JOINT STOCK COMPANY

‘ZARUBEZHNEFT'

Appendix № \_

APPROVED

by the decision of the Board of Directors

of Zarubezhneft JSC

(minutes dated ‘\_\_\_’ \_\_\_\_\_\_\_\_\_\_ 2022

№ \_\_\_\_\_)

**POLICY**

 **ON SUSTAINABLE DEVELOPMENT AND DECARBONIZATION OF ZARUBEZHNEFT GROUP OF COMPANIES**

№ PT RA-09.0-01

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# GENERAL PROVISIONS

|  |  |
| --- | --- |
| **Title of the document** | **Policy on sustainable development and decarbonization of Zarubezhneft Group of Companies** |
| **Regulated business process / sub-process** | R-9. Sustainable development and decarbonization |
| **The degree of coverage of the business process by the document:****− completely;****− partially (specify coverage area)** | Completely |
| **Period of validity** | Permanent |
| **External legislative requirements, requirements of policies, strategic documents** | * Decree of the President of the Russian Federation dated 04.11.2020 No. 666 ‘On reducing greenhouse gas emissions’;
* Federal Law No. 296-FZ dated 02.07.2021 ‘On Limiting Greenhouse Gas Emissions’;
* Decree of the Government of the Russian Federation dated 20.04.2022 No. 707 ‘On Approval of the Rules for Submission and Verification of Greenhouse Gas Emission Reports, the Form of a Greenhouse Gas Emission Report, the Rules for Creating and Maintaining a Greenhouse Gas Emission Register and on Amendments to Certain Acts of the Government of the Russian Federation’ ;
* Decree of the Government of the Russian Federation of 25.12.2019 No. 3183-r ‘On approval of the national action plan for the first stage of adaptation to climate change for the period up to 2022’;
* Order of the Ministry of Natural Resources and Ecology of the Russian Federation dated 29.06.2017 No. 330 ‘On Approval of Guidelines for Quantifying the Volume of Indirect Energy Emissions of Greenhouse Gases’;
* Order of the Ministry of Natural Resources of Russia dated 30.06.2015 No. 300 ‘On Approval of Guidelines and Guidelines for Quantifying the Volume of Greenhouse Gas Emissions by Organizations Carrying out Economic and Other Activities in the Russian Federation’;
* Order of the Ministry of Economic Development dated 13.05.2021 No. 267 ‘On approval of methodological recommendations and indicators on issues of adaptation to climate change’;
* Order of the Ministry of Energy of Russia dated March 31.03.2022 No. 280 ‘On approval of the plan for adaptation to climate change in the fuel and energy complex of the Russian Federation’;
* Federal Law No. 7-FZ dated 10.01.2002 ‘On Environmental Protection’;
* Labor Code of the Russian Federation dated 30.12.2001 No. 197-FZ;
* Declaration of the International Labor Organization ‘On Fundamental Principles and Rights in the Sphere of Work’ (adopted in Geneva on 18.06.1998);
* International Labor Organization Convention No. 155 ‘On occupational safety and health and the working environment’ (Geneva, 22.06.1981);
* OECD Due Diligence Guidelines for Responsible Business Conduct;
* Corporate Governance Code of the Bank of Russia;
* the UN Global Compact;
* Global Reporting Initiative (GRI);
* Industry standards of the Sustainability Accounting Standards Board (SASB);
* GOST R ISO 14064-1-2021. National standard of the Russian Federation. Greenhouse gases. Part 1: Requirements and guidance for quantifying and reporting greenhouse gas emissions and removals at the organization level;
* GOST R ISO 14064-2-2021. National standard of the Russian Federation. Greenhouse gases. Part 2. Requirements and guidance for quantifying, monitoring and reporting on projects to reduce greenhouse gas emissions or increase removals at the project level;
* GOST R ISO 14064-3-2021. National standard of the Russian Federation. Greenhouse gases. Part 3: Requirements and guidance for the validation and verification of greenhouse gas claims;
* GOST R ISO 14065-2014. National standard of the Russian Federation. Greenhouse gases. Requirements for greenhouse gas validation and verification bodies for their use in accreditation or other forms of recognition;
* GOST R ISO 14066-2013. National standard of the Russian Federation. Greenhouse gases. Competence requirements for greenhouse gas validation and verification teams;
* GOST R ISO 14080-2021. National standard of the Russian Federation. Greenhouse gas management and related activities. System of approaches and methodological support for the implementation of climate projects;
* GOST R ISO 9000-2015. National standard of the Russian Federation. Quality management systems. Fundamentals and vocabulary;
* GOST R ISO 45001-2020. National standard of the Russian Federation. Occupational safety and health management systems. Requirements and guidance for use;
* GOST R ISO 14001-2016. National standard of the Russian Federation. Environmental management systems. Requirements and guidance for use.
* AA1000 Stakeholder Engagement Standards;
* Protocol on Greenhouse Gases (GHG Protocol);
* Guidelines for the preparation of reports on GHG emissions in the oil industry (IPIECA Guidelines);
* IPIECA Sustainability Guidance, intended for specialists in sustainable development of oil and gas companies (IPIECA Sustainability Guidance);
* Criteria and recommendations of the Science Based Targets Initiative (SBTI);
* Recommendations of the Working Group on Climate Change-Related Financial Disclosure (TCFD);
* Compendium of the Association of Petroleum Producers on Methodologies for Estimating Greenhouse Gas Emissions in the Oil and Gas Industry (API Compendium);
* Requirements and recommendations of the Greenhouse Gas Disclosure Project (CDP);
* Requirements and recommendations of the State of the Environment and Climate Change Reporting Framework (CDSB).
 |
| **Scope /****the extent to which requirements apply to Subsidiaries** | Zarubezhneft JSC | Completely |
| Upstream | Completely |
| Downstream | Completely |
| Services | Completely |
| Others | Completely |
| **Document developer, position, full name, contacts (e-mail, phone)** | Consolidated Statements Department,Toporkova Alina Finatovna, Deputy Head of Department, ext. 21-58, e-mail: AToporkova@nestro.ru |

# GENERAL INFORMATION. PURPOSE AND OBJECTIVES OF THE COMPANY IN THE FIELD OF SUSTAINABLE DEVELOPMENT AND DECARBONIZATION

The policy in the field of sustainable development and decarbonization of the Zarubezhneft Group of Companies establishes the position of the Company in the field of sustainable development and decarbonization, is the basis for further strategic planning and management of current activities in accordance with the fundamental principles of sustainable development, and sets the goals and objectives of the Company in this area.

The policy has been developed in accordance with the UN Sustainable Development Goals, the principles of the UN Global Compact and the Paris Agreement.

Internal regulatory documents regulating the management in the field of sustainable development and decarbonization, as well as a functional strategy in this direction, are developed and updated taking into account this Policy.

The Company sets itself the main **goal** in the field of sustainable development and decarbonization - to contribute to the implementation of the Company's strategy in the field of sustainable development and decarbonization, making a significant contribution to the socio-economic development of the regions of presence and implementing measures to adapt to climate change in accordance with the norms of Russian and international legislation , standards in the field of environmental and industrial safety, limitation of greenhouse gas emissions, social responsibility and corporate governance.

To achieve the goal, the Company sets itself the following tasks in the field of sustainable development and decarbonization:

* phased achievement of decarbonization of own assets and adaptation to climate change;
* compliance with the requirements of national and international legislation in the field of ecology, social and corporate governance, as well as in the field of regulation of greenhouse gas emissions;
* effective interaction with stakeholders;
* promotion of social and economic development of the regions where the Company operates;
* promotion of professional and personal growth of the Company's employees and provision of decent working conditions;
* implementation of programs and measures for labor protection, health and industrial safety;
* minimization of the negative impact of the Company's activities on the natural environment;
* efficient and rational use of natural resources.

Ensuring the implementation of the Policy in the field of sustainable development and decarbonization is carried out by the structural units and subsidiaries of Zarubezhneft Group of Companies in accordance with the established regulatory procedures within the framework of the implemented functionality.

# GOALS IN THE FIELD OF SUSTAINABLE DEVELOPMENT

Zarubezhneft Group of Companies is pursuing a systematic unified policy in the field of sustainable development and decarbonization with an emphasis on the implementation of measures to combat climate change. The Company provides a unified approach to the application of the requirements of national and international legislation in the field of sustainable development and decarbonization by all organizations of the Zarubezhneft Group of Companies. The Company has formed a strategic focus "Sustainable Development", which is aimed at improving the ESG profile of Zarubezhneft Group of Companies, developing technologies and projects to reduce the carbon footprint. The focus is on the UN Sustainable Development Goals.

To ensure the high efficiency of Zarubezhneft's activities in the field of sustainable development, 7 priority Sustainable Development Goals (SDG) of the UN have been identified for the Company:

* **SDG 3: Good health and well-being:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* implementation of industrial safety management systems, safety assessment of those involved in production activities;
* certification of the HSE system in accordance with GOST R ISO 45001-2020 and 14001-2016.;
* introduction of labor protection management systems, reduction of potential risks to health and productivity;
* reduction of negative impacts on the environment and, as a result, on human health and longevity;
* creating comfortable working conditions, social conditions, providing employees with a decent social package, including voluntary medical insurance, (including members of their families);
* carrying out preventive measures;
* fulfillment of obligations to comply with road safety requirements, reduce the risks of road traffic accidents (RTA) associated with production activities;
* **SDG 7: Affordable and clean energy:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* ensuring the level of useful use of associated petroleum gas of at least 95%;
* reducing the carbon footprint of energy production processes;
* improving the energy efficiency of facilities;
* development of the use of renewable energy sources (RES);
* increase in the share of gas in total production, development of the gas cluster;
* ensuring access to energy for developing countries;
* **SDG 8: Decent work and economic growth:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* growth of indicators of economic efficiency of the Company;
* implementation of the social policy of the Company with the active participation of employees;
* ensuring competitive wages;
* protection of social, labor and professional interests of employees, observance of labor rights;
* ensuring freedom of association and collective bargaining;
* **SDG 9: Industrialization, innovation and infrastructure:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* development of social infrastructure in the regions of presence;
* modernization of the production infrastructure of assets;
* implementation of the innovative development program and creation of favorable conditions for the development of innovative activities;
* increase in R&D funding, availability of own research institutes in the structure of the Company;
* **SDG 12: Responsible consumption and production:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* implementation of the Energy Saving and Energy Efficiency Improvement Program;
* implementation of measures to reduce waste generation, safe waste management and prevention of waste accumulation;
* **SDG 13: Fight against climate change:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* reduction of GHG emissions at production facilities through the implementation of the energy saving and energy efficiency improvement program, through the transition to renewable energy sources;
* implementation of the program for the modernization of infrastructure facilities;
* implementation of the Gas Program;
* planning and implementation of measures for adaptation to climate change;
* **SDG 17: Partnership for sustainable development:**

*Contribution of Zarubezhneft Group of Companies to achieving the goal:*

* cooperation with federal authorities in the direction of sustainable development and decarbonization;
* cooperation with international organizations and foundations;
* execution of agreements with administrations in the regions of presence;
* annual public assurance of the Company's integrated report.

# PRINCIPLES FOR SUSTAINABILITY AND DECARBONIZATION

Zarubezhneft Group sets out for itself the following **principles** in the field of sustainable development and decarbonization:

* **Improving** the environmental management system;
* **Development** of new types of energy and adaptation of business to a low-carbon economy;
* **Participation** in the socio-economic development of the regions of presence;
* **Striving** to ensure the physical, spiritual and social well-being of employees;
* **Strengthening** existing partnerships and **building effective** collaboration with new stakeholders.

# KEY ACTIVITIES OF THE ZARUBEZHNEFT GROUP OF COMPANIES IN THE FIELD OF SUSTAINABLE DEVELOPMENT AND DECARBONIZATION

Realizing the importance of sustainable development to meet the needs of today without compromising the capabilities of future generations, taking into account the need to decarbonize its activities in order to combat global climate change, Zarubezhneft Group of Companies operates in the following key areas:

* ensuring effective management of sustainable development;
* decarbonization of own assets;
* increase of energy efficiency and energy saving;
* environmental protection and industrial safety;
* labor protection and health of employees;
* social responsibility;
* organizing interaction with stakeholders.

## Ensuring effective management of sustainable development

Building a full-fledged and efficient management system in the field of sustainable decarbonization is the primary task of Zarubezhneft Group of Companies, for which the Company takes the following measures:

* improvement of the corporate governance system, taking into account the Company's objectives in the field of sustainable development and decarbonization;
* introduction of ESG practices into the corporate governance system;
* prioritization of sustainable development and decarbonization issues when initiating and developing corporate projects and programs;
* management of changes in the sphere of organization of sustainable development of the Company;
* use of the best world practices in the field of sustainable development management and decarbonization;
* ensuring a high level of involvement of the Company's top management in sustainable development management;
* continuous improvement in the field of ensuring the efficiency and reliability of business processes;
* risk management in the field of sustainability and decarbonization;
* taking into account the fundamental principles of sustainable development in the organization of supply chains.

## Decarbonization of own assets

The Zarubezhneft Group of Companies shares the goals and objectives of the Strategy for Social and Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050 and recognizes the importance of addressing climate change challenges in the context of sustainable and responsible business conduct. Also, being aware of the trends in regulation in the field of greenhouse gas emissions and combating climate change in the regions of presence and in the main sales markets, the Company seeks to implement the following measures in this area:

* assessment and management of climate risks;
* conducting an inventory of greenhouse gas emission sources for all areas of coverage;
* publication of verified reports on greenhouse gas emissions in accordance with the requirements of Russian legislation and international standards;
* setting goals to reduce greenhouse gas emissions and carbon intensity of products in the short and long term;
* establishment of criteria for the carbon intensity of projects and programs;
* assessment of the potential for the implementation of climate projects;
* implementation of additional measures necessary to achieve carbon neutrality;
* implementation of projects in the field of alternative generation based on RES.

## Increasing energy efficiency and energy saving

When carrying out production activities, Zarubezhneft Group of Companies consumes a significant amount of energy resources. Implementation of programs to improve energy efficiency and rational use of fuel and energy resources is an equivalent priority of the Company in the implementation of the main program of production activities. As part of this area, Zarubezhneft Group of Companies carries out the following activities:

− compliance with the requirements of the legislation of the Russian Federation, applicable norms of international law, requirements of Russian and applicable international standards, industry documents, corporate requirements and obligations assumed by the Company;

− taking into account the impact of the Energy Saving and Energy Efficiency Improvement Program on the main production and financial indicators of the Company;

− inclusion of economically justified best available technologies in the Energy Saving and Energy Efficiency Improvement Program;

− monitoring the implementation of measures provided for by the Energy Saving and Energy Efficiency Improvement Program by monitoring and recording energy efficiency indicators;

− increasing employee awareness of energy efficiency and energy saving activities;

− optimization of consumption of energy resources at all stages of production activities;

− management of the process of increasing the volumes of useful use of associated petroleum gas (APG) at the technological facilities of oil-producing subsidiaries for own and general business needs;

− construction and reconstruction of APG collection, treatment and transportation systems;

− construction and reconstruction of installations for the generation of electrical energy and heat, for which associated petroleum gas is used as fuel, as well as construction and reconstruction of distribution electrical networks and substations associated with these installations;

− organization of metrological accounting and control of production, use and flaring of associated petroleum gas.

## Environmental protection and industrial safety

The main principle of activity of Zarubezhneft Group of Companies in the production, preparation, processing and transportation of oil is the prioritization of issues of ensuring industrial and environmental safety, as well as minimizing the negative impact on the environment. The Company in its production activities operates in accordance with the principle of zero tolerance for irresponsible attitude towards natural resources.

The Company implements the following activities in this area:

− compliance with the requirements of Russian and international legislation, as well as other accepted requirements in the field of environmental protection and industrial safety;

− control over compliance with the rules and regulations for the safe operation of equipment and requirements for environmental protection in the course of production activities;

− prevention of emergencies and minimization of consequences for the environment by identifying hazards, assessing and managing risks at all stages of production processes and at all levels of management, performing organizational and technical measures aimed at improving the stability of equipment and technologies;

− implementation and continuous improvement of the management system in the field of environmental protection and industrial safety in accordance with the requirements of international standards;

− compliance with the requirements of Russian and international legislation, as well as other accepted requirements in the field of environmental protection and industrial safety;

− continuous professional development and control over the employees' knowledge and skills necessary for the safe performance of production duties;

− achieving the maximum level of industrial safety and reducing the negative impact on the environment;

− conservation of biodiversity in the regions of presence through the implementation of biodiversity conservation programs with the indication of threatened and dependent species and the implementation of measures for the conservation of populations (reintroduction into the natural environment), the conduct of technological processes in ways that have a minimal impact on biological diversity;

− prevention of negative impact on the environment.

## Occupational health and safety of employees

In its activities, the Zarubezhneft Group of Companies relies on the experience and knowledge of its employees in all areas of activity. Realizing the unconditional value of human life and the need to preserve the health of employees, taking into account the role of each employee in the development of the human capital of the state and society as a whole, the Company constantly implements measures in this area:

− management of occupational health and safety issues as a priority in the implementation of activities;

− identification and assessment of risks in the field of occupational health and safety (OHS), determination and implementation of measures to eliminate and minimize the identified risks;

- identification and implementation of opportunities for continuous improvement of their performance on OHS issues;

− formation of a corporate culture of occupational health and safety based on the principles of commitment and participation of all employees of the Company in solving labor protection issues;

− motivation of personnel to achieve the best results in labor protection, encouragement for achieving high results;

− ensuring the competence and awareness of personnel on OHS issues;

− holding consultations with the Company's own personnel and personnel of contractors working at the Company's production facilities on issues of ensuring occupational health and safety;

− promotion of the best industry practices, introduction of international standards in the field of labor protection.

## Social responsibility

Zarubezhneft Group of Companies, as part of its activities, has a significant impact on the socio-economic development of the regions, the Company adheres to a policy of high social responsibility to local communities and to society as a whole.

Zarubezhneft Group of Companies provides support to socially unprotected segments of the population, indigenous and small peoples in the regions where the Company operates, implements social and charitable projects in the areas of healthcare, education, improvement of housing conditions, culture and sports, and development of social infrastructure. The main subsidiaries of Zarubezhneft Group of Companies are involved in social activities.

Within the framework of this direction, the Company implements the following activities:

− active participation in public activities in the regions of its presence, support for the socio-economic development of the regions of presence;

− control over compliance with the norms of social responsibility in the implementation of foreign projects in accordance with the priorities of the foreign policy of the Russian Federation;

− pursuing a policy of high social responsibility to local communities and to society as a whole;

− development of local initiatives and social activity, through the annual conclusion by the subsidiaries of Zarubezhneft Group of Companies with the administrations of the regions of presence of agreements regulating joint activities for the development of regions;

− participation in social projects, including the creation of comfortable living conditions for the indigenous small peoples of the North;

− respect for the interests of local communities, ensuring responsible, targeted social investment in the regions and countries of presence;

− implementation of the Company's charitable programs;

− support of culture, sport and healthy lifestyle of the population;

− preservation of cultural and historical heritage, support for military-patriotic events and actions;

− support for the poor and low-income strata of society, orphans and the disabled;

− informing the public about the results of their work in this area.

## Organization of interaction with stakeholders

Organization of interaction of Zarubezhneft Group of Companies with employees, suppliers, partners, customers, the state and society as a whole is an important aspect of the Company's sustainable development, which allows reducing environmental, financial, temporary and reputational losses. It is the fundamental basis for building all areas of the Company's activities and contributes to the achievement of the main strategic goals in the field of sustainable development and decarbonization. Activities in this area include:

1. *Interaction with employees.*

Achieving the goals of the Company largely depends on the professionalism of each of the employees, in connection with which the Company recognizes employees as its most important asset and seeks to create an effective system of training and development of personnel aimed at increasing the level of professionalism, developing managerial, corporate competencies, business and personal qualities of employees at all levels and positions.

The Company provides safe and comfortable working conditions, a competitive level of remuneration and social security. Particular attention is paid to the issues of labor protection, industrial safety and health protection, considering human life and health as the highest value.

The Company implements the following activities in this area:

− continuous development and training of employees (personnel reserve, competitions to identify employees with leadership potential, competitions of professional skills);

− continuous improvement of the remuneration system and social package;

− use of an objective and transparent performance evaluation system;

− creation of a favorable corporate culture;

− unconditional observance of the labor legislation of the Russian Federation and the countries of presence;

− creation of comfortable and safe working and living conditions for production personnel.

1. *Interaction with suppliers.*

The basic principle of the Company's procurement activities is openness and transparency. The Company uses a system of electronic trading platforms, as well as publishing information on procurement in the state Unified Information System and on corporate information resources, which increases the number of procurement participants and ensures conditions for their competitiveness.

The Company seeks to cooperate with suppliers who contribute to sustainable development and demonstrate economic, environmental and social responsibility. Priority is given to compliance by suppliers with standards of safe working conditions, business ethics and fair treatment of their employees.

The Company implements the following activities in this area:

− conducting transparent procurement activities based on strict observance of antimonopoly legislation, internal regulations of the Company and principles of responsible competition;

− holding days of the company's suppliers in order to attract new participants to purchases;

− implementation of measures to expand the access of small and medium-sized businesses to procurement;

− verification of suppliers for financial stability, reliability, business reputation and anti-corruption;

− organization of a system of interaction with suppliers, excluding the possibility of a conflict of interest;

− ensuring the protection of confidential information and data constituting a trade secret;

− ensuring the use of responsible practices in the field of labor protection and environmental protection in procurement.

1. *Interaction with partners.*

The Company follows high ethical principles when interacting with partners and seeks to spread the commitment to the concept of sustainable development not only within the Company, but also beyond its borders.

The Company implements the following activities in this area:

− preparation and publication of mandatory and voluntary reporting, as well as other information necessary to inform partners and investors;

− ensuring information openness;

− compliance with the norms of Russian and international legislation and fulfillment of obligations to partners;

− organization of events for interaction with partners on issues of sustainable development and decarbonization;

− maintaining a high level of corporate governance in accordance with the best industry practices and international standards;

− organization of activities on the basis of taking into account the rights and interests of shareholders in accordance with the requirements of legislation, Russian and international standards.

1. *Interaction with clients.*

Relationships with clients is an important area of work for Zarubezhneft Group of Companies. The Company implements the following activities in this area:

− organization and continuous improvement of the product quality control system;

− development of a sustainable sales network for products both in the Russian Federation and abroad;

− building efficient logistics chains;

− application of a client-oriented approach in the supply of raw materials and the sale of finished products.

1. *Interaction with the state and regions of presence.*

Zarubezhneft Group of Companies makes a significant contribution to the sustainable development of the regions and countries of presence as an employer, taxpayer and significant participant in economic activity. The Company implements the following activities in this area:

− organization of interaction and cooperation with state authorities, representatives of regional authorities of the constituent entities of the Russian Federation, representatives of the countries-regions of the Company's presence, public organizations and associations;

− participation in legislative activities in cooperation with federal executive authorities;

− participation in the social and economic development of the regions where the Company operates through the implementation of new projects and job creation, improvement of infrastructure facilities.

# LIST OF CORPORATE DOCUMENTS IN THE FIELD OF SUSTAINABLE DEVELOPMENT

1. Risk management policy of Zarubezhneft Group of Companies
2. Anti-corruption policy of Zarubezhneft Group of Companies
3. Code of Corporate Ethics of Zarubezhneft JSC
4. Regulation on the implementation of charitable and sponsorship activities of Zarubezhneft Group of Companies
5. Regulation on the Procurement of Zarubezhneft JSC
6. Basic provisions in the field of health, labor, environment, safety and social responsibility as part of the Regulations on the quality management system of Zarubezhneft JSC
7. Digital transformation strategy of Zarubezhneft JSC
8. Innovative Development Program of Zarubezhneft JSC
9. Energy Saving and Energy Efficiency Improvement Program of Zarubezhneft Group of Companies
10. Gas program for the rational use of associated petroleum gas in Zarubezhneft Group of Companies
11. Standard for the management system of labor protection, industrial safety and environmental protection of Zarubezhneft JSC
12. Human Resources Policy of Zarubezhneft Group of Companies
13. Regulation on remuneration and motivation of employees of Zarubezhneft JSC
14. Regulation on social guarantees for employees and non-working pensioners of Zarubezhneft JSC
15. Regulation on the Youth Council of Zarubezhneft Group of Companies
16. Regulation on the motivation of project teams when entering new assets of Zarubezhneft JSC
17. Regulation on organizing the training and development system for employees of Zarubezhneft Group of Companies
18. Partnership program of Zarubezhneft JSC with small and medium-sized businesses
19. Regulation on the settlement of conflicts of interest in Zarubezhneft Group of Companies
20. Regulation on the security hotline of Zarubezhneft JSC.

Appendix № 1

to the Policy on sustainable development and decarbonization of Zarubezhneft Group of Companies

**LIST OF TERMS, DEFINITIONS AND ABBREVIATIONS**

**List of terms and definitions:**

| **Name of the term** | **Definition of the term** |
| --- | --- |
| **Carbon capture, utilization and storage (ССUS)** | Technology that captures carbon from the atmosphere or as part of a process, and sends the captured carbon to storage or useful uses |
| **Renewable Energy Sources (RES)** | Natural resources or processes from which energy is obtained and which are inexhaustible or renewable faster than energy flows, permanent or intermittent in the environment, are consumed. The main RES include: solar radiation, hydropower, wind power, tidal power, geothermal power |
| **Decarbonization** | Actions by industrial enterprises to reduce the amount of carbon dioxide emissions that occur during the production and combustion of fossil fuels |
| **Climate risk** | A joint characteristic of the probability of hazardous manifestations of the climatic factor and its impact (in the form of harm or damage) on the object of this impact, which is expressed in the amount of damage (in kind and (or) in value terms), characteristic of the repeatability of the given values of the hazardous climatic factor |
| **Climate scenario** | Description of likely future events affecting climate change |
| **Carbon neutrality** | A term meaning that the Company has reduced emissions of carbon dioxide and other greenhouse gases in the course of production activities to zero or compensated for these emissions through the implementation of projects to absorb carbon dioxide |
| **Sustainable development** | A process of economic and social change in which natural resources, direction of investment, orientation of scientific and technological development, personal development and institutional change are aligned with each other and strengthen the current and future capacity to meet human needs and aspirations |
| **UN Sustainable Development Goals** | A set of 17 interlinked goals developed in 2015 by the UN General Assembly as a "blueprint for a better and more sustainable future for all" |

**List of abbreviations:**

| **Abbreviation of the term** | **Full name of the term** |
| --- | --- |
| **CCUS** | Carbon capture, storage and utilization |
| **CDP** | Carbon Disclosure Project |
| **CDSB** | Climate Disclosure Standards Board (Framework for reporting on the state of the environment and climate change) |
| **CO2** | Carbon dioxide |
| **GHG Protocol** | Greenhouse Gas Protocol |
| **GRI** | Global Reporting Initiative  |
| **IPIECA** | International Petroleum Industry Environmental Conservation Association |
| **SBTi** | Science Based Targets initiative |
| **TCFD** | Task Force on Climate Related Financial Disclosures  |
| **Zarubezhneft Group of Companies** | Zarubezhneft Group of Companies |
|  |  |
| **LC** | Low Carbon |
| **Company** | Zarubezhneft JSC |
| **OHS and SR** | Occupational health and safety and social responsibility |
| **UN** | United Nations |
| **APG** | Associated petroleum gas |
| **SD&D** | Sustainable development and decarbonization |
| **SDG** | Sustainable development goals |
| **EE** | Energy Efficiency |

Appendix № 2

to the Policy on sustainable development and decarbonization of Zarubezhneft Group of Companies

**Key questions to the Policy on sustainable development and decarbonization of Zarubezhneft Group of Companies**

1. What strategic goals does the Company set for itself in the field of sustainable development and decarbonization?
2. What are the main principles of the Company's Policy on sustainable development and decarbonization?
3. What are the key regulatory acts that the Company's Policy on sustainable development and decarbonization is based on?
4. What are the key areas of activity for Zarubezhneft JSC in the field of sustainable development and decarbonization?
5. What are the main activities included in the direction of decarbonization of the Company?