



Rosneft Oil Company
Report on payments to governments
for the year ended December 31, 2020

Rosneft Oil Company
Report on payments to governments

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1. Introduction

Section 4.3A of the UK Disclosure Guidance and Transparency Rules (DTR 4.3A) requires the extractive sector companies whose transferable securities are admitted to trading on a regulated market to publicly disclose payments made to the governments of those countries where they carry out extractive operations.

DTR 4.3A apply without limitation to companies incorporated outside the UK but that have transferable securities admitted to trading on the London Stock Exchange (LSE).

Rosneft Global depositary receipts (GDR), which certify rights in respect of ordinary shares, are admitted to trading on the LSE. The securities are listed on its Main market through its International Order Book. One GDR is equivalent to one common share of Rosneft Oil Company.

Rosneft's consolidated Report on payments to governments (the Report) is presented below pursuant to DTR 4.3A. It includes Payments made by the Rosneft Group's Extractive Companies as defined below, for the benefit of each government in the countries in which these companies carry out their activities. The Report also provides details on the total amount of such payments by type, specific project and government paid.

Where the amount of payment made during the reporting period for a specific project or country is less than £86 000 or the equivalent amount in another currency such payment is not disclosed in the Report.

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2. Reporting principles

Definitions

(Rosneft Group's) Extractive Companies: Rosneft Oil Company (Rosneft) and its subsidiaries whose activities consist, in whole or in part, of the exploration, prospection, discovery, development and extraction of minerals, crude oil and natural gas, amongst others, fully consolidated by Rosneft in accordance with International Financial Reporting Standards (IFRS).

Payment: a single payment or multiple interconnected payments, whether in money or in kind, for extractive activities.

The payment types included in this Report:

Production entitlement: host Government's share of production. This payment is generally made in kind.

Taxes: taxes and levies paid on income, production or profits, excluding taxes levied on consumption such as value added tax, sales taxes, as well as personal income taxes.

Regarding taxes paid in the Russian Federation the Report includes Income Tax, Mineral extraction tax and Tax on additional income from production of hydrocarbons.

Royalties: percentage of production payable to the owner of mineral rights.

In addition, for the purposes of this Report Export customs duty on oil paid in the Russian Federation is included in Royalties.

Dividends: dividends, other than dividends paid to a government as an ordinary shareholder unless they are paid in lieu of a production entitlement or royalty. For the year ended December 31, 2020, there were no reportable Dividend payments to Governments.

Signature, Discovery and Production Bonuses: bonuses paid for and in consideration of signature, discovery, production, awards, grants and transfers of extraction rights; bonuses related to achievement or failure to achieve certain production levels or targets, and the discovery of additional mineral reserves or deposits. For the year ended December 31, 2020, there were no reportable Bonuses payments to Governments.

Licence and other fees: licence fees, rental fees, entry fees and other considerations for licences and/or concessions that are paid for access to the area where the extractive activities will be conducted.

Infrastructure improvements: payments for local infrastructure development, including the improvement of infrastructure, except where the infrastructure is exclusively used for operational purposes. For the year ended December 31, 2020, there were no reportable Infrastructure improvements payments to Governments.

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Government: any national, regional or local authority of a country or territory, or any department, agency or undertaking controlled by that authority.

Project: operational activities governed by a single contract, licence, lease, concession or similar legal agreement that form the basis for payment liabilities with a Government. If multiple such agreements are substantially interconnected, they are considered as a single Project.

Reporting currency

All amounts presented in the Report are stated in Russian rubles. Payments made to Governments in foreign currencies (currencies other than the Russian ruble) were translated into the equivalent ruble amount using a weighted average of the relevant exchange rates during the reporting period. The currency of hyperinflationary economies was converted into Russian rubles using the most reliable available information about the exchange rate on dates as close as possible to the payment date.

In-kind payments

Production entitlement and Royalties paid in kind owed to Governments pursuant to legal or contractual provisions (not booked in the Extractive Companies' accounts pursuant to the accounting standards) are reported in proportion to the interest held in the Project. Payments in kind are estimated at fair value which corresponds to the contractual price of oil and gas, market price (if available) or an appropriate benchmark price. These prices may be calculated on an averaged basis over a given period.

Operatorship

Payments made by the Extractive Companies directly to a Government arising from a project are reported in the full amount, regardless of whether the Extractive Companies are the operators. Such payments are reported in the full amount even where the Extractive Companies acting as operators are proportionally reimbursed by their non-operating venture partners.

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(in millions of Russian rubles)

3. Summary Report

Country	Total amount of payments	Taxes	Royalties	Licence and other fees
Russian Federation	1 771 504	1 530 259	232 218	9 027
Iraq	671	74	-	597
Vietnam*	210	-	-	210
Brazil	51	-	-	51
Norway	9	-	-	9
Total	1 772 445	1 530 333	232 218	9 894

* – The Government also has a production share of 0.12 mmbbl of gas condensate and 1.48 bcm of gas. Monetary value of these volumes is 342 millions of Russian rubles and 11 219 millions of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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4. Reporting by Project and by type of Payment, and by Government and by type of Payment

Amounts paid in the Russian Federation by Project and by type of Payment

Payments per project	Total amount of payments	Taxes	Royalties	Licence and other fees
Russian Federation:	1 771 504	1 530 259	232 218	9 027
Yuganskneftegaz	528 804	527 834	-	970
Rosneft*	262 206	29 988	232 218	-
Vostok Oil:	140 116	139 799	-	317
<i>Vankor cluster</i>	<i>139 921</i>	139 799	-	<i>122</i>
Samotlorneftegaz	134 942	134 463	-	479
Samaraneftegaz	100 828	99 149	-	1 679
Orenburgneft	100 404	98 604	-	1 800
Bashneft	90 518	90 003	-	515
Uvatneftegaz	78 364	77 981	-	383
Verkhnechonskneftegaz	76 091	75 870	-	221
Varyeganneftegaz	48 998	48 683	-	315
Nyaganneftegaz	41 882	41 643	-	239
Purneftegaz	32 048	31 848	-	200
Taas-Yuryakh (Sakha Yakutia)	27 878	27 696	-	182
Kondaneft	15 090	15 013	-	77
Vostsibneftegaz (Krasnoyarsky Region)	11 164	11 115	-	49
Severnaya Neft (Timan Pechora)	11 154	11 047	-	107

* – Includes Income Tax payments and refunds for a consolidated group of taxpayers. Russian tax legislation allows income taxes to be calculated on a consolidated basis. Rosneft's main subsidiaries were therefore combined into a consolidated group of taxpayers, which consists of more than 60 entities. Some of them do not engage in activities related to the exploration, prospecting, discovery, development and extraction of minerals or crude oil and natural gas.

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Amounts paid in the Russian Federation by Project and by type of Payment (continued)

Payments per project	Total amount of payments	Taxes	Royalties	Licence and other fees
Rospan (Yamalo-Nenetsky Autonomous District)	9 936	9 921	-	15
Kharampurneftegaz	8 676	8 651	-	25
Sakhalin-1**	8 668	8 668	-	-
Tyumenneftegaz (Yamalo-Nenetsky Autonomous District)	8 441	8 440	-	1
Sibneftegaz (Yamalo-Nenetsky Autonomous District)	7 108	7 061	-	47
Oil and Gas operations in Sakhalin	7 016	6 992	-	24
Stavropolneftegaz	6 577	6 569	-	8
Sorovskneft (Bashneft)	5 638	5 173	-	465
Krasnodarneftegaz	5 597	5 351	-	246
Oil and Gas operations in Northern Caucasia	1 927	1 924	-	3
Kynsko-Chaselskoe neftegaz (Yamalo-Nenetsky Autonomous District)	567	41	-	526
Tomskneft***	459	454	-	5
RN-Exploration (Black sea)	258	257	-	1
Offshore Kara Sea project	59	19	-	40
Shelf Arctic	42	-	-	42
Offshore Laptev Sea project	22	-	-	22
Offshore Chukchi Sea project	16	-	-	16
Offshore Barents Sea project	10	2	-	8

** – Includes payments made only by Rosneft group companies. The Sakhalin-1 project is operated by ExxonMobil. Besides the payments listed above for the Sakhalin-1 project, there have been payments made by ExxonMobil on behalf of the consortium, which are not included in this report.

*** – Payments made by Rosneft Oil Company in respect of licences operated by JSC «Tomskneft» VNK.

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Amounts paid in foreign jurisdictions by Project and by type of Payment

Payments per project	Total amount of payments	Taxes	Royalties	Licence and other fees
Iraq (Kurdistan): Block 11	443	-	-	443
Iraq:Block12	146	74	-	72
Iraq (Kurdistan): Block 9	41	-	-	41
Iraq (Kurdistan): Block 13	41	-	-	41
Vietnam: Block 06.1*	196	-	-	196
Vietnam: Block 05-3/11	14	-	-	14
Brazil: Solimoes	51	-	-	51
Norway: RN Nordic Oil	9	-	-	9

* – The Government also has a production share of 0.12 mmbbl of gas condensate and 1.48 bcm of gas. Monetary value of these volumes is 342 millions of Russian rubles and 11 219 millions of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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Amounts paid by Government and by type of Payment

Payments per government	Total amount of payments	Taxes	Royalties	Licence and other fees
Russian Federation:	1 771 504	1 530 259	232 218	9 027
Treasury of the Russian Federation	1 771 504	1 530 259	232 218	9 027
Iraq:	671	74	-	597
Ministry of Natural Resources - Kurdistan Regional Government	525	-	-	525
General Commission for Taxes	74	74	-	-
Basra Oil Company	72	-	-	72
Vietnam:	210	-	-	210
PetroVietnam	210	-	-	210
Brazil:	51	-	-	51
National Agency of Petroleum, Natural Gas and Biofuels	47	-	-	47
State Fund for Land use regulation	3	-	-	3
Brazilian Institute of the Environment and Renewable Natural Resources	1	-	-	1
Norway:	9	-	-	9
Oil directorate	9	-	-	9

* – PetroVietnam (as representative of the Government of Vietnam) also has a production share of 0.12 mmbbl of gas condensate and 1.48 bcm of gas. Monetary value of these volumes is 342 millions of Russian rubles and 11 219 millions of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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