

CORPORATE DEVELOPMENT STRATEGY

IN 2019, ZARUBEZHNEFT JSC CONTINUED TO IMPLEMENT STAGE 2 OF ITS CORPORATE DEVELOPMENT STRATEGY UNTIL 2030, ENTITLED “READINESS FOR GROWTH AND FIRST SUCCESSSES”.

The Zarubezhneft JSC Corporate Development Strategy until 2030 was approved by the Board of Directors in 2014 (Minutes No. 85 dated June 26, 2014). According to the strategy, the Company is mainly focused on the Geological Exploration and Production segment, in which

Zarubezhneft JSC focuses on the fields where the Company can expand existing competencies. Primarily, this refers to fields with an out-of-balance development system and fields with complex reservoirs similar to those developed in the regions of presence.



**3 STAGES
OF CORPORATE DEVELOPMENT
STRATEGY IMPLEMENTATION:**

STAGE I	STAGE II	STAGE III
<p>2014–2016</p> <p>“PREPARING FOR GROWTH”</p> <ul style="list-style-type: none"> • Active work at existing assets • Development of expertise and efficiency of all organizational procedures 	<p>2017–2020</p> <p>“READINESS FOR GROWTH AND FIRST”</p> <ul style="list-style-type: none"> • Business development team has been formatted • 3-5 new assets have been entered as part of acquired expertise 	<p>2020–2030</p> <p>“INTENSIVE GROWTH”</p> <ul style="list-style-type: none"> • Entry into 5 or more new projects

STEADY ACHIEVEMENT OF STRATEGIC FOCUSES

FOUR STRATEGIC PROGRAMS

Taking into account the objectives set for Stage 2 of the Corporate Strategy, the management determined 4 strategic focus points of the Company's development and elaborated Strategy Development Programs:

- The Technological Leadership Program represents a set of projects and initiatives aimed at developing key technological expertise to improve the performance of current assets and implement international expansion.
- The Expansion Program includes a set of project objectives for searching, evaluating and entering new projects, as well as creating efficient tools for searching for and evaluating projects, and mechanisms for conducting efficient work in new countries and regions.
- The Corporate Evolution Program is aimed at creating a flexible, adaptive business system to ensure efficient work with underlying assets and quick integration of new assets, providing maximum speed and flexibility in the management, execution and decision-making processes.
- The Talent Management Program includes objectives for creating a personnel reserve (talent pool) and rotation programs for key positions to staff new international projects.



KEY OBJECTIVES OF THE SECOND STAGE OF CORPORATE STRATEGY



4 STRATEGIC FOCUSES OF ZARUBEZHNEFT DEVELOPMENT

TECHNOLOGICAL LEADERSHIP PROGRAM	EXPANSION PROGRAM	CORPORATE EVOLUTION PROGRAM	TALENT MANAGEMENT PROGRAM
<p>The program consolidates and synchronizes key milestones and KPIs of the developed and tested technologies portfolio:</p> <ul style="list-style-type: none"> • Catalytic water thermolysis technologies (for Informational oil upgrading) • Chemical methods of oil recovery enhancement (beginning of pilot works) • Development of mobile solutions for remote field development • Production digitalization projects 	<p>The program consolidates and synchronizes the objectives of different blocks and subsidiaries. In search of new projects and expansion of the resource base in Russia, the CIS and the priority countries, as well as projects objectives to create effective tools for search and evaluation of new projects and mechanism for effective work. In new countries and the region.</p>	<p>In provides a flexible, adaptive business environment to work effectively with current underlying assets, quickly integrate new assets and improve the efficiency of expansion processes. Including the targets:</p> <ul style="list-style-type: none"> • Maximum speed of decision making • Management processes automation with parallel re-engineering • Service model implementation 	<p>It includes a package of comprehensive programs to identify, develop and promote talented employees in the group of Companies:</p> <ul style="list-style-type: none"> • Formation of employee pool and rotation programs for key positions in new foreign projects • Development of an experts and methodologists system • Gradual improvement of personnel expertise through internal training schools (Oil Engineering School, Project Management School, Leadership School)