



**Rosneft Oil Company**  
Report on payments to governments  
for the year ended December 31, 2021

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<b>Contents</b>		<b>Page</b>
1.	Introduction	3
2.	Reporting principles	4
3.	Summary Report	6
4.	Reporting by Government and by type of Payment	7

# Rosneft Oil Company

## Report on payments to governments

### **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 and by government.

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.

# Rosneft Oil Company

## Report on payments to governments

### 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, 2021, 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, 2021, 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, 2021, there were no reportable Infrastructure improvements payments to Governments.

# Rosneft Oil Company

## Report on payments to governments

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

### **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.

Rosneft Oil Company  
Report on payments to governments  
*(in millions of Russian rubles)*

**3. Summary Report**

Country	Total amount of payments	Taxes	Royalties	Licence and other fees
Russian Federation	3 233 740	2 888 393	318 161	27 186
Iraq	521	78	-	443
Vietnam*	159	-	-	159
Brazil	20	-	-	20
Norway	11	-	-	11
<b>Total</b>	<b>3 234 451</b>	<b>2 888 471</b>	<b>318 161</b>	<b>27 819</b>

\* – The Government also has a production share of 0.02 mmbbl of gas condensate and 0.61 bcm of gas. Monetary value of these volumes is 58 million of Russian rubles and 4 624 million of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

Rosneft Oil Company  
Report on payments to governments  
*(in millions of Russian rubles)*

**4. Reporting by Government and by type of Payment**

Payments per government	Total amount of payments	Taxes	Royalties	Licence and other fees
<b>Russian Federation:</b>	<b>3 233 740</b>	<b>2 888 393</b>	<b>318 161</b>	<b>27 186</b>
Treasury of the Russian Federation	3 233 740	2 888 393	318 161	27 186
<b>Iraq:</b>	<b>521</b>	<b>78</b>	-	<b>443</b>
Ministry of Natural Resources - Kurdistan Regional Government	443	-	-	443
General Commission for Taxes	78	78	-	-
<b>Vietnam:</b>	<b>159</b>	-	-	<b>159</b>
PetroVietnam*	159	-	-	159
<b>Brazil:</b>	<b>20</b>	-	-	<b>20</b>
National Agency of Petroleum, Natural Gas and Biofuels	17	-	-	17
State Fund for Land use regulation	2	-	-	2
Brazilian Institute of the Environment and Renewable Natural Resources	1	-	-	1
<b>Norway:</b>	<b>11</b>	-	-	<b>11</b>
Oil directorate	11	-	-	11

\* – PetroVietnam (as representative of the Government of Vietnam) also has a production share of 0.02 mmbbl of gas condensate and 0.61 bcm of gas. Monetary value of these volumes is 58 million of Russian rubles and 4 624 million of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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