

RENEWABLE ENERGY SOURCES (RES)

When diversifying their businesses, oil and gas companies rely on their unique experience in onshore and offshore drilling, oil and gas refining, transport and installation operations, and organization of trading operations. They expand their activities in the area of renewable energy sources through development of their own expertise and purchase of core assets, as well as through cooperation with leading suppliers of process equipment and project developers. Following this tendency, Zarubezhneft JSC also considers its participation in the RES projects.

During the long history of successful projects, Zarubezhneft JSC has accumulated a vast experience of the communication with management of developing countries that are currently motivated to boost RES in their regions.

Knowing the potential of renewable energy sources in future and their increasing competitiveness versus fossil fuels, in March 2019, the Board of Directors of Zarubezhneft JSC addressed the issue of developing the projects on RES (Minutes No. 165 dated March 27, 2019), and in June 2019 a new Department for Development of Renewable Energy Sources (DDRES) was created as a structural unit of the Company in order to implement the phased development of its own expertise, as a related business, which will be an additional factor in improving the sustainability of its own structures.

The principal RES development focus are countries of Zarubezhneft's JSC presence:

- the Socialist Republic of Vietnam (strategic development focus: offshore WPPs, taking into account corresponding expertise and production capacities available with JV Vietsovetpetro);
- the Republic of Cuba;
- the Russian Federation;
- Bosnia and Herzegovina.

During a short period from the moment of creation of the Department for Development of Renewable Energy Sources:

- a funnel of projects was formed as per the developed criteria, and primary approaches were defined for selecting regions/countries with the potential of entering RES projects;
- the passport of the "R-8. RES Development" business process was elaborated and approved in the framework of integration of the new area;
- partner relationships were established with both international and Russian companies to implement the RES projects, as well as cooperation was established with leading suppliers of process equipment and project developers.

Work is ongoing in the Company on searching and analyzing practicability of taking part in RES projects in the territories of its presence and in new perspective markets of the RES core business..



