

# OPERATIONS MANAGEMENT SYSTEM

The Company's Strategy 2030 views the development of the Etalon Operations Management System (OMS) as a key element of the Company's transformation. Etalon's roll-out kicked off in 2016. The system prototype is now being pilot tested at a number of our assets and is ready to be scaled across the Company.



Operating efficiency: pilot case at the Omsk Lubricants Plant

The OMS is a structured set of interlinked practices, procedures and processes used by managers and employees at each level of the Company as part of its operations. Compliance with the OMS requirements is a must at all levels and across all units, from offices and laboratories to drilling rigs and factories.

The key objective of the roll-out is to ensure continuous improvement of the Company's operational efficiency.

This will be achieved by introducing universally standardised practices and having all employees embrace the culture of continuous improvement based on:

- > uniform management processes across the Company;
- > uniform safety and reliability standards;
- > employee involvement into decision making and generating ideas;
- > clearing all sources of losses;
- > implementing regular management practices and lean production.

The system's framework is described in the OMS Code, which brings together Company-wide requirements to equipment

safety, reliability and integrity, process flow efficiency and staff expertise.

The OMS comprises 12 functional elements grouped into three major blocks: operational culture, operational reliability and safety, and operational efficiency.

1. Facilitative leadership is at the core of the first block, i.e. operational culture. It is a style of leadership effective in creating a supportive environment for employees to work towards the Company's strategic goals.
2. The second block covers operational reliability and is based on uniform asset reliability criteria and requirements, uniform safety management processes and measures to minimise the number of faults and failures.
3. The third block is built around operational efficiency with a focus on the operating assets' ability to know and see their potential, leverage the tools necessary to cut all and any losses, and support a culture of continuous improvement.



"The most difficult part is to learn to speak a shared language"

## Etalon OMS milestones

### 2018 RESULTS

- > Maturity assessment criteria developed and adopted
- > Assets diagnostics completed
- > Development targets and potential defined by priority area
- > Training in regular management practices launched across the Group
- > Pilot projects completed
- > Efforts initiated to align the Company's internal documents with the OMS Code

### 2019–2020 DELIVERABLES

- > Focus on priority areas:
  - leadership and culture;
  - operating efficiency management;
  - contractors and suppliers management;
  - equipment reliability and integrity management.
- > Roll out regular management practices across all of the Company's assets
- > Embed an operational reliability management model based on the equipment criticality analysis for production divisions
- > Maximise the scope of the development potential assessment to cover all of the Company's assets

### 2020-2030 DELIVERABLES

- > Ensure the highest level of employee involvement in the transformation
- > Roll out the results of pilot projects across the Group and achieve systemic and active OMS maturity levels
- > Tighten the responsibility of the management for ensuring safe and reliable operations of the Company and its contractors and suppliers
- > Maintain and promote the culture of continuous improvement.

## Etalon OMS structure

