

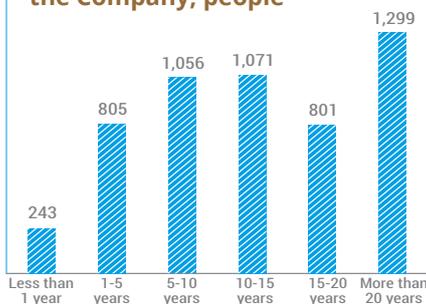
**Personnel structure as of January 1, 2018**



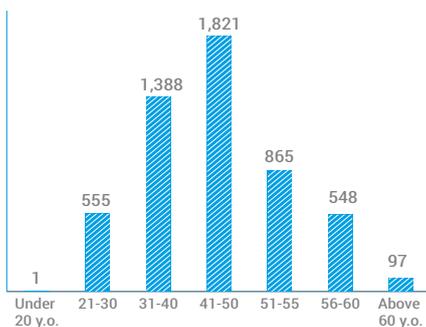
**Staff turnover, %**



**Personnel length of service in the Company, people**



**Personnel age groups, people**



## HR policy

The Personnel and Remuneration Department is constantly working to develop the labor organization system, forms and systems of labor remuneration, material and moral incentives in the Company and its production units. Measures are taken to improve labour rate setting based on the application of inter-industry and industry-related labor standards. The Company performs work to increase labor productivity, including through maintaining an optimal headcount.

As of January 1, 2018, the Company's headcount was equal to 5,439 people. The actual number was equal to 5,275 people, including 4,166 men and 1,109 women. Staff turnover in 2017 amounted to 3.34% with a target value of not more than 6%.

Due to the fall in global oil prices and the need for cost optimization, regular work positions of non-core unskilled labor are currently reduced and outsourced. In the period from 2014 to 2017, 164 jobs in Embamunaygas JSC were outsourced.

The Company implements a program of early retirement from 58 years old for employees, who have worked most of the period of service in harsh conditions of the oil industry and who have health problems. Since the start of the program implementation, from 2014 till 31.12.2017, 162 employees had retired ahead of schedule.

The basis of the Company's stability is labor dynasties. Today, Embamunaygas employs representatives of more than 20 dynasties, in which three or more generations have committed to difficult oil-industry professions. The total work experience of some of them exceeds 200 years.

## Personnel training and development

Personnel training and development in Embamunaygas are carried out with the aim to form and maintain the required level of personnel qualification taking into account the demands and prospects for strategic development of the Company.

The following types of training are conducted in the Company:

- 1) training in technical subjects;
- 2) training in financial and economic subjects;
- 3) language learning;
- 4) training in general subjects;
- 5) training under master's, specialized and modular programs;
- 6) training in technical methods and skills applied at the workplace;
- 7) training in occupational health, safety and environmental protection;
- 8) compulsory compliance training.

The following training methods are mainly used:

- 1) short-term training, including corporate training;
- 2) on-the-job training;
- 3) traineeship in other structural units of the Company or in other companies;
- 4) online learning using the possibilities of the Internet and/or other communication means;
- 5) participation in conferences, round-table discussions, forums, symposiums, congresses, exhibitions, which, along with the gaining experience and personal enrichment, promote the familiarization with the latest achievements and technologies, new approaches and ideas, successful experience and

developments of other companies, as well as the establishment of advantageous relations between the Company and its partners.

With the aim to ensure training and development of mid-level managers, the Company conducts modular training. During 2015–2017, 247 employees completed training according to this methodology. The following programs were implemented:

- ▶ modular training program for senior technical staff (shop/site managers);
- ▶ modular training program for mid-level technical staff (shop/site foremen);
- ▶ modular training program for geologists;
- ▶ modular training program for power engineers;
- ▶ modular training program on labor standardization and remuneration;
- ▶ modular training program for HR employees;
- ▶ modular training program for specialists in the field of occupational health and safety (introduced since 2017).

In 2017, 4,918 employees completed mandatory safety training courses, 974 employees – vocational training, 478 employees – advanced training, seminars and training courses.

## Foreign education

### *Education under the Master's degree program in the Russian State University*

Since September 2016, three employees have been studying at the Company's expense under the Master's degree program in the Russian State University of Oil and Gas (National Research University) named after I.M. Gubkin (RF, Moscow) in the field of Oil and Gas Business, "Hydrocarbon Systems Modeling Technologies" program.

The Company also pays for learning in the additional discipline "Profiled foreign language", accommodation in the campus of the Russian State University, flights and monthly scholarships.

### *Training and exchange of experience of gas treatment plant employees in the Russian Federation*

From May 10 to 25, 2017, 55 new workers of the gas treatment and sulphur production shop of Zhylyoimunaygas OGPD were trained in Maktaminsk branch of Tatneft Personnel Training Center (RF, Almet'yevsk). These workers will serve a new complex gas treatment plant intended for the utilization of associated petroleum gas from Prorva group of fields with a designed capacity of 150 million cubic meters per year. Training was conducted in accordance with approved programs, which included theoretical classes and on-the-job practical training in the oil and gas industry. Trainees were provided the opportunity to study in detail the gas refining process and technological equipment, pumps, compressors, instrumentation, and to take part in the preparation for the professional skills competition among employees of Tatneftegazpererabotka Administration at the training ground.

In the period from October 16 to October 26, 2017, 17 new workers of the gas treatment and sulphur production shop of Zhylyoimunaygas OGPD completed similar training in Maktaminsk branch of Tatneft Personnel Training Center.

Refresher courses were organized for engineers and technicians of the gas treatment plant in training centers of Moscow, St. Petersburg and Ufa:

- ▶ five courses on engineering, programming and implementation of systems based on SIEMENS controllers (SIMATIC S7: ST-7PRO1, ST-7PRO2, TIA-SYSUP1200–1500, S7-TECHN, S7-WinCC), SIMATIC Training Center, Moscow;
- ▶ "Pumps and compressors – operation issues", Progress-Center LLC, St. Petersburg;
- ▶ "Main pipeline electrochemical protection. Operation, diagnosis, repair of electric plants at enterprises in oil and gas and petrochemical industries", Institute of Continuing Professional Education of Ufa State Petroleum Technological University.

### ***Exchange of experience in the PRC***

From May 17 to 24, 2017, seven employees (engineers and technicians) of the gas treatment and sulphur production shop of Zhylyoimunaygas OGPD were sent to the PRC, Tianjin city, to exchange experience at the existing facilities used for sulphur production by LO-CAT direct oxidation technology.

## **Personnel reserve formation and development**

The actual objective for Embamunaygas JSC is the formation of a personnel reserve for the replacement of executives of structural divisions.

### **Goals of personnel reserve formation**

- ▶ assurance of long-term staff protection of the Company through the availability of candidates for appointment to senior positions, as well as assurance of management succession;
- ▶ identification and development of promising employees to use their potential for achieving the Company's strategic goals to the maximum possible extent;
- ▶ increasing the Company's employee engagement by providing an opportunity for development and career growth;



- ▶ formation of an attractive image of the Company as an employer that promotes the attraction and retention of highly potential employees by providing an opportunity for development and career growth.

In March 2014, the Rules for personnel reserve formation were approved, and in the period from August to October 2014, a project was implemented to form the Company's personnel reserve. A total of 304 candidates took part in the integrated assessment: 252 candidates for assignment to the planned personnel reserve and 52 candidates for inclusion in the prospective personnel reserve. Based on the results of the integrated assessment, 87 employees were included in the personnel reserve, 62 employees in the planned personnel reserve and 25 employees in the prospective personnel reserve.

For the purpose of personal development and professional growth of employees included in the personnel reserve, the Personnel Management and Development Department (PMDD) has developed individual development plans (IDP), pursuant to which theoretical and practical training activities are conducted.

#### **Appointment of employees to senior positions for 2015–2017:**

- ▶ planned personnel reserve – 24 employees;
- ▶ prospective personnel reserve – six employees.

#### **Single personnel reserve (SPR)**

In 2016, nine employees of the Company from among directors, deputy directors of departments of the management staff and executives and chief engineers of production structural units were selected for inclusion in the single personnel reserve of NC KazMunayGas JSC.

In August 2017, three SPR reservists undertook a master's degree of the Kazakh-British Technical University (KBTU) under the MBA program "Effective Management in the Oil and Gas Industry". Tuition payment for SPR reservists is made at the expense of NC KazMunayGas JSC.

## **Employee engagement**

### ***Organization and holding of a competition "Best in Profession – 2017"***

The first round of the competition was held in each production unit of Embamunaygas JSC for 13 basic working professions; the second round was held among the first round winners on the basis of Zhaiykmunaygas OGPD and the third round – among the winners of the group of companies of NC KazMunayGas JSC. Employees of Embamunaygas JSC took part in the competition for 10 working professions.

Following the results of the third round, Alibek Amanzhanovich Gabdulgazyev, a reservoir pressure maintenance operator of Dossormunaygas OGPD, took the third place. According to the collective agreement, he is paid a 10% bonus.

### ***Organization and holding of the V Anniversary Forum of Young Specialists of KazMunayGas EP JSC on the basis of Embamunaygas JSC***

Within the framework of the Forum of Young Specialists, on the initiative of the management of Embamunaygas JSC, a scientific and practical conference was held, during which five employees of the Company presented the implemented projects, seven employees presented new projects on the following subjects: "Development of oil and gas fields", "Geology", "Engineering and technology of oil and gas production".

### ***Awards and incentives for employees***

In 2017, 406 employees were awarded and rewarded for their labor achievements. Pursuant to the Decree of the President of the Republic of Kazakhstan, Anuar Yerkinovich Zhaksybekov, Chairman of the Management Board of Embamunaygas JSC, was awarded the Kurmet Order.

### ***Social projects***

Within the framework of its contractual obligations, the Company allocates great amounts of funds for social projects to train local specialists. Since 2015, the Company has been implementing a dual training project and a scholarship program.

Within the framework of the dual training project, over the last three years, 69 students of Atyrau University of Oil and Gas and ARES Retrochnic Higher School have completed on-the-job training in the Company's production units. Apart from diplomas, they received work record books.

Following the results of training under the dual training program:

- ▶ 69 trainees were assigned the qualification "Oil and gas well diagnostics operator";
- ▶ 19 trainees received the second qualification "Dehydration and demineralization plant operator";
- ▶ 20 four-year students of Atyrau University of Oil and Gas continue learning by the profession "Oil and gas production operator";
- ▶ 16 trainees were employed by Embamunaygas JSC.

Within the framework of the scholarship allowance program, the Company provides funds for payment of tuition fees for four students of APEC Retrotechnic Higher Technical School from socially vulnerable groups and for children of EMG's employees, pays monthly scholarship allowance in the amount of a minimum wage established by the legislative acts for a corresponding year, arranges on-the-job training, as well as employs graduates if there are relevant vacancies.

Within the framework of its obligations under subsoil use contracts, Embamunaygas JSC allocated funds to pay tuition fees for 129 students. 306 students from domestic and foreign universities and colleges completed on-the-job training at the Company's fields.

## **Social support of employees**

The Company's activities in the field of social protection are aimed at creating safe and comfortable labor conditions, ensuring the social protection of employees and their family members, pensioners as well as war and labor veterans. In 2017, Embamunaygas JSC allocated 3 billion tenge for the implementation of social programs.

The Company provides a high degree of social protection for its employees. A collective agreement provides for guarantees and benefits, compensatory payments and material assistance. Great attention is paid to the solution of vital problems of each employee: additional payments for health improvement to annual leave, maternity leave payments, monthly payments to employees on child-care leave until the age of one and a half years, a one-time payment in connection with employee's death for the organization of funeral, a one-time payment to the family of an employee who died as a result of an accident at work, payment for the rest of employees' children, sanatorium-resort therapy of employees, allowance for temporary disability, organization of cultural and sports events, catering for employees and so on.

The Company also provides social guarantees for voluntary health insurance in case of illness. In case of medical treatment and medical operations, if the cost of treatment exceeds the limit established by the insurance program, employees are provided with financial aid in accordance with internal regulations.

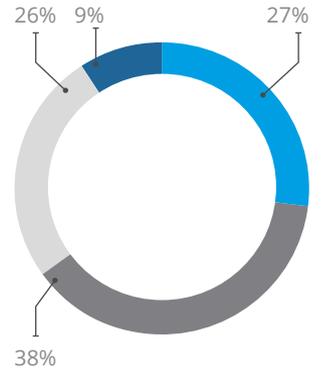
In 2017, social payments stipulated by the terms of a collective agreement amounted to 420 million tenge. In particular, 1,530 people received sanatorium treatment totaling to 264 million tenge, and the amount of 224 million tenge was allocated for rest of 1,136 children of employees. In 2017, the amount of 336 million tenge was allocated as material assistance to pensioners, including 117 million tenge for rehabilitation and rest of the Company's pensioners and veterans in sanatoriums of Kazakhstan.

## Social policy

In 2017, EMG JSC celebrated its 95<sup>th</sup> anniversary. Since the establishment of Embaneft trust in 1922 through present, the Company has been making a significant contribution to the socio-economic development of the country and Atyrau region.

Since its transformation into a joint stock company in 2012 through December 31, 2017, Embamunaygas JSC, as part of its obligations under subsoil use contracts, allocated about 2.3 billion tenge for the infrastructure development in Atyrau region, paid taxes to the republican and local budgets in the amount of 695.6 billion tenge and allocated more than 2.3 billion tenge for sponsorship and charity.

### Sponsorship and charity structure in 2017



- Sport support
- Assistance to public organizations
- Assistance to orphan homes
- Assistance to families in need

