

6.2. HUMAN RESOURCES AND SOCIAL PROGRAMMES

6.2.1. Employment policy

The professionalism of ship masters and crew members, as well as employees of onshore units, plays an important role in achieving goals set by the Sovcomflot Group's development strategy.

In accordance with the Group's employment policy, all crews in the SCF fleet are manned with maritime professionals whose training meets the world's best standards.

The Employment Policy is reflected in a system of internal regulations geared to attract and select qualified personnel, provide professional development (training, career growth, talent pool), motivation and incentives for employees, and assess their performance.



The key areas of HR activities carried out by SCF Group are as follows:

- Enhancing the attractiveness of work on the Group's vessels, combined with improving the system for selecting, training and manning of ships with competent crews;
- Optimising costs through benchmarking and aligning with industry averages;
- Further improving the personnel motivation system, implementing the long-term incentive programme designed for five years. At the start of the programme, in 2015, the best masters and chief engineers employed on Sovcomflot Group vessels became its participants.

The Sovcomflot Group's total staff number is over 7,800. Due to the nature of the Group's operations, fleet personnel (6,952 people as at 31 December 2018)¹ make up the bulk (about 90 %) of the total Group headcount.

Average number of fleet personnel by category

Category	Number as at 31 December 2018
Officers	3,110
Rank and file staff	3,696
Trainees	95
Seismic exploration group	51
Total	6,952

Sovcomflot Group is a reliable and stable employer, which complies with the legal requirements and strictly fulfils its financial obligations to employees. This is appreciated by our personnel, as evidenced by a consistently high retention rate in the fleet: in 2018 it was about 93.9 % for officers and 90 % for ratings. The retention rate for senior officers in 2018 was 94.8 %. This shows that Sovcomflot Group is viewed as an attractive employer, and is able to retain skilled staff.

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PEOPLE

were hired by Sovcomflot Group in 2018

Sovcomflot Group pays special attention to the career growth and development of its employees. A performance appraisal of the Group's employees based on key performance indicators is regularly conducted. Based on the results of the 2017 performance appraisal, in 2018 the Group promoted 554 employees, including 103 senior officers, 295 junior officers, and 155 ratings.

The Group has developed a programme to promote the most talented chief officers and second engineers to the positions of master and chief engineer respectively.

1. Including the crews of the ships of third-party owners managed by SCF Group.