

6.2. Human resources and social programmes

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

6.2.1. EMPLOYMENT POLICY

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 Motivation 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 7,700. Due to the nature of the Group's operations, fleet personnel (6,806 people as at 31 December 2019¹) make up the bulk (about 90 %) of the total Group headcount. Also, as at the end of the reporting period 109 cadets of maritime educational institutions were receiving practical training at sea in the SCF fleet.

Total number of fleet personnel by category

Category	As at 31 December 2019
Officers	3,059
Ratings	3,712
Seismic exploration group	35
Total	6,806

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



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 2019 it was about 95.6% for officers and 94.3% for ratings. The retention rate for senior officers in 2019 was 98.2%. This shows that Sovcomflot Group is viewed as an attractive employer, and is able to retain skilled staff.

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 this appraisal, 631 employees were promoted to a higher rank, including 126 senior officers, 273 junior officers and 231 ratings.

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

6.2.2. PROFESSIONAL DEVELOPMENT

A shipping company's performance largely depends on the skills of the seafarers entrusted with the navigation of high-tech vessels. Therefore, Sovcomflot actively participates in professional development of its employees.

The Group regularly organises seminars for fleet officers to exchange professional experience. In the reporting year 655 fleet officers participated in these seminars.

In 2019, 2,054 people completed 5,948 refresher courses at the company expense in accordance with the STCW convention and SCF's requirements.

The SCF Group's operating specifics create the need for subject matter specialists. As part of staff training and retraining, training is organised both through cooperation with state maritime educational institutions and at in-house training centres.

Cooperation with maritime educational institutions

In order to attract young skilled specialists, Sovcomflot Group fosters cooperation with Russian maritime educational institutions.

The cooperation agreements previously concluded with the country's three main maritime universities: Admiral Ushakov Maritime State University (Novorossiysk), Admiral Makarov State University of Maritime and Inland Shipping (Saint Petersburg), Admiral Nevelskoy Maritime State University (Vladivostok) and Captain Varukhin Maritime Centre (Velikiy Novgorod) continued to be in effect in 2019.

Sovcomflot Group participates in the preparation and training of future specialists, provides support for teaching staff, helps organise navigation practice for cadets and internships for teachers on an annual basis, and takes part in renewing and modernising the material and technical base of universities.

As part of agreements on mutually beneficial collaboration with universities, Sovcomflot continues allocating funds to educational institutions, primarily for equipping classrooms and purchasing additional teaching aids, and supporting post-graduate students and young teachers.



425

PEOPLE

were hired
by Sovcomflot Group
in 2019