

SOCIAL POLICY IN THE REGIONS OF OPERATION,

CHARITY, AND SPONSORSHIP 413-1 069

ZARUBEZHNEFT GROUP contributes to the sustainable development of the regions where it operates as an employer, taxpayer, and major participant in economic activities.



Zarubezhneft's activities have a significant impact on the socioeconomic development of the regions where it operates. For this reason, the Company adheres to a policy of great social responsibility to local communities and society as a whole.

In cooperation with the regions, the Company focuses on the development of local initiatives and social activities. It engages in constructive cooperation with local government bodies and public organizations. Subsidiary companies annually sign agreements with the administrations of the regions of operation to regulate joint activities for the development of the regions.

The Group provides support to socially vulnerable segments of the population as well as indigenous and small-numbered peoples of the regions where it operates and implements social and charitable projects in healthcare, education, improving housing conditions, culture, sports, and the development of social infrastructure.

In order to ensure unified approaches in its charitable and sponsorship activities, Zarubezhneft:

- ▶ Adheres to the appropriate regulatory document: the Regulation on the Charitable and Sponsoring Activities of ZARUBEZHNEFT GROUP (the latest revision was approved by Minutes No. 188 of the Company's Board of Directors dated December 24, 2020)
- ▶ Holds regular meetings of a commission that considers appeals of a social nature that are received both by the corporate headquarters and subsidiaries

These tools aim to create the most effective, simple, and transparent mechanism for ZARUBEZHNEFT GROUP to provide assistance.

157

mln RUB

spent on charity and sponsorship in 2020

Main focuses of charitable and sponsorship activities:

- ▶ Support for culture, sports, and a healthy lifestyle
- ▶ Preservation of cultural and historical heritage and support for military and patriotic events and campaigns
- ▶ Assistance to creative teams and artists
- ▶ Support for the poor and low-income members of society, orphans, veterans, and disabled people
- ▶ Development of scientific, educational, and professional development programs
- ▶ Organization of events dedicated to significant events in the fuel and energy industry

In total, ZARUBEZHNEFT GROUP allocated RUB 157 million for charity and sponsorship in 2020 (taking into account socioeconomic agreements signed with the administrations of the regions where subsidiaries and joint companies operate).

As part of regional development efforts, JC RUSVIETPETRO and ZARUBEZHNEFT–Dobycha Kharyaga carried out a substantial amount of work in the Nenets Autonomous Area, where the companies operate.

Agreements with the administrations

JC RUSVIETPETRO and the Administration of the Nenets Autonomous Area (NAA) signed an agreement on the involvement of subsidiaries in the socioeconomic development of the NAA, and identified specific areas and amounts of the Company's investments in the region's social infrastructure. In 2020, JC RUSVIETPETRO provided RUB 87 million in **total funding** for socioeconomic events in the NAA.

The main projects in which JC RUSVIETPETRO was actively involved in terms of funding and implementation were:

- ▶ Co-funding for material, technical, informational, and methodological equipment for Secondary School No. 3 in the NAA
- ▶ Targeted donations to provide equipment to Usinsk Central Regional Hospital
- ▶ A targeted donation to Ukhta State Technical University for the purchase of educational materials



Support for indigenous and minority peoples

Another priority for the Company is support for indigenous and minority peoples as well as reindeer herding farms. In 2020, Zarubezhneft allocated over **RUB 2.9 million to compensate for the loss of reindeer farms** due to the seizure of land for needs unrelated to agricultural production.

Agreements with administrations

ZARUBEZHNEFT-Dobycha Kharyaga also renders considerable assistance for the implementation of social projects in the NAA. In 2020, the Company provided **RUB 9.6 million in total funding** for socioeconomic events in the NAA.

The main projects in which ZARUBEZHNEFT-Dobycha Kharyaga was actively involved in terms of funding and implementation were:

- ▶ Cooperation with the Union of Reindeer Herders of the Nenets Autonomous Area
- ▶ Support for the Secondary School of Nes Village
- ▶ Cooperation with Usinsk Central Regional Hospital
- ▶ Support for of the Children's Art School of the NAA
- ▶ Cooperation with the Nenets branch of the Russian Red Cross
- ▶ Support for the Nenets Regional Center for Education Development
- ▶ Cooperation with Batmanova Nenets District Hospital
- ▶ Social project "Cooperation with state-funded institution NAA 'Our Home Family Center'"

In addition, the Company annually makes contributions to the NAA Administration **to fund the socioeconomic needs** of the local population. In 2020, such contributions amounted to **USD 391,300**.

In Bosnia and Herzegovina and the Republic of Srpska, ZARUBEZHNEFT GROUP traditionally supports events related to culture, the environment, and the development of youth and professional sports, and also contributes to the development of society and the environment.

In 2020, the Group carried out 2 humanitarian campaigns for a total of EUR 2,600, and also provided EUR 3,100 in support to the MD KLINCI children's sports association.

- ▶ ZARUBEZHNEFT-Dobycha Samara contributes to the sustainable development of its region as part of an agreement on mutual cooperation with the Administration of the Severny District Municipality of the Orenburg Region, which aims to support the socioeconomic development of the municipality
- ▶ Charity is also one of the long-standing, favorable traditions of Giprovoostokneft. The Company provides support to socially vulnerable segments of the population in its region. In 2020, funds were provided to the State Treasury Educational Institution for Orphans in the Chapayevsk Municipal District, congratulations were sent to veterans to mark the 75th anniversary of victory in World War II, and a donation was made to the Ivolga Center

Due to restrictions that were introduced in all regions where the Group operates in connection with COVID-2019, adjustments were made to the implementation of several social projects in 2020. The restrictive measures resulted in the cancelation of numerous social projects planned for 2020 related to sports, cultural, entertainment, public, and other mass events as well as the participation of socially disadvantaged segments of the population in similar events:

- ▶ 'Children of the North 2020' Summer Creative School — the recipient of the donation decided to postpone the project until 2021 due to the inability to hold it in a period other than summer holidays
- ▶ Regional race in the NAA — the NAA Administration decided to cancel the regional race in 2020 due to the current restrictions on mass events in the city
- ▶ Celebration of the 65th anniversary of the Children's School of Arts of the NAA — the event was postponed until 2021
- ▶ Summer thematic tour for gifted children — the recipient of the donation decided to postpone the project until 2021 due to the inability to hold it in a period other than summer holidays as well
- ▶ As other projects in Russia and abroad

Environmental projects

Participation in environmental projects is one of the most important areas of charitable and sponsorship activities. In order to implement the Agreement on Cooperation between the Russian Ministry of Natural Resources and the Environment and Zarubezhneft dated December 30, 2019 regarding activities as part of the federal project 'Conservation of Biodiversity and Development of Eco-Tourism' for the conservation and restoration of the Siberian crane (white crane), Zarubezhneft decided in 2020 to participate in the '**Flight of Hope**' project. For this project, an agreement was concluded with Oksky State Reserve, the entity in charge of measures to restore the Siberian Crane population, the amount of funding (charitable assistance) in 2020 amounted to **RUB 3.8 million**.

The 'Flight of Hope' project is planned for 2020–2024. Collaboration with the Oksky State Reserve will continue in 2021 with the provision of

17.6 mln RUB

in charitable assistance.

Volunteer movements

In 2020, the Group continued to develop the volunteer movement. During the pandemic, Zarubezhneft employees organized an **online fundraising campaign to provide assistance and support to people in need**. In April 2020, employees took part in the '**WE'RE NEARBY!**' campaign announced by the Old Age in Joy Charitable Foundation to raise funds among employees to buy essential items, disinfectants, medicines, and food for boarding schools and to provide support for the social needs of people with disabilities.

In August, employees organized fundraising to buy essential items for students at the Gagarin and Kavelshchansky nursing homes for the elderly and disabled in the Tver Region.

The Company also held its traditional New Year's charity event during which bactericidal re-circulators, dispensers, books, and new furniture were purchased for people in need.

Zarubezhneft employees regularly take part in a social program **to collect unnecessary items**. For this purpose, a special container was set up in the building of the corporate headquarters. As part of this project, employees contribute to the support of socially vulnerable segments of the population, the creation of an industry for the secondary consumption of waste in Russia, and the enhancement of cost-conscious culture.

Holding such volunteer and charitable events helps create a sense of personal responsibility among employees and a desire to participate in social events. This is a significant part of the corporate culture, which the Company always supports and encourages.

