



Rosneft sustainability report

2009

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ADDRESS OF IGOR SECHIN, CHAIRMAN OF THE ROSNEFT BOARD OF DIRECTORS



Igor Sechin

Chairman of the Rosneft Board of Directors

The effectiveness of the concept of development that Rosneft has chosen for itself was tested by the events of the year 2009, when at the height of the global financial crisis the Company demonstrated its resilience to the unstable situation in the global markets. As result of effective business planning and timely anti-crisis measures, we were able to make it through the period difficult to the Russian and global economy, avoiding serious shocks and strengthening our competitive advantages. The Company achieved successes in all strategically important areas of activities, expanding its resource base, increasing oil production and refining output, and continuing the reduction and restructuring of its debt.

Responding to the challenges posed by the global crisis, we focused our efforts on the fulfillment of our commitments to stakeholders and implementation of priority projects. The most important event of the year was the launch of commercial oil production at the Vankor field in East Siberia, which will provide the main input to the East Siberia — Pacific Ocean pipeline. Geological exploration works continued in new prospective regions, and the Company maintained the pace of the large-scale modernization of its refineries, undertaken in order to make them capable of producing fuel compliant with the new Russian standards. Across the whole country — from the Barents Sea to Sakhalin Island — the Company continued its efforts on the optimization and modernization of its sales network.

An important event of the year 2009 was the conclusion of a package of long-term agreements with our Chinese partners on the terms approved by the 2009 Annual General Shareholders' Meeting. The agreements included a long-term loan provided to Rosneft on favorable terms by the Chinese Development Bank, as well as a long-term contract for the export at market prices of large amounts of oil to China.

The crisis has clearly shown that leading positions can only be maintained on the basis of sustainability principles, which are essential to the successful implementation of the Company's long-term plans. Therefore in 2009, while expanding its operations and reducing costs, Rosneft continued contributing to the socio-economic development of its areas of operations, improving environmental and operational safety, and implementing projects and programs aimed at social security and development of its employees.

In the period of the global financial crisis, the government supported the oil sector, adjusting the taxation system. Important steps taken in this area included reducing mineral extraction tax, using a shorter time lag for setting the export duty rate, and introducing preferential export duty rates on the oil produced at fields in East Siberia. These measures helped improve the investment attractiveness of the new fields in East Siberia, which had no infrastructure, and compensate for declining profitability of old depleted fields in traditional oil production regions.

Another significant step made by the Company in 2009 was joining two important sustainability initiatives — the UN Global Compact and the Social Charter of Russian Business. The Company continues to support these initiatives.

The development of shareholder and institutional investor relations is one of the Company's priorities in the field of corporate governance. The operational and financial performance of the Company in 2009, being good for a crisis period, allowed the Board of Directors to make the decision on increasing dividend per share by 20% compared to the previous year.

In 2009, the Company paid the most serious attention to strengthening its reputation in financial markets and improving the transpar-

ency of its operations. The international rating agency Standard & Poor's ranked the Company the first in its survey Transparency and Disclosure by Russian Companies 2009. Rosneft was declared the winner of the contest "For Active Corporate Policy in Information Disclosure" conducted by Interfax and AK&M, the agencies authorized to disclose information on the stock market; the Company was also ranked second in the category "Best investor relations by a Russian company" of the IR Magazine UK & Continental Europe Awards — 2009. Thus Rosneft once again proved its commitment to the corporate governance principles.

The Rosneft's strategic objective is to become one of the world's top three companies in terms of operational and financial performance. We realize that the financial crisis has not yet been fully overcome, and on the way to our goal we will have to deal with a number of fundamental problems, which will take long time and major efforts to resolve. Nevertheless, taking stock of the year 2009, one can state that the Company has sufficient capacity for sustainable long-term growth and a resilience resource necessary for effective operations under unfavorable macroeconomic conditions.



Igor Sechin

Chairman of the Rosneft Board of Directors

ADDRESS OF SERGEY BOGDANCHIKOV, PRESIDENT OF ROSNEFT



Sergey Bogdanchikov

President of Rosneft

To Rosneft, the year 2009 was a very difficult and an extremely important period. The global financial crisis had led to a considerable decline in the demand and prices for oil and petroleum products, and to dramatic fluctuations in the currency exchange rates. However, despite the unfavorable macroeconomic situation, we have successfully overcome those difficulties and had significant achievements in many areas.

In order to reduce the effects of the global crisis on the Company's business, we focused our efforts on the optimization of operating and management costs and on the improvement of the efficiency of asset management. The chosen strategy, building up on previous Rosneft's efforts on improving the efficiency of its operations, allowed the Company to achieve high operational and financial performance.

Rosneft continued active geological exploration in such new regions as East Siberia and the shelf of the Far East and the southern seas of Russia. This helped the Company assert its global leadership in terms of liquid hydrocarbon reserves. The programs for the modernization of refineries and for expanding and optimizing the network of filling stations and tank farms were also continued. The Company was successfully developing such new businesses as bunkering services, aircraft refueling services, and sales of branded packaged motor oil.

The growth of our business and the status of a public company require an increased attention not only to the level of operational safety and environmental impacts of the operations, but also to the strengthening of employee relations and community engagement in our areas of operations. Therefore, despite the economic difficulties associated with the crisis, in 2009 Rosneft made active efforts in the field of health, safety, and

environment, and continued the implementation of corporate social programs aimed at the improvement of employee motivation, as well as programs for contributing to the socio-economic development of the areas of operations.

The Company continued to improve its integrated management system and to implement such targeted programs as the Environmental Program, the Gas Program, and the Pipeline Reliability Improvement Program. The Company's subsidiaries were able to achieve certain successes in reducing their environmental impacts. In particular, the discharge of polluted wastewater, the number of pipeline ruptures, and the amount of spilled oil decreased dramatically, while the processing of oil-contaminated waste was expanded. On the other hand, a number of objective factors including, among others, the growth of output and commissioning of new fields, prevented the Company from reducing its total emissions into the air, reducing the area of contaminated lands considerably, and from maintaining a low occupational injury rate achieved in 2008.

Under the conditions of the global financial crisis, Rosneft did not revise its basic principles of employee motivation, retaining the pre-crisis level of remuneration and social benefits available to all categories of employees. The key corporate social programs (improvement of the employee health, corporate pension coverage) were continued; the program for the development of human resource potential was implemented. The investments into improvement of social infrastructure at work amounted to RUB 5.7 bln, while the social expenditures totaled to RUB 3.2 bln.

Contributing to the socio-economic development of the regions of operations is an im-

portant element of the Company's strategy for maintaining favorable conditions for the development of its business. Therefore, despite the crisis, the Company continued its practice of concluding agreements on socio-economic cooperation with regional authorities. In 2009, the Company's expenditures within the framework of such agreements amounted to RUB 1.9 billion. In the reporting period Rosneft not only diligently fulfilled its tax obligations to the federal, regional, and local budgets, but also implemented important investment projects, thus contributing to the regional economies, in particular, by using products and services of local businesses to the maximum extent possible. In addition, the Company and its subsidiaries actively engaged with educational institutions and implemented a number of charity projects and programs.

In the years to come the Company intends to improve cost effectiveness of its operations, to continue implementation of programs aimed at reducing environmental impacts and achieving higher level of OHS performance, to take measures aimed at employee development and to contribute to the socio-economic development of its areas of operations. Collectively, all of this should create favorable opportunities for the dynamic development of the Company and its regions of operations in the short-, medium-, and long-term perspectives.



Sergey Bogdanchikov

President of Rosneft



About this Report

10 REPORTING PRINCIPLES



10 REPORTING BOUNDARIES

About this Report

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

Rosneft Sustainability Report 2008 became the winner of the 2009 National Award for the Best Social/Sustainability Report*. The Report was also declared the winner in the category Best Corporate Social Responsibility and Sustainability Report of the Annual Report Competition held by the RTS Stock Exchange.

In this Report, the Company presents the sustainability objectives by which it is guided, targets for the year 2010, and development priorities for the mid-term perspective. In the next year, the Company plans to continue the improvement of its reporting practices, paying particular attention to the concise presentation of information, while at the same time covering all material issues. The Company also intends to prepare the next report within a shorter period of time by using special systems for data collection and consolidation.

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

REPORTING PRINCIPLES

Rosneft sustainability reporting process is based on the Sustainability Reporting Guidelines by the Global Reporting Initiative (hereinafter — the GRI Guidelines). The Company's understanding of GRI Guidelines' sustainability reporting principles, explained in the 2008 Sustainability Report, did not change.

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).

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

Some indicators for the previous years were adjusted so as to correct technical errors identified after the publication of the previous report. Such indicators are marked with "✓" symbol.

REPORTING BOUNDARIES

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

The Company develops its internal sustainability reporting procedures and gradually implements its plans for transition to a single sustainability reporting boundary. In 2009, consolidation boundaries for most indicators included in the report were expanded, which should be kept in mind when comparing consolidated data for these indicators with previous reporting periods. The table describes

* In the 2008 Sustainability Report, the Company stated that, as the winner of the National Award for its 2007 Sustainability Report, it was nominated to participate in the European Sustainability Reporting Awards. In 2009 the Awards were not held.

data consolidation boundaries used in preparing this Report. The list of Company's subsidiaries, included in the reporting boundary for each topic, is provided in the Appendix 2 to this Report.

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.

Reporting boundaries of 2009 Rosneft Sustainability Report

Topic	Data consolidation boundary
Financial and economic performance indicators	The US GAAP reporting boundary. The data provided in this Report correspond to Rosneft's consolidated financial statements for 2009, available on the official website of the Company.
Data on the personnel, social payments and benefits	Operational performance indicators and certain financial indicators representing expenditures on some sustainability aspects but not treated as a separate category under US GAAP are provided based on management accounts (within the centralized business planning boundary or other boundaries) with the respective note being made.
Data on the contribution to the development of the areas of operations and local communities	The centralized business planning boundary, which in 2009 included OJSC Oil Company Rosneft and some 200 of its subsidiaries and dependent companies representing all sectors of the Company business.
Data on occupational injuries, health, safety, and environment	The centralized business planning boundary. The data apply to all regions of the Russian Federation, in which the Company and its subsidiaries operate.
	The RAS reporting boundary, except for subsidiaries and dependent companies (SDCs) non-material for the purposes of environmental reporting. Specific OHS data are calculated on the basis of the SDCs material for the purpose of such reporting, including all SDCs in which occupational injuries occurred or occupational diseases were diagnosed in the reporting year. SDCs material for the purposes of environmental reporting and included in the calculation of specific OHS indicators are listed in Appendix 2 to this Reports.



Strategic Vision



14 COMPANY'S IMPACTS ON THE STAKEHOLDERS

18 IMPACT OF THE GLOBAL FINANCIAL CRISIS ON THE COMPANY'S DEVELOPMENT

22 STRATEGIC AREAS OF COMPANY'S ACTIVITIES

Company's Impacts on the Stakeholders

THE STRATEGIC OBJECTIVE OF THE COMPANY IS TO BECOME ONE OF THE THREE WORLD'S LEADING ENERGY COMPANIES IN TERMS OF EFFICIENCY AND SCALE OF OPERATIONS. IN ORDER TO ACHIEVE THIS OBJECTIVE, ROSNEFT STRIVES TO CONTINUOUSLY IMPROVE THE EFFICIENCY IN ALL AREAS OF ITS BUSINESS, IMPLEMENT INNOVATIVE SOLUTIONS, IMPROVE ITS INFORMATION TRANSPARENCY AND OPENNESS, MAINTAIN THE HIGH STANDARDS OF CORPORATE GOVERNANCE, ENVIRONMENTAL PROTECTION, HEALTH AND SAFETY, AND GENERALLY FOLLOW THE PRINCIPLES OF SOCIAL RESPONSIBILITY IN ITS ACTIVITIES.

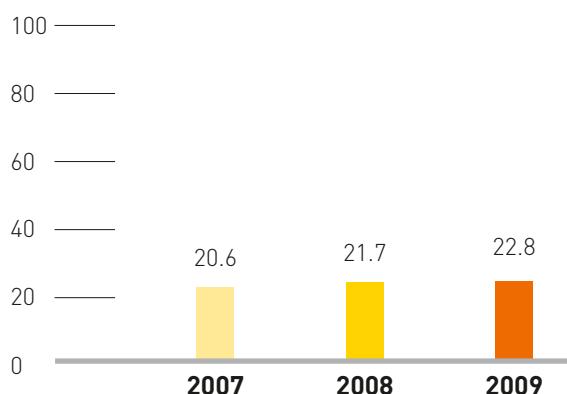
TYPES OF COMPANY'S IMPACTS

Rosneft is one of the largest companies in Russia. According to the Expert-400 ranking, in 2009 Rosneft was the third Russian company in terms of revenue, and the second — in terms of market capitalization. Rosneft is a major employer; its activities have a significant influence on the economy, society, and the environment of Russia as a whole and of the Company's regions of operations.

KEY ECONOMIC IMPACT FACTOR

Contribution to the energy security of the country. Rosneft makes a major contribution to the energy security of Russia. Rosneft accounts for more than 20% of the overall oil production in the country, also being one of the largest exporters of oil and petroleum products. In the period of the global crisis, Rosneft continued to expand its oil production. The Com-

Rosneft's share of oil production in Russia,
2007-2009, %*



* According to management accounts and the data of the Ministry of Economic Development of Russia and the Federal State Statistics Service of Russia.

pany owns the second largest wholesale and retail sales network for petroleum products in Russia, which includes 148 tank farms and

Tax payments of OJSC Oil Company Rosneft and its SDCs included in the centralized planning boundary*, 2007-2009, RUB mln

Tax payments and customs duties	2007	2008	2009
Federal budget	665,191	1,027,463	606,276
Regional and municipal budgets	113,453	108,890	96,888
State non-budgetary finds	6794	12,104	11,156
Total	785,438	1,148,457	714,320

* According to management accounts.

Catalytic reforming unit at Komsomolsk Refinery



about 1690 filing stations, operating in 38 regions of the country.

Significant contribution to the income of the federal budget and the budgets of the regions of operations. Rosneft is one of the largest Russia's taxpayers, providing up to 10% of the federal budget income. In many regions of its operations, taxes paid by the Company also make a crucial contribution to the income of regional budgets. This means that the Company has a serious influence on budget expenditures, including spending on socio-economic development programs of the country and individual regions. In 2009, the total amount of taxes paid by the Company amounted to more than RUB 714 bln. The decrease in tax payment compared to 2008 was a result of the decline in oil prices caused by the global crisis.

Significant influence on other sectors of the national economy. Rosneft conducts large-scale operations and actively develops its strategic business projects in such areas as the development of new fields, modernization of refineries, and optimization and expansion of its sales network. Therefore the Company has significant influence on tubing manufacturing, mechanical engineering, transport, power sector, construction, and the innovation sector, placing its orders with companies in these sectors. Those companies, in turn, place orders with their suppliers and contractors. Thus activities of Rosneft as one of the largest economic entities of the country produce a number of multiplier effects at the federal and regional levels: the development of business of its suppliers, including small and medium enterprises, job creation, additional tax payments. Major Company's projects are of strategic importance to the regions where they are implemented.



At the Slavyanskoje oilfield of Krasnodarnftegaz

KEY ENVIRONMENTAL IMPACT FACTORS

Emissions of pollutants and greenhouse gases. The Company's Gas Program and the modernization of its refineries are aimed at the reduction of pollutant emissions;

Indirect impact on the air associated with the consumption of petroleum products manufactured by Rosneft. In order to reduce this type of impact, the Russian Government adopted Technical Regulations, according to which since 2014 only motor fuels compliant with the Euro 4 and Euro 5 standards should be produced in the country. To comply with these requirements, the Company conducts major modernization of its refineries;

Land contamination. Rosneft pays significant attention to the reduction of the number of pipeline ruptures and prompt elimination of spills of oil and petroleum products. The Company also implements measures for remediation of contaminated lands and processing of accumulated oil-contaminated waste.

KEY SOCIAL IMPACT FACTORS

Providing jobs with safe and decent working conditions. As a large employer in its regions of operations, Rosneft significantly influences the population of the areas. The Company strives to create jobs with safe workplace conditions, decent levels of remuneration and social benefits, and opportunities for the improvement of professional skills. In general, the Company is viewed as an attractive employer, as demonstrated by the results of sociological surveys among the general public.

Formation of ethical social and business relations. In its activities, Rosneft adheres to such principles as observance of human rights, transparency of relations with suppliers, contractors, and other business partners, and a socially responsible approach to the restructuring of the businesses of the Company and its SDCs.

Development of infrastructure and social facilities. Historically, oil production in Russia was associated with the creation of towns

and settlements for those involved in production activities. Rosneft supports the infrastructure of such settlements, including roads, utilities serving the housing sector, social facilities (health care institutions, cultural centers), and implements corporate programs for providing its employees and their families with housing.

Improvement of the educational potential of the regions of operations. Rosneft views support and development of the education and training system as a strategic priority of its engagement with local communities. In its activities, the Company follows the concept of continuous education — from pre-university training to further education and training of its employees.

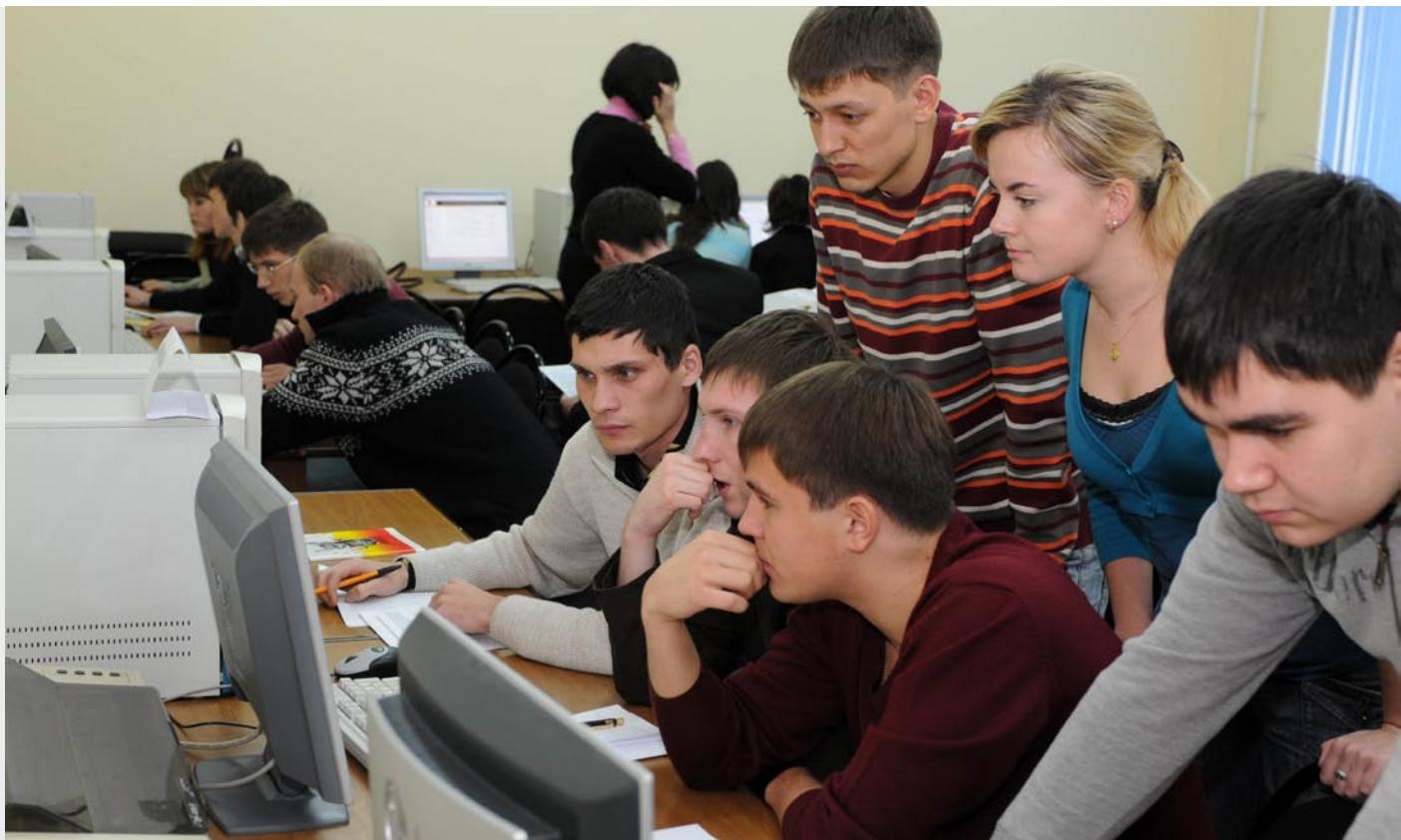
Development of sports and promotion of healthy lifestyle in the regions of operations. Another strategic priority of Rosneft is the promotion of a healthy lifestyle among its employees and the population of the regions of operations through involving them into various sports activities. The Company organizes and sup-

ports sports events, also investing in the construction of mass sports facilities.

Charity. Rosneft traditionally has provided charity aid to vulnerable social groups, cultural and health care institutions, orphanages, and financed various social events in towns and regions of its operations.

Support of traditional lifestyle of indigenous peoples of the North. Most large fields of Rosneft are located in areas traditionally inhabited by indigenous minority peoples of the North. The Company provides support to indigenous communities and engages with their associations in its oil production areas in Khanty-Mansi Autonomous Area, Yamalo-Nenets Autonomous Area, Krasnoyarsk Territory, and on Sakhalin Island.

Rosneft day at the Tyumen State Oil and Gas University

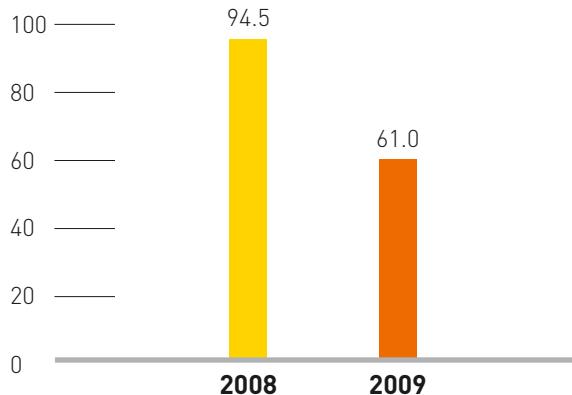


Impact of the Global Financial Crisis on the Company's Development

To the Company, the main challenges of the global economic crisis included the decline in oil prices, as well as the decreased availability and increased cost of debt financing.

In the period of the global economic crisis, Rosneft considerably increased its oil production, while avoiding a decrease in the throughput and output of its refining operations. The fourth quarter of 2008, when oil price reached its minimum value, was the most difficult period to the Company; at that time its free cash flow became negative.

Urals oil price (Platt's), USD/barrel



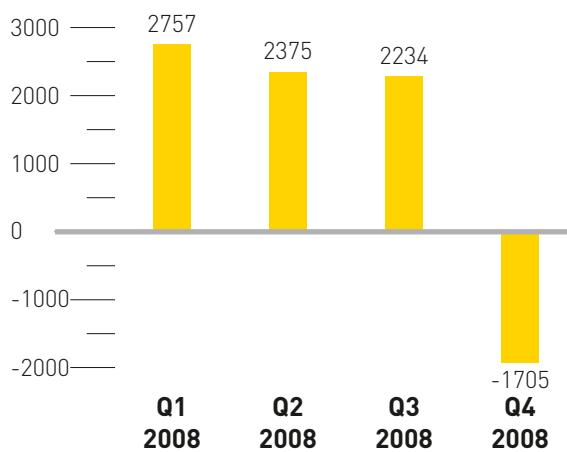
However, the causes of losses included not only the decline in oil prices, but also a specific mechanism for determining oil export duty, which was used prior to November 1, 2008, and involved a two-month lag between the prices in the market and the duty rate.

Although the government undertook three unscheduled duty reductions in Q4 2008, the share of taxes and transport tariffs in the price of Urals reached 99%.

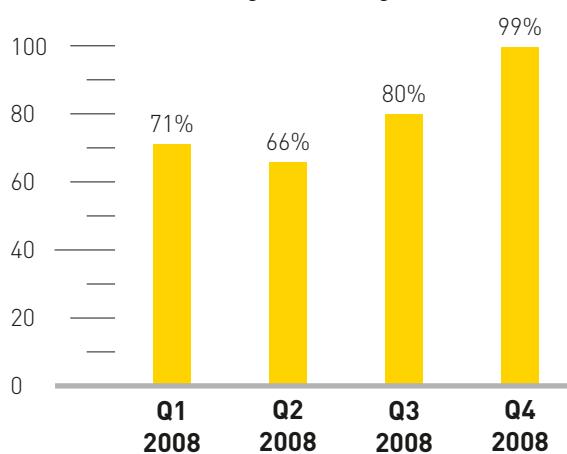
In Q1 2009, oil prices began to grow, which stabilized the situation.

Free cash flow of Rosneft and the share of taxes and transport tariffs in the oil price in 2008

Free cash flow, USD mln



Export duty, mineral extraction tax and transport tariffs, % of oil price, for exported barrel of LLC RN-Yuganskneftegaz





GOVERNMENT'S MEASURES TO RELIEVE TAX PRESSURE ON THE OIL SECTOR IN THE CRISIS PERIOD

According to the legislation in force prior to November 1, 2008, the oil export duty rate was revised by the government every two months based on the average Urals price for the previous two-month period.

ANTI-CRISIS MEASURES OF THE RUSSIAN GOVERNMENT:

- effective from November 1, 2008, the oil export duty rate is established on a monthly basis, with the price monitoring period being reduced to one month and shifted closer to the taxation period, which helped reduce the time lag effect;
- effective from January 2009, the adjustment factor used for calculating the mineral extraction tax rate was changed. As a result, the tax rate decreased by 1.3 USD per barrel;
- effective from January 1, 2009, in accordance with the amendments to the Russian Tax Code adopted in 2008, the profit tax rate was reduced from 24% to 20%.

IN ORDER TO STIMULATE PRODUCTION AT DEPLETED FIELDS AND FIELDS WITH VISCOUS OIL, THE RUSSIAN TAX CODE PROVIDES FOR:

- a reduced mineral extraction tax rate for crude oil produced at fields with a reserve depletion rate over 80%, the reduced rate varies between 0.3 and 1.0 of the standard rate;
- zero mineral extraction tax rate for high-viscosity crude oil.



According to the Russian Tax Code, the Company is exempt from mineral extraction tax on crude oil produced at the Vankor field until accumulated production at the field reaches a specified level. In 2009, the Vankor and Verkhenchoskoye fields were included in the list of fields, for which a preferential export duty rate on crude oil can be applied. However, the oil produced at Vankor was too dense to be eligible for the original preferential regime, and zero export duty rate began to apply to Vankor oil only since January 2010. Since July 2010, a preferential rate is calculated as 45% of the difference between the Urals price and 50 USD for barrel.

Responding to the crisis, Rosneft approached the planning of its expenditures for 2009 as stringently as possible and developed special cost reduction program. For example, the Company reconsidered its decisions with regard to certain investment projects, which turned out to be less profitable in the new economic situation. Certain social programs of secondary importance were discontinued. Company

continued investing in strategically important projects. In 2009, commercial oil production at the Vankor field was launched; the Company did not stop or postpone the modernization of its refineries. The data on Company's investment activities can be viewed as indicators of resilience of the core sectors of its operations to the impacts of the crisis.

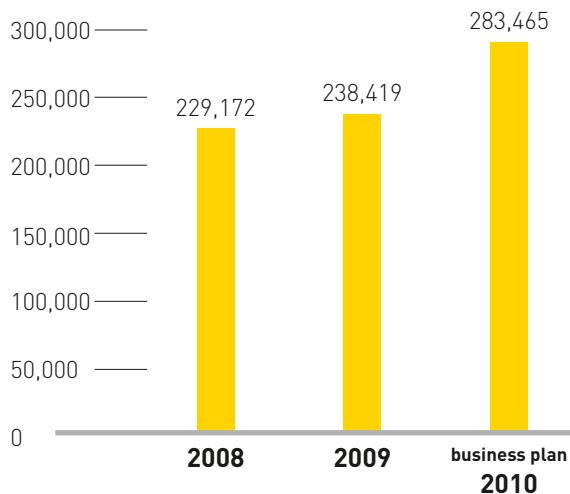
COMPANY'S RESPONSE TO THE CHALLENGES OF THE GLOBAL FINANCIAL CRISIS

Area of activities	Challenge	Company's response
Operations	Decline in profitability	Reducing operational expenditures while maintaining obligations to the stakeholders
Finance	Increased cost of debt finance and decreased availability of external financial resources	Restructuring of the debt portfolio by repaying expensive ruble loans and attracting a long-term loan on more favorable conditions
Investment	Risk of closing or postponing the implementation of strategic projects due to the lack of investment resources	Continuing the implementation of strategic projects
Personnel	Risk of staff cuts and a decrease in salaries and social benefits	Workforce reduction through a more balanced approach to recruiting new staff instead of those retiring or leaving the Company; stabilization of salaries; preserving the core package of social benefits
Health, safety, and environment (HSE)	Risk of decrease in the funding of environmental activities, as well as OHS measures and targeted programs	Adjusting costs while maintaining the funding and implementation of the key HSE programs and measures
Socio-economic development of the areas of operations	Risk of closing or postponing Company's social programs in the regions of operations	Maintaining commitments with regard to socio-economic development of the areas of operations, made by the Company earlier

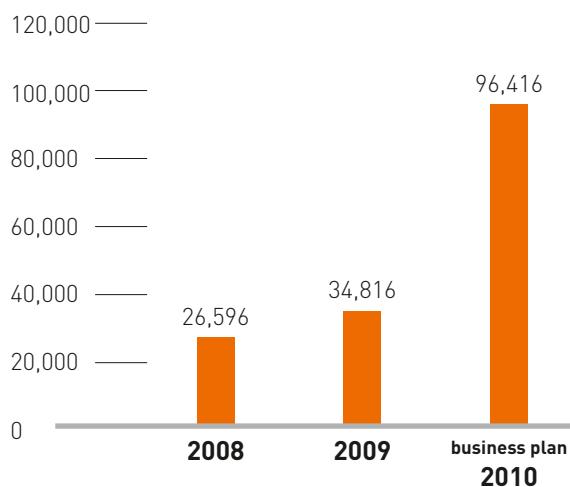
**Resilience to the crisis:
investment activities and
social expenditures***

* According to management accounts and business plans.

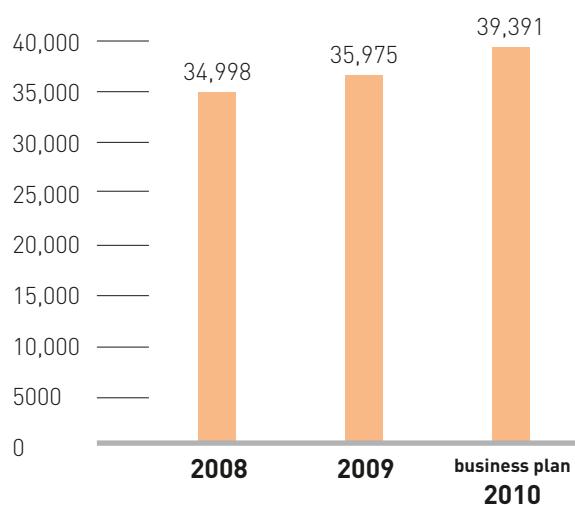
Exploration and oil & gas production, RUB mln
(Excluding traditional areas of oil and gas production).



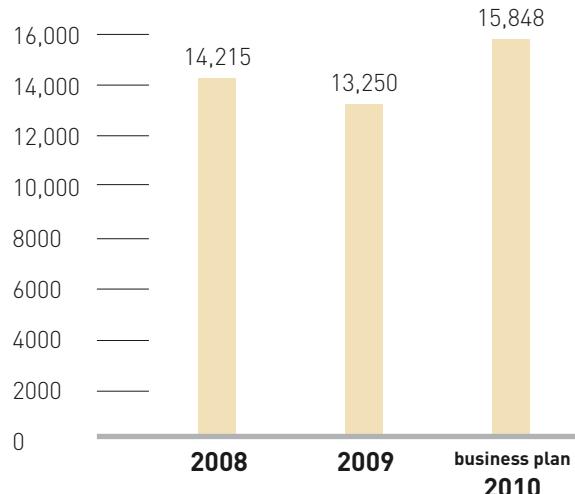
Refining and marketing, RUB mln



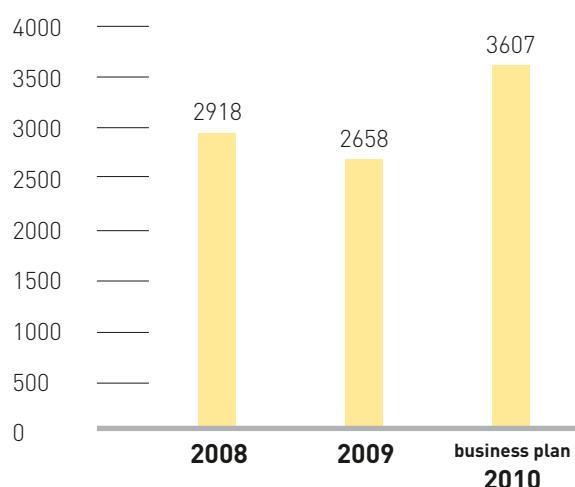
Average monthly salary, RUB



*Social expenditures on the personnel,
RUB mln*



*Social expenditures on the regions of operations,
RUB mln*



Strategic Areas of Company's Activities

OIL AND GAS PRODUCTION

Achievements in 2009:

- the Company's proved hydrocarbon reserves increased by 2.9% reaching 3139 mtoe, with oil reserves increasing by 2.5%, and gas reserves — by 4.0%;
- two new oil fields with total recoverable C1 and C2 reserves (Russian classification) of 53 and 160 mmt were discovered in East Siberia;
- the Company produced 112.8 mmt of oil and gas condensate, or 2.4% more than in the previous year;
- commercial oil production at the Vankor field, the largest in East Siberia, was launched.

Objectives for 2010:

- expanding the scope and funding of geological exploration in order to maintain high reserve replacement rate;

■ increasing oil and gas condensate production by 4-5% compared to 2009;

■ increasing the volume of the investment program in the oil production sector by approximately 18% compared to 2009.

Objectives for 2012-2014:

- medium-term prospects of production growth are associated mainly with the fields of East Siberia;
- the Company's traditional production regions — West Siberia and Central Russia — will retain their fundamental importance in the medium-term perspective;
- long-term prospects of Rosneft's production growth are associated with assets in East Siberia, the Far East, and on the shelves of Russia's southern seas;
- commercialization of gas reserves and increasing gas production.



Industrial production of oil at Vankor was launched by V.Putin, the Head of the Russian Government

REFINING

Achievements in 2009:

- the Company's refineries processed 49.8 mmt of oil, or 1.1% more than in 2008;
- the first production units were commissioned at three Company's refineries to meet the requirements of the Technical Regulations regarding transition to a more environmentally friendly motor fuel.

Objectives for 2010:

- increasing throughput by about 1% compared to 2008;
- increasing output of Euro 3 and Euro 4 compliant gasoline and diesel fuel, bringing their shares to 26% и 17% respectively;
- increasing expenditures on the refinery modernization investment program 2.8 times compared to 2009.

Objectives for 2012-2014:

Large-scale modernization of the Company's refineries with the following purposes:

- meeting the requirements of the Technical Regulations regarding transition to the

production of Euro 4 and Euro 5 compliant fuel;

- increasing refining output and enhancing the quality of products;
- achieving greater refining depth;
- increasing the light product yield to at least 75% by 2015.

LUBRICANTS PRODUCTION

Achievements in 2009:

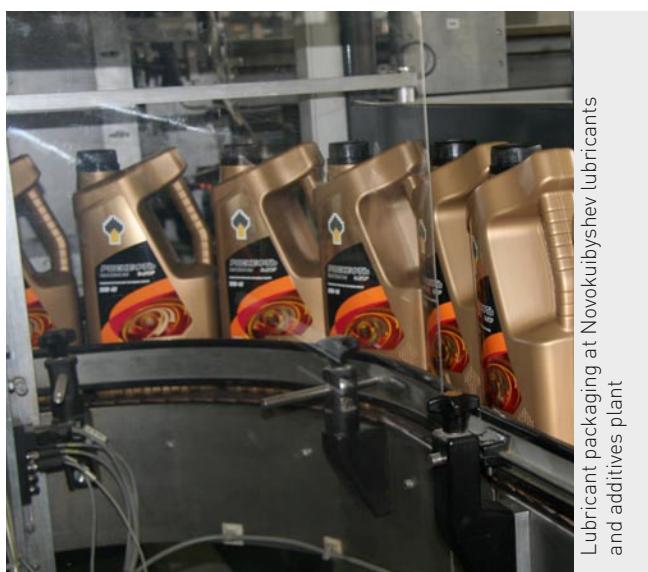
- the Company's plants produced a total of 452 thousand tonnes of lubricants, or 4% less than the 2008 output. The decrease in output was a result of a decline in the demand caused by the global crisis. In 2009, Rosneft became the second largest producer of lubricants in Russia;
- the Company prepared a program for the development of its lubricants production and revamped almost all product lines.

Objective for 2010:

- increasing lubricants output by approximately 1.1%.



Gas fractionation unit #3 of Kuibyshevsk Refinery



Lubricant packaging at Novokuibyshev lubricants and additives plant

Objective for 2012-2014:

- the Company's strategic objective in this area is production of highest-quality lubricants capable of substituting for imported analogs.

FINANCE. ECONOMY. INVESTMENT**Achievements in 2009:**

- despite significant decline in world oil prices and continuing growth of tariffs of natural monopolies, the Company achieved good financial results, including significant free cash flow, which helped continue to reduce net debt and increase dividend payments;
- the Company continued implementing measures to reduce production costs and improve the efficiency of its operations. In 2009, the growth of specific oil production costs was kept within the limits of inflation, while specific refining costs remained at the 2008 level;
- the Company closed a complex deal with its Chinese partners, which involved receiving a USD 15 bln loan for 20 years from the Chinese Development Bank, and a long-term contract for the exportation of 9 mmtpa of crude oil to China between 2011 and 2030;

- in order to facilitate the development of an effective domestic market of petroleum products with transparent pricing, Rosneft became the first Russian company to begin trading petroleum products on the Saint Petersburg International Mercantile Exchange. In 2009, the Company sold 1.2 mmt of petroleum products at the Russian exchanges.

Objectives for 2010:

- generating significant free cash flow in order to achieve a net debt to EBITDA ratio of one;
- full financing of strategic projects (increasing the size of the investment program by more than 30% compared to 2009);
- continuing measures on optimizing costs and improving the efficiency of operations;
- continuing the work of the optimization of debt and management of free cash;
- achieving the maximum possible sales of petroleum products through exchanges.

Objectives for 2012-2014:

- ensuring the growth of the Company's shareholder value. In the long-term perspective — becoming one of the three world's largest companies in terms of market capitalization;



- keeping the growth of specific costs within the limits of inflation.

HUMAN RESOURCE POLICY AND THE IMPROVEMENT OF WORKING CONDITIONS

Achievements in 2009:

- maintaining employee remuneration and social benefits virtually at the pre-crisis level;
- introduction of a new system for determining annual bonuses paid to top managers and heads of independent divisions of the Company's headquarters based on key performance indicators (KPIs);
- launch of the pilot operation of an automated system for assessment of technical competencies and formation of individual professional development plans of employees;
- continuation, despite the crisis, of the key programs on the improvement of social conditions and amenities at work, social security, employee development and training.

Objectives for 2010:

- resuming the works on employee performance evaluation, rotation, and maintaining the candidates pool;

- continuing development of the grading system;
- expanding the KPI-based system of annual bonuses to include general directors of subsidiary companies and their deputies;
- increasing expenditures on employee housing programs by about 40% compared to 2009;
- developing a standardized training methodology for the Company's employee training system;
- developing mechanisms for attracting, selection, motivation, and training of internal corporate trainers;
- improving approaches to working with the youth in order to ensure the inflow of young skilled workforce to the Company;
- maintaining the expenditures on work-related social infrastructure at the 2009 level.

Objectives for 2012-2014:

- reducing the overall illness rate among personnel at least by 30% by 2013 compared to the 2006 level as a result of the corporate health program;
- bringing the condition of the shift camps in compliance with the respective corporate standards;



- providing the expanding operations of the Company with skilled personnel against the backdrop of decreasing availability of skilled workforce in Russia;
- developing cooperation with educational institutions with a view to attracting the best graduates to the Company;
- developing the corporate training system, while maintaining its alignment with short-term, medium-term, and long-term needs of the Company's business;
- intensifying the work with the corporate candidates pool in order to meet the demand for qualified management personnel posed by the development of the Company's business;
- expanding the KPI-based system of annual bonuses to include middle managers;
- further developing and expanding the grading system.

HEALTH, SAFETY, AND ENVIRONMENT

Achievements in 2009:

- certification of conformity of the Company's Integrated Management System with

the standards ISO 14001:2004 and OHSAS 18001:2007, and a considerable increase in the number of subsidiary companies with certified management systems in place;

- continued implementation of the Company's key HSE programs;
- approval of the Rosneft's Energy Saving Program for 2009-2013.

Objectives for 2010:

- continuing the implementation of the targeted Environmental and Gas Programs, the Energy Saving Program, and the Pipeline Reliability Improvement Program;
- continuing the processing of accumulated oil-contaminated waste, and cleanup and remediation of contaminated lands.

Objectives for 2012-2014:

- reducing specific pollutant emissions, the amount of accumulated oil-contaminated waste, the accident rate, and the area of contaminated lands (see section Health, Safety, and Environment for the respective targets);
- achieving a 95% rate of associated petroleum gas recovery across the Company.



Presentation of equipment for oil spill collection

COMMUNITY ENGAGEMENT, INVESTMENTS IN THE DEVELOPMENT OF THE REGIONS OF OPERATIONS

Achievements in 2009:

- joining the UN Global Compact and the Social Charter of Russian Business;
- getting the status of General Partner of Sochi 2014 Olympics;
- approval of the Concept of Regional Policy of Rosneft by the Board of Directors;
- development of the Integrated Regional Policy Program based on the Concept of Regional Policy of Rosneft;
- contribution to the development of regional socio-economic infrastructure as a result of the implementation of the Vankor project and other projects;
- continued financing of charity areas traditional to the Company: supporting sports, indigenous minority peoples of the North, spiritual heritage.

Objectives for 2010:

- getting the Integrated Regional Policy Program approved by the Board of Directors;

■ continuing programs aimed at contribution to the socio-economic development of the areas of operation; maintaining the size of investments in this area at the 2009 level;

■ expanding Company's charitable activities.

Objectives 2012-2014

- continuing traditional forms of Rosneft's cooperation with its regions of operations.

Residential building in Tuapse





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KEY OPERATIONAL AND FINANCIAL PERFORMANCE INDICATORS

Mission and Values

MISSION

OJSC OIL COMPANY ROSNEFT AIMS TO MEET SOCIETY'S DEMAND FOR ENERGY RESOURCES IN AN INNOVATIVE, ENVIRONMENTALLY SAFE AND COST EFFECTIVE MANNER. DUE TO ITS UNIQUE RESOURCE BASE, HIGH TECHNOLOGY LEVEL AND PROFESSIONAL TEAM COMMITTED TO ITS WORK, THE COMPANY ENSURES SUSTAINABLE GROWTH OF ITS BUSINESS AND INCREASE IN SHAREHOLDER INCOME. WE BELIEVE THAT OUR ACTIVITIES CONTRIBUTE TO SOCIAL STABILITY, PROSPERITY AND PROGRESS OF OUR REGIONS OF OPERATIONS.

ROSNEFT SEEKS TO STRENGTHEN ITS STANDING AMONG THE WORLD'S LEADING ENERGY COMPANIES AND ACHIEVE LEADING POSITIONS IN TERMS OF OPERATIONAL AND FINANCIAL PERFORMANCE AND SHAREHOLDERS VALUE.

The Company views the following conditions as essential for fulfilling its mission:

- continuous improvement of performance in all areas of operations;
- innovative development;
- improvement of information transparency;
- compliance with high standards of corporate governance;
- high level of social responsibility;
- strict compliance with Russian and international standards of environmental and industrial safety.

VALUES

OJSC Oil Company Rosneft has adopted the following corporate values:

- professionalism and improvement;
- performance and integrity;
- proactiveness and responsibility;
- trust and respect.

The Company implements these values based on the following principles:

- ensuring profitability and efficiency.

The Company views ensuring profitability and efficiency of its operations as its obligation to the shareholders and all stakeholders, and uses all available legitimate means to fulfill this obligation;

- compliance with the legislation and standards.

The Company strives to strictly comply with the requirements of the Russian and international legislation, as well as with sectoral and corporate rules, standards, and procedures;

- social responsibility.

The Company contributes to the development of its regions of operations, cares about protecting the environment, and professionally manages occupational health and safety of its employees;

- good business conduct.

The Company strives to achieve and maintain the high quality of its products and services, fulfill its contractual obligations in a fair and consistent manner, and maintain its corporate governance on the basis of openness and responsibility.

Company Profile

The core activities of OJSC Oil Company Rosneft include production of oil and gas, production of petroleum products and petrochemicals, and marketing of outputs in Russia and abroad.

The Company is an open joint-stock company registered in the Russian Federation. The location and contact details of the Company headquarters are provided in Appendix 3.

As of December 31, 2009 the Rosneft Group included 553 subsidiaries and dependent companies. The detailed structure of the Company is presented in the 2009 Annual Report (pp. 32-33), on the corporate website <http://www.rosneft.ru/about/Glance/OperationalStructure/>, and in the Appendix 2 to this Report. No substantial changes in the Company structure took place in 2009.

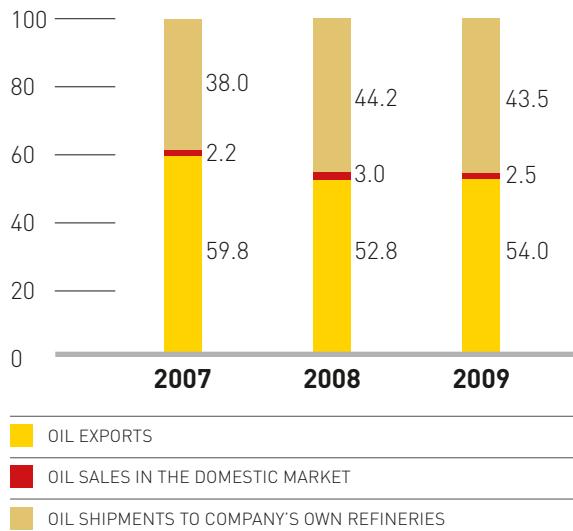
Rosneft conducts almost all of its operations within the Russian Federation. The geography of the Company's operations in the oil and gas

exploration and production sector covers all major oil and gas provinces of Russia, including West Siberia, the Southern and Central parts of European Russia, Timan-Pechora, East Siberia and the Far East. Seven large refineries and four mini-refineries of Rosneft are located across the Russian Federation from the Black Sea coast to the Far East. The Company manufactures lubricants at three plants, including the Novokuibishevsk Lubricants and Additives Plant, MZ-Nefteproduct, and the lubricants plant of the Angarsk Petrochemical Company. Two Rosneft's gas processing plants are located in the Samara Region.

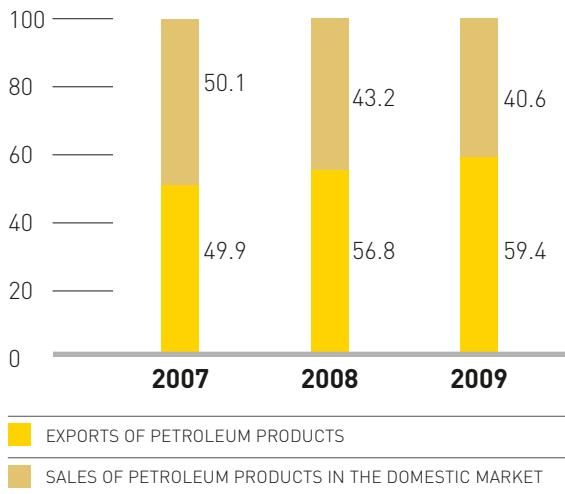
The domestic marketing infrastructure of the Company includes 148 operating tank farms, and a retail chain, which comprises 1690 filling stations in 38 Russian regions. In 2009, despite the economic crisis, the Company expanded its retail network from 1,683 to 1,690 filling stations. In the future, the Company plans to further expand its retail network in



Distribution of oil (including purchased oil) in 2007-2009, %



Distribution of petroleum products (including purchased products) in 2007-2009, %



the regions close to its refineries, particularly in Siberia and the Far East, and in the prospective markets of Moscow, Saint Petersburg, and the Southern Federal District of Russia.

The Company energetically develops its international activities. In particular, Rosneft conducts geological exploration projects in Kazakhstan and Algeria. In 2009, the Company signed an agreement with the Ministry of Economy of the Republic of Abkhazia on the geological study and development of oil and gas fields in Abkhazia. As a part of the consortium of Russian oil companies, Rosneft embarked on a number of projects on the development of oil fields in Venezuela. In the reporting year, the Company worked on the assessment and preparation of a refinery construction project in Southeast China. As cost centers, Rosneft's foreign assets are presently insignificant compared to the overall Company operations.

The Company exports oil to the countries of the CIS, Western, Central, and Eastern Europe, the Mediterranean countries, and the states of the Asia-Pacific Region. The largest importer of the Company's oil in 2009 was China, with the overall exports to the country amounting to 8.9 mln tonnes.

The Company sells a part of the manufactured petroleum products within Russia through its sales network. The other part of the products (mainly fuel oil, straight-run gasoline, and diesel fuel) is exported to the countries of Europe, Asia, and the CIS.

The largest Company shareholder (75.16% of shares) is OJSC Rosneftegaz, 100% of which are owned by the Russian state. Less than 15% of Rosneft shares are in free float. There were no substantial changes in the structure of the shareholders' equity in 2009.

Value of Rosneft assets, 2007-2009

	2007	2008	2009
Book value of assets according to US GAAP as of December 31 of the reporting year, USD mln	74,805	77,513	83,232
Capitalization of the Company as of December 31 of the reporting year (treasury shares excluded), USD bln	93,102	35,993	82,538
Book equity value according to US GAAP as of December 31 of the reporting year, USD mln	28,717	39,598	45,537

Tuapsenefteproduct sea terminal



GROWING CAPITALIZATION IN THE CRISIS PERIOD

In 2009, Rosneft's market capitalization increased more than two times compared to 2008. The Company showed the most substantial capitalization growth among the world's top twenty oil companies. As a result, Rosneft climbed from the 20th to the 13th position in the PFC Energy 50 annual ranking of the world's top 50 publicly traded energy corporations. It must be said, however, that the growth of Rosneft's capitalization correlated with the general changes in the Russian stock market indices (for example, the index of the RTS Stock Exchange, where Company's shares are traded, increased by more than 100% in 2009).

Key Operational and Financial Performance Indicators

In 2009, Rosneft was adapting its operations to a complicated macroeconomic environment characterized by volatility of prices and currency exchange rates, and a declining demand for oil and petroleum products. The Company's efforts were focused on anti-crisis measures aimed at the optimization of operating and capital costs.

Reserves

As a result of geological exploration works and development drilling, in 2009 a considerable increase in the reserves of oil, gas condensate, and gas was achieved. Overall, the Company's hydrocarbon reserves increased 2.9% compared to the previous year, reaching 3,139 mtoe, one of the best values among the public oil companies of the world.

Key operational and financial performance indicators of Rosneft

Operations and finance	2007	2008	2009
Proved oil reserves, mmt	2,399	2,421	2,483
Proved gas reserves, bscm	711	784	816
Oil and gas condensate production, mmt	101.0	110.1	112.8
Gas production, bscm	15.3	12.5	12.8
Refining throughput, mmt	40.3	49.3	49.8
Output of petroleum products and petrochemicals, mmt	38.4	46.4	47.1
Sales proceeds and other operating income, USD mln	49,216	68,991	46,826
Operating profit, USD mln	10,721	13,005	9,128
Net profit, USD mln	12,862	11,120	6,514
Total assets at the end of the year, USD mln	74,805	77,513	83,232
Long-term accounts and liabilities payable at the end of year, USD mln	11,723	10,081	15,669

Oil and gas production

The overall production of oil and gas condensate increased 2.4% compared to 2008. The main factor of this growth was the launch of commercial production at the Vankor oil and gas field in 2009. More intensive development of oil fields operated by LLC RN-Yuganskneftegaz and OJSC Samaranaftegaz also made a considerable contribution.

Refining

The total output of petroleum products in 2009 exceeded the previous year's result by 1.5%. The growth was achieved due to the increased throughput of the Achinsk and Kuibyshev refineries, as well as the reduction of losses and fuel consumption.

Sales of oil and gas

In 2009, the Rosneft's exports of oil and gas condensate grew almost 5% compared to 2008 as a result of the increase in oil production and purchases.

Sales of petroleum products

The sales of petroleum products and petrochemicals grew 1.2% as a result of the increased refining throughput. The exports of petroleum products increased 6%, while domestic sales decreased by 5%. This was a result of decline in the domestic demand, which made the Company to redirect a part of its products to foreign customers.

Company's revenues from sales

Company's revenues from sales in 2009 were 32.1% less compared to the previous year, or USD 46,826 mln. The decrease was a result of the decline in prices of oil and petroleum products, and was partially compensated by the increase in volume of sales. The structure of revenues remained virtually unchanged in both physical and monetary terms.

Generated and distributed direct economic value, USD mln

	2007	2008	2009
Generated direct economic value			
a) revenue	58,358	69,312	47,101
Distributed economic value			
b) operating costs	9,418	12,536	11,019
c) employee wages and benefits	1,869	2,651	2,137
d) payments to providers of capital	1,969	1,762	1,205
e) payments to government	27,770	40,210	22,298
f) community investments	172	139	198
Economic value retained	17,160	12,014	10,244



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Approach to Stakeholder Engagement

Stakeholders	Engagement levels
Employees	
Business community:	
– shareholders and investors	International
– suppliers	Federal
– customers	Regional
Society:	Municipal
– government authorities	
– local communities	
– educational institutions	

In the course of its operations, Rosneft engages with stakeholders — legal persons and individuals influenced by the Company's activities. The stakeholders, in turn, may influence day-to-day operations of the Company and achievement of its strategic goals. Rosneft has identified significant stakeholder groups, based on its experience of engaging with them, and on the assessment of the significance of their influence on day-to-day operations of Rosneft and its strategic development.

Rosneft strives to create an effective stakeholder engagement system aimed at maintaining a balance of interests of all stakeholders and the integration of sustainability principles into day-to-day operations of the Company. This implies the implementation of the production strategy in parallel with supporting measures in such fields as personnel development, as well as building mutually beneficial relations with the business community, government authorities, and local communities of the areas of operations. The

Company's principles of stakeholder engagement were described in the Rosneft Sustainability Reports for 2006-2008 and remain unchanged.

The Company uses a broad range of stakeholder engagement methods, including the following:

- the general shareholders' meeting;
- meetings, consultations, and negotiations of between management and stakeholder representatives;
- visits to production and social facilities of subsidiary companies;
- public hearings;
- participation in forums, exhibitions, and summits;
- sociological surveys;

Annual General meeting of stakeholders, 2009



- joint committees and commissions;
- interaction with mass media;
- joint programs with authorities and non-governmental organizations aimed at the socio-economic development of the areas of operations.

As a part of the process of preparing corporate sustainability reports, the Company conducts annual roundtable meetings in its regions of operations. Participants of these events include representatives of Rosneft management and key stakeholder groups within the local community.

Employees

Rosneft employees are a key development resource of the Company. Considering the value of human life the highest priority in its employee relations, the Company pays particular attention to occupational safety and protecting employee health. The achievement of ambitious and complex goals set by the Company directly depends on the motivation of its employees for effective work, and on their professional and personal development. The effective motivation implies state-of-the-art working conditions, a remuneration system able to ensure a decent income depending on the employee's performance, and a sufficient level of social benefits. The Company facilitates professional and personal development of its employees through corporate training and promotion systems.

Rosneft builds employee relations on the basis of social partnership between management of the Company and its subsidiaries and employee representatives — councils of labor collectives and labor unions. Mutual obliga-

tions of the employees, the Company and its subsidiaries are defined by collective bargaining agreements. Regular meetings between representatives of labor collectives and management of the Company and its subsidiaries are held; there are management-labor health and safety committees in place. Rosneft expands the range of employee relations methods used in the corporate internal communications systems. The staff is informed through the corporate web portal, corporate media and by means of regular employee-management meetings. Employees' views and preferences are identified through periodic sociological surveys.

In the period of the economic crisis, Rosneft preserved its approaches to and methods of personnel relations, while the internal communications system helped maintain social stability in the subsidiary companies.



OBSERVANCE OF THE HUMAN RIGHTS

- OJSC Oil Company Rosneft conducts its operations on the basis of legal requirements prohibiting any forms of violation of human rights.
- In 2009, there were no incidents involving violation of human rights and/or discrimination of employees.
- The Company recognizes the principle of equal rights and opportunities. The employees have the right to freedom of association and collective bargaining in accordance with the existing legislation.
- The Company supports the elimination of forced and child labor. No Company's activity involves these kinds of labor.

More details on employee relations practices and approaches are provided in Employees chapter of this Report.

Business Community

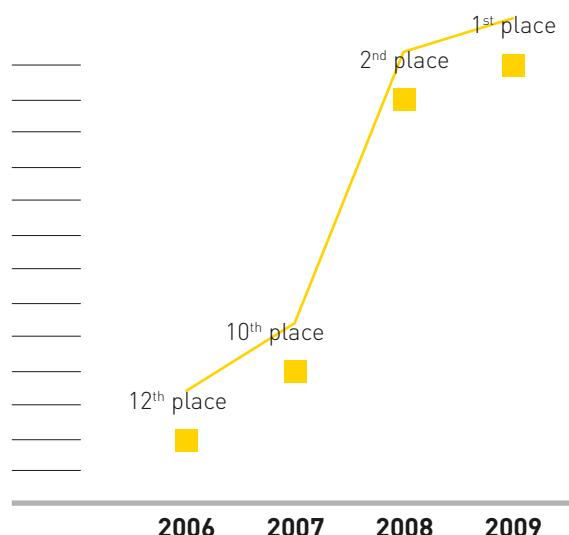
SHAREHOLDERS AND INVESTORS

The guiding principle of Rosneft activities in the field of shareholder and investor relations is the improvement of the level of transparency and availability of information necessary for making investment decisions. The Company discloses information in accordance with its Corporate Governance Code, the corporate information policy, as well as with the requirements of the existing legislation and regulators of domestic and foreign stock markets where its shares are traded. The information is disclosed via corporate website www.rosneft.com, mass media, annual reports, and by means of personal meetings of senior managers with shareholders and investors. The mechanisms of stakeholder and investor relations are set forth in detail in the Corporate Governance Code (see www.rosneft.com, Investors section).

In 2009, the Company continued to improve and develop its approaches to the information support of its shareholders and investors. Rosneft accelerated the process of preparing the annual report, which was made available on the corporate website on April 30 in accordance with the requirements of the London Stock Exchange. Efforts to enhance the information transparency of the Company were made. As a result, Rosneft was ranked first in the Transparency and Disclosure by Russian Companies 2009 survey by Standard & Poor's. The Company was able to improve its ranking by virtue of a disclosure of its Code of Business Ethics, announcement of recommended dividend payments prior to the record date, publication of the auditor's review of the interim financial statements, disclosure of non-audit services provided by its auditor, and better disclosure of the Board members' remuneration.

The Company added more materials to its corporate website, particularly to the sections on investor relations and activities in the social sphere.

*The improvement of Rosneft transparency.
Position in the transparency and disclosure
ranking by S&P*



The Company was also able to reduce the time for preparation of audited consolidated financial accounts. On February 1, 2010, the Company became the first in its sector to publish the audited financial statements for full year 2009. The ability to prepare financial statements within such a short period of time demonstrates the effectiveness of the Company's data collection and processing system, which helps maintain a high level of transparency and disclosure. In addition, the Company improved its Management's Discussion and Analysis (MD&A) reporting format.

The most important shareholder relations practice of the Company in the annual general shareholder's meeting. The management of Rosneft also holds meetings with representatives of the investment community on a regular basis, organizes road-shows, and participates in investment forums. Such events help the Company continuously inform the market about its activities and increase the number of investors choosing Rosneft shares.

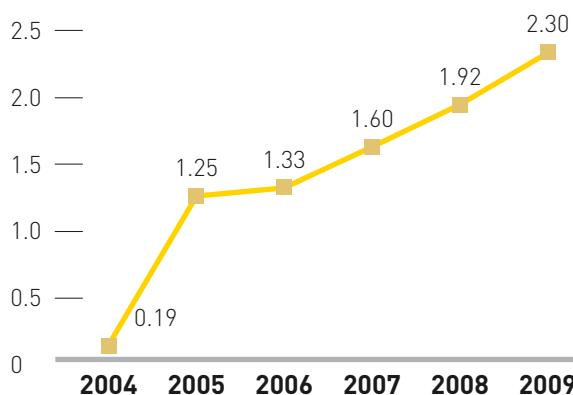
Rosneft continued its shareholder and investor relations activities in the period of the global crisis. In 2009 alone, the Company held more than 250 meetings including, in particular, those conducted within the framework of London and New York road shows. Despite the crisis, investors expressed active interest in the Company during the meetings. Com-

pared to the previous periods, the focus of investors' interest somewhat shifted from day-to-day operations of the Company to the factors influencing its fundamental value.

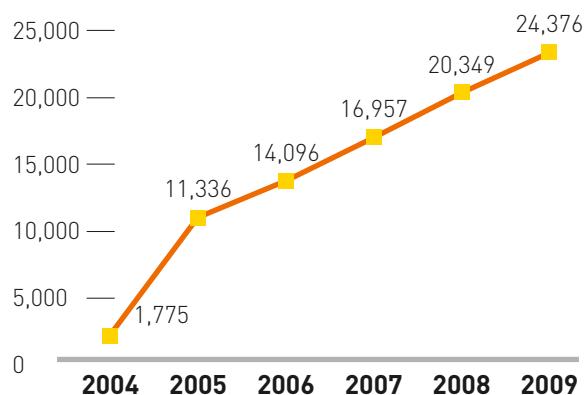
Despite the crisis, Rosneft continued to maintain its policy of growing dividend payments.

Dividend payments by Oil Company Rosneft in 2004-2009

Dividend per share, RUB



Total dividends on all issued shares , RUB mln



CONSULTATION MEETINGS WITH INDIVIDUAL SHAREHOLDERS

The tradition of consultation meetings with shareholders — physical persons dates back to 2007. The objectives of the meetings have been to improve the legal literacy of the Russian citizens who acquired Rosneft shares during the 2006 IPO, and to inform the shareholders on short- and long-term development plans of Rosneft. A total of seven meetings were held between 2007 and 2009 on the following subjects:

- 1 What are dividends of a joint-stock company, how they are determined, the payment procedure. Dividend history of OJSC Oil Company Rosneft.
- 2 Shareholders register and depository: what are the best ways of storing and selling your shares.
- 3 Shareholder rights in a joint-stock company. Information transparency of Rosneft and disclosure: what information on the Company is available and how it can be accessed.
- 4 Governance bodies of a joint-stock company. The role of independent directors.
- 5 Mechanisms of protecting economic interests of minority shareholders. Repurchase of shares at the shareholder's request. The social program of Rosneft.
- 6 The public trade of Company shares. How to sell or buy Company shares. Distribution of Rosneft profits.
- 7 Financial instruments of a private investor.

SUPPLIERS AND CONTRACTORS

Suppliers and contractors have a significant influence on the development of the Rosneft's business. The Company, being a major customer to many of its suppliers facilitates the development of their businesses in its regions of operations. This creates objective pre-requisites for building relations between the Company and its suppliers and contractor on a long-term, mutually beneficial basis.

The Company selects its suppliers and contractors on the basis of a tender procurement system. The selection procedure is regulated by the corporate standard "Organization of Tendering Work in OJSC Oil Company Rosneft". This not only allows to considerably reduce costs by improving the transparency of the supplier selection process, but also helps reduce corruption risks. In order to maintain the transparency and effectiveness of the procurement process, Rosneft special-

ly developed model bid conditions and documentation. The tender procurement practices of the Company are based on the Russian legislation. The information on tenders called by the Company is made available in the respective section of the corporate website www.rosneft.ru. Procurement contracts are concluded based on the tender results, with suppliers being selected on the basis of such factors as the price, quality, as well as delivery time and conditions. *Ceteris paribus*, the preference is given to Russian suppliers. In 2009, the share of Russian products in the total procurement of the Company amounted to 91%.

In the period of the global financial crisis, successful implementation of the Company's production program and a number of strategic projects became an important stabilizing factor to many Rosneft's suppliers and contractors.

Moreover, large-scale modernization of the Rosneft refineries, which continued during the

COOPERATION BETWEEN ROSNEFT AND THE UNITED SHIPBUILDING CORPORATION

In the late December 2009, during the events in the Far East dedicated to the launch of the East Siberia — Pacific Ocean (ESPO) oil pipeline, the Russian Prime Minister Vladimir Putin and Rosneft President Sergey Bogdanchikov attended the Zvezda shipyard, owned by the United Shipbuilding Corporation (USC). The goal of their visit was attending the ceremony of laying down a semi-submersible drilling rig of the reinforced ice class, commissioned by Rosneft.

According to the Company President, the rig compliant with the international standards will ensure complete environmental safety of its operation. The rig will be able to work at sea depths up to 2 km, drilling wells up to 7 km deep at the temperatures down to -35°C. It is planned that the rig will be put in operation in 2014, and the Company will use it in the Barents, Kara, and Pechora seas. By 2018, Rosneft plans to build three drilling rigs, placing the orders with USC's shipyards. The strategic goal is to drill about 70 wells on the Russian shelf by the year 2020. The cooperation between the USC and Rosneft is not limited to the construction of drilling rigs. In November 2009 the two companies concluded a contract for the construction of 11 vessels of different types.

"This is not just a new order, this is the first step toward the creation of a new enterprise. The work will go on for many decades," said Vladimir Putin addressing shipyard workers. He added that a new enterprise for constructing civilian vessels, including oil and liquefied gas tankers, will be created on the basis of the existing shipyard with the involvement of foreign partners.

crisis, and the Vankor oil field development project, the largest project of such kind in the last few decades, played a significant role in creating market opportunities for numerous Russian suppliers serving the oil and gas sec-

tors. At the peak of the Tuapse Refinery reconstruction project, several thousand construction workers will be working at the site. The works will continue for four or five years, providing jobs for the region.



Wellpad #1 of Vankor oilfield

VANKOR SUPPLIERS AND CONTRACTORS

The Vankor oil field development project is one of the largest projects in Russia. Not only Rosneft staff, but also contractors' employees — construction and assembly workers etc. — have been working at the oil field. More than 150 companies, including 65 manufacturers, supplied equipment for the Vankor project. In Russia alone more than 60 design institutes were contracted; 450 contractors and subcontractors were involved in the field construction. According to Company President Sergey Bogdanchikov, over 80% of the equipment and materials were purchased from Russian suppliers. The overall value of the equipment procured exceeded RUB 50 bln.

At the peak of the field construction project, 12 thousand construction workers and 2 thousand units of machinery were working at the site. That means that in the time of crisis Rosneft placed large orders with Russian manufacturers, which helped them preserve the jobs and development opportunities for their businesses. According to Alexander Khloponin, then-governor of Krasnoyarsk Territory, the Vankor oil field even before its launch gave a new impetus to the economic development of the region. More than 40 businesses and organizations of the region provide materials or services to CJSC Vankorneft. They, in turn, place their orders with other companies in such sectors as construction, metallurgy, and mechanical engineering. The creation of four of five jobs in the supporting sectors for each job at Vankor — such is the multiplier effect of the Vankor project. In Turukhansk District of Krasnoyarsk Region alone, more than a hundred of new companies were created.

The oil field uses advanced engineering solutions and technology, as well as state-of-the-art equipment and management methods, which ensure both high cost effectiveness of operations and a high level of industrial and environmental safety. The field facilities were designed in partnership with the leading Russian and foreign engineering centers.

CUSTOMERS

Rosneft seeks to improve the quality of its customer interactions, believing that under conditions of severe competition stable and long-term customer relations are the key factor of the Company's steady development. The Company's priorities in the field of customer relations include the improvement of the product safety, the development of the wholesale and retail sales networks, quality control, the improvement of customer service, informing customers, and strengthening their loyalty.

Being one of the largest producers of petroleum products in the Russian Federation, the Company recognizes its responsibility to its customers and pays close attention to the safety and quality of its products, taking in-

to account the environmental performance of its fuels. In 2008, the Russian Government has approved the Technical Regulations, which require producing motor fuels compliant with the Euro 3, Euro 4, and Euro 5 environmental standards. According to the Regulations, the transition to production of Euro 3 compliant gasoline should take place by January 1, 2011, to Euro 4 — by January 1, 2012, to Euro 5 — by January 1, 2015. By 2014, Russian refineries should phase out petroleum products of grades lower than Euro 4 and Euro 5. Therefore Rosneft embarked on major modernization of its refineries aimed at the radical enhancement of the product quality.

Even now, a part of motor fuel produced by the Company's refineries already complies with the European standards allowing Rosneft to



Entrance to Komsomolsk refinery

PETROLEUM PRODUCTS OF THE KOMSOMOLSK REFINERY ARE AMONG THE 100 BEST PRODUCTS OF RUSSIA

The high quality of petroleum products of the Komsomolsk Refinery was recognized by ten diplomas of "The Best 100 Products of Russia" national contest in 2009. The products were evaluated in terms of time in the market, quality compared to domestic and foreign analogs, innovativeness of the production process, as well as environmental and social significance. Three grades of petroleum products by the refinery were declared winners, while seven more received nominee diplomas, five of them in the category "Best Product of the Year".

6



Filling complex #11 in Moscow

SUPPLYING THE MOSCOW MARKET WITH FUEL OF IMPROVED ENVIRONMENTAL PERFORMANCE

Since 2004, the Moscow City Government has been introducing additional requirements concerning environmental performance of motor fuel. Sharing concerns of the city authorities about the air quality in the Russian capital, Rosneft has taken measures to supply its filling stations in Moscow with petroleum products complying with those requirements. In mid-2008, Company's filling stations in the city began to sell Regular Euro 92 and Premium Euro 95 gasoline grades produced by the Achinsk Refinery and compliant with the Euro 3 environmental standard.

maintain its presence in the most competitive market segments by offering its customers environmentally friendly fuel types.

Utilizing the advantages of a vertically integrated company, Rosneft strictly controls the quality of its petroleum products along the whole production chain "refinery — transportation — filling station". The Company de facto maintains an end-to-end quality control and product safeguarding system covering all stages of the production process and based on the Company's policy defining uniform approaches toward quality control and measuring. The safety of products and services to the customers is ensured by integrated HSE (health, safety, and environment) management systems, introduced at the Company's filling stations and based on the ISO 14001 and OHSAS 18001 international standards.

In 2009, the Company became the General Partner of Sochi 2014 Olympics. As a part of this initiative, the Company began to design a special "Olympic" highway filling station providing an extended range of services and decorated with Olympic insignia. The deployment of the "Olympic" filling network is planned for 2010-2013. The filling stations will be positioned along the main highways leading to Sochi and in the city itself. The Company's "Olympic retail chain" will span from Leningrad and Smolensk Regions through Tver, Moscow, Tula, Voronezh, Lipetsk, and Rostov Regions to Krasnoyarsk Region, where the Olympics will be held. In the future, Rosneft plans to further develop its retail network in the regions close to its refineries, particularly in Siberia and the Far East, and in the prospective markets of Moscow, Saint Petersburg, and the Southern Federal District of Russia.

Since December 2007, the Company has been supplying bunker fuel (fuel oil, diesel fuel) through its subsidiaries RN-Bunker and Rosneft Marine in a number of Russian ports including sea ports in the Far East and in the north and south of European Russia, as well as river ports. In 2009, Rosneft began sales of bunker fuel on the Lena and Amur rivers; it also started providing bunkering services to contractors in the Sakhalin-1 and Sakhalin-2 projects on the Far East shelf. In addition, the Company signed an agreement with the Federal Fisheries Agency on the construction of bunkering stations in Russian fishing ports.

At the end of 2008, Rosneft began to develop its aircraft refueling business through its subsidiary RN-AERO. In 2009 the Company started to provide into-plane fueling services in airports of a number of cities; contracts for direct supply of jet fuel were concluded with numerous large Russian air carriers. An agreement on cooperation in the field of jet fuel supply was signed with the Sheremetyevo International Airport. The implementation of the agreement will begin with the construction of new aircraft refueling facilities in the Sheremetye-

vo and also in Knevichi, the Vladivostok airport (as a part of the preparation for the 2012 APEC Summit). The beginning of Rosneft operations in airports, as well as in sea and river ports will help ensure transparency of fuel pricing as a result of direct supply, which will ultimately contribute to keeping prices in check, improving the quality of service, and ensuring stability of fuel supply.

In 2009, the Company revamped its motor oil product line, and continued the program of promoting branded packaged motor oils with parameters meeting the Russian and international standards. The key stage of bringing the oils to the market is building a dealer network. In order to familiarize dealers with the oil production process and Company's approaches to sales, in 2009 Rosneft subsidiaries producing motor oils conducted on their premises dealer conferences under the motto "Quality control from well to can".

More detailed information on the Company's approach to sales is available in the Downstream section of the corporate website www.rosneft.com.





At the conference of Rosneft motor oil dealers, Angarsk

CONFERENCES OF ROSNEFT MOTOR OIL DEALERS

Representatives of Rosneft, research institutions, and leading organizations developing motor oils informed managers and employees of the dealer companies about the development programs of plants producing motor oils and discussed plans for the future. The format of the conferences, which were conducted on the premises of Novokuibyshevsk Lubricants and Additives Plant and OJSC Angarsk Petrochemical Company, allowed to effectively demonstrate the state-of-the-art production process and real capabilities of Rosneft in this business sector to the participants.

The dealer conferences helped establish connections between all participants of the production and sales chain. The knowledge acquired by the participants will later help them effectively promote the sales of Rosneft-branded motor oils in Russia. The dealers agreed that the conferences were a useful step of the Company toward building an effective dealer network.

For a number of years, the Russian Federal Antimonopoly Service (FAS) has been imposing fines on the largest Russian oil companies and initiating lawsuits against them, accusing the companies of monopolistic market practices, including fixing monopolistically high prices for petroleum products. Since 2008, changes to the Russian legislation resulted in an increase of the size of "turnover" fines imposed by the FAS for violations of the anti-monopoly legislation. During the crisis period, in the fourth quarter of 2008 when oil prices dramatically declined, the FAS made a ruling against four largest oil companies, including Rosneft, stating that they abused their dominant position in the market of petroleum prod-

ucts by fixing monopolistically high prices for motor gasoline, diesel fuel, aviation kerosene, and fuel oil. The FAS for the first time applied the updated scheme of penalties to the market of petroleum products, imposing a fine exceeding RUB 1 bln of each of the four companies. On February 17, 2009 the FAS initiated new cases against the four largest oil companies for increasing fuel prices. On July 29, the FAS issued the decision and order on the case of alleged breach of anti-monopolistic legislation by Rosneft, which were contested by the Company in court. On October 27, based on the previous decision and order, the FAS imposed on Rosneft an administrative fine of RUB 5,280.4 bln for breach of anti-monopo-

Conveyor of Novokuibyshev lubricants and additives plant



listic legislation, which was also contested by the Company in court. At the time of compiling this Report, the merits of the cases have not been examined by courts, and the resolutions on imposing fines have not entered into force. The information on the total number of lawsuits and the overall size of fines imposed on Rosneft are provided in the US GAAP audited consolidated financial statements as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007, in Section 22, Commitments and Contingencies (pp. 58-59).

The statements are available in the Investors section on the corporate website www.rosneft.com. The Company management believes that the ultimate result of these litigations will not significantly affect the operating results or financial position of the Company.

The Company's response was the promotion of exchange trade in petroleum products in order to improve transparency of pricing. In 2009, Rosneft became the first among the Russian

vertically integrated oil companies to start trading on the Saint Petersburg International Mercantile Exchange (SPIMEX). The Company and the SPIMEX agreed to switch to daily trading regime and to begin trading in petrochemicals and motor oils produced by Rosneft on the exchange. In February 2010, Rosneft ceased to conduct monthly auctions to sell its petroleum products to domestic customers. From that moment onward all uncontracted volumes of petroleum products are sold through the commodity exchange. By abandoning the practice of auctions and increasing its sales through commodity exchanges, Rosneft made one more step toward creating a civilized domestic market of petroleum products.

Society

GOVERNMENT AUTHORITIES AND ORGANIZATIONS AT THE FEDERAL LEVEL

The largest shareholder of OJSC Oil Company Rosneft is OJSC Rosneftegaz wholly owned by the Russian state. Being a company with the state-owned majority interest, Rosneft recognizes its special responsibility to the society for compliance with the law and ethical and corporate standards of business conduct. The state representatives in the Board of Director ensure that the state interests are considered both in day-to-day operations of the Company and in the implementation of its strategic development plans. The Russian state, being the main shareholder of the Company, defines its strategy within Russia and in the international markets.

The Company's cooperation with business partners in other countries is based on intergovernmental agreements on cooperation in the oil and gas sector, concluded by the leaders of the Russian Federation and other states. The agreements provide for long-term cooperation and cover the whole range of the Company's operations — from oil production to the development of retail chains of filling station. The implementation of the co-operation agreements within foreign countries typically implies the establishment of joint ventures between Rosneft (sometimes being a part of a consortium of Russian companies) and specialized companies of other participating countries. The Russian government views such projects as strategic ones and, in addition to Rosneft, involves relevant ministries and governmental agencies into their implementation. The Company closely interacts with these bodies in the process of project development and implementation. In 2009, the Company most actively developed international cooperation with China, Venezuela, and Abkhazia. The China National Petroleum Corporation became a strategic partner of Rosneft.

In addition to international projects in the upstream and downstream sectors, Rosneft as a shareholder participates in the international companies implementing such pipeline construction projects as Samsun-Ceyhan and Burgas-Alexandroupolis, and in the Caspian Pipeline Consortium. These activities of the Company are also based on international co-operation agreements signed by the governments of the participating countries.

Although the Company continues to develop its international activities, the Russian Federation remains the key area of its operations. Rosneft representatives on a regular basis interact with the federal authorities in the context of activities aimed at the development and regulation of the national oil sector and on the issues of state administration affecting Company's spheres of influence.

Rosneft believes that addressing a number of issues could have a positive impact on day-to-day operations and the development of the national oil sector. The Company believes that the main factors of the existing deficit of investment resources in the oil sector include a high tax burden on revenues of the companies, and a high share of payments to natural monopolies in the cost structure. The development of oil and gas fields in new regions and on the shelf requires tax benefits, but this is only a palliative. The Company believes that changes in the taxation system are necessary, namely the transition from a revenue-based tax regime to a profit-based one. The size of state-regulated oil transportation tariffs should leave oil companies with sufficient investment resources for maintaining and expanding oil production, as envisioned by the Russia's Energy Strategy till 2030. The Company, working to meet the objectives regarding associated petroleum gas (APG) recovery set by the state, supports the actions of the Russian Government aimed at providing a non-discriminatory access to the united gas



ESPO pipeline

ROSNEFT PARTICIPATION IN THE DEVELOPMENT OF RUSSIA-CHINA COOPERATION IN THE OIL AND GAS SPHERE IN 2009

In 2009, the cooperation between Russia and China was raised to a qualitatively new level.

- October 2008. The governments of Russia and China signed a memorandum of cooperation in the oil sector. In China, Russian-Chinese Eastern Petroleum Company, a joint venture between CNPC subsidiary PetroChina (51%) and Rosneft (49%), was established. It is planned that the new company will construct a new refinery; it will also own about 300 filling stations built in China by CNPC and Rosneft.
- February 2009. OJSC Oil Company Rosneft, OJSC AK Transneft, CNPC, and the China Development Bank signed a package of long-term agreements. The deal involved providing loans to Transneft (USD 10 billion) and Rosneft (USD 15 billion), as well as an export contract according to which the Russian companies will deliver 15 mmt of crude oil annually (9 mmt — Rosneft; 6 mmt — Transneft). The oil will be routed through a branch of the ESPO pipeline to China. The term of both lending and oil export agreements is 20 years.
- April 2009. A 23-year intergovernmental agreement on the cooperation between Russia and China in the oil sector was concluded. The first disbursements of the USD 25 billion loan to Rosneft and Transneft were made by the China Development Bank. The construction of the ESPO branch to China was started.
- October 2009. In the presence of representatives of the Russia's and China's governments, Rosneft and CNPC signed a memorandum of understanding on expanding cooperation in upstream and downstream projects. In particular, the document defines further steps on the construction of a new refinery and creation of a chain of filling stations in China.

transportation system for APG producers. Another important area where state actions are needed is the improvement of rules for interaction with foreign oil companies in the context of oil field development projects, including ones on the shelf. The requirements which could be introduced or improved include ones on the retention of state control over licenses on blocks located on the shelf, the right to resource distribution, attracting project finance, participation of foreign companies in the development of regional infrastructure and provision of services, and providing access for Russian companies to projects in the countries where foreign companies implementing projects in Russia operate.

GOVERNMENT AUTHORITIES AND ORGANIZATIONS AT THE REGIONAL LEVEL

Being a company with the majority state interest, Rosneft pays particular attention to the socio-economic development of its areas of operations. Through its subsidiary companies operating in a number of Russian regions, Rosneft engages in long-term business activities, which have considerable influence on economic, environmental, and social aspects of the regional development. Oil production subsidiaries and some refineries often play a key role in the respective regional and local economies, and their performance directly influences the quality of life of the local population. This requires the subsidiaries to maintain

effective relations with regional government authorities, indigenous peoples of the North, mass media, and other representatives of the local communities.

The main instrument of Rosneft's partnership with regional governments is the socio-economic cooperation agreements, which define the general principles of Company's cooperation with its regions of operations. Specific actions, both those to be taken in the operational sphere and those aimed at the development of the regional socio-economic sphere, are set forth in appendices to the agreements prepared on an annual basis. In their day-to-day activities at the regional level the Company and its subsidiaries practice such methods of engagement with authorities and other stakeholders as meetings, consultations, visits to production and social facilities. In many regions managers of Rosneft subsidiaries are elected to local legislative or representative bodies by the local population.

Rosneft uses the mechanism of public hearings envisioned by the legislation to discuss its business development plans with stakeholders.

Rosneft's engagement with educational and social institutions, non-governmental organizations and indigenous peoples of the North is described in the Society section.



PUBLIC HEARINGS HELD BY THE EAST SIBERIAN OIL AND GAS COMPANY

In the fall 2009, the East Siberian Oil and Gas Company (ESOGC), a Rosneft subsidiary, conducted public hearings on the project of the construction of the Kuchetkan-Tayshet trunk oil pipeline. The planned pipeline is a part of the system of trunk pipelines connecting ESOGC's Yurubcheno-Tokhomskoye oil field in Krasnoyarsk Territory with Tayshet District of Irkutsk Region. The stakeholders were presented the plans of the construction of the second pipeline section 600 km long, which will connect Yurubchen to the East Siberia — Pacific Ocean (ES-PO) oil pipeline. The pipeline construction is a key condition for the development of the Yurubcheno-Tokhomskoye field, which is believed to be among the largest oil field in the country.

The participants of the hearings approved the presented project. The local residents and representatives expressed the hope that the project implementation will make additional contribution to the socio-economic development of their areas.

Stakeholder Dialogue in the Areas of Operations

As a part of the corporate sustainability reporting process, Rosneft for the fourth year in a row has conducted roundtable meetings with stakeholders in its regions of operations. Such a format provides for an open discussion between representatives of the Company and regional and municipal authorities, supervisory bodies, business partners, educational and research institutions, indigenous peoples of the North, the public, and mass media. The meetings dedicated to the results of the year 2009 were held in eight key regions of Company's operations: Sakhalin Region, Udmurtia Republic, Samara Region, Krasnoyarsk Territory, Khanty-Mansi Autonomous Area, Komi Republic, Irkutsk Region, and Krasnodar Territory.

The objective of the stakeholder dialogues was to discuss the engagement of stakeholders with the Company and its subsidiaries on the issues of socio-economic development and environmental issues of the areas of operations against the backdrop of the global economic crisis. In this context, it was important to demonstrate to authorities and the public the results of socio-economic programs implemented by the Company in the region at the time of crisis, and to hear stakeholder comments and

suggestions on problematic economic, environmental and social issues in order to take them into account in future Company's activities and decision-making processes.

The main conclusion reached by the roundtable meetings was that in 2009 Rosneft and its subsidiaries overcame the difficulties posed by the global economic crisis successfully enough, and in general fulfilled their social commitments to the stakeholders.

Some new aspects of stakeholder engagement occurred during the fourth cycle of meetings. First, the meetings become more representative. While earlier the events were attended only by representatives of local authorities, supervisory agencies, and the local public, in this year representation was raised to the regional level. Regional authorities and non-governmental entities started to attend the meetings, adding significance to the dialogue. Secondly, the subsidiaries started to systematically present the information on the consideration of stakeholder suggestions voiced at the previous meetings, thus providing an insight into another aspect of the Company performance in the areas of operations. Against the backdrop of the crisis, the

Roundtable in Nefteyugansk





EXAMPLES OF CONSIDERATION OF RECOMMENDATIONS VOICED BY STAKEHOLDERS DURING PREVIOUS ROUNDTABLE CYCLES

Subsidiary	Recommendations	Response to recommendations as reported at the fourth cycle of roundtable meetings
<i>Regional budget income</i>		
OJSC Angarsk Petrochemical Company	Increasing the processing price in order to increase corporate income and the respective tax payments	A decision was made to increase the processing price in 2010 by 17% compared to 2009
<i>Infrastructure projects</i>		
LLC RN-Sakhalin-morneftegaz	Continuing the reconstruction of the Okha Power Plant	In 2009, construction and assembly works worth RUB 130.5 mln were implemented. The program for 2010 allocates RUB 679 mln for financing construction and assembly works
OJSC Udmurtneft	Continuing co-operation on the implementation of socially significant projects	The project on the improvement of the Neftyanik neighborhood in Votkinsk was continued. RUB 4 million was spent on the completion of the project. A total of RUB 37.64 was spent on the project in 2008-2009
<i>Social sphere, education, sponsorship, charity</i>		
OJSC Udmurtneft	Continuing co-operation on the implementation of charity projects	1. Three school buses for educational institutions of Udmurtia Republic were acquired (within the framework of a republican targeted program). 2. A project on providing educational institutions of the Republic with computer equipment is being implemented: 140 units of computer equipment are being acquired for 54 urban and rural schools of Udmurtia
LLC RN — Severnaya Neft	Preserving a social partnership between LLC RN — Severnaya Neft and municipal authorities in the time of crisis	The members of the Usinsk Town Council, including nine employees of Rosneft subsidiaries, voted for the decisions, which allowed to preserve such social programs as "Supporting Rural Producers" and "Supporting Socially Significant Facilities: Schools, Kindergartens, and Rural Health Posts"

Continues on pg. 55



EXAMPLES OF CONSIDERATION OF RECOMMENDATIONS VOICED BY STAKEHOLDERS DURING PREVIOUS ROUNDTABLE CYCLES

Subsidiary	Recommendations	Response to recommendations as reported at the fourth cycle of roundtable meetings
LLC RN-Sakhalin-morneftegaz	Building relations with indigenous peoples of the North on the basis of long-term programs	In 2009, a summer sports and health school specializing in ethnic sports was opened for children of indigenous minority peoples (within the framework of a regional targeted program)
<i>Occupational health and safety</i>		
OJSC Samaraneftegaz	Preserving the level of funding of OHS activities	The OHS expenditures in 2008 were RUB 92.4 million, compared to RUB 76.4 million in 2008
<i>Improvement of pipeline reliability</i>		
OJSC Samaraneftegaz	Continuing works on the improvement of pipeline reliability	The results of the year 2009: the number of pipeline failures decreased by 15.9%, the oil losses decreased by 25.6%, the area of land polluted as a result of failures decreased by 7.9%. In 2009, 1,885 km were protected with corrosion inhibition (13% more than 2008)
OJSC Kuibyshevsk Refinery	Continuing the dismantling of unused pipelines	A total of 36 km of unused pipelines was dismantled, with only 9 km remaining. In the 2010 budget, RUB 4.5 million was allocated for continuing the dismantling
<i>Environmental programs</i>		
LLC RN Sakhalin-morneftegaz	Faster design and construction of wastewater treatment facilities	Construction of treatment facilities at the Central Okha and Katangli field was started; the delivery of the equipment and completion of the main construction works are planned for 2010
OJSC Udmurtneft	Better control of hydrogen sulphide leaks at the Yelnikovskoe field (a facility of the Yelnikovka oil treatment plant)	1. A number of short-term measures are implemented in order to reduce emission into the air. 2. In 2009, terms of reference and technical conditions for the modernization of the facility were prepared. 3. Design and survey works for the project are planned for 2013-2014

Continues on pg. 56



EXAMPLES OF CONSIDERATION OF RECOMMENDATIONS VOICED BY STAKEHOLDERS DURING PREVIOUS ROUNDTABLE CYCLES

Subsidiary	Recommendations	Response to recommendations as reported at the fourth cycle of roundtable meetings
LLC RN — Severnaya Neft	More active work on land reclamation	In 2009, a total of 158.6 ha of disturbed land at the Val Gamburtseva fields was reclaimed and accepted by authorities. In 2010, it is planned to reclaim and get accepted 27.96 ha of disturbed land at the Baganskoye field; the work has started in 2009
<i>Associated petroleum gas recovery</i>		
OJSC Samaraneftegaz	Continuing the implementation of the corporate Gas Program	APG recovery rate at the end of 2008 — 75.46%, at the end of 2009 — 80.52%
<i>Sanitary protection zones (SPZ) and landscape gardening</i>		
OJSC Syzran Refinery	Establishment of an SPZ and landscape gardening	1. A justification of SPZ boundaries is being prepared; a total of RUB 4.13 million was invested in the project in 2009. 2. Landscape gardening projects are systematically implemented in the neighborhoods adjacent to the plant
<i>Informing the public on the environmental activities of companies</i>		
OJSC Angarsk Petrochemical Company	Broader informing of the public on the environmental activities of OJSC APC	1. In 2009 and the early 2010 a total of 46 materials on the environmental activities of OJSC APC (compared to 22 in 2008) were disseminated through regional news agencies, broadcasted on TV, or published in printed media (Kommersant, AiF, Oblasnyaya, Konkurent-VSP, Vsy Nedelya Angarsk, Podrobnosti, a number of regional and federal magazines). 2. A press tour for journalists of city and regional media was organized; the participants visited the sanitary laboratory of OJSC APC

Continued from pgs. 54-55

leading theme of stakeholder suggestions was that the Company continue its social and environmental programs initiated before the crisis.

During the discussions, various representatives of authorities spoke in favor of the involvement of Rosneft and its subsidiaries into the prepara-

ration of regional socio-economic development programs, and integration of the Company development strategy into those programs. In the environmental field, stakeholder suggestions were aimed mainly at faster implementation of Rosneft's corporate environmental programs (the Gas, Pipeline Reliability Improvement, and



Roundtable in Krasnoyarsk

Environmental Programs). It was also suggested to join forces in the creation of environmental GIS systems based on satellite imagery, which are currently being developed by state authorities in the Company's regions of operations, and to involve subsidiaries' environmental laboratories into joint activities on analyzing the state of the environment.

Thirdly, the dialogue became a truly two-way conversation. While during earlier discussions only stakeholders voiced suggestions and recommendations regarding the activities of Rosneft and its subsidiaries, this time the latter began to provide their suggestions concerning the activities of stakeholders. The suggestions made the Company and its subsidiaries addressed mainly the need for faster consent and permit issuing procedures of local branches of state supervisory bodies and other authorities; it was also suggested to move some expert reviews required for getting permits from the federal to the regional level. Another group of prob-

lems was related to certain aspects of transferring to municipal ownership infrastructure and other non-core facilities currently owned by the subsidiaries. The need for assistance to the subsidiaries in resolving issues associated with the reconstruction/dismantling of regional or federal property located within the areas of their immediate operations was also discussed.

An important outcome of the discussion was the recognition by regional stakeholders of the fact that success of many social projects and the overall living standard of the population in the period of the global crisis depend on activities of Rosneft and its subsidiary companies. The issue of supporting the socio-economic infrastructure became particularly acute due to budget shortages resulting from the objective decline of tax payments. Against this background, the continuation of Rosneft's social programs in the time of crisis has been an important factor of the stabilization of the socio-economic situation in its regions of operations.

Participation in External Initiatives and Recognition of Achievements

In addition to regional roundtable meetings, Rosneft has conducted public hearings, to present the corporate Sustainability Report to stakeholders. The hearings have been attended by representatives of federal and regional government authorities, the investment and business communities, non-governmental organizations, universities and other stakeholders.

In 2009, it was announced at the public hearings that Rosneft made the decision to join two key sustainability initiatives — the UN Global Compact and the Social Charter of Russian Business. The Company joined these initiatives in the late 2009 — early 2010.



At the plenary of World Petroleum Council, St.-Petersburg

ROSNEFT MEMBERSHIP IN BUSINESS ASSOCIATIONS AND OTHER ORGANIZATIONS

- The Company has been a member of the Russian National Committee for World Petroleum Council since 1998.
- The Company has been a founding member of the Union of Oil & Gas Producers of Russia since 1992.
- The Company has been a founding member of the Board of Trustees of I.M. Gubkin Russian State University of Oil and Gas since 1992.
- The Company has been a member of the Chamber for Commerce and Industry of the Russian Federation since 2003.
- The Company has been a founding member of the Canada-Russia Business Council since 2005.
- The Company is the member of the All-Russian Association for Summer Olympic Sports.



At the award ceremony of the international rating agency Standard&Poor's

KEY SUSTAINABILITY ACHIEVEMENTS OF ROSNEFT IN 2009:

- The international rating agency Standard & Poor's published the survey Transparency and Disclosure by Russian Companies 2009. Rosneft was ranked the first in terms of transparency and disclosure.
- IR Magazine, an international periodical in the field of investor relations, named Rosneft the second best in the category "Best investor relations by a Russian company", and the best in the category "Best investor relations officer in Russia".
- The Company website was ranked second among Russian corporate websites in a 2009 survey by the Swedish analytical company H&H Webranking.
- Interfax and AK&M, the agencies authorized to disclose information on the stock market, named Rosneft the winner of their annual contest "For Active Corporate Policy in Information Disclosure".
- Rosneft was recognized the best in terms of information transparency in the category "Social Responsibility" of the All-Russian Contest "Best Russian Enterprises. Dynamics, Performance, Responsibility — 2009" conducted by the Russian Union of Industrialists and Entrepreneurs.
- OJSC Udmurtneft was declared the winner of the republican contest "Organization of High Social Performance". The contest was conducted for the first time by the State Committee for Labor of Udmurtia Republic.
- OJSC Angarsk Petrochemical Company was recognized the most socially responsible company of Irkutsk Region as a result of the contest for the title of "Production Enterprise of High Social Responsibility" organized by the regional government.
- Three subsidiaries operating in Samara region were granted awards of the "EcoLeader" contest. The Novokuibyshevsk Lubricants and Additives plant was recognized the leader among the small and medium enterprises, while the Novokuibyshevsk Refinery was declared the best in the "Large Enterprise" category. OJSC Samaraneftegaz received a nominee diploma in the same category.



Corporate Governance and Sustainability



62 CORPORATE GOVERNANCE

65 SUSTAINABILITY AND CORPORATE CULTURE

Corporate Governance

An effective and transparent corporate governance system is a necessary prerequisite for the Company development. 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 the Company).

The Board of Directors of Rosneft comprises nine members; the Chairman of the Board shall be a non-executive Board member. As of December 31, 2009 eight of the nine Board members were non-executive directors, three of them being independent directors. Rosneft uses conservative criteria to determine the independence of the members of its Board of Directors, as recommended by the Code of Corporate Conduct of the Federal Commission for the Securities Markets of Russia (FCSM). In particular, independent directors shall not be members of the Management Board, and shall be independent from officers of the Company and their affiliated parties. The Board of Directors has three committees including the Audit Committee, the Strategic Planning Committee, and the HR and Remuneration Committee, which are chaired by independent directors. A detailed description of Rosneft's corporate governance principles and responsibilities of the corporate governance bodies is available in Corporate Governance section of the Rosneft 2009 Annual Report.

The existing mechanisms for avoiding conflicts of interests of members of the highest governance bodies are discussed in Appendix 2 to the Rosneft 2009 Annual Report, Information on Observance of the Code of Corporate Conduct.

It is the 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. Reports on activi-

ties in these areas are submitted for consideration to the Board's HR and Remuneration Committee. In the reporting period, the Committee held six meetings.

In 2009, the HR and Remuneration Committee reviewed the Sustainability Report of Rosneft. Based on the review, the Committee provided recommendations on the agenda of the annual public hearings in Moscow dedicated to the discussion of the factors of Company's sustainability. The Committee also recommended to expand to all the key regions of operations the practice of roundtable meetings with shareholders, where the key sustainability aspects of Company's subsidiaries and the regions are discussed.

The health, safety, and environmental aspects of operations are managed by HSE Department subordinate to the Vice President for Oil and Gas 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 the Vice President for Oil and Gas Production reports on the respective topics.

The rules and procedures of appointment of members of the highest governing bodies of Rosneft vary depending on specific position. In accordance with the Russian legislation, the nominees to the Board of Directors are proposed by shareholders. The members of the Board of Directors are elected by the General Shareholders' Meeting. Draft decisions on the appointment of members of the Management Board are prepared by the HR and Remuneration Committee; then remembers are appointed by the Management Board.

In accordance with the new Charter, the eligibility requirements for the members of the Management Board have been changed. For example, requirements concerning the background of a candidate (education, track record etc.) have been replaced with the requirement concern-

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THE NEW CHARTER OF THE COMPANY

In 2009, the General Shareholders' Meeting approved the new Charter of the Company. The adoption of the document was necessary due to the rapid growth of the scale of Company's operation and the need for more detailed regulation of procedural aspects of corporate governance and management.

The new Charter has introduced additional responsibilities of the Board of Directors and the Management Board. The responsibilities of the Board of Directors include approval of the principles and structure of corporate governance, goals and functions of the Company committees, the list of key Group companies; making decisions on establishment and liquidation of branches and representative offices of the Company, on participation and termination of participation of the Company in subsidiaries and dependent companies, and on acquisition of shares placed by the Company. The new Charter directly involves the Board of Directors in procedures of appointing important officers. Now it is the Board of Directors that makes decisions on the appointments of heads of the key Group companies, and on prolongation and termination of their powers, approves key performance indicators (KPI) and sizes of bonuses for top managers of the Company and chief executive officers of the key Group companies, and appoints an acting President for the period of the absence of the elected President. The new responsibilities of the Management Board include, among others, approval of the staffing structure of the Company and regulations on the Company committees; formation of the Company committees; appointment of heads of branches and representative offices; approval of KPI and sizes of bonuses for heads of the independent divisions of the Company's headquarters; decisions regarding participation in non-commercial organizations. Some important functions were transferred from the General Shareholders' Meeting. These include appointment of the Company President and early termination of his or her powers, and the right to increase the charter capital by means of placement of additional shares through a public offering (no more than 25% of the total number of outstanding shares).

In the new edition of the Charter, the powers of Rosneft Board of Directors and the Management Board on making decisions determining the overall policy with regard to subsidiaries of the Company have been revised.

The Board of Directors approved the list of the key Group companies, taking into account development plans of the Company. According to the new Charted, only the Board of Directors is authorized to make the most important decisions with regard to the key companies.

The new Charter also defined the delineation of responsibilities between the Board of Directors and the Management Board with regard to Company's relations with the authorities of its regions of operations. The decisions on the agreements with regional governments and municipalities, which involve Company's liabilities less than USD 25 mln are made by the Management Board. If the amount of liabilities is equal to or exceeds USD 25 mln, the decision falls within the competence of the Board of Directors.

ing the position: a candidate of the Management Board membership should be a top manager of Rosneft. Since 2009, all top managers of the Company report to the Board of Directors on their KPIs. The results of the work of the Board of Directors are submitted for the consideration of the General Shareholders' Meeting.

As an instrument of the top managers' performance evaluation, the KPI system defines the connection between the size of bonuses paid to top managers and the Company's performance (including social and environmental performance). However, the final decision on the size and form of top managers'



Chairman of the board of directors of Oil Company Rosneft I.Sechin answers to questions from shareholders and journalists

reward is made by the Board of Directors. The key role in the process is played by the HR and Remuneration Committee (for more details on the Committee's responsibilities see Regulations on the HR and Remuneration Committee of the Board of Directors of OJSC Oil Company Rosneft: <http://www.rosneft.com/Investors/corpgov/>). Since Rosneft's IPO, only independent directors are paid remuneration for their service with the Board of Directors. The members of the Management Board are not paid for their service with the Management Board; they receive regular remuneration based on their positions with the Company and their performance.

Rosneft shareholders and employees are able to influence decisions of the governing bodies of the Company. In particular, mechanisms of employee feedback are defined by the Corporate Governance Code of Rosneft. Meetings between Company management and shareholders have become a regular practice. A total of three meetings with minority shareholders were held in 2009.

The management-employee relations within the Company are not based on the principles of rigid hierarchy. In practice, every employee has an opportunity to communicate his or her concerns to the top management.

Sustainability and Corporate Culture

AT ROSNEFT, CERTAIN ASPECTS OF SUSTAINABILITY MANAGEMENT ARE CONSIDERED A PART OF COMPANY'S CORPORATE CULTURE. THESE ASPECTS INCLUDE PREPARATION OF CERTAIN INTERNAL REGULATIONS AND THE DEVELOPMENT OF THE INTERNAL COMMUNICATIONS SYSTEM.

ROSNEFT SUSTAINABILITY POLICY

In 2009, the Company adopted a Sustainability Policy. The Policy is intended to help the Company achieve its strategic goal — to become one of the world's largest energy companies and the leader of the sector in terms of financial and operational performance, while strictly maintaining high standards of environmental and industrial safety, social responsibility, and corporate governance.

The document defines goals, objectives, and principles of Company's sustainability activities, approaches toward stakeholder engagement, and principles of sustainability reporting. The Policy addresses in detail Company's approaches to the engagement of the key stakeholder groups: employees, the business community, and the society, and to the HSE activities. The Policy applies to all employees across all the divisions and subsidiaries of the Company.

PROMOTION OF THE CODE OF BUSINESS ETHICS

In December 2008, Rosneft adopted the Code of Business Ethics defining 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. The Company employees differ in terms of their mindset, age,

education, background, and various professional skills. Therefore the Company should maintain a set of shared values clearly understood by each employee, thus facilitating better mutual understanding within its team.



The promotion of the Code within the Company started in 2009. The current objective is getting Company's standards and rules of business conduct internalized by each employee. In 65 subsidiary companies staff members responsible for coordination in the field of business ethics (coordinators) were designated. A training workshop for coordinators "Program of Promotion of the Code of Business Ethics" was developed and delivered. In order to ensure easy access to the document, the Code was posted on the corporate website www.rosneft.com and published in the Oil Courier corporate newspaper (January — February 2009, # 21). The Code was also printed as a separate booklet in 100 thousand copies. The booklets together with the package of guidelines on the Code promotion process (Manager's guide to the Code, Code presentation for employees, Instruction for business ethics coordinators, answers to frequently asked questions) were presented to employees of subsidiary companies at special conferences dedicated to Code promotion. The following corporate documents have been developed and currently undergo the



WORKSHOP FOR SUBSIDIARIES' COORDINATORS OF BUSINESS ETHICS PROGRAMS

In 2009, a training workshop "Program of Promotion of the Code of Business Ethics" was delivered to coordinators of business ethics programs designated in subsidiaries of the Company.

The workshop conducted at the Moscow headquarters of the Company was attended by some 70 coordinators responsible for promotion of business ethics in the subsidiaries. At the workshop, principles, rules, and standards embedded in the Code were explained to the coordinators. The participant modeled specific situations involving ethical issues and attempted to resolve them using the Code as guidance. At the master class held as a part of the workshop, the participants were offered cases drawn from international practice and attempted to collectively identify a set of personal qualities required to resolve the problems posed in the cases. During the workshop, a ceremony of presenting personal copies of the Code to employees and a procedure for handling employee requests or complaints by coordinators were designed.

approval process: the Regulations on the Business Ethics Council, and the Regulations on Activities of Business Units and Processes Regulating Application and Observance of the Code of Business Ethics.

Currently Rosneft accepts e-mail notifications of breaches of the Code of Business Ethics; complaints can be sent to the address code@rosneft.ru. An interactive web page is being developed for the corporate intranet portal explaining the system for ensuring compliance with the Code.

At the request of the Board of Directors, the HR and Remuneration Committee reviewed the progress of the promotion and implementation of the Code of Business Ethics. The Committee recommended the Management Board to approve the Program for the Development of Business Ethics of OJSC Oil Company Rosneft.

INTERNAL COMMUNICATIONS

Rosneft and its subsidiaries have been maintaining their internal communications systems for several years already. The main document in the field is the Regulations on Internal Communications, a Company standard adopted in 2007. On the basis of that document, in 2007-

2009 subsidiaries developed and adopted corporate Regulations on Internal Communications of their own. These documents envision employee-management meetings, communicating important information to employees via corporate media and other information channels, surveys of employee preferences, and mechanisms allowing employees to communicate their concerns to the top management, which can be done in a confidential manner, if the employee wishes so.

Employee-management meetings held in subsidiary companies on a regular basis have become a corporate tradition. At the meetings, managers explain to employees specific actions taken in their companies, present development plans, and respond to employee questions. The meetings are held when appropriate. At the meetings, management is represented by the general director of the respective subsidiary and/or his or her deputies. Typical topics discussed at the meetings include implementation of production plans, development of operations, the improvement of working conditions, remuneration and the incentive system, social policy of the company, dividend payments and other information of interest to shareholders. The meeting

help address many operational and social issues in a more effective manner, ultimately strengthening employee loyalty and feeling of personal responsibility for the performance of their duties.

Such events become particularly important in the time of the economic crisis (2008-2009), against the backdrop of staff cuts and decrease

in employee income in a number of companies in other sectors. In this period, building on the general Rosneft's strategy aimed at increasing the production, implementing large-scale projects, and improving the performance of operations, the internal communications system played an important role in maintaining social stability in Company subsidiaries.



Chief engineer S. Zdolnik at the meeting with the staff of the production workshop #3

MANAGEMENT-EMPLOYEE DIALOGUE AT RN-YUGANSKNEFTEGAZ AT THE HEIGHT OF THE FINANCIAL CRISIS (DECEMBER 2008)

LLC RN-Yuganskneftegaz has been successfully maintaining its internal communications system for several years. Company management on a monthly basis maintains a dialogue with employees, posting to the "Information Folder" answers to their questions concerning remuneration, promotions to higher grades, workshop ratings, social security, shareholder information and other topics of interest to the labor collective. The General Director of the company, his deputies, and heads of departments on a regular basis discuss with the workers issues of interest to the latter.

In December 2008, at the height of the global financial crisis, an employee-management meeting was held at the Company. The workers were mainly concerned about the implementation of the oil production plan and company's prospects for the next few years. The managers informed them of the accomplishment of the production program and assured them that, despite the crisis, the construction of production facilities necessary for stable oil production in the years to come was continued.

The employees were told of the plans for the future: in spite of the economic crisis, the company did not plan to cut its oil production or reduce production programs; the priorities of the social policy remained unchanged: no decrease in salaries or staff cuts were planned even under unfavorable circumstances.



Health, Safety, and Environment

- 70** DEVELOPMENT OF THE INTEGRATED MANAGEMENT SYSTEM
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- 86 WASTE MANAGEMENT
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- 93 KEY HSE PERFORMANCE INDICATORS

Development of the Integrated Management System

In 2009, Rosneft continued to improve its management approaches in the field of health, safety, and environment (HSE). The Company adopted the third revised version of the corporate HSE policy compliant with the latest edition of the OHSAS 18001 international standard published in 2007. The policy is available on the corporate website (www.rosneft.ru/Development/HealthSafetyandEnvironment/). In order to introduce new approaches toward risk classification and implement other requirements of the updated edition of OHSAS 18001, the Company also revised a number of key documents of its Integrated Management System (ISM), including, in particular, the corporate standard on HSE risk management. The Company also continued to develop new and modify existing standards and guidelines necessary for effective HSE management, including standards on investigation of incidents, safe performance of gas hazardous works, conducting a "safety hour", workplace certification, and requirements to personal protected equipment.

In 2009, the international certification company Bureau Veritas Certification confirmed compliance of the Company's ISM with the ISO 14001:2004 and OHSAS 18001:2007 standards. The number of subsidiaries with certified management systems in place increased considerably: the Company Headquarters and 33 subsidiaries, which had certified management systems at the end of 2008, were joined by another 17 subsidiaries, which were certified for the first time in 2009.

At the end of 2008, the Company defined its HSE objectives for the period till 2020. The achievement of the established objectives is tracked using quantitative specific indicators. In 2009, the Company for the first time evaluated its HSE performance using a system of indicators developed for this purpose (see HSE Objectives, Programs, and Projects section). In order to achieve the objectives set, the

Company implements targeted corporate programs, progress of which is described in the same section. Rosneft develops and implements corporate HSE standards, participates in the development of governmental regulations in the field, oversees compliance with the established state and corporate requirements, and trains its employees.

In 2009, the Company was developing the motivation system centered around KPI-based evaluation of employees. It has been decided that key performance indicators in the field of industrial safety and occupational health will be established for all managers and specialists. Thus reducing accident rate, injury rate, and the number of oil spills should become a priority for all employees of the Company.

The Company continued to maintain its HSE oversight system at all levels — from on-site foremen to managers of the corporate headquarters. In 2009, a total of 23 thousand HSE inspections were conducted (by 2 thousand more than 2008), with 20 of them conducted by the Operational Oversight Commission of the Company Headquarters.

The inspections covered operations of Company's subsidiaries and contractors (2683 inspections of contractor organizations were conducted); a total of 160 thousand violations of the safety and health requirements were identified. As in the previous years, procedural violations accounted for the largest share of the cases identified, although their frequency somewhat decreased. Based on the inspections results, 1997 persons faced disciplinary penalties and 4748 persons had their bonuses reduced or eliminated, while more than 1.5 thousand employees were rewarded for their contribution to HSE activities. State environmental authorities imposed on Company's subsidiaries a total of RUB 23.2 million of fines, or 23% less than in the previous year.

In 2009, a total of 93,800 man-courses of compulsory HSE training were delivered (68% courses were aimed at workers, 19% and 13% — at specialists and managers respectively); most of the trainings addressed OHS issues. In addition to compulsory training, the Company conducted only about 120 man-courses of corporate training on various HSE topics. In 2009, building on the experience of its subsidiaries, the Company produced and

presented to its employees training videos "Initial OHS Orientation". A special orientation video was prepared for each sector of the Company operations — oil and gas production, oil and gas processing, and marketing and for office work. In order to test and improve practical skills of its employees, the Company conducted 249 drills in eliminating possible accidental oil spills, fire fighting, and containment of accidents.



COMPANY'S SUBSIDIARIES WITH ISMS COMPLIANT WITH ISO 14001:2004 AND OHSAS 18001:2007, AS OF DECEMBER 31, 2009

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. CJSC Vankorneft 2. OJSC Angarsk Petrochemical Company 3. OJSC Grozneftegaz 4. OJSC Dagneftegaz 5. OJSC Novokuibyshevsk Refinery 6. OJSC Samaraneftegaz 7. OJSC Tomskneft VNK 8. OJSC Udmurtneft 9. OJSC NK Rosneft — MZ Nefteproduct 10. OJSC NK Rosneft-Altaienefteproduct 11. OJSC NK Rosneft-ARTAG 12. OJSC NK Rosneft-Dagneft 13. OJSC NK Rosneft — Kabardino-Balkarskaya Fuel Company 14. OJSC NK Rosneft-Karachaevo-CherkesskNP 15. OJSC NK Rosneft-Kubannefteproduct 16. OJSC NK Rosneft-Kurgannefteproduct 17. OJSC NK Rosneft-Murmansknefteproduct 18. OJSC NK Rosneft-Smolensknefteproduct 19. OJSC NK Rosneft-Stavropolye 20. OJSC NK Rosneft-Yamalnefteproduct 21. LLC Novokuibyshevsk Lubricants and Additives Plant 22. LLC RN-Arkhangelsknefteproduct 23. LLC RN-Vostoknefteproduct 24. LLC RN — Komsomolsk Refinery 25. LLC RN-Krasnodarneftegaz | <ol style="list-style-type: none"> 26. LLC RN-Nakhodkanefteprodukt 27. LLC RN-Purneftegaz 28. LLC RN Sakhalinmorneftegaz 29. LLC RN — Severnaya Neft 30. LLC RN-Stavropolneftegaz 31. LLC RN-Tuapsenefteproduct 32. LLC RN — Tuapse Refinery 33. LLC RN-Yuganskneftegaz |
|---|---|
- Certified for the first time in 2009:**
34. CJSC Bryansknefteproduct
 35. CJSC Irkutsknefteproduct
 36. CJSC Lipetsknefteproduct
 37. CJSC Orelnefteproduct
 38. CJSC Penzanefteprodukt
 39. CJSC Tambovnefteproduct
 40. CJSC Ulyanovsknefteproduct
 41. CJSC Khakasnefteproduct VNK
 42. OJSC Angarsk Polymer Plant
 43. OJSC Achinsk Refinery VNK
 44. OJSC Belgorodnefteproduct
 45. OJSC Buryatnefteproduct
 46. CJSC Voronezhnefteproduct
 47. OJSC East Siberian Oil and Gas Company
 48. OJSC Samaranefteprodukt
 49. OJSC Syzran Refinery
 50. OJSC Tomsknefteproduct VNK

Stakeholder Engagement in HSE

In 2009, Rosneft continued its cooperation with the Ministry of Natural Resources and the Environment of Russia aimed at the improvement of the national environmental legislation. At the request of the Ministry and within the framework of activities of the Government Commission on the Fuel and Energy Complex and Regeneration of the Mineral and Raw Materials Base, proposals on the improvement of the existing legislation in the following areas were prepared:

- industrial waste management;
- regulation of non-point wastewater discharges;
- calculation of environmental fees and damage to the environment;
- elimination of practices involving performance of functions of state environmental authorities by business entities associated with them etc.

Jointly with other companies of the sector, Rosneft prepared recommendations on the development of the legislation with regard to prevention of spills of oil and petroleum products. The Company actively participated in the development of Model Standards of Providing Workers of Oil Industry with Personal Protection Equipment (PPE), approved by the Ministry of Health and Social Development of Russia in December, 2009.

In 2009, representatives of the Company's HSE Department participated in a number of conferences and roundtable meetings on various aspects of environmental protection, organized by governmental, non-governmental, and research organizations. Among other events, they attended:

- International Energy Forum "Innovations. Infrastructure. Safety", Moscow, December 17, 2009;

- 13th International Specialized Exhibition "Labor Safety and Protection", Moscow, December 8-11, 2009;
- meeting of the Public Council of the Federal Service for Environmental, Industrial and Nuclear Supervision of Russia (Ros-tekhnadzor), October 15, 2009;
- roundtable meeting at the RF State Duma "New Environmental Threat to Russia — Tropospheric Ozone", November 19, 2009;
- meeting at the Ministry of Energy of Russia on the issues of ratification of the Stockholm Convention on Persistent Organic Pollutants, October 7, 2009
- International Specialized Exhibition and Conference "OGE/Equipment and Technologies for Oil Spill Elimination. Means of Fire Fighting", Moscow, September 26, 2009;
- meeting of the Organizational Committee of the 2nd Neva International Environmental Congress dedicated to the discussion of the Congress results, June 22, 2009.

The Department also prepared numerous responses to requests from legislative and executive state bodies, municipal authorities, and non-governmental organizations. On June 5, 2009, Company employees took part in a tree-planting action within the framework of the international Billion Tree Campaign dedicated to the World Environment Day.

The Company representatives also participate in public hearings on materials of environmental impact assessment (EIA) of proposed projects. The hearings are conducted by consultants performing EIAs, and this determines their subject — sometimes different elements of a single major project are discussed at different hearings, like it was in



Liquefied gas reservoirs at Tuapse refinery

the case of the Primorsky Refinery. In 2009, the following public hearings were held:

- on April 28 in Nogliki, Sakhalin Region — on the draft program of seismic survey of the Veninsky block (project operator — LLC Venineft) within the framework of a joint project by Rosneft (74.9%) and Sinopec (25.1%), a Chinese oil company;
- on May 19 in Vladimiro-Aleksandrovskoe village of Partizansky District, Primorsky Territory — on the design and construction of a reservoir on the Novorudnaya River and a water pipeline of the Primorsky Refinery;
- on June 15 Vladimiro-Aleksandrovskoe village of Partizansky District, Primorsky Ter-

ritory — on the design and construction of a sea terminal of the Primorsky Refinery near Yelizarov Cape;

- on September 22 in Tuapse, Krasnodar Territory — on the planned construction of a new refinery with a capacity of 12 mtpa at the existing site of LLC RN — Tuapse Refinery;
- between September 30 and October 2 in several communities of Krasnoyarsk Territory — on the planned construction of the second section of the Kuchetkan-Tayshet oil pipeline.



Representatives of CJSC RN-Shelf — Far East took part in the first meeting of the Interagency Working Group on the Conservation of the Okhotsk-Korean gray whale population, held in Moscow on December 17, 2009.

HSE Objectives, Programs and Projects

The Company actively works to accomplish the HSE objectives it set for itself. However, as seen from the table, the targets for some key indicators were not met in 2009. The Company's actions aimed at meeting its objectives in various areas of HSE and factors that affected the results are discussed in respective sections of this Chapter.

In order to meet its objectives with regard to reduction of adverse environmental impacts, the Company implements a number of targeted corporate programs, including the Environmental Program, the Gas Program, and

the Pipeline Reliability Improvement Program. These programs were described in detail in the 2007 and 2008 Sustainability Reports. In 2009, their objectives and substance did not change.

In 2009, the investments into the implementation of the targeted Environmental Program increased by 68% compared to 2008, reaching RUB 661 mln. At the same time, the crisis made the Company to postpone some projects originally planned for that year. Within the framework of the program, the projects on the construction or modernization of industri-

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

Key indicator	2007 (actual)	2008 (target/ actual)	2009 (target/ actual)	2020 (target)
<i>Continuous reduction of the occupational injury rate</i>				
Number of fatalities per 1 mln hours worked	0.079*	0.050/0.021	0.048/0.075	No more than 0.025
actual — excl. fatalities due to the fault of third-party persons			0.045	
Number of occupational injuries per 1 mln hours worked	0.385*	0.250/0.247	0.24/0.264	No more than 0.14
actual — excl. injuries due to the fault of third-party persons			0.018	
<i>Continuous reduction of the occupational injury rate in transportation</i>				
Number of injured in road accidents per 1 mln hours worked	0.098	0.070/0.033	0.065/0.064	No more than 0.02
actual — excl. injuries due to the fault of third-party persons			0.008	
<i>Reduction of adverse environmental impacts</i>				
Associated petroleum gas recovery rate*, %	60.3	62.0/63.2	62.1/67.0	95.0

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

Key indicator	2007 (actual)	2008 (target/ actual)	2009 (target/ actual)	2020 (target)
Specific SO ₂ emission per tonne of product from the Company's operations, kg/tonne				
target	0.36	0.45	0.40	0.15
actual — oil production		0.29	0.08	
actual — refining		0.85	0.72	
actual — marketing		0.022	0.021	
Specific NO _x emission per tonne of product from the Company's operations, kg/tonne				
target	0.168	0.162	0.159	0.1
actual — oil production		0.116	0.10	
actual — refining		0.12	0.12	
actual — marketing		0.007	0.0051	
Ratio of the amount of waste accumulated (at the end of the year) from the Company's operations to the 2008 level, %	96	100	93/105.6	0
Ratio of the area of contaminated land (at the end of the year) in the oil and gas production sector to the 2008, %	98	100	96/98.6	0
Rate of pipeline ruptures per 1 mmt of output in the oil and gas production sector	181.5	160.6/133.5	139.2/125.4	17.68
Amount of spilled oil per 1 mmt of output in the oil and gas production sector	410.3	364.2 / 53.71	299.5/50.03	18.36
Amount of spilled oil per 1 mmt of output in the oil and gas production sector				
Reduction of the number of fires and technogenic emergencies	83	100	70	33
Number of technogenic emergencies per 1 thousand of hazardous industrial facilities across the Company's operations	0	0.24	0	0

al waste landfills were implemented in Stavropol Territory, Khanty-Mansi Autonomous Area — Ugra, Yamalo-Nenets Autonomous Area, and Sahkalin Region in 2009. Machinery, reagents and equipment for elimination of accidental oil spills were acquired for the companies RN-Purneftegaz, RN-Yuganskneftegaz,

RN-Stavropolneftegaz, RN-Sakhalinmorneftegaz. A number of subsidiaries, including RN-Sakhalinmorneftegaz, RN-Yuganskneftegaz, and RN-Purneftegaz implemented projects on the construction or modernization of wastewater treatment facilities. At the same time, the procurement of oil sludge treatment units

for the Barsukovskoye field of RN-Purneftegaz and the Priobskoye field of RN-Yuganskneftegaz was postponed till 2010. The financing of the construction of wastewater treatment facilities at the Central Okha and Katangli fields of RN-Sakhlinmorneftegaz was partially postponed due to a delay in choosing an equipment provider and in the preparation of design and estimate documentation.

The Company's programs for the modernization of its refineries include the introduction of more environmentally friendly state-of-the-art processes, the reconstruction of existing and construction of new wastewater treatment facilities, as well as the recovery of oil sludge accumulated at the refineries and procurement of the respective equipment. In 2009, the design of new wastewater treatment facilities for the Tuapse Refinery, Novokuibyshevsk Refinery, Kuibyshev Refinery, and Syzran Refinery was completed. The modernization of biological treatment facilities of the Angarsk Petrochemical Company allowed to bring the quality of discharged wastewater into compliance with the regulatory requirements.

The activities aimed at the reduction of oil and petrochemical spills are implemented within the framework of the targeted Pipeline Reliability Improvement Program. The results, achieved in that area in 2009, are presented in the section Reduction of Accident Rate and Emergency Preparedness. The progress of the Gas Program aimed at increasing the APG recovery rate is described in the Energy Efficiency section.

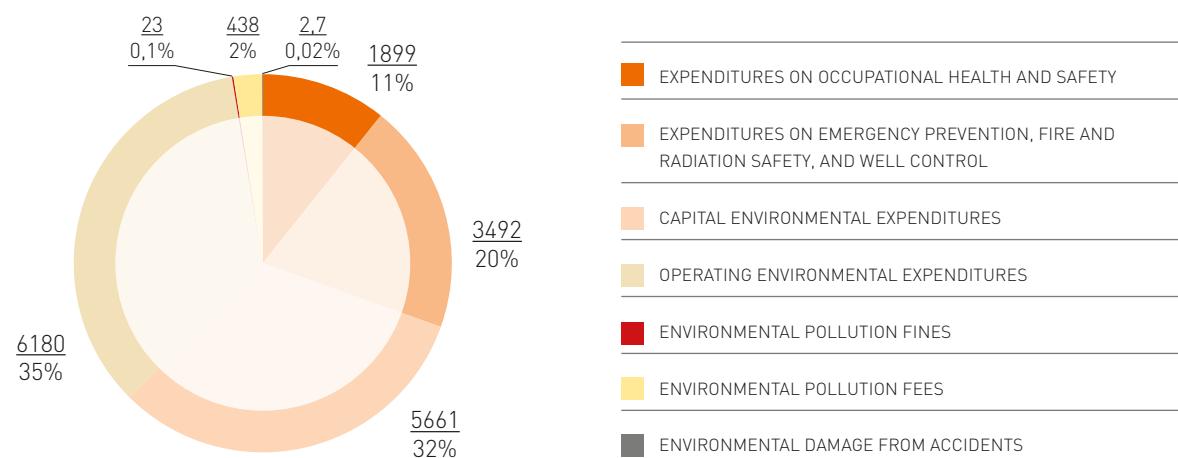
In 2009, the total expenditures on occupational health and safety in the Company and its subsidiary companies achieved RUB 1,899 mln.

The total environmental pollution fees paid by the Company and its subsidiaries grew considerably in 2009 as a result of the increase in payments for emissions exceeding established limits in the oil production sector. The most important factor of this increase was the restrictions on accepting the APG recovered by OJSC Tomskneft VNK into a gas transportation system. This forced the company to flare the gas, producing excessive emissions.



Tuapse refinery

In 2009, total capital environmental expenditures reached RUB 5661 mln, operating environmental expenditures — RUB 6180 mln. The operating environmental expenditures increased by 34% compared to 2008, while the capital environmental expenditures increased two times.

Expenditures on health, safety, and environment* in 2009, RUB mln

* According to management accounts.

Rosneft's expenditures on HSE*, RUB mln

	2007	2008	2009
Expenditures on occupational health and safety	1946	1961	1899
Expenditures on emergency prevention, fire and radiation safety, and well control	2183	2799	3492
Capital environmental expenditures	1114	2846	5661
Operating environmental expenditures	2700	4604	6180
Environmental pollution fines	20	30	23
Environmental pollution fees	183	306	438
Environmental damage from accidents	0.026	0	2.7

* According to management accounts.

Energy Efficiency

In 2009, the Company was implementing the Energy Saving Program for 2009-2013, developed in 2008 based on the experience of a similar program 2006-2008. The program, based on the assumption of the growth of the Company's output, envisages the growth of the total energy consumption, although specific energy consumption should be decreasing by approximately 3% per year. Between 2009 and 2013, the expenditures on the program should amount to about RUB 7 bln. According to the Company's estimates, these expenditures will allow to achieve RUB 10.4 bln worth of savings for the same period. The program complies with the Federal Law "On Energy Saving and the Improvement of Energy Efficiency" with regard to requirements applicable to organizations with state participation.

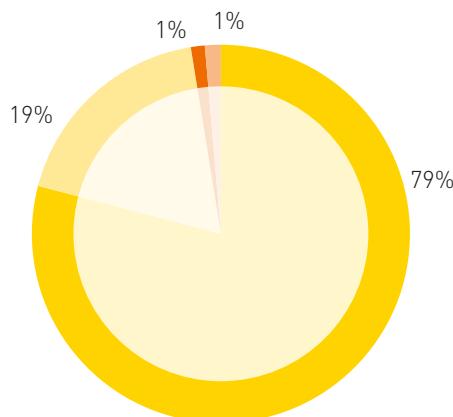
The priority activities of the program include the following:

- introduction of economic incentives for energy savings;
- energy audits, implementation of measures on the saving of energy resources;
- introduction of energy efficient equipment and energy saving technologies;
- installation of metering devices for electricity, heat, gas, water, and other energy resources where they have not yet been installed.

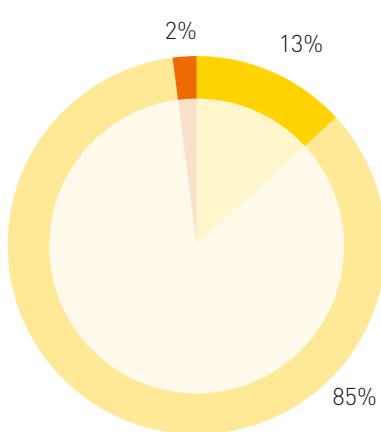
In 2009, the savings achieved due to the program considerably exceeded the established targets: 49 subsidiaries participating in the program saved a total of 815 GW·h of electricity and 354 thousand Gcal of heat (25-30% more than the targets), as well as 13 thousand tonnes of fuel, or 2.6 times more than the target. The total savings almost reached



Energy consumption in 2009 by sector

ELECTRICITY

- █ OIL PRODUCTION
- █ REFINING
- █ MARKETING
- █ SERVICE

HEAT

- █ OIL PRODUCTION
- █ REFINING
- █ MARKETING

9 million GJ. In the oil production sector, the main savings were achieved due to better water inflow control in the development of fields, and using more efficient pumps in reservoir pressure maintenance systems and oil treatment systems. In the refining and petrochemical sectors, the changes were mainly a result of various measures on optimizing parameters of core processes and the introduction of schemes for more efficient management of heat.

The energy consumption is distributed among the key sectors of operations as follows: oil and gas production sector accounts for 80% of the total power consumption, while refining and petrochemical sector accounts for 85% of the total heat consumption. Cogeneration plants and boilershops of the Company's refineries produce about 60% of the heat consumed by the industries. Company's own power generation is insignificant compared to the total consumption. Nevertheless, Company's turbine power plants and boilershops supply a number of developed fields with heat and energy, and contribute to energy supply of settlements and towns.

The total consumption of energy and energy resources by the Company and its subsidiaries in 2009 amounted to 232 mln GJ.

In 2009, the Company also continued the implementation of its Gas Program for 2008-2010, which was described in detail in the previous sustainability reports. The Company did not revised the targets of the program, but the effects of the economic crisis and uniqueness of the engineering solutions, provided for by the program, resulted in a certain delay in its implementation. Given the actual situation, it is planned that the Company will achieve a 95% recovery rate of associated petroleum gas (APG) by the middle of 2013. Nevertheless, due to the implementation of the program measures, increased supply to gas processing plants of Rosneft and other companies, and restored amounts of APG delivered into the Gazprom's gas transportation system, the Company was able to increase the APG recovery rate by almost 4 percentage points in 2009.

Increase in the APG recovery rate results in the reduction of greenhouse gas emissions



The symbolic final weld of Vankor-Purpe pipeline is complete

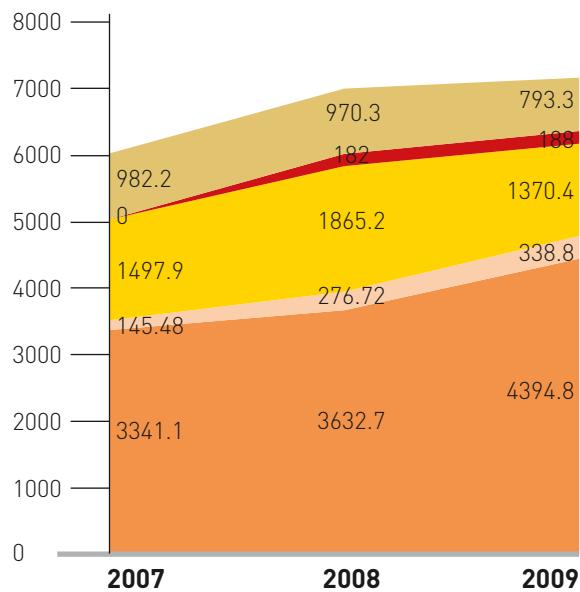
The remoteness of the Vankor field from major centers of gas consumption and gas pipeline network, combined with the large APG output, make it difficult to find customers for the recovered gas. The gas consumption of the gas-turbine power plant will amount to more than 1 bscm per annum, another 2.5 bscm per annum will be injected into the formation in order to maintain reservoir pressure. However the construction of a pipeline system capable of transporting the remaining amount of APG (up to 5.6 bscm per annum) would require at least RUB 30 bln of investments.

Therefore Rosneft joined forces with LUKOIL Company in order to develop engineering solutions for joint transportation of hydrocarbons from the fields of the Vankor group (Rosneft) and the Bolshekhetskaya Basin (LUKOIL). According to the agreement between the companies, since 2012 the treated APG from the Vankor field will be delivered into the gas transportation system of the Bolshekhetskaya Basin, and then transported to the Gazprom's Yamburgskaya compressor station. Rosneft, in its turn, starting in 2011, will receive oil and condensate mixture from LUKOIL's Pyakyakhinskoye field to the Vankor — Purpe oil pipeline, transporting it to Transneft's trunk oil pipeline system.

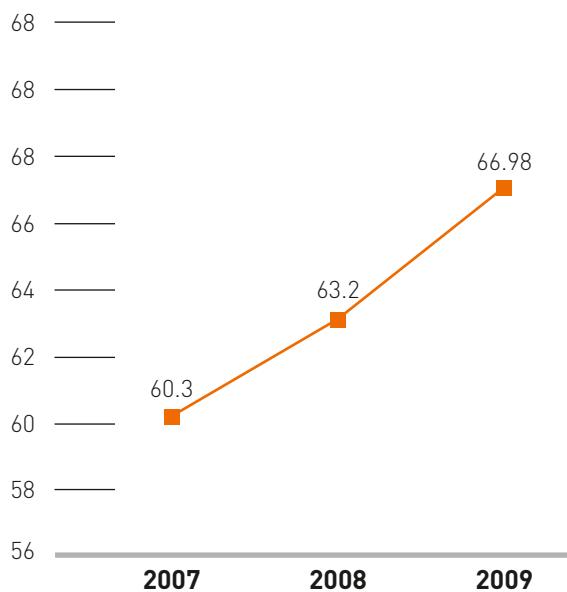
from the Company's operations. Rosneft attracts additional funding for these activities by participating in the Kyoto Protocol's joint implementation mechanism. For example, in January 2009 Rosneft signed an agreement with Carbon Trade & Finance SICAR S.A. (a joint venture between Dresdner Bank and Gazprombank) on selling the emission reduction units (ERUs) resulting from APG recovery projects at the Kharampurskaya

group of fields. In accordance with the agreement, the advance payment to the Company was made. The joint implementation projects designed by Rosneft are implemented 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.

APG consumption*, mscm



APG recovery rate*, %



■ APG CONSUMPTION FOR PROCESS NEEDS

■ APG CONSUMPTION FOR POWER GENERATION

■ APG SUPPLY TO OTHER CUSTOMERS

■ APG SUPPLY TO COMPANY'S GAS PROCESSING PLANTS

■ APG SUPPLY TO EXTERNAL GAS PROCESSING PLANTS

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

Panoramic view of Vankor



Emissions into air

The increase in the Rosneft's oil production in 2009 resulted in increased total emissions across the Company as a whole, since the oil production sector has accounted for the bulk of the total emissions from the Company's operations (83% in 2009). At the same time specific emissions in oil production (per tonne of oil produced) decreased by 3.5%. In the refining and petrochemical sector, where the output increased insignificantly, both total and specific emissions decreased (by 3.5 and 4.5% respectively). The Company achieved a significant reduction of sulphur dioxide emis-

sions in both oil production and oil refining. The increase in the emissions of Company's service subsidiaries is attributable to the fact that in 2008-2009 a number of infrastructure facilities previously owned by oil and gas production and refining subsidiaries were transferred to the service sector. In order to reduce their specific emissions, the oil production subsidiaries, in addition to improving APG recovery rate, implemented projects on major repairs and modernization of gas pipelines, converted boilers from oil to gas, adjusted burners and fuel equipment, and equipped

Total air emissions by sector, thousand tonnes

	2007	2008	2009
Total air emissions, including:	697.77	897.03	944.88
oil production	682.90	756.94	783.86
oil refining	7.25	115.96	111.93
gas processing	—	9.57	10.12
marketing	7.62	11.35	11.54
service subsidiaries	—	3.20	27.42

Total air emissions by pollutant, thousand tonnes

	2007	2008	2009
Total air emissions, including:	697.77	897.03	944.88
solids	49.47	52.40	63.77
sulphur dioxide	11.43	75.15	49.44
carbon oxide	452.60	492.89	496.51
nitrogen oxides	12.26	22.08	21.96
hydrocarbons (excl. VOC)	115.49	115.76	123.81
volatile organic compounds	56.14	155.22	182.32
benzo(a)pyrene	0.00018	0.00009 ^v	0.00015

tanks with pressure equalization and gas trapping systems, internal floating roofs, and valve disks.

At the Company's refineries, emission reduction was achieved due to reconstruction and

modernization of sulphuric acid and elementary sulphur production plants, conversion of process heaters from liquid fuel to natural gas, the installation of flare gas compressors, and replacement of the existing tanks with new ones, equipped with floating roofs.



Water Consumption and Wastewater Discharge

In 2009, the total water consumption by the Company's entities increased, while specific consumption remained virtually unchanged. To some extent, the increase in reported consumption can be attributed to the preparation of more accurate mass balances for the refineries and the installation of metering devices, which showed that the actual consumption was higher than the calculated one.

The volumes of recycled and reused water consumption decreased in the reporting year as a result of the optimization of water recycling systems of the Company's refineries and the improvement of their efficiency. The decrease in the amount of wastewater discharged by a

power plant operated by OJSC Irkutskenergo into process water intake basins of the Angarsk Petrochemical Company also made a certain contribution to the improvement of indicators. In the oil production sector, the volume of recycled water remained unchanged, while the volume of reused water somewhat increased as a result of an increased water cut and broader use of treated wastewater in reservoir pressure maintenance systems.

Despite the increase in water consumption, wastewater discharge to surface water bodies decreased by 13.3% compared to the previous year, mainly as a result of a decreased discharge by the Angarsk Petrochemical

Water consumption by sector, mcm

	2007	2008	2009
Total water consumption from all sources:	144.4	256.5	274.1
oil production	138.7	181.7	191.1
oil refining	4.5	68.2	73.5
gas processing	—	4.2	5.8
marketing	1.2	1.7	2.1
service subsidiaries	—	0.7	1.5

Volume of recycled and reused water and recycling rate

	2007	2008	2009
Volume of recycled and reused water, mcm	394.0	1433.7	1391.4
Recycling rate (average):			
oil production	72%	70%	71%
refining	88%	92%	90%

Environmental cleanup drill in Udmurtneft



Company. More than half of this discharge consists of treated wastewater of third-party organizations of the city. In 2009, the Angarsk Petrochemical Company brought the quality of the discharged wastewater in compliance with the relevant standards. Therefore

the discharge of insufficiently treated wastewater dropped dramatically — seven times, while the discharge of wastewater treated to a standard quality increased. Wastewater discharge to land across the Company was also reduced by 25%.

Wastewater discharge to surface water bodies, thousand m³

	2007	2008	2009
Total wastewater discharge to surface water bodies	6825	113,332	98,239
including:			
oil production	1098	922	683
refining	4321	110,843	95,835
gas processing		—	—
marketing	1405	1567	1068
service subsidiaries	—	—	654
including:			
treated to a standard quality	2833	3507	81,877
polluted	3992	109,825	16,362

Waste Management

In 2009, Rosneft made active efforts to address the issue of oil sludge. The amount of sludge sent to third-party organizations for treatment, or reused or decontaminated by the Company's entities increased more than two times compared to 2008 (and one and a half times compared to 2007). As a result of additional measures aimed at the treatment or safe disposal of oil sludge, the total amount of the latter stored across the Company decreased by 2.5% between the end of 2009 and the end of 2008. In the oil production sector, the Company continued activities on microbial remediation of oil sludge-contaminated soil. In order to ensure safe waste disposal, a number of industrial waste landfills were constructed:

- at the Pad #212 of the Proibskoye field of LLC RN-Yuganskneftegaz;
- at the Kinyaminskoye field of LLC RN-Yuganskneftegaz;

■ at the Belozerskoye field of LLC RN-Stavropolneftegaz.

LLC RN-Sakhalinmorneftegaz completed the construction of a waste landfill at the Katangli field and conducted enabling works for the construction of wastewater treatment facilities for the Central Okha and Katangli fields. In addition, design and survey works for a number of landfills to be constructed in the next few years were completed. OJSC Tomskneft VNK completed overhauls of the sludge collector at the Malorechenskoye field and the waste landfill at the Zapadno-Poludennoye field. In the refining sector, a cleanup of the water protection zone of the Tuapse river was completed; old sludge ponds of the Tuapse Refinery were also cleaned up. OJSC Novokuibyshevsk refinery put into operation a Flottweg oil sludge treatment unit and created an oil sludge treatment center.

Waste management, thousand tonnes

	2007	2008	2009
Waste stored at the beginning of the year	2318.9	2742.6	2389.2
including oil sludge	92.5	341.6	372.7
Generated during the year,	545.2	1585.8	1264.4
including oil sludge	75.0	83.8	118.7
Recovered during the year,	85.0	598.2	252.8
including oil sludge	3.2	28.3	48.7
Decontaminated at the Company facilities,	27.9	209.2	527.1
including oil sludge	13.7	3.0	40.4
Sent to third-party organizations,	401.2	718.7	635.3
including oil sludge	68.3	29.1	40.0
Waste stored at the end of the year,	2347.3	2389.2	2523.8
including oil sludge	102.9	372.7	363.0

Biodiversity Conservation

A substantial part of oil and gas fields developed by the Company are located in environmentally sensitive areas, including protected ones. The Company recognizes the importance of minimizing adverse impacts on the tundra, water protection zones, federal and regional protected natural areas, and the sea shelf.

At the fields, which have been developed for a long time, the technologies and practices used earlier have resulted in serious accumulated environmental consequences, including disturbed and contaminated lands, large amounts of accumulated drilling waste, and a high degree of pipeline deterioration. The Company seeks to eliminate

Disturbed lands and reclamation, ha

	2007	2008	2009
Area of disturbed lands at the beginning of the year,	12,040.49	17,927.89	21,274.36
incl. contaminated	1351.96	2111.97	2036.30
Area of disturbed lands at the end of the year,	17,927.89	21,074.52	24,840.77
incl. contaminated	1250.96	1889.89	1863.43
Land reclamation during the year,	1208.44	2983.75	2419.39
incl. contaminated	517.03	569.4	488.81

At the Baganskoye oilfield of Severnaya Neft





On the Severnoye Venino segment of Sakhalin-3 project

these adverse consequences, remediate oil-polluted lands and reduce the risk of land and water contamination resulting from pipeline ruptures. Unfortunately, the economic crisis made the Company to reduce its land reclamation activities in 2009 to a certain extent.

In the early 2010, the Company adopted the "Program for remediation of oil-contaminated lands accumulated by oil and gas production subsidiaries of Rosneft from previous operations for the period till 2014". The program takes into account Company's measures aimed at the reduction of land contamination by reducing the frequency of oil spills and ensuring collection and processing of spilled oil. It is planned to remediate more than 800 ha of contaminated land in 2009, and more than 950 ha — in 2011. The total area to be remediated between 2010 and 2014 exceeds 4,000 ha, while the planned cost of the program is RUB 2.7 bln. If the Company maintains the remediation rate in the subsequent years, all oil-contaminated lands across the Company will be remediated by the beginning of 2020.

In 2009, a total of 2,419.39 ha of disturbed lands were reclaimed, including 488.81 ha of oil-contaminated lands, or 23% less than in 2008.

The Company takes other measures to reduce the environmental impact of its operations. For example, in January 2009 Vankorneft adopted a corporate standard specifying HSE requirements to its contractors, including fire safety requirements. In order to minimize adverse environmental impacts, the standard lists specific requirements and establishes considerable fines for hunting or fishing, disturbance of soil and vegetation, unauthorized cutting of trees and shrubs, the thawing of permafrost soil, land contamination and other environmental aspects of operations. Recurrent or severe violations may result in a termination of the contract with the contractor.

In designing new field development projects, the Company proactively incorporates all necessary environmental measures into them. For example, at the Vankor field the Company practices cluster pitless drilling, which considerably reduces adverse impacts on the tundra.



At the Jablonovy Ovrag oilfield

Four fields developed by OJSC Samaraneftegaz — Jablonovy Ovrag, Zhigulevskoye, Strelninskoye, and Zolninskoye — are located within the Zhigulevsky Nature Reserve and Samarskaya Luka National Park. The company was granted the licenses for the fields in 1994, when the protected areas already existed. Currently the company continues oil production there, but faces difficulties trying to obtain necessary permits for the reconstruction of obsolete infrastructure of the fields from the state authorities. Despite a high level of depletion of the fields, high unemployment level in the region makes stopping the production a problematic option. OJSC Samaraneftegaz plans to discuss the possibility of stopping the production and subsequent remediation of disturbed lands with the regional government after the existing licenses for the field expire.

All tanks and buildings and the trunk pipeline are equipped with systems for thermal stabilization of the ground preventing permafrost soil from thawing. Together with state-of-the-art corrosion prevention methods, this should ensure a 35-year safe service life for the pipeline.

The project's all-terrain vehicles are fitted with tubeless extra low-pressure tires preventing damage to soil and vegetation. The drilling

waste is disposed of using reinjection of drill cuttings (ground and mixed into a pulp) into selected strata. More than 120 km of roads at the field were built using state-of-the-art environmentally friendly methods. The moss and vegetation layer at the base of the road embankments is not removed; the embankments are reinforced with geogrids filled with a peat and sand mixture and seeded with indigenous perennial grasses.

Within the framework of the Sakhalin-1 project, in which Rosneft holds a 20% interest, decisions on the measures aimed at the conservation of the gray whale populations are made by the project operator, ExxonMobil. The information on activities in this area is available in sustainability reports of ExxonMobil and on its Russian website

http://www.exxonmobil.ru/Russia-Russian/PA/community_environment_biodiversity.aspx.

Accident Prevention and Emergency Preparedness

In 2009, there were three accidents at the Company's industrial facilities — a two fold decrease compared to the previous year. The following accidents took place:

- on June 8, at the Klyuchevoye-Dysh field of LLC RN-Krasnodarneftegaz a wellhead leak led to uncontrolled flowing from the well;
- on December 6, at the hydraulic fluid base stock production unit of OJSC Angarsk Catalyst and Organic Synthesis Plant, depressurization of high-pressure equipment resulted in an explosion, which destroyed an industrial building. There was no fire or emissions into the air;
- on December 14, at the delayed coking unit of OJSC Novokuibishevsk Refinery

depressurization of equipment resulted in an explosion of gas-air mixture with a subsequent fire. The environmental damage associated with pollutant emissions beyond the established limits amounted to RUB 2.7 mln.

Each accident is investigated by a commission headed by a representative of the Federal Environmental, Industrial, and Nuclear Supervisory Service; measures on preventing similar accidents in the future with specific implementation dates are identified.

In 2009, there were 14 fires at the Company's facilities, or 30% less than in 2008. Rosneft works closely with the Russian Ministry of Emergency Situations. In particular, joint actions of the two organizations helped prevent

Accidents at Rosneft facilities

	2007	2008	2009
Total number of accidents	1	6	3
incl. with environmental consequences	1	0	1

Pipeline ruptures and oil spills*

	2007	2008	2009
Total number of pipeline ruptures (oil, gas, water and other pipelines)	16,664	14,393	12,455
Number of oil pipeline ruptures involving spills	10,858	8945	7526
Spilled oil and petroleum products, tonnes	3296.252	5751.947	2557.634
Collected oil and petroleum products, tonnes	3202.602	4715.29	2464.134
Pipeline rupture rate, per km	0.43	0.37	0.31

* To improve comparability, the data for 2007 are provided for the same subsidiaries, which were included in the reporting in 2008-2009.

two landslide emergencies — one in Nakhodka and one in Chechen Republic.

Rosneft's close attention to the monitoring of its pipelines helped reduce the amount of oil and petroleum products spilled as a result of pipeline ruptures. Company's well-prepared and well-equipped spill response crews were able to collect as much as 96% of the spilled oil. In addition, despite the need for cost reduction associated with the economic crisis, the Company did not reduce its pipeline protection activities. This resulted in the decrease in the rupture rate by 16% compared to 2008.

As in the previous years, the Company assisted other organizations in providing response to emergencies and accidents, which took place in its regions of operations. For example, in July 2009 the Accident Response Department of OJSC Samaraneftegaz and LLC RN-Service Ekologiya participated in containing an oil spill resulting from the accident on the Volga River involving an oil tanker of CJSC Sartanker. In August, firefighting crews of RN-Pozharnaya Bezopasnost participated in extinguishing a fire at the Buzulukneft oil production division of TNK-BP in Orenburg Region.

Rosneft pipeline system and pipeline protection measures, km

	2007	2008	2009
Total pipeline length	50,780	51,424	53,217
Total length of operational pipelines	38,982	39,049	40,043
Pipeline replacement	1532	1411	1418
Pipeline modernization and repairs	386	273	312
Corrosion inhibition works	5964	7632	8359
Pig cleaning works	3399	4556	5495
Pipeline inspection and safety assessment	10,700	7358	6711

Construction of oil pipeline at Vankor



Employee and Contractor Safety

In 2009, the total number of injuries across the Company increased to 70 (compared to 60 in 2008). The number of fatalities increased more than two times compared to the previous year. The number of road accidents also increased. At the same time, the year 2009 saw a sharp increase in the number of incidents due to the fault of third persons, including armed or other violent assaults, as well as road, aircraft, and railroad accidents. Twenty two employees of the Company were injured in such accidents (more than 30% of the total number of injuries), with 17 of them being injured in road accidents and 8 of them being killed.

The main causes of occupational accidents in 2009 included inappropriate organization of

works (30% of cases), violation of road safety requirements (20% of cases), and personal negligence (18% of cases).

Rosneft takes measures to reduce occupational injury rate among employees of its contractors, working at the premises of the Company's subsidiaries. In accordance with the respective corporate standards, the Company conducts inspections and imposes fines on its contractors for non-compliance with occupational safety rules. Nevertheless, the Company was not yet able to considerably reduce injury rate among contractors' employees, which is partially attributable to intensive construction and assembly works in the reporting year, in particular, at the Vankor field.

Occupational injuries among Company's and contractors' employees

	2007	2008	2009
Total number of occupational injuries*	73	60	70
incl. fatalities*	15	5	20
Number of occupational injuries, excluding injuries due to the fault of third-party persons,	58	50	48
incl. fatalities,	12	4	12
Occupational injury rate (injuries per 200 thousand hours)	0.077	0.049	0.053
Occupational injury rate (injuries per one million hours)	0.385	0.247	0.264
Occupational fatality rate (cases per 100 million hours)	7.91 [✓]	2.05	7.54
Number of occupational injuries among contractors' employees at the premises of the Company's subsidiaries,	27	20	23
incl. fatalities	8	8	12

* In the previous sustainability report the number of incidents involving injuries instead of the number of injured persons was cited. The indicators were re-stated in order to help stakeholders interpret the data more correctly.

In 2009, 31 cases of occupational diseases were diagnosed at medical checkups, including retirement checkups. The number of occupational diseases diagnosed for the first time across the Company's subsidiaries decreased by 30% compared to the previous year. This

was a result of periodical medical checkups allowing to identify health problems early and prevent a disease, providing employees with personal protective equipment, and bringing workplace conditions in compliance with occupational hygiene requirements.

Key HSE Performance Indicators

Key HSE Performance Indicators

	2007	2008	2009
Total pollutant emissions into the air, thousand tonnes	698	897	945
Associated petroleum gas recovery rate*, %	60.3	63.2	66.98
Total wastewater discharge, mcm	6.82	113.3	98.2
Number of pipeline ruptures [†]	16,664	14,293	12,362
OHS expenditures [‡] ,			
RUB mln	1946	1961	1899
USD mln	72.9	78.9	59.9
Environmental expenditures [‡] ,			
RUB mln	3814	7451	11,841
USD mln	87.5	299.7	373.3

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

† To improve comparability, the data for 2007 are provided for the same subsidiaries, which were included in the reporting in 2008-2009.

‡ According to management accounts.



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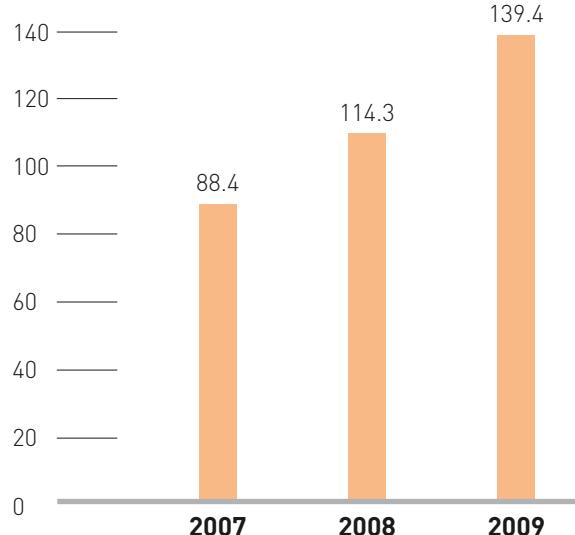
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Profile of the Company's Workforce

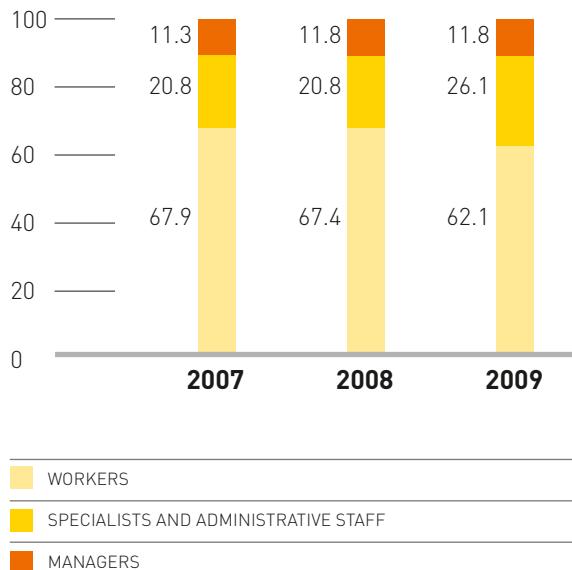
While considering possible approaches to cost optimization in the period of the economic crisis, Rosneft was taking into account its strategic development objectives and its responsibility to the employees. Therefore the Company used available opportunities for planned reduction of the workforce and the improvement of labor productivity, avoiding major staff cuts. The workforce reduction was achieved mainly through a more balanced approach to recruiting new staff instead of those retiring or leaving the Company. As of December 31, 2009, the total workforce of the Company's entities included into the RAS consolidation boundary was 166,951 persons, or by 3,921 persons less than at the end of 2008.

The average annual workforce of the subsidiaries included in the centralized business planning boundary increased in 2009. This was mainly a result of expanding the centralized business planning boundary by including additional service subsidiaries into it.

Average annual workforce of Rosneft in 2007-2009 (subsidiaries included in the centralized business planning boundary), Thousand persons



Staff breakdown by category, %



Almost all the staff (99.9%) are full-time employees.

Workers account for more than 60% of the total headcount, which is natural for an industrial company. The share of managers has remained within 11-12% without substantial variations. Sixty percent of them are aged between 30 and 50 years. In 2009, women accounted for 24% of the total number of management. In 2007-2009, the share of women across the whole Company varied between 32-36%. A relatively low proportion of women among the total workforce is attributable to the nature of the oil sector, where workers are often exposed to difficult working conditions. At the same time women account for 47.6% of the total number of employees in the category "Specialists and administrative staff". More than half of the total workforce are employees aged between 30 and 50. The shares of employees younger than 30 and older than 50 are approximately equal.

At the end of 2009, the total number of top managers across Rosneft subsidiaries in significant regions of operations was 235. Seventy five percent of them, or 177 managers,

were permanent residents of the respective regions (based on the registered place of one's residence).

HR Management Policy in the Crisis Period

Seeking to reduce its costs during the crisis period, the Company considerably reduced its recruitment of new employees. In that period, the Company's human resource needs were met mainly by means of as efficient use of internal resources as possible, including optimal allocation of responsibilities among the existing employees. Exceptions from this general approach included strategic projects essential to the Company development, such as the development of the Vankor field, modernization of the Tuapse Refinery etc. Recruitment for such projects was conducted based on their development needs.

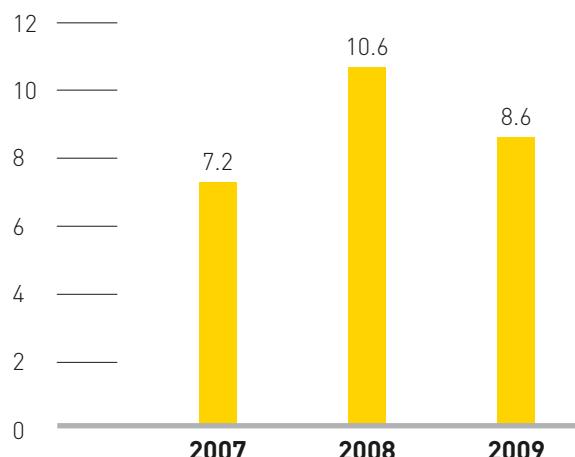
In 2009, the Company reduced its recruitment costs. For example, it did not use the services of consulting and recruitment companies when selecting staff for the corporate headquarters.

The changes in the job market associated with the crisis resulted in two effects positive to the

Company: a reduced employee turnover rate and broader opportunities for staff selection. The Company's approach combined with the job market conditions of the period helped improve employee turnover rates in almost all key subsidiaries. In 2009, the turnover rate across the Company decreased compared to the previous year, reaching 8.6%.

The sectors (construction, metallurgy etc.), with which Rosneft was actively competing in the job market in the pre-crisis period, suffered from economic difficulties more than the Company. In 2007-2008, the Company was conducting construction works at the Vankor field against the backdrop of a construction boom, when overheating in the construction job market made recruitment of required staff more difficult. In 2009, this problem ceased to exist to the Company. Moreover, Rosneft was able to significantly improve its reputation as an employer compared to other companies recruiting construction specialists and workers of other specialties, since it managed to retain a pre-crisis salary level (for more details see Employee Motivation section). However, the Company did not use the new situation in the job market to pay lower salaries to newly recruited employees, and their remuneration was determined by the general corporate system of salary grades.

Personnel turnover in 2007-2009, %



A number of subsidiaries made efforts on optimizing their workforce in parallel with the transition to process-based management, or selling or transferring non-core assets to other entities. These measures, which also implied workforce optimization, were planned in advance at the Company level, and the crisis was only a back-

drop against which they were implemented. Many subsidiaries had completed this transition before the beginning of the crisis, establishing a new model of providing services to the employees. For example, cater-

ing services to those working at the fields of LLC RN-Yuganskneftegaz are provided by third-party contractors, typically local businesses; medical services to the personnel are provided in a similar manner.

Employee Motivation

REMUNERATION AND INCENTIVES

In 2009, during the period of economic difficulties, Rosneft did not revise its basic principles of employee motivation, retaining the pre-crisis levels of salaries paid to all employee categories.

As in the previous years, the average salaries paid by the Company's subsidiaries typically exceeded average salary levels in the respective regions.

In 2009, the average monthly salary across the Company was RUB 35,975, or 103% of the 2008 level. Rosneft was one of the few large Russian companies that undertook salary indexation in 2009.

In order to maintain a competitive remuneration level and be able to attract high-quality human resources, the Company on a regular basis monitors the state of the labor markets in all its regions of operation. Based on the monitoring results, the Company adjusts

Comparison of monthly salaries in selected Rosneft subsidiaries and their regions of operations in 2009, RUB.

Significant regions of operations	Subsidiary	Average salary paid by the subsidiary, 2008	Average salary paid by the subsidiary, 2009	Relative increase of the average salary paid by the subsidiary in 2009, %	Average salary in the region, 2009 (statistical data)
Krasnoyarsk Territory	CJSC Vankorneft	77,804	86,338	11.0	20,446
Krasnoyarsk Territory	OJSC East Siberian Oil and Gas Company	81,548	84,019	3.0	20,446
Krasnoyarsk Territory	OJSC Achinsk Refinery VNK	35,640	38,224	7.3	20,446
Krasnoyarsk Territory	LLC RN-Krasnoyarsk-nefteprodukt	50,473	53,677	6.3	20,446
Irkutsk Region	OJSC Angarsk Petrochemical Company	32,402	33,202	2.5	19,369
Irkutsk Region	OJSC Angarsk Polymer Plant	33,296	34,161	2.6	19,369
Irkutsk Region	CJSC Irkutsknefteprodukt	19,636	19,923	1.5	19,369

Significant regions of operations	Subsidiary	Average salary paid by the subsidiary, 2008	Average salary paid by the subsidiary, 2009	Relative increase of the average salary paid by the subsidiary in 2009, %	Average salary in the region, 2009 (statistical data)
Khanty-Mansi Autonomous Area — Yugra	LLC RN-Yuganskneftegaz	56,874	58,511	2.9	39,135
Yamalo-Nenets Autonomous Area	LLC RN-Purneftegaz	51,327	56,673	10.4	46,872
Yamalo-Nenets Autonomous Area	OJSC Rosneft-Yamal-nefteprodukt	24,855	25,053	0.8	46,872
Komi Republic	LLC RN — Severnya Neft	66,448	72,146	8.6	23,087
Archangelsk Region, incl. Nenets AA	LLC Polar Lights Company	105,844	108,681	2.7	20,072
Archangelsk Region, incl. Nenets AA	LLC RN-Archangelsk-nefteprodukt	20,296	21,033	3.6	20,072
Primorsky Territory	LLC RN-Nakhodkanefteprodukt	28,232	29,923	6.0	19,002
Khabarovsk Territory	LLC RN — Komsomolsk Refinery	31,728	33,209	4.7	20,318
Khabarovsk Territory	LLC RN-Vostoknefteprodukt	26,991	27,647	2.4	20,318
Sakhalin Region	LLC RN-Sakhalinmorneftegaz	46,400	45,455	-2.0	32,526
Sakhalin Region	CJSC RN-Shelf Far East	103,660	118,821	14.6	32,526
Udmurt Republic	OJSC Udmurtneft	30,064	32,581	8.4	12,865
Samara Region	OJSC Samaraneftegaz	33,499	36,654	9.4	15,029
Samara Region	OJSC Novokuibyshevsk Refinery	26,156	27,058	3.4	15,029
Samara Region	OJSC Kuibyshev Refinery	26,431	27,399	3.7	15,029
Samara Region	OJSC Syzran Refinery	26,116	26,348	0.9	15,029
Samara Region	OJSC Samaranefteprodukt	11,226	12,270	9.3	15,029

Significant regions of operations	Subsidiary	Average salary paid by the subsidiary, 2008	Average salary paid by the subsidiary, 2009	Relative increase of the average salary paid by the subsidiary in 2009, %	Average salary in the region, 2009 (statistical data)
Samara Region	LLC Novokuibyshevsk Lubricants and Additives Plant	26,455	27,210	2.9	15,029
Krasnodar Territory	LLC RN-Krasnodarneftegaz	17,650	19,857	12.5	15,128
Krasnodar Territory	LLC RN — Tuapse Refinery	26,365	28,442	7.9	15,128
Krasnodar Territory	LLC RN-Tuapsenefteprodukt	23,470	24,553	4.6	15,128
Krasnodar Territory	OJSC RN-Kubanefteprodukt	12,542	12,219	-2.6	15,128

its remuneration systems, in particular, making decisions on increasing salaries in certain subsidiaries, or for certain categories of specialists.

In 2009, the Company introduced a new system for determining annual bonuses paid to top managers and heads of independent divisions of the Rosneft headquarters, based on collective and personal key performance indicators. An important objective for the next year is expanding the system to include middle managers of the corporate headquarters, as well as general directors and top managers of the Company's subsidiaries.

The key distinct feature of the new annual bonus system is a formalized and transparent approach to evaluating performance and determining bonus sizes. The system makes it

possible to set clear objectives for Company managers, define criteria of meeting them, and objectively evaluate performance relative to objectives at the end of the year. The performance in terms of each indicator is evaluated by auditors who then produce the final result, on the basis of which annual bonus size for each manager is calculated.

As a part of the development of the corporate employee motivation system, a package of model documents is being prepared, including recommendations on concluding collective bargaining agreements, as well as unified regulations on remuneration and on annual bonuses for various employee categories. At present, drafts of all documents mentioned above have been prepared and sent for review and approval to various management departments of the Company.

Social Payments and Benefits

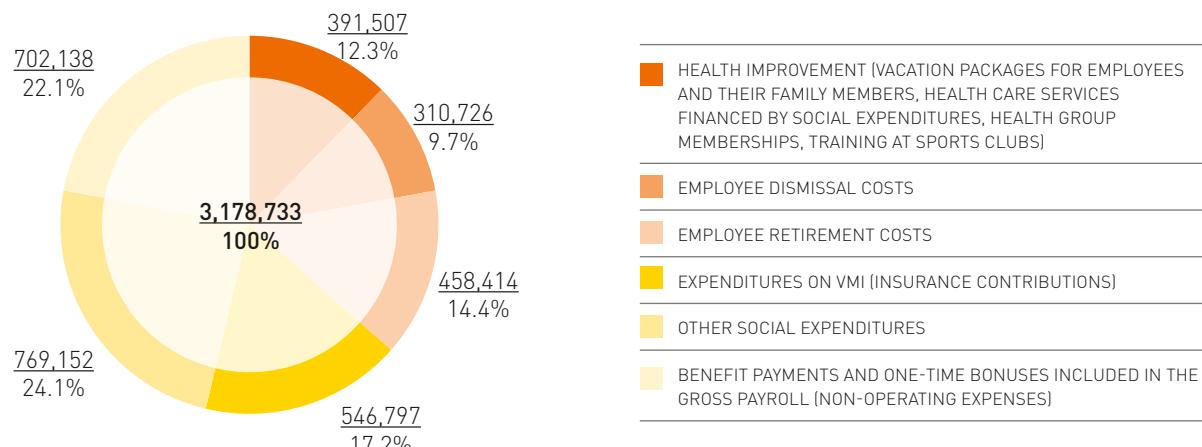
Social payments and benefits make important contribution to ensuring a decent living standard of the Company employees. Against the backdrop of the crisis, the Company management made the decision to preserve the scope of the employee social package, which was described in more details in the Sustainability Reports for 2007 and 2008.

Currently the corporate recommendations on concluding collective bargaining agreements are being prepared. After its approval, the document will help harmonize social packages across

most subsidiaries. In 2009, the total amount of social expenditures, benefit payments and one-time bonuses included in the gross payroll (non-operating expenses) amounted to RUB 3178.7 mln, while the expenditures per employee were RUB 22.8 thousand.

An important instrument of personnel motivation is the system of corporate events aimed at the improvement of professional skills and rewarding the best employees. The most significant Company-wide event of such kind is the Best in Profession contest.

Social expenditures, benefit payments and one-time bonuses included in the gross payroll (non-operating expenses), 2009, RUB thousand



BEST IN PROFESSION — 2009

The annual contest of professional mastery Best in Profession, which has become a good corporate tradition, plays several important roles in the Company's HR policy. Being a form of recognition of the best employees, it at the same time serves as a vehicle for sharing best working practices identified in various subsidiaries of the Company. The fifth, jubilee contest Best in Profession — 2009 was conducted in Krasnodar and Tuapse between September 21 and 24. The competent jury had to select "the best of the best" from 210 workers and engineering staff members representing 59 Rosneft subsidiaries located in all seven Federal Districts of Russia. The competitions held in 17 categories tested both theoretical knowledge and practical skills.

The winners in all categories were presented with certificates for Lada Priora cars. Second and third place winners received monetary prizes and honorary diplomas.

Creating Conditions for Effective Work

A significant part of oil and gas production operations of Rosneft are located in the areas with severe climate conditions and manned by shift workers. Therefore the Company pays particular attention to the improvement of working and leisure conditions in its shift camps and field support bases. In 2009, despite the crisis, the Company continued implementing the targeted program for bringing its shift camps into compliance with the respective corporate standard based on the best practices of Russian and foreign companies. The program started in 2008 includes the replacement of old-style hostels with new, more comfortable residential units, the improvement of health care services,

expanding the range of amenity services, and creating conditions for sport and leisure.

Projects aimed at the modernization of the existing shift camps and the improvement of living conditions there are conducted in parallel with the construction of new shift camps in the strategic areas of operations. In 2009, reconstruction and major renovation projects were carried out at 49 sites as a part of the corporate program for the improvement of the work and leisure conditions of employees. Total Company's expenditures on the improvement of work-related social infrastructure in 2009 amounted to RUB 5.7 bln.



Shift camp at Vankor

In 2009, four shift camps were commissioned at the Vankor field (a field support base for 750 persons, as well as two camps at the oil pumping stations #1 and #2, and a camp at the Purpe terminal pumping stations for 100 persons each). The construction of a shift camp at the Priluki support base was continued, while the construction of another shift camp at the Vankor field for 850 persons was started. The Company also invests in the improvement of the infrastructure used in the transportation of workers to shift camps. In 2009, the Company completed the comprehensive reconstruction of the Igarka airport providing air connection to the Vankor field. The project included, in particular, renovation of the hotel and cafeteria, and the construction of a hostel-type waiting building for passengers (for 100 persons). The expenditures on the improvement of social conditions and amenities in the shift camps of the Vankor production area in 2009 amounted to RUB 54 mln; in 2010 it is planned to spend another RUB 28.7 mln.



Expenditures on the development of work-related social infrastructure*, RUB mln

	2007	2008	2009
Total,	3887	5433	5675
including:			
modernization of shift camps and field support bases in accordance with the Company standard	1278	1301	847
constructing of new shift camps	983	1716	3017

* According to management accounts.

HOUSING AND MORTGAGE PROGRAMS

In 2009, the Company's Integrated Housing Program was adversely affected by the economic crisis which hit the construction sector particularly hard. In order to minimize risks to the employees participating in the corporate mortgage scheme, it was decided to finance only existing home purchases within the scheme. The amount of preferential loans provided by corporate banks also decreased — a total of 151 families of Company employees acquired housing within the framework of the corporate long-term mortgage

scheme in 2009 (compared to more than 650 families in 2008). It is worth mentioning that, despite the dramatic increase of bank interest rates in 2009, the Company decided to retain the existing terms of the corporate mortgage scheme, which involved an interest-free loan worth 25-35% of the apartment price and a long-term low-interest loan for the remainder of the price provided by a partner bank. The terms of mortgage agreements between the Company and employees concluded in the previous years also remained unchanged. Given the significance of this topic to its employees, Rosneft management intends to increase

the funding of the corporate mortgage program in the future.

As a part of its cost optimization efforts, in 2009 the Company also revised its approaches toward housing construction projects of its own. The resources were concentrated on the completion of already started projects, and on launching new housing construction projects in the regions where Company's prospec-

tive projects were implemented. In particular, housing construction continued in Grozny; survey and design works for the construction of a multi-apartment building in Tualse were completed, the construction of a residential building in Nakhodka was continued.

In 2009, the Company provided housing to 266 families of its employees within the framework of all corporate housing programs.

Providing housing to employees, 2007-2009

Program	Unit	2007	2008	2009
Housing construction, total	Families	1164	1010	266
	RUB mln	1770.0	1868.2	614.3
Mortgage	Families	945	663	151
	RUB mln	608.2	512.9	115.8
Housing construction	Families	128	302	100
	RUB mln	819.1	1138.8	360.8
Acquisition of corporate housing	Families	91	45	15
	RUB mln	342.8	216.5	137.7





EMPLOYEE HEALTH IMPROVEMENT

In 2009, the Company continued to implement its health program, whose main objective was to reduce overall illness rate among the personnel by at least 30% between 2006 and 2013. The corporate health program was addressed in detail in the Sustainability Reports for 2007 and 2008.

In order to streamline the management of health, recreation and social facilities, in 2008 a specialized subsidiary, RN-Zdorovye, was created. A significant share of the corporate health resorts and health improvement facilities have access to unique natural factors, which can be effectively used for prevention and treatment of many diseases. These facilities are located mainly in resort regions of Russia, including Krasnodar Ter-

ritory, Samara Region, and Irkutsk Region (Lake Baikal).

In order to provide its employees with high-quality health services, the Company develops the system of collective voluntary medical insurance (VMI). In 2009, more than 90 thousand of Rosneft employees were subscribed to VMI plans. The corporate collective VMI program includes the full scope of ambulatory services, general and specialized dentistry, scheduled and emergency hospitalization, as well as a range of convalescent services.

SPORTS PROGRAMS

Sports and promotion of a healthy lifestyle traditionally have been an integral part of the HR management and corporate culture at Rosneft. Within the framework of the corporate health program, the Company on an annual basis leases swimming pools, gyms, and sports grounds for its employees, and holds

tournaments in various sports. The Company also actively invests in the construction and renovation of sports facilities, thus helping promote a healthy lifestyle not only among its employees and their family members, but also among residents of the respective communities. Particular attention is paid to the development of children sports (for more details see Society section).



At the Fifth Spartakiada of Rosneft

A vivid evidence of the Company's commitment to the values of healthy lifestyle is the annual multi-stage Rosneft Spartakiada (Amateur Sports Festival). The Spartakiada includes tournaments in eight summer sports (indoor soccer, basketball, volleyball, table tennis, athletics, kettlebell lifting, chess, and tug-of-war); the number of participants has been growing from year to year. In 2009, the number of participants, including those who competed in the qualifying rounds, reached 17 thousand — two thousand more than in 2008, and seven thousand more than 2007. The Rosneft Spartakiada, conducted as an elimination tournament, includes three stages. The first stage involves mass qualification rounds conducted in Rosneft subsidiaries. At the second stage, regional tournaments between the teams that made it through the first stage are held. In 2009, a total of 54 teams took part in the regional tournaments held in Komsomolsk-on-Amur, Angarsk, Izhevsk, Samara, Krasnodar, and Tuapse. The finals of the Fifth Spartakiada were held in August in Moscow. More than 500 athletes representing 14 subsidiaries of Rosneft competed at that stage.

Observance of Employee Rights and Engagement with Labor Unions

COLLECTIVE BARGAINING AGREEMENTS

At Rosneft, employer-employee relations are maintained on the basis of social partnership. Employee interests are represented by councils of labor collectives and labor union organizations, which conclude collective bargaining agreements with management of Rosneft SDCs on behalf of employees. In 2009, 76.6% of the overall Company's workforce was covered by collective agreements.

The Company's expansion in the recent years made it necessary to harmonize the terms of collective bargaining agreements across subsidiaries, since the existing agreements of various entities acquired by the Company were considerably different in terms of the scope and structure of commitments of the parties.

Currently the corporate recommendations on concluding collective bargaining agreements are being prepared, which will help standardize employers' commitments to

the employees across the Company. Therefore in 2009 Company's subsidiaries did not conclude new collective bargaining agreements; as an interim measure, the existing agreements were prolonged at the consent of labor union organizations and councils of labor collectives.

In 2010, it is planned to conclude new collective bargaining agreements in the key subsidiaries and dependent companies of the oil and gas production and refining sectors.

ENGAGEMENT WITH LABOR UNIONS

The Company closely engages with sectoral labor union organizations representing employees of its SDCs.

In 2009, management of the Company and its SCDs held numerous meetings with labor union representatives in order to discuss decisions of significance to employees, made in the time of the crisis

Corporate Pension Coverage and Care for Veterans

CORPORATE PENSION COVERAGE

The corporate pension coverage system is an integral component of the social and human resource policy of Rosneft. According to the Company's plans, the full pension of a retired employee will amount up to 45% of his or her pre-retirement salary, and will consist of three components. These are state retirement pension, corporate (non-state) pension, and personal funded pension of an employee. The state pen-

sion may reach 20% of the pre-retirement salary; corporate pension — up to 10% (depending on average salary in the respective subsidiary). The personal non-state pension of an employee is formed within the framework of his or her personal funded pension plan with a non-state pension fund and may reach 15% of the pre-retirement salary. The corporate pension program is managed by Neftegarant Non-State Pension Fund established by Rosneft as the key instrument of the unified corporate pension system.



PROTECTION OF PENSION PLANS WITH NEFTEGERANT

Rosneft pays great attention to the protection of pension plans of investors with Neftegarant, given that the bulk of the investors are Company employees. This objective is addressed through the Fund governance system and by means of investment rules established by the Russian legislation. The supreme governing body of Neftegarant is the Board of the Fund comprised mainly of top managers of the Rosneft corporate departments supervising the corporate pension program. Day-to-day activities of the Fund are managed by Executive Director appointed by the Board of the Fund for the term of three years. The Fund has an audit commission, responsible for the oversight of its activities. In order to ensure the protection of investors' interests, additional oversight is provided by the Board of Trustees, comprised of the top managers of Rosneft and its subsidiaries. The Fund's investment strategy demonstrated its effectiveness in the crisis year of 2008, in which the Fund's income amounted to RUB 215 million.

As of December 31, 2009, the insurance reserve of the Neftegarant Fund, formed in accordance with the Russian legislation, was sufficient for covering its pension liabilities. Additional guarantees include the property of the Fund and own funds of the managing company. The information on liabilities and assets of the Neftegarant Fund is provided in its reports available on the Fund's website www.neftegarant.ru.

Rosneft's contributions to the corporate pension fund and the number of persons paid corporate pensions

	2007	2008	2009
Rosneft's contributions to Neftegarant Non-State Pension Fund*, RUB mln	1613.9	2318.4	2500.2
Numbers of persons paid corporate pensions	20,055	22,760	27,475

* According to management accounts.

Neftegarant pays non-state pensions using pension reserves formed out of Rosneft's pension contributions and the income from investing the reserves. Virtually all subsidiaries of the Company have contracts with Neftegarant on pension contributions. In 2009, a total of 122.1 thousand Company employees participated in the corporate pension system; more than 27 thousand persons were paid corporate pensions. A total of RUB 466 mln was paid by Neftegarant as non-state pensions in 2009.

Despite the difficulties associated with the economic crisis, in 2009 the Company contin-

ued to develop its corporate pension system: the amount of contributions to the pension fund reached RUB 2.5 billion — the maximum value for the periods 2007–2009.

The Company also promoted personal funded pension schemes. By the end of 2009, about 20 thousand Company employees had personal pension plans with the Neftegarant Fund with the total amount of funds amounting to RUB 436 mln. See the Sustainability Reports for 2006 and 2007 for more details on the Company's pension schemes.



CARE FOR VETERANS

Care for veterans is an integral part of the Company's social policy. In 2009, RUB 142.5 million of Rosneft's contributions to the pension fund was financed by the corporate program for providing social support to veterans. In addition to the corporate pension coverage program, the Company maintains a mechanism for providing support to pensioners and veterans within the framework of collective bargaining agreements. In 2009, Rosneft spent RUB 217.7 on supporting pensioners and veterans within the framework of this mechanism. Using these funds, Company's subsidiaries jointly with veteran councils and other non-governmental organizations render support to retired employees.

The forms of support include, in particular:

- monthly allowances;
- payments and presents associated with holidays;
- targeted health care services and acquisition of expensive drugs;
- organizing and conducting festivals and sports events;
- vacation packages;
- targeted monetary aid in unexpected circumstances.

Personnel Development and Training

“SCHOOL — UNIVERSITY — COMPANY” CONTINUOUS TRAINING SYSTEM

One of the key instruments of the Company's long-term HR strategy is the “School — University — Company” continuous training system. The system was created in 2005 in order to facilitate the inflow of the talented and well-trained youth to the Company. For more details on the system, see the Sustainability Reports for 2006-2007.

In 2009, the corporate pre-university training program included 51 Rosneft Classes in 27 cities — in virtually all its regions of operations. A total of 1287 students were covered by the program.

ture career with Rosneft. The Company views the strengthening of activities in this area as an important objective. For example, in 2008-2009 almost all graduates of Rosneft Classes were admitted to universities, with two thirds of them choosing specialties related to oil and gas sector, but only about 30% of the graduates of such classes chose to join the Company after completing their university training.

For a number of years Rosneft has productively cooperated with the leading Russian universities. The most significant case of cooperation between the Company and the higher education sector in 2009 was the establishment of the Oil and Gas Institute at the Siberian Federal University. Within the frame-

Development of the system of Rosneft Classes

	2006	2007	2008	2009
Number of Rosneft Classes	13	34	43	51
Number of students	328	850	1100	1287
Number of regions	6	11	13	14
Expenditures on Rosneft Classes, RUB thousand	8797	35,387	57,271	56,467

It is important to note that in 2009 the geographic coverage of the program expanded, following the development of the Company's operations. All new Rosneft Classes established in that year were created in strategically important areas — Krasnoyarsk and Primorsky Territories, where the Company actively develops its operations and needs a continuous inflow of young workforce.

Another important event of the year 2009 was the festival of the graduates of Rosneft Classes admitted to universities and trained in oil and gas sector-related specialties. The objective of the festival was to unite them into a student community and to help them choose a fu-

work of the cooperation project, the Company spent RUB 890 million on the construction of a new training and laboratory building. In addition to this project, in 2009 the Company implemented significant projects in cooperation with four more partner universities, including the Volgograd State Technical University, the Archangelsk State Technical University, the V.V.Kuibyshev Far Eastern State Technical University, and I.I.Polzunov Altai State Technical University (cooperation agreements with these universities were concluded by regional subsidiaries).

The Company maintains partnerships with 25 universities. Seven of these are considered

Farewell Bell in "Rosneft class" in Gubkinskii



strategic partners, and relations with them are maintained at the Company level, while partnerships with the remaining 18 universities are handled by regional subsidiaries.

In 2009, Rosneft assisted the partner universities in the modernization of their training processes, supported innovative projects and training programs, and provided internship

opportunities for university teachers at subsidiary companies.

Despite the crisis, the Company also continued to provide grants and stipends to university teachers and the best performing students. In 2009, 10 university teachers received Rosneft corporate grants; 324 student were provided stipends by the Company and its subsid-

LIST OF STRATEGIC PARTNER UNIVERSITIES OF THE COMPANY

- Ufa State Petroleum Technological University (since 2001);
- I.M.Gubkin Russian State University of Oil and Gas (since 2003);
- Moscow Institute for Physics and Technology (since 2005);
- Faculty of Geology of the Moscow State University (since 2006);
- International School of Economics and Law at the Moscow State Institute of International Relations (since 2006);
- Graduate School of Management at the Saint Petersburg State University (since 2008);
- Krasnoyarsk Siberian Federal University (since 2008).

Development of cooperation with universities

	2006	2007	2008	2009
Number of partner universities	14	19	21	25
Number of students who received on-site practical training with the Company	1655	2399	3022	3660
Expenditures on partnership with Universities, RUB thousand	26,259	63,391	124,639	102,100

iaries. An important instrument of building relations with potential employees is inviting talented students for on-site practical training with the Company. In 2009, 3,660 university students underwent practical training at Company's subsidiaries, while 70 senior and master's students of the partner universities received internships with the Corporate R&D Center and other units of the Company. A total of 940 graduates of specialist universities were recruited by the Company's entities in the reporting year.

WORKING WITH YOUNG PROFESSIONALS

The next step in the continuous training process is working with young professionals after their recruitment by the Company. According to corporate policies, a young professional is a graduate of a full-time university programme, 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. In the reporting period a total of 2,834 young professionals were employed by 76 subsidiary companies.

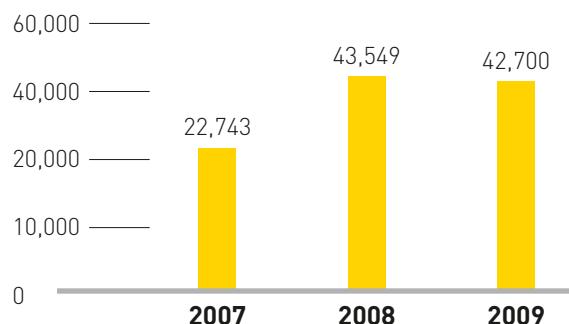
The main objective of the Company's adaptation system for young professionals is facilitating the development of their professional and management skills, and involving them into research and project activities. An important role in addressing this objective is played by Young Professionals Councils and the practice of mentorship, which were described in more details in the Sustainability Reports for 2007-2008. In addition, the Company has developed and implements adaptation programs for young professionals. The latter are offered

opportunities for improving their professional level and developing leadership qualities through various trainings, simulation exercises, workshops, and conferences.

One of the most important functions of Young Professionals Councils is organizing corporate Science and Technology Conferences of young professionals, conducted according to an elimination scheme similar to the one of the Rosneft Spartakiada. The first stage involves conferences held in subsidiaries, at which participants of the regional stage are selected. The winners of regional conferences, in turn, participate in the Company-wide interregional conference.

Rosneft young professionals receive deserved recognition not only within the Company, but also at the federal level. In 2009, 124 young professionals from 44 Rosneft subsidiaries took part in the annual contest "Fuel and Energy Complex of Russia" conducted jointly with the Ministry of Energy of Russia. More than 20 of them became winners of the contest.

Investments in the corporate program for working with young professionals, RUB thousand

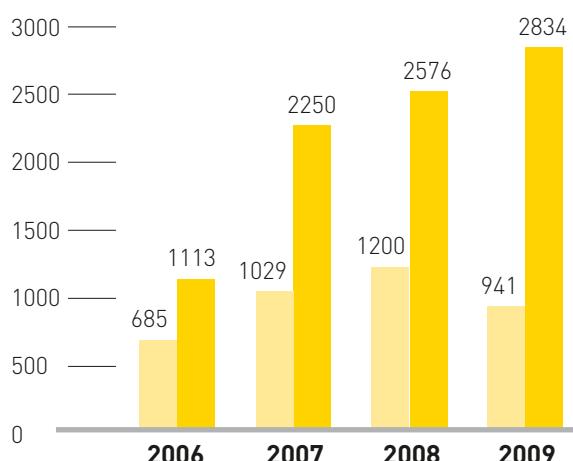




SCIENCE AND TECHNOLOGY CONFERENCE OF YOUNG PROFESSIONALS — 2009

In 2009, 153 winners of regional science and technology conferences on business processes took part in the second Interregional Science and Technology Conference of Young Professionals. In 2009, regional conferences were held in Nefteyugansk, Stavropol, Anapa, Novokuibyshevsk, and Izhevsk. The number of participants of the Interregional Science and Technology Conference increased 30% compared to 2008; a total of 1238 young professionals took part in the 2009 cycle of conferences at all levels. The Company actively supports research and innovation activities of young specialists, facilitating practical implementation of the best results. In 2009, 34 of 37 works presented by the conference winners were recommended for implementation as having practical significance to the Company; 28 of them will be disseminated for replication.

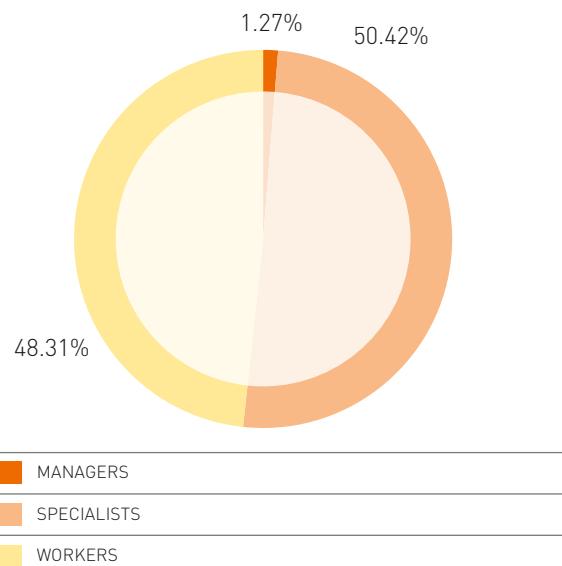
Young professionals at Rosneft



■ NUMBER OF YOUNG PROFESSIONALS RECRUITED BY THE COMPANY

■ NUMBER OF YOUNG PROFESSIONALS IN THE COMPANY

Breakdown of young professionals by job type at the end of 2009, %



Regular performance and career development reviews

	2007	2008	2009
Number of employees that received an attestation	1567	2463	3733
Number of employees who received a performance review	730	729	269
Number of employees approved for the candidates pool	659	586	500

PROMOTION AND THE CANDIDATES POOL

In 2009, the Company temporarily postponed the work on updating the candidates pool of the corporate headquarters, which was initially formed at the end of 2007. In 2009, it was decided to postpone updating the candidates pool and conducting the performance reviews for one year. At the same time in 2009 the work on personnel evaluation and candidates pool formation was continued at the level of subsidiaries. In particular, the list of candidates for positions of general directors of all 462 SDCs in which Rosneft owned more than 50 percent interest was formed. The candidates were approved by corporate vice presidents supervising respective companies with opinions of relevant corporate departments taken into account. In 2010, the Company will continue to update its candidates pool. In particular, the existing lists of candidates will be reviewed, evaluation of potential candidates will be resumed, and new candidates will be included into the pool.

CORPORATE TRAINING SYSTEM

Rosneft management views personnel development and training as one of the top priority objectives and a necessary condition for the development of the Company. Rosneft employees are provided with broad opportunities for continuous improvement of their skills and development of their managerial and professional competencies.

The crisis made the Company to clearly identify the priorities with regard to allocating its training expenditures. Most funds (63%) were spent on compulsory training (required by the

legislation and supervisory authorities). The second largest category (30% of the training budget) was training in professional skills (mainly of employees involved in the implementation of the key Company's projects). The final category (7% of the budget) was management training (the development of managerial skills of Company's managers).

In order to improve the anti-crisis management skills, in 2009 a series of workshops titled "Development of Skills for Managing the Company in the Situation of Global Financial and Economic Changes" was conducted for senior managers. The workshops were attended by 99 managers of the Company.

In 2009, 113 thousand man-courses aimed at skills improvement and professional retraining were delivered, which was 1.3 times more than in 2008.

In addition to compulsory training and training of workforce for strategic projects (the Vankor field, the center for geological support of drilling operations, exchange trading), the Company continued to finance further professional education and training of its staff. In particular, a number of employees received such training at the Gubkin Russian State University of Oil and Gas (programs "Oil and gas production" and "Economy and management in the companies of oil and gas complex" leading to qualification "Manager of an oil and gas company") or participated in the Corporate MBA program delivered jointly by the International School of Economics and Law of the Moscow State Institute of International Relations and Bodø Graduate School of Business (Norway). In addition, in 2009 a new

modular training program aimed at heads of structural units of the corporate headquarters and general directors of subsidiaries, "Effective company management: development of management competencies", was launched. The program has been delivered by the Graduate School of Management at St. Petersburg State University, strategic partner of Rosneft.

Another Company's achievement of 2009 in the field of personnel development was the deployment of an automated system for assessment of technical competencies and for-

mation of individual professional development plans of employees. Technical competency profiles and evaluation tools for employees of the Corporate R&D Complex were developed within the framework of the project. Currently the system is operated in a pilot mode at Rosneft's R&D Center in Krasnodar.

The Company also pays serious attention to the development of the corporate distance learning system. At the end of 2009, the Company's employees were able to access 39 distance learning courses through the corporate library.

Key HR Management Indicators

Key HR management indicators

Indicator	2007	2008	2009
Average total workforce, thousand	88.4	114.3	139.4
Gross payroll (incl. benefit payments and one-time bonuses included in the gross payroll)*, USD mln	1382.3	1930.7	1897.8
Social payments*, USD mln	69.5	88.5	78.1
Expenditures on work-related social infrastructure*, USD mln	155.0	218.6	176.9

* According to management accounts.



Society

118 SUPPORTING SOCIAL INFRASTRUCTURE OF THE REGIONS OF OPERATIONS

123 DEVELOPMENT OF SPORTS — A STRATEGIC AREA OF ROSNEFT'S SOCIAL ACTIVITIES



124 SUPPORTING INDIGENOUS COMMUNITIES OF THE NORTH

126 CHARITY AND SPONSORSHIP

127 KEY SOCIETY PERFORMANCE INDICATORS

Supporting Social Infrastructure of the Regions of Operations

Rosneft engages with regional authorities and other stakeholders on the basis of its corporate policies and standards. The Company works to develop a standardized framework for sustainability activities of its subsidiaries. According to its Sustainability Policy approved in 2009, the Company in its regions of operations seeks to achieve and maintain the status of the best employer and the best partner both in business and in engagement with state, non-governmental, and educational organizations.

In 2009, the Concept of Regional Policy of Rosneft was prepared. Based on the Concept, approved by the Board of Directors in October 2009, the Integrated Regional Policy Program was developed. The key objectives of the Program include:

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

The Integrated Regional Policy Program was submitted to the Board of Directors of Rosneft for approval. After its adoption, the document shall be reviewed and revised on an annual basis in order to accommodate changes in the conditions of the Company's operations, as well as new operational objectives and middle- and long-term development plans with the Rosneft Development Strategy taken into account. The amendments to the Program shall be approved by the Rosneft Board of Directors. The reports on the implementation of the Integrated Program shall be submitted to the Board of Directors at least once a year.

Rosneft builds its relations with the regions of operations on the basis of mutually beneficial partnership, paying particular attention to the implementation of integrated socio-economic development programs. The framework for Rosneft's collaboration with specific regions of operations (including those considered significant to the development of the Company) is defined by agreements on socio-economic cooperation, concluded between the Company and regional governments. Specific cooperation programs and the amount of funding provided for its implementation are defined by annexes to the agreements prepared on an annual basis. The annexes include Company's commitments with regard to supplying the regions with oil and gas, the development of infrastructure of cities and settlements, including construction of roads, construction or renovation of schools, hospitals, cultural and sports facilities, and providing funding for other socially significant projects. The Company stringently monitors not only the results of the projects financed within the framework of socio-economic cooperation agreements, but also the progress of implementation of the projects.

The regional governments, in their turn, take commitments on creating favorable conditions for investment activities of the companies providing social assistance to the region. This may include providing benefits on regional taxes, or assistance in resolving issues related to land use or access to subsoil resources. Drafts of all regional legal acts and regulations to be adopted in accordance with cooperation agreements undergo a cost-benefit review by legislative authorities of the respective regions. The objective of the review is to compare the benefits provided to the companies with contributions of these companies to the regional economy. The review takes into account such economic impacts as job creation, procurement of goods and services from local providers, tax payments,

contribution to the energy supply of the region, as well as investments in the development and maintenance of social and transport infrastructure.

At the end of 2009, Rosneft had cooperation agreements with the governments of 18 significant regions of operations.

Expenditures on the social sphere of the regions of operations*, RUB mln

	2008	2009
Pre-school educational institutions	18.6	4.5
Schools	120.8	55.0
Cultural facilities	542.0	270.0
Sports facilities	387.2	248.0
Health care organizations	44.1	60.0
Revival of cultural heritage (churches, mosques etc.)	16.5	28.6
Assistance to indigenous minority peoples of the North	111.8	112.1
Other expenditures	1059.0	1084.0
Total	2300.0	1862.2

* According to management accounts.

REGIONS WHERE THE COMPANY PROVIDED FUNDING IN 2009 ON THE BASIS OF COOPERATION AGREEMENTS WITH REGIONAL GOVERNMENTS

- | | |
|--------------------------|--|
| 1. Adygea Republic | 11. Novosibirsk Region |
| 2. Komi Republic | 12. Magadan Region |
| 3. Udmurt Republic | 13. Murmansk Region |
| 4. Zabaykalsky Territory | 14. Orel Region |
| 5. Krasnodar Territory | 15. Samara Region |
| 6. Krasnoyarsk Territory | 16. Sakhalin Region |
| 7. Primorsky Territory | 17. Khanty-Mansi Autonomous Area — Yugra |
| 8. Khabarovsk Territory | 18. Yamalo-Nenets Autonomous Area |
| 9. Irkutsk Region | |
| 10. Lipetsk Region | |

In the reporting period, the overall Rosneft's expenditures within the framework of socio-economic cooperation agreements with regional governments amounted to RUB 1.86 bln, or RUB 438 mln less than in 2008. The decrease in the funding was a result of economic difficulties of the first half of 2009. In particular, the decline of oil prices made the Company to postpone the signing of a number of new agreements and suspend some of the existing agreements, since the assumptions on which the latter were based were no longer relevant in the new economic situation.

Against the backdrop of these objective difficulties, a serious success in the field of socio-economic cooperation with the regions was the signing of the cooperation agreements with the government of Krasnoyarsk Territory. According to the agreement, Rosneft will

contribute more than RUB 500 mln for the implementation of a number of social and industrial projects in the region. In particular, the Company finances the construction of a training and laboratory building of the Oil and Gas Institute of the Siberian Federal University, which is planned to be commissioned in August 2010. At the moment of compiling this Report, the main construction works have been already completed; fit-out works are conducted, and mechanical, electrical and plumbing systems are being installed.

Despite the economic crisis, the Company invests significant resources in the development of East Siberia and Primorsky Territory in the Russian Far East. In 2009, the overall Company's investments in projects in East Siberia amounted to RUB 98 bln. The development of the Vankor field, where commercial

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PROCUREMENT FROM RUSSIAN MANUFACTURERS

Rosneft's corporate standard "Procedure of Procurement of Materials and Equipment for Subsidiary Companies", which regulates, among other aspects, the selection of suppliers, contains the following statement: "When selecting a supplier, preference should be given to products by Russian manufacturers, provided that all other conditions in terms of technical parameters, price and quality are equal, with required delivery time taken into account". Equipment by foreign manufacturers can be procured only in case when technical parameters of such equipment considerably exceed those of Russian analogs, or no Russian analogs are available; any such decision requires a formal justification. In order to further reduce procurement of imported equipment, the Company studies new products offered by Russian manufacturers, conduct pilot projects to test them, and makes preparation for further use of these products in its operations. In monetary terms, in 2009 Company's procurement of products manufactured in Russia amounted to RUB 110.5 bln, or 91% of the overall procurement (compared to RUB 109.2 bln, or 90% in 2008). In 2009, the following steps toward substituting imported equipment with the one of Russian manufacturers were made:

- the Company reduced procurement of imported oil-well tubing as a result of expanded production capacity of Russian manufacturers;
- the share of imported submersible equipment for regular (uncomplicated) operating conditions was reduced;
- of four grades of submersible cable used by Rosneft oil production subsidiaries, the first three grades are procured only from Russian manufacturers;
- orders for the most expensive pieces of refinery equipment characterized by long manufacturing cycle times were placed with Russian manufacturers.

Floating filling station [river bunker] of Irkutsknefteprodukt



oil production was launched in 2009, makes a significant contribution to the development of the whole region, the improvement of the infrastructure and the standard of living of the local population. The multiplier effect of the Vankor project means that for every job in oil production several new jobs are created at supplier and contractor companies, infrastructure facilities supporting the project etc. For example, the Company financed the construction of new Igarka airport facilities, which were commissioned in 2009, and also repaired the access road, thus providing year-round access to the airport separated from the town by a tributary of the Yenisei.

Financing new projects is not the only way, in which Rosneft contributes to the regional and local socio-economic development. Within the framework of the socio-economic cooperation agreement with the government of Yamalo-Nenets Autonomous Area, Rosneft reduced

the price of gas supplies to the boilerships of Gubkinsky town by 40%. This resulted in savings not only for the municipal budgets, but also for every household in the town.

Another area of Rosneft business significant at the regional level is wholesale marketing of petroleum products and retail sales through the Company's chain of filling stations. These activities are of particular social importance in rural areas, since they provide rural population with access to quality fuel. In the recent years the Company began developing its aircraft refueling and bunkering (vessel refueling) businesses. A socially significant area of the Company's business is the construction of bunkering stations on rivers for refueling small private vessels. Two such stations have been already constructed by Samaranefteprodukt and Irkutsknefteprodukt companies. The bunkering stations comply with state-of-the-art environmental and safety standards.



SOCHI 2014 OLYMPIC PROJECT AND THE DEVELOPMENT OF KRASNODAR TERRITORY

Rosneft has been awarded the status of the General Partner of 2014 Olympics in the "Petroleum" category. To the Company, this project implies an additional aspect of social responsibility. The project will be implemented in accordance with the fundamental principles of Rosneft's social policy. The total sponsor contribution by Rosneft will amount to USD 180 mln; the funds will be used to finance the construction of Olympic facilities and the games themselves. In addition, within the framework of its Olympic program, Rosneft intends to commission over 150 new filling stations, with more than 60 of them located in Krasnodar Territory.

Rosneft is also planning to build mountain snow trucks refueling facilities in the Games area and floating bunkering stations at the Black Sea coast. Another contribution to improving the state of the regional environment will be the development of the network of natural gas filling stations. The preparation for the Sochi Olympics is a socially significant project to the whole South of Russia, since it will contribute to the development of infrastructure, improvement of investment attractiveness of the area, increased employment, and, ultimately, the socio-economic development of the area.



Development of Sports — a Strategic Area of Rosneft's Social Activities

Rosneft believes that the health of its employees, their family members, and the population of the regions of operations cannot be maintained without the development of sports and promotions of a healthy lifestyle. Therefore the Company views supporting sports as an important area of its collaboration with the regions, paying particular attention to children's sports.

The Company also supports professional sports. In accordance with the agreement between Rosneft and the government of Khanty-Mansi Autonomous Area — Yugra, the Company was providing assistance in organizing and conducting the Biathlon World Championships 2010.

Rosneft subsidiaries sponsor professional and amateur tournaments at the regional level. For example, Tambovnefteprodukt became the partner of the Tambov Region Autocross Championships. LLC RN-Yuganskneftegaz financed the reconstruction of a hockey court.

In 2009 in Okha, a town of oil workers located 850 km north from the regional center, Yuzhno-Sakhalinsk, the largest water sports center in the region was commissioned. The cen-

ter, whose construction was financed by the Company, includes two swimming pools for adults (with eight lanes) and a smaller swimming pool for children. In addition to the swimming pools, the center has several training rooms complete with modern equipment, including a workout room and a room for group training. Another sports center, Arena, was commissioned by the Company in 2009 in Nogliki settlement in the north of Sakhalin, with the population slightly exceeding 10 thousand. The center includes four multi-purpose sports grounds, a fitness bar, a swimming pool, a sauna bath, and workout rooms, including those suitable for persons with disabilities.

The construction of a state-of-the-art sports complex on the premises of the Neftyanik Kubani health resort in Anapa is close to completion. The facility, planned to be commissioned in the first half of 2010, will consist of a nine-storey four-star hotel with an area of 17 thousand m² able to accommodate up to 260 persons, and a three-storey sports center. The latter will include two swimming pools with spectator stands, changing rooms, a swimmers' rest area, and an area for mud treatment.



OPENING OF A NEW SPORTS GROUND AT THE TUAPSE HIGH SCHOOL # 1

The official opening of a new sports ground at the Tuapse High School #1 was held on December 4, 2009. The ground was presented to the school by LLC RN-Tuapsenefteproduct, a Rosneft subsidiary, supported by the local administration. The sports ground is a mini-stadium consisting of two playfields with artificial turf: a soccer field and a basketball and volleyball field.

On the same day Olga Makarova, a member of the volunteer Olympic team, gave an open lesson to the students of the school's Rosneft Class. During the lesson, the students learned about the history of Russia's participation in the Olympics and about the program of 2014 Sochi Olympics. At the end of the lesson, the children were given presents — badges with insignia of the Sochi Winter Olympics.

Supporting Indigenous Communities of the North

Rosneft has traditionally been building neighborly and partner relations with all indigenous peoples in its areas of operations. In 2009, this tradition received a further impetus as a result of the approval by the Russian Government of the Concept of Sustainable Development of Indigenous Minority Peoples of North. The document, which defined the list of traditional areas and traditional economic practices of indigenous peoples, made it possible to develop methodologies for calculating damage resulting from economic activities in the traditional areas of indigenous peoples.

The Company provides assistance to indigenous peoples of the North on the basis of the existing legislation and license agreements

for oil and gas production. Specific measures on supporting indigenous communities are defined, agreed, and implemented within the framework of socio-economic cooperation agreements with regions of operations. The Company finances the construction of schools and hospitals in the traditional areas of residence of indigenous peoples, supports provision of amenities in indigenous settlements. The Company also pays compensations for the use of land plots, purchases equipment and fuel for hunting and other economic practices of indigenous communities, sponsors participation in exhibitions, contests, and other events. In 2009, Rosneft spent RUB 113 mln on providing support to indigenous minority peoples of the North.



Expenditures on providing support to indigenous minority peoples of the North*, RUB mln

	2007	2008	2009
Housing construction	4.4	4.3	35.1
Construction or repair of social facilities	69.7	36.2	4.0
Construction or repair of infrastructure	2.5	18.8	6.3
Providing inventory and equipment	44.8	40.3	56.5
Preservation of traditional culture, health improvement programs	17.1	15.3	11.3
Total	138.5	114.9	113.2

* Including expenditures within the framework of socio-economic cooperation agreements with the areas of operations and charity projects.

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SAKHALINMORNEFTEGAZ: A LONG-TERM PROJECT FOR PROMOTING THE CREATIVITY OF INDIGENOUS CHILDREN

RN-Sakhalinmorneftegaz for 80 years has operated in the areas essential to the livelihoods of indigenous peoples of the North. In 2009, its decades-long engagement with indigenous communities was raised to a new level as a result, among other factors, of regular roundtable meetings conducted by Rosneft as a part of its sustainability reporting process. RN-Sakhalinmorneftegaz and the Department of Indigenous Minority Peoples of the North of the Sakhalin Region Governor's Office supported the targeted program "Economic and Social Development of Indigenous Minority Peoples of the North of Sakhalin Region for 2007-2010" and came up with quite an innovative children's creativity project, which attracted interest from the general public and indigenous communities. RN-Sakhalinmorneftegaz sponsored a summer sports school on ethnic sports and the championships of Sakhalin Region in ethnic sports among the children of indigenous peoples of the North. The support provided by the company allowed the maximum number of children from all traditional areas of indigenous peoples to attend the event. The Company also invited a coach from Khabarovsk to give a master class on traditional ethnic sports. The main objective of the tournament was to facilitate the revival of the ethnic sports and other traditions of the indigenous minority peoples of the area. Due to recently commissioned sports center in Okha, children of the area are able to take part in swimming and other sports.

Charity and Sponsorship

Charity is an essential component of the Rosneft social policy. The charitable activities of the Company are guided by the corporate Regulations on Providing Charitable, Financial, and Sponsor Aid, which define criteria for selecting aid recipients. The overall amount of funds to be spent on charity is approved by the Rosneft Board of Directors as a part of the annual business plan. Decisions on providing charitable funding to particular recipients are made by the Rosneft Management Board within the framework of the approved annual budget. The main categories of Rosneft charity spending are presented in the table.

Rosneft pays serious attention to the revival of Russia's spiritual heritage and strengthening moral values of the society. For example, in Usovo village of Odintsovo District of Moscow Region, the Temple of the Holy Mandylion (the Holy Image of Savior Not Made by Hands) is being constructed. In 2009, the Company donated RUB 480 mln to support the project. Within the framework of the development of strategic partnership with China, in 2009 Rosneft donated RUB 6 mln on the restoration of the Temple of Dormition of the Theotokos located on the premises of the Russian Embassy in Beijing.

Rosneft charity spending by category*, RUB mln

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

* According to management accounts.



CORPORATE VOLUNTEERING

Young Professionals Councils of a number of Rosneft subsidiaries provide aid to children in orphanages.

For example, young employees of Irkutsknefteprodukt collected clothes, toys, and other things for orphanages of Irkutsk within the framework of a charity action associated with New Year Holidays. In 2009, a "Cooking Battle" between young professionals of Yuganskneftegaz and children from a local orphanage was organized, where the two teams competed showing their cooking skills. In addition to the joy of competition, the children got presents — appliances purchased with money donated by volunteers. In 2009, the staff of Tambovnefteproduct continued to provide aid to a specialized children's home for children with developmental disorders. The institution facing serious financial difficulties was unable to afford transportation services for its children. To help address this issue, in 2009 Tambovnefteproduct employees collected money, which was transferred to the fuel card of the children's home.

Rosneft employees also participated in the Million in Change charity action organized by the Russian Regional Development Bank, a partner of Rosneft, and by the Artist Charity Foundation. The action was aimed at providing assistance to children with serious diseases of the musculoskeletal system.

Key Society Performance Indicators

Key society performance indicators

	2007	2008	2009
Tax payments to the budgets of all levels, including export duties, USD mln (US GAAP)	28,828	38,720	22,192
Dividends paid, including minority dividends paid by subsidiaries, USD mln (US GAAP)	536	538	626
Expenditures on social programs, including social investments and charity in the regions of operations , USD mln,	557.2	484.9	366.7
including expenditures under regional cooperation agreements, USD mln	112.5	92.5	58.7
including charity, USD mln	33.6	24.9	25.1

* According to management accounts.

Independent Assurance Report on the Sustainability Report 2009 of OJSC Oil Company Rosneft to the Management 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 2009 disclosed in the 'Sustainability Report 2009' of Rosneft (hereinafter 'the Report') except for the following matters:

- Any independent statements made by third parties which Rosneft included in the text of the Report,
- 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,
- Qualitative and quantitative information relating to the prior years, and
- Application level of Sustainability Reporting Guidelines (version 3) issued by the Global Reporting Initiative in 2006 (hereinafter 'GRI G3 Guidelines').

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 2009.

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 sub-

stantially 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 G3 Guidelines and the sustainability reporting principles of Rosneft as set out in section 'About the report' on page 10 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 10-11 of the Report and in its Appendix 2 on pages 154-158.

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 Assu-

rance 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 2009,
- Identification of material issues based on the procedures described above and analysis of their reflection in the Report,
- Review of human resources, environmental and health and safety data samples 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: petroleum refining company "Kuibyshevsky NPZ" JSC, and oil and gas production company "Samaraneftegaz" JSC 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 quantita-

tive information included in the Report at the central office level, and

- Assessment of the sustainability reporting principles used by Rosneft.

BASIS FOR QUALIFIED CONCLUSION

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

QUALIFIED CONCLUSION

Based on our work performed, except for the effect on the Report of the matter 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 2009 in accordance with GRI G3 Guidelines and sustainability reporting principles of Rosneft.

OBSERVATIONS

This is the third year that Ernst & Young (CIS) B.V. has been engaged by Rosneft to provide limited assurance on its sustainability report. Our observations and identified areas for improvement will be raised in a separate report to the management of Rosneft. Selected observations are provided below. These observations do not affect our conclusion set out above.

Sustainability goals and objectives: Rosneft published its goals and objectives related to sustainability performance in the Report. We suggest that Rosneft report its progress against these goals and objectives.

Sustainability reporting boundaries: We have observed that Rosneft has undertaken efforts to ensure that the Report includes sustainability performance data for the year 2009 on all material subsidiaries, thus, compared to previous years, reporting boundaries for the majority of indicators were expanded. We suggest that Rosneft continue harmonization of reporting boundaries to make year-to-year

comparison of consolidated sustainability performance data more appropriate.

Emergencies and potential environmental impacts: As with previous years, the Report contains information on accidents and public hearings related to environmental impacts of new construction. We suggest that in its sustainability reports Rosneft provide more information on:

- emergency response and prevention, and
- how Rosneft addresses stakeholder concerns around potential emergencies and their consequences, and environmental impacts of future operations.

Regional stakeholder engagement process:

We have noted that Rosneft annually conducts roundtables on sustainability performance with stakeholders in the regions of its operations resulting in a more constructive dialogue of the parties involved. This year Rosneft published information on fulfilment of its voluntary commitments to the stakeholders. We suggest Rosneft maintain and expand this leading Russian industry practice of holding such roundtables and to report on their outcomes.

ERNST & YOUNG (CIS) B.V.,
MOSCOW 30 JULY 2010

 **ERNST & YOUNG**
Quality In Everything We Do

	Mandatory	2002 in accordance	C	C+	B	B+	A	A+
Optional	Self Declared							
Third Party Checked								
GRI Checked				Report externally assured		Report externally assured		Report externally assured



Correspondence between this Report, GRI Sustainability Reporting Guidelines (G3), the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting by IPIECA/API (2005), the RUIE Basic Performance Indicators for Non-Financial Reporting (2008), and the principles of the UN Global Compact

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
<i>Strategy and Analysis</i>				
Statement from the Chairman of the Board, Statement from the CEO		1.1		Statement expressing continued support
Description of key impacts, risks, and opportunities		1.2		
description of the significant impacts the organization has on sustainability and associated challenges and opportunities		1.2		
an explanation of the approach to prioritizing these challenges and opportunities		1.2		
key conclusions about progress in addressing these topics and related performance in the reporting period		1.2		
description of the main processes in place to address performance and/or relevant changes		1.2		
description of the most important risks and opportunities for the organization arising from sustainability trends		1.2		
prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organizational strategy		1.2		
table(s) summarizing performance against targets, and lessons-learned for the current reporting period		1.2		
table(s) summarizing targets for the next reporting period and mid-term objectives and goals related to key risks and opportunities		1.2		
concise description of governance mechanisms in place to specifically manage these risks and opportunities, and identification of other related risks and opportunities		1.2		
<i>Organizational Profile</i>				
Name of the organization		2.1		
Primary brands, products, and/or services		2.2		

APPENDIX 1.
**CORRESPONDENCE BETWEEN THIS REPORT, GRI SUSTAINABILITY REPORTING GUIDELINES (G3),
 THE OIL AND GAS INDUSTRY GUIDANCE ON VOLUNTARY SUSTAINABILITY REPORTING BY IPIECA/API (2005),
 THE RUIE BASIC PERFORMANCE INDICATORS FOR NON-FINANCIAL REPORTING (2008),
 AND THE PRINCIPLES OF THE UN GLOBAL COMPACT**

Legend

- + Fully disclosed in the Report
- ± Partially disclosed in the Report
- Not disclosed in the Report

Report section	Report page	Disclosure status	Comments and references to other sources
Chairman's Address, President's Address	4-7	+	
Company's Impacts on the Stakeholders; Impact of the Global Financial Crisis on the Company's Development	14-21	+	
Company's Impacts on the Stakeholders	14-17	+	
Reporting Principles (Materiality)	10	+	2008 Sustainability Report, p. 13
President's Address; Strategic Vision; Key HSE Performance Indicators; Key Society Performance Indicators; Key HR Management Performance Indicators	6-7, 14-27, 93, 115, 127	+	
Company's Impacts on the Stakeholders	14-17	+	
Impact of the Global Financial Crisis on the Company's Development	18-21	+	
Strategic Areas of Company's Activities	22-27	+	
Strategic Vision; Key Operational and Financial Performance Indicators; Key HSE Performance Indicators; Key Society Performance Indicators; Key HR Management Performance Indicators	14-27, 34-35, 93, 115, 127	+	
Strategic Areas of Company's Activities	22-27	+	
Corporate Governance	62-64	+	2009 Annual Report, pp. 137-138
Appendix 3. Contact Details	157	+	
Company Profile	31-33	+	Primary products — oil and petroleum products

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2.3			
Location of organization's headquarters	2.4			
Number of countries where the organization operates	2.5			
Nature of ownership and legal form	2.6			
Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.7			
Scale of the organization	2.8			
number of employees (breakdown by country/region)	2.8			
net sales, breakdown of sales/revenues by countries/regions that make up 5 percent or more of total revenues	2.8			
total capitalization	2.8			
quantity of products or services provided	2.8			
total assets	2.8			
beneficial ownership (including identity and percentage of ownership of largest shareholders)	2.8			
costs by countries/regions that make up 5 percent or more of total revenues	2.8			
Significant changes during the reporting period regarding size, structure, or ownership	2.9			
Awards received in the reporting period	2.10			
Report Parameters				
Reporting period	3.1			
Date of most recent previous report (if any)	3.2			
Reporting cycle	3.3			
Contact point for questions regarding the report or its contents	3.4			
Process for defining report content	3.5			
Boundary of the report	3.6			
Limitations on the scope or boundary of the report	3.7			
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			
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			

APPENDIX 1.

CORRESPONDENCE BETWEEN THIS REPORT, GRI SUSTAINABILITY REPORTING GUIDELINES (G3),
 THE OIL AND GAS INDUSTRY GUIDANCE ON VOLUNTARY SUSTAINABILITY REPORTING BY IPIECA/API (2005),
 THE RUIE BASIC PERFORMANCE INDICATORS FOR NON-FINANCIAL REPORTING (2008),
 AND THE PRINCIPLES OF THE UN GLOBAL COMPACT

Report section	Report page	Disclosure status	Comments and references to other sources
Company Profile, Appendix 2	31-33, 152-155	+	http://www.rosneft.ru/about/ Operational-Structure/ 2009 Annual Report, pp. 33
Appendix 3. Contact Details	157	+	
Company Profile	31-33	+	
Company Profile	31-33	+	
Company Profile	31-33	+	2008 Annual Report, pp. 69-78
Company Profile; Key Operational and Financial Performance Indicators	31-35	+	
Profile of the Company's Workforce	96-97	+	
Key Operational and Financial Performance Indicators	34-35	+	
Company Profile	32	+	
Key Operational and Financial Performance Indicators	34	+	
Company Profile	32	+	
Company Profile	31-33	+	2008 Annual Report, pp. 155
Company Profile	34-35	+	The Company carries out most of its operations in the Russian Federation. Rosneft's foreign assets are not significant cost centers.
Company Profile; About this Report	31-35	+	
Participation in External Initiatives and Recognition of Achievements	58-59	+	
About this Report	10	+	
About this Report	10	+	Second half of 2009 r.; http://www.rosneft.ru/Development/reports/
Reporting Boundaries	10-11	+	
Appendix 3. Contact Details	157	+	
Reporting Principles	10	+	2008 Sustainability Report, pp. 13-14
Reporting Boundaries	11	+	
Reporting Boundaries	11	+	
Reporting Boundaries	11	+	
Reporting Boundaries	11	+	
Reporting Boundaries	11	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		3.10		
Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		3.11		
Table identifying the location of the Standard Disclosures in the report		3.12		
Policy and current practice with regard to seeking external assurance for the report		3.13		
<i>Governance, Commitments, and Engagement</i>				
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		
Indication whether the Chair of the highest governance body is also an executive officer		4.2		
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		
Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		4.4		
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		
Processes in place for the highest governance body to ensure conflicts of interest are avoided		4.6		
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		
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.	
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			
Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	4.1			
Explanation of whether and how the precautionary approach or principle is addressed by the organization	4.11			Principle 7
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	4.12			

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Report section	Report page	Disclosure status	Comments and references to other sources
Reporting Boundaries; Employee and Contractor Safety	11, 92	+	
Reporting Boundaries	11	+	
Appendix 1	132-151	+	
About this Report	10	+	
Corporate Governance	62-64	+	
Corporate Governance	62	+	
Corporate Governance	62	+	
Sustainability and Corporate Culture	66-67	+	
Corporate Governance; Employee Motivation	62-64, 100	+	
Corporate Governance	62-64	+	http://www.rosneft.ru/Investors/corpgov/
Corporate Governance	62-64	+	http://www.rosneft.ru/Investors/corpgov/
Mission and Values; Sustainability and Corporate Culture	30, 65-66	+	http://www.rosneft.ru/Investors/corpgov/
Corporate Governance	62-64	+	
Corporate Governance	62-64	+	
Stakeholder Engagement — Participation in External Initiatives and Recognition of Achievements	58-59	+	+ The Company considers it important to conduct expert reviews and assessments in order to minimize adverse environmental impacts.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
Memberships in associations (such as industry associations) and/or national/international advocacy organizations		4.13		
List of stakeholder groups engaged by the organization		4.14		
Basis for identification and selection of stakeholders with whom to engage		4.15		
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		4.16		
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		
<i>Economic Performance Indicators</i>				
Management approach				
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	ECO-1 ECO-2 ECO-A2 ECO-3	1.2. 1.3. 1.4. 1.5. 1.6. 1.7.	
Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2			
Coverage of the organization's defined benefit plan obligations	EC3		1.8.	
Significant financial assistance received from government	EC4			
ASPECT: MARKET PRESENCE				
Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	EC5			Principle 1
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6			
Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	EC7	SOC-A3		Principle 6
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			
Understanding and describing significant indirect economic impacts, including the extent of impacts.	EC9			

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Report section	Report page	Disclosure status	Comments and references to other sources
Stakeholder Engagement — Participation in External Initiatives and Recognition of Achievements	58-59	+	
Stakeholder Engagement	38-59	+	
Stakeholder Engagement	38-39	+	
Stakeholder Engagement — Society; Participation in External Initiatives and Recognition of Achievements	50-52, 58-59	+	
Stakeholder Engagement — Stakeholder Dialogue in the Areas of Operations	53-57	+	
Strategic Vision	14-28		
Key Operational and Financial Performance Indicators	34	+	
		—	In 2009, the Company did not assess the implications of the climate change for its activities. The Company plans to present this information in its reports as such assessments are conducted.
Corporate Pension Coverage and Care for Veterans	107-109	+	http://www.neftegarant.ru/finance.php
Strategic Vision	19	+	
Employee Motivation	98-99	+	
Stakeholder Engagement — Business Community; Supporting Social Infrastructure of the Regions of Operations	41-49, 120	+	
Profile of the Company's Workforce	96-97	+	
Supporting Social Infrastructure of the Regions of Operations	118-122	+	
Company's Impacts on the Stakeholders; Supporting Social Infrastructure of the Regions of Operations; Development of Sports — a Strategic Area of Rosneft's Social Activities	14-17, 118-123	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
<i>Environmental Performance Indicators</i>				
Management Approach			1.1.	
Environmental Management System		ENV-6		
ASPECT: MATERIALS				
Materials used by weight or volume		EN1		
Percentage of materials used that are recycled input materials	EN2	ENV-A5	2.1.	
ASPECT: ENERGY				
Direct energy consumption by primary energy source	EN3	ENV-5	2.2.	
Indirect energy consumption by primary energy source	EN4			Principles 8, 9
Energy saved due to conservation and efficiency improvements	EN5			
Initiatives to reduce indirect energy consumption and reductions achieved	EN7			
ASPECT: WATER				
Total water withdrawal by source	EN8	ENV-A7	2.3.	Principle 8
Percentage and total volume of water recycled and reused	EN10		2.4.	Principles 8, 9
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	ENV-A9		Principle 8
Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	EN12			
Habitats protected or restored	EN13			
Strategies, current actions, and future plans for managing impacts on biodiversity	EN14			
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE				
Total direct and indirect greenhouse gas emissions by weight	EN16	ENV-3	2.5.	Principle 8

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Report section	Report page	Disclosure status	Comments and references to other sources
Development of the Integrated Management System; HSE Objectives, Programs and Projects	70-71, 74-77	+	
Development of the Integrated Management System	70-71	+	
Key Operational and Financial Performance Indicators	34	+	
Waste Management	86	+	Oil-containing waste recycled into marketable products by the Company represents an insignificant portion of materials used.
Energy Efficiency	79	+	
		-	Due to insufficient information on the sources of the energy consumed, the Company did not evaluate indirect energy consumption. The Company intends to prepare such information in the medium-term perspective.
Energy Efficiency	78-79	+	
Energy Efficiency	78-80	+	Initiatives involving APG recovery and its use for energy production lead to a reduction of indirect energy consumption.
Water Consumption and Wastewater Discharge	84	+	
Water Consumption and Wastewater Discharge	84	+	
Biodiversity Conservation	87-89	+	
		-	The Company did not conduct special studies of impacts of existing operations on biodiversity. In preparing new development projects, potential impacts are considered within the framework of EIA. Company's representatives directly participate in discussing the issue of conservation of the Okhotsk-Korean gray whale population (see section Biodiversity Conservation).
Biodiversity Conservation	87	+	
Biodiversity Conservation	87-89	+	
		-	The Company plans to carry out an inventory of its greenhouse gas emissions and disclose the results in the medium-term perspective. See also section Energy Efficiency.

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
Other relevant indirect greenhouse gas emissions by weight	EN17			
Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18			Principles 8, 9
Emissions of ozone-depleting substances by weight	EN19			
NOx, SOx, and other significant air emissions by type and weight	EN20	ENV-A6	2.6.	Principle 8
Flared and Vented Gas		ENV-4		
Total water discharge by quality and destination	EN21	ENV-2	2.7. 2.7.2.	Principle 8
Total weight of waste by type and disposal method	EN22	ENV-A3 ENV-A4	2.8.	Principle 8
Total number and volume of significant spills	EN23	ENV-1	2.9.	Principle 8
ASPECT: PRODUCTS AND SERVICES				
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	H&S-5	2.11.	
Percentage of products sold and their packaging materials that are reclaimed by category	EN27			
ASPECT: COMPLIANCE				
Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	EN28		2.10.	Principle 8
ASPECT: OVERALL				
Total environmental protection expenditures and investments by type	EN30		2.12.	Principles 7-9
Labor Practices and Decent Work Performance Indicators				
Management Approach			1.1.	
Expenditures on occupational health and safety			3.1.9.	

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Report section	Report page	Disclosure status	Comments and references to other sources
Energy Efficiency	79-81	+	— According to the data published by a number of large companies of the sector in their sustainability reports, other indirect greenhouse gas emissions (e.g. emissions associated with third-party transportation services) are not a significant impact factor for oil and gas companies. In addition, in the process of defining report content this issue has not been found material. 2008 Sustainability Report, pp. 59
HSE Objectives, Programs and Projects; Emissions into the Air	75, 82-83	+	+ The Company does not use ozone-depleting substances on an industrial scale.
Energy Efficiency	81	+	
Water Consumption and Wastewater Discharge	85	+	
HSE Objectives, Programs and Projects; Waste Management	75, 86	+	
HSE Objectives, Programs and Projects; Accident Reduction and Emergency Preparedness	75, 90-91	+	
Development of the Integrated Management System	77	+	— 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. — 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.
HSE Objectives, Programs and Projects	75-77	+	
Profile of the Company's Workforce; HR Management Policy in the Crisis Period	96-98	+	
Development of the Integrated Management System	75-77	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
ASPECT: EMPLOYMENT				
Total workforce by employment type, employment contract, and region	LA1		3.1.1.	
Total number and rate of employee turnover by age group, gender, and region	LA2		3.1.2. 3.1.3.	Principle 6
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	LA3			
ASPECT: LABOR/MANAGEMENT RELATIONS				
Percentage of employees covered by collective bargaining agreements	LA4		3.1.4.	
Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	LA5			Principle 3
ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	LA7	H&S-3 H&S -4	3.1.5. 3.1.6. 3.1.7. 3.1.8.	
Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	LA8			
Employee involvement in development of OHS programmes and actions		H&S-2		
Programmes and actions to reduce work-related employee health risks		H&S-3		
ASPECT: TRAINING AND EDUCATION				
Average hours of training per year per employee by employee category	LA10	SOC-5	3.1.10.	
Percentage of employees receiving regular performance and career development reviews	LA12			
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		3.1.12.	Principles 1, 6
Ratio of basic salary of men to women by employee category	LA14			Principles 1, 6
<i>Human Rights Performance Indicators</i>				
Management Approach		SOC-1		

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Report section	Report page	Disclosure status	Comments and references to other sources
Profile of the Company's Workforce	96	+	Almost all Company personnel (more than 99%) are employed under a permanent contract. The absolute majority of employees work in the Russian Federation.
HR Management Policy in the Crisis Period	96-97	+	
Social Payments and Benefits	101	+	
Observance of Employee Rights and Engagement with Labor Unions	107	+	
		+	As required by the RF Labor Code (at least two months)
HSE Objectives, Programs and Projects; Employee and Contractor Safety	74, 92-93	+	
Creating Conditions for Effective Work	105	+	
Stakeholder Engagement — Employees	40	+	
Creating Conditions for Effective Work	102-103	+	
Personnel Development and Training	114-115	+	The Report provides data on the number of employees who received training in the reporting period. The Company has not collected data on hours of training per year per employee, and does not plan to collect such data in the medium-term perspective.
Personnel Development and Training	114	+	
Profile of the Company's Workforce	96	+	
		+	There is no difference between basic salaries of men and women for all employee categories.
Company's Impacts on the Stakeholders, Stakeholder Engagement — Employees	16-17, 40	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
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			Principles 1-6
Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	HR2			Principles 1-6
ASPECT: NON-DISCRIMINATION				
Total number of incidents of discrimination and actions taken	HR4	SOC-4	3.2.2.	Principles 1, 2, 6
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	SOC-7		Principles 1, 2, 3
Labor disputes		SOC-6	3.2.1.	
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
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
ASPECT: SECURITY PRACTICES				
Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	HR8	SOC-9		

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Report section	Report page	Disclosure status	Comments and references to other sources
		—	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.
		—	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.
Stakeholder Engagement — Employees	40	+	In its activities, the Company adheres to the existing legislation prohibiting discrimination. Due to the nature of Company's activities and the existing Russian legislation, the risk of discrimination is insignificant. In addition, in the process of defining report content this issue has not been found material.
Stakeholder Engagement — Employees	40	+	In its activities, the Company adheres to the legal requirements with regard to freedom of association and collective bargaining.
		+	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.
Stakeholder Engagement — Employees	40	+	The Company does not carry out any activities associated with the risk of child labor.
		+	The Company does not carry out any activities associated with the risk of forced or compulsory labor.
		—	The Company does not collect statistical data with regard to this indicator. 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	Basic performance indicator (RUIE)	UN Global Compact Principle
ASPECT: INDIGENOUS RIGHTS Total number of incidents of violations involving rights of indigenous people and actions taken	HR9	SOC-A6	3.2.3.	Principles 1, 2
<i>Society Performance Indicators</i>				
Management approach				
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	S01	SOC-8	3.3.3.	
Collaboration with authorities in addressing objectives of social significance			3.3.1.	
Collaboration with non-commercial and non-governmental organizations in addressing objectives of social significance			3.3.2.	
Participation in non-commercial organizations			3.3.5.	
Social investments		SOC-A4		
External capacity building		SOC-A5		
Indigenous communities		SOC-A6		
ASPECT: CORRUPTION				
Percentage and total number of business units analyzed for risks related to corruption	S02	SOC-2		
Percentage of employees trained in organization's anti-corruption policies and procedures	S03	SOC-2		
Actions taken in response to incidents of corruption	S04			
ASPECT: PUBLIC POLICY				
Public policy positions and participation in public policy development and lobbying	S05	SOC-3 SOC-A1	3.3.4.	

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Report section	Report page	Disclosure status	Comments and references to other sources
Supporting Indigenous Communities of the North	124-125	+	In its activities, the Company adheres to the existing legislation prohibiting any form of human rights violation. In 2009, there were no incidents involving violation of rights of representatives of indigenous minority peoples by the Company.
Supporting Social Infrastructure of the Regions of Operations	118-122	+	
Supporting Social Infrastructure of the Regions of Operations	118-122	+	
Stakeholder Engagement — Society; Supporting Social Infrastructure of the Regions of Operations	50-52, 118-122	+	
Charity and Sponsorship	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 External Initiatives and Recognition of Achievements	58-59	+	
Society	118-127	+	
Society	118-127	+	
Supporting Indigenous Communities of the North	124-125	+	
		—	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 Sustainability and Corporate Culture.
		—	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 Sustainability and Corporate Culture.
		—	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 Sustainability and Corporate Culture.
Stakeholder Engagement — Society, Stakeholder Dialogue in the Areas of Operations; Stakeholder Engagement in the Field of HSE	50-52, 53-57, 72-73	+	

Disclosure (indicator) definition	GRI disclosure or indicator	IPIECA/API indicator	Basic performance indicator (RUIE)	UN Global Compact Principle
ASPECT: ANTI-COMPETITIVE BEHAVIOR				
Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		S07		
ASPECT: COMPLIANCE				
Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations		S08		
<i>Product Responsibility Performance Indicators</i>				
Management approach				
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		
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		3.4.1.	
Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	PR5			
ASPECT: MARKETING COMMUNICATIONS				
Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	PR6			
ASPECT: COMPLIANCE				
Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	PR9			

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Report section	Report page	Disclosure status	Comments and references to other sources
Stakeholder Engagement — Business Community	48-49	+	See also 2009 Annual Report, pp. 268, 330
Stakeholder Engagement — Business Community	48-49	+	See also 2009 Annual Report, pp. 330
Stakeholder Engagement — Business Community	45-49	+	
Stakeholder Engagement — Business Community	45-46	+	There are special regulatory requirements regarding the safety of petroleum products, and the Company considers these requirements in designing its products.
Stakeholder Engagement — Business Community	45-49	+	+ The Company provides information regarding compliance of its petroleum products with safety standards in accordance with the respective legislation.
Stakeholder Engagement — Business Community	48-49	-	- Marketing communications were not identified as a material topic in the process of defining report content.
Stakeholder Engagement — Business Community	48-49	+	See S07

Assets of OJSC Rosneft Oil Company with stock share of 50% or more, included in the data consolidation boundaries for sustainability performance indicators

Company	Included in the business planning boundary (data consolidation boundary for HR and society indicators)	Included in the data consolidation boundary for environmental indicators	Included in the calculation of specific OHS indicators and data consolidation boundary for OHS management accounts
<i>Oil and gas production</i>			
LLC RN-Yuganskneftegaz	+	+	+
LLC RN-Purneфтегаз	+	+	+
LLC RN-Severnaya Neft	+	+	+
LLC RN-Sakhalinmorneftegaz	+	+	+
LLC RN-Stavropolneftegaz	+	+	+
LLC RN-Krasnodarneftegaz	+	+	+
OJSC Grozneftegaz	+	+	+
OJSC Rosneft-Dagneft	+	+	+
OJSC Dagneftegaz	+	+	+
CJSC Vankorneft	+	+	+
OJSC East Siberian Oil and Gas Company	+	+	+
LLC Polar Lights Company	+		+
OJSC Udmurtneft	+	+	+
OJSC Samaraneftegaz	+	+	+
CJSC Inzerneft	+		
OJSC Tomskneft VNK		+	+
<i>Geological exploration</i>			
LLC RN-Kazakhstan	+		
CJSC RN-Shelf-Far East	+		
<i>Oil and gas processing and petrochemical production</i>			
LLC RN — Komsomolsk Refinery	+	+	+
LLC RN — Tuapse Refinery	+	+	+
LLC Rosneft — MZ Nefteprodukt	+	+	+
OJSC Kuibyshev Refinery	+	+	+
OJSC Novokuibyshevsk Refinery	+	+	+
OJSC Syzran Refinery	+	+	+
OJSC Achinsk Refinery VNK	+	+	+
OJSC Angarsk Petrochemical Company	+	+	+

APPENDIX 2.

ASSETS OF OJSC ROSNEFT OIL COMPANY WITH STOCK SHARE OF 50% OR MORE,
INCLUDED IN THE DATA CONSOLIDATION BOUNDARIES FOR SUSTAINABILITY PERFORMANCE INDICATORS

Company	Included in the business planning boundary (data consolidation boundary for HR and society indicators)	Included in the data consolidation boundary for environmental indicators	Included in the calculation of specific OHS indicators and data consolidation boundary for OHS management accounts
LLC Novokuibyshevsk Lubricants and Additives Plant	+	+	+
OJSC Angarsk Polymer Plant	+	+	+
CJSC Otradny Gas Processing Plant	+	+	+
CJSC Neftegorsk Gas Processing Plant	+	+	+
LLC RN-Primorsky Refinery	+		
LLC Strezhevoy Refinery			+
LLC Novokuibyshevsk Catalyst Plant		+	+
OJSC Angarsk Catalyst and Organic Synthesis Plant		+	+
Marketing			
OJSC Rosneft-Altainefteprodukt	+	+	+
LLC MAGIS	+		+
OJSC Rosneft-Kubannefteprodukt	+	+	+
OJSC Rosneft-Stavropolye	+	+	+
CJSC Energoservis	+		
OJSC RN-Moskva (formerly OJSC FPK Kedr-M)	+	+	+
CJSC PARKoil Company	+	+	+
OJSC Rosneft-ARTAG	+	+	+
LLC RN-Vostoknefteprodukt	+	+	+
OJSC Rosneft — Kabardino-Balkarskaya Fuel Company	+	+	+
OJSC Rosneft-Karachayevо-Cherkessknefteprodukt	+	+	+
OJSC Rosneft-Kurgannefteprodukt	+	+	+
OJSC Rosneft-Murmansknefteprodukt	+	+	+
OJSC Rosneft-Smolensknefteprodukt	+	+	+
OJSC Rosneft-Yamalnefteprodukt	+	+	+
LLC RN-Trade	+	+	+
OJSC Samaranefteprodukt	+	+	+
OJSC Tomsknefteprodukt VNK	+	+	+
CJSC Khakasnefteprodukt VNK	+	+	+
CJSC Irkutsknefteprodukt	+	+	+
OJSC Buryatnefteprodukt	+	+	+
OJSC Belgorodneprodukt	+	+	+
CJSC Bryansknefteprodukt	+	+	+
OJSC Voronezhnefteprodukt	+	+	+
CJSC Lipetsknefteprodukt	+	+	+
CJSC Orelnefteprodukt	+	+	+
CJSC Tambovnefteprodukt	+	+	+

Company	Included in the business planning boundary (data consolidation boundary for HR and society indicators)	Included in the data consolidation boundary for environmental indicators	Included in the calculation of specific OHS indicators and data consolidation boundary for OHS management accounts
CJSC Penzanefteproduct	+	+	+
CJSC Ulyanovsknefteprodukt	+	+	+
CJSC Yu-Tver	+	+	+
LLC Yukos-Ladoga	+	+	+
CJSC RN-Rostovnefteprodukt (formerly Interneft)	+	+	+
LLC RN-Krasnoyarsknefteprodukt	+		
LLC RN-Kemerovonefteprodukt	+		
LLC RN-Novosibirsknefteprodukt	+		
LLC RN-Chechennefteprodukt	+		
LLC RN-Yekaterinburgnefteprodukt	+		
LLC RN-Chelyabinsknefteprodukt	+		
LLC RN-Aero	+		
LLC RN-Bunker	+		
LLC RN-Archangelsknefteprodukt	+	+	+
LLC RN-Tuapsenefteprodukt	+	+	+
LLC RN-Nakhodkanefteprodukt	+	+	+
LLC Service-M	+		
LLC Tomsk-Terminal	+	+	+
LLC Samara-Terminal	+	+	+
LLC Khakas-Terminal	+	+	+
LLC Irkutsk-Terminal	+	+	+
LLC Buryat-Terminal	+	+	+
CJSC Belgorod-Terminal	+	+	+
CJSC Bryansk-Terminal M	+	+	+
CJSC Voronezh-Terminal	+	+	+
CJSC Lipetsk-Terminal M	+	+	+
CJSC Prioksky-Terminal	+	+	+
LLC Tambov-Terminal	+	+	+
LLC Penza-Terminal	+	+	+
LLC Ulyanovsk-Terminal	+	+	+
LLC Rostov-Terminal	+	+	+
LLC Stavropol-Terminal	+	+	
CJSC Podolsknefteprodukt	+	+	+
Upstream services			
LLC RN-Burenie	+	+	Including its subsidiaries
LLC RN-Service	Including its subsidiaries	Including its subsidiaries	Including its subsidiaries

APPENDIX 2.

ASSETS OF OJSC ROSNEFT OIL COMPANY WITH STOCK SHARE OF 50% OR MORE,
INCLUDED IN THE DATA CONSOLIDATION BOUNDARIES FOR SUSTAINABILITY PERFORMANCE INDICATORS

Company	Included in the business planning boundary (data consolidation boundary for HR and society indicators)	Included in the data consolidation boundary for environmental indicators	Included in the calculation of specific OHS indicators and data consolidation boundary for OHS management accounts
<i>Downstream services</i>			
LLC Exponeft		+	
<i>Construction</i>			
LLC RN-Stroy	+		Including its subsidiaries
LLC Servisny Tsentr			+
OJSC Angarskneftekhimremstroy			+
LLC Komsomolskneftezavodremstroy			+
<i>IT services</i>			
LLC RN-Inform	+		+
OJSC Samaraneftekhimavtomatika			+
<i>Fire safety</i>			
LLC RN-Pozharnaya bezopasnost	+		+
<i>Energy</i>			
LLC RN-Energo	+	+	Including its subsidiaries
<i>Accounting</i>			
LLC RN-Uchet	+		
<i>Security</i>			
LLC RN-Okhrana	Including its subsidiaries		
<i>Transportation services</i>			
OJSC Rosnefteflot	+		
<i>R&D</i>			
LLC Rosneft-NTC			+
LLC RN-KrasnoyarskNIPIneft	+		
<i>Holding company</i>			
OJSC Rosneft Oil Company (corporate headquarters)			+
<i>Banking services</i>			
OJSC Russian Regional Development Bank	+		
<i>Social sphere and pension coverage</i>			
Non-State Pension Fund NEFTEGERANT (excluded from the Company's boundary since June 1, 2009)	+		

List of Abbreviations

OJSC Rosneft, Rosneft, the Company — abbreviated names of OJSC Rosneft Oil Company	LLC — Limited Liability Company
The 2008 Sustainability Report — OJSC Oil Company Rosneft Sustainability Report 2008*	OHS — occupational health and safety
The 2007 Sustainability Report — OJSC Oil Company Rosneft Sustainable Development Report 2007*	OJSC — Open Joint-Stock Company
The 2006 Sustainability Report — OJSC Oil Company Rosneft Sustainable Development Report 2006*	R&D — research and development
The 2009 Annual Report — OJSC Oil Company Rosneft Annual Report 2009*	RAS — Russian Accounting Standards
The 2008 Annual Report — OJSC Oil Company Rosneft Annual Report 2008*	RUIE — Russian Union of Industrialists and Entrepreneurs
GRI Guidelines — Sustainability Reporting Guidelines (the third version, or G3) developed by the Global Reporting Initiative, an international non-governmental organization	SDCs — subsidiaries and dependent companies
APG — associated petroleum gas	SPIMEX — Saint Petersburg International Mercantile Exchange
API/IPIECA — American Petroleum Institute/International Petroleum Industry Environmental Conservation Association	UN — United Nations
CJSC — Closed Joint-Stock Company	US GAAP — Generally Accepted Accounting Principles (United States)
CNPC — China National Petroleum Corporation	VMI — voluntary medical insurance
ESPO — East Siberia — Pacific Ocean oil pipeline	VOC — volatile organic compound
FAS — Federal Antimonopoly Service of Russia	
FCSM — Federal Commission for the Securities Markets of Russia	
HSE — health, safety, and the environment	
IPO — Initial Public Offering	
KPI — key performance indicator	
	bcsm — billion standard cubic meters
	bln — billion
	mcm — million cubic meters
	mcsm — million standard cubic meters
	mln — million
	mmt — million metric tons
	mmtpa — million metric tons per annum
	mtoe — million tonnes of oil equivalent

* The reports are available on the Rosneft official website: <http://www.rosneft.com>

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