PLAN C

ROSNEFT

Sustainability
Report
2020

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CONTENTS

Message from the Chairman of Rosneft's Board of Directors 2
Message from the Chief Executive Officer and Chairman of the Management Board 4
Our Strategically Important UN Sustainable Development Goals 6
Business Model 8
About the Report 10
Sustainable Development Practices in 2020 14
Protecting Health and Staying Efficient. COVID-19 Measures 16

1. SUSTAINABLE DEVELOPMENT

Strategic Vision of Sustainable Development 20
Sustainability Management 26
Sustainability Risk Management. 32
Stakeholder Engagement. 34
Compliance Framework Development 39
Environmental Priorities 46

2. CLIMATE ACTION AND CARBON MANAGEMENT

Climate change governance 50
Development of world energy markets 54
Climatic risks and opportunities 56
Achievement of the climate goals in 2020 58

3. PRESERVING THE ENVIRONMENT FOR FUTURE GENERATIONS

Managing environmental impacts 66
Conservation of biological diversity 72
Environmental protection programs and activities. 79
Air emissions reduction GRI 103–1 81
Water conservation 82
Prevention and response to oil spills 88
Waste handling and land remediation. 90
Building a corporate environmental culture 94

4. INDUSTRIAL SAFETY AND OCCUPATIONAL SAFETY

Risk management in HSE 102
Personal safety 104
Safety of the operation facilities 112
Transportation safety 116

5. EMERGENCY RISK MANAGEMENT

Emergency risk management. 122
Emergency prevention 123
Emergency Response 126
Employee Training in Emergency Response 127

6. PERSONNEL

Management Framework and Personnel Profile 130
Personnel Training and Development 135
Social Policy 145

7. SUPPORTING SOCIAL AND ECONOMIC DEVELOPMENT

Supporting Social and Economic Development 154
Support for Indigenous Minorities of the North. 165

8. R&D AND DIGITAL TRANSFORMATION

Innovation Management. 170
Key Achievements in Innovation Development 172
Digital Transformation 175
Energy Saving and Energy Efficiency. 180
Development of R&D Capabilities 182
Exploration of the Arctic Shelf and Operational Safety on Shelves of Freezing Seas 187

9. RESPONSIBLE BUSINESS PRACTICE

Customer Engagement 192
Supplier and Contractor Relationship Management 202

APPENDICES

Independent Assurance Report 210
Appendix 1. Key Sustainability Indicators 212
Appendix 2. Report's Compliance with International Standards 218
Appendix 3. Abbreviations 235
Contact Details 236

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www.rosneft.ru

MESSAGE FROM THE CHAIRMAN OF ROSNEFT'S BOARD OF DIRECTORS

GRI 102-14

In 2020, Rosneft continued its work towards delivery of the Company's 2022 strategic goals which were approved by the Board of Directors in 2017. Despite the business challenges in 2020 due to the impacts of the pandemic, and the temporary cuts in oil production under the OPEC+ agreement, we were able to strengthen our leadership in the energy market.

The Company demonstrated strong financial resilience in a year, delivering positive net income and the lowest net debt / EBTIDA growth compared with the largest international peers.

In the 2020 reporting year, Rosneft achieved a net IFRS profit of RUB 147 billion, creating a solid foundation for the annual dividend payouts. Based on its dividend policy, Rosneft allocates at least 50% of the Company's net profit under IFRS for shareholder dividend payments.

In the reporting year, our unit OPEX in hydrocarbon production went down by 9.7% to USD 2.8 per boe, one of the lowest in the global oil and gas industry.

Rosneft continued building partnerships with major international companies, signing an agreement with the Norwegian Equinor ASA for a joint exploration and production project in the Irkutsk Region. The project will help expand the Company's resource base for oil supplies to the Asia-Pacific region.

We are also working with investors and partners to pursue strategic initiatives in new business segments. A Rosneft-led investor consortium is building the Zvezda Shipbuilding Complex using innovative technological solutions to create one of the world's most advanced shipyards.

In 2020, Rosneft reaffirmed its commitment to the UN Sustainable Development Goals, making impressive progress in its climate and environmental agenda.

In December 2020, the Board of Directors reviewed our Carbon Management Plan for the period until 2035. It focuses on preventing 20 million tonnes of forecasted emissions from low-carbon designs of our future projects; reducing the upstream emissions intensity by 30% against a 2019 baseline; decreasing upstream methane intensity to global benchmarking levels and achieving zero routine flaring of associated petroleum gas (APG).

The Strategic Cooperation Agreement with BP to support the Company's carbon management and sustainable development initiatives marked an important milestone in Rosneft's efforts to achieve its strategic carbon management targets. The Agreement is based on the parties' long-term partnership and covers the key cooperation areas such as low-carbon technologies, detection and prevention of methane leaks and natural carbon sinks.

In 2020, Rosneft implemented large-scale carbon reduction initiatives, including APG utilisation projects. The Company has been working continuously to reduce APG flaring and as an example of this work, RN Vankor's gas utilization programme has now achieved an APG utilization rate of over 95%.

The Company's ESG performance is recognised by international ESG rating agencies, and the Company has been rated as Russia's top oil and gas company in many recognized ESG rankings including those by Sustainalytics, Bloomberg, Refinitiv.

FTSE Russell, a subsidiary of London Stock Exchange Group, has confirmed that the Company continues to be a constituent of the FTSE4Good Index Series. In late 2020, Rosneft scored 3.9 on FTSE Russell's five-point index. We are also ahead of 84% of participants in the ICB's international oil and gas supersector.

In the reporting year, Russia, like many countries across the world, including Singapore, China, the US, the UK, and the EU member states, introduced COVID-19 related restrictions on mass events and movement of people. These rules also applied to Corporate events and meetings.

Since late 2019, Rosneft has used remote options for Corporate Governance meetings to ensure the full exercise of shareholder rights amid the pandemic-related restrictions.

Gerhard Schroeder
Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE MANAGEMENT BOARD

GRI 102-14

Rosneft is dedicated to cementing its position as a leading player in the global energy market in the context of energy transition and maximising monetisation of the Company's proved reserves. In 2020, we developed what would become the year's highlight – a Carbon Management Plan for the period until 2035 outlining a framework for the Company's transition to a low-carbon economy.

The Plan seeks to prevent GHG emissions of 20 mmt of CO_2 equivalent, reduce upstream emissions intensity by 30%, cut methane emissions intensity to below 0.25%, and achieve zero routine flaring of associated petroleum gas by 2035.

Rosneft also reaffirmed its commitment to the 17 UN Sustainable Development Goals. The Company works intensely to help satisfy the world's demand for energy resources, which is key to ensuring balanced social and economic development and improving the quality of life. We also adhere to the ten Global Compact principles in the areas of human rights, labour, environment and anti-corruption.

Rosneft has made impressive progress in driving forward its environmental agenda. Last year, through its consistent efforts in carbon management, the Company consolidated its position as an industry leader with low direct carbon intensity in exploration and production.

Launching the Vostok Oil project marked a major milestone for Rosneft, paving the way for the development of the world's largest oil and gas province in Russia's north. Going forward, we plan to create a new world-class cluster unmatched anywhere else.

Vostok Oil boasts a low carbon footprint – one equal to a mere fourth of what is typical of global greenfield projects. APG utilisation, year-round wind power generation in a suitable climate, and the project's high-quality resource base will all contribute to maintaining it at this level.

Another focus is the safety and environmental performance of our logistics. In 2020, the Zvezda Shipyard broke new ground by successfully launching Russia's first Aframax tanker Vladimir Monomakh, a powerful next generation vessel for carrying oil in unrestricted navigation and one that is also "green". Its main and additional power supply units can run on eco-friendly LNG as well as traditional fuel, which is in line with new global environmental standards.

Rosneft is among Russia's largest employers. The Company provides a competitive salary and social guarantees and offers opportunities for career growth and personal fulfilment. The health and well-being of Rosneft employees is and has always been our top priority. When the pandemic hit Russia, we acted promptly to create an emergency response framework and develop and roll out measures to prevent the spread of COVID-19 that meet the world's best practices.

We monitor the situation on a daily basis at all Rosneft facilities, and as many of our personnel as possible worked remotely. Strict observance by all employees of anti-pandemic rules and requirements helped prevent the spread of COVID-19. Over 780,000 coronavirus tests were performed at the Company, which also purchased 680,000 litres of sanitisers and more than 39 million pieces of personal protective equipment for employees. Additionally, a corporate vaccination programme has been rolled out.

There is no challenge, however tough, that we at Rosneft cannot rise to – and the previous year was a huge testament to that. In a difficult macroeconomic environment, the Company demonstrated strong resilience and managed to further solidify its leadership in the energy market.

Igor Sechin
Chief Executive Officer and Chairman of the Management Board

OUR STRATEGICALLY IMPORTANT UN SUSTAINABLE DEVELOPMENT GOALS

SOME HIGH-PRIORITY SUSTAINABILITY PERFORMANCE INDICATORS ARE PART OF THE MANAGEMENT'S KPIS.

3 GOOD HEALTH AND WELL-BEING

Rosneft is committed to ensuring global leadership in accident-free operations, safe workplace conditions, protecting health of local residents in the regions where the Company operates, and minimising environmental footprint.

The Company places a special focus on occupational safety and comfortable working environment for its employees and contractors.

RUB 42 bln
Green investment in 2020

>130,000 employees
completed a distance training course on Golden Rules of Safety in 2020

84% vehicles
are equipped with on-board monitoring systems

The Company implemented a set of initiatives to ensure production stability and prevent the spread of COVID-19 (for details, see p. 18)

Rosneft piloted digital protective gear such as smart helmets (for details, see p. 113)

The Company developed and adopted the Traffic Safety Guidelines for 2020–2022 (for details, see p. 118)

7 AFFORDABLE AND CLEAN ENERGY

Rosneft seeks to improve energy efficiency across all business lines and spotlights leadership in innovation as a major development factor.

The Company recognises its role and responsibility for timely and reliable energy supplies to consumers (including to emerging markets) on equal terms and at competitive prices.

11.8 mln GJ
of fuel and energy saved

RUB 6.7 bln
of energy savings in money terms

>9,500 fuel quality checks
performed by Rosneft's mobile laboratories in 58 Russian regions

Rosneft continued expanding the sales geography of fuels with improved environmental characteristics and performance in the Russian market: Pulsar 100, Euro 6, and the line of ACTIVE technology fuels based on AI-95 fuel.

Group Subsidiaries receive energy certification (for details, see p. 183)

In 2021, the Company plans to certify at least 25 petroleum products test labs of its marketing and distribution segment for compliance with the corporate certification system requirements (for details, see p. 196)

8 DECENT WORK AND ECONOMIC GROWTH

Rosneft contributes to the sustainable growth of the economy and its modernisation as well as creating new production facilities and highly efficient jobs, and making high value-added products by moving to long-term contracts with consumers, suppliers and contractors, and to the anchor order system.

On top of that, the Company is committed to providing social security to its employees and their families, preserving jobs, and protecting human rights.

71% of the headcount
covered by collective bargaining agreements

1.8 times
the average monthly salary in the Company is above the Russian average

RUB 2.76 trln
spent on goods, works and services procured from third parties

The Company launched its Scientific and Educational Centre focusing on digital technologies for oil and gas (for details, see p. 140)

Rosneft launched contactless payment solutions at its filling stations (for details, see p. 198)

Rosneft Procurement mobile app was developed (for details, see p. 205)

13 CLIMATE ACTION

In the medium term, the Company's strategic targets factor in the public's growing needs and environmental concerns and include:

- ramping up production of natural gas as a lower-carbon energy source;
- running refinery development projects to boost the output of products in high demand and feedstock for the petrochemical industry;
- reducing emissions and increasing efficiency of production facilities;
- creating, launching and rolling out new products contributing to lower emissions and higher fuel efficiency.

~4 mmt of CO_2 equivalent
greenhouse gas emissions avoided since the start of the Rosneft–2022 Strategy[1]

Rosneft continues its progress towards the 2035 targets and looks beyond to explore ways of further reducing emissions by leveraging new low-carbon technologies.

Rosneft approved the Carbon Management Plan for the period until 2035 (for details, see p. 53)

The Company rolled out a pilot project to detect methane leaks (for details, see p. 61)

17 PARTNERSHIPS FOR THE GOALS

Rosneft recognises the importance of the global energy sector's sustainability and responsible business practices of the industry majors.

The Company shares the principles of Russian and international ethical declarations, statements and initiatives, including the respect for fundamental human rights, elimination of inequality and protection of the environment.

Rosneft and BP signed the Strategic Cooperation Agreement to support their carbon management and sustainable development initiatives.

Rosneft and BP signed the Agreement on Technological Cooperation in Science, Design, Energy Efficiency and Localisation.

Rosneft's Vice President attended a remote round table on the Guiding Principles on Reducing Methane Emissions across the Natural Gas Value Chain (for details, see p. 65)

[1] Conversion to CO_2 equivalent is based on the assumption that 50% of the energy saving was obtained from natural gas and 50% from fuel oil.

BUSINESS MODEL

CAPITAL[1] resources

FINANCIAL

RUB 785 bln
investments

SOCIAL AND REPUTATIONAL

23
countries of operation

HUMAN

356,000
qualified employees[2]

INTELLECTUAL

31
R&D and design institutes

NATURAL

RUB 42 bln
green investments

PRODUCTIVE

#1
public company worldwide by production volume[3]

13 refineries in Russia

Stakes in **6** refineries Abroad

OIL AND GAS PRODUCTION

Major resource base and modern production assets

Crude oil, mmt

Hydrocarbon liquids production[4]	193
Crude oil purchases in Russia	14
Crude oil purchases abroad	19

Crude oil

Exploration

Gas

Gas, bcm

Gas production[4]	58
Gas purchases	10

OIL REFINING AND PETROCHEMICALS

Modern and environmentally friendly refineries

Oil refining, mmt

In Russia	93
Abroad	11

Petroleum products, mmt

Production in Russia	90
Production abroad	11
Purchase	3

COMMERCE AND LOGISTICS

Effective trading and wide retail network

Oil sales, mmt

In Russia	5
Abroad	115

Petroleum products sales, mmt

In Russia	38
Abroad	64
Petrochemicals	2

Gas sales, bcm

In Russia	52
Abroad	4
Internal consumption, etc.	12

FINANCIAL PERFORMANCE

Strong performance and stable profits

Revenue, RUB bln

CAPITAL results

FINANCIAL

RUB 1,209 bln
EBITDA

21%
EBITDA margin

RUB 147 bln
net income

SOCIAL AND REPUTATIONAL

RUB 2.4 trln.
fiscal payments

RUB 5.6 bln
charity

HUMAN

#1
employer in Russia's oil industry

RUB 28 bln
allocated for social projects

INTELLECTUAL

64
patents issued

72 technologies
implemented and rolled out

NATURAL

767 kt of CO_2 eq.
reduction of GHG emissions[5,6]

1.3 mmt
Euro-6 gasoline production

PRODUCTIVE

138%
reserve replacement ratio (SEC)

38 mmt
motor fuels output

[1] Definition and list of capitals as per the International Integrated Reporting Framework published by the International Integrated Reporting Council (IRCC).
[2] Headcount as at 31 December 2020.
[3] Listed on Western stock exchanges.
[4] Production by subsidiaries and proportionately consolidated companies.
[5] Effect from the Energy Saving Programme.
[6] Conversion to CO_2 equivalent is based on the assumption that 50% of the energy saving was obtained from natural gas and 50% from fuel oil.

ABOUT THE REPORT

GRI 102-52 GRI 102-51

In 2020, Rosneft continues to disclose its non-financial metrics on the annual basis and releases its 15th Sustainability Report (the Report).

All Reports are available on the Company's official website

The Report seeks to inform a wide range of Rosneft's stakeholders, including employees, shareholders and investors, communities in the regions of operation, public associations, customers and partners. GRI 102-40

Rosneft's 2019 Sustainability Report[1] scored a prize at the 23rd Annual Report Competition held by Moscow Exchange and RCB Media Group in the Best Corporate Social Responsibility and Sustainability Report category inaugurated by the Russian Union of Industrialists and Entrepreneurs (RSPP).

The Company receives feedback from different sources – comments and suggestions on sustainability reports can be submitted by phone or to the e-mail address in the Contacts section. All messages are reviewed and taken into account when preparing the next Report.

In order to avoid overlaps, some information is included in the Report as a reference to the Company's 2020 Annual Report or other public documents.

Reporting Principles

The Report was prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards, core option).

The Company also relied on the methodology of the following:

- GRI Oil and Gas Sector Disclosures;
- UN Global Compact principles;
- International Financial Reporting Standards (IFRS);
- recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD);
- 2020 IPIECA voluntary guidance for the oil and gas industry;
- <IR> International Integrated Reporting Framework.[2] GRI 102-54

The information on Rosneft's contribution to the UN Sustainable Development Goals, including those prioritised by the Company, is tagged in the Report by the relevant icons.

GRI 102-56

The 2020 Report was subject to independent assurance by EY. For the independent assurance report, see p. 212.

In 2020, for the fifth time in a row, Rosneft became one of the leaders of the RSPP Responsibility and Transparency and Sustainability Vector indices reflecting the degree of disclosure about the Company's sustainability and ESG performance. The indices are based on public corporate reports, including annual and non-financial reports.

Report Content and Materiality Matrix

To select the most relevant sustainability metrics and topics under the GRI standards, Rosneft compared the ESG reports of the Russian and foreign oil and gas majors and took into account significant events and trends in the sustainable development of the industry. GRI 102-44 GRI 102-46 GRI 102-47

To identify material topics, the Company conducted a benchmarking and reviewed the sustainability inquiries received during the reporting period and feedback on the report for 2019. Rosneft also surveyed its managers to assess the Company's impact on sustainable development.

The final list of material topics is based on the results of this analysis and takes into account the principles of completeness, materiality, and internal and external stakeholder engagement, along with the sustainability agenda in the industry.

New material topics versus the ones presented in the 2019 report include: GRI 102-49

- taxes;
- COVID-19 impact on the Company's operations;
- supplier environmental assessment;
- development of R&D capabilities and innovations, including those related to combating climate change.

Materiality matrix GRI 102-47

MATERIALITY FOR STAKEHOLDERS

	• Asset integrity, process safety • Taxes	• Economic performance • Indirect economic impact • Air emissions (including GHG emissions) • Risks and opportunities related to climate change • Compliance with environmental legislation • Occupational health and safety • Water
• Government policy (political contributions) • Customer privacy • Digital transformation and information security	• Combating corruption • Compliance with social and economic requirements • Amount and type of proved reserves and production • Diversity and equal opportunity • Customer health and safety • Supplier environmental assessment • Development of R&D capabilities and innovations, including those related to combating climate change	• Local communities • Energy • Water discharge and waste management • Biodiversity • Emergency preparedness • Rights of indigenous peoples and minorities • Employment and labour/management relations • Training and education • Procurement practices • COVID-19 impact on Rosneft's operations
	• Market foothold • Combating anti-competitive practices • Human rights protection • Materials • Product and service labelling • Supplier social assessment • Freedom of association and collective bargaining • Forced, compulsory and child labour • Security practices (from human rights perspective) • Asset shutdown management (mitigation of environmental and social impacts) • Import substitution and proprietary developments • Transparent pricing	

MATERIALITY OF THE COMPANY'S IMPACT

[1] Rosneft's 2019 Sustainability Report was published in July 2020.

[2] Rosneft's business model was developed using the <IR> concept of capitals.

Reporting Boundaries

GRI 102-45 GRI 102-48 GRI 102-49

This Report includes consolidated information about the Group Subsidiaries. It covers entities directly or indirectly owned by Rosneft that are consolidated under the IFRS (as subsidiaries and joint operations, respectively) fully or proportionally to Rosneft's interest therein, unless the notes indicate otherwise.

To the extent not disclosed in Rosneft's consolidated financial statements, indicators are given for the purposes of this Report in accordance with the following guidelines:

- material health, safety and environment (HSE) and HR indicators of Rosneft's subsidiaries are accounted for in full;
- indicators of entities classified as joint operations are accounted for in full, provided that Rosneft ensures their compliance with its HSE and HR requirements;
- reference data on entities classified under the IFRS as joint operations, associates and financial investments are accounted for to the extent material for the Company's sustainability performance.

Definitions

In this Report, the terms Rosneft and the Company refer to PJSC Rosneft Oil Company or the Group Subsidiaries.

The term Group Subsidiaries refers to the entities where Rosneft holds directly or indirectly 20% or more.

Disclaimer: Forward-Looking Statements

The Report contains forward-looking statements regarding the Company's future sustainability performance. Plans and intentions depend on the changing political, economic, social and regulatory environment in Russia and globally, which means that the actual results presented in subsequent reports may deviate from the projections.

SUSTAINABLE DEVELOPMENT PRACTICES IN 2020

2020

JANUARY

Rosneft implemented an AI system to manage drilling rigs operating in the Orenburg Region.

The Company carries out fuelling operations for vessels that dock at Russian river ports using eco-friendly fuel produced at Novokuibyshevsk Refinery. It is characterised by a low sulphur content that does not exceed 0.1% and fully meets the requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL).

FEBRUARY

The first meeting of the Joint Coordination Committee of Rosneft and Japan's Agency for Natural Resources and Energy took place. The participants discussed the progress of jointly implemented projects and agreed to intensify cooperation.

An indigenous crafts fair was held near the Ust-Tegusskoye field in the Tyumen Region with support from RN-Uvatneftegaz.

MARCH

Rosneft and SME Corporation signed an agreement to expand cooperation and held educational workshops for small and medium-sized enterprises.

APRIL

The Strategic Planning Committee of the Company's Board of Directors was renamed as the Strategy and Sustainable Development Committee, with its tasks ans functions expanded accordingly.

Rosneft embarked on the programme to assess the stability of Arctic ecosystems based on the study of key animal species in the Russian Arctic. Before the end of 2023, the Company plans to carry out eight expeditions to explore the Laptev, Barents and Kara seas.

MAY

Rosneft and Yandex launched a joint project to enable remote fuel payments via the Yandex.Fuel app.

Vladimir Monomakh, the first Russian Aframax tanker, was launched by the Zvezda Shipyard.

JUNE

The Company updated the public statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals".

Bashneft's air quality control system was certified under ISO/IEC 17025–2019 international standard.

JULY

Rosneft released a public statement regarding the Company's stance on human rights and the Declaration on Respecting Human Rights to be used when interacting with suppliers of goods, works and services.

Zvezda Shipyard obtained an international licence to build LNG carriers with a membrane storage system.

Rosneft's building located on Moscow's Leninsky Avenue got a BREEAM In-Use international certificate that indicates a high level of construction and maintenance of the building, its energy efficiency, environmental friendliness and level of comfort for people.

AUGUST

Rosneft launched a lecture course on the biology of the Black and Azov seas based on the Black Sea and Sea of Azov Environmental Atlas materials.

Rosneft received an award from the Federal Service for Intellectual Property (Rospatent) for developing a biological agent to clean the northern seas from oil spills (the project was run by the Arctic Scientific Centre, Innopraktika and the Faculty of Biology of Lomonosov Moscow State University).

SEPTEMBER

September saw the 25th anniversary of the transformation of a state-owned company into open joint-stock company Oil Company Rosneft.

7th Corporate Congress of Ecologists was held, which focused on the Company's long-term goals in environment protection and carbon management.

OCTOBER

The Group Subsidiaries operating in the Volga Region completed seasonal activities aimed at restoring fish reserves in the Volga, having released over 700,000 fry of sterlet, common carp and hypophthalmichthys.

Rosneft's Integrated HSE Management System (IMS) was certified under ISO 45001:2018 Occupational health and safety management systems and ISO 14001:2015 Environmental management systems.

Rosneft and TEK-Torg developed a mobile app to facilitate the handling of the Company's procurement.

NOVEMBER

Rosneft held a unique IT marathon that attracted participants from 28 countries and 35 universities worldwide.

RN-TsIR (Rosneft's R&D institute) developed an innovative technology to convert acetone into isopropanol, which is used to produce high-efficiency antiseptics as well as solvents, chemicals and a number of cosmetic products.

An Environmental Development Concept was developed for the Company.

DECEMBER

Rosneft announced its climate-related goals as per the Carbon Management Plan for the period until 2035.

The Company held an extended meeting on accident-free operations.

Rosneft hosted Rosneft Pitch Day, an online exhibition of domestic IT solutions, which brought together 80 Russian IT companies.

FTSE Russell, a subsidiary of London Stock Exchange Group, reconfirmed Rosneft as a constituent of the FTSE4Good Index Series. The Company scored 3.9 on FTSE Russell's five-point index, ahead of 84% of participants in the ICB's international oil and gas supersector.

2021

EVENTS AFTER THE REPORTING DATE

FEBRUARY

Rosneft and BP signed the Strategic Cooperation Agreement to support their carbon management and sustainable development initiatives.

Rosneft held a press conference to mark the Year of Science and Technology and discuss its R&D initiatives across all lines of business.

PROTECTING HEALTH AND STAYING EFFICIENT. COVID-19 MEASURES

GRI 103-1 GRI 103-2

INTEGRATED APPROACH

Since February 2020, the Company has rolled out an integrated framework to respond to the pandemic threats, with 284 Group Subsidiaries establishing dedicated task forces.

297 Group Subsidiaries adopted Plans of Priority Response Measures to Ensure Business Continuity.

The Company adopted the Guidelines for Handling COVID-19 Cases Among Employees, including disinfection of offices and common areas, and identifying and isolating persons who were in physical contact with the infected employee.

The Company developed an epidemiological assessment procedure that uses COVID-19 spread ratios and incidence rates.

We managed our COVID-19 response in **liaison** with regional authorities and the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor).

BUSINESS CONTINUITY

Despite having had most of our employees switch to remote working, we ensured business continuity without any loss of process control quality. This was achieved thanks to an effective IT support leveraging modern means of communication in compliance with confidentiality protection standards.

Employees not involved in ensuring continuous production were sent to work from home. Business trips have been minimised and working meetings and various events mostly moved online.

The Company ensured uninterrupted operation of its filling stations, while also maintaining high customer service standards. We took all the necessary measures to protect the health of our staff and customers at the filling stations.

RAISING AWARENESS

All of the Company's employees were timely informed about the pandemic-related requirements (including the need to use personal protective equipment for respiratory and hand protection while in public transport and public places, social distancing and other restrictions).

In March 2020, a 24/7 Support Hotline on COVID-19 matters was launched for the employees of Rosneft and Moscow-based offices of the Group Subsidiaries. The hotline has processed over 17,000 inquiries from employees on what to do in case of spotting symptoms of a respiratory infection, how to get medical assistance or undergo COVID-19 testing, how to avoid getting infected, etc.

Care for safety and well-being of all stakeholders

EMPLOYEES

The Company ensured compliance with health and sanitary rules for its employees: contactless temperature measurements, the use of personal protective equipment (masks and gloves), social distancing, the use of sanitisers and regular disinfection of offices, common areas, canteens and transport.

Over 780,000 tests for COVID-19 were taken in Moscow offices of the Company and Group Subsidiaries to identify infected employees.

Rosneft purchased more than 39 mln units of PPE, 680,000 litres of hand sanitisers, and 6.8 mln litres of disinfectants for offices and workplaces.

In March 2021, mass vaccination of the Company's employees began.

SHIFTS

Length of breaks between shifts was increased to 60 and 90 days.

Over 250 observation facilities were opened, providing beds for more than 21,500 incoming workers. The Company also set up more than 322 isolation units with 2,800 beds for employees having acute respiratory infection symptoms.

EDUCATION AND COMMUNICATION

Over 760 thousand man-courses were taught across all business lines (138% of the 2020 target). Despite the pandemic, the Company managed to reach and exceed the target by active implementation of distance learning.

CUSTOMERS

Rosneft's filling stations offer contactless payments.

All employees have their body temperature measured every day before the start of their shifts.

All filling stations undergo regular cleaning and disinfection, including those performed on ventilation and air conditioning systems.

Employees of the filling stations make sure that the customers keep social distance of 1.5 m.

They also monitor the use of respiratory protection by the customers and provide them with masks if necessary.

The store areas are equipped with hand sanitisers for customers.

All filling stations have banners with information about the COVID-19 and measures to mitigate its spread approved by the Russian Ministry of Health.

The loyalty programme members were sent emails, SMS messages and push notifications letting them know about the measures taken at our filling stations to combat the pandemic.

Cafés at filling stations have switched to takeaway service.

Stores at filling stations are introducing a new product category – health products that include, among other things, sanitisers and antibacterial tissues.

LOCAL COMMUNITIES

The Company has launched production of two sanitiser and disinfectant components: ethanol and acetone. Since the onset of the pandemic, 41.8 kt of acetone and 3.2 kt of ethanol were sold in Russia.

SUPPORT FOR MEDICAL WORKERS AND INSTITUTIONS

Rosneft provided support to healthcare facilities across its footprint, including direct allocation of funds as well as donations of necessary medical and personal protective equipment.

5,600 protective overalls were provided to healthcare facilities in Ryazan.

Around 50,000 units of personal protective equipment were given to Pyt-Yakh District Clinical Hospital and Yatskiv Nefteyugansk Regional Clinical Hospital in the Khanty-Mansi Autonomous Area – Yugra.

The Company also financed the purchase of 50 L/min stationary oxygen concentrators for resuscitation in the Republic of Sakha (Yakutia) and mobile CT units in the Krasnoyarsk Territory.

Sibneftegaz donated over 400 visors, i.e. protective masks manufactured using 3D printing, for doctors of infections wards in the Nenets Autonomous Area and to Novy Urengoy's emergency medical station.

1. SUSTAINABLE DEVELOPMENT

As a member of the UN Global Compact since 2010, Rosneft has been working hard to meet the growing energy needs of the global economy, which is essential for a well-balanced social and economic development and better quality of life. High standards of sustainable production, social responsibility, and HSE underlie all of the Company's business segments.

EMISSIONS REDUCTION BY 2035

–20 MMT OF CO_2 EQ.

1

SUSTAINABLE Development

STRATEGIC VISION OF SUSTAINABLE DEVELOPMENT

Rosneft–2022 Strategy

GRI 103–1

Asserting global leadership in accident-free operations, safe workplace conditions, protecting health of local residents in the regions where the Company operates, and minimising the environmental footprint are among the top priorities of the Rosneft–2022 Strategy[1].

The Strategy pursues goals of improving industrial safety and production reliability, reducing accident and injury rates, and mitigating greenhouse gas (GHG) emissions. We are running major projects along the entire value chain, from safe oil and gas production to the manufacture of modern fuels with minimal emissions, in order to minimise our environmental footprint.

The strategic principles are consistent with the goals of the Paris Climate Agreement and UN Sustainable Development, efforts to create a favourable social and environmental conditions, and objectives under Russia's national projects[2], as well as the nation's Energy Strategy[3]. In 2018, the Strategy was expanded to cover initiatives in social, human resource and urban infrastructure development, regional growth, and environmental protection. In December 2018, the Board of Directors approved the Company's strategic principles and Public Statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals".

In 2020, Rosneft set long-term goals for the climate agenda by developing a Carbon Management Plan for the period until 2035. Among these goals are preventing GHG emissions, reducing their intensity, and achieving zero flaring of associated petroleum gas (APG). To deliver these, a multitude of technological, investment, and organisational issues need to be addressed, so the Company has developed the relevant detailed action plan.

"Rosneft is uniquely positioned to supply hydrocarbons with a low carbon footprint to meet the world's growing demand for energy. As one of the world's energy leaders boasting an extensive and low-cost resource base and a strong strategic position in the global hydrocarbon market, the Company is set to reduce GHG emissions and produce more energy with less impact on the climate and environment by 2035."

Igor Sechin,
Chief Executive Officer and Chairman of the Management Board

Rosneft's comprehensive sustainable development framework

Environmental sustainability in production and "net positive impact" in biodiversity conservation

- Sustainable use of resources
- Conservation, protection, and restoration of ecosystems, conservation of biodiversity
- Minimisation of negative impacts on the environment
- Effective operations
- Carbon management
- Best environmental practices

Global energy supplier with a low-cost resource base

- Low costs
- Cutting-edge technology and efficiency
- High ROE

Competitive carbon and methane intensity among oil and gas majors

- Support for the UN Sustainable Development Goals and Principles relevant to carbon management
- Initiatives to reduce Scope 1, 2, & 3 emissions
- Management of climate risks for infrastructure

[1] Approved by Rosneft's Board of Directors in December 2017.

[2] Decrees of the President of the Russian Federation No. 204 On National Goals and Strategic Objectives of the Russian Federation through 2024 dated 7 May 2018 and No. 474 On the National Development Goals of the Russian Federation through 2030 dated 21 July 2020.

[3] Approved by Resolution of the Russian Government No. 1523-r On the Energy Strategy of the Russian Federation until 2035 dated 9 June 2020.

Sustainable development is a permanent priority reflected in our long-term goals:

2017

Rosneft–2022 Strategy

Goal: leadership in health, safety and environment

2018

Strategic initiatives based on national priorities

- Rosneft – City of the Future
- Employee development
- Social development
- Environment
- Regional development
- Digital Rosneft

Public Statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals"

2019

Public Statement on Human Rights; Declaration on Respecting Human Rights to be used when interacting with suppliers of goods, works and services

Declares the Company's approach to promoting human rights: Rosneft recognises the importance and value of fundamental human rights and freedoms

2020

Carbon Management Plan for the period until 2035

Long-term vision of the climate agenda and contribution to the Paris Agreement

For details on the climate goals and Carbon Management Plan for the period until 2035, see the Climate Action chapter of this report.

Rosneft's 25th anniversary

29 September 2020 saw the 25th anniversary of the transformation of a state-owned company into open joint-stock company Oil Company Rosneft. Back in 2006, the sale of Rosneft's shares on the Moscow and London stock exchanges for a total of USD 10.7 bln was the largest IPO[1] in Russia's history, and one of the five biggest equity offerings in the history of the global stock market.

Over this period, Rosneft has built a transparent and well-balanced shareholding structure, becoming a global energy company operating in 23 countries.

Since 1991, Rosneft has been the source of about 80% of all privatisation proceeds from the oil and gas industry for the state, which exceeded USD 30 bln.

Over the past 20 years, the Company has reached a fundamentally new level of profitability: its revenues have soared more than 80-fold and the multiplier effect of its investment programmes exceeded RUB 14 trln. The Company's output has increased almost 20-fold over these 20 years. It has started development on 17 major new fields.

Since 2014, Rosneft has raised USD 24 bln in foreign direct investment (more than 1/4 of all foreign direct investment in the country). In 2020, the Company maintained its status as the country's largest taxpayer, with more than RUB 2.4 trln in taxes, duties, and insurance contributions paid to budgets at all levels and extrabudgetary funds of the Russian Federation.

[1] IPO – initial public offering.

Contribution to UN Sustainable Development Goals GRI 102-16

Our mission, values, goals, and strategic priorities are consistent with the 17 United Nations Sustainable Development Goals[1]. The Company regularly updates its Public Statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals", which reflects the Company's progress. The statement complements the Policy on Sustainable Development and complies with the principles of openness, transparency and information disclosure to shareholders, investors, and other stakeholders.

In December 2018, Rosneft's Board of Directors approved five strategically important UN Sustainable Development Goals in its key business areas.

For details, see our Public Statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals" available on the Company's website

Strategically important UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

- Protecting health and ensuring a safe working environment;
- Implementing the environmental policy;
- Risk and incident management;
- Ensuring road traffic safety;
- Fostering a favourable social environment

7 AFFORDABLE AND CLEAN ENERGY

- Increasing energy efficiency in all operating segments;
- Creating conditions to improve energy efficiency when using Company products;
- Ensuring access to energy and reliable energy supplies to consumers, including in the emerging markets;
- Innovative activities

8 DECENT WORK AND ECONOMIC GROWTH

- Contributing to the sustainable development and diversification of the national economy;
- Protecting employee health and safety;
- Contributing to the health and safety of suppliers and contractors;
- Creating a favourable social environment;
- Supporting family and childhood;
- Ensuring freedom of association and collective bargaining;
- Productivity growth and efficiency improvement;
- Using education as a means of integrating young people into the energy sector;
- Establishing a sustainable procurement system along the entire value chain;
- Improving energy efficiency in all operating segments;
- Creating decent living and labour conditions in remote regions

13 БОРЬБА С ИЗМЕНЕНИЕМ КЛИМАТА

- Managing risks related to climate change;
- Improving energy efficiency in all operating segments;
- Creating conditions to improve energy efficiency when using Company products;
- Implementing the environmental policy;
- Innovative activities

17 ПАРТНЕРСТВО В ИНТЕРЕСАХ УСТОЙЧИВОГО РАЗВИТИЯ

- Participation in global initiatives;
- Contributing to the sustainable energy development;
- Establishing effective partnership with state organisations, business, and society

[1] UN Sustainable Development Goals (adopted by the Resolution of the UN General Assembly on 25 September 2015) seek to achieve a meaningful progress in addressing global economic, social and environmental challenges.

WE SUPPORT

UN GLOBAL COMPACT

Sustainability initiatives

In 2010, Rosneft joined the UN Global Compact, the most far-reaching international social responsibility initiative bringing together more than 12,000 companies from over 160 countries. We adhere to the ten Global Compact principles in the areas of human rights, labour, environment and anti-corruption. These principles are given consideration on both strategic and operating levels, in particular, they are incorporated in local regulations that cover main business processes of the Company.

In 2019, Rosneft joined the initiative to reduce methane emissions launched by leading international oil and gas companies.

ESG Investing

In 2020, the Board of Directors voted to assign more responsibilities to the Strategic Planning Committee, renaming it the Strategy and Sustainable Development Committee. Chaired by Robert Dudley, the Committee assists the Board of Directors in defining the Company's strategic goals and growth targets, including ESG goals. The Committee is responsible for assessing the Company's long-term performance and Rosneft's contribution to achieving the UN global sustainability goals, including analysis of risks and opportunities related to climate change, the environment (including responsible use of water resources) and other factors, including respect for human rights.

The development of ESG investing is supported and overseen by Igor Sechin, CEO, Chairman of the Management Board, Deputy Chairman of the Board of Directors, who has repeatedly proclaimed social and environmental responsibility as a key value of the Company

Climate change and carbon management are also the responsibility of Didier Casimiro, First Vice President, Member of the Management Board, Chairman of Rosneft's Carbon Management Committee, and Brian McLeod, Vice President for Health, Safety and Environment.

In 2020, every fifth matter considered by the Board of Directors or the Management Board was related to the Company's sustainable development. The share of the Board committees' recommendations on sustainable development stood at 18% (including climate change).

The Company works to foster its investor relations, takes part in ESG rankings and discloses ESG performance in line with the current guidance on responsible investment and recommendations of LSEG, TCFD under the G20's Financial Stability Board, CDP, and others.

In 2020, we managed to maintain strong relations with investors and ESG rating agencies despite the COVID-19 challenges. Our activities included:

- around 50 meetings and conference calls (including regular communications with Climate Action 100+ investors, and ESG roadshows in Europe);
- a continued dialogue with 16 key rating agencies.

For more details on the Company's participation in the methane reduction initiative, see Climate Cooperation in this Report.

Rosneft has made a practice of submitting an Advanced Communication on Progress (CoP) to the UN Global Compact. It is available on the website

Recognition in Sustainable Development

GRI 103-3

In 2020, our sustainable development achievements put us high in a number of authoritative global ESG rankings.

Ranking	Position in 2020
FTSE4Good	Rosneft was again included in the FTSE4Good Index Series. The Company scored 3.9 on FTSE Russell's five-point index. We were ahead of 84% of participants in the ICB's international oil and gas supersector.
Bloomberg	Rosneft improved its score to 71.83 to become the leading oil and gas major in Bloomberg's ESG Disclosure rankings.
REFINITIV	The Company has an "A" rating, which places us among the Top 10 oil and gas producers.
MSCI	MSCI raised our rating to "BB".
vigeoeiris	Vigeo Eiris included Rosneft in its Best EM Performers ranking, a list of 100 ESG leaders from among 843 companies across 32 sectors and 31 countries in the emerging world.
S&P Global	Rosneft received a percentile ranking of 53 under the S&P Global Corporate Sustainability Assessment, with the overall score up by three points.
SUSTAINALYTICS	We were the top oil and gas company in Russia, with an improved rating of 33.9.
CHRB Corporate Human Rights Benchmark	Rosneft improved its CHRB score to 10 to overcome all other oil and gas companies in Russia.
РСПП	One of the leaders of the Responsibility and Transparency and Sustainability Vector indices.

SUSTAINABILITY MANAGEMENT

Sustainability Policy

Rosneft's integrated approach to and position on sustainability are set out in the Policy on Sustainable Development. The Company's goals and objective in the document include, among others, supporting the strategy and efforts to achieve industry leadership, increasing shareholder value, facilitating professional and personal growth of employees, making better use of natural resources, and establishing effective and transparent communication with stakeholders.

Rosneft's Policy on Sustainable Development is available on the Company's official website

Strategy and Sustainable Development Committee of the Board of Directors GRI 103-2

In April 2020, the Board of Directors voted to assign more responsibilities to the Strategic Planning Committee, renaming it Strategy and Sustainable Development Committee. The committee assists the Board of Directors in defining strategic goals and growth targets, including ESG goals and Rosneft's contribution towards the UN Sustainable Development Goals.

Its functions also include analysing Rosneft's risks and opportunities associated with climate change and environmental issues and communicating relevant information to the Board of Directors.

For details on the Strategy and Sustainable Development Committee, see the Company's official website

Sustainable Development Principles

Along with the five priority UN Sustainable Development Goals pursued by Rosneft as part of its core operations, the Company formalised its strategic principles in this area.

Maximum adaptability of the business model while transitioning to the low-carbon economy

- Flexible business model
- Balanced investment portfolio
- Strong performance and value creation irrespective of the oil business cycle
- Energy security

Fostering social and economic development

- Direct and indirect support of economic development
- Development of suppliers, contractors, and related industries; employment and staff training
- Industrial and social infrastructure
- Availability of energy resources, novel products and solutions

Fair and responsible business practices

- Business and production integrity
- Transparency and information disclosure
- Respect for human rights
- Ethics, compliance with procedures, and combating corruption
- Risk management

Care for people, the environment, and moral values

- Safety culture and safe conduct of business
- Working space and benefits for employees
- Human, business and asset security

Response to climate change risks

- Corporate governance with a stronger focus on climate change
- Lower GHG emissions
- Monitoring of production-related energy consumption
- More eco-friendly products

Efficient environmental impact management

- Leadership in environmental protection
- Water resource management
- Ecosystems and biodiversity

Partnership with stakeholders

- Efficient partnerships
- Respect for human rights
- Right to work, comfortable working conditions, and social protection of employees
- The Company's values for suppliers and contractors

CORPORATE GOVERNANCE

Reliant on Russian and international best practices, the Company's corporate governance framework kept developing in 2020 taking into account external changes and the needs of shareholders and other stakeholders. All its components are involved in and contribute to ongoing sustainability management. GRI 102-18 GRI 102-20 GRI 102-22

For details on the corporate governance framework, see the Corporate Governance section of the 2020 Annual Report, pp. 234–237, and the official website

[1] For details on shareholder engagement, see the 2020 Annual Report.

[2] Strategic Planning Committee before April 2020. In charge of reviewing sustainability reports instead of the HR and Remuneration Committee.

Performance in 2020

General Shareholders Meeting

The dividend decision made by the General Shareholders Meeting in 2020 is in line with the Dividend Policy designed to balance the Company's and its shareholder interests. It seeks to boost the Company's investment appeal and shareholder value:

In 2020, the Board of Directors recommended a record-high dividend payout for 2019 of RUB 354.1 bln[1] (50% of the Company's IFRS net income attributable to Rosneft shareholders).

RUB 354.1 bln

recommended dividend payout to the Company's shareholders for 2019[1]

Board of Directors

The Board of Directors consists of 11 members nominated by the Company's shareholders. It has four independent directors, and also four non-executive directors who are not related to the Company and its majority shareholder, which ensures an effective balance of power on the Board of Directors.

As part of the sustainability risk management process, the Board of Directors did the following:

- reviewed the report on the status of the Comprehensive Plan for the Enhancement of the Risk Management and Internal Control System;
- reviewed HSE reports;
- approved the report on the identification of company-wide financial and operational risks for 2021.

In 2020, the Board of Directors continued expanding its ESG and sustainable growth agenda. In particular, the purview of one of the committees was expanded to include the preliminary review of ESG matters, which will help the Board of Directors to zero in on the Company's green projects.

In 2020, every fifth matter considered by the Board of Directors or the Management Board was related to the Company's sustainable development. The share of the Board committees' recommendations on sustainable development stood at 18%.

83 (19.5 %)

out of 425 items reviewed by the Board of Directors, its Committees and the Management Board in 2020 pertained to sustainable development

In June 2020, the Board of Directors was joined by Maksim Oreshkin, Aide to the President of the Russian Federation, and Bernard Looney, CEO of BP, who both have significant experience in strategic and risk management and also climate action.

Number of items reviewed by the Board of Directors (including its committees) and the Management Board

GRI 102-29

For details on the experience and expertise of the Board members, see the Corporate Governance section of Rosneft's 2020 Annual Report on pp. 239–250.

Management Board

Key sustainability decisions made by the Management Board in 2020:

- approved charity transactions aimed at implementing regional social projects;
- approved the following Company's internal regulations, including their updates and amendments:
  - Regulations on Rosneft's Carbon Management Committee,
  - Energy Management System. Requirements and Use Guidance standard,
  - Regulations on the Remuneration and Social Security of Employees of Rosneft,
  - Regulations on Rosneft's Risk Management Committee;
- approved KPIs for the heads of Rosneft's standalone business units and the sole executive bodies of key Group Subsidiaries, which included the following targets:
  - drawing up a framework for the Company's environmental sustainability,
  - making asset upgrades,
  - developing healthcare facilities at production sites,
  - saving fuel and energy,
  - fostering technological cooperation with foreign partners,
  - putting to practical use the results of target innovative projects,
  - developing IT project management processes.

Key sustainability performance indicators

To propel the Company towards its 2022 strategic goals, the Board of Directors annually approves KPIs for the Management Board and top executives, which include the following sustainability performance metrics:

- implementing strategic objectives and initiatives;
- achieving environmental targets, including the reduction of emissions and discharges, waste and the area of contaminated lands;
- reducing injury rates (LTIF and FAR) for the Company and contractors/subcontractors;
- fuel and energy saving;
- making innovative activities more effective;
- enhancing labour productivity;
- delivering on personnel training targets and integrating professional standards in the Company's operations;
- educating stakeholders on the Company's sustainable development initiatives.

Age Diversity on the Management Board in 2020 GRI 405-1

Under 45 years	4
46–55 years	2
56–65 years	2
66 or over	1

Gender Diversity on the Management Board in 2020, %

Men	89
Women	11

[1] Including the dividends paid for H1 2019 in accordance with the resolution of the Extraordinary General Shareholders Meeting dated 30 September 2019.

Sustainability Risk Management GRI 102–15

The objectives of the Risk Management and Internal Control System are set out in the Company's Policy on the Risk Management and Internal Control System drawing on recommendations of international firms engaged in risk management, internal control and audit services.

Each year, guided by the Risk Management System, Rosneft's top management analyses potential negative developments (strategic threats) and the way they can affect the Company's target strategic indicators. This analysis includes an evaluation of the following ESG risks.

For details o n the Risk Management and Internal Control System, see the Corporate Governance section of Rosneft's 2020 Annual Report on pp. 277–287.

Strategic threat	Description	ESG aspect
Energy saving and efficiency	Energy saving and efficiency; increased fuel use efficiency in the transport sector (passenger and freight transport, air and sea transportation); active development of intelligent management systems	Environmental
Vehicles electrification and decline in petroleum product demand	Vehicles electrification, development of higher-efficiency fuel cells	Environmental
Hydrocarbons getting gradually replaced by alternative energy sources	Alternative energy development, including renewables; loss of investors, partners or shareholders, constraints on raising external funding, etc.; development of the biofuel industry	Environmental
Business restrictions stemming from climate and environmental initiatives	Global adoption of the requirements of international and regional climate and environmental initiatives; stakeholders' and external parties' demands as regards climate and environmental matters; tighter government regulation of business sectors contributing to GHG emissions / climate change, etc.; restrictions resulting from Rosneft's joining initiatives and taking on commitments	Environmental
The need to adapt the business to climate change	Climate change in certain regions and the need to adapt the business accordingly; big court cases regarding climate change and their impact on the Company's business model; expenses associated with eliminating climate change consequences across regions; unfavourable weather that may lead to changes in output and supply of oil and petroleum products	Environmental
Changes in hydrocarbon demand and its structure, as well as in consumer preferences	Changes in consumer behaviour; consumers diversifying energy import sources; products getting squeezed out by cheaper or better quality alternatives; differences in global and regional energy supply and demand; demographic changes; shift of the demand focal point to developing countries; Asia's dominance in terms of energy demand	Employees and social policy
Safety concerns across the regions of operation (outside Russia)	General situation with safety in certain regions; terrorist threats, wars and other conflicts; social unrest; epidemics, pandemics, diseases, etc.	Employees and social policy
Accidents and environmental damage	Serious accidents, damage to or destruction of the Company's property and facilities leading to disruptions in production; numerous fatalities or injuries; significant damage to the environment; anthropogenic (ecological) factors; losses resulting from uninsured risks or risks where the insurance does not cover the full scale of loss; limitations in insurance contracts	Employees and social policy
Natural disasters	Unfavourable and dangerous (extreme) natural phenomena	Employees and social policy
Safety of critically-important systems, uninterrupted supplies	Safety of critically-important systems; new forms of threats to human and facility safety; premeditated actions by third parties; misappropriation of energy during transportation; uninterrupted supplies	Employees and social policy
Cyber security	Reliability and security of IT systems, cyber security	Employees and social policy
Tighter regulation and requirements in the industry	Rules and actions of governments and regulatory bodies; constraints placed on certain operations, suspension of certain facilities	Corporate governance
Changes in the regulation of foreign economic and international activities	Changes in the regulation of foreign economic and international activities, in trade relations, etc.	Corporate governance
Deterioration of the tax regime	Negative changes in the tax regime; refusal to grant tax cuts; existing tax cuts getting eliminated	Corporate governance

STAKEHOLDER ENGAGEMENT GRI 102-43

Rosneft is focused on building a transparent, productive and mutually beneficial partnership with a wide range of stakeholders and sees it as the basis for accomplishing strategic goals and growing the business.

The Company organises its dialogue with stakeholders around various formats and mechanisms that are geared towards the effective achievement of sustainable development goals.

In its relations with stakeholders the Company is guided by the law and high business ethics standards. Rosneft has in place the Company Policy on Sustainable Development and the Code of Business and Corporate Ethics.

Stakeholders GRI 102-40

- Shareholders and Investors
- Government Agencies
- Employees
- Clients
- **ROSNEFT**
- NGOs
- Suppliers and Contractors
- Mass Media
- Regions of operation and local communities

Key Stakeholders and Interaction Highlights for 2020 GRI 102-44

Shareholders and Investors

For details, see the subsections Shareholder Relations (p. 293) and Institutional Investor Relations (p. 296) of the 2020 Annual Report

Over 190 thousand individual and corporate shareholders and more than 500 GDR holders.

Interaction
- Speeches by the CEO at major international investment forums;
- participation in one-on-one and group meetings, including those on ESG matters;
- conference calls involving heads of finance, economics, and operations;
- publication of press releases, presentations, reports, and material facts on resolutions of the Company's Board of Directors and General Shareholders Meeting on the corporate website;
- work with rating agencies on ESG.

Points of Interest
Increase in capitalisation, growth and sustainable development of Rosneft, transparency of operations.

Achievements in 2020
- Positive total shareholder return (TSR) in 2020 despite the oil price drop, >10% higher compared to the peer average;
- RUB 191.5 bln paid to the Company's shareholders in dividends[1];
- inclusion in FTSE4Good Emerging Index;
- leading positions in international ESG ratings among Russian oil and gas companies Bloomberg, Refinitiv, CHRB.

Government Agencies

As a major Russian taxpayer, Rosneft helps ensure budget stability and contributes to the nation's social and economic development.

Interaction
- Production operations;
- payment of taxes to the federal and regional budgets;
- cooperation with regional authorities;
- supplying fuel to strategic government functions;
- legislative improvement efforts.

Points of Interest
- Compliance with laws;
- timely tax payments;
- investments in regional development;
- generation of jobs for the region;
- development of urban infrastructure.

Achievements in 2020
- Presence in 78 regions;
- RUB 2.4 trln – the total amount of taxes, fees and duties;
- Rosneft is the sole fuel and lubricant supplier for the majority of government-owned companies.

[1] Dividends paid in 2020, including dividends paid to shareholders who are subsidiaries of Rosneft.

Employees

Interaction
- Ensuring occupational safety;
- providing remuneration;
- organising education, training and professional development;
- social policy implementation: establishing optimal workplace conditions, voluntary insurance, development of the health protection system and pension plan.

Points of Interest
- Establishing a safe and healthy work environment in the context of the coronavirus spread;
- stable and competitive salary, professional growth, social protection.

Achievements in 2020
- Over 780,000 tests for COVID-19;
- more than 39 mln PPE items and 680,000 litres of hand sanitiser purchased for employees;
- RUB 92,000 – average monthly salary;
- RUB 22,8 bln – the amount of social payments, benefits and one-off bonuses included in the payroll;
- 17 million man-hours of training;
- 71% of the headcount covered by collective bargaining agreements;
- 43% of staff represented by trade unions[1];
- more than 340 thousand employees of Rosneft and Group Subsidiaries covered by personal insurance programmes;
- more than 80 thousand former employees received corporate pensions.

NGOs

Interaction
Rosneft takes active part in social, scientific, sport and education development, collaborates with educational, non-profit and non-governmental organisations, and works with environmental NGOs. The Company is also a member of a number of professional associations and business unions.
- Social initiatives;
- stewardship support of educational organisations and cultural and sports institutions;
- partnership with the Leaders of Russia competition;
- cooperation with associations of indigenous peoples of the North;
- membership in professional associations and unions.

Points of Interest
Attention to socially important issues, including sustainable use of natural resources, support of social and cultural domains. Corporate social responsibility.

Achievements in 2020
- Rosneft is among the leaders of RSPP's Sustainable Development Vector index;
- For a fourth time running, Rosneft was named the best socially-oriented company as part of a Russian Ministry of Energy competition;
- The Company took part in the Earth Hour campaign: external lighting was turned off at the Company's headquarters and at administrative buildings of Group Subsidiaries;
- The Company made and published an atlas titled Black and Azov Seas.

[1] Of those Group Subsidiaries that have trade unions.

Regions of operation and local communities

Interaction
- Round tables and public discussions;
- charity and sponsorship programmes;
- support of environmental initiatives;
- development of infrastructure across the regions of operation.

Points of Interest
Jobs, development of local communities, social support.

Achievements in 2020
- Supporting regional healthcare systems amid the pandemic: supplying CT scanners, PPE, and funding for the purchase of medical equipment;
- four community meetings on offshore projects;
- RUB 5,276 mln spent on social projects in the regions of operation;
- RUB 1,221 mln spent on sponsorship activities;
- over 1.5 mln trees planted as part of forest conservation initiatives;
- RUB 428 mln allocated to charitable aid in education and science;
- RUB 1,335 mln invested in the development of infrastructure across regions, districts and municipalities;
- help with transport infrastructure development;
- RUB 340 bln in tax payments to regional budgets.

Mass Media

Interaction
- Ensuring high transparency of information in accordance with the Company's Information Policy[2];
- discussions of topical issues at round table meetings in the regions of operation;
- discussions at public events (conferences, forums);
- publications on the website and official social media accounts;
- the Company's statements in response to media publications;
- website posts containing official reports and the Company's position on various issues.
- Content of website publications:
- rational use of APG;
- technology and innovation;
- environmental protection activities;
- energy saving and energy efficiency;
- credit and ESG ratings;
- HR and social matters;
- financial and operating performance;
- contribution to the social and economic development of local communities.

Points of Interest
Regular updates with reliable, relevant and complete information.

Achievements in 2020
- More than 400 news items and press releases published on the Company's website;
- an Arctic breakfast held for journalists, where Rosneft specialists shared the results of the expedition season and comprehensive research in the Arctic;
- more than 10 documentaries and special reports on the Company's environmental expeditions in the Arctic broadcast on popular TV channels;
- the "Rosneft: contributing to implementation of the UN Sustainable Development Goals" public statement updated;
- Rosneft's 2019 Sustainability Report published;
- strong presence in social networks (Twitter, VK, Facebook, Instagram, YouTube).

[2] Rosneft's Information Policy is posted on the website: https://www.rosneft.com/upload/site2/document_file/BP3-01-04_P-01_V-3-00_UL-001_ENG.pdf

Suppliers and Contractors

Interaction
- Consistently high volumes of procurement of goods, works and services from small and medium enterprises (SMEs);
- implementation of category management, development of category and procurement strategies;
- improvement of contractors' competencies, including in terms of occupational health and safety;
- organising workshops and round tables for suppliers and contractors.

Points of Interest
Responsible business practice: openness, competitiveness and effectiveness, proper performance under agreements, compliance with ethical standards and non-discrimination.

Achievements in 2020
- RUB 2.76 trln – the volume of procurement;
- 13 workshops for SMEs (jointly with SME Corporation);
- SMEs account for over 50 % of potential suppliers accredited with Rosneft;
- over 137 thousand procurement procedures initiated by the Company;
- the Company's health and safety requirement apply to counterparties;
- over RUB 3.6 bln – completed procurement through the Corporate Internet Shop, with over 41 thousand registered suppliers (more than 30 thousand being SMEs).

Retail Chain Customers

Interaction
- Sales of petroleum products and associated complementary goods through a filling station chain, wholesale of petroleum products from oil depots;
- a comprehensive solution for businesses with cashless payment functionality;
- Rosneft loyalty programmes; Family Team, BP Club, and Bashneft loyalty programme;
- development of remote fuel payment services for individuals;
- B2B fuel payment service via a mobile app.

Points of Interest
- Uninterrupted supplies;
- ensuring the safety of employees, clients and suppliers in the context of the coronavirus spread;
- fuel supplies to remote and poorly accessible areas;
- guaranteed petroleum product quality control;
- simplified business processes for legal entities;
- loyalty programme for individuals;
- higher service speed at filling stations;
- high customer service standards;
- development of customer value proposition. Expansion of the range of goods and services around filling stations.

Achievements in 2020
- Around 3 thousand filling stations and complexes in Rosneft's retail network across Russia;
- about 1,500 filling stations connected to the contactless fuel payment service via the Yandex. Fuel app, with 50 filling complexes offering contactless payment solutions for food;
- the number of Family Team, BP Club and Bashneft loyalty programme members reached 15.5 mln people;
- total number of issued virtual loyalty cards reached around 1.7 mln;
- "kiosk/café" and "stores with cafés" formats at filling stations and complexes launched under Rosneft's Zerno brand;
- Rosneft stations provide compressed gas refilling for nearly 3.5 thousand vehicles daily;
- 14 charging stations for electric vehicles;
- employee health monitoring to ensure client safety, those with acute respiratory infection symptoms are not permitted to work;
- all filling stations and complexes undergo regular cleaning and disinfection, including ventilation and air conditioning systems;
- all filling station and complex employees are provided with PPE (gloves and masks) and disinfectants;
- all filling stations and complexes are outfitted with hand sanitiser dispensers.

COMPLIANCE FRAMEWORK DEVELOPMENT

Compliance Framework

GRI 103-1

Rosneft recognises the importance of maintaining high professional and ethical standards of doing business and improving transparency of its operations.

The corporate compliance framework is a system of preventive actions and pro-active measures aimed at ensuring no violations of applicable laws, industry legislation and internal regulations of the Company with a view to setting high professional and ethical standards, minimising compliance risks, and avoiding major financial losses or reputational damage.

GRI 103-2

The corporate compliance system is designed to make sure the Company succeeds in the long run by:
- acting as a guarantee of the Company's reputation;
- enhancing the Company's investment case;
- preventing and minimising compliance risk;
- establishing clear and reasonable rules of the game and enabling the personnel to do their job effectively and with confidence.

Rosneft's corporate compliance system relies on ISO 19600:2014 Compliance Management Systems.

The new anti-corruption procedures were developed in accordance with the applicable international anti-corruption laws, Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008, the guidelines of the Russian Ministry of Labour and the Federal Agency for State Property Management, as well as International Anti-Corruption Standard ISO 37001:2016 Anti-bribery management systems – Requirements with guidance for use, and the ICC Guidelines on Conflicts of Interest in Enterprises.

Priorities of Rosneft's compliance framework are approved by the Company's Council for Business Ethics

- Anti-corruption compliance
- Procurement compliance
- Anti-trust compliance (Federal Antimonopoly Service)
- Trade sanctions compliance
- Anti-fraud compliance
- Stock exchange and listing compliance (London Stock Exchange Group ethical principles)

The Company's Council for Business Ethics is a standing collegial body and an important element of its compliance framework. The Council includes senior executives responsible for key areas of the Company's activities. At its meetings, the Council:
- reviews reports on the implementation, execution and operating efficiency of the anti-fraud and anti-corruption procedures of the Risk Management and Internal Control System;
- approves the results of collecting and analysing ethical declarations to identify conflicts of interest among the Company's employees.

GRI102-16

Key internal documents governing ethics management and compliance activities GRI 102-16

- Policy on Combating Corporate Fraud and Involvement in Corruption Activities
- Regulations on Managing Conflicts of Interest
- Regulations on the Procedure for Verifying Information Received Through the Security Hotline Channels
- Regulations on the Procedure for Exchange of Corporate Gifts and Hospitality
- **ROSNEFT'S CODE OF BUSINESS AND CORPORATE ETHICS**
- Regulations on Coordinating Anti-Fraud and Anti-Corruption Processes
- Regulations on Sponsor Support
- Regulations on the Procedure for Charitable Activities
- Confidential Data Protection Standard

Code of Ethics Week

On 19–23 October 2020, the Company held the Code of Business and Corporate Ethics Week.

Employees passed online tests to check their knowledge and understanding of the Code's principles and took part in the contest on the best idea for holding the Code of Ethics Week. The Company circulated an Expert Commentary email bulletin with comments on typical ethical conflicts related to labour relations by an ethics champion. The Company also announced the winners of the corporate creativity contest for the best "The Code That Unites Us" greeting card.

In 2020, the Company approved and implemented the Regulations on Coordinating Anti-Fraud and Anti-Corruption Processes, including the following procedures:

- assessment of corporate fraud and corruption risks;
- protection of whistleblowers;
- reporting of suspected corporate frauds or corruption and investigations;
- training and communications in combating corporate fraud and corruption;
- monitoring and controlling the process of countering corporate fraud and corruption.

In 2020, the Company also updated the Procedure for Documenting and Reporting Business Expenses and Other Transactions with Employees.

Approaches to Promoting Human Rights GRI 103-1

Rosneft recognises the importance and value of fundamental human rights and freedoms and is committed to respecting and honouring human rights and freedoms in accordance with the Universal Declaration of Human Rights, the Social Charter of the Russian Business, relevant generally accepted standards, and the applicable laws of the Russian Federation and other countries where the Company operates.

The Company's human rights protection principles are set in Rosneft's Code of Business and Corporate Ethics and the Policy on Sustainable Development. All employees of the Company and Group Subsidiaries have been briefed on the Code of Business and Corporate Ethics, including its provisions on respecting human rights.

Our foreign assets rely on the Company's standard approaches in developing their internal procedures in line with local legislation.

In 2020, Rosneft released a public statement describing the Company's stance on human rights and the Declaration on Respecting Human Rights to be used when interacting with suppliers of goods, works and services. Rosneft expects all of its business partners, suppliers, and contractors to recognise the fundamental human rights and freedoms and adhere to the basic human rights principles in their operations.

Personnel training on human rights matters is integrated into corporate training courses offered by the Company. A human rights module is an integral part of a mandatory classroom compliance training programme. GRI 103-3 GRI 412-2

The Company has the necessary procedures in place to promptly address complaints and claims relating to human rights. Key relevant tools include the Security Hotline and the Ethics Hotline.

Matters related to human rights can also be raised by the Company's employees directly with Rosneft's Council for Business Ethics and ethics champions available in most of the Group Subsidiaries.

GRI 103-2

For the full text of the Company's Public Statement on human rights, follow the link.

For the full text of the Declaration on Respecting Human Rights to be used when interacting with suppliers of goods, works and services, follow the link.

Countering Corporate Fraud and Corruption GRI 103-1

The Company has zero tolerance for any form or manifestation of corporate fraud and corruption.

In 2010, Rosneft joined the UN Global Compact and announced its commitment to the principles stated in the Social Charter of Russian Business. Since 2013, the Company has been supporting the Anti-Corruption Charter of the Russian Business.

In 2020, Rosneft continued improving the efficiency of its existing anti-fraud and ant-corruption framework in line with the National Anti-Corruption Plan for 2018–2020. This commitment covers all levels of the Company's governance[1].

GRI 103-2

In 2020, a dedicated anti-fraud and anti-corruption unit was established within the Company's Security Service.

The main objective of the new unit is to coordinate the process of countering corporate fraud and corruption by:

- setting up a risk assessment procedure to analyse risks on the corporate and Group Subsidiary levels;
- developing a comprehensive programme for countering corporate fraud and corruption;
- managing the Security Hotline;
- monitoring conflicts of interest, etc.

As part of the Comprehensive Anti-Fraud and Anti-Corruption Programme for 2019–2020[2], in the reporting period, the Company implemented the following:

- updated its employees on typical violations of anti-fraud and anti-corruption rules on a quarterly basis;
- informed relevant units about new anti-corruption regulations and government initiatives;

To abide by the National Anti-Corruption Plan for 2018–2020, as well as to ensure compliance with the anti-corruption laws for the prevention and settlement of conflicts of interest, during the reporting period the Company took a number of relevant actions, in particular:

- launched the project to automate the collection of ethical declarations and conflict of interest disclosures;
- introduced a procedure requiring the participants of the procurement process to disclose any conflicts of interest;
- set up conflict of interest commissions at all of the Group Subsidiaries.

- assessed/reassessed the risk of corporate fraud and corruption on a quarterly basis in line with the approved methodology;
- conducted ongoing anti-corruption audits of draft internal regulations;
- published quarterly All About Compliance information bulletins and circulated a special bulletin on the International Anti-Corruption Day to all Rosneft employees.

Rosneft established a qualitative indicator of risk appetite for corporate fraud and corruption risk in order to reflect the Company's zero tolerance to this risk[3], in line with the new requirements of the Bank of Russia[4].

For details on the corporate anti-fraud and anti-corruption framework, see Rosneft's 2019 Sustainability Report.

[1] In the reporting year, the Company kept on updating the Executive Office of the Russian Government on its progress towards Instruction of the Russian Government No. DM-P17-4575 dated 23 July 2018 on the implementation of the National Anti-Corruption Plan for 2018–2020.

[2] Approved by the Council for Business Ethics on 10 December 2018 (Minutes No. 7).

[3] Minutes of the Risk Management Committee of Rosneft No. 4-2020 dated 2 November 2020.

[4] Letter of the Bank of Russia No. IN-06-28/143 "Recommendations for Public Joint-Stock Companies to Organise Risk Management, Internal Controls, Internal Auditing, and the Work of Auditing Committees under Boards of Directors (Supervisory Boards)" dated 1 October 2020.

Managing Conflicts of Interest

As to conflict of interest management, in 2020, the Company:

- introduced a procedure requiring the participants of the procurement process to disclose any conflicts of interest;
- collected annual declarations on property and property-related obligations of its officers/employees and their family members included in the list of persons required to submit such declarations;
- carried out an annual campaign to collect ethical declarations of the Company's officers/employees in order to monitor their compliance with restrictions, prohibitions and requirements of anti-corruption laws, with the results of the analysis of such ethical declarations being approved by the Business Ethics Council[5];
- informed employees of matters related to conflict of interest management (in October 2020, guidance on frequently asked questions related to conflicts of interest was circulated to the Company's employees);
- required new hires and employees appointed to new positions to sign an anti-corruption clause, which formed part of their employment contracts and included restrictions, prohibitions, and requirements aimed at preventing the conflict of interest;
- launched the project to automate the collection of ethical declarations and conflict of interest disclosures.

The Company has a system in place to control the contracting, pricing, and discounting procedures used when interacting with suppliers and contractors. The system is an effective tool for identifying signs and facts indicative of affiliation, personal interest, or potential corruption schemes, focused on detecting possible collusion. GRI 103-3

An independent and unbiased annual review of the risk management and internal control performance in the area of anti-corruption efforts is carried out by the Internal Audit Service. GRI 102-17

The Company operates a 24/7 Security Hotline to report on suspected and actual cases or indications of corporate fraud and corruption. Members of the Company's Board of Directors are updated on the Security Hotline performance on a quarterly basis. The Company also provides regular updates on the Security Hotline performance and identified corporate fraud and corruption cases to its employees as part of fraud and corruption prevention.

The Company has a practice of rewarding whistleblowers. Rosneft guarantees confidentiality of all whistleblowers, whether employees or not, and their protection from any pressure, prosecution or discrimination.

GRI 205-3

Security Hotline performance in 2020:

- 37,493 calls received;
- in 18 cases, investigation findings were submitted to law enforcement authorities;
- the Company took disciplinary actions against 97 employees;
- 2 employment contracts were terminated.

In 2020, the Company investigated more than 191,600 prospective bidders and turned down over 7,400 of them.

RUB 38.7 mln
of damages identified/prevented

Fifth International Conference and Workshop on Corruption in Business

The Company's employees took part in the 5th International Conference and Workshop on Corruption in Business. The conference discussed issues related to the development and implementation of anti-corruption standards at business entities and the application thereof. It was attended by representatives of government bodies and executive authorities.

[5] Minutes of the Council for Business Ethics No. 14 dated 12 August 2020.

Business Ethics

All employees of the Company and Group Subsidiaries have been briefed on the Code of Business and Corporate Ethics, including its provisions on respecting human rights.

The Company has the following main objectives and values:
- leadership;
- effectiveness;
- integrity;
- safety.

Ethics champions are a key element of the system that puts the Code of Business and Corporate Ethics to life. They have the following duties:
- explaining the requirements of business ethics documents, principles, policies and procedures to employees;
- providing employees with advisory support on the implementation and application of the Code;
- resolving ethical conflicts;
- organising the registration of business ethics messages;
- informing employees about business ethics decisions made;
- developing feedback mechanisms.

For the full text of the Code of Business Ethics, a key document governing the ethics management framework, see the Company's website.

The Company has the Ethics Hotline in place to collect feedback on ethics issues. All queries are registered, analysed and sent for review to relevant units of the Company. In 2020, the Ethics Hotline received 40 queries related mostly to violations of labour laws.

Personnel Training GRI 205-2

Rosneft runs ongoing corporate training programmes on countering corporate fraud and corruption, compliance, and business ethics. In 2020, all security personnel completed relevant training courses.

Mandatory compliance training included the following:
- an updated multimedia training course on countering corporate fraud and corruption;
- a multimedia training course on managing conflicts of interest;
- a classroom compliance training course throughout March 2020 followed by webinars.

In 2020, the Company produced two videos on anti-corruption compliance to use at training sessions and corporate events.

Training Programme for Ethics Champions

In 2020, the training programme for ethics champions consisted of three modules. The last module was completed online. Training participants included deputy CEOs responsible for HR and social matters. Nearly 150 trainees completed the programme.

They were trained in responding to challenging ethical situations, conflict management, trust-building and transparency practices, and understanding the role of ethics in the modern world.

>31 thousand employees completed compliance training programmes online.

>1 thousand employees completed compliance training programmes in class or at webinars.

Calls received by the Security Hotline in 2020

Call status	Number of calls
Explanations/consultation provided	36,621
Inquiry/corporate investigation conducted	872

Areas of violations

Area	Number of violations
Fraud / corruption / embezzlement	302
Ethical standards, labour laws, conflict of interest	338
Retail sales of petroleum products	195
Procurement procedures	37

Approaches to taxation GRI 103-1 GRI 103-2 GRI 207-1

In 2020, the Company complied with Rosneft Key Tax Principles, a public document reflecting the long-term tax policy of Rosneft.

The key tax principles of the Company are based on:
- strict and timely compliance with applicable tax laws;
- accrual and payment of taxes in accordance with the real economic substance of relevant business transactions and activities.

The Company operates a tax function management system to ensure the development and implementation of centralised approaches to all key elements of the tax function. GRI 207-2

The Company's Risk Management and Internal Control System includes a tax risk management and internal control process covering all levels and stages of Rosneft's tax function.

We continuously monitor the efficiency of the tax function, develop and streamline control mechanisms and have engaged independent auditors to confirm the accuracy, in all material respects, of Rosneft's 2020 IFRS consolidated financial statements, in particular, of the reported tax amounts and other tax data. GRI 103-3

The Company performs its tax activities in accordance with the principle of strict and timely compliance with applicable tax laws, including the cooperation with relevant tax authorities with respect to tax control procedures. A key tax objective of the Company is to ensure the transition of Rosneft and the largest Group Subsidiaries to tax monitoring, a new type of tax control based on direct online communication between taxpayers and tax authorities. GRI 207-3

Rosneft has a proactive approach to the development of new tax regulations. The Company evaluates draft tax legislation amendments proposed by government bodies and develops its corporate position on relevant initiatives with a focus on improving the performance of the oil and gas industry and meeting the social and economic development targets for Russia and the regions of our presence.

For the full text of Rosneft Key Tax Principles, follow the link.

Rosneft operates and pays taxes in more than 20 countries. However, Russia is the main country of operation for all segments of the Company's business.

As the largest Russian taxpayer, Rosneft makes a significant contribution to budget revenues and social and economic development of Russia.

In 2020, the Company paid over RUB 2.4 trln in taxes, duties and insurance contributions to budgets at all levels and extrabudgetary funds in Russia, including more than RUB 340 bln paid to regional budgets in the regions of the Company's presence.

For details on taxes paid by the Company and its contribution to the development of the regions of its presence, see the Supporting Social and Economic Development chapter of this Report.

ENVIRONMENTAL PRIORITIES

Long-term programmes developed by the Company demonstrate our commitment to environmental protection on the global, regional, and local production levels.

Carbon management:

Meet global demand for affordable energy while minimising our carbon footprint across the supply chain to support the Paris Agreement goals.

Biodiversity Conservation:

Actively contribute to biodiversity conservation, in particular, the preservation of endangered species. Collaborate with regional projects implemented in Russia and support international initiatives aimed at preserving specially protected plant and animal species and their habitats.

Environmental Protection:

Reduce the environmental impact of new projects and the existing production operations by introducing the best practices of minimising the impact on natural ecosystems and respecting the rights of local communities in the Company's regions of operation. Hold public hearings on new projects to protect natural resources, which are critical for the well-being of local people.

2. CLIMATE ACTION AND CARBON MANAGEMENT

REDUCING PER UNIT EMISSIONS IN UPSTREAM AND DOWNSTREAM BY 2035[1]

- 30%

In December 2020, Rosneft completed the development of its 2035 Carbon Management Plan, which was then presented to the Company's Board of Directors. The plan reviews the energy transition risks and opportunities related to future energy demand, as well as physical climate-related risks to the Company's operations and new developments.

It forms the basis of Rosneft's low-carbon agenda and sets ambitious goals to reduce greenhouse gas emissions from future developmental projects and reduce GHG emissions intensity and methane intensity in Upstream operations. It also sets a commitment for zero routine flaring of associated gas.

[1] The intensity of direct and indirect emissions of Scope 1 and Scope 2.

CLIMATE ACTION
and carbon management

CLIMATE CHANGE GOVERNANCE

Rosneft has an extensive and efficient resource base making it one of the world's energy leaders with a strategic position in the global market. The Company understands its responsibility to continue to satisfy growing global energy needs keeping a lower emission footprint in support of the energy transition to achieve the aims of the Paris Agreement.

Strategic guidelines for climate preservation

GRI 103-1

The Company is also committed to the UN Sustainable Development Goals including Goal 7 on Affordable and Clean Energy and Goal 13 on Climate Action. These goals directly relate to our work in carbon management in both reducing greenhouse gas emissions and assessing and managing physical climate-related risks.

Rosneft is in the process of delivering its 2022 Strategy that also includes greenhouse gas performance objectives.

The development of the Company's 2035 Carbon Management Plan was a major achievement in 2020. The plan reviews the energy transition risks and opportunities related to future energy demand, as well as physical climate-related risks to the Company's operations and new developments.

It forms the basis of Rosneft's low-carbon agenda and sets ambitious goals to reduce greenhouse gas emissions from future developmental projects and significantly reduce GHG emissions intensity and methane intensity in upstream operations. It also sets a commitment for zero routine flaring of associated gas.

"In 2020, Rosneft announced ambitious long-term "climate" goals to reduce both existing and future greenhouse emissions in specific and absolute terms, as well as to comply with the best global industry benchmarks for upstream methane intensity and to achieve zero routine flaring of associated petroleum gas across the Company's operations.

The 2035 plan was adopted, and the status of the Company's Carbon Management Committee was upgraded to have a direct reporting line to the Chief Executive Officer to support the systematic effort to achieve the goals set."

Didier Casimiro,
First Vice President, Chairman of Carbon Management Committee of Rosneft

The Company is working to ensure it delivers on its 2035 carbon management goals and continues to look for further emission reduction opportunities beyond this period by incorporating emerging low-carbon technologies.

Climate goals of the Rosneft Carbon Management Plan until 2035[1]

Preventing emissions by 2035[2] **–20** mln t CO_2-equiv.	Reducing methane emissions by 2035 **<0.25%**
Reducing per unit emissions in Upstream and Downstream by 2035[3] **–30%**	Zero routine flaring of associated gas by 2035 **0**

[1] All values relate to the assets inside of the Russian Federation, 2019 is the baseline year.
[2] Prevention of direct and indirect absolute greenhouse gas emissions (Scope 1 and 2) under comparable conditions.
[3] The intensity of direct and indirect emissions of Scope 1 and Scope 2.

Actions to manage energy transition risks and climate-related physical risks are part of the 2035 Carbon Management Plan and include actions across Company's Group subsidiaries. On a quarterly basis, Rosneft's top managers review and discuss strategic business risks related to climate change and the emerging risks of the energy transition as part of the Carbon Management Committee agenda.

Leveraging to meet greenhouse gas reduction target indicators GRI 302-4

Leverage	Description
Energy Saving Program	Increasing energy efficiency by reducing fuel combustion and energy resources in key areas of production activities.
Gas Investment program	Acceleration of the APG utilization program and plans for eliminating "zero routine flaring". Additional opportunities are being considered: for the use of advanced technologies for gas recovery and reservoir re-injection of APG.
Detection, quantification and reduction of methane emissions from upstream sources	Improvement of accounting, detection and elimination of leaks and methane emissions from identified sources with the use of innovative technologies and the use of unmanned aerial vehicles, laser and thermal imaging scanning devices, ultrasonic detectors.
Gas share in the portfolio	Rosneft plans to produce 100 BILLION CUBIC METERS of gas and increase the share of gas in the portfolio to >25%.
Capture and storage projects	Rosneft is assessing the potential of using depleted reservoirs in its operated fields for carbon capture. The Company plans to analyze, develop and pilot implementation of technological solutions for carbon capture, chemical neutralization, transport, and storage. The capture and storage projects will be linked to "blue" hydrogen projects.[1]
Renewable energy sources (RES)	The Company is conducting feasibility studies for using renewable sources of energy for power generation, both for new projects and existing operations.
New technologies and products	Reviewing project opportunities for the production of new clean products, for example, "blue" hydrogen (optional – green), biofuels, eco-friendly aviation fuel – to reduce Rosneft's Scope 3[2] footprint. Seeking to create synergies with existing hydrogen plants and carbon capture technologies and projects at scale.
Natural carbon uptake	Unlocking the potential of forest absorption capacity in Russia and developing a large-scale forest conservation program to offset greenhouse gas emissions.[3]
Material flow management program	Reducing the losses and consumption of hydrocarbons and their products.

In 2020, energy savings amounted to 396 thousand TFOE or 11.8 million gigajoules, which exceeded planned savings by 50%.

For more information about energy saving and energy efficiency in the Company, see the section Energy Saving and Energy Efficiency, in the chapter Scientific and Innovative development and digital transformation of this Report.

For more information about the management system and guidelines in the area of climate change, please visit our official website

[1] "Blue" hydrogen is a gas intended for final consumption in transport, industry, and heat supply, but unsuitable for performing this important role — energy storage and supporting the integration of variable RES.

[2] Reduction of greenhouse gas emissions related to Scope 3 – that is, arising from the use of the Company's products by consumers.

[3] Including net emission compensation mechanisms through the acquisition/monetization of carbon units.

Carbon management

In 2020, Rosneft strengthened its carbon management governance structure to support the delivery of the 2035 carbon management goals.

The Carbon Management Subcommittee, which was established in 2019 as part of the HSE Committee, was upgraded in decision-making authority to the Carbon Management Committee, under the leadership of the Company's First Vice President, reporting to the Chief Executive Officer.

The Committee consists of key Executives and other top managers including leaders of structural units whose decisions, plans and activities are critical to the achievement of the Company's greenhouse gas long-term reduction goals.

It does this by reviewing carbon-related risks, including global energy transition physical risks to infrastructure and the development of adaptation plans; developing long-term emission reduction plans and reviewing the performance of existing greenhouse gas reduction programs. The Committee also review research and development and recommendations on low-carbon technologies work related to the Company's economic activities.

In April 2020, the Board of Directors of Rosneft approved the expansion of the responsibilities and functions of the Strategic Planning Committee, to a Strategy and Sustainable Development Committee. The functions of this Committee include the review of risks, opportunities and strategic plans related to carbon management, environmental and broader sustainability issues for the Company and to communicate their recommendations to the Board of Directors.

In 2020, the Company organized carbon management training for its employees. More than 15 awareness sessions were held in headquarters and in the Group Subsidiaries, including units involved in methane leak detection piloting. Starting from 2021, these sessions will be delivered as a regular corporate training course. Also, specialists of the Company were trained under the program called "System of accounting, monitoring and reporting of greenhouse gas emissions in the light of regulatory and methodological requirements in accordance with ISO 14064 standards" delivered by an external provider, which had experience in training and implementation of this standard.

Find more information about the work of the Board Strategy and Sustainable Development Committee on our website

The Committee's focus is to oversee the delivery of the Company's strategic carbon management agenda in alignment with the global energy transition, the Paris Agreement goals and the UN Sustainable Development Goals on 'Affordable and Clean Energy' and 'Climate Action' and make recommendations to the Chief Executive Officer and Board of Directors.

DEVELOPMENT OF WORLD ENERGY MARKETS

Scenario forecasts of the economy and energy in the context of climate change

The Company regularly monitors and analyzes strategic business risks related to the transformation of the global economy and the energy transition from global actions to deliver the goals of the Paris Agreement.

An integral part of this work is the analysis and review of a number of energy outlook scenarios for the global economy and assessment of their probability.

The long-term scenario forecast prepared by the Company was used in the development of the Company's 2035 Carbon Management Plan.

The projected calculations for the 2040 **Evolutionary Scenario and the NDCs Scenario**, incorporate the UN demographic forecasts which predict a 19% increase in the world's population from 7.7 billion people in 2019 to 9.2 billion people in 2040. These scenarios show an 80% increase in global GDP and a steady increase in global primary energy demand to 2040 by 18% and 11%, respectively across each scenario. The exception to this increase was the temporary decline in 2020 due to the COVID crisis. The need to meet this demand will require the use of all forms and sources of energy.

Scenario forecasts developed by Rosneft

The Evolutionary scenario is based on the development of the world economy and energy in the future along existing fundamental trends and takes into account the impact of technological progress, the processes of globalization and energy policy.

The NDCs[1] low-carbon scenario is different from the Evolutionary scenario – it takes into account the aggregate voluntary national contributions (NDCs) of greenhouse gas emissions and national climate plans and strategies from member countries in accordance with their Paris Climate Agreement commitments. The existing announced cumulative NDCs do not achieve the goals of the Paris Agreement.

The "below 2C" scenario, shows the analysis of potential global actions to ensure the goals of the Paris Agreement to keep the global temperature increase below 2°C are achieved.

The "below 2°C" scenario envisions a peak in global primary energy consumption in the coming years, followed by a 12% reduction in energy consumption by 2040 due to the future steep decline in the energy intensity of the world economy. However, the rate of this decrease is not currently supported by the necessary technological and economic conditions.

Volume and structure of global primary energy consumption in 2019 and 2040[2]

Sources: actuals – IEA, forecast – estimates of Rosneft

According to the **Evolutionary Scenario**, global energy consumption to 2040 will increase by 18% from the 2019 level. Under this scenario, the projected increase in global demand for hydrocarbons from 2020 to 2040 may be around 20%. Global consumption of liquid hydrocarbons is expected to increase (+12% from 2019); gas consumption will increase by 30%; coal demand will not recover to the pre-crisis level and will decline throughout the forecast period (-13% from 2019). As a result, the share of fossil fuels in global energy consumption will decrease from 81% in 2019 to 75% by 2040, with changes in the structure of primary energy consumption. These changes will involve increasing the share of gas (from 23% in 2019 to 25% by 2040) and reducing the share of coal (from 26% to 19%). The share of liquid hydrocarbons in global energy consumption will decrease from 31% in 2019 to 30% by 2040, but will remain the most significant among all energy resources. At the same time, the combined share of liquid hydrocarbons and gas will remain the same – 55%. The share of renewable energy sources in global energy consumption will increase from 2% in 2019 to 7% in 2040.

In the **NDCs Scenario**, global energy consumption will increase by almost 11% by 2040 compared to 2019. Global demand for fossil energy resources will decrease by 4% by 2040, and non-fossil energy consumption will increase by 75%, but fossil energy resources will continue to dominate global primary energy consumption (70%). Global demand for coal will decline steadily over the entire forecast period (-23% in 2020 to 2040), and its share in global energy consumption will decrease to 18% by 2040. Global consumption of liquid hydrocarbons will grow slowly until the end of the 2020s, after which it will begin to decline (-3% in 2020 to 2040). Despite this, the share of liquid hydrocarbons in global energy consumption by 2040 will still be the most significant (27%). Natural gas, due to its low carbon intensity, is the most stable fossil fuel, its consumption will grow over the entire forecast period (+15% by 2019), and its share in global energy consumption will increase to 24% by 2040. In total, liquid hydrocarbons and gas will account for more than half (51%) of the global energy balance. By 2040, the demand for renewable sources of energy will increase almost five-fold compared to 2019, with a 10% share of the energy market.

In the **"below 2°C" scenario**, global energy consumption by 2040 is expected to decrease by almost 12% compared to 2019, and the consumption of fossil energy resources by 38%. Global consumption of liquid hydrocarbons and coal declines over the entire forecast period (-33% and -64% by 2019, respectively), gas consumption reaches a plateau in the mid-2020s, after which it also begins to decline (-16% in 2040 relative to 2019). As a result, in 2040, the share of liquid hydrocarbons in global energy consumption is reduced to 24% and gas to 22% with the share of coal decreasing to 11%. The consumption of non-fossil energy resources in 2040 will double to the level of 2019, including the consumption of energy based on renewable sources, which will grow more than 6.5 times, and their share will reach almost 16%. Thus, even in the "below 2°C" scenario, to 2040 fossil energy resources remain the basis of the world's energy, the share of these resources will be around 57%.

Carbon dioxide emissions

Global CO_2 emissions from the burning of fossil fuels in the Evolutionary Scenario will increase over the entire forecast period (6%), while in the NDCs Scenario, CO_2 emissions will stabilize in the 2020s and then decline (-8%) due to the decrease in the carbon intensity of the global economy in accordance with country climate goals. In the "below 2°C" scenario, global CO_2 emissions decrease by 46% compared with 2019.

Global CO_2 emissions from fossil fuel combustion

Sources: actuals – IEA, forecast – estimates of Rosneft

[1] NDCs – nationally determined contributions.

[2] The possible deviation of the sum of fractions from 100% is due to rounding.

Opportunities and limitations of the energy transition

The world energy transition is characterized by a high degree of uncertainty about its future development. In this regard, Rosneft adheres to the scenario approach when forecasting. The range between the two extreme scenarios – Evolutionary and "below 2°C" – describes a very wide field of possible future changes in energy demand which over time will be clearer with more understanding of specific policy actions and technological innovations. These will help to increase the certainty of the forecast.

One of the key parameters that determine a particular scenario of energy development is the energy intensity of GDP or the inverse value of energy efficiency. The average global energy efficiency growth rate for the forecast period up to 2040 in the Evolutionary scenario, based on the country's assumptions, is projected at 2.0% year-on-year, while in the NDCs Scenario the year on year growth rate accelerates to 2.4%. Achieving the planned reduction in global energy consumption in the "below 2°C" scenario, once acceptable economic dynamics exist, will only be possible with more than a twofold acceleration of the annual growth rate of energy efficiency in the world economy in the forecast period compared with the current period. This would mean an increase in energy efficiency growth to 3.5% year-on-year, compared with the average of 1.7% year-on-year from 2001 to 2019.

The "below 2°C" scenario assumes that 16% of primary energy needs in 2040 will be met by new Renewable Energy Sources (RES), which will require a global average annual growth rate of RES consumption of 9.3% year-on-year. The percentage increase in renewable energy use recorded in the last few years (11.7% in 2018 and 10.0% in 2019) due to both accelerated introduction of renewable technologies as well as a recognition of the initial low base percentage for renewables in the energy mix with RES energy in general being still more expensive than the energy of traditional sources.

The use of new renewable energy sources is likely to expand, but due to various economic, technology and technical constraints, they are not expected to replace hydrocarbons on a global energy scale within the forecast period.

World agencies' forecasts

A comparison of the Company's Evolutionary forecast with similar forecasts of the world's leading agencies and companies in the oil and gas industry showed that the Company's forecast does not contradict the corresponding scenario forecasts. The comparison confirms that the Evolutionary scenario developed by the Company adequately takes into account the existing factor dependencies and fundamental patterns in the development of the world economy and energy, and provides reasonable estimates of the evolutionary development of energy markets for the coming decades.

The conservative scenarios show that current demographic and socio-economic trends will inevitably cause an increase in the global primary energy consumption. According to the sources reviewed, the global demand for primary energy will grow from 18% to 22% by 2040. The Company's projected average annual growth rate of primary energy consumption in the world remained at the level of the average value from all sources (0.8%); whereas the IHS Markit forecasted the lowest rate (0.7%); the highest (1.0%) rate was forecasted by OPEC.

Dynamics of energy efficiency by scenarios

Sources: actuals – IEA, forecast – estimates of Rosneft

Average annual growth rate of global primary energy consumption until 2040[1]

CLIMATIC RISKS AND OPPORTUNITIES GRI 103-1 GRI 103-2

Rosneft regularly assesses the impact of climate change on the achievement of the strategic objectives of the Company. On an annual basis, Top managers analyze potential strategic threats[2], including those of the climate change and global energy transition. Members of the Board of Directors provide their opinions about major strategic threats (climate change threats included) that affect the Company's operations. These opinions are reviewed by the Auditing Committee of the Board and conveyed to the relevant top managers of the Company.

Activities for mitigating the impacts of physical climate-related risks, including adaptation measures, are carried out in accordance with the 2022 First Stage National Action Plan for Adaptation to Climate Change, adopted by Russia in December 2019[2].

When considering threats and opportunities related to climate change, the Company is guided by the recommendations of the Working Group on Financial Disclosure Related to Climate Change (TCFD).

Overview of potential strategic threats related to climate change and measures to reduce them GRI 102-15

Threat[3]	Threat management activities
The need for business to adapt to climate change	• Accounting for hydrometeorological and climatological information in design and operation of infrastructure and ensuring safety of operations. • Climate research in the regions of operation.
Changes in the structure and volume of demand for hydrocarbons, as well as in consumer preferences	• Monitoring and analysis of global technology trends that change the global energy balance. • Development of the gas segment of the Company's business. • Implementation of the Program of innovative development to ensure transition to cleaner fuels. • Modernization of the structure of generation and consumption of energy resources in the Company. • Digitalization and accelerated technical development in all areas of the Company's activities.
Limitations to business activities due to the requirements of climate and environmental initiatives	• Participation in the development of draft legal acts related to regulation of greenhouse gas emissions, including the draft Federal Law "On Limiting Greenhouse Gas Emissions", the draft Federal Law "On conducting an experiment to establish a special regulation of greenhouse gas emissions and absorption in the Sakhalin Region" , etc. • Monitoring and analysis of international legislative initiatives related to regulation of greenhouse gas emissions. • Adoption of long-term corporate goals to reduce and prevent greenhouse gas emissions in absolute and per unit terms. • Targeted measures to reduce and prevent greenhouse gas emissions as part of corporate programs, including Gas Investment Program, Energy Savings Program, Material flow management program to reduce losses and consumption for own needs and to reduce consumption of raw materials and products, but not limited to this only. • Improving the disclosure of information on greenhouse gas emissions and implementation of the carbon management strategy. • Interaction and active communication with key groups of stakeholders.

[1] The comparative analysis presents the following forecasts from leading energy agencies and companies in the oil and gas sector (structured as follows: Organization-Scenario (evaluation period) – Source):
- IHS Markit – Rivalry scenario (2020–2040) – 2020 Energy outlook to 2050.
- Rosneft – Evolutionary Scenario (2020–2040) – Rosneft Energy Outlook 2021.
- BP – Business-as-usual scenario (2019–2040) – BP Energy Outlook 2020.
- IEA – Stated Policies Scenario (2020–2040) – World Energy Outlook 2020.
- OPEC – Single Scenario (2020–2040) – 2020 World Oil Outlook 2045.

[2] In accordance with the Company's approach, a strategic risk means a risk that has an adverse effect on the Company's ability to achieve its strategic targets. Strategic threats are factors (events) giving rise to the risk.

[3] Russian Government edict No. 3183-r dated December 25, 2019.

[4] The detailed description of threats is provided in the section "Risk management in sustainable development" of this report.

ACHIEVEMENT OF THE CLIMATE GOALS IN 2020

Reduction of greenhouse gas emissions GRI 103-2

Climate action is one of top priorities of Rosneft's activities. As part of this direction, the Company implements:

- Gas Investment Program to increase the use of associated petroleum gas,
- Energy Savings Program – to prevent more than 8 million tons of CO_2-eq. greenhouse gas emissions in 2018–2022.

The Company discloses data on greenhouse gas emissions, which is in line with the recommendations of the Working Group on Financial Disclosure Related to Climate Change (TCFD).

In 2020, the Company's greenhouse gas emissions amounted to 81.0 million tons of CO_2-eq. Of these, 60.9 million tons of CO_2-eq were direct greenhouse gas emissions (Scope 1), and 20.1 million tons of CO_2-eq were indirect emissions related to the purchase of electricity and heat (Scope 2)[1]. GRI 305-1 GRI 305-2

Examples of the climate action projects implemented in the Group subsidiaries in 2020

Projects under the Gas Investment Program	
Messoyakhaneftegaz JSC	Compressor station with gas treatment facility of Vostochno-Messoyakhskoye field in Messoyakhaneftegaz JSC. The volume of gas injection in 2020 amounted to 511 million m³.
Taas-Yuryakh Neftegazodobycha LLC	Gas-turbine power plant with indoor switchgears with a capacity of 50.5 MW.
East Siberian Oil and Gas Company OJSC	APG reinjection facility at the Yurubcheno-Tokhomskoye field in Vostsibneftegaz JSC (1st stage). In August 2020 the subsidiary began a phased injection of gas into the reservoir pressure maintenance system, the volume of gas injection in 2020 amounted to 189 million m³.
Bashneft-Polyus LLC	Compressor station and gas treatment facility.
Projects under the Energy Savings Program	
Samotlorneftegaz JSC	About 1,200 high-voltage submersible electric motors and 153 electric centrifugal pumps with higher efficiency were installed, and the operation of the pumping fleet at 9 surface facilities was optimized. The energy savings amounted to 50 million kWh.
RN-NyaganNeftegaz JSC	More than 800 actions have been implemented, including ones to switch marginal wells from continuous operation to periodic pumping mode and replace standard electric motors with the high-voltage ones. The effect of fuel and energy savings under the program amounted to more than 73 million rubles.[2]
Ryazan Refining Company JSC	The Energy Savings Program initiatives helped save more than 34.5 thous. Gcal of thermal energy, more that 1 million kWh of electricity and more than 2.5 thous. tons of gas fuels.

The Company is actively using low carbon solutions and technologies in the Vostok Oil project, which will contribute to making it a flagship project with a low-carbon footprint. The project will primarily utilize wind and gas for power generation. The greenhouse gas intensity of the project is expected to be around 12 tons of CO_2-eq. per thousand barrels, which is a leading benchmark for projects. The methane intensity target of the project is expected to be below 0.2% through using the best international methane emissions' reduction practices.

[1] Categories of emission sources, recordable greenhouse gases and emission factors are in accordance with the Order #300 of the Ministry of Natural resources dated June 30, 2015.

[2] Conversion to CO_2 equivalent is based on the assumption that 50% of the energy saving was obtained from natural gas and 50% from fuel oil.

Scope 3 emissions associated with the use of sold Refined products only from both Rosneft's Russian and foreign assets was 280 million tonnes CO_2 eq.in 2020 (301 million tonnes CO_2 eq. for 2019 – updated[3]). GRI 305-3

Methane emissions amounted to 139 thousand tons, including fugitive[4] emissions of 20.7 thousand tons.

The increases in greenhouse gas emissions in 2020 are largely associated with the lag time in commissioning associated gas utilization infrastructure for greenfield developments.

Direct greenhouse gas emissions, K tons GRI 305-1

Period	2018	2019	2020
Carbon dioxide (CO_2)	50,629	56,035	57,467
Methane (CH_4)	164	134	139

Per unit greenhouse gas emissions in t CO_2-eq. /t y. GRI 305-4

Period	2018	2019	2020
Upstream (including oilfield services)	0.129	0.140	0.155
Downstream and petroleum products' sales	0.119	0.120	0.126

KharampurNeftegaz LLC: reducing greenhouse gas emissions in the Far North

KharampurNeftegaz LLC is a joint venture with BP with proven hydrocarbon reserves of 3,205.3 million barrels of oil equivalent.

The Kharampurskoye field development plan is one of the successful examples of methane emissions' reduction actions achieved through the optimized use of advanced technologies and best practices. These include:

- Increasing the utilization of Associated Petroleum Gas (APG);
- Monitoring and eliminating methane leaks in the transportation system;
- Continuously improving the accuracy of greenhouse gas emissions data;
- Using alternative energy sources

[3] Since Scope 3 emissions are based on production volumes and specific product quantities, it should be noted that the 2020 figures were consistent with lower production figures due to both OPEC+ and COVID-19 impacts. It is understood that not all oil and gas companies report Scope 3 emissions or use this GHG Protocol for reporting.

In determining total Scope 3 estimates, Rosneft fully complies with the GHG Protocol (2011) published by the World Resources Research Institute and the World Business Council for Sustainable Development (WBCSD) and the IPIECA/API guidance 'Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas emissions- Overview of Methodologies'(2016).

The Company notes that Scope 3 emissions are estimated values for indirect emissions, that are outside a Company's control, unlike Scope 1 and Scope 2 emissions that are within the Company's direct control.

Rosneft's Scope 3 emissions reporting is primarily based on estimates of Category 11 (Use of Sold Products) using the IPIECA/API guidance, which includes the estimate of direct end use phase emissions of final products.

Rosneft sells substantial volumes of crude oil and gas as feedstock to third parties.

These companies may also subsequently report Scope 3 emissions from products derived from these feedstock volumes, which can lead to potential double counting across the industry (i.e. with emissions reported by both the buyer and the seller).

As per the IPIECA/API Scope 3 guidance, Rosneft applies industry accepted emission factors and excludes estimated emissions from petroleum products that are utilized in its own operations, as these are captured as part of its Scope 1 reporting.

The Company applies internationally accepted percentages to estimate and exclude 'no use phase' emissions from non-combusted products. In incorporating the IPIECA/API guidance, estimated Scope 3 emissions from Category 4 (Upstream transportation); Category 9 (Downstream Transportation and Distribution) and Category 10 (Processing of Sold Products) are excluded to avoid potential internal company double-counting, as the majority of these Scope 3 emissions are expected to be within Category 11 (Use of Sold Products) reporting.

Rosneft's total Scope 3 emissions associated with the use of sold Refined products (as reported above), together with the estimated Scope 3 emissions from oil and gas feedstock was 619 million tonnes CO2 eq. in 2020 (725.5 million tonnes CO2 eq. for 2019).

[4] Direct and fugitive emissions of CH_4 and CO_2 into the atmosphere resulting from production, transportation, storage and processing of oil and natural gas (see Order #300 of the Ministry of Natural Resources of the Russian Federation of 30.06.2015).

Natural gas production

The development of the Company's gas business is in alignment with the global trend of increasing natural gas as a lower greenhouse gas emission source.
On this basis, the Company has identified the following strategic objectives:

- Improving the economic efficiency of gas sales in the Russian Federation, which includes timely implementation of projects;
- Improving the use of technologically advanced solutions

In 2020, total gas production amounted to 62.83 billion cubic meters, including 30.26 billion cubic meters of natural gas and 32.56 billion cubic meters of APG.

APG utilization

One of the climate goals in Rosneft's 2035 Carbon Management Plan is to achieve 'Zero routine flaring' of APG. This will be delivered through incorporating best practices among the leading international oil and gas companies and the requirements of national legislation, in particular the Decree of the Government of the Russian Federation No. 148 of November 08, 2012. The Company's Gas Investment Program will be the cornerstone of this "zero routine flaring" goal.

In 2020, the construction of 21 APG facilities was completed, including:

- APG reinjection facilities (1st stage) at Yurubcheno-Tokhomskoye field of Vostsibneftegaz JSC. The volume of gas injection in 2020 amounted to 189 million cubic meters;
- Compressor station with gas treatment facility of the Vostochno-Messoyakhskoye field of Messoyakhaneftegaz JSC with 511 million cubic meters of gas injected in 2020;
- Compressor station at Troitskoye field, RN-Krasnodarneftegaz LLC;
- Compressor station with gas treatment facility of Bashneft-Polyus LLC;
- Cas-turbine power plant with indoor switchgears with a capacity of 50.5 MW in Taas-Yuryakh Neftegazodobycha LLC;
- Gas transportation and use facilities in Bashneft-Dobycha LLC, Verkhnechonskneftegaz JSC, RN-YuganskNeftegaz LLC, Orenburgneft JSC, Tomskneft VNK JSC.

In 2020, the volume of APG injected by Rosneft amounted to 32.9 billion cubic meters, which is 1.6 billion cubic meters below the 2019 result. The total percentage of APG utilization in 2020 also decreased by 2.6% to 74.8% vs. 2019.

These APG utilization changes can be attributed to the following factors: reduction of APG production caused by the oil production cut at brownfields as part of the Company's implementation of the OPEC+ agreement; the increase in oil and APG production at new and developing greenfield assets: Srednebotuobinskoye, Russkoye, Kuyumbinskoye, Tagulskoye, Vostochno-Messoyakhskoye, Yurubcheno-Tokhomskoye, Severo-Komsomolskoye – where the gas infrastructure is in construction.

In 2020, the Company invested around 17.3 billion rubles as capital expenditures to construct gas infrastructure facilities.

Gas production volume, billion cubic meters[1]

Period	2018	2019	2020
Total volume	67.26	66.95	62.83
Natural Gas	32.33	32.77	30.26
Associated Petroleum Gas	34.93	34.18	32.56

APG Utilization GRI OG6

Period	2018	2019	2020
The volume of capital investments into APG utilization (billion rubles).	16.3	21.5	17.3
APG production volume in Russia (resource), billion cubic meters	41.8	44.3	44
APG production volume in Russia net of the combusted APG (use only), billion cubic meters	35.3	34.5	32.9
Associated petroleum gas utilization level, %	84.4	77.8[2]	74.8

[1] Without taking into account the burned and directed to the production of liquid hydrocarbons.
[2] Considering the fields being developed and new oilfields at an early stage of development.

For greenfield projects, Rosneft incorporates APG utilization technologies into the design solutions of the field development plans. The associated gas is then stored in the underground reservoirs or used for electricity generation and supply to gas processing plants or sold to customers.

As part of this program, 30 additional APG utilization facilities will be built in 2021. Plans are to complete the construction of gas injection facilities at Yurubcheno-Tokhomskoye (stages 2 and 3) and Srednebotuobinskoye fields in 2021. The completion of these facilities will be an important step in the overall plan for improving APG utilization across the upstream and have a significant influence on the Company's greenhouse gas reduction performance.

Rational use of APG in Samotlorneftegaz JSC

Associated Petroleum Gas utilization rate has surpassed 98% at Samotlorneftegaz JSC.

The operating infrastructure at the Samotlorskoye field supports the delivery of one of the highest APG utilization rates in the Company and, by extension, the oil and gas industry. The gas infrastructure includes 23 vacuum compressor stations, five additional separation units, and three dehumidifier separators. The total length of the gas transmission system is about 530 km.

In order to further minimize greenhouse gas emissions from this field, works on the gas processing facilities will continue in 2021 with a technical upgrade of an additional separation unit and reconstruction of a 1.3 km long low-pressure gas pipeline.

CLIMATE COOPERATION

Paris climate agreement

In support of the Russian Federation's ratification of the Paris Agreement, Rosneft actively interacts with all stakeholders to work towards mitigating climate change risks including adaptation actions to manage physical climate-related risks. The Company continues to improve its carbon reporting system in accordance with Russian legislation requirements and internationally accepted reporting protocols and methodologies including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Rosneft's greenhouse gas reduction activities and adaptation actions also align with the principles of the UN Global Compact.

300 billion rubles – actual and planned "green" investments of the Company in 2018–2022.
8 million tons of CO_2 equivalent are targeted to be prevented by 2022 through our corporate Gas Investment and Energy Savings Program.

Paris Agreement

The Paris Agreement was adopted in December 2015 following the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC). Its goal is "to keep the global average temperature increase below 2°C above pre-industrial levels and to make efforts to limit the temperature increase to 1.5°C", as well as to achieve a balance between greenhouse gas emissions and removals (carbon neutrality) in the second half of the 21st century. By the end of 2020, 191 countries, including the Russian Federation have ratified this Agreement[3].

[3] United Nations Framework Convention on Climate Change, data as of June 01, 2021: https://unfccc.int

Interaction with the interested parties on the Climate Agenda

Addressing the challenges of the climate agenda requires cooperation at the national, international and sectoral levels.

Rosneft actively interacts with state authorities, participates in the work of interdepartmental advisory and coordinating bodies on climate issues, including:

- Interdepartmental Working Group on Economic Aspects of Environmental Protection and Regulation of Greenhouse Gas Emissions under the Ministry of Economic Development of the Russian Federation;
- Working Group on Energy and Ecology of the Interdepartmental Commission on Ensuring the Participation of the Russian Federation in the Group of Twenty (G20) under the Ministry of Energy of the Russian Federation;
- Working Group on Energy Efficiency and Greenhouse Gases under the Committee on Energy Strategy and Development of the Fuel and Energy Complex (FEC) of the Chamber of Commerce and Industry of the Russian Federation;
- The Ministry of Natural Resources of the Russian Federation on climate conservation as part of the national project "Ecology".

At the industry level, cooperation on climate issues is carried out by working groups through cooperation agreements on environmental protection with BP and Equinor.

A number of meetings were held with BP and Equinor in 2020 to discuss environmental topics including carbon management and carbon capture and storage application technologies with Equinor also sharing their approach to biological diversity conservation at Rosneft's 7th General Corporate Congress of Ecologists.

In February 2021, Rosneft and BP signed a Strategic Cooperation Agreement that focused on progressing joint actions on carbon management and ESG strategies.

A number of work streams have been developed under this Agreement to:

- Review low-carbon technologies for applicability in new project designs and existing operations including technologies for carbon capture and storage (CCS), promoting energy efficiency and preventing, detecting and reducing methane emissions;
- Assess opportunities for use of renewable energy sources for power generation and for hydrogen production;
- Incorporate industry-specific carbon management methodologies and standards,
- Discuss opportunities for further work on developing fuels with improved environmental characteristics to reduce the carbon intensity of products;
- Assess the opportunity to develop natural carbon solutions as offsets.
- Collaborate on ESG best practices to support alignment with the UN Sustainable Development Goals and targets.

Supporting the Methane Guiding Principles

In 2019, Rosneft joined the Methane Guiding Principles (MGP) industry initiative, which includes a number of leading international oil and gas companies and focuses on reducing methane emissions across the natural gas value chain. The five principles, which govern this initiative, are to:

- Continually reduce methane emissions;
- Advance strong performance across the gas supply chain;
- Improve the accuracy of methane emissions data;
- Advocate sound policy and regulations on methane emissions;
- Increase transparency.

BP, Equinor, Eni, ExxonMobil, Royal Dutch Shell, Total, Gazprom and other representatives of the oil and gas sector have also supported the initiative. Eric Liron, Rosneft's Vice President for Internal Services is the MGP representative on the Executive Roundtable of this initiative.

As part of the delivery of Rosneft's methane reduction goals, the Company has developed a plan to detect, quantify and reduce methane emissions across all upstream sources. This work started in 2020 with the successful delivery of three pilots for detection and quantification of methane emissions at upstream subsidiaries. In addition, the methane best practice guidelines from the MGP have been translated and submitted to the Group subsidiaries for review of any operational gaps and opportunities to improve practices at the operating facilities.

Rosneft's Carbon Management Plan includes a target to reduce methane intensity across the upstream to below 0.25% by 2035.

In 2020, the Company successfully piloted the latest technologies for the detection and elimination of methane emissions.

A pilot project to identify and eliminate methane leaks

A number of Rosneft subsidiaries successfully utilized methane detection and quantification technologies for methane emissions in 2020.

At a Samotlorneftegaz site, infrared cameras, ultrasonic detectors, laser remote scanners and gas analyzers were used across more than 100 oil and gas production units for methane detection. The combined use of these technologies helps to quantify methane concentrations in the atmosphere around the facilities as well as to locate all sources of methane at the site, including pipeline and equipment leaks.

At the RN-Krasnodarneftegaz facilities, work was undertaken to scan for methane leaks on the linear part of pipelines and production sites with a length of 25 km using the integrated unmanned aerial system ZALA 421–16E and ZALA 421–22.

At the Sibneftegaz site, pilot scan for methane emissions were conducted using the latest portable laser and thermal imaging devices, which have a higher sensitivity in comparison with standard gas analyzers.

Rosneft's Carbon Management Plan includes a target to reduce methane intensity across the upstream to below 0.25% by 2035.

Rosneft has designed a methane conversion plant

The company has designed a plant for converting methane into synthetic liquid hydrocarbons. The Euro Petroleum consultancy has rated the technology as a high-tech state-of-the-art solution. Rosneft is also developing methane aromatization technologies that will allow the simultaneous production of hydrogen and aromatic petrochemicals from natural and associated petroleum gas.

Round table on reducing methane emissions

In March 2020, Eric Liron, Vice President of Internal Service at Rosneft, took part in the annual Executive Methane Guiding Principles (MGP) roundtable meeting, which included top managers from more than 20 major oil and gas companies in the world

Most industry majors are part of this initiative to actively reduce methane emissions across the upstream and gas value chain.

The Executive roundtable agreed on the key priorities and work plan for 2020, which included:

- Distribution of methane reduction best practice guidelines to operational personnel across all companies;
- Conducting training for employees on the impact of methane emissions and measures to reduce sources of methane;
- Review of methodologies for detecting, calculating, and reporting methane emissions

3. PRESERVING THE ENVIRONMENT FOR FUTURE GENERATIONS

Rosneft implements modern technologies for newly constructed facilities and continuously improves its environmental performance investing in the infrastructure upgrades.

IN 2020,

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WERE ASSIGNED TO "GREEN" INVESTMENTS

3

PRESERVING the environment for future generations

MANAGING ENVIRONMENTAL IMPACTS GRI 103-1 GRI 103-2

As a member of the UN Global Compact, Rosneft is guided by the UN Sustainable Development Goals (SDGs) to guide environmental management activities and to incorporate applicable UN SDG targets where they apply for:

- SDG 3 Good health and well-being
- SDG 6 Clean water and sanitation;
- SDG 7 Affordable and Clean Energy
- SDG 11 Sustainable cities and human settlements;
- SDG 12 Responsible consumption and production;
- SDG 13 Climate action;
- SDG 14 Conservation of marine ecosystems;
- SDG 15 Conservation of terrestrial ecosystems;
- SDG 17 Partnership for Sustainable Development.

Rosneft works to ensure the environmental sustainability of its operational activities by identifying, assessing and avoiding potential environmental impacts, or where not possible to avoid, the Company works to minimize these impacts. An important element of this work is the interaction with the local communities and cooperation with state authorities at various levels, industry partners and scientific organizations to identify and develop the most effective solutions.

In 2020, Rosneft developed its 2035 Environmental Vision, which together with the Company's 2035 Carbon Management Plan, has set the Company's long-term environmental agenda. This vision defines the main principles of its environmental activities and contributions to the achievement of the UN Sustainable Development Goals and the 2030 national environmental goals of the Russian Federation.

The vision is focused on a commitment to a 'net positive' biodiversity impact from its development projects and operations; the development of long-term improvement targets for fresh-water demand and consumption, non-GHG emissions, waste management and land remediation and alignment with the Company's 2035 Carbon management goals.

"The Company is committed to the responsible development of oil and gas resources by minimizing the environmental impacts, it takes all possible measures to protect ecosystems and conserve biodiversity and critical habitats. Rosneft works with partners as well as with scientific and environmental protection organizations incorporate most effective environmental protection solutions into its activity plans. We have also developed strategic goals for environmental protection and carbon management aligned with the UN Sustainable Development Goals and the National goals of the Russian Federation".

Brian Macleod,
Vice President for Health, Safety and Environment of Rosneft

The main commitments of the 2035 Environmental vision are:

- to meet the world's needs for low-cost energy, while minimizing our carbon footprint in support of achieving the Paris Agreement goals;
- to initiate and implement corporate programs and events, take an active part in local and regional projects for the biodiversity conservation, and support international initiatives for the protection of specially protected species;
- to conduct production activities responsibly, benefiting local communities and preventing any adverse impact on the natural ecosystems in the regions of operation.

For details on the Carbon Management Plan for the period until 2035, see chapter 2 (Climate Action) of this report.

As part of this vision, all new projects will be planned to ensure no adverse impact to sensitive ecosystems, biodiversity or critical components of any natural ecosystem. These performance indicators will be delivered through the use of best available technologies and assessed through the monitoring of environmental baselines.

The Company reviews its 2022 strategic environmental performance indicators, and takes into account the impact of global factors and OPEC+ decisions on these performance indicators. Rosneft's top management also monitors the planning and execution of activities that have the potential to have the greatest environmental footprint to ensure all operational controls are in place. This leadership monitoring included operational activities that were carried out by Group subsidiaries during the changed working conditions caused by the pandemic.

The Company also continued to progress its 2025 Environmental Efficiency plan across four main focus areas of APG flaring reduction; increasing the recycling of process water; improving waste management and remediation efforts as well as eliminating environmental impacts caused by third parties.

The program consists of an annual activity set across all the Group Subsidiaries. Environmental indicators are integrated into the Company's environmental management system and are included in the KPIs of Executives and top and middle managers.

2035 environmental vision

Rosneft's 2022 Environmental Objectives:

- Reducing greenhouse gas (GHG) emissions to support climate change goals
- Minimization of the environmental impacts, including the introduction of the best available technologies (BAT) for operational activities including waste disposal, efficient wastewater treatment, as well as the implementation of environmental investment projects and environmental protection measures.
- Implementation of measures to protect ecosystems and biodiversity, including replenishment of natural resources, and remediation of impacted land remediation.

Four focus areas of the Rosneft 2025 Environmental Efficiency Plan

- Reduction of APG flaring on a per unit basis
- Increase in the recycling of process water; introduction of modern wastewater treatment systems
- Improved management of activities that could result in environmental liabilities (land reclamation, elimination of waste pits, waste disposal)
- Elimination of damages at the Company's facilities resulting from the activities of third parties (contaminated land, waste pits, drilling and oily waste)

The implementation of Rosneft's environmental goals is within the framework of the Health, Safety and Environment Integrated Management System (HSE IMS), which has been in operation since 2006 in Rosneft and its Group subsidiaries . This management system also meets the requirements of the ISO 14001:2015 Environmental Management System standard as well as ISO 45001:2018 which is the Occupational Health and Safety equivalent standard. The HSE IMS requirements apply to all Company's Group subsidiaries including all contractors. Rosneft employees are trained on the requirements of these standards.

Certification in Group subsidiaries against the requirements of the ISO 14001:2015 standard takes into account the specifics of their operations or business activity, the category of hazard and HSE risks at the facilities, as well as investor, partner, customer and stakeholder expectations. Group subsidiaries can be covered by the umbrella Rosneft corporate auditor certificate or they can be certified independently. In both cases, each Subsidiary undergoes all required certification audits.

In 2020 Rosneft and 103 Group subsidiaries were certified against the requirements of the ISO 14001:2015 Environmental Management System standard

[1] The requirements to the HSE management system are set forth in the Company's Standard " HSE Integrated Management System", #P3-05 S-0009, version 3.00, approved by the resolution of the Management Board of Rosneft, enacted by Order No. 647 of 16.10.2018.

In 2020, 66 Group subsidiaries were certified as part of the Company's corporate certificate, and 37 more were certified independently.

The operational and development actions of the Company are guided by the HSE policy. This policy requires all operational processes to be executed in a manner to avoid impacts or to mitigate the environmental footprint resulting from Company operations, and to use natural resources responsibly, taking action to protect and conserve and ensure the reclamation of any disturbed land.

One of the most important priorities of the Company is the conservation of natural resources and protection of the environment for the benefit and use of future generations. The Company requires all employees and contractors to demonstrate a responsible attitude to the environment and ensure compliance with internal and regulatory environmental requirements to promote a culture of sustainability across the Company's operations. Last year, for the first time, feedback sessions were held at all levels of the Company on the topic of 'Environmental Culture and Leadership in Environmental Protection'. Managers at all levels including line managers of the operating divisions of the Group subsidiaries, led video conferences (due to COVID-19 pandemic restrictions) for the Company's employees and contractors to clarify and promote the importance of environmental issues, increase employee engagement and awareness of environmental compliance and promote environmental conservation both in the workplace and at home.

For more information about the environmental impact management system, see the section Industrial Safety and Health Management of this report.

The HSE policy is available on the Company's official website

During the audit of the HSE IMS in 2020, the external auditors noted that environmental protection indicators are amongst key performance indicators of Rosneft's top management, which is a unique practice among Russian companies.

Cooperation in ecology

Rosneft actively cooperates with state authorities to assess the regulatory impact of draft environmental regulations. In particular, the Company's representatives participated in the development of the federal regulations on 'Limiting Greenhouse Gas Emissions', 'Environmental Audit and Environmental Audit Activities', 'Offshore Oil and Gas Facilities' and amendments to certain legislative Acts of the Russian Federation.

On a regular basis, the Company also participates in interdepartmental working groups on ecology, climate and energy under the Ministry

of Natural Resources and Ecology of the Russian Federation, the Ministry of Economic Development of the Russian Federation, and the Ministry of Energy of the Russian Federation. Currently, Rosneft is involved in the implementation of the Business and Biodiversity initiative, which is part of the federal Conservation of Biological Diversity and Ecological Tourism Development project under the Ministry of Natural Resources all this being a part of the national Ecology project.

In accordance with the Agreement signed in 2017 with the Ministry of Natural Resources of the Russian Federation and Rosprirodnadzor, the Company has to date successfully implemented five of the eight major investment projects related to reduction of air emissions and wastewater discharges and increasing the use of recycled water. The remaining projects will be delivered in accordance with their planned targets dates to 2025.

The 7th General Corporate Congress of Ecologists

In September 2020, Rosneft hosted the 7th General Corporate Congress of Ecologists using a video conference format as a result of Covid 19 restrictions. Top managers of the Company, department directors and environmental management specialists of the Company and across more than 200 subsidiaries attended the event. Representatives of Equinor and BP who are Rosneft's business partners also participated.

Key topics discussed were the Company's environmental management and carbon management strategic goals and linkages with the UN Sustainable Development Goals, Russian Federation's National environmental goals and Energy Strategy. In addition, the Congress discussed topics on industrial ecology practices, biodiversity conservation, emerging environmental technologies, the importance of environmental indicators to investors and other company stakeholders and sound socially responsible investment (ESG) practices.

Environmental monitoring

The Company plans its business activities in accordance with the laws of the Russian Federation and international best practices and assesses the environmental impacts of planned activities to understand what mitigation measures may be required. At each operational stage, systematic monitoring of all activities takes place across all regions of the Company's operations to ensure compliance with the applicable Russian Federation environmental legislation requirements. These monitoring activities include operational environmental controls such as monitoring of air emissions, wastewater discharges, underground and ground water quality and soil contamination.

For more information about the Company's contribution to the implementation of the National Project Ecology, see the section Conservation of biological diversity of this report.

In 2020, Rosneft also implemented a systematic process for multilevel monitoring of the programs and activities that could affect the achievement the Company's strategic environmental indicators. Consistency of data is supported by the adopted reporting forms and rules of periodic data submission.

The Company also reviews and responds to requests from external stakeholders. In 2020, the Company received more than 180 requests for information on environmental issues across the areas of the Company's operations. All requests were reviewed and responded to in accordance with the Company's procedures. GRI 103-3

Management of contractors to ensure compliance with environmental requirements

The Company works to ensure that all contractors comply with both the Russian Federation's environmental legislation requirements and Company requirements to manage the potential environmental risks and impacts of their activities at Rosneft's operational sites. As a result, standardized contractor requirements are in place, which are reviewed at all stages of the contract and procurement system. These contractor HSE requirements include the need for an HSE management system, trained HSE and fire safety specialists, medical examinations for contract employees and the availability of personal protective equipment.

In addition, when procuring or conducting environmental services, specific standard qualification and procurement requirements are applied. These include:

- the required permits, licenses;
- trained technical specialists;
- rights to use technology and approval certificates to perform work and provide services in accordance with the environmental legislation of the Russian Federation.

These requirements are mandatory for the procurement contracts and set forth the system of regular reporting by contractors on compliance with the HSE requirements.

CONSERVATION OF BIOLOGICAL DIVERSITY

Managing biodiversity issues

GRI 103-1 GRI 103-2

The Company's sustainable development commitments and goals include measures to protect ecosystems and conserve biodiversity in all areas of its operations.

Rosneft's plans for ecosystem and habitat protection and biodiversity conservation are developed in collaboration with scientific and environmental organizations. The Company complies with the environmental legislation of the Russian Federation and develops business activity projects in accordance with the approvals, requirements and guidance of the authorized bodies. Actions plans for mitigating possible impacts are developed as part of environmental impact assessments for the project which are submitted for state approvals. These impact assessments incorporate public and stakeholder feedback. In addition to meeting the national legislative requirements on ecosystem and biodiversity protection, the Company is also guided by international expectations, conventions and standards in the development of biodiversity action plans.

At all stages of the project lifecycle, the Company incorporates a number of environmental controls to prevent environmental impacts and takes action to protect the ecosystems and critical habitats in close proximity to the project activities. These environmental protection activities are assessed for effectiveness and improvements are considered when planning future projects. All employees of Rosneft and contractors are prohibited from hunting and fishing in the areas where the Company implements its projects. GRI 103-3

Just over 160 of the Company's sites are located in close proximity to protected areas that are considered vulnerable ecosystems with conservation management plans, or in their buffer zones. In addition, 55 sites are located in the marine environment. Due to the sensitivity of these ecosystems, Rosneft puts in place stringent environmental avoidance, protection and conservation measures when operating in these areas. GRI 304-1

In 2020, as part of its offshore project development, the Company developed a wildlife emergency rescue plan, which includes:

- measures to prevent potential emergencies and their impact on wildlife during the implementation of offshore projects;
- response processes;
- algorithms for organising the provision of the required human, financial, physical and other resources;
- Detailed methodologies and resources required to reduce the effects of oil on wildlife.

The Plan is used as a guide for Group subsidiaries and offshore project operators and complies with the requirements of local regulatory documents and Rosneft's HSE procedures.

For more information about the principles and approaches of environmental impact management, see the Rosneft HSE Policy at website

Biodiversity conservation measures GRI 304-3

- Performing complex field research
- Monitoring of the state of ecosystems, including by methods of airborne, ship and coastal accounting
- Development of guidance for minimizing the impact of economic activities during exploration operations.
- Development of methodological guidelines to minimize the impact during exploration works

Rosneft conducts both awareness training as well as specialist responder training on the protection, rescue and rehabilitation of birds and marine mammals to increase the awareness of personnel working on the shelf. This training involves deep technical specialists from external scientific and research institutions and state nature reserves.

For more information about the Research Program for Key Arctic Ecosystem Species of Rosneft, please follow the link

MEASURES FOR THE PROTECTION, RESCUE AND REHABILITATION OF ANIMALS

- Identification of what ecological species are in need of protection, rescue and rehabilitation in case of an emergency
- Calculation of the required human and technical resources for the implementation of the strategic action plan for offshore projects in case of an emergency with the Kara Sea taken as an example
- Identification and description of methodologies for protection, rescue and rehabilitation of all species which are potentially at risk including mammals and birds
- Development of a strategic action plan for the protection, rescue and rehabilitation of seabirds and marine mammals in the Western part of the Kara Sea
- Drafting a tactical action plan for the protection, rescue and rehabilitation of seabirds and marine mammals on the basis of the best practices

Study of the inhabitants of the Black and Azov Seas

Since 2018, Rosneft has been working together with the Institute of Oceanology (named after P. P. Shirshov of the Russian Academy of Sciences) to deliver a comprehensive research project on Black Sea dolphins.

By the end of 2020, two full-scale sea expeditions were completed along the entire coast of the Krasnodar Territory, which involved:

- Large-scale aerial surveys of Black Sea cetaceans;
- Coastal surveys;
- Laboratory studies.

Scientists have recorded more than 2,000 dolphin individuals and collected extensive scientific material to develop photo catalogs of the Black Sea cetaceans. Preliminary estimates suggest that there are about 20 thousand cetaceans in the research area, including around 12 thousand saddleback dolphins, 4 thousand bottlenose dolphins and about fifteen hundred Azov dolphins.

The collected information indicates that the increasing anthropogenic load in the Black Sea makes these dolphins vulnerable. In this regard, recommendations have been developed to minimize impacts on the important habitats of the Black Sea cetaceans. A booklet with initial research results of this work has been published.

Studies and monitoring of protected species of animals and birds GRI 103-2

In 2020, Rosneft continued its large-scale work on assessing the sustainability of Arctic ecosystems though its 'Program for Studying the Dynamics of the Condition of the Key Species' which will continue until 2023.

The program was developed as part of a Biological Diversity Conservation Cooperation Agreement signed in December 2019 with the Ministry of Natural Resources and Ecology of the Russian Federation to implement the Ecology national project. The program being implemented by the Company includes work on the assessment of the current state, number and population dynamics of key species-indicators of the sustainable state of marine and land ecosystems of the Arctic. This includes the wild reindeer, ivory gull, Atlantic walrus and polar bear, which are all listed in the Red Book of the Russian Federation.

The results of the Program are used to inform the safe conduct of work on the Company's license areas in terms of assessing the impact of planned economic activities on the environment, developing methodological approaches to monitoring.

In 2020, observations of marine mammals and birds were conducted as part of environmental control and monitoring activities during operations at the license areas Yuzhno-Russky in the Pechora Sea, Vostochno-Prinovozemelsky-1 and Vostochno-Prinovozemelsky-2 in the Kara Sea.

As part of the work to assess the sustainability of Arctic ecosystems based on the study of the population dynamics of key species, four research expeditions were conducted in the Arctic zone of the Russian Federation in 2020 using modern digital technologies, including satellite tracking and unmanned aerial vehicles.

RUB 119 mln

were spent in activities related to the national Ecology project in 2020

Research and monitoring of species – indicators of the sustainable state of ecosystems

Type	Territory	Activities	Partner
Polar Bear	Russian Arctic National Park in Novaya Zemlya Archipelago	The following activities were carried out: • Coastal route observations to determine the frequency of polar bear sightings and to record their gender and age ranges. • Physical condition assessments, morphometric measurements, and veterinary examinations of temporarily immobilized animals, • Blood and hair samples for further analysis.	Institute of Ecology and Evolution named after A.N. Severtsov Russian Academy of Sciences (RAS)
	Franz Josef Land and the coast of the Yamalo-Nenets Autonomous Area	Assessment of the probability of "man – polar bear" interactions and potential dangerous situations was conducted in the Kara Sea and the Laptev Sea.	
Atlantic subspecies of the walrus	Islands of the Franz Josef Land Archipelago in the Barents Sea	The following work has been carried out: • installation of satellite tags on individual walruses • skin and fat sampling for further analysis, • visual assessment of the species composition and number of animals in rookeries and coastal waters. • to monitor the daily activity of walruses in rookeries, automatic photo recorders were installed, and the number of walruses was recorded using drones.	Russian Arctic National Park
Ivory Gull	North-Eastern part of the Kara Sea: Vize, Domashny and Golomyanny Islands	Work has been carried out to collect data on the populations of ivory gull colonies. Field studies included aerial visual observations, photographic and video recording of birds, banding, tagging, and sampling for toxicological and other analyses.	Arctic and Antarctic Research Institute of RosHydroMet (Russian meteorological service)
Evenk deer	Taimyr and Evenkiya	Updates were received on the migration status of the Taimyr-Evenk deer population. This work included: • aerial surveillance, photo and video recording of animals using drones; • route surveys, tagging deer with collars with satellite transmitters, and collecting samples for further analysis.	Siberian Federal University

Reproduction of aquatic bioresources

More than 60 Rosneft subsidiaries organized and participated in activities aimed at sustaining and conserving the populations of a number of fish species, releasing more than 70 million young fingerlings in 2020:

- Bashneft released 1.2 million young fingerlings of valuable fish species into reservoirs. These included: 147 thousand pelyad fingerlings in the Ob River, 880 thousand whitefish fingerlings in the Sulu River and 150 thousand sterlet fingerlings in the Belaya River;
- RN-Vankor released more than 250 thousand red Siberian sturgeon fingerlings to the Yenisei;
- The Company's subsidiaries operating in the Volga region released more than 700 thousand fingerlings of sterlet, wild carp and silver carp into the waters of the Kuibyshev, Saratov, Volgograd and Sorochinsky reservoirs;
- Taas-Yuryakh Neftegazodobycha released about 800 thousand whitefish fingerlings – pelyad fish into the tributary of the Akhtaranda River.
- RN-Tuapse Oil Refinery released more than 6 thousand young Black Sea salmon into the Mzymta River (Black Sea basin).

The biggest contribution to the conservation of fish species was made by the largest Upstream subsidiary of Rosneft – RN-YuganskNeftegaz. By order of RN-YuganskNeftegaz, more than 50 million fingerlings of Siberian sturgeon, muksun, and pelyad were raised in fish hatcheries and then released into the rivers of the Ob-Irtysh basin.

As part of the work of the Company's offshore projects, the release of fingerlings of valuable fish species was also carried out in the rivers of the Azov-Black Sea and Northern fishery basins.

Since 2014, we have been implementing a program to support research teams whose research interest is related to the study of the Russian North, primarily the Evenki Municipal District of the Krasnoyarsk Territory. In 2019, our grants were awarded to projects related to both biodiversity conservation and studying the traditional way of life of the small indigenous peoples of Evenkiya. The Institute of Ecology and Geography of the Siberian Federal University also assessed the ability of forests to recover after wildfires, this will help develop recommendations for replenishing this resource. Specialists of the State Tungussky Nature Reserve conducted the analysis of the stability of ecosystems in conditions of insignificant anthropogenic impacts and assessed the state of rare species listed in the regional Red Book. This work, carried out by scientists with our support, will help preserve the unique nature of the subarctic territories for future generations.

Pavel Mikhailovich Parshentsev,
General Director of Vostsibneftegaz JSC (East Siberian Oil and Gas Company JSC)

Participation in the Expert Advisory Council for the Study and Conservation of the Atlantic Walrus

In 2020, the Company participated in the meeting of the Expert Advisory Council for Study and Conservation of the Atlantic Walrus, to discuss:

- Programs for study and conservation of the species;
- Results of monitoring of the Atlantic walrus in different habitats;
- Results of monitoring of walrus food resources and measures to prevent and minimize the impacts to the habitat in the Pechora Sea;
- Results of the survey of a new large rookery of Atlantic walruses in the Kara Sea;
- Opportunities to detect rookeries of species from satellite images.

Such measures accumulate more knowledge about the Atlantic walrus across its Russian habitat range. This improvse the ability to take targeted conservation measures in a timely way to protect these species and their habitats as economic development and activities in this area increase.

[1] Official website of the Expert Advisory Council for the Study and Conservation of the Atlantic Walrus (ECOS) https://www.walrus.team

Local ecological initiatives

Ecological atlases of the seas of Russia

Together with Innopraktika, a non-governmental development Institute, Rosneft continues to develop and publish ecological atlases of the seas of Russia.

In 2020, 2 atlases were published on the 'The Barents Sea and Species – biological indicators of the state of Arctic marine ecosystems'. The atlases reflect the results of long-term environmental monitoring and research activities carried out by Rosneft, at the Company's license areas. The collected data formed a more detailed understanding of the changes in the environment and associated habitats. The publications also include the results of special studies of two marine mammals – the polar bear and walrus, which were carried out as part of the corporate program for the conservation of marine ecosystem biodiversity.

Online training course in the Biology of the Black and Azov Seas

Since 2020, Rosneft has been working together with the Institute of Oceanology named after P. P. Shirshov RAS, the Marine Research Center of Lomonosov Moscow State University and the Lectorium publishing house, to develop a free online training course consisting of 22 lectures, based on the ecological atlas of the Black and Azov Seas.

The training course is now available to the public and contains valuable scientific data on the state of the environment obtained as a result of a multiyear Rosneft's research efforts and a comprehensive project on the marine mammals of the Black Sea.

The online training course was first launched in September 2020 and it was well received by the participants with more than 1.5 thousand people participating.

To see the online training course in the Biology of the Black and Azov Seas please follow the link:

Rosneft also conducts eco-initiatives aimed at familiarizing employees and external stakeholders with environmental issues, improving eco-awareness and taking daily actions that are beneficial to the environment. These initiatives include holding educational events to support the implementation of the 'green office' standards, involving employees in tree planting and conducting eco-lessons for schoolchildren.

Forest care as part of the corporate culture

Preserving the environment for future generations is part of Rosneft's corporate culture and the Company is constantly implementing measures aimed at preserving and restoring forests. In 2020, Rosneft's subsidiaries planted more than 1.5 million trees.

In 2020, RN-Uvatneftegaz employees planted 600 thousand Siberian pine seedlings in the south of the Tyumen Region, and RN-NyaganNeftegaz employees planted more than 280 thousand Siberian cedar and Scots pine seedlings in the Oktyabrsky district of Yugra. Around 240 thousand seedlings of coniferous trees were planted by Bashneft employees in the Republic of Bashkortostan. In addition, 17 thousand trees were planted on the territory of the Birsky Zoological Reserve, to improve the habitat conditions and stimulate the increase in the population of the white-tailed eagle, which is listed in the Red Book of Russia.

Environmental lessons for schoolchildren

The Company pays special attention to the environmental education of the younger generation. Employees of the Novokuibyshevsk Oil and Additive Plant, Achinsk Refinery, Komsomolsk Refinery and other subsidiaries of the Group annually organize environmental lessons in the city schools to educate students about the importance of caring for the environment.

In 2020, the specialists of Novokuibyshevsk NZMP conducted an eco-lesson at school No. 3 in the city of Novokuibyshevsk. Employees of the company talked about daily habits that help to preserve natural resources, such as throwing plastic bottles in recyclable containers or collecting garbage after picnics. Through such lessons, children understand the importance of caring about the environment, especially in industrial cities, and become aware of how they can change the situation by making eco-steps in their daily lives.

Employees of the environmental protection department of Syzran Oil Refinery conducted lessons and talked to children about what Rosneft is doing to protect the nature, and what rare animals and birds are protected by the Company. First-graders learned how to segregate waste, learned to understand why it is good to live in a clean city, and what steps can they personally make. Each student received a booklet with the rules of behavior in the forests and near the water, principles of segregated waste collection and protection of natural resources. These booklets were developed by SNPZ specialists.

ENVIRONMENTAL PROTECTION PROGRAMS AND ACTIVITIES

As a responsible operator, the Company works to avoid and minimize negative impacts on natural ecosystems in areas of its operations. These ensure that the rights of local communities to a favorable environment are protected. Corporate programs and activities cover all areas of the environmental protection.

For more information, see the section Environmental Impact Management of this report.

Management system

- The 2035 Environmental Vision has been developed
- The 2035 Carbon Management Plan has been developed
- Targets (indicators) of the Rosneft 2022 environmental strategy have been identified and are now monitored
- Environmental indicators have been integrated into the Company's management system and included in the KPIs of top managers and middle managers
- As part of the Environmental Efficiency

CAPEX programs and activities[1]

- Gas Investment program
- Energy Savings Program
- Pipeline Reliability Program
- Investment projects to construct and reconstruct the environmental infrastructure

OPEX activities[2]

- Land remediation
- Oily waste handling
- Development of environmental assessments and regulatory documentation for obtaining environmental permits

MEASURES TO PROTECT THE ENVIRONMENT DURING THE PROJECTS DEVELOPMENT GRI 103-3

- Environmental monitoring and in-process environmental control
- Thorough planning of business activity with potential environmental impact assessment
- Facilities are designed with the account for environmental requirements, best available technologies, results of environmental impact assessments and include impact minimization actions
- Getting approvals of the stakeholders: the public and state authorities
- Development and implementation of action plans to reduce the environmental impact and support biodiversity
- Design solutions are developed to minimize the environmental impact
- State approvals from the State environmental experts

[1] Capital Expenditure
[2] Operating Expenditure

Environmental protection costs

The Company makes significant annual investments through its long-term capital construction projects to protec the environment or to have a positive environmental impact. Between 2018–2020, around 120 billion rubles of "green" investments were spent to reduce flaring of associated petroleum gas (APG); improve the reliability of pipelines; improve wastewater treatment and waste management, as well as land remediation.

As part of the Rosneft 2022 Strategy, the Company has planned to invest around 300 billion rubles overall as "green" investments which is aimed at improving the environmental performance of the business and support the delivery of the 2022 strategic goals. In 2020, the spend on "green" investments was around 42 billion rubles.

The Company has also invested in a number of technologies to minimize the negative environmental impacts from planned activities. In 2020, the R&D investments supporting environmental solutions, including target innovative projects, amounted to around 248.5 million rubles.

In 2020, despite the difficulties and restrictions associated with the COVID-19 pandemic, the Company continued to implement key investment projects aimed at minimizing operational environmental impacts, and employed ongoing measures to improve its waste handling and remediation of contaminated land. Expenditure in these areas increased by 15% in 2020 compared with 2019 figures.

As a result of the work carried out by the Company in 2020 to ensure compliance with environmental legislation requirements, there was a 5% reduction in environment-related fines and a 10% reduction in payments to the Russian Federation for assessed environmental impacts compared with 2019.

Fixed capital expenditures on environmental protection, million rubles

Related environmental investments (increasing APG utilisation, improving pipeline safety, enhancing energy efficiency, etc.)	31,459
Environmental costs during construction	6,663
Capital construction of facilities related to environmental fixed assets	4,135

Expenditures on environmental protection activities, million rubles GRI 307-1

Period	2018	2019	2020
Fixed capital expenditures on environmental protection (CAPEX)	45,605	34,544	42,257
Operating environmental protection expenditures (OPEX)	31,697	29,244	31,288
Payments to budgets of all levels related to environmental protection and environmental management, including:	4,741	4,338	3,894
• payments for environmental impact	1,159	1,348	1,427
• compensation for environmental damage	1,040	1,296	931
Fines for environmental pollution	290	200	189
Non-financial sanctions, number of cases	1	0	0

AIR EMISSIONS REDUCTION GRI 103-1

The current 2025 Environmental efficiency corporate program includes a number of measures for reducing air emissions. These measures include: the delivery of environmental infrastructure investment projects; the purchase and installation of equipment for improving operational environmental monitoring and treatment; conducting an inventory of pollutant emissions sources and other actions identified through operational risk assessments. GRI 103-1

In 2020, the Company reduced its non-GHG emissions by 14% through the implementation of the Gas Investment Program that is aimed at increasing the level of APG utilization. In 2020, the first train of the APG utilization facilitiy was commissioned at Yurubcheno-Tokhomskoye field of the East Siberian Oil and Gas Company as part of this Program. GRI 103-2

As part of the tripartite Agreement with the Ministry of Natural Resources of the Russian Federation and Rosprirodnadzor, Rospan International JSC carried out work on the first start-up complex of the gas and condensate treatment facility at the Vostochno-Urengoy license area. The completion of this project will reduce emissions by eliminating routine gas flaring in this field.

In 2020, a 14% reduction in air emissions was achieved across the Company

Structure of gross air emissions, thous. tons GRI 305-7

Substance	2018	2019	2020
Gross emissions to the atmosphere, including:	**1 835**	**1 773**	**1 521**
• solids	87	85	62
• sulphur dioxides	86	86	84
• carbon monoxide	822	841	689
• nitrogen oxides	60	66	68
• hydrocarbons (without volatile organic compounds)	379	303	239
• volatile organic compounds	391	384	369
• benz(a)pyrene	0,00002	0,00002	0,00003
• other	9	8	9

Per unit air emissions by type, t/thous. TFOE

Emissions	2018	2019	2020
Per unit SO_2 emissions			
Oil and gas production	0.052	0.060	0.056
Oil refining and petrochemicals	0.46	0.46	0.50
Per unit NOx emissions			
Oil and gas production	0.10	0.11	0.13
Oil refining and petrochemicals	0.139	0.146	0.146
Per unit hydrocarbon emissions (including volatile organic compounds)			
Oil and gas production	1.56	1.35	1.29
Oil refining and petrochemicals	0.97	1.03	1.01

By reducing the total volume of gas flared, emissions of sulphur dioxide, carbon monoxide, hydrocarbons and VOCs were also reduced. In addition to total emission volumes being reduced due to a decrease in production volumes, the Company has also reduced the per unit emission intensity due to the upgrade of operational facilities. In 2020, there was an 8% reduction in per unit emissions from operational processes compared with 2019, which included reductions in sulphur dioxide and volatile organic compounds (VOCs) emissions.

The Company supports the activities of the Group subsidiaries by providing updates on environmental laws of the Russian Federation. In 2020, a corporate roadmap for the development and approval of integrated environmental permit documents, as well as a standard list of measures and deadlines for implementation, were shared with Group subsidiaries. These will also help to create a system for automatic control of air emissions and waste discharges from stationary sources at facilities.

Special attention is given to monitoring the air emissions of oil refineries that are located near or within the boundaries of localities. Group subsidiaries have implemented a number of measures to monitor and reduce air pollutants near these settlements. These include the installation of air quality control systems and stationary air quality monitoring stations at the boundaries of the environmental protection zones as well as equipping mobile environmental laboratories with updated monitoring and testing atmospheric air in the settlements.

Bashneft's air quality control system has passed international accreditation

Bashneft has accredited an advanced technology atmospheric air quality control system in alignment with the international standard GOST (ISO/IEC 17025–2019). The accreditation was carried out through an 'Agreement on the Air Protection' between the Republic of Bashkortostan and Bashneft.

The system consists of two automated atmospheric air monitoring stations, which are part of an Environmental Protection Laboratory. Control stations equipped with up-to-date software and hardware monitoring technology are installed in residential areas of Ufa city. The equipment monitors the concentration levels of pollutants and identifies any concentrations in excess of the maximum allowable concentrations. This allows the accurate and timely identification of pollutant sources. The information received on air quality is then automatically transmitted to the Ministry of Ecology of the Republic of Bashkortostan.

WATER CONSERVATION GRI 103-1 GRI 103-2

The Company's activities involves freshwater use and discharge, so significant attention is given to freshwater demand and water management. The Company is aware of its obligations to manage freshwater resources responsibly and the Company's Environmental Efficiency Program focuses on minimizing freshwater intake; increasing the recycling and re-use of process water; improving wastewater treatment systems and reducing wastewater discharges. This also includes the environmentally sound management of associated reservoir water.

Through the Aqueduct project, the Company evaluates the provision of water resources in the regions where it operates and takes steps to minimize the risk of water-scarcity to local communities and the environment. Most of the Company's operational activities are carried out in regions where there is a sufficient water supply. Some projects located outside of the Russian Federation are however located in areas where there may be freshwater deficits and the Company implements a number takes actions to limit freshwater use and maximize recycling. Access to water bodies directly or indirectly by Rosneft in the Russian Federation is done in accordance with the national legislation and decisions of local regulatory bodies.

The Company takes water from underground sources and surface water bodies. Water is also supplied by third-party organizations under water supply contracts as part of the collection of meltwater and storm runoff from the specific territories where operations are located. GRI 303-1

A number of technical and organizational control measures were developed as a result of this work. In 2020, as part of the tripartite agreement with the Ministry of Natural Resources of Russia and Rosprirodnadzor, the Company commissioned the facilities of Rospan International, Novokuibyshevsk ZMP and Novokuibyshevsk Oil Refinery, which are designed to improve the efficiency of water resources management and minimize water abstraction from surface water bodies. GRI 103-3

In projects outside Russia, strict conformance with water consumption and discharge requirements are observed in accordance with the applicable local legislation. For example, RN-Middle East Company carefully monitors both the water volumes and quality supplied to operations and for domestic needs, and collects wastewater for treatment. During the implementation of offshore activities in Vietnam, seawater quality is monitored by analyzing the state of its chemical, physical and biological parameters in accordance with the relevant programs and regulatory requirements.

CDP (Carbon Disclosure Project) confirmed Rosneft's "B-" rating from 2019 as part of its international "water resources" category. This rating is aligned with the global average among industries.

RUB 6,6 bln

were invested in water management and wastewater treatment, transportation and disposal in 2020.

Three water management facilities commissioned at Rospan International, Novokuibyshevsk ZMP and Novokuibyshevsk Oil Refinery under the agreement with the Ministry of Natural Resources of the Russian Federation.

Environmental action Springs of the Samara region

For several years, through a socio-economic partnership, Rosneft's Samara production site has been helping municipalities on issues related to the restoration and use of natural sources. Such projects have already been implemented in Bogatovsky, Borsky, Isaklinsky, Sergievsky, Shentalinsky and Shigonsky districts.

In June 2020, employees of Samaraneftegaz, Novokuibyshevsk Oil Refinery, Kuibyshev Oil Refinery, Syzran Oil Refinery, Novokuibyshevsk Petrochemical Company and Novokuibyshevsk Oil and Additives Plant took part in an environmental campaign to study natural sources of water, improve and restore the surrounding areas. During the campaign, employees of the subsidiaries visited 15 springs in Kinelsky, Kinel-Cherkassky and Syzran districts of the Samara region. Almost all springs are located near settlements and are important for the water supply to the population. Participants cleared the garbage and silt from the area near the springs and installed signs to highlight the need to protect the source.

Samotlorneftegaz has started implementing a unique technology for cleaning the bottom of natural water reservoirs

Samotlorneftegaz, together with the Biological Institute of Tomsk State University, successfully applied technologies for cleaning hydrocarbons from the bottom of lakes by flotation– the "Aeroshoop" where hydrocarbons are lifted from bottom sediments using compressed air.

In 2020, Samotlorneftegaz used this new technology to clean up a water body located in the southern part of the Samotlor license area, with an area of more than 1.3 hectares. As a result of this work, the concentration of petroleum products in the bottom sediments decreased by more than 40%. This has had a positive impact on the state of the lake's biodiversity and the population of aquatic invertebrates has started to increase, which is a positive ecological indicator.

Water intake and water consumption

In 2020, Rosneft continued to implement measures to reduce water consumption and reduce water intake from natural sources and recorded a 7% decrease in water consumed by the Company's operations.

In 2020, the volume of consumption of 'fresh' water was 398 million cubic meters, which represents a 2% decrease against 2019 volumes.

Key projects of by the Company aimed at reducing the consumption of 'fresh'[1] water:

Group Subsidiary	Activities
Novokuybyshevsky oil and additives plant JSC	Recycling water supply unit and production wastewater treatment system started commercial operation in 2020. Decrease in water intake compared to 2019, was 39 thousand cubic meters (5.2%).
SNPZ JSC	Reconstruction of block-circulation water supply systems is carried out. Reduction of water intake compared to 2019 is 803.2 thousand cubic meters (7.4%)
RN-Tuapse Oil Refinery LLC	A 20.6% or 451.2 thousand cubic meters decrease in the volume of extracted underground water compared to 2019 due to the construction of a recycled water supply unit and a pre-treatment plant for biologically treated wastewater.
RN-Severnaya Neft LLC	Reduction of water intake by 9% or 235.1 thousand cubic meters, including due to recycled water supply of produced water.

Total volume of withdrawn water by the Company, million cubic meters GRI 303-3

Period	2018	2019	2020
Total volume of withdrawn water, including:	**2,154**	**2,186**	**2,026**
• from underground sources	116.3	115.0	108.9
• from surface sources	222.8	242.9	238.3
• rainwater	7.6	8.4	7.9
• collection of waste water	170.4	116.9	126.2
• supply of produced water	0.5	2.9	4,2
• water intake from own water tanks	2.6	4,7	2.6
• water intake of associated formation water	1,588	1,658	1,498
• from water supply networks of other organizations	47.9	41.3	42.6

Intake of "fresh" water, million cubic meters GRI 303-3

Period	2018	2019	2020
Intake of "fresh" water, including:	**394.6**	**407.5**	**397.7**
• from underground sources	116.3	115.0	108.9
• from surface sources	222.8	242.9	238.3
• from water supply networks of other organizations	47.9	41.3	42.6
• rainwater	7.6	8.4	7.9

Water use from all sources, million cubic meters GRI 303-3

Period	2018	2019	2020
Water use from all sources	1,813.0	1,855.6	1,700.0

[1] The 'fresh' water is water taken from surface and underground sources, rainwater, and water received from third parties under water supply contracts. According to the international standard GRI 303 the 'fresh water' is water containing less than 1,000 milligrams per liter (mg/l) of dissolved solids (the definition is based on ISO 14046:2014).

The reduction in water use by 8% was due to a reduction in the volume of associated produced reservoir water and its re-use in the technological process to maintain reservoir pressure, which is a consequence of the Company's compliance with its obligations under the OPEC+ Agreement.

Rosneft reduced water intake from the Volga River

The Company's oil refineries in Kuibyshev, Novokuibyshevsk and Syzran work to increase the share of recycled water used for operational needs through the timely repair of water supply networks and recycling water supply units, which helped bring down the water intake from the Volga River by 10%, or nearly 4.6 million cubic meters over the three years.

Handling of extracted formation water GRI OG5

Source	2018	2019	2020
Total volume of extracted formation water, million cubic meters	1,588.1	1,658.3	1,498.4
Injection into the reservoir to maintain reservoir pressure without treatment, million cubic meters	13.6	189.3	88.5
Injection into the reservoir to maintain reservoir pressure with treatment, million cubic meters	1,471.6	1,356.2	1,317.1
Utilization of reservoir water, million cubic meters including discharge:	97.7	110.0	92.1
• into underground reservoirs	97.7	110.0	92.1
• on the ground	0.054	0.026	0.014
Total volume of hydrocarbons in used formation water, thousand tons	22.4	17.6	20.2

In 2020, the share of recycled and sequentially reused water was 94% of the total volume of water used for operational needs, which significantly reduces the volume of freshwater withdrawn externally.

2 358 million cubic meters

million cubic meters of water were recycled and sequentially reused in Rosneft's operations in 2020.

CASE – Bashneft has implemented a unique technology for the treatment of reservoir water

Bashneft has successfully completed field tests of a hydro-cyclone water treatment plant, which is used to maintain reservoir pressure.

The principle of operation of the cyclone plant technology is based on the use of centrifugal force, which separates water and suspended solids from light crude. During the tests of the hydro-cyclones a significantly higher degree of water treatment was achieved, compared to traditional methods

Volumes of recycled and re-sequentially used water

Period	2018	2019	2020
Volume of recycled and sequentially reused water, million cubic meters	2,280	2,496	2,358
The share of recycled and sequentially reused water in the total volume of water used for operational needs, %	93	94	94

Water disposal

Discharge of wastewater to surface water bodies may cause the most significant potential impact on freshwater resources. In 2020, 67% of the total wastewater was discharged to surface water bodies.

GRI 303-2

The concentration limits, quality standards and control procedures on the discharge of pollutants and wastewater are set in the environmental protection regulatory documents of the Russian Federation.

In Rosneft, the highest priority measures to improve wastewater treatment and to reduce discharge quantities are included in the Register of key measures to achieve the environmental performance indicators and are subject to additional levels of control.

To continue to improve the quality of wastewater discharges into surface water bodies, the Company is implementing a number of investment projects for the modernization and reconstruction of treatment facilities at the Company's refineries (including projects of RNPK, Kuibyshev Refinery, Syzran Refinery, etc.). These are in various stages of completion.

As part of its work to support the national development goals of the 2030 Russian Federation to improve the condition of water bodies, the Company contributes to the implementation of projects for construction, reconstruction and modernization of treatment facilities in the Group subsidiaries, including:

- The implementation of the largest project in Eurasia for the reconstruction of the biological treatment facilities Bashneft-Ufaneftekhim with a capacity of 84 thousand cubic meters per day using the membrane bioreactor technology. The treatment facilities were reconstructed using the latest technologies and significantly improved the quality of wastewater treatment and increased the reuse of treated water in operational processes. This significantly reduces the volume of its intake from water bodies;
- Other projects for the reconstruction of treatment facilities are in progress at other refineries of the Company, some of them are part of the modernization program: Ryazan Oil Refining Company, Achinsk Oil Refinery, Komsomolsk Oil Refinery;
- Completion of projects under the Agreement with the Ministry of Natural Resources of Russia and Rosprirodnadzor. These included a post-treatment unit, which was put into commercial operation at the existing treatment facilities of the Novokuibyshevsk Refinery and local water treatment facilities. A recycled water supply unit for the production of additives at the Novokuibyshevsk Oil and Additives Plant. These facilities will significantly improve the quality of wastewater at the outlet of the treatment facilities and reduce potential negative environmental impacts;
- The reconstruction of disposal facilities and biological wastewater treatment facilities is carried out under the Federal project 'Improvement of the Volga River' at the Kuibyshev Refinery and Syzran Refinery.

There was a 7% increase in the volume of industrial wastewater discharge in 2020 compared to 2019, caused primarily by the increase in the volume of third-party wastewater, which is treated at the Company's facilities prior to discharge. Despite this increase, Rosneft has continued to improve the quality of wastewater discharged with a 12% improvement in the volumes of insufficiently treated water discharges compared with 2019.

Rosneft has started refueling ships with eco-friendly fuel of LMF-TMC type A (low-viscosity marine fuel) produced by the Novokuibyshevsky Oil Refinery. The sulfur content of this fuel is no higher than 0.1%, which fully complies with the requirements of the International Convention for the Prevention of Pollution from Ships to prevent operational and cross-border marine pollution from ships.

An RNPK employee received the 'MIR Prize'

Maria Melnikova, a laboratory engineer at the environmental laboratory of RNPK, has won the international 'MIR Prize' in the 'Environmental Responsibility' category. The winner's project continued for 2.5 years and was dedicated to finding the optimum technology for the disposal of sewage sludge. Based on the test results, a perfect composition was developed meeting the environmental requirements of the Russian law.

The 'MIR Prize' is an annual international competition of the Russian youth public organization MIR. It looks for people who are active and help the society to progress. The 2020 event attracted 500 participants from 70 regions of Russia and 17 other countries.

Water disposal to the environment, thousand cubic meters GRI 303-4 GRI 306-1 2016

Indicator	2018	2019	2020
Domestic wastewater disposal	74,937	71,511	70,256
Industrial wastewater disposal, including:	186,883	184,366	197,528
• into surface water bodies	127,904	122,666	133,674
• underground reservoirs	58,881	61,654	63,829
• discharge on the ground	98	45	25

Industrial wastewater disposal, thousand cubic meters

Indicator	2018	2019	2020
Treated to standard quality and partially clean wastewater	108,715	109,060	130,900
Polluted and insufficiently treated wastewater	78,168	75,305	66,628

PREVENTION AND RESPONSE TO OIL SPILLS GRI 103-2

The continuous improvement of the spill prevention and response management system as well as the development and training of emergency rescue teams is of critical importance to Rosneft. As a result, in 2020 the Company centralized the function for coordinating the work on spill prevention and response to more effectively implement measures aimed at preventing and minimizing environmental impacts and community damage resulting from possible on-shore pipeline incidents or incidents occurring on the shelf area of the Russian Federation. The Company adheres to the policy of transparent reporting of all incidents and communicates closely with the government authorities on any incident occurring within the Company's operations.

As part of the work to prevent pipeline incidents and to reduce the probability of large oil spills, the Company is implementing a five-year Pipeline Reliability Program 2020–2025 across 23 oil and gas producing Group subsidiaries.

As part of the corporate risk management process, the probability of undesirable events and their potential consequences is calculated, and the most critical production processes are ranked according to their potential environmental impacts. Risk management measures are included as part of the reporting of the financial and economic risk reporting process. This is done at three levels: the corporate level, the level of business blocks/functional blocks and the level of the Group subsidiaries.

The standard clauses of contractor agreements define the HSE requirements and responsibilities of contractors, including requirements for preventing, reporting and responding to oil and petroleum products' spills.

The total volume of spilled oil and petroleum products in 2020 was 729 tons. The increase in the volume of spilled oil compared to 2019 is due to an incident on the pipeline of RN-Sakhalinmorneftegaz LLC caused by pipeline depressurization due to metal corrosion. The volume of this spill accounts for 22% of the total spill volume in 2020. RN-Sakhalinmorneftegaz ensured the complete restoration of the impacted area of the lake Goloye, Komsomolsk Municipal District, Khabarovsk Territory and worked continuously to minimize any lasting damage to the environment. GRI 306-3 2016

Priority measures for the elimination of oil and petroleum products spills are implemented in alignment with Rosneft's 'Plan for Prevention and Elimination of Oil and Oil Product Spills' developed in accordance with the requirements of the Russian laws.

In addition, there is a Program of periodic training and certification of personnel in the Rosneft Group subsidiaries, including emergency rescue teams for the prevention and response to oil spills. Group subsidiaries approve response plans and drill schedules to conduct training exercises for spill response to increase the preparedness of personnel for possible spill events.

Considering the special role and responsibility for the preservation and Arctic natural ecosystems, Rosneft has developed the Animal rescue action plan as part of offshore projects in the event of oil and petroleum products spill, which is a supplement to the existing Oil Spill Response Plans (OSR Plans). The document provides guidance for the RN Group subsidiaries and project operators in terms of planning and management of the consequences of oil and petroleum products spill affecting wildlife, and includes measures for the protection, rescue and rehabilitation of animals.

For more information about the Pipeline Reliability Program, see the section Equipment Integrity in this report.

Together with the Non-Governmental Innopraktika Development Institute, an innovative agent for oil spills has been developed for marine environments and cold climate. This work started in 2014 and included the development of a new agent based on the endemic psychrophilic microorganisms. This agent helps to degrade hydrocarbons quickly in these environments.

The selection of psychrophilic microorganisms with high destructive activity against hydrocarbons in the conditions of low Arctic temperatures (down to -40C in seawater) has already been completed and in 2020, the agent was tested in real-life conditions and work started to apply the technology at scale.

Total volume of spilled oil and petroleum products in the Company, t GRI 306-3 2016

Period	2018	2019	2020
Total volume of spilled oil and petroleum products in the Company	663	652	729

[1] The volume of spills in 2020 excluding RN-Sakhalinmorneftegaz oil spill was 569 tons.

WASTE HANDLING AND LAND REMEDIATION

GRI 103-1 GRI 103-2

When planning and operating, Rosneft strives to reduce environmental impacts by implementing measures to rehabilitate mechanically disturbed or contaminated land and to ensure responsible treatment of current and previously accumulated waste streams.

Land remediation

The protection of natural and community resources is very important to Rosneft and the Company follows both the legislative requirements for land remediation work as well as the Company's Standard Procedures and requirements for managing the remediation of disturbed and contaminated land.

In order to minimize the probability of land contamination and its potential for environmental impacts, the Company's pipeline reliability program seeks to reduce the incidence of pipeline failures, which can lead to land contamination. The Company also uses best available technologies and equipment to access areas contaminated by oil spills and to accelerate the rate of remediation.

The 2025 environmental efficiency program sets out the short-and long-term plans for land remediation and rehabilitation. At the same time, the Company pays special attention to the quality control of remediation work performed both using Company and contractor resources. In order to ensure that the quality and completeness of the environmental restoration work meets regulatory requirement specifications, the local regulatory document 'Supervision of Environmental Restoration Work' was adopted in 2020. The document also defines the procedure for supervision of remediation works, and establishes the qualification requirements, functions and accountabilities of supervisors.

This work is part of the key environmental performance indicator "Prevention of contaminated land accumulation", which is evaluated on a regular basis by the Company's top management and included in the scope of review of the HSE Committee.

As a result of these measures, Rosneft successfully remediated 519 hectares of oil-contaminated land in 2020 and the total area of contaminated land was reduced by 10% compared with the previous year.

The largest contribution to the remediation of oil-contaminated land was made by the Group subsidiaries operating in the Khanty-Mansi Autonomous Okrug – Yugra (KhMAO – Yugra), which is strategically important for the Company. In particular, RN-Yuganskneftegaz remediated more than 218 hectares over the past year, despite the adverse working environment caused by the COVID-19 pandemic. GRI 304-3

A number of the Company's production units in the district, including Nizhnevartovsk Oil and Gas Production Company and Variogannefteftegaz, have achieved 100% remediation of the past "historical" contaminated lands as a result of the operating activities of third parties.

Winter remediation is an effective method of carrying out work in the KhMAO-Yugra. Considering the high water levels and swampy conditions of the territory of the region, this method is convenient for land remediation that is inaccessible in the warm season. The development of winter remediation technology makes it possible to increase the annual rate of land rehabilitation. Modern special vehicles, amphibious excavators, large-capacity all-terrain vehicles, floating swamp vehicles, snowmobiles and mini-all-terrain vehicles are used in an integrated rehabilitation exercise to complete the work.

Area of contaminated land, ha GRI 304-1

Показатель	2018[1]	2019	2020
Area of contaminated land in the beginning of the year	3,738	3,219	2,710
Area of contaminated land identified during the pre-plan study	123	183	113
Area of the accumulated contaminated land, ha	204	232	220
Area of contaminated land as of the year end	3,219	2,710	2,450
Area of natural land restoration	86	202	74
Area of remediated[2] land	19,001	17,471	14,957

[1] The data for 2018 takes into account the area of land contaminated by the produced water.
[2] including disturbed land

The area of oil-contaminated land was reduced

by 10%

in 2020

Waste handling

A number of waste management performance measures are part of the Company's key environmental indicators and are monitored by the top managers of the Company. These include indicators related to the "prevention of oily waste accumulation" and the "prevention of cuttings accumulation".

The main waste management goal is to minimize the volume of newly generated waste and to continuously reduce the quantity of previously accumulated waste. Waste handling across the Company is conducted in accordance with the requirements of environmental legislation and the Company's Waste Management standard.

When carrying out waste handling activities, the Company is guided by the following approaches:

Continuous monitoring of the requirements of the relevant laws, informing the Group subsidiaries in order to ensure their timely and full compliance

Performing a comprehensive assessment of alternative technologies at the design stage with justification for the selection of the least waste-generating ones in relation to the specific conditions of the project development

Involvement of specialized organizations for waste decontamination and disposal that not only meet the requirements of the laws, but also have significant positive experience in performing such work

Organization of effective control over waste handling works, both done by the subsidiary supervising units or by third-party supervisors, who meet the criteria of the local normative document "Supervision of environmental restoration work"

In order to minimize environmental impacts from waste accumulation, the Company implements environmental efficiency program and takes measures to reduce waste generation and separate waste streams by modernizing production processes through the incorporation of best available technologies and to incorporate waste products in operational processes where possible, in accordance with regulatory requirements.

In 2020, the Company streamlined the process of drilling waste management, and was able to successfully process more than 4.7 million tons of drilling waste during the year and reduce the previously accumulated volume by 33%.

BIntroducing the elements of a "waste-free economy", the Group subsidiaries separate waste streams to assist treatment processes and disposal as well as to maximize the use of waste products for Company activities.

During 2020, about 3 million tons of drilling waste disposal products were used by the Company's oil and gas production facilities for road filling, pit remediation and other activities. Additionally, the Downstream Group subsidiaries have organized disposal of construction waste by crushing to obtain certified products used for the needs of the companies (for example, for backfilling and land planning). Currently, the crushing plants are purchased by ANKhK, ANPZ VNK, procurement procedures are carried out at NkNPZ. In Ufaorgsintez, the disposal of construction waste using this technique is carried out by contractors.

Otradnensky GPP, Syzransky Oil Refinery and the Saratov Oil Refinery have introduced the separation of waste streams: plastics, paper, cardboard, scrap metal for subsequent disposal with the conclusion of revenue contracts.

KharampurNeftegaz implements a system of separation and transfer for recycling of plastic waste, paper, cardboard, glass, metal waste.

The Group subsidiaries have organized work to ensure the disposal of "electronic waste", including batteries and computer, electronic, and optical equipment that has lost its consumer properties. Relevant contracts have been signed with contractors.

The volume of previously accumulated drilling waste has been reduced

by 33 %

"Reducing the environmental impacts from our operational activities is one of the main priorities in planning and executing the activities of RNPK JSC. Over the past years, the company has been actively engaged in the disposal of waste generated – in 2019 and 2020, RNPK JSC disposed of more than 80 thousand tons of treated waste from biological treatment facilities, including domestic wastewater from the city of Ryazan. The material produced in this process is to be used for reforestation purposes."

Sergey Mikhailov,
General Director of RNPK JSC

Waste handling, thousand tons GRI 306-2

Показатель	2018	2019	2020
Waste in the beginning of the year, taking into account the adjustments during the reporting period	14,374	15,642	16,284
Generated and accepted (from third-party organizations) waste as of the year end	7,167	6,097	5,458
Disposed of (used) and decontaminated waste as of the year end[1]	6,102	4,605	6,181
Buried waste as of the year end	505	464	365
Waste accumulated as of the year end	14,934	16,670	15,197

[1] Incl. transferred into ownership of third parties

Due to these activities, the Company managed to reduce the amount of waste generated from its production activities by 10% in 2020 compared with 2019. In addition, because of improved waste management practices, the volume of accumulated waste was reduced by 21% compared with 2019.

The Company is implementing a Targeted Innovation Project aimed at developing comprehensive, scalable technologies and evaluating research and development options for the disposal of both drilling waste and oily waste, as well as for minimizing waste generation.

Rosneft has developed a technology for the production of environmentally friendly drilling fluids

In December 2020, Rosneft, together with specialists from the Siberian Federal University, developed a technology for the production of environmentally friendly drilling fluids based on vegetable oils and using biodegradable components. Eco-friendly drilling fluids can be used in the field development in the Far North including at the Vostok Oil project where there are sensitive ecosystems.

Research into the formulation of environmentally friendly drilling fluids of the new generation is being carried out and includes:

- Joint work with the Institute of Chemistry and Chemical Technology of the Siberian Branch of the Russian Academy of Sciences. This research is being conducted to find ways to modify tree bark and to hydrolyze lignin to develop new physical and chemical properties;
- The development of biodegradable components of drilling fluids based on technical vegetable oils of cruciferous oilseeds. This is being done together with the specialists of the Krasnoyarsk State Agriculture University

BUILDING A CORPORATE ENVIRONMENTAL CULTURE

Rosneft continues to strive to build the environmental culture of the Company's employees and contractors. The Company promotes responsible consumption, environmental literacy and involves employees and their family members in environmental activities including clean-up events, area beautification activities and competitions for the greening of industrial sites.

For more information on Building the corporate environmental culture, see the Environmental Impact Management section of this report.

In 2020, clean-up events and landscaping events were held across a number of regions where the Company operates while complying with all precautionary measures. In the Samara region, Environmental Services employees, together with specialists from Rosneft subsidiaries and representatives of local authorities, organized a tour to discover the unknown water springs of the Samara region, which was part of an environmental campaign to draw attention to the problem of springs' pollution.

For more information, see the Water Conservation section of this report.

A number of the Group subsidiaries supported the Russia-wide 'Green Spring' ecological clean-up event. Employees of Novokuibyshevsk Oil Company cleaned the city territory with a total area of about 10 thousand square meters, collecting about 4 tons of garbage. This involved the removal of leaves, garbage, sand from sidewalks and roads, whitewashing of curbs and trees. The total area cleaned was about 10 thousand square meters with around 4 tons of garbage collected.

Udmurtneft JSC supported the campaign to provide a message to descendants from '2020 – the Year of Memory and Glory in honor of the 75th anniversary of the Victory in the World War II'. The capsule opening and reading out of the messages will happen on May 9, 2045 – the day of the celebration of the 100th anniversary of the Victory in the World War II.

The Green Office

Group subsidiaries are actively involved in the "Green Office" initiative which is aimed at reducing resource consumption, saving heat and electricity, improving the quality of working conditions and the overall office environment.

An example of this initiative is the building of Rosneft Center for Research and Development (CIR LLC) on Leninsky prospekt (Moscow), which was certified in June 2020 according to the "green" offices BREEAM international standard and received an overall 'VERY GOOD' rating.

This BREEAM certification indicates that a building owner has implemented a number of 'green' initiatives including energy efficiency and environmental friendliness and arranged for a comfortable working environment. The office continuously monitors air quality so that heat recovery air conditioners were installed. All office electricity comes from renewable energy sources, energy-effective equipment is of class A++/A+++ and power-surge protectors and compensation devices are in place. The office also segregates waste and transfers it for recycling.

CIR LLC has received the status of Green and Healthy Office 2020 as part of the Green & Health competition, which has confirmed its image as an environmentally and socially responsible organization. The facility was awarded the top prize for the successful implementation of eco-initiatives by the Organizing Committee of the campaign.

Recognition of the Group subsidiaries' achievements

GRI 103-3

In 2020, Rosneft Group subsidiaries received more than 30 federal and regional awards in the field of environmental protection.

Samotlorneftegaz JSC received an award for "Environmental protection and protection of natural resources, contributing to the sustainable development of the Russian economy, improving public health and promoting the environmental protection of the country's resources" as part of Leader of Environmental activity in Russia competition. This award was given in the categories of "Environmental liability" and "The best environmentally responsible Company in oil and gas production".

RN-YuganskNeftegaz LLC also was won the award for "The best volunteer emergency rescue team of the Ural Federal District", which was held by the Ministry of Emergency Situations of Russia in the Ural Federal District.

ANKhK JSC received an award for their project of processing and reuse of the recycled materials. The project focuses on processing construction waste to an inert material.

Environmental education of the younger generation

Vostsibneftegaz, Bashneft-Polyus, RN-Vostoknefteprodukt, RN-Rostovnefteprodukt, Kuibyshev Oil Refinery, Strezhevskoy Oil Refinery and other subsidiaries held children's drawing competitions and photo contests about the environment to build the knowledge and awareness of the environmental issues among the younger generation. Children of Vostsibneftegaz employees participated in the "World of Water" competition, organized by the Federal Agency of Water Resources of the Yenisei Basin Water Management. Drawings, compositions, engravings, modeling, applications, photo works, photograph collages were submitted by children from kindergartens and schools. The Yenisei Basin Water Management exhibited all the submissions of participants up to June 1, 2020. Participants received awards in the end of the exhibition.

Samaraneftegaz JSC, Orenburgneft JSC, ANPZ VNK JSC, RN-Komsomolsk Refinery LLC and other subsidiaries also held a number of sessions with children and adults on environmental protection, conservation, and the importance of sustainable actions across the Russian Federation.

4. INDUSTRIAL SAFETY AND OCCUPATIONAL SAFETY

Rosneft's strategic objective is to be a world leader in process and personal safety, protecting health of local residents in the regions across Company's operations and minimizing the Company's environmental footprint.

INDUSTRIAL
Safety and Occupational Safety

HSE MANAGEMENT

The Company's top priority is to ensure the safety and welfare of all employees and contractors who work for us by providing safe working conditions at all sites and implementing safe and environmentally responsible work practices in the execution of all operational activities.

Strategic milestones GRI 103-1

The Company's top priority is to ensure the safety and welfare of all employees and contractors who work for us by providing safe working conditions at all sites and implementing safe and environmentally responsible work practices in the execution of all operational activities.

The objective, indicators and focus of development in Health, Safety and Environment (HSE) management are enshrined in the Rosneft-2022 strategy.

The Company's Policy on Health, Safety and Environment is posted on the Company's website

The Company's HSE policy expresses the Company's fundamental commitment to continuously improve HSE performance. The Policy outlines the objective, commitments and common HSE principles that apply to Company and contractor employees across all regions of Rosneft activities.

"Despite the major challenges caused by the global coronavirus risk, the geographic spread and scale of our operating and development activities, the Company will relentlessly implement its planned Health, Safety and Environmental management programs and interventions across all sites. These will actively support maintenance of safe operating practices and conditions to protect the health, safety and welfare of all our employees and contractors and the environment in the areas where we operate."

Brian McLeod,
Vice President for HSE, Rosneft

Strategic HSE goal of the Company and areas of its implementation GRI 103-1

Rosneft's strategic objective is to be a world leader in process and personal safety, protecting health of local residents in the regions across Company's operations and minimizing the Company's environmental footprint.

2020 HSE FOCUS AREAS

- Developing leadership and safety culture;
- Embedding the Golden Rules of Safety;
- Improving contractor safety;
- Reducing road traffic accidents;
- Implementing Process Safety improvements;
- Improving the Risk-based approach to operational activities;
- Developing a 2035 Carbon Management Plan;
- Development of an Environmental Vision to 2030.

The development of H&S priority areas improves: GRI 103-2

Personal safety

Process safety

Transportation safety

HSE management GRI 403-4

ROSNEFT BOARD OF DIRECTORS

Makes management decisions based on Company's HSE performance reports.

ROSNEFT BOARD STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE

Develops proposals based on Company's HSE performance reports. Reviews management results of key health and safety risks. Makes recommendations to the Board of Directors.

HSE COMMITTEE

- Includes top managers of Rosneft and representatives of the Interregional Trade Union of Rosneft
- Holds quarterly meetings to review HSE deliverables for the reporting period and future plans
- Shapes a consolidated approach to the effective implementation of HSE actions in alignment with the Company's HSE Policy and HSE strategic objectives.

HSE COUNCIL

Analyzes the results and determines the HSE priority areas of the Company in the short-, medium- and long-term.

This Committee is the most senior coordinating and decision-making authority for health, safety and environmental management across the Company. The Committee includes:

- First Vice Presidents of Rosneft;
- Vice President for HSE of Rosneft;
- Vice Presidents – Heads of the Company's Streams;

The Chairman of the Interregional Trade Union (ITU) of Rosneft is a permanent invitee at the Committee meetings.

In 2020, five (5) HSE Committee meetings were held where reports on the activities of the Company, assessment of HSE risks and performance against HSE targets were reviewed. More specifically, the following were reviewed and approved by the Committee:

- Company HSE focus areas for 2020;
- The updated HSE control system;
- Proposals for reducing road safety risks and high severity accidents;
- The 2020–2030 Environmental vision;
- Business streams' and Company's risk management reports.

The Interregional Trade Union (ITU) of Rosneft is actively involved in promoting HSE management activities. The List of activities implemented by Rosneft ITU is approved annually as part of its cooperation with the Company in HSE. Examples of the activities in 2020: joint meetings of the heads of the Subsidiaries with technical inspectors and occupational safety authorities; HSE representatives participated in Safety Culture workshops organized by ITU with safety culture part added to the training curriculum titled "Training of the HSE representatives", ITU representatives participated in the work of Incident Investigation Commissions and in HSE audits in the Subsidiaries. GRI 403-4

See more about the corporate management structure in the "Sustainable Development Management" section of the Report.

Read more about Rosneft's occupational health and safety management system

Integrated HSE Management System GRI 403-1

All current HSE processes are part of the integrated HSE management system (HSE IMS) adopted in 2006 and regulated by the Company's HSE IMS standard.

The HSE IMS is a part of the Company's overall management system with HSE processes, procedures, rules, organizational structure and resources, which support the Company's HSE Policy, delivery of the HSE objectives based on effective management of HSE risks, opportunities, compliance assurance and control activities, as well as HSE performance management. GRI 403-8

The HSE IMS standard conforms to the requirements of International ISO Standards, the respective Russian legislative acts and internal procedures of the Company (standards, provisions, regulations, instructions, etc.) that are mandatory for all the Company employees, contractors and sub-contractors.

The system is certified annually by external auditors to verify that it meets the international HSE standard requirements. The number of externally certified Group Subsidiaries increases every year.

In 2020, prior to the end of the transition period, the Company transitioned from OHSAS 18001:2007 Standard to the international ISO Standard – ISO 45001:2018, which is an Occupational Health and Safety Management System Standard. The Company also successfully completed its annual external certification process against the Environmental Management System Standard – ISO 14001:2015

ISO certification in Subsidiaries takes into account the specifics of their operations or business activity, the category of hazard and HSE risks at the facilities, as well as investor, customer and stakeholder expectations and partnership agreements.

Subsidiaries can be covered by the umbrella Rosneft corporate auditor certificate or they can be certified independently. In both cases, each Subsidiary undergoes all the required external certification audits. In 2020, 66 Subsidiaries were certified under the umbrella Rosneft corporate certificate, whilst 37 Subsidiaries were certified independently.

Rosneft and its 103 Subsidiaries have been externally certified against the requirements of both the international Occupational Safety and Health Management System standard, as well as the international Environmental Management System standard.

In 2020, the Company delivered all necessary health and safety activities, with the overall spending of ca. RUB 48 bn due to employee remote working and additional epidemic-related measures helping to protect employee health.

The Company has seen the change in costs mainly due to the following factors:

- change in the number of shutdown repairs of the process units due to difference in the run life (time between overhauls is usually 2–3 years);

Occupational health, process safety, well control and fire safety costs, RUB mln

Indicator	2018	2019	2020
Costs	56,285	54,912	48,018

- change in the number and implementation stages of design and survey works, procurements, construction and installation works in a given reporting period;
- rescheduling of payments for process safety reviews of the retrofitting documentation due to the limited ability of Rostechnadzor to register documents amid the pandemics;
- change in the scope of work under fire safety compliance plans of the facilities (compliance with the instructions of the State Fire Supervision authority, installation and repair of the fire alarms, and firefighting systems, etc.);
- change in the headcount and structure of firefighting departments supporting process facilities;

The costs' dynamics is objective and does not affect safety level, which remains the same in comparable conditions.

Risk management in HSE

GRI 403-2 GRI 403-7

In 2019–2020, HSE risk assessment approach was reshaped and now has consistent set of risk assessment criteria, risk barriers and decision-making levels. It was embedded in 135 Subsidiaries based on their risk levels, and ISO 45001 and ISO 14001 certification.

As a result of the HSE risk management process implementation, a number of defects were found in the safety barriers. The obtained data was used to prioritize the barriers related to the most significant risks. This process will contribute to a decrease in the number of serious incidents across the Company.

In 2020, in order to support the roll-out of the barrier approach, a Recommended Practice was developed for assessing and analyzing risks associated with fires and gas releases, as well as several standard "bow-tie" diagrams (see the chart below), to ensure a common approach to describing risks and applicable safety barriers.

This process was applied to sites located in the Arctic zone of the Russian Federation, permafrost regions and tank farms.

HSE risk management in the Company has four tiers:

Preventing and mitigating barriers in the risk management process

In 2021, further work is planned to move from identifying high-level barrier risks to more detailed assessments of barrier strengths and identification of additional risk management measures linked to every identified risk.

HSE Control System

GRI 103-3 GRI 403-2

In 2020, Rosneft approved the HSE Control Regulation.

The new control system is meant to ensure the objective assessment of the HSE system and the level of compliance with the legislation and Company's LNDs.. It is also focused on improving on-site safety; development and improvement of control procedures, building capability and skills of those involved in HSE control activities.

In 2020, the Company significantly improved its HSE control system using the new risk-barrier approach, which focused on identifying systemic causes of violations and inconsistencies in safety practices.

The control system provides for barrier strength assessment as part of risk-based approach so that effective actions can be taken to respond to and prevent incidents.

Rosneft's Control Commission, chaired by the Vice President for HSE, reviews the results of control audits held in Subsidiaries. This Commission also works with the structural units and Subsidiaries across Rosneft to prioritize actions to correct findings with high and critical risk that can result in incidents, accidents, environmental damage or fires.

In 2020, online control audits took place across 46 Subsidiaries under the new control system. Additionally, the HSE Control team conducted 32 remote audits, fit-for-purpose spot-check tools focused on assessing the HSE activities at operational sites.

PERSONAL SAFETY

Safety culture

The Company prioritizes proactivity to ensure safe working conditions and believes that all incidents can be prevented, so it implements preventive actions and programs

As part of its commitment to the safety and welfare of employees and contractors, the Company took a number of responsible steps to protect the workforce from coronavirus infection, as well as to manage operational risks and ensure continuous operations.

The Company's approach to safety culture is based on commitment to safety of each and every employee

"YOU ARE SAFE"

Corporate Responsibility

"I AM SAFE"

Personal responsibility

"WE ARE SAFE"

Common responsibility

Mandatory medical check-ups were organized across operations alongside with the sufficient amounts of personal protective equipment.

Across all operations, work was organized and controlled as per strict sanitary and quarantine measures with works' zoning.

Golden Safety Rules GRI 403-2

The requirements of the Golden Safety Rules are mandatory for all employees and contractors of the Company. The Company's HSE Policy states that any employee who sees violations of the Golden Safety Rules must immediately take action to stop the job and correct the violations. .

In 2020, the Chief Executive Officer and Vice President for HSE clearly communicated to all Rosneft employees and contractors in all Group Subsidiaries the need for strict compliance with the HSE principles, requirements and rules at sites including their personal responsibility to intervene and stop the work if it is unsafe and conducted in violation of the Company's standards and procedures.

The Company has a number of feedback tools for employees to report safety violations. These include:

- direct communication with the team leader;
- Security Hotline;
- communication between HQ and subsidiaries during HSE IMS audits;
- direct communication during operational meetings;
- annual safety culture survey among the Company's employees ;
- the HSE Connect corporate messenger.

The Golden Safety Rules training

Despite the restrictions caused by the coronavirus infection in 2020, a number of actions were taken to embed the Golden Safety Rules in all Rosneft Subsidiaries. These actions included the use of distance learning to progress training of around 130,000 employees on the Golden Safety Rules interactive training course.

Follow the link to see Golden Safety Rules

HSE Leadership

Development of HSE leadership capability across the Company is one of the current priorities and HSE focus areas of the Company.

HSE leaders should show their commitment by personal example complying with the Company's HSE requirements and HSE Policy principles inspiring their teams to do the same.

The Company has embedded annual personal leadership HSE commitments into its business processes. Chief Executive Officer approves personal leadership commitments of the Vice Presidents, who, in turn, approve personal leadership commitments of the General directors in Subsidiaries. The HSE Committee annually reviews the results of implementation of these leadership commitments.

The Company has adopted 4 HSE leadership principles:

- Belief
- Credibility
- Action
- Support

These principles, when consistently and effectively applied by leaders, strengthen the Company's safety culture and improve the HSE performance towards the achievement of Rosneft's strategic HSE objectives.

General Directors of the Subsidiaries hold meetings with their employees and contractors to discuss current issues and concerns. Continuous communication with contractors on HSE and promoting HSE leadership among contractors have become main principles of the Company's cooperation with contracting companies, leading to a safer working environment.

"People are the main value of Bashneft. The result of the entire production cycle depends on their well-coordinated and professional work. Training them to work safely is one of the main priorities of the Company. Together with Rosneft, we have developed and successfully implemented an interactive course "Golden Safety Rules" which was delivered in 2020 to over 130 thousand employees throughout Rosneft. In addition, our training center Bashneft-Profi delivers more than 600 high-quality HSE training programs."

Khasan K. Tatriev,
General Director of Bashneft

Safety Neuronet

In 2020, the Novokuibyshevsk Refinery (part of the Samara Group Subsidiaries) introduced an innovation to monitor occupational health and safety at sites where safety violations can be identified by the artificial intelligence technology (neural network analysis).

The technology uses video streams from the surveillance cameras in the operating zone to detect possible deviations. The system monitors the use of personal protective equipment by employees and, in cases of violation, an electronic alert is sent to the central database of the site alongside with a photograph specifying the date and location.

The system capability also allows for employee identification so that the HSE specialist on site can intervene and take action to suspend work and brief the operational team.

This system of intelligent video analytics allows the site to reduce the incidence of non-conformances to site rules and helps to reduce the level of occupational health and safety injuries.

Interface with contractors

GRI 403-7

In accordance with the principles of the HSE Policy, Rosneft makes no difference between the Company's employees and Contractor employees working at the facilities, with the same HSE requirements applicable to all.

Interactions between the Company and contractors is regulated the Company's Regulation on Contractor Cooperation in HSE , which was approved in 2019, and takes into account legal and corporate requirements with particular attention given to high-risk works.

In the procurement and contracting activities of the Company, the main measures to reduce HSE incidents are:

- On-site inspections (technical audits);
- Review and approval of the contractor's HSE plan;
- Review and approval of the contractor risks register;
- Review of the availability of the required HSE approvals and briefings;
- Kick-off meetings with contractors;
- Covering contractors by the Company's reporting system;
- Auditing of PPE availability to contractor employees;
- Making sure that HSE and ERP requirements are enshrined in the contracts;
- Making primary medical and healthcare available to contractor employees.

The Regulation provides for a step-by-step company-contractor interaction covering the entire lifecycle of cooperation between the parties.

In February 2020, Rosneft's Central Procurement Committee approved the HSE Contractor Qualification Criteria in full conformance with the criteria reflected in the new Contractor Regulation.

See the detailed information on the for HSE qualification criteria in the "Interface with contractors" section of the Report.

See the detailed information on the Company's interaction with contractors in the "Interface with contractors" section of the Report.

Safety Video Address

RN-Snabzheniye subsidiary puts a lot of effort in ensuring transportation and driving safety. In 2020, due to Covid restrictions, video messages were sent to contractor drivers talking about traffic-related safety and risks.

The General Director of RN-Snabzheniye spoke about the road accidents statistics of the previous year and urged drivers to pay more attention to the rules of road safety.

Safety stand-down meeting to drive accident-free operations at Rosneft

In December 2020, top managers of Rosneft Oil Company, heads of the HSE Block, management of Rosneft ITU, general directors and heads of HSE units in Subsidiaries took part in safety stand-down to focus on accident-free operations across the Company.

The participants noted highly effective teamwork between operating businesses and HSE to ensure safety and to prevent accidents. They also discussed opportunities to strengthen safety control and preventive actions reconfirming safety as the Company's priority and expressing zero tolerance to on-the-job fatalities.

Brian McLeod, Vice President for HSE of Rosneft, in closing of the meeting, called on managers of all levels to demonstrate their commitment to the principles of safe work by personal example. The General Directors were tasked to make sure that Company HSE requirements are observed and implemented across all the Subsidiaries to contribute to the achievement of the Company's strategic objectives.

Contractor cooperation on HSE

Involvement in rulemaking activities

In addition to the development of internal HSE management processes and systems, Rosneft participates in the improvement of legislative practice in the field of process and fire safety, occupational safety and health. In 2020, the Company reviewed and prepared consolidated comments and supplements on 208 draft regulations of the Russian Federation. Rosneft also took part in 25 focused sessions and meetings held by the Scientific and Technical Council of Rostekhnadzor, the Ministry of Energy of Russia and the Industrial Safety Committee of the Russian Union of Industrialists and Entrepreneurs. Company representatives also actively participated in seven Rostekhnadzor Working Groups on the revision of the main federal norms and rules in industrial safety of oil and gas facilities.

Occupational Health and Safety Training GRI 403-5

The Company strives for continuous capability development of employees to strengthen the commitment and understanding of Occupational Health and Safety requirements, especially in the areas of highest HSE risks. Capability development programs include corporate training with internal trainers, external training, direct dialogs and distribution of advocacy materials.

In 2020, more than 25 thousand Subsidiary employees were trained by internal trainers on key corporate HSE courses including: "Internal Accident Investigation Procedure", "HSE Risk Management", "HSE Leadership" and "Golden Safety Rules".

In cooperation with the Oil and Gas Gubkin University, the Company's internal trainers, together with the university staff, prepared a number of key corporate courses adapted to distance learning for the leaders of the Subsidiaries with 355 heads of the Subsidiaries and their deputies successfully completing trainings in 2020.

In November and December 2020, employees of both the Company's head office and Subsidiaries successfully completed training on the "Requirements of international standards ISO 45001:2018 and ISO 14001:2015. Internal Auditor of HSE IMS according to ISO 45001:2018 and ISO 14001:2015 (as per ISO 19011:2018)". These certified training programs helped to significantly improve the knowledge and capability of participating employees on the technical requirements of these two management system standards.

Automation of H&S processes

In 2020, Rosneft initiated a major project to automate Occupational Health and Safety processes. This allowed 232 Subsidiaries to be connected to the Incident Investigation Management software functional block in order to automate incident registration processes and to review and manage the implementation of corrective actions in a single database.

Occupational Health and Safety deliverables

Given the potential risk of exposures resulting from the scale of the Company's activities, the high proportion of work done by contractors and the impact of external factors, the Company has continued to focus on the implementation of planned Health and Safety programs, as well as activities to maintain the necessary HSE controls. This focus was even more challenging given the limitations imposed by the spread of the coronavirus infection.

The Company pays special attention to development of safety culture and ensures there is a rapid and effective response to all incidents that occur during the operations. The Company reports all health and safety incidents, however minor, in accordance with the industry accepted methodologies using LTIF, FAR, PSER, RTAF indicators.

The Company investigates all incidents related to its operations and involving Company employees, contractors and subcontractors, in accordance with both the Company's LNDs as well as the regulations of the Russian Federation. GRI 403-2

When investigating accidents, the following principles are observed:

- The timely reporting of incidents;
- Prompt investigation of root causes;
- Development of the capability and technical understanding of investigators;
- Completeness, consistency and objectivity of the investigation process and recommendations;
- Communication of the root causes of the incident and the necessary measures to prevent reoccurrence to the Company employees, contractors and subcontractors.

The establishment of uniform requirements for registration and accounting of incidents and materials of investigations makes it possible to perform a complete analysis of the root causes of these incidents.

The dynamics of injuries among Company's and contractors' employees in 2020 can be attributed to the increase in the number of recorded light injuries associated with seasonal work, slipping, tripping and falls including falls on the even surface (46% of all injury incidents fall into this category). Detailed investigations of the root causes of all serious incidents were completed, with "Lessons learned" documents developed and reviewed. These documents were sent to all Subsidiaries and contractor companies to be used in work planning to prevent the recurrence of such incidents in the future. Investigations reveal unsafe conditions that need to be corrected; the requirements or regulations that need to be updated or changed and the safety management procedures methods that need to be improved.

Rosneft employees' injury rate GRI 403-9 GRI 403-10

Indicator	2018	2019	2020
Lost Time Injury Frequency – the number of lost time occupational injuries (including fatalities) in the Company per 1 (one) million man-hours worked (LTIF).	0.34	0.36	0.51
Fatal Accident Rate -the total number of the on-the-job fatalities in the Company per 100 (one hundred) million man-hours worked (FAR).	2.47	1.04	0.97
Total Recordable Incident Rate – the number of recordable injuries (including fatalities) in the Company per 1 (one) million man-hours worked (TRIR).	0,96	0,78	0,90
Number of injured employees as a result of work-related accidents, total	190	208	314
• including fatalities, people	14	6	6
Occupational illness rate (the total number of identified occupational illness cases per 1 million man-hours worked)	0.06	0	0.01
RTAF (Road Traffic Accident Frequency) – the total number of road traffic accidents in the Subsidiaries, per number of kilometers run by the vehicles in the Subsidiaries normalized to 1 million kilometers			1.01

Contractor injury rate

Indicator	2018	2019	2020
Lost Time Injury Frequency – the number of lost time occupational injuries (including fatalities) in contracting companies per 1 (one) million man-hours worked (LTIF).	-	0.38	0.56
Fatal Accident Rate -the total number of the on-the-job fatalities in contracting companies per 100 (one hundred) million man-hours worked (FAR).	-	4.14	2.68
Total Recordable Incident Rate – the number of recordable injuries (including fatalities) in contracting companies per 1 (one) million man-hours worked (TRIR).	–	1,11	1,16
Number of injured employees as a result of work-related accidents in contracting companies, total	-	1.11	1.16
• including fatalities	135*	148*	209
RTAF (Road Traffic Accident Frequency) – the total number of recordable road traffic accidents in the contracting/ subcontracting companies per number of kilometers run by their vehicles normalized to 1 million kilometers			0.25

In order to reduce the number of incidents and accidents, decision was made through the HSE Committee of the Company that top managers will support the implementation of 2021–2022 HSE intervention plans and programs in the following areas:

- Prevention of falls from height;
- Control of work at operational sites;
- HSE Contractor Management applied at all stages of the contract life cycle;
- Embedding the procedures to suspend work in the event of a risk to the life and health of employees or contractors;

LTIF indicator	2019	2020
The number of Company's and contractor lost time occupational injuries (including fatalities) per 1 (one) million man-hours worked (LTIF)	0.37	0.53

- Building HSE leadership capability with a focus on line managers;
- Continued implementation of the Rosneft Road Safety Concept for 2020–2022;
- Maintenance of the safe condition of the Company's infield roads to reduce driving risks;
- Development of the control mechanisms for on-board vehicle monitoring systems;
- Continuous training of drivers under defensive driving programs.

"Smart hardhats"

In 2020, as part of the digital business transformation, specialists of Novokuibyshevsk Refinery, which is a part of the Samara Group oil refineries, cooperating with Rostelecom Company, piloted the digital smart hardhats – elements of the personal protective equipment. Smart hardhat technology uses special hardhats with built-in communication modules, which transmit the data through on-site base stations to workstations of health and safety specialists of the site.

Smart hardhat sensors track whether PPE is used correctly; detect site contingencies like falls from 1.5 meters and higher or hard impacts on the hardhats. Smart hardhat users have a "help signal" option available in case of any contingency. The system has a real time positioning feature. It continuously transmits information to the central datacenter.

The pilot tests confirmed that the technology is effective – the system accurately tracked the movement of tank farm workers and sent notifications when they entered hazardous zones or fell.

This technology is expected to be embedded at all sites, once it is certified to meet the process safety requirements.

"Management of Hazardous Areas – Red Zones Project "

In 2020, Irkutsk branch of RN-Burenie successfully piloted the safety project titled, "Management of Hazardous Areas – Red Zones Project." Hazardous zones at the drilling rigs were color marked and helped avoid injuries from moving mechanisms.

The project was recognized as an effective tool for reducing the potential injury risk to personnel from falling objects, moving mechanisms and high-pressure equipment

SAFETY OF THE OPERATION FACILITIES

Equipment Integrity

GRI 103-1 GRI 103-2

The Company successfully applies internationally recognized integrity management standards and advanced solutions to protect facility equipment from internal and external failure-inducing impacts.

Ensuring the integrity of equipment, availability of operational standards and timely decommissioning improve the level of protection from potential accidents, incidents and any damage to the environment. The Company implements integrity management programs using a risk barrier approach to assess and take action to strengthen both the prevention and response barriers. This work based on world best practices helps to prevent accidents and reduce the consequences of any failures that may occur.

In 2019, the Company implemented a process to record and analyze process safety accidents PSE-1 and PSE-2[1][2] in accordance with the recommendations of ANSI/API RP 754[3] and IOGP Report No. 456[4].

Through the work of the HSE Committee top managers were assigned to control the following integrity actions:

- Implementation of target reliability and integrity programs with the account for priority barriers and focusing on critical and high HSE risks;
- Implementation of process safety programs for hazardous facilities and tanks in the Arctic and permafrost areas;
- Development of emergency response systems and strengthening of responsive barriers within emergency response and rescue operations and the Oil Spill Response (OSR) management system.

In 2020, the Company approved and implemented the plan for "Assessment and actions to minimize the risks of oil spill accidents at Company facilities". The following measures have been completed under this plan:

- Survey of 4882 priority tanks (74% of the total number of tanks);
- Completion of an unscheduled external inspection of 800 additional tanks with a volume of 5000 m3 or greater;
- Verification of 276 plans for the prevention and response to emergency oil and product spills;
- The frequency of monitoring for high-risk tanks was increased to at least once every 2 hours;
- Surveys, safety assessments, scheduled preventive repairs of vertical steel tanks at the Subsidiaries were completed in accordance with the work plans for 2020;
- Over 21 thousand employees were trained;
- More than 3,000 planned or unscheduled drills, alarm responses and personnel training sessions were delivered;
- Geotechnical monitoring was conducted in applicable Subsidiaries.

Integrity indicators in 2020 GRI OG13

Indicator	Value
Level 1 process safety event rate (PSER-1)	0.040
Level 2 process safety event rate (PSER-2)	0.31

[1] PSE (Process Safety Event) – recordable human-induced incidents occurring as a result of an unplanned or uncontrolled release of any material including non-hazardous materials and energy from primary containment. PSE have four tiers – from Tier 1 with most severe consequences to Tier 4, when there is no incident and only prerequisites / near-misses are recorded.

[2] PSER (Process Safety Event Rate) is an indicator of the effectiveness of measures taken to ensure the integrity of systems and the safety of processes associated with handling of hazardous substances. It is calculated by dividing the number of incidents classified as PSE-1 or PSE-2 by millions of man-hours worked.

[3] ANSI / API RP 754 – Process Safety Performance Indicators for the Refining & Petrochemical Industries, Second Edition, April 2016.

[4] Report No. 456. OGPI – "Process safety – recommended practice on key performance indicators", November 2011.

Implementation of programs to improve the reliability of equipment in Upstream

In 2020, the Company launched a new large-scale Program "Pipeline reliability improvement in 2020-2025" with 23 oil and gas production facilities being part of the Program. The program of Pipeline Reliability Improvement in 2020–2025 provides for the reconstruction of more than 7,000 km of pipelines and conducting major repairs on more than 6,000 km of transport networks.

Despite the restrictions associated with the pandemic in 2020, the Upstream continued to implement measures to improve pipeline integrity. This involved:

- Increasing the scope of pigging by 4% with 2,900 km completed for 2020;
- Pilot testing of four leak detection systems and using the results to develop a matrix of system applicability representing the characteristics of the pipelines.

The implementation of the Program made it possible to achieve a 14% decrease in the number of failures at field pipelines in 2020 (net of flowlines) compared with 2019 and a reduction of 15% in the failure rate on field pipelines (net of flowlines).

Programs to improve the reliability of equipment in the Refining and Petrochemicals, and Commerce and Logistics

At oil refining and petrochemical sites, the implementation of programs to improve the reliability of pipelines has contributed to the achievement of a number of positive results:

- 106 of the most critical process pipeworks were replaced;
- 559 dead-end sections of process pipework were removed;
- 934 various fittings at process pipework were replaced;
- U-bend connections in 10 furnaces were removed.

The first stage of the target program for equipping tanks with process equipment, systems to control the concentration of hydrocarbon vapors in the atmosphere and installing closed-type ventilation systems at pumping stations of the oil storage facilities in the Regional Sales Subsidiaries. As a result, work to develop investment solutions was completed in 2020 for the construction and installation work in 2021–2022 based on the results of design and survey work done in 2019 across 14 Subsidiaries. During the second stage of the target program, design and survey work was carried out across 11 Subsidiaries.

Characteristics of Upstream pipeline fleet

Indicator	2018	2019	2020
Total length of active field pipelines at the end of the period (net of flowlines), km	83,155	83,563	64,552
Inhibition of field pipelines, km	25,326	25,842	22,896
Pipelines pigging, km	14,305	15,337	11,999
Oilfield pipelines repair and reconstruction, km	1,584	1,607	1,359
Inspection and safety expert review of field pipelines (net of flowlines), km	24,825	26,490	24,625

Pipeline Survey Technologies

The Company continues to introduce new technologies to conduct inspections of areas which are difficult to access and hazardous process areas, without putting employees or contractors at risk. In 2020, 21 Subsidiaries used unmanned aerial vehicles for monitoring the surface infrastructure of such areas.

RN-Purneftegaz has introduced a unique unmanned system for aerial monitoring of its in-field pipelines.

Accidents at sites

The Company operates significant quantities and types of equipment including drilling rigs, tanks, 'Christmas trees', pipelines, furnaces, vessels and pressure vessels and pumps. Equipment maintenance is conducted to maintain the required operating condition of equipment, taking into account the expiry of service life.

In 2020, the Company had seven accidents related to equipment depressurization at hazardous facilities but these did not result in a shutdown of operational activities at the sites.

Each accident was analyzed in detail, immediate and systemic causes were identified. Based on the analysis, corrective action plans were developed, including:

- Conducting additional examination and expert reviews of equipment;
- Holding update briefings and re-training and certification of employees;
- Improving the technological and operational standards of equipment, and making amendments to operating instructions for equipment;
- Installing additional alarms to high risk equipment;
- Introducing additional measures for preventive maintenance of equipment into the regulatory documents of the Subsidiaries;
- The improvement of emergency protection systems;
- Incorporating special extended recommendations and requirements for certain types of equipment given by the Corporate Research Centers in order to increase the reliability of operation.

Accidents at Rosneft facilities

Indicator	2018	2019	2020
Number of accidents	6	7	7

Rescue team activities

The Company maintains trained resources, response equipment and a high level of mobilization to ensure rapid response to incidents.

The implementation of measures to ensure the blowout safety of Rosneft allowed the Company's own OFS drilling crews in 2020 to prevent gas and oil water shows and blowouts during well construction.

Blowout safety

Drilling and well operations can sometimes encounter difficult and complicated situations including gas and oil water shows that can sometimes result in dangerous blowouts. These complications may occur at different fields but can be of varying intensities depending on the specific technical and engineering features of the drilling process and the geological environment of the area.

The Company has regulated the blowout safety management system and approved the Company's Regulation on the "Prevention and elimination of well control events and blowouts".

Some 56 emergency response teams and 108 contracted emergency response units provide operational preparedness for containment and response to oil spills at Subsidiary operating sites. There are also 270 Subsidiaries plans for both oil spill prevention and response as well as for the assessment of risks associated with possible accidents and emergencies.

To manage the risk of blowout safety incidents at the Company's operating assets, more than 10 well control services are involved with around 1000 employees. In order to continuously maintain the high capability of responders, training sessions and exercises are regularly held on possible emergency scenarios typical for different types of facilities.

Fire Safety

Rosneft and the Group Subsidiaries are systematically working to maintain fire safety systems at all facilities in strict accordance with the law and corporate regulations.

The Company continues to implement the program titled "Main areas of fire protection at the Company's facilities". The objectives of this Program are to modernize and re-equip the technical fleet as well as to reconstruct and construct new fire station buildings to bring them into compliance with the regulatory requirements; develop gas-smoke rescue services and bring the level of staffing of the Company's fire departments in line with the requirements to prevent and extinguish fires at the Company's facilities.

In order to reduce the number and consequences of fires not related to the production process, a risk-barrier approach has been developed to strength the fire safety systems at Company's facilities. This approach includes the development of recommendations related to assessment of fire occurrence at the Company's facilities and for minimizing the consequences of these fires. These recommendations were shared with Subsidiaries for review and application.

The corporate fire brigade trained about 300 thousand Company employees and contractors from the Company's Subsidiaries through fire safety measures, briefings and consultations and provided oversight to around 70 thousand hot work jobs.

There were also 285 fire drills and 8362 fire exercises conducted to practice response actions at sites with more than 2,100 training events held on emergency response plans.

To support the territorial fire and rescue garrisons of the EMERCOM of Russia, corporate fire departments have responded more than 700 times, thereby highlighting the Company's contribution to the safety of the population living in the regions of its operation.

TRANSPORTATION SAFETY GRI 103-1 GRI 103-2

In 2020, the Company approved the Rosneft Road Safety Concept for 2020–2022. This concept takes into account the main goals and objectives of the Decree of the President of the Russian Federation dated May 7, 2018 No. 204 and the Road Safety Strategy of the Russian Federation for 2018-2024, including:

- Reduction of injuries and severity of consequences from road traffic accidents;
- Compliance with HSE requirements of legislation;
- Continuous improvement in road safety performance;
- absence of incidents due to vehicle malfunction and the health of drivers;
- The use of a risk-based barrier approach to road safety management.

The following actions were taken to mitigate road safety risks as part of the Rosneft Road Safety Concept for 2020–2022:

- Training of drivers in defensive driving;
- Installation on-board monitoring systems, two-way video recorders;
- Creation of a unified corporate telematic platform for satellite monitoring of the Company's vehicles based on GLONASS;
- Publication of articles on road safety in regional / corporate media;
- Implementation of the communication support plan.

As of the end of the year, the Company operated more than 62 thousand vehicles owned by both the Company and contractors. 84% of the vehicles are now equipped with on-board vehicle monitoring systems with 80% having video recorders. More than 48 thousand road safety inspections were carried out at the Subsidiaries and contractors and more than 60 thousand drivers were trained in defensive driving.

During the year, the Subsidiaries organized actions to prevent road accidents: "We support road safety – 2020", "Safe road – 2020" and "Caution, children!" to reduce the number of road traffic accidents. The employees who are members of the standing commissions for the prevention of road accidents in the Subsidiaries played the key role in the organization and conduct of these events.

In addition, personnel were trained for the operation of vehicles in extreme situations, including practical training sessions on emergencies at ice crossings and on extinguishing fires in vehicles.

Further, a number of additional road safety initiatives are being implemented including the monitoring of speeding by drivers of the Subsidiaries and contractors using on-board monitoring systems; implementing a project for the decommissioning of cabover vehicles of UAZ type as well as equipping driver's cabs of all cranes of the Subsidiaries and contractors with video recorders.

Air travel safety GRI 103-1

The safety of air transportation is an important factor in the sustainability of Rosneft logistics. To ensure continuous operations and prevent incidents, the Company always monitors and analyzes incidents, and develops corrective and preventive measures.

The Company is working to develop a multilevel aviation control system for Rosneft and the Subsidiaries, which involves dedicated structural units of the Headquarters, managers and specialists of the Group Subsidiaries, and contracted airlines.

Rosneft is a member of the Customers Committee of the Helicopter Industry Association, which is working to unify and improve the general requirements of companies in the oil and gas industry in Russia, with the participation of foreign companies on this market, for the quality and safety of aviation services.

Working in the Committee allows customers of helicopter services to ensure the collection and analysis of data in a single information space, enjoy a platform for making important decisions in cooperation with the helicopter industry.

The Company has put in place a comprehensive emergency prevention and response system and adheres to the highest corporate safety standards to eliminate even the slightest risk of emergency.

5. EMERGENCY RISK MANAGEMENT

5 EMERGENCY risk management

Protecting employees' life and health in the workplace is our absolute priority. Among other threats, we take into account the risks of natural and man-made disasters and manage them by introducing corporate safety standards compliant with the most stringent international requirements.

GRI 102-15

To achieve production safety, it is essential to minimise the risk of accidents that can escalate into emergencies. Emergencies may result from natural hazards (natural disasters) seriously affecting the Group Subsidiaries, such as wildfires, hurricanes, heavy rains, floods (freshets), snowstorms, abnormal frosts, and earthquakes. GRI 103-1

As a result of the efforts taken in 2020, the Company's sites had no natural or man-made emergencies.

Rosneft's emergency prevention and management objectives include:

- Mitigating emergency risks at the Company's sites
- Maintaining the guaranteed level of staff safety
- Enhancing protection of the Company's assets and the environment
- Minimising potential consequences of natural hazards, including related potential damage and losses
- Ensuring the life safety of local communities across the Company's footprint in case of a potential or actual emergency as required by federal laws

EMERGENCY RISK MANAGEMENT GRI 103-2

Emergency prevention and response activities are part of the corporate risk management system.

The Company has put in place all the essential regulations to identify and assess potential threats, and develop measures to mitigate and eliminate them.

Emergency risk management at Rosneft relies on a two-tier regulatory framework. At the corporate level, we have introduced company-wide requirements, approaches and objectives to implement, coordinate and improve emergency prevention and response measures. The Group Subsidiaries, at their level, take all steps to ensure compliance with these requirements.

The Company manages emergency risks using a corporate subsystem made up of the Group Subsidiaries' on-site teams. The subsystem is part of Russia's Single State Disaster Management System.

Group-wide emergency prevention and response activities are coordinated by the Company's Emergency Response Centre, while at the Group Subsidiaries, these functions are vested in structural units responsible for protecting employees and the business in case of emergencies. The centre and these units operate as permanent governing bodies as part of the corporate emergency management subsystem and its on-site teams, respectively.

The Group Subsidiaries' on-site teams report to emergency prevention and response and fire safety commissions, with duty dispatch services also put in place for the day-to-day management, 24/7 situation monitoring and a timely response to any arising threats. In doing so, they may be assisted by temporary bodies (task forces and teams).

Emergency (incident) response operations are carried out by professional emergency response teams and outstaffed rescue squads having special-purpose machinery, equipment, tools, and materials.

We use corporate satellite connection to ensure prompt and reliable communication with the Group Subsidiaries through telephone and video channels. To provide information support of the corporate emergency management subsystem, the Company operates communication, alarm, and automated management systems.

All Group Subsidiaries put aside financial and non-financial reserves for emergency prevention and response. These are channelled to carry out rescue and other response activities, organise and maintain temporary accommodation and food supply for accident victims, provide one-off financial aid, and take other urgent measures to ensure stable operations in case of an emergency.

Over RUB 2 bln

the Company's financial and non-financial reserves in 2020

Financial and non-financial reserves for emergency prevention and response, RUB bln

EMERGENCY PREVENTION

In 2020, the Company implemented a set of scheduled measures to improve the protection of its employees, equipment, assets, and the environment in case of emergencies. These included:

- updating the Company's internal regulations on emergency prevention, management, and prompt response in case of a potential or actual emergency;
- mitigating the potential risks of fatalities and negative effects of emergencies; fire prevention;
- improving staff knowledge and skills and ensuring emergency preparedness of the corporate emergency response bodies and the Group Subsidiaries' on-site teams;
- effective use of information resources for emergency prevention and response;
- establishing and maintaining the operability of local and on-site alarm systems to inform Group Subsidiaries employees about potential and actual emergencies;
- updating the risk-based classification of the Company's facilities in line with regulatory classification requirements as part of the risk-oriented approach;
- strengthening communications between the Group Subsidiaries' on-site emergency response teams and the governing bodies and forces of the functional and regional emergency response management subsystems.

In 2020, duty dispatch services of four Group Subsidiaries merged into a shared crisis response service based on the risk management information system.

To monitor the operational environment at the Company's facilities and promptly respond to potential or actual emergencies, our Emergency Response Centre has a 24/7 duty service desk.

Duty dispatch services of the Group Subsidiaries feature automated workstations, special software, fixed and mobile telephony, and end-user devices for automated alarm handling. In addition, the Company has action protocols for operators in place in case of a potential or actual emergency. Duty dispatch services of the Group Subsidiaries operate on a 24/7 basis. GRI 103-3

As part of the Company's social guarantees in case of an emergency, all employees of the Group Subsidiaries have compulsory and voluntary accident insurance.

Prevention of Man-Made Disasters

In 2020, the Company's sites took the following key steps to minimise the risk of accidents and prevent their escalation into man-made disasters:

- reviewing potential threats of man-made accidents to take preventive actions and mitigate the impact on the Company's assets;
- regular employee training in emergency prevention and response;
- keeping emergency containment and fire-fighting equipment in constant readiness.

Prevention of Natural Disasters

Major natural hazards threatening the Company's facilities and potentially leading to an emergency include floods (freshets), wildfires, weather hazards (hurricanes, heavy rains, snowstorms, abnormal frosts), and earthquakes.

Every year, the Group Subsidiaries take a number of preventive and mitigating steps to ensure accident-free operation of assets, preparedness and prompt response of relevant bodies to natural disasters.

During the 2020 spring flood season, Rosneft and the Group Subsidiaries planned preventive measures, prepared river breakup outlooks by federal district, developed and distributed the guidelines to mitigate the effects of summer and autumn freshets.

The Group Subsidiaries created flood response bodies, implemented preventive action plans to ensure seamless operation in spring freshets, updated the list of facilities most exposed to floods, and established communications with regional and municipal commissions for emergency prevention, response and fire safety. They also checked the preparedness of the relevant bodies and on-site teams, reviewed financial and non-financial reserves and arranged for a proactive build-up of resources at locations with high flood risks.

In March 2020, the Company organised tabletop exercises and training for the emergency management bodies and on-site teams of the Group Subsidiaries to ensure seamless operations and protect employees, production sites and other facilities against spring freshets. The training involved Rosneft emergency task force, corporate governing bodies and on-site teams of the Group Subsidiaries.

In 2020, the Group Subsidiaries developed and implemented measures to ensure fire safety and timely prevention of wildfires near oilfields, production sites, and other facilities. They also teamed up with Russia's local forest protection squads to monitor fire risks in the Group's regions of operation. The Group Subsidiaries' facilities were kept safe from wildfires in 2020.

Proactive measures enabled the Group Subsidiaries to prevent emergencies during the flood season of 2020.

EMERGENCY RESPONSE

The Group Subsidiaries took the following steps to ensure prompt and effective response to potential emergencies:

- updated action plans on emergency prevention and response based on the study of natural and man-made risks;
- improved the alarm systems designed to notify the Group Subsidiaries' response teams and constant readiness forces in case of an emergency;
- provided for the set-up, certification, and operation of 81 in-house emergency rescue squads;
- signed agreements with external professional response teams to protect facilities that have no dedicated in-house services.

The Emergency Response Centre's service desk and the duty dispatch services of the Group Subsidiaries hold regular training sessions to be better prepared for emergency response.

In 2020, Rosneft commissioned local alarm systems at Novokuibyshevsk Refinery, Bashneft-Ufaneftekhim, and Bashneft-UNPZ.

Timely notification of the bodies overseeing the corporate emergency management subsystem and employees across the Group Subsidiaries is ensured via approved emergency notification procedures. The Group Subsidiaries operate on-site and local alarm systems as required by federal laws. All the alarm systems used by the Group Subsidiaries are in good condition. Each information escalation level implies notification of the relevant managers and employees, as well as the Group Subsidiaries' on-site emergency response teams.

Throughout 2020, upon emergency alerts from the municipal service desks, governing bodies and the Group Subsidiaries' on-site teams of the corporate emergency management subsystem were swiftly switched to an emergency mode, carrying out comprehensive prevention activities commensurate to identified risks. Thus, the response to threats was guaranteed, preventing them from escalating into emergencies.

The Company provided for the set-up, certification, and operation of 81 in-house emergency rescue squads

EMPLOYEE TRAINING IN EMERGENCY RESPONSE

The Company focuses on staff training in emergency response and ensuring the preparedness of the corporate emergency management bodies and the Group Subsidiaries' on-site teams to mitigate emergency damage.

To assess the emergency preparedness, Rosneft held 83 comprehensive, 272 tabletop, and 207 tactical training exercises, along with 42,820 on-site training sessions.

Every year, the Company holds competitions to recognise and award the achievements of its subsidiaries in civil defence, emergency prevention and response.

GRI 103-3

In 2020, the Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters conducted 13 audits (initial plans were adjusted for COVID-19 containment measures) of the Group Subsidiaries' emergency prevention and response activities, with gaps identified only with respect of two sites (no penalties imposed).

Rosneft provides ongoing methodological support to the Group Subsidiaries and controls their readiness for emergency prevention and response, as well as remedial action on the findings of regulatory audits. In 2020, Rosneft experts inspected 42 Group Subsidiaries for emergency prevention and response practices, and readiness of their on-site emergency response teams.

>282 thousand employees

were trained in emergency prevention and response in 2020

In 2020, the civil defence and emergency response competition draw

155 facilities

Instructional meeting on civil defence

June 2020 saw the Company hold an instructional video conference meeting on civil defence, emergency prevention and response measures. It involved about 200 managers and employees of the civil defence and emergency response units from the Group Subsidiaries.

The participants reviewed the reporting year's emergency prevention and response activities and defined short-term objectives.

To enhance their professional skills, the meeting included a workshop on organising response action of the bodies responsible for day-to-day management of on-site emergency response teams in various emergencies.

6. PERSONNEL

356 THOUSAND

SKILLED EMPLOYEES[1]

Rosneft is among Russia's largest employers. Highly skilled and motivated employees are the Company's core asset. Rosneft is focused on effective personnel management, offering professional and personal growth opportunities, as well as social support for its employees.

[1] Headcount as at 31 December 2020.

6

PERSONNEL management

MANAGEMENT FRAMEWORK AND PERSONNEL PROFILE

Management Framework
GRI 103-1

Highly skilled and motivated employees are the Company's core asset. Rosneft is focused on effective personnel management, offering professional and personal growth opportunities, as well as social support for its employees.

In its employment practices, Rosneft complies with applicable Russian and international laws and never uses forced, compulsory or child labour. The Company takes a zero tolerance approach to discrimination on the basis of gender, age, ethnic origin, religion, race, or any other grounds. Rosneft and Group Subsidiaries never use child labour in whatever circumstances[1]. Foreign assets operate in line with the corporate procedures and local legislation.

The Company recognises the importance and value of fundamental human rights and freedoms at workplace: the freedom of association, the right to collective bargaining, labour rights and the right to health.

[1] An employment agreement with a minor may only be made in strict compliance with applicable laws of the country where Rosneft or its respective Group Subsidiary operates.

"In 2020, the world faced a major challenge of the COVID-19 pandemic. Rosneft responded promptly given that we view employee health and safety as our priority. Based on international best practices and without delay, each Group Subsidiary developed an action plan aimed at mitigating infection risks. All Rosneft facilities tightened hygiene control, provided personal protective equipment and disinfectants, performed daily staff health checks, and transferred as many employees as possible to remote work."

Andrey Zhilkin,
HR Director

Rosneft abides by authorities' directives and actively supports the government's social policy.

GRI 103-2

The Company's main publicly available regulations related to personnel management:
- Rosneft's Code of Business and Corporate Ethics;
- The Company's Policy on Sustainable Development;
- The Company's Policy on Personal Data Processing.

The Company's personnel management priorities include:
- enhancing labour productivity and organisational effectiveness;
- developing effective incentives, benefits and compensations;
- talent management, development of staff through the continuous corporate education and training;
- providing personnel with required skills and expertise for the Company's projects;
- continuous self-improvement and high efficiency of the HR service;
- cooperation with executive authorities and vocational institutions to support the government's personnel training policy;
- HR records management in strict compliance with labour laws and other regulations applicable to labour relations.

COVID-19 Measures
During the COVID-19 pandemic, all Group Subsidiaries developed Plans of Priority Response Measures to Ensure Business Continuity and implemented a set of initiatives to ensure production stability and prevent the spread of COVID-19. In addition, they established cooperation with regional authorities and Rospotrebnadzor.

They also developed a procedure to be followed in case of detecting the infection, including disinfection of offices and common areas, and an algorithm for identifying and suspending persons who were in physical contact with the sick employee. Most of the personnel were transferred to remote work without affecting operations.

Personnel Structure GRI 405-1
Rosneft is one of Russia's largest employers. In 2020, its average headcount stood at 342.7 thousand people[2], up 9% year-on-year. The increase was driven by production development, acquisition of new assets or their inclusion in the business plan[3]. Most of the workforce is located in Russia (99.1%), Ukraine (0.4%) and Belarus (0.2%), with 0.3% of the employees working in other countries[4].

[2] 356 thousand people — headcount as at 31 December 2020

[3] IK Sibintek, IMT, Sibintek-Soft, Vostochno-Sibirsky Mashinostroitelny Zavod, Remontno-Mekhanichesky Zavod, Yukort, Vostok Oil.

[4] Abkhazia, Armenia, Brazil, UK, Vietnam, Germany, Egypt, Iraq/Kurdistan, Kazakhstan, Canada, Qatar, Cyprus, Kyrgyzstan, Cuba, Mongolia, Myanmar, Norway, Singapore, Switzerland.

The average employee age remained mostly unchanged at 40.6 years. Managerial positions were held by 43.9 thousand employees. Employees categorised as managers made up 12.3% of the total average headcount in 2020.

The share of female employees was flat at 32.4%. As at the end of 2020, women accounted for 23.6% of all managers and nearly 15% of top and senior managers of the Group Subsidiaries.

For more details on the Company's personnel structure, see Appendix 1 to this Report.

Improving HR Processes for Better Protection of Labour Rights

It is important to improve HR processes for minimising the risks of labour rights violations. Rosneft is making consistent efforts to unify and automate its processes as well as unify the organisational structures of Group Subsidiaries' functions.

Unification and Automation GRI 103-2

Key HR business processes are performed in line with the uniform corporate HR, compensation and social development standards. The standards apply to personnel accounting, recording of working hours, organisational management, remuneration system, and payments to the staff and third parties.

Despite the pandemic-related restrictions in 2020, we continued to roll out uniform corporate HR, compensation and social development standards on corporate IT platforms, including SAP and 1C.

9.0%

employee turnover at Rosneft

Seven more Group Subsidiaries implemented uniform HR business processes based on uniform corporate standards. As at 31 December 2020, these standards were used by 129 Group Subsidiaries with an aggregate headcount of 197 thousand employees.

Unification of the Organisational Structures of the Group Subsidiaries' Functions

GRI 103-2

The Company seeks to streamline its processes and reduce labour costs. In 2014, we began to unify the functions and organisational structures of Group Subsidiaries.

In 2020, we designed and upgraded five standard organisational structures, involving internal and external communications, personnel and social programmes, capital construction in Oil Refining, economic security, and transportation in Exploration and Production. Their phased implementation is planned until the end of 2022.

The Company continued transferring the personnel accounting function to the corporate level. In 2020, the function was phased out at 16 Group Subsidiaries, helping to boost the labour productivity of personnel accounting staff and reduce the costs to administer the function. In the reporting year, the economic effect from this initiative amounted to RUB 10 mln per year. Going forward, we will continue transferring routine HR functions to the corporate level.

Average headcount in 2020, %

GRI 102-7 GRI 102-8

Exploration and Production, including gas	25%
Commerce and Logistics	18%
In-House Services (Oilfield Services)	16%
Oil Refining and Petrochemicals	16%
Corporate Services	16%
Other	4%
Research	4%
Head Office	1%

Personnel by country (average headcount) in 2020, %

Russia	99.1%
Ukraine	0.4%
Belarus	0.2%
Other countries[1]	0.3%

Employee turnover, % GRI 401-1

[1] Abkhazia, Armenia, Brazil, UK, Vietnam, Germany, Egypt, Iraq/Kurdistan, Kazakhstan, Canada, Qatar, Cyprus, Kyrgyzstan, Cuba, Mongolia, Myanmar, Norway, Singapore, Switzerland.

HR Management Performance

Remuneration

Rosneft provides comfortable work environment and development opportunities for every employee. The Company has transparent approach to remuneration, evaluation, motivation and promotion, and follows the principle of equal pay for work of equal value. Employees in the same positions and professions are paid equally, and there is no pay gap between men and women performing identical functions.

The Company's approach to remuneration is based on the principles of high social responsibility and a decent standard of living for its employees. Rosneft seeks to maintain wages above the regional average across its footprint and perform annual indexation.

The average monthly salary for all Group Subsidiaries in 2020 reached RUB 91,885, traditionally exceeding not only the legal minimum wage but also the average salary in most regions where the Company operates.

In the reporting year, social payments, regular benefits, and one-off bonuses amounted to an average of RUB 66,500 per employee.

To ensure increase in real wages and offset the inflation, Rosneft adjusted the salaries in Group Subsidiaries located in Russia by 3% in 2020.

In 2020, we also worked on the development of a Unified Corporate Regulation on Personal Data Processing, slated for approval in 2021. The Regulation seeks to elaborate on the processes set out in the Policy on Personal Data Processing.

The Company's Policy on Personal Data Processing is available on its website.

Long-Term Incentive Plan and Key Performance Indicators

Since 2018, Rosneft has had in place a Long-Term Incentive Plan for the Group Subsidiary Managers, which is based on long-term business development indicators, new facilities commissioned, and health and safety performance.

Breakdown of social payments, benefits and one-off bonuses included in the 2020 payroll, RUB mln % GRI 201-3

Benefits and one-off bonuses included in the payroll	59.1%
Voluntary health insurance contributions	20.2%
Other social payments	12.7%
Retirement payments	3.5%
Wellness of employees and their children	2.5%
Severance payments	2.0%

Employee's Personal Account

In 2020, we continued developing the Employee's Personal Account (EPA), adding a new user function for arranging business trips. Using their personal accounts employees can quickly request and receive various certificates, maintain vacation schedules, view and update their personal data.

In November 2020, we started rolling out basic personal account functions in Group Subsidiaries. EPAs will help enhance the online communication with employees and significantly reduce the paper workflow. A mobile version of the Employee's Personal Account for corporate mobile devices is expected to be released in 2021.

The Plan covers CEOs and senior managers of the Group Subsidiaries who contribute significantly to the Company's financial and economic performance, its strategy implementation, and large-scale investment projects.

The Long-Term Incentive Plan is aimed at motivating the Company's managers to increase efficiency, deliver a result-oriented and priority-based performance, and promote environmental sustainability. Additionally, it stimulates them to support new technologies and drive economic growth.

For comparison of average monthly salary in the Group Subsidiaries with the average salary by the region, see Appendix 1 to this Report.

Short-Term Incentive Plan and Key Performance Indicators

Rosneft's key performance indicators (KPIs) play a key role in its management incentives and remuneration system. KPIs for executives of Rosneft and the Group Subsidiaries are set every year and approved by the Company's governing bodies: the Board of Directors, the Management Board, and the Chief Executive Officer. The KPI list is based on the Company's strategic objectives, the Long-Term Development Programme and the business plan approved by Rosneft's Board of Directors.

The KPI system includes a number of sustainable development indicators aimed at achieving the goals of the Rosneft–2022 Strategy in the area of occupational health and safety, safety of production facilities, equipment integrity, and environmental protection. KPIs are set individually for each manager, taking into account the specific areas they are working on. Additionally, zero fatal incidents is a cross-functional KPI.

The Company's executives are personally responsible for injuries of any employees of Rosneft, its contractors and subcontractors.

For more information on sustainable development KPIs, see the Sustainability Management section of this Report, and the KPI Structure section of the 2020 Annual Report (page 32).

Activity areas	Sample indicators
Environmental performance	• emission and discharge volumes; • waste generated; • area of contaminated lands
Workplace safety	• LTIF[1] • FAR[2]
Fuel and energy savings	Fuel and energy savings in line with the Energy Saving Programme

[1] Lost Time Injury Frequency is the ratio of the number of lost-time work-related injuries (including fatalities) of the Company's employees to 1 mln man-hours worked.

[2] Fatality Rate is the ratio of the total number of work-related fatalities to 100 mln man-hours worked.

PERSONNEL TRAINING AND DEVELOPMENT

Personnel Training System

GRI 103–1 GRI 103–2

Training and development of our personnel are strategic priorities at Rosneft. We make every effort to offer our employees opportunities for continuous professional and personal growth and development.

In 2020, we continued to enhance the professional skills of our employees. Rosneft delivered 761.9 thousand man-courses in mandatory vocational and management training, which is 20% more than in 2019.

The corporate training system covers all business areas and staff categories. We engage experts from educational and consulting companies to train our people in line with our current and strategic needs.

Amid the 2020 pandemic, the Company managed to maintain the stable development of its corporate training system.

RUB 1.3 bln
spent on training in 2020

Personnel training and development, thousand man-courses GRI 404–1

Indicator	2018	2019	2020
Total for year, including by category:	**535**	**636**	**761.9**
• managers	106	119	147
• talent pool	2	2	1
• white-collar workers	125	146	218
• young professionals	3	4	3
• blue-collar workers	299	365	393

Personnel training and development

Indicator	2018	2019	2020
Average duration of training per employee per year, man-hours	37.7	60	49.7
Total duration of training, thousand man-hours	12,269	18,979	17,031
By category:			
• managers	2,492	3,439	3,564
• white-collar workers	2,436	4,232	3,570
• blue-collar workers	7,341	11,308	9,896
By gender[3]:			
• men, thousand man-hours	10,141	15,767	14,133
• women, thousand man-hours	2,128	3,213	2,897

[3] The different number of training hours for men and women is due to the large amount of mandatory training for hazardous jobs that are mostly done by men.

Together with partner educational institutions in Russia and abroad, we reviewed and updated educational programmes and implemented distance learning formats employing IT platforms, as well as solutions for group and individual online learning and knowledge testing.

In 2020, we significantly expanded the range of management courses to include:

- MBA programmes for managers, talent pool and high-potential employees of the Head Office and Group Subsidiaries;
- Leader of the Future (Strategic Level, Operational Level, Young Talents).

We provide the following professional education opportunities:

- training for young engineers from exploration and production facilities in the following jobs: technological monitoring and control in well construction (drilling supervisor), well construction supervisor, oilfield chemist, and project manager;
- training of shop managers from the exploration and production facilities under the professional retraining programme to improve performance and production methods;
- professional retraining for target personnel groups in oil and gas practical engineering and technology, oil and gas engineering economics, organisational development and effective HR management in the oil and gas industry;
- upskilling in geology and exploration;
- training for in-house coaches and line personnel at filling stations of marketing and distribution facilities;
- professional retraining for target personnel groups in HSE;
- special training for employees engaged in providing aircraft to support the Company's operations.

Together with Rosneft International Centre for Research and Development (RICRD, Qatar) and leading international experts, we ran the Moving into the Digital Era through Digital Transformation course for our IT team.

Internal Training System

At Rosneft, we have built an effective internal training system to preserve and transfer knowledge within the Company. We leverage our in-house training centres, coaches, experts and workplace mentors to provide 63% of training (479.6 thousand man-courses).

In 2020, in-house coaches conducted 207 corporate training sessions (5,113 man-courses).

In the reporting period, we launched a training programme for in-house coaches, with 68 groups trained (850 man-courses).

GRI 404-2

Personnel training costs, RUB mln

Indicator	2018	2019	2020
Total for year, including:	**1,552.8**	**1,817.1**	**1,311.5**
• mandatory training	777.6	825	744.1
• vocational training	651.5	853.2	490.5
• management training	123.6	139	76.9
By category, including:	**1,552.8**	**1,817.1**	**1,311.5**
• managers	490.2	591.3	407
• talent pool	63.3	35.4	9.4
• white-collar workers	572	719.5	485.1
• young professionals	16.4	24.3	16.4
• blue-collar workers	410.8	446.7	393.6

Corporate Training Centres

All in all, there are 64 training centres operating as part of the Group Subsidiaries or local educational institutions across our footprint. They have testing sites and offer hands-on vocational training, including mandatory courses, to help blue-collar employees and specialists develop professionally.

In 2020, the Company set up a corporate training centre at Bashneft-PROFI. In the reporting period, we also worked to create the following facilities:

- a corporate training centre in Krasnoyarsk as part of the Vostok Oil strategic investment project's staffing;
- an electrical engineering and testing site at the Samaraneftegaz training centre;
- a training centre at Zvezda Shipbuilding Complex;
- a regional training centre at RN-Komsomolsk Refinery;
- a training centre at Orenburgneft.

Mentoring Programme

The Company has been implementing a mentoring and development programme for workers and young professionals. It aims to facilitate employee onboarding and build up their skills to professional standards. The programme targets newly hired blue-collar workers and young professionals with higher education in a relevant field. The duration of the programme is three to nine months for blue-collar workers, depending on the occupation, and 12 to 36 months for young professionals, depending on individual competence level.

Rosneft has over seven thousand mentors. In 2020, they helped train 5.5 thousand new workers and 3.6 thousand young professionals.

As a result of the company-wide mentoring programme, we compiled an integral rating to assess the efficiency of relevant initiatives implemented by the Group Subsidiaries in 2020. The assessment covered 89 Group Subsidiaries in Exploration and Production, Oil Refining, Petrochemicals, In-house Services, Corporate Services (R&D and Manufacturing), Shipbuilding and Ship Repair, with winners named for each business.

We leverage our in-house training centres, coaches, experts, and workplace mentors to provide 63% of the training.

Best Mentor 2020 competition

In the reporting year, Best Mentor had two rounds. The qualification round held on the Subsidiary level welcomed 5,634 mentors of blue-collar employees and 1,564 mentors of young professionals from 89 Group Subsidiaries.

The second round covered the Exploration and Production, Oil Refining, Pterochemicals, In-House Services, Corporate Services, Shipbuilding and Ship Repair business units, with 191 and 215 mentors from respective groups taking part.

In addition, we held an online professional development and motivation conference for the 30 best mentors (winners and runners-up of the Best Mentor 2019 competition) from 26 Group Subsidiaries.

Professional Standards

Rosneft and the Group Subsidiaries consistently support the labour laws improvement policy of the government and adopt professional standards therein. Currently, out of the 1,360 professional standards approved in Russia more than a quarter can be implemented in the Company, with 68 of them classified as mandatory qualification requirements. The qualification standards apply to over 49 thousand employees of the Company, of whom over 96% have an educational background meeting the requirements.

Rosneft is a member of the National Council for Professional Qualifications in the Oil and Gas Industry.

In 2020, the adoption of mandatory professional standards enabled 340 employees to enrol in a continuing professional education or a training programme.

Vostok Oil project staffing

A priority for the Vostok Oil project staffing is timely and proper training of workforce and professionals. To that end, in 2020, the Company and the Ministry of Education of the Krasnoyarsk Territory developed and implemented a comprehensive programme for the interaction of regional Group Subsidiaries with local vocational education institutions and the Institute of Petroleum and Natural Gas Engineering of the Siberian Federal University. The programme has the following focus areas:

- update and develop oil and gas curricula in line with the business needs;
- provide up-to-date software and equipment to educational institutions for efficient organisation of training;
- organise a programme of student and teacher internship at the Group Subsidiaries' facilities in the Krasnoyarsk Territory.

To ensure sufficient training of the Subsidiaries' personnel for the purposes of the Vostok Oil project and boost the effectiveness of the hands-on training provided to vocational and university students in the industry-specific fields, in 2020 the Company developed and approved the concept of a corporate training centre in Krasnoyarsk.

Competence assessment system

The Company's integrated personnel assessment framework applies to all personnel categories, managers, specialists, and blue-collar employees. It includes three threads:

- creating a talent pool and expert communities;
- planning competency training;
- recruiting and changing positions.

The corporate and managerial skills assessment relies on the dedicated Model. In 2020, the Company used the Model to evaluate 11.19 thousand employees.

The assessment of professional skills also uses materials drafted in the course of the target innovative project (TIP) to introduce a skills-based approach to personnel development across all business segments. In 2020, we assessed over 16.18 thousand people based on the TIP materials.

Talent pool

Rosneft talent pool programme includes looking for promising employees, providing training, ant promoting them to the key management roles. Talent pool benefits both the Company and the employees – it enables the efficiency of our business and empowers our people to learn and grow.

To ensure HR security within the Group Subsidiaries, we continuously develop our management talent pool, which includes a multi-tier competency assessment to select candidates, identify their priority growth areas, and design related individual plans.

External young talent pool for the long musters students from the corporate School–University–Company framework programmes.

International educational projects

As part of the comprehensive training effort, Rosneft is fostering partnerships with foreign oil and gas producers and educational institutions. This includes internships, conferences, and training programmes.

As part of educational cooperation with BP we had the following:

- video conference on personnel assessment;
- round table on digital communication between employees and their employer;
- joint seminar on developing HR competencies;
- webinar on creating corporate training centres;
- BP representatives took part in Rosneft's annual conference for best mentors and gave a talk on BP's experience with developing a mentoring system at production facilities.

Together with Rosneft International Centre for Research and Development (RICRD, Qatar) and leading international experts, we ran the Moving into the Digital Era through Digital Transformation course for our IT team.

1, 004 man-courses

courses in management training

2,382 employees,

from the Company's talent pool have been assessed against managerial and technical skills

In 2020, we saw further development of the dual master's degree programme "Petrochemical Engineering" coordinated in partnership by Kazan Federal University, Imperial College London, and BP Russia. Ten second-year students continued their studies in London. Nine first-year students enrolled the programme and are now studying in Kazan. The master's programme serves the interests of the following subsidiaries: RN-Yuganskneftegaz, RN-Vankor, Samotlorneftegaz, Verkhnechonskneftegaz, RN-Uvatneftegaz, Samaraneftegaz, Orenburgneft, and RN-BVK.

Comprehensive personnel assessment , thousand people GRI 404-3

Skills assessed	2018	2019	2020[1]
Professional and technical	14+	20+	16+
Corporate and managerial	17+	23+	11+

Youth Policy

Rosneft's Youth Policy aims to ensure a steady influx of young, qualified specialists from among the top graduates of higher education institutions, and their fast and effective onboarding at the Company's facilities.

External talent pool comprised of students and graduates of local universities enables succession and HR security within the Company in the long term.

Rosneft classes

Rosneft classes represent the first stage of the Company's talent pool. Rosneft classes are set up in secondary schools across the regions of the Company's footprint. The classes offer school students a high-quality secondary education with a strong focus on technology and science to encourage them to continue engineering studies at universities. After graduation, young talents are employed by the Company.

In 2020, the Company supported 122 classes in partnership with 64 secondary schools in 57 towns and settlements located in 27 Russian regions. The classes saw some 2,776 attendees. In order to expand the continuing education opportunities for school students and teachers and support digitalisation in educational institutions where Rosneft classes are held, the Company provided 55 partner schools with distance learning equipment.

In the reporting year, we continued the bilateral project with Lomonosov Moscow State University to provide distance learning for teachers: Educational Processes in Digital Format, a virtual summer school for teachers, in partnership with the Russian Academy of Education, saw 186 teachers from 33 schools of 17 Russian regions.

Partner schools introduce early career guidance and preliminary training for fifth to ninth grade students. This helps them decide on their future career and make an informed choice of the major at high school.

Youth policy highlights in 2020

>5,200
school and university students enrolled in the youth policy projects

3,621
young talents

122
Rosneft classes offered across the Company's regions of operation

64
schools

43
partner colleges

68
partner universities

25
specialised university departments sponsored by Rosneft

175
partner educational institutions

RUB 1,353 mln
invested by the Company in youth policy projects

Youth policy funding in 2020

Cooperation with universities (equipment upgrades, internship opportunities, scholarships for students and grants for professors)	78%
Promotion of pre-university training	17.5%
Work with young talent	4.5%

For a unified approach to the programme implementation, Rosneft has developed the Concept of early career guidance and preliminary training to provide methodology support to teachers and employees of Group Subsidiaries involved in the pre-university training project.

Among other things, the Rosneft classes project seeks to identify, support and provide education to the gifted youth. To this end, students are encouraged to participate in academic contests. In the school year 2019–2020, 985 students from Rosneft classes became winners and runners-up in a wide range of academic olympiads, competitions, and conferences, with 517 winning top awards and other prizes at various stages of the National Olympiad of Schoolchildren.

Also, 108 students of Rosneft classes qualified for the final round of the partner educational programme for the gifted youth. The programme is a joint effort of Rosneft, the Talent and Success educational foundation, and Sirius Educational Centre.

The partner programme has received 986 student applications from 26 regions of the country. The remote round had three learning modules developed specifically for Rosneft classes by Sirius Educational Centre and Rosneft experts:

- Oil and Gas 101, a career-guidance module;
- Engineering, an educational module;
- IT, a digital module.

The project proved to be a success as evidenced by the number of Rosneft-class graduates who signed employment contracts with the Company. In 2020, 106 graduates were employed by 34 Group Subsidiaries.

The winners will participate in an online course by Sirius Educational Centre in 2021. The course includes project-based learning using cutting-edge engineering and IT with Sirius' top teachers and mentors. Students will form 18 project teams, 6 people each. The projects will be focused on priority areas of the Company's operations. Teams are expected to give an all-round presentation of their projects.

Rosneft Classes highlights	2018	2019	2020
Number of Rosneft classes	117	122	122
Number of students trained	2,762	2,839	2,776
Number of regions	26	27	27
Investments in Rosneft classes, Rub mln	224.4	258.8	237.5

Cooperation with Universities

In 2020, the Company continued to develop cooperation based on comprehensive agreements with 27 partner universities and 41 dedicated regional universities. In the reporting year:

- a Cooperation Agreement was concluded with Lomonosov Moscow State University to organise scientific activities, stage expert and project work, and prepare human resources for work with genetic technologies;
- cooperation agreements concluded with new regional universities, including Astrakhan State Technical University, Novosibirsk State University, ITMO University (St Petersburg), Sevastopol State University and others.

Cooperation agreements with higher education institutions allow the Company to engage in comprehensive joint efforts focused on employee training and retraining, research and innovation, while also helping to develop the research and education capabilities of universities so that their graduates are qualified enough to meet our current business needs. Below are some of the 2020 highlights:

- 25 university departments continued to operate, with 70 employees of the Company involved in their academic activities;
- Rosneft Scientific and Educational Centre focusing on digital technology in the oil and gas industry was created and a new Master's programme on Digitalisation in Fossil Fuel Geology was launched jointly with the Department of Geology and Geochemistry of Fossil Fuels at Lomonosov Moscow State University's Faculty of Geology;
- a new Master's programme on Genomics and Human Health was launched (led by Prof. Evgeny Rogaev, corresponding member of the Russian Academy of Sciences and head of the Genetics Department of the Biology Faculty);
- work continued on projects aimed at enhancing curriculum via more sophisticated university infrastructure (the Marine Engineering Scientific and Educational Centre at St Petersburg State Marine Technical University, a Rosneft drilling laboratory at Tyumen Industrial University, the Rosneft "– Ufa State Oil Technical University research and education centre, etc.);
- works completed on the creation of a Vocational Training Centre to be run by the Faculty of Vocational Education at Millionshchikov Grozny State Oil Technical University. The centre's opening ceremony timed with the university's 100th anniversary took place on 20 August 2020. The centre has become a high-tech educational platform for the students of Grozny State Oil Technical University, employees of the Company and residents of the Chechen Republic;
- Rosneft Days were held offline and online to provide career guidance and improve the Company's image among more than 14.5 thousand students;
- 2,475 students completed internships with the Company;
- In 2020, the Head Office arranged a long-term internship for 129 Master's students of Rosneft's partner universities;
- 1,009 university graduates were hired by the Company during 2020.

Rosneft joined forces with Moscow State University to launch a programme on Genomics and Human Health

Rosneft and Lomonosov Moscow State University concluded a Cooperation Agreement to organise scientific activities, stage expert and project work, and prepare human resources for work with genetic technologies.

As part of the Agreement, a curriculum was developed for the new Master's programme on Genomics and Human Health. The programme aims to train top-notch genetics professionals. Among the lecturers are professors from Moscow State University's Faculty of Biology and Faculty of Bioengineering and Bioinformatics, as well as employees of Rosneft, Pirogov Medical University, major international and Russian genetic companies and equipment manufacturers.

The partner facilities of Rosneft offer hands-on classes for students using high-quality next generation DNA sequencers[1].

Ten students who successfully passed the competition were admitted to the programme. They can develop the necessary theoretical skills and complete the pre-graduation internship at the Company's partners, including Dmitry Rogachev National Medical Research Centre of Paediatric Haematology, Oncology and Immunology (Russian Ministry of Health) and Vladimir Kulakov National Medical Research Centre of Obstetrics, Gynaecology and Perinatology. The programme financing amounts to RUB 20 mln.

University cooperation highlights	2018	2019	2020
Number of partner universities	60	61	68
Number of students doing internship	7,014	7,088	2,475
Financing of university cooperation initiatives, RUB mln	1,147.7	1,345.2	1,065.1

[1] Sequencers are analytical tools used to decipher primary DNA structure and determine its base sequence.

Charitable Support for Educational Institutions

In 2020, Rosneft and the Group Subsidiaries allocated a total of RUB 1,302.6 mln to finance cooperation with educational institutions, including RUB 1,115.2 mln for charitable purposes.

Development of Young Talents

In 2020, over 3 thousand young professionals were employed by 101 Group Subsidiaries. University graduates were employed in the reporting year on a scheduled basis. To fast-track the onboarding of young professionals, we have introduced mentorship programmes across the Group Subsidiaries. In 2020, young specialist councils operated in 71 Group Subsidiaries.

As part of an effort to develop the professional, technical, corporate and managerial competencies of young specialists in 2020, we put in place training programmes (approximately three thousand man-courses organised) and arranged for 2.6 thousand young professionals to participate in regional and cluster R&D conferences.

Work with young talents has a number of focus areas:

- Onboarding
- Training and development
- Identification and development of potential leaders
- Progress assessment
- Financial and social support

Young professionals at Rosneft	2018	2019	2020
Number of young professionals hired upon graduation	1,459	1,360	1,009
Number of young professionals in the Company	3,994	4,001	3,621
Number of young professionals participating in R&D conferences	2,391	2,607	2,607
Financing of the young talent programme, RUB mln	116.1	120.0	50.8

Youth R&D Conference

The R&D Conference holds a special place in Rosneft's programme for young talents. As it is held in three stages (on the regional, cluster and interregional levels), many young professionals have an opportunity to participate in the Conference.

In 2020, over 3.6 thousand employees took part in the regional and cluster stages, including 2.6 thousand young professionals. The regional stage of the R&D Conference was held offline and hosted by the Group Subsidiaries. For cluster and interregional conferences, a new online format was developed using corporate website resources. This helped ensure the high quality of competitions focusing on projects by young professionals, while also significantly increasing the number of educational activities for all Conference participants. 395 young talents from 77 Group Subsidiaries who won the preliminaries took part in the Interregional R&D Conference for Rosneft's young professionals. The participants presented 319 projects focusing on relevant growth areas in 16 dedicated sections. As part of the competition, 81 projects developed by 97 young professionals from 42 Group Subsidiaries were announced winners. Furthermore, 89 projects from 112 young professionals were recommended for implementation within the Company.

Dedicated Rosneft classes

Starting from 2019, two Rosneft classes are hosted by AESC MSU – Kolmogorov's boarding school, a department of Moscow State University, with additional sponsorship coming from RN-Exploration. Dedicated classes aim to train professionals for the Group Subsidiaries focusing on Arctic research projects and involved in shelf research and development.

The classes include in-depth study of maths, physics, biology, chemistry and geography. The curriculum is further enhanced by IT, geology and biogeography programmes and advanced courses in microbiology and geoinformatics. Strong emphasis is placed on practical classes, which include hands-on sessions on general and analytical chemistry, Earth studies, on-site classes, and comprehensive educational expeditions with a focus on geobotany and hydrobiology. Tutoring system was introduced to help students cope with the challenging academic programme and ensure an individual educational approach to each student.

SOCIAL POLICY GRI 103-1 GRI 103-2

Rosneft's management has always been committed to maintaining high social security standards for our employees. For many years, the Company has been one of the most socially responsible employers in Russia. In 2020, the Company continued to implement the Rosneft–2022 Strategy to ensure better motivation and social security for its employees and retirees.

Rosneft-2022 Strategy includes social initiatives

ADVANCED MEDICINE

Expansion of industrial healthcare facilities network, promotion of telemedicine technologies, implementation of a brand new programme for preventive medical examination

ACTIVE LONGEVITY

Regular indexation of corporate pensions from the investment income of the Company's pension fund

AFFORDABLE HOUSING

Enabling employees to improve their living conditions by using concessional special-purpose non-interest-bearing loans granted by the Company and lower mortgage rates offered by partner banks

In 2020, the Company allocated RUB 27.6 bln to support private pension schemes, promote healthy lifestyles, and provide healthcare and social guarantees for its employees.

Key social policy costs in 2020 GRI 401-2

Private pension schemes	50%
Healthcare, healthy lifestyle promotion, and other social contributions	42%
Medical stations and social infrastructure maintenance	5%
Housing	3%

Social policy components GRI 401-2

- Creating optimal social and working conditions at the Company's facilities
- Developing a health protection system, supporting and promoting healthy lifestyles
- Providing emergency medical aid at the Company's facilities
- Implementing the corporate pension programme and veteran support project
- Implementing a comprehensive housing programme
- Supporting employee insurance programmes

Social and Working Conditions at Production Sites

In 2020, Rosneft continued to implement its comprehensive programme to ensure favourable social and working conditions for the Company employees stationed in remote regions and adverse climatic conditions.

In 2020, a number of anti-COVID-19 initiatives were implemented in 391 shift camps (including administrative and utility facilities and portable crew cabins) where the Company and contractor employees were living. Length of breaks between the shifts for main production facilities was increased to 90 days. Over 250 observation facilities were opened, providing beds for more than 21.5 thousand incoming workers. We introduced daily temperature checks and provided employees with personal protective equipment and sanitisers.

Quality Living Conditions
GRI 103-1

One of the core areas of Rosneft's Social Policy is its comprehensive housing programme that facilitates long-term cooperation with highly-qualified and valuable employees. By helping workers purchase homes on preferential terms offered by the Company, we are able to retain promising young professionals and highly skilled employees in their workplaces, while also boosting their performance motivation and labour productivity.

The cornerstone of the programme is corporate mortgage, with Rosneft's partner banks providing mortgage loans to the employees of the Group Subsidiaries and Head Office at discounted rates: since August 2020, the interest rate for RUB-denominated loans has been 5.25% per annum (the Bank of Russia's key rate +1%). This is one of the key focus areas of the Rosneft–2022 Strategy's Affordable Housing initiative.

In addition, relocated professionals are provided with corporate housing for a period of up to five years.

1,158 employees

of the Group Subsidiaries and Head Office purchased apartments or improved their living conditions through the corporate mortgage programme in 2020

10,532 employees

of the Company solved their housing problems over the past 15 years

Providing housing to at least

1,000 employees

per annum is the key target of the corporate mortgage system

Education Support for Employees and Members of Their Families
GRI 103-2

Every year, Rosneft allocates funds to provide interest-free student loans to employees of the Group Subsidiaries and their children. The loans are made available to people seeking their first degree.

In 2020, student loans were taken by 272 employees of the Group Subsidiaries.

Employee Health Management
GRI 403-3

The Company views keeping employees in good health as one of the strategic priorities of its Social Policy that serves to shape conditions for better labour productivity.

To improve the quality of medical services at remote worksites, provide healthcare for its employees, and carry out the Modern Medicine strategic initiative, Rosneft is implementing a number of measures along the following lines:

- development and improvement of an emergency aid and evacuation system at the production facilities of the Group Subsidiaries;
- creation and development of a corporate telemedicine network;
- introduction of a brand-new programme for preventive medical examination of employees aimed at early diagnosis and treatment of life-threatening conditions;
- disease prevention and promotion of healthy lifestyles.

Emergency Medical Aid at Production Facilities

The Company operates about 200 medical stations at its production facilities to provide on-site medical care to employees. Medical care services at the on-site stations are provided by third parties on a commercial basis. The decision to set up new medical stations is based on operational needs, distance to local healthcare facilities, and on-site staff numbers.

Development of the Corporate Telemedicine Network

As part of the Modern Medicine strategic initiative, Rosneft piloted a corporate telemedicine network in 2020 to comprise 33 remote medical stations at the production facilities of RN-Yuganskneftegaz, RN-Vankor, and RN-Uvatneftegaz. They made it possible to conduct over two thousand online consultations with large regional medical centres.

Implementation of the Preventive Medical Examination Programme

Ensuring good health of its employees and maintaining their long-term professional engagement are the priorities of the Company's new programme for preventive medical examination aimed at early-stage diagnosis and treatment of life-threatening conditions.

Given the anti-epidemic restrictions, more than 12 thousand employees of the Group Subsidiaries underwent preventive medical examination in 2020. During the examination, they were provided additional diagnostic services to detect cardiovascular diseases and oncologies.

Based on the results of the preventive medical examination programme in 2019–2020, around 4.9 thousand employees received outpatient and inpatient treatments, including those involving high-tech diagnostic and treatment procedures.

As the first two years passed, the preventive medical examination programme proved to be effective, particularly in early-stage diagnosis of life-threatening conditions when no symptoms have developed yet.

Personal Insurance Programmes
GRI 403-6

One of the Company's key measures aimed at fostering a favourable social environment is the implementation of voluntary health and accident insurance programmes. In 2020, personal insurance programmes covered more than 340 thousand employees of the Company.

Group Subsidiaries continued to provide voluntary accident insurance policies with a 24/7 coverage as an additional source of support for employees with lost-time injuries (causing temporary or permanent inability to work) or their families in case of a materialised insured event.

Amid the coronavirus pandemic, the voluntary health insurance made it possible to take prompt measures to curb the spread of the disease, including organised mass testing of our employees for possible infection and providing medical treatment to employees working at remote production facilities.

Following telemedicine diagnostics and online consultations, the Company organised over 70 emergency evacuations from its production facilities. Employees suffering from exacerbations of chronic diseases but needing no emergency evacuation received treatment recommendations.

780+
thousand tests

for COVID-19 taken in Moscow offices of the Company and Group Subsidiaries in 2020

The Company has developed an epidemiological assessment procedure that uses COVID-19 spread ratios and incidence rates. The procedure is applied on a regular basis to assess the coronavirus spread risk in Moscow offices of the Company and take (or intensify) relevant anti-epidemic measures to protect the staff.

Business continuity staff were regularly examined and tested for COVID-19 and, when positive, isolated immediately. All employees were provided with necessary personal protective equipment.

Employee Satisfaction Survey

GRI 103-3

Scheduled for 2020, the survey of employee satisfaction with HR and social programmes was postponed due to coronavirus restrictions.

Provided the pandemic-related restrictions are lifted, the Company plans to conduct a large-scale sociological survey in the regions of its operation in 2021. Employee engagement is one of the indicators to be measured as part of the survey. Further on, this indicator and its evolution are expected to be tracked on a continuous basis.

Disease Prevention and Promotion of Healthy Lifestyles

The Company continues running its 2018–2022 Live Longer! programme that promotes healthy living in order to keep its employees in good health. Given the anti-epidemic measures taken in Russia in 2020, the majority of the programme's initiatives aimed at identifying and eliminating health risks, promoting a healthy lifestyle and improving physical and mental health of the Company's employees were held online and in the format of information campaigns.

Promotion of Healthy Lifestyle, Sports, and Culture

GRI 403-6

Rosneft has a long history of promoting a healthy lifestyle and extensively supporting sports. Rosneft corporate events foster sports activities and give employees an opportunity to demonstrate their athletic performance. Summer and winter Spartakiads make an important contribution to Rosneft's efforts at promoting sports and healthy lifestyle among employees of the Company and people living in the regions of its operation.

In addition, the Company arranges internal events to promote corporate culture and support creativity among its employees.

Energy of Life

In 2020, the Company re-launched its Energy of Life corporate programme to involve more of its employees into healthy lifestyle and health improvement initiatives. Rather than promoting high performance sports, the programme is set to facilitate healthy living and thinking and physical culture among employees of any fitness level.

During the lockdown, the programme featured a number of online initiatives, such as Remote Sports (online exercises and challenges) and Champion Workout. It was the first time the online format had been used by the Company for its sports events and showed much engagement and interest from employees of the Group Subsidiaries.

Rosneft 10th Winter Spartakiad

In early 2020, Rosneft held the 10th Winter Spartakiad in the capital of Bashkortostan, at the Ufa Sports Palace and Biathlon Sports and Recreation Centre. 650 athletes and 38 teams representing the Head Office and Group Subsidiaries competed in ice hockey, speed skating, skiing and sledding relay race. The winner was the Angara team, while the second and third prizes were taken by the teams of Samaraneftegaz and Bashneft, respectively.

Key Initiatives in 2020	
Corporate Mass Sports Development roundtable discussion	The roundtable discussion was held to share knowledge and expertise in corporate sports and employee culture of healthy lifestyle. The event was attended by over 40 representatives of large businesses, sports schools and event organisers from Russia.
Winter Sports Festival	Early in the year, Rosneft held its Winter Sports Festival. As part of the event, children and adults had a chance to take part in workouts. The festival ended with a 5 km race.
Energy of Life sports news digest	With the programme re-launched, the Company began publishing its Energy of Life corporate news digest distributed in house.
10+ sports challenges online	Over five thousand employees of Rosneft and Group Subsidiaries took part in Energy of Life sports challenges during the lockdown.
Champion Workout online project	The Champion Workout online project was launched to make workouts available to the broad social media audience. World boxing and muay thai champion Grigory Drozd held the first workout.
Remote Sports news digest	April to July saw 15 new issues of the sports digest published. They showed Rosneft employees doing sports and keeping a healthy lifestyle amid pandemic restrictions when self-isolated, working remotely or on rotation.
Moscow Marathon	Employees of Moscow offices took part in the Moscow Marathon after the restrictions on mass sports events had been lifted. Athletes had a choice of two distances, a 42.2 km marathon race and a 10 km satellite race.
Healthy lifestyle programme poll	Feedback was received from 113 companies employing 197 thousand people.

Corporate Pensions and Support for Veterans

GRI 201-3

Since 2000, the Company cooperates with Non-State Pension Fund Evolution to implement a pension programme set to improve the social security of retired employees of Rosneft and Group Subsidiaries. As at the end of 2020, the programme covered 280 thousand employees, and some 81.4 thousand former employees received corporate pensions. Approximately RUB 4 bln was paid in pensions during the year.

In 2020, private pension schemes cost the Company RUB 13.9 bln, including RUB 510 mln spent on the social support of veterans.

To mark the 75th anniversary of the victory in the 1941–1945 Great Patriotic War, the Company started offering annual housing and utility subsidies to Great Patriotic War veterans and persons of equivalent categories. In 2020, financial subsidies were provided to 3.4 thousand veterans formerly employed by the Company.

The Active Longevity Programme is implemented as part of the Rosneft–2022 Strategy and designed to improve the social security of retirees. The programme to be completed in 2021 is aimed to ensure the annual adjustment of all corporate pensions from the investment income of NPF Evolution, thus maintaining their purchasing power over the whole payment period.

In 2020, the Company adjusted 40.2 thousand pensions, having increased them by 6.18% using the investment income generated by NPF Evolution.

Collective Bargaining Agreement and Labour Rights

Rosneft and the Group Subsidiaries are fully committed to human rights principles as established by the Constitution of the Russian Federation, Social Charter of the Russian Business, and generally accepted international rules and standards specified in the Universal Declaration of Human Rights and other UN documents.

Rosneft supports freedom of association, recognises the inalienable right of employees to make collective bargaining agreements and the right of every employee to collective representation of their interests, including through trade unions and associations, and eliminates any possibility of creating an adverse, discriminatory or undignifying environment. The Company does not tolerate any forms of harassment or discrimination.

The Rosneft Interregional Trade Union Organisation (Rosneft ITUO) is a partner that plays a key role in the Company's HR and social policies. GRI 103-2

As at the end of 2020, there were 86 trade unions in Rosneft ITUO representing the Group Subsidiaries, with over 150 thousand employees being their members (approx. 42.6 % of the total headcount as at 31 December 2020).

For more information on human rights protection, see the Compliance Framework Development chapter of this Report.

For more information on Rosneft ITUO, visit the official website of the Rosneft Interregional Trade Union Organisation.

Private pension schemes	2018	2019	2020
The Company's contributions to NPF Evolution under the pension scheme, RUB mln	11,577	11,402	13,909
Total value of personal pension plans with NPF Evolution, RUB mln	8,833	10,806	13,269
Number of people receiving corporate pensions	76,892	79,836	81,440
Number of people with personal pension plans (cumulative total)	91,124	96,358	101,813
Employees contributing to the fund, thousand people	Over 266	Over 280	Over 280

As part of its social partnership programme, Rosneft continued the tradition of discussing draft amendments and additions to the Standard Collective Agreement with Rosneft ITUO. The meeting of the working group is preceded by preliminary discussions among local trade unions and employees of the Group Subsidiaries. This tradition helps the parties find mutually beneficial solutions.

Collective bargaining agreements cover 71.3% of the headcount GRI 102-41

Following discussions held in 2020, the Standard Collective Agreement was amended to include provisions that improve social security of employees.

In particular, one of the new provisions sets out the right of employees to receive financial aid in case of temporary disability as a result of COVID-19 infection or suspension from work after contacts with infected persons.

Despite the actual economic recession that affected every industry in 2020, Rosneft as a responsible partner stays committed to the high principles of social responsibility and meets all of its social partnership obligations.

Together with health and safety experts of the Group Subsidiaries, the trade unions took measures to prevent the spread of coronavirus infection in the Company's regions of operation. When necessary, the trade union purchased personal protective equipment, sanitisers, antiseptics and ultraviolet lamps at its expense and provided financial and other help to employees. Many trade unions took full responsibility for sanitary treatment of the premises, thus increasing the speed of the process.

"Our top priority is to protect life and health of employees. During the pandemic, we discussed with the employer and solved many organisational and other issues, such as cost compensations to employees, including rotation workers.

The last year demonstrated a growing role of trade unions. The management and trade unions of the Group Subsidiaries joined their efforts in meeting the sanitary recommendations to lift the restrictions and return to the pre-pandemic operational routine as soon as possible."

Evgeny Cherepanov
Chairman of Rosneft ITUO

Industry Agreement between Oil and Gas Companies

In 2019, Rosneft actively contributed to drafting of and entering into a new Industry Agreement between oil and gas and construction companies for 2020–2022 (the Industry Agreement). Employees of the Group Subsidiaries will enjoy the industry standard that guarantees minimal social benefits and compensations. The Industry Agreement will enhance social security for employees, support sustainable development of the Company, and mitigate the risks of social strain and conflicts among employees. Another benefit of joining the Industry Agreement is the capability to apply specific provisions of the Russian Labour Code conditioned upon the presence of relevant provisions in the Industry Agreement.

As the work continued in 2020, another 58 Group Subsidiaries joined the Industry Agreement.

7. SUPPORTING SOCIAL AND ECONOMIC DEVELOPMENT

>RUB 5.1 TRLN

ROSNEFT'S DIRECT CONTRIBUTION TO RUSSIAN GDP AS A THREE YEAR AVERAGE

Rosneft pursues sustainable development in the regions of its operation. The Company drives growth in allied industries and creates added value and new jobs across the production and sales chain. It also implements infrastructural projects of high social significance that serve to improve the quality of life for local communities.

7

SUPPORTING
Social and Economic
Development

SUPPORTING SOCIAL AND ECONOMIC DEVELOPMENT GRI 103-1

Supporting sustainable development in Rosneft's regions of operation is one of the Company's top priorities. In 2020, Rosneft continued to build long-lasting meaningful relationships with the regions of operation, implement social and infrastructural projects, support growth in allied industries, and create added value and new jobs across the production and sales chain. All these activities had a positive impact on the local communities' living standards.

Economic Development

Rosneft is a major taxpayer in Russia contributing to the stability of the national budget system and the country's social and economic development.

In 2020, the Company paid over RUB 2.4 trln in taxes, duties and insurance contributions to budgets at all levels and extrabudgetary funds in Russia, including more than RUB 340 bln paid to the budgets of the Company's regions of operation.

RUB 2.4 trln

total amount of taxes, levies, duties, and insurance contributions paid by the Company in 2020

For details on the Company's tax policies, see the Compliance Framework Development chapter of this Report.

Investment Programme

Rosneft's investment programme comprises a pipeline of projects across business segments designed to promote the social and economic development of Russia and improve the quality of life for the country's population, including people living in remote areas. The programme is underpinned by the Company's strategic goals, including increasing profitability, enhancing investment and operating efficiency, and mitigating the environmental impact.

GRI 103-2

Rosneft's investment management process is designed in line with the best global standards and practices, including initiation, expert review, approval and monitoring of investment projects, and management of the Company's investment portfolio. The investment process is integrated with all related processes, including strategic and business planning, budgeting, reporting and financial control, project management and corporate governance.

For details on Rosneft's Investment Programme, see the Investment Process subsection of the 2020 Annual Report, pp. 36–37.

Investment process: principles and objectives

- Focus on supporting the UN Sustainable Development Goals
- Honour the Company's strong social commitments, including its contribution to the regional social and economic development
- Increase efficiency across all operating segments
- Ensure robust business growth
- Improve investment discipline

Equipment Localisation

In addition to making the Company technologically self-sufficient, Rosneft's localisation and import substitution efforts are also considered a priority in Russia's overall economic development.

Rosneft has been implementing its equipment and technology localisation and import substitution programme since 2015. The programme focuses on the Company's objectives and is based on the priorities envisaged by the Rosneft–2022 Strategy and Long-Term Development Programme.

Objectives of the Rosneft Import Substitution and Equipment Localisation Programme

- Secure the Company's development as a hi-tech oil and gas company, including by using domestically manufactured products
- Promote the Company's technologically stable position in the hydrocarbon market by increasing the share of Russian products and implementing projects to localise imported products in Russia together with the leading global manufacturers of oil and gas equipment.
- Facilitate the development of resilient infrastructure supporting upstream and downstream projects as part of equipment localisation efforts

Advancing Mineral Deposit Prospecting, Exploration and Development Technologies

The Company fosters cooperation with its technology partners to enable the localisation of equipment for mineral deposit prospecting, exploration and development.

Pilot testing of the internally developed Ice Conditions Monitoring System (software) was successfully completed. The Company also developed specifications for the components of the Ice Conditions Monitoring System (iceberg towing system), including towing rope, buoys and towing nets. Other pilot-tested pieces of equipment include a corporate coiled tubing simulator used to plan prevention action, estimate residual life and exercise day-to-day operational control.

Promoting Russian-made Catalysts

Setting up a facility for manufacturing catalysts in Russia is key to securing technological self-sufficiency of the Company's refining segment and its independence from foreign catalyst supplies.

In 2020, Rosneft launched commercial operation of a proprietary hydrotreating catalyst. A commercial batch of this unique catalyst was loaded into a diesel fuel hydrotreater at the Ryazan Refinery. This is the first diesel fraction hydrotreating catalyst for the Russian refining industry capable of fully replacing its foreign peers to produce the Euro-5 ultra-low-sulphur (below 10 ppm) diesel.

Furthermore, in 2020 Rosneft launched commercial operation of Russia's first pilot testing facility for hydrotreating catalysts. Located at the Novokuibyshevsk Catalyst Plant, it can produce around 200 kg of various catalyst types per day. The facility was set up to pilot new oil refining and petrochemical catalyst synthesis technologies developed by Rosneft and other Russian R&D organisations, with such technology to be later rolled out to large-scale production.

Development of Proprietary Science-Driven Specialist Software

The development of proprietary science-driven specialist software is yet another strategic focus area for the Company's efforts to digitalise production processes.

The Company has developed a line-up of software suites including RN-KIM, RN-GEOSIM, RN-GRID and RN-Sigma.

In 2020, Rosneft completed the development of a new version of RN-KIM hydrodynamic simulator with extended capabilities and prepared the first version of the RN-GEOSIM 1.0 software suite for geological modelling. RN-GEOSIM version 1.0 is planned to be deployed across the Group Subsidiaries. The developed modules can replace 50% of imported geological modelling software.

RN-GRID software has been used to design more than 15 thousand full-scale hydraulic fracturing operations. The simulator is not only used for the Company's internal needs, but has also been marketed for external clients.

Industrial version 2.0 was developed in 2020 for the RN-Sigma suite to be used in geomechanical modelling of borehole stability while drilling. The new version's pilot tests were completed at the Group Subsidiaries. The development of a new version of RN-GRID (version 3.0) has been also launched.

Industrial Cluster Development

As a way to secure technological self-sufficiency and implement localisation projects, in 2019 the Company identified a group of Industrial Assets to be spun off into a standalone entity (the Industrial Cluster) providing technological and logistical support of production operations, and ensuring timely repairs, maintenance and manufacturing of equipment (including equipment included in the import substitution programme) for the Company's needs.

Industrial Cluster companies, together with the Company's R&D centre, are actively involved in the target innovative projects.

Technology partner	Outcome
Rosatom State Corporation	The research stage has been completed to manufacture a domestically produced multiphase flow meter to measure flow rate in gas condensate wells
Rosatom State Corporation and Dukhov Automatics Research Institute	A pilot testing programme has been developed to test multi-parameter logging-while-drilling equipment. In 2021, pilot tests are planned for five wells

Using Catalysts to Produce Isopropanol

In 2020, the scientists of RN-TsIR (one of Rosneft's R&D institutes) developed an innovative technology to convert acetone into isopropanol, a very popular product largely imported into Russia today. The technology provides for the hydrogenation of acetone using the Company's own heterogeneous metal-containing catalyst. Isopropanol will be used as an anti-icing agent in the production of a high-quality odourless frost-free car windscreen wiper fluid, and also as a key component for the production of high efficiency antiseptic agents.

Group Subsidiaries belonging to the Industrial Cluster

In 2020, RN-Remont NPO, the management company of the Industrial Cluster, set up an Engineering, Design, Technology and Development Policy Office as a dedicated task force for the development of innovative technology products and implementation of the Company's target innovative projects in such areas as machine building, oilfield and drilling equipment. As part of its efforts to deliver on the target innovative projects in 2020, the Company had equipment for preliminary water discharge and oil treatment manufactured and installed at its RN-Nyaganneftegaz field. Moreover, there are plans to produce mobile water treatment and discharge units for the Company's Russkoye field.

The Industrial Cluster keeps growing by expanding both its geographical footprint and the range of offered services. The cluster's pilot facilities deal with the automation and robotisation of operations associated with the repairs of tubing, electric submersible pumps and wells. The Company also completed certification and received a licence to manufacture and repair tank containers required to ensure year-round supply of fuels and lubricants to the Vostok Oil project. Oilfield equipment repair and maintenance services are now available.

One of the key tasks of the Industrial Cluster is to attract technology partners. For example, in 2019, the Company entered into a cooperation and experience sharing agreement with the Industrial Cluster of the Republic of Tatarstan.

Zvezda Shipyard

Upon instruction from the Russian President, Rosneft is ramping up a shipbuilding cluster in the Far East. The Zvezda shipbuilding complex (the Zvezda Shipyard) in Bolshoy Kamen is the cluster's core shipyard and Russia's first-ever facility for the construction of large-capacity vessels.

Its product portfolio includes icebreakers and reinforced ice-class vessels, along with the LNG-powered vessels. Such a broad range of expertise is unique among the leading global shipyards.

56 vessels

in the Zvezda Shipyard's pipeline in 2020

The shipyard will be manufacturing engineering- and technology-intensive vessels, mostly of high ice-class. This is the first time the vessels included in the Zvezda Shipyard manufacturing programme are built in Russia.

Main operating highlights of the Zvezda Shipyard in 2020 were as follows:

- Zvezda reached an important milestone in launching the production of gas carriers: the shipyard started cutting steel for the flagship vessel of the Arctic LNG 2 project;
- ice-breaking supply vessel named Katerina Velikaya was launched to operate in the Russian Arctic;
- Russia's first Aframax type Vladimir Monomakh oil tanker was delivered to the customer following the successful completion of sea trials;
- arrangements were made to train employees in manufacturing and assembly of LNG transportation cargo systems, with the first licence obtained for this type of operations in Russia.

In developing its industrial cluster, the Company pursues the following goals:

- Establishing R&D and manufacturing infrastructure to support re-engineering, innovations, and import substitution;
- Running pilot projects and tests to deliver the Company's target innovation projects
- Provide capacity to develop localisation projects involving foreign technology partners and joint ventures with Russian innovation hubs/enterprises

Despite the challenging epidemiological situation which put a brake on new hires in 2020, the Company managed to complete a large scope of construction works without breaking the applicable sanitary protection rules.

Cooperation with Technology Partners in 2020 as Part of the Zvezda Shipyard Project

In 2020, Zvezda became the only Russian shipyard to obtain an international licence to build LNG carriers with a membrane storage system. The shipyard signed a Technical Assistance and Licence Agreement (TALA) with Gaztransport & Technigaz, a French engineering company specialising in the development and licensing of cryogenic membrane containment systems for the transportation and storage of liquefied gas. A prototype LNG tank was manufactured at the Zvezda Shipyard in the run-up to the project implementation. The prototype was completed within the established deadline and conformed to all applicable process requirements, evidencing the excellent expertise of the Zvezda Shipyard's engineering personnel.

For details on Zvezda Shipyard, see the Localisation and Development of Industrial Clusters subsection of Rosneft's 2020 Annual Report, pages 210–211.

The Zvezda Shipyard's contribution to the development of the Primorye Territory GRI 203-2

Construction of the Zvezda Shipyard, a unique project and the largest of its kind in the Far East, will have a multiplicative impact on the economy of the Primorye Territory.

An industrial cluster of shipboard equipment and components will emerge around the Zvezda Shipyard. Among others, the cluster accommodates a plant to manufacture steerable thrusters, a key component of marine electric propulsion systems to be installed on ice-class vessels. To develop and localise manufacturing, Rosneft and General Electric set up a joint venture – VRK Sapphire Plant.

The Russian Ministry for Development of the Far East, the Far East Development Corporation and the Primorye Territory administration put together a roadmap to develop social, transport and public utility infrastructure of the Bolshoy Kamen urban district. In particular, the parties are setting up a Professional Training Centre to be fitted with relevant cutting-edge equipment, which will meet the needs of the Zvezda Shipyard and help students of the Far East Shipbuilding College and the Far East Federal University gain the necessary skills.

In five years since its foundation, the shipyard has mastered the full vessel-building cycle, from steel cutting to sea trials and vessel handover to the customer.

The shipyard construction project is running together with a comprehensive regional housing programme. In 2020, to improve power supply reliability in Bolshoy Kamen, the Zvezda Shipyard delivered a heat supply redundancy project by connecting the municipal grids to the plant's new boiler house.

Government relations in import substitution and localisation

In 2020, the Company continued to work with the following Russian federal executive bodies on import substitution:

- Russian Government;
- Ministry of Industry and Trade;
- Ministry of Energy;
- Ministry of Economic Development.

Rosneft representatives are members of various interdepartmental task forces and research groups established by federal executive bodies to look for ways to reduce the domestic fuel and energy sector's dependence on imported equipment and components, and decrease the share of services provided by foreign companies and the use of imported software.

At the end of 2020, the Company signed cooperation agreements with 48 Russian regions, which, among other things, will set stage for localising equipment manufacturing. GRI 103-2

A residential micro district for the Zvezda Shipyard employees GRI 203-1

The Zvezda Shipyard is the major contributor to Bolshoy Kamen's urban development. In 2020, the shipyard's headcount exceeded 4 thousand employees, and by the time all of its production facilities are commissioned, the headcount will exceed 7 thousand. Taking into account the employees' family members, the town population will grow by almost a third, which makes providing housing and modern infrastructure to ship builders one of the Company's top priorities. Residential development proceeds along with the construction of the shipyard itself. The reporting year saw the commissioning of a new 428-apartment micro district. All in all, 15 apartment blocks with a total of 708 apartments were commissioned and made available to residents, with another 58 at the stage of design and construction.

In total, the Zvezda Shipyard and Primorye Territory administration plan to build 5,795 apartments in the district.

Supporting social development of regions and charity

Rosneft is actively contributing to social development across its footprint, including in such areas as medicine, education and culture, while also promoting mass sports and implementing infrastructural projects.

Allocation of funds in 2020 [2] GRI 203-1

Physical education and sports, including children's, promotion of healthy lifestyles	35.8 %
Education and science	22.9 %
Infrastructure development in regions, districts and municipalities	19.8 %
Pre-school institutions	7.7 %
Culture and revival of cultural heritage	4.4 %
Healthcare	2.8 %
Charities, NGOs, humanitarian aid	0.9 %
Support for veterans, the disabled and people in need	0.9 %
Support for indigenous peoples of the North	0.5 %
Orphanages	0.3 %
Other expenses (including support for pensioners, low-income families, youth organisations, municipal events, social and agricultural institutions, environmental projects)	4.1 %

GRI 103-2

As a priority measure of supporting regional social projects, the Company allocated funding to charity activities under cooperation agreements with regional authorities.

The Company conducts its charity activities in accordance with Federal Law No. 135-F On Charity and Volunteering dated 11 August 1995 and the Company's Regulations on the Procedure for Charitable Activities at Rosneft and Group Subsidiaries.

Charity expenses[1], RUB mln GRI 203-1

Indicator	2018	2019	2020
Total charity expenses	12,729	9,556	6,746

Rebuilding Tulun after the flooding

In 2019, Tulun's social facilities and infrastructure were damaged by flooding. In response to the crisis, Rosneft took a decision to build a new town school.

On 1 September 2020, Tulun saw the opening of its 23 thousand sq.m. 1,275-student New Era school backed by Rosneft. Chemistry, biology and physics classes were fitted with lab equipment, and digital labs were set up for other natural science classes.

The classrooms had interactive blackboards, and the school library received over 37 thousand fiction books and textbooks. There are also a forum hall for business meetings and educational events and a gym equipped to host competitions.

The school features a dedicated system to make navigation on its premises easier, along with wheelchair ramps and elevators for children with limited mobility.

[1] For charity expenses related to the support of education institutions and Veterans Council, see the Personnel and Social Programme section of our annual reports for 2018, 2019 and 2020.

[2] For charity expenses related to the support of education institutions and Veterans Council, see the Personnel and Social Programme section of our 2020 Annual Report.

Regional projects GRI 203-1

Region	Projects
Krasnoyarsk Territory	• Purchase of computer hardware worth RUB 250 mln to provide remote schooling for children from low-income families with three or more school-age children. Seven thousand laptops were delivered to families from Krasnoyarsk and regional municipalities
Republic of Bashkortostan	• Overhaul of the Mari people's historical and cultural centre located in Mishkino, Mishkinsky District. • Purchase of five ambulance cars for the republican clinical hospital, republican emergency medical station and the emergency medicine centre. • Construction of a 4.8-hectare park in Chekmagush, Chekmagushevsky District. • Construction of a medical and obstetric station in Starye Turbasly (Ufa), which is a structural unit of Municipal Clinical Hospital No. 3. • Setting up an infant rehabilitation and treatment centre in Ufa.
Tyumen Region	• Providing computer hardware, furniture and educational construction kits to the Young Engineer Creative Technology Centre in Novotarmansky Settlement of the Tyumensky District, with creative engineering classes attended by almost 600 children, most of them from single-parent, multiple child or low-income families. • Launch of a new calisthenics facility in Tyumen.
Khanty-Mansi Autonomous Area – Yugra	• Launch of a new 730 sq.m. sports facility in Ugut, Surgutsky District. • Completion of a 25-bed district hospital and a clinic for 85 patient visits per shift in Talinka, Oktyabrsky District. • Construction of Pushkin Lyceum No. 1 for 1,725 students in block 18 of Nizhnevartovsk Eastern Planning District. • Upgrade of the 129-vehicle parking lot, including 9 disabled parking spots, along the roadway of Peter the Great Street in Nyagan. • Improvement of the yards in the residential area of micro district No. 4, Tsentralnyi District, Nyagan. • Revamp and repair of Secondary School No. 2 in Poykovsky, Khanty-Mansi Autonomous Area – Yugra, with an additional capacity of 100 students.

Supporting the regions during the pandemic

In addition to ensuring employee protection during the COVID-19 pandemic, the Company also provided support to regional healthcare systems through direct funding as well as purchase and donation of the necessary medical equipment and PPE.

In the Khanty-Mansi Autonomous Area – Yugra, the Company donated PPE to healthcare facilities on requests of the medical personnel. Rosneft also procured 38 thousand items of PPE, including single-use three-layer face masks and gowns, protective suits, overshoes and screens, for Yatskiv Nefteyugansk District Clinical Hospital, and 10 thousand items, mostly respirators and multi-use three-layer overalls, to Pyt-Yakh District Clinical Hospital.

The Company also allocated funding to the Republic of Sakha (Yakutia) to purchase modern 50 litre per minute oxygen concentrators for central district hospitals of Lensky, Olekminsky and Mirninsky districts, which reduced the utilisation of ventilators and made oxygen therapy available to all patients who need it.

In 2020, the Company made a decision to purchase and donate three modern mobile CT scanners to Krasnoyarsk Territory healthcare facilities.

Additionally, one modern scanner will be placed at the Zvezda Shipyard in medical and sanitary unit No. 98 of Russia's Federal Medical Biological Agency located in Bolshoy Kamen, Primorye Territory.

Volunteering activities

In 2020, Rosneft started putting together a corporate volunteering programme aimed to systematise many years of relevant experience accumulated across the Group Subsidiaries, and share best practices in the Company's regions of operation. The Company employees are involved in a variety of charity projects. For example, employees of RN-Uvatneftegaz and Saratov Refinery help veterans to clean their apartments and take part in donor initiatives. RN-Vankor people set up a hotline for employees living alone to ask for help. Tyumenneftegaz volunteers patronise one of Tyumen's social rehabilitation facilities, while Orenburgneft employees provide career guidance at schools. RRDB's Moscow staff pay regular visits and bring gifts to an orphanage offering musical education and an orthodox boarding school, and employees of Kartmazovo-2 MN013 filling station (RN-Moscow) assist a shelter for homeless animals.

On top of that, the Group Subsidiaries promote an organised corporate volunteering movement. For example, Bashneft runs a Kind Hearts volunteering programme.

The Company employees are actively involved in nation-wide volunteering events in Russia. In 2020, they joined the initiatives implemented as part of #WeAreTogether movement to mitigate the risks of the COVID-19 spread.

Sponsorship GRI 413-1

Rosneft is engaged in sponsorship activities across its footprint. As part of these activities, Rosneft helps implement projects aimed at reviving spiritual and national values, protecting the environment, developing science, culture, industry, education, and sports.

For many years, Rosneft has been the title sponsor of St Petersburg Academic Philharmonic named after Shostakovich, and together with the British BP, supports the Russian-British Britten-Shostakovich Festival Orchestra.

The Company actively promotes professional and amateur sports by providing financial backing to CSKA hockey club, Arsenal football club, Avers basketball club and other sports teams. It is also the title sponsor of the International Sambo Federation. Rosneft supports the domestic automakers and contributes to the development of motor sports in Russia, funding the LADA Sport ROSNEFT racing team.

Events supported by Rosneft in 2020 include: a unique exhibition of paintings by the English painter Thomas Gainsborough in the Pushkin Museum in Moscow; opening the exhibition After Raphael. 1520–2020 in the Hermitage marking the 500th anniversary of the painter's death, and presenting the works of Raphael Santi and his students; arranging a tour for the Sretensky Monastery Choir to present their programme called Dedicated to the Great Victory. A Feat for Love in the Company's 22 cities and towns of operation, attended by over 7 thousand people.

RUB 1,220.6 mln

is the amount spent to finance sponsorship activities in 2020

Volunteer Centre in Nyagan

RN-Nyaganneftegaz supported opening a volunteer movement centre Do Good at the Youth Home in Nyagan. The funding provided by the Company's subsidiary was used to overhaul the building and create lecturing and interactive areas fitted out with modern equipment.

This volunteer movement includes approximately 200 people, who have initiated and organised a number of projects and campaigns supported at the presidential grants competition and by the governor of the Khanty-Mansi Autonomous Area – Yugra.

The volunteer centre also accommodates a newly set up municipal office of Victory Volunteers, a nationwide public movement. Volunteers provide ongoing support to veterans, home front workers, and children of war living in Nyagan.+

Victory Day

In 2020, Rosneft and its subsidiaries were actively involved in celebrating the 75th anniversary of victory in the Great Patriotic War.

- Jointly with the TASS information agency, Rosneft prepared the Fuel of Victory historical information project including a selection of footage, analytical data and unique pieces of evidence telling the story of how the facilities that are currently part of Rosneft made their contribution to the Victory.
- Rosneft sponsored the Wings of Victory Foundation seeking to preserve Russia's military and historical heritage by building up a collection of historical aircraft. The Company provided money to restore an Il-2 ground-attack aircraft that Soviet flyer Valentin Skopintsev piloted during the war.
- Rosneft supported the Immortal Air Regiment exhibition held on Tverskoy Boulevard in Moscow displaying the Great Patriotic War aircraft found by search teams and restored by experts of the Wings of Victory Foundation.
- Over 100 thousand of Rosneft employees from more than 40 regions of Russia have uploaded the photos of their relatives to the Immortal Regiment patriotic movement website.
- A memorial was launched in Novokuibyshevsk to honour the plant's employees who took part in the Great Patriotic War.
- RN-Komsomolsk Refinery created a unique book over 2 metres high with stories told by family members of the people who took part in the war, and installed it on the plant's premises.
- To commemorate the 75th anniversary of the Victory, the Company decided to compensate housing costs and utility bills of Rosneft's former employees who are veterans of the Great Patriotic War and people awarded the Resident of Blockaded Leningrad badge.
- On 9 May, the 75th anniversary date, each visitor of Rosneft's filling stations in 66 Russian regions was given a badge with St George ribbon. The filling stations also broadcast songs of the Great Victory performed by the Sretensky Monastery Choir.

SUPPORT FOR INDIGENOUS MINORITIES OF THE NORTH GRI 103-1

Respect for the cultural heritage, traditions, and rights of Indigenous Minorities of the North is a guiding principle of Rosneft's operations in the regions where they live. GRI 103-2

When engaging with indigenous peoples, the Company is guided by the following international documents:

- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP);
- Indigenous and Tribal Peoples Convention (No. 169) of the International Labour Organisation.

Aid to indigenous peoples remains a key area of the Company's charity undertakings. The key priorities include:

- supporting traditional lifestyle and activities;
- improving the living conditions;
- providing better infrastructure in populated localities;
- purchasing equipment, lubricants, and fuels for the traditional trades and crafts;
- providing summer recreation programmes;
- taking part in exhibitions, contests, competitions, and other cultural/sports activities with a local flavour;
- running a variety of educational and healthcare programmes.

Representatives of indigenous peoples are involved in decisions that may affect their interests. In particular, they have the right to participate in the decision-making process during the assessment of environmental impact and public environmental reviews. GRI 103-3

In 2020, the Company cooperated with indigenous peoples in a number of areas, including:

- supporting and organising the Reindeer Herder Day traditionally celebrated by the Northern peoples;
- ECOARCTIC Forum;
- assistance in implementing the IT Herd Camp project;
- completing the overhaul of the Mari people's historical & cultural centre in the Mishkinsky District of Bashkortostan;
- staging events aimed at preserving ethnic identity, culture and lifestyle of indigenous minorities of the Khanty-Mansi Autonomous Area – Yugra.

Rosneft strictly complies with the Russian laws on indigenous minorities of the North, ensuring they can exercise their rights to protect their natural environment, traditional way of life, economic activities, and crafts.

Support for Indigenous Minorities of the North, RUB mln

2018	2019	2020
107.8	36.32	33.8

The electronic Evenki-Russian dictionary created with support from Vostsibneftegaz, is now available online

ECOARCTIC Forum

In 2020, administration of the Nenets Autonomous Area and RN-Shelf Arktika, a subsidiary of Rosneft, launched the ECOARCTIC traditional environmental forum. The event sought to establish an open and fruitful dialogue between scientists, government officials, major subsoil users, and local residents on matters relating to environmental protection and preservation of indigenous peoples' identity.

The Forum was held in several stages:

- February–March: the Heirs of Victory competition, Environmental Quiz;
- August: celebrating the Reindeer Day;
- December: an online round table, General Geology, Arctic Shelf Environmental Protection career guidance lectures.

The round table held on the subject of safe development of Arctic resources and conservation of biodiversity was a key event of the Forum. Alexey Bambulyak, a representative of Akvaplan-Niva (Norway) company, moderated the meeting.

All in all, the Forum was attended by over 30 people from Norway and seven Russian cities.

"As part of our grant programme to support applied scientific research for the Evenki Municipal District of the Krasnoyarsk Territory, once again, the focus has been on preserving the Evenki language as the key element underlying their national culture. Linguists from the Yakut Research Centre of the Institute of Humanitarian Research and Issues of the Indigenous Minorities of the North created in 2019 the most complete electronic Evenki-Russian dictionary to date – "Evedy-Luchady Tureruk". It will contribute to the website's unique library of materials on the Evenki language, traditions, and folklore created with our support in the previous years."

Pavel Parshentsev,
General Director of Vostsibneftegaz

Rosneft is developing the IT Herd Camp project

Starting from 2019, Rosneft has supported the IT Herd Camp, a project by the government of the Khanty-Mansi Autonomous Area – Yugra set to provide Internet access to Indigenous Minorities of the North living in remote or hard-to-reach areas (in reindeer herders' camps). The project is aimed at providing access to state services and e-learning.

In 2020, with financial contribution from the Company, 17 access points were connected to the Internet, providing service to 779 people residing in 54 areas traditionally use by northern minorities (four national villages).

Reindeer Herder Day in the Khanty-Mansi Autonomous Area – Yugra

In February, the Reindeer Herder Day traditionally celebrated by indigenous peoples was held in the Khanty-Mansi Autonomous Area – Yugra and supported by the Company The event is organised to demonstrate the traditional customs of the peoples of the North. Festivities were hosted by two districts of the Autonomous Area: Kazym Settlement of the Beloyarsky District and Trom-Agan Settlement of the Surgutsky District.

Dozens of reindeer herders gathered to take part in reindeer races, Reindeer Herders' main competitive event. Along with this contest, reindeer herders competed in the traditional northern sports: sledge jump, cross-country skiing on hunting skis, shooting, long-distance axe throwing, lassoing, national wrestling, and Yunnty Khar entertainment programme for kids and adults.

Handicrafts fair

In February 2020, a fair of traditional handicrafts of indigenous minorities was held at the Ust-Tegusskoe field and supported by RN-Uvatneftegaz. Residents of the Uvatsky District had a chance to sell their traditional products to rotational field workers. 24 representatives of the Khanty people took part in the event. It was the first time children of indigenous minorities were invited to join, with Lego building and drawing classes provided.

The Group Subsidiary helps settle a number of social matters for the indigenous minorities in the Uvatsky District, delivering supplies of gasoline free of charge at the fields located near the Khanty hunting grounds, providing passage via its winter roads, and providing helicopter transportation from reindeer herders' camps to Tobolsk city and back for locals.

8. R&D AND DIGITAL TRANSFORMATION

>40

RUB BLN COMBINED PROVEN ECONOMIC EFFECT FROM THE INNOVATIVE PROJECTS IMPLEMENTED OVER THE LAST THREE YEARS

Developing new technologies and implementing digital innovations is key to boosting the efficiency of all business processes, from production and refining to sales to the end consumer.

8

R&D and digital transformation

INNOVATION MANAGEMENT GRI 103-1 GRI 103-2

Rosneft carries out its innovative activities in accordance with the Innovation Development Programme approved by its Board of Directors. The Programme aims to achieve the Company's strategic goals drawing on its priorities, such as efficiency, sustainable growth, transparency, social responsibility, and innovations.

Objectives of the Innovation Development Programme

- Development and deployment of new technologies
- Enhancement of the Company's shareholder value and competitive edge in the global market
- Development, production, and launch of new world-class innovative products
- Support of the Company's modernisation and technological advancement through high-impact improvements in key performance indicators for business processes;

RUB 26.8 bln
spent on R&D in 2020

The Company uses the Programme to build a portfolio of innovative projects, with every new technology developed under a separate target innovative project (TIP). TIP is the main tool used by the Company to deliver on its innovation strategy.

In 2020, Rosneft's R&D costs amounted to RUB 26.8 bln, including RUB 4.4 bln spent on target innovative projects.

The Company submitted 60 applications for patents and software certificates and obtained 64 patents.

Technological Council

In 2018, Rosneft set up a Technological Council to facilitate its technological development through new partnerships, interaction with the external innovations, and new technological solutions.

The Council also reviews the technological development strategy and oversees its implementation.

The Council comprises heads of Rosneft's shareholder companies and technology partners, including members of the Board of Directors, researchers, industry experts, and top managers of the Company.

The following measures were taken as per the Council's decisions.

- The Company launched a Scientific and Educational Centre focusing on digital technologies for oil and gas jointly with the Department of Geology and Geochemistry of Fossil Fuels at Lomonosov Moscow State University. Since September 2020, the Centre has been implementing a Master's programme on Digitalisation in Fossil Fuel Geology.
- Rosneft is developing advanced well logging techniques: we launched an in-house well logging service at Bashneft-PetroTest, implement innovative projects to develop high-tech geophysical equipment and create proprietary software for multi-well interpretation of core samples and logging data, and test Russian high-tech geophysical equipment.
- An agreement was reached to engage Lomonosov Moscow State University for the localisation of advanced well logging equipment.
- Rosneft and BP initiated the exchange of experience to foster technological cooperation. In November 2020, the companies signed an Agreement on Technological Cooperation in Science, Design, Energy Efficiency and Localisation.

The Scientific and Technical Council of Rosneft is a permanent advisory body responsible for developing and implementing the Company's unified innovation, scientific and technical policy.

In 2020, Rosneft and BP signed an Agreement on Technological Cooperation in Science, Design, Energy Efficiency and Localisation.

Technology deployment

The reporting year saw 19 Group Subsidiaries test 127 technologies. Over the year, the Company conducted a total of 314 tests as part of pilot projects, which yielded 69 kt in incremental oil production. We reviewed the results, assessed the economic viability of proposed solutions, and prepared plans for their roll-out.

In 2020, the Company implemented and rolled out 72 new technologies which proved their viability following prior tests. Rosneft spent RUB 1.86 bln to deploy and roll out 3.7 thousand solutions.

As part of its efforts to implement the Target Innovative Projects, the Company signed over 30 licence and sublicence agreements for the transfer of its software and solutions (RN-KIN, RN-GRID and the manufacturing process for oils worth over RUB 30 mln, including to provide training to students at the industry-related departments of the leading Russian universities.

> RUB 40 bln
combined proven economic effect from the innovative projects implemented over the last three years

127
new technologies
tested

72
technologies
implemented and rolled out in 2020

Testing and adoption of innovations in 2020

	Total projects / technologies	Projects tested /deployed	Total incremental oil production, kt	Economic effect, RUB mln
Technology testing	127	314	69	370
Technology deployment	72	3,704	275	541

KEY ACHIEVEMENTS IN INNOVATION DEVELOPMENT

Efficient Implementation

The Company implements innovative projects in various fields, including oil and gas production, refining and petrochemicals.

64 patents
obtained in 2020

60 applications
for patents and software certificates submitted

802 patents
recorded on the Company's balance sheet in 2020

IT marathon

In September–November 2020, Rosneft held a series of competitions for software developers, where young programmers could demonstrate their skills and find like-minded people to exchange knowledge and implement joint projects. The online finale of Rosneft Proppant Check Challenge, the marathon's last event, was joined by 942 participants (822 teams) representing 28 countries and 35 universities from around the world.

Specialised IT marathons allow Rosneft to solve production problems by engaging highly qualified specialists to develop advanced technological solutions. The marathon's winners helped RN-BashNIPIneft to develop a prototype of a mobile app for quick analysis of the size and quantity of proppant grains[1]; a later version of the app would contribute to more efficient hydraulic fracturing operations[2].

[1] Proppant is a granular material used in the oil industry to boost the efficiency of oil recovery using hydraulic fracturing.
[2] An oil reservoir is a sedimentary rock with concentration of capillaries and cracks with a large surface. This rock is saturated with water, oil and gas.

Key results achieved in 2020 by workstream

Exploration and production

RN-Yuganskneftegaz continued to deploy a low-permeability reservoir development technology involving the use of horizontal production and injection wells and multi-stage hydraulic fracturing (MSHF). In 2020, the technology was deployed at more than 120 wells. A new Decision Support in Development of New Areas of Low-Permeable Reservoirs software module was developed.

RN-Yuganskneftegaz continued to deploy the MSHF technology in an ultra-low-permeability source rock reservoir at the Bazhenov horizon. Eight horizontal MSHF wells were commissioned in 2020. Their average initial flow rate amounted to 52 t per day in a flow mode (or 6.8 t per day per hydraulic fracturing stage), which is in line with the best global practices. We finalised our technology designed to locate potentially productive areas of the Bazhenov suite. We updated a map of potentially productive areas of the Bazhenov suite, which will be used to drill MSHF wells.

Rosneft developed a consolidated methodology that allows evaluating local permeability and porosity properties of the Berezovskaya suite deposits. With the new methodology, the Company refined its technology used to locate Berezovskaya suite reserves in its license areas in Western Siberia. A new stratigraphic plan of upper cretaceous deposits in Western Siberia was developed.

Rosneft partnered with the National Intellectual Development Foundation to conduct zoning of the Frolov petroleum region in terms of movable hydrocarbon fluid resources, occluded hydrocarbon compounds, and synthetic oil in the Jurassic high-carbon formation, and identified oil exploration targets. Its integration technology for multi-scale studies of the Sredneobskaya oil and gas bearing region of Western Siberia was upgraded, adapted and tested to conduct petrophysical studies and analyse logging and seismic data.

Research-intensive Technology Software

New algorithms and software modules were added to RN-SMT, an integrity monitoring system for oilfield pipelines. When deployed, RN-SMT will make into a single corporate software suite capable of fully supporting pipeline operations.

The Company issued 115 commercial licences and more than 40 trial licences for RN-GRID. Over 50 academic licences permitting the use of the system in teaching were granted to four leading partner universities.

Rosneft developed a new version of RN-KIM that allows it to quickly create models for oil and gas condensate fields that require computation-intensive analysis. As a result, about 80 % of digital field modelling works were performed using RN-KIM.

RN-Geosim added software modules for building vertical and tilted faults for structural surfaces, visualising seismic cubes, multipoint statistics, basic reports on geological models, and parallel computations. RN-Geosim is anticipated to cover up to 80% of the Company's needs for geological modelling.

RN-Simtep added software modules for modelling oil and gas production processes. Going forward, RN-Simtep will cover up to 80% of the Company's needs for production process modelling.

The Company developed a concept for RN-PetroLog, corporate software suite for interpretation of core samples and well log data, RN-SIGMA capabilities were expanded considerably, with the following features added: geomechanical drilling support in real-time mode, wellbore stability dynamic modelling based on time-dependent structural changes of rock formations, assessment of sand ingress risks and risks of cement sheath failure during well operation.

The Company developed RN-VEKTOR, a proprietary coil tubing simulator. The simulator undergoes pilot testing by more than 100 dedicated experts at 24 Group Subsidiaries.

Another proprietary system created by Rosneft is RN-VISOR, a software product for real-time visualisation of coil tubing data.

HSE Technologies at the Company's Sites

The Company developed a commercial technology to manufacture two dispersant compositions to be used in emergency oil clean-up operations at sea. The dispersant agents were tested on a large test facility in comparison with Finasol OSR 52, a foreign commercial dispersant. The test results confirmed that the newly developed dispersants are highly effective.

Tyumenneftegaz piloted a mobile modular unit for preliminary water discharge at the Russkoye field. This unit makes it possible to produce oil and conduct well surveys during an extended flow-back period that follows development drilling for the duration of trial and pilot production.

The introduction of a computer vision platform is underway that automatically scans hazardous areas in real time to identify whether people are present there and whether they use personal protective equipment, and immediately notifies of emergencies, if any. The pilot project is implemented across 15 Group Subsidiaries (150 drilling sites)

Associated Petroleum Gas Monetisation

The Company developed a plan for its pilot testing and commenced engineering of a GTL-1.5[1] pilot unit.

Rosneft partnered with Innopraktika to design, manufacture and deliver a pilot APG desulphurisation unit based on microporous membranes for the Garshinskaya preliminary water discharge facility at Orenburgneft, with pilot testing commenced and continuing into 2021.

Oil Refining and Petrochemicals

The Company developed a technology for the reactivation of diesel fuel hydrotreatment catalysts. It is capable of restoring catalysts to more than 95% of the activity demonstrated by fresh catalysts.

Rosneft developed a catalyst and an advanced hydrogenation technology to produce special fuels, such as T-6 jet fuel and naphthyl fuel.

The Novokuibyshevsk Catalyst Plant produced the first commercial batches of an isodewaxing catalyst IDZ-028RN (12.8 t) and a hydrofinishing catalyst HG-017RN (1.62 t). The new catalyst system is the first domestic commercial-scale system for the production of winter and Arctic grades of ultra-low-sulphur diesel fuel.

With the goal of reducing the Company's dependence on foreign suppliers of catalysts, Rosneft developed techniques to obtain isodewaxing and hydrofinishing catalysts for the production of high-viscosity index base oils.

The Company completed R&D activities to develop uniform technical specification for neutralisers intended to ensure chemical protection against corrosion of the condensation and cooling equipment of atmospheric and vacuum distillation units at the Company's oil refineries.

Rosneft made pilot batches of heterogeneous catalysts used in the production of isopropylbenzene and ran performance tests on these pilot batches. The Company developed process flow diagrams for reaction units, as well as initial data.

[1] Gas-to-Liquid.

DIGITAL TRANSFORMATION

Accelerated Digital Transformation Programme

GRI 103-1

Technological advances are essential to delivering consistently high operational performance. Yet, the major challenge in 2020 was to ensure continuity of business processes as the Company moved to remote working.

The remote working regime and the limitations it placed on the business made the Company look for new approaches and change the way it worked. The new hurdles were successfully overcome, with the following projects implemented in 2020:

- the Standard Solutions and Vertical Scenario IT project, a novel standard solution to manage financial and business operations in Exploration and Production;
- the initiative to introduce a single electronic workflow solution aimed at improving the Integrated Electronic Workflow System;
- the initiative to enable the transition from digital prototypes to digital IT projects.

In accordance with the Rosneft–2022 Strategy, the Company has in place a Comprehensive Accelerated Digital Transformation Plan that is currently deployed across the Group Subsidiaries and expanded to all businesses and functions. GRI 103-2

To facilitate its implementation, in 2018–2020, the Company identified the core practical technologies and indicative directions for future growth and moved from studying and testing technologies to deploying and putting them to commercial use.

In 2018, the Rosneft Digital Cluster started operating as a platform for digital programme prototypes and digital competencies. In 2020, we successfully pilot tested a set of innovative technologies and tools to identify and quantify methane leaks. The tested equipment showed significantly higher sensitivity compared to standard gas sensors. Based on the results of the tests, it was resolved to continue to roll out pilot projects to identify methane emissions and leaks at ten Group Subsidiaries.

Rosneft developed a special maturity evaluation methodology and uses it regularly to assess the maturity of key digital programmes included in the Rosneft–2022 Strategy. The Company keeps a close eye on the pace of development in digital technologies, which is reflected in Tier 2 IT strategies. In 2020, the average digital maturity across its core digital programmes increased by more than 23% from 2019. GRI 103-3

In 2020, the Company completed the first phase of digitalisation aimed at building up internal competencies of using innovative tools and modern technologies. It implements programmes to create digital twins in production and explores the use of big data for multiple purposes. The Company makes use of Russian technologies and its proprietary IT solutions.

There are 36 IT projects underway as part of the Comprehensive Plan to Deliver the Rosneft–2022 Strategy. These cover areas such as Digital Field, Digital Plant, Digital Supply Chain and Digital Filling Station.

For details on the Company's efforts to reduce methane emissions, see Climate Cooperation in this Report.

Digital Transformation Map

In 2020:

14 IT projects initiated

35 IT projects underway

Rosneft Pitch Day

Rosneft hosted Rosneft Pitch Day, an online exhibition of domestic IT solutions with 80 Russian IT companies presenting more than 120 IT solutions.

It is the first time for Rosneft to hold an exhibition of such scale, and it is arranged as part of implementing the Russian government's instructions on import substitution and prioritised use of Russian solutions.

The participants were granted access to the Company's software and hardware resources. Representatives of 72 subsidiaries within the Company studied new Russian IT solutions together with Rosneft's main units. Most of the solutions related to the automation of exploration, production, drilling and field development; supply chains and logistics management; refining and petrochemicals; surveillance and monitoring systems; management of financial flows of an oil-and-gas enterprise; modelling and projection of financial results; preventive analysis of possible risks; use of the Industry 4.0 technologies, such as the internet of things, blockchain, Big Data, machine learning, augmented reality for management and optimisation of processes in the oil-and-gas industry.

Key Achievements in 2020

System of geological support for drilling based on advanced analytics

- More efficient pay zone penetration (geosteering technologies and modern reservoir modelling processes).
- Lower unproductive labour ratio due to integration with a software suite for well development management

Industry's first Digital Field

- Lower in-shift oil losses.
- Lower logistics expenses due to remote start of equipment.
- Lower number of operators' visits to well pads (reservoir pressure maintenance system)

Advanced process management systems at refineries

- Maintaining process parameters with accuracy beyond human capabilities.
- Higher output of target products.
- Energy saving

Payment from inside the car

- Higher filling station throughput.
- Acquiring new customers.
- No contact between people, which is essential amid the pandemic

Blockchain-based electronic workflow to manage relationships with suppliers

- Automated ordering of complementary goods and supplier contracting.
- Much lower labour input.
- Inventory optimisation

Implementation of import substitution policy, focus on self-sufficiency

- Joint projects as part of strategic partnerships with Russian technology corporations and platforms (Rostec, Rostelecom, Sberbank).
- Ongoing market monitoring and cooperation with Russian suppliers of innovative IT solutions as part of the Rosneft Pitch Day online exhibition

Mobile modular solutions – a new approach to field setup

- Using mobile modular process units for water-oil emulsion preparation. The units consist of individual modules placed in 40- and 20-foot shipping containers. The solution features an innovative technology of mass transfer devices

Information Security GRI 103-2

Information security is a key factor underlying the Company's sustainable operation amid digitalisation and improvement of business management, control and industrial automation systems.

In 2020, Rosneft's Board of Directors approved the revised Information Security Policy, which addresses the new challenges. The policy is a core document that sets the framework for protecting business processes and interests from risks and threats to information security and ensuring compliance with laws and local regulations in information security that apply in Russia and the jurisdictions of the Company's operation.

To streamline the implementation of the information security strategy, the Company has built an extensive portfolio of projects aimed at planned upgrading and testing of innovative information security solutions. To automate IT security control, promptly assess the degree of protection, and support tactical decision-making, head components of the Corporate IT Security Centre were deployed. One of the Company's priorities is to roll out a mechanism of proactive response to and prevention of cyberattacks.

The Company places a strong focus on promoting the corporate culture, staff's awareness of, and skills in, information security. All in-house users are updated about existing computer threats, while the IT staff are trained in prompt computer incident response.

During the COVID-19 pandemic in 2020, Rosneft placed particular emphasis on information security as a key factor of uninterrupted functioning of its IT infrastructure. The Company promptly moved its staff to remote working, kept its IT services accessible and operating seamlessly, and retained all required information security controls. In addition, Rosneft took additional measures to raise staff awareness of existing information security threats associated with working from home and conducted comprehensive cyber exercises for the information security function.

Launch of Rosneft digital technology centre

In January 2020, Rosneft established its Scientific and Educational Centre focusing on digital technologies for oil and gas jointly with the Department of Geology and Geochemistry of Fossil Fuels at Lomonosov Moscow State University.

The Centre works to enhance curriculum vitae of diversified professionals possessing skills most valued in the oil-and-gas industry, promote interdisciplinary approaches in studying and modelling hydrocarbon accumulation in natural reservoirs, as well as providing advanced digital technologies to support hydrocarbon development by the Company and its subsidiaries.

The Centre is expected to develop innovative solutions to address the issues faced by the industry amid increasing importance of digital transformation. The Centre concept suggests phased establishing of digitalisation, artificial intelligence, and cognitive geology laboratories.

Since September 2020, the Centre has been implementing a Master's programme on Digitalisation in Fossil Fuel Geology.

Rosneft is guided by the UN Sustainable Development Goals and takes them into account when developing and implementing its digital solutions.

Key digital projects of 2020 contributing to the UN Sustainable Development Goals

ECONOMIC IMPACT

- Digital Field was launched, becoming the industry's unique system covering all core processes from oil production to logistics.
- We are introducing production process engineering models, and have launched a system for optimised blending of heavy petroleum products.
- The Company is deploying an IT platform supporting a digital twin of an oil production asset for the purposes of monitoring.

SOCIAL IMPACT

- The Company is introducing a computer vision platform to automatically scan hazardous areas in real time and identify whether people are present there and whether they use personal protective equipment, and immediately notify of emergencies, if any. The pilot project is implemented across 15 Group Subsidiaries (150 drilling sites).
- Solutions deployed at the Company's filling stations allow customers to pay for fuel without leaving their vehicle

ENVIRONMENTAL IMPACT

- We implemented a multi-faceted energy efficiency monitoring and control system and a solution computing energy mix.
- We tested software robots designed to manage inventories and procurement procedures.
- The Company created integrated solutions to optimise gas production and predict equipment failures, using machine learning techniques

ENERGY SAVING AND ENERGY EFFICIENCY GRI 103-1 GRI 103-2

Rosneft is one of Russia's major consumers of fuel and energy. Sustainable use of fuel and energy resources and adoption of energy saving technologies are one of the key priorities for the Group Subsidiaries with respect to improving the energy efficiency of production processes.

Energy Consumption GRI 302-1

In 2020, the Company consumed a total of 563 mln GJ of energy worth RUB 217 bln. The most energy-consuming activity (136 mln GJ) is oil and gas production. The major consumers of heat and fuel (315 mln GJ) are oil refining and petrochemicals processes.

In 2020, to improve energy consumption measurement, the Company's oil refining and petrochemicals subsidiaries began to draw up and implement the Target Programmes for Introduction of the Energy Management Information System. These programmes provide for the development of a set of automated tools to measure fuel and energy resources and the corporate software enabling to ration, plan and report energy consumption.

Energy Management

Rosneft's energy management system is based on principles and approaches set forth in the Company's Energy Efficiency and Energy Saving Policy. In 2013, the Company established its Energy Efficiency Commission, which implements advanced solutions and approaches to energy efficiency management and development of the energy management system in line with ISO 50001.

In 2020, the Energy Efficiency Commission adopted Rosneft's Energy Management System Roadmap for 2021–2023.

In 2020, Taas-Yuryakh Neftegazodobycha was certified for compliance with ISO 50001 (Energy Management Systems). Internal checks of energy efficiency and energy management system implementation and development were carried out in 21 Group Subsidiaries involved in oil and gas production and oil refining. In addition, 386 production facilities and process units were inspected in 35 Group Subsidiaries to identify potential energy savings. GRI 103-3

42 Group Subsidiaries accounting for over 98% of the Company's 2020 energy consumption were certified for compliance with ISO 50001 (Energy Management Systems).

For the Company's Energy Efficiency and Energy Saving Policy, see our website

A regulation on using the Energy Efficiency of the Electric Submersible Pumps module of the Mechanical Resources Information System was introduced at the Company's oil and gas production subsidiaries. Thus, Rosneft became one of the first national oil and gas companies to adopt the procedure for controlling the energy efficiency of electric submersible pumps and implementing target energy saving measures before equipment failure occurs or geotechnical actions are taken.

Energy consumption, mln GJ

KPI	2018	2019	2020
Total consumption of renewable and non-renewable energy sources (process fuel)	288.2	296.3	271.1
Electricity consumption	180.9	185.4	168.5
Heat consumption	128.9	130.6	123.3
Total energy consumption	598.0	612.2	562.9

One of the Energy Management System tasks is to increase awareness about energy efficiency and energy saving among the Company's workforce. To achieve it, the Company runs corporate training programmes. The training programmes are delivered through Rosneft-Termneft (a subsidiary of Rosneft), which possesses the expertise, competencies and practical skills in improving energy efficiency.

In 2020, 471 employees completed training on 5 corporate training programmes dedicated to energy efficiency improvement. Despite the pandemic restrictions, the Company managed to meet training targets by arranging webinars.

Energy Saving and Energy Efficiency GRI 302-4

The cornerstone of the Energy Management System is Rosneft's Energy Saving Programme drafted for every five-year period and updated annually. As contemplated by the Energy Saving Programme for 2021–2025, the five-year fuel and energy savings should total 2.6 mln tonnes of reference fuel worth RUB 37.5 bln.

In 2020, the Company successfully achieved its Energy Saving Programme targets. The actual fuel and energy savings amounted to 396 thousand tonnes of reference fuel or 11.8 mln GJ which is 50% above the plan. In money terms, energy savings totalled RUB 6.7 bln against RUB 1.6 bln actual costs incurred to take the Energy Saving Programme actions.

Every year, the Company takes a number of steps to ensure uninterrupted energy supply of the existing and prospective production assets. As part of technical audits, the Company also checks if its sites operate equipment in compliance with health and safety requirements.

2020 saw the implementation of Individual Development Plans for over 800 Energy unit employees from 22 Group Subsidiaries involved in oil and gas production who passed the competency assessment in 2019.

8 technical audits of the quality of power facility management conducted

106 remedial actions completed

12.7% reduction in the number of power failures in own networks vs 2019

Wind Power Generation for the Vostok Oil Project GRI OG3

In the second half of 2021, Rosneft plans to conduct a comprehensive study of the wind power potential of the Taimyrsky Dolgano-Nenetsky District of the Krasnoyarsk Territory as part of the Company's actions taken to reduce the carbon footprint and optimise fuel and energy costs for the supply of energy to the production facilities of the Vostok Oil project.

The results of the study will make it possible to simulate the wind climate in the region, to obtain data on the predicted generation of electricity from a wind power plant (WPP), taking into account the climate patterns, and to form recommendations as to the optimal WPP capacity, the number and the unit capacity of WPPs and their location. Based on the data obtained, the Company plans to implement initiatives associated with the use of WPPs in 2022.

Applying Energy Efficiency Criteria in Equipment Procurement

Rosneft conducted the analysis of the Exploration and Production unit technological processes, and following its results determined that a significant amount of energy is consumed by the processes carried out with the use of electric submersible pumps (ESP).

Led by Rosneft's Commission on Energy Efficiency, the Company introduced changes to the procedure for selecting ESP suppliers. To compare quotations, Rosneft developed a formula that takes into account the energy efficiency criterion.

Thus, the Company acquired a tool for the economically justified procurement of equipment that would consume less electricity during its subsequent operation. Over the course of five years, taking into account the energy efficiency criterion the supplier change processes affected 9 thousand ESPs. As a result, from 2016 to 2020 energy costs were reduced by more than RUB 3 bln.

DEVELOPMENT OF R&D CAPABILITIES

Corporate Research and Design Cluster GRI 103-1

Rosneft's information and technological independence is achieved thanks to its Corporate Research and Design Cluster that boasts powerful infrastructure and research capabilities with its products covering all business areas – from field development to retail operations.

Activities carried out by Rosneft's Corporate Research and Design Cluster do not only cater to the needs of the Company and the Group Subsidiaries, but are also sought after by other organisations: corporate research and design institutes comprising the cluster perform work for over 100 external customers.

In 2020, Rosneft arranged a research and design exhibition at the Research and Development Centre in Moscow. The exhibition told the history of petroleum science and displayed innovations in oil and gas.

Key Achievements of the Corporate Research and Design Cluster

>RUB 900 mln
direct economic effect from the introduction of own high-tech software

RUB 10.2 bln
impact of model solutions introduced in 2020

210 academic licences
granted to universities for RN-KIN, RN-GRID and RN-Rospump products

3 R&D JVs
established together with the leading international companies

Организовано
26 field studies
arranged and resulted in publishing of ecological atlases

Services Offered by the Corporate Research and Design Cluster

SCIENCE IN EXPLORATION AND PRODUCTION
- Laboratory research
- Exploration
- Design and support of hydrocarbon development
- Drilling support
- Production engineering

DESIGN IN EXPLORATION AND PRODUCTION
- Conceptual design
- Engineering survey
- Basic and detailed design documents
- Construction

DIGITAL SERVICES (IT SERVICES)
- Design automation
- Import substitution of research intensive specialist software
- Advanced data analysis methods (Big Data)

SCIENCE IN OIL REFINING, GAS PROCESSING AND PETROCHEMICALS
- Petrochemicals
- Oil refining
- Gas processing and conversion
- R&D support

DESIGN IN OIL REFINING, GAS PROCESSING AND PETROCHEMICALS
- Feasibility study
- Pre-FEED
- Engineering services
- 3D engineering
- Consulting
- Improving economics of oil refining, gas processing and petrochemicals

The Corporate Research and Design Cluster unites 31 corporate research and design institutes of Rosneft. The corporate research and design institutes provide the entire scope of engineering, field, and in-office support to the Company's oil, gas, oil refining, and petrochemical assets from exploration to commercial end-products. The institutes employ over 20 thousand highly skilled professionals (geologists, developers, designers, chemists, physicists, and programmers) of whom about 4% hold PhD or Post-Doc degrees. 44 centres of excellence in the core areas of the Company were formed on the basis of corporate research and design institutes.

Centralised system of corporate research and design institutes

Lead institutes across focus areas

44
specialised institutes

- Science in exploration
- Science in oil refining, gas processing and petrochemicals
- Design in exploration and production
- Design in oil refining, gas processing and petrochemicals

Standard Design and Standardisation

Standard design solutions

Rosneft is deploying a system of standard design solutions to improve efficiency of capital investments and design processes by using the best possible solutions, technologies, materials, and equipment. The system of standard design solutions reduces costs and minimises risks of project delays, improves the quality, reliability and safety of installations and equipment, increases the level of mechanisation and automation, and reduces operating expenses.

As part of the project, Rosneft's 14 corporate research and design institutes developed 294 standardisation documents that were rolled out across the Group's 74 subsidiaries.

The system is used to approve and implement over 100 effective Group-wide design solutions annually. The economic effect achieved since its deployment in 2018 has exceeded RUB 40 bln.

Standardisation System

Rosneft's efforts to promote industry-wide standards and technical regulations highlight its role as a leader in our sector. In 2020, the Company continued to contribute to the development of the oil and petroleum product standardisation system.

We developed a set of proposals to update more than 15 building regulations relevant for the oil and gas industry. The most notable update was the order of the Russian Ministry of Construction, Housing, and Utilities signed in late 2020 to amend the Permafrost Beds and Foundations Code, securing an annual saving of RUB 400 mln in capital expenditures for the industry (based on the ministry's estimates).

The Company's Corporate Research and Design Cluster is an active member of ten technical committees for standardisation. In 2020, its experts reviewed more than 200 draft industry-wide regulations.

Key projects in 2020

In 2020, as part of the ongoing business digitalisation, Rosneft developed and successfully tested a commercial version of its RN-GEOSIM simulator designed for geological modelling and analysis of hydrocarbon deposits using three-dimensional geological models. This software product is slated for deployment in 2021.

Rosneft boasts the strongest team of geosteering professionals in Russia and globally

In October 2020, Rosneft won the team classification of Russia's Geosteering Championship held in Moscow both physically and remotely. The competition drew the teams of the leading Russian oil and gas companies. Rosneft was represented by its drilling geological support centre experts.

A month later, our employee also won the online 2020 World Geosteering Cup, coming ahead of more than 200 participants from 60 companies and 20 countries, including North and Latin Americas, Europe, the Middle East, Australia, Kazakhstan, and Russia.

The Company released the first version of RN-VECTOR, a proprietary coil tubing simulator, and RN-VISOR, a software product for real-time visualisation of coil tubing and hydraulic fracturing data. RN-KIM hydrodynamic simulator was further upgraded using machine learning.

Design automation is another key focus area for the Company. Rosneft has been automating design processes since 2016 to ensure the consistency of design approaches and improve the quality of design solutions. We also focus on introducing 3D design, information modelling, and laser scanning technologies.

They are used both across the Company's select small facilities and its large-scale projects. In 2020, we created 34 automated designer workplaces, setting new standards of work for our design teams. All software is harmonised, which enables joint project work and information exchange among several design institutes.

The Company also developed its proprietary RN-STREAM information modelling platform with a view to digitalising all its design processes and using digital twins in design going forward.

Tyumen Oil Research Centre celebrates 20th anniversary

October 2020 marks the 20th anniversary of the Tyumen Oil Research Centre, a modern R&D facility with a team of over 1.6 thousand highly qualified experts, including 84 PhDs and postdocs. The centre leads the way in reservoir engineering and field construction in Russia and abroad and supports over 90% and 34% of the Company's free gas and oil production, respectively.

As part of building a new oil and gas province on the Taimyr Peninsular (the Vostok-Oil project), the Tyumen Oil Research Centre will carry out detailed exploration and engineering to create a world-class production cluster.

In 2020, the team of authors representing Rosneft won the Russian Government's science and technology award, which is given to young innovators who create techniques and technologies to enhance the resilience of offshore hydrotechnical facilities used in developing the Arctic and Pacific shelves.

International Cooperation

The Company's Corporate Research and Design Cluster cooperates with major international engineering companies. Rosneft operates three joint ventures with leading foreign companies with a view to developing scientific and technical cooperation, including that in the fields of designing and manufacturing special-purpose machinery, as well as designing oil production and processing facilities based on 3D modelling. The Corporate Research and Design Cluster also supports active collaboration in the field of information technology, teaming up with leading manufacturers of applied geological and field development software.

Corporate Training Centre

Sapphire Applied Engineering and Training Centre was established to facilitate Rosneft's projects using a wide array of General Electric products and technologies, including basic technical solutions, equipment localisation, and training of oil and gas professionals.

In the premises of Sapphire Applied Engineering and Training Centre, the Company created a licensing and training centre. In 2020, despite the pandemic-related restrictions the centre rolled out 40 training programmes covering over 1.3 thousand employees of the Company.

Results

Indicator	2018	2019	2020
Number of programmes	49	54	40
Number of students	1,799	1,538	>1,300

Results of 2020:

- **VNIPIneft continued implementing a large-scale project to construct an ethylene production facility with Germany's Linde;**
- **Rosneft and BP signed an Agreement on Technological Cooperation in Science, Design, Energy Efficiency, and Localisation.**

EXPLORATION OF THE ARCTIC SHELF AND OPERATIONAL SAFETY ON SHELVES OF FREEZING SEAS GRI 103-1

Scientific Research in the Arctic

Rosneft places a particular emphasis on environmental research and biodiversity conservation in the Arctic region.

Key principles the Company is guided by when developing the Arctic shelf:

- preservation of the favourable environment and biodiversity;
- zero tolerance to environmental risks;
- priority of preventive measures over measures aimed at containing and eliminating the consequences of hazardous events;
- innovativeness in implementing environmental technologies and improving the environmental performance of products;
- balance of interests of the Company with the interests of the public in the use of natural resources;
- transparency and reliability of the Company's environmental reports.

X International Forum "Arctic: Today and the Future"

In December 2020, Rosneft specialists took part in the 10th International Forum "Arctic: Today and the Future" held by the Association of Polar Explorers, an interregional public organisation. The Company presented a report on a comprehensive long-term scientific programme covering geological, hydrometeorological, environmental and other aspects.

Rosneft shared the achievements of 26 integrated research expeditions in the area from the Barents Sea to the Sea of Okhotsk, including:

- a set of studies of sea ice and ice formations throughout the Russian Arctic, from the Barents Sea to the Chukchi Sea;
- study of glaciers of Franz Josef Land, Novaya Zemlya, Severnaya Zemlya archipelagos.

Arctic Scientific Centre

GRI 103-2

To provide a research base for offshore projects, the Company established the Arctic Research Centre responsible for conducting comprehensive environmental studies, including biological, hydrological, hydrochemical examinations as well as modelling and monitoring of Arctic ecosystems. To monitor the Arctic shelf environment, the centre leverages a year-round observation network of automatic weather and seismic stations and autonomous buoy stations.

In 2020, under the Agreement on Cooperation with the Ministry of Natural Resources of Russia to implement the national Environment project, Rosneft jointly with the Arctic Scientific Centre embarked on the programme to assess the stability of Arctic ecosystems based on the study of of key indicator species. The project draws on 2014–2018 large-scale studies of polar bear, walrus, and wild reindeer, which resulted in a unique scientific data on the current condition of animals living in the Arctic. These species serve as indicators of the ecosystem health as a whole.

Key initiatives of 2020

- study and monitoring of walrus and white gull species as indicators of the stable health of marine Arctic ecosystems;
- study and monitoring of wild reindeer species as indicators of the stable health of ecosystems of the northern territories of Siberia;

For Rosneft's Programme to Study Key Types of Arctic Ecosystems, see our website

For more information on Rosneft's Programme to Study Key Types of Arctic Ecosystems, see the Biodiversity Conservation section of this Report.

Arctic Breakfast

In November 2020, an Arctic breakfast was held in Moscow for representatives of the media and scientific community. Rosneft specialists shared the results of the expedition season and comprehensive research in the Arctic.

Together with the A.N. Severtsov Institute of Ecology and Evolution of the Russian Academy of Sciences and Lomonosov Moscow State University, an expedition was held to assess the condition and sustainability of Arctic ecosystems by studying the Laptev walrus and polar bear listed in the Red Book.

For the first time ever, a survey of all currently known Laptev walrus rookeries in the Franz Josef Land archipelago was carried out. As part of the corporate programme for studying, preserving, and monitoring rare animals, Rosneft is also studying the white gull and wild reindeer population.

Cooperation with Innopraktika Development Institute

In autumn 2020, for the first time in the history of geological research on the Russian Arctic shelf Rosneft jointly with Innopraktika and Rosgeologia performed shallow well drilling in the North of the Kara Sea. The specialists managed to obtain rock (core) samples, the study of which will significantly improve the efficiency of geological exploration.

Currently, Innopraktika is conducting laboratory studies of the core samples at Lomonosov Moscow State University's Department of Geology with the aim of building a reliable geological model of the North Kara region.

In 2020, Rosneft and Innopraktika continued work to create a unique microbial agent for eliminating oil pollution. The project seeks to address the issue of hydrocarbon disposal in circumpolar latitudes.

Iceberg Safety

For the last five years, the Company and the Arctic Scientific Centre have been testing iceberg towing in the Barents and Kara seas to assess the possible changes in iceberg drift trajectory and prevent the collision with offshore oil and gas facilities. With the centre's scientific and methodological support, tools were developed to ensure iceberg safety of offshore oil and gas production facilities. The towing process simulation results helped create a unique design of the towing system improving the efficiency and effectiveness of operations to ensure iceberg safety. A simulator of towing dangerous ice formations was also developed. These solutions are critical to minimise the risks of man-made disasters in the Arctic region.

GRI 103-3

Government Awards for Arctic Exploration

In 2020, a team of authors representing Rosneft and Arctic Research Centre won the Russian Government's science and technology award, which is given to young innovators who create technologies to enhance the resilience of offshore hydrotechnical facilities used in developing the Arctic and Pacific shelves. The award is one of the highest government awards recognising world-class scientific and technological achievements and R&D advancements giving rise to fundamentally new technologies and solutions.

Also, our researches together with a team of St Petersburg State Marine Technical University won the first prize of the International Contest for R&D and Innovations for the Development of the Arctic and the Continental Shelf. The award was given in recognition of the R&D effort to produce technical tools to ensure iceberg safety of offshore oil and gas production facilities.

The contest is supported by the Ministry of Energy of Russia and the Russian Academy of Sciences and seeks to promote the sustainable social and economic development and exploration of the Arctic and the continental shelf, to stimulate scientific, R&D and innovation activities, to create conditions for the implementation of solutions able to boost the national R&D potential in production.

9. RESPONSIBLE BUSINESS PRACTICE

Rosneft is committed to responsible business practices when engaging with a wide range of contractors and builds relationships based on mutual interest, transparency, competitiveness and effectiveness.

Stable supply of environmentally-friendly and high-quality products, as well as high customer service standards have always been a top priority for the Company.

~3 THOUSAND
FILLING STATIONS IN 66 RUSSIAN REGIONS

>6 THOUSAND
FILLING STATIONS ABROAD

9

RESPONSIBLE Business Practice

CUSTOMER ENGAGEMENT

Rosneft makes it a priority to build trust-based partner relationships with all its consumers, embrace a customer-driven approach and supply environmentally-friendly and high-quality solutions.

GRI 103-1

QUALITY MANAGEMENT SYSTEM

Product Quality Control

GRI 103-2

We have built a system to manage fuel quality at all stages of production, transportation and sales. The system seeks to ensure consistently high fuel characteristics all the way through from refinery to car tank.

Fuel parameters are verified using cutting-edge equipment at 11 stationary site labs and 74 oil depot labs. In order to protect human life and health, information on fuel quality and its conformity to the K5 class requirements outlined in Technical Regulations of the Customs Union CU TR 013/2011 is specified in quality certificates accompanying each delivery of petroleum products to the Company's filling stations.

High quality of fuel sold to customers is controlled through a quality management system, which covers all stages of production, transportation, storage and sales and ensures consistently high fuel characteristics throughout the cycle.

"Rosneft is committed to promoting the well-being, safety and health of our stakeholders. These objectives have gained particular significance during the COVID-19 pandemic. We introduced strict restrictions, enforced health and sanitary compliance at our filling stations and implemented contactless payment solutions to protect the safety of our employees, customers and suppliers. As a result, we are in a position to claim now that the Company has managed to overcome the acute phase of the pandemic with minimum losses, preserve robust business processes and maintain the highest quality of its products and services."

Avril Conroy
Vice President for Retail Business and Domestic Market Development

End product control as part of fuel certification at the refinery

Control during shipment from the refinery to an oil depot of a marketing and distribution (M&D) company

Control of petroleum product quality during the acceptance at an M&D oil depot

THE CONTROL PROCEDURES ARE IN PLACE FOR EACH OF THE SEVEN STAGES

Control of petroleum product quality during storage at an M&D oil depot

Quality control during sales from fuel dispensers at filling stations.

Control during the unloading of a tank truck coming from an oil depot at a filling station

Control of loaded tank truck movements from an M&D oil depot to a filling station with GPS monitoring

In 2020, we continued to develop our Petroleum Product Quality Management System for Retail Sales. In particular, we:

- proceeded with the project to create a petroleum product traceability solution based on the existing specialised information systems;
- introduced quality preservation KPIs for business line managers;
- developed and implemented control procedures for product quality preservation at marketing and distribution subsidiaries;
- performed over 9,500 checks at filling stations in 58 Russian regions as part of the ongoing fuel quality assessment by mobile laboratories.

Quality Improvement Plans

In 2021, the Company plans to certify at least 25 test labs of its marketing and distribution segment for compliance with the corporate certification system requirements.

We also expect to implement an automated process control system for the preparation of branded fuel at least at four oil depots to ensure that our fuels are produced under controlled conditions. We will also proceed with the automation of material flow measurement at our oil depots as part of a relevant programme. There are plans to reduce petroleum product losses per unit, as well as internal fuel consumption.

The Federal Agency for Technical Regulation and Metrology conducted 24 inspections at eight oil depots of the Company and checked fuels sold at 85 filling stations across Russia. The inspections confirmed the high quality of our motor fuel.

RETAIL SALES

As at the end of 2020, Rosneft's retail sales covered 66 Russian regions. We operate the largest and most geographically diverse retail chain in Russia, holding a leading position in most regions. The Company also has retail chains in Abkhazia, Belarus, Kyrgyzstan, Georgia and India. Rosneft is a leading Russian fuel brand in terms of recognition and quality perception.

The main objective of our retail business is to improve segment performance by ensuring the consistently high quality of products and high customer satisfaction with products and services offered at the Company's filling stations.

In 2020, our retail business faced an additional challenge of offering safe customer services and interaction and making a contribution to the fight against COVID-19, including the protection of health of our retail customers, suppliers and Company employees. These challenges were addressed through a number of digital transformation projects. In 2020, the Company implemented and developed the system of contactless payments for fuel and complementary goods. We are testing a blockchain-based electronic workflow solution for ordering complementary goods and supplying them to filling stations and have launched a pilot project enabling customers to pay for petroleum products and complementary goods and services at filling stations by scanning QR codes.

As at 31 December 2020, the Company had 129 oil depots (including two NGV filling stations) and approximately one thousand gasoline tanker trucks in operation.

~3 thousand filling stations

filling stations in 66 Russian regions

>6 thousand filling stations

filling stations abroad

The Company is also developing B2B digital services: RN-Card provides a comprehensive and practical solution for businesses. The product offers cashless payments for legal entities using virtual and plastic fuel cards. In 2021, the Company plans to increase the number of filling stations connected to the fuel card system and expand its remote services offer.

The ERP project for retail sales is an important driver of regional sales development. The ERP solution was piloted in 2020 to create a three-tier automated system for managing retail sales of petroleum products and complementary goods and services at all stages from a filling station to the head office. The Company intends to roll out the new system across its retail operations.

To improve the performance off its filling stations, the Company has developed a solution to upgrade low-efficiency filling stations and transform them into automated filling stations. It has also developed a prototype of a monitoring system to enhance end-to-end supply chain control from oil depot to fuel nozzle.

Customers of the Company's retail network, including filling stations under the Rosneft, Bashneft, BP and Petersburg Fuel Company (PTK) brands, can be grouped into two segments:

RETAIL (B2C)

Individuals

CORPORATE (B2B)

Legal entities and individual entrepreneurs

Government and municipal organisations

Yandex.Fuel app

Rosneft and Yandex have launched a contactless payment solution to pay for fuel, foods and other complementary goods at the Company's filling stations. Orders are placed and paid for via Yandex.Fuel mobile app allowing customers to make payments without leaving their car. Sales staff at filling stations collect the goods from the shop and take the orders to clients, who wait for them at dedicated parking areas.

In addition to expanding contactless payment options, our cooperation with Yandex helped to improve drivers' safety, which was a top priority task in view of the 2020 epidemiological threats.

Nearly 1,500 filling stations have been connected to the contactless fuel payment service in Moscow, St Petersburg, and Ufa, as well as in the Krasnoyarsk and Krasnodar Territories and the Samara, Voronezh, Rostov, Volgograd, Tver, Kaluga, Tula and other regions, with 50 multi-purpose filling stations offering contactless payment solutions for food. Family Team bonus points accrual has also been implemented for fuel payments via Yandex.Fuel app.

In addition, Rosneft has become the first Russian company to launch a contactless fuel payment service at its floating filling stations. The new service is available at five river filling stations in St Petersburg. Now the owners of yachts, water scooters, and motorboats can take on fuel while staying aboard.

In 2020, Rosneft continued to develop its filling station network by both expanding the number of filling stations and improving their quality. While quantitative network expansion was driven by the purchase of third-party networks and separate filling stations and the construction of new facilities, qualitative development focused on enhancing the customer proposition, in particular:

- expanding the fuel offering to include branded fuels, fuels with improved environmental properties and performance, and sales of compressed natural gas (CNG) at the Company's filling stations and at dedicated CNG filling stations;
- expanding the offering of complementary goods and services, the floor area of cafés and retail shops, and the product range;
- offering additional services to customers, including through partner programmes;
- promoting the Company's brand, developing and implementing new visual standards, and introducing private label products and services;
- developing new customer communication channels, in particular, digital ones; promoting customer loyalty programmes;
- improving customer service quality, providing continuous personnel training.

In 2020, the Company continued to improve the quality of its retail network, which had grown through the acquisition of Petersburg Fuel Company (PTK) in 2019, including by re-branding and upgrading the existing filling stations, developing a network of automated filling stations, implementing a highway network programme along the most promising highway sections, selling low-performance assets, and introducing new formats and updated standards. In 2020, we re-branded 25% of filling stations in St Petersburg and the Leningrad Region and introduced our standard organisational structure and standard employee motivation system across the PTK retail network.

We also re-branded nine filling stations in the Kursk and Belgorod regions. As part of the programme to develop the "kiosk-at-filling station" and "café-at-filling complex" formats in Moscow and the Moscow Region, a pilot project was implemented in 2020 to open kiosks and convenience stores with cafés under our Zerno brand.

In 2020, the Company launched a number of projects focused on improving the quality of our retail service and expanding the range of goods and services offered to customers, including the installation of automated parcel lockers at filling stations, a pilot project for contactless car washing (robotic car wash), and pick-up stations for online orders under partnership agreements with major retailers.

The programme of retail business development in 2020 involved the enhancement of the Rosneft retail brand. The Company made comprehensive efforts to revise its retail brand positioning. These efforts included consumer market segmentation and updating the strategic platform for the positioning of our retail brand and its values. Rosneft redesigned the corporate look of its filling complexes and prepared a communication plan for the development of its retail brand, including sub-brands.

ZERNO kiosk/café

The pilot project to open new kiosks at filling stations and convenience stores with cafés at filling complexes in Moscow and the Moscow Region is an example of successful transformation and customer proposition development of the Rosneft retail brand. The kiosks and cafés were launched under our private trademark, Zerno.

The new concept is based on offering quick meals to travellers. Our Zerno brand is expected to create a brand image of food offering at filling station cafés with a focus on hot drinks and a range of quality food.

The new Zerno convenience store has changed the approach to customer service so that customers are now served in the café area. While paying for fuel, customers can order both drinks and hot meals to be eaten on site or taken away.

Fuels with Improved Environmental Properties

In 2020, Rosneft continued implementing projects to bring fuels with improved environmental characteristics and performance to the Russian market.The Company keeps improving the quality of its products to ensure that they fully meet the highest environmental standards as a way to minimise the environmental impact.

In 2020, retail sales of compressed natural gas (CNG) were available at 12 CNG modules at the existing filling stations and one dedicated CNG filling station, servicing more than 3,500 vehicles daily.

EV Charging Infrastructure Development

In an effort to expand its innovative and environmentally-oriented services, Rosneft is developing EV charging infrastructure at its filling stations based on demand forecasts and EV market trends.

In 2020, we opened two fast-charging points for electric vehicles at Rosneft filling stations in Khabarovsk.

By the end of 2020, we had installed and operated 14 EV charging points at our filling stations, including five fast-charging (50 kW) points in the Moscow and Leningrad regions, Vladivostok and Khabarovsk, and nine slow-charging (22 kW) points in the Tver Region and the Krasnodar Territory. Rosneft has joined forces with some of Russia's largest electric power companies to continue expanding its EV charging infrastructure.

The Company sold a total of 22 mmcm of CNG in 2020, with sales growing 19% year-on-year.

Euro-6 gasoline

Euro-6 fuel contains less sulphur, benzene and aromatic hydrocarbons, resulting in lower corrosiveness and toxicity of exhaust gases. The use of Euro-6 gasoline helps to reduce car exhaust emissions by decreasing total hydrocarbon emissions by up to 24%, non-methane hydrocarbon emissions by up to 27%, and particulate emissions by up to 64%.

Compressed natural gas

Gas motor fuel is a more environmentally friendly and efficient type of fuel that allows car owners not only to considerably cut costs, but also benefit from a more efficient car while also reducing their environmental impact.

BP fuels with ACTIVE technology

All fuels in the BP retail portfolio, including common-grade gasoline, diesel fuel and BP Ultimate gasoline and diesel fuel, have improved performance characteristics based on ACTIVE technology. ACTIVE formula is a unique set of components which remove the existing dirt deposits and provide a high level of engine protection against deposit formation. BP fuels with ACTIVE technology help to maximise engine performance, yielding more miles per tank and reducing the risk of unplanned repairs.

Trademark Pulsar fuels

Pulsar fuels are highly efficient in keeping clean all types of gasoline engines, including the latest engine systems with direct multipoint fuel injection. The trademark Pulsar technology is based on an effective detergent additive formula developed by BASF Group for Rosneft fuels, which helps to maintain stable engine parameters by keeping the fuel system clean throughout the years of operation. The use of detergent components optimises the formation of the fuel-air mixture and maximises the efficiency of its combustion.

The Komsomolsk Refinery is implementing a large-scale project to build a hydrocracking complex[1]. The commissioning of the new complex will boost the production of Euro-5 diesel fuel with low sulphur content and increase the refining depth to 92%. In 2020, the refinery completed the upgrade of a key production facility, ELOU AVT-2 crude oil distillation unit. The project increased light product yield and the production of low sulphur RMLS 40 marine fuel with improved environmental performance.

Arctic and Winter Grade Fuel Production

Scientists of RN-TsIR (Rosneft Research and Development Centre) have developed unique catalysts for the production of winter and Arctic grades of diesel fuel. Their key feature is the ability to process high-sulphur feedstock to produce fuels with an ultra-low sulphur content. With the introduction of these innovative solutions into the production process, hydrotreatment and isodewaxing can be performed in the same unit to manufacture environmentally-friendly Arctic and winter grades of diesel fuels

Winter and cold-weather diesel fuels fully meet the requirements of GOST 32511–2013 EURO Diesel Fuel, and GOST 55475–2013 Dewaxed Winter and Arctic Diesel Fuel. Specifications.

Marketing and Distribution Group Subsidiaries have implemented a control procedure to check the additive content in branded gasoline grades (PULSAR, ACTIVE and ATUM). In addition to assuring the quality parameters of branded gasoline sold to customers, additive content control helps to minimise the environmental impact.

We have implemented an automated process control system for the preparation of branded fuel at 12 oil depots to make sure that our fuels are produced under controlled conditions.

The Company continues to expand the number of filling stations selling new fuels with improved environmental performance, including high-octane Pulsar 100 gasoline, Euro 6 gasoline based on AI-95 fuel, and the line of ACTIVE technology fuels sold via BP retail network.

Euro-6 motor gasoline produced by the Saratov Refinery has been awarded the Russian Quality label, as confirmed by an award diploma and certificate issued by the Russian Organisation for Quality. Both documents certify that the quality of the product is well above the requirements established by Russian regulations and international standards.

We have expanded the geography of Pulsar 95 gasoline sales and launched the sale of our trademark fuel in the Bryansk Region and the Khabarovsk Territory. As at the end of 2020, the Pulsar 92, Pulsar 95, and Pulsar 100 gasolines were available at over 1,100 filling stations in 33 Russian regions, Euro-6 fuels at over 750 filling stations in 11 regions; and ACTIVE fuels at over 130 stations in eight regions.

The geography of Pulsar gasoline production has also expanded: it is currently produced at two oil depots.

[1] A vacuum gas oil processing method used to increase light product yield (mainly, middle distillates, such as Euro-5 diesel fuel and kerosene).

CUSTOMER FOCUS

Improving Customer Experience

Customer focus is the key principle of the Company's retail business. High quality service and continuous improvements lay the groundwork for our long-term partnership with loyal customers.

In 2020, the Company kept running its Mystery Shopper programme to collect accurate information on service quality, employee competence and performance, with the total retail network score for the year standing at 92.71% (excellent level).

The Mystery Shopper programme is a modern tool for assessing customer service quality and identifying the potential for further development. Its findings help to improve service quality and, consequently, strengthen the Company's competitive positions.

In 2020, we continued to promote our Virtual Card service to phase out plastic cards and motivate the use of virtual cards by loyalty programme members.

The Company started integrating an analytical tool with a predictive analytics module as part of the loyalty programme development. We rely on loyalty programme hotlines to improve customer feedback. Customers can submit phone or email queries covering a wide range of topics, such as the activation of payment by bonus points or adding a region where bonus points can be spent; the functioning of personal accounts and mobile apps; the issue and use of virtual cards; the terms and conditions of promotional campaigns; bonus point accumulation; and others.

The reporting year saw a total of 848,900 phone calls and 89,700 email messages. All customer queries were promptly processed. As a result, the number of non-standard queries from loyalty programme members decreased in 2020:

- 4,800 queries from Family Team members, or a 4.5x decrease year-on-year;
- 700 queries from BP Club members, or a 2.5x decrease year-on-year;

In November 2020, the Company ran a retail customer satisfaction survey among loyalty programme members. We received 23,500 questionnaires from Family Team members and 4,300 questionnaires from BP Club members. The survey confirmed a positive assessment of service quality by 98% and 99% of customers, respectively. GRI 103-3

~1.1 mln virtual cards

were issued in 2020

~1.7 mln

virtual cards were outstanding as at the end of 2020

Fuel Availability in Remote Regions

We operate one of the largest and most extensive retail networks spreading from Russia's western borders to the Kamchatka Territory. Our network brings Rosneft petroleum products to 66 regions, including remote and poorly accessible areas.

Loyalty programme hotlines:

Family Team: +7 800 775 7588

for the Far East:
+7 800 555 3723

BP CLUB: +7 800 234 7550

Irkutsknefteprodukt's Ust-Kut oil depot is a key element in the petroleum product shipment by river under the Northern Supply Haul programme. The depot supplies Rosneft products to the Republic of Sakha (Yakutia) and the north of the Irkutsk Region.

RN-Vostoknefteprodukt uses its tanker fleet to transport motor fuels to Sakhalin.

Fuel Supply to Socially Significant Consumers

GRI 203-2

The Company's subsidiaries ensure uninterrupted sales of motor fuel, both wholesale from oil depots and retail via a network of filling stations. They also take part in public tenders organised in line with federal laws. Rosneft is the sole motor fuel supplier for the majority of large government-owned companies. We also supply motor fuels to agricultural producers.

Professional Training of Retail Sales Staff

Continuous training of Company employees is a key element of our client focus.

In October 2020, we held a remote workshop meeting entitled 'Trainer Competencies Development at Marketing and Distribution Facilities. Efficient Training Model for the Programme of Promoting Customer-Centric Behaviour and Constructive Communication With Dissatisfied Customers among Training Filling Station Personnel'.

The workshop was attended by 60 training professionals.

The Company also took the following steps to improve digital corporate training resources for filling station personnel:

- developed and introduced a distance learning course in standards and rules for filling station personnel at Group Subsidiaries. The course was actively used for distance training offered to line personnel during lockdowns triggered by the spread of COVID-19;
- developed a VR-based simulator to practice unloading tank trucks at filling stations and piloted training sessions at RN-Moscow's training centre.

SUPPLIER AND CONTRACTOR RELATIONSHIP MANAGEMENT

Climate action

PARTNERSHIPS WITH SUPPLIERS AND CONTRACTORS

GRI 103-1, GRI 103-2

Rosneft is one of the biggest consumers of goods, works and services in all of its geographies. The Company needs a lot of suppliers and contractors to support the constant business growth. Our model of partnership with suppliers and contractors meets high international standards on procurement organisation and efficiency.

The Company's Principles in Selecting Contractors and Suppliers[1]

- Openness
- Competitiveness
- Reasonableness
- Effectiveness
- Non-discrimination

The key element of our procurement activities is the advancement of long-term partnerships with suppliers and contractors to facilitate stable development of the oil and gas industry, the machine building industry, and the maintenance services market, help create jobs in all industries, and drive innovation. In 2020, 75% of the 2021 centralised requirements were covered by long-term contracts.

In 2020, the Company adopted a Procurement Policy. The Policy sets out the key goals, objectives and guiding principles of the Company's supplier relations, as well as procurement management priorities for Rosneft and the Group Subsidiaries. These principles are implemented under the Regulations on Procurement of Goods, Works and Services applied in the Company and the Group Subsidiaries. GRI 103-2

To ensure procurement transparency, increased competition and equal access for market participants, the Company manages its procurement procedures electronically via TEK-Torg's electronic trading platform (Rosneft section). The Company conducts competitive procurement procedures electronically. In 2020, the Company initiated more than 137 thousand procurement procedures via the platform. Over 464 thousand suppliers are registered on the TEK-Torg trading platform[2].

~2.76 RUB trln

spent by Rosneft and the Group Subsidiaries on procuring goods, works and services in 2020

Corporate Internet Shop

To enhance the transparency and efficiency of minor procurement[3], the TEK-Torg platform is expanding its Corporate Internet Shop (CIS). As a result, the Company managed to attract new counterparties (mostly small and medium-sized enterprises (SMEs)).

As at 31 December 2020, more than 41 thousand organisations were registered in the CIS, including over 30 thousand SMEs.

In 2020, the Company published more than 55 thousand procurement procedures in the CIS, with completed procurement worth over RUB 3.6 bln, almost doubling year-on-year.

[1] These principles are set forth in the applicable Russian laws and laid down in the Regulations on Procurement of Goods, Works and Services binding on both the Company and the Group Subsidiaries.

[2] Cumulative total since the launch of TEK-Torg's electronic trading platform.

TEK-Torg Mobile App

The Company implemented a project to develop a Rosneft Procurement mobile app in cooperation with the operator of TEK-Torg electronic trading platform. The application helps our potential and current suppliers and their employees quickly choose relevant procedures and receive notifications of new procurement tenders and updates on trading platform news, relevant documents and procedural changes.

Category Management in Procurement

Rosneft is consistently promoting category management in procurement, in particular, by leveraging category/procurement strategy as its key enabler. In 2019–2020, Rosneft developed 26 strategies in the most capital-intensive procurement areas.

As part of its work to implement the category management in procurement and build a framework for long-term counterparty qualification[4], the Company continues to develop standard supplier and contractor requirements for certain groups of materials, equipment, works and services.

The information on applicable standard requirements is available at TEK-Torg's electronic trading platform. Preliminary review of potential suppliers or contractors for compliance with the approved standard requirements makes it easier for them to prepare for and participate in the Company's procurement procedures in relevant categories.

Shared Service Centre

The Company continues the roll-out of a Shared Service Centre (SSC) in Samara with a view to centralising and pipelining procurement operations and category management functions. In 2020, the following functions were successfully transferred to the SSC:

- contractor accreditation;
- publication of procurement documents;
- monitoring of on-time delivery;
- approval of purchase and supply plans;
- contract management and reference data support for centralised procurement;
- reporting on procurement processes.

As at 31 December 2020, the SSC had a headcount of 175 employees and signed service contracts with Rosneft, regional procurement operators and 19 Group Subsidiaries.

The Company maintains its cooperation with the Samara State Technical University to recruit and train young talent for SSC.

To establish long-standing relationships with suppliers, the Company's internal regulations provide for long-term (up to 18 months) accreditation, which helps considerably reduce the costs incurred by potential suppliers participating in procurement procedures. Suppliers may obtain accreditation both prior to and in the course of procurement procedures.

[3] Minor purchases are those worth below RUB 500,000.

[4] The validity period is 18 months.

Rosneft relies on the consolidated procurement of goods, works and services for the Group Subsidiaries with a view to enhancing its procurement efficiency, in line with recommendations of the federal executive bodies. Currently, 64% of Rosneft's procurement is centralised, including 50.5% of procurement handled by the Company's Head Office and up to 13.5% of purchases sourced regionally.

The Company is implementing the Import Substitution and Equipment Localisation Programme for Rosneft's Needs for 2019–2021 with an outlook for 2028. The Regulations on Procurement of Goods, Works and Services provide for the Company's right to prioritise Russian-made goods, works and services where and as required by the applicable laws

End-to-End System for Controlling Compliance

In order to pick reliable suppliers and contractors, the Company and Group Subsidiaries always employ a single end-to-end system for controlling compliance with corporate requirements. It consists of several elements.

Accreditation

Before signing an agreement with the Company, candidates go through a test of their compliance with the minimum established requirements to their legal status, reliability, and business reputation, as part of anti-fraud and anti-corruption measures.

Inspection control

The Company has developed and applies uniform requirements to inspection control of production and shipment of materials and supplies on the production sites of manufacturers/suppliers in order to evaluate their ability to follow through with their obligations in terms of deadlines and quality of delivery. Technical inspections include control and assessment of whether technological processes of manufacture and shipment and the materials and supplies meet the requirements under the agreements with the Company.

Qualification by product

Suppliers and contractors go through a test of compliance with special requirements confirming their ability to supply high-quality products of a certain kind (goods, works, services) in a timely manner, including requirements on specialised experience, resources, permits, as well as other requirements that are publicly available on the Company's website on the TEK-Torg electronic platform. For the purposes of long-term qualification (for 18 months), standard criteria for centralised procurement of materials, supplies and equipment have been developed and approved.

Technical audits

Technical audits examine suppliers' production and technical processes, technical capabilities and production capacity and assess their ability to produce and supply the necessary amounts of products in accordance with the Company's technical specifications. The decision to hold an audit may be made as part of a procurement process or based on the Company's pre-approved schedule. All of the above requirements are publicly available on the Company's website and on the TEK-Torg electronic platform so that potential suppliers and contractors could view them in advance. A total of 613 technical audits of materials and equipment suppliers were completed in 2020.

Automation of Procurement Processes

The Company continues to deploy cutting-edge robotic automation in procurement. Robotic scripts are already applied in delivery monitoring, reporting and inventory reallocation. Optical recognition is used in accreditation of potential suppliers and contractors.

Rosneft relies on automation tools to unlock resources previously engaged in routine and algorithm-driven operations so as to:

- refocus its employees on more sophisticated tasks;
- mitigate risks of errors (human factor) while managing big data;
- exponentially accelerate routine operations supporting a 24/7 continuous workflow.

Master Degrees in Procurement

In July 2020, Gubkin Russian State University of Oil and Gas awarded first master's degrees in procurement after a two-year programme at the Department of Procurement Chain Management for the Oil and Gas Industry (under the auspices of Rosneft). There were 14 graduates, and 7 of them were awarded honours degrees.

The educational programme involved managers and experts of Rosneft's procurement function, as well as leading industry and international experts.

In autumn 2020, the second class (26 persons) began the master's degree programme with on-campus and remote learning combined.

RESPONSIBLE RELATIONSHIPS WITH SUPPLIERS AND CONTRACTORS

Contractor Compliance with the Company's Requirements on Health, Safety and Environment (HSE)

In 2020, Group Subsidiaries implemented the Company's Regulations on Procedure for Interaction with Contractors on Occupational and Fire Safety, Health and Environment Issues ("HSE Regulations"), which was approved and came into effect in December 2019. The HSE Regulations introduce a number of important improvements focused on facilitating contractor relations and setting up a step-by-step interaction process.

In February 2020, Rosneft approved standard criteria for HSE qualification of contractors, based on mandatory Russian legal requirements and ensuring compliance with the HSE Regulations. The new criteria apply to contractors participating in the Company's procurement procedures. Bidders failing to comply with any of the HSE criteria are disqualified and excluded from participation in the procurement procedure.

Standard HSE criteria were developed to support the ranking of contractors by the hazard level of contracted work; they rely on a differentiated approach and include seven criteria for contractors engaged to perform high-risk work and three criteria for contractors engaged in any other work.

The requirements to contractors and suppliers include the following:

- a health and safety management system in place;
- well-educated personnel with duly certified knowledge on health and occupational, fire, and electrical safety;
- existence of relevant services/divisions;
- provision of personal protective equipment to contracted personnel;
- compliance with Russian laws in terms of mandatory pre-employment and regular medical check-ups for the employees of the supplier/contractor;
- availability of job-specific guidelines, briefing programmes;
- pre- and post-trip medical check-ups for contracted drivers.

Contractors can be pre-qualified for a single procurement procedure or apply for long-term HSE qualification (valid for 18 months). The long-term qualification process includes a mandatory technical field audit[1] on a bidder's production site (otherwise, field audits are optional) to verify information on compliance with the HSE qualification requirements submitted by the contractor. GRI 103-3

[1] В связи с пандемией в 2020 году проведение технических аудитов было приостановлено.

The implementation of updated standard HSE criteria resulted in a more effective process of selecting contractors that meet mandatory requirements of HSE legislation and have a strong safety culture in place.

To test contractors for compliance with health and safety requirements, the collective bodies responsible for procurement decisions include HSE function representatives.

All standard agreements on construction, installation and oil production works include provisions on the need to follow the Company's HSE rules. For oil production (drilling in particular), the agreement contains additional provisions on drilling waste management by contractors based on the applicable environmental and other laws.

STAGE I (MANDATORY)

Desk audit

Review of documents/information submitted by procurement/qualification candidates as part of their application to confirm compliance with the HSE qualification requirements

STAGE II (OPTIONAL)

Field audit

Technical audit to verify the documents/information submitted by procurement/qualification candidates as part of their application to confirm compliance with the HSE qualification requirements

Checking of procurement/qualification candidates for compliance with the Company's HSE requirements can be done in two stages:

For more information on contractor compliance with the HSE requirements, see the Health and Life Safety chapter of this Report.

For more information on the application of energy efficiency criteria to equipment purchases, see the Energy Saving and Energy Efficiency chapter of this Report.

For the full text of the Regulations on Procedure for Interaction with Contractors on Occupational and Fire Safety, Health and Environment Issues, see the Company's official website

Rosneft treats its employees and the employees of the contractors that work at its facilities the same, applying universal HSE requirements to everybody.

Supplier and Contractor Compliance with Human Rights Protection Requirements

Rosneft is fully committed to human rights protection principles. To ensure compliance with major international human rights instruments across its supply chain, the Company adopted a Declaration on Respecting Human Rights to be used when interacting with suppliers of goods, works and services in 2020. The requirement to comply with all guiding principles of the Declaration is part of the procurement documentation.

The Company expects its suppliers and contractors to follow the principles of health protection, maintaining the right to favourable environment, and creating comfortable and safe lworkplace conditions in line with the applicable requirements of the Company, as well as national and international legislation.

Support of SMEs in the Regions of Operation

To facilitate competition and development of SMEs, Rosneft seeks to partner with small and medium-sized businesses as part of its procurement activities. The annual value of Rosneft Group's contracts with SMEs is at least RUB 100 bln.

For more information on the Company's approaches to human rights protection, see the Compliance Framework Development chapter of this Report.

Joint Workshops for SMEs with SME Corporation

GRI 103-3

Rosneft and SME Corporation held 13 workshops[1] on the Company's procurement activities in 2020. The workshops were held in Ivanovo, Sochi, Khabarovsk, Ulyanovsk, Tuapse, Nizhnevartovsk, the Republics of Bashkortostan and Tatarstan, the Volgograd, Sakhalin and Tomsk regions, and the Krasnoyarsk Territory.

GRI 204-1

>50%

of potential suppliers accredited with Rosneft are represented by SMEs

The annual value of Rosneft Group's procurement sourced from SMEs is at least

RUB 100 bln

Rosneft has been benefiting from its One-Stop-Shop System for the Introduction of Innovative Products. It is a robust mechanism designed to facilitate cooperation with owners of innovative technologies which covers everything from the application process to issuing an opinion on whether the innovation (or innovative idea) suits the Company's needs.

Innovative solutions may be suggested by any individual, group or institution, including prospective and existing suppliers and contractors, and are implemented jointly with their respective owners. In 2020, we received 54 applications.

For the full text of the Declaration on Respecting Human Rights to be used when interacting with suppliers of goods, works and services, see the Company's official website:

For more details on the One-Stop-Shop System, see the Company's website

[1] Including those held remotely due to the pandemic.

APPENDICES

INDEPENDENT ASSURANCE REPORT.. 210

Appendix 1.
Key Sustainability Indicators 212

Appendix 2.
Report's Compliance with International Standards 218

Appendix 3.
Abbreviations 235

Contact Details 236

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Translation of the original Russian version

Independent practitioner's assurance report

To the Board of Directors of PJSC Rosneft Oil Company

Subject matter

We have been engaged by PJSC Rosneft Oil Company (hereinafter "the Company") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, (herein "the Engagement"), to report on Rosneft Oil Company Sustainability Report (hereinafter "the Report") as of December 31 2020 or for 2020 (hereinafter "the reporting period").

Under this engagement, we did not perform any procedures with regard to the following:

- Forward-looking statements on performance, events or planned activities of the Company;
- 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, Task Force on Climate-related Financial Disclosures, and UN Global Compact principles;
- Statements of third parties included in the Report.

Applicable criteria

In preparing the Report the Company applied Global Reporting Initiative Sustainability Reporting Standards (hereinafter "GRI Standards") in Core option and the sustainability reporting principles of the Company as set forth in the section 5.2 "Principles of sustainability reporting" of the "Company's Policy on Sustainable development", in the section "About the report" of the Report and in the notes to the text of the Report (hereinafter "the Criteria").

The Company's responsibilities

The Company's management is responsible for selecting the Criteria, and for presenting the Report in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

The Practitioner's responsibilities

Our responsibility is to express a conclusion on the presentation of the Report based on the evidence we have obtained.

We conducted our assurance engagement in accordance with International Standard for Assurance Engagements (revised) *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000"). ISAE 3000 requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Report is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality control

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Inquiries of the representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting,

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Translation of the original Russian version

- Analysis of key documents related to the Company sustainability policies, activities, performance and relevant reporting,
- Obtaining understanding of the process used to prepare the information on sustainability performance indicators of the Company,
- Analysis of the stakeholder's survey results,
- Benchmarking of the Report against sustainability reports of selected international and Russian peers of the Company and lists of oil and gas sector-specific sustainability issues raised by stakeholders,
- Analysis of material sustainability issues identified by the Company,
- Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report,
- Review of data samples regarding key human resources, environmental protection, health and safety, and charitable activities indicators for the reporting period, to assess whether these data have been collected, prepared, collated and reported appropriately,
- Visit to the "Oil and gas production" business segment subsidiary, "Bashneft-Dobycha" LLC, and "Oil refining, gas processing and petrochemicals" business segment subsidiary, Branch of PJSC Joint Stock Oil Company "Bashneft" "Bashneft-Ufaneftekhim" – in order to interview executives responsible for human resources, environmental protection, health and safety and gather evidence supporting the assertions on the Company's sustainability policies, activities, events, and performance made in the Report,
- Collection on a sample basis of evidence substantiating other qualitative and quantitative information included in the Report at the headquarters level,
- Assessment of compliance of the Report and its preparation process with Company's sustainability reporting principles,
- Assessment of compliance of information and data disclosures in the Report with the requirements of the Core option of reporting "in accordance" with the GRI Standards.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report is not represented fairly, in all material respects, according to the Criteria.

Signed

D.E. Lobachev

Partner

Ernst & Young LLC

10 September 2021

Details of the entity

Name: Rosneft Oil Company
Record made in the State Register of Legal Entities on 12 August 2002, State Registration Number 1027700043502.
Address: Russia, 115035 Moscow, Sofiyskaya emb., 26/1.

Details of the independent practitioner

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia, 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

APPENDIX 1. KEY SUSTAINABILITY INDICATORS

Period	2018	2019	2020
Operating and economic indicators			
Proved SEC reserves of oil, gas condensate and liquid hydrocarbons, mmt	3,899	3,935	3,489
Proved SEC reserves of marketable gas, bcm	2,065	2,119	2,106
Production of liquid hydrocarbons, mmt	230.2	230.2	204.5
Natural gas production, bcm	67.3	67.0	62.8
Hydrocarbon production, mmtoe	2,115	2,114	1,898
Oil refining, mmt	115.0	110.2	104.0
Petroleum product and petrochemicals output, mmt	111.7	107.5	101.4
Assets as at year-end, RUB bln	13,163	12,946	15,350
Revenues and equity share in profits of associates and joint ventures, RUB bln	8,238	8,676	5,757
Equity, RUB bln	4,677	5,149	5,487
Dividends, RUB bln	225.0	282.6	191.5[1]
Direct economic value generated and distributed[2], RUB bln GRI 102-1			
Direct economic value generated			
Income	7,968	8,670	5,736
Economic value distributed			
Opex	2,270	2,917	1,918
Payments to providers of funds	521	585	413
Personnel expenses, excluding compulsory insurance premiums	296	327	358
Insurance premiums	67	75	85
Accrued taxes and duties	3,879	3,576	2,352
Community investments	26	22	21
Economic value undistributed	**909**	**1,168**	**589**
Health, safety and environment performance indicators			
Ratio of the number of lost-time work-related injuries (including fatalities) of the Company's employees to one (1) mln man-hours worked (LTIF)	0.34[2]	0.36[2]	0.51
Ratio of the total number of the Company's work-related fatalities to one hundred (100) mln man-hours worked (FAR)	2.47[2]	1.04[2]	0.97
HSE training, thousand man-courses	414.3	477.3	509.5
Expenditure on health and safety, including fire safety and blowout prevention, RUB bln	56	55	48

[1] Dividends paid in 2020, including dividends paid to shareholders who are subsidiaries of Rosneft.

[2] Data for 2017–2019 reflects more accurate calculation of payments to providers of funds, personnel expenses, and community investments under GRI 201-1.

Period	2018	2019	2020
Total volume of spilled oil and oil products across the Company, t	663	652	728
Crude oil and gas condensate spills due to pipeline failures in Exploration and Production, t	647.2	642.9	536.32
Air pollutant emissions			
Gross air pollutant emissions thous. tons, including:	1,835	1,773	1521
• oil and gas production	1,524	1,465	1,214
• oil refining, gas processing and petrochemicals	250	248	233
• gas business	30	28	44
• marketing and distribution	22	23	23
• service Group Subsidiaries	9	9	6
Air pollutant emissions from extraction activities, t/ktce	3.96	3.83	3.51
Air pollutant emissions from refining and petrochemical activities, t/ktce	1.77	1.83	1.86
GHG emissions			
Total emissions (Scope 1+2), mmt CO_2 eq.	76.9	81.2	81.0
Direct emissions (Scope 1), mmt CO_2 eq.	54.7	59.4	60.9
Indirect emissions (Scope 2), mmt CO_2 eq.	22.2	21.8	20.1
Direct GHG emissions, kt			
• Carbon dioxide (CO_2)	50,629[3]	56,035	57,467
• Methane (CH_4)	164	134	139
GHG emissions, t CO_2 eq. / tce			
• Oil and gas production (including oilfield services)	0.129	0.140	0.155
• Oil refining, gas processing and petrochemicals	0.119	0.120	0.126
GHG emissions, t CO_2 eq. / kboe			
• Oil and gas production (including oilfield services)	25.1	27.3	30.2
• Oil refining, gas processing and petrochemicals	23.2	23.4	24.6
APG utilisation rate[4], %	84.4[5]	77.8[6]	74.8
Water consumption and water discharge			
Water consumption (water intake from surface and underground sources) for extraction activities, cub m / tce	0.46	0.49	0.51
Water consumption (water intake from surface and underground sources) for refining and petrochemical activities, cub m / tce	1.43	1.50	1.59

[3] The 2018 metric was adjusted following the update on fuel consumption by certain Group Subsidiaries.

[4] The information and plans on APG utilisation relate to the Company's Russian assets.

[5] The changes in the APG utilisation rate are driven by higher oil and APG production at greenfields and production cuts at brownfields as part of the Company's commitment under the OPEC+ agreement.

[6] Including fields under development and greenfield projects at early stages of development.

Period	2018	2019	2020
Polluted water intake for treatment and use/discharge, mcm			
• Wastewater	170.4	117.0	126.2
• Produced water	1,588.1	1,658.3	1,498.4
• Bottom water	0.5	2.9	4.2
Gross industrial wastewater discharges to surface waters, mcm	127.9	122.7	133.7
Wastewater discharges into third-party networks for reuse, thousand cub m	8,938.9	10,380.24	10,960.3
Wastewater discharges from extraction activities, cub m / tce	0.0005	0.0003	0.0004
Wastewater discharges from refining and petrochemical activities, cub m / tce	0.90	0.90	1.06
Polluted wastewater discharges from extraction activities, cub m / tce	0.000100	0.000004	0.000004
Polluted wastewater discharges from refining and petrochemical activities, cub m / tce	0.55	0.55	0.52
Environmental protection expenditures			
Environmental protection investments, including as part of production programmes with an environmental impact, RUB bln	46	35	42
Current environmental protection opex, RUB bln	32	29	31
Environmental fines payable, RUB bln	0.29	0.20	0.19
Payments to budgets of all levels related to environmental protection and sustainable use of natural resources, RUB bln	4.7	4.3	3.9
Emergency prevention and response performance indicators			
Financial and non-financial reserves for emergency prevention and response, RUB bln	2.0	2.0	2.0
Innovation performance indicators			
R&D expenses, RUB bln	32.10	30.05	26.8
HR indicators			
Headcount at year-end, thousand employees	325.6	334.6	355.9
Average headcount, thousand employees	308.0	315.4	342.7
Workforce by category at year-end, %			
• Blue-collar workers	56.2	54.7	52.4
• White-collar workers	31.5	33.1	35.2
• Managers	12.2	12.2	12.3

Period	2018	2019	2020
Workforce by gender at year-end, %			
• Women	32.2	32.7	32.4
• Men	67.8	67.3	67.6
• Employee turnover, %	10.8	10.2	9.0
Company average monthly salary per person, RUB	84,030	88,609	91,885
Payroll, including benefits and one-off bonuses as part of the payroll and annual remuneration, RUB bln	311	335	378
Social payments fund, RUB bln	8.6	9.3	9.3
Employees with disabilities (average headcount)	–	–	2,834
The number of quotas for hiring people with disabilities implemented by alternative means (financing, etc.).	–	–	1,336
Social performance indicators			
Tax payments and customs duties[1], RUB bln, including:	3,971	3,528	2852
• federal tax payments and customs duties	3,503	3,042	2420
• regional tax payments	393	404	341
• payments to non-budgetary funds	76	82	91
Expenditures on social programmes, social investments in the regions and charity, RUB bln, including:	46	45	34
• optimisation of working conditions	8.2	9.4	7.5
• social investments under cooperation agreements with regional authorities	9.5	7.1	5.2
• charity, including charitable aid to educational institutions in furtherance of the government's education and science policy[2]	3.2	2.4	1.5
• other social investments	25	26	20
Anti-corruption performance indicators			
Calls received by the Security Hotline	27,081	35,106	37,493
Damage identified/prevented following the review of Security Hotline calls, RUB mln	34.5	40.5	38.7
Criminal cases opened, including following Security Hotline calls	751	739	983

[1] Taxes, customs duties and insurance contributions transferred to the budget of the Russian Federation.

[2] For charity expenses related to the support of education institutions and Veterans Council, see the Personnel and Social Programme section of our annual reports for 2017, 2018 and 2019.

Salary ratios for certain Group Subsidiaries across Rosneft's footprint in 2020, RUB per month

Region	Group Subsidiary	Average salary at the Group Subsidiary, RUB	Average salary in the region, RUB (as per Rosstat's data for November 2020)	Average salary at the Group Subsidiary to average salary in the region, %
Primorye Territory	JSC Eastern Petrochemical Company	189,788.47	47,397.30	400%
	LLC RN-Morskoi Terminal Nakhodka	64,884.06	47,397.30	137%
Khabarovsk Territory	LLC RN-Komsomolsk Refinery	95,638.54	49,833.80	192%
Sakhalin Region	LLC RN-Sakhalinmorneftegaz	116,603.62	85,887.30	136%
Republic of Sakha (Yakutia)	Taas-Yuryakh Neftegazodobycha	162,072.65	75,528.60	215%
Republic of Bashkortostan	LLC Bashneft-Dobycha	72,102.15	38,396.90	188%
	PJSC Ufaorgsintez	83,152.38	38,396.90	217%
	Ufa Refinery (branches of PJSC Bashneft)	85,217.37	38,396.90	222%
	LLC Bashneft-Roznitsa	42,533.96	38,396.90	111%
Orenburg Region	JSC Orenburgneft	71,784.20	33,373.00	215%
Samara Region	JSC Samaraneftegaz	63,911.10	37,967.50	168%
	JSC Kuibyshev Refinery	71,557.19	37,967.50	188%
	JSC Novokuibyshevsk Refinery	67,891.81	37,967.50	179%
	JSC Syzran Refinery	72,305.75	37,967.50	190%
	JSC Novokuibyshevsk Petrochemical Company	51,621.48	37,967.50	136%
	LLC Novokuibyshevsk Oils and Additives Plant	60,862.61	37,967.50	160%
	JSC Samaranefteprodukt	33,572.89	37,967.50	88%
Saratov Region	PJSC Saratov Refinery	70,482.11	32,738.30	215%
	PJSC Saratovnefteprodukt	31,184.10	32,738.30	95%
Arkhangelsk Region	LLC RN-Arkhangelsknefteprodukt	51,999.38	49,516.60	105%
Republic of Komi	LLC RN-Severnaya Neft	126,832.56	52,364.40	242%
Nenets Autonomous Area	LLC Bashneft-Polyus	162,685.03	81,537.10	200%
Republic of Karelia	JSC Karelianefteprodukt	38,349.10	44,047.50	87%
Murmansk Region	PJSC Rosneft-Murmansknefteprodukt	47,881.39	65,648.20	73%
St Petersburg	LLC RN-Severo-Zapad	56,177.34	65,464.60	86%
Republic of Ingushetia	OJSC RN-Ingushneft	31,630.88	28,424.10	111%
	LLC RN-Ingushnefteprodukt	27,902.93	28,424.10	98%
Chechen Republic	OJSC Grozneftegaz	35,844.20	28,909.60	124%
	LLC RN-Chechennefteprodukt	23,735.27	28,909.60	82%
Republic of Khakassia	JSC Khakasnefteprodukt VNK	36,380.34	43,109.80	84%
Krasnoyarsk Territory	LLC RN-Vankor	154,836.22	51,765.40	299%
	JSC Vostsibneftegaz	146,462.85	51,765.40	283%
	JSC Achinsk Refinery	83,076.66	51,765.40	160%
	LLC RN-Krasnoyarsknefteprodukt	68,098.22	51,765.40	132%
Irkutsk Region	JSC Angarsk Petrochemical Company	76,783.48	48,480.40	158%
	JSC Angarsk Polymer Plant	68,725.93	48,480.40	142%
	JSC Irkutsknefteprodukt	46,610.83	48,480.40	96%
	JSC Verkhnechonskneftegaz	128,965.79	48,480.40	266%
Tomsk Region	JSC Tomskneft VNK	115,249.40	45,415.80	254%
	JSC Tomsknefteprodukt VNK	51,559.77	45,415.80	114%
Tyumen Region	JSC Tyumenneftegaz	142,370.25	48,653.20	293%
	LLC RN-Uvatneftegaz	142,814.11	48,653.20	294%
Khanty-Mansi Autonomous Area	LLC RN-Yuganskneftegaz	117,792.56	69,722.50	169%
	PJSC Varyeganneftegaz	139,418.46	69,722.50	200%
	JSC RN-Nyaganneftegaz	125,564.44	69,722.50	180%
	JSC Samotlorneftegaz	114,470.92	69,722.50	164%
	LLC Krasnoleninsky Refinery	99,678.70	69,722.50	143%
	LLC Nizhnevartovsk Oil Refining Association	106,139.28	69,722.50	152%
Yamal-Nenets Autonomous Area	LLC RN-Purneftegaz	138,406.20	96,622.20	143%
	JSC Rospan International	209,185.09	96,622.20	216%
	JSC Sibneftegaz	215,648.07	96,622.20	223%
Yaroslavl Region	JSC RN-Yaroslavl	34,804.12	36,836.70	94%
Ryazan Region	JSC Ryazan Oil Refining Company	78,635.03	34,819.70	226%
	JSC Ryazannefteprodukt	38,924.71	34,819.70	112%
Moscow Region	CJSC TZK Sheremetyevo	97,846.68	55,641.40	176%
Rostov Region	JSC RN-Rostovnefteprodukt	34,510.42	36,236.70	95%
Krasnodar Territory	LLC RN-Krasnodarneftegaz	58,496.00	36,661.50	160%
	LLC RN-Tuapse Refinery	70,961.27	36,661.50	194%
	LLC RN-Morskoi Terminal Tuapse	51,514.13	36,661.50	141%
	PJSC Rosneft-Kubannefteprodukt	37,929.09	36,661.50	103%

APPENDIX 2. REPORT'S COMPLIANCE WITH INTERNATIONAL STANDARDS

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 101	Reporting principles	Company's Policy on Sustainable Development			
	The Company's sustainability reporting principles are set forth in Rosneft's Policy on Sustainable Development.				
	The Report is compliant with the sustainability reporting principles.				
General disclosures					
General					
GRI 102–1	Name of the organisation	Contact Details		P. 236	
GRI 102–2	Activities, brands, products, and services	2020 Annual Report, Operating Results section, p. 40–136			
	Key products: oil, gas, and refining products				
GRI 102–3	Location of headquarters	The Company's Head Office is located in Moscow			
GRI 102–4	Location of operations	2020 Annual Report, Assets and Regions of Operation section, p. 10–11; Company Structure section, p. 16–17			
GRI 102–5	Ownership and legal form	2020 Annual Report, Share Capital section, p. 290			
GRI 102–6	Markets served	2020 Annual Report, Assets and Regions of Operation section, p. 10–11; Company Structure section, p. 16–17; Appendix 6: Financial Statements and Auditor's Report, note 26 Segment Information, p. 440			
GRI 102–7	Scale of the organisation	Key Sustainability Indicators; Management Framework and Personnel Profile		P. 132	
GRI 102–8	Information on employees and other workers	Key Sustainability Indicators Management Framework and Personnel Profile		P. 132	
	Headcount as at the end of 2020: 355.9 thousand employees, including: Permanent employment contract: women – 106,019, men – 226,341 Temporary employment contract: women – 9,342, men – 14,224 Full-time employment: women – 113,184, men – 238,497 Part-time employment: women – 2,177, men – 2,068				
GRI 102–9	Supply chain	2020 Annual Report, Business Model section, p. 14–15			
GRI 102–10	Significant changes to the organisation and its supply chain	2020 Annual Report, Company Structure section, p. 16–17			
GRI 102–11 UNGC Principle 7 IPIECA ENV-3, SHS-5	Precautionary Principle or approach				
	The Company believes it important to carry out environmental impact assessments (EIAs) to use the outcomes as a basis to develop activities aimed at minimising the Company's environmental footprint. In conducting EIAs, the Company follows the precautionary approach laid out in The Rio Declaration on Environment and Development (Principle 15. The Rio Declaration on Environment and Development, UN, 1992)				

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 102–12 UNGC Principle 8	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses				
	In 2009, the Company joined the UN Global Compact and the Social Charter of the Russian Business. Since 2013, the Company has been supporting the Anti-Corruption Charter of the Russian Business. In 2018, Rosneft's Board of Directors approved the Company's strategic principles and public statement "Rosneft: contributing to implementation of the UN Sustainable Development Goals". The Company also shares and endorses the principles of the Universal Declaration of Human Rights, Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation, and The Rio Declaration on Environment and Development. In 2019, Rosneft joined an international industry initiative by signing Guiding Principles on Reducing Methane Emissions across the Natural Gas Value Chain, confirming its commitment to partnerships in carbon management				
GRI 102–13 UNGC Principle 8	Membership of associations and/or national or international advocacy organisations				
	The Company is a member of the Russian–German Foreign Trade Chamber, Chamber of Commerce and Industry of the Russian Federation, Russian National Committee for Pacific Economic Cooperation, Petrochemical and Refiners Association, Russian Gas Society – association of oil and gas businesses, National Association for Subsoil Examination, Non-Profit Russian Corporate Counsel Association, and National Association of Technology Transfer (NATT)				
GRI 102–14	Statement from senior decision-maker	Message from the Chairman of Rosneft's Board of Directors Message from Rosneft's Chief Executive Officer		P. 2 P. 4	
GRI 102–15 IPIECA SHS-5	Key impacts, risks, and opportunities	Sustainability Management Climate-related Threats and Opportunities		P. 32 P. 57 P. 120	
GRI 102–16 UNGC Principle 10	Values, principles, standards, and norms of behaviour	Strategic Vision of Sustainable Development Compliance Framework Development		P. 23 P. 39 P. 40	
	Additional information is available on the Company's website at https://www.rosneft.com/Investors/Documents/ The Company's Policy on Sustainable Development; https://www.rosneft.com/upload/site2/document_file/development_policy_eng.pdf Code of Business and Corporate Ethics: https://www.rosneft.com/upload/site2/document_file/P3-0106_P-01eng.pdf				
GRI 102–17 UNGC Principle 10	Mechanisms for advice and concerns about ethics	Compliance Framework Development		P. 43	
GRI 102–18 IPIECA SHS-5	Governance structure	Sustainability Management 2020 Annual Report, Corporate Governance section, p. 232–287		P. 28	
GRI 102–20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Management		P. 28	
GRI 102–22	Composition of the highest governance body and its committees	Sustainability Management 2020 Annual Report, Corporate Governance section, p. 232–287		P. 28	
GRI 102–29	Identifying and managing economic, environmental, and social impacts	Sustainability Management		P. 30	
GRI 102–40	List of stakeholder groups	About the Report Stakeholder Engagement		P. 10 P. 34	
GRI 102–41 UNGC Principle 3 IPIECA SOC-5	Percentage of total employees covered by collective bargaining agreements	Social Policy		P. 151	
	In 2020, 71.3% of the headcount were covered by collective bargaining agreements				

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 102-42	Identifying and selecting stakeholders				
	Rosneft interacts with all stakeholder groups that have an impact on, and are impacted by, the Company's operations				
GRI 102-43	Approach to stakeholder engagement	Stakeholder Engagement		P. 34	
GRI 102-44	Key topics and concerns raised, and how the organisation has responded to those key topics and concerns, including through its reporting	About the Report Stakeholder Engagement		P. 10 P. 35	
GRI 102-45	Entities included in the consolidated financial statements	About the Report 2020 Annual Report, Company Structure section, p. 16-17		P. 10	
GRI 102-46	Defining report content and topic boundaries	About the Report		P. 10	
GRI 102-47	List of material topics	About the Report		P. 10	
GRI 102-48	Any restatements of information given in previous reports, and the reasons for such restatements	About the Report			
	The key reasons for restatements of information in the Report are the development and improvement of the corporate reporting framework, fine-turning of the indicators' boundaries and retrospective information				
GRI 102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	About the Report		P. 11	
GRI 102-50	Reporting period			P. 10	
	1 January to 31 December 2020				
GRI 102-51	Date of the most recent report			P. 10	
	Rosneft's 2019 Sustainability Report was published in July 2020				
GRI 102-52	Reporting cycle	About the Report		P. 10	
GRI 102-53	Contact point for questions regarding the report	Contact Details		P. 236	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	About the Report		P. 10	
GRI 102-55	GRI content index	This appendix			
GRI 102-56	External assurance	About the Report Independent Assurance Report on Rosneft's 2020 Sustainability Report This appendix		P. 10 P. 210	

Material topics

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
Economic performance					
GRI 201 Economic Performance 2016					
GRI 103 Management approach 2016					
GRI 103-1	Explanation of the material topic and its boundary	Supporting Social and Economic Development		P. 154	
GRI 103-2	The management approach and its components	Supporting Social and Economic Development		P. 154	
GRI 103-3	Evaluation of the management approach	Supporting Social and Economic Development		P. 154	
GRI 201-1 IPIECA SOC-13, GOV-4	Direct economic value generated and distributed	Key Sustainability Indicators		P. 213	
GRI 201-3	Defined retirement plans and other benefit plans	Management Framework and Personnel Profile Social Policy		P. 132 P. 150	
GRI 201-4	Financial assistance received from government				
	The Company and Group Subsidiaries make use of tax benefits provided for by federal tax laws. In a number of regions of operation, the Company and Group Subsidiaries use income tax benefits and corporate property tax benefits under regional laws				
Indirect economic impact					
GRI 203 Indirect Economic Impacts 2016					
GRI 103 Management approach 2016					
GRI 103-1	Explanation of the material topic and its boundary	Supporting Social and Economic Development		P. 154	
GRI 103-2	The management approach and its components	Supporting Social and Economic Development		P. 154	
GRI 103-3	Evaluation of the management approach	Supporting Social and Economic Development		P. 154	
GRI 203-1 IPIECA SOC-14	Infrastructure investments and services supported	Supporting Social and Economic Development		P. 160	
GRI 203-2 IPIECA SOC-15	Significant indirect economic impacts, including scope of impact	Supporting Social and Economic Development Customer Engagement		P. 159 P. 201	
GRI 415 Public Policy 2016					
GRI 103 Management approach 2016					
GRI 415-1 UNGC Principle 10 IPIECA GOV-3, GOV-5	Total monetary value of political contributions by country and recipient/beneficiary				
	The Company does not provide financing for any political causes				
Procurement practices					
GRI 204 Procurement Practices 2016					
GRI 103 Management approach 2016					
GRI 103-1	Explanation of the material topic and its boundary	Supplier and Contractor Relationship Management		P. 202	
GRI 103-2	The management approach and its components	Supplier and Contractor Relationship Management		P. 202	
GRI 103-3	Evaluation of the management approach	Supplier and Contractor Relationship Management		P. 202	
GRI 204-1 IPIECA SOC-14	Proportion of spending on local suppliers in significant locations of operation	Supplier and Contractor Relationship Management		P. 207	
	With Russia as the key region of operation, Rosneft places special emphasis on supporting local suppliers. The Company's procurement is based on principles of information openness, no unwarranted restrictions on bidders, and targeted and cost-efficient expenditures as set forth by the applicable Russian laws. Suppliers (contractors) are selected as part of procurement (including bidding) procedures, in order to meet the Company's demand for products, works and services				

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
Anti-corruption measures					
GRI 205 Anti-corruption 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Compliance Framework Development		P. 39	
GRI 103–2	The management approach and its components	Compliance Framework Development		P. 39	
GRI 103–3	Evaluation of the management approach	Compliance Framework Development		P. 39	
GRI 205–1 UNGC Principle 10 IPIECA GOV-3	Total number and percentage of operations assessed for risks related to corruption, and significant risks identified				
	In 2020, risks related to corruption were assessed on a quarterly basis at the level of the Company, businesses, and business functions (covering 100% of all units). This risk is cross-functional and affects all business processes, requiring business process owners to develop control procedures aimed at preventing it. Anti-corruption is one of the components of the Code of Business and Corporate Ethics in place at Rosneft. The Company also has the Policy on Combating Corporate Fraud and Involvement in Corruption Activities approved by resolution of Rosneft's Board of Directors dated 21 May 2018, Minutes No. 19 dated 21 May 2018, and the Regulations on Coordinating Anti-Fraud and Anti-Corruption Processes providing for the algorithm and methodology to assess the risk. To implement the above documents, the Company ran programmes in 2020 as part of the Comprehensive Anti-Fraud and Anti-Corruption Programme				
GRI 205–2 UNGC Principle 10 IPIECA GOV-3	Communication and training about anti-corruption policies and procedures	Compliance Framework Development		P. 44	
GRI 205–3 UNGC Principle 10 IPIECA GOV-3, GOV-5	Confirmed incidents of corruption and actions taken	Compliance Framework Development		P. 43	
	In 2020, there were no confirmed cases of corruption in which the Company was held liable by the regulators. Corruption prevention is the responsibility of the Company's Security Service and Internal Audit Service				
GRI 206 Anti-competitive Behaviour 2016					
GRI 206–1	Number of legal actions against the Company regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation during the reporting period				
	2020 saw no court disputes related to the Company's alleged violations on monopoly laws that would result in court orders taking effect				
Tax					
GRI 207 Tax 2019					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary			P. 45	
GRI 103–2	The management approach and its components			P. 45	
GRI 103–3	Evaluation of the management approach			P. 45	
GRI 207–1	Approach to taxation			P. 45	
GRI 207–2	Tax management, control, and risk management			P. 45	
GRI 207–3	Stakeholder engagement and management of tax issues			P. 45	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 207–4	Country-by-country reporting				
	Excise taxes account for the majority of taxes paid by the Company in countries other than the Russian Federation. For information on the amount of foreign excise taxes recognised as expenses in the Company's IFRS consolidated financial statements, see quarterly Management's Discussion and Analysis of Financial Condition and Results of Operations of Rosneft. The Company also publishes Reports on Payments to Governments in view of its exploration and production activities. The Company does not disclose detailed information on tax payments in foreign jurisdictions due to the restrictions imposed by the Russian tax legislation on disclosure of financial and tax information by country of presence made by companies from the list of strategic enterprises in accordance with the legislation of the Russian Federation				
Energy					
GRI 302 Energy 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Energy Saving and Energy Efficiency		P. 180	
GRI 103–2	The management approach and its components	Energy Saving and Energy Efficiency		P. 180	
GRI 103–3	Evaluation of the management approach	Energy Saving and Energy Efficiency		P. 180	
GRI 302–1 IPIECA CCE-6	Energy consumption within the organisation	Energy Saving and Energy Efficiency		P. 180	
	The Group Subsidiaries use various types of fuel, above all natural and associated petroleum gas, as well as fuel oil, diesel fuel, and oil				
GRI 302–4 UNGC Principle 9 IPIECA CCE-6	Reduction of energy consumption	Climate Action Management Energy Saving and Energy Efficiency		P. 52 P. 181	
	In 2020, energy savings amounted to 396 thousand tonnes of reference fuel or 11.8 mln GJ which is 50% above the plan.				
GRI OG3 IPIECA CCE-3	Total amount of renewable energy generated by source	Energy Saving and Energy Efficiency	Partially disclosed. Information is unavailable due to insignificant volumes of renewable energy generation. Rosneft plans to start accounting for this type of energy after the Company's reliance on it grows	P. 181	
	Currently, the volume of generated renewable energy accounts for an insignificant part of total energy volume				
Water					
GRI 303 Water and Effluents 2018					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Conserving Water Resources		P. 82	
GRI 103–2	The management approach and its components	Conserving Water Resources		P. 82	
GRI 103–3	Evaluation of the management approach	Conserving Water Resources		P. 83	
GRI 303–1	Interactions with water as a shared resource	Conserving Water Resources		P. 83	
GRI 303–2	Management of water discharge-related impacts	Conserving Water Resources		P. 86	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 303–3 UNGC Principle 9 IPIECA ENV-1	Water withdrawal	Key Sustainability Indicators; Conserving Water Resources		P. 213 P. 86	
	According to the data collection methodology, the Company discloses data on total volume of water withdrawn, including rainwater, waste water, and recycled water				
GRI 303–4 UNGC Principle 9 IPIECA ENV-2	Water discharge	Conserving Water Resources	Data shown does not include a freshwater category.	P. 86	
GRI 303–5 UNGC Principle 9 IPIECA ENV-1	Water consumption	Conserving Water Resources		P. 85	
Biodiversity					
GRI 304 Biodiversity 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Biodiversity Conservation		P. 72	
GRI 103–2	The management approach and its components	Biodiversity Conservation		P. 72	
GRI 103–3	Evaluation of the management approach	Biodiversity Conservation		P. 72	
GRI 304–1 IPIECA ENV-4	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Conservation Land remediation and waste management		P. 72 P. 92	
	The Company does not carry out exploration in protected areas. When operating in environmentally vulnerable areas and near protected natural areas, the Company takes all possible preventive measures to avoid negative environmental impacts and ensure biodiversity conservation, including in the Yamal-Nenets Autonomous Area, Krasnoyarsk Territory, Arkhangelsk Region and the Republic of Sakha. In addition, the Company's production facilities are situated near the Verkhnee Dvuobye wetlands, Yugansky Nature Reserve in the Khanty-Mansi Autonomous Area – Yugra, various protected areas in the Samara Region, including I.I. Sprygin Zhiguli State Nature Biosphere Reserve, More-Yu wildlife sanctuary, Pym-Va-Shor nature monument in the Nenets Autonomous Area, as well as wetlands of the Krasnodar Territory. The Company engages in activities related to oil and gas production, treatment and transportation in areas traditionally used by indigenous peoples of the North, and carries out retail sales of petroleum products near protected areas, including the Utrish State Nature Reserve, Losiny Ostrov National Park, Samarskaya Luka National Park, Tunkinsky and Pribaikalsky national parks, Baikal Nature Reserve, Teberda Nature Reserve, Kumysnaya Polyana park, and Vysokovsky Bor nature monument. The Company operates in strict compliance with applicable laws on environment protection				
GRI 304–2 IPIECA ENV-3, SHS-5	Nature of significant impacts of operations, products, and services on biodiversity in formally protected areas and formally designated areas of special importance or sensitivity		Partially disclosed. The scale of the Company's operations makes it impossible to identify all of the species affected and extent of areas impacted.		
	Rosneft's operations involve environmental protection measures, comprehensive monitoring, and have no significant impact on the environment or biodiversity. Insignificant and reversible impacts on natural ecosystems, mainly noise, are possible during exploration and disappear upon completion of works				

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 304–3 IPIECA ENV-4	Habitats protected or restored	Land remediation and waste management	Partially disclosed. The scale of the Company's operations makes it impossible to identify all of the species affected and extent of areas impacted.	P. 72 P. 90	
	The final phase of land remediation is an assessment of work done by an independent contractor. Remediation is confirmed by acceptance certificates or records in the work performance and control register				
GRI 304–4 IPIECA ENV-4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organisation, by level of extinction risk			P. 76	
	Species with habitats in areas affected by the Company's operations include grey whale, sperm whale, reindeer, grey heron, golden eagle, Eurasian otter, European pond turtle, sturgeon, etc. The Company analyses its impact on the above species and aims to minimise it				
Air emissions (including GHG emissions)					
GRI 305 Emissions 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Climate Action Management Reducing Air Emissions		P. 50 P. 81	
GRI 103–2	The management approach and its components	Climate Action Management Climate-related Threats and Opportunities Achievement of Climate Goals in 2020		P. 50 P. 57 P. 58	
GRI 103–3	Evaluation of the management approach	Managing Our Environmental Impacts		P. 66	
GRI 305–1 UNGC Principle 9 IPIECA CCE-4	Direct (Scope 1) GHG emissions	Achievement of Climate Goals in 2020		P. 58	
GRI 305–2 UNGC Principles 7, 9 IPIECA CCE-4	Energy indirect (Scope 2) GHG emissions	Achievement of Climate Goals in 2020		P. 58	
GRI 305–3 IPIECA CCE-4	Other significant GHG emissions stating volume	Achievement of Climate Goals in 2020		P. 58	
GRI 305–4 IPIECA CCE-4	GHG emissions intensity	Achievement of Climate Goals in 2020		P. 58	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 305–6 IPIECA ENV-5	Emissions of ozone-depleting substances				
	The Company does not use ozone-depleting substances on an industrial scale				
GRI 305–7 UNGC Principle 9 IPIECA ENV-5	NO_x, SO_x, and other air emissions	Ambient Air Protection		P. 81	
Water discharge and waste management					
GRI 306 Effluents and waste 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Land Remediation and Waste Management		P. 90	
GRI 103–2	The management approach and its components	Land Remediation and Waste Management Prevention of and Response to Oil Spills		P. 90 P. 88	
GRI 103–3	Evaluation of the management approach	Managing Our Environmental Impacts		P. 66	
GRI 306–1 IPIECA ENV-2, ENV-6	Total water discharge by quality and destination	Conserving Water Resources	Partially disclosed. The scope of the Company's operations makes it impossible to provide the breakdown of target water bodies	P. 86	
	According to the data collection methodology, the Company discloses the total volume of waste water (both own and received from third parties) discharged into the environment through its own and third party centralised waste water systems. The Company also discloses data on domestic water discharges				
GRI 306–2 IPIECA ENV-6, ENV-7	Total weight of waste by type and disposal method	Land Remediation and Waste Management		P. 92	
	The main type of waste generated by the Company is oil sludge and drill cuttings. The Company does not consolidate information on waste by hazard class and disposal method, each Group Subsidiary accounts for its own waste				
GRI 306–3 IPIECA ENV-6	Total number and volume of significant spills	Prevention of and Response to Oil Spills		P. 90	
GRI 306–4 IPIECA ENV-7	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annexes I, II, III, and VIII, and the share of waste transported internationally			P. 92	
	The main type of waste generated by the Company is oil sludge and drill cuttings. Rosneft does not transport, import, export, or process waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII.				
GRI 306–5 UNGC Principle 9 IPIECA ENV-2, ENV-6	Information on water bodies significantly affected by the Company's discharges of water and/or runoff	Prevention of and Response to Oil Spills		P. 88	
GRI OG5 UNGC Principle 9 IPIECA ENV-7	Oilfield water generated and injected	Conserving Water Resources		P. 85	
GRI OG6 UNGC Principle 9 IPIECA CCE-7	APG utilisation	Achievement of Climate Goals in 2020		P. 60	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
Compliance with environmental legislation					
GRI 307 Environmental compliance 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Managing Our Environmental Impacts		P. 66	
GRI 103–2	The management approach and its components	Managing Our Environmental Impacts		P. 66	
GRI 103–3	Evaluation of the management approach	Managing Our Environmental Impacts		P. 66	
GRI OG8	Fuels with benzene, lead and sulphur content significantly exceeding the national standards				
	The Company does not produce fuels with benzene, lead and sulphur content significantly exceeding the national standards (technical regulations)				
GRI 307–1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Environmental Programmes and Initiatives		P. 80	
	A number of Group Subsidiaries were fined for environmental non-compliance. Total fines in 2020 amounted to RUB 169 mln. Individual fines were insignificant				
Supplier Environmental Assessment					
GRI 308 Supplier Environmental Assessment 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary			P. 202	
GRI 103–2	The management approach and its components			P. 202	
GRI 308–1 UNGC Principle 8	Number of new suppliers that have been screened/evaluated using environmental criteria				
	The Company qualifies suppliers using criteria of compliance with Russian environmental laws and environmental safety at production facilities. When carrying out procurement procedures involving environmental work/services, all participants in procurement procedures (including new suppliers) are required to hold relevant permits, licences, rights to use technology, and certificates of admission to perform work or provide services in accordance with Russian environmental laws or applicable law				
Employment and labour/management relations					
GRI 401 Employment 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Management Framework and Personnel Profile		P. 130	
GRI 103–2	The management approach and its components	Management Framework and Personnel Profile		P. 130	
GRI 103–3	Evaluation of the management approach	Management Framework and Personnel Profile		P. 130	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 401–1 UNGC Principle 6	New employee hires and employee turnover	Management Framework and Personnel Profile Key Sustainability Indicators	Partially disclosed. The information on new hires and turnover by gender and age is not collected. The Company intends to collect such information once the unified automated HR records management system is implemented in all Group Subsidiaries as part of centralised business planning, which will be in place no sooner than 2023	P. 132 P. 215	
	In 2020, new employee hires (average headcount) amounted to 59,845 in Russia, 69 in Ukraine, 104 in Belarus, 267 in other countries. As at the end of 2020, the age groups were as follows: under 30 – 16.1%, 30–50 – 61.4%, over 50 – 22.5%				
GRI 401–2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Policy		P. 145	
GRI 402 Labour/management relations 2016					
GRI 103 Management approach 2016					
GRI 402–1	Minimum notice periods regarding changes in operations, including whether these are specified in collective agreements			P. 132	
	The Company fully complies with the laws on notifying the employees of significant changes				
Occupational health and safety					
GRI 403 Occupational health and safety 2018					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Health and Safety management		P. 98	
GRI 103–2	The management approach and its components	Health and Safety management		P. 99	
GRI 103–3	Evaluation of the management approach	Health and Safety management		P. 102	
GRI 403–1	Occupational health and safety management system	Health and Safety management		P. 101	
GRI 403–2	Hazard identification, risk assessment, and incident investigation	Health and Safety Management. People Safety		P. 103 P. 104 P. 109	
GRI 403–3	Occupational health services	Social Policy		P. 147	
GRI 403–4 IPIECA SHS-1, SHS-2, SHS-3, SOC-6	Worker participation, consultation, and communication on occupational health and safety	People Safety		P. 100	
GRI 403–5	Worker training on occupational health and safety	People Safety		P. 104	
GRI 403–6	Promotion of worker health	Social Policy		P. 147 P. 148	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 403–7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	Health and Safety Management. People Safety		P. 102 P. 106	
GRI 403–8	Workers covered by an occupational health and safety management system	Health and Safety Management		P. 101	
GRI 403–9 IPIECA SHS-3	Work-related injuries	Health and Safety Management	The Company discloses severe injuries as defined by applicable local regulations. Data on permanent disability injuries are not collected due to the limitations of the existing data collection system. Data on the number of man-hours worked is verified in the course of audits	P. 109	
GRI 403–10	Work-related ill health	Health and Safety Management	In accordance with Federal Law No. 426-FZ On Special Assessment of Working Conditions dated 28 December 2013, the Company takes measures to identify hazards (hazardous production factors) that can lead to occupational diseases, informs employees about existing risks, and develops and implements initiatives to improve working conditions for employees	P. 109	
GRI OG13 IPIECA SHS-1, SHS-6	Safety of production processes	Safety of Production Facilities and Processes		P. 112	
	The Company is committed to safety. To prevent incidents, Rosneft conducts regular health and safety inspections, has a system of health and safety training in place, and includes response measures into drills and on-site training sessions				
GRI 407 Freedom of Association and Collective Bargaining 2016					
GRI 407–1 UNGC Principle 3 IPIECA SOC-8	Identified units and suppliers that could be violating freedom of association and rights to collective bargaining or that have a significant risk of such violations, as well as measures taken to protect these rights				
	The Company operates in compliance with the laws ensuring freedom of association and rights to collective bargaining. Rosneft has no information about units or suppliers that could be violating these rights				
	Employment disputes				
	The Company operates in compliance with labour laws. Rosneft is committed to resolving all employment disputes through negotiations				
GRI 410 Security practices 2016					
GRI 103 Management approach 2016					

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 410–1	Percentage of security personnel trained in the human rights policies or procedures				
	In 2020, the percentage of security personnel trained in the human rights policies or procedures stood at 69 %				
GRI 412 Human rights assessment 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Compliance Framework Development		P. 39	
GRI 103–2	The management approach and its components	Compliance Framework Development		P. 39	
GRI 103–3	Evaluation of the management approach	Compliance Framework Development		P. 39	
GRI 412–2 ГД ООН Принцип 1	Total hours of employee training in human rights policies and procedures	Compliance Framework Development	Data does not include the number of man-hours of training and the share of employees who received training	P. 41	
Training and Education					
GRI 404 Training and Education 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Personnel Training and Development		P. 135	
GRI 103–2	The management approach and its components	Personnel Training and Development		P. 135	
GRI 103–3	Evaluation of the management approach	Social Policy		P. 145	
GRI 404–1 UNGC Principle 6 IPIECA SOC-6	Average hours of training per year per employee by gender and category	Personnel Training and Development		P. 135	
GRI 404–2 IPIECA SOC-6	Programmes for lifelong skill and educational development	Personnel Training and Development		P. 136	
GRI 404–3 IPIECA SOC-6	Percentage of employees receiving regular performance and career development reviews	Personnel Training and Development	Partially disclosed. The Report presents data on the total number of employees subject to reviews. The Company currently does not collect any evaluation data by category or gender	P. 139	
	In 2020, Company-wide reviews of corporate and managerial competencies covered more than 11 thousand employees				
Diversity and equal opportunity, non-discrimination					
GRI 405 Diversity and Equal Opportunity 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Management Framework and Personnel Profile		P. 130	
GRI 103–2	The management approach and its components	Management Framework and Personnel Profile		P. 130	
GRI 103–3	Evaluation of the management approach	Approaches to Promoting Human Rights		P. 41	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 405–1 UNGC Principle 6	Diversity of governance bodies and key categories of employees	Sustainability Management Management Framework and Personnel Profile		P. 31 P. 131	
	The Company complies with Russian laws on the protection of the disabled when it comes to meeting the established disabled quotas. We employ 2,834 thousand disabled who enjoy equal access to education. At the same time, taking into account the nature of its operations and a high share of hazardous or dangerous jobs according to the special assessment of working conditions, the Company pays compensations to the disabled employment promotion fund as provided for by regional laws				
GRI 406 Non-Discrimination 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Management Framework and Personnel Profile		P. 130	
GRI 103–2	The management approach and its components	Management Framework and Personnel Profile		P. 130	
GRI 103–3	Evaluation of the management approach	Approaches to Promoting Human Rights		P. 41	
GRI 406–1 UNGC Principle 6	Total incidents of discrimination and corrective actions taken				
	The Company identified no incidents of discrimination in the reporting period				
Rights of indigenous people and minorities					
GRI 411 Rights of Indigenous Peoples 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Support for Indigenous Minorities of the North		P. 165	
GRI 103–2	The management approach and its components	Support for Indigenous Minorities of the North		P. 165	
GRI 103–3	Evaluation of the management approach	Support for Indigenous Minorities of the North		P. 165	
GRI 411–1 UNGC Principles 1, 2	Total number of identified incidents of violations involving the rights of indigenous minorities and actions taken				
	The Company operates in compliance with the laws prohibiting any forms of human rights violation. In 2020, no incidents of violations of indigenous minorities' rights were identified in the Company				
GRI OG9	Operations which affect interests of indigenous minorities and involve special actions to liaise with them.				
	The Company operates in some oil and gas producing regions where indigenous communities are present. In all these regions, the Company runs programmes to engage with, and provide support to, such communities				
Local communities					
GRI 413 Local Communities 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Supporting Social and Economic Development		P. 154	
GRI 103–2	The management approach and its components	Supporting Social and Economic Development		P. 154	
GRI 103–3	Evaluation of the management approach	Supporting Social and Economic Development		P. 154	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
GRI 413–1 UNGC Principle 1, 2 IPIECA SOC-9, SOC-10, SOC-11, SOC-13, SOC-14	Operations with local community engagement, impact assessments, and development programmes	Supporting Social and Economic Development	Due to the Company's scale and the complexity of operations, no system has been implemented to collect information on the number of divisions that carry out procedures related to stakeholder engagement and community impact assessment	P. 154	
	The Company implements procedures for stakeholder engagement and community impact assessment and management in the key regions of operation, including when developing new projects. Such approaches affect the absolute majority of the Company's operations				
GRI OG10	Number and description of material conflicts with local communities and indigenous peoples				
	In 2020, there was no materials conflicts with local communities or indigenous peoples				
Compliance with social and economic requirements					
GRI 419 Socioeconomic Compliance 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Compliance Framework Development		P. 39	
GRI 103–2	The management approach and its components	Compliance Framework Development		P. 39	
GRI 103–3	Evaluation of the management approach	Compliance Framework Development		P. 39	
GRI 419–1	Significant fines and total number of non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area				
	In 2020, there were no significant fines for non-compliance with laws and/or regulations in the social and economic area confirmed by court rulings				
Risks and opportunities related to climate change					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Climate-related Threats and Opportunities		P. 57	
GRI 103–2	The management approach and its components	Climate-related Threats and Opportunities		P. 57	
GRI 103–3	Evaluation of the management approach	Strategic Vision of Sustainable Development		P. 20	
Emergency preparedness					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Emergency Risk Management		P. 122	
GRI 103–2	The management approach and its components	Emergency Risk Management		P. 122	
GRI 103–3	Evaluation of the management approach	Employee Training in Emergency Response		P. 127	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
Asset integrity, process safety (safety procedures and number of accidents)					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Safety of Production Processes		P. 112	
GRI 103–2	The management approach and its components	Health and Safety Management Safety of Production Processes		P. 102 P. 112	
GRI 103–3	Evaluation of the management approach	Health and Safety Management Safety of Production Processes		P. 102 P. 112	
Amount and type of estimated proved reserves and production					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	2020 Annual Report, Rosneft's Exploration and Reserve Replacement section, p. 43–50			
GRI 103–2	The management approach and its components	2020 Annual Report, Rosneft's Exploration and Reserve Replacement section, p. 43–50			
GRI 103–3	Evaluation of the management approach	2020 Annual Report, Rosneft's Exploration and Reserve Replacement section, p. 43–50			
GRI OG1	Proved reserves and production	Key Sustainability Indicators		P. 213	
Consumer health and safety					
GRI 416 Consumer health and safety 2016					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Customer Engagement		P. 192	
GRI 103–2	The management approach and its components	Customer Engagement		P. 192	
GRI 103–3	Evaluation of the management approach	Customer Engagement		P. 192	
GRI 416–2	Cases of product and service non-compliance with regulatory requirements				
	In 2020, there were no cases of product and service non-compliance with regulatory requirements				
Development of R&D capabilities and innovations, including those related to combating climate change					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Innovation Management Digital Transformation Development of R&D Capabilities Exploration of the Arctic Shelf and Operational Safety on Shelves of Freezing Seas		P. 170 P. 175 P. 182 P. 187	
GRI 103–2 UNGC Principle 9	The management approach and its components	Innovation Management Digital Transformation Exploration of the Arctic Shelf and Operational Safety on Shelves of Freezing Seas		P. 170 P. 175 P. 187	
GRI 103–3	Evaluation of the management approach	Exploration of the Arctic Shelf and Operational Safety on Shelves of Freezing Seas		P. 187	

No.	Name	Report section / references to other public documents	Omission	Page in the Report	External assurance
COVID-19 impact on Rosneft's operations					
GRI 103 Management approach 2016					
GRI 103–1	Explanation of the material topic and its boundary	Protecting Health and Staying Efficient. COVID-19 Measures		P. 16	
GRI 103–2	The management approach and its components	Protecting Health and Staying Efficient. COVID-19 Measures		P. 16	
Climate-Related Financial Disclosures (TCFD)					
Governance	a) The Board of Director's position on climate-related risks and opportunities	Corporate Governance		P. 28	
	b) Management' role in assessing and managing climate-related risks and opportunities	Climate Action Management		P. 50	
Strategy	a) Short, medium and long term climate-related risks and opportunities identified by the Company	Climate-related Threats and Opportunities Development of Global Energy Markets		P. 57 P. 54	
	The impact of climate-related risks and opportunities on the Company's business, strategy and financial planning	Sustainability Management Development of Global Energy Markets		P. 26 P. 54	
	c) Strategy resilience with regard to climate scenarios, including the below 2 °C scenario.	Development of Global Energy Markets		P. 54	
Risk management	a) Processes to identify and assess climate-related risks	Climate-related Threats and Opportunities		P. 32 P. 57	
	b) The Company processes to manage climate-related risks	Sustainability Risk Management Prevention of Natural Disasters		P. 26 P. 32 P. 123	
	Integration of processes to identify, assess, and manage climate-related risks into a unified Company risk management process	Sustainability Risk Management Climate Action Management Achievement of Climate Goals in 2020 Emergency Prevention		P. 26 P. 56 P. 58 P. 123	
Targets and indicators	a) Targets used by the Company to assess associated risks and opportunities in accordance with the risk management strategy and process	Conserving Water Resources Land Remediation and Waste Management APG Utilisation		P. 82 P. 90 P. 60	
	b) Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and associated risks	Lower GHG Emissions		P. 58	
	c) Targets used by the Company to manage climate-related risks and opportunities and their consequences	Strategically important UN Sustainable Development Goals Climate Action Management Lower GHG Emissions Managing Our Environmental Impacts APG Utilisation		P. 6 P. 50 P. 58 P. 66 P. 60	

APPENDIX 3. ABBREVIATIONS

VHI	Voluntary health insurance
CNG	Compressed natural gas
KPI	Key performance indicators
ILO	International Labour Organisation
ITUO	Interregional Trade Union Organisation
SME	Small and medium-sized enterprises
IFRS	International Financial Reporting Standards
EMERCOM	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
BAT	Best available technologies
R&D	Research and development
NPF Neftegarant	Non-State Pension Fund Neftegarant
UN	United Nations
OHS	Occupational health and safety
HSE	Health, safety and environment
APG	Associated petroleum gas
RAS	Russian Academy of Sciences
RSPP	Russian Union of Industrialists and Entrepreneurs
Rosprirodnadzor	Federal Service for Supervision of Natural Resources
Rostechnadzor	Federal Environmental, Industrial and Nuclear Supervision Service of Russia
PPE	Personal protective equipment
KhMAA	Khanty-Mansi Autonomous Area – Yugra
API	American Petroleum Institute
FAR	Fatal Accident Rate, the ratio of the total number of the Company's work-related fatalities to 100 mln man-hours worked.
IPIECA	International Petroleum Industry Environmental Conservation Association
ISO	International Organisation for Standardisation
LTIF	Lost Time Injury Frequency, number of lost-time work-related injuries (including fatalities) of the Company's employees to 1 mln man-hours worked
SEC	U.S. Securities and Exchange Commission

Units of Measurement

mln	million
bln	billion
trln	trillion
th.	thousand
t	tonne
tce	tonne of coal equivalent
toe	tonne of oil equivalent
kg	kilogramme
km	kilometre
sq m	square metre
cub m	cubic metre
ha	hectare
RUB	rouble
CO2-equivalent, CO2-eq.	total emissions from various greenhouse gases and from an organisation as a whole on the basis of their global warming potential

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