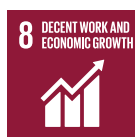


OCCUPATIONAL AND INDUSTRIAL SAFETY

403-1

Zarubezhneft's policy on health, labor, environment, safety, and social responsibility is key to strategic planning and the management of day-to-day activities, setting and implementing goals, effective monitoring and control, and continuous improvements.



In 2020, the Company implemented measures to ensure occupational and industrial safety and environmental protection (health, safety, and environmental protection) in accordance with the approved plan.

In 2020, the following companies underwent a successful certification audit for compliance with the international standard ISO 45001:2018. HSE Management Systems:

- ▶ Zarubezhneft
- ▶ JC RUSVIETPETRO
- ▶ ZARUBEZHNEFT-Dobycha Kharyaga
- ▶ RMNTK Nefteotdacha
- ▶ Modriča Motor Oil Plant
- ▶ Zarubezhneftstroyontazh
- ▶ ZARUBEZHNEFT-Dobycha Samara LLC
- ▶ Ulyanovskneftegaz
- ▶ Orenburgnefteotdacha
- ▶ Giprovostokneft

included in 2020

- ▶ VNIIneft

0 accidents
or incidents
fatal outcome in 2020

As regards achieving sustainable development goals and ESG principles, Zarubezhneft is aware of its responsibility for a favorable environment and preserving people's life, health, and well-being, and undertakes the following obligations:

- ▶ Strive for the 'Zero Goal' to prevent injuries, the deterioration of health, and environmental pollution
- ▶ Sustainable use of natural resources, materials, and energy
- ▶ Respect for the interests and rights of the population in the regions of operation
- ▶ Compliance with the norms of Russian and international legislation and fulfillment of obligations to local communities, government authorities, foreign and Russian business partners, and other stakeholders
- ▶ Continuous improvements to its health, safety, and environmental management system

Implementing the vision Zero Concept (Zero Injury Program)

102-12

In 2020, the Company continued implementing the Unified Program for the Implementation of the Vision Zero Concept at Zarubezhneft in 2018–2021, which was approved by Zarubezhneft General Director Sergey Kudryashov. In 2020, 56 contractors joined the Vision Zero Concept.

Key measures to implement the Vision Zero Concept:

- ▶ 12 strategic sessions were held to consider the current statuses of the implementation of the Vision Zero Concept at subsidiaries and contractors as well as the achievement of goals and objectives for 2020; the sessions resulted in 15 new contractors being added to the Vision Zero Concept
- ▶ With the support of the ORP International Fund, the pilot project '5Z Culture' was implemented at three production subsidiaries for the first time in Russia and offered an assessment of the implementation of the Vision Zero Concept in five areas — accidents, illnesses among staff, waste generation, staff equality, and poor awareness among employees

Following the pilot project, a working session was held in December of the reporting year to discuss the reports that were received with indications of strengths and recommendations for improvement in selected areas to develop a priority action plan.

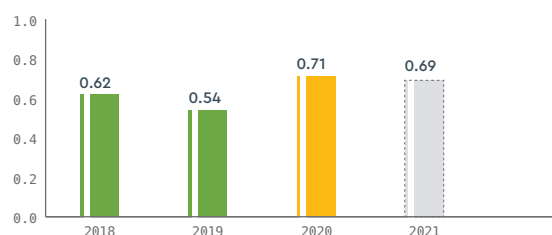
The Company took part in the meetings of the International Council for the Implementation of the Vision Zero Concept to discuss the methodology of the International Social Security Association in an effort to determine the criteria for assessing the adequacy of preventive measures and topics for interaction when implementing the Vision Zero Concept on international projects and when interacting with contractors.

In an effort to develop a culture of safe production, the Company implemented an improvement project called 'Occupational Safety Training System. School of Safety Culture':

- ▶ 26 internal coaches from the corporate headquarters and subsidiaries were trained
- ▶ 5 pilot corporate courses of the training package were developed
- ▶ The activities of the School of Safety Culture are specified by the Regulation on Organizing the Training and Development System for Employees of Zarubezhneft
- ▶ 6 pilot groups were trained by internal coaches together with third-party consultants
- ▶ Subsidiaries developed schedules and conducted training in 5 corporate courses
- ▶ A menu and a matrix of corporate training programs was prepared for ZARUBEZHNEFT GROUP for 2021

*In accordance with the Company's Health, Safety, Environment, and Social Responsibility Policy, the Company recognizes its responsibility to provide a favorable environment and to preserve the life, health, and well-being of people, who are its main resource.
People are the company's main resource.*

DYNAMICS OF THE INDICATOR LTIFR, %



The value of the ratio in 2020 was 0.71, which is 33.3% less than the 2016 value.

This indicator was higher compared with the previous year due to the introduction of contractors in the perimeter used to assess this indicator in 2020.

For this reason, the corporate KPI system contains indicators about injuries/accidents for senior management, namely the heads of subsidiaries and affiliates, specialized divisions, and the deputy General Director in matters concerning occupational health and safety and environmental protection.

Around the world, the main indicator of a company's efficiency in occupational health and safety is the accident frequency ratio (LTIFR). This ratio has been applied at Zarubezhneft since 2015.

Results 2020

0613

LTIFR:

- ▶ Fatal accidents and incidents — 0
- ▶ Worker injuries — 7
- ▶ Number of employees diagnosed with occupational diseases — 0
- ▶ Loss of working time due to diseases for all reasons — 0

Training

In occupational safety, the Company's subsidiaries regularly conducted training and knowledge tests on the following programs:

- ▶ Industrial safety
- ▶ Occupational safety and the provision of first aid
- ▶ Basics of fire safety
- ▶ Knowledge of the rules and regulations for electrical work
- ▶ Safe operation of electrical installations

State supervision

State supervisory and statistical bodies were promptly provided with relevant reports on the protection and improvement of working conditions.

Provision of employees with PPE

Throughout 2020, the Company's employees were provided with special footwear, personal respiratory protection equipment, and special clothing in accordance with ZARUBEZHNEFT GROUP's unified corporate style.

Accident prevention

Subsidiaries have developed and approved all the necessary plans for eliminating and mitigating accidents (oil spill contingency plans and emergency response plans).

Industrial safety expert examinations were carried out at hazardous production facilities. Industrial safety declarations for hazardous production facilities were drafted on time.

Production control

Production control is one of the most important components for the HSE Management System to function effectively. Employees of subsidiaries, when conducting industrial control in health and safety, are guided by the relevant legislative and regulatory documents of the Russian Federation and the regions of operation, as well as internal regulatory documents, including the Regulation on the Procedure for Industrial Control over the State of Health and Safety and Environmental Protection at ZARUBEZHNEFT GROUP and the procedure 'Risk Management in Occupational and Industrial Safety and

Environmental Protection', which is an integral part of the general corporate risk management system and governs the procedure for managing health and safety risks:

- ▶ Violation of the integrity of facilities (emergency situations)
- ▶ Injury to employees, contractors, or visitors
- ▶ Negative impact on the environment from work
- ▶ Negative impact on the environment as a result of technological processes

To remain prepared for contingencies and emergency situations, the Company employs an integrated approach:

- ▶ Protective structures are checked and persons responsible for civil defense and emergency situations are trained at training centers
- ▶ Plans for the elimination of emergency spills of oil and petroleum products at fields are promptly developed and approved with the state supervisory authorities
- ▶ Volunteer emergency response teams at fields are trained and certified
- ▶ Contracts are concluded with specialized professional emergency rescue teams of the gas rescue service and well blowout safety with exercises conducted twice a year
- ▶ Staff rehearses what actions to take in the event of possible contingencies

Examples of past training:

- ▶ Training on the actions to take in the event of COVID-19 is found in a Company employee during a shift change
- ▶ Training on the actions to take in the event of COVID-19 is found in a Company employee after a shift change
- ▶ Emergency actions: preventing the spread of a particularly dangerous infection (COVID-19) in the Moscow office
- ▶ Joint training of JC RUSVIETPETRO and ZARUBEZHNEFT-Dobycha Kharyaga on the actions to take in the event COVID-19 is found in a Company employee
- ▶ Fall of an employee from height
- ▶ Gas, oil, and water inflow while drilling a well
- ▶ Combustion of an oil reservoir
- ▶ Depressurization of an oil pipeline during winter

No command post exercises involving outside observers were conducted due to the difficult epidemiological situation.

An integral part of work performed by the Company's employees as part of the Occupational Health and Safety Management System is constant and systematic interaction with contractors operating at the production facilities of Zarubezhneft in accordance with the legislation of the Russian Federation and the Company's approved internal requirements.

Production culture

The Company's management pays special attention to improving the production culture, leadership, and involvement of managers and increasing the level of internal interaction in matters concerning health, safety, and environmental protection, which is helped by the practical implementation of target programs in production:

- ▶ '12 vital rules'
- ▶ 'Leadership in health, safety, and environmental protection'
- ▶ Risk management in health, safety, and environmental protection
- ▶ 5C System within the Zarubezhneft Production System

Combating COVID-19 403-3

In 2020, the Group faced a global challenge in the novel coronavirus infection. However, proactive work has successfully minimized the risks associated with the spread of the infection. Today, we can confidently say that the Company is systematically implementing measures to prevent COVID-19 and the situation is under control.

Zarubezhneft began monitoring the situation with the spread of COVID-19 since its outbreak in China: the first meeting was held in January 2020 after receiving information about COVID-19 from abroad. In February, the responsible departments began to prepare a plan to prevent the spread of the infection and implement this plan at the Company's subsidiaries. As part of system of deterrent measures, three key goals were identified:

- ▶ Ensuring the health and efficiency of employees
- ▶ Ensuring the continuity of production processes
- ▶ Organizing continuous information flows

The system of measures developed by the Company to prevent the spread of COVID-19 includes the following set of measures:

- ▶ Efficient collection of information
- ▶ Measures to prevent the spread of the virus in the office
- ▶ Arrangements for organizing the work of employees
- ▶ Measures to prevent the spread of the virus at subsidiaries

- ▶ No access to the Company's building for visitors with one-time passes
- ▶ Additional sanitization of all surfaces in the office
- ▶ Distribution of food in disposable lunch boxes with disposable appliances
- ▶ Remote work was introduced for three calendar days following a vacation, business trip, or sick leave
- ▶ Rapid testing of employees

An extensive action program has also been developed to prevent the spread of COVID-19 at production facilities and to organize the work of shift personnel.

In the middle of the year, the Company succeeded in developing a good practice that turned out to be very popular in the industry and in organizing the safe work of office personnel in the Russian Federation and abroad.

In total, in 2020, the Company presented reports at more than 15 conferences, forums, seminars, and congresses on topics related to the experience of organizing work to prevent COVID-19 and rotating shift personnel with the support and participation of the Federation Council's Committee on Social Policy, the Russian Chamber of Commerce and Industry, the Russian Ministry of Labor and Social Protection, the ORP International Fund, the Russian Ministry of Energy, and the Russian Ministry of Natural Resources.

In these challenging times, it is crucial to support and motivate personnel. To this end, the Company has taken a number of measures to ensure its own social responsibility. Zarubezhneft management decided to pay wages for March two weeks ahead of schedule so that employees could plan their budgets. In addition, additional payments were introduced to shift personnel when they are on shift for more than 60 days.

Motivating employees to avoid contamination also plays an important role. For example, a bonus in the amount of a single monthly salary has been introduced for office workers and non-shift personnel who prevent the spread of COVID-19.

With this decision, the Company not only showed interest in ensuring the continuity of production processes and care for human resources as well as its desire to prevent infections, but also motivated employees to look after their health.

Development prospects

In 2021, the Company plans to continue implementing the Vision Zero Concept in accordance with the Unified Program for the Implementation of the Vision Zero Concept at Zarubezhneft in 2018–2021 and applying the

Golden Rules of the Concept to contractors. In an effort to improve corporate culture and prevent dangerous situations and incidents at work, the Company plans to continue training staff at the School of Safety Culture.