

OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY

THE OCCUPATIONAL HEALTH, INDUSTRIAL SAFETY, ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY POLICY IS THE BASIS FOR STRATEGIC PLANNING AND MANAGEMENT OF CURRENT ACTIVITIES AT ZARUBEZHNEFT JSC, FOR SETTING AND ACHIEVING GOALS, FOR CARRYING OUT EFFICIENT MONITORING AND CONTROL, AND FOR CONSTANT IMPROVEMENT.

In 2019, a supervision audit of Zarubezhneft JSC, JC RUSVIETPETRO LLC, ZARUBEZHNEFT-Dobycha Kharyaga LLC, RMNTK Nefteotdacha JSC, Zarubezhneftstroyontazh LLC, and Modriča Motor Oil Plant A.D. was successfully passed. The goal of the audit was to confirm the HSE (Occupational Health, Industrial Safety, Environmental Protection) Management System's compliance with the international standard OHSAS 18001:2007. The perimeter of the HSE Management System's Certification includes: Zarubezhneft-Dobycha Samara LLC, Ulyanovskneftegaz LLC, Orenburgnefteotdacha JSC, and Giprovostokneft JSC.

Recognizing its responsibility for maintaining a healthy environment and sustaining the life, health and wellbeing of people, Zarubezhneft JSC undertakes the following obligations:

- to pursue the "Zero Goal" of preventing injuries and deterioration of human health and environmental contamination;
- to use natural resources, materials and power in a reasonable and rational manner;
- to respect the interests and rights of local populations in regions of its presence;
- to comply with Russian and international laws, and to fulfill the undertaken obligations before local communities, state authorities, foreign and Russian business partners and other stakeholders;

- to constantly improve its Occupational Health, Industrial Safety and Environmental Protection Management System.

In 2019, implementation of the Vision Zero (zero accidents) Concept continued according to the Unified Program for Implementation of the Zero Accident Concept, Vision Zero, in Zarubezhneft Group in 2018–2021, approved by S. I. Kudryashov, General Director of Zarubezhneft JSC.

On March 22, 2019, a strategic session entitled "Responsible Leadership in Development of Safety Culture and Implementation of the Vision Zero Concept at Zarubezhneft JSC" was conducted for Company's top managers and the Directors General of the subsidiaries.

Within the session, the "Their Route" program was presented to the management of the Company and the subsidiaries with a view to empowering managers to develop and maintain others' responsibility in a positive and substantial way (the second part of the "My Route" program).

Following the results of the work, the participants made proposals on the Vision Zero Roadmap for 2019, taking into account arrangement of the School of Safe Production Culture supported by the Company's internal coaches.

At All-Russian Labor Protection Week V held in Sochi on April 22 to 26, 2019, representatives of Zarubezhneft JSC participated in meetings of the International Council for Implementation of the Vision Zero Concept (chaired by Hans-Horst Konkolewski), and also held a meeting on the "Unified Approach to Interaction with Contractors Taking into Account the Implementation of Zarubezhneft's Vision Zero Concept" and a round table on the "Best Practices of Development of Safety Culture of Zarubezhneft JSC. Experience Exchange".

Meetings of the International Council for Implementation of the Vision Zero Concept were attended, where the methods of the International Social Security Association on determining the criteria for evaluating sufficiency of preventive measures, as well as the topics of cooperation on the implementation of the Vision Zero Concept in the course of international projects and cooperation with contractors, were discussed.

Conferences on the "Experience in Implementing the Vision Zero Concept at Zarubezhneft Group and its Contractors" were held in Usinsk, Moscow and Samara to involve contractors in implementing the Vision Zero Concept.

Within the Vision Zero Concept implementation in the course of Zarubezhneft JSC's international

projects, seminars on the "Vision Zero (Zero Accident) Concept. Development of Personal Responsibility" were held at JV VIETSOVPETRO (in the Socialist Republic of Vietnam) and at the enterprises of the downstream segment (Bosnia and Herzegovina).

The project "Industrial Safety Training System. Safety Culture School" was approved by Order No. 286 of S. I. Kudryashov, General Director of Zarubezhneft JSC, dated September 18, 2019, in order to establish a unified corporate system of training in occupational safety for employees of Zarubezhneft Group.

The project envisions training 26 internal coaches from among the employees of the Corporate Center and the subsidiaries, developing 5 corporate courses as part of an educational and methodical complex, and having internal coaches train pilot groups of attendees on the following topics:

- Introduction to the Occupational Health And Safety Management System;
- On-Site Safety (production facilities);
- Vision Zero Concept. Seven Golden Rules;
- Accident Investigation Procedures;
- Managing the Safety of Contractors.

Also, cascade on-site Strategic Sessions were conducted on "Leadership in HSE: Managerial Responsibility. Implementation of the Vision Zero Concept" at the subsidiaries and contractors' organizations in the regions of presence (Samara, Modriča). As a result of the Sessions, HSE Road Maps were formed with the key tasks for the subsidiaries for 2019,

with an emphasis on implementation of the Vision Zero Concept principles within the contractor organizations.

In 2019, JV VIETSOVPETRO and 24 contractors officially joined the Vision Zero Concept.

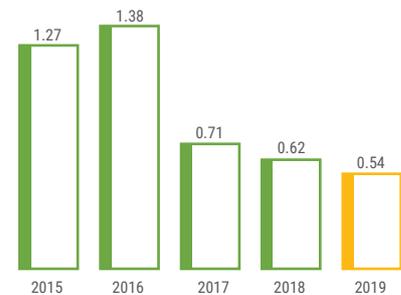
The Lost Time Injury Frequency Rate (LTIFR) is accepted by international practice as the main indicator of a company's performance in the area of occupational health and industrial safety. The LTIFR has been applied in Zarubezhneft JSC since 2015.

The subsidiaries regularly held training and examinations in occupational health and safety according to the following programs:

- Industrial safety;
- Occupational Health and Safety and Premedical First Aid;
- Basics of Fire Safety;
- Knowledge of Regulations and Rules of Work in Electrical Installations;
- Safe Operation of Electrical Installations.

Moreover, 377 people underwent medical examinations (mandatory preliminary and scheduled medical examinations, additional medical examinations as part of wellness checks (screening), medical certifications before traveling abroad). 97 people received vaccination against yellow fever, hepatitis A, hepatitis B, tetanus and diphtheria, meningitis, measles, and tick-borne encephalitis of workers seconded abroad. 79 people received special assessment of working conditions (SAWC) at their places of work. All personnel of the Company and the subsidiaries are insured under the voluntary medical insurance program with SOGAZ LLC.

LTIFR dynamics



The Rate value in 2019 was 0.54, which was more than 2.4 times lower than in 2015 (1.27).

Corresponding reports on occupational health and safety and the improvement of working conditions were submitted to the relevant governmental, supervisory and statistics authorities in due time.

In 2019, the Company's employees were provided with safety footwear and personal respiratory protective equipment, as well as special overalls complying with the unified corporate style of Zarubezhneft Group.

All necessary emergency response and consequences mitigation plans were developed and approved in the subsidiaries (oil spill contingency plan (OSCP), emergency response plan (ERP)).

Expert evaluations of industrial safety at hazardous production facilities (HPF) were carried out. Industrial safety statements for the HPF were developed within the established deadlines.

In-process control (monitoring) is one of the essential elements of efficient operation of the HSE Management System. When carrying out in-process

control over occupational health and industrial safety, personnel of the subsidiaries was guided by the relevant legislative and regulatory documents of the Russian Federation and the Company's regions of presence, as well as internal regulatory documents, including the "Regulation on the procedure for in-process control over the HSE condition of the Zarubezhneft Group" and the Procedure for HSE Risk Management. This procedure is an integral part of the common corporate risk management system and regulates the procedure for HSE risk management in relation to:

- violation of the facilities' integrity (emergencies);
- injury caused to workers, contractors or visitors;
- environmental harm during works performance;
- environmental harm due to technological processes.

The Company maintains preparedness to abnormal and emergency situations through an integrated approach that includes:

- testing of protective facilities and training of persons in charge of civil defense and emergencies in training centers;
- timely development and approval by the state supervisory authorities of response plans in case of oil and petroleum products spills at the fields;
- training and attestation of non-professional emergency response teams at the fields;
- conclusion of agreements of drills to be carried out twice a year by professional emergency response teams belonging to gas rescue service and well-kill safety service;
- drills on possible emergency response actions conducted for personnel.

Constant and systematic interaction with the contractors carrying out their activities at production facilities of Zarubezhneft JSC as per the laws of the Russian Federation and approved internal requirements of the Company is an integral part of Zarubezhneft JSC's personnel operations in the framework of the Occupational Health and Industrial Safety Management System.

The Company pays special attention to enhancing production culture, leadership and personal involvement of the managers, as well as improvement of internal cooperation in respect to HSE. These are facilitated by practical implementation of target programs in the course of production:

- 12 Life Saving Rules;
- Leadership in HSE;
- HSE Risk Management;
- 5S System in the framework of Zarubezhneft JSC's Production System.

145 people from the Corporate Center and the subsidiaries were trained in the 5S System and arranged into groups of internal coaches in the framework of the 5S System development at Zarubezhneft Group.

Following the results of 2019, investment costs allocated for provision of safe working conditions at Zarubezhneft Group amounted to 504,235.125 thous. rubles.

The Monitoring HSE Indicators Information System was modified, and the Technosphere Safety Information System (TS IS) was introduced over the course of 2019 as part of automation of the occupational health and industrial safety processes. Introduction of the TS IS took place in two stages piloted by ZARUBEZHNEFT-

Dobycha Kharyaga LLC, where a third-party organization acted as the contractor, and the remaining subsidiaries of the Russian segment were distributed by the subsidiary Giprovestokneft JSC.

In order to maintain preparedness for emergencies, the Company takes preventive measures aimed at minimizing the risk of natural and man-made emergencies, preparing to protect and actually protecting the Company's personnel and material assets from hazards arising from or due to military conflicts, as well as in case of emergencies. Tabletop trainings are held on a regular basis as per the approved schedule. These are emergency response drills and drills on interaction between the Emergency and Fire Safety Commissions of Zarubezhneft JSC and its subsidiaries.