

DEVELOPMENT STRATEGY

3 STAGES OF CORPORATE STRATEGY IMPLEMENTATION: 102-10

In 2020, the Company wrapped up the second stage of its strategy ‘Ready for Growth and First Successes’ (implementation period: 2017–2020) and moved on to the third stage of the strategy ‘Intensive Growth’ (2021–2030). The corporate development strategy of Zarubezhneft until 2030 was approved by the Board of Directors in 2014 (Minutes No. 85 dated June 26, 2014). Per the strategy, the Company’s primary focus is the Upstream segment in which Zarubezhneft is focusing on the fields where the Company can build up its existing expertise, namely fields with an unbalanced development system and fields with complex reservoirs similar to those that have been developed in the Company’s regions of operation.

2014–2016

Stage I
‘Preparing for Growth’

- ▶ Active work on current assets
- ▶ Development of expertise and improvements to the efficiency of all organizational processes

In 2020, we continued implementing the main objectives of the Corporate Strategy as part of the Company’s four strategic development focuses and strategic development programs:

- ▶ The **Technological Leadership program** consists of a set of projects and initiatives that aim to develop crucial technology expertise in order to improve the efficiency of current assets and expand globally
- ▶ The **Expansion program** includes a set of project tasks that involve searching for, assessing, and new projects, as well as the creation of effective tools for to search for and assess projects, and mechanisms for effective work in new countries and regions
- ▶ The **Corporate Evolution program** aims to create a flexible, adaptive business system for efficient work with underlying assets and the rapid integration of new assets, while ensuring maximum speed and flexibility in processes related to management as well as executing and adopting decisions
- ▶ The **Talent Management program** consists of objectives to build a succession pipeline and staff rotation programs in key positions for new foreign projects.

2017–2020

Stage II 'Ready for Growth and the First Successes'

- ▶ Completed formation of a business development team
- ▶ Joined 3–5 new assets as part of accumulated expertise

2021–2030

Stage III 'Intensive Growth'

- ▶ Joined 5 or more new projects
- ▶ Reached production levels of more than 15 million tons by 2030

CONSISTENT ATTAINMENT OF STRATEGIC FOCUSES 102–46 102–47

Strategic development priorities

Strategic programs

1

Further development of technological expertise

TECHNOLOGY LEADERSHIP PROGRAM

The program integrates and synchronizes key milestones and KPIs of the portfolio of technologies that have been developed and tested:

- ▶ Catalytic Aquathermolysis technologies (for intraocular oil enrichment)
- ▶ Chemical EORM methods (start of pilot operations)
- ▶ Development of mobile solutions for remote field development
- ▶ Digitalization of production projects

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Joining new projects abroad

EXPANSION PROGRAM

The program combines and synchronizes the objectives of various units and subsidiaries in the search for new projects and resource base expansion in the RF, CIS countries, and other high-priority countries; it also creates effective tools to search for and evaluate new projects and mechanisms for effective work in new countries and the region

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Continuous improvement of management efficiency

CORPORATE EVOLUTION PROGRAM

The program ensures a flexible, adaptive business environment for effective work with current underlying assets, the rapid integration of new assets, and the increased efficiency of expansion processes, including the following goals:

- ▶ Maximizing the speed of decision-making
- ▶ Automating management processes with simultaneous re-engineering
- ▶ Introducing a service model

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Completion of skilled personnel training

TALENT MANAGEMENT PROGRAM

The program includes a package of comprehensive initiatives to identify, develop, and promote talented employees within the Group:

- ▶ Forming a talent pool and rotation programs for key positions in new foreign projects
- ▶ Developing a system of experts and methodologists
- ▶ Gradually increasing staff expertise through internal training schools (SNI, Project Management School, and the Leadership School)

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