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Rosneft is working hard to accomplish these goals. Last year, the Company consolidated its position as an industry leader with low unit carbon dioxide emissions. We also unveiled Rosneft’s 2035 Environmental Vision.

In 2021, the Company released an updated public statement regarding the Company’s contribution towards the UN Sustainable Development Goals (SDG) and confirmed its SDG commitments. In the reporting period, Rosneft was the only Russian oil and gas corporation to be recognised as a leader in sustainable development and included in the Global Compact LEAD initiative for its unfaltering commitment to the UN Global Compact and its ten principles for responsible business.

In 2021, the Company actively pursued partnerships in technology development, environmental protection and carbon management. We signed a cooperation agreement with Rosatom aimed at delivering jointly strategic projects to create and deploy import substitution technologies and equipment. Rosneft and the St Petersburg International Mercantile Exchange (SPIMEX) signed a cooperation agreement to develop exchange trading in carbon units and support climate projects in Russia.

Strict observance by all employees of anti-pandemic rules and requirements helped contain and curb the virus transmission. In 2021, the level of herd immunity reached 95% at Rosneft and 90% across the Group Subsidiaries.

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The health and well-being of Rosneft employees is and has always been our top priority. We have built an effective emergency response system to prevent the spread of the COVID-19 pandemic.

In 2021, we worked effectively to successfully tackle the most challenging tasks, manage risks, and respond flexibly to changes in the external environment.

At the end of the reporting period, the Company’s Board of Directors approved the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy, which seeks to achieve carbon neutrality by 2030 with respect to Scope 1 and 2 emissions. Rosneft is going to bring this ambitious plan to reality with the help of the following strategic initiatives:

- reducing absolute Scope 1 and Scope 2 GHG emissions by 5% and over 25% by 2025 and 2035, respectively
- cutting methane emissions intensity to below 0.2% by 2030
- achieving zero routine flaring of APG by 2030
- decreasing unit GHG emissions in exploration and production to below 20 kg of CO₂ eq. per boe by 2030 or sooner

The implementation of the new strategy will help the Company to minimize its environmental footprint, while maintaining and strengthening its standing in the hydrocarbon market.

Skilled employees, efficient management, cutting edge technologies and vast resource base are the key drivers behind the Company’s growth and sustainable development.

Igor Sechin
Chairman of the Management Board and Chief Executive Officer
SUSTAINABILITY PERFORMANCE

The Company plans to achieve a step change in the occupational, health and safety performance, prioritising zero fatal injuries and zero occupational accidents as our goals.

The Company pays particular attention to on occupational safety and comfortable working environment for its employees and contractors.

Rosneft takes steps to improve energy efficiency in all of its business activities and recognises leadership in innovation as a key development driver.

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

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.

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 low-carbon energy source
- running refining 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.

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.

In 2021, green investment amounted to RUB 55 bln.

- 76 thousand employees completed a training course on Golden Rules of Safety in 2021.
- 84% of vehicles are equipped with on-board monitoring systems.
- In 2021, the level of herd immunity reached 95% at Rosneft and 90% across the Group Subsidiaries.
- The Company carried out 16,000 UAV missions to monitor surface infrastructure and ensure pipeline integrity.
- The corporate telemedicine network was launched at 61 remote medical stations in 13 Group Subsidiaries.
- Fuel and energy savings amounted to 372 thousand tonnes of reference fuel.
- 40 Group Subsidiaries accounting for 96% of the Company’s 2021 energy consumption were certified for compliance with ISO 50001 (Energy Management Systems).
- Rosneft continued expanding the sales geography of fuels with improved environmental characteristics and performance in the Russian market: Pulse 100 and Euro 6.
- The Company has in place 76 stationary and 15 mobile laboratories for quality control of petroleum products, which run over 4.6 thousand checks on a daily basis.
- 68% of the headcount is covered by collective bargaining agreements.
- Over 40 thousand pensions were raised by 4% as part of the Active Longevity Programme.
- 1,078 employees improved their living conditions under the corporate mortgage programme in 2021.
- Over 7.5 thousand suppliers use Rosneft Procurement mobile app to participate in the Company’s procurement procedures.
- Greenhouse gas emissions avoided since the start of the Rosneft-2022 Strategy amounted to around 6.4 mnt of CO₂ equivalent.
- Rosneft continues its progress towards the 2035 targets and looks beyond to explore ways of further cutting emissions.
- The Company reduced greenhouse gas emissions from its activities by 10% vs the 2020 base.

Igor Sechin, Chief Executive Officer of Rosneft, was the key speaker at the Third Russian-Chinese Energy Business Forum aimed to help build energy ties between the two countries.

In 2021, the Group and Russia’s largest power companies signed cooperation agreements for the development of charging infrastructure until 2024.

The Company signed a cooperation agreement with the St. Petersburg International Mercantile Exchange to develop exchange trading in carbon units and support the implementation of climate projects in Russia.

In 2021, Rosneft cooperated with 76 leading universities

CONVERSION TO CO2 EQUIVALENT IS BASED ON THE ASSUMPTION THAT 50% OF THE ENERGY SAVED WAS OBTAINED FROM NATURAL GAS AND 50% FROM FUEL OIL.
The Company continued to implement pandemic-related measures, including:

• implementing business continuity plans and maintaining emergency task forces
• daily monitoring employee morbidity rates and the epidemiological situation in the regions
• providing employees with PPE and disinfectants
• regular COVID-19 testing among employees
• special arrangements for shift workers (pre-shift observation, testing and isolation facilities at the field)
• organising mass vaccination/revaccination against COVID-19
• constantly monitoring compliance with health protocols, etc.

The Company’s pandemic-related measures reflect all the mandatory requirements adopted by the regional executive authorities and the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor).

The Company continued to implement the COVID-19 situation, as well as promptly developed and implemented pandemic-related measures with close compliance control.

Mass employee vaccination held in 2021 helped lower the impact of the pandemic on the Company’s operations by significantly reducing the risk of COVID-19 spread among the personnel and preventing severe cases of the disease.

The Company ensured high employee awareness about the importance of COVID-19 vaccination as a key way to prevent infection that allowed achieving a high level of herd immunity among the personnel of Rosneft and Group Subsidiaries in a fairly short period of time.

In September 2021, the COVID-19 revaccination was launched.

The level of herd immunity reached 95% at Rosneft and 90% across the Group Subsidiaries.

During the pandemic the Company:
• purchased over 100 million pieces of PPE and more than 12 million litres of disinfectants and sanitisers
• ran over 1.3 million COVID-19 tests in Rosneft and the Group Subsidiaries

Shift workers, including those of Rosneft contractors, are admitted to production facilities in line with recommendations of Rospotrebnadzor and regulations of regional executive authorities, which provide for COVID-19 PCR testing, antibody testing and observation where necessary.

Rosneft continued to provide support to healthcare facilities in the regions of Company operations, including direct allocation of funds as well as donations of necessary medical and personal protective equipment.

Angarsk Petrochemical Company, part of Rosneft’s oil refining and petrochemical complex, has begun producing liquid medical oxygen, which is in higher demand among regional healthcare facilities due to the pandemic.

In November 2021, Rosneft handed over a CT scanning complex to the Taimyr Interdistrict Hospital located in Dudinka, Krasnoyarsk Territory. Previously, the Company donated computer tomography (CT) scanners to the Krasnoyarsk Regional Clinical Hospital and Berzon Interdistrict Clinical Hospital No. 20, also located in the Krasnoyarsk Territory.

In addition, RN-Vankor provided financial support to the Krasnoyarsk First Medical Aid Hospital in order to purchase a unique extracorporeal membrane oxygenation machine primarily to treat severe COVID-19 cases.

The Company’s employees were timely informed about the basic pandemic-related requirements (including the need to use PPE for respiratory and hand protection in transport and public places and social distancing), what to do in case of symptoms of a respiratory disease and how to get medical assistance, as well as the rules for COVID-19 testing and recommendations on disease prevention.

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In 2021, the Company held its annual scientific and practical conference on health protection, including the prevention and diagnostics of COVID-19.

To ensure business continuity amid the morbidity spikes, the Company constantly monitored the COVID-19 situation, as well as promptly developed and implemented pandemic-related measures with close compliance control.

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

Rosneft’s filling stations offer contactless payments for individuals and corporate customers. In Moscow and the Moscow Region, customers can pay contactlessly for non-fuel goods.

All shops at the filling stations feature:
• dispensers with hand sanitisers
• social distancing marking
• available PPE for respiratory organs

All filling station employees:
• undergo health monitoring, including body temperature control
• are equipped with PPE and disinfectants

The Company makes sure that every shift at filling stations has enough personnel for quick replacement of sick workers.

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2021 ESG HIGHLIGHTS

January
Production facilities of Samotlorneftegaz, RN-Krasnodarneftegaz and Sibneftegaz successfully completed the piloting of a set of innovative technologies and equipment to detect methane leaks.

February
Rosneft held a press conference to mark the Year of Science and Technology and discuss its R&D initiatives across all lines of business.
Rosneft announced its Environmental Development Concept. The Company’s environmental agenda is centred on the Carbon Management Plan for the period until 2035 and the main areas of Rosneft’s environmental development.

May
The Company presented its position paper “Rosneft Oil Company Safety is a priority” stressing its goal of achieving zero fatalities.

June
Igor Sechin, Chief Executive Officer of Rosneft, was the key speaker at SPIEF’s “Transformation of the Global Energy Sector” Energy panel.
The Company presented position papers on biodiversity and water conservation, as well as on waste management and land remediation.

July
With Rosneft’s support, the Clean Arctic expedition was launched.
Bashneft successfully carried out the first ever repairs of an operating pipeline without suspending the oil pumping at the Arlanskaya group of fields in Bashkortostan.
The Company’s office got a BREEAM In-Use certificate for the second year in a row.

September
The Company updated its public statement “Rosneft: contributing to implementation of the UN Sustainable Development Goals”.
Rosneft became the only Russian oil and gas corporation to be recognised as a leader in sustainable development and included in the Global Compact LEAD initiative for its unaltering commitment to the UN Global Compact and its ten principles for responsible business.
On the sidelines of the 8th Eastern Economic Forum, Rosneft and Rosatom signed a cooperation agreement to jointly implement strategic projects, develop and deploy import substitution technologies and devices.

October
Rosneft’s Integrated HSE Management System (IMS) was once again certified under the Occupational health and safety management systems and Environmental management systems standards.

November
Angarsk Petrochemical Company, part of Rosneft’s oil refining and petrochemical complex, began producing liquid medical oxygen, which is in higher demand among regional healthcare facilities due to the pandemic.

December
The Rosneft-2030: Reliable Energy and Global Energy Transition Strategy was approved by the Board of Directors. The Company aims to achieve net carbon neutrality by 2050 with respect to Scope 1 and 2 emissions.
The 8th Corporate Congress of Ecologists took place. The topics discussed included the environmental progress against the Rosneft-2022 Strategy and the Company’s 2035 Environmental Development Concept.
The Company also held a press breakfast in Moscow marking the 10th anniversary of the Arctic Scientific Centre.

2022 EVENTS AFTER THE REPORTING DATE

January
Rosneft and SPIMEX signed an agreement on cooperation in carbon management and the development of exchange trading in carbon units.
ABOUT THE REPORT

In 2021, Rosneft continues to disclose its non-financial metrics on the annual basis and releases its 16th Sustainability Report (the Report).

The Report seeks to inform a wide range of Rosneft’s stakeholders, including employees, shareholders and investors, communities in the regions of Company operations, public associations, customers and partners.

The Company receives feedback from different sources – comments and suggestions on sustainability reports can be submitted by phone or to the email 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 2021 Annual Report or other public documents.

Rosneft updated its approach to determining the materiality of topics disclosed in sustainability reports. Based on the analysis of Rosneft’s public corporate reports, RSPP included the Company in the “B” list of its first Sustainable Development Goals disclosure rating for 2021.

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.

The Company also relied on the methodology of the following:
• the updated GRI 11: Oil and Gas Sector 2021
• UN Global Compact principles
• International Financial Reporting Standards (FRS)
• recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
• 2020 IPIECA/API voluntary guidance for the oil and gas industry
• industry topics of Sustainability Accounting Standards Board (SASB)
• UNCTAD indicators for the entity reporting on contribution towards SDG implementation.

Rosneft updated its approach to determining the materiality of topics disclosed in sustainability reports. When deciding on the Report content, the Company reached out to more stakeholders and engaged the Report Working Group and external experts.

The Company staged a stakeholder survey covering over 50 employees and top managers to determine the relevance of topics and conducted a comparative analysis of non-financial reports from the leading oil and gas companies in Russia and abroad to identify the most important industry-related themes and sustainability trends.

In 2021, for the sixth time in a row, Rosneft became one of the leaders of the RSPP Responsibility and Transparency and Sustainability Vector indices. The Company was graded “A” in line with the new methodology, which confirms its sustainability excellence.

The report covers 16 material topics (see the chart above the cutoff line), compared to the last reporting period, their number has decreased by eight.

Given the current sustainability agenda in Russia and globally, the Company selected additional topics for disclosure:
• Prevention of and response to oil spills
• Social policy
• Human rights protection, including diversity, equal opportunity, non-discrimination and inclusion

We also changed the visual presentation of the Report’s materiality matrix.

The Report was prepared in accordance with the GRI Standards, Core option.

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• industry topics of Sustainability Accounting Standards Board (SASB)
• UNCTAD indicators for the entity reporting on contribution towards SDG implementation.
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.

REPORTING BOUNDARIES
GRI 102-45, GRI 102-48, GRI 102-49

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.

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.

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DEFINITIONS
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As a member of the UN Global Compact since 2010, Rosneft has been working hard to help meet the global economy’s growing demand for energy resources, which is key to ensuring balanced social and economic development and improving the quality of life. We implement high and harmonised standards of sustainable production, social responsibility and safety across all our business segments.

STRATEGIC VISION OF SUSTAINABLE DEVELOPMENT

Results of the Rosneft – 2022 Strategy implementation

The Rosneft–2022 Strategy1 focused on the following sustainable development objectives:

- ensuring global leadership in accident-free operations, safe workplace conditions, protecting health of local residents in the regions where the Company operates, and leadership in minimising the environmental footprint
- strengthening the Company’s environmental and social responsibility profile

In 2021, the Company achieved most of the Rosneft–2022 Strategy KPI targets and made significant progress in sustainable development.

The efforts in these areas have reaffirmed the Company’s role as a responsible supplier of energy resources and helped boost its contribution to combating climate change, with around 30% of Rosneft’s green investment committed to preventing greenhouse gas emissions.

Over the four years of strategy implementation, Rosneft has reduced its absolute methane emissions by 60% and Scope 2 greenhouse gas emissions by 13%. Our Energy Saving Programme has saved over 2.8 mmtce of fuel and energy resources.

During this period, the Company also built 20 new NGV modules and stations and 9 EV charging stations. We also launched production of Euro 6 gasoline with enhanced environmental properties, selling 3.5 mmt of this type of fuel.

The Company achieved its strategic target of securing a first quartile position by Tier 1 PSER (Process Safety Event Rate) (Upstream) among oil and gas producers.

As part of the strategy, we launched and implemented a number of corporate and social programmes focused on talent and local social development.

All implemented programmes and initiatives have become an integral part of the Company’s day-to-day operations and paved the way for embarking on the Rosneft-2030 Strategy.

Sustainable development is a permanent priority reflected in the long-term targets

1 Approved by Rosneft’s Board of Directors in December 2017

2 Reduction targets are set against the base year of 2020 and cover 100% of Scope 1 and 2 GHG emissions in the Company’s reporting perimeter unless stated otherwise.
New Rosneft–2030 Strategy

In late 2021, the Company’s Board of Directors approved the Rosneft-2030 Transition Strategy, setting a number of ambitious sustainability targets. The key strategic focus is to achieve carbon neutrality in terms of Scope 1 and 2 GHG emissions by 2050.

It sets a long-term horizon for the Company’s climate agenda and underpins its strategic vision, which is to remain a reliable producer focused on minimising its climate and environmental footprint. In addition, the new strategy features the following targets:

- reduce methane intensity to below 0.2% by 2030
- achieve zero routine flaring of APG by 2030
- reduce unit GHG emissions (Scope 1 and 2) in Exploration and Production to below 20 kg of CO2-eq per boe by 2030 or sooner

Rosneft will remain firmly committed to the environmental agenda, with a particular focus on biodiversity conservation. We plan to actively implement and follow the principles of the circular economy. The Company also confirms its previous commitment to 100% waste recycling and remediation of legacy contaminated land.

Our long-term strategic target: Scope 1 and 2 carbon neutrality by 2050.

The Company plans to achieve a step change in the area of safety, striving for zero fatal injuries and zero accidents affecting equipment as priority goals.

Also, the strategy envisages continued implementation of the corporate social programmes that focus on talent development and significantly contribute to the achievement of Russia’s national development goals until 2030.

UN Sustainable Development Goals of strategic priority

- protecting employee health and safety
- implementing the environmental policy
- risk and incident management
- ensuring road traffic safety
- fostering a favourable social environment

- 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

- 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
- fostering 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
- increasing energy efficiency in all operating segments
- creating decent living and labour conditions in remote regions

- managing risks related to climate change
- creating conditions to improve energy efficiency when using Company products
- increasing energy efficiency in all operating segments
- implementing the environmental policy
- innovative activities

- participation in global initiatives
- contributing to the sustainable energy development
- establishing effective partnership with state organisations, business, and society

Contribution to UN Sustainable Development Goals

Rosneft’s mission, values, goals, and strategic priorities are consistent with the 17 United Nations Sustainable Development Goals. The Company regularly updates its Public Statement “Rosneft: Contributing to Implementation of the UN Sustainable Development Goals”, which reflects progress in this area. The statement complies with the principles of openness, transparency and information disclosure to shareholders, investors, and other stakeholders.

The Company’s sustainability goals and targets are consistent with the selected priority UN Sustainable Development Goals, which are also integrated into the new Rosneft-2030 Strategy.

In December 2018, Rosneft’s Board of Directors approved five UN Sustainable Development Goals of strategic priority for Rosneft’s core operations.

1 Reduction targets are set against the base year of 2020 and cover 100% of Scope 1 and 2 GHG emissions in the Company’s reporting perimeter unless stated otherwise.
2 This target is in line with the World Bank’s Zero Routine Flaring by 2030 initiative.
3 Waste generated and land contaminated as a result of past activities of previous owners of assets prior to their integration into Rosneft.
4 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.
ESG investing

The development of ESG investing is supported and overseen by Igor Sechin, CEO and Chairman of Rosneft’s Management Board, who has repeatedly proclaimed social and environmental responsibility as a key value of the Company. In 2021, Rosneft strengthened its engagement with investors on ESG and released an updated public statement: “Rosneft: Contributing to Implementation of the UN Sustainable Development Goals.” During the reporting year, Rosneft regularly engaged with investors, including those participating in the global Climate Action 100+ initiative, which included:

- more than 50 conference calls with investors on the ESG agenda
- Carbon Management Plan for the period until 2035 presented to the investment community
- an ongoing dialogue with key ESG analytical and rating agencies

Rosneft enjoys expert recognition of its climate agenda and performance as confirmed by its spots in leading international and Russian ESG rankings. Following the disclosure of the Rosneft-2030 Reliable Energy and Global Energy Transition Strategy targets, the Company was able to improve its ranking in the Net Zero Company Benchmark, which measures global companies’ progress towards carbon neutrality, and scored ahead of all Russian peers.

Sustainability initiatives

In 2021, the Company also issued four public statements on its environmental protection, sustainability, and industrial safety priorities.

In 2021, Rosneft was the only Russian oil and gas company to be recognised as a leader in sustainable development and receive the Global Compact LEAD Participant status for its ongoing commitment to the UN Global Compact and its ten principles for responsible business. The respective announcement was made on the sidelines of the 76th session of the UN General Assembly.

Rosneft was named one of the most active participants in the world’s largest corporate sustainability initiative, with only 37 companies globally holding the LEAD status in 2021.

As part of its commitment to the sustainable development principles, Rosneft took part in the Sustainable Finance and Sustainable Ocean Business Action Platforms of the UN Global Compact in 2021. The UN Global Compact action platforms bring together the business community, Global Compact Local Networks, leading experts, civil society, governments, and the UN partners to solve complex sustainability challenges and innovate around the UN Sustainable Development Goals.

Since 2019, Rosneft has also been a participant in the initiative to reduce methane emissions launched by leading international oil and gas companies.

For more details on the Company’s efforts as part of the Global Methane Initiative, see the Achievement of Climate Goals in 2021 section.

Rosneft and CNPC agree to cooperate in low-carbon development

Following negotiations in 2021, Rosneft and China National Petroleum Corporation (CNPC) signed a memorandum on cooperation in the field of low-carbon development. The document was signed during the working visit of President Vladimir Putin to China at the beginning of 2022. Pursuant to the memorandum, Rosneft and CNPC will explore the prospects for cooperation in low-carbon development across such areas as reduction of greenhouse gas (including methane) emissions, technologies for boosting energy efficiency as well as carbon capture and storage (CCS) technologies. The parties will also consider other areas of potential cooperation in the field of low-carbon development. Low-carbon technologies developed by the two companies, including smart and digital solutions, may be applied in future large-scale joint petroleum projects in Russia and China.

Rosneft and SPIIMEX sign cooperation agreement to develop exchange trading in carbon units

In January 2022, Rosneft and the St. Petersburg International Mercantile Exchange (SPIIMEX) signed an agreement on cooperation in carbon management and the development of exchange trading in carbon units obtained as a result of Rosneft’s climate projects to reduce and sequester greenhouse gas emissions.

As part of the cooperation, the Company views the emerging carbon unit market as highly promising and plans to be an active contributor to the development of local exchange trading in carbon units.

The agreement will help the Company achieve the 2050 carbon neutrality target set by the Rosneft-2030 Strategy. The Company views the emerging carbon unit market as highly promising and plans to be an active contributor to the development of local exchange trading in carbon units.
SUSTAINABLE CORPORATE GOVERNANCE AND COMPLIANCE FRAMEWORK

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 objectives as outlined in the document include furthering its strategy and ensuring industry leadership, increasing shareholder value, facilitating professional and personal growth of employees, using natural resources in a sustainable way, establishing effective and transparent communication with stakeholders, etc.

The Company Policy on Sustainable Development is posted on the Company’s official website.

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

SUSTAINABLE DEVELOPMENT PRINCIPLES

- 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
  - safety of people, business and assets

- Response to climate change risks
  - corporate governance with a stronger focus on climate change
  - lower direct and indirect GHG emissions and climate change adaptation
  - monitoring of production-related energy consumption
  - more eco-friendly products
  - improvement of competencies, training on climate change

- 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
Rosneft’s corporate governance framework relies on the Corporate Governance Code developed under internationally acclaimed corporate governance standards. In 2021, it kept evolving 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.

**General Shareholders Meeting**

- Rosneft’s supreme governing body responsible for decision-making on key matters of the Company’s business
- sets up a strong Board of Directors

The Company offers its shareholders equal and fair opportunities to exercise their legal rights1 and ensures sustainable dividend growth.

**Board of Directors**

The Board of Directors performs the following key functions:

- strategic governance of the Company’s business for the benefit of all shareholders
- oversight of the executive bodies

**COMMITTEES OF THE BOARD OF DIRECTORS**

**Strategy and Sustainable Development Committee (including one independent director)**

- takes part in developing corporate and business line strategies and oversees their implementation
- reviews the Company’s sustainability reports and other ESG-related public reports
- analyses and informs the Board of Directors on the risks and opportunities related to climate change, environment (including water resource management) and Rosneft’s social responsibility (including respect for human rights)

**HR and Remuneration Committee (two thirds of the members are independent)**

- ensures succession in the governing bodies and management by analysing the Company’s current and anticipated needs with respect to the qualifications of governing body members and top managers
- considers matters and works on detailed decisions pertaining to the development of effective and transparent remuneration practices for the Company’s Board of Directors, executive bodies and top management
- reviews drafts of the Company’s Code of Business and Corporate Ethics and internal regulations (policy level) on HR and social matters, including human rights

**Audit Committee (all members are independent)**

- reviews the management’s proposals on improving the Risk Management and Internal Control System
- reviews independence and impartiality of external audit, ensures independent and impartial internal audit, and considers insider information matters
- checks accuracy and completeness of financial statements and other reports, and ensures reliability and effectiveness of the Risk Management and Internal Control System, and oversees compliance

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1 For details on shareholder engagement, see the 2021 Annual Report.
Performance in 2021

GENERAL SHAREHOLDERS MEETING

The dividend decision made by the General Shareholders Meeting in 2021 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 2021, the Board of Directors recommended a dividend payout for 2020 and first six months of 2021 of RUB 264.6 bln (50% of the Company’s IFRS net income attributable to Rosneft shareholders).

RUB 264.6 bln recommended dividend payout to the Company’s shareholders for 2020 and first six months of 2021

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 corporate financial and operational risks for 2022 and the Company’s risk appetite

As the green agenda and its growing impact on the oil and gas sector was actively discussed by the global community in 2021, the Board of Directors paid due attention to the carbon and environmental agenda, including the discussion of carbon neutrality, social and environmental responsibility, Sustainable Development, and ESG. The Board approved the Rosneft-2030 Strategy that factors in the current trends of the green agenda.

In 2021, every sixth 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 15%.

63 (15%) out of 421 items reviewed by the Board of Directors, its Committees and the Management Board in 2021 pertained to sustainable development

KEY SUSTAINABILITY PERFORMANCE INDICATORS

To propel the Company towards its strategic goals, the Board of Directors annually approves key performance indicators (KPIs) for the Management Board and top executives, including sustainability-related metrics:

• implementing strategic objectives and initiatives

• achieving environmental targets, including reduction of emissions and discharges, waste and the area of contaminated lands

• reducing injury rates (LTI/F and FAR) for the Company and contractors/subcontractors

• fuel and energy saving

• making innovative activities more effective

• enhancing labour productivity

• integrating professional

In order to ensure compliance with the Bank of Russia’s recommendations and increase its investment appeal, the Company adheres to the following principles of governance diversity:

• equitable treatment for different shareholder groups and account of different opinion and views in decision-making, irrespective of profession, ethnicity, age, or culture

• zero tolerance to discrimination, including by ethnicity, gender, and age

• fostering cultural diversity, including among employees

• taking into account interests of different population groups in the regions of Company operations

• taking into account the principle of diversity when making the Board of Directors and the Management Board succession plans, remuneration decisions, and candidate selection for the management bodies

These principles conform to the Company’s practices and factor in its earlier commitment to the UN SDGs, as well as the guiding principles of corporate governance disclosed in Rosneft’s annual reports.

Rosneft continues improving its corporate governance practices. In 2022, the Company plans to:

• enhance the Shareholder’s Personal Account as part of the digitalising communications with shareholders

• have an external auditor assess the Board of Directors’ efficiency

• review the corporate governance framework for compliance with the Rosneft-2030: Reliable Energy and...
Sustainability risk management

The Company’s management regularly monitors and assesses risks as well as develops measures for handling them. The process of risk management takes place at different organisational levels, including Group Subsidiaries and Rosneft’s Head Office.

The annual process of strategic risks identification relies on the analysis of strategic goals and targets formalised in the Company’s strategic documents, as well as analysis of news and other sources that forecast the development of the oil and gas industry. Based on the outcomes, a list of strategic threats (possible events bearing negative implications for the achievement of the Company’s long-term goals) is compiled. The list also includes other sustainability threats and is aligned with TCFD recommendations.

Main risk types

<table>
<thead>
<tr>
<th>STRATEGIC RISKS AND STRATEGIC THREATS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the structure/volume of energy consumption (TCFD: Market Risk)¹</td>
<td>• changes in consumer behaviour • quantitative change in the nature of global and local energy systems • products getting squeezed out by cheaper or better quality alternatives • vehicles electrification, development of higher-efficiency fuel cells • demographic changes • shift of the demand focal point to developing countries</td>
</tr>
<tr>
<td>Energy saving and efficiency (TCFD: Technology Risk)¹</td>
<td>• energy saving and efficiency • increased fuel utilisation in the transport sector (passenger and freight transport; air and sea transportation)</td>
</tr>
<tr>
<td>Fast advance of alternative energy (TCFD: Technology Risk)¹</td>
<td>• accelerated development of alternative energy, including renewables • ramped-up construction of renewable energy capacities • adoption of plans for accelerated transition to renewable energy • increased share of alternative energy sources in countries’ energy mix • development of the biofuel industry, etc.</td>
</tr>
<tr>
<td>Carbon management (TCFD: Policy and Legal Risks)¹</td>
<td>• pollution payments/taxes/charges • carbon taxes/charges • carbon border adjustment • regulation (standardisation, restriction) of sales of high-carbon goods • tighter government regulation of business sectors contributing to GHG emissions / climate change, etc.</td>
</tr>
<tr>
<td>Climate change in the regions where the Company operates (TCFD: Chronic Risk)¹</td>
<td>• climate changes (rising temperature and sea level, permafrost thawing, and extreme weather events) in some regions • expenses associated with eliminating climate change consequences across regions • additional expenses associated with adapting to climate change and mitigating potential adverse consequences (redesign, enforcement, relocation of facilities, etc.) • increased frequency and scale of adverse weather events that may affect the output and supply of oil and petroleum products • changes in supply seasonality</td>
</tr>
<tr>
<td>Business restrictions stemming from climate initiatives (TCFD: Policy and Legal Risks)¹</td>
<td>• global adoption of the requirements of international and regional climate and environmental initiatives • the Company’s joining climate initiatives and making related commitments • stakeholders’ and external parties’ demands as regards climate and environmental matters • the Company’s involvement in legal disputes over hydrocarbon production impact on climate change</td>
</tr>
</tbody>
</table>

¹ For details on climate risks, see section “Climate action management” of this Report.
<table>
<thead>
<tr>
<th>No.</th>
<th>STRATEGIC THREAT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
</table>
| 7   | Changes in corporate governance standards and regulations | • review/enhancement of requirements for corporate governance and reporting standards (financial, ESG, climate-related, etc.)  
• changes in responsible investment principles and sustainable development goals  
• changes in stakeholder behaviour (shareholders) |
| 8   | HR and social risks                    | • challenges of recruiting and retaining professionals of unique or designated qualifications  
• growing competition in the labour market and turnover rates  
• demographic transition (personnel ageing, changing lifestyle, labour force decline, migration, etc.)  
• lack of an employee education and training system, necessary qualifications or skills  
• reducing social projects and corporate support and education programmes for employees  
• decreasing interaction with the regions of Company operations and local communities |
| 9   | Tighter industry regulation and requirements | • changes in rules and/or actions of governments and regulatory authorities (including in the area of foreign economic and international activity, trade relations, etc.)  
• constraints placed on certain operations, suspension of certain facilities;  
• ban or restrictions on conducting business in certain geographic territories and regions (nature reserves, protected areas, etc.)  
• additional/restrictive conditions imposed when granting licenses  
• establishing/keeping excessive requirements (e.g. on environmental safety) for business |
| 10  | Deterioration of the tax regime        | • negative changes in the tax regime  
• refusal to grant tax cuts, existing tax cuts getting eliminated |
| 11  | Armed conflicts, terrorism, civil disturbance | • general situation with safety in certain regions  
• terrorist threats  
• social unrest  
• aggravation of military and other conflicts |
| 12  | Epidemics and diseases                 | • epidemics, pandemics, diseases, etc.  
• epidemic-related restrictions  
• global outbreak of COVID-19 or another infectious disease |
| 13  | Accidents and environmental damage     | • anthropogenic environmental damage, industrial accidents, oil spills, radioactive contamination, etc.  
• damage and destruction caused to the Company’s properties or assets  
• numerous fatalities or injuries  
• significant damage to the environment  
• man-made (environmental) factors  
• losses resulting from uninsured risks or risks where insurance does not cover the full scale of loss  
• limitations in insurance contracts |
| 14  | Natural disasters (TCFD: Acute Risk)   | • unfavourable and dangerous (extreme) natural phenomena  
• large-scale geophysical disasters, earthquakes, landslides, geomagnetic storms, tsunamis, volcanic activity, etc. |
| 15  | Cyber security                         | • lack of IT reliability and security, cyber security  
• obsolete cyber security infrastructure or measures |
| 16  | Safety of critical facilities          | • lack of asset and infrastructure protection  
• new forms of threats to human and facility safety  
• premeditated actions by third parties  
• misappropriation of energy during transportation  
• transportation and product restrictions by third parties |

The Company’s top management assesses the impact of strategic threats on the Company’s strategic targets. The assessment horizon and the metrics used depend on the way specific targets are set out in Rosneft’s strategy. The procedure involves expert analysis and approaches based on statistical analysis, simulation modelling, expert assessment of the Company’s management, etc. to be used in the process. Based on the obtained results, the response measures to corporate financial and operational risks are developed.

Apart from risks affecting the Company’s long-term goals (strategic risks and threats), the corporate risk management system includes assessment (prioritisation) of corporate financial and operational risks. This is linked to the impact that the risks may have on the Company’s business plan and provides for a wide range of tools (statistical analysis, simulation modelling, expert assessment of the Company’s management, etc.) to be used in the process. Based on the obtained results, response measures to corporate financial and operational risks are developed.

The key financial and operational risks that may affect the achievement of the Company’s business plan goals as regards sustainable development include accidents, injury frequency above the target level, and environmental damage (due to pipeline failures on land and offshore accidents).

In order to ensure continuous development of the Risk Management and Internal Control System and assessment of its quality, the Internal Audit Service evaluates its reliability and efficiency on an annual basis. At least once a year, Rosneft’s Board of Directors reviews matters related to the System’s structure, functioning and efficiency, proposing improvements where necessary. Information on the review results is provided to the Company’s shareholders in the Annual Report.

1 For details on climate risks, see section “Climate action management” of this Report.
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.
Compliance framework

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. The corporate compliance framework 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 37001:2021 Compliance management systems – Requirements with guidance for use, and the ICF Guidelines on Conflicts of Interest in Enterprises. In 2021, Rosneft established the Compliance Committee as a standing collective body responsible for compliance. It comprises top managers that lead the main compliance functional areas. The Committee’s key functions are:

- defining and updating compliance priority areas
- resolving issues related to compliance requirements, prevention of violations and abuse, and settling employee conflicts of interest
- reviewing information on compliance violations and measures taken following audits and internal investigations, as well as information from other sources
- regular monitoring of compliance with the Code of Business and Corporate Ethics
- coordinating a consolidated corporate compliance programme before its approval by the Board of Directors and monitoring its implementation
- approving documents and developing recommendations for internal regulations
- reviewing reports by heads of compliance functional areas, as well as analytics and consolidated reports on the corporate compliance framework
- providing expert opinions and consultations.

Priorities of Rosneft’s compliance framework are approved by the Company’s Council for Business Ethics, with the applicable international anti-corruption laws, Federal anti-corruption laws, industry legislation and internal regulations of the Company with a view to setting high professional and ethical standards. The compliance programme before its approval by the Board of Directors and monitoring its implementation, as well as information from other sources, including expert opinions and consultations, is designed to make sure the Company succeeds in the long run by:

- preventing and minimising compliance risks
- avoiding major financial losses or reputational damage.

The Company’s Policy No. P3–11.03 P-04 version 1.00 on Combating Corporate Fraud and Involvement in Corruption Activities, approved by resolution of Rosneft’s Board of Directors (Minutes No. 21 dated 5 April 2021, enacted by Order of Rosneft No. 224 dated 24 May 2021)
- The Company’s Regulations No. P3–11.03 R-0077 version 2.00 on Managing Conflicts of Interest, approved by Rosneft’s Board

In 2021, the Company updated the following regulations on compliance:

- The Company’s Policy No. P3–11.03 P-04 version 1.00 on Combating Corporate Fraud and Involvement in Corruption Activities, approved by resolution of Rosneft’s Board of Directors (Minutes No. 21 dated 5 April 2021, enacted by Order of Rosneft No. 224 dated 24 May 2021)
- The Company’s Regulations No. P3–11.03 R-0077 version 2.00 on Managing Conflicts of Interest, approved by Rosneft’s Board

Key internal documents governing ethics management and compliance activities

- The Company’s Regulations No. P3–11.03 R-0025 version 4.00 on the Procedure for Verifying Information Received Through the Security Hotline Channels, approved by Order No. 97 dated 3 March 2021
- The Company’s Regulations No. P3–11.03 R-0027 version 4.00 on Coordinating Anti-Fraud and Anti-Corruption Processes, approved by Order No. 49 dated 7 February 2021

In September 2021, the Company held the Code of Business and Corporate Ethics Week. Our employees took part in business games, quizzes and competitions with prizes. For instance, RN-Uvatneftegaz held an express quiz to test the participants’ knowledge of the Code and handed out information materials and themed souvenirs. The Kuibyshev Refinery organised a game dubbed Battle for Values, while the Saratov Refinery held an adventure game Fort Boyard to mark the Code Day.
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. GRI 103–3

Matters related to human rights can also be raised by the Company’s employees directly with Rosneft’s Compliance Committee1 and ethics champions available in most of the Group Subsidiaries.

In 2021, Rosneft published the Code of Suppliers of Goods, Works, and Services in the Area of Human Rights Observance. It defines the basic principles of business ethics and anti-corruption measures, gender equality, prevention of discrimination of any sort, intolerance to any manifestations of modern slavery, etc. The Company encourages its suppliers to share our values and ensure transparent compliance with these principles.

For details on the Code of Suppliers of Goods, Works, and Services in the Area of Human Rights Observance, see the Supplier and contractor relationship management section of this Report.

1 The Compliance Committee took over the powers of the discontinued Council for Business Ethics.

Rosneft recognises the importance and value of fundamental human rights and freedoms and respects them in its operations 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
- the Company’s Policy on Sustainable Development
- the Company’s Public Statement on human rights
- Declaration on Human Rights for Interacting with Suppliers of Goods, Works and Services GRI 103–2

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 addition, 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 also part of a mandatory classroom compliance training course. GRI 412–2

In 2021, the key human rights topics included in training programmes were:
- human rights: approaches, terms and definitions
- civil society and rule of law
- human rights protection
- labour law in foreign countries
- business ethics
- cultural change management
- designing effective social communications

>65 thousand – total number of Rosneft employees who completed training in human rights policies and procedures in 2021

69 security workers completed training in human rights policies and procedures

>942 thousand man-hours – training in human rights policies and procedures in 2021

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. GRI 103–3

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1 The Compliance Committee took over the powers of the discontinued Council for Business Ethics.
COUNTERING CORPORATE FRAUD AND CORRUPTION

The Company has zero tolerance for any form or manifestation of corporate fraud and corruption. The Company’s principles and approaches in the field are defined in the following documents:

- Internal Control Rules for the Prevention, Detection and Suppression of Illegal Use of Insider Information in Rosneft
- Regulations on the Procedure for Exchange of Corporate Gifts and Hospitality, Regulations on the Procedure for Charitable Activities
- Regulations on Sponsor Support, etc. GRI 103–2

Our Security Service has a dedicated unit to coordinate the efforts in countering corporate fraud and corruption, including 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
- implementing the following:
  - monitoring conflicts of interest, etc.
  - updated its employees on typical violations of anti-fraud and anti-corruption rules (including management of conflicts of interest) on a quarterly basis
  - informed relevant units about new anti-corruption regulations and government initiatives
  - assessed the risk of corporate fraud and corruption on a quarterly basis in line with the approved methodology
  - conducted anti-corruption audits of draft internal regulations
  - published the quarterly All About Compliance information bulletin, and distributed the bulletin devoted to the International Anti-Corruption Day to all Rosneft employees on 9 December 2021
  - collected declarations on property and property-related obligations of its officers and employees, as well as their spouses and minor children who are included in the list of persons required to submit such declarations
  - carried out a campaign to collect ethical declarations of the Company’s officers and employees in order to monitor their compliance with restrictions, prohibitions and requirements of anti-corruption laws
  - signed an anti-corruption clause with new hires and employees appointed to new positions

MANAGING CONFLICTS OF INTEREST

As to conflict of interest management, the Company:

- has in place a procedure requiring the participants of the procurement process to disclose any conflicts of interest
- collects 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 Council for Business Ethics
- informs employees about the management of conflicts of interest
- requires new hires and employees appointed to new positions to sign an anti-corruption clause, which forms part of their employment contracts and includes restrictions, prohibitions, and requirements aimed at preventing the conflict of interest

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 2021, Rosneft launched a project to automate the management of conflicts of interest. The Company developed and implemented the Standard Requirements on the Conflict of Interest Commissions at the Group Subsidiaries. The document sets the framework for creating conflict of interest commissions at Group Subsidiaries in line with the Company’s Regulations No P.3-11.03 R-0077 on Managing Conflicts of Interest, including the procedure for the appointment and functioning of a Group Subsidiary conflict of interest commission, rights of its members and secretary, and reporting on its activities. A project was also launched 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.

In 2021, the Company vetted more than 197,900 prospective bidders.
ASSESSING THE COMPLIANCE FRAMEWORK DEVELOPMENT

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 Rosneft’s Internal Audit Service.

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 identifies corporate fraud and corruption cases to its employees as part of fraud and corruption prevention. GRI 102–17

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


The reduction in this indicator was due to improved processing of calls related to combating corruption and corporate fraud.

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

The Code of Business Ethics implementation system relies on ethics champions, whose duties include:

- 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.

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 2021, the Ethics Hotline received 45 queries. The number went down with the development of local ethics management, including in the form of daily meetings with ethics champions and regular mailings of information materials. In 2022, the Company will work on unifying and categorising local regulations to create a comprehensive call classifier for our hotlines. In 2021, we received 45 consultation requests in the field of ethics and provided necessary advice in each case.

Areas of violations

<table>
<thead>
<tr>
<th>AREA</th>
<th>NUMBER OF VIOLATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud/corruption/embezzlement</td>
<td>446</td>
</tr>
<tr>
<td>Ethical standards, labour laws, conflict of interest</td>
<td>136</td>
</tr>
<tr>
<td>Retail sales of petroleum products</td>
<td>91</td>
</tr>
<tr>
<td>Contractor violations</td>
<td>67</td>
</tr>
<tr>
<td>Procurement procedures</td>
<td>46</td>
</tr>
<tr>
<td>Other violations</td>
<td>157</td>
</tr>
</tbody>
</table>

RUB 76.5 mln of damage identified/prevented

RUB 76.5 mln
EMPLOYEE TRAINING IN COMBATING CORPORATE FRAUD AND CORRUPTION, COMPLIANCE AND BUSINESS ETHICS

Rosneft runs ongoing corporate training programmes on countering corporate fraud and corruption, compliance, and business ethics. In 2021, all security personnel completed relevant training courses.

Compliance training included:
- a distance training course on countering corporate fraud and corruption
- dedicated courses for combating corruption in different operational processes of the Company
- Employee training in business ethics took the form of the following courses:
  - Business Ethics Compliance: Combating Corruption
  - Business Ethics Compliance: Countering Fraud
  - Business Ethics Compliance: Corporate Gifts and Hospitality

Training included:
- Employee training in business ethics
- Compliance training included:
  - Systemic Approach to the Compliance Function course read by the Company’s internal coaches
  - Managing Conflicts of Interest course read by the Company’s internal coaches
  - a programme to prepare for the ICA International Diploma in Governance, Risk and Compliance
  - a programme to prepare for the ICA Certificate in Compliance

In 2021, all security personnel completed relevant training programmes.

17.1\textsuperscript{1} thousand employees
completed compliance training programmes

23.4 thousand employees
completed business ethics training programmes

>40.2 thousand retraining
man-courses
were held in compliance, business ethics, combating corporate fraud and corruption, as well as human rights policies and procedures.

APPROACH TO TAXATION

In 2021, 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 actual economic substance of relevant business transactions and activities

The Company’s tax function provides for the development of centralised approaches to all key elements of taxation and their implementation at Group Subsidiaries. The function is led by First Vice President.

Tax risk management is carried out at all levels and stages of the tax function and supervised as part of the company-wide risk management and internal control system (RMI&ICS).

The Company continuously monitors the efficiency of the tax function, develops and streamlines control mechanisms and has engaged independent auditors to confirm the accuracy, in all material respects, of Rosneft’s 2021 IFRS consolidated financial statements, in particular, of the reported tax amounts and other tax data.

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. As at the end of 2021, 28 largest Group Subsidiaries participated in the tax monitoring, including Rosneft (since 2021). The share of tax payments of the Subsidiaries participating in the monitoring in the Group’s total tax payments to the Russian budget is 75%.

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 Company operations.

As the largest Russian taxpayer, Rosneft makes a significant contribution to budget revenues and social and economic development of Russia. The Company operates and pays taxes in 78 Russian regions.

\textsuperscript{1} In 2021, training was prioritised for new hires; the year-on-year change is 47%.
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 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.

### Key stakeholders and interaction highlights in 2021

<table>
<thead>
<tr>
<th>Shareholders and investors</th>
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</thead>
<tbody>
<tr>
<td>Interaction</td>
</tr>
<tr>
<td>• speeches by the CEO at major international investment forums</td>
</tr>
<tr>
<td>• participation in one-on-one and group meetings, including those on ESG matters</td>
</tr>
<tr>
<td>• conference calls involving heads of finance, economics, and operations</td>
</tr>
<tr>
<td>• 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</td>
</tr>
<tr>
<td>• engagement with rating agencies on ESG</td>
</tr>
<tr>
<td><strong>Agenda</strong></td>
</tr>
<tr>
<td>Increase in capitalisation, growth and sustainable development of Rosneft, transparency of operations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government agencies</th>
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<tbody>
<tr>
<td><strong>Agenda</strong></td>
</tr>
<tr>
<td>• cooperation with regional authorities</td>
</tr>
<tr>
<td>• legislative improvement efforts</td>
</tr>
<tr>
<td><strong>Achievements in 2021</strong></td>
</tr>
<tr>
<td>• sustainable regional employment levels</td>
</tr>
<tr>
<td>• development of urban infrastructure</td>
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<table>
<thead>
<tr>
<th>ROSNEFT</th>
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<tbody>
<tr>
<td><strong>Agenda</strong></td>
</tr>
<tr>
<td>• compliance with laws</td>
</tr>
<tr>
<td>• timely tax payments</td>
</tr>
<tr>
<td>• investments in regional development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NGOs</th>
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</table>

| Employees |

| Media |

| Suppliers and contractors |

<table>
<thead>
<tr>
<th>Stakeholders</th>
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<tr>
<td>Suppliers and contractors</td>
</tr>
<tr>
<td><strong>Interacton</strong></td>
</tr>
<tr>
<td>• production operations</td>
</tr>
<tr>
<td>• payment of taxes and other levies to the budget system</td>
</tr>
</tbody>
</table>

| **Agenda** |
| Cooperation with regional authorities |

| **Achievements in 2021** |
| • Company operations in 78 regions |
| • timely payment of taxes and other levies to the budget system of Russian Federation |
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 a pension plan

**Agenda**
- establishing a safe and healthy working environment in the context of the coronavirus spread
- stable and competitive salary, professional growth, social protection
- 68% of employees covered by collective bargaining agreements
- more than 330 thousand employees of Rosneft and Group Subsidiaries covered by personal insurance programmes
- more than 60 thousand employees, members of their families, and retirees received treatment in Russia’s health resorts

**Achievements in 2021**
- large-scale employee vaccination against COVID-19 that helped achieve a high level of herd immunity among the personnel: 95% at Rosneft and 90% across the Group Subsidiaries
- more than 100 million pieces of PPE and 12 million litres of disinfectants and sanitisers purchased for employees
- approximately 793 thousand man-hours of training

**Suppliers and contractors**

**Interaction**
- sustainably 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
- swift response to changes in the competitive environment and supply chains
- improvement of contractors’ competencies, including in terms of occupational health and safety
- organising workshops and round tables for suppliers and contractors

**Agenda**

**Achievements in 2021**
- workshops for SMEs held jointly with SME Corporation
- the Company’s health and safety requirements apply to contractors
- Rosneft developed the Code of Suppliers of Goods, Works, and Services in the Area of Human Rights Observance

Regions of Company operations and local communities

**Interaction**
- round tables and public discussions
- charity and sponsorship programmes
- support of environmental initiatives
- development of infrastructure across the regions of Company operations
- cooperation with associations of professional associations and unions

**Agenda**
- Workplaces, development of local communities, social support.

**Achievements in 2021**
- Supporting regional healthcare systems amid the pandemic: supplying computer tomography scanners, PPE, and providing financial support in the regions for the purchase of medical equipment
- membership in professional associations and unions
- Attention to socially important issues, including sustainable use of natural resources, support of the social and cultural spheres of the public interest. Corporate social responsibility.

**NGOs**

**Interaction**
- Rosneft takes an active part in social, scientific, sport and education development, collaborates with educational, non-profit and non-governmental organisations. 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

**Agenda**
- Attention to socially important issues, including sustainable use of natural resources, support of the social and cultural spheres of the public interest. Corporate social responsibility.

**Achievements in 2021**
- Rosneft is the only Russian oil and gas company to be recognised as a leader in sustainable development under the Global Compact LEAD initiative.
- for the sixth time in a row, Rosneft became one of the leaders of the RSPP Responsibility and Transparency and Sustainability Vector indices
- Rosneft appeared on the “B” list of the RSPP’s Sustainable Development Goals disclosure rating
- The Company took part in the Earth Hour campaign: external lighting was turned off at the Company’s headquarters and at administrative buildings of the Group Subsidiaries
Interaction

- ensuring high transparency of information in accordance with the Company’s Information Policy1
- discussions of topical issues at round table meetings in the regions of Company operations
- 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:

- prudent 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

Agenda

Regular updates with reliable, relevant and complete information.

Achievements in 2021

- more than 450 news items and press releases published on the Company’s website
- the position paper “Rosneft Oil Company: safety is a priority” stressing the Company’s goal of achieving zero fatalities along with position papers on committing to on biodiversity and water conservation, as well as waste management and land remediation presented
- the “Rosneft: contributing to implementation of the UN Sustainable Development Goals” public statement updated
- Rosneft’s Sustainability Report published
- in December 2021, a press breakfast held to celebrate a decade of Rosneft’s research in high latitudes

Media

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1 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
Climate action and carbon management
The Company plans to reach carbon neutrality by reducing GHG emissions, using low-carbon energy, introducing energy-saving tools, developing carbon capture and storage technologies, and tapping into the potential natural CO₂ absorption.

Levers to deliver against the GHG emissions reduction targets

<table>
<thead>
<tr>
<th>LEVER</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Saving Programme</td>
<td>Increasing energy efficiency by saving fuel and energy resources in key areas of production operations</td>
</tr>
<tr>
<td>Gas Investment Programme</td>
<td>Implementation of the APG utilisation programme and plans for achievement of zero routine flaring</td>
</tr>
<tr>
<td>Methane emissions management</td>
<td>Improvement of procedures for accounting, identification and elimination of fugitive methane emissions with the use of innovative technologies, such as drones, ground monitoring systems, laser and thermal imaging scanners, and ultrasonic detectors</td>
</tr>
<tr>
<td>Gas share in the portfolio</td>
<td>Rosneft plans to increase the share of gas to 25% of the Company’s total hydrocarbon output</td>
</tr>
<tr>
<td>Capture and storage projects</td>
<td>Rosneft is assessing the potential of using underground storage facilities in Russia and the Company’s own depleted fields and infrastructure. The Company plans to analyse, develop and pilot technological solutions for capture, chemical neutralisation, transportation and storage of carbon</td>
</tr>
<tr>
<td>Renewable energy sources</td>
<td>The Company is conducting feasibility studies for the use renewable energy sources for power generation at existing facilities and those under construction</td>
</tr>
<tr>
<td>Green energy</td>
<td>The Company is estimating the possibility to procure green energy</td>
</tr>
<tr>
<td>New technologies and products</td>
<td>Reviewing projects for the production of new low-emission products, such as blue hydrogen (optional – green), biofuels, eco-friendly jet fuel, to reduce Rosneft’s Scope 3 footprint¹</td>
</tr>
<tr>
<td>Natural carbon absorption</td>
<td>Tapping into the potential of forest absorption capacity in Russia and developing of forest and carbon management projects to offset GHG emissions²</td>
</tr>
<tr>
<td>Material flow management programme</td>
<td>Loss reduction and downsizing the consumption of hydrocarbons and their products</td>
</tr>
</tbody>
</table>

Rosneft-2030: climate agendas horizons

<table>
<thead>
<tr>
<th>LEVER</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>Reduction of absolute GHG emissions of Scope 1 and 2 by 5% by 2025</td>
</tr>
<tr>
<td>Medium</td>
<td>Reduction of absolute GHG emissions of Scope 1 and 2 by over 25% by 2035</td>
</tr>
<tr>
<td></td>
<td>Reduction of methane emissions intensity to below 0.2% by 2030</td>
</tr>
<tr>
<td></td>
<td>Zero routine flaring of APG by 2030</td>
</tr>
<tr>
<td></td>
<td>Reduction of unit GHG emissions of Scope 1 and 2 in exploration and production to below 20 kg of CO₂ equiv. per boe by 2030 or sooner³</td>
</tr>
<tr>
<td>Long-term</td>
<td>Scope 1 and 2 carbon neutrality by 2050</td>
</tr>
</tbody>
</table>

¹ Blue hydrogen is the hydrogen produced from fossil fuels such as natural gas purified from carbon dioxide using the Carbon Capture and Storage (CCS) technology.
² Green hydrogen is the hydrogen produced by water electrolysis using solar, wind or other renewable energy sources.
³ The reduction of Scope 3 GHG emissions, i.e. all indirect emissions across the Company’s production lifecycle, except for Scope 2 emissions, including consumer emissions.
⁴ Including net emission compensation by purchasing/monetising carbon units.

A global leader in the energy industry, Rosneft has a vast and efficient resource base, holding a strategic position in the global hydrocarbon market. The Company is aware of its responsibility to both meet the global demand and minimise the environmental footprint as part of the energy transition with a view to meeting the goals set by the Paris Agreement.
Carbon management

The Company has the Carbon Management Committee led by the Company’s top manager who reports to the CEO. It consists of the key top managers and heads of structural units whose activities directly impact the achievement of carbon management goals.

The Committee’s main task is to consider matters and make decisions related to the implementation and operation of the planning and forecasting system to manage GHG emissions, including risks associated with the company’s progress towards decarbonisation as part of its strategy. The Committee is also responsible for considering and accounting for climate risks in the context of the global energy transition, including physical risks to production operations and infrastructure in connection with possible climate change adaptation.

In the reporting year, the Committee considered the following:
- assessment of the company’s GHG emissions and identification of risks to the achievement of strategic targets towards GHG emission reduction
- GHG emissions reduction goals to 2035 and management of the company’s long-term carbon development
- progress of the implementation of the best carbon management practices in the Group Subsidiaries

In accordance with the Carbon Management Plan for the period until 2035, the Company will arrange mandatory training on the subject on a permanent basis to cover 100% of the Group’s personnel by 2030.

In 2021, energy savings amounted to 372 thousand tonnes of reference fuel or 10.9 mln GJ, which is 49% above the plan.

For details on energy saving and energy efficiency, see the Energy Saving and Energy Efficiency: Green Energy section under the R&D and Digital Transformation chapter of this Report.
TCFD Policy and Legal Risks / TCFD Reputation Risks

Business restrictions stemming from climate initiatives include:
• adoption of the requirements of international and regional climate and environmental initiatives
• the Company’s joining climate initiatives and making related commitments
• stakeholders’ and external parties’ demands as regards climate and environmental matters
• the Company’s involvement in legal disputes over hydrocarbon production impact on climate change

Adverse impact minimization:
• implementation of the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy
• regular monitoring of the recommendations of international and regional climate and environmental initiatives and other stakeholders
• commitment to the Guiding Principles on Reducing Methane Emissions across the Natural Gas Value Chain initiative of the world’s leading oil and gas companies (since 2019)
• active interaction with stakeholders on ESG agenda. The Company maintains regular communication with investors, including members of the global Climate Action 100+ initiative (over 50 ESG calls with investors held). Due to the disclosure of the Rosneft 2030: Reliable Energy and Global Energy Transition Strategy goals, the Company was able to improve its performance in achieving carbon neutrality based on the Net Zero Company Benchmark assessment of global companies, delivering the best results among the Russian participants. In 2021, Rosneft was the only Russian oil and gas corporation to be recognised as a leader in sustainable development and included in the Global Compact LEAD initiative for its unparalleled commitment to the United Nations Global Compact and its ten principles for responsible business:
• implementation of initiatives to reduce carbon footprint, including through natural CO2 absorption
• protection of the Company’s interests in court, study of climate litigation

TCFD Policy and Legal Risks

• regulation of GHG emission reduction: pollution payments/taxes/charges
• carbon border adjustment
• regulation (standardisation, restriction) of sales of high-carbon goods
• tighter regulation of business sectors contributing to GHG emissions / climate change, etc.

Adverse impact minimization:
• regular monitoring of requirements and recommendations of international and regional regulators and authorised organisations
• active cooperation with state authorities, non-governmental organisations and professional communities in Russia and abroad to make informed climate regulation decisions
• implementation of the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy

TCFD Market Risks

Changes in the structure/volume of energy consumption:
• changes in consumer behaviour
• quantitative change in the nature of global and local energy systems
• products getting squeezed out by cheaper or better quality alternatives
• vehicles electrification, development of higher-efficiency fuel cells
• demographic changes,
• shift of the demand focal point to developing countries

Adverse impact minimization:
• implementation of the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy
• regular monitoring of the market and the requirements and recommendations of authorised organisations
• leveraging internal optimisation tools, including non-derivative financial instruments, searching for alternative sales channels for petroleum products, streamlining logistics
• adoption and regular update of the Innovation Development Programme
• further expansion of the retail network selling motor fuels with improved environmental properties
• development of the compressed natural gas (CNG) sales network. As of the end of 2021, the Company operated a network of 15 CNG units at existing filling stations and five Automobile CNG filling stations in eight regions of Russia.
• expansion of the EV charging infrastructure in cooperation with some of Russia’s largest electric power companies. Rosneft filling stations are equipped with EV charging points.
• feasibility studies for the use renewable energy for power generation at existing facilities and those under construction
• plans for expanding the range of products with a low carbon footprint by reducing emissions across the production chain and increasing GHG emissions absorption under the Company’s forest and carbon management projects in Russia.

TCFD Technology Risks

Energy saving and efficiency:
• energy saving and efficiency incremental energy
• increased efficiency of fuel utilisation in the transport sector (light and heavy vehicles, air and sea transportation)

Adverse impact minimization:
• implementation of the Energy Saving Programme to increase energy efficiency by saving fuel and energy in key areas of production operations
• adoption and regular revision of the Innovation Development Programme development of the compressed natural gas (CNG) sales network. As of the end of 2021, the Company operated a network of 15 CNG units at existing filling stations and five Automobile CNG filling stations across eight regions of Russia.
• EV charging points at Rosneft filling stations. In 2021, the Company signed Cooperation Agreements with Russia’s largest electric power companies for EV charging infrastructure development until 2024.

Promotion of alternative energy:
• accelerated development of alternative energy, including renewables
• incremental construction of renewable energy capacities
• adoption of plans for accelerated transition to renewable energy
• increased share of alternative energy sources in countries’ energy mix
• development of the biofuel industry

Adverse impact minimization:
• adoption and regular revision of the Innovation Development Programme
• implementation of the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy
• EV charging points at Rosneft filling stations. In 2021, the Company signed Cooperation Agreements with Russia’s largest electric power companies for EV charging infrastructure development until 2024.
• reviewing projects for the production of new low-emission products, such as blue hydrogen (optional – green), biofuels, eco-friendly jet fuel, to reduce Rosneft’s Scope 3 emissions
• feasibility studies for the use renewable energy for power generation at existing facilities and those under construction
Overview of climate-related opportunities

TCFD PRODUCTS/SERVICES OPPORTUNITIES

Development and (or) expansion of low-emission offering of products and services
Natural gas production and sales: The Company seeks to increase gas production as the most environmentally friendly fossil fuel, with a view to reducing its carbon footprint and fostering carbon neutrality in Russia and globally. Rosneft keeps full pace with modern global trends, actively increasing the share of gas in its portfolio, with a strategic goal to reach 25% of gas in the total hydrocarbon output.

• development and (or) expansion of low-emission offering of products and services
• opportunities for business diversification
• changing consumer preferences

CNG retail sales: The use of compressed natural gas (CNG) as motor fuel helps consumers improve vehicle efficiency by cutting transportation costs and significantly reduce the negative environmental impact of road transport. The Company’s retail business continues to develop sales of eco-friendly and cost-effective gas motor fuel, acting in line with the government’s fuel market development priorities. Together with the commissioned facilities, the Company operates five Automobile CNG filling stations and 15 multi-fuel filling stations equipped with compressed natural gas (CNG) units in eight regions (the Voronezh, Ulyanovsk, Saratov, Orenburg regions, the Stavropol Territory, and the republics of Ingushetia, Udmurtia and Mordovia). Natural gas is the most eco-friendly of hydrocarbon fuels for internal combustion engines. It contains no sulphur, benzene or aromatic compounds, significantly contributing to the reduction of pollutant emissions (CO, NOx) in car exhausts.

• development and (or) expansion of low-emission offering of products and services
• opportunities for business diversification
• changing consumer preferences

Improved motor fuels. Low-sulphur marine fuel: As an environmentally responsible company, Rosneft consistently implements key green initiatives, steadily improving and expanding the development and production of advanced petroleum products and new fuels with enhanced environmental properties. The Company also expands the sales geography of Euro-6 and AI-100 gasolines, implements its targeted Pulsar-branded fuel sales programme and plans to ramp-up production of its low-sulphur marine fuel RMLS 40. The Syzran Refinery and VNII NP Research Institute (parts of the Group) developed and launched a new technology to produce RMLS 40 marine fuel (EI type) with sulphur content below 0.1%. The production technology of new marine fuel relies on the RN-5251 catalyst made by RN-Kat’s, a Rosneft subsidiary. Greener motor oils: The Company’s fuels are low on SAPS content, which helps reduce fuel consumption and make exhaust gases less toxic.

• development and (or) expansion of low-emission offering of products and services
• opportunities for business diversification
• changing consumer preferences

EV charging stations: The Company is installing EV charging points at its filling stations in line with demand forecasts and EV market evolution, with EV charging stations in place at retail sites in the Moscow, Leningrad and Tver regions, as well as the Krasnodar Territory.

• development and (or) expansion of low-emission offering of products and services
• opportunities for business diversification
• changing consumer preferences

TCFD RESOURCE EFFICIENCY OPPORTUNITIES

APG utilisation: The Company is implementing the Gas Investment Programme to reduce APG flaring to below 5% in line with the target set forth by the Russian Government based on a comprehensive approach to field development, envisaging the construction of infrastructure to collect, use and supply gas to consumers or reinject it back into formation. In 2021, the Company completed the construction of 22 APG utilisation facilities. The Gas Investment Programme is aimed at an advanced APG utilisation due to the construction of gas transportation infrastructure and gas compressors to: 1) enable the supply of stripped dry gas to Gazprom’s transportation system and Sibur Holding’s gas processing plants; 2) construct gas collecting and transportation networks and gas injection stations for pumping; 3) construct gas collecting capacities from interfield pipelines to collect and deliver gas to consumers; 4) construct gas compressors for final separation at refining facilities; 5) construct gas purifiers; 6) construct own generating capacities; 7) use gas for the Company’s oil treatment needs.

Raising efficiency of production and transportation
Enhanced oil recovery due to APG and prevention of methane emissions: In 2021, the Company completed the construction of 22 APG utilisation facilities. The most important ones include:
• a complex of facilities for injecting APG into the reservoir at Vostsibneftegaz’s Yurubchechenskoye field with accelerated commissioning of compressor units; a total of 14 bln. cu. m of APG was re-injected in 2021
• commissioning of RN-Krasnodarneftegaz’s Smolenskaya compact gas treatment unit which made it possible to deliver APG from the key group of fields to consumers and to reach a 95% APG utilisation rate across the facility
• a complex of facilities for injecting APG into the reservoir at Taas-Yuryakh Neftegazodobytskoye Srednebotobinskoye field. Since September 2021, one gas compressor unit has been launched to operate in the injection mode. A total of 306 mln. cu. m of gas was injected in 2021

TCFD Resource Efficiency Opportunities
Energy efficiency and energy saving: Higher energy efficiency offers an opportunity to increase business margins, while contributing to climate action. Rosneft carries on with its Energy Saving Programme, with 0.4 mln. tonnes of reference fuel of fuel and energy saved in 2021.

Objectives as part of energy efficiency improvement:
• increasing the efficiency of the fuel and energy use given the stated hydrocarbons production, refining and sales targets
• unlocking the potential of energy saving and energy efficiency improvement
• development of economically justified energy saving measures based on the cost of energy, equipment and technologies, including innovations, and on government policies stimulating energy efficiency; implementation of targeted energy saving and other associated initiatives as part of the Group Subsidiaries’ activities in production, refining, petrochemicals, marketing and distribution, and service delivery; achievement of fuel and energy saving targets
• implementation of organisational initiatives aimed at establishing an energy efficiency management framework with annual updates to the Energy Saving Programme to cover newly developed measures and exclude economically inefficient ones

The Company is actively embracing circular economy principles.

According to the Rosneft 2030: Reliable Energy and Global Energy Transition Strategy, oil- contaminated waste will be fully recycled, the legacy contaminated land will be remediated and the circular economy principles will be actively embraced.
Rosneft is committed to UN Sustainable Development Goals. In its efforts to combat climate change, the Company places a big focus on global energy development scenarios. Rosneft regularly monitors and assesses risks and opportunities linked to the transformation of the global economy and energy transition in the context of climate change.

Part of that effort is the development of scenarios charting the long-term development of the economy and the energy industry. The Company’s long-term scenario forecast for the development of the global economy and energy industry formed the basis for the Rosneft-2030 Strategy and the Carbon Management Plan until 2035. The forecast was approved for use in strategic management and at the Company’s business units.

Given the outlook for energy markets and product demand, the Company reduces CO2 emissions in line with its Rosneft-2030 Strategy and continues to grow its gas production while improving the quality and range of its products, expanding its sales geography, and marketing more environmentally friendly products.

The “Below 2 °C” Scenario is based on regulatory documents. It provides for the global energy developing along the pathway when CO2 emissions from fossil fuels reduce to the extent that ensures meeting the goals of the Paris Agreement to keep the global temperature rise to 1.8 degrees Celsius above pre-industrial levels.

The low-carbon NDCs’ scenario is based on regulatory documents. It differs from the evolutionary scenario by taking into account the commitments made in the Nationally Determined Contributions (NDCs) to meet the goals of the Paris Agreement, as well as long-term decarbonisation strategies and official statements on net zero targets made at COP262 in 2021. Implementing new, more ambitious climate frameworks is estimated to keep the global temperature rise to 1.8 degrees Celsius above pre-industrial levels.

The Evolutionary Scenario is based on the analysis of the established retrospective fundamental patterns and provides an outlook for the evolutionary development of the global economy and global energy taking into account the impact the technological progress, globalisation trends, and climate policies.

Acquiring the outlook for energy markets and product demand, the Company reduces CO2 emissions in line with its Rosneft-2030 Strategy and continues to grow its gas production while improving the quality and range of its products, expanding its sales geography, and marketing more environmentally friendly products.


Rosneft’s total Scope 3 emissions associated with the use of sold petroleum products which were manufactured by Rosneft’s Russian and foreign assets stood at 283 mln of CO2 equiv in 2021 (280 mln of CO2 equiv in 2020)1. Methane emissions amounted to 122.5 thousand tonnes, including fugitive emissions of 83.3 thousand tonnes.

Rosneft continues to disclose Scope 3 emissions in line with the GHG Protocol (2017), developed by the World Resources 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 beyond the Company’s direct control. Rosneft’s Scope 3 emissions reporting is primarily based on the guidance of Category 11 (Use of Sold Products) using the IPIECA/API guidance, which includes the estimate of direct and indirect emissions of final products. Rosneft sets substantial volumes of crude oil and gas as feedstock to third parties. Such third parties may also subsequently report Scope 3 emissions from products derived from these feedstocks, which can potentially result in 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 emission factors commonly referred to by the industry and excludes estimated emissions from petroleum products that are utilised in its own operations, as these are recognised in its Scope 1 reporting. The Company applies internationally accepted percentages to produce calculations and exclude emissions from non-fuel uses. In incorporating the IPIECA/API guidance, estimated Scope 3 emissions from Category 4 (Upstream Transportation and Distribution), Category 9 (Downstream Transportation and Distribution) and Category 10 (Processing of Sold Products) are excluded to avoid potential double counting within the Company, as the majority of these Scope 3 emissions are expected to belong to Category 11 (Use of Sold Products).

Rosneft’s total Scope 3 emissions associated with the use of sold petroleum products (as reported above) together with the estimated Scope 3 emissions from oil and gas feedstock use 68.4 mln of CO2-equiv. in 2021 (68.7 mln of CO2-equiv. in 2020) as updated.

Rosneft’s total Scope 3 emissions associated with the use of sold petroleum products (as reported above) together with the estimated Scope 3 emissions from oil and gas feedstock use 68.4 mln of CO2-equiv. in 2021 (68.7 mln of CO2-equiv. in 2020) as updated. 1 NDCs (Nationally Determined Contributions) embody efforts by each country to reduce national GHG emissions and adapt to the impacts of climate change in pursuance of the Paris Agreement.

2 An agreement under the United Nations Framework Convention on Climate Change, adopted on 12 December 2015 and regulating CO2 emission reduction measures.

3 The 26th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change held in Glasgow in November 2021.

ACHIEVING CLIMATE GOALS IN 2021

Rosneft is one of the top priorities of Rosneft’s activities. As part of these efforts, the Company implements:

- the Gas Investment Programme to increase the rational use of associated petroleum gas
- the Energy Saving Programme that is expected to deliver prevention of GHG emissions in the amount of more than 8 mln of CO2 equiv in 2018-2022

The Company discloses data on greenhouse gas emissions, which is in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In 2021, GHG emissions from the Company’s operations totaled 72.7 mln of CO2 eq, which is 10% lower year-on-year. Direct GHG emissions of Rosneft (Scope 1) accounted for 54.2 mln of CO2-equiv, while indirect emissions (Scope 2) associated with procurement of electricity and heat energy stood at 18.5 mln of CO2-equiv.1 We were able to reduce these metrics against 2020 through lowering emissions from combustion and flaring, shrinking our indirect emissions and making changes to the Company’s perimeter.


The Company notes that Scope 3 emissions are estimated values for indirect emissions, that are beyond the Company’s direct control. Rosneft’s Scope 3 emissions reporting is primarily based on the guidance of Category 11 (Use of Sold Products) using the IPIECA/API guidance, which includes the estimate of direct and indirect emissions of final products. Rosneft sets substantial volumes of crude oil and gas as feedstock to third parties. Such third parties may also subsequently report Scope 3 emissions from products derived from these feedstocks, which can potentially result in double counting across the industry (i.e. with emissions reported by both the buyer and the seller).
Some of the climate action projects implemented across the Group Subsidiaries in 2021

PROJECTS UNDER THE GAS INVESTMENT PROGRAMME

Vostsibneftegaz
An APG reinjection facility at the Yurubchensko-Tikhomorskoye field. The gas reinjection volume in 2021 came in at around 1.4 bln cub. m

Taas-Yuryakh Neftegazodobychnaya
An APG reinjection facility at the Srednebotuobinskoye field. The gas reinjection volume in 2021 came in at 306 mln cub. m

RN-Krasnodarneftegaz
The commissioning of the Smolenskaya compact gas treatment unit made it possible to deliver APG from the key group of fields to consumers and to reach a 95% APG utilisation rate across the facility

PROJECTS UNDER THE ENERGY SAVING PROGRAMME

Bashneft
The economic effect totalled RUB 1.2 bln.
Highlights:
• deployment of energy efficient equipment at oil production facilities and optimising process equipment operation
• transition of wells with a low flow rate to intermittent operation
• transition of a heating system servicing phenol lines to steam condensate
• overhaul of the lighting and steam supply systems, transition of the cooling system of propane compressor to recycled water

Samotlorneftegaz
The economic effect exceeded RUB 800 mln.
Highlights:
• installation of high-voltage submersible electric motors, electric submersible pumps and transformers with higher energy efficiency
• streamlining the operation of pumping fleet at ten surface facilities

Orenburgneft
The economic effect totalled RUB 176 mln.
Highlights:
• well interventions with a reduction in produced water
• upgrade of the gas treatment unit and commissioning of a new improved pump at the pumping station

RN-Uvatneftegaz
The economic effect exceeded RUB 100 mln.
Highlights:
• deployment of submersible pumps with enhanced efficiency and energy efficient transformers
• use of cable lines with a larger cross-sectional area

Samaraneftegaz
The economic effect exceeded RUB 160 mln.
Highlights:
• installation of high-voltage electric motors and energy efficient transformers at artificial lift wells
• deployment of a variable-frequency drive for pumps at surface infrastructure facilities

Kuibyshev Refinery
The economic effect exceeded RUB 90 mln.
Highlights:
• upgrade of heat exchangers at crude oil distillation units and furnace cleaning
• installation of new condensate units

Direct GHG emissions, thousand tonnes

GRI 305-1 UNCTAD B.3.1

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon dioxide (CO₂)</td>
<td>56,035</td>
<td>57,467</td>
<td>51,141</td>
</tr>
<tr>
<td>Methane (CH₄)</td>
<td>134</td>
<td>134</td>
<td>122.5</td>
</tr>
</tbody>
</table>

GHG emissions, t CO₂-equiv. / t reference fuel

GRI 305-4

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream (including oilfield services)</td>
<td>0.140</td>
<td>0.155</td>
<td>0.147</td>
</tr>
<tr>
<td>Oil refining, petrochemicals and petroleum products sales</td>
<td>0.120</td>
<td>0.126</td>
<td>0.115</td>
</tr>
</tbody>
</table>

Reducing greenhouse gas emissions through the deployment of a new boiler house

In September 2021, Rosneft launched commercial operation of a new boiler house with a thermal capacity of 20.8 MW in Krasnoufimsk, Sverdlovsk Region. In total, the region saw the Company commission ten gas boilers in 2021. Transition from coal to gas reduces CO₂ emissions almost by a factor of two and significantly improves the environmental quality. The heating season of 2020/2021 saw pollutant emissions plummet by over 90% following the upgrade of boilers.
Paris Climate Agreement

Rosneft contributes to fulfilling the commitments made by the Russian Federation under the Paris Agreement and actively engages with all stakeholders to work towards mitigating climate change risks and climate change adaptation. The Company continues to improve its carbon reporting system in accordance with the 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 align with the principles of the UN Global Compact. 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 hold global average temperature increase to “well below 2 °C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels”, as well as achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century. The Paris Agreement is adopted by 193 countries, including Russia.

Stakeholder Engagement on the Climate Agenda

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

In 2021, the Company proactively cooperated with the government and expert community on developing new carbon regulations in Russia, including Federal Law No. 296-FZ On Limiting Greenhouse Gas Emissions of July 2021 and Federal Law No. 34-FZ On Conducting an Experiment to Limit Greenhouse Gas Emissions in Certain Constituent Entities of the Russian Federation adopted in March 2022. Rosneft participates in the work of interdepartmental advisory and coordinating bodies set up to resolve climate issues, including:

- Interdepartmental Working Group on Economic Aspects of Environmental Protection and Regulation of Greenhouse Gas Emissions under the Russian Ministry of Economic Development
- Working Group on Climate Projects under the Russian Ministry of Natural Resources and Environment

In 2020, Rosneft joined the Methane Guiding Principles (MGP) 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 governing this initiative are as follows:

- 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

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 governing this initiative are as follows:

- 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

The Company has developed a Plan for Detecting and Repairing Methane Leaks. In 2021, Rosneft continued efforts to assess the viability and implementability of special technical devices at the Company’s facilities for monitoring methane emission sources as part of the Carbon Management Plan until 2035.

In the reporting year, the Company expanded the geography of its drones (UAVs) with laser scanners and video cameras to detect methane leaks at its key gas and oil treatment and transportation facilities.

Ten Group Subsidiaries used UAVs to detect methane emission sources in 2021, including RN-Yuganskneftegaz, RN-Krasnodarneftegaz and Samotlorneftegaz. They inspected over 600 facilities with a total area of 57 sq km and gas pipelines with a total length of approximately 3,300 km. In 2022, UAV surveys are scheduled to take place at 17 Group Subsidiaries.

In 2021, seven Exploration and Production subsidiaries inspected methane emission sources using ground monitoring systems. In total, they surveyed over 300 facilities.

Ground monitoring tools and techniques used for detecting methane emissions at production sites have proved more efficient compared to UAVs, as they can be deployed in immediate proximity to the target facility and help identify and eliminate even the most insignificant deviations.

In 2022, the Company plans to expand the use of ground monitoring techniques to 22 Exploration and Production subsidiaries.
Gas production

The development of the Company’s gas business is in line with the global trend of increasing the use of natural gas as a fuel with lower greenhouse gas emissions. One of the Company’s strategic goals is to increase the share of gas in total hydrocarbon production to 25%. To that end, the Company has set the following objectives:

- Enhancing the use of technologically advanced solutions
- Improving the economic efficiency of gas sales in the Russian Federation, including through the timely implementation of projects

APG utilisation

One of the climate goals of the Rosneft-2030 Strategy is reaching zero routine flaring by 2030.

In 2021, the Company undertook to achieve zero routine flaring of APG by 2030 in line with the World Bank’s initiative.

In 2021, Rosneft continued to implement its Gas Investment Programme. In the reporting period, the Company completed the construction of 22 facilities designed to improve the associated petroleum gas (APG) utilisation rate, including:

- APG reinjection facilities at Vostsibneftegaz’s Yurubcheno-Tokhomskoye field, accelerated commissioning of compressor units.
- The reinjection volume in 2021 came in at around 1.4 bln cub. m.
- Reinjection facilities at Taas-Yuryakh Neftegazodobyka’s Srednebotuobinskoye field. The reinjection volume in 2021 came in at 306 mln cub. m.
- Commissioning of the Smolenskaya compact gas treatment unit at RN-Krasnodarneftegaz made it possible to deliver APG from the key group of fields to consumers and to reach a 95% APG utilisation rate across the facility.
- APG gathering, treatment and transport facilities at Bashneft-Dobycha, Orenburgneft, Verkhnechonskneftegaz, and RN-Yuganskneftegaz. In 2021, the volume of APG utilised across Rosneft amounted to 28.3 bln cub. m (including gas used for liquid hydrocarbon production). The APG utilisation rate at mature assets in the reporting year amounted to 94%.

In 2021, Rosneft has adopted a comprehensive approach to greenfield development, which embraces initiatives to improve APG utilisation rates at the stage of preparing design documents for field operation.

RUB 16.8 bln invested in the construction of gas infrastructure facilities to improve the APG utilisation rate in 2021.

APG utilisation in Group Subsidiaries

<table>
<thead>
<tr>
<th>GROUP SUBSIDIARIES</th>
<th>APG UTILISATION RATE, %</th>
<th>ACHIEVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>RN-Purneftegaz</td>
<td>98.9</td>
<td>Through supplies to a gas processing plant and consumers via Gazprom’s gas transportation system</td>
</tr>
<tr>
<td>Kharumpurneftegaz</td>
<td>96.9</td>
<td>Through supplies to a gas processing plant</td>
</tr>
<tr>
<td>Vankorneft</td>
<td>96.9</td>
<td>Through supplies to consumers via Gazprom’s gas transportation system</td>
</tr>
<tr>
<td>RN-Krasnodarneftegaz</td>
<td>97.1</td>
<td>Through creation of infrastructure for capturing and delivering gas to consumers via Gazprom’s gas transportation system and to regional consumers via regional gas consumption networks</td>
</tr>
<tr>
<td>Bashneft-Dobycha</td>
<td>97.0</td>
<td>Through supplies to gas processing plants and for its own APG needs, including for power generation</td>
</tr>
<tr>
<td>Samotlorneftegaz</td>
<td>98.9</td>
<td>Through supplies to gas processing plants</td>
</tr>
</tbody>
</table>

The Company is committed to achieving zero routine flaring of APG by 2030. In addition to the accelerated delivery of the Gas Investment Programme, the Company is considering additional APG utilisation options for greenfield assets to match best global practices.
Preserving the environment for future generations
MANAGING ENVIRONMENTAL IMPACTS

In line with its commitments as a UN Global Compact participant, in its activities Rosneft is guided by the UN Sustainable Development Goals (SDGs), and contributes to the SDG achievement. Aware of its responsibility and the importance of environmental protection, Rosneft, in line with a resolution of its Board of Directors and within its focus areas, contributes to delivering against the following priority SDGs:

- SDG 3 Good health and well-being
- SDG 6 Clean water and sanitation
- SDG 7 Affordable and clean energy
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 13 Climate action
- SDG 14 Life below water
- SDG 15 Life on land
- SDG 17 Partnerships for the goals

The Company helps achieve the above SDGs both as part of its core operations and by supporting and engaging in various projects and initiatives aimed at improving the quality of life in the regions of Company operations, developing healthcare, science, education and culture, and promoting environmental protection. Rosneft works to use natural resources sustainably by constantly identifying, assessing and avoiding potential environmental impacts, or by minimising these impacts. The Company also develops cooperation with all stakeholders, including local communities, state authorities at various levels, partners and non-governmental and scientific organisations to identify and develop the most effective solutions.

The key components of the Company’s long-term environmental agenda are the Rosneft-2030 Strategy and the Environmental Development Concept until 2035, supported by the 2025 Environmental Efficiency Improvement Programme, which alongside the Carbon Management Plan for the period until 2035 serves as a tool to deliver against the Company’s long-term targets and the UN SDGs.

In line with Rosneft’s environmental targets for the period until 2035, the Company will be working to:

- minimise its impact on the environment, including by implementing best available technologies and this way delivering improvements in the efficiency of waste management, wastewater treatment, land remediation and emissions management
- introduce the principles of circular economy
- protect and preserve ecosystems and biodiversity

The Company regularly assesses its progress against environmental performance indicators set in 2020, including analysis of macroeconomic and other factors. Also, as part of the existing procedures, Rosneft engages in multilevel monitoring of programmes and activities that have an impact on said progress, with the results submitted to the Company’s senior management to make timely and informed management decisions. GRI 103-3

The Company continues to progress its 2025 Environmental Efficiency Improvement Programme across four main focus areas: APG flaring reduction; raising the efficiency of water management; improving waste management and remediation efforts as well as eliminating environmental impacts caused by third parties. The programme consists of an annual activity set across all the Group Subsidiaries.

Environmental indicators have been integrated into the Company’s management system and included in the KPIs of top managers and middle managers.

The Company operates 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 stage of the lifecycle, systematic monitoring of all activities takes place across all regions of the Company’s operations to ensure compliance with Russia’s applicable federal and regional laws on environmental protection. These monitoring activities include operational environmental controls.
such as monitoring of air emissions, wastewater discharges, underground and ground water quality and soil contamination.

A special focus area is management of contractors, to that end, the Company develops, unifies, standardises, and implements requirements to their activities. When carrying out procurement procedures related to environmental work or services, the Company applies specific standard qualification and procurement requirements that include availability of all the required permits, licences, rights to use technology, and approval certificates in accordance with Russian legislation or applicable laws, availability of trained personnel with relevant experience, and materials, supplies and equipment as needed.

The environmental management system is part of the Group-wide Health, Safety and Environmental Integrated Management System (HSE IMS) and is aligned with ISO 14001:2015 Environmental Management System standard.

Rosneft and 109 Group Subsidiaries are certified against the requirements of the ISO 14001:2015 Environmental Management System standard.

In 2021, a total of 109 Group Subsidiaries completed certification (including 76 as part of the umbrella Rosneft certificate and 33 as part of independent certification). Importantly, Group-wide requirements of the HSE IMS, aligned with ISO 14001:2015, apply to all the Group Subsidiaries and their personnel, irrespective of certification, as well as to employees of contractors operating at all corporate sites.

Environmental protection is an integral part of Rosneft’s corporate culture. As part of its ambition to become a global leader in minimising its environmental footprint, the Company prioritises environmental safety and responsible use, preservation and replenishment of natural resources across all of its activities.

When implementing operational processes, Rosneft is guided by the principles of sustainable use of natural resources as well as reducing the level of environmental impact. These principles are enshrined in the Company’s Policy on Health, Safety and Environment. This is a fundamental document that conveys the Company’s position in this domain.

Rosneft actively cooperates with state authorities, including as part of public discussion and regulatory impact assessment procedures relating to drafting environmental regulations. In 2021, the Company prepared proposals on a number of important draft regulations, such as:

- a draft federal law amending certain laws of the Russian Federation relating to ensuring fulfilment of obligations by owners of industrial infrastructure facilities as regards elimination of negative environmental impact;

Rosneft pays particular attention to public hearings during project execution.

The Company consistently reviews and responds to environmental requests from stakeholders. In 2021, the Company received and responded to 189 environmental requests.

For details on the environmental impact management system, see the Risk management in HSE section of this Report.

8th Corporate Congress of Ecologists

In December 2021, Rosneft held its 8th Corporate Congress of Ecologists. The event brought together top managers of the Company, department directors and environmental management specialists of the Company and across more than 200 subsidiaries.

The Congress focused on environmental progress against the Rosneft-2022 Strategy and on the Company’s 2035 Environmental Vision, which combines three priority areas: carbon management, biodiversity conservation, and environmental protection.

Global energy transition and circular economy were also among key issues. The participants took note of Rosneft’s achievements in implementing the Global Methane Initiative, and detecting and eliminating methane leakages. The Congress also discussed using natural reservoirs for carbon adsorption.

Of practical importance were reports delivered by the legal unit of the Company’s Head Office on changes in environmental legislation and the risks of legal precedents in this area.

In July 2021, Novokuibyshevsk Oil Refinery and Samara State Technical University signed an agreement on a joint environmental programme aimed at reducing the anthropogenic impact on the environment by preserving and developing vegetation, encouraging monitoring and raising the environmental awareness.

Through the combined efforts of the academia and students majoring in environmental protection, Novokuibyshevsk Oil Refinery plans to adopt an integrated approach to addressing environmental issues in the Samara Region while also making the community more aware of their environmental responsibility.

Rosneft joins the Caspian Environmental Protection Initiative (CEPI)

In 2021, Rosneft joined the Caspian Environmental Protection Initiative (CEPI), which was announced by the CEPI Organisational Committee at its meeting in December 2021.

The initiative was established by companies operating in the region, including SOCAR (Azerbaijan), KazMunayGas (Kazakhstan), etc. The CEPI mission is to mobilise oil and gas companies operating in the Caspian region to address environmental and economic challenges caused by climate change.
Environmental investments

Every year, the Company allocates considerable resources to its long-term capital construction projects that have a material impact in terms of environmental protection or are designed to protect the environment. In 2019–2021, green investments exceeded RUB 150 bln and targeted APG flaring, pipeline reliability, wastewater treatment and waste management efficiency, land remediation, and other activities.

In 2021, the Company continued to implement key investment projects aimed at minimising operational environmental impacts, and employed ongoing measures to improve its waste management and remediation of contaminated land. Total environmental expenditure increased by 13.4% compared to 2020.

Environmental investments in 2019–2021, RUB mln

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green investments, RUB mln</strong>, including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for capital construction of facilities related to environmental fixed assets</td>
<td>51,708.5</td>
<td>44,343.4</td>
<td>54,735.3</td>
</tr>
<tr>
<td>environmental expenses during construction (waste management, land remediation and development of environmental protection documents)</td>
<td>6,190.1</td>
<td>4,184.8</td>
<td>6,316.7</td>
</tr>
<tr>
<td>related environmental investments (increasing APG utilisation, improving pipeline safety, enhancing energy efficiency, etc.)</td>
<td>41,274.3</td>
<td>33,495.6</td>
<td>42,215.3</td>
</tr>
</tbody>
</table>

Operating expenses related to environmental protection in 2019–2021, RUB mln

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating environmental protection expenses (OPEX)</td>
<td>29,244</td>
<td>31,428</td>
<td>31,177</td>
</tr>
<tr>
<td>Payments to budgets of all levels related to environmental protection and environmental management, including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payments for environmental impact</td>
<td>4,338</td>
<td>3,894</td>
<td>5,192</td>
</tr>
<tr>
<td>compensation for environmental damage</td>
<td>1,348</td>
<td>1,427</td>
<td>1,340</td>
</tr>
<tr>
<td>Non-financial sanctions, number of cases</td>
<td>1,296</td>
<td>931</td>
<td>1,203</td>
</tr>
</tbody>
</table>

Biodiversity conservation

Rosneft is committed to protecting the environment and maintaining biological diversity across its footprint. The Company’s 2035 Environmental Vision sets out Rosneft’s key biodiversity conservation principles.

The Company complies with the environmental legislation of the Russian Federation and the regions where it operates and conducts business subject to reviews and approvals of authorised bodies, including a positive state environmental review and public support.

Biodiversity conservation measures:

- Environmental impact assessment prior to project implementation
- Impact mitigation activities
- Ecosystem monitoring and comprehensive field research
- Development of biodiversity conservation programmes
- Roll-out of action plans for emergency animal rescue

Biodiversity conservation principles

- The Company will make every effort to avoid any activities or any negative impact on protected natural areas (categories 1a and 1b according to The International Union for Conservation of Nature (IUCN) classification) and UNESCO World Heritage Sites, when planning new projects in the regions where it operates.
- All new projects will be planned to eliminate any adverse impact on sensitive ecosystems, biodiversity or critical components of any natural ecosystem. This will be achieved by using the best available technologies (BAT), ongoing monitoring, and comparative analysis with research-based key parameters.
- Future initiatives should adhere to the principle of net positive impact on biodiversity in line with IUCN best practice guidelines.
At Rosneft, all planned operations undergo evaluation for possible impact on the environment, with measures developed and put in place to mitigate any potential negative effect.

The Company takes into account the best Russian and international practices, including biodiversity conservation.

Environmental control and monitoring is conducted throughout the project life cycle to assess the effectiveness and adequacy of protection measures.

During project implementation, employees and contractors of Rosneft are bound by the Company’s restrictions, including ban on hunting and fishing.

Rosneft pays special attention to personnel training and professional development. As part of this effort, the Company builds employee competencies and skills for offshore work, including training on the protection, rescue and rehabilitation of birds and marine mammals.

The Company engages leading experts and holds workshops for interaction and experience sharing.

Environmental protection includes measures to prevent and reduce the impact on the environment, with the Company paying special attention to animal rescue guidelines.

Emergency Animal rescue, which includes measures to prevent emergencies, response procedures, and animal rescue guidelines, is conducted throughout the project life cycle.

Studies and monitoring of protected species of animals and birds

Some 160 of the Company’s sites are located in close proximity to protected areas or in their buffer zones, including 55 in the marine environment. Rosneft has put in place comprehensive measures to prevent and reduce the negative impact on such areas.

The Company has developed and implemented an Action Plan for Emergency Animal rescue, which includes measures to prevent emergencies, response procedures, and animal rescue guidelines.

The following activities were carried out using remote immobilisation:

- morphometric measurements
- weighing
- blood and wool sampling for genetic, biochemical and toxicological analyses
- placing collars with satellite transmitters

Census of polar bears on the island conducted

The following activities were carried out using remote immobilisation:

- establishing the size, sex, and age of the population
- determining the migration status of the Taimyrken Evenk deer population in the Byrranga Mountains of the Taimyr Peninsula updated. This work included:
  - establishing the size, sex, and age of the population

Census of polar bears along the coast of the Barents and Kara Seas completed

Daily stationary monitoring of the distribution, approaches and behaviour of polar bears carried out

Severtsov Institute of Ecology and Evolution, Russian Academy of Sciences

Census of polar bears along the coast of the Barents and Kara Seas completed

Daily stationary monitoring of the distribution, approaches and behaviour of polar bears carried out

Severtsov Institute of Ecology and Evolution, Russian Academy of Sciences

The following work has been carried out:

- detailed mapping of known walrus rookeries
- new rookery sites described
- a one-time full-scale census of walruses carried out using drones

Wintering and hibernation of walruses

Census of wintering walruses completed

Pelagia Institute of Marine and Arctic Biology, Far Eastern Branch, Russian Academy of Sciences

A reindeer capacity assessment of Taimyr pastures conducted

Siberian Federal University

The migration status of the Taimyrken Evenk deer population in the Byrranga Mountains of the Taimyr Peninsula updated. This work included:

- establishing the size, sex, and age of the population

Studies of biological samples of ivory gulls collected during the 2020 expedition. Development of analytical report. Additional field studies of the ivory gull population are planned for 2022.

Arctic and Antarctic Research Institute

For details on Rosneft’s Programme to Study Key Types of Arctic Ecosystems, please see our website.

For details on the Company’s approach to environmental impact management, see Rosneft’s ESG Policy.

Studies and monitoring of protected species of animals and birds

GRI 103-2

Under the 2020 Agreement on Cooperation with the Ministry of Natural Resources of Russia to implement the federal Conservation of Biological Diversity and Ecological Tourism Development project as part of The National Project “Ecology”, the Company continued major activities to assess the stability of Arctic ecosystems. The effort is part of the Programme to Study Changes in the State of Key Indicator Species, including polar bear, Atlantic walrus, wild reindeer, and white gull, a rare gull listed in the Red Book of the Russian Federation.

RUB 114.8 mln was spent in activities related to the national Environment project in 2021.

<table>
<thead>
<tr>
<th>TYPE</th>
<th>TERRITORY</th>
<th>ACTIVITIES</th>
<th>PARTNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polar Bear</td>
<td>Alexandra Land, an island in Franz Josef Land Archipelago</td>
<td>Census of polar bears on the island conducted</td>
<td>Severtsov Institute of Ecology and Evolution, Russian Academy of Sciences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The following activities were carried out using remote immobilisation:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- morphometric measurements</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- weighing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- blood and wool sampling for genetic, biochemical and toxicological analyses</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- placing collars with satellite transmitters</td>
<td></td>
</tr>
<tr>
<td>Atlantic subspecies of the walrus</td>
<td>Islands of the Franz Josef Land Archipelago in the Barents Sea (34 islands)</td>
<td>Census of polar bears along the coast of the Barents and Kara Seas completed</td>
<td>Severtsov Institute of Ecology and Evolution, Russian Academy of Sciences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Daily stationary monitoring of the distribution, approaches and behaviour of polar bears carried out</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collars with satellite transmitters placed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Greater and Lesser Orange Islands surveyed</td>
<td></td>
</tr>
<tr>
<td>Wild reindeer</td>
<td>Krasnoyarsk Territory, Taimyr Peninsula, Kheta and Khatanga rivers valley</td>
<td>A reindeer capacity assessment of Taimyr pastures conducted</td>
<td>Siberian Federal University</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The migration status of the Taimyr-Evenk deer population in the Byrranga Mountains of the Taimyr Peninsula updated. This work included:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- establishing the size, sex, and age of the population</td>
<td></td>
</tr>
<tr>
<td>Ivory Gull</td>
<td>Diesthou top research</td>
<td>Studies of biological samples of ivory gulls collected during the 2020 expedition. Development of analytical report. Additional field studies of the ivory gull population are planned for 2022.</td>
<td>Arctic and Antarctic Research Institute</td>
</tr>
</tbody>
</table>

For details on the Company’s approach to environmental impact management, see Rosneft’s ESG Policy.


Reproduction of aquatic bioresources

The Company’s environmental protection efforts place a particular emphasis on reproduction of aquatic bioresources. In 2021, 40 Group Subsidiaries contributed to reproduction of juvenile fish and its release into Russian rivers in cooperation with the territorial departments of the Federal Agency for Fishery and the branches of Basin Authority for Fisheries and Conservation of Aquatic Biological Resources (Glavrybvod):

- RN-Yuganskneftegaz released about 3.3 million of Siberian sturgeon fingerlings into the rivers of Yugra.
- Sibneftegaz released 1.2 million pelyad fingerlings into the reservoirs of Yugra.
- Nyaganneftegaz released 12 million fingerlings of mukun and Siberian sturgeon into water bodies.
- RN-Shelf Arthou tika released 1 million chum salmon fingerlings into Sakhalin rivers.
- Taas-Yuryakh Neftegazodobycha released over 730 thousand pelyad fingerlings into the rivers of Yakutia.
- Bashneft released 565 thousand whitefish and sterlet fingerlings.

In 2021, Rosneft funded the construction of an enclosure complex for the Amur tiger in the Silinsky Park in Komsomolsk-on-Amur. To protect wildlife and maintain sustainable ecosystems, Rosneft implements a number of programmes to study and preserve wild animals in the regions of Company operations. In particular, the Company supports the Amur Tiger Centre project.

Rosneft provides financial support for the procurement of the necessary machinery and equipment for state hunting inspectors, sponsors centres for the rehabilitation and reintroduction of the Amur tiger, and provides for animal food and veterinary care.

In 2021, Rosneft funded the construction of an enclosure complex for the Amur tiger in the Silinsky Park in Komsomolsk-on-Amur.

REDUCING AIR EMISSIONS

GRI 103-1

Reducing operating emissions is a major priority for the Company in the context of minimising its environmental footprint.

This is a systemic effort relying on a number of corporate programmes aimed at the development, modification, approval and delivery of environmental infrastructure investment projects; the purchase and installation of environmental protection equipment; the inventory of emission sources; and other measures.

Cuts in overall pollutant emissions in 2021 helped reduce emissions of such critical substances as sulphur dioxide, carbon monoxide, nitrogen oxide, etc.

Given the importance of clean air for human health and welfare, Rosneft pays particular attention to monitoring the air emissions of the Company’s production facilities near or within the boundaries of localities across its geography. The Company installs air quality control systems and stationary air quality monitoring stations at the boundaries of the environmental protection zones and provides mobile environmental laboratories with cutting-edge equipment. Additionally, Group Subsidiaries implement relevant measures aimed at monitoring and reducing pollutant emissions in those settlements.

In 2021, Rosneft reduced its gross pollutant emissions by 12%.

Structure of gross air emissions, thou. t

<table>
<thead>
<tr>
<th>SUBSTANCE</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross air emissions, including:</td>
<td>1,773</td>
<td>1,521</td>
<td>1,336</td>
</tr>
<tr>
<td>solids</td>
<td>85</td>
<td>62</td>
<td>65</td>
</tr>
<tr>
<td>sulphur dioxide</td>
<td>86</td>
<td>84</td>
<td>76</td>
</tr>
<tr>
<td>carbon monoxide</td>
<td>841</td>
<td>689</td>
<td>621</td>
</tr>
<tr>
<td>nitrogen oxide</td>
<td>66</td>
<td>68</td>
<td>60</td>
</tr>
<tr>
<td>hydrocarbons (without volatile organic compounds)</td>
<td>303</td>
<td>239</td>
<td>187</td>
</tr>
<tr>
<td>volatile organic compounds</td>
<td>384</td>
<td>369</td>
<td>322</td>
</tr>
<tr>
<td>benz(a)pyrene</td>
<td>0.00002</td>
<td>0.00003</td>
<td>0.00004</td>
</tr>
<tr>
<td>other</td>
<td>8</td>
<td>9</td>
<td>4</td>
</tr>
</tbody>
</table>

*In the reporting period, gross hydrocarbon emissions (excluding volatile organic compounds) decreased by 22% due to the retirement of certain assets from the Group’s perimeter and changes in the accounting approach towards pollutant substances (pursuant to letter No. 10-2-180/21-0 of 10 March 2021 on code assignment from the Atmosphere Research Institute; propane (code 3V 418) is now classified as a volatile organic compound (VOC); previously, it was classified as a hydrocarbon (excluding VOC) in accordance with the List and Codes of Air Pollutant Substances (St Petersburg, 2015) approved by the Atmosphere Research Institute).*

Enclosures for the Amur tiger

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In 2021, Rosneft funded the construction of an enclosure complex for the Amur tiger in the Silinsky Park in Komsomolsk-on-Amur.

Over 120 million fingerlings were released by Group Subsidiaries in 2021.

Reducing the environmental impact of Ufa Refinery

In 2021, Bashneft reduced carbon monoxide emissions from the Ufa Refinery furnaces by 5 and 16 times at the solvent extraction unit and hydrotreater, respectively.

The emission reduction was a result of the furnace upgrades that helped improve thermal insulation and optimise the fuel supply controls. The planned annual savings will amount to almost 1.2 thousand tonnes of reference fuel.
The ‘fresh’ water is water drawn from surface and underground sources, rainwater, and water received from third parties under water supply contracts. It is used for production, utility, and other needs of the Company. According to international standard GRI 303, “fresh water” is water containing less than 1,000 milligrams per litre (mg/l) of dissolved solids (the definition is based on ISO 14046:2014).

**WATER CONSERVATION**

Water resources are used at all stages of production. Rosneft recognises the importance of responsible water use, and its Environmental Efficiency Improvement Programme provides for reducing freshwater intake; increasing the recycling and re-use of process water; improving wastewater treatment systems and reducing wastewater discharges, as well as environmentally sound management of associated reservoir water.

As part of the Aqueduct project, the Company regularly evaluates the sufficiency of water resources across the regions where it operates. Most of the Rosneft’s operational activities are carried out in regions where there is a sufficient water supply, however, irrespective of the supply level, the Company takes a number of steps to ensure sustainable use of water resources and protection of water bodies.

The Company follows applicable laws in its water use, ruling out any possibility of water shortages for local communities.

Process water is procured from underground sources, surface water bodies, third-party organisations under water supply contracts, meltwater and stormwater runoff collection on-site, and other sources. The Company works to make water use more efficient at different management levels by devising various technical and organisational control measures and implementing investment projects. GRI 303-1

As part of The Environmental Development Concept, Rosneft is looking to achieve a 10% decrease in fresh water consumption by 2030 (for current operations) through reusing more and improving treatment efficiency. Rosneft aims to achieve maximum water reuse for new projects.

City screens showing air quality data

Kuibyshev Refinery, part of Rosneft’s refining business, has installed a city eco-monitor, a LED screen displaying around-the-clock information on air quality in the facility’s environmental protection zone.

The data displayed on the screen is based on laboratory air and wastewater measurements and information from three automated stationary air monitoring stations in the refinery’s environmental protection zone. Kuibyshev Refinery became the Samara Region’s first facility to install an eco-monitor even though Russian laws and regulations do not require it. The initiative is evidence of the refinery’s effective environmental protection measures and Rosneft’s transparency.

### Unit air emissions by type, t/thou. t of ref. fuel

<table>
<thead>
<tr>
<th>EMISSIONS</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REDUCTION IN CO2 EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas production</td>
<td>0.060</td>
<td>0.056</td>
<td>0.048</td>
</tr>
<tr>
<td>Oil refining and petrochemicals</td>
<td>0.46</td>
<td>0.50</td>
<td>0.47</td>
</tr>
<tr>
<td><strong>UNIT NOx EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas production</td>
<td>0.11</td>
<td>0.13</td>
<td>0.116</td>
</tr>
<tr>
<td>Oil refining and petrochemicals</td>
<td>0.146</td>
<td>0.146</td>
<td>0.133</td>
</tr>
<tr>
<td><strong>UNIT HYDROCARBON EMISSIONS</strong></td>
<td></td>
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<td>1.09</td>
</tr>
<tr>
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<td>1.01</td>
<td>0.97</td>
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1 The changes are due to the decrease in APG production and flaring and implementation of the Gas Programme.

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IK Sibintek was given a Certificate

Kuibyshev Refinery received a letter
•

Bashneft-Polyus received a letter
•

protection efforts:
•

In 2021, Group Subsidiaries were
•

For more information about the Company’s water conser-

Volga River’s banks.
•

Shores environmental campaigns to
•

Samara Region Springs and Save the
•

of gratitude for its participation in the
•

environmental projects as part of
•

in the upper reaches of the Nizhnyaya
•

The researchers collected samples
•

with the Yenisei in Turukhansky District
•

examine spot of the river’s confluence
•

microplastics, which were then cleaned
•

face water sampling was done using a
•

who pass town Gubkinsky.
•

employees also cleaned up a spring
•

Purovsky District. RN-Purneftegaz
•

natural resources.
•

and other water bodies, as well as to
•

In June 2021, Rosneft took part in the
•

Angarsky Polymer Plant workers cleaned
•

and analysed to determine their origin.
•

from water supply networks of other organisations 41.3 42.6
•

intake of associated formation water 1,658 1,498
•

from underground sources 115.0 108.9 85.2
•

from surface sources 242.9 238.3 237.4
•

in 92.4 cub. m.
•

from underground sources 115.0 108.9 85.2
•

from surface sources 242.9 238.3 237.4
•

from surface sources 242.9 238.3 237.4
•

collection of wastewater 116.9 126.2 114.7
•

faintwater 8.4 7.9 8.8
•

from underground sources 115.0 108.9 85.2
•

from surface sources 242.9 238.3 237.4
•

in 32 locations at nine Rosneft
•

fields, with water quality monitor-
•

covering six rivers and springs of
•

the Nenets Autonomous area. Extensive
•

environmental protection activities
•

Eurasia's largest biological treatment
•

In the Republic of Bashkortostan,
•

Lebyazhinskoye field. Thanks to 2.5 years
•

of carrying out measures to increase
•

water reuse in production, fresh water
•

consumption went down by more than
•

3 mln cub. m.
•

2.5% reduction in water intake from underground sources is attributable to divestment by the Company of a number of assets.
•

Growing supply of recycled water in 2021 is mostly a result of a year-on-year increase in produced liquid at Vostsibneftegaz and higher water content in it.
Fresh water withdrawal, mln cub. m

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh water withdrawal, including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• from underground sources</td>
<td>115.0</td>
<td>108.9</td>
<td>85.2</td>
</tr>
<tr>
<td>• from surface sources</td>
<td>242.9</td>
<td>238.3</td>
<td>237.4</td>
</tr>
<tr>
<td>• from water supply networks of other organisations</td>
<td>41.3</td>
<td>42.6</td>
<td>43.3</td>
</tr>
<tr>
<td>• rainwater</td>
<td>8.4</td>
<td>7.9</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Management of extracted formation water

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume of extracted formation water, mln cub. m</td>
<td>1,658.3</td>
<td>1,498.4</td>
<td>1,371.3</td>
</tr>
<tr>
<td>Injection into the formation to maintain reservoir pressure without treatment, mln cub. m</td>
<td>189.3</td>
<td>88.5</td>
<td>76.6</td>
</tr>
<tr>
<td>Injection into the formation to maintain reservoir pressure with treatment, mln cub. m</td>
<td>1,356.2</td>
<td>1,317.1</td>
<td>1,214.0</td>
</tr>
<tr>
<td>Disposal of formation water, mln cub. m, including discharge:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• into underground reservoirs</td>
<td>110.0</td>
<td>92.1</td>
<td>80.1</td>
</tr>
<tr>
<td>• on the ground</td>
<td>0.026</td>
<td>0.014</td>
<td>–</td>
</tr>
<tr>
<td>Total hydrocarbons in waste formation water, thou. t</td>
<td>17.6</td>
<td>20.2</td>
<td>18.8</td>
</tr>
</tbody>
</table>

Recycled and reused water

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycled and reused water, mln cub. m</td>
<td>2,496</td>
<td>2,358</td>
<td>2,368</td>
</tr>
<tr>
<td>Share of recycled and reused water in total water used for operational needs, %</td>
<td>94</td>
<td>94</td>
<td>93.4</td>
</tr>
</tbody>
</table>

Clean Water environmental campaign

In August 2021, the Saratov Refinery held the Clean Water environmental campaign to assess the water quality of Saratov’s springs. Seven springs were checked for 12 substances, including nitrates, ammonium, chlorides, iron, coliform bacteria and others. The samples were sent to the high-tech sanitary laboratory of the Saratov Refinery. The results of the examination were published on the official website of the Ministry for Natural Resources and Environment, as well as on the information stands at every checked spring.

Water discharge

<table>
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<tr>
<th>GRI 303-2</th>
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</table>

In 2021, water discharge to surface water bodies capable of the highest potential impact on water resources was reduced by 2% year-on-year. To minimise this potential impact, the Company has been consistently implementing a series of organisational, technical, and investment initiatives to renovate treatment facilities at Group Subsidiaries. Rosneft includes the most effective discharge-reducing measures in its register of key measures to achieve the environmental performance targets and makes sure to keep them under additional control.

As part of its work to support Russia’s national development goals until 2030 when it comes to water protection, the Company contributes to projects to build, reconstruct and modernise treatment facilities across Group Subsidiaries. For example, at RN-Morskoi Terminal Nakhodka, start-up complex No. 3 of the treatment facility was commissioned, and the construction of complex No. 2 under the project to renovate the treatment facilities discharging water into the Novitsky Bay was completed.

Water discharge to the environment, thou. cub. m

<table>
<thead>
<tr>
<th>GRI 303-4</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility fluids discharge</td>
<td>71,511</td>
<td>70,256</td>
<td>73,033</td>
</tr>
<tr>
<td>Industrial effluent discharge, including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• to surface water bodies</td>
<td>184,366</td>
<td>197,528</td>
<td>194,094</td>
</tr>
<tr>
<td>• to underground reservoirs</td>
<td>122,666</td>
<td>133,674</td>
<td>130,387</td>
</tr>
<tr>
<td>• on the ground</td>
<td>61,654</td>
<td>63,829</td>
<td>63,622</td>
</tr>
<tr>
<td>Total hydrocarbons in effluents discharged, thou. t</td>
<td>17.6</td>
<td>20.2</td>
<td>18.8</td>
</tr>
</tbody>
</table>

Industrial effluent discharge, thou. cub. m

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effluents treated to standard quality and effluents clean according to standards</td>
<td>109,060</td>
<td>130,900</td>
<td>122,115</td>
</tr>
<tr>
<td>Polluted and insufficiently treated effluents</td>
<td>75,305</td>
<td>66,628</td>
<td>71,979</td>
</tr>
</tbody>
</table>

1 Year-on-year change due to higher disposal across Group oil and gas service companies on the back of more services being provided.
2 Year-on-year change mostly due to higher wastewater discharges from external organisations disposed through the Company’s centralised system.
PREVENTION AND OIL SPILL RESPONSE

GRI 103-1  GRI 103-2

Over the years, the matters of environmental protection and environmental risk mitigation have been ever prevalent in Russia’s industrial sector. In a push towards greater sustainability, the Company’s current strategy features a key indicator for reducing the impact of oil and petroleum product spills to minimise environmental and material losses.

One of the main tools for achieving the indicator’s target is the emergency oil spill response and rescue operations management system (OSR and Rescue Operations System), which was approved by the HSE Committee and provides for:

• a tiered response taking into account the location of the Company’s facilities
• revision/development of oil spill prevention and response plans
• a review of the needs for response teams and equipment
• creation, equipment, and training of local rescue teams.

The Company’s key performance indicator framework puts a big focus on oil spill response and rescue operations. In 2021, OSR and Rescue Operations System implementation was included in the list of top management KPIs.

Also in 2021, Rosneft proposed to create a Site Commission for the Certification of Emergency Response and Rescue Teams of Rosneft (Site Commission) as part of the Russian Ministry of Energy.

Among other things, the Site Commission serves as a tool for effective control over the establishment, training, certification, deployment, and equipment of in-house emergency response and rescue teams and enables a tiered response to accidents, which constitutes one the Company’s objectives under the OSR and Rescue Operations System. This project will bring Rosneft to a new level of organisational capability for the development of the OSR and Rescue Operations System.

The Company gives high priority to the prevention of oil and petroleum product spills and, above all else, the integrity of production equipment. The key initiatives in this area include the Pipeline Reliability Enhancement Programme in Exploration and Production, the Equipment Reliability Enhancement Programme in Oil Refining and Petrochemicals, and the Action Plan for the Safe Operation of Tank Farms and Vertical Stock Tanks (for more information, please see the Equipment Integrity section). Aside from scheduled preventive maintenance, equipment replacement and targeted programmes, oil spill prevention efforts also involve the deployment of innovative technologies by Subsidiaries to protect equipment from damage and destruction. Risk of environmental damage due to pipeline failures on land and incidents on the Russian shelf with an environmental impact was included in the Corporate Risk Management System. Risk assessment and risk management measures are included in the scope of reporting on the Company’s current financial and economic risks. This is done at three levels: the corporate level, the level of business streams and business functions, and the level of Group Subsidiaries.

In 2021, the total volume of spilled oil and petroleum products amounted to 434 t. The decrease in spill volumes was associated with the restructuring of the Company’s corporate perimeter, as well as reduction in the number of accidents with an adverse environmental impact. GRI 103-3

One of the priority audit areas in 2021 was the preparedness of Group Subsidiaries to respond to and contain oil and petroleum product spills. In 2021, 14 Group Subsidiaries were subject to desk audits and on-site inspections concerning oil spill prevention and response, as well as their preparedness to stage potential rescue operations. Following these activities, recommendations were proposed, which, on top of corrective actions, included systemic comprehensive measures aimed at improving the preparedness for oil spill response and rescue operations across the Company as a whole.

Total volume of spilled oil and petroleum products across the Company, t

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>652.2</td>
</tr>
<tr>
<td>2020</td>
<td>729.1</td>
</tr>
<tr>
<td>2021</td>
<td>454.7</td>
</tr>
</tbody>
</table>

Oil and petroleum product spill prevention and response measures are implemented in line with Rosneft’s plans for prevention and elimination of oil and petroleum product spills developed in accordance with the Russian laws and corporate regulations.

Rosneft’s swift response to incidents is ensured by over 4.6 thousand certified rescuers employed by the Company. Group Subsidiaries continuously train in-house rescue teams in the prevention of and response to oil spills and approve schedules for oil spill response training sessions and drills to increase the preparedness of personnel for possible spill events and practise first-priority actions. Such training and drills are carried out on a routine basis.

Recognising the importance of preserving the environment and natural ecosystems of the Arctic, Rosneft has developed the Contingency Action Plan for Animal Rescue applicable to its offshore projects. GRI 103-3

In 2021, Rosneft took part in an interagency test and research drill staged by the Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters. Following the drill, the Ministry commended the Company’s preparedness for accidents and its ability to undertake practical on-site response measures, noting the high degree of coordination among all the units involved.

Unique technology to prevent internal pipe corrosion

Experts from Samotlorneftegaz and the RN-BashNIPNeftegaz research institute have developed a unique piece of software for protecting oilfield pipelines from internal corrosion. The programme analyses the corrosion monitoring data and physical and chemical properties of the pumped fluid to assess the current condition of the pipeline, calculate the internal corrosion rate, determine the corrosion type and recommend interventions giving an estimate of capital and operating expenses.

The software has so far helped analyse over 280 km of oilfield pipelines, with the economic effect from recommended interventions amounting to RUB 70 mn.

The novel technology developed by Samotlorneftegaz received a state certificate of intellectual property rights registration and constitutes a logical next step on the subsidiary’s path towards production digitalisation. The further expansion of software capabilities will focus on data entry automation and more effective prevention of internal pipe corrosion.
As part of its business operations, Rosneft implements a range of measures aimed at remediating the mechanically disturbed or contaminated land, as well as minimising waste generation and carrying out legacy waste management.

### Land remediation

Rosneft places a big emphasis on the protection and prudent use of land resources, ensuring that its efforts are strictly in line with the relevant land and environmental legislation, as well as the Company’s Standard on Remediation of Disturbed and Contaminated Lands.

In 2021, Rosneft continued implementing its Environmental Efficiency Improvement Programme and Pipeline Reliability Enhancement Programme and undertook measures to upgrade its assets and remediate the mechanically disturbed and contaminated lands. The ultimate goal of these initiatives is to reduce the negative impact on land.

The 2025 Environmental Efficiency Improvement Programme sets out short- and long-term plans for land remediation and rehabilitation. Leveraging best-in-class technologies, Rosneft pays special attention to controlling the effectiveness of remediation activities performed by in-house employees and contractors alike.

In 2021, the Company remediated over 470 ha of oil-contaminated land.

In 2021, Group Subsidiaries’ efforts helped remediate 520 ha of contaminated lands.

The largest contributors to the remediation of contaminated lands are Group Subsidiaries that operate in the Khanty-Mansi Autonomous Area – Yugra. In 2021, Samotlorneftegaz cleaned 154 ha of legacy lands contaminated during the Soviet period. Between 2015 and 2020, the subsidiary remediated over 1,300 ha of land.

Group Subsidiaries continue to use winter remediation techniques, which enable year-round activities that pick up pace every year. Today, approximately 70% of land remediation activities are carried out in winter.

### Land use, ha

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area of contaminated land at the beginning of the year</td>
<td>3,219</td>
<td>2,710</td>
<td>1,922*</td>
</tr>
<tr>
<td>Area of contaminated land identified during the pre-project study</td>
<td>183</td>
<td>113</td>
<td>415</td>
</tr>
<tr>
<td>Area of accumulated contaminated land</td>
<td>232</td>
<td>220</td>
<td>183</td>
</tr>
<tr>
<td>Area of contaminated land as at the year end</td>
<td>2,710</td>
<td>2,450</td>
<td>1,999</td>
</tr>
<tr>
<td>Area of mechanically disturbed and contaminated land subject to natural restoration</td>
<td>202</td>
<td>74</td>
<td>350</td>
</tr>
<tr>
<td>Area of mechanically disturbed and contaminated lands subject to remediation</td>
<td>17,471</td>
<td>14,957</td>
<td>11,509</td>
</tr>
</tbody>
</table>

In 2021, the legacy oil-contaminated land was reduced by 7.3%.

---

*Data for the beginning of the year differs from the end of the previous year due to changes in the reporting scope of Company Subsidiaries and inventory adjustments.
Waste management

The Company ensures proper management of all types of generated waste. To minimise the environmental impact of generated waste, Rosneft implements a range of measures established by the Environmental Efficiency Improvement Programme to upgrade its production assets, introduce best-in-class technologies, as well as to utilise and treat the waste, including previously generated waste. In line with regulatory requirements and the principles of circular economy, the Company undertakes steps to reuse recycled waste in its operations and arranges for the separate accumulation and storage of waste.

In recent years, one of the key waste management risks has been associated with drilling waste. Rosneft assessed the effectiveness of drilling waste management in the Company’s upstream subsidiaries, taking into account all possible disposal methods. Following this evaluation, the Company implemented the most effective methods for drilling waste management.

Another major company-wide focus is the supervision of environmental restoration activities, such as storage, utilization and treatment of oil-contaminated and drilling waste. The Company has in place corporate regulation and supervision requirements that help ensure an adequate quality of restoration works carried out by both in-house employees and contractors, as well as comply with environmental laws.

Rosneft’s approach to waste management

In 2021:
- the volume of previously accumulated drilling waste was reduced by 23%
- the volume of previously accumulated oil-contaminated waste was reduced by 11%

In 2021, the Company recycled approximately 4.5 mln tonnes of drilling waste and 1.1 million tonnes of oil-contaminated waste.

Rosneft patents an environmental project for the disposal of drill cuttings

Rosneft has received a patent for the invention of a green technology to recycle drill cuttings. In 2020–2021, the technology was used at the Vankor cluster to dispose of more than 318 thou. t of drill cuttings.

Based on the principle of zero waste generation, cuttings are mixed with cement, lime, gypsum and sand to create an eco-friendly soil that contains calcium (lime) and thus has a positive effect on microbial flora, increasing plant growth and boosting their resistance to all external factors.

This innovative solution is used for road filling, construction of foundations for new production sites, as well as for land remediation. The recycled soil can be used as a substitute for natural soils or for other remedial materials.

The safety of the production process and the compliance of the recycled soil with all applicable requirements were confirmed by a state environmental review.

Waste management, thou. t

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste at the beginning of the year, taking into account adjustments during the reporting period</td>
<td>15,642</td>
<td>16,284</td>
<td>6,050*</td>
</tr>
<tr>
<td>Generated and accepted (from third-party organisations) waste as at the year end</td>
<td>6,097</td>
<td>5,458</td>
<td>6,213</td>
</tr>
<tr>
<td>Recycled (disposed of, used, neutralised) waste as at the year end</td>
<td>4,605</td>
<td>6,181</td>
<td>6,067</td>
</tr>
<tr>
<td>Buried waste as at the year end</td>
<td>464</td>
<td>365</td>
<td>348</td>
</tr>
<tr>
<td>Accumulated waste as at the year end</td>
<td>16,670</td>
<td>15,197</td>
<td>5,849</td>
</tr>
</tbody>
</table>

* Data for the beginning of 2021 differs from the end of 2020 due to changes in the reporting scope of the Company and adjustments to waste volumes based on tool-based measurements.
*1 Incl. transferred into ownership of third parties.
Fostering circular economy

The Company consistently introduces circular economy principles at its facilities, undertaking systemic measures to upgrade its production assets, introduce best-in-class technologies, ensure waste treatment and utilization, reuse recycled waste in its operations and arrange for the separate accumulation and storage of waste.

For example, in 2021 RN-Komsomolsk Refinery managed to completely abandon the practice of sending production and consumption waste to landfills and now ships all of its waste to licenced recycling organisations.

Since 2017, the refinery has been implementing an action plan to extract valuable components from materials and use them in production, which helped decrease the generation of class III hazardous waste, allowed for the recycling of valuable materials, and lowered operating expenses.

A new lease of life for paper

In 2021, Rosneft facilities collected and sent for recycling over 350 t of cardboard and paper. Each tonne of recycled paper saves up to 1,000 kW of electricity and up to 200 cub m of water.

The Company regularly implements production initiatives that accelerate the transition towards circular economy. All of Rosneft administrative buildings are equipped with special containers for collecting recyclable materials. The paper is then shredded, sent to recycling factories, and eventually used in the manufacturing of new products. Since 2020, the Company has been gradually working to digitalise its workflow as a means to reduce paper consumption and increase carbon neutrality.

In 2021, strictly complying with all precautionary measures to contain the spread of COVID-19, Rosneft’s employees and their families in the regions of Company operations took part in various campaigns to clean and beautify their local areas, including production sites, residential areas and nature reserves. In addition, more than 80 Group Subsidiaries took part in the worldwide event Earth Hour, as well as in other national, regional and local environmental initiatives.

Some of Group Subsidiaries were also involved in a national clean-up event called Green Spring. One of the most active participants was Orelnefteproduktou, attracting 450 employees to clean up the Oreil Region. Thanks to the event, 35 ha of land was cleared and 53 t of waste was sent for recycling.

Rosneft continues to actively instil a responsible attitude to nature in its employees and contractors and ensure environmental protection. This is partially done by fostering environmental literacy and engaging employees and their families in environmental activities, including various initiatives that aim to raise awareness of responsible consumption of natural resources.

In 2021, the Company also runs environmental campaigns of charitable nature. Eco-volunteers from Tomskneft, Syzran Refinery, Kuybyshev Refinery, Novokubanskii Refinery, and RN-Snabzhenie collected and sent for recycling over 300 kg of plastic bottle caps. This annual initiative by Company Subsidiaries not only seeks to raise awareness of proper waste management, but also has a particular social significance.

Organisations that accept recyclable materials for further processing channel the funds received for the delivery of plastic caps for assistance and support of disadvantaged families.

GREENING AND REFORESTATION

Rosneft has historically paid special attention to the conservation and restoration of natural resources. In 2021, the Company and its subsidiaries planted a total of 9.3 mln seedlings of various tree species.

Slavneft-Krasnoyarskneftegaz’s employees planted over 600 thousand spruce and pine seedlings in the Krasnoyarsk Territory, while Samotlorneftegaz employees planted 350 thousand conifer seedlings in the Mogan forest area of the Khanty-Mansi Autonomous Area – Yugra. As part of the Green Spring national environmental campaign, Syzran Refinery employees planted 17 thousand pine seedlings in Syzran District of the Samara Region. Bashneft also took part in the campaign, planting 17 thousand young trees in the Republic of Bashkortostan. The Ryazan Refinery planted an alley with the Lombardy poplar in Dashkovo-Pesochnya, the most populous area of Ryazan.

For more information about the Green Office concept, see the Building corporate environmental culture section
GREEN OFFICE

For the past several years, Group Subsidiaries have been actively involved in the Green Office initiative, which is aimed at reducing resource consumption, saving heat and electricity, and improving working conditions and environment as a whole. Rosneft complies with international standards for green offices set out in the BREEAM Environmental Assessment Method (BREEAM). A prime example of the Company’s commitment to this initiative is Rosneft’s Research and Development Centre located on Leninsky Avenue in Moscow. In July 2021, the building was certified under the BREEAM international green office standard, with its rating upgraded to Excellent from a year earlier. Currently, only around a dozen buildings in Russia have the Excellent rating under the BREEAM In-Use certification framework.

The BREEAM certificate indicates a high level of maintenance of the building and proves that it is energy-efficient and has a low carbon footprint; all while providing a comfortable environment for the people who work there.

Examples of Green Offices across Group Subsidiaries

**RN-Krasnodarneftegaz**
- Plastic and paper waste collection units were installed at the administrative building in Krasnodar. The waste is sent to a contractor company for recycling on a monthly basis.

**RN-Uvatneftegaz**
- The subsidiary’s office building in Tyumen collects paper waste and sends it in for recycling; in 2021, 6.4 t of paper waste was collected.

**RN-Vankor**
- Containers for the collection of used batteries were installed in the Pervaya Bashnya business centre.

**Samaraneftegaz**
- The subsidiary implements the following measures as part of the Green Office concept:
  - Saves energy by using LED lighting, having motion sensors, using equipment in energy-saving mode, and turning off air conditioning and other appliances after hours.
  - Arranges for separate waste collection by installing containers for paper waste.
  - Organises employee commuting via corporate transport, which reduces the use of personal autos and consequently decreases harmful emissions.

**RECOGNITION OF GROUP SUBSIDIARIES’ ACHIEVEMENTS**

Environmental responsibility is an integral part of Rosneft’s corporate culture and operating activity. Reaffirming its commitment to the UN Sustainable Development Goals, Rosneft seeks to reduce the carbon footprint of its new and ongoing projects, applying best available solutions to minimise its impact on ecosystems. Year after year, Group Subsidiaries receive national and regional accolades for their multiple environmental activities and achievements in the environmental protection. In 2021, the building was certified under the BREEAM international green office standard, with its rating upgraded to Excellent from a year earlier. Currently, only around a dozen buildings in Russia have the Excellent rating under the BREEAM In-Use certification framework.

The BREEAM certificate indicates a high level of maintenance of the building and proves that it is energy-efficient and has a low carbon footprint; all while providing a comfortable environment for the people who work there.

**ENVIRONMENTAL EDUCATION OF THE YOUNGER GENERATION**

Environmental awareness of children and teenagers is a critical element in preserving the environment and keeping the planet clean. This is yet another priority area of Rosneft’s environmental and social initiatives.

On an ongoing basis, the Company hosts events for instilling environmental responsibility in children, including thematic workshops, master classes, tours, exhibitions and contests. Children are invited to participate in the collection of batteries and paper and plastic caps to be sent for recycling, as well as learn about the significance and importance of such activities.

The Novokuibyshevsk Refinery sponsored the opening of an information centre in the Saratovo-Solonetsky forest area, part of the Samarskaya Luka National Reserve. This was done as part of the project to turn the national park into a point of attraction for tourists visiting the Samara Region. The centre was established to raise environmental awareness of the local population, promote environmental volunteering, and facilitate environmental education in rural schools. Funding from the Novokuibyshevsk Refinery was used to equip the centre with the necessary multimedia equipment and mobile furniture for classrooms. In addition, interactive information boards were installed to spread awareness of the unique geological and biological diversity of Samarskaya Luka.

With the support of the Ryazan Refining Company, volunteers from the environmental youth organisation Keeper of Meshchera established by school No. 47 embarked on an expedition to explore the history of the Meshchera forest. The children were taught to identify different types of forests, learned about the importance of forests in people’s lives, and delved into the history of the Meshchera forest. Helping schoolchildren make the trip was one of the Ryazan Refining Company’s multiple initiatives making up its environment protection programme for 2021.

Employees of the Saratov Refinery visited School No. 6 and held an interactive lesson for the young students. The goal of the event was to raise the children’s environmental awareness and foster a respectful attitude towards nature.
4
ENSURING OCCUPATIONAL HEALTH AND SAFETY
HSE MANAGEMENT

GRI 103-1  GRI 119

In December 2021, Rosneft’s Board of Directors approved the Rosneft-2030: Reliable Energy and Global Energy Transition Strategy, which sets targets for Health, Safety and Environment (HSE) indicators.

Under the new strategy, Rosneft will continue to focus on environmental protection and safety. The Company plans to actively develop elements of the circular economy and introduce the biodiversity conservation principles set forth in Rosneft’s Environmental Development Concept until 2035. Strategic targets confirm the Company’s plans to reduce the environmental footprint and deliver on the commitment to achieve 100% waste recycling and legacy remediation.

The Company intends to make a step change in occupational health and safety (OHS), prioritising zero fatal injuries and zero equipment breakdowns as our goals.

Rosneft-2030 Strategy’s OHS targets

- Striving for zero fatal injuries
- Striving for zero equipment breakdowns
- Eliminating oily waste and legacy contaminated lands

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

SYSTEMIC APPROACH TO OHS MANAGEMENT

GRI 103-1

In order to achieve the goals of the Rosneft-2030 Strategy, systemic approaches to OHS management have been defined:

- with respect to the fatal accident rate (FAR) reduction:
  - application of a risk-oriented approach to OHS
  - unconditional compliance with the Golden Safety Rules
  - implementation of the Control of Work procedure
  - development of skills and competencies
- with respect to the equipment breakdowns (PSER-1) reduction:
  - implementation of equipment reliability/integrity measures
- with respect to the minimization of the environmental footprint:
  - implementation of circular economy principles
  - disposal of accumulated oily waste
  - implementation of a programme to eliminate environmental legacy effects
  - implementation of a geotechnical monitoring system
  - other projects
- with respect to the net positive impact on ecosystems:
  - implementation of biodiversity conservation programmes

Rosneft’s Policy on Health, Safety and Environment (HSE Policy) is a fundamental document that conveys the Company’s position in this domain. The requirements of the HSE Policy apply to the employees of the Company and its contractors across all regions of Rosneft’s operations. The Company recognises its responsibility for safe and eco-friendly production processes and determines the following as its obligations:

- prioritising safety, life, and health of people when assessing performance
- prioritising actions aimed at incident prevention over incident containment and control
- prudently using natural resources in business operations, taking measures for their protection, restoration and rehabilitation of disturbed areas
- mitigating the Company’s environmental footprint
- taking steps to reduce the impact of the Company’s business operations on climate change
- taking steps to preserve ecosystems and biodiversity, including offshore projects and projects in protected areas
The HSE Committee is the Company’s key standing coordinating body that makes decisions and develops HSE recommendations. The HSE Committee consists of Rosneft’s top managers, including First Vice Presidents, Vice President for HSE, and Vice Presidents supervising streams and functions.

The Chairman of the Rosneft Interregional Trade Union Organisation participates in meetings of the HSE Committee at the invitation of its Chairman.

In 2021, The HSE Committee held seven meetings with a wide range of matters for consideration, including:

• progress reports on achieving the HSE targets with a decision to submit the matter for the Board of Directors review
• the report on critical HSE risk management following the completion of the annual cycle in 2021
• the list of environmental indicators under Rosneft’s Environmental Development Concept until 2035
• incident investigation reports
• measures to improve the Company’s air transportation safety (extension of the 2019–2021 aviation safety improvement plan was approved)
• performance of “safety barriers” based on HSE control procedures
• implementation of personal HSE obligations by the general directors of Group Subsidiaries
• application of HSE risk assessment tools in hazardous operations of the Group Subsidiaries
• approving the Emergency oil spill response and rescue operations management system

Reports on the Company’s HSE activities were reviewed at meetings of the Strategy and Sustainable Development Committee and Rosneft’s Board of Directors.

In line with internal procedures, meetings of the Carbon Management Committee were held on a quarterly basis. The main items on the agenda were related to the progress of the Rosneft 2021 Carbon Management Plan.

Rosneft’s Interregional Trade Union Organisation actively contributes to the HSE management process. In 2021, trade union representatives participated in the Best in Profession – 2021 Corporate Festival and Competition, in the work of incident investigation commissions at Group Subsidiaries, as well as commissions for personal protective equipment inspection, and audits of HSE activities at Group Subsidiaries. GRI 403–4

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

For more details on occupational health and safety, see the website.
Integrated HSE management system

GRI 403-1  GRI 403-8
HSE processes are part of the integrated HSE management system (HSE IMS) designed in line with global best practices.

In 2021, the Company’s Standard on Integrated Health, Safety, and Environment System governing HSE processes was updated.

The standard defines the integration and decomposition of HSE processes in the overall corporate governance framework, involvement of streams and functions in their implementation, including leadership and risk management processes.

The HSE IMS standard was designed in line with ISO and GOST R ISO Occupational Health and Safety Management System and Environmental Management System standards, as well as the Company’s HSE Policy.

Approximately

RUB 48.3 bln
OHS spending in 2021.

Risk management in HSE

GRI 403.2  GRI 403.7
The goal of HSE risk management is to implement and maintain adequate and sufficient risk management measures for all identified hazards that:
• correspond to the estimated level of risk exposure
• have the necessary resources allocated on a priority basis
• were approved by the Company at the relevant governance level

Application of the risk-oriented approach in HSE risk management includes assessment, analysis and management taking into account global and industry best practices, and helps predict possible events and take proactive steps to prevent them.

HSE risk management is a set of tools helping managers at various levels, from senior executives to line managers, to make the best and most efficient comprehensive decisions on operational safety when having limited resources. It is based on HSE risk analysis and assessment using a bow-tie diagram and single matrix of HSE risk assessment. These findings are a starting point in prioritising mitigation efforts and defining the management level authorized to make a decision on the implemented risk management strategy.

The Company has developed standard diagrams for fire, road, blowout, and pipeline leakage risks defining a set of proactive and reactive barriers (measures) for a particular type of incident. Based on the standard solutions, the Group Subsidiaries develop programmes to create/enhance barriers. In particular, corporate enterprises have developed and run programmes to prevent falls and road accidents.

The Company also applies the risk-oriented barrier approach to the investigation of HSE incidents and development of remedial actions.

The barrier approach to incident investigation is one of the key tools for reducing occupational injuries and accidents. It helps:
• significantly expand the scope and effectiveness of risk management;
• identify gaps in design solutions and/or applicable regulations and regulatory and technical documents regarding the proactive and reactive barriers in each case under investigation and develop specific remedial action plans.

Rosneft and its 107 Subsidiaries were successfully certified in OHS. Rosneft and its 109 Subsidiaries were successfully certified in the field of environmental management.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54,912</td>
<td>48,018</td>
<td>48,251</td>
</tr>
</tbody>
</table>

1 In 2019, actual costs were recognised for consolidation with VAT, in 2020 CAPEX excludes VAT, OPEX includes VAT, and in 2021 all costs were recognised net of VAT due to changes in the cost accounting methodology.
Safety of technological processes in line with the proactive and risk-oriented approach results in a set of measures aimed at achieving the Company’s safety targets. These measures are aimed not only at preventing accidents, but also at mitigating potential adverse consequences, primarily for people, society and the environment.

HSE Control System

The Company is actively developing an HSE control system, which is governed by the Regulations on HSE Control. The controls provide for the facility-level audits of:

- compliance with the HSE requirements
- HSE performance and efficiency
- compliance with the requirements of the Occupational Health and Safety Management System and Environmental Management System standards
- identification of critical and high HSE risks and their reduction to manageable levels

The control system functions at two levels:

- Group Subsidiaries level – self-assessment, self-control
- Rosneft level – HSE Control Department, HSE Control Commission – controls, analysis, development of recommendations

Since 2020, risk-oriented approach has also been applied to comprehensive and targeted HSE audits and inspections. In the reporting year, 65 HSE audits and inspections were conducted at Group Subsidiaries, up 32% year-on-year.

As part of comprehensive inspections and audits, deviations and violations are assessed for the adequacy of safety barriers in ongoing and planned production operations, and recommendations are made to eliminate them.

In 2021, efforts were made to improve the HSE control tools in the following areas:

- enhancing and updating assessment lists and checklists taking into account changes in legislation and development of the OSR and rescue operations system by the Company

In 2021, the focus of inspections and audits was on such business processes as the operation of pipeline systems, facility preparedness to respond to and contain oil and petroleum product spills, and industrial waste management.

Also, in 2021, to minimise and prevent the risks of emergencies and incidents involving oil and petroleum product spills at the facilities of 14 Group Subsidiaries, Rosneft completed audits and inspections in the area of emergency oil spill response and preparedness for emergency rescue operations.

In accordance with the Company’s Regulations on HSE Control, inspections and audits include an assessment of the Group Subsidiaries’ performance against the new Rosneft-2030 Strategy targets. These measures are aimed at achieving the Company’s safety targets and ensuring overall improvements in performance.

In 2021, random inspections and audits were carried out at the Group Subsidiaries. 9 comprehensive inspections and audits for all elements of the control system and 39 targeted audits (for individual elements of the system), which also included analysis of safety barriers. Following the audits, the Group Subsidiaries received proposals to eliminate the violations/gaps identified.
OCCUPATIONAL SAFETY

Safety culture

The Company implements various OHS measures and programmes. Rosneft has introduced and implements internal regulations, trains employees and contractors and makes them aware of the need to comply with safe work practices.

GOLDEN SAFETY RULES

The Golden Safety Rules are mandatory key requirements for hazardous types of work. These rules apply to employees of both the Company and its contractors. The Golden Safety Rules are a handbook for employees of Rosneft, Group Subsidiaries, contractors, and subcontractors.

- widely used for introductory briefings
- posted on bulletin boards installed at production and administrative facilities
- always available online
- circulated in a pocket-size format for convenience and use in the workplace

In 2021, the Company continued to train personnel in the Golden Safety Rules course. More than 76,000 Rosneft employees were trained online on a new dedicated IT platform. An independent local version of the interactive course was created to ensure training continuity for employees who work at remote production sites. Theoretical knowledge and practical skills in applying occupational safety rules in Group Subsidiaries are also drilled into employees at various master classes.

The Company has various feedback tools for employees to have a consultation or report safety violations. These include:
- contacting the supervisor
- discussing the situation at operational meetings
- sending a message to the Security Hotline
- receiving consultations from the Company’s Head Office during HSE IMS inspections and audits at Group Subsidiaries

As part of the digital business transformation concept, a “smart hardhats” system is used at the Group’s production sites. The platform helps monitor employee compliance with occupational safety rules and warns of any deviations.

The smart hardhats system boasts a wide range of features, in particular it helps:
- monitor if a worker wears a hardhat
- register serious hits on the hardhat
- signal help and call the operator
- receive a signal from the hardhat if a worker has not moved for a long time
- monitor the temperature inside the hardhat and the battery level

H.E.A.T.1 PROJECT: A NEW FORMAT TO IDENTIFY AND ADDRESS HSE VIOLATIONS

In 2021, a new format of inspections, H.E.A.T., was launched at Group Subsidiaries of the Refining and Petrochemicals, Commerce and Logistics, and Retail sales. These inspections are conducted on site by a team (working group) of managers and specialists from Group Subsidiaries.

H.E.A.T. teams are usually headed by the general director and/or chief engineer, heads of HSE functions, or Rosneft representatives seconded to the facility.

During the inspection, the working group performs the following comprehensive tasks:
- checks compliance with HSE requirements in the workplace, during operation of process equipment and pipelines, operability of safety and emergency protection systems; correctness of HSE documentation
- identifies risks of injury
- monitors compliance with safety measures during construction and installation of hazardous activities
- checks the implementation of measures included in Breaking News and Lessons Learned circulars based on the results of investigations of emergencies that caused accidents
- conducts behavioural safety audits, following which interviews are held with managers and employees of Group Subsidiaries, contractors, and subcontractors
- assesses the sufficiency and use of personal protective equipment by employees of Group Subsidiaries, contractors, and subcontractors
- assesses compliance with environmental protection requirements at the inspected facilities
- registers positive and negative aspects identified in the course of the inspection, for example, taking photographs showing compliance with or violations of HSE requirements

The H.E.A.T. team leader informs the managers of the inspected facility of any HSE violations, determines the reasons behind these deviations, and demands immediate elimination of the violations even if it requires the operations to be suspended.

H.E.A.T.1 means Hazard Elimination Active Team

Every year, managers of Rosneft and Group Subsidiaries implement leader’s personal HSE commitments, with convincing employees of the need to comply with HSE requirements remaining the top priority. Public addresses to employees by the Chief Executive Officer, Vice Presidents in charge of business units, and Vice President for HSE emphasizing the value of employee life and health set the key leadership trend.

Meetings between representatives of Group Subsidiaries and contractors are held on a regular basis to discuss safe work practices and transportation safety, and to jointly develop constructive solutions to ensure safe working conditions. The results of incident investigations and takeaways were also discussed at the meetings.

Root cause analysis and corrective action are carried out by the heads of units where breaches have been identified. Action plans are coordinated with all members of the H.E.A.T. working group.

H.E.A.T. reports are posted in places where they are available to all employees and line managers, such as the internal portal or the facility’s newspaper, circulars, or bulletin boards.
CONTROL OF WORK CONCEPT

In 2021, the Company approved the Control of Work concept describing a comprehensive risk-oriented process that integrates aspects of safe work practices for all types of work at the Company’s facilities.

The concept seeks to reduce occupational injury and accident rates at the Company’s facilities by improving existing processes. The document establishes a unified procedure for the introduction and practical application of additional tools set to improve the following processes:
- work planning
- risk assessment
- insulation of electrical equipment
- control over work performance

The concept involves the use of work planning schemes, plans for disconnecting/connecting electrical equipment, and risk assessment procedures when issuing work permits and checklists aimed at compliance with the Golden Safety Rules.

CONTRACTOR RELATIONSHIPS

In accordance with the HSE Policy, Rosneft makes no difference between the Company’s and contractors’ employees working at the facilities, with the same HSE requirements applicable to both.

Contractor management and interaction with contractors to ensure work safety is an important part of Rosneft’s safety culture and an element of the Company’s sustainable development. Control over contractors is required due to the risk of negative consequences for the Company arising from their hazardous actions. Rosneft’s contractor relationships are governed by the Corporate Regulations on Procedure for Interaction with Contractors on Occupational and Fire Safety, Health and Environment Issues.

In 2021, the Company continued efforts to improve interaction with contractors. As part of its strategic objectives to reduce injury and accident rates, the Company prioritised the following areas of contractor management in HSE:
- reducing injury rates among contractor employees performing work under contracts for the benefit of and on territories and licence areas of the Company
- reducing accident rates and preventing damage to the Company during assignments
- stable performance against the Company’s production plans under its contractual obligations with contractors.

As new functions were gradually added and business processes were automated in OHS, all Group Subsidiaries covered by the Company’s management accounting procedures were connected to an OHS reporting module.

Involvement in normative 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 2021, the Company approved 214 draft process, fire and occupational safety and health regulations of the Russian Federation. Rosneft also took an active part in 30 meetings and joint sessions on OHS matters held by Rostekhnadzor’s R&D Council and Industrial Safety Committee of the Russian Union of Industrialists and Entrepreneurs, as well as in eight working groups, which considered initiatives to introduce amendments to process safety regulations.

Activities cover the entire cycle of customer-contractor interaction

- Contract signing
- Contractor mobilization
- initiating a contract
- contractor qualification
- summing up the results of cooperation
- work performance under the contract

Automation of OHS processes

In 2021, the Company launched an IT project to upgrade information resources and develop standard OHS solutions. In December 2021, the project moved into the pilot operation stage.

As new functions were gradually added and business processes were automated in OHS, all Group Subsidiaries covered by the Company’s management accounting procedures were connected to an OHS reporting module.

In 2022, Rosneft started rolling out the standard OHS solution to 71 Group Subsidiaries.
OCCUPATIONAL HEALTH AND SAFETY TRAINING

The Company strives for continuous capability development of employees to strengthen the commitment to and understanding of Occupational Health and Safety requirements, especially in the areas of high HSE risks. Capability development programmes include corporate training with internal trainers, external training, direct dialogues and distribution of informational and motivational materials.

All OHS training in 2021 was conducted remotely due to the COVID-19 related restrictions.

In 2021, Rosneft held two conferences “In-house HSE Coach Workshop” that resulted in upgrading the HSE coaching skills and competences of 71 coaches from 35 Group Subsidiaries.

The Company aims to develop a capability of its employees to work in a safe and healthy environment. To ensure the safety of operations, Rosneft develops and promotes various programmes: corrective action. In 2021, the share of severe accidents decreased by 8% year-on-year. The rise in minor injuries, which were related to the impact of objects and mechanisms and falling, caused an increase in the overall injury rate. The number of Rosneft and contractor employees injured in road accidents decreased by 26%, with severe injuries according to RTAF and SVAR declining by 50%. Changes in these data are attributable to an increase in registered minor road traffic accidents.

To reduce the risks associated with the most frequent injuries, the HSE Committee has decided to support plans and programmes in the following areas:
- prevention of falls on a flat surface, from elevations and while working at height at Group Subsidiaries
- the control of Work concept
- HSE Contractor Management: principles applied at all stages of the contract life cycle
- suspending work in the event of a risk to the life and health of employees
- building HSE leadership capabilities with a focus on line managers.

Rosneft and contractor injury rates

Rosneft and its contractors use a uniform methodology to record injuries as OHS requirements apply equally to their employees.

### Occupational Health and Safety Deliverables

- continued implementation of the Rosneft Road Safety Concept for 2020-2022
- maintaining the Company’s in-depth roads in a safe condition to reduce driving risks
- developing control mechanisms for on-board vehicle monitoring systems
- continuous training of drivers under defensive driving programmes.

1. Rosneft and its contractors use a uniform methodology to record injuries as OHS requirements apply equally to their employees.
2. Lost Time Injury Frequency.
3. Fatal Accident Rate.
4. Total Recordable Incident Rate.
5. The change is attributable to an increase in registered cases of minor injuries associated with work-related injuries due to falls and impact of objects or mechanisms.
6. Severe Vehicle Accident Rate.
7. Road Traffic Accident Frequency.
8. The change is attributable to an increase in registered minor road traffic accidents coupled with a decrease in the number of injured.

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**INDICATORS**

<table>
<thead>
<tr>
<th>GRI 403-2</th>
<th>GRI 403-8</th>
<th>GRI 403-10</th>
<th>GRI 403-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of lost time occupational injuries (including fatalities) at Rosneft and its contractors per 1 million man-hours worked (LTF)</td>
<td>0.37</td>
<td>0.53</td>
<td>0.64</td>
</tr>
<tr>
<td>Number of on-the-job fatalities at Rosneft and its contractors per 100 million man-hours worked (FAR)</td>
<td>2.28</td>
<td>1.7</td>
<td>1.66</td>
</tr>
<tr>
<td>Number of occupational recordable injuries (including fatalities, last time injuries and injuries requiring medical treatment) at Rosneft and its contractors per 1 million man-hours worked (TRIR)</td>
<td>0.91</td>
<td>1.01</td>
<td>1.01</td>
</tr>
<tr>
<td>Total number of injured employees as a result of work-related accidents at Rosneft and its contractors including fatalities, people</td>
<td>359</td>
<td>526</td>
<td>615</td>
</tr>
<tr>
<td>Occupational illness rate at Rosneft (the total number of identified occupational illness cases per 1 million man-hours worked)</td>
<td>0</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>Severe vehicle accident rate at Rosneft and its contractors associated with providing services / performing work in the Company’s interests (SVAR) per number of kilometres run by vehicles normalized to 1 million kilometres</td>
<td>0.06</td>
<td>0.099</td>
<td>0.111</td>
</tr>
<tr>
<td>Total number of recordable road traffic accidents at Rosneft and its contractors associated with providing services / performing work in the Company’s interests (RTAF) per number of kilometres run by vehicles normalized to 1 million kilometres</td>
<td>0.35</td>
<td>0.43</td>
<td>0.57</td>
</tr>
</tbody>
</table>
SAFETY OF PRODUCTION FACILITIES

GRI 103-1  GRI 103-2  GRI 11.8

Process safety

Rosneft pays particular attention to process safety. Process safety programmes developed and implemented at the Company’s facilities are aimed at ensuring that the hazardous production facilities operate to the existing process safety requirements applicable to hazardous production facilities and absence of serious breaches that would prevent the equipment from operating.

Compliance with process safety requirements and ensuring safe working conditions in the regions of Company operations are major priorities of Rosneft’s development strategy and are aimed at preventing incidents and reducing negative impacts, particularly on people, society, and the environment.

The financing and implementation of measures to ensure the Company’s compliance with the Russian law and regulations is carried out under constant monitoring and control by Rosneft’s Head Office. Rosneft places special emphasis on fostering leadership, a safety culture, and professional development of the employees. The Company expands automation and digitalization of processes to reduce the role of the human factor.

Rosneft effectively works with Rostekhnadzor and its territorial bodies to reduce the role of the human factor.

Equipment reliability and integrity

The Company has in place a process to record and analyse process safety events PSER-1 and PSER-2 in accordance with the recommendations of ANSI / API RP-754 and IOGP Report No. 456-1.

The key areas for improving equipment reliability and integrity at the Company’s assets have been prioritised and include the elimination of gaps in the technical and organisational assurance of safe and seamless mechanical operations, as well as the advance development of automation, monitoring and supervising, and emergency detection, response and shutdown.

The improvement of equipment reliability and integrity relies on criticality assessment using the HSE risk matrix. There are also corrective measures and actions currently developed specifically for equipment with critical and high HSE risks.

In 2021, the Company continued to ensure the safety of operations at its storage facilities by inspecting 6.7 thousand tanks across 1.7 thousand tank farms and taking corrective actions in each case of inconsistency in safety practices.

In 2021, the Company continued to implement the large-scale programme “Improving the pipeline reliability in 2020-2023” which involves 20 oil and gas production facilities of the Company.

In the reporting year, Rosneft further pursued its target innovative projects to protect pipeline systems. In particular, the Company continued to develop RN-SMT, an integrity monitoring information system for oilfield pipelines. In 2023, the Company plans to roll out the RN-SMT user programme across all its Subsidiaries. Rosneft also made progress in developing its leak detection system using in-house technologies and inline inspection system.

Following preventive measures, the volume of spills in Exploration and Production decreased by 37% in 2021.

2020 benchmarking

| PSER-1 in Upstream – first quartile* of the IOGP; PSER-2 in Downstream – second quartile of CONCAWE. |
| --- | --- |
| 2020 | 2021 |
| 0.04 | 0.04 |
| 0.32 | 0.23* |

IMPLEMENTATION OF PROGRAMMES TO IMPROVE THE RELIABILITY OF EQUIPMENT IN EXPLORATION AND PRODUCTION

In 2021, the Company continued to implement the large-scale programme “Improving the pipeline reliability in 2020-2023” which involves 20 oil and gas production facilities of the Company.

In the reporting year, Rosneft further pursued its target innovative projects to protect pipeline systems. In particular, the Company continued to develop RN-SMT, an integrity monitoring information system for oilfield pipelines. In 2023, the Company plans to roll out the RN-SMT user programme across all its Subsidiaries. Rosneft also made progress in developing its leak detection system using in-house technologies and inline inspection system.

Following preventive measures, the volume of spills in Exploration and Production decreased by 37% in 2021.


4 Among IOGP members whose PSER-1 is above zero. Compared with IOGP data for 2019.

5 International Association of Oil & Gas Producers.

6 PSER is the sum of PSER-1 and PSER-2 in Downstream.

7 Conservation of Clean Air and Water in Europe is an association of petroleum companies seeking to protect the environment, health and safety in the downstream oil and petroleum products industry in Europe.

8 The decrease in the number of PSER-2 cases in 2021 is attributable to effective preventive measures and targeted programmes to ensure integrity and reliability of production facilities.
Characteristics of the Exploration and Production pipeline system

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2019</th>
<th>2020</th>
<th>2021†</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total length of active field pipelines as at the end of the period (net of well pads), km</td>
<td>83,563</td>
<td>64,552</td>
<td>64,617</td>
</tr>
<tr>
<td>Inhibition of field pipelines, km</td>
<td>25,842</td>
<td>22,896</td>
<td>18,766</td>
</tr>
<tr>
<td>Pipelines pigging, km</td>
<td>15,337</td>
<td>11,999</td>
<td>24,769</td>
</tr>
<tr>
<td>Oilfield pipelines repair and reconstruction, km</td>
<td>1,607</td>
<td>1,339</td>
<td>1,407</td>
</tr>
<tr>
<td>Inspection and safety expert review of field pipelines (net of well pads), km</td>
<td>26,490</td>
<td>24,625</td>
<td>22,872</td>
</tr>
</tbody>
</table>

Reduction of loss of containment risks

To ensure the equipment integrity and the continuity of production processes in Oil Refining and Petrochemicals, the Company pursues an initiative to prevent loss of containment.

One of the main reasons why flange joints of equipment and pipelines used at production facilities can depressurise is the use of heterogeneous fasteners made of different steel grades. This can cause flange joints to leak at high medium temperatures or due to abrupt fluctuations in process conditions.

In 2021, in order to reduce the risks of flange depressurisation due to the use of heterogeneous fasteners, the Company developed algorithms to mark fasteners based on the materials of flange joint elements. All fasteners are labelled in-house upon delivery with heat-resistant paint using different colours depending on the material. As a result, technicians inspecting production facilities can visually identify and correct the installation or replacement of fastening pieces.

Programmes to improve the reliability of equipment in oil refining and petrochemicals, and regional sales

In Oil Refining and Petrochemicals, the Company continuously analyses the causes of technical incidents with the aim to identify the systemic causes of device failures. Based on the analysis results, nine programmes have been developed to increase the reliability of technical devices and equipment. In 2021, the Company earmarked RUB 1.23 bln for the implementation of equipment integrity programmes, replaced 82 process pipelines and eliminated 980 potentially hazardous sections or elements of process pipelines.

As part of the first stage of the target programme for equipping tanks with process equipment, at the oil storage facilities of Regional Sales subsidiaries, construction and installation works were carried out in 14 Group Subsidiaries participating in the programme in accordance with the approved timeframe.

During the second stage of the target programme, design and survey work was carried out across 11 Group Subsidiaries.

Pipeline inspection technologies

The Company actively introduces new technologies enabling an unmanned monitoring of remote sections.

In 2021, all the Company’s facilities were employing drones (unmanned aerial vehicles) to monitor surface infrastructure, carrying out a total of 16 thousand overflights with the total flight distance of 2.3 mln km.

A mobile laboratory for pipeline monitoring

In 2021, Kondaneft (part of Rosneft’s oil and gas production complex) launched a mobile lab for monitoring technical conditions of pipelines and ground facilities.

The state-of-the-art system allows the Company to obtain real-time diagnostics data without interrupting production using ultrasonic, magnetic, eddy-current and radiographic inspection methods.

Safety at production facilities

As at the end of 2021, the Company’s production facilities operated over 220 thousand units of equipment and technical devices. In accordance with the current regulations, the Company’s facilities carry out repairs and replacements of a wide range of equipment and devices, including drilling rigs, tanks, flowing wellhead equipment, pipelines, furnaces, vessels and pressure vessels, pumps, etc. In addition, Rosneft implements various programmes and action plans to maintain the operational condition of equipment and prevent incidents.

In 2021, the Company had seven incidents at local production sites, mostly related to equipment loss of containment. Following the investigation that includes a full chronological description, assessment of triggers and the current situation, identification of critical factors, as well as of direct and systemic causes, corrective actions have been developed, including:

- random inspections of the working order and containment of the equipment and its compliance with design solutions
- random checks of emergency protection systems
- extra briefings, direct dialogue with blue collar employees, video messages recorded by heads of business units about placing safety requirements above production targets
- development of technical solutions jointly with the manufacturers to ensure greater safety when using this equipment at hazardous production facilities and protection of health and safety of people, property and the environment
- update and revision of technical regulations and technological guidelines taking into account the identified discrepancies
- revision of the register of hazards, risks and management measures
- development of an option to expand the scope of automatic and remote control over production equipment or protection systems

For details on the Company’s programmes to increase the reliability of technical devices and equipment, see the Equipment integrity chapter of the report.

Incidents at Rosneft’s facilities

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of accidents</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

1 Excluding well pad assets and divested assets as at 1 January 2022
2 A flange joint is a connection of pipe sections via flanges, usually flat rings or discs with holes evenly spaced for fasteners (typically, bolts or studs)
3 Installation of fasteners whose linear expansion coefficients are incompatible with flange material or installation of heterogeneous fasteners with different linear expansion coefficients on the flange joint.
Fire safety at the Company’s facilities is secured by a number of prevention and response measures aimed at protecting life and health of people and Rosneft’s assets.

In 2021, the Company invested RUB 11.5 bln in fire safety. The fire engine and equipment sufficiency indicators under the fire protection programme for the Company’s facilities amounted to 92% and 100%, respectively.

The Company’s ability to swiftly respond to accidents at its facilities is ensured by more than ten blowout elimination services with a total headcount of approximately one thousand people. To maintain a high level of preparedness of response teams at all times, the Group Subsidiaries provide their personnel with training and organise joint drills with blowout elimination services and departments. This involves assessing the knowledge, competencies and skills of on-site personnel in the prevention and elimination of oil, gas and water shows and blowouts, and identifying the necessary capacity building initiatives of organisational and technical nature.

The Group Subsidiaries organise tabletop training exercises to practice response to actual or potential wildfire affecting the Company’s facilities. Such trainings also include practising emergency evacuation of people from the hazardous area.

In 2021, the Company ensured that the Group Subsidiaries prepared for the wildfire season, which helped them avoid negative impact of wildfires in the Republic of Sakha (Yakutia), the Irkutsk Region and the Khanty-Mansi Autonomous Area – Yugra.

The corporate fire brigade trained over 330 thousand employees of Group Subsidiaries and contractors and ensured safety for over 70 thousand jobs exposed to fire hazard.

The Company organised 321 fire drills and 5,833 fire exercises to practice response actions at protected sites, with more than 2.9 thousand trainings on emergency response plans.

As a highly responsible company, Rosneft also participates in public regional and federal initiatives and projects. The Company’s representatives are members of a joint working group of the Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters established to improve fire safety system for firefighter and rescue garrisons. Rosneft also participates in the Technical Committee for Standardization TC 274 “Fire Safety”.

The Company makes a significant contribution to ensuring safety of population in the regions of Company operations. For example, in 2021, corporate fire safety teams were engaged more than 900 times to support local firefighter and rescue garrisons of the Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters.

In 2021, Rosneft received a certificate of honour for responsible practices and active participation in the Technical Committee for Standardization “Fire Safety” at the XIII International Exhibition named Integrated Safety and Security 2021.
TRANSPORTATION SAFETY

The achievement of the Company’s production objectives depends on the use of different types of vehicles. As at the end of the reporting year, the Company and its contractors operated over 63 thousand vehicles, including over 35 thousand of special purpose vehicles and more than 5 thousand passenger vehicles. The Company creates a safe environment for drivers, passengers and third parties by developing and implementing regulations in transportation safety, holding trainings, deploying protective equipment for transport and rolling out digital monitoring and control systems.

Rosneft’s transportation safety activities are fully in line with the state programmes. The Company liaisons with regional authorities and traffic police and participates in initiatives aimed at safe use of transport.

In the reporting year, Rosneft continued to implement the 2020–2022 Road Safety plan, which reflects the key goals and objectives of the Road Safety Strategy of the Russian Federation for 2018–2024 and Decree of the President of the Russian Federation No. 204 dated 7 May 2018.

In 2021, the Company implemented preventive measures to reduce road traffic accidents and road safety risks, including:

- identifying dangerous locations on oilfield, on-site, or industrial roads and installing warning systems, traffic signs, and cameras that could help detect violations
- educating employees of Group Subsidiaries and contractors on compliance with traffic regulations and road safety management system requirements
- preventive campaigns to ensure road traffic safety in the regions of the Company’s operations: “Safe road – 2021” and “We are for road safety – 2021”, as well as “Be aware, Children!” held in cooperation with the traffic police at the beginning of the school year
- monitoring road infrastructure and maintenance, timely cleaning and treatment of road surfaces, placement of traffic signs, condition of ice and winter roads, readiness of utility vehicles
- inspecting safe vehicle operation in active parts of the Company’s licence areas
- training drivers (including equipment mechanics and tractor operators) in safe driving and emergency response

The Company places a special emphasis on equipping vehicles and their safe condition. 84% of vehicles are equipped with on-board monitoring systems, 81% – with video recorders. All units of lifting equipment and mobile drilling rigs have in place front and rear video recorders. All driver’s cabs at automatic cranes operating at production facilities of the Company and its contractors have front and rear video recorders installed.

The Group Subsidiaries and contractors held over 48 thousand audits of road safety.

Emergency vehicle lighting for passenger buses

In 2021, all vehicles used to transport employees of the Oilfield Service facilities were equipped with additional safety elements, emergency vehicle lighting. Orange lighting was installed on cars with carrying capacity of above 15 people. The Company also developed a driver guide on the proper use of visual safety signals in vehicles.

A total of 1.5 thousand vehicles were equipped, including buses and off-road passenger cars.

AIR TRANSPORTATION SAFETY

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 analyses incidents, and develops preventive measures. The Company is developing a multilevel aviation control system for Rosneft and Group Subsidiaries, which involves dedicated structural units of the Head Office, managers and experts of the Group Subsidiaries, and contracted airlines.

A number of measures were implemented in 2021 to improve air transportation safety:

- development and implementation of requirements to replace obsolete types of aircraft: An-24, An-26 and Yak-42 will be replaced by modern types and modifications of aircraft: SSJ100, Airbus A320, Boeing 737 and ATR 42

Rosneft participates in the Customers Committee of the Helicopter Industry Association. In 2021, the Committee developed a draft Regulation on the Provision of Aviation Services for Russian Oil and Gas Companies with a view to unifying requirements for contractors providing aviation services, improving the quality of such services and reducing the risks of air events for the industry in general.

Improving the safety of aviation services in the Northern part of the Irkutsk Region

An automatic meteorological station has been commissioned at Verkhnechonskneftegaz’ Verkhnechonske field in the Katangsky District of the Irkutsk Region. The station’s data will improve weather forecast accuracy and thus the flight safety in the region.

The station’s equipment provides accurate and detailed weather data in the vicinity of the Verkhnechonske field’s heliport. The station measures the most important parameters such as air temperature and humidity, atmospheric pressure, wind speed and direction, visibility range, and cloud base in a fully automatic mode.

The measurements are then sent to the Russian Meteorological Service’s Irkutsk branch where the experts process and use data for aviation weather forecasts.
Maintaining a high level of professionalism, competencies, and preparedness of governing bodies and ensuring the resources and manpower needed for emergency management is key to enabling the Company’s employees to carry out their tasks amid emergencies.

The likelihood of emergencies at production facilities is minimised by reducing the risk of accidents that can escalate into emergencies. Emergencies can also result from natural disasters and natural hazards that can seriously affect the Company’s assets across all of Russia’s climatic and geographic areas, such as wildfires, hurricanes, heavy rains, floods (freshets), snowstorms, abnormal frosts, and earthquakes.

APPROACHES TO MANAGEMENT OF THE COMPANY’S RISKS RELATED TO EMERGENCY PREVENTION AND RESPONSE

As part of the Enterprise-wide risk management system, the Company has a dedicated risk management system for emergency prevention and response. 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 the affected employees, and take other urgent measures to ensure sustainable operations in case of an emergency.

Rosneft’s emergency prevention and management objectives:
- Minimizing emergency risks at the Company’s sites
- Maintaining the guaranteed level of employee 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 safe activities of daily living of local communities in the regions of Company operations in case of a potential or actual emergency as required by federal laws

The lives and health of our people is our key value. In line with that, the Company introduces corporate safety standards aligned with strategic priorities of the government’s policy on emergency prevention and management and with latest international requirements.

GRI 102-35, GRI 103-1

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.
EMERGENCY PREVENTION

An important part of emergency risk management systems is putting in place preventive measures with a view to avoiding potential accidents at our facilities and at mitigating the impacts of man-made and natural disasters. In 2021, the Company and Group Subsidiaries implemented a set of scheduled measures to improve the protection of their 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
- improving staff knowledge and skills and ensuring emergency preparedness of the Group Subsidiaries’ governing bodies on-site teams of the RSChS
- effective use of information resources for emergency prevention and response
- developing systems for training employees of Group Subsidiaries in protection against various threats, and introducing the latest methodologies and technical tools for training
- creating, using, and replenishing financial and non-financial reserves for emergency response
- establishing and maintaining the operability of local and on-site alarm systems to inform Group Subsidiaries’ employees about potential and actual emergencies
- 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

As part of efforts to update corporate regulatory documents on emergency prevention and response, in 2021 the Company reviewed its regulations on the Company’s emergency response management subsystem and on-site emergency response teams. The Company’s internal documents on emergency prevention and response are fully aligned with federal laws.

In 2022, Rosneft plans to update guidelines for Group Subsidiaries setting forth the procedure for putting together business plans relating to emergency prevention and response, as well as guidelines on holding a competition to recognise and award achievements in civil defence, emergency prevention and response.

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. The Company also has in place a risk management information system as a combination of hardware and software in dedicated locations with technical tools for data processing and display, communication, and data transfer designed to simplify decision making by the Company’s management.

The Group Subsidiaries’ duty dispatch services operate on a 24/7 basis, with algorithms for dispatchers to follow in case of an actual or threatened emergency. The services feature automated workstations, fixed and mobile telephony, and devices for automated alarm handling.

As part of COVID-19 prevention and response, in 2021 duty dispatch services (as bodies responsible for day-to-day management of on-site emergency response teams) were constantly monitoring incidence rates among the Company’s employees, services providers and contractors and updates on the COVID-19 spread in Russia and globally, with respective information communicated to the management of Rosneft and Group Subsidiaries. GRI 103–3

The set of preventive measures implemented by the Company helped to ensure seamless operation of its facilities during the flood season.

In 2021, duty dispatch services of 68 Group Subsidiaries merged into a shared crisis response service based on the Risk management information system. These efforts are expected to continue into 2022.

Prevention of man-made emergencies

In 2021, the Company took the following key steps at its facilities to reduce the risk of incidents escalating into man-made emergencies:

- reviewing potential man-made risks with a view to taking preventive actions and mitigating their impact on the Company’s assets
- regular employee training in emergency prevention and response
- ensuring constant preparedness to use the technical means for containment and mitigation of incidents and fires.

In the reporting year, the Company started R&D to assess the sustainability of operation of certain facilities and Group Subsidiaries as a whole against the backdrop of existing risks and their destabilising effect.

Prevention of natural emergencies

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 frost), 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 emergencies.

During preparation for the spring flood season, Rosneft determined preventive measures and made regional forecasts for river ice breakup while also developing guidelines for Group Subsidiaries to mitigate the risks of summer and autumn freshets. The Group Subsidiaries created flood response bodies, implemented preventive action plans, 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 2021, the Company organised a tactical training exercise for the emergency management bodies and on-site teams of the Group Subsidiaries to ensure seamless operations and protect employees and assets against spring freshets. The training involved Rosneft emergency task force, corporate governing bodies and on-site teams of the Group Subsidiaries.
In 2021, the Group Subsidiaries developed and implemented measures to ensure fire safety and timely prevention of wildfires near oil fields, 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 2021. Thanks to the corporate policy on emergency prevention, the Company was able to prevent risks of emergencies at facilities of Rosneft and Group Subsidiaries, and none of the Company’s employees were exposed to individual risks of emergencies.

Timely notification of the bodies overseeing the corporate emergency management subsystem and its employees across the Group Subsidiaries is ensured via updated emergency notification procedures, maintenance of local and on-site alarm systems, and creation of new ones. 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.

In 2021, upon emergency alerts from municipal service desks, management and the Group Subsidiaries’ on-site emergency response teams were swiftly switched to an emergency mode, carrying out comprehensive prevention activities so as to ensure response to respective threats and avoid their escalation into emergencies.

EMPLOYEE TRAINING IN EMERGENCY RESPONSE

One of the Company’s focuses in emergency risk reduction and mitigation is preparing governing bodies and ensuring the resources and manpower needed for emergency management so as to improve their skills and professional competencies in protecting the Company’s employees, facilities and territories against natural and man-made disasters, as well as to ensure the safety of the Company’s employees.

The exercises and sessions confirmed that the management bodies and on-site emergency response teams of the Company are able to make informed decisions about engaging in response and rescue operations and to carry out tasks as needed on schedule and in any circumstances.

Every year, the Company holds competitions to recognise and award the achievements of its subsidiaries in civil defence, emergency prevention and response.

In 2021, Rosneft commissioned local alarm systems at Rosneft-Stavropolye and Angarsk Polymer Plant. Construction and installation was also underway to put up similar systems at Tyumenneftegaz, Rospan International, Bashneft-Dobycha, RN-Tuapse Refinery, and Bashneft-Lotistics.

In the reporting year, Rosneft worked on integrating local alarm systems with regional automated centralised alarm systems at the Angarsk Petrochemical Company, the Ryazan Refining Company, the Nizhnevartovsk Refining Association, and branches of Bashneft (Bashneft-UNPZ, Bashneft-Novoil, and Bashneft-Ufaneftekhim).

In 2021, Rosneft conducted 29 audits of the Group Subsidiaries’ emergency prevention and response activities, with gaps identified only with respect of one site (no penalties imposed). GRI 103-3

Ensuring consistently prompt response to emergencies is another major part of emergency risk management.

The Group Subsidiaries took the following steps to make sure response to potential emergencies is prompt and effective:

- updated action plans on emergency prevention and response
- establishment / improvement of the alarm systems designed to notify the Group Subsidiaries’ management and emergency response teams
- drill exercises on switching management of Group Subsidiaries’ on-site teams to an emergency mode

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 2021, the Emergency Response Centre’s service desk held 157 training sessions with duty dispatch services of the Group Subsidiaries on preparedness for emergency response.

The exercises and sessions confirmed that the management bodies and on-site emergency response teams of the Company are able to make informed decisions about engaging in response and rescue operations and to carry out tasks as needed on schedule and in any circumstances.

To assess the emergency preparedness of its Group Subsidiaries, Rosneft held 214 tactical training and 283 tabletop exercises.
Rosneft provides ongoing methodological support to the Group Subsidiaries and controls their readiness for emergency prevention and response, as well as remedial action following the findings of regulatory audits. In 2021, Rosneft experts inspected 36 Group Subsidiaries for emergency prevention and response practices, and readiness of their on-site emergency response teams. Following the preventive efforts of 2021, the federal regulatory body downgraded emergency risk categories for ten Group Subsidiaries in line with the Regulation on Federal State Surveillance in Emergency Protection of Population and Territories approved by Resolution of the Government of the Russian Federation No. 1013 dated 25 June 2021.

To further reduce risks of emergencies and improve the preparedness of corporate emergency response bodies and on-site teams to take action to protect the Company’s employees and facilities, Rosneft identified tasks for 2022 in line with key action plans of Rosneft and Group Subsidiaries on civil defence, emergency prevention and response, fire safety, and water safety.

In 2021, 157 corporate facilities participated in the civil defence and emergency response competition.

In June 2021, with a view of avoiding the risks of the spread of COVID-19 among the employees, the Company held an instructional video conference on civil defence, emergency prevention and response measures. It involved managers and employees of the civil defence and emergency response units from about 200 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 event included a workshop on the procedure for creating and storing non-financial reserves. Also, a test was organised to assess how well employees of civil defence and emergency response units from the Group Subsidiaries know the theory and practice of preparing internal regulations and information documents against tight deadlines with a view to organising emergency response activities.
6
PERSONNEL MANAGEMENT
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 processes, offering professional and personal growth opportunities, as well as social support.

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 protection.

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 harassment or discrimination on the basis of gender, age, ethnic origin, religion, race, or any other grounds.

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 improvement and high efficiency of the HR service
- cooperation with state authorities and vocational institutions to support the government's policy in the area of human resources management
- HR management in strict compliance with labour laws and other regulations applicable to labour relations

Key focus areas of HR policy in the new Rosneft-2030 Strategy

Talent pool development

Leader of the Future: management training programme
RN-Class: promotion of the pre-university training programme, work with Rosneft classes and young talent
Development of the talent pool system:
- HR committee meetings, selection and evaluation of the qualitative composition of the talent pool for target positions
- identification of promising employees in the talent pool to develop the Company's leadership potential
- implementation of individual development programmes, improvement of managerial competencies and grade

Improvement of personnel motivation

Personnel incentive programmes, including the development of a comprehensive remuneration system for the CEOs of Group Subsidiaries

Talent without Borders

Internal exchange programme for promising employees

Development of project management

Improvement of project management based on best practices to successfully complete key projects

In 2021, the Regulation on Personal Data Processing was updated. It provides details on the processes defined in the top-level document – the Policy on Personal Data Processing.

The Regulation describes the methods, algorithms and tools of personal data processing. The methodology helps ensure compliance with and the necessary control over compliance with Russian Laws on personal data processing in any corporate business processes that require the processing of such data.

The Regulation provides for including the necessary optimal algorithms for processing personal data in the Company’s regulations. The Company also plans to automate and introduce tools in the corporate information systems to streamline the effectiveness of processes, wherein personal data is processed.
Rosneft is one of Russia’s largest employers. In 2021, its average headcount stood at 334.6 thousand people, down 3.7% year-on-year. This was due to the changes in Rosneft’s perimeter triggered by the optimisation of the Company’s assets. Russia accounts for the bulk of employees (99.2%). The average age of the Company’s employees increased by 0.2 years to 40.8 years. Managerial positions were held by 41.3 thousand employees. Employees categorised as managers made up 12.3% of the total in 2021. Staff turnover in 2021 was 13%.

The share of female employees was flat at 32.8%. At the end of 2021, women accounted for 24.2% of all managers and over 16% of top and senior managers of the Group Subsidiaries.

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

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 the reporting year, we continued to roll out uniform corporate HR, compensation, and social development standards on corporate IT platforms (rolled out at 13 entities).

UNIFICATION OF THE ORGANISATIONAL STRUCTURES OF THE GROUP SUBSIDIARIES’ FUNCTIONS

Rosneft seeks to streamline its processes and optimize the workload of its employees. To this end, the Company consistently unifies the functions and organisational structures of Group Subsidiaries. In addition to those effective in 2021, two standard organisational structures in information security and energy were developed, approved, and rolled out at three entities. Their phased implementation started in the fourth quarter of 2021, and the process is slated for completion by the end of 2023 across all Group Subsidiaries.

Employee’s personal account

In 2021, we continued developing the Employee’s Personal Account, 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 2021, basic functions of the personal account were rolled out at six Group Subsidiaries. This digital solution will help enhance the online communication with employees and significantly reduce the paper workflow.

In 2021, this initiative was piloted for use on corporate mobile devices and in digital kiosks. By the end of 2022, it is planned to move this initiative to the IT project stage for further roll-out within the Company.
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 for its employees. Rosneft seeks to maintain wages above the regional average for its employees.

In 2021, the Company continued its efforts to move Group Subsidiaries

- to maintain a competitive remuneration level for certain employee categories/positions in Exploration and Production, Oil Refining, and Regional Sales, terms and conditions for salary increases were approved;
- in 2021, in addition to the targets, a number of Group Subsidiaries additionally increased salaries above the standard scenario conditions.

In 2021, the following efforts were made as regards employee remuneration:

- over 40 entities in Regional Sales, Exploration and Production and Oil Refining and Petrochemicals switched to remuneration and bonus terms in line with the Company’s standard requirements;
- to maintain a competitive remuneration level for certain employee categories/positions in Exploration and Production, Oil Refining, and Regional Sales, terms and conditions for salary increases were approved;
- in 2021, in addition to the targets, Regulation on Remuneration and Bonuses was introduced based on the standard template for refineries at Otradensky Gas Processing Plant and Bashneft-Service Refinery;
- the Taimyr assets were integrated into the Company’s perimeter in terms of incentives and motivation

To ensure an increase in real wages and offset the inflation, Rosneft adjusted the salaries in Group Subsidiaries located in Russia by 3.9% in 2021 [GRI-201-1].

<table>
<thead>
<tr>
<th>ACTIVITY AREAS</th>
<th>SAMPLE METRICS</th>
</tr>
</thead>
</table>
| Environmental performance | - emission and discharge volumes  
- waste volume  
- area of contaminated land |
| Workplace safety | - LTIF  
- FAP |
| Fuel and energy savings | Fuel and energy savings in line with the Energy Saving Programme |

Examples of 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 represent a cross-functional KPI.

The Company’s executives are personally responsible for injuries of Rosneft employees as well as the Company’s contractors and subcontractors. In 2021, the Board of Directors included an indicator for implementing the Carbon Management Plan in the KPIs of the Company’s executives. As part of this plan, among other things, the following steps were taken in 2021:

- developing a methodology for calculating GHG emission indicators and their benchmarking;
- progressing corporate carbon reporting and its external verification;
- developing solutions for reducing indirect GHG emissions;
- evaluating the potential for natural CO₂ absorption;
- intensifying the Company’s participation in international environmental and carbon initiatives.

On top of that, the Carbon Management Plan provides for designing a corporate carbon management course and employee training to develop competencies in this area.

At the end of 2021, the Board of Directors approved the Rosneft-2030 Reliable Energy and Global Energy Transition Strategy. Starting from 2022, to deliver the strategy, targets are aligned with management KPIs and remuneration, including the reduction of GHG emissions, improvement of energy efficiency, waste recycling, elimination of oily waste and legacy contamination, biodiversity conservation, introduction of circular economy principles, the Company’s commitment to zero fatalities and zero equipment breakdowns, development of the portfolio of innovative projects, talent pool, and social programmes. More than half of the strategy targets and relevant management KPIs are ESG-related.

Measures aimed at delivering on the strategic targets and initiatives are updated annually as part of the strategic planning cycle and translated into the top management’s KPIs.
**Personnel training and development**

**Personnel training system**

Personnel training and development is a strategic priority for Rosneft. The Company makes every effort to offer its employees opportunities for continuous professional and personal growth and development. As part of the Rosneft-2022 Strategy, the Company implements such educational projects as Leader of the Future, RN-Class, Mentoring Programme, and Educational Programmes with Russian and Foreign Partners.

The corporate training system covers all business areas and staff categories. We engage experts from leading educational and consulting companies to train our people in line with our current and strategic needs.

In 2021, sustainable development of the Company’s employee training system relied on flexible use of in-person and online training formats in response to the COVID-19 developments.

In the reporting period, Rosneft delivered 792.5 thousand man-courses in mandatory vocational and management training, which is 4% more year-on-year and 26% above the 2021 target.

Mandatory courses designed in line with regulatory qualification requirements for employees of the fuel and energy sector and additional occupational safety standards developed by the Company accounted for 70% of all training provided in 2021. The remaining 30% includes vocational and management training to equip target personnel groups with the required technical skills and develop management skills of current leaders and the talent pool participants.

**Personnel training and development, thousand man-courses**

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total for year, including by category:</td>
<td>636</td>
<td>761.9</td>
<td>792.5</td>
</tr>
<tr>
<td>• managers</td>
<td>119</td>
<td>147</td>
<td>143.7</td>
</tr>
<tr>
<td>• talent pool</td>
<td>2</td>
<td>1</td>
<td>1.9</td>
</tr>
<tr>
<td>• white-collar workers</td>
<td>146</td>
<td>218</td>
<td>226.7</td>
</tr>
<tr>
<td>• young professionals</td>
<td>4</td>
<td>3</td>
<td>4.7</td>
</tr>
<tr>
<td>• blue-collar workers</td>
<td>365</td>
<td>393</td>
<td>415.4</td>
</tr>
</tbody>
</table>

Key personnel training and development results in 2021:
- Rosneft continued implementing the comprehensive career guidance and development programme for young exploration and production engineers in such roles as oilfield chemist, drilling supervisor and engineer, and project manager
- arranged training at Lomonosov Moscow State University Higher Business School for employees of the Company’s Exploration and Production unit (including shop managers and their deputies) under the professional retraining programme to improve performance and production methods
- put in place the Geology and Development of Hard-to-Recover Reserves programme at St Petersburg University’s Institute of Earth Sciences
- implemented target training programmes for supervisory service employees and field supervisors in charge of well construction
- provided training under the carbon management programme designed by Rosneft experts
- arranged five corporate training courses in energy efficiency
- successfully conducted corporate training programmes for in-house coaches and line personnel at oil depots, filling stations, and marketing and distribution companies
- conducted HSE training, including the corporate online course Golden Rules of Safety, dedicated courses for employees of Rosneft’s aviation services, and other
- provided management training for current managers and talent pool members of Rosneft and Group Subsidiaries under MBA and Leader of the Future (Strategic Level, Operational Level, Young Talents) programmes

**Personnel training and development**

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average duration of training per employee per year, man-hours</td>
<td>60</td>
<td>50</td>
<td>57</td>
</tr>
<tr>
<td>Total duration of training, thousand man-hours</td>
<td>18,979</td>
<td>17,031</td>
<td>18,830</td>
</tr>
</tbody>
</table>

By category:
- managers | 3,439 | 3,564 | 3,720 |
- white-collar workers | 4,232 | 3,570 | 4,103 |
- blue-collar workers | 11,308 | 9,896 | 11,008 |

By gender:
- men, thousand man-hours | 15,767 | 14,133 | 15,517 |
- women, thousand man-hours | 3,213 | 2,897 | 3,313 |

1. 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.
Rosneft effectively uses digital solutions for personnel training and development. The Company employs VR-based training simulators for field and refinery unit models. These solutions are particularly useful in onboarding and introductory courses for young professionals and new hires.

We also practice blended learning, which involves both in-person and online classes. Similarly, some training modules/blocks are held on-campus, while others through the distance learning format. This flexible approach helps ensure a seamless education process in the face of the pandemic-related restrictions.

**DIGITAL TECHNOLOGIES IN PERSONNEL TRAINING AND DEVELOPMENT**

**LEVERAGING 3D TECHNOLOGIES IN EMPLOYEE TRAINING**

In 2021, experts from the Tyumen Oil Research Centre, a Rosneft R&D facility, developed a programme that enables virtual tours of the Sorovskoye field. The tours help with online training of young professionals and allow employees of corporate institutions to learn about the operations of the Company’s productions assets.

**CORPORATE TRAINING CENTRES**

There are 63 training centres operating as part of the Group Subsidiaries or local educational institutions in the regions of Company operations. They have testing sites and offer hands-on vocational training, including mandatory courses, to improve professional skills of blue-collar employees and specialists.

In 2021, the Company created and launched a corporate training centre at Orenburgneft to train employees of the Group facilities operating in the Orenburg Region.

Rosneft is working to set up corporate training centres in Krasnoyarsk and the Primorye Territory. In the reporting year, the Company also focused on improving the performance of a number of its corporate training centres by restructuring and consolidating them into Group Subsidiaries.

**MENTORING PROGRAMME**

The Company has been implementing a mentoring 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 the relevant field. The duration of the programme is three to nine months for blue-collar workers, and 12 to 36 months for young professionals.

The Company has over 7 thousand mentors. In 2021, they helped with professional development and training of more than 9 thousand new employees.

**PROFESSIONAL STANDARDS**

Rosneft consistently adopts occupational standards in its activities. Currently, the Company can implement more than a quarter of the 1,491 occupational standards that are approved in Russia, with 68 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 Council for Professional Qualifications in the Oil and Gas Industry.

In 2021, 14 employees from eight Group Subsidiaries took part in the 8th WorldSkills Competition of High-Tech Cross-Industry Blue-Collar Professionals as contestants in the Laboratory Chemical Analysis and Engineering Design categories.

**IN-HOUSE TRAINING SYSTEM**

At Rosneft, we have built an effective in-house training system to preserve and transfer knowledge within the Company. The Company relies on in-house training system to preserve and transfer knowledge within the Company. The Company has over 7 thousand mentors. In 2021, they helped with professional development and training of more than 9 thousand new employees.

In 2021, in-house coaches conducted 85 corporate training sessions with 6,221 participants. In the reporting period, the Company launched a training programme for in-house coaches, with 1,082 employees receiving the qualification.

**The world’s first Geosteering School to train specialists in drilling services**

In April 2021, Rosneft opened the world’s first Geosteering School at the Company’s Drilling Geological Support Centre to train skilled drilling support professionals.

The School’s curriculum includes over 10 special courses and practice on a corporate geosteering simulator. Students will be able to simulate drilling of horizontal wells in various geological settings that come as close as possible to real environments.

Rosneft is a member of the Council for Professional Qualifications in the Oil and Gas Industry.

In 2021, 14 employees from eight Group Subsidiaries took part in the 8th WorldSkills Competition of High-Tech Cross-Industry Blue-Collar Professionals as contestants in the Laboratory Chemical Analysis and Engineering Design categories.

1. Nizhnevartovskiy Regional Training Centre, Rosneft’s Professional Expertise Centre “Nefteyugansk-Corporate Institute”, Bashneft-PROFI, Autonomous Non-Profit Vocational Education Organisation “Training and Courses Centre”
The Company’s integrated personnel assessment framework applies to all personnel categories, managers, specialists, and blue-collar employees and includes the following three areas:

- establishment of a succession pool and expert communities
- plans for competency training
- recruitment and change of job position

The corporate and managerial skills assessment relies on the dedicated Model. The Model reflects the Company’s culture and values, and includes an outline of managers’ skills. In 2021, the Company used the Model to evaluate over 17 thousand employees.

The assessment of professional skills also uses materials drawn up in the course of the target innovative project (TIP) to introduce a skills-based approach to personnel development across all business segments. In 2021, we developed and introduced professional competencies along with employee assessment tools in the following areas: Offshore Projects, Oil Refining and Petrochemicals, Oil and Gas Production.

Additionally, competencies were developed for the following functions: Internal Audit, HR Management and Social Programmes, Petrochemicals, and HSE.

### Comprehensive personnel assessment, thousand people

<table>
<thead>
<tr>
<th>GRI 404-3</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional and technical</td>
<td>&gt;20</td>
<td>&gt;16</td>
<td>&gt;25</td>
</tr>
<tr>
<td>Corporate and managerial</td>
<td>&gt;23</td>
<td>&gt;11</td>
<td>&gt;17</td>
</tr>
</tbody>
</table>

Rosneft’s talent pool programme focuses on looking for promising employees, their special-purpose training and promotion to key management positions. For the Company, the talent pool programme serves as a guarantee of business efficiency, while employees view it as an opportunity for development and career growth.

To ensure HR security within Group Subsidiaries, the Company takes consistent measures to develop the management talent pool, which includes a multi-tier competency assessment of selected candidates and candidates, identification of their priority growth areas and individual development plans.

In 2021, the Company arranged training for high-potential employees in the “Strategic and operating levels” programme at Graduate School of Management of St Petersburg State University.

In 2021, we assessed over 25 thousand people based on the TIP materials. To ensure reliable power supply and safe operation of the Group’s power generation facilities, Rosneft is drafting company-wide professional requirements for employees of the Energy function.

Rosneft holds an annual Best in Profession Corporate Festival and Competition, which brings together representatives of key blue-collar and engineering vocations at Group Subsidiaries. The contest promotes best practices and new technologies, helping to raise the status of blue-collar jobs and foster occupational health and safety culture.

The reporting year saw the finals of 16th annual Best in Profession event contested by over 600 winners of the qualifying stages from 100 Group Subsidiaries. The competition was held at Bashneft sites in Ufa and included theory and practice tests in 28 categories. Apart from the winners, each category named the best contestants in the area of health, occupational and fire safety, honouring them with a special Safe Work prize.

The organisers took every precaution against COVID-19 – only fully vaccinated participants or those with medically proven antibodies were allowed to compete. They had to take PCR tests no earlier than 72 hours before the event. As a result, not a single COVID-19 case was reported at the contest.

Rosneft’s talent pool programme had over 42 thousand employees had their managerial and vocational skills assessed.
Together with the China National Petroleum Corporation (CNPC), Rosneft arranged and held an online workshop “Drilling and downhole treatment” treatment for the employees of Rosneft and Group Subsidiaries.

In November–December 2021, Rosneft held online workshops “Establishing the HSE management system” and “Rosneft’s best practice in managing the wellbore quality and well cementing evaluation” for CNPC employees.

In 2021, the Company continued to cooperate with Indian partners in developing educational programmes. During a visit of a Russian government delegation to India, Rosneft and OGC Vision signed an Agreement on development and collaboration in the area of education and training. The Agreement provides for an exchange of knowledge and expertise in the oil and gas management and technologies.

In the reporting year, Rosneft continued providing support for foreign students studying at Russian partner universities. In July 2021, 19 students from Cuba successfully defended their Master’s theses at The Gubkin Russian State University of Oil and Gas. In September, another 20 students from Cuba were enrolled in the programme.

The reporting year saw 31 students from Mongolia carry on with their studies at The Gubkin Russian State University of Oil and Gas and The Moscow State Institute of International Relations (MGIMO), with ten more joining them in September.

Rosneft’s youth policy aims to ensure a steady influx of young qualified specialists from among the top graduates of higher educational institutions, and their fast and effective onboarding at the Company’s facilities. Systemic approach to establishing an external young talent pool of students and graduates of local universities enables succession and HR security within the Company in the long term.

Rosneft maintains partnership with 189 institutions of general, vocational and higher education across the regions of Company operations. The Company helps implement the state educational policy, while also contributing towards the goals of The National project “Education”. In 2021, Rosneft supported a number of partner universities in a bid to join the “Priority 2030” strategic academic leadership programme developed by the Russian Ministry of Science. The Company also participated in the federal project “Development of Integration Processes in Science, Higher Education and Industry”, the national project “Science and Universities”, the federal project “People for the Digital Economy”, and the national programme “Digital Economy of the Russian Federation”.

The Company took an active part in discussing draft regulations proposed by the Russian Ministry of Education with regard the Professionalist federal project to upgrade vocational education in Russia.
ENGAGING WITH "ROSNEFT CLASSES"

"Rosneft classes" are the first stage of forming the Company’s external pool of young professionals. "Rosneft classes" are established at comprehensive schools in the regions of Company operations and are aimed at providing pupils with quality secondary education with an in-depth study of technical disciplines. The programme also encourages pupils to study engineering at universities, with employment with the Company upon graduation.

In 2021, the Company supported 108 classes in partnership with 56 secondary schools in 50 towns and settlements. The project covered three more locations – Yakutsk (Republic of Sakha (Yakutia)), Dudinka (Turukhansky Okrug-Nenetsky District), and Nizhnevartovsk (Khanty-Mansi Autonomous Area – Yugra).

In 2021, Rosneft carried on with the project run jointly with Lomonosov Moscow State University to provide distance learning for teachers and schoolchildren by arranging a pilot lecture course for pupils on the basis of project team mentors. Competitive examination. Nine experts from Group Subsidiaries took on the role of project team mentors.

In the reporting year, 50 team-building career guidance workshops were held for "Rosneft classes" pupils. Partner schools introduce early career guidance and preliminary training for fifth to ninth grade pupils as a way to help them make an informed choice of the major at high school. For a unified approach to the programme implementation, Rosneft has developed the Concept of early career guidance and preliminary pupil training that should support teachers and employees of Group Subsidiaries involved in the pre-university training.

In 2021, Rosneft classes saw 1,138 graduates, with 235 pupils graduating with honours, which is 22.4% of all graduates. Higher educational institutions enrolled 1,062 "Rosneft classes" graduates (93.3%), with 742 graduates choosing dedicated courses in petroleum and associated disciplines (69.9% of all "Rosneft classes" graduates).

Programme for gifted children

For four years, Rosneft and the "Talent and Success" educational foundation have been jointly implementing a programme for gifted children. In 2021, 108 pupils of "Rosneft classes" from 16 regions of Company operations took part in the final round of the programme.

Using VR and AR1 technologies, senior pupils were asked to create exhibits for a virtual museum dedicated to the history of the oil and gas industry. Such exhibits included a drilling rig, refineries, facilities, and tanker vessels. Schoolchildren were divided in teams from day one and took on various roles, including in engineering and software development.

The programme for gifted children is a career guidance event integrated into Rosneft’s continuous education framework "School-higher education-workplace".

Among other things, "Rosneft classes" project seeks to identify and provide support and education to the gifted youth. To this end, pupils are encouraged to participate in the Olympiad movement.

In the school year 2020-2021, 826 pupils from "Rosneft classes" became winners and prize-winners in a wide range of Olympiads, with 281 winning top awards and other prizes at various stages of the National Olympiad of Schoolchildren.

The Company continued its cooperation with the Sirius Educational Centre to reach out to more young talents. In 2021, the Company held The IV Partner educational programme for gifted pupils of "Rosneft classes". 1,038 pupils of "Rosneft classes" participated in the programme in an online format. The in-person part was hosted by the Sirius Educational Centre in Sochi and attended by 108 schoolchildren from 16 Russian regions who successfully passed the competitive examination. Nine experts from Group Subsidiaries took on the role of project team mentors.

In May 2021, Bashneft companies held a number of Olympiads for students and schoolchildren at Ufa State Petroleum Technical University.

The Single Refinery Cup in Oil Refining staged together with Bashneft-Ufaneftekhim saw 80 participants from the university and the Ufa fuel and energy vocational school. The students demonstrated their good knowledge of oil refining and technological processes. There also were 58 ninth-graders from schools in Ufa and the Ufa district of the Republic of Bashkortostan competing in intellectual games at the Olympiad on physics, chemistry, and mathematics.

In addition to that, Ufagorgsintez, Bashneft’s petrochemical facility, held the Fourth Student Olympiad focusing on petrochemicals, chemical engineering, and automation. The event saw 79 students from Department for Petrochemicals and Chemical Engineering and Departments of Telecommunication, and Metrology of Ufa State Petroleum Technical University competing to be recognised as the best experts in those fields.

Students with the best results were invited by Bashneft for an interview to discuss their career prospects and opportunities. The best ninth-graders were invited to apply for "Rosneft classes" in Bashkortostan.

COOPERATION WITH UNIVERSITIES

In 2021, Rosneft engaged with 76 Russian and foreign universities on the basis of Agreements on cooperation. Of these, 28 universities are partners of Rosneft. Cooperation agreements with higher education institutions allow the Company to actively engage in joint efforts focused on employee training and retraining, and research and innovation, as well as help develop the research and education capabilities of universities so that their graduates are qualified to meet the current business needs. Below are some of the 2021 highlights:

- In order to successfully implement its climate-related forestation and carbon management projects, Rosneft entered into a cooperation agreement with the St Petersburg State Forest Technical University named after S.M. Kiryukhin.
- Master’s programme on Genomics and Human Health continued at Lomonosov Moscow State University. In September 2021, the second group of students was enrolled.
- 26 specialised university departments continued to operate, with 59 employees of the Company involved in their activities in 2021.
- Rosneft Days, career fairs, open house days and other events were held offline and online involving more than 15 thousand students.
- 4,849 students completed internships with the Company.
- the Company’s Head Office arranged a long-term internship for 133 Master’s students from Rosneft’s five partner universities.

University cooperation highlights

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of partner universities</td>
<td>61</td>
<td>68</td>
<td>76</td>
</tr>
<tr>
<td>Number of students doing an internship</td>
<td>7,088</td>
<td>2,475</td>
<td>4,849</td>
</tr>
</tbody>
</table>

1. Due to the changes in the Company’s asset perimeter
2. VR stands for virtual reality; AR – augmented reality.
3. Partner universities and universities that signed cooperation agreements.
PHILANTHROPIC ASSISTANCE TO EDUCATIONAL INSTITUTIONS

Rosneft and the Group Subsidiaries provide philanthropic assistance to educational institutions offering courses relevant to the Company’s needs and taking part in projects and programmes of the corporate “School-higher education-workplace” framework for continuous education.

Some of this aid is allocated to “Rosneft classes” for the following purposes:

- additional education in relevant subjects involving lecturers from partner universities
- career guidance and team building events for schoolchildren
- support for gifted schoolchildren advanced training for teachers of relevant academic disciplines
- materials and equipment for dedicated classrooms

Vocational and higher education institutions received financial support:

- to improve and develop their material and technical resources as well as teaching and learning materials
- to help finance large-scale infrastructure projects of educational institutions - Company partners
- to maintain their specialised departments and Master’s courses as required by the Company’s strategic projects
- to provide corporate scholarships and grants to talented students looking for professional development within the Company’s perimeter, and Master’s students doing long-term internships at Rosneft
- to offer corporate grants to lecturers at partner universities

In 2021, Rosneft continued issuing grants for relevant exploratory research by academics at its partner universities. In total, 120 grants were awarded to 120 partner universities that explored 30 research areas relevant for the Company.

New equipment for the leading university of the Khanty-Mansi Autonomous Region – Yugra

In 2021, Samotlorteppe, a company integrated into Rosneft’s upstream complex, provided state-of-the-art lab equipment to Nizhnevartovsk State University. The project is part of the corporate “School-higher education-workplace” framework.

The universities’ upgraded laboratories educate students in such important disciplines as “Oil and gas engineering”, “Electric power engineering”, and “Heat power engineering”.

The laboratories enabled students to gain hands-on experience and insights into modern-day production trends in the oil and gas industry as part of their learning process. The purchased equipment included a dedicated software suite to study hydraulic fracturing and develop skills for planning and enhancing oil recovery, and the “Power Dispatcher” automated workplace, which is a specialised simulator combining hard- and software for students majoring in power engineering to learn how to swiftly change between operational modes and configurations, arrange for required operations, record the technological process flow, and manage EDI.

DEVELOPMENT OF YOUNG PROFESSIONALS

In 2021, 96 Group Subsidiaries employed 3,241 young professionals. University graduates were employed in the reporting year on a scheduled basis.

To fast-track the onboarding of young professionals, Rosneft has introduced mentorship programmes across the Group Subsidiaries. There are 71 Group Subsidiaries that have Councils of young professionals. As part of an effort to develop professional, corporate, and managerial competencies, in 2021, the Company arranged for dedicated training programmes (around 4,688 man-courses) and participation of 2,490 young professionals in regional and cluster R&D conferences.

STRATEGIC YOUNG TALENT POOL

Rosneft pays special attention to its strategic young talent pool. To this end, the Company regularly organizes assessment business games for prospective young leaders in their third year of employment.

In 2021, the games brought together 424 employees from 78 Group Subsidiaries. Based on the results, the Company selected 122 participants from 27 Group Subsidiaries and recommended that they should be included in the strategic talent pool and receive further training under the Three Steps programme. The Company also selected 139 young specialists from 66 Group Subsidiaries who had excellent performance in developing their corporate and managerial skills.

Young professionals at Rosneft

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of young professionals hired upon graduation</td>
<td>1,360</td>
<td>1,009</td>
<td>1,066</td>
</tr>
<tr>
<td>Number of young professionals in the Company</td>
<td>4,001</td>
<td>3,621</td>
<td>3,241</td>
</tr>
<tr>
<td>Number of young professionals participating in R&amp;D conferences</td>
<td>2,607</td>
<td>2,716</td>
<td>2,490</td>
</tr>
</tbody>
</table>

R&D conference run by Rosneft

Rosneft’s R&D conferences traditionally feature three stages. Eligible for participation in regional events are young professionals with work experience of 1–3 years. In 2021, these regional R&D conferences took place in 94 Group Subsidiaries and welcomed 2,490 participants.

The judging panel reviewed 274 projects and recommended 102 of them for implementation at 27 corporate facilities. The economic effect from these projects is estimated to exceed RUB 680 mln.
The Company’s key strategic initiatives ensure enhanced social security for the employees.

Rosneft’s management has always been committed to maintaining high social security standards for the employees. For many years, the Company has been one of the most socially responsible employers in Russia, laying major emphasis on social programmes designed to ensure the social security of its employees, their families, and retirees.

Healthcare and personal insurance

Protecting and strengthening the health of its employees remains a key priority for Rosneft, which is why it continuously implements the following initiatives:

- provision of emergency and routine medical services for employees, including those stationed at remote and hard-to-access production facilities of the Company
- implementation of voluntary health and accident insurance programmes
- provision of resort and rehabilitation treatment opportunities for employees
- implementation of programmes aimed at disease prevention and mitigation, and promotion of a healthy lifestyle

Emergency and routine medical services at production facilities

Part of the Modern Medicine programme, this initiative includes:

- improving the Company’s healthcare system by supplying on site healthcare facilities with modern medical equipment, continuously strengthening professional competencies of medical staff, and conducting regular medical drills to practise emergency aid skills
- Creating and developing a corporate telemedicine network: in 2021, the National Intellectual Development Foundation provided the Company on practical emergency aid skills and medical evacuation procedures using teledicine technologies
- the Company’s annual scientific and practical conference on workplace health, which included reports on relevant issues relating to the prevention and diagnostics of COVID-19, such as employee revaccination, specific of on-site healthcare services amid the pandemic, etc.
- an in-person training course for in-house coaches who help the Company’s employees develop first aid skills

Personal insurance programmes

Voluntary health insurance for the Company’s employees provides access to the required healthcare services, including those involving the use of high-tech equipment, at the finest Russian healthcare and wellness institutions as an add-on to the mandatory government healthcare scheme.

In the reporting year, personal insurance programmes (voluntary health and accident insurance) covered more than 330 thousand employees of the Company.

Quality medical assistance provided by modern, state-of-the-art multidisciplinary clinics accessible for employees at their place of residence or workplace is key to improving the health of Rosneft employees and extending their careers.

Payouts under voluntary accident insurance schemes serve as an additional source of support for employees with injuries (whether work-related or not) causing temporary or permanent inability to work or for their families in case of an occurrence of the insured event.

GRI 103–1
Rosneft’s management has always been committed to maintaining high social security standards for the employees.

GRI 103–2
For many years, the Company has been one of the most socially responsible employers in Russia, laying major emphasis on social programmes designed to ensure the social security of its employees, their families, and retirees.

The Company’s key strategic initiatives ensure enhanced social security for the employees.

Key components of the social policy

<table>
<thead>
<tr>
<th>Modern medicine</th>
<th>Active longevity</th>
<th>Affordable housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• providing access to medical care for employees through the Company’s network of modern on-site healthcare facilities</td>
<td>• ensuring regular indexation of corporate pensions to improve the social security of retirees</td>
<td>• providing housing to the Company’s employees as part of the corporate mortgage programme to improve their living conditions</td>
</tr>
</tbody>
</table>

The Company’s network of modern on-site healthcare facilities includes those stationed at remote and hard-to-access production facilities of the Company. In 2021, the Company’s network of modern on-site healthcare facilities included healthcare facilities at 13 Group Subsidiaries, including those stationed at remote and hard-to-access production facilities.

The telemedicine network aimed to provide access to high-quality healthcare services and expertise to pilot and roll out the corporate telemedicine network: in 2021 under the guidance of the National Intellectual Development Foundation: four remote telemedicine training sessions on prehospital emergency care in accordance with the latest requirements.

To develop the professional competencies of healthcare personnel, the following activities were organised in 2021 under the guidance of the National Intellectual Development Foundation:

- four training sessions at the Novokuibyshev Refinery, RN-Uvatneftegaz, RN-Yuganskneftegaz, and the Angarsk Petrochemical Company on practical emergency aid skills and medical evacuation procedures using telemedicine technologies
- four remote telemedicine training sessions on prehospital emergency care in accordance with the latest requirements
- the Company’s annual scientific and practical conference on workplace health, which included reports on relevant issues relating to the prevention and diagnostics of COVID-19, such as employee revaccination, specific of on-site healthcare services amid the pandemic, etc.
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HEALTH RESORT AND REHABILITATION TREATMENT AND WELLNESS

Health resort and rehabilitation treatment and wellness facilities are key components of the corporate social security system. It provides the Company’s employees, their family members and retirees - veterans of labour with opportunities to improve their health, extend their professional careers and prevent diseases.

DISEASE PREVENTION AND MITIGATION PROGRAMMES

The Company continued its efforts to prevent, proactively diagnose, and reduce the risk of diseases and promote an active and healthy lifestyle:

- The Head Office and Group Subsidiaries ran campaigns aimed at preventing cardiovascular diseases, influenza, and acute respiratory infections, encouraging people to quit smoking and embrace a healthy diet, improve their mental health, etc.
- The Company conducted preventive medical examination of its employees focusing on early detection of cardiovascular and oncological diseases. In the reporting year, more than 74.7 thousand employees of Rosneft underwent such examination amid the pandemic.

Given the unfavourable epidemiological situation observed throughout 2021, more than 60 thousand employees, members of their families, and retirees received treatment services in Russia, primarily at the Company’s own health resorts and regional wellness centres.

HERD IMMUNITY

95% of Rosneft employees
90% of Group Subsidiaries employees

The Company paid particular attention to such preventive measures as regular testing of employees and their massive vaccination against this virus. In addition to these arrangements, Rosneft ran a major campaign to raise employee awareness about the importance of and the need of vaccination as a preventive tool. This helped promptly achieve a high level of herd immunity across Rosneft and the Group Subsidiaries.

Given the epidemiological situation caused by COVID-19 in Russia, in 2021, Rosneft contributed to the implementation of The National Project “Housing and Urban Environment”. The initiative enables the Company to attract and retain highly qualified employees, and ensure long-term engagement of valuable professionals in the regions of Company operations by providing housing through the following arrangements:
- granting interest-free loans to apartment buyers using mortgage loans issued by partner banks at a reduced interest rate (the Bank of Russia’s key interest rate +1%);
- providing corporate housing to relocated professionals. The total number of corporate housing units available in the Company’s regions of operation exceeds 1,500.

Advanced methods of prenatal genetic screening

Rosneft is involved in the Federal Scientific and Technical Programme for the Development of Genetic Technologies in 2019–2027. As a technology partner, in 2021 the Company launched a socially important project focused on non-invasive prenatal testing (NIPT), a screening method that can early and reliably detect genetic abnormalities in the fetus. Intended for the Company’s employees and their family members, the project covered more than 1.2 thousand women in 2021.

Improved housing

For 16 years, the Company has been successfully running a comprehensive housing programme, a crucial incentive included in the corporate social policy. In 2021, Rosneft continued its efforts to build comprehensive projects for the regions of Company operations. Subsidiaries ran campaigns aimed at increasing Rosneft’s commitment to the development of genetic technologies. In the reporting year, Rosneft contributed to the implementation of The National Project “Housing and Urban Environment”.

With its Comprehensive Housing Programme, Rosneft contributes to the improvement of the social protection of retired employees. In the reporting year, Rosneft continued to implement its comprehensive programme to ensure favourable social and living conditions for the employees of Group Subsidiaries and its contractors stationed in remote regions and operating in adverse climatic conditions.

In 2021 saw a number of anti-COVID-19 initiatives implemented in 306 shift camps, including office and amenity buildings and portable cabins. The Company took comprehensive actions to combat COVID-19, including daily temperature checks and availability of personal protective equipment and sanitisers.

In 2021, the Company also introduced an automated nutrition tracking system, which allows for more transparent accounting of meals served to the employees of Group Subsidiaries and contractors.

In addition, Rosneft developed and implemented a strategy for procuring services related to social amenities and living conditions, which includes certain requirements for service providers and enables Rosneft to enter into service contracts with major companies.

Corporate pensions benefits and care for veterans

The corporate pension programme is an integral part of the Company’s HR and social policy, as it is aimed at improving the social protection of retired employees.

Corporate pensions benefits and care for veterans

The non-state pension programme covers employees of Rosneft and Group Subsidiaries within the framework of corporate pension agreements with Non-State Pension Fund (NPF) Evolution.

The Active Longevity Programme, pursued under Rosneft–2022 Strategy and designed to improve the social security of retirees was implemented in full in the reporting year. It helped ensure the annual indexation of corporate pensions through the investment income of NPF Evolution. In 2021, over 40 thousand pensions were increased by 4%.

For over 18 years, the social support project covers former Rosneft and Group Subsidiary employees who retired before the introduction of the non-state pension programme. In 2021, the Company carried out an annual pension indemnification with a 5% increase. Every month pensions under the veterans project were paid to 19.3 thousand veterans.

Social and living conditions at production sites

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Rosneft and 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 indefeasible 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 eliminates any possibility of creating a hostile, demeaning or offensive environment. The Company does not tolerate any forms of harassment or discrimination. The Rosneft Interregional Trade Union Organisation (Rosneft MPO) is a partner that plays a significant role in the Company’s HR and social policies.

As at the end of 2021, there were 149 primary trade union organisations in Rosneft MPO representing Group Subsidiaries, with over 148 thousand employees being their members (44% of the total headcount as at 31 December 2021). Following discussions held in 2021, the Standard Collective Bargaining Agreement with Rosneft MPO was amended to include provisions that improve the social security of employees. Over the reporting year, 11 amendments were made and 4 new clauses were added. The amendments were mainly aimed at strengthening the employee support in case of sickness, including COVID-19, as well as incremental benefits and payments in case of work injuries.

As at the end of 2021, 220 Group Subsidiaries liaised with the National Trade Association of Oil and Gas Employers. Their close dialogue has paved the way for the Association to protect the interests of the Group Subsidiaries in the Sectoral Commission on Social and Labour Relations in the Oil and Gas Industry and government agencies. Thanks to the solid benefits, guarantees, and reimbursements enjoyed by their employees, Rosneft’s Group Subsidiaries officially joined the ranks of socially-oriented employers in Russia’s oil and gas industry, which strengthened Rosneft’s overall standing as a socially responsible employer.

In 2021, more than 150 Group Subsidiaries were parties to the Industry Agreement on the Companies of the Oil and Gas Industry and the Construction of the Oil and Gas Industry Facilities. There were no identified cases of non-compliance with collective bargaining agreements or with the Industry Agreement. All commitments made by Group Subsidiaries were fulfilled on time.

A slight year-on-year decrease is associated with the exit of certain Group Subsidiaries from Rosneft.
R&D and digital transformation
R&D development and implementation of digital technologies play a crucial role in improving the efficiency of all business processes – from upstream and downstream to the sales of products to end consumers.

**INNOVATION MANAGEMENT**

Rosneft carries out its innovative activities in accordance with the Innovation Development Programme (the Programme) approved by the Board of Directors. The Programme contributes to achieving the Company’s strategic goals and prioritizes efficiency, sustainable growth, transparency, social responsibility, and innovations.

**Objectives of the Innovation Development Programme**

- Development and deployment of new technologies
- Development, production, and launch of new world-class innovative products
- Enhancement of the Company’s shareholder value and competitive edge in the global market
- Support to the Company’s modernisation and technological advancement through high-impact improvements in key performance indicators for business processes

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 2021, Rosneft continued to successfully introduce innovations resulting from the R&D activities, while also working to obtain state registration of intellectual property rights. In 2021, the Company submitted 60 intellectual property applications and obtained 66 patents.

In 2021, 115 technologies were put to test by 17 Group Subsidiaries. A total of 403 tests were conducted as part of the pilot projects in 2021, resulting in 84.3 kt of incremental oil production. The Company reviewed the results, assessed the economic viability of implementing proposed solutions, and prepared plans for their roll-out and implementation.

In 2021, the Company introduced and rolled out 32 new technologies which proved their viability following prior pilot tests. As part of its efforts to implement TIP, the Company signed over 50 licence and sublicence agreements for the transfer of its lubricants manufacturing technology, software solutions and technologies, including those used to provide training to students at the industry-related departments of the leading Russian universities.

**Successful technology application**

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The Company implements projects in various areas, including geological exploration and field development, oil and gas production, oil refining, petrochemicals, gas projects, environmental protection and industrial safety.

In 2021, RN-BashNIPIneft held its third IT marathon under the auspices of Rosneft. The marathon included four hackathons and brought together over 1,200 Russian and foreign IT specialists. The event was geared towards developing competencies in data science and robotics across the Group Subsidiaries and was scheduled to coincide with the Year of Science and Technology announced in Russia in 2021.

The hackathon participants were presented with a number of challenges, including automated digitalisation of materials for archive processing, recognition of natural language, production robotics, and tasks at the junction of environment and digitalisation. Active participants were offered to join Rosneft’s team. The solutions produced at the hackathon were sourced to support the Company’s IT development efforts.

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Digital Transformation and UN Sustainable Development Goals

Rosneft develops and implements digital solutions designed to make a meaningful contribution to the UN Sustainable Development Goals.

Key projects of 2021 contributing to the UN Sustainable Development Goals

| Economic impact | • The Company is introducing production process engineering models in oil refining, and have launched a system for optimised blending of heavy petroleum products.  
| Social impact | • We have launched a cashless payment solution that enables customers to pay for fuel via the mobile app without having to leave their vehicle. It is currently available at over 1.6 thousand filling stations in 33 Russian regions. The cashless refuelling service helps improve driver safety at filling stations and optimise routes by taking into account fuel needs. The service is also available for corporate clients and taxi companies.  
| Environmental impact and carbon management | • In 2021, ten Group Subsidiaries were the first in the industry to plan and implement pilot leak detection and repair (LDAR) programmes using state-of-the-art technologies. LDAR programmes in Rosneft’s Exploration and Production business combine surface inspections of the infrastructure using portable equipment sensitive to microleaks, and aerial inspections using drones to identify unusual concentrations of methane over linear and infrastructure facilities.  
| • In 2021, Rosneft’s Scientific and Technical Council approved research to develop a standard LDAR programme for a producing asset and a method to quantify methane emissions from leaks harmonised with international standards. Development is now in progress. This is needed to make sure the Company’s methane reduction efforts are transparent for auditors and non-governmental organisations. The research results will be available in 2022.  

Robot for routine operations

In 2021, experts from the Tyumen Oil Research Centre, a Rosneft R&D facility, developed a piece of software used to automate the routine operations of a PC user. EVA, a software robot, can draw up commands and integrate them into scripts that can be replicated through EVA.

EVA relies on the iteration of basic PC user actions to record them in the form of commands and streamlines them into scripts that can be replicated through EVA.

The Tyumen Oil Research Centre is actively engaging EVA: a total of nine scripts have been deployed so far, which resulted in savings of over 150 business days per year. Going forward, robotised automation systems will handle 100% of routine processes.
Information security

Information security is a key factor underlying the Company’s sustainable operation in the context of digitalisation and improvement of business management, control and industrial automation systems.

The Information Security Policy, a core document in this realm, was updated and approved by Rosneft’s Board of Directors in 2020.

The Company defines its information security as a state of affairs where its information infrastructure is sufficiently protected to ensure the consistent development and growth of computing capabilities, autonomous operation of the Company and its participation in import substitution programmes.

In order to manage the information security function, the Company has built a diverse portfolio of IT security projects, which include implementation of proactive response tools and safeguards against cyberattacks on the Company’s information systems. These projects have helped put in place reliable IT security infrastructure that fully meets the needs of Rosneft.

In 2021, as a way of reducing human factor in information security risks, Rosneft put a lot of effort into promoting appropriate skills among the Company’s employees. In addition to having access to educational opportunities, users of the Company’s IT resources receive regular updates on relevant computer threats and are trained in prompt computer incident response.

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 among key priorities for Group Subsidiaries with respect to improving the energy efficiency of production processes.

Energy consumption

In 2021, Rosneft updated its online training course “Basic Information Security Rules”, which aims to foster relevant practical skills in the Company’s employees. After completing the course, participants are required to take an exam. This programme has become mandatory for all employees of the Company’s Head Office and some of the staff working for the Group Subsidiaries.

In 2021, Rosneft’s energy consumption reached 568.9 mln GJ. The most energy-consuming activity (130 mln GJ) is oil and gas production. The major consumers of heat and fuel (111 mln GJ) are oil refining and petrochemicals processes. To improve energy consumption measurement, the Company’s oil refining and petrochemicals subsidiaries began to draw up and implement 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.

<table>
<thead>
<tr>
<th>Energy consumption, mln GJ</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total consumption of renewable and non-renewable energy sources (process fuel)</td>
<td>296.3</td>
<td>271.1</td>
<td>283.1</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>185.4</td>
<td>168.5</td>
<td>163.2</td>
</tr>
<tr>
<td>Heat consumption</td>
<td>130.6</td>
<td>123.3</td>
<td>122.6</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>612.2</td>
<td>562.9</td>
<td>568.9</td>
</tr>
</tbody>
</table>
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 Commission on Energy Efficiency, which implements advanced solutions and approaches to energy efficiency management and development of the energy management system. In 2021, the Commission on Energy Efficiency monitored progress against Rosneft’s energy management system is ISO 50001.

In 2021, Rosneft’s Energy Saving Programme for 2022–2026 was extended to include four new Group Subsidiaries. In 2021, the Company also updated its Regulations “Planning and Assessment of Actual Energy Saving Effects from the Energy Management System in line with ISO 50001.”

In 2021, the Company updated its Regulations “Planning and Assessment of Actual Energy Saving Effects from the Energy Management System in line with ISO 50001.” 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.

RAISING EMPLOYEE AWARENESS ABOUT ENERGY MANAGEMENT

One of the Energy Management System tasks is to increase awareness of energy efficiency and energy saving among Rosneft’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 2021, employees of Group Subsidiaries were given an opportunity to pursue five corporate training programmes on energy efficiency improvements at Rosneft-Termneft’s training centre. A total of 403 employees competed the course.

ENERGY SAVING AND ENERGY EFFICIENCY

The cornerstone of the Energy Management System is Rosneft’s Energy Saving Programme that is prepared for every five-year period and updated annually. According to the Energy Saving Programme for 2021–2025, the five-year fuel and energy savings should total 2.6 mln tonnes of reference fuel.

The actual fuel and energy savings under Rosneft’s Energy Saving Programme in 2021 came in at 372 thou. tonnes of reference fuel.

There are also regular quarterly meetings that review the outcomes of the Energy Saving Programme by workstream, analyse year-end targets and give risk mitigation instructions so that these targets could be achieved.

In 2021, the Company carried out checks of energy efficiency and progress against energy management system implementation and development in 16 Group Subsidiaries involved in oil and gas production and oil refining, with roadmaps drawn up to address the identified gaps in 2022–2023. Another assessment is scheduled for 2022.

The Company had its own energy efficiency and energy saving divisions perform an internal energy efficiency audit of 688 production facilities and process plants at 40 Group Subsidiaries to identify their energy saving potential and utilize it under the Energy Saving Programme.

Green energy

Combating climate change, promoting green energy, and achieving energy savings through incremental energy efficiency are among the top priorities for global economy in general and Rosneft aims at developing green energy. In the reporting year, the Company selected pilot projects designed to reduce its indirect emissions of greenhouse gases through procurement of green energy in 2022.
Rosneft’s information and technological independence is achieved through the continuous improvement of technologies, implementation of innovations and effective design solutions helping the Company to reduce construction and operation costs, while also keeping our processes safe and eco-friendly.

In 2021, the in-house R&D and design institutes that have design departments became a part of the re-established Capital Projects business stream. Based on the corporate R&D institutes, Rosneft’s Technology Cluster was established as the single centre for the Company’s scientific and technological development, cooperation with partners and marketing its proprietary technologies to third parties.

Rosneft’s Technology Cluster secures Rosneft’s sustainable technological advantage, develops world-class technologies and organisational capabilities, as well as provides comprehensive technological support to the Company’s businesses.

Each year, Rosneft creates more than 100 design solutions to improve the reliability and efficiency of facilities subject to approval by the Company’s Scientific and Technical Council.

2021 was declared the Year of Science and Technology by Decree of the President of the Russian Federation. In early 2021, the Company held a press conference to discuss its large-scale R&D initiatives across all lines of business as well as Rosneft’s performance in 2020.

Standard Design and Standardisation

**STANDARD DESIGN SOLUTIONS**

For the continuous improvement of project manufacturing, the Company standardises and harmonises project requirements in the corporate System of standard design solutions which uses the best innovations as the basis for setting corporate standards across all Rosneft’s businesses.

The standard design data cover 90% of all projects in which the Company invests.

As part of the project, more than 300 standardisation documents were developed and circulated across the Group’s 74 Subsidiaries.

2021 saw Rosneft continue the large-scale work to update and develop its technical standards as part of the project of standard design solutions. The implementation of the standards produced a total effect of RUB 9 bln in 2021, with the cumulative effect exceeding RUB 50 bln.

**STANDARDISATION SYSTEM**

Rosneft’s efforts to promote industry-wide standards and technical regulations highlight its role as an industry leader. Every year the Company approves and implements over 100 effective Group-wide design solutions.

Rosneft 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 Ministry of Construction, Housing, and Utilities to amend the Permafrost Beds and Foundations Code, effective from July 2021, securing an annual saving of RUB 400 mln in capital expenditures for the industry.

Representatives of the Company’s Technology Cluster are active members of twelve technical committees for standardisation. Every year, its experts review more than 200 draft industry-wide regulations.

In 2021, more than 200 draft standardisation documents were reviewed as part of a consistent effort towards standardisation and technical regulation, including update and development of technical standards and improving the efficiency of the Company’s design solutions.

Rosneft’s system of standard design solutions wins the Project Olympus

The project of the system presented by Tyumen Oil Research Centre ranked in the Top 5 and qualified for the final round in the Megaprojects nomination at Project Olympus 2020, a professional project management contest. GRI 103-1

Over 260 applications were submitted to the competition, with 75 governmental, business and non-governmental organisations making it to the second round and 15 getting to the final. Project Olympus 2020 was aimed at rolling out project management tools in the public sector, and improving the performance of government agencies, state-owned corporations and companies that have a significant impact on the economic development.
Rosneft enhances the marketing of its proprietary IT solutions with seven new products brought to market in 2021, including RN-SIGMA, RN-GEOSIM, RN-VECTOR, RN-VISOR, RN-HORIZON+, RN-ROSPUMP, and RN-SIMTEP. The Company’s technological development in oil refining and petrochemicals is focused, among other things, on creating proprietary catalysts. To date, Rosneft has developed, and launched the production of dozens of catalyst grades for oil refining and petrochemicals processes at Angarsk Plant of Catalysts and Organic Synthesis, RN-Kat (Sterlitamak), and Novokuibyshevsk Catalyst Plant. The catalysts are on par with, or surpass their foreign counterparts.

R&D institutes from the corporate Technology Cluster contributed to establishing requirements for a new Euro 6 motor gasoline, A1-100 motor gasoline, as well as upgrading motor fuel production technologies. To improve the quality of gasolines, the Company set more stringent environmental requirements covering six metrics, including sulphur, benzene, and olefinic hydrocarbons.

Rosneft attaches particular importance to the environmental research and biodiversity conservation in the Arctic region and is guided by the following principles:
- preservation of the favourable environment and biodiversity
- innovativeness in implementing environmental technologies and improving the environmental performance of products
- minimization of environmental risks
- balance the interests of the Company and the interests of the public in the use of natural resources
- preventive measures taking precedence over measures aimed at containing and eliminating the consequences of hazardous events
- transparency and reliability of the Company’s environmental reporting

For more information on Rosneft’s Programme to Study Key Types of Arctic Ecosystems, see the Biodiversity Conservation section.

In 2021, Sapphire Applied Engineering and Training Centre continued offering short-term advanced training courses, modular training programmes, as well as online and offline educational and R&D conferences. 1,464 employees from both Head Office and Group Subsidiaries were trained as part of 54 corporate programmes.

<table>
<thead>
<tr>
<th>Number of programmes</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019: 54</td>
<td>2019: 1538</td>
</tr>
<tr>
<td>2020: 40</td>
<td>2020: ≥1,300</td>
</tr>
<tr>
<td>2021: 54</td>
<td>2021: 1,464</td>
</tr>
</tbody>
</table>

In 2021, to provide a research base for Arctic 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 the Arctic ecosystems. To monitor the Arctic environment, the Centre leverages a year-round observation network of automatic weather and seismic stations and autonomous buoy stations.

In 2021, under the Agreement on Cooperation with the Ministry of Natural Resources and Environment of Russia to implement the National Project “Ecology”, Rosneft jointly with the Arctic Scientific Centre continued implementation of the special innovation project “Evaluating the stability of Arctic ecosystems based on the study of key indicator species”, including polar bear, Atlantic walrus, wild reindeer, and white gull, a rare gull listed in the Red Book of the Russian Federation.

In 2021, the following initiatives were completed:
- study and monitoring of polar bear species
- study and monitoring of Atlantic walrus species as sustainability indicators of marine Arctic ecosystems
- study and monitoring of wild reindeer species as sustainability indicators of the of ecosystems in the northern territories of Siberia.

In 2021, the Arctic Scientific Centre

<table>
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</tr>
<tr>
<td>1,538</td>
<td>≥1,300</td>
<td>1,464</td>
</tr>
</tbody>
</table>
COOPERATION WITH INNOPRAKTIKA DEVELOPMENT INSTITUTE

In the Arctic, the Company implements a comprehensive long-term scientific programme covering geological, hydrometeorological and environmental aspects. In 2021, the Arctic Scientific Centre continued its cooperation with Innopraktika and Rosgeologia.

In 2021, a new shallow stratigraphic well drilling technology was used to drill six wells in the Laptev Sea. The Company also continued laboratory studies of the core samples collected in 2020 as part of the stratigraphic drilling in the north of the Kara Sea. The results confirm and detail the Company’s prospective geological model of the region and provide a reliable assessment of the oil and gas potential in the target sedimentary basins.

In 2021, the joint project of Rosneft and Innopraktika on developing a microbial agent for eliminating hydrocarbon pollution in the northern seas won the first prize of the International Contest for R&D and Innovations for the Development of the Arctic and the Continental Shelf. The agent based on indigenous psychrophilic microorganisms ensures a high degree of decomposing hydrocarbons in the marine environment at low temperatures (including sub-zero temperatures). This is a distinguishing feature of the innovation as compared with its counterparts.

ICEBERG SAFETY

In 2021, to ensure iceberg safety, the Company carried out satellite and instrumental monitoring of icebergs, coinciding in time with its Arctic expeditions. During the Kara Summer 2021 research expedition, with the assistance of the Arctic and Antarctic Research Institute of the Russian Federal Service for Hydrometeorology and Environmental Monitoring, Rosneft conducted hydrometeorological studies on the Russian Arctic shelf to support its corporate monitoring infrastructure in the Kara Sea.
Supporting social and economic development
Supporting sustainable development in the regions of Company operations is Rosneft’s priority. In 2021, Rosneft continued to build long-lasting fruitful relationships with the regions of Company operations, implement social and infrastructural projects, encourage growth in allied industries, and create added value and new jobs across the value chain. All these activities have a positive impact on the local communities’ living standards.

**INVESTMENT PROGRAMME**

Rosneft’s investment programme is a well-balanced project portfolio for all business segments that contributes to Russia’s social and economic development and higher living standards of the country’s population, including people living in remote areas. The Company’s investments are aimed at meeting its key strategic goals, including incremental profitability, improved investment and operating efficiency, new projects launch on time and on budget, and minimization of the environmental footprint.

Rosneft’s investment governance process is designed in line with best global standards and practices. It includes approval of business projects, taking investment decisions, monitoring and control of project execution, management of the Company’s investment portfolio, and enhancement of investment tools. The corporate investment process is integrated with all related processes, including strategic and business planning, budgeting, reporting and financial control, project management and corporate governance.

### Investment process: principles and objectives

- Focus on contributing to achieving the UN Sustainable Development Goals
- Honour the Company’s strong social commitments, including its contribution to social and economic development of Russian regions
- Increase efficiency across all operating segments
- Ensure robust business growth
- Improve investment discipline

### Import substitution and localisation of equipment and technologies

In addition to making the Company technologically self-sufficient, Rosneft’s localisation and import substitution efforts are also in line with priorities set in Russia’s overall economic development.

Rosneft has been implementing its equipment and technology localisation and import substitution programme since 2015. It focuses on the Company’s objectives and is based on the priorities envisaged by Rosneft’s development strategy and Long-Term Development Programme.

- Ensure Rosneft’s development as a high-tech oil and gas company by employing promising import substitution technologies and products
- Promote the Company’s technological sustainability in the hydrocarbon market by increasing the share of Russian products
- Facilitate the development of infrastructure for upstream and downstream projects by local content

### ADVANCING MINERAL DEPOSIT PROSPECTING, EXPLORATION AND DEVELOPMENT TECHNOLOGIES

Rosneft fosters cooperation with its technology partners to enable the localisation of equipment for mineral deposit prospecting, exploration and development.

- In a bid to develop innovative solutions for its ice monitoring system, in 2021 the Company successfully substituted imported ice management services used to prevent collisions with icebergs.
EVOLVING PRODUCTION OF RUSSIAN CATALYSTS

Setting up a facility for manufacturing catalysts in Russia is key to securing the technological self-sufficiency of the Company’s refining segment and its independence from foreign catalyst supplies.

In 2021, Rosneft’s refining business fully switched to a diesel fraction hydrotreating catalyst made by RN-Kat, the Company’s specialist subsidiary. This is the first 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. Far from lagging behind the best global alternatives, the catalyst surpasses them by a number of parameters. By substituting imports, the plant helps improve the technological self-sufficiency, independence and economic performance of Russia’s entire refining industry.

In addition, 2021 saw RN-Kat develop a new hydrocracking catalyst manufacturing technology, which will increase the output of high-quality VGO-based Euro-5 motor fuels. The new catalyst was successfully tested at the Novokuibyshevsk Catalysers Plant, with input from experts of the Middle Volga Oil Refining Research Institute. The tests showed that the Russian technology matches foreign products in terms of key properties such as catalytic activity (the duration of the catalyst use while maintaining its quality attributes) and target products yields (core output). Production of the new hydrocracking catalyst at RN-Kat will significantly reduce the Company’s dependence on foreign alternatives. The catalyst will be supplied to the Ufa Refining Complex, with plans to cover all other Rosneft facilities as well.

INDUSTRIAL CLUSTER DEVELOPMENT

As a way to secure technological self-sufficiency and implement localisation projects, the Company has established a group of Industrial Assets (further on, the Industrial Cluster) providing technological and logistical support for production operations, and ensuring timely repairs, maintenance and manufacturing of equipment (including equipment that is part of the import substitution programme) for Rosneft’s needs.

Industrial Cluster

Goals the Company pursues in developing its Industrial Cluster

- Establishing R&D and manufacturing infrastructure to support re-engineering, application of innovative technologies, and import substitution
- Running pilot projects and design and experimental tests to deliver the Company’s target innovation projects
- Providing capabilities for local content development involving foreign technology partners and joint ventures with Russian innovation hubs/enterprises

Industrial Cluster companies, together with the Company’s R&D centre, are actively involved in the target innovative projects.
The Company’s efforts under Target Innovative Projects focus on:

- developing and manufacturing early preliminary water discharge units
- remodelling shops to manufacture mobile equipment for oil and gas production assets
- participating in elaborating the engineering documentation for a target innovative project to automate and robotise electric submersible pump (ESP) repairs.

The Engineering, Design, Technology and Development Policy Office set up by RN-Remont NPO in 2021 continues to develop a research and production hub of the Industrial Cluster responsible for target innovative projects and creation of a suitable production environment for unlocking the potential of import substitution technologies.

To reduce dependence on our container supplier, in June 2021 a production line was launched at Vostsibmash to make metal drums for the Company’s own needs. With a design capacity of five drums per minute, or 520 thousand drums per annum, in a single-shift operation, the automated line is expected to fully meet container demand from the main customer, Angarsk Petrochemical Company, with plans to ramp up output to cater for the needs of other refineries as well.

Rosneft’s Industrial Cluster remains committed to finding cooperation opportunities and attracting technology partners. Under an agreement with the Industrial Cluster of the Republic of Tatarstan, the Company held joint meetings to design and select equipment for a robotised welding unit at the Neftekamsk Oilfield Equipment Plant.

2021 was the first year when professionals from the Industrial Cluster took part in Rosneft Challenge, a series of IT contests, speaking about the potential of robotics at Rosneft and demonstrating how process automation and robotisation can enhance production efficiency and industrial safety at Group Subsidiaries and the Company as a whole.

DEVELOPMENT OF PROPRIETARY SCIENCE-BASED DESIGNATED SOFTWARE

Development of proprietary science-based designated software is a strategic focus area for the Company’s efforts to digitalise production processes.

The portfolio of corporate research-intensive software currently includes 24 software products, with 16 of them implemented and used by the Company, and eight currently under development and in a pilot mode.

To support the national oil and gas sector, which is part of the fuel and energy complex, and ensure its technological independence, Rosneft has marketed ten software products. Licences for the following software products are available for purchase by third parties:

- Eurasia’s first corporate hydraulic fracturing simulator (RN-GRID)
- geomechanical simulator for borehole stability modelling (RN-SIGMA)
- design calculator for electrically-driven centrifugal pumps and sucker rod pumps used in oil production (RN-ROSPUMP)
- real-time geosteering system for horizontal boreholes (RN-Horizon+)
- coil tubing simulator (RN-VEKTOR)

COOPERATION WITH TECHNOLOGY PARTNERS

To advance essential technologies in prospecting, exploration and development of mineral deposits, Rosneft entered into a cooperation agreement with Rosatom State Corporation. For several years now, both companies have been implementing joint strategic projects, as well as developing and introducing advanced import substitution technologies.

The cooperation primarily focuses on the expansion of well logging, creation of automated process control systems, industrial digitalisation, environmental protection, and other areas of importance to Rosneft and Rosatom.

Under an agreement on technological partnership in the production and maintenance of import-substituting solutions signed by Rospan International and Rosatom, the parties have developed a multiphase flow meter (MFM) to measure flow rate in gas condensate wells. The prototype is currently tested at flow loop facilities, with progress made in developing a sampling device and MFM automation software.

GOVERNMENT RELATIONS IN IMPORT SUBSTITUTION AND LOCALISATION

In 2021, Rosneft continued to develop import substitution in cooperation with the following federal executive bodies:

- 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 national 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.

As at the end of 2021, cooperation agreements between Rosneft and 36 Russian regions had sections dedicated to the development of import substitution, localisation and innovation.
Rosneft is actively contributing to social development in the regions of Company operations, including such areas as medicine, education and culture, while also promoting mass sports and implementing infrastructural projects.

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.

### Supporting social development of regions and charity

#### Krasnoyarsk Territory
- assisting with the overhaul of the Igarka city library, equipping it with modern multimedia hardware and replenishing its book collection as part of the Libraries of the Future regional project
- upgrading facilities and resources of the Rostok Social Rehabilitation Centre for Minors
- carrying out major repairs at the Adzhunsk Interdistrict Hospital and the Igarka City Hospital
- improving material and technical capabilities of the Krasnoyarsk Regional Centre for Maternity and Infancy Protection and of the Karpovich Interdistrict Clinical Emergency Hospital, also located in Krasnoyarsk
- improving social infrastructure and procuring machinery equipment in the Taimyrsky Dolgano-Nenetsky, Turukhansky and Evenkiysky municipal districts

#### Khanty-Mansi Autonomous Region – Yugra
- constructing a community centre and improving public spaces in the village of Veta
- constructing a kindergarten for 300 kids in the city of Neftyugansk
- constructing and repairing roads in the city of Neftyugansk, the city of Nyagan, and a number of villages in UsMAO–Yugra
- supporting the design and survey construction, reconstruction and utilities system overhaul in the village settlements of Zenkovo, Sel'yansky, and Vilyamsy

#### Tyumen Region
- providing financial support to the Tyumen Specialised Child Care Centre and the Bolshoye Children’s Home to improve their material and technical infrastructure
- reconstructing, repairing and improving roads, streets and public spaces, including the Oil Industry Worker Square in the village settlement of Uvat (the Uvat Municipal District)
- providing financial support for disease prevention, treatment and rehabilitation of children with serious illnesses as part of the Key to Life social partnership project
- improving public spaces of the city of Tyumen by fitting an outdoor gym on the city’s embankment and installing skate park infrastructure elements for bicycles, scooters and roller blades
- providing financial support to organise and hold the Wonders of the world sculpture festival

#### Irkutsk Region
- procuring medical equipment to ensure uninterrupted operations of mobile emergency ambulance teams of the Irkutsk-Maimanskoe City Children’s Clinical Hospital and the Irkutsk Regional Centre for Emergency Medicine
- procuring an ultrasonic imaging system for endoscopic examination for the Kirensk District Hospital
- equipping the Angarsk Perinatal Centre, Angarsk City Children’s Dental Clinic and Angarsk City Children’s Hospital
- providing financial aid to pre-school and secondary educational institutions in the city of Irkutsk to purchase bactericidal recirculators
- arranging the Eternal Flame memorial and sponsoring veteran support actions

#### Republic of Sakha (Yakutia)
- constructing the Junior Academy of Sciences in Chapaevo, Khangaassky ulus (district)
- developing the infrastructure of residential areas by building playgrounds and playing fields
- improving the material and technical infrastructure of the Mirninskaya Central District Hospital
- providing social support to the veterans of the Great Patriotic War
- sponsoring the restoration of the village settlement of Byas-Kyuyol in the Gorny ulus (district), which was damaged wildfires

#### Samara Region
- improving the South-Western residential district of the city of Samara
- procuring medical equipment and furniture for the Budgetary Public Health Facility “Samara City Hospital No. 2”
- procuring medical tools and equipment for the Novosubtevsky City Central Hospital
- renovating the Alley of Victory, restoring and taking care of burial sites of veterans of the Great Patriotic War in the city of Novosubtevsky, also contributing to urban forestry
- purchasing specialised vehicles for transporting people with disabilities and installing traffic lights with pedestrian crossing buttons in the city of Novosubtevsky

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- providing financial support to organise and hold the Wonders of the world sculpture festival
In 2021, Rosneft completed the construction and fitting of the Junior Academy of Sciences in the village settlement of Chapaevo, Khangalassky ulus (district) of the Republic of Sakha (Yakutia).

The Academy serves as a centre for gifted children from major cities and remote settlements and is designed to become the main research and design youth hub of the entire Far Eastern region. Spanning 7 thousand sq m, the new facility will welcome schoolchildren from all across the republic. The three-storey building of the Junior Science Academy has two adjacent units: one with classrooms (150 seats) and the other one serving as living quarters (100 beds) where children can stay during their school term. The Academy is furnished with state-of-the-art equipment to provide a high-end educational experience and features modern labs, a cryolythic zone research centre, a bio-tech centre with genomics and ancient DNA laboratories, an IT centre, a co-working room, a library with a reading room, a TV studio, as well as a gym and a fitness room.

Affordable education: laptops for large families of the Krasnoyarsk Territory

In summer 2021, more than 7 thousand laptops were given to large families of the Krasnoyarsk Territory with the help of Rosneft. The programme targeted families with three or more school-age children where parents could not fully finance their kids’ education. The equipment was transferred via a regional welfare institution. The laptops and their operating system were made in Russia. The initiative to improve the affordability of education was launched with Rosneft’s support in 2020 when schoolchildren were studying in the remote mode.

Restoration of a legendary aircraft for the Museum of North Exploration in Krasnoyarsk

2021 saw the launch of a project to restore the legendary Douglas C-47 DL aircraft (USSR L-1204) supported by RN-Vankor. During the Great Patriotic War, the plane carried out ice reconnaissance over the Northern Sea Route. Named after its last pilot, Tyurikov, in 1947 the plane had to make an emergency landing in the wetlands of the Taimyr Peninsula. Following an expedition launched by the Krasnoyarsk Regional Branch of the Russian Geographical Society in 2017, the plane was evacuated from the Taimyr tundra. After its restoration, the plane will be displayed in the Museum of North Exploration, which is expected to open its doors in the future. The museum will explore the stories of pathfinders, explorers and war heroes, narrate the history of industrial evolution and showcase the region’s unique technologies.
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 personal protection equipment (PPE).

RN-Vankor provides financial support to regional healthcare facilities for the procurement of modern medical equipment. One of the recent examples of such support includes the purchase of a unique extracorporeal membrane oxygenation unit for the Krasnoyarsk Emergency Care Hospital. Known as an “artificial lungs”, the unit is used in cases of severe respiratory damage, when the artificial lung ventilation can no longer supply enough oxygen to the blood.

Modern CT scanners for hospitals of the Krasnoyarsk Territory

In November 2021, Rosneft handed over a computerized tomography (CT) scanning complex to the Taimyr Interdistrict Hospital located in the town of Dudinka, Taimyrsky Dolgano-Nenetsky Municipal District (the Krasnoyarsk Territory).

The hospital provides medical services to approximately 32 thousand people and renders first medical aid to residents of remote and isolated areas.

Previously, the Company donated CT scanners to the Krasnoyarsk Regional Clinical Hospital and Berzon Interdistrict Clinical Hospital No. 20, also located in the Krasnoyarsk Territory.

In the face of the pandemic, the new medical equipment is increasingly vital for the region’s healthcare system: CT scanners are intended for sophisticated examinations of vascular diseases and bone structures, as well as high-precision detection of lung diseases in COVID-19.

SUPPORT FOR INDIGENOUS PEOPLES OF THE NORTH

Respect for the cultural heritage, traditions, and rights of indigenous peoples of the North is a guiding principle of Rosneft’s operations in the regions where they live.

When engaging with indigenous peoples, the Company is guided by the following international documents and regulations:

- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- Indigenous and Tribal Peoples Convention (No. 169) of the International Labour Organisation
- Convention concerning the Protection of World Cultural and Natural Heritage
- Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities
- Framework Convention for the Protection of National Minorities (ETS No. 157)
- Convention concerning the Respect for Rights of Persons Belonging to National Minorities

Support of indigenous peoples remains a key area of the Company’s charity work. 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 ethnic exhibitions, contests, competitions, and other cultural/sports activities
- running a variety of educational and healthcare programmes.

Rosneft strictly complies with the Russian laws regarding indigenous peoples of the North, securing their rights to protection of their natural environment, traditional lifestyle, economic activities, and trades.

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.

In 2021, the Company engaged with indigenous peoples in a number of areas, including:

- supporting employment of the indigenous population, including social support for children
- organising traditional rituals and cultural events
- facilitating development of the traditional economic activities of the indigenous population
- developing social facilities of the municipal district and improving material and technical resources of the indigenous communities

The Company promotes projects contributing to the sustainable development of indigenous peoples of the North and local communities, preserving their unique ethnic culture, lifestyle and economic activity, and providing quality education and healthcare. In 2021, such projects were implemented in the Republic of Sakha (Yakutia), Krasnoyarsk Territory, and the Irkutsk and Tyumen regions.
A number of Rosneft subsidiaries operate in the remote areas that have traditionally been home to indigenous peoples of the North. As a result, one of the key social areas for these subsidiaries is support for the indigenous peoples’ culture and lifestyle.

Vostsibneftegaz, Rosneft’s subsidiary, has in place an annual grant programme that aims to provide financial support for research projects addressing issues typically occurring in the North, including Evenkia, where the company is present. Since the inception of the programme, Vostsibneftegaz has financed over 20 projects, with three of them implemented in 2021.

In 2021, the grant was awarded to researchers from the Siberian Federal University who designed a unique dwelling for northern and Arctic territories. The design took into account the cultural identity and lifestyle of indigenous peoples of the North.

Sandwich walls will be erected using CLT (cross laminated timber) plates, an environmentally friendly material made of softwood and hardwood timber with great thermal insulation properties. The first house is expected to be built in a reindeer herders’ community called Surinda between 2022 and 2023, with more houses to be constructed in other northern communities. On average, these dwelling units are 20% cheaper than traditional houses.

Another grant was allocated for the development of a scientific rationale for creating an ethnic and environmental nature reserve with an area of more than 760 thousand ha for the Kets, the smallest ethnic group in the Krasnoyarsk Territory’s Evenki Municipal District. The nature reserve will be created in the village settlement of Sulomai on the border of the Central Siberian National Park. The project seeks to preserve the primordial living environment for the indigenous people.

Another project under the grant programme focused on microplastic pollution of the Nizhnyaya Tunguska River, initiated by researchers from Tomsk State University. In 2021, the first stage of the research was completed.

New equipment for the indigenous people of the Uvatsky District

As part of a comprehensive programme to support indigenous peoples of the North, RN-Uvatneftegaz (part of Rosneft’s oil and gas production complex) procured equipment for traditional trades and delivered it to the indigenous people of the Uvatsky District. Residents in hard-to-reach territories received snowmobiles, outboard motors, and autonomous power generators.

RN-Uvatneftegaz’s programme to support indigenous peoples of the North has been in effect since 2014. Over the past five years, indigenous families have received over 70 units of similar equipment.

In December 2021, RN-Uvatneftegaz transferred funds to the authorities of the Uvatsky District with a view to purchasing sweet gifts for the New Year. These gifts were distributed among 23 children. Some of the children are raised in large families.

Rosneft supports the IT Camping Ground project

Rosneft supports the IT Camping Ground, a project by the government of the Khanty-Mansi Autonomous Region – Yugra set to provide Internet access to indigenous peoples of the North living in remote or hard-to-reach areas (camping grounds). The project is aimed at providing access to public services and e-learning.

In 2021, the project was implemented in 14 camping grounds and two ethnic villages located in the Nizhnevartovskoy, Surgutskoy, Neftegyanskoy, Kondinsky, and Berezovsky districts, covering about 340 people.

The project will be continued in 2022. In line with the existing plans, there will be 19 Internet access points installed with a coverage of 200 to 250 people.
Volunteering

In 2021, Rosneft continued the establishment of a corporate volunteering programme aimed at structuring the volunteering experience accumulated by Group Subsidiaries over the years, and sharing best practice in the regions of Company operations.

The Company employees are involved in a variety of charity projects. For example, employees of RN-Uvatneftegaz and the 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. Moscow staff of VBRR pay regular visits and bring gifts to an orphanage offering musical education and an orthodox boarding school, and employees of Karmazino-2 MNN03 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 the Kind Hearts volunteering programme. Company employees are actively involved in nation-wide volunteering events in Russia. In 2021, they joined the initiatives implemented as part of the #WeAreTogether movement.

International Festival of Indigenous Trades from all Over the World Yugra-2021

In summer 2021, Uray, a town in the Khanty-Mansi Autonomous Area – Yugra, hosted the 11th International Festival of Indigenous Trades From all Over the World Yugra-2021 under the auspices of the Commission of the Russian Federation for UNESCO and the Northern Forum international association of northern regions. The trades festival is aimed at restoring and developing the best traditions of indigenous folk art.

In 2021, due to COVID-19 restrictions, the events took place both offline and online. The number of participants exceeded 200 people, with those at the age of 65+ years participating online. The festival brought together scholars, art experts, museum employees, community folk art centres, craft centres, public institutions, regional authorities, non-governmental organisations, renowned folk artists, representatives of art associations of Russian cities and far-abroad countries, heads of governmental organisations and municipal authorities charged with preserving and promoting culture, non-governmental cultural organisations, art teachers, painters, and craftsmen.

In the project were the Company’s employees, who, under the guidance of health experts, spent one month forming healthy habits. The participants in the project were the Company’s employees, who, under the guidance of health experts, spent one month forming healthy habits.

We are Together international volunteer award

On 5 December 2021, three Rosneft facilities won the We are Together international volunteer award.

- Bashneft won in the Helping People category. Over the last ten years, the Company has been developing its Kind Hearts volunteer movement that carried out over 100 different actions in the Republic of Bashkortostan, the Udmurt Republic, the Orenburg Region, the city of Naryan-Mar and the city of Tyumen, providing support for veterans of the Great Patriotic War and implementing programmes for children.

- Samotlorneftegaz was awarded a silver medal in the Cultural Heritage category for a project aimed at paying tribute to heroic deeds accomplished by pioneers of the oil industry. During the competition, the Company presented the Information and exhibition centre featuring a memorial honouring the first exploration well R-1 of the Samotlor field, a Monument to the Pioneers of Samotlor, a square named after the Heroes of Samotlor, as well as a permanent display.

- Kondaneft-Reset project won the second place in the National Health category and received an award for encouraging people to exercise regularly and build healthy habits. The participants in the project were the Company’s employees, who, under the guidance of health experts, spent one month forming healthy habits.

New Year gifts for special children

In December 2021, children supported by the Special Child non-governmental organisation received New Year gifts from volunteers of Tyumenneftegaz. The Company provided targeted help that included purchase of modern household appliances and smartphones for families in need and children with special needs, respectively.

The Special Child non-governmental organisation is based in Tyumen and has been taking care of children with special needs for 30 years. The project covers over 450 families.
In 2021, Rosneft and its subsidiaries were actively involved in celebrating the 76th anniversary of Victory in the Great Patriotic War and paying tribute to heroes of the oil industry. The traditional Immortal Regiment march saw over 100 thousand employees with their families from over 40 Russian regions participate in the event. Tens of thousands of Company employees took part in other nationwide events, including Windows of Victory, Grateful for Peace, Ribbon of Saint George, Garden of Memory, Victory Dictation, and Outdoor Singing.

Young talents and employees from over 60 Group Subsidiaries delivered food baskets and memorable gifts to veterans. In most regions of Company operations, Rosneft held celebrations and wreath-laying ceremonies. The Company’s filling stations gave out ribbons of Saint George. Those filling stations located in the capital featured dedicated photo areas and those in the Russian Far East had field kitchens set up on their premises.

To commemorate the 76th anniversary of Victory, the Company decided to compensate housing costs and utility bills of Rosneft’s former employees who are labour veterans or were awarded the Resident of Leningrad badge, as well as people who when they were children were held in captivity by fascists. Also, on 9 May 2021, Victory Marathon, a Company-wide project, came to an end. The participants were supposed to walk any distance of their choice starting from 5 km, visiting the scenes of famous battles, memorials, and monuments dedicated to the Great Patriotic War. Following the marathon, a map was drafted depicting the symbolic path of Victory travelled by the project participants. The routes that they chartered helped produce a guide on famous battlefields.

Rosneft is engaged in sponsorship activities in the regions of Company operations. As part of these activities, Rosneft helps implement projects aimed at reviving moral and national values, protecting the environment, developing science, culture, industry, education, and sports.

Rosneft provides support to the State Hermitage Museum. In 2021, the Company continued to sponsor the Line of Raphael exhibition in the Hermitage to mark the 500th death anniversary of the great painter Raphael Santi. Rosneft continues its cooperation with the D. D. Shostakovich St Petersburg Academic Philharmonic. Thanks to the Company’s sponsorship, the Philharmonic implements major culture projects aimed at reviving spiritual and national values. As part of these efforts, the Philharmonia Grand Hall hosted an anniversary exhibition “1945–1953. From Victory to the “Thaw”.

In 2021, with support from Rosneft, a Gala Concert with the Evgeny Svetlanov State Academic Symphony Orchestra was held at the State Kremlin Palace to celebrate the anniversary of Russian opera singer Anna Netrebko. The event brought together renowned opera singers and cultural figures, including Plácido Domingo, Cecilia Bartoli, Rolando Villazon and others.

The Company actively promotes professional and amateur sports by providing financial backing to CSKA hockey club and Arsenal football club. It is also the title sponsor of the International Sambo Federation. Rosneft supports national automakers and contributes to the development of motor sports in Russia, funding the LADA Sport ROSNEFT racing team.

Environmental protection is an integral part of Rosneft’s corporate culture and social responsibility. The Company carries out large-scale ongoing activities with a view to protecting the environment, preserving and restoring natural resources, protecting rare animal species and studying marine mammals. In 2021, the Company continued implementation of the Comprehensive sponsorship programme for polar bears living in the national zoos that has been in place since 2013. Rosneft is now taking care of 32 polar bears in 17 zoos across the country.

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High Business Standards
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. Sustainable supply of environmentally-friendly and high-quality products, as well as high customer service standards have always been a top priority for the Company.

Quality management system

ENSURING HIGH PRODUCT QUALITY

The Company has built a risk-oriented system to manage fuel quality at all stages of production, transportation, and sales. The system secures high fuel quality all the way through from the refinery to the car tank. Rosneft has developed a consistent approach and standardized procedures to ensure the quality of petroleum products during acceptance, storage, transportation, and sales at oil depots, loading stations, and filling stations. Additionally, corporate marketing and distribution units have the following measures in place:

• measures to exclude pipeline blending at oil depots and minimize this occurrence at petrol stations
• automation of the branded fuel production process
• introduction of KPIs related to petroleum product quality for personnel at oil depots

Fuel quality is determined by modern equipment in 76 static petroleum testing laboratories, and as 15 mobile quality control laboratories. Every day, Rosneft conducts more than 4.6 thousand tests.

Control procedures are in place for each of the seven stages.

Rosneft carried out the following initiatives with a view to developing the petroleum product quality management system in 2021:

• The Federal Agency for Technical Regulation and Metrology (Rosstandart) conducted independent fuel quality checks at corporate marketing and distribution units and confirmed the high quality of the Company’s motor fuel as a result of 41 checks.
• As part of the ongoing fuel quality control, Rosneft’s mobile laboratories made 9.5 inspections of the corporate retail sites in 58 regions of Russia.

In order to protect human life and health, information on fuel quality and its conformity to the 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.

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Rosneft has drawn up and launched an action plan on increasing the safety and efficiency of secondary logistics in an effort to improve business processes for petroleum products delivery to the retail sites. In 2021, 90 gasoline trucks at 13 Marketing and Distribution Group Subsidiaries were equipped with electronic security sealing systems, that is approximately 10% of the operational gasoline truck fleet.

33 testing laboratories in 22 Marketing and Distribution Group Subsidiaries are certified under the corporate certification system “Confirmation of Competence of Research Laboratories of Marketing and Distribution Group Subsidiaries”.

>4,600 of petroleum product quality checks every day

9,460 of petroleum product quality checks at filling stations completed by mobile laboratories in 2021
Retail sales

In 2021, Rosneft’s retail sales covered 66 Russian regions. The Company operates a the largest and most geographically diverse retail network in Russia, holding a leading position in most regions.

Rosneft is a leading Russian fuel brand in terms of recognition and quality perception. The main objective of the corporate retail business is to improve the segment performance by ensuring the sustainable product quality and high customer satisfaction with products and services offered at the Company’s filling stations.

In 2021, Rosneft’s retail business faced an additional challenge of offering safe customer services and interaction.

The Company ensured uninterrupted operation of its filling stations, while also maintaining high customer service standards. The Company took all the necessary measures to protect the health of staff and customers at the filling stations. These challenges were addressed through a number of digital transformation projects. In 2021, Rosneft developed the system of contactless payments for fuel and accompanying goods at filling stations. RN-Card mobile application is available for corporate customers enabling them to pay for fuel online without leaving the car. In 2021, the updated version of the application offered a new option to register a plastic fuel card.

In addition, contactless fuel payment applications at filling stations for individual drivers became easier to use, among other things, to minimise contact with operators.

In 2021, the Company also developed major projects for the digital transformation of the retail business, including:
- rollout of the Retail Management ERP system
- electronic workflow with suppliers / B2B customers
- introduction of a Customer Relationship Management (CRM) system including analytical tools, as well as a predictive analytics module
- development of a technical solution for upgrading inefficient filling stations and converting them into automated filling stations

Customers of the Company’s retail network, including filling stations under the Rosneft, Bashneft, and Petersburg Fuel Company (PTK) brands, can be grouped into two segments.

Retail (B2C)

- Individuals

Corporate (B2B)

- Legal entities and individual entrepreneurs, organisations

In 2021, Rosneft continued to develop its filling station network by both expanding the number of filling stations and improving their quality. Two automatic filling stations were opened in Rostov-on-Don, and two more are scheduled for 2022.

12 filling stations in St Petersburg and the Leningrad Region were upgraded as part of the rebranding of the PTK network. To increase the number of filling stations in the Krasnoyarsk Territory, filling station No. 9 was put into operation in Krasnoyarsk in 2021.

Qualitative development focused on enhancing the customer proposition, in particular:
- expanding the fuel offer 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 offer of accompanying goods and services, the floor area of cafés and retail shops
- offering additional services to customers, including through partner programmes
- promoting the Company’s brand, developing and implementing new visual standards, and introducing products and services with the proprietary trademark
- developing new customer communication channels, in particular, digital ones; promoting customer loyalty programmes
- improving customer service quality, providing continuous personnel training

In 2021, the Company continued a number of projects focused on improving the quality of its retail service and expanding the range of goods and services offered to customers, including receiving clothes for dry-cleaning, installation of automated parcel lockers and pick-up stations for online orders at filling stations in partnership with major retailers.

In the reporting year, Rosneft also continued the programme set to develop EV charging infrastructure at its filling stations in line with forecasted demand and the development of the EV market. The Company’s filling stations feature and operate EV charging stations in the Moscow, Leningrad and Tver regions, and in the Krasnodar Territory.

The service is being developed jointly with Russia’s largest power companies, which signed cooperation agreements for the development of charging infrastructure until 2024 in the reporting year. In 2021, three rapid charging stations were installed at Rosneft’s filling stations.

Multifunctional complex in the Vladimirskaya Bay

A multifunctional complex in the Vladimirskaya Bay, including a filling station featuring a café, a 4* hotel, energy and transport infrastructure, a pier and a number of other facilities was put into operation in 2021.

The complex is part of the existing investment and charitable projects implemented in the vicinity of the Vladimirskaya Bay of the Lake Ladoga and restoration efforts at the Konevsky Monastery in the Vybog Diocese of the Russian Orthodox Church.

This complex will help the island become a local tourist attraction in the Northern Ladoga.
FUELS WITH IMPROVED ENVIRONMENTAL PERFORMANCE

In 2021, Rosneft continued implementing projects to bring natural gas motor fuels with improved environmental and operating 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 2021, retail sales of compressed natural gas (CNG) were available at 15 CNG modules at the existing filling stations and five dedicated CNG filling stations in eight regions, servicing more than 3.5 thousand vehicles daily. The Company sold a total of 27.3 mln cu. m of CNG in 2021, with sales growing 24% year-on-year.

Developing a network of CNG filling stations in Russia is one of Rosneft’s key priorities in the retail business: using compressed natural gas as a motor fuel helps consumers increase the maximum mileage per tank, improve vehicle efficiency by reducing the cost of transportation and significantly mitigate the environmental impact of motor vehicles.

Euro-6 gasoline

Euro-6 fuel contains less sulphur, benzene and aromatic hydrocarbons, resulting in lower corrosiveness and toxic levels of car exhausts. The use of Euro-6 gasoline helps to reduce car exhausts by decreasing total hydrocarbon emissions by up to 24%, non-methane hydrocarbon emissions by up to 27%, and particulate emissions by up to 64%.

AI-100-KS

AI-100 gasoline of the Euro 5 emission standard is one of the most eco-friendly fuels: it significantly reduces the content of sulphur oxide, carbon and nitrogen compounds in car exhausts. The fuel has a number of other advantages: it increases vehicle acceleration by up to 9%, reduces vibration and noise, and the low sulphur and benzene content reduces engine carbonisation.

The efficiency of AI-100-KS has been confirmed by comprehensive tests conducted by the National Oil Refining Research Institute.

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.

Trademark Pulsar fuels

Pulsar fuels keep the fuel system clean in 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 component formula that eliminates up to 84% of existing intake valve deposits and maintains 100% clean injectors in direct injection engines. Pulsar extends the engine’s operational life and its runlife by keeping the fuel system clean.

Marketing and Distribution Group Subsidiaries have implemented a control procedure to check the additive content in Pulsar-branded gasoline grades. In addition to assuring the quality parameters of the branded gasoline sold to customers, additive content control helps to minimise the environmental impact.

Energy efficiency measures at filling stations and oil depots of the Group Subsidiaries were taken mainly in two areas: optimisation of lighting and power supply costs, as well as optimisation of heating costs.

IMPROVEMENT OF ENERGY EFFICIENCY AND ENERGY SAVING IN RETAIL

In 2021, Marketing and Distribution Group Subsidiaries continued working on reducing energy consumption. Energy efficiency measures were carried out as part of Rosneft’s 2022–2026 Energy Saving Programme. In 2021, energy savings in Retail Sales exceeded RUB 30 mln.

Energy efficiency measures at filling stations and oil depots of the Group Subsidiaries were taken mainly in two areas: optimisation of lighting and power supply costs, as well as optimisation of heating costs.

Power supply

• replacing mercury and halogen lamps with energy-efficient LED lamps (reducing energy consumption by 20–30%)
• installing automatic outdoor lighting control systems
• power factor correction

Heating

• using energy efficient heating systems with automatic control through weather sensors
• adjusting operating modes of heating boilers
Customer focus

**IMPROVING CUSTOMER EXPERIENCE**

Customer focus is the key principle of Rosneft’s retail business. High quality service and continuous improvements lay the groundwork for the Company’s long-term partnership with loyal customers.

In 2021, 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 92.93% (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 position.

In 2021, Rosneft continued to promote our Virtual Card service to phase out plastic cards and motivate the use of virtual cards by loyalty programme members. The number of issued virtual cards exceeded 3 million. Active loyalty programme participants (one or more purchases per month) grew to 4.12 million.

The Company relies 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, functioning of personal accounts and mobile applications, issue and use of virtual cards, terms and conditions of promotional campaigns, bonus point accumulation, etc. The reporting year saw a total of 900.5 thousand phone calls and 222.3 thousand email messages. All customer queries were promptly processed. As a result, the number of non-standard queries from loyalty programme members declined in 2021: 4,580 queries from Family Team members, a decrease by 220 queries year-on-year.

In July–September 2021, the Company ran a retail customer satisfaction survey among loyalty programme members. The Company received 221 thousand questionnaires from Family Team members. The survey confirmed a positive assessment of service quality by 93% of customers.

**Food trucks at filling stations**

In August 2021, Rosneft unveiled a new service for customers at its filling stations – a food truck offering a wide range of instantly cooked ready-to-eat meals. For this purpose, the trailer is equipped with all necessary appliances: electric oven, grill, heated display case for bakery, coffee machine, and refrigerator. The first food trucks were installed on the St Petersburg—Republic of Karelia federal highway and in the centre of St Petersburg. In 2022, the Company plans to expand the project’s geography.

**Network of pharmacies at filling stations**

The pharmacy service contributes to maintaining public health, which is particularly relevant in the current epidemiological environment. The Company is piloting it at its filling stations in Moscow and St Petersburg. The project involves partners – pharmacy business experts – and covered five filling stations at the end of the year. The Company plans to further develop the Pharmacy service at filling stations with partners.

**Contactless payments**

In summer 2021, Rosneft launched a B2B contactless fuel payment service via its RN-Card mobile application for corporate customers. The digital platform enables customers to buy fuel with a virtual fuel card without leaving the car. In the application, one can also learn about fuel types and prices, choose the best route to a filling station, the established virtual fuel card limits, and view the history of transactions.

In 2021, the Company continued efforts to develop contactless remote payment services for fuel and complementary goods via mobile applications for retail customers. At the end of 2021, contactless payments were available at more than 1.6 thousand filling stations in the key regions of Company operations. Contactless payment service in the café is available at 110 filling stations in Moscow and the Moscow Region.
FUEL AVAILABILITY IN REMOTE REGIONS

Rosneft operates one of the largest and most extensive retail networks spreading from Russia’s western borders to the Kamchatka Territory. The Company supplies petroleum products to 66 regions, including remote and hard-to-reach areas.

Iriuktnefteprodukt’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 Iriukt Region.

The service was launched in 12 Regional Sales Subsidiaries at 186 filling stations under the Rosneft retail brand. Five financial supermarkets were opened in St Petersburg in 2021.

SUPPLIER AND CONTRACTOR RELATIONSHIP MANAGEMENT

As one of the largest consumers of goods, works, and services across all of its geographies, Rosneft recognises the importance of close partnership with all suppliers and contractors, and makes every effort to strengthen this interaction. The Company’s model of partnership meets high international standards regarding procurement organisation and efficiency.

In 2021, interaction with suppliers continued within the framework of the Procurement Policy adopted in 2020. 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 Group Subsidiaries.

LONG-TERM SUPPLIER QUALIFICATION

Building long-term cooperation with suppliers and contractors remains the central element of Rosneft’s procurement, as it helps to ensure the Company’s sustained development and creation of new jobs in all related sectors.

In order to strengthen the procurement process and risk management in 2021, Rosneft streamlined approaches to supplier screening procedures and their long-term qualification by product type, and the use of their results in procurement procedures.

The key aspects in long-term qualification are as follows:

• Typical qualification requirements for the relevant product type are established as part of the category or procurement strategy, and if not, they can be documented in a separate list.
• The depth of supplier screening depends on the importance of their category and the products supplied.
• A simplified qualification procedure is possible.
• Possible qualification periods consist from 12 to 36 months or indefinitely (depending on supplier category and track record of interaction).

1 These principles are set forth in Federal Law No. 223-FZ dated 18 July 2011 and laid down in the Regulations on Procurement of Goods, Works and Services binding on both the Company and the Group Subsidiaries.

The Company’s principles in selecting contractors

A simplified qualification procedure is possible.

Possible qualification periods consist from 12 to 36 months or indefinitely (depending on supplier category and track record of interaction).

The Company conducts regular training for procurement process participants: employees of the Company’s Head Office and Group Subsidiaries.

Five training sessions on procurement processes and internal procurement regulations, as well as four training sessions on the management of categories of goods, works, and services were held in 2021.

Opening of financial supermarkets at filling stations

Rosneft continues to develop retail customer services financial supermarkets World of Privileges start operations at filling stations under Rosneft brands.

Motorists can not only fill up their cars with high-quality fuel but also use a number of services: purchase compulsory and voluntary auto insurance policies, obtain debit cards with loyalty programmes, credit cards with exclusive offers for Rosneft customers, consumer loans, and mortgage loan applications.

The service was launched in 12 Regional Sales Subsidiaries at 186 filling stations under the Rosneft retail brand. Five financial supermarkets were opened in St Petersburg in 2021.

The Cash with a Purchase retail service

Rosneft has launched a new service at its filling stations – Cash with a Purchase. When paying for fuel or complementary goods with cards of any bank, customers of the Company’s retail network can withdraw up to RUB 5,000 at the filling station counter.

The service is available at 2,186 filling stations of 34 Regional Sales Subsidiaries.

The service is relevant to Russia: in remote regions and settlements with poor ATM network, residents have an opportunity to withdraw money close to home. The service also helps busy residents of big cities to save time. For banks, it also reduces the cost of cash collection and maintenance of ATMs.

The Bank of Russia has recognised the introduction and growth of the Cash with a Purchase service as a socially significant mission.
Rosneft Procurement mobile app
In 2021, Rosneft, together with TEK-Torg, continued to improve the Rosneft Procurement mobile application launched in 2020. At the end of 2021, more than 7,500 suppliers were using the application.

Corporate Internet Shop
In 2021, the Company expanded the application’s capabilities: suppliers can now log in to their TEK-Torg accounts, view submitted bids and market reviews, and check notifications on procedures they participate in.

In 2021, TEK-Torg launched a new information section – Import Substitution – on the ETP to enable Russian manufacturers to participate in Rosneft’s localisation and import substitution programme and obtain the necessary information on the principles, approaches, and priority areas of the programme.

Rosneft continues to develop its Rosneft Procurement mobile application. The introduction of the application and its improvement, as well as broader use of the Corporate Internet Shop, were among the key areas of focus in 2021.

CONTRACTOR COMPLIANCE WITH THE COMPANY’S HEALTH, SAFETY AND ENVIRONMENT (HSE) REQUIREMENTS

Long-term qualification or procurement procedure with respect to specific works and services is used to assess potential suppliers’ compliance with HSE qualification requirements set out in the Company’s Regulations “Procedure for Interaction with Contractors on Occupational and Fire Safety, Health and Environment Issues”.

The main requirements include:
- a health and safety management system in place
- well-educated personnel with duly certified knowledge on health and occupational, fire, and electrical safety
- availability 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
- availability of job-specific guidelines, briefing programmes
- pre- and post-trip medical check-ups for contracted drivers

Quality control of goods is carried out by means of technical audits and inspection control procedures.

The purpose of technical audits is to examine suppliers’ production and technical processes, technical capabilities and production capacity and assess their ability to manufacture and supply the required amounts of products in line with the Company’s technical specifications. The decision to hold an audit may be made as part of a procurement process/long-term qualification procedure or based on the Company’s pre-approved schedule.

The purpose of technical inspections (inspection control) is to determine the suppliers’ ability to meet delivery deadlines and quality commitments. The Company has developed and applies uniform requirements for inspection control of production and shipment of materials at suppliers’ production sites.

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
CONTRACTOR HUMAN RIGHTS COMPLIANCE

In 2021, in the framework of the Declaration on Respecting Human Rights When Interacting with Suppliers of Goods, Works, and Services published in 2020, the Procurement business function continued consistent efforts to employ the Company’s approaches to human rights in its interactions with suppliers and contractors.

In the first half of 2021, Rosneft developed the Code of Suppliers of Goods, Works, and Services in the Area of Human Rights in order to involve them in working out comprehensive position on unconditional observance of fundamental human rights and freedoms in their business operations. The Code was circulated to all companies and entrepreneurs registered on TEK-Torg in Rosneft’s section, and posted on the websites of TEK-Torg and the Company.

The Company expects its suppliers and contractors to implement a similar code and adhere to it in their operations. To this end, information about the Supplier Code is included in the agendas of seminars and roundtables, and relevant criteria are being developed for specific procurements.

The Company is currently considering a possibility of incorporating the Supplier Code into the standard contract form. A survey of suppliers on the adoption of the Code is slated for 2022.

SUPPORT OF SMALL AND MEDIUM ENTERPRISES IN THE REGIONS OF COMPANY OPERATIONS

In order to support national producers, Rosneft seeks to cooperate with small and medium enterprises (SMEs) in its procurement. Broader access of SMEs to procurement is provided by individual Group Subsidiaries in line with the requirements of the Russian laws. By the end of 2021, all of the above Group Subsidiaries had reached their SME procurement targets.

For regional suppliers and contractors, Rosneft held seven workshops and roundtables in the Vendor Day format in 2021: in the Khabarovsk and Krasnoyarsk Territories, Tyumen, Arkhangelsk, Tomsk, and other regions.

Key principles of human rights observance

- Ensuring conditions for fair treatment and non-discrimination
- Prevention of child labour and protection of young talent
- Ensuring safe, secure, and healthy work environment
- Fair remuneration and work environment
- Prohibition of slavery and forced labour
- Environmental responsibility
- Respect for freedom of association, assembly and the right to collective bargaining
- Provision of access to legal remedies
- Respect for the human rights of community members affected by the Company’s operations
- Ensuring occupational health and safety
- Emergency risk management
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 (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.

Our procedures did not include testing controls or performing procedures designed to provide assurance on internal controls. Our procedures included:

- 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 Potassium Industry Environmental Conservation Association and American Petroleum Institute, Task Force on Climate-related Financial Disclosures, UNCTAD Guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals, and UN Global Compact
- 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 estimations that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

Practioner’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 conclusion.

Our independence and quality control

We employ 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 International Ethics and Professional responsibilities 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.

Our procedures included:

- Inquiries of the representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- 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 Company stakeholder engagement activities via reviewing the results of the stakeholder survey;
- 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;
- Identifcation 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 for the reporting period, to assess whether these data have been collected, prepared, collated and reported appropriately;
- Interview managers and executives responsible for human resources, environmental protection, health and safety of the “Oil and gas production” business segment subsidiary, “Samotlorneftegaz” JSC, and “Oil refining, gas processing and petrochemicals” business segment subsidiary, “Angarsk Petrochemi- cal Company” JSC 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 consid- ered necessary in the circumstances.

Basis for qualified conclusion

The Report does not include information on the rates of work-related injuries and fatalities per 1000 hours worked, on the number of employees injured including fa- talties for Company’s employees and contractors eng- aged by the Company separately as set by GRI 403 (2018) Occupational Health and Safety Standard.

Qualified conclusion

The basis for the procedures performed and evidence ob- tained except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, 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
TSATR – Audit Services Limited Liability Company

30 June 2022

Details of the independent practitioner

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 25 December 2005, State Registration Number 1027700435002.
Address: Russia, 115035 Moscow, Sadovochnaya nab., 77, Building 1.

Record made in the State Register of Legal Entities on 6 February 2009, State Registration Number 1027700180007.
Address: Russia, 115035 Moscow, Sadovochnaya nab., 77, Building 1.

A member firm of Ernst & Young Global Limited

A member firm of Ernst & Young Global Limited

Rosneft Oil Company

Record made in the State Register of Legal Entities on 12 August 2002, State Registration Number 1027700043502.
Address: Russia, 115035 Moscow, Sadovochnaya nab., 77, Building 1.

A member firm of Ernst & Young Global Limited
## APPENDIX 1. KEY SUSTAINABILITY INDICATORS

### PERIOD 2019 2020 2021

#### HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of the number of lost time work-related injuries (including fatalities) at Rosneft and its contractors to 1 mln man-hours worked (LTIF(^2))</td>
<td>0.37</td>
<td>0.53</td>
<td>0.64</td>
</tr>
<tr>
<td>Ratio of the total number of work-related fatalities at Rosneft and its contractors to 100 mln man-hours worked (FAR(^2))</td>
<td>2.28</td>
<td>1.7</td>
<td>1.66</td>
</tr>
<tr>
<td>Health, safety and environment training, thousand man-courses</td>
<td>477.3</td>
<td>509.5</td>
<td>475.3</td>
</tr>
<tr>
<td>Expenditure on health and safety, including fire safety and blowout prevention, RUB bln</td>
<td>55</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>Total volume of spilled oil and oil products across the Company, t</td>
<td>652</td>
<td>728</td>
<td>454</td>
</tr>
<tr>
<td>Crude oil and gas condensate spills due to pipeline failures in Exploration and Production, t</td>
<td>642.9</td>
<td>536.32</td>
<td>268.8</td>
</tr>
</tbody>
</table>

#### AIR POLLUTANT EMISSIONS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross air pollutant emissions (kt), including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• oil and gas production</td>
<td>1,465</td>
<td>1,214</td>
<td>1,041</td>
</tr>
<tr>
<td>• oil refining, and petrochemicals</td>
<td>248</td>
<td>233</td>
<td>224</td>
</tr>
<tr>
<td>• gas business</td>
<td>28</td>
<td>44</td>
<td>41.3</td>
</tr>
<tr>
<td>• marketing and distribution</td>
<td>23</td>
<td>23</td>
<td>23.7</td>
</tr>
<tr>
<td>• service Group Subsidiaries</td>
<td>9</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Air pollutant emissions from oil and gas production, t/ktce</td>
<td>3.83</td>
<td>3.51</td>
<td>3.24</td>
</tr>
<tr>
<td>Air pollutant emissions from refining and petrochemical activities, t/ktce</td>
<td>1.83</td>
<td>1.86</td>
<td>1.76</td>
</tr>
</tbody>
</table>

#### GHG EMISSIONS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total emissions (Scope 1+2), mln t CO(_2)-equiv.</td>
<td>81.2</td>
<td>80.9(^1)</td>
<td>72.7</td>
</tr>
<tr>
<td>Direct emissions (Scope 1), mln t CO(_2)-equiv</td>
<td>59.4</td>
<td>60.8</td>
<td>54.2</td>
</tr>
<tr>
<td>Indirect emissions (Scope 2), mln t CO(_2)-equiv</td>
<td>21.8</td>
<td>20.1</td>
<td>18.5</td>
</tr>
</tbody>
</table>

#### Water Consumption and Water Discharge

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption (water withdrawal from surface and underground sources) in oil and gas production, cu m / tce</td>
<td>0.49</td>
<td>0.51</td>
<td>0.46</td>
</tr>
<tr>
<td>Water consumption (water withdrawal from surface and underground sources) for refining and petrochemical activities, cu m / tce</td>
<td>1.50</td>
<td>1.59</td>
<td>1.61</td>
</tr>
<tr>
<td>Associated petroleum gas (APG) utilisation rate(^1), %</td>
<td>77.8(^2)</td>
<td>74.8</td>
<td>72.4</td>
</tr>
</tbody>
</table>

#### GHG emissions, t CO\(_2\)-equiv./tce

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas production (including oilfield services)</td>
<td>0.140</td>
<td>0.155</td>
<td>0.147</td>
</tr>
<tr>
<td>Oil refining, petrochemicals and oil product sales</td>
<td>0.120</td>
<td>0.126</td>
<td>0.115</td>
</tr>
</tbody>
</table>

#### GHG emissions, t CO\(_2\)-equiv./kboe

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas production (including oilfield services)</td>
<td>27.3</td>
<td>30.1</td>
<td>28.5</td>
</tr>
<tr>
<td>Oil refining, petrochemicals and oil product sales</td>
<td>23.4</td>
<td>24.6</td>
<td>22.5</td>
</tr>
</tbody>
</table>

#### Air quality emissions, t CO\(_2\)-equiv./kboe

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas production (including oilfield services)</td>
<td>0.114</td>
<td>0.115</td>
<td>0.114</td>
</tr>
<tr>
<td>Oil refining, petrochemicals and oil product sales</td>
<td>0.120</td>
<td>0.127</td>
<td>0.120</td>
</tr>
</tbody>
</table>

#### Environmental protection expenditures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection investments, including as part of production programmes with an environmental effect, RUB bln</td>
<td>35</td>
<td>42</td>
<td>55</td>
</tr>
<tr>
<td>Operating environmental protection expenditures (opex), RUB bln</td>
<td>29</td>
<td>31</td>
<td>31.2</td>
</tr>
<tr>
<td>Environmental fines payable, RUB bln</td>
<td>0.20</td>
<td>0.19</td>
<td>0.18</td>
</tr>
<tr>
<td>Payments to budgets of all levels related to environmental protection and sustainable use of natural resources, RUB bln</td>
<td>4.3</td>
<td>3.9</td>
<td>5.2</td>
</tr>
</tbody>
</table>
APPENDIX 2. REPORT’S COMPLIANCE WITH INTERNATIONAL STANDARDS

GRI content index

<table>
<thead>
<tr>
<th>No.</th>
<th>DISCLOSURE</th>
<th>REPORT SECTION / REFERENCES TO OTHER PUBLIC DOCUMENTS</th>
<th>OMISSIONS</th>
<th>REPORT PAGE</th>
<th>EXTERNAL ASSURANCE</th>
<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
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<tbody>
<tr>
<td>GRI 101</td>
<td>Reporting principles</td>
<td>Company’s Policy on Sustainable Development</td>
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<tr>
<td></td>
<td></td>
<td>The Company’s sustainability reporting principles are set forth in Rosneft’s Policy on Sustainable Development.</td>
<td></td>
<td></td>
<td></td>
<td>The Report is compliant with the sustainability reporting principles.</td>
</tr>
</tbody>
</table>

GENERAL DISCLOSURES

General

GRI 102-1 Name of the organisation Contact Details p. 245 ✓

GRI 102-2 Activities, brands, products, and services 2021 Annual Report, Key Operating and Financial Results section, p. 20–21 Rosneft at a Glance and Operational Structure sections on the Company’s website. ✓

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Key products: oil, gas, and refining products</td>
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</table>

GRI 102-3 Location of headquarters The Company’s Head Office is located in Moscow ✓
<table>
<thead>
<tr>
<th>No.</th>
<th>DISCLOSURE</th>
<th>REPORT SECTION / REFERENCES TO OTHER PUBLIC DOCUMENTS</th>
<th>OMISSIONS</th>
<th>REPORT PAGE</th>
<th>EXTERNAL ASSURANCE</th>
<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
The information is partially disclosed, without details of the headcount breakdown by region, pursuant to Resolution of the Government of the Russian Federation No. 351 dated 12 March 2022 and Resolution of the Government of the Russian Federation No. 400 dated 4 April 2019, as its disclosure and/or provision will/may result in restrictions being imposed on the Company and/or other persons, including new restrictions imposed on the person about whom/which the Company discloses and/or provides information.

Headcount as at the end of 2021: 334.6 thousand employees, including:
- Permanent employment contract: women – 101,704, men – 211,696;
- Temporary employment contract: women – 7,989, men – 13,170;
- Full-time employment: women – 109,066, men – 224,591;

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).
GRI 102-16
UNGC Principle 10
Values, principles, standards, and norms of behaviour
Strategic Vision of Sustainable Development. Sustainable Corporate Governance and Compliance Framework
Additional information is available on the Company’s website at https://www.rosneft.com/upload/site2/document_file/development_policy_eng.pdf
10

GRI 102-17
UNGC Principle 10
Mechanisms for advice and concerns about ethics
Sustainable Corporate Governance and Compliance Framework
Code of Business and Corporate Ethics:
p. 38

GRI 102-18
IPBECA SHS-5
Governance structure
Sustainable Corporate Governance and Compliance Framework. 2021 Annual Report, Governance and Control Structure section, p. 34–35
p. 24

GRI 102-20
Executive-level responsibility for economic, environmental, and social topics
Sustainable Corporate Governance and Compliance Framework
p. 24

GRI 102-22
Composition of the highest governance body and its committees
Sustainable Corporate Governance and Compliance Framework. 2021 Annual Report, Governance and Control Structure section, p. 34–35 The Board of Directors section on the Company’s website
p. 24

GRI 102-29
Identifying and managing economic, environmental, and social impacts
Sustainable Corporate Governance and Compliance Framework
p. 26

GRI 102-40
List of stakeholder groups
Stakeholder Engagement
About the Report
p. 10

GRI 102-41
UNGC Principle 3
Percentage of total employees covered by collective bargaining agreements
Social Policy and Employee Health During the COVID-19 Pandemic
p. 153

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. 42

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. 43

GRI 102-45
Entities included in the consolidated financial statements
About the Report
p. 13

Ensuring occupational health and safety
Personnel management
Climate action and carbon management
Emergency risk management
Research and innovation development
Supporting social and economic development
High business standards
Appendices
<table>
<thead>
<tr>
<th>No.</th>
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<th>REPORT SECTION /REFERENCES TO OTHER PUBLIC DOCUMENTS</th>
<th>OMISSIONS</th>
<th>REPORT PAGE</th>
<th>EXTERNAL ASSURANCE</th>
<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
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<tbody>
<tr>
<td>GRI 102-46</td>
<td>Defining report content and topic boundaries</td>
<td>About the Report</td>
<td>p. 11</td>
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<td>GRI 102-47</td>
<td>List of material topics</td>
<td>About the Report</td>
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<td>GRI 102-48</td>
<td>Any restatements of information given in previous reports, and the reasons for such restatements</td>
<td>About the Report</td>
<td>p. 13</td>
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<tr>
<td>GRI 102-49</td>
<td>Significant changes from previous reporting periods in the list of material topics and topic boundaries</td>
<td>About the Report</td>
<td>p. 13</td>
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<tr>
<td>GRI 102-50</td>
<td>Reporting period</td>
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<td>p. 10</td>
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<tr>
<td>GRI 102-51</td>
<td>Date of the most recent report</td>
<td>Rosneft’s 2020 Sustainability Report was published in September 2021</td>
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<tr>
<td>GRI 102-52</td>
<td>Reporting cycle</td>
<td>About the Report</td>
<td>p. 10</td>
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<tr>
<td>GRI 102-53</td>
<td>Contact point for questions regarding the report</td>
<td>Contact Details</td>
<td>p. 245</td>
<td>✓</td>
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<td></td>
</tr>
<tr>
<td>GRI 102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>About the Report</td>
<td>p. 10</td>
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<tr>
<td>GRI 102-55</td>
<td>GRI content index</td>
<td>This appendix</td>
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<tr>
<td>GRI 102-56</td>
<td>External assurance</td>
<td>About the Report. Independent Assurance Report on Rosneft’s 2021 Sustainability Report. This appendix</td>
<td>p. 10</td>
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</tbody>
</table>

**12. ECONOMIC PERFORMANCE AND INVESTMENT APPEAL (MATERIAL TOPIC) 23. CLIMATE-RELATED RISKS AND OPPORTUNITIES (MATERIAL TOPIC)**

**GRI 201 Economic Performance 2016**

- Topic 11.1 Greenhouse gas emissions
- Topic 11.14 Economic impact
- Topic 11.21. Payments to government

**GRI 103 Management approach 2016**

- GRI 103-1 Explanation of the material topic and its boundary

- GRI 103-2 Management approach and its components
- Supporting social and economic development p. 172 ✓ 11.14.1

- GRI 103-3 Evaluation of the management approach
- Recognition in Sustainable Development p. 183 ✓ 11.14.1

**GRI 201-1 IPIECA SOC-13, GOV-4**

- Direct economic value generated and distributed
- Key Sustainability Performance Indicators
- The information is not disclosed pursuant to Resolutions of the Government of the Russian Federation No. 351 dated 12 March 2022 and No. 400 dated 4 April 2019 as its disclosure and/or provision will/may result in restrictions being imposed on the Company.
- The components of the Direct Economic Value Generated and Distributed consolidated in accordance with IFRS are partially presented in the Company’s Consolidated IFRS Financial Statements (see the 2021 statements at https://www.rosneft.com/upload/site2/document_cons_report/Rosnseft_IFRS_12m2021_en.pdf)

- GRI 201-2 Financial implications and other risks and opportunities due to climate change
- Climate-related Threats and Opportunities Achievement of Climate Goals in 2021
- The Company does not currently perform a financial assessment of the risks associated with climate change.
- In the future, the Company will continue to assess the risks associated with climate change. p. 53 ✓ 11.1.1
<table>
<thead>
<tr>
<th>No.</th>
<th>DISCLOSURE</th>
<th>REPORT SECTION / REFERENCES TO OTHER PUBLIC DOCUMENTS</th>
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<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GRI 201–3 Defined retirement plans and other benefit plans</td>
<td>Management Framework and Personnel Profile, Social Policy and Employee Health during the COVID-19 Pandemic</td>
<td>p. 134 ✓</td>
<td>✓</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>GRI 201–4 Financial assistance received from government</td>
<td>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.</td>
<td>✓</td>
<td>11.21.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**19. CONTRIBUTION TO SOCIAL AND ECONOMIC DEVELOPMENT (MATERIAL TOPIC)**

**GRI 203 Indirect Economic Impacts 2016**

**GRI 103 Management approach 2016**

<table>
<thead>
<tr>
<th>No.</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GRI 103–1 Explanation of the material topic and its boundary</td>
<td>Supporting Social and Economic Development</td>
<td>p. 172 ✓</td>
<td>✓</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>GRI 103–2 Management approach and its components</td>
<td>Supporting Social and Economic Development</td>
<td>p. 172 ✓</td>
<td>✓</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>GRI 103–3 Evaluation of the management approach</td>
<td>Supporting Social and Economic Development</td>
<td>p. 183 ✓</td>
<td>✓</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>GRI 203–1 IPIECA SOC 14 Infrastructure investments and services supported</td>
<td>Supporting Social and Economic Development</td>
<td>The information is not disclosed pursuant to Resolutions of the Government of the Russian Federation No. 351 dated 12 March 2022 and No. 400 dated 4 April 2019 as its disclosure and/or provision will/may result in restrictions being imposed on the Company.</td>
<td>✓</td>
<td>11.14.4 11.14.1</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
</tr>
</tbody>
</table>

**14. COUNTERING CORPORATE FRAUD AND CORRUPTION (MATERIAL TOPIC)**

**GRI 205 Anti-corruption 2016**

**Topic 11.20. Combating corruption**

<table>
<thead>
<tr>
<th>No.</th>
<th>DISCLOSURE</th>
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<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GRI 103–1 Explanation of the material topic and its boundary</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
<td>p. 36 ✓</td>
<td>✓</td>
<td>Sustainable Corporate Governance and Compliance Framework</td>
<td></td>
</tr>
</tbody>
</table>

In 2021, 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 2021 as part of the Comprehensive Anti-Fraud and Anti-Corruption Programme.
21. ENERGY SAVING AND ENERGY EFFICIENCY (MATERIAL TOPIC)

GRI 302 Energy 2016

GRI 103 Management approach 2016

In 2021, energy savings amounted to 372 ktce or 10.9 mln GJ which is 49% above the target.
According to the data collection methodology, the Company discloses data on total volume of water withdrawn, including rainwater, waste water, and produced water.

According to the data collection methodology, the Company discloses data on total volume of water withdrawn, including rainwater, waste water, and produced water.

The Company does not carry out exploration in protected areas. When operating in environmentally sensitive areas and near specially protected natural areas, the Company takes all possible preventive measures to avoid 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, Yungansky Nature Reserve in the Khanty-Mansi Autonomous Region – 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 Ul崔ish State Nature Reserve, Lostiny Ostrov National Park, Samarskaya Luka National Park, Tunkinsky and Pribaikalsky national parks, Baikal Nature Reserve, 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, Kumsynaya Polyana park, and Vysokovskiy Bor nature monument. The Company operates in full compliance with applicable laws on environment protection.
### 22. CARBON AND GHG EMISSIONS MANAGEMENT (MATERIAL TOPIC)

#### 23. CLIMATE-RELATED RISKS AND OPPORTUNITIES (MATERIAL TOPIC)

#### 24. AMBIENT AIR PROTECTION (MATERIAL TOPIC)

#### GRI 305 Emissions 2016

**Topic 11.1 Greenhouse gas emissions**

**Topic 11.3 Air emissions**

<table>
<thead>
<tr>
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<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-4 IPIECA ENV-4</td>
<td>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.</td>
<td>Partially disclosed. No details provided on species by level of extinction risk.</td>
<td>✓</td>
<td>11.4.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>No.</th>
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</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-2 UNGC Principles 7, 9 CCE-4</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>Achievement of Climate Goals in 2021</td>
<td>p. 59</td>
<td>✓</td>
<td>11.1.6</td>
<td></td>
</tr>
<tr>
<td>GRI 305-3 IPIECA ENV-5</td>
<td>Other significant GHG emissions stating volume</td>
<td>Achievement of Climate Goals in 2021</td>
<td>p. 59</td>
<td>✓</td>
<td>11.1.7</td>
<td></td>
</tr>
<tr>
<td>GRI 305-4 IPIECA ENV-5</td>
<td>GHG emissions intensity</td>
<td>Achievement of Climate Goals in 2021</td>
<td>p. 61</td>
<td>✓</td>
<td>11.1.7</td>
<td></td>
</tr>
<tr>
<td>GRI 305-6 IPIECA ENV-5</td>
<td>Emissions of ozone-depleting substances</td>
<td>The Company does not use ozone-depleting substances on an industrial scale</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-7 UNGC Principle 9 IPIECA ENV-5</td>
<td>NOx, SOx and other air emissions</td>
<td>Reducing Air Emissions</td>
<td>p. 77</td>
<td>✓</td>
<td>11.3.2</td>
<td></td>
</tr>
</tbody>
</table>

**Topic 11.5 Waste**

**Topic 11.5 Waste**

<table>
<thead>
<tr>
<th>No.</th>
<th>DISCLOSURE</th>
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<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>GRI 305-2</td>
<td>Explanation of the material topic and its boundary</td>
<td>Managing Environmental Impacts; Climate Action Management; Reducing Air Emissions</td>
<td>p. 59</td>
<td>✓</td>
<td>11.1.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reducing Air Emissions</td>
<td>p. 77</td>
<td>✓</td>
<td>11.3.1</td>
<td></td>
</tr>
<tr>
<td>GRI 305-3</td>
<td>Management approach and its components</td>
<td>Managing Environmental Impacts; Climate Action Management; Achievement of Climate Goals in 2021; Reducing Air Emissions</td>
<td>p. 59</td>
<td>✓</td>
<td>11.1.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reducing Air Emissions</td>
<td>p. 77</td>
<td>✓</td>
<td>11.3.1</td>
<td></td>
</tr>
<tr>
<td>GRI 305-4</td>
<td>Evaluation of the management approach</td>
<td>Managing Environmental Impacts; Achievement of Climate Goals in 2021; Reducing Air Emissions</td>
<td>p. 59</td>
<td>✓</td>
<td>11.1.1</td>
<td></td>
</tr>
<tr>
<td>GRI 305-5</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>Achievement of Climate Goals in 2021</td>
<td>p. 59</td>
<td>✓</td>
<td>11.1.5</td>
<td></td>
</tr>
<tr>
<td>GRI 305-6</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GRI 305-7</td>
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<td></td>
<td></td>
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<tr>
<td>GRI 305-8</td>
<td></td>
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</table>

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.
<table>
<thead>
<tr>
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<th>REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 306-4</td>
<td>Waste diverted from disposal</td>
<td>Waste Management and Land Remediation</td>
<td>Partially disclosed. The process for collecting data on the waste diverted from disposal is not yet in place. 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.</td>
<td>✓</td>
<td>11.5.5</td>
<td></td>
</tr>
<tr>
<td>GRI 306-5</td>
<td>Waste directed to disposal</td>
<td>Waste Management and Land Remediation</td>
<td></td>
<td>p. 89</td>
<td>✓</td>
<td>11.5.6</td>
</tr>
<tr>
<td>IPIECA ENV-7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GRI 306 Effluents and Waste 2016</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 306-3</td>
<td>Total number and volume of significant spills</td>
<td>Prevention and Response to Oil Spills</td>
<td>✓</td>
<td></td>
<td>11.8.2</td>
<td></td>
</tr>
<tr>
<td>IPIECA ENV-6</td>
<td></td>
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<tr>
<td>GRI 307 Environmental Compliance 2016</td>
<td></td>
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<tr>
<td>GRI 103 Management Approach 2016</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>GRI 103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Managing Environmental Impacts</td>
<td></td>
<td>p. 69</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>GRI 103-2</td>
<td>Management approach and its components</td>
<td>Managing Environmental Impacts</td>
<td></td>
<td>p. 69</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>GRI 103-3</td>
<td>Evaluation of the management approach</td>
<td>Managing Environmental Impacts</td>
<td></td>
<td>p. 69</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>GRI 307-1</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</td>
<td>Managing Environmental Impacts</td>
<td>Partially disclosed. No details provided on the total number of non-monetary sanctions and cases brought through dispute resolution mechanisms.</td>
<td>p. 72</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

A number of Group Subsidiaries were imposed administrative fines for environmental non-compliance. Total fines in 2021 amounted to RUB 182 mln. Individual fines were insignificant.

34. TRAINING AND EDUCATION (MATERIAL TOPIC)  
35. SOCIAL POLICY (MATERIAL TOPIC)  
GRI 401 Employment 2016  
Topic 11.20. Labour practices  
GRI 103 Management Approach 2016  
GRI 306-1 | Explanation of the material topic and its boundary | Managing Environmental Impacts | | p. 148 | ✓ | 11.10.1 |
| GRI 306-2 | Management approach and its components | Managing Environmental Impacts | | p. 148 | ✓ | 11.10.1 |
| GRI 306-3 | Evaluation of the management approach | Managing Environmental Impacts | | p. 153 | ✓ | 11.10.1 |
| IPIECA ENV-6 | | | | | | |
| GRI 307 Environmental Compliance 2016 | | | | | | |
| GRI 103 Management Approach 2016 | | | | | | |
| GRI 103-1 | Explanation of the material topic and its boundary | Managing Environmental Impacts | | p. 69 | ✓ | |
| GRI 103-2 | Management approach and its components | Managing Environmental Impacts | | p. 69 | ✓ | |
| GRI 103-3 | Evaluation of the management approach | Managing Environmental Impacts | | p. 69 | ✓ | |
| GRI 307-1 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | Managing Environmental Impacts | Partially disclosed. No details provided on the total number of non-monetary sanctions and cases brought through dispute resolution mechanisms. | p. 72 | ✓ | |

The information is partially disclosed pursuant to Resolutions of the Government of the Russian Federation No. 351 dated 12 March 2022 and No. 400 dated 4 April 2019 as its disclosure and/or provision will/may result in restrictions being imposed on the Company and/or other persons, including new restrictions imposed on the person about whom/which the Company discloses and/or provides information.

34. TRAINING AND EDUCATION (MATERIAL TOPIC)  
35. SOCIAL POLICY (MATERIAL TOPIC)  
GRI 401 Employment 2016  
Topic 11.20. Labour practices  
GRI 103 Management Approach 2016  
GRI 401-1 | New employee hires and employee turnover | Management Framework and Personnel Profile | Social Policy and Employee Health during the COVID-19 Pandemic | | p. 148 | ✓ | 11.10.2 |
| GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Social Policy and Employee Health during the COVID-19 Pandemic | Partially disclosed. No details provided on benefits granted to full-time employees that are not granted to temporary or part-time employees. | p. 148 | ✓ | 11.10.3 |
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

The Company fully complies with the laws on duly notifying the employees of significant changes.

33. OCCUPATIONAL HEALTH AND SAFETY (MATERIAL TOPIC)

GRI 403 Occupational Health and Safety 2018

Topic 11.9. Occupational health and safety

GRI 103 Management Approach 2016

GRI 103–1 Explanation of the material topic and its boundary

GRI 103–2 Management approach and its components

GRI 103–3 Evaluation of the management approach

GRI 103–1 Occupational health and safety management system

GRI 403–2 Hazard identification, risk assessment, and incident investigation

GRI 403–3 Occupational health services

GRI 403–4 Worker participation, consultation, and communication on occupational health and safety

GRI 403–5 Worker training on occupational health and safety

GRI 403–6 Promotion of worker health

GRI 403–7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships

GRI 403–8 Workers covered by an occupational health and safety management system

The Company discloses severe injuries as defined by applicable local regulations. Data on persistent 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, but not reported.

GRI 403–10 Work-related ill health

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. Partially disclosed, no details provided on the incidence for occupational diseases among the Company’s and contractors’ employees.

34. TRAINING AND EDUCATION (MATERIAL TOPIC)

GRI 404 Training and Education 2016

GRI 103 Management Approach 2016

GRI 103–1 Explanation of the material topic and its boundary
The Company complies with Russian laws on the protection of the disabled rights when it comes to meeting the established disabled quotas. The Company employs 2,035 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 established disabled quotas. The Company employs 2,035 disabled who enjoy equal access to education.
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.

In 2021, no incidents of violations of indigenous peoples rights were identified in the Company.

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, local communities.

The Company may require temporary or permanent access to areas where people live or work. The Company seeks to avoid relocating local residents unless absolutely necessary, in which case the Company provides required assistance to local communities.

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.

The Company operates in compliance with the laws prohibiting any forms of human rights violation. 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.

The Company operates in compliance with the laws prohibiting any forms of human rights violation. 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.

Rosneft is committed to resolving all employment disputes through negotiations.

The Company operates in compliance with labour laws.
4. INTERACTION WITH LOCAL COMMUNITIES (MATERIAL TOPIC)

GRI 413 Local Communities 2016

Topic 11.15. Local communities

GRI 103 Management approach 2016

GRI 103-1 Explanation of the material topic and its boundary
Supporting Social and Economic Development
p. 172 ✔ 11.15.1

GRI 103-2 The management approach and its components
Supporting Social and Economic Development, Stakeholder Engagement
p. 172 ✔ 11.15.1

GRI 103-3 Evaluation of the management approach
Supporting Social and Economic Development
p. 172 11.15.1

GRI 413-1 UNGC Principle 12
IPIECA
SOC-9, SOC-10, SOC-11, SOC-13, SOC-14
The Company implements procedures for stakeholder engagement and community impact assessment and management in the key regions of Company operations, including when developing new projects. Such approaches are employed in the absolute majority of the Company’s assets

1. MANAGEMENT APPROACH AND COMBATTING THE COVID-19 PANDEMIC (MATERIAL TOPIC)

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. 6 ✔

GRI 103-2 The management approach and its components
Protecting Health and Staying Efficient: COVID-19 Measures Social Policy and Employee Health During the COVID-19 Pandemic
p. 6 ✔
Climate-Related Financial Disclosures (TCFD)

**CATEGORY**

**DISCLOSURE**

**REPORT SECTION / COMMENT**

**REPORT PAGE**

**REFERENCE TO GRI 11: OIL AND GAS SECTOR 2021 STANDARD**

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<th>TOPIC 11.2 CLIMATE ADAPTATION, RESILIENCE, AND TRANSITION</th>
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<td>Governance</td>
</tr>
<tr>
<td>a) The Board of Director’s position on climate-related risks and opportunities</td>
</tr>
<tr>
<td>Strategic Vision of Sustainable Development. Sustainable Corporate Governance and Compliance Framework. Climate Action Management</td>
</tr>
<tr>
<td>b) Management’ role in assessing and managing climate-related risks and opportunities</td>
</tr>
<tr>
<td>Sustainable Corporate Governance and Compliance Framework. Climate Action Management</td>
</tr>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>a) Short, medium and long term climate-related risks and opportunities identified by the Company</td>
</tr>
<tr>
<td>Sustainable Corporate Governance and Compliance Framework. Climate Action Management</td>
</tr>
<tr>
<td>b) The impact of climate-related risks and opportunities on the Company’s business, strategy and financial planning</td>
</tr>
</tbody>
</table>

**Risk management**

a) Processes to identify and assess climate-related risks

Sustainable Corporate Governance and Compliance Framework. Climate Action Management

b) Processes to manage climate-related risks

Sustainable Corporate Governance and Compliance Framework. Climate Action Management

c) Integration of processes to identify, assess, and manage climate-related risks into a unified Company risk management process

Sustainable Corporate Governance and Compliance Framework. Emergency Prevention

**Targets and indicators**

a) Targets used by the Company to assess associated risks and opportunities in accordance with the risk management strategy and process


b) Scope 1, Scope 2 and Scope 3 greenhouse gas emissions and associated risks

Achievement of Climate Goals in 2021

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. Achievement of Climate Goals in 2021

**Topics of GRI 11: Oil and Gas Sector 2021 Standard deemed immaterial**

**TOPIC**

**EXPLANATION**

GRI11: OIL AND GAS SECTOR 2021

Topic 11.7. Closure and rehabilitation

The topic was given a low materiality score and is below the materiality matrix cutoff line

Topic 11.8. Conflict and security (foreign assets)

The topic was given a low materiality score and is below the materiality matrix cutoff line

Topic 11.9. Anti-competitive behaviour

The topic was given a low materiality score and is below the materiality matrix cutoff line

Topic 11.22. Public policy

The topic was given a low materiality score and is below the materiality matrix cutoff line
UNCTAD indicators

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APPENDIX 3. ABBREVIATIONS

APG | Associated petroleum gas |
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API | American Petroleum Institute |
BAT | Best available technologies |
BREEAM | Building Research Establishment Environmental Assessment Method |
CEPI | Caspian Environmental Protection Initiative |
CNG | Compressed natural gas |
CNPC | China National Petroleum Corporation |
COP26 | 26th UN Climate Change Conference |
CRM | Customer relationship management |
CUTR | Technical regulations of the Customs Union |
DNA | Deoxyribonucleic acid |
ERP | Enterprise resource planning |
FAR | Fatal Accident Rate, the ratio of the total number of the on-the-job fatalities in the Company to 100 mln man-hours worked |
FEC | Fuel and energy complex |
G20 | The Group of Twenty |
GPP | Gas processing plant |
HSE | Health, safety and environment |
HSE IMS | Integrated Health, Safety and Environment Management System |
IFRS | International Financial Reporting Standards |
IOGP | International Association of Oil & Gas Producers |
IPIECA | International Petroleum Industry Environmental Conservation Association |
ISO | International Organisation for Standardisation |
ITUO | Interregional Trade Union Organisation |
KPI | Key performance indicators |
LDAR | Leak detection and repair |
LNG | Liquefied natural gas |
LTIF | Lost Time Injury Frequency, the ratio of the number of lost-time on-the-job injuries (including fatalities) of the Company’s employees to 1 mln man-hours worked |
M&D | Marketing and distribution |
MFM | Multiphase flow meter |
NDCs | Nationally determined contributions |
NP Evolution | Non-State Pension Fund Evolution |
OHS | Occupational health and safety |
OSR | Oil spill response |
PPE | Personal protective equipment |
R&D

Research and development

RES

Renewable energy sources

Rosleskhoz

Federal Forestry Agency

Rosnedra

Federal Agency for Mineral Resources

Rospririodnadzor

Federal Service for Supervision of Natural Resources

Rostechnadzor

Federal Environmental, Industrial and Nuclear Supervision Service

RSChS

Single State Disaster Management System

RSPP

Russian Union of Industrialists and Entrepreneurs

RTAF

Road Traffic Accident Frequency, the ratio of the total number of road traffic accidents to the number of kilometres run by the vehicles in Group Subsidiaries normalised to 1 mln kilometres

SME

Small and medium enterprises

SPI/MEX

St Petersburg International Mercantile Exchange

TIP

Target innovative project

TRIR

Total Recordable Incident Rate

UAV

Unmanned aerial vehicle

UN

United Nations

Units of measurement

bln

billion

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

cub m

cubic metre

ha

hectare

kg

kilogramme

km

kilometre

mln

million

RUB

rouble

sq m

square metre

t

tonne

tce

tonne of coal equivalent

th.

thousand

toe

tonne of oil equivalent

trln

trillion

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Feedback

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