



APPROVED BY

Rosneft Board of Directors

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COMPANY POLICY

ENVIRONMENTAL PROTECTION

№ P3-05.02 P-01

VERSION 1.00

(with amendments approved by the decision of Board of Directors Meeting (Minutes of the meeting dated 22.06.2017 № 29) effective as of 28.08.2017 by Order № 489)

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GENERAL PROVISIONS

PURPOSE

This Policy represents the position of the Company's governing bodies and Management on matters of environmental protection.

This Policy has been developed on the basis of the legislation of the Russian Federation, including Federal Law № 7-FZ, "On Environmental Protection" of 10.01.2002, international standard ISO 14001 and OHSAS 18001 and best international practices in the area of environmental protection.

SCOPE

This Policy shall be mandatory for all employees of Rosneft and its subsidiaries. This Policy shall be optional for the employees of Rosneft affiliates. Rosneft shall also communicate this Policy to its partners and interact with them taking into account the provisions hereof.

This Policy shall be mandatory for implementation in Rosneft subsidiaries and affiliates, as well as in other entities where Rosneft participates directly or indirectly, after they are put into force in such Entities in accordance with its Charter and pursuant to the procedure established therein.

Administrative, local normative documents and other internal documents shall not contradict this Policy.

VALIDITY AND AMENDMENTS

This Policy shall be a permanent local regulatory document.

This Policy and amendments hereto shall be approved by resolutions of the Rosneft Board of Directors and put into force by an Executive Order.

This Policy shall be introduced by the Rosneft senior manager responsible for environmental protection and Rosneft senior managers in charge of the business streams.

The fulfillment of requirements set out in this Policy shall be monitored using the target monitoring system.

1. MAIN PROVISIONS

Rosneft is the largest international energy company. The Company seeks to operate based on a balance of environmental and economic interests of the territories where it operates. The Company also consistently strives to improve its environmental performance.

Environmental concerns are an essential part of the Company's corporate culture underpinning its sustainable development. To prevent any potential adverse environmental impact, the Company assumes environmental protection commitments and takes the necessary actions to protect the natural environment, preserve and restore its natural resources. It continuously improves its products, processes and work conditions for the employees of the Company and its partners.

1.1. MISSION STATEMENT AND OBJECTIVES OF THE COMPANY IN THE AREA OF ENVIRONMENTAL PROTECTION

Rosneft's mission is to manage effectively the environmental impact of its operations to preserve the natural environment for the present and future generations.

The Company's objective is to achieve a position of leadership in environmental safety among oil and gas companies.

1.2. PRINCIPLES OF THE COMPANY'S ENVIRONMENTAL ACTIVITIES

Rosneft's environmental activities shall be based on the following principles:

- comply with the provisions of environmental legislation and other environmental rules applicable to the Company, including the rules of international law;
- preserve a favorable natural environment and biological diversity;
- keep a balance of interests in the use of natural resources between the Company and the society;
- intolerance to environmental risks;
- introduce innovative, environmentally-friendly technology;
- priority of preventive measures over measures to contain and rectify the consequences of hazardous occurrences;
- transparency and reliability of the Company's environmental reports;
- continuity and consistency in the attainment of environmental objectives and targets.

1.3. ENVIRONMENTAL TARGETS

To accomplish its mission and achieve its objective, Rosneft has set the following priority targets:

- reduce any adverse environmental impact of the Company's business operations;
- maintain a rational use of natural resources in the course of the Company's economic activities, take measures to protect, restore and rehabilitate any disrupted areas;

- implement measures to preserve the ecosystems and biodiversity, including in the course of shelf projects in the Arctic;
- improve the Company's performance by developing and systemically introducing innovative technology and using best international practices to protect the natural environment;
- ensure the functioning and improvement of the Company's environmental management system on a risk-oriented basis;
- maintain the relevant competences of Company employees by raising their awareness and systemically improving their environmental education and culture;
- increase the responsibility of the employees of the Company and its contractors for matters of environmental protection;
- respond rapidly and effectively, mitigate any adverse environmental consequences in the event of emergencies, take measures to protect the fauna in oil spill areas;
- cooperate with the government authorities, partners and other parties concerned in the management of natural resources and the environment;
- review and assess the work carried out to determine the results and ensure compliance with the principles set out in this Policy.

1.4. ENVIRONMENTAL MANAGEMENT SYSTEM AND METHODS

Environmental protection shall be managed within the health, safety and environment system certified in accordance with international standard ISO 14001 and OHSAS 18001 as part of the Company management system.

The environmental management system shall include the following:

- define uniform requirements and guidelines of environmental protection, as well as the Company's environmental strategy and development objectives (Corporate level);
- execute and coordinate the environmental activities by business streams (Business Block level);
- implement a package of environmental measures (Group Subsidiary level).

Environmental risks shall be managed as part of the Company's internal control and risk management system.

APPENDIX. TERMS AND DEFINITIONS

ADVERSE ENVIRONMENTAL IMPACT – the impact of economic and other activities whose consequences result in negative changes in the quality of the natural environment [Federal Law № 7-FZ, “On the Protection of the Natural Environment,” of 10.01.2002].

BUSINESS BLOCK – a group of Rosneft structural units reporting directly to a Rosneft senior manager in charge of a business stream; Group Subsidiaries and/or structural units thereof involved in the activities of a business stream.

COMPANY – a group of legal entities with different forms of incorporation, including Rosneft Oil Company, where the latter acts as a principal or dominating (participating) company.

ENVIRONMENTAL PROTECTION – the activities of the government authorities of the Russian Federation, governmental agencies of the constituent entities of the Russian Federation, local self-governing authorities, non-governmental association and non-profit organizations, legal entities and individuals aimed to preserve and restore the natural environment, maintain a rational use and reproduction of the natural resources, prevent any negative impact of economic or other activities on the natural environment and relieve its consequences [Federal Law № 7-FZ, “On the Protection of the Natural Environment”, of 10.01.2002].

FAVORABLE NATURAL ENVIRONMENT – natural environment whose quality ensures sustainable functioning of natural ecological systems, natural and natural-anthropogenic objects [Federal Law № 7-FZ, “On the Protection of the Natural Environment,” of 10.01.2002].

GROUP SUBSIDIARY – a business entity where Rosneft Oil Company owns, directly or indirectly, a 20% share or more in the registered capital.

NATURAL ENVIRONMENT – the totality of components that make up the natural environment, natural, natural-anthropogenic and anthropogenic objects [Federal Law № 7-FZ, “On the Protection of the Natural Environment”, of 10.01.2002].

NATURAL RESOURCES – components of the natural environment, natural and natural-anthropogenic objects which are or can be used in the course of economic and other activities as sources of energy, wares or consumption items that have user value [Federal Law № 7-FZ, “On the Protection of the Natural Environment”, of 10.01.2002].