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**Rosneft Board of Directors**  
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**Rosneft Order № 373**

## **COMPANY POLICY**

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### **ON COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

**№ P3-11.03 P-04**

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**MOSCOW  
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# CONTENT

<b>INTRODUCTORY PROVISIONS .....</b>	<b>4</b>
<b>PURPOSE.....</b>	<b>4</b>
<b>SCOPE.....</b>	<b>4</b>
<b>VALIDITY PERIOD AND AMENDMENT PROCEDURE.....</b>	<b>4</b>
<b>1. TERMS AND DEFINITIONS.....</b>	<b>6</b>
<b>2. DESIGNATIONS AND ABBREVIATIONS.....</b>	<b>11</b>
<b>3. COMPANY'S OBJECTIVES AND GOALS IN COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....</b>	<b>12</b>
<b>3.1. COMPANY'S OBJECTIVES IN COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....</b>	<b>12</b>
<b>3.2. COMPANY'S GOALS IN COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....</b>	<b>12</b>
<b>4. LEGAL AND METHODOLOGICAL FRAMEWORK OF THE POLICY .....</b>	<b>13</b>
<b>4.1. LEGAL FRAMEWORK OF THE POLICY .....</b>	<b>13</b>
<b>4.2. METHODOLOGICAL FRAMEWORK OF THE POLICY .....</b>	<b>13</b>
<b>5. KEY PRINCIPLES OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....</b>	<b>15</b>
<b>5.1. ZERO TOLERANCE TO CORPORATE FRAUD AND CORRUPTION IN ANY FORMS AND MANIFESTATIONS .....</b>	<b>15</b>
<b>5.2. INESCAPABLE PUNISHMENT.....</b>	<b>15</b>
<b>5.3. SEGREGATION OF INCOMPATIBLE DUTIES .....</b>	<b>15</b>
<b>5.4. LEGALITY .....</b>	<b>16</b>
<b>5.5. TOP MANAGEMENT.....</b>	<b>16</b>
<b>5.6. REGULAR ASSESSMENT OF CORPORATE FRAUD AND CORRUPTION RISK .....</b>	<b>16</b>
<b>5.7. SYSTEMIC AND PROPORTIONATE NATURE OF PROCEDURES FOR PREVENTING AND COMBATING CORPORATE FRAUD AND CORRUPTION .....</b>	<b>16</b>
<b>5.8. CENTRALIZED MANAGEMENT.....</b>	<b>16</b>
<b>5.9. DUE DILIGENCE PRINCIPLE.....</b>	<b>16</b>
<b>5.10. PREVENTION OF CONFLICT OF INTEREST .....</b>	<b>16</b>
<b>5.11. INFORMATION AND TRAINING.....</b>	<b>17</b>
<b>5.12. MONITORING AND SUPERVISION.....</b>	<b>17</b>
<b>5.13. IMPROVEMENT OF THE SYSTEM OF PROCEDURES FOR PREVENTING AND COMBATING CORPORATE FRAUD AND CORRUPTION .....</b>	<b>17</b>

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5.14. WAIVER OF COUNTERMEASURES AND SANCTIONS .....	18
5.15. INTERACTION AND COORDINATION .....	18
<b>6. KEY ACTIVITIES ON COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....</b>	<b>19</b>
6.1. GIFTS AND ENTERTAINMENT EXPENSES .....	19
6.2. CONFLICT OF INTEREST .....	19
6.3. CHARITABLE AND SPONSOR SUPPORT .....	20
6.4. PARTICIPATION IN POLITICAL ACTIVITIES .....	20
6.5. COMPANY'S ATTITUDE TO INTERACTION WITH COUNTERPARTIES, INTERMEDIARIES, PAYMENTS TO THIRD PARTIES .....	20
6.6. ACTIONS WHEN ACQUIRING AND DISPOSING OF THE COMPANY'S ASSETS .....	21
6.7. INTERACTION WITH POLITICALLY EXPOSED PERSONS .....	21
6.8. ACCOUNTING AND MANAGERIAL RECORD KEEPING AND REPORTING .....	22
6.9. CONTROL AND AUDIT .....	22
6.10. ANTI-CORRUPTION EXPERT REVIEW .....	22
6.11. INDEMNIFICATION AND BRINGING TO RESPONSIBILITY .....	23
<b>7. COMPANY'S ORGANIZATIONAL STRUCTURE ON COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....</b>	<b>24</b>
7.1. SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....	24
7.2. SUBJECTS OF THE SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES .....	24
7.3. SEGREGATION OF DUTIES, POWERS AND RESPONSIBILITY OF THE SUBJECTS OF THE SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTI PRACTICES .....	25
<b>8. REFERENCES .....</b>	<b>30</b>
<b>9. BIBLIOGRAPHY .....</b>	<b>32</b>
<b>APPENDICES .....</b>	<b>33</b>

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# INTRODUCTORY PROVISIONS

## PURPOSE

The Policy sets a number of interrelated principles, procedures and specific measures for preventing and combating corporate fraud and involvement in corruption activities and compliance with the requirements of the anti-corruption legislation of the Russian Federation, the applicable anti-corruption legislation of any other state where the Company operates or plans to operate.

The Policy defines the measures aimed at forming elements of corporate culture, organizational structure, rules and procedures that ensure the prevention of corporate fraud and corruption.

The Policy has been developed in accordance with the requirements of the anti-corruption legislation of the Russian Federation, the Charter of Rosneft, Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01, Rosneft Corporate Governance Code № P3-01 KS-01 as part of the development of the risk management system and internal control and shall be its integral part.

## SCOPE

This Policy shall be binding for: members of Rosneft Board of Directors, Rosneft Management Board, Rosneft Chief Executive Officer and management bodies of Rosneft subsidiaries, all employees of Rosneft, employees of Rosneft subsidiaries, for which no special procedure for the shareholders/participants to exercise their rights, including for the management of the Company, has been determined by the Charter, shareholder and other agreements with partner companies.

This Policy shall be advisory for employees of other Group Companies, which are not Rosneft Subsidiaries.

The requirements of this Policy shall be binding for Rosneft Subsidiary or any other Group Company after they are enacted in a Group Company as required by the Company Charter subject to specific terms of contracts or agreements on joint activities and according to the procedures established for such Group Company.

None of the directive, local normative documents or any other by-laws shall contradict this Policy.

## VALIDITY PERIOD AND AMENDMENT PROCEDURE

This Policy shall be a permanent local normative document.

This Policy shall be approved, recognized as invalid for Rosneft by a resolution of Rosneft Board of Directors and shall be enacted in Rosneft by an order of Rosneft.

Amendments to the Policy shall be introduced based on a resolution of Rosneft Board of Directors and shall be enacted in Rosneft by an order of Rosneft.

The Policy shall be amended in the following cases: changes in applicable anti-corruption legislation, practice of its enforcement, powers of responsible persons or structural units,

identification of insufficient efficiency of measures to counteract corporate fraud and corruption, etc.

Rosneft Board of Directors, the Audit Committee of Rosneft Board of Directors, Rosneft Management Board, the Chief Executive Officer of Rosneft, Rosneft Security Service shall initiate amendments to the Policy. Other top managers and structural units of Rosneft shall initiate amendments in coordination with the Vice President — Head of the Security Service of Rosneft.

# 1. TERMS AND DEFINITIONS

## CORPORATE GLOSSARY TERMS AND DEFINITIONS

**CLOSE RELATIVES AND FAMILY MEMBERS** - persons who are in close relationship or relationship by marriage with an officer/employee: parents (including adoptive parents), children (including adopted children), blood and half-brothers (including cousins), sisters (including cousins), grandmothers, grandfathers, grandchildren, spouses, as well as parents (including adoptive parents), children (including adopted children), brothers (including cousins), sisters (including cousins), grandmothers, grandfathers and grandchildren of spouses, spouses of blood and half-brothers and sisters.

*Note: Relationship by marriage means a relationship between people arising from the marriage of one of the relatives: relationship between a spouse and relatives of the other spouse, as well as between the relatives of spouses. Characteristics of relationship by marriage: a) arises from a marriage; b) is not based on blood ties; c) arises when there are living relatives of a husband and/or wife when entering into marriage.*

**SECURITY HOTLINE** - communication channels for receiving messages containing information about facts or elements of theft of the Company's property, corporate fraud, corruption, unfair competition, conflict of interest, other communications, including:

- email box;
- telephone number "Security Hotline" for voice messages (24 hours a day, free of charge);
- P.O. Box at Russian Post.

**ROSNEFT GROUP FOR CORPORATE COMPLIANCE SYSTEM DEVELOPMENT** - a permanent advisory and executive collegial body established under Rosneft order, accountable to Rosneft Business Ethics Board, which exercises the methodological and coordination function in development of the corporate compliance system.

**COMPLIANCE RISK** - a risk arising from the Company's failure to comply with applicable laws, industry standards, and local normative documents, business ethics standards that may lead to:

- imposition of legal sanctions;
- significant financial loss;
- loss of goodwill.

*Note: The risk of corporate fraud and corruption is an integral part of compliance risk arising from the Company's failure to comply with applicable anti-corruption legislation, as well as local normative and administrative documents regulating activities to counteract corporate fraud and involvement in corruption.*

**COUNTERPARTY** - any Russian or foreign legal entity or individual, with which/whom Rosneft or Group Company enters into contractual relationship, except for employment relations.

**CONFLICT OF INTEREST** - a situation in which the personal interest (direct or indirect) of employees of Rosneft/the Group Company and members of collegial management bodies of Rosneft/the Group

Company affects or may affect the proper, unbiased and impartial performance of job (official) duties (exercise of powers) by them.

**CORPORATE COMPLIANCE SYSTEM** - a set of preventive measures and actions aimed at preventing violations of the legislation, the requirements of industry standards and the Company's normative documents in order to ensure high professional and ethical standards, minimize the risks of non-compliance with legislation and prevent significant financial loss or loss of goodwill.

**CORPORATE FRAUD** - the actions or omission of individuals and/or legal entities in order to obtain personal advantage and/or advantage of another person to the detriment of the Company's interests and/or cause pecuniary and/or non-pecuniary damage to the Company through fraud, abuse of trust, misleading or otherwise.

*Note: Corporate fraud is manifested in the form of distortion of financial and non-financial statements, corruption, as well as other abusive practices, including deliberate damage to the Company's assets.*

**CORRUPTION ACTIVITIES (CORRUPTION)** - abuse of power, abuse of authority, commercial bribery, offering, giving, promising, extorting or receiving bribes, mediating in bribery, making payments to simplify administrative, bureaucratic and other formalities in any form, including, in the form of cash, other valuables, services or the provision/receipt of unreasonable tangible or intangible benefits from any persons/organizations or to any persons/organizations, including government and public representatives, private companies and politicians in order to obtain personal advantage and exercise personal interest for themselves or third parties.

**PERSONAL ADVANTAGE** - an interest in obtaining intangible benefits and advantages by an officer/employee and (or) persons being in close relationship or relationship by marriage with him/her.

**PERSONAL INTEREST** - the ability to receive income in the form of cash, other property, including property rights, property services, the results of works performed or any advantages by an officer/employee and (or) persons being in close relationship or relationship by marriage with him/her (parents, spouses, children, brothers, sisters, as well as brothers, sisters, parents, children of spouses and spouses of children), citizens or organizations, and (or) persons being in close relationship or relationship by marriage with him/her bound by property, corporate, or other close relationship.

**PUBLIC ENTITY** means any form of:

- a public association (national or international organizations that do not have the status of public or state organizations), trade unions, social movements, funds and institutions, political parties and other forms of public associations), determined in accordance with the applicable anti-corruption legislation;
- a non-profit organization (associations (unions), non-profit partnerships, autonomous non-profit organizations, self-regulatory organizations and other forms of non-profit organizations) determined in accordance with the applicable anti-corruption legislation.

**POLITICIAN** - a person engaged in political activities, including as an official of a political party.

**POLITICALLY EXPOSED PERSON:**

- a person, permanently, temporarily or by special authority exercising the functions of a representative of state or municipal authority;
- a person permanently, temporarily or by special authority exercising organizational, administrative or administrative and economic functions in a state authority, a local self-government body, in a state or municipal institution or in the Armed Forces of the Russian Federation or other military formation of the Russian Federation;
- any candidate/applicant for a state or municipal office, a position in a state or municipal service, including a position in the Government of the Russian Federation;
- a foreign official means any appointed or elected person holding a position in the legislative, executive, administrative or judicial body of a foreign state and any person exercising any public function for a foreign state, including a public agency or a public enterprise (for example, minister, mayor, judge, prosecutor) (The definition is given in accordance with Resolution of the Plenum of the Supreme Court of the Russian Federation No. 24 of 09.07.2013 “On Judicial Practice in Bribery Cases and on Other Corruption-Related Cases”);
- an official of public international organizations means member of parliamentary assembly of international organizations to which the Russian Federation is a party, person holding judicial positions of any international court whose jurisdiction is recognized by the Russian Federation (The definition is given in accordance with Resolution of the Plenum of the Supreme Court of the Russian Federation No. 24 of 09.07.2013 “On Judicial Practice in Bribery Cases and on Other Corruption-Related Cases”);
- officials of public organizations;
- other persons according to the applicable anti-corruption legislation.

**REPRESENTATIVE OF A PUBLIC ENTITY:**

- any official or employee of a public entity;
- any candidate/applicant to fill a position in a public entity.

**PREVENTION OF CORPORATE FRAUD AND CORRUPTION** - the Company’s activities aimed at the introduction of elements of corporate culture, organizational structure, rules and procedures, regulated by local normative documents, ensuring the prevention of corporate fraud, corruption and other offences.

**APPLICABLE ANTI-CORRUPTION LEGISLATION** - a set of regulations, standards and rules aimed at combating corruption, including but not limited to, the Constitution of the Russian Federation, generally recognized principles and rules of international law, international treaties concluded by the Russian Federation, legislation of the Russian Federation, as well as legislative acts and regulations of foreign states that apply to Rosneft/the Group Company and/or its employees by virtue of relevant circumstances (e.g., doing business in the territory of a particular state, terms and conditions of a contract with a foreign counterparty).

**DUE DILIGENCE PRINCIPLE** - a principle based on the concepts of reasonableness and good faith as formulated in the effective legislation, under which the Company and its employees are responsible for conducting business transactions or taking managerial decisions, including for receipt, before the establishment of contractual relations, of information sufficient to develop a reasonable opinion on whether any indications exist to show that a counterparty or a job seeker lacks integrity.



**COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES** - activities of the management bodies of Rosneft/the Group Company, structural units and employees of Rosneft/the Group Company within their authority aimed at:

- preventing corporate fraud and corruption, including identification and subsequent elimination of causes of corporate fraud and corruption (prevention of corporate fraud and corruption);
- suppressing, disclosing and investigating the facts of corporate fraud and corruption offences (combating corporate fraud and corruption);
- minimizing and (or) eliminating consequences of corporate fraud and corruption offences.

**PROCEDURES FOR PREVENTING AND COMBATING CORPORATE FRAUD AND CORRUPTION** - measures (a set of measures) and the procedure (sequence) for taking the actions required to prevent and counteract corporate fraud and corruption, established by local normative and other documents of the Company.

**EMPLOYEE** - an individual who has entered into an employment relationship with Rosneft or the Group Company.

**REPUTATION RISK** - a risk of damage to the Company's goodwill as a result of negative perception thereof by customers, counterparties, creditors, investors, shareholders, supervisors, analysts, leading to losses of the Company, due to the influence of internal and external risk factors, including:

- the Company's failure to comply with applicable legislation, constituent and internal documents, customary business practices, business principles and corporate ethics, publication of unreliable reporting, non-fulfilment of contractual obligations;
- lack of mechanisms in the Company's local normative documents that would effectively regulate the conflict of interest, as well as minimize the negative consequences of the conflict of interest, including preventing lawsuits by counterparties and/or taking enforcement actions by regulatory and supervisory bodies;
- shortcomings of personnel policy when selecting and placing personnel;
- publication of negative information about the Company, members of management bodies, affiliates and/or employees of Rosneft/the Group Company in the media.

**TOP MANAGER OF THE GROUP COMPANY** - an officer responsible for certain areas of activity of the Group Entity and/or management of the Group Company as a whole (sole executive body, deputies of a person acting as a sole executive body, positions equivalent to the position of a deputy of a person acting as a sole executive body, including a head (director) of a branch/representative office of the Group Company).

*Note: top managers of the Group Company include only those offices names of which are derived from the position of a sole executive body of the Group Company (e.g., the Deputy General Director) or contain the word "director", as well as the positions "chief engineer", "chief accountant", "chief geologist".*

**SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES** - a set of corporate fraud and corruption management processes carried out by subjects of the System of Combating Corporate Fraud and Involvement in Corruption Activities.

**THIRD PARTIES** - business entities in the authorized capitals of which Rosneft has no direct or indirect share, non-profit organizations whose bodies do not include representatives of the Company, as well as persons who are not employees and do not hold positions in the management bodies of Rosneft and the Group Company.

**PRIVATE INTERESTS** - any personal, social, property, financial, political and other interests of an employee or his/her kith and kin.

## 2. DESIGNATIONS AND ABBREVIATIONS

**COMPANY** - a group of legal entities of various legal forms, including Rosneft, where the latter directly or indirectly acts as the parent company or dominant (holding) company thereof.

**LINE MANAGER** - an employee of Rosneft/the Group Company holding a position of at least the head of a structural unit of Rosneft/the Group Company.

**GROUP COMPANY** - a business entity in which Rosneft holds a direct and (or) indirect equity interest of at least 20 % or more.

**ROSNEFT MANAGEMENT BODIES** - General Meeting of Rosneft Shareholders, Rosneft Board of Directors, Rosneft Management Board, sole executive body (Chief Executive Officer) of Rosneft.

**SECURITY SERVICE OF THE GROUP COMPANY** - a structural unit of the Group Company (management, economic security service of the Group Company), being in charge of ensuring security and anti-terrorist protection of the Company's facilities.

**ROSNEFT INTERNAL AUDIT SERVICE** - the aggregate of Rosneft structural units as part of Rosneft Operational Audit Department, Rosneft Corporate Audit Department, Rosneft Regional Audit Department, Rosneft Economic and Organizational Analysis Division, Rosneft Internal Audit Methodology and Organization Division, directly subordinated to the head of internal audit.

**MASS MEDIA** - mass media.

**STRUCTURAL UNIT** - a structural unit of Rosneft or Group Company with independent functions, objectives and responsibilities, acting within its competence as defined by the Regulation on the Structural Unit.

**ROSNEFT TOP MANAGERS** - Rosneft First Vice-Presidents, Rosneft Vice-Presidents, Rosneft Chief Accountant, Rosneft Chief Financial Officer, Rosneft Press Secretary, advisers and heads of Rosneft structural units having the rank of vice-presidents, heads of Rosneft services having the rank of vice-presidents.

### **3. COMPANY'S OBJECTIVES AND GOALS IN COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

#### **3.1. COMPANY'S OBJECTIVES IN COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

- implementing the corporate compliance system in combating corporate fraud and involvement of the Company in corruption activities;
- confirming the Company's commitment to the principle of zero tolerance to corporate fraud and corruption in any form and manifestation and ensuring uniform understanding of this principle by employees and members of Rosneft/the Group Company's management bodies;
- ensuring that the Company's activities comply with the anti-corruption legislation.

#### **3.2. COMPANY'S GOALS IN COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

- creation and introduction of mechanisms for implementing the basic principles of combating corporate fraud and involvement in corruption activities;
- identification of the main risks in combating corporate fraud and involvement in corruption activities and developing measures to minimize them;
- regulation of procedures for preventing and combating corporate fraud and corruption;
- ensuring the protection of shareholders' interests;
- ensuring counterparty due diligence and analysis of their anti-corruption procedures, as well as preventing and eliminating conflicts of interest;
- informing employees, top management and other persons about the principles and basic requirements of the anti-corruption legislation of the Russian Federation and the applicable legislation, as well as international conventions;
- maintaining information channels for reporting corporate fraud and corruption;
- ensuring that the Company complies with the principles and requirements of applicable anti-corruption legislation.

## 4. LEGAL AND METHODOLOGICAL FRAMEWORK OF THE POLICY

### 4.1. LEGAL FRAMEWORK OF THE POLICY

Rosneft is a public company, whose securities are traded on Russian and foreign trading platforms, including PJSC Moscow Exchange and the London Stock Exchange. Therefore, the activities of the Company and the actions of its employees in any state of the world must comply with the requirements of applicable anti-corruption legislation.

When developing this Policy, the principles and rules contained in the following regulatory documents have been used:

- United Nations Convention against Corruption (adopted in New York on 31.10.2003 by Resolution 58/4 at the 51st Plenary Meeting of the 58th Session of the UN General Assembly);
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (adopted in Istanbul on 21.11.1997);
- Criminal Law Convention on Corruption (concluded in Strasbourg on 27.01.1999 ETS No. 173);
- The Criminal Code of the Russian Federation No. 63-FZ of 13.06.1996;
- The Code of the Russian Federation on Administrative Offences No. 195-FZ of 30.12.2001;
- The Labour Code of the Russian Federation No. 197-FZ of 30.12.2001;
- Federal Law No. 273-FZ of 25.12.2008 “On Combating Corruption”;
- Federal Law No. 115-FZ of 07.08.2001 “On Combating Legalisation (Laundering) of Proceeds from Crime and Financing of Terrorism”;
- Decree of the President of the Russian Federation No. 147 of 01.04.2016 “On the National Anti-Corruption Plan for 2016–2017”;
- UK Bribery Act 2010;
- US Foreign Corrupt Practices Act 1977 (FCPA).

### 4.2. METHODOLOGICAL FRAMEWORK OF THE POLICY

Methodological framework of the Policy includes:

- Recommendations of the UK Ministry of Justice on Developing and Implementing a System of Adequate Procedures to Comply with the UK Bribery Act 2010;
- Resource Guide on the US Foreign Corrupt Practices Act;
- Transparency International the 2010 UK Bribery Act Adequate Procedures Guidance on Good Practice Procedures for Corporate Anti-Bribery programmes;
- Recommendations of the Basel Committee on Banking Supervision, Principles for enhancing corporate governance, October 2010;
- ICC Rules on Combating corruption;

- Transparency International Anti-corruption Plain Language Guide 2010;
- Methodical recommendations on developing and taking measures to prevent and counteract corruption by organizations;
- The Corporate Governance Code recommended by Letter of Bank of Russia No. 06-52/2463 of 10.04.2014;
- Methodical recommendations on arranging risk management and internal control in preventing and combating corruption in joint stock companies with the participation of the Russian Federation.

## **5. KEY PRINCIPLES OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

### **5.1. ZERO TOLERANCE TO CORPORATE FRAUD AND CORRUPTION IN ANY FORMS AND MANIFESTATIONS**

The Company adheres to the principle of zero tolerance to corporate fraud and corruption in any forms and manifestations in the context of its operations, investments, and other activities.

The principle of zero tolerance to corporate fraud and corruption means a strict prohibition for employees, members of the management bodies of Rosneft and the Group Entities and other persons acting on behalf of the Company or for its benefit, directly or indirectly, personally or through any intermediary, to participate in corporate fraud and corruption activities, regardless of the business practice in a particular country.

The Company emphasizes that corporate fraud and corruption, including manifestations of conflict of interest, whether involving politically exposed persons, public entities, private companies, politicians and other persons or involving employees of Rosneft/the Group Entity through abuse of office due to personal interest or for personal benefit are unacceptable.

The Company considers any manifestations of corporate fraud and corruption unacceptable, regardless of the amount of damage caused to the Company, and takes active measures to counteract corporate fraud and corruption in its activities.

The Company reserves the right to publish information about persons who violated the requirements of the applicable legislation and this Policy in the manner and under the conditions established by the applicable legislation.

### **5.2. INESCAPABLE PUNISHMENT**

The Company declares zero tolerance to any forms and manifestations of corporate fraud and corruption activities at all levels of corporate governance. The Company shall investigate all reasonably justified allegations of violations of procedures for preventing and countering corporate fraud and corruption and hold the guilty persons responsible, regardless of their position, term of employment, status in the Company and other relations with the Company in accordance with the applicable legislation.

The Company shall make all possible reasonable and lawful efforts to put an end to any violation as soon as possible, and inescapably.

### **5.3. SEGREGATION OF INCOMPATIBLE DUTIES**

The Company shall ensure a comprehensive segregation of incompatible job duties and shall not allow assigning the functions related to implementation of the process and control/evaluation of this process implementation to the same employee in order to minimize the possibilities of committing and concealing the facts of corporate fraud and corruption.

## **5.4. LEGALITY**

The Company shall strictly observe the legislation of the Russian Federation and other countries, in which the Company operates or plans to operate, and any of its actions or omission do not contradict the rules of the applicable anti-corruption legislation.

## **5.5. TOP MANAGEMENT**

All key executives (top managers of Rosneft and the Group Company) shall declare zero tolerance to any forms of corporate fraud and corruption at all levels, demonstrate, observe and implement this principle in practice.

## **5.6. REGULAR ASSESSMENT OF CORPORATE FRAUD AND CORRUPTION RISK**

The Company shall identify, assess and periodically reassess the corporate fraud and corruption risk. When identifying the risk, the Company shall take into account all available information on its activities and plans.

## **5.7. SYSTEMIC AND PROPORTIONATE NATURE OF PROCEDURES FOR PREVENTING AND COMBATING CORPORATE FRAUD AND CORRUPTION**

The Company shall develop and implement a system of procedures for preventing and combating corporate fraud and corruption. The Company shall strive to make the procedures as transparent, clear, feasible and reasonably responsive to the identified risk as possible.

## **5.8. CENTRALIZED MANAGEMENT**

The Company shall ensure a centralized management of combating corporate fraud and corruption, a clear allocation of responsibilities and powers in the process of combating corporate fraud and corruption.

## **5.9. DUE DILIGENCE PRINCIPLE**

The Company shall conduct due diligence regarding counterparties and job seekers as regards their good faith, zero tolerance to corporate fraud, corruption, and conflict of interest before deciding whether to commence or continue business/labour relations.

## **5.10. PREVENTION OF CONFLICT OF INTEREST**

The Company expects that when performing their duties each employee of Rosneft/the Group Company will put the Company's interests over their private interests and prevent situations that are regarded or could be regarded as a conflict of interest, as well as comply with the requirements of local normative and administrative documents on managing the conflict of interest.



## 5.11. INFORMATION AND TRAINING

The Company shall publish this Policy and make it freely available on Rosneft official website on the Internet [www.rosneft.ru](http://www.rosneft.ru)/[www.rosneft.com](http://www.rosneft.com) and shall declare zero tolerance to corporate fraud and corruption.

The Company shall make reasonable efforts to inform and clarify the principles and rules of the applicable legislation, Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01, this Policy and other local normative and administrative documents on combating corporate fraud and involvement in corruption activities, including training and testing of employees of Rosneft/the Group Company, and, where necessary and appropriate, counterparties, in fundamentals of combating corporate fraud and involvement in corruption activities.

The Company shall ensure that employees of Rosneft/the Group Company familiarize themselves, against signature, with local normative and administrative documents regulating the issues of preventing and combating corporate fraud and involvement in corruption activities.

## 5.12. MONITORING AND SUPERVISION

The Company shall monitor the implemented procedures for preventing and combating corporate fraud and corruption in terms of their efficiency and shall supervise compliance therewith.

The Company shall ensure constant control over the economic feasibility of all expenses incurred, including in high-risk areas, which include: exchange of business gifts, entertainment expenses, charitable and sponsor activities, payment of remuneration to external consultants, agents, intermediaries, marketing expenses. The procedure for formation, authorization (acceptance) and effecting of the Company's payments shall be regulated by the relevant local normative and administrative documents of Rosneft/the Group Company on financial management.

## 5.13. IMPROVEMENT OF THE SYSTEM OF PROCEDURES FOR PREVENTING AND COMBATING CORPORATE FRAUD AND CORRUPTION

The Company shall encourage the employees of Rosneft/the Group Company and other parties concerned to report their suspicions about possible violations and cases of non-compliance with the provisions of this Policy, as well as propose measures to improve the system for preventing and combating corporate fraud and involvement in corruption activities.

The reports may be sent in the following ways:

- through the "Security Hotline", with an option of anonymity (to the email address: [sec\\_hotline@rosneft.ru](mailto:sec_hotline@rosneft.ru) or by phone: 8-800-500-25-45; address at Russian Post: 119180, Moscow, B. Polyanka str., bld. 3/9, P.O. Box 13 (marked "GLB");
- to the Security Service of Rosneft/the Group Company;
- his/her line manager.

The Company shall organize the work of the "Security Hotline", which is an instrument for implementing policy on combating corporate fraud and corruption. The "Security Hotline" is a safe, confidential and an accessible way of informing Rosneft Security Service, the Audit Committee of Rosneft Board of Directors and Rosneft Internal Audit Service about the facts of violations of

legislation, internal procedures, Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01 by any employee and/or any member of the management body or the body controlling financial and economic activities of Rosneft/the Group Company.

The Audit Committee of Rosneft Board of Directors and Rosneft Internal Audit Service can receive proposals on improving anti-corruption procedures and other internal control procedures through “Security Hotline”.

The Company shall guarantee confidentiality to all employees of Rosneft/the Group Company and other persons who reported the facts of corporate fraud and corruption offences, as well as their protection against any form of pressure, persecution and discrimination.

The Group Companies shall exclusively use the unified corporate Rosneft “Security Hotline”.

Employees of Rosneft/the Group Company shall be obliged to inform in writing about all cases of contacting them of any persons in order to solicit them to commit corporate fraud and corruption offences of his/her line manager and Rosneft Security Service/Security Service of the Group Company.

The Company shall bring the persons who have not disclosed information about cases of contacting them by any persons in order to solicit them to commit corporate fraud and corruption offences, to responsibility in accordance with the procedure established by the applicable legislation.

#### **5.14. WAIVER OF COUNTERMEASURES AND SANCTIONS**

No sanctions can be applied to an employee or counterparty of Rosneft/the Group Company for:

- refusal to give or receive a bribe, to engage in commercial bribery or to mediate in bribery, including if the Company incurred losses as a result of such refusal, lost profits, failure to obtain commercial and/or competitive advantages;
- fair reporting of alleged violations, facts of corporate fraud and corruption, other abuses, or the inadequate efficiency of existing control procedures.

If an employee of Rosneft/the Group Company or another person provides knowingly false information or attempts to obtain benefits which contradict the Company’s interests, then such a person shall be held responsible in accordance with the current legislation and/or local normative and administrative documents.

#### **5.15. INTERACTION AND COORDINATION**

The Company shall ensure coordination of actions of all subjects of the system for combating corporate fraud and involvement in corruption activities among themselves, as well as interaction with state authorities, local governments and law enforcement bodies in the process of combating corporate fraud and Company’s involvement in corruption activities.

## 6. KEY ACTIVITIES ON COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES

### 6.1. GIFTS AND ENTERTAINMENT EXPENSES

The Company shall recognize the exchange of business gifts and entertainment allowance, including business entertainment, as a necessary part of doing business and a generally accepted business practice. The Company shall, in every possible way, encourage an atmosphere of honesty and transparency regarding business gifts and business hospitality.

At the same time, the Company considers this area vulnerable in terms of the risk of involvement in corruption activities, therefore, all such transactions carried out on behalf of Rosneft/the Group Company or for their benefit shall meet the following criteria:

- fully comply with the applicable legislation, Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01, other local normative and administrative documents;
- have no a direct or indirect purpose to influence the adoption by a politically exposed person or other person of decisions that affect the continuation or expansion of activities of Rosneft and/or the Group Companies;
- be directly related to the legitimate objectives of the activity;
- do not imply any obligation to a donor or organizer of business entertainment events;
- do not create a risk that could lead to a loss of goodwill for the Company, employees of Rosneft/the Group Company and other persons;
- not be cash or cashless funds, securities, precious metals and not represent other types or cash equivalents;
- not be a luxury item;
- have no systematic and regular exchange of gifts and business hospitality with the same politically exposed persons or representative of the Company's counterparty.

The procedure for exchanging gifts and business hospitality, as well as obtaining approval for business gifts and business hospitality shall be determined by the relevant local normative and administrative documents.

### 6.2. CONFLICT OF INTEREST

Employees of Rosneft/the Group Company shall not directly or indirectly influence the Company's decision-making in the event of a potential or actual conflict of interest, including the private interests of their close relatives and/or family members, with the interests of the Company and its shareholders.

The Company shall regard untimely (after receiving the opportunity to influence the relevant managerial decision) report about a potential or actual conflict of interest as corporate fraud and shall hold persons who did not disclose information about a conflict of interest accountable in accordance with the procedure established by applicable legislation, local normative and administrative documents.

The procedure for settling conflict of interests shall be determined by the relevant local normative and administrative documents.

The Company, upon entering into an employment contract with citizens filling the offices in state or municipal service, the list of which shall be determined by the regulations of the Russian Federation, is obliged, within two years after their dismissal from the state or municipal service office, to report on entering into such a contract to the representative of state or municipal employee's employer at the last place of his/her service in accordance with the procedure prescribed by the regulations of the Russian Federation<sup>2</sup>.

### **6.3. CHARITABLE AND SPONSOR SUPPORT**

The Company shall not provide charitable and sponsor support for the direct or indirect purpose of influencing decisions to be made by politically exposed persons or other persons affecting the preservation or expansion of activities of Rosneft and/or the Group Companies, or if such assistance can be regarded as an attempt to exert such an influence.

Charity and sponsor support shall be carried out in accordance with local normative and administrative documents.

### **6.4. PARTICIPATION IN POLITICAL ACTIVITIES**

The Company shall not be engaged in political activities for the direct or indirect purpose of influencing decisions to be made by politically exposed persons or other persons affecting the preservation or expansion of activities of Rosneft and/or the Group Companies, or if such assistance can be regarded as an attempt to exert such an influence

According to the principles set forth in Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01, the Company shall not give any preference to any political forces or organizations and shall not sponsor political parties. Employees of Rosneft/the Group Company shall be obliged to inform the line manager of Rosneft/the Group Company of their intention to engage in politics, in order to exclude the emergence of a conflict of interests.

### **6.5. COMPANY'S ATTITUDE TO INTERACTION WITH COUNTERPARTIES, INTERMEDIARIES, PAYMENTS TO THIRD PARTIES**

The Company shall refrain from engaging intermediaries, agents, partners, other persons acting on behalf of the Company or in its interests, and from participating in joint ventures to make payments or any other actions that violate the principles and requirements of this Policy, Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01 or creating risks, including the risk of loss of goodwill, for the Company, employees of Rosneft/the Group Company and other persons in the event of disclosure of information about such payments made.

<sup>1</sup> According to Decree of the President of the Russian Federation No. 925 of 21.07.2010 "On Measures to Implement Certain Provisions of the Federal Law "On Combating Corruption".

<sup>2</sup> Art. 64.1. of the Labour Code of the Russian Federation No. 197-FZ of 30.12.2001 (Conditions for entering into an employment contract with former state and municipal employees).

Before making a decision to start or continue cooperation with an intermediary, agent, partner or other counterparty or participate in a joint venture, the Company shall:

- collect, analyse and verify information about potential counterparties and partners in joint ventures, their goodwill, zero tolerance to corporate fraud, corruption and absence of conflict of interest;
- conduct preliminary due diligence of potential counterparties (including beneficiaries of the transaction and beneficial owners) at the stage preceding the legalization of relations with them, in terms of the source of funds, as well as the bank, the jurisdiction from which the funds are sent, in order to counteract the legalization (laundering) of proceeds from crime;
- inform potential counterparties and partners in joint ventures about the principles and requirements of this Policy.

The Company shall in every possible way welcome the adoption in joint ventures and counterparties of internal policies similar to this Policy on combating corporate fraud and involvement in corruption activities.

When establishing contractual relations with counterparties, the terms of contracts shall include assurances and obligations on compliance with the requirements of the applicable anti-corruption legislation and this Policy.

The Company shall ensure standardization of the anti-corruption clause in order to include it in intra-group transactions and application when establishing labour relations with individuals.

The Company shall reserve the right to terminate contracts with counterparties and partners in joint ventures in case of revealing facts of corporate fraud and corruption by them.

## **6.6. ACTIONS WHEN ACQUIRING AND DISPOSING OF THE COMPANY'S ASSETS**

When acquiring and disposing of assets, the Company shall:

- carry out due diligence (anti-corruption verification) before/after the transaction;
- voluntarily disclose the violations revealed to the relevant state regulatory bodies;
- introduce monitoring mechanisms to prevent corporate fraud and corruption in acquired assets.

The procedure for acquiring and disposing of assets shall be determined by appropriate administrative and local normative documents.

## **6.7. INTERACTION WITH POLITICALLY EXPOSED PERSONS**

The Company shall refrain from paying any expenses of politically exposed persons, as well as of their close relatives and/or family members, or in their interests, including obtaining personal advantage/personal interest from the Company, with the direct or indirect purpose of obtaining any commercial and/or competitive advantages.

## 6.8. ACCOUNTING AND MANAGERIAL RECORD KEEPING AND REPORTING

According to the principles stated in Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01, the Company shall strictly adhere to the requirements of applicable legislation and the rules for preparing/compiling accounts (financial statements) and other reports. Performance of business operations without reflecting them in accounting, deliberate distortion of accounting data or confirming primary accounting documents, as well as drawing up and submitting to accounting records documents that are not documented business operation items, and submitting of deliberately distorted accounts (financial statements) to state authorities and management shall be regarded as corporate fraud and shall be investigated in accordance with the procedure established by the Company.

The use of forged documents and submission of distorted managerial and other reporting to state authorities and management shall also be regarded as corporate fraud and shall be investigated in accordance with the procedure established by the Company.

## 6.9. CONTROL AND AUDIT

The Company shall ensure periodic assessment of efficiency of the risk management and internal control process on prevention and combating corruption within the internal audit and external independent assessments of the risk management and internal control process on prevention and combating corruption, including the reliability of procedures for combating unlawful actions, abuse, corporate fraud and corruption, deliberate distortion of accounting and managerial accounting system, as well as control over compliance with the requirements of applicable legislation, local normative and administrative documents, including the principles and requirements established by this Policy, as well as the requirements of legislation on combating the legalization (laundering) of proceeds from crime.

Rosneft Internal Audit Service shall assist the Company's executive bodies in investigating unfair/unlawful acts of employees and third parties, including negligence, corporate fraud, corruption activities, abuse and various wrongful acts that are damaging to the Company.

Since the Company can be held responsible for the participation of employees of Rosneft/the Group Company, counterparties, and third parties acting on behalf of the Company or in its interests, in corporate fraud and corruption, all reasonably grounded suspicions of corporate fraud and corruption will be thoroughly investigated in accordance with local normative and administrative documents regulating the organization and conduct of internal investigations.

The Company may initiate an external independent assessment of efficiency of the risk management and internal control process on prevention and combating corruption, should internal audit findings reveal signs of corporate fraud, corruption activities, and significant violations of anti-corruption measures (procedures). Issues related to the involvement of an independent assessor of efficiency of the risk management and internal control process on prevention and combating corruption shall be considered by the Audit Committee of Rosneft Board of Directors.

## 6.10. ANTI-CORRUPTION EXPERT REVIEW

The Company shall ensure conducting anti-corruption expert review of draft local normative and administrative documents on approval and/or enforcement of local normative documents,

amendments thereto in order to exclude the risks of establishing prerequisites for corruption offences in accordance with local normative and administrative documents.

### **6.11. INDEMNIFICATION AND BRINGING TO RESPONSIBILITY**

The Company shall require indemnification in each case when a person/persons guilty of or involved in corporate fraud and corruption is identified.

Damage caused by an employee (employees) of Rosneft/the Group Company, subject to grounds for it, shall be indemnified by him/her (them), regardless of the disciplinary, administrative or criminal liability for action/inaction, which caused damage to the Company within the established norms of applicable legislation and in accordance with local normative and administrative documents establishing a mechanism for indemnification for losses and damage caused to the Company.



## **7. COMPANY'S ORGANIZATIONAL STRUCTURE ON COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

The model of functions and duties of the subjects of the System of combating Corporate Fraud and Involvement in Corruption Activities presented in this section shall be described at Rosneft level and may be extended to the Group Companies taking into account their objectives and organizational features.

### **7.1. SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

Within the framework of the corporate compliance system, the Company provides for a set of measures aimed at forming elements of corporate culture, organizational structure, rules and procedures that prevent corporate fraud and corruption, and reduce risks that may lead to loss of goodwill or application of penalties to the Company for bribing officials.

To this end, the following activities shall be carried out within the framework of the System of combating Corporate Fraud and Involvement in Corruption Activities:

- creating an appropriate regulatory framework to counteract corporate fraud and involvement in corruption activities;
- carrying out preventive, information and explanatory work to comply with the requirements of this Policy;
- timely forecasting and minimizing risks of corporate fraud and involvement of employees of Rosneft/the Group Companies in corruption activities;
- preventing, detecting, suppressing, disclosing and conducting internal investigation into the facts of corporate fraud and corruption offences;
- minimizing and (or) eliminating consequences of corporate fraud and corruption offences.

### **7.2. SUBJECTS OF THE SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTION ACTIVITIES**

The entities implementing and ensuring the effective functioning of the System of combating Corporate Fraud and Involvement in Corruption Activities shall include:

- Rosneft Board of Directors (Rosneft Board Committees).
- Rosneft collegial executive body (Management Board).
- Sole executive body (Chief Executive Director of Rosneft).
- Rosneft Business Ethics Council.
- Rosneft Group for Corporate Compliance System Development.
- Rosneft Security Service.
- Rosneft HR Department, Rosneft Social Development and Corporate Culture Development Department.



- Rosneft Internal and HR Security Division.
- Other Rosneft officers and structural units in terms of their competence and responsibilities, established by the relevant local normative and administrative documents/Regulations on structural units, job descriptions.

The duties and responsibility of the subjects of the system of combating corporate fraud and involvement in corruption activities shall be enshrined in local normative documents, including this Policy, as well as administrative, organizational and other internal documents.

### **7.3. SEGREGATION OF DUTIES, POWERS AND RESPONSIBILITY OF THE SUBJECTS OF THE SYSTEM OF COMBATING CORPORATE FRAUD AND INVOLVEMENT IN CORRUPTI PRACTICES**

7.3.1. Rosneft Board of Directors shall:

- Rosneft Board of Directors shall: approve the Company's policy on combating corporate fraud and involvement in corruption activities, which enshrines the basic principles for the organization of the System of combating Corporate Fraud and Involvement in Corruption Activities, establishes measures aimed at forming elements of corporate culture, organizational structure, rules and procedures that prevent corporate fraud and corruption, and reduce risks that may lead to loss of goodwill or application of penalties to the Company for bribing officials, and changes thereto.

7.3.2. The Audit Committee of Rosneft Board of Directors shall assist Rosneft Board of Directors in ensuring their protection of shareholders' interests by exercising control over the reliability and efficiency of the system of combating corporate fraud and involvement in corruption activities, namely:

- preliminary examines internal documents on managing conflict of interest at the "Policy" level and assesses the efficiency of their implementation;
- monitors procedures ensuring compliance with Rosneft ethical standards and procedures;
- reviews reports of Rosneft Internal Audit Service on the assessment of the efficiency of the risk management and internal control system as part of the internal audit performance reports, as well as reports of Rosneft executive bodies on the assessment of the efficiency of the risk management and internal control system, including information on key risks and measures to manage such risks, reports on their implementation, as well as on the efficiency of internal control and compliance procedures;
- oversees the conduct of functional audit (internal investigations) on potential cases of corporate fraud, corruption, other unscrupulous actions of Rosneft employees, organizes monitoring of the efficiency of public address system of potential cases of unscrupulous practice by Rosneft employees and other persons, as well as control over the implementation of measures taken by Rosneft executive bodies within such a system.

7.3.3. Rosneft Collegial executive body (Management Board) shall:

- approve Rosneft organizational structure, taking into account the construction of a system of combating corporate fraud and involvement in corruption activities;

- approve local normative documents on combating corporate fraud and involvement in corruption activities, the approval of which is assigned by Rosneft Charter to the competence of Rosneft collegial executive body (Management Board).

#### 7.3.4. Sole executive body (Chief Executive Officer of Rosneft) shall:

- ensure implementation of this Policy on combating corporate fraud and involvement in corruption activities, and distribute powers, duties and responsibilities between structural units for specific procedures, including the development and timely updating of local normative documents on prevention and combating corporate fraud and corruption;
- appoint Rosneft top manager, responsible for preventing and combating corporate fraud and corruption<sup>3</sup>, and a structural unit responsible for organizing activities to counteract corporate fraud and corruption in Rosneft, and confer powers, rights and duties on them;
- decide whether it is expedient to publish the results of the detection, investigation and/or involvement of guilty persons and/or those involved in corporate fraud and corruption to account for the established facts, in accordance with the procedure and under the terms established by the current legislation and local normative documents.

#### 7.3.5. Rosneft Business Ethics Council shall:

- consider violations of corporate requirements to business ethics and compliance and emerging practice of compliance with these requirements;
- take expert and consulting participation in improving measures to prevent ethical conflicts and stimulate ethical behaviour of Rosneft employees;
- coordinate the Report on Implementation of the Consolidated Action Plan on Compliance<sup>4</sup> and forward it to Rosneft Chief Executive Officer for consideration.

#### 7.3.6. Rosneft Group for Corporate Compliance System Development shall:

- assist Rosneft top managers in developing measures aimed at preventing and combating corporate fraud and corruption, including the development and updating of Rosneft local normative documents on prevention and combating corruption;
- develop a methodology for ensuring compliance of the Company's activities with applicable legislation, business ethics standards, provisions of Rosneft local normative and administrative documents;
- advise the executive bodies and heads of structural units on the applicable anti-corruption legislation;
- coordinate the work to identify compliance risk;
- prepare proposals for the formation of a compliance risk matrix and measures to manage compliance risk.

#### 7.3.7. Rosneft Internal Audit Service shall:

- conduct, on a recurring basis, an independent and objective assessment of the efficiency of the risk management and internal control process on prevention and combating corruption, develop

<sup>3</sup> Rosneft Top manager responsible for preventing and combating corporate fraud and corruption shall be the curator of the cross-functional risk of corporate fraud and corruption.

<sup>4</sup> The Report on the implementation, execution and operational effectiveness of procedures for the organization of a risk management and internal control system for combating corporate fraud and corruption shall be an integral part of such a Report.

proposals to increase its reliability and efficiency. The results of the assessment shall be submitted for consideration by the Audit Committee of Rosneft Board of Directors;

- monitor the implementation of proposals of internal auditors to improve the risk management and internal control system on preventing and combating corruption, eliminate violations and deficiencies identified during audits;
- check compliance of the members of Rosneft executive bodies and Rosneft employees with the provisions of the legislation and Company's internal documents concerning insider information and combating corruption, compliance with the requirements of Rosneft Business and Corporate Ethics Code № P3-01.06 P-01;
- assist the Company's executive bodies in investigating unfair/unlawful acts of employees and third parties, including negligence, corporate fraud, corruption activities, abuse and various wrongful acts that are damaging to the Company;
- investigate unfair/unlawful acts of employees and third parties, including negligence, corporate fraud, corruption activities, abuse and various wrongful acts that are damaging to the Company, jointly with Rosneft Security Service.

#### 7.3.8. Rosneft Security Service shall:

- perform overall coordination of processes on combating corporate fraud and corruption<sup>5</sup>;
- develop a set of measures (a programme) aimed at preventing corruption that reduce risks that may lead to loss of goodwill or application of penalties to the Company for bribing officials<sup>6</sup>;
- conduct, jointly with Rosneft Business Legal Support Department, anti-corruption expert examination of drafts of local normative documents and drafts of administrative documents of Rosneft/the Group Entity on approving and/or enacting local normative documents, amending thereof in accordance with local normative and administrative documents regulating the procedure for conducting anti-corruption expert examination;
- conduct internal investigations of violations with elements of corporate fraud and corruption;
- interact with state authorities, local authorities, scientific, educational organizations and institutions on combating corporate fraud and corruption;
- prepare an annual Report on the implementation, execution and operational effectiveness of procedures for the organization of a risk management and internal control system for combating corporate fraud and corruption and send it to Rosneft Business Ethics Council for approval.

#### 7.3.9. Rosneft Business Legal Support Department shall:

- conduct, jointly with Rosneft Security Service, anti-corruption expert examination of drafts of local normative documents and drafts of administrative documents of Rosneft/the Group Company on approval and/or enacting local normative documents, amending thereof in accordance with local normative and administrative documents regulating the procedure for conducting anti-corruption expert examination.

#### 7.3.10. Rosneft Risk and Internal Control Department shall:

- determine the principles of building a risk management and internal control system;

<sup>5</sup> The list of procedures for preventing and countering corporate fraud and corruption is given in [Appendix 1](#).

<sup>6</sup> clause 5.1.3. Art. 260 of the Corporate Governance Code recommended by Bank of Russia Letter No. 06-52/2463 of 10.04.2014.

- provide methodological support to Rosneft Security Service in the development of algorithms for assessing the risk of corporate fraud and corporate level corruption, as well as in the development and implementation of control procedures that minimize the risk of corporate fraud and corruption.

7.3.11. Rosneft Administration Department shall:

- develop and ensure the implementation of compliance measures to business gifts and business entertainment signs.

7.3.12. Rosneft Government Relations and Management Department shall:

- develop and ensure the implementation of measures for carrying out of charitable activities.

7.3.13. Rosneft Information and Advertising Department shall:

- assess the sponsorship proposals received by the Company, prepare conclusions on the efficiency of sponsorship projects and further ensure the conduct and coordination of activities within the agreed sponsorship agreements;
- organize the current interaction with the media and development of the concept and content of information and image PR projects within the competence to form a positive image of the Company within the country and abroad.

7.3.14. Rosneft HR Department, Rosneft Social Development and Corporate Culture Development Department shall:

- implement measures to create a corporate culture that has zero tolerance to corporate fraud and corruption;
- organize and conduct training and testing of Rosneft employees on preventing and combating corporate fraud and corruption;
- familiarize persons accepted to work in Rosneft with local normative and administrative documents regulating the issues of preventing and combating corporate fraud and corruption.

7.3.15. Rosneft Internal and HR Security Division shall:

- conduct due diligence regarding applicants before deciding whether to start or continue business relations against presence/absence of a conflict of interest;
- conduct preliminary verification of information on signs of corruption, corporate fraud, abuse of authority, violations of control procedures in the Company, conduct internal investigations in accordance with local normative and administrative documents regulating the organization and conduct of internal investigations.

7.3.16. Rosneft top managers and heads of Rosneft structural units shall:

- be responsible for the prevention of corporate fraud and corruption offences, compliance with applicable legislation, business ethics standards and provisions of local normative and administrative documents when their duties;
- ensure that Rosneft employees familiarize themselves, against signature, with local normative and administrative documents regulating the issues of preventing and combating corporate fraud and involvement in corruption activities.

Responsibility for the prevention of corruption offences, as well as for violation of prohibitions, restrictions, failure to take measures to resolve conflicts of interest and other obligations to counteract corporate fraud and corruption of Rosneft top managers and heads of Rosneft structural units shall be included in employment contracts.

7.3.17. Company's employees shall:

- strictly comply with the applicable legislation, norms and principles Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01, this Policy, other local normative and administrative documents regulating the procedure for combating corporate fraud and corruption;
- not act/not fail to act if their actions or inaction can be objectively regarded as corporate fraud and corruption or deliberate violation of the internal control system in the interests or on behalf of the Company;
- inform their line manager and Rosneft Security Service about the potential or actual conflict of interest that has become known to them, as well as the facts of soliciting them to commit corporate fraud and corruption;
- assist in the conduct of due diligence, functional audits and internal investigations, including the provision of explanations, transfer of necessary documents and information within their competence and in the manner prescribed by applicable legislation, local normative and administrative documents.

7.3.18. All employees and members of Rosneft executive bodies, irrespective of the position held, shall be responsible for compliance with the principles and requirements of this Policy, as well as for actions (inaction) of subordinate persons violating these principles and requirements. Responsibility shall be reflected in the formalized job duties of all employees and members of Rosneft collegial and executive bodies.

7.3.19. Persons guilty of violating the requirements of this Policy may be brought to disciplinary, administrative, civil or criminal liability at the initiative of Rosneft, law enforcement agencies or other persons in accordance with the procedure and on the grounds provided for by the legislation of the Russian Federation, and Rosneft administrative documents, as well as, in appropriate cases and subject to grounds, in accordance with the applicable provisions of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and other regulations of foreign countries on whose territory the Company operates or plans to operate.

## 8. REFERENCES

1. United Nations Convention against Corruption, (adopted in New York on 31.10.2003 by Resolution 58/4 at the 51st plenary meeting of the 58th session of the UN General Assembly), ratified by Federal Law No. 40-FZ of 08.03.2006 “On Ratification of United Nations Convention against Corruption”.
2. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, (adopted in Istanbul on 21.11.1997), the Russian Federation acceded to the Convention — Federal Law No. 3-FZ of 01.02.2012 “On Accession of the Russian Federation to Convention on Combating Bribery of Foreign Public Officials in International Business Transactions”.
3. Criminal Law Convention on Corruption (concluded in Strasbourg No. 173 on 27.01.1999), ratified by Federal Law of the Russian Federation No. 125-FZ of 25.07.2006 “On Ratification of Criminal Law Convention on Corruption”.
4. The Code of the Russian Federation on Administrative Offences No. 195-FZ of 30.12.2001.
5. The Labour Code of the Russian Federation No. 197-FZ of 30.12.2001.
6. The Criminal Code of the Russian Federation No. 63-FZ of 13.06.1996.
7. Federal Law No. 40-FZ of 08.03.2006 “On Ratification of United Nations Convention against Corruption”.
8. Federal Law No. 115-FZ of 07.08.2001 “On combating the Legalization (Laundering) of Proceeds from Crime and Terrorism Financing”.
9. Federal Law No. 273-FZ “On combating Corruption” of 25.12.2008.
10. Decree of the President of the Russian Federation No. 925 of 21.07.2010 “On Measures to Implement Certain Provisions of the Federal Law “On combating Corruption”.
11. Decree of the President of the Russian Federation No. 147 of 01.04.2016 “On the National Plan for combating Corruption for 2016 — 2017”;
12. The Corporate Governance Code recommended by Bank of Russia Letter No. 06-52/2463 of 10.04.2014.
13. Resolution of the Plenum of the Supreme Court of the Russian Federation No. 24 of 09.07.2013 “On Judicial Practice in Bribery Cases and on Other Corruption-Related Cases”.
14. Methodical recommendations on the development and adoption by organizations of measures to prevent and counteract corruption, approved by the Ministry of Labour and Social Protection of the Russian Federation on 08.11.2013.
15. Methodical recommendations on the organization of risk management and internal control in preventing and combating corruption in joint stock companies with the participation of the

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- Russian Federation approved by Order of the Federal Agency for State Property Management No. 80 of 02.03.2016.
16. UK Bribery Act 2010 approved by the UK Parliament and Queen Elizabeth II on 08.04.2010 and enacted on 01.07.2011.
  17. US Foreign Corrupt Practices Act 1977 (FCPA).
  18. Rosneft Code of Business and Corporate Ethics № P3-01.06 P-01 version 1.00, approved by Rosneft Board of Directors on 05.06.2015 (Minutes № 35 of 05.06.2015) and enacted by Rosneft Order № 428 of 28.09.2015.
  19. Rosneft Corporate Governance Code № P3-01 KS-01 version 2.00 approved by Resolution of Rosneft Board of Directors (Minutes № 6 of 17.11.2017).
  20. Regulation of the Company “On Development and Updating of Local Normative Documents” № P3-01.07 P-0010 version 1.00 approved by Rosneft Order № 426 of 09.08.2011.

## 9. BIBLIOGRAPHY

1. Recommendations of the UK Ministry of Justice on the construction and implementation of the system of proper procedures for compliance with the provisions of the UK Bribery Act 2010.
2. Resource Guide on the US Foreign Corrupt Practices Act adopted on 14.11.2012.
3. Transparency International the 2010 UK Bribery Act Adequate Procedures Guidance on Good Practice Procedures for Corporate Anti-Bribery programmes.
4. Recommendations of the Basel Committee on Banking Supervision, Principles for enhancing corporate governance, October 2010. Bank of Russia Letter No. 14-T of 06.02.2012.
5. ICC Rules on Combating corruption.
6. Transparency International Anti-corruption Plain Language Guide 2010.



# APPENDICES

**Table 1**  
**List of Appendixes to the Company's Policy**

APPENDIX NUMBER	APPENDIX NAME	NOTE:
1	2	3
1	List of procedures for preventing and combating corporate fraud and corruption	Included herein
2	List of business areas/business processes potentially exposed to corporate fraud and corruption risks	Included herein

## APPENDIX 1. LIST OF PROCEDURES FOR PREVENTING AND combating CORPORATE FRAUD AND CORRUPTION

To implement this Policy, the Company shall develop a number of local normative documents and other documents that contain the following procedures for preventing and combating corporate fraud and corruption, including, but not limited to:

- informing about violations that have become known to an employee with signs of corporate fraud and corruption, other employees, counterparties of the organization or other persons and the procedure for considering such reports;
- waiver of countermeasures measures and sanctions against employees who reported about corporate fraud and corruption violations in the Company's activities;
- informing of cases of soliciting an employee to commit corporate fraud and corruption violations and the procedure for considering such reports;
- informing about the emergence of a conflict of interest and the procedure for resolving a conflict of interest;
- interaction with officials, foreign officials, officials of a public international organization;
- identification and assessment of the corporate fraud and corruption risks in order to identify the areas of Company's activity most exposed to such risks, and development of appropriate measures to counteract corporate fraud and corruption;
- control over business areas/business processes with high corruption risks, including but not limited to:
  - ♦ checking applicants/employees of Rosneft/the Group Entities, studying available information on the business reputation of counterparties;
  - ♦ procurement;
  - ♦ exchange of business gifts and business entertainment signs;
  - ♦ entertainment allowance;
  - ♦ charity;
  - ♦ carrying out marketing actions and sponsor's activity;
  - ♦ giving discounts and bonuses;
  - ♦ agreeing upon payments with high corruption risk;
  - ♦ carrying out anti-corruption expert examination of drafts of local normative and administrative documents;
  - ♦ control of accounting data and reporting, the availability of primary accounting documents and their compliance with the requirements of current regulations and legislation;
  - ♦ entering into of contracts (including employment contracts with employees);
  - ♦ control over settlements with debtors;
  - ♦ employment, transfer and promotion of staff;
  - ♦ organization and conduct of internal investigations;
  - ♦ informing and organizing training of employees on the requirements of applicable anti-corruption legislation.

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## APPENDIX 2. LIST OF BUSINESS AREAS/BUSINESS PROCESSES POTENTIALLY EXPOSED TO CORPORATE FRAUD AND CORRUPTION RISKS

The Company shall determine the list of business areas/business processes potentially exposed to corporate fraud and corruption risks, including, but not limited to:

- interaction with authorities and politically exposed persons;
- interaction with suppliers, buyers, intermediaries/dealers, business partners and counterparties;
- acquisition of assets (mergers and acquisitions);
- transfer of property rights;
- obtaining licenses, permits and registration of products;
- receiving and providing business gifts and business entertainment signs;
- implementation of entertainment activities, reception of delegations;
- sale of products/services;
- carrying out marketing actions and sponsor's activity;
- charity;
- procurement;
- closing/opening bank accounts;
- making high-risk payments;
- write-off at a loss of debt of insolvent debtors/formation of a reserve of doubtful debts;
- accounting and formation of accounts (financial statements);
- entering into contracts;
- employment, transfer and promotion of an employee.