskiy Forest Park.

In the reporting year, the Young Experts Council completed good deeds with campaigns dedicated to the New Year, visiting children at a care home in the city of Gagarin in the Smolensk Region and residents of a nursing home in Zherekhovo Village in the Tver Region.

**TRAINING AND EVALUATION**

Zarubezhneft JSC’s training system is designed to ensure not only an increase in the required employees’ level of professional and technical competences, but also the fulfillment of mandatory state requirements for the level of training of oil and gas industry personnel in the field of industrial safety, occupational safety and corruption control. The Company uses the full range of modern types, forms and methods of training. The training is conducted based on the best Russian and foreign organizations, as well as corporate training centers for retraining programs. The company applies long-term and short-term training and business education (special training programs, skills training). Employees are given an opportunity of full-time, correspondence and distance learning, including specialized courses based on the WebTutor automated system.

The Company provides the following training areas:
- corporate training in management and professional training programs as per the priority goals and objectives, aimed at developing corporate, managerial and professional competencies;
- professional and technical education aimed at developing the knowledge, abilities and skills required for the performance of functions;
- compulsory education conducted as per the requirements of state
bodies and the laws of the Russian Federation, supported by relevant documents.

As part of the implementation of Zarubezhneft JSC’s Development Strategy, the following became the key areas of personnel training and development in the reporting year:

- implementation of individual training programs aimed at improving the professional level as per current and strategic objectives, varied legislation requirements;
- joint implementation of the learning process with the leading universities of the Russian Federation and foreign universities for training specialists in the areas that are highly-demanded at the Company;
- implementation of the corporate program for the training and development of high-potential employees, aimed at improving knowledge in the field of developing the managerial potential;
- implementation of a corporate training program for the production system and lean manufacturing – Lean Six Sigma;
- implementation of a corporate English language program;
- implementation of corporate training and development programs for key technical specialists of the Group of Companies.

For the planning and implementation of corporate training, a single menu of corporate programs for top managers, middle managers and specialists, the employee pool and young specialists has been formed and is being applied, which includes programs of strategic management, managerial and technical programs, as well as remote teaching and English language teaching.

The priority direction of the employee training system is the development of key vocational and technical competences in the field of geology, development, drilling, oil and gas production and project management.

Occupational and technical training is carried out based on the in-house Petroleum Engineering School. Both external and in-house lecturers of the Zarubezhneft Group of Companies have been engaged as part of the Petroleum Engineering School. The in-house lecturers managed to develop and carry out three new training courses in 2018:

- “Flooding and optimization of development systems”;
- “Reef complexes”;
- “Fundamentals of thermal methods”.

In 2018, the Oil Engineering School managed to train a total of 196 people, including employees of the Corporate Center, the subsidiaries and Vietsovpetro Joint Venture; the corporate knowledge base is filled with the previous course materials on an ongoing basis.

Training on project competencies development is conducted at the in-house Project Management School based on the Gubkin Oil and Gas Russian State University – International Business School on the educational program of further vocational education – Master of Business Administration (MBA), Management of Oil and Gas Business. Project Management.

The Project Management School collaborated with the university to develop a training program taking into account the current and future tasks of the Company’s business, including the requirements of strategic projects. Between 2017 and 2018, 18 people graduated from the Project Management School, including the employees of the Corporate Center and Subsidiaries. For the implementation of training programs, both external and internal lecturers were involved. Following the presentation results, all students received state diplomas of the MBA degree.

Zarubezhneft JSC pays special attention to the development of talented and purposeful specialists with high professional and managerial competencies, and attracts them to work on new and current projects of the Company. The winners of the Nestro Lead Competition, the first open competition for employees of the Zarubezhneft Group of Companies that was the start of a common corporate personnel development program, were directed to the training on the comprehensive program “Modern Leader in International Environment” under the Gubkin Oil and Gas Russian State University – International Business School and the Skolkovo Moscow School of Management; an international internship is also provided for under the development agenda for the winners.

The goal of the training and development programs for the winners and finalists of Nestro Lead is to form an efficient and solid team for handling foreign assets, taking into account the Company’s strategic interests, to assess and develop the personal potential of each team member, as well as to improve communication skills in the international environment.

Under the training program for the competition finalists, unique developmental trainings based on the Efficient Leader program have been developed under the Leadership and Management Capacity Development School.

In addition, the winners and finalists of the competition take remote courses on improving personal effectiveness in the WebTutor Training Portal, as well as
A training portal that includes all types of training implemented within the Company was developed for the professional and personal development of the employees. A process for the online placement of applications for training was developed for the expedite planning of the employees’ training, which has allowed to cut the labor costs for the development and analysis of the proposals for training events submitted by the employees.

Training of experts at the Project Management School
Training for the development of project competencies is conducted under the in-house Project Management School based on the Gubkin Oil and Gas Russian State University – International Business School on the educational program of further vocational education – Master of Business Administration (MBA). Oil and Gas Business Management. Project Management.

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Personnel evaluation
As per its Personnel Policy, the Company’s evaluation system comprises a flexible, transparent staff performance management system aimed at the timely, high-quality achievement of strategic objectives.

Zarubezhneft JSC has implemented and operated a transparent system of annual personnel assessment based on uniform requirements for performance assessment and professional development of personnel for objective financial and non-financial remuneration as per the degree of the employees’ involvement in achieving the strategic objectives of the Group of Companies.

The Company conducts annual personnel assessment on a regular basis, which allows evaluating personnel performance indicators systematically and objectively, identifying high-potential employees, stimulating the identified employees for positive work results and high professionalism, as well as determining the directions for both the professional and personal development of the employees.

Based on the annual assessment results, employees are provided with detailed and reasonable information on their performance and competencies development level over the past year. Proposals are made and a decision is adopted on the upward mobility of the employee’s professional status, changing the grade / shifting the position and the transfer of an employee to a senior position, including to the employee personnel reserve. Priorities in the development of the employee’s key competencies and individual targets for the next year are also identified.

The Company implements external assessment measures, such as the Assessment Center, evaluation by the 180/360 degree method, as well as various types of testing to identify its employees’ level of development of professional knowledge and skills, business and personal qualities, as well as verbal and numerical abilities.
In the reporting year, as part of the annual employee assessment, an additional survey of managers and supervisors was carried out using the 360-degree method to map out the current situation regarding compliance with the principles of corporate interaction as well as further development of an action plan for the development and promotion of these principles.

To implement a uniform personnel policy in the area of personnel evaluation, assessment activities are carried out throughout the Zarubezhneft Group of Companies.

The Company strives to keep up with current trends and apply the modern automated HR-technologies. The tools for the assessment, training and development of employees are automated and developed within one system and unified logic using the WebTutor software. Owing to the introduction of the WebTutor system, the labor costs and time for the preparation and performance of assessment procedures and analysis of the results have been significantly reduced, as well as the number of employees trained in the Company increases, owing to the remote training courses. In the reporting year, this system was integrated almost in all subsidiaries of the Company, and it allows implementing assessment procedures online and arrange remote training.

Professional standards integration

All planned targets for 2018 were achieved:
- a list of applicable professional standards was defined;
- information about professional education and training of employees obtained from analysis of qualification requirements specified in professional standards was included in the employee training plans;
- changes were introduced to the Company’s local regulations,
- and a list of documents subject to change as per the applicable professional standards was prepared.

Zarubezhneft JSC is a member of the Council for Workforce Skills in Oil and Gas Industry, which was formed by the Resolution of the National Council on Vocational Qualifications under the President of the Russian Federation on March 27, 2015 to form
and support the workforce skills system in the oil and gas industry.

The Zarubezhneft JSC Corporate Center has started introducing professional standards at the Company’s subsidiaries.

By the end of 2018, 99 professional standards were introduced within the Group, and their requirements are mandatory in terms of the description of positions, trades or qualification requirements and are used in the Group as per the employers’ decisions. Eighteen of the introduced standards are for the production, refining, transportation of oil and gas.

Employment for positions (trades, qualifications), which imply compensations, benefits or restrictions specified in the Labor Code of the Russian Federation or other federal legislation, includes application of Zarubezhneft’s professional standards.

The qualification characteristics contained in the professional standards and are not established to be mandatory are applied within the Group of Companies as a basis for defining the requirements to the employees’ qualification with consideration of the labor functions they are to perform determined as per the applied technologies and the adopted production and labor arrangement.