



ROSNEFT

Rosneft
sustainability report

2010



Rosneft Sustainability Report



2010

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Address of Igor Sechin, Deputy Prime Minister of the Russian Federation



In 2010 Oil Company Rosneft celebrated its 15th anniversary. It has come a long way over these years. The Company has set itself the objective of becoming a leader of the oil and gas sector on the global scale and, in my view, it has already achieved this in terms of certain indicators. For several years already Rosneft has been the global leader among publicly traded companies in terms of liquid hydrocarbon reserves, being ahead even of such a giant as Exxon Mobil. In the past year, it also became the world's fourth largest oil producer among public companies.

Rosneft is one of the largest Russian companies in terms of revenue; it provides almost 170 thousand jobs. It facilitates the development of the national economy, procuring over 90% of the necessary goods and services from domestic suppliers. In 2010, taxes and customs duties paid by Rosneft exceeded RUB 1 trillion, including some RUB 137 billion paid to regional budgets.

To Rosneft, 2010 was a year of prospective projects. In the past year, the Company started to address a number of important business objectives in cooperation with some of the largest international oil companies. Rosneft has actively developed partnerships both in the West and in the East, entering new markets. A project for the construction of an oil refinery in the Chinese city of Tianjin, a joint venture between Rosneft and CNPC, has been commenced. The Company acquired an interest in the German company Ruhr Oel. In 2010–2011, agreements were reached with Chevron and Exxon Mobil regarding their potential involvement in the exploration and development of offshore license areas in the southern seas of Russia. A strategic cooperation agreement with Crescent Petroleum establishing a framework for joint pursuit of oil and gas exploration and development opportunities in the Middle East and North Africa was signed. In implementing all these projects, Rosneft is committed to ensure strict compliance with the environmental standards and maintain an open dialogue with all stakeholders.

In 2010, Rosneft expanded oil production at the Vankor field. The Company continued the modernization and expansion of its refineries, including the Tuapse Refinery, got the business plan for the Eastern Petrochemical Company approved, and started the construction of the Grozny Refinery.

A very important step for the future development of Rosneft was the work on the new corporate strategy intended to define long-term vectors of the Company's development. The strategy was prepared with the participation of the leading global consulting companies; the process also involved exchange of opinions with top executives of such companies as BP, Exxon Mobil, Chevron, and other world's leading oil and gas companies. In addition to the development of the Company's operations, the strategy will take into account its environmental and social performance — necessary prerequisites for sustainable growth and high efficiency of operations.

Our most important objectives for the future include improving the structure of output of our refining operations, enhancing the environmental qualities of our fuels, and making a transition from the status of a national player working mainly with traditional fields and technologies to that of the global leader in the energy resource sector. To be

able to achieve these objectives, Rosneft needs a diversified portfolio of oil and gas assets, access to the most advanced technologies, including those developed in-house, and compliance with the highest standards of environmental performance, occupational health and safety, employee relations, and stakeholders engagement. I believe that we have established a solid foothold for this and expect it to be effectively used for the further development of Rosneft.

Igor Sechin

Address of Eduard Khudainatov, President of OJSC Rosneft Oil Company



To Rosneft, the year 2010 was marked by positive trends and major changes. The company showed excellent operating performance. The annual oil production reached 119.6 million tonnes — two million tonnes more than the established production target and almost five million tonnes more than the 2009 output. Furthermore, for the first time in Rosneft's history our refineries processed over 50 million tonnes of crude oil per year. At the same time we continued successful implementation of the corporate program for the modernization of our refineries, ultimately aimed at meeting the requirements for motor fuel quality defined by the respective Technical Regulation.

In the past year, Rosneft increased its expenditures on technology development and innovation, reaching the level of the world's largest oil and gas companies in terms of R&D spending as a percentage of revenue. This helped create a solid foundation for further large-scale efforts in this area.

We also continued improving our integrated management system and implementing corporate-wide targeted programs, including the Environmental Program, the Gas Program, the Pipeline Reliability Improvement Program, and the Program for the Remediation of Past Environmental Damage.

Some of our plans were modified. For example, in 2010 we revised our approach to managing our service subsidiaries, including RN-Stroy and RN-Service, and did much to improve the quality of their services.

Responding to the changes in the markets of the Asia-Pacific regions resulting from the global economic crisis, Rosneft modified its plans for the creation of the Primorsky Refinery, transforming it into the Eastern Petrochemical Company with a throughput of 10 million tonnes per year.

Rosneft supported corporate programs for improving the living and working conditions of its rotating crews and for employee health improvement, developed its occupational pension system, and has revitalized the program for the creation and devel-

opment of a corporate candidate pool. The Company also worked to standardize approaches to employee social benefits across its subsidiaries. As a result, corporate-wide recommendations for concluding collective agreements were prepared.

Rosneft continued the practice of concluding socio-economic cooperation agreements with regional governments. In 2011, we are conducting the fifth series of annual roundtable meetings with stakeholders in the key regions of operations in order to discuss the performance of our subsidiaries in the year 2010 and the most significant problems faced by the regions.

The coming year 2011 will not be an easy one either. Our major objectives include maintaining the output of our upstream sector, expanding the refining throughput, and producing the gasoline and diesel fuel compliant with the Euro 3 and better environmental standards.

For 2011, Rosneft has planned a major investment program worth RUB 415 billion. The Company will continue the development of the Vankor and Priobskoye oil fields and will expand the investments in the modernization of its refineries and petrochemical plants, including the Komsomolsk and Achinsk Refineries, the Angarsk Petrochemical Plant, and the Samara group of plants. Rosneft will also continue the comprehensive modernization of the Tuapse Refinery essentially equivalent to the construction of a new plant. These investments are aimed at ensuring compliance of our fuel with the environmental requirements and improving the quality of our petroleum product mix.

The Company will continue to pay the most serious attention to innovation, strengthening and focusing its research potential and expanding cooperation with the leading R&D centers in Russia and abroad. While in 2010 Rosneft's expenditures on technology development and innovation amounted to almost RUB 3 billion, in 2011 its R&D spending will reach over RUB 8 billion, by far exceeding the target recommended by the Russian Ministry of Economic Development.

Rosneft will continue the implementation of all its environmental programs in order to achieve the objectives set for the year 2020 within the defined timeframe. We are going to raise our efforts on the remediation of environmental damage from past activities of our subsidiaries to a new level and to work towards achieving a 95% rate of associated petroleum gas recovery.

Like in the previous years, the employee development and incentive programs will play an important role in the Company's strategy. Rosneft will continue implementing the corporate program targeted at young professionals and best graduates of educational institutions and ultimately intended to attract well-educated and highly-skilled young people to the Company.

In 2011, we plan to further improve our approaches to the cooperation with stakeholders in the regions of operations. The roundtable meetings, conducted by the Company in the key regions of operations for five years already, have created a solid foundation for such cooperation, and it is our objective to carry the dialogue forward.

And, finally, we are proud that transparency and openness are becoming a hallmark of the Company. In 2010, like the year before, Rosneft was ranked first in the transparency survey of Russian companies published by Standard & Poor's. We will continue working towards the maximum possible transparency, in particular, by improving our sustainability information management systems and sustainability reporting practices. The Company will continue to participate in various Russian and international initiatives, such as the UN Global Compact, since it is obvious that addressing sustainability challenges is a prerequisite for successful development in the long term.

A handwritten signature in black ink, appearing to read 'Eduard Khudainatov'. The signature is fluid and cursive, written on a white background.

Eduard Khudainatov

About this Report



Rosneft publishes its sustainability reports on an annual basis. This is the fifth Rosneft Sustainability Report, which describes sustainability performance of the Company in the year 2010.

About this Report

Rosneft publishes its sustainability reports on an annual basis. This is the fifth Rosneft Sustainability Report, which describes sustainability performance of the Company in the year 2010. The previous one — Rosneft Sustainability Report 2009 — was published in July 2010. The target audience of this Sustainability Report includes stakeholder groups listed in the Stakeholder Engagement section of this Report and described in more detail on pp. 31-34 of Rosneft Sustainability Report 2008.

In the previous Sustainability Report, the Company presented its sustainability objectives, targets for the year 2010, and development priorities for the mid-term perspective. In this Report, the Company discloses information about the achievement of the targets established for the reporting year.

This year, Rosneft was able to reduce the time for report preparation, while preserving the quality and completeness of the information presented. In addition, the Company aligned its sustainability reporting cycle with the publication of annual reports. Therefore this Report does not duplicate the information already available in the Annual Report 2010, providing necessary references instead. In the future, the Company plans to continue the improvement of its reporting processes, in particular, by introducing more advanced data collection and consolidation systems.

The Company will be pleased to receive feedback regarding this Report from any stakeholders. By using an on-line feedback form available in the Sustainable Development section of the corporate website (www.rosneft.com), any reader can send his or her comments and suggestions to the Company.



Rosneft publishes sustainability reports and carries out roundtable meetings with stakeholders on an annual basis.

REPORTING PROCESS

Rosneft's sustainability reporting process is based on the Sustainability Reporting Guidelines by the Global Reporting Initiative (hereinafter — the GRI guidelines). The Company's understanding of sustainability reporting principles, defined by the GRI guidelines, was explained in Rosneft Sustainability Report 2008 and has not changed since then.

In preparing its sustainability reports, the Company also considers the basic performance indicators for non-financial reporting developed by the RUIE (Russian Union of Industrialists and Entrepreneurs), and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API (2005, updated in 2010). This Report also reflects the Company's progress in implementing the principles of the UN Global Compact.

The information is presented in this Report in accordance with A+ GRI Application Level.

This Report underwent an independent assurance process. The Independent Assurance Report is available on pp. 84-85 of this Report.

REPORTING BOUNDARIES

Rosneft prepares its sustainability reports at the company-wide level. This Report covers all major operating subsidiaries of the Company.

The Company continues to develop its internal sustainability reporting procedures, gradually implementing its plan for a transition to a single sustainability reporting boundary. In 2010, a number of additional subsidiaries, including LLC Purneftepereprabotka, OJSC Angarsk Catalyst and Organic Synthesis Plant, LLC Novokuibyshevsk Catalyst Plant, CJSC Udmurtneft-Bureniye, CJSC Yukos-Transservice, and several other companies, were included in the reporting boundary for HR management and society indicators. LLC Purneftepereprabotka was included in the reporting boundary for environmental indicators, while LLC Exponeft, insignificant in terms of its environmental impacts, was excluded from that boundary. These changes had no significant effect on the aggregate indicators for the Company. LLC RN-Bunker, significant to the environmental performance of the marketing segment, was not included in the reporting boundary for environmental indicators in 2010. Report-

ing boundaries for different categories of indicators are described in Rosneft Sustainability Report 2009. Annex 2 to that report contains the list of the Company's subsidiaries, included in the reporting boundaries for each sustainability topic in 2009.

There were no significant changes in the scope of reporting (economic, social, and environmental aspects of sustainability) or measurement methods compared to the previous reports.

About the Company



Rosneft is the leader of the Russian oil industry and one of the world's largest publicly traded oil and gas companies. Rosneft is primarily engaged in the exploration and production of hydrocarbons, production of petroleum products and petrochemicals, and marketing of outputs.

About the Company¹

COMPANY PROFILE

Rosneft is the leader of the Russian oil industry and one of the world's largest publicly traded oil and gas companies. Rosneft is primarily engaged in the exploration and production of hydrocarbons, production of petroleum products and petrochemicals, and marketing of outputs. The Company is included in the list of strategic Russian enterprises. The largest shareholder in Rosneft (75.16% of the shares) is OJSC ROSNEFTEGAZ fully owned by the Russian Government. The geography of Rosneft's exploration and production operations encompasses all the key oil and gas regions of Russia, including West Siberia, Southern and Central Russia, Timan-Pechora, East Siberia, the Far East, and the Arctic sea shelf. The Company is also engaged in projects in Kazakhstan, Venezuela, Algeria, and the UAE. Rosneft's seven major refineries are spread across Russia, from the Black Sea coast to the Far East, while the Company's retail network encompasses 40 Russian regions.

CORPORATE GOVERNANCE

Rosneft's corporate governance system includes the General Shareholders' Meeting, the Board of Directors, the collective executive body (the Management Board) and the sole executive body (the President of Rosneft). The corporate governance system is described in detail in the Annual Report 2010 and in the previous sustainability reports. In 2010, Eduard Khudainatov was appointed President of Rosneft.

The delegation of responsibilities for sustainability aspects at the Company has remained unchanged. It is Vice President for HR and Social Policy who is in charge of coordinating sustainability activities of the Company with regard to human resource management, operational and social spheres, and regional socio-economic development programs. At the level of the Board of Directors, these issues

are overseen by the Board's HR and Remuneration Committee.

The health, safety, and environmental aspects of operations are managed by the HSE Department subordinate to Vice President for Production. At the level of the Board committees, the issues of health, safety and the environment are supervised by the Strategic Planning Committee, to which Vice President for Production reports on the respective topics.

All senior executives of the Company report to the Board of Directors in terms of key performance indicators (KPIs). The size of bonuses paid to the executives depends on meeting target values set for their respective KPIs. The KPIs are defined on the basis of the Company's objectives including, among others, those in the field of transparency, environmental performance, occupational health and safety, social security of the staff, and engagement with the society.

SUSTAINABILITY POLICY

The Company has a Sustainability Policy, which defines sustainability goals, objectives, and principles, as well as approaches to stakeholder engagement and sustainability reporting. The document is available in Sustainable Development section of the corporate website.

CODE OF BUSINESS ETHICS

Rosneft has adopted the Code of Business Ethics, which defines the Company's mission and corporate values, as well as ethical standards of employee conduct in specific circumstances. The Code not only defines standards of ethical conduct within the Company team, but also regulates relations with customers and business partners, government authorities, the public and competitors. Presently Rosneft continues promoting and imple-

menting the Code in its subsidiary companies. The Code of Business Ethics is available on the corporate website. A package of guidance materials to support the Code implementation has been developed (Manager's guide to the Code, Code presentation for employees, instruction for business ethics coordinators, answers to frequently asked questions). Conferences dedicated to the Code were held in the subsidiary companies. In 2010, the Regulations on the Business

Ethics Council were drafted, and candidates for the Council were identified. The candidates were nominated by Rosneft vice presidents and senior executives. The Regulations and the list of proposed members are currently awaiting approval by the Board of Directors. Rosneft accepts e-mail notifications of breaches of the Code of Business Ethics; complaints can be sent to the address code@rosneft.ru.

STRATEGIC PRIORITIES OF ROSNEFT

Efficiency

- improving the business model, corporate structure and the corporate governance
- optimizing and diversifying the asset portfolio
- optimizing logistics
- controlling costs
- optimizing the capital structure

Sustainable growth

- increasing shareholder value
- strategic planning based on reasonable assumptions
- efficient growth of production levels
- development of downstream capacities in accordance with market demands
- efficient use of feedstock and producing high-quality outputs
- development of the corporate risk management system

Transparency

- compliance with the modern Russian and international standards
- accessibility of information to all stakeholders
- regular information updates
- quarterly reporting according to the international standards
- open dialogue with minority shareholders and investors

Social responsibility

- environmental and operational safety
- ensuring safe working conditions
- care for employee health
- improving the quality of life of employees and their families
- supporting employee education and training
- contributing to the socio-economic development of the regions of operations

Innovation

- continuous improvement of the corporate system of innovation-based development
- continuous development and adoption of new technologies
- monitoring and adaptation of international best practices
- technology training of specialists

¹ This Sustainability Report contains only brief information on the topics covered in this section. More detailed information is available in the Annual Report 2010, which can be downloaded from the official website of Rosneft.

Stakeholder Engagement



As a part of the corporate sustainability reporting process, Rosneft has held roundtable meetings with stakeholders in the key regions of operations on an annual basis. The objectives of the stakeholder dialogues include the discussion of stakeholder engagement with the Company and its subsidiaries on the socio-economic development and environmental issues, and a joint search for solutions to significant regional development problems.

Stakeholder Engagement

As a part of the corporate sustainability reporting process, Rosneft has held roundtable meetings with stakeholders in the key regions of operations on an annual basis. The objectives of the stakeholder dialogues include the discussion of stakeholder engagement with the Company and its subsidiaries on the socio-economic development and environmental issues, and a joint search for solutions to significant regional development problems. The format of the meetings provides for an open discussion between representatives of the Company and regional and municipal authorities, state supervisory bodies, business partners, educational and research institutions, indigenous minority peoples of the North, the public, and mass media. In the first half of 2011 such a series of meetings dedicated to the results of the previous year was held in the key

regions of operations for the fifth time. In a number of regions, where the meetings were held for several years in a row, regional stakeholders consider them one of the most effective methods of stakeholder engagement. Even amidst the economic crisis, the Company strived to hold as many meetings as possible on order to maintain the continuity of the already established dialogue. Based on the results of the most recent roundtable series, it was decided to continue the dialogue in the key regions of operations at the present level or even to expand it.

Over the five years the Company and its stakeholders have come a long way toward the establishment of a constructive and productive dialogue – from mere reporting and gathering information on stakeholders’ needs to joint discussion of prob-

Regions where roundtable meetings have been held

Region	City	Number of the meetings for the past five years
Archangelsk Region, including Nenets Autonomous Area	Archangelsk	3
Irkutsk Region	Angarsk	4
Khabarovsk Territory	Komsomolsk-on-Amur	3
	Khabarovsk	1
Khanty-Mansi Autonomous Area – Yugra	Nefteyugansk	5
	Khanty-Mansiysk	4
Komi Republic	Usinsk	5
Krasnodar Territory	Krasnodar	5
	Tuapse	3
Krasnoyarsk Territory	Krasnoyarsk	4
Primorsky Territory	Nakhodka	1
Sakhalin Region	Yuzhno-Sakhalinsk	5
Samara Region	Samara	4
Stavropol Territory	Stavropol	2
Udmurtia Republic	Izhevsk	5
Yamalo-Nenets Autonomous Area	Gubkinsky	4

lems identified at the previous meetings and of the progress in addressing them. Stakeholder representatives started to propose joint projects. For example, regional governments propose joint infrastructure development projects to be implemented on the basis of public-private partnership.

At the end of 2010, Rosneft undertook an analysis of the results of the meetings over the whole period of conducting them and identified the most significant problematic issues. The Company intends to pay special attention to addressing them in the future.



Roundtable meeting with stakeholders at RN-Tuapsenefteprodukt.

ISSUES THAT WERE RAISED MOST OFTEN AT THE ROUNDTABLE MEETINGS IN 2007–2010

Health, safety and environment

- Development of HSE management systems, particularly at subsidiaries liable for significant past environmental damage.
- Oversight of contractor organizations carrying out works at the Company’s facilities.
- Replacement of obsolete and worn-out assets; the introduction of state-of-the-art environmentally sound technologies.
- Prevention of oil spills.
- Prevention of pipeline accidents.
- Recovery of associated petroleum gas.
- Land reclamation.
- Waste management.
- Proper decommissioning of depleted, abandoned, and poorly plugged wells; decommissioning of unused pipelines.
- Environmental monitoring.
- Operations in protected areas.

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- Elimination of underground "oil lenses" resulting from the leakage of petroleum products at the refinery sites and distribution facilities.
- Designation of sanitary protection zones of oil and gas processing operations and petroleum product distribution facilities; resettlement of residents from the designated sanitary protection zones.
- Cooperation with supervisory agencies in the field of HSE and participation in joint initiatives with them.
- Participation in voluntary environmental initiatives.

Employee relations

- Maintaining a competitive level of remuneration, including the package of social benefits.
- Optimization of the headcount.
- Creation of a continuous education system.
- Collaboration with educational institutions in the field of training the workforce.

Socio-economic development of the regions of operations

- Development of the Company's operations as an important source of income for regional and municipal budgets.
- Development of socio-economic cooperation agreements.
- Participation of Rosneft subsidiaries in regional socio-economic development programs and integration of the Company's strategic development plans with these programs.
- Lobbying the Company's interests.
- Increase of tax payments to regional budgets.
- Dialogue with customers regarding petroleum product prices and fuel quality.
- Engagement with indigenous minority peoples of the North.
- Facilitating the development of local contractors.
- Attracting small businesses as contractors and suppliers to the Company's subsidiaries.
- Company's operations as a source of local jobs.
- Development of infrastructure facilities.
- Construction of capital-intensive social facilities by the Company.
- Company's mortgage programs as a driver of demand in the housing construction sector.
- Development of corporate charity and sponsorship.

Improvement of the Company's information policy in the field of sustainability

- Search for the most effective methods of disclosure on the Company's social and environmental performance.
- Creation of stakeholder councils.
- Participation in regional conferences, exhibitions, and contests.
- Strengthening the image of Rosneft as a socially responsible company.
- Significance of roundtable meeting as an instrument of strategic communications.
- Approaches to improving the practice of roundtable meetings with stakeholders.



School buses and a GAZelle van were Udmurtneft's presents to five schools of Udmurt Republic.

DIALOGUE WITH STAKEHOLDERS OF UDMURTNEFT

OJSC Udmurtneft has maintained a stakeholder dialogue for five years, holding roundtable meetings in Izhevsk on an annual basis. The agenda of the meetings is not limited to the company's own performance — stakeholders also discuss significant regional problems, which, in their view, Udmurtneft could help address. At each meeting, representatives of Udmurtneft report on the company's performance, paying particular attention to stakeholders' suggestions offered at the previous events..

Consideration of suggestions offered at the roundtable meetings of Udmurtneft in 2010

PROPOSAL	UDMURTNEFT'S RESPONSE
<i>Operations</i>	
Continue the expansion of the resource base, continuously increase spending on the exploration, increase the number and improve the effectiveness of well interventions.	In 2010, Udmurtneft spent over RUB 230 million on the geological exploration and performed almost 10% more of well intervention than in the previous year. Additional oil production due to well intervention amounted to 676.2 thousand tonnes, or by 71.8 thousand tonnes more than in the previous year. In 2011, Udmurtneft plans to participate in auctions conducted by the regional Department of Subsoil Resources.
<i>Contribution to the development of the areas of operations</i>	
Hand over non-core assets (agricultural facilities) to municipal governments.	In 2010, two agricultural facilities were handed over to the municipal government of Yakshur-Bodyinsky District without compensation; 15 agricultural facilities — to the municipal government of Sharkansky District.

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PROPOSAL	UDMURTNEFT'S RESPONSE
Health, safety, and environment	
Develop collaboration between Udmurtneft and the regional Ministry of Natural Resources on the basis of a shared information platform.	Udmurtneft participated in the development of the "Environmental Monitoring" information and analytical system accessible via the website of the Ministry of the Natural Resources.
Preserve the level of OHS spending, carry out an analysis of approaches to supplying employees with personal protective equipment (PPE) in order to eliminate delays in providing PPE.	The company finances OHS activities in accordance with the approved business plan. In 2010, Udmurtneft acquired a software system for tracking and analyzing the use and availability of PPE down to each employee. Presently the system is being deployed in a staged manner.
Continuous education system	
Organize summer camps for students of Rosneft Classes or university students.	Summer camps for students of Rosneft Classes have been organized on the basis of local school; the camp program included a theoretical course on the oil industry and site visits to oil fields.
Finance grants/corporate stipends for the best university students.	In 2010, the company spent RUB 54 thousand on corporate stipends paid to six students of the Udmurt State University. In 2011, Udmurtneft plans to spend RUB 108 thousand on stipends.
Carry out academic contests for students of Rosneft Classes.	Scientific and practical conferences for students of Rosneft Classes are held on the basis of local schools. Winners and runners-up are rewarded with monetary prizes provided by Udmurtneft.
Subsidize targeted training of university students in the specialties demanded by Udmurtneft with subsequent recruitment of the students.	The HR Department of the company discusses the possibility of target training with regional university.
Charity	
Provide charitable assistance to children with disabilities.	A donation for the improvement of the resource base of the Sokolovskaya Residential School in Sarapul District was made; a charitable donation to the "Udmurtia" Sledge Hockey Club, a non-profit organization of persons with disabilities, for the acquisition of sports equipment was made.
Continue the implementation of charity projects in the field of sports.	Udmurtneft made charitable donations: <ul style="list-style-type: none"> ■ to the Biathlon Federation of Udmurtia and the Ski Racing Federation of Udmurtia for the acquisition of sports equipment; ■ to the Izhevsk Aeroclub for the organization of the «Draftee» youth camp.
Support the restoration and improvement of monuments for the 65th anniversary of the victory in the Great Patriotic War.	Company provided funds for the improvement of the Victory Park and the restoration of the monument in Galanovo village of Karakulinsky District.



At the roundtable meeting in Samara.

ROUNDTABLE MEETINGS IN SAMARA REGION

Several Rosneft subsidiaries are based in Samara Region, and all of them have participated in the annual roundtable meetings conducted in the region for four years already. These companies include:

- OJSC Samaraneftgaz;
- Samara branch of LLC RN-Service;
- OJSC Kuibyshev Refinery;
- OJSC Novokuibyshevsk Refinery;
- LLC Samaraneftproduct;
- OJSC Syzran Refinery;
- LLC Samara-Terminal;
- LLC Novokuibyshevsk Oil and Additives Plant..

At the most recent roundtable meeting, representatives of different stakeholder groups appreciated both the practice of annual meetings as such and the fact the Company considered itself accountable not only to its shareholders, but also to a broad range of stakeholders, keeping them informed of its performance and plans for the future. What was particularly important to the participants was that the Company not only reported on its performance, but also provided a specific follow-up on the problematic issues raised at the previous meeting. The participants also noted that in the last two or three years there was less and less criticism of the Company, since all Rosneft operations based in the region were making serious efforts with regard to all aspects of sustainability.

Innovation at Rosneft



Rosneft's innovation program is a crucial component of its development concept. Innovation activities of the Company are aimed at the modernization of its facilities and the development and adoption of new technologies for addressing priority operating objectives. These objectives include reserve replacement, increasing the recovery factor, utilizing associated petroleum gas to the maximum extent possible, efficient implementation of offshore projects, increasing the refining depth, improving energy efficiency, minimizing capital and operating costs, and ensuring environmental and operational safety.

Innovation at Rosneft

INNOVATION PROGRAM

Rosneft's innovation program is a crucial component of its development concept. Innovation activities of the Company are aimed at the modernization of its facilities and the development and adoption of new technologies for addressing priority operating objectives. These objectives include reserve replacement, increasing the recovery factor, utilizing associated petroleum gas to the maximum extent possible, efficient implementation of offshore projects, increasing the refining depth, improving energy efficiency, minimizing capital and operating costs, and ensuring environmental and operational safety.

In 2010, the Company developed the Concept of Innovation-Based Development, which was agreed upon with the Russian Ministry of Energy and submitted for approval to the Ministry of Economic Development.

In 2010, the Company spent RUB 3 billion on the technology development and innovation. In 2011, it is planned to spend on R&D 0.53% of the Company's revenue (some RUB 8.4 billion), which is 1.8 more than the target recommended by the Ministry of Economic Development (0.3%). In 2011—2015, the total spending on R&D will amount to RUB 52 billion.

INNOVATION MANAGEMENT AT THE COMPANY

In 2010, the Company improved its innovation management system based on the principles of staged development, effectiveness evaluation, and thorough review of project results. Presently the Company has the following governance and management bodies with responsibilities in the field of innovation:

- At the level of the Board of Directors, the strategy of innovation-based development is directed by

Concept of Innovation-Based Development of Rosneft

Targeted programs for improving the efficiency of operations	Targeted innovation projects	Measures on the improvement of innovation activities
<ul style="list-style-type: none"> Reduction of specific capital and operating costs Modernization of facilities Improvement of energy and resource efficiency APG recovery program Environmental and operational safety Optimization of business processes and improvement of the level of maturity of innovation project management 	<ul style="list-style-type: none"> Priority areas of innovation Key innovation projects Expansion of collaboration with universities and research organization (innovation networking) Technology platforms System for integrating innovative solutions into design documentation Import and adaptation of new technologies Project-based approach to the implementation of targeted innovation programs 	<ul style="list-style-type: none"> Continuous technology benchmarking Skill upgrading Knowledge sharing Development of corporate procedures and standards Improvement of the innovation management system Motivation system for innovation activities



In March 2010, a cooperation agreement between Rosneft and the Russian Academy of Sciences was signed at the RAS Presidium.

the Board's Strategic Planning Committee chaired by Alexander Nekipelov, Vice President of the Russian Academy of Sciences.

- At the level of senior executives, it is Rosneft Vice President for Innovation and New Technologies that is responsible for the management of R&D.
- The Company has approved a new structure of the corporate Scientific and Technology Council (STC), with includes two levels:
 - the STC Presidium chaired by Rosneft President and comprising vice presidents, as well as prominent representatives of Russian research organizations and universities;
 - STC sections for different fields of operations ("Exploration", "Development and Production", "Research and Technology in Production", "Research and Technologies in Refining").
- The Coordination Council for Innovation-Based Development chaired by Rosneft President and comprising senior executives..

BUILDING THE COMPANY'S INNOVATION NETWORK

Rosneft has been building partner relations with a broad range of research and development organizations. Its partner network encompasses not only Russia, but also Europe and North America. The main areas of the Company's networking activities include

- signing a collaboration agreement with the Russian Academy of Sciences;
- financing the construction of a training and laboratory building of the Oil and Gas Institute at the Siberian Federal University;
- contracting research institutions of the RAS and universities to carry out innovation projects (over 100 contracts for R&D concluded in 2010, over 300 contracts to be concluded until 2015);
- collaboration with the leading foreign universities (Stanford, Austin, Tulsa, Calgary, the French Institute of Petroleum etc.);

- annual work placements of university students at the Company's subsidiaries;
- collaboration with R&D centers of the world's leading oil and oilfield services companies, such as Exxon Mobil, Shell, ConocoPhillips, Statoil, BP, Schlumberger, Halliburton, Baker Hughes etc.

COMPANY'S INNOVATION PROJECTS

The Company practices a project-based approach to the implementation of targeted innovation pro-

grams in different segments of its operations. In the last five years alone, the Company implemented 18 major in-house technology development projects. One of them is the creation of the **Center for Geological Support of Drilling Operations** – a unique to Russia system allowing to control the drilling of complex wells in real time. Geological support of drilling operations, or geonavigation, is a state-of-the-art approach to the drilling of complex wells involving the analysis of real-time data and, if necessary, provision of recommendations for the drilling team. In 2010, almost 180 horizontal wells and horizontal sidetracks were drilled with the Center's



Salambek Khadzhiev, Director of the Topchiev Institute of Petrochemical Synthesis and a RAS member, is convinced that Rosneft's approach to innovation is the most systematic among those of Russian companies.

COLLABORATION WITH THE RUSSIAN ACADEMY OF SCIENCES

In 2010, an agreement for research and development collaboration between Rosneft and the Russian Academy of Sciences (RAS) has been signed. The collaboration is aimed at the introduction of new technologies and their integration into Company's design documentation for the modernization of existing and construction of new facilities. Five projects to be implemented by research institutions of the RAS under the agreement have already undergone a preparation stage. Two contracts have been signed so far: with the Institute of Catalysis of the Siberian Branch of RAS — for the development of a catalyst and a continuous moving-bed reforming process; and with A.V.Topchiev Institute of Petrochemical Synthesis – for the development of a new technology of alkylate production for further production of valuable and energy-rich gasoline components. The Company is going to use these technologies for the production of high-quality gasolines compliant with Euro-4 and Euro-5 standards.

assistance. The economic benefits from the system introduction already reached RUB 14 billion. Until the year 2010, it is planned to drill another 1500 complex wells, controlling the process from the Center in real time.

For the future, the Company plans 20 priority areas of innovation, in which 56 targeted projects will be initiated over the next few years.

In 2010, Rosneft launched another large-scale innovation project – **the Process Information System of the Production Segment** (PIS-Production). The

capacities. In 2010, the use of the Process Information System allowed the Company to produce over 20 million tonnes of extra oil.

Another priority area of technology innovation is **increasing the recovery rate of associated petroleum gas (APG)** produced at the Company's oil fields. The development of new oil regions and East Siberian fields, remote from the areas with well-developed infrastructure, requires innovative high-tech solutions for the APG preparation, separation of valuable components (helium), and gas transportation. In order to provide the necessary solutions,



On-site workshop dedicated to PIS-Production at an oil field operated by Samaraneftgaz.

system includes an integrated set of software tools supporting systemic analysis, modeling, and comprehensive monitoring of oil fields and their development, combined with engineering software for the automation of the main oil production processes. The automated production management system encompasses all the Company's wells and fields. Today PIS-Production comprises over 30 information modules managing information for the entire production cycle from geological modeling and field exploration to the delivery of produced oil to trunk pipelines and allocation of production

the Company initiated six targeted innovation projects, including the development of technologies for membrane separation of helium, transportation of oil and gas, ultrasound separation, and the creation of a pilot Gas to Liquids (GTL) unit. It is expected that these technologies will allow the Company to recover and use over 220 bcm of APG.

Health, Safety, and Environment

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The Health, Safety, and Environment (HSE) Policy is the main document guiding Company's activities in this field.

Key Issues in 2010

STAKEHOLDER DIALOGUE REGARDING SEISMIC SURVEY AT THE LEBEDINSKY OFFSHORE LICENSE AREA (THE SEA OF OKHOTSK)

In 2010, the Company maintained a stakeholder dialogue regarding seismic survey at the Lebedinsky license area in order to reduce the impact of the survey on the Okhotsk-Korean gray whale population.

The seismic survey program for the Lebedinsky license area had passed all the necessary consultation and review procedures, including public hearings and the state expert review, and had been approved by the relevant federal authorities including, among others, the Federal Agency for Fisheries.

In order to reduce the impact of pneumatic sound sources on the whale population, RN-Shelf Far

East, the operating company immediately responsible for the survey, provided for a number of additional measures, such as using only small-size vessels, reducing the power of sound sources and placing them below the depth at which the whales live, reducing the survey time to the extent possible, continuous monitoring of whale behavior during survey operations etc. The operating procedures provided for the immediate cancellation of survey activities at any signs of disturbance among the animals.

The survey was carried out in September through November 2010. Preliminary results of the measures aimed at protecting the gray whale population during the seismic survey works were presented at the 4th meeting of the Interagency Working Group under the Ministry of Natural Re-



The Health, Safety, and Environment (HSE) Policy is the main document guiding Company's activities in this field. The Policy is available on the Company's website at the following address: www.rosneft.ru/Development/HealthSafetyandEnvironment/. The Company continues to develop its Integrated Management System (IMS). In 2010, its IMS successfully passed a surveillance audit. The list of subsidiaries whose management systems have been certified as compliant with ISO 14001 international standard is available in Rosneft Sustainability Report 2009.

sources and Environment. According to the report based on the biological monitoring results, no evidence of any adverse impacts of the seismic survey and associated marine operations on gray whales and other marine mammals was found.

ENVIRONMENTAL ASPECTS OF THE NEW PROJECTS IMPLEMENTED BY THE COMPANY

In 2010, the Company embarked on a number of new ambitious projects. Environmental aspects of each project planned by the Company are considered from the early stages of their preparation. For example, in 2010 consultations on the proposed marine seismic survey program at the Western Black Sea licensed area were carried out in Gelendzhik and Tuapse.

Also in 2010, a positive conclusion of the state expert review regarding the sea component of the proposed Primorsky Refinery project was granted. The project attracted criticism from environmental NGOs; later the Company decided to move it to another site and modify it.

IMPROVEMENT OF THE APG RECOVERY RATE

An important component of the corporate energy conservation strategy is the implementation of the targeted Gas Program, described in detail in the previous sustainability reports. The main objective of the program is to achieve a 95% rate of associated petroleum gas (APG) recovery across the Company. As a result of the crisis, the program period was extended. In 2010, the following major actions were implemented within the framework of the program:

- At the Priobskoye field, the first stage of a gas treatment unit and the second start-up complex of a gas turbine power plant were commissioned; construction and installation works at the compressor station #2 and the second stage of the gas dehydration unit were commenced.
- At the Komsomolskoye and Kharampurskoye fields, construction and installation works at the booster compressor station were continued; the project will ultimately allow to maintain a 95% APG recovery rate, while expanding the production at the fields.



The environmental action program of local Rosneft subsidiaries is discussed at the "Clean City" roundtable meeting in Tuapse.



After the commissioning of the third stage of the gas turbine power plant and compressor stations, the APG recovery rate at the Priobskoye field will reach 95%.



Gas compressor station at the Vankor field

- A gas cooling system at the dehydration unit of the Slavyansk oil separation and gas treatment plant operated by RN-Krasnodarneftegaz was commissioned.
- As a part of the development of the Vankor field, the construction of the Vankor – Khalmerpayutinskoye pipeline for supplying gas to the Gazprom’s gas transportation system was started.

A total of RUB 17,039 million was spent on the implementation of the corporate Gar Program in 2010.

In 2010, the APG recovery rate across the Company was 56.2% — significantly less than in 2009. This was mainly a result of the increased oil production at the Vankor field. In order to achieve a 95% APG recovery rate at the field, the Company embarked on the construction of a gas pipeline and other components of gas transportation infrastructure intended to supply the gas produced at the field to the Gazprom’s transportation system. It is planned to commission the pipeline and associated facilities in 2013.

In 2011, the Company plans to spend RUB 19.2 billion on the program implementation. The main activities planned for the year include:

- at RN-Yuganskneftegaz:
 - the commissioning of the second stage of the gas treatment plant and the third start-up complex of the gas turbine power plant, and the launch of the gas dehydration unit and the compressor station #2 at the Priobskoye field, which will allow to achieve the target 95% APG recovery rate in 2012;
 - the commissioning of the booster compressor station at the Komsomolskoye field;
 - the commissioning of the gas pipelines connecting the Niadeyuskoye and Cherpayskoye fields to the Khasyreiskaya gas turbine power plant;
- as a part of the development of the Vankor field, continued construction of the Vankor – Khalmerpayutinskoye pipeline, beginning the

construction of the second stage of the gas treatment plant and the third stage of the compressor station in order to create necessary infrastructure for gas transportation to the Gazprom’s system;

- as a result of the actions taken in 2011, in 2012 RN-Severnaya Neft and RN-Sakhalinmorneftegaz will achieve a 95% APG recovery rate.

In 2012–2013, the Company plans to continue its efforts on improving the APG recover rate at its major upstream subsidiaries. In particular, it is expected that in 2012 RN-Yuganskneftegaz will complete the construction of pipelines at the fields of the Pravdinsky area, the construction of a gas transportation system serving the Ugut-Kinyaminskaya group of fields, and the expansion of the existing gas transportation system at the fields of the Maysky area. RN-Purneftegaz is planning to complete the construction of a booster compressor station and an underground gas storage facility at the Kharampurskoye field. The completion of these projects will allow RN-Yu-

ganskneftegaz and RN-Purneftegaz to achieve a 95% APG recovery rate in 2013. After the completion of a number of projects aimed at expanding the APG utilization, in 2013 Vankorneft, the operator of the Vankor field, and RN-Krasnodarneftegaz will also achieve a 95% APG recovery rate. It is expected that, as a result of all these measures, the target level will be achieved for Rosneft as a whole.

REMEDICATION OF THE OIL-CONTAMINATED SOILS

In 2010, the Company developed and approved a corporate program for the remediation of the environmental damage accrued prior to the consolidation of assets. It is expected that the overall costs of the program to be implemented in 2011–2014 will amount to RUB 10.5 billion. Overall, in 2010 a total of 849 ha of oil-contaminated land was remediated and 100 sludge pits were eliminated. More details on the Company’s activities in this area are available below in the section Biodiversity Conservation and Restoration of Disturbed Ecosystems.

HSE Objectives, Programs and Projects

In 2008, the Company defined its long-term and intermediate objectives in the field of HSE, and since

then has been monitoring the progress towards them on an annual basis

HSE objectives of Rosneft for the period till 2020, targets, and actual values of key indicators

Key indicator	2008 (target/actual)	2009 (target/actual)	2010 (target/actual)	2020 (target)
Continuous reduction of the occupational injury rate				
Number of fatalities per 1 mln hours worked	0.050/0.021	0.048/0.075	0.046/0.025	No more than 0.025
Actual – excl. fatalities due to the fault of third-party persons		0.045	0.025	
Number of occupational injuries per 1 mln hours worked	0.250/0.247	0.24/0.264	0.23/0.229	No more than 0.14
Actual – excl. injuries due to the fault of third-party persons		0.018	0.17	
Continuous reduction of the occupational injury rate in transportation				
Number of injured in road accidents per 1 mln hours worked	0.070/0.033	0.065/0.064	0.06/0.09	No more than 0.02
Actual – excl. injuries due to the fault of third-party persons		0.008	0.036	
Reduction of adverse environmental impacts				
Associated petroleum gas recovery rate ² , %	62.0/63.2	62.1/67.0	52.7/56.2 ³	95.0
Specific SO ₂ emission per tonne of product from the Company's operations, kg/tonne				
Target	0.45	0.40	0.3	0.15
Actual – production	0.29	0.08	0.070	
Actual – refining	0.85	0.72	0.677	
Actual – marketing	0.022	0.021	0.019	

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²Data for all subsidiaries and dependent companies (with Company's ownership interest taken into account) in the upstream sector.

³The changes in the indicator are discussed in the respective section of this Report.

Key indicator	2008 (target/actual)	2009 (target/actual)	2010 (target/actual)	2020 (target)
Specific NO _x emission per tonne of product from the Company's operations, kg/tonne				
Target	0.162	0.159	0.145	0.1
Actual – production	0.116	0.10	0.128	
Actual – refining	0.12	0.12	0.110	
Actual – marketing	0.007	0.0051	0.004	
Ratio of the amount of waste accumulated (at the end of the year) from the Company's operations to the 2008 level, %	100	93/105.6	87/95.8	0
Ratio of the area of contaminated land (at the end of the year) in the oil and gas production sector to the 2008 level, %	100	96/98.6	92/90.2	0
Rate of pipeline ruptures per 1 mmt of output in the oil and gas production sector	160.6/133.5	139.2/125.4	119.4/124.8	17.68
Amount of spilled oil per 1 mmt of output in the oil and gas production sector			252.3/30.6	18.36
Reduction of the number of fires and technogenic emergencies				
Ratio of the number of fires in the Company's operations to the 2008 level, %	100	87/70	78/40	33
Number of technogenic emergencies per 1 thousand of hazardous industrial facilities across the Company's operations	0.24	0/0	0/0	0

The main activities aimed at achieving these objectives are defined by a number of corporate programs, including the Environmental Program, the Gas Program, and the Pipeline Reliability Improvement Program. In 2010, the Company spent on the implementation of the Environmental Program RUB 1362 million, or two times more than in 2009. The actions originally planned for 2009 but postponed due to the crisis were implemented in 2010 or planned for the year 2011.

In 2010, the Company developed a corporate program for the remediation of the environmental damage accrued prior to the consolidation of as-

sets. The program to be implemented in 2011–2014 is based on the earlier program for the remediation of oil-contaminated lands accrued from previous operations of the Rosneft's upstream subsidiaries.

The main environmental actions and results achieved over the reporting period are described below.

Environmental Protection

EMISSIONS INTO AIR

In 2010, the Company managed to achieve some reduction of the overall emissions into air, while at

the same time expanding oil production and refining. This was achieved, in particular, as a result of the following projects.

Subsidiary	Project
RN-Yuganskneftegaz	Commissioning of a flare gas utilization unit with a design capacity of 50 mcm/year
Syzran Refinery	Modernization of the fuel system involving conversion of process furnaces from liquid fuel to natural gas
Tuapse Refinery	Dismantling of 40 tanks and a crude oil distillation unit

Total air emissions by sector, thousand tonnes

Year	2008	2009	2010
Total air emissions, including:	897.03	944.88	925.04
oil production	756.94	783.86	783.19
refining	115.96	111.93	110.20
gas processing	9.57	10.12	15.67
marketing	11.35	11.54	11.53
service subsidiaries	3.20	27.42	4.46

Total air emissions by pollutant, thousand tonnes

Year	2008	2009	2010
Total air emissions, including:	897.03	944.88	925.04
solids	52.40	63.77	53.56
sulphur dioxide	75.15	49.44	50.72
carbon monoxide	492.89	496.51	502.30
nitrogen oxides	22.08	21.96	25.76
hydrocarbons (excl. VOCs)	115.76	123.81	107.24
volatile organic compounds	155.22	182.32	177.22
benzo(a)pyrene	0.00009	0.00015	0.00076



Andrey Garanin and Salavat Khafizov at a new gas compressor unit at the Komsomolskoye field operated by RN-Purneftegaz

GREENHOUSE GAS EMISSIONS

Increase in the APG recovery rate should lead to a reduction of specific greenhouse gas emissions by the Company's operations. Rosneft attracts additional financing for its activities in this area by engaging in joint implementation projects — a financial mechanism of the Kyoto Protocol. In particular, joint implementation projects aimed at increasing the APG recovery rate are un-

derway at the Komsomolskoe, Kharampurskoye, and Khasyreiskoye fields. The emission reductions achieved by the Company are monitored; the results are verified by independent entities accredited by the UNFCCC Joint Implementation Committee. In 2010, the Russian Ministry of Economic Development approved a joint implementation project by Rosneft and the World Bank aimed at increasing the APG recovery rate at the Komsomolskoye field..

WATER CONSUMPTION AND WASTEWATER DISCHARGE

In 2010, the Company's subsidiaries implemented a number of projects aimed at improving the effi-

ciency of water resource use and protecting water bodies from pollution.

Subsidiary	Project
Syzran Refinery	Completion of the modernization of facilities for mechanical treatment of sanitary wastewater
Angarsk Petrochemical Company	Continued modernization of biological treatment facilities
Novokuibyshevsk Refinery	Completion of the modernization of two aeration tanks of biological treatment facilities
Kuibyshev Refinery	Modernization of a water intake facility, a wastewater outlet, and an aeration tank
RN-Tuapsenefteprodukt	Construction of bank protection structures to prevent petroleum products from entering the Tuapse River
RN - Tuapse Refinery	Modernization of wastewater treatment facilities
RN-Sakhalinmorneftegaz	Construction of treatment facilities to prevent oil pollution of surface waters

Water consumption by sector, mcm

Year	2008	2009	2010
Water consumption from all sources, including:	256.5	274.1	343.4 ⁴
oil production	181.7	191.1	260.5
refining	68.2	73.5	71.6
gas processing	4.2	5.8	5.7
marketing	1.7	2.1	3.2
service subsidiaries	0.7	1.5	2.4

Volume of recycled and reused water

Year	2008	2009	2010
Volume of recycled and reused water, mcm	1433.7	1391.4	1361.49

⁴The increase in water consumption resulted mainly from changes in the state statistical reporting requirements with regard to water withdrawal. Other causes include the introduction of wastewater desalination before injection at the Prirazlomnoye and Priobskoye fields in order to prevent scaling, and conversion of some floating pumping stations used by RN-Yuganskneftegaz to year-round operation.



Wastewater analysis at the Novokuibyshevsk Refinery.

Wastewater discharges to surface water bodies, thousand m³

Year	2008	2009	2010
Total wastewater discharges to surface water bodies	113,332	98,239	95,165
Including:			
oil production	922	683	500
refining	110,843	95,835	92,445
gas processing	-	-	0
marketing	1567	1068	1104
service subsidiaries	-	654	1117
Including:			
treated to a standard quality	3507	81,877	78,390
polluted	109,825	16,362	16,439

WASTE MANAGEMENT

In 2010, the Company managed to decrease the amount of oil sludge accumulated at its production facilities. In addition, a number of projects aimed at

the improvement of waste management practices were implemented.

Subsidiary	Project
RN – Severnaya Neft	Designing of temporary storage facilities for industrial and municipal waste at the Srednemakarihinskoye, Sandiveyskoye, Salukinskoye, and Veyakshorskoye fields
RN-Yuganskneftegaz	Completion of the construction of a waste disposal site for the Kinyaminskoye, Priobskoye, and Yuzhno-Surgutskoye fields. Construction of a waste disposal site for the Malobalykskoye and Mamontovskoye fields
RN-Stavropolneftegaz	Commissioning of a facility for the processing of oily waste at the Belozerskoye field
Samaraneftegaz	Designing of a waste disposal site at the Gorbatovskoye field. Commissioning of a waste disposal site at the Mikhaylo-Kokhanovskoye field
RN-Purneftegaz	Construction of a waste disposal site at the Kharampurskoye field. Procurement of an oily waste processing unit for the disposal site of the Barsukovskoye field

Waste management, thousand tonnes

Year	2008	2009	2010
Waste stored at the beginning of the year,	2742.6	2389.2	2523.8
including oil sludge	341.6	372.7	363.0
Waste generation over the year,	1585.8	1264.4	1513.5
including oil sludge	83.8	118.7	106.2
Waste recovery over the year,	598.2	252.8	336.3
including oil sludge	28.3	48.7	54.2
Decontaminated at the Company facilities,	209.2	527.1	518.8
including oil sludge	3.0	40.4	46.5
Sent to external organizations for disposal,	718.7	635.3	1178.1
including oil sludge	29.1	40.0	46.7
Waste stored at the end of the year,	2389.2	2523.8	2402.7
including oil sludge	372.7	363.0	350.6

BIODIVERSITY CONSERVATION AND RESTORATION OF DISTURBED ECOSYSTEMS

In 2010, the Company was implementing the program for the remediation of oil-contaminated lands accrued from previous operations of the Rosneft's upstream subsidiaries. As a result, Rosneft was able

to remediate almost twice as much contaminated land as in 2009. In 2011, it is planned to remediate over 950 ha of contaminated land. In addition to these activities, the subsidiaries implement or support projects aimed at the restoration of biodiversity in the areas affected by their activities..



Area of contaminated⁵ land and land remediation, ha

Year	2008	2009	2010
Area of contaminated land at the beginning of the year	2111.97	2036.30	1863.43
Area of contaminated land at the end of the year	1889.89	1863.43	1512.29
Land reclamation over the year,	2983.75	2419.39	2548.19
incl. contaminated land	569.4	488.81	849.01

Number of sludge pits

Year	2010
at the beginning of the year	840
at the end of the year	813
built over the year	74
eliminated over the year	100

⁵ Please note that the data on the area of oil-contaminated lands, including the data for the previous periods, may be incomplete.



Employees of RN – Severnaya Neft released 100 thousand young grayling into the Bolshaya Makarikha River.

RESTORING BIODIVERSITY IN THE BOLSHAYA MAKARIKHA RIVER, KOMI REPUBLIC

RN – Severnaya Neft released 100 thousand young grayling into the Bolshaya Makarikha River. “By replenishing biological resources we, in a sense, pay back our debt to the nature”, said Sergey Dryablov, the chief engineer of RN – Severnaya Neft. “The results of our efforts will be seen in a few years. We are not going to stop our activities — Severnaya Neft will continue to work on replenishing the fish population of the rivers of Usinsky District. We will look for new suitable water bodies, identify more fish species resilient enough to accommodate to the environment of northern rivers. The ecological balance is an extremely fragile thing, and we are doing what we can to help maintain it”.

“Increasing the fish population of the rivers of Usinsk District is a very important and useful area of activities”, said Victor Lukashov, head of the environmental protection section of the HSE Department. “In the past year, we released over 200 young whitefish, this year – 100 thousand young grayling. The river was not chosen randomly: the Makarikha is located within the Severnaya Neft’s area of operations, and it is our duty to care for the state of the environment, minimize environmental impacts of our activities, and do everything we can to help replenish nature’s riches”.

RESTORING BIODIVERSITY IN THE NORTHERN DVINA RIVER

For the first time in the past 25 years, young pike reared at a fish hatchery were released into the Northern Dvina River. One million juveniles released into a bay of the Kego Island due to Archangelsknefteprodukt will soon replenish the fish population in the river delta.

In 2007, Archangelsknefteprodukt carried out dredging works in the area in order to deepen the river channel to accommodate large tankers, and these activities could potentially affect the food base of the fish population. Therefore the company contracted the Northern Branch of the Polar Research Institute of Marine Fisheries and Oceanography (SevPINRO) to rear a large stock of young pike and financed the creation of a fish hatchery. According to statistical data, only one tenth of the released young survive into adulthood. SevPINRO researchers will monitor trends in the local pike population and the effectiveness of the biodiversity restoration measures financed by Archangelsknefteprodukt.



ENERGY EFFICIENCY

In 2010, the Company continued implementing its Energy Conservation Program for 2009–2013⁶. The electricity saving measures were focused on oil production operations — the most power consuming sector within the company — while heat saving activities were targeted mainly at the refining sector. In the reporting year, RN-Yuganskneftegaz alone was able to save over 450 GWh, or RUB 720 million,

by means of replacing or decommissioning worn-out equipment. The overall power savings across the Company amounted to 514 GWh, or some RUB 870 million, heat savings – to 61 thousand Gcal, or RUB 33 million.

In 2010, the Company’s operations consumed a total of 20 thousand GWh of electricity and 14.5 million Gcal of heat. Direct energy consumption amounted to $3.997 \cdot 10^{16}$ J, indirect – $2.547 \cdot 10^{17}$ J.

⁶ Detailed information about the Program is available in Rosneft Sustainability Report 2009.

Accident Prevention and Emergency Preparedness

ACCIDENTS

In 2010, no accident or emergency took place at the Company's operations.

In order to keep the staff and resources prepared for various accidents and emergencies, including accidental oil spills, 220 preparedness drills

involving over 27 thousand employees were carried out at different levels across the Company. In July 2010, a major drill on eliminating an accident involving an oil spill and a fire was conducted at the training site of RN-Yuganskneftegaz within the framework of a meeting of chief engineers and heads of HSE services of the Company's SDCs.

Accidents at Rosneft's operations

Year	2008	2009	2010
Total number of accidents	6	3	0
incl. with environmental consequences	0	1	0



The objective of the emergency preparedness drill at the Archangelsk terminal is to contain a simulated accidental spill promptly and effectively.

FIRES

During the period of summer forest fires, Rosneft's operations were taking prevention measures, and, as a result, no case of fire spreading to a Company's facility took place. Some operations faced the threats of natural emergencies such as mudslides (Grozneftegaz) and floods (RN — Tuapse Refinery, RN-Tuapsenefteprodukt). However, due to effective emergency preparedness systems no accident affected Rosneft facilities. The Company's fire crews and resources participated in fighting forest fires in its regions of operations. For example, in Samara Region over half of the fires attended by Rosneft fire crews did not involve threats to the Company's own facilities.

In 2010, the Company developed a targeted program for the modernization and equipping of the corporate fire-fighting service.

IMPROVING PIPELINE RELIABILITY

The Company on annual basis has been implementing measures within the framework of the corporate Pipeline Reliability Improvement Program. The Program is aimed at reducing the pipeline accident rate and involves activities in the following areas:

- using special corrosion-resistant steel grades and tubes with internal coating in pipeline construction and repair;
- corrosion inhibition of pipelines;
- pipeline cleaning.

The Company also deploys a state-of-the-art software system to track pipeline failures and ruptures and help identify critical pipeline sections for repair or replacement.



Rosneft developed a targeted program for the modernization and equipping of fire crews of its subsidiaries



Vankorneft's pipeline system.

In 2010, the overall cost of the Program measures amounted to RUB 5.219 billion. In 2011, the Program budget will be increased to RUB 7.514 billion.

In particular, it is planned to increase the amount of pipeline modernization works (in physical terms) by over 39%.

Pipeline ruptures and oil spills

Year	2008	2009	2010
Total number of pipeline ruptures (oil, gas, and water pipelines)	14,393	12,455	12,385
Number of oil pipeline ruptures involving spills	8945	7526	7817
Spilled oil and petroleum products ⁷ , tonnes			3737
Pipeline rupture rate, per km	0.37	0.32	0.31

Rosneft pipeline system and pipeline protection measures⁸, km

Year	2008	2009	2010
Total pipeline length	51,424	53,217	54,076
Total length of operational pipelines at the end of the period	39,049	40,043	39,107 ⁹
Pipeline modernization and repairs	693	714	701
Construction of pipelines with internal coating	62	144	169
Corrosion inhibition works	7632	7815	8770
Pig cleaning works	4556	5425	5915
Pipeline inspection and safety assessment	7358	6759	6331

⁷ Please note that the data on the amount of spilled oil and petroleum product, including the data for the previous periods, may be incomplete.

⁸ The table format was changed in order to ensure better presentation of information and eliminate technical errors.

⁹ The reduction of the length of operational pipelines was a result of the Company's pipeline reengineering program.



Emergency preparedness drill at the Novokuibyshevsk Refinery.

Occupational Health and Safety

In the reporting year, the main Company's achievement in the field of OHS was a 2.9-fold reduction in the number of fatalities. The overall number of occupational injuries also decreased by 15%. The main cause of occupational injuries in 2010 was inappropriate organization of works (25% of the total number of injuries). Another major cause was failure to comply with road safety requirements (18% of all cases).

The year 2010 saw an increased number of occupational injuries (including fatalities) in contractor organizations as a result of the increased amount of construction, modernization and reconstruction works at the Company's facilities carried out by external contractors. In order to prevent such incidents, Rosneft for several years has had a corporate standard defining the key requirements for contractors in the field of operational and fire safety, OHS, and environmental protection. The standard establishes conditions of contractors' access to the Company's facilities, as well

as requirements with regard to providing employees with personal protective equipment, employee qualifications and training, accident response actions etc. The agreements with contractors provide for regular inspections of their HSE compliance by Company representatives. Based on the inspection findings, corrective measures to be taken by contractors are identified. In addition, contractor companies are engaged in day-to-day OHS activities of the respective subsidiaries. In particular, in 2010 contractor representatives participated in over 3.5 thousand OHS meetings carried out at Rosneft's SDCs.

In accordance with the existing legislation, the Company continued workplace assessment with regard to working conditions. At the end of 2010, the corporate Regulation on Workplace Assessment with regard to Working Conditions was adopted. By the end of 2010, 91% of workplaces within the Company have been certified as compliant with the respective requirements.



In order to prevent road accidents, in 2010 the Company conducted two corporate Road Safety Month campaign. Among other measures, the campaigns involved strengthened oversight of pre-trip vehicle inspections and driver medical check-ups, and of compliance with safety requirements associated with specific weather conditions. Inspections of road safety compliance along the vehicle routes and other measures were also carried out.



In 2010, a corporate regulation on workplace assessment in terms of working conditions was adopted.

Occupational injuries among Company's and contractors' employees

Year	2008	2009	2010
Total number of occupational injuries	60	70	63
incl. fatalities	5	20	7
Number of occupational injuries, excluding injuries due to the fault of third-party persons,	50	48	47
incl. fatalities	4	12	7
Occupational injury rate (injuries per 200 thousand hours)	0.049	0.053	0.044
Occupational injury rate (injuries per one million hours)	0.247	0.264	0.229
Occupational fatality rate (cases per 100 million hours)	2.05	7.54	2.55
Number of occupational injuries among contractors' employees at the premises of the Company's subsidiaries	20	23	27
incl. fatalities	8	12	14

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Corporate Pension Program and Care for Veterans



A cohesive team of employees is the foundation of the Company's success. And it is important that the care about the staff not be limited only to those who works for the Company at the moment. We start to care about our prospective employees when they are still in school and continue to help them after their retirement.

We are proud that even at the height of the crisis we were able to avoid massive layoffs and preserve the package of social benefits available to our employees. The past year became the first one after the crisis, when we not only maintained our HR management programs at the pre-crisis level, but also resumed their expansion and further development.

Key Issues in 2010

COMMISSIONING OF THE TRAINING AND LABORATORY BUILDING OF THE OIL AND GAS INSTITUTE AT THE SIBERIAN FEDERAL UNIVERSITY

At the beginning of the 2010/11 academic year, the inauguration ceremony of the new training and laboratory building of the Oil and Gas Institute at the Siberian Federal University (SFU) was held in

Krasnoyarsk. The building was constructed with financial support from Rosneft, which spent RUB 925 million on the project. The ceremony was attended by the Russian Prime Minister Vladimir Putin.

The new training and laboratory building has been provided with state-of-the-art equipment. It has 66 laboratories and practical training rooms, 26 lecture rooms, and 17 rooms for training in specialized



A new training and laboratory building at the SFU was built with financial support from Rosneft.

subjects. In 2010, 325 students enrolled in the SFU Oil and Gas Institute. The Institute participates in a number of Rosneft's innovation projects. It also has cooperation agreements with the leading industrial companies, the Gubkin Russian State University of Oil and Gas, and foreign educational and training institutions specializing in the field.

Within the framework of its partnership with the SFU Oil and Gas Institute, the Company not only provided funds, but also immediately participated in selecting equipment and designing training programs for the institute.

One objective of the Oil and Gas Institute is providing research support to oil production operations. "We have 66 research and development laboratories – there is nothing like this in Russia. And all of them are focused on innovation", underscores Nikolai Dovzhenko, the Institute Director. "Our training program conforms to all international requirements with regard to the training of specialists for the oil sector: it combines research activities with work placements at oil fields. Our graduates are employed by the companies of the sector. In this year alone, the Company and its subsidiaries will recruit 150 our graduates, and over the next few years this number will increase to 830. In addition to oil-field operators, jobs with oilfield services and drilling companies are also waiting for our students".

STANDARDIZATION OF THE EMPLOYEE BENEFIT SYSTEM

The main document regulating employer-employee relations at a Rosneft subsidiary is collective agreement (in 2010, 75% of the total workforce of the Company's subsidiaries were covered by such agreements). Presently, the scope and size of social benefits and guarantees offered to employees by collective agreements of their respective operations differ significantly. This reflects the fact that Rosneft owns a number of assets, which traditionally have had widely differing compensation and social packages. In 2010, the Company undertook a major effort aimed at standardizing the scope and size of social benefits across the subsidiaries and focusing resources on the benefits most important to Rosneft employees. The Company considered the experience of its competitors and defined a clear objective: rendering assistance to those who really need this assistance. Thus the Company will manage social benefits offered to its employees in a

more responsible manner. As a result of this effort, recommendations on preparing collective agreements at oil and gas production, refining, and gas processing subsidiaries of Rosneft were prepared.

The recommendations define the following key components of social benefits and guarantees viewed as priorities of the Company's social policy:

- ensuring comfortable working and recreation conditions for the Company staff working in the regions with unfavorable climate conditions and/or exposed to workplace hazards;
- providing financial support to the employees who suffered occupational injuries not due to their own fault, and to the families of the employees who suffered fatal occupational injuries;
- providing social assistance to employees' families;
- providing social assistance to pensioners;
- providing financial assistance in unexpected life and family circumstances.

The recommendations on preparing collective agreements were discussed with the interregional labor union organization of Rosneft and agreed upon between the Company and the union. In 2011, the Company plans, working together with union organizations, to prepare new collective agreements between its subsidiaries and their employees based on the recommendations and have these agreements signed.

MANAGING THE CANDIDATE POOL

The Company for the first time formed a corporate pool of candidates for significant management positions at the end of 2007. In the subsequent years, activities on the personnel evaluation and identification of prospective candidates were carried out at subsidiary companies and Rosneft headquarters. In 2010, the candidate pool was updated: over 800 persons were included in the pool, with some 250 of them being candidates for General Director/CEO positions at the subsidiaries. All senior executives of the Company were involved in the identification of candidates for the pool.

Preparing Worthy Successors

The Company begins to work with prospective employees when they are still at school or university, seeing this approach as the only way to build a professional team in the future. For this purpose, the Company for many years has been maintaining the "School — University — Company" continuous education system¹⁰. This system was an important factor that helped the Company attract over 2.5 thousand young talented professionals, who work for it today.

In 2010, Rosneft published a brochure titled *Your Future Is in Your Hands*, which contained detailed information on opportunities offered by the Company to school and university students and young professionals. The electronic version of the brochure is available on the corporate website www.rosneft.ru.

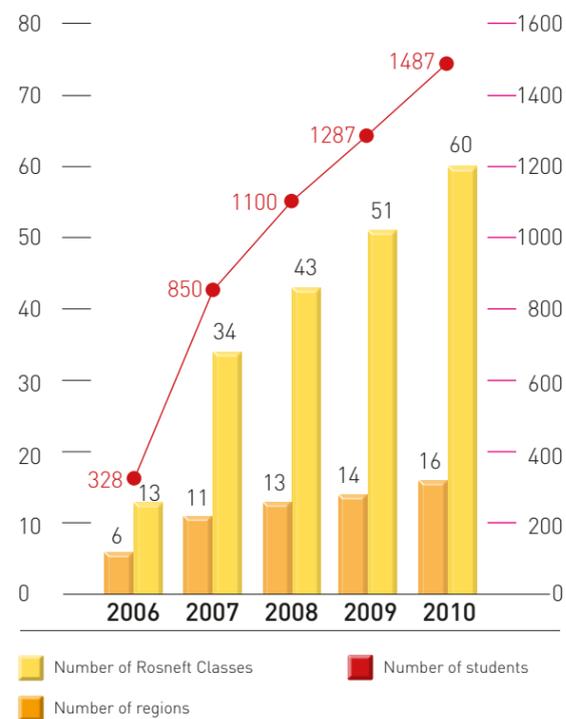
ROSNEFT CLASSES

In 2010, the corporate pre-university training program covered almost 1500 students of 60 "Rosneft Classes" in 30 cities – virtually in each Company's region of operations. In the past year, one of every five students of Rosneft Classes graduating from school received a medal for academic achievements. Almost all graduates of Rosneft Classes enrolled in universities, with most of them choosing specialties related to the oil industry.

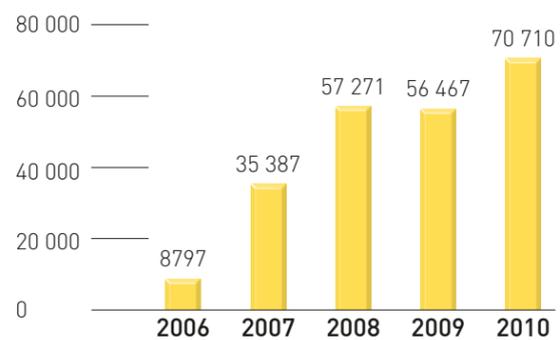
COOPERATION WITH UNIVERSITIES

Recognizing that higher education institutions are the main source of young talented employees, Rosneft has partnered with many leading Russian universities, expanding the cooperation from year to year. In 2010, the Company collaborated with 26 universities that provided training in specialties demanded by Rosneft operations. In particular, a new training and laboratory building of the Oil and Gas Institute at the Siberian Federal University, constructed with financial support from Rosneft, was commissioned (see above). In 2011, the Company plans to further expand the range of partner universities.

Development of the system of Rosneft Classes

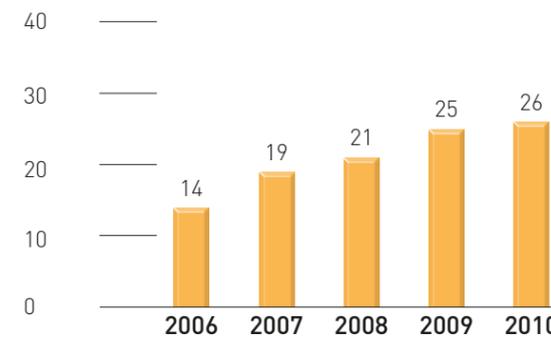


Expenditures on Rosneft Classes, RUB thousand



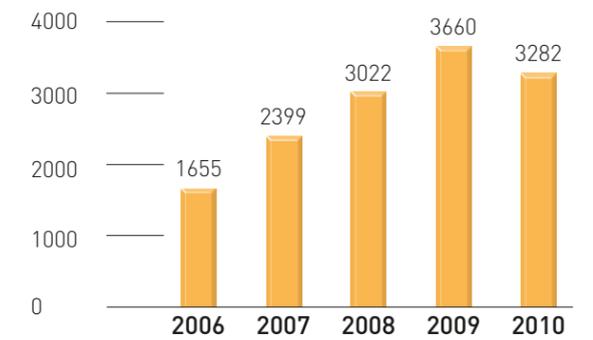
¹⁰ Detailed information about the program is available in Rosneft Sustainability Reports 2006 and 2007.

Number of partner universities



The Company's cooperation with higher education institutions is not limited to providing financial support and organizing Rosneft Days, Career Days and other events at universities. In 2010, Rosneft assisted the partner universities in modernizing their training processes, implementing innovative projects, and developing new training programs. For example, the Company provided RUB 4.5 million to the Institute of Innovative Educational Projects and Technologies at the Gubkin Russian State University of Oil and Gas, including RUB 950 thousand for

Number of students who received work placements with the Company



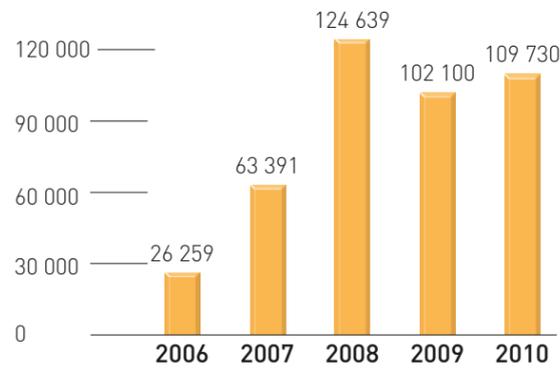
the development of professional standards for oil and gas well drilling specialists.

In order to foster students' motivation for academic achievement and to support best university teachers with research interests relevant to the Company, in 2010 Rosneft provided corporate stipends and grants to 330 students and 12 university teachers. In the reporting year, the Company spent a total of RUB 77 million on charity assistance to universities, including some RUB 8 million on stipends and grants.



The Rosneft Day at the Gubkin Russian State University of Oil and Gas

Expenditures on cooperation with universities, RUB thousand



In order to ensure the continuity of its work with school and university students, the Company conducted "The Future of Rosneft" festival for 1st and 2nd grade university students who graduated from Rosneft Classes and chose specialties relevant to the oil industry.

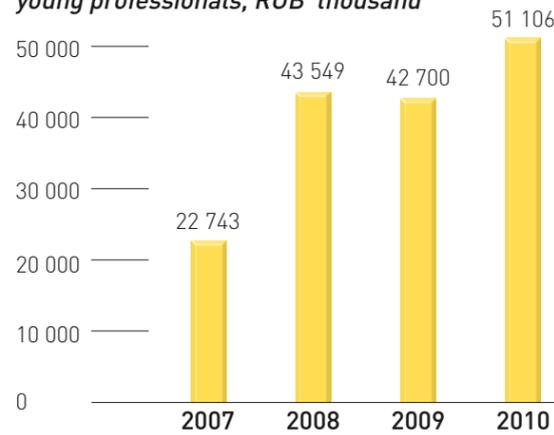
Students with high academic performance are offered work placements and internships at the Company. In 2010, over 3 thousand university students received work placements at Rosneft's operations. Based on the results of work placements and internships, almost a thousand university graduates were recruited by the Company's operations.

WORKING WITH YOUNG PROFESSIONALS

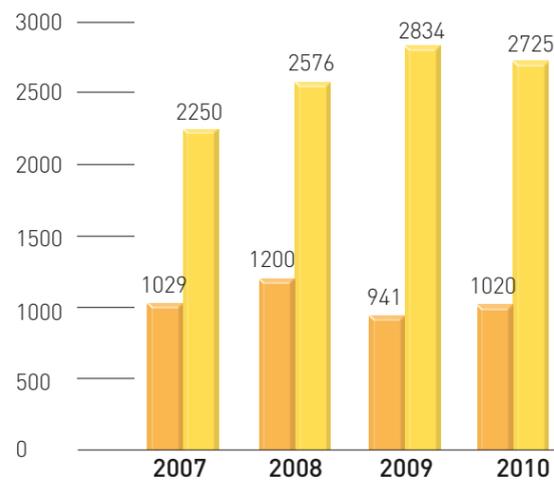
The next stage of the continuous training process is working with young professionals¹¹ already recruited by Rosneft. In 2010, Rosneft had 2725 young professionals in its employment.

The main objective of the Company's young professional adaptation system is to facilitate the development of their professional and management skills, and to involve them into research and project activities. Young Professionals' Councils and the institution of mentorship play an important role in achieving this objective¹². In addition, the Company has a number of corporate programs to facilitate the adaptation of

Expenditures on corporate programs targeting young professionals, RUB thousand



Young professionals at Rosneft



Legend:
■ Number of young specialists recruited after graduating from a university
■ Number of young professionals at the Company

young professionals, who are offered opportunities for improving their professional level and developing leadership qualities through various trainings, simulation exercises, workshops, and conferences..

¹¹ According to corporate policies, a young professional is a graduate of a full-time university program, 33 years old or younger, employed by the Company in the graduation year, pursuing a career in the profession specified in his or her university diploma, and working for the Company less than three years.

¹² Detailed information on the Young Professionals' Councils and mentorship at Rosneft is available in Rosneft Sustainability Reports 2007 and 2008.



Participants and winners of the regional stage of the Science and Technology Conference of Young Professionals (Tuapse).

SCIENCE AND TECHNOLOGY CONFERENCE OF YOUNG PROFESSIONALS 2010!

In 2010, the 5th Rosneft Interregional Science and Technology Conference was held. The conference was attended by 178 young professionals representing 46 Rosneft's subsidiaries. Typically, conference participants are young professionals working at the Company for the second and the third year, and students of the partner universities (Moscow State University, Gubkin Russian State University of Oil and Gas, Moscow Institute for Physics and Technology). The preparation of a research project to be presented at the corporate Science and Technology Conference is an important step in their professional development.

The final stage of the 5th Conference was traditionally held at President Hotel in Moscow. The participants were greeted by Rosneft President, who underscored that professional human resources is the foundation of every company's ability to achieve its strategic goals. The corporate system of working with young professionals facilitates the adaptation of yesterday's students to the job and helps them realize their potential to the maximum extent possible. The number of conference participants has been growing from year to year, with their research projects becoming increasingly relevant to the Company.

The participants of the 5th Conference underwent a tough selection process: first, local conferences were held at 63 subsidiary companies. Then 458 winners and nominees of the local conferences were able to participate in regional conferences held in Nefteyugansk, Samara, Tuapse, and Rostov-on-Don.

All the projects presented at the final stage of the conference were reviewed by a contest committee chaired by First Vice President of Rosneft. The results of 52 projects (out of 150 presented at the Conference) were recommended for practical implementation. Yuganskneftegaz became the leader among Rosneft subsidiaries in terms of the number of winners and runners-up; such companies as Purneftegaz, Samaraneftgaz, UfaNIPIneft, TomskNIPIneft, Angarsk Petrochemical Company, and RN-Service also showed excellent results.

For the first time, the Conference had several thematic sections, including industrial energy and energy efficiency, well drilling, and oilfield services; a special section was dedicated to scientific and experimental research.

Employee Remuneration System

WAGES

Decent employee remuneration is the foundation of the Company's HR management system. In the reporting year, like in the previous years, the salaries paid by the Company's subsidiaries usually exceeded the average salary levels in the respective regions.

In 2010, the salaries across the Company were indexed by 5%, although at certain subsidiaries the indexation rate was higher. The corporate business plan for 2011 provides for the indexation of average salary levels at least by 6.5% since April 1. Again, higher indexation rates are planned for certain subsidiary companies on the basis of the conditions in the respective regional labor markets.

THE SYSTEM OF KEY PERFORMANCE INDICATORS

In 2009, the Company has introduced a new system for determining annual bonuses paid to senior managers and heads of independent divisions of the Rosneft headquarters, based on collective and personal key performance indicators (KPIs). In 2010, these categories of employees were paid bonuses in accordance with the system. In 2011, it is planned to expand the system coverage, including

in it middle-level managers of the Rosneft headquarters, as well as general directors and other senior executives of the key Company's subsidiaries.

The system is based on a formalized and transparent approach, which makes it possible to set clear objectives for the managers on an individual basis, define specific criteria of meeting these objectives, and objectively evaluate managers' performance at the end of the year.

The size of annual bonus to be paid to each manager is determined on the basis of a comprehensive audit of his or her performance with regard to each KPI and approved by Rosneft's Board of Directors.

SOCIAL PAYMENTS AND BENEFITS

Social payments and benefits form an integral part of the corporate remuneration system. We are proud that during the crisis period we were able to preserve the full scope of the social package available to our employees¹³, and we are planning to further expand it in the future. In 2010, the Company prepared recommendations for concluding collective agreements at oil and gas production, refining, and gas processing subsidiaries (see above for more details).

Social expenditures, benefit payments and one-time bonuses included in the gross payroll, 2010, RUB thousand.



Expenditures per employee – 24,1 RUB thousand

¹³ More details on the scope of the social benefit package available to the employees is available in the previous Rosneft Sustainability Reports.

Comparison of monthly salaries in selected Rosneft subsidiaries and their regions of operations in 2010, RUB.

Nº	Significant regions of operations	Subsidiary	Sector	Average salary paid by the subsidiary, 2009	Average salary paid by the subsidiary, 2010	Relative increase of the average salary paid by the subsidiary in 2010, %	Average salary in the region, 2009 ¹⁴
1	Krasnoyarsk Territory	CJSC Vankorneft	P	86,338	89,230	3	20,277
2	Krasnoyarsk Territory	OJSC East Siberian Oil and Gas Company	P	84,019	96,708	13	20,277
3	Krasnoyarsk Territory	OJSC Achinsk Refinery VNK	R	38,224	40,542	6	20,277
4	Krasnoyarsk Territory	LLC RN-Krasnoyarsknefteprodukt	M	53,677	51,228	-5	20,277
5	Irkutsk Region	OJSC Angarsk Petrochemical Company	R	33,202	35,737	7	18,193
6	Irkutsk Region	OJSC Angarsk Polymer Plant	R	34,161	35,820	5	18,193
7	Irkutsk Region	CJSC Irkutsknefteprodukt	M	19,923	22,686	12	18,193
8	Khanty-Mansi Autonomous Area — Yugra	LLC RN-Yuganskneftegaz	P	58,511	62,304	6	38,387
9	Yamalo-Nenets Autonomous Area	LLC RN-Purneftegaz	P	56,673	61,382	8	46,481
10	Yamalo-Nenets Autonomous Area	OJSC Rosneft-Yamalnefteprodukt	M	25,053	26,930	7	46,481

Continues on pg. 64

Sectors: P — oil and gas production; R — refining; M — marketing and distribution; O — other sectors.
¹⁴ Note. For the average salary in regions, the 2009 data are provided, since the official statistical data for 2010 were not available at the time of preparing this Report.

Nº	Significant regions of operations	Subsidiary	Sector	Average salary paid by the subsidiary, 2009	Average salary paid by the subsidiary, 2010	Relative increase of the average salary paid by the subsidiary in 2010, %	Average salary in the region, 2009 ¹⁴
11	Komi Republic	LLC RN – Severnaya Neft	P	72,146	74,270	3	23,686
12	Archangelsk Region, incl. Nenets AA	LLC Polar Lights Company	P	108,681	108,964	0	20,243
13	Archangelsk Region, incl. Nenets AA	LLC RN-Arhcangelsknefteprodukt	M	21,033	21,764	3	20,243
14	Primorsky Territory	LLC RN-Nakhodkanefteprodukt	M	29,923	31,004	3	18,997
15	Khabarovsk Territory	LLC RN – Komsomolsk Refinery	R	33,209	36,385	9	20,455
16	Khabarovsk Territory	LLC RN-Vostoknefteprodukt	M	27,647	30,176	8	20,455
17	Sakhalin Region	LLC RN-Sakhalinmorneftegaz	P	45,455	54,502	17	32,626
18	Sakhalin Region	CJSC RN-Shelf Far East	O	118,821	124,010	4	32,626
19	Udmurt Republic	OJSC Udmurtneft	P	32,581	34,357	5	13,099
20	Samara Region	OJSC Samaraneftgaz	P	36,654	39,048	6	14,916
21	Samara Region	OJSC Novokuibyshevsk Refinery	R	27,058	28,100	4	14,916
22	Samara Region	OJSC Kuibyshev Refinery	R	27,399	29,473	7	14,916

Continues on pg. 65

Nº	Significant regions of operations	Subsidiary	Sector	Average salary paid by the subsidiary, 2009	Average salary paid by the subsidiary, 2010	Relative increase of the average salary paid by the subsidiary in 2010, %	Average salary in the region, 2009 ¹⁴
23	Samara Region	OJSC Syzran Refinery	R	26,348	29,002	9	14,916
24	Samara Region	OJSC Samaraneftprodukt	M	12,270	14,251	14	14,916
25	Samara Region	LLC Novokuibyshevsk Oils and Additives Plant	R	27,210	29,136	7	14,916
26	Krasnodar Territory	LLC RN-Kransodarneftgaz	P	19,857	21,685	8	14,953
27	Krasnodar Territory	LLC RN – Tuapse Refinery	R	28,442	31,102	9	14,953
28	Krasnodar Territory	LLC RN-Tuapseneftprodukt	M	24,553	29,064	16	14,953
29	Krasnodar Territory	OJSC RN-Kubanneftprodukt	M	12,219	14,225	14	14,953
30	Stavropol Territory	LLC RN-Stavropolneftgaz	P	17,788	19,543	10	12,647
31	Stavropol Territory	OJSC Rosneft-Stavropolye	M	13,053	14,762	13	12,647
32	Chechen Republic	OJSC Grozneftgaz	P	16,691	18,239	9	13,255
33	Dagestan Republic	OJSC Rosneft-Dagneft	P	10,640	11,653	10	9125
34	Dagestan Republic	OJSC Dagneftgaz	P	10,902	12,235	12	9125
34	Dagestan Republic	OJSC Dagneftgaz	P	10,902	12,235	12	9125

Personnel Development

CORPORATE TRAINING SYSTEM

In 2010, the Company continued to develop its employee training system. Like in the previous years, employees received both compulsory training required by the legislation and corporate training programs in various technical and management skills. In 2010, a total of 120 thousand man-courses, or by 7 thousand more than in 2009, were delivered under such programs. In May 2010, an automated system for assessment of employee technical competencies and formation of individual professional development plans was commissioned. A total of 135 employees of the Rosneft headquarters and corporate research and design institutes received assessment using the system. The development of technical competency matrices and profiles for employees of the corporate headquarters (the upstream segment) was completed.

The Company takes efforts to further develop the corporate distance learning system. At present, the corporate library available to employees includes 49 distance learning courses. In the reporting year, a total of 4 thousand Company employees took one or more of these courses.

The distance learning courses offered to employees are based on the fundamental standards and policies of the Company. The courses cover such general areas as "Oilfield equipment and pipelines", "New production technologies", "Information technology", and "Occupational and environmental safety". The Company continues to design new courses reflecting its training priorities.

In order to ensure systematic development of the corporate training centers and standardization of their approaches, the following action were taken:

Corporate professional training and re-training programs developed jointly with the leading partner universities deserve special mentioning. For example, in cooperation with the Gubkin Russian University of Oil and Gas, the Company has designed and delivers four additional professional training programs, including "Oil and gas production", "Economy and management in the oil and gas industry", "OHS specialist", and "Environmental manager".

In partnership with the Graduate School of Management at St. Petersburg State University, the Company delivers the Executive MBA training program. The program comprises 12 training modules, two of which are taught at foreign business schools: the Duke University's Fuqua School of Business (USA) and the Norwegian Business School (Oslo, Norway). The module-based training program "Effective company management: development of management competencies" aimed at corporate executives is also delivered jointly with the Graduate School of Management.

The corporate MBA program "International business in the oil and gas sector" is taught jointly with the International School of Economics and Law of the Moscow State Institute of International Relations and Bodo Graduate School of Business (Norway).

- methodological guidelines "Organization of Activities of Regional Training Centers of the Company" were prepared and approved;
- at the beginning of 2011, the Company started a program for providing its training centers with state-of-the-art simulators allowing operators of hazardous industrial facilities to practice necessary skills in real time. The program will be implemented from 2011 through 2015.

THE "BEST IN PROFESSION" CONTEST

The "Best in Profession" annual contest of professional mastery has become a corporate tradition serving several important objectives of the corporate HR policy. Being a form of rewarding the best employees, it at the same time serves as a vehicle for sharing best working practices identified at various subsidiaries of the Company.



Teachers of the Graduate School of Management at St. Petersburg State University deliver a module-based program to Rosneft executives.



Opening ceremony of the "Best in Profession 2010" contest in Samara.



At the first stage of the "Best in Profession" contest theoretical knowledge was tested.

In August 2010, the final stage of the 6th "Best in Profession" corporate contest was held. A total of 277 employees representing 75 Rosneft subsidiaries competed in the finals. In 2010, the contest dedicated to the 15th anniversary of the Company was organized as a major event contributing to the strengthening of Rosneft's corporate culture.

The number of contest categories was expanded from 17 to 21, representing all major skill sets within the Company. Best subsidiaries were also identified based on the number of winners and runners-up in individual categories. The winning companies in the main sectors of operations were :

- oil and gas production – OJSC Samaraneftgaz;
- refining – LLC Novokuibyshevsk Oils and Additives Plant;
- petroleum product supply:
 - marketing – CJSC Lipetsknefteprodukt;
 - terminals – CJSC Voronezh-Terminal.

The participants of the contest finals demonstrated a high level of both theoretical knowledge and practical skills. One should specifically mention representatives of CJSC Voronezh-Terminal who participated in the contest for the first time and became winners in all three categories applicable to the "Terminals" segment.

In 2010, the Company increased the size of monetary prizes awarded to contest winners and runners-up: the winners received RUB 500 thousand each as a prize, those placed second – RUB 150 thousand each, those placed third – RUB 50 thousand each.

Ensuring Decent Labor Conditions

In addition to offering competitive remuneration, we work to ensure decent labor conditions for our employees, which would facilitate the growth of their productivity. This includes both conditions at the workplace and living conditions of employees and their families.

MODERNIZATION OF SHIFT CAMPS

For many years already, the Company has been implementing a program for the modernization of its shift camps, which includes replacing old hostels with new, more comfortable ones, improving the quality of health services, expanding the range of services available to shift workers, and providing sports and leisure facilities. In 2010, the Company carried out modernization projects at over 160 facilities, spending almost RUB 1 billion on this.

HOUSING AND MORTGAGE PROGRAMS

In 2010, the Company continued the implementation of its Integrated Housing Program. In particular, it continued the construction of a 119-apart-

ment building in Grozny and completed providing amenities for a 100-apartment building in Nakhodka commissioned in 2009. In the reporting year, the Company provided housing to a total of 137 employee families under all corporate programs.

EMPLOYEE HEALTH

In 2006, the Company set itself the objective to reduce the disease incidence rate among the staff. In order to achieve this objective, Rosneft has developed and been continuously implemented the corporate Health Program¹⁵. The program involves subsidizing health resort treatment of employees and their voluntary medical insurance plans (in 2010, over 100 thousand employees participated in voluntary medical improvement schemes), as well as the promotion of sports and healthy lifestyle. In particular, the Rosneft Spartakiad (a team-based multi-sports tournament) has already become an integral part of the corporate life and has received broad coverage in the corporate media. In addition to the traditional summer Spartakiad, Rosneft plans to conduct the winter Spartakiad since 2011.



One of the apartment buildings in Sakhalin, whose construction was financed by Rosneft.

¹⁵ More details on the corporate Health Program are available in the Rosneft Sustainability Reports 2007 and 2008.

Corporate Pension Program and Care for Veterans

OCCUPATIONAL PENSION SYSTEM

Our responsibility for the well-being does not end with their retirement, and we strive to ensure decent pensions to those who dedicated their lives to the Company. The corporate pension program is managed by the non-state pension fund Neftegarant, and in 2010 the Company further expanded the coverage of the program. Detailed description

of the corporate pension system and explanatory materials for employees are available on the fund's website www.neftegarant.ru.

At the end of 2010, over 120 thousand Rosneft employees were covered by the corporate pension system. A total of some 31.5 thousand persons were receiving occupational pensions with the average size of some RUB 3 thousand per month.

Occupational pension system

Year	2010
Rosneft's contributions to the Neftegarant pension fund, RUB million	2479
Number of persons receiving corporate pensions	31,553
Pension payment, RUB million	634.15
Total value of personal pension plans with the Neftegarant fund, RUB million	740.55
Number of employees having personal pension plans with the Neftegarant fund	19,690
Number of Rosneft employees covered by the corporate pension system	over 120,000



At meetings in labor collectives, representatives of the Neftegarant non-state pension funds explain employees their rights and opportunities with regard to occupation pensions.



CARE FOR VETERANS

The Company supports its veterans using several mechanisms, which include providing financial support through the Neftegarant fund and addi-

tional payments under collective agreements. In 2010, Rosneft contributed RUB 137.4 million to the Neftegarant fund for social support of veterans. Another RUB 240 million was paid to veterans in accordance with the respective collective agreements.

Society

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Key Issues in 2010

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Charity and Volunteering

82

Supporting Social Infrastructure in the Regions of Operations



Rosneft subsidiaries actively contribute to the maintenance and development of local social infrastructure in all the key regions of operations. Such contributions are managed mainly through socio-economic cooperation agreements with the respective regional governments.

Key Issues in 2010

DEVELOPMENT OF THE REGIONAL POLICY PROGRAM

In 2009, the Company developed the Concept of Regional Policy of Rosneft – the fundamental document in the field of engagement with regional stakeholders, which was approved by the Board of Directors in October 2009. The Concept is used as a foundation for the development of the Integrated Regional Policy Program of Rosneft for 2011–2015. The Program encompasses all the significant regions of the Company’s operations. In 2010, 16 priority regions were identified. The key objectives of the Program include:

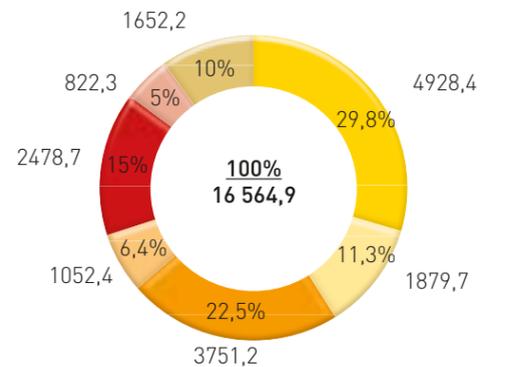
- ensuring stable and mutually beneficial relations between the Company and regional authorities in the economic, legal, and organizational fields;
- creating conditions and identifying new opportunities for further expansion and development of business activities of Rosneft and its subsidiaries in their regions of operations.

IMPLEMENTING A SYSTEMATIC APPROACH TO ENGAGEMENT WITH INDIGENOUS MINORITY PEOPLES OF THE NORTH

Rosneft pays significant attention to the socio-economic development of its regions of operations. One of the priority areas of the Company’s activities in this regard is the preservation of the living environment and traditional livelihoods of indigenous minority peoples of the North. The Company bases its relations with indigenous communities in its regions of operations upon the following principles:

- improvement of socio-economic conditions in which indigenous minority peoples of the North live and work;
- mutually beneficial cooperation between the Company and family communities;
- preservation and development of traditional livelihoods, lifestyles, and crafts;

Expenditures on the main areas of the corporate social policy in 2010¹⁶, RUB mln



- Creating and maintaining optimal labor conditions
- Regional socio-economic development
- Health protection, promotion of healthy lifestyle, and other social payments
- Providing housing
- Occupational pension program
- Maintaining social infrastructure
- Charity

- respect for ethnic traditions and protecting the uniqueness of indigenous communities..

In the regions with the significant presence of indigenous minority peoples of the North, the Company is represented by the following subsidiaries:

- RN-Yuganskneftegaz, Khanty-Mansi Autonomous Area — Yugra;
- RN-Purneftegaz, Yamalo-Nenets Autonomous Area;
- Vankorneft, Krasnoyarsk Territory;
- East Siberian Oil and Gas Company, Evenk Autonomous Area;
- RN-Sakhalinmorneftegaz, Sakhalin Region.

¹⁶ According to management accounts.

Expenditures on supporting indigenous minority peoples of the North¹⁷, RUB mln

Year	2008	2009	2010
Housing construction	4.3	35.1	33.3
Construction or repairs of social facilities	36.2	4	6.5
Construction or repairs of infrastructure	18.8	6.3	20
Providing equipment and other resources	40.3	56.5	56.7
Preservation of traditional culture, health improvement programs	15.3	11.3	25.5
Total	114.9	113.2	142

RELATIONS OF RN-SAKHALINMORNEFTEGAZ WITH INDIGENOUS MINORITY PEOPLES OF THE NORTH

Providing financial support to indigenous communities has been a traditional practice of RN-Sakhalinmorneftegaz for many years. However, until recently the company had been supporting individual family communities, NGOs and representatives of indigenous population on a case-by-case basis. In 2008, RN-Sakhalinmorneftegaz took a systematic and integrated approach to engagement with indigenous communities, getting the proposed targeted program “Supporting the Preservation and Development of the Nivkh Ethnic Group in Northern Sakhalin” approved by Rosneft. This marked the beginning of a new stage in relations between the company and indigenous residents of its areas of operations.

In the reporting year, the company provided funds to support the “Pila Ken” Nivkh folklore ensemble and the regional championship in ethnic sports.

In July 2010, over 90 athletes from seven districts of Sakhalin took part in the competition organized by the Indigenous Peoples Department of the Sakhalin Governor’s Office. The event was held at the Nekrasovka residential school of Okha Urban District. For the first time in many years a special age group for older adolescents (16—17 years old) was introduced, and athletes from Yuzhno-Sakhalinsk took part in the championship.

In addition, in July 2010, RN-Sakhalinmorneftegaz sponsored the Regional Festival of Indigenous Arts and Crafts within the framework of the Sakhalin Festival of Cultures. The event organized by the regional Culture Agency was held at the Museum of Local History and Nature in Yuzhno-Sakhalinsk. For the first time in the history of such festivals, a fashion show of traditional and modern ethnic clothing was conducted, while artisans of traditional ethnic crafts shared their experience and delivered master classes in ethnic embroidery, making of traditional panels, and fish skin working to those interested.

At a recently conducted international congress of indigenous youth movements, representatives of Sakhalin indigenous peoples were noted as best prepared participants. And some young Nivkh athletes are already willing to devote their lives to sports.

Continues on pg.76

¹⁷ According to management accounts.



The Reindeer Herder Day in Kharampur village, Yamalo-Nenets Autonomous Area.

Continued from pg. 75

RELATIONS OF RN-PURNEFTEGAZ WITH INDIGENOUS MINORITY PEOPLES OF THE NORTH

RN-Purneftegaz for many years has been cooperating with and providing support to family communities of indigenous minority peoples of the North, the reindeer herding enterprise "Verkhne-Purovsky", and regional branches of the "Yamal to Our Descendants!" association.

The main areas of charitable support to indigenous communities include subsidizing recreation and health resort treatment, financing stipends paid to indigenous students of specialized educational institutions, covering costs of medical examination and treatment, and supporting traditional ethnic festivals.

The company on an annual basis provides funds for purchasing the equipment, goods, fuel, lubricants, and other resources necessary to support the livelihoods of indigenous fishermen and reindeer herders.

RN-Purneftegaz also finances the construction of social infrastructure facilities and housing for representatives of small indigenous peoples, as well as settlement improvement projects at indigenous communities.

RELATIONS OF RN-YUGANSKNEFTEGAZ WITH INDIGENOUS MINORITY PEOPLES OF THE NORTH

RN-Yuganskneftegaz – the largest Rosneft subsidiary – carries out its operations within 48 areas designated for traditional nature use of individual indigenous family communities. The company supports 85 Khanty families (341 persons) in Nefteyugansk, Surgut, and Khanty-Mansiysk districts. The company bases its relations with indigenous communities on long-term economic agreements concluded with the heads of family communities. These are framework documents, which, among other provisions, clearly define the rules of behavior of Yuganskneftegaz staff within communal family lands. According to the agreements, the head of a family community produces a map showing areas where the company is allowed to carry out its operations, as well as various

Continues on pg. 77



Camp of the Kayukov family of Khanty in Nefteyugansk District.

Continued from pg. 75-76

sites of significance to the community, including sacred sites, cowberry sites, hunting areas etc. According to the agreements, the company:

- supplies every family with 2 tonnes of gasoline and 100 kg of lubricants per year;
- pays quarterly monetary compensation worth RUB 4500 to each family member;
- covers the costs of medical treatment, including prosthetic services;
- covers the costs of air and other transportation services, in particular, subsidizing the delivery of necessary food and other supplies to Khanty communities;
- purchases snowmobiles, overboard motors, generators, gas-powered saws (once in four years), and motor boats (once in ten years) for each family community.

The agreements also include the provision for one-time monetary compensation for land plots to be used for the company's operations

In the winter, RN-Yuganskneftegaz uses helicopters to deliver food and other supplies to the winter camps where Khanty live during the hunting season. Before the beginning of each academic year, the company carries out a centralized campaign to deliver Khanty children to school; a few months later it acquires New Year presents for them.

RN-Yuganskneftegaz is an active participant of events organized by municipal authorities and the government of Khanty-Mansi Autonomous Area in order to promote the socio-economic development of indigenous communities. One such event is the "Golden Drum" festival of environmental films and TV programs.

RN-Yuganskneftegaz has participated in the annual contest of oil companies "Black Gold of Yugra", receiving awards in the category "Engagement with Indigenous Communities" on a regular basis. In 2010, the company became the winner in this category.

RELATIONS OF EAST SIBERIAN OIL AND GAS COMPANY WITH INDIGENOUS MINORITY PEOPLES OF THE NORTH

Evenk Autonomous Area is a region with a special status. It is a home to such indigenous minority peoples as Evenks, Kets, Dolgans, and Evens. Over half of the region's indigenous population practice hunting, fishing, and reindeer herding in Baykit District, including the area of the Yurubcheno-Tokhonskoye field, the license for which is held by Rosneft. Therefore East Siberian Oil and Gas Company pays significant attention to social partnership with indigenous inhabitants of the area.

Under the framework agreement between Rosneft and the government of Krasnoyarsk Territory, the company on an annual basis reviews and finances projects for supporting indigenous family communities leading a traditional lifestyle in the vicinity of the oil field. The main objective of these actions is not only to preserve the lifestyles of indigenous communities, but also to support the development of traditional crafts and culture. For example, the company sponsored summer ethnic camps, where young Evenks were able to learn traditions of their ancestors, supported meetings and congresses of indigenous NGOs, financed the publication of books and albums devoted to the history and culture of the indigenous population.

However, the main contribution of East Siberian Oil and Gas Company to the implementation of the Regional Socio-Economic Partnership Program is supporting economic activities of indigenous communities and sponsoring such municipal institutions as schools and hospitals. An illustrative example of such partnership is the creation of a wood processing cooperative of indigenous family communities. The company on a charitable basis financed the purchase of mobile equipment for round timber processing. Most of the cooperative's output is procured by the company for its own needs, while the remaining part is used for constructing housing for members of the indigenous communities.

RELATIONS OF VANKORNEFT WITH INDIGENOUS MINORITY PEOPLES OF THE NORTH

Vankorneft operates in Turukhansk District of Krasnoyarsk Territory, whose indigenous population includes Evenks, Selkups, and Kets.

The company implements various actions aimed at the improvement of living conditions of indigenous communities under the Program for the Development of the Resource Base of Turukhansk District, a part of the framework Socio-Economic Cooperation Agreement with the government of Krasnoyarsk Territory.

In addition to this program, Vankorneft for several years has implemented charity programs to support the development of education and sports at indigenous communities. For example, Vankorneft provides funds for supporting traditional arts and crafts, and finances university training for indigenous students. It also sponsored the publication of the Ket language textbook for schools of Turukhansk District. In order to improve the effectiveness of its support, Vankorneft joined the Board of Trustees established by the Association of Indigenous Minority Peoples of Krasnoyarsk Territory.

Charity and Volunteering

Charity is an important area of regional activities both to Rosneft subsidiaries and its headquarters. As it was described in the previous sustainability reports, the Company has a corporate-wide regulation defining its approaches to charity and sponsorship activities.

The main areas of the Company's charity spending, which remained unchanged from the previous year, are presented in the table.

In 2010, the largest corporate charity project was support for the construction of the Temple of the Holy Mandylion (the Holy Image of Savior Not Made by Hands) in Usovo village.

In addition to corporate charity programs, Rosneft subsidiaries support volunteer initiatives of their employees. These can be both actions planned in advance and spontaneous initiatives driven by the desire to help those hit by disasters.

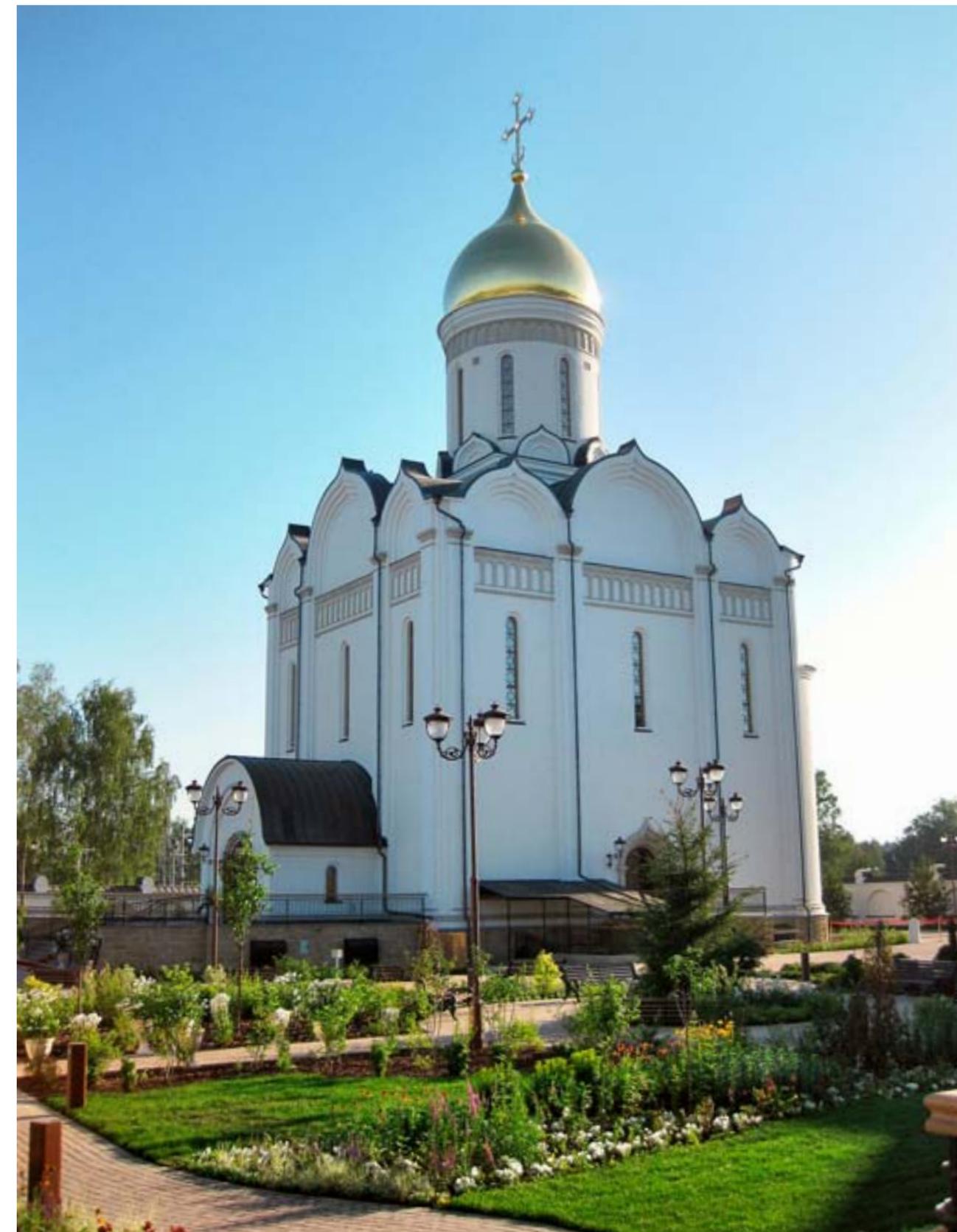
Rosneft charity spending by category¹⁸, RUB mln

Year	2008	2009	2010
Health care	29.8	4.0	13.5
Education and science	167.8	171.8	157.7
Sports	109.3	13.8	41.4
Culture	24.7	1.0	12.1
Pre-school institutions	7.4	4.2	10.5
Aid to veterans and persons with disabilities	25.0	21.2	24.7
Charitable and non-governmental organizations, humanitarian aid	76.7	64.4	6.2
Revival of spiritual heritage	95.8	489.9	1357.0
Indigenous minority peoples of the North	3.1	1.1	2.9
Regional, district, and municipal authorities	56.3	15.3	7.4
Miscellaneous	22.4	9.3	18.7
Total	618.3	796.0	1652.1

¹⁸ According to management account.



Employees of the Kuibyshev Refinery visiting "Malysh" Orphanage in Samara.



The construction of the Orthodox temple in Usovo village (Moscow region) was financed by Rosneft.

AID TO THOSE WHO SUFFERED FROM THE FLOOD IN TUAPSE

In October 2010, the rivers Pshenakho and Tuapsinka broke their banks, flooding 19 settlements, killing people, and damaging houses and infrastructure. The Rosneft subsidiaries based in Tuapse actively contributed to helping the victims and carrying out damage restoration operations. Over 200 workers of Tuapsenefteprodukt and Tuapse Refinery helped clean up flood debris and restore damaged infrastructure.

The Rosneft operations provided drinking water and hot meals to the flood victims and those who came to their rescue. Between October 16 and 23, they distributed 10 thousand hot meals among those affected by the flood and participants of the rescue and restoration operations.

In addition, employees of the regional Rosneft operations donated money and articles of prime necessity, which helped promptly provide the affected families with warm clothes, underwear, and bedding. Employees of Tuapsenefteprodukt and Tuapse Refinery collected over RUB 60 thousand for the flood victims.

The employees of Tuapsenefteprodukt and Tuapse Refinery who themselves were affected by the flood received monetary allowances totaling to over RUB 1.1 million.

Supporting Social Infrastructure in the Regions of Operations

Rosneft subsidiaries actively contribute to the maintenance and development of local social infrastructure in all the key regions of operations. Such contributions are managed mainly through socio-economic cooperation agreements with the respective regional governments. In 2010, Rosneft subsidiaries implemented a broad range of actions under these agreements.

In 2010, the overall Rosneft's expenditures within the framework of socio-economic cooperation agreements with regional governments amounted to RUB 1.88 billion. The funds were spent mainly on urban and settlement improvement projects, the construction of roads, schools, health care institutions, cultural and sports facilities, and on purchasing modern equipment for social facilities.

Expenditures on the social purposes of the regions of operations¹⁹, RUB mln

Year	2008	2009	2010
Pre-school institutions	18.6	4.5	44.4
Schools	120.8	55.0	602.5
Cultural facilities	542.0	270.0	56.8
Sports facilities	387.2	248.0	372.6
Health care institutions	44.1	60.0	41.1
Revival of spiritual heritage (temples, mosques etc.)	16.5	28.6	46.7
Assistance to indigenous minority peoples of the North	111.8	112.1	98.5
Miscellaneous	1059.0	1084.0	617.1
Total	2300.0	1862.2	1879.7

¹⁹ According to management accounts.



Eduard Khudainatov, Rosneft President, and Natalya Komarova, Governor of KhMAA—Yugra, just signed a socio-economic cooperation agreement.

IMPLEMENTATION OF REGIONAL SOCIO-ECONOMIC COOPERATION AGREEMENTS IN 2010

Khanty-Mansi Autonomous Area – Yugra. The Company has been implementing large-scale social programs in Nefteyugansk, developing a public park and leisure area with an indoor swimming pool and carrying out urban improvement projects, which involve, among other activities, the paving of roads and construction of playgrounds for children. An ice hockey complex is being constructed in Poykovsky settlement. In the settlement of Kut-Yakh, a complex of social facilities comprising a school, a children's arts center, and an outpatient clinic is being built; a kindergarten for 60 children is also being constructed. A quality access road to the hospital in Pyt-Yakh settlement was built.

Yamalo-Nenets Autonomous Area. In this region, the Company has invariably been paying much attention to improving living conditions of indigenous minority peoples and supporting their traditional livelihoods. The regional Rosneft subsidiaries finance the construction of housing and engineering infrastructure, purchase equipment and inventory for indigenous communities. In 2010, the respective expenditures totaled to over RUB 65 million.

Krasnoyarsk Territory. In this region, the Company has implemented the program for the development of infrastructure in Turukhansk District and the town of Igarka. In 2010, the Company spent a total of RUB 150 million on the program. Among other activities, the funds were spent on the demolition of dilapidated buildings and land rehabilitation in Igarka, and on the establishment of a ferry crossing between the island and the mainland parts of the town. In addition, Rosneft financed the construction of a training and laboratory building of the Oil and Gas Institute at the Siberian Federal University, which was commissioned in 2010. In the reporting year, the Company invested RUB 575 million in this project.

Komi Republic. Company's social investments in this region were focused on the reconstruction or renovation of a hockey court in Usinsk, the central stadium in Syktykar, and a swimming pool in Pechora.

Overall, in 2010 the Company financed the construction, renovation, or restoration of 20 pre-school institutions, 31 schools, 13 cultural institutions, 16 sports facilities, 22 health care institutions, and 22 temples in its regions of operations.

Independent Assurance Report on the Sustainability Report 2010 of OJSC Oil Company Rosneft

TO THE BOARD OF DIRECTORS OF OJSC OIL COMPANY ROSNEFT

ENGAGEMENT

At the request of OJSC Oil Company Rosneft (hereinafter 'Rosneft') we have performed an assurance engagement. The subject matter of our engagement is the qualitative and quantitative information for 2010 disclosed in the "Sustainability Report 2010 of Rosneft" (hereinafter 'the Report') except for the following matters:

- Correspondence between the Report and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting developed by the International Petroleum Industry Environmental Conservation Association and American Petroleum Institute ('IPIECA/API'), Basic Performance Indicators issued by the Russian Union of Industrialists and Entrepreneurs ('RUIE'), and UN Global Compact principles, and
- Qualitative and quantitative information relating to the prior years.

Our engagement is aimed to obtain a limited level of assurance that the information in the Report is, in all material aspects, a reliable and sufficient representation of sustainability policies, activities, events and performance of Rosneft during 2010.

As defined in the International Framework for Assurance Engagements issued by International Federation of Accountants (hereinafter 'IFAC'), evidence-gathering procedures in order to obtain limited assurance are substantially less in scope than procedures to obtain reasonable assurance and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

CRITERIA

We have assessed the Report against the GRI Sustainability Reporting Framework (hereinafter GRI

Framework), including version 3.0 of the Sustainability Reporting Guidelines (hereinafter GRI G3.0 Guidelines) and the sustainability reporting principles of Rosneft as set out in section "About the report" on page 13 of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

RESPONSIBILITY OF THE MANAGEMENT OF ROSNEFT

The management of Rosneft is responsible for the preparation of the Report and the information therein. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances. The choices made by the management, the scope of the Report and the reporting principles, including any inherent limitations that could affect the reliability of information, are set out in section "About the report" on pages 12-13 of the Report.

OUR RESPONSIBILITY

Our responsibility in performing this assurance engagement is to express a conclusion with regard to the information in the Report.

We have performed our engagement in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by IFAC.

We have performed the procedures deemed necessary to provide a basis for our conclusion. Our principal procedures were:

- Interviews with representatives of Rosneft's management responsible for its sustainability policies, activities, performance and relevant reporting,

- Analysis of key documents related to Rosneft's sustainability policies, activities, performance and relevant reporting,
- Analysis of Rosneft's stakeholder engagement activities via reviewing minutes of stakeholder meetings conducted by Rosneft and participation in one stakeholder meeting,
- Benchmarking of the Report against sustainability reports of selected international and Russian peers of Rosneft,
- Review of a selection of corporate and external publications with respect to Rosneft's sustainability policies, activities, events, and performance in 2010,
- Identification of material issues based on the procedures described above and analysis of their reflection in the Report,
- Review of data samples regarding human resources, environmental, health and safety, and charitable activities for key indicators as well as data collection processes to assess whether these data have been collected, collated and reported appropriately at the central office level,
- Visits to two Rosneft subsidiaries: oil and gas production company "RN-Sakhalinmorneftegaz" LLC and oil and gas projects operator "RN-Shelf-Dalnii Vostok" CJSC in order to gather evidence supporting the assertions made in the Report on Rosneft's sustainability policies, activities, events, and performance,
- Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the central office level,
- Assessment of compliance with the sustainability reporting principles used by Rosneft, and
- Assessment of disclosure of elements required by "A+" Application level of GRI G3.0 Guidelines.

BASIS FOR QUALIFIED CONCLUSION

The Report does not provide sufficient representation of Rosneft's performance regarding greenhouse gas emissions.

Consolidated data on the volume of oil spilled and the area of land contaminated, included in the Report, are not complete.

QUALIFIED CONCLUSION

Based on our work performed, except for the effect on the Report of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the information in the Report, in all material aspects does not provide reliable and sufficient representation of sustainability policies, activities, events and performance of Rosneft during 2010 in accordance with GRI Framework and sustainability reporting principles of Rosneft.

Nothing has come to our attention that causes us to believe that the Report does not meet the requirements of "A+" Application Level of GRI G3.0 Guidelines.

Ernst & Young (CIS) B.V.

Moscow

24 May 2011

Annex 1. Achievement of Objectives for 2010. Objectives for the Period until 2015²⁰

Achievement of the Objectives for 2010 Presented in Rosneft Sustainability Report 2009

Objective	Result
Health, Safety, and Environment	
Continuing the implementation of corporate targeted programs, including the Environmental Program, the Gas Program, the Energy Conservation Program, and the Pipeline Reliability Improvement Program.	In 2010, the Company continued the implementation of all corporate targeted programs. More details are available in the respective sections of this Report.
Continuing the processing of the accumulated oil-containing waste and cleanup or remediation of contaminated lands.	In 2010, the Company developed and approved a corporate program for the remediation of the environmental damage accrued prior to the consolidation of assets; the program will be implemented between 2011 and 2014. Overall, a total of 849 ha of oil-contaminated land was remediated and 100 sludge pits were eliminated in 2010.
Employees	
Resuming works on personnel evaluation, rotation, and maintaining the candidate pool.	In 2010, the candidate pool was updated; the practice of personnel evaluation has been resumed. The results are described in more detail in the respective section of this Report.
Expanding the KPI-based system of annual bonuses to include general directors of subsidiary companies and their deputies.	Postponed to 2011.
Increasing expenditures on corporate housing programs targeting employees by about 40% compared to 2009.	Achieved.
Development of a standardized training methodology for the Company's employee training system.	The Company developed corporate training and re-training programs, as well as a distance learning system. More details are available in the respective section of this Report.
Development of mechanisms for the attraction, selection, motivation, and training of internal corporate trainers.	The Company has developed internal regulations and guidelines defining approaches to the attraction, selection and motivation of internal trainers, including those working at corporate training centers. Special sections on internal trainers were included in the corporate standard "Organization of Employee Training" and the guidelines "Organization of Activities of Regional Training Centers". The Company has been building its internal training system in a systematic manner on the basis of these documents.

²⁰ Operating objectives and targets are presented in Rosneft Annual Report 2010.

Objective	Result
Improving approaches to working with the youth in order to ensure the inflow of young skilled workforce to the Company.	The Company continued to develop its "School – University – Company" continuous education and training system; the spending on the system was increased. More details are available in the respective section of this Report.
Maintaining the expenditures on workplace social infrastructure and services at the 2009 level.	Achieved.
Society	
Getting the Integrated Regional Policy Program of the Company approved by the Board of Directors.	The Program has been developed; its approval by the Board was postponed to the first half of 2011.
Continuing corporate programs for contribution to the socio-economic development of the areas of operations; maintaining the respective spending at the 2009 level.	Company's investments under regional socio-economic cooperation agreements increased insignificantly; all the existing programs were continued. More details are available in the respective sections of this Report.
Expanding Company's charitable activities.	In 2010, the Company increased its spending on charity two-fold.

Objectives for 2011

Innovation

- Preparation of the Program of Innovation-Based Development of Rosneft.
- Preparation of a standard for intellectual property management; development of corporate standards with regard to innovation-related activities, including a standard for R&D project management.
- Completion of the creation of a company-wide shared information space dedicated to corporate efficiency improvement programs in such areas as: modernization of production facilities; energy and resource efficiency improvement; associated petroleum gas recovery; and environmental and operational safety.
- Development of standardized requirements for the monitoring of targeted efficiency improvement programs.
- Participation in shared technology platforms build under the auspices of the Russian Government.

Health, Safety, and Environment

- Reduction of the occupational injury rate, improvement of the quality of operational oversight in the field of OHS, operational safety, and fire safety at the facilities of the Company's subsidiaries.
- Accomplishment of the objectives of the corporate program for the elimination of past environmental damage set for 2011, including the remediation of 909 ha of oil-contaminated lands, elimination of 134 sludge pits, and processing of 412 thousand cubic meters of oily waste.

- Commissioning of the first stage of wastewater treatment facilities at the Okha and Katangli fields operated by RN-Sakhalinmorneftegaz.
- Completion of the construction of bank protection structures at RN-Tuapsenefteprodukt to prevent petroleum products from entering the Tuapse River.
- Commissioning of the first stage of wastewater treatment facilities at the Tuapse Refinery.
- Obtaining a positive conclusion of the State Environmental Expert Review for commercial application of the drilling sludge processing technology leading to the production of a concrete-type construction material.

Employees

- Implementation of the targeted program for brining Company's shift camps in compliance with the respective corporate standards.
- Implementation of the corporate Health Program.
- Providing at least 200 employees' families with housing, including over 100 families within the framework of corporate mortgage programs.
- Continuing the phased implementation of the reform of the Company's occupational pension system.
- Expanding the KPI-based system of annual bonuses to include general directors of subsidiary companies and their deputies.
- Completion of the necessary evaluation procedures and formation of a candidate pool for the second management tier of the Company's headquarters.
- Approval and implementation of a corporate standard for the management of the Company's strategic candidate pool.
- Selection of candidates with a high development potential. Preparation of personalized development plans, training programs, work placements, and other professional development activities for this employee group.
- Development and systematic implementation of rotation plans for senior management of the Company.

Society

- Development of cooperation with regional governments and stakeholders in the regions of operations; increasing the spending under regional socio-economic cooperation agreements.
- Conducting roundtable meetings with stakeholders in the key regions of operations in the amount no less than in 2010.
- Approval of the Integrated Regional Policy Program for 2011–2015.

Objectives for 2012–2015

Innovation

- Implementation of the Program of Innovation-Based Development.
- Continuing cooperation with research institutions in the field of innovation.

Health, Safety, and Environment

- Reduction of the occupational injury rate, improvement of the quality of operational oversight in the field of OHS, operational safety, and fire safety at the facilities of the Company's subsidiaries.
- Cleanup of all oil-contaminated lands historically accrued by the Company's subsidiaries.
- Expanding the scope of the Company's Integrated Management System.
- Achieving a 95% APG recovery rate across the entire Company.
- Reduction of specific pollutant emissions, the amount of accumulated oil-contaminated waste, the accident rate, and the area of contaminated lands (see the respective section of this Report for the targets in this area).

Employees

- Reducing the overall disease incidence rate among the staff by at least 30% by 2013 compared to the 2008 level through the implementation of the corporate Health Program.
- Providing the expanding operations of the Company with skilled personnel against the backdrop of decreasing availability of skilled workforce in Russia.
- Development of collaboration with educational and training institutions in order to attract the best graduates to the Company.
- Development of the employee training system aligned with short-, medium- and long-term needs of the Company's business.
- Strengthening activities in the field of candidate pool management in order to meet the needs of the Company's expanding business for highly skilled management staff.
- Expanding the KPI-based system of annual bonuses to middle-level managers.

Society

- Implementation of the Integrated Regional Policy Program for 2011–2015.
- Continuing cooperation with regional governments and stakeholders in the regions of operations under socio-economic cooperation agreements.
- Conducting roundtable meetings with stakeholders in the key regions of operations in the amount no less than in 2011.

Annex 2. Key Sustainability Performance Indicators

Year	2008	2009	2010
Operational and financial indicators²¹			
Proved oil reserves, PRMS, mmt	2,421	2,483	2,487
Proved gas reserves, PRMS, bscm	784	816	791
Oil and gas condensate production, mmt	110.1	112.8	119.6
Gas production, bscm	12.5	12.8	12.4
Refining throughput, mmt	49.3	49.8	50.5
Output of petroleum products and petrochemicals, mmt	46.4	47.1	47.9
Assets at the end of the year, USD mln	77,513	83,232	93,829
Long-term accounts and liabilities payable at the end of year, USD mln	10,081	15,669	18,057
Generated and distributed direct economic value, USD mln²¹			
<i>Generated direct economic value</i>			
a) revenue	69,312	47,101	63,532
<i>Distributed economic value</i>			
b) operating costs	12,536	11,019	13,875
c) employee wages and benefits	2,651	2,137	2,413
d) payments to providers of capital	1,762	1,205	1,294
e) payments to governments	40,210	22,298	30,560
f) community investments	139	198	116
<i>Economic value retained</i>	12,014	10,244	15,274
Health, safety, and environment performance indicators²²			
Total pollutant emissions into the air, thousand tonnes	897	945	925
Associated petroleum gas recovery rate ²³ , %	63.2	67.0	52.6
Total wastewater discharge to surface water bodies, mcm	113.3	98.2	95.2
Number of pipeline ruptures	14,293	12,362	12,385
HSE training, including emergency preparedness, man-courses	64,596	93,920	100,784
Expenditures on occupational health and safety, RUB mln	1,961	1,899	2,111
Expenditures on emergency prevention, fire and radiation safety, and well control, RUB mln	2,799	3,492	4,716

²¹ According to US GAAP.

²² According to management accounts.

²³ Data for all subsidiaries and dependent companies (with Company's ownership interest taken into account) in the oil and gas production sector.

Year	2008	2009	2010
Capital environmental expenditures, RUB mln	2,846	5,661	6,495
Operating environmental expenditures, RUB mln	4,604	6,180	6,836
Environmental pollution fines, RUB mln	30	23	29
Environmental pollution fees, RUB mln	306	438	589
Environmental damage from accidents, RUB mln	0	2.7	0
HR management indicators²²			
Headcount as of December 31, 2010 (for all subsidiaries included in the RAS reporting boundary)	170,872	166,951	167,854
Annual average headcount ²⁴ , thousand	114.3	139.4	144.2
Workforce by category, %			
Workers	67.4	62.1	61.6
Specialists and administrative staff	20.8	26.1	26.9
Managers	11.8	11.8	11.5
Turnover, %	10.6	8.6	10.4
Average monthly salary, RUB.	34,998	35,975	39,705
Gross payroll (incl. benefit payments and one-time bonuses included in the gross payroll), RUB mln	47,998	60,197	68,665
Social payments to employees, RUB mln	2,228	2,477	2,544
Society performance indicators²²			
Tax payments and export duties, RUB mln,	1,148,457	714,320	1,001,388
including:			
tax payments to the federal budget and customs duties	1,027,463	606,276	851,788
tax payment to regional budgets	108,890	96,888	136,981
payments to extra-budgetary funds	12,104	11,156	12,619
Dividends paid, including minority dividends paid by subsidiaries, USD mln (US GAAP)	538	626	741
Expenditures on social programs, including social investments and charity in the regions of operations, USD mln,	17,134	15,909	16,565
including:			
creation of optimal working conditions	5,434	5,675	4,928
implementation of regional partnership agreements	2,300	1,862	1,880
charity	618	796	1,652

²⁴ Average headcount, as well as other human resource management indicators, are provided for the subsidiaries that are included in the management accounts consolidation boundaries. The boundaries are described in the Sustainability report 2009.

Annex 3. Correspondence between This Report, GRI Sustainability Reporting Guidelines (G3), the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API (2010), the Principles of the UN Global Compact, and the RUIE Basic Performance Indicators for Non-Financial Reporting (2008)

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
<i>Strategy and Analysis</i>								
Statement from the Chairman of the Board, Statement from the CEO	1.1			Statement expressing continued support	Address of Deputy Prime Minister of the Russian Federation, Address of Rosneft President	6-9	+	
Description of key impacts, risks, and opportunities	1.2				See below		+	
— description of the significant impacts the organization has on sustainability and associated challenges and opportunities	1.2						+	Rosneft Sustainability Report 2009 (Company's Impact on the Stakeholders, pp. 14-17). The Company's impacts have not undergone significant changes over the reporting period.
— an explanation of the approach to prioritizing these challenges and opportunities	1.2						+	The Company's approach to the identification of material issues is described in detail in Rosneft Sustainability Report 2008 (Reporting Principles, p.13), and has remained unchanged.
— key conclusions about progress in addressing these topics and related performance in the reporting period	1.2				Address of Rosneft President; Annex 2: Key Sustainability Performance Indicators	8-9, 90-91	+	
— description of the main processes in place to address performance and/or relevant changes	1.2						+	Rosneft Sustainability Report 2009 (Sustainability and Corporate Culture, pp. 65-67) .
— description of the most important risks and opportunities for the organization arising from sustainability trends	1.2						±	The Company advances its understanding of the key sustainability risks and opportunities as its develops the corporate strategy. We plan to present more detailed information on the priority risks in the next report. See also Rosneft Sustainability Report 2008 (Risk Management, pp.44-45).
— prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organizational strategy	1.2				About the Company	17	±	We plan to present more detailed information on the priority risks in the next report.
— table(s) summarizing performance against targets, and lessons-learned for the current reporting period	1.2				Annex 1: Achievement of Objectives for 2010. Objectives for the Period until 2015; Annex 2: Key Sustainability Performance Indicators	86-87, 90-91	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
— table(s) summarizing targets for the next reporting period and mid-term objectives and goals related to key risks and opportunities	1.2				Annex 1: Achievement of Objectives for 2010. Objectives for the Period until 2015	87-89	+	
— concise description of governance mechanisms in place to specifically manage these risks and opportunities, and identification of other related risks and opportunities	1.2				About the Company, Innovation at Rosneft	16-17, 28-29	+	Additional information is available in Rosneft Annual Report 2010.
Organizational Profile								
Name of the organization	2.1				Annex 5: Contact Details	123	+	
Primary brands, products, and/or services	2.2				About the Company	16	+	Primary products — oil and petroleum products.
Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2.3				About the Company	16	+	Additional information is available in Rosneft Annual Report 2010.
Location of organization's headquarters	2.4						+	Rosneft headquarters is based in Moscow.
Number of countries where the organization operates	2.5						+	Rosneft Annual Report 2010 (Company Profile, p. 34).
Nature of ownership and legal form	2.6						+	Rosneft Annual Report 2010 (Company Profile, p. 34).
Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.7						+	Rosneft Annual Report 2010 (Marketing, pp. 70-79).
Scale of the organization	2.8				See below		+	
— number of employees (breakdown by country/region)	2.8				Annex 2: Key Sustainability Performance Indicators	90-91	+	
— net sales	2.8						+	Rosneft Annual Report 2010 (Company Profile, p. 34).
— total capitalization	2.8						+	Consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008, p. 2.
— quantity of products or services provided	2.8						+	Rosneft Annual Report 2010 (Company Profile, p. 36).
— total assets	2.8						+	Consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008, p. 2.
— beneficial ownership (including identity and percentage of ownership of largest shareholders)	2.8						+	Rosneft Annual Report 2010 (Share Capital, p. 149).

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
— costs by countries/regions that make up 5 percent or more of total revenues	2.8						+	Consolidated financial statements as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009 and 2008, p. 3. The Company carries out most of its operations in the Russian Federation. Rosneft's foreign assets are not significant cost centers.
Significant changes during the reporting period regarding size, structure, or ownership	2.9						+	No significant changes regarding size, structure, or ownership took place in 2010.
Awards received in the reporting period	2.10				Address of Rosneft President	9	+	
Report Parameters								
Reporting period	3.1				About This Report	12	+	
Date of most recent previous report (if any)	3.2				About This Report	12	+	
Reporting cycle	3.3				About This Report	12	+	
Contact point for questions regarding the report or its contents	3.4				Annex 5: Contact Details	123	+	
Process for defining report content	3.5				About This Report	13	+	Additional information is available in Rosneft Sustainability Report 2008 (Reporting Principles, pp 13-14).
Boundary of the report	3.6				About This Report	13	+	
Limitations on the scope or boundary of the report	3.7				About This Report	13	+	
Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	3.8				About This Report	13	+	
Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	3.9				About This Report	13	+	No significant changes in the data measurement and calculation techniques took place compared to the previous year.
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	3.10						+	No significant re-statements of information provided in earlier reports were made.
Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	3.11				About This Report	13	+	
Table identifying the location of the Standard Disclosures in the report	3.12				Annex 3 (this Annex)	92-121	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Policy and current practice with regard to seeking external assurance for the report	3.13				About This Report	13	+	
Governance, Commitments, and Engagement								
Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	4.1							Rosneft Annual Report 2010 (Corporate Governance, pp. 124-139).
Indication whether the Chair of the highest governance body is also an executive officer	4.2							Rosneft Annual Report 2010 (Corporate Governance, p. 130).
For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	4.3							Rosneft Annual Report 2010 (Corporate Governance, p. 128).
Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	4.4							Rosneft Sustainability Report 2009 (Sustainability and Corporate Culture, pp. 66-67).
Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	4.5				Employee Remuneration System	62		Rosneft Sustainability Report 2009 (Corporate Governance, pp. 62-64, Employee Motivation, p. 100), Rosneft Annual Report 2010 (Corporate Governance, pp. 140-141).
Processes in place for the highest governance body to ensure conflicts of interest are avoided	4.6							Rosneft Annual Report 2010 (Corporate Governance, pp. 127-129, Annex 2: Information on Observance of the Corporate Code of Conduct, pp. 250, 253) Additional information is available on the Company's website: http://www.rosneft.ru/Investors/corpgov/
Processes for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social (sustainability) topics	4.7							Rosneft Sustainability Report 2009 (Corporate Governance, pp. 62-64).
Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	4.8			1.1.	About the Company	16-17	+	Rosneft Sustainability Report 2009 (Sustainability and Corporate Culture, pp. 65-66) Additional information is available on the Company's website: http://www.rosneft.ru/Investors/corpgov/
Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	4.9						+	Rosneft Sustainability Report 2009 (Corporate Governance, pp. 62-64) The Company has joined the UN Global Compact and the Social Charter of Russian Business.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	4.10				Employee Remuneration System		+	Rosneft Sustainability Report 2009 (Corporate Governance, pp. 62-64), Rosneft Annual Report 2010 (Remuneration of Members of the Board of Directors and Management, pp. 140-141).
Explanation of whether and how the precautionary approach or principle is addressed by the organization	4.11		Principle 7				+	The Company considers it important to conduct expert reviews and assessments in order to minimize adverse environmental impacts.
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	4.12						+	Rosneft Sustainability Report 2009 (Stakeholder Engagement, pp. 58-59) The Company has joined the UN Global Compact and the Social Charter of Russian Business.
Memberships in associations (such as industry associations) and/or national/international advocacy organizations	4.13						+	Rosneft Sustainability Report 2009 (Stakeholder Engagement, pp. 58-59) Rosneft is also a member of the Working Group for the Development of the Oil and Gas Sector Supplement.
List of stakeholder groups engaged by the organization	4.14				Stakeholder Engagement	20	+	
Basis for identification and selection of stakeholders with whom to engage	4.15						+	Rosneft Sustainability Report 2009 (Stakeholder Engagement, pp. 38-39).
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	4.16				Stakeholder Engagement	20-21	+	Rosneft Sustainability Report 2009 (Stakeholder Engagement, pp. 38-39).
Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	4.17				Stakeholder Engagement	21-25	+	
Economic Performance Indicators								
Management approach								Rosneft Annual Report 2010, pp. 34-78.
ASPECT: ECONOMIC PERFORMANCE								
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	EC1	SE13		1.2. 1.3. 1.4. 1.5. 1.6. 1.7	Annex 2: Key Sustainability Performance Indicators	90	+	
Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2						—	The Company has not yet assessed the implications of climate change for its activities. The Company plans to carry out such an assessment and present the results by 2015.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/ API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Coverage of the organization's defined benefit plan obligations	EC3			1.8.	Employees - Corporate Pension Program and Care for Veterans	70-71	+	http://www.neftegarant.ru/pokazateli/osnov.php
Significant financial assistance received from government	EC4						+	Rosneft Annual Report 2010 (Key Macroeconomic Factors, pp. 82-85).
ASPECT: MARKET PRESENCE								
Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	EC5		Principle 1		Employees – Employee Remuneration System	62-65	+	
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6	SE7					+	Rosneft Sustainability Report 2009 (Stakeholder Engagement – Business Community, pp. 41-49; Supporting Social Infrastructure in the Regions of Operations, p.120) In 2010, the Company's approaches to and practices of procurement from local suppliers remained unchanged.
Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	EC7	SE6	Principle 6				+	Rosneft Sustainability Report 2009 (Profile of the Company's Workforce, pp. 96-97) In 2010, the approaches to local hiring and proportion of senior management hired from the local community have not undergone significant changes.
ASPECT: INDIRECT ECONOMIC IMPACTS								
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	EC8				Society	74	+	
Understanding and describing significant indirect economic impacts, including the extent of impacts	EC9				Address of Deputy Prime Minister of the Russian Federation	6-7	+	Rosneft Sustainability Report 2009 (Company's Impacts on the Stakeholders, pp. 14-17; Supporting Social Infrastructure of the Regions of Operations, pp. 118-121, Development of Sports – a Strategic Area of Rosneft's Social Activities, p. 123).
Environmental Performance Indicators								
Management Approach				1.1.	Health, Safety, and Environment; HSE Objectives, Programs and Projects	34, 38-39	+	For more details see Rosneft Sustainability Report 2009.
Environmental Management System					Health, Safety, and Environment	34	+	For more details see Rosneft Sustainability Report 2009 (Development of the Integrated Management System, pp. 70-71).

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
ASPECT: MATERIALS								
Materials used by weight or volume	EN1				Annex 2: Key Sustainability Performance Indicators	90	+	In addition to the processing of oil and gas, the Company uses significant amounts of materials for well drilling an casing, including cement (139 thousand tonnes in 2010), casing pipes (212 thousand tonnes), and drilling mud components (barite and bentonite).
Percentage of materials used that are recycled input materials	EN2	E10		2.1.	Environmental Protection – Waste Management	44	+	Oil-containing waste recycled into marketable products by the Company represents an insignificant portion of materials used.
ASPECT: ENERGY								
Direct energy consumption by primary energy source	EN3	E2		2.2.	Environmental Protection – Energy Efficiency	47	±	Company's subsidiaries use different types of fuel, primarily natural gas, associated petroleum gas, oil, diesel fuel, fuel oil, gasoline. Due to the scale of the Company's activities and diversity of fuel used, in is impossible to present a breakdown of direct energy consumption by primary source.
Indirect energy consumption by primary energy source	EN4		Principles 8, 9		Environmental Protection – Energy Efficiency	47	±	Due to insufficient information on the sources of the energy consumed, the Company is presently unable to identify primary energy sources. An estimate of primary energy consumption was made in the basis of the National Energy Mix 2008. The indirect energy consumption converted to primary energy approximately amounts to 8*10 ¹⁷ J.
Energy saved due to conservation and efficiency improvements	EN5				Environmental Protection – Energy Efficiency	47	+	
Initiatives to reduce indirect energy consumption and reductions achieved	EN7				Environmental Protection – Energy Efficiency	47	+	Initiatives involving APG recovery and its use for energy production lead to a reduction of indirect energy consumption.
ASPECT: WATER								
Total water withdrawal by source	EN8	E6	Principle 8	2.3.	Environmental Protection – Water Consumption and Wastewater Discharge	42-43	+	Groundwater sources account for some 47% of the total water withdrawal by the Company, surface water bodies – 25%, water provided by other organizations (usually municipal companies) – 28%. The total annual water withdrawal by the Company amounts to some 460 mcm.
Percentage and total volume of water recycled and reused	EN10		Principles 8, 9	2.4.	Environmental Protection – Water Consumption and Wastewater Discharge	42-43	+	The percentage of water recycled and reused amounts to some 80%.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
ASPECT: BIODIVERSITY								
Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	EN11	E5	Principle 8				±	The Company carries out its operations in liman and reed-swamp wetlands at the Sea of Azov, on the shelf of the Sea of Okhotsk, in the Ob River basin, in the Tundra zone of Timan-Pechora and Krasnoyarsk Region. So far, the Company has not consolidated data on the areas of high biodiversity value; it plans to do so by 2015.
Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	EN12				Health, Safety, and Environment – Key Issues in 2010	34-35	+	The Company did not find evidence of significant impacts of its activities on biodiversity and provides information on impacts on marine mammals due to a high level of stakeholder interest to the issue.
Habitats protected or restored	EN13				Environmental Protection – Biodiversity Conservation and Restoration of Disturbed Ecosystems	45-46	+	
Strategies, current actions, and future plans for managing impacts on biodiversity	EN14				Environmental Protection – Biodiversity Conservation and Restoration of Disturbed Ecosystems	45	+	Rosneft Sustainability Report 2009 (Biodiversity Conservation, pp. 87-89).
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE								
Total direct and indirect greenhouse gas emissions by weight	EN16	E1	Principle 8	2.5.			—	The Company plans to carry out an inventory of its greenhouse gas emissions and disclose the results by 2015.
Other relevant indirect greenhouse gas emissions by weight	EN17						—	According to the data published in sustainability reports of a number of major oil and gas companies, other indirect greenhouse gas emissions (e.g. emissions associated with third-party transportation services) are not a significant impact factor for the sector. In addition, in the process of defining report content this issue has not been found material.
Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18		Principles 8, 9		Environmental Protection – Greenhouse Gas Emissions	41	±	It is planned to disclose information on achieved reductions of greenhouse gas emissions in 2013, based on the results of the monitoring of the respective projects.
Emissions of ozone-depleting substances by weight	EN19						+	The Company does not use ozone-depleting substances on an industrial scale.
NO _x , SO _x , and other significant air emissions by type and weight	EN20	E7	Principle 8	2.6.	Environmental Protection – Emissions into Air	40	+	
Flared and Vented Gas		E4			Health, Safety, and Environment – Key Issues in 2010	35-37		

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Total water discharge by quality and destination	EN21	E9	Principle 8	2.7. 2.7.2.	Environmental Protection – Water Consumption and Wastewater Discharge	43	±	Due to the scale of the Company's operations, it is impossible to provide information on water discharges by destination.
Total weight of waste by type and disposal method	EN22	E10	Principle 8	2.8.	Environmental Protection – Waste Management	44	+	
Total number and volume of significant spills	EN23	E8	Principle 8	2.9.	Accident Prevention and Emergency Preparedness – Pipeline Reliability	50	+	The data on the amount of spilled oil and the area of oil-contaminated lands, including the data provided in the previous reports, may be incomplete.
ASPECT: PRODUCTS AND SERVICES								
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	HS4		2.11.			±	The Company carries out modernization projects at its refineries to make them capable of producing gasoline and diesel fuel compliant with the Euro family of standards. The Company did not carry out an assessment of impact reduction resulting from switching to the production of more environmentally safe fuel. In addition, in the process of defining report content this issue has not been found material.
Percentage of products sold and their packaging materials that are reclaimed by category	EN27						—	The indicator is not material to the Company, given the nature of its business (only insignificant portion of output has potentially recyclable packaging). In addition, in the process of defining report content this issue has not been found material.
ASPECT: COMPLIANCE								
Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	EN28		Principle 8	2.10.	Annex 2: Key Sustainability Performance Indicators	91	+	Administrative fines were imposed on a number of oil production subsidiaries of the Company for environmental damage or failure to comply with environmental requirements. Most of those cases were associated with oil spills related to pipeline transport. Sizes of individual fines are insignificant. In addition, in several regions lawsuits to compel the Company to remediate lands disturbed as a result of earlier oil field development were initiated. As a rule, the Company carries out necessary land remediation activities in a timely manner; in case of disputed liability, it conducts full remediation.
ASPECT: OVERALL								
Total environmental protection expenditures and investments by type	EN30		Principles 7-9	2.12.	Annex 2: Key Sustainability Performance Indicators	91	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Labor Practices and Decent Work Performance Indicators								
Management approaches				1.1.	Employees, Annex 2: Key Sustainability Performance Indicators	62, 66-67, 91	+	
Expenditures on occupational health and safety				3.1.9.	Annex 2: Key Sustainability Performance Indicators	91	+	
ASPECT: EMPLOYMENT								
Total workforce by employment type, employment contract, and region	LA1	SE15		3.1.1.	Annex 2: Key Sustainability Performance Indicators	91	+	Almost all Company personnel (more than 99%) are employed under a permanent contract. The absolute majority of employees work in the Russian Federation.
Total number and rate of employee turnover by age group, gender, and region	LA2		Principle 6	3.1.2. 3.1.3.	Annex 2: Key Sustainability Performance Indicators	91	±	Presently the Company does not collect information on employee turnover by age and gender. It is planned to begin collecting such information by 2015.
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	LA3						+	Rosneft Sustainability Report 2009 (Social Payments and Benefits, p. 101) Almost all Company personnel are employed under a permanent contract.
ASPECT: LABOR/MANAGEMENT RELATIONS								
Percentage of employees covered by collective bargaining agreements	LA4			3.1.4.	Employees – Key Issues in 2010	57	+	As of the end of 2010, 75% of employees of the Company's subsidiaries included in the centralized business planning boundary were covered by collective agreements.
Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	LA5		Principle 3				+	As required by the RF Labor Code (at least two months).
ASPECT: OCCUPATIONAL HEALTH AND SAFETY								
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	LA7	HS2 HS3		3.1.5. 3.1.6. 3.1.7. 3.1.8.	Occupational Health and Safety, Ensuring Decent Labor Conditions	52-53, 69	+	In 2010, the lost day rate was 3.03, the occupational disease rate — 0.032. The average number of days of absence from work due to all causes amounted to 10 days per employee (at the subsidiaries included in the centralized business planning boundary).
Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	LA8				Ensuring Decent Labor Conditions	69	+	Rosneft Sustainability Report 2009 (Creating Conditions for Effective Work, p. 105).
Workforce participation in health and safety dialogues		HS1						Rosneft Sustainability Report 2009 (Stakeholder Engagement – Employees, p. 40).

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Process safety		HS5			Accident Prevention and Emergency Preparedness	48-49		
ASPECT: TRAINING AND EDUCATION								
Average hours of training per year per employee by employee category	LA10	SE17		3.1.10.	Employees — Personnel Development	66	+	The Report provides data on the number of employees who received training in the reporting period. The Company does not collect data on hours of training per year per employee, but plans to begin collecting such data since 2015.
Percentage of employees receiving regular performance and career development reviews	LA12	SE17			Employees — Personnel Development	66	+	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY								
Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	LA13	SE15	Principles 1, 6	3.1.12.			+	Rosneft Sustainability Report 2009 (Profile of the Company's Workforce, p. 96). No significant changes in the gender and age structure of the workforce took place in 2010. The Company does not collect information on other aspects of diversity and does plan to do so, considering them insignificant.
Ratio of basic salary of men to women by employee category	LA14		Principles 1, 6				+	There is no difference between basic salaries of men and women for all employee categories.
Human Rights Performance Indicators								
Management approach							+	Rosneft Sustainability Report 2009 (Company's Impacts on the Stakeholders, pp. 16-17, Stakeholder Engagement – Employees, p. 40).
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES								
Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	HR1	SE8	Principles 1-6				—	In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. Due to the nature of Company's activities and the existing Russian legislation, there is no significant risk of human rights violation within the framework of investment agreements. In addition, in the process of defining report content this issue has not been found material.
Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	HR2	SE9	Principles 1-6				—	In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. Due to the nature of Company's activities and the existing Russian legislation, there is no significant risk of human rights violation by suppliers and contractors. In addition, in the process of defining report content this issue has not been found material.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
ASPECT: NON-DISCRIMINATION								
Total number of incidents of discrimination and actions taken	HR4	SE18	Principles 1, 2, 6	3.2.2.			+	In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. In 2010, no incidents involving human rights violation or employee discrimination took place at the Company.
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING								
Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	HR5	SE8	Principles 1, 2, 3				+	In its activities, the Company adheres to the legal requirements with regard to freedom of association and collective bargaining.
Labor disputes		SOC-6		3.2.1.			+	In its activities, the Company adheres to the requirements of the labor legislation. The Company seeks to resolve all labor disputes by means of negotiations.
ASPECT: CHILD LABOR								
Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	HR6		Principles 1, 2, 5				+	The Company does not carry out any activities associated with the risk of child labor.
ASPECT: FORCED AND COMPULSORY LABOR								
Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	HR7		Principles 1, 2, 4				+	The Company does not carry out any activities associated with the risk of forced or compulsory labor.
ASPECT: INDIGENOUS RIGHTS								
Total number of incidents of violations involving rights of indigenous people and actions taken	HR9	SE2	Principles 1, 2	3.2.3.	Society – Key Issues in 2010	74-78	+	In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. In 2010, there were no incidents involving violation of rights of indigenous minority peoples by the Company.
Society Performance Indicators								
Management approach					Society - Supporting Social Infrastructure in the Regions of Operations	82-83	+	
ASPECT: COMMUNITY								
Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	SO1	SE1		3.3.3.	Society - Supporting Social Infrastructure in the Regions of Operations	82-83	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
Collaboration with authorities in addressing socially significant objectives				3.3.1.	Stakeholder Engagement	20-24	+	Rosneft Sustainability Report 2009 (Stakeholder Engagement – Society, pp. 50-52).
Collaboration with non-commercial and non-governmental organizations in addressing socially significant objectives				3.3.2.	Stakeholder Engagement	20-24	+	Rosneft Sustainability Report 2009 (Charity and Sponsorship, pp. 126-127) Within the framework of its charity budget, the Company supports socially and environmentally significant initiatives of regional and local non-governmental organizations.
Participation in non-commercial organizations				3.3.5.			+	Rosneft Sustainability Report 2009 (Society — Participation in External Initiatives and Recognition of Achievements, pp. 58-59)
Social investment		SE4			Society	74	+	
Local content practices		SE5			Society – Key Issues in 2010	74-78	+	
Indigenous peoples		SE2			Society – Key Issues in 2010	74-78	+	
ASPECT: CORRUPTION								
Percentage and total number of business units analyzed for risks related to corruption	SO2	SE11, SE12					—	Preventing corruption is one of the components of the Code of Business Ethics adopted by the Company. For more details on the promotion of the Code within the Company, see section About the Company. Corporate departments with responsibilities in the field of preventing corruption include, among others, the Control and Audit Department, the Economic Security Department, and the Internal Audit Department. Information about subsidiaries analyzed by those departments for risks related to corruption is confidential to the Company.
Percentage of employees trained in organization's anti-corruption policies and procedures	SO3	SE11					+	No training in anti-corruption policies and practices was carried out in 2010.
Actions taken in response to incidents of corruption	SO4						—	Preventing corruption is one of the components of the Code of Business Ethics adopted by the Company. For more details on the promotion of the Code within the Company, see section About the Company. Corporate departments with responsibilities in the field of preventing corruption include, among others, the Control and Audit Department, the Economic Security Department, and the Internal Audit Department. Information about identified incidents of corruption and actions taken in response is confidential to the Company.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
ASPECT: PUBLIC POLICY								
Public policy positions and participation in public policy development and lobbying	SO5	SE14		3.3.4.			+	Rosneft Sustainability Report 2009 (Stakeholder Engagement - Society, Stakeholder Dialogue in the Areas of Operations), Rosneft Annual Report 2010 (Annex 3: Risk Analysis, pp. 144-147).
ASPECT: ANTI-COMPETITIVE BEHAVIOR								
Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	SO7						+	In 2010, 11 cases regarding alleged unfair competition and monopolistic practices were initiated against the Company. Of these: <ul style="list-style-type: none"> — two cases were dismissed for lack of cause; — in five cases, rulings against the Company and its subsidiaries were issued, and fines totaling to RUB 0.4 million were imposed; — four cases are still pending in anti-monopoly agencies with no decision made yet. When marketing petroleum products in the domestic market, the Company monitors market prices on a continuous basis and complies with the recommendations of anti-monopoly agencies regarding economically justified prices for petroleum products. In 2010, the Company started to channel most of its wholesale sales of petroleum products to third-party customers, including its own subsidiaries, through commodity exchanges. The Company publishes up-to-date information about prices of the main petroleum products sold at its filling stations on the corporate website: http://www.rosneft.ru/Downstream/prices/
ASPECT: COMPLIANCE								
Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	SO8						+	In 2010, no significant fines or non-monetary sanctions for noncompliance with laws and regulations were imposed on the Company.
Product Responsibility Performance Indicators								
Management approach							+	Rosneft Sustainability Report 2009 (Stakeholder Engagement – Business Community, pp. 45-46).
ASPECT: CUSTOMER HEALTH AND SAFETY								
Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	PR1	HS4					+	There are special regulatory requirements regarding the safety of petroleum products, and the Company considers these requirements in designing its products.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	UN Global Compact Principle	Basic performance indicator (RUIE)	Report section	Report page(s)	Disclosure status	Comments and references to other sources
ASPECT: PRODUCT AND SERVICE LABELING								
Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	PR3	HS4		3.4.1.			+	The Company provides information regarding compliance of its petroleum products with safety standards in accordance with the respective legislation.
Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	PR5						+	Rosneft Sustainability Report 2009 (Stakeholder Engagement – Business Community, pp. 45-49).
ASPECT: MARKETING COMMUNICATIONS								
Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	PR6						—	Marketing communications were not identified as a material topic in the process of defining report content.
ASPECT: COMPLIANCE								
Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	PR9						+	No significant fines for noncompliance with laws and regulations concerning the provision and use of products and services were imposed on the Company in 2010.

Disclosure status of GRI Indicators

+	Fully disclosed in the Report.
±	Partially disclosed in the Report.
—	Not disclosed in the Report.

Annex 4. List of Abbreviations

OJSC Rosneft, Rosneft, the Company —
abbreviated names of OJSC Rosneft Oil Company

GRI Guidelines – Sustainability Reporting
Guidelines (the third version, or G3) developed by
the Global Reporting Initiative, an international
non-governmental organization

AA – Autonomous Area

APG – associated petroleum gas

API – American Petroleum Institute

CJSC – Closed Joint-Stock Company

CNPC – China National Petroleum Corporation

EMS – Environmental Management System

GRI – Global Reporting Initiative

GTL – Gas to Liquids, a process to convert natural
gas into liquid hydrocarbon products

HSE – health, safety, and environment

IMS – Integrated Management System

IPIECA – International Petroleum Industry
Environmental Conservation Association

KPI – key performance indicator

LLC – Limited Liability Company

OHS – occupational health and safety

OJSC – Open Joint-Stock Company

PIS – Process Information System

PPE – personal protective equipment

PRMS – Petroleum Resources Management
System

R&D – research and development

RAS – Russian Accounting Standards

RAS – Russian Academy of Sciences

RUIE – Russian Union of Industrialists and
Entrepreneurs

SDCs – subsidiaries and dependent companies

SFU – Siberian Federal University

STC – Scientific and Technology Council

UN – United Nations

UNFCCC – United Nations Framework Convention
on Climate Change

US GAAP – Generally Accepted Accounting
Principles (United States)

VMI – voluntary medical insurance

VOC – volatile organic compound

bscm – billion standard cubic meters

bln – billion

mcm – million cubic meters

mln – million

mmt – million metric tons

Annex 5. Contact details

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FEEDBACK

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