JOINT STOCK COMPANY

'ZARUBEZHNEFT'

Appendix No. 5

APPROVED

by the decision of the Board of Directors of Zarubezhneft JSC

Minutes dated 25.06.2020 № 183

**CODE**

**OF CORPORATE ETHICS OF ZARUBEZHNEFT JSC**

No. KD RA-05.0-02

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Moscow

2020**TABLE OF CONTENTS**

[I. GENERAL PROVISIONS 4](#_Toc116413643)

[II. CONCEPT, OBJECTIVES AND SCOPE OF APPLICATION OF THE CODE OF CORPORATE ETHICS 4](#_Toc116413644)

[2.1. Goals and objectives 5](#_Toc116413645)

[2.2. Scope of application 5](#_Toc116413646)

[III. MAIN PART 5](#_Toc116413647)

[3.1. Mission, corporate values and strategic goals of the Company 5](#_Toc116413648)

[3.2. Non-acceptance of corruption 6](#_Toc116413649)

[3.3. Basic principles of effective interaction of Zarubezhneft JSC 7](#_Toc116413650)

[3.4. Principles of interaction between the Company and external stakeholders ‘Company - Environment’ 7](#_Toc116413651)

[3.4.1. Interaction with the state 7](#_Toc116413652)

[3.4.2. The principle of tolerance and mutual respect for the population of the regions and countries where the Company operates 8](#_Toc116413653)

[3.4.3. Interaction with public organizations 8](#_Toc116413654)

[3.4.4. Interaction with the mass media 9](#_Toc116413655)

[3.4.5. Interaction with the shareholder 9](#_Toc116413656)

[3.4.6. Interaction with counterparties 9](#_Toc116413657)

[3.4.7. Interaction with competitors 10](#_Toc116413658)

[3.5. Principles of corporate interaction 10](#_Toc116413659)

[3.5.1. Interaction between the Company and its employees ‘Company –Employee’ 10](#_Toc116413660)

[3.5.2. Interaction between colleagues ‘Employee-Employee’ 11](#_Toc116413661)

[3.5.3. Interaction between managers and subordinates ‘Manager-Employee’ 12](#_Toc116413662)

[3.5.4. Ethics of business conduct 13](#_Toc116413663)

[3.6. Prevention of violation of accepted rules and principles 15](#_Toc116413664)

[3.6.1. Prevention of corruption 15](#_Toc116413665)

[3.6.2. Gifts and other benefits 15](#_Toc116413666)

[3.6.3. Conflict of interests 16](#_Toc116413667)

[3.6.4. Joint work of relatives 17](#_Toc116413668)

[3.6.5. Use of assets and resources of the Company 18](#_Toc116413669)

[3.6.6. Handling of information 18](#_Toc116413670)

[3.6.7. Maintaining financial and accounting records 19](#_Toc116413671)

[3.6.8. The procedure for informing by employees about violations that have signs of corruption 19](#_Toc116413672)

[3.6.9. Procedure for Obtaining Additional Clarifications on Compliance with Anti-Corruption Legislation 20](#_Toc116413673)

[3.7. Compliance with the Code of Corporate Ethics 21](#_Toc116413674)

[3.7.1. Commission on Corporate Ethics 21](#_Toc116413675)

[3.7.2. Responsibility for violation of the Code of Corporate Ethics 22](#_Toc116413676)

[Appendix № 1 23](#_Toc116413677)

[Appendix № 2 26](#_Toc116413678)

# GENERAL PROVISIONS

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| --- | --- | --- |
| **Title of the document** | **Code of Corporate Ethics of Zarubezhneft JSC** | |
| **Regulated business process / sub-process** | P-5 Corporate culture | |
| **The degree of coverage of the business process by the document:**   * **fully;** * **partially (specify coverage area)** | Completely | |
| **Period of validity** | Permanent | |
| **External legislative requirements, requirements of policies, strategic documents** | 1. Labor Code of the Russian Federation. 2. Personnel policy of Zarubezhneft Group of Companies for 2019-2023. 3. Anti-corruption policy of Zarubezhneft Group of Companies. 4. Corporate development strategy | |
| **Scope /**  **the extent to which requirements apply to Subsidiaries** | Zarubezhneft JSC | Completely |
| Upstream: Production | Completely |
| Downstream | Completely |
| Services | Completely |
| Other | Completely |
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# CONCEPT, OBJECTIVES AND SCOPE OF APPLICATION OF THE CODE OF CORPORATE ETHICS

This Code of Corporate Ethics of Zarubezhneft JSC (hereinafter referred to as the Code) is an internal regulatory document that forms the corporate culture, consolidates the corporate values of Zarubezhneft JSC (hereinafter referred to as the Company), defining the most important rules of business conduct based on them, the principles of effective interaction of the Company and its employees, ethical standards of intra-corporate relationships, social responsibility, as well as anti-corruption requirements.

## Goals and objectives

This Code has been developed in order to determine the Company's corporate values, enhance the corporate culture, improve and protect the Company's business reputation, increase investment attractiveness, form effective corporate interaction and anti-corruption corporate consciousness.

The goals of this Code are:

* establishing the principles of corporate interaction, interaction between the Company and external stakeholders;
* definition of the main anti-corruption principles;
* establishing a procedure for informing the Company by employees about violations of this Code and determining liability for violation;
* establishing a procedure for informing the Company by employees about violations that have signs of corruption, and a procedure for obtaining additional clarifications on compliance with anti-corruption laws.

## Scope of application

This Code is subject to mandatory application in the Company.

This Code shall apply without limitation of validity. The Code, as well as amendments (additions) to it, come into force from the date of approval by the Company's Board of Directors.

The introduction of amendments and additions to this Code, control over the implementation of the procedures provided for by this Code, with the exception of anti-corruption procedures, as well as their timely execution, is entrusted to the HR Management Department of the Company. Control over the implementation of procedures in the field of combating corruption, provided for by this Code, as well as their timely execution, is assigned to the person responsible for organizing work to combat corruption and corporate fraud.

# MAIN PART

## Mission, corporate values and strategic goals of the Company

* + 1. Zarubezhneft JSC is one of the leading foreign economic enterprises of the Russian oil and gas industry, which is of strategic importance, which is currently developing steadily, acts in the interests of its shareholder - the Russian Federation and has a unique long-term experience in international activities, significant scientific and technical potential and a high reputation as a reliable and responsible partner in the global market.
    2. The main priority areas of the Company's activities are exploration, development and operation of oil and gas fields abroad and in the Russian Federation, design, construction and operation of oil refineries, the use of advanced technologies in the development of oil and gas fields, export-import operations for the supply of process equipment.
    3. The Company sees its mission in the exploitation of existing oil and gas fields in Russia and abroad, ensuring the most efficient and comprehensive extraction of hydrocarbon resources.
    4. According to the Corporate Development Strategy, by 2030 Zarubezhneft JSC should become a highly professional state-owned oil company with world-class expertise, specializing in the development of complex reserves, small fields and assets with an unbalanced development system.
    5. The Company sets itself the following strategic goals:
* increase the efficiency of production and profitability of current assets, use current assets as a springboard for developing skills for acquiring and developing new assets;
* ensure the growth of the resource base and the acquisition of assets;
* ensure the generation of enough free cash flow to grow the resource base and the mining segment, as the most profitable line of business..
  + 1. The corporate values of the Company are:
* **professionalism** - deep knowledge of one's specialty, responsible and conscientious attitude to duties, timely completion of tasks and continuous improvement of professional level;
* **initiative** - the activity and independence of employees in optimizing the production process and developing the competitiveness of the Company;
* **mutual respect** - respectful attitude towards each other, mutual support, team spirit in work, goodwill in the process of jointly solving tasks;
* **cooperation** - open and honest exchange of information, readiness for joint development of optimal solutions;
* **continuity** - respect for the traditions of the Company, respect for the work and experience of older generations, professional training and mentoring.

## Non-acceptance of corruption

The Company does not accept corruption in any forms and manifestations in the course of operating, investment and other activities.

The principle of non-acceptance of corruption means a strict prohibition for employees and other persons acting on behalf of the Company or in its interests, directly or indirectly, personally or through any mediation, to engage in corrupt practices, regardless of business practices in a particular country.

The Company emphasizes the inadmissibility of corrupt actions, including manifestations of a conflict of interest, both in relation to representatives of the state, public organizations, private companies, politicians and other third parties, and in relation to employees of the Company and subsidiaries through abuse of official position in order to extract any personal benefits.

In case of any doubts about the legality of their actions, the employee should consult on this issue with the immediate supervisor and / or contact the Compliance Committee. Advising the Company's management and heads of structural divisions on issues of anti-corruption legislation is carried out by the person responsible for organizing work on combating corruption and corporate fraud, determined by the General Director of Zarubezhneft JSC and the Compliance Committee.

## Basic principles of effective interaction of Zarubezhneft JSC

The Company adheres to 12 basic principles of effective interaction in relation to ‘Company-Environment’, ‘Company-Employee’, ‘Employee-Employee’, ‘Manager-Employee’:

*‘Company-Environment’:*

1. principle of ‘Excellence in front of the state’;
2. principle of ‘Tolerance and mutual respect’;
3. principle of ‘Honesty and openness’.

*‘Company-Employee’:*

1. principle of ‘Initiative and active life position’;
2. principle of striving for continuous improvement and professional development;
3. principle ‘Fair assessment of activities and motivation of employees’.

*‘Employee-Employee’:*

1. principle of teamwork;
2. principle of constructive discussion of issues;
3. principle of business communication.

*‘Manager-Employee’:*

1. principle of unity of command;
2. principle of ‘collegiate discussion and unconditional execution of the decision’;
3. principle of ‘Open doors’.

## Principles of interaction between the Company and external stakeholders ‘Company - Environment’

### Interaction with the state

* + - 1. Carrying out its activities in Russia and other countries of the world, the Company constantly interacts with the authorities, building constructive relations with them, guided by the norms of the current legislation and high standards of corporate and business ethics. This expands the Company's opportunities and contributes to the creation of favorable conditions for business development.
      2. In its activities, the Company and each employee proceeds from the accepted principle of ‘Excellence in front of the state’, which means unconditional compliance with the legislation of the Russian Federation, the legislation of the countries of presence. Any official instructions and directives of the authorities are executed efficiently and on time.
      3. The Company actively participates in and assists the activities of the Ministry of Energy of the Russian Federation, promotes the implementation of priority programs of the Government of the Russian Federation.
      4. The Company does not participate in political activities with a direct or indirect goal of influencing the adoption of decisions by representatives of the state, public organizations, political figures or other persons that affect the preservation or expansion of the Company's activities, or if such participation can be objectively perceived as an attempt to exert such influence.
      5. The Company refrains from paying any expenses of representatives of the state or public organizations, as well as their close persons and / or relatives, or in their interests, including the receipt by them at the expense of the Company of material or other benefits, with the direct or indirect purpose of obtaining any commercial and /or competitive advantage.

### The principle of tolerance and mutual respect for the population of the regions and countries where the Company operates

* + - 1. Employees of the Company operating in other regions of the Russian Federation and abroad must respect the culture, traditions and customs, rights and interests of the population.
      2. The interaction of the Company with the population, authorities and public organizations of the regions and countries of operation of Zarubezhneft JSC is aimed at ensuring an understanding of social, cultural, ecological and economic features. The Company guarantees the observance of the rights and freedoms of employees, without distinction of any kind, regardless of race, skin color, sex, age, language, religion, political or other beliefs, national or social origin, property or other status.

### Interaction with public organizations

* + - 1. The Company is a socially responsible employer. Building open and transparent business relations with the public in the regions and countries of presence is regarded as one of the Company's priorities.
      2. The Company does not finance political parties, organizations and movements in order to obtain commercial advantages in specific projects of the Company.
      3. Employees of the Company have the right to conduct social, including political, as well as religious activities. At the same time, if such activities are carried out using the working time, name or resources of the Company, including in the case of participation in elected bodies of state power and administration, it is necessary to obtain the written consent of the General Director of the Company.

### Interaction with the mass media

* + - 1. The Company builds interaction with the mass media on the basis of the principles of honesty and openness, carrying it out only through a specially created structural unit responsible for implementing the information policy of Zarubezhneft JSC.
      2. Public speaking in the mass media, as well as at events with the participation of the mass media, can only be carried out by the Company's top management or their authorized representatives. Without such powers, the Company's employees do not have the right to make any statements or declarations on behalf of the Company, which may be perceived as its official position. The transfer of information and documents to the mass media by unauthorized persons is a violation of corporate ethics.

### Interaction with the shareholder

* + - 1. The sole shareholder of the Company is the state - the Russian Federation. The Company, in cooperation with the shareholder, pursues a unified and consistent policy based on generally accepted principles of corporate governance..
      2. The fundamental principle of the Company in interaction with its shareholder is the unconditional observance of all rights and interests of the shareholder.
      3. The Company seeks to ensure a long-term increase in the welfare of the shareholder by increasing capitalization, implementing balanced strategic plans and tasks, as well as reducing risks in its activities.
      4. The Company's information disclosure policy is aimed at achieving constant and timely provision of the shareholder with up-to-date and reliable information in all areas of activity.
      5. The Company maintains a constant dialogue with the shareholder based on regular contacts and information exchange.

### Interaction with counterparties

* + - 1. The Company builds interaction with counterparties on the principles of responsible partnership.
      2. The Company maintains long-term, stable, mutually beneficial relations with consumers on the basis of increased stability and reliability of supplies, transparency of pricing.
      3. The Company selects suppliers and contractors on a competitive basis, in accordance with the procedure established by the Company, on the basis of fair competition, without any hidden preferences and without creating advantages for individual suppliers or contractors on the part of the Company's employees.
      4. The Company interacts with counterparties that have an impeccable reputation, comply with the law, as well as generally accepted standards of corporate and business ethics..
      5. The Company does not allow violations of antimonopoly laws and unfair competition in the countries where it operates.
      6. The Company refrains from engaging counterparties, intermediaries, agents, partners and other persons acting on behalf of the Company or in its interests, from participating in joint ventures to perform any actions that violate the principles and requirements of the Anti-Corruption Policy of Zarubezhneft JSC, this Code and /or creating a reputational risk for the Company, its employees and other persons.

### Interaction with competitors

* + - 1. Interaction with competitors The Company builds on the principles of mutual respect and mutually beneficial cooperation, avoiding facts of unfair competition and abuse of dominant position, strictly observing the antimonopoly laws of the countries in which it operates, and avoiding harsh statements addressed to competitors.
      2. The Company's employees do not have the right to unreasonably criticize the products and services of competitors, and in cases of complications in relations with them, they must be guided by the instructions of their immediate supervisors.

## Principles of corporate interaction

### Interaction between the Company and its employees ‘Company–Employee’

* + - 1. Interaction between the Company and its employees is built on the basis of trust and mutual understanding, taking into account the principles of effective interaction.
      2. The Company ensures transparency and openness in personnel management, constantly improves management methods, providing employees with favorable working conditions, the opportunity to improve their skills and realize their potential.
      3. The Company respects the confidentiality of the personal data of its employees.
      4. The remuneration system for the results of work is aimed at attracting, increasing the motivation of production activities and retaining highly efficient employees whose qualification level and performance results ensure the implementation of the Company's strategic plans.
      5. The Company implements a social policy aimed at increasing the prestige of working in it and provides employees with comfortable and safe working conditions.
      6. The Company provides young professionals with conditions conducive to the speedy adaptation in the team, the realization of their potential and effective work.
      7. The Company creates a reserve of managerial personnel, selecting from among the employees the most professionally trained specialists with a high level of managerial skills, whose qualities meet all corporate requirements and are intended for promotion to higher-level managerial positions.
      8. The Company strives to achieve the maximum level of labor safety on the basis of strict compliance with the current legislation and technical standards, while simultaneously developing and putting into effect its own increased standards in the field of labor protection. In turn, the employee is personally responsible for compliance with safety conditions and technical standards.
      9. The Company guarantees employees protection from any form of discrimination, as defined by the current legislation of the Russian Federation and the norms of international law. When implementing personnel policy, wage policy, social security policy, any preferences based on national characteristics, gender, age, etc. are prohibited.
      10. The Company seeks to ensure that all employees are distinguished by high professionalism, striving for development, conscientiousness and commitment to the interests of the Company.
      11. The employee, in interaction with the Company, adheres to the principle of ‘initiative and active life position’: takes a constructive position towards changes, developing ways to resolve emerging issues.
      12. The employee takes responsibility for making decisions within their competence, and does not wait for instructions from above.
      13. The employee does not hide the problems that he encounters in his activities, including in the processes of related departments and functions; in case of disagreement with the opinions of other colleagues, he openly and motivatedly expresses his opinion.
      14. The employee proposes solutions to improve the work of the Company.
      15. The employee is aimed at achieving the most effective result of his activity.
      16. The employee improves his professional skills through corporate training and self-development.
      17. The employee is constantly striving to improve the efficiency of his work through the application of new practices and the use of best practices.

### Interaction between colleagues ‘Employee-Employee’

* + - 1. Interaction between colleagues is based on the principles of ‘teamwork’, ‘constructive discussion of issues’ and commitment to the principles of effective interaction and business ethics.
      2. Employees work as a team to achieve the set goal.
      3. Employees are personally responsible for the results of their activities and help members of their team, while the goals of the Company and the work team are always a priority in their work.
      4. Employees are obliged to warn their colleagues in case of a long absence from the workplace.
      5. Employees do not disregard the requests of colleagues.
      6. Employees are required to express their opinion on work matters.
      7. In the presence of different opinions, employees find the reason for the disagreement and choose the optimal solution in the ‘win-win’ paradigm.
      8. In the presence of a conflict, Employees try to resolve the conflict at a horizontal level, without broadcasting to the level of the manager. In exceptional cases, if it is impossible to resolve the conflict situation at their level, employees can contact the head of the structural unit.
      9. Employees observe and promote the principles of effective interaction accepted in the Company and adhere to the ethics of business conduct.

### Interaction between managers and subordinates ‘Manager-Employee’

* + - 1. Interaction is based on the principles of ‘one-man management’, ‘open doors’ and the principle of ‘collegiate discussion and unconditional implementation of the decision’.
      2. If employees have questions, suggestions related to their professional activities, as well as the activities of their colleagues, the Company as a whole, employees should first of all contact their immediate supervisor.
      3. In an exceptional case, the employee has the right to apply to the Deputy General Director in charge of the structural unit where the employee works, or the Deputy General Director in charge of personnel management issues, with a possible subsequent submission of the issue for consideration by the Corporate Ethics Commission.
      4. Managers are always open to communication with employees; If problems arise, employees can always contact their immediate manager. It is not allowed to address the manager for the purpose of non-constructive criticism of colleagues.
      5. The manager must provide feedback to his subordinates.
      6. When discussing and setting a task, the manager always listens to the opinion of subordinates and does not ignore the proposals and possible risks indicated by them. After the final decision is made, the chosen decision is not criticized, but is executed on time and with the required quality.
      7. The manager gives a reasoned explanation of the decision.
      8. The manager determines the area of responsibility of each subordinate, provides the required powers.
      9. The manager evaluates the activities of his subordinates, based on personal results and contribution to the development of the direction.
      10. The manager constantly strives to develop his subordinates through the exchange of experience, training and mentoring; evaluates and promotes, based on the personal results of the employee and the potential for his development.
      11. When making a decision on disciplinary measures against an employee, the manager is obliged to hold a meeting with the employee explaining the reasons for the decision.
      12. Managers should not allow in their management activities methods that are detrimental to the personal dignity of employees, making unreasonable, illegal or unfair decisions.
      13. The leader should not persecute the subordinate for constructive criticism addressed to him.
      14. Leaders must demonstrate exemplary personal behavior consistent with the principles of the Company; show subordinates an example of good command of the norms and rules of ethics and business etiquette.

### Ethics of business conduct

In order to create and maintain a comfortable working environment, employees must comply with the following rules and regulations of business conduct:

* treat each other with respect, do not swear, do not show restraint and aggression;
* during working hours not to engage in matters not related to the performance of official duties;
* avoid being at the workplace and distributing offensive materials of any nature, including drawings;
* celebrate the work done by colleagues, help them, share knowledge and experience;
* do not discuss the personal or professional qualities of colleagues in their absence without production necessity;
* do not criticize colleagues in the presence of other employees;
* respect the time of colleagues, meet deadlines and not be late;
* do not drink alcohol at the workplace, on the territory of the Company or at the place of work by the Company (except for special events and within the limits of business etiquette), do not smoke outside specially designated areas.
  + - 1. Telephone communication.

The ability of employees to speak on the phone with colleagues, clients, partners and other stakeholders contributes to creating a favorable impression of the Company as a whole. In the process of telephone communication, employees are recommended to be guided by the following norms and rules of business etiquette:

* answer the phone call promptly, in a conversation be tactful and polite;
* when calling business partners or colleagues, give their name, position, division;
* transferring a significant amount of information, use e-mail or fax;
* if your colleague who is currently out of the office is called, help find him or take a message for him.
  + - 1. Holding meetings and conferences.

When holding meetings, use the allotted time to the maximum extent possible. For this, employees are recommended to observe the following rules and regulations of etiquette:

* come to meetings on time;
* turn off your mobile phone before the start of the meeting;
* read the agenda in advance and take all the necessary materials with you, prepare questions or comments;
* if it is necessary to leave the meeting ahead of schedule or if you are late for the meeting, apologize in a low voice;
* always find out in advance how much time is allotted for a speech and not go beyond the established time limit;
* introducing the speaker, name his name, position, reason for his speech and topic.
  + - 1. The appearance of the employee.

Each employee participates in creating a positive image of the Company and strengthens its reputation with its impeccable business behavior, an element of which is the appropriate appearance of the employee.

The Company considers the rules for the appearance of employees as an essential element of corporate culture. The Company expects a neat appearance from employees at the workplace. This requirement applies to both clothing and appearance in general. It is recommended to adhere to the following standards of appearance and style in clothing:

* business dress code is mandatory on all business days without exception;
* clothing style should be conservative and restrained; comply with generally accepted business dress standards;
* the use of clothes, accessories and jewelry that do not correspond to the business atmosphere should be avoided, it is advisable to avoid bright and defiant colors; wearing sportswear and shoes is not allowed; as well as clothes with large inscriptions and logos;
* women are advised to wear classic blouses and skirts / trousers, women's suits, business dresses;
* you should not wear short skirts and dresses, flashy jewelry and clothes that open your back, apply bright makeup and wear extravagant hairstyles;
* men are advised to wear a suit, shirt and tie;
* for those categories of personnel whose work standards require the wearing of a uniform, it is mandatory to wear it on all working days without exception.

## Prevention of violation of accepted rules and principles

In all regions and countries of presence, the Company conducts its activities in accordance with the internal regulations of the Group of Companies and with the requirements of the current legislation, including anti-corruption. The Company is working to prevent all types of corporate fraud, distortion of accounting and management reports, corruption, theft, deliberate damage and other abuses in relation to the assets of the Company and subsidiaries.

In cases of violation of the principles of the Code by colleagues, the employee who noticed the violation is obliged to make a personal remark; if necessary, informs his/her management or the Commission on Corporate Ethics.

### Prevention of corruption

* + - 1. In its activities, the Company is guided by Russian and foreign anti-corruption legislation, the principles of this Code, the provisions of the Anti-Corruption Policy of Zarubezhneft JSC, and also confirms its commitment to international standards in the field of combating corruption.
      2. The Company is working to prevent all types of corporate fraud, distortion of accounting and financial statements, corruption, theft, deliberate damage and other abuses in relation to the assets of the Group of Companies.
      3. The anti-corruption requirements of the legislation of the Russian Federation and internal regulatory documents must be unconditionally and strictly observed by all employees of the Company, regardless of their position, length of service, status and other conditions.
      4. The person responsible for the organization of work to combat corruption and corporate fraud is determined by the order of the General Director of the Company.

### Gifts and other benefits

* + - 1. The Company recognizes the exchange of business gifts and hospitality expenses, including business hospitality, as a necessary part of doing business and as a common business practice. The Company strongly encourages an atmosphere of honesty and transparency regarding business gifts and hospitality expenses. At the same time, the Company considers this area vulnerable in terms of the risk of involvement in corrupt activities, therefore, all such actions carried out on behalf of the Company and / or in its interests must meet the following criteria:
* fully comply with the applicable laws, the Code and other local regulatory documents of the Company;
* do not have a direct or indirect goal of influencing the adoption by representatives of the state, public organizations, private companies, politicians or other persons of decisions that affect the preservation or expansion of the Company's activities;
* do not imply the emergence of any obligations to the donor or organizer of business hospitality events;
* do not create a reputational or other risk for the Company, employees and other persons in case of disclosure of information about gifts or entertainment expenses;
* not in the cash or non-cash funds, securities, precious metals and don’t represent other types or equivalents of cash and / or luxury goods.

### Conflict of interests

* + - 1. A conflict of interest is a situation in which the personal interest of an employee affects or may affect the objective and impartial performance of his official duties, as a result of which the actions or inaction of the specified employee may harm the legitimate interests of the Company.
      2. The presence of a potential (real) conflict of interest poses a threat to the reputation of the Company in the eyes of its employees and other persons - a shareholder, business partners, competitors, government officials, etc.
      3. In a situation of a conflict of interests between an employee and the Company, if it is impossible to eliminate it, the interests of the Company shall have priority.
      4. Employees of the Company must avoid situations in which they may have a potential (real) conflict of interest, in particular:
* the presence of personal and family circumstances that are contrary to the actions of the employee, which he must take as corresponding to the greatest extent to the interests of the Company;
* the presence of financial or other connections that may interfere with the effective performance of the assigned work;
* the availability with an employee, members of his family or close relatives for shares, securities of a business partner or competitor of the Company, attraction of loans or guarantees from them;
* the existence of a financial or other interest in the activities of a competing company, a supplier firm or their affiliates, in the results of the activities of certain organizations in violation of the requirements established by the Company on these issues;
* direct or indirect participation of an employee, members of his family or close relatives in the financial assets or equity capital of a competing company, supplier firm or their affiliates, entry into their management bodies, acting as their agent or representative;
* receiving gifts, rewards or other benefits for oneself or other persons in exchange for the supply by the Company of products, works or services, or in exchange for the provision of confidential information.
  + - 1. The situations listed are not exhaustive: employees should assess the possible presence of a conflict of interest in other situations as well.
      2. In the event of a potential (actual) conflict of interest, employees are required to inform their immediate supervisor in writing and provide the person responsible for the work on the settlement of the conflict of interest with a completed conflict of interest declaration. In turn, the person responsible for the work on the settlement of the conflict of interest independently or with the involvement of the Company's structural units checks the accuracy of the declared information. If the facts reported in the declaration are confirmed, the materials of the audit and recommendations for further actions are transferred to those responsible for the work on the settlement of conflicts of interest for consideration by the General Director / Head of the subsidiary.

If it is impossible to make an independent decision on the presence of a conflict of interest, determine the extent of emerging risks or choose the best way to resolve a conflict of interest, as well as in case of disagreement of the employee with the results of the consideration of the declaration, those responsible for the work on settling the conflict of interest send the declaration and verification materials to the Compliance Committee.

* + - 1. If the statement is true, each applicant is guaranteed the confidentiality of information about the fact of his statement and the absence of any persecution.
      2. If the appeal was made with the aim of spreading false information, or the fact of committing an offense by the applicant himself is established, then he may be held liable.
      3. Violation by an employee of the Company of the procedure established by the Code for preventing or resolving a conflict of interest is unconditionally considered a disciplinary offense, which may serve as a basis for bringing such an employee to disciplinary liability in accordance with the Labor Code of the Russian Federation.

### Joint work of relatives

* + - 1. Work of relatives is not allowed:
* for certain categories of managers with direct subordination, accountability and operational management;
* for other categories of managers with direct subordination.
  + - 1. The presence of family ties between the top-managers of the Company creates reputational costs, raises doubts about the objectivity of the procedures for assessing and promoting personnel in the Company. Company, taking into account the opinions of interested parties, limits the conditions for joint work of relatives.
      2. At the same time, labor dynasties are welcomed in the Company, but their members are not granted any additional rights or benefits. A labor dynasty is understood as professional succession in the families of blue-collar employees (where none of the Company's employees is a manager, engineer or office worker), characterized by the transfer of skills and professional skills from the older generation to the younger.
      3. Protectionism based on nepotism is forbidden. The Company does not allow situations where a relative-boss is the immediate supervisor of a relative-subordinate.
      4. Joint work of relatives in the Company is allowed by decision of the body authorized to consider issues of ethics of conduct - the Commission on Corporate Ethics.
      5. Violation of these requirements is considered as a violation committed by each of the above employees-relatives.

### Use of assets and resources of the Company

* + - 1. The assets and resources of the Company in the context of this Code include: movable and immovable property, including money and securities; objects of intellectual property; working hours of employees (labor resources).
      2. The assets and resources of the Company are its property, the material basis for achieving the set strategic goals and increasing the company's capitalization.
      3. Each employee uses the resources of the Company at his disposal as efficiently as possible and exclusively for work purposes, treats them with care.
      4. The use of the Company's assets by employees for personal purposes is not allowed.

### Handling of information

* + - 1. Information that is a commercial secret, as well as information for official use, personal data of employees and other data on the Company's activities largely determine its competitiveness in the market. Disclosure of confidential information may damage the interests and reputation of the Company.
      2. When handling information, the Company's employees should observe the following rules:
* use of confidential information is possible only within the framework of the performance of official duties. Transferring it to any other persons, including colleagues whose work is not related to its use, is allowed only in the manner prescribed by the Company;
* observance of the obligation of non-disclosure of confidential information must be carried out after the termination of the employee's work in the Company for 5 years (if there are no other agreements between him and the Company on this account);
* disclosure of information belonging to the Company to investors and state bodies should be carried out only in the manner prescribed by the current legislation, the Charter and internal documents of the Company. The specified information must meet all the requirements established by the legislation and internal documents of the Company, and do not contain information that does not correspond to reality;
* it is necessary to respect the information that is the property of business partners, including their intellectual property, copyright and related rights;
* it is unacceptable to use information obtained by an employee in the course of his official duties in the Company in order to recommend to anyone to make transactions with the securities of the Company and its subsidiaries and affiliates;
* refrain from making transactions with securities of the Company and its subsidiaries and affiliates using confidential information belonging to the Company.

### Maintaining financial and accounting records

* + - 1. The Company is interested in protecting and strengthening its reputation as a conscientious market participant. The Company strictly complies with the requirements of the current legislation and the rules for maintaining accounting and reporting documentation.
      2. The Company adheres to certain rules that are intended for employees responsible for maintaining and providing financial reporting and management accounting data:
* preparation, storage and use of accounting documentation is carried out in accordance with the current legislation of the Russian Federation;
* financial transactions are reflected accurately and in full in the financial and accounting statements in accordance with the principle of transparency of the Company's activities;
* the reliability of maintaining and recording financial information is supported by strict observance of internal control procedures.

### The procedure for informing by employees about violations that have signs of corruption

* + - 1. The Company encourages its employees and interested third parties to report their suspicions about possible violations and cases of non-compliance with the provisions of the Anti-Corruption Policy of Zarubezhneft JSC, this Code as early as possible, as well as to propose recommendations and measures to improve the system of countering involvement in corruption activities.
      2. An employee of the Company, when contacting him in order to induce him to commit corruption offenses, is obliged immediately, no later than the business day following the day of the request, and if the specified request was received during off-hours and / or when he was outside the place of work, no later than one working day from the date of arrival at the place of work, notify the employer by submitting a written notice in the manner prescribed by the Regulation on the procedure for notifying the employer by employees of Zarubezhneft JSC about the facts of any persons applying to induce them to commit corruption offenses.
      3. An employee of the Company who has become aware of the fact of applying to other employees in connection with the performance of official duties of any persons in order to induce employees to commit corruption offenses, notifies the Company of this in the manner established by the Regulation on the procedure for notifying the employer by employees of Zarubezhneft JSC about the facts of any persons applying to induce them to commit corruption offenses.
      4. Employees of subsidiaries and other persons may submit reports of corruption offenses in the following ways:
* to the security hotline of Zarubezhneft JSC, information about which is posted on the official website of the Company, with the possibility of maintaining anonymity;
* directly to the CSD.
  + - 1. In order to provide the widest opportunities for delivering information for the functioning of the security hotline, the following channels and methods of communication have been created and maintained:
* hotline email box security\_hotline@nestro.ru;
* city telephone number for receiving messages +7 (495) 748-20-84.
  + - 1. When contacting the security hotline, you must specify the last name, initials, position to be filled, contact numbers. Also, the appeal must contain all known information about the person inciting to a corruption offense, the nature of the alleged corruption offense to which the employee of the Company is inclined to commit, the method of inducing him (bribery, blackmail, threat, etc.), time, date, place and circumstances of inclination to a corruption offense.
      2. Registration, processing and consideration of incoming calls to the hotline is carried out in accordance with the Regulation on the Security Hotline of Zarubezhneft JSC.
      3. The Company guarantees confidentiality to all employees and other persons who in good faith report violations that have signs of corruption.

### Procedure for Obtaining Additional Clarifications on Compliance with Anti-Corruption Legislation

* + - 1. The Company contributes to raising the level of anti-corruption culture by informing and systematically training employees in order to maintain their awareness of the Company's anti-corruption policy and to master the methods and techniques for applying anti-corruption measures in practice.
      2. In order to obtain additional clarifications on the issues of the anti-corruption legislation of the Russian Federation and the provisions of the Anti-Corruption Policy of Zarubezhneft JSC, the Company's employees may contact their immediate supervisors, who, in turn, may send an appeal to the person responsible for organizing work to combat corruption and corporate fraud or Compliance committee in any form.
      3. Also, an appeal for the need to obtain clarifications on issues of anti-corruption legislation can be transferred to the security hotline of Zarubezhneft JSC.
      4. Consideration of appeals and provision of clarifications is carried out in accordance with the legislation of the Russian Federation and internal regulatory documents of the Company.

## Compliance with the Code of Corporate Ethics

### Commission on Corporate Ethics

* + - 1. Responsibility for organizing work to comply with the requirements and provisions of the Code rests with the Commission on Corporate Ethics (hereinafter referred to as the Commission).
      2. The personal composition of the Commission is formed in accordance with the Regulation on the Commission on Corporate Ethics and is approved by the order of the General Director of the Company.
      3. The Commission, on the basis of applications received by it, makes decisions aimed at:
* explanation to the employee of the provisions of this Code and the procedure for its application;
* taking measures to prevent or eliminate conflicts of interest.
  + - 1. If it is impossible to eliminate the conflict of interest, the Commission takes measures aimed at limiting the conflict of interest and (or) its consequences, incl. to ensure the observance of the interests of the Company in a situation of such a conflict.
      2. Appeal to the Commission is carried out by e-mail: kodeks@nestro.ru and / or on the personal application of the employee. Decisions of the Commission are taken at meetings held in person or in absentia. Decisions of the Commission are taken by a simple majority of votes of the members of the Commission who took part in the meeting. The quorum for holding a meeting of the Commission must be at least 50% of the members of the Commission. The Chairman of the Commission has a casting vote in case of an equal number of votes of the members of the Commission. Decisions are drawn up in writing and are given in the text of the minutes of the meetings of the Commission.
      3. If any of the members of the Commission has significant disagreements that cannot be eliminated when making a decision, the issue may be referred to the decision of the General Director of the Company.
      4. For clarification of the provisions of the Code, as well as questions of its application (including information about violations of the provisions of the Code), employees should contact:
* to the immediate manager;
* to the Commission.
  + - 1. In cases of a conflict of interest, employees should contact their immediate manager, unless otherwise expressly provided by this Code.

If the immediate manager has not taken measures aimed at preventing or eliminating a conflict of interest, or if the measures taken have not resulted in the elimination of a conflict of interest, the employee of the Company informs the Commission about this.

* + - 1. The Company guarantees that the provision by an employee of information about the facts of violation of the Code will not become the subject of publicity and will not cause negative consequences in relation to the official position of the employee who provided such information.
      2. The prosecution of an employee who claims a violation of the provisions of the Code or a conflict of interest that has arisen will be considered a violation of the provisions of the Code.

### Responsibility for violation of the Code of Corporate Ethics

* + - 1. The corporate culture and strict observance of the principles of the Code of Corporate Ethics are one of the main priorities and the area of responsibility of each employee, regardless of position and job title.
      2. Employees of the Company are obliged to assist in the investigation of cases of violation of the Code of Corporate Ethics; provide the necessary explanations and materials necessary for verification.
      3. The General Director of the Company, on his own initiative, as well as at the suggestion of the Commission or at the initiative of the immediate supervisor of the Employee who violated the Code, may decide to apply appropriate measures of influence to him/her, and also, in accordance with the internal documents of the Company, decide on non-payment of full or partial bonus payments, and if there are signs of a disciplinary offense in the actions (inactions) of the employee, also disciplinary measures in accordance with the Labor Code of the Russian Federation.
      4. Each employee of the Company who has been criticized for violating the principles of the Code of Corporate Ethics has the right to demand an objective official investigation of the violations committed by him. If necessary, this investigation may be conducted confidentially. To do this, he must apply to the Commission.
      5. Compliance with the Code by the Company's employees is one of the most important elements of an objective assessment of its personal and professional qualities. Information on compliance with this Code is taken into account when assessing and promoting personnel.
      6. Non-observance and violation of the principles of the Code will be considered as an action incompatible with the status of an employee of the Company.
      7. Employees of the Company guilty of violating the requirements of the Anti-Corruption Policy of Zarubezhneft JSC and the anti-corruption principles of this Code may be held liable in the manner and on the grounds provided for by the current legislation and internal regulatory documents.

Appendix № 1

to the Code of Corporate Ethics of Zarubezhneft JSC

**LIST OF TERMS, DEFINITIONS AND ABBREVIATIONS**

**List of terms and definitions:**

| **Name of the term** | **Definition of the term** |
| --- | --- |
| **Close persons** | Persons (with the exception of close relatives) whose life, health and well-being are dear to a representative of the state, a public organization or an employee of the Company and / or subsidiaries due to established personal relationships |
| **Close relatives** | Spouse, parents, children, adoptive parents, adopted children, siblings, grandfather, grandmother, grandchildren |
| **Security hotline** | A set of organizational measures and technical means that enable employees of Zarubezhneft JSC and subsidiaries, as well as other citizens to apply to Zarubezhneft JSC with oral or written appeals on facts that have signs of corruption, fraud and theft. It is an important element of the system for combating corruption, fraud and theft at the facilities of the Company and subsidiaries |
| **Group of companies** | Zarubezhneft JSC and its subsidiaries |
| **Subsidiaries of Zarubezhneft JSC (subsidiary, SUB)** | A company in respect of which Zarubezhneft JSC directly (due to the predominant participation in its authorized capital) or indirectly (through a third party) has a significant influence on the decisions made by the management bodies of the said company |
| **Compliance Committee** | Collegial body of Zarubezhneft JSC for consideration of issues of the internal control system and corruption risk management |
| **Counterparty** | Any Russian or foreign legal entity or individual with whom the Company or its subsidiary enters into contractual relations, with the exception of labor relations |
| **Conflict of interests** | A situation in which the personal interest (direct or indirect) of an employee affects or may affect the proper performance of his/her duties and in which a conflict arises or may arise between the personal interest of the employee and the rights, legitimate interests of the Company and / or a subsidiary, which can lead to causing damage to the rights and legitimate interests, property and / or business reputation of the Company and / or a subsidiary of which he/she is an employee |
| **Corrupt actions** | Offering, giving, promising, soliciting or receiving bribes, mediating in bribery, making payments to simplify administrative, bureaucratic and other formalities in any form, including in the form of money, other valuables, services, or providing / receiving unreasonable material or intangible benefits from any persons/organizations or to any persons/organizations, including representatives of the state, public groups, private companies and politicians |
| **Personal interest** | The employee's interest related to the possibility for the employee to receive income in the form of money, valuables, other property or services of a property nature, other property rights for himself or for third parties in the performance of official duties |
| **Direct reporting** | Subordination of one employee to another in accordance with the job description, regulation on the structural unit |
| **Company** | Zarubezhneft JSC |
| **Responsible for the work on the settlement of conflicts of interest** | An authorized person appointed by the General Director of the Company/head of a subsidiary, responsible for organizing and conducting work to identify and settlement of conflicts of interest in the Company/subsidiary |
| **Separate category of managers** | A separate category of managers, namely the head (sole executive body), deputy head, chief accountant. The list of positions is established by the Decree of the Government of the Russian Federation of 05.07.2013 No. 568, the Decree of the Government of the Russian Federation of 22.07.2013 No. 613 |
| **Operational management** | Activities aimed at ensuring the achievement of the specified (planned) performance results of the subsidiary as a whole, incl. industrial, economic, financial. |
| **Gift** | Any value in tangible or intangible form, including money, securities and other property, benefits and services of a property nature (work, services, payment for entertainment, recreation, transportation costs, loans, discounts, provision of property for use, including housing , charitable contributions, etc.), transferred by the donor to the recipient free of charge |
| **Accountability** | Powers to exercise control by virtue of their official duties, in which the official can influence the activities of the employee, including in the absence of direct subordination |
| **Employee** | An individual who has entered into an employment relationship with the Company or its subsidiary |
| **Head of structural unit** | Head of a structural unit directly reporting to the General Director, Deputy General Directors |
| **Structural unit** | Department, division and other unit included in the organizational structure of the Company |

**List of abbreviations:**

| **Abbreviation of the term** | **Full name of the term** |
| --- | --- |
| **GD** | General director |
| **GC** | Zarubezhneft group of companies |
| **SUB** | Subsidiaries |
| **Company** | Zarubezhneft JSC |
| **Mass media** | Mass media |
| **CSD** | Corporate Security Department |
| **HRM Department** | HR Management Department |

Appendix № 2

to the Code of Corporate Ethics of Zarubezhneft JSC

**Key questions to the Code of Corporate Ethics**

**of Zarubezhneft JSC**

1. What is the Code of Corporate Ethics for?
2. What are the main principles of effective interaction defined by the Code?
3. What basic principles should an employee adhere to in relation to the Company?
4. Actions of an employee who became aware of a violation that has signs of corruption.