ZARUBEZHNEFT

JOINT STOCK COMPANY

APPROVED

General Director

\_\_\_\_\_\_\_\_\_\_ S.I. Kudryashov

«\_\_\_» \_\_\_\_\_\_\_\_\_\_ 2022

**CODE**

**OF SUPPLIER OF ZARUBEZHNEFT GROUP OF COMPANIES**

№ KD RA-09.0-01

REVISION 2.00

(replacing the Code of Supplier of Zarubezhneft Group of Companies № KD RA-09.0-01, revision 1.00 dated 21.09.2022)

Moscow

2022

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# GENERAL PROVISIONS

|  |  |
| --- | --- |
| **Document name** | **Code of Supplier of Zarubezhneft Group of Companies**  |
| **Regulated business-process / sub-process**  | R-09. Sustainable development and decarbonization |
| **Degree of business-process coverage by the document:*** **in full;**
* **partially (indicate the coverage degree)**
 | Partially, in part of principles of interaction with suppliers  |
| **Effective period** | Permanent |
| **External statutory requirements, requirements of policies, strategic documents**  | * Federal Law dated January 10, 2002 No. 7-FZ "On Environmental Protection";
* Labor Code of the Russian Federation dated December 30, 2001 No. 197-FZ;
* Declaration of the International Labor Organization dated 18.06.1998 "On fundamental principles and rights in the world of work";
* Convention of the International Labor Organization dated 22.06.1981 No. 155 "On Safety and Health at Work and the Working Environment";
* Convention of the International Labor Organization dated 28.06.1930 No. 29 "Regarding forced or compulsory labor";
* Organization for Economic Co-operation and Development Guidelines on Due Diligence for Responsible Business Conduct;
* United Nations Global Compact
 |
| **Scope of effect / subsidiaries coverage degree**  | Zarubezhneft JSC  | In full |
| Upstream: Production  | In full |
| Downstream | In full |
| Services  | In full |
| Other  | In full |
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# GENERAL INFORMATION

The Code of Supplier of Zarubezhneft Group of Companies (hereinafter - Zarubezhneft GC, Group) was developed in accordance with the Zarubezhneft GC strategy: "Sustainable Development and Decarbonization". Zarubezhneft GC strives to ensure that all Suppliers of the Group adhere to the standards of safe working conditions, comply with business ethics, treat the work of their employees fairly.

When developing the Code of Supplier of Zarubezhneft, GC was guided by generally recognized documents - the principles of the UN Global Compact, the UN Universal Declaration of Human Rights and International Labor Protection Conventions.

Zarubezhneft GC is committed to partnering with Suppliers that contribute to sustainable development and demonstrate economic, environmental and social responsibility.

Zarubezhneft GC ensures compliance with the principles of equality, fairness, non-discrimination and unreasonable restrictions of competition in relation to procurement participants and expects compliance with these principles from all its Suppliers.

The Supplier Code is posted for public access on the Internet on the official website of Zarubezhneft GC [https://www.nestro.ru](https://www.nestro.ru/).

**Targets and goals**

This Code of Supplier of Zarubezhneft GC (hereinafter referred to as the Code) defines a set of basic principles of sustainable development that are an integral part of the value system of Zarubezhneft Group of Companies (hereinafter referred to as Zarubezhneft GC). The Code sets out Zarubezhneft GC's requirements for suppliers in the areas of business integrity and anti-corruption, labor practices, and health, safety and environmental management.

**Scope of effect**

The provisions of this Code apply to all Suppliers, their subsidiaries and subcontractors who intend to do business with Zarubezhneft GC, as well as to all employees of Zarubezhneft GC, especially those who are in direct interaction with Suppliers on behalf of Zarubezhneft GC.

# MUTUAL LIABILITY AND STRATEGIC PARTNERSHIP

As part of its interaction with Suppliers, Zarubezhneft GC strives to comply with high regulatory, ethical and moral standards. Zarubezhneft GC has developed and applies: the Code of Corporate Ethics, the Corporate Fraud Policy, the Anti-Corruption Policy, the Regulations on the Settlement of Conflicts of Interests, the Regulations on the Compliance Committee.

In its activities, Zarubezhneft GC is constantly working to increase its contribution to the achievement of sustainable development goals by improving internal processes and production technologies in order to increase the level of business process maturity, including in the area of environmental protection, social development and management quality.

Zarubezhneft GC, as part of its commitment to high ethical standards, the principles of open and honest business conduct, as well as the fundamental aspects of sustainable development, seeks to attract Suppliers with a positive business reputation, demonstrating high standards of business conduct, providing safe and favorable working conditions, protecting human rights and dignity, and protecting environment and legal compliance.

Zarubezhneft GC expects Suppliers to apply the provisions of this Code to all their employees and contractors throughout the supply chain of goods, works and services.

In developing relationships with Suppliers, Zarubezhneft GC strives for mutual trust and responsibility and considers it an important task to build strategic partnerships. Zarubezhneft GC sets goals and selects Suppliers who are ready to develop and achieve the best results with maximum efficiency together with Zarubezhneft GC. The emergence of a need for a strategic partnership is determined based on the strategic goals facing Zarubezhneft GC.

# COMPLIANCE WITH ETHIC PRINCIPLES IN BUSINESS

Zarubezhneft GC assigns high importance to the culture of doing business, compliance with legal requirements, compliance with ethical and professional standards.

Zarubezhneft GC also expects Suppliers to implement the principles of zero tolerance for corruption and counteract it in any of its possible manifestations, including abuse of office, offering, giving, promising, extorting bribes, including in non-material form, as well as receiving any privileges in for personal gain.

The suppliers undertake:

* comply with applicable law when fulfilling its obligations under contracts concluded with Zarubezhneft GC;
* strive for transparency and accountability in business relationships, including keeping accurate and reliable records of our activities;
* inform about the facts in which the personal interest of the Supplier may affect the proper and objective performance of obligations;
* do not use business gifts as a means of influencing the terms of the transaction.

Regulatory documents of Zarubezhneft GC in the area of combating corruption are posted on the corporate website.

Zarubezhneft GC expects Suppliers to properly handle Zarubezhneft GC information and information resources.

The supplier is obliged to:

* ensure compliance with the regime for protecting the confidentiality of trade secrets, insider information, personal data, other confidential information (designated as such), as well as other information provided in the course of cooperation with Zarubezhneft GC, or obtained through non-official channels, the unauthorized disclosure of which may affect the reputation or financial position of Zarubezhneft GC and its partners;
* comply with the rules for processing personal data;
* exclude infringements of intellectual property rights;
* exclude public statements on behalf of Zarubezhneft GC or with reference to Zarubezhneft GC without the written permission of authorized persons of Zarubezhneft GC.

# OCCUPATIONAL HEALTH, INDUSTRIAL SAFETY

Zarubezhneft GC requires Suppliers to comply with health and safety standards, create a healthy working environment and safe working conditions for all of its employees. Suppliers must integrate health and safety management norms and practices into their business.

Suppliers must ensure the safety of production processes and working conditions of their employees, including:

* implement an appropriate policy to ensure industrial safety and labor protection, fixing the priority of the life, health and well-being of employees;
* ensure safe working conditions and protect the health of employees in accordance with legislative and other regulatory requirements, take measures to minimize risks and prevent the threat of injuries and occupational diseases;
* strive to avoid fatal accidents;
* integrate health and safety management systems to minimize the risk of accidents and failures;
* constantly improve its safety standards, as well as train employees on safety and labor protection standards.

Suppliers providing services at the facility or within the premises of Zarubezhneft GC undertake to comply with the labor protection and industrial safety standards established by Zarubezhneft GC and bear full responsibility, including financial responsibility for their violation.

# ENVIRONMENTAL RESPONSIBILITY

Suppliers should take into account the potential environmental impact of decision-making processes in relation to everyday business activities and provide opportunities for environmental protection and biodiversity conservation in the regions of operation, rational consumption of all types of resources and energy efficiency, use of secondary raw materials, reduce waste generation and pollution control aimed at maintaining clean air and water and reducing the amount of waste sent to landfill. Suppliers shall strive to comply with best environmental practices in the conduct of their business, including:

* define, set goals and implement action plans to reduce environmental impact, as well as to reduce the risks of failures and adverse events;
* ensure continuous monitoring, analysis and assessment of significant environmental and climate aspects of its activities, as well as regular reporting in accordance with the environmental legislation of the region of presence;
* when planning and implementing its activities, take into account and assess risks in the field of environmental protection (including climate), as well as regularly inform stakeholders about their actions to prevent these risks.

Suppliers providing services at the facility or on the territory of Zarubezhneft GC undertake to comply with the standards of environmental protection and rational use of natural resources established by Zarubezhneft GC and bear full responsibility, including financial responsibility for their violation.

# SOCIAL RESPONSIBILITY

Zarubezhneft GC requires its Suppliers to:

* follow the principles set forth in the UN Universal Declaration of Human Rights and carry out its activities in accordance with the regulations of the countries of presence;
* respect human dignity and the rights of the population of the regions of presence/operation;
* provide workers with safe and hygienic workplaces;
* to exclude during employment any direct or indirect restriction of rights or the establishment of direct or indirect advantages when concluding an employment contract depending on gender, race, skin color, nationality, language, origin, property, family, social and official status, age, place of residence (including the presence or absence of registration at the place of residence or stay), attitude to religion, beliefs, membership or non-membership of public associations or any social groups, as well as other circumstances not related to the professional qualities of employees;
* contribute to the economic, social and educational well-being of the population of the regions of presence/operation;
* respect the cultural heritage and traditions of indigenous peoples, including resolving any issues using a dialogue built on trust and mutual respect.

# LABOR RIGHTS AND HUMAN RIGHTS

Suppliers must operate in a manner that respects the human rights set out in the UN Universal Declaration of Human Rights, the core agreements of the International Labor Organization (ILO), as well as in the regulations of the countries of presence, including:

* not use child labor;
* not to use forced and bonded labor;
* not accept payment from employees for employment;
* respect and observe the right of workers to freedom of assembly, the formation of trade unions, associations and the conclusion of collective agreements;
* ensure safe, secure and healthy working conditions in the workplace and avoid discrimination and harassment;
* ensure the confidentiality of personal data and carry out their processing in accordance with applicable law;
* create special working conditions for young people and people with disabilities;
* ensure compliance with the legislation in terms of the procedure for determining the payment of wages;
* comply with all applicable laws on hours of work, taking care of the balance between working hours and rest time for employees;
* pay wages and benefits in excess of the minimum wage established in the regions of presence;
* comply with the norms of migration legislation in relation to foreign citizens hired;
* ensure the maintenance of the quality of life of former retired employees.

# SUPPLIER'S CODE APPLICATION AND COMPLIANCE

By accepting this Code the Supplier undertakes to:

* familiarize their employees and Suppliers with the provisions of the Supplier Code;
* explain the principles of this Code to its employees and Suppliers;
* extend the effect of this Code to the entire supply chain of goods, works, services;
* timely monitor compliance with the principles of this Code throughout its entire supply chain of goods, works and services;
* conduct (if necessary) verification of their Suppliers participating in the supply chain of goods, works and services, or require them to provide information regarding compliance with this Supplier Code.

In the event of violations by any of the participants in the supply chain of goods, works and services, the Supplier reserves the right to suspend (until eliminated) or terminate cooperation, as well as report all the facts of alleged or actual non-compliance with certain provisions of this Supplier Code by its Suppliers.

Successful integration of the Supplier Code should lead to reduced risks for Zarubezhneft GC and Suppliers, as well as increased awareness of sustainability and related indicators throughout the production cycle. At the request of Zarubezhneft GC, the Supplier undertakes to provide any information on issues related to compliance with this Supplier Code.

To ensure compliance with this Supplier Code, Zarubezhneft GC may conduct surveys and audit Suppliers. In relation to Suppliers who have violations found and who do not eliminate such violations, liability measures may be applied in accordance with the concluded agreement.

The Code of Supplier of Zarubezhneft GC does not contradict the terms and conditions of existing agreements and does not change their terms. In the event of a conflict of conditions, Suppliers shall primarily be governed by the law and the principles set forth in this Code, regardless of the terms of the agreement.

Any violations of the provisions set forth in this Supplier Code can be reported to the Hotline by phone 8‑800‑101‑0800 (free of charge for all regions of Russia), +7 (495) 748‑20‑84 (free of charge for Moscow and Moscow region), email security\_hotline@nestro. ru or messages to electronic applications (messengers) linked to the phone number +7 (985) 874‑15‑87. All messages are received and treated confidentially.

Appendix № 1

to the Code of Supplier of Zarubezhneft Group of Companies

**LIST OF TERMS, DEFINITIONS AND ABBREVIATIONS**

**List of terms and definitions:**

| **Term name** | **Term definition**  |
| --- | --- |
| **Anti-corruption policy** | The basic local regulatory document in the field of combating involvement in corrupt activities and compliance with the requirements of the applicable anti-corruption legislation of the Russian Federation, as well as the applicable anti-corruption legislation of any other country where the Company and/or subsidiaries operate or plan to operate |
| **Zarubezhneft Group of Companies, Zarubezhneft GC, Group** | Zarubezhneft JSC and its subsidiaries |
| **Decarbonization** | Actions by industrial enterprises to reduce the amount of carbon dioxide emissions that occur during the production and combustion of fossil fuels |
| **Corporate ethics code**  | The internal regulatory document that forms the corporate culture, consolidates the corporate values of the Group of Companies, defining the most important rules of business conduct based on them, the principles of effective interaction between the Group of Companies and its employees, ethical standards of intra-corporate relationships, social responsibility, as well as anti-corruption requirements |
| **Corporate fraud policy** | Internal regulatory document defining the main goals, objectives, principles and activities of the Zarubezhneft Group of Companies in combating corporate fraud |
| **Compliance committee regulation**  | An internal regulatory document developed in accordance with the current legislation of the Russian Federation in order to establish a unified procedure for organizing, holding and summarizing the meeting of the collegial body of Zarubezhneft JSC to consider issues of the Internal Control System and Corruption Risk Management |
| **Interests conflict settlement regulation**  | Internal regulatory document regulating the procedures for identification and settlement of conflict of interests  |
| **Supplier** | A legal or natural person, including an individual entrepreneur (or an association of such persons), capable of legally supplying products, works and services, including in accordance with the requirements established in the procurement documentation |
| **Company** | Zarubezhneft JSC  |
| **UN** | United Nations  |
| **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 |

Appendix № 2

to the Code of Supplier of Zarubezhneft Group of Companies

**Key questions to the Code of Supplier of Zarubezhneft Group of Companies**

1. What is Code of Supplier of Zarubezhneft GC needed for?
2. Which Suppliers are subject to the principles set out in this Code?
3. Does Zarubezhneft GC expect that Suppliers will extend the provisions of this Code to all their employees and contractors throughout the supply chain of goods, works and services?
4. What do Suppliers undertake to fulfill by accepting the provisions of this Code?
5. Where can I apply to report the identified violations of the provisions set forth in this Supplier Code?