

LONG-TERM DEVELOPMENT PROGRAM

E&P – key focus of LDP

The LDP of Zarubezhneft was prepared in accordance with Directive No. 4955p-P13 of the Russian Government dated July 17, 2014, which was approved by the Zarubezhneft Board of Directors in Minutes No. 91 dated November 20, 2014.

The purpose of the Long-Term Development Program (LDP) is to provide a comprehensive assessment of assets when developing existing enterprises with a view to 2030 as well as geological exploration projects and potentially attractive investment projects.

THE LDP OF ZARUBEZHNEFT WAS APPROVED BY:

The Strategic Planning Committee under the Zarubezhneft Board of Directors

Minutes No. 1 dated September 19, 2014

The Expert Council under the Russian Government

Letters No. ES-2909/02 dated September 29, 2014. No. ES-1211/02 dated November 12, 2014

Federal Agency for State Property Management

Letter No. 05/43392 dated October 10, 2014

Ministry of Energy of the Russian Federation

Letter No. KM-11835/05 dated October 20, 2014

Ministry of Economic Development of the Russian Federation

Letter No. 26273-NP/D07 dated October 24, 2014

Government Commission for the Development of the Fuel and Energy Industry, Replacement of the Mineral Raw Material Base, and Enhanced Energy Efficiency of the Economy

Minutes No. 2 dated October 23, 2014

The Company carries out targeted work in several key areas to improve efficiency in the main Exploration and Production segment:

- ▶ Maximizing synergy between the Group's existing assets and new projects
- ▶ Developing skills for the efficient production of complex reservoirs through the development of the Company's scientific assets — VNIIneft and Giprovostokneft
- ▶ Developing full-cycle services for fields at any development stage by engaging full-scale internal construction and drilling contractors based on the service segment: ZarubezhneftstroyMontazh LLC continued to work as a full-fledged construction contractor for Zarubezhneft Group, and work is underway to expand its own capacities; Oil Refinery JSC continues to implement projects that aim to develop services for sidetracking operations (SXL) and the further replacement of third party contractors for work and supervising remote fields of JC RUSVIETPETRO and other assets of the Group.

The first priority for the Company's future development is to not only intensively develop its current production assets but also to actively search for and join promising major oil and gas investment projects. The Company above all considered potential regions where it has gained considerable experience in comprehensive project implementation, such as Southeast Asia, the Russian Federation, and the Middle East. One of the strengths of the Company's existing expertise is the experience it has acquired from bolstering the current value of its assets by growing the resource base of its current assets, enhancing the efficiency of its development by boosting the oil recovery index of fractured bed deposits, as well as its active involvement in the development of low-capacity terrigenous block structures.

In order to monitor the achievement of the goals set by the Corporate Strategy, the Company annually prepares a list of program measures for achieving its strategic goals — Appendix No. 10 to the LDP. The Appendix specifies the development objectives, sets the deadlines for achieving the objectives, and designates the responsible deputies of the General Director and the heads of structural divisions and subsidiaries.

Audit of the Long-term development program of Zarubezhneft

The LDP is audited in accordance with Directive No. 4955p-P13 of the Russian Government dated July 17, 2014.

In 2020, pursuant to Directive No. 6739p-P13 of the Russian Government dated July 30, 2020, the Company's Board of Directors approved the Regulation for the Assessment of the Implementation of the Long-Term Development Program and Fulfillment of the Key Performance Indicators of Zarubezhneft.

Since 2014, six audits of the LDP have been conducted by independent auditors:

- ▶ In 2015, Financial and Tax Audit LLC, a subdivision of the WiseAdvice Group, confirmed the achievement of the LDP goals for 2014 in the report 'Results of the Audit of the Long-Term Development Program of Zarubezhneft' dated July 1, 2015
- ▶ The results of the LDP audit for 2014 were submitted to the Strategic Planning Committee under the Zarubezhneft Board of Directors for consideration (Minutes No. 7 dated September 21, 2015) and were sent to the Russian Ministry of Energy on October 5, 2015
- ▶ In 2016, Nexia Pacioli LLC confirmed the reliability of the actual indicators of ZARUBEZHNEFT GROUP's operational results for 2015 in the report 'Results of the Audit of the Long-Term Development Program for 2015' dated April 28, 2016
- ▶ In 2017, Nexia Pacioli confirmed the reliability of the actual indicators of ZARUBEZHNEFT GROUP's operational results for 2016 in the report 'Results of the Audit of the Long-Term Development Program for 2016' dated April 15, 2017. The data of the financial economic model (FEM) of the LDP is confirmed by ZARUBEZHNEFT GROUP's financial statements and audited consolidated financial statements and is consistent with the initial data for calculations of the actual target KPIs of Zarubezhneft as of 2016. The targeted nature of the use of funds within the approved investment budgets was confirmed according to the planned activities of development projects

- ▶ Based on the results of the 2016 audit, a number of appendices to the LDP Program were revised and updated as regards ZARUBEZHNEFT GROUP's activities in innovative technologies, increasing labor productivity, optimizing operating costs, work on substituting foreign products, and the Group's readiness for privatization. Updated versions of the appendices to the LDP were approved by resolutions of the Zarubezhneft Board of Directors (Minutes No. 147 dated January 19, 2017 and No. 150 dated February 22, 2018)
- ▶ In 2018, Nexia Pacioli confirmed the reliability of the actual indicators of ZARUBEZHNEFT GROUP's operational results for 2017 in the report 'Results of the Audit of the Long-Term Development Program for 2017' dated April 20, 2018. In addition, the independent auditor noted the fulfillment of activities that are significant for achieving the goals of the Group's LDP
- ▶ In 2019, Nexia Pacioli issued a positive conclusion about the LDP audit and confirmed the actual implementation of the measures of the LDP in 2018
- ▶ On April 21, 2020, Nexia Pacioli confirmed the reliability of the actual indicators of ZARUBEZHNEFT GROUP's results for 2019 as well as compliance with the indicators established by the LDP of ZARUBEZHNEFT for the period of 2014–2030

6 **successfull audits**
of the LDP conducted since 2014