

TALENT POOL DEVELOPMENT

Gazprom Neft strives to attract and retain professionals eager to excel in what they do and grow together with the Company. We see our people as strategic partners, and our investments in them as a way to secure future success of our business.

Gazprom Neft's HR Management Strategy for the period until 2020 supports the overall corporate strategy by recruiting highly skilled and motivated employees for the Company's ongoing and future operations. In line with the above objectives, our HR strategy focuses on:

- > ongoing personnel recruitment and rotation;
- > talent pool management, competency development, and training;
- > development of an incentive system and engagement culture;
- > increasing labour productivity and organisational efficiency.

The Company seeks to attract, engage, and retain the best available employees. Gazprom Neft has developed a distinctive employer value proposition that is based on the demands and expectations of the target audience and takes into account the Company's strategic objectives and competitive position in the industry. The value proposition is integrated into the management recruitment, onboarding and training processes. According to a survey conducted in 2018, over 75% of employees approve and support Gazprom Neft's value proposition and would readily recommend the Company as a good employer.

In 2018, Gazprom Neft's status as one of the country's leading employers was confirmed by high scores in Russian and international rankings, such as Randstad Award, HeadHunter Top Employer 2018, and Universum Top 100 Russia 2018.

Our relations with employees are regulated by the Russian and international labour laws and the Company's internal standards. Gazprom Neft guarantees equal rights for its employees and prohibits any discrimination based on ethnicity, gender, origin, age, beliefs, or any other reasons. Gazprom Neft recognises the lawful right of its employees to establish, on a voluntary basis, associations to protect their rights and interests, including the right to form trade unions and join them. The Company explicitly prohibits the use of child or forced labour.

In 2018, the Company's headcount was 70,648 employees², with 16,808 joining and 15,205 leaving the Company over the year. A 4.1% y-o-y increase in headcount was driven by changes in the production assets' operational programmes, growing output, and the expanding operating range of the subsidiary service providers.

In 2018, the Company's headcount exceeded

70,648

EMPLOYEES

In the reporting year, the Company hired

16,808

EMPLOYEES

² Number of full-time employees as at 31 December 2018 (no records of part-time employees are kept).

Personnel breakdown by key activities (employees) (as at 31 December 2018)

Source: Company data



19,675	▶ Petroleum product sales
13,052	▶ Production
6,141	▶ Multibusiness companies
5,302	▶ Oil refining
4,442	▶ Oilfield service and geological exploration
5,294	▶ Product subsidiaries
1,016	▶ R&D
15,726	▶ Other

Average monthly salary (₽ '000)

Source: Company data



PERSONNEL PROFILING

Metric	2014	2015	2016	2017	2018
Total average headcount (people)	57,515	61,862	62,998	63,897	66,500
including:					
> men	34,679	37,574	38,649	37,891	40,397
> women	22,836	24,288	24,349	26,006	26,103
including:					
> blue-collar employees	32,471	33,881	32,400	31,885	31,064
> white-collar employees	25,044	27,981	30,598	32,012	35,436
including:					
> below 30 years	14,015	15,004	14,749	13,788	13,575
> 30–50 years	32,849	35,415	38,298	40,227	42,698
> over 50 years	10,651	11,443	9,951	9,883	10,227

INCENTIVES AND SOCIAL SUPPORT

The Company's employee incentive system is linked to Gazprom Neft's strategic goals and seeks to provide competitive remuneration, retain and develop talent, and support career and professional growth.

In 2018, Gazprom Neft developed a cumulative employee compensation model, including a remuneration package and social benefits along with career and professional growth opportunities. The model will help align the Company's objectives and personal employee needs, while also setting the stage for flexible HR and business strategies.

The Company transformed the employee incentive package into a cumulative compensation model including five key financial and non-financial components: base fee, performance-based remuneration, growth opportunities, recognition of achievements, and workplace environment (including social guarantees and benefits, working conditions, and corporate culture).

Gazprom Neft seeks to make sure that all components of its remuneration system are highly competitive. The Company regularly adjusts salaries and wages in line with latest trends in the oil and gas labour market. In 2018, the average monthly salary at Gazprom Neft was ₽ 122,587, up 8.5% y-o-y.

The Company makes sure to offer its employees a balanced benefits package and competitive social security guarantees. We draft and implement our HR and social policies in collaboration with trade union organisations. Trade unions take part in negotiating changes in Gazprom Neft's social benefits, attending meetings of HR executives and contributing to other HSE initiatives. The Company has put in place youth committees responsible for protecting the interests of young employees and onboarding of young professionals.

No significant amendments were introduced into collective bargaining agreements in 2018. The trade unions taking part in the meetings of the corporate trade union coordination board took a favourable view of social and labour relations in the Company.

Personnel expenses (₽ m)

Metric	2014	2015	2016	2017	2018
Payroll	58,510	74,400	79,316	86,599.9	97,824.7
Social benefits	2,097	2,432	3,260	3,176.8	3,596.7
TOTAL	60,607	76,832	82,576	89,776.7	101,421.4

PERSONNEL TRAINING AND DEVELOPMENT

Gazprom Neft's training and development system covers all of the Company's employees and target groups of potential employees such as school and university students. The training programmes are aligned with the strategic goals of Gazprom Neft and factor in the results of management skill and professional expertise assessments run by the Knowledge Management Centre, Gazprom Neft's Corporate University set up in 2016 as a single platform for bringing together all the corporate training and development practices.

Thanks to its distinctive (marketplace) business model:

- > several thousands of managers and experts from Gazprom Neft have been engaged to take part in the university activities;
- > a broad variety of professional communities and in-house mentorship and public speaking courses are up and running;
- > training programmes increasingly rely on digital technologies.

In 2018:

- > 91.5% of employees received training, up 3.5% y-o-y;
- > the average number of training hours per employee was 32.6;
- > target programmes covered more than 13,046 employees;
- > the Best in Profession contest of the Downstream Division underwent transformation from an in-house corporate event to an industry-wide competition;
- > over 100 interactive and video courses were developed, including those involving chat bots, app-based microtraining and virtual reality simulators;
- > Gazprom Neft's specialised department at Omsk State Technical University saw off its first graduates, all of whom signed employment contracts with the Company.

TALENT POOL DEVELOPMENT

The corporate talent pool programme embracing the School – Vocational School/ University – Enterprise stages offers career guidance for high school students, sponsored education at universities and vocational schools, work with high-potential employees and career planning.

The Company runs the Step into the Future programme to ensure a sustainable supply of young blue and white collar employees that have the required professional and managerial competencies and share the Company's values. In 2018, the programme saw some 1,200 university and vocational school students complete field / pre-graduation internships at the Company, with 144 students receiving corporate scholarships and 296 graduates being employed by Gazprom Neft.

The Company promotes a system to build a talent pool around the current employees. The Talent Committee selects candidates to the talent pool based on an annual performance assessment, with 24,574 employees having been assessed in 2018.

The Corporate University plays a key role in assessing the talent pool against the Company's current needs by providing the required expertise. In 2018, the Downstream Division staged the first Expert Platform contest to pick the best test questions for assessing professional competencies. The contestants reviewed over 2,300 tasks covering 109 competencies. The updated test base helps conduct an annual assessment of competencies to be further used for designing individual development programmes.

Employees who completed training ('000 people)

Source: Company data



“The right choice of values has played a key role in shaping Gazprom Neft into what it is today. These values steer us towards achieving our strategic goals. For instance, our focus on innovation was driven by the ambition to make a real breakthrough, while our collaborative approach came as a response to the needs of our diverse, complex and large-scale business. It takes concerted effort to produce the desired effect across the board. Single-handedly, one would only be able to achieve limited success.”

Kirill Kravchenko
 Deputy CEO
 for Organisational Affairs

Leaders of Russia

₽ 1

MILLION

tuition grant for finalists

227+

THOUSAND APPLICATIONS

filed in the 2018–2019 season

300

PARTICIPANTS

made it to the finals

In March 2019, Sochi hosted the final round of Leaders of Russia, an open nationwide competition for the new generation of managers.

While the contestants were busy solving cases and playing business games, the expert panel assessed their competencies and managerial skills (leadership, ambition, strategic thinking, teamwork, communicative skills, focus on disruption and innovation, and social responsibility). The finalists received a ₽ 1 m tuition grant, with the winners being assigned mentors from among senior government officials, heads of regions, and representatives of the leading Russian businesses.

In the 2018–2019 season, the contest received a record number of applications filed by 227,000 managers from all over Russia and 68 other countries. The participants faced tough competition, with 300 making it to the finals and 104 named winners.

Gazprom Neft Group is one of the contest's key partners, while the Chairman of its Management Board figures among the mentors assisting the young leaders. The Group's employees have participated in the contest since its launch, coming on top of the leaderboard for the second year running.

"I totally enjoyed being a mentor. The finalists are strong managers with mature leadership skills and excellent qualifications. It was therefore particularly gratifying to see several of our colleagues among the Top 100 Leaders of Russia."

Alexander Dyukov
Chairman of the Management Board
and CEO at Gazprom Neft

2017–2018 season winners:

- Denis Demin (Gazprom Neft)
- Ivan Dobrovolsky (Gazprom Neft)
- Alexei Malutin (Gazprom Neft)
- Konstantin Pryadilov (Gazprom Neft Scientific and Research Centre)
- Tikhon Shevelev (Gazprom Neft Development)
- Dmitry Yuryev (Gazprom Neft Scientific and Research Centre)

2018–2019 season winners:

- Svetlana Golubeva (Gazpromneft-Centre)
- Anton Dianov (Gazpromneft-Aero)
- Boris Izyumov (Gazprom Neft)
- Maxim Menyuk (Gazprom Neft Shelf)
- Alexander Slusar (ITSK)



Leaders of Russia
grand prix