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# CPC

## Social Partnership - International Experience

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# Introduction

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Good afternoon, dear colleagues,

I am pleased to see like-minded people at this impressive international forum and welcome the opportunity to present CPC initiatives highlighting its social responsibility.



KAZAKHSTAN  
PIPELINE  
VENTURES

ORYX CASPIAN PIPELINE LLC

BG OVERSEAS HOLDINGS LIMITED





# About CPC

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There are 11 shareholders in CPC representing leading oil companies from Russia, Kazakhstan, USA, United Kingdom, Italy and other countries. Among them are the oil giants like Chevron, ExxonMobil and Shell.

The map gives a good idea of the geography of the Project: It covers Atyrau Oblast of Kazakhstan and 4 regions of Russia: Astrakhan Oblast, Republic of Kalmykia, Stavropol Krai and Krasnodar Krai.

Operations and charity programs of the Consortium comply with clearly defined principles.

CPC enjoys the advantage of its shareholders' vast international experience in implementation of major social programs which ensures consistent and partnership-based social policy of the Consortium in the regions of its presence.

We are in the regions and WE ARE THERE TO STAY!



# Charity Principles

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**4A**  
**principles**

**APPLICABILITY**

**ANALYSIS**

**ANTI-CORRUPTION**

**ADMINISTRATION**



# APPLICABILITY

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CPC position: Charity does not mean injection of additional funds in the local or regional budgets but is the most efficient investment in the facilities that are the most relevant for the region at the moment and high-quality implementation of the selected projects to the maximum benefit for the local communities.

Thus, CPC provides **issue-specific** assistance and does not support any projects that result in dissipation of the funds, are of doubtful and opportunistic nature and have a limited social effect.



# ANALYSIS

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CPC ensures close liaison with the regional and local administrations. CPC has long-term cooperation agreements with each of the regions. One of the major elements of such agreements is partnership in social sphere.

CPC together with local administrations **analyze** the requirements in various social spheres on a preliminary basis, determine the priority facilities, required financing and the optimal charity projects implementation timeline.

In each region of its presence CPC has an office for regional and local authorities relations who ensure continuous interaction with the authorities and have relevant information used by CPC for the purposes of decision-making on financing of various projects.



# ANTI-CORRUPTION STANDARDS

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All CPC social projects are based on the shareholders-approved **CPC Charity Policy** that clearly defines the requirements, priorities, program selection and implementation procedures.

**Transparency of charity projects** and programs at all stages is one of CPC priorities.

Region's applications analysis and review are the starting point of work and CPC social projects planning for the year. This is the function of **CPC Charity Selection Committee** with one of its tasks being checking of the projects for compliance with the **CPC Policy** and for risks of double financing.

High anti-corruption standards apply at the tendering stage; potential affiliation of the services and goods vendors, staff and regional/municipal authorities is checked. CPC Price Control Group verifies the contracts value while the winning bidders undergo the **due diligence procedure**. Furthermore, completed charity projects are checked by CPC Internal Audit for compliance with the stated objectives several years upon completion of the projects.





# ADMINISTRATION

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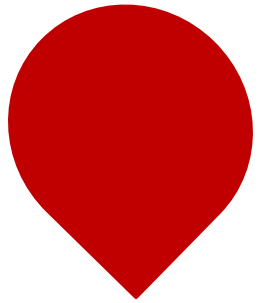
CPC places a special emphasis on comprehensive support / **administration** of charity projects and programs from the tendering stage to the stage of delivery of equipment or machinery/commissioning of the newly built or modernized facilities.

Pursuant to CPC requirements, construction and modernization of the facilities are subject to the independent on-site control, which ensures compliance of all procedures with the design documentation, completion of the entire scope of work provided for by the design and construction documentation to the required quality standard and within the timeframe provided for by the contracts.

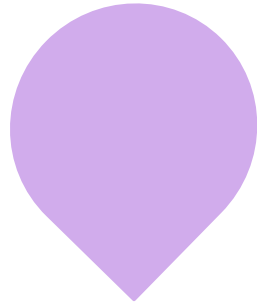


## Charity Focus Areas

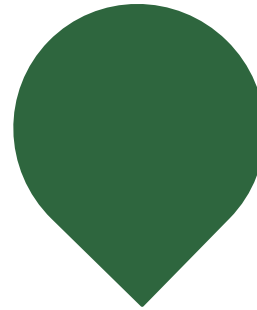
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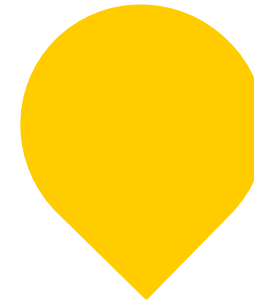
Health care



Education



Environment



Infrastructure



Culture  
and sports



## Charity Focus Areas

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**2017**  
**USD 2,9 MLN**  
**10 projects**

### Health care



Modernization of the existing clinics



Construction of new clinics and hospitals



Procurement of modern high-tech medical equipment for health care facilities



Procurement of ambulances



## HEALTH CARE

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The Company modernizes old and builds new clinics and hospitals, procures modern high-tech equipment (CT scanners, ultrasound scanners, angiographs, etc.).

We believe that better accessibility of high-tech medical assistance enhances living standards significantly, ensures professional medical assistance locally, which is especially important for smaller regional centers.

This also makes regional medical institutions more attractive for highly competent medical professionals.

- In 2017 we implemented 10 health service-related projects to the total amount of USD 2,9 mln;
- Incidentally, 2018 will be no less significant: modern medical equipment has been included in the applications of the majority of our regional partners. Total value of such equipment is more than 4 mln USD



## Charity Focus Areas

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2017  
USD 9,2 MLN  
25 projects

### Education

- Construction of new and modernization of existing schools and kindergartens
- Construction of supplementary facilities (canteens / boilers/ playgrounds / sports facilities)
- Procurement of equipment (furniture / tools / IT classrooms)
- Annual project: CPC to First-Graders



# Education

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Education support is one of the CPC social priorities. Two focus areas are:

1. Support of primary and secondary education institutions in the regions where CPC is present. This covers construction of new, modernization and repair of existing schools, as well as supplementary infrastructure, purchase of school buses, modern IT and language lab equipment. Total of 25 projects to the value of USD 9,2 mln have been implemented in 2017.
2. Support of industry-specific universities that train specialists for the oil industry, including CPC. These are Gubkin Oil and Gas State University in Moscow and State Oil University in Ufa. We provide funding for repairs of and multimedia equipment for the classrooms, for scientific research and internship of the students at CPC facilities.



# Education

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CPC to First-Graders is yet another CPC long-term project.

Year after year the Consortium greets the schoolchildren on the beginning of the school year - the Knowledge Day.

Last year, nearly 10.5 thousand first-year schoolchildren in Astrakhan Oblast, Republic of Kalmykia, Stavropol Krai, Krasnodar Krai and Novorossiysk received CPC presents: schoolbags with a full set of school stationery.



## Charity Focus Areas

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Environment

“Protect Nature of our Native Land” project:



Astrakhan Oblast

Republic of Kalmykia

Stavropol Krai

Republic of Kazakhstan





# Environment

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CPC places special emphasis on the matters of environmental protection. The Consortium employs the latest technologies and equipment to ensure environmental safety of the CPC Pipeline System.

Thus, “Protect Nature of Our Native Land” project initiated by CPC in the regions is a natural continuation of its work.



# Environment

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The project covers environmental workshops for schoolchildren followed by creativity competitions, as well as the programs of preservation and increase of the threatened fauna species:

- In three nature reserves in Stavropol Krai CPC implemented a program of preservation and increase of the red deer and axis deer populations.
- In Astrakhan Oblast we have been supporting the program of Russian sturgeon and white sturgeon breeding and release for quite a number of years.
- In Kalmykia and the Republic of Kazakhstan CPC sponsors the saiga, a unique animal, preservation program.



## Charity Focus Areas

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**2017**  
**USD 0,8 MLN**  
**4 projects**



Procurement of municipal transport vehicles



Access roads construction



Power supply facilities construction

Infrastructure



# Infrastructure

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CPC participated in the urban and rural infrastructure development within the regions of its presence thus creating a comfortable environment for the local population.

Projects implemented:

- purchasing of modern buses for the municipal transport fleet;

Access roads construction;

Construction of power and heat supply facilities.

In 2017, we implemented 4 major projects to the total value of USD 0,8 mln.



## Charity Focus Areas

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2017  
USD 0,25 MLN  
9 projects



Construction of new and modernization of existing sports facilities



Construction and modernization of culture facilities



Support of local creative performance teams



CPC to Gifted Children Program

Culture and sports



## Culture and sports

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Within this focus area CPC participated in **construction and modernization** of various sports facilities: from multifunctional competitive sports grounds to the Children's Tennis Center and an archery field.

We modernize **culture facilities**. For instance, a week ago, on June 5th, 2018 "Kuban" Community Center in Novorossiysk was re-commissioned after modernization. The Center now has modern multimedia equipment.



## Culture and sports

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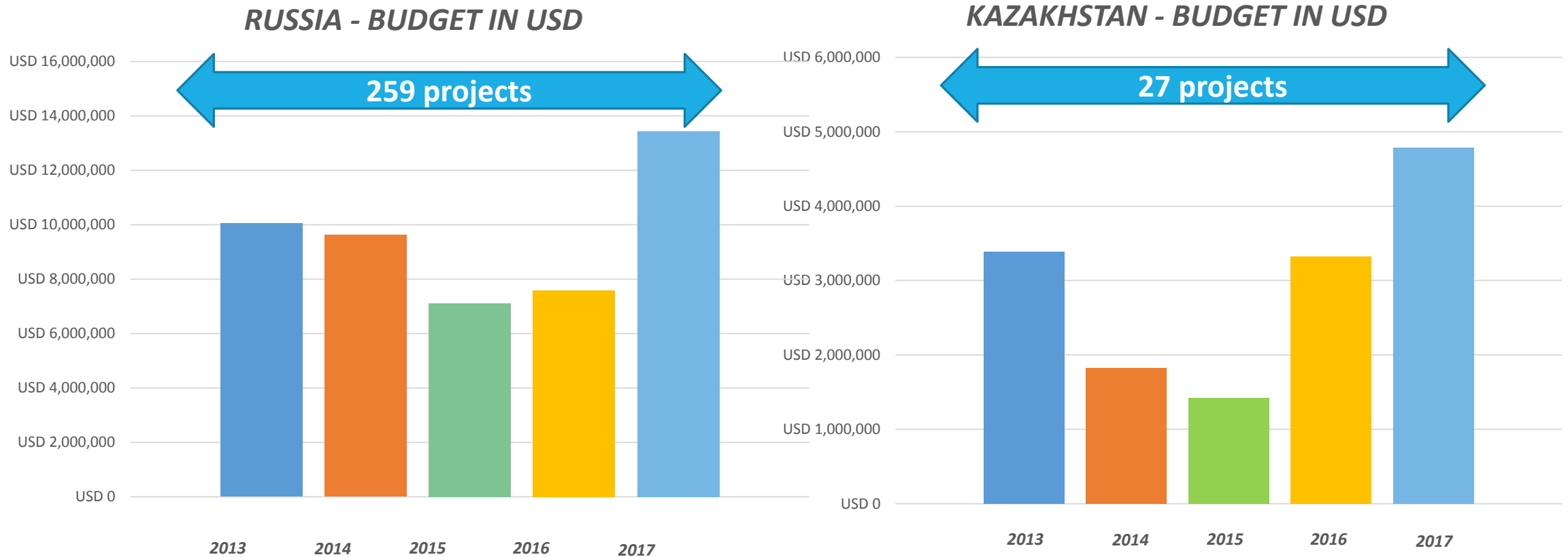
I would like to highlight the **CPC to Gifted Children Festival**.

The Festival was first held in the Republic of Kalmykia in the year 2000 to support gifted children.

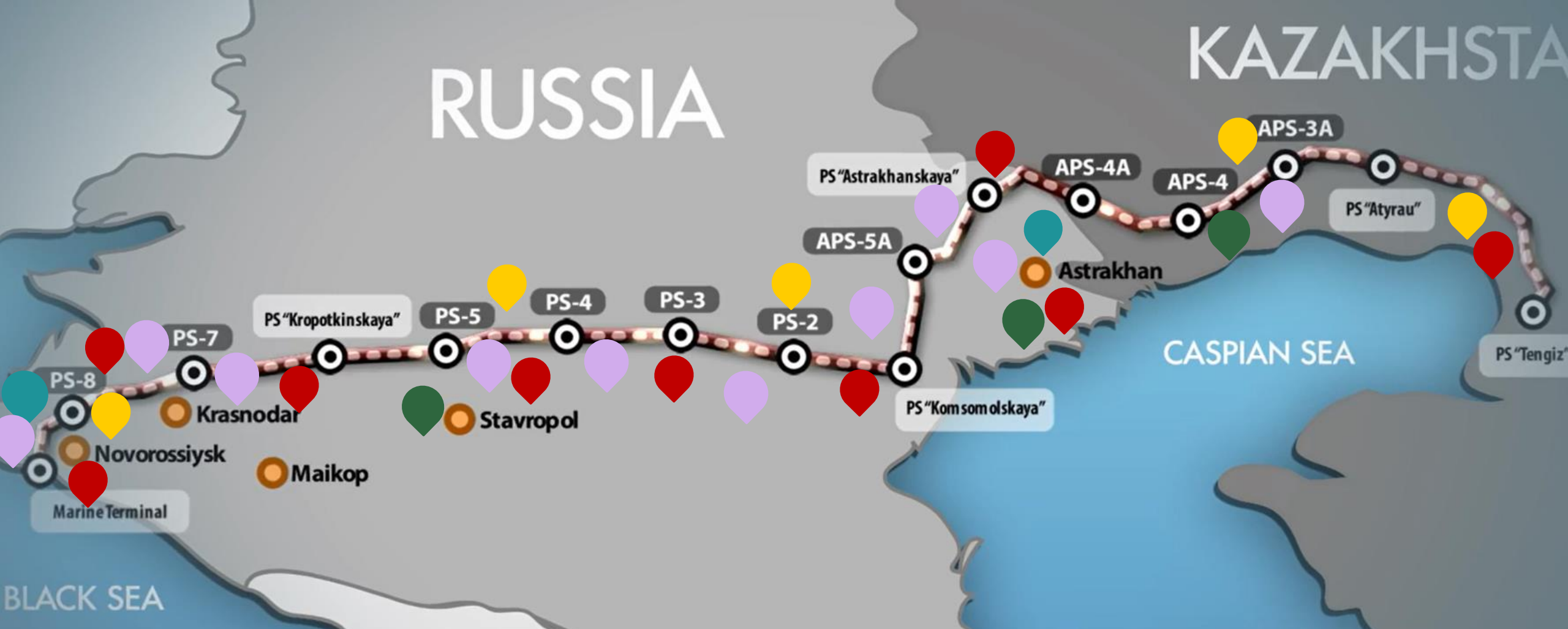
The Project helps to identify young talents and stimulates their development, promotes preservation of authentic culture and folk traditions in the arts. Each time the program discovers bright new “stars” who then worthily represent their regions at the national and international festivals.

This year, the CPC to Gifted Children Festival will cover all regions of Russia where the Consortium is present. Master classes by professional will be arranged for the regional rounds winners while the best teams and solo performers will be invited to participate in the gala-concert in Moscow.

# Regional Investments in 2013-2017







### STATISTICS 2013 – 2017

TOTAL PROJECTS:	286
TOTAL RUSSIA:	RUR 2.5 BLN / USD 47.8 MLN
TOTAL KAZAKHSTAN:	KZT 3.8 BLN / USD 14.7 MLN





# CASPIAN PIPELINE CONSORTIUM

## AN INTERNATIONAL PROJECT

### TESTED BY TIME